



The State of Qatar

US\$2,000,000,000 3.125% Bonds due 2017

Issue Price: 99.719%

US\$2,000,000,000 4.500% Bonds due 2022

Issue Price: 98.951%

US\$1,000,000,000 5.750% Bonds due 2042

Issue Price: 98.928%

The US\$2,000,000,000 3.125% Bonds due 2017 (the **"2017 Bonds"**), the US\$2,000,000,000 4.500% Bonds due 2022 (the **"2022 Bonds"**) and the US\$1,000,000,000 5.750% Bonds due 2042 (the **"2042 Bonds"**) and, together with the 2017 Bonds and the 2022 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 2017 Bond at the rate of 3.125% per annum from and including December 5, 2011 semi-annually in arrear on January 20 and July 20 in each year until (and including) January 20, 2017 (the **"2017 Maturity Date"**), commencing on July 20, 2012. The State will pay interest on each 2022 Bond at the rate of 4.500% per annum from and including December 5, 2011 semi-annually in arrear on January 20 and July 20 in each year until (and including) January 20, 2022 (the **"2022 Maturity Date"**), commencing on July 20, 2012. The State will pay interest on each 2042 Bond at the rate of 5.750% per annum from and including December 5, 2011 semi-annually in arrear on January 20 and July 20 in each year until (and including) January 20, 2042 (the **"2042 Maturity Date"**) and, together with the 2017 Maturity Date and the 2022 Maturity Date, the **"Maturity Dates"**, commencing on July 20, 2012.

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 5.3 of Directive 2003/71/EC as amended by the Amendment Directive (Directive 2010/73/EU) dated December 11, 2010 (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 CSSF assumes no responsibility as to the economic and financial soundness of the Bonds and the quality or solvency of the State pursuant to provisions of Article 7(7) of the Luxembourg Law on Prospectuses for Securities.

Qatar has been assigned a long-term credit rating of **"AA"** with a stable outlook by Standard & Poor's Rating Services, a subsidiary of The McGraw-Hill Companies, Inc. (**"S&P"**) and a long-term credit rating of **"Aa2"** with a stable outlook by Moody's Inc. (**"Moody's"**). The Bonds are expected to be assigned the same ratings. 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 organization. The credit ratings included or referred to in this prospectus (the **"Prospectus"**) will be treated for the purposes of Regulation (EC) No 1060/2009 on credit rating agencies (the **"CRA Regulation"**) as having been issued by S&P and Moody's. Each of S&P and Moody's is established in the European Union and is registered under the CRA Regulation. The CRA registration for each of these agencies is published in the European Securities and Market Authority update list (ESMA/2011/247) dated October 31, 2011. Any change in the rating of the Bonds may adversely affect the price that a purchaser may be willing to pay for the Bonds.

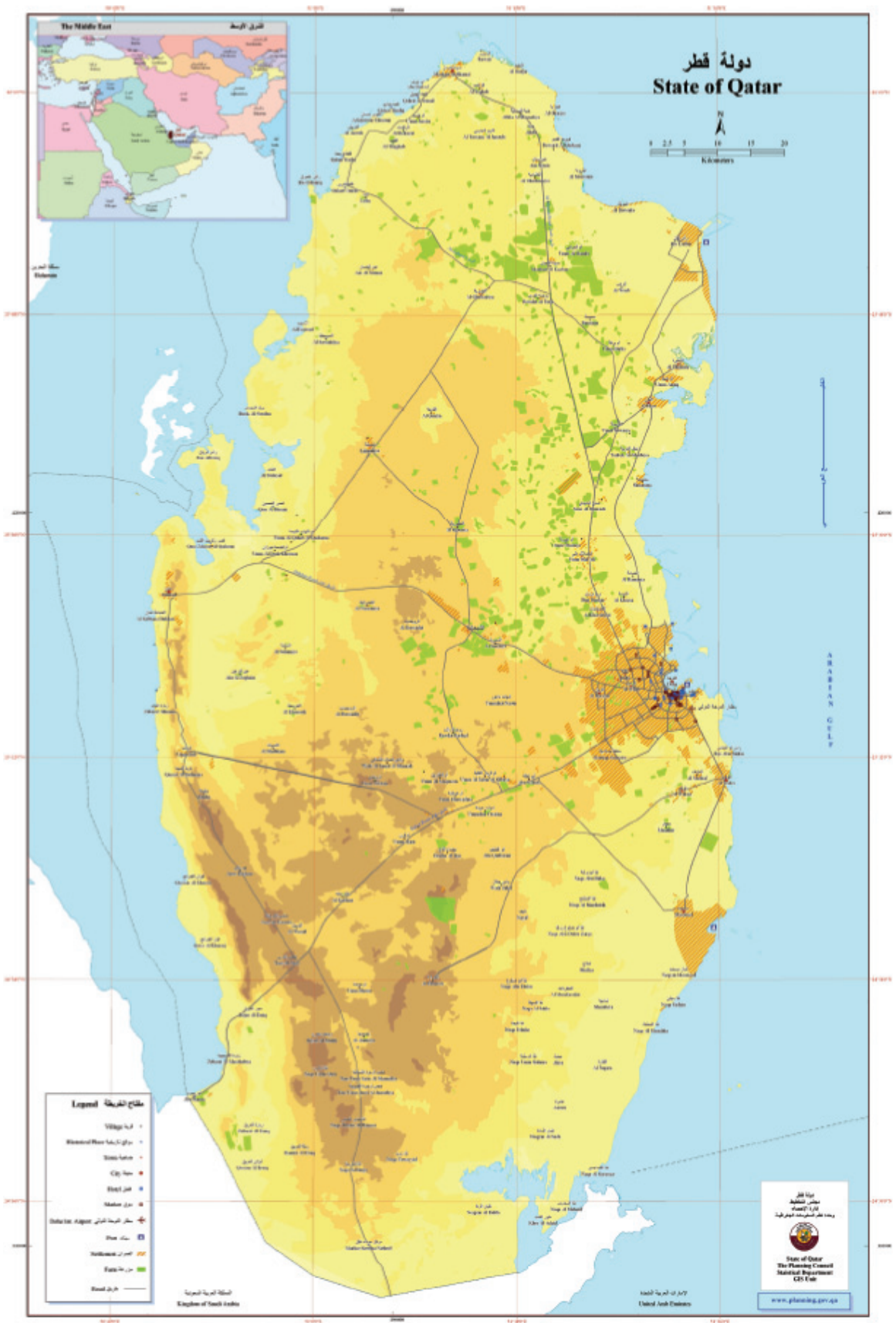
The Bonds have not been and will not be registered under the Securities Act and are being offered and sold in the United States only to qualified institutional buyers in reliance on Rule 144A under the Securities Act. Prospective purchasers that are qualified institutional buyers in the United States 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\$200,000 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 compliance with 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 December 5, 2011 (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

Citigroup HSBC J.P. Morgan Mitsubishi UFJ Securities QNB Capital Standard Chartered Bank

Prospectus dated November 30, 2011



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 Citigroup Global Markets Limited, HSBC Bank plc, J.P. Morgan Securities Ltd., Mitsubishi UFJ Securities International plc, QNB Capital LLC and Standard Chartered Bank (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, J.P. Morgan Securities Ltd. (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 Bondholders shall be a reference to the 2017 Bonds, the 2022 Bonds or the 2042 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.

KINGDOM OF SAUDI ARABIA NOTICE

This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the “**CMA**”).

The CMA does not make any representations as to the accuracy or completeness of this Prospectus and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of Bonds issued under this Prospectus should conduct their own due diligence on the accuracy of the information relating to the Bonds. If a prospective purchaser does not understand the contents of this Prospectus he or she should consult an authorized financial adviser.

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 Qatari riyals 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 2011 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 results of operation and financial information in respect of the six-month period ended June 30, 2011 contained in this Prospectus are based upon management accounts 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 has been pegged to the US dollar since 1971. Since 1980, the peg has been effectively set at a fixed exchange rate of 3.64 riyals per US dollar and this rate was officially adopted in 2001. 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 reserves in Qatar, 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 US Exchange Act.

The State believes that the “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, 2011. As a matter of QP policy, proven and expected gas reserves for the North Field are presented as the same value. 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

Information relating to production, transportation and sales of processed gas is presented in standard cubic feet. Information relating to production, transportation and sales of liquefied natural gas (“LNG”) and liquefied petroleum gas (“LPG”) (propane and butane) is presented in tons, a unit of measure that reflects the mass of the relevant hydrocarbon. Information relating to the production, transportation and sale of condensate and gas-to-liquid (“GTL”) products is presented in barrels. One barrel equals 42 U.S. gallons or 158.9873 liters.

All converted data in this Prospectus with respect to natural gas, LNG, condensates, LPGs and dry gas are estimates only and actual volumes may differ. 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.

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.

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.

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 construction 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 “**trcf**” 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 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 2010 and 2011 Annual Reports issued by the QCB; the Quarterly Statistical Bulletins dated January 2011, June 2011 and September 2011 issued by the QCB; the August 2011 Monthly Monetary Bulletin issued by the QCB; the Financial Stability Review 2010 issued by the QCB; the Qatar Economic Outlook 2011-2012 issued by the General Secretariat for Development Planning; the National Development Strategy 2011-2016 issued by the General Secretariat for Development Planning; the Qatar National Vision 2030 issued by the General Secretariat for Development Planning; the 2010 Census Report issued by the QSA; the 2009 Statistical Appendix issued by the US Energy Information Administration entitled “*International Energy Outlook 2009*,” the CIA Factbook; and reports issued by the QSA; (ii) third-party industry expert reports; (iii) Qatari press reports and publications, edicts and resolutions of Qatar; and (iv) statistics and data available on the official QSA, QCB and Qatar Information Exchange websites. 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**”), inflation in 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 particular, measurements of GDP and exports are often revised to account for the final settlement of hydrocarbon exports. In July 2011, the QSA restated certain historical GDP data in an attempt to more accurately reflect the economy of Qatar. Additionally, as part of a movement to harmonize statistics

across the GCC, the Qatari Consumer Price Index was recalculated to use a base year of 2007 instead of 2006. Due to deficiencies in the availability of certain data, some information for recent years, including certain export data for 2010, 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 and demand for 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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OVERVIEW

The Economy of Qatar

Qatar is one of the most prosperous countries in the world, with a nominal GDP per capita of QR270,254 (US\$74,144) in 2010 based on Qatar's 2010 mid-year population figure of 1,715,010. In January 2011, the IMF noted that Qatar is one of the fastest growing economies in the world. As of January 2011, Qatar's proven reserves of hydrocarbons amount to approximately 181.3 billion barrels of oil equivalent. These hydrocarbons consist of proven reserves of approximately 883.2 tcf of natural gas, 2.3 billion barrels of crude oil and 22.1 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 US Energy Information Administration to be the largest non associated gas field in the world, representing approximately 15% of the world's natural gas reserves in 2009. Qatar has over 100 years of proven gas reserves at projected long-term production levels.

Qatar's carefully planned exploitation of its hydrocarbon reserves resulted in a nominal GDP compounded annual growth rate ("**CAGR**") of 26.0% from 2004 to 2010. Qatar's economy achieved a new record in 2010 with a total nominal GDP of QR463,489 million (US\$127,158 million) representing a growth of 30.2% in 2010 compared to 2009, and the trend has continued in 2011 with a total nominal GDP of QR294,993 million (US\$80,931 million) for the six-month period ended June 30, 2011 compared to a total nominal GDP of QR218,881 million (US\$60,050 million) for the six-month period ended June 30, 2010, representing an increase of 34.8%. The historic growth in Qatar's economy has been driven by expansion in the production of LNG, crude oil and condensates, coupled with increases in hydrocarbon prices, with the oil and gas sector constituting 51.7% of Qatar's total nominal GDP in 2010 and 57.8% for the six-month period ended June 30, 2011. As Qatar reaches the end of its successful 20 year LNG development plan, LNG production is expected to plateau at a high, but steady, level over the next few years. Future growth in gas production is expected to come from the Barzan Project, which is a gas project under development to provide domestic pipeline gas. Qatar has 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 26.8% between 2004 and 2010, reflecting a slightly higher annual growth rate than the oil and gas sector for the same period. Nominal GDP for the non-oil and gas sector reached QR223,744 million (US\$61,468 million), or 48.3% of Qatar's total nominal GDP, in 2010, and QR124,380 million (US\$34,123 million), or 42.2% of Qatar's total nominal GDP, for the six-month period ended June 30, 2011.

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 then, Qatar steadily increased its levels of crude oil production, both directly and by entering into exploration and development production sharing agreements with leading international oil exploration and production companies, including Maersk, TOTAL and Occidental Petroleum. Qatar was estimated by the US Energy Information Administration to have been the 16th largest global oil producer in the world in 2009.

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 with 56.4 million tons of additional LNG exports in 2010. As of December 31, 2010, Qatar reached its planned LNG production capacity of 77.5 mta, which reflects an increase of more than 150% since 2008 due to the completion of its remaining planned LNG trains. 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 Exxon Mobil Corporation, 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 cost structure. Because most of the natural gas in the North Field is "wet," meaning it is associated with other hydrocarbons such as condensates, Qatar's LNG projects also produce significant quantities of condensate and natural gas liquids which contribute to the diversification of the State's revenue sources and create downstream opportunities. 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 sold globally to customers in 15 countries in North America (Mexico and the United States), Northwest Europe (the United Kingdom, the Netherlands and Belgium), Western Europe (Italy, France and Spain), South Asia (United Arab Emirates (“**UAE**”), Kuwait and India) and Northeast Asia (China, 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.

In recent years, Qatar has focused on developing and exploiting its natural gas resources beyond the LNG industry by implementing a downstream strategy driven by opportunities to generate additional revenue from its existing oil and gas production. QP has developed pipeline gas projects 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. Qatar has also invested in exploiting various gas to liquids (“**GTL**”) technologies and has two joint venture projects currently in operation to generate GTL products like distillates.

Throughout a period characterized by rapid growth and development, Qatar has demonstrated fiscal responsibility by managing its budget and public finances prudently. The State has historically had low levels of indebtedness but there was an increase in indebtedness starting in 2009 and continuing through 2011 mainly due to the support given by the State to the commercial banking sector during the global financial crisis in 2009 and the issuance of bonds and treasury bills by the QCB in 2010 and 2011 to absorb excess liquidity among domestic commercial banks and to develop a yield curve for riyal-denominated domestic bonds. The State’s total direct external indebtedness was QR65,719 million (US\$18,055 million) as of October 31, 2011. 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 surpluses in the fiscal and external accounts. Qatar has had budget surpluses since the fiscal year ended March 31, 2001, with an estimated surplus of QR13,537 million (US\$3,719 million) or 8.6% of total Government revenues for the fiscal year ended March 31, 2011. In March 2011, the State projected a budget surplus of QR22,538 million (US\$6,192 million), or 13.9% of total budgeted revenues, for the fiscal year ending March 31, 2012. The Government’s figures for the six-month period ended September 30, 2011 exceeded the budget and reflected a surplus of QR39,999 million (US\$ 10,989 million) amounting to 36.2% of the revenues for the same period. In addition, Qatar’s trade activity is strong, with total goods exported (including re-exports) in 2010 valued at QR262,277 million (US\$72,054 million) and total imports in 2010 valued at QR76,210 million (US\$20,937 million), together constituting 73.0% of total nominal GDP. Between 2007 and 2010, the value of Qatar’s exports increased by 71.5%, while the value of imports decreased by 0.01%. 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. This diversification will be important to Qatar’s future government revenues as the growth rate of the State’s revenue from the oil and gas sector is expected to stabilize given the completion of several of the State’s long-term hydrocarbon investment programs. In 2005, the State established the Qatar Investment Authority (the “**QIA**”) to propose and implement investments for the State’s growing financial reserves, both domestically and abroad. Through the QIA, Qatar has invested 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.

The QIA has provided financial support to Qatar’s financial sector as a response to the global economic downturn and as a preventative measure to preserve the general stability in Qatar’s banking sector. In 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 the domestic banks

listed on the Qatar Exchange. In line with the plan, from 2009 through to 2011, the QIA acquired equity positions ranging from 5.0% to 20.0% in various domestic banks, including the Qatar Islamic Bank, the Commercial Bank of Qatar, the Qatar International Islamic Bank, the Ahli Bank and the Doha Bank. The total equity injections in the domestic banks currently amount to QR11.2 billion (US\$3.1 billion). The Government is expected to give these banks an option to buy back their shares over the next five years.

In addition to the equity purchases, the QIA also assisted the banking sector by purchasing certain portions of their investment and real estate portfolios. On March 22, 2009, the QIA purchased the investment portfolios of seven of the nine domestic banks listed on the Qatar Exchange 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 QIA made a second round of investments and bought 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 total support to the banking sector, which includes purchases of real estate and investment portfolio in domestic banks as well as the equity injections, has been QR32,700 million (US\$8,984 million).

Since becoming the ruler of Qatar in June 1995, His Highness Sheikh Hamad bin Khalifa Al Thani (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. The country has an organized set of institutions supporting the growth in trade and commerce, both internally and externally, including the Qatar Financial Centre Authority, the Qatar Exchange and regulators, namely the Qatar Central Bank, 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 Gulf Co-operation Council (the “**GCC**”) and the wider Middle East in general. Qatar has significant trade and investment ties with the major Asian countries and 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. Qatar will host the FIFA World Cup in 2022 and views the World Cup as an opportunity to further invest in its infrastructure and develop the non-oil and gas sector of its economy.

The factors mentioned above have contributed to improved credit ratings over the years. 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 on October 27, 2011 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 on June 15, 2011 with a stable outlook. Qatar’s five year credit default swap spread, which is a measure of default risk, is presently among the lowest of the GCC countries.

Gross Domestic Product

The Qatar Statistics Authority estimates the nominal GDP at current prices for the first six months of 2011 to be QR294,993 million (US\$80,931 million). This represents an increase of 34.8% when compared to the GDP at current prices for the first six months of 2010 recorded at QR218,881 million (US\$60,050 million). With the exception of 2009, 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 an increase of 36.7% in 2006, 30.9% in 2007 and 44.6% in 2008, a decrease of 15.2% in 2009 and an increase of 30.2% in 2010. The decrease in the growth rate in 2009 reflects the unfavorable conditions seen in the

international oil and gas markets as a consequence of the global financial crisis and the consequent lower international oil and gas prices offset in part by the continued growth in the non-oil and gas sector. With major economies experiencing slow recovery in the aftermath of the financial crisis, Qatar, like most oil and gas producing countries, saw a lower demand for oil and gas and consequently, reported lower GDP growth in the country's oil and gas sector during 2009. However, the GDP figures for the year ended December 31, 2010 reflect Qatar's recovery from 2009 owing to an increase in international oil and gas prices and new projects in the oil and gas sector commencing production.

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, 2010 at current prices.

	Year ended December 31,									
	2006		2007		2008		2009		2010 ⁽¹⁾	
	Value	%	Value	%	Value	%	Value	%	Value	%
<i>(in millions of QR, except for percentages)</i>										
Oil and gas sector	117,469	53.0	150,014	51.7	230,312	54.9	159,467	44.8	239,745	51.7
Non-oil and gas by sectors:										
Finance, business services, insurance and real estate	29,371	13.3	41,982	14.5	51,580	12.3	58,099	16.3	62,119	13.4
Manufacturing ⁽²⁾	20,617	9.3	26,810	9.2	44,853	10.7	33,570	9.4	49,185	10.6
Building and construction	10,846	4.9	15,925	5.5	27,199	6.5	25,522	7.2	24,143	5.3
Trade, restaurants and hotels	14,789	6.7	20,848	7.2	23,429	5.6	29,839	8.4	32,310	7.0
Transport and communications	6,885	3.1	8,697	3.0	14,775	3.5	16,212	4.6	18,275	3.9
Electricity and water	1,569	0.7	1,820	0.6	2,063	0.5	1,794	0.5	2,070	0.4
Agriculture and fisheries	270	0.1	319	0.1	523	0.1	439	0.1	534	0.1
Other services ⁽³⁾	19,795	8.9	23,736	8.2	24,848	5.9	31,045	8.7	35,108	7.6
Total non-oil and gas sector	104,141	47.0	140,137	48.3	189,279	45.1	196,519	55.2	223,744	48.3
Total nominal GDP	221,610	100.0	290,152	100.0	419,583	100.0	355,986	100.0	463,489	100.0
Memorandum items										
FISIM	(5,352)		(6,734)		(10,149)		(10,152)		(10,953)	
Import duties	2,703	1.2	3,946	1.4	3,540	0.8	3,114	0.9	4,019	0.9

Notes:

(1) Preliminary estimates.

(2) 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.

(3) Includes social services, imputed bank service charges (FISIM), 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 period ended June 30, 2010 and 2011, including the percentage change between such periods.

	Six months ended June 30,				Percentage Change
	2010 ⁽¹⁾		2011 ⁽¹⁾		
	Value	%	Value	%	
	(in millions of QR, except for percentages)				
Oil and gas sector	109,656	50.1	170,613	57.8	55.6
Non-oil and gas by sectors:					
Finance, business services, insurance and real estate	29,436	13.4	32,446	11.0	10.2
Manufacturing ⁽²⁾	23,992	11.0	31,069	10.5	29.5
Building and construction	12,992	5.9	12,199	4.1	(6.1)
Trade, restaurants and hotels	15,445	7.1	16,394	5.6	6.1
Transport and communications	8,640	3.9	10,080	3.4	16.7
Electricity and water	972	0.4	1,212	0.4	24.7
Agriculture and fisheries	265	0.1	289	0.1	9.1
Other services ⁽³⁾	17,483	8.0	20,671	7.0	18.2
Total non-oil and gas sector	109,225	49.9	124,380	42.2	13.9
Total nominal GDP	218,881	100.0	294,993	100.0	34.8

Notes:

(1) Preliminary estimates.

(2) 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.

(3) 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, 2011, the budgeted figures for the fiscal year ending March 31, 2012 and the actual figures for the six months ended September 30, 2011.

	Fiscal year ended March 31,				Budget	Six months ended
	2008	2009	2010	2011 ⁽¹⁾	2012 ⁽²⁾	September 30,
	(in millions of QR)					2011 ⁽¹⁾
Revenues:						
Oil and gas revenues:						
Oil revenues:						
Income tax	46,901	48,642	46,234	47,996	25,460	26,256
Royalties	13,138	12,590	15,501	10,630	6,392	4,073
Port fees and other oil revenues	11	13	—	13	0	0
Total oil revenues	60,050	61,245	61,735	58,639	31,852	30,329
Gas—royalties and taxes	10,698	18,764	21,065	38,210	38,903	21,743
Investment income (QP) ⁽³⁾	30,047	33,018	53,735	35,934	53,000	25,732
Total oil and gas revenues	100,795	113,027	136,542	132,783	123,755	77,806
Non-oil and gas revenues:						
Investment income (non-QP) ⁽⁴⁾						
Returns on misc. shares	133	—	—	—	—	—
Interest income	166	253	145	157	165	9
Total investment income (non-QP)	299	253	145	157	165	9
Customs duties	3,946	3,541	3,114	4,019	2,900	950
Business/corporate income tax	8,939	14,629	21,575	14,524	30,810	30,218
Public utility fees	344	233	54	73	145	4
Other	3,542	9,346	7,712	4,353	4,700	1,314
Total non-oil and gas revenues	17,070	28,002	32,600	23,124	38,720	32,496
Total revenues	117,865	141,029	169,142	155,907	162,475	110,302
Expenditure: ⁽⁵⁾						
Current expenditure:						
Civil list	624	623	612	737	618	286
Defense and security	6,338	9,168	8,109	9,652	15,649	3,015
General administration ⁽⁶⁾	34,495	43,261	55,451	75,640	53,902	37,466
Education	3,244	3,730	3,088	1,122	1,418	631
Health	3,919	5,531	5,701	6,637	7,280	3,128
Labor and social services	429	375	292	1,058	201	597
Food subsidies and transfers	199	216	132	298	150	115
Water and electricity	1,467	1,632	1,677	1,800	2,000	1,000
Communication and transportation	—	—	—	—	—	—
Foreign grants	1,476	1,115	593	1,061	516	651
Subscriptions	125	147	133	122	204	37
Total current expenditure	52,316	65,797	75,788	98,127	81,938	46,926
Capital expenditure:						
Health	449	502	565	637	660	108
Education	1,117	5,031	5,590	6,017	8,906	1,677
Housing and construction	636	794	253	985	4,652	2,866
Roads	2,691	2,779	2,376	2,596	3,899	1,318
Communications and transportation	4,768	6,709	8,612	10,298	13,894	6,029
Utilities	8,141	8,505	9,593	13,572	10,452	4,725
Land reclamation, other	16,131	9,109	12,257	10,138	15,536	6,653
Total capital expenditure	33,933	33,429	39,246	44,243	57,999	23,376
Total expenditure	86,250	99,226	115,034	142,370	139,937	70,302
Overall surplus/(deficit)	31,616	41,803	54,108	13,537	22,538	39,999

Notes:

- (1) Preliminary data subject to revision.
- (2) The budget is based on an assumed price of US\$55 per barrel, which is significantly lower than prevailing international oil prices resulting in a conservative budget for the fiscal year.
- (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 expenditure line items shown in the table, and is not separately listed. Salaries and wages were QR16,003 million (US\$4,396 million) in the fiscal year ended March 31, 2008, QR18,661 million (US\$5,127 million) in the fiscal year ended March 31, 2009, QR19,975 million (US\$5,488 million) in the fiscal year ended March 31, 2010 and QR23,065 million (US\$6,337 million) in the fiscal year ended March 31, 2011. Effective as of September 1, 2011, the Government has granted large wage and pension increases to Qatari citizens working for the Government.
- (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.

As in past years, the budget for the fiscal year ending March 31, 2012 was guided by the annual circular published by the Ministry of Economy and Finance regarding the preparation of the State's budget. This circular provides that the financial policy of the State for the fiscal year ending March 31, 2012 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 budget for the fiscal year ending March 31, 2012 is based upon an assumed oil price of \$55 per barrel and projects an estimated surplus of QR22,538 million (US\$6,192 million). The State reported an estimated surplus of QR39,999 million (US\$10,989 million) for the six-month period ended September 30, 2011. The surplus is primarily attributable to the increased international demand for oil and petroleum products coupled with an increase in the international price of oil, along with greater than anticipated non-oil and gas revenues.

Total expenditure for the six-month period ended September 30, 2011 amounted to QR70,302 million (US\$19,313 million) or 50.2% of total budgeted expenditure of QR139,937 million (US\$38,442 million) for the fiscal year ending March 31, 2012. Total current expenditure for the six-month period ended September 30, 2011 amounted to QR46,926 million (US\$12,891 million) or 57.3% of total budgeted current expenditure of QR81,938 million (US\$22,510 million) for the fiscal year ending March 31, 2012. Total capital expenditure for the six-month period ended September 30, 2011 amounted to QR23,376 million (US\$6,422 million) or 40.3% of total budgeted capital expenditure of QR57,999 million (US\$15,934 million) for the fiscal year ending March 31, 2012.

Indebtedness

The following table sets forth the Government's direct indebtedness as of March 31, 2007 to 2011 and as of October 31, 2011.

	As of March 31,					As of October 31,
	2007	2008	2009	2010	2011 ⁽¹⁾	2011 ⁽¹⁾⁽²⁾
	<i>(in millions of US\$, except for percentages)</i>					
Total internal indebtedness⁽³⁾⁽⁴⁾	3,083.3	2,929.3	2,411.4	16,705.6	34,100.7	28,799.9
% of nominal GDP ⁽⁵⁾	5.1%	3.7%	2.1%	17.1%	26.8%	—
Total external indebtedness⁽⁶⁾⁽⁷⁾	3,441.3	3,319.1	7,798.5	17,944.6⁽⁸⁾	19,304.5	18,054.6
% of nominal GDP ⁽⁵⁾	5.7%	4.2%	6.8%	18.3%	15.2%	—
Total indebtedness⁽⁷⁾	6,524.6	6,248.4	10,209.9	34,650.2	53,405.2	46,854.4
Total nominal GDP⁽⁹⁾	60,896	79,712	115,270	97,798	127,332	—
% of nominal GDP ⁽⁵⁾	10.7%	7.8%	8.9%	35.4%	41.9%	—

Notes:

- (1) Preliminary data subject to revision.
- (2) Indebtedness as a percentage of GDP has not been presented in relation to the indebtedness as of October 31, 2011 as consolidated GDP data is not available for any period subsequent to the year ended December 31, 2010.
- (3) Internal indebtedness means direct indebtedness of the Government incurred inside Qatar (excluding guarantees by the Government), regardless of the currency of denomination.
- (4) The increase in the level of internal indebtedness as of March 31, 2010 is mainly due to the State's issuance of bonds in order to develop a local bond market rather than the State's need to address any particular funding requirement. The increase in total indebtedness as of March 31, 2011 is mainly due to monetary policy and the issuance of domestic bonds and treasury bills by the QCB. The decrease in total indebtedness as of October 31, 2011 is due to repayment of medium-term government bonds by the State. See "*Indebtedness—Internal Indebtedness*".
- (5) Indebtedness as a percentage of nominal GDP is calculated using nominal GDP figures on a calendar year basis and indebtedness as of the end of the fiscal year ending on March 31 of the following year. For example, indebtedness as of March 31, 2011 is compared to nominal GDP for the year ended December 31, 2010. Note that given the high rate of growth in the GDP of Qatar in 2010 and the first six months of 2011, this calculation may materially overstate Qatar's level of indebtedness as of March 31, 2010 and 2011.
- (6) 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. In relation to any euro-denominated indebtedness, indebtedness is in US dollars using a Euro/US dollar conversion rate of €1.00:US\$1.2697.
- (7) Does not include the principal amount of the Bonds offered hereby.
- (8) The increase in external indebtedness as of March 31, 2010 is due to the issuance of bonds and its entry into a commercial bank facility.
- (9) Represents the total nominal GDP for the previous year. For instance, while the total internal and external indebtedness under the 2011 column represents the estimated figures for internal and external indebtedness as of March 31, 2011, the corresponding figure for total nominal GDP represents the total nominal GDP for the year ended December 31, 2010.

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, 2010.

	Year ended December 31,				
	2006	2007	2008	2009 ⁽¹⁾	2010 ⁽¹⁾
	<i>(in millions of QR)</i>				
Current account:					
Trade balance (commodities):					
Exports (including re-exports)	123,945	152,951	205,997	175,835	262,277
Imports (FOB) ⁽²⁾	(53,911)	(76,832)	(91,492)	(81,726)	(76,210)
Total trade balance (commodities)	70,034	76,119	114,505	94,109	186,067
Services	(10,059)	(14,074)	(13,819)	(14,255)	(21,000)
Income	(11,941)	(15,431)	(24,614)	(34,262)	(47,115)
Current transfers	(13,604)	(13,779)	(18,270)	(21,247)	(41,362)
Total current account	34,430	32,836	57,802	24,345	76,590
Capital and financial account	(37,315)	(24,779)	(48,365)	2,197	(27,903)
Errors and omissions	5,709	6,090	(7,814)	3,717	(4,294)
Balance of payments surplus	2,824	14,145	1,623	30,258	44,393

Notes:

- (1) Preliminary data subject to revision.
- (2) The import figures were provided by the QCB.

Source: Qatar Statistics Authority (except as indicated).

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, 2011.

	As of January 1, 2011 ⁽¹⁾	
	Proven	Expected
Natural gas (in trillions of cubic feet) ⁽²⁾	883.2	884.1
Crude oil (in billions of barrels)	2.3	3.3
Condensate (in billions of barrels)	22.1	22.1
Total barrels of oil equivalent (in billions of barrels)⁽³⁾	181.3	182.3

Notes:

- (1) For a description of how Qatar classifies proven and expected reserves, see "Presentation of Certain Reserves Information."
- (2) Includes North Field gas reserves as well as reserves from Dukhan, Bul Hanine and Maydan Mazham oil fields.
- (3) 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 three years ended December 31, 2010.

	Year ended December 31,		
	2008 ⁽¹⁾	2009 ⁽¹⁾	2010 ⁽¹⁾
	(in billions of cubic feet)		
QP-operated fields:			
Dukhan	198.9	177.9	210.6
Bul Hanine	23.8	24.9	28.1
Maydan Mahzam	13.1	13.0	13.9
North Field Alpha	276.7	313.2	198.0
Total QP-operated fields	512.5	529.0	450.6
PSA fields⁽²⁾	90.0	84.2	109.0
Project-operated fields:			
North Field—Qatargas Projects	520.1	992.0	1,479.4
North Field—RasGas Projects	1,204.4	1,411.6	2,076.7
North Field—Al Khaleej Project	270.6	317.6	422.8
Dolphin project	729.8	725.3	730.0
Total project-operated fields	2,724.9	3,446.5	4,708.9
Total gas production in Qatar⁽³⁾	3,327.4	4,059.7	5,268.5

Note:

- (1) These figures are unaudited and are as estimated by the relevant project's management.
- (2) Substantially all gas production from production sharing agreements comes from the Idd El Shargi (North and South Domes) and Al Shaheen oil fields. Other production sharing agreement oil fields produce small amounts of gas that is either re-injected, utilized as fuel for power or flared.
- (3) These figures reflect gross production of natural gas in Qatar.

Source: Qatar Petroleum.

The following table gives an overview of Qatar's LNG exports and QP's share thereof for each of the three years ended December 31, 2010.

	Year ended December 31, ⁽¹⁾		
	2008	2009	2010
	<i>(in millions of tons, except as noted otherwise)</i>		
Qatargas Projects:			
Qatargas	9.7	9.4	9.4
Qatargas 2	—	4.7	13.9
Qatargas 3	—	—	0.1
Qatargas 4	—	—	—
Total Qatargas Projects	9.7	14.1	23.4
RasGas Projects:			
RasGas I	6.9	7.3	6.9
RasGas II	13.8	13.7	13.9
RasGas 3	—	2.0	12.2
Total RasGas Projects	20.7	23.0	33.0
Total LNG exports from Qatar⁽²⁾	30.4	37.1	56.4
QP share of total LNG exports	20.3	24.9	38.2
QP share of LNG revenues <i>(in millions of QR)</i>	41,804	30,367	51,978
QP share of LNG revenues <i>(in millions of US\$)</i>	11,485	8,343	14,280

Note:

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

(2) For comparative purposes, total LNG exports from Qatar were 20.8 mta, 24.9 mta and 29.3 mta for 2005, 2006 and 2007 respectively.

Source: Qatar Petroleum.

The following table gives an overview of Qatar's projected estimated LNG capacity as well as contractual commitments for Qatari LNG exports for each of the five years ending December 31, 2015.

	Year ending December 31, ⁽¹⁾				
	2011	2012	2013	2014	2015
	<i>(in millions of tons)</i>				
Qatargas Projects:					
Capacity	41.2	41.2	41.2	41.2	41.2
Commitments	32.6	39.9	40.0	39.4	40.2
RasGas Projects:					
Capacity	36.3	36.3	36.3	36.3	36.3
Commitments	36.3	36.3	36.3	36.3	36.3
Total LNG capacity	77.5	77.5	77.5	77.5	77.5
Total LNG commitments⁽²⁾	68.9	76.2	76.3	75.7	76.5

Notes:

(1) All volumes are projected estimates.

(2) The difference between the LNG capacity and LNG commitments reflected in the table above is expected to be covered with sales on the spot market and additional LNG sale and purchase contracts 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 three years ended December 31, 2010.

	Year ended December 31,		
	2008	2009	2010
Average daily production of crude oil <i>(in thousands of barrels per day)</i> ⁽¹⁾	843.9	799.0	793.7
QP share of average daily production of crude oil <i>(in thousands of barrels per day)</i>	654.6	598.2	591.8
QP share of total annual crude oil exports <i>(in millions of barrels)</i>	214.0	187.0	196.0
QP share of total value of crude oil exports <i>(in millions of QR)</i> ⁽²⁾	53,167	31,326	41,175
QP share of total value of crude oil exports <i>(in millions of US\$)</i> ⁽²⁾	14,606	8,606	11,312

Note:

(1) For comparative purposes, Qatar's average daily production of crude oil was 772,000, 761,000 and 801,000 barrels per day in 2005, 2006 and 2007 respectively.

(2) Net of royalties and taxes related to production sharing agreements.

Source: Qatar Petroleum.

The following table sets forth the production and export sales of condensate (both field and plant condensate) attributable to QP for each of the three years ended December 31, 2010.

	Year ended December 31 ⁽¹⁾		
	2008	2009	2010
QP share of total annual production <i>(in thousands of barrels)</i> ⁽²⁾	102,752	118,687	153,820
QP share of total export sales <i>(in thousands of barrels)</i>	80,067	95,726	136,148
QP share of total value of export sales <i>(in millions of QR)</i>	26,943	19,103	32,362
QP share of total value of export sales <i>(in millions of US\$)</i>	7,402	5,248	8,891

Notes:

- (1) A portion of these volumes is derived from information provided by QP's joint ventures as well as operators operating pursuant to production sharing agreements.
- (2) For comparative purposes, QP's share of total annual production was 60,995,000, 71,888,000 and 80,625,000 barrels for 2005, 2006 and 2007 respectively.

Source: Qatar Petroleum.

The following table gives an overview of the historical consolidated financial information of QP as of and for each of the three years ended December 31, 2010.

	As of and for the year ended December 31 ⁽¹⁾			
	2008	2009	2010	2010
	(in millions of QR)			(in millions of US\$)
Income statement data:				
Operating revenue:				
Sales:				
Crude oil	53,167	31,326	41,175	11,312
Liquefied natural gas	41,804	30,367	51,978	14,280
Condensate	26,943	19,103	32,362	8,891
Refined products	11,628	8,200	17,333	4,762
Natural gas and liquids	15,847	14,903	26,084	7,166
Petrochemicals	6,846	5,068	6,654	1,828
Fertilizers	4,590	2,480	2,910	799
Steel	5,770	3,987	5,334	1,465
Gas-to-liquids products	1,182	985	1,382	380
Other services	712	1,722	2,802	770
Other operating income	5,901	6,448	9,279	2,549
Total operating revenue	174,390	124,589	197,294	54,202
Net operating income	151,643	95,417	159,816	43,906
Net income	55,800	35,207	54,567	14,991
Balance sheet data:				
Total non-current assets	185,902	232,604	252,560	69,385
Total current assets	60,132	49,704	56,337	15,477
Total current liabilities	(23,028)	(25,410)	(24,538)	(6,741)
Total non-current liabilities	(156,917)	(190,464)	(164,384)	(45,161)
Total capital and reserves	(66,089)	(66,434)	(119,974)	(32,960)

Note:

- (1) The overview of 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, 2011, QP's total operating revenue and net income increased by approximately 60% and 90%, respectively, compared to the six-month period ended June 30, 2010, mainly as a result of higher volumes and prices realized on its hydrocarbon products. In addition due to higher revenues generated especially from the sale of crude oil and LNG, royalties and taxes payable to the State increased by approximately 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.
- Changes in global or regional prices or supply of natural gas, crude oil and other hydrocarbons, and any decline in Qatar’s future production of hydrocarbons, may materially and adversely impact the State’s revenues and the financial condition of the State.
- The global financial crisis had, and the current 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.
- 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 was caused, in part, by the failure of domestic real estate supply to meet levels of demand and a return of high rates of inflation in the future could adversely affect the economy.
- 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 2011 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 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.
- Credit ratings may not reflect all risks.
- 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.
- There is no principle of binding precedent in the Qatari courts.
- The production, processing, storage and shipping of hydrocarbons in Qatar subjects the State and QP to risks associated with hazardous materials.

Overview of the Terms and Conditions of the Bonds

Capitalized terms not otherwise defined in this overview 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.
2017 Bonds	US\$2,000,000,000 aggregate principal amount of 3.125% Bonds due 2017.
2022 Bonds	US\$2,000,000,000 aggregate principal amount of 4.500% Bonds due 2022.
2042 Bonds	US\$1,000,000,000 aggregate principal amount of 5.750% Bonds due 2042.
Issue Price of 2017 Bonds	99.719% of the principal amount of the 2017 Bonds, together with accrued interest, if any, from December 5, 2011.
Issue Price of 2022 Bonds	98.951% of the principal amount of the 2022 Bonds, together with accrued interest, if any, from December 5, 2011.
Issue Price of 2042 Bonds	98.928% of the principal amount of the 2042 Bonds, together with accrued interest, if any, from December 5, 2011.
Maturity Dates	January 20, 2017 for the 2017 Bonds. January 20, 2022 for the 2022 Bonds. January 20, 2042 for the 2042 Bonds.
Fiscal Agent, Principal Paying Agent, Registrar and Transfer Agent	Citibank, N.A., London Branch.
Interest	Each 2017 Bond bears interest at the rate of 3.125% per annum, payable semi-annually in arrear on January 20 and July 20 (each, an " Interest Payment Date ") in each year until (and including) the 2017 Maturity Date, commencing on July 20, 2012. Each 2022 Bond bears interest at the rate of 4.500% per annum, payable semi-annually in arrear on the Interest Payment Dates in each year until (and including) the 2022 Maturity Date, commencing on July 20, 2012. Each 2042 Bond bears interest at the rate of 5.750% per annum, payable semi-annually in arrear on the Interest Payment Dates in each year until (and including) the 2042 Maturity Date, commencing on July 20, 2012. For all series of Bonds, the payment on the first Interest Payment Date shall be in respect of interest accrued from and including December 5, 2011 to but excluding July 20, 2012.
Form and Denomination	The Bonds will be issued in registered form, without interest coupons attached, in a minimum denomination of US\$200,000 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, Saudi Arabia, 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 fund various infrastructure investments in Qatar; (ii) to fund the continued growth of Qatar's hydrocarbon sector as well as potential investments in the international oil and gas industry; and (iii) to provide funding for entities that are owned or controlled by the State.

Ratings It is expected that each series of Bonds will be rated AA by S&P 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 organization. The credit ratings included or referred to in this Prospectus will be treated for the purposes of the CRA Regulation as having been issued by S&P and Moody's. Each of S&P and Moody's is established in the European Union and is registered under the CRA Regulation. The CRA registration for each of these agencies is published in the European Securities and Market Authority update list (ESMA/2011/247) dated October 31, 2011.

**ISIN, Common Code and CUSIP
of 2017 Bonds**

Unrestricted Bonds

ISIN: XS0615235537
Common Code: 061523553
CUSIP: M81805 AS8

Restricted Bonds

ISIN: US74727PAM32
Common Code: 061917314
CUSIP: 74727P AM3

**ISIN, Common Code and CUSIP
of 2022 Bonds**

Unrestricted Bonds

ISIN: XS0615236006
Common Code: 06153600
CUSIP: M81805 AT6

Restricted Bonds

ISIN: US74727PAP62
Common Code: 061917268
CUSIP: 74727P AP6

**ISIN, Common Code and CUSIP
of 2042 Bonds**

Unrestricted Bonds

ISIN: XS0615236188

Common Code: 061523618

CUSIP: M81805 AU3

Restricted Bonds

ISIN: US74727PAR29

Common Code: 061917349

CUSIP: 74727P AR2

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, limited export diversification, dependency on imports and changes in the legal, economic and 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.

Changes in global or regional prices or supply of natural gas, crude oil and other hydrocarbons, and any decline in Qatar's future production of 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 oil and gas sector contributed 85.2% and 80.7% to the annual revenues of the State in the years ended March 31, 2010 and 2009, respectively, while contributing 51.7% and 44.8% to Qatar's total nominal GDP for the years 2010 and 2009, respectively. International prices for crude oil have 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. The price of crude oil (based on West Texas Intermediate spot) has averaged US\$94.56 per barrel between January 1, 2011 and November 1, 2011, compared to US\$78.10 per barrel for the same period in 2010. In addition, the price of crude oil has fallen from its 2008 monthly average peak of US\$133.93 per barrel in June 2008 to US\$86.10 per barrel in October 2011.

International prices for natural gas have also fluctuated significantly in the past depending on global supply and demand and the availability and price of alternative energy sources. The development of fracking technology in the United States has increased both United States gas reserves and gas production, which has led to depressed gas prices in the United States and a divergence of those gas prices from prices in Asia and Europe. For example, on October 31, 2011, the Henry Hub spot price in the United States was US\$3.57 per mmbtu while the Asian spot price based on JCC prices was US\$19.07 per mmbtu and British National Balancing Point spot price on September 30, 2011 (the date of the latest available data) was US\$9.51 per mmbtu. Qatar's ability to benefit from higher Asian and European gas prices may be negatively affected by a number of LNG projects coming on stream in the next several years that will increase the supply of LNG, including large LNG projects in Australia which are close to the Asian market and consequently any surplus delivered to the Asian market may negatively impact the Asian gas market. This, together with other factors such as the global economic downturn, could put further downward pressure on natural gas prices.

In the past, Qatar has been able to partially offset lower hydrocarbon prices by increases in hydrocarbon production, but the future rate of growth in Qatar's hydrocarbon production is expected to slowdown. Most of Qatar's oilfields are mature and oil production may have peaked in 2010. Additionally, the reserves at Al Shaheen, one of Qatar's most productive oil fields, were recently reduced after drilling results led to a reserves reassessment. Qatar is also approaching the end of a 20 year development cycle for LNG projects and LNG production is expected to plateau in the near future. With a moratorium on the development of new gas projects in the North Field in place (excluding the Barzan gas pipeline project which is targeted for local consumption), and given the long lead time to

develop gas projects, Qatar may not be able to significantly increase gas production in the near future through new gas projects.

Thus, 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 global financial crisis had, and current 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 deteriorated over the period since 2008. Financial markets in the United States, Europe and Asia have 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 and 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 or one of its agencies being required to provide financial support to Qatar's financial sector or other sectors of the economy. For example, starting in early 2009, the QIA began making direct capital injections in Qatar's commercial banking sector and between 2009 and 2011 purchased equity ownership interests of up to 20.0% in all domestic banks listed on the Qatar Exchange. In addition, on March 9, 2009, the QIA began to 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 QIA made a second round of investments and bought 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 total support by the QIA to the banking sector, which includes equity injections, purchases of real estate and investment portfolios in domestic banks, has been QR32,700 million (US\$8,984 million).

Should economic conditions in Qatar deteriorate again, 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 and reduce amounts available to the State to fund ongoing and future projects. Additionally, due to capital expenditures and past interventions, the State's ratio of total indebtedness to nominal GDP increased from 7.8% as of March 31, 2008 to 41.9% as of March 31, 2011. The State's ability to intervene in the future may be limited due to these increased levels of indebtedness.

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.

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. Any such interruption in the supply of LNG 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. The political instability has included 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,

tensions between and among the United States, Israel, Syria and the Islamic Republic of Iran (“Iran”), terrorist acts, maritime piracy and civil revolutions. In 2011, there has been political unrest ranging from public demonstrations to armed conflict in several countries in the Middle East and North Africa region, including Egypt, Algeria, Libya, Bahrain, Saudi Arabia, Yemen, Syria, Tunisia and Oman. Geopolitical events that may or may not directly involve Qatar may have a material adverse effect on Qatar’s economy, including an effect on Qatar’s ability to engage in international trade and destabilizing effects on the oil and gas market.

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 and a return of high rates of inflation in the future could adversely affect the economy.

Qatar has had a mix of inflation and deflation (measured by a movement in Qatar’s Consumer Price Index as opposed to a core inflation measurement) recently with inflation of 1.7% in the first three quarters of 2011 which was preceded by a negative inflation rate of 2.4% in 2010 and 4.9% in 2009. Prior to 2009, Qatar had high levels of inflation and the overall annual inflation rate was 15.2% in 2008 compared to 13.6% in 2007 and 11.8% in 2006. The high levels of inflation prior to 2009 were 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 supported several domestic and residential construction projects near completion and cost pressure abated. In 2009 and 2010, the decrease in housing costs contributed to the negative inflation rates in Qatar, but a recent rise in core inflation has led to a return of overall inflation in 2011. In a report on Qatar issued by the IMF in January 2011, the IMF noted that the country’s projected high growth rates require careful monitoring of aggregate demand to ward off the risk of inflation at the high levels seen previously. 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 or the QCB will be able to achieve or maintain price stability, in the real estate market or otherwise, and thus control inflation. Additionally, the past deflationary trend in the real estate market may not be sufficient to offset a further increase in core 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 2011 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. Additionally, QP Accounting Standards have evolved over time and as a result, QP has reclassified certain line items by adjusting comparative financial data for 2009 and 2008 to improve the quality of information presented. 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 any period in 2011 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, or published in the future, 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, 2011. 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 long-term credit rating of, and the Bonds are expected to be rated, AA by Standard & Poor's and Aa2 by Moody's. The credit ratings included or referred to in this Prospectus will be treated for the purposes of the CRA Regulation as having been issued by S&P and Moody's. Each of S&P and Moody's is established in the European Union and is registered under the CRA Regulation which was published in the European Securities and Market Authority update list (ESMA/2011/247) dated October 31, 2011. 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, decisions of the Qatari courts are not routinely published and there is no comprehensive up to date reporting of court decisions. 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.

The production, processing, storage and shipping of hydrocarbons in Qatar subjects the State and QP to risks associated with hazardous materials.

The oil and gas sector in Qatar consists of both upstream and downstream activities which include the production, processing, storage and shipping of oil, natural gas, petrochemicals and other hydrocarbons in various physical states. Hydrocarbons, by their nature, are often hazardous materials which have the potential to harm or damage property, production facilities, people and the environment. A disaster involving hydrocarbons, such as an oil spill, could have a materially adverse effect on the revenues or assets of QP or the State, either from direct losses, such as the loss of

export revenue, the loss of tax revenue or liability to third parties or from indirect losses, such as unrecovered clean-up costs from third parties or unmitigated environmental damage. Although Qatar has not experienced a significant disaster involving hydrocarbons, the State cannot guarantee that such an event will not occur in the future.

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\$200,000 and integral multiples of US\$1,000 in excess thereof. Accordingly, the Bonds may be traded in amounts in excess of US\$200,000 that are not integral multiples of US\$200,000. In such a case, a holder who, as a result of trading such amounts, holds a principal amount of less than US\$200,000 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\$200,000 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\$200,000 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, 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).

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\$4,959,680,000, after deduction of the Managers' management and underwriting commission. 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 fund various infrastructure investments in Qatar; (ii) to fund the continued growth of Qatar's hydrocarbon sector as well as potential investments in the international oil and gas industry; and (iii) to provide funding for entities that are owned or controlled by the State.

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 QR270,254 (US\$74,144) in 2010 based on Qatar's 2010 mid-year population figure of 1,715,010. In January 2011, the IMF noted that Qatar is one of the fastest growing economies in the world. As of January 2011, Qatar's proven reserves of hydrocarbons amount to approximately 181.3 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 Saudi Arabia, and maritime boundaries with 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

According to the State's 2010 Census, Qatar has a total population of 1,699,435 as of April 2010, indicating a 128.4% growth in population since the last census carried out in 2004. The population of Qatar has greatly increased over the past decade. A substantial part of the increase in population results from the influx of non-Qatari nationals, principally expatriate workers from South Asia, the Far East and, to a lesser extent, Africa and a large portion of the country's population is comprised of non-Qatari nationals. Recently the high population growth rate has begun to slow and a more stable population growth rate is expected in the future.

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

National 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.

Qatar recently published the National Development Strategy 2011-2016 ("**NDS**") which translates the goals identified in the National Vision into actionable targets. The NDS seeks to address the State's expected decline in the growth of the oil and gas sector by strengthening the structure and performance of the non hydrocarbon sectors of the economy. The NDS discusses the need for concerted institutional and organizational capacity building, efficient and transparent delivery of public

services, fruitful public private cooperation and partnerships, a vibrant business climate and a larger space for civil society. It further notes that the State's investment in foreign currency assets and planned investments in physical and social infrastructure beyond the needs of the 2022 FIFA World Cup is part of the State's broader strategy to diversify its income base. The State also intends to capture all rents associated with its mineral assets (including its oil and gas assets) and to ensure an adequate return on any capital it invests. The structures governing hydrocarbon linked investments, upstream and downstream, will be expected to provide adequate flexibility to deal with project specifics, changing costs or market conditions and equitable risk sharing arrangements. In addition, the State intends to ensure that the hydrocarbon rents it shares with private investors are compensated by other benefits that flow to the country such as the acquisition of technology, infrastructure or knowledge and skills. Qatar also intends to leverage its cheap domestic feedstock and energy to contribute to the expansion of its production base and to long-term economic diversification.

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 defensive 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 conclude 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.

On November 1, 2011, the State announced elections to the Advisory Council for 2013. The Advisory Council consists of 45 members, of which 30 members are elected by direct general secret ballot while the remaining 15 members are appointed by the Emir from amongst Ministers or others. The term of service of the appointed members expires when these members resign their seats or are relieved from their posts. 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 Shari'ah court system that administered

Islamic law. In 2003, the civil and commercial courts were unified with the Shari'ah 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 Shari'ah 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 Commercial 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 Commercial 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, tax 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 Regulatory Tribunal has the jurisdiction to hear appeals against decisions of the QFC Authority, including the decisions of the Employment Standard Office and the Tax Office, the Regulatory Authority and other QFC institutions.

Employment and Wages

The unemployment rate in Qatar has increased to 0.6% in 2011 from 0.3% in 2010. Owing to a shortage of indigenous labor, the economy is dependent on foreign 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 Labor Force Sample Survey of March 2011, approximately 91,095 people were employed in the Government sector, of whom approximately 55.1% were Qatari nationals, and approximately 59,000 people were employed in companies and corporations wholly owned by the State, of whom approximately 19.2% were Qatari nationals. According to the same survey, approximately 39,000 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 15.6% were Qatari nationals, and approximately 990,700 people were employed by the private sector, of whom approximately 0.3% were Qatari nationals.

Qatar recently issued Emiri Decree No. 50 of 2011 authorizing a 60% increase in the basic salary and social allowances for state civilian employees, a 120% rise in the basic salary and social allowances for military personnel with a rank of officer or above and a 50% increase in basic salary and social allowances for personnel of other ranks. The pensions of retired civilian employees and retired military officers were increased by 60% and 120%, respectively, and the pensions of retired non-officer military personnel were increased by 50%. The total annual cost of the wage increases may reach approximately QR10 billion (US\$2.75 billion) and the total additional contribution to pensions and retirement subscriptions may amount to a one time cost of QR20 billion (US\$5.5 billion).

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; there is also a Government recommendation of 20.0% employment of Qatari nationals in other sectors. 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 2011, Qatar had 200 primary schools, 124 preparatory schools and 108 secondary schools. In addition, according to preliminary estimates, Qatar's literacy rate (measured for 15 year old individuals and above) was 96.3% at the end of 2010 and 95.4% for 2011.

Qatar University is made up of seven colleges which together have over 641 faculty members in the following subjects: Education, Arts and Sciences, Shari'ah 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 Weil 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

The State annually funds the 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. Once operational, it is expected to employ more than 4,500 clinicians, technologists, biomedical researchers and support staff.

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 Stockholm Convention on Persistent Organic Pollutants (the "**Stockholm Convention**"), the Rotterdam Convention on Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (the "**Rotterdam Convention**") the Convention on Biological Diversity, the Vienna Convention for the Protection of the Ozone Layer (the "**Vienna Convention**") 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. Qatar has adopted the general policies of the Strategic Approach to International Chemicals Management through various environmental agreements on hazardous substances and wastes consistent with the Basel Convention, the Rotterdam Convention, the Stockholm Convention and the Vienna Convention. In addition the State adheres to the Globally Harmonized System of Classification of Hazardous Materials through Transport.

In 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 opened the 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 fourth edition of which is scheduled to be held in April 2012.

Qatar also regularly hosts premier international sporting events and will host the 2022 FIFA World Cup. Additionally, Qatar hosted the 2006 Asian Games, the 2010 World Indoor Athletics Championship and the 2011 Asian Cup soccer competition. Doha has also been given special permission by the International Olympic Committee to submit a bid to host the 2020 Olympic Games. Doha will compete with Baku, Istanbul, Madrid, Rome and Tokyo with the winner expected to be announced in September 2013.

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 a member of the United Nations and was a non-permanent member of the UN Security Council for the 2006-2007 term. On June 22, 2011, Nassir Abdulaziz Al-Nasser, the Permanent Representative of Qatar, was elected President of the 66th session of the United Nations General Assembly. Qatar is also a member of the OPEC and numerous other international and multilateral organizations, including, among others, 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 eleven 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. The GECF Secretary General commenced his duties in Doha in February 2010 and the GECF Liaison Office, which facilitates the affairs of the GECF, is also based in Doha. The fourteenth GECF Ministerial Meeting took place in Doha on November 13, 2011 and the first summit for the GECF took place in Doha on November 15, 2011. 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 in 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. In February 2010, Qatar hosted the seventh edition of the US-Islamic World Forum, a three-day event jointly sponsored by the Brookings Institution and Qatar's Ministry of Foreign Affairs. In December 2011, Qatar is scheduled to host the 20th World Petroleum Congress.

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, 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.

Since 2001, members of the GCC have been meeting with the goal of eventually establishing a common currency and improving economic integration. The goal of the GCC monetary union is 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 a framework for the monetary union and a monetary council which may ultimately serve as a GCC central bank. Four of the six GCC members have signed an accord to join the monetary union—Qatar, Kuwait, Saudi Arabia and Bahrain—while the United Arab Emirates and Oman have decided not to join. The original GCC target date of 2010 for a common currency was extended by the GCC, and there is currently no date targeted for the establishment of the common currency. In March 2010, Qatar, Kuwait, Saudi Arabia and Bahrain unanimously elected Saudi Arabia's Monetary Agency Governor as the first chairman of the GCC Monetary Council, and further talks in 2011 have been held about the future of the monetary union and the common currency. Throughout the discussions on the monetary union and single currency, Qatar has maintained its historical currency peg to the US dollar.

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. Qatar has had a long-term dialogue with

Saudi Arabia over their shared borders. The Dolphin pipeline from Qatar to the UAE also passes through an area that has been subject to dispute between Saudi Arabia and Qatar and between Saudi Arabia and the UAE. In 2001 and 2008, major agreements were reached on the delimitation of the land and maritime borders between Saudi Arabia and Qatar and joint minutes were filed with the UN. In the joint minutes from 2008, Qatar agreed to grant a maritime corridor in its own territorial waters to Saudi Arabia that crosses the Dolphin pipeline. In July 2009, the UAE sent a letter to the UN reserving its rights in relation to certain parts of the joint minutes which the UAE views as conflicting with its sovereignty. In November 2009, Saudi Arabia sent a response letter to the UN reserving its rights in relation to certain disputes with the UAE and requesting that the UAE delineate its borders with Saudi Arabia. Qatar has not filed any letters with the UN on the subject since the joint minutes in 2008. Qatar does not believe it has 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. In May 2010, Qatar chaired the Arab Peace Initiative Follow-Up Committee in Egypt, at the headquarters of the Arab League, to discuss US proposals relating to Palestine. Among other 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 and also recently pledged to contribute 10.0% of the required financing for reconstruction and development projects at the International Donors Conference for the Reconstruction of Darfur. 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 in an attempt to end an 18 month long political conflict. Qatar has an increasing presence in regional and international diplomacy and currently heads the Arab Peace Initiative.

Recently, Qatar along with the United Arab Emirates, and pursuant to a UN vote authorizing air strikes in Libya, joined the NATO led international forces to aid the Libyan National Transitional Council. Qatar has also condemned Syria in its use of force against protestors demanding political changes.

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 substantial amounts in loan guarantees to support various natural gas development projects where US oil and gas companies have made significant investments in Qatar. In 2009, the United States accounted for 12.3% of Qatar's total imports and 0.7% of Qatar's total exports. In 2010, the United States enjoyed a favorable balance of trade with Qatar and accounted for 11.8% of Qatar's total imports. The United States is also the intended destination of a portion of the LNG to be produced by Qatari LNG trains pursuant to long-term sale and purchase agreements; however, the sale and purchase agreements allow the diversion of cargoes and Qatar has recently diverted most of its cargoes away from the United States to seek higher returns in the Asian and European spot markets. 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 an important destination for Qatari LNG.

Japan is an important trade partner for Qatar, both for imports and exports. In 2009, Japan accounted for 7.3% of Qatar's total imports and 22.9% of Qatar's total exports. In 2010, Japan accounted for approximately 7.5% of Qatar's total imports. Japan, which first began importing Qatari LNG in 1996, is a primary destination for LNG exports and is also the primary destination for Qatari crude oil, condensate and LPG. Japanese companies have made significant investments in Qatar over the years.

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 3.6% of Qatar's total imports and 14.2% of Qatar's total exports in 2009. In 2010, South Korea accounted for approximately 3.1% of Qatar's total imports. 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 2010, Singapore accounted for approximately 0.7% of Qatar's total imports.

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. The State of Qatar, represented by Qatar Petroleum, entered into an Exploration and Production Sharing Agreement with Shell and PetroChina Company Limited in May 2010 for exploration of natural gas in Qatar's Block D offshore area.

African Relations

In recent years, Qatar has developed its relations with African countries by receiving a number of African heads of state, such as the presidents of the State of Eritrea and Sudan. In addition, Qatar has aided in the mediation of certain conflicts in Africa, including Eritrea's conflicts with Ethiopia, Djibouti and Sudan. Qatar has been involved in the discussions to find a solution to the Darfur conflict in Sudan. Qatar's role in mediating African conflicts has incentivized various African countries to open embassies in Doha, which now hosts the embassies of many African countries.

EU Relations

Qatar's relations with the EU have strengthened over the years through the exchange of official visits with various EU countries, including the UK, France, Germany, Italy, Spain, Luxembourg and Belgium. During these visits, several bilateral agreements and memoranda of understanding, covering political, economic, cultural and informational matters, were signed. In June 2009, the European Commission and Qatar's Ministry of Foreign Affairs met in Brussels to discuss regional and international issues. The second session of the dialogue was held in Doha in May 2010.

The EU is a destination for a portion of the LNG produced by Qatari LNG trains, 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 over 20 years. The 20th EU-GCC Joint Council held in June 2010 set out a three-year action plan covering strategic areas of economic, financial and monetary cooperation. Currently, all six GCC countries benefit from preferential access to the EU market under the EU's Generalized System of Preferences. The Financing Instrument for Cooperation

with Industrialized and Other High-Income Countries and Territories for the period 2007-2013 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).

Latin American Relations

In recent years, Qatar has focused on developing its relations with Latin America by arranging the Emir's visits to several Latin American countries and hosting a number of Latin American heads of state and government. These efforts have yielded certain bilateral agreements and memoranda of understanding. Certain Latin American countries have opened embassies in Doha or announced their desire to establish resident diplomatic representation within Qatar. Qatar plans to open embassies in those Latin American countries that have embassies in Doha. Qatar has also been a permanent observer to the Organization of American States since 2002. In May 2005, the Emir participated in the first Summit of South American-Arab Countries held in Brazil. The second summit, held in March 2009, was hosted by Qatar in Doha. Qatar has participated in subsequent summits held in South America in 2010 and 2011.

Commercial Relations

QP and its affiliates have developed an extensive 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 lasting up to 20 years, it is particularly important for customer relationships to be strong. In some cases, it can take 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 company partnerships and equity partnerships in projects, QP has forged relationships with a geographically diverse group of companies, including Exxon Mobil Corporation 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 QR270,254 (US\$74,144) in 2010 based on Qatar's 2010 mid-year population figure of 1,715,010. In January 2011, the IMF noted that Qatar is one of the fastest growing economies in the world. As of January 2011, Qatar's proven reserves of hydrocarbons amount to approximately 181.3 billion barrels of oil equivalent. These hydrocarbons consist of proven reserves of approximately 883.2 tcf of natural gas, 2.3 billion barrels of crude oil and 22.1 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 US Energy Information Administration to be the largest non associated gas field in the world, representing approximately 15% of the world's natural gas reserves in 2009. Qatar has over 100 years of proven gas reserves at projected long-term production levels.

Qatar's carefully planned exploitation of its hydrocarbon reserves resulted in a nominal GDP CAGR of 26.0% from 2004 to 2010. Qatar's economy achieved a new record in 2010 with a total nominal GDP of QR463,489 million (US\$127,158 million) representing a growth of 30.2% in 2010 compared to 2009, and the trend has continued in 2011 with a total nominal GDP of QR294,993 million (US\$80,931 million) for the six-month period ended June 30, 2011 compared to a total nominal GDP of QR218,881 million (US\$60,050 million) for the six-month period ended June 30, 2010, representing an increase of 34.8%. The historic growth in Qatar's economy has been driven by expansion in the production of LNG, crude oil and condensates, coupled with increases in hydrocarbon prices, with the oil and gas sector constituting 51.7% of Qatar's total nominal GDP in 2010 and 57.8% for the six-month period ended June 30, 2011. As Qatar reaches the end of its successful 20 year LNG development plan, LNG production is expected to plateau at a high, but steady, level over the next few years. Future growth in gas production is expected to come from the Barzan Project, which is a gas project under development to provide domestic pipeline gas. Qatar has 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 26.8% between 2004 and 2010, reflecting a slightly higher annual growth rate than the oil and gas sector for the same period. Nominal GDP for the non-oil and gas sector reached QR223,744 million (US\$61,468 million), or 48.3% of Qatar's total nominal GDP, in 2010, and QR124,380 million (US\$34,123 million), or 42.2% of Qatar's total nominal GDP, for the six-month period ended June 30, 2011.

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 then, Qatar steadily increased its levels of crude oil production, both directly and by entering into exploration and development production sharing agreements with leading international oil exploration and production companies, including Maersk, TOTAL and Occidental Petroleum. Qatar was estimated by the US Energy Information Administration to have been the 16th largest global oil producer in the world in 2009.

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 with 56.4 million tons of additional LNG exports in 2010. As of December 31, 2010, Qatar reached its planned LNG production capacity of 77.5 mta, which reflects an increase of more than 150% since 2008 due to the completion of its remaining planned LNG trains. 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 Exxon Mobil Corporation, 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 cost structure. Because most of the natural gas in the North Field is "wet," meaning it is associated with other hydrocarbons such as condensates, Qatar's LNG projects also produce significant quantities of condensate and natural gas liquids which contribute to the diversification of the State's revenue sources and create downstream opportunities. 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 sold globally to customers in 15 countries in North America (Mexico and the United States), Northwest Europe (the United Kingdom, the Netherlands and Belgium), Western Europe (Italy, France and Spain), South Asia (UAE, Kuwait and India) and Northeast Asia (China, 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.

In recent years, Qatar has focused on developing and exploiting its natural gas resources beyond the LNG industry by implementing a downstream strategy driven by opportunities to generate additional revenue from its existing oil and gas production. QP has developed pipeline gas projects 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. Qatar has also invested in exploiting various GTL technologies and has two joint venture projects currently in operation to generate GTL products like distillates.

Throughout a period characterized by rapid growth and development, Qatar has demonstrated fiscal responsibility by managing its budget and public finances prudently. The State has historically had low levels of indebtedness but there was an increase in indebtedness starting in 2009 and continuing through 2011 mainly due to the support given by the State to the commercial banking sector during the global financial crisis in 2009 and the issuance of bonds and treasury bills by the QCB in 2010 and 2011 to absorb excess liquidity among domestic commercial banks and to develop a yield curve for riyal-denominated domestic bonds. The State's total direct external indebtedness was QR65,719 million (US\$18,055 million) as of October 31, 2011. 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 surpluses in the fiscal and external accounts. Qatar has had budget surpluses since the fiscal year ended March 31, 2001, with an estimated surplus of QR13,537 million (US\$3,719 million) or 8.6% of total Government revenues for the fiscal year ended March 31, 2011. In March 2011, the State projected a budget surplus of QR22,538 million (US\$6,192 million), or 13.9% of total budgeted revenues, for the fiscal year ending March 31, 2012. The Government's figures for the six-month period ended September 30, 2011 exceeded the budget and reflected a surplus of QR39,999 million (US\$10,989 million) amounting to 36.2% of the revenues for the same period. In addition, Qatar's trade activity is strong, with total goods exported (including re-exports) in 2010 valued at QR262,277 million (US\$72,054 million) and total imports in 2010 valued at QR76,210 million (US\$20,937 million), together constituting 73.0% of total nominal GDP. Between 2007 and 2010, the value of Qatar's exports increased by 71.5%, while the value of imports decreased by 0.01%. 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. This diversification will be important to Qatar's future government revenues as the growth rate of the State's revenue from the oil and gas sector is expected to stabilize given the completion of several of the State's long-term hydrocarbon investment programs. In 2005, the State established the QIA to propose and implement investments for the State's growing financial reserves, both domestically and abroad. Through the QIA, Qatar has invested 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.

The QIA has provided financial support to Qatar's financial sector as a response to the global economic downturn and as a preventative measure to preserve the general stability in Qatar's banking sector. In 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 the domestic banks listed on the Qatar Exchange. In line with the plan, from 2009 through to 2011, the QIA acquired equity positions ranging from 5.0% to 20.0% in various domestic banks, including the Qatar Islamic Bank, the

Commercial Bank of Qatar, the Qatar International Islamic Bank, the Ahli Bank and the Doha Bank. The total equity injections in the domestic banks currently amount to QR11.2 billion (US\$3.1 billion). The Government is expected to give these banks an option to buy back their shares over the next five years.

In addition to the equity purchases, the QIA also assisted the banking sector by purchasing certain portions of their investment and real estate portfolios. On March 22, 2009, the QIA purchased the investment portfolios of seven of the nine domestic banks listed on the Qatar Exchange 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 QIA made a second round of investments and bought 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 total support to the banking sector, which includes purchases of real estate and investment portfolio in domestic banks as well as the equity injections, has been QR32,700 million (US\$8,984 million).

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. The country has an organized set of institutions supporting the growth in trade and commerce, both internally and externally, including the Qatar Financial Centre Authority, the Qatar Exchange and regulators, namely the Qatar Central Bank, the QFMA and the QFCRA. Qatar has good relations with other members of the GCC and the wider Middle East in general. Qatar has significant trade and investment ties with the major Asian countries and 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. Qatar will host the FIFA World Cup in 2022 and views the World Cup as an opportunity to further invest in its infrastructure and develop the non-oil and gas sector of its economy.

The factors mentioned above have contributed to improved credit ratings over the years. 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 on October 27, 2011 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 on June 15, 2011 with a stable outlook. Qatar's five year credit default swap spread, which is a measure of default risk, is presently among the lowest of the GCC countries.

Economic Policy

The State's primary economic objective is to create a thriving investment climate that encourages domestic investment and identifies positive opportunities for outward investment. The State seeks to achieve this by 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 GTL for global export, by 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 US Energy Information Administration.

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. The General Secretariat for Development Planning, in furtherance of Qatar's economic policy, announced the State's long-term strategic goals in the National Vision in 2008, and also published the NDS to establish targets to achieve the goals set out in the National Vision. The Ministry of Business and Trade participates in the process of identifying action items drawn from the targets highlighted in the Development Strategy. The State's long-term economic objectives, as set out in the National Vision, include developing Qatar's infrastructure and strengthening its private sector. In pursuit of these objectives, and made possible by increased government revenues and budget surpluses, the State has increased total expenditure from QR50,768 million (US\$13,947 million) for the fiscal year ended March 31, 2006 to an estimated QR142,370 million (US\$39,113 million) for the fiscal year ended March 31, 2011 and an estimated QR70,302 million (US\$19,314 million) for the six-month period ended September 30, 2011 (with total budgeted expenditure of QR139,937 million (US\$38,444 million) for the fiscal year ending March 31, 2012). Much of this expenditure has been directed 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, and to this end has taken 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 Qatar Financial Centre Authority, which enables global firms to operate as onshore institutions in Qatar. In addition, on January 1, 2010, Law No. (21) of 2009 on Income Tax (the "**Income Tax Law**") created a flat income tax rate of 10.0% except (i) on the income of certain oil and gas companies that will continue to be taxed at not less than 35.0% and (ii) in respect of agreements to which the Government, the Ministries or other governmental bodies or public body enterprises are a party and which were concluded prior to the Income Tax Law coming into force where the tax rate shall be that provided for in the agreements and, if such agreements do not specify a tax rate, the tax rate shall be 35.0%. These developments are part of a broad plan to diversify the Qatari economy to reduce reliance on oil and gas revenues, which accounted for approximately 51.7% of total nominal GDP in the year ended December 31, 2010 and approximately 57.8% of total nominal GDP for the six-month period ended June 30, 2011.

The State is also seeking to increase foreign direct investment ("**FDI**") in Qatar. The QCB, in its 2010 Financial Stability Review, reports that Qatar received QR171.4 billion (US\$47.1 billion) or approximately 48% of its GDP from foreign investment in 2009. This reflects an increase of 36.4% over the 2008 foreign investment amount of QR125.6 billion (US\$34.5 billion). Total FDI in 2009 amounted to QR94.25 billion (US\$25.9 billion), of which QR48 billion (US\$13.2 billion) reflecting 50.9% of the total FDI, went to the mining sector which also includes crude oil and gas operations. The other main recipients of FDI were the manufacturing, business services, construction, and building and banking sectors. The major countries contributing to inward FDI were the United Kingdom, the United States, the United Arab Emirates, Japan and South Korea, in that order.

Gross Domestic Product

The Qatar Statistics Authority estimates the nominal GDP at current prices for the first six months of 2011 to be QR294,993 million (US\$80,931 million). This represents an increase of 34.8% when compared to the GDP at current prices for the first six months of 2010 recorded at QR218,881 million (US\$60,050 million). With the exception of 2009, Qatar's GDP growth has been steady over the last five years, driven by the production and export of crude oil, LNG, petrochemicals and related products, coupled with rising hydrocarbon prices. Annual nominal GDP growth amounted to an increase of 36.7% in 2006, 30.9% in 2007 and 44.6% in 2008, a decrease of 15.2% in 2009 and an increase of 30.2% in 2010. The decrease in the growth rate in 2009 reflects the unfavorable conditions seen in the international oil and gas markets as a consequence of the global financial crisis and the consequent lower international oil and gas prices offset in part by the continued growth in the non-oil and gas sector. With major economies experiencing slow recovery in the aftermath of the financial crisis, Qatar,

like most oil and gas producing countries, saw a lower demand for oil and gas and consequently, reported lower GDP growth in the country's oil and gas sector during 2009. However, the GDP figures for the year ended December 31, 2010 reflect Qatar's recovery from 2009 owing to an increase in international oil and gas prices and new projects in the oil and gas sector commencing production.

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, 2010 at current prices.

	Year ended December 31,									
	2006		2007		2008		2009		2010 ⁽¹⁾	
	Value	%	Value	%	Value	%	Value	%	Value	%
	<i>(in millions of QR, except for percentages)</i>									
Oil and gas sector	117,469	53.0	150,014	51.7	230,312	54.9	159,467	44.8	239,745	51.7
Non-oil and gas by sectors:										
Finance, business services, insurance and real estate	29,371	13.3	41,982	14.5	51,580	12.3	58,099	16.3	62,119	13.4
Manufacturing ⁽²⁾	20,617	9.3	26,810	9.2	44,853	10.7	33,570	9.4	49,185	10.6
Building and construction ...	10,846	4.9	15,925	5.5	27,199	6.5	25,522	7.2	24,143	5.3
Trade, restaurants and hotels	14,789	6.7	20,848	7.2	23,429	5.6	29,839	8.4	32,310	7.0
Transport and communications	6,885	3.1	8,697	3.0	14,775	3.5	16,212	4.6	18,275	3.9
Electricity and water	1,569	0.7	1,820	0.6	2,063	0.5	1,794	0.5	2,070	0.4
Agriculture and fisheries	270	0.1	319	0.1	523	0.1	439	0.1	534	0.1
Other services ⁽³⁾	19,795	8.9	23,736	8.2	24,848	5.9	31,045	8.7	35,108	7.6
Total non-oil and gas sector	104,141	47.0	140,137	48.3	189,279	45.1	196,519	55.2	223,744	48.3
Total nominal GDP	221,610	100.0	290,152	100.0	419,583	100.0	355,986	100.0	463,489	100.0
Memorandum items										
FISIM	(5,352)		(6,734)		(10,149)		(10,152)		(10,953)	
Import duties	2,703	1.2	3,946	1.4	3,540	0.8	3,114	0.9	4,019	0.9

Notes:

(1) Preliminary estimates.

(2) 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.

(3) Includes social services, imputed bank service charges (FISIM), 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, 2010 and 2011, including the percentage change between such periods.

	Six months ended June 30,				Percentage Change
	2010 ⁽¹⁾		2011 ⁽¹⁾		
	Value	%	Value	%	
	(in millions of QR, except for percentages)				
Oil and gas sector	109,656	50.1	170,613	57.8	55.6
Non-oil and gas by sectors:					
Finance, business services, insurance and real estate	29,436	13.4	32,446	11.0	10.2
Manufacturing ⁽²⁾	23,992	11.0	31,069	10.5	29.5
Building and construction	12,992	5.9	12,199	4.1	(6.1)
Trade, restaurants and hotels	15,445	7.1	16,394	5.6	6.1
Transport and communications	8,640	3.9	10,080	3.4	16.7
Electricity and water	972	0.4	1,212	0.4	24.7
Agriculture and fisheries	265	0.1	289	0.1	9.1
Other services ⁽³⁾	17,483	8.0	20,671	7.0	18.2
Total non-oil and gas sector	109,225	49.9	124,380	42.2	13.9
Total nominal GDP	218,881	100.0	294,993	100.0	34.8

Notes:

(1) Preliminary estimates.

(2) 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.

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

Source: Qatar Statistics Authority.

Oil and Gas Sector. The preliminary estimates of nominal GDP from the oil and gas sector for the year ended December 31, 2010 was QR239,745 million (US\$65,864 million) representing an increase of QR80,278 million (US\$22,034 million), or 50.3%, over the oil and gas sector GDP reported for the year ended December 31, 2009. The growth is attributed to both higher production volumes and international oil and gas prices. This sector recovered considerably from the previous year's decline of 30.8%, i.e. a decline of QR70,845 million (US\$19,436 million) reported for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The decline was attributable to the global financial crisis and resulting recession in many industrialized economies and the decline in international oil and gas prices coupled with a decline in demand for hydrocarbon products.

Non-Oil and Gas Sector. The preliminary estimates of nominal GDP from the non-oil and gas sectors for the year ended December 31, 2010 was QR223,744 million (US\$61,468 million) reflecting a continued pace of growth with an increase of 13.9% over the sector's output as of December 31, 2009. This follows an increase of 3.8% in the sector's output in the year ended December 31, 2009 as compared to the year ended December 31, 2008. In 2010, the sector contributed 48.3% to the total nominal GDP of the country. The key driver of growth was the manufacturing sector which grew by 46.5% in 2010 to report an overall nominal output of QR49,185 million (US\$13,512 million) as compared to QR33,570 million (US\$9,223 million) in 2009.

Oil and Gas Sector

Overview

The following table sets forth Qatar's total proven and expected reserves of crude oil, natural gas and condensate as of January 1, 2011.

	As of January 1, 2011 ⁽¹⁾	
	Proven	Expected
Natural gas (in trillions of cubic feet) ⁽²⁾	883.2	884.1
Crude oil (in billions of barrels)	2.3	3.3
Condensate (in billions of barrels)	22.1	22.1
Total barrels of oil equivalent (in billions of barrels)⁽³⁾	181.3	182.3

Notes:

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

(2) Includes North Field gas reserves as well as reserves from Dukhan, Bul Hanine and Maydan Mazham oil fields.

(3) 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 production sharing agreements 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 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 Minister of Energy and Industry serves as the Chairman and Managing Director of QP. Other members of QP's board of

directors include representatives of QP's major subsidiaries and affiliates. 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 gives an overview of the historical consolidated financial information of QP as of and for each of the three years ended December 31, 2010.

	As of and for the year ended December 31 ⁽¹⁾			
	2008	2009	2010	2010
	(in millions of QR)			(in millions of US\$)
Income statement data:				
Operating revenue:				
Sales:				
Crude oil	53,167	31,326	41,175	11,312
Liquefied natural gas	41,804	30,367	51,978	14,280
Condensate	26,943	19,103	32,362	8,891
Refined products	11,628	8,200	17,333	4,762
Natural gas and liquids	15,847	14,903	26,084	7,166
Petrochemicals	6,846	5,068	6,654	1,828
Fertilizers	4,590	2,480	2,910	799
Steel	5,770	3,987	5,334	1,465
Gas-to-liquids products	1,182	985	1,382	380
Other services	712	1,722	2,802	770
Other operating income	5,901	6,448	9,279	2,549
Total operating revenue	174,390	124,589	197,294	54,202
Total operating expenses	(22,747)	(29,172)	(37,478)	(10,296)
Net operating income	151,643	95,417	159,816	43,906
Dividend and interest income	1,727	1,326	806	221
Finance charges	(2,791)	(4,149)	(5,628)	(1,546)
Royalties, taxes and minority interest	(94,779)	(57,387)	(100,427)	(27,590)
Net income	55,800	35,207	54,567	14,991
Balance sheet data:				
Total non-current assets	185,902	232,604	252,560	69,385
Current assets:				
Cash and cash equivalents	41,389	25,519	29,165	8,012
Other current assets	18,743	24,185	27,172	7,465
Total current assets	60,132	49,704	56,337	15,477
Total current liabilities	(23,028)	(25,410)	(24,538)	(6,741)
Non-current liabilities:				
Loans	(62,448)	(75,338)	(74,354)	(20,427)
Other non-current liabilities	(94,469)	(115,126)	(90,031)	(24,734)
Total non-current liabilities	(156,917)	(190,464)	(164,384)	(45,161)
Total capital and reserves	(66,089)	(66,434)	(119,974)	(32,960)
Cash flow statement data:				
Net cash from operating activities	58,560	40,864	58,517	16,076
Cash flows from investing activities:				
Payments for property, plant and equipment, deferred expenditure and other assets	(36,791)	(35,350)	(24,455)	(6,718)
Other investing activities	(915)	1,000	616	169
Net used in investing activities	(37,706)	(34,350)	(23,839)	(6,549)
Cash flows from financing activities:				
Proceeds from borrowings	13,494	16,331	5,150	1,415
Repayments of loans and obligations under finance leases	(3,204)	(6,908)	(4,565)	(1,254)
Net change in account with Ministry of Economy and Finance	(21,697)	(28,249)	(29,470)	(8,096)
Movement in minority interest	67	(1,357)	(1,202)	(330)
Net cash used in financing activities	(11,340)	(20,183)	(30,087)	(8,265)
Net change in cash and cash equivalents	9,514	(13,669)	4,591	1,262
Cash and cash equivalents at the beginning of the year	28,367	37,880	24,211	6,651
Cash and cash equivalents at the end of the year	37,880	24,211	28,802	7,913

Note:

- (1) The overview of 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, 2011, QP's total operating revenue and net income increased by approximately 60% and 90%, respectively, compared to the six-month period ended June 30, 2010, mainly as a result of higher volumes and prices realized on its hydrocarbon products. In addition due to higher revenues generated especially from the sale of crude oil and LNG, royalties and taxes payable to the State increased by approximately 50%.

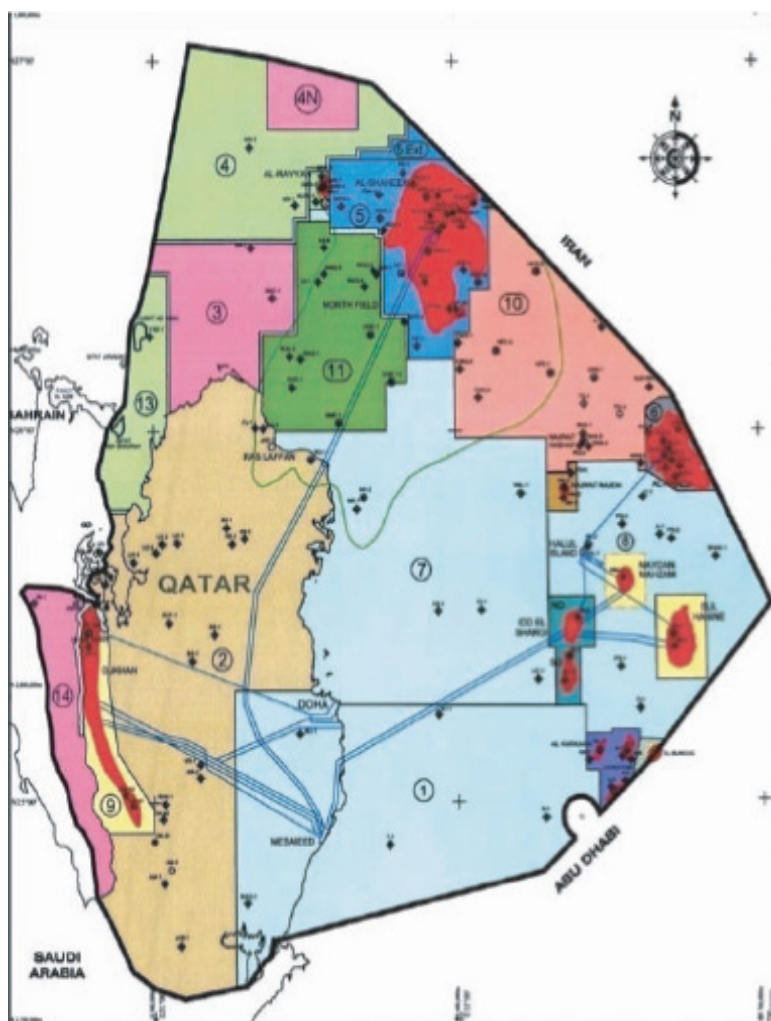
Although QP's operating revenues decreased by 28.6% from QR174,390 million (US\$47,909 million) in 2008 to QR124,589 million (US\$34,228 million) in 2009, QP's operating revenues recovered in 2010 by 58.4% and were reported at QR197,294 million (US\$54,202 million). The decrease in 2009 was due to the global financial crisis and resultant recession in the developed economies which affected the price of oil and gas and demand for commodities adversely. QP's sale and export of crude oil, LNG and petroleum products is its primary revenue generator. The recovery of the developed economies in 2010 led to a higher demand in commodities, including petroleum products, and an increase in the price of oil and gas which resulted in higher operating revenues for QP in 2010.

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 and the export credit agencies of its trade partners. Over the next five years, capital expenditure by QP, its subsidiaries and joint venture partners is projected to be approximately QR146,954 million (US\$40,372 million). Many of the projects undertaken by QP, its subsidiaries and joint ventures have been structured as non-recourse projects (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 QR126,519 million (US\$34,758 million). Financing for certain projects has already been fully committed, and certain expenditure commitments have already been made. For details on certain project commitments see "*Natural Gas Operations—LNG Exports*".

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. QP aims to diversify risk geographically as well as capture further value in the oil and gas value chain. In furtherance of this strategy, QP has set up its wholly owned subsidiary, Qatar Petroleum International ("**QPI**"), through which it invests outside Qatar in the international oil and gas markets. 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% minority interests in two onshore oil exploration blocks in Mauritania, and the signing in January 2008 of a memorandum of understanding with ConocoPhillips to pursue and develop international energy projects outside of Qatar. In December 2009, QPI acquired an ownership interest in two Shell petrochemical joint ventures in Singapore. QP interests in LNG terminals located outside of Qatar (South Hook, Adriatic and Golden Pass) were transferred to QPI's portfolio effective January 1, 2011. In October 2011, QPI, an affiliate of Shell and PetroChina Company Ltd signed a framework agreement for a petrochemical complex in China.

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

Qatar produced a total of 5,268.5 billion cubic feet of natural gas in the year ended December 31, 2010 and 4,059.7 billion cubic feet of natural gas in the year ended December 31, 2009. QP estimates that Qatar's proven gas reserves amounted to approximately 883.2 tcf as of January 1, 2011. According to a 2009 report by the US Energy Information Administration, Qatar possesses the third largest proven reserves of natural gas in the world (behind only Russia and Iran). 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 land mass. 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. Iran is developing part of the North Field independently through its South Pars Field projects. The North Field is estimated by the US Energy Information Administration to be the largest non-associated gas field in the world, representing approximately 15% of the world's natural gas reserves in 2009. The North Field also possesses proven reserves of approximately 22.1 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, the Khuff Formation is shaped as 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. However, the Barzan Project, which will develop pipeline gas for domestic consumption, and the exploration and production agreement signed with PetroChina Company Limited in May 2010 are not subject to the moratorium. 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, 2011.

	As of January 1, 2011 ⁽¹⁾	
	Proven	Expected
	<i>(in trillions of cubic feet)</i>	
North Field gas reserves	871.7	871.7
Other gas reserves ⁽²⁾	11.5	12.4
Total Qatar gas reserves	883.2	884.1

Notes:

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

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

Source: Qatar Petroleum.

The State exploits its natural gas reserves through the following operations: (i) the flagship Qatargas and RasGas Projects for LNG; (ii) QP's production of natural gas for its own account, including the North Field Alpha Project; (iii) the production of associated gas from Dukhan and certain offshore oil fields through various production and development agreements with international oil and gas companies; (iv) Gas-to-Liquids production through the Pearl and Oryx Projects; and (v) pipeline gas through the Al Khaleej and Dolphin Projects, and the Barzan Project when it comes on line.

The RasGas and Qatargas LNG Projects produce LNG for export. The QP operated North Field Alpha Project and the Al-Khaleej Gas Project supply natural gas for Qatar's domestic use, while the Dolphin Gas Project supplies pipeline gas to the regional market. The anticipated Barzan Project, once completed and on stream, will supply pipeline natural gas to Qatar's domestic market and potentially for regional export. The Pearl GTL Project, one of Qatar's major GTL projects, recently exported its first consignment of gasoil in June 2011. Once fully operational, the Pearl GTL Project will be the world's largest source of GTL products, producing 140,000 barrels of GTL products each day for export and Qatar's domestic consumption.

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 three years ended December 31, 2010.

	Year ended December 31,		
	2008 ⁽¹⁾	2009 ⁽¹⁾	2010 ⁽¹⁾
	(in billions of cubic feet)		
QP-operated fields:			
Dukhan	198.9	177.9	210.6
Bul Hanine	23.8	24.9	28.1
Maydan Mahzam	13.1	13.0	13.9
North Field Alpha	276.7	313.2	198.0
Total QP-operated fields	512.5	529.0	450.6
PSA fields⁽²⁾	90.0	84.2	109.0
Project-operated fields:			
North Field—Qatargas Projects	520.1	992.0	1,479.4
North Field—RasGas Projects	1,204.4	1,411.6	2,076.7
North Field—Al Khaleej Project	270.6	317.6	422.8
Dolphin project	729.8	725.3	730.0
Total project-operated fields	2,724.9	3,446.5	4,708.9
Total gas production in Qatar⁽³⁾	3,327.4	4,059.7	5,268.5

Note:

(1) These figures are unaudited and are as estimated by the relevant project's management.

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

(3) These figures reflect gross production of natural gas in Qatar.

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—Changes in global or regional prices or supply of natural gas, crude oil and other hydrocarbons, and any decline in Qatar's future production of 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 continues to divert cargo to maximize its potential revenues.

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 LNG Projects are the source of all Qatari LNG exports and, based upon contractual commitments, Qatari LNG is sold globally to customers in 15 countries in North America (Mexico and the United States), Northwest Europe (the United Kingdom, the Netherlands and Belgium), Western Europe (Italy, France and Spain), South Asia (UAE, Kuwait and India) and Northeast Asia (China, 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 gives an overview of Qatar's LNG exports and QP's share thereof for each of the three years ended December 31, 2010.

	Year ended December 31, ⁽¹⁾		
	2008	2009	2010
	<i>(in millions of tons, except as noted otherwise)</i>		
Qatargas Projects:			
Qatargas	9.7	9.4	9.4
Qatargas 2	—	4.7	13.9
Qatargas 3	—	—	0.1
Qatargas 4	—	—	—
Total Qatargas Projects	9.7	14.1	23.4
RasGas Projects:			
RasGas I	6.9	7.3	6.9
RasGas II	13.8	13.7	13.9
RasGas 3	—	2.0	12.2
Total RasGas Projects	20.7	23.0	33.0
Total LNG exports from Qatar⁽²⁾	30.4	37.1	56.4
QP share of total LNG exports	20.3	24.9	38.2
QP share of LNG revenues <i>(in millions of QR)</i>	41,804	30,367	51,978
QP share of LNG revenues <i>(in millions of US\$)</i>	11,485	8,343	14,280

Note:

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

(2) For comparative purposes, total LNG exports from Qatar were 20.8 mta, 24.9 mta and 29.3 mta for 2005, 2006 and 2007 respectively.

Source: Qatar Petroleum.

As the global demand for LNG has grown, Qatar has raised its annual LNG production capacity to its target level of 77.5 mta. Due to the construction time for a new LNG project, further LNG production in the near future would only be possible through debottlenecking existing LNG trains. The following table gives an overview of Qatar's projected estimated LNG capacity as well as contractual commitments for Qatari LNG exports for each of the five years ending December 31, 2015.

	Year ending December 31, ⁽¹⁾				
	2011	2012	2013	2014	2015
	<i>(in millions of tons)</i>				
Qatargas Projects:					
Capacity	41.2	41.2	41.2	41.2	41.2
Commitments	32.6	39.9	40.0	39.4	40.2
RasGas Projects:					
Capacity	36.3	36.3	36.3	36.3	36.3
Commitments	36.3	36.3	36.3	36.3	36.3
Total LNG capacity	77.5	77.5	77.5	77.5	77.5
Total LNG commitments⁽²⁾	68.9	76.2	76.3	75.7	76.5

Notes:

(1) All volumes are projected estimates.

(2) The difference between the LNG capacity and LNG commitments reflected in the table above is expected to be covered with sales on the spot market and additional LNG sale and purchase contracts currently under negotiation.

Source: Qatar Petroleum.

LNG Projects

Qatar's total LNG sales in 2010 were approximately QR51,978 million (US\$14,280 million), including sales to four international markets. Qatar's LNG is produced through the RasGas and the Qatargas LNG Projects, which process natural gas in offshore and onshore facilities. QP holds between 60% and 70% equity ownership interests in these projects. It has entered into joint ventures or heads of agreements with Marubeni and subsidiaries of ConocoPhillips, Exxon Mobil Corporation, Mitsui, Shell and TOTAL of France as part of the Qatargas Project and subsidiaries or affiliates of Exxon Mobil Corporation, Itochu, LNG Japan and Korea Gas Corporation as part of the RasGas Projects. Downstream, these projects liquefy and store the natural gas in Qatar. LNG thus produced is shipped by over 80 LNG vessels to contracted customers in 15 countries in North America (Mexico and

the United States), Northwest Europe (the United Kingdom, the Netherlands and Belgium), Western Europe (Italy, France and Spain), South Asia (UAE, Kuwait, and India) and Northeast Asia (China, South Korea, Japan and Taiwan).

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

Project	Partner(s)	Production Capacity
Qatargas	TotalFinaElf E&P Qatar, Exxon Mobil Qatargas Inc., Marubeni Corporation and Mitsui & Co. Ltd.	9.9 mta (in aggregate) for Trains 1, 2 and 3
Qatargas 2	Exxon Mobil Qatargas (II) Limited, Total E&P Golfe Limited	15.6 mta (in aggregate) for Trains 4 and 5
Qatargas 3	ConocoPhillips Qatar Limited, Mitsui Qatargas 3 Ltd.	7.8 mta for Train 6
Qatargas 4	Shell Gas B.V.	7.8 mta for Train 7
RasGas I	Exxon Mobil RasGas Inc., Korea Ras Laffan LNG Limited, Itochu Corporation, LNG Japan Corporation	6.6 mta (in aggregate) for Trains 1 and 2
RasGas II	Exxon Mobil RasGas Inc.	14.1 mta (in aggregate) for Trains 3, 4 and 5
RasGas 3	Exxon Mobil Ras Laffan (III) Limited	15.6 mta (in aggregate) for Trains 6 and 7

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 LNG from the North Field through seven LNG trains located at Ras Laffan City. With the start of production from Train 7, Qatargas' overall production capacity has now reached 41.2 mta, making the Qatargas Projects the largest LNG producer in the world. The Qatargas Projects have delivered nearly 2,000 LNG cargoes as of the end of 2010. As of December 31, 2010, the cumulative capital expenditure on the Qatargas projects amounted to approximately QR123,629 million (US\$33,964 million). In addition, as of December 31, 2010, the Qatargas entities had QR47,113 million (US\$12,943 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, 2010, Qatargas had cumulatively produced approximately 9.8 mta of gas, had made a cumulative capital expenditure of approximately QR21,997 million (US\$6,043 million) and had no debt outstanding. Qatargas is party to two long-term sale and purchase agreements with utility companies in Japan and Spain.

Qatargas 2. Qatargas 2 is a two train LNG project with an aggregate of approximately 15.6 mta of production capacity for 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 exported and sold under two long-term sale and purchase agreements to a company jointly owned by QP, Exxon Mobil Corporation and TOTAL. Qatargas 2's LNG is primarily exported to the United Kingdom, Asia and Europe. The purchase agreements also provide for diversion rights which enable Qatargas 2 to divert LNG volumes to other markets if market conditions make it more favorable to do so.

As of December 31, 2010, Qatargas 2 had cumulatively produced approximately 14.0 mta of gas and made a cumulative capital expenditure of approximately QR43,680 million (US\$12,000 million) and had approximately QR23,012 (US\$6,322 million) in aggregate principal amount of indebtedness outstanding.

Qatargas 3. Qatargas 3 is a one train LNG project with an aggregate of approximately 7.8 mta of production capacity for LNG and associated liquids. The sixth Qatargas train commenced production in November 2010. The LNG is 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. LNG is also supplied to countries in Asia and Europe. As of December 31, 2010, Qatargas 3 had cumulatively produced approximately 0.7 mta of gas and had approximately QR12,864 million (US\$3,534 million) in aggregate principal amount of indebtedness outstanding.

Qatargas 4. Qatargas 4 is a one train LNG project co-developed alongside Qatargas 3 with an aggregate of approximately 7.8 mta of production capacity for LNG and associated liquids. The seventh Qatargas train commenced production in January 2011. The LNG is 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 agreements provide 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, 2010, Qatargas 4 had approximately QR11,237 million (US\$3,087 million) in aggregate principal amount of indebtedness outstanding.

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 36.3 mta of LNG from the North Field through seven LNG trains located in Ras Laffan City. As of December 31, 2010, the cumulative capital expenditure on the RasGas Projects amounted to approximately QR59,237 million (US\$16,274 million) and the RasGas Projects had QR37,638 million (US\$10,340 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 RasGas train commenced production in 1999 and the second RasGas train commenced production in 2000. As of December 31, 2010, RasGas I had cumulatively produced approximately 4,092 bcf of gas, had made a cumulative capital expenditure of QR10,057 million (US\$2,763 million) and had QR2,038 million (US\$560 million) in aggregate principal amount of indebtedness outstanding. This debt had been repaid in full by September 2011. 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 14.1 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, 2010, RasGas II had produced a cumulative amount of 4,395 bcf of gas, made a cumulative capital expenditure of QR15,954 million (US\$4,383 million) and QR10,236 million (US\$2,812 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 with an aggregate of approximately 15.6 mta of production capacity of LNG and associated liquids. The sixth RasGas train commenced production in July 2009 and the seventh RasGas train commenced production in February 2010. The RasGas 3 LNG trains currently sell LNG to countries in North America, Europe and Asia under long-term sale and purchase agreements. As of December 31, 2010, RasGas 3 had cumulatively produced approximately 948 bcf of gas, made a cumulative capital expenditure of QR33,226 million (US\$9,128 million) and raised senior debt financing of approximately QR25,364 million (US\$6,968 million).

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, the State 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 which have been delivered. 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 subsidiary Nakilat. Pursuant to the program, 25 LNG vessels have been financed and constructed and the last ship was delivered to Nakilat in August 2010. With the last ship deliveries, QGTC now has equity interests in a total of 54 LNG vessels. QGTC partially owns four LPG vessels which export LPG from Qatar. QGTC has also recently diversified its activities by acquiring interests in a shipyard to be built in phases at Ras Laffan City. 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, projects operating pursuant to production and sharing agreements with the State of Qatar also produce offshore associated gas from the Idd El Shargi, Al Shaheen and Al Khaleej oil fields. In general, under the production and sharing agreements, 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.

In May 2010, QP entered into an exploration, production and supply agreement with Shell and PetroChina Company Limited for exploration of natural gas in Qatar's Block D. The Block D concession is for pre-Khuff geological intervals. Part of the Block D concession extends beneath the North Field. The 30 year agreement starts with a five year First Exploration Period during which Shell and PetroChina will implement a work program including exploration technical studies, 2D and 3D seismic acquisition, processing, re-processing and interpretation, and drilling a number of exploration wells to the pre-Khuff formation. Shell and PetroChina will produce natural gas under QP's supervision. Under the agreement, QP will be the off-taker of any potential gas produced.

Pipeline Gas Supply Projects

Al Khaleej. Al Khaleej is a pipeline gas supply project with rights to develop facilities to produce up to 2.0 bcf/d of natural gas from the North Field for distribution in Qatar, as well as the condensate, NGL and ethane produced with the gas. The project is a joint venture between the State of Qatar and Exxon Mobil Corporation Middle East Gas Marketing Limited ("**EMMEGML**"), an indirect wholly-owned subsidiary of Exxon Mobil Corporation. As part of the project, EMMEGML has constructed natural gas processing facilities, NGL recovery facilities, and NGL fractionation facilities, storage and loading facilities at Ras Laffan City. The project is operated by RasGas Company Limited.

The first part of the Project, AKG 1, began production in November 2005 and primarily produces natural gas for supply to the Ras Laffan Power Company to generate power at Ras Laffan Industrial City, provide fuel for Mesaieed Industrial City customers and supply feedstock to the Oryx GTL project. The second part of the Project, AKG-2, began production in November 2010. AKG-1 and AKG-2, cumulatively, produce about 1,482 mcf/d of natural gas; 23.3 million barrels of field and plant condensates; 739,527 tons of natural gas liquids (propane and butane); and 335,764 tons of ethane a year for use as petrochemical feedstock.

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 UAE 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, reaching full operation in February 2008, and is estimated to have produced approximately 730 bcf of natural gas in 2010.

Barzan. QP has entered into a joint venture with Exxon Mobil to further develop the North Field gas reserves through the Barzan Project to supply pipeline gas to the local industries and power generation sectors in Qatar. The project is expected to have three offshore platforms and two onshore gas trains. It will share common storage, loading and offsite facilities at Ras Laffan City. The first train is expected to come on stream in 2014, followed by the second one in 2015. The project is expected to provide about 1.35 bcf/d of pipeline gas. The capital expenditure incurred in this Project is expected to be reflected in the financial accounts of QP rather than the financial and capital account of the State's expenditures and revenues.

Gas-to-Liquids Projects

The term gas-to-liquids refers to a small number of technologies designed to convert natural gas to liquid fuels, as alternatives to the traditional refining of crude oil and other natural gas commercialization routes. Typical output yields for a GTL process consist of about 70% ultra-clean diesel fuel, 25% naphtha and a few percent LPGs, lubes and waxes. Thus the prime potential markets for GTL fuels are the transport fuel market and the chemical feedstock market.

QP is actively pursuing a number of GTL projects for the production of synthetic fuels and base oil stocks. They are all integrated with offshore development to supply the large amounts of gas needed for these projects.

The table below lists out the currently operational GTL projects:

Project	Operator(s)	Production Capacity	Status
Pearl GTL	Qatar Shell GTL, Ltd., a subsidiary of Shell	Production expected to increase to 140,000 bbl/day of GTL plus 120,000 bbl/day of condensate.	March 2011: The plant began producing condensate, LPG, sulfur and oxygen. June 2011: The plant sold its first shipment of GTL product—Gasoil.
Oryx	Joint venture between QP (51%) and Sasol Ltd. (49%), a South African petrochemicals company	Targeted production capacity of approximately 33,000 bpcd, consisting of 24,000 bpd of diesel fuel, 8000 bpcd of naphtha and 1,000 bpcd of LPG.	Started production in 2006.

The following table gives an overview of Qatar's GTL exports and QP's share thereof for each of the three years ended December 31, 2010.

	Year ended December 31, ⁽¹⁾		
	2008	2009	2010
	<i>(in millions of tons, except as noted otherwise)</i>		
GTL Projects:			
Pearl GTL	—	—	—
Oryx	1	1	1
Total GTL exports from Qatar	1	1	1
QP share of total annual GTL production <i>(in thousands of tons)</i>	378	500	530
QP share of total GTL export sales <i>(in thousands of tons)</i>	378	412	528
QP share of total value of export sales <i>(in millions of QAR)</i>	1,182	985	1,382
QP share of total value of export sales <i>(in millions of US\$)</i>	325	271	380

Note:

(1) All volumes are derived from information provided by the respective project operators.

Source: Qatar Petroleum

Condensate

Field condensate is essentially a very light crude oil and is produced from non associated gas at the North Field and from a gas cap at the Dukhan oil field. It is primarily exported to Asia 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.

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. Plant condensates from RasGas, Qatargas and AKG projects are marketed jointly by these projects and QP. The primary markets for plant condensates have been Japan, Singapore, Taiwan, Malaysia and Thailand. 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.

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 activities at Ras Laffan City.

The following table sets forth the proven and expected reserves of Qatar's field condensate as of January 1, 2011:

	As of January 1, 2011⁽¹⁾	
	Proven	Expected
	<i>(in millions of barrels)</i>	
North Field	22,064.0	22,064.0
Dukhan	80.4	125.9
Bul Hanine	146.3	153.9
Maydan Mahzan	32.4	46.4
Idd El Shargi North Dome	21.9	23.7
Total field condensate reserves	22,345.0	22,413.9

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 condensate) attributable to QP for each of the three years ended December 31, 2010:

	Year ended December 31⁽¹⁾		
	2008	2009	2010
QP share of total annual production <i>(in thousands of barrels)</i> ⁽²⁾	102,752	118,687	153,820
QP share of total export sales <i>(in thousands of barrels)</i>	80,067	95,726	136,148
QP share of total value of export sales <i>(in millions of QAR)</i>	26,943	19,103	32,362
QP share of total value of export sales <i>(in millions of US\$)</i>	7,402	5,248	8,891

Notes:

(1) A portion of these volumes is derived from information provided by QP's joint ventures as well as operators operating pursuant to production sharing agreements.

(2) For comparative purposes, QP's share of total annual production was 60,995,000, 71,888,000 and 80,625,000 barrels for 2005, 2006 and 2007 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 the following feed streams by separating NGLs from gas and fractionating the same:

- Associated gas from Offshore oil fields—Bul Hanine, Maydan Mahzam and Idd El-Shargi—Processed in NGL-2 Stripping Plant
- Associated gas from Offshore Al-Shaheen oil field—Processed in NGL-3 Gas plant
- Non-associated gas/liquid from the North Field (Alpha)—Processed in NGL-3 Gas/Liquid plants
- Associated gas from the Dukhan oil fields—first processed in Dukhan, raw NGL further processed in NGL fractionation plants (NGL-1/2/4), Mesaieed
- Non associated gas from Dukhan Arab-D fields—first processed in Dukhan, raw NGL further processed in NGL fractionation plants (NGL-1/2/4), Mesaieed

High value NGL products including methane, ethane, propane, butane, NGL Condensate and NF Condensate 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/II, QAPCO or QAFAC. Sulphur produced in the gas sweetening process is exported.

The following tables set forth the feed and production capacity for the various plants at Mesaieed Industrial City as of January 1, 2011.

Gas/Liquid Plants	NGL-2 Stripping^{(1),(3)}	NGL-3 Gas	NGL-3 Liquid⁽²⁾	Total
	<i>(All figures in tons per day)</i>			
Feed	4,769	23,306	4,015	32,090
Production capacity				
Methane	4,038	16,462	—	20,500
NF Condensate	—	—	3,240	3,240
Sulphur	—	285	—	285

Notes:

- (1) Raw NGL from NGL-2 Stripping and NGL-3 Gas Plant is further processed at NGL Fractionation plants.
- (2) Sour gas from NGL-3 Liquid Plant is processed at NGL-3 Gas Plant.
- (3) NGL-2 capacity data refers to summer case, winter capacity is lower.

Source: Qatar Petroleum

Fractionation Plants	NGL-1	NGL-2 Fractionation	NGL-4	Total
		<i>(All figures in tons per day)</i>		
Feed	4,084	4,157	10,200	18,441
Production capacity				
Ethane	1,352	1,145	4,305	6,802
Propane	1,293	1,096	3,073	5,462
Butane	851	899	2,041	3,791
NGL Condensate	588	903	781	2,272
Total	4,084	4,043	10,200	18,327

Source: Qatar Petroleum

The Qatargas, RasGas and Al Khaleej projects use the NGL recovery, fractionation and treatment facilities constructed at Ras Laffan City, which, in addition to plant condensate, produce similar natural gas liquids as the NGL plants at Mesaieed Industrial City. The anticipated Barzan Project, currently under construction, will also share the same facilities at Ras Laffan City when it becomes operational. 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 three years ended December 31, 2010.

	Year ended December 31,⁽¹⁾		
	2008	2009	2010
QP share of total annual production <i>(in thousands of tons)</i>	4,255	4,912	6,307
QP share of total sales <i>(in thousands of tons)</i>	3,975	4,570	6,026
QP share of total value of sales <i>(in millions of QR)</i>	11,007	8,871	15,588
QP share of total value of sales <i>(in millions of US\$)</i>	3,024	2,437	4,282

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 then, Qatar has steadily increased its levels of crude oil production, both directly and by entering into production sharing agreements with leading international oil exploration and production companies, including Maersk, TOTAL and Occidental Petroleum. With average crude oil production of approximately 830,000 barrels per day in 2009, Qatar was estimated by the US Energy Information Administration at that time to be the world's 16th largest global oil producer. QP's strategy of focusing on developing and commercializing Qatar's vast natural gas reserves has led to a decrease in the contribution of oil sales to QP's total operating revenue and the sale of crude oil accounted for 25.1% and 20.8% of QP's total operating revenues for the years ended December 31, 2009 and December 31, 2010, respectively.

As a member of OPEC, Qatar's crude oil production is determined by quota restrictions. OPEC does not publish its quota restrictions for each of its member countries. 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.

Reserves

As of January 1, 2011, Qatar had proven reserves of 2.3 billion barrels of crude oil. Assuming there are no further discoveries of oil reserves in Qatar, it is estimated that crude oil production may

have peaked in 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. Consequently, it is possible that the period of peak production may be extended beyond 2010.

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, 2011.

	As of January 1, 2011 ⁽¹⁾	
	Proven	Expected
	(in millions of barrels)	
QP operated oil fields:		
Bul Hanine	438.5	560.2
Maydan Mahzam	130.6	265.2
Dukhan	558.1	872.1
Total QP operated oil fields	1,127.2	1,697.5
Non-QP operated oil fields:		
Al Shaheen	412.4	597.4
Al Khaleej	79.2	96.8
Idd El Shargi North Dome	522.9	603.7
Idd El Shargi South Dome	58.7	116.7
Al Rayyan	34.5	34.5
Al Karkara	20.0	40.5
50.0% of El Bunduq ⁽²⁾	—	—
Total non-QP operated oil fields	1,127.7	1,489.6
Total all oil fields⁽³⁾	2,254.9	3,187.1

Notes:

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

(2) Data not available for 2011.

(3) 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 26 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 production sharing agreements. 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 production sharing agreements with various international oil and gas companies for the purpose of hydrocarbon exploration and the exploitation of these blocks. As of June 2011, a total surface area of 8,217 square kilometers, or 19% of Qatar's total exploration area, was being operated subject to production sharing agreements for post Khuff reservoirs, and 23,587 square kilometers or 54% of Qatar's total exploration area, was being operated subject to production sharing agreements for deep Paleozoic reservoirs. The remaining area consists of either open exploration areas or areas where QP operates oil fields.

The State develops these blocks either through exploration and production sharing agreements ("EPSAs"), under which the contractor is granted the right to explore for oil in the relevant block and, upon oil discovery, to appraise and develop the field, or through development and production sharing agreements ("DPSAs"), where contractors are given the right to appraise and develop fields in which there are known to be reserves of oil. QP acts as the State's agent in the EPSAs and DPSAs entered into between the State of Qatar and multiple international oil and gas companies. QP pursues the commercialization of Qatar's oil reserves pursuant to production sharing agreements because of the many benefits accruing to the State. The capital costs associated with exploration, development and production in areas subject to production sharing agreements 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 production sharing agreement varies 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 production sharing agreements 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 production sharing agreements 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 production sharing agreements 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 production sharing agreements.

Oil fields in Qatar subject to production sharing agreements include the Al Shaheen field which is operated under an agreement with a subsidiary of Maersk, the Al Khaleej field operated by TOTAL, the Idd El Shargi North Dome and South Dome fields, operated by a subsidiary of Occidental Petroleum, and the Al Rayyan field, which is operated by another subsidiary of Occidental Petroleum. In general, Qatar's oil fields are mature and their production is expected to significantly decrease over the next decade.

Al Shaheen Field. Al Shaheen Field, located in Block 5 approximately 43 miles off Qatar's northeastern coast is one of Qatar's most productive oil fields. The State of Qatar entered into an EPSA with Maersk Oil Qatar AS ("**Maersk Qatar**") for the development of the Al Shaheen Field in 1992. Recovery of oil from Al Shaheen Field has been significantly enhanced by the application of extended reach horizontal drilling techniques, three dimensional seismic survey technology and pressure maintenance through water injection. In 2009, the production of Al Shaheen increased after the completion of new wells, pipelines and oil platforms. However, new drilling in Al Shaheen has led to a significant reassessment of the fields' reserves: estimates of the proven reserves for Al Shaheen were reduced from 1,076 million barrels as of January 1, 2009 to 412 million barrels as of January 1, 2011 and expected reserves were reduced from 1,592 million barrels as of January 1, 2009 to 597 million barrels as of January 1, 2011. As a result of this reduction in reserves, Al Shaheen, which has historically been one of the most productive fields in Qatar, may see its production curtailed in the future.

Al Khaleej Field. Al Khaleej Field is located in Block 6, along Qatar's maritime border with Iran, and to the east of the North Field. On January 7, 1989, the State of Qatar entered into an EPSA with a consortium (whose ultimate sponsors were Elf and Agip) for Block 6. The successor to the consortium, TOTAL E&P Qatar, currently operates the block. The field was discovered in May 1991 and production started in early 1997. Since then, TOTAL E&P Qatar has completed several expansion projects to raise the total production. High resolution three dimensional seismic survey technology was used to enhance production from this field.

Idd Al Shargi North Dome Field. Idd Al Shargi North Dome Field ("**ISND**"), first discovered by Shell in 1960, lies 59 miles east of Qatar's northern tip. ISND is operated by Occidental Petroleum of Qatar Ltd. ("**Occidental Qatar**"), pursuant to a DPSA entered into with the State of Qatar on July 24, 1994, wherein Occidental Qatar planned to invest US\$700 million and committed to invest US\$200 million in the Shuaiba reservoir development, optimization, gas and water injection systems, and further appraisal.

The El Bunduq field straddles the marine border between Qatar and the United Arab Emirates and is owned equally by the two countries. The El Bunduq field, operated by a private Japanese development company, is developed pursuant to a concession agreement (rather than a production and sharing agreement) and, accordingly, the State receives royalties and taxes directly from the operator on revenues derived from oil production. Lastly, there are several smaller oil producing fields in Qatar where the State has entered into production sharing agreements.

The following table sets forth the average daily production of crude oil (excluding condensate) in Qatar for each of the three years ended December 31, 2010.

	Year ended December 31,		
	2008	2009	2010
	(barrels per day)		
QP-operated fields:			
Dukhan	255,925	254,320	243,186
Bul Hanine	48,728	54,088	56,273
Maydan Mahzam	36,267	30,344	27,629
Total QP-operated fields	340,920	338,752	327,088
Production Sharing Agreement fields:			
Al Shaheen	330,449	290,993	307,343
Al Khaleej	37,548	36,249	28,520
Idd El Shargi North Dome	109,019	107,680	104,302
Idd El Shargi South Dome	4,146	2,106	3,835
Al Rayyan	8,599	10,043	9,881
Al Karkara	6,178	6,184	6,243
Total Production Sharing Agreement fields	495,939	453,255	460,124
Total El Bunduq field ⁽¹⁾	7,083	7,015	6,507
Total from all fields	843,942	799,022	793,719
QP share:			
QP-operated fields	340,920	338,752	327,088
QP share of Production Sharing Agreement fields	306,627	252,434	258,221
QP share of El Bunduq field	7,083	7,015	6,507
Total QP share from all fields	654,630	598,201	591,816

Note:

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

Source: Qatar Petroleum.

The following table sets forth the smaller producing fields where the State of Qatar has entered into DPSA contracts to develop crude oil reserves in Qatar.

Field	Location	Operator	DPSA Date
<i>DPSA Fields in Qatar</i>			
Idd Al Shargi South Dome Field	Offshore-Northeast	Occidental Qatar	December 10, 1997
Al Rayyan Field	Offshore-North	Occidental Qatar Energy Company	April 10, 1976
Al Karkara, and A-North Structure	Offshore-South	Qatar Petroleum Development (consortium)	July 15, 1997
Najwat Najem Field	Offshore-South	ONGC Videsh Limited	March 2, 2005

Source: Qatar Petroleum

Exploration Plans

The following table sets forth the EPSA contracts that the State of Qatar has entered into to encourage crude oil exploration in Qatar.

Block	Location	Operator	EPSA Date
<i>EPSA Fields in Qatar</i>			
2	Onshore	Encana	March 24, 1998
4	Offshore-North	GDF Suez Qatar Block 4 Company	May 18, 2004
5 Extension Area	Offshore-North	Maersk Qatar	April 13, 2004
10	Offshore-East	Wintershall Aktiengesellschaft Company (consortium)	July 16, 1997
11	Offshore-North	Talisman Energy (Qatar) Inc. Co	November 17, 2002
13	Offshore-Northwest	Occidental Qatar Energy Company	April 10, 1976

Source: Qatar Petroleum

Oil Exports

The crude oil produced by QP or that accrues to its benefit through the production sharing agreements is exported through the terminal operations at either Mesaieed Industrial City, Halul Island or floating storage facilities located near the production sharing agreement operators, or is supplied to QP's refinery at Mesaieed Industrial City. A majority of crude oil sales are sold for export on one year term contracts on an evergreen basis with an annual renewal subject to a price renegotiation. The remaining 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 three years ended December 31, 2010.

	Year ended December 31,		
	2008	2009	2010
Average daily production of crude oil (<i>in thousands of barrels per day</i>) ⁽¹⁾	843.9	799.0	793.7
QP share of average daily production of crude oil (<i>in thousands of barrels per day</i>)	654.6	598.2	591.8
QP share of total annual crude oil exports (<i>in millions of barrels</i>)	214.0	187.0	196.0
QP share of total value of crude oil exports (<i>in millions of QR</i>) ⁽²⁾	53,167	31,326	41,175
QP share of total value of crude oil exports (<i>in millions of US\$</i>) ⁽²⁾	14,606	8,606	11,312

Note:

(1) For comparative purposes, Qatar's average daily production of crude oil was 772,000, 761,000 and 801,000 barrels per day in 2005, 2006 and 2007 respectively.

(2) Net of royalties and taxes related to production sharing agreements.

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 production sharing agreements 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	GDF Suez Qatar Block 4 Company	May 18, 2004
4N	Offshore-North	Wintershall Holding AG	November 17, 2008
12-13	Offshore-Northwest	Occidental Qatar Energy Company	April 10, 1976

Refining and Marketing Activities

QP Oil 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. Production from QP's oil refinery enabled Qatar to become both self sufficient and export oriented with regard to refined oil production. For purposes of calculating GDP, revenues generated by QP's oil refinery are included as part of "manufacturing" in the non-oil and gas sector.

As the result of an expansion program for QP's oil refinery completed in 2003, production capacity has increased from 57,500 bbl/d to 137,000 bbl/d. The expansion added two condensate processing trains and a new fluidized catalytic cracker and upgraded some of the existing facilities at the complex. As part of the expansion program, Mitsui entered into a 20 year long-term sales contract with QP under which Mitsui committed to purchase a certain amount of the refinery's output from 2001, which is sufficient to cover annual repayments of the indebtedness incurred to finance the refinery's expansion.

The following table sets forth the sales of refined products provided by QP's oil refinery, including local sales to Qatar Fuel Company, for each of the three years ended December 31, 2010.

	Year ended December 31,		
	2008	2009	2010
QP share of total domestic sales (<i>in thousands of barrels</i>)	25,594	25,221	33,049
QP share of total export sales (<i>in thousands of barrels</i>)	19,397	15,751	16,220
QP share of total value of domestic sales (<i>in millions of QR</i>)	5,034	3,623	4,847
QP share of total value of export sales (<i>in millions of QR</i>)	6,747	3,445	4,754

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 and in operation since 2009, is a joint venture project of QP with several of its partners, and processes condensate from the North Field and produces LPG’s and a variety of refined products. The refinery has a total processing capacity of 146,000 barrels per stream per day and utilizes the field condensate produced from the Qatargas and RasGas facilities. The condensate is refined and turned into products such as naphtha, kerojet (otherwise known as jet fuel) gasoil and liquefied petroleum gas. The refinery is currently under expansion to further increase refining capacity by 292,000 barrels per day. The Laffan Refinery 2 is currently under construction and is expected to become operational in 2016.

The following table gives an overview of QP’s share of processed products exported from the Ras Laffan Condensate Refinery for each of the three years ended December 31, 2010.

	Year ended December 31,		
	2008	2009	2010
QP share of total export sales (<i>in thousands of barrels</i>)	—	4,358	25,647
QP share of total export sales (<i>in millions of QR</i>)	—	1,223	7,891

Source: Qatar Petroleum.

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. In January 2010, Tasweeq began marketing and selling crude oil internationally, a role it has taken over from QP. Tasweeq is the exclusive export marketer of the Regulated Products and was formed in order to coordinate the marketing and sale of 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.

Industrial Cities and Port Facilities

Ras Laffan Industrial City and Ras Laffan Port. Ras Laffan Industrial City, a directorate of QP, is a gas based industrial city situated along the north east coast of Qatar which operates the world’s largest LNG exporting port. It provides integrated services as well as several industrial facilities to existing industries and prospective investors. The facilities include modern infrastructure, common seawater and waste management facilities, fire stations and support services such as healthcare, security, emergency response, transportation, accommodation, and telecommunication. The industrial city is home to Qatar’s mega projects such as Qatargas, RasGas, Dolphin Energy, Barzan, Oryx GTL, Pearl GTL and various other gas processing plants and support industries. QP has appointed a management team which runs the city. This team works closely with operating companies and government bodies and is responsible for developing the land use plan and infrastructure at Ras Laffan Industrial City.

The Barzan Project, RasGas Projects, Qatargas Projects, AKG Project, Dolphin Project and certain of their affiliates share or will share in certain facilities at Ras Laffan City, including, without limitation, common LNG storage and loading facilities, LNG loading berths, certain process units, field and plant condensate pipelines, common condensate storage and loading facilities, common sulfur storage and loading facilities, LPG fractionation facilities, common LPG storage and loading facilities, the plant ethane and propane storage line interconnects, the helium project, fire protection, water treatment, seawater cooling water, administration buildings, site utilities and infrastructure and the Al Khor Community facilities. These facilities are either under undivided joint ownership or are shared pursuant to certain sharing agreements that provide for a licensing arrangement through which legal ownership of the assets is retained by the original owner and the sharing party that has the long-term beneficial right to use the facilities pays license fees to the owner of the asset based on the agreed shared usage.

The Ras Laffan Port, located in the Ras Laffan Industrial City, facilitates export of 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. The port has six berths dedicated to LNG exports. As a result, Qatar supported the annual export of approximately 56.4 mta of LNG in 2010. 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. The expansion works, once completed, would make the Ras Laffan Port the largest man made harbor for LNG exports.

Mesaieed Industrial City and Port. Mesaieed Industrial City is located approximately 40 km south of Doha. Mesaieed Industrial City Management was established in 1996 as a single point authority to provide “one stop” services to all businesses in Mesaieed, to develop a strategic plan for the allocation of land and to provide common port, marine and infrastructure facilities.

The Port of Mesaieed handles over 1000 vessels per year and has twelve 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. Additionally, the port has one offshore berth which is capable of transporting crude oil and naphtha onshore through a pipeline.

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 has a 70% equity ownership interest as of December 31, 2010.

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 which commenced 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 commenced operations in the first quarter of 2010. A fifth train will start (QAFCO 5) in the fourth 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 and Q-Chem II, joint ventures between QP and certain of its partners, produce high density polyethylene and poly-alpha olefins. Qatofin, a joint venture between QP and TOTAL produces linear low density polyethylene and began production in May 2010.

The State also intends to invest an additional US\$25 billion in the petrochemicals sector between 2012 and 2020. The investment would be spread out over two phases of planned and expected investments, with US\$17 billion being invested in the first phase on a complex with two crackers and one aromatics production facility that is expected to become operational between 2016 and 2017, and another US\$8 billion being invested in the second phase on LPG cluster projects expected to become operational by 2020.

The following table sets forth the production and export sales of petrochemicals attributable to QP for each of the three years ended December 31, 2010.

	Year ended December 31, ⁽¹⁾		
	2008	2009	2010
QP share of annual production (<i>in thousands of tons</i>)	2,809	2,840	3,006
QP share of total exports (<i>in thousands of tons</i>)	2,352	2,395	2,447
QP share of total value of exports (<i>in millions of QR</i>)	6,846	5,068	6,654
QP share of total value of exports (<i>in million of US\$</i>)	1,881	1,392	1,828

(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, 2010	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: 720,000 tpa LDPE: 400,000 tpa Sulfur: 70,000 tpa	Commenced production in 1981 Third plant to be commissioned in 2012
Qatofin	35.6%	Atofina S.A.	Linear low-density polyethylene	LDPE: 450,000 tpa (expandable to 600,000 tpa at a later stage)	Commenced production in May 2010
Ras Laffan Olefins Company Limited	44.5%	Total Petrochemicals, Chevron Phillips Chemical Co LLC	Ethane cracker plant	Ethylene: 1.3 mta	Commenced production in May 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: 345,000 tpa	Commenced production in December 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: 1,000,000 tpa MTBE: 610,000 tpa	Commenced production in 2000
Qatar Fertilizer Company S.A.Q. (QAFCO)	52.5%	Yara Nederland BV, Fertilizer 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 is expected to commence production in the fourth quarter of 2011/6th train under construction and expected to commence production in 2012
Qatar Vinyl Company Ltd (QVC)	73.0%	QAPCO and Arkema, formerly Atofin 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)	70.0%	None	Steel	2.25 mta	Expansion completed in 2007; produces over 800,000 tons annually. Further expansion plans initiated in 2011 and a 1.1 million mta Molten Steel plant is expected to be completed in 2013
Qatar Aluminium Limited (Qatalum)	50.0%	Hydro Aluminium AS	Aluminium	585,000 mta	Commenced production in 2009 and is expected to increase production to 605,000 mta from 2013

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 48.3% of total nominal GDP in 2010, as compared to 55.2% in 2009. In the first half of 2011, the non-oil and gas sector contributed QR124,380 million (US\$34,123 million), or 42.2%, of total nominal GDP, and despite the lower relative percentage of total nominal GDP, this contribution represented an absolute increase of 13.9% in nominal GDP compared to the first half of 2010. 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 variation in commodity prices. 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. Within the non-oil and gas sector, the finance, business services, insurance and real estate sectors made the largest contribution to total nominal GDP in 2010, as has been the case since 2005.

Finance, Business Services, Insurance and Real Estate

In 2010, the finance, business services, insurance and real estate sector contributed QR62,119 million (US\$17,066 million) to Qatar's total nominal GDP, or 13.4% of the total. For the first six months of 2011, this sector contributed QR32,446 million (US\$8,914 million) to Qatar's total nominal GDP for the same period, or 11.0% of the total, representing a 10.2% increase from the six-month period ended June 30, 2010.

Finance and Business Services

This sector comprises banks, exchange, finance and investment companies. As of December 31, 2010, six locally owned conventional commercial banks, four Islamic institutions, seven branches of foreign banks and one development bank were operating in Qatar, all of which were licensed and regulated by the QCB. See "*Monetary and Financial System—Banking System—Commercial Banks*" and "*—Qatar Financial Centre.*" As of December 31, 2010, 20 exchange companies, three finance companies and six 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, 2006 to 2010, as well as the percentage change from 2009 to 2010.

	Year ended December 31,					Change (2009-2010)
	2006	2007	2008	2009	2010	
	(in millions of QR, except for percentages)					
Total assets:						
Exchange companies	601.0	635.5	670.90	677.1	763.2	12.7%
Finance companies	1,206.0	2,448.9	3,081.0	4,998.7	4,105.6	(17.9)%
Investment companies	430.6	709.4	638.7	695.8	645.5	(7.2)%

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 Shari'ah-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 held 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 listed on the stock exchange increased by approximately QR1,926.6 million (US\$539.2 million in 2010, a 16.3% increase from 2009 compared to an increase in 2009 of QR2,190.1 million (US\$601.7 million), or 22.2% over 2008.

The following table sets forth the aggregate total assets of Qatar's national insurance companies as of December 31, 2006 to 2010, as well as the percentage change from 2006 to 2010.

	As of December 31,					Change (2009-2010)
	2006	2007	2008	2009	2010	
	<i>(in millions of QR, except for percentage)</i>					
Total assets	6,956.5	9,534.7	9,879.0	12,069.1	14,031.7	16.3%

Source: Qatar Central Bank.

In June 2009, the Qatar Financial Centre Authority (the “**QFCA**”) launched a wholly owned, web-based infrastructure called Qatarlyst to support global reinsurance trading. It has offices in London and Dubai as well as its headquarters in Doha. Qatarlyst became a member of the General Arab Insurance Federation in July 2011.

Real Estate

Real estate prices in Qatar rose significantly in the three years prior to 2008. This increase was driven by sustained population growth as people moved to Qatar largely due to the development of the oil and gas industry. 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 which was extended until February 14, 2010. 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.

Various real estate and development companies, including Qatari Diar (“**Diar**”), Barwa Real Estate Company (“**Barwa**”) 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 13.9% from QR40,431 million (US\$11,108 million) as of December 31, 2009 to QR46,086 million (US\$12,661 million) as of December 31, 2010. As of August 2011, commercial banks in Qatar had extended QR64,204 million (US\$17,638 million) to the domestic real estate sector.

Qatar Foundation established Msheireb Properties (formerly Dohaland) in April 2007. Msheireb Properties’ first project is focused on revitalizing the historic centre of Doha with environmentally conscious development plans. In addition, Msheireb Properties launched a new landmark called the Knowledge Enrichment Centre, a floating platform along Doha’s Corniche capable of hosting workshops and conferences, cultural events and gallery space with exhibits that focus on Qatar’s heritage. Msheireb Properties announced in October 2011 that it has appointed Hyatt Hotel Corporation to manage one of the four hotels in its flagship Msheireb Downtown Doha Project.

Building and Construction

In 2010, the building and construction sector contributed QR24,143 million (US\$6,632 million) to Qatar’s total nominal GDP, or 5.2% of the total. For the first half of 2011, this sector contributed QR12,199 million (US\$3,347 million) to Qatar’s total nominal GDP, or 4.1% of the total.

This sector provides extensive employment opportunities and, in 2010, companies in this sector employed approximately 497,631 persons, or approximately 39% of Qatar’s labor force. Credit extended by commercial banks to the building and construction sector increased by 41.8% during 2010 to QR18,410.6 million (US\$5,057.9 million), as compared to QR12,987.9 million (US\$3,568.1 million) in 2009.

Although the building and construction sector’s contribution to Qatar’s nominal GDP decreased in 2010 by 5.4% as compared to 2009, the 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 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 QR40,000 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. Large mixed-used commercial and residential developments, such as Lusail and Mushreih, are also driving growth in the construction sector. Lusail is being constructed at the Al-Qutaifiya Lagoon to the north of Doha and is designed for 200,000 inhabitants. It includes the construction of hotels, houses, apartments and retail space.

Qatar also plans to begin construction of an estimated QR20,000 million (US\$5,494 million) New Doha Port project in three phases, with the first phase expected to be completed in 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 new dedicated terminals for containers, general cargo, bulk grain, vehicle carriers, livestock, and offshore supply support operations and a facility for the Qatar coast guard and navy. The new container terminal is one of three planned for the port. The ultimate capacity of the new port will be in the order of 12 million TEUs. 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, the first phase of which is expected to be commissioned by the end of 2011. The second phase is expected to be completed in the first quarter of 2016. See *“Oil and Gas Industry—The Ports of Mesaieed and Ras Laffan.”*

There are plans to construct a 40 kilometer road and rail bridge between Qatar and Manama, Bahrain (the **“Qatar Bahrain Causeway”**). Consortium partners, VINCI Construction Grands Projects, QDVC (Q.S.C.) (in which Diar has an interest), Hochtief, Consolidated Construction Company and Middle East Dredging Co. are the developers for this project. The Qatar Bahrain Causeway is expected to be the longest bridge in the world upon construction.

Qatar also has plans to develop a railway network. German rail operator Deutsche Bahn has agreed a contract with Qatar Railways Company to set up a joint corporation to build and operate passenger and freight rail services in Qatar. Qatari Diar, the real estate arm of state-owned Qatar Investment Authority, is the majority shareholder in Qatar Railway Development Company (**“QRDC”**), with 51.0%, and DB International, a subsidiary of DB, holds the remaining 49.0%. The Railways Project will consist of (i) an east coast rail link, a passenger and freight railway linking Ras Laffan and Mesaieed via Doha; (ii) a high speed link between the New Doha International Airport, Doha City Center, and Kingdom of Bahrain via the planned causeway bridge; (iii) the freight rail link based on the GCC rail and Doha expressway studies; (iv) the Doha Metro Network based on the Qatar Transport Master Plan; and (v) light rail/people mover networks, such as Lusail, Education City and Westbay.

The planning and management company QRDC will be responsible for the construction of the 180 km high speed line to Bahrain, a passenger route to Saudi Arabia and a 325 km freight network. A future 300 km metro network with four lines and 98 stations is also part of the strategic project. Qatar aims to have the major portion of the rail project completed by 2022 in time for the FIFA World Cup.

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 December, 2011 at an estimated cost of QR154.0 million (US\$42.3 million). See *“Overview of the State of Qatar—Education.”*

Manufacturing

In 2010, the manufacturing sector (which is primarily comprised of petroleum refining and also includes chemicals, fertilizer and steel industries) contributed QR49,185 million (US\$13,494 million) to Qatar’s total nominal GDP, or 10.6% of the total. For the first six months of 2011, this sector contributed QR31,069 million (US\$8,524 million) to Qatar’s total nominal GDP, or 10.5% of the total, representing an increase of 29.5% from the six-month period ended June 30, 2010, primarily due to the higher level of activity recorded in the production of some downstream gas-related products, in particular, in the petrochemical industries such as GTL, polymers production and methanol, following the expansion in the extraction of gas. The start of operation of a new plant engaged in the production of High Density Polyethylene and Normal Alpha Olefins also contributed to the overall growth.

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, QAFAF, 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 2010, the trade, restaurants and hotels sector contributed QR32,310 million (US\$8,864 million) to Qatar's total nominal GDP, or 7.1% of the total. For the first six months of 2011, this sector contributed QR16,394 million (US\$4,498 million) to Qatar's total nominal GDP, or 5.6% of the total, representing an increase of 6.1% from the six-month period ended June 30, 2010.

In response to Qatar's economic growth and high hotel occupancy rates, Qatar's hotel industry attracted significant investments before the global financial crisis. The hotel industry continued to expand during the global financial crisis, but several projects were delayed or cancelled. The Qatar Tourism Authority stated that the hotel occupancy rate improved in the third quarter of 2011 to 48.0%, which represented a 4.0% increase compared to the third quarter of 2010. Additionally, tourism has been on the rise in Qatar in part due to the global expansion of Qatar Airways and the number of high profile events hosted in Qatar. Tourism is expected to continue to increase in the future, especially leading up to the 2022 FIFA World Cup.

Transport and Communications

In 2010, the transport and communications sector contributed QR18,275 million (US\$5,014 million) to Qatar's total nominal GDP, or 3.9% of the total. For the first six months of 2011, this sector contributed QR10,080 million (US\$2,765 million) to Qatar's total nominal GDP, or 3.4% of the total, representing an increase of 16.7% from the six-month period ended June 30, 2010.

Transport

Qatar Airways, a joint public and private sector enterprise, currently operates a fleet of 102 Airbus and Boeing aircraft serving over 100 destinations across Europe, the Middle East, Africa, South Asia, the Far East and North America. Qatar Airways has placed orders worth over US\$40 billion for more than 200 aircraft. It is one of the fastest growing airlines in the world. 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. Qatar Telecom (“**QTel**”) is the primary provider of mobile and fixed line telecommunications services in Qatar. As of September 30, 2011, QTel had a mobile subscriber base of over 2.0 million with the number of subscribers exceeding the population of Qatar because of multiple personal and business accounts.

QTel has announced a deal with Vodafone Qatar to create a mobile commerce platform. A test version of the platform is currently available for monthly subscribers. QTel has also announced the launch of its new QR200 million LTE Project to deliver the fastest and longest 4G network in Qatar. The project will deploy nearly 900 base stations across the country and offer potential download speeds of approximately 150 Mbps on mobile phones and devices. QTel has been allocated a 800 Mhz spectrum to conduct the LTE trial.

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 currently has approximately 814,000 subscribers.

Electricity and Water

In 2010, the electricity and water sector contributed QR2,070 million (US\$568 million) to Qatar's total nominal GDP, or 0.4% of the total. For the first six months of 2011, this sector contributed QR1,212 million (US\$332 million) to Qatar's total nominal GDP, or 0.4% of the total, representing an increase of 24.7% from the six-month period ended June 30, 2010, due to higher production and consumption.

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 5.4GW and a water desalination capacity of 255 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.

Qatar Electricity & Water Co. has worked to increase its production capacity through the development of expansion projects and new stations. Expansion projects include RAF B1, which added a capacity of 376.5 MW of power, RAF B2 with production capacity of 567 MW of power and 30 MIGD of water, and RAF A1, which added 45 MIGD to QEWC's water production capacity. QEWC has participated in several power generation and water desalination projects. Ras Laffan Power Company, where QEWC has recently increased its ownership to 80% by purchase of shares of AES Corporation, has a production capacity of 750 MW of power and 45 MIGD of water.

The second Independent Power Project in Qatar is Q Power Project, which has a power generation capacity of 1025 MW and water desalination capacity of 60 MIGD. QEWC holds 55% ownership in Q Power. QEWC owns 40.0% shares in Mesaieed Power Company, which has a production capacity of 2007 MW of power. The latest is Ras Girtas Power Company project which began operations in June 2011. Ras Girtas has a power generation capacity of 2,730 MW and water desalination capacity of 63 MIGD. QEWC owns 45.0% shares of Ras Girtas Power Company.

With the inauguration of this unit, Qatar's electricity generation and water desalination capacity, respectively, is has increased to 9,000 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 2010, the agriculture and fisheries sector contributed QR534 million (US\$79 million) to Qatar's total nominal GDP, or 0.1% of the total. This percentage contribution to total nominal GDP remained constant through the first six months of 2011.

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 2010, the other services sector (which includes social services, imputed bank service charges, government services, household services and import duties) contributed QR35,108 million (US\$9,632 million) to Qatar's total nominal GDP, or 7.6% of the total. For the first six months of 2011, this sector contributed QR20,671 million (US\$5,671 million) to Qatar's total nominal GDP, or 7.0% of the total, representing an increase of 18.2% from the six-month period ended June 30, 2010, primarily due to high growth in government services.

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. The State, in furtherance of financial reforms, has established the Financial Market Development Committee to provide an integrated development strategy across the financial services sector.

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 Economic Adviser, Diwan.

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 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. Recent stress testing of commercial banks, on an aggregate basis, conducted by the QCB, suggested that neither the capital adequacy ratio nor the returns on assets of Qatar's domestic banks are significantly impaired. 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. It 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. The QCB has also established the Qatar Credit Bureau which provides analytical data and supports banks in their implementation of advanced risk management techniques outlined by Basel II. The QCB plans to implement Basel III standards earlier than the required timeline for completion of different aspects of the Basel III framework which fall between 2013 and 2019. 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 IMF in its January 2011 Report noted that almost all banks in Qatar are above the minimum threshold for the common equity requirement of 4.5% and have Tier 1 capital in excess of the prescribed 6% under Basel III. The IMF Report further noted that the QCB is conducting regular stress tests on banks and that it had published its first Financial Stability Report in October 2010. The IMF Report acknowledged Qatar's commitment to establish a single regulator for the financial system under the umbrella of the QCB as an appropriate response to addressing regulatory and supervisory gaps and strengthening financial sector reforms.

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 sovereigns 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 QCB, in order to ensure better regulation and risk management in the domestic Islamic and conventional banking sector, has recently issued instructions to conventional banks to wind up their Islamic banking operations by the end of 2011. The QCB also imposes certain exposure limits and credit controls on commercial banks. Credit facilities in excess of 20.0% of any bank's capital and reserves cannot be extended to a single customer and credit and investment facilities in excess of 25.0% of any commercial bank's capital and reserves cannot be extended to a single customer. Credit facilities extended to a single major shareholder in any bank cannot exceed 10.0% of that bank's capital and reserves. The maximum limit on consumer loans and Islamic finance, including principal and interest, is QR2 million for Qatari citizens and QR400,000 for non-Qatari residents. Non-Qatari residents are permitted to borrow in excess of the credit limit and up to QR1 million subject to the condition that the retirement benefits cover such increase. The maximum period of consumer loan or Islamic finance is six years for Qatari citizens and four years for non-Qatari residents. The maximum rate of interest or return is 150 basis points above the prevailing QCB Rate. The total monthly obligation for Qatari citizen borrowers is capped at 75% of the borrower's basic salary and social allowances, and capped at 50% of the total salary for non-Qatari residents.

Credit card withdrawals are also regulated with the maximum permitted withdrawal being the double of the cardholder's net total salary, which is computed after deducting the regular monthly obligations of the customer to the credit granting bank, other banks and any other entity from the customer's salary. The QCB requires the maximum rate of interest or return on credit cards to be 1% per month and the maximum rate of interest or return on arrears of debt arising from credit cards to be 0.25% per month.

The QCB also regulates real estate financing and requires real estate finance risks not to exceed 100% of the lending bank's Tier 1 capital at any time. Further, banks may provide real estate financing to individuals in excess of the salary limit for consumer loans only if collateral is provided as security for the loan. Borrowers relying on salaries as the primary source of repayment are limited to real estate financing of up to 70.0% of the value of the collateral with a maximum repayment period of 20 years while other borrowers are limited to real estate financing of up to 60.0% of the value of collateral with a maximum repayment period of 15 years (this loan limit may be increased to 70.0% of the value of collateral with a maximum repayment period of 20 years if security is granted over the cash flows used to pay the loan installments). The maximum permitted salary deductions, including installments and any other liability, are limited to 50.0% of the borrower's total salary, provided salary and post retirement service dues are transferred to the financing bank.

The following table sets forth the QCB's balance sheet data as of December 31, 2006 to 2010.

	As of December 31,				
	2006	2007	2008	2009	2010
	<i>(in millions of QR)</i>				
Assets:					
Foreign assets:					
Gold	44.3	1,220.3	1,267.0	1,587.1	2,062.0
Foreign government securities	15,745.9	26,136.8	24,019.3	54,568.6	87,155.0
Balances with foreign banks	3,645.3	7,878.9	10,267.3	10,474.2	22,451.1
IMF reserve position	128.3	98.3	85.9	87.4	85.9
SDR holdings	151.0	165.6	168.6	1,534.5	1,508.3
Total foreign assets	19,714.8	35,499.9	35,808.1	68,251.8	113,262.3
Claims on commercial banks	227.1	8,547.2	8,215.4	2,528.0	3,239.6
Unclassified assets	264.7	431.7	435.0	499.7	535.8
Total assets	20,206.6	44,478.8	44,458.5	71,279.5	117,037.7
Liabilities:					
Reserve money:					
Currency issued	5,069.8	5,624.5	6,912.8	7,191.4	7,974.3
Deposits of local banks	5,084.0	25,027.9	16,710.6	26,920.0	69,223.3
Total reserve money ⁽¹⁾	10,153.8	30,652.4	23,623.4	34,111.4	91,808.6
Foreign liabilities	20.8	752.5	18.4	1,451.9	1,441.2
Government deposits	420.0	435.8	1,015.2	468.1	668.4
Capital accounts	7,751.2	8,909.3	9,982.5	11,063.8	12,092.9
Reserve revaluation	1,030.3	1,938.2	1,843.8	2,593.4	3,220.9
Unclassified liabilities	830.5	1,790.6	7,975.2	21,590.9	22,416.7
Total liabilities	20,206.6	44,478.8	44,458.5	71,279.5	117,037.7

Note:

(1) Reserve requirements were QR3,267.9 million (US\$897.8 million), QR5,101.6 million (US\$1,401.5 million), QR10,033.5 million (US\$2,756.5 million), QR11,791.9 million (US\$3,239.5 million) and QR14,611 million (US\$4,014 million) as of December 31, 2006, 2007, 2008, 2009 and 2010, 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. The State has recently approved the creation of an Economic Policy Committee (the "EPC") to co-ordinate the State's fiscal and monetary policies and to ensure their alignment with the State's economic 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. 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. An overnight liquidity facility rate of 3.0% was also introduced a few years ago and 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, and especially since the global financial crisis of 2008, the QCB has not deemed it necessary to change interest rates in tandem with the US Federal Reserve on all occasions in view of domestic macroeconomic conditions. Although the QCB's money market rates are largely influenced by the movements in the interest rates of the US Federal Reserve due to the peg on the exchange rate, the QCB acted independently in 2010 by changing its policy rate even as the US Federal Reserve

continued to keep interest rates unchanged at near-zero levels. The QCB domestic rate which had been kept at 2.0% from May 2008 till July 2010 was thereafter reduced by 125 basis points in total in three phases to 0.8% by August 2011. The QCB also issues QMRs which is a monetary instrument through which local member banks are allowed to deposit funds with, and borrow funds from, the QCB. Since April 2011, the QMR lending rate has been reduced in two phases by 100 basis points in total to 4.5% and the QCB repo rate has been reduced in two phases by 105 basis points in total to 4.5%. The surplus liquidity conditions were reflected in the general softening of inter-bank interest rates across the maturity spectrum. Inter-bank interest rates were in the range of 1.1% to 3.7% across all maturities in 2010 as compared to the higher range of 1.8% to 4.0% in 2009. The low inter-bank rates in 2010 are partly explained by the large level of excess reserves held by banks resulting in low demand for funds in the inter-bank market. In 2011, inter-bank interest rates declined further to a range between 0.48% to 2.11% across all maturities in September 2011.

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. 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 remaining members decided that Riyadh would be home to the new GCC Monetary Council, a precursor to a GCC central bank. In March 2010, Qatar, Kuwait, Saudi Arabia and Bahrain unanimously elected the Saudi Arabian Monetary Agency Governor as the first chairman of the GCC Monetary Council. The exchange rate regime for the single currency has not yet been decided, but other recent steps have been taken toward launching a single currency and laying the foundation for a GCC central bank, including the proposal of names for the GCC central bank, the modification of the internal procedures for the board and an agreement on the term of service of the current board chairman and the determination of the human resources needed for the monetary union. Additionally, the GCC member countries have established "GulfStat" to standardize data collection and dissemination to improve the quality of macroeconomic statistics. However, no date has been agreed for the establishment of the monetary union.

Inflation

Qatar has had a mix of inflation and deflation (measured by a movement in Qatar's Consumer Price Index as opposed to a core inflation measurement) recently with inflation of 1.7% in the first three quarters of 2011 which was preceded by negative inflation rates of 2.4% and 4.9% in 2010 and 2009, respectively. Prior to 2009, Qatar had high levels of inflation and the overall annual inflation rate was 15.2% in 2008 compared to 13.6% in 2007 and 11.8% in 2006. Inflation in Qatar started to rapidly decline in 2009 due to decreases in housing and food costs, with the inflation rate decreasing to negative 6.2% in the first quarter of 2009, negative 1.0% in the second quarter and negative 1.5% in the third and fourth quarters. The inflation rate fluctuated in 2010, continuing with a further decline in the inflation rate to negative 0.5% in the first quarter, increasing to 0.4% in the second quarter, decreasing again to a negative 0.5% in the third quarter and climbing again to 0.5% in the fourth quarter. The overall deflation recorded in 2009 and 2010 was due to the steep reduction in rents in the real estate sector. Inflation returned in 2011 with an increase in inflation to 1.3% in the first quarter, an increase of 0.4% in the second quarter and a decrease of 0.1% in the third quarter. Recent inflation is primarily the result of core inflation, as rents in the real estate sector have generally remained a deflationary force. The recent pay and pension increase for governmental employees in 2011 is expected to have an inflationary effect in the future.

In a report on Qatar issued by the IMF in January 2011, the IMF noted that the country's projected high growth rates require careful monitoring of aggregate demand to ward off the risk of inflation at the high levels seen previously. The increased inflation prior to 2009 was primarily due to 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, 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 had supported several domestic and residential construction projects near completion. The QCB reports that nearly 10,000 building permits and 2,500 construction completion certificates for over 16,000 apartments and villas were issued in 2010. As a result, cost pressure had been abated and real estate prices saw a decline. The IMF noted in January 2011 that the risk of inflation in the short term has been greatly reduced owing to the current situation of excess real estate supply and the considerable easing of supply bottlenecks in raw materials as a consequence of increased investments in both sectors.

The QCB previously used various monetary instruments to address high inflation rates, including moving interest rates independently of the US Federal Reserve despite the currency peg, maintaining the QCB's lending interest rate at 5.5%, and increasing the required reserve ratio for commercial banks in an effort to absorb excess liquidity from the domestic markets. The QCB has relaxed some of these measures as a result of the new deflationary cycle and interest rates were reduced in three steps to 0.75% in April 2011 and the lending interest rate was subsequently reduced to 4.5%.

The following table sets forth the consumer price index (the "CPI") and annual percentage change for each of the five years ending December 31, 2011, as well as the share represented by each item in the general index.

	2007		2008		2009		2010		2011 ⁽²⁾	
	Index	%	Index	%	Index	%	Index	%	Index	%
	<i>(2007 = 100, period average)⁽¹⁾</i>									
Rent, utilities and related housing services	100.0	29.2	119.7	19.7	105.3	(12.0)	91.9	(12.8)	88.3	(4.0)
Food, beverages and tobacco	100.0	7.4	120.0	19.9	121.4	1.2	123.9	2.1	128.8	4.0
Clothing and footwear	100.0	12.6	111.8	11.8	106.8	(4.5)	105.2	(1.3)	112.7	7.2
Furniture, textiles and home appliances	100.0	5.4	107.7	7.7	105.6	(2.0)	109.9	4.1	112.0	1.9
Medical care and services	100.0	1.2	104.2	4.2	106.0	1.7	109.7	3.5	112.1	2.2
Transport and communications	100.0	1.9	109.3	9.3	104.6	(4.3)	107.3	2.6	113.9	6.2
Education, recreation and culture	100.0	4.9	109.9	9.9	108.6	(1.2)	111.6	2.8	112.4	0.7
Miscellaneous goods and services	13.8	(85.6)	112.4	12.4	120.6	7.3	126.1	4.7	132.3	4.9
General Index	100.0	13.6	115.2	15.1	109.5	(4.9)%	106.9	(2.4)%	108.7	1.7
% Change	13.6%		15.2%						1.7%	

Note:

(1) As QSA now calculates CPI figures using a base year of 2007, the figures in this chart have been recalculated using a base year of 2007. Previously, QSA calculated CPI figures using a base year of 2006.

(2) These figures are for the first three quarters of 2011.

Source: Qatar Statistics Authority.

The following table sets forth the consumer price index and annual percentage change for the four quarters of 2010 and the first three quarters of 2011.

	Q1 2010		Q2 2010		Q3 2010		Q4 2010		Q1 2011		Q2 2011		Q3 2011	
	Index	%	Index	%	Index	%	Index	%	Index	%	Index	%	Index	%
	<i>(2007 = 100, period average)</i>													
Rent, utilities and related housing services	94.6	(2.7)	92.5	(2.2)	90.2	(2.5)	89.9	(0.3)	89.5	(0.4)	88.6	(1.0)	86.7	(2.1)
Food, beverages and tobacco	122.5	0.3	123.3	0.7	123.8	0.4	126.6	2.5	128.3	1.3	129.4	0.9	28.8	(0.5)
Clothing and footwear	102.9	(1.8)	104.1	1.2	106.1	1.9	108.2	2.0	112.0	3.5	112.8	0.7	13.3	0.4
Furniture, textiles and home appliances	109.4	0.3	109.9	0.5	110.2	0.5	110.3	0.1	111.3	0.9	112.1	0.7	112.5	0.4
Medical care and services	109.1	1.1	109.5	0.4	109.9	0.4	110.4	0.5	111.4	0.9	112.2	0.7	112.7	0.4
Transport and communications	105.4	1.2	108.0	2.5	108.0	0.0	107.6	(0.4)	112.3	4.4	114.1	1.6	115.3	1.1
Entertainment, recreation and culture	109.9	0.7	111.7	1.6	112.9	1.1	112.2	(0.6)	112.4	0.2	111.7	(0.6)	113.0	1.2
Miscellaneous goods and services	123.8	0.3	125.7	1.5	126.5	0.6	129.1	2.1	130.1	0.8	131.5	1.1	135.4	3.0
General Index	106.7	(0.5)	107.1	0.4	106.6	(0.5)	107.1	0.5	108.5	1.3	108.9	0.4	108.8	(0.1)

Source: Qatar Statistics Authority.

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. 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 2011, 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 QR3,893.5 million (US\$1,069.6 million), a 5.7% increase from the end of 2010. As of September 2011, currency in circulation increased by QR632.5 million (US\$173.8 million) and demand deposits increased by QR3,261 million (US\$895.9 million) from the end of 2010. As of September 2011, the broad measure of money ("M2"), which comprises M1 plus time deposits denominated in riyals and foreign currency deposits of private sector, government and semi-government institutions, increased by QR51,329.6 million (US\$14,101.5 million), an increase of 19.4% from the end of 2010, due in large part to a 2.1% increase in time deposits and a 149.3% increase in foreign currency deposits. Total quasi money represented by time deposits and foreign currency deposits increased by QR47,436.1 million (US\$13,031.9 million), a 24.2% increase from the end of 2010. This led to a decrease in the share of M1 in domestic liquidity (M2) from 25.8% at the end of 2010 to 22.9% as of September 2011.

The following table provides an overview of the money supply and sets forth certain liquidity indicators for Qatar as of December 31, 2006 to 2010.

	As of December 31,				
	2006	2007	2008	2009	2010
	<i>(in millions of QR)</i>				
Foreign assets:					
QCB:					
Assets ⁽¹⁾	19,714.8	35,499.9	35,808.1	68,570.1	113,611.4
Liabilities	(20.8)	(752.5)	(18.4)	(1,451.9)	(1,441.2)
QCB foreign assets (net)	19,694.0	34,747.4	35,789.7	67,118.2	112,170.2
Commercial banks:					
Assets	66,310.5	88,960.7	99,168.5	88,494.7	91,124.8
Liabilities	(24,754.0)	(62,264.6)	(86,089.2)	(108,459.9)	(139,309.3)
Commercial banks foreign assets (net)	41,556.5	26,696.1	13,079.3	(19,965.2)	(48,184.5)
Foreign assets (net)	61,250.5	61,443.5	48,869.0	47,153.0	63,985.7
Domestic assets:					
Claims on Government:					
Claims ⁽²⁾	17,237.8	13,822.0	18,169.2	62,738.2	75,003.6
Deposits ⁽³⁾	(13,510.2)	(14,028.7)	(20,428.6)	(15,879.6)	(19,154.2)
Claims on Government (net)	3,727.6	(206.7)	(2,259.4)	46,858.6	55,849.4
Domestic credit:					
Claims on public enterprises ⁽⁴⁾	8,974.1	26,751.6	47,383.5	39,734.8	66,754.9
Claims on private sector	80,011.7	121,087.9	172,439.4	184,569.9	204,201.6
Total domestic credit	88,985.8	147,839.5	219,822.9	224,304.7	270,956.5
Other items (net)	(43,790.8)	(55,340.9)	(82,427.4)	(103,234.5)	(126,075.8)
Domestic assets (net)	48,922.6	92,291.9	135,136.1	167,928.8	200,730.1
Broad money:					
Money:					
Currency in circulation	3,958.9	4,487.2	5,368.2	5,653.0	6,094.9
Demand deposits	29,533.3	36,249.5	45,501.3	47,463.3	62,241.9
Total money	33,492.2	40,736.7	50,869.5	53,116.3	68,336.8
Quasi-money:					
Savings and time deposits	39,621.9	64,349.0	85,676.2	133,192.6	166,994.8
Foreign currency deposits	37,059.0	48,649.7	47,459.4	28,772.9	29,384.2
Total quasi-money	76,680.9	112,998.7	133,135.6	161,965.5	196,379.0
Total broad money	110,173.1	153,735.4	184,005.1	215,081.8	264,715.8
Change (%):					
Foreign assets (net)	28.1	0.3	(20.5)	(3.5)	35.7
Domestic assets (net)	57.4	88.6	46.4	24.3	19.5
Total broad money	39.6	39.5	19.7	16.9	23.1
Velocity of broad money (to total nominal GDP)	2.0	1.9	2.3	1.7	1.8
Velocity of broad money (to non-oil and gas nominal GDP)	0.9	0.9	1.0	0.9	0.8

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 and develop a yield curve for riyal-denominated domestic bonds. The QCB has issued a number of domestic bonds since 1999, including six issues in 2009 and three issues in 2010 (including one sukuk issue). In 2011, the QCB also issued bonds amounting to QR50 billion (US\$13.7 billion) to Qatari domestic banks, of which roughly two thirds went to Islamic banks and the rest to conventional banks. The funds so generated were transferred by the QCB to the State's account and the State used these funds for various governmental uses and for investment. The QCB has also issued Treasury bills of 91,182 and 273 days maturity to further absorb domestic liquidity with an outstanding balance of QR12 billion

(US\$3.3 billion) as of October 31, 2011. The QCB also prescribes reserve requirements for commercial banks to be maintained with the QCB in order 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 Shari'ah 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 2010, the average capital adequacy ratio (CAR) was 16.1%, with the same CAR of 16.1% in 2009 and a CAR of 15.5% in 2008. In 2010, the Regulatory Tier 1 capital-to-asset ratio for all banks was 11.1%, compared to 11.5% in 2009 and 11.0% in 2008. 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 QIA has provided financial support to Qatar's financial sector as a response to the global economic downturn and as a preventative measure to preserve the general stability in Qatar's banking sector. In 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 the domestic banks listed on the Qatar Exchange. In line with the plan, from 2009 through to 2011, the QIA acquired equity positions ranging from 5.0% to 20.0% in various domestic banks, including the Qatar Islamic Bank, the Commercial Bank of Qatar, the Qatar International Islamic Bank the Ahli Bank and the Doha Bank. The total equity injections in the domestic banks currently amount to QR11.2 billion (US\$3.1 billion). The Government is expected to give these banks an option to buy back their shares over the next five years.

In addition to the equity purchases, the QIA also assisted the banking sector by purchasing certain portions of their investment and real estate portfolios. On March 22, 2009, the QIA purchased the investment portfolios of seven of the nine domestic banks listed on the Qatar Exchange 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 QIA made a second round of investments and bought 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 total support to the banking sector, which includes purchases of real estate and investment portfolio in domestic banks as well as the equity injections has been QR32,700 million (US\$8,984 million).

The amount of credit extended by commercial banks to the private sector grew by a CAGR of 27.1% between 2006 and 2010, increasing by 7.6% in 2010 to QR190,862 million (US\$52,435 million) from QR177,458.7 million (US\$48,752 million) in 2009. In 2010, credit extended to the real estate sector amounted to 26.7% of total private sector credit extended by commercial banks, while credit extended to the services sector and consumer credit amounted to 15.5% and 29.7% of total private sector credit, respectively. In 2010, the amount of credit extended to the construction and real estate sectors showed the sharpest increases, with annual growth rates of approximately 41.8% and 26.2%, respectively. The amount of credit to services declined by 5.2% in 2010 compared to 2009.

The level of "non performing" commercial bank loans in Qatar has been low over the past five years, changing from 2.2% in 2006 to 1.5% in 2007, 1.2% in 2008, 1.7% in 2009 and 2.0% in 2010. 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 QCB also obliges national banks to form a “risk reserve” from the net profits thereof, which should not be less than 1.5% of the total direct credit facilities granted by the bank and its branches and subsidiaries inside and outside Qatar, according to their consolidated balance sheet, after deduction of the specific provisions, suspended interests and deferred profits for Islamic banks, with the exception of credit facilities extended to the Ministry of Economy and Finance, credit facilities guaranteed by the Ministry of Economy and Finance and credit facilities secured by cash collateral (with a lien on cash deposits).

The following table sets forth the consolidated balance sheets of Qatari commercial banks as of December 31, 2006 to 2010.

	As of December 31,				
	2006	2007	2008	2009	2010
	<i>(in millions of QR)</i>				
Assets:					
Reserves:					
Cash	1,110.9	1,137.3	1,544.6	1,538.4	1,879.4
Balances with the QCB	5,029.2	24,959.7	16,561.7	38,361.3	83,578.5
Foreign assets:					
Cash	132.2	110.2	181.2	262.5	403.4
Claims on foreign banks	45,163.5	54,449.3	50,268.5	43,712.7	41,781.8
Foreign credit	7,774.8	14,267.1	21,845.6	18,561.6	20,560.5
Foreign investments	13,240.0	20,134.1	26,873.2	25,957.9	28,379.1
Fixed assets	0.0	0.0	0.0	0.0	0.0
Domestic Assets:					
Due from Banks in Qatar	7,205.2	10,989.9	32,777.0	35,323.4	27,999.1
Domestic Credit	94,773.1	146,329.0	220,807.3	251,915.9	293,920.0
Domestic Investments	11,450.6	15,437.2	22,110.0	41,844.4	56,174.7
Fixed Assets	1,221.2	1,730.6	3,012.7	3,372.3	4,082.3
Other Assets	2,381.3	4,791.7	5,933.2	7,048.7	8,723.4
Total assets	189,482.0	294,336.1	401,915.0	467,899.1	567,482.3
Liabilities:					
Foreign Liabilities:					
Non-resident deposits	1,154.6	4,365.3	14,428.8	22,021.5	29,680.8
Due to foreign banks	20,541.3	54,410.8	67,763.9	79,208.1	97,103.4
Debt securities	3,058.1	3,488.5	3,896.5	7,230.3	12,525.1
Domestic Liabilities:					
Resident deposits	119,304.4	162,841.1	198,050.3	224,840.3	277,106.7
Due to domestic banks	4,982.4	7,800.8	33,271.5	32,606.4	23,419.9
Due to QCB	297.6	1,316.2	6,782.3	2,719.1	3,412.2
Debt securities	0.0	36.4	76.8	300.0	115.0
Margins	453.6	764.2	1,379.4	1,881.6	1,047.8
Capital accounts	23,310.9	33,885.2	48,300.1	53,801.7	62,793.1
Provisions	2,919.3	3,257.9	4,253.1	5,864.6	7,315.8
Unclassified liabilities	13,459.8	22,169.7	23,712.3	37,425.5	52,961.4
Total liabilities	189,482.0	294,336.1	401,915.0	467,899.1	567,482.3

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, 2010, QDB’s paid up capital was QR2,900 million (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 QFCA, the QFCRA, the QFC Civil and Commercial Court and the QFC Tribunal. The QFCRA determines the commercial strategy of the QFC and is responsible for legislation and compliance matters relating to the QFC legal environment. 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 civil and commercial disputes arising between (i) entities established within the QFC; (ii) employees or contractors employed by entities established in the QFC and the employing entity; (iii) QFC entities and residents of State of Qatar; and (iv) QFC institutions and entities established in the QFC. The QFC Regulatory Tribunal hears appeals against decisions of the QFCRA, QFCA and other QFC institutions. The QFCA, QFCRA, the QFC Civil and Commercial Court and the Regulatory 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. The operations of the Company Registration Office are handled by the QFCA. Approximately 55.0% of the firms operating under the QFC umbrella, as of August 2011, are regulated financial institutions, including global financial institutions. The QFCA imposed a tax rate of 10.0% on local source business profits effective January 1, 2010.

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 QFC licensing policy, such institutions are currently prohibited from conducting retail banking with, or on behalf of, retail customers unless they obtain authorization from the QFCRA. 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 oversees 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. Further to its partnership with NYSE Euronext, the Qatar Exchange launched a new trading platform called Universal Trading Platform in September 2010 providing for international recognized trading functionality. The Qatar Exchange has also implemented procedures for settlement via central bank monies and a delivery versus payment process for the settlement of securities.

The Qatar Exchange currently lists equity securities only, although its management aims to develop further asset classes like ETFs, REITs and derivatives in the near future. In February 2010, the Qatar Exchange announced plans to introduce new products such as sukuks, bonds, exchange traded funds, equity derivatives and investor education programs. As of June 2011, there were 42 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 on the basis of many factors, including market capitalization and trading

volumes. The Qatar Exchange generally allows non-Qatari nationals to invest up to 25.0% of the share capital of any company listed on the Qatar Exchange, although this limit may be increased with the approval of the Council of Ministers.

In 2010, banking and financial sector companies had the highest trading activity by value on the Qatar Exchange with QR24,3 billion (US\$6.6 billion) in value traded, followed by service sector companies with QR40.2 billion (US\$11 billion) in value traded, reflecting trading activity trends since 2009.

The following table sets forth the Qatar Exchange's market capitalization for each of the five years ended December 31, 2010, 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,				
	2006	2007	2008	2009	2010
	<i>(in millions of QR, except as noted otherwise)</i>				
Market capitalization at end of period	221,729	347,695	279,038	320,081	450,203
Percentage change	(30.1)%	56.8%	(19.8)%	14.7%	40.6%
Number of listed companies at end of period	36	40	43	44	43
Total trades (value)	74,947	108,930	175,552	92,165	67,185
Number of trades (in millions)	1,733	1,812	2,180	1,690	1,052

Source: Qatar Exchange.

Qatar Financial Markets Authority

The QFMA was established under Law No. 33 of 2005 as amended, as a public regulatory authority for Qatar's capital markets with the mandate to (i) implement a modern regulatory framework for the domestic capital markets and the securities industry based on international best practices, (ii) provide effective and responsible market oversight and supervision, and (iii) set the ground for developing Qatar as a leading capital market in the region and a preferred destination for financial services businesses. The creation of the QFMA is 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 QFMA has issued the following regulations to effectively regulate the Qatari capital market: (i) Regulations of Qatar Financial Markets Authority; (ii) Financial Services Rulebook; (iii) Offering & Listing of Securities Rulebook; (iv) Anti-Money Laundering and Combating Terrorist Financing Rules; (v) buy back regulations for listed companies; and (vi) regulations for the settlement by arbitration of disputes arising from transactions related to securities. The QFMA has also issued a Corporate Governance Code for listed companies which includes reporting requirements for the companies' directors as well as a requirement to establish a number of internal committees (such as audit, nomination and remuneration committees). The QFMA has recently started requiring mandatory compliance with certain provisions of the Governance Code that until recently were viewed as merely 'comply or explain' provisions.

Currently the Qatar Exchange only lists equity shares. However, the QFMA is in the process of finalizing and implementing amendments to the Qatari Securities Offering and Listing Regulations so as to facilitate the listing and trading of new securities such as bonds and sukuks, securities of small and medium sized companies and the securities of Qatar Financial Center companies which will deepen the domestic market. The proposed rules are now finalized and are expected to be sent for consultation before the end of 2011. In addition, listing rules for Exchange Traded Funds (ETFs) are also in the process of finalization. The QFMA is currently working on completing the first draft of the legal infrastructure for regulating lending and borrowing activities, liquidity providers, direct market access and margin trading.

The QFMA has also entered into a bilateral memorandum of understanding with each of the following peer federal regulatory institutions: (i) the Securities Commission of Malaysia; (ii) the Autorité des Marchés Financiers; and (iii) China Securities Regulatory Commission. A Bilateral Memorandum of Understanding with the GCC's Capital Market Regulatory Authorities and with the Egyptian Financial Supervisory Authority is in process.

PUBLIC FINANCE

General

Qatar has experienced significant revenue growth and large budget surpluses since 2001 driven primarily by the rapid development of its hydrocarbon sector. Recently, the budget surpluses have decreased as a result of increased current and capital expenditure. The Government revenues of QR155,907 million (US\$42,832 million) for the fiscal year ended March 31, 2011 were significantly greater than revenues in the fiscal year ended March 31, 2001. Government figures show an estimated surplus of QR13,537 million (US\$3,670 million) for the fiscal year ended March 31, 2011, which is a decrease of 75.0% when compared to the surplus of QR54,108 million (US\$14,865 million) for the fiscal year ended March 31, 2010.

The budget for the fiscal year ending March 31, 2012 is based upon an assumed oil price of \$55 per barrel and thus projects an estimated surplus of QR22,538 million (US\$6,192 million). The State exceeded the estimated budget surplus for the six-month period ended September 30, 2011 with a surplus of QR39,999 million (US\$10,989 million). The surplus is primarily attributable to the increased international demand for oil and petroleum products coupled with an increase in the international price of oil, along with greater than anticipated non-oil and gas revenues.

Total expenditure for the six-month period ended September 30, 2011 amounted to QR70,302 million (US\$19,313 million) or 50.2% of the total budgeted expenditure of QR139,937 million (US\$38,442 million) for the fiscal year ending March 31, 2012. Total current expenditure for the six-month period ended September 30, 2011 amounted to QR46,926 million (US\$12,891 million) or 57.3% of total budgeted current expenditure of QR81,938 million (US\$22,510 million) for the fiscal year ending March 31, 2012. Total capital expenditure for the six-month period ended September 30, 2011 amounted to QR23,376 million (US\$6,422 million) or 40.3% of total budgeted capital expenditure of QR57,999 million (US\$15,934 million) for the fiscal year ending March 31, 2012.

The Government's primary source of budget revenues are oil and gas related revenues generated by QP's activities, accounting for approximately 85.2% of the total revenues for the fiscal year ended March 31, 2011 and approximately 80.7% of the total revenues for the fiscal year ended March 31, 2010. The Government's budget is formulated using a conservative estimate of oil prices per barrel for the relevant fiscal year: 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; US\$40 for the budget for the fiscal year ended March 31, 2010; US\$55 for the budget for the fiscal year ended March 31, 2011; and US\$55 for the budget for the fiscal year ending March 31, 2012. 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, in line with the growth of QP's net income. 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 relate to 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). Due to a significant wage and pension increase effective September 1, 2011 for Qatari government employees, Government expenditure for salaries and wages is expected to significantly increase for future budgets. The State has also announced its intent to create a committed QR10 billion (US\$2.7 billion) fund to recapitalize the State pension fund in light of the recent increase in wages and pensions. The funds when made available would be viewed as an asset transfer. 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, 2011 as Qatar's larger infrastructure projects have moved from the planning phase to the development and construction phases. Qatar's total expenditure continued to grow to QR142,370 million (US\$39,113 million) in the fiscal year ended March 31, 2011,

increasing from QR115,034 million (US\$31,603 million) in the fiscal year ended March 31 2010, and is budgeted at QR139,937 million (US\$38,444 million) for the fiscal year ending March 31, 2012. The decline in the budgeted estimate for the fiscal year ending March 31, 2012 compared to the total expenditure in fiscal year ended March 31, 2011 is attributable to the Government's conservative estimates.

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 behalf of the Government. A portion of the budget surplus has also been placed into stabilization funds administered by the QIA. 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. The Ministry of Economy and Finance intends to reform its budget process in the future by becoming more performance oriented. New budgets are to be based on budget plans instead of previous budgetary allocations. The new budget process is intended to improve accountability and help the State to achieve specific goals. In furtherance of these reforms, the State has recently approved the creation of the EPC with a mandate to develop general budget variables in line with the NDS. The EPC, in addition to other objectives, would also propose policies associated with the preparation of the State's general budget in order to prepare an annual publication, and would also discuss the implications of revenue and public expenditure policies on the national economy.

As in past years, the budget for the fiscal year ending March 31, 2012 was guided by the annual circular published by the Ministry of Economy and Finance regarding the preparation of the State's budget. This circular provides that the financial policy of the State for the fiscal year ending March 31, 2012 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, 2011, the budgeted figures for the fiscal year ending March 31, 2012 and the actual figures for the six months ended September 30, 2011.

	Fiscal year ended March 31,					Six months ended September 30,
	2008	2009	2010	2011 ⁽¹⁾	Budget 2012 ⁽²⁾	2011 ⁽¹⁾
	(in millions of QR)					
Revenues:						
Oil and gas revenues:						
Oil revenues:						
Income tax	46,901	48,642	46,234	47,996	25,460	26,256
Royalties	13,138	12,590	15,501	10,630	6,392	4,073
Port fees and other oil revenues	11	13	—	13	0	0
Total oil revenues	60,050	61,245	61,735	58,639	31,852	30,329
Gas—royalties and taxes	10,698	18,764	21,065	38,210	38,903	21,743
Investment income (QP) ⁽³⁾	30,047	33,018	53,735	35,934	53,000	25,732
Total oil and gas revenues	100,795	113,027	136,542	132,783	123,755	77,806
Non-oil and gas revenues:						
Investment income (non-QP) ⁽⁴⁾						
Returns on misc. shares	133	—	—	—	—	—
Interest income	166	253	145	157	165	9
Total investment income (non-QP)	299	253	145	157	165	9
Customs duties	3,946	3,541	3,114	4,019	2,900	950
Business/corporate income tax	8,939	14,629	21,575	14,524	30,810	30,218
Public utility fees	344	233	54	73	145	4
Other	3,542	9,346	7,712	4,353	4,700	1,314
Total non-oil and gas revenues	17,070	28,002	32,600	23,124	38,720	32,496
Total revenues	117,865	141,029	169,142	155,907	162,475	110,302
Expenditure: ⁽⁵⁾						
Current expenditure:						
Civil list	624	623	612	737	618	286
Defense and security	6,338	9,168	8,109	9,652	15,649	3,015
General administration ⁽⁶⁾	34,495	43,261	55,451	75,640	53,902	37,466
Education	3,244	3,730	3,088	1,122	1,418	631
Health	3,919	5,531	5,701	6,637	7,280	3,128
Labor and social services	429	375	292	1,058	201	597
Food subsidies and transfers	199	216	132	298	150	115
Water and electricity	1,467	1,632	1,677	1,800	2,000	1,000
Communication and transportation	—	—	—	—	—	—
Foreign grants	1,476	1,115	593	1,061	516	651
Subscriptions	125	147	133	122	204	37
Total current expenditure	52,316	65,797	75,788	98,127	81,938	46,926
Capital expenditure:						
Health	449	502	565	637	660	108
Education	1,117	5,031	5,590	6,017	8,906	1,677
Housing and construction	636	794	253	985	4,652	2,866
Roads	2,691	2,779	2,376	2,596	3,899	1,318
Communications and transportation	4,768	6,709	8,612	10,298	13,894	6,029
Utilities	8,141	8,505	9,593	13,572	10,452	4,725
Land reclamation, other	16,131	9,109	12,257	10,138	15,536	6,653
Total capital expenditure	33,933	33,429	39,246	44,243	57,999	23,376
Total expenditure	86,250	99,226	115,034	142,370	139,937	70,302
Overall surplus/(deficit)	31,616	41,803	54,108	13,537	22,538	39,999

Notes:

(1) Preliminary data subject to revision.

(2) The budget is based on an assumed price of US\$55 per barrel, which is significantly lower than the prevailing international oil prices resulting in a conservative budget for the fiscal year.

(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 expenditure line items shown in the table, and is not separately listed. Salaries and wages were QR16,003 million (US\$4,396 million) in the fiscal year ended March 31, 2008, QR18,661 million (US\$5,127 million) in the fiscal year ended March 31, 2009, QR19,975 million (US\$5,488 million) in the fiscal year ended March 31, 2010 and QR23,065 million (US\$6,337 million) in the fiscal year ended March 31, 2011. Effective as of September 1, 2011, the Government has granted large wage and pension increases to Qatari citizens working for the Government.
- (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, 2012

The Government published its planned budget for the fiscal year ending March 31, 2012 with an estimated surplus of approximately QR22,538 million (US\$6,192 million) based on an assumed oil price of US\$55 per barrel. This estimated surplus was primarily due to budgeted total revenues of QR162,475 million (US\$44,636 million) which represent a slight increase from total revenues of QR155,907 million (US\$42,832 million) for the fiscal year ended March 31, 2011. These higher budgeted revenues reflect the Government's expectation of higher revenues from the oil and gas sector. 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, 2012 decreased slightly as budgeted total expenditure of QR139,937 million (US\$38,444 million) represents a 1.7% decrease from total expenditure of QR142,370 million (US\$39,113 million) for the fiscal year ended March 31, 2011. This decrease is comprised of a budgeted increase in capital expenditure, offset by a budgeted decrease in current expenditure.

The Government's most recent revenue and expenditure figures reflect a greater overall surplus of QR39,999 (US\$10,989 million) or 36.3% of total revenues for the actual six-month period ended September 30, 2011. In addition, total revenues for the six-month period ended September 30, 2011 amounted to QR110,302 (US\$30,303 million) which represents approximately 67.9% of budgeted total revenues for the fiscal year ending March 31, 2012. Total non-oil and gas revenues represented approximately 29.5% of total revenues for the six-month period ended September 30, 2011, amounting to QR58,22 million (US\$8,927 million) or 83.9% of the budgeted total non-oil and gas revenues for the fiscal year ending March 31, 2012. The surplus for the six-month period ended September 30, 2011 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, 2011 amounted to QR70,302 million (US\$19,313 million) or 50.2% of total budgeted expenditure of QR139,937 million (US\$38,442 million) for the fiscal year ending March 31, 2012. Total current expenditure for the six-month period ended September 30, 2011 amounted to QR46,926 million (US\$12,891 million) or 57.3% of total budgeted current expenditure of QR81,938 million (US\$22,510 million) for the fiscal year ending March 31, 2012. Total capital expenditure for the six-month period ended September 30, 2011 amounted to QR23,376 million (US\$6,422 million) or 40.3% of total budgeted capital expenditure of QR57,999 million (US\$15,934 million) for the fiscal year ending March 31, 2012. The total capital expenditure for the six-month period ended September 30, 2011 is significantly lower than the corresponding budgeted amount as it reflects the time lag between the Government's approval of projects resulting in the budgeting allocation for such projects and the actual on-site commencement of the project. Often projects allocated for in the budget of a fiscal year begin to generate expenditure reflected in the budgets of the following years.

Fiscal Year Ended March 31, 2011

Revenue

For the fiscal year ended March 31, 2011, total revenues were QR155,907 million (US\$42,832 million), or 92% of total revenues for fiscal year ended March 31, 2010. The decrease in revenues for the fiscal year ended March 31, 2011 compared to total revenues for the fiscal year ended March 31, 2010 is primarily due to lower oil and gas revenues primarily as a result of lower investment income received from QP and due to lower non-oil and gas revenues as a result of decreased tax revenue.

Oil and gas revenues were estimated at QR132,783 million (US\$36,478 million) for the fiscal year ended March 31, 2011, or approximately 85.2% of total revenues representing a decrease of 2.7% over the oil and gas revenues reported for the fiscal year ended March 31, 2010. The decrease was primarily due to lower investment income received from QP.

Non-oil and gas revenues were QR23,124 million (US\$6,352 million) for the fiscal year ended March 31, 2011, which represents a decrease of approximately 29.1% from the fiscal year ended March 31, 2010, due to lower tax revenues from a decrease in corporate tax rates to 10% from 35% .

Expenditure

For the fiscal year ended March 31, 2011, total expenditure was QR117,900 million (US\$32,390 million), which represents an increase of approximately 2.5% from the fiscal year ended March 31, 2010. Consistent with the Government's drive to modernize and diversify Qatar's economy and improve the country's health, education and welfare, the expenditure for the fiscal year ended March 31, 2011 increased from total expenditure of QR115,034 million (US\$31,603 million) for the previous fiscal year.

Current expenditure was QR98,127 million (US\$26,958 million) for the fiscal year ended March 31, 2011, which represents an increase of approximately 29.5% from the current expenditure of QR75,788 (US\$20,821 million) for the fiscal year ended March 31, 2010. Spending on Government wages and salaries was approximately QR23,065 million (US\$6,337 million) for the fiscal year ended March 31, 2011, which represents an increase of approximately 6.8% from the fiscal year ended March 31, 2010, partially due to a governmental-wide salary increase. Capital expenditure for the fiscal year ended March 31, 2011 was QR44,243 million (US\$12,155 million), which represents an increase of approximately 12.7% from the fiscal year ended March 31, 2010.

Fiscal Year Ended March 31, 2010

Revenue

Despite the estimated deficit for the budget for the fiscal year ended March 31, 2010, there was an overall surplus of QR54,108 million (US\$14,865 million), or 32.0% of total revenues for the fiscal year ended March 31, 2010. The total revenues represent an increase of approximately 19.9% from the total revenue for the fiscal year ended March 31, 2009. The increase in total revenues for the fiscal year ended March 31, 2010 compared to total revenues for the fiscal year ended March 31, 2009 and the budgeted figure for the fiscal year ended March 31, 2010 is primarily due to higher-than-anticipated oil and gas prices during the fiscal year ended March 31, 2010 and the Government's conservative approach to making assumptions with respect to oil prices. These significantly increased revenues and resulted in the surplus mentioned above.

Oil and gas revenues were QR136,542 million (US\$37,512 million) in the fiscal year ended March 31, 2010, or approximately 80.7% of total revenues.

Non-oil and gas revenues were QR32,600 million (US\$8,956 million) in the fiscal year ended March 31, 2010, which represents an increase of approximately 16.4% from the fiscal year ended March 31, 2009, 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, 2010, total expenditure was QR115,034 million (US\$31,603 million), which represents an increase of approximately 15.9% from the fiscal year ended March 31, 2009. Consistent with the Government's drive to modernize and diversify Qatar's economy and improve the country's health, education and welfare, the expenditure for the fiscal year ended March 31, 2010 slightly increased from total expenditure of QR99,226 million (US\$27,260 million) for the previous fiscal year.

Current expenditure was QR75,788 million (US\$20,821 million) for the fiscal year ended March 31, 2010, which represents an increase of approximately 15.2% from the current expenditure of QR65,797 million (US\$18,076 million) for the fiscal year ended March 31, 2009. Spending on Government wages and salaries was approximately QR21,594 million (US\$5,932 million) for the fiscal year ended March 31, 2010, which represents an increase of approximately 17.6% from the fiscal year ended March 31, 2009, partially due to a one-off governmental-wide salary increase.

Capital expenditure for the fiscal year ended March 31, 2010 was QR39,246 million (US\$10,782 million), which represents an increase of approximately 17.4% from 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. QIA income has not historically been included in the State's accounting as revenue, expenditure or overall surplus (or deficit) in the State 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, the QIA has purchased equity ownership interests of up to 20.0% in all domestic commercial banks listed on Qatar Exchange. 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 a joint venture with Vodafone plc. This joint venture, Vodafone & Qatar Foundation LLC, owns 45.0% of Vodafone Qatar, 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 (its strategic and direct investment arm), makes direct investments in foreign entities and currently holds equity ownership interests in several non-Qatari companies. 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.

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 the recently enacted Income Tax Law that came into effect on January 1, 2010 which repealed the previous tax law (the Law Decree No. (11) of 1993). Further guidance on the specific terms of the Income Tax Law were provided by the Decision of the Minister of Economy of Finance No. 10 of 2011 issuing the Executive Regulations of the Income Tax Law No. 21 of 2009 (the **"Executive Regulations"**).

Under the Income 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 Income Tax Law, taxable income in any taxable year is now taxed at a flat tax rate of 10%, except certain oil and gas companies that will continue to be taxed at a rate of at least 35.0%.

The Income Tax Law also introduced withholding tax in relation to certain payments to non-residents that are not connected with a permanent establishment in Qatar. The withholding tax provisions provide for 5% withholding on payments of royalties and technical fees and 7% withholding on payments of interest, commissions, brokerage fees, directors' fees and any other amounts paid for services carried out wholly or partly in Qatar.

The Executive Regulations provide that certain categories of interest will not be subject to withholding under the Income Tax Law. Exceptions include (i) interest on bonds and securities issued by the State of Qatar and public authorities, establishments and the corporations owned wholly or partly by the State of Qatar, (ii) interest on deposits in banks in Qatar, and (iii) interest on transactions, facilities and loans with banks and financial institutions.

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.

Qatar is also participating in GCC-wide discussions about the introduction of a value added tax at the GCC level by 2012. Additionally, 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 registration fee on residential rental contracts equal to 1.0% of annual rent pursuant to Article 20 of the Rent Law (No. 4 of 2008).

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

The State has entered into double taxation agreements with a number of other countries although not all agreements are in effect. 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 42 companies listed on the Qatar Exchange as of November 30, 2011 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 initial public offering of 30% of Industries Qatar, which owns 75.0% of QAFCO, 80.0% of QAPCO, 100.0% of Qatar Steel and 50.0% of QAFAC; the initial public offering of 60% of the Qatar Fuel Company (WOQOD); 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 70% 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, 2011 was QR170,550 million (US\$46,854 million), with internal indebtedness of QR104,832 million (US\$28,800 million) or 61.5% of total indebtedness, and external indebtedness of QR65,719 million (US\$18,055 million), or 38.5% of total indebtedness, excluding the issue of the Bonds.

The ability of the Government to incur indebtedness and provide guarantees in respect of indebtedness is addressed by Law No. (2) of 1962, as amended by Decree Law No. (19) of 1996 (the "**Financial Policy Law**"), subsequent legislation and the Constitution. The Financial Policy Law provides that the Government may not enter into loan agreements or commit to projects which involve expenditure of money from the State treasury unless authorized to do so by law. The Financial Policy Law also provides that the Government may provide guarantees and acknowledgements for State obligations pursuant to an Emiri Decree.

Law No. (18) of 2002 on Public Debt and Islamic Finance Notes, as amended by Law No. (22) of 2009, (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 State Finance Policy Committee, which is comprised of senior government officials, including the Minister of Economy and Finance as chairman, a representative of Qatar Central Bank as deputy chairman, and representatives of the QIA and QP. Under its mandate, the State Finance Policy Committee provides guidance to all government related entities that seek to access the international capital markets and coordinates debt offerings by Qatari issuers in order to increase liquidity and optimize borrowing costs for Qatari borrowers.

The following table sets forth the Government's direct indebtedness as of March 31, 2007 to 2011 and as of October 31, 2011.

	As of March 31,					As of October 31,
	2007	2008	2009	2010	2011 ⁽¹⁾	2011 ⁽¹⁾⁽²⁾
	<i>(in millions of US\$, except for percentages)</i>					
Total internal indebtedness⁽³⁾⁽⁴⁾	3,083.3	2,929.3	2,411.4	16,705.6	34,100.7	28,799.9
% of nominal GDP ⁽⁵⁾	5.1%	3.7%	2.1%	17.1%	26.8%	—
Total external indebtedness⁽⁶⁾⁽⁷⁾	3,441.3	3,319.1	7,798.5	17,944.6⁽⁸⁾	19,304.5	18,054.6
% of nominal GDP ⁽⁵⁾	5.7%	4.2%	6.8%	18.3%	15.2%	—
Total indebtedness⁽⁷⁾	6,524.6	6,248.4	10,209.9	34,650.2	53,405.2	46,854.4
Total nominal GDP⁽⁹⁾	60,896	79,712	115,270	97,798	127,332	—
% of nominal GDP ⁽⁵⁾	10.7%	7.8%	8.9%	35.4%	41.9%	—

Notes:

- (1) Preliminary data subject to revision.
- (2) Indebtedness as a percentage of GDP has not been presented in relation to the indebtedness as of October 31, 2011 as consolidated GDP data is not available for any period subsequent to the year ended December 31, 2010.
- (3) Internal indebtedness means direct indebtedness of the Government incurred inside Qatar (excluding guarantees by the Government), regardless of the currency of denomination.
- (4) The increase in the level of internal indebtedness as of March 31, 2010 is mainly due to the State's issuance of bonds in order to develop a local bond market rather than the State's need to address any particular funding requirement. The increase in total indebtedness as of March 31, 2011 is mainly due to monetary policy and the issuance of domestic bonds and treasury bills by the QCB. The decrease in total indebtedness as of October 31, 2011 is due to repayment of medium-term government bonds. See "*Internal Indebtedness*".
- (5) Indebtedness as a percentage of nominal GDP is calculated using nominal GDP figures on a calendar year basis and indebtedness as of the end of the fiscal year ending on March 31 of the following year. For example, indebtedness as of March 31, 2011 is compared to nominal GDP for the year ended December 31, 2010. Note that given the high rate of growth in the GDP of Qatar in 2010 and the first six months of 2011, this calculation may materially overstate Qatar's level of indebtedness as of March 31, 2010 and 2011.

- (6) 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. In relation to any euro-denominated indebtedness, indebtedness is in US dollars using a Euro/US dollar conversion rate of €1.00:US\$1.2697.
- (7) Does not include the principal amount of the Bonds offered hereby.
- (8) The increase in external indebtedness as of March 31, 2010 is due to the issuance of bonds and its entry into a commercial bank facility.
- (9) Represents the total nominal GDP for the previous year. For instance, while the total internal and external indebtedness under the 2011 column represents the estimated figures for internal and external indebtedness as of March 31, 2011, the corresponding figure for total nominal GDP represents the total nominal GDP for the year ended December 31, 2010.

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 on October 27, 2011 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 on June 15, 2011 with a stable outlook.

Internal Indebtedness

As of October 31, 2011, the State's internal indebtedness was QR104,832 million (US\$28,800 million), which represented a decline of 15.6% from QR124,128 million (US\$34,101 million) as of March 31, 2011. The reduction in debt was primarily due to the repayment of medium term government bonds by the State. The State issued treasury bills of 91,182 and 273 day maturities between March 31, 2011 and October 31, 2011, with an outstanding balance of QR12 billion (US\$3.3 billion) as of October 31, 2011, in order to further absorb liquidity in the domestic market. See *"Monetary and Financial System—Liquidity"*. As of October 31, 2011, internal indebtedness from medium-term bank loans provided by Qatari commercial banks was QR23,653 million (US\$6,498 million), which represented 22.6% of total internal indebtedness, and indebtedness from medium and long-term domestic sovereign bonds was QR79,763 million (US\$21,913 million), which represented 76.1% of total internal indebtedness.

The State's internal indebtedness as of March 31, 2011 reflected an increase of 104.1% and 584.2% over the State's internal indebtedness as of March 31, 2010 and March 31, 2009, respectively. The increase in internal indebtedness as of March 31, 2011 compared to March 31, 2010 was mainly due to the issuance of domestic bonds by the QCB to absorb excess liquidity in the domestic market. To absorb excess liquidity, the State issued bonds equivalent to QR50 billion (US\$13.7 billion) to Qatari domestic banks in January 2011, of which approximately QR33 billion (US\$9 billion) went to Islamic banks as sukuks and the rest to conventional banks. Previously, in June 2010 the QCB had issued QR12,000 million (US\$3,297 million) of domestic sovereign bonds (QR2,000 million (US\$550 million) of the proceeds of which were used to refinance outstanding bonds). As of March 31, 2011, the aggregate principal amount of the State's total outstanding domestic bonds, including treasury bills, was QR98,218 million (US\$26,983 million), which represented 79.1% of total internal indebtedness, with internal indebtedness from medium-term bank loans provided by Qatari commercial banks totaling QR24,497 million (US\$6,730 million), which represented 19.7% of total internal indebtedness.

The increase in internal indebtedness as of March 31, 2010 compared to March 31, 2009 was primarily due to the issuance of domestic bonds by the QCB to develop a local bond market rather than to address any particular funding requirement. In particular, the QCB issued six medium-term domestic sovereign bonds totaling QR28,065.7 million (US\$7,710.4 million) in 2009. These bonds were issued as part of the State's initiative to develop a yield curve for domestic bank issuances by Qatari companies and banks. The bonds were generally issued with three to ten-year maturities with semi-annual coupon rates of between 1.0% and 8.0% while some of the bonds have a variable rate. Subscription was generally restricted to local Qatari banks, but was also made available to insurance companies, investment companies and semi-government enterprises. As of March 31, 2010, internal indebtedness from medium-term bank loans provided by Qatari commercial banks amounted to QR21,039 million (US\$5,780 million), which represented 34.5% of total internal indebtedness, and internal indebtedness from domestic sovereign bonds was QR38,358 million (US\$10,538 million), which represented 63.1% of total internal indebtedness.

The funds generated by the State from the issue of sovereign domestic bonds and other internal debt instruments are transferred by the QCB to the State's account and the State generally uses such funds for various government uses and for investment.

	As of March 31,					As of October 31
	2007	2008	2009	2010	2011 ⁽¹⁾	2011 ⁽¹⁾
	<i>(in millions of US\$)</i>					
Medium term government bonds ⁽²⁾	1,098.9	1,373.6	1,373.6	10,537.9	26,982.9	21,913.4
Medium term government loans	0	0	0	0	0	0
Medium term commercial bank indebtedness ⁽³⁾	1,583.5	1,155.7	924.6	5,779.7	6,729.9	6,498.0
Long term bank indebtedness ⁽⁴⁾	287.8	286.8	0	0	0	0
Islamic Murabaha ⁽⁵⁾	113.2	113.2	113.2	387.9	387.9	3,87.9
Total internal indebtedness⁽⁶⁾	3,083.3	2,929.3	2,411.4	16,705.6	34,100.7	28,799.9

Source: Ministry of Economy and Finance.

The following table sets forth a breakdown of the Government's direct external indebtedness by creditor type as of March 31, 2007 to 2010 and as of October 31, 2011.

	As of March 31,					As of
	2007	2008	2009	2010	2011 ⁽¹⁾	October 31 2011 ⁽¹⁾
	<i>(in millions of US\$)</i>					
Banks and financial institutions	994.1	919.1	5,398.5	6,545	7,904.5	6,654.6
Liabilities owed to suppliers ⁽²⁾	47.2	—	—	—	—	—
9.50% bonds due 2009 ⁽³⁾	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	2,000.0	2,000.0
6.55% bonds due 2019 ⁽⁶⁾	—	—	—	1,000.0	1,000.0	1,000.0
4.00% bonds due 2015 ⁽⁷⁾	—	—	—	3,500.0	3,500.0	3,500.0
5.25% bonds due 2020 ⁽⁸⁾	—	—	—	2,500.0	2,500.0	2,500.0
6.40% bonds due 2040 ⁽⁹⁾	—	—	—	1,000.0	1,000.0	1,000.0
Total external indebtedness⁽¹⁰⁾	3,441.3	3,319.1	7,798.5	17,944.6	19,304.5	18,054.6

Notes:

(1) Preliminary data subject to revision.

(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) These bonds were issued in November 2009. The principal amount of these bonds is scheduled to be redeemed on January 20, 2015.

(8) These bonds were issued in November 2009. The principal amount of these bonds is scheduled to be redeemed on January 20, 2020.

(9) These bonds were issued in November 2009. The principal amount of these bonds is scheduled to be redeemed on January 20, 2040.

(10) 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, 2016 (excluding payments on the Bonds offered hereby and assuming a LIBOR rate of 1.5%).

	Fiscal year ending March 31,				
	2012	2013	2014	2015	2016
	<i>(in millions of US\$)</i>				
Annual external indebtedness principal repayments	2,000.0	1,904.6	—	5,500.0	—
Annual external indebtedness interest repayments ⁽¹⁾	715.3	715.3	677.3	677.3	397.3
Total external annual indebtedness repayments	2,715.3	2,619.9	677.3	6,177.3	397.3

Note:

(1) Interest repayments are in US dollars using a Euro/US dollar conversion rate of €1.00:US\$1.2697. Actual payments are valued at prevailing rates at that time.

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, 2010, QP and its subsidiaries and joint venture companies had total consolidated loans of QR80,137 million (US\$22,016 million). QP will also incur significant indebtedness in late 2011 or early 2012 in relation to the Barzan Project. Moreover, certain QP group entities have entered into long-term charter agreements for LNG vessels and other finance leases. As of

December 31, 2010, the aggregate present value of the remaining lease payments was QR37,404 million (US\$10,276 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. Even if the State does not guarantee debt of QP or its subsidiaries or joint ventures, the incurrence of debt by QP or its subsidiaries or joint ventures and the related debt service payments by QP or its subsidiaries or joint ventures may reduce the amount of investment income that the State receives from QP.

The Government has also guaranteed indebtedness of certain State-owned companies, such as Qatar Airways (approximately QR18,002.3 million (US\$4,945.7 million) as of March 31, 2010) and Qatari Diar (QR12.7 billion (US\$3.5 billion) as of June 30, 2010), the proceeds of which were provided to Barwa. The State has also guaranteed the power purchase obligations of Kahramaa under the power purchase agreements Kahramaa has entered into with respect to certain electricity projects.

BALANCE OF PAYMENTS

General

Since 1999, Qatar has maintained a surplus in its balance of payments. The balance of payments surplus has been positive from 2006 to 2010 because of a positive current account surplus with variable surpluses or deficits in the capital and financial accounts. In nominal terms, Qatar's current account surpluses have more than doubled over the period from 2006 to 2010. The increase in the current account surpluses has been primarily due to the high prices obtained for oil and gas exports to East Asian economies which have received significant amounts of exports from Qatar. These strong exports have increased the current account despite a significant increase in imports and in net outflows from services, official income and current transfers.

In 2010, the balance of payments surplus was QR44,393 million (US\$12,195 million), representing an increase of 46.7% from QR30,258 million (US\$8,313 million) in 2009 mainly due to a large increase in the current account. The preliminary estimate of the current account in 2010 was QR76,590 million (US\$21,041 million), reflecting a 214.6% increase from QR24,345 million (US\$6,688 million) in 2009. The current account increase in 2010 was primarily attributable to the increase in the trade balance for commodities from QR94,109 million (US\$25,854 million) in 2009 to QR186,067 million (US\$51,117 million) in 2010, reflecting an increase of 97.7%. This increase in the trade balance for commodities mainly resulted from the increased value of crude oil and LNG exports due to higher oil and gas prices, and the increased exports of condensates and refined petroleum products due to increased production. The preliminary estimates of outflows from the current account due to services, official income and current transfers in 2010 was QR109,477 million (US\$30,076 million), reflecting a 56.9% increase from QR69,764 million (US\$19,165 million) in 2009. These outflows from the current account 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 production sharing agreements, 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.

The following table sets forth an overview of Qatar's balance of payments for each of the five years ended December 31, 2010.

	Year ended December 31,				
	2006	2007	2008	2009 ⁽¹⁾	2010 ⁽¹⁾
	<i>(in millions of QR)</i>				
Current account:					
Trade balance (commodities):					
Exports (including re-exports)	123,945	152,951	205,997	175,835	262,277
Imports (FOB) ⁽²⁾	(53,911)	(76,832)	(91,492)	(81,726)	(76,210)
Total trade balance (commodities)	70,034	76,119	114,505	94,109	186,067
Services	(10,059)	(14,074)	(13,819)	(14,255)	(21,000)
Income	(11,941)	(15,431)	(24,614)	(34,262)	(47,115)
Current transfers	(13,604)	(13,779)	(18,270)	(21,247)	(41,362)
Total current account	34,430	32,836	57,802	24,345	76,590
Capital and financial account	(37,315)	(24,779)	(48,365)	2,197	(27,903)
Errors and omissions	5,709	6,090	(7,814)	3,717	(4,294)
Balance of payments surplus	2,824	14,145	1,623	30,258	44,393

Notes:

(1) Preliminary data subject to revision.

(2) The import figures were provided by the QCB.

Source: Qatar Statistics Authority (except as indicated).

Foreign Trade

Foreign trade plays an important role in Qatar's expanding economy and Qatar enjoys a favorable balance of trade due to its strong exports. Qatar's principal trading partners include Japan, South Korea, Singapore, the United States and EU countries, such as Spain and Germany. Qatar's leading import trade partner in 2010 was the United States, which accounted for 11.8% of Qatar's total imports. For many previous years, Japan was the main import and export trade partner of Qatar and remains an important trading partner to date.

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 QR79,263 million (US\$21,776 million) in 2009 to QR186,067 million (US\$51,117 million) in 2010, an increase of 134.7%. In 2010, the export (including re-exports) and import of goods amounted to QR338,487 million (US\$92,991 million), which constituted 73.0% of total nominal GDP. The current account surplus, which was 16.5% of total nominal GDP in 2010, 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, 2010.

	Year ended December 31,				
	2006	2007	2008	2009 ⁽¹⁾	2010 ⁽¹⁾
	<i>(in millions of QR)</i>				
Trade balance:					
Exports:					
Hydrocarbon:					
Crude oil	58,171	69,820	93,769	51,153	63,124
LNG	43,121	34,495	58,783	58,366	87,926
Propane, butane	4,208	6,742	836	12,142	19,243
Condensates ⁽²⁾	—	19,634	23,230	36,444	54,082
Refined petroleum products	5,703	3,601	4,257	3,059	13,664
Total hydrocarbon	111,203	134,022	180,874	161,165	238,039
Non-hydrocarbon:					
Petrochemicals	9,463	10,779	17,169	8,436	9,490
Others	3,279	8,151	7,995	10,483	14,748
Total non-hydrocarbon	12,742	18,929	25,123	18,919	24,238
Total exports (including re-exports)	123,945	152,951	205,997	180,083	262,277
Imports:					
Total imports (FOB)⁽³⁾	(53,263)	(75,902)	(90,385)	(80,737)	(76,210)
Total trade balance	70,685	77,050	115,612	79,263	186,067

Notes:

(1) Preliminary estimates.

(2) The QSA and the QCB did not collect relevant data prior to 2007.

(3) The import figures were provided by the QCB.

Source: Qatar Statistics Authority (except as indicated).

Exports

Between 2006 and 2010, the CAGR of Qatar's exports (excluding re-exports, as calculated by the QSA) was 20.1%, with total exports (excluding re-exports) recorded at QR253,928 million (US\$70,035 million) in 2010, a 45.0% increase from 2009. However, in 2010, Qatar's exports (including re-exports) increased by 45.6% to QR262,277 million (US\$72,054 million) from QR180,083 million (US\$49,473 million) in 2009. While the majority of export earnings were generated by crude oil, which raised a total of QR63,124 million (US\$17,342 million) in 2010, or 24.1% of total exports, LNG has become an increasingly important component of Qatar's exports. Even though exports of LNG declined by 0.7% in 2009, LNG exports raised a total of QR87,926 million (US\$24,155 million) in 2010, representing 33.5% of total exports. 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 2009, and for a number of years previously, was Japan, which accounted for 22.9% of Qatar's total exports. In 2009, 69.7% of Qatar's total exports went to Asian and Arab countries, with South Korea, India and Singapore as the three other main trading partners in Asia.

The following table sets forth the destination of exports (by country, excluding re-exports) from Qatar for each of the four years ended December 31, 2009.

Country	Year ended December 31, ⁽¹⁾							
	2006		2007		2008		2009	
	Value	%	Value	%	Value	%	Value	%
Asian countries:⁽²⁾								
Japan	51,382.6	42.0	62,033.0	41.1	68,609.7	33.8	40,310.8	22.9
South Korea	17,197.9	14.1	26,694.2	17.7	43,521.8	21.5	25,054.4	14.2
Singapore	11,679.8	9.5	17,267.4	11.4	23,345.0	11.5	12,141.3	6.9
Other	22,385.1	18.3	30,280.3	20.0	27,652.6	13.6	44,986.1	25.6
Total	102,645.4	83.9	136,275.0	90.2	163,129.1	80.4	122,492.7	69.7
European countries:								
Belgium	338.7	0.3	2,179.1	1.4	4,975.5	2.5	4,791.7	2.7
Spain	3,041.9	2.5	3,406.3	2.3	4,927.7	2.4	2,791.2	1.6
Netherlands	725.2	0.6	464.9	0.3	58.4	0.0	249.0	0.1
Other	506.0	0.4	707.8	0.5	1,231.7	0.6	5,920.4	3.4
Total	4,611.8	3.8	6,758.1	4.5	11,193.3	5.5	13,752.3	7.8
Oceania:								
New Zealand	674.7	0.6	1,029.8	0.7	3,943.6	1.9	2,035.7	1.2
Australia	731.1	0.6	705.3	0.5	—	—	836.7	0.5
Other	0.5	0.0	0.2	0.0	—	—	286.5	0.2
Total	1,406.0	1.1	1,735.3	1.1	3,943.6	1.9	3,015.7	1.7
Americas:								
United States	492.3	0.4	993.0	0.7	221.0	0.1	1,270.8	0.7
Other	78.8	0.1	491.9	0.3	0.1	0.0	230.3	0.1
Total	571.1	0.5	1,485.0	1.0	221.1	0.1	1,501.2	0.9
Africa and any other countries:								
South Africa	485.4	0.4	441.4	0.3	174.3	0.1	529.2	0.3
Other	599.0	0.5	428.1	0.3	13.4	0.0	821.2	0.5
Total	1,084.4	0.9	869.5	0.6	187.8	0.1	1,350.3	0.8
Not Stated Countries:	12,083.0	9.9	3,902.4	2.6	24,172.0	11.9	33,722.8	19.2
Total (net)	122,401.7	100.0	151,025.2	100.0	202,846.9	100.0	175,834.9	100.0

Notes:

(1) Figures for 2010 exports by country of destination (excluding re-exports) were not available as of the date of this Prospectus.

(2) Including Arab countries.

Source: Qatar Statistics Authority.

Imports

Between 2006 and 2010, total imports into Qatar increased by 41.4% as a result of improved economic conditions and Qatar's expansion of hydrocarbon production. However, in 2009 and 2010, Qatar's total imports have decreased due to decreased domestic demand for base metals and articles and vehicles and transport equipment. Qatar's imports (calculated by Cost, Insurance and Freight ("CIF")) decreased by 10.7% in 2009 to QR90,716 million (US\$24,922 million) from QR101,556 million (US\$27,900 million) in 2008. Imports decreased by 6.7% in 2010 to QR84,593 million (US\$23,239 million) from QR 90,716 (US\$24,922 million) in 2009.

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 2010 was the United States, which accounted for QR9,981 million (US\$2,742 million), or 11.8% of Qatar's total imports. The three other main sources of imports into Qatar were the People's Republic of China, which accounted for QR7,658 million (US\$2,104 million), or 9.1% of Qatar's total imports, and Italy and Germany, which each accounted for QR5,498.7 million (US\$1,510 million), and QR6,129.8 million (US\$1,684 million) or 6.5% and 7.2% 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, 2010.

	Year ended December 31,									
	2006		2007		2008		2009		2010	
	Value	%	Value	%	Value	%	Value	%	Value	%
	<i>(in millions of QR)</i>									
Base metals and articles	11,764.1	19.7	17,174.7	20.1	20,012.2	19.7	13,502.7	14.9	10,976.4	13.0
Machinery and mechanical appliances	21,593.5	36.1	33,671.4	39.5	37,996.7	37.4	38,669.3	42.6	27,744.4	32.8
Vehicles, aircraft, vessels and associated transport equipment	9,448.7	15.8	11,771.1	13.8	14,941.0	14.7	10,220.8	11.3	13,278.9	15.7
Other ⁽¹⁾	17,034.8	28.5	22,666.3	26.6	28,606.4	28.2	28,323.2	31.2	32,593.4	38.5
Total	59,845.9	100.0	85,283.5	100.0	101,556.3	100.0	90,715.9	100.0	84,593.0	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, 2010.

Country	Year ended December 31,									
	2006		2007		2008		2009		2010	
	Value	%	Value	%	Value	%	Value	%	Value	%
	<i>(in millions of QR)</i>									
Asian countries:										
Japan	7,182.8	12.0	8,596.8	10.1	9,785.1	9.6	6,602.8	7.3	6,373.2	7.5
People's Republic of China.	3,482.8	5.8	4,974.8	5.8	7,326.6	7.2	7,158.9	7.9	7,658.2	9.0
South Korea	3,278.4	5.5	5,182.8	6.1	5,577.3	5.5	3,234.9	3.6	2,642.2	3.1
Other	15,156.1	25.3	22,935.2	26.9	29,292.3	28.8	25,322.5	27.9	23,507.0	27.8
Total	29,100.19	48.6	41,689.2	48.9	51,981.3	51.2	42,319.2	46.7	40,180.5	47.5
European countries:										
Germany	5,581.0	9.3	6,637.4	7.8	8,535.7	8.4	6,829.2	7.5	6,129.8	7.2
Italy	5,543.3	9.3	8,859.5	10.4	7,475.9	7.4	6,790.7	7.5	5,498.7	6.5
United Kingdom	2,985.0	5.0	4,142.5	4.9	4,775.0	4.7	4,125.1	4.5	4,308.6	5.1
Other	7,929.8	13.3	11,196.1	13.1	15,610.7	15.4	14,870.1	16.4	12,821.6	15.2
Total	22,039.1	36.9	30,835.5	36.1	36,397.4	35.8	32,615.1	36.0	28,758.7	34.0
Americas:										
United States	5,899.6	9.9	9,561.4	11.2	9,168.5	9.0	11,158.6	12.3	9,980.7	11.8
Other	1,394.6	2.3	1,427.1	1.7	1,943.3	1.9	2,216.8	2.4	2,778.5	3.3
Total	7,294.1	12.2	11,988.5	12.9	11,111.9	10.9	13,375.4	14.7	12,759.2	15.1
Oceania:										
Australia	757.8	1.3	917.9	1.0	883.3	0.9	780.4	0.9	1,309.2	1.5
Other	59.8	0.1	73.8	0.1	124.7	0.1	89.3	0.1	96.4	0.1
Total	817.5	1.4	991.7	1.2	1,008.0	1.0	869.7	1.0	1,405.6	1.7
Africa:										
South Africa	129.5	0.2	195.5	0.2	328.8	0.3	250.0	0.3	278.5	0.3
Other	460.8	0.8	581.4	0.7	728.8	0.7	1,286.4	1.4	1,210.5	1.4
Total	590.3	1.0	776.9	0.9	1,057.6	1.0	1,536.5	1.7	1,489.0	1.8
Unstated Countries:	4.8	0.0	1.2	0.0	0.0	0.0	—	—	—	0.0
Total (net)	59,845.9	100.0	85,283.5	100.0	101,556	100.0	90,716	100.0	84,593	100.0

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. GAFTA was established in February 1997 with the aim of fostering regional integration among Arab nations and currently has eighteen member states participating from the Arab League. To date, GAFTA has achieved full trade liberalization of certain goods through the full exemption of customs duties and charges having equivalent effect among signatory countries. In addition, the Arab League has launched negotiations on services and investment liberalization, as well as an initiative to upgrade GAFTA into a Customs Union by 2015.

Capital and Financial Account

In 2010, Qatar’s combined capital and financial account recorded a deficit of QR27,903 million (US\$7,443 million) compared to a surplus of QR2,197 million (US\$604 million) in 2009, which followed the deficit of QR48,365 million (US\$13,287 million) in 2008. Qatar’s capital and financial account balance reflects government reserves and foreign investments made by the QIA, which are incorporated in line with IMF recommendations.

Over the last five years, the QCB reserve amounts have increased steadily, while the financial account balance, which accounts for the government’s spending on foreign assets, has fluctuated. The capital account balance increased by QR951 million (US\$261 million) in 2010 to QR7,489 million (US\$2,057 million) from QR6,538 million (US\$1,796 million) in 2009, continuing a trend from 2006 to 2009. The financial account balance has fluctuated from 2006 to 2010, with an outflow of QR20,414 million (US\$5,608 million) in 2010 following an inflow of QR8,735 (US\$2,400 million) in 2009 and outflows of QR43,416 million (US\$11,927 million) in 2008, QR20,661 million (US\$5,676 million) in 2007 and QR33,707 million (US\$9,260 million) in 2006. The outflow recorded in 2010 reflects an increase in foreign investment in the economy after a decline in 2009 owing to the global financial crisis and the consequent recession. The outflows in the financial account recorded from 2006 to 2008 were consistent with the government spending on foreign assets made through the QIA. The change from the financial account outflows recorded from 2006 to 2008 to an inflow in 2009 reflects the amount of Qatar’s 2009 bond offering proceeds added to its financial account.

The following table sets forth Qatar’s capital and financial account balances as of each of the five years ended December 31, 2010.

	Year ended December 31,				
	2006	2007	2008	2009	2010
	<i>(in millions of QR)</i>				
Capital account balance	(3,608)	(4,118)	(4,949)	(6,538)	(7,489)
Financial account balance	(33,707)	(20,661)	(43,416)	8,735	(20,414)
Capital and financial account balance	(37,315)	(24,779)	(48,365)	2,197	(27,903)

Source: Qatar Central Bank.

Trade Agreements

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 applied the GCC unified customs tariff since January 2003. A free trade agreement between the GCC and Singapore was signed in December 2008. In 1998, the EU and member states of the GCC signed a cooperation agreement and negotiations for a free trade agreement have been ongoing for over 20 years. In March 2004, Qatar and the United States signed a trade and investment framework agreement.

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.*”

Under the Income Tax Law, tax is applied on taxable income at a flat rate of 10% (except certain oil and gas companies that are taxed at a rate of at least 35% and in respect of income pursuant to certain agreements to which the Government or public bodies are a party on which tax will be levied at the rate set out in such agreements). Prior to the Income Tax Law there was a seven tier system of corporate taxes with the rates ranging from 0.0% to 35.0%, depending on the amount of revenue generated. The changes in the application and the level of corporate taxes had as one of its stated aims to encourage 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 51.7% of total nominal GDP in 2010 and approximately 57.8% of total nominal GDP for the six-month period ended June 30, 2011.

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, 2010.

	As of December 31,				
	2006	2007	2008	2009	2010
			(in millions of QR)		
Foreign reserves	19,714.8	35,499.9	35,808.1	68,251.8	113,262.3

Note: Reflects total reserves before deducting foreign liabilities

Source: Qatar Central Bank.

The foreign reserves held by the QCB are held primarily in the form of bonds issued or guaranteed by other sovereigns with maturities of less than ten years, and are maintained at a level at least equal to 100.0% of the Qatari riyals issued by the QCB at any time. The QCB foreign reserves are held in diversified currencies and are not exposed to write-downs or downgrades in the value of any particular sovereign or currency.

TERMS AND CONDITIONS OF THE BONDS

The following is the text of the terms and conditions of the bond 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\$2,000,000,000 3.125% Bonds due 2017 (the **"2017 Bonds"**), the US\$2,000,000,000 4.500% Bonds due 2022 (the **"2022 Bonds"**) and the US\$1,000,000,000 5.750% Bonds due 2042 (the **"2042 Bonds"**) and, together with the 2017 Bonds and the 2022 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 2017 Bonds, the 2022 Bonds or the 2042 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 by the Council of Ministers' Resolutions No. (39) of 2008, No. (43) of 2008 (as amended by the Council of Ministers' Resolution No. (21) of 2009), No. (36) of 2010 and No. (47) of 2010 and the Decision of the Minister of Economy and Finance No. 26 of 2011 dated November 21, 2011.

A fiscal agency agreement dated December 5, 2011 (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 2017 Bonds includes any further 2017 Bonds issued pursuant to Condition 13 and forming a single series with the 2017 Bonds, any reference herein to the 2022 Bonds includes any further 2022 Bonds issued pursuant to condition 13 and forming a single series with the 2022 Bonds, and any reference herein to the 2042 Bonds includes any further 2042 Bonds issued pursuant to Condition 13 and forming a single series with the 2042 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 agents 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\$200,000 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 29, 2011;
- (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 29, 2011, 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 2017 Bond bears interest from December 5, 2011 at the rate of 3.125% 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 2017 Maturity Date (as defined in Condition 6(a) below), commencing on July 20, 2012. Each 2022 Bond bears interest from December 5, 2011 at the rate of 4.500% per annum, payable semi-annually in arrear on the Interest Payment Dates until (and including) the 2022 Maturity Date (as defined in Condition 6(a) below), commencing on July 20, 2012. Each 2042 Bond bears interest from December 5, 2011 at the rate of 5.750% per annum, payable semi-annually in arrear on the Interest Payment Dates until (and including) the 2042 Maturity Date (as defined in Condition 6(a) below), commencing on July 20, 2012. For all the series of Bonds, the payment on the first Interest Payment Date shall be in respect of interest accrued from and including December 5, 2011 to but excluding July 20, 2012. 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 2017 Bond will be redeemed at its principal amount on January 20, 2017 (the **"2017 Maturity Date"**), each 2022 Bond will be redeemed at its principal amount on January 20, 2022 (the **"2022 Maturity Date"**) and each 2042 Bond will be redeemed at its principal amount on January 20, 2042 (the **"2042 Maturity Date"** and, together with the 2017 Maturity Date and the 2022 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) 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 29, 2011, (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 2017 Bonds, further 2022 Bonds or further 2042 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 2017 Bonds, the 2022 Bonds or the 2042 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 depository 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 depositary or one of their respective nominees will not be permitted unless (i) such depositary notifies the State that it is no longer willing or able to discharge properly its responsibilities as depositary 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 depositary, 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 depositary 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 depositary 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 depositary 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 four business days following the date of pricing (being November 29, 2011). 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. Settlement procedures in other countries will vary.

Accordingly, purchasers who wish to trade Bonds in the United States on the date of pricing or the next succeeding business day until three business days prior to the Closing Date will be required, by virtue of the fact the Bonds initially are expected to settle four 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

Certain Additional Payments. In certain circumstances (see, “Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Redemption at the Option of the Issuer”), we may be obligated to pay amounts on the Bonds that are in excess of stated interest or principal on the Bonds. Although the issue is not free from doubt, we intend to take the position that the possibility of such payments does not result in the Bonds being treated as contingent payment debt instruments under the applicable Treasury Regulations. Our position is binding on a United States Holder unless such holder discloses its contrary position in the manner required by applicable Treasury Regulations. However, our position is not binding on the IRS, and if the IRS were to take a contrary position, United States Holders may be required to treat any gain recognized on the sale or other disposition of the Bonds as ordinary income rather than as capital gain. Furthermore, United States Holders would be required to accrue interest income on a constant yield basis at an assumed yield determined at the time of issuance of the Bonds, with adjustments to such accruals when any contingent payments are made that differ from the payments calculated based on the assumed yield. United States Holders are urged to consult their tax advisors regarding the potential application to the Bonds of the contingent payment debt instrument rules and the consequences thereof. The remainder of this discussion assumes that the Bonds will not be treated as contingent payment debt instruments.

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 in the nature of an income tax and 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 2017 Bonds, the 2022 Bonds or the 2042 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 2017 Bonds, the original 2022 Bonds or the original 2042 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 2017 Bonds, the original 2022 Bonds or the original 2042 Bonds since such additional bonds may not be distinguishable from the original 2017 Bonds, the original 2022 Bonds or the original 2042 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.

The Income Tax Law does provide generally for withholding tax on interest payments made to non residents. However, pursuant to the Executive Regulations certain categories of interest will not be regarded as interest subject to withholding. One such exception is interest on bonds and securities issued by the State of Qatar and the public authorities, establishments and corporations owned wholly or partly by the State of Qatar. Therefore there will be no requirement under Qatari law to apply withholding tax on interest payments on the Bonds 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 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 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 current withholding tax is 35.0%. 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 29, 2011 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.

Managers	Principal Amount of 2017 Bonds	Principal Amount of 2022 Bonds	Principal Amount of 2042 Bonds
	(in US\$)	(in US\$)	(in US\$)
Citigroup Global Markets Limited	333,333,334	333,333,334	166,666,667
HSBC Bank plc	333,333,334	333,333,334	166,666,667
J.P. Morgan Securities Ltd.	333,333,333	333,333,333	166,666,667
Mitsubishi UFJ Securities International plc	333,333,333	333,333,333	166,666,667
QNB Capital LLC	333,333,333	333,333,333	166,666,666
Standard Chartered Bank	333,333,333	333,333,333	166,666,666
Total	2,000,000,000	2,000,000,000	1,000,000,000

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 2017 Bonds will be the issue price of 99.719% of the principal amount of the 2017 Bonds, the purchase price for the 2022 Bonds will be the issue price of 98.951% of the principal amount of the 2022 Bonds and the purchase price for the 2042 Bonds will be the issue price of 98.928% of the principal amount of the 2042 Bonds. 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 compliance with 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 the QIA owns 50.0% of the ordinary share capital of Qatar National Bank S.A.Q., which owns 100.0% of the ordinary share capital of QNB Capital LLC, 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 in 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. By receiving this Prospectus the person or entity to whom it has been provided to understands, acknowledges and agrees that: (i) neither this Prospectus nor the Bonds have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (ii) no person has been authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar to market or sell the Bonds within the State of Qatar; (iii) this Prospectus may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (iv) no agreement relating to the sale of the Bonds shall be consummated within the State of Qatar.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Manager has represented and agreed that the Bonds have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Manager has represented and agreed that it has not offered and will not offer the Bonds to any person in the Dubai International Financial Centre unless such offer is:

- (a) an “Exempt Offer” in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the “**DFSA**”); and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

Kuwait

This Prospectus has not been approved by the Kuwait Central Bank, the Kuwait Capital Market Authority or the Kuwait Ministry of Commerce and Industry, nor has it been sanctioned by a person duly licensed by the Kuwait Capital Market Authority. No licensed person has been authorized by the Kuwait Central Bank, the Kuwait Capital Market Authority or the Kuwait Ministry of Commerce and Industry to market or sell the Bonds to clients within the State of Kuwait. Therefore, this Prospectus may not be sent into Kuwait and 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 Bahrain Commercial Companies Law (Decree Law No. (21) of 2001) in Bahrain. Therefore, the Bonds have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in Bahrain in a manner that would constitute a public offering under the laws of Bahrain.

Saudi Arabia

No action has been or will be taken in Saudi Arabia that would permit a public offering of the Bonds in Saudi Arabia. The Bonds will only be initially offered and sold in Saudi Arabia, following a notification to the CMA, through an entity authorized by the CMA in accordance with the Offers of Securities Regulations as issued by the board of the CMA pursuant to resolution number 2-11-2004 dated October 4, 2004 as amended by resolution number 1-28-2008 (the “**CMA Regulations**”). The

Bonds will be offered in Saudi Arabia to sophisticated investors initially, in accordance with Articles 9(a)(2) and 10 of the CMA Regulations with each such offeree paying an amount not less than Saudi Riyals one million or an equivalent amount in another currency.

Investors are informed that Article 17 of the CMA Regulations place restrictions on secondary market activity with respect to the Bonds which are summarized as follows: (a) any transfer must be made through an entity licensed by the CMA; (b) a person (the “**transferor**”) who has acquired Bonds may not offer or sell such Bonds or part thereof to any person (referred to as a “**transferee**”) unless (i) the price to be paid by the transferee for such Bonds equals or exceeds Saudi Riyals one million; (ii) the transferee is a sophisticated investor (as defined under the CMA Regulations); or (iii) the Bonds are being offered or sold in such other circumstances as the CMA may prescribe for these purposes; (c) if the provisions of paragraph (b) cannot be fulfilled because the price of the Bonds being offered or sold to the transferee has declined since the date of the original limited offer, the transferor may offer or sell the Bonds to the transferee if their purchase price during the period of the original offer was equal to or exceeded Saudi Riyals one million; (d) if the provisions of (b) and (c) cannot be fulfilled, the transferor may offer or sell the Bonds if he/she sells his entire holding of the Bonds to one transferee; and (e) the provisions of paragraphs (b), (c) and (d) shall apply to all subsequent transferees of the Bonds.

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 2017 Bonds, the 2022 Bonds or the 2042 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 2017 Bonds	ISIN: XS0615235537 Common Code: 061523553 CUSIP: M81805 AS8
Restricted Global Bonds for the 2017 Bonds	ISIN: US74727PAM32 Common Code: 061917314 CUSIP: 74727P AM3
Unrestricted Global Bond for the 2022 Bonds	ISIN: XS0615236006 Common Code: 061523600 CUSIP: M81805 AT6
Restricted Global Bonds for the 2022 Bonds	ISIN: US74727PAP62 Common Code: 061917268 CUSIP: 74727P AP6
Unrestricted Global Bond for the 2042 Bonds	ISIN: XS0615236188 Common Code: 061523618 CUSIP: M81805 AU3
Restricted Global Bonds for the 2042 Bonds	ISIN: US74727PAR29 Common Code: 061917349 CUSIP: 74727P AR2

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\$35,000.
4. The State has obtained all necessary consents, approvals and authorizations in connection with the issue and performance of its obligations under the Bonds. The issue of the Bonds by the State was authorized by the Council of Ministers' Resolutions No. (39) of 2008, No. (43) of 2008 (as amended by the Council of Ministers' Resolution No. (21) of 2009), No. (36) of 2010 and No. (47) of 2010 and the Decision of the Minister of Economy and Finance No. 26 of 2011 dated November 21, 2011.
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, 2010, March 31, 2011, June 30, 2011, September 1, 2011 or September 30, 2011, as applicable, and "*Indebtedness*" since October 31, 2011.
6. 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 Council of Ministers' Resolutions No. (39) of 2008, No. (43) of 2008 (as amended by the Council of Ministers' Resolution No. (21) of 2009), No. (36) of 2010 and No. (47) of 2010 and the Decision of the Minister of Economy and Finance No. 26 of 2011 dated November 21, 2011;
 - (c) the English language Quarterly Statistical Bulletin of September 2011 published by the QCB; and
 - (d) Qatar's budget for the fiscal years ending March 31, 2011 and March 31, 2012.

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 4446 1444.
10. The yield on the 2017 Bonds will be 3.184% per annum, the yield on the 2022 Bonds will be 4.630% per annum and the yield on the 2042 Bonds will be 5.825% per annum.

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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Qatar

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