



(Montréal, Québec)

\$50,000,000,000

Canadian Medium Term Note Programme
for the issue of Notes with maturities
of one year or longer guaranteed as to payment
of principal and interest by
QUÉBEC

On May 6, 1996, Hydro-Québec implemented its Canadian Medium Term Note Programme (the "Programme"). This Offering Circular supersedes any previous offering circular relating to the Programme. All Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are subject to the provisions of this Offering Circular, which, however, has no effect on Notes already issued and outstanding.

Under the Programme, Hydro-Québec may, from time to time, issue and sell in Canada notes denominated in Canadian dollars or U.S. dollars (the "Notes"). The purchaser of the Notes may be an Agent (as defined below) acting for its own account or another person acting through an Agent, and the Notes may also be sold to a group of underwriters, who may or may not be Agents, for public issue. Furthermore, Hydro-Québec reserves the right to distribute Notes to a purchaser through a dealer other than the Agents and to distribute Notes directly to the Caisse de dépôt et placement du Québec, the Hydro-Québec Pension Fund, the Sinking Fund pertaining to borrowings of Hydro-Québec, and the Sinking Fund pertaining to borrowings of the Gouvernement du Québec. Any purchaser of Notes is hereinafter referred to as a "Purchaser." The Notes will have maturities of one year or longer and, subject as set out herein, the aggregate amount of the initial offering prices of all Notes at any time outstanding will not exceed \$50,000,000,000, calculated as set forth herein (see "Plan of Distribution") in the case of Notes denominated in U.S. dollars. The payment of the principal of and interest on the Notes is guaranteed by Québec.

Each issue and sale of Notes will be in an aggregate principal amount of \$1,000 (Canadian dollars or U.S. dollars) or an integral multiple thereof. The Notes will be recorded only with CDS Clearing and Depository Services Inc. (the "Depository") or any depositary that Hydro-Québec may designate and will be represented by a global certificate registered in the name of the Depository or its nominee, presently CDS & Co., or by a book-entry position established in the name of such Depository or nominee. Beneficial interests in the Notes will be evidenced only by records maintained by the Depository (with respect to its participants' interests) and by its participants, and transfers of such interests will be effected solely by means of such records.

The applicable terms and conditions of any Notes will be agreed between Hydro-Québec and the Purchaser prior to the issue and sale of the Notes and will be specified in the applicable Pricing Supplement. Hydro-Québec reserves the right to specify in such Pricing Supplement terms and conditions different from those set forth in this Offering Circular.

The Notes are being offered on a continuous basis by Hydro-Québec through the Agents specified below (each an "Agent" and together the "Agents"). Hydro-Québec will have the sole right to accept any offer to purchase Notes and may reject any such offer in whole or in part. The Agents have agreed with Hydro-Québec to use their best efforts to maintain the existence of a secondary market for the Notes. See "Plan of Distribution".

National Bank Financial Inc.

BMO Nesbitt Burns Inc.

The Toronto-Dominion Bank

RBC Dominion Securities Inc.

Laurentian Bank Securities Inc.

Casgrain & Company Limited

CIBC World Markets Inc.

Scotia Capital Inc.

Desjardins Securities Inc.

Hydro-Québec has taken all reasonable care to ensure that the facts stated herein in relation to Hydro-Québec and in relation to the Notes are true and accurate in all material aspects and that there are no other material facts in relation to Hydro-Québec and the Notes the omission of which would make any statement herein, whether of fact or opinion, misleading.

No person has been authorized to give any information or to make any representations other than those contained in this Offering Circular (or in any amendments made from time to time to this Offering Circular and any supplementary terms and conditions provided in any Pricing Supplement or in any Note) in connection with the offering or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorized. Neither the delivery of this Offering Circular nor the issue of the Notes nor any sale thereof shall, under any circumstances, create any implication that there has been no change in the affairs of Hydro-Québec since the date hereof. This Offering Circular does not constitute an offer or invitation by anyone in any jurisdiction in which such offer is not authorized or to any person to whom it is unlawful to make such offer or invitation. Neither this Offering Circular nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of Hydro-Québec or any of the Agents to any person to purchase any of the Notes.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted. The Agents and Hydro-Québec require persons into whose possession this Offering Circular or any Notes come to inform themselves about and observe any and all such restrictions.

More particularly the Notes have not been and will not be registered under the United States law entitled *Securities Act of 1933*, as amended (the “*Act of 1933*”), and, subject to certain exceptions, may not be offered, sold or delivered within the United States of America or to U.S. persons (within the meaning of Regulation S adopted under the *Act of 1933*), except pursuant to a registration statement under the *Act of 1933* or in accordance with the provisions of Rule 144A adopted under the *Act of 1933* or an exemption from registration under the *Act of 1933*.

In this Offering Circular, references to “\$” and “dollar” are to Canadian dollars, and references to “U.S. dollars” are to dollars of the United States of America.

TABLE OF CONTENTS

I.	RÉSUMÉ DES MODALITÉS DU PROGRAMME ET DES BILLETS	4
II.	SUPPLÉMENT DE MODALITÉS	5
III.	MODALITÉS DES BILLETS	7
IV.	UTILISATION DU PRODUIT.....	23
V.	MODE DE PLACEMENT.....	23

I. SUMMARY OF THE TERMS AND CONDITIONS OF THE PROGRAMME AND THE NOTES

The following summary does not purport to be complete and is taken from and is qualified in its entirety by the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Series of Notes, by the applicable Pricing Supplement. Words and expressions defined in the Terms and Conditions of the Notes shall have the same meanings when used in this summary.

Issuer: Hydro-Québec.

Guarantor: Québec.

Description: Canadian Medium Term Note Programme.

Agents: National Bank Financial Inc., BMO Nesbitt Burns Inc., Casgrain & Company Limited, The Toronto-Dominion Bank, CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Laurentian Bank Securities Inc. and Desjardins Securities Inc.

Amount: Up to \$50,000,000,000 (calculated as set forth herein in the case of Notes denominated in U.S. dollars) aggregate initial offering prices of all Notes outstanding at any time. Hydro-Québec will have the option to increase such amount at any time.

Currencies: Canadian dollars or (except for Real Return Notes) U.S. dollars as may be agreed between Hydro-Québec and the Purchaser (as specified in the applicable Pricing Supplement).

Maturities: Any maturity of one year or longer (as specified in the applicable Pricing Supplement).

Issue Price: Notes will be sold at the price agreed between Hydro-Québec and the Purchaser.

Form, Registration, Transfer and Denominations of Notes: The Notes will be recorded only with the Depositary or any depositary that Hydro-Québec may designate and will be represented by a global certificate registered in the name of the Depositary or its nominee, presently CDS & Co., or by a book-entry position established in the name of such Depositary or nominee. Beneficial interests in the Notes will be evidenced only by records maintained by the Depositary (with respect to its participants' interests) and by its participants, and transfers of such interests will be effected solely by means of such records. Notes will be issued in denominations of \$1,000 (Canadian dollars or U.S. dollars, as the case may be) or an integral multiple thereof.

Fixed Rate Notes: Fixed interest will be payable in arrears on such date or dates in each year as may be agreed between Hydro-Québec and the Purchaser (as specified in the applicable Pricing Supplement) and on repayment or redemption.

Floating Rate Notes: Floating Rate Notes will bear interest on the Floating Rate basis agreed upon between Hydro-Québec and the Purchaser (as indicated in the relevant Pricing Supplement), payable in arrears on the date or dates each year as may be agreed between Hydro-Québec and the Purchaser (as specified in the applicable Pricing Supplement) and on repayment or redemption.

Dual Currency Notes: Payments (in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in Canadian dollars or U.S. dollars and based on such rate of exchange as may be agreed between Hydro-Québec and the Purchaser (as specified in the applicable Pricing Supplement).

Zero Coupon Notes: Zero Coupon Notes will be issued and sold at a discount and will not bear interest.

Indexed Notes: Payments (in respect of principal or interest and whether at maturity or otherwise) in respect of Indexed Notes (which do not include Real Return Notes) will be calculated by reference to such Index and/or Formula as may be agreed between Hydro-Québec and the Purchaser (as specified in the applicable Pricing Supplement).

Real Return Notes: Real Return Notes (i.e. the return after taking into account the effect of inflation on the purchasing power of money) will bear interest at a nominal rate adjusted in relation to the Consumer Price Index for Canada (as specified in the applicable Pricing Supplement), and said interest will consist of both an Inflation Compensation component calculated on the principal amount of the Notes and a cash component calculated on the principal amount of the Notes and the accrued Inflation Compensation component. The cash component of the interest will be payable in arrears on such date or dates in each year as may be agreed between Hydro-Québec and the Purchaser (as specified in the applicable Pricing Supplement) and on repayment or redemption. The Inflation Compensation component will be payable on repayment or redemption.

Redemption and Purchase: The Notes cannot be redeemed prior to their stated maturity unless the Pricing Supplement provides that such Notes will be redeemable at the option of Hydro-Québec and/or the Noteholders. Hydro-Québec may at any time purchase Notes in any manner and at any price.

Principal Amount of each Issue and Sale: Each issue and sale of Notes will be in an aggregate principal amount of \$1,000 (Canadian dollars or U.S. dollars) or an integral multiple thereof as may be agreed between Hydro-Québec and the Purchaser and as specified in the applicable Pricing Supplement.

Payment: All payments of principal, premium and interest on the Notes will be made in the Specified Currency to the registered holder (the Depositary or its nominee) of the global Note representing such Notes.

Status of the Notes: The Notes will constitute valid and unconditional obligations of Hydro-Québec, will not be secured and will rank *pari passu* among themselves and with all other debentures, notes or similar securities issued by Hydro-Québec and outstanding at the date hereof or in the future.

Governing Law: The Notes will be governed by, and construed in accordance with, the laws of Québec and the laws of Canada applicable therein.

Authorization: The Notes will be issued under and pursuant to the *Hydro-Québec Act* (R.S.Q. Chap. H-5), as well as any By-law of Hydro-Québec and Order in Council of Québec authorizing the Programme and, as the case may be, having modified it.

Limitation period: Under applicable law in Québec, Hydro-Québec's obligation to make any payment in respect of the Notes will be extinguished three years after the date on which such payment is due, unless such right to payment is exercised judicially before the expiration of such three-year period.

II. PRICING SUPPLEMENT

The Pricing Supplement relating to each issue of Notes may contain the following information in respect of such Notes (all words and expressions defined in the Terms and Conditions of the Notes (see below) having the same meaning when used herein and all references to numbered Terms and Conditions being to the corresponding paragraphs of such Terms and Conditions):

- i) the Series number;
- ii) the date of issue of the Notes;
- iii) the date of the Offering Circular containing the Terms and Conditions of the Notes as replaced or modified by the Pricing Supplement;
- iv) the Specified Currency (Currencies in the case of Dual Currency Notes);
- v) the aggregate principal amount of the Notes to be issued;
- vi) the Interest/Payment Basis;
- vii) if the Notes are not to be of any single specified Interest/Payment Basis continuously from the date on which the Notes are issued to the stated maturity thereof, the dates from (and including) which and to (but excluding) which each Interest/Payment Basis shall apply;
- viii) the Interest Commencement Date;
- ix) the number of days within the first Interest Period, if shorter or longer than the other Interest Periods (excluding the last Interest Period);
- x) the number of days within the last Interest Period, if shorter or longer than the other Interest Periods (excluding the first Interest Period);
- xi) the Maturity Date;
- xii) in the case of Fixed Rate Notes:
 - a) the Fixed Rate(s), and if more than one rate applies, the date on which each rate comes into effect;

- b) the Interest Payment Date(s);
- c) the Initial Fixed Interest Amount, if any; and
- d) the Final Fixed Interest Amount, if any;

xiii) in the case of Floating Rate Notes:

- a) the Interest Payment Date(s);
- b) the manner in which the Floating Rate is to be determined, including:
 - 1) the Reference Rate;
 - 2) the Designated Maturity;
 - 3) the Interest Reset Date(s);
 - 4) the Spread(s), if any;
- c) the minimum rate, if any, at which the Notes will bear interest, which may remain the same throughout the life of the Notes or increase and/or decrease;
- d) the maximum rate, if any, at which the Notes will bear interest, which may remain the same throughout the life of the Notes or increase and/or decrease;
- e) the denominator to be used for calculating the Floating Interest Amount, if different from the denominator set forth in Condition 3 b) ii);

xiv) in the case of Indexed Notes:

- a) the Index and/or the Formula; and
- b) the provisions regarding calculation of principal and/or interest in circumstances where such calculation by reference to the Index and/or the Formula is impossible and/or impracticable;

xv) in the case of Dual Currency Notes:

- a) the exchange rate or basis of calculating the exchange rate to be used in determining the amounts of principal and/or interest payable in the Specified Currencies; and
- b) the provisions regarding calculation of principal and/or interest in circumstances where such calculation, by reference to the exchange rate mentioned in a), is impossible and/or impracticable;

xvi) in the case of Real Return Notes:

- a) the Original Issue Date;
- b) the Interest Payment Date(s);
- c) the Nominal Rate;
- d) the Official Time Base;
- e) the reference CPI applicable as of the Original Issue Date;

xvii) if the Notes are redeemable at the option of Hydro-Québec:

- a) each Optional Redemption Date;
- b) each Optional Redemption Amount and the method, if any, of calculating the same; and
- c) if the Notes are redeemable in part:
 - 1) the Minimum Redemption Amount;

- 2) the Maximum Redemption Amount;
- xviii) if the Notes are redeemable at the option of the Noteholders:
 - a) each Optional Redemption Date; and
 - b) each Optional Redemption Amount and the method, if any, of calculating the same;
- xix) the applicable definition of "Business Day" (if different from that set out in the Terms and Conditions of the Notes);
- xx) any other relevant terms of such Notes;
- xxi) if a public issue, the name of the underwriters; and
- xxii) the ISIN number of the Notes.

III. TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes.

The Notes are part of a Series (as defined below) of Notes (the "Notes", which word shall mean all the Notes issued under the terms of the Programme, whether represented by a global certificate or by a book-entry position) having the following terms and conditions which will be attached to or incorporated by reference into a global certificate or to the documentation relating to the issuance of the Notes, as applicable, but the relevant Pricing Supplement in relation to any Series (as defined below) of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, be added to these Terms and Conditions or replace or modify them for the purpose of such Series of Notes.

When used herein, the following words and expressions shall have the following meanings:

Reference Banks: for purposes of

- i) the Canadian Treasury Bill Rate, four major banks of Schedule 1 of the *Bank Act* (Canada), and
- ii) the U.S. Prime Rate, three major banks in New York City, United States of America,

in each case selected by Hydro-Québec or specified in the applicable Pricing Supplement;

Interest/Payment Basis: the Interest/Payment Basis of the Note, which may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Indexed Note, a Dual Currency Note or a Real Return Note;

Zero Coupon Note: a Note issued on a non-interest bearing basis;

Dual Currency Note: a Note in respect of which interest is payable in a Specified Currency other than the Specified Currency in which such Note is denominated;

Real Return Note: a Note bearing interest at a Nominal Rate adjusted in relation to the CPI (as defined below), this interest consisting of both an Inflation Compensation component calculated on the Principal and a cash component calculated on the Principal and the accrued Inflation Compensation;

Fixed Rate Note: a Note bearing interest on the basis of a Fixed Rate;

Floating Rate Note: a Note bearing interest on the basis of a Floating Rate;

Indexed Note: a Note (other than a Real Return Note) in respect of which principal and/or interest is calculated by reference to an Index and/or a Formula;

Reference Dealers: for the purposes of the U.S. Treasury Bill Rate, refers to three principal dealers for U.S. government securities in New York City, selected by Hydro-Québec or specified in the applicable Pricing Supplement;

Interest Commencement Date: in the case of an interest-bearing Note, the date from which such Note bears interest, which may or may not be the date on which such Note is issued;

Maturity Date: the date on which a Note (unless previously redeemed) will mature;

Original Issue Date: the date on which the first Tranche of a specific Series of Real Return Notes is issued, as specified in the applicable Pricing Supplement;

Interest Reset Date: a date on which the Reference Rate applicable to a Floating Rate Note is reset, which may be monthly, quarterly, semiannually, annually or otherwise, as specified in the applicable Pricing Supplement;

Interest Payment Date: the date or dates (each year, if applicable) on which interest is payable during the term of a Note;

Optional Redemption Date: in the case of a Note redeemable at the option of Hydro-Québec and/or the Noteholders, each date upon which redemption may occur, which date must be an Interest Payment Date;

Calculation Date: as pertains to any Interest Reset Date of the U.S. Prime Rate or the U.S. Treasury Bill Rate, means the tenth calendar day after such Interest Reset Date or, if any such day is not a Business Day, the next succeeding Business Day;

Depository: CDS Clearing and Depository Services Inc. or any other successor depository as may be appointed by Hydro-Québec;

U.S. dollars: the legal currency of the United States of America;

Canadian dollars: the legal currency of Canada;

Spread: the spread or spreads, if any, (expressed as an annual percentage) above or below the Reference Rate by which the Floating Rate in respect of a Floating Rate Note is determined (such spread may remain the same for the term of such note or may increase or decrease);

Designated Maturity: the period to maturity of the instrument or obligation utilized to determine a Reference Rate, as specified in the applicable Pricing Supplement;

Issuer: Hydro-Québec;

Formula: in the case of an Indexed Note, the formula to be used in determining the amounts of Principal and/or interest due;

H.15(519): the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System of the United States of America and available on the website of such Board of Governors at the address “<http://www.federalreserve.gov/releases/h15>” or on any successor site or publication;

H.15 Daily Update: the daily update of H.15(519) available on the website of the Board of Governors of the Federal Reserve System of the United States of America at the address “<http://www.federalreserve.gov/releases/h15/update>” or on any successor site or publication;

Index: in the case of an Indexed Note, the index to which amounts payable in respect of Principal and/or interest are linked;

CPI: the Consumer Price Index for Canada, All-items (not seasonally adjusted), as published by Statistics Canada, or, in limited circumstances, an applicable Substitute Index;

Business Day: means (unless otherwise stated in the applicable Pricing Supplement) a day which is:

- a) a day (other than a Saturday or a Sunday) on which banks are open for business in Montréal, Québec and Toronto, Ontario; and
- b) in relation to Notes denominated in U.S. dollars, a day (other than a Saturday or a Sunday) on which banking institutions in New York City, Montréal, Québec and Toronto, Ontario are not authorized by law or regulation to close;

Specified Currency: the currency in which a Note is denominated and, in the case of a Dual Currency Note, the currency in which payment in respect of interest on such Note is to be made, such currency to be either Canadian dollars or U.S. dollars, except that the Specified Currency of Real Return Notes may only be the Canadian dollar;

Floating Interest Amount: each amount of interest payable on a Floating Rate Note for an Interest Period;

Final Fixed Interest Amount: where the last Interest Period with respect to a Fixed Rate Note is shorter or longer than the preceding Interest Periods thereof (except, as the case may be, the first Interest Period), the amount of the last payment of interest;

Initial Fixed Interest Amount: where the first Interest Period with respect to a Fixed Rate Note is shorter or longer than the subsequent Interest Periods thereof (except, as the case may be, the last Interest Period), the amount of the first payment of interest;

Maximum Redemption Amount: in the case of Notes of a Series redeemable by Hydro-Québec in part, the maximum principal amount of such Notes permitted to be so redeemed at any time;

Minimum Redemption Amount: in the case of Notes of a Series redeemable by Hydro-Québec in part, the minimum principal amount of such Notes to be so redeemed at any time;

Optional Redemption Amount: in the case of a Note redeemable at the option of Hydro-Québec and/or the Noteholders, each redemption amount for such Note generally expressed as a percentage of the principal amount of such Note;

Representative Amount: for purposes of a Reference Rate, an amount that is representative of a single transaction in the relevant market at the relevant time;

Interest Period: the period from and including the Interest Commencement Date up to, but excluding, the first Interest Payment Date and from and including that date and each subsequent Interest Payment Date thereafter to, but excluding, the next Interest Payment Date;

Official Time Base: the official base period for the CPI being 2002 = 100 or any other official base period for the CPI specified in the applicable Pricing Supplement;

Series: all Notes which are denominated in the same Specified Currency and which have the same Maturity Date, Interest/Payment Basis, Interest Periods and Interest Payment Dates (if any) (all as specified in the applicable Pricing Supplement) and the terms and conditions of which (save for the date on which they are issued, the Interest Commencement Date or the price at which they are issued) are otherwise identical;

U.S. prime rate: for an Interest Reset Date, the rate set forth in H.15(519) on that Interest Reset Date opposite the caption “Bank Prime Loan”. If by 5:00 P.M. (New York City time) on the Calculation Date pertaining to that Interest Reset Date such rate for that Interest Reset Date is not yet published in H.15(519), the U.S. Prime Rate for that Interest Reset Date will be the rate set forth in the H.15 Daily Update, or on any other recognized electronic source used to publish that rate, on that Interest Reset Date opposite the caption “Bank Prime Loan”. If by 5:00 P.M. (New York City time) on such Calculation Date, such rate for that Interest Reset Date is not yet thus published in H.15(519) nor in H.15 Daily Update or any other recognized electronic source, the U.S. Prime Rate for that Interest Reset Date will be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Bloomberg (BTMM US) Page as such bank’s prime rate or base lending rate in effect for that Interest Reset Date as quoted on the Bloomberg (BTMM US) Page on that Interest Reset Date or, if fewer than four rates appear on the Bloomberg (BTMM US) Page for that Interest Reset Date, the U.S. Prime Rate will be the arithmetic mean of the rates of interest publicly announced by each Reference Bank as its U.S. dollar prime rate or base lending rate as in effect for that Interest Reset Date;

Canadian Prime Rate: for an Interest Reset Date, the rate determined by Hydro-Québec to be the average of the rates publicly quoted by the banks of Schedule 1 of the *Bank Act* (Canada) as base rates for determining interest rates on Canadian dollar commercial loans in Canada and prevailing at 10:00 A.M. (Toronto time) on that Interest Reset Date;

Reference Rate: the rate used to determine the Floating Rate applicable to a Floating Rate Note in accordance with these terms and conditions and as specified in the applicable Pricing Supplement;

U.S. Treasury Bill Rate: (i) for an Interest Reset Date, the average auction rate for direct bonds of the United States of America (“U.S. Treasury Bills”) of the Designated Maturity (the “Relevant Treasury Bills”) sold at the last auction preceding such Interest Reset Date, provided that it did not take place more than seven days prior to such date, as such rate appears on the Bloomberg (BTMM US) page; (ii) if the rate described in (i) has not yet been published by 3:00 P.M. (New York City time) on the Calculation Date relating to such Interest Reset Date (the “Relevant Calculation Date”), the U.S. Treasury Bill Rate for such Interest Reset Date shall be the bond yield equivalent of the rate, on such Interest Reset Date, of the Relevant Treasury Bills appearing in the H.15 Daily Update (or any other recognized electronic source used to publish such rate) under the heading “U.S. Government Securities / Treasury bills / Auction High”; (iii) if the rate described in (ii) has not yet been

published by 3:00 P.M. (New York City time) on the Relevant Calculation Date, the U.S. Treasury Bill Rate for such Interest Reset Date shall be the Bond Yield Equivalent of the average auction rate, on such Interest Reset Date, for the Relevant Treasury Bills, as announced by the U.S. Department of the Treasury; (iv) if the rate described in (iii) has not been announced by the U.S. Department of the Treasury or if the auction described in (i) has not taken place, the U.S. Treasury Bill Rate for such Interest Reset Date will be the bond yield equivalent of the rate, on such Interest Reset Date, for the relevant Treasury Bills appearing in H.15(519) under the heading "U.S. Government Securities / Treasury bills / Secondary Market"; (v) if the rate described in (iv) has not yet been published by 3:00 P.M. (New York City time) on the Relevant Calculation Date, the U.S. Treasury Bill Rate for such Interest Reset Date shall then be the rate, on such Interest Reset Date, of the Relevant Treasury Bills appearing in the H.15 Daily Update (or any other recognized electronic source used to publish such rate) under the heading "U.S. Government Securities / Treasury bills / Secondary Market"; or (vi) if the rate described in (v) has not yet been published by 3:00 P.M. (New York City time) on the Relevant Calculation Date, the U.S. Treasury Bill Rate for such Interest Reset Date will be the rate calculated by Hydro-Québec as the bond yield equivalent of the arithmetic mean of the secondary market bid rates, at approximately 3:30 P.M. (New York City time) on such Interest Reset Date, by the Reference Dealers for the issuance of Treasury Bills with a term to maturity closest to the Designated Maturity.

The "Bond Yield Equivalent" will be a yield calculated in accordance with the following formula and expressed as a percentage:

$$\text{Bond Yield Equivalent} = \{[D * N] / [360 - (D * M)]\} * 100$$

where "D" refers to the annual rate applicable to treasury bills quoted on a bank discount basis and expressed in decimals, "N" refers to 365 or 366, as applicable, and "M" refers to the actual number of days in the Interest Period for which interest is calculated;

Canadian Treasury Bill Rate: for an Interest Reset Date, the average rate for Government of Canada Treasury bills of the Designated Maturity which appears on the Bloomberg (BTMM CA) page as of 10:00 A.M. (Toronto time) on that Interest Reset Date. If such rate does not appear on the Bloomberg (BTMM CA) page, the Canadian Treasury Bill Rate for that Interest Reset Date will be the arithmetic mean of the secondary market bid rates of the Reference Banks as of 10:00 A.M. (Toronto time) on that Interest Reset Date for the issue of current Government of Canada Treasury Bills with a remaining maturity closest to the Designated Maturity. Hydro-Québec will request that each of the Reference Banks provide a quotation of its rate;

Fixed Rate: the rate, generally expressed as a percentage per annum, at which a Fixed Rate Note bears interest, which may remain the same throughout the life of such Note or increase or decrease;

SOFR rate: for an Interest Reset Date, means an annual rate corresponding to the secured overnight financing rate appearing on the Secured Overnight Financing Rate Data page on the Federal Reserve Bank of New York's website, currently at <http://www.newyorkfed.org/>, or any replacement source for the secured overnight financing rate designated as such by the SOFR administrator from time to time, at approximately 8:00 A.M. (New York City time) on such Interest Reset Date, and if such rate is not available at approximately 8:00 A.M. (New York City time) on such Interest Reset Date, the SOFR rate on such Interest Reset Date shall be determined based on the SOFR rate at approximately 8:00 A.M. (New York City time) on the day that is the first (1st) preceding Business Day for which the Reference Rate has been published, provided that such first (1st) preceding Business Day does not exceed three (3) Business Days prior to the second (2nd) Business Day referred to above;

Nominal Rate: the rate, generally expressed as a percentage per annum, at which a Real Return Note bears interest before any adjustment of such rate in relation to the CPI;

Floating Rate: the rate at which a Floating Rate Note bears interest, generally expressed as a percentage per annum and determined on the basis of a Reference Rate plus or minus the Spread;

Tranche: all Notes of the same Series which have the same date of issue and identical terms and conditions.

Words and expressions defined in these terms and conditions shall have the same meanings where used in any Pricing Supplement unless the context otherwise requires or unless otherwise stated.

1. Form, Registration and Transfer

The Notes of this Series will be recorded only with the Depositary and will be represented by a global certificate registered in the name of the Depositary or its nominee or by a book-entry position established in the name of such Depositary or nominee. Beneficial interests in the Notes will be evidenced only by, and transfers thereof will be effected only through,

records maintained by the Depositary (with respect to its participants' interests) and by its participants, and transfers of such interests (which must be made only in denominations of \$1,000 or in whole multiples thereof) will be effected solely by means of such records. Accordingly, each person holding a beneficial interest in the Notes must rely on the procedures of the Depositary and, if that person is not a participant of the Depositary, on the procedures of the participant through which it holds that interest, in order to exercise any rights as a holder.

Hydro-Québec will keep or cause to be kept a register in which will be recorded registrations, entries and transfers of the Notes. This register will be kept at the office of Hydro-Québec's Treasurer, at 75 René-Lévesque Boulevard West, Montréal, Québec H2Z 1A4, or at any other office of which Hydro-Québec has notified the holders.

No transfer of these Notes shall be valid unless duly recorded in the above-mentioned register and upon fulfillment of any other reasonable condition that Hydro-Québec may require.

The Notes may only be transferred in their entirety, by the Depositary to its nominee or by a nominee of the Depositary to the Depositary or to another of its nominees, or by the Depositary or any other nominee of the Depositary to the successor of the Depositary or to the nominee of that successor.

The Notes are, depending on the Interest/Payment Basis specified in the applicable Pricing Supplement, Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Indexed Notes, Dual Currency Notes, Real Return Notes, or Notes combining some of the features of such Notes. The provisions in these Terms and Conditions relating to Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes respectively shall, where the context so allows, apply to Dual Currency Notes and Indexed Notes.

2. Status of Notes

The Notes constitute valid and unconditional obligations of Hydro-Québec, are not secured and rank *pari passu* among themselves and with all other notes, debentures or similar securities issued by Hydro-Québec and outstanding at the date hereof or in the future.

3. Interest

a. Interest on Fixed Rate Notes

i. Interest Payment Dates

Each Fixed Rate Note bears interest from and including the Interest Commencement Date at the rate(s) per annum equal to the Fixed Rate(s) specified in the applicable Pricing Supplement and the interest will be payable in arrears on the Interest Payment Date(s) specified in the applicable Pricing Supplement. The first payment of interest will be made on the next Interest Payment Date following the Interest Commencement Date, and the last payment of interest will be made on the Maturity Date.

ii. Calculation of the Interest Payment

If the first Interest Period on a Fixed Rate Note is shorter or longer than the subsequent Interest Periods thereof (except, as the case may be, the last Interest Period), the first payment of interest will amount to the Initial Fixed Interest Amount specified in the applicable Pricing Supplement; If the last Interest Period is shorter or longer than the preceding Interest Periods thereof (except, as the case may be, the first Interest Period), the last payment of interest will amount to the Final Fixed Interest Amount specified in the applicable Pricing Supplement;

Accrued interest payable on a Fixed Rate Note with respect to any Interest Period, except a shorter or longer period referred to in the preceding or following paragraph, will be calculated in accordance with the following formula:

$$\text{Accrued interest} = \text{Principal} * [\text{rates} / \text{frequency}]$$

where "principal" refers to the principal amount, "rate" refers to the applicable fixed interest rate and "frequency" refers to the number of interest payments per year, in each case as specified in the applicable Pricing Supplement.

If the interest due on a Fixed Rate Note is required to be calculated for a period shorter than an Interest Period (except a shorter period hereinabove referred to in this subparagraph (ii)), such interest shall be calculated on the basis of a 365-day year (or a 360-day year of twelve 30-day months in the case of Notes denominated in U.S. dollars) or such other basis as may be indicated in the applicable Pricing Supplement.

If an interest payment date of a Fixed Rate Note is not a Business Day, the Noteholder shall not be entitled to such payment until the next following Business Day and shall not be entitled to any further interest or other payment in respect of such delay.

iii. Payment of interest

Accrued interest on a Fixed Rate Note will be paid subject to and in accordance with the provisions of Condition 5.

a. Interest on Floating Rate Notes

i. Determination of Floating Rate

Hydro-Québec will, on or as soon as practicable after each Interest Reset Date, determine the Floating Rate (subject to any minimum or maximum rate specified in the applicable Pricing Supplement).

All percentages resulting from any calculation on a Floating Rate will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655)).

If, in respect of any Interest Reset Date, the Reference Rate used to determine the Floating Rate cannot be established in the manner set forth in the definition thereof, the Floating Rate then in effect on such Interest Reset Date shall continue to be in effect until the next following Interest Reset Date.

ii. Calculation of the Floating Interest Amount

Each Floating Interest Amount shall be calculated by applying the Floating Rate to the principal amount of the Notes, multiplying the resulting amount by the actual number of days in the relevant Interest Period divided by 365 (or 360 in the case of Notes denominated in U.S. dollars) or such other denominator as specified in the applicable Pricing Supplement and rounding the resultant figure to the nearest cent, with half-cents being rounded upwards.

iii. Interest Payment Dates

Each Floating Rate Note bears interest at the applicable Floating Rate from and including the Interest Commencement Date and such interest will be payable in arrears on the Interest Payment Date(s) specified in the applicable Pricing Supplement. Unless otherwise specified in the applicable Pricing Supplement, if any Interest Payment Date of a Floating Rate Note (provided such Interest Payment Date does not correspond to the Maturity Date) is not a Business Day, it shall be postponed to the next following Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day. If such interest payment date corresponds to the Maturity Date and is not a Business Day, such interest payment date shall not be postponed but, in such case, the Noteholder shall not be entitled to the payment of interest due on such date until the next following Business Day and shall not be entitled to any further interest or other payment in respect of such delay.

iv. Payment of interest

Accrued interest on a Floating Rate Note will be paid subject to and in accordance with the provisions of Condition 5.

v. Minimum and/or maximum rate

If the Note is subject to a minimum rate for any Interest Period then, in the event that the Floating Rate in respect of any such Interest Period determined in accordance with paragraph 3. b. i. is less than such minimum rate, the Floating Rate for such Interest Period shall be such minimum rate. If the Note is subject to a maximum rate for any Interest Period then, in the event that the Floating Rate in respect of any such Interest Period determined in accordance with paragraph 3. b. i. is greater than such maximum rate, the Floating Rate for such Interest Period shall be such maximum rate.

c. Indexed Notes and Dual Currency Notes

In the case of Indexed Notes or Dual Currency Notes, if the rate of interest applicable thereto or amount of interest in respect thereof is to be determined by reference to an Index and/or a Formula or, as the case may be, an exchange rate, such rate of

interest or amount of interest payable shall be determined by Hydro-Québec in the manner specified in the applicable Pricing Supplement.

d. Interest on Real Return Notes

i. Indexing Process

In the case of Real Return Notes, an index ratio (the “Index Ratio”) is applied to calculate both the Coupon Interest and the Inflation Compensation (each such expression as defined in paragraph 3. d. ii.). As shown below, said Index Ratio for any date is defined as the ratio of the reference CPI applicable to said Date (“Ref CPI_{Date}”) divided by the reference CPI applicable to the Original Issue Date (“Ref CPI_{Original}”).

$$\text{Index Ratio}_{\text{Date}} = \frac{\text{Ref CPI}_{\text{Date}}}{\text{Ref CPI}_{\text{Original}}}$$

The reference CPI applicable to the first day of any calendar month is the CPI for the third preceding calendar month. For example, the reference CPI applicable to December 1 in any year will be the CPI for September in that year. The reference CPI applicable to any other day in a month is calculated by linear interpolation between the reference CPI applicable to the first day of such month and the reference CPI applicable to the first day of the following month. For the purpose of interpolating Ref CPI_{Date}, calculations will be carried to six decimal places and rounded so that Ref CPI_{Date} will be expressed to five decimal places (with numbers of 5 or more being rounded up). Similarly, calculations of an Index Ratio will be carried to six decimal places and rounded (on the same basis) so that the Index Ratio will be expressed to five decimal places.

Consequently, the formula used to calculate Ref CPI_{Date} applicable to a date which is not the first day of a month is expressed as follows:

$$\text{Ref CPI}_{\text{Date}} = \text{Ref CPI}_{\text{Month}} + \frac{(t-1)}{D} * [\text{Ref CPI}_{\text{Month+1}} - \text{Ref CPI}_{\text{Month}}]$$

where

D = the number of days in the calendar month in which such date falls;

t = the calendar day corresponding to such date;

Ref CPI_{Month} = the reference CPI applicable on the first day of the calendar month in which such date falls; and

Ref CPI_{Month+1} = the reference CPI applicable on the first day of the calendar month immediately following such date.

The Ref CPI_{Original} will be specified in the applicable Pricing Supplement. Thus, the Index Ratio at the Original Issue Date will equal one (1). The Ref CPI_{Original} remains constant throughout the term of the Notes, except when the Official Time Base is changed. Whenever the Official Time Base is changed, the Government of Canada will publish the conversion factor (which is calculated to three decimal places) used to rebase the CPI series to the new Official Time Base. For the purposes of the Notes, such conversion factor will be used to rebase relevant prior CPI data (including CPI data relevant to the calculation of Ref CPI_{Original}), when the first CPI published under the new Official Time Base is applicable to the calculation of Ref CPI_{Date}, with calculations carried to six decimal places and rounded to five decimal places (in the manner described above) or, in any event, to a minimum of five significant digits. Accordingly, a change in the Official Time Base will not have any impact on the right of a holder to Coupon Interest or Inflation Compensation, except for a possible insignificant impact which might result from rounding calculations.

ii. Interest

Each Real Return Note bears interest from and including the Interest Commencement Date at a Nominal Rate specified in the applicable Pricing Supplement, adjusted in relation to the CPI in accordance with the provisions of this paragraph 3 d). The interest shall consist of an inflation compensation component calculated on the principal amount (the “Principal”) of the Note (the “Inflation Compensation”) and of a cash component calculated on the Principal and the accrued Inflation Compensation (the “Coupon Interest”).

Inflation Compensation accrued to any Date (the “Inflation Compensation_{Date}”) is the product of the Principal of the Note and the Index Ratio for that date (the “Index Ratio_{Date}”) minus the Principal as described below:

$$\begin{aligned}
 \text{Inflation Compensation}_{\text{Date}} &= \{[\text{Principal} * \text{Index Ratio}_{\text{Date}}] - \text{Principal}\} \\
 \text{or} \\
 \text{Inflation Compensation}_{\text{Date}} &= \{[\text{Principal} * \frac{\text{Ref CPI}_{\text{Date}}}{\text{Ref CPI}_{\text{Original}}}] - \text{Principal}\}
 \end{aligned}$$

The Coupon Interest will be payable in arrears on the interest payment date(s) specified in the applicable Pricing Supplement. The Coupon Interest payable on any interest payment date will be calculated by multiplying the Nominal Rate indicated in the applicable Pricing Supplement (divided by the number of payments of interest per year) by the sum of the Principal and the Inflation Compensation accrued from the Original Issue Date until the relevant interest payment date. The following formula shows the calculation of the Coupon Interest payable semiannually:

$$\text{Coupon Interest}_{\text{Interest payment date}} = \frac{\text{Nominal Rate} * [\text{Principal} + \text{Inflation Compensation}_{\text{Interest payment date}}]}{2}$$

In the calculation of the Coupon Interest payable on any interest payment date, the Ref CPI_{Date} applicable to the relevant Inflation Compensation_{Date} for the relevant interest payment date will be used.

If interest is required to be calculated for a period shorter than an Interest Period, such interest shall be calculated on the basis of a 365-day year or such other basis as may be indicated in the applicable Pricing Supplement.

If an interest payment date of a Real Return Note is not a Business Day, the Noteholder shall not be entitled to such payment until the next following Business Day and shall not be entitled to any further interest or other payment in respect of such delay.

iii. Description of the CPI

The CPI is defined as the Consumer Price Index for Canada, All-items (not seasonally adjusted), as published by Statistics Canada (or its successor government department or agency). Statistics Canada is a bureau operated under the *Statistics Act* (Canada) and is responsible for collecting and reporting statistical information concerning commercial, industrial, financial, social, economic and general activities of the people of Canada. Statistics Canada has the specific authority and responsibility to collect and publish statistics on prices and the cost of living in Canada.

The CPI is a general measure of price movements obtained by comparing, through time, the cost of a basket of goods and services determined according to purchases made by Canadian urban and rural households in a certain reference period. Since the basket contains commodities for which quantity and quality stay the same or are equivalent, the index reflects only pure price movements.

The goods and services in the basket are organized into groups of commodities such as food, shelter and transportation, each with its respective weight. The weights are derived from the data of Statistics Canada’s Survey of Household Spending. This survey consists of interviews with a randomly selected sample of households. Notwithstanding the notion of fixed basket, the basket for the CPI is revised periodically to take into account changes in consumers expenditure patterns. The data based on a new basket are linked to the data based on the previous basket to ensure continuity each time the basket is changed. Basic aggregates are added to or removed from the basket as consumption habits change over time.

The calculation of the monthly CPI begins with the measurement of the price change of a particular good or service in a given region. Because the collection of prices is carried out at different times during a month, the index represents the month as a whole. While prices for many commodities are collected each month, the prices of those with a low degree of volatility are collected less frequently. Indices are computed for each commodity group, and the results are linked by weighting the consumer expenditure to determine the monthly All-items index of the CPI for Canada.

The CPI, like all indices, is expressed in relative terms and thus is expressed in relation to a time base reference period for which the level is set at 100. The official base period (the “Official Time Base”) for the CPI is 2002 = 100. When

the Official Time Base is changed, 100 represents an average for any new base year. The Official Time Base is determined independently of the basket reference years.

The CPI for the relevant month is generally published in the third week of the following month.

iv. Effect of Changes on Calculation of the CPI

The Government of Canada has committed to publishing the CPI. If it should determine not to publish the CPI, it will publish a substitute index (the “Substitute Index”) which will be designed to reflect pure price movements in the Canadian economy and will be equivalent in all material respects to the CPI. The Substitute Index will, therefore, be an all-items index designed to reflect pure price movements affecting typical Canadian household expenditures. The Substitute Index will be effective, for the purposes of the Notes, only from the date of announcement that the Substitute Index will be used and will not be utilized to adjust any right to interest (whether Coupon Interest or Inflation Compensation) which has accrued prior thereto. The Substitute Index will apply for the purposes of the Notes, even if the relevant CPI is published subsequently. Furthermore, should a published CPI be revised for any reason, the originally published figure will apply for the purposes of the Notes. In addition, the Government of Canada will publish changes in the formula or the method of calculation of the CPI (including any Substitute Index) which have, or could reasonably be expected to have, a significant impact on the Notes.

In the event of a change relating to the determination of the CPI, the Notes shall be amended automatically and notice thereof shall be given forthwith to the holders in accordance with the provisions of Condition 6.

e. Accrual of Interest

The Notes will cease to bear interest (if any) from the due date for their repayment or redemption unless, upon due presentation thereof, payment of their principal is improperly withheld or refused. In such event, interest will continue to accrue (as well after as before judgment) until all sums due in respect of such Notes have been paid. Such interest will accrue at a rate per annum equal to (i) the Fixed Rate, in the case of Fixed Rate Notes; (ii) the Canadian Prime Rate or the U.S. Prime Rate, depending on whether the Specified Currency of the Notes is the Canadian dollar or the U.S. dollar, in the case of Zero Coupon Notes; (iii) the Floating Rate, in the case of Floating Rate Notes; (iv) the Nominal Rate specified in the applicable Pricing Supplement together with the Inflation Compensation, in the case of Real Return Notes; or (v) the rate of interest provided for in the Notes, in the case of all other Notes.

f. Interest Act (Canada) Disclosure

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the annual rate of interest to which any rate of interest payable under these Terms and Conditions (which is to be calculated on any basis other than a full calendar year) is equivalent, may be determined by multiplying such rate of interest (expressed as a percentage) by a fraction, the numerator of which is the actual number of days in the calendar year in which the period for which interest at such rate is payable ends and the denominator of which is the number of days comprising such other basis.

3A. CORRA as a reference rate for the Medium-Term Floating Rate Notes

Since the discontinuation, on June 28, 2024, of the publication of the Canadian Dollar Offered Rate (“CDOR”) by its administrator, Refinitiv Benchmark Services (UK) Limited, the CORRA rate has generally become the Reference Rate for medium-term floating rate notes and, in particular, the medium-term Floating Rate Notes that Hydro-Québec may issue under this Offering Circular.

Daily Compounded CORRA differs from CDOR in a number of material respects, including that Daily Compounded CORRA is a backwards-looking, compounded in arrears, risk-free overnight rate calculated based on repo transactions secured by Government of Canada debt, whereas CDOR is a forward-looking term rate based on the rates at which banks are willing to lend to clients and includes both a term and credit risk premium. Consequently, investors should be aware that CDOR and CORRA may behave materially differently as interest reference rates for securities.

In addition, market participants and relevant working groups are exploring alternative reference rates based on different applications of CORRA, including term CORRA reference rates (which seek to measure the market’s forward expectation of an average CORRA rate over a designated term). The market or a significant part thereof may adopt an application of CORRA that differs significantly from that used in relation to the securities issued under this Offering Circular. This could adversely

impact the liquidity, return on, value and trading market of such securities. Furthermore, the methodology for calculating Daily Compounded CORRA for other medium-term Floating Rate Notes may change, and Hydro-Québec may in the future issue medium-term Floating Rate Notes referencing CORRA, the CORRA Compounded Index or Daily Compounded CORRA that differ materially in terms of interest determination when compared with any previous medium-term Floating Rate Note linked to CORRA. The continued development of CORRA and the CORRA Compounded Index as an interest reference rate for the capital markets, as well as continued development of CORRA-based rates for such markets and the market infrastructure for adopting such rates, could adversely impact the liquidity, return on, value and trading market of such securities.

As CORRA and the CORRA Compounded Index are published by the Bank of Canada, Hydro-Québec has no control over their determination, calculation or publication. There can be no guarantee that CORRA and the CORRA Compounded Index will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in floating-rate securities that reference CORRA. If the manner in which CORRA and/or the CORRA Compounded Index is calculated is changed, then that change could adversely impact the liquidity, return on, value and trading market of such securities. Limited market precedent exists for securities that use the CORRA Compounded Index as the reference rate. Accordingly, the specific formula and related conventions (for example, observation periods) used for securities referencing Daily Compounded CORRA may not be widely adopted by other market participants, if at all. Adoption of a different method by the market with respect to this determination could adversely impact the liquidity, return on, value and trading market of such securities.

Furthermore, the interest rate on securities which reference Daily Compounded CORRA can only be determined on the Interest Determination Date (as defined below) near the end of the relevant Interest Period (as defined below) and immediately or shortly prior to the relevant interest payment date. It may be difficult for investors in securities which reference Daily Compounded CORRA to reliably estimate the amount of interest which will be payable on such securities in advance of the Interest Determination Date. In addition, some investors may be unable or unwilling to trade such securities without changes to their information technology systems. Both of these factors could adversely impact the liquidity, return on, value and trading market of such securities.

In addition, the manner of adoption or application of CORRA reference rates in the debt securities markets may differ materially compared with the application and adoption of CORRA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of CORRA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of securities referencing Daily Compounded CORRA.

If an Index Cessation Effective Date with respect to CORRA occurs, the terms of the medium-term Floating Rate Notes will require that Hydro-Québec use an Applicable Rate, as described below under “Definitions”. In so acting, Hydro-Québec would not assume any obligations or relationship of agency or trust, including, but not limited to, any fiduciary duties or obligations, for or with any of the holders of the medium-term Floating Rate Notes. There is no assurance that the characteristics and behaviour of any Applicable Rate will be similar to those of CORRA, or that such rates may result in interest payments that are lower than or that do not otherwise correlate over time with the payments that would have been made on the medium-term Floating Rate Notes if CORRA was available in its current form. In addition, such rates may not always operate as intended (including, without limitation, as a result of limited history and changes and developments in respect of such rates, the availability of rates information and the determination of the applicable adjustment spread (if any) at the relevant time). Uncertainty with respect to market conventions related to the calculation of an Applicable Rate and whether such alternative Reference Rate is a suitable replacement or successor for the Daily Compounded CORRA may adversely affect the liquidity of, return on, value of and trading market for the medium-term Floating Rate Notes. Further, Hydro-Québec may in the future issue securities referencing CORRA that differ materially in terms of interest determination when compared with the medium-term Floating Rate Notes or any other previous CORRA-referencing securities issued by us, which could result in increased volatility or could adversely affect the liquidity of, return on, value of and trading market for the medium-term Floating Rate Notes. Any of the outcomes noted above may result in different than expected distributions and could materially affect the value of the medium-term Floating Rate Notes. Upon the occurrence of an Index Cessation Event on the Index Cessation Effective Date, the Calculation Agent will make changes and adjustments as set forth below that may adversely affect the liquidity of, return on, value of and trading market for the medium-term Floating Rate Notes.

Investors should carefully consider these matters when making investment decisions with respect to the medium-term Floating Rate Notes.

a. Definitions

When used in this paragraph 3A and in any supplementary terms and conditions applicable to medium-term Floating Rate Notes, the following terms have the meanings set out below:

Calculation Agent: means a third party trustee or financial institution of national standing with experience providing such services, which has been selected by Hydro-Québec.

Reference Rate Administrator: means the Bank of Canada or any successor administrator for CORRA and/or the CORRA Compounded Index or the administrator (or its successor) of another Applicable Rate, as applicable.

Interest Determination Date: means the date that is two Bank of Canada Business Days preceding the Interest Payment Date, or the Maturity Date, as applicable.

Index Cessation Effective Date: means the first date on which an index is no longer provided following one or more events triggering cessation of the Reference Rate. If the Applicable Rate ceases to be provided on the Relevant Original Fixing Date but was provided at the time at which it is to be observed pursuant to the terms of the relevant medium-term Floating Rate Notes linked to CORRA, then the Index Cessation Effective Date will be the next day on which the rate would ordinarily have been published.

CAD Recommended Rate Cessation Effective Date: means, in respect of the CAD Recommended Rate and a CAD Recommended Rate Cessation Event, the first date on which the CAD Recommended Rate would ordinarily have been provided and is no longer provided.

CAD Recommended Rate Fixing Date: means, in respect of the CAD Recommended Rate and a reset date, the publication day for the rate as specified by the administrator in its documentation of the benchmark methodology.

Relevant Original Fixing Date: means, unless otherwise agreed, the day on which the Applicable Rate would have been observed.

Interest Payment Date: means the applicable interest payment date(s) for the Floating Rate Notes as determined in the applicable Pricing Supplement and if an applicable interest payment date is not a Business Day as such term is defined in the base Offering Circular, it shall be determined as provided in subsection 3.b)iii) of Part III – Terms and Conditions of the Notes of the base Offering Circular.

Index Cessation Event: means the occurrence of one of the following events:

(A) a public statement or publication of information by or on behalf of the Reference Rate Administrator or the provider of the Applicable Rate announcing that it has ceased or will cease to provide the Applicable Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor Reference Rate Administrator or provider of the Applicable Rate that will continue to provide the Applicable Rate; or

(B) a public statement or publication of information by the regulatory supervisor for the Reference Rate Administrator or the supplier of the Applicable Rate (if applicable), the Bank of Canada, an insolvency entity with jurisdiction over the Reference Rate Administrator or the provider of the Applicable Rate, or a court or an entity with similar insolvency or resolution authority over the Reference Rate Administrator or the provider of the Applicable Rate, which states that the Reference Rate Administrator or the provider of the Applicable Rate has ceased or will cease to provide the Applicable Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Applicable Rate.

CAD Recommended Rate Cessation Event: means, in respect of the CAD Recommended Rate, the occurrence of one of the following:

(A) a public statement or publication of information by or on behalf of the administrator of the CAD Recommended Rate announcing that it has ceased or will cease to provide the CAD Recommended Rate permanently or indefinitely, provided that there is no successor administrator or provider that will continue to provide the CAD Recommended Rate; or

(B) a public statement or publication of information by the regulatory supervisor for the administrator of the CAD Recommended Rate, the central bank for the currency of the CAD Recommended Rate, an insolvency entity with

jurisdiction over the administrator or the provider of the CAD Recommended Rate, or a court or an entity with similar insolvency or resolution authority over the administrator of the CAD Recommended Rate, which states that the administrator of the CAD Recommended Rate has ceased or will cease to provide the CAD Recommended Rate permanently or indefinitely, provided that, at the time of the public statement or publication, there is no successor administrator or provider that will continue to provide the CAD Recommended Rate.

CORRA Compounded Index: means the measure of the cumulative impact of CORRA compounding over time administered and published by the Bank of Canada (or any successor Reference Rate Administrator).

Calendar Day: means a twenty-four hour period, calculated from midnight to midnight, corresponding to the divisions of a calendar month.

Bank of Canada Business Day: means a day that Schedule I banks under the *Bank Act* (Canada) are open for business in Toronto, Ontario, Canada, other than a Saturday or a Sunday or a public holiday in Ontario (or such revised regular publication calendar for an Applicable Rate as may be adopted by the Reference Rate Administrator from time to time).

CORRA Floating Rate Note: means, as the context requires, a Floating Rate Note that uses CORRA (or an applicable fallback rate) as a benchmark for determining interest, fees and other amounts payable to the holder thereunder.

Interest Period: means, for any Interest Payment Date, the period from and including the immediately preceding Interest Payment Date (or in the case of the first Interest Period, the date of issuance of the medium-term Notes) to but excluding the Interest Payment Date in question (or in the case of the final Interest Period, the Maturity Date). The first Interest Period refers to the period from and including the issue date to but excluding the first Interest Payment Date, and the final Interest Period refers to the period from and including the Interest Payment Date immediately preceding the Maturity Date to but excluding the Maturity Date.

Observation Period: means, in respect of each Interest Period, the period from, and including, the date two Bank of Canada Business Days preceding the first date in such Interest Period to, but excluding, the date two Business Days of the Bank of Canada preceding the Interest Payment Date.

Applicable Rate: means one of CORRA, the CORRA Compounded Index, the CAD Recommended Rate or the BOC Target Rate, as applicable.

BOC Target Rate: means the Bank of Canada's target for the overnight rate as set by the Bank of Canada and published on its website.

CORRA: means the Canadian Overnight Repo Rate Average administered by the Bank of Canada (or any successor thereof as administrator).

Daily Compounded CORRA: means, for an Observation Period, the rate calculated by Hydro-Québec or the Calculation Agent designated by Hydro-Québec for such purpose using the following method. The resulting percentage is rounded, if necessary, to the fifth decimal place, with 0.000005% being rounded upwards and -0.000005% being rounded downwards:

$$\text{Daily Compounded CORRA} = \left(\frac{\text{CORRA Compounded Index}_{\text{End}}}{\text{CORRA Compounded Index}_{\text{Start}}} - 1 \right) \times \left(\frac{365}{d} \right)$$

where:

- The CORRA Compounded Index_{End} is equal to the CORRA Compounded Index value on the date that is two Bank of Canada Business Days preceding the Interest Payment Date relating to such Interest Period (or in the case of the final Interest Period, the Maturity Date);
- The CORRA Compounded Index_{Start} is equal to the CORRA Compounded Index value on the date that is two Bank of Canada Business Days preceding the first date of the relevant Interest Period; and
- “d” is the number of Calendar Days in the relevant Observation Period.

CAD Recommended Rate: means the rate (inclusive of any spreads or adjustments) recommended as the replacement for CORRA by a committee officially endorsed or convened by the Bank of Canada for this purpose (which rate may be produced

by the Bank of Canada or another Reference Rate Administrator of that rate) and as published by the Reference Rate Administrator of that rate (or a successor Reference Rate Administrator), or otherwise, published by an authorized distributor.

In addition, the definition of “Reference Banks” set out in Part III - Terms and Conditions of the Notes shall no longer apply to the terms and conditions of the Floating Rate Notes that may be issued by Hydro-Québec pursuant to its Canadian Medium Term Note Programme after the date hereof.

b. Fallback provisions regarding discontinuance of the reference rate

This section describes the proposed fallback provisions that would apply were CORRA temporarily or permanently discontinued as the Reference Rate. While there is no immediate expectation that this will happen, the global experience with transitions to new Reference Rates suggests a need to prepare early for any eventuality. These fallback provisions will apply to Floating Rate Notes that may be issued by Hydro-Québec pursuant to its Canadian Medium Term Note Programme after the date hereof.

If Hydro-Québec determines that any of the events described below in paragraphs (A), (B) or (C) has occurred, the Reference Rate shall be calculated by Hydro-Québec or the Calculation Agent designated by Hydro-Québec so that it is done in accordance with paragraphs (A), (B) or (C), but subject to the provisions of paragraphs (D) and (E) as applicable, provided that: (i) the Reference Rate calculated in accordance with paragraph (B) shall only apply if the Reference Rate calculated in accordance with paragraph (A) cannot be determined by Hydro-Québec or any other Calculation Agent designated by Hydro-Québec for such purpose, and (ii) the Reference Rate calculated in accordance with paragraph (C) shall only apply if neither Reference Rate calculated in accordance with paragraphs (A) or (B) can be determined by Hydro-Québec or any other Calculation Agent designated by Hydro-Québec for such purpose.

Any determination, decision or election that may be made by Hydro-Québec or the Calculation Agent, as applicable, in relation to the Applicable Rate, including any determination with respect to an adjustment or the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection (i) will be conclusive and binding, absent manifest effort, (ii) if made by Hydro-Québec, will be made in the sole discretion of Hydro-Québec, or, as applicable, if made by the Calculation Agent will be made after consultation with Hydro-Québec, and the Calculation Agent will not make any such determination, decision or election to which Hydro-Québec objects and will have no liability for not making any such determination, decision or election, and (iii) shall become effective without consent from the holders of the Notes or any other party.

(A) CORRA Compounded Index

The CORRA Compounded Index is not published or displayed, and no Index Cessation Effective Date with respect to the CORRA Compounded Index has occurred or Index Cessation Effective Date with respect to CORRA Compounded Index has occurred.

If:

(a) the CORRA Compounded Index_{Start} or the CORRA Compounded Index_{End} is not published or displayed by the Reference Rate Administrator or an authorized provider by 11:30 A.M. Toronto time (or an amended publication time, if any, as specified in the methodology for calculating the CORRA Compounded Index) on the Interest Determination Date for such Interest Period (or, in the case of the final Interest Period, the Maturity Date) but an Index Cessation Effective Date with respect to the CORRA Compounded Index has not occurred, or

(b) an Index Cessation Effective Date with respect to the CORRA Compounded Index has occurred, then the interest rate for an Interest Determination Date that occurs by the Index Cessation Effective Date with respect to the CORRA Compounded Index will be the Reference Rate determined by Hydro-Québec or any other designated Calculation Agent using the following methodology (the “Daily Compounded CORRA Observation Shift Convention”):

$$\text{Daily Compounded CORRA} = \left(\prod_{i=1}^{d_0} \left(1 + \frac{\text{CORRA}_i \times n_i}{365} \right) - 1 \right) \times \frac{365}{d}$$

where:

- “d₀” for any Observation Period is the number of Bank of Canada Business Days in the relevant Observation Period;
- “i” is a series of whole numbers from one to d₀, each representing the relevant Bank of Canada Business Day in chronological order from, and including, the first Bank of Canada Business Day in the relevant Observation Period;
- “CORRA_i” means, in respect of any Bank of Canada Business Day “i” in the relevant Observation Period, a Reference Rate equal to the daily CORRA for that day, as published or displayed by the Reference Rate Administrator or an authorized provider at or before 11:00 A.M. Toronto time (or an amended publication time, if any, as specified in the Reference Rate Administrator’s methodology for calculating CORRA) immediately following the Bank of Canada Business Day, which is Bank of Canada Business Day “i” + 1;
- “n_i” for any Bank of Canada Business Day “i” in the relevant Observation Period, means the number of Calendar Days from, and including, such Bank of Canada Business Day “i” to, but excluding, the following business day, which is Bank of Canada Business Day “i” + 1; and
- “d” is the number of Calendar Days in the relevant Observation Period.

(B) CORRA

(i) **No Index Cessation Effective Date with respect to CORRA.** If neither the Reference Rate Administrator nor authorized providers provide or publish CORRA and an Index Cessation Effective Date with respect to CORRA has not occurred, then, in respect of any day for which CORRA is required, references to CORRA will be deemed to be references to the last provided or published CORRA.

(ii) **Index Cessation Effective Date with respect to CORRA.** If an Index Cessation Effective Date occurs with respect to CORRA, then the interest rate for an Interest Determination Date occurring on or after the Index Cessation Effective Date with respect to CORRA will be calculated by Hydro-Québec or the Calculation Agent, if any, using the Daily Compounded CORRA Observation Shift Convention methodology set forth in (A) above in order to determine the Daily Compounded CORRA as if references to CORRA in that methodology for each day in respect of which CORRA is required by Hydro-Québec or the Calculation Agent, if any, for such determination were references to the CAD Recommended Rate, and Hydro-Québec or the Calculation Agent shall make such adjustments as are necessary to account for any difference in the term, structure or tenor of the CAD Recommended Rate in comparison to CORRA.

(C) CAD Recommended Rate

(i) **No Index Cessation Effective Date with respect to the CAD Recommended Rate.** If there is a CAD Recommended Rate before the end of the first Bank of Canada Business Day following the Index Cessation Effective Date with respect to CORRA but neither the Reference Rate Administrator nor the authorized providers provide or publish the CAD Recommended Rate and an Index Cessation Effective Date with respect to the CAD Recommended Rate has not occurred, then, in respect of any day for which the CAD Recommended Rate is required, references to the CAD Recommended Rate will be deemed to be references to the last provided or published CAD Recommended Rate.

(ii) **No CAD Recommended Rate or Index Cessation Effective Date with respect to CAD Recommended Rate.** If:

- a) there is no CAD Recommended Rate before the end of the first Bank of Canada Business Day following the Index Cessation Effective Date with respect to CORRA, or
- b) there is a CAD Recommended Rate and an Index Cessation Effective Date subsequently occurs with respect to the CAD Recommended Rate.

then the Floating Rate for an Interest Determination Date occurring on or after the Index Cessation Effective Date with respect to CORRA or the Index Cessation Effective Date with respect to the CAD Recommended Rate (as applicable) will be calculated by Hydro-Québec or the Calculation Agent using the Daily Compounded CORRA Observation Shift Convention methodology set forth above in order to determine the Daily Compounded CORRA as if references in that methodology to CORRA for each day on or after such Index Cessation Effective Date were references to the BOC Target Rate, to which the most recently published spread will be applied, and Hydro-Québec or the Calculation Agent shall make such adjustments as are necessary to account for any difference in the term, structure or tenor of the BOC Target Rate in comparison to CORRA.

(D) BOC Target Rate

In respect of any day for which the BOC Target Rate is required, references to the BOC Target Rate will be deemed to be references to the last provided or published BOC Target Rate as of the close of business in Toronto on that day.

(E) Conforming Changes regarding the Applicable Rate

Notwithstanding the foregoing, in connection with the implementation of an Applicable Rate, the Calculation Agent may, in consultation with Hydro-Québec, make such adjustments to such rate or the spread thereon (if any), as well as the Business Day convention, reset dates and related provisions and definitions, including observation dates for fallback rates, in each case that are consistent with accepted market practice for the use of an Applicable Rate for debt securities like the medium-term Floating Rate Notes linked to CORRA in such circumstances.

4. Repayment, Redemption and Purchase

a. Repayment at maturity

Each Note will be repaid by Hydro-Québec in the relevant Specified Currency and, unless previously redeemed, on the Maturity Date specified in the applicable Pricing Supplement. Unless previously redeemed, Hydro-Québec will repay each Note at its principal amount. However, in the case of a Real Return Note, on the Maturity Date, in addition to Coupon Interest (as defined in paragraph 3. d. ii.), a final payment (the “Final Payment”) will be made that is equal to the sum (whether positive or negative) of the Principal and the Inflation Compensation (each such word and expression as defined in paragraph 3. d. ii.) accrued from the Original Issue Date until the Maturity Date. Said sum will constitute the aggregate final payment of the Principal and the Inflation Compensation. The calculation of the Final Payment is described below:

$$\begin{aligned} \text{Final Payment} &= \text{Principal} + \text{Inflation Compensation} \\ \text{or} \\ \text{Final Payment} &= \text{Principal} + \frac{\{\text{Principal} * \text{Ref CPI}_{\text{Maturity Date}}\} - \text{Principal}}{\text{Ref CPI}_{\text{Original}}} \end{aligned}$$

b. Redemption Prior to Maturity

The Notes of this Series cannot be redeemed prior to their maturity unless the Pricing Supplement applicable to the Notes of this Series indicates that such Notes will be redeemable at the option of Hydro-Québec and/or Noteholders prior to their Maturity Date in accordance with the provisions of paragraphs c) or d) below.

c. Redemption at the Option of Hydro-Québec

If so specified in the applicable Pricing Supplement, Hydro-Québec may, having given in accordance with Condition 6 not more than 30 nor less than 15 days’ notice to the Noteholders (or such lesser period if so specified in the Pricing Supplement) (which notice shall be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Pricing Supplement together, if appropriate, with accrued interest. In the event of a partial redemption of such Notes, such redemption must be for an aggregate principal amount of Notes of not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, as specified in the applicable Pricing Supplement. In the case of a partial redemption of individual Notes, the Notes to be redeemed will be selected individually by lot not more than 30 days prior to the date fixed for redemption, and a notice will be given to the holders thereof not less than 15 days prior to such date. In the case of a partial redemption of Notes represented by a global Note, the relevant Notes will be redeemed in accordance with the rules of the Depositary.

d. Redemption at the Option of the Noteholders

If and to the extent specified in the applicable Pricing Supplement, upon notice of not more than 30 nor less than 15 days (or such lesser period if so specified in the Pricing Supplement) given to Hydro-Québec in accordance with Condition 7 (which notice shall be irrevocable) by the Noteholders, Hydro-Québec will, on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Pricing Supplement together, if appropriate, with accrued interest, redeem, in accordance with the terms specified in the applicable Pricing Supplement, the Notes requested to be redeemed by such notice. Any redemption of Notes must be on Notes with an aggregate principal amount of \$1,000 or an integral multiple thereof.

e. Purchases

Hydro-Québec may at any time purchase Notes in any manner and at any price, but if purchases are made by tender, tenders must be available to all Noteholders alike. Notes thus purchased may be held or resold by Hydro-Québec or, at its discretion, cancelled.

5. Payments

The registered holder of the Notes, initially CDS & Co., shall be the only person entitled to receive payments in respect of such Notes, and Hydro-Québec will be discharged by payment to such holder in respect of each amount so paid. No person other than this holder shall have any claim against Hydro-Québec in respect of payments. Each person whose name is recorded in the Depositary's records as the owner of a beneficial interest in the Notes shall have recourse only against the Depositary with respect to his or her share of each payment made by Hydro-Québec. Hydro-Québec shall have no liability whatsoever for maintaining, supervising or reviewing the records of the Depositary in which are recorded the beneficial interests in the Notes. Payments made by the Depositary to owners of beneficial interests in the Notes will be made in accordance with the procedures established from time to time by the Depositary.

6. Limitation Period

Under applicable law in Québec, Hydro-Québec's obligation to make any payment in respect of the Notes will be extinguished three years after the date on which such payment is due, unless such right to payment is exercised judicially before the expiration of such three-year period.

7. Notices

All notices to be given by Hydro-Québec to the Noteholders regarding the Notes of this Series shall be delivered to the Depositary for communication by the Depositary to the owners of beneficial interests in such Notes and any notice so given shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was delivered to the Depositary.

All notices to be given by the Noteholders to Hydro-Québec regarding the Notes of this Series shall be delivered by the Depositary (acting on the instructions of the owners of beneficial interests in such Notes) to the office of the Corporate Treasurer mentioned in Condition 1 and any notice so given shall be deemed to have been given to Hydro-Québec on the day of its delivery.

8. Guarantee of Québec

The due and punctual payment of the principal of and interest on the Notes is unconditionally guaranteed by Québec.

9. Subsequent Tranches

Hydro-Québec reserves the right to issue subsequent Tranches of the Notes of this Series without the consent of the holders of Notes of this Series which may then be outstanding.

10. Governing Law

The Notes and the guarantee of Québec are governed by, and construed in accordance with, the laws of Québec and the laws of Canada applicable therein.

IV. USE OF THE PROCEEDS

The net proceeds from each issue of Notes will be added to the general funds of Hydro-Québec and will be applied to its general corporate purposes, including payment of the cost of its investment programme.

V. PLAN OF DISTRIBUTION

Pursuant to a modified and restated Distribution Agreement dated July 9, 2024 between Hydro-Québec, Québec and the Agents, as such agreement has been or may be modified from time to time, the Notes are being offered on a continuous basis by Hydro-Québec through the Agents, who have agreed to use their best efforts to solicit purchases of the Notes. The Notes may be sold for public offering in Canada, at a price agreed upon between Hydro-Québec and the Purchaser, to an Agent acting on its own behalf, to another person acting through an Agent, to a group of underwriters, who may or may not be Agents, or to purchasers through a dealer other than the Agents (“Other Intermediary”) and to distribute Notes directly with the Caisse de dépôt et placement du Québec, the Hydro-Québec Pension Fund, the Sinking Fund pertaining to borrowings of Hydro-Québec, and the Sinking Fund pertaining to borrowings of the Gouvernement du Québec. For any Note sold to or through an Agent or an Other Intermediary or to a group of underwriters, Hydro-Québec will pay such Agent, Other Intermediary or underwriters a commission the amount of which shall have been agreed upon with such Agent, Other Intermediary or underwriters. The Notes will be issued and sold at the price agreed between Hydro-Québec and the Purchaser.

Hydro-Québec will have the sole right to accept any offer to purchase Notes and may reject any such offer in whole or in part.

The Agents have agreed with Hydro-Québec to use their best efforts to maintain the existence of a secondary market for the Notes.

The aggregate amount of the initial offering prices of all Notes at any time outstanding will not exceed \$50,000,000,000, calculated as set forth below in the case of Notes denominated in U.S. dollars. Hydro-Québec will have the option to increase such amount at any time.

For the purpose of calculating the aggregate initial offering prices of Notes from time to time outstanding, the Canadian dollar equivalent of the aggregate initial offering prices of Notes denominated in U.S. dollars (including Dual Currency Notes, the principal of which is denominated in U.S. dollars) shall be determined as of the day of issue of such Notes based on the exchange rate published on the Bloomberg FX Fixings family of benchmarks (“BFIX”) for the sale of Canadian dollars against the purchase of U.S. dollars or, if the BFIX is not available on a given date, the most recent BFIX available or, failing that, on the basis of the equivalent exchange rate determined by an authorized representative of Hydro-Québec, on that date.

ISSUER

Hydro-Québec
75 René-Lévesque Blvd. West
Montréal, Québec H2Z 1A4

GUARANTOR

Québec
Service de la documentation financière et de la conformité
Secteur du financement, de la gestion de la dette et des opérations bancaires et financières
Ministère des Finances
390 Charest Blvd. East
Suite 719-C
Québec City, Québec G1K 3H4

LEGAL ADVISORS

Miller Thomson LLP
1000 de la Gauchetière St. West
Suite 3700
Montréal, Québec H3B 4W5

REGISTRAR
PAYING AGENT AND CALCULATION AGENT

Hydro-Québec
Corporate Treasury
75 René-Lévesque Blvd. West
Montréal, Québec H2Z 1A4

DEPOSITORY

CDS Clearing and Depository Services Inc.
1190 Avenue des Canadiens-de-Montréal
Suite 1700
Montréal, Québec H3B 0G7

AGENTS

National Bank Financial Inc.

Sun Life Building
1155 Metcalfe Street
Ground floor
Montréal, Québec H3B 4S9

Casgrain & Company Limited

1200 McGill College Avenue
21st Floor
Montréal, Québec H3B 4G7

CIBC World Markets Inc.

600 De Maisonneuve Blvd. W.
Suite 3050
Montréal, Québec H3A 3J2

Scotia Capital Inc.

Scotia Tower
1002 Sherbrooke Street West
Suite 901 B
Montréal, Québec H3A 3L6

Desjardins Securities Inc.

1170 Peel Street
Suite 300
Montréal, Québec H3B 0A9

BMO Nesbitt Burns Inc.

129 St-Jacques Street West
10th Floor
Montréal, Québec H2Y 1L6

The Toronto-Dominion Bank

1 Place Ville-Marie
Suite 1430
Montréal, Québec H3B 2B2

RBC Dominion Securities Inc.

1 Place Ville-Marie
Suite 300
Montréal, Québec H3B 3R8

Laurentian Bank Securities Inc.

1360 René-Lévesque Blvd. West
Suite 620
Montréal, Québec H3G 0E8