



**Province of New Brunswick
Canada**

0.250% Bonds 2017–2029 of CHF 200,000,000
– with reopening clause –

The outstanding long-term debt of the Province of New Brunswick is rated “Aa2” by Moody’s and “A+” by Standard & Poor’s

Price:	The Managers (as defined below) have purchased the Bonds at the price of 100.474% (before commissions and expenses)
Placement Price:	According to demand
Interest Rate:	0.250% per annum, payable annually in arrears on January 19, first interest payment on January 19, 2018
Form of Bonds/ Delivery:	The Bonds will be represented by a Permanent Global Certificate (as per Section 1 of the Terms of the Bonds); investors do not have the right to request physical delivery of individual Bonds
Minimum Denomination:	CHF 5,000 nominal and multiples thereof
Payment Date:	January 19, 2017
Redemption Date:	January 19, 2029
Early Redemption:	For tax reasons only, under certain events involving Canadian taxation (for details see section 6(b) of the Terms of the Bonds)
Reopening:	The Province of New Brunswick reserves the right to reopen this issue as per Section 1 of the Terms of the Bonds.
Assurance:	Pari Passu Clause
Trading and Listing:	The Bonds have been provisionally admitted to trading on the SIX Swiss Exchange Ltd as of January 17, 2017 and application will be made for the Bonds to be listed on the SIX Swiss Exchange Ltd. The last trading day will be January 17, 2029.
Sales Restrictions:	U.S.A. and U.S. Persons, European Economic Area
Governing Law and Jurisdiction:	The Bonds will be governed by, and construed in accordance with, the laws of the Province of New Brunswick and the laws of Canada applicable therein

Credit Suisse

Scotiabank

Swiss Security No.: 34755687

ISIN: CH0347556877

Common Code: 154895752

Prospectus dated January 17, 2017

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SALES RESTRICTIONS

United States and U.S. Persons

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933 and are in bearer form and subject to U.S. tax law requirements. Subject to certain exceptions, Bonds may not be offered, sold or delivered within the United States of America or to U.S. Persons. Each Manager has agreed that it will not offer, sell or deliver any Bond within the United States of America or to U.S. Persons except as permitted by the Bond Purchase Agreement.

In addition, until February 28, 2017, an offer or sale of Bonds within the United States of America by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area, which has implemented the Prospectus Directive (each, a **Relevant Member State**), Each Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Bonds to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Bonds to the public in that Relevant Member State at any time:

- (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive; or
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Bonds referred to in (i) to (iii) above shall require the Issuer or the Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

General

Neither the Issuer nor the Managers have represented that Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe any such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken in any jurisdiction that would permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required.

GENERAL INFORMATION

Province of New Brunswick

Pursuant to an authorization by Order in Council 2015-152 dated July 8, 2015 and Order in Council 2016-204 dated August 17, 2016 and a Bond Purchase Agreement among the Province of New Brunswick (the **Issuer** or the **Province**) and Credit Suisse AG and Scotia Capital Inc. (together, the **Managers**), the Issuer has decided to issue in Switzerland

0.250% Bonds 2017-2029 of CHF 200,000,000.

The net proceeds from the issue of the Bonds, amounting to CHF 200,123,000, will be utilized by the Issuer for general governmental purposes. None of the Managers shall have any responsibility for or be obliged to concern itself within the application of the net proceeds of this issue.

Prospectus

Copies of the Prospectus are available free of charge from Credit Suisse AG, Uetlibergstrasse 231, 8070 Zurich, Switzerland, or may be obtained by telephone (+41 44 333 49 73), fax (+41 44 333 57 79) or e-mail to newissues.fixedincome@credit-suisse.com.

Representative

In accordance with Article 43 of the Listing Rules of the SIX Swiss Exchange Credit Suisse AG has been appointed by the Issuer as representative to lodge the listing application with the SIX Swiss Exchange.

Legal Proceedings

Except as disclosed herein, the Issuer is not involved in any court, arbitration, governmental or administrative proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the past 12 months a significant effect on the financial position of the Issuer.

The Province of New Brunswick is involved in various legal proceedings. Of the proceedings outlined below none have been quantified and depending on the outcome thereof might be material hereto. The probability of success of any of the claims is not determinable at this time.

1. *Enbridge Gas New Brunswick Limited Partnership et al.*

The plaintiffs allege that the Issuer breached the terms of a General Franchise Agreement along with duties of good faith and related contractual obligations arising from the franchise relationship. The claim has been settled but the settlement has not yet been recorded in the Court.

2. *Enbridge Gas New Brunswick Limited Partnership et al.*

The plaintiffs allege that by enacting certain legislative amendments, the Issuer extinguished their rights in relation to a certain regulatory deferral account. The claim has been settled but the settlement has not yet been recorded in the Court.

3. *SNC Lavalin Inc.*

The claim is in relation to a contract for the design and rehabilitation of a bridge in Fredericton, New Brunswick.

4. *Clifford Kennedy et al.*

The plaintiffs, being four civil service retirees, commenced an action against the Issuer seeking to be representatives of all pensioners in connection with certain pension reform legislation.

5. *Guy Levesque*

The plaintiff, a civil service retiree, commenced an action against the Issuer and certain unions seeking to be the representative of all pensioners in connection with the pension reform legislation referred to immediately above. The action seeks unspecified damages for breach of contract and breach of trust due to the changes introduced by pension plan reform. Given that they deal with essentially the same subject matter, it is anticipated that either this action, or the action referred to immediately above, will be stayed, or that they will be consolidated and dealt with together.

6. *Professional Institute of the Public Service of Canada et al.*

The plaintiff, a union representing approximately 350 provincial government employees, commenced an action against the Province in connection with the pension reform legislation referenced above. The action seeks various unspecified damages due to the changes introduced by pension plan reform.

7. *Schneider & McGinnis*

In this class action lawsuit, the plaintiffs allege that, while residents of a Provincial institution, they were victims of improper, tortious conduct by a police officer as a result of negligence by the institution.

8. *055455 N.B. Inc. et al.*

This is an action by 16 video lottery terminal operators in connection with the loss of their Video Lottery Terminal businesses as a result of legislative action taken by the Government.

9. *Arren Sock and Kenneth Francis o.b.o. Elsipogtog First Nation and other members of the Mi'kmaq Nation*

The plaintiffs have served a Notice of Intended Action for declarations of Aboriginal title to certain areas of the Province of New Brunswick. The claim will be founded on breach of Constitutional obligations, breach of fiduciary duty, trespass, and nuisance.

10. *Eel River Bar First Nation*

In relation to a dam built in the 1960s, the plaintiff alleges breach of fiduciary duty on the part of the federal government for allowing the transfer of reserve land to the Province of New Brunswick, which is alleged to have caused the destruction of their culture and breach of constitutionally protected aboriginal fishing rights.

11. *Chief Ann Mary Steele et al.*

This is a claim brought by several First Nations alleging that the Crown failed to consult in the face of obvious infringements to Aboriginal and treaty rights, in circumstances where the Crown's forest strategy is unsustainable and will negatively impact on flora and fauna in the New Brunswick forests.

12. *Donald Thomas*

The plaintiff commenced an action against the Province in 2011. The plaintiff is self-represented. The particulars of the plaintiff's claim have not yet been determined; however, it pertains to the delivery of health care in the Province.

13. *James Payne*

This individual alleges that, as a result of a land transaction completed many years ago, he has a claim against the Province. The individual is not represented by legal counsel, and no formal claim has been made. It is the Province's position that the matter was settled years ago. Should an action be brought against the Province, it will likely be barred by a limitation period.

Recent Developments

On November 15, 2016 the provincial government released its economic and fiscal update.

The Department of Finance projects real GDP growth for New Brunswick of 0.4 per cent for 2016. This is unchanged from budget.

Based on second quarter information, there is a projected deficit of \$331.6 million for 2016–17. This is an improvement of \$15.5 million compared to the budgeted deficit of \$347.0 million. If the contingency reserve is not required, the deficit will be \$231.6 million.

Revenue is \$25.9 million higher than budgeted. Total expenses are projected to be \$10.4 million higher than budgeted.

Net debt is projected to increase by \$445.8 million, a decrease of \$22.7 million from budget. Net debt is projected to reach \$14,105 million by March 31, 2017. If the contingency reserve is not required, the net debt will be \$14,005 million.

The 2016–17 second quarter economic and fiscal update is available online.

<http://www2.gnb.ca/content/dam/gnb/Departments/fin/pdf/Publications/2016-2017SecondQuarterReport.pdf>

On December 14, 2016 the provincial government tabled its capital investment plan which include capital estimates for 2017–2018 and capital expenditure projections through to 2019–2020. The 2017–2018 Capital Estimates and separately the speech containing projections are available online.

<http://www2.gnb.ca/content/dam/gnb/Departments/fin/pdf/Budget/2017-2018/2017-2018CapitalEstimates-BudgetDeCapital2017-2018.pdf>

<http://www2.gnb.ca/content/dam/gnb/Departments/fin/pdf/Budget/2017-2018/2017-2018CapitalBudgetSpeech.pdf>

The Government has announced that it will table its 2017–2018 Budget on January 31, 2017. An economic and fiscal update will also be supplied on that date.

No Material Change

Save as disclosed herein, there has been no material change, nor any event involving a prospective material adverse change, in the assets and liabilities, financial position or prospects of the Issuer since March 31, 2016.

Responsibility

The Issuer assumes the responsibility for the contents of this Prospectus and hereby certifies that, to the best of its knowledge and belief, the information contained in this Prospectus is correct and that no material factor has been omitted.

The Province of New Brunswick



Leonard Lee-White

Assistant Deputy Minister

Treasury Division, Department of Finance

TAXATION

Automatic Exchange of Information in Tax Matters

On November 19, 2014, Switzerland signed the Multilateral Competent Authority Agreement (the **MCAA**). The MCAA is based on article 6 of the OECD/Council of Europe administrative assistance convention and is intended to ensure the uniform implementation of Automatic Exchange of Information (the **AEOI**). The Federal Act on the International Automatic Exchange of Information in Tax Matters (the **AEOI Act**) entered into force on January 1, 2017. The AEOI Act is the legal basis for the implementation of the AEOI standard in Switzerland.

The AEOI is being introduced in Switzerland through bilateral agreements or multilateral agreements. The agreements have, and will be, concluded on the basis of guaranteed reciprocity, compliance with the principle of specificity (i.e. the information exchanged may only be used to assess and levy taxes (and for criminal tax proceedings)) and adequate data protection.

Switzerland has concluded a multilateral AEOI agreement with the EU (replacing the EU savings tax agreement) and has concluded bilateral AEOI agreements with several non-EU countries.

Based on such multilateral agreements and bilateral agreements and the implementing laws of Switzerland, Switzerland will begin to collect data in respect of financial assets, including, as the case may be, Bonds, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of individuals resident in a EU member state or in a treaty state from, depending on the effectiveness date of the agreement, 2017 or 2018, as the case may be, and begin to exchange it from 2018 or 2019.

Canadian Taxation

In the respective opinions of Canadian legal advisors for the Issuer and the Managers, the following summary describes the principal Canadian federal income tax considerations generally applicable to a holder of Bonds (a **Holder**) who, for the purposes of the Income Tax Act (Canada) (the **Act**), and at all relevant times, is not resident and is not deemed to be resident in Canada and who does not use or hold and is not deemed to use or to hold the Bond in or in the course of carrying on a business in Canada and is not an insurer carrying on an insurance business in Canada and elsewhere (a **Non-resident Holder**).

This summary is based upon the provisions of the Act in force on the date hereof and the regulations thereunder (the **Regulations**), proposed amendments to the Act and the Regulations in the form publicly announced prior to the date hereof by the Minister of Finance for Canada and the current administrative and assessing practices and policies published by the Canada Revenue Agency. This summary does not take into account or anticipate any other changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign income tax considerations. No assurances can be given that changes in law or administrative practices or future court decisions will not affect the tax treatment of a Non-resident Holder.

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

Interest (including amounts on account of or in lieu of payment of, or in satisfaction of such interest) paid or credited or deemed to be paid or credited by the Issuer to a Non-resident Holder will not be subject to Canadian non-resident withholding tax.

Generally, there are no other Canadian taxes on income (including capital gains) payable under the laws of Canada in respect of the principal of the Bonds of the Issuer or interest or premium thereon by a Non-resident Holder.

TERMS OF THE BONDS

The terms and conditions (each a **Condition**, and together the **Terms of the Bonds**) of the CHF 200,000,000 0.250 percent bonds due January 19, 2029 issued by the Issuer (each a **Bond** and collectively the **Bonds**), are as follows:

1 Amount, Form, Denomination, Custodianship and Transfer of the Bonds

- (a) The initial aggregate principal amount of the Bonds of Swiss francs (**CHF**) 200,000,000 (the **Aggregate Principal Amount**) is issued in denominations of CHF 5,000 and integral multiples thereof.

The Issuer reserves the right to reopen and increase the Aggregate Principal Amount at any time and without prior consultation or permission of the Holders (as defined below) further bonds which will be fungible with the Bonds (i.e. other than the Issue Date identical in respect of the Terms of the Bonds).

- (b) The Bonds are documented in the form of a Permanent Global Certificate (*Globalurkunde auf Dauer*) in accordance with article 973b of the Swiss Code of Obligations. Such Permanent Global Certificate (*Globalurkunde auf Dauer*) shall be deposited by the Principal Paying Agent with SIX SIS as recognized intermediary for such purposes by SIX Swiss Exchange for the entire duration of the Bonds and until their complete redemption.

Each holder of such Bonds (the **Holders** and, individually, a **Holder**) shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Permanent Global Certificate (*Globalurkunde auf Dauer*) to the extent of its claim against the Issuer, provided that for so long as the Permanent Global Certificate (*Globalurkunde auf Dauer*) remains deposited with SIX SIS, the co-ownership interest shall be suspended and so long as the Bonds are intermediated securities (*Bucheffekten*) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), the Bonds may only be transferred by the entry of the transferred Bonds in a securities account of the transferee.

- (c) The records of SIX SIS will determine the number of Bonds held through each participant in SIX SIS. In respect of Bonds held in the form of intermediated securities (*Bucheffekten*), the Holders will be the persons holding the Bonds in a securities account (*Effektenkonto*) which is in their name, or in case of intermediaries (*Verwahrungsstellen*), the intermediaries (*Verwahrungsstellen*) holding the Bonds for their own account in a securities account (*Effektenkonto*) which is in their name.
- (d) Neither the Issuer nor the Holders shall at any time have the right to effect or demand the conversion of the Permanent Global Certificate (*Globalurkunde auf Dauer*) into, or the delivery of uncertificated securities (*Wertrechte*) or individually certificated securities (*Wertpapiere*).
- (e) Individually certificated securities (*Wertpapiere*) may only be printed, in whole, but not in part, if the Principal Paying Agent determines, in its sole discretion, that the printing of such individually certificated securities (*Wertpapiere*) is necessary or useful. Should the Principal Paying Agent so determine, it shall provide for the printing of the individually certificated securities (*Wertpapiere*) without cost to the Holders.
- (f) If printed, the Bonds shall be documented by individually certificated securities (*Wertpapiere*) with coupons appertaining thereto in the principal amount of CHF 5,000, CHF 100,000 and/or CHF 1,000,000 and shall be executed by affixing thereon the facsimile signatures of two authorized officers of the Issuer.
- (g) In the case individually certificated securities (*Wertpapiere*) are printed, the Permanent Global Certificate (*Globalurkunde auf Dauer*) will immediately be cancelled by the Principal Paying Agent and the individually certificated securities (*Wertpapiere*) shall be delivered to the Holders against cancellation of the respective intermediated securities (*Bucheffekten*) in their respective securities accounts.

2 Interest

The Bonds bear interest from (but excluding) January 19, 2017 (the **Issue Date**) at the rate of 0.250 percent of their Aggregate Principal Amount per annum, payable annually in arrears on January 19 of each year (the **Interest Payment Date**), for the first time on January 19, 2018. Interest on the Bonds is computed on the basis of a 360-day year of twelve 30-day months.

3 Redemption, Purchase and Cancellation

(a) **Redemption at Maturity**

Unless previously redeemed, the Issuer undertakes to repay all outstanding Bonds at par, without further notice on January 19, 2029 (the **Maturity Date**).

(b) **Redemption for Tax Reasons**

The Bonds may be redeemed for tax reasons prior to the Maturity Date as provided in Condition 6 hereof.

(c) **Redemption at the Option of the Issuer**

Subject to a period of not less than thirty (30) nor more than sixty (60) days' prior notice to the Principal Paying Agent, the Issuer may redeem the Bonds at any time after the Issue Date and prior to the Maturity Date, in whole, but not in part only, at par plus accrued interest, if any, on the date determined by the Issuer for early redemption, if eighty-five (85) percent or more of the Aggregate Principal Amount have been redeemed or purchased and cancelled at the time of such notice.

(d) **Purchases**

The Issuer or any of its respective Subsidiaries may, either directly or indirectly, at any time purchase Bonds at any price, in the open market or otherwise. Any purchase shall be made in accordance with applicable laws or regulations, including applicable stock exchange regulations. Such Bonds may be held, resold or, at the option of the Issuer, surrendered to the Principal Paying Agent for cancellation as set out below.

If purchases are made by public tender, such tender must be available to all Holders alike.

(e) **Cancellation**

All Bonds which are redeemed or surrendered to the Principal Paying Agent shall immediately be cancelled. All Bonds so cancelled cannot be reissued or resold.

(f) **Notice**

Where the provisions of this Condition 3 provide for the giving of notice by the Issuer to the Principal Paying Agent, such notice shall be deemed to be validly given if made in writing with all required information to the Principal Paying Agent within the prescribed time limit. Such notices shall be announced to the Holders as soon as practicable pursuant to Condition 9. Such notices shall be irrevocable.

4 Payments

The amounts required for payments under these Terms of the Bonds will be made available in good time in freely disposable CHF which will be placed at the free disposal of the Principal Paying Agent. If the due date for any payment by the Issuer does not fall on a Business Day, the Issuer undertakes to effect payment for value the Business Day immediately following such due date and the Holders will not be entitled to any additional sum in relation thereto. All payments with respect to the Bonds (including Additional Amounts, if any) will be made to the Holders in CHF without collection costs.

The receipt by the Principal Paying Agent of the due and punctual payment of the funds in CHF as provided above shall release the Issuer from its payment obligations under the Bonds to the extent of such payments. Upon receipt of funds as provided above, the Principal Paying Agent shall arrange for payment to the Holders through SIX SIS in accordance with standard Swiss market practice.

In the case the Bonds will be printed and documented in the form of individually certificated securities (*Wertpapiere*) in accordance with Conditions 1 (e) through (g),

- (i) all payments of interest will be made only against presentation of the coupons appertaining thereto, and all payments of principal will be made only against presentation and surrender of the individually certificated securities (*Wertpapiere*), in each case at any office or counter of the Principal Paying Agent in Switzerland, and
- (ii) upon the individually certificated securities (*Wertpapiere*) becoming due and repayable prior to the Maturity Date, all unmatured coupons (if any) appertaining thereto will become void.

If the Bonds are not redeemed when due, interest shall continue to accrue until (and including) the day when the Bonds are redeemed.

If, at any time during the life of the Bonds, the Principal Paying Agent shall resign or become incapable of acting as Principal Paying Agent as contemplated by these Terms of the Bonds or shall be adjudged bankrupt or insolvent, the Principal Paying Agent may be substituted by a duly licensed Swiss bank or branch of a foreign bank in Switzerland chosen by the Issuer, being a member of SIX SIS. In the event of such replacement of the Principal Paying Agent, all references to the Principal Paying Agent shall be deemed to refer to such replacement.

Notice of such a replacement shall be published in accordance with Condition 9.

5 Statute of Limitations

The Bonds and Coupons will become void unless presented for payment within two (2) years after the due date for payment.

6 Taxation

(a) Payment of Additional Amounts

All payments of principal and interest on the Bonds by the Issuer to the Principal Paying Agent will be made without deduction or withholding for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed, levied or collected by or in or on behalf of the government of Canada, or by or on behalf of any province or political subdivision, any authority or agency therein having power to tax (hereinafter together called (the **Withholding Taxes**), unless such deduction or withholding is required by law.

In the event that any Withholding Taxes on any such payments to the Principal Paying Agent must be withheld at source by the Issuer, the Issuer shall pay such additional amounts (the **Additional Amounts**) as may be necessary in order that the net amounts received by the Holders after such deduction or withholding shall equal the respective amounts of principal and interest which would have been receivable in respect of the relevant Bonds and/or Coupons in the absence of such deduction or withholding. No such Additional Amounts shall, however, be payable on account of any taxes, duties or governmental charges which:

- (i) are payable otherwise than by deduction or withholding from payments of principal or interest under these Terms of the Bonds; or
- (ii) are payable by reason of the Holder having, or having had, some personal or business connection with Canada and not merely by reason of the holding of the Bond or Coupon; or
- (iii) are payable by reason of a change in law that becomes effective more than thirty (30) days after the relevant payment of principal or interest becomes due, or is duly provided for and notice thereof is published in accordance with Condition 9, whichever occurs later; or
- (iv) would have been avoided if the Holder had made a declaration of non-residence or similar claim for exemption or reduction of the applicable deduction or withholding but fails to do so; or

- (v) are required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on December 17, 2014, in particular the principle to have a person other than the Issuer withhold or deduct the tax, such as, without limitation, any paying agent; or
 - (vi) are payable by or on behalf of a Holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
 - (vii) are required to be withheld or deducted pursuant to an agreement between Switzerland and other countries on final withholding taxes (*internationale Quellensteuern*) levied by a bank in Switzerland in respect of an individual resident in the other country on interest or capital gain paid, or credited to an account, relating to the Bonds; or
 - (viii) are required to be withheld or deducted on any payment by reason of the signing into law on March 18, 2010 of the United States of America's Hiring Incentives to Restore Employment Act (the 'HIRE Act' also referred to as 'FACTA'); or
 - (ix) are any combination of the above.
- (b) Early Redemption for Tax Reasons

If, as a result of any change in, or amendment to, the laws or regulations prevailing in the Province of New Brunswick or in Canada, which change or amendment becomes effective on or after the Closing Date, or as a result of any application or official interpretation of such laws or regulations not generally known before that date, Withholding Taxes are or will be due on payments by the Issuer to the Principal Paying Agent of principal or interest in respect of the Bonds which cannot be avoided and, by reason of the obligation to pay Additional Amounts as provided in Condition 6 (a) hereof, such Withholding Taxes are to be borne by the Issuer, the Issuer may redeem the Bonds in whole, but not in part, at any time, on giving not less than sixty (60) days notice, at 100% of their principal amount, together with interest accrued to the date fixed for redemption. No such notice of redemption shall be given earlier than ninety (90) days prior to the earliest date on which the Issuer would be obliged to withhold or pay Withholding Taxes were a payment in respect of the Bonds or Coupons then made.

Any such notice shall be given by publication in accordance with Condition 9 hereof. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

7 Status of the Bonds

The Bonds constitute direct, unsubordinated, unsecured obligations of the Issuer and among themselves rank *pari passu* and will be payable rateably without any preference or priority. The Bonds will rank equally with all of the Issuer's other unsecured and unsubordinated indebtedness and obligations from time to time outstanding. Payment of principal and interest on the Bonds will be a charge on and payable out of the Consolidated Fund of New Brunswick.

8 Events of Default

If any of the following events (each event an **Event of Default**) shall occur, Credit Suisse in its capacity as Holders' representative (the **Holder's Representative**) has the right but not the obligation, on behalf of the Holders, to declare all outstanding Bonds immediately due and repayable at par plus accrued interest:

- a) default by the Issuer in its obligation hereunder to make payment of the principal of, or redemption price of, any of the Bonds as and when the same shall become due and payable in accordance with the Terms of the Bonds, whether at maturity, upon redemption, or otherwise; or

- b) default by the Issuer in its obligation hereunder to make payment of any installment of interest on, or any Additional Amounts with respect to, any of the Bonds as and when the same shall become due and payable in accordance with the Terms of the Bonds, and such default shall continue for a period of thirty (30) days; or
- c) failure on the part of the Issuer to duly observe or perform in any material respect any other of the covenants or agreements on the part of the Issuer in the Terms of the Bonds or in the Agreement for a period of sixty (60) days after the date on which written notice of such failure, requiring the Issuer to remedy the same, shall have been given to the Issuer by the Principal Paying Agent on behalf of the Holders; or
- d) a general moratorium is declared by the Issuer in respect of its indebtedness or the Issuer stops payment generally or announces its inability to meet its financial obligations as they become due.

If an Event of Default occurs, the Holders' Representative has the right but not the obligation to serve a written notice of default (**Default Notice**), such notice having the effect that the Bonds shall become immediately due and payable at par plus accrued interest, if any, on the day the Default Notice is given.

Upon the occurrence of an Event of Default, the Holders' Representative may invite the Holders in accordance with Condition 14 to a Holders' meeting for the taking of a resolution on the serving of a Default Notice, provided the Holders' Representative has not served such Default Notice itself. The legally valid resolution of the Holders' meeting to serve a Default Notice, shall replace the right reserved by the Holders' Representative according to these Terms of the Bonds to serve a Default Notice on behalf of the Holders. If the Holders' meeting votes against the serving of a Default Notice, the right to serve such Default Notice shall revert to the Holders' Representative whereby the Holders' Representative shall not be bound by the resolution of the Holders' meeting if and to the extent that new circumstances arise or become known which require a revised assessment of the facts.

9 Notices

All notices regarding the Bonds shall be given through the Principal Paying Agent on behalf and at the expense of the Issuer (i) for so long as the Bonds are listed on SIX Swiss Exchange on the internet site of SIX Swiss Exchange (where notices are currently published under the address www.six-swiss-exchange.com/news/official_notices/search_en.html) or (ii) in case the Bonds were no longer listed on SIX Swiss Exchange in a daily newspaper with general circulation in Switzerland (which is expected to be the *Neue Zürcher Zeitung*).

10 Listing

Application will be made for the admission to trading and listing of the Bonds on SIX Swiss Exchange.

The Issuer will use reasonable endeavours to have the Bonds listed on SIX Swiss Exchange and to maintain such listing as long as any Bonds are outstanding.

11 Currency Indemnification

If any payment obligation of the Issuer under the Bonds has to be converted from CHF into a currency other than CHF (to obtain a judgment, execution or for any other reason), the Issuer undertakes as a separate and independent obligation to indemnify the Holders for any shortfall caused by fluctuations of the exchange rate applied for such conversion.

The rate of exchange to be applied in calculating such shortfall shall be the Principal Paying Agent's spot rate of exchange prevailing between CHF and the other currency on the date on which the relevant conversion is necessary.

12 Replacement of Bonds in the form of individually certificated securities (*Wertpapiere*)

If individually certificated securities (*Wertpapiere*) have been printed, any individually certificated securities (*Wertpapiere*) which are mutilated, stolen, lost or destroyed may be replaced at the Principal Paying Agent against payment of such costs as may be incurred in connection therewith and on such terms as to evidence (including, in the case of stolen, lost or destroyed individually certificated securities (*Wertpapiere*), surrender of a copy (certified in a manner satisfactory to the Issuer and the Principal Paying Agent of the final and conclusive judgement of nullification from the competent courts as specified in Condition 13) and such guarantee as the Issuer and the Principal Paying Agent may require and, in the case of mutilation upon surrender of the mutilated individually certificated securities (*Wertpapiere*).

13 Governing Law and Jurisdiction

The Bonds and Coupons are governed by the laws of the Province of New Brunswick and the laws of Canada applicable therein.

Each party irrevocably attorns and submits to the non-exclusive jurisdiction of the New Brunswick courts situated in the Province of New Brunswick, and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

14 Holders' Meeting

- (a) The Holders' Representative, the Issuer may at any time convene a meeting of the Holders (a **Holders' Meeting**).

If an Event of Default has occurred and is continuing and as long as the Holders' Representative has not exercised its rights under Condition 8 with respect thereto, the Holders who wish that a Holders' Meeting should be convened and who represent at least ten (10) percent of the Aggregate Principal Amount then outstanding and who are entitled to participate and to vote in accordance with para. (f) and (h) of this Condition 14 may at any time require the Issuer to convene a Holders' Meeting which shall convene such a meeting as soon as commercially possible upon receipt of such request.

- (b) The costs for such Holders' Meeting shall be borne by the Issuer or, in the case the Issuer is prohibited by law to pay these costs, by the Holders convening such meeting (each of these Holders shall bear such costs in relation to its respective holding of Bonds at the time of such Holders' request to the Issuer to convene a Holders' Meeting).
- (c) A Holders' Meeting may consider any matter affecting the interests of the Holders' Meeting (other than matters on which the Holders' Representative has previously exercised its rights contained in Condition 8 above and Condition 15 below), including any modification of, or arrangement in respect of the Terms of the Bonds.
- (d) Notice convening a Holders' Meeting shall be given at least twenty (20) days prior to the proposed date thereof. Such notice shall be given in accordance with Condition 9. It shall state generally the nature of the business to be transacted at such Holders' Meeting. If an Extraordinary Resolution (as defined below) is being proposed, the wording of the proposed resolution or resolutions shall be indicated. The notice shall specify the day, hour and place of the Holders' Meeting and also the formal requirements referred to in para. (f) of this Condition 14. The Issuer (at its head office) and the Principal Paying Agent (at the Specified Office) will make a copy of such notice available for inspection by the Holders during normal business hours.
- (e) All Holders' Meetings shall be held in Zurich, Switzerland. A chairman (the **Chairman**) shall be nominated by the Issuer after consultation with the Holders' Representative in writing. If no person has been so nominated or if the nominated person is not present at the Holders' Meeting within thirty (30) minutes after the time fixed for holding the Holders' Meeting, the Holders present shall choose the Chairman instead.

The Chairman shall lead and preside over the Holders' Meeting. Among others, it shall be his duty to determine the presence of persons entitled to vote and to inquire if the necessary quorum (as set forth below) is present. He shall instruct the Holders as to the procedure of the Holders' Meeting and the resolutions to be considered. He shall sign the minutes referred to in para. (l) of this Condition 14.

In the case of any equality of votes, the Chairman shall have a casting vote.

A declaration by the Chairman that a resolution has been supported or supported by a particular majority in accordance with para. (g) and (i) of this Condition 14 or not supported or not supported by a particular majority in accordance with para. (g) and (i) of this Condition 14 shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

- (f) Each person who produces a certificate by a bank in respect of such Bond relating to that Holders' Meeting is entitled to attend and to vote on the resolutions proposed at such Holders' Meeting. Bank certificates shall be dated before the date of the Holders' Meeting and confirm that the respective Bonds are deposited in a securities account (*Effektenkonto*) with that bank and will remain so deposited with such bank until and including the date of the Holders' Meeting and that the bank has not issued any other such certificate with respect to such Bonds.
- (g) The presence quorum necessary in order to vote on resolutions proposed at a Holders' Meeting shall be persons entitled under para. (f) and (h) of this Condition 14 holding or representing persons holding in the aggregate at least the following percentages of the Aggregate Principal Amount of all Bonds then outstanding:

Each Ordinary Resolution: twenty-five (25) percent
Each Extraordinary Resolution: sixty-six (66) percent

The terms Ordinary Resolution and Extraordinary Resolution are defined below.

If within thirty (30) minutes after the time fixed for any Holders' Meeting a sufficient quorum is not present, the Holders' Meeting shall be dissolved.

- (h) Holders' voting rights shall be determined according to the principal amount of outstanding Bonds held, with each of CHF 5,000 in nominal amount being entitled to one vote.

Bonds held by or on behalf of the Issuer or any other natural person or legal entity,

- (i) which directly or indirectly owns or controls more than fifty (50) percent of the equity share capital of the Issuer, or
- (ii) of which, in the case of a legal entity, more than fifty (50) percent of the equity share capital is controlled by the Issuer directly or indirectly, or
- (iii) where the Issuer is in a position to exercise, directly or indirectly, a control over the decisions or actions of such natural person or legal entity or representative thereof, irrespective of whether or not the latter is affiliated to the Issuer,

shall not be entitled to vote at a Holders' Meeting.

- (i) A resolution shall be validly passed if approved by at least the following percentages of votes cast at a duly convened Holders' Meeting held in accordance with this Condition 14:

Each Ordinary Resolution: fifty-one (51) percent
Each Extraordinary Resolution: sixty-six (66) percent

Every proposal submitted to a Holders' Meeting shall be decided upon a poll.

- (i) Any resolution which is not an Extraordinary Resolution in accordance with para. (k) of this Condition 14 shall be deemed to be an Ordinary Resolution.

- (k) An Extraordinary Resolution shall be necessary to decide on the following matters at a Holders' Meeting:
- to postpone the maturity beyond the stated maturity of the principal of any Bonds, or
 - to reduce the amount of principal payable on any Bonds, or
 - to change the date of interest payment on any Bonds, or
 - to change the rate of interest, or the method of computation of interest, on any Bonds, or
 - to change any provision for payment contained in the Terms of the Bonds or the place or the currency of repayment of the principal of any Bonds or interest on any Bonds, or
 - to amend or modify or waive the whole or any parts of Condition 8 or para. (f), (g), (h), (i) or (k) of this Condition 14, or
 - to create unequal treatment between Holders of the same class, or
 - to convert the Bonds into equity, or
 - to change the choice of law and the jurisdiction clause contained in Condition 13.

The above-mentioned list of issues for which an Extraordinary Resolution shall be necessary is exclusive.

- (l) Any resolution approved at a Holders' Meeting held in accordance with this Condition 14 shall be conclusive and binding on the Issuer and on all present or future Holders, whether present or not at the Holders' Meeting, regardless of whether such Holders have approved such resolution. The Holders shall not be entitled to any improvement of their position vis-à-vis the Issuer pursuant to resolution approved at a Holders' Meeting without prior written approval of the Issuer. Any resolution approved at a Holders' Meeting, which increased the obligations of the Issuer under the Terms of the Bonds shall become effective only after written approval of the Issuer.

Minutes of all resolutions and proceedings at a Holders' Meeting shall be made and signed by the Chairman pursuant to para. (e) of this Condition 14.

- (m) If no Holder or an insufficient number of Holders attend a Holders' Meeting, the right to decide on the redemption of the Bonds or any other measures to protect the interests of the Holders available to the Holder's Representative according to the Terms of the Bonds shall revert to the absolute discretion of the Holders' Representative. Any such decision of the Holders' Representative shall be final and binding upon the Issuer and the Holders.

15 Amendment to the Terms of the Bonds

The Terms of the Bonds may be amended by agreement between the Issuer and the Holders' Representative on behalf of the Holders, provided that such amendment is of a formal, minor or technical nature, is made to correct a manifest error and is not materially prejudicial to the interests of the Holders. Notice of any such amendment shall be published in accordance with Condition 9.

16 Role of Credit Suisse

Credit Suisse has been appointed by the Issuer as the Principal Paying Agent and as the Listing Agent with respect to the Bonds and it will or may also act on behalf of or for the benefit of the Holders as Holders' Representative, but only in such cases stated explicitly in these Terms of the Bonds. In any other cases, the Holders' Representative is not obliged to take or to consider any actions on behalf of or for the benefit of the Holders.

17 Interest Act (Canada)

For the purposes of disclosure pursuant to the *Interest Act* (Canada) and for that purpose only, the yearly rate of interest which is equivalent to the rate of interest for any period of less than one year computed as provided in the Bonds, is the rate of interest for such period multiplied by a fraction the numerator of which is the actual number of days in the 12-month period constituting such year and commencing on the same day as such period and the denominator of which is the actual number of days in such period.

18 Definitions

Business Day means any day (other than Saturday or Sunday) on which banks are open the whole day for business in Zurich, Toronto and New York.

Credit Suisse means Credit Suisse AG, Paradeplatz 8, CH-8001 Zurich, Switzerland.

Issuer means the Province of New Brunswick, Canada.

Listing Agent means Credit Suisse, appointed as recognized representative pursuant to art. 43 of the listing rules of SIX Swiss Exchange to file the listing application (including the application for provisional admission to trading) for the Bonds with SIX Swiss Exchange.

Principal Paying Agent means Credit Suisse in its function as principal paying agent.

SIX SIS means SIX SIS Ltd, the Swiss clearing and settlement organization, Baslerstrasse 100, CH-4600 Olten, Switzerland, or any successor organization accepted by SIX Swiss Exchange.

SIX Swiss Exchange means SIX Swiss Exchange Ltd, Selnaustrasse 30, CH-8001 Zurich, Switzerland (P.O. Box 1758, CH-8021 Zurich, Switzerland) or any successor exchange.

Specified Office means the office of the Principal Paying Agent at Paradeplatz 8, CH-8001 Zurich, Switzerland.