

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS (“QIBs”) UNDER RULE 144A OR OTHERWISE TO PERSONS TO WHOM IT CAN LAWFULLY BE DISTRIBUTED.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached prospectus. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached prospectus. In accessing the attached prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

CONFIRMATION OF YOUR REPRESENTATION: You have accessed the attached prospectus on the basis that you have confirmed your representation to the State of Qatar, acting through the Ministry of Economy and Finance (the “**State**”) and to Barclays Bank PLC, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, J.P. Morgan Securities Ltd. and Qatar National Bank S.A.Q. (together, the “**Managers**”) that (1) you consent to delivery of the attached prospectus and any amendments or supplements thereto by electronic transmission and (2) either (A) you are a QIB (within the meaning of Rule 144A under the United States Securities Act of 1933 (the “**Securities Act**”)), or (B) (i) you are outside the United States and, to the extent you purchase the securities described in the attached prospectus, you will be doing so pursuant to Regulation S under the Securities Act, and (ii) the electronic mail address to which the attached prospectus has been delivered is not located in the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (and its possessions include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

The attached prospectus has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the State, the Managers and their respective affiliates, directors, officers, employees, representatives and agents or any other person controlling any of the Managers or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

The attached prospectus is being furnished in connection with an offering exempt from registration under the Securities Act. Nothing in this electronic transmission constitutes an offer of securities for sale in the United States.

ANY SECURITIES TO BE ISSUED HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES UNLESS REGISTERED UNDER THE SECURITIES ACT OR PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION. YOU ARE NOT AUTHORIZED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED PROSPECTUS, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH PROSPECTUS IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. No action has been or will be taken in any jurisdiction by the State or the Managers that would or is intended to, permit a public offering of the securities, or possession or distribution of the prospectus or any other offering or publicity material relating to the securities, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, then the offering shall be deemed to be made by the Managers or such affiliate on behalf of the State in such jurisdiction.

The attached prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”), or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “**relevant persons**”). The attached prospectus must not be acted upon by persons who are not relevant persons. Any investment or investment activity to which this prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

You are reminded that the attached prospectus has been delivered to you on the basis that you are a person into whose possession this prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver or forward the attached prospectus, electronically or otherwise, to any other person. If you receive the attached prospectus by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. If you receive the attached prospectus by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



The State of Qatar

US\$3,500,000,000 4.00% Bonds due 2015
Issue Price: 99.870%

US\$2,500,000,000 5.25% Bonds due 2020
Issue Price: 99.758%

US\$1,000,000,000 6.40% Bonds due 2040
Issue Price: 99.785%

The US\$3,500,000,000 4.00% Bonds due 2015 (the **"2015 Bonds"**), the US\$2,500,000,000 5.25% Bonds due 2020 (the **"2020 Bonds"**) and the US\$1,000,000,000 6.40% Bonds due 2040 (the **"2040 Bonds"**) and, together with the 2015 Bonds and the 2020 Bonds, the **"Bonds"** are being offered inside the United States to qualified institutional buyers in reliance on Rule 144A under the United States Securities Act of 1933 (the **"Securities Act"**). In addition, the Bonds are being offered outside the United States in reliance on Regulation S under the Securities Act.

The State of Qatar, acting through the Ministry of Economy and Finance (**"Qatar"** or the **"State"**), will pay interest on each 2015 Bond at the rate of 4.00% per annum from and including November 24, 2009 semi-annually in arrear on January 20 and July 20 in each year until (and including) January 20, 2015 (the **"2015 Maturity Date"**), commencing on January 20, 2010. The State will pay interest on each 2020 Bond at the rate of 5.25% per annum from and including November 24, 2009 semi-annually in arrear on January 20 and July 20 in each year until (and including) January 20, 2020 (the **"2020 Maturity Date"**). The State will pay interest on each 2040 Bond at the rate of 6.40% per annum from and including November 24, 2009 semi-annually in arrear on January 20 and July 20 in each year until (and including) January 20, 2040 (the **"2040 Maturity Date"**) and, together with the 2015 Maturity Date and the 2020 Maturity Date, the **"Maturity Dates"**, commencing on January 20, 2010.

Unless previously redeemed or purchased and cancelled, each series of Bonds will be redeemed at its principal amount together with accrued interest on the Maturity Date applicable to the relevant series of Bonds. The State may redeem any series of Bonds, in whole or in part, at any time at a redemption price equal to the greater of (a) 100% of the principal amount of the relevant series of Bonds plus accrued and unpaid interest and (b) the relevant Make-Whole Amount (as defined in the Terms and Conditions of the Bonds).

Except as set forth herein, payments in respect of the Bonds will be made without any deduction or withholding for or on account of taxes of Qatar or any political subdivision thereof or any authority therein or thereof having power to tax.

An investment in the Bonds involves certain risks. Prospective investors should review the factors described under "Risk Factors" in this Prospectus.

Application has been made to the Commission de Surveillance du Secteur Financier (the **"CSSF"**) in its capacity as competent authority under the Luxembourg act dated July 10, 2005 on prospectuses for securities to approve this document as a prospectus within the meaning of Article 5 of Directive 2003/71/EC (the **"Prospectus Directive"**). Application has been made to the Luxembourg Stock Exchange for the Bonds to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the official list of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for purposes of Directive 2004/39/EEC.

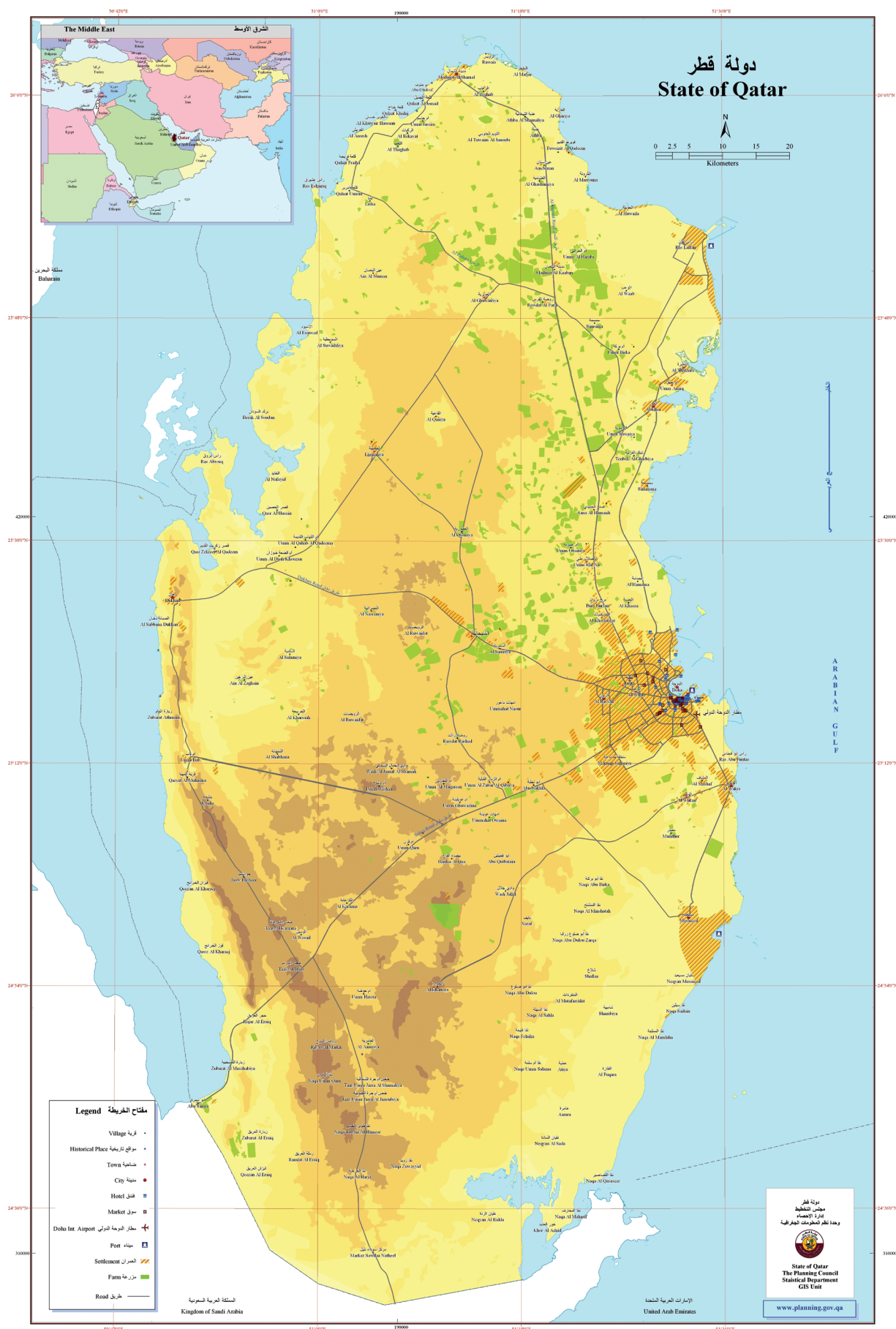
The Bonds have not been and will not be registered under the Securities Act and are being offered and sold in the United States only to qualified institutional buyers in reliance on Rule 144A under the Securities Act. Prospective purchasers that are qualified institutional buyers in the United States are hereby notified that the seller of the Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Bonds sold to purchasers in the United States are not transferable except in accordance with the restrictions described under "Transfer Restrictions."

The Bonds will be offered and sold in registered form in denominations of US\$100,000 or any amount in excess thereof which is an integral multiple of US\$1,000. Bonds which are offered and sold in transactions outside the United States in reliance on Regulation S (the **"Unrestricted Bonds"**) will initially be represented by beneficial interests in a global Bond for each series of Bonds (the **"Unrestricted Global Bonds"**), in registered form, without interest coupons attached, which will be registered in the name of Citivic Nominees Limited as nominee for, and shall be deposited on or about November 24, 2009 (the **"Closing Date"**) with, Citibank Europe Plc, as common depository for, and in respect of interests held through, Euroclear Bank S.A./N.V. (**"Euroclear"**) and Clearstream Banking, *société anonyme* (**"Clearstream, Luxembourg"**). Bonds which are offered and sold in the United States in reliance on Rule 144A (the **"Restricted Bonds"**) will initially be represented by beneficial interests in one or more global Bonds for each series of Bonds (the **"Restricted Global Bonds"**), in registered form, without interest coupons attached, which will be deposited on or about the Closing Date with Citibank, N.A., as custodian (the **"Custodian"**) for, and registered in the name of Cede & Co. as nominee of, The Depository Trust Company (**"DTC"**). Interests in the Restricted Global Bonds will be subject to certain restrictions on transfer. See "The Global Bonds—Transfers." Beneficial interests in the Unrestricted Global Bonds and the Restricted Global Bonds (together, the **"Global Bonds"**) will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, Luxembourg and their participants. Except as described herein, individual definitive certificates for Bonds will not be issued in exchange for beneficial interests in the Global Bonds.

Joint Lead Managers

Barclays Capital Goldman Sachs International Credit Suisse J.P. Morgan Qatar National Bank

Prospectus dated November 19, 2009



RESPONSIBILITY STATEMENT

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

To the best of the knowledge and belief of the State, the information contained in this Prospectus is true and accurate in every material respect and is not misleading in any material respect and this Prospectus, insofar as it concerns such matters, does not omit to state any material fact necessary to make such information not misleading. The opinions, assumptions, intentions, projections and forecasts expressed in this Prospectus with regard to the State are honestly held by the State, have been reached after considering all relevant circumstances, and are based on reasonable assumptions.

IMPORTANT NOTICE

No person has been authorized to give any information or to make any representation other than those contained in this Prospectus in connection with the offering of the Bonds and, if given or made, such information or representations must not be relied upon as having been authorized by the State or by any of Barclays Capital, the investment banking division of Barclays Bank PLC, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, J.P. Morgan Securities Ltd. and Qatar National Bank S.A.Q. (together, the “**Managers**”). Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the State since the date hereof. This Prospectus may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorized or is unlawful.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the State or by any Manager that any recipient of this Prospectus should purchase any of the Bonds. Each investor contemplating purchasing Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the State.

In connection with the issue of the Bonds, Barclays Bank PLC (the “Stabilizing Manager”) (or any person acting on behalf of it) may over-allot the Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager (or any person acting on behalf of the Stabilizing Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if commenced, may be discontinued at any time and must be brought to an end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Such stabilizing shall be in compliance with all applicable laws, regulations and rules.

The State is relying on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. By purchasing Bonds, each prospective investor will be deemed to have made the acknowledgements, representations, warranties and agreements described under “Transfer Restrictions” in this Prospectus. Each prospective investor should understand that it will be required to bear the financial risks of its investment for an indefinite period of time.

Neither the State nor the Managers are making any representation to any prospective investor in the Bonds regarding the legality of an investment in the Bonds by such prospective investor under any legal investment or similar laws or regulations. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult with its own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Bonds.

The distribution of this Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. Neither the State nor the Managers represent that this Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the State (save for the approval of this Prospectus by the CSSF as a prospectus within the meaning of Article 5 of the Prospectus Directive) or the Managers which would permit a public offering of any Bonds or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering

material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable securities laws and regulations. Persons into whose possession this Prospectus or any Bonds come must inform themselves about and observe any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Bonds in the United States. For a description of these and certain further restrictions on offers and sales of the Bonds and distribution of this Prospectus, see “Subscription and Sale” and “Transfer Restrictions.”

The Bonds have not been registered with, recommended by or approved or disapproved by, the United States Securities and Exchange Commission (the “SEC”) or any other federal or state securities commission in the United States nor has the SEC or any other federal or state securities commission confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States. The Bonds are subject to restrictions on transferability and resale. See “Transfer Restrictions.”

In this Prospectus, any reference to a “series” of Bonds or of Bondholders shall be a reference to the 2015 Bonds, the 2020 Bonds or the 2040 Bonds or to their respective holders, as the case may be.

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

ENFORCEMENT OF CIVIL LIABILITIES

Qatar is a foreign sovereign state and a substantial portion of the assets of the State are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the State or to enforce in US courts judgments or arbitral awards against the State or to enforce in Qatari courts judgments obtained in US courts or arbitral awards obtained in the United States, including judgments predicated upon the civil liability provisions of US federal securities laws. It may not be possible to enforce, in original actions in Qatari courts, liabilities predicated solely on US federal securities laws. For a discussion of possible limitations on the ability to enforce in Qatari courts judgments obtained in US courts or arbitral awards obtained in the United States, including judgments obtained in actions predicated upon the civil liability provisions of the US federal securities laws, see “Risk Factors—Risks Relating to Qatar—Qatari law relating to the enforcement of arbitral awards and foreign judgments is relatively undeveloped and investors in the Bonds may be unable to recover in civil proceedings for US securities laws violations.” These factors create greater judicial uncertainty than would be expected in certain other jurisdictions.

To the extent that the State may in any jurisdiction claim for itself or its revenues, assets or properties which consist of its public and private properties invested in financial, commercial or industrial activities or deposited in banks (“Sovereign Assets”) immunities from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or legal process and to the extent that in any such jurisdiction there may be attributed to itself or its Sovereign Assets such immunity (whether or not claimed), the State shall, in the terms and conditions of the Bonds (the “Conditions”), agree for the benefit of the Bondholders not to claim and shall waive such immunity to the fullest extent permitted by the laws of such jurisdiction (including, without limitation, the United States Foreign Sovereign Immunities Act of 1976 and Decree Law No. (18) of 1996 Amending Certain Provisions of Law No. (10) of 1987 in respect of the Public and Private Properties of the State of Qatar). In addition, to the extent that the State or any of its Sovereign Assets shall be entitled in any jurisdiction to any immunity from set-off, banker’s liens or any similar rights or remedies, and to the extent that there shall be attributed, in any jurisdiction, such an immunity, the State shall agree not to claim and shall agree to waive such immunity to the fullest extent permitted by the laws of such jurisdiction with respect to any claim, suit, action, proceeding, right or remedy arising out of or in connection with any of the Bonds. The waiver of sovereign immunity has never been tested before a Qatari court or any other authority in Qatar.

PRESENTATION OF FINANCIAL INFORMATION

The historical financial information relating to Qatar Petroleum (“QP”) contained in this Prospectus has been extracted from QP’s historical consolidated financial statements, which are prepared in accordance with the requirements of Decision No. (6) of 1976 (as amended) of the Council of Ministers and the accounting policies stipulated in QP’s consolidated financial statements (the “QP Accounting Standards”). QP Accounting Standards differ from United States generally accepted accounting principles (“US GAAP”) and International Financial Reporting Standards (“IFRS”), and such differences may be material. This Prospectus does not include a copy of QP’s historical consolidated financial statements. Neither the State nor QP has presented any reconciliation of the financial information set out in this Prospectus to US GAAP or IFRS, nor given any information in relation to the differences between QP Accounting Standards and US GAAP or IFRS. If information relating to QP’s results of operations or financial condition was prepared under US GAAP, IFRS or other generally accepted accounting standards set by an acceptable financial reporting framework, the information would materially differ. See “Risk Factors—Risks Relating to Qatar—Certain of the financial information in respect of QP contained in this Prospectus has been extracted from QP’s historical consolidated financial statements, which are not prepared in accordance with US GAAP or IFRS. If they were prepared in accordance with US GAAP or IFRS, the results of operations and financial condition of QP as reflected in such financial statements would differ, and such differences may be material. QP financial information as of or for any period in 2009 has not been audited or reviewed by QP’s auditors and, if such information was audited or reviewed, it may be subject to adjustment or restatement.” In addition, certain of QP’s historical consolidated financial information included in this Prospectus is derived from historical consolidated financial statements that were restated following their initial publication to reflect, among other things, subsequent changes made to QP Accounting Standards. Furthermore, discussions with respect to QP’s financial information as of and for the six-month period ended June 30, 2009 contained in this Prospectus are based upon financial statements that have not been audited or reviewed by QP’s auditors.

QP’s consolidated financial statements are prepared in Qatari riyals. There is also included in this Prospectus certain financial information derived from QP’s historical consolidated financial statements in US dollars for convenience only.

In this Prospectus, all references to “QR,” “Qatari riyals” and “riyals” are to the lawful currency for the time being of Qatar, and all references to “dollars,” “US dollars,” “\$” and “US\$” are to the lawful currency for the time being of the United States of America. Translations of amounts from riyals to US dollars in this Prospectus are solely for the convenience of the reader. The riyal currently is, and since the mid-1980s has been, pegged to the US dollar at a fixed exchange rate of 3.64 riyals per US dollar and, accordingly, translations of amounts from riyals to US dollars have been made at this exchange rate for all periods presented in this Prospectus.

Certain financial information included in this Prospectus has been rounded and, as a result, the totals of the information presented may vary slightly from the actual arithmetic totals of such information.

PRESENTATION OF CERTAIN RESERVES INFORMATION

Cautionary Note to US Investors. The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. Certain terms in this Prospectus are used in referring to Qatar’s reserves, such as “proven” and “expected” reserves, that the SEC’s guidelines would prohibit Qatar from including in filings with the SEC if Qatar was subject to the reporting requirements under the United States Securities Exchange Act of 1934 (the “Exchange Act”).

The State believes that its “proven” and “expected” classifications are similar to, but do not directly correspond with, the definitions of “proved” and “proved plus probable” reserves used by the Society of Petroleum Engineers. Proven reserves are defined in this Prospectus as reserves that are equal to proven ultimate recovery minus cumulative production. Proven ultimate recovery includes:

- (i) the ultimate recovery that is assigned to areas defined by wells that have been drilled and the ultimate recovery that can be obtained from locations falling within areas defined by geological and engineering information, provided that there is no reasonable doubt as to their productivity;
- (ii) the ultimate recovery to be obtained from reservoirs which have proved to be productive by production tests, but which are not yet developed to the stage of production; and

- (iii) the ultimate recovery to be obtained from successful application of supplementary recovery methods, based on experience gained from pilot tests or actual practices in similar reservoir conditions.

Expected reserves are defined as reserves that are equal to expected ultimate recovery minus cumulative production. Expected ultimate recovery is the volume of hydrocarbons which is expected to be recoverable, based on geological and engineering information, from either tested or untested reservoirs that have been penetrated by wells. The expected volumes are discounted by factors related to the uncertainty of production.

Certain reserves information presented in this Prospectus is based on an annual review of reserves compiled by the Oil and Gas Ventures Directorate within QP. As of the date of this Prospectus, the most recent annual review of reserves was dated as of January 1, 2009. The annual review of reserves has not been reviewed by an independent consultant for the purposes of this offering. See “Risk Factors—Risks Relating to Qatar—Information on hydrocarbon reserves is based on estimates that have not been reviewed by an independent consultant for the purposes of this offering.”

PRESENTATION OF HYDROCARBON DATA

Barrel measurements for volumes sold will vary from volumes produced and will differ between the oil produced onshore, which is lighter and sweeter, and the oil produced offshore, which is heavier and more sour.

For information on dry gas, normal cubic meters have been converted to standard cubic feet, with one actual cubic meter equivalent to 37.32584 standard cubic feet. This is not a straight volumetric conversion as normal cubic meters are measured at one bar and zero degrees Centigrade, while standard cubic feet are measured at one bar and 60 degrees Fahrenheit.

Propane has been converted based on 12.40 barrels per ton and normal butane has been converted based on 10.94 barrels per ton.

All converted data in this Prospectus with respect to butane, propane and dry gas are estimates only and actual volumes may differ.

Proven and expected reserves of natural gas have been converted to barrels of oil equivalent in this Prospectus using the BP Statistical Review methodology, which converts gas to barrels of oil equivalent on a calorific basis according to a conversion factor of one billion cubic feet of gas to 0.18 million barrels of oil equivalent.

The information provided in this Prospectus on production capacity includes an allowance for plant reliability and as a result does not represent peak throughput capacity for the relevant plant or equipment. Production capacity data is consistent with expected typical average production rates. Volumes presented for production capacity following completion of certain projects are forward-looking projections based upon engineering estimates and actual performance may vary.

References in this Prospectus to “**tons**” are to metric tons. One ton in this Prospectus equals 1,000 kilograms. References in this Prospectus to “**mta**” are to million tons per annum. References in this Prospectus to “**tpa**” are to tons per annum and references to “**tpd**” are to tons per day. References in this Prospectus to “**mcf**” are to million standard cubic feet, references to “**bcf**” are to billion standard cubic feet and references to “**tcf**” are to trillion standard cubic feet. Certain other abbreviations used have the meanings given to such terms in the Glossary.

PRESENTATION OF CERTAIN OTHER DATA RELATED TO QATAR

Unless otherwise stated, all annual information contained in this Prospectus, other than budgetary information, has been prepared on the basis of calendar years. Certain figures included in this Prospectus have been rounded and, as a result, the totals of the figures presented may vary slightly from the actual arithmetic totals of such figures.

Statistical data and other information presented herein related to Qatar, in particular, information presented under “Overview of the State of Qatar,” “The Economy of Qatar,” “Monetary and Financial System,” “Public Finance,” “Indebtedness” and “Balance of Payments”, is based on information made available by governmental agencies and entities of Qatar, including the Ministry of Economy and Finance, QP, the Qatar Central Bank (the “**QCB**”) and the Qatar Statistics Authority (the “**QSA**”).

Some of the market and competitive position data appearing in this Prospectus under “Overview of the State of Qatar,” “The Economy of Qatar,” “Monetary and Financial System,” “Public Finance,” “Indebtedness” and “Balance of Payments” has been obtained from: (i) sources such as the 2006 and 2007 Annual Reports and the December 2008 and September 2009 Quarterly Statistical Bulletins issued by the QCB; the 2009 Statistical Appendix issued by the US Energy Information Administration (the “**USEIA**”) entitled “International Energy Outlook 2009;” the report entitled “Economic Review” issued by the Qatar National Bank dated October 2008; the CIA Factbook; and reports issued by the QSA; (ii) third-party industry expert reports; and (iii) Qatari press reports and publications, edicts and resolutions of Qatar. In the case of the presented statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. The State has relied on the accuracy of such aforementioned information without carrying out an independent verification thereof and cannot guarantee their accuracy. The State confirms that such information has been accurately reproduced, and, as far as the State is aware and is able to ascertain from information published by such sources, no facts have been omitted from the information in this Prospectus that would render it inaccurate or misleading.

Prospective investors in the Bonds should review the description of the economy of Qatar and the public finances of Qatar set forth in this Prospectus in light of the following observations. Statistics contained in this Prospectus, including those in relation to nominal gross domestic product (“**GDP**”), balance of payments, revenues and expenditure of the Government of Qatar (the “**Government**”) and indebtedness of Qatar, have been obtained from, among others, the Ministry of Economy and Finance, QP, the QCB and the QSA. Such statistics, and the component data on which they are based, may be unreliable and may not have been compiled in the same manner as data provided by similar sources in Western Europe and the United States. Similar statistics may be obtainable from other sources, although the underlying assumptions, methodology and consequently the resulting data may vary from source to source. There may also be material variances between preliminary or estimated data set forth in this Prospectus and actual results, and between the data set forth in this Prospectus and corresponding data previously published by or on behalf of Qatar. In addition, due to deficiencies in the currency of certain data, some information for recent years is not available as of the date of this Prospectus. Consequently, the statistical data contained in this Prospectus should be treated with caution by prospective investors.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “anticipates,” “expects,” “intends,” “may,” “will” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the State’s intentions, beliefs or current expectations concerning, among other things, the State’s future economic and financial position, economic strategy, budgets and the State’s plans and objectives.

By their nature, forward-looking statements involve inherent risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Each prospective investor in the Bonds is cautioned that forward-looking statements are not guarantees of future performance and that the State’s actual economic and financial condition may differ materially from that suggested by the forward-looking statements contained in this Prospectus. In addition, even if Qatar’s economic and financial condition is consistent with the forward-looking statements contained in this Prospectus, these developments may not be indicative of developments in subsequent periods. Important factors that could cause those differences include, but are not limited to:

- adverse political, legal, economic and other conditions in Qatar or in the surrounding region;
- any material reduction in the price of natural gas, crude oil and other hydrocarbons;
- declines in the volume of crude oil and liquefied natural gas exported from Qatar and a slowdown in the rate of development of the North Field; and
- adverse economic conditions affecting, or volatility within, Qatar’s financial or real estate sectors.

Each prospective investor in the Bonds is urged to read this Prospectus, including the sections entitled “Risk Factors,” “Overview of the State of Qatar,” “The Economy of Qatar,” “Monetary and Financial System,” “Public Finance,” “Indebtedness” and “Balance of Payments,” for a more complete discussion of the factors that could affect the State’s future economic and financial position.

Except as required by law, the State undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the State or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

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SUMMARY

*This summary must be read as an introduction to this Prospectus and any decision to invest in the Bonds should be based on a consideration of this Prospectus as a whole. Following the implementation of the relevant provisions of the Prospectus Directive in each member state of the European Economic Area (each, a “**Member State**”), no civil liability will attach to the State in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.*

Overview of the Economy of Qatar

Qatar is one of the most prosperous countries in the world, with a nominal GDP per capita of QR252,328 (US\$69,321) in 2008 based on Qatar’s 2008 mid-year population figure of approximately 1,450,000. In January 2009, the IMF noted that Qatar had the fastest growing economy in the Gulf Cooperation Council (the “**GCC**”). Qatar’s proven reserves of hydrocarbons amount to approximately 185.9 billion barrels of oil equivalent. These hydrocarbons consist of proven reserves of approximately 892.2 tcf of natural gas, 2.7 billion barrels of crude oil and 22.6 billion barrels of condensate. Virtually all of Qatar’s proven reserves of natural gas and condensate are located in the North Field, which is estimated by the USEIA to be the largest non-associated gas field in the world, representing approximately 15% of the world’s natural gas reserves in 2007. Qatar has over 100 years of proven gas reserves at projected long-term production levels.

Qatar’s carefully planned exploitation of its hydrocarbon reserves has resulted in a nominal GDP compounded annual growth rate (“**CAGR**”) of 33.0% from 2004 to 2008. Qatar’s economy achieved a new record in 2008, with total nominal GDP of QR365,483 million (US\$100,407 million), representing a growth rate of 40.9% from 2007, although total nominal GDP declined for the six-month period ended June 30, 2009 compared to the six-month period ended June 30, 2008 reflecting the overall effects of the recent global economic crisis and financial downturn as well as lower commodity prices. The growth in the economy has been driven by expansion in the production of oil, liquefied natural gas (“**LNG**”) and condensates, coupled with increases in hydrocarbon prices, with the oil and gas sector constituting 60.8% of Qatar’s total nominal GDP in 2008 and 44.8% for the six-month period ended June 30, 2009. Qatar has also been focused on diversifying its economy in recent years in an effort to reduce its historical dependence on oil and gas revenues. The construction and real estate sectors have recently made substantial contributions to Qatar’s economic growth and significant investments have been made to increase economic returns from, in particular, petrochemicals, financial services, infrastructure development and tourism. As a result, nominal GDP for the non-oil and gas sector grew at a CAGR of 28.5% between 2004 and 2008. Nominal GDP for the non-oil and gas sector reached QR143,356 million (US\$39,384 million), or 39.2% of Qatar’s total nominal GDP, in 2008, and QR76,658 million (US\$21,060 million), or 55.2% of Qatar’s total nominal GDP, for the six-month period ended June 30, 2009.

Qatar Petroleum (“**QP**”), which is wholly owned by the State and the State’s primary source of revenues, is responsible for all phases of the oil and gas industry in Qatar. Oil was discovered in Qatar in 1939 and crude oil production began in 1949. Since that time, Qatar has steadily increased its levels of crude oil production, both directly and by entering into exploration and development production sharing agreements (“**PSAs**”) with leading international oil exploration and production companies, including Maersk, TOTAL and Occidental Petroleum. With average crude oil production of approximately 843,943 barrels per day in 2008, Qatar is estimated by the USEIA to be the 20th largest global oil producer.

In the early 1990s, Qatar developed a multi-directional and fast-track strategy to accelerate the commercialization of its substantial natural gas reserves. In furtherance of this strategy, Qatar has made large-scale investments across the entire value chain of LNG trains, tankers, and storage and receiving facilities. Qatar is now the leading LNG producing country in the world, according to the USEIA, with 30.3 million tons of LNG exports in 2008. Qatar’s objective is to raise its annual LNG production capacity by more than 150% to approximately 77.4 million tons per annum in 2011. Via its flagship Qatargas and RasGas LNG projects, Qatar has developed its LNG business through strategic partnerships with a number of the world’s leading oil and gas companies, including ExxonMobil, Shell, TOTAL and ConocoPhillips. By investing across the entire LNG value chain, Qatar now enjoys meaningful cost advantages in the gas sector due to significant economies of scale and a low all-in cost structure. Qatar also has a good central geographic location for global shipping to all major gas consuming regions of the world and, based on contractual commitments, Qatari LNG is expected to be sold globally to customers in

11 countries by 2011, including in North America (Mexico and the United States), Northwest Europe (the United Kingdom and Belgium), Western Europe (Italy, France and Spain), South Asia (India) and Northeast Asia (South Korea, Japan and Taiwan). Most of the LNG produced by Qatar's upstream ventures is sold under long-term take-or-pay agreements that provide certainty of volume offtake.

Qatar has also focused on developing and exploiting its natural gas resource base prudently beyond the LNG industry, implementing a downstream strategy driven by opportunities to add value to existing oil and gas production as well as the requirements of the domestic economy. QP has been developing pipeline gas both for regional export markets and for domestic petrochemicals and industrial consumption. In addition, QP is the majority shareholder in a number of industrial companies located primarily at Ras Laffan City and Mesaieed Industrial City, which use natural gas as feedstock and/or fuel to produce various value-added products, such as petrochemicals and fertilizer, steel, iron and metal coating, both for domestic consumption and for export.

Throughout a period characterized by rapid growth and development, Qatar has demonstrated fiscal responsibility by managing its budget and public finances prudently. For example, the State has low levels of indebtedness, with direct external indebtedness of QR34,638.2 million (US\$9,516.0 million) as of October 31, 2009, which would have represented 9.5% of total nominal GDP in 2008. Most of Qatar's significant energy projects are funded on a stand-alone, limited recourse basis.

The significant revenues generated by the oil and gas sector have provided sustained liquidity while ensuring sizeable fiscal and external accounts. Qatar has had budget surpluses since the fiscal year ended March 31, 2001, with a surplus of QR42,090 million (US\$11,563 million) or 29.9% of total Government revenues for the fiscal year ended March 31, 2009. Despite an estimated deficit of approximately QR5,800 million (US\$1,593 million) for the budget for the fiscal year ending March 31, 2010, based on the Government's most recent revenue and expenditure figures, there was an overall surplus of QR10,406 million (US\$2,859 million) or 18.4% of total revenues for the six-month period ended September 30, 2009. In addition, Qatar's trade activity is strong, with total goods exported in 2008 valued at QR202,847 million (US\$55,727 million) and total imports in 2008 valued at QR101,556 million (US\$27,900 million), together constituting 83.3% of total nominal GDP. Between 2007 and 2008, the value of Qatar's exports increased by 34.3%, while the value of imports increased by 19.1%. The external sector has been characterized by a large current account surplus each year since 2000 and robust growth in imports has been counterbalanced by a significant rise in hydrocarbon exports.

In recent years, Qatar has used its budget surpluses to diversify the economy through increased spending on infrastructure, social programs, healthcare and education, which have modernized Qatar's economy. Qatar's economic growth has also enabled it to diversify its economy through domestic and international investment into different classes of assets. In 2005, the State established the Qatar Investment Authority (the "QIA") to propose and implement investments for Qatar's growing financial reserves, both domestically and abroad. The aim of the QIA is to strengthen the nation's economy through the diversification of asset classes across a wide range of geographies. Through the QIA, Qatar has made investments in private equity, the banking sector, real estate, publicly traded securities and alternative assets. With its growing portfolio of international and domestic long-term strategic investments, the QIA has continued to develop Qatar's economic diversification strategy while contributing to the nation's significant economic expansion.

In addition, the State has provided financial support to Qatar's financial sector as a response to the recent global economic downturn and as a preventative measure to preserve the general stability in Qatar's banking sector. In late 2008 and early 2009, the QIA began making direct capital injections in Qatar's commercial banking sector through a plan to purchase equity ownership interests of up to 20.0% in all domestic banks listed on the Qatar Exchange. In addition, on March 9, 2009, the Prime Minister of Qatar declared that in order to further support Qatar's banking section, the State would purchase the investment portfolios of seven of the nine domestic banks listed on the Qatar Exchange. These purchases were completed on March 22, 2009 at a total purchase price of approximately QR6,500 million (US\$1,786 million). In an effort to further boost liquidity and encourage lending, in early June 2009, the State offered to buy the real estate portfolios and investments of nine domestic commercial banks at a sale price equivalent to the net book value of such portfolios and investments with a total ceiling amount of QR15,000 million (US\$4,121 million). The QIA has recently begun implementing procedures to acquire an additional 5.0% stake in the capital of Qatari banks consistent with the above-mentioned plan to purchase equity ownership interests of up to 20.0%, and is expected to make additional direct capital injections in line with the 2008/2009 plan referenced above.

Since becoming the ruler of Qatar in June 1995, the Emir His Highness Sheikh Hamad bin Khalifa Al-Thani (the “**Emir**”) has instituted a number of governmental reforms, including establishing a constitution (the “**Constitution**”) that formally separates power among the executive, legislative and judicial branches. Qatar has also reformed its legal system to bring it in line with international laws, standards and practices. There is an organized set of institutions within Qatar that support the growth in trade and commerce, both internally and externally, including the Qatar Financial Centre (the “**QFC**”), Qatar Exchange (formerly known as the Doha Securities Market or “**DSM**”) and Western-style regulators, namely the Qatar Central Bank (the “**QCB**”), the Qatar Financial Markets Authority (the “**QFMA**”) and the Qatar Financial Centre Regulatory Authority (the “**QFCRA**”). Qatar has good relations with other members of the GCC and the wider Middle East in general. Qatar also has strong ties with the West, notably the United States, which maintains a significant military presence in the country. Qatar is a member of, among other international organizations, the United Nations (the “**UN**”), the World Trade Organization (the “**WTO**”) and the Organization of Petroleum Exporting Countries (“**OPEC**”). Qatar has low levels of corruption and has established a National Committee for Integrity and Transparency in relation to implementing its obligations as a member of the UN. Qatar is also a signatory to the General Agreement on Tariffs and Trade (“**GATT**”) and a number of other conventions and protocols. In addition to its memberships in international organizations, Qatar has hosted numerous economic, political and financial summits and conferences and, over the past several years, has become an important mediator in regional conflicts.

The foregoing factors have contributed to improved credit ratings over the past decade, as evidenced by the improvement in Qatar’s long-term credit rating by Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies Inc. (“**Standard & Poor’s**”), from BBB as of February 1996 to AA– as of March 2008, which was most recently confirmed in July 2009, with a stable outlook. Similarly, Qatar’s foreign and local currency bond ratings by Moody’s Investors Service Inc. (“**Moody’s**”) have improved from Baa2 as of September 1999 to Aa2 as of December 2008, which were most recently confirmed in July 2009, with a stable outlook.

Gross Domestic Product

Qatar’s GDP growth has been steady over the last five years, driven by the production and export of oil, LNG, petrochemicals and related products, coupled with rising hydrocarbon prices. Annual nominal GDP growth amounted to 34.8% in 2004, 33.8% in 2005, 33.7% in 2006, 25.5% in 2007 and 40.9% in 2008. Reflecting the overall effects of the recent global economic crisis and financial downturn as well as lower commodity prices, Qatar’s total nominal GDP for the six-month period ended June 30, 2009 declined by 24.0% compared to the six-month period ended June 30, 2008.

The following table sets forth certain information about Qatar’s nominal GDP by economic sector and by percentage contribution to total nominal GDP for each of the five years ended December 31, 2008.

	Year ended December 31,									
	2004		2005		2006		2007		2008	
	Value	%	Value	%	Value	%	Value	%	Value	%
	<i>(in millions of QR, except for percentages)</i>									
Oil and gas sector	62,922	54.5	92,071	59.6	118,443	57.3	146,475	56.6	222,127	60.8
Non-oil and gas by sectors:										
Finance, business services, insurance and real estate	9,925	8.6	14,785	9.6	21,392	10.4	31,865	12.3	37,019	10.1
Manufacturing ⁽¹⁾	11,995	10.3	13,042	8.4	15,875	7.7	19,179	7.4	25,390	6.9
Building and construction	6,425	5.6	8,744	5.7	11,991	5.8	14,634	5.6	18,166	5.0
Trade, restaurants and hotels	6,148	5.3	6,869	4.4	9,452	4.6	12,002	4.6	13,311	3.6
Transport and communications	4,020	3.5	5,114	3.3	7,159	3.5	9,803	3.8	12,274	3.4
Electricity and water	1,482	1.3	2,209	1.4	3,513	1.7	4,329	1.7	5,456	1.5
Agriculture and fisheries	210	0.2	216	0.1	233	0.1	250	0.1	268	0.1
Other services ⁽²⁾	12,385	10.7	11,514	7.4	18,586	9.0	20,874	8.0	31,472	8.6
Total non-oil and gas sector	52,590	45.5	62,493	40.4	88,201	42.7	112,936	43.4	143,356	39.2
Total nominal GDP	115,512	100.0	154,565	100.0	206,644	100.0	259,411	100.0	365,483	100.0

Notes:

(1) For purposes of calculating GDP, certain downstream activities generally associated with Qatar's oil and gas industry, such as the production and export of petrochemicals and fertilizer, steel, iron and metal coating, are included in the manufacturing sector as part of the non-oil and gas sector.

(2) Includes social services, imputed bank service charges, government services, household services and import duties.

Source: Qatar Statistics Authority.

The following table sets forth certain information about Qatar's nominal GDP by economic sector and by percentage contribution to total nominal GDP for the six-month periods ended June 30, 2008 and 2009, including the percentage change between such periods.

	Six months ended June 30,				Percentage Change
	2008		2009		
	Value	%	Value	%	
	(in millions of QR, except for percentages)				
Oil and gas sector	115,436	63.3	62,091	44.8	(46.2)
Non-oil and gas by sectors:					
Finance, business services, insurance and real estate	15,768	8.6	21,328	15.4	35.3
Manufacturing ⁽¹⁾	11,083	6.1	7,828	5.6	(29.4)
Building and construction	8,597	4.7	10,226	7.4	18.9
Trade, restaurants and hotels	6,313	3.5	6,753	4.9	7.0
Transport and communications	5,181	2.8	6,128	4.4	18.3
Electricity and water	2,702	1.5	3,168	2.3	17.2
Agriculture and fisheries	131	0.1	135	0.1	3.1
Other services ⁽²⁾	17,255	9.5	21,092	15.2	22.2
Total non-oil and gas sector	67,030	36.7	76,658	55.2	14.4
Total nominal GDP	182,466	100.0	138,748	100.0	(24.0)

Notes:

(1) For purposes of calculating GDP, certain downstream activities generally associated with Qatar's oil and gas industry, such as the production and export of petrochemicals and fertilizer, steel, iron and metal coating, are included in the manufacturing sector as part of the non-oil and gas sector.

(2) Includes social services, imputed bank service charges, government services, household services and import duties.

Source: Qatar Statistics Authority.

Public Finance

The following table sets forth the revenues, expenditure and overall surplus of the Government for each of the four fiscal years ended March 31, 2009, as well as budgeted figures for the fiscal year ending March 31, 2010 and actual results for the six-month period ended September 30, 2009. Despite an estimated deficit of approximately QR5,800 million (US\$1,593 million) for the budget for the fiscal year ending March 31, 2010, based on the Government's most recent revenue and expenditure figures, there was an overall surplus of QR10,406 million (US\$2,859 million) or 18.4% of total revenues for the six-month period ended September 30, 2009.

	Fiscal year ended March 31,					Six months ended Sept. 30,
	2006	2007	2008	2009	Budg. 2010 ⁽¹⁾	2010 ⁽²⁾
	<i>(in millions of QR)</i>					
Revenues:						
Oil revenues	40,235	48,181	60,050	61,245	28,719	29,986
Gas revenues	6,146	7,248	10,698	18,764	13,516	1,344
Investment income (QP) ⁽³⁾	14,035	20,483	30,047	33,271	25,655	—
Total oil and gas revenues	60,416	75,911	100,795	113,920	67,890	31,329
Total non-oil and gas revenues	5,269	10,152	16,995	27,027	20,805	25,236
Total revenues	65,685	86,062	117,790	140,947	88,695	56,565
Expenditure:						
Current expenditure	32,755	49,751	50,923	65,722	56,572	30,489
Capital expenditure	18,013	17,396	33,804	33,135	37,926	15,670
Total expenditure	50,768	67,147	84,728	98,857	94,498	46,159
Overall surplus/(deficit)	14,917	18,915	33,063	42,090	(5,803)	10,406

Notes:

(1) Figures are from the budget for the fiscal year ending March 31, 2010.

(2) Figures represent actual results for the six-month period ended September 30, 2009.

(3) Investment income (QP) consists of Government revenue derived from the profits of QP provided to the Government after retained earnings, capital expenditures and reinvestment. Investment income (QP) includes a portion that is attributable to QP's non-oil and gas activities, such as in relation to the production of petrochemicals and fertilizer, steel, iron and metal coating.

Source: Ministry of Economy and Finance.

As in past years, the budget for the fiscal year ending March 31, 2010 was guided by the annual circular published by the Ministry of Economy and Finance regarding the preparation of the State's budget, which provided that the financial policy of the State for the fiscal year ending March 31, 2010 be focused on directing spending to support economic growth, continuing the execution of infrastructure projects in numerous fields, investing in projects with high economic relevance related to sustainable development, and encouraging and supporting the private sector to cooperate in achieving sustainable development.

The budget for the fiscal year ending March 31, 2010 was based upon an assumed oil price of US\$40 per barrel, and thus projected an estimated deficit of approximately QR5,800 million (US\$1,593 million). Despite such estimated deficit, based on the Government's most recent revenue and expenditure figures, there was an overall surplus of QR10,406 million (US\$2,859 million) or 18.4% of total revenues for the six-month period ended September 30, 2009. The surplus for the six-month period ended September 30, 2009 is primarily attributable to higher-than-anticipated average oil prices along with greater-than-anticipated non-oil and gas revenues.

Total expenditure for the six-month period ended September 30, 2009 amounted to QR46,159 million (US\$12,681 million) or 48.8% of total budgeted expenditure of QR94,498 million (US\$25,961 million) for the fiscal year ending March 31, 2010. Total current expenditure for the six-month period ended September 30, 2009 amounted to QR30,489 million (US\$8,377 million) or 53.9% of total budgeted current expenditure of QR56,572 million (US\$15,542 million) for the fiscal year ending March 31, 2010. Total capital expenditure for the six-month period ended September 30, 2009 amounted to QR15,670 million (US\$4,305 million) or 41.3% of total budgeted capital expenditure of QR37,926 million (US\$10,419 million) for the fiscal year ending March 31, 2010.

The Ministry of Economy and Finance recently published its annual circular regarding the preparation of the State's budget for the fiscal year ending March 31, 2011. This circular, dated as of November 15, 2009, provides that the financial policy of the State for the fiscal year ending March 31, 2011 will be focused on achieving the highest value for money possible for the State's budgetary resources, ensuring appropriate allocation of resources to enable timely execution of projects, including infrastructure and public services projects, improving efficiency and cost savings in connection with government-related services, and stimulating private sector economic activity to increase growth, expand employment opportunities for Qatari nationals and reduce unemployment.

Indebtedness

The following table sets forth the Government's direct indebtedness as of March 31, 2005 to 2009 and also as of October 31, 2009.

	As of March 31,					As of October 31,
	2005	2006	2007	2008	2009	2009
	<i>(in millions of US\$, except for percentages)</i>					
Total internal indebtedness⁽¹⁾	2,984.1	2,699.9	3,083.3	2,929.3	2,411.4	11,776.8⁽⁶⁾
% of nominal GDP ⁽²⁾	9.4%	6.4%	5.4%	4.1%	2.4%	11.7 %
Total external indebtedness^{(3),(4)}	4,003.2	3,833.2	3,441.3	3,319.1	4,798.5	9,516.0⁽⁷⁾
% of nominal GDP ⁽²⁾	12.6%	9.0%	6.1%	4.7%	4.8%	9.5%
Total indebtedness⁽⁴⁾	6,987.3	6,533.1	6,524.6	6,248.4	7,209.9	21,292.8
Total nominal GDP	31,734.1	42,462.9	56,770.3	71,041.5	100,407.4⁽⁵⁾	100,407.4⁽⁵⁾
% of nominal GDP ⁽²⁾	22.0%	15.4%	11.5%	8.8%	7.0%	21.2%

Notes:

- (1) Internal indebtedness means direct indebtedness of the Government incurred inside Qatar (excluding guarantees by the Government), regardless of the currency of denomination.
- (2) Indebtedness as a percentage of nominal GDP is calculated using nominal GDP figures on a calendar year basis and indebtedness for the fiscal year ending on March 31 of the following year. For example, indebtedness as of March 31, 2009 and October 31, 2009 is compared to nominal GDP for 2008.
- (3) External indebtedness means direct indebtedness of the Government incurred by the Government outside Qatar (excluding guarantees by the Government), regardless of the currency of denomination. Total indebtedness is in US dollars using a euro/US dollar conversion rate of €1.2697:US\$1.00.
- (4) Does not include the principal amount of the Bonds offered hereby.
- (5) This figure represents total nominal GDP for the year ended December 31, 2008.
- (6) The increase in the level of internal indebtedness is mainly due to the support given by the Government to the commercial banking sector in Qatar. See "Monetary and Financial System—Banking System—Commercial Banks."
- (7) The increase in external indebtedness since March 31, 2009 is due to the issuance of bonds in the aggregate principal amount of QR10,920 million (US\$3,000 million) along with the entering into of a commercial bank loan in the aggregate principal amount of QR10,920 million (US\$3,000 million).

Source: Ministry of Economy and Finance.

Balance of Payments

The following table sets forth an overview of Qatar's balance of payments for each of the five years ended December 31, 2008.

	Year ended December 31,				
	2004	2005	2006	2007	2008
	<i>(in millions of QR)</i>				
Total current account	27,488	27,234	34,430	38,022	51,685
Capital and financial account	(4,861)	(4,321)	(20,339)	1,980	1,425
Errors and omissions	(8,333)	(6,594)	5,709	6,090	(9,697)
Balance of payments surplus	14,294	16,319	19,800	46,092	43,413

Source: Qatar Central Bank.

Oil and Gas Industry

The following table sets forth Qatar's total proven and expected reserves of crude oil, natural gas and field condensate as of January 1, 2009.

	As of January 1, 2009 ⁽¹⁾	
	Proven	Expected
Natural gas (<i>in trillions of cubic feet</i>)	892.2	895.80
Crude oil (<i>in billions of barrels</i>)	2.7	4.1
Condensate (<i>in billions of barrels</i>)	<u>22.6</u>	<u>22.7</u>
Total barrels of oil equivalent (<i>in billions of barrels</i>)⁽²⁾	<u>185.9</u>	<u>188.0</u>

Notes:

- (1) For a description of how Qatar classifies proven and expected reserves, see "Presentation of Certain Reserves Information."
 (2) Proven and expected reserves of natural gas have been converted to barrels of oil equivalent using the BP Statistical Review methodology, which converts gas to barrels of oil equivalent on a calorific basis according to a conversion factor of one billion cubic feet of gas to 0.18 million barrels of oil equivalent.

Source: Qatar Petroleum.

The following table sets forth certain information about the production of natural gas in Qatar (net of flaring and gas re-injection) for each of the five years ended December 31, 2008.

	Year ended December 31,				
	2004	2005	2006	2007	2008
	<i>(in billions of cubic feet)</i>				
QP-operated fields	545.4	563.3	537.6	549.6	512.5
PSA fields	74.2	51.8	69.5	77.8	90.0
Project-operated fields	<u>1,080.3</u>	<u>1,242.6</u>	<u>1,659.9</u>	<u>2,153.1</u>	<u>2,724.9</u>
Total gas production in Qatar	<u>1,699.9</u>	<u>1,857.7</u>	<u>2,267.0</u>	<u>2,780.5</u>	<u>3,327.4</u>

Source: Qatar Petroleum.

The following table sets forth a summary of Qatar's LNG exports and QP's share thereof for each of the five years ended December 31, 2008.

	Year ended December 31, ⁽¹⁾				
	2004	2005	2006	2007	2008
	<i>(in millions of tons, except as noted otherwise)</i>				
Qatargas exports	8.9	8.8	9.5	9.4	9.7
RasGas exports	<u>9.6</u>	<u>12.0</u>	<u>15.4</u>	<u>19.9</u>	<u>20.7</u>
Total LNG exports from Qatar	<u>18.5</u>	<u>20.8</u>	<u>24.9</u>	<u>29.3</u>	<u>30.3</u>
QP share of total LNG exports	12.1	13.6	16.5	19.2	20.3
QP share of LNG revenues (<i>in millions of QR</i>)	9,659	12,331	18,679	25,338	41,850
QP share of LNG revenues (<i>in millions of US\$</i>)	<u>2,653</u>	<u>3,387</u>	<u>5,132</u>	<u>6,961</u>	<u>11,497</u>

Note:

- (1) All volumes are derived from information provided by the Qatargas and RasGas entities.

Source: Qatar Petroleum.

The following table sets forth a summary of Qatar's estimated LNG capacity as well as contractual commitments for Qatari LNG exports for each of the five years ending December 31, 2013.

	Year ending December 31, ⁽¹⁾				
	2009	2010	2011	2012	2013
	<i>(in millions of tons)</i>				
Qatargas projects:					
Capacity	14.8	25.1	40.2	40.5	40.5
Commitments	14.2	24.6	39.3	40.0	40.0
RasGas projects:					
Capacity	26.1	36.7	37.2	36.9	37.0
Commitments ⁽²⁾	26.1	29.3	29.3	29.3	29.3
Total LNG capacity	40.9	61.8	77.4	77.4	77.5
Total LNG commitments⁽²⁾	40.3	53.9	68.6	69.3	69.3

Notes:

(1) All volumes are projected estimates.

(2) The sale of up to an additional 7.0 mta of LNG from RasGas 3 starting in 2010 is currently under negotiation.

Source: Qatar Petroleum.

The following table sets forth certain information about the production and export of crude oil in Qatar for each of the five years ended December 31, 2008.

	Year ended December 31,				
	2004	2005	2006	2007	2008
Average daily production of crude oil <i>(in thousands of barrels per day)</i>	752.1	772.6	761.0	800.8	843.9
QP share of average daily production of crude oil <i>(in thousands of barrels per day)</i> . . .	677.4	661.9	678.5	693.2	654.6
QP share of total annual crude oil exports <i>(in millions of barrels)</i>	204	217	226	225	214
QP share of total value of crude oil exports <i>(in millions of QR)</i> ⁽¹⁾	22,760	35,822	45,049	45,445	53,167
QP share of total value of crude oil exports <i>(in millions of US\$)</i> ⁽¹⁾	6,253	9,841	12,376	12,485	14,606

Note:

(1) Net of royalties and taxes related to PSAs.

Source: Qatar Petroleum.

The following table sets forth the production and export sales of condensate (both field and plant) attributable to QP for each of the five years ended December 31, 2008.

	Year ended December 31, ⁽¹⁾				
	2004	2005	2006	2007	2008
QP share of total annual production <i>(in thousands of barrels)</i> ⁽²⁾	58,916	60,995	71,888	80,625	100,236
QP share of total export sales <i>(in thousands of barrels)</i>	39,863	41,762	51,292	61,783	80,067
QP share of total value of export sales <i>(in millions of QR)</i>	4,950	7,271	11,280	16,693	28,530
QP share of total value of export sales <i>(in millions of US\$)</i>	1,360	1,998	3,099	4,586	7,838

Notes:

(1) A portion of these volumes is derived from information provided by QP's subsidiaries and joint ventures as well as PSA operators.

(2) Excludes approximately 19,278,000, 18,798,000, 20,819,000, 21,250,000 and 19,036,000 barrels of condensate that was refined, spiked or consumed in 2004, 2005, 2006, 2007 and 2008, respectively.

Source: Qatar Petroleum.

The following table sets forth certain summary historical consolidated financial information of QP as of and for each of the five years ended December 31, 2008.

	As of and for the year ended December 31, ⁽¹⁾					
	2004	2005	2006	2007	2008	2008
		(in millions of QR)				(in millions of US\$)
Income statement data:						
Operating revenue:						
Sales:						
Crude oil	22,760	35,822	45,049	45,445	53,167	14,606
Liquefied natural gas	9,659	12,331	18,679	25,338	41,850	11,497
Condensate	4,950	7,271	11,280	16,693	28,530	7,838
Refined products	5,621	6,725	8,746	9,986	11,760	3,231
Natural gas and liquids	4,083	5,559	7,073	8,195	14,346	3,941
Petrochemicals	3,048	3,795	4,394	5,111	6,961	1,913
Fertilizers	1,386	2,216	2,239	2,734	4,590	1,261
Steel	1,778	1,789	2,790	3,435	5,770	1,585
Gas-to-liquids products	—	—	—	253	1,182	325
Other services	221	318	434	240	332	91
Other operating income	1,511	2,119	4,504	7,228	9,714	2,669
Total operating revenue	55,017	77,945	105,188	124,658	178,202	48,957
Net operating income	44,450	66,508	91,122	104,963	151,643	41,660
Net income	15,584	21,860	31,235	35,049	55,800	15,330
Balance sheet data:						
Total non-current assets	53,169	69,253	100,638	140,335	185,902	51,072
Total current assets	21,949	36,292	37,209	48,001	60,132	16,520
Total current liabilities	(9,172)	(14,566)	(16,565)	(21,879)	(23,028)	(6,326)
Total non-current liabilities	(40,062)	(38,060)	(61,695)	(103,960)	(156,917)	(43,109)
Total capital and reserves	25,884	52,919	59,587	62,497	66,089	18,157

Note:

(1) The summary historical consolidated financial information has been derived from QP's historical consolidated financial statements, which are prepared in accordance with QP Accounting Standards. This Prospectus does not include QP's historical consolidated financial statements. See "Presentation of Financial Information."

Source: Qatar Petroleum.

For the six-month period ended June 30, 2009, QP's total operating revenue and net income decreased by approximately 50% compared to the six-month period ended June 30, 2008 as a result of a decrease in average oil prices along with slightly decreased volumes of crude oil sales. These results had the effect of reducing QP's cash and cash equivalents by more than 50%. In addition, due to lower revenues generated from the sale of crude oil and LNG, royalties and taxes payable by QP to the State decreased by more than 50%.

Risk Factors

An investment in the Bonds involves certain risks, and prospective investors should review the factors described under “Risk Factors” in this Prospectus. Among others, the risks relating to the State include:

- investing in securities involving emerging markets generally involves a higher degree of risk;
- any material reduction in the prices of natural gas, crude oil and other hydrocarbons may materially and adversely impact the State’s revenues and the financial condition of the State;
- the current global financial crisis and economic downturn has had and may continue to have an impact on the financial condition of the State, including on Qatar’s financial sector, and may expose the State to certain additional liabilities;
- the future revenues of the State may be negatively impacted if QP and its joint ventures are unable to deliver LNG under their long-term sale and purchase agreements or if any LNG trains currently under construction suffer significant delays;
- the State is located in a region that has been subject to ongoing political and security concerns;
- prior to 2009, Qatar had a high rate of inflation, which has been caused, in part, by the failure of domestic real estate supply to meet levels of demand;
- certain of the financial information in respect of QP contained in this Prospectus has been extracted from QP’s financial statements, which are not prepared in accordance with US GAAP or IFRS, and discussions with respect to QP’s financial information as of and for the six-month period ended June 30, 2009 contained in this Prospectus are based upon financial statements that have not been audited or reviewed by QP’s auditors;
- information on hydrocarbon reserves is based on estimates that have not been reviewed by an independent consultant for the purposes of this offering;
- Qatari law relating to the enforcement of arbitral awards and foreign judgments is relatively undeveloped and investors in the Bonds may be unable to recover in civil proceedings for US securities laws violations;
- future attitudes of Qatari courts regarding interest cannot be predicted; and
- there is no principle of binding precedent in Qatari courts.

Summary of the Terms and Conditions of the Bonds

The following is a summary of certain information contained elsewhere in this Prospectus. It does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus. Prospective investors should also carefully consider the information set forth under "Risk Factors" prior to making an investment decision. Capitalized terms not otherwise defined in this summary have the same meaning as in the Conditions. See "Terms and Conditions of the Bonds" for a more detailed description of the Bonds.

Issuer	The State of Qatar, acting through the Ministry of Economy and Finance.
2015 Bonds.	US\$3,500,000,000 4.00% Bonds due 2015.
2020 Bonds.	US\$2,500,000,000 5.25% Bonds due 2020.
2040 Bonds.	US\$1,000,000,000 6.40% Bonds due 2040.
Issue Price of the 2015 Bonds.	99.870% of the principal amount of the 2015 Bonds, together with accrued interest, if any, from November 24, 2009.
Issue Price of the 2020 Bonds.	99.758% of the principal amount of the 2020 Bonds, together with accrued interest, if any, from November 24, 2009.
Issue Price of the 2040 Bonds.	99.785% of the principal amount of the 2040 Bonds, together with accrued interest, if any, from November 24, 2009.
Maturity Dates.	January 20, 2015 for the 2015 Bonds. January 20, 2020 for the 2020 Bonds. January 20, 2040 for the 2040 Bonds.
Fiscal Agent, Principal Paying Agent, Registrar and Transfer Agent.	Citibank, N.A., London Branch.
Interest	Each 2015 Bond bears interest at the rate of 4.00% per annum, payable semi-annually in arrear on January 20 and July 20 in each year (each, an " Interest Payment Date ") until (and including) the 2015 Maturity Date, commencing on January 20, 2010. Each 2020 Bond bears interest at the rate of 5.25% per annum, payable semi-annually in arrear on the Interest Payment Dates in each year until (and including) the 2020 Maturity Date, commencing on January 20, 2010. Each 2040 Bond bears interest at the rate of 6.40% per annum, payable semi-annually in arrear on the Interest Payment Dates in each year until (and including) the 2040 Maturity Date, commencing on January 20, 2010. For all the series of Bonds, the payment on the first Interest Payment Date shall be in respect of interest accrued from and including November 24, 2009 to but excluding January 20, 2010.
Form and Denomination	The Bonds will be issued in registered form, without interest coupons attached, in a minimum denomination of US\$100,000 or any amount in excess thereof which is an integral multiple of US\$1,000. The Unrestricted Bonds will be represented by Unrestricted Global Bonds for each series of Bonds and the Restricted Bonds will be represented by one or more Restricted Global Bonds for each series of Bonds. The Global Bonds will be exchangeable for individual certificates in definitive form in the limited circumstances specified in the Global Bonds.

Initial Delivery of Bonds	On or about the Closing Date, the Unrestricted Global Bonds will be deposited with Citibank Europe Plc, as common depositary for, and in respect of interests held through, Euroclear and Clearstream, Luxembourg and the Restricted Global Bonds will be deposited with the Custodian and registered in the name of Cede & Co. as nominee for DTC.
Status of the Bonds	The Bonds constitute direct, general, unconditional, unsubordinated and, subject to Condition 4 of the Bonds, unsecured obligations of the State, and the full faith and credit of the State is pledged for the due and punctual payment thereof and for the performance of all obligations of the State with respect thereto. The Bonds of each series shall at all times rank <i>pari passu</i> without any preference among themselves and at least <i>pari passu</i> in all respects with all other present and future unsecured and unsubordinated obligations of the State.
Negative Pledge	So long as any of the Bonds remains outstanding (as defined in the Fiscal Agency Agreement), except as set forth in Condition 4 of the Bonds, the State will not create or permit to subsist any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or arrangement having a similar effect upon the whole or any part of its existing or future assets or revenues to secure any External Indebtedness of the State or any other Person or any guarantee or indemnity thereof unless, at the same time or prior thereto, the obligations of the State under the Bonds and the Fiscal Agency Agreement are secured equally and ratably therewith or shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Bondholders. “External Indebtedness” means all obligations, and guarantees or indemnities in respect of obligations, for moneys borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments) denominated or payable, or which at the option of the relevant creditor or holder thereof may be payable, in a currency other than the lawful currency of Qatar.
Redemption at the Option of the State	Any series of Bonds may be redeemed by the State, in whole or in part, at any time without the consent of the relevant series of Bondholders at a redemption price equal to the greater of (a) the outstanding principal amount of the relevant series of Bonds being redeemed plus accrued but unpaid interest, if any, plus accrued additional amounts payable pursuant to Condition 8, if any, thereon up to but excluding the date fixed for redemption, and (b) an amount equal to the sum of the net present value of the then remaining scheduled payments of principal and interest on the relevant series of Bonds being redeemed, discounted to such date fixed for redemption on a semi-annual basis at the Treasury Rate for such Bonds being redeemed plus 50 basis points.
Taxation	The State will make all payments on the Bonds without deducting or withholding any present or future taxes imposed by Qatar or any of its political sub-divisions, unless such deduction or withholding is required by law. If the State is required to deduct or withhold such taxes, subject to certain exceptions, it will pay the Bondholders the additional amounts required to ensure that they receive the same amount as they would have received without this deduction or withholding.

Listing and Admission to Trading	Application has been made to the Luxembourg Stock Exchange for the Bonds to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the official list of the Luxembourg Stock Exchange.	
Governing Law	The Bonds will be governed by the laws of the State of New York.	
Selling Restrictions	United States, United Kingdom, Qatar, United Arab Emirates, Kuwait and the Kingdom of Bahrain (" Bahrain "). See "Subscription and Sale."	
Use of Proceeds	The State intends to use the net proceeds from the issue of the Bonds for the general funding purposes of the State, including: (i) to provide contingency funding for entities that are owned or controlled by the State; (ii) to fund various infrastructure investments in Qatar; and (iii) to fund the continued growth of Qatar's hydrocarbon sector as well as potential investments in the international oil and gas industry.	
Ratings	It is expected that each series of Bonds will be rated AA- by Standard & Poor's and Aa2 by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.	
ISIN, Common Code and CUSIP of 2015 Bonds.	<u>Unrestricted Bonds</u> ISIN: XS0468466486 Common Code: 046846648 CUSIP: M81805 AM1 <u>Restricted Bonds</u> ISIN: US74727PAJ03 Common Code: 046904915 CUSIP: 74727P AJ0	
ISIN, Common Code and CUSIP of 2020 Bonds.	<u>Unrestricted Bonds</u> ISIN: XS0468534580 Common Code: 046853458 CUSIP: M81805 AN9 <u>Restricted Bonds</u> ISIN: US74727PAK75 Common Code: 046904940 CUSIP: 74727P AK7	
ISIN, Common Code and CUSIP of 2040 Bonds.	<u>Unrestricted Bonds</u> ISIN: XS0468535637 Common Code: 046853563 CUSIP: M81805 AP4 <u>Restricted Bonds</u> ISIN: US74727PAL58 Common Code: 046904974 CUSIP: 74727P AL5	

RISK FACTORS

The purchase of the Bonds involves substantial risk and is suitable only for, and should be made only by, investors that are fully familiar with the State in general and that have such other knowledge and experience in financial, business and foreign currency matters as may enable them to evaluate the risks and merits of an investment in the Bonds. Prior to making an investment decision, prospective investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information set forth herein and, in particular, the risk factors set forth below. Prospective investors in the Bonds should make such inquiries as they think appropriate regarding the Bonds and the State.

Risks Relating to Qatar

Investing in securities involving emerging markets generally involves a higher degree of risk.

Investing in securities involving emerging markets, such as Qatar, generally involves a higher degree of risk than investments in securities of issuers from more developed countries. These higher risks include, but are not limited to, higher volatility, limited liquidity and changes in the political environment. Qatar's economy is susceptible to future adverse effects similar to those suffered by other emerging market countries. In any event, there can be no assurance that the market for securities bearing emerging market risk, such as the Bonds, will not be affected negatively by events elsewhere, especially in emerging markets.

Any material reduction in the prices of natural gas, crude oil and other hydrocarbons may materially and adversely impact the State's revenues and the financial condition of the State.

The State's revenues are affected by international oil and natural gas prices, which have fluctuated widely over the past two decades. The price of crude oil (based on West Texas Intermediate spot) has averaged US\$58.93 per barrel between January 1, 2009 and November 1, 2009, compared to US\$109.59 per barrel for the same period in 2008. In addition, the price of crude oil has fallen from its 2008 peak of US\$145.66 per barrel on July 11, 2008 to US\$77.00 per barrel on November 1, 2009. The price of natural gas (based on Henry Hub spot) has averaged US\$3.83 per mbtu between January 1, 2009 and November 1, 2009, compared to US\$9.36 per mbtu for the same period in 2008. In addition, the price of natural gas has fallen from its 2008 peak of US\$13.28 per mbtu on July 2, 2008 to US\$4.59 per mbtu on November 1, 2009. International prices for natural gas have fluctuated significantly in the past depending on global supply and demand and the availability and price of alternative energy sources. There are a number of LNG projects coming onstream in the next several years that will increase the supply of LNG. This, together with other factors such as the global economic downturn, could put downward pressure on natural gas prices. International prices for crude oil have also fluctuated substantially as a result of many factors, including global demand for oil and natural gas, changes in governmental regulations, weather, general economic conditions and competition from other energy sources. Furthermore, as crude oil prices provide a benchmark for gas and petrochemical feedstock prices, changes in crude oil prices may also have an impact on gas and petrochemical prices. Any material reduction in the prices of natural gas, crude oil and other hydrocarbons may have a significant impact on the value of the State's reserves and may materially adversely impact the State's revenues and the financial condition of the State. QP, which manages the State's interests in all oil, gas, petrochemical and refining enterprises in Qatar and abroad, does not currently engage in hedging activities to mitigate against fluctuations in natural gas or crude oil prices and, accordingly, any material reduction in the price of natural gas or crude oil may materially adversely affect the financial condition of the State.

The current global financial crisis and economic downturn has had and may continue to have an impact on the financial condition of the State, including on Qatar's financial sector, and may expose the State to certain additional liabilities.

As widely reported, global economic conditions have recently deteriorated. Financial markets in the United States, Europe and Asia have recently experienced a period of unprecedented turmoil and upheaval characterized by extreme volatility and declines in security prices, severely diminished liquidity and credit availability, inability to access capital markets, the bankruptcy, failure, collapse or sale of various financial institutions and an unprecedented level of intervention from the United States government and other governments. Unemployment has risen while business and consumer confidence have declined fears of a prolonged global recession remain. Although the State cannot predict the impact on Qatar of these deteriorating economic conditions, such conditions could result in the State being required to provide financial support to Qatar's financial sector or other sectors of the economy. For example, in late 2008 and

early 2009, the QIA began making direct capital injections in Qatar's commercial banking sector through a plan to purchase equity ownership interests of up to 20.0% in all domestic banks listed on the Qatar Exchange. In addition, on March 9, 2009, the Prime Minister of Qatar declared that in order to further support Qatar's banking sector, the State would purchase the investment portfolios of seven of the nine domestic banks listed on the Qatar Exchange. These purchases were completed on March 22, 2009 at a total purchase price of approximately QR6,500 million (US\$1,786 million). In early June 2009, the State offered to buy the real estate portfolios and investments of nine domestic commercial banks at a sale price equivalent to the net book value of such portfolios and investments with a total ceiling amount of QR15,000 million (US\$4,121 million). The QIA has recently begun implementing procedures to acquire an additional 5.0% stake in the capital of Qatari banks consistent with the above-mentioned plan to purchase equity ownership interests of up to 20.0% and is expected to make additional direct capital injections in line with the 2008/2009 plan referenced above. In addition, should economic conditions in Qatar deteriorate further, the State may find it necessary to assume responsibility for the financial liabilities of both State-owned and non-State-owned enterprises in Qatar not currently reflected as either the direct or contingent liabilities of the State. Any such intervention by the State could materially adversely affect the economy and financial condition of the State, and expose the State to additional liabilities.

The future revenues of the State may be negatively impacted if QP and its joint ventures are unable to deliver LNG under their long-term sale and purchase agreements or if any LNG trains currently under construction suffer significant delays.

Certain of QP's joint ventures have entered into long-term sale and purchase agreements for the supply of LNG to third parties. If any of QP's drilling, shipping or other transportation activities were to permanently cease to operate or be interrupted in the future, for reasons other than force majeure, these joint ventures may be exposed to significant contractual liabilities, which may negatively impact QP's financial condition and results of operations and, accordingly, the revenues of the State. In addition, should any of the LNG trains currently under construction by either Qatargas or RasGas suffer significant delays, the State would not receive additional revenues from these projects as forecasted. Any such interruption in the supply of LNG or delay could materially adversely affect the revenues to the State generated by QP, thereby impacting the ability of the State to finance its obligations.

The State is located in a region that has been subject to ongoing political and security concerns.

Qatar is located in a region that is strategically important and parts of this region have, at times, experienced political instability. Regional wars, such as the Gulf War of 1991, the Iraq War of 2003, the 2006 conflict in Lebanon and the 2008 conflict in Gaza, as well as terrorist acts, maritime piracy or other forms of instability in the Middle East and surrounding regions such as tensions between the United States, Israel and the Islamic Republic of Iran ("Iran") that may or may not directly involve Qatar may have a material adverse effect on Qatar's ability to engage in international trade.

Prior to 2009, Qatar had a high rate of inflation which was caused, in part, by the failure of domestic real estate supply to meet levels of demand.

Inflation in Qatar had increased from 2004 to 2008, with a CAGR of 12.3%. The overall annual inflation rate was 15.2% in 2008 compared to 13.6% in 2007 and 11.8% in 2006. In 2009, inflation in Qatar rapidly declined due to the decreases in housing and food costs, with the inflation rate decreasing to -6.2% in the first quarter of 2009 and -1.5% in the third quarter of 2009. The increase in inflation prior to 2009 was primarily accounted for by the rapid and sustained increase in real estate prices, as well as an increase in international food and raw material prices. In order to address the domestic housing shortage and control housing prices, the Government has supported several domestic and residential construction projects near completion and cost pressure has abated. The global decline in food and raw material prices since mid-2008, together with the relative strength of the US dollar in the fourth quarter of 2008, led to the significant reduction in inflation rates in Qatar. In 2009, the decrease in housing costs contributed to the negative inflation rates in Qatar. In a report on Qatar issued by the IMF in January 2009, the IMF noted that, while the need to control inflation remains a high priority, the slowing of rent inflation has caused overall inflation rates to begin decreasing since the third quarter of 2008. Although the Government and the QCB intend to continue to take measures to ensure that inflation is stabilized, there can be no guarantee that the Government and the QCB will be able to achieve or maintain price stability, in the real estate market or otherwise, and thus control inflation.

Certain of the financial information in respect of QP contained in this Prospectus has been extracted from QP's historical consolidated financial statements, which are not prepared in accordance with US GAAP or IFRS. If they were prepared in accordance with US GAAP or IFRS, the results of operations and financial condition of QP as reflected in such financial statements would differ, and such differences may be material. QP financial information as of or for any period in 2009 has not been audited or reviewed by QP's auditors and, if such information was audited or reviewed, it may be subject to adjustment or restatement.

The financial information in respect of QP contained in this Prospectus has been extracted from QP's historical consolidated financial statements, which are prepared in accordance with QP Accounting Standards. QP Accounting Standards differ from US GAAP and IFRS, and such differences may be material. This Prospectus does not include a copy of QP's historical consolidated financial statements. Neither the State nor QP has presented any reconciliation of the financial information set out in this Prospectus to US GAAP or IFRS, nor given any information in relation to the differences between QP Accounting Standards and US GAAP or IFRS. If information relating to QP's results of operations or financial condition were prepared in accordance with US GAAP, IFRS or other generally accepted accounting standards set by an acceptable financial reporting framework, the information would materially differ. Because differences exist between QP Accounting Standards, US GAAP and IFRS, the financial information in respect of QP contained in this Prospectus may not be an effective means to compare QP to other oil and gas producers. Furthermore, discussions with respect to QP's financial information as of and for the six-month period ended June 30, 2009 contained in this Prospectus are based upon financial statements that have not been audited or reviewed by QP's auditors. If such financial information was audited or reviewed by QP's auditors, it may be subject to adjustment or restatement.

The statistical data contained in this Prospectus should be treated with caution by prospective investors.

Statistics contained in this Prospectus, including those in relation to nominal GDP, balance of payments, revenues and expenditure, and indebtedness of the Government, have been obtained from, among others, the Ministry of Economy and Finance, QP, the QCB and the QSA. Such statistics, and the component data on which they are based, may be unreliable and may not have been compiled in the same manner as data provided by similar sources in Western Europe and the United States. Similar statistics may be obtainable from other sources, although the underlying assumptions, methodology and consequently the resulting data may vary from source to source. There may also be material variances between preliminary or estimated statistical data set forth in this Prospectus and actual results, and between the statistical data set forth in this Prospectus and corresponding data previously published by or on behalf of Qatar. In addition, due to deficiencies in the currency of certain data, some statistical information for recent years is not available as of the date of this Prospectus. Consequently, the statistical data contained in this Prospectus should be treated with caution by prospective investors.

Information on hydrocarbon reserves is based on estimates that have not been reviewed by an independent consultant for the purposes of this offering.

The information on oil, gas and other reserves contained in this Prospectus is based on an annual review of reserves compiled by the Oil and Gas Ventures Directorate within QP as of January 1, 2009. Neither the State nor the Managers have engaged an independent consultant or any other person to conduct a review of Qatar's natural gas or crude oil reserves in connection with this offering. All reserve estimates presented herein are based on data maintained by QP.

Reserves valuation is a subjective process of estimating underground accumulations of crude oil and natural gas that cannot be measured in an exact manner. The accuracy of any reserve estimate depends on the quality and reliability of available data, engineering and geological interpretations and subjective judgment. Additionally, estimates may be revised based on subsequent results of drilling, testing and production. The proportion of reserves that can ultimately be produced, the rate of production and the costs of developing the fields are difficult to estimate and, therefore, the reserve estimates may differ materially from the ultimately recoverable quantities of crude oil and natural gas.

Credit ratings may not reflect all risks.

The State has been assigned a sovereign credit rating of, and each series of Bonds is expected to be rated, AA- by Standard & Poor's and Aa2 by Moody's. A credit rating is not a recommendation to buy, sell or

hold the Bonds. Credit ratings are subject to revisions or withdrawal at any time by the assigning rating agency. The State cannot be certain that a credit rating will remain for any given period of time or that a credit rating will not be downgraded or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant. The State has no obligation to inform the Bondholders of any such revision, downgrade or withdrawal. A suspension, downgrade or withdrawal at any time of the credit rating assigned to the State may adversely affect the market price of the Bonds.

Qatari law relating to the enforcement of arbitral awards and foreign judgments is relatively undeveloped and investors in the Bonds may be unable to recover in civil proceedings for US securities laws violations.

Qatari law relating to the enforcement of arbitral awards and foreign judgments is relatively undeveloped.

Pursuant to Decree No. 29 of 2003, the State of Qatar joined the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (the “**NY Convention**”). Accordingly, whenever the NY Convention applies to a foreign arbitral award, that award should be recognized and enforced in compliance with the requirements of the NY Convention.

The United States and the State of Qatar do not have any treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Qatari legal counsel has advised that, as a matter of Qatari law, Qatari courts will enforce a judgment or arbitral award upon the same conditions as would be determined in the foreign jurisdiction for the enforcements of Qatari judgments and arbitral awards as long as (a) the subject matter was not reserved for the exclusive jurisdiction of the Qatari courts and the foreign judgment or arbitral award has been handed down by a court of competent jurisdiction or a duly constituted arbitral panel, (b) the parties to the proceedings in which the judgment or award was rendered were properly served and represented, (c) the judgment or award is *res judicata* pursuant to the law of the court which rendered the judgment or the arbitration panel which rendered the award, and (d) the foreign judgment or arbitral award does not contradict with a decision or order rendered by a court in Qatar or violates the public policy or morals of the State.

Notwithstanding the above, there can be no assurance that arbitration in connection with the Fiscal Agency Agreement and/or either series of Bonds would protect the interests of the relevant series of Bondholders to the same extent as would the United States or Qatari courts in original proceedings.

In addition, Qatar is a foreign sovereign state and a substantial portion of the assets of the State are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the State or to enforce in US courts judgments or arbitral awards against the State or to enforce in Qatari courts judgments obtained in US courts or arbitral awards obtained in the United States, including judgments predicated upon the civil liability provisions of US federal securities laws. It may not be possible to enforce, in original actions in Qatari courts, liabilities predicated solely on US federal securities laws. These factors create greater judicial uncertainty than would be expected in certain other jurisdictions.

To the extent that the State may in any jurisdiction claim for itself or its Sovereign Assets immunities from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or legal process and to the extent that in any such jurisdiction there may be attributed to itself or its Sovereign Assets such immunity (whether or not claimed), the State shall, in the Conditions, agree for the benefit of the Bondholders not to claim and shall waive such immunity to the fullest extent permitted by the laws of such jurisdiction (including, without limitation, the United States Foreign Sovereign Immunities Act of 1976 and Decree Law No. (18) of 1996 Amending Certain Provisions of Law No. (10) of 1987 in respect of the Public and Private Properties of the State of Qatar). In addition, to the extent that the State or any of its Sovereign Assets shall be entitled in any jurisdiction to any immunity from set-off, banker's liens or any similar rights or remedies, and to the extent that there shall be attributed, in any jurisdiction, such an immunity, the State shall agree not to claim and shall agree to waive such immunity to the fullest extent permitted by the laws of such jurisdiction with respect to any claim, suit, action, proceeding, right or remedy arising out of or in connection with any of the Bonds. The waiver of sovereign immunity has never been tested before a Qatari court or any other authority in Qatar.

Future attitudes of Qatari courts regarding interest cannot be predicted.

Although, under the laws of Qatar, contractual provisions for the charging and payment of interest are permissible and have been routinely enforced under Qatari law, a court applying Qatari law may not

enforce such a provision either to pay interest on interest or to the extent that, on a given date, accrued but unpaid interest exceeded outstanding principal. The future attitude of Qatari courts and Qatari law regarding the payment of interest cannot be predicted.

There is no principle of binding precedent in the Qatari courts.

There is no doctrine of binding precedent in the Qatari courts and decisions of the Qatari courts are not published. As a result, any experience with and knowledge of prior rulings of the Qatari courts may not be a reliable basis from which to predict decisions that Qatari courts may adopt in the future. The outcome of any legal disputes remains uncertain.

Risks Relating to the Bonds

The Bonds may not be suitable as an investment for all prospective investors in the Bonds.

Each prospective investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A prospective investor should not invest in the Bonds unless it has the expertise (either alone or with the help of a financial advisor) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the prospective investor's overall investment portfolio.

The minimum denomination of the Bonds may, in certain circumstances, make the Bonds difficult to trade.

The Bonds will be issued in denominations of US\$100,000 and integral multiples of US\$1,000 in excess thereof. Accordingly, the Bonds may be traded in amounts in excess of US\$100,000 that are not integral multiples of US\$100,000. In such a case, a holder who, as a result of trading such amounts, holds a principal amount of less than US\$100,000 in their account with the relevant clearing system at the relevant time may not receive a definitive Bond in respect of such holding (should definitive Bonds be printed) and would need to purchase a principal amount of Bonds such that its holding amounts to at least US\$100,000 in order to receive a definitive Bond. If definitive Bonds are issued, holders should be aware that definitive Bonds that have a denomination that is not an integral multiple of US\$100,000 may be illiquid and difficult to trade.

The Terms and Conditions of the Bonds contain certain provisions for modifications and waivers.

The Conditions contain provisions for calling meetings of Bondholders, either individually in a meeting of each series of Bondholders or together in a joint meeting of both series of Bondholders, to consider matters affecting their interests generally. These provisions permit defined majorities to bind either a series of Bondholders or, in the case of a joint meeting, all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority at the relevant meeting.

The Conditions also provide that parties to the Fiscal Agency Agreement may agree, without consent of the Bondholders, to any modification of any provision of the Fiscal Agency Agreement or the Bonds which is of a formal, minor or technical nature or is made to correct manifest error.

Payments made in certain member states of the European Union may be subject to withholding tax under the EU Savings Directive.

On June 3, 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income (the “**EU Savings Directive**”). Under the EU Savings Directive, Member States are (and equivalent measures have been introduced by certain countries outside the European Union (the “**EU**”)) required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A consultation process is currently underway within the EU in relation to the scope of the EU Savings Directive and, in particular, whether the EU Savings Directive should also extend to payments channeled through intermediate entities and/or to payments considered to be of an interest-like nature.

If a payment is made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the State nor any paying agent nor any other person is obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a paying agent, the State intends to maintain a paying agent in a Member State that would not be obliged to withhold or deduct tax pursuant to the EU Savings Directive.

The Bonds are unsecured obligations of the State, and there is no limitation on the State’s ability to issue guarantees, pari passu securities or to incur additional indebtedness in the future.

The Bondholders will not have the benefit of security and as a result will not have a claim to those assets that rank senior to the claims of other creditors of the State. The State has in the past issued guarantees and securities and incurred indebtedness and intends to continue to do so from time to time in the future. In addition, there is no restriction on the amount of guarantees or securities which the State may issue and which rank pari passu with the Bonds. The issue of any such guarantees, securities and the incurrence of any such additional indebtedness may reduce the amount recoverable by the Bondholders in certain scenarios.

There is no established market for the Bonds.

The Bonds are new securities for which there is currently no market. There can be no assurance that an active market for the Bonds will develop, or if it does develop, that it will continue. Moreover, if a market for the Bonds does develop, the Bonds may trade at prices that may be higher or lower than the initial offering price thereof depending upon a number of factors, including prevailing interest rates, events in Qatar or elsewhere in the Middle East and the market for similar securities. If a market for the Bonds does not develop or continue, purchasers may be unable to resell the Bonds for an extended period of time, if at all. Consequently, an investor in the Bonds may not be able to liquidate its investment readily, and the Bonds may not be readily accepted as collateral for loans.

USE OF PROCEEDS

The net proceeds received by the State from the issue of the Bonds are expected to amount to approximately US\$6,978,500,000, after deduction of the Managers' management and underwriting commission and certain expenses payable by the State related to the offering of the Bonds. The State intends to use the net proceeds from the issue of the Bonds for the general funding purposes of the State, including: (i) to provide contingency funding for entities that are owned or controlled by the State; (ii) to fund various infrastructure investments in Qatar; and (iii) to fund the continued growth of Qatar's hydrocarbon sector as well as potential investments in the international oil and gas industry.

OVERVIEW OF THE STATE OF QATAR

Introduction

Qatar is one of the most prosperous countries in the world, with a nominal GDP per capita of QR252,328 (US\$69,321) in 2008 based on Qatar's 2008 mid-year population figure of approximately 1,450,000. Qatar also has the fastest growing economy in the Gulf Cooperation Council (the "**GCC**"). Qatar's proven reserves of hydrocarbons amount to approximately 185.9 billion barrels of oil equivalent.

Qatar, which gained independence from the United Kingdom on September 3, 1971, has been ruled since June 27, 1995 by the Emir. The hereditary successor to the Emir is the Emir's fourth son, the Heir Apparent His Highness Sheikh Tamim bin Hamad bin Khalifa Al-Thani (the "**Heir Apparent**"). Since becoming ruler of Qatar, the Emir has implemented various initiatives designed to exploit the State's oil and gas resources in a responsible manner, thereby making rapid economic development and the construction of modern infrastructure possible in Qatar. Despite rapid economic and social progress, as well as political change, Qatar has maintained its cultural and traditional values as an Arab and Islamic nation.

Geography

Qatar, which shares a land border as well as maritime boundaries with the Kingdom of Saudi Arabia ("**Saudi Arabia**"), and maritime boundaries with the Bahrain, the United Arab Emirates and Iran, extends over a relatively flat, barren peninsula covered with sand that is approximately 160 kilometers long, covering a total area of approximately 11,493 square kilometers. Doha, which is located on the east coast of the Qatar peninsula, is Qatar's capital city as well as its commercial, financial and cultural center. Doha is also the location of Qatar's international airport and main port facility. Qatar's most important industrial cities are Ras Laffan City (located to the north of Doha) and Mesaieed Industrial City (located to the south of Doha).

Population

As of mid-year 2009, the estimated population of Qatar was approximately 1,640,000, which represents an approximate 13.1% increase from the mid-year 2008 figure of approximately 1,450,000. According to Qatar's last official census, which was conducted in 2004, approximately 75.1% of the country's population was comprised of non-Qatari nationals. Since the last official census, the overall population of Qatar has more than doubled, although there has been a disproportionate increase in the number of non-Qatari nationals, principally expatriate workers from South Asia, the Far East and, to a lesser extent, Africa.

The official language of Qatar is Arabic, although English is widely spoken.

Vision

Recognizing that Qatar's considerable wealth creates a host of opportunities as well as challenges, in June 2008 the State's General Secretariat for Development Planning developed and published the Qatar National Vision 2030 (the "**National Vision**"). The National Vision defines broad future trends and long-term objectives for Qatar, providing the framework within which national strategies and implementation plans can be developed. Besides establishing the foundation for developing Qatar's future strategies and policies, the National Vision has also helped to strengthen the coordination among governmental agencies and integrate planning efforts for the Government, the private sector and civic organizations. The four cornerstones of the National Vision are human, social, economic and environmental development, in the context of which the State aims to balance: (i) modernization and the preservation of traditions; (ii) the needs of the current generation and the needs of future generations; (iii) managed growth and uncontrolled expansion; (iv) the size and quality of the expatriate labor force; and (v) economic growth and social development, and environmental management.

Government Organization

Since becoming the ruler of Qatar, the Emir has instituted a number of governmental reforms, including the promulgation of the Constitution, which came into effect in 2005 and replaced the provisional constitution that had been created shortly after independence. The Constitution formally separates power among the executive branch, which is comprised of the Emir, with assistance from his cabinet, the Council of Ministers, the legislature (the "**Advisory Council**") and the judiciary. The Constitution guarantees all

residents of Qatar equality before the law, regardless of their origin, language, religion or gender. Moreover, the Constitution assures personal freedom and privacy, guarantees freedom of expression, association and the media, and prohibits any amendment to individual rights and public liberties (except for the purposes of granting additional rights and guarantees). The Constitution also provides guiding principles for the State, including protecting public health, preserving the environment, promoting education, and encouraging investment.

Under the Constitution, the Emir, as the State's principal executive officer, head of state and supreme commander of the armed forces, is endowed with various powers, including the power to declare war, make treaties, formulate the general policy of the State, propose and ratify laws, promulgate decrees, and appoint the State's Prime Minister, along with other members of the Council of Ministers (all of whom are answerable to the Advisory Council). The Constitution also provides that the Emir may sign conventions and agreements by issuing decrees and putting them before the Advisory Council, accompanied by relevant explanations. These become law after being endorsed and published. However, conventions or agreements related to the territories of the State, rights of sovereignty, rights of citizens or amendments to Qatari law are not valid unless explicitly approved by the Advisory Council and issued as a law. In exceptional circumstances that require the documentation of urgent measures without delay, along with the promulgation of laws at a time when the Advisory Council is not in session, the Emir may issue decrees that have the power of law ("**decree laws**"). These decree laws must be submitted to the Advisory Council for its opinion, and the Advisory Council has the right to reject or amend them. In addition, the Constitution sets forth the rules of hereditary succession for the Heir Apparent.

The members of the Advisory Council have been appointed by the Emir. The functions of the Advisory Council are to assume legislative authority for the State, approve the general policy of the Government and the budget, and exercise control over the executive branch. In addition to the Emir and the Council of Ministers, any member of the Advisory Council may propose laws. Draft laws passed by the Advisory Council are subject to the endorsement of the Emir. In the event that the Emir fails to endorse a draft law passed by the Advisory Council, the draft law must be returned to the Advisory Council along with the reasons for the non-endorsement. If the draft law is then approved by the Advisory Council with at least a two-thirds vote, the Emir is required to endorse it. The Emir may stop implementation of a law for an unspecified period of time, however, if the Emir considers such an action "absolutely necessary for the greater interests of the country."

The Constitution also guarantees the full independence of Qatar's judiciary, which also has a supreme council (the "**Supreme Council**") to oversee the proper functioning of Qatari courts and their related agencies. The judiciary in Qatar was originally established in 1972 as an independent body and divided into a civil and commercial court system, as well as a Sharia court system that administered Islamic law. In 2003, the civil and commercial courts were unified with the Sharia court into a single judicial body. Qatari courts determine civil and commercial disputes in accordance with legislation. If no legislation is available with respect to a particular matter, Qatari civil and commercial courts will look to Sharia law. In addition, Qatari courts are made up of preliminary courts, an appeal court, a court of cassation, and the Supreme Constitutional Court. Decisions of preliminary courts may be appealed to the appeal court on points of fact and law, while decisions of the appeal court may be appealed to the court of cassation on points of law only. The Supreme Constitutional Court presides only on certain issues of law such as the legitimacy of laws and regulations under the Constitution. Its rulings, decisions and interpretations are final and binding on State authorities. The chief of the court of cassation is appointed by an Emiri decree, while all other judges are appointed by Emiri decree upon the recommendation of the Supreme Council.

Legal System

Over the last decade, Qatar's legal system has been significantly reformed by the enactment of various pieces of legislation intended to bring Qatari laws in line with international laws, standards and practices. Qatar's civil law now sets forth civil law principles, including with respect to conflict of laws, contracts, rights and obligations, security, ownership and torts. Qatar's commercial law now addresses commercial affairs and entities, competition, commercial obligations and contracts, and commercial paper. The commercial law also provides comprehensive provisions addressing bankruptcy matters, permitting creditors to file claims against any corporate entity, except for certain professional companies and other companies that are at least majority owned by the State. Finally, the companies law addresses matters with respect to the ownership of shares, limited liability, capital contributions, payment of dividends, shareholder rights and obligations, and general principles of corporate governance. The companies law

introduces, for the first time, the concept of a single member limited liability company, and is not dissimilar to the companies laws of more mature legal systems.

The State has passed other significant new legislation in recent years, including the Foreign Investment Law (see “Balance of Payments—Foreign Investment”), the Central Bank Law, the Money Laundering Law, the Doha Securities Market Law and the Qatar Financial Centre Law (the “**QFC Law**”), as well as competition, intellectual property, labor, property and environmental laws.

Following the establishment of the QFC in 2005, the QFC Law established a legal and regulatory regime to govern the QFC that is generally parallel to and separate from Qatari laws and the Qatari legal system, except for Qatari criminal law. The QFC has established its own rules and regulations applicable to, among others, financial services companies, and which cover such topics as anti-money laundering, contracts and insolvency. In accordance with the rules and regulations of the QFC, the QFCRA regulates, licenses and supervises banking, financial and insurance related businesses carried on, in or from the QFC in accordance with legislative principles of an international standard, modeled closely on those used in London and other major financial centers. In addition, the QFC Civil and Commercial Court deals with matters arising under the QFC Law, and the QFC Tribunal hears claims contesting decisions of the QFCRA or the QFC Civil and Commercial Court. The QFC courts only have jurisdiction over those companies that are licensed by the QFC.

Employment and Wages

The unemployment rate in Qatar has decreased to 0.3% in 2008 from 3.9% in 2001. Owing to a shortage of indigenous labor, the economy is dependent on immigrant workers. The introduction of Labor Law No. (14) of 2004 granted rights to certain workers, but excluded, among others, employees of the ministries and Government corporations. Qatari labor law provides that employees working in any organization with more than 100 Qatari employees have the right to form an employee committee, although this right is rarely exercised.

According to the Government Labor Force Sample Survey of December 2008, approximately 83,800 people were employed in the Government sector, of whom approximately 57.6% were Qatari nationals, and approximately 56,600 people were employed in companies and corporations wholly owned by the State, of whom approximately 20.0% were Qatari nationals. According to the same survey, approximately 34,700 people were employed by companies and corporations partly owned by the State (such as Qatar Steel Company (“**QASCO**”) and Qatar Fertilizer Company (“**QAFCO**”)), of whom approximately 10.2% were Qatari nationals, and approximately 912,000 people were employed by the private sector, of whom approximately 0.5% were Qatari nationals.

It is the Government’s strategic goal to increase the proportion of Qataris in both the public and the private sectors. This policy, known as “Qatarization,” is effected by giving preference in employment to suitably qualified Qataris. The Government’s aim is to increase the proportion of Qataris in the manufacturing sector to 50.0% by 2020. The Government is also seeking to improve the education and technical skills of the Qatari population to assist with the development of Qatar’s industrial sector.

Education

Education is compulsory until the age of 18 or the completion of the preparatory stage, and is provided free to all Qatari nationals as well as to all children of non-Qatari residents who work in the public sector. Education takes the form of a 12-year public school system, including elementary school, preparatory school and secondary school. As of the end of 2007, Qatar had 191 primary schools, 127 preparatory schools and 99 secondary schools. In addition, according to preliminary estimates, Qatar’s literacy rate was 94.0% at the end of 2008.

Qatar University is made up of seven colleges which together have over 700 faculty members: Education, Arts and Sciences, Sharia and Islamic Studies, Engineering, Law, Business and Economics, and Pharmacology. In 1995, the Government established the Qatar Foundation for Education, Science and Community Development (the “**Qatar Foundation**”) to support education, scientific research and community development in Qatar. In 2001, the Qatar Foundation created Education City, a 14.0 million square meter area of learning and research facilities. Education City houses many branches of foreign universities offering various types of degrees in their area of specialty, including the Virginia Commonwealth University School of the Arts in Qatar, the Weill Cornell Medical College in Qatar, Texas A&M University at Qatar, Carnegie Mellon University in Qatar, Georgetown University School of Foreign Service in Qatar and Northwestern University in Qatar.

In line with efforts to develop Qatar as a center for research and development, the Qatar Foundation and 21 partner organizations in the energy, environment, health sciences, information, communications and technology fields have invested over QR2,912 million (US\$800 million) in the Qatar Science and Technology Park (the “**QSTP**”), which opened in 2004. The QSTP is designated as a free zone allowing full foreign ownership, and is designed to provide a home for technology-based companies from around the world and to act as an incubator for start-up enterprises.

Healthcare

In the fiscal year ended March 31, 2009, the State spent approximately 6.1% of its total annual expenditure on costs associated with the country’s Supreme Council of Health (the “**SCH**”) (formerly known as the National Health Authority), which was established by Emiri Decision No. (13) of 2009 with the objective of creating a clear vision for Qatar’s national health service. The SCH also regulates the medical profession, sets the health research agenda, and monitors and evaluates progress in the health sector. Qatar’s healthcare sector is equipped with advanced medical equipment, highly qualified staff and a country-wide network of hospitals and healthcare centers. According to a report from the General Secretariat of the Ministers of Health of the GCC, Qatar enjoys the region’s lowest maternal mortality rate.

Free healthcare is available to all Qatari citizens. With Qatar’s population increasing, the State has addressed concerns regarding hospital capacity by investing in new projects, such as Sidra Medical Research Center (“**Sidra**”). Sidra is expected to be a 412-bed medical and research center located at Education City, which is scheduled to open in 2012. Sidra has been funded by an endowment of approximately QR28,760 million (US\$7,901 million) from the Qatar Foundation.

Environment

Qatar’s Ministry of Environment is responsible for the protection of the environment and the preservation of endangered wildlife and natural habitats. To strengthen its efforts, Qatar has passed legislation relating to the protection of the environment, including Law No. (30) of 2002, which outlines the framework for environmental protection policy in Qatar, including protecting the environment, developing natural resources, counteracting the effects of pollution and protecting human health. Moreover, Article 33 of the Constitution commits Qatar to environmental protection and preservation, with a view to maintaining sustainable development for future generations. The State also maintains an Environmental Prosecution Department, which is responsible for investigating and prosecuting violations of Qatar’s environmental laws.

Qatar is a signatory to a number of environmental conventions and protocols, including the UN Framework Convention on Climate Change, the Kuwait Convention on the Protection of Marine Environment, the Basel Convention on the Control of Trans-Boundary Movement of Hazardous Wastes and Their Disposal (the “**Basel Convention**”), the Convention on Biological Diversity, the Vienna Convention for the Protection of the Ozone Layer, and the UN Convention to Combat Desertification. In accordance with the Basel Convention, Qatar prohibits hazardous waste from entering the country and is working toward developing specialized treatment centers to store hazardous industrial waste materials.

Most recently, on January 26, 2009, Qatar joined the Global Gas Flaring Reduction Partnership, a global effort to reduce the flaring of gas associated with oil production, making Qatar the first GCC state to join this effort, according to the World Bank. Qatar has also announced that it is committed to achieving a zero-flaring target. The specific focus of Qatar’s efforts is to eliminate routine sources of associated gas venting that could be captured and conserved, and to eliminate or reduce the large sources of associated gas flaring (primarily the major sources of continuous production flaring) other than those which arise as a result of an emergency or operational problem or to ensure the health and safety of those involved in operations.

Culture, Sport and Media

In recent years, the State has sought to support the cultural development of Qatar. For example, the State recently opened the new Museum for Islamic Art, a 45,000 square meter museum designed by Pritzker Prize-winning architect I.M. Pei. In addition, the Tribeca Film Festival, which showcases international films, has formed a partnership with the Qatar Museums Authority to establish the Tribeca Film Festival Doha, the inaugural edition of which was held in late October and early November 2009.

Qatar also regularly hosts premier international sporting events, such as the 2006 Asian Games and top international tennis, golf and other sporting tournaments, and has been chosen to host the World Indoor Athletics Championship in 2010 and the Asian Cup soccer competition in 2011. In addition, Qatar has had its

bid to host the 2022 FIFA World Cup officially approved by FIFA, which will award the event to a host country in late 2010. Qatar has also announced plans to submit a bid to host the 2020 Olympic Games.

Qatar has multiple news networks providing television and radio broadcasting services, including the Al Jazeera news organization which is headquartered in Qatar and broadcasts current affairs, features, analysis, documentaries, live debates, entertainment, business and sports, reaching a reported 40 million viewers worldwide.

Foreign Relations

Global Organizations and Summits

Qatar has been a member of the WTO since 1996. In line with its commitment to the WTO, Qatar's policies are focused on the liberalization of the economy and trade, the reduction of tariffs and increasing and diversifying exports. In 2001, Qatar hosted the Fourth WTO Ministerial Conference, which launched the current round of trade negotiations known as the Doha Development Agenda. There are currently no disputes at the WTO involving Qatar.

Qatar is also a member of the OPEC and numerous other international and multilateral organizations, including, among others, the UN (where Qatar was a non-permanent member of the UN Security Council for the 2006-2007 term), the League of Arab States, the Organization of The Islamic Conference, UNESCO, the Multinational Investment Guarantee Agency, the IMF and the International Bank for Reconstruction and Development.

On December 23, 2008, representatives of 11 gas producing nations, including Qatar, Russia and Iran, signed an intergovernmental memorandum and charter formally establishing the Gas Exporter Countries Forum ("**GECF**"), which chose Doha as the future headquarters for its permanent secretariat, which has yet to be elected. The GECF Liaison Office, which facilitates the affairs of the GECF, is also based in Doha. The GECF's objectives include exchanging information on a broad range of issues such as new technologies, investment programs, relations with natural gas consuming countries and environmental protection.

In addition to its memberships of various global organizations, Qatar has hosted numerous economic, political and financial summits and conferences, including the UN's Second Global Conference on Financing for Development in 2008, the High-Level Forum on Trade & Investment of the G-77 (the largest intergovernmental organization of developing states in the UN) in 2004 and 2005, and the 9th Islamic Summit Conference in 2000. In addition, from 2000 to 2003, Qatar presided over the Organization of the Islamic Summit Conference.

GCC Membership

Qatar is an advocate for regional integration and is a member of the GCC, whose other members include Bahrain, Kuwait, the United Arab Emirates, the Sultanate of Oman ("**Oman**") and Saudi Arabia. In 2003, the GCC established a customs union under which Qatar applies a common customs tariff of 5.0% to most products, with a limited number of exceptions. In 2005, as part of the GCC, Qatar joined the Istanbul Cooperation Initiative, which is a NATO initiative to enhance regional security in the broader Middle East.

In 2001, the GCC decided to establish a common currency by 2010 with a view to deepening economic integration. The GCC monetary union is expected to improve the efficiency of financial services, lower transaction costs and increase transparency in the prices of goods and services. In December 2008, finance ministers of the GCC member states (other than Oman) signed an agreement establishing the framework of the monetary union. The agreement also provides for the establishment of a monetary council, which will finalize the details of the monetary union and is expected to be converted eventually into a GCC central bank. The agreement must be ratified by each member state in order for it to take effect. Currently, four of the six GCC members have signed the accord to join the monetary union — Qatar, Kuwait, Saudi Arabia and Bahrain — while the United Arab Emirates and Oman have decided not to join. In May 2009, the GCC members that plan to join the monetary union decided that Riyadh would be home to the new GCC monetary council, a precursor to a GCC central bank. The official GCC position remains that 2010 is the target date for the adoption of a single currency. While Qatar remains committed to the adoption of a single currency, it has been reported that the original GCC target date of 2010 may be extended by the GCC. In October 2009, Kuwait's Ministry of Finance called for a delay of the GCC monetary union.

Regional Relations

Qatar has good relations with other members of the GCC. A territorial dispute with Bahrain over the Hawar Islands and a maritime boundary were resolved through a ruling in 2001 by the International Court of Justice in The Hague. Both countries agreed to the ruling, and Bahrain kept the main Hawar Island, but dropped claims over parts of mainland Qatar, while Qatar retained significant maritime areas and their resources. Good relations between Qatar and Bahrain are demonstrated by the 40-kilometer causeway planned to link the two countries. In addition, a separate border dispute with Saudi Arabia was resolved in 2001 by an agreement that demarcated the border between the two states. Qatar does not currently have any open border disputes.

Qatar seeks to maintain good relations with all countries in the region, including Iran and Iraq. A portion of Qatar's principal gas field, the North Field, extends into Iranian territorial waters. Qatar and Iran concluded a maritime border agreement in 1969, and the boundary between the two countries is not disputed. Qatar engages in regular bilateral talks with the Iranian government to ensure friendly and cooperative relations between the two countries, and recent delegations have met to review bilateral relations as well as to explore means of bolstering them, especially in the energy and industrial sectors. In addition, Qatar supports constitutional developments in Iraq and Iraqi aspirations for unity and independence.

Over the past several years, Qatar has become an important mediator in regional conflicts. Among recent initiatives, in February 2009, Qatar mediated talks between the Sudanese government and Sudan's Justice and Equality Movement in connection with the conflict in the Darfur region of the Sudan. In addition, in January 2009, Qatar hosted a consultative meeting in response to the conflict in Gaza that included a number of Arab states and senior non-Arab participants. In 2008, Qatar brokered a deal between rival Lebanese leaders to end an 18-month long political conflict.

US Relations

Qatar has a close and cordial relationship with the United States, having signed a defense treaty with the United States in June 1992, thereby initiating a period of close coordination in military affairs that continues to the present, including contributing to coalition forces during the first Gulf War. The United States maintains pre-positioned military equipment in Qatar, has engaged in cooperative defense exercises, and has entered into base access agreements. The United States also maintains a forward headquarters for US Central Command in Qatar, and the United States and Qatar continue to cooperate on counterterrorism efforts.

Additionally, since 1996, the US Export Import Bank has provided over QR7,300 million (US\$2,000 million) in loan guarantees to support various natural gas development projects where US oil and gas companies have made significant investments in Qatar. In 2008, the United States accounted for 9.0% of Qatar's total imports and 0.1% of Qatar's total exports. The United States is also the intended destination of a portion of the LNG to be produced by Qatari LNG trains currently under construction, with contracts either in the form of sale and purchase agreements or documented in heads of agreement. See "The Economy of Qatar—Oil and Gas Industry." In an effort to expand bilateral trade and investment, the United States and Qatar signed a Trade and Investment Framework Agreement in 2004, which created a joint council to establish a permanent dialogue with the goal of resolving trade issues and deepening the bilateral trade relationship. Qatar also donated QR364.0 million (US\$100.0 million) to victims of Hurricane Katrina in August 2005.

Asian Relations

Qatar has strong relations with many Asian countries, particularly Japan, South Korea, Singapore and China. The majority of Qatar's oil exports are shipped to Asia, and the region is a common destination for Qatari LNG.

Japan is an important trade partner for Qatar, both for imports and exports. In 2008, Japan accounted for approximately 9.6% of Qatar's total imports and approximately 33.8% of Qatar's total exports. Japan, which first began importing Qatari LNG in 1996, represented approximately 27.0% of Qatar's LNG exports in 2008. Japan is also the primary destination for Qatari crude oil, condensate and liquefied petroleum gas ("LPG"), with approximately 45.4% of Qatar's total oil exports in 2008 going to Japan. Japanese companies have made significant investments in Qatar over the years and, at the third meeting of the

Japan-Qatar Joint Economic Committee in November 2008, both countries reconfirmed their commitment to expanding mutual investment opportunities. See “The Economy of Qatar—Oil and Gas Industry.”

Qatar has close relations with South Korea, exemplified by the rapid growth and development of economic and trade relations in the public and private sectors, with South Korea accounting for approximately 5.5% of Qatar’s total imports and approximately 21.5% of Qatar’s total exports in 2008. South Korea received approximately 11.7% of Qatar’s total oil exports and represented approximately 45.0% of Qatar’s LNG exports in 2008. Qatar has hosted numerous South Korean business delegations and, most recently, in February 2009, hosted a delegation of small and medium-sized South Korean enterprises with the objective of establishing direct contact with Qatari companies and promoting trade ties. In addition to being an importer of Qatari LNG, South Korean shipyards also build many of the LNG vessels which currently transport, or are anticipated to transport, Qatari LNG.

Qatar and Singapore have a strong trade relationship and recently strengthened ties through a free trade agreement signed by GCC member states and Singapore on December 15, 2008, covering areas such as trade, e-commerce, investment, government procurement, customs and media cooperation. In 2008, Singapore accounted for approximately 0.8% of Qatar’s total imports and approximately 11.5% of Qatar’s total exports.

Qatar and China have had continuous diplomatic relations since 1988, and have engaged in many bilateral agreements, such as the “Agreement on Avoiding Double Taxation and Preventing Evasion of Tax between the Government of China and the Government of Qatar (2001),” which demonstrate a commitment to mutual interests. In 2008, the Chinese Vice President and Premier both confirmed that China seeks to develop long-term, stable and cooperative relations with Qatar.

EU Relations

The EU is a destination for a portion of the LNG to be produced by Qatari LNG trains currently under construction. The EU represented approximately 12.4% of Qatar’s LNG exports in 2008, and British and French companies are the EU’s main investors in Qatar. See “The Economy of Qatar—Oil and Gas Industry.” In addition, Britain and France have signed defense treaties with Qatar. In March 1988, the EU and member countries of the GCC signed a cooperation agreement that included provisions for complementing and strengthening relations between the EU and the GCC and generally liberalizing trade between the two groups by providing for the negotiation of a free trade agreement. Negotiations for a free trade agreement have been ongoing for several years and are at an advanced stage, although, according to media reports, the GCC announced in December 2008 that it had suspended negotiations until the EU agrees to sign the latest draft agreement. The Financing Instrument for Cooperation with Industrialized and Other High-Income Countries and Territories became effective on January 1, 2007 and is the framework for financial cooperation activities between the EU and the Gulf region (in addition to other high-income countries).

Commercial Relations

QP and its affiliates have developed a vast network of commercial relationships globally with suppliers, contractors, business partners, other sovereigns and, most importantly, customers. In respect of LNG sales, with sale and purchase agreements typically lasting 20 years or more, it is particularly important for customer relationships to be strong as the contracts must be durable to last. In some cases, it can take from three to five years to negotiate an LNG sale and purchase agreement. Through its LNG operations, QP has developed deep and long-standing relationships with its offtakers. At the same time, these business relationships have strengthened the political relationships between Qatar and the countries who import significant amounts of Qatar hydrocarbons throughout Asia, Europe and North America. In addition, through its operating and equity partnerships, QP has forged relationships with a geographically diverse group of companies, including ExxonMobil and ConocoPhillips from the United States, TOTAL from France and Shell from the United Kingdom and The Netherlands. In addition, QP, either directly or through Qatargas and RasGas, has developed close working relationships with major international supply contractors, such as Chiyoda Corporation, W.L.L., Snamprogetti and Technip.

THE ECONOMY OF QATAR

General

Qatar is one of the most prosperous countries in the world, with a nominal GDP per capita of QR252,328 (US\$69,321) in 2008 based on Qatar's 2008 mid-year population figure of approximately 1,450,000. In January 2009, the IMF noted that Qatar had the fastest growing economy in the GCC. Qatar's proven reserves of hydrocarbons amount to approximately 185.9 billion barrels of oil equivalent. These hydrocarbons consist of proven reserves of approximately 892.2 tcf of natural gas, 2.7 billion barrels of crude oil and 22.6 billion barrels of condensate. Virtually all of Qatar's proven reserves of natural gas and condensate are located in the North Field, which is estimated by the USEIA to be the largest non-associated gas field in the world, representing approximately 15% of the world's natural gas reserves in 2007. Qatar has over 100 years of proven gas reserves at projected long-term production levels.

Qatar's carefully planned exploitation of its hydrocarbon reserves has resulted in a nominal GDP CAGR of 33.0% from 2004 to 2008. Qatar's economy achieved a new record in 2008, with total nominal GDP of QR365,483 million (US\$100,407 million), representing a growth rate of 40.9% from 2007, although total nominal GDP declined for the six-month period ended June 30, 2009 compared to the six-month period ended June 30, 2008 reflecting the overall effects of the recent global economic crisis and financial downturn as well as lower commodity prices. The growth in the economy has been driven by expansion in the production of oil, LNG and condensates, coupled with increases in hydrocarbon prices, with the oil and gas sector constituting 60.8% of Qatar's total nominal GDP in 2008 and 44.8% for the period ended June 30, 2009. Qatar has also been focused on diversifying its economy in recent years in an effort to reduce its historical dependence on oil and gas revenues. The construction and real estate sectors have recently made substantial contributions to Qatar's economic growth and significant investments have been made to increase economic returns from, in particular, petrochemicals, financial services, infrastructure development and tourism. As a result, nominal GDP for the non-oil and gas sector grew at a CAGR of 28.5% between 2004 and 2008. Nominal GDP for the non-oil and gas sector reached QR143,356 million (US\$39,384 million), or 39.2% of Qatar's total nominal GDP, in 2008, and QR76,658 million (US\$21,060 million), or 55.2% of Qatar's total nominal GDP, for the six-month period ended June 30, 2009.

QP, which is wholly owned by the State and the State's primary source of revenues, is responsible for all phases of the oil and gas industry in Qatar. Oil was discovered in Qatar in 1939 and crude oil production began in 1949. Since that time, Qatar has steadily increased its levels of crude oil production, both directly and by entering into exploration and development PSAs with leading international oil exploration and production companies, including Maersk, TOTAL and Occidental Petroleum. With average crude oil production of approximately 843,943 barrels per day in 2008, Qatar is estimated by the USEIA to be the 20th largest global oil producer.

In the early 1990s, Qatar developed a multi-directional and fast-track strategy to accelerate the commercialization of its substantial natural gas reserves as a means to diversify and ultimately modernize Qatar's economy. In furtherance of this strategy, Qatar has made large-scale investments across the entire value chain of LNG trains, tankers, and storage and receiving facilities. Qatar is now the leading LNG producing country in the world, according to the USEIA, with 30.3 million tons of LNG exports in 2008. Qatar's objective is to raise its annual LNG production capacity by more than 150% to approximately 77.4 million tons per annum in 2011. Via its flagship Qatargas and RasGas LNG projects, Qatar has developed its LNG business through strategic partnerships with a number of the world's leading oil and gas companies, including ExxonMobil, Shell, TOTAL and ConocoPhillips. By investing across the entire LNG value chain, Qatar now enjoys meaningful cost advantages in the gas sector due to significant economies of scale and a low all-in cost structure. Qatar also has a good central geographic location for global shipping to all major gas consuming regions of the world and, based on contractual commitments, Qatari LNG is expected to be sold globally to customers in 11 countries by 2011, including in North America (Mexico and the United States), Northwest Europe (the United Kingdom and Belgium), Western Europe (Italy, France and Spain), South Asia (India) and Northeast Asia (South Korea, Japan and Taiwan). Most of the LNG produced by Qatar's upstream ventures is sold under long-term take-or-pay agreements that provide certainty of volume offtake.

Qatar has also focused on developing and exploiting its natural gas resource base prudently beyond the LNG industry, implementing a downstream strategy driven by opportunities to add value to existing oil and gas production as well as the requirements of the domestic economy. QP has been developing pipeline gas both for regional export markets and for domestic petrochemicals and industrial consumption.

In addition, QP is the majority shareholder in a number of industrial companies located primarily at Ras Laffan City and Mesaieed Industrial City, which use natural gas as feedstock and/or fuel to produce various value-added products, such as petrochemicals and fertilizer, steel, iron and metal coating, both for domestic consumption and for export.

Throughout a period characterized by rapid growth and development, Qatar has demonstrated fiscal responsibility by managing its budget and public finances prudently. For example, the State has low levels of indebtedness, with direct external indebtedness of QR34,638.2 million (US\$9,516.0 million) as of October 31, 2009, which would have represented 9.5% of total nominal GDP in 2008. Most of Qatar's significant energy projects are funded on a stand-alone, limited recourse basis.

The significant revenues generated by the oil and gas sector have provided sustained liquidity while ensuring sizeable fiscal and external accounts. Qatar has had budget surpluses since the fiscal year ended March 31, 2001, with a surplus of QR42,090 million (US\$11,563 million) or 29.9% of total Government revenues for the fiscal year ended March 31, 2009. Despite an estimated deficit of approximately QR5,800 million (US\$1,593 million) for the budget for the fiscal year ending March 31, 2010, based on the Government's most recent revenue and expenditure figures, there was an overall surplus of QR10,406 million (US\$2,859 million) or 18.4% of total revenues for the six-month period ended September 30, 2009. In addition, Qatar's trade activity is strong, with total goods exported in 2008 valued at QR202,847 million (US\$55,727 million) and total imports in 2008 valued at QR101,556 million (US\$27,900 million), together constituting 83.3% of total nominal GDP. Between 2007 and 2008, the value of Qatar's exports increased by 34.3%, while the value of imports increased by 19.1%. The external sector has been characterized by a large current account surplus each year since 2000 and robust growth in imports has been counterbalanced by a significant rise in hydrocarbon exports.

In recent years, Qatar has used its budget surpluses to diversify the economy through increased spending on infrastructure, social programs, healthcare and education, which have modernized Qatar's economy. Qatar's economic growth has also enabled it to diversify its economy through domestic and international investment into different classes of assets. In 2005, the State established the QIA to propose and implement investments for Qatar's growing financial reserves, both domestically and abroad. The aim of the QIA is to strengthen the nation's economy through the diversification of asset classes across a wide range of geographies. Through the QIA, Qatar has made investments in private equity, the banking sector, real estate, publicly traded securities and alternative assets. With its growing portfolio of international and domestic long-term strategic investments, the QIA has continued to develop Qatar's economic diversification strategy while contributing to the nation's significant economic expansion.

In addition, the State has provided financial support to Qatar's financial sector as a response to the recent global economic downturn and as a preventative measure to preserve the general stability in Qatar's banking sector. In late 2008 and early 2009, the QIA began making direct capital injections in Qatar's commercial banking sector through a plan to purchase equity ownership interests of up to 20.0% in all domestic banks listed on the Qatar Exchange. In addition, on March 9, 2009, the Prime Minister of Qatar declared that in order to further support Qatar's banking section, the State would purchase the investment portfolios of seven of the nine domestic banks listed on the Qatar Exchange. These purchases were completed on March 22, 2009 at a total purchase price of approximately QR6,500 million (US\$1,786 million). In an effort to further boost liquidity and encourage lending, in early June 2009, the State offered to buy the real estate portfolios and investments of nine domestic commercial banks at a sale price equivalent to the net book value of such portfolios and investments with a total ceiling amount of QR15,000 million (US\$4,121 million). The QIA has recently begun implementing procedures to acquire an additional 5.0% stake in the capital of Qatari banks consistent with the above-mentioned plan to purchase equity ownership interests of up to 20.0% and is expected to make additional direct capital injections in line with the 2008/2009 plan referenced above.

Since becoming the ruler of Qatar in June 1995, the Emir has instituted a number of governmental reforms, including establishing a constitution that formally separates power among the executive, legislative and judicial branches. Qatar has also reformed its legal system to bring it in line with international laws, standards and practices. There is an organized set of institutions within Qatar that support the growth in trade and commerce, both internally and externally, including the QFC, the Qatar Exchange and Western-style regulators, namely the QCB, QFMA and the QFCRA. Qatar has good relations with other members of the GCC and the wider Middle East in general. Qatar also has strong ties with the West, notably the United States, which maintains a significant military presence in the country. Qatar is a member of, among other international organizations, the UN, the WTO and OPEC. Qatar has

low levels of corruption and has established a National Committee for Integrity and Transparency in relation to implementing its obligations as a member of the UN. Qatar is also a signatory to the GATT and a number of other conventions and protocols. In addition to its memberships in international organizations, Qatar has hosted numerous economic, political and financial summits and conferences and, over the past several years, has become an important mediator in regional conflicts.

The foregoing factors have contributed to improved credit ratings over the past decade, as evidenced by the improvement in Qatar's long-term credit rating by Standard & Poor's, from BBB as of February 1996 to AA- as of March 2008, which was most recently confirmed in July 2009, with a stable outlook. Similarly, Qatar's foreign and local currency bond ratings by Moody's have improved from Baa2 as of September 1999 to Aa2 as of December 2008, which were most recently confirmed in July 2009, with a stable outlook.

Economic Policy

The State's primary economic objective is to create a thriving investment climate that both encourages domestic investment and identifies positive opportunities for outward investment. The overall strategy of the State to achieve this objective consists of increasing the production and export of natural gas, making investments across the entire LNG value chain, and diversifying the economy by developing the non-oil and gas sectors.

Historically, Qatar's economy has been dependent on crude oil production. In the early 1990s, however, the State developed a multi-directional and fast-track strategy to accelerate the commercialization of Qatar's substantial natural gas reserves as a means to diversify and ultimately modernize the economy. This strategy was implemented pursuant to a three-pronged approach, namely by developing LNG and gas-to-liquids ("GTL") for global export, developing pipeline gas for regional export markets, and by developing pipeline gas for domestic petrochemicals and industrial consumption. In furtherance of this strategy, the State has made large-scale investments across the entire value chain of LNG trains, tankers, and storage and receiving facilities, becoming the leading LNG producing country in the world, according to the USEIA.

Although the State is focused on ensuring the optimal and sustainable development and commercialization of the oil and gas sector, which continues to be the backbone of the economy, one of the cornerstones of Qatar's current economic policy is a commitment to diversify the overall economy so that Government revenues from the oil and gas sector are supplemented by an increased percentage of Government revenues from non-oil and gas-related activities. As set forth in the National Vision, the State's long-term economic objectives include developing Qatar's infrastructure and strengthening its private sector. In pursuit of these objectives, and consistent with increased revenues and surpluses, the State has increased total expenditure from QR50,768 million (US\$13,947 million) for the fiscal year ended March 31, 2006 to QR98,857 million (US\$27,159 million) for the fiscal year ended March 31, 2009 and QR46,159 (US\$12,681 million) for the six-month period ended September 30, 2009 (with total budgeted expenditure of QR94,498 million (US\$25,961 million) for the fiscal year ending March 31, 2010), funneling much of this expenditure into major construction projects such as the Lusail real estate development (including Energy City), the New Doha International Airport, the new port at Ras Laffan City, and transportation and social infrastructure.

The State is also strengthening the private sector by undertaking regulatory reforms aimed at improving Qatar's business climate and creating an environment that will support enterprise creation, private competition and foreign direct investment, including through taking steps such as liberalizing the telecommunications sector and creating special economic zones. In addition, the State has sought to increase Qatar's attractiveness to foreign direct investment by implementing laws that allow more foreign participation in the domestic economy. For example, the Government has established the QFC, which enables global firms to operate as onshore institutions in Qatar. Furthermore, in November 2009, the Minister of Economy and Finance announced plans to reduce the corporate tax rate for foreign companies from a top rate of 35.0% to a flat rate of 10.0% in 2010, with the aim of encouraging greater foreign direct investment. This is part of a broad plan to diversify the Qatari economy to reduce reliance on oil and gas revenues, which accounted for approximately 60.8% of total nominal GDP in 2008 and approximately 44.8% of total nominal GDP for the six-month period ended June 30, 2009.

Gross Domestic Product

Qatar's GDP growth has been steady over the last five years, driven by the production and export of oil, LNG, petrochemicals and related products, coupled with rising hydrocarbon prices. Annual nominal

GDP growth amounted to 34.8% in 2004, 33.8% in 2005, 33.7% in 2006, 25.5% in 2007 and 40.9% in 2008. Reflecting the overall effects of the recent global economic crisis and financial downturn as well as lower commodity prices, Qatar's total nominal GDP for the six-month period ended June 30, 2009 declined by 24.0% compared to the six-month period ended June 30, 2008.

The following table sets forth certain information about Qatar's nominal GDP by economic sector and by percentage contribution to total nominal GDP for each of the five years ended December 31, 2008.

	Year ended December 31,									
	2004		2005		2006		2007		2008	
	Value	%	Value	%	Value	%	Value	%	Value	%
	<i>(in millions of QR, except for percentages)</i>									
Oil and gas sector	62,922	54.5	92,071	59.6	118,443	57.3	146,475	56.6	222,127	60.8
Non-oil and gas by sectors:										
Finance, business services, insurance and real estate	9,925	8.6	14,785	9.6	21,392	10.4	31,865	12.3	37,019	10.1
Manufacturing ⁽¹⁾	11,995	10.3	13,042	8.4	15,875	7.7	19,179	7.4	25,390	6.9
Building and construction	6,425	5.6	8,744	5.7	11,991	5.8	14,634	5.6	18,166	5.0
Trade, restaurants and hotels	6,148	5.3	6,869	4.4	9,452	4.6	12,002	4.6	13,311	3.6
Transport and communications	4,020	3.5	5,114	3.3	7,159	3.5	9,803	3.8	12,274	3.4
Electricity and water	1,482	1.3	2,209	1.4	3,513	1.7	4,329	1.7	5,456	1.5
Agriculture and fisheries	210	0.2	216	0.1	233	0.1	250	0.1	268	0.1
Other services ⁽²⁾	12,385	10.7	11,514	7.4	18,586	9.0	20,874	8.0	31,472	8.6
Total non-oil and gas sector	52,590	45.5	62,493	40.4	88,201	42.7	112,936	43.4	143,356	39.2
Total nominal GDP	115,512	100.0	154,565	100.0	206,644	100.0	259,411	100.0	365,483	100.0

Notes:

(1) For purposes of calculating GDP, certain downstream activities generally associated with Qatar's oil and gas industry, such as the production and export of petrochemicals and fertilizer, steel, iron and metal coating, are included in the manufacturing sector as part of the non-oil and gas sector.

(2) Includes social services, imputed bank service charges, government services, household services and import duties.

Source: Qatar Statistics Authority.

The following table sets forth certain information about Qatar's nominal GDP by economic sector and by percentage contribution to total nominal GDP for the six-month periods ended June 30, 2008 and 2009, including the percentage change between such periods.

	Six months ended June 30,				Percentage Change
	2008		2009		
	Value	%	Value	%	
	(in millions of QR, except for percentages)				
Oil and gas sector.	115,436	63.3	62,091	44.8	(46.2)
Non-oil and gas by sectors:					
Finance, business services, insurance and real estate	15,768	8.6	21,328	15.4	35.3
Manufacturing ⁽¹⁾	11,083	6.1	7,828	5.6	(29.4)
Building and construction	8,597	4.7	10,226	7.4	18.9
Trade, restaurants and hotels	6,313	3.5	6,753	4.9	7.0
Transport and communications	5,181	2.8	6,128	4.4	18.3
Electricity and water.	2,702	1.5	3,168	2.3	17.2
Agriculture and fisheries	131	0.1	135	0.1	3.1
Other services ⁽²⁾	17,255	9.5	21,092	15.2	22.2
Total non-oil and gas sector	67,030	36.7	76,658	55.2	14.4
Total nominal GDP	182,466	100.0	138,748	100.0	(24.0)

Notes:

(1) For purposes of calculating GDP, certain downstream activities generally associated with Qatar's oil and gas industry, such as the production and export of petrochemicals and fertilizer, steel, iron and metal coating, are included in the manufacturing sector as part of the non-oil and gas sector.

(2) Includes social services, imputed bank service charges, government services, household services and import duties.

Source: Qatar Statistics Authority.

Oil and Gas Industry

Overview

The following table sets forth Qatar's total proven and expected reserves of crude oil, natural gas and field condensate as of January 1, 2009.

	As of January 1, 2009 ⁽¹⁾	
	Proven	Expected
Natural gas (<i>in trillions of cubic feet</i>)	892.2	895.80
Crude oil (<i>in billions of barrels</i>)	2.7	4.1
Condensate (<i>in billions of barrels</i>)	<u>22.6</u>	<u>22.7</u>
Total barrels of oil equivalent (<i>in billions of barrels</i>)⁽²⁾	<u>185.9</u>	<u>188.0</u>

Notes:

(1) For a description of how Qatar classifies proven and expected reserves, see "Presentation of Certain Reserves Information."

(2) Proven and expected reserves of natural gas have been converted to barrels of oil equivalent using the BP Statistical Review methodology, which converts gas to barrels of oil equivalent on a calorific basis according to a conversion factor of one billion cubic feet of gas to 0.18 million barrels of oil equivalent.

Source: Qatar Petroleum.

QP, which is wholly owned by the State and the State's primary source of revenues, is responsible for all phases of the oil and gas industry in Qatar. The principal activities of QP and its subsidiaries and joint ventures cover exploration, drilling and production, storage and transport, and the marketing and sale of crude oil, pipeline gas, LNG, petrochemicals, GTL, steel, fertilizers and other products and services. QP conducts its operations and activities at various onshore and offshore locations, while hydrocarbon exploration and new projects are conducted under PSAs with international oil and gas companies. QP's downstream strategy is driven by opportunities to add value to existing oil and gas production as well as the requirements of the domestic economy. QP is also the majority shareholder in a number of industrial companies located primarily at Ras Laffan City and Mesaieed Industrial City, which use natural gas as feedstock and/or fuel to produce various value-added products, such as petrochemicals, fertilizers and steel, both for domestic consumption and export. Although oil-related activities currently account for a significant portion of QP's revenues and net cash flows, the State expects that the contribution of non-oil revenues to QP's net cash flow will steadily increase relative to other sources of income, with the State expecting to derive a majority of its oil and gas revenue from the sale of LNG and other natural gas by 2011 as the result of its investment in the commercialization of Qatar's substantial natural gas reserves.

QP is managed by a board of directors appointed by the Emir. The State's Deputy Premier and Minister of Energy and Industry serves as the Chairman and Managing Director of QP, while the State's Minister of Economy and Finance serves as the Vice Chairman of QP. Other members of QP's board of directors include representatives of QP's major subsidiaries. In addition, QP's annual budget is approved by the Ministry of Economy and Finance, the Council of Ministers and the Emir. All proceeds from the export of crude oil, gas, refined products and condensate are paid directly to the Ministry of Economy and Finance. The Ministry of Economy and Finance has the right to withdraw funds from QP at any time. In addition, QP has the ability to request that the Ministry of Economy and Finance deposit cash into QP's accounts in accordance with QP's approved annual budget.

QP has a long term foreign currency issuer rating of AA– from Standard & Poor's and Aa2 from Moody's, with a stable outlook from both rating agencies.

The following table sets forth certain summary historical consolidated financial information of QP as of and for each of the five years ended December 31, 2008.

	As of and for the year ending December 31, ⁽¹⁾					
	2004	2005	2006	2007	2008	2008
		(in millions of QR)				(in millions of US\$)
Income statement data:						
Operating revenue:						
Sales:						
Crude oil	22,760	35,822	45,049	45,445	53,167	14,606
Liquefied natural gas	9,659	12,331	18,679	25,338	41,850	11,497
Condensate	4,950	7,271	11,280	16,693	28,530	7,838
Refined products	5,621	6,725	8,746	9,986	11,760	3,231
Natural gas and liquids	4,083	5,559	7,073	8,195	14,346	3,941
Petrochemicals	3,048	3,795	4,394	5,111	6,961	1,913
Fertilizers	1,386	2,216	2,239	2,734	4,590	1,261
Steel	1,778	1,789	2,790	3,435	5,770	1,585
Gas-to-liquids products	—	—	—	253	1,182	325
Other services	221	318	434	240	332	91
Other operating income	1,511	2,119	4,504	7,228	9,714	2,669
Total operating revenue	55,017	77,945	105,188	124,658	178,202	48,957
Total operating expenses	(10,567)	(11,424)	(14,066)	(19,695)	(26,559)	(7,297)
Net operating income	44,450	66,508	91,122	104,963	151,643	41,660
Dividend and interest income	192	538	1,090	1,432	1,727	475
Finance charges	(1,581)	(1,532)	(1,766)	(2,192)	(2,791)	(767)
Royalties, taxes and minority interest	(27,478)	(43,655)	(59,211)	(69,153)	(94,779)	(26,038)
Net income	15,584	21,860	31,235	35,049	55,800	15,330
Balance sheet data:						
Total non-current assets	53,169	69,253	100,638	140,335	185,902	51,072
Current assets:						
Cash and cash equivalents	14,719	25,738	23,312	30,873	41,389	11,371
Other current assets	7,230	10,554	13,897	17,128	18,743	5,149
Total current assets	21,949	36,292	37,209	48,001	60,132	16,520
Total current liabilities	(9,172)	(14,566)	(16,565)	(21,879)	(23,028)	(6,326)
Non-current liabilities:						
Loans	(14,994)	(26,039)	(42,722)	(53,616)	(62,448)	(17,156)
Other non-current liabilities	(25,068)	(12,021)	(18,973)	(50,344)	(94,469)	(25,953)
Total non-current liabilities	(40,062)	(38,060)	(61,695)	(103,960)	(156,917)	(43,109)
Total capital and reserves	25,884	52,919	59,587	62,497	66,089	18,157

Note:

(1) The summary historical consolidated financial information has been derived from QP's historical consolidated financial statements, which are prepared in accordance with QP Accounting Standards. This Prospectus does not include QP's historical consolidated financial statements. See "Presentation of Financial Information."

Source: Qatar Petroleum.

	For the year ending December 31, ⁽¹⁾					
	2004	2005	2006	2007	2008	2008
	(in millions of QR)					(in millions of US\$)
Cash flow statement data:						
Net cash from operating activities	19,792	28,296	33,416	46,328	58,560	16,088
Cash flows from investing activities:						
Payments for property, plant and equipment, deferred expenditure and other assets	(13,714)	(20,008)	(32,990)	(47,037)	(36,791)	(10,108)
Other investing activities	(15)	321	(434)	(2,025)	(915)	(251)
Net cash used in investing activities	(13,729)	(19,687)	(33,424)	(49,062)	(37,706)	(10,359)
Cash flows from financing activities:						
Proceeds from borrowings	9,826	17,222	23,609	18,264	13,494	3,707
Repayments of loans and obligations under finance leases	(5,922)	(4,346)	(6,947)	(2,883)	(3,204)	(880)
Net change in account with Ministry of Economy and Finance	(7,272)	(9,781)	(19,806)	(5,265)	(21,697)	(5,961)
Movement in minority interest	(300)	(607)	(524)	(828)	67	18
Net cash available (used in) from financing activities	(3,668)	2,488	(3,670)	9,288	(11,340)	(3,116)
Net change in cash and cash equivalents	2,395	11,097	(3,678)	6,554	9,514	2,613
Cash and cash equivalents at the beginning of the year	11,999	14,394	25,491	21,813	28,367	7,793
Cash and cash equivalents at the end of the year	14,394	25,491	21,813	28,367	37,880	10,406

Note:

(1) The summary historical consolidated financial information has been derived from QP's historical consolidated financial statements, which are prepared in accordance with QP Accounting Standards. This Prospectus does not include QP's historical consolidated financial statements. See "Presentation of Financial Information."

Source: Qatar Petroleum.

For the six-month period ended June 30, 2009, QP's total operating revenue and net income decreased by approximately 50% compared to the six-month period ended June 30, 2008 as a result of a decrease in average oil prices along with slightly decreased volumes of crude oil sales. These results had the effect of reducing QP's cash and cash equivalents by more than 50%. In addition, due to lower revenues generated from the sale of crude oil and LNG, royalties and taxes payable by QP to the State decreased by more than 50%.

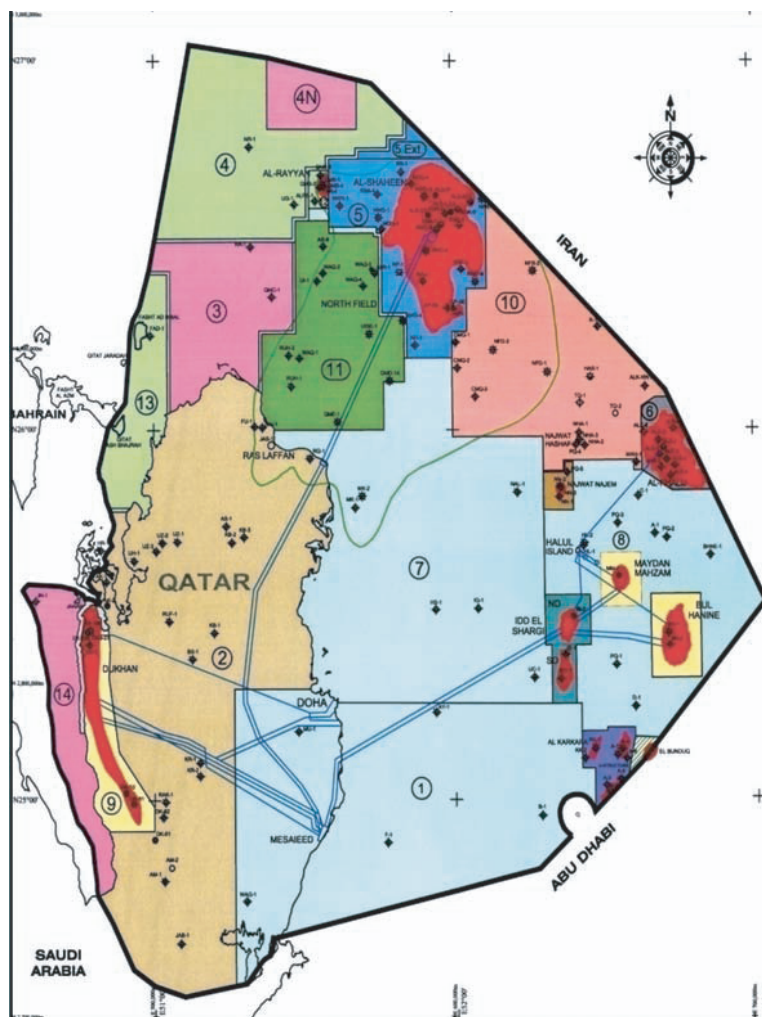
QP's capital expenditures consist principally of costs associated with building facilities for the production and processing of oil, LNG and natural gas, drilling, the production of fertilizers and petrochemicals, and the construction of LPG tanks and pipelines. To fund its capital requirements, QP depends primarily on internal sources of liquidity along with loans from financial institutions. Over the next five years, capital expenditure by QP, its subsidiaries and joint venture partners is estimated to be approximately QR154,953 million (US\$42,570 million). Many of the projects undertaken by QP, its subsidiaries and joint ventures have been financed at the project level (although some have required guarantees by QP), with loans amortizing over approximately 15 to 25 years and repayment obligations expected to be met through the cash flows generated by each relevant project. It is estimated that QP's share of the capital expenditure over the next five years will be QR99,028 million (US\$27,205 million). As of the date hereof, no decisions have been made on the form that any future financing may take or on the split between debt and equity. Moreover, financing for certain projects has already been fully committed, and certain expenditure commitments have already been made.

QP's strategy is to continue to contribute to the diversification of Qatar's economy and the State's assets by leveraging QP's experience along with the State's vast hydrocarbon wealth to generate long-term returns on investment in the international oil and gas industry. In furtherance of this strategy, QP has begun to invest outside Qatar in the oil and gas industry in foreign markets through its wholly owned subsidiary, Qatar Petroleum International ("QPI"). QPI has also begun to explore and evaluate various investment and acquisition opportunities that would further optimize the operations of QP as well as maximize the value of Qatar's hydrocarbon resources, including by expanding into downstream activities in the natural gas sector in those regions where Qatari LNG is sold so that the State has greater involvement and ownership in the entire LNG value chain.

Foreign investments made to date by QPI include, among others, the purchase in June 2008 from TOTAL of 20.0% minority interests in two onshore oil exploration blocks in Mauritania, the signing in

April 2008 of a letter of intent with an affiliate of Shell and Petrochina Co. Ltd to establish a petrochemical complex in China, and the signing in January 2008 of a memorandum of understanding with ConocoPhillips to pursue and develop international energy projects outside of Qatar. In November 2009, QPI signed a series of agreements which are expected to result in QPI acquiring an ownership interest in two Shell petrochemical joint ventures in Singapore. In addition, QP has begun to consider transferring its ownership interests in various oil and gas assets located outside Qatar (including LNG terminals) to QPI.

Set forth below is a map of Qatar's oil and gas fields.



Note:

* Numbers reference exploration blocks.

Source: Qatar Petroleum.

Natural Gas Operations

General

According to the USEIA, Qatar possesses the third largest proven reserves of natural gas in the world (behind only Russia and Iran), amounting to approximately 892.2 tcf. Virtually all of Qatar's natural gas reserves are located in the North Field, which extends over an area of approximately 6,000 square kilometers, predominantly underlying the territorial waters of Qatar. A portion of the North Field underlies the Qatari landmass. The North Field is a part of a structure which extends into the territorial waters of Iran. Qatar and Iran concluded a maritime border agreement in 1969, and the boundary between the two countries is not disputed. The North Field is estimated by the USEIA to be the largest non-associated gas field in the world, representing approximately 15% of the world's natural gas reserves in 2007. The North Field also possesses proven reserves of approximately 22.5 billion barrels of condensate. The gas reserves located in the North Field are found within a massive limestone and dolomite rock formation known as the Khuff Formation, which consists of four reservoirs (named K1, K2, K3 and K4). The Khuff

Formation is approximately 1,500 feet thick and is present as a prominent regional formation. In offshore Qatar, this formation is in the form of a large low relief structure that contains the gas. More than 200 appraisal and development wells have been drilled in the North Field since its discovery in 1971 in order to quantify the Khuff Formation's gas accumulation, determine the reservoir fluid and geological characteristics of the field, and begin tapping its resources.

The State has placed a moratorium on further development of new projects in the North Field for the time being while several large LNG and other gas-based projects are being implemented, as the State wishes to assess the performance of existing developments and carry out further studies on the North Field to ensure the ongoing and sustainable development of Qatar's most valuable resource well into the future. It is currently anticipated that there will not be any further development of new projects in the North Field until such time as all the existing developments have commenced and sustained production for several years, followed by a comprehensive study of the North Field's reservoir and its production performance.

Exploration and Production

The following table sets forth Qatar's total proven and expected reserves of natural gas as of January 1, 2009.

	As of January 1, 2009⁽¹⁾	
	Proven	Expected
	<i>(in trillions of cubic feet)</i>	
North Field gas reserves	881.7	881.7
Other gas reserves ⁽²⁾	10.5	14.1
Total Qatar gas reserves	<u>892.2</u>	<u>895.8</u>

Notes:

(1) For a description of how Qatar classifies proven and expected reserves, see "Presentation of Certain Reserves Information."

(2) Includes reserves for the Dukhan, Bul Hanine and Maydan Mahzam oil fields.

Source: Qatar Petroleum.

The State produces natural gas through the following operations: (i) the flagship Qatargas and RasGas projects; (ii) QP's production of natural gas for its own account; (iii) the production of associated gas from Dukhan and certain offshore oil fields; and (iv) the Al Khaleej and Dolphin gas supply pipeline projects. In the future, the State will also produce natural gas from the Pearl and Oryx GTL projects.

The following table sets forth the production of natural gas in Qatar (net of flaring and gas re-injection) for each of the five years ended December 31, 2008.

	Year ending December 31,				
	2004	2005	2006	2007	2008
	<i>(in billions of cubic feet)</i>				
QP-operated fields:					
Dukhan	164.9	208.8	192.0	216.0	198.9
Bul Hanine	33.6	28.7	30.4	32.6	23.8
Maydan Mahzam	32.0	25.0	25.2	19.1	13.1
North Field Alpha	314.9	300.8	290.0	281.9	276.7
Total QP-operated fields	<u>545.4</u>	<u>563.3</u>	<u>537.6</u>	<u>549.6</u>	<u>512.5</u>
PSA fields⁽¹⁾	<u>74.2</u>	<u>51.8</u>	<u>69.5</u>	<u>77.8</u>	<u>90.0</u>
Project-operated fields:					
North Field—Qatargas projects	476.8	465.9	508.3	505.7	520.1
North Field—RasGas projects	576.0	728.9	925.0	1,187.3	1,204.4
North Field—Al Khaleej project	—	26.3	228.1	277.3	270.6
Dolphin project	—	—	—	177.1	729.8
Total project-operated fields	<u>1,052.8</u>	<u>1,221.1</u>	<u>1,661.4</u>	<u>2,147.4</u>	<u>2,724.9</u>
Total gas production in Qatar	<u>1,672.4</u>	<u>1,836.4</u>	<u>2,268.5</u>	<u>2,774.8</u>	<u>3,327.4</u>

Note:

(1) Substantially all PSA production comes from the Idd El Shargi (North and South Domes) and Al Shaheen oil fields. Other PSA oil fields produce small amounts of gas that is either re-injected, utilized as fuel for power or flared.

Source: Qatar Petroleum.

LNG Exports

A substantial portion of Qatar's LNG sales are derived from long-term sale and purchase agreements which provide certainty of volume offtake. However, Qatari LNG sales are subject to price fluctuations as many of the prices set in such agreements are linked to an oil price or other similar index. See "Risk Factors—Risks Relating to Qatar—Any material reduction in the prices of natural gas, crude oil and other hydrocarbons may materially and adversely impact the State's revenues and the financial condition of the State." Most of the more recent contracts with respect to the sale of Qatari LNG include diversion rights, whereby sales of LNG can be diverted to other markets based on certain circumstances. These diversion rights enable the Qatargas and RasGas entities to maximize the potential revenues from the sale of Qatari LNG, based on then-existing market conditions, and to take advantage of changes in demand patterns in different markets around the world. In the current market, for example, as North American natural gas prices have been depressed, Qatar has increasingly targeted other markets in Asia and Central Europe for its LNG volumes. Qatar has the ability to continue this activity for so long as North American gas demand remains soft. The State also believes that an important competitive advantage it possesses is that Qatar's central location permits access to all major LNG markets globally, allowing for a flexible marketing approach.

Qatar is a central geographic location for global shipping. QP also has interests in regasification terminals in Europe, where certain Qatari LNG customers are based. The Qatargas and RasGas projects are the source of all Qatari LNG exports and, based upon contractual commitments, Qatari LNG is expected to be sold globally to customers in 11 countries by 2011, including in North America (Mexico and the United States), Northwest Europe (the United Kingdom and Belgium), Western Europe (Italy, France and Spain), South Asia (India) and Northeast Asia (South Korea, Japan and Taiwan). Given current developments in the global market for LNG, the State believes that, in the future, the amount of Qatari LNG sold to markets in Europe (particularly Central Europe) and Asia will increase slightly, while the amount of Qatari LNG sold to the United States will decrease slightly.

The following table sets forth a summary of Qatar's LNG exports and QP's share thereof for each of the five years ended December 31, 2008.

	Year ending December 31, ⁽¹⁾				
	2004	2005	2006	2007	2008
	<i>(in millions of tons, except as noted otherwise)</i>				
Qatargas projects:					
Qatargas I	8.9	8.8	9.5	9.4	9.7
RasGas projects:					
RasGas I	6.4	6.7	6.5	7.2	6.9
RasGas II	3.2	5.3	8.9	12.7	13.8
Total RasGas projects	9.6	12.0	15.4	19.9	20.7
Total LNG exports from Qatar	18.5	20.8	24.9	29.3	30.3
QP share of total LNG exports	12.1	13.6	16.5	19.2	20.3
QP share of LNG revenues <i>(in millions of QR)</i>	9,659	12,331	18,679	25,338	41,850
QP share of LNG revenues <i>(in millions of US\$)</i>	2,653	3,387	5,132	6,961	11,497

Note:

(1) All volumes are derived from information provided by the Qatargas and RasGas entities.

Source: Qatar Petroleum.

As the global demand for LNG is expected to continue to grow, Qatar's objective is to raise its annual LNG production capacity from approximately 30.8 mta in 2008 to approximately 77.4 mta in 2011. In addition to the LNG which is already the subject of commitments under long-term sale and purchase agreements (being 53.9 mta, 68.6 mta, 69.3 mta and 69.3 mta in 2010, 2011, 2012 and 2013, respectively), the sale from 2010 onwards of up to a further 7.0 mta of LNG expected to be available from RasGas 3 is currently under negotiation.

The following table sets forth a summary of Qatar's estimated LNG capacity as well as contractual commitments for Qatari LNG exports for each of the five years ending December 31, 2013.

	Year ending December 31, ⁽¹⁾				
	2009	2010	2011	2012	2013
	(in millions of tons)				
Qatargas projects:					
Capacity	14.8	25.1	40.2	40.5	40.5
Commitments	14.2	24.6	39.3	40.0	40.0
RasGas projects:					
Capacity	26.1	36.7	37.2	36.9	37.0
Commitments ⁽²⁾	26.1	29.3	29.3	29.3	29.3
Total LNG capacity	40.9	61.8	77.4	77.4	77.5
Total LNG commitments⁽²⁾	40.3	53.9	68.6	69.3	69.3

Notes:

(1) All volumes are projected estimates.

(2) The sale of up to an additional 7.0 mta of LNG from RasGas 3 starting in 2010 is currently under negotiation.

Source: Qatar Petroleum.

LNG Projects

The LNG value chain in Qatar includes two flagship production projects: Qatargas and RasGas. QP holds between 60.0% and 70.0% equity ownership interests in the various entities that make up Qatargas and RasGas, with the remaining equity ownership interests being held primarily by international oil and gas companies, including ExxonMobil, Shell, TOTAL and ConocoPhillips, among others. Since the inception of the Qatargas and RasGas projects in the mid-to-late 1990s, Qatar's LNG production capacity has grown to approximately 31.4 mta in 2008, while QP's objective is to increase annual production capacity to approximately 77.4 mta in 2011. Qatar's total LNG sales in 2008 were approximately QR62,827 million (US\$17,260 million), including sales to four international markets. By 2011, Qatar expects its LNG to be shipped by over 80 LNG vessels to customers in 11 countries.

The following table sets forth certain information about Qatar's flagship Qatargas and RasGas LNG projects:

Project	Partner(s)	Production Capacity	Construction Status
Qatargas	TotalFinaElf E&P Qatar, ExxonMobil Qatargas Inc., Marubeni Corporation and Mitsui & Co. Ltd.	9.9 mta (in aggregate) for Trains 1, 2 and 3	Train 1 commenced production in 1996, Train 2 in 1997 and Train 3 in 1998
Qatargas 2	ExxonMobil Qatargas (II) Limited, Total E&P Golfe Limited	15.6 mta (in aggregate) for Trains 4 and 5	Train 4 commenced production in May 2009 and Train 5 commenced production in September 2009
Qatargas 3	ConocoPhillips Qatar Limited, Mitsui & Co. Ltd.	7.8 mta for Train 6	Train 6 is expected to commence operations in 2010
Qatargas 4	Shell	7.8 mta for Train 7	Train 7 is expected to commence operations by early 2011.
RasGas I	ExxonMobil RasGas Inc., Korea Ras Laffan LNG Limited, Itochu Corporation, LNG Japan Corporation	6.6 mta (in aggregate) for Trains 1 and 2	Trains 1 and 2 commenced production in 1999
RasGas II	ExxonMobil RasGas Inc.	14.1 mta (in aggregate) for Trains 3, 4 and 5	Train 3 commenced production in 2004, Train 4 in 2005 and Train 5 in 2006
RasGas 3	ExxonMobil Ras Laffan (III) Limited	15.6 mta (in aggregate) for Trains 6 and 7	Train 6 commenced production in August 2009 and Train 7 is expected to commence production in early 2010

Qatargas Projects. The Qatargas projects (Qatargas and Qatargas 2, 3 and 4) are joint ventures with major international oil and gas companies to extract, process and export up to an aggregate of approximately 41.1 mta of LNG from the North Field through seven LNG trains located in the new industrial development zone at Ras Laffan City, approximately 80 kilometers north of Doha. As of December 31,

2008, the cumulative capital expenditure on the Qatargas projects amounted to approximately QR76,152 million (US\$20,921 million). In addition, as of December 31, 2008, the Qatargas entities had QR55,164 million (US\$15,155 million) in aggregate principal amount of indebtedness outstanding. Additional details on the Qatargas projects are set forth below:

- *Qatargas.* Qatargas, Qatar's first LNG project, is a three-train LNG project with an aggregate of approximately 9.9 mta of production capacity for LNG and associated liquids. The first train commenced production in 1996, while the second and third trains commenced production in 1997 and 1998, respectively. As of December 31, 2008, Qatargas had produced a cumulative amount of approximately 5.3 tcf of natural gas, had made a cumulative capital expenditure of approximately QR16,631 million (US\$4,569 million) and had no debt outstanding. Qatargas is party to two long-term sale and purchase agreements with utility companies in Japan. On January 8, 2009, Qatargas stopped production, declaring an event of force majeure due to a technical fault, but resumed normal production on January 22, 2009.
- *Qatargas 2.* Qatargas 2 is a two-train LNG project expected to produce an aggregate of approximately 15.6 mta of LNG and associated liquids. The fourth Qatargas train commenced production in May 2009 and the fifth Qatargas train commenced production in September 2009. The LNG is expected to be exported and sold under two long-term sale and purchase agreements to a company jointly owned by QP, ExxonMobil and TOTAL. As of December 31, 2008, Qatargas 2 had approximately QR23,667 million (US\$6,502 million) in aggregate principal amount of indebtedness outstanding. The remaining QR10,185 million (US\$2,798 million) of the total anticipated QR35,300 million (US\$9,700 million) project development cost is expected to be provided by debt and equity financing.
- *Qatargas 3.* Qatargas 3 is a one-train LNG project expected to produce approximately 7.8 mta of LNG and associated liquids. The sixth Qatargas train is expected to commence operations in late 2010. The LNG is committed to be sold to ConocoPhillips under a long-term sale and purchase agreement and exported to the United States; however, such sale and purchase agreement provides for diversion rights which enable Qatargas 3 to divert LNG volumes to other markets if market conditions make it more favorable to do so. As of December 31, 2008, Qatargas 3 had approximately QR16,154 million (US\$4,438 million) in aggregate principal amount of indebtedness outstanding. The remaining QR9,715 million (US\$2,669 million) of the total anticipated QR24,421 million (US\$6,709 million) project development cost is expected to be provided by debt and equity financing.
- *Qatargas 4.* Qatargas 4 is a one-train LNG project co-developed alongside Qatargas 3 and is expected to produce approximately 7.8 mta of LNG and associated liquids. The seventh Qatargas train is expected to commence operations by early 2011. The LNG is committed to be sold to Shell under a long-term sale and purchase agreement and exported to the United States and other markets, including the Middle East and Asia; however, such sale and purchase agreement provides for diversion rights which enables Qatargas 4 to divert LNG volumes to other markets if market conditions make it more favorable to do so. As of December 31, 2008, Qatargas 4 had approximately QR15,343 million (US\$4,215 million) in aggregate principal amount of indebtedness outstanding. The remaining QR7,393 million (US\$2,031 million) of the total anticipated QR22,735 million (US\$6,246 million) project development cost is expected to be provided by debt and equity financing.

RasGas Projects. The RasGas projects (RasGas I, II and 3) are joint ventures with major international oil and gas companies to extract, process and export up to an aggregate of approximately 36.7 mta of LNG from the North Field through seven LNG trains located in the new industrial development zone at Ras Laffan City. As of December 31, 2008, the cumulative capital expenditure on the RasGas projects amounted to approximately QR54,964 million (US\$15,100 million) and the RasGas projects had QR28,028 million (US\$7,728 million) in aggregate principal amount of indebtedness outstanding. Additional details on the RasGas projects are set forth below:

- *RasGas I.* RasGas I is a two-train LNG project with an aggregate of approximately 6.6 mta of production capacity for LNG and associated liquids. The first and second RasGas trains commenced production in 1999. As of December 31, 2008, RasGas I had produced a cumulative amount of 3,297 bcf of gas, had made a cumulative capital expenditure of QR9,551 million (US\$2,624 million) and had QR3,392 million (US\$932 million) in aggregate principal amount of indebtedness outstanding. RasGas I is party to long-term sale and purchase agreements with Korea Gas Corporation and a consortium comprised of four of the largest energy companies in India.

- *RasGas II.* RasGas II is a three-train LNG project with an aggregate of approximately 14.4 mta of production capacity for LNG and associated liquids. The third RasGas train commenced production in 2004, the fourth RasGas train commenced production in 2005, and the fifth RasGas train commenced production in 2006. As of December 31, 2008, RasGas II had produced a cumulative amount of 2,694 bcf of gas, had made a cumulative capital expenditure of QR15,681 million (US\$4,308 million) and had QR10,581 million (US\$2,907 million) in aggregate principal amount of indebtedness outstanding. RasGas II is party to long-term sale and purchase agreements with buyers in India, Italy, Spain, Belgium and Taiwan.
- *RasGas 3.* RasGas 3 is a two-train LNG project that is expected to produce an aggregate of approximately 15.6 mta of LNG and associated liquids. The sixth RasGas train commenced production in August 2009 and the seventh RasGas train is expected to commence production in early 2010. The RasGas 3 LNG trains are expected to export LNG to various markets, including India, Italy, Spain, Belgium, Taiwan, Korea, the United States and other markets under long-term SPAs. RasGas 3 is also party to a long-term sale and purchase agreement with Korea Gas Corporation. As of July 2009, RasGas II and RasGas 3 projects had raised senior debt financing of approximately QR36,382 million (US\$9,995 million) of the anticipated QR52,780 million (US\$14,500 million) total combined project cost.

LNG Shipping

As LNG exports to liberalized gas markets make a larger contribution to the State's revenues and as QP's partners in Qatar's LNG projects invest more capital in Qatar, Qatar has progressed toward full LNG value-chain integration, thus linking upstream, midstream and downstream components. As part of this process, Qatar Gas Transport Company ("**QGTC**") was established in 2004 to own, manage and operate LNG vessels providing shipping and marine-related services to a range of participants within Qatar's hydrocarbon sector.

QGTC's activities are currently focused on the transportation of LNG to global markets. QGTC owns non-operating equity ownership interests (ranging from 20.0% to 60.0%) in 29 LNG vessels; all of these LNG vessels have already been delivered, with the last of these LNG vessels delivered in the final quarter of 2009. QGTC owns these LNG vessels in partnership with a number of leading international shipping companies.

In 2006, QGTC established a program to acquire LNG vessels on a wholly owned basis. Through its wholly owned subsidiary, Nakilat (and certain wholly owned subsidiaries of Nakilat), QGTC has entered into shipbuilding contracts and time charter party agreements for a fleet of LNG vessels currently expected to be sized at 25 LNG vessels. As of the date of this Prospectus, 19 such LNG vessels have been delivered. Through Nakilat, QGTC established a financing program in 2006 to finance ongoing costs in connection with the construction and purchase of such a fleet. To date, QGTC has raised three tranches of financing in the amount of QR1,845 million (US\$6,714 million) as part of this financing program and has completed its current debt raising requirements for its current 25 vessel fleet.

QGTC also operates and plans to operate in other sectors of the Qatari marine services market, in part, through the ownership and operation of dry-docks, LPG vessels and sulfur vessels. QGTC, which is listed on the Qatar Exchange, is 50.0% owned by the public and 50.0% owned by various Qatari national companies (including 5.0% which is owned by QP).

Other Gas Production

QP Gas Production. QP also produces associated natural gas for its own account from the onshore Dukhan oil field and from the offshore Bul Hanine and Maydan Mahzam oil fields, as well as non-associated natural gas from the onshore Dukhan Khuff reservoir and the offshore North Field Alpha project.

PSA Gas Production. As a result of their crude oil production activities, Qatar's PSA operators also produce offshore associated gas from the Idd El Shargi, Al Shaheen and Al Khaleej oil fields. In general, under the PSAs, any associated gas that is not used for lifting or reinjection belongs to the State, and this gas is delivered to QP as the State's agent. Some of the natural gas produced at the Al Shaheen and Idd El Shargi oil fields is fed onshore to the NGL plants at Mesaieed Industrial City, while some of the natural gas produced at the Al Khaleej field is used for power generation at Halul Island.

Pipeline Gas Supply Projects

Al Khaleej. Al Khaleej is a pipeline gas supply project developed to produce up to 2.0 bcfd of natural gas from the North Field for domestic distribution, as well as the condensate, NGL and ethane produced

with the gas. QP and an affiliate of ExxonMobil have developed the project under the terms of a PSA. The initial phase of the Al Khaleej project commenced production in November 2005, and its average daily production of natural gas was approximately 817 mcf/d in 2008. The second and final phase of the Al Khaleej project commenced production in early 2009.

Dolphin. The State, subsidiaries of TOTAL and Occidental Petroleum, and Dolphin Investment Company developed the Dolphin project under the terms of a 2001 development and production sharing agreement. The Dolphin project entails production of wellhead gas from the North Field in an amount sufficient to export lean gas at a rate of 2.0 bcf/d to the United Arab Emirates through an offshore export pipeline. The project also includes the processing of the gas at Ras Laffan Industrial City to extract condensate, ethane, LPG and sulfur for export. The Dolphin project began production in mid-2007 and reached full operation in February 2008.

Barzan. In February 2007, QP, acting on behalf of the State, announced plans to further develop the North Field gas reserves through an unincorporated joint venture between QP and ExxonMobil known as the Barzan project. The initial phase of the Barzan project is expected to yield approximately 1.4 bcf/d of gas sales, with production anticipated to commence in 2014, at the earliest.

Gas-to-Liquids Projects

Oryx. The US\$950 million Oryx GTL project at Ras Laffan Industrial City is a joint venture between QP (51%) and South African-based petrochemicals company Sasol Ltd. (49%). The Oryx GTL project commenced production in April 2006 and is currently increasing its level of production, with a targeted production capacity of approximately 33,000 bpd, consisting of 24,000 bpd of diesel fuel, 8,000 bpd of naphtha and 1,000 bpd of LPG.

Pearl. In July 2004, the State entered into a PSA with a subsidiary of Shell to develop upstream GTL facilities known as the Pearl GTL project. The Pearl GTL Project is expected to produce 140,000 bpd of GTL products. The Pearl GTL project is expected to commence production by 2011 and includes the development of a block within Qatar's North Field gas reserves.

Condensate

Field condensate is produced from non-associated gas at the North Field and from a gas cap at the Dukhan oil field. Plant condensate is extracted from raw NGL supplied from the Dukhan oil field, the offshore oil fields and the North Field at the NGL fractionation plants at Mesaieed Industrial City. In addition, the Qatargas, RasGas and Al Khaleej projects also produce field and plant condensate as part of their natural gas operations in the North Field and processing at Ras Laffan City.

Field condensate, which is primarily exported to Asia, is essentially a very light crude oil and sells in direct competition with other Middle Eastern light crude oils. Occasionally, the field condensate produced from North Field Alpha or the Dukhan oil field is sold to customers directly if the condensate splitters are undergoing maintenance.

The current contract price for plant condensate is linked to international prices of naphtha plus a variable premium, which is negotiated on a bi-annual basis. Naphtha-based petrochemicals companies are QP's main customers.

The following table sets forth the proven and expected reserves of Qatar's field condensate as of January 1, 2009.

	As of January 1, 2009 ⁽¹⁾	
	Proven	Expected
	(in millions of barrels)	
North Field	22,334	22,334
Dukhan	68	152
Bul Hanine	145	152
Maydan Mahzam	32	46
Idd El Shargi North Dome	23	24
Total field condensate reserves	22,602	22,708

Note:

(1) For a description of how Qatar classifies proven and expected reserves, see "Presentation of Certain Reserves Information."

Source: Qatar Petroleum.

The following table sets forth the production and export sales of condensate (both field and plant) attributable to QP for each of the five years ended December 31, 2008.

	Year ended December 31, ⁽¹⁾				
	2004	2005	2006	2007	2008
QP share of total annual production (in thousands of barrels) ⁽²⁾	58,916	60,995	71,888	80,625	100,236
QP share of total export sales (in thousands of barrels)	39,863	41,762	51,292	61,783	80,067
QP share of total value of export sales (in millions of QR)	4,950	7,271	11,280	16,693	28,530
QP share of total value of export sales (in millions of US\$).	1,360	1,998	3,099	4,586	7,838

Notes:

- (1) A portion of these volumes is derived from information provided by QP's joint ventures as well as PSA operators.
(2) Excludes approximately 19,278,000, 18,798,000, 20,819,000, 21,250,000 and 19,036,000 barrels of condensate that were refined, spiked or consumed in 2004, 2005, 2006, 2007 and 2008, respectively.

Source: Qatar Petroleum.

Natural Gas Liquids

QP has four NGL plants located at Mesaieed Industrial City (NGL 1, NGL 2, the North Field Gas Plant and NGL 4) which process associated gas from the Dukhan, Bul Hanine, Maydan Mahzam and Al Shaheen oil fields, along with non-associated gas from the North Field, by separating NGLs from gas. In addition to producing plant condensate, high value NGL products including methane, ethane, propane, butane, gasoline and naphtha are extracted at the NGL plants and are then either exported, further processed in the QP refinery complex or used in downstream chemical plants such as Q-Chem I, QAPCO or QAFAC.

The following table sets forth the feed and production capacity for each of the four NGL plants at Mesaieed Industrial City as of September 1, 2009.

	As of September 1, 2009			
	NGL 1	NGL 2	North Field Gas Plant	NGL 4
	(in tons per day, except as noted otherwise)			
Feed capacity:				
Gas (mcf/d)	—	210	1,023	800
Raw NGL	4,100	4,300	—	10,200
Total feed capacity	4,100	4,510	1,023	11,000
Production capacity:				
Methane (mcf/d)	—	175	944	700
Ethane	1,350	1,100	—	4,300
Propane	1,300	1,100	—	3,060
Butane	850	900	—	2,025
Pentane	—	—	—	525
Condensate.	600	900	—	250
Raw NGL (to NGL 1 and NGL 2)	—	—	3,150	156
Total production capacity	4,100	4,175	4,094	11,016

Source: Qatar Petroleum.

The Qatargas, RasGas and Al Khaleej projects will use the NGL recovery, fractionation and treatment facilities being constructed at Ras Laffan City, which, in addition to plant condensate, produce similar natural gas liquids as the NGL plants at Mesaieed Industrial City. Propane is used locally as a fuel as well as exported, while butane is used as a feedstock by QAFAC and is also exported. Surplus LPGs are sold mainly to Japan, while historically all plant condensate produced by QP has been sold to Japan on a term contract basis.

The following table sets forth the production and sale of NGL attributable to QP for each of the five years ended December 31, 2008.

	Year ended December 31, ⁽¹⁾				
	2004	2005	2006	2007	2008
QP share of total annual production (in thousands of tons)	2,240	2,498	2,830	2,966	3,729
QP share of total sales (in thousands of tons)	1,880	2,125	2,647	2,759	3,473
QP share of total value of sales (in millions of QR)	2,666	3,692	5,335	6,468	10,292
QP share of total value of sales (in millions of US\$).	732	1,014	1,466	1,777	2,827

Note:

- (1) A portion of these volumes is derived from information provided by QP's joint ventures as well as PSA operators.

Source: Qatar Petroleum.

Crude Oil Operations

Oil was discovered in Qatar in 1939 and crude oil production began in 1949. Since that time, Qatar has steadily increased its levels of crude oil production, both directly and by entering into PSAs with leading international oil exploration and production companies, including Maersk, TOTAL and Occidental Petroleum. With average crude oil production of approximately 843,943 barrels per day in 2008, Qatar is estimated by the USEIA to be the world's 20th largest global oil producer. Although QP has pursued a strategy of focusing on developing and commercializing Qatar's vast natural gas reserves, crude oil operations accounted for approximately 29.8% of QP's total operating revenues for the year ended December 31, 2008.

Reserves

As of January 1, 2009, Qatar had proven reserves of 2.7 billion barrels of crude oil. Assuming there are no further discoveries of oil reserves in Qatar, it is estimated that crude oil production will have peaked by 2010. The discovery of additional oil reserves is possible given QP's experience with the application of new technology to enhance recovery from existing oil reservoirs. In addition, a border agreement with Bahrain has provided Qatar with new areas for exploration. Consequently, it is possible that the period of peak production may be extended beyond this estimated timeframe.

The following table sets forth the total proven and expected reserves of crude oil and associated field condensate (other than condensate associated with the North Field) in Qatar as of January 1, 2009.

	As of January 1, 2009 ⁽¹⁾	
	Proven	Expected
	(in millions of barrels)	
QP operated oil fields:		
Bul Hanine	486	594
Maydan Mahzam	127	191
Dukhan	560	1,046
Total QP operated oil fields	1,173	1,831
Non-QP operated oil fields:		
Al Shaheen	1,076	1,592
Al Khaleej	105	151
Idd El Shargi North Dome	444	705
Idd El Shargi South Dome	61	119
Al Rayyan	36	36
Al Karkara	26	45
50.0% of El Bunduq	21	21
Total non-QP operated oil fields	1,769	2,669
Total all oil fields⁽²⁾	2,942	4,500

Notes:

(1) For a description of how Qatar classifies proven and expected reserves, see "Presentation of Certain Reserves Information."

(2) These figures include both crude oil and associated field condensate, but do not include condensate from the North Field.

Source: Qatar Petroleum.

Oil Production

Qatar's total oil exploration area is divided into 22 hydrocarbon "blocks" covering a total surface area of 43,426 square kilometers. QP is involved in the exploration, development, and production of crude oil in Qatar both through its own operations and in conjunction with the State and major international oil and gas companies pursuant to PSAs. QP produces crude oil for its own account from the onshore Dukhan oil field, and the offshore Bul Hanine and Maydan Mahzam oil fields, which commenced production in 1949, 1965 and 1969, respectively. Since the early 1990s, QP, as agent of the State, has entered into a number of PSAs with various international oil and gas companies for the purpose of hydrocarbon exploration and the exploitation of these blocks. As of December 31, 2008, a total surface area of 14,532 square kilometers, or 34.0%, of Qatar's total exploration area was being operated subject to PSAs. The remaining 66.0% of Qatar's total exploration area consists of either open exploration areas or areas where QP operates oil fields.

QP pursues the commercialization of Qatar's oil reserves pursuant to PSAs because of the many benefits accruing to the State. The capital costs associated with exploration, development and production in areas subject to PSAs are incurred solely by the contractors, thus minimizing the financial burden on Qatar. In addition, these international oil and gas companies typically have access to modern technology and advanced oil extraction techniques and generally use such technology and techniques in their

operations, thus helping to maximize Qatar's production and export of oil and the development of its oil reserves.

The terms of each PSA vary according to the different circumstances of the relevant area, such as the difficulty of extracting oil and the size of the reserves. In general, the PSAs are structured to make it economically attractive for the contractor to develop the field and fully exploit its reserves, while at the same time protecting the State's economic interests. In general, the PSAs have terms of 25 years, although the operator often has the option to extend them for a further period. QP generally takes physical delivery of its share of the crude oil produced under PSAs for export, with the net proceeds from the sale of such crude oil being collected directly by the Ministry of Economy and Finance. QP retains revenues from the sale of such crude oil net of the taxes payable under the PSAs.

Oil fields in Qatar subject to PSAs include the Al Shaheen field, one of Qatar's most productive oil fields, which is operated under a PSA with a subsidiary of Maersk. The production at the Al Shaheen field has increased to 334,000 barrels per day in 2009. Of this amount, QP's share amounts to approximately 183,000 barrels per day, depending on actual out-turn prices. Other oil fields subject to PSAs in Qatar include (i) the Al Khaleej field operated by TOTAL, which has completed several expansion projects intended to raise its total production, (ii) the Idd El Shargi North Dome and South Dome fields, operated by a subsidiary of Occidental Petroleum, and (iii) the Al Rayyan field, which is operated by another subsidiary of Occidental Petroleum. Another oil field in Qatar is the El Bunduq field, which straddles the marine border between Qatar and the United Arab Emirates and is owned equally by the two countries. The El Bunduq field is operated pursuant to a concession agreement (rather than a PSA) and, accordingly, the State receives royalties and taxes directly from the operator on revenues derived from oil production. In addition, there are several smaller oil producing fields in Qatar where the State has entered into PSAs.

As a member of OPEC, Qatar's crude oil production is determined by quota restrictions. At present, Qatar's target OPEC production quota is 824,000 barrels per day of crude oil without condensate. Oil producers in Qatar have the capacity to exceed the OPEC quota and, in the past, actual production has been reduced to avoid exceeding OPEC quotas. When this has occurred, these reductions in crude oil production due to the OPEC quotas were prorated between the QP and PSA operators based on QP's combined production level of crude oil.

The following table sets forth the average daily production of crude oil (excluding condensate) in Qatar for each of the five years ended December 31, 2008.

	Year ended December 31,				
	2004	2005	2006	2007	2008
	<i>(barrels per day)</i>				
QP-operated fields:					
Dukhan	293,056	299,563	296,762	274,694	255,925
Bul Hanine	64,289	55,388	43,265	52,313	48,728
Maydan Mahzam	35,949	30,723	26,253	36,752	36,267
Total QP-operated fields	393,294	385,674	366,280	363,759	340,920
PSA fields:					
Al Shaheen	206,152	218,579	246,576	305,874	330,449
Al Khaleej	36,212	43,523	41,638	39,461	37,548
Idd El Shargi North Dome	97,183	98,923	77,552	67,580	109,019
Idd El Shargi South Dome	3,729	2,761	1,155	1,593	4,146
Al Rayyan	15,540	13,726	12,526	9,970	8,599
Al Karkara	—	0	6,112	5,144	6,178
Total PSA fields	358,816	377,512	385,559	429,622	495,940
Total El Bunduq field ⁽¹⁾	—	9,450	9,200	7,375	7,083
Total from all fields	752,110	772,636	761,039	800,756	843,943
QP share:					
QP-operated fields	393,294	385,674	366,280	363,759	340,920
QP share of PSA fields	284,060	266,764	303,068	322,085	306,627
QP share of El Bunduq field	—	9,450	9,200	7,375	7,083
Total QP share from all fields	677,354	661,888	678,548	693,219	654,630

Note:

(1) Excludes the 50.0% of crude oil produced from the El Bunduq field that is allocable to the United Arab Emirates.

Source: Qatar Petroleum.

Oil Exports

The crude oil produced by QP or that accrues to its benefit through the PSAs is exported through the terminal operations at either Mesaieed Industrial City, Halul Island or floating storage facilities located near the PSA operators, or is supplied to QP's refinery at Mesaieed Industrial City. All crude oil that is sold is exported. A majority of crude oil sales are sold on one-year term contracts on an evergreen basis with an annual renewal subject to a price renegotiation. The remainder of crude oil sales are made on the international spot market. The substantial majority of the oil produced by QP is exported to Asia, primarily Japan, Singapore and South Korea.

The following table sets forth certain information about the production and export of crude oil in Qatar for each of the five years ended December 31, 2008.

	Year ended December 31,				
	2004	2005	2006	2007	2008
Average daily production of crude oil (in thousands of barrels per day)	752.1	772.6	761.0	800.8	843.9
QP share of average daily production of crude oil (in thousands of barrels per day)	677.4	661.9	678.5	693.2	644.22
QP share of total annual crude oil exports (in millions of barrels)	204	217	226	225	214
QP share of total value of crude oil exports (in millions of QR) ⁽¹⁾	22,760	35,822	45,049	45,445	53,167
QP share of total value of crude oil exports (in millions of US\$) ⁽¹⁾	6,253	9,841	12,376	12,485	14,606

Note:

(1) Net of royalties and taxes related to PSAs.

Source: Qatar Petroleum.

Future Exploration

Subject to QP bidding plans, new exploration blocks are opened to bidding from time to time by international oil and gas companies. The following table sets forth the PSAs that QP has entered into, as agent of the State, to encourage exploration for crude oil in Qatar.

Block	Location	Operator	PSA Effective Date
3	Offshore-North	Wintershall Holding AG (consortium)	October 24, 2007
4	Offshore-North	Occidental Qatar Energy Company	May 18, 2004
4N	Offshore-North	Wintershall Holding AG	November 17, 2008
5 Extension Area	Offshore-North	Maersk Qatar	April 13, 2004
10	Offshore- East	Talisman Energy (Qatar) Inc.	November 17, 2002
11	Offshore- North	Wintershall Aktiengesellschaft Company (consortium)	July 16, 1997
12-13	Offshore-Northwest	Occidental Qatar Energy Company	June 18, 1973

Refining and Marketing Activities

QP Refinery. QP's oil refinery is located at Mesaieed Industrial City and is the only crude oil refinery in Qatar. The refinery takes the crude oil and condensate supplied from QP's domestic production and processes them into various finished petroleum products, including LPG, naphtha, gasoline, kerosene, jet fuel, diesel fuel and fuel oil. These finished products are used to meet domestic and international export demands. For purposes of calculating GDP, revenues generated by QP's refinery are included as part of "manufacturing" in the non-oil and gas sector.

The following table sets forth the sales at QP's oil refinery, including local sales to WOQOD, for each of the five years ended December 31, 2008.

	Year ended December 31,				
	2004	2005	2006	2007	2008
QP share of total domestic sales (in thousands of barrels)	12,640	16,154	20,300	22,256	25,594
QP share of total export sales (in thousands of barrels)	28,684	22,570	24,482	23,167	19,397
QP share of total value of domestic sales (in millions of QR)	1,348	2,068	2,933	3,506	5,037
QP share of total value of export sales (in millions of QR)	4,273	4,657	5,813	6,480	6,993

Source: Qatar Petroleum.

WOQOD. Qatar Fuel Company ("WOQOD"), which was created by the State in 2002, acts as QP's exclusive domestic distributor and retails finished products under a State-granted 15-year concession for the marketing, sale, transportation and distribution of LPG and petroleum products, other than bitumen.

Before the State established WOQOD, QP had conducted most of these operations. WOQOD participates in bitumen importation and distribution operations, sells lubricants and operates modern service stations and is expected to start a ship-to-ship bunkering service at Ras Laffan shortly. WOQOD was created as a part of a privatization project by the State, whereby QP retained a 40.0% equity ownership interest in WOQOD, with the remainder of WOQOD's shares being listed on the Qatar Exchange in an initial public offering in 2002. In a share exchange completed in May 2009, WOQOD acquired Qatar Technical Inspection Company; in connection with such share exchange, WOQOD's share capital was increased by 5.0%, and QP acquired additional shares, thereby retaining its 40.0% equity ownership interest in WOQOD.

Ras Laffan Condensate Refinery. The condensate refinery, located in Ras Laffan Industrial City, is a joint venture project of QP and several of its partners, and processes condensate from the North Field and produces LPG's and a variety of refined products. This refinery recently commenced production and is expected to gradually increase its production to its full nameplate capacity of 146,000 barrels a day. First sales of naphtha produced from the refinery were made in October 2009.

Tasweeq. Qatar International Petroleum Marketing Company ("**Tasweeq**"), wholly owned by the State, was established in 2007 to market and sell all regulated products, such as LPG (predominantly propane and butane), condensate, products from petroleum refineries (e.g., butane, propane and pentane) and sulfur (the "**Regulated Products**") outside Qatar's domestic market. From January 2010, Tasweeq will also market and sell crude oil internationally, a role it is taking over from QP. Tasweeq is the exclusive export marketer of the Regulated Products and was formed in order to coordinate Regulated Products in Qatar (each, a "**Producing Entity**"). The Government has indicated that it passed the law establishing Tasweeq (Decree Law No. (15) of 2007 (the "**Tasweeq Law**")) in a manner designed to ensure that Tasweeq acts in an effective and efficient manner so as to maximize the market value and ensure that the State and the Producing Entities are protected against possible production curtailments and losses of project revenues. The Government included certain auditing, transparency and benchmarking requirements pursuant to the Tasweeq Law and the constitutional documents of Tasweeq so that the appropriate parties could review Tasweeq's performance and ensure that Tasweeq is acting in an appropriate manner. Tasweeq's stated objectives include treating all Producing Entities in a fair and equitable manner, and maximizing the global market value of the Regulated Products exported from Qatar. For purposes of calculating GDP, revenues generated by Tasweeq are included as part of "manufacturing" under the non-oil and gas sector.

Other Downstream Activities

QP's downstream strategy is driven by opportunities to add value to existing oil and gas production and the requirements of the local market. QP is a shareholder in a number of industrial companies which utilize natural gas as feedstock and/or fuel to produce various value-added products for both domestic consumption and export. The principal industrial projects are located at the industrial complex at Mesaieed Industrial City, which hosts iron and steel plants, a petrochemicals complex, a chemical fertilizer plant, an oil refinery, NGL plants, a metal coatings plant and other industrial developments. Several of these companies are owned through a QP subsidiary, Industries Qatar, which was partially privatized in April 2003, and in which QP had a 70.0% equity ownership interest as of December 31, 2008.

Recent developments in the process of diversification within the oil and gas sector (and related products) include the construction of a 585,000 tpa aluminum production facility known as Qatalum due to commence operations in the fourth quarter of 2009. In addition, a production facility (Q-Chem II) for 350,000 tpa of NAO and 350,000 tpa of HDPE is expected to commence operations in the first quarter of 2010. A fifth train is due to start-up (QAFCO 5) in the first quarter of 2011, increasing ammonia production to 3.8 million tpa and urea production to 3.0 million tpa. QP and its joint ventures have undertaken to develop integrated petrochemicals projects in Ras Laffan and Mesaieed. As a part of these projects, Ras Laffan Olefin Company, owned by QChem and Qatofin, will use the ethane extracted from the natural gas to produce ethylene; once produced, the ethylene will be delivered to Mesaieed through a purpose built pipeline. Q-Chem II, a joint venture between QP and certain of its partners, is designed to produce high density polyethylene and poly-alpha olefins. Qatofin, a joint venture between QP and TOTAL, is expected to begin producing linear low density polyethylene by the first quarter of 2010. The following table sets forth

the production and export sales of petrochemicals attributable to QP for each of the five years ended December 31, 2008.

	Year ended December 31, ⁽¹⁾				
	2004	2005	2006	2007	2008
QP share of annual production (<i>in thousands of tons</i>)	2,038	2,201	2,327	2,183	2,879
QP share of total exports (<i>in thousands of tons</i>)	1,512	1,637	1,872	1,836	2,476
QP share of total value of exports (<i>in millions of QR</i>)	3,048	3,795	4,394	5,111	6,961
QP share of total value of exports (<i>in million of US\$</i>)	837	1,043	1,207	1,404	1,912

Note:

(1) These volumes are derived from information provided by QP's joint ventures.

Source: Qatar Petroleum.

The following table sets forth certain information about Qatar's downstream projects and their related joint ventures.

Company	QP Effective Holding (%) as of December 31, 2008	Partner(s)	Industry	Production Capacity	Construction Status
Qatar Petrochemical Company Limited QSC (QAPCO)	56.0%	Total Petrochemicals	Ethylene, polyethylene, hexane and other petrochemical products	Ethylene: 525,000 tpa LDPE: 360,000 tpa Sulfur: 70,000 tpa	Commenced production in 1981
Qatofin	36.6%	Atofina S.A.	Linear low-density polyethylene	LDPE: 450,000 tpa (expandable to 600,000 tpa at a later stage)	Expected to commence production by early 2010
Ras Laffan Olefins Company Limited	44.5%	Total Petrochemicals, Chevron Phillips Chemical Co LLC	Ethane cracker plant	Ethylene: 1.3 mta	Expected to commence production in 2010
Qatar Chemical Company Ltd. QSC (Q-Chem)	51.0%	Chevron Phillips Chemical International Qatar Holdings LLC	High-density and medium density polyethylene and alpha olefin	Ethylene: 500,000 tpa HDPE: 453,000 tpa Hexene-1: 47,000 tpa	Commenced production in 2004
Qatar Chemical Company II Ltd. (Q-Chem II)	51.0%	Chevron Phillips Chemical International Qatar Holdings LLC	High-density polyethylene and normal alpha olefin	HDPE: 350,000 tpa NAO: 350,000 tpa	Expected to commence production in early 2010
Qatar Fuel Additives Company Ltd. QSC (QAFAC)	35.0%	International Octane Ltd., OPIC Netherlands Antilles NV and LCY Investments Corp.	Methanol and methyl tertiary-butyl ether (MTBE)	Methanol: 833,000 tpa MTBE: 610,000 tpa	Commenced production in 2000
Qatar Fertilizer Company S.A.Q. (QAFCO)	52.5%	Yara Nederland BV, Fertiliser Holdings AS	Ammonia and urea	Ammonia: 5,800 tpd Urea: 8,000 tpd (current production levels) 5th train: ammonia: 3.8 million tpa, urea: 3 million tpa	3rd train commenced production in 1997/ 4th train commenced production in 2004/ 5th train expected to commence production in early 2011
Qatar Vinyl Company Ltd. (QVC)	73.0%	QAPCO and Arkema, formerly Atofina S.A.	Ethylene dichloride, vinyl chloride monomer and caustic soda	Ethylene dichloride: 200,000 tpa Vinyl chloride monomer: 290,000 tpa Caustic soda: 290,000 tpa	Commenced production in 2001
Qatar Fuel Company (WOQOD)	40.0%	Public	Fuel distribution	—	—
Qatar Steel Company QSC (QASCO)	70.0%	None	Steel	2.25 mta	Commercial expansion in 1998, expansion completed in 2007
Qatar Aluminium Limited (Qatalum)	50.0%	Hydro Aluminium AS	Aluminium	585,000 mta	Expected to commence production at end of 2009

The Ports of Mesaieed and Ras Laffan

The Port of Mesaieed began operations in 1949 and is now the largest port in Qatar, playing a key role in Qatari transportation services. The port handles over 1000 vessels per year and has 12 berths or jetties which service the industries located at Mesaieed Industrial City, including several downstream operating companies such as QASCO, QAFAC, QAFCO and Q-Chem I (being QP subsidiaries). Additionally, the port has one offshore berth which is capable of transporting crude oil and naphtha onshore through a pipeline.

QP also has port facilities at Ras Laffan City as an export facility for LNG, condensate, other hydrocarbon products and sulfur derived from the processing of gas produced from the North Field. QP acts as the port authority and operates the port facilities of Ras Laffan City on behalf of the State. Ras Laffan City has developed a port expansion plan which will accommodate the expected growth of industries at Ras Laffan City. As a result of the current expansion, the port is expected to support the annual export of approximately 77 mta of LNG by 2011. It is anticipated that the port will undergo further expansion in the future to match the growth of industries at Ras Laffan City, including LNG projects.

Non-Oil and Gas Sector

In recent years, the State has invested heavily in diversifying its economy to reduce its historical high dependence on oil and gas revenues. The non-oil and gas sector of Qatar now contributes significantly to the overall economy of the State, contributing 39.2% of Qatar's total nominal GDP in 2008 and 55.2% for the six-month period ended June 30, 2009. In coming years, the absolute value of the non-oil and gas sector is expected to continue to grow along with the overall economy of Qatar. The relative contribution of the non-oil and gas sector to total nominal GDP as compared to the oil and gas sector has fluctuated in recent years largely due to increases in production of LNG and commodity prices. In 2008, the relative contribution of the non-oil and gas sector decreased from 2007 in part due to increased commodity prices, but also due to the impact of the global financial crisis and a decrease in the demand for real estate. However, the absolute value of the non-oil and gas sector to nominal GDP increased by QR30,420 million (US\$8,357 million), or 26.9%, from 2007 to 2008. Within the non-oil and gas sector, the finance, business services, insurance and real estate sector made the largest contribution to total nominal GDP in 2008, as has been the case since 2005. The growth in the non-oil and gas sector has continued in 2009, with a 14.4% increase between the six-month period ended June 30, 2008 and the six-month period ended June 30, 2009, along with an increase in the relative contribution to total nominal GDP of the non-oil and gas sector compared to the oil and gas sector, which was primarily due to the decline in commodity prices.

The following table sets forth the nominal and percentage contribution of the non-oil and gas sector to Qatar's total nominal GDP for each of the five years ended December 31, 2008.

	Year ended December 31,									
	2004		2005		2006		2007		2008	
	Value	%	Value	%	Value	%	Value	%	Value	%
	<i>(in millions of QR, except for percentages)</i>									
Non-oil and gas sector	52,590	45.5	62,493	40.4	88,201	42.7	112,936	43.4	143,356	39.2

Source: Qatar Statistics Authority.

The following table sets forth the nominal and percentage contribution of the non-oil and gas sector to Qatar's total nominal GDP for each of the six-month periods ended June 30, 2008 and 2009, including the percentage change between such periods.

	Six months ended June 30,				Percentage Change
	2008		2009		
	Value	%	Value	%	
	(in millions of QR, except for percentages)				
Non-oil and gas sector	67,030	36.7	76,658	55.2	14.4

Source: Qatar Statistics Authority.

Finance, Business Services, Insurance and Real Estate

In 2008, the finance, business services, insurance and real estate sector contributed QR37,019 million (US\$10,170 million) to Qatar's total nominal GDP, or 10.1% of the total. For the six-month period ended

June 30, 2009, this sector contributed QR21,328 million (US\$5,859 million) to Qatar's total nominal GDP, or 15.4% of the total, representing a 35.3% increase from the six-month period ended June 30, 2008.

Finance and Business Services

This sector comprises banks, exchange, finance and investment companies. As of October 31, 2008, six locally owned conventional commercial banks, four Islamic institutions, seven foreign banks with established branches in Qatar and one development bank were operating in Qatar, all of which were licensed and regulated by either the QCB or the QFC. See "Monetary and Financial System—Banking System—Commercial Banks" and "—Qatar Financial Centre." As of December 31, 2007, 20 exchange companies, two finance companies and three investment companies were operating in Qatar.

The following table sets forth the aggregate total assets of the exchange, finance and investment companies operating in Qatar, by type, as of December 31, 2004 to 2007, as well as the percentage change from 2006 to 2007.

	Year ended December 31,				Change
	2004	2005	2006	2007	(2006-2007)
	<i>(in millions of QR, except for percentages)</i>				
Total assets:					
Exchange companies	506	640.8	601.0	635.5	5.7%
Finance companies.	538.5	724.9	1,206.0	2,448.9	103.1%
Investment companies	91.1	343.0	430.6	709.4	64.7%

Source: Qatar Central Bank.

Insurance

The State has supported the domestic insurance sector by modernizing the insurance industry and the associated legislative framework. An increase in investment in LNG carriers and aircraft, the development of Sharia-compliant projects and the rise in the cost of gross insurance premiums have contributed to the growth of Qatar's insurance sector. In addition to a number of foreign insurance companies with branches in Qatar, five national insurance companies currently operate in Qatar.

In 2003, a Council of Ministers resolution created a captive insurance and reinsurance vehicle called Al Koot Insurance and Reinsurance Company ("Al Koot") to insure the Qatari energy sector. Al Koot is indirectly controlled by the State through QP, which has a 30% indirect ownership interest in Al Koot. Under the Foreign Investment law, investment in Qatar's national insurance companies is only permitted after obtaining a Council of Ministers decision. Foreign insurance companies may operate under a license issued by the QFC. See "Monetary and Financial System—Banking System—Qatar Financial Centre" and "Balance of Payments—Foreign Investment." The number of foreign insurance companies operating in Qatar has increased steadily, including, among others, American Life Insurance Company, Axa Insurance (Gulf) BSC and HSBC Insurance Brokers Ltd. that now have offices or operations in Qatar.

The aggregate total assets of Qatar's national insurance companies increased by approximately QR2,578.2 million (US\$708.3 million) in 2007, a 37.1% increase from 2006 compared to a decrease in 2006 of QR219.8 million (US\$60.4 million), or 3.1%, compared to 2005. The decrease in 2006 was largely attributable to the decline in the value of the financial investment portfolios of national insurance companies rather than a decline in their insurance business.

The following table sets forth the aggregate total assets of Qatar's national insurance companies as of December 31, 2004 to 2007, as well as the percentage change from 2006 to 2007.

	As of December 31,				Change
	2004	2005	2006	2007	(2006-2007)
	<i>(in millions of QR, except for percentage)</i>				
Total assets	3,890.1	7,176.3	6,956.5	9,534.7	37.1%

Source: Qatar Central Bank.

In June 2009, the Qatar Financial Center Authority (the "QFCA") launched a wholly owned, web-based infrastructure called Qatarlyst to support global reinsurance trading. By 2010, Qatarlyst plans to offer accounting and settlement claims services.

Real Estate

Real estate prices in Qatar had risen significantly in recent years until 2008, increasing by 26.0% between 2005 and 2006 and by 29.4% between 2006 and 2007. These increases were driven by sustained population growth as people moved to Qatar largely due to the development of the oil and gas industry. However, despite a growth in population of 18.1% between 2007 and 2008 and 13.1% between mid-year 2008 and mid-year 2009, the increase in real estate prices slowed in 2008 to 19.6%, and continued to slow in 2009 due to an increase in available real estate and a decrease in demand driven by the general slowdown in the global economy. In order to address the overall rapid increase in real estate prices, the Government, after consultation with the IMF, implemented a two-year rent freeze in March 2008. This rent-freeze applies to all leases signed since the beginning of 2005, but does not apply to any leases signed after the implementation of the rent freeze in March 2008, although rents already in place cannot be increased until February 15, 2010, and then only subject to certain ceilings.

Various real estate and development companies, including Qatari Diar (a wholly owned subsidiary of the QIA), Barwa Real Estate Company (45.0% owned by the State and 55.0% publicly listed on the Qatar Exchange) and United Development Company (“UDC”) are undertaking commercial and residential construction projects that are scheduled for completion in the coming years. Credit extended by commercial banks to the real estate sector increased by 33.2% from mid-year 2008 to mid-year 2009, from QR26,903 million (US\$7,391 million) to QR35,843 million (US\$9,847 million).

Building and Construction

In 2008, the building and construction sector contributed QR18,166 million (US\$4,991 million) to Qatar’s total nominal GDP, or 5.0% of the total. For the six-month period ended June 30, 2009, this sector contributed QR10,226 million (US\$2,809 million) to Qatar’s total nominal GDP, or 7.4% of the total, representing a 18.9% increase from the six-month period ended June 30, 2008. This sector provides extensive employment opportunities and, in 2007, companies in this sector employed approximately 307,780 persons, or approximately 37.2% of Qatar’s labor force. Credit extended by commercial banks to the building and construction sector increased by 40.5% during 2008 to QR11,454 million (US\$3,147 million) compared to QR8,155 million (US\$2,240 million) in 2007.

The building and construction sector has expanded rapidly in the past five years as a result of growing infrastructure needs and the economy’s growth and diversification. In the coming years, this sector is expected to experience additional growth due to lower construction costs and major public projects, such as the construction of the New Doha International Airport, which will replace the existing Doha International Airport at an estimated cost of approximately QR40,040 million (US\$11,000 million). The New Doha International Airport is currently scheduled to be completed by 2013 and, by its completion, is expected to handle 50 million passengers, two million tons of cargo and 320,000 landings and takeoffs per year.

As part of its National Vision, Qatar also plans to begin construction on an estimated QR20,000 million (US\$5,494 million) New Doha Port project in three phases, with the first phase to be completed by 2014. The New Doha Port is expected to be constructed in the coastal strip north of Mesaieed and south of Al Wakra on land recently designated Economic Zone 3. The current plan is to transfer operations of the existing port, which has almost reached its maximum throughput capacity, to the new port as the various terminals are completed. The first phase includes a new container terminal that will have a throughput capacity of two million TEU (twenty-foot-equivalent units) of containers. The third phase is scheduled to be completed by 2030 and will make the New Doha Port one of the largest deep-sea ports in the world. Qatar has also developed a port expansion plan for the port of Ras Laffan, which is expected to be completed by 2011. See “—Oil and Gas Industry—The Ports of Mesaieed and Ras Laffan.”

Construction of the 45 kilometer road and rail bridge between Doha and Manama, Bahrain (the “**Friendship Causeway**”) is expected to start before the end of 2009. The estimated project cost is QR14,560 million (US\$4,000 million) and the project is being developed by consortium partners Qatari Diar, Hochtief, VINCI Construction Grand Projects and Halcrow. When completed (2013 is the currently projected completion date), the Friendship Causeway is expected to be the longest bridge in the world.

Qatar also has plans to develop a railway network. Qatari Diar, in partnership with Deutsche Bahn, has developed a conceptual design for a national railway system in Qatar. It is expected that this railway system will have five components, including an east coast rail link between Ras Laffan and Mesaieed, a high-speed link from Doha to Bahrain across the Friendship Causeway, a freight link connecting into the

planned GCC rail network, a Doha metro network, and a light rail network serving various residential developments in Qatar.

In addition, there are a range of other public projects focused on developing Qatar's public services, social and health services and education and youth services, including Education City, the QSTP, Sidra and the Qatar National Convention Centre, which is scheduled to be completed by 2011 at an estimated cost of QR154.0 million (US\$42.3 million). See "Overview of the State of Qatar—Education."

Manufacturing

In 2008, the manufacturing sector (which is primarily comprised of petroleum refining and also includes chemicals, fertilizer and steel industries) contributed QR25,390 million (US\$6,975 million) to Qatar's total nominal GDP, or 6.9% of the total. For the six-month period ended June 30, 2009, this sector contributed QR7,828 million (US\$2,151 million) to Qatar's total nominal GDP, or 5.6% of the total, representing a decline of 29.4% from the six-month period ended June 30, 2008, due largely to the effects of the recent global economic crisis and the related downturn in manufacturing. The manufacturing sector has historically been driven primarily by refined petroleum products, but the Government aims to diversify its revenue sources in the future and maximize the utilization of Qatar's natural resources. Other important activities in the manufacturing sector include the production of flour, cement, concrete, plastics, textiles and footwear, household articles and paint.

Included within the manufacturing sector are, among other companies, QP Refinery, WOQOD, QAFAC, QAFCO and QASCO, as further described in "—Oil and Gas Industry—Crude Oil Operations—Refining and Marketing Activities" and "—Other Downstream Activities."

Trade, Restaurants and Hotels

In 2008, the trade, restaurants and hotels sector contributed QR13,311 million (US\$3,657 million) to Qatar's total nominal GDP, or 3.6% of the total. For the six-month period ended June 30, 2009, this sector contributed QR6,753 million (US\$1,855 million) to Qatar's total nominal GDP, or 4.9% of the total, representing a 7.0% increase from the six-month period ended June 30, 2008. High occupancy rates have fueled an increase in investment in this sector, with occupancy rates at luxury hotels and resorts ranging between 61.0% and 80.0% since 2004. Room rates are among the highest in the region, in the range of US\$200 to US\$350 per night during 2008. In addition, according to the Qatar Tourism Authority, Qatar's strategy is to grow the tourism industry by 20.0% in the next five years while increasing the number of visitors travelling to Qatar to 1.5 million in 2010 and 2.5 million by 2012. With approximately 101 new hotels currently under construction, Qatar plans to offer 29,000 luxury hotel rooms and serviced apartments by 2012, which would represent a 400.0% increase in room capacity.

Transport and Communications

In 2008, the transport and communications sector contributed QR12,274 million (US\$3,372 million) to Qatar's total nominal GDP, or 3.4% of the total. For the six-month period ended June 30, 2009, this sector contributed QR6,128 million (US\$1,684 million) to Qatar's total nominal GDP, or 4.4% of the total, representing a 18.3% increase from the six-month period ended June 30, 2008.

Transport

Qatar Airways, a joint public and private sector enterprise, currently operates a fleet of 71 Airbus and Boeing aircraft serving over 84 destinations across Europe, the Middle East, Africa, South Asia, the Far East and North America. Qatar Airways currently has plans to operate a fleet of 110 aircraft by 2013. Qatar Airways operates from its hub at Doha International Airport, which currently serves 23 regional and international airlines while handling over 12 million passengers a year. The rapid growth of Qatar Airways and the increase in the number of passengers at Doha International Airport have led to the development of the New Doha International Airport. See "—Non-Oil and Gas Sector—Building and Construction."

Communications

The Supreme Council of Information and Communications Technology is the telecommunications regulatory authority in Qatar. In March 2009, Qatar Telecom ("QTel") announced that it had reached a mobile subscriber base of over 1.8 million. In June 2008, a new mobile telecommunications license was issued to Vodafone Qatar, a consortium of Vodafone Group plc and Qatar Foundation, for approximately

QR7,700 million (US\$2,100 million); Vodafone Qatar, which completed an initial public offering on the Qatar Exchange in mid-2009, began delivery of mobile telecommunications services in July 2009 and, as of October 2009, had 250,000 subscribers according to published reports.

Electricity and Water

In 2008, the electricity and water sector contributed QR5,456 million (US\$1,499 million) to Qatar's total nominal GDP, or 1.5% of the total. For the six-month period ended June 30, 2009, this sector contributed QR3,168 million (US\$870 million) to Qatar's total nominal GDP, or 2.3% of the total, representing a 17.2% increase from the six-month period ended June 30, 2008, with electricity generation increasing significantly due to demand from major projects.

Most of Qatar's electricity generation capacity is comprised of gas turbines which are fuelled by natural gas. Water desalination is achieved in tandem with electricity generation. Qatar currently has an electricity generation capacity of 4,296 MW and a water desalination capacity of 217 million gallons per day.

In addition to existing electricity generation and water desalination facilities at Ras Abu Fontas, Ras Laffan City and Mesaieed Industrial City, further capacity is planned at Ras Laffan and Mesaieed. When this additional capacity has been fully commissioned by 2011, Qatar's electricity generation and water desalination capacity, respectively, is expected to be 8,743 MW and 325 million gallons of water per day. Additionally, a number of industrial companies, such as QAPCO, QAFCO, QASCO and QVC, have their own embedded electricity generating facilities.

Qatar has one of the highest levels of electricity generation per capita in the world. High summer ambient temperatures, significant and growing industrial demand and the need for water desalination, contribute to Qatar's high level of energy use. Demand for electricity continues to rise, although it is forecasted to increase at a slower rate than in recent history due to the impact of the economic downturn.

Kahramaa, a public company wholly owned by the State, purchases all electricity and desalinated water produced in Qatar and is responsible for the transmission, distribution and wholesale and retail sales of electricity and water throughout Qatar.

Agriculture and Fisheries

In 2008, the agriculture and fisheries sector contributed QR268 million (US\$74 million) to Qatar's total nominal GDP, or 0.1% of the total. This percentage contribution remained constant through the first six months of 2009. The agriculture and fisheries sector has only played a minor role in the modern Qatari economy because of unsuitable weather and environmental conditions. Cultivable land only accounts for approximately 5.7% of Qatar's total surface area.

Other Services

In 2008, the other services sector (which includes social services, imputed bank service charges, government services, household services and import duties) contributed QR31,472 million (US\$8,646 million) to Qatar's total nominal GDP, or 8.6% of the total. For the six-month period ended June 30, 2009, this sector contributed QR21,092 million (US\$5,795 million) to Qatar's total nominal GDP, or 15.2% of the total, representing a 22.2% increase from the six-month period ended June 30, 2008.

MONETARY AND FINANCIAL SYSTEM

The QCB, the QFCRA and the QFMA are the three regulatory authorities tasked with regulating and supervising the monetary, banking and financial system in Qatar.

The QCB formulates and implements monetary and exchange rate policies and is entrusted with the supervision of the banking system and non-bank financial institutions (except insurance companies). Its objectives include maintaining the stability of the riyal and its free convertibility to other currencies, the stability of commodity and service prices and the stability of the financial and banking system in Qatar. The QCB also acts as the primary supervisory authority and regulator for Qatar's commercial banks, and issues licenses and consents to banking and financial services companies operating in Qatar. The QFCRA is an independent statutory body of the QFC that licenses and supervises banking, financial and insurance related businesses that provide financial services in or from the QFC. The QFMA is the independent regulatory authority for Qatar's capital markets that regulates and supervises the Qatar Exchange along with the securities industry and associated activities.

In July 2007, the Government announced a proposal to integrate Qatar's financial regulatory authorities. Under this proposal, certain functions of the QCB, the QFCRA and the QFMA would be merged into a single, integrated regulatory authority responsible for all the activities within the financial services sector. As of the date of this Prospectus, no timing has been announced for the implementation of this proposal.

Qatar Central Bank

The QCB was established in 1993 and operates in coordination with the Ministry of Economy and Finance. The QCB is managed by a board of directors and chaired by its Governor. The board of directors includes the Deputy Governor of the QCB and at least three other members, including representatives from the Ministry of Economy and Finance, the Ministry of Business and Trade and the Qatar Exchange.

In its supervisory capacity, the QCB oversees the activities of Qatar's commercial banks and non-bank financial institutions (with the exception of insurance companies) with a view to minimizing banking and financial risk in Qatar's financial sector. The QCB conducts regular inspections of commercial banks and reviews reports and other mandatory data submitted by commercial banks, including monthly capital adequacy compliance reports.

The QCB has implemented regulations regarding non-performing loans, large exposures, country risk, money market and foreign exchange accounts, credit ratios, fixed assets for banks' use, reserve requirements and banks' investments. The QCB has the authority to impose penalties in the event that banks fail to comply with these regulations. The QCB requires commercial banks to maintain a minimum reserve requirement of 4.75% and a capital adequacy requirement of 10.0% in line with the Basel II guidelines. Commercial banks are required to have their annual accounts audited by the QCB's approved independent auditors and to obtain prior approval from the QCB to appoint senior management.

The QCB also imposes certain exposure limits and credit controls on commercial banks. No more than 20.0% of any bank's capital and reserves may be extended to a single customer in the form of credit facilities and no more than 25.0% of any commercial bank's capital and reserves may be extended to a single customer in the form of credit or investment facilities. Credit facilities extended to a single major shareholder in any bank cannot exceed 10.0% of that bank's capital and reserves. Credit limits on personal loans guaranteed by the borrower's salary and made by commercial banks are granted based on a borrower's income and are capped at the lower of QR2.5 million (US\$0.7 million) or 50.0% of a borrower's annual salary with a maximum seven year maturity. Additionally, no individual may borrow more than QR3,000 million (US\$824 million) in aggregate from Qatar's commercial banks. Other credit controls include a real estate financing ceiling which prohibits borrowing more than 65.0% of the purchase price or construction cost of a property.

In its January 2009 IMF Country Report (the "IMF Report"), the IMF reported that (i) Qatari domestic banks comply with the Basel II capital adequacy guidelines; (ii) increased competition and rising costs have affected the domestic banks' return on assets; and (iii) higher interest rates on deposits and lower interest rates on credit facilities have reduced the banks' net interest margins since 2005. The IMF Report further noted that continued growth in the amount of assets and deposits held by Qatar's banks may develop into vulnerabilities of the Qatari banking system in the future, although any such vulnerabilities are considered to be manageable according to the stress tests conducted by the QCB. The IMF Report noted that the QCB closely monitors financial developments, and is prepared to provide liquidity in the event of

any bank runs or to introduce appropriate crisis resolution measures if and when needed. The IMF recommended that an “early warning system” be built to identify risks in the banking system and conduct stress tests for a combination of risks and that the results of such stress tests be published on a periodic basis.

The QCB has initiated single factor stress testing of the portfolios of commercial banks in Qatar. The testing covers the four broad areas of liquidity risk, credit risk, interest rate risk and equity market risk. The results of these stress tests illustrate the possible impact of adverse financial conditions on a commercial bank’s capital adequacy ratio or return on assets. Stress testing of commercial banks, on an aggregate basis, conducted by the QCB based on data for June 2009, suggested that neither the capital adequacy ratio nor the returns on assets of Qatar’s commercial banks were significantly impaired.

The QCB also issues domestic currency and conducts bank clearing operations and settlements. The investment department of the QCB manages the investments of the QCB’s financial reserves that are primarily in the form of securities issued or guaranteed by other governments with maturities of up to 10 years. These investments are maintained at a level at least equal to 100.0% of the riyals issued by the QCB at any time.

The following table sets forth the QCB’s balance sheet data as of December 31, 2004 to 2008.

	As of December 31,				
	2004	2005	2006	2007	2008
	(in millions of QR)				
Assets:					
Foreign assets:					
Gold	66.5	36.0	44.3	1,220.3	1,267.0
Foreign government securities	9,762.5	14,121.2	15,745.9	26,136.8	24,019.3
Balances with foreign banks	1,894.1	2,169.1	3,645.3	7,878.9	10,267.3
IMF reserve position	372.8	180.3	128.3	98.3	85.9
SDR holdings	136.8	136.1	151.0	165.6	168.6
Total foreign assets	12,232.7	16,642.7	19,714.8	35,499.9	35,808.1
Claims on commercial banks	366.7	357.9	227.1	8,547.2	8,215.4
Unclassified assets	267.7	253.4	264.7	431.7	435.0
Total assets	12,867.1	17,254.0	20,206.6	44,478.8	44,458.5
Liabilities:					
Reserve money: ⁽¹⁾					
Currency issued	3,123.2	3,531.2	5,069.8	5,624.5	6,912.8
Deposits of local banks	2,896.0	4,727.0	5,084.0	25,027.9	16,710.6
Total reserve money ⁽¹⁾	6,019.2	8,258.2	10,153.8	30,652.4	23,623.4
Foreign liabilities	7.8	62.7	20.8	752.5	18.4
Government deposits	168.6	262.1	420.0	435.8	1,015.2
Capital accounts	5,508.2	7,682.0	7,751.2	8,909.3	9,982.5
Reserve revaluation	966.8	739.9	1,030.3	1,938.2	1,843.8
Unclassified liabilities	196.5	249.1	830.5	1,790.6	7,975.2
Total liabilities	12,867.1	17,254.0	20,206.6	44,478.8	44,458.5

Note:

(1) Reserve requirements were QR1,616.6 million (US\$444.1 million), QR2,224.5 million (US\$611.1 million), QR3,267.9 million (US\$897.8 million), QR5,101.6 million (US\$1,401.5 million) and QR10,033.5 million (US\$2,756.5 million) as of December 31, 2004, 2005, 2006, 2007 and 2008, respectively.

Source: Qatar Central Bank.

Monetary Policy

Currently, Qatar’s monetary policy is formulated by the QCB to, among other things, regulate interest rates, maintain the stability of the riyal, and control inflation. While the QCB operates in coordination with the Ministry of Economy and Finance, it is independent from political interference in its management of monetary policy.

Interest Rates

Prior to 2000, the QCB imposed certain ceilings on the credit and deposit interest rates offered by commercial banks. The QCB removed these restrictions in order to further liberalize the financial sector. Since 2000, Qatar’s banking system has been free from any form of interest rate ceilings.

The QCB utilizes three different interest rates: a lending rate, a deposit rate and a reverse repo rate. More recently, the QCB introduced an overnight liquidity facility with an interest rate of 3.0%. The lending rate is used for the lending facility through which commercial banks can obtain liquidity from the QCB. The deposit rate is used for the deposit facility through which commercial banks can place deposits with the QCB. Both of these facilities may be rolled over to the next day, when transactions are executed electronically. The reverse repo rate is a pre-determined interest rate set by the QCB for reverse repo transactions entered into between the QCB and commercial banks. The overnight liquidity facility rate is used for overnight lending by the QCB to commercial banks.

Prior to July 2007, the QCB tracked the interest rates of the US Federal Reserve. However, the QCB has not deemed it necessary to reduce interest rates on the last several occasions that the US Federal Reserve has reduced its interest rates. Since May 2008, the QCB deposit rate has remained at 2.0% and its lending rate has remained at 5.5% since 2007. This marks a return to the rate in place in early 2005, after the QCB deposit rate had increased to a high of 4.75% over the course of 2006 and the first half of 2007.

Currency

The riyal has been fixed to the US dollar at a rate of QR3.64 per US dollar since 1980. It is one of the QCB's objectives to keep the riyal stable against the US dollar. As the riyal is pegged to the US dollar, the exchange rate of the riyal against other major currencies fluctuates in line with the movements of the exchange rate of the US dollar against such currencies.

In 2001, the GCC decided to establish a common currency by 2010 with a view to deepening economic integration. The GCC monetary union is expected to improve the efficiency of financial services, lower transaction costs and increase transparency in the prices of goods and services. In December 2008, finance ministers of the GCC member states (other than Oman) signed an agreement establishing the framework of the monetary union. The agreement also provides for the establishment of a monetary council, which will finalize the details of the monetary union and is expected to be converted eventually into a GCC central bank. The agreement must be ratified by each member state in order for it to take effect. Currently, four of the six GCC members have signed the accord to join the monetary union — Qatar, Kuwait, Saudi Arabia and Bahrain — while the United Arab Emirates and Oman have decided not to join. In May 2009, the GCC members that plan to join the monetary union decided that Riyadh would be home to the new GCC monetary council, a precursor to a GCC central bank. The official GCC position remains that 2010 is the target date for the adoption of a single currency. The exchange rate regime for the single currency has not yet been decided. While Qatar remains committed to the adoption of a single currency, it has been reported that the original GCC target date of 2010 may be extended by the GCC. In October 2009, Kuwait's Ministry of Finance called for a delay of the GCC monetary union.

Inflation

Inflation in Qatar increased from 2004 to 2008, with a CAGR of 12.3%. The overall annual inflation rate was 15.2% in 2008 compared to 13.6% in 2007 and 11.8% in 2006. In 2009, inflation in Qatar rapidly declined due to the decreases in housing and food costs, with the inflation rate decreasing to -6.2% in the first quarter of 2009, -1.0% in the second quarter and -1.5% in the third quarter.

The increase in inflation prior to 2009 was primarily accounted for by the rapid and sustained increase in real estate prices, as well as an increase in international food and raw material prices. Prior to 2009, prices in the real estate sector in Qatar had increased significantly in recent years, increasing by 19.6% in 2008, 29.4% in 2007 and 26.0% in 2006. In order to address the domestic housing shortage and control housing prices, the Government has supported several domestic and residential construction projects near completion. As a result, cost pressure has been abated and real estate prices have declined. In a report on Qatar issued by the IMF in January 2009, the IMF noted that, while the need to control inflation remains a high priority, the slowing of rent inflation has caused overall inflation rates to begin decreasing since the third quarter of 2008. In addition to these factors, the global decline in food and raw material prices since mid-2008, together with the relative strength of the US dollar in the fourth quarter of 2008, led to the significant reduction in inflation rates in Qatar. The QCB uses various monetary instruments to address high inflation rates. The required reserve ratio for commercial banks was increased by two percentage points to 4.75% in 2008 in an effort to absorb excess liquidity from the domestic markets. Certificates of deposit, totaling QR7,550 million (US\$2,074 million) for terms of one, three, six and nine months are outstanding as of September 2009 according to the QCB's September 2009 Statistical Bulletin. In addition, the QCB has maintained its lending interest rate at 5.5% since

2007 and deposit interest rate at 2.0% since May 2008, despite the United States Federal Reserve Bank reducing interest rates on several occasions since such time.

The following table sets forth the consumer price index (the “CPI”) and annual percentage change for each of the five years indicated, as well as the share represented by each item in the general index.

	2004		2005		2006		2007		2008	
	Index	%	Index	%	Index	%	Index	%	Index	%
<i>(2006 = 100, period average)⁽¹⁾</i>										
Housing	62.9	16.2	79.4	26.3	100.0	26.0	129.3	29.3	154.7	19.7
Food, beverages and tobacco	90.3	3.3	93.2	3.1	100.0	7.3	107.4	7.4	128.8	19.9
Clothing and footwear	91.4	8.1	89.0	(2.7)	100.0	12.4	112.6	12.6	125.9	11.8
Furniture, textiles and home appliances	91.9	3.3	96.0	4.5	100.0	4.2	105.4	5.4	113.6	7.7
Medical care and services	94.6	(1.4)	98.8	4.5	100.0	1.2	101.2	1.2	105.5	4.2
Transport and communications	94.5	3.7	98.2	3.9	100.0	1.9	101.9	1.9	111.4	9.3
Entertainment, recreation and culture	97.8	2.9	97.7	(0.1)	100.0	2.3	104.9	4.9	115.3	9.9
Miscellaneous goods and services	84.4	4.1	87.9	4.1	100.0	13.8	104.4	4.4	117.3	12.4
General Index	82.2	6.8	89.4	8.8	100.0	11.8	113.6	13.6	130.9	15.2

Note:

(1) As QSA now calculates CPI figures using a base year of 2006, the figures in this chart have been recalculated using a base year of 2006. Previously, QSA calculated CPI figures using a base year of 2001.

Source: Qatar Statistics Authority.

The following table sets forth the consumer price index (the “CPI”) and annual percentage change for the first three quarters of 2008 and 2009.

	Q1 2008		Q2 2008		Q3 2008		Q1 2009		Q2 2009		Q3 2009	
	Index	%	Index	%	Index	%	Index	%	Index	%	Index	%
<i>(2006 = 100, period average)</i>												
Housing	147.5	4.8	153.0	3.7	158.2	3.4	143.0	(10.6)	140.5	(1.8)	135.2	(3.8)
Food, beverages and tobacco	122.4	7.8	127.9	4.5	131.2	2.5	130.8	(2.0)	129.5	(1.0)	130.8	1.0
Clothing and footwear	119.8	2.6	123.8	3.3	128.1	3.4	125.1	(5.1)	120.7	(3.5)	117.1	(3.1)
Furniture, textiles and home appliances	110.7	2.9	111.9	1.1	115.3	3.0	110.0	(5.4)	108.9	(1.0)	111.2	2.1
Medical care and services	104.3	2.5	104.3	0.0	106.7	2.3	106.9	0.1	106.6	(0.2)	106.5	(0.1)
Transport and communications	107.5	4.3	110.6	2.8	113.1	2.2	108.3	(5.5)	106.3	(1.8)	105.6	(0.7)
Entertainment, recreation and culture	110.1	3.1	111.8	1.5	118.8	6.2	113.2	(6.0)	115.3	1.9	112.6	(2.4)
Miscellaneous goods and services	111.9	5.2	117.3	4.8	119.7	2.0	123.2	2.3	125.6	2.0	125.7	0.1
General Index	125.2	4.7	129.4	3.3	133.5	3.2	126.9	(6.2)	125.6	(1.0)	123.7	(1.5)

Source: Qatar Statistics Authority.

See “Risk Factors—Risks Relating to Qatar—Prior to 2009, Qatar had a high rate of inflation, which was caused, in part, by the failure of domestic real estate supply to meet levels of demand.”

Money Supply and Liquidity

Money Supply

Over the past five years, the money supply in Qatar has grown steadily, primarily as a result of significant increases in Government spending, a reduction in net capital outflows and an expansion of private sector credit, which more than doubled between 2006 and 2008. The expansion in private sector credit occurred despite the Government's implementation of a credit ratio and an increase in reserve requirements designed to moderate such credit expansion.

As of September 2009, the narrow measure of money (“M1”), which comprises currency held by the public and deposits denominated in riyals of private sector, government and semi-government institutions, increased by QR1,656.5 million (US\$455.1 million), a 3.3% increase from the end of 2008. This led to a decrease in the M1 domestic share in liquidity from 38.2% at the end of 2008 to 25.2% as of September 2009. As of September 2009, currency in circulation increased by QR127.1 million (US\$34.9 million) and

demand deposits increased by QR1,529.4 million (US\$420.2 million) from the end of 2008. As of September 2009, the broad measure of money ("M2"), which comprises M1 plus savings and time deposits denominated in riyals and foreign currency deposits of private sector, government and semi-government institutions, increased by QR24,719.0 million (US\$6,790.9 million), an increase of 13.4% from the end of 2008, due in large part to a 42.6% increase in savings and time deposits and a 28.2% decrease in foreign currency deposits. Total quasi money represented by savings and time deposits and foreign currency deposits increased by QR23,062.5 million (US\$6,335.9 million) a 17.3% increase from the end of 2008. However, the proportion of total domestic liquidity (M2) represented by the narrow measure of money (M1) increased to 397.4% in September 2009 from 261.7% at the end of 2008. As of September 2009, another measure of money ("M3"), which comprises M2 plus government's deposit increased by QR19,679.0 million (US\$5,406.3 million), a 9.6% increase from the end of 2008.

The following table provides an overview of the money supply and sets forth certain liquidity indicators for Qatar as of December 31, 2004 to 2008.

	As of December 31,				
	2004	2005	2006	2007	2008
	(in millions of QR)				
Foreign assets:					
QCB:					
Assets ⁽¹⁾	12,232.7	16,642.7	19,714.8	35,499.9	35,808.1
Liabilities	(7.8)	(62.7)	(20.8)	(752.5)	(18.4)
QCB foreign assets (net)	12,224.9	16,580.0	19,694.0	34,747.4	35,789.7
Commercial banks:					
Assets	27,756.4	41,647.5	66,310.5	88,960.7	99,168.5
Liabilities	(8,169.2)	(10,407.2)	(24,754.0)	(62,261.6)	(86,089.2)
Commercial banks foreign assets (net)	19,587.2	31,240.3	41,556.5	26,696.1	13,079.3
Foreign assets (net)	31,812.1	47,820.3	61,250.5	61,443.5	48,869.0
Domestic assets:					
Claims on Government:					
Claims ⁽²⁾	21,316.2	18,897.4	19,732.9	31,427.5	55,570.6
Deposits ⁽³⁾	(18,161.4)	(23,487.5)	(35,024.7)	(50,130.0)	(63,533.3)
Claims on Government (net)	3,154.8	(4,590.1)	(15,291.8)	(18,702.5)	(7,962.7)
Domestic credit:					
Claims on public enterprises ⁽⁴⁾	2,270.1	4,455.8	7,389.1	9,854.1	10,588.9
Claims on private sector	33,551.0	54,847.2	79,101.7	120,380.0	171,832.6
Total domestic credit	35,821.1	59,303.0	86,490.8	130,234.1	182,421.5
Other items (net)	(25,923.0)	(38,262.3)	(43,791.0)	(55,341.0)	(82,427.5)
Domestic assets (net)	13,052.9	16,450.6	27,408.0	56,190.6	92,031.3
Broad money:					
Money:					
Currency in circulation	2,594.0	2,865.6	3,958.9	4,487.2	5,368.2
Demand deposits	12,004.4	19,496.6	23,924.2	30,887.3	38,061.0
Total money	14,598.4	22,362.2	27,883.1	35,374.5	43,429.2
Quasi-money:					
Savings and time deposits	20,620.9	26,059.5	36,748.0	60,245.8	76,063.3
Foreign currency deposits	9,645.7	15,849.2	24,027.4	22,013.8	21,407.8
Total quasi-money	30,266.6	41,908.7	60,775.4	82,259.6	97,471.1
Total broad money	44,865.0	64,270.9	88,658.5	117,634.1	140,900.3
Change (%):					
Foreign assets (net)	23.2	50.3	28.1	0.3	(20.5)
Domestic assets (net)	14.5	26.0	66.6	105.0	63.8
Total broad money	20.5	43.3	37.9	32.7	19.8
Velocity of broad money (to total nominal GDP)	2.57	2.40	2.33	2.20	2.59
Velocity of broad money (to non-oil and gas nominal GDP)	1.17	0.97	0.99	0.95	1.02

Notes:

(1) Excludes the QCB's foreign currency deposits with local commercial banks.

(2) Includes Government borrowing on behalf of public enterprises in 2001.

- (3) Includes foreign and local currency deposits.
- (4) Non-financial sector enterprises with some Government ownership.

Source: Qatar Central Bank.

Liquidity

The QCB, on behalf of the Government, issues bonds to absorb domestic liquidity. The QCB, on behalf of the Government, has completed eight issues of domestic bonds since 1999 in a total principal amount of QR30,128.3 million (US\$8,277 million), of which QR30,127.5 million (US\$8,276.8 million) remained outstanding as of October 31, 2009. See "Indebtedness." The QCB is also considering issuing certificates and Islamic financing products to further absorb domestic liquidity. The QCB also uses the current deposit accounts of commercial banks at the QCB to control domestic liquidity.

Banking System

Commercial Banks

Commercial banks in Qatar consist of six locally owned conventional commercial banks (including Qatar National Bank, which is 50.0% Government owned), four Islamic institutions that operate according to Islamic Sharia principles (including the prohibition on the charging of interest on loans), seven foreign banks with established branches in Qatar and one development bank.

Commercial banks are the primary financial institutions in Qatar, providing deposit taking, credit and investment services, as well as foreign exchange and clearance services. The deposits made in Qatar's commercial banks are not insured as there is no deposit insurance scheme in Qatar.

The QCB requires commercial banks to maintain a capital adequacy ratio of 10.0% in accordance with the Basel II guidelines. Historically, commercial banks have complied with this ratio and, in 2008, the annual average commercial bank capital adequacy ratio was 17.7%, compared to 13.8% in 2007 and 16.5% in 2006. In 2008, the annual average Tier 1 capital adequacy ratio for all banks was 16.3%, compared to 13.0% in 2007 and 15.5% in 2006. Currently, Qatar's commercial banks are compliant with Basel II pillar one, and are working to become compliant with the remaining risk components of pillars two and three.

The State has provided financial support to Qatar's financial sector as a response to the recent global economic downturn and as a preventative measure to preserve the general stability in Qatar's banking sector. In late 2008 and early 2009, the QIA began making direct capital injections in Qatar's commercial banking sector through a plan to purchase equity ownership interests of up to 20.0% in all domestic banks listed on the Qatar Exchange. In January 2009, the QIA acquired 5.0% of the shares of Qatar Islamic Bank for QR956.0 million (US\$262.6 million), 5.0% of the shares of Commercial Bank of Qatar for approximately QR807.0 million (US\$221.7 million), 5.0% of the shares of Qatar International Islamic Bank for QR463.6 million (US\$127.4 million), 5.0% of the shares of Ahli Bank for QR160.6 million (US\$44.1 million), and 5.0% of the shares of Doha Bank for QR256.6 million (US\$70.5 million). In February 2009, the QIA acquired 20.0% of the shares of First Finance Company for QR256.7 million (US\$70.5 million). These capital injections were based on the share price of the relevant bank as of October 12, 2008. In addition, the shareholders of Masraf Al Rayan have approved a share capital increase to be issued to the QIA, and the shareholders of Al Khalij Commercial Bank have approved a share capital increase of up to 20.0% to be issued to the QIA. The State will not receive a dividend from any of the above-mentioned banks in 2009. It is expected that the Government will give these banks an option to buy back their shares over the next five years, with the Government being entitled to 20.0% of any increase in the share price at the time of repurchase by the relevant bank.

In addition, on March 9, 2009, the Prime Minister of Qatar declared that in order to further support Qatar's banking sector, the Government would purchase the investment portfolios of seven of the nine domestic banks listed on the Qatar Exchange. These purchases were completed on March 22, 2009 at a total purchase price of approximately QR6,500 million (US\$1,786 million) paid through a combination of cash and domestic Government bonds. This purchase price was equal to the value of such investment portfolios as registered in the records of each bank as of February 28, 2009. In an effort to further boost liquidity and encourage lending, in early June 2009, the State offered to buy the real estate portfolios and investments of nine domestic commercial banks at a sale price equivalent to the net book value of such portfolios and investments with a total ceiling amount of QR15,000 million (US\$4,121 million). The QIA has recently begun implementing procedures to acquire an additional 5.0% stake in the capital of Qatari banks

consistent with the above-mentioned plan to purchase equity ownership interests of up to 20.0% and is expected to make additional direct capital injections in line with the 2008/2009 plan referenced above.

The amount of credit extended by commercial banks to the private sector grew by about 50.0% each year between 2005 and 2008, increasing by 45.1% in 2008 to QR160,217.9 million (US\$44,015.9 million) from QR110,426.6 million (US\$30,337.0 million) in 2007. In 2008, credit extended to the real estate sector amounted to 20.8% of total private sector credit extended by commercial banks, while credit extended to the services sector and consumer credit amounted to 16.5% and 35.4% of total private sector credit, respectively. In 2008, the amount of credit extended to the real estate and service sectors showed the sharpest increases, with annual growth rates of approximately 68.0% and 138.4%, respectively. The amount of consumer credit extended increased at a relatively moderate pace compared to previous years, growing 20.5% in 2008 compared to 50.6% in 2007.

The level of “non-performing” commercial bank loans in Qatar had decreased over the past five years, from 6.3% in 2004 to 4.3% in 2005, 2.2% in 2006, 1.5% in 2007 and 1.2% in 2008. However, in 2009, the level of “non-performing” commercial bank loans increased from 1.3% in January to 1.96% in September. Under QCB regulations, non-performing loans are defined as those loans that meet one of the following conditions for at least three months: (i) the borrower is not able to meet its loan repayments and the loan is past due; (ii) other credit facilities of that borrower are past due; (iii) the existing credit limits granted to that borrower for its other credit facilities are not renewed; or (iv) a borrower exceeds its agreed credit limit by 10.0% or more without prior authorization. Commercial banks in Qatar categorize non-performing loans into three groups: sub-standard, doubtful and bad. Sub-standard loans are those that have not performed for three or more months, doubtful loans are those that have not performed for six or more months, and bad loans are those that have not performed for nine or more months.

The following table sets forth the consolidated balance sheets of Qatari commercial banks as of December 31, 2004 to 2008.

	As of December 31,				
	2004	2005	2006	2007	2008
	<i>(in millions of QR)</i>				
Assets:					
Reserves:					
Cash	528.9	665.4	1,110.9	1,137.3	1,544.6
Balances with the QCB	2,868.1	4,516.1	5,029.2	24,959.7	16,561.7
Total reserves	3,397.0	5,181.5	6,140.1	26,097.0	18,106.3
Foreign assets	27,756.4	41,647.5	66,310.5	88,960.7	99,168.5
Claims on private sector	33,551.0	54,847.2	79,101.7	120,380.0	171,832.6
Claims on public sector:					
Claims on Government	18,967.3	17,121.9	17,237.8	13,822.0	18,169.2
Claims on government institutions	2,348.9	1,775.5	2,495.1	17,605.5	37,401.4
Claims on semi-government institutions	2,270.1	4,455.8	7,389.1	9,854.1	10,588.9
Total claims on public sector	23,586.3	23,353.2	27,122.0	41,281.6	66,159.5
Unclassified assets	3,735.5	5,271.2	10,807.7	17,616.8	46,648.1
Total assets	92,026.2	130,300.6	189,482.0	294,336.1	401,915.0⁽¹⁾
Liabilities:					
Private sector deposits:					
Demand deposits	12,004.4	19,496.6	23,924.2	30,887.3	38,061.0
Savings and time deposits	20,620.9	26,059.5	36,748.0	60,245.8	76,063.3
Foreign currency deposits	9,645.7	15,849.2	24,027.4	22,013.8	21,407.8
Total private sector deposits:	42,271.0	61,405.3	84,699.6	113,146.1	135,532.1
Public sector deposits:					
Government deposits	7,627.1	8,595.1	13,090.2	13,592.9	19,413.4
Demand deposits	1,774.6	3,294.6	5,609.1	5,362.2	7,440.3
Savings and time deposits	2,200.6	2,349.3	2,873.7	4,103.1	9,612.8
Foreign currency deposits	6,390.5	8,986.4	13,031.7	26,636.0	26,051.6
Total public sector deposits	17,992.8	23,225.4	34,604.7	49,694.2	62,518.1
Foreign liabilities	8,169.2	10,407.2	24,754.0	62,264.1	86,089.2
Capital accounts	10,733.1	14,553.1	23,310.9	33,885.2	48,300.1
Due to the QCB	339.1	423.2	297.6	1,316.2	6,782.3
Unclassified liabilities	12,521.0	20,286.4	21,815.2	34,029.0	62,693.2
Total liabilities	92,026.2	130,300.6	189,482.0	294,336.1	401,915.0⁽²⁾

Notes:

(1) According to QCB's Quarterly Statistical Bulletin for September 2009, the total assets of Qatari commercial banks amounted to QR420,615.7 million (US\$115,553.7 million).

- (2) According to QCB's Quarterly Statistical Bulletin for September 2009, the total liabilities of Qatari commercial banks amounted to QR420,615.7 million (US\$115,553.7 million).

Source: Qatar Central Bank.

Qatar Development Bank

Qatar Development Bank ("**QDB**") was established by the Government in 1997, with contributions from national banks under the name of Qatar Industrial Development Bank. In 2006, QDB became a government-owned bank and the following year changed its name to Qatar Development Bank. QDB's main objective is to contribute to the development and diversification of economic and industrial investments in Qatar. QDB finances small and medium sized industrial projects and provides technical assistance and advice to industrialists for the implementation of their projects. QDB also provides consultancy services and financing for projects in the education, agriculture, fisheries, healthcare, animal resources and tourism sectors. As of December 31, 2008, QDB's paid-up capital was QR2.9 billion (US\$796.7 million).

Qatar Financial Centre

The QFC is a financial and business center established by the Government in 2005 with a view to attracting international financial services institutions and multinational corporations to Doha in order to grow and develop the market for financial services in the region. Unlike other financial centers in the region, the QFC is an onshore financial and business environment.

The QFC comprises four primary bodies: the Qatar Financial Centre Authority (the "**QFCA**"), the QFCRA, the QFC Civil and Commercial Court and the QFC Tribunal. The QFCA determines the commercial strategy of the QFC, while the QFCRA regulates, authorizes, supervises and, when necessary, disciplines banking, securities, insurance and other financial businesses carried on in or from the QFC. The QFCRA also registers and supervises the directors and other designated officers of the businesses authorized by it. The QFCRA regulatory approach is modeled closely on that of the UK's Financial Services Authority. The QFC Civil and Commercial Court has jurisdiction over disputes arising within the QFC, and the QFC Tribunal hears appeals against decisions of the QFCRA. The QFCRA, the Court and the Tribunal are all statutory independent bodies reporting to the Council of Ministers. See "Overview of the State of Qatar—Legal System."

Firms operating under the QFC umbrella fall into two categories: those providing financial services, which are regulated activities, and those engaged in non-regulated activities in support of financial services. All QFC firms must apply to the QFCA for a business license to conduct a permitted activity in or from the QFC. Firms planning to conduct regulated activities also need to apply to the QFCRA for authorization. In practice, all licensing and authorization activities, and the operations of the QFC Companies Registrar, are undertaken by the QFCRA, in order to provide applicants with a single point of entry to the QFC. Approximately 55.0% of the firms operating under the QFC umbrella are regulated financial institutions, including global financial institutions. The QFCA plans to impose a tax rate of 10.0% on local source business profits from January 1, 2010. Firms licensed in the QFC are exempt from Qatarization laws, are permitted full foreign ownership and are not bound by restrictions on the remittance of profits outside Qatar.

Financial institutions licensed by the QFCRA as "Category-1" financial institutions are authorized to operate as universal banks and, among other things, may make various types of loans and accept deposits in any currency. Under the QFCA licensing policy, such institutions are currently not allowed to provide retail deposit taking and credit services. Financial institutions authorized by the QFCRA as "Category-2," "Category-3" or "Category-4" are permitted to undertake certain more limited activities, and "Category-5" institutions may undertake Islamic finance activities.

Qatar Exchange

In June 2009, Qatar Holding LLC ("**QH**"), the strategic and direct investment arm of the QIA, and NYSE Euronext signed agreements to form a strategic partnership whereby NYSE Euronext acquired a 20.0% stake in the Qatar Exchange (known prior to the transaction as the Doha Securities Market or DSM) for \$200.0 million. The QIA retained an 80.0% stake in the Qatar Exchange through QH. A newly appointed board of directors will oversee the Qatar Exchange.

The purpose of the Qatar Exchange is to promote foreign and domestic investment in Qatar and to encourage the diversification of the economy. The DSM was officially commissioned, and trading activities began, in May 1997. Trading on the DSM became fully electronic on March 11, 2002.

The Qatar Exchange currently lists equity securities only; however, the Qatar Exchange's management aims to begin trading cash and derivatives. As of September 1, 2009, there were 43 companies listed on the Qatar Exchange, primarily from the banking and financial, insurance, service and industrial sectors. The Qatar Exchange Index is composed of the top 20 companies listed on the Qatar Exchange, selected based on set criteria which include market capitalization and trading volumes. The Qatar Exchange generally allows investment by non-Qatari nationals in up to 25.0% of the share capital of companies listed on the Qatar Exchange, although this limit may be increased with the approval of the Council of Ministers.

In 2008, banking and financial sector companies had the highest trading activity by value on the Qatar Exchange with QR78,647.0 million (US\$21,606.3 million) in value traded, followed by service sector companies with QR65,823.0 million (US\$18,083.2 million) in value traded, reflecting trading activity trends since 2006.

The following table sets forth the Qatar Exchange's market capitalization for each of the years indicated, as well as the percentage change from the previous year, the number of companies listed and the total value and number of trades in each of the years indicated.

	Year ended December 31,				
	2004	2005	2006	2007	2008
	<i>(in millions of QR, except as noted otherwise)</i>				
Market capitalization at end of period	147,190	317,200	221,729	347,695	279,038
Percentage change	51.2%	115.5%	(30.1)%	56.8%	(19.8)%
Number of listed companies at end of period	30	32	36	40	43
Total trades <i>(value)</i>	23,095	102,843	74,947	108,930	175,552
Number of trades <i>(in millions)</i>	305.4	1,033.1	1,865.4	3,411.3	3,893.5

Source: Qatar Exchange.

Qatar Financial Markets Authority

The QFMA was established in 2005 as an independent regulatory authority for Qatar's capital markets, with a mandate to (i) regulate and supervise the DSM (now the Qatar Exchange) along with the securities industry and associated activities and (ii) implement a new regulatory framework for Qatar's capital markets and the securities industry based on best practices of market regulation in line with international standards. The QFMA's primary objective is to ensure market integrity and transparency through impartial monitoring and independent regulation. The QFMA also sets the regulatory policy for the securities markets, drafts and issues relevant rules and regulations, oversees admission to listing and enforces relevant laws and regulations on market participants.

The creation of the QFMA was part of the Government's overall strategy of reforming Qatar's legal and regulatory regime in order to support the growth of the economy while improving investor confidence. The Chairman of the QFMA is the State's Minister of Economy and Finance, and the Vice Chairman of the QFMA is the Deputy Governor of the QCB.

In response to the global economic downturn, the QFMA has reviewed the risk exposure and the internal compliance and governance of brokerage firms in Qatar. In connection with such review, the QFMA has also issued the Corporate Governance Code and the new Financial Services Regulation which aims at regulating the licensing requirements and process for firms carrying or willing to carry out regulated activities, with a particular focus on internal controls and compliance requirements. The QFMA has also reviewed the financial statements of companies listed on the Qatar Exchange in order to determine whether they have provided adequate disclosure of their exposure levels.

The QFMA is also in the process of finalizing a new regulatory framework for financial disclosure. The framework, which is expected to take effect by the first quarter of 2010, will (i) enforce IFRS, (ii) provide for auditor reporting regulations, and (iii) follow chartered financial analyst guidelines. In addition, the QFMA plans to finalize its new equity listing and disclosure regulations by the end of 2009, and to issue new bond and sukuk listing and disclosure regulations by the first quarter of 2010.

PUBLIC FINANCE

General

Qatar has experienced significant revenue growth and large budget surpluses in recent years driven primarily by the rapid development of its hydrocarbon sector. Government revenues of QR140,947 million (US\$38,598 million) for the fiscal year ended March 31, 2009 were over six times greater than revenues in the fiscal year ended March 31, 2001. Government figures show a surplus of QR42,090 million (US\$11,563 million) for the fiscal year ended March 31, 2009, which is an increase of 27.3% from the surplus of QR33,063 million (US\$9,083 million) for the fiscal year ended March 31, 2008 and is more than 18 times greater than the surplus for the fiscal year ended March 31, 2001.

The budget for the fiscal year ending March 31, 2010 was based upon an assumed oil price of US\$40 per barrel, and thus projected an estimated deficit of approximately QR5,800 million (US\$1,593 million). Despite an estimated deficit for the budget for the fiscal year ending March 31, 2010, based on the Government's most recent revenue and expenditure figures, there was an overall surplus of QR10,406 million (US\$2,859 million) or 18.4% of total revenues for the six-month period ended September 30, 2009. The surplus for the six-month period ended September 30, 2009 is primarily attributable to higher-than-anticipated average oil prices along with greater-than-anticipated non-oil and gas revenues.

Total expenditure for the six-month period ended September 30, 2009 amounted to QR46,159 million (US\$12,681 million) or 48.9% of total budgeted expenditure of QR94,498 million (US\$25,961 million) for the fiscal year ending March 31, 2010. Total current expenditure for the six-month period ended September 30, 2009 amounted to QR30,489 million (US\$8,377 million) or 53.9% of total budgeted current expenditure of QR56,572 million (US\$15,542 million) for the fiscal year ending March 31, 2010. Total capital expenditure for the six-month period ended September 30, 2009 amounted to QR15,670 million (US\$4,305 million) or 41.3% of total budgeted capital expenditure of QR37,926 million (US\$10,419 million) for the fiscal year ending March 31, 2010.

The Government's primary source of budget revenues are oil and gas related revenues generated by QP's activities, accounting for approximately 80.2% of the total revenues for the fiscal year ended March 31, 2009 and approximately 85.6% of the total revenues for the fiscal year ended March 31, 2008. The Government's budget is formulated using a conservative estimate of oil prices per barrel for the relevant fiscal year: US\$27 for the budget for the fiscal year ended March 31, 2006; US\$36 for the budget for the fiscal year ended March 31, 2007; US\$40 for the budget for the fiscal year ended March 31, 2008; US\$55 for the budget for the fiscal year ended March 31, 2009; and US\$40 for the budget for the fiscal year ending March 31, 2010. The Ministry of Economy and Finance receives royalties and tax revenue on export sales of crude oil, refined products and gas products, including LNG and downstream products from QP and its joint venture partners. See "—Taxation." In addition to such export sale receipts, the Government receives all of QP's net income as "investment income." Investment income has contributed to the growth in total revenues in recent years, growing by more than ten times since the fiscal year ended March 31, 2001 (based on investment income earned by the Government for the fiscal year ended March 31, 2009). The Government has diversified its revenue sources in recent years to include customs duties, taxes on the operations of foreign owned businesses and charges for certain services provided by the Government.

The principal items of Government expenditure are the development of Qatar's infrastructure, the wages and salaries of Government employees and principal and interest payments in respect of Government indebtedness (both internal and external). Other items of Government expenditure include the provision of social services such as healthcare, education and the pensions of former Government employees as well as utilities, such as water, electricity and telephone services. In recent years, the Government has increased aggregate expenditures substantially as the Government has invested in the development of Qatar's social and physical infrastructure to meet the needs of its growing population and to develop Qatar into a trade center and leading LNG exporter. Expenditure growth has been characterized by gradual year-on-year growth between the fiscal year ended March 31, 2001 and the fiscal year ended March 31, 2004 and more significant year-on-year growth between the fiscal year ended March 31, 2004 and the fiscal year ended March 31, 2009 as Qatar's larger infrastructure projects have moved from the planning phase to the development and construction phases.

In recent years, the Government has used the budget surplus for the purpose of investment both in Qatar and abroad. Investment of the surplus in Qatar has been focused on capital projects, particularly

related to real estate development and transportation and social infrastructure. Investment outside Qatar has been focused primarily on securities and other capital market instruments and real estate holdings. These investments are administered by the QIA on the Government's behalf. A portion of the budget surplus has also been placed into stabilization funds administered by the QIA. Education and health services are expected to be funded in future years by the interest derived from revenues of designated LNG trains currently being placed into dedicated stabilization funds. The Government does not publish figures relating to the size, scope or performance of the portfolio of investments administered by the QIA. See "—Qatar Investment Authority."

Budget Policy and Process

The State budget plays a central role in Qatar's economy and is a key tool in achieving the Government's economic development goals. Fiscal policy is considered to be the core of the State's general economic policy, which aims to utilize fully Qatar's economic resources to raise the standard of living in Qatar and to achieve sustainable development through cooperation between the private and public sectors. Governmental expenditure is considered by the Government to be a primary stimulant of economic activity, and consequently a facilitator of economic growth in Qatar. The Government believes that it has various options open to it to maintain a surplus even in the face of commodity price volatility, including the imposition of additional charges for services and the development of additional revenue sources. In addition, the Government has flexibility in determining its capital expenditures and may review and reschedule items, if necessary, in order to reduce the amount of expenditures contained in future budgets.

Each year, the Budget Department of the Ministry of Economy and Finance supervises the preparation of ministerial and agency budgets for the following fiscal year. After approval by the Minister of Economy and Finance, the consolidated budget is submitted to the Council of Ministers for its approval (normally by March 1 in advance of the fiscal year, which commences on April 1). The budget for capital projects is sent to the Advisory Council for discussion, and the Advisory Council submits its recommendations to the Council of Ministers for approval. Thereafter the budget is submitted to the Emir for his approval and, if approved, a decree implementing the budget is issued.

As in past years, the budget for the fiscal year ending March 31, 2010 was guided by the annual circular published by the Ministry of Economy and Finance regarding the preparation of the State's budget. This circular, dated as of November 18, 2008, provided that the financial policy of the State for the fiscal year ending March 31, 2010 be focused on directing spending to support economic growth, continuing the execution of infrastructure projects in numerous fields, investing in projects with high economic relevance related to sustainable development, and encouraging and supporting the private sector to cooperate in achieving sustainable development. The Government is committed to continuing infrastructure spending (particularly related to major projects such as the New Doha International Airport, the New Doha Port and the new port at Ras Laffan City, and transportation and social infrastructure), but retains flexibility to postpone non-strategic expenditures.

The Ministry of Economy and Finance recently published its annual circular regarding the preparation of the State's budget for the fiscal year ending March 31, 2011. This circular, dated as of November 15, 2009, provides that the financial policy of the State for the fiscal year ending March 31, 2011 will be focused on achieving the highest value for money possible for the State's budgetary resources, ensuring appropriate allocation of resources to enable timely execution of projects, including infrastructure and public services projects, improving efficiency and cost savings in connection with government-related services, and stimulating private sector economic activity to increase growth, expand employment opportunities for Qatari nationals and reduce unemployment.

The following table sets forth the revenues, expenditure and overall surplus of the Government for each of the four fiscal years ended March 31, 2009, as well as budgeted figures for the fiscal year ending March 31, 2010 and actual results for the six-month period ended September 30, 2009.

	Fiscal year ended March 31,					Six months ended September 30,
	2006	2007	2008	2009	Budg. 2010 ⁽¹⁾	2010 ⁽²⁾
	<i>(in millions of QR)</i>					
Revenues:						
Oil and gas revenues:						
Oil revenues:						
Income tax	30,803	37,170	46,901	48,642	19,581	27,713
Royalties	9,396	11,005	13,138	12,590	5,411	2,270
Port fees and other oil revenues	37	5	11	12	3,726	3
Total oil revenues	40,235	48,181	60,050	61,245	28,719	29,986
Gas—royalties and taxes	6,146	7,248	10,698	18,764	13,516	1,344
Investment income (QP) ⁽³⁾	14,035	20,483	30,047	33,018	25,655	
Total oil and gas revenues	60,416	75,911	100,795	113,027	67,890	31,329
Non-oil and gas revenues:						
Investment income (non-QP): ⁽⁴⁾						
Returns on misc. shares		—	130	—	—	
Interest income	199	220	166	253	165	55
Total investment income (non-QP)	199	220	296	253	165	55
Customs duties	1,739	2,703	3,932	3,541	3,267	931
Business/corporate income tax	134	4,562	8,939	14,629	9,052	19,988
Public utility fees	789	288	342	232	130	3
Other	2,108	2,379	3,486	9,265	8,190	4,259
Total non-oil and gas revenues	5,269	10,152	16,995	27,920	20,805	25,236
Total revenues	65,685	86,062	117,790	140,947	88,695	56,565
Expenditure: ⁽⁵⁾						
Current expenditure:						
Civil list	685	667	624	614	764	319
Defense and security	3,901	4,610	6,391	9,234	13,890	3,518
General administration ⁽⁶⁾	19,669	34,377	33,096	43,162	30,222	21,120
Education	2,258	2,232	3,245	3,732	3,474	1,489
Health	3,515	3,808	3,919	5,535	5,789	2,768
Labor and social services	180	409	409	374	216	212
Food subsidies and transfers	25	41	199	216	46	48
Water and electricity	1,947	1,509	1,467	1,635	1,677	839
Communication and transportation		—	—		—	—
Foreign grants	449	1,978	1,448	1,073	378	141
Subscriptions	126	120	125	147	116	35
Total current expenditure	32,755	49,751	50,923	65,722	56,572	30,489
Capital expenditure:						
Health	825	456	449	502	643	188
Education	251	217	1,117	5,029	7,463	2,343
Housing and construction	587	1,007	633	454	511	103
Roads	787	1,375	2,691	2,776	5,764	915
Communications and transportation . . .	228	3,169	4,727	6,709	8,466	3,278
Utilities	1,723	6,246	8,131	9,714	8,328	4,907
Land reclamation, other	13,612	4,926	16,057	7,951	9,751	3,936
Total capital expenditure	18,013	17,396	33,804	33,135	37,926	15,670
Total expenditure	50,768	67,147	84,728	98,857	94,498	46,159
Overall surplus/(deficit)	14,917	18,915	33,063	42,090	(5,803)	10,406

Notes:

(1) Figures are from the budget for the fiscal year ending March 31, 2010.

(2) Figures reflect actual results for the six-month period ended September 30, 2009.

(3) Investment income (QP) consists of Government revenue derived from the profits of QP provided to the Government after retained earnings, capital expenditures and reinvestment. Investment income (QP) includes a portion that is attributable to QP's non-oil and gas activities, such as in relation to the production of petrochemicals and fertilizer, steel, iron and metal coating.

- (4) Investment Income (non-QP) consists of Government revenue derived from interest income, dividends and proceeds from sales related to Government interests in non-QP entities. This does not include QIA investment income.
- (5) Expenditure related to salaries and wages is allocated across the various capital expenditure line items shown in the table, and is not separately listed. Salaries and wages were QR6,657 million (US\$1,829 million) in the fiscal year ended March 31, 2006, QR12,993 million in the fiscal year ended March 31, 2007, QR14,875 million (US\$4,087 million) in the fiscal year ended March 31, 2008 and QR18,640 million (US\$5,121 million) in the fiscal year ended March 31, 2009. Salaries and wages budgeted for the fiscal year ending March 31, 2010 were QR21,957 million (US\$6,032 million).
- (6) Includes primarily overhead costs related to the administration of government agencies, interest payments and grants made to government related projects.

Source: Ministry of Economy and Finance.

Fiscal Year Ending March 31, 2010

The Government published its planned budget for the fiscal year ending March 31, 2010 in April 2009, which was based upon an assumed oil price of US\$40 per barrel, and thus projected an estimated deficit of approximately QR5,800 million (US\$1,593 million). This estimated deficit was primarily due to budgeted total revenues of QR88,695 million (US\$24,367 million), which represent a 37.1% decrease from total revenues of QR140,947 million (US\$38,721 million) for the fiscal year ended March 31, 2009. These lower budgeted revenues were due to the Government's conservative approach to making assumptions with respect to oil prices.

In addition, after increasing expenditure in recent years in the drive to modernize and diversify Qatar's economy and improve the country's health, education and welfare, budgeted expenditure for the fiscal year ending March 31, 2010 decreased slightly, as budgeted total expenditure of QR94,498 million (US\$25,961 million) represents a 4.4% decrease from total expenditure of QR98,857 million (US\$27,159 million) for the fiscal year ended March 31, 2009. This decrease is comprised of a budgeted increase in capital expenditure, offset by a budgeted decrease in current expenditure.

Despite the estimated deficit for the budget for the fiscal year ending March 31, 2010, based on the Government's most recent revenue and expenditure figures, there was an overall surplus of QR10,406 million (US\$2,859 million) or 18.4% of total revenues for the six-month period ended September 30, 2009. In addition, total revenues for the six-month period ended September 30, 2009 amounted to QR56,565 million (US\$15,540 million), which represents approximately 63.8% of budgeted total revenues for the fiscal year ending March 31, 2010. Total non-oil and gas revenues represented approximately 44.6% of total revenues for the six-month period ended September 30, 2009, amounting to QR25,236 million (US\$6,933 million) or 121.3% of budgeted total non-oil and gas revenues for the fiscal year ending March 31, 2010. The surplus for the six-month period ended September 30, 2009 is primarily attributable to higher-than-anticipated average oil prices along with greater-than-anticipated non-oil and gas revenues.

Total expenditure for the six-month period ended September 30, 2009 amounted to QR46,159 million (US\$12,681 million) or 48.9% of total budgeted expenditure of QR94,498 million (US\$25,961 million) for the fiscal year ending March 31, 2010. Total current expenditure for the six-month period ended September 30, 2009 amounted to QR30,489 million (US\$8,377 million) or 53.9% of total budgeted current expenditure of QR56,572 million (US\$15,542 million) for the fiscal year ending March 31, 2010. Total capital expenditure for the six-month period ended September 30, 2009 amounted to QR15,670 million (US\$4,305 million) or 41.3% of total budgeted capital expenditure of QR37,926 million (US\$10,419 million) for the fiscal year ending March 31, 2010.

Fiscal Year Ended March 31, 2009

Revenue

For the fiscal year ended March 31, 2009, total revenues were QR140,947 million (US\$38,721 million), which represents an increase of approximately 19.7% from the fiscal year ended March 31, 2008 and approximately 36.4% from the budgeted figure for the fiscal year ended March 31, 2009. The significant increase in revenues for the fiscal year ended March 31, 2009 compared to total revenues for the fiscal year ended March 31, 2008 and the budgeted figure for the fiscal year ended March 31, 2009 is primarily due to high oil and gas prices during the first half of the 2008 calendar year and an increase in oil and gas production in 2008. These significantly increased revenues resulted in a surplus of QR42,090 million (US\$11,563 million) for the fiscal year ended March 31, 2009.

Oil and gas revenues (which include investment income from QP) were QR113,027 million (US\$31,051 million) in the fiscal year ended March 31, 2009, or approximately 80.2% of total revenues, which represents an increase of approximately 12.1% from the fiscal year ended March 31, 2008.

Non-oil and gas revenues were QR27,920 million (US\$7,670 million) in the fiscal year ended March 31, 2009, which represents an increase of approximately 64.3% from the fiscal year ended March 31, 2008, due to revenue gains in the collection of taxes related to the expansion of the non-oil and gas sector.

Expenditure

For the fiscal year ended March 31, 2009, total expenditure was QR98,857 million (US\$27,159 million), which represents an increase of approximately 16.7% from the fiscal year ended March 31, 2008 and a small increase of approximately 3.1% from the budgeted figure for the fiscal year ended March 31, 2009. While current expenditures reached their highest level in Qatar's history during the fiscal year ended March 31, 2009 (partially pushed upward by an expanding public sector and a one-off governmental-wide salary increase), capital expenditures slightly decreased from the levels reached for the fiscal year ended March 31, 2008, which were the highest levels reached in Qatar's history.

Current expenditure was QR65,722 million (US\$18,055 million) for the fiscal year ended March 31, 2009, which represents an increase of approximately 29.1% from the fiscal year ended March 31, 2008. Spending on Government wages and salaries was approximately QR18,640 million (US\$5,111 million) for the fiscal year ended March 31, 2009, which represents an increase of approximately 25.3% from the fiscal year ended March 31, 2008, partially due to a one-off governmental-wide salary increase. However, wages and salary spending as a percentage of total expenditure has remained stable compared to the previous year, comprising approximately 18.9% of expenditure for the fiscal year ended March 31, 2009 compared to approximately 17.6% of total expenditure for the fiscal year ended March 31, 2008.

Capital expenditure for the fiscal year ended March 31, 2009 was QR33,135 million (US\$9,103 million), which represents a decrease of approximately 2% from the fiscal year ended March 31, 2008, and a decrease of approximately 18.1% from the budgeted figure for the fiscal year ended March 31, 2009.

Qatar Investment Authority

The QIA, a State agency, was founded pursuant to Emiri Decision No. (22) of 2005 for the purpose of investing Qatar's financial reserves domestically and abroad, with the objective of strengthening Qatar's economy by generating meaningful returns on investment. The QIA employs a strategy of diversification, both geographically and by investing in a mix of asset classes that includes fixed income, equities, private equity, real estate and alternative assets, as well as by making direct investments. If required, Qatar could use QIA's assets or income to supplement its fiscal budget. The Government does not publish financial information relating to the QIA or figures relating to the size, scope or performance of the portfolio of investments administered by the QIA.

The Heir Apparent serves as the Chairman of the QIA, while the Prime Minister and Foreign Minister serves as the QIA Chief Executive. The QIA is managed by a board of directors, which has established a framework for the QIA's operations by developing and implementing investment, risk management, and legal and compliance policies, as well as a code of conduct. The QIA's board of directors provides strategic guidance for the QIA and monitors its executive management team, which is responsible for the QIA's day-to-day management.

Domestically, the QIA or, in some cases, the State itself, holds equity ownership interests in Qatar Airways, Q-Tel, Qatar National Hotels and the Qatar Exchange. In addition, as recently announced, the QIA has begun purchasing equity ownership interests of between 10.0% and 20.0% in all domestic banks listed on the DSM. See "Monetary and Financial System—Banking System—Commercial Banks." Among its other investments, the QIA also manages the investment activities of the Qatar Foundation, which owns 49.0% of Vodafone Qatar, a joint venture with Vodafone plc, which holds Qatar's second mobile telecommunications license and completed an initial public offering on the Qatar Exchange in mid-2009.

Outside Qatar, the QIA, primarily through Qatar Holding LLC, a wholly owned subsidiary, makes direct investments in foreign entities and currently holds equity ownership interests in Porsche SE, Volkswagen AG, Songbird Estates plc (the majority owner of Canary Wharf in London), Barclays PLC, Credit Suisse, the London Stock Exchange Group plc, J Sainsbury plc, JSM Indochina Ltd., Lagardère SCA and the

European Aeronautic Defence and Space Company (EADS), among others. In addition, the QIA, primarily through Qatari Diar (its wholly owned subsidiary) and, to a lesser extent, Barwa, which is 45.0% owned by the State, makes real estate investments and undertakes developments in a number of foreign markets, including Europe, North Africa and Southeast Asia. Among other investments, Qatari Diar has ownership interests in London's Chelsea Barracks, French hotel and casino group Fermiere du Casino Municipal de Cannes, and French construction company VINCI (an ownership interest in which was acquired through the contribution of Qatari Diar's ownership interest in Cegelec, a French engineering company). In addition, in November 2009, Qatari Diar agreed to purchase the U.S. Embassy building in London's Grosvenor Square. Qatari Diar has also entered into joint ventures with VINCI Construction Grands Projects and Singapore's Capital International Management to support construction and development and deliver infrastructure and building management services within Qatar.

Taxation

At present, there is no personal income taxation in Qatar. Profits of business establishments owned in full by Qatari individuals are not taxed. What is termed income tax in Qatar applies only to businesses and is therefore generally a form of corporate tax. Tax in Qatar is governed by Law Decree No. (11) of 1993 on Income Tax (the "**1993 Tax Law**"). Under the 1993 Tax Law, tax is generally charged on profits and income arising from a taxable entity's activity in Qatar for each taxable year commencing on January 1 and ending on December 31. Under the 1993 Tax Law, taxable income in any taxable year of less than QR100,000 (US\$27,473) is exempt from tax. Taxable income in any taxable year in excess of QR100,000 (US\$27,473) is taxed at progressive rates ranging from 10.0% to 35.0%. The top marginal rate (highest rate) of 35.0% applies to taxable income in excess of QR5,000,000 (US\$1,373,626). Exemptions from tax may be granted either under the 1993 Tax Law or by the Emir by way of a law decree or a law.

The majority of the Government's tax revenues come in the form of income taxes and royalties from QP and its joint venture partners engaged in oil and gas production which are collected under a separate regime. Royalties are payable by QP on export sales at the rate of 20.0% of the invoice value of crude oil and refined products exports and 12.5% of the invoice value of gas products exports. In addition, tax is charged on QP's computed income derived from crude oil export sales at the rate of 85.0% of the invoice value of all export sales less deductions for the cost of operations, depreciation, amortization and royalties, and on gas products export sales at the rate of 50.0% of this computed income. The royalty and tax rates paid by QP's joint venture partners are set forth in the production agreements to which they are a party.

In November 2009, a new income tax law due to come into force in 2010 was announced by the Minister of Economy and Finance that will replace income determined tax brackets with a flat tax rate of 10.0%. Qatar is also participating in GCC-wide discussions about the introduction of a value added tax at the GCC level by 2012. Additionally, recently approved Law No. (13) of 2008 provides that 2.5% of the net annual profits of public corporations are to be collected by the Government and dedicated to the support of social, sporting, cultural and charitable activities.

Qatar's municipal authorities are funded out of the central Government's budget and do not levy local taxes, with the exception of a recently introduced municipal tax on residential rental contracts equal to 1.0% of annual rent.

The QFC intends to levy a tax on business profits of QFC-authorized entities of 10.0% from January 1, 2010. Generally, only local source business profits will be subject to tax in Qatar.

The State has entered into a number of double taxation agreements with other countries, currently totaling 33 effective treaties. It is expected that the State will continue to enter into similar agreements. In many of its treaties, the State has adopted the Organization for Economic Cooperation and Development ("**OECD**") standards regarding transparency and exchange of information.

Privatization

Although the Government believes that its various state-owned enterprises are well managed, efficient and profitable, it has been implementing a privatization program since the late 1990s in order to increase the involvement of the private sector in these enterprises. The privatization program is an important part of the Government's strategy for realizing economic development, upgrading the performance of companies and improving the standard of services. It is also aimed at increasing the financial efficiency of these companies, reducing administrative burdens, increasing economic growth, reducing the prices of commodities and services and enlarging the ownership base in the country. Many of

the 43 companies listed on the Qatar Exchange as of September 30, 2009 were listed as part of Qatar's privatization program. See "Monetary and Financial System—Qatar Exchange."

Key privatizations have included: the sale of the Ras Abu Fontas B power and water desalination facility in 1999 by the Government to Qatar Electricity and Water Company, one of the first private sector power and water producing companies in the region; the sale in 1998 of 45.0% of the share capital of Q-Tel; the listing on the Qatar Exchange in 2003 of Industries Qatar, which owns 75.0% of QAFCO, 80.0% of QAPCO, 100.0% of Qatar Steel and 50.0% of QAFAC; the establishment in 2004 of QGTC as a joint stock company listed on the Qatar Exchange owned 50.0% by the public and 50.0% by its founding shareholders; and QP's initial public offering of Gulf International Services Q.S.C. on the Qatar Exchange in 2008.

The Government intends to continue this privatization program in due course as part of its efforts to accelerate the development of Qatar's economic sectors and the diversification of Qatar's economy.

INDEBTEDNESS

The Government's total outstanding indebtedness as of October 31, 2009 was QR77,505.8 million (US\$21,292.8 million), with internal indebtedness of QR42,867.6 million (US\$11,776.8 million) or 55.3% of total indebtedness, and external indebtedness of QR34,638.2 million (US\$9,516.0 million), or 44.7% of total indebtedness, excluding the issue of the Bonds. Total indebtedness as of October 31, 2009 constitutes only 21.2% of Qatar's total nominal GDP in 2008.

The ability of the Government to incur indebtedness and provide guarantees in respect of indebtedness is addressed by Law No. (2) of 1962 (the "**Financial Policy Law**"), subsequent legislation and the Constitution. Law No. (18) of 2002 on Public Debt and Islamic Finance Notes (the "**Public Debt Law**") authorizes the State to borrow money and issue public debt and Islamic Finance notes. The Public Debt Law provides that the amount required to be borrowed and the rights to be granted to holders of the public debt and Islamic finance notes must be determined by a resolution of the Council of Ministers after consulting with the QCB. The Public Debt Law further provides that the nominal value of each of the public and Islamic finance debt notes, the objects and duration of the issuance, and the method in which the issuance is offered to lenders and subscribers inside and outside Qatar must be determined by the Minister of Economy and Finance after consulting with the QCB.

A decision of the Council of Ministers, No. (17) of 2008 (as amended) established the Committee for State Project Financing Policies, comprising of the Minister of Economy and Finance as chairman, a representative of Qatar Central Bank as deputy chairman, and representatives of the QIA and QP, to coordinate the Government's strategies and financing plans in the local and international financing markets.

The following table sets forth the Government's direct indebtedness as of March 31, 2004 to 2009 and as of October 31, 2009.

	As of March 31,					As of October 31,
	2005	2006	2007	2008	2009	2009
	<i>(in millions of US\$, except for percentages)</i>					
Total internal indebtedness⁽¹⁾	2,984.1	2,699.9	3,083.3	2,929.3	2,411.4	11,776.8⁽⁶⁾
% of nominal GDP ⁽²⁾	9.4%	6.4%	5.4%	4.1%	2.4%	11.7%
Total external indebtedness^{(3),(4)} . . .	4,003.2	3,833.2	3,441.3	3,319.1	4,798.5	9,516.0⁽⁷⁾
% of nominal GDP ⁽²⁾	12.6%	9.0%	6.1%	4.7%	4.8%	9.5%
Total indebtedness⁽⁴⁾	6,987.3	6,533.1	6,524.6	6,248.4	7,209.9	21,292.8
Total nominal GDP	31,734.1	42,462.9	56,770.3	71,041.5	100,407.4⁽⁵⁾	100,407.4⁽⁵⁾
% of nominal GDP ⁽²⁾	22.0%	15.4%	11.5%	8.8%	7.0%	21.2%

Notes:

- (1) Internal indebtedness means direct indebtedness of the Government incurred inside Qatar (excluding guarantees by the Government), regardless of the currency of denomination.
- (2) Indebtedness as a percentage of nominal GDP is calculated using nominal GDP figures on a calendar year basis and indebtedness for the fiscal year ending on March 31 of the following year. For example, indebtedness as of March 31, 2009 and October 31, 2009 is compared to nominal GDP for 2008.
- (3) External indebtedness means direct indebtedness of the Government incurred by the Government outside Qatar (excluding guarantees by the Government), regardless of the currency of denomination. Total indebtedness is in US dollars using a euro/US dollar conversion rate of €1.2697:US\$1.00.
- (4) Does not include the principal amount of the Bonds offered hereby.
- (5) This figure represents total nominal GDP for the year ended December 31, 2008.
- (6) The increase in the level of internal indebtedness is mainly due to the support given by the Government to the commercial banking sector in Qatar. See "Monetary and Financial System—Banking System—Commercial Banks."
- (7) The increase in external indebtedness since March 31, 2009 is due to the issuance of bonds in the aggregate principal amount of QR10,920 million (US\$3,000 million) along with the entering into of a commercial bank loan in the aggregate principal amount of QR10,920 million (US\$3,000 million).

Source: Ministry of Economy and Finance.

Qatar has never defaulted on any payment of principal of, or premium or interest on, any of its internal or external indebtedness. Overall, Qatar's stable economic situation has improved its credit ratings over the past decade. Through a series of increases, Qatar's long-term credit rating by Standard & Poor's has improved from BBB as of February 1996 to AA— as of March 2008, which was most recently confirmed in July 2009, with a stable outlook. Similarly, Qatar's foreign and local currency bond ratings by Moody's have

improved from Baa2 as of September 1999 to Aa2 as of December 2008, which were most recently confirmed in July 2009, with a stable outlook.

Internal Indebtedness

The internal indebtedness of the Government as of October 31, 2009 was QR42,867.6 million (US\$11,776.8 million), equivalent to approximately 11.7% of Qatar's total nominal GDP in 2008, an increase of 388% compared with total internal indebtedness of QR8,801.5 million (US\$2,411.4 million) as of March 31, 2009. The increase in the level of internal indebtedness is mainly due to the support given by the Government to the commercial banking sector in Qatar. See "Monetary and Financial System—Banking System—Commercial Banks." Internal indebtedness consists primarily of medium term bank loans from Qatari commercial banks (12.7% of total internal indebtedness as of October 31, 2009) and medium term domestic sovereign bonds issued by the QCB on behalf of the Government and also bank debt provided by the QCB (87.3% of total internal indebtedness as of October 31, 2009). Since March 31, 2009, the QCB has issued five medium term domestic sovereign bonds totaling QR25,123.3 million (US\$6,902.0 million).

Qatar borrowed funds from Qatari commercial banks not because of a need for funding, but primarily for the purposes of encouraging a local bank loan market. The QCB's domestic bond program is also primarily driven by the Government's desire to facilitate the development of Qatar's capital markets and develop a yield curve rather than out of a need for funding. The QCB has completed eight issues of domestic bonds on behalf of the Government since 1999 in a total principal amount of QR30,128.3 million (US\$8,277 million), of which QR30,127.5 million (US\$8,276.8 million) remained outstanding as of October 31, 2009. The domestic government bonds have three to five-year maturity terms with semi-annual coupon rates of between 5.0% and 8.0% with some bonds carrying a variable rate. Subscription of these bonds was generally restricted to local Qatari banks, but the latest issue was available to insurance companies, investment companies and semi-government enterprises. Except for the first issues, the proceeds of all issues were used to redeem the previous issues.

The following table sets forth a breakdown of the Government's direct internal indebtedness by creditor type as of March 31, 2005 to 2009 and as of October 31, 2009.

	As of March 31,					As of
	2005	2006	2007	2008	2009	October 31,
						2009
	(in millions of US\$)					
Medium term government bonds ⁽¹⁾	549.5	824.2	1,098.9	1,373.6	1,373.6	8,276.8
Medium term government loans ⁽²⁾	0	0	0	0	0	2,000.0
Medium term commercial bank indebtedness ⁽³⁾	2,279.7	1,745.7	1,583.5	1,155.7	924.6	1,386.8
Long term bank indebtedness ⁽⁴⁾	41.8	16.9	287.8	286.8	0	0
Islamic Murabaha ⁽⁵⁾	113.2	113.2	113.2	113.2	113.2	113.2
Total internal indebtedness⁽⁶⁾	<u>2,984.1</u>	<u>2,699.9</u>	<u>3,083.3</u>	<u>2,929.3</u>	<u>2,411.4</u>	<u>11,776.8</u>

Notes:

- (1) These domestic government bonds are issued by the QCB on behalf of the Government, are denominated in Qatari riyals and have three to five-year maturity terms with semi-annual coupon rates of between 5.0% and 8.0% with some bonds carrying a variable rate.
- (2) These are bank loans facilities from the QCB of variable terms, generally for one year carrying rates based on LIBOR with margins ranging from 4.0% to 5.0%.
- (3) These are bank loans facilities from the Qatar National Bank of variable terms, generally between one and three years carrying floating rates based on LIBOR with margins ranging from 0.26% to 2.25%.
- (4) These Qatar Islamic Bank facilities have fixed rates at 9.25% and between six and ten-year maturity terms.
- (5) This is a six-month renewable facility with Qatar International Islamic Bank.
- (6) This does not include the principal amount of the Bonds offered hereby.

Source: Ministry of Economy and Finance.

External Indebtedness

The external indebtedness of the Government as of October 31, 2009 was QR34,638.2 million (US\$9,516.0 million), equivalent to approximately 9.5% of Qatar's total nominal GDP in 2008, an increase of 98.3% compared with total external indebtedness of QR17,466.5 million (US\$4,798.5 million) as of

March 31, 2009. The increase in external indebtedness since March 31, 2009 is due to the issuance of bonds in the aggregate principal amount of QR10,920 million (US\$3,000 million) along with the entering into of a commercial bank loan in the aggregate principal amount of QR10,920 million (US\$3,000 million). External indebtedness primarily consists of long term bonds issued in 2000 and 2009 and medium term bank facilities. The long term bonds represent a total of QR16,601 million (US\$4,400 million), or 46% of estimated total external indebtedness as of October 31, 2009. The medium term bank facilities total QR18,622.4 million (US\$5,116.0 million), or 54% of estimated total external indebtedness as of October 31, 2009. All the Government's direct external indebtedness is denominated in US dollars with the exception of one bank loan facility denominated in euros. Historically, the Government's external indebtedness has been incurred to finance the budget deficits of previous fiscal years and to finance Qatar's infrastructure construction. More recently, the Government has accessed the international markets to refinance current indebtedness and obtain low cost financing for its infrastructure development program.

The following table sets forth a breakdown of the Government's direct external indebtedness by creditor type as of March 31, 2005 to 2009 and as of October 31, 2009.

	As of March 31,					As of
	2005	2006	2007	2008	2009	October 31, 2009
	<i>(in millions of US\$)</i>					
Banks and financial institutions ⁽¹⁾	1,359.5	1,291.4	994.1	919.1	2,398.5	5,116.0
Liabilities owed to suppliers ⁽²⁾	243.6	141.8	47.2	—	—	—
9.50% bonds due 2009 ⁽³⁾	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	—
9.75% bonds due 2030 ⁽⁴⁾	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0
5.15% bonds due 2014 ⁽⁵⁾	—	—	—	—	—	2,000.0
6.55% bonds due 2019 ⁽⁶⁾	—	—	—	—	—	1,000.0
Total external indebtedness⁽⁷⁾	<u>4,003.2</u>	<u>3,833.2</u>	<u>3,441.3</u>	<u>3,319.1</u>	<u>4,798.5</u>	<u>9,516.0</u>

Notes:

- (1) Figures relate to three loan facilities and one sukuk, which the Government has obtained from foreign commercial banks. The principal amount outstanding under the individual facilities is estimated to range, as of October 31, 2009, from QR258.8 million (US\$71.1 million) to QR10,920 million (US\$3,000 million). One facility has a fixed interest rate of 4.0%. Floating rates based on LIBOR or EURIBOR together with margins range from 0.38% to 1.0%. The maturities of these four facilities also vary, and the facility of QR10,920 (US\$3,000) is scheduled to mature in November 2010.
- (2) These facilities were provided by export-import banks of Japan and the United Kingdom as well as by electricity suppliers in Sweden and England. All of these facilities were repaid in the fiscal year ended March 31, 2007.
- (3) These bonds were issued in May 1999. The principal amount of these bonds was redeemed on May 21, 2009.
- (4) These bonds were issued in June 2000. The principal amount of these bonds is scheduled to be redeemed on June 15, 2030.
- (5) These bonds were issued in April 2009. The principal amount of these bonds is scheduled to be redeemed on June 15, 2014.
- (6) These bonds were issued in April 2009. The principal amount of these bonds is scheduled to be redeemed on June 15, 2019.
- (7) This does not include the principal amount of the Bonds offered hereby.

Source: Ministry of Economy and Finance.

The following table sets forth the Government's estimated projected obligations in respect of principal and annual payments of interest on the State's current outstanding direct external indebtedness for each of the five fiscal years ending March 31, 2014 (excluding payments on the Bonds offered hereby and assuming a LIBOR rate of 1.5%).

	Fiscal year ending March 31,				
	2010	2011	2012	2013	2014
	<i>(in millions of US\$)</i>				
Annual external indebtedness principal repayments	1,354.0	3,140.0	0.0	1,904.5	0.0
Annual external indebtedness interest repayments	365.4	348.8	305.0	305.0	305.0
Total external annual indebtedness repayments	<u>1,719.3</u>	<u>3,488.8</u>	<u>305.0</u>	<u>2,209.5</u>	<u>305.0</u>

Source: Ministry of Economy and Finance.

Qatar Petroleum Indebtedness and Other Indebtedness of State Owned Companies

QP and its subsidiaries and joint venture companies have also incurred significant indebtedness to finance the development and expansion of Qatar's LNG projects, power projects and other industrial enterprises. As of December 31, 2008, QP and its subsidiaries and joint venture companies had total

consolidated loans of QR67,836 million (US\$18,636 million). Moreover, certain QP group entities have entered into long-term charter agreements for LNG vessels and other finance leases. As of December 31, 2008, the aggregate present value of these lease payments was QR22,768.0 million (US\$6,254.9 million). In past years, the Government has guaranteed certain obligations of QP and its subsidiaries and joint venture companies to facilitate the development of the country's hydrocarbon infrastructure. All of this guaranteed indebtedness has since been paid down and none of the debt facilities directly guaranteed by the Government currently remains outstanding.

The Government has also guaranteed certain indebtedness of state owned companies, such as Qatar Airways (approximately QR15,953.8 million (US\$4,382.9 million) as of September 30, 2009) and has guaranteed the power purchase obligations of Kahramaa under the power purchase agreements Kahramaa has entered into with respect to certain electricity projects. See "Risk Factors—Risks Relating to Qatar—The current global financial crisis and economic downturn has had and may continue to have an impact on the financial condition of the State, including on Qatar's financial sector, and may expose the State to certain additional liabilities."

BALANCE OF PAYMENTS

General

Since 1999, Qatar has maintained a surplus in its balance of payments. In nominal terms, current account surpluses have almost doubled over the period from 2004 to 2008. The increase in these surpluses has been primarily due to the high prices obtained for oil and gas exports to East Asian economies that have, over the past five years, received just under 80.0% of Qatar's exports (in 2008, Japan, South Korea and Singapore received 33.8%, 21.5% and 11.5%, respectively, of total exports). The trade surplus has been maintained despite a significant increase in imports, and in net outflows from services and current transfers. In 2008, Qatar's outflows for services, official income and current transfers increased by 35.9% from QR38,022 million (US\$10,445 million) in 2007 to QR51,685 million (US\$14,198 million) in 2008. These outflows reflect payments for engineering and other services provided by foreign contractors in respect of LNG projects and other industrial development; the repatriation of profits by foreign companies, such as contractors operating under PSAs, and the joint venture partners of QP and its subsidiaries; the payment of interest on the public sector's external indebtedness; and remittances by the high number of expatriate workers in Qatar.

Despite the increase in net outflows, Qatar's net trade inflows outweighed such increase. In 2008, Qatar's net inflows increased by 34.2%, from QR80,793 million (US\$22,196 million) in 2007 to QR108,388 million (US\$29,777 million) in 2008. This increase mainly resulted from the increased value of crude oil exports due to higher oil prices, and the increased exports of condensates and refined petroleum products due to increased production. As a result, the current account reflected a surplus of QR51,685 million (US\$14,199 million) in 2008 compared to a surplus of QR38,022 million (US\$10,446 million) in 2007. The current account surplus resulted in an overall surplus in the balance of payments of QR43,413 million (US\$11,927 million) in 2008 compared to a surplus of QR46,092 million (US\$12,663 million) in 2007.

The following table sets forth an overview of Qatar's balance of payments for each of the five years ended December 31, 2008.

	Year ended December 31,				
	2004	2005	2006	2007	2008
	<i>(in millions of QR)</i>				
Current account:					
Trade balance (commodities):					
Exports (including re-exports)	68,012	93,773	123,945	152,951	199,880
Imports (FOB)	(19,691)	(32,992)	(53,911)	(72,158)	(91,492)
Total trade balance (commodities)	48,321	60,781	70,034	80,793	108,388
Services	(4,468)	(3,362)	(10,059)	(13,561)	(13,819)
Income	(8,160)	(20,805)	(11,941)	(15,431)	(24,614)
Current transfers	(8,205)	(9,380)	(13,604)	(13,779)	(18,270)
Total current account	27,488	27,234	34,430	38,022	51,685
Capital and financial account	(4,861)	(4,321)	(20,339)	1,980	1,425
Errors and omissions	(8,333)	(6,594)	5,709	6,090	(9,697)
Balance of payments surplus	14,294	16,319	19,800	46,092	43,413

Source: Qatar Central Bank.

Foreign Trade

Qatar has been a contracting party to the GATT since April 1994, and has been an original member of the WTO since 1996. Qatar has not been involved in any dispute under the WTO Dispute Settlement Mechanism, either directly or as a third party. In 2001, Qatar hosted the Fourth Ministerial Conference of the WTO, where the Doha Development Agenda was launched. As a result of its participation in the GCC Customs Union, Qatar has been applying the GCC unified customs tariff since January 2003. A free trade agreement between the GCC and Singapore was signed in December 2008, and negotiations on a free trade agreement between the GCC and the European Free Trade Association were finalized in April 2008. In March 1988, the EU and member states of the GCC signed a cooperation agreement and negotiations on a free trade agreement are at an advanced stage, although according to media reports, the GCC announced in December 2008 that it had suspended the negotiations until the EU agrees to sign the latest draft agreement. In March 2004, Qatar and the United States signed a trade and investment framework

agreement. Qatar's principal trading partners include Japan, South Korea, Singapore, the United States and EU countries, such as Spain and Germany.

Qatar's foreign trade has grown significantly in recent years due to ongoing and completed oil, gas, industrial and infrastructure-related projects. The trade balance increased from QR80,793 million (US\$22,196 million) in 2007 to QR108,388 million (US\$29,777 million) in 2008, an increase of 34.2%. In 2008, the export and import of goods amounted to QR304,403 million (US\$83,627 million), which constituted 83.3% of total nominal GDP. The current account surplus, which was 14.1% of total nominal GDP in 2008, reflects a strong export performance that balanced out the sizeable growth in imports and in net services and transfers.

The following table sets forth an overview of Qatar's trade balance for each of the five years ended December 31, 2008.

	Year ended December 31,				
	2004	2005	2006	2007	2008 ⁽¹⁾
	<i>(in millions of QR)</i>				
Trade balance:					
Exports ⁽²⁾ :					
Hydrocarbon:					
Crude oil	31,046	42,093	52,562	77,864	—
LNG	23,497	18,864	29,533	29,948	—
Propane, butane ⁽³⁾	n/a	2,806	4,208	5,886	—
Condensates ⁽³⁾	n/a	10,035	13,588	23,911	—
Refined petroleum products	4,272	4,656	5,609	7,269	—
Total hydrocarbon	58,815	78,454	105,500	144,878	—
Non-hydrocarbon:					
Petrochemicals	1,756	4,588	7,011	3,638	—
Others	7,441	10,731	11,434	4,435	—
Total non-hydrocarbon	9,197	15,319	18,445	8,073	—
Total exports⁽²⁾	68,012	93,773	123,945	152,951	199,880
Imports:					
Total imports (FOB)	(19,691)	(32,992)	(53,911)	(72,158)	(91,492)
Total trade balance	48,321	60,781	70,034	80,793	108,388

Notes:

(1) Only the figures included below for 2008 are currently available from the QCB.

(2) Including re-exports, as calculated by the QCB.

(3) The QCB did not collect relevant data prior to 2005.

Source: Qatar Central Bank.

Exports

Between 2004 and 2008, the CAGR of Qatar's exports (excluding re-exports, as calculated by the QSA) was 31.8%, with total exports reaching a new high of QR202,847 million (US\$55,727 million) in 2008, a 34.3% increase from 2007. While the majority of export earnings were generated by crude oil, which raised a total of QR93,769 million (US\$25,761 million) in 2008, or 46.2% of total exports, as calculated by the QSA, LNG has become an increasingly important component of Qatar's exports. Exports of LNG reached QR58,783 million (US\$16,149 million) in 2008, representing 40.4% of total exports, as calculated by the QSA. The remainder of total export earnings was primarily generated from the sale of petrochemicals and fertilizers, along with smaller contributions from the sale of iron and steel.

Qatar's leading export trade partner in 2008, and for a number of years previously, was Japan, which accounted for 33.8% of Qatar's total exports. In 2008, 80.4% of Qatar's total exports went to Asian countries, with South Korea and Singapore as the two other main trading partners.

The following table sets forth the destination of exports (by country, excluding re-exports) from Qatar for each of the five years ended December 31, 2008.

Country	Year ended December 31,									
	2004		2005		2006		2007		2008	
	Value	%	Value	%	Value	%	Value	%	Value	%
Asian countries:⁽¹⁾										
Japan	28,312.8	42.2	37,502.3	40.7	51,382.6	42.0	62,033.0	41.1	68,609.7	33.8
South Korea	10,676.8	15.9	14,770.9	16.0	17,197.9	14.1	26,694.2	17.7	43,521.8	21.5
Singapore	6,167.1	9.2	7,657.9	8.3	11,679.8	9.5	17,267.4	11.4	23,345.0	11.5
Other	12,321.2	18.3	16,979.0	18.4	22,386.6	18.3	30,290.6	22.2	27,652.7	13.6
Total	57,477.9	85.6	76,910.1	83.4	102,646.9	83.9	136,285.2	90.2	163,129.2	80.4
European countries:										
Belgium	7.5	0.0	56.5	0.1	338.7	0.3	2,179.1	1.4	4,975.5	2.5
Spain	1,257.8	1.9	892.2	1.0	3,041.9	2.5	3,406.3	2.3	4,927.7	2.4
Netherlands	33.9	0.1	566.4	0.6	725.2	0.6	464.9	0.3	58.4	0.0
Other	576.7	0.9	424.5	0.5	505.0	0.4	697.6	0.5	1,231.6	0.6
Total	1,875.9	2.8	1,939.5	2.1	4,610.3	3.8	6,747.9	4.5	11,193.2	5.5
Oceania:										
New Zealand	249.6	0.4	439.6	0.5	674.7	0.6	1,029.8	0.7	3,943.6	1.9
Australia	579.1	0.9	482.6	0.5	731.1	0.6	705.3	0.5	—	—
Other	0.0	0.0	0.3	0.0	0.2	0.0	0.1	0.0	—	—
Total	828.7	1.2	922.5	1.0	1,406.0	1.1	1,735.3	1.1	3,943.6	1.9
Americas:										
United States	854.6	1.3	1,133.4	1.2	492.3	0.4	993.0	0.7	221.0	0.1
Other	131.8	0.2	97.1	0.1	78.8	0.0	491.9	0.3	0.1	0.0
Total	986.5	1.5	1,230.5	1.3	571.1	0.4	1,485.0	1.0	221.1	0.1
Africa and any other countries:										
South Africa	281.1	0.4	580.7	0.6	485.4	0.4	441.4	0.3	174.3	0.1
Other	713.5	0.0	650.4	0.7	599.0	0.5	428.1	0.3	13.4	0.0
Total	994.6	1.5	1,231.2	1.3	1,084.4	0.9	869.5	0.6	187.8	0.1
Not Stated Countries:	4,998.7	7.4	9,999.9	10.8	12,083.0	9.9	3,902.4	2.6	24,172.0	12.0
Total (net)⁽²⁾	67,162.3	100.0	92,233.6	100.0	122,401.7	100.0	151,025.2	100.0	202,846.9	100.0

Notes:

(1) Including Arab countries.

(2) Excluding re-exports, as calculated by the QSA.

Source: Qatar Statistics Authority.

Imports

Between 2004 and 2008, total imports into Qatar have increased more than three times as a result of improved economic conditions and Qatar's expansion of hydrocarbon production. Qatar's imports (calculated by Cost, Insurance and Freight ("CIF")) increased by 19.1% in 2008 to QR101,556 million (US\$27,900 million) from QR85,284 million (US\$23,430 million) in 2007. A large percentage of Qatar's imported items are machinery and metals required for the expansion of Qatar's hydrocarbon industry. Spending on non-oil construction materials for residential and infrastructure also increased. Imports of consumer durables were also high, reflecting the rise in personal wealth in Qatar.

Qatar's main import trade partner in 2008 was Japan, accounting for 9.6% of Qatar's total imports. The two other main sources of imports into Qatar were the United States and Germany, which accounted for 9.0% and 8.4% of Qatar's total imports, respectively.

The following table sets forth the composition of imports (by CIF) to Qatar for each of the five years ended December 31, 2008.

	Year ended December 31,									
	2004		2005		2006		2007		2008	
	Value	%	Value	%	Value	%	Value	%	Value	%
	<i>(in millions of QR)</i>									
Base metals and articles	2,717.1	12.4	6,160.5	16.8	11,764.1	19.7	16,158.7	20.2	20,012.2	19.7
Machinery and mechanical appliances	4,631.7	21.2	12,176.0	33.2	21,593.5	36.1	31,599.9	39.5	37,996.7	37.4
Vehicles, aircraft, vessels and associated transport equipment . . .	7,647.2	35.0	5,808.6	15.9	9,448.7	15.8	11,027.0	13.8	14,941.0	14.7
Other ⁽¹⁾	6,860.2	31.4	12,475.9	34.1	17,034.8	28.5	21,300.4	26.6	28,606.4	28.2
Total	21,856.2	100.0	36,621.0	100.0	59,845.9	100.0	85,283.6	100.0	101,556.3	100.0

Note:

(1) Other includes live animals and animal products, vegetable products, prepared foodstuffs, beverages and tobacco, mineral products, products of chemical or allied industries, plastics and rubber, raw hides and skins, wood articles, wood pulp, textile and textile products, footwear, headgear, articles of stone, pearls, precious or semi-precious stones, precious metals, optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus, arms and ammunition and miscellaneous manufactured articles.

Source: Qatar Central Bank.

The following table sets forth the origin of imports (by country, CIF) to Qatar for each of the five years ended December 31, 2008.

Country	Year ended December 31,									
	2004		2005		2006		2007		2008	
	Value	%	Value	%	Value	%	Value	%	Value	%
	<i>(in millions of QR)</i>									
Asian countries:⁽¹⁾										
Japan	1,141.4	5.2	4,263.0	11.6	7,182.8	12.0	8,596.8	10.0	9,785.1	9.6
People's Republic of China . .	668.3	3.1	1,892.3	5.2	3,482.8	5.8	4,974.8	5.8	7,326.6	7.2
South Korea	408.9	1.9	1,657.8	4.5	3,278.4	5.5	5,182.8	6.1	5,577.3	5.5
Other	6,075.5	27.8	9,804.3	26.8	15,156.1	25.3	22,951.8	26.9	29,301.5	28.9
Total	8,294.1	38.0	17,617.4	48.1	29,100.19	48.6	41,706.2	48.8	51,990.52	51.2
European countries:										
Germany	1,148.9	5.3	3,361.9	9.2	5,581.0	9.3	6,619.8	7.8	8,527.1	8.4
Italy	740.3	3.4	2,364.7	6.5	5,543.3	9.3	8,855.4	10.4	7,473.6	7.4
United Kingdom	1,119.3	5.1	2,096.3	5.7	2,985.0	5.0	4,140.9	4.9	4,773.4	4.7
Other	7,533.0	34.5	5,200.8	14.2	7,929.8	13.3	11,121.3	13.0	15,571.2	15.3
Total	10,541.5	48.2	13,023.7	35.6	22,039.1	36.9	30,737.4	36.1	36,345.3	35.8
Americas:										
United States	2,102.0	9.6	4,232.4	11.6	5,899.6	9.9	9,561.1	11.2	9,168.6	9.0
Other	478.6	2.2	908.8	2.5	1,394.6	2.3	1,508.9	1.8	1,986.2	2.0
Total	2,580.6	11.8	5,141.2	14.0	7,294.1	12.2	11,070.0	13.0	11,154.8	11.0
Oceania										
Australia	250.3	1.1	450.9	1.2	757.8	1.3	917.9	1.1	883.3	0.9
Other	15.5	0.1	42.6	0.1	59.8	0.1	73.7	0.1	124.7	0.1
Total	265.8	1.2	493.5	1.3	817.5	1.4	991.6	1.2	1,008.0	1.0
Africa										
South Africa	51.2	0.2	90.0	0.2	129.5	0.2	195.5	0.2	328.8	0.3
Other	121.2	0.6	254.8	0.7	460.8	0.8	581.5	0.7	728.8	0.7
Total	172.4	0.8	344.8	0.9	590.3	1.0	777.0	0.9	1,057.6	1.0
Unstated Countries:	1.8	0.0	0.4	0.0	4.8	0.0	1.5	0.0	0.1	0.0
Total (net)	21,856.2	100.0	36,621.0	100.0	59,845.9	100.0	85,283.5	100.0	101,556.3	100.0

Note:

(1) Including Arab countries.

Source: Qatar Statistics Authority.

Tariffs and Customs

In accordance with the GCC Customs Union outlined in Law No. (40) of 2002, goods imported into Qatar are subject to a customs duty specified in the GCC unified customs tariff. Law No. (41) of 2002 implements the GCC unified customs tariff, which imposes a 5.0% tariff on the CIF invoice value of most imported products. The GCC unified customs tariff has allowed exemptions for approximately 400 goods, including certain basic food products. Tobacco and manufactured tobacco substitutes are subject to a customs duty of at least 100.0%.

Qatar is a member of the Greater Arab Free Trade Area (“**GAFTA**”) pursuant to which Qatar eliminated customs duties on certain products from GAFTA member states in 2005.

Capital and Financial Account

In 2008, Qatar’s combined capital and financial account recorded a surplus of QR1,425 million (US\$391 million) compared to a balance of QR1,980 million (US\$544 million) in 2007, which followed the surplus recorded in 2007 of QR1,980 million (US\$544 million).

Over the last five years, the capital account has increased steadily, whereas the financial account has been volatile. Following minor movements in the financial account between 2003 and 2005, in 2006, the financial account increased by more than 10 times, which was partly due to capital flowing into Qatar’s rapidly expanding economy. Although Qatar experienced large speculative inflows during 2007 and the first half of 2008, the financial account showed only a moderate increase from 2007 to 2008.

The following table sets forth Qatar’s capital and financial account balances as of each of the five years ended December 31, 2008.

	Year ended December 31,				
	2004	2005	2006	2007	2008
	<i>(in millions of QR)</i>				
Capital account balance	(2,004)	(2,742)	(3,608)	(4,118)	(4,949)
Financial account balance	(2,857)	(1,579)	(16,731)	6,098	6,374
Capital and financial account balance	(4,861)	(4,321)	(20,339)	1,980	1,425

Source: Qatar Central Bank.

Foreign Investment

Qatar has taken steps to increase the attractiveness of foreign direct investment, including the enactment of Law No. (13) of 2000, as amended (the “**Foreign Investment Law**”), which permits up to 49.0% foreign participation in most sectors of Qatar’s economy. In addition, foreign participation of up to 100.0% is permitted in certain sectors of the economy with the approval of the Minister of Business and Trade, including agriculture, health, education, tourism, development and exploitation of natural resources, energy and mining. The Foreign Investment Law also permits foreign investment in the banking and insurance sectors with the approval of the Council of Ministers. Non-Qatari nationals are permitted to own up to 25.0% of the share capital of companies listed on the Qatar Exchange (and more than 25.0% with the approval of the Council of Ministers).

The Foreign Investment Law also provides foreign investors with certain fiscal incentives such as an income tax exemption for up to ten years with Government approval and the ability to make transfers in respect of their investments freely in and out of Qatar. The Government is currently considering a proposal to open most sectors of the economy to foreign participation of up to 100.0%.

Foreign investment is not permitted in commercial agencies or generally in real estate. However, in 2004, Qatar passed legislation to permit foreigners to own residential property in designated areas, including the Pearl of the Gulf Island, the West Bay Lagoon project and the Al Khor Resort project. This legislation also permits GCC citizens to own property, and other foreigners to obtain usufruct rights for 99 years, in certain areas designated by the Council of Ministers.

In 2005, the QFC was created by the Government as an integral part of the development and diversification of Qatar’s economy. The legal and regulatory environment of the QFC is based on international standards and is designed to enable global firms to operate seamlessly as onshore institutions in Qatar and in the region generally. See “Monetary and Financial System—Qatar Financial Centre.”

In November 2009, the Minister of Economy and Finance announced plans to lower corporate taxes for foreign companies to a flat rate of 10.0%. Currently, there is a seven-tier system of corporate taxes with rates ranging from 0.0% to 35.0%, depending on the amount of revenue generated. These changes are scheduled to come into effect in 2010 and have the stated aim of encouraging greater direct foreign investment into Qatar. This is part of a broad plan to diversify the Qatari economy to decrease reliance on oil and gas revenues, which accounted for approximately 60.8% of total nominal GDP in 2008 and approximately 44.8% of total nominal GDP for the six-month period ended June 30, 2009.

Foreign Reserves

The following table sets forth the net foreign reserves held by the QCB (excluding certain assets contained in Qatar's foreign investment portfolio managed by the QIA) for each of the five years ended December 31, 2008.

	As of December 31,				
	2004	2005	2006	2007	2008
	<i>(in millions of QR)</i>				
Foreign reserves	12,225	16,580	19,694	34,747	35,790

Source: Qatar Central Bank.

The foreign reserves held by the QCB are held primarily in the form of bonds issued or guaranteed by other governments with maturities of less than 10 years, and are maintained at a level at least equal to 100.0% of the Qatari riyals issued by the QCB at any time.

TERMS AND CONDITIONS OF THE BONDS

The following is the text of the terms and conditions of the Bonds which, subject to amendment, will be endorsed on each Certificate (as defined below) and will be attached and (subject to the provisions thereof) apply to each Global Bond:

The US\$3,500,000,000 4.00% Bonds due 2015 (the “**2015 Bonds**”), the US\$2,500,000,000 5.25% Bonds due 2020 (the “**2020 Bonds**”) and the US\$1,000,000,000 6.40% Bonds due 2040 (the “**2040 Bonds**”) and, together with the 2015 Bonds and the 2020 Bonds, the “**Bonds**”, and any reference to a “**series**” of Bonds or to Bondholders (as defined in Condition 1(b) below) shall be a reference to the 2015 Bonds, the 2020 Bonds or the 2040 Bonds or to their respective holders, as the case may be) of the State of Qatar, acting through the Ministry of Economy and Finance (the “**Issuer**”), were authorized, subject (solely in the case of the 2040 Bonds) to the amendment of Law No. 18 of 2002 (the “**Amendment**”) and the further amendment of the amended Decision of the Minister of Economy and Finance No. (21) of 2009, both of which will take effect on or before November 23, 2009, by the Council of Ministers’ Resolution No. (43) of 2008, as amended by the Council of Ministers’ Resolution No. (12) of 2009, and the Decision of the Minister of Economy and Finance No. (21) of 2009 dated November 12, 2009, as amended by the Decision of the Minister of Economy and Finance No. (22) of 2009 dated November 17, 2009, and as further amended by the Decision of the Minister of Economy and Finance, which will be issued promptly after the approval of the Amendment and take effect on or before November 23, 2009.

A fiscal agency agreement dated November 24, 2009 (the “**Fiscal Agency Agreement**”) has been entered into in relation to the Bonds between the Issuer and Citibank, N.A., as fiscal and principal paying agent, registrar and transfer agent (the “**Fiscal Agent**,” “**Registrar**” and “**Transfer Agent**,” respectively). Any reference herein to the 2015 Bonds includes any further 2015 Bonds issued pursuant to Condition 13 and forming a single series with the 2015 Bonds, any reference herein to the 2020 Bonds includes any further 2020 Bonds issued pursuant to Condition 13 and forming a single series with the 2020 Bonds, and any reference herein to the 2040 Bonds includes any further 2040 Bonds issued pursuant to Condition 13 and forming a single series with the 2040 Bonds.

In these Conditions, the Fiscal Agent and any other paying agents appointed pursuant to the Fiscal Agency Agreement are together referred to as the “**Paying Agents**,” and the Transfer Agent and any other transfer agent appointed pursuant to the Fiscal Agency Agreement are together referred to as the “**Transfer Agents**.” References to the Fiscal Agent, the Paying Agents, the Registrar or the Transfer Agents shall include any successors appointed from time to time in accordance with the provisions of the Fiscal Agency Agreement, and any reference to an “**Agent**” or “**Agents**” shall mean any or all (as applicable) of such persons.

Copies of the Fiscal Agency Agreement are available for inspection during usual business hours at the principal office of the Fiscal Agent (presently at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB) and at the specified offices of each of the other Agents. The Bondholders are bound by, and are deemed to have notice of, the provisions of the Fiscal Agency Agreement.

References to “**Conditions**” are, unless the context otherwise requires, to the numbered paragraphs of these Conditions.

1. Form, Denomination and Title

(a) Form and Denomination

The Bonds are in registered form, without interest coupons attached, in a minimum denomination of US \$100,000 or any amount in excess thereof which is an integral multiple of US\$1,000, both in the case of Bonds (“**Unrestricted Bonds**”) offered and sold in transactions outside the United States in reliance on Regulation S under the United States Securities Act of 1933 (the “**Securities Act**”), and in the case of Bonds (“**Restricted Bonds**”) offered and sold in the United States in reliance on Rule 144A under the Securities Act (each an “**authorized denomination**”). A certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding or holdings of Bonds. Each Certificate issued in

respect of a registered holding of Bonds will be numbered serially with an identifying number which will be recorded in the register relating to the Bonds which the Issuer shall procure to be kept by the Registrar (the “**Register**”).

(b) Title

Title to the Bonds will pass by and upon registration in the Register. In these Conditions, “**Bondholder**” means the Person (as defined in Condition 4) in whose name a Bond is registered in the Register (or, in the case of joint holders, the first named thereof). The holder of any Bond will (except as otherwise requested by such holder in writing, or as otherwise ordered by a court of competent jurisdiction or required by law) be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or any interest therein, any writing thereon by any Person (other than a duly executed transfer thereof in the form endorsed thereon) or any notice of any previous theft or loss thereof, and no Person will be liable for so treating the holder.

2. Transfer of Bonds and Issue of Bonds

(a) Transfer

Subject to Conditions 2(d) and (e), a Bond may be transferred in whole or in part in an authorized denomination upon the surrender of the Certificate representing that Bond, together with the form of transfer (including any certification as to compliance with restrictions on transfer included in such form of transfer) endorsed thereon (the “**Transfer Form**”) duly completed and executed, at the specified office of the Registrar or any Transfer Agent (which shall include a Transfer Agent in Luxembourg, so long as the Bonds are listed on the Luxembourg Stock Exchange), together with such evidence as the Registrar or, as the case may be, such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the persons who have executed the Transfer Form. In the case of a transfer of part only of the Bonds represented by a Certificate, neither the part transferred nor the balance not transferred may be less than the applicable authorized denomination; a new Certificate in respect of the part transferred will be issued to the transferee and a new Certificate in respect of the balance not so transferred will be issued to the transferor.

(b) Delivery

Each new Certificate to be issued upon a transfer of any Bonds will, within five business days of the request for transfer being duly made, be delivered at the specified office of the Registrar or, as the case may be, any Transfer Agent or (at the request and the risk of such transferee) be mailed by uninsured post to such address as the transferee entitled to the Bonds represented by such Certificate may have specified. In this Condition 2(b), “**business day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign currencies) in the cities in which the Registrar and any such Transfer Agent have their respective specified offices.

(c) No Charge

Registration of transfers of Bonds will be effected without charge to the holder or transferee thereof, but upon payment (or against such indemnity from the holder or the transferee thereof as the Registrar or the relevant Transfer Agent may reasonably require) in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such registration of transfer.

(d) Closed Periods

No Bondholder may require the transfer of a Bond to be registered during the period of 15 calendar days ending on the due date for any payment of principal in respect of such Bond.

(e) Regulations Concerning Transfer and Registration

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer to reflect changes in legal requirements or in any other manner which is not prejudicial to the interests of Bondholders with the prior written approval of the Registrar. A copy of the current regulations will be sent by the Registrar to any Bondholder who so requests.

3. Status

The Bonds constitute direct, general, unconditional, unsubordinated and, subject to Condition 4, unsecured obligations of the Issuer, and the full faith and credit of the Issuer is pledged for the due and punctual payment thereof and for the performance of all obligations of the Issuer with respect thereto. The Bonds of each series shall at all times rank *pari passu* without any preference among themselves and at least *pari passu* in all respects with all other present and future unsecured and unsubordinated obligations of the Issuer.

4. Negative Pledge and Covenants

(a) *Negative Pledge*

So long as any of the Bonds remains outstanding (as defined in the Fiscal Agency Agreement), except as set forth below, the Issuer will not create or permit to subsist any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or arrangement having a similar effect (any of the foregoing, a "**Lien**") upon the whole or any part of its existing or future assets or revenues to secure any External Indebtedness of the Issuer or any other Person or any guarantee or indemnity thereof unless, at the same time or prior thereto, the obligations of the Issuer under the Bonds and the Fiscal Agency Agreement are secured equally and ratably therewith or as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Bondholders; provided, however, that the foregoing shall not apply to:

- (i) any Lien upon property incurred for the purpose of financing the acquisition or construction of such property or any renewal or extension of any such Lien which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing;
- (ii) any Lien existing on any property at the time of its acquisition and any renewal or extension of any such Lien which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing;
- (iii) any Lien in existence on November 17, 2009;
- (iv) any Lien arising in the ordinary course of banking transactions and securing the indebtedness of the Issuer maturing not more than one year after the date on which it is originally incurred;
- (v) any Lien arising by operation of law; and
- (vi) any Lien incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of a project, provided that the property over which such Lien is granted consists solely of the assets and revenues of such project (including, without limitation, royalties and other similar payments accruing to the Government of the State of Qatar generated by the relevant project).

(b) *Covenants*

So long as any Bonds remain outstanding, the Issuer shall duly obtain and maintain in full force and effect all governmental approvals (including any exchange control and transfer approvals) which, as a result of any change in, or amendment to, the laws or regulations in the State of Qatar ("**Qatar**"), which change or amendment takes place after November 17, 2009, are necessary or advisable under the laws of Qatar for the execution, delivery and performance of the Bonds by the Issuer or for the validity or enforceability of the Bonds and duly take all necessary and advisable governmental and administrative action in Qatar in order to make all payments to be made under the Bonds as required by these Conditions.

(c) *Definitions*

In these Conditions:

"**External Indebtedness**" means all obligations and guarantees or indemnities in respect of obligations for moneys borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments) denominated or payable, or which at the option of the relevant creditor or holder thereof may be payable, in a currency other than the lawful currency of Qatar.

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organization, trust or any other juridical entity, including, without limitation, state or agency of a state or other entity, whether or not having separate legal personality.

5. Interest

Each 2015 Bond bears interest from November 24, 2009 at the rate of 4.00% per annum, payable semi-annually in arrear on January 20 and July 20 in each year (each, an **“Interest Payment Date”**) until (and including) the 2015 Maturity Date (as defined in Condition 6(a) below), commencing on January 20, 2010. Each 2020 Bond bears interest from November 24, 2009 at the rate of 5.25% per annum, payable semi-annually in arrear on the Interest Payment Dates until (and including) the 2020 Maturity Date (as defined in Condition 6(a) below), commencing on January 20, 2010. Each 2040 Bond bears interest from November 24, 2009 at the rate of 6.40% per annum, payable semi-annually in arrear on the Interest Payment Dates until (and including) the 2040 Maturity Date (as defined in Condition 6(a) below), commencing on January 20, 2010. For all the series of Bonds, the payment on the first Interest Payment Date shall be in respect of interest accrued from and including November 24, 2009 to but excluding January 20, 2010. Interest will be paid subject to and in accordance with the provisions of Condition 7.

Each Bond will cease to bear interest from (and including) the due date for redemption unless, after surrender of such Bond, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at the rate specified above (after as well as before any judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (b) the day which is seven days after notice has been given to the Bondholders that the Fiscal Agent has received all sums due in respect of the Bonds up to such seventh day (except, in the case of payment to the Fiscal Agent, to the extent that there is any subsequent default in payment in accordance with these Conditions).

If interest is required to be calculated for a period of less than six months, it will be calculated on the basis of a year of 360 days consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.

6. Redemption, Purchase and Cancellation

(a) *Final Redemption*

Unless previously purchased and cancelled, each 2015 Bond will be redeemed at its principal amount on January 20, 2015 (the **“2015 Maturity Date”**), each 2020 Bond will be redeemed at its principal amount on January 20, 2020 (the **“2020 Maturity Date”**) and each 2040 Bond will be redeemed at its principal amount on January 20, 2040 (the **“2040 Maturity Date”**, and, together with the 2015 Maturity Date and the 2020 Maturity Date, the **“Maturity Dates”**), subject as provided in Condition 7.

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

Any series of Bonds may be redeemed by the Issuer, in whole or in part, at any time without the consent of the relevant series of Bondholders at a redemption price equal to the greater of:

- (i) the outstanding principal amount of the relevant series of Bonds being redeemed plus accrued but unpaid interest, if any, plus accrued additional amounts payable pursuant to Condition 8, if any, thereon up to but excluding the date fixed for redemption (the **“Redemption Date”**); and
- (ii) an amount equal to the sum of the net present value of the then remaining scheduled payments of principal and interest (but excluding that portion of any scheduled payment of interest that is actually due and paid on the Redemption Date) on the relevant series of Bonds being redeemed, discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate for such Bonds being redeemed plus 50 basis points (the **“Make-Whole Amount”**).

The Issuer shall make such calculations in good faith, which calculations shall be conclusive in the absence of manifest error.

The Issuer shall notify the Fiscal Agent by fax or letter of an optional redemption under this Condition 6(b) at least 30 calendar days but not more than 60 calendar days prior to the Redemption Date specified in such notice. The Fiscal Agent shall, promptly upon receipt of such notice from the Issuer, give notice of such optional redemption pursuant to this Condition 6(b), at the expense of the Issuer, to the relevant

series of Bondholders in accordance with Condition 14. Notice of redemption having been given as aforesaid, and the conditions, if any, set forth in such notice having been satisfied, the relevant series of Bonds or portions thereof so to be redeemed shall on the Redemption Date become due and payable, and from and after such date such Bonds or portions thereof shall cease to bear interest.

In this Condition 6(b):

“Business Day” means a day (other than a Saturday or Sunday) on which commercial banks are open for business in London and New York City.

“Treasury Rate” shall mean the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days (but not more than five Business Days) prior to the relevant Redemption Date (or, if such Statistical Release is not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the Redemption Date to the Maturity Date applicable to the relevant series of Bonds; provided, however, that if the period from the Redemption Date to such Maturity Date is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the Redemption Date to such Maturity Date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

(c) Purchase and Cancellation

The Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any Bonds so purchased may be held or, subject to the provisions of the final sentence of this Condition 6(c), resold or, at the discretion of the Issuer, surrendered to the Fiscal Agent for cancellation. Any Bonds so cancelled will not be reissued or resold. Any purchase of Bonds by tender shall be made to all Bondholders of the relevant series of Bonds alike. The Bonds so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 9 or 12(a). The Issuer shall use its best endeavors to ensure that no Bond acquired by it or by any affiliate (as defined in Rule 144 under the Securities Act) of it is resold by the acquirer, except to the Issuer or any affiliate (as so defined) of the Issuer, unless, upon completion of such sale, such Bond would not be a restricted security within the meaning of Rule 144 under the Securities Act.

7. Payments

(a) Principal

Payment of principal and interest due other than on an Interest Payment Date will be made by transfer to the registered account of the Bondholder or if (i) it does not have a registered account or (ii) the principal amount of Bonds held by such person is less than US\$250,000, by US dollar check drawn on a bank in New York City mailed to the holder (or to the first named of joint holders) of such Bond at the address appearing in the Register by uninsured mail at the risk of the Bondholder. Such payment will only be made upon surrender of the relevant Certificate at the specified office of any of the Paying Agents.

(b) Interest

Payments of interest (other than interest due on redemption) in respect of each Bond will be made by US dollar check drawn on a bank in New York City and mailed to the holder (or to the first named of joint holders) of such Bond at the address appearing in the Register by uninsured mail at the risk of the Bondholder not later than the due date for such payment. For the purposes of this Condition 7(b), the holder of such Bond will be deemed to be the Person shown as the holder (or the first named of joint holders) on the Register on the fifteenth day before the due date for such payment.

Upon application by the holder of a Bond to the specified office of the Registrar not less than 15 days before the due date for the payment of any interest (other than interest due on redemption) in respect of such Bond, such payment will be made by transfer to a US dollar account maintained by the payee with a bank in New York City. Any such application for transfer to a US dollar account shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Bonds which

become payable to the Bondholder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such Bondholder.

Payment of the interest due in respect of each Bond on redemption will be made in the same manner as payment of the principal amount of such Bond.

(c) Payments Subject to Fiscal Laws

All payments of principal and interest in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 8.

(d) Commissions

No commissions or expenses shall be charged to the Bondholders in respect of any payments of principal or interest in respect of the Bonds.

(e) Payments on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a business day, for value the first following day which is a business day) will be initiated (i) on the later of the business day on which the relevant Certificate is surrendered at the specified office of any of the Paying Agents and the due date for payment (in the case of principal and interest due other than on an Interest Payment Date) and (ii) on the due date for payment (in the case of interest due on an Interest Payment Date).

Where payment is to be made by check, the check will be mailed (i) on the later of the business day on which the relevant Certificate is surrendered at the specified office of any of the Paying Agents and the business day preceding the due date for payment (in the case of principal and interest due other than on an Interest Payment Date) and (ii) on the business day preceding the due date for payment (in the case of interest due on an Interest Payment Date).

In this Condition 7, “**business day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for business in London and New York City and, in the case of a surrender of a Certificate, in the place where the Certificate is surrendered.

(f) Delay in Payments

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving any amount due in respect of any Bond as a result of (i) the due date not being a business day, (ii) the Bondholder being late in surrendering its Certificate (if required to do so) or (iii) a check mailed in accordance with this Condition 7 arriving after the due date for payment or being lost in the mail.

(g) Partial Payments

If at any time a partial payment is made in respect of any Bond, the Registrar shall endorse the Register with a statement indicating the amount and date of such payment.

(h) Agents

The initial Agents and their initial specified offices are listed below. Any of the Agents may resign in accordance with the provisions of the Fiscal Agency Agreement, and the Issuer reserves the right at any time to vary or terminate the appointment of any Agent and appoint additional or other Agents, provided that while any Bonds are outstanding it will maintain (i) a Fiscal Agent, (ii) a Registrar and (iii) a Paying Agent and a Transfer Agent having a specified office in a major European city, which will be in Luxembourg so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require. Notice of any change in the Agents or their specified offices will be given promptly to the Bondholders.

8. Taxation

All payments of principal and interest in respect of the Bonds by the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Qatar or any political subdivision or any authority thereof or therein having power to tax (together “**Taxes**”), unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such

withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond:

- (i) to a holder, or to a third party on behalf of a holder, if such holder is liable to such Taxes in respect of such Bond by reason of having some connection with Qatar other than the mere holding of such Bond;
- (ii) if the Certificate representing such Bond is surrendered for payment more than 30 days after the Relevant Date, except that additional amounts shall be payable to a holder to the extent that the holder would have been entitled to such additional amounts on surrender of such Certificate for payment on the last day of such period of 30 days;
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to Directive 2003/48/EC on the taxation of savings income in the form of interest payments or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) in respect of a Bond presented for payment by or on behalf of a Bondholder who would have been able to avoid such withholding or deduction by presenting the relevant Bond to another Paying Agent in a member state of the European Union.

In these Conditions, “**Relevant Date**” means whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in New York City by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Bondholders in accordance with Condition 14.

Any reference in these Conditions to principal or interest in respect of the Bonds shall be deemed to include any additional amounts which may be payable under this Condition 8.

9. Events of Default

If any of the following events (each an “**Event of Default**”) occurs with respect to a series of Bonds:

(a) Non-payment of principal

the Issuer fails to pay any amount of principal in respect of any of the Bonds of such series when due at maturity or otherwise and such failure continues for a period of 14 days; or

(b) Non-payment of interest

the Issuer fails to pay any amount of interest in respect of any of the Bonds of such series when due and payable and such failure continues for a period of 30 days; or

(c) Breach of other obligations or undertakings

the Issuer defaults in the performance or observance of, or compliance with, any of its other obligations or undertakings in respect of any of the Bonds of such series and either such default is not capable of remedy or such default (if capable of remedy) is not remedied within 45 days after written notice of such default shall have been given to the Issuer by any Bondholder of such series; or

(d) Cross-default

(i) the holders of any External Indebtedness of the Issuer accelerate such External Indebtedness or declare such External Indebtedness to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof or (ii) the Issuer fails to pay in full any principal of, or interest on, any External Indebtedness when due (after expiration of any applicable grace period) or any guarantee of any External Indebtedness given by the Issuer shall not be honored when due and called upon; provided that the aggregate amount of the relevant External Indebtedness or guarantee in respect of which one or more of the events mentioned above in this paragraph (d) shall have occurred equals or exceeds US\$50,000,000 (or its equivalent in any other currency or currencies); or

(e) Moratorium

the Issuer shall enter into an arrangement with its creditors generally for the rescheduling or postponement of its debts, or a moratorium on the payment of principal of, or interest on, all or any part of the External Indebtedness of the Issuer shall be declared; or

(f) Unlawfulness or Invalidity

the validity of any of the Bonds of such series is contested by the Issuer or any Person acting on its behalf or the Issuer or any Person acting on its behalf shall deny any of the Issuer's obligations under any of the Bonds of such series or as a result of any change in, or amendment to, the laws or regulations in Qatar, which change or amendment takes place after November 17, 2009, (i) it becomes unlawful for the Issuer to perform or comply with any of its obligations under or in respect of any of the Bonds of such series or the Fiscal Agency Agreement or (ii) any of such obligations becomes unenforceable or invalid,

then (i) any Bond of such series may, by notice in writing given to the Issuer at the specified office of the Fiscal Agent by the holder thereof, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount, together with accrued interest, without any further formality and (ii) the Fiscal Agent shall, upon receipt of written requests to the Issuer at the specified office of the Fiscal Agent from holders of not less than 25% in aggregate principal amount of such series of Bonds then outstanding, declare all the Bonds of such series due and payable, in each case at their principal amount together with accrued interest, without further formality (any such declaration, a **"Default Declaration"**). Upon a Default Declaration by the Fiscal Agent, the Fiscal Agent shall give notice thereof to the Issuer and to the holders of such series of Bonds in accordance with Condition 14.

If the Issuer receives notice in writing from holders of at least 50% in aggregate principal amount of the relevant series of Bonds then outstanding to the effect that the Event of Default or Events of Default giving rise to any Default Declaration is or are cured following any such Default Declaration and that such holders wish such Default Declaration to be withdrawn, the Issuer shall give notice thereof to the relevant series of Bondholders (with a copy to the Fiscal Agent), whereupon such Default Declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Bondholder in relation thereto.

10. Prescription

Claims against the Issuer in respect of principal and interest shall become void unless made within a period of ten years, in the case of principal, and five years, in the case of interest, from the appropriate Relevant Date (as defined in Condition 8).

11. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar or the Transfer Agent with its specified office in London, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. Meetings of Bondholders, Modification and Waiver

(a) Meetings of Bondholders

The Fiscal Agency Agreement contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions or the provisions of the Fiscal Agency Agreement. Such a meeting shall be convened by the Issuer if it receives a written request from the holders of at least 10% of the aggregate principal amount of the relevant series of Bonds then outstanding.

The quorum at any such meeting for passing any Extraordinary Resolution shall be one or more persons holding or representing a clear majority of the principal amount of the relevant series of Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the relevant series of Bonds for the time being outstanding so held or represented, except that at any meeting the business of which includes consideration of proposals, inter alia, (i) to modify the maturity of the relevant series of Bonds or the due date for payment of any amount in respect of the relevant series of Bonds, (ii) to reduce or cancel the principal amount of, or interest on, the relevant series of Bonds, (iii) to change the currency of payment of the relevant series of Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of the relevant series of Bondholders or the majority required to pass an Extraordinary Resolution, (v) to modify the provisions of Condition 8 in any manner which would result in any Bondholder receiving less than the full amount of

principal of and interest on the relevant series of Bonds, or (vi) to modify the percentage required to pass any resolution, the necessary quorum for passing an Extraordinary Resolution shall be one or more persons holding or representing not less than three-quarters, or at any adjourned such meeting not less than one-quarter, of the principal amount of the relevant series of Bonds for the time being outstanding.

The Fiscal Agency Agreement provides that:

- (i) a resolution that affects the Bonds of only one series shall be transacted at a separate meeting of the Bondholders of that series;
- (ii) a resolution that affects the Bondholders of both series but does not give rise to an actual or potential conflict of interest between the Bondholders of each series shall be transacted either at separate meetings of the Bondholders of each series or at a single meeting of the Bondholders of both series; and
- (iii) a resolution that affects the Bondholders of both series and gives rise to any conflict of interest, actual or potential, between the Bondholders of each series shall be transacted at separate meetings of the Bondholders of each series.

“Extraordinary Resolution” means a resolution passed at a duly convened meeting of the relevant series of Bondholders by a majority consisting of at least three-quarters of the votes cast. An Extraordinary Resolution duly passed at any meeting of a series of Bondholders will be binding on all Bondholders of such series whether or not they are present at the meeting and shall be notified to the Bondholders of such series in accordance with Condition 14.

(b) Outstanding Bonds

For the purposes of (i) ascertaining the right to attend and vote at any meeting of Bondholders and (ii) Condition 9, this Condition 12 and Schedule 6 (Provisions for Meetings of Bondholders) to the Fiscal Agency Agreement, those Bonds (if any) which are for the time being held by any person (including but not limited to the Issuer) for the benefit of the Issuer or by any public body owned or controlled, directly or indirectly, by the Issuer shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

(c) Modification and waiver

The parties to the Fiscal Agency Agreement may agree, without the consent of the Bondholders, to any modification of any provision of the Fiscal Agency Agreement or the Bonds which is of a formal, minor or technical nature or is made to correct a manifest error.

(d) Bondholders’ Committee

- (i) **Appointment:** The Fiscal Agency Agreement provides that the Bondholders of either series of Bonds or of both series of Bonds together may, by a resolution passed at a meeting of Bondholders of such series duly convened and held in accordance with the Fiscal Agency Agreement by a majority of at least 50% in aggregate principal amount of such series of Bonds then outstanding, or by notice in writing to the Fiscal Agent signed by or on behalf of the holders of at least 50% in aggregate principal amount of such series of Bonds then outstanding, appoint any persons as a committee to represent the interests of the Bondholders of such series or both series of Bonds (a **“Bondholders’ Committee”**) if any of the following events shall have occurred:
 - (A) an Event of Default;
 - (B) any event or circumstance which would, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfillment of any other requirement provided for in Condition 9 become an Event of Default; or
 - (C) any public announcement by the Issuer to the effect that the Issuer is seeking or intends to seek a restructuring of any of the Bonds (whether by amendment, exchange offer or otherwise),

provided, however, that no such appointment shall be effective if the holders of more than 25% of the aggregate principal amount of such series of Bonds then outstanding have either (i) objected to such appointment by notice in writing to the Issuer (with a copy to the Fiscal Agent) during a specified period following notice of the appointment being given (if such notice of appointment is made by notice in writing to the Issuer) where such specified period shall be

either 30 days or such other longer or shorter period as the Bondholders' Committee may, acting in good faith, determine to be appropriate in the circumstances, or (ii) voted against such resolution at a meeting of such series of Bondholders duly convened and held in accordance with the Fiscal Agency Agreement. A Bondholders' Committee shall, if appointed by notice in writing to the Issuer, give notice of its appointment to all Bondholders of such series in accordance with Condition 14 as soon as practicable after the notice is delivered to the Issuer.

- (ii) **Powers:** A Bondholders' Committee in its discretion may, among other things, (A) engage legal advisors and financial advisors to assist it in representing the interests of the relevant series of Bondholders that appointed it, (B) adopt such rules as it considers appropriate regarding its proceedings, (C) enter into discussions with the Issuer and/or other creditors of the Issuer, (D) designate one or more members of the Bondholders' Committee to act as the main point(s) of contact with the Issuer and provide all relevant contact details to the Issuer, (E) determine whether or not there is an actual or potential conflict of interest between the interests of the holders of the relevant series of Bonds then outstanding and the interests of the holders of debt securities of any one or more other series issued by the Issuer, and (F) upon making a determination of the absence of any actual or potential conflict of interest between the interests of the holders of the relevant series of Bonds then outstanding and the interests of the holders of debt securities of any one or more other series issued by the Issuer, agree to transact business at a combined meeting of the committee and such other person or persons as may have been duly appointed as representatives of the holders of securities of each such other series. Except to the extent provided in this paragraph (ii), a Bondholders' Committee shall not have the ability to exercise any powers or discretions which the relevant series of Bondholders could themselves exercise. The Issuer shall pay any fees and expenses which are reasonably incurred by any Bondholders' Committee or any such combined committee (including, without limitation, the costs of giving notices to Bondholders, fees and expenses of such Bondholders' Committee's legal advisors and financial advisors, if any) within 30 days of the delivery to the Issuer of a reasonably detailed invoice and supporting documentation, provided that such fees and expenses have been agreed to in writing by the Issuer before being incurred.

13. Further Issues

The Issuer shall be at liberty from time to time, without the consent of any of the Bondholders, to create and issue further 2015 Bonds, further 2020 Bonds or further 2040 Bonds ranking equally in all respects (or in all respects save for the date for and amount of the first payment of interest thereon and the date on which such interest begins to accrue) so that the same shall be consolidated and form a single series with and increase the aggregate principal amount of the 2015 Bonds, the 2020 Bonds or the 2040 Bonds, as the case may be, then outstanding.

14. Notices

Notices to the Bondholders will be sent to them by first class mail (airmail if overseas) at their respective addresses on the Register, and will be deemed to have been given on the fourth day after the date of mailing. So long as any Bonds are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices will also be published either on the web-site of the Luxembourg Stock Exchange (www.bourse.lu) or in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Any such notice shall be in English and shall be deemed to have been given on the date of such publication, or if published more than once or on different dates, on the first date on which publication is made.

A copy of all notices provided pursuant to this Condition 14 shall also be given to The Depository Trust Company, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme.

15. Currency Indemnity

US dollars is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Bonds, including damages. Any amount received or recovered in a currency other than US dollars (whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the US dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or

recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that US dollar amount is less than the US dollar amount expressed to be due to the recipient under any Bond, the Issuer shall indemnify such recipient against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. These indemnities constitute separate and independent obligations from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgences granted by any Bondholder and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or any judgment or order.

16. Governing Law, Jurisdiction and Arbitration

(a) Governing Law

The Bonds (including the submission to jurisdiction contained in this Condition) and the Fiscal Agency Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to any principles of conflicts of laws that would mandate the application of the laws of another jurisdiction.

(b) Jurisdiction

Any New York State or Federal court sitting in the Borough of Manhattan, The City of New York is to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds, and accordingly any legal action or proceedings arising out of or in connection with the Bonds ("**Proceedings**") may be brought in such court. The Issuer hereby submits to the non-exclusive jurisdiction of such courts in any Proceedings which are not referred by a Bondholder to arbitration, and in any action to compel arbitration and/or for provisional relief or other relief in aid of arbitration. The Issuer unconditionally waives any defense to such jurisdiction based on absence of jurisdiction, forum non conveniens or sovereign immunity. This submission shall not limit the right of any person to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) Process Agent

The Issuer has irrevocably appointed Corporation Service Company of 80 State Street, Albany, New York 12207-2543 as its authorized agent for the service of process in the United States in respect of any Proceedings. Nothing contained herein shall affect the right to serve process in any other manner permitted by law.

(d) Arbitration

Any dispute, controversy or claim with or against the Issuer which arises out of or relates to the Bonds may, at the sole option of any Bondholder, be referred to and be finally resolved by arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law set out in Resolution 31/98 adopted by the General Assembly on 15 December 1976 as then in force (the "**UNCITRAL Rules**"). There shall be an arbitral tribunal composed of three arbitrators, one appointed by the relevant Bondholder in accordance with the UNCITRAL Rules and one nominated by the Issuer in accordance with the UNCITRAL Rules and the third, who shall chair the arbitral tribunal, appointed by the two party-appointed arbitrators in accordance with the UNCITRAL Rules. The presiding arbitrator shall be fluent in the English language and have substantial prior experience as an arbitrator of international commercial disputes. The appointing authority for the purposes of the UNCITRAL Rules shall be the International Chamber of Commerce Court of Arbitration. The place of arbitration shall be New York City. The English language shall be used throughout the arbitral proceedings. The award of the arbitral tribunal shall be final and binding on the parties and may be entered and enforced in any court having jurisdiction.

(e) Waiver of Immunity

To the extent that the Issuer may in any jurisdiction claim for itself or its revenues, assets or properties which consist of its public and private properties invested in financial, commercial or industrial activities or deposited in banks ("**Sovereign Assets**") immunities from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or legal process and to the extent that in any such jurisdiction there may be attributed to itself or its Sovereign Assets such immunity (whether or not claimed), the Issuer hereby irrevocably agrees for the benefit of the Bondholders not to claim and hereby irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction (including, without limitation, the Foreign Sovereign Immunities Act of 1976 of the United States and Decree Law No. (18) of 1996

Amending Certain Provisions of Law No. (10) of 1987 in respect of the Public and Private Properties of the State of Qatar). In addition, to the extent that the Issuer or any of its Sovereign Assets shall be entitled in any jurisdiction to any immunity from set-off, banker's lien or any similar right or remedy, and to the extent that there shall be attributed, in any jurisdiction, such an immunity, the Issuer hereby irrevocably agrees not to claim and irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction with respect to any claim, suit, action, proceeding, right or remedy arising out of or in connection with the Bonds.

(f) *Consent of Proceedings*

The Issuer irrevocably and generally consents in respect of any Proceedings anywhere to the giving of any relief or the issue of any process in connection with those Proceedings including, without limitation, the making, enforcement or execution against any Sovereign Assets of any order or judgment which may be made or given in those Proceedings.

THE GLOBAL BONDS

The Global Bonds contain the following provisions which apply to the Bonds in respect of which they are issued while they are represented by the Global Bonds, some of which modify the effect of the Conditions. Terms defined in the Conditions have the same meaning in the paragraphs below.

Holders

For so long as DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their common depositary is the registered holder of a Global Bond, DTC, Euroclear, Clearstream or such nominees, as the case may be, will be considered the sole owner or holder of the Bonds represented by such Global Bond for all purposes under the Fiscal Agency Agreement and the Bonds. Payments of principal, interest and additional amounts, if any, in respect of the Global Bonds will be made to DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, as the registered holder thereof. None of the State, any Agent or any Manager or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The holdings of book entry interests in the Bonds through Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book entry accounts of each such institution. As necessary, the Registrar will adjust the amounts of each series of Bonds on the Register for the accounts of (i) Citivic Nominees Limited and (ii) Cede & Co. to reflect the amounts of each series of Bonds held through Euroclear and Clearstream, Luxembourg on the one hand and DTC on the other. Beneficial ownership of Bonds will be held directly through DTC, Euroclear or Clearstream, Luxembourg in the case of accountholders ("**Direct Participants**") or indirectly through organizations that are accountholders therein ("**Indirect Participants**") and, together with Direct Participants, "**Participants**").

Cancellation

Cancellation of any Bond represented by a Global Bond following its redemption or purchase by the State in accordance with the Conditions, will be effected by the presentation of the relevant Global Bond to or to the order of the Fiscal Agent for notation of such cancellation and by a corresponding reduction in the principal amount of such Bonds shown in the Register.

Payments

Distributions of principal and interest with respect to book entry interests in each series of Bonds held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by Euroclear or Clearstream, Luxembourg from the Fiscal Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg customers in accordance with the relevant system's rules and procedures.

Holders of book entry interests in each series of Bonds through DTC will receive, to the extent received by DTC from the Fiscal Agent, all distributions of principal and interest with respect to book entry interests in each series of Bonds from the Fiscal Agent through DTC in accordance with DTC's customary procedures and practices. Distributions of principal and interest in the United States will be subject to relevant US tax laws and regulations.

Interest on each series of Bonds (other than interest on redemption) will be paid to the holder shown on the Register on the third business day before the due date for such payment so long as such Bonds are represented by a Global Bond, instead of on the fifteenth day before the due date for such payment applicable if such Bonds cease to be represented by a Global Bond and are in the form of Certificates (the "**Record Date**"). Trading between the Restricted Global Bonds and the Unrestricted Global Bond of the same series will therefore be net of accrued interest from the relevant Record Date to the relevant interest payment date. For the purposes hereof and for the transfer of or exchange of interests in a Global Bond for Certificates, "business day" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in London and New York City.

Notices

So long as any of the Bonds are represented by one or more of the Global Bonds and such Global Bond(s) is/are held on behalf of a clearing system, notices to Bondholders may be given by delivery of the

relevant notice to that clearing system for communication by it to entitled accountholders in substitution for notification as required by the Conditions, except that so long as any of the Bonds are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices will also be published either on the web-site of the Luxembourg Stock Exchange (www.bourse.lu) or in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Any such notice shall be in English and shall be deemed to have been given on the date of such publication, or if published more than once or on different dates, on the first date on which publication is made.

Registration of Title and Exchange for Individual Certificates

Registration of title to Bonds initially represented by the Restricted Global Bonds of any series in a name other than DTC or a successor depository or one of their respective nominees will not be permitted unless (i) such depository notifies the State that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the relevant Restricted Global Bonds or ceases to be a “clearing agency” registered under the Exchange Act, or is at any time no longer eligible to act as such, and the State is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depository, or (ii) an Event of Default has occurred and is continuing.

Registration of title to Bonds initially represented by the Unrestricted Global Bond of any series in a name other than the nominee of the common depository for Euroclear and Clearstream, Luxembourg will not be permitted unless (i) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) an Event of Default has occurred and is continuing.

In such circumstances, the relevant Restricted Global Bonds shall be exchanged for individual certificates of the same series in definitive form (“**Restricted Certificates**”) and/or the relevant Unrestricted Global Bond shall be exchanged for individual certificates of the same series in definitive form (“**Unrestricted Certificates**”) and the State will, at the cost of the State (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Certificates of the relevant series to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Bondholders. A person having an interest in a Global Bond of the relevant series must provide the Registrar with (i) a written order containing instructions and such other information as the State and the Registrar may require to complete, execute and deliver such Certificates, and (ii) in the case of the Restricted Global Bonds of the relevant series only, a fully completed, signed certificate substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of a simultaneous sale pursuant to Rule 144A, Regulation S or Rule 144 under the Securities Act (if available), as the case may be, that the transfer is being made in compliance with the provisions of Rule 144A, Regulation S or Rule 144, as applicable. Certificates issued in exchange for a beneficial interest in a Restricted Global Bond shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under “Transfer Restrictions.”

The holder of a Bond may transfer such Bond in accordance with the provisions of Condition 2 (see “Terms and Conditions of the Bonds—Transfer of Bonds and Issue of Bonds”). Under the current procedures of the clearing systems, Certificates would not be eligible for trading in the clearing systems.

Upon the transfer, exchange or replacement of a Restricted Certificate bearing the legend referred to under “Transfer Restrictions,” or upon specific request for removal of the legend on a Restricted Certificate, the State will deliver only Restricted Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the State and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the State that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

The Registrar will not register the transfer of or exchange of interests in any Global Bond for Certificates for a period of three business days ending on the due date for any payment of principal.

Transfers

A beneficial interest in an Unrestricted Global Bond may be transferred to a person who wishes to take delivery of such beneficial interest through a Restricted Global Bond of the same series, but such transfers

will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Restricted Global Bond, as set out under “Transfer Restrictions.” Transfers of beneficial interests in a Restricted Global Bond to persons wishing to take delivery of such beneficial interests through a Restricted Global Bond of the same series will at all times be subject to such transfer restrictions.

A beneficial interest in a Restricted Global Bond may be transferred to a person who wishes to take delivery of such beneficial interest through the Unrestricted Global Bond of the same series only upon receipt by the Registrar of a written certification from the transferor (in the applicable form provided in the Fiscal Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act (if available).

Any beneficial interest in either a Restricted Global Bond or an Unrestricted Global Bond that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Bond of the same series will, upon transfer, cease to be a beneficial interest in such Global Bond and become a beneficial interest in the other Global Bond of the same series and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Bond for so long as such person retains such an interest.

The laws of some jurisdictions may require that certain persons take physical delivery of Bonds in definitive form. Consequently, the ability to transfer interests in a Global Bond to such persons will be limited. Because DTC, Euroclear and Clearstream, Luxembourg can only act on behalf of Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a Global Bond to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by lack of a physical certificate in respect of such interest.

CLEARING AND SETTLEMENT

Custodial and depository links are to be established between DTC, Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Bonds and cross-market transfers of the Bonds associated with secondary market trading. See “—Book-Entry Ownership” and “—Settlement and Transfer of Bonds.”

Investors may hold their interests in a Global Bond directly through DTC, Euroclear or Clearstream, Luxembourg as Direct Participants or indirectly through organizations that are accountholders therein as Indirect Participants.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations.

DTC

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

Investors may hold their interests in the Restricted Global Bonds directly through DTC if they are Direct Participants in the DTC system, or as Indirect Participants through organizations which are Direct Participants in such system.

DTC has advised the State that it will take any action permitted to be taken by a holder of Bonds only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate principal amount of the Restricted Global Bonds as to which such Participant or Participants has or have given such direction. However, in the circumstances described under “The Global Bonds—Registration of Title, and Exchange for Individual Certificates,” DTC will cause the Custodian to surrender the Restricted Global Bonds for exchange for Restricted Certificates (which will bear the legend applicable to transfers pursuant to Rule 144A).

Payments through DTC

Payments of principal and interest in respect of a Global Bond registered in the name of, or in the name of a nominee for, DTC will be made to the order of such nominee as the registered holder of such Bond.

Book-Entry Ownership

Euroclear and Clearstream, Luxembourg

The Unrestricted Global Bond for each series representing interests in the relevant series of Unrestricted Bonds will have an ISIN and a Common Code and will be registered in the name of a

nominee for, and deposited with a common depository on behalf of, Euroclear and Clearstream, Luxembourg.

The address of Euroclear is 1 Boulevard du Roi Albert 11, B-1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855, Luxembourg.

DTC

The Restricted Global Bonds for each series representing interests in the relevant series of Restricted Bonds will have an ISIN, Common Code and a CUSIP number and will be deposited with the Custodian for, and registered in the name of Cede & Co. as nominee of, DTC. The Custodian and DTC will electronically record the principal amount of the Bonds held within the DTC System.

The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the holder of any Bond evidenced by a Global Bond must look solely to DTC, Euroclear or Clearstream, Luxembourg (as the case may be) for its share of each payment made by the State to the holder of such Global Bond and in relation to all other rights arising under such Global Bond, subject to and in accordance with the respective rules and procedures of DTC, Euroclear or Clearstream, Luxembourg (as the case may be). The State expects that, upon receipt of any payment in respect of Bonds evidenced by a Global Bond, the common depository by whom such Bond is held, or nominee in whose name it is registered, will immediately credit the relevant Participants' or accountholders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Bond as shown on the records of the relevant common depository or its nominee. The State also expects that payments by Direct Participants in any clearing system to owners of beneficial interests in any Global Bond held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the State in respect of payments due on the Bonds for so long as the Bonds are evidenced by such Global Bond and the obligations of the State will be discharged by payment to the registered holder of such Global Bond in respect of each amount so paid. None of the State or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Bond or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Bonds

Subject to the rules and procedures of each applicable clearing system, purchases of any Bonds held within a clearing system must be made by or through Direct Participants, which will receive a credit for such Bonds on the clearing system's records. The ownership interest of each actual purchaser of each such Bond (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participants' records.

Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in any Bonds held within the clearing system will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates evidencing their ownership interests in such Bonds, unless and until interests in any Global Bonds held within a clearing system are exchanged for Restricted and/or Unrestricted Certificates.

No clearing system has knowledge of the actual Beneficial Owners of the Bonds held within such clearing system and their records will reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Bond to such persons may be limited. As DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a Restricted Global Bond to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of a physical certificate in respect of such interest.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in any Bonds held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in such Bonds held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

Trading between DTC Participants

Secondary market sales of book-entry interests in any Bonds between DTC Participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement system in same-day funds, if payment is effected in US dollars, or free of payment, if payment is not effected in US dollars. Where payment is not effected in US dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC seller and Euroclear/Clearstream, Luxembourg Purchaser

When book-entry interests in Bonds are to be transferred from the account of a DTC Participant holding a beneficial interest in a Restricted Global Bond to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in the Unrestricted Global Bond of the same series (subject to the certification procedures provided in the Fiscal Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York City time, on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream, Luxembourg Participant. On the settlement date, the Custodian will instruct the Registrar to (i) decrease the amount of Bonds registered in the name of Cede & Co. and evidenced by the relevant Restricted Global Bond and (ii) increase the amount of Bonds registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Unrestricted Global Bond of the same series. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading between Euroclear/Clearstream, Luxembourg seller and DTC Purchaser

When book-entry interests in Bonds are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC Participant wishing to purchase a beneficial interest in a Restricted Global Bond (subject to the certification procedures provided in the Fiscal Agency Agreement), the Euroclear or Clearstream, Luxembourg Participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC Participant on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the Custodian of the Restricted Global Bonds who will in turn deliver such book-entry interests in the Bonds of the relevant series free of payment to the relevant account of the DTC Participant and (b) instruct the Registrar to (i) decrease the amount of such Bonds registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Unrestricted Global Bond of the same series; and (ii) increase the amount of such Bonds registered in the name of Cede & Co. and evidenced by the Restricted Global Bonds of the same series.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in Global Bonds among Participants and accountholders of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the State, any Agent or Manager, or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act, will have any responsibility for the performance by DTC, Euroclear, Clearstream, Luxembourg or their respective Direct or Indirect Participants of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described above.

Settlement of Pre-Issue Trades

It is expected that delivery of Bonds will be made against payment therefor on the Closing Date, which is expected to be five business days following the date of pricing. Under Rule 15c6-1 under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise.

Accordingly, purchasers who wish to trade Bonds in the United States on the date of pricing or the next succeeding business days until three business days prior to the Closing Date will be required, by virtue of the fact the Bonds initially are expected to settle five business days following the date of pricing, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary.

Purchasers of Bonds may be affected by such local settlement practices and purchasers of Bonds between the relevant date of pricing and the Closing Date should consult their own advisors.

TAXATION

The following summary of certain United States, Qatar and EU tax consequences of ownership of the Bonds is based upon laws, regulations, decrees, rulings, income tax conventions, administrative practice and judicial decisions in effect at the date of this Prospectus. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the Bonds. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of Bonds. Each prospective holder is urged to consult its own tax advisor as to the particular tax consequences to such holder of the ownership and disposition of Bonds, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as of the date of this Prospectus, and of any actual changes in applicable tax laws after such date.

Certain United States Federal Income Tax Consequences

The following is a summary of certain material United States federal income tax consequences of the acquisition, ownership and disposition of the Bonds by a holder that acquires Bonds for cash at their original issue price pursuant to this offer. The summary is based on the Internal Revenue Code of 1986, as amended (the “**Code**”), Treasury Regulations, judicial decisions, published positions of the Internal Revenue Service (the “**IRS**”) and other applicable authorities, all as in effect as of the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). The discussion does not address all the tax consequences that may be relevant to a particular person or to persons subject to special treatment under United States federal income tax law (such as financial institutions, broker dealers, insurance companies, tax-exempt organizations, or persons that are, or hold their Bonds through, partnerships or other pass through entities) or to persons who hold Bonds as part of a straddle, hedge, conversion, synthetic security or constructive sale transaction for United States federal income tax purposes, all of whom may be subject to tax rules that differ from those summarized below. Moreover, the discussion does not address any tax consequences other than United States federal income tax consequences. This summary deals only with persons whose functional currency is the US dollar and who hold the Bonds as capital assets within the meaning of the Code (generally, property held for investment). No IRS ruling has been or will be sought regarding any matter discussed herein. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of those set forth below. **Holders should consult their tax advisors as to the particular United States federal tax consequences to them of acquiring, owning and disposing of the Bonds, as well as the effect of state, local, and non-United States tax laws.**

For purposes of this discussion a “**United States Holder**” means a beneficial owner of a Bond that is, or is treated as, a citizen or individual resident of the United States, a corporation (or other entity taxable as a corporation) created or organized in the United States or under the laws of the United States or any political subdivisions thereof, an estate the income of which is subject to United States federal income taxation regardless of its source, or a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States fiduciaries have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person. A “**non-United States Holder**” means any beneficial owner that is not a partnership and that is not a “United States Holder.”

If a partnership (including any entity treated as a partnership or other pass through entity for United States federal income tax purposes) is a holder of a Bond, the United States federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of such partnership. Partners and partnerships should consult their tax advisors as to the particular federal income tax consequences applicable to them.

TO COMPLY WITH TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF UNITED STATES FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS PROSPECTUS AND RELATED MATERIALS IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY YOU, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON YOU UNDER THE CODE; (B) ANY SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE STATE OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) YOU SHOULD SEEK ADVICE BASED ON YOUR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

United States Holders

Interest Accrual on the Bonds. Payments of stated interest on the Bonds will be taxable to a United States Holder as ordinary interest income at the time such holder receives or accrues such amounts in accordance with its regular method of tax accounting.

Should any non-United States tax be withheld, the amount withheld and the gross amount of additional amounts, if any, paid to a United States Holder will be included in such holder's income at the time such amount is received or accrued in accordance with such holder's method of tax accounting. If the non-United States withholding tax is treated as paid on behalf of the United States Holder, such tax would, subject to limitations and conditions, be treated as foreign income tax eligible for credit against such holder's United States federal income tax liability or, at such holder's election, eligible for deductions in computing taxable income. United States Holders should consult their tax advisors regarding the creditability or deductibility of any withholding taxes.

Foreign Tax Credits; Source. Interest income on a Bond generally will constitute "passive category income" or, in the case of certain United States Holders, "general category income" for the purpose of computing the holder's foreign tax credit allowable under United States federal income tax law.

Sale or Other Disposition of the Bonds. Upon the sale or other disposition of a Bond, a United States Holder will generally recognize a capital gain or loss equal to the difference, if any, between the amount realized and the holder's adjusted tax basis in the Bond. Such gain or loss will be long-term capital gain or loss if the United States Holder's holding period with respect to the Bonds disposed of is more than one year at such time. To the extent that amounts received include accrued but unpaid interest that the United States Holder has not yet included in income, such interest will not be taken into account in determining gain or loss, but will instead be taxable as ordinary interest income. The deductibility of capital losses is subject to limitations.

Additional Bonds. The State may issue additional bonds to be consolidated and form a single series with the 2015 Bonds, the 2020 Bonds or the 2040 Bonds then outstanding. See "Terms and Conditions of the Bonds—Further Issues." The additional bonds, even if they are treated for non-tax purposes as part of the same series as the original 2015 Bonds, the original 2020 Bonds or the original 2040 Bonds, in some cases may be treated as a separate series for US federal income purposes. In such event, if the additional bonds are issued with original issue discount for US federal income tax purposes, this may affect the market value of the original 2015 Bonds, the original 2020 Bonds or the original 2040 Bonds since such additional bonds may not be distinguishable from the original 2015 Bonds, the original 2020 Bonds or the original 2040 Bonds.

Information Reporting and Backup Withholding. In general, payments of interest or principal and the proceeds from sales of Bonds held by a United States Holder will be required to be reported to the IRS unless the United States Holder is a corporation or other exempt recipient and when required, demonstrates this fact. In addition, a United States Holder that is not an exempt recipient may be subject to backup withholding unless it provides a taxpayer identification number and otherwise complies with applicable certification requirements.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder's United States federal income tax liability and may entitle the holder to a refund, provided that the appropriate information is timely furnished to the IRS.

Non-United States Holders

General. Subject to the discussion below regarding information reporting and backup withholding, a non-United States Holder will generally not be subject to United States federal income taxation with respect to payments of interest on a Bond, or with respect to gain realized on the sale or other disposition of a Bond, unless:

- the non-United States Holder holds the Bond in connection with a United States trade or business and interest on the Bond is effectively connected with the conduct of such trade or business (and, in the event that a treaty applies, such non-United States Holder conducts business through a permanent establishment in the United States to which the interest on the Bond is attributable); or
- in the case of an individual, such individual is present in the United States for 183 days or more during the taxable year in which gain is realized and certain other conditions are met.

Information Reporting and Backup Withholding. A non-United States Holder not subject to United States income tax may nonetheless be subject to backup withholding and information reporting with respect to interest paid or accrued on the Bonds, unless the non-United States Holder provides the withholding agent with the applicable IRS Form W-8 or otherwise establishes an exemption. Non-United States Holders should consult their tax advisors as to their qualifications for an exemption from backup withholding and the procedure for obtaining such an exemption.

Qatari Taxation

The following is a summary of the principal Qatari tax consequences of ownership of the Bonds by beneficial owners who or which are not incorporated in or residents of Qatar for Qatari tax purposes and do not conduct business activities in Qatar (“**Non-Qatari Holders**”). This summary of taxation in Qatar is based upon (i) the tax law of Qatar, (ii) the regulations thereunder and (iii) the practice that has been adopted and is applied by the Income Tax Department of the Ministry of Economy and Finance, each as in effect on the date of this Prospectus. The views expressed in this summary are subject to any subsequent change in Qatari law, regulations and practice that may come into effect as of such date.

Under current Qatari law, taxes are levied on a taxpayer’s income arising from activities in Qatar including tax on profits realized on any contract implemented in Qatar. Because the Bonds and the Fiscal Agency Agreement will be executed and delivered, and payments thereunder to Non-Qatari Holders will be made, outside Qatar, under current Qatari tax laws, payments of principal and interest on the Bonds by the State to Non-Qatari Holders will not be subject to Qatari income taxes. Further provisions of Qatari tax law provide that the revenue payable on the Bonds will not be subject to taxes.

There is no withholding tax on interest payments in Qatar. Non-Qatari Holders are not subject to Qatari tax on any capital gains derived from a sale of Bonds. Under current Qatari law, no Qatari stamp duty will be imposed on Non-Qatari Holders either upon the issuance of the Bonds or upon a subsequent transfer of Bonds.

EU Directive on Taxation of Savings Income

Under the EU Savings Directive, each Member State is required to adopt measures to ensure that paying agents established within their territory establish the identity of the beneficial owner of interest payments and their residence for tax purposes. Where the beneficial owner of an interest payment is an individual who is resident in a Member State other than that in which the paying agent is established, the paying agent is required to report certain information about the beneficial owner and the amount of the interest payment to the tax authority of the Member State in which it is established. That tax authority must communicate such information to the tax authority of the Member State in which the beneficial owner of the interest payment is resident.

For a transitional period, Austria, Belgium and Luxembourg are not required to adopt the measures outlined above. During the transitional period, where the beneficial owner of an interest payment is an individual who is resident in a Member State other than that in which the paying agent is established, Austria, Belgium and Luxembourg must instead adopt measures to require paying agents established within their respective territories to levy a withholding tax on interest payments pro rata to the beneficial owner’s period of ownership of the debt claim at a rate of 15.0% for the first three years of the transitional period, which started on July 1, 2005, 20.0% for the following three years (until June 30, 2011) and 35.0% thereafter until the end of the transitional period (the ending of such transitional period being dependent on the conclusion of certain other agreements relating to information exchange with certain other countries). The imposition of such withholding tax does not preclude the Member State in which the beneficial owner of the interest payment is resident from taxing the income in accordance with its national laws, subject to any applicable double tax treaty.

A number of jurisdictions which are not Member States of the EU, such as Andorra, Liechtenstein, Monaco, San Marino and Switzerland, and certain dependent or associated territories of certain Member States, such as Aruba, the British Virgin Islands, the Cayman Islands, Jersey, Guernsey and the Isle of Man, have adopted measures equivalent to those laid down in the EU Savings Directive.

PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE APPLICATION TO THEIR PARTICULAR CIRCUMSTANCES OF UNITED STATES FEDERAL INCOME TAX LAWS, QATARI TAX OR THE EU SAVINGS DIRECTIVE AS WELL AS ANY INCOME TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE OR LOCAL TAXING JURISDICTION WITHIN THE UNITED STATES OR ANY OTHER NON-UNITED STATES TAXING JURISDICTION PRIOR TO MAKING AN INVESTMENT IN THE BONDS.

SUBSCRIPTION AND SALE

The State and the Managers named below have entered into a subscription agreement dated November 17, 2009 with respect to the Bonds (the “Subscription Agreement”). Subject to certain conditions, each Manager has severally agreed to subscribe for the number of Bonds of each series indicated in the following table.

<u>Managers</u>	<u>Principal Amount of 2015 Bonds</u>	<u>Principal Amount of 2020 Bonds</u> (in US\$)	<u>Principal Amount of 2040 Bonds</u>
Barclays Bank PLC	700,000,000	500,000,000	200,000,000
Credit Suisse Securities (Europe) Limited	700,000,000	500,000,000	200,000,000
Goldman Sachs International	700,000,000	500,000,000	200,000,000
J.P. Morgan Securities Ltd.	700,000,000	500,000,000	200,000,000
Qatar National Bank S.A.Q.	<u>700,000,000</u>	<u>500,000,000</u>	<u>200,000,000</u>
Total.	<u>3,500,000,000</u>	<u>2,500,000,000</u>	<u>1,000,000,000</u>

The Managers are committed to subscribe and pay for all of the Bonds being offered, if any are so subscribed. The purchase price for the 2015 Bonds will be the issue price of 99.870% of the principal amount of the 2015 Bonds, the purchase price for the 2020 Bonds will be the issue price of 99.758% of the principal amount of the 2020 Bonds, and the purchase price of the 2040 Bonds will be the issue price of 99.785% of the principal amount of the 2040 Bonds, in each case less a management and underwriting commission. The Subscription Agreement entitles the Managers to cancel the issue of the Bonds in certain circumstances prior to payment to the State.

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Each Manager has agreed that it will only offer or sell the Bonds (a) in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act, and (b) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S and Rule 144A under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of such Bonds within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

The State has given certain representations and warranties to the Managers in the Subscription Agreement, and the State has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Bonds, including liabilities under the Securities Act.

Certain of the Managers and their affiliates have from time to time performed, and in the future may perform, various financial advisory, commercial banking and investment banking services for the State and its affiliates, for which they have received and/or will receive fees and expenses.

The State, through Qatar Holding LLC (a wholly owned subsidiary of the QIA), owns approximately 7.1% of the ordinary share capital of Barclays PLC, which is the parent company of one of the Managers of the offering. Qatar Holding LLC also holds warrants giving it a right to subscribe for a further 3.3% of the ordinary share capital of Barclays PLC, which it is entitled to exercise until October 31, 2013.

The State, through Qatar Holding LLC (a wholly owned subsidiary of the QIA), owns approximately 8.9% (as disclosed on October 29, 2008) of the ordinary share capital of Credit Suisse Group AG, which is the ultimate parent of one of the Managers of the offering.

The State, through the QIA, owns 50.0% of the ordinary share capital of Qatar National Bank S.A.Q., which is one of the Managers of the offering.

Any of the Managers and/or their subsidiaries and affiliates may act as a market maker in the financial instruments of the State and may act as underwriter, placement agent, advisor or lender to the State or its affiliates. The Managers and/or their affiliates, subsidiaries or employees may hold a position in any securities or financial instruments mentioned herein.

United Kingdom

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it connection with the issue or sale of the Bonds in circumstances in which section 21 of the FSMA does not apply to the State; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Qatar

All applications for an investment in the Bonds should be received, and any allotments made, from outside Qatar. The Bonds have not been registered in Qatar. The Bonds have not been offered, sold or delivered, and will not be offered sold or delivered at any time, directly or indirectly, in Qatar in a manner that would constitute a public offering. Therefore, this Prospectus is strictly private and confidential and is being issued to a limited number of sophisticated investors in Qatar and may not be reproduced or used for any other purpose nor provided to any other person other than the recipient thereof.

United Arab Emirates

This Prospectus does not, and is not intended to, constitute an invitation or an offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and, accordingly, should not be construed as such. This Prospectus is being issued to a limited number of selected institutional/ sophisticated investors: (a) upon their request and confirmation that they understand that the Bonds have not been approved or licensed by or registered with the United Arab Emirates Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates; (b) on the condition that this Prospectus will not be provided to any person other than the original recipient, is not for general circulation in the United Arab Emirates and may not be reproduced or used for any other purpose; and (c) on the condition that no sale of securities or other investment products is intended to be consummated within the United Arab Emirates. The Bonds are not offered or intended to be sold directly or indirectly to the public in the United Arab Emirates. No agreement relating to the sale of the Bonds is intended to be consummated in the United Arab Emirates. This Prospectus has not been approved by or filed with the Dubai Financial Services Authority.

Kuwait

This Prospectus has not been approved by the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry, nor have the Bonds been authorized or licensed by the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry to be marketed or sold within Kuwait. Therefore, no services relating to the offering of the Bonds, including the receipt of applications and/or the allotment of interests in the Bonds, may be rendered within Kuwait by the State or the Managers or persons representing them.

Bahrain

The Managers have not offered and will not offer the Bonds to the Public (as defined in Articles 142-146 of the Commercial Companies Law (Decree Law No. (21) of 2001) of Bahrain) in Bahrain.

General

No action has been taken or will be taken in any jurisdiction by the Managers or the State that would permit a public offering of the Bonds, or possession or distribution of this Prospectus or supplement thereto or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Each Manager has undertaken that it will comply with all applicable laws and regulations in each jurisdiction in which it offers, sells or delivers Bonds or has in its possession or distributes any Prospectus or supplement thereto or any other offering material.

Persons into whose hands this Prospectus comes are required by the State and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Bonds, in all cases at their own expense.

TRANSFER RESTRICTIONS

Each purchaser of Bonds offered hereby will be deemed to have represented and agreed and acknowledged as follows (terms used herein that are defined in Rule 144A or in Regulation S are used herein as defined therein):

1. It understands that the Bonds have not been registered under the Securities Act or any other applicable securities laws and that the Bonds are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws and, unless so registered, may not be offered, sold, pledged or otherwise transferred except pursuant to a registration statement under the Securities Act and in compliance with any other applicable securities law, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (6) below.
2. It is not an “affiliate” (as defined in Rule 144 under the Securities Act) of the State or acting on behalf of the State and (A)(i) is a qualified institutional buyer, (ii) is acquiring the Bonds for its own account or for the account of a qualified institutional buyer, and (iii) is aware, and each beneficial owner of such Bonds has been advised, that the sale of the Bonds to it is being made in reliance on Rule 144A or (B) it is purchasing Bonds in an offshore transaction in compliance with Regulation S under the Securities Act.
3. It understands and agrees that if in the future it decides to resell, pledge or otherwise transfer any Bonds or any beneficial interests in any Restricted Global Bonds, such Bonds may be resold, pledged or transferred only (A) by an initial investor (i) to the State, or an affiliate of the State (as defined in Rule 144 of the Securities Act), (ii) to a person whom the seller reasonably believes is a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A under the Securities Act, (iii) in an offshore transaction meeting the requirements of Rule 903 or Rule 904 of Regulation S under the Securities Act, (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 under the Securities Act (if available) (resales described in sub clauses (i) through (iv) of this paragraph (A), “**Permitted Resales**”), or (v) pursuant to an effective registration statement under the Securities Act, or (B) by a subsequent investor in a Permitted Resale or pursuant to any other available exemption from the registration requirements under the Securities Act (provided that, as a condition to the registration of transfer of any Bonds otherwise than in a Permitted Resale, the State may require delivery of any documents or other evidence (including but not limited to an opinion of counsel) that it, in its sole discretion, may deem necessary or appropriate to evidence compliance with such exemption), and in each of such cases, in accordance with any applicable securities laws of any state of the United States and any other jurisdiction.
4. It agrees to, and each subsequent holder is required to, notify any purchaser of the Bonds from it of the resale restrictions referred to in paragraph 3 above, if then applicable.
5. It understands and agrees that (A) Bonds initially offered in the United States to qualified institutional buyers will be represented by the Restricted Global Bonds and (B) that Bonds offered outside the United States in reliance on Regulation S will be represented by the Unrestricted Global Bonds.
6. It understands that the Restricted Global Bonds and any Restricted Certificates offered hereby will bear a legend to the following, or similar effect, unless the State determines otherwise in accordance with applicable law:

THE BONDS IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933 (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO THE ISSUER OR AN AFFILIATE OF THE ISSUER, (2) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER

IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND, IN EACH OF CASES (2) TO (5) INCLUSIVE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION, AND THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE BONDS IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THE BONDS IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED.

7. It acknowledges that, prior to any transfer of Bonds or of beneficial interests in Global Bonds, the holder of Bonds or the holder of beneficial interests in Global Bonds, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Fiscal Agency Agreement.
8. It acknowledges that the State, the Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements set forth herein and agrees that, if any of the acknowledgments, representations or agreements deemed to have been made by virtue of its purchase of the Bonds are no longer accurate, it shall promptly notify the State and the Managers in writing, and if it is acquiring any Bonds as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
9. It understands that no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of the Bonds. Because the State is permitted to issue additional bonds which may be consolidated and form a single series of bonds with the 2015 Bonds, the 2020 Bonds or the 2040 Bonds offered hereby, the start of the applicable holding period under Rule 144, as applicable to all of the relevant series of Bonds, could be deferred until after the date of any such additional issues. Consequently, any issue of such additional bonds could have the effect of deferring the availability of Rule 144 for purchasers of such series of Bonds for a substantial period of time.

GENERAL INFORMATION

1. The Bonds have been accepted for clearance through the facilities of DTC, Euroclear and Clearstream, Luxembourg. The ISINs, common codes and CUSIP for each series of Bonds are set forth below:

Unrestricted Global Bond for the 2015 Bonds:	ISIN:	XS0468466486
	Common Code:	046846648
	CUSIP:	M81805 AM1
Restricted Global Bonds for the 2015 Bonds:	ISIN:	US74727PAJ03
	Common Code:	046904915
	CUSIP:	74727P AJ0
Unrestricted Global Bond for the 2020 Bonds:	ISIN:	XS0468534580
	Common Code:	046853458
	CUSIP:	M81805 AN9
Restricted Global Bonds for the 2020 Bonds:	ISIN:	US74727PAK75
	Common Code:	046904940
	CUSIP:	74727P AK7
Unrestricted Global Bond for the 2040 Bonds:	ISIN:	XS0468535637
	Common Code:	046853563
	CUSIP:	M81805 AP4
Restricted Global Bonds for the 2040 Bonds:	ISIN:	US74727PAL58
	Common Code:	046904974
	CUSIP:	74727P AL5

2. If beneficial interests in the Global Bonds are exchanged for individual definitive certificates and any of the Bonds are listed on the official list of the Luxembourg Stock Exchange, the State will appoint a paying agent in Luxembourg.
3. Estimated total expenses related to admission to trading are approximately US\$40,000.
4. The State has obtained all necessary consents, approvals and authorizations in connection with the issue and performance of its obligations under the Bonds, subject (solely in the case of the 2040 Bonds) to the amendment of Law No. 18 of 2002 (the “**Amendment**”) and the further amendment (the “**Amending Decision**”) of the amended Decision of the Minister of Economy and Finance No. (21) of 2009 (the “**Decision**”), both of which will take effect on or prior to November 23, 2009. Law No. 18 of 2002 as well as the Decision provide that the term of any public debt securities cannot exceed 30 years; as the 2040 Maturity Date is 30 years and 57 days from the date of issuance of the 2040 Bonds, the State has commenced the process of approving the Amendment, which will provide for maturities of bond issuances of up to 31 years, whereupon the Minister of Economy and Finance will issue the Amending Decision, which will approve the term of the 2040 Bonds.

The issue of the Bonds by the State was authorized, subject (solely in the case of the 2040 Bonds) to the Amendment and the Amending Decision, by the Council of Ministers’ Resolution No. (43) of 2008, as amended by the Council of Ministers Resolution No. (12) of 2009 (the “**Resolution**”), and the Decision of the Minister of Economy and Finance No. (21) of 2009 dated November 12, 2009, as amended by the Decision of the Minister of Economy and Finance No. (22) of 2009, dated November 17, 2009, and as further amended by the Amending Decision, which will be issued promptly after the approval of the Amendment and take effect on or prior to November 23, 2009.
5. There has been no significant change in the information set out in this Prospectus under “Overview of the State of Qatar,” “The Economy of Qatar,” “Monetary and Financial System,” “Public Finance” and “Balance of Payments” since December 31, 2008, March 31, 2009, June 30, 2009, September 1, 2009 or September 30, 2009, as applicable, and “Indebtedness” since September 30, 2009 or October 31, 2009, as applicable.
6. Except as disclosed in this Prospectus, the State is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the State is aware) during the period covering the previous 12 months which may have, or have had in the recent past, a significant effect on the State’s financial position or which are material in the context of the Bonds.
7. The State does not publish audited financial statements.
8. Copies of the following documents (or, pending execution thereof, drafts thereof subject to modification) will, for so long as any of the Bonds are listed on the Luxembourg Stock Exchange,

be made available during usual business hours on any weekday (except Saturdays and public holidays) at the offices of the Fiscal Agent:

- (a) the Fiscal Agency Agreement, incorporating the forms of the Bonds;
- (b) an English translation of the Resolution and the Decision;
- (c) the English language Quarterly Statistical Bulletin of September 2009 published by the QCB; and
- (d) Qatar's budget for the fiscal year ending March 31, 2010.

This Prospectus is published on the website of the Luxembourg Stock Exchange, being www.bourse.lu.

- 9. The telephone number of the Ministry of Economy and Finance (through which the State is acting) is +974 4461 444.
- 10. The yield on the 2015 Bonds will be 4.029% per annum payable semi-annually in arrear. The yield on the 2020 Bonds will be 5.282% per annum payable semi-annually in arrear. The yield on the 2040 Bonds will be 6.417% per annum payable semi-annually in arrear.

GLOSSARY

“bcf”	means billion standard cubic feet.
“bcfd”	means billion cubic feet per day.
“CIF”	means Cost, Insurance and Freight.
“FOB”	means Free on Board.
“GTL”	means gas-to-liquids.
“HDPE”	means high density polyethylene.
“LDPE”	means low density polyethylene.
“Liquefied natural gas” or “LNG”	means natural gas that has been cooled to approximately minus 160 degrees centigrade for storage and shipment as a liquid in high pressure cryogenic containers.
“LPG”	means liquefied petroleum gas.
“mcf”	means million standard cubic feet.
“mcfd”	means million standard cubic feet per day.
“mta”	means million tons per annum.
“MTBE”	means methyl tertiary butyl ether.
“tons”	mean metric tons, with one ton equal to 1,000 kilograms.
“tcf”	means trillion standard cubic feet.
“tpa”	means tons per annum.
“tpd”	means tons per day.

ISSUER

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acting through the Ministry of Economy and Finance
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**FISCAL AGENT, PRINCIPAL PAYING AGENT,
REGISTRAR AND TRANSFER AGENT**

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