

## Final Terms dated January 26, 2006

### Québec

Issue of MXN1,500,000,000 8.27 per cent. Notes due January 19, 2016

Under the U.S. \$14,000,000,000 Euro Medium Term Note Programme

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated July 18, 2005, the Supplementary Prospectus dated 21 December, 2005 and the Supplementary Prospectus dated 10 January, 2006, which together constitute a base prospectus (the “Base Prospectus”) for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus as so supplemented. Full information on Québec and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus as so supplemented. The Prospectus and the Supplementary Prospectuses, together with all documents incorporated by reference therein, are available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/engb/pricesnews/marketnews/> under the name of Quebec and the headline “Publication of Prospectus”, and copies may be obtained at 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 and from the offices of Citibank, N.A., the issuing and principal paying agent for the Notes (the “Agent”), at 5 Carmelite Street, London, EC4Y 0PA. Copies of the documents incorporated by reference are also available at [www.finances.gouv.qc.ca](http://www.finances.gouv.qc.ca).

**The Base Prospectus as supplemented by these Final Terms has been prepared on the basis that all offers of Notes will be made pursuant to an exemption under the Prospectus Directive (2003/71/EC), as implemented in member states of the European Economic Area (“EEA”), from the requirement to produce a prospectus for offers of Notes. Accordingly, any person making or intending to make any offer within the EEA of Notes which are the subject of the placement contemplated in the Base Prospectus as supplemented by these Final Terms should only do so in circumstances in which no obligation arises for the Issuer to produce a prospectus for such offer. The Issuer has not authorised, nor does it authorise, the making of any offer of Notes through any financial intermediary, other than offers made by the Managers, which constitute the final placement of Notes contemplated in the Base Prospectus as supplemented by these Final Terms.**

- |    |   |   |
|----|---|---|
| 1. | Issuer:   | Québec  |
| 2. | (i) Series Number:  | 173   |
|    | (ii) Tranche Number:                                      | 1   |
| 3. | Specified Currency or Currencies:                         | Mexican Pesos (“MXN”)<br>(further particulars specified below in item 31) |
| 4. | Aggregate Nominal Amount of Notes<br>admitted to trading: |   |
|    | Series:   | MXN1,500,000,000  |
| 5. | Issue Price:  | 100 per cent. of the Aggregate Nominal Amount                             |

6.	Specified Denominations:	MXN100,000
7.	Issue Date and Interest Commencement Date:	January 31, 2006
8.	Maturity Date:	January 19, 2016
9.	Interest Basis:	8.27 per cent. Fixed Rate Note (further particulars specified below in item 15)
10.	Redemption/Payment Basis:	Redemption at Nominal Amount
11.	Change of Interest or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	Not Applicable
13.	Status of the Notes:	Senior
14.	Method of distribution:	Syndicated

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15.	<b>Fixed Rate Note Provisions</b>	Applicable																																										
(i)	Rate of Interest:	8.27 per cent. per annum payable semi-annually in arrear																																										
(ii)	Interest Payment Date(s):	<table> <thead> <tr> <th><u>Date</u></th> <th><u>Days</u></th> </tr> </thead> <tbody> <tr><td>Tuesday, August 1st, 2006</td><td>182</td></tr> <tr><td>Tuesday, January 30th, 2007</td><td>182</td></tr> <tr><td>Tuesday, July 31st, 2007</td><td>182</td></tr> <tr><td>Tuesday, January 29th, 2008</td><td>182</td></tr> <tr><td>Tuesday, July 29th, 2008</td><td>182</td></tr> <tr><td>Tuesday, January 27th, 2009</td><td>182</td></tr> <tr><td>Tuesday, July 28th, 2009</td><td>182</td></tr> <tr><td>Tuesday, January 26th, 2010</td><td>182</td></tr> <tr><td>Tuesday, July 27th, 2010</td><td>182</td></tr> <tr><td>Tuesday, January 25th, 2011</td><td>182</td></tr> <tr><td>Tuesday, July 26th, 2011</td><td>182</td></tr> <tr><td>Tuesday, January 24th, 2012</td><td>182</td></tr> <tr><td>Tuesday, July 24th, 2012</td><td>182</td></tr> <tr><td>Tuesday, January 22nd, 2013</td><td>182</td></tr> <tr><td>Tuesday, July 23rd, 2013</td><td>182</td></tr> <tr><td>Tuesday, January 21st, 2014</td><td>182</td></tr> <tr><td>Tuesday, July 22nd, 2014</td><td>182</td></tr> <tr><td>Tuesday, January 20th, 2015</td><td>182</td></tr> <tr><td>Tuesday, July 21st, 2015</td><td>182</td></tr> <tr><td>Tuesday, January 19th, 2016</td><td>182</td></tr> </tbody> </table>	<u>Date</u>	<u>Days</u>	Tuesday, August 1st, 2006	182	Tuesday, January 30th, 2007	182	Tuesday, July 31st, 2007	182	Tuesday, January 29th, 2008	182	Tuesday, July 29th, 2008	182	Tuesday, January 27th, 2009	182	Tuesday, July 28th, 2009	182	Tuesday, January 26th, 2010	182	Tuesday, July 27th, 2010	182	Tuesday, January 25th, 2011	182	Tuesday, July 26th, 2011	182	Tuesday, January 24th, 2012	182	Tuesday, July 24th, 2012	182	Tuesday, January 22nd, 2013	182	Tuesday, July 23rd, 2013	182	Tuesday, January 21st, 2014	182	Tuesday, July 22nd, 2014	182	Tuesday, January 20th, 2015	182	Tuesday, July 21st, 2015	182	Tuesday, January 19th, 2016	182
<u>Date</u>	<u>Days</u>																																											
Tuesday, August 1st, 2006	182																																											
Tuesday, January 30th, 2007	182																																											
Tuesday, July 31st, 2007	182																																											
Tuesday, January 29th, 2008	182																																											
Tuesday, July 29th, 2008	182																																											
Tuesday, January 27th, 2009	182																																											
Tuesday, July 28th, 2009	182																																											
Tuesday, January 26th, 2010	182																																											
Tuesday, July 27th, 2010	182																																											
Tuesday, January 25th, 2011	182																																											
Tuesday, July 26th, 2011	182																																											
Tuesday, January 24th, 2012	182																																											
Tuesday, July 24th, 2012	182																																											
Tuesday, January 22nd, 2013	182																																											
Tuesday, July 23rd, 2013	182																																											
Tuesday, January 21st, 2014	182																																											
Tuesday, July 22nd, 2014	182																																											
Tuesday, January 20th, 2015	182																																											
Tuesday, July 21st, 2015	182																																											
Tuesday, January 19th, 2016	182																																											
(iii)	Fixed Coupon Amount:	Not Applicable																																										
(iv)	Broken Amount(s):	Not Applicable																																										
(v)	Day Count Fraction:	Actual/360																																										
(vi)	Determination Dates:	Not Applicable																																										

(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
16.	<b>Floating Rate Note Provisions</b>	Not Applicable
17.	<b>Zero Coupon Note Provisions</b>	Not Applicable
18.	<b>Index-Linked Interest Note/other variable-linked interest Note Provisions</b>	Not Applicable
19.	<b>Dual Currency Note Provisions</b>	Not Applicable
<b>PROVISIONS RELATING TO REDEMPTION</b>		
20.	<b>Issuer Call Option</b>	Not Applicable
21.	<b>Noteholder Put Option</b>	Not Applicable
22.	<b>Final Redemption Amount of each Note</b>	Nominal Amount
23.	<b>Early Redemption Amount</b>	
	Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in Condition 5(e)):	Nominal Amount plus any accrued interest and additional amount
<b>GENERAL PROVISIONS APPLICABLE TO THE NOTES</b>		
24.	Form of Notes:	<b>Bearer Notes:</b>  Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note
25.	Financial Centre(s) or other special provisions relating to Payment Days:	Mexico City, New York and London
26.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
27.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of Québec to forfeit the Notes and interest due on late payment:	Not Applicable
28.	Details relating to Instalment Notes: amount of each instalment ("Instalment Amount") and date on which each payment is to be made:	Not Applicable
29.	Redenomination, renominatisation and reconventioning provisions:	Not Applicable
30.	Consolidation provisions:	Not Applicable

31. Other final terms:

For the purposes of the Notes:

If, at the time any payment of principal, premium, interest and/or other amounts, if any, in respect of the Notes is due (each a "Required Payment"), the Specified Currency is no longer (i) used by the government of the Republic of Mexico for the payment of public and private debts or (ii) used for settlement of transactions by public institutions in the Republic of Mexico or within the international banking community or (iii) expected to be available, when any Required Payment is due as a result of circumstances beyond the control of the Issuer, the Issuer shall be entitled to satisfy its obligations in respect of such Required Payment by making such Required Payment in U.S. Dollars (the "Alternative Payment Amount"), on the basis of the USD/MXN bid-spot foreign exchange rate (expressed as the number of U.S. Dollars (or part thereof) as at 12:30p.m. (New York time) on the second Business Day prior to the relevant date of payment, for which one Mexican Peso could be purchased as quoted on Reuters screen <MXN=D2> (or its successor page for the purpose of displaying such rates) or, if such rate is not available on such second Business Day, on the basis of the rate most recently available prior to such second Business Day. Any payment made under such circumstances in U.S. Dollars, will constitute valid payment and will not constitute a default in respect of this Note. The Issuer's communications, opinions and decisions given, expressed, made or obtained by the Issuer hereunder shall be at its sole discretion and shall (in the absence of manifest error, willful default or bad faith) be conclusive for all purposes and binding on the Issuer, the Paying Agents and the holders of the Notes or Coupons (if any). By acceptance thereof, purchasers of the Notes will be deemed to have acknowledged and agreed and to have waived any and all actual or potential conflicts of interest that may arise as a result of the calculation of the Alternative Payment Amount by the Issuer.

**DISTRIBUTION**

32. (i) If syndicated, names and addresses of Managers and underwriting commitments:

***Lead Manager:***

Merrill Lynch International  
Merrill Lynch Financial Centre  
2 King Edward Street  
London EC1A 1HQ  
MXN1,348,000,000

***Co-Lead Manager***

Scotia Capital Inc.  
33 Finsbury Square  
London EC2A 1BB  
MXN152,000,000

- (ii) Date of Subscription Agreement:

January 26, 2006

- (iii) Stabilising Manager (if any):

In connection with any issue of a Tranche of Notes, Merrill Lynch International (or any person acting on behalf of such person) may over-allot Notes (provided that the aggregate nominal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Tranche) 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 the Stabilising Manager (or

any person acting on behalf of the Stabilising Manager) will undertake stabilising action. Any stabilising action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Tranche 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 Tranche and 60 days after the date of the allotment of the Tranche.

33. If non-syndicated, name and address of Purchaser(s): Not Applicable
34. Total commission and concession: 0.35 per cent. of the Aggregate Nominal Amount
35. Additional selling restrictions: Mexico

(including any modifications to those contained in the Prospectus noted above)

THE INFORMATION CONTAINED IN THE FINAL TERMS IS THE EXCLUSIVE RESPONSIBILITY OF THE ISSUER (OTHER THAN THE INFORMATION RELATING TO THE ISSUER'S RATINGS AS PUBLISHED BY MOODY'S AND STANDARD & POOR'S) AND HAS NOT BEEN REVIEWED BY THE NATIONAL BANKING AND SECURITIES COMMISSION OF MEXICO (*COMISIÓN NACIONAL BANCARIA Y DE VALORES*).

THE NOTES HAVE NOT BEEN REGISTERED IN THE SECURITIES SECTION OF THE MEXICAN NATIONAL SECURITIES REGISTRY (*REGISTRO NACIONAL DE VALORES*), AND THEREFORE THEY ARE NOT THE SUBJECT OF A PUBLIC OFFER OR BEING INTERMEDIATED (WITHIN THE MEANING OF THE MEXICAN SECURITIES MARKET LAW) IN MEXICO. ANY INVESTOR OF MEXICAN NATIONALITY THAT PURCHASES THESE NOTES, WILL DO SO UNDER ITS OWN RESPONSIBILITY. NOTWITHSTANDING THE FOREGOING, AUTHORISED BROKER-DEALERS IN MEXICO MAY PERFORM INTERMEDIATION ACTIVITIES IN FOREIGN MARKETS AS PERMITTED BY ARTICLE 104 OF THE SECURITIES MARKET LAW (*LEY DEL MERCADO DE VALORES*) AND THE FIFTH SECTION OF THE GENERAL PROVISIONS APPLICABLE TO BROKER-DEALERS (*DISPOSICIONES DE CARÁCTER GENERAL APLICABLES A LAS CASAS DE BOLSA*) ISSUED BY THE NATIONAL BANKING AND SECURITIES COMMISSION.

Applicable TEFRA exemption: TEFRA D Rules

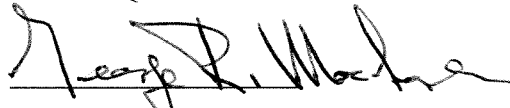
#### **LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the U.S.\$14,000,000,000 Euro Medium Term Note Programme of Québec.

**RESPONSIBILITY**

Québec accepts responsibility for the information contained in these Final Terms. Québec confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from the information published by Moody's Investors Service ("Moody's") and Standard & Poor's Rating Services, a division of McGraw-Hill Companies Inc. ("S&P"), no facts have been omitted which would render the reproduced inaccurate or misleading.

Signed on behalf of Québec:

By:   
Duly Authorised

## **PART B – OTHER INFORMATION**

### **1. LISTING**

(i) Listing:

Application has been made for the Notes to be listed on the Official List of the UK Listing Authority.

Application has also been made to list the Notes in the Bolsa Mexicana de Valores, under the Sistema Internacional de Cotizaciones (SIC).

(ii) Admission to trading:

Application has been made for the Notes to be admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market with effect from January 31, 2006.

### **2. RATINGS**

Ratings:

The Notes to be issued under the Programme have been rated:

**S&P: A+** 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 commitment 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.

**Moody's: A1** 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 to 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.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning agency and each rating should be evaluated independently of any other.

The information regarding ratings above has been extracted from the websites of Moody's and S&P, as applicable. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by Moody's and S&P, no facts have been omitted which would render the reproduced inaccurate or misleading.

### **3. NOTIFICATION**

Not applicable.

### **4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save as discussed in "Subscription and Sale", so far as Québec is aware, no person involved in the offer of the Notes has an interest material to the offer.

## 5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the Offer: See "Use of Proceeds" in the Base Prospectus.
- (ii) Estimated net proceeds: MXN1,494,750,000
- (iii) Estimated total expenses: US\$45,000 to cover the Lead Manager's estimated legal fees, the estimated listing fees of the London Stock Exchange and the Bolsa Mexicana de Valores, under the Sistema Internacional de Cotizaciones and the remainder to cover the settlement in Euroclear, Clearstream and Indeval and miscellaneous expenses.

## 6. YIELD

Indication of yield: 8.27 per cent. per annum.

Calculated on the basis of the benchmark of MBoNo 8.0 per cent. due December 2015 and the spread to benchmark of +23 basis points on the Issue Date.

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

## 7. OPERATIONAL INFORMATION

ISIN Code: XS0242849486

Common Code: 024284948

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Societe Anonyme and the relevant identification number(s):

Delivery: Delivery against payment

Names and addresses of additional Paying Agent(s) (if any) and if applicable a statement that it or they should be sole Paying Agent(s) for the Series: Not Applicable