

**Export Development Canada
(An agent of Her Majesty in right of Canada)**



**USD20,000,000,000
Programme for the
Issuance of Debt Instruments**

Under the programme for the issuance of debt instruments (the “**Programme**”) which is described in this prospectus (the “**Prospectus**”), Export Development Canada (the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue debt instruments (the “**Instruments**”) denominated in any currency agreed by the Issuer and the relevant purchaser. The aggregate principal amount of Instruments issued under the Programme will not at any time exceed USD20,000,000,000 (or the equivalent in other currencies).

Application has been made to the Financial Services Authority in its capacity as competent authority (the “**UK Listing Authority**”) under the Financial Services and Markets Act 2000, as amended (the “**FSMA**”), for Instruments issued under the Programme during the period of twelve months following the date of this document to be admitted to the official list of the UK Listing Authority (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Instruments to be admitted to trading on the London Stock Exchange’s regulated market (the “**Regulated Market**”). The Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) (“**MiFID**”). The relevant Final Terms (as defined below) in respect of the issue of any Instruments will specify whether or not such Instruments will be listed on the Official List and admitted to trading on the Regulated Market.

There are certain risks related to an investment in the Instruments which investors should ensure they fully understand. See “Risk Factors” at page 14 hereof.

This Prospectus supersedes the prospectus of the Issuer related to the Programme dated December 24, 2011, except that Instruments issued on or after the date of this document which are to be consolidated and form a single series with Instruments issued prior to the date of this document will be subject to the Conditions (as defined herein) of the Instruments applicable on the date of issue of the first Tranche of Instruments of such Series. Those Conditions are incorporated by reference in, and form part of, this document.

**Arranger
HSBC**

December 24, 2012

CREDIT RATINGS

The Programme has been rated AAA by Standard & Poor's Ratings Services ("**Standard & Poor's**") and Aaa by Moody's Canada Inc. ("**Moody's**"). In addition, the Issuer has received a rating of AAA from Standard & Poor's.

Tranches of Instruments to be issued under the Programme may be rated or unrated. Where a Tranche of Instruments is rated, such rating may be specified in the applicable Final Terms. Such ratings will not necessarily be the same as the ratings assigned to the Programme or any Instruments already issued.

Standard & Poor's and Moody's are not established in the European Union and are not certified under Regulation (EC) No 1060/2009 on credit rating agencies (the "**CRA Regulation**"). However, ratings issued by Standard & Poor's are endorsed by Standard & Poor's Credit Market Services Europe Limited and ratings issued by Moody's are endorsed by Moody's Investors Service Ltd. Each of Standard & Poor's Credit Market Services Europe Limited and Moody's Investors Service Ltd. are established in the European Economic Area ("**EEA**") and registered under the CRA Regulation.

The European Securities and Markets Authority ("**ESMA**") is obliged to maintain on its website, www.esma.europa.eu, a list of credit rating agencies registered and certified in accordance with the CRA Regulation. This list must be updated within five working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. Therefore, such list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

In general, European regulated investors are restricted from using a rating for regulatory purposes unless such rating is issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended) or, either the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation, or the rating is provided by a credit rating agency not established in the EEA, but which is certified under the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

IMPORTANT NOTICES

This Prospectus comprises a base prospectus (the "**Prospectus**") for the purposes of Article 5.4 of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU (the "**2010 PD Amending Directive**"), to the extent implemented in the Relevant Member State) (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom.

The Issuer has prepared this document for the purpose of giving information with regard to the Programme, the Instruments to be issued thereunder, itself as the issuer of such Instruments and Canada.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with any supplements issued from time to time pursuant to Section 87G of the FSMA and all documents deemed incorporated herein and in any such supplement by reference (see "Documents Incorporated by Reference") and shall be read and construed on the basis that such documents are so incorporated and form part of this Prospectus. This document will, in relation to each Tranche of Instruments issued under the Programme, be supplemented by final terms (the "**Final Terms**"). In relation to any Tranche of Instruments, this Prospectus should also be read and construed together with the applicable Final Terms.

Copies of Final Terms for Instruments that are offered to the public in the European Economic Area or admitted to trading on a regulated market in the European Economic Area in circumstances requiring publication of a prospectus in accordance with the Prospectus Directive will be available without charge from the executive offices of the Issuer and the specified office of each Paying Agent set out in this Prospectus and can be viewed

on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name of the Issuer (see “Terms and Conditions of the Instruments”).

No representation or warranty is made or implied by the Arranger or any of its affiliates and neither the Arranger nor its affiliates accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the Arranger nor any dealer has separately verified the information contained in this Prospectus.

None of the Arranger, any dealer, salesman or any other person has been authorised to give any information or to make any representation not contained in or not otherwise consistent with this Prospectus (as the same may be supplemented from time to time) or any other information supplied by the Issuer in connection with the Programme or the issue or sale of the Instruments and, if given or made, any such information or representation should not be relied on as having been authorised by the Issuer or the Arranger.

Neither the delivery of this Prospectus or any Final Terms nor the offering, sale or delivery of any Instrument shall, in any circumstances, create any implication that the information contained herein is true subsequent to the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change in the financial situation of the Issuer or Canada since the date hereof or, as the case may be, the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

None of this Prospectus, any Final Terms, any financial statements or any further information supplied in connection with the Instruments or the Programme constitutes an offer or an invitation to subscribe for or to purchase any Instruments or are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation or a statement of opinion (or a report of either of these things) by the Issuer, the Arranger or any dealer that any investor(s) or any recipient of this Prospectus or any information incorporated by reference herein or any further information supplied in connection with the Instruments or the Programme (including the Final Terms) should subscribe for, or purchase, any Instruments. Each investor contemplating purchasing Instruments should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness and the condition (financial or otherwise) of the Issuer and Canada. Each potential investor in Instruments should determine for itself the relevance of the information contained in this Prospectus and its purchase of Instruments should be based upon such investigation as it deems necessary. The Arranger expressly does not undertake to review the financial condition or affairs of the Issuer or Canada during the life of the Programme or to advise any investor or potential investor in the Instruments of any information coming to the attention of the Arranger.

Neither this Prospectus nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. The distribution of this Prospectus or any Final Terms and the offering, sale and delivery of Instruments in certain countries and jurisdictions may be restricted by law. In particular, no action has been taken by the Issuer which would permit a public offering of the Instruments or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Instruments may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the Prospectus Directive and any other applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about, and to observe, any such restrictions.

Instruments have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction of the United States and may include Instruments in bearer form which are subject to United States tax law requirements. Subject to certain exceptions relating to sales made to “Qualified Institutional Buyers” in reliance on Rule 144A promulgated under the Securities Act (“**Rule 144A**”) as more fully described under the heading “Subscription and Sale” herein, Instruments may not be offered, sold or, in the case of Instruments issued in bearer form, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). Instruments shall be subject to restrictions on transfer as set forth under the heading “Transfer Restrictions” herein.

This Prospectus and the applicable Final Terms have been prepared for use in connection with the offer and sale of Instruments outside the United States to Non-U.S. persons in reliance on Regulation S and within the United States to “Qualified Institutional Buyers” in reliance on Rule 144A. Prospective investors are hereby notified that sellers of the Instruments may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Any offer of Instruments in any member state of the EEA (the “**Member States**” and each, a “**Member State**”) which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Instruments. Accordingly, any person making or intending to make an offer in that Relevant Member State of Instruments which are the subject of an offering contemplated in this Prospectus as completed by Final Terms in relation to the offer of those Instruments may only do so in circumstances in which no obligation arises for the Issuer or any dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any dealer has authorised, nor do they authorise, the making of any offer of Instruments in circumstances in which an obligation arises for the Issuer or any dealer to publish a prospectus or supplement a prospectus for such offer.

For a description of these and certain further restrictions on offers, sales and deliveries of the Instruments and distributions of this Prospectus and other offering material relating to the Instruments and any related Final Terms, in the United States of America, Japan, Switzerland, the EEA (including the United Kingdom), the People’s Republic of China, India, Brazil and Russia see “Subscription and Sale”.

Instruments may not be a suitable investment for all investors. Each potential investor in any Instruments must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Instruments, the merits and risks of investing in the relevant Instruments and the information contained or incorporated by reference in this Prospectus or any applicable supplementary prospectus;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Instruments and the impact such investment will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Instruments, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understands thoroughly the terms of the relevant Instruments and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A range of Instruments may be issued under the Programme, including Instruments with a fixed or floating rate of interest, Instruments with a variable rate of interest and Instruments that may be payable in a currency other than the currency in which they are denominated. These Instruments may have features which contain particular risks for potential investors. Accordingly, a potential investor should not invest in Instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Instruments will perform under changing conditions, the resulting effects on the value of such Instruments and the impact this investment will have on the potential investor’s overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Instruments are legal investments for it, (2) Instruments can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Instruments. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Instruments under any applicable risk-based capital or similar rules.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES, AS AMENDED (“RSA 421-B”) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

References herein to:

“USD”, “United States Dollars” or “U.S.\$” means the lawful currency of the United States of America;

“euro” or “€” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;

“Renminbi” or “RMB” means the lawful currency of the People’s Republic of China (“PRC”);

“£” or “Pounds Sterling” means the lawful currency of the United Kingdom;

“Brazilian Real” or “BRL” means the lawful currency of the Federative Republic of Brazil;

“Indian Rupee” or “INR” means the lawful currency of the Republic of India; and

“Russian Ruble” or “RUB” means the lawful currency of the Russian Republic.

All references in this Prospectus to the “European Economic Area” or “EEA” are to the member states of the European Union together with Iceland, Norway and Liechtenstein.

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF INSTRUMENTS UNDER THE PROGRAMME, ONE OR MORE RELEVANT MANAGER(S) (THE “STABILISING MANAGER(S)”) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) MAY OVER-ALLOT INSTRUMENTS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE INSTRUMENTS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF INSTRUMENTS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF INSTRUMENTS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF THE INSTRUMENTS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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OVERVIEW OF THE PROGRAMME

The overview of the Programme must be read as an introduction to this Prospectus and any decision to invest in the Instruments should be based on a consideration of this Prospectus as a whole, including the information and documents incorporated by reference.

*The terms and conditions (the “**Conditions**”) of any particular Tranche of Instruments will be the terms and conditions substantially in the form set out under “Terms and Conditions of the Instruments” as completed by the Final Terms applicable thereto and, in respect of any Instruments represented by an Instrument in global form (a “**Global Instrument**”), by the provisions of such Global Instrument. Words and expressions defined in the Conditions and in the applicable Final Terms shall have the same meanings in this overview.*

Issuer:	Export Development Canada (the “ Issuer ”) Pursuant to the provisions of the <i>Financial Administration Act</i> (Canada) the Issuer is named as a Crown corporation and is for all purposes an agent of Her Majesty in right of Canada.
Fiscal Agent:	The Bank of New York Mellon
Registrar(s):	The Bank of New York Mellon (New York) as Principal Registrar The Bank of New York Mellon (Luxembourg) S.A. as First Alternative Registrar The Bank of New York Mellon (London) as Second Alternative Registrar
Arranger:	HSBC Bank plc
Programme Amount:	The aggregate principal amount of Instruments which may be outstanding at any time under the Programme will not exceed USD 20,000,000,000 (or the equivalent in other currencies).
Issuance in Series:	<p>The Instruments will be issued in series (each a “Series”), and each Series may comprise one or more tranches (each a “Tranche”) of Instruments issued on the same or different dates. All Instruments of the same Series shall have identical terms, other than in respect of the issue price, issue date and first payment of interest (save that a Series may comprise Instruments in more than one denomination and Instruments in bearer form and Instruments in registered form). Tranches may be issued on different issue dates and at different issue prices and, after the applicable Exchange Date (as defined herein), each such Tranche will be consolidated and form a single Series with the outstanding Instruments of that Series.</p> <p>Each Tranche will be the subject of Final Terms which, for the purposes of that Tranche only, completes the Conditions of the Instruments, and must be read in conjunction with the Conditions and this Prospectus. The terms and conditions applicable to any particular Tranche of Instruments are the Conditions of the Instruments as completed by the relevant Final Terms.</p> <p>The terms and conditions applicable to any Tranche of Instruments that is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the applicable Drawdown Prospectus. For each Tranche of Instruments which is the subject of a Drawdown Prospectus, each reference in this Prospectus to information being specified or identified in the applicable Final Terms shall be read and construed as a reference to such information being specified or identified in the applicable Drawdown Prospectus.</p>
Status:	The Instruments constitute direct unconditional obligations of the Issuer and as such constitute direct unconditional obligations of Her Majesty in right of

Canada. The Instruments will be issued on an unsubordinated basis and as among themselves, the Instruments of each Series will rank *pari passu* and will be payable rateably without any preference or priority.

Currencies:	Instruments may be denominated in any currency(ies) as may be agreed between the Issuer and the relevant Purchaser(s), subject to all applicable legal, regulatory and/or central bank or monetary authority requirements. Payments for Instruments may, subject to such requirements, be made in currency(ies) other than the currency in which such Instruments are denominated.
Issue Price:	Instruments may be issued at par or at a discount or premium to par, or at such other price or on such other basis as agreed.
Maturities:	Instruments shall have no minimum or maximum maturity subject, in relation to specific currencies, to compliance with all applicable legal, regulatory and/or central bank or monetary authority requirements.
Redemption:	Unless previously redeemed for taxation reasons or purchased and cancelled, Instruments will be redeemed at their principal amount or at such other redemption amount on their maturity date or at such other date as specified in the applicable Final Terms.
Early Redemption:	Early redemption will be permitted for taxation reasons as mentioned in “Terms and Conditions of the Instruments — Early Redemption for Taxation Reasons” herein.
Interest:	Instruments may be interest-bearing (fixed, floating or a combination thereof) or non-interest-bearing.
Fixed Rate Instruments:	Fixed Rate Instruments shall bear interest payable in arrear on the date or dates in each year and at the rate or rates specified in the applicable Final Terms.
Floating Rate Instruments:	<p>Floating Rate Instruments will bear interest at a rate determined (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant specified currency governed by an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (as amended and updated as at the Issue Date of the first Tranche of Instruments of the relevant Series); (b) by reference to a reference rate appearing on an agreed screen page of a commercial quotation service; or (c) as the average of the reference rates applicable for each Interest Determination Date in the relevant Interest Period, in each case as adjusted by any applicable margin. Interest Periods will be specified in the applicable Final Terms.</p> <p>Details of the interest rate applicable to the then current Interest Period for any Floating Rate Instruments will, so long as such Instruments are listed on the Official List and admitted to trading on the Regulated Market, be available from the UK Listing Authority.</p>
Zero Coupon Instruments:	Zero Coupon Instruments may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Instruments:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Instruments will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Purchaser(s) may agree as indicated in the applicable Final Terms.
Variable Interest Instruments:	Variable Interest Instruments will bear interest at a rate determined on the basis of a formula either adding or subtracting a reference floating rate appearing on the agreed screen page of a commercial quotation service to or from a pre-determined fixed or floating rate with or without a margin ratchet.

Other provisions in relation to Floating Rate Instruments and Variable Interest Instruments

Floating Rate Instruments may also have a maximum interest rate, a minimum interest rate or both.

Interest in respect of each Interest Period, as selected prior to issue by the Issuer and the relevant Purchaser(s) or determined in accordance with the Conditions, will be payable on such Interest Payment Dates specified in, or determined pursuant to, the applicable Final Terms, and will be calculated on the basis of the Day Count Fraction specified in the applicable Final Terms.

Denominations:

Instruments will be issued in such denominations as agreed between the Issuer and the relevant Purchaser(s) and as indicated in the applicable Final Terms (the “**Specified Denomination**”) save that the minimum Specified Denomination of each Instrument shall not be less than €100,000 or its equivalent in another currency.

Instruments which have a maturity of less than one year will, if the issue proceeds are to be accepted in the United Kingdom, have a minimum denomination and a minimum redemption value of £100,000 (or its equivalent in other currencies) unless they are issued to a limited class of professional investors or another applicable exemption from Section 19 of FSMA is available.

Interests in Rule 144A Notes shall be held in amounts of not less than (a) U.S.\$100,000 or (b) the United States Dollar equivalent of EUR100,000, whichever is greater.

Taxation:

Payments in respect of the Instruments will be made by the Issuer without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the government of Canada or any political subdivision thereof, or any authority or agency therein having power to tax, unless such taxes, duties, assessments or charges are required by law or by the administration or official interpretation thereof to be withheld or deducted. In that event, subject to customary exemptions, the Issuer will pay such additional amounts as will result in the holder of Instruments or Coupons receiving such amounts as they would have received in respect of such Instruments or Coupons had no such withholding or deduction been required, save as mentioned in “Terms and Conditions of the Instruments — Taxation” herein.

Governing Law:

The Instruments and all related contractual documentation will be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Listing:

Application has been made to the UK Listing Authority for Instruments issued under the Programme during the 12 month period after the date of this Prospectus to be admitted to the Official List and admitted to trading on the Regulated Market. The Regulated Market is a regulated market for purposes of MiFID.

In certain circumstances, the Issuer may terminate the listing or admission to trading of Instruments. The Issuer is not under any obligation to holders of Instruments to maintain any listing of the Instruments. See “Risk Factors”.

Cross-Default:

None

Negative Pledge:

None

Clearing Systems:

Euroclear, Clearstream, Luxembourg, DTC (for Restricted Notes or as otherwise set forth in the applicable Final Terms) or other clearing systems specified in the applicable Final Terms.

Form of Instruments:

Instruments may be issued in bearer or registered form. For each Tranche of Instruments issued in bearer form, the Issuer will deliver a temporary global Instrument, which will be deposited on or before the relevant issue date therefor with a depository or a common depository or (in the case of an NGN (as defined under “Form of Instruments”)) a common safekeeper, as applicable, for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

A temporary global Instrument will be exchangeable for a permanent global Instrument or, if specified in the applicable Final Terms, for Instruments in definitive bearer form and/or (for a Series comprising both bearer and registered Instruments and if specified in the applicable Final Terms) registered form in accordance with its terms. Each permanent global Instrument will be exchangeable for Instruments in definitive bearer form and/or (for a Series comprising both bearer and registered Instruments and if specified in the applicable Final Terms) registered form in accordance with its terms. Instruments in definitive bearer form will, if interest-bearing, either have interest coupons (“**Coupons**”) attached or have a grid for recording the payment of interest endorsed thereon and will, if the principal thereof is repayable by instalments, have a grid for recording the payment of principal endorsed thereon. Instruments in registered form may not be exchanged for Instruments in bearer form.

Instruments offered in the United States shall be in registered form. Registered Instruments in global form (“**Global Notes**”) which are issued and sold pursuant to Rule 144A (“**Restricted Notes**”) will initially be represented by interests in either a Restricted Note in fully registered global form deposited with a common depository for, and registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg on its Issue Date (each a “**European Restricted Global Note**”) or a Restricted Note in fully registered global form deposited with a custodian for, and registered in the name of a nominee of, DTC on its Issue Date (a “**DTC Restricted Global Note**”), in either case without Coupons.

Registered Instruments in the form of Global Notes which are sold in an “offshore transaction” within the meaning of Regulation S (“**Unrestricted Notes**”) will initially be represented by interests in either an Unrestricted Note in fully registered global form deposited with either (a) a common depository for, and registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg if the applicable Final Terms indicate such Instruments are not to be held in the NSS, or (b) a common safekeeper for, and registered in the name of a nominee of Euroclear and Clearstream, Luxembourg if the applicable Final Terms indicate such Instruments are to be held in the NSS (each a “**European Unrestricted Global Note**” together with any European Restricted Global Notes, the “**European Global Notes**”) or an Unrestricted Note in fully registered global form deposited with a custodian for, and registered in the name of a nominee of, DTC (a “**DTC Unrestricted Global Note**” together with any DTC Restricted Global Notes, the “**DTC Global Notes**”). Global Notes will bear a legend as described under “Transfer Restrictions.”

Global Notes may be (1) held by or on behalf of DTC for the benefit of participants in DTC or (2) held by or on behalf of Euroclear and Clearstream, Luxembourg and deposited on or before the relevant Issue Date with and registered in the name of a nominee of the common depository or (in the case of Registered Notes held under the NSS (as defined under “Form of Instruments below”)) the common safekeeper for Euroclear and Clearstream, Luxembourg, as applicable or held by or on behalf of such other agreed clearing system as specified in the applicable Final Terms.

Restricted Notes and Unrestricted Notes will bear a legend setting forth

transfer restrictions and may not be transferred except in compliance with such transfer restrictions. Transfers of interests from a Restricted Note to an Unrestricted Note and from an Unrestricted Global Note to a Restricted Global Note are subject to certification requirements as described under “Terms and Conditions of the Instruments — Form and Denomination — Transfer of Instruments in the Form of Global Notes” and “Transfer Restrictions.”

Enforcement of Instruments in Global Form:

For Instruments in global form, individual investors’ rights will be governed by a deed of covenant dated December 24, 2012 (as amended, supplemented or restated), which is available for inspection at the specified office of the Fiscal Agent.

Risk Factors:

There are certain risk factors which are material for the purpose of assessing the market risks associated with Instruments issued under the Programme, including: Investors may be subject to risks related to the structure of a particular issue of Instruments; there is no active trading market for the Instruments; the Instruments are subject to modification and waiver of conditions in certain circumstances; the denomination of Instruments may not involve integral multiples and definitive Instruments may be illiquid and difficult to trade; interest payments may be subject to withholding tax in certain jurisdictions; the laws governing the Instruments may change; there are no assurances Instruments issued in new global note (“NGN”) form will be eligible collateral for monetary policy of the Eurosystem; Investors may not be able to sell their Instruments at prices that will provide them with a yield comparable to similar investments that have a more highly developed secondary market; Investors may be subject to exchange rate risks and/or exchange controls; Instruments denominated in Renminbi are subject to additional risks; Renminbi is not freely convertible or transferable and there are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of Instruments denominated in Renminbi; there is only limited availability of Renminbi outside the PRC, which may affect the liquidity of such Instruments and the Issuer’s ability to source Renminbi outside the PRC to service such Instruments; if the Issuer is unable to source Renminbi, it may pay holders of such Instruments in U.S. dollars; Investors may be subject to interest rate risks; credit ratings might not reflect all risks; legal investment considerations may restrict certain investments.

Purchasers should consult their own financial and legal advisers about risks associated with an investment in a particular Tranche of Instruments and the suitability of investing in Instruments in light of their particular circumstances.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Instruments and on the distribution of offering material in the United States of America, Japan, Switzerland, the European Economic Area (including the United Kingdom), the People’s Republic of China, India, Brazil and Russia, see the section entitled “Subscription and Sale”.

DOCUMENTS INCORPORATED BY REFERENCE

The Prospectus shall be read and construed in conjunction with the following documents (which have been previously published and which have been filed with Morningstar plc (appointed by the United Kingdom Financial Services Authority to act as the National Storage Mechanism)), which shall be incorporated in, and form part of, this Prospectus:

- (i) the Issuer's Annual Report for the year ended December 31, 2011;
- (ii) Canada's *Economic Action Plan 2012* dated March 29, 2012;
- (iii) Annual Financial Report of the Government of Canada – Fiscal Year 2011-2012 released October 5, 2012;
- (iv) Government of Canada: Update of Economic and Fiscal Projections dated November 13, 2012;
- (v) Exhibit D to Canada's Form 18-K filed with the United States Securities and Exchange Commission ("SEC") on December 20, 2012 (the remainder of Canada's Form 18-K is either not relevant for investors or covered elsewhere in the Prospectus); and
- (vi) the sections entitled "Terms and Conditions of the Instruments" set out in the Issuer's base prospectuses dated December 21, 2011 and December 21, 2010 (the remainder of the Issuer's base prospectuses dated December 21, 2011 and December 21, 2010 are either not relevant for investors or covered elsewhere in the Prospectus); for the avoidance of doubt, the applicable Final Terms for a Tranche of Instruments will indicate the Terms and Conditions applicable to such Tranche of Instruments and, unless otherwise specified in the applicable Final Terms, the Terms and Conditions of all Instruments issued after the date hereof shall be those set out in this Prospectus,

provided that any statement contained herein, or in a document all or the relative portion of which is incorporated by reference herein, shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein or in any supplement hereto, including any document which is subsequently incorporated by reference herein, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Prospectus.

Information, documents or statements expressed to be incorporated by reference into or form part of the documents noted above shall not form part of this Prospectus.

Copies of this Prospectus and the documents incorporated by reference herein and any supplementary prospectus approved under the Prospectus Rules, together with any documents incorporated therein by reference, can be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name of the Issuer. Copies of this Prospectus and documents incorporated by reference herein with respect to EDC may be obtained from the Investor Relations page on the Issuer's website at www.edc.ca. Copies of documents incorporated by reference herein with respect to Canada may be obtained from the SEC website at www.sec.gov/edgar/searchedgar/companysearch.html under the name of Canada.

Any websites referred to herein do not form part of this Prospectus and are not incorporated by reference into this Prospectus.

SUPPLEMENTAL PROSPECTUSES

If at any time there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus (as amended and supplemented by any prior supplements), which is capable of affecting the assessment of the Instruments, the Issuer will prepare or procure the preparation of a supplement which shall amend and/or supplement this Prospectus (as amended and supplemented) or publish a new Prospectus (in each case in accordance with the Prospectus Directive) for use in connection with any subsequent issue of Instruments.

If the terms and conditions of the Instruments (the “**Conditions**”) are modified or amended in a manner which would make this Prospectus inaccurate or misleading, a further Prospectus (a “**Drawdown Prospectus**”) will be prepared to the extent required by law.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression “necessary information” means, in relation to any Tranche of Instruments, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Instruments. In relation to the different types of Instruments which may be issued under the Programme, the Issuer has endeavoured to include in this Prospectus all of the necessary information except for information relating to the Instruments which is not known at the date of this Prospectus and which can only be determined at the time of an individual issue of a Tranche of a Series of Instruments.

Any information relating to the Instruments which is not included in this Prospectus and which is required in order to complete the necessary information in relation to a Tranche of a Series of Instruments may be contained either in the applicable Final Terms unless any of such information constitutes a significant new factor or new term relating to the information contained in this Prospectus in which case such information, together with all of the other necessary information in relation to the relevant Tranche of Instruments, may be contained in a Drawdown Prospectus.

For a Tranche of Instruments which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Prospectus and must be read in conjunction with this Prospectus. The terms and conditions applicable to any particular Tranche of Instruments which is the subject of Final Terms are the Conditions as completed by the relevant Final Terms.

Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Instruments. The terms and conditions applicable to any particular Tranche of Instruments which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Instruments which is the subject of a Drawdown Prospectus, each reference in this Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus and, as applicable, each reference to Final Terms shall be read and construed as a reference to such Drawdown Prospectus, in each case unless the context requires otherwise.

RISK FACTORS

Any investment in the Instruments involves risks, including the factors discussed in this section.

All factors which the Issuer believes at the date of this Prospectus may be material for the purpose of assessing risks related to the Issuer and the risks associated with Instruments issued under the Programme are described below. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring or the likelihood or extent to which any such contingency may affect the ability of the Issuer to pay interest, principal or other amounts in connection with the Instruments.

As at the date of this Prospectus, the Issuer believes that the factors described below represent the principal risks inherent in investing in Instruments issued under the Programme, but the Issuer does not represent that the statements below regarding the risks associated with Instruments issued under the Programme are exhaustive and there may be other factors unknown or considered to be immaterial to the Issuer at this time. Additional risks and uncertainties including those not presently known to the Issuer or that it currently believes to be immaterial, could also adversely affect the ability of the Issuer to pay interest, principal or other amounts in connection with the Instruments. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and any applicable supplementary prospectus (including any documents deemed to be incorporated by reference herein or therein) and reach their own views prior to making any investment decision. Words and expressions defined in “Terms and Conditions of the Instruments” below or elsewhere in this Prospectus have the same meanings in this section. In this section, Global Notes and Global Instruments are referred to collectively as “Global Instruments”.

Factors which are material for the purpose of assessing the market risks associated with Instruments issued under the Programme

General

A range of Instruments may be issued under the Programme, including Instruments with a fixed or floating rate of interest, Instruments with a variable rate of interest and Instruments that may be payable in a currency other than the currency in which they are denominated. Certain of these Instruments may entail significant risks not associated with investments in conventional securities and may have features which contain particular risks for potential investors.

If an investor chooses to sell its Instruments issued under the Programme in the open market at any time prior to the maturity of the Instruments, the price the investor will receive from a purchaser may be less than its original investment, and may be less than the amount due to be repaid at the maturity of the Instruments if an investor were to hold onto the Instruments until that time. Factors that will influence the price received by investors who choose to sell their Instruments in the open market may include, but are not limited to, market appetite, inflation, the period of time remaining to maturity of the Instruments, prevailing interest rates and the financial position of the Issuer.

The Instruments may be redeemed prior to maturity in the event additional amounts become payable due to changes in tax legislation after the Issue Date

In the event that the Issuer would be obliged to pay additional amounts in respect of any Instruments due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Canada, or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Instruments in accordance with the Conditions.

If the Issuer has the right to redeem any Instruments at its option, this may limit the market value of the Instruments concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

An optional redemption feature is likely to limit the market value of Instruments. During any period when the Issuer may elect to redeem Instruments, the market value of those Instruments generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Instruments with an optional redemption feature when its cost of borrowing and prevailing interest rates are lower than the interest rate on the Instruments. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Instruments being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Fixed Rate Instruments bear interest at a fixed rate, which may affect the secondary market value and/or the real value of the Instruments over time due to fluctuations in market interest rates and the effects of inflation

Fixed Rate Instruments bear interest at a fixed rate. Investors should note that (i) if market interest rates start to rise then the income to be paid on the Instruments might become less attractive and the price the investors get if they sell such Instruments could fall (however, the market price of the Instruments has no effect on the interest amounts due on the Instruments or what investors will be due to be repaid on the Maturity Date if the Instruments are held by the investors until they expire); and (ii) inflation will reduce the real value of the Instruments over time which may affect what investors can buy with their investments in the future and which may make the fixed interest rate on the Instruments less attractive in the future.

Instruments which are issued with variable interest rates or which are structured to include a multiplier or other leverage factor, or caps or floors, are likely to have more volatile market values than more standard securities

Instruments with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Instruments will have more volatile market values than conventional Floating Rate Instruments

Inverse Floating Rate Instruments have an interest rate equal to a fixed rate plus or minus a rate based upon a reference rate, such as LIBOR. The market values of those Instruments typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Instruments are more volatile because an increase in the reference rate may not only decrease the interest rate of the Instruments, but may also reflect an increase in prevailing interest rates, which may further adversely affect the market value of those Instruments.

Dual Currency Instruments and Instruments with principal or interest payable in one or more currencies which may be different from the currency in which the Instruments are denominated are exposed to risks associated with currency exchange rate fluctuations

The Issuer may issue Instruments with principal or interest determined by movements in currency exchange rates. In addition, the Issuer may issue Instruments with principal or interest payable in a currency which may be different from the currency in which the Instruments are denominated. Payment of principal or interest may also occur in a different currency than expected. As the value of currencies may at times fluctuate significantly against other currencies there is a risk that between the Issue Date and any Interest Payment Date or the Maturity Date the currency in which the Instruments are denominated may fall in value relative to the currency in which amounts of principal and interest are paid or payable. Investors will bear the currency risk.

If rates of exchange between the currency in which the Instruments are denominated and the currency in which such Instruments are paid or payable significantly change:

- (i) the market price of such Instruments may be volatile;
- (ii) investors may receive no interest or they may receive interest at a rate that is less than that payable on a conventional fixed rate or floating rate debt security issued at the same time; and
- (iii) investors may lose all or a substantial portion of their principal.

The historical experience of the relevant currencies may not be indicative of future performance of such currencies during the term of any Instrument.

If the Issuer has the right to convert the interest rate on any Instruments from a fixed rate to a floating rate, or vice versa, this will affect the secondary market and the market value of the Instruments concerned

Fixed/Floating Rate Instruments may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Instruments since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Instruments may be less favourable than the then prevailing spreads on comparable Floating Rate Instruments tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Instruments. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Instruments.

Instruments issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Certain currencies are not freely convertible; are subject to restrictions on transfer; and/or may be subject to other limitations

Instruments may be issued in one or more currencies that are not freely convertible into other currencies, or are subject to restrictions on remittance and transfer. Instruments may also be issued in one or more currencies that are limited in their availability, which in turn may affect the liquidity of Instruments denominated in such currencies and the Issuer's ability to source such currencies to service the Instruments. In addition, unanticipated changes in government regulation may further impact the availability and convertibility of certain currencies, which would impact the suitability of such Instruments as well as the Issuer's ability to source such currencies to service the Instruments.

Instruments denominated in Renminbi are subject to additional risks

Instruments denominated in Renminbi ("**RMB Instruments**") may be issued under the Programme. RMB Instruments are subject to particular risks:

Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of RMB Instruments

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of Renminbi trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in August 2011 to cover all provinces and cities in the PRC and to make Renminbi trade and other current account item settlement available in all countries worldwide.

PRC regulation on the remittance of Renminbi into the PRC for settlement of capital account items is developing gradually. Generally, remittance of Renminbi by foreign investors into the PRC for capital account purposes such as shareholders' loans or capital contributions is only permitted upon obtaining specific approvals from the relevant authorities on a case-by-case basis and subject to a strict monitoring system.

There is no assurance that the PRC government will continue to gradually liberalise control over cross-border Renminbi remittances in the future, that the pilot scheme introduced in July 2009 (as extended) will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital accounts items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of

Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under RMB Instruments.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Instruments and the Issuer's ability to source Renminbi to service such RMB Instruments

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents and specified business customers.

The People's Bank of China ("**PBoC**"), the central bank of the PRC, has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (the "**Settlement Agreement**") between the PBoC and Bank of China (Hong Kong) Limited as the Renminbi clearing bank (the "**RMB Clearing Bank**") to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong, there is no longer any limit on the ability of corporations to convert Renminbi and there is no longer any restriction on the transfer of Renminbi funds between different accounts in Hong Kong.

However, the current size of Renminbi-denominated financial assets outside the PRC is limited. As of 30 September 2012, the total amount of Renminbi deposits held by institutions authorised to engage in Renminbi banking business in Hong Kong amounted to approximately RMB 545,700 million according to data published by the Hong Kong Monetary Authority (the "**HKMA**"). In addition, authorised institutions are also required by the HKMA to maintain a liquidity ratio of not less than 25 per cent. (computed on the same basis as the statutory liquidity ratio), which further limits the availability of Renminbi that participating banks can utilise for conversion services for their customers. Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC. They are only allowed to settle their open positions with the RMB Clearing Bank after consolidating the RMB trade position of banks outside Hong Kong that are in the same bank group of the participating banks concerned with their own trade position, and the RMB Clearing Bank only has access to onshore liquidity support from PBoC to settle open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement and for Hong Kong residents of up to RMB 20,000 per person per day and for the designated business customers relating to the Renminbi received in providing their services.

The RMB Clearing Bank is not obliged to settle for participating banks holding open positions as a result of other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from outside the PRC to square such open positions.

On 14 June 2012, the HKMA introduced a facility for providing Renminbi liquidity to authorised institutions participating in Renminbi business ("**Participating AIs**") in Hong Kong. The facility will make use of the currency swap arrangement between the PBoC and the HKMA. With effect from 15 June 2012, the HKMA will, in response to requests from individual Participating AIs, provide Renminbi term funds to the Participating AIs against eligible collateral acceptable to the HKMA. The facility is intended to address short-term Renminbi liquidity tightness which may arise from time to time, for example, due to capital market activities or sudden need for Renminbi liquidity by the Participating AIs' overseas bank customers.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of RMB Instruments. There is no assurance that the Issuer will be able to source Renminbi outside the PRC to service such RMB Instruments on satisfactory terms, if at all. If certain events occur (such as illiquidity, inconvertibility or non-transferability in respect of Renminbi) which result in the Issuer being unable to make payments in Renminbi, the Issuer's obligation to make such payments in Renminbi under the terms of the RMB Instruments is replaced by an obligation to make such payments in U.S. dollars as described under the Conditions.

An investment in RMB Instruments is subject to exchange rate risks

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. Except in the limited circumstances as described under the Conditions, all payments of interest and principal with respect to RMB Instruments will be made in Renminbi. As a result, the value of these Renminbi payments in U.S. dollar terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of an investment in RMB Instruments in U.S. dollar or other applicable foreign currency terms will decline.

Payments in respect of RMB Instruments will only be made to investors in the manner specified for such RMB Instruments in the Conditions

Investors may be required to provide certificates and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. Payments to investors in respect of RMB Instruments will be made solely (i) for as long as such RMB Instruments are represented by an Instrument in global form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and procedures of Euroclear Bank SA/NV, Clearstream Banking, Luxembourg or any alternative clearing system as applicable, or (ii) for so long as such RMB Instruments are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Other than as described under the Conditions, the Issuer cannot be required to make payment by any other means (including, but not limited to, in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

Gains on the transfer of RMB Instruments may become subject to income taxes under PRC laws

Under the PRC Enterprise Income Tax law and its implementation rules which took effect on 1st January, 2008, any gain realised on the transfer of Instruments denominated in Renminbi by non-resident enterprise holders may be subject to enterprise income tax if such gain is regarded as income derived from sources within the PRC. However, there remains uncertainty as to whether the gain realised from the transfer of Instruments denominated in Renminbi would be treated as income derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law and its implementation rules. According to the arrangement between the PRC and Hong Kong, residents of Hong Kong, including enterprise holders and individual holders, will not be subject to PRC tax on any capital gains derived from a sale or exchange of RMB Instruments. There is no assurance the existing arrangements will be continued or be terminated.

Therefore, if non-resident enterprise holders who are also non-residents of Hong Kong are required to pay PRC income tax on gains on the transfer of Instruments denominated in Renminbi (enterprise income tax and individual income tax are currently levied at the rate of 10 per cent. and 20 per cent., respectively, of the gross proceeds, unless there is an applicable tax treaty between the PRC and the jurisdiction in which such non-resident enterprise holders of Instruments denominated in Renminbi reside that reduces or exempts the relevant tax), the value of their investment in the Instruments denominated in Renminbi may be materially and adversely affected.

Investors in RMB Instruments should consult their own tax advisers with regard to the application of PRC tax laws to any purchase, holding or sale of RMB Instruments.

Risks related to Instruments generally

Set out below is a brief description of material risks relating to the Instruments generally:

Provisions for the payment of interest or a redemption amount in excess of an effective annual rate of interest of 60% may not be enforceable

All Instruments issued under the Programme are governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. The *Criminal Code* (Canada) prohibits the receipt of “interest” at a “criminal rate” (namely, an effective annual rate of interest of 60%). Accordingly, the provisions for the payment of interest or a redemption amount in excess of the aggregate principal amount of the Instruments may not be

enforceable if the provision provides for the payment of “interest” in excess of an effective annual rate of interest of 60%.

The Conditions of the Instruments contain provisions which may permit their modification without the consent of all Holders

The Conditions of the Instruments contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders (and to modify or waive certain terms and conditions of the Instruments or covenants and agreements made by the Issuer) including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

The Conditions also provide that the Fiscal Agency Agreement (as defined below), the Instruments and any Coupons attached to the Instruments may be amended by the Issuer and the Agent without the consent of the Holder of any Instrument or Coupon (i) for the purpose of curing any ambiguity, or for curing, correcting or supplementing any defective provision contained therein or to provide for substitution of the Issuer (ii) to make any further modifications of the terms of the Fiscal Agency Agreement necessary or desirable to allow for the issuance of any additional Instruments (which modifications shall not be materially adverse to Holders of outstanding Instruments) or (iii) in any manner which the Issuer and the Agent may deem necessary or desirable and which shall not materially adversely affect the interests of the Holders of the Instruments and Coupons. The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, the Instruments and any Coupons attached to the Instruments, if to do so could not reasonably be expected to be prejudicial to the interests of the Holders.

An active secondary market in respect of the Instruments may never be established or may be illiquid and this would adversely affect the value at which an investor could sell its Instruments

Instruments may not be widely distributed and may not have an established trading market when issued. There can be no assurance of a secondary market for the Instruments or the continued liquidity of such market if one develops. If the Instruments are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and/or Canada. Such factors also will affect the market value of the Instruments. In addition, certain Instruments may be designed for specific investment objectives or strategies and therefore may have a more limited secondary market and experience more price volatility than conventional debt securities.

Investors may not be able to sell their Instruments easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Instruments that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors or are not admitted to trading on the Regulated Market or another established securities exchange. These types of Instruments generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Instruments.

Because the Global Instruments are held by or on behalf of Euroclear and Clearstream, Luxembourg and/or DTC, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Instruments issued under the Programme may be represented by one or more Global Instruments. Such Global Instruments will be deposited with a common depository or common safekeeper for Euroclear and Clearstream, Luxembourg and/or a custodian of DTC. Except in the circumstances described in the relevant Global Instrument, investors will not be entitled to receive Definitive Instruments. Euroclear, Clearstream, Luxembourg and/or DTC will maintain records of the beneficial interests in the Global Instruments. While the Instruments are represented by one or more Global Instruments, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and/or DTC.

While Instruments are represented by one or more Global Instruments, the Issuer will, subject to the terms set out herein, discharge its payment obligations under the Instruments by making payments to the common depository or common safekeeper for Euroclear and Clearstream, Luxembourg and/or the custodian for DTC for distribution to their account holders. A holder of a beneficial interest in a Global Instrument must rely on the

procedures of Euroclear and Clearstream, Luxembourg and/or DTC to receive payments under the relevant Instruments. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Instruments.

Holders of beneficial interests in the Global Instruments will not have a direct right to vote in respect of the relevant Instruments. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg and/or DTC to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Instruments will not have a direct right under the Global Instruments to take enforcement action against the Issuer in the event of a default under the relevant Instruments but will have to rely upon their rights under the Deed of Covenant.

The Issuer has no obligation to maintain a listing of the Instruments

The Issuer may, in certain circumstances, seek to delist Instruments which are listed on the Regulated Market, provided that in such cases the Issuer will be required to use its reasonable endeavours to obtain and maintain a listing of such Instruments on an alternative stock exchange or exchanges or market (which may be outside the European Economic Area).

These circumstances include any future law, rule of the London Stock Exchange or any other securities exchange or any EU directive imposing other requirements (including new corporate governance requirements) on the Issuer or any of its affiliates that the Issuer in good faith determines are impractical or unduly burdensome in order to maintain the continued listing of any Instruments issued under the Programme on the Regulated Market.

The Issuer may, in its sole discretion, determine that it is impractical or unduly burdensome to maintain such listing and seek to terminate the listing of such Instruments provided it uses all reasonable endeavours to seek an alternative admission to listing, trading and/or quotation of such Instruments by another listing authority, securities exchange and/or quotation system that it deems appropriate. However, if such alternative listing is not available or, in the opinion of the Issuer is impractical or unduly burdensome, an alternative listing may not be obtained.

Although there is no assurance as to the liquidity of any Instruments as a result of the listing on the Regulated Market, delisting such Instruments may have a material effect on the ability of investors to (a) continue to hold such Instruments or (b) resell the Instruments in the secondary market.

Investors who purchase Instruments in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Instruments are subsequently required to be issued

In relation to any issue of Instruments which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Instruments may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a Holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a Definitive Instrument in respect of such holding (should Definitive Instruments be printed) and would need to purchase a principal amount of Instruments such that its holding amounts to a Specified Denomination.

If Definitive Instruments are issued, Holders should be aware that Definitive Instruments which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The Instruments may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could adversely affect their return on the Instruments

The Conditions of the Instruments contain exemptions from the requirement that the Issuer make gross up payments in the event an amount of, or in respect of, tax were to be withheld from a payment, including as set out under "Withholding under the EU Savings Tax Directive" below. Where such exemptions apply, neither the Issuer, nor any Paying Agent, nor any other person would be obliged to pay additional amounts with respect to any Instruments as a result of the imposition of such withholding tax.

Withholding under the EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”), each Member State is required to provide to the tax authorities of another Member State details of payments of interest and other similar income paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, during the current transitional period Luxembourg and Austria are instead required (unless during such period they elect otherwise) to operate a withholding system in relation to such payment (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The ending of such transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries (including Switzerland) and certain dependent or associated territories of certain Member States have adopted similar measures (in the case of Switzerland, a withholding system has been adopted).

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described herein.

If a payment were to be made or collected through a Member State (or through any non-EU country or certain dependent or associated territories of certain Member States which have adopted similar measures) which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer, nor any Paying Agent, nor any other person would be obliged to pay additional amounts with respect to any Instruments as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive or any law implementing the Savings Directive.

The value of the Instruments could be adversely affected by a change of law or administrative practice

The terms and conditions of the Instruments are based on the laws of the Province of Ontario and the federal laws of Canada applicable therein in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Province of Ontario or the federal laws of Canada applicable therein or administrative practice after the date of this Prospectus.

Bearer Instruments in NGN form and Registered Global Instruments held under the NSS may not satisfy Eurosystem eligibility criteria

Bearer Instruments in NGN form and Registered Global Instruments held under the NSS allow for the possibility of Instruments being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the “**Eurosystem**”) and intra-day credit operations by the Eurosystem either upon issue or at any or all items during their life. However, in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Investors should make their own assessment as to whether the Instruments meet such Eurosystem eligibility criteria.

Risks related to the market generally

Set out below is a brief description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

If an investor holds Instruments which are not denominated in the investor’s home currency, the investor will be exposed to movements in exchange rates adversely affecting the value of its holding and, in addition, the imposition of exchange controls in relation to any Instruments could result in an investor not receiving payments on those Instruments

The Issuer will pay principal and interest on the Instruments in the Specified Currency (as defined herein) or in another currency or currencies. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency or such other currency that the Instruments may be payable in. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency (or such other currency) or revaluation of the Investor’s Currency) and the risk that authorities with

jurisdiction over the Specified Currency (or such other currency) or the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency (or other currency) would decrease (1) the Investor's Currency-equivalent yield on the Instruments, (2) the Investor's Currency-equivalent value of the principal payable on the Instruments and (3) the Investor's Currency-equivalent market value of the Instruments.

Government and monetary authorities may impose (as some have done in the past) exchange controls or monetary policies that could adversely affect an applicable currency exchange rate or interest rate. As a result, investors may receive less interest or principal than expected, or no interest or principal or receive payments in a significantly devalued Specified Currency or such other currency that the Instruments may be payable in.

In addition, if the Issuer is due to make a payment in a currency (the "**original currency**") other than United States dollars in respect of any Instrument or Coupon and the original currency is not available on the foreign exchange markets due to the imposition of exchange controls, the original currency's replacement or disuse or other circumstances beyond the Issuer's control, the Issuer will be entitled to satisfy its obligations in respect of such payment by making payment in United States dollars as described under the Conditions. The exchange rate applied in such circumstances could result in a reduced payment to the holder and such payment amount may be zero.

Credit ratings may not reflect all risks associated with an investment in the Instruments

One or more independent credit rating agencies may assign credit ratings to an issue of Instruments. The ratings may not reflect the potential impact of all risks related to the Issuer or to structure, market, additional factors discussed above, and other factors that may affect the value of the Instruments. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted from using a rating for regulatory purposes unless such rating is issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended) or, either the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation, or the rating is provided by a credit rating agency not established in the EEA, but which is certified under the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

FORMS OF INSTRUMENTS

The Instruments may be issued in bearer form only (“**Bearer Instruments**”), in registered form only (“**Registered Instruments**”) or in bearer form exchangeable for Registered Instruments (“**Exchangeable Bearer Instruments**”).

Each Tranche of Bearer Instruments will be represented on issue by a temporary global instrument (each a “**Temporary Global Instrument**”) or, if so specified in the applicable Final Terms, a permanent global instrument (each a “**Permanent Global Instrument**”) and together with a temporary Global Instrument, collectively referred to as “**Global Instruments**”) without interest coupons or talons. The temporary Global Instrument representing the interest in a Tranche of Instruments will be exchangeable, in whole or in part, for (a) a permanent Global Instrument, or (b) if so indicated in the applicable Final Terms, definitive bearer Instruments representing such interest on or after the day that is 40 days after the later of the commencement of the offering of the particular Tranche and the relevant issue date, upon certification as to non-U.S. beneficial ownership and/or (c) (in the case of a Series of Exchangeable Bearer Instruments) Registered Instruments in accordance with its terms.

Each such permanent global Instrument will be exchangeable for Bearer Instruments in definitive form and/or (in the case of a Series of Exchangeable Bearer Instruments) Registered Instruments in accordance with its terms.

Global Instruments may not be exchangeable for definitive Bearer Instruments on notice received from the Holder if the Specified Denomination of the Instruments in the applicable Final Terms includes language substantially to the following effect: “€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000”. Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Instruments which is to be represented on issue by a temporary Global Instruments exchangeable for definitive Bearer Instruments.

Bearer Instruments in definitive form will, if interest-bearing, either have interest coupons (“**Coupons**”) attached or have a grid for recording the payment of interest endorsed thereon and will, if the principal thereof is repayable by instalments, have a grid for recording the payment of principal endorsed thereon.

If it is stated in the applicable Final Terms that the Global Instruments are to be issued in new global note (“**NGN**”) form, a temporary or permanent Global Instrument will be delivered on or before the relevant issue date to a common safekeeper (the “**Common Safekeeper**”) for Euroclear and/or Clearstream Luxembourg. Where the Global Instruments issued in respect of any Tranche are in NGN form, as stated in the applicable Final Terms, Euroclear and Clearstream, Luxembourg will be notified by or on behalf of the Issuer whether or not such Global Instruments are intended to be held in a manner which would allow Eurosystem eligibility. Neither depositing the Global Instruments with the Common Safekeeper nor indicating that they are to be held in a manner which would allow Eurosystem eligibility necessarily means that the Instruments will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

If the Global Instruments are not issued in NGN form, as stated in the applicable Final Terms, a temporary or permanent Global Instrument will be delivered on or before the relevant issue date to a depository or a common depository for Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system.

Registered Instruments may be held through DTC or Euroclear and Clearstream, Luxembourg or another agreed clearing system as specified in the applicable Final Terms. Registered Instruments may not be exchanged for Bearer Instruments.

Instruments offered in the United States shall be in registered form. Registered Instruments offered in the United States to Qualified Institutional Buyers in reliance on Rule 144A will be represented by one or more global instruments (the “**144A Global Notes**”, also referred to as “**Restricted Notes**”). Registered Instruments offered outside the United States in reliance on Regulation S will be represented by one or more global instruments (the “**Regulation S Global Notes**” also referred to as “**Unrestricted Notes**”) and, collectively with the 144A Global Notes, the “**Global Notes**”).

If the Registered Instruments are not intended to be held in a manner which would allow Eurosystem eligibility, the Global Note will be deposited on or prior to the relevant issue date with a depositary or common depositary of and registered in the name of a nominee or common nominee for DTC or Euroclear and Clearstream, Luxembourg or any other agreed clearing system.

If the Registered Instruments are intended to be held in a manner which would allow Eurosystem eligibility (being the new safekeeping structure (“**NSS**”)), the Global Note will be delivered on or prior to the relevant Issue Date to and registered in the name of a nominee of the Common Safekeeper. In respect of each Tranche of Global Notes, Euroclear and Clearstream, Luxembourg will be notified by or on behalf of the Issuer whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. None of depositing the Global Note with the Common Safekeeper, registering the Global Note in the name of a nominee of the Common Safekeeper or indicating that they are to be held in a manner which would allow Eurosystem eligibility necessarily means that the Instruments will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Note that where the Instruments are intended to be held in a manner which would allow Eurosystem eligibility, this does not necessarily mean that the Instruments will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

TERMS AND CONDITIONS OF THE INSTRUMENTS

The following is the text of the terms and conditions that, subject to completion by the applicable Final Terms, shall be applicable to the Instruments of each Series. The Final Terms in relation to any Tranche of Instruments may specify terms and conditions which shall, to the extent so specified, supplement the terms and conditions for such Tranche. Either (i) the full text of these terms and conditions together with the applicable provisions of the applicable Final Terms or (ii) these terms and conditions as so completed or supplemented (and subject to simplification by the deletion of non-applicable provisions) shall be endorsed on all bearer Instruments in definitive form or on the certificates relating to Registered Instruments in definitive form.

All capitalised terms used but not defined herein shall have the meanings given to them in the applicable Final Terms.

The Instruments are issued, unless other arrangements are specified in the applicable Final Terms, in accordance with a fiscal agency agreement (the “**Fiscal Agency Agreement**,” which expression shall include any amendments or supplements thereto) dated December 24, 2012 and made among Export Development Canada (the “**Issuer**”), The Bank of New York Mellon, London office, in its capacity as fiscal agent (the “**Fiscal Agent**”, which expression shall include any successor to The Bank of New York Mellon, London office in its capacity as such) and as second alternative registrar (the “**Second Alternative Registrar**”, which expression shall include any successor to The Bank of New York Mellon, London office in its capacity as such), The Bank of New York Mellon, New York office as principal registrar (the “**Principal Registrar**”, which expression shall include any successor to The Bank of New York Mellon, New York office in its capacity as such), The Bank of New York Mellon (Luxembourg) S.A. in its capacity as first alternative registrar (the “**First Alternative Registrar**”, which expression shall include any successor to The Bank of New York Mellon (Luxembourg) S.A. in its capacity as such) and certain other financial institutions named therein in their capacities as paying agents (the “**Paying Agents**”, which expression shall include the Fiscal Agent and any substitute or additional paying agents appointed in accordance with the Fiscal Agency Agreement). The Instruments have the benefit of a deed of covenant (the “**Deed of Covenant**”, which expression shall include any amendments or supplements thereto or restatements thereof) dated December 24, 2012 executed by the Issuer. A copy of each of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection at the specified office of each of the Paying Agents, the Principal Registrar, the Alternative Registrar and the Second Alternative Registrar (together, the “**Agents**”). All persons from time to time entitled to the benefit of obligations under any Instruments shall be deemed to have notice of and to be bound by all of the provisions of the Fiscal Agency Agreement and the Deed of Covenant insofar as they relate to the relevant Instruments.

The Instruments are issued in series (each a “**Series**”), and each Series may comprise one or more tranches (each a “**Tranche**”) of Instruments issued on the same or different dates. All Instruments of the same Series shall have identical terms, other than in respect of the issue price, issue date and first payment of interest (save that a Series may comprise Instruments in more than one denomination and Instruments in bearer form and Instruments in registered form). Tranches may be issued on different issue dates and at different issue prices and, after the applicable Exchange Date (as defined herein), each such Tranche will be consolidated and form a single Series with the outstanding Instruments of that Series. The specific terms of each Tranche will be set forth in the applicable Final Terms.

References in these Conditions to “Instruments” are to Instruments of the relevant Series and shall mean (i) in relation to Instruments represented by a global Instrument, units of the lowest Specified Denomination, (ii) definitive Instruments issued in exchange for a global Instrument and (iii) any global Instrument.

Interest bearing definitive Instruments in bearer form will have interest coupons (“**Coupons**”) and, if indicated in the applicable Final Terms, talons for further Coupons (“**Talons**”) attached on issue. References herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons.

References to the “**applicable Final Terms**” are to the Final Terms(s) prepared in relation to the Instruments of the relevant Tranche or Series which are attached to or endorsed on the Instruments and complete these Conditions.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, except in relation to Bearer Instruments in new global note (“**NGN**”) form or Registered Instruments intended to be held in a manner which would allow Eurosystem eligibility (being the new safekeeping structure (“**NSS**”)),

be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

1. Form and Denomination

1.01 Instruments are issued in bearer form or in registered form, as specified in the applicable Final Terms. Bearer Instruments shall be issued in the NGN form if so specified in the applicable Final Terms.

Form of Bearer Instruments

1.02 Each Tranche of Instruments issued in bearer form (“**Bearer Instruments**”) may be represented upon issue by a temporary global Instrument (a “**Temporary Global Instrument**”) in substantially the form (subject to amendment and completion) scheduled to the Fiscal Agency Agreement. Interests in the Temporary Global Instrument may be exchanged, in the case of an exchange for Instruments in registered form (“**Registered Instruments**”), at any time and without any requirement for certification, but otherwise, on or after the date (the “**Exchange Date**”) which is not earlier than forty days after the original issue date of the relevant Tranche and provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in such form as is customarily issued in such circumstances by the relevant clearing systems) has been received, for:

- (i) interests in a permanent global Instrument (a “**Permanent Global Instrument**”) representing the Instruments of that Tranche and in substantially the form (subject to amendment and completion) scheduled to the Fiscal Agency Agreement; or
- (ii) if so specified in the applicable Final Terms, definitive Bearer Instruments (“**Definitive Instruments**”) and/or (in the case of a Series comprising both Bearer Instruments and Registered Instruments and if so specified in the applicable Final Terms) definitive Registered Instruments in substantially the form (subject to amendment and completion) scheduled to the Fiscal Agency Agreement.

1.03 Interests in a Permanent Global Instrument will be exchanged by the Issuer in whole (but not in part only), at the option of the Holder (as defined herein) of such Permanent Global Instrument, for Definitive Instruments and/or (in the case of a Series comprising both Bearer and Registered Instruments and if so specified in the applicable Final Terms) Registered Instruments, (a) if an Event of Default occurs in respect of any Instrument of the relevant Series; or (b) if any of Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently; or (c) if so specified in the applicable Final Terms, upon such Holder’s request, in all cases free of charge to the Holder of such Instrument. In order to exercise the option contained in paragraph (c) of the preceding sentence, the Holder must, not less than forty-five days before the date upon which the delivery of such Definitive Instruments and/or Registered Instruments is required, deposit the relevant Permanent Global Instrument with the Fiscal Agent at its specified office with the form of exchange notice endorsed thereon duly completed. If default is made by the Issuer in the required delivery of Definitive Instruments and/or Registered Instruments and such default is continuing at 6:00 p.m. (London time) on the thirtieth day after the day on which the relevant notice period expires or, as the case may be, such Permanent Global Instrument becomes so exchangeable, such Permanent Global Instrument will become void in accordance with its terms but without prejudice to the rights of the Relevant Account Holders (as defined in the Deed of Covenant) with Euroclear or Clearstream, Luxembourg or any other relevant clearing system in relation thereto under the Deed of Covenant.

1.04 Interest-bearing Definitive Instruments will, if so specified in the applicable Final Terms, have attached thereto at the time of their initial delivery Coupons, the presentation of which will be a prerequisite to the payment of interest in certain circumstances specified below.

Form of Registered Instruments

1.05 Registered Instruments in global form (“**Global Notes**”) which are issued and sold pursuant to Rule 144A (“**Restricted Notes**”) will initially be represented by interests in either a Restricted Note in fully registered global form deposited with a common depository for, and registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg on its Issue Date (each a “**European Restricted Global Note**”) or a Restricted Note in fully registered global form deposited with a custodian for, and registered in the name of a nominee of, DTC on its Issue Date (a “**DTC Restricted Global Note**”), in either case without Coupons.

Registered Instruments in the form of Global Notes which are sold in an “offshore transaction” within the meaning of Regulation S (“**Unrestricted Notes**”) will initially be represented by interests in either an Unrestricted Note in fully registered global form deposited with either (a) a common depositary for, and registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg if the applicable Final Terms indicate such Instruments are not to be held in the NSS, or (b) a common safekeeper for, and registered in the name of a nominee of Euroclear and Clearstream, Luxembourg if the applicable Final Terms indicate such Instruments are to be held in the NSS (each a “**European Unrestricted Global Note**” together with any European Restricted Global Notes, the “**European Global Notes**”) or an Unrestricted Note in fully registered global form deposited with a custodian for, and registered in the name of a nominee of, DTC (a “**DTC Unrestricted Global Note**” together with any DTC Restricted Global Notes, the “**DTC Global Notes**”). Global Notes will bear a legend as described under “Transfer Restrictions.”

1.06 Registered Instruments will not be exchangeable for Bearer Instruments.

Denomination of Bearer Instruments

1.07 Bearer Instruments will be in the denomination or denominations specified in the applicable Final Terms (each such denomination being a “**Specified Denomination**”). Bearer Instruments of one denomination will not be exchangeable, after their initial delivery, for Bearer Instruments of any other denomination.

Denomination of Registered Instruments

1.08 Registered Instruments will be in the minimum denomination specified in the applicable Final Terms or (unless otherwise specified in the applicable Final Terms) integral multiples thereof.

1.09 Registered Instruments denominated in United States Dollars will, if so specified in the applicable Final Terms, be the subject of an application by the Issuer to DTC for the acceptance of such Registered Instruments into DTC’s book-entry settlement system. If such application is accepted, one or more DTC Global Notes, in denominations equivalent in aggregate to the aggregate principal amount of relevant Registered Instruments which are to be held in such system, will be issued to DTC and registered in the name of Cede & Co., or such other person as may be nominated by DTC for the purpose, as nominee for DTC provided that no DTC Global Note may have a denomination of more than USD500,000,000 and that, subject to such restriction, DTC Global Notes will always be issued in the largest possible denomination. Thereafter, such registered nominee will be the holder of record and entitled to rights in respect of each DTC Global Note. Accordingly, each person having a beneficial interest in a DTC Global Note must rely on the procedures of the institutions having accounts with DTC to exercise any rights of such person. So long as Registered Instruments are traded through DTC’s book-entry settlement system, ownership of a beneficial interest in the relevant DTC Global Note will (unless otherwise required by applicable law or regulatory requirement) be shown on, and transfers of such beneficial interest may be effected only through, records maintained by (i) DTC or its registered nominee (as to DTC participant-interests); or (ii) institutions having accounts with DTC.

Currency of Instruments

1.10 Instruments may be denominated in any currency (the “**Specified Currency**”), subject to compliance with all applicable legal and/or regulatory and/or central bank or monetary authority (or equivalent body, however called) requirements. Payments in respect of Instruments may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the Specified Currency.

Instruments in the Form of Individual Definitive Registered Instruments

1.11 Registration of title to Registered Instruments in a name other than a depositary or its nominee for Euroclear and Clearstream, Luxembourg or for DTC will not be permitted unless (i) in the case of DTC Global Notes, DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the DTC Global Notes, or ceases to be a “clearing agency” registered under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), or is at any time no longer eligible to act as such and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC, or (ii) in the case of European Global Notes, Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (iii) an Event of Default (as defined in Condition 6.01) occurs and is continuing in respect of any Instrument of the

relevant Series; (each an “**Exchange Event**”). In such circumstances, the Issuer will cause sufficient individual definitive Registered Instruments (“**Definitive Registered Instruments**”) to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holder(s). Instruments in the form of individual Definitive Registered Instruments will only be available, in the case of Unrestricted Notes, in amounts specified in the applicable Final Terms, and, in the case of Restricted Notes, in amounts of not less than (a) U.S.\$100,000 or (b) the United States Dollar equivalent of EUR100,000, whichever is greater (rounded upwards as agreed between the Issuer and the relevant Purchaser(s)) and, in either case, higher integral multiples of U.S.\$1,000, and in any event, solely in the limited circumstances set out above.

If default is made by the Issuer in the required delivery of Definitive Registered Instruments and such default is continuing at 6:00 p.m. (London time) on the thirtieth day after the Exchange Event, such Global Note will become void in accordance with its terms but without prejudice to the rights of the Relevant Account Holders with Euroclear or Clearstream, Luxembourg or any other relevant clearing system in relation thereto under the Deed of Covenant.

2. Title and Transfers

2.01 Title to Bearer Instruments and Coupons passes by delivery.

2.02 Title to Registered Instruments passes by registration in the register, which (a) in relation to DTC Global Notes is kept by the Principal Registrar or such other registrar as is specified in the applicable Final Terms and (b) in relation to European Global Notes is kept by the First Alternative Registrar or, if the applicable Final Terms so specifies, the Second Alternative Registrar. For the purposes of these Conditions, “**Registrar**” means, in relation to any Series of Registered Instruments, the Principal Registrar, the First Alternative Registrar, the Second Alternative Registrar or such other registrar as is specified in the applicable Final Terms.

2.03 For so long as any of the Instruments is represented by a global Instrument or Instruments, each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg or any other agreed clearing system as the holder of a particular nominal amount of Instruments (other than a clearing system that is itself an account holder of Euroclear or of Clearstream, Luxembourg or any other agreed clearing system (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or any other agreed clearing system as to the nominal amount of such Instruments standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error)) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Instruments for all purposes other than with respect to the payment of principal or interest on the Instruments, for which purpose the bearer of the relevant global bearer Instrument or the registered holder of the relevant global registered Instrument shall be treated by the Issuer and the Agents as the holder of such Instruments in accordance with and subject to the terms of the relevant global Instrument and the expression “**Holder**” and related expressions shall be construed accordingly. Instruments which are represented by a global Instrument will be transferable only in accordance with the then current rules and procedures of Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be.

The Holder of any Instrument or Coupon will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

Transfer of Registered Instruments and Exchange of Bearer Instruments for Registered Instruments

2.04 A Registered Instrument may, upon the terms and subject to the conditions set forth in the Fiscal Agency Agreement be transferred in whole or in part only (provided that each such part (including the balance not transferred) is the minimum denomination specified in the applicable Final Terms or an integral multiple thereof or (if so specified in the Final Terms) an integral amount in excess of such minimum denomination) upon the surrender of the Registered Instrument to be transferred, together with the form of transfer endorsed thereon duly completed and executed, at the specified office of the Registrar. A new Registered Instrument will be issued to the transferee and, in the case of a transfer of part only of a Registered Instrument, a new Registered Instrument in respect of the balance not transferred will be issued to the transferor.

2.05 If so specified in the applicable Final Terms, the Holder of Bearer Instruments may exchange the same for the same aggregate principal amount of Registered Instruments upon the terms and subject to the conditions

set forth in the Fiscal Agency Agreement. In order to exchange a Bearer Instrument for a Registered Instrument, the Holder thereof shall surrender such Bearer Instrument at the specified office outside the United States of the Fiscal Agent or of the Registrar together with a written request for the exchange. Each Bearer Instrument so surrendered must be accompanied by all unmatured Coupons appertaining thereto, other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined in Condition 2.07) where the exchange date would, but for the provisions of Condition 2.06, occur between the Record Date (as defined in Condition 8B.03) for such payment of interest and the date on which such payment of interest falls due.

2.06 Each new Registered Instrument to be issued upon the transfer of a Registered Instrument or the exchange of a Bearer Instrument for a Registered Instrument will, within three Banking Days of the transfer date (as defined in this Condition 2.06) or, as the case may be, the exchange date, be available for delivery at the specified office of the Registrar. For these purposes, a form of transfer or request for exchange received by the Registrar or the Fiscal Agent after the Record Date (as defined in Condition 8B.03) in respect of any payment due in respect of Registered Instruments shall be deemed not to be effectively received by the Registrar or the Fiscal Agent until the day following the due date for such payment.

2.07 For the purposes of this Condition 2,

- (i) “**Banking Day**” means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Instrument for a Registered Instrument where such request for exchange is made to the Fiscal Agent, in the place where the specified office of the Fiscal Agent is located;
- (ii) the “**exchange date**” shall be the Banking Day following the day on which the relevant Bearer Instrument shall have been surrendered for exchange in accordance with Condition 2.05; and
- (iii) the “**transfer date**” shall be the Banking Day following the day on which the relevant Registered Instrument shall have been surrendered for transfer in accordance with Condition 2.04 and all reasonable requirements of the Issuer and the Registrar shall have been satisfied in respect of such transfer.

2.08 The issue of new Registered Instruments on transfer or on the exchange of Bearer Instruments for Registered Instruments will be effected without charge by or on behalf of the Issuer, the Registrar or the Fiscal Agent, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

2.09 Upon the transfer, exchange or replacement of Registered Instruments of any Series bearing the private placement legend (the “**Private Placement Legend**”) set forth in the form of Registered Instrument scheduled to the Fiscal Agency Agreement, the Registrar shall deliver only Registered Instruments that also bear such legend unless either:

- (i) such transfer, exchange or replacement occurs one or more years after the later of (1) the original issue date of such Registered Instruments or (2) the last date on which the Issuer or any of its affiliates (as defined below), as notified to the Registrar by the Issuer as provided in the immediately following paragraph, was the beneficial owner of such Registered Instrument (or any predecessor of such Instrument); or
- (ii) there is delivered to the Registrar an opinion reasonably satisfactory to the Issuer of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States to the effect that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws.

2.10 The Issuer covenants and agrees that it will not acquire any beneficial interest, and will cause its “affiliates” (as defined in paragraph 1 of Rule 144 under the Securities Act) not to acquire any beneficial interest, in any Registered Instrument bearing the Private Placement Legend unless it notifies the Registrar of such acquisition. The Registrar and all Holders of Instruments shall be entitled to rely without further investigation on any such notification (or lack thereof).

3. Status

3.01 The Instruments constitute direct, unconditional obligations of the Issuer and as such constitute direct and unconditional obligations of Her Majesty in right of Canada. Payments of principal of and interest on the Instruments are a charge on and payable out of the Consolidated Revenue Fund of Canada. The Consolidated Revenue Fund is the aggregate of all public moneys, such as tax revenues, which are on deposit to the credit of the Receiver General for Canada (the public officer who receives or collects public moneys for and on behalf of Canada). As among themselves, the Instruments of each Series will rank *pari passu* and will be payable rateably without any preference or priority.

4. Interest

4.01 Instruments may be interest-bearing or non-interest-bearing or a combination of the two, as specified in the applicable Final Terms. In the case of non-interest-bearing Instruments (“Zero Coupon Instruments”), a Reference Price and Accrual Yield will, unless otherwise agreed, be specified in the applicable Final Terms. In relation to any Tranche of interest-bearing Instruments, the applicable Final Terms may specify actual amounts of interest payable rather than, or in addition to, a rate or rates at which interest accrues.

4A. Fixed Rate Instruments

4A.01 Fixed Rate Instruments shall bear interest from, and including, the Interest Commencement Date specified in the applicable Final Terms (or the Issue Date if no Interest Commencement Date is separately specified) to, but excluding, the Maturity Date at the rate or rates per annum equal to the Rate(s) of Interest specified in the applicable Final Terms. Such interest will be payable in arrear on the Interest Payment Dates in each year and on the Maturity Date if it does not fall on an Interest Payment Date.

4A.02 In the case of Definitive Instruments, unless otherwise specified in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on, but excluding such date will amount to the Fixed Coupon Amount specified in the applicable Final Terms. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount(s) so specified.

4A.03 Interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (i) in the case of Fixed Rate Instruments which are represented by a Global Instrument, the aggregate outstanding nominal amount of the Fixed Rate Instruments represented by such Global Instrument; or
- (ii) in the case of Fixed Rate Instruments in definitive form, the Calculation Amount (other than where a Fixed Coupon or Broken Amount which is not calculated by reference to the Calculation Amount is specified in the applicable Final Terms);

and, in each case, multiplying such sum by the Day Count Fraction specified in the applicable Final Terms and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention, unless an Interest Amount is applicable to such period, in which case the amount of interest payable in respect of such Instrument for such period shall equal such Interest Amount. Where the Specified Denomination of a Fixed Rate Instrument in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Instrument shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

If no Day Count Fraction is specified in the applicable Final Terms, the applicable Day Count Fraction for Fixed Rate Instruments shall be Actual/Actual, other than for U.S. dollar denominated Instruments where the applicable Day Count Fraction shall be 30/360.

4B. Floating Rate Instruments and Variable Interest Instruments

4B.01 Floating Rate Instruments and Variable Interest Instruments shall bear interest from the Interest Commencement Date specified in the applicable Final Terms (or the Issue Date if no Interest Commencement Date is separately specified). Such interest will be payable in arrear on:

- (i) each date specified as a Specified Interest Payment Date in the applicable Final Terms (each an “**Interest Payment Date**”) or,
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an “**Interest Payment Date**”) which falls the number of months or other period specified in the applicable Final Terms as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date,

subject in each case to adjustment in accordance with the applicable Business Day Convention. Interest will be payable in respect of each Interest Period (as defined in Condition 8C.04).

4B.02 The Rate of Interest payable from time to time in respect of the Floating Rate Instruments will be determined in the manner specified in the applicable Final Terms.

4C. Screen Rate Determination:

4C.01 Where Screen Rate Determination is specified as being applicable in the applicable Final Terms, the Rate of Interest for each Interest Period (as defined in Condition 8C.04) shall be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iii) in the case of (ii) above, if five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations;
- (iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office (or, in the case of Instruments denominated in euro, in such financial centre or centres as the Calculation Agent may select) of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time;
 - (B) determine the arithmetic mean of such quotations; and
- (v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the principal financial centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the principal financial centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and, subject to Condition 4C.02, the Rate of Interest for such Interest Period shall be the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Instruments during such Interest Period will be the rate or

(as the case may be) the arithmetic mean last determined in relation to the Instruments in respect of a preceding Interest Period.

The Rate of Interest for an Interest Period shall be determined on the Interest Determination Date(s) set out in the applicable Final Terms. If no such date is set out, the Interest Determination Date shall be (i) the first day of such Interest Period if the Specified Currency is Pounds Sterling, (ii) the day falling two TARGET Business Days (as defined herein) prior to the first day of such Interest Period if the Specified Currency is euro, or (iii) the day falling on the second London Banking Day (as defined below) prior to the first day of the relevant Interest Period if the Specified Currency is not Pounds Sterling or euro (the “**Interest Determination Date**”).

For purposes of these Conditions “**Relevant Time**” means the time as of which any rate is to be determined as specified in the applicable Final Terms or, if none is specified, at which it is customary to determine such rate.

4C.02 Where the applicable Final Terms indicates Averaging is applicable, the Rate of Interest for each Interest Period (as defined in Condition 8C.04) shall be the Weighted Average determined by the Calculation Agent on the following basis:

“**Weighted Average**” shall mean $D1/D2$;

“**D1**” shall mean the sum of the Reference Rates applicable for each Interest Determination Date (as set out in the applicable Final Terms) in the relevant Interest Period, provided however that the Reference Rate applicable for any calendar day that is not a Relevant Banking Day (as specified in the applicable Final Terms) shall be the rate applicable on the immediately preceding Relevant Banking Day; and

“**D2**” shall mean the number of calendar days in the Interest Period;

“**Interest Reset Date**” shall mean each Relevant Banking Day within each Interest Period up to and including the Interest Rate Cut Off Date; and

“**Interest Rate Cut Off Date**” shall mean two Relevant Banking Days prior to each Interest Payment Date or such other date as set out in the applicable Final Terms.

“**Interest Determination Date**” shall mean one Relevant Banking Day prior to each Interest Reset Date or such other day as specified in the applicable Final Terms.

4D. ISDA Determination

4D.01 Where ISDA Determination is specified as being applicable in the applicable Final Terms, the Rate of Interest for each Interest Period will be a rate that is equal to the Floating Rate that would be determined under an interest rate swap transaction with the Holder of such Instruments under the terms of an agreement (regardless of any event of default or termination event or tax event thereunder) in the form of the 2002 ISDA Master Agreement as published by the International Swaps and Derivatives Association, Inc., (as amended, supplemented and updated as at the Issue Date of the first Tranche of Instruments of the relevant Series, or such other date as is specified in the applicable Final Terms) and the ISDA Definitions as determined by the Calculation Agent and under which:

- the “Floating Rate Option” is as specified in the applicable Final Terms;
- the “Reset Date” is either (i) if the applicable Floating Rate Option is LIBOR or EURIBOR for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms;
- the Issuer is the “Floating Rate Payer”;
- the Fiscal Agent or such other person specified in the applicable Final Terms is the “Calculation Agent”;
- the “Designated Maturity” is a period as specified in the applicable Final Terms;

- the “Effective Date” was the Issue Date or such Interest Commencement Date as may be specified in the applicable Final Terms;
- the Interest Period is the “Calculation Period”;
- the nominal amount of such Instrument was the “Calculation Amount”; and
- all other terms were as specified in the applicable Final Terms.

For purposes of this Condition 4D, “Floating Rate,” “Floating Rate Option,” “Designated Maturity,” “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

4E. Interest — Other Rates

Variable Interest Instruments

4E.01 The Rate of Interest for each Interest Period shall be calculated by the Calculation Agent in accordance with the following formula, provided that the payments of interest shall never be less than the Minimum Rate of Interest:

Initial Rate (being a fixed rate of interest or floating rate of interest) plus or minus the Reference Rate (being a floating rate of interest)

Where:

“**Initial Rate**” means the rate specified and for the periods indicated in the applicable Final Terms being, in the case of a fixed rate, either a constant rate of interest or a rate of interest which steps up across a pre-determined margin ratchet and in the case of a floating rate, the Second Reference Rate.

“**Interest Determination Date**” shall mean the day specified in the applicable Final Terms.

“**Reference Rate**” is one of LIBOR, EURIBOR or such other Reference Rate (defined by reference to the ISDA Definitions) and identified in the Final Terms) as displayed on the Relevant Screen Page at the Relevant Time in the Relevant Location on the Interest Determination Date.

“**Second Reference Rate**” is one of LIBOR, EURIBOR or such other Second Reference Rate (defined by reference to the ISDA Definitions) and identified in the Final Terms as displayed on the Second Relevant Screen Page at the Second Relevant Time in the Second Relevant Location on the Second Interest Determination Date.

Dual Currency Interest Instruments

4E.02 The Issuer may issue Instruments with interest payable in any currency or currencies other than the Specified Currency (“**Dual Currency Interest Instruments**”). The Interest Rate for each Interest Period and Fixed Coupon Amount, Interest Amount and/or the Broken Amount shall be calculated in accordance with the provisions of this Condition 4, save that payment of such interest will be made in or calculated by reference to the Currency of Payment specified in the applicable Final Terms. The amount of interest payable in the Currency of Payment shall be calculated in accordance with Condition 8D.

4F. Interest — Supplemental Provisions

4F.01 In relation to Floating Rate Instruments, Variable Interest Rate Instruments and Dual Currency Interest Instruments the Calculation Agent will, as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. As soon as practicable after determining the Rate of Interest in relation to each Interest Period, the Calculation Agent will calculate the amount of interest (the “**Interest Amount**”) payable in respect of the Instruments for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Instruments which are represented by a Global Instrument, the aggregate outstanding nominal amount of the Instruments represented by such Global Instrument; or

(B) in the case of Definitive Instruments, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit (as defined in Condition 4F.06) of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of an Instrument in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Instruments shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Margin, Maximum/Minimum Rates or Amounts of Interest

4F.02 If any Margin is specified in the applicable Final Terms (either (A) generally, or (B) in relation to one or more Interest Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Periods in the case of (B), calculated in accordance with Condition 4B above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.

4F.03 If the applicable Final Terms specify a Minimum Rate of Interest or a Minimum Interest Amount for any Interest Period and in the event that the Rate of Interest or Interest Amount in respect of such Interest Period determined in accordance with the above provisions is less than such Minimum Rate of Interest or Minimum Interest Amount, as applicable, then (unless stated otherwise in the applicable Final Terms) the Rate of Interest or Interest Amount for such Interest Period shall be such Minimum Rate of Interest or Minimum Interest Amount, as applicable.

If the applicable Final Terms specify a Maximum Rate of Interest or a Maximum Interest Amount for any Interest Period and in the event that the Rate of Interest or Interest Amount in respect of such Interest Period determined in accordance with the above provisions is greater than such Maximum Rate of Interest or Maximum Interest Amount, as applicable, then (unless stated otherwise in the applicable Final Terms) the Rate of Interest or Interest Amount for such Interest Period shall be such Maximum Rate of Interest or Maximum Interest Amount, as applicable.

For greater certainty, “Rate of Interest” in this Condition 4F.02 means the Rate of Interest after adjustment for the applicable Margin.

Calculations and Rounding

4F.04 For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (A) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (B) all figures shall be rounded to seven significant figures (with halves being rounded up) and (C) all currency amounts that fall due and payable shall be rounded to the nearest sub-unit of the relevant Specified Currency (with halves being rounded up or otherwise in accordance with applicable market convention).

4F.05 For these purposes “**sub-unit**” means with respect to any currency other than the euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means 0.01 euro.

Business Day Conventions

4F.06 If a Business Day Convention is specified in the applicable Final Terms as being applicable to Interest Payment Dates or other dates then, if the Business Day Convention specified is:

- (i) Floating Rate Convention, each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

- (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the number of months specified in the applicable Final Terms as the Specified Period after the calendar month in which the preceding such date occurred; or
- (ii) the Following Business Day Convention, and if any Interest Payment Date (or other applicable date) would otherwise fall on a day which is not a Business Day, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
 - (iii) the Modified Following Business Day Convention, and if any Interest Payment Date (or other applicable date) would otherwise fall on a day which is not a Business Day such Interest Payment Date (or other applicable date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other applicable date) shall be the immediately preceding Business Day; or
 - (iv) the Preceding Business Day Convention, and if any Interest Payment Date (or other applicable date) would otherwise fall on a day which is not a Business Day such Interest Payment Date (or other applicable date) shall be the immediately preceding Business Day.

If “Unadjusted” is indicated in the applicable Final Terms in relation to any date which is specified as being subject to adjustment in accordance with a Business Day Convention, the amount of any interest which would be payable on the date which is subject to adjustment shall not change by virtue of any adjustment of such date.

Notification of Rates of Interest, Interest Amounts and Interest Payments Dates

4F.07 The Calculation Agent will cause each Rate of Interest, Interest Payment Date, final day of a Calculation Period, Interest Amount for each Interest Period, or any other item determined or calculated by it to be notified to the Issuer and the Paying Agents and, in the case of Registered Instruments, the Registrar (from whose respective specified offices such information will be available) and published in accordance with Condition 14 as soon as practicable after such determination or calculations but in any event not later than the fourth Business Day thereafter and in the case of Instruments admitted to the Official List and to trading on the London Stock Exchange, cause all such determinations or calculations to be notified to the UK Listing Authority and the London Stock Exchange by the time required by such stock exchange provided that, the requirements of such stock exchange(s) are complied with. The Calculation Agent will be entitled to amend any Interest Amount, Interest Payment Date or final day of a Calculation Period (or to make appropriate alternative arrangements by way of adjustment) without notice in the event of the extension or abbreviation of the relevant Interest Period or Calculation Period and such amendment will be notified in accordance with the first two sentences of this Condition 4F.07.

4F.08 The determination by the Calculation Agent of all items falling to be determined by it pursuant to these Conditions shall, in the absence of manifest error, be final and binding on all parties. As used herein, the “**Calculation Agent**” means the Fiscal Agent or such other agent as may be specified in the applicable Final Terms.

Accrual of Interest

4F.09 Interest shall accrue on the outstanding principal amount of each Instrument or otherwise as indicated in the applicable Final Terms. Interest will cease to accrue as from the due date for redemption therefor unless upon due presentation or surrender thereof (except in the case of any payment where presentation and/or surrender of the relevant Instrument is not required as a precondition of payment), payment in full is improperly withheld or refused or default is otherwise made in the payment thereof in which case interest shall continue to accrue thereon (as well after as before any demand or judgement) at the rate then applicable or such other rate as

may be specified in the applicable Final Terms. Interest shall accrue until the date on which, upon due presentation of the relevant Instrument (except in the case of any payment where presentation and/or surrender of the relevant Instrument is not required as a precondition of payment), the relevant payment is made or, if earlier, the seventh day after the date on which, the Fiscal Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Instruments in accordance with Condition 14 of that circumstance (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

Interest Act (Canada) Disclosure

4F.010 For the purposes of disclosure pursuant to the Interest Act (Canada) and not for any other purpose, where in any Instrument a rate of interest is to be calculated on the basis of a period other than a calendar year, the annual rate of interest to which such rate of interest as determined by such calculation is equivalent is such rate as so calculated multiplied by a fraction, the numerator of which is the actual number of days in the particular calendar year in respect of which the calculation is made, and the denominator of which is the number of days used in the calculation.

4G. Interest – Day Count Fractions

“**Day Count Fraction**” means, in respect of the calculation of any Interest Amount on any Instrument for any period of time (the “**Calculation Period**”), such day count fraction as specified in the applicable Final Terms and;

- (i) if “**Actual/Actual (ICMA)**” is specified in the applicable Final Terms, it means:
 - (A) where the Calculation Period is equal to or shorter than the Regular Period (as defined below) during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year; and
 - (B) where the Calculation Period is longer than one Regular Period, the sum of:
 - (x) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (y) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year.

“**Regular Period**” means:

- (A) in the case of Instruments where interest is scheduled to be paid only by means of regular payments, each period from and including the Issue Date or Interest Commencement Date (as specified in the applicable Final Terms) to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (B) in the case of Instruments where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date where “Regular Date” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (C) in the case of Instruments where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “Regular Date” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

- (ii) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is specified in the applicable Final Terms, it means: the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, it means: the actual number of days in the Calculation Period divided by 365;
- (iv) if “**Actual/360**” is specified in the applicable Final Terms, it means: the actual number of days in the Calculation Period divided by 360;
- (v) if “**Actual/365 Sterling**” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365, or in the case of an Interest Payment Date falling in a leap year, 366;
- (vi) if “**30/360**” is specified in the applicable Final Terms, it means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, and D₁ is greater than 29, in which case D₂ will be 30;

- (vii) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, it means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D₂** will be 30; or

- (viii) if “**30E/360 (ISDA)**” is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where,

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case **D₁** will be 30.

5. Redemption and Purchase

Redemption at Maturity

5.01 Unless previously redeemed, or purchased and cancelled, each Instrument shall be redeemed at its Final Redemption Amount specified in the applicable Final Terms on the Maturity Date.

Early Redemption for Taxation Reasons

5.02 If, in relation to any Series of Instruments and as a result of any change in or amendment to applicable law (which change or amendment becomes effective on or after the date of issue of the first Tranche of Instruments of the Series), the Issuer determines that it would, on the occasion of the next payment in respect of such Instruments, be required to pay additional amounts in accordance with Condition 7, then the Issuer may (but shall not, unless it has given the appropriate notice, be obliged to), upon the expiry of the appropriate notice, redeem all (but not some only) of the Instruments comprising the relevant Series at their Final Redemption Amount (or at such Early Redemption Amount as may be specified in the applicable Final Terms), together with accrued interest (if any) thereon.

Issuer’s Optional Early Redemption (“Call Option”)

5.03 If Call Option is specified in the applicable Final Terms as being applicable, then the Issuer may, upon the expiry of the appropriate notice period, redeem all or part only of the Instruments of the relevant Series then outstanding at their Optional Redemption Amount on such Optional Redemption Date(s) as specified in or determined in accordance with the applicable Final Terms, together with accrued interest (if any) thereon to but

excluding the Optional Redemption Date(s). Any redemption of part only of the Instruments must be of a principal amount not less than the Minimum Redemption Amount and/or not more than the Maximum Redemption Amount, both as indicated in the applicable Final Terms.

The Appropriate Notice

5.04 The appropriate notice referred to in Conditions 5.02 and 5.03 is a notice given by the Issuer to the Fiscal Agent, Euroclear and/or Clearstream, Luxembourg (in the case of Bearer Instruments), the Registrar (in the case of Registered Instruments) and the Holders of the Instruments of the relevant Series, which notice shall be signed by one duly authorised officer of the Issuer and shall specify:

- the Series of Instruments subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, Minimum Redemption Amount or Maximum Redemption Amount of the Instruments of the relevant Series which are to be redeemed;
- the Optional Redemption Date(s), which shall be a Business Day (as defined in Section 8C.04) which is not more than sixty days and not less than thirty days (or such other or lesser Notice Period as may be specified in the applicable Final Terms) after the date on which such notice is validly given and which is (in the case of Instruments which bear interest at a floating rate) a date upon which interest is payable; and
- the Optional Redemption Amount at which such Instruments are to be redeemed.

Any such notice shall be irrevocable, and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

Partial Redemption

5.05 If the Instruments of a Series are to be redeemed in part only on any Optional Redemption Date in accordance with Condition 5.03:

- in the case of Bearer Instruments, (i) the Definitive Instruments to be redeemed shall be individually drawn by lot in such European city as the Fiscal Agent may specify, or identified in such other manner or in such other place as the Fiscal Agent may approve and deem appropriate and fair or (ii) in the case of Global Instruments to be redeemed, shall be selected in accordance with the rules of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), subject in each case always to compliance with all applicable laws and the requirements of any stock exchange or other relevant authority on which the relevant Instruments may be listed; and
- in the case of Registered Instruments, the Registered Instruments shall be redeemed (so far as may be practicable) pro rata to their Nominal Amounts, subject always to compliance with all applicable laws and the requirements of any stock exchange or other relevant authority on which the relevant Instruments may be listed and provided always that the amount redeemed in respect of each Instrument shall be equal to the minimum Specified Denomination thereof or an integral multiple thereof (or, if specified in the applicable Final Terms, an integral amount in excess of the minimum Specified Denomination).

So long as the Instruments are listed on the London Stock Exchange and the rules of that stock exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Instruments, cause to be published in a leading newspaper of general circulation in London a notice specifying the aggregate Nominal Amount of Instruments outstanding and a list of the Instruments drawn for redemption but not surrendered.

Optional Early Redemption (“Put Option”)

5.06 If Investor Put is specified in the applicable Final Terms as being applicable, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Instrument of the relevant Series, redeem all (and not part) of such Instrument on the Optional Redemption Date (or the next of the Optional Redemption Dates specified in the applicable Final Terms) at its Optional Redemption Amount specified in, or determined in accordance with, the applicable Final Terms, together with accrued interest (if any) thereon to but excluding the applicable Optional Redemption Date. In order to exercise such option, the Holder must, not less than forty-five days before the date so specified (or such other Notice Period as may be specified in the applicable Final Terms), deposit the relevant Instrument (together, in the case of an interest-bearing Definitive Instrument, with each unmaturing Coupon appertaining thereto) with, in the case of a Bearer Instrument, any Paying Agent or, in the case of a Registered Instrument, the Registrar together with a duly completed redemption notice (the “**Put Notice**”) in the form which is available from the specified office of any of the Paying Agents or, as the case may be, the Registrar.

Any Put Notice given by a Holder of any Instrument pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default (as defined in Condition 6) shall have occurred and be continuing in which event such Holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Instrument forthwith due and payable pursuant to Condition 6.

Purchase of Instruments

5.07 The Issuer may at any time purchase Instruments in the open market or otherwise and at any price provided that, in the case of interest-bearing Definitive Instruments, each unmaturing Coupon appertaining thereto is purchased therewith.

Cancellation of Redeemed and Purchased Instruments

5.08 All unmaturing Instruments purchased in accordance with this Condition 5 and, in the case of interest-bearing Definitive Instruments, any unmaturing Coupons attached thereto or surrendered or purchased therewith may, at the option of the Issuer, be cancelled. Instruments which are purchased by the Issuer and not cancelled may be held or resold by the Issuer without limitation.

5.09 All Instruments redeemed as aforesaid will be cancelled forthwith and any Instruments purchased by the Issuer as aforesaid may, at the option of the Issuer, be cancelled. Any Instruments to be cancelled shall be cancelled together with all unmaturing Coupons attached thereto or surrendered or purchased therewith, and may not be resold or reissued.

Early Redemption

5.10 For the purpose of Condition 5.02 above and Condition 6, each Instrument will be redeemed at the Early Redemption Amount:

- (i) calculated in the case of a Zero Coupon Instrument, at an amount (the “**Amortised Face Amount**”) equal to the product of:
 - (A) the Reference Price, as set out in the applicable Final Terms; and
 - (B) the sum of one (1) and the Accrual Yield, raised to the power of x, where “x” is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Instruments to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Instrument becomes due and repayable and the denominator of which is 360; and
- (ii) which, in respect of any Instrument (other than a Zero Coupon Instrument), shall be the Final Redemption Amount unless otherwise specified in the applicable Final Terms.

Late Payment on Zero Coupon Instruments

5.11 If the amount payable in respect of any Zero Coupon Instrument becomes due and payable prior to its Maturity Date and such payment is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Instrument shall be the amount calculated as provided in Condition 5.10(i) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Instrument becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Instrument have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Instrument has been received by the Fiscal Agent and notice to that effect has been given to the Holders of the Instruments in accordance with Condition 14.

6. Events of Default

6.01 Unless otherwise specified in the applicable Final Terms, the following events or circumstances (each an “**Event of Default**”) shall be events of default in relation to the Instruments of any Series, namely:

- (i) default by the Issuer in the payment of any amount payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of any Instrument, when and as the same shall become due and payable, if such default shall not have been cured within fourteen days after written notice of such default, given by the Holder of such Instrument (who shall also send at the same time a copy of such notice to the Fiscal Agent), shall have been received by the Issuer; or
- (ii) the Issuer shall fail duly to perform or observe any other term, undertaking or agreement contained in any of such Instruments for a period of thirty days after the date on which written notice of such failure, requiring the Issuer to remedy the same, shall first have been given to the Issuer by the Holder of any such Instrument.

6.02 If any Event of Default shall occur in relation to any Series of Instruments, any Holder of an Instrument of the relevant Series may, by written notice to the Issuer, at the specified office of the Fiscal Agent, declare that such Instrument and (if the Instrument is interest-bearing) all interest then accrued on such Instrument shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its Early Redemption Amount, together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Instruments to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Instruments of the relevant Series shall have been cured.

7. Taxation

7.01 All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Instruments and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or charges of whatever nature imposed or levied by or on behalf of the government of Canada or any province, territory or political subdivision thereof or any authority or agency therein or thereof having power to tax, unless such taxes, duties, assessments or charges are required by law or by the administration or official interpretation thereof to be withheld or deducted. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by the Holder of any Instrument or Coupon after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Instruments or Coupon, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable in respect of payment in respect of any Instrument or Coupon:

- (i) to, or to a third party on behalf of, a Holder of an Instrument or Coupon who is liable to such taxes, duties, assessments or charges in respect of such Instrument or Coupon by reason of his having some connection with Canada other than the mere holding or ownership as a non-resident of Canada of such Instrument or Coupon; or

- (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives; or
- (iii) presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Instrument or Coupon to another Paying Agent in a Member State of the European Union; or
- (iv) presented for payment more than thirty days after the Relevant Date (as defined in Condition 7.02), except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of thirty days.

7.02 For the purposes of these Conditions, the “**Relevant Date**” means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Fiscal Agent or, as the case may be, the Registrar on or prior to such due date, it means the first date on which the full amount of such moneys having been so received and having available for payment to Holders of Instruments and of Coupons, notice to that effect shall have been duly given to the Holders of the Instruments of the relevant Series in accordance with Condition 14.

7.03 For the purposes of these Conditions, references to (i) “principal” shall be deemed to include any premium payable in respect of the Instruments, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Amortised Face Amount and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and in relation to Dual Currency Interest Instruments, the interest in the relevant Specified Currency and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition 7.

8. Payments

8A. Payments — Bearer Instruments

8A.01 This Condition 8A is applicable in relation to Instruments specified in the applicable Final Terms as being Bearer Instruments.

8A.02 Payments of amounts (other than interest) due in respect of Bearer Instruments will be made against presentation and surrender (or in the case of a partial payment, endorsement) of the relevant Bearer Instruments at the specified office of any of the Paying Agents.

8A.03 If any payment of interest is due in respect of Bearer Instruments while such Instruments are represented by a Temporary Global Instrument, the interest payment will be made only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in such form as is customarily issued in such circumstances by the relevant clearing systems) has been received by Euroclear or Clearstream, Luxembourg or any other relevant clearing system. Payments of principal or interest (if any) on a Permanent Global Instrument will be made through Euroclear and Clearstream, Luxembourg or any other relevant clearing system without any requirement for certification.

8A.04 Payment of amounts in respect of interest on Bearer Instruments will be made:

- (i) in the case of a Temporary Global Instrument or Permanent Global Instrument, against presentation of the relevant Temporary Global Instrument or Permanent Global Instrument at the specified office of any of the Paying Agents outside the United States and (unless otherwise specified in the applicable Final Terms), in the case of a Temporary Global Instrument, upon due certification as required therein;
- (ii) in the case of Definitive Instruments without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Instruments at the specified office of any of the Paying Agents outside the United States; and
- (iii) in the case of Definitive Instruments delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a

scheduled date for the payment of interest, against presentation of the relevant Definitive Instruments, in either case at the specified office of any of the Paying Agents outside the United States.

8A.05 If the due date for payment of any amount due in respect of any Bearer Instrument is not a Relevant Financial Centre Day (as defined in Condition 8C.04) and (in the case of Definitive Instruments) a Local Banking Day (as defined in Condition 8C.04), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and, thereafter will be entitled to receive payment by cheque or by transfer to a designated account on any day which is a Relevant Financial Centre Day, a day on which commercial banks and foreign exchange markets settle payments in the Specified Currency in the place where the relevant designated account is located and (in the case of Definitive Instruments) a Local Banking Day, and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 4F.09.

8A.06 Each Definitive Instrument initially delivered with Coupons attached thereto should be presented and surrendered for final redemption together with all unmatured Coupons appertaining thereto, failing which:

- (i) in the case of Definitive Instruments which bear interest at a fixed rate or rates, the amount of any missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the amount of such missing Coupons which the redemption amount so paid bears to the total redemption amount due) will be deducted from the final redemption amount, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within two (2) years of the Relevant Date applicable to payment of such final redemption amount; and
- (ii) in the case of Definitive Instruments which bear interest at, or at a Margin above or below, a floating rate, all unmatured Coupons relating to such Definitive Instruments (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 8A.05 notwithstanding, if any Definitive Instruments which bear interest at a fixed rate or rates should be issued with a Maturity Date and a fixed rate or fixed rates such that, on the presentation for payment of any such Definitive Instrument without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the amount otherwise due for payment, then, upon the due date for redemption of any such Definitive Instrument, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Instrument to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

8A.07 For the purposes of these Conditions, the “**United States**” means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

8B. Payments — Registered Instruments

8B.01 This Condition 8B is applicable in relation to Instruments specified in the applicable Final Terms as being Registered Instruments.

8B.02 Payment of amounts (whether in respect of principal, redemption amount, interest or otherwise and including accrued interest) due in respect of Registered Instruments on the final redemption of Registered Instruments will be made against presentation and, save in the case of partial payment of the amount due upon final redemption by reason of insufficiency of funds, surrender of the relevant Registered Instruments at the specified office of the Registrar. If the due date for payment of the Final Redemption Amount of any Registered Instrument is not both a Relevant Financial Centre Day (as defined in Condition 8C.04) and a Local Banking Day (as defined in Condition 8C.04), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and, thereafter will be entitled to receive payment by cheque on any Local Banking Day, and, will be entitled to payment by transfer to a designated account on any day which is a Local Banking Day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets

settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 4F.09.

8B.03 Payment of amounts (whether principal, redemption amount or interest or otherwise and including accrued interest) due (other than in respect of the final redemption of Registered Instruments) in respect of Registered Instruments will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar as at close of business (local time in the place of the specified office of the Registrar) (i) in relation to Registered Instruments in global form, the first Banking Day (as defined in Condition 2.07) before the due date for payment thereof or (ii) in relation to Registered Instruments in definitive form on the fifteenth Banking Day (as defined in Condition 2.07) before the due date for such payment (the “**Record Date**”).

8B.04 Notwithstanding the provisions of Condition 8C.02, payment of amounts (whether in respect of principal, redemption amount, interest or otherwise and including accrued interest) due (other than in respect of final redemption of Registered Instruments) in respect of Registered Instruments will be made by cheque and posted to the address (as recorded in the register held by the Registrar) of the Holder thereof (or, in the case of joint Holders, the first-named) on the Banking Day (as defined in Condition 2.07) not later than the relevant date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account in the relevant currency.

8C. Payments — General Provisions

8C.01 Save as otherwise specified herein, this Condition 8C is applicable in relation to Instruments whether in bearer form or in registered form.

8C.02 Payments of amounts due (whether in respect of principal, redemption amount, interest or otherwise) in respect of Instruments other than RMB Instruments will be made by (a) transfer to an account specified by the payee; or (b) cheque. Payments of amounts due (whether in respect of principal, redemption amount, interest or otherwise) in respect of RMB Instruments will be made by credit or transfer to a Renminbi account maintained by or on behalf of the payee with a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Renminbi in Hong Kong).

8C.03 Payments in respect of Instruments may be made in the Specified Currency or in such other currency or currencies referred to under Condition 1.10. The unconditional and irrevocable payment in full by the Issuer to any Holder (including any Relevant Account Holder) shall discharge the Issuer from all corresponding portion of the relevant Instrument. Payments will, without prejudice to the provisions of Condition 7, be subject in all cases to any applicable fiscal or other laws and regulations.

8C.04 For the purposes of these Conditions:

“**Business Day**” means a day:

- (A) in relation to Instruments denominated or payable in euro, a TARGET Business Day, provided that if the Issuer determines with the agreement of the Fiscal Agent that the then market practice in respect of euro denominated internationally offered securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Issuer shall procure that a notice of such amendment is published not less than 15 days prior to the date on which any payment in euro falls due to be made in such manner as the Issuer, in consultation with the Fiscal Paying Agent, may determine;
- (B) in relation to Instruments payable in any other currency, on which commercial banks are open for business and foreign exchange markets settle payments in the Relevant Financial Centre (as defined below) in respect of the relevant currency; and

- (C) in either case, on which commercial banks are open for general business and foreign exchange markets settle payments in any Additional Business Centre specified in the applicable Final Terms;

“**Euro-zone**” means those Member States that are participating in the European Economic and Monetary Union whose lawful currency is the euro;

“**ISDA Definitions**” means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (as amended and updated as at the Issue Date of the first Tranche of Instruments of the relevant Series, or such other date as is specified in the applicable Final Terms);

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date (or the Issue Date if no Interest Commencement Date is separately specified in the applicable Final Terms) and ending on (but excluding) the first Interest Payment Date and each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“**Local Banking Day**” means a day (other than a Saturday or a Sunday) on which commercial banks are open for business in the place of presentation of the relevant Instrument or as the case may be, Coupon;

“**London Banking Day**” means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

“**New York Banking Day**” shall mean a day which is not a Saturday, a Sunday or a legal holiday or a day on which banking institutions in the City of New York are authorized or obligated by law or executive order to close;

“**Relevant Financial Centre**” means such financial centre or centres as may be specified in relation to the relevant currency for the purposes of the definition of “Business Day” in the ISDA Definitions (provided that if the Specified Currency is Australian Dollars or New Zealand Dollars it shall be Melbourne and Wellington respectively) and in any additional Financial Centre specified in the applicable Final Terms;

“**Relevant Financial Centre Day**” means a day on which commercial banks and foreign exchange markets settle payments in the Relevant Financial Centre and, in the case of payment in euro, a TARGET Business Day;

“**TARGET2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system or any successor thereto;

“**TARGET Business Day**” means any day on which TARGET2 is open for the settlement of payments in euro; and

references herein to “**United States Dollars**” “**USD**” or “**U.S.\$**” means the lawful currency of the United States of America; to “**euro**” or “**€**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended; “**Renminbi**” or “**RMB**” means the lawful currency of the People’s Republic of China (“**PRC**”); to “**£**” or “**Pounds Sterling**” means the lawful currency of the United Kingdom; to “**Brazilian Real**” or “**BRL**” means the lawful currency of the Federative Republic of Brazil; to “**Indian Rupee**” or “**INR**” means the lawful currency of the Republic of India; and to “**Russian Ruble**” or “**RUB**” means the lawful currency of the Russian Federation.

8C.05 Unless specified otherwise in the applicable Final Terms, if the Issuer is due to make a payment in a currency (the “**original currency**”) other than Renminbi or United States Dollars in respect of any Instrument or Coupon and the original currency is not available on the foreign exchange markets due to the imposition of exchange controls, the original currency’s replacement or disuse or other circumstances beyond the Issuer’s control, the Issuer will be entitled to satisfy its obligations in respect of such payment by making payment in United States Dollars on the basis of the spot exchange rate (the “**United States Dollar FX Rate**”) at which the original currency is offered in exchange for United States Dollars in the London foreign exchange market (or, at the option of the Issuer or the Fiscal Agent (or other Calculation Agent as set out in the applicable Final Terms), in the foreign exchange market of any other financial centre which is then open for business) at noon, London time, two Business Days prior to the date on which payment is due, or if the United States Dollars FX Rate is not available on that date, on the basis of a substitute exchange rate determined by the Issuer or by or the Fiscal Agent (or other Calculation Agent as set out in the applicable Final Terms) acting in its absolute discretion from

such source(s) and at such time as it may select. For the avoidance of doubt, the United States Dollars FX Rate or substitute exchange rate as aforesaid may be such that the resulting United States Dollars amount is zero and in such event no amount of United States Dollars or the original currency will be payable. Any payment made in United States Dollars or non-payment in accordance with this paragraph will not constitute an Event of Default under Condition 6.

8C.06 If the Issuer is due to make a payment in Renminbi in respect of any Instrument or Coupon, and if by reason of Inconvertibility (as defined below), Non-transferability (as defined below) or Illiquidity (as defined below), the Issuer determines that it is not able, or it would be impracticable for it, to satisfy payments due under such Instrument or Coupon in Renminbi in Hong Kong, the Issuer shall have the right to settle any such payment in United States Dollars on the due date for such payment at the Renminbi U.S. Dollar Equivalent (as defined below) of any such Renminbi denominated amount.

Any payment made in United States Dollars or non-payment in accordance with this paragraph will not constitute an Event of Default under Condition 6.

In this Condition 8C.06:

“**Governmental Authority**” means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

“**Illiquidity**” means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to make a payment in respect of any Instrument or Coupon;

“**Inconvertibility**” means the occurrence of any event that makes it impossible for the Issuer to convert into Renminbi any amount due in respect of any Instrument or Coupon on any payment date in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer due to an event beyond its control, to comply with such law, rule or regulation);

“**Non-transferability**” means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the Renminbi clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer due to an event beyond its control, to comply with such law, rule or regulation);

“**Rate Determination Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and New York City;

“**Rate Determination Date**” means the day which is two Rate Determination Business Days before the due date of the relevant amount under the Instrument or Coupon;

“**Spot Rate**” means the spot CNY/U.S.\$ exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Rate Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Rate Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent shall determine the rate taking into consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Hong Kong or elsewhere and the CNY/U.S.\$ exchange rate in the PRC domestic foreign exchange market; and

“**Renminbi U.S. Dollar Equivalent**” means the relevant Renminbi amount converted into United States Dollars using the Spot Rate for the relevant Rate Determination Date.

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8C.06, whether by the Agent or other Calculation Agent, shall (in the absence of negligence, wilful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, Calculation Agent (if applicable), any other Paying Agents and all holders of Instruments and (in the case of Registered Instruments) the Registrar and any Transfer Agent and (in the absence as aforesaid) no liability to the Issuer or the holders of Instruments shall attach to the Fiscal Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

8D. Payment on Dual Currency Instruments

8D.01 The Issuer may issue Instruments denominated in a Specified Currency, provided that all payments in respect of the Instruments will be made in United States Dollars or such other Currency of Payment as set out in the applicable Final Terms. In respect of such Instruments, each Interest Amount, the Early Redemption Amount (if any) and Final Redemption Amount will be payable in United States Dollars or such other Currency of Payment as set out in the applicable Final Terms, in each case as determined by the Calculation Agent on the relevant Valuation Date by dividing the Calculation Amount, Fixed Coupon Amount, Interest Amount and/or the Broken Amount(s) by the Rate of Exchange.

8D.02 In Condition 8D.01:

“**Brazil Business Day**” means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in any of Sao Paulo, Rio de Janeiro or Brasilia not otherwise declared as a financial market holiday by the Bolsa de Valores, Mercadorias & Futuros.

“**BRL-PTAX Rate**” means, in respect of a BRL Valuation Date, the BRL/USD offered rate for USD, expressed as the amount of BRL per one USD, for settlement in two New York and São Paulo Business Days reported by the Banco Central do Brasil on SISBACEN Data System under transaction code PTAX-800 (“Consulta de Cambio” or Exchange Rate Inquiry), Option 5 (“Cotacões para Contabilidade” or Rates for Accounting Purposes) by approximately 1:15 p.m. São Paulo time on such BRL Valuation Date.

“**BRL Valuation Date**” for (a) any Interest Payment Date or the Maturity Date or date on which an amount is payable (other than on early redemption) means the fifth Valuation Business Day prior to such date, provided however that if such date is an Unscheduled Holiday, the BRL Valuation Date shall be the next following Valuation Business Day and (b) an early redemption means the date that is five Business Days prior to the day on which the Early Redemption Amount shall be due and payable.

“**EMTA BRL Industry Survey Methodology**” means a methodology, dated as of March 1, 2004, as amended from time to time, for a centralised industry-wide survey of financial institutions in Brazil that are active participants in the BRL/USD spot markets for the purposes of determining the EMTA BRL Industry Survey Rate.

“**EMTA BRL Industry Survey Rate**” means the foreign exchange rate as specified in the ISDA 1998 FX and Currency Option Definitions (as updated from time to time) – Settlement Rate Options: “EMTA BRL Industry Survey Rate (BRL12)”, meaning that the spot rate for a BRL Valuation Date will be the BRL/USD offered rate for USD, expressed as the amount of BRL per one USD, for settlement in two New York and São Paulo Business Days, calculated by EMTA (or a service provider EMTA may in its sole discretion select) pursuant to the EMTA BRL Industry Survey Methodology and published on EMTA's website (www.emta.org) at approximately 3:45 p.m. São Paulo time or as soon thereafter as practicable on such BRL Valuation Date.

“**EMTA Failure**” means, in respect of a BRL Valuation Date, that the EMTA BRL Industry Survey Rate, having been requested as prescribed by EMTA, is not available for any reason. For the avoidance of doubt, an EMTA Failure may still occur notwithstanding that the BRL-PTAX Rate is available on the applicable BRL Valuation Date.

“**Moscow Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Moscow.

“**Mumbai Business Day**” means a day (other than a Saturday or a Sunday) on which the banks and foreign exchange markets are open for business in Mumbai.

“**Mumbai and New York Business Day**” means a day (other than a Saturday or a Sunday) on which the banks and foreign exchange markets are open for business in Mumbai and New York.

“**New York and São Paulo Business Day**” means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in each of São Paulo and New York.

“**Postponed Rate Fixing Day**” means at or about the Relevant Time on the first day (other than a Saturday or a Sunday) following the Scheduled Rate Fixing Date (if such day is a Business Day);

“**Price Materiality**” means, in respect of a BRL Valuation Date, that the EMTA BRL Industry Survey Rate is available on such date and that the BRL-PTAX Rate differs from the EMTA BRL Industry Survey Rate by more than 3 per cent.

“**Rate Fixing Date**” means the Scheduled Rate Fixing Date or the Postponed Rate Fixing Date, provided however that in respect of payment of an Early Redemption Amount, the Rate Fixing Date shall be the day that is five (5) Business Days prior to the day on which the Early Redemption Amount shall be due and payable.

“**Rate of Exchange**” means:

- (i) where the Specified Currency is Brazilian Real, in respect of a BRL Valuation Date, the BRL/USD exchange rate, expressed as the amount of BRL per one United States Dollar:
 - (a) determined by the Calculation Agent on the relevant BRL Valuation Date by reference to the applicable BRL-PTAX Rate; or
 - (b) in the event that the BRL-PTAX Rate is not available on the applicable BRL Valuation Date, determined by the Calculation Agent on the relevant BRL Valuation Date by reference to the applicable EMTA BRL Industry Survey Rate (if such rate is available); or
 - (c) in the event that both the BRL-PTAX Rate and the EMTA BRL Industry Survey Rate are not available on the applicable BRL Valuation Date, determined by the Calculation Agent on the relevant BRL Valuation Date in good faith and in a commercially reasonable manner, having taken into account relevant market practice,

provided that:

- (A) if, on the applicable BRL Valuation Date, the Calculation Agent determines that a Price Materiality has occurred on such BRL Valuation Date, the Rate of Exchange will be the EMTA BRL Industry Survey Rate applicable in respect of such BRL Valuation Date; and
 - (B) if, on the applicable BRL Valuation Date, the Calculation Agent determines that an EMTA Failure has occurred on such BRL Valuation Date, the BRL Rate will be determined by the Calculation Agent in good faith and in a commercially reasonable manner, having taken into account relevant market practice; or
- (ii) where the Specified Currency is Indian Rupee, the USD/INR spot rate, expressed as the amount of Indian Rupees per one United States Dollar, for settlement in two Mumbai and New York Business Days, reported by the Reserve Bank of India, which is displayed on the Reuters Page “RBIB” at approximately 1:00 p.m., Mumbai time, on the relevant Rate Fixing Date.

If the Reserve Bank of India Reference Rate is not available for any reason on any Scheduled Rate Fixing Date, then the Rate of Exchange for such Rate Fixing Date shall be determined by the Calculation Agent by requesting quotations for the mid USD/INR spot foreign exchange rate either (i) the Postponed Rate Fixing Date or (ii) if the first day (other than a Saturday or a Sunday) following the Scheduled Rate Fixing Date is not a relevant Business Day, at or about 1:00 p.m. Mumbai time on the

Scheduled Rate Fixing Date from five banks active in the USD/INR currency and foreign exchange markets (such banks, the “**Reference Banks**”) as selected by the Calculation Agent.

If five or four quotations are provided as requested, the Rate of Exchange will be the arithmetic mean (rounded to the nearest five decimal places, 0.000005 being rounded upwards) of the remaining three or two such quotations, as the case may be, for such rate provided by the Reference Banks, after disregarding the highest such quotation and the lowest such quotation (provided that, if two or more such quotations are the highest such quotations, then only one of such quotations shall be disregarded, and if one or more such quotations are the lowest quotations, then only one of such lowest quotations will be disregarded).

If only three or two such quotations are provided as requested, the Rate of Exchange shall be determined as described above except that the highest and lowest quotations will not be disregarded. If only one or no such quotations are provided as requested, or if the Calculation Agent determines in its sole discretion that no suitable Reference Banks active in the USD/INR currency or foreign exchange markets will provide quotes, the Calculation Agent shall be entitled to calculate the Rate of Exchange acting in good faith and in a commercially reasonable manner, having taken into account relevant market practice, by reference to such additional sources as it deems appropriate; and in such case the Calculation Agent shall notify the Issuer and the Fiscal Agent as soon as reasonably practicable that the Rate of Exchange is to be so determined; or

- (iii) where the Specified Currency is Russian Ruble, for any day, the rate which appears under “RUB CME-EMTA” or “RUB03” as the Russian Ruble/US Dollar exchange rate, expressed as the amount of Russian Rubles per one U.S. Dollar, for settlement in one Business Day, calculated by the Chicago Mercantile Exchange (“**CME**”) and as published on CME’s website, which appears on the Reuters Screen EMTA Page, at approximately 1:30 p.m., Moscow time, on the relevant RUB Valuation Date. If it becomes impossible to obtain the RUB/USD rate on the relevant RUB Valuation Date as outlined above, then the RUB/USD Rate shall be the rate which appears under “EMTA RUB INDICATIVE SURVEY RATE” OR “RUB04” expressed as the amount of Russian Rubles per one U.S. Dollar, for settlement in one Business Day, as published on EMTA’s web site (www.emta.org) at approximately 2:45 p.m., Moscow time, or as soon thereafter as practicable, on such date. In the absence of such rate, the Calculation Agent shall determine the rate acting in good faith and in a commercially reasonable manner; or
- (iv) in respect of any other Specified Currency, the Rate of Exchange specified in the applicable Final Terms provided that:
 - (a) if no such rate is published on the Relevant Screen Page on any Interest Determination Date, then the Calculation Agent shall obtain such exchange rate from the Back-up Relevant Screen Page (as specified in the applicable Final Terms) on such Interest Determination Date at the Relevant Time in the Relevant Location; and
 - (b) if no such rate is published on the Back-up Relevant Screen Page on any Interest Determination Date, then the Calculation Agent will request five leading reference banks (selected by the Calculation Agent in its sole discretion) in the relevant interbank market for their mid market quotations of the spot exchange rate between the Specified Currency and the Currency of Payment specified in the applicable Final Terms at the Relevant Time in the Relevant Location on such date;
 - (c) in the event that both the Relevant Screen Page and the Back-up Relevant Screen Page are not available on the applicable Valuation Date, the Rate of Exchange shall be determined by the Calculation Agent on the relevant Valuation Date in good faith and in a commercially reasonable manner, having taken into account relevant market practice.

“**RUB Valuation Date**” means the fifth Business Day prior to (a) each Interest Payment Date, (b) the Maturity Date or (c) the date the Instruments become due and payable in accordance with Condition 6, subject to adjustment in accordance with the Preceding Business Day Convention, and in the event of an Unscheduled Holiday, subject to adjustment in accordance with the Following Business Day Convention.

“**São Paulo Business Day**” means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in São Paulo.

“**Scheduled Rate Fixing Date**” means the date which is five Relevant Business Days prior to the Interest Payment Date or the Maturity Date or such other date on which an amount in respect of the Instruments is due and payable. If the Scheduled Rate Fixing Date or the Postponed Rate Fixing Date is an Unscheduled Holiday, the Rate Fixing Date shall be the next following Relevant Business Day. In the event that such next following Relevant Business Day is also an Unscheduled Holiday, the Calculation Agent shall be entitled to calculate the Reference Rate acting in good faith and in a commercially reasonable manner, having taken into account relevant market practice, by reference to such additional sources as it deems appropriate; and in such case the Calculation Agent shall notify the Issuer and the Fiscal Agent as soon as reasonably practicable that the Reference Rate is to be so determined.

“**Unscheduled Holiday**” means:

- (i) where the Specified Currency is Brazilian Real, a day that is not a Valuation Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in São Paulo two Brazil Business Days prior to the relevant BRL Valuation Date, provided, however, that if the next day is also an Unscheduled Holiday, the Rate of Exchange will be determined by the Calculation Agent on such day in its sole discretion acting in good faith in a commercially reasonable manner having taken into account relevant market practice and by reference to such additional sources as it deems appropriate;
- (ii) where the Specified Currency is Indian Rupee a day that is not a Mumbai Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in Mumbai, two Mumbai Business Days prior to the relevant Rate Fixing Date;
- (iii) where the Specified Currency is Russian Ruble, a day that is not a Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in Moscow two Moscow Business Days prior to the relevant RUB Valuation Date, provided, however, that if the next day is also an Unscheduled Holiday, the Rate of Exchange will be determined by the Calculation Agent on such day in its sole discretion acting in good faith in a commercially reasonable manner having taken into account relevant market practice and by reference to such additional sources as it deems appropriate; or
- (iv) in respect of any other Specified Currency, a day that is not a Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than the Relevant Time in the Relevant Financial Centre two Relevant Financial Centre Days prior to the relevant Rate Fixing Date.

“**Valuation Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in each of New York and London and which is also a Brazil Business Day and a Business Day in such Additional Business Centres as are specified in the applicable Final Terms.

“**Valuation Date**” means the BRL Valuation Date, the Rate Fixing Date, the RUB Valuation Date or such other date as specified in the applicable Final Terms.

9. Prescription

9.01 Claims against the Issuer in respect of Bearer Instruments and Coupons will become void unless made within two years after the Relevant Date (as defined in Condition 7.02) for payment thereof.

9.02 Claims against the Issuer in respect of Registered Instruments will be prescribed unless made within two years after the due date for payment.

10. Surrender of Talons

10.01 On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest due in respect of the Instrument to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

11. The Paying Agents and the Registrars

11.01 The initial Paying Agents and Registrars and their respective initial specified offices are specified herein. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) or Registrars and to appoint additional or other Paying Agents or Registrars provided that it will so long as any of the Instruments is outstanding maintain (i) a Fiscal Agent; (ii) a Registrar and; (iii) so long as the Instruments are admitted to the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange a Paying Agent (which may be the Fiscal Agent) having a specified office in such place as may be required by the rules and regulations of the such stock exchange, and (iv) a Paying Agent in a member state of the European Union that will not be required to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other law implementing or complying with, or introduced in order to conform to such Directive.

The Paying Agents and the Registrar reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Paying Agent or the Registrar will be notified promptly to the Holders of the Instruments in accordance with Condition 14.

11.02 The Paying Agents and Registrars act solely as agents of the Issuer and, save as provided in the Fiscal Agency Agreement, do not assume any obligations towards or relationship of agency or trust for any Holder of any Instrument or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon them in the Fiscal Agency Agreement or incidental thereto.

12. Replacement of Instruments

12.01 If any Instrument or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent or such Paying Agent or Paying Agents as may be specified for such purpose in the applicable Final Terms (in the case of Bearer Instruments and Coupons) or of the Registrar (in the case of Registered Instruments), subject to all applicable laws and the requirements of any stock exchange or other relevant authority on which the relevant Instruments are listed, upon payment by the claimant of all expenses incurred in such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Fiscal Agent, the relevant Paying Agent or, as the case may be, the Registrar may require. Mutilated or defaced Instruments and Coupons must be surrendered before replacements will be delivered therefor.

13. Meetings of Holders, Further Issues and Amendments

13.01 The Fiscal Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of Instruments of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of these Conditions. An Extraordinary Resolution passed at any meeting of the Holders of Instruments of any Series will be binding on all Holders of the Instruments of such Series, whether or not they are present at the meeting, and on all Holders of Coupons relating to Instruments of such Series.

13.02 The Fiscal Agency Agreement, the Instruments and any Coupons attached to the Instruments may be amended by the Issuer and the Fiscal Agent without notice to or the consent of the Holder of any Instrument or Coupon (i) for the purpose of curing any ambiguity, or for curing, correcting or supplementing any defective provision contained therein, (ii) to make any further modifications of the terms of the Fiscal Agency Agreement necessary or desirable to allow for the issuance of any additional Instruments (which modifications shall not be materially adverse to Holders of outstanding Instruments) or (iii) in any manner which the Issuer and the Fiscal

Agent may deem necessary or desirable and which shall not materially adversely affect the interests of the Holders of the Instruments and Coupons. The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, the Instruments and Coupons attached to the Instruments, if to do so could not reasonably be expected to be prejudicial to the interests of the Holders.

14. Notices

To Holders of Bearer Instruments

14.01 Notices to Holders of Bearer Instruments will be deemed to be validly given (i) if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*); or, such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the first date on which publication is made). Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Instruments in accordance with this Condition.

To Holders of Registered Instruments

14.02 Notices to Holders of Registered Instruments will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth day after the date of such mailing or if posted from another country on the fifth day.

Global Instruments

14.03 So long as the Instruments are represented by Global Instruments or Global Notes, if permitted by the relevant stock exchange or other relevant authority in substitution for the foregoing, notice may be delivered to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein provided that, in the case of Instruments admitted to listing on any stock exchange or other relevant authority, the rules of such stock exchange or other relevant authority have been complied with. Any notice so given will be deemed to have been validly given on the fourth weekday after the date of such delivery to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system.

To the Issuer

14.04 Notices to the Issuer will be deemed to be validly given if delivered to it at 150 Slater Street, Ottawa, Ontario, Canada K1A 1K3 and clearly marked on their exterior “Urgent — Attention: Treasury Division” (or at such other address and for such other attention as may have been notified to the Holders of the Instruments in accordance with this Condition 14) and will be deemed to have been validly given at the opening of business on the next day on which the Issuer’s registered office is open for business.

15. Law and Jurisdiction

15.01 The Instruments, the Fiscal Agency Agreement, the Purchase Agreement (as defined under “Subscription and Sale”) and the Deed of Covenant are governed by, and shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

15.02 The Holders of Instruments may enforce payment against Her Majesty in right of Canada by suit in the Federal Court of Canada or a provincial court of competent jurisdiction, no other governmental or other consent being required for such enforcement. A judgement obtained in an action brought against Her Majesty in right of Canada in the Federal Court of Canada or a provincial court of competent jurisdiction is not capable of being enforced by execution, but is payable out of the Consolidated Revenue Fund of Canada.

16. Further Issues

16.01 The Issuer may from time to time, without notice to or the consent of the Holders of any Instruments,

create and issue further instruments, bonds or debentures having the same terms and conditions as such Instruments in all respects (or in all respects except for the first payment of interest, if any, on them and/or the denomination thereof) so as to form a single series with the Instruments of any particular Series.

17. Currency Indemnity

17.01 Save as provided in Condition 8C.05 or 8C.06, the currency in which the Instruments are denominated or, if different, payable, as specified in the applicable Final Terms (the “**Contractual Currency**”) is the sole currency of account and payment for all sums payable by the Issuer in respect of the Instruments, including damages. Save as provided in Condition 8C.05 or 8C.06, any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgement or order of a court of any jurisdiction or otherwise) by any Holder of an Instrument or Coupon in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of an Instrument or Coupon in respect of such Instrument or Coupon, the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer’s other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of an Instrument or Coupon and shall continue in full force and effect despite any judgement, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Instruments or any judgement or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of an Instrument or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

18. Waiver and Remedies

18.01 No failure to exercise, and no delay in exercising, on the part of the Holder of any Instrument, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

TRANSFERS OF INSTRUMENTS IN THE FORM OF GLOBAL NOTES

Transfers of interests in Instruments in the form of Global Notes within Euroclear, Clearstream, Luxembourg and DTC will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a DTC Global Note or European Global Note to such persons may be limited.

Transfers may be made at any time by a holder of an interest in an Unrestricted Global Note to a transferee who wishes to take delivery of such interest through a Restricted Global Note provided that any such transfer made on or prior to the expiration of the distribution compliance period (as referred to in "Subscription and Sale") relating to the Instruments represented by such Unrestricted Global Note will only be made upon receipt by the Registrar or any Transfer Agent of a written certificate from the transferor of such interest to the effect that such transfer is being made to a person whom the transferor reasonably believes is a Qualified Institutional Buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities law of any state of the United States or any other jurisdiction. Transfers at any time by a holder of any interest in the Restricted Global Note to a transferee who takes delivery of such interest through an Unrestricted Global Note will only be made upon delivery to the Registrar or any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S.

Subject to compliance with the transfer restrictions applicable to the Registered Instruments described above and under "Transfer Restrictions", cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg account holders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Fiscal Agent.

Although Euroclear, Clearstream, Luxembourg and DTC are expected to follow their customary procedures in order to facilitate transfers of beneficial interests in the Global Notes among participants and account holders of Euroclear, Clearstream, Luxembourg and DTC, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Fiscal Agent, the Registrar or any Paying Agent will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations.

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organization" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

PRO FORMA FINAL TERMS

Final Terms dated []

EXPORT DEVELOPMENT CANADA

Issue of [Aggregate Nominal Amount of Tranche] [Title of Instruments]
under the USD20,000,000,000 Programme for the Issuance of Debt Instruments

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) set forth in the Prospectus dated December 24, 2012 [and the supplement[s] to it dated [●] [and [●]] (the “**Prospectus**”) which [together] constitute[s] a base prospectus for the purposes of Prospectus Directive (Directive 2003/71/EC, which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Instruments described herein is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the supplemental Prospectus(es)] [is] [are] available for viewing during normal business hours at and copies may be obtained from the offices of the Issuer, Export Development Canada, 150 Slater Street, Ottawa, Ontario, Canada K1A 1K3 and the offices of the Fiscal Agent, Paying Agent and Second Alternative Registrar, The Bank of New York Mellon, One Canada Square, London E14 5AL, United Kingdom.]

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) set forth on pages ● to ● in the Prospectus dated [●] and that are incorporated by reference into, and form part of, the Prospectus dated December 24, 2012 [and the and the supplement[s] to it dated [●][and [●]] (the “**Prospectus**”) which [together] constitute[s] a base prospectus for the purposes of Prospectus Directive (Directive 2003/71/EC, which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus dated December 24, 2012 [as so supplemented]. Full information on the Issuer and the offer of the Instruments is only available on the basis of the combination of these Final Terms and the Prospectus dated December 24, 2012 [as so supplemented], including the Conditions which are incorporated by reference in it. The Prospectus [and the supplemental Prospectus(es)] [is] [are] available for viewing during normal business hours at and copies may be obtained from the registered office of the Issuer, Export Development Canada, 150 Slater Street, Ottawa, Ontario, Canada K1A 1K3 and the offices of the Fiscal Agent, Paying Agent and Second Alternative Registrar, The Bank of New York Mellon, One Canada Square, London E14 5AL, United Kingdom.]

1. Issuer: Export Development Canada (“**the Issuer**”)
2. (i) Series Number: []
(ii) Tranche Number: []
(iii) Date on which the Instruments will be consolidated and form a single Series: [The Instruments will be consolidated and form a single Series with [●] on [the Issue Date/exchange of the Temporary Global Instrument for interests in the Permanent Global Instrument, as referred to in paragraph 24 below[, which is expected to occur on or about []]]/Not Applicable]
3. Specified Currency or Currencies: [] [, provided that all payments in respect of the Instruments will be made in []]
4. Aggregate Nominal Amount: []

- (i) Series: []
- (ii) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from []]
6. (i) Specified Denomination(s): [] [[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Instruments in definitive form will be issued with a denomination above [€199,000].]
- (ii) Calculation Amount: []
7. (i) Issue Date: []
- (ii) Interest Commencement Date: [] /Issue Date/Not Applicable]
8. Maturity Date: [] [Interest payment date falling in or nearest to []]
9. Interest Basis: [] per cent. Fixed Rate]
- [[duration][currency]][LIBOR/ EURIBOR/Federal Funds Rate/[]] [+/- [] per cent.] Floating Rate]
- [Zero Coupon]
- [Variable Interest]
- [Dual Currency Interest]
- (see paragraph [14/15/16/17/18] below)
10. Redemption[/Payment] Basis : [Redemption at par][Subject to any purchase and cancellation or early redemption in accordance with the Conditions, the Instruments will be redeemed on the Maturity Date at the Final Redemption Amount]
- [Dual Currency]
11. Change of Interest Basis or Redemption/Payment Basis: [Not Applicable]/[For the period from (and including) the Interest Commencement Date, up to (but excluding) [] paragraph [15/16] applies and for the period from (and including) [], up to (but excluding) the Maturity Date, paragraph [15/16] applies]
12. Put/Call Options: [Investor Put]
- [Issuer Call]
- [Not Applicable]
- [(see paragraph [20/21] below)]
13. Status of the Instruments: Unsecured, Unsubordinated
14. Date Board approval for issuance of Instruments obtained: [] [[February 23, 2012]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Instrument Provisions** [Applicable/Not Applicable]

- (i) Rate(s) of Interest: [] per cent. per annum payable [annually/semi-annually/quarterly/monthly] in arrear [on each Interest Payment Date][in respect of the period from and including [] to but excluding[]]
[[] per cent. per annum payable [annually/semi-annually/quarterly/monthly] in arrear in respect of the period from and including [] to but excluding []]
- (ii) Interest Payment Date(s): [] [and []] in each year up to and including the Maturity Date
- (iii) Fixed Coupon Amount(s): [] [per Calculation Amount] payable [on each Interest Payment Date][from and including [] to but excluding[]]
(Condition 4A.03(i)) [[] [per Calculation Amount] payable from and including [] to but excluding[]]
- (iv) Broken Amount(s): [Not Applicable/[] [per Calculation Amount] payable on the Interest Payment Date falling [in/on] []]
- (v) Day Count Fraction: [Actual/Actual (ICMA)]/[Actual/Actual (ISDA)]/[30/360]/[Actual/360]
- (vi) Determination Dates: [[] in each year] [Not Applicable]

16. Floating Rate Instrument Provisions

[Applicable/Not Applicable]

- (i) Specified Period(s): []
- (ii) Specified Interest Payment Dates: [] in each year[, subject to adjustment in accordance with the Business Day Convention specified below]
- (iii) First Interest Payment Date: []
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention] [Unadjusted]
- (v) Additional Business Centre(s): []
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent) (the “**Calculation Agent**”): [] [Not Applicable]
- (viii) Screen Rate Determination: [Applicable/Not Applicable]
– Reference Rate: [duration][currency]

		[LIBOR/EURIBOR/Federal Funds Rate/[]]
	– Relevant Financial Centre:	[London/Brussels/[]]
	– Interest Determination Date(s):	[Second London business day prior to the start of each Interest Period/First day of each Interest Period/Second day on which the TARGET System is open prior to the start of each Interest Period/[]]
	– Relevant Screen Page:	[]
	[– Backup Relevant Screen Page:	[]]
	– Relevant Time:	[11:00 a.m. [London/Brussels] time] []]
	[– Relevant Location:	[]]
	[– Reference Banks:	[]]
	– Averaging:	[Applicable/Not Applicable]
	– Relevant Banking Day:	[New York Banking Day][]]
	– Interest Rate Cut Off Date:	[]]
(ix)	ISDA Determination: (Condition 4C)	[Applicable/Not Applicable]
	– Floating Rate Option:	[]]
	– Designated Maturity:	[]]
	– Reset Date:	[]]
(x)	Margin(s):	[+/-][] per cent. per annum
(xi)	Minimum [Rate][Amount] of Interest:	[[] per cent. per annum][Not Applicable]
(xii)	Maximum [Rate][Amount] of Interest:	[[] per cent. per annum] [Not Applicable]
(xiii)	Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360]
17.	Zero Coupon Instrument Provisions	[Applicable/Not Applicable]
(i)	Accrual Yield:	[] per cent. per annum
(ii)	Reference price:	[]]

18. Variable Interest Provisions	[Applicable/Not Applicable]
(i) Reference Rate:	[duration][currency] [LIBOR/EURIBOR/Federal Funds Rate/[]]
(ii) Interest Determination Date:	[]
(iii) Relevant Screen Page:	[]
(iv) Relevant Time:	[]
(v) Relevant Location:	[]
(vi) Initial Rate:	[For the period from and including [] to but excluding []: [] per cent. per annum For the period from and including [] to but excluding []: [] per cent. per annum For the period from and including [] to but excluding []: [] per cent. per annum For the period from and including [] to but excluding []: [] per cent. per annum] [Second Reference Rate]
(vii) Second Reference Rate:	[duration][currency] [LIBOR/EURIBOR/Federal Funds Rate]]
(viii) Second Interest Determination Date(s):	[] []
(ix) Second Relevant Screen Page(s):	[] []
(x) Second Relevant Time:	[]
(xi) Second Relevant Location:	[]
(xii) Party, if any, responsible for calculating the principal and/or interest due (if not the Fiscal Agent) (the “ Calculation Agent ”):	[] [Not Applicable]
(xiii) Interest Period(s):	[]
(xiv) Specified Interest Payment Dates:	[] in each year[, subject to adjustment in accordance with the Business Day Convention specified below]
(xv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention] [Unadjusted]
(xvi) Additional Business Centre(s):	[]
(xvii) Minimum Rate of Interest:	[[] per cent. per annum][Not Applicable]
(xviii) Maximum Rate of Interest:	[[] per cent. per annum] [Not Applicable]

- (xix) Day Count Fraction: [Actual/Actual (ISDA)]
 [Actual/Actual]
 [Actual/365 (Fixed)]
 [Actual/365 (Sterling)]
 [Actual/360]
 [30/360]
19. **Dual Currency Instrument Provisions:** [Applicable: Condition [] applies][other]] [Not Applicable]
- (i) Currency of Payment: [] [United States Dollars]
- (ii) Rate of Exchange/method of calculating Rate of Exchange: []
- Relevant Screen Page: []
- Relevant Time: [[] a.m.] [] time] []
- Valuation Date: []
- Backup Relevant Screen Page: []
- Relevant Location: []
- Relevant Business Day: []
- (iii) Party, if any, responsible for calculating the principal and/or interest due (if not the Fiscal Agent) (the “**Calculation Agent**”): [] [[Not Applicable]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [] [[Not Applicable]
- (v) Additional Business Centre(s): [] [[Not Applicable]

PROVISIONS RELATING TO REDEMPTION

20. **Call Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s): [[] per Calculation Amount/[] per cent. of the Nominal Amount]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [] per Calculation Amount
- (b) Maximum Redemption Amount: [] per Calculation Amount
- (iv) Notice period (if other than as set [] [Terms and Conditions apply]

out in the Terms and Conditions):

- 21. Put Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s): [[] per Calculation Amount/[] per cent. of the Nominal Amount]
- (iii) Notice period (if other than as set out in the Terms and Conditions): [] [[Terms and Conditions apply]
- 22. Final Redemption Amount of each Instrument** [Redemption at par/[] per Calculation Amount/[] per cent. of the outstanding Nominal Amount] [and will be paid in [] as determined in accordance with Condition []]
- 23. Early Redemption Amount** [[] per Calculation Amount/ Condition [] applies/Not Applicable] [and will be paid in [] as determined in accordance with Condition []]
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption (if different from that set out in the Conditions):

GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS

- 24. Form of Instruments:**
- Bearer Instruments:**
- [Temporary Global Instrument exchangeable for a Permanent Global Instrument which is exchangeable for Definitive Instruments on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Instrument.]
- [Temporary Global Instruments exchangeable for Definitive Instruments on or after the Exchange Date.]
- [Permanent Global Instrument exchangeable for Definitive Instrument on [] days' notice/ at any time/ in the limited circumstances specified in the Permanent Global Instrument.]
- [[Temporary Global Instruments/ Permanent Global Instruments] exchangeable for Registered Instruments]
- Registered Instruments:**
- [Global Registered Instrument registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg / a Common Safekeeper for Euroclear and/or Clearstream, Luxembourg]
- 25. New Global Note:** [Yes/No]
- 26. Financial Centre(s):** [Not Applicable] []

27. Talons for future Coupons to be attached to Definitive Instruments (and dates on which such Talons mature):

[Yes. As the Instruments have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.] [No]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING

(i) Admission to trading: [Application [has been/will be made] for the Instruments to be admitted to trading on [the London Stock Exchange with effect from [] []]./Not Applicable.]

[(ii) Estimate of total expenses related to admission to trading: []]

[(iii) Reasons for the offer and use of proceeds: Proceeds used by the Issuer in furtherance of its corporate purposes. [The proceeds will be allocated and used, on a best efforts basis, to further special environmental projects.]]

2. RATINGS

Ratings: The [[Instruments have been/are expected to be]][The Programme has been] assigned the following ratings:
[AAA] by [Standard & Poor's Ratings Services] ("Standard & Poor's")
[Aaa] by [Moody's Investors Service Ltd.] ("Moody's").

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Save for any fees payable to the [Purchasers/Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer.

4. [Fixed Rate Instruments only – YIELD

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5. [Floating Rate Instruments and Variable Rate Instruments only – HISTORIC INTEREST RATES

Details of historic [LIBOR][EURIBOR][] rates can be obtained from [Reuters].]

6. [Dual Currency Instruments only - PERFORMANCE OF RATE[S] OF EXCHANGE]

Past and future performance and volatility of [[]] rates can be obtained at [[]].]

7. OPERATIONAL INFORMATION

(i) ISIN Code: []

(ii) Common Code: []

(iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/ []]:

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of additional Paying Agent(s)/ Transfer Agent(s): []

8. DISTRIBUTION

Name[s] and address[es] of Manager[s] [and underwriting commitments]: []

[Date of Subscription Agreement: []]

U.S. Selling Restrictions: Reg. S Compliance Category 1 [TEFRA D/TEFRA C/TEFRA Not Applicable] [144A eligible]

The information regarding [] has been [extracted][sourced] from []. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from [information published by] [], no facts have been omitted which would render the reproduced inaccurate or misleading.

TAXATION

CANADIAN FEDERAL INCOME TAXATION

The following summary describes the principal Canadian federal income tax considerations generally applicable as of the date hereof to a beneficial owner of an Instrument acquired pursuant to this Prospectus and applicable Final Terms who, for the purposes of the *Income Tax Act* (Canada) (“**Tax Act**”), and at all relevant times: (i) is not resident and is not deemed to be resident in Canada, and (ii) does not use or hold and is not deemed to use or hold the Instrument in, or in the course of, carrying on a business in Canada (“**Non-resident Holder**”). Special rules which apply to non-resident insurers carrying on business in Canada and elsewhere are not discussed in this summary.

This summary is based upon: (a) the provisions of the Tax Act and the regulations thereunder (“**Regulations**”) in force on the date hereof; (b) all specific proposals to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance for Canada prior to the date hereof (“**Tax Proposals**”), and (c) the current administrative and assessing practices and policies published by the Canada Revenue Agency. This summary assumes that the Tax Proposals will be enacted as currently proposed, but no assurance can be given that this will be the case. This summary does not take into account or anticipate any other changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign income tax considerations. No assurances can be given that changes in law or administrative practices or future court decisions will not affect the Canadian federal income tax treatment of a Non-resident Holder.

This summary is of a general nature only, is not exhaustive of all Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Non-resident Holder. Non-resident Holders are advised to consult their own tax advisers with respect to their particular circumstances.

Interest paid or credited or deemed to be paid or credited by the Issuer to a Non-resident Holder of an Instrument will be exempt from Canadian non-resident withholding tax unless such interest or deemed interest is “participating debt interest” (as defined in the Tax Act). In general terms, participating debt interest means interest on an obligation all or any portion of which is contingent or dependent on the use of or production from property in Canada or that is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable on any class or series of shares of the capital stock of a corporation.

If applicable, the normal rate of Canadian non-resident withholding tax is 25% but such rate may be reduced under the terms of an applicable income tax treaty.

Generally, there are no other Canadian federal income taxes that would be payable by a Non-resident Holder as a result of holding or disposing of an Instrument (including for greater certainty, any gain realized by a Non-resident Holder on a disposition of an Instrument).

UNITED STATES FEDERAL INCOME TAXATION

This disclosure is limited to the U.S. federal tax issues addressed herein. Additional issues not addressed in this disclosure could affect the U.S. federal tax treatment of the Instruments. This tax disclosure was written in connection with the promotion or marketing of the Instruments, and it is not intended to be used, and cannot be used, by any holder for the purpose of avoiding penalties that may be asserted against the holder under the Internal Revenue Code. Holders should seek their own advice based on their particular circumstances from an independent tax adviser.

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the Instruments that are held as capital assets. Because the U.S. federal income tax consequences of the acquisition, ownership and disposition of Instruments that could be issued under this Prospectus may differ from that described below depending on the terms of the relevant Instrument, the Issuer will provide supplemental information as to the tax consequences of the acquisition, ownership and disposition of any Instruments not addressed herein. The terms contained in a Drawdown Prospectus may contain additional or modified disclosure concerning the U.S. federal income tax consequences relevant to a particular type of Instrument. Each prospective purchaser should consult its own tax adviser regarding the consequences to it of the acquisition, ownership and disposition of Instruments.

This discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Instruments by particular investors, and does not address state, local or foreign tax laws. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, investors that will hold the Instruments as part of straddles, hedging transactions, conversion transactions, constructive sale transactions or other integrated transactions for U.S. federal income tax purposes, investors whose functional currency is not the U.S. dollar or who do not hold the Instruments as a capital asset). This summary does not address any U.S. federal tax consequences other than U.S. federal income tax consequences (such as the estate and gift tax or the Medicare tax on net investment income).

The summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect. No rulings have or will be sought from the Internal Revenue Service (“IRS”) regarding the proper characterization of Instruments or other matters discussed below.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING INSTRUMENTS, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

General Considerations for U.S. Holders

As used herein, the term “U.S. Holder” means a beneficial owner of Instruments that is for U.S. federal income tax purposes (i) a citizen or resident of the United States (ii) a corporation, or other entity treated as a corporation, created or organized under the laws of the United States or any state thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or a trust that has validly elected to be treated as a U.S. person.

Uncertainty Regarding the Characterization of Instruments

The Instruments are complex Instruments whose relevant Final Terms or terms contained in the relevant Drawdown Prospectus may vary materially as among different series of Instruments. There may be limited authority directly applicable to the Instruments and such authority may not directly address Instruments with

terms substantially similar to those of a particular Instrument. Accordingly, the proper characterization for federal income tax purposes of the Instruments may be unclear under current law.

Although the Instruments are in form debt securities, in certain cases (for example, where the investor is not legally entitled to repayment of an amount at least equal to the issue price of an Instrument or the yield is based on an index that is not a customary interest rate index), certain Instruments could be characterized as an instrument other than debt for federal income tax purposes. Under applicable authorities this determination is made based on all the facts and circumstances and the presence or absence of any one relevant factor is not determinative. As a result, alternative characterizations are possible.

Instruments characterized other than as debt, depending on their precise terms, may be properly characterized as options or collateralized options written or held by the U.S. Holder, forward contracts (including prepaid forward contracts), or some other form of derivative financial contract. If the Instrument provides for interim payments, the Instrument also may be characterized as notional principal contracts or as consisting of a unit comprised of a derivative and a separate interest-bearing deposit that collateralizes a holder's obligations under that derivative. Alternative characterizations are also possible. On December 7, 2007, the Treasury Department and IRS released a notice requesting comments on the U.S. federal income tax treatment of prepaid forward contracts and similar instruments. The notice focuses in particular on whether to require holders of such instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments, the relevance of factors such as exchange-traded status of the instruments and the nature of the underlying property to which they are linked, and whether these investments are or should be subject to the constructive transaction tax consequences excluded from this discussion. Prospective U.S. investors considering an investment in an applicable Instrument should consult their tax advisers regarding the notice and its potential implications for an investment in an applicable Instrument.

For the reasons above, the timing and character of income recognized by a holder for U.S. federal income tax purposes is uncertain and also may vary depending on the precise terms of an Instrument. Accordingly, each prospective U.S. investor is urged to consult its own tax adviser about the timing, character and source of income it will recognize as a result of acquiring, holding or disposing of an Instrument and should also consult the terms contained in a Drawdown Prospectus which may contain additional or modified disclosure concerning the U.S. federal income tax consequences relevant to a particular type of Instrument.

The balance of the discussion below applies only to Instruments properly treated as debt for U.S. federal income tax purposes.

General Considerations for U.S. Holders of Instruments Characterized as Debt

Payments of Interest

General

Interest on an Instrument, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (each, a "**foreign currency**"), other than interest on a "Discount Instrument" that is not "qualified stated interest" (each as defined below under "Original Issue Discount — General"), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes. Interest received or accrued by a U.S. Holder on the Instruments and Original Issue Discount ("**OID**"), if any, accrued with respect to the Instruments (as described below under "Original Issue Discount") generally will constitute income from sources outside the United States for purposes of computing the foreign tax credit limitation. For foreign tax credit limitation purposes, such income will generally constitute "passive category income" or "general category income." The rules regarding the availability of foreign tax credits are complex and U.S. Holders may be subject to various limitations thereon.

Foreign Currency Denominated Interest

If an interest payment is denominated in, or determined by reference to, a single foreign currency, the amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, a U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period or taxable year, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of an Instrument) denominated in, or determined by reference to, a foreign currency an accrual basis U.S. Holder will recognize ordinary income or loss measured by the difference between the exchange rate used to accrue interest income pursuant to one of the two above methods and the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

Original Issue Discount

General

The following is a summary of the principal United States federal income tax consequences of the ownership of Instruments issued with OID.

An Instrument, other than an Instrument with a term of one year or less (a “**Short-Term Instrument**”), will be treated as issued with OID (a “**Discount Instrument**”) if the excess of the Instrument’s “stated redemption price at maturity” over its issue price is not less than a *de minimis* amount (0.25% of the Instrument’s stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an “**instalment obligation**”) will be treated as a Discount Instrument if the excess of the Instrument’s stated redemption price at maturity over its issue price is not less than 0.25% of the Instrument’s stated redemption price at maturity multiplied by the weighted average maturity of the Instrument. An Instrument’s weighted average maturity is the sum of the following amounts determined for each payment on an Instrument (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made, multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Instrument’s stated redemption price at maturity. Generally, the issue price of an Instrument will be the first price at which a substantial amount of Instruments included in the issue of which the Instrument is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of an Instrument is the total of all payments provided by the Instrument that are not payments of “qualified stated interest.” A qualified stated interest payment is generally any one of a series of stated interest payments on an Instrument that are unconditionally payable in cash or property (other than additional debt instruments of the Issuer) at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under “Original Issue Discount — Variable Interest Rate Instruments”), applied to the outstanding principal amount of the Instrument.

U.S. Holders of Discount Instruments must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Instruments. The amount of OID includible in income by a U.S.

Holder of a Discount Instrument is the sum of the daily portions of OID with respect to the Discount Instrument for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Instrument (“**accrued OID**”). The daily portion is determined by allocating to each day in any “accrual period” a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to an Instrument may be of any length selected by the U.S. Holder and may vary in length over the term of the Instrument as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Instrument occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Instrument’s adjusted issue price at the beginning of the accrual period and the Discount Instrument’s yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Instrument allocable to the accrual period. The “adjusted issue price” of a Discount Instrument at the beginning of any accrual period is the issue price of the Instrument increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Instrument that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Instrument for an amount less than or equal to the sum of all amounts payable on the Instrument after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being “acquisition premium”) and that does not make the election described below under “Original Issue Document — Election to Treat All Interest as Original Issue Discount,” is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder’s adjusted basis in the Instrument immediately after its purchase over the Instrument’s adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Instrument after the purchase date, other than payments of qualified stated interest, over the Instrument’s adjusted issue price.

Market Discount

An Instrument, other than a Short-Term Instrument, generally will be treated as purchased at a market discount (a “**Market Discount Instrument**”) if the Instrument’s stated redemption price at maturity or, in the case of a Discount Instrument, the Instrument’s “revised issue price” exceeds the amount for which the U.S. Holder purchased the Instrument by at least 0.25% of the Instrument’s stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Instrument’s maturity (or, in the case of an Instrument that is an instalment obligation, the Instrument’s weighted average maturity). If this excess is not sufficient to cause the Instrument to be a Market Discount Instrument, then the excess constitutes “*de minimis* market discount”. For this purpose, the “revised issue price” of an Instrument generally equals its issue price, increased by the amount of any OID that has accrued on the Instrument and decreased by the amount of any payments previously made on the Instrument that were not qualified stated interest payments.

Under current law, any gain recognized on the maturity or disposition of a Market Discount Instrument (including any payment on an Instrument that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Instrument. Alternatively, a U.S. Holder of a Market Discount Instrument may elect to include market discount in income currently over the life of the Instrument. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Instrument that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Instrument that is in excess of the interest and OID on the Instrument includible in the U.S. Holder’s income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Instrument was held by the U.S. Holder.

Under current law, market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Instrument with respect to which it is made and is irrevocable.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on an Instrument using the constant-yield method described above under “Original Issue Discount — General” with certain modifications. For

purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium (described below under “Instruments Purchased at a Premium”) or acquisition premium. This election will generally apply only to the Instrument with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on an Instrument is made with respect to a Market Discount Instrument, the electing U.S. Holder will be treated as having made the election discussed above under “Original Issue Discount — Market Discount” to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Variable Interest Rate Instruments

It is expected that Instruments that provide for interest at variable rates (“**Variable Interest Rate Instruments**”) generally will bear interest at a “qualified floating rate” and thus will be treated as “variable rate debt instruments” under U.S. Treasury regulations governing accrual of OID. A Variable Interest Rate Instrument will qualify as a “variable rate debt instrument” if (a) its issue price does not exceed the total noncontingent principal payments due under the Variable Interest Rate Instrument by more than a specified *de minimis* amount and (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate. A Variable Interest Rate Instrument that does not meet the requirements for qualification as a “variable rate debt instrument” under the U.S. Treasury regulations generally will be treated as a “contingent payment debt instrument” for U.S. federal income tax purposes. See “— Contingent Payment Debt Instruments” below.

A “qualified floating rate” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Instrument is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Instrument (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Instrument’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Instrument.

An “objective rate” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Instrument will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Instrument’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Instrument’s term. A “qualified inverse floating rate” is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Instrument provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Instrument’s issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A “current value” of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Instrument that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument,” then any stated interest on the Instrument which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Instrument that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a “variable rate debt instrument” will generally not be treated as having been issued with OID unless the Variable Interest Rate Instrument is issued at a “true” discount (i.e., at a price below the Instrument’s stated principal amount) not less than a specified de minimis amount. OID on a Variable Interest Rate Instrument arising from “true” discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Instrument.

In general, any other Variable Interest Rate Instrument that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Instrument. Such a Variable Interest Rate Instrument must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Instrument with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Instrument’s issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Instrument is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Instrument. In the case of a Variable Interest Rate Instrument that qualifies as a “variable rate debt instrument” and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Instrument provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Instrument as of the Variable Interest Rate Instrument’s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Instrument is converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Instrument is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Instrument will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Instrument during the accrual period.

Contingent Payment Debt Instruments

OID on an Instrument that provides for one or more contingent interest or principal payments (unless there is only a remote likelihood as of the issue date of the Instrument that these payments will be made, the amounts thereof are considered incidental and/or there is one payment schedule on the Instrument that is significantly more likely than not to occur) is generally includible in income based on an accrual schedule calculated by the Issuer on the issue date that estimates, based on available market information, the contingent payments reasonably expected to be made over the term of the note (a “projected payment schedule”).

To determine the accrual schedule, the Issuer must determine the yield (the “comparable yield”) at which it would issue a fixed rate non-contingent debt instrument with otherwise similar terms and conditions. The Issuer must then determine the projected payment schedule for the Instruments including any noncontingent payments and an amount for each contingent payment based on market information or the expected value of the payment as of the issue date. If the projected payment schedule does not produce the comparable yield, it must be

adjusted to produce the comparable yield with adjustments made first to amounts in respect of contingent payments not based on market information. The accrual schedule generally remains fixed throughout the term of the Instrument and is binding on all holders. Certain adjustments to the amount included in income are made when actual interest or principal payments differ from projected payments. Any gain upon a sale or other taxable disposition of such an Instrument generally will be taxable to a U.S. Holder as ordinary interest income rather than capital gain unless all contingencies have been resolved prior to the disposition; any loss will be ordinary loss to the extent of the interest previously included in gross income by the U.S. Holder with respect to the Instrument, and thereafter, capital loss. U.S. Holders are urged to consult their tax advisers regarding the tax treatment of contingent payments.

Short-Term Instruments

In general, a cash basis U.S. Holder of a Short-Term Instrument is not required to accrue OID (as specially defined below for the purposes of this paragraph) for United States federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Instruments on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realized on the sale or retirement of the Short-Term Instrument will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Instruments will be required to defer deductions for interest on borrowings allocable to Short-Term Instruments in an amount not exceeding the deferred income until the deferred income is realized.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Instrument are included in the Short-Term Instrument's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Instrument as if the Short-Term Instrument had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Instrument. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Foreign Currency Instruments

Except with respect to Instruments denominated in more than one foreign currency or subject to one or more non-currency related contingencies discussed below under "Dual Currency Instruments," OID for any accrual period on a Discount Instrument that is denominated in, or determined by reference to, a single foreign currency will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above under "Payments of Interest." Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or retirement of an Instrument), a U.S. Holder may recognize exchange gain or loss, which will be ordinary gain or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate on the date of receipt) and the amount previously accrued.

Market Discount on an Instrument that is denominated in, or determined by reference to, a single foreign currency will be accrued by a U.S. Holder in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder will recognize ordinary gain or loss measured in the same manner as for accrued qualified stated interest or OID. A U.S. Holder that does not make this election will recognize, upon the disposition or maturity of the Instrument, the U.S. dollar value of the amount accrued, calculated at the exchange rate in effect on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Instruments Purchased at a Premium

A U.S. Holder that purchases an Instrument for an amount in excess of its principal amount, or for a Discount Instrument, its stated redemption price at maturity, may elect to treat the excess as "amortizable bond premium," in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Instrument will be reduced by the amount of amortizable bond premium allocable (based on the Instrument's yield to maturity) to that year. In the case of an Instrument that is denominated in, or determined

by reference to, a foreign currency, bond premium will be computed in units of foreign currency, and amortizable bond premium will reduce interest income in units of the foreign currency. At the time amortised bond premium offsets interest income, exchange gain or loss (taxable as ordinary income or loss) is realized measured by the difference between exchange rates at that time and at the time of the acquisition of the Instruments. Any election to amortize bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also “Original Issue Discount — Election to Treat All Interest as Original Issue Discount.”

Dual Currency Instruments

If an Instrument is issued in circumstances where certain payments on the Instrument are denominated in or determined by reference to one currency and other payments on the Instrument may be denominated in or determined by reference to another currency (“**Dual Currency Instrument**”), such Instrument will be a “nonfunctional currency contingent payment debt instrument” subject to special rules. Certain Instruments denominated in a single foreign currency may also be subject to these rules if they are subject to one or more non-currency related contingencies. OID on a Dual Currency Instrument is generally includible in income based on an accrual schedule calculated by the Issuer on the issue date that estimates, based on available market information, the contingent payments reasonably expected to be made over the term of the Instrument similar to the rules governing contingent payment debt instruments.

To determine the accrual schedule of a nonfunctional currency contingent payment debt instrument the Issuer must determine the “comparable yield” based on the predominant currency of the Instrument (the “**Denomination Currency**”), which will generally be the currency in which the principal of the Instrument is denominated. The Issuer must then determine the projected payment schedule for the Instruments in the Denomination Currency including any noncontingent payments and an amount for each contingent payment based on market information or the expected value of the payment as of the issue date. If the projected payment schedule does not produce the comparable yield, it must be adjusted to produce the comparable yield with adjustments made first to amounts in respect of contingent payments not based on market information. The accrual schedule generally remains fixed throughout the term of the Instrument and is binding on all holders. Adjustments apply when actual interest or principal payments differ from projected payments.

A U.S. Holder will generally include in income the U.S. dollar value of the accrued interest based on the average currency exchange rate for the applicable accrual period, or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. Alternatively, a U.S. Holder may elect to translate interest income for an interest accrual period into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year).

At maturity or upon earlier sale or exchange, any gain realized by a U.S. Holder will be ordinary income, and any loss realized will very generally be ordinary loss to the extent of previous interest inclusions, and thereafter will be capital loss. These consequences are governed by a complex set of Treasury regulations under which some of a U.S. Holder’s ordinary gain may be treated as interest income and the rest (if any) as ordinary foreign exchange gain, and some of a U.S. Holder’s ordinary loss may be treated as ordinary foreign exchange loss. In certain circumstances, it is also possible that a U.S. Holder could be required to recognize capital loss as well as ordinary foreign exchange gain. U.S. Holders are urged to consult their tax advisers regarding the tax treatment of Dual Currency Instruments and other contingent payment debt instruments.

Sale, Retirement and other Taxable Dispositions of Instruments

A U.S. Holder’s tax basis in an Instrument will generally be its U.S. dollar cost (as defined below) increased by the amount of any OID or market discount included in the U.S. Holder’s income with respect to the Instrument and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder’s income with respect to the Instrument, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortizable bond premium applied to reduce interest on the Instrument. The U.S. dollar cost of an Instrument purchased with a foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Instruments traded on an established securities market, as defined in the applicable U.S. Treasury regulations, that are

purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder will generally recognize gain or loss on the sale, retirement or other taxable disposition of an Instrument equal to the difference between the amount realized on the sale or retirement and the tax basis of the Instrument. The amount realized on a sale, retirement, or other taxable disposition for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement or, in the case of Instruments traded on an established securities market, as defined in the applicable U.S. Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. Except to the extent described above under “Original Issue Discount—Market Discount,” “Original Issue Discount—Contingent Payment Debt Instruments,” “Original Issue Discount—Short-Term Instruments” or “Dual Currency Instruments” or attributable to accrued but unpaid interest or changes in exchange rates, gain or loss recognized on the sale, retirement, or other taxable disposition of an Instrument will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder’s holding period in the Instruments exceeds one year. Long-term capital gain is currently taxable at a reduced rate for individuals, trusts and estates. The deductibility of capital losses is subject to significant limitations.

Gain or loss recognized by a U.S. Holder on the sale, retirement, or other taxable disposition of an Instrument that is attributable to changes in exchange rates will be treated as ordinary income or loss and is taken into account only to the extent of total gain or loss realized on the transaction.

Gain or loss realized by a U.S. Holder on the sale, retirement, or other taxable disposition of an Instrument generally will be U.S. source.

Exchange of Amounts in other than U.S. Dollars

Foreign currency received as interest on an Instrument or on the sale or retirement of an Instrument will have a tax basis equal to its U.S. dollar value at the time the interest is received or at the time of the sale or retirement. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase Instruments or an exchange for U.S. dollars) will be ordinary income or loss.

Bearer Instruments

A U.S. Holder of a bearer Instrument that is treated as a debt obligation who is a United States Person for U.S. federal income tax purposes will be subject to limitations under U.S. income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code. U.S. Holders are strongly urged to consult their tax advisers about the potentially adverse consequences of acquiring, owning or disposing of an Instrument in bearer form.

General Considerations for U.S. Holders of Instruments Characterized Other Than As Debt

General

Instruments not properly characterized as debt, depending on their precise terms, may be characterized as options or collateralized options written or held by the U.S. Holder, forward contracts (including prepaid forward contracts), or some other form of derivative financial contract including for example, if the Instrument provides for interim payments, as notional principal contracts or as consisting of a unit comprised of a derivative and a separate interest-bearing deposit that collateralizes a holder’s obligations under that derivative. Alternative characterizations are also possible.

In general, in the case of an Instrument that does not provide for payments prior to maturity and is properly treated as a forward contract, variable prepaid forward contract or option contract, a U.S. Holder generally should not recognize income until maturity. Gain or loss to a holder generally would be recognized and determined when the Instrument is settled based on the difference between the amounts received under the Instrument and the holder’s tax basis in the Instrument. Such gain or loss generally would be capital gain or loss. As mentioned above, however, on December 7, 2007, the Treasury Department and IRS released a notice requesting comments on the U.S. federal income tax treatment of prepaid forward contracts and similar

instruments. Although it is not possible to predict the content of any future regulations or other guidance, it could alter the foregoing consequences.

An Instrument that provides not only for a single payment or settlement at maturity but also for interim payments could be treated as a notional principal contract, or as a unit comprised of an option or forward contract collateralized by an interest-bearing deposit, in which case all or a portion of the interim payments may be treated as interest on the deposit. Amounts not treated as deposit interest could still constitute ordinary income. In either case, income could be recognized in advance of maturity as ordinary income rather than taken into account in computing the gain or loss from the Instrument.

To the extent that an Instrument is treated as a “constructive ownership transaction,” any gain on disposition may be treated as ordinary income and an interest charge may be imposed on a deemed underpayment of tax for each taxable year during which the Instrument was held. For purposes of determining the interest charge, gain treated as ordinary income is allocated to each such taxable year during which the Instrument was held so that the amount of gain accrued from each year to the next increases at a constant rate equal to the “applicable federal rate” (a rate published monthly by the IRS based on prevailing Treasury yields) in effect at the time the Instrument is issued.

If an Instrument is issued in circumstances in which it is not properly characterized as debt, a Drawdown Prospectus will discuss the material U.S. federal income tax consequences in respect of such Instrument to U.S. Holders and any special features of such Instruments including rights of the Issuer and/or the holders or attributes of the underlying reference assets, if any.

Foreign Currency Instruments

In the case of an Instrument denominated in a currency other than the United States dollar, all or a portion of the amount recognized may be treated as foreign currency gain or loss. Foreign currency gain or loss recognized by a U.S. Holder (generally, the gain or loss attributable to changes in value of the foreign currency relative to the dollar) would be treated as ordinary income rather than capital gain.

Reportable Transactions

A U.S. taxpayer that participates in a “reportable transaction” will be required to disclose this participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Instruments as a reportable transaction if the loss exceeds USD50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. Pursuant to U.S. tax legislation enacted in 2004, a penalty in the amount of USD10,000 in the case of a natural person and USD50,000 in any other case is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction that is treated as a reportable transaction. In the event the acquisition, holding or disposition of Instruments constitutes participation in a “reportable transaction” for purposes of these rules, a U.S. Holder may be required to disclose its investment by filing Form 8886 with the IRS. In addition, the Issuer and its advisers may be required to maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules to the acquisition, holding or disposition of Instruments.

Taxation of Non-U.S. Holders

Interest or income from other payments made or gain realized on the sale, exchange, retirement or other disposition of an Instrument by a Non-U.S. Holder will generally not be subject to U.S. federal income tax unless (i) such income is effectively connected with a trade or business conducted by the Non-U.S. Holder in the United States, or (ii) the Non-U.S. Holder has or had a current or former relationship with the United States, including a relationship as a citizen or resident thereof or based on an individual’s presence in the United States for 183 days or more in the taxable year of the applicable jurisdiction.

Generally, Instruments held by an individual who is a Non-U.S. Holder at the time of death will not be subject to U.S. federal estate tax as a result of the individual’s death. However, it is possible that certain Instruments held by a Non-U.S. Holder at the time of death could be subject to U.S. federal estate tax as a result of the individual’s death, unless an applicable estate tax treaty provides otherwise.

United States Backup Withholding and Information Reporting

Payments on, and proceeds from the taxable disposition of, Instruments made within the United States or by or through a person with one or more enumerated relationships with the United States, such as a controlled foreign corporation for U.S. federal income tax purposes (such person, a “**U.S. Controlled Person**”) or with respect to certain debt Instruments in registered form may be subject to information reporting and may be subject to U.S. backup withholding unless the Non-U.S. Holder has provided applicable certification of foreign status or otherwise establishes an exemption. Subject to the foregoing, unless the Issuer or the Paying Agent has actual knowledge or reason to know that the holder or beneficial owner, as the case may be, is a United States Person, payments on and proceeds from the sale of the Instruments made outside the United States generally will be exempt from the U.S. backup withholding and, if made by or through a person that is not a U.S. Controlled Person, the information reporting rules. Any amounts withheld under the backup withholding rules may be allowed as a credit against the holder’s U.S. federal income tax liability, and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS. Holders should consult their tax advisers regarding the application of information reporting and backup withholding to their particular situations, the availability of an exemption therefrom, and the procedure for obtaining an exemption, if available.

Recently enacted legislation generally requires certain U.S. Holders to report information with respect to their investment in Instruments not held through a custodial account with a U.S. financial institution to the IRS. Investors who fail to report required information could become subject to substantial penalties. Prospective investors should consult their tax advisers regarding the possible implications of this new legislation on their investment in the Instruments.

EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”), each Member State is required to provide to the tax authorities of another Member State details of payments of interest and other similar income paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, during the current transitional period Luxembourg and Austria are instead required (unless during such period they elect otherwise) to operate a withholding system (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The ending of such transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries (including Switzerland) and certain dependent or associated territories of certain Member States have adopted similar measures (in the case of Switzerland, a withholding system has been adopted).

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

UNITED KINGDOM TAXATION

The following applies only to persons who are the beneficial owners of Instruments and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs practice relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers) to whom special rules may apply. The United Kingdom tax treatment of prospective Holders depends on their individual circumstances and may be subject to change in the future. Prospective Holders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Payments of interest on the Instruments may be made without withholding on account of United Kingdom income tax.

However, Holders may wish to note that, in certain circumstances, HM Revenue and Customs (“HMRC”) has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Holder, or who either pays amounts payable on the redemption of Instruments to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of such amounts payable on redemption of Instruments where such amounts are paid on or before 5 April 2013. Information so obtained may, in certain

circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Holder is resident for tax purposes.

PRC CURRENCY CONTROLS

The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Prospectus, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to Instruments. Prospective holders of Instruments who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.

Remittance of Renminbi into and outside the PRC

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

Current Account Items

Under PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC being Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010 and August 2011, respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades and the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (the “**Circulars**”) with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot Renminbi settlement scheme for cross-border trades. Pursuant to the Circulars (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible; (ii) the list of designated pilot districts was expanded to cover all provinces and cities in the PRC, and (iii) the restriction on designated offshore districts was lifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle imports of goods and services and other current account items between them. Renminbi remittance for exports of goods from the PRC may only be effected by approved pilot enterprises in designated pilot districts in the PRC.

On 3 February 2012, PBoC and five other PRC Authorities (the “**Six Authorities**”) jointly issued the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (the “**2012 Circular**”). Under the 2012 Circular, any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports, provided that the relevant provincial government has submitted to the Six Authorities a list of key enterprises subject to supervision and the Six Authorities have verified and signed off on such list. On 12 June 2012, the PBoC issued a notice stating that the Six Authorities had jointly verified and announced a list of 9,502 exporting enterprises subject to supervision and as a result any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports.

As new regulations, the Circulars will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such rules. Local authorities may adopt different practices in applying the Circulars and impose conditions for the settlement of current account items.

Capital Account Items

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to the approval of the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including Hong Kong investors) are required to make any capital contribution to foreign invested enterprise in a foreign currency in accordance with the terms set out in the relevant joint venture

contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties are also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. That said, the relevant PRC authorities may grant approval for a foreign entity to make a capital contribution or a shareholders' loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign invested enterprise may be required to complete a registration and verification process with the relevant PRC authorities before such Renminbi remittances.

On 7 April 2011, the State Administration of Foreign Exchange ("**SAFE**") issued the Notice on Relevant Issues regarding Streamlining the Business Operation of Cross-border RMB Capital Account Items (the "**SAFE Circular**"), which clarifies that the borrowing by an onshore entity (including a financial institution) of Renminbi loans from an offshore creditor shall in principle follow the current regulations on borrowing foreign debts and the provision by an onshore entity (including a financial institution) of external guarantees in Renminbi shall in principle follow the current regulations on the provision of external guarantees in foreign currencies.

On 12 October 2011, MOFCOM promulgated the Circular on Issues in relation to Cross-border RMB Foreign Direct Investment (the "**MOFCOM Circular**"), and pursuant to which, MOFCOM's prior written consent, which was previously required, is no longer required for Renminbi foreign direct investment ("**RMB FDI**"), and MOFCOM and its local counterparts are authorised to approve RMB FDI in accordance with existing PRC laws and regulations regarding foreign investment, with the following exceptions which require the preliminary approval by the provincial counterpart of MOFCOM and the consent of MOFCOM in advance: (i) RMB FDI with the capital contribution in Renminbi of RMB 300 million or more; (ii) RMB FDI in financing guarantee, financial leasing, micro financing or auction industries; (iii) RMB FDI in foreign invested investment companies, venture capital or equity investment enterprises; or (iv) RMB FDI in cement, iron and steel, electrolytic aluminium, shipbuilding or other policy sensitive sectors. In addition, RMB FDI in the real estate sector is allowed following the existing rules and regulations of foreign investment in real estate, although Renminbi foreign debt remains unavailable to foreign invested real estate enterprises. The MOFCOM Circular also requires that the proceeds of RMB FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in PRC domestic listed companies through private placements or share transfers by agreement.

On 13 October 2011, PBoC issued the Measures on Administration of the RMB Settlement in relation to Foreign Direct Investment ("**PBoC RMB FDI Measures**") which set out operating procedures for PRC banks to handle Renminbi settlement relating to RMB FDI and borrowing by foreign invested enterprises of offshore Renminbi loans. Prior to the PBoC RMB FDI Measures, cross-border Renminbi settlement for RMB FDI has required approvals on a case-by-case basis from the PBoC. The new rules replace the PBoC approval requirement with less onerous post-event registration and filing requirements. The PBoC RMB FDI Measures provide that, among others, foreign invested enterprises are required to conduct registrations with the local branch of PBoC within ten working days after obtaining business licenses for the purpose of Renminbi settlement; a foreign investor is allowed to open a Renminbi expense account to reimburse some expenses before the establishment of a foreign invested enterprise and the balance in such an account can be transferred to the Renminbi capital account of such foreign invested enterprise when it is established, commercial banks can remit a foreign investor's Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries out of the PRC after reviewing certain requisite documents; if a foreign investor intends to use its Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries, the foreign investor may open a Renminbi reinvestment account to receive such Renminbi proceeds, and the PRC parties selling a stake in domestic enterprises to foreign investors can open Renminbi accounts and receive the purchase price in Renminbi paid by foreign investors in Renminbi by submitting certain documents as required to the commercial bank.

As the MOFCOM Circular, the SAFE Circular and the PBoC RMB FDI Measures are relatively new circulars, they will be subject to interpretation and application by the relevant PRC authorities. There is no assurance that approval of such remittances, borrowing or provision of external guarantee in Renminbi will continue to be granted or will not be revoked in the future. Further, since the remittance of Renminbi by way of investment or loans are now categorised as capital account items, such remittances will need to be made subject to the specific requirements or restrictions set out in the relevant SAFE rules.

If any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

USE OF PROCEEDS

The proceeds of the issue of each Series of Instruments will be used by the Issuer in furtherance of its corporate purposes. The net proceeds of any Series of Instruments could, if indicated in the applicable Final Terms, be allocated and used on a best-efforts basis for special environmental projects.

EXPORT DEVELOPMENT CANADA

Export Development Canada was established as a corporation on October 1, 1969 by the *Export Development Act* (Canada) (the “**Export Development Act**”). The Issuer is established for the purposes of supporting Canada’s export trade and Canadian capacity to engage in that trade and to respond to international business opportunities by the provision of loans, guarantees, insurance and such other agreements or undertakings necessary or desirable to fulfil such purposes.

The Issuer is the successor to the Export Credits Insurance Corporation which commenced operations in 1944. Activities were originally limited to insuring Canadian exporters against non-payments of credits extended to foreign buyers. To further enhance Canada’s growing export trade, the Issuer introduced an export loans program, a foreign investment guarantees program and a surety risk protection insurance program.

The Issuer is a corporation having, as at December 31, 2011 an authorised capital of CAD3,000,000,000 divided into 30,000,000 shares having a par value of CAD100 each. At the date of this document, such shares, of which 13,332,000 shares having an aggregate paid-in amount of CAD1,333,200,000 are in issue as at December 31, 2011, may only be subscribed by the Minister for International Trade, are not transferable and, pursuant to Section 11(3) of the *Export Development Act*, are to be held in trust for Her Majesty. The principal executive offices of the Issuer are at 150 Slater Street, Ottawa, Ontario, Canada K1A 1K3, telephone number: +1 613 598 2500.

The necessary authority of Parliament for the borrowing of money and the issuance of securities is contained in the *Export Development Act*. The *Export Development Act* further provides that the Issuer is for all purposes an agent of Her Majesty in right of Canada. The payment of all moneys borrowed by the Issuer and interest thereon and of the principal of and interest on all securities issued by the Issuer is a charge on and payable out of the Consolidated Revenue Fund of Canada under the *Financial Administration Act* (Canada).

The Consolidated Revenue Fund is the aggregate of all public moneys, such as tax revenues, which are on deposit to the credit of the Receiver General for Canada. The Receiver General is the public officer who receives or collects public moneys for and on behalf of Canada.

The Issuer’s borrowing power, which is exercisable by its President and the Senior Vice President and Chief Financial Officer, is subject to (a) the limitation provided for in the *Export Development Act* that the aggregate amount of its borrowings (including any borrowings from the Consolidated Revenue Fund) outstanding at any time may not exceed an amount equal to fifteen times the aggregate of its current paid-in capital plus its retained earnings, if any, determined in accordance with the previous year’s audited financial statements and (b) a Standing Resolution Authorizing the Issuance of Debt Instruments adopted by the Board of Directors of the Issuer on February 23, 2012, as amended, replaced or superseded from time to time (the “**Standing Resolution**”), in accordance with which the Issuer must obtain the approval (which may be given in respect of a specified transaction or a specified class of transactions) of the Minister of Finance of Canada under the *Financial Administration Act* (Canada).

Effective March 12, 2009, the Government of Canada granted the Issuer greater financial flexibility by raising the Issuer’s contingent liability, capital and Canada Account limits, and for a temporary two-year period which period was initially extended to March 12, 2012 and was more recently further extended to March 12, 2013: (a) broadened the Issuer’s mandate to help increase access to credit for Canadian companies which enables the Issuer to provide its products and services to support and develop domestic trade and Canadian capacity to engage in such trade, and to respond to domestic business opportunities, in a manner that is complementary to what commercial institutions provide; and, (b) suspended certain regulations in respect of domestic financial transactions and domestic insurance transactions.

The Issuer publishes an Annual Report, which includes financial statements audited by the Auditor General of Canada, which is incorporated herein by reference.

Financial Information

The information in the following tables was prepared in accordance with IFRS and is extracted from the financial statements contained in the 2011 Annual Report of the Issuer incorporated by reference in this Prospectus.

CONSOLIDATED BALANCE SHEET

<i>as at December 31</i> <i>(in millions of Canadian dollars)</i>	2011	2010
Assets		
Cash	90	124
Marketable securities:		
At fair value through profit or loss	3,720	3,660
At amortized cost	76	19
Derivative instruments	1,541	2,010
Loans receivable	28,680	26,611
Allowance for losses on loans	(1,680)	(1,561)
Equity financing at fair value through profit or loss	385	317
Equipment available for lease	55	143
Net investment in aircraft under finance lease	92	99
Recoverable insurance claims	44	94
Reinsurers' share of allowance for claims	129	109
Other assets	174	182
Property, plant and equipment	74	33
Intangible assets	40	42
Building under finance lease	176	-
Total Assets	\$33,596	\$31,882
Liabilities and Shareholder's Equity		
Accounts payable and other credits	159	166
Loans payable:		
Designated at fair value through profit or loss	21,505	20,465
At amortized cost	2,065	2,019
Derivative instruments	178	200
Obligation under finance lease	177	-
Retirement benefit obligations	74	93
Allowance for losses on loan commitments	41	93
Policy and claims liabilities	875	640
Loan guarantees	266	245
	25,340	23,921
Equity		
Share capital	1,333	1,333
Retained earnings	6,923	6,628
	8,256	7,961
Total Liabilities and Shareholder's Equity	\$33,596	\$31,882

CONSOLIDATED STATEMENT OF INCOME

<i>for the year ended December 31</i> <i>(in millions of Canadian dollars)</i>	2011	2010
Financing and investment revenue:		
Loan	1,009	1,004
Financing lease	7	8
Operating lease	21	32
Debt relief	4	25
Investment	46	47
	1,087	1,116
Interest expense	99	147
Leasing and financing related expenses	32	53
Net Financing and Investment Income	956	916
Loan Guarantee Fees	32	33
Insurance premiums and guarantee fees	238	210
Reinsurance assumed	13	11
Reinsurance ceded	(17)	(11)
Net Insurance Premiums and Guarantee Fees	234	210
Other Income (Expenses)	79	(41)
Administrative Expenses	284	273
Income before Provision and Claims-Related Expenses	1,017	845
Provision for (Reversal of) Credit Losses	125	(631)
Claims-Related Expenses	247	1
Net Income	645	1,475
Other comprehensive income		
Comprehensive Income	\$645	\$1,475

CANADA

GENERAL INFORMATION

A description of Canada, including its area and population and form of government, can be found at pages 3-5 in Exhibit D to the Form 18-K of Canada and filed with the United States Securities and Exchange Commission on December 20, 2012 (the “**Form 18-K**”), which is incorporated by reference herein.

THE CANADIAN ECONOMY

A description of the Canadian economy, including gross domestic product, gross domestic income and expenditure, economic developments, the balance of international payments, debt maturity and foreign exchange and international reserves can be found at pages 6-17, 25-26, 34 and 37-56 in the Form 18-K, which is incorporated by reference herein.

DEBT RECORD

Canada has always paid the full face amount of the principal and interest on every direct obligation issued by it and every indirect obligation on which it has been required to implement its guarantee, promptly when due. During war, where such payment would have violated laws or regulations forbidding trading with the enemy, payment was made to a custodian of enemy property.

GOVERNMENT FINANCES

A description of government finances, including fiscal policy can be found at pages 18-29 in the Form 18-K, which is incorporated by reference herein.

CLAIMS AND PENDING AND THREATENED LITIGATION

Information on claims and pending and threatened litigation can be found at pages 35-36 in the Form 18-K, which is incorporated by reference herein.

Except as set out in the Form 18-K, there are no governmental, legal, or arbitration proceedings (including any such proceedings which are pending or threatened of which Canada is aware), during a period covering the 12 month period preceding the date of this Prospectus which may have, or have had in recent past, significant effects on Canada’s financial position.

LIQUID DEPOSITS AVAILABLE IN DOMESTIC CURRENCY

The following information has been extracted in its entirety from Volume 1, Section 7 of the 2011-2012 Public Accounts of Canada for the year ended March 31, 2012, tabled in the House of Commons of the Parliament of Canada on October 30, 2012:

Cash and Cash Equivalents

Cash consists of public moneys on deposit and cash in transit at March 31st. Cash in bank consists of public moneys on deposit to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions. Cash with the Bank of Canada includes operational balances and balances held for the Prudential Liquidity Fund. Cash in transit consists of public moneys received by public officers prior to April 1, but not deposited by that date as well as cash held by consolidated Crown corporations and other entities. Outstanding cheques and warrants are deducted to arrive at the closing cash balance.

Cash equivalents consist mainly of term deposits resulting from auctions administered by the Bank of Canada and the Department of Finance on behalf of the Minister of Finance. The short term deposits, denominated in Canadian dollars, are made from a portion of the daily surplus of cash balance and have a short term maturity, usually not exceeding 31 calendar days.

Table 7.2 presents a summary of the cash and cash equivalents.

TABLE 7.2
CASH AND CASH EQUIVALENTS

	March 31/2012	March 31/2011
	\$	\$
Cash in bank—		
Canadian currency ⁽¹⁾	6,068,164,441	944,887,775
Foreign currencies ⁽²⁾	650,413,953	420,833,782
Special deposits ⁽³⁾	65,000,000	50,000,000
Total cash in bank	6,783,578,394	1,415,721,557
Cash in transit—		
Cash in hands of collectors and in transit	8,388,911,848	9,134,506,533
Other cash—Consolidated Crown corporations and other entities ⁽⁴⁾	514,730,000	526,391,000
Total cash in transit	8,903,641,848	9,660,897,533
Less: Outstanding cheques and warrants—		
Outstanding cheques ⁽⁵⁾	5,093,683,754	5,492,713,111
Imprest account cheques ⁽⁶⁾	208,783	305,416
Total outstanding cheques and warrants	5,093,892,537	5,493,018,527
Total cash	10,593,327,705	5,583,600,563
Cash equivalents	6,549,948,749	8,739,001,670
Total cash and cash equivalents	17,143,276,454	14,322,602,233

(1) Included in Canadian currency is \$4,000,000,000 with respect to the Prudential Liquidity Fund.

(2) These balances denominated in US dollars include cash and cash equivalents which have been translated into Canadian dollars at March 31.

(3) These are balances in the hands of financial institutions for the reimbursement of GST refund payments issued by the Ministère du Revenu du Québec on behalf of the Government.

(4) These funds are not public moneys to the credit of the Receiver General for Canada but are for the exclusive use of consolidated Crown corporations and other entities.

(5) Receiver General cheques issued in Canadian dollars, and outstanding are recorded in this account. Cheques outstanding for 10 years are transferred to other revenues. During the year, an amount of \$40,937,561 (\$61,982,669 in 2011) was transferred to other revenues. Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

(6) Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to other revenues), are recorded in this account.

SUBSCRIPTION AND SALE

Subject to the restrictions set forth below, Instruments may be sold in a repeated manner by the Issuer from time to time to any person. The form and terms and conditions of the relevant Instruments, their purchase price and any commissions or deductibles payable or allowable by the Issuer in respect of their purchase will be as agreed between the Issuer and the relevant purchaser(s) (each, a “**Purchaser**”) at or prior to the time of issuance of the relevant Tranche. Save as otherwise agreed to the contrary between the Issuer and the Purchaser at or prior to that time, the purchase of the relevant Instruments will be upon the terms set out in a pro forma purchase agreement (the “**Purchase Agreement**,” which expression shall include any amendments or supplements thereto) which has been signed by the Issuer for the purposes of identification, a copy of which is available for inspection at the specified office of each of the Paying Agents, the Principal Registrar, the First Alternative Registrar and the Second Alternative Registrar and at the registered office of the Issuer.

The United States of America

Regulation S Category 2; TEFRA D; Rule 144A eligible if so specified in the applicable Final Terms

Instruments have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to or for the account or benefit of U.S. persons except that Instruments in registered form may be offered or sold to Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act) in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

Instruments in bearer form are subject to United States tax law requirements and may not be offered, sold or delivered within the United States or its possession or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the respective meanings given to them by the Code and regulations thereunder.

In addition, until forty days after the commencement of the offering of Instruments comprising any Tranche, any offer or sale of Instruments within the United States by a purchaser (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

Each Purchaser of Instruments in registered form in the United States will, by its purchase of such Instruments, be deemed to have made the representations and agreements set forth under “Transfer Restrictions – Rule 144A/Restricted Notes”.

The Purchase Agreement requires each Purchaser to represent and agree that, except as permitted by the Purchase Agreement, it has not offered, sold or delivered and will not offer, sell or deliver Instruments, (i) as a part of their distribution at any time, or (ii) otherwise until forty days after the completion of the distribution of the Instruments comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Purchaser (or, in the case of a sale of a Tranche of Instruments to or through more than one Purchaser, by each of such Purchasers as to Instruments of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Purchaser when all such Purchasers have so certified) (referred to as the “distribution compliance period”) within the United States or to or for the account or benefit of U.S. persons, and such Purchaser will have sent to each purchaser to which it sells Instruments during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Instruments within the United States or to or for the account or benefit of U.S. persons. The Purchase Agreement also requires that each Purchaser represent and agree that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Instruments and, except as permitted by the Purchase Agreement, that they have complied and shall comply with the offering restrictions requirements and Regulation S under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

In the event that the Purchase Agreement permits offers and sales pursuant to Rule 144A, the Purchase Agreement will require each Purchaser to represent and agree that neither it nor any of its affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act), nor any person acting on its or their behalf has engaged in or will engage in any form of general solicitation or general advertising (within the meaning of

Regulation D) in connection with the offer and sale of the Instruments pursuant to Rule 144A in the United States.

Furthermore, each Tranche of Instruments may also be subject to such further United States selling restrictions as the Issuer and the relevant Purchaser(s) may agree.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Purchaser of Instruments will be required to represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Instruments which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Instruments to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Purchaser or Purchasers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Instruments referred to in (a) to (c) above shall require the Issuer or any Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Instruments to the public**” in relation to any Instruments in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Instruments to be offered so as to enable an investor to decide to purchase or subscribe the Instruments, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

United Kingdom Securities Laws

The Purchase Agreement requires that each relevant Purchaser has represented and agreed that:

- (i) in relation to any Instruments which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Instruments other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Instrument would otherwise constitute a contravention of section 19 of FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Instruments in circumstances in which Section 21(1) of the FSMA would not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Instruments in, from or otherwise involving the United Kingdom.

Japan

The Instruments have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Law**”). Accordingly, each Purchaser will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Instruments in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws, regulations and ministerial guidelines of Japan.

Switzerland

The Purchase Agreement requires the relevant Purchaser to have agreed that it (a) will only offer or sell Instruments in Switzerland in compliance with all applicable laws and regulations in force in Switzerland and (b) will to the extent necessary, obtain any consent, approval or permission required, if any, for the offer or sale by it of Instruments under the laws and regulations in force in Switzerland.

In particular, each Purchaser is required to agree that it will make sure that its selling and/or marketing of the Instruments does not qualify as a “public offering” in the meaning of Art. 1156 Para. 1 of the Swiss Code of Obligations or any other applicable Swiss laws, regulations, rules, codes and practices of any nature whatsoever. Further, each Purchaser is required to agree that any issue of Instruments denominated in Swiss Francs will be in compliance with the Directive on Notes of Foreign Borrowers of May 2001 of the Swiss Bankers Association.

Singapore

Each Purchaser will be required to acknowledge that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Purchaser will be required to represent and agree that it has not offered or sold any Instruments or caused such Instruments to be made the subject of an invitation for subscription or purchase and will not offer or sell such Instruments or cause such Instruments to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Instruments, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Instruments are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Instruments pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or

- (iv) as specified in Section 276(7) of the SFA.

Hong Kong

Each Purchaser will be required to represent and agree that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Instruments except for Instruments which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**Securities and Futures Ordinance**”) other than (a) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Instruments, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Instruments which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

People’s Republic of China

Each Purchaser will be required to represent and agree that the Instruments are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People’s Republic of China.

Brazil

The Instruments may not be offered or sold to the public in Brazil and the offering of the Instruments has not been submitted to the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários, the “CVM”) for approval. Each Purchaser is required to represent and agree that the documents relating to such offering, as well as the information contained therein, may not be supplied to the public as a public offering in Brazil or be used in connection with any offer for subscription or sale to the public in Brazil.

India

Each Purchaser will be required to represent and agree that it has not offered or sold and will not offer or sell in India, by means of any document, any Instruments in circumstances which would constitute an offering to the public within the meaning of the Companies Act, 1956; and that any document by means of which it offers the Instruments will not be generally distributed or circulated in India and will be for the sole consideration and exclusive use of the persons permitted to acquire Instruments under Indian law to whom it is issued. This Prospectus is strictly personal to the recipient and neither this Prospectus nor the offering of Instruments is calculated to result, directly or indirectly, in the Instruments becoming available for subscription or purchase by persons other than those receiving the invitation or offer.

The Instruments have not been approved by the Securities and Exchange Board of India, Reserve Bank of India or any other regulatory authority of India, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. This Prospectus has not been and will not be registered as a prospectus or a statement in lieu of prospectus with the Registrar of Companies in India.

Prospective investors must seek legal advice as to whether they are entitled to subscribe to the Instruments and must comply with all relevant Indian laws in this respect. Each investor is deemed to have acknowledged and agreed that it is eligible to invest in the Instruments under applicable laws and regulations and that it is not prohibited under any law or regulation in India from acquiring, owning or selling the Instruments.

Russian Federation

Each Purchaser will be required to represent, warrant and agree that it has not offered or sold or otherwise transferred and will not offer or sell or otherwise transfer as part of their initial distribution or at any time thereafter any Instrument to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation unless and to the extent otherwise permitted under Russian law.

Information set forth in this Prospectus is not an offer, or an invitation to make offers, to sell, exchange or otherwise transfer, the Instruments in the Russian Federation or to or for the benefit of any Russian person or entity.

The Instruments may not be sold or offered to or for the benefit of any person (including legal entities) that are resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation unless and to the extent otherwise permitted under Russian law; it being understood and agreed that the Purchaser may distribute this Prospectus to qualified investors (as defined under Russian law) in the Russian Federation in a manner that does not constitute an advertisement (as defined in Russian law) of Instruments and may sell Instruments to Russian qualified investors in a manner that does not constitute "placement" or "public circulation" of the Instruments in the Russian Federation (as defined in Russian law).

Since neither the issuance of the Instruments nor a Russian securities prospectus in respect of the Instruments has been registered, or is intended to be registered, with the Federal Service for Financial Markets of the Russian Federation, the Instruments are not eligible for initial offering or public circulation in the Russian Federation.

General

No action has been or will be taken in any country or jurisdiction by the Issuer that would permit a public offering of Instruments, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Instruments or have in their possession or distribute this document on such offering material, in all cases at their own expense.

The Purchase Agreement provides that Purchasers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of a change or changes in official interpretation of or a change or changes in applicable laws and regulations, after the date of the Purchase Agreement, no longer be applicable.

Purchasers will be required to comply with such other additional restrictions as the Issuer and the relevant Purchaser shall agree in writing.

TRANSFER RESTRICTIONS

Rule 144A/Restricted Notes

Each purchaser of Instruments in the form of Restricted Notes pursuant to Rule 144A, by accepting delivery of this Prospectus and any applicable Final Terms, will be deemed to have represented, agreed and acknowledged that:

- (1) It is purchasing the Instruments for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is a Qualified Institutional Buyer, and is aware that the sale to it is being made in reliance on Rule 144A.
- (2) The Instruments have not been registered under the Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of U.S. persons, except as set forth below.
- (3) It understands and agrees that Instruments initially offered in the United States to Qualified Institutional Buyers will be represented by 144A Global Notes.
- (4) It agrees that it will not offer, resell, pledge or otherwise transfer any of such Instruments except (A) to the Issuer or a Purchaser, (B) within the United States to a Qualified Institutional Buyer in a transaction complying with Rule 144A, (C) outside the United States, in compliance with Rule 903 or 904 of Regulation S under the Securities Act, (D) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (E) pursuant to an effective registration statement under the Securities Act.
- (5) It agrees that it will give to each person to whom it resells, pledges or transfers the Instruments notice of any restrictions on transfer of such Instruments.
- (6) It acknowledges that prior to any proposed resale, pledge or transfer of Instruments to a person who takes delivery in the form of an interest in an Unrestricted Global Note of the same Series, the Holder of such Instruments will be required to provide certifications relating to the manner of such transfer.
- (7) It acknowledges that the Issuer, the Purchaser(s) and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the Instruments are no longer accurate, it shall promptly notify the Issuer and the Purchaser(s). If it is acquiring the Instruments as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each account.
- (8) Set forth below is a form of legend which will appear on the face of the Restricted Notes and which will be used to notify transferees of the foregoing restrictions on transfer. Additional copies of such notice may be obtained from the Fiscal Agent.

“THIS INSTRUMENT HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR ANY OTHER SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF EXPORT DEVELOPMENT CANADA (THE “ISSUER”) THAT THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER, (2) SO LONG AS THIS INSTRUMENT IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT (“RULE 144A”), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN ACCORDANCE WITH RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER

APPLICABLE JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.”

Any additional transfer restrictions on the Instruments shall be set forth in the relevant Instrument.

Regulation S Notes/Unrestricted Notes

Each purchaser of Instruments outside the United States pursuant to Regulation S and each subsequent purchaser of such Instruments in resales prior to the expiration of the distribution compliance period (as used in “Subscription and Sale”), by accepting delivery of this Prospectus and the Instruments, will be deemed to have represented, agreed and acknowledged that:

(9) It is, or at the time Instruments are purchased will be, the beneficial owner of such Instruments and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.

(10) It understands that such Instruments have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Instruments except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believe is a Qualified Institutional Buyer purchasing for its own account or the account of a Qualified Institutional Buyer or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

(11) It understands that such Instruments, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend to the following effect:

“THIS INSTRUMENT HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 AS AMENDED (THE “SECURITIES ACT”). THIS INSTRUMENT IS BEING OFFERED OUTSIDE THE UNITED STATES AND, PRIOR TO THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S (“REGULATION S”) UNDER THE SECURITIES ACT), THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), EXCEPT TO A PERSON REASONABLY BELIEVED TO BE A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A (“RULE 144A”) UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A AND THE FISCAL AGENCY AGREEMENT REFERRED TO HEREIN.”

(12) It understands that the Issuer, the Registrar, the Purchaser(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

(13) It understands that Instruments in registered form offered in reliance on Regulation S will be represented by an Unrestricted Global Note. Prior to the expiration of the distribution compliance period, before any interest in a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note of the same Series, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Fiscal Agency Agreement) as to compliance with applicable securities laws.

GENERAL INFORMATION

1. The issuance of Instruments under this Programme is subject to the approval of the Minister of Finance of Canada. The terms and conditions of each Final Terms shall, in respect of Instruments with a term greater than 365 days, be approved by the Issuer's President or Senior Vice President and Chief Financial Officer or such other officer as may be authorized from time to time in accordance with the Standing Resolution of the Board of Directors of the Issuer authorizing the Issuance of Debt Instruments adopted by the Board of Directors February 23, 2012 as amended, replaced or superseded from time to time (the "**Standing Resolution**").
2. The listing of the Instruments on the Official List will be expressed as a percentage of their principal amount (exclusive of accrued interest). Any Tranche of Instruments which is to be admitted to the Official List and to trading on the Regulated Market will be admitted separately upon submission of the applicable Final Terms and any other information required, subject to the issue of the relevant Instruments. Prior to official listing, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction.
3. From the date of this document and throughout the life of the Programme, copies and, where appropriate, English translations of the following documents may be obtained from the Investor Relations page on the Issuer's website at www.edc.ca, save that copies of documents incorporated by reference herein with respect to Canada may be obtained from the SEC website at www.sec.gov/edgar/searchedgar/companysearch.html under the name of Canada, namely:
 - this Prospectus, together with any supplements hereto and all documents incorporated herein or therein by reference; and
 - any Final Terms.
4. From the date of this document and throughout the life of the Programme, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the registered office of the Issuer and the specified office of the Fiscal Agent, namely:
 - the *Export Development Act (Canada)* and the *Financial Administration Act (Canada)*;
 - the By-Law of the Issuer and the Standing Resolution;
 - the Fiscal Agency Agreement;
 - the pro forma Purchase Agreement;
 - the Deed of Covenant;
5. The Instruments have been accepted for clearance through Euroclear and Clearstream, Luxembourg, which are the entities in charge of keeping the records in respect of the Instruments. The appropriate common code and International Securities Identification Number in relation to the Instruments of each Series and the relevant identification number(s) of any other clearing system as shall have accepted the relevant Instruments for clearance will be specified in the Final Terms relating thereto. If the Instruments are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms. The address of Euroclear is 3 Boulevard du Roi Albert II, B.1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J. F. Kennedy, L-1855 Luxembourg.
6. The price and amount of Instruments to be issued under the Programme will be determined by the Issuer and the relevant Purchaser(s) at the time of issue in accordance with prevailing market conditions.
7. Bearer Instruments (other than Temporary Global Instruments) and any Coupon appertaining thereto will bear a legend substantially to the following effect: "Any United States person who holds this

obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.” The sections referred to in such legend provide that a United States person who holds a Bearer Instruments or Coupon generally will not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer Instruments or Coupon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

8. Settlement arrangements will be agreed between the Issuer, the relevant Purchaser(s) and the Fiscal Agent or, as the case may be, the Registrar in relation to each Tranche of Instruments.
9. The Issuer has no intention to provide any post-issuance information in relation to any issue of Instruments.
10. The Programme is the subject of a legal opinion, given on the date of this document to the Issuer, by internal Legal Counsel to the Issuer.
11. Except as set out in the tables at page 12-14 (External Trade), as set out at pages 15-16 (Balance of Payments), as set out at page 17 (Foreign Exchange and International Reserves) and as set out at pages 25-29 (Government Finances - Unmatured Market Debt) of the Form 18-K, incorporated by reference herein, there has been no significant change in the information on Canada’s tax and budgetary systems, gross public debt, foreign trade and balance of payment figures, foreign exchange reserves, financial position and resources and income and expenditure figures since the date at which the relevant data has been presented, being either March 31, 2012 (the end of the last fiscal year in respect of which Canada has published audited annual consolidated financial statements) or December 31, 2011 (the end of the last calendar year for information relating to External Trade, Balance of Payments and Foreign Exchange and International Reserves at the pages referenced above, which is provided on a calendar year basis), as the case may be.
12. There has been no significant change to the information set out under the heading “Export Development Canada — Financial Information” on pages 82 to 84 hereof which has occurred since December 31, 2011.
13. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering the 12 month period preceding the date of this Prospectus may have, or have had in the recent past, significant effects on the Issuer’s financial position.
14. The Instruments constitute direct, unconditional obligations of the Issuer and as such constitute direct and unconditional obligations of Her Majesty in right of Canada. Payments of principal of and interest on the Instruments are a charge on and payable out of the Consolidated Revenue Fund of Canada. The Consolidated Revenue Fund is the aggregate of all public moneys, such as tax revenues, which are on deposit to the credit of the Receiver General for Canada (the public officer who receives or collects public moneys for and on behalf of Canada). The Holders of Instruments may enforce payment against Her Majesty in right of Canada by suit in the Federal Court of Canada or a provincial court of competent jurisdiction, no governmental or other consent being required for such enforcement. A judgement obtained in an action brought against Her Majesty in right of Canada is not capable of being enforced by execution, but is payable out of the Consolidated Revenue Fund of Canada.
15. The Auditor General of Canada audits the public accounts of Canada and the annual financial statements of the Issuer.

REGISTERED OFFICE OF THE ISSUER

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K1A 1K3
Canada

LEGAL ADVISERS TO THE ISSUER

in respect of Canadian law

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**FISCAL AGENT, PAYING AGENT AND
SECOND ALTERNATIVE REGISTRAR**

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PRINCIPAL REGISTRAR

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**FIRST ALTERNATIVE REGISTRAR AND
PAYING AGENT**

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