

Draft press Release:

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**Moody's upgrades Oman Power & Water Procurement Company to A1**

Moody's Investors Service has upgraded the issuer ratings of Oman Power & Water Procurement Company's (OPWPC) to A1 from A2. The outlook is stable. This follows Moody's earlier upgrade of Oman's sovereign ratings to A1 from A2, also with a stable outlook.

OPWPC is the fully regulated, wholly government-owned sole bulk supplier of electricity and related water in the Sultanate of Oman. Consequently, ratings reflect the company's mandate, underpinned by the stability of a cost-plus framework which eliminates any commercial risk under normal circumstances by allowing full recognition of procurement costs. Furthermore, the applicable Sector Law provides OPWPC with a clearly defined and restricted remit.

Moody's views OPWPC as a government-related issuer (GRI) given its 100% government ownership through Electricity Holding Company, and supported by the statutory provision that OPWPC must remain wholly government owned at all times. High exceptional government support is factored into OPWPC's ratings given Moody's view and indeed the statutory obligation that the government of Oman would lend direct or indirect financial support to OPWPC in all circumstances. Whilst this would normally provide uplift to the company's ratings, this is not the case for OPWPC, as its fundamental credit quality (baseline credit assessment) is already at the A1 level of the Omani sovereign, reflecting its "agency-like" function.

As long as OPWPC's activities remain limited to its regulatory obligations, and continue to achieve full pass-through of procurement costs under normal circumstances, its ratings are likely to move in sync with Oman's sovereign ratings.

The principal methodology used in rating OPWPC was Moody's "The Application of Joint Default Analysis to Government-Related Issuers", published in April 2005 and available on [www.moody.com](http://www.moody.com) in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.