

U.S.\$1,500,000,000



3.50% Global Notes Series QJ due July 29, 2020

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Application has been made to the Financial Services Authority in its capacity as competent authority (the **"UK Listing Authority"**) under the *Financial Services and Markets Act 2000* (the **"FSMA"**) for the U.S.\$1,500,000,000 3.50% Global Notes Series QJ due July 29, 2020 (the **"Notes"**) of Qu bec issued on July 29, 2010 to be admitted to the official list of the UK Listing Authority (the **"Official List"**) and to the London Stock Exchange plc (the **"London Stock Exchange"**) for such Notes to be admitted to trading on the Main Market of London Stock Exchange (the **"Market"**). References in this Prospectus to Notes being **"listed"** (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (2004/39/EC).

See **"Risk Factors"** on pages 10 through 12 for a discussion of certain risks that should be considered in connection with an investment in the Notes.

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**BofA Merrill Lynch**

**Deutsche Bank Securities**

**HSBC**

**National Bank of Canada  
Financial**

**BMO Capital  
Markets**

**CIBC**

**RBC Capital  
Markets**

**Scotia Capital**

**TD Securities**

**Mitsubishi  
UFJ Securities  
International  
plc**

**BNP  
PARIBAS**

**Casgrain &  
Company  
(USA) Limited**

**Citi**

**Desjardins  
Securities Inc.**

**J.P. Morgan**

**RBS**

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The date of this Prospectus is August 12, 2010.

This PD Prospectus (which together with Appendix A hereto but excluding (i) the documents incorporated by reference in Appendix A other than such documents incorporated by reference herein by the section “Documents Incorporated by Reference” on page 13, (ii) the third and fourth paragraphs under “Notice Regarding Offers in the EEA” on pages S-3 of Appendix A, (iii) the references to legal opinions on pages S-20 and S-22 under “Tax Matters” and on page 9 under “Canadian Taxes on Debt Securities” of Appendix A, respectively and (iv) the sections entitled “Validity of the Notes” and “Validity of the Securities” on pages S-30 and 11 of Appendix A, respectively) comprises a single prospectus (the “**PD Prospectus**”) for the purpose of Article 5.3 of the Directive 2003/71/EC (the “**Prospectus Directive**”).

**The PD Prospectus has been prepared by Québec pursuant to Section 85(2) of the FSMA solely in order to procure the listing of the Notes on the Official List and their admission to trading on the Market.**

The PD Prospectus is to be read in conjunction with all documents which are incorporated by reference herein for the purpose of the Prospectus Directive only (see “Documents Incorporated by Reference”). The PD Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of the PD Prospectus.

Québec (the “**Responsible Person**”) accepts responsibility for the information in the PD Prospectus. Having taken all reasonable care to ensure that such is the case, the information contained in this PD Prospectus (including information incorporated by reference herein for the purposes of the Prospectus Directive only under “Documents Incorporated by Reference”) is, to the best of the knowledge of Québec, in accordance with the facts and contains no omissions likely to affect its import.

The information relating to Credit Ratings on page 15 hereof has been extracted from the websites of Moody’s, S&P and Fitch Ratings, as applicable. Québec confirms that such information has been accurately reproduced and that, so far as Québec is aware, and is able to ascertain from information published by Moody’s, S&P and Fitch Ratings, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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## SUMMARY

*This Summary must be read as an introduction to the PD Prospectus and any decision to invest in the Notes should be based on a consideration of the PD Prospectus as a whole, including the documents incorporated by reference.*

*Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area, no civil liability will attach to Québec in any such Member State solely on the basis of the Summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the PD Prospectus. Where a claim relating to the information contained in the PD Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the PD Prospectus before the legal proceedings are initiated.*

### Essential Characteristics of the Issuer

In this Summary, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. The fiscal year of Québec ends March 31. “**Fiscal 2010**” and “**2009-2010**” refer to the fiscal year ended March 31, 2010, and unless otherwise indicated, “**2009**” means the calendar year ended December 31, 2009. Other fiscal and calendar years are referred to in a corresponding manner. Any discrepancies between the amounts listed and their totals in the tables included in this PD Prospectus are due to rounding.

Québec is one of the ten provinces of Canada. Québec is the largest province by area (1,541,000 square kilometers or 594,860 square miles, representing 15.4% of the geographical area of Canada) and the second largest province by population (7.9 million, representing 23.2% of the population of Canada, as of January 2010).

Québec has a modern, developed economy, in which the service sector contributed 75.6%, the manufacturing industry 16.2%, the construction industry 6.1% and the primary sector 2.1% of real GDP at basic prices in chained 2002 dollars in 2009. Québec’s real GDP represented 20.7% of Canada’s real GDP in 2009. The leading manufacturing industries in Québec are food products, primary metal products (including aluminum smelting), transportation equipment products (including aircraft and motor vehicles and associated parts), petroleum and coal products, chemical products, paper products and fabricated metal products. Québec also has significant hydroelectric resources, generating 33.0% of the electricity produced in Canada in 2009.

Montréal and Ville de Québec, the capital of Québec, are the centers of economic activity. Montréal is one of the main industrial, commercial and financial centers of North America and is Canada’s second largest urban area as measured by population. Montréal is also Canada’s largest port, situated on the St. Lawrence River, which provides access to the Atlantic Ocean and the inland navigation system of the Great Lakes.

The Québec government (the “**Government**”) and the Government of Canada share the power to levy personal income taxes in Québec. The Government levies and collects its own personal income tax at rates ranging from 16% to 24% in three brackets.

In Québec, businesses are subject to a tax on profits, a tax on capital and a tax on payroll. A tax rate of 11.9% is applied to the profits of corporations. Small and medium-size enterprises are taxed at a reduced rate of 8% that, since the 2009-2010 Budget, applies on the first \$500,000 of income from an eligible business. Previously, the eligible income threshold was \$400,000. Québec’s other major sources of revenue other than taxes are transfer payments from the Government of Canada.

French is the official language of Québec and is spoken by approximately 95% of its population.

### Constitutional Framework

Canada is a federation of ten provinces and three federal territories, with a constitutional division of responsibilities between the federal and provincial governments as set out in *The Constitution Acts, 1867 to 1982* (the “**Constitution**”).

Under the Constitution, each provincial government has exclusive authority to raise revenue for provincial purposes through direct taxation within its territorial limits. Each provincial government also has exclusive authority to regulate education, health, social services, property and civil rights, natural resources, municipal institutions and, generally, to

regulate all other matters of a purely local or private nature in its province, and to regulate and raise revenue from the exploration, development, conservation and management of natural resources.

The Parti Québécois, which has as its principal objective the sovereignty of Québec, formed the Government from September 1994 to April 14, 2003. During its term in office, the Parti Québécois tabled in the National Assembly a Bill entitled *An Act respecting the future of Québec* (the “Act”), which provided that upon receipt of a favorable vote in a referendum, the Act would be enacted and Québec would proclaim its sovereignty following a formal offer to Canada of a treaty of economic and political partnership. In November 1995, a slight majority of Québec citizens (50.6%) voted against the Act.

The Supreme Court of Canada decided in August 1998, on a reference from the Government of Canada in which Québec did not participate, that (i) under the Constitution, Québec may not secede unilaterally without negotiation with the other parties in the Canadian Confederation within the existing constitutional framework; (ii) under international law, Québec has no right to secede unilaterally from Canada; (iii) nonetheless, the clear repudiation by the people of Québec of the existing constitutional order and the clear expression of a desire to pursue secession would oblige the other provinces and the Government of Canada to negotiate in accordance with constitutional principles, and Québec would also have to negotiate in accordance with such principles; and (iv) if Québec were to so negotiate but face unreasonable intransigence from the other parties, it would be more likely to be recognized than if it did not itself act according to constitutional principles in the negotiations.

The Québec Liberal Party, a federalist party, won a third consecutive mandate at the general election in December 2008. It currently forms the Government in the National Assembly. With regard to the constitutional issue, the Québec Liberal Party pursues a policy that emphasizes the values of Canadian federalism. In particular, its platform is focused on strengthening Québec’s place within the federation, on forming new alliances with the other provinces and on promoting intergovernmental cooperation. The next general election must be called no later than December 2013.

#### *Public Finances*

The Minister of Finance is responsible for the general administration of the Government’s finances. The *Financial Administration Act* and the *Balanced Budget Act*, as amended, govern the management of public monies of Québec and the *Public Administration Act* governs the management of financial, human, physical and information resources of the Administration.

All revenues and monies over which the Parliament of Québec has power of appropriation form the Consolidated Revenue Fund of Québec. The Budget and appropriations from the Consolidated Revenue Fund and consolidated entities are published at the beginning of each fiscal year. The Government also publishes a Monthly Report on Financial Transactions.

The *Balanced Budget Act* is designed to ensure that, on a multi-year basis, the Government maintains a balanced budget.

## Summary Statistics

### Economy<sup>(1)</sup>

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	(dollar amounts in millions)				
GDP at current market prices .....	\$272,049	\$282,402	\$297,146	\$305,466	\$303,578
% change – GDP in chained 2002 dollars <sup>(2)</sup> .....	1.8%	1.7%	2.4%	1.0%	-1.0%
Personal income .....	\$226,140	\$236,759	\$250,173	\$259,782	\$262,633
Capital expenditures.....	\$49,470	\$51,809	\$57,055	\$60,118	\$ 60,508
International exports of goods.....	\$70,992	\$73,177	\$69,920	\$71,023	\$ 58,174
Population at July 1 (in thousands) .....	7,582	7,632	7,687	7,753	7,829
Unemployment rate.....	8.3%	8.0%	7.2%	7.2%	8.5%
Consumer Price Index - % change .....	2.3%	1.7%	1.6%	2.1%	0.6%
Average exchange rate (US\$ per C\$).....	0.83	0.88	0.93	0.94	0.88

### Consolidated Financial Transactions <sup>(3)</sup>

	<u>Fiscal year ending March 31</u>				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Preliminary Results 2010<sup>(4)</sup></u>	<u>Budget Forecast 2011</u>
	(dollar amounts in millions)				
Consolidated Revenue Fund:					
Own-source revenue .....	\$49,651	\$49,464	\$48,893	\$48,169	\$50,152
Federal transfers <sup>(5)</sup> .....	11,015	13,629	14,023	15,161	15,325
Total revenue .....	60,666	63,093	62,916	63,330	65,477
Program spending .....	(51,734)	(54,826)	(58,550)	(61,230)	(62,561)
Debt service .....	(7,039)	(7,021)	(6,504)	(6,117)	(6,980)
Total expenditure .....	(58,773)	(61,847)	(65,054)	(67,347)	(69,541)
Contingency reserve.....	—	—	—	(300)	(300)
Net results of Consolidated Revenue Fund .....	1,893	1,246	(2,138)	(4,317)	(4,364)
Net results of consolidated entities .....	100	404	880	793	750
Surplus (deficit) for the purposes of the public accounts .....	1,993	1,650	(1,258)	(3,524)	(3,614)
Revenue of Generations Fund.....	(584)	(449)	(587)	(725)	(892)
Stabilization reserve <sup>(6)</sup> .....	(1,300)	(1,201)	1,845	433	—
Consolidated budgetary balance for the purposes of the <i>Balanced Budget Act</i> .....	109	0	0	(3,816)	(4,506)
Deposit of dedicated revenues in the Generations Fund <sup>(7)</sup> .....	584	449	587	725	892
Consolidated budgetary balance .....	693	449	587	(3,091)	(3,614)
Consolidated non-budgetary requirements.....	(3,453)	(1,156)	(1,117)	(2,394)	(3,365)
Consolidated net financial requirements <sup>(8)</sup> .....	\$(2,760)	\$(707)	\$(530)	\$(5,485)	\$(6,979)

## Funded Debt of Public Sector (net of sinking fund balances)

	As of March 31				Preliminary Results 2010 <sup>(10)</sup>
	Unadjusted 2006 <sup>(9)</sup>	2007	2008	2009	
	(dollar amounts in millions) <sup>(11)</sup>				
Government Funded Debt					
Borrowings – Government.....	\$81,995	\$109,714	\$112,507	\$124,549	\$125,826
Borrowings – to finance Government Enterprises ..	2,646	31	25	221	218
Borrowings – to finance Municipal Bodies <sup>(12)</sup> .....	2,604				
Government Guaranteed Debt <sup>(13)</sup> .....	41,947	32,674	32,399	36,668	36,385
Municipal Sector Debt .....	15,669	16,409	17,321	18,639	19,538
Other Institutions .....	4,040	2,023	1,552	931	649
Public Sector Funded Debt <sup>(14)</sup> .....	<u>\$148,901</u>	<u>\$160,851</u>	<u>\$163,804</u>	<u>\$181,008</u>	<u>\$182,616</u>
Per capita (\$).....	\$19,639	\$21,076	\$21,309	\$23,344	\$23,326
As a percentage of <sup>(15)</sup>					
GDP .....	54.7%	57.0%	55.1%	59.9%	60.4%
Personal income .....	65.8%	68.0%	65.6%	70.0%	70.7%

<sup>(1)</sup> Sources: Institut de la statistique du Québec, Statistics Canada and Bank of Canada.

<sup>(2)</sup> Adjusted for the effects of inflation in the currency from year to year.

<sup>(3)</sup> The categories set forth reflect the presentation of the 2010-2011 Budget.

<sup>(4)</sup> The Preliminary Results 2010 are based on financial information presented in the Monthly Report on Financial Transactions as at March 31, 2010. The figures have been restated to reflect the presentation of the 2010-2011 Budget. These preliminary results are subject to change.

<sup>(5)</sup> Federal transfers are presented on an accrual basis.

<sup>(6)</sup> A negative amount indicates an allocation to the reserve and a positive amount, a use of the reserve.

<sup>(7)</sup> The Generations Fund was created in June 2006 by the adoption of the *Act to reduce the debt and establish the Generations Fund* and is a separate entity from the Consolidated Revenue Fund. This law establishes the fund as a permanent tool for reducing the debt burden. In addition, it stipulates that the monies accumulated in the Generations Fund are dedicated exclusively to repaying the debt.

<sup>(8)</sup> The consolidated net financial requirements for Fiscal 2010 and 2011 take into account the budgetary and non-budgetary transactions of the health and social services and education networks.

<sup>(9)</sup> The figures for Fiscal 2006 have not been restated in accordance with the accounting reform implemented in Fiscal 2007, which resulted in the consolidation of additional entities into the Government reporting entity.

<sup>(10)</sup> These Preliminary Results 2010 regarding the Funded Debt of Public Sector are based on financial information presented as at March 31, 2010 in the 2010-2011 Budget, which was tabled on March 30, 2010, as revised.

<sup>(11)</sup> Canadian dollar equivalent at the dates indicated for loans in foreign currencies after taking into account currency swap agreements and foreign exchange forward contracts.

<sup>(12)</sup> Following the accounting reform implemented in Fiscal 2007, the Borrowings –to finance Municipal Bodies are reclassified in the Borrowings – Government.

<sup>(13)</sup> Represents mainly the debt of Hydro-Québec.

<sup>(14)</sup> Includes debt covered by the Government's commitments.

<sup>(15)</sup> Percentages are based upon the prior calendar year's GDP and Personal income.

## Essential Characteristics of, and Risk Factors associated with, the Notes.

Issuer.....	Québec.
Securities Offered.....	U.S.\$1,500,000,000 aggregate principal amount of 3.50% Global Notes Series QJ due July 29, 2020.
Maturity Date.....	July 29, 2020
Interest Payment Dates.....	We will pay you interest in two equal semi-annual installments on January 29 and July 29 of each year, commencing on January 29, 2011.
Interest Rate.....	3.50% per year. Whenever it is necessary to compute any amount of interest in respect of the Notes other than with respect to regular semi-annual payments, we will calculate such interest on the basis of a 360-day year consisting of twelve 30-day months.
Redemption.....	We may not redeem the Notes prior to maturity, unless certain events occur involving Canadian taxation. See “Description of Notes — Maturity, Redemption and Purchases” in Appendix A.
Markets .....	We are offering to sell the Notes in North America, Europe and Asia in places where sales are permitted. See “Underwriting” in Appendix A.
Listing and Admission to Trading.....	We have undertaken to the underwriters to use all reasonable efforts to have the Notes admitted to the Official List and to trading on the Market as soon as possible after the closing of the issue. We cannot guarantee that these applications will be approved and settlement of the Notes is not conditional on obtaining the listing.
Form and Settlement.....	We will issue the Notes in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company (“ <b>DTC</b> ”). The Notes will be recorded in a Register held by Deutsche Bank Trust Company Americas, as Registrar. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream Banking, société anonyme (“ <b>Clearstream, Luxembourg</b> ”) and Euroclear Bank, S.A./N.V. (“ <b>Euroclear</b> ”) will hold interests on behalf of their participants through their respective U.S. depositories, which in turn will hold such interests in accounts as participants of DTC. Except in the limited circumstances described in this PD Prospectus, owners of beneficial interests in the Notes will not be entitled to have Notes registered in their names, will not receive or be entitled to receive Notes in definitive form and will not be considered holders of Notes under the Fiscal Agency Agreement. Notes will only be sold in denominations of U.S.\$1,000 and integral multiples thereof. See “Description of Notes — Form, Denomination, Title and Registration” in Appendix A.
Withholding Tax.....	Principal of and interest on the Notes are payable by us without withholding or deduction for Canadian withholding taxes, to the extent permitted under applicable law, as set forth in this PD Prospectus. If Québec shall be required to withhold taxes or duties from any payments due under the Notes then, subject to customary exceptions, Québec shall pay such additional amounts as may be necessary in order that every net payment of the principal of, and interest on, the Notes to any such holder will be not less than the amount provided for in the Notes.
Status of the Notes.....	The Notes will be direct and unconditional obligations of Québec for the payment and performance of which the full faith and credit of Québec will be pledged. The Notes will rank equally among themselves and with all notes, debentures or other similar debt securities issued by Québec and outstanding at the date hereof or in the future.

Events of Default.....	An event of default will occur if Québec does not pay the principal of, or premium, interest or additional amounts on, the Notes or Coupons as and when the same become due and payable and such default continues for 45 days. An event of default will also occur if Québec does not pay any principal of, or premium, interest or additional amounts on, any indebtedness (direct or under a guarantee) for borrowed money of Québec exceeding U.S.\$50,000,000 (or its equivalent in other currencies) in aggregate nominal amount, other than the Notes, as and when the same becomes due and payable and such default continues for a period of 45 days. An event of default will occur if Québec does not duly perform or observe any covenant or agreement contained in the Notes (other than the payment of principal, premium, interest or additional amounts) or in the Fiscal Agency Agreement and such default continues for a period of 60 days.
Negative Pledge.....	The terms of the Notes will not contain a negative pledge.
Prescription.....	Under current Québec law, each Note will become void unless presented for payment of principal or interest within three years of the due date for payment.
Immunity.....	<p>Québec has waived any immunity for service of process on the Delegate General of Québec in New York and any immunity from jurisdiction of any court to which it might otherwise be entitled based upon the Notes.</p> <p>Québec enjoys no immunity under Québec law from suit or judgment, irrespective of whether a party to the action is the holder of the Notes, is or is not a resident within Québec or is or is not a citizen of Canada. Although any judgment obtained in an action brought in the courts of Québec against Québec may not be enforced by execution, applicable statutes provide that whenever Québec is condemned by a judgment that has become definitive to pay a sum of money, the Ministre des Finances, after having received a certified copy of the judgment, shall pay the amount due out of the money at his or her disposal for that purpose or, failing that, out of the Consolidated Revenue Fund of Québec.</p>
Governing Law .....	Laws of Québec and the laws of Canada applicable in Québec.
CUSIP .....	748148RU9
Common Code.....	052962498
ISIN Code .....	US748148RU93
Risk Factors .....	<p>Québec believes that the following factors represent the principal risks inherent in investing in the Notes:</p> <ul style="list-style-type: none"> <li>(i) the Notes may not be a suitable investment for all investors;</li> <li>(ii) the European Union Savings Tax Directive;</li> <li>(iii) in enforcing a foreign judgment in foreign currency, a Québec court will convert into Canadian currency at the rate of exchange prevailing on the date the foreign judgment became enforceable at the place where it was rendered;</li> <li>(iv) the Notes are subject to modifications and waiver of conditions in certain circumstances;</li> <li>(v) because the Notes are held by or on behalf of DTC, investors will have to rely on its procedures for transfer, payment and communication with Québec;</li> <li>(vi) the laws governing the Notes may change;</li> <li>(vii) investors may not be able to sell their Notes at prices that will provide them with a yield comparable to similar investments that have a more highly developed secondary market;</li> <li>(viii) investors may be subject to exchange rate risks and exchange controls;</li> </ul>



- (ix) interest rate risks;
- (x) credit ratings might not reflect all risks;
- (xi) legal considerations may restrict certain investors; or
- (xii) the interests of certain underwriters.

## **RISK FACTORS**

*Québec believes that the following factors are material for the purpose of assessing the market risks associated with the Notes.*

*Québec believes that the factors described below represent the principal risks inherent in investing in the Notes. Québec does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this PD Prospectus and reach their own views prior to making any investment decision.*

### **Factors which are material for the purpose of assessing the market risks associated with the Notes**

#### ***The Notes may not be a suitable investment for all investors***

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this PD Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

#### ***Risks related to the Notes generally***

##### ***European Union Savings Tax Directive***

Under EC Directive 2003/48/EC on the taxation of savings income (the “**Savings Tax Directive**”), a Member State is 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, or collected by such a person for, an individual resident in that Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 13 November 2008 the European Commission published a proposal for amendments to the Savings Tax Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved an amended version of this proposal on 24 April 2009. Investors who are in any doubt as to their position should consult their professional advisers.

##### ***Enforcing a Foreign Judgment in Québec***

In enforcing a foreign judgment in foreign currency, a Québec court will convert into Canadian currency at the rate of exchange prevailing on the day the foreign judgment become enforceable in the place where it was rendered. There is no currency indemnity in the terms and conditions of the Notes to make an investor whole for any difference in the exchange rate between the day the foreign judgment became enforceable where it was made and the day of its enforcement by a Québec court.

## *Modifications, Waivers*

The conditions of the Notes contain provisions for calling meetings of noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all noteholders including noteholders who did not attend and vote at the relevant meeting and noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the parties to the fiscal agency agreement will be able to enter into agreements supplemental to the fiscal agency agreement to create and issue further notes ranking *pari passu* with the Notes in all respects, or in all respects other than in respect of the date from which interest will accrue and the first interest payment date, and that such further notes shall be consolidated and form a single series with the Notes and shall have the same terms as to status, redemption or otherwise as the Notes.

The conditions of the Notes also provide that the parties to the fiscal agency agreement will be able to amend the fiscal agency agreement and the Notes without notice to or consent of the noteholders for the purpose of curing ambiguity or curing, correcting or supplementing any defective provisions therein, or effecting the issue of further notes as described above or in any other manner the parties to the fiscal agency agreement, acting on the advice of independent counsel, may deem necessary or desirable and which will not, in their reasonable opinion, adversely affect the interests of the noteholders.

*Because the Notes are held by or on behalf of DTC, investors will have to rely on its procedures for transfer, payment and communication with us.*

The Notes will be deposited with DTC. Except in limited circumstances, investors will not be entitled to receive Notes in definitive form. DTC will maintain records of the beneficial interests in the Notes. Investors will be able to trade their beneficial interests only through DTC.

We will discharge our payment obligations under the Notes by making payments to DTC for distribution to its account holders. A holder of a beneficial interest in the Notes must rely on the procedures of DTC to receive payments under the Notes. We have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Notes.

Holders of beneficial interests in the Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by DTC to appoint proxies. Similarly, holders of beneficial interests in the Notes will not have a direct right under the Notes to take enforcement action against us in the event of a default under the Notes.

## *Change of Law*

The conditions of the Notes are based on the laws of the Province of Québec and the federal laws of Canada applicable therein in effect as at the date of this PD Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Province of Québec or the federal laws of Canada applicable therein or administrative practice after the date of this PD Prospectus.

## ***Risks related to the market generally***

### *The secondary market generally*

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

### *Exchange rate risks and exchange controls*

Québec will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*Interest rate risks*

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

***Credit ratings might not reflect all risks***

The credit ratings assigned to the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it; (2) the Notes can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

***Interests of Underwriters***

Certain of the underwriters and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, Québec in the ordinary course of business.

## DOCUMENTS INCORPORATED BY REFERENCE

For the purposes of the Prospectus Directive only, the following documents, which have been previously filed with the Financial Services Authority in the United Kingdom, shall be deemed to be incorporated in, and to form part of, the PD Prospectus:

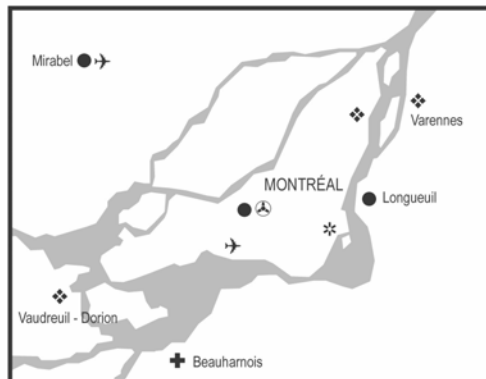
- (1) Exhibits 99.15, 99.16, 99.17 and 99.18 of the Amendment to Québec's Annual Report (on Form 18K/A) for the fiscal year ended 31 March 2009 (containing excerpts from Québec's 2010-2011 Budget – Budget Speech and Budget Plan), dated March 31, 2010, and filed with the United States Securities and Exchange Commission (the “SEC”) on April 1, 2010 (the rest of this Form 18K/A is either not relevant to the Notes or covered elsewhere in this PD Prospectus);
- (2) Exhibit 99.1 of Québec's Form 18-K (the “**Québec 18-K**”) for the fiscal year ended 31 March, 2010, dated June 3, 2010 and filed with the SEC on June 9, 2010 (the rest of this Form 18-K is either not relevant to the Notes or covered elsewhere in this PD Prospectus); and
- (3) Exhibit 99.7 of the Amendment to Québec's Annual Report (on Form 18K/A) for the fiscal year ended 31 March, 2009 (containing the Consolidated Financial Statements – Volume 1 of the Public Accounts 2008-2009), dated October 30, 2009, and filed with the SEC on October 30, 2009 (the rest of this Form 18K/A is either not relevant to the Notes or covered elsewhere in this PD Prospectus),

*provided* that any statement contained in a document all or the relative portion of which is incorporated by reference shall be deemed to be modified or superseded for the purpose of the PD Prospectus to the extent that a statement contained herein or in any document incorporated by reference above with a later date modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

For the avoidance of doubt, information, documents or statements expressed to be incorporated by reference into or form part of any of the documents incorporated by reference above do not form part of the PD Prospectus.

Copies of the PD Prospectus and the documents incorporated by reference in the PD Prospectus can be (i) viewed on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news.html> under the name of Quebec and the headline “Publication of Prospectus” and (ii) obtained without charge from the office of Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom during normal business hours and for collection without charge from the office of the Direction du financement des organismes publics et de la documentation financière, at the Ministère des Finances in Ville de Québec, Canada.

## DESCRIPTION OF QUÉBEC



*The information appearing below is supplemented by the more detailed information contained in the documents incorporated by reference in this PD Prospectus. See paragraphs (1), (2) and (3) of the section entitled “Documents Incorporated by Reference”.*

In this PD Prospectus, statistics for the economy of Québec are set forth on a calendar year basis at market prices, except as otherwise indicated. Economic statistics for recent years frequently are estimates or preliminary figures which are subject to revisions by the statistical agencies. Financial statistics for Québec are set forth on a fiscal year basis (from April 1 to March 31 of the succeeding year), unless otherwise noted.

In this PD Prospectus, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. The fiscal year of Québec ends March 31. “**Fiscal 2010**” and “**2009-2010**” refer to the fiscal year ended March 31, 2010, and, unless otherwise indicated, “**2009**” means the calendar year ended December 31, 2009. Other fiscal and calendar years are referred to in a corresponding manner. Any discrepancies between the amounts listed and their totals in the tables included in this PD Prospectus are due to rounding.

## **Overview**

Québec is the largest by area of the ten provinces in Canada (1,541,000 square kilometers or 594,860 square miles, representing 15.4% of the geographical area of Canada) and the second largest by population (7.9 million, representing 23.2% of the population of Canada, as of January 2010).

Québec has a modern, developed economy, in which the service sector contributed 75.6%, the manufacturing industry 16.2%, the construction industry 6.1% and the primary sector 2.1% of real GDP at basic prices in chained 2002 dollars in 2009. Québec’s real GDP represented 20.7% of Canada’s real GDP in 2009. The leading manufacturing industries in Québec are food products, primary metal products (including aluminum smelting), transportation equipment products (including aircraft and motor vehicles and associated parts), petroleum and coal products, chemical products, paper products and fabricated metal products. Québec also has significant hydroelectric resources, generating 33.0% of the electricity produced in Canada in 2009.

Montréal and Ville de Québec, the capital of Québec, are the centers of economic activity. Montréal is one of the main industrial, commercial and financial centers of North America and is Canada’s second largest urban area as measured by population. Montréal is also Canada’s largest port, situated on the St. Lawrence River, which provides access to the Atlantic Ocean and the inland navigation system of the Great Lakes.

French is the official language of Québec and is spoken by approximately 95% of its population.

## **Constitutional Framework**

Canada is a federation of ten provinces and three federal territories, with a constitutional division of responsibilities between the federal and provincial governments as set out in *The Constitution Acts, 1867 to 1982* (the “**Constitution**”).

Under the Constitution, each provincial government has exclusive authority to raise revenue for provincial purposes through direct taxation within its territorial limits. Each provincial government also has exclusive authority to regulate education, health, social services, property and civil rights, natural resources, municipal institutions and, generally, to regulate all other matters of a purely local or private nature in its province, and to regulate and raise revenue from the exploration, development, conservation and management of natural resources.

The federal parliament is empowered to raise revenue by any method or system of taxation and generally has authority over matters or subjects not assigned exclusively to the provinces. It has exclusive authority over the regulation of trade and commerce, currency and coinage, banks and banking, national defense, naturalization and aliens, postal services, navigation and shipping, and bills of exchange, interest and bankruptcy.

The *Constitution Act, 1982* (the “**Constitution Act**”), enacted by the parliament of the United Kingdom, provides, among other things, that amendments to the Constitution be effected in Canada according to an amending formula. The Constitution Act also includes various modifications to the Constitution. The Constitution Act came into effect in 1982 notwithstanding the opposition of the National Assembly of Québec (the “**National Assembly**”) and the Government to certain clauses relating to provincial jurisdiction and the terms of the amending formula.

The Parti Québécois, which has as its principal objective the sovereignty of Québec, formed the Government from September 1994 to April 14, 2003. During its term in office, the Parti Québécois tabled in the National Assembly a Bill entitled *An Act respecting the future of Québec* (the “**Act**”), which provided that upon receipt of a favourable vote in a referendum, the Act would be enacted

and Québec would proclaim its sovereignty following a formal offer to Canada of a treaty of economic and political partnership. In November 1995, a slight majority of Québec citizens (50.6%) voted against the Act.

The Supreme Court of Canada decided in August 1998, on a reference from the Government of Canada in which Québec did not participate, that (i) under the Constitution, Québec may not secede unilaterally without negotiation with the other parties in the Canadian Confederation within the existing constitutional framework; (ii) under international law, Québec has no right to secede unilaterally from Canada; (iii) nonetheless, the clear repudiation by the people of Québec of the existing constitutional order and the clear expression of the desire to pursue secession would oblige the other provinces and the Government of Canada to negotiate in accordance with constitutional principles, and Québec would also have to negotiate in accordance with such principles; and (iv) if Québec were to so negotiate but face unreasonable intransigence from the other parties, it would be more likely to be recognized than if it did not itself act according to constitutional principles in the negotiations.

The Québec Liberal Party, a federalist party, won a third consecutive mandate at the general election in December 2008. It currently forms the Government in the National Assembly. With regard to the constitutional issue, the Québec Liberal Party pursues a policy that emphasizes the values of Canadian federalism. In particular, its platform is focused on strengthening Québec's place within the federation, on forming new alliances with the other provinces, and on promoting intergovernmental cooperation.

## Government

Legislative power in Québec is exercised by the Parliament of Québec, which is comprised of the Lieutenant-Governor, who is appointed by the Governor General in Council of Canada, and the National Assembly. The National Assembly consists of 125 members elected by popular vote from single member districts. According to constitutional practice, the leader of the party with the largest number of elected members becomes Prime Minister and forms the Government.

Executive power in Québec is vested in the Lieutenant-Governor acting with, or on the recommendation of, the Conseil exécutif, which consists of the Prime Minister and the Cabinet (Conseil des ministres). The Conseil exécutif is accountable to the National Assembly.

The current National Assembly consists of 66 members of the Québec Liberal Party, 50 members of the Parti Québécois, 4 members of the Action Démocratique du Québec, 1 member of the Québec solidaire and 3 independents and 1 vacant seat. Members are elected for a term of five years, subject to earlier dissolution of the National Assembly by the Lieutenant-Governor upon the recommendation of the Prime Minister or following the Government's defeat on a vote of no confidence. The mandate of the current Government extends through the next election, which must be called no later than December 2013.

We refer you to the following additional relevant information described in Exhibit 99.1 or Exhibit 99.7 of Québec's Form 18-K, which can be found in the following sections:

Items	Reference pages in Exhibit 99.1 of Québec's Form 18-K for the fiscal year ended March 31, 2010 and Exhibit 99.7 of the Amendment of Québec's Form 18-K for the fiscal year ended March 31, 2009
Description of the Economy and Gross Domestic Product	"Economy" on pages 9 through 17 of Exhibit 99.1
Tax System	"Taxes" on pages 24 and 25 of Exhibit 99.1
Government Finances	"Government Finances" on pages 17 through 32 of Exhibit 99.1
Consolidated Financial Statements	"Consolidated Financial Statements" on pages 65 through 118 of Exhibit 99.7
Debt of the Province	"Public Sector Debt" on pages 38 through 43 of Exhibit 99.1



Legal and Arbitration Proceedings. See: <ul style="list-style-type: none"> <li>• “Native Peoples”</li> <li>• “Softwood Dispute”</li> <li>• “Taxes”</li> <li>• “Government Employees and Collective Unions”</li> <li>• “Retirement Plans”</li> <li>• “Government Enterprises and Agencies”</li> </ul>	<p>pages 7 and 8 of Exhibit 99.1</p> <p>pages 16 and 17 of Exhibit 99.1</p> <p>pages 24 and 25 of Exhibit 99.1</p> <p>pages 28 and 29 of Exhibit 99.1</p> <p>pages 31 and 32 of Exhibit 99.1</p> <p>pages 32 through 37 of Exhibit 99.1</p>
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## **Payment Record**

Québec has paid the full face amount of the principal of and premium, if any, and interest on (a) every debt security issued or assumed by it, and (b) every indirect debt security on which it has been required to implement its guarantees, all promptly when due in the currency and in the country where payable, subject to any applicable laws and regulations forbidding trading with the enemy during wartime.

## **Auditor General**

The Minister of Finance is responsible, among other things, for the preparation of the public accounts and the other financial reports of the Government. The Comptroller of Finance is responsible for government accounting and for the integrity of the Government’s accounting system and ensures compliance with the Government’s accounting standards, principles and policies.

The Auditor General of Québec expresses his independent opinion on the Consolidated Annual Financial Statements of the Government based on his audit of such financial statements. The duties of the Auditor General in that respect are contained in the *Auditor General Act* (Québec).

## CREDIT RATINGS

The Notes have been rated A+ by Standard & Poor's ("**S&P**"), Aa2 by Moody's Investors Service Inc. ("**Moody's**") and AA- by Fitch Ratings ("**Fitch**") (S&P, Moody's and Fitch are each a "**Rating Agency**"). Credit ratings are intended to provide investors with an independent measure of credit quality. The Rating Agencies' long-term ratings range from a high of AAA to a low of D for S&P and Fitch, and a high of Aaa to a low of C for Moody's.

According to the S&P rating system, an obligation rated "A" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. According to the Moody's rating system, obligations rated "A" are considered upper-medium grade and are subject to low credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. According to the Fitch rating system, "AA" ratings denote a very low expectation of credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events. "+" or "-" denotes relative status within major rating categories.

The credit ratings accorded to the Notes by the Rating Agencies are not recommendations to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular issue. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a Rating Agency in the future if, in its judgment, circumstances so warrant. The lowering of any rating may negatively affect the quoted market price, if any, of the Notes.

## **GENERAL INFORMATION**

### **Listing**

The listing of the Notes on the Market will be expressed in U.S. dollars as a percentage of their nominal amount (excluding accrued interest). It is expected that the Notes will be admitted to the Official List and to trading on the Market on or about August 17, 2010.

### **Legal and Arbitration Proceedings**

Save as disclosed in the sections entitled “Native Peoples” on pages 7 and 8, “Softwood Dispute” on pages 16 and 17, “Taxes” on pages 24 and 25, “Government Employees and Collective Unions” on pages 28 and 29, “Retirement Plans” on pages 31 and 32, “Government Enterprises and Agencies” on pages 32 through 37 in Exhibit 99.1 of Québec’s Form 18-K for the fiscal year ended 31 March, 2010 referred to in “Documents Incorporated by Reference” on page 13 hereof, Québec is not involved in any governmental, legal, arbitration proceedings which may have or have had during the past 12 months a significant effect on Québec’s financial position, nor is Québec aware of any such proceedings pending or threatened.

### **No Significant Change**

Except as set out in “Recent Developments” on page S-12 of Appendix A, there have been no significant changes, or any developments involving a prospective significant change, in Québec’s public finance and trade data since the date at which the relevant data has been presented in this PD Prospectus, being either March 31, 2010 (the end of Québec’s last fiscal year) or December 31, 2009, as the case may be.

### **Documents Available for Collection and Inspection**

Copies of the following documents will, so long as any Notes are outstanding, be available for inspection at the specified office of the London Paying Agent during its normal business hours on any weekday only and for collection without charge from the office of the Direction du financement des organismes publics et de la documentation financière, at the ministère des Finances in Ville de Québec, Canada:

- (a) the documents incorporated by reference herein for the purposes of the Prospectus Directive only under “Documents Incorporated by Reference”;
- (b) the Fiscal Agency Agreement (which will contain the form of the Global Notes); and
- (c) the underwriting agreement.

### **Auditor General**

The Auditor General of Québec, who is independent of the Government of Québec and reports to and works for the National Assembly, is responsible for auditing the public accounts of the Government of Québec and reporting thereon to the National Assembly. The Auditor General’s address is 750, Boulevard Charest Est, 3<sup>e</sup> étage, Québec, Québec, Canada G1K 9J6.

## **APPENDIX A**

### **US Prospectus Supplement and US Basic Prospectus**

**PROSPECTUS SUPPLEMENT**

(To Prospectus Dated June 12, 2008)

U.S.\$1,500,000,000



3.50% Global Notes Series QJ due July 29, 2020

We will pay interest on the Notes semi-annually in arrears on January 29 and July 29 of each year, commencing January 29, 2011. The Notes will mature on July 29, 2020. We may not redeem the Notes prior to maturity unless certain events occur involving Canadian taxation. See “Description of Notes—Maturity, Redemption and Purchases”.

We will make all payments of principal and interest on the Notes in U.S. dollars. We will make all such payments without deduction for, or on account of, taxes imposed or levied by or within Canada, subject to the exceptions described in this prospectus supplement.

We have undertaken to the underwriters to use all reasonable efforts to have the Notes admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange plc's Regulated Market, which is a regulated market for purposes of the Markets in Financial Instruments Directive (2004/39/EC), as soon as possible after the closing of the issue. We cannot guarantee that these applications will be approved and settlement of the Notes is not conditional on obtaining the listing.

	<u>Per Note</u>	<u>Total</u>
Price to public <sup>(1)</sup> .....	99.607%	U.S.\$1,494,105,000
Underwriting discounts and commissions .....	0.25%	U.S.\$3,750,000
Proceeds, before expenses, to Québec <sup>(1)</sup> .....	99.357%	U.S.\$1,490,355,000

(1) Plus accrued interest from July 29, 2010, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus supplement or the prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Delivery of the Notes, in book-entry form, will be made through The Depository Trust Company (“DTC”), Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) and Euroclear Bank S.A./N.V. (“Euroclear”) on or about July 29, 2010.

<b>BofA Merrill Lynch</b>	<b>Deutsche Bank Securities</b>			<b>HSBC</b>	<b>National Bank of Canada Financial</b>	
<b>BMO Capital Markets</b>	<b>CIBC</b>	<b>RBC Capital Markets</b>	<b>Scotia Capital</b>		<b>TD Securities</b>	
<b>Mitsubishi UFJ Securities International plc</b>	<b>BNP PARIBAS</b>	<b>Casgrain &amp; Company (USA) Limited</b>	<b>Citi</b>	<b>Desjardins Securities Inc.</b>	<b>J.P. Morgan</b>	<b>RBS</b>

The date of this prospectus supplement is July 22, 2010.

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### Prospectus

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**You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.**

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Please note that in this prospectus supplement, references to “we”, “our” and “us” refer to Québec and all references to the “European Economic Area”, or “EEA”, are to the Member States of the European Union together with Iceland, Norway and Liechtenstein.

## **NOTICE REGARDING OFFERS IN THE EEA**

If and to the extent that this prospectus supplement is communicated in, or the offer of the Notes to which it relates is made in, any EEA Member State that has implemented Directive (2003/71/EC) (a “Relevant Member State”) (together with any applicable implementing measures in each Relevant Member State, the “Prospectus Directive”), this prospectus supplement and the offer are only addressed to and directed at persons in that Relevant Member State who are qualified investors within the meaning of the Prospectus Directive or otherwise in compliance with either Article 3(2)(c) and (e) of the Prospectus Directive or subject to written prior approval of Banc of America Securities LLC, Article 3(2)(b) of the Prospectus Directive and must not be acted upon by other persons in that Relevant Member State.

This prospectus supplement has been prepared on the basis that any offers of Notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer in that Relevant Member State of the Notes that are the subject of the offering contemplated in this prospectus supplement must only do so in circumstances in which no obligation arises for Québec or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither Québec nor the underwriters have authorized, nor do they authorize, the making of any offer of the Notes in circumstances in which an obligation arises for Québec or the underwriters to publish a prospectus supplement or prospectus for such offer.

This is not a prospectus under the Prospectus Directive but an advertisement as defined in the Prospectus Directive and investors in the EEA should not subscribe for or purchase Notes once admitted to trading on the London Stock Exchange plc’s (the “London Stock Exchange”) Regulated Market except on the basis of information in the Listing Prospectus (as defined below). Québec intends to file a single prospectus (the “Listing Prospectus”) pursuant to Section 5.3 of the Prospectus Directive with the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 as amended for the purpose of having the Notes admitted to trading on the London Stock Exchange's Regulated Market as soon as possible after closing of this issue. Once approved, the Listing Prospectus will be published in accordance with the Prospectus Directive and investors will be able to view the Listing Prospectus on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html> under the name of Quebec and the headline “Publication of Prospectus” and investors shall be able to obtain copies without charge from the office of Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, during normal business hours and from the office of the Direction du financement des organismes publics et de la documentation financière, at the Ministère des Finances at 12, rue Saint-Louis, Québec, Québec, Canada G1R 5L3.

This prospectus supplement is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “Relevant Persons”). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document or any of its contents.

In connection with the issue of the Notes, Banc of America Securities LLC (or person or persons acting on its behalf) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that Banc of America Securities LLC (or person or persons acting on its behalf) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilization action or over-allotment will be conducted by Banc of America Securities LLC (or a person or persons acting on its behalf) in accordance with all applicable laws and rules.

### **ABOUT THIS PROSPECTUS SUPPLEMENT**

You should read this prospectus supplement along with the accompanying prospectus. Both documents contain information you should consider when making your investment decision. You should rely only on the information provided or incorporated by reference in this prospectus supplement and the accompanying prospectus. Québec has not authorized anyone else to provide you with different information. Québec is not offering to sell or soliciting offers to buy any securities other than the Notes offered under this prospectus supplement, nor is Québec offering to sell or soliciting offers to buy the Notes in places where such offers are not permitted by applicable law. You should not assume that the information in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date of this prospectus supplement.

Québec is furnishing this prospectus supplement and the accompanying prospectus solely for use by prospective investors in connection with their consideration of a purchase of Notes. Québec confirms that:

- the information contained in this prospectus supplement is true and correct in all material respects and is not misleading;
- it has not omitted other facts the omission of which makes this prospectus supplement as a whole misleading; and
- it accepts responsibility for the information it has provided in this prospectus supplement and the prospectus.

In this prospectus supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. On July 22, 2010 the noon spot exchange rate for U.S. dollars as reported by the Bank of Canada, expressed in Canadian dollars, was \$1.0376.



## **DOCUMENTS INCORPORATED BY REFERENCE**

The prospectus incorporates by reference Québec's Annual Report on Form 18-K for the fiscal year ended March 31, 2010 and the amendments to that report filed through the date of this prospectus supplement, in addition to all future annual reports and amendments to annual reports, and any other information we file with the Securities and Exchange Commission (the "Commission") pursuant to Sections 13(a) and 13(c) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), until we sell all of the Notes. See "Where You Can Find More Information" in the accompanying prospectus.

## **FORWARD-LOOKING STATEMENTS**

This prospectus supplement contains forward-looking statements. Statements that are not historical facts, including statements about Québec's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and Québec undertakes no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. Québec cautions you that actual results may differ materially from those contained in any forward-looking statements.

## SUMMARY

*This summary must be read as an introduction to this prospectus supplement and the accompanying prospectus and any decision to invest in the Notes should be based on a consideration of this prospectus supplement and the accompanying basic prospectus as a whole, including the documents incorporated by reference.*

### Essential Characteristics of the Issuer

In this Summary, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. The fiscal year of Québec ends March 31. “Fiscal 2010” and “2009-2010” refer to the fiscal year ended March 31, 2010, and, unless otherwise indicated, “2009” means the calendar year ended December 31, 2009. Other fiscal and calendar years are referred to in a corresponding manner. Any discrepancies between the amounts listed and their totals in the tables included in this prospectus supplement are due to rounding.

Québec is one of the ten provinces of Canada. Québec is the largest province by area (1,541,000 square kilometers or 594,860 square miles, representing 15.4% of the geographical area of Canada) and the second largest province by population (7.9 million, representing 23.2% of the population of Canada, as of January 2010).

Québec has a modern, developed economy, in which the service sector contributed 75.6%, the manufacturing industry 16.2%, the construction industry 6.1% and the primary sector 2.1% of real GDP at basic prices in chained 2002 dollars in 2009. Québec’s real GDP represented 20.7% of Canada’s real GDP in 2009. The leading manufacturing industries in Québec are food products, primary metal products (including aluminum smelting), transportation equipment products (including aircraft and motor vehicles and associated parts), petroleum and coal products, chemical products, paper products and fabricated metal products. Québec also has significant hydroelectric resources, generating 33.0% of the electricity produced in Canada in 2009.

Montréal and Ville de Québec, the capital of Québec, are the centers of economic activity. Montréal is one of the main industrial, commercial and financial centers of North America and is Canada’s second largest urban area as measured by population. Montréal is also Canada’s largest port, situated on the St. Lawrence River, which provides access to the Atlantic Ocean and the inland navigation system of the Great Lakes.

The Québec government (the “Government”) and the Government of Canada share the power to levy personal income taxes in Québec. The Government levies and collects its own personal income tax at rates ranging from 16% to 24% in three brackets.

In Québec, businesses are subject to a tax on profits, a tax on capital and a tax on payroll. A tax rate of 11.9% is applied to the profits of corporations. Small and medium-size enterprises are taxed at a reduced rate of 8% that, since the 2009-2010 Budget, applies on the first \$500,000 of income from an eligible business. Previously, the eligible income threshold was \$400,000. Québec’s other major sources of revenue other than taxes are transfer payments from the Government of Canada.

French is the official language of Québec and is spoken by approximately 95% of its population.

### Constitutional Framework

Canada is a federation of ten provinces and three federal territories, with a constitutional division of responsibilities between the federal and provincial governments as set out in *The Constitution Acts, 1867 to 1982* (the “Constitution”).

Under the Constitution, each provincial government has exclusive authority to raise revenue for provincial purposes through direct taxation within its territorial limits. Each provincial government also has exclusive authority to regulate education, health, social services, property and civil rights, natural resources, municipal institutions and, generally, to regulate all other matters of a purely local or private nature in its province, and to regulate and raise revenue from the exploration, development, conservation and management of natural resources.

The Parti Québécois, which has as its principal objective the sovereignty of Québec, formed the Government from September 1994 to April 14, 2003. During its term in office, the Parti Québécois tabled in the National Assembly a Bill entitled *An Act respecting the future of Québec* (the “Act”), which provided that upon receipt of a favorable vote in a referendum, the Act would be enacted and Québec would proclaim its sovereignty following a formal offer to Canada of a treaty of economic and political partnership. In November 1995, a slight majority of Québec citizens (50.6%) voted against the Act.

The Supreme Court of Canada decided in August 1998, on a reference from the Government of Canada in which Québec did not participate, that (i) under the Constitution, Québec may not secede unilaterally without negotiation with the other parties in the Canadian Confederation within the existing constitutional framework; (ii) under international law, Québec has no right to secede unilaterally from Canada; (iii) nonetheless, the clear repudiation by the people of Québec of the existing constitutional order and the clear expression of a desire to pursue secession would oblige the other provinces and the Government of Canada to negotiate in accordance with constitutional principles, and Québec would also have to negotiate in accordance with such principles; and (iv) if Québec were to so negotiate but face unreasonable intransigence from the other parties, it would be more likely to be recognized than if it did not itself act according to constitutional principles in the negotiations.

The Québec Liberal Party, a federalist party, won a third consecutive mandate at the general election in December 2008. It currently forms the Government in the National Assembly. With regard to the constitutional issue, the Québec Liberal Party pursues a policy that emphasizes the values of Canadian federalism. In particular, its platform is focused on strengthening Québec’s place within the federation, on forming new alliances with the other provinces and on promoting intergovernmental cooperation. The next general election must be called no later than December 2013.

## **Public Finances**

The Minister of Finance is responsible for the general administration of the Government’s finances. The *Financial Administration Act* and the *Balanced Budget Act*, as amended, govern the management of public monies of Québec and the *Public Administration Act* governs the management of financial, human, physical and information resources of the Administration.

All revenues and monies over which the Parliament of Québec has power of appropriation from the Consolidated Revenue Fund of Québec. The Budget and appropriations from the Consolidated Revenue Fund and consolidated entities are published at the beginning of each fiscal year. The Government also publishes a Monthly Report on Financial Transactions.

The *Balanced Budget Act* is designed to ensure that, on a multi-year basis, the Government maintains a balanced budget.

## Summary Statistics

### **Economy<sup>(1)</sup>**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
	(dollar amounts in millions)				
GDP at current market prices .....	\$272,049	\$282,402	\$297,146	\$305,466	\$303,578
% change – GDP in chained 2002 dollars <sup>(2)</sup> .....	1.8%	1.7%	2.4%	1.0%	-1.0%
Personal income .....	\$226,140	\$236,759	\$250,173	\$259,782	\$262,633
Capital expenditures .....	\$49,470	\$51,809	\$57,055	\$60,118	\$60,508
International exports of goods .....	\$70,992	\$73,177	\$69,920	\$71,023	\$58,174
Population at July 1 (in thousands) .....	7,582	7,632	7,687	7,753	7,829
Unemployment rate .....	8.3%	8.0%	7.2%	7.2%	8.5%
Consumer Price Index - % change .....	2.3%	1.7%	1.6%	2.1%	0.6%
Average exchange rate (US\$ per C\$) .....	0.83	0.88	0.93	0.94	0.88

### **Consolidated Financial Transactions <sup>(3)</sup>**

	<b>Fiscal year ending March 31</b>				
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Preliminary Results 2010 <sup>(4)</sup></b>	<b>Budget Forecast 2011</b>
	(dollar amounts in millions)				
Consolidated Revenue Fund:					
Own-source revenue .....	\$49,651	\$49,464	\$48,893	\$48,169	\$50,152
Federal transfers <sup>(5)</sup> .....	11,015	13,629	14,023	15,161	15,325
Total revenue .....	60,666	63,093	62,916	63,330	65,477
Program spending .....	(51,734)	(54,826)	(58,550)	(61,230)	(62,561)
Debt service .....	(7,039)	(7,021)	(6,504)	(6,117)	(6,980)
Total expenditure .....	(58,773)	(61,847)	(65,054)	(67,347)	(69,541)
Contingency reserve .....	—	—	—	(300)	(300)
Net results of Consolidated Revenue Fund .....	1,893	1,246	(2,138)	(4,317)	(4,364)
Net results of consolidated entities .....	100	404	880	793	750
Surplus (deficit) for the purposes of the public accounts .....	1,993	1,650	(1,258)	(3,524)	(3,614)
Revenue of Generations Fund .....	(584)	(449)	(587)	(725)	(892)
Stabilization reserve <sup>(6)</sup> .....	(1,300)	(1,201)	1,845	433	—
Consolidated budgetary balance for the purposes of the <i>Balanced Budget Act</i> .....	109	0	0	(3,816)	(4,506)
Deposit of dedicated revenues in the Generations Fund <sup>(7)</sup> .....	584	449	587	725	892
Consolidated budgetary balance .....	693	449	587	(3,091)	(3,614)
Consolidated non-budgetary requirements .....	(3,453)	(1,156)	(1,117)	(2,394)	(3,365)
Consolidated net financial requirements <sup>(8)</sup> .....	<u>\$(2,760)</u>	<u>\$(707)</u>	<u>\$(530)</u>	<u>\$(5,485)</u>	<u>\$(6,979)</u>

## Funded Debt of Public Sector (net of sinking fund balances)

	As of March 31				Preliminary Results 2010 <sup>(10)</sup>
	Unadjusted 2006 <sup>(9)</sup>	2007	2008	2009	
		(dollar amounts in millions) <sup>(11)</sup>			
Government Funded Debt					
Borrowings – Government.....	\$81,995	\$109,714	\$112,507	\$124,549	\$125,826
Borrowings – to finance Government Enterprises ..	2,646	31	25	221	218
Borrowings – to finance Municipal Bodies <sup>(12)</sup> .....	2,604				
Government Guaranteed Debt <sup>(13)</sup> .....	41,947	32,674	32,399	36,668	36,385
Municipal Sector Debt .....	15,669	16,409	17,321	18,639	19,538
Other Institutions.....	4,040	2,023	1,552	931	649
Public Sector Funded Debt <sup>(14)</sup> .....	<u>\$148,901</u>	<u>\$160,851</u>	<u>\$163,804</u>	<u>\$181,008</u>	<u>\$182,616</u>
Per capita (\$).....	\$19,639	\$21,076	\$21,309	\$23,344	\$23,326
As a percentage of <sup>(15)</sup>					
GDP .....	54.7%	57.0%	55.1%	59.9%	60.4%
Personal income .....	65.8%	68.0%	65.6%	70.0%	70.7%

(1) Sources: Institut de la statistique du Québec, Statistics Canada and Bank of Canada.

(2) Adjusted for the effects of inflation in the currency from year to year.

(3) The categories set forth reflect the presentation of the 2010-2011 Budget.

(4) The Preliminary Results 2010 are based on financial information presented in the Monthly Report on Financial Transactions as at March 31, 2010. The figures have been restated to reflect the presentation of the 2010-2011 Budget. These preliminary results are subject to change.

(5) Federal transfers are presented on an accrual basis.

(6) A negative amount indicates an allocation to the reserve and a positive amount, a use of the reserve.

(7) The Generations Fund was created in June 2006 by the adoption of the *Act to reduce the debt and establish the Generations Fund* and is a separate entity from the Consolidated Revenue Fund. This law establishes the fund as a permanent tool for reducing the debt burden. In addition, it stipulates that the monies accumulated in the Generations Fund are dedicated exclusively to repaying the debt.

(8) The consolidated net financial requirements for Fiscal 2010 and 2011 take into account the budgetary and non-budgetary transactions of the health and social services and education networks.

(9) The figures for Fiscal 2006 have not been restated in accordance with the accounting reform implemented in Fiscal 2007, which resulted in the consolidation of additional entities into the Government reporting entity.

(10) These Preliminary Results 2010 regarding the Funded Debt of Public Sector are based on financial information presented as at March 31, 2010 in the 2010-2011 Budget, which was tabled on March 30, 2010, as revised. These preliminary results are subject to change.

(11) Canadian dollar equivalent at the dates indicated for loans in foreign currencies after taking into account currency swap agreements and foreign exchange forward contracts.

(12) Following the accounting reform implemented in Fiscal 2007, the Borrowings – to finance Municipal Bodies are reclassified in the Borrowings – Government.

(13) Represents mainly debt of Hydro-Québec.

(14) Includes debt covered by the Government's commitments.

(15) Percentages are based upon the prior calendar year's GDP and Personal income.

## Essential Characteristics and Risks Associated with the Notes.

Issuer.....	Québec.
Securities Offered.....	U.S.\$1,500,000,000 aggregate principal amount of 3.50% Global Notes Series QJ due July 29, 2020.
Maturity Date.....	July 29, 2020
Interest Payment Dates.....	We will pay you interest in two equal semi-annual installments on January 29 and July 29 of each year, commencing January 29, 2011.
Interest Rate.....	3.50 % per year. Whenever it is necessary to compute any amount of interest in respect of the Notes other than with respect to regular semi-annual payments, we will calculate such interest on the basis of a 360-day year consisting of twelve 30-day months.
Redemption.....	We may not redeem the Notes prior to maturity, unless certain events occur involving Canadian taxation. See “Description of Notes — Maturity, Redemption and Purchases”.
Listing and Admission to Trading.....	We have undertaken to the underwriters to use all reasonable efforts to have the Notes admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Regulated Market as soon as possible after the closing of the issue. We cannot guarantee that these applications will be approved and settlement of the Notes is not conditional on obtaining the listing.
Form and Settlement .....	We will issue the Notes in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company (“DTC”). The Notes will be recorded in a Register held by Deutsche Bank Trust Company Americas, as Registrar. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream, Luxembourg and Euroclear will hold interests on behalf of their participants through their respective U.S. depositories, which in turn will hold such interests in accounts as participants of DTC. Except in the limited circumstances described in this prospectus supplement, owners of beneficial interests in the Notes will not be entitled to have Notes registered in their names, will not receive or be entitled to receive Notes represented by physical certificates and will not be considered holders of Notes under the Fiscal Agency Agreement. Notes will only be sold in denominations of U.S.\$1,000 and integral multiples thereof. See “Description of Notes — Form, Denomination and Registration”.
Withholding Tax .....	Principal of and interest on the Notes are payable by us without withholding or deduction for Canadian withholding taxes, to the extent permitted under applicable law, as set forth in this prospectus supplement.
Status of the Notes.....	The Notes constitute our direct and unconditional obligations for the payment and performance of which our full faith and credit will be pledged. The Notes will rank equally among themselves and with all notes, debentures or other similar debt securities issued by us and outstanding at the date hereof or in the future.
Events of Default.....	An event of default will occur if we do not pay the principal of, or premium, interest or additional amounts on, the Notes or Coupons as and when the same become due and payable and such default continues for 45 days. An event of default will also occur if we do not pay any principal of, or premium, interest or additional amounts on, any of our indebtedness (direct or under a guarantee) for borrowed money exceeding U.S.\$50,000,000 (or its equivalent in other currencies) in aggregate principal amount, other than the Notes, as and when the same becomes due and payable and such default continues for a period of 45 days. An event of default will occur if we do not duly perform or observe any covenant or agreement contained in the Notes (other than the payment of principal, premium, interest or additional amounts) or in the Fiscal Agency Agreement and such default continues for a period of 60 days.

Negative Pledge.....	The terms of the Notes will not contain a negative pledge.
Prescription.....	Under current Québec law, each Note will become void unless presented for payment of principal or interest within three years of the due date for payment.
Immunity .....	<p>We have waived any immunity for service of process on the Delegate General of Québec in New York and any immunity from jurisdiction of any court to which it might otherwise be entitled based upon the Notes. In enforcing a foreign judgment in foreign currency, a Québec court will convert into Canadian currency at the rate of exchange prevailing on the date the foreign judgment became enforceable at the place where it was rendered.</p> <p>We enjoy no immunity under Québec law from suit or judgment, irrespective of whether a party to the action is the holder of the Notes, is or is not a resident within Québec or is or is not a citizen of Canada. Although any judgment obtained in an action brought in the courts of Québec against us may not be enforced by execution, applicable statutes provide that whenever we are condemned by a judgment that has become definitive to pay a sum of money, the Ministre des Finances, after having received a certified copy of the judgment, shall pay the amount due out of the money at his or her disposal for that purpose or, failing that, out of the Consolidated Revenue Fund of Québec.</p>
Governing Law .....	Laws of Québec and the laws of Canada applicable in Québec.
CUSIP .....	748148RU9
Common Code.....	052962498
ISIN Code.....	US748148RU93

## RECENT DEVELOPMENTS

*The information set forth below does not purport to be complete and supplements, and is qualified in its entirety by, the more detailed information contained in Québec's Annual Report on Form 18-K for the fiscal year ended March 31, 2010, as amended, and the other documents incorporated by reference in the basic prospectus. See "Documents Incorporated By Reference" in this prospectus supplement and "Where You Can Find More Information" in the accompanying prospectus.*

### Recent Economic Developments in 2010

The following table shows the changes in the main economic indicators for Canada and Québec through the latest period reported over the comparable period in the preceding year:

	Latest Period Reported	Percentage Changes Through Latest Period Reported Over Comparable Period in Preceding Year <sup>(1)</sup>	
		Canada	Québec
GDP:			
Real GDP (chained 2002 dollars).....	First quarter	2.2	2.3
Merchandise exports (2002 prices).....	April <sup>(2)</sup>	8.1	3.6
Retail trade.....	April	7.1	8.4
Housing starts .....	June	53.0	29.3
Value of manufacturers' shipments .....	June	10.2	5.4
Employment.....	June	1.1	1.3
Consumer Price Index.....	May	1.6	1.7
	Latest Month Reported	Percentage of Labor Force	
		Canada	Québec
Unemployment rate.....	June	8.1	8.0

<sup>(1)</sup> Seasonally adjusted average of months available except for Consumer Price Index.

<sup>(2)</sup> The last period is May for Canada.

Sources: Statistics Canada, Canada Mortgage and Housing Corporation and the Institut de la statistique du Québec.



## Economic Assumptions included in the 2010-2011 Budget for the Years 2010 and 2011

The forecast revenues and expenditures set forth in the 2010-2011 Budget reflect the following assumptions regarding the economy of Québec for the years 2010 and 2011. The forecast Consolidated Financial Transactions are set forth on page S-8 of this prospectus supplement.

	2010	2011
	Percentage Change over 2009	Percentage Change over 2010
GDP:		
At current market prices .....	4.0	4.5
In chained 2002 dollars .....	2.3	2.6
Personal income .....	3.1	3.5
Business non-residential capital expenditures (2002 prices) .....	4.3	9.1
International exports (2002 prices) .....	5.8	5.7
Consumer expenditures (2002 prices).....	2.3	1.8
Labor force.....	1.1	1.0
Employment.....	1.0	1.1
	<u>Average Rate</u>	<u>Average Rate</u>
Unemployment rate.....	8.5	8.4

Source: Institut de la statistique du Québec, Statistics Canada and Ministère des Finances du Québec.

Note: Economic assumptions, such as those included in the table above and in Québec's annual report on Form 18-K, and all amendments to that report, incorporated by reference in this prospectus supplement, are developed by Québec for and are a necessary part of the budget process. Actual results may differ materially from these assumptions.

(1) Observed rates.

## USE OF PROCEEDS

The net proceeds of the issue, being approximately U.S.\$1,490,122,550 (after deduction of our estimated expenses of U.S.\$ 232,450), will be added to the Consolidated Revenue Fund of Québec and will be applied to the general expenses of Québec or advanced to the Financing Fund of Québec as permitted by law.

## DESCRIPTION OF NOTES

*This prospectus supplement describes the terms of the Notes in greater detail than the accompanying prospectus and may provide information that differs from the prospectus. If the information in this prospectus supplement differs from the prospectus, you should rely on the information in this prospectus supplement.*

*Québec will issue the Notes under the Fiscal Agency Agreement (as defined below). The information contained in this section and in the accompanying prospectus summarizes some of the terms of the Notes. Because this is a summary, it does not contain all of the information that may be important to you as a potential investor in the Notes. Therefore, you should read the Fiscal Agency Agreement and the form of Notes in making your investment decision. Québec will file copies of these documents with the Commission and will also file copies of these documents at the offices of the fiscal agent and the paying agents.*

The Notes constitute a separate series of debt securities of Québec being offered by Québec from time to time. The portion of the Notes being offered by this prospectus supplement and the accompanying prospectus dated June 12, 2008 to be sold in the United States was registered under Registration Statement No. 333-151613, which Québec has filed with the Commission under the United States Securities Act of 1933, as amended (the “Securities Act”).

The Notes in the aggregate principal amount of U.S.\$1,500,000,000 will be issued subject to a fiscal agency agreement to be dated as of July 29, 2010 (the “Fiscal Agency Agreement”), between Québec and Deutsche Bank Trust Company Americas, as fiscal agent, transfer agent, registrar and principal paying agent (in all such capacities, the “Registrar”). Such terms and conditions will be available to beneficial owners of Notes from Québec or the Registrar upon request. Holders of Notes will be bound by, and deemed to have notice of, the provisions contained in the Fiscal Agency Agreement. Copies of the Fiscal Agency Agreement will be available for inspection at the Commission and also may be inspected at and obtained, free of charge, from the offices of the Registrar and Deutsche Bank AG, London Branch, the London Paying Agent, during their normal business hours on any weekday. References to principal and interest in respect of the Notes shall be deemed also to refer to any Additional Amounts which may be payable as described below. See “Payment of Additional Amounts”.

## Form, Denomination, Title and Registration

The Notes will be issued in the form of one or more fully registered global notes (the “Global Notes”) registered in the name of Cede & Co., as nominee of DTC, and held by Deutsche Bank Trust Company Americas, as custodian for DTC. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants of DTC, Euroclear or Clearstream, Luxembourg (collectively, the “Clearing Systems”). The Clearing Systems will be responsible for establishing and maintaining book-entry accounts for their participants having interests in the Notes. Beneficial owners of Notes will not, except in limited circumstances described herein, be entitled to receive Notes represented by physical certificates or to have Notes registered in their names, and will not be considered holders thereof under the Fiscal Agency Agreement. See “Certificated Notes”. Subject to applicable law and the terms of the Fiscal Agency Agreement, Québec and the Registrar shall deem and treat registered holders of the Notes as the absolute owners thereof for all purposes whatsoever notwithstanding any notice to the contrary; and all payments to, or on the order of, the registered holders shall be valid and shall discharge the liability of Québec and the Registrar on the Notes to the extent of the sum or sums so paid.

The Notes will only be sold in denominations of U.S.\$1,000 and integral multiples thereof.

The Registrar will be responsible for (i) maintaining a record of the aggregate holdings of Notes; (ii) ensuring that payments of principal and interest in respect of the Notes received by the Registrar from Québec are duly credited to DTC; and (iii) transmitting to Québec any notices from beneficial owners of Notes. The Registrar will not impose any fees in respect of the Notes, other than reasonable fees for the replacement of lost, stolen, mutilated or destroyed Notes. However, beneficial owners of Notes may incur fees payable in respect of the maintenance and operation of the book-entry accounts in which such Notes are held with the Clearing Systems.

## **Interest**

The Notes will bear interest from July 29, 2010 at a rate of 3.50% per annum, payable in two equal semi-annual installments, in arrears on January 29 and July 29, commencing on January 29, 2011. Interest on the Notes will cease to accrue on the maturity date (or the date fixed for redemption or repayment) unless, upon due presentation of the Notes, payment of principal is improperly withheld or refused.

Whenever it is necessary to compute any amount of interest in respect of the Notes, other than with respect to regular semi-annual payments, such interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The rate of interest specified in the Notes is a nominal rate and all interest payments and computations are to be made without allowances or deductions for deemed reinvestment.

## **Yield**

The yield, 3.547%, is calculated as the semi-annual expected return based on the cash flows of the Notes assuming one continuous re-investment rate for periodic coupon payments. The yield is calculated at the issue date on the basis of the initial public offering price. It is not an indication of future yield.

## **Payments**

Principal of, and interest and Additional Amounts (as defined below under “Payment of Additional Amounts”), if any, on, the Notes are payable by Québec in U.S. dollars to the person registered at the close of business on the relevant record date in the register held by the Registrar. With respect to Notes held by Cede & Co. for the benefit of DTC, payment will be made to beneficial owners of the Notes in accordance with customary procedures established from time to time by DTC and its direct and indirect participants, including Euroclear and Clearstream, Luxembourg. The Registrar will act as Québec's principal paying agent for the Notes pursuant to the Fiscal Agency Agreement.

If any date for payment in respect of any Note is not a Business Day in the applicable place of payment, the holder thereof shall not be entitled to payment until the next following Business Day, and no further interest shall be paid in respect of the delay in such payment. In this paragraph, “Business Day” means a day on which banking institutions in The City of New York and in any other applicable place of payment are not authorized or obligated by law or executive order to be closed.

## **Record Date**

The record date for purposes of payments of principal and interest and Additional Amounts, if any, on the Notes will be as of 5:00 p.m., New York City time, on the fourteenth calendar day preceding the maturity date or any interest payment date, as applicable. Ownership positions within each clearing system will be determined in accordance with the normal conventions observed by such system.

## **Payment of Additional Amounts**

All payments of principal and interest by Québec will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatever nature imposed or levied by or on

behalf of the Government of Canada or any province, territory or political division thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or charges is required by law or by interpretation or administration thereof. In that event, Québec will, subject to its redemption rights, pay such additional amounts (the “Additional Amounts”) as may be necessary in order that the net amounts receivable by the holder after such withholding or deduction shall equal the respective amounts of principal or interest which would have been receivable in respect of the Notes in the absence of such withholding or deduction; except that no such Additional Amount shall be payable with respect to any Note

- (i) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or charges in respect of such Note by reason of that person having some connection with Canada other than the mere holding or use outside Canada, or ownership as a non-resident of Canada, of such Note; or
- (ii) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on or before such thirtieth day; or
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other 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 holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another paying agent in a Member State of the European Union.

As used herein, “Relevant Date” means:

- (A) the date on which such payment first becomes due; or
- (B) if the full amount of the moneys payable has not been received by the Registrar on or prior to such date, the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the holders of the Notes in accordance with the notice procedures described under “Notices” below.

### **Maturity, Redemption and Purchases**

Unless previously redeemed for tax reasons as provided below, or purchased, the principal amount of the Notes shall be due and payable on July 29, 2020.

If, as a result of any change in, or amendment to, or in the official application of, the laws of Canada or the regulations of any taxing authority therein or thereof (other than Québec) or any change in, or in the official application of, or execution of, or amendment to, any treaty or treaties affecting taxation to which Canada is a party, which change or amendment shall have become effective after the date of this prospectus supplement, it is determined by Québec that it would be required at, or at any time prior to, maturity of the Notes to pay Additional Amounts as described under “Payment of Additional Amounts”, the Notes may be redeemed in whole but not in part at the option of Québec on not less than 30 nor more than 45 days' published notice in accordance with “Notices” below, at the principal amount thereof together with accrued interest.

Québec may, if not in default under the Notes, purchase Notes at any time, in any manner and at any price. If purchases are made by tender, tenders must be available to all holders of Notes alike.

## **Certificated Notes**

Notes represented by a Global Note are exchangeable for Notes represented by fully registered physical certificates (“Certificated Notes”) of like tenor and of an equal aggregate principal amount as the Global Note in denominations of U.S.\$1,000 or any integral multiples thereof (i) if the relevant depositary notifies Québec that it is unwilling or unable to continue as depositary for the Global Note or ceases to be a clearing agency registered under the Exchange Act at a time when it is required to be so registered and a successor depositary is not appointed by Québec within 90 days after receiving the notice or becoming aware that the depositary is no longer so registered; (ii) if Québec, in its discretion at any time, determines not to have any of the Notes represented by the Global Notes; or (iii) upon request by the depositary to the fiscal agent, acting on direct or indirect instructions of a holder or any beneficial owner of an interest in the Global Note, after an event of default entitling the holder to accelerate the stated maturity of the Global Note has occurred and is continuing, or, if the depositary does not promptly make that request, then any beneficial owner of an interest in the Global Note will be entitled to make that request to the fiscal agent. Québec acknowledges that if Certificated Notes are not promptly issued to the owners of beneficial interests in a Global Note as contemplated above, then that owner of a beneficial interest will be entitled to pursue any remedy under the fiscal agency agreement, the Global Note or applicable law with respect to the portion of the Global Note representing that owner's beneficial interest in the Global Note as if Certificated Notes had been issued.

If and for so long as the Notes are listed on the London Stock Exchange and if the rules of such stock exchange on which the Notes are listed so require, Québec will appoint and maintain a paying agent and transfer agent in London (the “London Paying Agent”) to act on its behalf. Québec will also ensure that, to the extent possible, it maintains a paying agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other law implementing or complying with, or introduced in order to conform to, such Directive. Payments of interest on Certificated Notes will be made by the Registrar in accordance with the Fiscal Agency Agreement. Certificated Notes may be surrendered at the office of the London Paying Agent for payment of principal at maturity or on the date fixed for redemption.

## **Modification**

The Fiscal Agency Agreement and the Notes may be amended by Québec and the Registrar without notice to or the consent of the holder of any Note, for the purpose of (a) curing any ambiguity; (b) curing, correcting or supplementing any defective provisions contained therein; (c) effecting the issue of further notes as described below under “Further Issues”; or (d) in any other manner which Québec and the Registrar, acting on the advice of independent counsel, may deem necessary or desirable and which will not be inconsistent with the Notes and which, in the reasonable opinion of Québec and the Registrar, will not adversely affect the interest of the holders of the Notes. No amendment may be made to the Fiscal Agency Agreement or the Notes which would in any way alter, amend or change the duties, responsibilities, obligations of or the protections afforded to the London Paying Agent without the prior written consent of the London Paying Agent.

The Fiscal Agency Agreement will contain provisions for convening meetings of registered holders of Notes to modify or amend by Extraordinary Resolution (as defined below) the Fiscal Agency Agreement (except as provided in the accompanying prospectus) and the Notes (including the terms and conditions thereof) or waive future compliance therewith or past default thereon by Québec. An Extraordinary Resolution duly passed at any such meeting shall be binding on all holders of Notes, whether present or not; provided, however, that no such modification or amendment to the Fiscal Agency Agreement or to the terms and conditions of the Notes may, without the consent of the holder of each such Note affected thereby: (a) change the stated maturity of any such Note; (b) reduce the principal amount of or rate of interest on any such Note; (c) change the currency of payment of any such Note; (d) impair the right to institute suit for the enforcement of any payment on or with respect to such Note; (e) reduce the percentage of the holders of Notes necessary to modify or amend the Fiscal Agency Agreement or the terms and conditions of the Notes or reduce the percentage of votes required for the taking of action or the quorum required at any meeting of holders of Notes; or (f) reduce the percentage of outstanding Notes necessary to waive any future compliance or past default.

The term “Extraordinary Resolution” will be defined in the Fiscal Agency Agreement as a resolution passed at a meeting of holders of Notes by the affirmative vote of the holders of not less than  $66\frac{2}{3}\%$  of the principal amount of Notes represented at the meeting in person or by proxy or as an instrument in writing signed by the holders of not less than  $66\frac{2}{3}\%$  in principal amount of the outstanding Notes. The quorum at any such meeting for passing an Extraordinary Resolution will

be two or more persons holding or representing at least a majority in principal amount of the Notes at the time outstanding, or at any adjourned meeting called by Québec or the Registrar, two or more persons being or representing holders of Notes whatever the principal amount of the Notes so held or represented.

## **Events of Default**

In the event that (a) Québec shall default in the payment of the principal amount of, or interest or Additional Amounts, if any, on, the Notes, as the same shall become due and payable, and such default shall continue for a period of 45 days or (b) default shall be made in the due performance or observance by Québec of any covenant or agreement contained in the Notes, other than the payment of principal, interest or Additional Amounts, or the Fiscal Agency Agreement, and such default shall continue for a period of 60 days or (c) Québec shall default in the payment of any principal of, or interest or additional amounts, if any, on, any indebtedness (direct or under a guarantee) for borrowed money, other than the Notes, as the same shall become due and payable, and such default shall continue for a period of 45 days, provided that the foregoing shall not be taken into account so long as the aggregate principal amount of all such indebtedness (direct or under a guarantee) for borrowed money with respect to which the foregoing has occurred does not exceed U.S.\$50,000,000 (or its equivalent in other currencies), then at any time thereafter and during continuance of such default, the registered holder of any Note (or its proxy) may deliver or cause to be delivered to Québec at Ministère des Finances, c/o Direction générale de opérations bancaires et financières, 8, rue Cook, Québec, Québec, Canada G1R 0A4, a written notice that such registered holder elects to declare the principal amount of the Notes held by him (the serial number or numbers of the Global Notes that represent such Notes and the principal amount of the Notes owned by him and the subject of such declaration being set forth in such notice) to be due and payable and, in the cases falling within either (a) or (c) above, on the fifteenth day after delivery of such notice, or, in the cases falling within (b) above, on the thirtieth day after delivery of such notice, the principal of the Notes referred to in such notice plus accrued interest thereon shall become due and payable, unless prior to that time all such defaults theretofore existing shall have been cured.

## **Notices**

All notices to the holders will be valid (i) in the case of Certificated Notes, if sent by first class mail (or equivalent) or (if posted to an overseas address) by airmail, or if delivered, to each holder (or the first named of joint holders) at each such holder's address as it appears in the Register held by the Registrar; (ii) in the case of Notes represented by a Global Note, if delivered to DTC for communication by it to the persons shown in its records as having interests therein and (iii) in either case, if and so long as the Notes are admitted to trading on, and listed on any stock exchange or are admitted to trading by another relevant authority, if in accordance with the rules and regulations of the relevant stock exchange or other relevant authority. Any such notice shall be deemed to have been given on the date of such delivery or, in the case of mailing, on the fourth weekday following such mailing.

## **Further Issues**

Québec may from time to time, without the consent of the holders of the Notes, issue further notes having the same terms and conditions as the Notes (or in all respects except for the payment of interest accruing prior to the issue date of such further notes or except for the first payment of interest following the issue date of such further notes), and consolidate the notes to form a single series with the outstanding Notes. Any further notes forming a single series with the outstanding Notes will be issued with the benefit of, and subject to an agreement supplemental to, the Fiscal Agency Agreement.

## **Prescription**

Under current Québec law, each Note will become void unless presented for payment of principal or interest within three years of the due date for payment.

## **Negative Pledge**

The terms of the Notes will not contain a negative pledge provision.

## **Clearing and Settlement**

Links have been established among DTC, Clearstream, Luxembourg and Euroclear to facilitate the initial issuance of the Notes and cross-market transfers of the Notes associated with secondary market trading. DTC will be linked indirectly to Clearstream, Luxembourg and Euroclear through the DTC accounts of their respective U.S. depositaries. At the time of the initial settlement, the Notes will be represented by one or more fully registered Global Notes without interest coupons which will not be exchangeable for fully registered physical certificates representing individual Notes. The Global Notes will be held by Deutsche Bank Trust Company Americas, as custodian for DTC, will be issued in registered form in the name of DTC's nominee, Cede & Co., and beneficial interests in the Global Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants of the Clearing Systems.

Information regarding DTC is set forth under “Description of the Securities — Book-Entry System” and under — “Clearing and Settlement” and information regarding Clearstream, Luxembourg and Euroclear is set forth under “Description of the Securities — Clearing and Settlement” in the accompanying prospectus.

## TAX MATTERS

**This summary is of a general nature only and is not intended to be, nor should it be considered to be, legal or tax advice to any particular holder and no representation with respect to the consequences to any particular holder is made. Therefore, you should consult your own tax advisors for advice regarding your individual circumstances.**

### Canadian Federal Income Taxation

In the respective opinions of Miller Thomson LLP, Canadian counsel to Québec, and Ogilvy Renault LLP, Canadian counsel to the underwriters, the following summary describes the federal income tax considerations generally applicable to a purchaser of the Notes pursuant to this offering who at all relevant times, for purposes of the *Income Tax Act* (Canada) (the “Act”), is not affiliated with Québec and holds the Notes as capital property. Generally, the Notes will be considered capital property to a holder provided that the holder does not use or hold and is not deemed to use or hold the Notes in the course of carrying on a business and has not acquired them in a transaction or transactions considered to be an adventure in the nature of trade.

This summary is not applicable to: (a) a holder that is a “financial institution”, as defined in the Act for purposes of the mark-to-market rules; (b) a holder that is an “authorized foreign bank”, as defined in the Act; (c) a holder that is a “registered non-resident insurer”, as defined in the Act; (d) a holder, an interest in which would be a “tax shelter investment”, as defined in the Act; (e) a holder that is a corporation that has elected in the prescribed form and manner and has otherwise met the requirements to use functional currency tax reporting as set out in the Act; or (f) a holder that is a “specified financial institution” as defined in the Act. Any such holder to which this summary does not apply should consult its own tax advisors with respect to the tax consequences of acquiring, holding and disposing of the Notes.

This summary is based on the current provisions of the Act and the regulations thereunder, all specific proposals to amend the Act and the regulations announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and counsel’s understanding of the current published administrative practices and assessing policies of the Canada Revenue Agency. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action, nor does it take into account provincial, territorial or foreign income tax considerations which may differ from the Canadian federal income tax considerations described herein.

### *Canadian Residents*

The following discussion is applicable to a holder who, at all relevant times, for purposes of the Act and any applicable tax treaty or convention, is, or is deemed to be a resident of Canada (a “Resident Holder”). Certain Resident Holders whose Notes might not otherwise qualify as capital property may make an irrevocable election in accordance with subsection 39(4) of the Act to have the Notes and every “Canadian security” (as defined in the Act) owned by such Resident Holder in the taxation year of election and all subsequent taxation years deemed to be capital property.

**Interest Payments.** A Resident Holder that is a corporation, partnership, unit trust or trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest that accrues or is deemed to accrue to it on a Note to the end of the year or became receivable or was received by it before the end of the year, to the extent that it was not included in computing its income for a preceding year.

A Resident Holder (other than a holder referred to in the previous paragraph) will be required to include in computing its income for a taxation year all interest on a Note that is received or receivable by such Resident Holder in a year (depending upon the method regularly followed by the holder in computing profit) to the extent that such interest was not included in computing its income for a preceding year.

Where a Resident Holder is required to include in computing income interest on a Note that accrued in respect of the period prior to its date of acquisition by such Resident Holder, the Resident Holder will be entitled to a deduction in computing income of an equivalent amount. The adjusted cost base of the Resident Holder in respect of the Note will be reduced by the amount which is so deductible.



Any premium paid by Québec to a Resident Holder because of the redemption or purchase by it of a Note before the maturity thereof will generally be deemed to be interest received at that time by the Resident Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of redemption or purchase of, the interest that would have been paid or payable by Québec on the Notes for a taxation year ending after the redemption or purchase.

**Dispositions.** On a disposition or deemed disposition of a Note, including a redemption or purchase by Québec or a repayment by Québec upon maturity, a Resident Holder will generally be required to include in computing its income for the taxation year in which the disposition occurred all interest on the Note that has accrued or is deemed to have accrued to such Resident Holder from the last interest payment date to the extent that such interest has not otherwise been included in its income for the year or a preceding year.

In general, a disposition or deemed disposition of a Note will give rise to a capital gain (capital loss) equal to the amount by which the proceeds of disposition net of accrued interest and any costs of disposition exceed (are exceeded by) the adjusted cost basis of the Note to the Resident Holder. The amount of any capital loss otherwise determined may be limited in certain circumstances. Generally, one-half of a capital gain must be included in income as a taxable capital gain and one-half of a capital loss is an allowable capital loss. An allowable capital loss for a year normally may be deducted by the Resident Holder in computing income to the extent of any taxable capital gains for the year. Any allowable capital loss not deductible in the year may be deducted against taxable capital gains in computing taxable income for any of the three preceding years or any subsequent year in accordance with the rules contained in the Act. Capital gains realized by an individual will be relevant in computing possible liability under the alternative minimum tax.

**Additional Refundable Tax.** A Resident Holder that is a “Canadian-controlled private corporation” (as defined in the Act) may be liable to pay an additional refundable tax of 6  $\frac{2}{3}$ % on certain investment income, including interest and taxable capital gains earned or realized in respect of the Notes.

**Foreign Exchange.** The Notes are denominated in U.S. dollars. All amounts relating to the acquisition, holding or disposition of Notes must be converted into Canadian dollars for the purposes of the Act and the regulations thereunder. A Resident Holder of Notes may realize a capital gain or loss by virtue of fluctuations in the Canadian dollar/U.S. dollar exchange rate. In addition, the Canadian dollar amount of accrued interest included in the Resident Holder’s income will be affected by fluctuations in Canadian dollar/U.S. dollar exchange rates.

**Eligibility for Investment.** The Notes are qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts and deferred profit sharing plans (except for deferred profit sharing plans of Québec or of an employer not dealing at arm's length with Québec).

#### *Non-Residents*

The following comments are generally applicable to a holder who, at all relevant times, for purposes of the Act and any applicable tax treaty or convention, is not, and is not deemed to be, a resident of Canada (and has never been, or been deemed to be, a resident of Canada) and does not use or hold the Notes in the course of carrying on a business in Canada (a “Non-Resident Holder”).

**Principal and Interest.** The payment by Québec of interest (including any amounts deemed to be interest) and principal on the Notes and of any premium as a result of the redemption or purchase by it of a Note before the maturity thereof to a Non-Resident Holder will not be subject to Canadian non-resident withholding tax. No other taxes on income (including taxable capital gains) will be payable by a Non-Resident Holder under the Act in respect of the receipt of interest or principal on the Notes or any amount received in respect of the acquisition, holding, disposition, redemption or deemed disposition of the Notes, including the receipt of any premium as a result of the redemption or purchase by Québec of a Note before the maturity thereof.

## United States Taxation

The following discussion summarizes the material United States federal income tax consequences of the ownership of Notes and is the opinion of Sullivan & Cromwell LLP, special tax counsel to Québec. It deals only with Notes held as capital assets by United States Holders, as defined below, who purchase the Notes in the offering at the offering price. It does not address special classes of holders including: dealers in securities or currencies, traders in securities that elect to mark to market their securities holdings, banks, tax-exempt organizations, life insurance companies, persons that hold Notes that are a hedge against, or are hedged against, currency or interest rate risks or that are part of a straddle or conversion transaction for tax purposes, or persons whose functional currency is not the U.S. dollar.

If you purchase the Notes at a price other than the offering price, amortizable bond premium or market discount rules may also apply. You should consult your tax advisor regarding this possibility. This discussion is based on the tax laws of the United States (including the Internal Revenue Code of 1986, as amended, existing and proposed regulations thereunder, and administrative and judicial interpretations thereof) as currently in effect. These laws are subject to change, possibly on a retroactive basis.

You are a United States holder if you are a beneficial owner of a Note and you are:

- a citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

If a partnership holds the Notes, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. If you are a partner in a partnership holding the Notes, you should consult your tax advisor with regard to the United States federal income tax treatment of an investment in the Notes.

**Before purchasing these Notes, please consult your own tax advisor concerning the consequences of owning these Notes in your particular circumstances under the code and the laws of any other taxing jurisdiction.**

### *Payments of Interest*

Interest on your Note is ordinary income that you will recognize when you receive the interest or when the interest accrues, depending on your method of accounting for tax purposes. Interest paid by Québec on the Notes is income from sources outside the United States, subject to the rules regarding the foreign tax credit allowable to a United States Holder. Under the foreign tax credit rules, interest payments will, depending on your circumstances, be either “passive” or “general” income for purposes of computing the foreign tax credit.

### *Purchase, Sale, Retirement and Other Disposition of the Notes*

Your tax basis in your Note generally will be its cost. If you sell or exchange your Note (or it is retired by Québec), you will generally recognize capital gain or loss equal to the difference between the amount realized (not including any amounts attributable to accrued and unpaid interest) and your tax basis in the Note. Capital gain of a non-corporate United States Holder is generally taxed at preferential rates if the holder has a holding period of greater than one year.

### *Medicare Tax*

For taxable years beginning after December 31, 2012, a U.S. person that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) the U.S. person’s “net investment income” for the relevant taxable year and (2) the excess of the U.S. person’s modified gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual’s circumstances). A holder’s net investment income will generally include its gross interest income and its net gains from the disposition of the bonds, unless such interest payments or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a U.S. person that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the bonds.

### *Backup Withholding and Information Reporting*

#### *Payments of Principal and Interest*

If you are a non-corporate United States Holder, information reporting requirements (on Internal Revenue Service Form 1099) generally will apply to payments of principal and interest on a Note within the United States (including payments made by wire transfer from outside the United States to an account you maintain in the United States).

Additionally, “backup withholding” will apply to such payments if you are a non corporate United States Holder that (i) fails to provide an accurate taxpayer identification number, (ii) is notified by the Internal Revenue Service that you have failed to report all interest and dividends required to be shown on your federal income tax returns, or (iii) in certain circumstances, fails to comply with applicable certification requirements.

#### *Proceeds from the Sale of a Note*

Payment of the proceeds from the sale of a Note to or through the United States office of a broker may be subject to information reporting and backup withholding. Payment of the proceeds from the sale of a Note made to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. Information reporting and backup holding may apply to such payments, however, if the broker is: a United States person, a controlled foreign corporation for United States tax purposes, a foreign person 50% or more of whose gross income is effectively connected with a United States trade or business for a specified three-year period, or a foreign partnership, if at any time during its tax year (i) one or more of its partners are U.S. persons (as defined in U.S. Treasury regulations) who in the aggregate hold more

than 50% of the income or capital interest in the partnership or, (ii) such foreign partnership is engaged in a United States trade or business.

### **European Union Savings Tax Directive**

Under EC Directive 2003/48/EC on the taxation of savings income (the “Savings Tax Directive”), a Member State is 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, or collected by such a person for, an individual resident in that Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 13 November 2008 the European Commission published a proposal for amendments to the Savings Tax Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved an amended version of this proposal on 24 April 2009. Investors who are in any doubt as to their position should consult their professional advisers.

## UNDERWRITING

Subject to the terms and conditions set forth in the Québec Underwriting Agreement Standard Provisions (Debt Securities), dated July 22, 2010, and the Terms Agreement, dated July 22, 2010, Québec has agreed to sell to the underwriters named below, for whom Banc of America Securities LLC is acting as representative, the respective principal amounts of Notes set forth below.

<u>Underwriter</u>	<u>Principal Amount</u>
Banc of America Securities LLC .....	U.S.\$ 283,125,000
Deutsche Bank Securities Inc. ....	283,125,000
HSBC Securities (USA) Inc. ....	283,125,000
National Bank Financial Inc. ....	283,125,000
Bank of Montreal, London Branch. ....	52,500,000
CIBC World Markets Corp. ....	52,500,000
RBC Capital Markets Corporation .....	52,500,000
Scotia Capital (USA) Inc. ....	52,500,000
TD Securities (USA) LLC .....	52,500,000
Mitsubishi UFJ Securities International plc .....	15,000,000
BNP Paribas Securities Corp. ....	15,000,000
Casgrain & Company (USA) Limited. ....	15,000,000
Citigroup Global Markets Inc. ....	15,000,000
Desjardins Securities Inc. ....	15,000,000
J.P. Morgan Securities Ltd. ....	15,000,000
RBS Securities Inc. ....	15,000,000
 Total .....	 <u>U.S.\$1,500,000,000</u>

The underwriting agreement provides that the underwriters are obligated to purchase all of the Notes if any are purchased. The underwriting agreement provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering of Notes may be terminated. We have undertaken to the underwriters in the underwriting agreement to use all reasonable efforts to have the Notes admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Regulated Market as soon as possible after the closing of the issue. We cannot guarantee that these applications will be approved and settlement of the Notes is not conditional on obtaining the listing.

The underwriters propose to offer the Notes initially at the public offering price on the cover page of this prospectus supplement, and to selling group members at that price less a concession of 0.15% of the principal amount per Note. After the initial public offering, the public offering price and concession may be changed by the representative.

We estimate that our out-of-pocket expenses for this offering will be approximately U.S.\$ 152,450, excluding a partial reimbursement of the underwriters' expenses estimated at U.S.\$ 80,000. Save for the underwriting discount, so far as we are aware, no person involved in the issue of the Notes has a material interest in the offer.

The underwriters agree to purchase the Notes pursuant to the provisions of an underwriting agreement. There is no application period. Prospective investors may subscribe for Notes in accordance with the arrangements existing between the underwriters and their customers relating to the subscription of global notes generally.

There is no set timetable for the offering. Generally, sales representing the entire aggregate principal amount of the offering are confirmed by the underwriters shortly after the initial pricing terms are settled.

Investors commit to purchasing the Notes when sales are confirmed by the underwriters. No investor in the Notes is required to pay in advance of delivery an amount that may be in excess of the total price for the securities purchased.

The underwriters will allot Notes to prospective investors and notification of the allotment will be made in accordance with the arrangements existing between the underwriters and their customers relating to the allotment of global notes generally. The Notes are generally freed to trade shortly after the initial pricing terms are settled and notification of allotment is made.

Purchasers may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price set forth above.

The Notes are a new issue of securities with no established trading market. We have been advised by the representative that one or more of the underwriters intend to make a market in the Notes, but are not obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of, or the trading market for, the Notes.

We have agreed to indemnify the underwriters against liabilities under the Securities Act, or contribute to payments which the underwriters may be required to make in respect thereof.

In connection with the issue of the Notes, Banc of America Securities LLC (or a person or persons acting on its behalf) may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that Banc of America Securities LLC (or a person or persons acting on its behalf) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilization or over-allotment must be conducted by Banc of America Securities LLC (or a person or persons acting on its behalf) in accordance with all applicable laws and rules.

In the ordinary course of their respective businesses, certain of the underwriters and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with Québec.

We expect that delivery of the Notes will be made against payment therefor on or about the closing date specified on the cover page of this prospectus supplement, which is the 5<sup>th</sup> business day following the date hereof (this settlement cycle being referred to as “T+5”). Under Rule 15c6-1 of the Commission under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to that trade expressly agree otherwise. Accordingly, U.S. purchasers who wish to trade the Notes prior to the date of delivery may be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any trade to prevent a failed settlement. Purchasers of the Notes in other countries who wish to trade the Notes on the date hereof or on the next business day should consult their own advisor.

## **Selling Restrictions**

### **General**

Each of the underwriters has severally agreed that it will not offer, sell or deliver any of the Notes, directly or indirectly, or distribute this prospectus supplement or prospectus or any other offering material relating to the Notes, in or from any jurisdiction except under circumstances that, to the best knowledge and belief of such underwriter, will result in compliance with the applicable laws and regulations thereof and which will not impose any obligations on Québec except as set forth in the underwriting agreement.

### **Canada**

Section 138 of the *Securities Act* (Nova Scotia), as amended (the “Nova Scotia Act”), provides that where an offering memorandum (as defined in the Nova Scotia Act for purposes of this section), together with any amendment thereto, or any advertising or sales literature (as defined in the Nova Scotia Act), contains a misrepresentation (as defined in the Nova Scotia Act), a purchaser in Nova Scotia to whom the offering memorandum has been sent or delivered and who purchases a security referred to therein is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase, and the purchaser has a right of action for damages against the seller (which

includes the issuer) and, subject to certain additional defences, every director of the seller at the date of the offering memorandum and every person who signed the offering memorandum, but may elect to exercise a right of rescission against the seller, in which case the purchaser has no right of action for damages against the seller or the other foregoing persons.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) in an action for rescission or damages, the defendant will not be liable if the defendant proves that the purchaser purchased the security with knowledge of the misrepresentation;
- (b) in an action for damages, the defendant is not liable for all or any portion of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation; and
- (c) in no case shall the amount recoverable under the right of action described herein exceed the price at which the securities were offered under the offering memorandum or amendment to the offering memorandum.

In addition, no person or company, other than the issuer, is liable in an action for damages or rescission:

- (a) if the person or company proves that the offering memorandum or the amendment to the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (b) if the person or company proves that after delivery of the offering memorandum or the amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum, or amendment to the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum, or amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it;
- (c) if the person or company proves that with respect to any part of the offering memorandum or the amendment to the offering memorandum purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:
  - (i) there had been a misrepresentation; or
  - (ii) the relevant part of the offering memorandum or any amendment to the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or
- (d) with respect to any part of the offering memorandum or amendment to the offering memorandum not purporting:
  - (i) to be made on the authority of an expert; or
  - (ii) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, the offering memorandum or amendment to the offering memorandum, the misrepresentation is deemed to be contained in the offering memorandum or amendment to the offering memorandum.

No action shall be commenced to enforce the foregoing rights unless an action is commenced to enforce those rights not later than 120 days after the date on which payment was made for the security or after the date on which the

initial payment for the security was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

The right of action for rescission or damages conferred by section 138 of the Nova Scotia Act is in addition to and without derogation from any right the purchaser may have at law.

### **European Economic Area**

In relation to each Relevant Member State, each underwriter has severally represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of the Notes which are the subject of the offering contemplated by the underwriting agreement to the public in that Relevant Member State other than:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural persons or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of Banc of America Securities LLC for such offer; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Notes shall require Québec or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this section, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **United Kingdom**

Each of the underwriters has severally represented and agreed that (i) 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 and sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to Québec; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **Italy**

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”) pursuant to Italian securities legislation and, accordingly, each of the underwriters has severally represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, any Notes in the Republic of Italy (“Italy”) in a solicitation to the public, and that sales of Notes in Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.



Each of the underwriters has severally represented and agreed that it will not offer, sell or deliver any Notes or distribute copies of this prospectus supplement, the accompanying prospectus or any other document relating to the Notes in Italy except:

- (1) to Qualified Investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (“Decree No. 58”) and as defined under Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (“CONSOB Regulation No. 11971”); or
- (2) in other circumstances where an express exemption from compliance with the public offering restrictions applies, as provided under Article 100 of Decree No. 58 or CONSOB Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this prospectus supplement, the accompanying prospectus or any other document relating to the Notes in Italy must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of September 1, 1993, as amended (the “Banking Act”), Decree No. 58 and CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and any other applicable laws and regulations;
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy.

*Please note that in accordance with Article 100-bis of the Consolidated Financial Services Act, where no exemption from the rules on public offerings applies under (1) and (2) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Consolidated Financial Services Act and CONSOB Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.*

## **France**

Each of the underwriters has severally represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this prospectus supplement, the accompanying prospectus or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*) other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

## **Japan**

The Notes have not been and will not be registered under the *Financial Instruments and Exchange Act of Japan* (Law No. 25 of 1948, as amended) (the “FIEA”). Each of the underwriters has severally represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the *Foreign Exchange and Foreign Trade Control Law* (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and all other applicable laws, regulations and ministerial guidelines of Japan promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time.

## **VALIDITY OF THE NOTES**

The validity of the Notes will be passed upon for Québec by Miller Thomson LLP, and for the underwriters by Ogilvy Renault LLP. Certain matters of United States law are being passed upon by Sullivan & Cromwell LLP. Sullivan & Cromwell LLP will rely as to all matters of Canadian and Québec law on the opinions of Ogilvy Renault LLP and Miller Thomson LLP. Ogilvy Renault LLP and Miller Thomson LLP will rely as to all matters of New York law on the opinion of Sullivan & Cromwell LLP. Miller Thomson LLP, Ogilvy Renault LLP and Sullivan & Cromwell LLP have, from time to time, rendered legal services to Québec not connected with the offering of the Notes.

## **OFFICIAL STATEMENTS**

The information set forth or incorporated by reference herein, except the information appearing under “Underwriting” in this prospectus supplement and under “Plan of Distribution” in the accompanying prospectus, was supplied by the Ministère des Finances du Québec, in its official capacity, duly authorized therefor.

## **GENERAL INFORMATION**

### **Listing of the Notes**

We have undertaken to the underwriters to use all reasonable efforts to have the Notes admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Regulated Market as soon as possible after the closing of the issue of the Notes.

### **Authorizations**

The issue and terms of the Notes were authorized under a borrowing plan created by Order in Council No. 488-2010 adopted by the Gouvernement du Québec on June 9, 2010, pursuant to the Financial Administration Act (Québec).

### **France**

This prospectus supplement and the accompanying prospectus prepared in connection with the Notes have not been submitted to the clearance procedures of the *Autorité des marchés financiers*.

### **Litigation and Arbitration Proceedings**

Save as disclosed in the accompanying prospectus (on “Native Peoples” see pages 7 and 8 of Exhibit 99.1 to Form 18-K filed on June 9, 2010; on “Taxes” see pages 24 and 25 of Exhibit 99.1 to Form 18-K filed on June 9, 2010; on “Government Employees and Collective Unions” see pages 28 and 29 of Exhibit 99.1 to Form 18-K filed on June 9, 2010; on “Retirement Plans” see page 31 of Exhibit 99.1 to Form 18-K filed on June 9, 2010; on “Government Enterprises and Agencies” see pages 32 through 38 of Exhibit 99.1 to Form 18-K filed on June 9, 2010; and on “Softwood Dispute” see pages 16 and 17 of Exhibit 99.1 to Form 18K filed on June 9, 2010), Québec is not involved in any legal or arbitration proceedings which may have or have had during the past 12 months a significant effect on Québec's financial position, nor is Québec aware of any such proceedings pending or threatened.

### **No Material Adverse Change**

Save as disclosed in this prospectus supplement and the accompanying prospectus (including the documents incorporated by reference therein), there has been no material adverse change in the financial position or the prospects of Québec since March 31, 2010.

## **Clearance**

The Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg (Common Code 052962498, ISIN Code US748148RU93 and CUSIP 748148RU9). The address of DTC is 55 Water Street, New York, New York, 10041-0099, United States of America, the address of Euroclear is 1 Boulevard du Roi Albert II, B.1210, Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

## **Enforcing a foreign judgment in Québec**

In enforcing a foreign judgment in foreign currency, a Québec court will convert into Canadian currency at the rate of exchange prevailing on the date the foreign judgment became enforceable at the place where it was rendered. There is no currency indemnity in the terms and conditions of the Notes to make an investor whole for any difference in the exchange rate between the date the foreign judgment became enforceable where it was made and the date of its enforcement by a Québec court.

## QUÉBEC

Direction du financement des organismes publics et de la documentation financière

Ministère des Finances

12, rue Saint-Louis

Québec, Québec

Canada G1R 5L3

(Tel: (418) 643-8141)

## UNDERWRITERS

**Banc of America  
Securities LLC**  
One Bryant Park  
New York, NY 10036  
U.S.A.

**HSBC Securities (USA) Inc.**  
452 Fifth Avenue, 3rd Floor  
New York, NY 10018  
U.S.A.

**Deutsche Bank Securities  
Inc.**  
60 Wall Street  
New York, NY 10005  
U.S.A.

**National Bank Financial  
Inc.**  
Sun Life Building  
1155 Metcalfe Street  
Montreal, Québec  
H3B 4S9 Canada

**Bank of Montreal,  
London Branch**  
95 Queen Victoria  
Street  
London, EC4V 4HG  
United Kingdom

**CIBC World Markets  
Corp.**  
300 Madison Avenue  
5th Floor  
New York, NY 10017  
U.S.A.

**RBC Capital Markets  
Corporation**  
Three World Financial  
Center  
200 Vesey Street  
New York, NY 10281  
U.S.A.

**Scotia Capital (USA)  
Inc.**  
One Liberty Plaza  
165 Broadway  
25th Floor  
New York, NY 10006  
U.S.A.

**TD Securities (USA)  
LLC**  
31 West 52nd Street,  
18th Floor  
New York, NY 10019-  
6101 U.S.A.

**Mitsubishi UFJ  
Securities  
International plc**  
6 Broadgate  
London EC2M  
2AA  
United Kingdom

**BNP Paribas  
Securities Corp.**  
787 Seventh  
Avenue, New  
York, NY 10019  
U.S.A.

**Casgrain &  
Company (USA)  
Limited**  
1200 McGill  
College, 21st  
Floor, Montréal,  
Québec H3B 4G7  
Canada

**Citigroup  
Global Markets  
Inc.**  
388 Greenwich  
St.  
New York, NY  
10013  
U.S.A.

**Desjardins  
Securities Inc.**  
1170 Peel Street  
Suite 300  
Montréal, Québec  
H3B 0A9  
Canada

**J.P. Morgan  
Securities  
Ltd.**  
125 London  
Wall  
London EC2Y  
5AJ  
United  
Kingdom

**RBS  
Securities  
Inc.**  
600  
Washington  
Boulevard  
Stamford, CT  
06901  
U.S.A.

## LEGAL ADVISORS

*To Québec*  
**Miller Thomson LLP**  
CIBC Tower, 31st Floor  
1155 René-Lévesque Blvd. West  
Montréal, Québec  
Canada H3B 3S6

*To the underwriters*  
**Sullivan & Cromwell LLP**  
125 Broad Street  
New York, N.Y. 10004  
United States of America

**Ogilvy Renault LLP**  
1, Place Ville Marie  
Bureau 2500  
Montréal, Québec  
Canada H3B 1R1

**Ogilvy Renault LLP**  
Bankside House  
107 Leadenhall Street  
London EC3A 4AF  
United Kingdom

**REGISTRAR, FISCAL,  
TRANSFER AND PRINCIPAL PAYING AGENT**  
**Deutsche Bank Trust Company Americas**  
60 Wall Street, 27th Floor  
MS: NYC60-2710  
New York, N.Y. 10005  
U.S.A.

**LONDON PAYING AGENT AND  
TRANSFER AGENT**  
**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

PROSPECTUS



U.S. \$3,500,000,000

Debt Securities

Warrants

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This prospectus contains summaries of the general terms of these securities. We will provide specific terms of these securities in supplements to this prospectus. You should read this prospectus and any supplement carefully before you invest. This prospectus may not be used to make offers or sales of securities or warrants unless accompanied by a supplement.

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*Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.*

The date of this prospectus is June 12, 2008.

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*Please note that in this prospectus, references to “we”, “our” and “us” refer to Québec.*

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### **Where You Can Find More Information**

We file annual reports, amendments to annual reports and other information with the U.S. Securities and Exchange Commission (“SEC”). These reports include financial information about us and may be accompanied with exhibits.

You may read and copy any document we file with the SEC at the SEC’s public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The registration statement and the exhibits and schedules to the registration statement are also available through the SEC’s website at <http://www.sec.gov>.

You may also obtain copies of these documents at prescribed rates from the Public Reference Section of the SEC at its Washington address or, without charge, from us at the address listed below.

The SEC allows us to “incorporate by reference” the information we file with them, which means that we can disclose important information to you by referring to those documents. We incorporate by reference the documents listed below:

- our Annual Report on Form 18-K for the year ended March 31, 2008; and
- all amendments to our Annual Report on Form 18K/A for the year ended March 31, 2008 filed prior to the date of this prospectus.

We also incorporate by reference all our future annual reports and all amendments to annual reports, and any other information we file with the SEC pursuant to Sections 13(a) and 13(c) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), until we sell all of the Securities. Each time we file a document with the SEC that is incorporated by reference, the information in that document automatically updates the information contained in previously filed documents.

You may request a free copy of the annual reports, amendments to annual reports and other information mentioned above by writing to the following addresses:

- Québec  
Ministère des Finances  
Direction du financement des organismes publics et de la documentation financière  
12 rue Saint-Louis  
Québec, Québec  
Canada G1R 5L3;  
Tel.: (418) 643-8141  
Fax: (418) 643-4700

You should rely only on the information incorporated by reference or contained in this prospectus or any supplement to this prospectus. We have not authorized anyone to provide you with different or additional information. We are not making an offer of these Securities in any state where the offer is not permitted by the law. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents.

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### **Forward-Looking Statements**

This prospectus contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, which may change, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. We caution you that actual results may differ materially from those contained in any forward-looking statements.

### **Québec**

*The information set forth below is not complete and is qualified by the more detailed information contained in Québec's Annual Report on Form 18-K for the fiscal year ended March 31, 2008, and the other documents incorporated by reference in this prospectus.*

Québec is the largest by area of the ten provinces in Canada (1,541,000 square kilometers or 594,860 square miles, representing 15.4% of the geographical area of Canada) and the second largest by population (7.7 million, representing 23.3% of the population of Canada, as of January 2008).

Québec has a modern, developed economy, in which the service sector contributed 73.2%, the manufacturing industry 18.8%, the construction industry 5.8% and the primary sector 2.2% of real GDP at basic prices in chained 2002 dollars in 2007. The leading manufacturing industries in Québec are primary metal products (including aluminum smelting), transportation equipment products (including aircraft and motor vehicles and associated parts), food products, petroleum and coal products, chemical products, paper products and fabricated metal products. Québec also has significant hydroelectric resources, generating 31% of the electricity produced in Canada in 2007.

Montréal and Ville de Québec, the capital of Québec, are the centers of economic activity. Montréal is one of the main industrial, commercial and financial centers of North America and is Canada's second largest urban area as measured by population. Montréal is also Canada's largest port, situated on the St. Lawrence River, which provides access to the Atlantic Ocean and the inland navigation system of the Great Lakes.

French is the official language of Québec and is spoken by approximately 95% of its population.

### **Use of Proceeds**

Unless otherwise specified in the prospectus supplement applicable to the Securities you are purchasing, which we refer to as the "prospectus supplement", we will:

- add the net proceeds we receive from the sale of the Securities to the Consolidated Revenue Fund of Québec to be used for general purposes; or
- partially or entirely credit such proceeds to the Financing Fund of Québec to be used for loans to public institutions or governmental enterprises and agencies.

### **Description of the Securities**

We may at various times offer Debt Securities and, jointly or separately, Warrants to purchase Debt Securities (collectively, the "Securities") in distinct series. This section summarizes the material terms of the Securities which are common to all series. It does not, however, describe every aspect of the Securities. If the terms described in this section or in the prospectus supplement differ from the terms described in the Securities (the form of which will be filed with the SEC), you should rely on the terms described in the Securities.

#### *Debt Securities*

The Debt Securities, when issued, will constitute valid, binding, unsecured and unconditional obligations of us. We pledge our full faith and credit for the payment and performance of the Debt Securities. The Debt Securities will rank equally among themselves and with all other debt securities issued by us and outstanding at the date of the issue of the Debt Securities or in the future. They will be payable as to principal, premium, if any, and interest in lawful money of the United States of America or in any other currency or currencies specified in the prospectus supplement. Debt

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Securities will be payable in The City of New York at the offices of Citibank, N.A., or in any other place specified in the prospectus supplement.

### *Information Specified in the Prospectus Supplement*

The prospectus supplement will specify the following terms:

- the terms of the Debt Securities, including, where applicable:
  - the designation
  - the aggregate principal amount
  - the maturity date
  - rate or rates of any interest
  - any interest payment dates and the record dates for payment of principal and interest
  - the currency or currencies of denomination and payment
  - any index, price or formula to be used for determining the amount of any payment of principal, premium, if any, or interest
  - the denominations
  - any terms relating to the holding and transfer of Debt Securities
  - any terms for redemption, exchange, repurchase or sinking funds
- the names of and principal amounts to be purchased by any underwriters
- the purchase price
- any underwriting discounts and commissions
- any other terms of the plan of distribution.

### *Form, Exchange and Transfer*

Unless otherwise specified in the prospectus supplement, the Debt Securities will be in fully registered form only in specified denominations.

You may exchange your Debt Securities for other authorized denominations of the same series of equal aggregate principal amount. You may transfer and exchange your Debt Securities,

free of charge, subject to any restrictions set forth below. Unless otherwise specified in the prospectus supplement, Citibank, N.A., which acts as fiscal agent and paying agent, will keep a register for the registration and transfer of Debt Securities.

### *Sinking Funds*

If the prospectus supplement so indicates, we will agree, so long as any Debt Securities of a particular series are outstanding, to set aside, as a sinking fund for those Debt Securities on the dates set forth in the prospectus supplement, the Canadian dollar equivalent of the percentage of the principal amount of those Debt Securities indicated in the prospectus supplement. The funds so set aside will be invested in those Debt Securities, in direct or guaranteed obligations of Québec or in direct obligations of the Government of Canada, bonds of any municipality or school corporation in Québec, bonds issued by institutions which are fully subsidized by the Gouvernement du Québec or in other securities as may be determined by the Ministère des Finances.

The Debt Securities offered by this prospectus may include outstanding Debt Securities which are held in our sinking fund and are being resold by us or by government enterprises and agencies of Québec.

### *Domestic Debentures*

The Debt Securities may be debentures denominated and payable in Canadian dollars which are offered and sold in Canada (“Domestic Debentures”). The prospectus supplement relating to Domestic Debentures will contain a description of the terms of such Domestic Debentures, which will be governed by, and construed in accordance with, the laws of Québec and the laws of Canada applicable therein.

### *Redemption*

The prospectus supplement will indicate if the Debt Securities may be redeemed prior to their stated maturity.



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### *Original Issue Discount Securities*

Debt Securities may be issued as original issue discount securities to be sold at a substantial discount below their principal amount. We will describe in any prospectus supplement relating to original issue discount securities any special U.S. Federal income tax and other considerations applicable to those Debt Securities.

### *Transfers*

Unless otherwise indicated in the prospectus supplement, transfers between participants within Euroclear and Clearstream, Luxembourg, and between Euroclear and Clearstream, Luxembourg participants, will be effected in accordance with procedures established for this purpose from time to time by Euroclear and Clearstream, Luxembourg. Debt Securities may be transferred between DTC participants in accordance with procedures established for this purpose from time to time by DTC.

### *Governing Law*

Unless otherwise indicated in the prospectus supplement, the Debt Securities will be governed by the laws of Québec and the laws of Canada applicable therein. We will irrevocably consent to the fullest extent permitted by law to the giving of any relief (including, without limitation, the making, enforcement or execution against any property of any order or judgment) made or given in connection with any proceedings arising out of, or in connection with, the fiscal agency agreement and the Debt Securities. Information regarding jurisdiction of courts is set forth under “Jurisdiction” in this prospectus.

### *Place of Delivery*

Unless otherwise indicated in the prospectus supplement, the Debt Securities will be delivered in The City of New York.

### *Modifications*

Unless otherwise indicated in the prospectus supplement, the fiscal agency agreement and the Debt Securities may be amended by us and the fiscal agent without notice to or the consent of the holder of any Debt Security if the amendment:

- cures an ambiguity;
- cures, corrects or supplements any defective provisions contained in the fiscal agency agreement or in the Debt Securities; or

- is considered by us, acting on the advice of independent counsel, necessary or desirable and not inconsistent with the fiscal agency agreement or the Debt Securities, and will not, in our reasonable opinion (with the fiscal agent receiving an opinion of counsel satisfactory to it), adversely affect the interests of the holders of Debt Securities.

However, no modification to any Debt Security may, without the consent of the holder of that Debt Security:

- change the stated maturity or interest payment date of that Debt Security;
- reduce the principal amount of or the rate of interest on that Debt Security;
- change the currency of payment of that Debt Security;
- impair the right to institute suit for the enforcement of any payment on that Debt Security;
- reduce the percentage of holders of Debt Securities necessary to modify or amend the fiscal agency agreement or the terms and conditions of that Debt Security; or
- reduce the percentage of outstanding Debt Securities necessary to waive any future compliance or past default.

### *Notices*

Unless otherwise indicated in the prospectus supplement, all notices to the holders of Debt Securities will be published in English in London, England in the *Financial Times* (if and for so long as the Debt Securities are admitted to the Official List of the Financial Services Authority and to trading on the regulated market of the London Stock Exchange and the rules of the London Stock Exchange so require), in New York, New York in *The Wall Street Journal* and in Toronto, Ontario in *The Globe & Mail* and in French in Montréal, Québec in *La Presse*. If at any time publication in any such newspaper is not practicable, notices will be valid if published in an English language newspaper or, if in Québec, a French language newspaper, with general circulation in the respective market regions as we, with the approval of the fiscal agent, shall determine. Any such notice 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.

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### *Further Issues*

We shall be at liberty from time to time without the consent of the holders of the Debt Securities to create and issue further debt securities ranking equally in all respects (or in all respects save for the first payment of interest thereon), and such further debt securities shall be consolidated and form a single series, with the outstanding Debt Securities. Any further debt securities forming a single series with the outstanding Debt Securities shall be issued with the benefit of, and subject to an agreement supplemental to, the fiscal agency agreement.

### *Book-Entry System*

Unless otherwise specified in the prospectus supplement, the Debt Securities you purchase will be issued in the form of one or more fully registered global securities (each, a “Global Security”). Global Securities will be deposited with, or on behalf of, The Depository Trust Company, New York, New York (“DTC”) or any other depository or depositories identified in the prospectus supplement. These depositories may include The Canadian Depository for Securities Limited, the Euroclear System or Clearstream Banking, société anonyme. A Global Security will be registered in the name of the relevant depository or its nominee.

Except as described below, a Global Security may be transferred, in whole or in part, only to the relevant depository or its nominee.

Upon the issuance of a Global Security, we expect that the relevant depository will credit, on its book-entry registration and transfer system, the respective principal amounts of the Debt Securities represented by that Global Security to the accounts of institutions that have accounts with the depository (“Participants”). The accounts to be credited will be designated by the underwriters, dealers or agents, or by us, in the case of Debt Securities that we sell directly. Ownership of

beneficial interests in that Global Security will be limited to Participants or persons that may hold interests through Participants. Ownership of beneficial interests in that Global Security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the relevant depository (with respect to interests of Participants) and on the records of Participants (with respect to interests of persons other than Participants). Owners of beneficial interests in a Global Security may incur fees for the maintenance and operation of the book-entry system where that Global Security is held with DTC. The laws of some states require that some purchasers of securities take physical delivery of those securities in definitive form. Those laws may impair the ability to transfer beneficial interests in a Global Security.

Any payment of principal, premium or interest due on the Debt Securities on any interest payment date or at maturity will be made available by us to Citibank, N.A., as paying agent, or any other paying agent identified in the prospectus supplement, on that date. The paying agent will make those payments to the relevant depository in accordance with existing arrangements between the paying agent and that depository. We expect that the depository, upon receipt of any payment of principal, premium or interest, will credit Participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Security as shown on the records of the depository. We also expect that payments by Participants to owners of beneficial interests in the Global Security held through those Participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name”, and will be the responsibility of those Participants. Neither we nor the paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Security or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

So long as a depository (or its nominee) is the registered owner of a Global Security, that depository (or nominee) will be considered the sole owner and holder of the Debt Securities represented by that Global Security for all purposes of the

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Debt Securities. Except as provided below, or as may be specified in the prospectus supplement, owners of beneficial interests in a Global Security will not be entitled to have the Debt Securities represented by that Global Security registered in their names, will not be entitled to receive physical delivery of certificated Debt Securities in definitive form upon exchange or otherwise and will not be considered the owners or holders of any Debt Securities represented by a Global Security. Accordingly, each person owning a beneficial interest in a Global Security must rely on the procedures of the relevant depositary and, if that person is not a Participant, on the procedures of the Participant through which that person holds its interest, to exercise any rights of a holder of Debt Securities. We understand that, under existing industry practice, if an owner of a beneficial interest in a Global Security desires to take any action the relevant depositary (or nominee) as the holder of that Global Security is entitled to take, the depositary would authorize the Participants to take that action, and the Participants would authorize beneficial owners owning through those Participants to take that action or would otherwise act upon the instructions of beneficial owners owning through them.

Except as otherwise set forth in the prospectus supplement, a Global Security may not be transferred except as a whole by the relevant depositary to a nominee of the depositary or by a nominee of the depositary to the depositary or any other nominee of the depositary, or by the depositary or the nominee to another depositary or its nominee or to a successor of the depositary or a nominee of the successor. Debt Securities represented by a Global Security are exchangeable for certificated debt securities of like tenor and of an equal aggregate principal amount in denominations of U.S.\$1,000 (or other minimum denomination specified in the prospectus supplement) and integral multiples of U.S.\$1,000 only if:

- the relevant depositary notifies us that it is unwilling or unable to continue as depositary for the Global Security, or if at any time the depositary ceases to be a clearing agency registered under the Exchange Act at a time when it is required to be so registered, and we do not appoint a successor depositary within 90 days after receiving that notice or becoming aware that the depositary is no longer so registered;
- we notify the fiscal agent that all the Debt Securities represented by a Global Security are to be exchanged for certificated debt securities;
- upon request by one or more owners of beneficial interests in a Global Security after an event of default entitling the holders to accelerate the maturity of the related Debt Securities has occurred and is continuing; or
- in other events as may be specified in the prospectus supplement.

Any Debt Security that is exchangeable pursuant to the preceding sentence is to be exchanged for certificated debt securities registered in the names that the relevant depositary shall direct. Certificated debt securities may be presented for registration of transfer or exchange at the office of the paying agent in The City of New York or any other place specified in the prospectus supplement, and principal, premium, if any, and interest will be payable at that office of the paying agent, provided that interest may be paid by check mailed to the registered holders of the Debt Securities to their addresses appearing in the security register.

### *Clearing and Settlement*

Unless otherwise specified in the prospectus supplement, the clearing and settlement of Securities will be as follows:

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the procedures provided below in order to facilitate transfers of Securities among participants of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time. Neither we nor the fiscal agent will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

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Clearstream, Luxembourg, Euroclear and DTC have advised us as follows:

*Clearstream, Luxembourg.* Clearstream, Luxembourg is incorporated under the laws of Luxembourg as a professional depository. Clearstream, Luxembourg holds securities for its participating organizations (“Clearstream, Luxembourg Participants”) and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg Participants through electronic book-entry changes in accounts of Clearstream, Luxembourg Participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides Clearstream, Luxembourg Participants with, among other things, services for safekeeping, administration, clearance and establishment of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in several countries. As a professional depository, Clearstream, Luxembourg is subject to regulation by the Luxembourg Monetary Institute. Clearstream, Luxembourg Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, and may include the underwriters. Indirect access to Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream, Luxembourg Participant either directly or indirectly.

Distributions with respect to Securities held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream, Luxembourg Participants in accordance with its rules and procedures to the extent received by the U.S. Depository for Clearstream, Luxembourg.

*Euroclear.* Euroclear was created in 1968 to hold securities for participants of Euroclear (“Euroclear Participants”) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and

interfaces with domestic markets in several markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. (the “Euroclear Operator”), under contract with Euro-clear Clearance Systems S.C., a Belgian cooperative corporation (the “Cooperative”). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear Operator is regulated and examined by the Belgian Banking Commission.

Distributions of principal and interest with respect to Securities held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system’s rules and procedures, to the extent received by such system’s depository.

*DTC.* DTC is a limited-purpose trust company organized under the laws of the State of New York, a “banking organization” within the meaning of New York banking law, a member of the 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 of its Participants and to facilitate the clearance and settlement of securities transactions, like transfers and pledges, among its Participants in those securities through electronic book-entry changes in accounts of the Participants, thereby eliminating the need for physical movement of securities certificates. DTC’s Participants include securities brokers and dealers, banks, trust companies, clearing corporations and other types of organizations, some of whom (and/or their representatives) own DTC. Access to the DTC book-entry system is also available to others that clear through or maintain a custodial

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relationship with a Participant, either directly or indirectly. DTC agrees with and represents to its Participants that it will administer its book-entry system in accordance with its rules and by-laws and requirements of law. The rules applicable to DTC and its Participants are on file with the SEC.

If depositaries other than DTC are appointed, additional information with respect to those depositaries will be set forth in the prospectus supplement.

Customary settlement procedures will be followed for participants of each system at initial settlement. Settlement procedures applicable to the domestic United States dollar market will be followed for primary market purchasers which are participants in DTC, and Securities will be credited to their securities accounts on the settlement date against payment in U.S. dollars in same-day funds. Settlement procedures applicable to conventional eurobonds in registered form will be followed for primary market purchasers which are Euroclear or Clearstream, Luxembourg participants, and Securities will be credited to their securities accounts on the business day following the settlement date against payment for value on the settlement date.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds. Secondary market trading between Clearstream, Luxembourg Participants and/or Euroclear Participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg Participants or Euroclear Participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. Depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with

its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if a transaction meets its settlement requirements, deliver instructions to its U.S. Depositary to take action to effect final settlement on its behalf by delivering or receiving Securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg Participants and Euroclear Participants may not deliver instructions directly to the U.S. Depositaries.

Because of time zone differences, credits of Securities received in Clearstream, Luxembourg or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such Securities settled during such processing will be reported to the relevant Clearstream, Luxembourg Participants or Euroclear Participants on such business day. Cash received in Clearstream, Luxembourg or Euroclear as a result of sales of Securities by or through a Clearstream, Luxembourg Participant or a Euroclear Participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or Euroclear cash account only as of the business day following settlement in DTC.

### *Canadian Taxes on Debt Securities*

In the opinion of our counsel, Bélanger Sauv , l.l.p., and of Ogilvy Renault LLP, Canadian counsel for the underwriters or agents, if any, there are no withholding taxes payable under the laws of Canada or of Qu bec with respect to any Debt Securities or premium, if any, or interest thereon except in the circumstances set forth below. Under the *Income Tax Act* (Canada) (the “Act”), if any part of the interest (including amounts deemed interest under the Act) payable on the Debt Securities is:

- contingent or dependent upon the use of or production from property in Canada;

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- computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion; or
- computed by reference to dividends paid or payable to shareholders of any class of shares of a corporation;

then interest payable on the Debt Securities will not be exempt from withholding taxes unless the Debt Securities are “prescribed obligations” for those purposes. A prescribed obligation is a debt obligation the terms of which provide for an adjustment to the amount payable under the obligation that is determined by reference to a change in the purchasing power of money, and on which no amount payable, other than that adjustment, is contingent or dependent upon or computed by reference to any of the criteria listed above.

There are no other taxes on income or capital gains payable under the laws of Canada or of Québec in respect of any Debt Securities or premium, if any, or interest thereon by an owner who is not, nor is deemed to be, a resident of Canada and who does not use or hold, and is not deemed to use or hold, any Debt Securities in or in the course of carrying on a business in Canada and is not an insurer carrying on an insurance business in Canada and elsewhere and is not an authorized foreign bank carrying on a bank business in Canada within the meaning of the Act.

There are no estate taxes or succession duties imposed by Canada or Québec in respect of any Debt Securities or premium, if any, or interest thereon.

### *Warrants*

We may issue, together with any Debt Securities offered by a prospectus supplement or separately, Warrants for the purchase of other Debt Securities. The Warrants will be issued under warrant agreements to be entered into between us and a bank or trust company, as warrant agent, all as set forth in the prospectus supplement relating to a particular issue of Warrants. That prospectus supplement will set forth:

- the terms of the Debt Securities purchasable upon exercise of the Warrants;
- the principal amount of Debt Securities purchasable upon exercise of one Warrant, the exercise price and the procedures for, and conditions to, exercise for purchasing those Debt Securities;

- the dates on which the right to exercise the Warrants will commence and expire;
- the date, if any, on and after which the Warrants and the related Debt Securities will be separately transferable; and
- whether the Warrants represented by Warrant certificates will be issued in registered or bearer form, and if registered, where they may be transferred and registered.

Unless otherwise indicated in the prospectus supplement, the Warrants will be governed by the laws of Québec and the laws of Canada applicable therein. Unless otherwise indicated in the prospectus supplement, the Warrants will be delivered in The City of New York.

### **Jurisdiction**

We will appoint the Delegate General of Québec in New York, One Rockefeller Plaza, 26th Floor, New York, N.Y. 10020-2102, as our authorized agent upon whom process may be served in any action based on the Securities which may be instituted in any State or Federal court in The City of New York by the holder of any Security, and will expressly waive any immunity to service of process regarding any action to which the Delegate General of Québec might otherwise be entitled. This appointment will be irrevocable until all amounts in respect of the Securities have been paid, except that, if for any reason the designated agent ceases to be able to act as the authorized agent or no longer has an address in The City of New York, we will appoint another person or persons in The City of New York as our authorized agent. We will expressly accept the non-exclusive jurisdiction of any court and will irrevocably waive, to the fullest extent permitted by applicable law, any immunity from the jurisdiction of any court to which it might otherwise be entitled in any action based upon the Securities.



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We may be sued in the courts of Québec, and no applicable law requires the consent of any public official or authority for proceedings to be brought or judgment to be obtained against us arising out of or relating to obligations under the Securities. In addition, no immunity from suit is available to us in any action in those courts, irrespective of whether a party to the action or the holder of Securities is or is not resident within Québec or is or is not a citizen of Canada.

Although any judgment obtained in an action brought in the courts of Québec against us may not be enforced by execution, applicable statutes provide that whenever Québec is condemned by a judgment that has become definitive to pay a sum of money, the Ministre des Finances, after having received a certified copy of the judgment, shall pay the amount due out of the money at his or her disposal for that purpose or, failing that, out of the Consolidated Revenue Fund of Québec.

### **Plan of Distribution**

We may sell Securities to or through underwriters, and also may sell Securities directly to other purchasers or through agents.

The distribution of the Securities may be effected from time to time in one or more transactions at:

- a fixed price or prices, which may be changed;
- prices related to prevailing market prices; or
- negotiated prices.

The distribution may be effected in the United States and/or in any one or more other jurisdictions where permitted by law, as specified in the prospectus supplement.

In connection with the sale of Securities, underwriters or agents may receive compensation from us or from purchasers of Securities for whom they may act as agents, in the form of discounts, concessions or commissions. Underwriters, dealers and agents who participate in the distribution of Securities may be deemed to be underwriters, and any discounts or commissions received by them from us and any profit on the resale of Securities by them may be deemed to be underwriting discounts and commissions under the Securities

Act of 1933, as amended (the “Securities Act”). The prospectus supplement will identify these underwriters or agents, and will describe the compensation received from us.

Under agreements which we may enter into, dealers and agents who participate in the distribution of Securities may be entitled, and we have agreed that underwriters, if any, will be entitled, to indemnification by us against certain liabilities, including liabilities under the Securities Act.

The prospectus supplement relating to Domestic Debentures will contain a description of the plan of distribution of those Domestic Debentures.

### **Debt Record**

Québec has paid the full face amount of the principal of and premium, if any, and interest on (a) every debt security issued or assumed by it, and (b) every indirect debt security on which it has been required to implement its guarantees, all promptly when due in the currency and in the country where payable, subject to any applicable laws and regulations forbidding trading with the enemy during wartime.

### **Authorized Agent**

Our authorized agent in the United States is the Delegate General of Québec in New York, One Rockefeller Plaza, 26<sup>th</sup> floor, New York, New York 10020-2102.

### **Validity of the Securities**

Bélanger Sauvé, I.L.P., Montréal, Québec, will pass upon the validity of the Securities and all other matters of Canadian and Québec law and procedure on our behalf and that of Québec. The validity of the Securities and all other matters of Canadian and Québec law and procedure will be passed upon for the underwriters or agents, if any, by Ogilvy Renault LLP, Montréal, Québec. The validity of the Securities will be passed upon as to matters of New York law for the underwriters or agents, if any, by Sullivan & Cromwell LLP, New York, New York, who will rely as to all matters of Canadian and Québec law on the opinions of the aforementioned two firms.

Bélanger Sauvé, I.L.P., Ogilvy Renault LLP and Sullivan & Cromwell LLP have, from time to time, rendered legal services to us not connected with the offering of the Securities.

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### **Official Statements**

The information set forth or incorporated by reference herein, except for the information appearing under “Plan of Distribution”, was supplied by the Ministre des Finances du Québec, in its official capacity, duly authorized therefor.



# Québec