



## Press Release

### **Ratings On Sultanate of Oman Placed On CreditWatch Negative On Possible Economic And Fiscal Pressures**

LONDON (Standard & Poor's) March 7, 2011--Standard & Poor's Ratings Services today said that it has placed its 'A/A-1' long-term and short-term local and foreign currency ratings on the Sultanate of Oman (Oman) on CreditWatch with negative implications. At the same time, we left unchanged Oman's 'AA-' transfer and convertibility assessment. We do not believe recent events have affected the likelihood of the sovereign restricting private sector access to foreign exchange reserves needed for debt servicing.

We have also placed the 'A' ratings on Oman Power and Water Procurement Co. SAOC on CreditWatch Negative, given that its ratings are equalized with those of the sovereign.

The CreditWatch Negative placement reflects our view that the current social unrest in the country and the possible repercussions of regional conflicts could increase political risks in Oman, which might eventually also negatively affect economic growth and public finances. As recent events in the region have shown, political risk from popular discontent can mount very quickly and can undermine political stability. If tensions were to escalate in Oman, it could lead to Oman's ratings being lowered within the next three months. Similarly, if the government's fiscal response to political pressures were to undermine Oman's comparatively strong public finances, or if exports of Oman's oil or gas products were to be affected, Oman's external position could weaken and the ratings could be lowered.

On the other hand, if the government is able to address public grievances without putting too much burden on public finances and external investor confidence, then we believe the ratings could stabilize at the current levels

#### **About Standard & Poor's in the Gulf Cooperation Council**

Standard & Poor's is the leading provider of financial market intelligence to customers in the Gulf's credit risk management, wealth management, and data and information markets. Since entering the region in the late 1980's, Standard & Poor's currently has public ratings on more than 100 issuers. In equity markets, Shariah-compliant versions of Standard & Poor's global and regional equity market indices - S&P 500, S&P Europe 350, S&P Japan 500 and S&P/IFCI GCC - have created new opportunities for Islamic investors to benchmark their international investments and for asset managers to create new investment products serving the Islamic community. Standard & Poor's Fund Services launched a qualitative fund management rating service for regional asset managers in 2007 assigning 17 Fund Management Ratings. For further details on Standard & Poor's regional capabilities please visit [www.gcc.standardandpoors.com](http://www.gcc.standardandpoors.com)