
Province of Alberta

Canadian Note Program



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No person has been authorized to give any information or to make any representation not contained in, or not consistent with, this Information Circular or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Province.

Neither this Information Circular nor any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Province that any recipient of this Information Circular, or of any other information supplied in connection with the Notes, should purchase any of the Notes. Each investor contemplating purchasing any of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Province. Neither this Information Circular nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Province to any person to purchase any of the Notes.

More particularly, the Notes have not been and will not be registered under *The United States Securities Act of 1933*, as amended and, subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to United States persons (as such expressions are defined in the United States Internal Revenue Code and Regulations thereunder).

In the Information Circular, capitalized terms will have the meaning ascribed to them and references to "\$" and "dollar" are to Canadian dollars.

1. Description of the Notes

1.1 Purpose

Net proceeds from Notes issued under the Province of Alberta's (the "Province") Canadian Note Program (the "Notes") will be used for general provincial purposes.

1.2 Authority

The Notes are issued under the authority of the *Financial Administration Act* (Alberta) and under an Order or Orders of the Lieutenant Governor in Council.

1.3 Status

The Notes shall be direct, unsecured and unconditional obligations of the Province and payment of the principal amount of the Notes and any interest, premium and other amounts thereon shall be a charge upon and payable out of the General Revenue Fund of the Province. The Notes shall rank equally with all other securities constituting general obligations of the Province, outstanding at the date of issue of the Notes or issued thereafter, without preference granted by the Province one above the other by reason of priority of date of issue, currency of payment or otherwise.

1.4 Amount

The maximum principal amount that may be issued under the Province's Canadian Note Program shall not exceed the amount authorized from time to time by an Order or Orders of the Lieutenant Governor in Council.

1.5 Term

Up to twenty years from date of issue.

1.6 Denomination and Currency

Notes will be issued in Canadian dollars in integral multiples of \$1000, with a minimum denomination of \$100,000.

1.7 Redemption and Purchase

The Notes cannot be redeemed prior to their stated maturity unless the terms and conditions provide that such Notes will be redeemable at the option of the Province and/or the Noteholders. The Province may at any time purchase Notes in any manner and at any price.

2. Terms and Conditions

The following are the terms and conditions of the Notes which will be incorporated by reference into, attached to, or endorsed upon each Global Note and Definitive Note, provided that the relevant terms and conditions in relation to any specific Global Note or Definitive Note may specify other terms and conditions which shall, to the extent so specified and to the extent inconsistent with such terms and conditions herein, replace or modify the following terms and conditions for the purpose of such Global Note or Definitive Note.

Notes may be structured as Fixed Rate Notes, Floating Rate Notes, Discount Notes, Special Notes or any other manner specified in the applicable terms and conditions of the Notes.

2.1 Interest Calculation

2.1.1 Fixed Rate Notes

Each Fixed Rate Note bears interest at the rate specified in the applicable terms and conditions of the Note from and including the Interest Commencement Date, payable in arrears on the Fixed Interest Date(s) and on the Maturity Date so specified if that does not fall on a Fixed Interest Date. The first payment of interest will be made on the Fixed Interest Date next following the Interest Commencement Date and, if the first anniversary of the Interest Commencement Date is not a Fixed Interest Date, will amount to the Initial Fixed Interest Amount specified in the applicable terms and conditions of the Note. If the Maturity Date is not a Fixed Interest Date, interest from and including the preceding Fixed Interest Date (or the Interest Commencement Date, as the case may be) to, but excluding, the Maturity Date will amount to the Final Fixed Interest Amount specified in the applicable terms and conditions of the Note.

Interest will be calculated on the basis of a 365 day year, or other such basis as may be indicated in the applicable terms and conditions of the Note.

Subject to any specified provisions otherwise in the terms and conditions of a Note, if the date for payment of any amount on a Note is not a Business Day, payment of such amount need not be made on such day, but shall be made on the next succeeding Business Day with the same force and effect as if made on the original date for payment, and no adjustment shall be made to the payment.

2.1.2 Floating Rate Notes

Each Floating Rate Note bears interest from and including the Interest Commencement Date and such interest will be payable in arrears on each interest payment date, each an "Interest Payment Date". Each period in respect of which interest is so payable is referred to as an "Interest Period"; for the first interest payment and thereafter at monthly intervals (if the interest rate is reset monthly) or at three-month intervals (if the interest rate is reset at three-month intervals) or at six-month intervals (if the interest rate is reset at six-month intervals) and, in each case, on any date which any payment of principal of the Notes is to be made (each being an Interest Payment Date).

The amount of interest payable on a Floating Rate Note on each Interest Payment Date shall be calculated on the basis of the number of days from and including the Interest Commencement Date or the preceding Interest Payment Date to, but excluding, that Interest Payment Date and a year of 365 days. The Province will, on or as soon as practicable after each date on which the Rate of Interest is to be determined, determine the Rate of Interest (subject to any minimum or maximum Rate of Interest specified in the applicable terms and conditions of the Note) and calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes for the relevant Interest Period.

The rate of interest on a Floating Rate Note in effect on any day will be:

- (1) if such day is an Interest Reset Date with respect to such Floating Rate Note, the interest rate on such Floating Rate Note on such Interest Reset Date, or
- (2) if such day is not an Interest Reset Date with respect to such Floating Rate Note, the interest rate on such Floating Rate Note on the immediately preceding Interest Reset Date with respect to such Floating Rate Note; provided, however, that
 - (a) the interest rate in effect from the Interest Commencement Date of a Floating Rate Note to but excluding the first Interest Reset Date with respect to such Floating Rate Note will be the Initial Interest Rate as set forth in the terms and conditions of such Floating Rate Note; and
 - (b) the interest rate in effect for the ten days immediately prior to maturity of a Floating Rate Note will be that in effect on the tenth day preceding such Maturity.

If any Interest Payment Date (or other date) which is specified in the applicable terms and conditions of the Note would otherwise fall on a day which is not a Business Day, then, in the case of payment of interest on a Floating Rate Note, other than on repayment or redemption, if such succeeding Business Day would fall into the next calendar month such payment shall be made on the immediately preceding Business Day.

The interest rate formula relating to a Floating Rate Note will be the Prime Rate, the BA Rate, the Treasury Bill Rate or other such interest rate formula as specified in the terms and conditions applicable to the Note, and each Floating Rate Note will bear interest at the rate or rates per annum determined pursuant to the specified interest rate formula.

If the applicable terms and conditions of the Note specify a minimum Rate of Interest for any Interest Period then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the calculation of the Agent is less than such minimum Rate of Interest, the Rate of Interest for such period shall be such minimum Rate of Interest. If the applicable terms and conditions of the Note specify a maximum Rate of Interest for any Interest Period then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the calculation of the Agent is greater than such maximum Rate of Interest, the Rate of Interest for such period shall be such maximum Rate of Interest.

2.1.3 Discount Notes

Discount Notes will be issued and sold at a discount and will not bear interest. In the event of redemption, repayment or other acceleration of maturity of a Note issued at a discount, the amount payable on such Note upon redemption, repayment or acceleration shall be determined in accordance with the applicable terms and conditions of the Note.

2.1.4 Special Notes

Repayment of the principal under a Special Note shall be made in accordance with the Special Terms and Conditions attached to the Special Note, together with any interest thereon specified in the Special Terms and Conditions, at the time or times so specified.

2.2 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 (after as before judgement) until the day on which all sums due in respect of such Notes up to that day are paid to, or to the account of, the Noteholders. Such interest will accrue at a rate per annum equal to (i) the Fixed Rate, in the case of Fixed Rate Notes; (ii) the Floating Rate, in the case of Floating Rate Notes; (iii) the accrual yield of such Notes indicated in the applicable terms and conditions, in the case of Discount Notes; or (iv) the rate of interest provided for in the Notes, in the case of all other Notes.

2.3 Form and Registration

All Notes will be represented in the form of fully registered book entry only Global Notes (the "Global Notes") held by or on behalf of The Canadian Depository for Securities Limited or such successor as may be appointed (collectively, "CDS") as custodians of the Global Notes for CDS's participants, and registered in the name of CDS or its nominee. (All references to the Notes contained herein will include Global Notes unless the context requires otherwise.)

Registrations of ownership and transfers of the Notes will be made only through the depository service of CDS. Except as described below, no purchaser of a Note will be entitled to a certificate or other instrument from the Province or CDS evidencing the purchaser's ownership thereof. No holder of a Note will be shown on the records maintained by CDS except through book entry accounts of a participant of CDS acting on behalf of beneficial owners.

Notes will be issued in fully registered form ("Definitive Notes") to Noteholders or their nominees other than CDS or its nominee only if (1) the Province determines that CDS is no longer willing or able to discharge properly its responsibilities as a depository and the Province is unable to locate a qualified successor, or (2) the Province at its option elects to terminate the record entry system through CDS. The text of the Definitive Notes shall contain such provisions as the Province may deem necessary or advisable provided that such provisions may not be incompatible with the provisions of these terms and conditions, as replaced and modified, as the case, may be by the applicable terms and conditions of the Notes.

The Province will keep, or cause to be kept, a register in which will be recorded registrations and transfers of Global Notes and Definitive Notes, if issued. Such register shall be kept at the office of the Treasurer, 502 Terrace Building, 9515 107 Street, Edmonton, Alberta, T5K 2C3, or at such other office as determined by the Province.

2.4 Payment of Interest and Principal

The total amount of any payment of principal or interest due on a Note on any Interest Payment Date or on the date of repayment or redemption will be made available by the Province to its Agent. Payments on Notes will be made by cheque, or such other form of payment as is acceptable, dated the date interest is payable and delivered by the Agent to CDS or its nominee, as the case may be, as registered holder of the Notes. The Province expects CDS or its nominee, upon receipt of any payment of principal, premium or interest, to immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interest in the principal or face amount of such Global Note as shown in the records of CDS or its nominee. A record date will be established at ten business days prior to payment date.

As long as CDS or its nominee is the registered owner of Notes, CDS or its nominee, as the case may be, shall be considered the sole owner of the Notes for the purposes of receiving payment on the Notes. The responsibility and liability of the Province in respect of the Notes represented by book entry only Notes is limited to making payment of any principal and interest due on such Notes to CDS or its nominee. Neither the Province nor its Agent will have any responsibility or liability for any aspect of the records relating to or payments made on the account of beneficial ownership interests in any Global Notes or for maintaining, supervising, or reviewing any records relating to such beneficial ownership interests. Accordingly, each person owning a beneficial interest in such Global Notes must rely on the procedures of CDS and, if such a person is not a participant of CDS, on the procedures of the participants through which such person owns its interest, in order to exercise any rights of a holder under the Notes.

Notes will bear interest calculated in accordance with the interest rate or interest rate formula for each Note as specified in the applicable terms and conditions for such Note.

For Definitive Notes, payment of interest shall be made in the manner set out in the applicable terms and conditions of the Notes. Payments of principal shall be made at the principal office of the Canadian Imperial Bank of Commerce in any of the cities of Halifax, Montreal, Toronto, Winnipeg, Regina, Edmonton, Calgary, Vancouver, or Victoria against surrender of the Definitive Notes.

2.5 Transfers

Transfer of beneficial ownership in the Notes represented by book entry only Notes will be effected through records maintained by CDS or its nominee for such Notes, with respect to the interests of participants, and on the records of the participants, with respect to interests of persons other than participants. Beneficial owners who are not participants in the depository service of CDS, but who desire to purchase, sell or otherwise transfer ownership of or other interests in Notes, may do so only through participants in the depository service of CDS.

The registered holder of a Definitive Note may transfer the Definitive Note upon payment of any taxes incidental thereto by executing the form of transfer provided with the Definitive Note in person, or by attorney duly appointed in writing, and forwarding the Definitive Note to any of the aforesaid offices of the Canadian Imperial Bank of Commerce for issuance of a new Definitive Note payable to the registered holder in the name of the transferee.

The Definitive Note issued upon a transfer will be of the same amount, rate of interest, and maturity as the Definitive Note transferred, provided that, in the event that one or more interest payments have been made prior to transfer, the new Definitive Note will be dated as of the last interest payment date to which interest has been paid. No transfer of a Definitive Note will be registered during the 15 days immediately preceding the dates fixed for payment of principal or interest.

2.6 Governing Law

All Notes and Definitive Notes will be governed by and construed in accordance with the laws of the Province of Alberta.

3 Glossary

Where used herein the following words and expressions shall have the following meanings:

Agent means the Canadian Imperial Bank of Commerce, or such other entity chosen by the Province for the purposes of issuance, registration, transfer, interest disbursement on and redemption, in Canada, of unsecured notes issued under the Province's Canadian Note Program.

Anniversary Date means with respect to a Fixed Rate Note, the calendar date identical to the Maturity of such Note occurring in each year prior to Maturity of such Note and subsequent to the Interest Commencement Date of the Note.

BA Rate means for an Interest Reset Date, the average rate for Canadian dollar bankers acceptances for the Designated Maturity which appears on the Reuters Screen CDOR Page as of 10:00 A.M. (Toronto time) on that Interest Reset Date. If such rate does not appear on the Reuters Screen CDOR Page, such average rate for that Interest Reset Date will be the arithmetic mean of the bid rates of the Reference Banks for Canadian dollar bankers acceptances for the Designated Maturity for settlement on that Interest Reset Date and in a Representative Amount accepted by the Reference Banks as of 10:00 A.M. (Toronto time) on that Interest Reset Date. The Province will request the principal Toronto office of each of the Reference Banks to provide a quotation of its rate.

Business Day means a day, not including a Saturday or a Sunday, on which banks are open for business in the City of Toronto, Ontario and the City of Edmonton, Alberta.

Canadian Note Program means the domestic borrowing program of the Province of Alberta described herein.

Definitive Note means a Note issued in fully registered form to Noteholders or their nominee, other than CDS or its nominee.

Designated Maturity means the period of time specified as such in the terms and conditions applicable to a Floating Rate Note.

Discount Note means a non-interest bearing Note that is issued at a price lower than the principal amount thereof.

Final Fixed Interest Amount means the amount per denomination of the final payment of interest where the Maturity Date is not a Fixed Interest Date.

Fixed Interest Date(s) means the specific date(s) on which interest is payable (which may occur once or more than once in each year and which dates may or may not be the same throughout the life of the Notes).

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

Fixed Rate Note means a Note which bears interest on the basis of one or more Fixed Rates as specified in the terms and conditions applicable to such Note.

Floating Rate Note means a Note which bears interest at a variable rate determined by reference to an interest rate formula as specified in the terms and conditions applicable to such Note.

Global Note means a Note represented in the form of a fully registered book entry only Global Note held by or on behalf of CDS as custodians of the Global Notes for CDS's participants, and registered in the name of CDS or its nominee.

Initial Fixed Interest Amount means the amount per denomination of the first payment of interest where the Interest Commencement Date is not a Fixed Interest Date.

Initial Interest Rate means the rate at which a Floating Rate Note will bear interest from its Interest Commencement Date to the first Interest Reset Date, as specified in the terms and conditions applicable to such Note.

Interest Amount means the amount of interest payable on an Interest Payment Date calculated according to the formula or convention for the applicable Note.

Interest Commencement Date means the first date from which interest accrues on a Note, as specified in the terms and conditions applicable to such Note.

Interest Payment Date means any date on which interest on a Note is payable.

Interest Period means the period in respect of which interest is so payable.

Interest Reset Date means each date on which the variable interest rate for a Floating Rate Note is to be reset, as specified in the terms and conditions applicable to such Note, with such Note to bear interest from that date at the variable interest rate determined.

Maturity Date means the date on which the principal amount of a Note is to be fully redeemed or repaid, as specified in the terms and conditions applicable to such Note.

Noteholder means in the case of a Global Note, the registered holder (CDS or its nominee) thereof and, in the case of Definitive Notes, the registered holders thereof.

Prime Rate means, for an Interest Reset Date, the rate (expressed as an annual percentage rate based on a year of 365 days) determined by the Province to be the average (rounded to the nearest one-hundred-thousandth of one percent, with .000005 being rounded up) of the rates publicly quoted by the Schedule 1 Canadian chartered banks as base rates for determining interest rates on Canadian dollar commercial loans in Canada prevailing at 10:00 a.m. (Toronto time) on that Interest Reset Date.

Rate of Interest means for a Fixed Rate Note the rate so indicated in the terms and conditions of the Note. For a Floating Rate Note, the Rate of Interest payable from time to time will be determined in the manner specified in the applicable terms and conditions of the Note.

Reference Banks means three Schedule 1 Canadian chartered banks as selected by the Province for the purpose of determining the Treasury Bill Rate or BA Rate for an Interest Reset Date.

Representative Amount means, for the purposes of determining the BA Rate for a Floating Rate Note, an amount that, for a single transaction in the market for bankers acceptances at the relevant time, is representative of the principal amount of the Floating Rate Note.

Special Note means a Note which pays principal and interest, if any, according to the Special Terms and Conditions applicable to such Note.

Special Terms and Conditions means the terms and conditions attached to a Special Note.

Treasury Bill Rate means, for an Interest Reset Date, the average rate for Government of Canada Treasury bills for the Designated Maturity which appears on the Telerate Page 3198 as of 10:00 A.M. (Toronto time) on that Interest Reset Date. If such rate does not appear on the Telerate page 3198, such average 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. The Province will request the principal Toronto office of each of the Reference Banks to provide a quotation of its rate.