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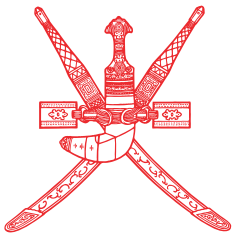

THE GOVERNMENT OF THE SULTANATE OF OMAN

represented by

THE MINISTRY OF FINANCE

U.S.$1,000,000,000 3.625 per cent. Notes due 2021
Issue Price: 99.887 per cent.

and

U.S.$1,500,000,000 4.750 per cent. Notes due 2026
Issue Price: 99.827 per cent.

The U.S.$1,000,000,000 3.625 per cent. notes due 2021 (the "**2021 Notes**") and the U.S.$1,500,000,000 4.750 per cent. notes due 2026 (the "**2026 Notes**" and, together with the 2021 Notes, the "**Notes**") are being issued by the Government of the Sultanate of Oman represented by the Ministry of Finance (the "**Issuer**"). The Issuer will pay interest on the Notes semi-annually in arrear on 15 June and 15 December in each year, commencing on 15 December 2016. The 2021 Notes mature on 15 June 2021 and the 2026 Notes mature on 15 June 2026. Payments on the Notes will be made without deduction for or on account of taxes imposed by the Sultanate of Oman ("**Oman**") or any political subdivision thereof or any authority therein or thereof having power to tax, to the extent described under "*Terms and Conditions of the 2021 Notes — Taxation*" *and "Terms and Conditions of the 2026 Notes — Taxation"*.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act"), or with any securities regulatory authority of any State or other jurisdiction of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a summary of certain restrictions on resale, see "*Transfer Restrictions*" and "*Subscription and Sale*".

The Notes will be offered and sold outside the United States in reliance on Regulation S under the Securities Act ("Regulation S") and within the United States to qualified institutional buyers ("QIBs") within the meaning of Rule 144A under the Securities Act ("Rule 144A"). Prospective purchasers of the Notes are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

This Prospectus has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). Such approval relates only to Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any member State of the European Economic Area. The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and European Union ("**EU**") law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange PLC (the "**Irish Stock Exchange**") for the Notes to be admitted to the Official List (the "**Official List**") and trading on its main securities market (the "**Market**"). This Prospectus constitutes a Prospectus for the purposes of the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "**Prospectus Regulations**") (which implement the Prospectus Directive in Ireland). Reference in this Prospectus to being listed (and all date references) shall mean that such Notes have been admitted to trading on the regulated market of the Irish Stock Exchange.

The Notes are expected to be rated BBB- by Standard and Poor's Rating Service ("**S&P**") and Baa1 by Moody's Investor Service Limited ("**Moody's**"). Oman has been assigned a long-term foreign and local currency sovereign credit rating of BBB- by S&P with a stable outlook and a long-term issuer rating of Baa1 by Moody's with a stable outlook. Each of S&P and Moody's is established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**"). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Notes will be offered and sold in registered form in denominations of U.S.$200,000 or any amount in excess thereof which is an integral multiple of U.S.$1,000. Each of the 2021 Notes and the 2026 Notes that are offered and sold in reliance on Regulation S (the "**Unrestricted Notes**") will be represented by beneficial interests in a global note (the "**Unrestricted Global Note**") in registered form without interest coupons attached, which will be registered in the name of Citvic Nominees Limited as nominee for, and will be deposited on or about 15 June 2016 (the "**Closing Date**") with a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* (**"Clearstream, Luxembourg**"). Each of the 2021 Notes and the 2026 Notes that are offered and sold in reliance on Rule 144A (the "**Restricted Notes**") will be represented by beneficial interests in one or more global notes (each a "**Restricted Global Note**") in each case in registered form without interest coupons attached, which will be deposited on or about the Closing Date with Citibank N.A., London Branch as custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company ("**DTC**"). Interests in the Restricted Global Notes will be subject to certain restrictions on transfer. Beneficial interests in the Unrestricted Global Note and Restricted Global Notes relating to the 2021 Notes (together, the "**2021 Global Notes**") and the beneficial interests in the Unrestricted Global Note and Restricted Global Notes relating to the 2026 Notes (the "**2026 Global Notes**" and, together with the 2021 Global Notes, the "**Global Notes**") will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear, Clearstream, Luxembourg and their respective participants. Except in the limited circumstances as described herein, certificates will not be issued in exchange for beneficial interests in the Global Notes.

INVESTING IN THE NOTES INVOLVES RISKS. SEE "*RISK FACTORS*" FOR A DISCUSSION OF CERTAIN FACTORS TO BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE NOTES.

JOINT LEAD MANAGERS AND JOINT BOOKRUNNERS

Citigroup **J.P. Morgan** **MUFG** **National Bank of Abu Dhabi P.J.S.C.** **NATIXIS**

Prospectus dated 13 June 2016

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IMPORTANT NOTICES

This document comprises a prospectus for the purposes of Article 5.3 of the Prospectus Directive and for the purposes of giving information with regard to the Issuer and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

References in this Prospectus to the "**Issuer**" are to the Government of the Sultanate of Oman represented by the Ministry of Finance.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having made all reasonable enquiries and having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import and completeness of such information.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers (as defined in "*Subscription and Sale*") to subscribe for or purchase any of, the Notes in any jurisdiction where such an offer or invitation is not permitted by law. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions.

For a description of further restrictions on offers and sales of Notes and distribution of this Prospectus, see "*Subscription and Sale*".

No person is authorised in connection with the offering of the Notes to give any information or to make any representation regarding the Issuer, the Ministry of Finance of the Sultanate of Oman (the "**Ministry of Finance**"), Oman or the Notes not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Ministry of Finance, Oman or the Joint Lead Managers.

A potential investor should carefully evaluate the information provided herein in light of the total mix of information available to it, recognising that neither the Issuer nor the Ministry of Finance nor Oman nor any other person can provide any assurance as to the reliability of any information not contained in this document. Each potential investor contemplating purchasing any Notes should make its own independent investigation and analysis of the condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Ministry of Finance or Oman and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment.

Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Ministry of Finance or Oman since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, the Ministry of Finance or Oman since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the fullest extent permitted by law, the Joint Lead Managers accept no responsibility whatsoever for the contents of this Prospectus or for any other statement made or purported to be made by a Joint Lead Manager or on its behalf in connection with the Issuer, the Ministry of Finance, Oman or the issue and offering of the Notes. Each Joint Lead Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise

(save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. The Fiscal Agent, the Registrar, the Paying Agents and the Transfer Agents referred to herein make no representation regarding this Prospectus or the Notes.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Prospectus. Any representation to the contrary may be a criminal offence in the United States.

IN CONNECTION WITH THE ISSUE OF THE NOTES, J.P. MORGAN SECURITIES PLC AS STABILISING MANAGER (THE "**STABILISING MANAGER**") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) 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 THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER 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 SUCH NOTES. ANY STABILISATION ACTION OR OVER ALLOTMENT SHALL BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

NOTICE TO RESIDENTS OF OMAN

The information contained in this Prospectus does not constitute an offer of securities in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74, as amended) or Article 3 of the Capital Market Law of Oman (Royal Decree 80/98, as amended). This Prospectus will only be made available to investors in Oman in accordance with Article 139 of the Executive Regulations of the Capital Market Law (CMA Decision 1/2009, as amended) (the "**Executive Regulations**") by an entity duly licensed by the Oman Capital Market Authority to market non-Omani securities in Oman. Additionally, this Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of Oman.

This Prospectus has not been (and will not be) filed with the Oman Capital Market Authority (except in accordance with Article 139 of the Executive Regulations), the Central Bank of Oman or any other regulatory authority in Oman and neither the Oman Capital Market Authority nor the Central Bank of Oman assumes responsibility for the accuracy and adequacy of the statements and information contained in this Prospectus and shall not have any liability to any person for damage or loss resulting from reliance on any statements or information contained herein.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

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

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

NOTICE TO BAHRAIN RESIDENTS

In relation to investors in the Kingdom of Bahrain ("**Bahrain**"), Notes may only be offered in registered form to existing account holders and accredited investors (each as defined by the Central Bank of Bahrain ("**CBB**")) in Bahrain where such investors make a minimum investment of at least U.S.$100,000 or the equivalent amount in any other currency or such other amount as the CBB may determine.

This Prospectus does not constitute an offer of securities in Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Prospectus and the related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Prospectus or any related document or material be used in connection with any offer, sale or invitation to subscribe or purchase the Notes, whether directly or indirectly, to persons in Bahrain, other than to accredited investors for an offer outside Bahrain.

The CBB has not reviewed, approved or registered this Prospectus or related offering documents and it has not in any way considered the merits of the Notes to be offered for investment, whether in or outside of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Prospectus. No offer of Notes will be made to the public in Bahrain and this Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO RESIDENTS OF QATAR

The Notes will not be offered, sold or delivered, at any time, directly or indirectly, in the State of Qatar ("**Qatar**") (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Prospectus has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, the Qatar Stock Exchange or the Qatar Central Bank in accordance with their regulations or any other regulations in Qatar and the Qatar Financial Centre. The Notes are not and will not be traded on the Qatar Stock Exchange.

PRESENTATION OF ECONOMIC AND OTHER INFORMATION

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be the sum of the figures which precede them. Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies and ministries of the Issuer, including the Central Bank of Oman (the "**CBO**"), the National Center for Statistics & Information and the Ministry of Oil and Gas. Some statistical information has also been derived from information publicly made available by third parties such as the International Monetary Fund. Where such third party information has been so sourced, the source is stated where it appears in this Prospectus. The Issuer confirms that it has accurately reproduced such information and that, so far as it is aware and is able to ascertain from information published by third parties, it has omitted no facts which would render the reproduced information inaccurate or misleading.

Similar statistics may be obtainable from other sources, but the date of publication, underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, statistics and data published by one ministry or agency may differ from similar statistics and data produced by other agencies or ministries due to differing underlying assumptions, methodology or timing of when such data is reproduced. Certain historical statistical information contained herein is provisional or otherwise based on estimates that Oman and/or its agencies believe to be based on reasonable assumptions. Oman's official financial and economic statistics are subject to internal review as part of a regular confirmation process. Accordingly, the financial and economic information set out in this Prospectus may be subsequently adjusted or revised and

may differ from previously published financial and economic information. While Oman does not expect such revisions to be material, no assurance can be given that material changes will not be made.

Information contained herein that is identified as being derived from a publication of Oman or one of its agencies or instrumentalities is included herein on the authority of such publication as an official public document of Oman. All other information contained herein with respect to Oman is included as an official public statement made on the authority of the Minister of Finance of the Government of Oman.

References to any individual period such as 2014 and so on are references to a calendar year commencing on 1 January and ending on 31 December in the same year. All references in this document to "**OMR**", "**Omani Rials**" and "**Baisa**" are to the currency of Oman; to "**U.S. Dollars**", "**U.S.$**" and "**$**" are to the currency of the United States of America. For ease of presentation, certain financial information relating to Oman included herein is presented as translated into U.S. Dollars at the U.S. Dollar/OMR rates of exchange deemed appropriate by Oman. Unless otherwise specified, such rates were applicable as of the end of such specified period(s). Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted into U.S. dollars at that or any other rate. References to "**SDR**" are to the Special Drawing Right, a unit of account having the meaning ascribed to it from time to time by the Rules and Regulations of the IMF. References in this document to "**billions**" are to thousands of millions. References to the "**Government**" are to the government of Oman. References to "**Oman**" are to the Sultanate of Oman.

EXCHANGE RATES

The following table presents the average annual exchange rate of the Omani Rial against U.S. dollars in each of the years indicated.

	Average Annual Exchange Rates				
	2011	**2012**	**2013**	**2014**	**2015**
	(OMR per unit of currency unless otherwise indicated)				
U.S.$	0.3845	0.3845	0.3845	0.3845	0.3845

On 31 May 2016, the closing U.S. Dollar/Omani Rial rate of exchange as reported by the Central Bank of Oman (the "**Bank**") was OMR 0.3845 = U.S.$1.00.

JURISDICTION AND ENFORCEMENT

The Issuer

Immunity from suit

The Issuer is the Government of the Sultanate of Oman represented by the Ministry of Finance. Under Oman law, no legal person in Oman is immune from suit. Further, any sovereign immunity of the Issuer and its administrative units (including quasi-governmental entities) from process before the Oman courts was abrogated by Royal Decree13/1997 and any claims in relation to contracts to which the Issuer is a party may now be brought before the Oman courts. This position is confirmed by the Law of Civil and Commercial Procedures Royal Decree 29/2002, as amended (the "**Oman Civil Procedure Law**") which, pursuant to its Article 13, confirms where a summons may be delivered to departments of the state and public bodies and Article 46 which confirms that suits against departments of state and public authorities and public bodies shall be filed before the Court within which their head offices are situated.

Immunity of public assets from attachment

Although no governmental entities are immune from suit, public assets are protected from attachment in the event of legal proceedings against the Issuer or quasi-governmental entities pursuant to Article 366 of the Oman Civil Procedure Law. This position was reinforced by the recent Civil Transactions Law (promulgated by Royal Decree 29/2013) which, at Article 56, provides that immovable or movable assets owned by the state or public legal persons who have been allocated such assets for public benefit by virtue of law or by a royal decree or by a resolution of the Minister of Finance, shall be deemed to be public assets and such assets shall not be the subject of dispositions, attachment or acquisitive prescription.

Enforcement of Arbitral Awards in Oman

Foreign arbitral awards may be enforced in Oman pursuant to: (i) treaty obligations; (ii) the Oman Civil Procedure Law; or (iii) the Law of Arbitration Royal Decree 47/1997, as amended ("**Oman Arbitration Law**").

Oman has acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (Royal Decree 36/1998) (the "**New York Convention**"), and ratified the Riyadh Arab Convention of 1983 (SD 34/1999) (the "**Riyadh Convention**"). Although Oman has been a party to the New York Convention since 1998 the Issuer is aware of only one case which has come before the courts of Oman where a claimant has sought to enforce a foreign arbitral award issued by a contracting state. Whilst in that case the Oman Supreme Court held that the arbitral award was recognised and enforceable in Oman, it should be noted that there is no doctrine of binding precedent under Oman Law, although decisions of the Oman Supreme Court may be persuasive. The Issuer has no reason to believe, however, that the courts of Oman would not enforce an arbitral award passed in a contracting state (without the need to re-examine or re-litigate), subject only to no valid argument being raised that the enforcement of that arbitral award should be refused on one or more of the grounds set out in Article V of the New York Convention, or that the subject matter of the award is against public order or morality in Oman. The enforcement in Oman of any of the obligations of any party under the Notes, the fiscal agency agreement relating to the 2021 Notes dated 15 June 2016 (the "**2021 Fiscal Agency Agreement**"), the fiscal agency agreement relating to the 2026 Notes dated 15 June 2016 (the "**2026 Fiscal Agency Agreement**" and, together with the 2021 Fiscal Agency Agreement, the "**Fiscal Agency Agreements**"), the deed of covenant relating to the 2021 Notes dated 15 June 2016 (the "**2021 Deed of Covenant**") and the deed of covenant relating to the 2026 Notes dated 15 June 2016 (the "**2026 Deed of Covenant**" and, together with the 2021 Deed of Covenant the "**Deeds of Covenant**") (together, the "**Transaction Documents**"), will ultimately require an order for enforcement by the courts of Oman, which order is subject to discretion, including as to the manner in which such court would interpret and apply the New York Convention.

If the foreign arbitral award is not enforceable pursuant to the New York Convention (for example, an award is passed in a country that is not a signatory to the New York Convention or Riyadh Convention), it may nevertheless be possible to enforce such award in Oman subject to the

satisfaction of the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law, pursuant to which the courts of Oman possess an inherent jurisdiction to enforce foreign awards. When considering the enforcement of arbitral awards in the above circumstances, the courts of Oman will need to be satisfied that the following conditions have been met (reading "judgment" as "award"):

- it is passed by a competent judicial authority in accordance with the international jurisdiction rules applicable in the country in which the judgment or order is passed, and becomes final according to that law and was not grounded on deception;
- the parties to the dispute were summoned to appear and were properly represented;
- it does not include any requests, the basis of which breaches the laws enforced in Oman;
- it does not contradict any judgment or order previously issued by the courts of Oman, and it does not include anything contravening public order or morals;
- the country in which the said judgment or award was signed accepts the execution of judgments of courts of Oman within its territories; and
- the matter that has been arbitrated upon in the foreign jurisdiction is capable of being determined by arbitration under Omani law (Article 353).

In the event that the conditions of Articles 352 to 355 of the Oman Civil Procedure Law are not met by a foreign arbitral award, such foreign arbitral award may be of evidentiary value only in a full hearing before the courts of Oman and the matter may have to be litigated de novo before the courts of Oman.

Foreign arbitral awards may also be directly enforceable in Oman under the provisions of the Oman Arbitration Law, where the award in question has been rendered: (i) in Oman; or (ii) in an international commercial arbitration (for example, an arbitration award made under the rules of the International Chamber of Commerce ("**ICC**")) in which the parties to the relevant proceedings have specified that the Oman Arbitration Law shall apply.

Enforcement of Foreign Judgments in Oman

Although Omani law provides for the enforcement of foreign judgments in Oman subject to the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law being met, the Issuer is not aware of a foreign judgment (other than one subject to a Gulf Cooperation Council ("**GCC**") reciprocity treaty) ever having been enforced in Oman. In the absence of the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law being met, an English judgment against the Issuer would not be enforced by the courts of Oman without a re-examination of the merits and the English judgment may be of evidential value only in any such proceedings filed before the Courts of Oman.

If any proceedings were brought in Oman (whether in connection with the enforcement of an English judgment or otherwise), pursuant to the Civil Transactions Law (SD 29/3013) (the "**Civil Code**"), the courts of Oman would recognise and give effect to the choice of English law as the governing law, unless any provision of English law were considered to be contrary to a mandatory provision of Omani law, public order or morality or Islamic Shari'a principles.

If enforcement of the Notes were sought before the courts of Oman, it is difficult to forecast in advance with any degree of certainty how some of the provisions relating to the Notes would be interpreted and applied by those courts and whether all of the provisions of the Notes would be enforceable.

Oman is a civil law jurisdiction. Court judges enjoy much greater freedom to interpret agreements in any way which, in their opinion, correctly reflects the intention of the parties if the terms of the relevant agreement are ambiguous. The judge's interpretation can extend to amending the contract, if the judge feels that to do so would better reflect the original intention of the parties.

It is to be noted that no established system of precedent is adhered to by the courts of Oman although decisions of the Supreme Court of Oman should be persuasive.

FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Prospectus constitute forward-looking statements. Statements that are not historical facts are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "*may*", "*will*", "*expect*", "*intend*", "*estimate*", "*anticipate*", "*believe*", "*continue*", "*could*", "*should*", "*would*" or similar terminology. These statements are based on the Issuer's current plans, objectives, assumptions, estimates and projections. Investors should therefore not place undue reliance on those statements. Forward-looking statements speak only as of the date that they are made and the Issuer does not undertake to update any forward-looking statements in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. The Issuer cautions that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. In addition to the factors described in this Prospectus, including those discussed under "*Risk Factors*", the following factors, among others, could cause future results to differ materially from those expressed in any forward-looking statements made in this Prospectus:

- Oman's economy is significantly affected by volatility in international oil prices;
- Oman is located in a region that has been subject to ongoing political and security concerns;
- Oman's efforts to diversify its economy, decrease government spending and implement more extensive and higher rates of tax collection may not be successful;
- Oman's credit ratings may change and any ratings downgrade could adversely affect the value of Notes;
- Any future borrowing beyond sustainable levels could have a material adverse effect on Oman's economy and its ability to service its debt, including the Notes;
- Oman's economy and growth could be affected by Omani political considerations;
- A global economic downturn, instability in international financial markets or other negative external economic shocks could have an adverse effect on Oman's economy;
- Oman's wholly-owned companies are not consolidated in its fiscal accounts and many of these companies are exposed to global economic trends;
- Investing in securities involving emerging markets countries, such as Oman, generally involves a higher degree of risk than investments in securities of issuers from more developed countries;
- Any adjustment to, or ending of, Oman's currency peg could negatively affect Oman;
- The statistical data contained in this Prospectus should be treated with caution by prospective investors;
- Information on oil and gas reserves is based on estimates that have not been reviewed by an independent consultant for the purposes of this offering;
- The extensive production, processing, storage and shipping of hydrocarbons in Oman subjects it to risks associated with hazardous materials; and
- The Oman legal system continues to develop, and this may create an uncertain environment for investment and business activity.

TABLE OF CONTENTS

	Page
OVERVIEW	1
RISK FACTORS	9
USE OF PROCEEDS	22
OVERVIEW OF OMAN	23
THE ECONOMY OF OMAN	28
MONETARY POLICY AND FINANCIAL SYSTEM	55
PUBLIC FINANCE	67
INDEBTEDNESS	75
BALANCE OF PAYMENTS	80
TERMS AND CONDITIONS OF THE 2021 NOTES	88
TERMS AND CONDITIONS OF THE 2026 NOTES	107
THE GLOBAL NOTES	126
CLEARING AND SETTLEMENT ARRANGEMENTS	128
TRANSFER RESTRICTIONS	133
TAXATION	135
SUBSCRIPTION AND SALE	138
GENERAL INFORMATION	143

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OVERVIEW

This Overview must be read as an introduction to this Prospectus. Any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole. This Overview does not purport to be complete and is qualified in its entirety by the more detailed information elsewhere in this Prospectus. Prospective investors should also carefully consider the information set forth in "Risk Factors" below prior to making any investment decision. Terms not otherwise defined in this Overview and defined elsewhere in this Prospectus are used in the Overview as so defined. See "Overview of Oman" and "The Economy of Oman", amongst others, for a more detailed description of Oman. References in this Overview to a "Condition" are to the numbered condition corresponding thereto set out in both the Terms and Conditions of the 2021 Notes and the Terms and Conditions of the 2026 Notes.

Oman

General

Oman is the second largest country by geographical area among the states of the Gulf Cooperation Council ("**GCC**") region after Saudi Arabia. It is spread over a land area of 309,500 square kilometres and is strategically positioned in the Middle East between Asia and Europe, bordering the Arabian Sea, Gulf of Oman and Persian Gulf and neighbouring Yemen, Saudi Arabia and the United Arab Emirates. Oman is divided into 11 main Governorates, which are subdivided into a total of 61 provinces or Wilayats. Muscat is the business and political capital of Oman. Other prominent cities are Salalah, Sohar, Sur, Nizwa and Khasab. Arabic is the national and official language, but the use of English is widespread, especially in business transactions.

As of 31 December 2015, the total population of Oman was reported by the National Centre for Statistics and Information to be approximately 4.3 million, of which 55.3 per cent. were Omani nationals and 44.7 per cent. were expatriates. At of 31 December 2014, the life expectancy at birth was 76.6 years. As of 31 December 2014, 30.4 per cent. of the population in Oman was under 15 years old and 3.3 per cent. was 65 years and older.

Oman is an absolute monarchy. His Majesty Sultan Qaboos bin Said is the head of the Government of Oman and the Chief of State, and he has the power to issue laws by Royal Decree. All Royal Decrees, international treaties, agreements and charters signed or approved by His Majesty become law from the date of their publication in Oman's Official Gazette. On 6th November 1996, His Majesty issued Royal Decree No. 101/96 promulgating the Basic Law of the State (the "**Basic Law**"). The Basic Law serves as the constitution of Oman and sets forth its system of governance as well as establishing certain basic rights of Omani citizens. In addition, the Basic Law provides that all natural resources are the property of the State and that any concessions granted to exploit or otherwise invest in such natural resources may only be granted for a specified period. The Basic Law also provides for a Prime Minister, although this position, as well as the positions of Ministers of Defence, Finance and Foreign Affairs, Governor of the Central Bank and commander-in-chief of the armed forces, are currently held by His Majesty Sultan Qaboos.

Oman pursues an independent foreign policy with the aim of fostering good relations with its neighbours as well as other countries, in particular, the United States, the European Union and member countries of the Organization for Economic Cooperation and Development. Historically, Oman has acted independently from the other Arab gulf states in regional disputes and, on occasion, has acted as a neutral mediator. For example, Oman played a played a key role from 2009-2011 in securing the release of U.S. citizens who had been detained by Iranian border guards by brokering negotiations with U.S. and Iranian officials and paying the detainee's bail. Oman's approach to foreign relations is both non-confrontational and pragmatic. As a result, Oman has enjoyed political and economic stability for the last 40 years.

Oman is a member of the United Nations, the World Bank, the International Bank for Reconstruction and Development and the International Monetary Fund ("**IMF**"). In November 2000,

Oman became a full member of the World Trade Organization, resulting in, amongst other developments, the liberalisation of its foreign investment and taxation laws. In October 2015, Oman became a founding member of the Asian Infrastructure Investment Bank.

Regionally, Oman is a founding member of the GCC, which includes Saudi Arabia, Kuwait, Bahrain, the UAE and Qatar, and has also been a member of the GCC's Permanent Committee for Petroleum Cooperation, which has prepared the long-term petroleum strategy for the GCC since May 1981. Although not a member of the Organization of the Petroleum Exporting Countries ("**OPEC**"), Oman co-ordinates with OPEC regarding oil production, and most recently attended the April 17, 2016 OPEC meeting in Doha, Qatar. Oman joined the Arab League in 1971 and the Organization of the Islamic Conference in 1972. Oman is also an active member of the Islamic Development Bank.

Economy

Oman is classified by the World Bank as an upper middle income developing country, with a gross domestic product ("**GDP**") of U.S.$16,255 per capita on a nominal basis in 2015. The IMF estimates that Oman's GDP per capita on a PPP basis was U.S.$44,628 in 2015. The production and export of crude oil and natural gas is the principal activity of the Omani economy, contributing 34 per cent. of GDP in 2015. As such, the performance of the petroleum industry may directly affect industries that are tangential to or reliant on the petroleum industry as well as having more indirect effects on the economy as a whole, such as reductions in consumer purchasing power or mobility. In addition, petroleum activities are the principal source of government revenues (approximately 79.9 per cent. of total government revenues in 2015) and, therefore, indirectly affect the performance of the non-oil sectors of the economy through their

effect on the level of Government spending in those sectors. As a result, fluctuations in the world price of oil are the major contributing factor to Oman's economic performance. The economy's vulnerability to oil price movements as well as the finite nature of oil reserves have led the Government of Oman to exploit significant gas reserves, to promote investment in the non-oil and gas sectors of the economy and to implement policies and procedures to husband and replenish its financial reserves.

Reflecting the persistent low crude oil prices in the global markets and sluggish global growth, Oman experienced a slowdown in economic activity during 2015. Consequently, nominal GDP growth was negative 14.1 per cent, as compared with positive GDP growth of 4.6 per cent. in 2014. Nominal GDP growth averaged 4.2 per cent. per annum over the five years ended 31 December 2015. Preliminary and projected estimates indicate that real GDP growth averaged 4.2 per cent. per annum over the same period.

Despite its diversification efforts, Oman's economy continues to be dominated by petroleum activities, which accounted for 34 per cent. of GDP in 2015 as compared to 47 per cent. of GDP in 2014. While crude oil production was higher in 2015, the collapse in global oil prices that began in 2014 resulted in a decrease in GDP in 2015 of 38.2 per cent. in the oil and gas sector. GDP in the non-oil sector expanded by 2.3 per cent., in 2015, with increases in services, construction, mining and quarrying, electricity and water supply and agriculture and fishing partially offset by a decrease in manufacturing.

Vision 2020, 2040 and Five Year Plans

Since the mid-1970s, the Government of Oman has used short and long-term development plans to effect economic growth. Oman's short-term economic development is coordinated through a series of five-year development plans. Specifically, each five year development plan sets forth the parameters within which annual national budgets are determined (including the permitted level of budget deficits and level of withdrawals from the general reserves to meet such deficits) within the strategic parameters set out in the long-term Vision 2020.

Vision 2020

Since 1996, the five-year development plans have focused on diversification of the economy. In accordance with the Government of Oman's "Vision 2020" plan (adopted in June 1995), the Government of Oman aims to reduce, by 2020, the oil and gas sector's contribution to GDP by encouraging investment in non-oil and gas industries and services. The Eighth Five Year Plan for 2011 through 2015 aimed to contribute to this diversification of the Omani economy by increasing spending on key infrastructure projects, such as further developing the ports at Salalah, Duqm and Sohar, and upgrading the airports in Muscat and Salalah. In particular, the Government of Oman focused on development of the Duqm Special Economic Zone (established by Royal Decree in October 2011), which is intended to become a multi-sector industrial and economic hub for power, water desalination and distribution, petrochemicals, warehousing and logistics, light industry, tourism, fisheries and fish processing (as well as containing the necessary interconnecting infrastructure, including a port, an airport, a railway network and a road system).

Vision 2040

His Majesty the Sultan has issued royal orders to set up the main committee for Oman's "Vision 2040" plan under the chair of Sayyid Haitham bin Tariq al-Said, Minister of Heritage and Culture. The main committee will draft, develop and finalize the Vision 2040 document, while ensuring community-wide consensus and participation. The Vision 2040 plan is intended to address the future in an objective manner so as to be capable of being used as a basic reference and manual for planning during the next two decades.

The Ninth Five Year Plan

The Ninth Five Year Plan for 2016 through 2020, which is the final five-year development plan for the implementation of the Vision 2020 objectives, aims to promote economic diversification and the

growth of the private sector. Five key non-oil and gas industries have been targeted to provide increased growth in order to support these objectives, namely manufacturing, transportation and logistics, tourism, fisheries and mining. Together, these five sectors are projected to contribute positively to annual GDP growth by 2020.

In manufacturing, the Government of Oman aims to increase the manufacturing sector's share of GDP to 15 per cent. of total GDP by 2020. The Government of Oman's major ongoing project within the sector is the Liwa Plastic Industries Complex, which is expected to commence operations in 2019. This plant will enable Oman to produce polyethylene. The project is expected to create around 13,000 jobs (1,000 direct, 12,000 indirect), to contribute approximately 2 to 3 per cent. to GDP and to increase ORPIC's contribution to GDP to 9 per cent. by 2020. The total cost of the project is expected to be approximately U.S.$6.4 billion, which is to be financed by a combination of U.S.$3.8 billion of debt from international and local financial institutions and U.S.$2.6 billion of equity funding (including pre-completion revenues generated from the project).

In transportation and logistics, the Government of Oman believes that Oman's geographical location makes it well-placed to act as a business and logistic hub, and Oman continues to focus on establishing itself as a major international shipment centre for traffic from and to Europe, Asia and Africa. One of the Government of Oman's key goals is to place Oman within the top 30 out of 160 in the World Bank Logistic Performance Index by 2020 (Oman is currently ranked 59). The country is particularly well placed to act as a redistribution point for east and central Africa. Oman's Logistics Strategy 2040 aims to improve efficiency and reduce costs in handling shipments. Moreover, the strategy aims to double employment in the sector by 2020 to 80,000 jobs. It also looks to double the industry's contribution to the economy to OMR 3 billion by 2020. The Ninth Five Year Plan targets annual average growth of 5 per cent. from 2016-2020 in the transportation, storage and telecom sectors.

In tourism, the Government of Oman expects the tourism sector's direct contribution to Oman's GDP to increase from around 2 per cent. in 2015 to 5 per cent. by 2020, and more than 100,000 jobs are expected to be created within the sector by 2024. The strategy for growing tourism in Oman is based on two strategic principles: first, having a concentration of tourist facilities in one location, and second, offering a distinctive tourist experience. In terms of improving facilities, there are around 39 projects in various stages of design, construction or tendering, including the Oman Exhibition and Convention Centre, Wadi Bani Habib and the Al Hoota Cave redevelopment, the Duqm frontier town and the Ras Al Hadd development. As for providing a distinctive tourist experience, Oman's emphasis on archaeology, conservation and natural beauty is a key distinguishing factors from its neighbours.

In fisheries, the Government of Oman's current focus is to boost fisheries production from approximately 200,000 tonnes per year in 2015 to around 480,000 tonnes per year by 2020, as well as to create an additional 20,000 jobs. By 2020, the direct return from fishing and fish processing activities is expected to be around OMR 739 million. Key projects within the sector include the Duqm Fishery Harbour, which is expected to benefit from investments of approximately OMR 100 million, as well as the adjoining industrial fisheries cluster.

In mining, the new mining law proposed at the end of 2015, and whose draft is currently under review, is expected to reduce regulatory procedures and attract additional investments in the sector. Moreover, the recent discovery of reserves of minerals including gold, copper and rare earths is expected to boost the growth of the mining sector in the coming years. The Ninth Five Year Plan targets annual average growth of 65 per cent. from 2016 to 2020, albeit from a low base, in the mining sector. Mining and quarrying increased 13.8 per cent. from 2014 to 2015.

In addition, in connection with the Ninth Five Year Plan, the Government of Oman aims to reduce non-core expenditures in favour of targeted investments, including by reducing fuel subsidies, freezing government employment, deferring non-essential projects and reducing expenditure on non-essential transport for government officials. The Ninth Five Year Plan also contemplates increasing non-oil and gas revenues through various measures, including increasing corporate tax rates to 15 per cent. and reducing exemptions, increasing the efficiency of tax and custom collection, imposing

a value-added tax on goods and services in co-ordination with the GCC, imposing other select excise taxes (e.g. alcohol), increasing various administrative fees (including on property transactions) and increasing electricity and water tariffs.

Selected Economic Information

	2011	2012	2013	2014*	2015**
			(OMR millions unless otherwise noted)		
GDP (at current prices)	26,122.0	29,539.3	30,016.3	31,450.8	27,013.1
GDP (at constant prices[(1)])	22,301.6	23,880.7	24,815.1	25,533.3	26,462***
Annual growth rates (per cent.)					
Real GDP Growth Rate	N/A	7.1%	3.9%	2.9%	3.6%***
From Petroleum Activities	N/A	3.0%	2.4%	(2.4)%	4.5%***
From Non-Petroleum Activities	N/A	10.1%	6.2%	4.6%	2.6%***
Total Recorded Merchandise Exports	18,106.8	20,047.1	21,696.9	20,463.4	13,355.2
Total Recorded Merchandise Imports	9,081.8	10,811.3	13,201.0	11,267.7	11,153.3
Government Budget					
Government Revenues (other than grants)	12,720.2	14,345.8	14,998.8	14,419.6	9,268.3
Petroleum Revenues	11,458.1	12,645.2	12,902.2	12,513.2	7,403.3
Non-Petroleum Revenues	1,262.1	1,700.6	2,096.6	1,906.4	1,865.1
Government Expenditures (other than net lending and equity and grants)	10,209.5	12,944.0	13,538.6	14,706.2	13,537.1
Current	7,303.9	10,115.7	10,479.3	11,194.0	10,075.8
Civil	4,505.2	4,980.5	5,641.2	6,498.7	5,838.1
Capital Expenditures	2,905.6	2,828.3	3,059.3	3,512.2	3,461.3
Overall Balance (including net lending and equity and grants)	1,966.0	770.9	986.8	(586.9)	(4,260.3)
Total Government Debt	1,247.3	1,360.5	1,486.1	1,525.7	3,441.4
Per cent. of GDP	4.8%	4.6%	4.9%	4.9%	12.7%

* *Provisional*
** *Preliminary*
*** *Projected estimate*
(1) Base 2010.

The Offering

Words and expressions defined in the "*Terms and Conditions of the 2021 Notes*" and the "*Terms and Conditions of the 2026 Notes*" (together, the "*Conditions*") shall have the same meanings in this overview.

Issuer:	The Government of the Sultanate of Oman, represented by the Ministry of Finance. References in this Prospectus to the "**Issuer**" are to the Government of the Sultanate of Oman, represented by the Ministry of Finance for the purposes of issuing the Notes as described in this Prospectus.
Description of the 2021 Notes:	U.S.$1,000,000,000 3.625 per cent. Notes due 2021
Description of the 2026 Notes:	U.S.$1,500,000,000 4.750 per cent. Notes due 2026
Issue Price of the 2021 Notes:	99.887 per cent.
Issue Price of the 2026 Notes:	99.827 per cent.
Issue Date:	15 June 2016
Joint Lead Managers and Joint Bookrunners:	Citigroup Global Markets Limited J.P. Morgan Securities plc Mitsubishi UFJ Securities International plc National Bank of Abu Dhabi P.J.S.C. NATIXIS
Fiscal Agent, Transfer and Paying Agent:	Citibank, N.A., London Branch
Registrar:	Citigroup Global Markets Deutschland AG
Maturity:	Unless previously purchased and cancelled, the 2021 Notes will be redeemed at their principal amount together with accrued interest on 15 June 2021 and the 2026 Notes will be redeemed at their principal amount together with accrued interest on 15 June 2026.
Interest:	The Notes will bear interest from and including the Closing Date. Interest on the Notes will be payable semi-annually in arrear on 15 June and 15 December in each year, commencing on 15 December 2016. The 2021 Notes will bear interest at a rate of 3.625 per cent. per annum and the 2026 Notes will bear interest at a rate of 4.750 per cent. per annum.
Optional Redemption:	There will be no optional redemption of the Notes by the Issuer or any Noteholder prior to their maturity.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision, as further described under "*Negative Pledge*" in the Conditions.
Events of Default:	The Conditions will contain Events of Default, as further described under "*Events of Default*" in the Conditions.

Status of the Notes:	The Notes are the direct, unconditional and unsecured obligations of the Issuer and rank and will rank *pari passu*, without preference among themselves, with all other unsecured Relevant Indebtedness of the Issuer, from time to time outstanding, provided, further, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Relevant Indebtedness and, in particular, shall have no obligation to pay other Relevant Indebtedness at the same time or as a condition of paying sums due on the Notes and *vice versa*.
Withholding Tax:	All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Oman or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in certain circumstances, as further described in "*Taxation*" in the Conditions.
Meetings of Noteholders:	The Conditions contain a "collective action" clause which permits defined majorities to bind all Noteholders. If the Issuer (whether directly or through the Ministry of Finance as its agent) issues future debt securities which contain collective action clauses in substantially the same form as the collective action clause in the Conditions, the Notes would be capable of aggregation with any such future debt securities. See "*Risk Factors – Risks relating to the Notes – The Notes contain a "collective action" clause under which the terms of the Notes may be amended, modified or waived without the consent of all the holders of the Notes*".
Listing and Admission to Trading:	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on its main securities market.
Governing Law and Jurisdiction:	The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law. Any Dispute shall be referred to and finally resolved by arbitration in accordance with the LCIA Arbitration Rules.
Form and Denomination:	The Notes will be in registered form, in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Notes will initially be represented by Global Notes. One or more Restricted Global Notes will be issued in respect of the 2021 Notes

	offered and sold in reliance on Rule 144A. An Unrestricted Global Note will be issued in respect of the 2021 Notes offered and sold in reliance on Regulation S. One or more Restricted Global Notes will be issued in respect of the 2026 Notes offered and sold in reliance on Rule 144A. An Unrestricted Global Note will be issued in respect of the 2026 Notes offered and sold in reliance on Regulation S. See "*Transfer Restrictions*".
Further Issues:	The Issuer may from time to time, without notice or the consent of holders of the Notes, issue further securities which may form a single series with the Notes, subject to certain conditions set out in "*Further Issues*" in the Conditions.
Transfer Restrictions:	The Notes have not been and will not be registered under the Securities Act and are subject to certain restrictions on transfer. See "*Subscription and Sale*" and "*Transfer Restrictions*".
Use of Proceeds:	The net proceeds of (i) the issue of the 2021 Notes are expected to be approximately U.S.$997,090,000 and (ii) the issue of the 2026 Notes are expected to be approximately U.S.$1,494,735,000, in each case after deduction of commissions and estimated other expenses to be paid by the Issuer. The Issuer intends to use the proceeds of the issue of the Notes for its general budgetary purposes.
Ratings:	The Notes are expected to be rated BBB- by S&P and Baa1 by Moody's. Oman has been assigned a long-term foreign and local currency sovereign credit rating of BBB- (stable outlook) by S&P and a long-term issuer rating of Baa1 (stable outlook) by Moody's. Each of S&P and Moody's is established in the European Union and registered under the CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes. See "*Risk Factors*".
Rule 144A CUSIP/ISIN/Common Code for the 2021 Notes:	682051AB3/US682051AB34/098266283
Regulation S ISIN/Common Code: for the 2021 Notes	XS1405781342/140578134
Rule 144A CUSIP/ISIN/Common Code for the 2026 Notes:	682051AC1/US682051AC17/098266712
Regulation S ISIN/Common Code: for the 2026 Notes	XS1405777589/140577758

RISK FACTORS

An investment in the Notes involves risks. Accordingly, prospective investors should carefully consider, amongst other things, the risks described below, as well as the detailed information set out elsewhere in this Prospectus, and reach their own views before making an investment decision. The risks and uncertainties described below are not the only risks and uncertainties related to the Issuer and the Notes. Additional risks and uncertainties not presently known, or currently believed to be immaterial, could also impair the ability to make payments on the Notes. If any of the following risks actually materialise, the financial condition and prospects of the Issuer could be materially adversely affected. If that were to happen, the trading price of the Notes could decline and the Issuer may be unable to make payments due on the Notes, and investors may lose all or part of their investment. The risks described below are not the only risks Oman faces. Additional risks and uncertainties not currently known to Oman or that Oman currently considers immaterial may also materially affect Oman's economy and its ability to perform its obligations under the Notes. In any such case, an investor may lose part or all of investment in the Notes.

Risks relating to the Issuer

Oman's economy is significantly affected by volatility in international oil prices

Oman's economy is significantly impacted by international oil prices. The hydrocarbon sector accounted for 34 per cent. of Oman's GDP at current market prices in 2015 as compared to 47 per cent. in 2014. This decrease was primarily the result of the sustained period of low world oil prices which commenced in the middle of 2014. Oman's economy has in the past been, and currently is being, adversely affected by periods of low international oil prices.

Oil prices fell steadily from a monthly average of U.S.$104.99 per barrel of Dubai Mercantile Exchange's Oman Crude Oil Futures Contract ("**DME Oman**") crude oil in June 2014 to U.S.$55.09 per barrel in May 2015. Prices then recovered briefly, reaching a monthly average of U.S.$63.62 in July 2015 before falling to a further low of U.S.$42.88 in January 2016. In April 2016, the monthly average price per barrel of DME Oman oil was U.S.$30.23. DME Oman crude oil is Oman's principal oil export.

This sustained period of low crude oil prices has affected, and in 2016 (assuming that crude oil prices remain low for much of the year) can be expected to continue to affect, Oman in a number of ways:

- Oman's nominal GDP was adversely affected in 2015 and is likely to be adversely affected in 2016, reflecting the significant contributions of the oil and gas sector to Oman's GDP. In 2015, Oman's nominal GDP declined by 14.1 per cent. compared to 2014, principally driven by lower oil and gas prices. Real GDP increased by 3.6 per cent. compared to 2014.

- Oman's trade balance fell from surpluses of OMR 8,495.9 million in 2013 and OMR 9,195.7 million in 2014 to a deficit of OMR 2,201.9 million in 2015, principally as a result of the reduced value of oil and gas exports. Oil and gas exports made up approximately 30 per cent. of GDP in 2015.

- Oman's fiscal balance, which depends principally on oil and gas revenues, had a surplus of OMR 986.7 million in 2013 and became a deficit of OMR 586.9 million in 2014 and a deficit of OMR 4,260.3 million in 2015. Oman's budget for 2016 shows a deficit of OMR 3,300 million based on an assumed oil price of U.S.$45 per barrel of DME Oman. The actual oil prices achieved over the year may, however, be on average lower than U.S.$45 per barrel, which could result in a higher fiscal deficit and increased funding requirements. The Government of Oman's break-even price of oil is approximately U.S.$75 in 2016.

Prospective investors should be aware that the above analysis does not take into account the indirect impact of low oil prices on Oman's economy, which is difficult to quantify with any precision. Potential investors should note that many of Oman's other economic sectors are in part dependent on the oil and gas sector. For example, the government has reduced, and may continue to reduce, government expenditures in light of the budgetary pressures caused by low or falling oil

prices. Large government fiscal deficits, which are likely to result in a weakened net asset position, larger external financing needs and/or continued lower government spending, could impact many sectors of the economy, including, in particular, the construction sector, to the extent that large building projects are delayed or cancelled. In addition, ancillary industrial activities related to oil and gas exploration production are also negatively affected by low oil prices. Furthermore, sectors that are dependent on household consumption, including education, transport and housing, may be adversely affected by lower levels of economic activity that may result from lower government revenue from oil and gas production.

The banking sector could also see an increase in non-performing loans as a result, though the impact is not expected to materially affect banks' credit profiles. The bank sector overall is healthy and seen as a credit strength of the sovereign, but an unexpected deterioration in the future could lead to a weakening in the sovereign credit profile.

While Oman has in the past increased oil exports in periods of prolonged down-turns in the oil price and retains some capacity to do so in the short and medium term, as Oman's fields are generally considered to be fairly mature, such a solution may not prove viable if oil prices were to continue to be depressed for a prolonged period. In addition, future growth in reserves is generally expected to be limited to successful implementation of enhanced oil recovery techniques. As a result, if there is any failure to make use of such techniques, or if such techniques prove excessively costly (particularly in the context of low oil prices) or fail to help grow oil and gas reserves, a long-term slowdown in oil production may become more likely.

Oman is located in a region that has been subject to ongoing political and security concerns

Although Oman generally enjoys domestic political stability and healthy international relations, Oman is located in a region that is strategically important and parts of this region have experienced political instability. This political instability has included regional wars, such as the Gulf War of 1991, the Iraq War of 2003, the 2006 conflict in Lebanon and the 2014 conflict in Gaza, tensions between and among the United States, Israel, Syria and Iran, terrorist acts, maritime piracy and civil revolutions. Since early 2011 there has been political unrest in a range of countries in the Middle East and North Africa ("**MENA**") region, including Algeria, Bahrain, Egypt, Iraq, Libya, Morocco, Saudi Arabia, Syria, Tunisia, and Yemen. This unrest in the region has ranged from public demonstrations to, in extreme cases, armed conflict and civil war and has given rise to a number of changes in government in some countries as a result of civil unrest and increased political uncertainty across the region. The MENA region is currently subject to a number of armed conflicts including those in Yemen (with which Oman shares a border), Syria, Iraq and Palestine as well as the multinational conflict with the sub-state terrorist group known as the Islamic State. It is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact that such events and circumstances might have on Oman.

Oman is, and will continue to be, affected by political developments in or affecting the MENA region and investors' reactions to developments in any country in the MENA region may affect the securities of issuers in other markets within the region, including Oman. Although Oman has not experienced significant terrorist attacks such as those experienced by a number of countries in the MENA region, including Egypt, there can be no assurance that extremists or terrorist groups will not initiate violent activity in Oman. Any terrorist incidents in or affecting Oman or increased regional geopolitical instability (whether or not directly involving Oman) may have a material adverse effect on Oman's attractiveness for foreign investment and capital, its ability to engage in international trade, its tourist industry and, consequently, its economic, balance of payment and fiscal positions.

Oman is also dependent on expatriate labour (ranging from unskilled labourers to highly skilled professionals in a range of industry sectors) and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to Oman. Foreign businesses, tourists and, to a lesser extent, expatriate workers are more sensitive to political instability in a country and more ready to shift their activities to alternate countries that are not experiencing such instability. If Oman were to be impacted by the on-going regional instability or if terrorist incidents were to

occur in Oman, its economy and, in particular, its efforts to diversify its economy could be adversely affected, which, in turn, could have a material adverse impact on Oman's ability to perform its obligations under the Notes.

Oman's efforts to diversify its economy, decrease government spending and implement more extensive and higher rates of tax collection may not be successful

Oman's economy is dependent on the oil and gas industry, which in 2015 accounted for 34 per cent. of Oman's GDP and approximately 80 per cent. of government revenues. Oman's crude reserves as at the end of 2015 were estimated to allow for 15 years of output at 2015 production levels. The government has a long-term strategy of diversifying Oman's economy away from its reliance on oil as the single major revenue source towards a more diverse economy. See "*Overview of Oman—History and Development*" and "*The Economy of Oman—Vision 2020, Vision 2040 and Five Year Plans*". However, there can be no assurance that Oman's efforts to diversify its economy and reduce its dependence on oil will be successful. In particular, Oman's attempts to diversify may mean that it undertakes projects in areas in which it has little or no previous experience or for which there are significant economic risks. In addition, its ability to engage in large-scale infrastructure projects and other large expenditures that support its diversification efforts could be reduced, or the projects themselves made economically unfeasible by reduced oil prices. For example, delays in, or cancellation of, the development of the oil refinery and the numerous related non-petroleum projects at the Special Economic Zone in Duqm, resulting from economic difficulties caused by very low oil prices or for any other reason, could have a significant effect on the Omani economy.

In addition, efforts to reduce government expenditure beyond current planned reduction levels may become more difficult, and even current planned reduction levels may not be achieved. Moreover, past and future reductions may not be sustainable as cuts to health, education and other social benefits could lead to social unrest if such reductions are too significant or happen too fast. Similarly, measures to increase non-oil and gas revenues, such as the increases in, and imposition of new, taxes and administrative fees, may not be successful and too could lead to public discontent and/or social unrest.

If Oman is unable to diversify its economy, decrease government spending and implement more extensive and higher rates of tax collection, its economy could be adversely affected, which, in turn, could have a material adverse impact on Oman's ability to perform its obligations under the Notes.

Oman's credit ratings may change and any ratings downgrade could adversely affect the value of Notes

In February 2016, S&P downgraded Oman's long-term foreign and local currency sovereign credit rating to BBB- from BBB+, with a stable outlook.

In May 2016, Moody's downgraded Oman's long-term issuer rating to Baa1 from A3, with a stable outlook.

Any future downgrade or withdrawal at any time of a credit rating assigned to Oman by any rating agency could have a material adverse effect on its cost of borrowing and could limit its access to debt capital markets. A downgrade may also adversely affect the market price of the Notes and cause trading in the Notes to be volatile.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Ratings may not reflect the potential impact of all risks related to structure, market, the risk factors discussed in this section and others that may affect the value of the Notes.

Oman cannot be certain that a credit rating will remain for any given period of time or that a credit rating will not be downgraded or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant.

Any future borrowing beyond sustainable levels could have a material adverse effect on Oman's economy and its ability to service its debt, including the Notes

Oman's total public debt as at 31 December 2015 amounted to OMR 3,444.1 million, comprising external debt of OMR 901.3 million and domestic debt of OMR 2,540.1 million. See ''*Indebedtness — Debt of the Government of Oman*''. Oman had a debt to GDP ratio of 12.7 per cent. at 31 December 2015 and believes that it has headroom to increase its non-concessional borrowings without affecting debt sustainability. As a result and in recognition of current and anticipated future economic conditions, in particular the impact of the recent reduced price of oil, Oman has extensively considered various scenarios for sustaining socially acceptable minimum levels of public spending that all contemplate material increases in overall debt levels though the exact timing, nature and cost of such an increase remains at Oman's discretion and subject to market conditions generally. In particular, between 2016 to 2018, Oman expects that it will have substantial financing needs as a result of ongoing low oil prices, in anticipation of which Oman is pursuing a diversified and comprehensive funding plan to cover such financing needs. These financing needs are expected to be covered by limited recourse to domestic funding sources (Government Development Bonds ("**GDBs**") and Sovereign Sukuk ("**Sukuk**")), with the larger portion covered by recourse to external sources such as international conventional Eurobonds, Sukuk, and bilateral loans.

Any significant future non-concessional borrowings, including the further issuance of domestic debt or the issuance of external debt on the international capital markets, or pressure on Oman to support state-owned enterprise borrowings could increase the risk of default on Oman's external debt and a failure to carefully manage its debt strategy could result in unsustainable debt levels which could materially adversely affect Oman's ability to perform its obligations under the Notes.

Furthermore, in certain circumstances, further debt incurrences could be secured by or procured with the forward sale of certain assets. A pre-export oil financing for U.S.$3.4 billion has been agreed at the PDO level with a potential to raise an additional U.S.$600 million from the syndication market.

Additionally, Oman benefits from a U.S.$10 billion development fund with contributions to be made by four of the non-donee GCC member states, with each contribution negotiated bilaterally between Oman and the donor who will fund a given project (the "**GCC Development Fund**") (see "*Public Finances – Grants from Other Countries*"), which is intended to stimulate economic growth and is expected to be used in furtherance of development goals. Any adverse change in the amount or rate at which funding is deployed could have an adverse effect on Oman's growth prospects or further increase Oman's budget deficit if Oman is required to turn to other funding sources to meet its development and other requirements.

Oman's economy and growth could be affected by Omani political considerations

His Majesty Sultan Qaboos bin Said Al Said, who is 75 years old, has ruled Oman since 1970. His Majesty has been critical in leading the modernisation and advancement of Oman, with a focus on widespread economic and political reform, which has resulted in significantly increased stability and economic growth in the country. There can be no assurance, however, that such stability and growth will continue under the leadership of any successor. Moreover, the likely commitment of any successor to continuing the current policies of the government is uncertain.

In addition, His Majesty Sultan Qaboos has not designated a successor nor indicated who the potential successors might be. While there is a clear process in place for determining a successor (see "*Overview of Oman—Government Organisation and Political Background*"), this process is untested and there can be no guarantee that it will work as planned or that any change in leadership would occur without any level of civil unrest.

There can be no assurance that a change in the political leadership or priorities within Oman or uncertainty regarding the succession process would not result in a material adverse effect on the economy and growth of Oman.

A global economic downturn, instability in international financial markets or other negative external economic shocks could have an adverse effect on Oman's economy

The global recession and financial crisis in 2008 and 2009 negatively impacted Oman, particularly through the resulting fluctuations in oil prices and increased investor aversion to risk. Oman's economy is vulnerable to external shocks, such as those which have previously been caused, and may in the future be caused, by global financial market instability or contractions and/or material adverse movements in commodity prices (See "*Risks Relating to the Issuer – Oman's economy is significantly affected by volatility in international oil prices*"). If a negative external shock were to occur, particularly on a global level or to one or more of Oman's primary export markets, such as China, demand for Omani oil and other products could decrease, which would in turn put pressure on Oman's balance of payments and foreign currency reserves. Further, foreign governments or organizations like the GCC could face constrained financial conditions themselves which could lead to a reduction in the overall amount of grants that they would be willing or able to provide to Oman. The occurrence of any of these events as a result of a negative external shock such as a global economic downturn or financial instability could have a material adverse impact on Oman's economy, which may, in turn, have a material adverse effect on Oman's ability to perform its obligations under the Notes.

Oman's wholly-owned companies are not consolidated in its fiscal accounts and many of these companies are exposed to global economic trends

With the exception of the inclusion of the State General Reserve Fund ("**SGRF**"), the Petroleum Reserve Fund ("**Petroleum Reserve Fund**"), the Oman Investment Fund ("**OIF**"') and the Infrastructure Project Finance Account ("**IPF**"') as non-tax revenue for the purposes of the IMF budget (although they are not included for the preparation of the State General Budget or any calculation related to the resulting deficit or financing thereof), the activities of the government's wholly-owned companies are not recorded in its budget. Many of these companies are exposed to global economic trends generally and to economic volatility within Oman. Global economic trends including, but not limited to, volatility in asset prices and financial markets and volatility in commodity prices (both hydrocarbon and non-hydrocarbon), may impact the asset values, revenues and results of these companies. If and to the extent that this results in increased funding being required by any of these companies or reduces the funds available to the government, it could have a significant negative impact on the government's fiscal balance.

Investing in securities involving emerging markets countries, such as Oman, generally involves a higher degree of risk than investments in securities of issuers from more developed countries

Investing in securities involving emerging markets countries, such as Oman, generally involves a higher degree of risk than investments in securities of issuers from more developed countries. In the case of Oman, these higher risks include those discussed herein as well as higher volatility and limited liquidity in its markets, limited export diversification, dependency on imports, a heightened risk of sudden changes in the legal, economic and political environment, instability in neighbouring countries, a heightened risk of business dealings in jurisdictions with operating risks relating to fraud, bribery and corruption, reliance on concessionary funding and budget deficits and lack of adequate infrastructure necessary to accelerate economic growth.

In addition, there can be no assurance that the market for securities bearing emerging market risk, such as the Notes, will not be affected negatively by events elsewhere, especially in emerging markets. International investors' reactions to events occurring in one emerging market country or region sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavoured by such investors. If such a "contagion" effect were to occur, the trading price of the Notes could be adversely affected by negative economic or financial developments in other emerging market countries, particularly in the MENA region, over which the government has no control.

In addition, the economies of emerging markets are more susceptible to influence by macroeconomic policy decisions of developed countries than other sovereign issuers. In particular, emerging market economies have in the past demonstrated sensitivity to periods of economic growth and interest rate movements of developed economies. Additionally, emerging markets may

be particularly susceptible to disruptions in the capital markets and the reduced availability of credit, or the increased cost of debt, which could result in their experiencing financial difficulty. No assurance can be given that this will not be the case in the future for Oman.

As a consequence, an investment in the Notes carries risks that are not typically associated with investing in Notes issued by governments in more mature markets. These risks may be compounded by any incomplete, unreliable or unavailable economic and statistical data on Oman, including elements of information provided in this Prospectus (see "*Risks Relating to the Issuer—The statistical data contained in this Prospectus should be treated with caution by prospective investors*"). Prospective investors should also note that emerging economies, such as Oman's, are subject to rapid change and that the information set out in this Prospectus may become out-dated relatively quickly. Accordingly, prospective investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved.

Any adjustment to, or ending of, Oman's currency peg could negatively affect Oman

Since 1973, the Omani Rial has been pegged to the U.S. dollar at a rate which has remained unchanged at approximately U.S.$2.600 = OMR 1 since 1986. The maintenance of this currency peg is a firm policy of the Central Bank of Oman. See "*Monetary Policy and Financial System—Monetary and Exchange Rate Policy*". However, although there are currently substantial reserves available to defend the currency peg, there is no assurance that the Central Bank of Oman will be able to continue to maintain the currency peg in the future. In particular, there can be no guarantee that the assets in Oman's various sovereign wealth funds will be able to be liquidated at their current market value (and thus added to the reserves available to support the Omani Rial and thus the currency peg) in the event of a market downturn.

If the Central Bank of Oman cannot maintain the currency peg to the U.S. dollar or, failing that, a stable exchange rate versus the U.S. dollar, it could reduce confidence in Oman's economy, reduce foreign direct investment and adversely affect Oman's finances and economy.

In addition, because of the currency peg to the U.S. dollar, the Central Bank of Oman does not have any flexibility to devalue the Omani Rial to stimulate Oman's exports market, and the Central Bank of Oman's ability to independently manage interest rates and thus influence the condition of the Omani economy via monetary policy actions is constrained. For example, if the U.S. Federal Reserve were to further increase interest rates, and the Central Bank of Oman were to delay significantly in increasing its own rates, this could result in significant pressure on the currency peg. This lack of flexibility could have an adverse effect on Oman's foreign trade and domestic demand and, in turn, on its economy.

The statistical data contained in this Prospectus should be treated with caution by prospective investors

Statistics contained in this Prospectus, including those in relation to nominal GDP, balance of payments, revenues and expenditure, and indebtedness of the Government, have been obtained from, among others, the Ministry of Finance, the Ministry of Oil and Gas, the Central Bank of Oman and the Supreme Council for Planning. Such statistics and the component data on which they are based have been obtained from public sources and documents, but may not have been prepared in accordance with the standards of, or to the same degree of accuracy as, equivalent statistics produced by the relevant bodies in more developed countries. Investors may be able to obtain similar statistics from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source and there can be no assurance that the statistical data appearing in this Prospectus are as accurate or as reliable as those published by other countries.

Data in relation to GDP at constant prices is provisional for 2013, data in relation to GDP at current prices is provisional for 2014 and data in relation to the geographical distribution of trade exchange is provisional for 2015. Data in relation to GDP at constant prices is preliminary for

2014 and data in relation to GDP at current prices, public finances, balance of payments, government domestic debt and the Petroleum Reserve Fund is preliminary for 2015. Such data for those and prior years may be revised. As part of the publication process of numerical figures by the National Center for Statistics and Information, such figures are considered preliminary when first derived and released. Further review and potential revisions at a later stage elevate such figures to provisional, which is considered closer to final than preliminary, but nevertheless subject to review and change. After a third stage of review such figures become final. There may also be material variances between preliminary, provisional or estimated statistical data set forth in this Prospectus and actual results, and between the statistical data set forth in this Prospectus and corresponding data previously published, or published in the future, by or on behalf of Oman.

Oman's official financial and economic statistics are subject to review as part of a regular confirmation process. Accordingly, financial and economic information may differ from previously published figures and may be subsequently adjusted or revised. No assurance can be given that material changes will not be made. Consequently, the statistical data contained in this Prospectus should be treated with caution by prospective investors.

Information on oil and gas reserves is based on estimates that have not been reviewed by an independent consultant for the purposes of this offering

Neither Oman nor the Managers have engaged an independent consultant or any other person to conduct a review of Oman's natural gas or crude oil reserves in connection with this offering. All reserve estimates presented herein are based on data maintained by Oman and include a compilation of the statistics delivered to the Ministry of Oil and Gas by the various oil companies operating in Oman.

Furthermore, although based on scientifically backed procedures and research, reserves valuation is a process with an inherently subjective element for estimating underground accumulations of crude oil and natural gas that cannot be measured in an exact manner. The accuracy of any reserve estimate depends on the quality and reliability of available data, engineering and geological interpretations and subjective professional judgment. Additionally, estimates may be revised based on subsequent results of drilling, testing and production. The proportion of reserves that can ultimately be produced, the rate of production and the costs of developing the fields are difficult to estimate and, therefore, the reserve estimates may differ materially from the ultimately recoverable quantities of crude oil and natural gas.

The extensive production, processing, storage and shipping of hydrocarbons in Oman subjects it to risks associated with hazardous materials.

The sizeable oil and gas sector in Oman consists of both upstream and downstream activities which include the production, processing, storage and shipping of oil, natural gas, petrochemicals and other hydrocarbons in various physical states. Hydrocarbons, by their nature, are often hazardous materials which have the potential to harm or damage property, production facilities, people and the environment. A disaster involving hydrocarbons, such as an oil spill, could have a materially adverse effect on the revenues or assets of Oman, either from direct losses, such as the loss of export revenue, the loss of tax revenue or liability to third parties, or from indirect losses, such as unrecovered clean-up costs or unmitigated environmental damage. Although Oman has not experienced a significant disaster involving hydrocarbons, it cannot guarantee that such an event will not occur in the future.

The Oman legal system continues to develop, and this may create an uncertain environment for investment and business activity

Oman's legal and regulatory systems and institutions are in various stages of development and are not yet as sophisticated as similar institutions characteristic of more developed markets. As a result, procedural safeguards as well as formal regulations and laws may not be applied consistently. In some circumstances it may not be possible to obtain the legal remedies provided under the relevant laws and regulations in a timely manner. As the legal environment remains subject to continuous

development, investors in Oman may face uncertainty as to the security of their investments. Any unexpected changes in Oman's legal system may have a material adverse effect on the rights of Noteholders.

Risks relating to the Notes

The Notes contain a "collective action" clause under which the terms of the Notes may be amended, modified or waived without the consent of all the holders of the Notes

The Conditions (as defined below) contain provisions regarding amendments, modifications and waivers, commonly referred to as "collective action" clauses. Such clauses permit defined majorities to bind all Noteholders, including Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority.

In the future, the Issuer may issue debt securities which contain collective action clauses in the same form as the collective action clauses in the Conditions. If this occurs, then this could mean that the Notes would be capable of aggregation with any such future debt securities. This means that a defined majority of the holders of such debt securities (when taken in the aggregate) would be able to bind all holders of debt securities in all the relevant aggregated series, including the Notes.

Any modification or actions relating to Reserved Matters (as defined in the Conditions), including in respect of payments and other important terms, may be made to the Notes with the consent of the holders of 75 per cent. of the aggregate principal amount outstanding of the Notes, and to multiple series of debt securities which may be issued by the Issuer with the consent of both (i) the holders of $66^{2}/_{3}$ per cent. of the aggregate principal amount outstanding of all debt securities being aggregated and (ii) the holders of 50 per cent. in aggregate principal amount outstanding of each series of debt securities being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable condition (as more particularly described in the Conditions), any such modification or action relating to Reserved Matters may be made to multiple series of debt securities with only the consent of 75 per cent. of the aggregate principal amount outstanding of all debt securities being aggregated, without requiring a particular percentage of the holders in any individual affected debt securities to vote in favour of any proposed modification or action. Any modification or action proposed by the Issuer may, at the option of the Issuer, be made in respect of some debt securities only and, for the avoidance of doubt, the provisions may be used for different groups of two or more debt securities simultaneously. At the time of any proposed modification or action, the Issuer will be obliged, *inter alia*, to specify which method or methods of aggregation will be used by the Issuer.

There is a risk, therefore, that the Conditions of the Notes may be amended, modified or waived in circumstances whereby the holders of debt securities voting in favour of an amendment, modification or waiver may be holders of different debt securities and as such, less than 75 per cent. of the Noteholders would have voted in favour of such amendment, modification or waiver. In addition, there is a risk that the provisions allowing for aggregation across multiple debt securities may make the Notes less attractive to purchasers in the secondary market on the occurrence of an Event of Default or in a distress situation. Further, any such amendment, modification or waiver in relation to the Notes may adversely affect their trading price.

Payments on the Notes are subject to exchange rate risks and exchange controls

The Issuer 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 (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities (including where the investor in domiciled) 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.

Fluctuations in interest rates may adversely affect the value of the Notes

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

The credit ratings of the Notes are subject to revision or withdrawal, either of which could adversely affect the trading price of the Notes

The Notes are expected to be rated BBB- by S&P and Baa1 by Moody's. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above and any 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 subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Other than pursuant to Article 16 of the Prospectus Directive, the Issuer has no obligation to inform Noteholders of any revision, downgrade or withdrawal of its current or future sovereign credit ratings. A suspension, downgrade or withdrawal at any time of a credit rating assigned to Oman and/or the Notes may adversely affect the trading price of the Notes.

Both S&P and Moody's are established in the EU and registered under the CRA Regulation. In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes unless such ratings are issued by a firm that is registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit ratings agencies, unless the relevant credit rating are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified accordance with the CRA Regulation (and such endorsement or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

There is no established market for the Notes

The Notes are new securities for which there is currently no market. There can be no assurance that an active market for the Notes will develop, or if it does develop, that it will continue. Moreover, if a market for the Notes does develop, the Notes may trade at prices that may be higher or lower than the initial offering price thereof depending upon a number of factors, including prevailing interest rates, events in Oman or elsewhere in the MENA region and the market for similar securities. If a market for the Notes does not develop or continue, purchasers may be unable to resell the Notes for an extended period of time, if at all. Consequently, an investor in the Notes may not be able to liquidate its investment readily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and the Notes may not be readily accepted as collateral for loans.

Investing in securities involving emerging markets such as Oman generally involves a higher degree of risk

Generally, investment in emerging markets such as Oman is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. A prospective investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the prospective investor's overall investment portfolio. Investors are

urged to consult their own legal, tax and financial advisers before making an investment. Each potential investor in the Notes must determine the suitability of that investment in own circumstances.

In particular, each potential investor should:

- 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 in this Prospectus or, any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact which the Notes will have on its overall investment portfolio;
- 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;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- 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.

Legal investment considerations may restrict certain investments

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

The liquidity of the Notes may be limited and trading prices may fluctuate

The Notes have no established trading market. While application has been made to list the Notes on the Irish Stock Exchange and any one or more of the Joint Lead Managers may make a market in the Notes, they are not obligated to do so and may discontinue any market making, if commenced, at any time without notice. There can be no assurance that a secondary market will develop for the Notes or, if a secondary market therein does develop, that it will continue. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering prices, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of Oman.

Definitive Notes not denominated in an integral multiple of U.S.$200,000 or its equivalent may be illiquid and difficult to trade

The Notes have denominations consisting of a minimum of U.S.$200,000 plus integral multiples of U.S.$1,000 in excess thereof. It is possible that the Notes may be traded in amounts that are not integral multiples of U.S.$200,000. Any holder who, as a result of trading such amounts, holds an amount which is less than U.S.$200,000 in his account with the relevant clearing system at the relevant time may not receive a certificate in definitive form (a "**Note Certificate**") in respect of such holding (should Note Certificates be printed) and would need to purchase a principal amount of Notes such that its holding amounts to U.S.$200,000.

If Note Certificates are issued, holders should be aware that Note Certificates which have a denomination that is not an integral multiple of U.S.$200,000 may be illiquid and more difficult to trade than Notes denominated in an integral multiple of U.S.$200,000.

Investors in the Notes must rely on DTC, Euroclear and Clearstream, Luxembourg procedures

The Notes will be represented on issue by one or more Global Notes that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or may be deposited with a nominee for DTC. Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants and the Issuer will discharge its payment obligations under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants in relation to payments under the Notes. The Issuer shall have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note. Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

The Issuer is not required to effect equal or rateable payment(s) with respect to its other debt obligations, and is not required to pay other debt obligations at the same time or as a condition of paying sums on the Notes and vice versa

The Notes will at all times rank at least *pari passu* with all other unsecured and unsubordinated obligations of Oman. However, the Issuer will have no obligation to effect equal or rateable payment(s) at any time with respect to any other unsubordinated and unsecured obligations of Oman and, in particular, will have no obligation to pay other unsubordinated and unsecured obligations of Oman at the same time or as a condition of paying sums due on the Notes and vice versa. Accordingly, the Issuer may choose to grant preferential treatment to, and therefore prioritise payment obligations to, other unsecured and unsubordinated creditors of Oman as payments fall due.

The Notes are unsecured obligations of Oman and there is no limitation on Oman's ability to issue guarantees, pari passu securities or to incur additional indebtedness in the future

The Noteholders will not have the benefit of security and as a result will not have a claim to those assets that secure the debt held by secured creditors of Oman. Oman has in the past issued guarantees and securities and incurred indebtedness and intends to continue to do so from time to time in the future. In addition, there is no restriction on the amount of guarantees or securities which Oman may issue and which rank *pari passu* with the Notes. The issue of any such guarantees, securities and the incurrence of any such additional indebtedness may reduce the amount recoverable by the Noteholders in certain scenarios.

Oman is a sovereign state and accordingly it may be difficult to obtain or enforce judgments against it regardless of any waiver of immunity

Oman is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon arbitral awards or judgments of the London Court of International Arbitration (the "**LCIA**"), courts in England or the United States or any other courts against the Issuer. The Issuer has irrevocably submitted to the jurisdiction of the LCIA and waived any immunity from the jurisdiction (including sovereign immunity) of such arbitral tribunal in connection with any action arising out of or based upon the Notes brought by any holder of Notes. Although no governmental entities are immune from suit, public assets are protected from attachment in the event of legal proceedings against the Issuer. Accordingly, there can be no guarantee that the waiver of sovereign immunity in the Transaction Documents from legal proceedings and attachments of assets owned by the Issuer will be enforced by the Omani courts in the future. See "*Jurisdiction and Enforcement*", "*Terms and Conditions of the 2021 Notes — Governing Law and Jurisdiction*" and "*Terms and Conditions of the 2026 Notes — Governing Law and Jurisdiction"*.

There may be limitations on the enforcement of foreign judgments or arbitral awards in Oman

Foreign arbitral awards may be enforced in Oman pursuant to: (i) treaty obligations; (ii) the Oman Civil Procedure Law; or (iii) the Oman Arbitration Law. Oman has acceded to the New York Convention, and ratified the Riyadh Convention. Although Oman has been a party to the New York Convention since 1998, the Issuer is aware of only one case which has come before the courts of Oman where a claimant has sought to enforce a foreign arbitral award issued by a contracting state. Whilst in that case the Oman Supreme Court held that the arbitral award was recognised and enforceable in Oman, it should be noted that there is no doctrine of binding precedent under Oman Law, although decisions of the Oman Supreme Court may be persuasive. The Issuer has no reason to believe, however, that the courts of Oman would not enforce an arbitral award passed in a contracting state (without the need to re-examine or re-litigate), subject only to no valid argument being raised that the enforcement of that arbitral award should be refused on one or more of the grounds set out in Article V of the New York Convention or that the subject matter of the award is against public order or morality in Oman. The enforcement in Oman of any of the obligations of any party under any of the Notes or the Transaction Documents will ultimately require an order for enforcement by the courts of Oman, which order is subject to discretion, including as to the manner in which such court would interpret and apply the New York Convention.

If the foreign arbitral award is not enforceable pursuant to the New York Convention, then such award may still be enforceable in Oman subject to the satisfaction of the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law. In accordance with Article 352 of the Oman Civil Procedure Law, the courts of Oman possess an inherent jurisdiction to enforce foreign awards. When considering the enforcement of arbitral awards in the above circumstances, the courts of Oman will need to be satisfied that the following conditions have been met (reading "judgment" as "award"):

(a) it is passed by a competent judicial authority in accordance with the international jurisdiction rules applicable in the country in which the judgment or order is passed, and becomes final according to that law and was not grounded on deception;

(b) the parties to the dispute were summoned to appear and were properly represented;

(c) it does not include any requests, the basis of which breaches the laws enforced in Oman;

(d) it does not contradict any judgment or order previously issued by the courts of Oman, and it does not include anything contravening public order or morals;

(e) the country in which the said judgment or award was signed accepts the execution of judgments of Oman courts within its territories; and

(f) the matter that has been arbitrated upon in the foreign jurisdiction is capable of being determined by arbitration under Omani law (Article 353).

In the event that the conditions of Articles 352 to 355 of the Oman Civil Procedure Law are not met by a foreign arbitral award, such foreign arbitral award may be of evidentiary value only in a full hearing before the Omani Court and the matter may have to be litigated de novo before the courts of Oman.

Foreign arbitral awards may also be directly enforceable in Oman under the provisions of the Oman Arbitration Law, where the award in question has been rendered: (i) in Oman; or (ii) in an international commercial arbitration (for example, an award made under the Rules of the ICC) in which the parties to the relevant proceeding have specified that the Oman Arbitration Law shall apply.

There is no established system of precedent that would be binding on the courts in Oman. If enforcement of the Notes were sought before the courts in Oman, it is difficult to forecast in advance with any degree of certainty how some of the provisions relating to the Notes would be interpreted and applied by those courts and whether all of the provisions of the Notes would be enforceable. Moreover, although there is a provision of Omani law that protects the right to charge interest, it is not beyond doubt that such law could be challenged as being contrary to Shari'a principles.

Although Omani law provides for the enforcement of foreign judgments in Oman subject to the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law being met, the Issuer is not aware of a foreign judgment (other than one subject to a GCC reciprocity treaty) ever having been enforced in Oman. In the absence of the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law being met, an English judgment against the Issuer would not be enforced by the courts of Oman without a re-examination of the merits and the English judgment may be of evidential value only in any such proceedings filed before the Courts of Oman.

If any proceedings were brought in Oman (whether in connection with the enforcement of an English judgment or otherwise), pursuant to the Civil Code, the courts of Oman would recognise and give effect to the choice of English law as the governing law, unless any provision of English law were considered to be contrary to a mandatory provision of Omani law, public order or morality or Islamic Shari'a principles.

If enforcement of the Notes were sought before the courts of Oman, it is difficult to forecast in advance with any degree of certainty how some of the provisions relating to the Notes would be interpreted and applied by those courts and whether all of the provisions of the Notes would be enforceable.

Oman is a civil law jurisdiction. Court judges enjoy much greater freedom to interpret agreements in any way which, in their opinion, correctly reflects the intention of the parties if the terms of the relevant agreement are ambiguous. The judge's interpretation can extend to amending the contract, if the judge feels that to do so would better reflect the original intention of the parties.

It is to be noted that no established system of precedent is adhered to by the courts of Omani although decisions of the Supreme Court of Oman should be persuasive.

Change of law

The Conditions are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes.

Change of tax law

Statements in this Prospectus concerning the taxation of investors are of a general nature and are based upon current law and practice in the jurisdictions stated. Such law and practice is, in principle, subject to change, possibly with retrospective effect, and this could adversely affect investors.

In addition, any change in legislation or in practice in a relevant jurisdiction could adversely impact (i) the ability of the Issuer to service the Notes and (ii) the market value of the Notes.

Claims for specific enforcement

If the Issuer fails to perform its obligations under the Conditions, the potential remedies available to the holders of the Notes include obtaining an order for specific enforcement of the Issuer's obligations or a claim for damages. There is no assurance that a court will provide an order for specific enforcement which is a discretionary matter.

The amount of damages, which a court may award in respect of a breach, will depend upon a number of possible factors including an obligation on the holders of the Notes to mitigate any loss arising as a result of the breach. No assurance is provided on the level of damages which a court may award if the Issuer fails to perform its obligations set out in the Conditions.

USE OF PROCEEDS

The net proceeds of (i) the issue of the 2021 Notes are expected to be approximately U.S.$997,090,000 and (ii) the issue of the 2026 Notes are expected to be approximately U.S.$1,494,735,000, in each case after deduction of commissions and estimated other expenses to be paid by the Issuer. The Issuer intends to use the proceeds of the issue of the Notes for its general budgetary purposes.

OVERVIEW OF OMAN

Introduction

Oman is the second largest country by geographical area among the states of the GCC region after Saudi Arabia. It is spread over a land area of 309,500 square kilometres and is strategically positioned in the Middle East between Asia and Europe, bordering the Arabian Sea, Gulf of Oman and Persian Gulf and neighbouring Yemen, Saudi Arabia and the United Arab Emirates. Oman is divided into 11 main Governorates, which are subdivided into a total of 61 provinces or Wilayats. Muscat is the business and political capital of Oman. Other prominent cities are Salalah, Sohar, Sur, Nizwa and Khasab. Arabic is the national and official language, but the use of English is widespread, especially in business transactions.

History and Development

Oman has long been a centre of trade and commerce, historically focusing on maritime trade (from the seventh century to the 15th century) and agriculture (from 1856 to the late 1960s). From the seventh to the 15th century, Oman's maritime trade flourished and Omani ships regularly called at ports in Persia (modern Iran), India and South East Asia. In 1507, the Portuguese occupied Muscat and established several outposts along the Omani coast. In 1650, Sultan bin Saif al Yarubi reconquered Muscat and established Oman as an independent state with colonial possessions in East Africa. Between 1804 and 1856, under the rule of Sayyid Said bin Sultan, Oman's influence reached Zanzibar and other parts of East Africa in addition to provinces in Persia and Baluchistan (part of modern Pakistan). At that time Oman developed relations with the United States, sending a special envoy in 1840, the first Arab emissary to that country. Oman also established relations with the United Kingdom, France, Holland and other countries. After the death of Sayyid Said bin

Sultan in 1856, Oman and Zanzibar were divided between his two sons. Subsequent rulers of Oman became increasingly dependent on the financial support of the British Empire and Oman's share of international commercial activity declined. With the decline of international trading activity, economic and social development slowed as Oman became principally an agricultural economy. This situation lasted until the late 1960's when commercial reserves of oil were discovered in Oman. In 1970, His Majesty Sultan Qaboos bin Said, the fourteenth hereditary ruler of a family that has ruled Oman continuously since the 1740's, replaced his father, Sultan Saeed bin Taimur, as ruler of Oman.

Since the discovery of oil, its extraction and exportation has served as the backbone of Oman's economy and is the principal contributor to government revenues, exports and GDP. Under the leadership of His Majesty Sultan Qaboos, oil production in Oman has increased dramatically. The Government of Oman has used oil revenues to fund significant capital investment in infrastructure and social programs, including health care and education. As a result of these investments, Oman has undergone a dramatic transformation in its standards of living. Nominal GDP increased from an estimated U.S.$354 per capita in 1970 to U.S.$16,255 per capita in 2015. In 1970, Oman had approximately ten kilometres of paved roads, three boys schools and a single United States missionary hospital together with approximately twelve rural clinics or dispensaries. In 2014, there were approximately 34,557 kilometres of paved roads, 1,580 government schools for boys and girls, as well as the Sultan Qaboos University and 67 hospitals and 203 health centres.

Since the mid-1970s, the Government of Oman has used short and long-term development plans to effect economic growth. The long-term development plan entitled "Vision 2020" (adopted in June 1995) focuses on reducing Oman's dependence on oil and diversifying economic activity by increasing activity in non-oil sectors, for example, infrastructure, manufacturing, transportation and logistics, tourism, fisheries and mining. All subsequent development plans address the implementation of this strategy, including, most recently, the Ninth Five-Year Development Plan (2016-2020) (see "*The Economy of Oman — Vision 2020, Vision 2040 and Five Year Plans*").

Population

As of 31 December 2015, the total population of Oman was reported by the National Centre for Statistics and Information to be approximately 4.3 million, of which 55.3 per cent. were Omani nationals and 44.7 per cent. were expatriates. The total labour force in Oman was estimated to be approximately 2.2 million at the end of 2014, of which 1.9 million workers were employed in the civil sector (both public and private). Of those employed in the civil sector, approximately 20 per cent. were Omani nationals and 80 per cent. were expatriates. As of 31 December 2014, approximately 30 per cent. of the population in Oman was under 15 years old and 3 per cent. was 65 years and older, with a life expectancy at birth of 76.6 years. For comparison, the Labour Force Statistics division of the OECD reports that 18.4 per cent. of the population of OECD nations was under 15 years old and 15.2 per cent. was 65 years and older at the end of 2012. Oman has a Human Development Index of 0.793 according to the 2015 Human Development Report by the United Nations Development Programme, ranking 52nd out of 188 countries, in the "High Human Development" category.

Government Organisation and Political Background

Oman is an absolute monarchy. His Majesty Sultan Qaboos bin Said is the head of the Government of Oman and the Chief of State, and he has the power to issue laws by Royal Decree. All Royal Decrees, international treaties, agreements and charters signed or approved by His Majesty become law from the date of their publication in Oman's Official Gazette. On 6th November 1996, His Majesty issued Royal Decree No. 101/96 promulgating the Basic Law of the State (the "**Basic Law**"). The Basic Law serves as the constitution of Oman and sets forth its system of governance as well as establishing certain basic rights of Omani citizens. In addition, the Basic Law provides that all natural resources are the property of the State and that any concessions granted to exploit or otherwise invest in such natural resources may only be granted for a specified period. The Basic Law also provides for a Prime Minister, although this position, as well as the positions of Ministers of Defence, Finance and Foreign Affairs, Chairman of the Board of Governors of the Central Bank and commander-in-chief of the armed forces, are currently held by His Majesty Sultan Qaboos.

The Council of Oman (*Majlis Oman*) implements general state policies and is split into two chambers: the upper chamber, the State Council (*Majlis Al Dawla*), and the lower chamber, the Consultative Council (*Majlis Al Shura*). The State Council has only advisory powers and its members are appointed by His Majesty. Members of the Consultative Council are elected democratically for a term of four years. One representative from each region (*Wilayat*) is elected (or two candidates in the case of *Wilayats* with a population of 30,000 or more). The last elections were held in October 2015. In recent years, steps have been taken by His Majesty to promulgate constitutional changes to the Basic Law and further diversify decision-making powers. In 2011, His Majesty issued Royal Decree 39/2011, which granted greater powers to both the Consultative and State Councils, most notably granting legislative and monitoring powers to the Consultative Council.

Regional authority in Oman is divided among 11 Governorates (*Muhafazah*), each of which is administered by a Governor appointed by His Majesty. Below the *Muhafazah*, there are 61 *Wilayats* administered by executives (*Walis*) appointed by the Minister of Interior.

For commercial matters, three court levels exist in Oman: the lowest court is the Primary Court, followed by the Court of Appeal, and then the Supreme Court. Specialist courts include the Administrative Court, which has jurisdiction over cases contesting decisions of the Government of Oman, the Sharia Court, which has jurisdiction over all civil and family cases, and the Magistrate Court, which has jurisdiction over criminal cases. The judiciary in Oman is guaranteed independence pursuant to the Basic Law, though it ranks subordinate to the powers granted to His Majesty. The Basic Law also states that Islam is the state religion of Oman and that Islamic Sharia law is the basis of legislation in Oman.

The Basic Law acknowledges rights to free speech, free press and assembly subject to certain limitations. Nevertheless, there are no political parties in Oman and the domestic media is controlled by the Government of Oman. Foreign press is available in Oman although it is subject to censorship.

His Majesty Sultan Qaboos has not designated a successor nor indicated who the potential successors might be. The Basic Law provides that, should the throne fall vacant, a council composed of members of the royal family (the "**Ruling Family Council**") shall, within three days of a vacancy, determine the successor to the throne, who shall be a male descendant of Sultan Sayyid Turki bin Said. If the Ruling Family Council does not agree on the choice of the successor to the throne, a council consisting of the Defence Council, the Chairman of Majlis Al Dawla, the Chairman of Majlis Al Shura and the Chairman of the Supreme Court along with two of his most senior deputies shall confirm the appointment of the person designated by the previous Sultan by letter to the Ruling Family Council.

Foreign relations and international organizations

Oman pursues an independent foreign policy with the aim of fostering good relations with its neighbours as well as other countries, in particular, the United States, the European Union and member countries of the Organization for Economic Cooperation and Development. Historically, Oman has acted independently from the other Arab gulf states in regional disputes and, on occasion, has acted as a neutral mediator. For example, Oman played a played a key role from 2009 to 2011 in securing the release of U.S. citizens who had been detained by Iranian border guards by brokering negotiations with U.S. and Iranian officials and paying the detainee's bail. Oman's approach to foreign relations is both non-confrontational and pragmatic. As a result, Oman has enjoyed political and economic stability for the last 40 years.

Oman is a member of the United Nations, the World Bank, the International Bank for Reconstruction and Development and the International Monetary Fund. In November 2000, Oman became a full member of the World Trade Organization, resulting in, amongst other developments, the liberalisation of its foreign investment and taxation laws. In October 2015, Oman became a founding member of the Asian Infrastructure Investment Bank.

Regionally, Oman is a founding member of the GCC, which includes Saudi Arabia, Kuwait, Bahrain, the UAE and Qatar, and has also been a member of the GCC's Permanent Committee for Petroleum Cooperation, which has prepared the long-term petroleum strategy for the GCC since May 1981. Although not a member of the Organization of the Petroleum Exporting Countries (OPEC), Oman co-ordinates with OPEC regarding oil production, and most recently attended the April 17, 2016 OPEC meeting in Doha, Qatar. Oman joined the Arab League in 1971 and the Organization of the Islamic Conference in 1972. Oman is also an active member of Islamic Development Bank.

Oman maintains good relations with Iran and has attempted to mediate between Iran and other countries in the region and internationally. For example, in November 2014, Muscat hosted nuclear talks between Iran and the United States, which helped provide a foundation for continuing negotiations.

Oman and the United States entered into a free trade agreement in 2006 that came into force in 2009, and also cooperate on a range of military and environmental matters.

Oman maintains relations with the European Union on a bilateral basis through its ambassador to the European Union as well as collectively in the context of GCC-European Union relations through the GCC ambassador in Brussels. Oman also maintains good bilateral relations with the European Union member states, including, among others, the United Kingdom, France, the Netherlands and Spain.

Oman has also developed significant trade relations with multiple countries in Asia over the past several decades. China is Oman's leading destination for its oil exports, with Taiwan, Thailand, Japan, South Korea, India, Singapore and Sri Lanka also receiving a significant share of Omani oil exports.

Defence and National Security

Oman's participation in the GCC and its close relations with the United Kingdom and the United States underpin its security. The United Kingdom retains a close connection with Oman's armed forces, particularly its air force, which is largely equipped with United Kingdom-made aircraft and employs British contract officers. In addition, Oman has had an agreement with the United States since 1980 that allows the United States' military forces to have access to bases in Oman.

The armed forces participate in regular joint military exercises with the armed forces of other GCC countries. Defence and national security (which includes police forces and other dual civil/military expenditures) accounted for OMR 3,862 million, approximately 29 per cent. of total government consolidated expenditures, in 2015. Defence and national security are budgeted to receive OMR 3,500 million in the 2016 budget, which amounts to approximately 30 per cent. of total government consolidated expenditures

Education and Health Policies

Since the early 1970s, a major objective of His Majesty has been to provide education for all in Oman. Education in Oman is provided free of charge up to the end of secondary education. In 1970, there were only three formal schools with 900 students in the entire country. Oman's national educational program expanded rapidly in the following decades. In 2014, approximately 621,483 students attended 1,580 government schools for boys and girls. The number of students in private schools is about 97,465. There are also extensive programmes to combat adult illiteracy and 93.6 per cent. of males and 85.6 per cent. of females were estimated to be literate as of 2015. Sultan Qaboos University was founded in 1986, and in 2014 it had approximately 14,000 students.

Access to healthcare has been another main objective of His Majesty. In 1970, Oman had a single United States missionary hospital together with approximately twelve rural clinics or dispensaries. In 2014, there were approximately 67 hospitals and 203 health centers. From 2002 to 2014, the number of medical doctors in Oman increased by 145 per cent. from 3,536 to 8,660. Oman was ranked amongst the top ten performers by the World Health Organisation (WHO) in 2000 for accomplishments in improving health system performance outcomes.

The Ministry of Health is responsible for ensuring the availability of health care in Oman. It develops policies and plans, and implements these in coordination with all of the health sector's constituents. The public sector runs the vast majority of hospitals and hospital beds, and employs most doctors and nurses. The Ministry of Health is also the principal provider of preventive and rehabilitative services. Life expectancy at birth in Oman has increased from approximately 50 years in 1970 to 76.6 at the end of 2014.

THE ECONOMY OF OMAN

General

Oman is classified by the World Bank as an upper middle income developing country, with a GDP of U.S.$16,255 per capita on a nominal basis in 2015. The IMF estimates that Oman's GDP per capita on a PPP basis was U.S.$44,628 in 2015. The production and export of crude oil and natural gas is the principal activity of the Omani economy, contributing 34 per cent. of GDP in 2015. As such, the performance of the petroleum industry may directly affect industries that are tangential to, or reliant on, the petroleum industry as well as having more indirect effects on the economy as a whole, such as reductions in consumer purchasing power or mobility. In addition, petroleum activities are the principal source of government revenues (approximately 79.9 per cent. of total government revenues in 2015) and, therefore, indirectly affect the performance of the non-oil sectors of the economy through their effect on the level of Government spending in those sectors. As a result, fluctuations in the world price of oil are the major contributing factor to Oman's economic performance. The economy's vulnerability to oil price movements as well as the finite nature of oil reserves have led the Government of Oman to exploit significant gas reserves, to promote investment in the non-oil and gas sectors of the economy and to implement policies and procedures to husband and replenish its financial reserves.

Oman's economic development is coordinated through a series of five-year development plans. Specifically, each five year development plan sets forth the parameters within which annual national budgets are determined (including the permitted level of budget deficits and level of withdrawals from the general reserves to meet such deficits) (see "*–Vision 2020, Vision 2040 and Five Year Plans*"). Withdrawals from reserves exceeding budgeted amounts must be specifically authorised by Royal Decree of His Majesty.

In 1980 Oman created the SGRF, which receives contributions from Oman's oil revenues and primarily invests them internationally in both public markets (which include equity, fixed income and money markets) and in private markets (which include private equity and real estate). The SGRF also promotes the diversification of Omans' economy, primarily with investments through select partnerships with foreign partners in the logistics, health, food, mining and hospitality industries in Oman. Withdrawals from the SGRF are permitted to finance the budget deficit. Total assets in the SGRF amounted to OMR 9,666 million as of 31 December 2015. The SGRF's Board of Directors is responsible for oversight of the SGRF's activities. The SGRF's regulations and policies are supervised by the Financial Affairs and Energy Resources Council ("**FAERC**"), which is chaired by His Majesty and includes cabinet members and the deputy chairman of the Central Bank of Oman.

Oman also has created a number of other funds which receive contributions from Oman's oil revenues, including: the Petroleum Reserve Fund, which funds hydrocarbon investment within and outside Oman and whose assets amounted to approximately OMR 128 million as of 31 December 2015 following its transfers of OMR 99.9 million, OMR 461.2 million and OMR 691.8 million to OOC in 2015, 2014 and 2013, respectively; the OIF, which funds investment in domestic and international projects and whose assets amounted to approximately OMR 927 million (of which OMR 423 million was invested abroad) as of 31 December 2015; the IPF/Infrastructure Development Account, which is primarily intended to ensure availability of sufficient funds for infrastructure related projects however in 2015 withdrawals of OMR 3 billion were made to help finance the government deficit, and whose assets amounted to OMR 408 million as of 31 December 2015.

Vision 2020, Vision 2040 and Five Year Plans

Vision 2020

Since 1996, the five-year development plans have focused on diversification of the economy. In accordance with the Government of Oman's "Vision 2020" plan (adopted in June 1995), the Government of Oman aims to reduce, by 2020, the oil and gas sector's contribution to GDP by encouraging investment in non-oil and gas industries and services. The Eighth Five Year Plan for 2011 through 2015 aimed to contribute to this diversification of the Oman economy by increasing

spending on key infrastructure projects, such as further developing the ports at Salalah, Duqm and Sohar, and upgrading the airports in Muscat and Salalah. In particular, the Government of Oman focused on development of the Duqm Special Economic Zone (established by Royal Decree in October 2011), which is intended to become a multi-sector industrial and economic hub for power, water desalination and distribution, petrochemicals, warehousing and logistics, light industry, tourism, fisheries and fish processing (as well as the necessary interconnecting infrastructure, including a port, an airport, a railway network and a road system).

Vision 2040

His Majesty the Sultan has issued royal orders to set up the main committee for the formulation of Oman's "Vision 2040" plan under the chair of Sayyid Haitham bin Tariq al-Said, Minister of Heritage and Culture. The main committee will draft, develop and finalize the Vision 2040 document, while ensuring community-wide consensus and participation. The Vision 2040 plan is intended to address the future in an objective manner so as to be capable of being used as a basic reference and manual for planning during the next two decades.

The Ninth Five Year Plan

The Ninth Five Year Plan for 2016 through 2020, which is the final five-year development plan for the implementation of the Vision 2020 objectives, aims to increase economic diversification and the growth of the private sector, The growth of five key non-oil and gas industries are targeted to support these objectives, namely manufacturing, transportation and logistics, tourism, fisheries and mining. Together, these five sectors are projected to contribute positively to annual GDP growth by 2020.

In manufacturing, the Government of Oman aims to increase the manufacturing sector's share of GDP to 15 per cent. of total GDP by 2020. The Government of Oman's major ongoing project within the sector is the Liwa Plastic Industries Complex, which is expected to commence operations in 2019. This plant will enable Oman to produce polyethylene. The project is expected to create around 13,000 jobs (1,000 direct, 12,000 indirect), to contribute approximately 2 to 3 per cent. to GDP and to increase ORPIC's contribution to GDP to 9 per cent. by 2020. The total cost of the project is expected to be approximately U.S.$6.4 billion, which is expected to be financed by a combination of U.S.$3.8 billion of debt from international and local financial institutions and U.S.$2.6 billion of equity funding (including pre-completion revenues generated from the project).

In transportation and logistics, the Government of Oman believes that Oman's geographical location makes it well-placed to act as a business and logistic hub, and Oman continues to focus on establishing itself as a major international shipment centre for traffic from and to Europe, Asia and Africa. One of the Government of Oman's key goals is to place Oman within the top 30 out of 160 in the World Bank Logistic Performance Index by 2020 (Oman is currently ranked 59). The country is particularly well placed to act as a redistribution point for east and central Africa. Oman's Logistics Strategy 2040 aims to improve efficiency and reduce costs in handling shipments. Moreover, the strategy aims to double employment in the sector by 2020 to 80,000 jobs. It also looks to double the industry's contribution to the economy to OMR 3 billion by 2020. The Ninth Five Year Plan targets annual average growth of 5 per cent. from 2016-2020 in the transportation, storage and telecom sectors.

In tourism, the Government of Oman expects the tourism sector's direct contribution to Oman's GDP to increase from around 2 per cent. in 2015 to 5 per cent. by 2020, and more than 100,000 jobs are expected to be created within the sector by 2024. The strategy for growing tourism in Oman is based on two strategic principles. First, having a concentration of tourist facilities in one location, and second, offering a distinctive tourist experience. In terms of improving facilities, there are around 39 projects in various stages of design, construction or tendering, including the Oman Exhibition and Convention Centre, Wadi Bani Habib and the Al Hoota Cave redevelopment, the Duqm frontier town and the Ras Al Hadd development. As for providing a distinctive tourist experience, Oman's emphasis on archaeology, conservation and natural beauty is a key distinguishing factors from its neighbours.

In fisheries, the Government of Oman's current focus is to boost fisheries production from approximately 200,000 tonnes per year in 2015 to around 480,000 tonnes per year by 2020, as well as to create an additional 20,000 jobs. By 2020, the direct return from fishing and fish processing activities is expected to be around OMR 739 million. Key projects within the sector include the Duqm Fishery Harbour, which is expected to benefit from investments of approximately OMR 100 million, as well as the adjoining industrial fisheries cluster.

In mining, the new mining law proposed at the end of 2015, and whose draft is currently under review, is expected to reduce regulatory procedures and attract additional investments in the sector. Moreover, the recent discovery of reserves of minerals including gold, copper and rare earths is expected to boost the growth of the mining sector in the coming years. The Ninth Five Year Plan targets annual average growth of 65 per cent. from 2016 to 2020, albeit from a low base, in the mining sector. Mining and quarrying increased 13.8 per cent. from 2014 to 2015.

In addition, in connection with the Ninth Five Year Plan, the Government of Oman aims to reduce non-core expenditures in favour of targeted investments, including by reducing fuel subsidies, freezing government employment, deferring non-essential projects and reducing expenditure on non-essential transport for government officials. The Ninth Five Year Plan also contemplates increasing non-oil and gas revenues through various measures, including increasing corporate tax rates to 15 per cent. and reducing exemptions, increasing the efficiency of tax and custom collection, imposing a value-added tax on goods and services in co-ordination with the GCC, imposing other select excise taxes (e.g. alcohol), increasing various administrative fees (including on property transactions) and increasing electricity and water tariffs.

Gross Domestic Product

Reflecting the persistent low crude oil prices in the global markets and sluggish global growth, Oman experienced a slowdown in economic activity during 2015. Consequently, nominal GDP growth was negative 14.1 per cent, as compared with positive GDP growth of 4.6 per cent. in 2014. Nominal GDP growth averaged 4.2 per cent. per annum over the five years ended 31 December 2015. Preliminary and projected estimates indicate that real GDP growth averaged 4.2 per cent. per annum over same period.

Despite its diversification efforts, Oman's economy continues to be dominated by petroleum activities, which accounted for 34 per cent. of GDP in 2015 as compared to 47 per cent. of GDP in 2014. While crude oil production was higher in 2015, the collapse in global oil prices that began in 2014 resulted in a decrease in 2015 of (38.2) per cent. in the oil and gas sector. The non-oil sector expanded by 2.3 per cent., in 2015, with increases in services, construction, mining and quarrying, electricity and water supply and agriculture and fishing partially offset by a decrease in manufacturing (see table below).

The following table sets forth nominal GDP by economic activity for each of the five years ended 31 December 2015:

Gross Domestic Product by Economic Activity

Activities	2011	2012	2013	2014*	2015**	Per cent. change (2014-2015)
			(OMR millions)			
1. Industry (1.1 + 1.2)	18,716.2	20,660.5	20,702.5	20,546.8	14,893.5	(27.5)
1.1 Petroleum Activities	13,888.8	15,350.2	15,205.8	14,840.0	9,164.7	(38.2)
– Crude Petroleum	12,875.2	14,239.1	14,047.0	13,780.1	7,938.5	(42.4)
– Natural Gas	1,013.6	1,111.1	1,158.8	1,059.9	1,226.3	15.7
1.2 Non-Petroleum Industrial Activities.....	4,827.4	5,310.3	5,496.7	5,706.8	5,728.8	0.4
– Mining and Quarrying	98.8	100.9	114.7	124.5	141.7	13.8
– Manufacturing	2,979.9	3,143.5	3,138.8	3,151.9	2,939.6	(6.7)

Activities	2011	2012	2013	2014*	2015**	Per cent. change (2014-2015)
			(OMR millions)			
– Electricity and Water – Supply	301.9	318.9	346.2	376.2	417.6	11.0
– Construction	1,446.7	1,747.0	1,897.0	2,054.3	2,230.0	8.6
2. Agriculture and Fishing	327.9	341.3	371.2	406.1	427.4	5.2
3. Services	8,956.0	10,378.0	11,330.4	1,2814.5	13,215.9	3.1
– Wholesale and Retail Trade	1,776.6	1,963.0	2,042.3	2,083.6	2,029.9	(2.6)
– Hotels and Restaurants	170.3	218.8	238.2	258.7	266.5	3.0
– Transport, Storage and Communication	1,226.2	1,378.9	1,469.2	1,574.7	1,636.5	3.9
– Financial Intermediation	1,091.5	1,273.5	1,383.4	1,511.7	1,595.1	5.5
– Real Estate and Business Activities	1,030.5	1,090.8	1,155.1	1,230.5	1,287.1	4.6
– Public Administration and Defence	1,933.7	2,472.2	2,764.6	3,163.9	3,304.0	4.4
– Other Services (Education, Health, Community/Personal Services and Private Household)	1,727.1	1,980.8	2,277.6	2,991.5	3,096.7	3.5
4. Total Non-Petroleum Activities (1.2 + 2 + 3)	14,111.3	16,029.6	17,198.3	18,927.4	19,372.1	2.3
5. Less Financial Intermediation Services Indirectly Measured	533.6	589.0	612.6	640.3	676.3	5.6
6. Gross Domestic Product at Producers Prices (1.1 + 4-5)	27,466.4	30,790.7	31,791.5	33,127.1	27,860.5	(15.9)
7. Plus: Taxes Less Subsidies on Products	(1,344.4)	(1,437.5)	(1,730.2)	(1,676.3)	(847.4)	(49.4)
8. Gross Domestic Product at Market Prices (6 + 7)	26,122.0	29,353.3	30,061.3	31,450.8	27,013.1	(14.1)

* *Provisional*
** *Preliminary*

The following table sets forth the activity components of GDP, as a share of total GDP, for each of the two years ended 31 December 2015:

Gross Domestic Product by Key Economic Activity

	2014*	2015**
	(per cent. share of GDP)	
Total Petroleum Activities	47	34
Construction	6	8
Wholesale and Retail Trade	7	8
Public Administration and Defence	10	12
Other Activities	30	38

* *Provisional*
** *Preliminary*
Source: National Center for Statistics & Information

The following table sets forth the real economic growth indicators for each of the four years ended 31 December 2015:

Real Economic Growth Indicators (Base 2010)

	2012	2013*	2014**	2015***
	(Percentage change, unless otherwise indicated)			
Real GDP	7.1	3.9	2.9	3.6
Real Petroleum GDP	3.0	2.4	(2.4)	4.5
Real Non Petroleum GDP	10.1	6.2	4.6	2.6

* *Provisional*
** *Preliminary*
*** *Projected estimate*
Source: National Center for Statistics & Information and Supreme Council for Planning

The following table sets forth the real GDP by economic activity for each of the five years ended 31 December 2015.

Gross Domestic Product (GDP) by Economic Activity at Constant Prices (Base 2010)

Economic Activity	2011	2012	2013*	2014**	2015***
			(OMR millions)		
1. Total Petroleum Activities	10,597.5	10,912.9	11,170.4	11,132.2	11,636
1.1 Crude Petroleum,	9,716.8	10,025.6	10,263.2	10,255.4	10,744
1.2 Natural Gas	880.8	887.3	907.2	876.8	892
2. Total Non Petroleum Activities	13,325.4	14,673.5	15,585.3	16,306.1	16,736
2.1 Agricultural & Fishing	310.1	318.2	334.4	345.6	351
A. Agriculture	203.7	189.6	196.0	205.3	208
B. Fishing	106.4	128.6	138.5	140.3	143
2.2 Industry Activities	4,189.3	4,598.6	4,830.1	5,099.8	5,234
C. Mining and Quarrying	86.6	88.0	94.8	104.8	109
D. Manufacturing	2,416.1	2,460.0	2,519.4	2,496.4	2,552
– Manufacturing of Refined Petroleum Products	72.8	71.8	65.7	76.7	77
– Manufacturing of Chemicals and Chemical Products	1,302.2	1,263.2	1,310.0	1,240.9	1,345
– Other Manufacturing	1,041.1	1,124.9	1,143.6	1,178.7	1,207
E. Electricity and Water Supply	308.5	347.2	366.2	409.8	422
F. Building and Construction	1,378.1	1,703.5	1,849.8	2,088.8	2,151

Economic Activity	2011	2012	2013*	2014**	2015***
			(OMR millions)		
2.3 Services Activities	8,825.9	9,756.7	10,420.7	10,860.7	11,151
G. Wholesale and Retail Trade	1,728.6	2,019.0	2,077.6	2,098.9	2,162
H. Hotels and Restaurants	166.2	205.0	214.3	226.6	237
I. Transport Storage and Communication	1,288.3	1,428.8	1,484.7	1,585.4	1,627
J. Financial Intermediation	1,063.6	1,163.1	1,233.4	1,333.7	1,367
K. Real Estate & Business Activities	1,004.1	1,037.4	1,084.1	1,124.6	1,139
L. Public Administration & Defence	1,884.8	2,146.2	2,351.6	2,443.3	2,520
M. Education	996.8	1,031.3	1,145.8	1,190.5	1,220
N. Health	366.3	389.7	460.0	477.9	490
O. Other Community, Social and Personal Services	254.5	252.4	277.1	287.9	295
P. Private Household with Employed Persons	72.5	83.7	92.0	92.0	94
Financial Intermediation Services Indirectly Measured	(510.5)	(557.2)	(573.3)	(593.3)	(595)
GDP at Basic Prices	23,412.4	25,049.2	26,182.4	26,845.0	27,777
Plus: Taxes less Subsidies on products	(1,110.8)	(1,148.5)	(1,367.3)	(1,311.8)	(1,315)
GDP at Market Prices	22,301.6	23,880.7	24,815.1	25,533.3	26,462

Note:
* *Provisional*
** *Preliminary*
*** *Projected estimate*
Source: National Center for Statistics & Information and Supreme Council for Planning

PRINCIPAL SECTORS OF THE ECONOMY

Oil and Gas Sector

Overview

The following table below sets forth a general overview of Oman's oil and gas sector as at 31 December 2015.

Oman 2015 Oil and Gas Snapshot

Crude oil and condensate reserves	5.373 billion barrels (as at 31 December 2015)
Crude oil and condensate production	981 thousand bbl/d (year ended 31 December 2015)
Gas reserves	23.0 tcf (as at 31 December 2015)
Gas production	3.7 bcf/d (year ended 31 December 2015)

Source: Ministry of Oil and Gas.

Oman is the largest non-OPEC crude oil producer in the Middle East, with crude oil and condensates output increasing to 981.1 thousand bbl/d in 2015 from 944.0 thousand bbl/d in 2014 and 941.9 thousand bbl/d in 2013. DME Oman is the third of three global crude oil benchmarks and sets the benchmark export price for crude oil produced in Oman and Dubai. Oman's competitive advantages in the oil and gas sector include a stable operating environment and a collaborative government that offers Exploration and Production Sharing Agreements ("**EPSAs**") with commercial terms negotiated through an open auction process. As a result of these factors, the Ministry of Oil and Gas has been successful in attracting a number of international players to explore and develop its acreage, with 30 oil companies operating development or exploration acreage in Oman. However, Petroleum Development Oman L.L.C. ("**PDO**"), in which the Government of Oman holds a 60 per cent. stake (for further details, see "*Oil and Gas Sector* –

Crude Oil and Gas Operations"), still operates the majority of the producing acreage positions in the country and accounts for approximately 80 per cent. of Oman's combined oil and gas production in 2015.

The first commercial discoveries of oil and gas in Oman were made in 1964 in the Fahud region of northern Oman. Oil production has been the cornerstone of the economy of Oman since that time, providing both the principal source of government revenues and foreign exchange receipts as well as the stimulus for extensive economic, industrial and social change. In 2015, the oil and gas industry accounted for 34 per cent. of GDP. Revenues from petroleum activities generated approximately 79.9 per cent. of total consolidated government revenues and accounted for 58 per cent. of the total value of merchandise exports (including re-exports) in 2015.

The following table below sets forth Oman's average daily hydrocarbon production as at 31 December for the five years ended 31 December 2015.

Oman Average Daily Production

	Average daily production				
	2011	**2012**	**2013**	**2014**	**2015**
Oil and Condensates (thousand bbl/d) ..	884.9	918.5	941.9	944.0	981.1
Natural Gas (million m^3/d)	95.1	98.2	101.8	97.8	103.6
Natural Gas (thousand boe/d)	578.7	597.5	619.6	595.2	630.5
Total (thousand boe/d)[(1)]	1,463.6	1,516.0	1,561.5	1,539.2	1,611.6

Note: Totals may not add up due to rounding factor.

Source: Ministry of Oil and Gas.

The increase in crude oil production from 2011 to 2015 largely resulted from the use of enhanced oil recovery techniques, such as polymer, miscible and steam (gas or solar-generated) injection, for which Oman is a leading proponent in the MENA region. PDO operates Block 6, which is the centre of current enhanced oil recovery operations and includes fields using several of the above enhanced oil recovery techniques: the Marmul field (polymer), Harweel field (miscible), Qarn Alam field (steam), and Amal-West field (solar). Oman's natural gas production increased to 630.5 thousand boe/day in 2015 from 595.2 thousand boe/day in 2014 and 619.6 thousand boe/day in 2013.

Crude Oil and Gas Operations

Oman does not have a state oil company. The Government accrues revenues from its share in the EPSAs and holds a direct participating interest in only one upstream concession, Block 6. The Government owns 60 per cent. of Block 6, and the remaining 40 per cent. is owned by Private Oil Holdings Oman Ltd. ("**POHOL**"). POHOL is owned by Royal Dutch Shell (85 per cent.), Total (10 per cent.) and Partex Oman Corporation (5 per cent.). POHOL and the Government contracted the operations of Block 6 to PDO, which was established in 1937 as Petroleum Concessions (Oman), a joint venture between Shell Petroleum Oman Ltd, Compagnie Francaise des Petroles (the predecessor of Total S.A.) ("**Total**") and Partex Oman Corporation. Currently, the Government of Oman holds 60 per cent. of the issued and outstanding shares of PDO while, of the remainder, Royal Dutch Shell holds 34 per cent., Total holds 4 per cent. and Partex holds 2 per cent. Block 6 is the main onshore oil concession in Oman, covering approximately 40 per cent. of the country's land acreage, and was responsible for more than 69 per cent. of Oman's oil production and more than 92 per cent. of Oman's gas production in 2015.

The earliest petroleum contracts in Oman were based on a concession-type tax and royalty system in which the concessionaire held rights to all the petroleum produced in the concession area. With the exception of the Block 6 concession, which still operates under a modified tax/royalty regime, this form of contract has been superseded by a relatively standard form of EPSA with commercial terms negotiated on a contract-by-contract basis with the Ministry of Oil and Gas. The terms of

cost recovery and production sharing vary depending upon the prospects of the area, the proximity to existing infrastructure and whether the concession is onshore or offshore. Cost recovery provisions generally range from 40 per cent. to 50 per cent. and the Government of Oman generally takes between 70 per cent. to 85 per cent. of oil produced (after deduction of oil to cover costs) under the terms of its EPSAs. The average tenor of the EPSAs is 25 years, with no significant contracts up for renewal in the next 12 months.

The Government of Oman currently has 27 EPSAs with 17 oil and gas companies. Nine of these agreements are in the production phase and 18 agreements are in the exploration stage. Occidental Petroleum Corporation ("**Occidental**") operates the largest non-PDO concession through four separate concession areas including the EOR development of the Mukhaizna field in the south of the country.

The Government of Oman also owns 100 per cent. of the non-associated gas reserves in PDO's Block 6, which supplies the gas for Oman's LNG plant. Exploration, development and production of these gas assets are undertaken by PDO, on a cost plus basis, on behalf of the Government of Oman. The Government of Oman also holds a majority (51 per cent.) share in the downstream element of Oman's LNG project and a 72 per cent. share in the Qalhat LNG project (see "*Infrastructure – Natural Gas Infrastructure*").

Exploration and drilling

PDO has dominated exploration activity in the country since 1937. Most of the active licenses in Oman are situated within the four main producing basins of South, Central and West Oman and the Oman Foreland sub-basin in northern Oman. Block 6 extends across all four of these established sub-basins. The majority of the licensing activity is onshore, accounting for over 85 per cent. of active licenses, although there are five active licenses offshore. Other oil companies have experienced difficulty in finding new licensing opportunities due to the fact that PDO operates an extensive concession area.

All unlicensed blocks in Oman are available for oil company participation via EPSAs through direct negotiation with the Ministry of Oil and Gas. The Ministry of Oil and Gas periodically organises licensing rounds in which open acreage is directly marketed to prospective investors. Interested companies may negotiate for opportunities either within or outside official licensing rounds. Licensing activity has increased significantly in recent years, partially due to the re-licensing of relinquished PDO acreage, as well as the Ministry of Oil and Gas's response to falling oil production and rising gas demand. In 2004, PDO's Block 6 concession was extended to 2044 by the Ministry of Oil and Gas. In 2007, BP was selected by the Ministry of Oil and Gas to appraise and develop the Khazzan and Makarem gas fields, located in Block 61 in the Central Oman basin. In 2013, Oman and BP signed a gas-sales agreement and an amended production-sharing agreement for the Khazzan field, with total investment for the full-field development estimated to be around U.S.$16 billion. The exploration and production sharing agreement was further amended in 2016 in order to extend the licensing area of the block and enable further development of the Khazzan field (see "*Infrastructure – Natural Gas Infrastructure*").

95 per cent. of the key exploration and appraisal wells drilled in Oman have been in the primary producing basins in South, Central and West Oman and the Foreland Sub-basin in northern Oman. The remaining wells have been drilled in four other basins, three of which are offshore and one onshore in eastern Oman. PDO's initial exploration and appraisal drilling was focused on the northern areas of Block 6, close to its first discoveries in the Yibal and Fahud fields. Drilling then continued in the Qarn Alam area, directly south of Fahud, where a number of discoveries were made in the early 1970s. Following the discovery of the Marmul field in 1980, PDO increased its drilling in the under-explored areas of southern Oman. In the mid-to-late 1990s the Central Oman sub-basin was the focus of gas exploration and appraisal activity in the Qarn Alam area for reserves to support the Oman LNG project. In recent years, PDO, Occidental, PTTEP and CCED have had relatively successful drilling results in the Central Oman Basin and the Oman Foreland sub-basin.

Hydrocarbon Reserves

Oman's initial reserves are distributed fairly evenly among the South Oman, Oman Foreland, Central and West Oman sub-basins. The South Oman and the Oman Foreland sub-basins contain predominately oil reserves, while the Central and West Oman sub-basins, as well as having significant oil and condensate reserves, contain substantial reserves of both non-associated and associated gas.

The following table below sets forth Oman's hydrocarbon reserves as at 31 December for each of the five years ended 31 December 2015.

Oman Hydrocarbon Reserves

	Reserves				
	2011	**2012**	**2013**	**2014**	**2015**
Oil and Condensates (bnbbl)	5.0	5.0	5.3	5.3	5.4
Natural Gas (tcf)	18.3	18.2	25.0	24.3	23.0
Total (bn boe)	8.2	8.2	9.6	9.5	9.4

Note: Totals may not add up due to rounding factor.

Source: Ministry of Oil and Gas.

Oman's total proved oil and condensate reserves have increased to approximately 5,373.1 million barrels as at 31 December 2015 from approximately 5,306.2 million barrels as at 31 December 2014 and approximately 5,256.5 million barrels at 31 December 2013. Oman's main oil fields are now mature and maintaining its oil reserves is expected to depend largely on the extent to which PDO and Occidental Oman (a subsidiary of Occidental Petroleum Corporation) are successful in increasing recovery rates using enhanced oil recovery techniques. The majority of Oman's oil and gas reserves are distributed relatively evenly among the South Oman, Oman Foreland, Central Oman and West Oman sub-basins.

Oman's proved gas reserves decreased to 23.0 trillion cubic feet at 31 December 2015 from 24.3 trillion cubic feet at 31 December 2014 and 25.0 trillion cubic feet at 31 December 2013. These decreases were a result of gas production as well as the categorization of gas volumes and variations in the number of wells and exploratory studies. Almost 85 per cent. of Oman's remaining gas reserves are contained within 10 fields operated by PDO.

Oman is not a member of OPEC although it has reduced production in line with OPEC on several occasions. Oman is an active member of the GCC's Permanent Committee for Petroleum Co-operation and the Government of Oman believes that its active membership in the GCC since 1981 allows it to participate in the formation of oil policy in the region.

Oil and condensates reserves

At 31 December 2015, PDO's proved oil and condensate reserves increased by approximately 1 per cent. to 3,490.2 millions of barrels from 3,450.7 millions of barrels at 31 December 2014, principally as a result of enhanced oil recovery techniques. Proved reserves in fields operated by other oil companies also increased by approximately 1.5 per cent. at 31 December 2015 to 1882.9 millions of barrels from 1855.5 millions of barrels at 31 December 2014, also reflecting the use of enhanced oil recovery techniques. Total proved oil and condensate reserves throughout Oman were 5,373.1 millions of barrels at 31 December 2015, as compared to 5,306.2 millions of barrels at 31 December 2014.

The following table below sets forth Oman's total proved oil and condensate reserves by company as at 31 December for the five years ended 31 December 2015.

Oman Proved Oil and Condensate Reserves by Company

Company	Reserves (mmbbl)				
	2011	2012	2013	2014	2015
PDO (Block 6)	3,488.4	3,492.0	3,602.6	3,450.7	3,490.2
Occidental Oman (Block 9)	295.4	229	200.4	218.4	267.5
Occidental Mukhaizna (Block 53)	995.2	979	997.4	1,137.8	1,105.8
Occidental Oman (Block 27)	8.0	8.4	22.1	25.9	41.6
Occidental Oman (Block 62)	—	—	—	0.8	3.7
Daleel Petroleum (Block 5)	145	175.2	191.9	166.7	161.7
CC Energy	—	65.9	102.1	135.9	143.7
D.N.O.	21.2	22.3	13.0	9.6	9.2
PTTEP Oman	2.8	—	1.3	1.5	1.5
Petrogas (Block 7)	2.5	2.5	0.4	0.1	0.4
OOCEP	—	—	19.3	34.5	21.5
BP Oman	—	—	106	124.3	126.3
Total	4,958.5	4,974.3	5,256.5	5,306.2	5,373.1

Note: Totals may not add up due to rounding factor.

Source: Ministry of Oil and Gas.

Natural gas reserves

The vast majority of Oman's remaining proved natural gas reserves are held within PDO's Block 6. Almost 68 per cent. of Oman's remaining proved gas reserves are contained within 10 fields operated by PDO, most of which are in the Qarn Alam area. The deep reservoir of the Saih Rawl field is the country's largest proven non-associated gas field, containing around 40 per cent. of the remaining proved reserves. Gas reserves have the potential to increase significantly if BP's Khazzan-Makarem fields are fully appraised. The in-place volumes at Khazzan and Makarem are estimated to range from 50 to 100 trillion cubic feet. The significant range in estimates for these projections is a reflection of the uncertainty relating to developing these deep, tight gas fields.

At 31 December 2015, PDO's proved gas reserves decreased by approximately 6 per cent. to 15.9 tcf from 16.9 trillion cubic feet at 31 December 2014. Proved reserves in fields operated by other oil companies decreased by 4 per cent. at 31 December 2015 to 7.1 trillion cubic feet from 7.4 trillion cubic feet at 31 December 2014. Total proved natural reserves throughout Oman were 23.0 trillion cubic feet at 31 December 2015, as compared to 24.3 trillion cubic feet at 31 December 2014.

The following table below sets forth Oman's total proved gas reserves by company as at 31 December for each of the five years ended 31 December 2015.

Proved Reserves of Natural Gas by Company

Company	Reserves (tcf)				
	2011	2012	2013	2014	2015
PDO	17.3	17.3	17.2	16.9	15.9
Occidental Oman (Block 9)	0.5	0.5	0.4	0.3	0.3
Occidental Mukhaizna (Block 27)	—	0.03	0.03	0.1	0.1
Occidental Oman (Block 62)	—	—	—	0.2	0.2
Daleel Petroleum	0.1	0.1	—	0.1	0.1
PTTEP Oman	0.1	0.04	0.02	0.03	0.01
OOCEP	—	—	0.4	0.7	0.5
BP Oman	—	—	6.8	5.9	5.9
DNO	0.3	0.2	0.1	0.1	0.1
Total	18.3	18.2	25.0	24.3	23.0

Source: Ministry of Oil and Gas.

Production

Oil and condensates production

Commercial oil production began in Oman in 1967, when PDO's Fahud and Natih fields were brought onstream. In 1969, PDO began producing from the Yibal oil and gas field. The Fahud, Natih and Yibal fields still make a significant contribution to Oman's production today. Until 1980, all Omani liquids production came entirely from PDO-operated fields. However, in 1980, Elf brought the Sahmah field into production, and in 1984 Occidental Oman brought the Safah field onstream. Subsequently, two other fields started production: in 1990, the Daleel field located in Wadi Aswad (Block 5) and operated by JAPEX (now Daleel Petroleum), followed in 1994 by the offshore Bukha field, now operated by DNO. Occidental Oman became the operator of the Mukhaizna field in 2005, and has increased production on that field through a large-scale steam injection enhanced oil recovery project.

Between 2000 and 2008 Oman's oil production experienced a decline, from 950 thousands of barrels per day to 750 thousands of barrels per day, due to decreasing output from PDO's ageing fields. In response, PDO shifted its focus to increasing recovery from its existing fields, and this has led to the sanctioning of over 15 waterflood projects and four major enhanced oil recovery projects since 2005. This change in PDO's focus was accompanied by a sizeable increase in production outside Block 6 as a result of development growth and successful exploration finds by other operators in other areas of Oman.

Condensate production has increased markedly since 2004, from 80 thousands of barrels per day to 96 thousands of barrels per day in 2015. Condensate is produced mainly from PDO's fields in the Qarn Alam area and is supplemented by very small volumes from Suneinah, Bukha, Wadi Aswad and Shams. The recent increase is a consequence of PDO increasing production from its non-associated gas fields, such as the condensate-rich Kauther field, which was brought on stream in late 2007, with a small contribution from Abu Butabul which came on stream in 2015. There are also projected to be additional volumes from Khazzan-Makarem when this project comes onstream in 2018.

The following table sets forth total oil and condensate production in Oman by company for each of the five years ended 31 December 2015.

Annual Production of Oil and Condensates by Company

		Annual production (mmbbl)				
Company		**2011**	**2012**	**2013**	**2014**	**2015**
PDO	Crude oil	200.5	207.3	207.9	208.2	214.9
	Condensates	34.2	33.8	31.4	28.5	30.3
	Total	234.7	241.1	239.3	236.7	245.2
Occidental Oman	Crude oil	25.7	26.6	30.1	31.4	33.2
	Condensates (Block 9)	3.4	3.2	2.8	2.4	2.3
	Condensates (Block 27)	—	0.04	0.04	0.2	0.5
	Total	29.1	29.84	32.9	33.9	36.0
DNO	Crude oil	2.7	1.9	4.6	3.0	1.4
	Condensates	0.1	0.2	0.1	0.1	0.1
	Total	2.8	2.1	4.7	3.1	1.5

Company		Annual production (mmbbl) 2011	2012	2013	2014	2015
Occidental Mukhaizna	Crude oil	42.4	43.7	44.8	44.4	44.4
Daleel Petroleum	Crude oil	11.5	13.3	14.7	16.0	17.0
Petrogas	Crude oil	0.4	0.4	0.4	0.3	0.4
CC Energy	Crude oil	1.4	4.5	5.5	9.2	11.8
PTTEP	Condensates	0.7	1.1	1.2	0.6	0.6
BP Oman	Condensates	0.1	0.08	0.1	0.1	—
OOCEP	Condensates	—	—	—	0.1	1.3
Total of Crude Oil		284.5	297.7	308.1	312.5	323.1
Total of Condensates		38.5	38.5	35.7	32.0	35.0
Total of Oil and Condensates		323.0	336.2	343.8	344.5	358.1

Note: Totals may not add up due to rounding factor

Source: Ministry of Oil and Gas.

The following table sets forth the average daily oil and condensate production in Oman by company for each of the five years ended 31 December 2015.

Average Daily Production of Oil and Condensates by Company

Company		Average daily Production (thousands of barrels per day) 2011	2012	2013	2014	2015
PDO	Crude oil	549.3	566.3	569.7	570.5	588.9
	Condensates	93.6	92.5	85.9	78.0	82.9
	Total	642.9	658.8	655.6	648.6	671.8
Occidental Oman	Crude oil	70.5	72.6	82.6	86.0	91.0
	Condensates (Block 9)	9.3	8.8	7.7	6.5	6.4
	Condensates (Block 27)	—	0.1	0.1	0.4	1.3
	Total	79.8	81.5	90.4	92.9	98.7
DNO	Crude oil	7.7	5.2	12.6	8.1	3.8
	Condensates	0.4	0.5	0.3	0.4	0.4
	Total	8.1	5.7	12.9	8.5	4.2
Occidental Mukhaizna	Crude oil	116.1	119.5	122.8	122.0	121.6
Daleel Petroleum	Crude oil	31.1	36.4	40.4	44.0	46.6
Petrogas	Crude oil	1.1	1.1	1.1	1.0	1.0
CC Energy	Crude oil	3.8	12.2	15.1	25.3	32.3
PTTEP	Condensates	1.9	3.0	3.4	2.0	1.5
BP Oman	Condensates	0.3	0.2	0.3	0.0	—
OOCEP	Condensates	—	—	—	0.2	3.5
Total of Crude Oil		779.5	813.4	844.2	856.2	885.2
Total of Condensates		105.4	105.1	97.7	87.2	95.9
Total of Oil and Condensates		884.9	918.5	941.9	944.0	981.1

Note: Totals may not add up due to rounding factor

Source: Ministry of Oil and Gas.

Total oil and condensates production in Oman increased to 358.1 millions of barrels in 2015 from 344.5 millions of barrels in 2014, a growth rate of approximately 4 per cent. This represents an increase in average production per day in Oman to 981.1 thousands of barrels per day in 2015 from 944.0 thousands of barrels per day in 2014. The increase in production resulted principally from the application of enhanced oil recovery techniques such as polymer, miscible and steam (gas or solar generated) injection.

PDO's production increased by approximately 4 per cent. in 2015 to 245.2 millions of barrels from 236.7 millions of barrels in 2014. This represents an increase in average production per day by PDO to 671.8 thousand bbl/d in 2015 from 648.6 thousand bbl/d in 2014. Production from other oil companies also increased in 2015 to 112.9 millions of barrels from 107.8 millions of barrels in 2014.

Natural gas production

There are two primary sources of gas: associated gas reserves and non-associated gas reserves. Non-associated gas reserves are developed primarily to produce natural gas, while associated gas is produced as a byproduct of the production of crude oil.

Until 1999, Oman's non-associated gas was almost wholly produced from PDO's Block 6. Associated gas production in Oman was less than 400 mmcf/d and sourced from PDO's Yibal, Fahud and Lekhwair areas in the north of Block 6. The southern producing areas of Marmul and Nimr are characterised by relatively heavy oils with lower gas-oil ratios and have very limited associated gas reserves.

Since 1999, PDO has increased non-associated gas production volumes significantly, with the Qarn Alam fields (Saih Rawl, Barik and Saih Nihayda) brought onstream to supply Oman's new LNG plants. More recently, other operators, including Occidental and PTTEP, have supplied small volumes of gas to the government from their respective contract areas.

The following table sets forth total natural gas production in Oman by company for each of the three years ended 31 December 2015.

Annual Production of Natural Gas by Company

		Annual production (million m^3)				
Company		**2011**	**2012**	**2013**	**2014**	**2015**
PDO	Associated	4,774	4,999	4,966	4,952	5,329
	Non-associated	27,112	28,084	28,938	28,050	29,602
Occidental (Block 9)	Associated	960*	1,008*	1,070	969	949
	Non-associated	548*	707*	555	391	329
Occidental (Block 27)	Associated	—	—	144	222	219
	Non-associated	—	—	37	52	73
Daleel Petroleum	Associated	139	161	227	311	328
Petrogas	Associated	2	2	2	2	4
BP Oman	Associated	—	—	—	5	—
	Non-associated	223	156	234	—	—
OOCEP	Non-associated	—	—	—	17	438
PTTEP	Non-associated	606	510	453	320	256
DNO	Associated	248	165	445	332	183
	Non-associated	110	139	77	99	109
Total of Associated Gas		6,123	6,334	6,854	6,787	7,008
Total of Non-associated Gas		28,599	29,596	30,295	28,917	30,806
Total Production		34,722	35,931	37,149	35,704	37,814

** 2011 and 2012 for Block-9 and Block-27 are mentioned together in Block-9*

Note: Totals may not add up due to rounding factor.

Source: Ministry of Oil and Gas.

The following table sets forth the average daily natural gas production in Oman by company for each of the three years ended 31 December 2015.

Average Daily Production of Natural Gas by Company

Company		Average daily production (million m^3 per day)				
		2011	2012	2013	2014	2015
PDO	Associated	13.1	13.7	13.6	13.6	14.6
	Non-associated	74.3	76.7	79.3	76.9	81.1
Occidental (Block 9)	Associated	2.6	2.8	2.9	2.7	2.6
	Non-associated	1.5	1.9	1.5	1.1	0.9
Occidental (Block 27)	Associated	—	0.2	0.4	0.6	0.6
	Non-associated	—	0.1	0.1	0.1	0.3
Daleel Petroleum	Associated	0.4	0.4	0.6	0.9	0.9
Petrogas	Associated	0.01	0.01	0.004	0.01	0.01
BP Oman	Associated	—	—	—	0.01	—
	Non-associated	0.6	0.4	0.6	—	—
OOCEP	Non-associated	—	—	—	0.05	1.2
PTTEP	Non-associated	1.7	1.4	1.2	0.9	0.7
DNO	Associated	0.7	0.5	1.2	0.9	0.5
	Non-associated	0.3	0.4	0.2	0.3	0.3
Total of Associated Gas		16.8	17.4	18.8	18.6	19.2
Total of Non-associated Gas		78.4	80.9	83.0	79.2	84.4
Total Production		95.2	98.3	101.8	97.8	103.6

Note: Totals may not add up due to rounding factor.

Source: Ministry of Oil and Gas.

The Government of Oman is entitled to 100 per cent. of the reserves of natural gas in the Block 6 concession area, and future natural gas sales are expected to continue to be supplied mainly by both PDO and BP Khazzan. With significant existing contracted LNG volumes and growing industrial and domestic gas markets, demand for gas in Oman is forecasted to continue to grow, and it is projected that PDO, even together with the current estimates of gas production from BP Khazzan phase 1, which is anticipated to come on stream in 2018, will be unable to fully meet Oman's future gas demand without additional projects coming onstream. As a result, the Government of Oman is counting on growth from projects such as the extension development of the BP Khazzan gas field, which is anticipated to come on stream in late 2019, to ensure that the government can continue to meet the country's gas demand and export obligations for the foreseeable future. BP is the operator of the block (Block 61) containing the Khazzan tight gas field and holds a 60 per cent. interest in the 2700 km^2 block, while Oman Oil holds the other 40 per cent.

On February 14, 2016, BP and Oman Oil signed a heads of agreement with the Government of Oman committing to amend the EPSA for Block 61, extending the license area of the block and enabling the further development of the Khazzan tight gas field. Under the amended EPSA, the extension is expected to add a further 1000km^2 to the south and west of the original Block 61. The extension is expected to allow a second phase of development, accessing additional resources in the area that have been identified by drilling activity within the original block. The two phases are expected to produce 1.5 bcf/d through the development of 10.5 trillion cubic feet of recoverable gas resources. This will involve construction of a three-train central processing facility with associated gathering and export systems and drilling around 325 wells over a 15 year period. Improved reservoir performance, drilling efficiencies and other improvements have reduced the well

count by around 100 wells from the original Phase 1 plan. The additional development is subject to final approvals of the Government of Oman and BP, which are targeted for the end of 2017, with this phase of the project targeted to come onstream in 2020.

Infrastructure

Oil infrastructure

Oil Pipelines

Oman's highly developed oil infrastructure network is almost exclusively owned and operated by PDO and comprises around 2,200 km of oil pipelines, including main crude and inter-field oil and condensate pipelines. Oman has oil storage facilities at Mina Al Fahal with a capacity of around 4.8 millions of barrels and two export single buoy moorings, which berth around 350 crude tankers on an annual basis. In addition, PDO operates four major oil pumping stations at Hubara, Sahmah, Qarn Alam and Nahada.

The oil pipeline network in Oman comprises one main pipeline system known as the Main Oil Line. The Main Oil Line extends from PDO's southern fields, through the Qarn Alam area and includes sections of diameters between 6 and 42 inches depending on local and regional supply capacities. The section of the Main Oil Line that runs from Marmul to the Nahada Booster Station is known as the South Main Oil Line. At Nahada this joins another component of the Main Oil Line, which originates at Lekhwair and Yibal, and is known as the North Main Oil Line. The Main Oil Line segment from Nahada to Mina Al Fahal has a nominal export capacity of 994 thousand bbl/d. Other onshore oil producers have pipelines connecting their fields to the Main Oil Line and pay a fixed tariff of U.S.$1.00/bbl for the use of PDO's oil export network.

Continued investment is planned by PDO to maintain the integrity of the oil pipeline network. Production increases in southern and central Oman have required additional pumps to be installed at the Qarn Alam Booster Station, which is a key oil hub. The Qarn Alam pumping station was upgraded in 2000, raising capacity by 100 thousands of barrels per day to 600 thousands of barrels per day.

Oil Terminals

Oman's main oil terminal, Mina Al Fahal, is located near Muscat and the majority of the country's crude is either exported or processed at the refinery for domestic use, with the exception of small volumes produced from DNO Block 8 West Bukha in Musandam which are planned to be exported from the new terminal nearby. The Mina Raysut port near Salalah has an oil pier with one dolphin berth for handling tankers of up to 45,000 dead weight tonnage.

Natural gas infrastructure

Natural gas pipelines

Oman's natural gas pipeline network is owned by the Oman Gas Company ("**OGC**"). OGC is 100 per cent. owned by the Oman Oil Company (20 per cent.). The network comprises around 2,500 km of gas pipelines. These include the main gas export pipeline to the LNG terminals at Qalhat near Sur, pipelines from Saih Rawl to Muscat, Sohar in the north and Salalah in the south, inter-field pipelines and pipelines supplying associated gas for injection into the oil reservoirs of fields located in southern Oman.

The primary supply of gas in Oman comes from the northern and central producing regions within PDO's Block 6, namely Yibal, Fahud, Lekhwair and Qarn Alam. A major gas pipeline, known as the South Oman Gas Line, extends from the Saih Nihayda field in the Qarn Alam area to the Marmul fields in the south. This line is used to supply gas primarily for injection (for reservoir pressure maintenance), power generation and other local use.

The main 48-inch gas export pipeline runs from the Saih Rawl field in central Oman to the LNG plant on the coast. This pipeline was commissioned in 1999 and has a nominal capacity of 1,200 mmcf/d. In 2005, OGC commissioned a 300 km, 32-inch pipeline from Fahud to Sohar, linking the Qarn Alam area gas fields to Sohar via Fahud. It has been constructed to supply gas to the

refinery and other large scale industrial projects such as the steel plant, aluminium smelter and fertiliser plant in the Sohar area. OGC also commissioned a pipeline linking gas sources in central Oman with Salalah, where gas is intended be used to supply local domestic and industrial users. This pipeline has a diameter of 24 inches and a capacity of around 350 mmcf/d.

Iran and Oman are also currently cooperating on certain gas pipeline and supply initiatives. These initiatives aim to make Iranian natural gas available for use in domestic industrial projects as well as for LNG export on a per project basis.

LNG terminals

Oman's LNG plant at Qalhat came onstream in 1999, with a capacity of 6.6 Mtpa. A debottlenecking program, completed in 2005, increased the plant's capacity to approximately 7.2 Mtpa. The plant consists of two process trains (each with 3.6 Mt of storage tank capacity), marine loading facilities and utility facilities. A third train, Qalhat, was brought onstream at the end of 2015. This train has a capacity of 3.5 Mtpa and is operated by Oman LNG (with a different equity structure from trains 1 and 2). Storage and loading facilities are shared between the two projects.

Gas Processing Plants

The five major gas processing plants in Oman are the following:

- The Government Gas Plant ("**GGP**") is situated at the Yibal field and processes gas from the Natih/Yibal, Amin and Mafraq gas reservoirs from several gas fields in the north of Oman with a capacity of 812 mmcf/d. The GGP came on-stream in 1978. The existing Yibal GGP surface facilities are comprised of buried flow lines, inlet manifold, inlet separation facilities, third stage depletion compression facilities, inlet compression facilities, gas dehydration dew-pointing trains and gas metering facilities. The design capacity for the GGP facility is 812 mmscf/d (23 MMSCMD) on a water dry basis. It has five trains for treatment of the gas before export. The feed streams of the GGP are comprised of Yibal non-associated gas, Yibal associated gas, Fahud West, Haban, Maqhoul South, Thumayd, Fahud SouthWest, Government Gas Plant at Lekhwair, Khulud Natih, Khulud Amin, AlBashair and Al-Huwaisah. Recent upgrades include the Y3DC project, which was commissioned in March 2016 to reduce the GGP inlet pressure from 20 bar to 8 bar and hence enable the field to fulfill its gas supply commitment. In addition, the Y4DC project is planned to increase the reserves by 3 BCM and is planned to be completed by 2024. Thereafter, the Y5DC project (depletion compression to 1 Bar) is planned to further increase reserves by 8 BCM. Sales gas is exported to customers through the 28" GGS (North Oman Gas Distribution Pipeline Network) whilst the liquids (condensate and water) are transported to Yibal A Oil Station. Currently the GGP is processing approximately 20 $MMSM^3/d$ of gas.

- The Saih Nihayda Gas Plant ("**SNGP**"), designed to process approximately 706 mmcf/d (20 MMm^3/d) of non-associated gas from the Saih Niyada (Barik, Miqrat and Amin reservoirs) and Shuaiba fields. The plant was commissioned in 2005 at Saih Nihayda. The capacity of the SNGP was increased in 2010 to 875 mmcf/d from 25 MMm^3/d. The plant and its associated wells increased PDO's gas supply capacity by about 30 per cent. at the time it was constructed. The commissioning of the 48-inch gas pipeline to Sur was also completed in 2005. A mid-way booster station was built at block valve station 5 (BVS – 5) on the 48-inch pipeline to Qalhat. In 2009, the Middle Gharif Resrvoir was connected to the station, followed by Burhan West Field (Barik, Miqrat and Amin reservoirs) in 2010. Saih Nihayda North was added in 2015. Currently SNGP is processing approximately 19 $MMSM^3/d$ of gas.

- The Central Processing Plant ("**CPP**") is located at Saih Rawl field, in central Oman. The CPP is reserved exclusively for Oman LNG, while the plants at Yibal and Saih Nihayda process gas for domestic consumption. CPP delivered first gas from the Saih Rawl and Barik fields in 1999, Saih Rawl South, Mabrouk Shallow and Mabrouk Deep were introduced in 2007, 2008 and 2013 respectively. CPP is also the main condensate processing plant for the SNGP, the Kauther Gas Plant and the Saih Rawl fields. In 2009, four depletion compressors were installed to reduce the arrival pressure from 90 bar to 35 bar with total throughput

capacity of 48 MMSCMD. The second stage compression, designed to reduce the CPP inlet pressure from 35 bar to 13 bar with total capacity of 30 MMSCMD, was commissioned in March 2016. For the last two years, CPP average annual production was 34 MMSCMD. CPP's average annual production is expected to increase to 38 MMSCMD by 2017 mainly due to the second stage compression and Mabrouk expansion. Currently the CPP is processing approximately 38 $MMSM^3/d$ of Gas and approximately 70 kbbl/d of condensate.

- The Kauther Gas Plant ("**KGP**"), designed to process approximately 706 mmcf/d (20 MMm^3/d) of non-associated wet gas and around 138 Kbbl/d (22,000 m^3/day) of live condensate from Kauther, Fakhar, Harmal and close by third party fields. KGP was commissioned in 2007 at Kauther. KGP supplies export gas to the government gas supply and the condensate is exported to the CPP for further processing. In 2012, two depletion compressors were installed with a total capacity of 460 mmcf/d (13 MM m^3/day) of non-associated wet gas to sustain the gas and condensate production. Currently KGP is processing approximately 9 $MMSm^3/d$ of gas.

- The Government Gas Plant at Lekhwair ("**GGL**") was commissioned in 2014 at Lekhwair, located approximately 130 km to the North West of Fahud. GGL processes the non-associated gas reservoir below the existing oil producing reservoir in Lekhwair field. The plant is designed to export approximately 100 mmcf/d of treated gas (~3 $MMSm^3/d$). The processed dry gas is then evacuated from the GGL to the GGP through a 16-inch 110km pipeline. The condensate from the GGL is sent to Lekhwair oil station. Currently GGL is processing approximately 2.5 $MMSm^3/d$ of gas.

Plans to build additional gas processing plants in the country are also currently underway:

- An agreement between BP and the Omani Government was signed in 2013 on plans to build a plant to process natural gas that is expected to be produced from BP's tight gas Khazzan fields in Block 61. The Phase 1 project was sanctioned in December 2013 and remains on schedule to deliver first gas in late 2017. As discussed above, in February 2016, BP and Oman Oil signed a heads of agreement to extend the licence and develop further the major Khazzan tight gas field. The new Khazzan Phase 2 project is targeted to come on stream in 2020. The two phases are expected to produce 1.5 bcf/d through the development of 10.5 trillion cubic feet of recoverable gas resources, equivalent to around 40% of Oman's current total domestic gas production. This is expected to involve construction of a three-train central processing facility with associated gathering and export systems and drilling around 325 wells over a 15 year period. Improved reservoir performance, drilling efficiencies and other improvements have reduced the well count by around 100 wells from the original Phase 1 plan.

- In 2014, the Musandam Power Company ("**MPC**"), a majority owned subsidiary of Oman Oil Company, was established as Oman's first independent power producer in the Musandam Governorate as a joint venture between Oman Oil Company (70 per cent.) and LG International Corp (30 per cent.). In August 2015, the MPC signed three major agreements (a project finance agreement, a power purchase agreement and a natural gas sales agreement) with financial institutions and agencies to support the implementation of the 120 MW project. The plant is targeted to be commissioned by the end of 2016.

Refining and marketing activities

There are two refineries currently operating in Oman, namely the Mina Al Fahal refinery and the Sohar refinery. The Ministry of Oil and Gas has restructured its refinery sector by merging the Sohar Refinery Company with the Mina al Falal refinery in order to reduce costs. The new company has been launched as the Oman Oil Refineries and Petroleum Industries Company ("**ORPIC**"). There are also plans for a new refinery at Duqm.

Mina Al Fahal refinery

The Mina Al Fahal refinery was brought onstream in 1982, with a capacity of 50 thousand barrels per day. The plant's capacity was upgraded to 80 thousands of barrels per day in 1987. Following the installation of a continuous catalytic generator in 1993, the refinery is capable of producing unleaded petrol. Between 2005 and early 2007, the refinery was refurbished and capacity was upgraded to 106 thousands of barrels per day at a total cost of U.S.$320 million. Over the last 10 years, the Mina Al Fahal refinery has operated at close to its nominal capacity, receiving the vast majority of its supply from the Ministry of Oil and Gas rather than third party oil producers.

Sohar refinery

The Sohar refinery was constructed by the Sohar Refinery Company, a joint venture between the government and Oman Oil Company, at a cost of U.S.$1.25 billion and was brought onstream in October 2006. The refinery processes residual fuel oil from the Mina Al Fahal plant to produce petrol, and consists of, among other units, a residue fluid catalytic cracker. The plant has a capacity of 116 thousand barrels per day, of which 70 per cent. is supplied to the domestic market and the rest exported. Oman Trading International, Oman's international oils and petrochemicals marketing company, acquires the export product.

The Sohar Refinery Improvement Project ("**SRIP**") is a multibillion dollar capital investment by ORPIC and is currently ongoing. The project is intended to upgrade Oman's refining capability in order to further maximise the value of Omani crude oil. At the same time, SRIP is intended to significantly improve environmental performance on the back of the recent progress made through ORPIC's Environmental Improvement Program. The environmental permits for SRIP were issued in July 2013 and land agreements were finalised in August 2013 for a plot adjacent to the Sohar Refinery.

When SRIP comes onstream, targeted for late 2016, current production of fuels, naphtha and propylene is projected to increase by 70 per cent. and satisfy the increased fuel demand in the country, which has grown by 10 per cent. annually over the past 5 years. After SRIP is completed, ORPIC's fuels production is projected to increase by 4 Mtpa, with overall production levels targeted to reach 11 Mtpa in 2016. Upon completion, approximately 52 per cent. of the refinery's production is expected to be supplied to the domestic market.

The Muscat Sohar Pipeline Project ("**MSPP**") is also currently underway and it is intended to connect the Mina Al Fahal and Sohar refineries by means of a 280 km pipeline to an intermediate distribution and storage facility at Jifnain, as well as a new storage facility at Muscat International Airport, which is intended to receive aviation fuel directly from the pipeline. MSPP is to be a two-way multi-product pipeline that is intended to remove the need for ORPIC to ship and truck refined products. The pipeline is designed to bring a new level of efficiency and lower costs to ORPIC's business, as well as reduce the number of fuel-tank truck journeys in and around Muscat. Heavy fuel-tank truck traffic in Muscat is projected to drop by 70 per cent.

In addition, Liwa Plastics Industries Complex ("**LPIC**") is a steam cracker project that is intended to process light ends such as butane, propane and gasoline produced in the Sohar refinery and its Aromatics plant as well as optimize natural gas liquids extracted from currently available natural gas supplies. LPIC is expected to re-route elements of existing production in combination with additional purchased feedstocks to deliver high value polymer products for the local and international marketplaces. LPIC's primary goal is to further increase the value that can be derived from Omani crude oil and natural gas production within the country. The project is on schedule for completion during 2019.

Duqm refinery

OOC is currently planning and implementing an ambitious development project in the Special Economic Zone of Duqm ("**SEZAD**"), on Oman's eastern coast, for which significant investments of up to U.S.$15 billion have been earmarked for petrochemicals and infrastructure development over the next 15 years. The specific details of this development project are currently under review and revision. The development project has been designed to host oil and gas based and metals projects supported by the development of Duqm port and other related infrastructure. OOC is

leading the development of a number of large-scale projects in SEZAD, which aims to serve as a catalyst for Duqm's planned transformation into one of the largest industrial and economic hubs in the region. The flagship project is planned to be an integrated refinery and petrochemical complex, which will be developed with one or more international partners. These projects are intended to be one of the largest employers in Oman. Occupying a land area of 1,745 km^2 and 70 km of coastline along the Arabian Sea, the Duqm Special Economic Zone is intended to be one of the largest developments of its kind in the MENA region.

Significant investments have already been made to expand Duqm's infrastructure, including a new international airport, a new dry dock/quay, hotels and dual carriage roads. Phase 1 of the Duqm Special Economic Zone is under development and includes a refinery, a product terminal, centralized utilities, a crude terminal and a crude pipeline. Phase 2, which remains under study, contemplates a petrochemicals complex, enhancements to the crude terminal, a steel complex, petcoke and sulphur utilization facilities and alternative energy coal power projects. An agreement was reached in 2016 with Oman Wanfang LLC, which is owned by the Chinese government and other Chinese investors, in connection with the development of the Chinese industrial park in Duqm, to be carried out, together with other Chinese investors and companies, in multiple phases. The total aggregated investment is expected to be up to U.S.$10 billion by 2022, to be funded generally on a per project basis with other investors.

Omani Blend

Prior to November 2001, the price of Oman's single export blend ("**Oman Export Blend**" or "**Omani Blend**") was fixed on a monthly basis at a differential to Dubai. Most of the Omani Export Blend transactions were done on a forward basis one to three months out.

Omani crude is one of the few Middle Eastern crudes to be freely traded on the spot market as term lifters are permitted by the Ministry of Oil and Gas to re-sell their crude. As of November 2001, partly as a result of the decline in Dubai crude cargoes, the basis for assessing daily spot prices of Dubai crude was changed to allow Oman Blend crude, comparable to Dubai, to be delivered into Dubai contracts. In November 2006, Oman's Ministry of Oil and Gas and the Dubai Mercantile Exchange Limited ("**DME**") announced that Oman would adopt forward pricing of its crude oil based on the daily settlement price of the DME's Oman Crude Oil Futures Contract. By adopting this pricing mechanism (through an exchange), Oman became the first country in the region to take this step in pricing its crude through a transparent and regulated exchange system. This helped Oman Blend to become a benchmark crude in the region (along with Dubai).

The following table sets forth the average prices for Omani Blend crude for each of the five years ended 31 December 2015.

Omani Blend Price Average

	Omani Blend price (U.S.$/bbl)				
	2011	**2012**	**2013**	**2014**	**2015**
Jan	84	109	107	106	78
Feb	89	107	106	108	61
Mar	93	111	108	104	47
April	100	117	111	105	56
May	109	123	106	104	55
Jun	117	117	102	104	59
Jul	109	108	100	105	64
Aug	108	94	100	108	62
Sept	111	99	104	106	56
Oct	105	109	107	102	48
Nov	107	111	109	97	46
Dec	105	109	107	87	46
Average	103	110	106	103	56

Note: Averages may not round due to rounding factor

Source: Ministry of Oil and Gas.

Oil Exports

Exports of crude oil from Oman have been relatively consistent despite the increasing use of domestic refineries. All exports outlined below are net of supply to domestic refineries.

The following table sets forth the exports of Omani oil and condensates by producing company for each of the five years ended 31 December 2015.

Exports of Oil and Condensates as per Producing Companies

	Exports (mmbbl)				
Company	**2011**	**2012**	**2013**	**2014**	**2015**
PDO	218.5	228.6	252.2	241.9	242.9
Occidental Mukhaizna	27.4	24.8	19.5	20.1	28.9
Occidental Oman	11.7	11.9	15.8	15.3	19.0
Daleel Petroleum	6.3	6.4	7.2	5.7	7.9
DNO	3.0	1.9	4.9	3.1	1.5
CC Energy	1.2	4.7	3.1	4.8	5.9
OOCEP	—	—	—	0.1	1.2
PTTEP	0.9	1.1	1.1	0.8	0.4
Petrogas	0.4	0.4	0.4	0.1	0.4
Total	269.4	279.8	304.2	292.1	308.1

Note: Totals may not add up due to rounding factor.

Source: Ministry of Oil and Gas.

The following table sets forth the exports of Omani Blend oil and condensates by importing country for each of the five years ended 31 December 2015.

Exports of Oil and Condensates as per Importing Countries

	Exports (mmbbl)				
Country	**2011**	**2012**	**2013**	**2014**	**2015**
China	122.76	140.1	180.8	210.5	237.6
Taiwan	9.63	33.4	27.4	33.9	27.8
Singapore	9.61	19.9	13.5	3.3	10.0
Japan	27.55	38.2	29.3	13.8	9.6
Thailand	21.72	19.0	17.1	15.1	9.4
South Korea	20.54	10.9	5.0	6.1	5.9
India	33.54	5.2	16.0	4.9	4.6
Sri Lanka	—	—	4.9	2.7	1.4
ORPIC	—	—	2.5	—	—
Other countries	24.07	13.1	7.7	1.8	1.8
Total	269.4	279.8	304.2	292.1	308.1

Note: Totals may not add up due to rounding factor.

Source: Ministry of Oil and Gas.

Oman Oil Company

Oman Oil Company S.A.O.C. ("**OOC**") is a commercial company wholly-owned by the Government of Oman. OOC was incorporated in 1996 to pursue investment opportunities in the energy sector both inside and outside Oman. OOC's investments span the oil and gas value chain, as well as related energy intensive industries. Through participation in energy and energy related projects, OOC plays an important role in Oman's efforts to vertically diversify the Omani oil and gas sector into midstream and downstream activities. OOC's projects and assets are variously operated by Takamul Investment Company S.A.O.C, Oman Oil Company Exploration and Production, Oman Oil Facilities Development Company L.L.C., Oman Oil Duqm Development L.L.C., in addition to the international assets that are managed by the OOC international

investment unit. OOC is the energy investment arm for the Government of Oman. In this capacity, OOC's strategic focus complements Oman's development plans. As such, in the short term, OOC's strategy is split between increasing its capability and capacity for exploration and production of unconventional hydrocarbons, and developing downstream industrial hubs, with particular focus on the Duqm industrial zone.

Oman Oil Company Exploration & Production LLC ("**OOCEP**") is an upstream oil and gas company based in the Sultanate of Oman. OOCEP is a wholly-owned subsidiary of OOC with a primary focus on upstream investments as part of OOC's strategy of pursuing local and international energy related investments. OOCEP's activities combine the management of investments in non-operated upstream assets in Oman and abroad, as well as operatorship of upstream and service/midstream businesses in Oman. The aim of such investments is to draw upon Oman's experience in the oil and gas industry to achieve strong operational results and financial returns, pursue opportunities that will assist in meeting the future energy needs of Oman, and provide a platform for the professional development of the Omani workforce.

Through OOCEP, OCC has the back in right to participate at cost for a pre-agreed or negotiated participating interest upon the declaration of commerciality in various upstream projects. It has exercised this option in relation to two projects, Khazzan (Block 61) and Mukhaizna (Block 53). OOC's activities are funded by a variety of sources including revenues from the Petroleum Reserve Fund of Oman, external borrowings and/or internal accruals. OOC's contribution to Oman's GDP is intended to significantly grow going forward.

OOC's general role is to focus on developing and investing in sustainable businesses to achieve the economic objectives of the country. OOC acts as a catalyst and an anchor investor to develop industrial zones within Oman such as Sohar, Sur, Salalah, and currently Duqm. Additionally, OOC provides the energy infrastructure for the country in the form of transmission and distribution of natural gas as well as full range of project management services in pipeline construction.

Oman Gas Company

In 2000, Ministry of Oil and Gas transferred the majority of the ownership of the Omani northern gas transportation system to a newly-formed company, the Oman Gas Company ("**OGC**"). The OGC has since taken ownership of some of the gas pipeline network from PDO, although the gas is still wholly-owned by the Government. In 2013, OGC became a wholly owned subsidiary of OOC, prior to which, it was a closed joint stock company between the Ministry of Oil and Gas (holding 80 per cent. of the shares) and OOC (holding the remaining 20 per cent.).

The OGC concession agreement runs until 2027, after which all OGC assets will be returned to the Government at no cost. Under the concession agreement, OGC operates and maintains the gas pipeline network including any newly built pipelines. OGC does not own any gas volumes and only transports gas to different customers based on directions from the Ministry of Oil and Gas.

Non-Oil and Gas Sector

The Ninth Five-Year Plan (2016-2020) maintains the Government of Oman's focus on economic diversification and enhancement of welfare and social benefits, while at the same time aiming to boost the private sector (see "*The Economy of Oman – Vision 2020, Vision 2040 and Five Year Plans*"). To support these goals, over 500 programs and policies are planned across five target sectors: manufacturing, transportation and logistics, tourism, fisheries and mining. The Government of Oman believes these five sectors represent untapped potential and are essential for the transformation from a predominantly oil producing country to a diversified economy, including the potential for these sectors to create a significant number of jobs.

The Ninth Five-Year Plan also emphasizes the role of the private sector in driving Oman's economic growth. Greater private sector involvement in Oman's economy is expected to be achieved through legislation encouraging private sector investment, developing and providing development funding for small and medium enterprises ("**SMEs**") the Riyada Public Authority of Small and Medium Enterprise Development (PASMED) initiative for providing logistical, technical and other support for SMEs, public-private partnerships and improving the investment climate more generally. The government's initiatives also envisage expanding the role of the private sector in

acquiring, financing and managing government projects. Furthermore, the Government of Oman has undertaken a series of measures to encourage SME development including a quota for at least 10 per cent. of government contracts to be awarded to SMEs by the Oman Tender Board, a requirement for local banks to extend at least 5 per cent. of their loan books to SMEs by the end of 2015 and the creation of the Al Raffd Fund, which provides start-ups and SMEs with interest rate free loans.

Public Administration and Defence

Public administration and defence accounted for 12.2 per cent. of GDP in 2015. This sector grew by 4.4 per cent. in 2015.

Manufacturing

The manufacturing sector primarily consists of the operations of ORPIC (described in further detail in "Refining and Marketing Activities") and accounted for 10.9 per cent. of GDP in 2015. The manufacturing sector employed approximately 11.5 per cent. of the private sector labour force (including approximately 11.6 per cent. of the expatriate private sector labour force and approximately 11.1 per cent. of the Omani national private sector labour force) in 2015. This sector declined by 6.7 per cent. in 2015.

The Government of Oman aims to increase manufacturing's share of GDP to 15 per cent. by 2020. During the Eighth Five-Year Plan (2011-2015), the average annual growth rate of the manufacturing sector was 18.4 per cent. As part of Oman's industrial strategy, the Government of Oman's major ongoing project within the sector is the Liwa Plastic Industries Complex, which is expected to commence operations in 2019. This plant will enable Oman to produce polyethylene. The project is expected to create around 13,000 jobs (1,000 direct, 12,000 indirect), to contribute approximately 2 to 3 per cent. to GDP and to increase ORPIC's contribution to GDP to 9 per cent. by 2020. The total cost of the project is expected to be approximately U.S.$6.4 billion, which is expected to be financed by a combination of U.S.$3.8 billion of debt from international and local financial institutions and U.S.$2.6 billion of equity funding (including pre-completion revenues generated from the project).

The Government of Oman also has plans for a future refinery at Duqm (see "*Refining and Marketing Activities – Duqm refinery*").

Transport, Storage and Communications

Oman has seven ports (Sultan Qaboos port, Duqm port, Muscat port, Salalah port, Shinas port, Khasab port and Sohar industrial port), 13,567 km of paved roads, a railway network of 2,135 km, two international airports (Muscat and Salalah) and three local airports. Oman Air, which is 99.825 per cent. owned by the Government of Oman, is the main operating airline in Oman and transported 6 million passengers in 2015. The ongoing upgrade of Muscat airport is expected to accommodate 12 million passengers annually, and the ongoing upgrade of Salalah airport is expected to accommodate 1 million passengers annually, when each is completed. The expected completion date for these projects is 2016. There are seven telecommunications service providers operating in Oman (Omatel, Ooredoo, Telecom Oman, Awasr, Frieno, Renna and Zajel Communications). As of January 2016, Oman had approximately 6.6 million mobile telephone subscribers and approximately 3.6 million internet subscribers (fixed plus mobile).

Transport, storage and communications accounted for 6 per cent. of GDP in 2015. Transport and communications employed approximately 3.7 per cent. of the private sector labour force (including approximately 3.2 per cent. of the expatriate private sector labour force and approximately 7.6 per cent. of the Omani national private sector labour force) in 2015. This sector grew by 3.9 per cent. in 2015.

The Government of Oman believes that Oman's geographical location makes it well-placed to act as a business and logistics hub, and Oman continues to focus on establishing itself as major international shipment centre for traffic from and to Europe, Asia and Africa. One of the Government of Oman's key goals is to place Oman within the top 30 out of 160 in the World

Bank Logistic Performance Index by 2020 (Oman is currently ranked 59). The country is particularly well placed to act as a redistribution point for east and central Africa. Oman's Logistics Strategy 2040 aims to improve efficiency and reduce costs in handling shipments. Moreover, the strategy aims to double employment by 2020 to 80,000 jobs. It also looks to double the industry's contribution to the economy to OMR 3 billion by 2020. The Ninth Five Year Plan targets annual average growth of 5 per cent. from 2016-2020 in the transportation, storage and telecom sectors and aims for the sector to contribute 8 per cent. of GDP by 2020.

In addition to the transportation and logistical upgrades being made in the Duqm Special Economic Zone (see "*Refining and Marketing Activities – Duqm refinery*"), another key project in this sector is the South Al Batinah Logistics Area, which is 95 km^2 and is expect to include logistics services, commercial activities, light industries and public services when it is completed in 2030.

Tourism/Hotels and Restaurants

In 2015, Oman attracted approximately 2.6 million international tourists, as compared to approximately 2.4 million tourists in 2014, approximately 1.9 million tourists in 2013 and approximately 1.7 million tourists in 2012. Passenger throughput at Oman's airports has increased to 9 million in 2015 from approximately 8 million in 2014, and is aimed to continue to increase following the completion of the Muscat and Salalah airport upgrades (see "*Transport, Storage and Communications*"). Most international hotel chains have opened up locations in Oman, including Ritz-Carlton, Hyatt, Crowne Plaza, Intercontinental, Shangri-La, Chedi, Radisson, Ramada, Sheraton and Golden Tulip Hospitality Group. In addition, domestic hotel chains have also emerged, such as Atana and Al Nahda Resort.

Hotels and Restaurants accounted for 1 per cent. of GDP in 2015. Hotels and Restaurants employed approximately 5.8 per cent. of the private sector labour force (including approximately 6.1 per cent. of the expatriate private sector labour force and approximately 3.4 per cent. of the Omani national private sector labour force) in 2015. Hotels and Restaurants grew by 3.0 per cent. in 2015.

The tourism sector's direct contribution to Oman's GDP is expected to increase from around 2 per cent. in 2015 to 5 per cent. by 2020, and more than 100,000 jobs are expected to be created within the sector by 2024. The strategy for growing tourism in Oman is based on two foundations: first, having a series of tourist facilities in one location, and second, offering a distinctive tourist experience. In terms of improving facilities, there are around 39 projects in various stages of design, construction or tendering, including the Oman Exhibition and Convention Centre, Wadi Bani Habib and the Al Hoota Cave redevelopment, the Duqm frontier town and the Ras Al Hadd development. As for providing a distinctive tourist experience, Oman's emphasis on archaeology, conservation, and natural beauty is a key distinguishing factors from its neighbours. Oman has four World Heritage Site designations: the Aflaj Irrigation Systems, the Archaeological Sites of Bat, Al-Khutm and Al-Ayn, the Bahla Fort and the Land of Frankincense (2000).

Key projects within the sector include the mixed used development project of Madinat Al Irfan, a public private partnership developed by Omran (a state-owned enterprise supporting Oman's tourism sector) and targeted to contribute around OMR 450-500 million annually to GDP upon completion, and the waterfront development around Port Sultan Qaboos, which is expected to provide 12,000 direct jobs and 7,000 indirect jobs.

Agriculture and Fisheries

Oman's principal agricultural crop is dates and Oman is also a leading producer of livestock, dairy products and vegetables in the Gulf region. Various government agencies and parastatal companies exist to encourage agricultural and fishery production.

Agriculture and fisheries accounted for 1.6 per cent. of GDP in 2015. These industries employed approximately 5.2 per cent. of the private sector labour force (incuding approximately 5.7 per cent. of the expatriate private sector labour force and approximately 0.6 per cent. of the Omani national private sector labour force) in 2015. Agriculture and fisheries grew by 5.2 per cent. in 2015.

The Government of Oman's current focus is to increase fisheries production from approximately 200,000 tonnes per year in 2015 to around 480,000 tonnes per year by 2020, as well as to create an additional 20,000 jobs. By 2020, the aim is for the sector to contribute 5 per cent. of GDP and the target is for the direct return from fishing and fish processing activities to be around OMR 739 million. Key projects within the sector include the Duqm Fishery Harbour, which is expected to benefit from investments of approximately OMR 100 million as well as the adjoining industrial fisheries cluster.

Mining and quarrying

Oman has deposits of copper, chrome, zinc, nickel, limestone, manganese and phosphate. While the mining sector accounted for only 0.5 per cent. of GDP in 2015, it grew by 13.8 per cent. in 2015 compared to 2014. The mining sector employed approximately 2.4 per cent. of the private sector labour force (including approximately 1.2 per cent. of the expatriate private sector labour force and approximately 11.9 per cent. of the Omani national private sector labour force) in 2015.

The new mining law proposed at the end of 2015, and whose draft is currently under review, is expected to attract additional investments in the sector through reducing regulatory procedures and increasing transparency. Moreover, the recent discovery of reserves of minerals including gold, copper and rare earths is expected to boost the growth of the mining sector in the coming years. The Ninth Five Year Plan targets annual average growth of 65 per cent. from 2016 to 2020, albeit from a low base, in the mining sector.

The SGRF announced in January 2016 its planned investment in a new venture, Mining Development Oman ("**MDO**"), which plans to invest in Omani mining projects with local, regional, and international partners. SGRF, together with the OIF, OOC and Oman National Investments Development Company, is expected to hold a 60 per cent. stake in MDO, with the remaining 40 per cent. stake to be offered to the public in an IPO expected to occur in due course.

Other key projects within the sector include the mineral processing and refining facilities in the Port of Duqm's industrial zone, which includes break-bulk terminal facilities for exporting minerals, with the first such shipment having occurred in 2015.

Wholesale and Retail Trade

Wholesale and retail trade accounted for 7.5 per cent. of GDP in 2015. Wholesale and retail trade employed approximately 13.2 per cent. of the private sector labour force (including approximately 12.8 per cent. of the expatriate private sector labour force and approximately 16.3 per cent. of the Omani national private sector labour force) in 2015. This sector decreased by (2.6) per cent. in 2015.

Construction

The building and construction sector accounted for 8.3 per cent. of GDP in 2015. Building and construction employed approximately 37.4 per cent. of the private sector labour force (including approximately 39.1 per cent. of the expatriate private sector labour force and approximately 24.5 per cent. of the Omani national private sector labour force) in 2015. This sector grew by 8.6 per cent. in 2016

Banking and other financial services

Banking and other financial services accounted for 5.9 per cent. of GDP in 2015. Banking and other financial services employed approximately 1.1 per cent. of the private sector labour force (including approximately 0.2 per cent. of the expatriate private sector labour force and approximately 7.5 per cent. of the Omani national private sector labour force) in 2015.

The commercial banking sector in Oman features seven local banks, nine foreign commercial banks, two specialized banks and two sharia-compliant banks.

See "*Monetary Policy and Financial System – Banking System*".

Real Estate and Business Activities

Real estate and business activities, accounted for 4.8 per cent. of GDP in 2015. These industries employed approximately 5.7 per cent. of the private sector labour force (including approximately 4.9 per cent. of the expatriate private sector labour force and approximately 1.6 per cent. of the Omani national private sector labour force) in 2015. Real estate and business activities grew by 4.6 per cent. in 2015.

Electricity and Water Supply

The electricity and water sector accounted for 1.5 per cent. of GDP in 2015. Electricity and water utilities employed approximately 0.2 per cent. of the private sector labour force (including approximately 0.1 per cent. of the expatriate private sector labour force and approximately 1.8 per cent. of the Omani national private sector labour force) in 2015. This sector grew by 11 per cent. in 2015.

The Sector Law, which came into force on 1 August 2004 pursuant to Royal Decree No. (78/2004) provides the framework for electricity and related water services in Oman. It also provides the basis for the transfer of relevant assets and liabilities of the Ministry of Housing, Electricity and Water to a number of successor companies (the "**Transfer Scheme**"). Pursuant to the Transfer Scheme, the Ministry of Housing, Electricity and Water distributed all the electricity and related water activities to the operating subsidiaries of Electricity Holding Company S.A.O.C, a holding company that owns, on behalf of the Ministry of Finance, 99.99 per cent. of the issued and outstanding shares of the nine operating subsidiaries engaged in the procurement, generation, transmission and dispatch of electricity and related water services in Oman.

Employment

The total labour force in Oman was estimated to be approximately 2.2 million at the end of 2014, of which approximately 1.9 million were employed in the civil sector (both public and private).

At the end of 2014, Omanis constituted approximately 20 per cent. of the labour force while expatriates, who constituted 44.7 per cent. of the total population, made up 80 per cent. of the labour force. Moreover, Omanis are disproportionately concentrated in the public sector. At the end of 2014, Omanis amounted to approximately 85 per cent. of those employed in the public sector as compared with expatriates who constituted approximately 88 per cent. of those employed in the private sector. Of those expatriates employed in the private sector as at 31 December 2015, 39.1 per cent., 12.8 per cent. and 11.6 per cent. were employed in the construction sector, wholesale and retail trade sector and manufacturing sector, respectively.

The Vision 2020 plan has as one of its strategic objectives to increase the number of Omanis employed in the private sector and to reduce Oman's reliance on expatriate labour. Accordingly, in numerous Five Year Plans, and most recently in the Eighth Five Year Development Plan one objective has been to increase the percentage share of Omanis in the total labour force, a process known as "Omanization". The Government of Oman has therefore imposed quotas or ceilings, through the Ministry of Manpower, on the overall number of non-Omanis employed in various private and public-sector positions.

The Government of Oman has also increased the costs of employing expatriate labour by imposing an annual levy on private companies of OMR 100 per expatriate employee. Funds raised by the levy are placed in a Human Resources Development Fund to fund increased training for Omanis. The Government of Oman also has a policy to restrict the issuance of work permits to expatriates if qualified Omanis are available to do the relevant job.

The unemployment rate among the total labour force in Oman was estimated by the World Bank at 7.2 per cent. in 2014. The following table sets forth the unemployment rate among the total labour force and the unemployment rate among people between the ages of 15 and 24 as estimated by the World Bank in Oman for the four years ended 31 December 2014;

	2011	2012	2013	2014
Total unemployment rate	7.5	7.4	7.3	7.2
Youth (ages 15-24) unemployment rate	19.0	18.8	18.6	18.8

The following table sets forth the breakdown of Omani nationals in insured wage tiers at 31 December 2014.

	Monthly Wage (OMR)								
	325-400	400-500	500-600	600-700	700-800	800-900	900-1000	1000-2000	2000+
Number of Omani national workers	49,182	42,709	18,254	12,180	7,996	5,958	4,454	16,324	6,122

The following table sets forth the GNI per capita in Oman for the four years ended 31 December 2014.

	2011	2012	2013	2014
		(OMR)		
GNI per capita	7,327.7	7,613.4	7,444.9	7,634.5

The Government of Oman encourages employment of Omani nationals, including women, through the funding of vocational training schemes to enable them to acquire the skills necessary for employment.

Invest Easy and Doing Business in Oman

The Invest Easy portal (also known as the One-Stop-Shop) was developed by the government of Oman in the early 2000s with the goal of providing citizens, entrepreneurs, prospective investors and businesses with the services and information they need quickly and efficiently. Invest Easy aims to achieve these goals by, among other means, providing a fast and efficient licensing and registration processes within a relatively short period of time and a single online entry point for the business community to access government services and information. Company registrations per year has increased to 22,000 in 2015 from 4,000 before the program began, and licenses issued per year have increased to 100,000 in 2015 from 25,000 prior to the program. The World Banks Group's *Doing Business 2016* report ranked Oman 70th globally as compared to 77th in 2015, though Oman ranked 149th in the category of starting a business (down from 121 in 2015). As for GCC peers, in *Doing Business 2016* the UAE ranked 31st overall, Bahrain ranked 65th, Qatar ranked 68th, Saudi Arabia ranked 82nd and Kuwait ranked 101st.

Key Indicators for Starting a Business

	Oman	MENA Average
Procedures required	5	8.2
Time (days)	7.0	18.8
Cost (per cent. of income per capita)	3.2	25.8

Source: World Bank – Doing Business 2016

Preservation of the Environment

The preservation of environmental and water resources has been a central objective of Oman's development strategy since 1970. Oman's environmental regime is primarily regulated by the Law on the Conservation of the Environment and Combating of Pollution (Royal Decree No. 114/01) of 2001, which makes it mandatory for an owner of a place of work to minimize waste at the source of pollution. Oman's environmental protection regime is enforced by the Minister of the Environment and Climatic Affairs, as well as the Ministry of Regional Municipalities and Water Resources.

The Sultan Qaboos Prize for Environmental Preservation is a biennial award co-sponsored by the United Nations Educational, Scientific and Cultural Organization (UNESCO) and His Majesty in recognition of outstanding contributions by individuals, groups of individuals, institutes or organizations in the management or preservation of the environment.

MONETARY POLICY AND FINANCIAL SYSTEM

The Central Bank of Oman

The Central Bank of Oman was established in December 1974 and is the monetary authority in Oman. The Banking Law 1974 (as amended via Royal Decree No. 114/2000 and further amended, the "**Banking Law**") sets out the Central Bank of Oman's functions and responsibilities which, in addition to the formulation and implementation of monetary policy, includes regulation and supervision of the banking system (including implementation of the "Basel III" package of reforms released by the Basel Committee in 2010 and 2011) and the execution of foreign currency transactions on behalf of the Government of Oman. The Central Bank of Oman sets monetary policy independently after consulting with the Government of Oman about its fiscal policy objectives. The Central Bank of Oman also provides advice to the Government of Oman on economic policy.

The management of the Central Bank of Oman is conducted by the Deputy Chairman of the Board of Governors of the Central Bank of Oman, the Board of Governors and the Executive President of the Central Bank of Oman. Each of the Board of Governors and the Executive President are appointed by His Majesty (who is also the Chairman of the Board of Governors). The members of the Board of Governors are appointed for five year terms. The Banking Law empowers the Board of Governors to oversee the performance of all regulatory and policy related central banking functions in Oman. The Deputy Chairman of the Central Bank of Oman is also a member of the Financial Affairs and Energy Resources Council, which is responsible for Oman's fiscal policy, including the endorsement of the annual General State Budget. The Central Bank of Oman sets monetary policy independently after consulting with the Government of Oman about its fiscal policy objectives.

The primary function of the Central Bank of Oman is to maintain the stability of the national currency and the national banking system. In order to meet this responsibility, the Central Bank of Oman regulates the quantity of money in circulation, the general liquidity of commercial banks and the foreign currency payments of the banking system. The Central Bank of Oman coordinates with the Ministry of Finance with respect to the issuance of treasury bills and Development Bonds, including the amount of such instruments to be issued as well as their rate and maturity.

The following table sets forth the Central Bank of Oman balance sheet data as at 31 December 2015.

Central Bank of Oman Assets and Liabilities

	2011	2012	2013	2014	2015	Per cent. Change 2015/2014
			(OMR millions)			
Foreign Assets	5,524.0	5,513.7	6,133.3	6,276.9	6,745.8	7.5
a) Bullion	0.6	0.7	0.4	0.4	0.4	0.0
b) IMF Reserve assets	146.9	148.3	153.0	144.5	135.4	(6.3)
c) Placements abroad	1,434.5	1,097.1	1,216.6	860.4	1,358.0	57.8
d) Securities	3,942.0	4,267.6	4,763.3	5,271.6	5,252.0	(0.4)
Due from Government	0.0	86.2	0.0	173.2	658.2	280.0
Due from Banks and other Institutions*	0.3	27.7	0.1	0.4	0.3	(22.9)
Fixed Assets	20.9	29.8	33.8	40.5	36.4	(10.1)
Other Assets	136.3	131.6	150.7	147.7	148.1	0.3
Total Assets/Liabilities	**5,681.5**	**5,789.0**	**6,317.9**	**6,638.7**	**7,588.8**	**14.3**

	2011	2012	2013	2014	2015	Per cent. Change 2015/2014
			(OMR millions)			
Currency Issued	1,037.3	1,178.8	1,342.7	1,593.7	1,788.2	12.2
Net Worth	1,324.3	1,360.0	1,332.9	1,298.8	1,304.8	0.5
a) Capital	500.0	500.0	500.0	700.0	760.0	8.6
b) General Reserves	395.3	430.7	455.6	396.2	438.7	10.7
c) Others	429.0	429.3	377.3	202.6	106.1	(47.6)
Due to Government	939.9	806.8	873.0	512.4	473.8	(7.5)
Due to banks and other institutions	789.2	1,314.7	1,309.5	1,708.4	3,824.3	123.8
Foreign Liabilities**	107.1	106.1	106.6	100.0	95.9	(4.1)
Other Liabilities	1,483.7	1,022.6	1,353.2	1,425.4	101.8	(92.9)
a) CDs	1,372.0	909.5	1,247.0	1,323.0	0.0	(100.0)
b) Others	111.7	113.1	106.2	102.4	101.8	(0.6)

* *Includes U.S. Dollar liquidity support scheme for local banks*

** *Includes SDR allocations*

Source: Central Bank of Oman

The Central Bank of Oman's total assets increased from OMR 6,638.7 million as at 31 December 2014 to OMR 7,588.8 million as at 31 December 2015. The Central Bank of Oman's total foreign assets increased from OMR 6,276.9 as at 31 December 2014 to OMR 6,745.8 million as at 31 December 2015.

Monetary and Exchange Rate Policy

The exchange rate of the Omani Rial has been pegged to the U.S. Dollar since 1973 and has remained unchanged at approximately U.S.$2.600 per Omani Rial since 1986, aiding monetary stability. Since mid-2014, the Omani Rial has appreciated (in trade-weighted terms) against the currencies of Oman's major import partners in line with the U.S. Dollar.

The following table sets forth the average monthly nominal effective exchange rate index for Omani Rial against a basket of the currencies of Oman's 18 largest import partners for each of the two years ended 31 December 2015. Oman's 18 largest import partners did not change over the relevant periods.

Nominal Effective Exchange Rate Index (NEER)

(Base: 1999 = 100)

End of Period	Weighted Average*	Simple Average
2014		
Jan	96.2	91.7
Feb.....	95.9	91.1
Mar	95.7	90.3
Apr	95.3	89.7
May	95.3	89.9
June	95.1	89.7
July	95.4	90.1
Aug	96.5	91.5
Sep.....	98.4	94.0
Oct.....	98.6	94.4
Nov	100.8	96.1
Dec	101.6	97.4

End of Period	Weighted Average*	Simple Average
2015		
Jan	102.9	100.0
Feb	102.8	99.9
Mar	104.6	102.7
Apr	103.3	100.5
May	104.7	102.0
June	103.9	101.1
July	105.0	102.9
Aug	104.5	103.3
Sep	104.5	103.8
Oct	105.0	104.2
Nov	106.3	106.0
Dec	105.2	104.5

* *Weighted average of the exchange rates is calculated on the basis of foreign currency units per Omani Rial. Foreign currency units of Oman's largest 18 import partners are included in the index. Monthly indices for each year are based on weights derived from the import values of the preceding year and are chain linked. A rise in the index indicates an appreciation of the Omani Rial.*

Source: Central Bank of Oman

The pegging of the currency, combined with the absence of any exchange restrictions for international current and capital transactions, limits the Central Bank of Oman's ability to conduct an independent monetary policy. Accordingly, the main objective of the Central Bank of Oman's monetary policy is the regulation of bank liquidity with a view to ensuring price stability and balance in Oman's external accounts. The Central Bank of Oman at present does not set any specific targets for monetary variables. The Banking Law limits the ability of the Government to monetise its fiscal deficits with the Central Bank of Oman; loans and advances plus the face value of outstanding treasury bills by the Central Bank of Oman are legally restricted to a maximum of 10 per cent. of the budgeted recurrent revenue of the Government for the fiscal year in which such loans and advances are made and provided that any advance made shall be entirely repaid within 90 days.

The Central Bank of Oman has the legal authority to use a broad range of monetary policy instruments, the most important of which is open market operations using certificates of deposits issued by the Central Bank of Oman and treasury bills. Certificates of deposit have been the primary instrument used by the Central Bank of Oman to control bank liquidity. The Government of Oman has issued treasury bills since 1987 and since August 1991 the Government of Oman has issued GDBs (with fixed interest rates) through the Central Bank of Oman with maturities of two to ten years. GDBs are generally sold to domestic purchasers but have also been placed with foreign investors. In addition, the Central Bank of Oman imposes a maximum limit on licensed banks' investment in GDBs and Sukuks issued by the Government of Oman. In April 2016, the maximum limit was raised from 30 per cent. of each bank's net worth to 45 per cent. of each bank's net worth.

A second important monetary policy tool is minimum reserve requirements for commercial banks, which is set at 5 per cent. of the deposit base. With a view to augment bank liquidity, as of 1 April 2016 banks have been allowed to include investments in unencumbered treasury bills, GBDs and Sukuk as part of the eligible reserves up to a maximum of 2 per cent. of deposits.

A third important tool used by the Central Bank of Oman is the loans-to-deposits ratio limit that applies to commercial banks. This is set at 87.5 per cent. of the deposit base plus net balances due to banks and capital. Since the lending ratio is likely to be an important constraining factor in the behaviour of many banks, changes in the lending ratio will affect bank liquidity and the capacity of the banking system to engage in monetary and credit expansion. The ratio was last changed in January 2009.

A fourth important mechanism for regulating bank liquidity is the Central Bank of Oman's rediscount policies. The Central Bank rediscounts bills of exchange which have been accepted by banks, promissory notes with a maturity not exceeding 90 days and certain types of commercial paper. Individual bank access to the facility is subject to a ceiling that is set annually. Since the introduction of a rediscount facility in 1978, the rates on different types of paper have been changed depending on the Central Bank of Oman's monetary policy stance at the time. Since 2008 the rediscount rate on commercial paper has been between 4 per cent. and 4.75 per cent. depending on the degree of risk of such commercial paper.

Other monetary policy instruments at the Central Bank of Oman's disposal include foreign exchange exposure limits, currency swaps and the issuance of certificates of deposit. For example, since March 1980, the Central Bank of Oman has offered U.S. Dollar swaps to commercial banks. The Central Bank of Oman currently imposes a cost on these swaps to discourage banks from running short foreign exchange positions to profit from the spread between Omani Rial and U.S. Dollar interest rates, intending that banks should use these swaps mainly to obtain short-term liquidity. Furthermore, in order to absorb excess liquidity the Central Bank of Oman can also issue certificates of deposit with maturities of 28 days to commercial banks.

Money Supply

At 31 December 2015, the narrow measure of money (M1), which comprises local currency held by the public and local currency demand deposits, increased by 11.7 per cent. as compared to 31 December 2014. The rise was a result of a 17.4 per cent. increase in currency with the public coupled with a 9.8 per cent. increase in local currency demand deposits. At 31 December 2015, growth in broad money (M2), which comprises M1 plus savings, time and foreign currency deposits and margins (quasi money), rose 10.0 per cent. as compared to 31 December 2014.

The following table sets forth a survey of money aggregates as at each quarter's end for each of the six years ended 31 December 2015.

Money Supply[1]

End of Period	Currency with Public(1)	Demand Deposits(2)	Money Supply (M1) (3) = (1+2)	Per cent. Change in M1 Over Previous Year (4)	Quasi-Money[2] (5)	Money Supply (M2) (6) = (3+5)	Per cent. Change in M2 Over Previous Year(7)
				(OMR millions)			
2010							
Mar.	634.0	1,969.1	2,603.1	19.3	5,672.3	8,275.4	9.1
June	632.8	1,958.9	2,591.7	13.8	5,616.6	8,208.3	8.0
Sept.	648.9	2,017.8	2,666.7	19.1	5,667.9	8,334.6	8.7
Dec.	702.0	2,173.9	2,875.9	21.6	5,908.9	8,784.8	11.3
2011							
Mar.	759.4	2,344.4	3,103.8	19.2	5,616.4	8,720.2	5.4
June	795.8	2,269.2	3,065.0	18.3	5,943.5	9,008.5	9.7
Sept.	807.1	2,457.5	3,264.6	22.4	6,228.4	9,493.0	13.9
Dec.	843.1	2,221.8	3,064.9	6.6	6,790.0	9,854.9	12.2
2012							
March.....	912.0	2,557.9	3,469.9	11.8	6,745.0	10,214.9	17.1
June	914.7	2,490.9	3,405.6	11.1	7,110.8	10,516.4	16.7
Sept.	910.6	2,656.5	3,567.1	9.3	7,175.0	10,742.1	13.2
Dec.	925.9	2,566.4	3,492.3	13.9	7,419.7	10,912.0	10.7
2013							
March.....	978.3	2,713.8	3,692.1	6.4	7,524.4	11.216.5	9.8
June	975.5	2,640.5	3,616.0	6.2	7,719.3	11.335.3	7.8
Sept.	997.8	2,762.9	3,760.7	5.4	7,546.6	11,307.3	5.3
Dec.	1,039.2	2,955.7	3,994.9	14.4	7,942.6	11,937.5	9.4

End of Period	Currency with Public(1)	Demand Deposits(2)	Per cent. Money Supply (M1) (3) = (1+2)	Change in M1 Over Previous Year (4)	Quasi-Money[2] (5)	Per cent. Money Supply (M2) (6) = (3+5)	Change in M2 Over Previous Year(7)
				(OMR millions)			
2014							
March.....	1,111.5	3,553.1	4,664.6	26.3	8,200.0	12,864.6	14.7
June	1,136.3	3,651.8	4,788.1	32.4	8,500.7	13,288.8	17.2
Sept.	1,228.7	3,258.7	4,487.4	19.3	8,763.5	13,250.9	17.2
Dec.	1,188.2	3,619.8	4,808.0	20.4	8,958.9	13,766.9	15.3
2015							
Mar.	1,216.2	4,058.8	5,275.0	13.1	9,116.7	14,391.7	11.9
June	1,261.6	4,139.9	5,401.5	12.8	9,354.4	14,755.9	11.0
Sep.	1,282.3	3,959.3	5,241.6	16.8	9,478.5	14,720.1	11.1
Dec*.....	1,395.3	3,973.0	5,368.3	11.7	9,777.4	15,145.7	10.0

** Provisional*

[1] Includes conventional banks and Islamic banks and windows

[2] Quasi Money is the aggregate of Omani Rial time and savings deposits, certificates of deposit issued by commercial banks, margins and foreign currency deposits.

Source: Central Bank of Oman

The following table sets forth a survey of factors affecting broad money as at 31 December for each of the five years ended 31 December 2015.

Monetary Survey[(1)]: Factors Affecting Broad Money (M2)

End of Period	2011	2012	2013	2014	2015	Change in OMR million 2015/14	Per cent. Change 2015/14
1. Broad money (A+B)	9,854.9	10,912.1	11,937.5	13,766.9	15,145.7	1,378.7	10.0
A. Money	3,064.9	3,492.4	3,994.9	4,808.0	5,368.3	560.3	11.7
a) Currency with public	843.1	926.0	1,039.2	1,188.2	1,395.3	207.2	17.4
b) Demand deposits in OMR	2,221.8	2,566.4	2,955.7	3,619.8	3,973.0	353.1	9.8
B. Quasi Money.....	6,790.0	7,419.7	7,942.6	8,958.9	9,777.4	818.4	9.1
(of which foreign cy. deposits)	(928.5)	(821.6)	(887.3)	(1,088.1)	(1,169.7)	2,257.8	(207.5)
2. Foreign Assets (net)	5,882.4	5,952.8	6,763.6	6,546.4	4,608.4	(1,938.0)	(29.6)
Central Bank	5,416.9	5,407.6	6,026.7	6,176.9	6,649.9	473.0	7.7
Other Depository Corporations....	465.5	545.2	736.9	369.5	(2,041.5)	(2,411.0)	(652.3)
3. Domestic Assets	3,972.5	4,959.2	5,173.9	7,220.5	10,537.3	3,316.8	45.9
a) Claims on Government (net)(i-ii)	(3,879.7)	(4,146.1)	(4,829.8)	(4,810.8)	(3,224.5)	1,586.3	(33.0)
i) Government borrowings.....	433.3	615.7	613.8	835.0	2,628.8	1,793.8	214.8
ii) Government deposits.....	4,313.0	4,761.8	5,443.7	5,645.8	5,853.3	207.5	3.7
b) Domestic claims on Pvt. Sector.....	10,939.7	12,577.2	13,906.9	15,966.1	18,185.8	2,219.7	13.9
c) Claims on Public enterprises	1,471.2	1,714.2	1,750.0	2,016.1	1,982.3	(33.8)	(1.7)
d) Other items (net) (i-ii)....	4,558.7	5,186.1	5,653.2	5,950.9	6,406.3	455.4	7.7
i) Central Bank.....	3,633.9	3,761.0	4,114.5	4,649.4	5,438.8	789.4	17.0
ii) Other Depository Corporations	924.8	1,425.1	1,538.7	1,301.4	967.5	(334.0)	(25.7)

[(1)] Monetary survey aggregates includes conventional banks and Islamic banks and windows

Source: Central Bank of Oman

The 10.0 per cent. increase in broad money (M2) from OMR 13,766.9 million as at 31 December 2014 to OMR 15,145.7 million as at 31 December 2015 is explained by the 45.9 per cent. increase in domestic assets from OMR 7,220.6 million as at 31 December 2014 to OMR 10,537.3 million as at 31 December 2015, which was partially offset by the 29.6 per cent. decrease in net foreign assets from OMR 6,546.4 million as at 31 December 2014 to OMR 4,608.4 million as at 31 December 2015.

Inflation

The annual inflation rate as measured by movements in the average consumer price index for Oman was 0.06 per cent. in 2015 compared to 1.0 per cent. in 2014 and 1.2 per cent. in 2013. The recent decrease in inflation is attributable to the decline in commodities prices, reduced government spending and a notable appreciation of the U.S. Dollar in real effective terms since mid-2014.

The following table sets forth the consumer price index for Oman by type of expenditure for each of the three years ended 31 December 2015.

Consumer Price Index for Oman

(Base Price: Average price of Jan-Dec 2012 = 100)

Items of Consumption	Weights	Dec-2013	Dec-2014	Dec-2015	Average per cent. change (Jan-Dec 2014-2015)
1. Food and non-alcoholic beverages	23.9	104.8	105.0	104.8	(0.81)
Bread and cereals	3.0	102.7	102.3	100.8	(0.95)
Meat	6.1	101.9	103.4	103.3	(0.02)
Fish and seafood	2.2	113.8	110.6	105.0	(8.72)
Milk, cheese and eggs	2.9	101.1	102.5	101.4	(0.27)
Oil and fats	0.7	99.8	100.4	99.4	(0.15)
Fruits	2.8	105.9	108.6	110.5	0.57
Vegetables	2.5	115.5	111.8	116.9	1.30
Sugar, jam, honey and confectionary	1.1	99.9	99.6	100.4	0.66
Food products n.e.c.	0.5	100.6	101.1	101.4	0.50
Non-alcoholic beverages	2.0	102.5	103.4	103.0	(0.10)
2. Tobacco	0.1	101.7	104.6	106.5	3.62
3. Clothing and footwear	6.0	101.9	100.9	100.8	(0.92)
4. Housing, water, electricity, gas and other fuels	26.5	101.4	101.8	102.2	0.43
5. Furnishings, household equipment and routing household maintenance	3.8	103.3	109.3	109.4	1.52
6. Health	1.2	102.5	107.6	110.8	3.42
7. Transport	19.2	100.2	100.5	98.9	(0.05)
8. Communication	5.6	94.3	98.8	98.7	0.54
9. Recreation and entertainment	1.1	98.6	98.8	98.6	(0.09)
10. Education	1.4	109.0	114.0	117.4	4.11
11. Restaurant and hotels	6.1	101.7	102.3	102.4	0.34
12. Miscellaneous goods and services	5.2	100.1	100.3	100.1	(0.14)
General Price Index	100.0	101.7	102.5	102.4	0.06

(1) The weights are produced from the Household Expenditure and Income Survey, 2008-2010

(2) Data collected from all regions of Oman excluding Musandam Governorate and Al Wustta Region

(3) The collection is based on 28,168 items of goods and services from 1,721 selected sources, while rent is collected from a sample of 1,150 rented units

Source: National Center For Statistics & Information, Directorate General of Economic Statistic, Monthly Surveys of Consumption Goods

Banking System

Commercial Banks

Commercial banks are the main institutions in the Omani financial system. At 31 December 2015, there were seven local banks and nine foreign banks.

Total consolidated assets of conventional commercial banks increased by 13.6 per cent. to OMR 28.2 billion as at 31 December 2015 from OMR 24.8 billion as at 31 December 2014. Of the total assets, credit disbursement accounted for 65 per cent. of the total and increased by 8.4 per cent. as at 31 December 2015 to OMR 18.3 billion. Credit to the private sector increased by 10.2 per cent. to reach OMR 16.2 billion as at 31 December 2015. Of the total credit to the private sector as at 31 December 2015, the share of the non-financial corporate sector was 46.3 per cent., closely followed by the household sector (mainly under personal loans) at 45.4 per cent., financial corporations at 5.7 per cent. and other sectors the remaining 2.6 per cent. Commercial banks' overall investments in securities increased by 4.6 per cent. to OMR 3.0 billion as at 31 December 2015 from OMR 2.9 billion as at 31 December 2014. Investment in Government Development Bonds increased by 46.9 per cent. from a year earlier to OMR 828.6 million as at 31 December 2015. Banks also invested OMR 464.2 million in Government Treasury Bills as at 31 December 2015. Commercial banks' investments in foreign securities stood at OMR 920.5 million at the end of December 2015, registering an increase of 29.9 per cent. compared to the end of 2014.

The following table sets forth key commercial banking indicators for each of the five years ended 31 December 2015.

Item	2011	2012	2013	2014	2015*
	(OMR millions, except per cent.)				
Total Assets	18,407.6	20,855.7	22,355.6	24,821.3	28,189.2
Total Credit	12,514.9	14,319.6	15,177.4	16,898.4	18,315.7
Total Deposits	12,573.3	14,171.7	15,586.2	17,278.9	17,873.0
Credit to deposits (%)	99.5	101.0	97.4	97.8	102.5
Cash and clearing to total deposits (%)	7.7	11.0	9.8	10.9	20.9
Capital and reserves to total deposits (%)	18.3	19.1	19.3	18.8	18.4
Provision and reserve interest to total credit[(1)] (%)	3.6	3.6	3.6	3.5	3.4

** Provisional*

(1) Includes general and specific provisions

Source: Central Bank of Oman

In an effort to ensure the soundness and solvency of Oman's commercial banks, and in accordance with the Basel III requirements, the Central Bank of Oman requires commercial banks progressively to increase their capital adequacy ratios to a Common Equity Tier 1 (CET1) ratio of 11.5 per cent. (inclusive of a capital conservation buffer) and a total capital adequacy ratio (CAR) of 14.5 per cent. to be achieved by January 1, 2019, with a 0.625 per cent. increase to be made to both ratios in each of the following three years: 2017, 2018 and 2019. The CBO issued in 2015 a concept paper outlining the rules and mechanisms to implement the new capital buffers. The higher capital requirements are being implemented gradually in Oman starting from the end of 2013 and the capital conservation buffer is expected to be fully in place by January 2019.

Basel III also introduced measures to strengthen capital requirements for trading book and complex securitisation exposures, as well as that for counterparty credit risk exposures arising from derivatives, repo and securities financing activities. Such activities remain less complex in Oman, with risks remaining at manageable levels. The CBO does not expect the implementation of these enhancements to be a priority for Oman in the immediate term.

A final decision to formally adopt the Leverage Ratio as a binding measure, including the needed fine tuning of the measurement of the Leverage Ratio, is planned to be made by the CBO closer to the targeted 2018 deadline set under Basel III after an assessment has been made on whether the leverage ratio would work as intended and material concerns observed during the transition

period have been adequately addressed. Based on their current profiles, all licensed banks are expected to comfortably meet the 3 per cent. leverage level proposed by Basel Committee on Banking Supervision.

The CBO has developed a framework to identify and supervise domestic systemically important banks which includes higher capital requirements that are commensurate with the systemic importance of the identified bank.

Prior to their formal implementation, the CBO will commence an "observation period" to comprehensively assess the impact of the standards and consider appropriate transitioning arrangements. For the purpose of this assessment, licensed banks are required with effect from March 2013 to calculate and report the Liquidity Coverage Ratio and Net Stable Funding Ratio as per Basel III guidelines to the CBO. CBO is in the process of issuing guidelines for the Net Stable Funding Ratio to all banks.

The following table sets forth the combined balance sheet of conventional banks for each of the five years ended December 31, 2015.

						Per cent. Change
	2011	2012	2013	2014	2015	2015/2014
			(OMR millions)			
Cash and deposits with CBO	978.9	1,568.0	1,537.7	1,979.0	4,057.1	105.0
Due from Head Office, affiliates and banks abroad	1,794.8	1,889.5	1,876.7	1,826.5	1,717.9	(5.9)
Total Credit	12,514.9	14,319.6	15,177.4	16,898.4	18,315.7	8.4
a) Credit to private sector	10,800.0	12,414.2	13,262.1	14,704.0	16,207.4	10.2
b) Credit to public enterprises	1,460.3	1,699.8	1,731.1	1,973.1	1,903.7	(3.5)
c) Credit to Government	32.9	31.3	18.4	21.7	12.1	(44.2)
d) Credit to non-residents	221.7	174.3	165.8	199.6	192.5	(3.5)
Securities	2,200.0	2,133.5	2,550.3	2,912.9	3,046.8	4.6
a) Treasury Bills	0.0	0.0	0.0	0.0	464.2	—
b) Government Bonds	400.4	470.2	567.5	564.0	828.6	46.9
c) CBO CDs	1,372.0	909.5	1,247.0	1,323.0	0.0	(100.0)
d) Domestic shares	118.7	122.3	149.1	156.9	133.7	(14.8)
e) Other domestic securities	33.3	84.5	84.5	160.3	699.9	336.8
f) Foreign securities	275.6	547.0	502.2	708.6	920.5	29.9
Fixed assets	180.7	176.5	189.0	209.7	216.6	3.3
Other assets	738.3	768.6	1,024.5	994.9	835.1	(16.1)
Total assets/liabilities	18,407.6	20,855.7	22,355.6	24,821.3	28,189.2	13.6
Total Deposits	12,573.3	14,171.7	15,586.2	17,278.9	17,873.0	3.4
a) Government deposits	3,373.1	3,955.1	4,504.3	4,959.4	4,789.5	(3.4)
b) Deposits of public enterprises	980.5	969.2	935.4	879.7	950.2	8.0
c) Deposits of private sector	8,031.3	9,016.8	9,857.6	11,184.3	11,868.9	6.1
i) Demand	2,272.3	2,575.6	2,985.9	3,740.9	3,853.6	3.0
ii) Savings	2,517.5	2,949.7	3,384.2	3,992.6	4,392.7	10.0
iii) Time	3,157.4	3,392.1	3,371.6	3,306.6	3,362.7	1.7
iv) Commercial prepayments	84.1	99.4	116.0	144.2	259.9	80.2
(of which in foreign currency)	(640.2)	(629.6)	(681.6)	(860.6)	(909.0)	(205.6)
d) Deposits of non-residents	188.4	230.6	288.9	255.5	264.3	3.4
Due to Head Office, affiliates and banks abroad	1,433.2	1,687.4	1,352.0	1,547.4	3,809.0	146.2
Core Capital and Reserves	2,302.7	2,712.8	3,009.0	3,244.2	3,765.7	16.1
Supplementary Capital	636.0	572.5	633.1	651.4	707.6	8.6

	2011	2012	2013	2014	2015	Per cent. Change 2015/2014
			(OMR millions)			
Total provisions and reserved interest	469.7	532.2	560.8	597.0	644.3	7.9
(of which general provisions)	(162.0)	(189.8)	(197.2)	(218.7)	(236.2)	(208.0)
Other liabilities	992.7	1,179.1	1,214.6	1,502.4	1,389.6	(7.5)

Source: Central Bank of Oman

Aggregate deposits held with conventional banks registered an increase of 3.4 per cent. to OMR 17.9 billion as at 31 December 2015 from OMR 17.3 billion as at 31 December 2014. Government deposits with conventional banks marginally declined by 3.4 per cent. to OMR 4.8 billion as at 31 December 2015. Deposits of public enterprises increased by 8.0 per cent. to OMR 950.2 million during the same period. Private sector deposits, which constituted 66.4 per cent. of total deposits with conventional banks, increased by 6.1 per cent. to OMR 11.9 billion as at 31 December 2015 from OMR 11.2 billion as at 31 December 2014. Households represented 50 per cent., of the total private sector deposit base, followed by non-financial corporations at 28.8 per cent., financial corporations at 18.5 per cent. and other sectors at 2.7 per cent.

In 1995, the Central Bank of Oman established a deposit insurance scheme that covers up to OMR 20,000 of the amount deposited. Any commercial bank that becomes a member of the deposit insurance scheme is required to pay an initial membership contribution. All commercial banks licensed by the Central Bank of Oman to accept deposits are required to pay an initial membership contribution proportionate to their total deposits. The member banks are also required to pay an annual premium to the deposit insurance scheme of 0.05 per cent. of the total value of average monthly eligible deposits with the applicable bank. Eligible deposits include savings deposits, current accounts, call deposits, time deposits, government deposits and deposits related to trusts or pension funds. The Central Bank of Oman is required to pay an annual premium equivalent to 50 per cent. of the total annual premiums paid by the member banks. As at 31 December 2015, the total assets of the deposit insurance scheme were OMR 106.445 million, of which approximately OMR 13 million comprised membership contributions by commercial banks. The insurance scheme is administered by the Central Bank of Oman in conjunction with the commercial banks.

Islamic Banks

Oman has two Islamic banks and 6 conventional local commercial banks with Islamic windows. Islamic banking entities provided financing of OMR 1.78 billion as at 31 December 2015, compared to OMR 1.0 billion as at 31 December 2014. Total deposits held with Islamic banks and windows also registered a significant increase to OMR 1.54 billion as at 31 December 2015 from OMR 0.69 billion outstanding as at 31 December 2014. The total assets of Islamic banks and windows combined amounted to OMR 2.3 billion as at the 31 December 2015, which constituted about 7.5 per cent. of the banking system assets.

Specialist Banks and Export Credit Guarantee Agency

The Government of Oman wholly-owns the Oman Development Bank ("**ODB**"), which grants medium and long-term loans to finance projects in the industrial, fisheries, agriculture and services sectors. The government of Oman also guarantees its borrowings up to four times its paid-up capital plus reserves. Total assets of the ODB increased from OMR 164.9 million at 31 December 2014 to OMR 171.6 million at 31 December 2015. The ODB granted loans for a total principal amount of OMR 110 million in 2015 to projects, principally in the fisheries, agriculture, tourism mining and manufacturing sectors.

The Government of Oman also wholly owns the Oman Housing Bank ("**OHB**") which provides low cost loans to Omanis to buy or construct subsidized homes. Total assets of the OHB increased to OMR 404.9 million at 31 December 2015 from OMR 347.5 million at 31 December 2014. As at the end of 2015 outstanding mortgage loans stood at OMR 373 million.

The Export Credit Guarantee Agency ("**ECGA**") of the ODB provides export and domestic insurance cover, interest subsidies on post-shipment financing from commercial banks for Omani exporters and guarantees for pre-shipment financing from commercial banks for Omani exporters. As at 31 December 2015, total credit limits issued against exposure to both commercial and political risks to various exporters by the ECGA stood at OMR 763.8 million as compared with OMR 734.8 million as at 31 December 2014.

Interest Rates

The weighted average interest rate on OMR deposits declined from 0.986 per cent. in December 2014 to 0.936 per cent. in December 2015, while the weighted average OMR lending rate decreased from 5.080 per cent. to 4.762 per cent. during the same period. The overnight Omani Rial domestic inter-bank lending rate firmed up to 0.189 per cent. in December 2015 from 0.125 per cent. a year ago.

The policy rate of the CBO (repo rate) has been fixed at 1 per cent. per annum since March 2012.

The following table sets forth the Central Bank of Oman's policy rates for each of the five years ended 31 December 2015.

	CBO policy rate	
End of period	**Weighted average interest rate on certificates of deposits (per cent.)[(1)]**	**Average rates for repos with CBO (per cent.)[(2)(3)]**
2011		
QI	0.068	2.000
QII	0.030	2.000
QIII	0.039	2.000
QIV	0.100	2.000
2012		
QI	0.083	1.000
QII	0.074	1.000
QIII	0.070	1.000
QIV	0.093	1.000
2013		
QI	0.127	1.000
QII	0.130	1.000
QIII	0.130	1.000
QIV	0.130	1.000
2014		
QI	0.122	1.000
QII	0.123	1.000
QIII	0.126	1.000
QIV	0.130	1.000
2015		
QI	0.126	1.000
QII	0.097	1.000
QIII	0.000	1.000
QIV	0.000	1.000

(1) Relates to CDs of 28 days maturity only

(2) Simple average rates applicable during the month

(3) Excluding intra-day repos with the CBO

Source: CBO

Since 1993, interest rates have been deregulated, with the exception of the personal loan segment. The interest rate ceiling on personal loans has been reduced over the years and since October 2013 has been fixed at 6 per cent. per annum.

Bank Regulation and Supervision

Anti Money Laundering/Combatting the Financing of Terrorsim ("AML/CFT")

Oman issued AML/CFT law 79/2010 (which replaced the AML law 34/2002) based upon Financial Action Task Force ("**FATF**") recommendations, resolutions, and conventions issued by the UN and signed up to by the Sultanate. Executive Regulation 72/2004 has been issued for combating money laundering.

A comprehensive AML/CFT draft law has been finalized based on technical assistance provided by the IMF and is expected to be decreed shortly. It reflects all the amendments of the FATF recommendations of 2012. The draft AML/CFT law has already been approved by the Council of Ministers, the Consultative Council and the Council of State. All AML/CFT regulations, procedures, circulars that are issued and implemented by the banking and financial fields are based on the legislation aforementioned and will be amended further as required.

KYC Procedures

The regulations imposed on all financial institutions with regards to KYC procedures include the exercise of due diligence to verify, identify and update the identity of customers and actual beneficiaries as well as to know the purpose of the business relationship. Institutions are required to not open anonymous accounts or accounts under assumed or fictitious names, numbers or codes or provide any services to them. Financial institutions are also required to classify their customers and services according to the degree of risk of money laundering and terrorism financing and exercise special care when dealing with politically exposed persons. They are required to monitor customer transactions on an ongoing basis and verify the sources of their funds to ensure conformity with the information available on their identity, nature of their activities and the degree of risk. Financial institutions in Oman are prohibited from dealing with correspondent banks not adhering to AML/CFT laws and FATF recommendations or subject to UN sanctions. They are also prohibited from dealing with shell companies or entities. Financial institutions receiving wire transfers are required not to act upon them unless they contain a statement of identity verification and where the remitter and beneficiary are known.

Suspicious Transactions

Financial institutions are required to report to the Financial Intelligence Unit regarding suspicious transactions as soon as they are suspected of being related to the proceeds of crime, terrorism, terrorism crime or a terrorist organization or involving money laundering or terrorist financing, whether such transactions have or have not been conducted.

Monitoring Systems

Institutions are required to establish an electronic data system to monitor all electronic banking transactions with the purpose of enabling institutions to report unusual transactions, track suspicious transactions, generate required reports, track abnormal deposits including large amounts or amounts from countries listed as non-cooperative countries, countries not applying FATF recommendations and countries/individuals subject to UN sanctions. The system should be capable of tracking the names of individuals/entities listed in the UN sanction lists.

Data Systems

Institutions are requested to follow a system for the retention of documents and records, which must be kept for a minimum of 10 years. Financial institutions are required to keep the authenticated copies of these documents and records for 10 years. Banks are required to improve technology so as to ensure robust monitoring and compliance.

Bank Compliance Officer

Financial institutions are required to appoint a Money Laundering Compliance Officer who is the focal point of contact through whom suspicious transaction reports are made to the Financial Intelligence Unit. The compliance officer reports cases of money laundering and suspicious transactions, receives communications in this regard and ensures that the institutions internal controls system operates efficiently. The compliance officer is supposed to observe confidentiality and honesty in performing his work and, by law, higher management should not attempt to influence any of his decision making in respect of reporting suspicious transactions to the Financial Intelligence Unit. Financial institutions are required to provide training programs in KYC procedures, updates to the FATF recommendations and orientation on the regulation and policies of AML/CFT to their employee.

Capital Markets Authority

The Capital Markets Authority (the "**CMA**") was established by Royal Decree 80/98 issued on November 9, 1998, and commenced its duties on January 9, 1999.

The CMA is a government entity with financial and administrative independence. The principal role of the CMA is to supervise the capital market and insurance sectors in Oman and to develop the legal framework governing the same (for example, by promulgating the Code of Corporate Governance for companies listed on the Muscat Securities Market). A number of entities are regulated by the CMA, including the Muscat Securities Market.

The CMA also aims to promote market efficiency for investors and raise awareness of investor rights and the importance of capital markets.

Muscat Securities Market

The Muscat Securities Market has been trading since 1989. The Muscat Securities Market is controlled by a board of directors headed by Dr. Ashraf bin Nibhan al Nabhani (chairman).

Overall market capitalization of the Muscat Securities Market increased from approximately OMR 14.6 billion at 31 December 2014 to OMR 15.8 billion at 31 December 2015. Trading volumes decreased in 2015 to OMR 1.4 billion from OMR 2.3 billion in 2014. The Muscat Securities Market share price index, which equalled 1000 in 1990, decreased to 5,406 at the end of 2015 from 6,343 at the end of 2014.

The following table sets forth recent key Muscat Securities Market indicators.

Muscat Securities Market

	Per cent. change Jan – Feb	Total (End – Feb)		2016	2015		
Items	**(2015/2016)**	**2016**	**2015**	**Feb**	**Jan**	**Dec**	**2015**
(A) Share Price Index (by Activity)							
– Manufacturing	(24.0)	6,615	8,706	6,615	6,530	6,771	6,771
– Financial	(18.6)	6,658	8,182	6,658	6,337	6,477	6,477
– Services	(14.3)	3,056	3,566	3,056	2,902	3,056	3,056
TOTAL	(17.7)	5,395.1	6,559.3	5,395.1	5,179.4	5,406.2	5,406.2
(B) Total Number Of Shares Traded (000)	(20.1)	767,695	960,564	437,188	330,507	480,396	5,733,825
(C) Total Value (000) R.O	(39.5)	170,611	281,893	92,341	78,270	173,140	1,389,647
(D) Net stock Investors (000) R.O							
Omanis	—	27,351	17,391	14,687	12,664	(20,048)	71,386
GCC	—	(1,566)	35,804	(1,935)	369	(12,807)	28,905
Arabs	—	153	(37,637)	115	38	(114)	(38,971)
Foreigners	—	(25,939)	(15,559)	(12,867)	(13,072)	32,969	(61,320)

Notes:

June 1990 is the base year

Share Price Index represents the end of the respective periods

Source: Muscat Securities Market

PUBLIC FINANCE

General

Oman's annual budget process is as follows: each Ministry prepares its budget for the following year based on its expenditure requirements and forecasted revenues. All Ministries then submit their budgets to the Ministry of Finance which examines the proposals to ensure that they are in accordance with the revenue and expenditure framework adopted by the current Five Year Plan. The Ministry of Finance then prepares a consolidated budget that is submitted to the Financial Affairs and Energy Resource Council for review and approval. Amongst other factors, the Financial Affairs and Energy Resource Council reviews the consolidated budget proposal in light of forecasted oil prices for the year, the present and targeted levels of the Governments' reserves, and the proposed deficit financing requirements. It is then forwarded to the Council of Ministers who then forwards it to the State Council (*Majilis Al Dwala*) and the Consultative Council (*Majlis Al Shura*) who then review and make suggestions. Such suggestions are then forwarded to the Council of Ministers. Following their review, the Council of Ministers forward the budget with consolidated suggestions to the Financial Affairs Energy Resources Council who in turn forward it to Ministry of Finance for effecting necessary changes to the budget. Once the budget is finalized it is submitted to the Council of Ministers for final approval. Once approved, it is then reviewed by the Ministry of Legal Affairs for the necessary issuance of a Royal Decree by His Majesty, which is normally issued at the beginning of each year.

2010 – 2015 actual consolidated government finances

The following table sets forth the actual revenues, expenditures and net lending as at 31 December for each of the six years ended 31 December 2015 for the consolidated government finances. It notably includes income from the SGRF and the related oil and other funds as well as grants. Revenues from the SGRF and the other funds are not considered when the government calculates the size of its deficit, if any, that it needs to fund.

Consolidated Government Finances

	2010	2011	2012	2013	2014	2015*
			(OMR millions)			
Revenue and Grants	8,879.2	12,733.7	14,351.7	15,004.6	14,426.0	9,507.7
Revenues	8,869.9	12,720.2	14,345.8	14,998.8	14,419.6	9,268.3
Oil Revenue	6,331.3	9,878.7	10,668.7	10,962.7	10,427.1	5,657.5
Gas and LNG-related Revenue	1,219.7	1,579.4	1,976.5	1,939.5	2,086.1	1,745.8
Nonhydrocarbon Revenue	1,318.9	1,262.1	1,700.6	2,096.6	1,906.4	1,865.1
Tax Revenue	588.9	612.3	786.7	790.7	910.8	902.8
Nontax Revenue[(1)]	730.0	649.8	913.9	1,305.9	995.6	962.3
Grants from Other Countries	9.3	13.5	5.9	5.8	6.4	239.4
Total Expenditures, Net Lending & Grants	7,976.9	10,767.7	13,580.8	14,017.8	15,012.9	13,768.0
Current	5,061.0	7,303.9	10,115.7	10,479.3	11,194.0	10,075.8
Civil	2,995.8	4,505.2	4,980.5	5,641.2	6,498.7	5,838.1
Wages and Benefits	1,722.7	1,935.4	2,307.6	2,472.1	3,345.0	3,410.1
Goods and Services	826.4	718.7	808.4	956.6	1,070.3	1,069.2
Subsidies and Transfers	409.3	1,813.0	1,819.2	2,158.9	2,030.4	1,321.6
Interest Payments	37.4	38.1	45.3	53.6	53.0	37.3
Defence and Security	1,888.2	2,563.7	4,742.5	4,494.2	4,210.8	3,862.2

	2010	2011	2012	2013	2014	2015*
			(OMR millions)			
PDO Operations	177.0	235.0	392.7	343.9	484.5	375.5
Investment.....	2,548.3	2,905.6	2,828.3	3,059.3	3,512.2	3,461.3
Civil	1,647.5	1,871.9	1,650.3	1,744.3	2,093.6	1,822.5
Hydrocarbon.....	900.8	1,033.7	1,178.0	1,315.0	1,418.6	1,638.8
Net Lending and Equity	333.6	489.0	598.2	430.0	250.2	200.3
Grants to Other Countries	34.0	69.2	38.6	49.2	56.5	30.6
Overall Balance.....	902.3	1,966.0	770.9	986.8	(586.9)	(4,260.3)

* *Preliminary*

Note:

(1) Includes income on the SGRF, Petroleum Reserve Fund, and other funds.

Source: Ministry of Finance

Revenue

Total consolidated government revenues excluding grants decreased by 36 per cent. to OMR 9,268.3 million in 2015 from OMR 14,419.6 million in 2014. This decrease was mainly due to a large fall in oil revenues and a slight decrease in non-hydrocarbon revenues. Total oil revenues decreased by 46 per cent. to OMR 5,657.5 million in 2015 from OMR 10,427.1 million in 2014. This decrease was due to the decrease in the average monthly Omani blend price to U.S.$56 per barrel in 2015 from U.S.$103 per barrel in 2014. Gas and LNG related revenues decreased by 16 per cent. to OMR 1,745.8 million in 2015 from OMR 2,086.1 million in 2014. Non-hydrocarbon revenues, including revenues generated from taxes, investment income and other revenues decreased slightly by 2 per cent. to OMR 1,865.1 million in 2015 from OMR 1.906.4 million in 2014, mostly as a result of a fall in investment income.

Grants from Other Countries

A major source of grants from other countries to Oman is the GCC Development Fund, under which Oman is the beneficiary of U.S.$10 billion in grant commitments with contributions to be made by the non-donee GCC member states, of which U.S.$1.5 billion has already been allocated. The GCC Development Fund is intended to stimulate economic growth and is expected to be used in furtherance of development goals.

The following table sets forth the actual detailed revenues and grants for the consolidated government finances as at 31 December for each of the six years ended 31 December 2015.

Consolidated Government Revenue and Grants

	2010	2011	2012	2013	2014	2015*
			(OMR millions)			
Oil Revenue-Total(1)	6,331.3	9,878.7	10,668.7	10,962.7	10,427.1	5,657.5
Oil Revenues-Budget	5,471.3	7,799.8	9,832.3	10,431.0	10,206.4	5,657.5
Tax revenue from PDO private shareholders	964.4	2,022.0	2,276.4	2,173.2	2,124.7	928.5
Sales to PDO	34.7	49.7	72.8	64.1	7.7	43.5
Sales to others	3,431.0	4,333.3	5,989.3	6,885.5	6,883.1	3,979.4
Oil installation port dues ..	1.2	1.4	1.0	1.5	1.2	1.3
Condensate sales	1,040.0	1,393.4	1,492.8	1,306.7	1,189.8	704.8
Oil revenue transferred to SGRF.....	0.0	0.0	305.8	0.0	0.0	0.0
Oil revenue transferred to Petroleum Reserve Fund..	160.0	212.4	230.6	222.3	220.7	0.0
Oil revenue transferred to Contingency Fund	580.0	0.0	0.0	0.0	0.0	0.0
Oil revenue transferred to OIF	40.0	0.0	0.0	0.0	0.0	0.0
Infrastructure Development Account	80.0	1,166.5	0.0	0.0	0.0	0.0

	2010	2011	2012	2013	2014	2015*
			(OMR millions)			
Treasury Temporary Surplus Account	0.0	700.0	300.0	309.4	0.0	0.0
Gas and LNG related revenue	1,219.7	1,579.4	1,976.5	1,939.5	2,086.1	1,745.8
Oman LNG dividends	289.8	406.5	392.8	444.2	398.5	261.4
Gas feedstock sales to Oman LNG project	675.3	854.0	932.3	969.7	970.6	714.4
Natural gas sales (domestic)	254.6	318.9	651.4	525.6	717.0	770.0
Nonhydrocarbon Revenue	1,318.9	1,262.1	1,700.6	2,096.6	1,906.4	1,865.1
Tax Revenue	588.9	612.3	786.7	790.7	910.8	902.8
Customs duties	179.6	161.2	250.1	217.3	279.2	235.4
Corporate income tax	272.6	281.9	353.3	394.5	448.0	451.7
Training tax	121.0	150.5	163.7	154.5	156.0	185.2
Municipal taxes	15.7	18.7	19.6	24.4	27.6	30.5
Non-Tax Revenue	730.0	649.8	913.9	1,305.9	995.6	962.3
Investment Income	233.7	161.4	430.1	692.7	378.3	91.5
Domestic assets[2]	117.9	105.5	382.4	111.6	71.8	75.9
Funds[1]	122.6	55.9	47.7	581.1	306.5	15.6
Public services and utilities[3]	60.2	56.9	58.5	63.3	63.4	62.4
Civil aviation	30.1	31.2	32.2	33.6	23.4	51.2
Public authorities' surplus	9.1	10.3	7.3	10.2	8.0	6.8
Other[4]	396.9	390.0	385.8	506.1	522.5	750.4
Total Revenue	8,869.9	12,720.2	14,345.8	14,998.8	14,419.6	9,268.3
Grants from Other Countries	9.3	13.5	5.9	5.8	6.4	239.4
Total Revenue and Grants	8,879.2	12,733.7	14,351.7	15,004.6	14,426.0	9,507.7

* *Preliminary*

Notes:

(1) *Includes receipts assigned to the SGRF, the Petroleum Reserve Fund, OIF and other funds.*

(2) *Interests and dividends on domestic assets, excluding returns on domestic deposits from SGRF.*

(3) *Mainly consists of water, electricity, post, and port revenue.*

(4) *Includes notably sales of government land and property, passport and immigration fees, and licenses.*

Source: Ministry of Finance

Expenditure

Total expenditures decreased by 8 per cent. to OMR 13,537.1 million in 2015 from OMR 14,706.2 million in 2014, mainly due to a reduction in subsidies and transfers and lower defence and security expenditures. Current expenditures decreased by 10 per cent. to OMR 10,075.8 million in 2015 from OMR 11,194.0 million in 2014. The major components of current expenditures are defence spending and civil ministries. Defence spending decreased by 10 per cent. in 2015 at OMR 3,862.2 million as compared with OMR 4,210.8 million in 2014. In 2015, defence spending represented approximately 14 per cent. of GDP. Other current expenditures related to the civil sector decreased by 10 per cent. in 2015 to OMR 5,838.1 million from OMR 6,498.7 million in 2014, while PDO operating expenditures (PDO current operations) decreased from OMR 484.5 million to OMR 375.5 million. Capital expenditures decreased slightly by 1.5 per cent. to OMR 3,461.3 million in 2015 from OMR 3,512.2 million in 2014. 47 per cent. of capital expenditures in 2015 were for the hydrocarbon sector and 53 per cent. were for capital expenditures undertaken by civil ministries.

The following table sets forth the actual detailed expenditures, grants and net lending as at 31 December for each of the six years ended 31 December 2015 for the consolidated government finances.

Consolidated Government Expenditures, Grants and Net Lending

	2010	2011	2012	2013	2014	2015*
			(OMR millions)			
Current Expenditures	5,061.0	7,303.9	10,115.7	10,479.3	11,194.0	10,075.8
Civil	2,995.8	4,505.2	4,980.5	5,641.2	6,498.7	5,838.1
Total Wages and Salaries.....	1,722.7	1,935.4	2,307.6	2,472.1	3,345.0	3,410.1
Wages and salaries	833.2	904.5	1,041.0	1,103.0	1,511.0	1,614.1
Allowances[1]	542.9	702.8	865.1	943.2	1,310.0	1,311.0
Other remuneration[2] ..	233.5	170.0	200.6	213.5	225.7	195.9
Pension contributions[3] ..	113.1	158.1	200.9	212.4	298.3	289.1
Goods and Services	826.4	718.7	808.4	956.6	1,070.3	1,069.2
Supplies of goods	148.2	164.9	179.5	212.4	221.3	200.0
Furniture and equipment.....	48.5	53.9	58.2	60.7	72.0	47.7
Services	475.8	342.9	399.5	506.1	578.7	561.9
Government services[4]	78.7	76.9	82.3	95.6	103.0	93.0
Upstream gas project[5]	75.2	80.1	88.9	81.8	95.3	166.5
Subsidies and Transfers[6]	409.3	1,813.0	1,819.2	2,158.9	2,030.4	1,321.6
Interest Payments	37.4	38.1	45.3	53.6	53.0	37.3
PDO Current Operations[7]	177.0	235.0	392.7	343.9	484.5	375.5
Defence Expenditures[8]	1,888.2	2,563.7	4,742.5	4,494.2	4,210.8	3,862.2
Capital Expenditures	2,548.3	2,905.6	2,828.3	3,059.3	3,512.2	3,461.3
Civil ministries	1,647.5	1,871.9	1,650.3	1,744.3	2,093.6	1,822.5
Hydrocarbon	900.8	1,033.7	1,178.0	1,315.0	1,418.6	1,638.8
PDO investments[7].....	613.5	624.3	659.9	752.7	748.1	774.3
Upstream gas project[9].....	287.3	409.4	518.1	562.3	670.5	864.5
Total Expenditures	7,609.3	10,209.5	12,944.0	13,538.6	14,706.2	13,537.1
Grants to Other Countries	34.0	69.2	38.6	49.2	56.5	30.6
Net Lending and Equity ..	333.6	489.0	598.2	430.0	250.2	200.3
Total Expenditure, Grants & Net Lending ..	7,976.9	10,767.7	13,580.8	14,017.8	15,012.9	13,768.0

* *Preliminary*

(1) *Mostly consists of housing and transport allowances for civil servants.*

(2) *Mostly consists of bonuses and special employment contracts.*

(3) *Pension contributions for civil service employees.*

(4) *Mostly consists of post, telegraph and telecom (PTT), electricity, and water.*

(5) *Includes operational expenditures, gas transportation charges, cost gas purchase from Occidental, and annual fees for operations.*

(6) *Includes subsidies and transfers in relation to civil ministries (subsidies for public authorities, grants and subsidies to households and other donations and grants) and subsidies in relation to the private sector and government related entities. Subsidies are for the electricity sector, for petroleum products and for basic food stuff, operational support for government related companies, and for the payment of interests under the development and housing loans program.*

(7) *The government's share is 60 per cent. of total PDO expenditure for both current and capital expenditures.*

(8) *Includes some dual (civil and defence) use capital expenditures.*

(9) *Includes capital expenditures and expenditures on exploration for gas.*

Source: Ministry of Finance

The following table sets forth the breakdown of capital expenditures as at 31 December for each of the six years ended 31 December 2015.

Government Capital Expenditures

	2010	2011	2012	2013	2014	2015
			(OMR millions)			
Hydrocarbon Sector	900.8	1,033.7	1,178.0	1,315.0	1,418.6	1,638.8
Government share in PDO[(1)]	613.5	624.3	659.9	752.7	748.1	774.3
Upstream gas project	287.3	409.4	518.1	562.3	670.5	864.5
Civil, by sector breakdown[(2)]	1,647.5	1,871.9	1,650.3	1,744.3	2,093.6	1,822.5
Agriculture, irrigation, water resources, and fisheries	57.6	56.7	40	41.8	56.2	59.6
Manufacturing and mining	5.4	3.5	20.9	5.8	1.6	17.0
Utilities	107.1	24.2	95.2	16.8	247.2	89.5
Electricity and water	106.0	24	92.7	13.7	245.1	86.6
Communications	1.1	0.2	2.5	3.1	2.1	2.9
Transport sector	806.1	1,013.3	787.1	939.5	922.2	886.5
Roads	367.9	384.9	373.3	424.3	510.2	610.8
Harbors	299.6	250.5	119.3	64.4	56.2	31.4
Airports	138.6	377.9	294.5	450.8	355.8	244.3
Social sector	193.4	254.8	363.6	425.6	508.1	501.0
Education	75.1	85	134.3	156.3	226.8	243.6
Health	57.4	46.2	43.2	65.1	36.7	42.0
Housing	60.9	123.6	186.1	204.2	244.6	215.3
Public administration	222.8	217.4	213.8	151.9	138	109.6
Other	260.5	305.5	150.6	168.7	221.9	159.2
Total Capital Expenditures	2,548.3	2,905.6	2,828.3	3,059.3	3,512.2	3,461.3

* *Preliminary*

Notes:

(1) *The Government's share is 60 per cent. of total PDO capital expenditures.*

(2) *Includes human resources development.*

Source: Ministry of Finance

Total consolidated government capital expenditures amounted to OMR 3,461.3 million or approximately 12.8 per cent. of GDP in 2015. Public capital expenditures for the non-hydrocarbon sector amounted to OMR 1,822.5 million in 2015, of which 49 per cent. was allocated to the transportation sector (roads, harbours, airports) and 28 per cent. was allocated to the social sector (education, health, housing).

Deficit Financing

The overall consolidated government deficit (including net grants) was OMR 4,260 million in 2015, approximately 15.7 per cent. of GDP, and up from approximately OMR 587 million in 2014. Net grants (grants from other countries minus grants to other countries) amounted to OMR 209 million. The 2015 deficit was financed by a combination of domestic borrowing from the domestic capital markets, from domestic banks and with temporary financing of OMR 3.0 billion from the IPF.

2016 State General Budget

In furtherance of the most recent Five Year Plan, the State General Budget 2016 introduced meaningful fiscal reforms both on the revenue and expenditure sides. The Government of Oman aims to continue its 2015 reduction of non-core expenditures in 2016 in favour of targeted investments, including by reducing fuel subsidies, freezing government employment, deferring non-essential projects and reducing expenditure on non-essential transport for government officials. The Government of Oman also intends to increase non-oil and gas revenues in 2016 through various measures, including increasing corporate tax rates to 15 per cent. and reducing tax exemptions, increasing the efficiency of tax and customs collection, imposing other select excise taxes (e.g. alcohol), increasing various administrative fees (including on property transactions) and increasing electricity and water tariffs.

The following table compares the consolidated government finances for 2015 and the State General Budget for 2016.

Government Finances vs. State General Budget

	Actual 2015*	Budget 2016
	(OMR millions)	
Revenue and Grants	9,507.7	9,199.0
Revenues	9,268.3	8,570.0
Oil Revenue	5,657.5	4,568.4
Gas and LNG-related Revenue	1,745.8	1,890.0
Nonhydrocarbon Revenue	1,865.1	2,111.6
Tax Revenue	902.8	1,119.2
Nontax Revenue[(1)]	962.3	992.4
Grants from Other Countries	239.4	629.0
Total Expenditures, Net Lending & Grants	13,768.0	11,867.8
Current	10,075.8	9,068.8
Civil	5,838.1	5,268.8
Wages and Benefits	3,410.1	3,198.2
Goods and Services	1,069.2	1,172.6
Subsidies and Transfers	1,321.6	807.9
Interest Payments	37.3	90.0
Defence and Security	3,862.2	3,500.0
PDO Operations	375.5	300.0
Investment	3,461.3	2,650.0
Civil	1,822.5	1,350.0
Hydrocarbon	1,638.8	1,300.0
Net Lending and Equity	200.3	120.0
Grants to Other Countries	30.6	29.0
Overall Balance	(4,260.3)	(2,668.8)

* *Preliminary*

Note:

[(1)] *Includes income on the SGRF, Petroleum Reserve Fund, and other funds.*

Source: Ministry of Finance

Revenue

The 2016 budget was approved by Royal Decree No 2/2016, issued on 1 January 2016, and it estimates oil revenues of OMR 4,568.4 million, as compared to OMR 5,657.5 million in 2015. The 2016 Budget does not encompass any transfers to the various funds. The projected decrease in net oil revenues in 2016 as compared with actual net oil revenues in 2015 is based on an estimated decrease in the average monthly projected Oman crude oil price to U.S.$45 per barrel in 2016. Total gas revenues (including dividends from the Oman LNG project) are projected to reach OMR 1,890 million, as compared to actual gas revenues (including dividends from the Oman LNG project) of OMR 1,745.8 million in 2015. Non-hydrocarbon revenues are estimated to be OMR 2,111.6 million as compared to actual non-hydrocarbon revenues of OMR 1,865.1 million in 2015.

Investment income from the various funds is set at zero in the 2016 Budget. Total 2016 budget revenues (excluding grants from other countries) are projected to amount to OMR 8,570.0 million as compared to actual total revenues of OMR 9,268.3 million in 2015.

Expenditure

The 2016 budget estimates that total budget expenditure (excluding grants and net lending) will be OMR 11,718.8 million against actual total budget expenditures of OMR 13,537.1 million in 2015. Civil current expenditures (comprised of wages and benefits, goods and services, subsidies and transfers as well as interest payments) are projected to amount to OMR 5,268.8 million, compared to equivalent actual expenditures of 5,838.1 million in 2015. In particular, goods and services are projected at OMR 1,172.6 million against an actual figure of OMR 1,069.2 million in 2015. Goods and services include operational expenditures, gas transportation charges, cost gas purchase from Occidental, and annual fees for gas operations, which would amount to approximately OMR 190 million in 2016. Defence and security expenditures are estimated at OMR 3,500 million against actual defence and security expenditures of OMR 3,862.2 million in 2015. PDO current operations is estimated at OMR 300 million against an actual figure of OMR 375.5 million in 2015. Hydrocarbon capital expenditures are projected to reach OMR 1,300 million including the government's share in PDO capital expenditures, and upstream gas development capital expenditures, compared to equivalent actual expenditures of 1,638.8 million in 2015. Capital expenditures for civil ministries and development expenditures for government related entities are projected to amount to OMR 1,350 million, compared to equivalent actual expenditures of 1,822.5 million in 2015.

Deficit

The 2016 budget forecasts, on the basis of a price of oil of approximately U.S.$45 per barrel, a deficit excluding net grants of OMR 3,268.8 million, to be funded by a combination of net foreign grants (OMR 600 million), net domestic and international borrowing on capital markets and bank loans (at least OMR 1,200 million) as well as net withdrawals from SGRF (up to OMR 1,500 million). This compares to an actual consolidated government deficit (including net grants) of OMR 4,260.3 million in 2015. As a result of measures taken to reduce expenditures and increase non-oil and gas revenues, the Government of Oman's break-even price of oil is approximately U.S.$75 per barrel in 2016, down from U.S.$114 per barrel in previous years.

Taxation

Corporate Income Tax

Tax in Oman is governed by the Company Income Tax Law, the Law of Profit Tax on Commercial and Industrial Establishments and various other Royal Decrees and Ministerial decisions. What is termed income tax in Oman in fact applies only to businesses and is therefore a form of corporation tax.

Tax is charged on profits and income from all sources which has been realized or has arisen in Oman. It is charged on business establishments owned by individuals, companies incorporated in Oman and permanent establishments (branches) of foreign enterprises. Prior to 2016, income below OMR 30,000 was not taxed and income above OMR 30,000 was taxed at 12 per cent. Pursuant to the 2016 Budget, income is now taxed at 15 per cent., and the threshold below which income is not taxed has been eliminated.

There is no personal income taxation at present. Any dividend paid out of profits subjected to tax in Oman is exempt in the hands of the recipient.

The income from sale of petroleum is taxed at a flat rate of 55 per cent. In addition, oil exploration and production companies are generally taxed under special rules set out in the relevant concession agreements.

The tax year corresponds to the calendar year. Every taxable entity is required to file a final return of income for every tax year together with the audited financial statements which should be prepared in accordance with the International Financial Reporting Standards.

Oman has entered into a comprehensive double taxation treaty with the United Kingdom, France and Spain, among others.

Custom duties

Oman is part of the GCC Customs Union, which was established in 2003 to remove customs and trade barriers among the GCC member states. The implementation of the GCC Customs Union is still in progress. The GCC member states apply a Common Customs Law and a Unified Customs Tariff with a standard customs duty rate of 5 per cent. of goods' cost, insurance and freight value, with a few exceptions, such as tobacco and alcoholic goods being subject to a customs duty rate of 100 per cent. The GCC Customs Law does not levy export customs duties.

Training tax

Ministerial Decision 84/98 specifies the vocational training levy on employers in the private sector at OMR 100 annually per expatriate employee. The decision is effective from 8 March 1998.

Municipal tax

Muscat and Salalah municipalities impose local taxes on selected activities such as hotel income, property rents and leisure income.

VAT

There is currently no VAT or similar tax system in Oman. However, given the need for diversifying government revenues, the potential introduction of a VAT system at a proposed rate of 5% has been considered by the GCC countries (i.e. United Arab Emirates, Oman, Qatar, Kuwait, Bahrain and the Kingdom of Saudi Arabia). In February 2016, Gulf countries signalled that they agreed upon a 5 per cent. tax on consumption which would be introduced across the region by 2018. The decision is yet to receive final approval before being implemented.

Local Government

The Government of Oman contributes to the provision of municipal services. Municipalities are otherwise required to obtain such additional revenues required to provide municipal services from duties and fees levied within their area and municipalities are prohibited from incurring deficits. Contributions from the Government of Oman to Municipalities are included within the expenditures of several civil ministries.

Social Security

Omanis and non-Omanis between the ages of 15 and 59 who are permanently employed in the private sector are required to make contributions equal to 6.5 per cent. of their salary to the Omani social security fund for benefits and old age pensions. These contributions are matched by employers at a rate of 9.5 per cent. of their salary. The employer also contributes an equal amount to a further 1 per cent. of the employee's salary to industrial illness and injury benefits schemes.

Each of the Civil Service, the Royal Oman Police and the Sultan's Armed Forces has pension funds established by the Government of Oman. Officials from the Ministry of Social Affairs and Labour sit on the Board of Directors of each of the Civil Service and private sector pension funds. The Government of Oman acts as a lender of last resort to the private sector pension fund.

INDEBTEDNESS

General

The Ministry of Finance is the only institution entitled to borrow on behalf of the Government of Oman. Municipalities are not permitted to borrow.

The following table sets forth the debt of the Government of Oman as at 31 December for each of the six years ended 31 December 2015.

Debt of the Government of Oman

	As at 31 December					
	2010	**2011**	**2012**	**2013**	**2014**	**2015**
	(OMR millions, except per cent.)					
Government domestic debt (OMR million)	330.0	480.0	630.0	830.0	930.0	2,540.1
Per cent. of GDP	*1.5%*	*1.8%*	*2.1%*	*2.8%*	*3.0%*	*9.4%*
Government external debt (OMR million)	806.2	767.3	730.5	656.1	595.7	901.3
Per cent. of GDP	*3.6%*	*2.9%*	*2.5%*	*2.2%*	*1.9%*	*3.3%*
Total government debt	1,136.2	1,247.3	1,360.5	1,486.1	1,525.7	3,441.4
Per cent. of GDP	*5.0%*	*4.8%*	*4.6%*	*4.9%*	*4.9%*	*12.7%*
GDP	22,547.6	26,122.0	29,353.3	30,061.3	31,450.8	27,013.1

Government Domestic Debt

The primary sources of domestic government debt are GBDs, Treasury Bills and Sukuk. All these instruments are issued in Omani Rial.

Development Bonds were first issued by the Ministry of Finance on behalf of the Government of Oman in August 1991 with the objective of developing the domestic capital market. Development Bonds are denominated in Omani Rial but are freely convertible into foreign currencies and may be sold to overseas investors. Development Bonds initially sold to overseas investors are treated as external debt of the Government of Oman. As at 31 December 2015, the total amount of Development Bonds outstanding was OMR 1,325 million.

In 2015, the Government issued a Sukuk of OMR 250 million at a rate of 3.5 per cent. profit rate per annum and is looking to raise a second such Sukuk.

Treasury bills are Omani Rial denominated debt instruments used to finance day-to-day recurrent expenditures. Treasury bills are used by commercial banks to securely invest their surplus funds, with the added advantages of ready liquidity through discounting and repurchase facilities offered by the Central Bank of Oman. In general, treasury bills are issued for a maturity period not exceeding one year and at present are issued with maturity period of 91-days, 182-days and 364-days. The amounts of treasury bills outstanding as at 31 December 2015 was OMR 465 million in 2015 as compared with none as at 31 December 2014.

The following table sets forth the Government of Oman's domestic debt profile as at 31 December for each of the six years ending 31 December 2015 and as at 30 April 2016.

Oman Government Domestic Debt

End of Period	2010	2011	2012	2013	2014	2015*	End April 2016
			(OMR millions)				
Total government domestic debt	330.0	480.0	630.0	830.0	930.0	2,540.1	2,399.0
GDBs[1]	330.0	480.0	630.0	830.0	930.0	1,325.1	1,530.0
Sukuk[1]	—	—	—	—	—	250.0	250.0
Loans from local banks[2]	—	—	—	—	—	500.0	250.0
Treasury bills[3]	—	—	—	—	—	465.0	369.0

* *Preliminary*

Note: all instruments issued in local currency

1 GDBs and Sukuk may be held by nonresidents. Full amount of GDB issued is included here.

2 Corresponds to a loan from Bank Muscat contracted in 2015 and due in 2016

3 Treasury bills are held only by commercial banks

Sources: Central Bank of Oman and Ministry of Finance

Government External Debt

Oman's total external debt as at 31 December 2015 was approximately OMR 901.3 million, mostly denominated in U.S. Dollars. Most of Oman's external debt is medium-term debt (more than one year to maturity and less than seven years to maturity). Oman's external debt is composed of export credits, commercial loans and loans from development institutions.

As at 31 December 2015, loans from development institutions accounted for approximately 32 per cent. of the government external debt while commercial loans represented 57 per cent. of the government external debt. Oman's remaining government external debt was composed of export credits. As at 31 December 2015, a substantial portion of Oman's external debt portfolio was fixed rate debt. The Ministry of Finance has used a limited number of interest and exchange rate derivative products in accordance with its policy of conservative risk management. However, with the majority of Oman's external debt portfolio denominated in U.S. Dollars at fixed interest rates, Oman's exposure to interest rate and foreign exchange risk is low.

The following table sets forth Oman's external debt as at 31 December for each of the six years ended 31 December 2015.

Oman Government External Debt

	As at 31 December					
	2010	2011	2012	2013	2014	2015
			(OMR millions)			
Total government external debt	806.2	767.3	730.5	656.1	595.7	901.3
Export credits	241.5	234.1	222.8	185.1	148.9	102.9
Loans from development institutions	439.1	407.6	382.1	345.4	321.2	289.1
Commercial loans	125.6	125.6	125.6	125.6	125.6	509.3

Sources: Central Bank of Oman and Ministry of Finance

In the first quarter of 2016, the Government of Oman secured a U.S$1.0 billion loan the proceeds of which were used to finance the deficit in 2015. As such, the loan is included in the debt stock at end 2015. The loan was raised through syndication among eleven banking institutions at a 120 basis points margin over the London Interbank Offered Rate (LIBOR). The eleven banks participating in the loan were Citigroup, Gulf International Bank, Natixis, National Bank of Abu Dhabi, Societe Generale, Sumitomo Mitsui Financial Group, Bank of Tokyo-Mitsubishi UFJ, JP Morgan, Credit Agricole, Standard Chartered and Europe Arab Bank. In addition, in the second

quarter of 2016 the Government of Oman represented by the Ministry of Finance entered into a bilateral short-term loan in the amount of U.S.$1 billion with Industrial and Commercial Bank of China Ltd to be repaid in one year.

The following table sets forth the repayment profile of Oman's external public debt for the next five years.

Medium Term External Public Debt Repayment Profile

	2016	2017	2018	2019	2020
			(OMR millions)		
Export credits	44.5	44.5	26.8	—	—
Development Institutions	40.6	41.9	41.9	49.9	52.4
Commercial Loans	—	—	—	—	—
Total	85.1	86.4	68.7	49.9	52.4

Sources: Central Bank of Oman and Ministry of Finance

Note: Amounts may vary due to exchange rate fluctuations

The following table sets forth the Government of Oman's GBD and Sukuk maturity profile as of April 30, 2016.

Issue-Wise Maturity Schedule of Outstanding Government Development Bonds and Sukuk Issues

							Years of Maturity of				
Issue Number	**Issue Date**	**Maturity Date**	**Tenor**	**Amount Issued (OMR MIO)**	**Coupon/ Profit Rate Per Annum**	**Semi-Annual Coupon/ Profit Date**	**2016**	**2017**	**2018**	**2019**	**2020**
						GOVERNMENT DEVELOPMENT BONDS					
											(O
39	20.12.2011	20.12.2016	5 years	150	3.25%	20-Jun & 20-Dec	150				
40	19.06.2012	19.06.2022	10 years	100	5.50%	19-Dec & 19-Jun					
41	05.12.2012	05.12.2017	5 years	100	3.25%	05-Jun & 05 Dec		100			
42	13.05.2013	13.05.2020	7 years	80	4.25%	13-Nov & 13-May					80
43	05.09.2013	05.09.2017	4 years	100	2.75%	05-Mar & 05-Sep		100			
44	25.11.2013	25.11.2018	5 years	100	3.00%	25-May & 25-Nov			100		
45	15.12.2014	15.12.2019	5 years	200	3.00%	15-Jun & 15 Dec				200	
46	23.02.2015	23.02.2025	10 years	200	4.50%	23-Aug & 23-Feb					
47	09.08.2015	09.08.2020	5 years	300	3.00%	09-Feb & 09-Aug					300
48	22.02.2016	22.02.2021	5 years	100	3.50%	22-Aug & 22-Feb					
49	25.04.2016	25.04.2023	7 years	100	5.00%	25-Oct & 25-Apr					
Total Outstanding Government Bonds											
						SUKUK					
1	05.11.2015	05.11.2020	5 years	250	3.50%	05-May & 05-Nov					250
Total Outstanding Sukuk											
Total Yearly Maturity Amount of Long Term Government Securities							150	200	100	200	630

The following table sets forth the holdings of outstanding development bonds and local sukuk by domestic banks as of 30 April 2016.

Holding of Government Development Bonds and Sukuk (OMR)
As of 30 April 2016

Banks Classification	Total Audited Net Worth of Banks Position as of 31/12/2015*	45 per cent. of Net Worth**	Banks' Holdings in Sukuk issued on (05/11/2016)	Banks' Holdings in GDBs	Outstanding Holdings of GDB/Sukuk as of 30/04/2016	Balance Available Unutilized***
Commercial Banks (Bonds/Sukuk)	3,916,621,000	1,762,479,450	161,636,400	815,100,500	976,736,900	785,742,550
Specialized Banks (Bonds)	369,654,000	166,344,300	—	21,000,000	21,000,000	145,344,300
Islamic Banks (Sukuk)	209,836,000	94,426,200	8,136,300	—	8,136,300	86,289,900
Grand Total	4,496,111,000	2,023,249,950	169,772,700	836,100,500	1,005,873,200	1,017,376,750

* Aggregate net worth of all Commercial, Specialized and Islamic Banks.

** Banks' exposure to Government securities is increased from 30 per cent. to 45 per cent. of banks' networth.

*** The Central Bank imposes a maximum limit for banks to subscribe to GDB and local sukuk. The limit is currently set at 45 per cent. of their net worth. The figures in this column indicates the remaining capacity for Omani licensed banks to subscribe to additional GDB and Sukuk as per current regulations.

The following table sets forth Government of Oman T-bills outstanding as of 30 April 2016.

T-bills *(As of 30 April 2016)*

Total T-bills	369
28 days	46
91 days	38
364 days	285

Indebtedness of Principal State-Owned Enterprises

The following table sets forth the outstanding external indebtedness of state-owned enterprises for each of the four years ended 31 December 2015.

Entity	Government Equity (per cent.)	2012	2013	2014	2015
			(U.S.$ millions)		
Oman Gas Co.	80	118.0	70.0	70.0	70.0
Oman LNG	51	593.8	593.8	353.0	313.6
Oman Air	99.89	703.7	923.5	962.1	919.8
Oman Shipping Co.	80	3,031.0	3,113.1	3,476.9	2,726.7
Oman Refineries & Petro Chemical Co.	99	1,912.3	1,469.1	3,664.2	3,276.6
Qalhat LNG	46.84	340.0	340.0	264.8	246.3
Oman Oil Company S.A.O.C.	100	627.0	2,416.0	2,390.0	2,572.0
Electricity Holding Company S.A.O.C.	100	1,175.6	1,271.8	1,594.3	2,312.1
Oman Telecommunications Company	51	102.5	94.4	92.4	98.1
Total	—	8,603.8	10,291.7	12,867.7	12,535.2

Note: including debt of subsidiaries

Subsequent to 31 December 2015 a pre-export oil financing for U.S.$3.4 billion has been agreed at the PDO level with a potential to raise an additional U.S.$600 million from the syndication market.

BALANCE OF PAYMENTS

General

Foreign trade plays an important role in the Omani economy with imports (including customs, insurance and freight payments) and exports of goods in 2015 amounting to approximately 41 per cent. and 49 per cent. of GDP, respectively.

Foreign Trade

Exports and Imports

Oman's exports consist principally of crude oil. The total value of merchandise exports (including re-exports) decreased by 34.7 per cent. to OMR 13,355.2 million in 2015 from OMR 20,463.4 million in 2014. In 2015, the value of crude oil exports from Oman decreased by 42.7 per cent. to OMR 6,642.6 million from OMR 11,591.3 million in 2014. In 2015, the value of gas exports from Oman decreased by 36.1 per cent. to OMR 954.8 million from OMR 1493.0 million in 2014. The value of non-oil and gas exports (excluding re-exports) contracted by 27.2 per cent. in 2015

The majority of oil exports go to Asia, and principally China, which took approximately 77 per cent. of total oil exports in 2015. For a discussion of the principal countries purchasing oil from Oman, see "*Economy of Oman- Oil and Gas Sector – Oil Exports*".

The total value of recorded imports decreased marginally by 1 per cent. to reach OMR 11,153.3 million in 2015. Unrecorded imports are goods which are not declared for customs purposes, primarily defence equipment.

The following table presents the composition of Oman's exports and imports by product classification for each of the five years ended 31 December 2015.

Composition of Exports and Imports

	Total (31 December)				
	2011	2012	2013	2014	2015
			(OMR millions)		
(A) Merchandise Exports					
1- Oil and Gas	12,826.0	13,966.8	14,348.6	13,393.9	7,779.7
Crude Oil	10,659.6	11,795.0	12,337.5	11,591.3	6,642.6
Refined Oil	697.1	557.1	340.9	309.5	182.3
Liquefied Natural Gas	1,469.3	1,614.7	1,670.3	1493.0	954.8
2- Non-Oil	3,033.2	3,594.1	3,806.9	4,125.5	3,003.9
Mineral Products	422.1	1,001.8	1,277.8	1,256.5	572.8
Products of the Chemical	1,181.4	1,076.3	800.5	945.9	700.2
Plastic and Rubber Products	300.8	252.4	288.8	356.3	277.7
Base Metals and Articles	542.0	671.2	724.6	765.8	650.5
Others	586.8	592.4	715.2	801.1	802.8
3 – Re-Exports	2,247.6	2,486.3	3,541.4	2,944.1	2,571.6
Mineral Products	520.3	567.6	1,293.5	516.1	565.5
Transport Equipment	1,395.6	1,575.2	1,731.6	1,886.5	1,615.5
Others	331.6	343.5	516.4	541.5	390.6
Total merchandise exports	18,106.8	20,047.1	21,696.9	20,463.4	13,355.2

	Total (31 December)				
	2011	2012	2013	2014	2015
			(OMR millions)		
(B) Recorded Merchandise Imports					
Live Animals and Its Products	337.4	380.7	429.3	473.0	450.1
Prepared Food Stuffs, Beverages..	316.9	352.7	377.1	420.9	444.7
Mineral Products	1,317.3	1,462.7	3,627.6	1,297.9	1,682.7
Chemical Products	667.4	857.9	1,007.3	993.2	955.3
Base Metals and Articles	1,096.0	1,402.6	1,376.9	1,320.7	1,256.6
Electrical Machinery and Mechanical Equipment and Parts ..	1,941.9	1,988.0	2,054.2	1,942.5	2,240.7
Transport Equipment	1,882.9	2,564.4	2,375.9	2,568.4	1778.0
Others	1,505.5	2,154.9	2,329.9	2,251.1	2,345.3
Total recorded merchandise imports	9,081.8	10,811.3	13,201.0	11,267.7	11,153.3
(C) Merchandise Imports by Customs Outlets					
1 – Sea					
Value	5,943.4	7,332.5	9,415.4	6982.5	6624.0
Per cent. of Total Imports	(65.4)	(67.8)	(71.3)	62.0	59.4
Quantity (1,000 ton)	10,150.7	10,741.1	19,582.7	14157.7	24994.0
Per cent. of Total Imports	(64.9)	(60.1)	(65.8)	61.1	70.3
2 – Land.....					
Value	2,229.9	2,473.5	2,655.7	3386.5	3318.4
Per cent. of Total Imports	(24.6)	(22.9)	(20.1)	30.1	29.8
Quantity (1,000 ton)	5,436.9	7,039.7	10,079.9	8968.4	10521.2
Per cent. of Total Imports	(34.7)	(39.4)	(33.9)	38.7	29.6
3 – Air					
Value	908.4	1,005.2	1,129.9	898.7	1210.9
Per cent. of Total Imports	(10.0)	(9.3)	(8.6)	8.0	10.9
Quantity (1,000 ton)	64.2	84.7	84.0	49.3	55.2
Per cent. of Total Imports	(0.4)	(0.5)	(0.3)	0.2	0.2
Total recorded merchandise imports	9,081.8	10,811.3	13,201.0	11,267.7	11,153.3
Quantity (1,000 Ton)	15,651.8	17,865.5	29,746.6	23,175.3	35,570.4

Note: The numbers may not add up due to rounding.

Source: Directorate General of Customs – Royal Oman Police, Ministry of Oil and Gas, Oman Oil Refineries & Petroleum Industries Company Saoc and Oman LNG

The following table sets forth the total trade exchange by country of origin for the five years ended 31 December 2015.

Geographical Distribution of Trade Exchange

				Total (End – Dec)	
	2011	**2012**	**2013**	**2014**	**2015***
			(OMR millions)		
(A) Non-Oil Omani Exports	3,033.2	3,594.1	3,086.9	4,125.5	3,003.9
U.A.E	450.1	550.3	658.3	776.0	626.2
Saudi Arabia	239.6	329.7	542.5	436.7	375.0
India	413.1	611.6	415.7	383.6	274.1
China	331.8	276.4	217.1	220.7	215.6
United States	111.5	233.2	185.6	221.3	180.0
Others	1,487.0	1,608.2	1,690.8	2,087.2	1333.0
(B) Re- Exports	2,247.6	2,486.3	3,541.4	2,944.1	2,571.6
U.A.E	888.5	988.7	1,270.1	1323.0	974.8
Saudi Arabia	149.0	179.7	366.2	355.8	313.3
China	234.2	436.1	360.4	252.3	295.6
Iraq	7.2	104.3	2.7	23.2	132.1
South Africa	18.2	6.4	122.4	70.5	116.3
Others	816.7	764.1	1,262.7	919.3	739.5
(C) Imports	9,081.8	10,811.3	13,201.0	11,267.7	11,153.3
U.A.E	2,490.3	2,781.5	3,911.3	3,658.5	4271.0
Japan	1,148.0	1,455.9	1,277.7	1,376.2	663.3
India	437.6	592.4	1,198.5	486.6	625.5
China	420.8	540.1	403.0	540.6	583.8
United States	535.7	634.8	582.4	486.3	561.5
Others	4,049.5	4,893.8	5,453.0	4,719.4	4,448.2

** Provisional*

Note: The numbers may not add up due to rounding.

Source: Directorate General of Customs – Royal Oman Police

Trade policy

Oman, a WTO Member since November 2000, grants at least most-favoured-nation ("**MFN**") treatment to all its trading partners. Oman has never been directly involved in any dispute under the WTO, but has reserved its third-party rights in a number of cases. Since January 2003, the GCC states have operated a common external tariff of 0 per cent. and 5 per cent. on most products. In addition, Oman applies a 100 per cent. tariff on imports of alcoholic beverages and pork products. Oman's overall average MFN applied tariff is 5.5 per cent.

Current Account

The current account went into deficit of OMR (4,175) million (15.5 per cent. of GDP) in 2015 from a OMR 1,610 million (5.1 per cent. of GDP) surplus in 2014. The decrease was mostly a result of the decrease in Oman's exports, which decreased to approximately OMR 3,468 million in 2015 from approximately OMR 9,873 million in 2014, largely as a result of the decrease in oil prices. The balance of services was reduced to a deficit of approximately OMR (2,545) million in 2015 from a deficit of approximately OMR (2,630) million in 2014 partly due to increased inbound tourism. The amount of remittances outflows by expatriate workers increased by 6.7 per cent. to approximately OMR (4,226) million in 2015 from approximately OMR (3,961) million in 2014.

Capital Account and Financial Account

In 2015, the capital account of the balance of payments, corresponding to a surplus of approximately OMR 209 million compared with a deficit of OMR (50) million in 2014.

The financial account of the balance of payments amounted to a surplus of OMR 4,533 million compared with a deficit of OMR (651) million in 2014. The large increase in the financial account was driven by large inflows of other investments, which increased from a deficit of OMR (465) million in 2014 to a surplus of OMR 5,430 million in 2015. Net foreign direct investment was approximately OMR (1,148) million in 2015 compared with net foreign direct investment of OMR 57 million in 2014.

Balance of Payments and Change in Reserves

Despite a deficit of OMR (4,175) million on the current account as of 31 December 2015, the OMR 4,741 million surplus on the capital and financial account in 2015 associated with net errors and omissions of OMR (331) million resulted in a overall balance of payments surplus of OMR 235 million.

The following table summarizes the balance of payments of Oman as at 31 December for each of the five years ended 31 December 2015.

Balance of Payments	2011	2012	2013	2014	2015
			(OMR millions)		
A. Current account	3,403	3,013	2,005	1,610	(4,175)
1. Goods	9,841	10,193	9,376	9,873	3,468
Exports (F.O.B)	18,107	20,047	21,697	20,596	13,700
Oil	11,357	12,352	12,678	11,901	6,850
Crude	10,660	11,795	12,338	11,591	6,668
Refined Oil	697	557	341	310	182
Natural Gas	1,469	1,615	1,670	1,626	1,280
Other exports	3,033	3,594	3,807	4,126	2,997
Re-export (F.O.B)	2,248	2,486	3,541	2,944	2,573
Imports (F.O.B)	(8,266)	(9,854)	(12,321)	(10,723)	(10,214)
2. Services	(2,081)	(2,338)	(2,627)	(2,630)	(2,545)
Services (Credit)	895	1,033	1,136	1,203	1,339
Travel	383	421	498	529	592
Transportation	348	428	420	446	483
Insurance	13	16	18	19	16
Communication	24	29	39	37	34
Other Services	128	139	162	173	214
Services (Debit)	(2,976)	(3,372)	3,763	(3,833)	(3,884)
Travel	(449)	(493)	(548)	(636)	(669)
Transportation	(1,196)	(1,402)	(1,689)	(1,533)	(1,503)
Insurance	(292)	(314)	(332)	(353)	(387)
Communication	(12)	(23)	(33)	(44)	(44)
Other Services	(1,027)	(1,140)	(1,161)	(1,267)	(1,282)
Balance on goods & services (1+2)	7,760	7,854	6,750	7,242	941
3. Income	(1,583)	(1,732)	(1,244)	(1,671)	(890)
Income (Credit)	282	276	737	463	250
Compensation of employee	15	15	15	15	15
Other Investment Income	267	261	722	448	235
Income (Debit)	(1,865)	(2,008)	(1,981)	(2,134)	(1,141)
Direct Investment Income	(1,666)	(1,842)	(1,814)	(1,950)	(968)
Other Investment Income	(200)	(166)	(167)	(184)	(173)
Balance on goods, services & income (1+2+3)	6,177	6,122	5,506	5,571	51
4. Current Transfers	(2,774)	(3,109)	(3,501)	(3,961)	4,226)
Current Transfer (Credit)	—	—	—	—	—
Current Transfer (Debit)	(2,774)	(3,109)	(3,501)	(3,961)	(4,226)
Worker Remittances	(2,774)	(3,109)	(3,501)	(3,961)	(4,226)

Balance of Payments	2011	2012	2013	2014	2015
B. Capital and Financial Account (5+6)	(2,452)	(2,263)	2,437	(701)	4,741
5. Capital Account	(56)	(33)	(43)	(50)	209
Grants (Credit)	0	0	0	0	209
Grants (Debit)	(56)	(33)	(43)	(50)	0
6. Financial Account (1+11+111)	(2,396)	(2,230)	2,481	(651)	4,533
(i) Foreign Direct Investment	156	184	261	57	(1,148)
Assets (FSDI abroad)	(470)	(340)	(359)	(522)	(113)
Liabilities (FDI in Oman)	626	525	620	579	(1,035)
(ii) Portfolio Investment	(306)	125	136	(261)	251
Assets	(153)	(556)	(356)	(568)	495
Liabilities	(154)	681	492	307	745
(iii) Other Investment	(2,246)	(2,540)	2,084	(447)	5,430
(a) Assets	(2,677)	(2,703)	(2,494)	(465)	2,992
Trade Credit & other receivable	(26)	(92)	(105)	(118)	(33)
Currency & Deposit	(553)	69	(274)	130	145
Other Assets	(2,099)	(2,680)	2,872	(477)	2,880
(b) Liabilities	431	163	(410)	18	2,438
Trade Credit & other Payables	20	46	17	8	64
Currency & Deposits	294	259	(249)	437	2,048
Loans	(152)	(199)	(277)	(433)	282
General Government (net)	(39)	(37)	(74)	(60)	305
Other Sectors	(113)	(162)	(203)	(372)	(23)
Other Liabilities	270	58	99	5	45
C. Net Errors & Omissions	(377)	(353)	282	(480)	(331)
D. Overall balance	574	397	4,725	429	235
E. Reserves assets	(574)	(397)	(4,725)	(429)	(235)
Central Bank	(528)	26	(605)	(233)	(547)
Government Reserves	(46)	(423)	(4,120)	(196)	312

Foreign Reserves Assets

Oman's foreign reserves assets are held partly by the Central Bank of Oman and partly by the SGRF. Oman's commercial banks also have foreign exchange reserves but these are not available to the Government of Oman under normal circumstances and consequently are not included as official reserves assets.

The following table sets forth Oman's total foreign reserves assets as at 31 December for each of the five years ended 31 December 2015.

	2011	2012	2013	2014	2015
	(OMR millions, except months of imports and U.S.$)				
Central Bank of Oman	4,733.8	4,724.7	5,582.5	5,758.6	6,058.8
SGRF	4,666.2	5,088.2	9,248.5	9,459.7	9,196.9
Total	9,400.0	9,812.9	14,831.0	15,218.3	15,255.7
In U.S.$	24,416	25,488	38,522	39,528	39,625
In month of imports (F.O.B.)	13.6	11.9	14.4	17.0	17.9
Merchandise imports F.O.B	8,266.0	9,854.0	12,321.0	10,723.0	10,214.0

Note: F.O.B refers to "free on board"

Source: Central Bank of Oman and Ministry of Finance

Oman's foreign reserves as at 30 April 2016 are free from any encumbrances.

Central Bank of Oman's Foreign Reserves Assets

The foreign reserves assets held by the Central Bank of Oman increased by 5.2 per cent. to approximately OMR 6.1 billion in 2015 from approximately OMR 5.8 billion in 2014.

The following table sets for the foreign reserves assets held by the Central Bank of Oman as at 31 December for each of the five years ended 31 December 2015.

	2011	2012	2013	2014	2015
			(OMR millions)		
Gross Foreign Assets	**5,524.0**	**5,513.7**	**6,133.3**	**6,276.9**	**6,745.8**
a) Bullion	0.6	0.7	0.4	0.4	0.4
b) IMF Reserve Assets	146.9	148.3	153.0	144.5	135.4
c) Placements Abroad	1,434.5	1,097.1	1,216.6	860.4	1,358.0
d) Securities	3,942.0	4,267.6	4,763.3	5,271.6	5,252.0
Less:					
Foreign cy. deposits from Government	790.2	789.0	550.8	435.5	386.2
Foreign cy. deposits from banks	—	—	—	82.8	300.8
Central Bank's Own Foreign Reserve Assets	**4,733.8**	**4,724.7**	**5,582.5**	**5,758.6**	**6,058.8**

Source: Central Bank of Oman

State General Reserve Fund

In 1980 Oman established the SGRF, which is principally funded by contributions from oil revenues. Funds may only be withdrawn from the SGRF to finance the general budget of Oman. The SGRF's assets have risen from OMR 3.08 billion at the end of 2005 to OMR 9.67 billion at the end of 2015. This increase is notably due to a contribution of OMR 3,301 million from the Government in 2013 that had been previously held in the government's contingency fund. As at 31 December 2015, SGRF's total assets were valued at OMR 9.67 billion. No cash transfers have been made from the SGRF to the Ministry of Finance in 2014 and in 2015. Transfers from the SGRF to the ministry have been made in 2016 in line with the 2016 budget.

The SGRF is an independent body regulated and supervised by the Financial Affairs and Energy Resources Council. The assets of the SGRF are invested internationally in both public markets (which include equity, fixed income and money markets) and in private markets (which include private equity and real estate). The SGRF's portfolio is regularly reviewed to enhance performance and ensure that its asset allocation is appropriate under the prevailing circumstances.

The following table set forth the balance of the SGRF as at 31 December for each of the eleven years ended 31 December 2015.

SGRF Balance

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
						(OMR millions)					
Opening balance	2,252.0	3,084.0	3,747.1	4,535.5	4,308.0	4,537.5	4,776.7	4,804.3	5,232.9	9,386.0	9,640.5
Closing balance.....	3,084.0	3,747.1	4,535.5	4,308.0	4,537.5	4,776.7	4,804.2	5,232.9	9,386.0	9,640.4	9,665.8
Memorandum items:											
Fund resources held with:	3,084.0	3,747.1	4,535.5	4,308.0	4,537.5	4,776.7	4,804.3	5,232.9	9,386.0	9,640.5	9,665.8
Central Bank of Oman	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Resident commercial banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	291.4
Muscat securities market.....	85.0	114.0	187.5	133.7	153.5	157.8	138.1	144.7	137.5	180.8	177.5
Foreign banks and institutions	2,999.0	3,633.0	4,347.9	4,174.3	4,384.0	4,618.9	4,666.2	5,088.2	9,248.5	9,459.7	9,196.88

Sources: Ministry of Finance and Central Bank of Oman

Other Government Assets

Petroleum Reserve Fund

The Petroleum Reserve Fund was established in 1993. Its resources are earmarked for hydrocarbon investment inside and outside Oman. In general, oil revenues equivalent to revenue from 15,000 barrels per day are transferred to the Petroleum Reserve Fund each year. A total of OMR 2.34 billion has been transferred to the Fund since its creation.

The Petroleum Reserve Fund is not considered part of the total foreign reserves assets. As at 31 December 2015, the total position of the Petroleum Reserve Fund was OMR 127.9 million.

The following table set forth the balance of the Petroleum Reserve Fund as at 31 December for each of the twelve years ended 31 December 2015.

Petroleum Reserve Fund Balance

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (Prelim-inary)
							(OMR millions)					
Opening balance	107.0	154.0	217.0	203.6	172.2	159.7	210.7	373.2	592.2	827.4	599.0	117.0
Amounts transferred to OOC[1]	26.1	44.0	164.0	253.7	228.3	69.9	0.0	0.0	0.0	691.8	461.2	99.9
Closing balance	154.1	217.0	203.6	172.2	159.7	210.7	373.2	592.2	827.4	599.0	117.0	127.9

(1) These amounts increase government capital in OOC or support expenditures on OOC projects.

Source: Ministry of Finance

Infrastructure Project Finance Account (IPF) or Infrastructure Development Account

The IPF was formed in accordance with the directives of the Financial Affairs Energy Resources Council in April 2003. The objective of the IPF is to ensure the availability of sufficient funds for infrastructure related projects. A total of OMR 3.43 billion has been transferred to the IPF since its creation as a result of past budgetary surpluses. As at 31 December 2015, OMR 3.015 billion has been withdrawn to finance the fiscal deficit since mid-2014. Remaining assets under the IPF amounted to approximately OMR 415 million as at 31 December 2015. The IPF is not considered part of the total foreign reserves assets.

Oman Investment Fund

The OIF was established under Royal Decree 14/2006 in March 2006 and is wholly-owned by the Government of Oman. The OIF's principal sources of capital are allocations from the government

budget surpluses. The OIF aims to principally invest in long and medium term projects in the industrial and services sectors within and outside Oman, with the aim of maximizing returns at an acceptable degree of risk. As at 31 December 2015, total assets held by the OIF amounted to approximately OMR 927 million, of which OMR 413 million was invested abroad. The OIF's assets are not considered part of the total foreign reserves.

Government deposits in the domestic banking sector

As at 31 December 2015, total government deposits within conventional commercial banks amounted to OMR 4,789.2 million, of which the vast majority is denominated in Omani Rial.

TERMS AND CONDITIONS OF THE 2021 NOTES

The following is the text of the Conditions (as defined below) of the 2021 Notes which (subject to modification) will be endorsed on the Certificates issued in respect of the 2021 Notes and will (subject to the provisions thereof) apply to each 2021 Global Note:

The issue of the Notes was authorised by the Minister of Finance pursuant to Royal Decree 48/1976 (as amended). A fiscal agency agreement dated 15 June 2016 (the "**Fiscal Agency Agreement**") has been entered into in relation to the Notes between the Issuer (as defined below), Citibank N.A., London Branch as fiscal agent and principal paying agent, Citigroup Global Markets Deutschland AG as registrar and the other agents referred to therein. The Notes have the benefit of a deed of covenant (the "**Deed of Covenant**") dated 15 June 2016 executed by the Issuer relating to the Notes. The fiscal agent, the registrar and any transfer agent for the time being are referred to below respectively as the "**Fiscal Agent**", the "**Registrar**" and the "**Transfer Agents**". "**Agents**" means the Fiscal Agent, the Registrar, the Transfer Agents and any other agent or agents appointed from time to time with respect to the Notes. The Fiscal Agency Agreement includes the forms of the Notes. Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified offices of the Fiscal Agent, the Registrar and any Transfer Agents. The holders of the Notes (the "**Noteholders**") are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them. References herein to (i) the "**Issuer**" are to the Government of the Sultanate of Oman represented by the Oman Ministry of Finance and (ii) "**Oman**" are to the Sultanate of Oman. All capitalised terms that are not defined in these terms and conditions (the "**Conditions**") will have the meanings given to them in the Fiscal Agency Agreement.

1 Form, Specified Denomination and Title

The Notes are issued in the specified denomination of U.S.$200,000 and higher integral multiples of U.S.$1,000 thereof.

The Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(a) below, each Certificate shall represent the entire holding of Notes by the same holder.

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Fiscal Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" and "**holder**" means the person in whose name a Note is registered for the time being in the Register.

Upon issue, the Notes will be represented by Global Notes which will be registered in the name of nominees for Euroclear, Clearstream, Luxembourg and DTC (as applicable). Notes sold to QIBs in the United States in reliance on Rule 144A under the Securities Act will be represented by a Restricted Global Note. Notes sold to investors outside the United States in reliance on Regulation S under the Securities Act will be represented by an Unrestricted Global Note. Ownership interests in the Global Notes will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear, Clearstream, Luxembourg and DTC (as applicable) and their respective participants. Payments of interest and principal in respect of the Notes will be effected in accordance with investors' holdings through participants in Euroclear, Clearstream, Luxembourg and DTC (as applicable).

2 Transfers of Notes

(a) **Transfer:** A holding of Notes may, subject to Condition 2(d) below, be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a holder of Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Fiscal Agent. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(b) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within three business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfer or Exercise Free of Charge:** Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(d) **Closed Periods:** No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on (and including) the due date for redemption of that Note or during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii) below).

3 Status

The Notes are the direct, unconditional and unsecured obligations of the Issuer and rank and will rank *pari passu*, without preference among themselves, with all other unsecured Relevant Indebtedness of the Issuer, from time to time outstanding, provided, further, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Relevant Indebtedness and, in particular, shall have no obligation to pay other Relevant Indebtedness at the same time or as a condition of paying sums due on the Notes and *vice versa*.

4 Negative Pledge

So long as any Note remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not, and will ensure that no Agency will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (any of the foregoing, a "**Lien**"), upon the whole or any part

of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Noteholders; provided, however, that the foregoing shall not apply to any Lien solely incurred for the purpose of financing all or a part of the costs of the acquisition, construction or development of a project, provided that the property over which such Lien is granted consists solely of the assets and revenues of such project (including, without limitation, royalties and other similar payments accruing to the Issuer and/or such Agency (as applicable) generated by the relevant project).

In these Conditions:

"**Agency**" means any political sub-division, regional or municipal government, ministry, department, authority or statutory corporation of the Issuer or the Government of Oman (the "**Government**") (whether or not autonomous) and any corporation or other entity which is directly or indirectly controlled or (as to fifty per cent. or more of its issued share capital or the equivalent thereof) owned by the Issuer or the Government;

"**Relevant Indebtedness**" means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

5 Interest

The Notes bear interest on their outstanding principal amount from and including 15 June 2016 at the rate of 3.625 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$18.13 per Calculation Amount (as defined below) on 15 June and 15 December in each year (each an "**Interest Payment Date**") commencing on 15 December 2016. Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Note, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including 15 June 2016 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Note shall be calculated per U.S.$1,000 in principal amount of the Notes (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6 Redemption and Purchase

(a) **Final Redemption:** Unless previously purchased and cancelled as provided below, the Notes will be redeemed at their principal amount on 15 June 2021.

(b) **Purchase:** the Issuer, the Ministry of Finance, the Government and/or any public sector instrumentality (as defined in Condition 12(i)) of the Issuer may at any time purchase Notes in the open market or otherwise at any price. Such Notes may be held, resold or, at the discretion of the holder thereof, surrendered to the Registrar for cancellation and, upon surrender thereof, all such Notes shall be cancelled forthwith. The Notes so purchased, while held by or on behalf of the Issuer, the Ministry of Finance, the Government or any public sector instrumentality (as defined in Condition 12(i)) of the Issuer (as the case may be), shall not entitle the holder to vote at any meetings of the Noteholders, or for the purposes of any Written Resolution, or for the purposes of Conditions 9, 12 or 13, all as more particularly set out in Condition 12(i).

(c) **Cancellation:** Any Certificates surrendered for cancellation in accordance with Condition 6(b) above may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7 Payments

(a) Method of Payment:

(i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) in the manner provided in paragraph (ii) below.

(ii) Interest on each Note shall be paid to the person shown on the Register at the close of business on the business day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made in U.S. dollars by transfer to an account in U.S. dollars maintained by the payee with a bank that processes payments in U.S. dollars.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Noteholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

(b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(c) **Payment Initiation:** Where payment is to be made by transfer to an account in U.S. dollars, payment instructions (for value on the due date, or if that is not a business day, for value the first following day which is a business day) will be initiated on the last day on which the Fiscal Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Fiscal Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Appointment of Agents:** The Fiscal Agent, the Registrar and the Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Registrar and the Transfer Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Registrar or any Transfer Agent and to appoint additional or other Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar, (iii) a Transfer Agent and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(e) **Delay in Payment:** Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a business day, if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(f) **Non-Business Days:** If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London, New York and the place in which the specified office of the Registrar is located.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Sultanate of Oman or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

(a) **Other connection:** held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Sultanate of Oman other than the mere holding of the Note; or

(b) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Certificate representing such Note for payment on the last day of such period of 30 days.

"**Relevant Date**" in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment of the amount outstanding in full is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders in accordance with Condition 15 that, upon further surrender of the Certificate representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

9 Events of Default

If any of the following events shall have occurred and be continuing (each an "**Event of Default**"):

(a) the Issuer defaults in the payment of any principal in respect of the Notes for more than seven days or interest due and payable on or in respect of the Notes for more than 14 days; or

(b) the Issuer defaults in the due performance or observance of any other provision contained in the Notes and such default (if capable of remedy) remains unremedied for 30 days after written notice thereof addressed to the Issuer by any Noteholder, has been delivered to the specified office of the Fiscal Agent; or

(c) (i) the holders of any Indebtedness of the Issuer accelerate such Indebtedness or declare such Indebtedness to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or (ii) the Issuer fails to

pay in full any principal of, or interest on, any Indebtedness when due (after the expiry of any originally applicable grace period) or any guarantee of any Indebtedness given by the Issuer shall not be honoured when due and called upon; provided that the aggregate amount of the relevant Indebtedness or guarantee in respect of which one or more of the events mentioned above in this paragraph shall have occurred equals or exceeds U.S.$50million (or its equivalent in any other currency or currencies); or

(d) the Issuer declares (i) that it is unable to pay its debts as they fall due or (ii) enters into any arrangement or composition with or for the benefit of its creditors or declares or imposes a moratorium on the payment of Indebtedness of, or assumed or guaranteed by, it; or

(e) for any reason whatsoever (including any governmental order, decree or enactment made by the Issuer), it shall become unlawful for the Issuer to, or the Issuer is prevented from, performing, complying with or observing all or any of its obligations under the Notes or any such obligation shall be or become unenforceable or invalid or pursuant to any law or regulation in the Sultanate of Oman which change or amendment takes place after 13 June 2016 or is declared by a court of competent jurisdiction or any ruling of any court in the Sultanate of Oman, in each case whose decision is final and un-appealable, to be no longer legal, valid and binding or no longer enforceable against the Issuer; or

(f) the Issuer or any of its authorised Agencies (as defined in Condition 4) or officials (acting on its behalf) repudiates or contests the validity of the Notes,

then the holders of at least 25 per cent. in aggregate principal amount of the outstanding Notes may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), declare all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality (any such declaration, a "**Default Declaration**"). Notice of any Default Declaration shall promptly be given to all Noteholders by the Issuer in accordance with Condition 15.

If the Issuer receives notice in writing from holders of at least 50 per cent. in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any Default Declaration is or are cured following any such Default Declaration and that such Noteholders wish such Default Declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon such Default Declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

In these Conditions, "**Indebtedness**", means any and all present or future obligations, and guarantees or indemnities (whether incurred as principal or surety) in respect of obligations, for moneys borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments).

10 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8) in respect of them.

11 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the costs, expenses, taxes and duties incurred in connection therewith

and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 Meetings of Noteholders; Written Resolutions

(a) **Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions:**

(i) The Issuer may convene a meeting of the Noteholders at any time in respect of the Notes in accordance with the provisions of the Fiscal Agency Agreement. The Issuer will determine the time and place of the meeting and will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

(ii) The Issuer or the Fiscal Agent will convene a meeting of Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding Notes (as defined in the Fiscal Agency Agreement and described in Condition 12(i)) have delivered a written request to the Issuer or the Fiscal Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Fiscal Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Fiscal Agent, as the case may be, will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.

(iii) The Issuer (with the agreement of the Fiscal Agent) will set the procedures governing the conduct of any meeting in accordance with the Fiscal Agency Agreement. If the Fiscal Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Fiscal Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.

(iv) The notice convening any meeting will specify, *inter alia*:

(A) the date, time and location of the meeting;

(B) the agenda and the text of any Extraordinary Resolution (as defined below) to be proposed for adoption at the meeting;

(C) the record date for the meeting, which shall be no more than five business days before the date of the meeting;

(D) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;

(E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;

(F) whether Condition 12(b), Condition 12(c), or Condition 12(d) shall apply and, if relevant, in relation to which other series of debt securities it applies;

(G) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;

(H) such information that is required to be provided by the Issuer in accordance with Condition 12(f);

(I) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 12(g); and

(J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.

(v) In addition, the Fiscal Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to Condition 12(a)(iv) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.

(vi) A "**record date**" in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution as set out below.

(vii) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.

(viii) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.

(ix) Any reference to "**debt securities**" means any notes (including the Notes), bonds, debentures or other debt securities (which for these purposes shall be deemed to include any sukuk or other trust certificates representing the credit of the Issuer) issued directly or indirectly by the Issuer (or by, or on behalf of, the Government or any Agency) in one or more series with an original stated maturity of more than one year.

(x) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 12 and Condition 13 or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

(b) **Modification of this Series of Notes only:**

(i) Any modification of any provision of, or any action in respect of, these Conditions or the Fiscal Agency Agreement in respect of the Notes may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.

(ii) A "**Single Series Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 12(a) by a majority of:

(A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or

(B) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate principal amount of the outstanding Notes.

(iii) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:

(A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or

(B) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate principal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

(iv) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

(c) **Multiple Series Aggregation – Single limb voting:**

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.

(ii) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 12(a), as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).

(iii) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.

(v) The "**Uniformly Applicable**" condition will be satisfied if:

(A) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same

terms, for (1) the same new instrument or other consideration or (2) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or

(B) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to the currency of issuance).

(vi) It is understood that a proposal under Condition 12(c)(iii) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).

(vii) Any modification or action proposed under Condition 12(c) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 12(c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(d) **Multiple Series Aggregation – Two limb voting:**

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.

(ii) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 12(a), as supplemented if necessary, which is passed by a majority of:

(A) at least $66^{2}/_{3}$ per cent. of the aggregate principal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

(iii) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of

Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

(A) at least $66^{2}/_{3}$ per cent. of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.

(v) Any modification or action proposed under Condition 12(d) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 12(d) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(e) **Reserved Matters:**

In these Conditions, "**Reserved Matter**" means any proposal:

(i) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;

(ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;

(iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;

(iv) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";

(v) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";

(vi) to change the definition of "Uniformly Applicable";

(vii) to change the definition of "outstanding" or to modify the provisions of Condition 12(i);

(viii) to change (A) the legal ranking of the Notes or (B) to approve such other arrangement by way of Extraordinary Resolution of the Noteholders as referred to in the first paragraph of Condition 4 (*Negative Pledge*);

(ix) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 9;

(x) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 18;

(xi) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;

(xii) to modify the provisions of this Condition 12(e);

(xiii) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or

(xiv) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:

(A) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or

(B) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

(f) **Information:**

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 12(b), Condition 12(c) or Condition 12(d), the Issuer shall publish in accordance with Condition 13, and provide the Fiscal Agent with the following information:

(A) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;

(B) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement and where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;

(C) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and

(D) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 12(a)(iv)(G).

(g) **Claims Valuation:**

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 12(c) and Condition 12(d), the Issuer may appoint a Calculation Agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

(h) **Manifest error, etc.:**

The Notes, these Conditions and the provisions of the Fiscal Agency Agreement may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Noteholders.

(i) **Notes controlled by the Issuer:**

For the purposes of (a) determining the right to attend and vote at any meeting of Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (b) this Condition 12 and (iii) Condition 9, any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding; where:

(i) "**public sector instrumentality**" means the Ministry of Finance, any Agency, any other department or ministry of the Issuer or the Government or any corporation, trust, financial institution or other entity owned or controlled by the Issuer or the Government or any of the foregoing; and

(ii) "**control**" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Issuer shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to Condition 13(d) which includes information on the total number of Notes which are for the

time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

(j) **Publication:**

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 13(g).

(k) **Exchange and Conversion:**

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders.

13 Aggregation Agent; Aggregation Procedures

(a) **Appointment:**

The Issuer will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Fiscal Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

(b) **Extraordinary Resolutions:**

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

(c) **Written Resolutions:**

If a Written Resolution has been proposed under these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have

signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

(d) **Certificate:**

For the purposes of Condition 13(b) and Condition 13(c), the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 12(b), Condition 12(c) or Condition 12(d), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

(i) list the total principal amount of Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and

(ii) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 12(i) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

(e) **Notification:**

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 13 to be notified to the Fiscal Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

(f) **Binding nature of determinations; no liability:**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 13 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(g) **Manner of publication:**

The Issuer will publish all notices and other matters required to be published pursuant to the Fiscal Agency Agreement including any matters required to be published pursuant to Condition 9, Condition 12 and this Condition 13:

(i) through Euroclear Bank SA/NV, Clearstream Banking, *société anonyme*, The Depository Trust Company and/or any other clearing system in which the Notes are held;

(ii) in such other places and in such other manner as may be required by applicable law or regulation; and

(iii) in such other places and in such other manner as may be customary.

14 Noteholders' Committee

(a) **Appointment:**

(i) Noteholders of at least 25 per cent. of the aggregate principal amount of the outstanding debt securities of all series of affected debt securities (taken in aggregate) may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), appoint any person or persons as a committee to represent the interests of such holders (as well as the interests of any holders of outstanding debt securities who wish to be represented by such a committee) if any of the following events has occurred:

(A) an Event of Default under Condition 9;

(B) any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 9 become an Event of Default;

(C) any public announcement by the Issuer, to the effect that the Issuer is seeking or intends to seek a rescheduling or restructuring of the Notes or any other affected series of debt securities (whether by amendment, exchange offer or otherwise); or

(D) with the agreement of the Issuer, at a time when the Issuer has reasonably reached the conclusion that its debt may no longer be sustainable whilst the Notes or any other affected series of debt securities are outstanding.

(ii) Upon receipt of a written notice that a committee has been appointed in accordance with Condition 14(a)(i) and a certificate delivered pursuant to Condition 14(d), the Issuer shall give notice of the appointment of such a committee to:

(A) all Noteholders in accordance with Condition 16; and

(B) the holders of each affected series of debt securities in accordance with the terms and conditions of such affected series of debt securities,

as soon as practicable after such written notice and such certificate are delivered to the Issuer.

(b) **Powers:**

Such committee in its discretion may, among other things:

(i) engage legal advisers and financial advisers to assist it in representing the interests of the Noteholders;

(ii) adopt such rules as it considers appropriate regarding its proceedings;

(iii) enter into discussions with the Issuer and/or other creditors of the Issuer; and

(iv) designate one or more members of the committee to act as the main point(s) of contact with the Issuer and provide all relevant contact details to the Issuer.

Except to the extent provided in this Condition 14(b), such committee shall not have the ability to exercise any powers or discretions which the Noteholders could themselves exercise.

(c) **Engagement with the committee and provision of information:**

(i) The Issuer shall:

(A) subject to paragraph (ii) immediately below, engage with the committee in good faith;

(B) provide the committee with information equivalent to that required under Condition 12(f) and related proposals, if any, in each case as the same become available, subject to any applicable information disclosure policies, rules and regulations; and

(C) pay any reasonable fees and expenses of any such committee (including without limitation, the reasonable and documented fees and expenses of the committee's legal and financial advisers, if any) following receipt of reasonably detailed invoices and supporting documentation.

(ii) If more than one committee has been appointed by holders of affected series of debt securities in accordance with the provisions of this Condition 14 and/or equivalent provisions set out in the terms and conditions of any affected series of debt securities, the Issuer shall not be obliged to engage with such committees separately. Such committees may appoint a single steering group (to be comprised of representatives from such committees), whereupon the Issuer shall engage with such steering group.

(d) **Certification:**

Upon the appointment of a committee, the person or persons constituting such a committee (the "**Members**") will provide a certificate to the Issuer and to the Fiscal Agent signed by the authorised representatives of the Members, and the Issuer and the Fiscal Agent may rely upon the terms of such certificate.

The certificate shall certify:

(i) that the committee has been appointed;

(ii) the identity of the Members; and

(iii) that such appointment complies with the terms and conditions of the relevant bond documentation.

Promptly after any change in the identity of the Members, a new certificate which each of the Issuer and the Fiscal Agent may rely on conclusively, will be delivered to the Issuer and the Fiscal Agent identifying the new Members. Each of the Issuer and the Fiscal Agent will assume that the membership of the committee has not changed unless and until it has received a new certificate.

The provisions of this Condition 14(d) shall apply, mutatis mutandis, to any steering group appointed in accordance with Condition 14(c)(ii).

In appointing a person or persons as a committee to represent the interests of the Noteholders, the Noteholders may instruct a representative or representatives of the committee to form a separate committee or to join a steering group with any person or persons appointed for similar purposes by other affected series of debt securities.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue; provided that, either (i) such additional Notes, for purposes of U.S. federal income taxation (regardless of whether any holders of such Notes are subject to the U.S. federal income tax laws), are not treated as issued with original issue discount (or are issued with a *de minimis* amount of original issue discount as defined in U.S. Treasury Regulation 1.1273-1(d)) or (ii) such additional securities are issued in a "qualified reopening" for U.S. federal income tax purposes. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

16 Notices

Notices to the holders of Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

17 Currency Indemnity

U.S. dollars is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Notes, including damages. Any amount received or recovered in a currency other than U.S. dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Note, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

18 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

19 Governing Law and Jurisdiction

(a) **Governing Law:** The Fiscal Agency Agreement, the Deed of Covenant and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) **Arbitration:** Any dispute, claim, difference or controversy arising out of, related to, or having any connection with the Notes, the Coupons and the Talons (including any dispute regarding their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity or a dispute relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") shall be referred to and finally resolved by arbitration in accordance with the LCIA Arbitration Rules (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 19(b). For these purposes:

(i) the seat of arbitration shall be London;

(ii) there shall be three arbitrators each of whom shall be disinterested in the arbitration, shall have no connection with any party hereto and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA. If the party-nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA; and

(iii) the language of the arbitration shall be English.

(c) **Immunity:** The Issuer irrevocably and unconditionally agrees to waive all immunity (including, without limitation, immunity from jurisdiction, suit, execution, attachment (whether in aid of execution before judgment or otherwise) or other legal process (whether through service of notice or otherwise)) it or its assets or revenues may otherwise have in any jurisdiction, including irrevocably and unconditionally waiving immunity and/or the claim of immunity in respect of:

(i) the giving of any relief of any process including, without limitation, by way of injunction or order for specific performance or for the recovery of assets or revenues or damages or otherwise; and

(ii) the issue of any process including, without limitation, the making, enforcement or execution against its property, assets or revenues (irrespective of its use or intended use) for the enforcement of a judgment made or given in respect of any proceedings or, in an action in rem, for the arrest, detention or sale of any property, assets and revenues;

provided that nothing in this Condition 19(c) shall prevent the Issuer from claiming immunity in respect of (i) pre-judgment attachment or any analogous proceedings or (ii) enforcement proceedings, which in either case seeks to execute against non-commercial assets of the Issuer.

For the purpose of this Condition 19(c), "commercial assets" are those assets of the Issuer which are not deemed to be public assets of the Issuer pursuant to Oman law and which include those assets for the time being in use or intended for use for the purpose of, without limitation, the following transactions or activities:

(i) any contract for the supply of goods and services and deposits or revenues therefrom;

(ii) any loan or other transaction for the provision of finance and any indemnity or guarantee relating thereto or of any other financial obligation entered into by the Issuer; and

(iii) any other transaction or activity of any commercial nature entered into or engaged in by the Issuer,

provided, however, that assets which can be characterised as: (A) "premises of the mission" as such term is defined in the Vienna Convention on Diplomatic Relations signed in 1961, or "consular premises" as such term is defined in the Vienna Convention on Consular Relations signed in 1963; (B) military or defence assets of Oman for military or defence use by Oman; or (C) assets used for public or governmental services (as opposed to commercial use) by Oman, shall not, in any circumstances, constitute commercial assets.

(d) **Agent for Service of Process:** The Issuer irrevocably appoints the Omani Embassy in London at 167, Queen's Gate, London SW7 5HE, as its agent in England to receive service of process in any Proceedings in England based on any of the Notes. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(e) **Enforcement:** Pursuant to Royal Decree 36/98 and the 1958 United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") an arbitral award or judgment or order of an English court or other court of competent jurisdiction in connection with any Proceedings shall be binding on the Issuer and may be enforced against it in the courts of any competent jurisdiction.

TERMS AND CONDITIONS OF THE 2026 NOTES

The following is the text of the Conditions (as defined below) of the 2026 Notes which (subject to modification) will be endorsed on the Certificates issued in respect of the 2026 Notes and will (subject to the provisions thereof) apply to each 2026 Global Note:

The issue of the Notes was authorised by the Minister of Finance pursuant to Royal Decree 48/1976 (as amended). A fiscal agency agreement dated 15 June 2016 (the "**Fiscal Agency Agreement**") has been entered into in relation to the Notes between the Issuer (as defined below), Citibank N.A., London Branch as fiscal agent and principal paying agent, Citigroup Global Markets Deutschland AG as registrar and the other agents referred to therein. The Notes have the benefit of a deed of covenant (the "**Deed of Covenant**") dated 15 June 2016 executed by the Issuer relating to the Notes. The fiscal agent, the registrar and any transfer agent for the time being are referred to below respectively as the "**Fiscal Agent**", the "**Registrar**" and the "**Transfer Agents**". "**Agents**" means the Fiscal Agent, the Registrar, the Transfer Agents and any other agent or agents appointed from time to time with respect to the Notes. The Fiscal Agency Agreement includes the forms of the Notes. Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified offices of the Fiscal Agent, the Registrar and any Transfer Agents. The holders of the Notes (the "**Noteholders**") are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them. References herein to (i) the "**Issuer**" are to the Government of the Sultanate of Oman represented by the Oman Ministry of Finance and (ii) "**Oman**" are to the Sultanate of Oman. All capitalised terms that are not defined in these terms and conditions (the "**Conditions**") will have the meanings given to them in the Fiscal Agency Agreement.

1 Form, Specified Denomination and Title

The Notes are issued in the specified denomination of U.S.$200,000 and higher integral multiples of U.S.$1,000 thereof.

The Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(a) below, each Certificate shall represent the entire holding of Notes by the same holder.

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Fiscal Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" and "**holder**" means the person in whose name a Note is registered for the time being in the Register.

Upon issue, the Notes will be represented by Global Notes which will be registered in the name of nominees for Euroclear, Clearstream, Luxembourg and DTC (as applicable). Notes sold to QIBs in the United States in reliance on Rule 144A under the Securities Act will be represented by a Restricted Global Note. Notes sold to investors outside the United States in reliance on Regulation S under the Securities Act will be represented by an Unrestricted Global Note. Ownership interests in the Global Notes will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear, Clearstream, Luxembourg and DTC (as applicable) and their respective participants. Payments of interest and principal in respect of the Notes will be effected in accordance with investors' holdings through participants in Euroclear, Clearstream, Luxembourg and DTC (as applicable).

2 Transfers of Notes

(a) **Transfer:** A holding of Notes may, subject to Condition 2(d) below, be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a holder of Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Fiscal Agent. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(b) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within three business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfer or Exercise Free of Charge:** Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(d) **Closed Periods:** No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on (and including) the due date for redemption of that Note or during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii) below).

3 Status

The Notes are the direct, unconditional and unsecured obligations of the Issuer and rank and will rank *pari passu*, without preference among themselves, with all other unsecured Relevant Indebtedness of the Issuer, from time to time outstanding, provided, further, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Relevant Indebtedness and, in particular, shall have no obligation to pay other Relevant Indebtedness at the same time or as a condition of paying sums due on the Notes and *vice versa*.

4 Negative Pledge

So long as any Note remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not, and will ensure that no Agency will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (any of the foregoing, a "**Lien**"), upon the whole or any part

of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Noteholders; provided, however, that the foregoing shall not apply to any Lien solely incurred for the purpose of financing all or a part of the costs of the acquisition, construction or development of a project, provided that the property over which such Lien is granted consists solely of the assets and revenues of such project (including, without limitation, royalties and other similar payments accruing to the Issuer and/or such Agency (as applicable) generated by the relevant project).

In these Conditions:

"**Agency**" means any political sub-division, regional or municipal government, ministry, department, authority or statutory corporation of the Issuer or the Government of Oman (the "**Government**") (whether or not autonomous) and any corporation or other entity which is directly or indirectly controlled or (as to fifty per cent. or more of its issued share capital or the equivalent thereof) owned by the Issuer or the Government;

"**Relevant Indebtedness**" means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

5 Interest

The Notes bear interest on their outstanding principal amount from and including 15 June 2016 at the rate of 4.750 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$23.75 per Calculation Amount (as defined below) on 15 June and 15 December in each year (each an "**Interest Payment Date**") commencing on 15 December 2016. Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Note, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including 15 June 2016 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Note shall be calculated per U.S.$1,000 in principal amount of the Notes (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6 Redemption and Purchase

(a) **Final Redemption:** Unless previously purchased and cancelled as provided below, the Notes will be redeemed at their principal amount on 15 June 2026.

(b) **Purchase:** the Issuer, the Ministry of Finance, the Government and/or any public sector instrumentality (as defined in Condition 12(i)) of the Issuer may at any time purchase Notes in the open market or otherwise at any price. Such Notes may be held, resold or, at the discretion of the holder thereof, surrendered to the Registrar for cancellation and, upon surrender thereof, all such Notes shall be cancelled forthwith. The Notes so purchased, while held by or on behalf of the Issuer, the Ministry of Finance, the Government or any public sector instrumentality (as defined in Condition 12(i)) of the Issuer (as the case may be), shall not entitle the holder to vote at any meetings of the Noteholders, or for the purposes of any Written Resolution, or for the purposes of Conditions 9, 12 or 13, all as more particularly set out in Condition 12(i).

(c) **Cancellation:** Any Certificates surrendered for cancellation in accordance with Condition 6(b) above may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7 Payments

(a) Method of Payment:

(i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) in the manner provided in paragraph (ii) below.

(ii) Interest on each Note shall be paid to the person shown on the Register at the close of business on the business day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made in U.S. dollars by transfer to an account in U.S. dollars maintained by the payee with a bank that processes payments in U.S. dollars.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Noteholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

(b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(c) **Payment Initiation:** Where payment is to be made by transfer to an account in U.S. dollars, payment instructions (for value on the due date, or if that is not a business day, for value the first following day which is a business day) will be initiated on the last day on which the Fiscal Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Fiscal Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Appointment of Agents:** The Fiscal Agent, the Registrar and the Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Registrar and the Transfer Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Registrar or any Transfer Agent and to appoint additional or other Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar, (iii) a Transfer Agent and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(e) **Delay in Payment:** Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a business day, if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(f) **Non-Business Days:** If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London, New York and the place in which the specified office of the Registrar is located.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Sultanate of Oman or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

(a) **Other connection:** held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Sultanate of Oman other than the mere holding of the Note; or

(b) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Certificate representing such Note for payment on the last day of such period of 30 days.

"**Relevant Date**" in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment of the amount outstanding in full is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders in accordance with Condition 15 that, upon further surrender of the Certificate representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

9 Events of Default

If any of the following events shall have occurred and be continuing (each an "**Event of Default**"):

(a) the Issuer defaults in the payment of any principal in respect of the Notes for more than seven days or interest due and payable on or in respect of the Notes for more than 14 days; or

(b) the Issuer defaults in the due performance or observance of any other provision contained in the Notes and such default (if capable of remedy) remains unremedied for 30 days after written notice thereof addressed to the Issuer by any Noteholder, has been delivered to the specified office of the Fiscal Agent; or

(c) (i) the holders of any Indebtedness of the Issuer accelerate such Indebtedness or declare such Indebtedness to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or (ii) the Issuer fails to

pay in full any principal of, or interest on, any Indebtedness when due (after the expiry of any originally applicable grace period) or any guarantee of any Indebtedness given by the Issuer shall not be honoured when due and called upon; provided that the aggregate amount of the relevant Indebtedness or guarantee in respect of which one or more of the events mentioned above in this paragraph shall have occurred equals or exceeds U.S.$50million (or its equivalent in any other currency or currencies); or

(d) the Issuer declares (i) that it is unable to pay its debts as they fall due or (ii) enters into any arrangement or composition with or for the benefit of its creditors or declares or imposes a moratorium on the payment of Indebtedness of, or assumed or guaranteed by, it; or

(e) for any reason whatsoever (including any governmental order, decree or enactment made by the Issuer), it shall become unlawful for the Issuer to, or the Issuer is prevented from, performing, complying with or observing all or any of its obligations under the Notes or any such obligation shall be or become unenforceable or invalid or pursuant to any law or regulation in the Sultanate of Oman which change or amendment takes place after 13 June 2016 or is declared by a court of competent jurisdiction or any ruling of any court in the Sultanate of Oman, in each case whose decision is final and un-appealable, to be no longer legal, valid and binding or no longer enforceable against the Issuer; or

(f) the Issuer or any of its authorised Agencies (as defined in Condition 4) or officials (acting on its behalf) repudiates or contests the validity of the Notes,

then the holders of at least 25 per cent. in aggregate principal amount of the outstanding Notes may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), declare all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality (any such declaration, a "**Default Declaration**"). Notice of any Default Declaration shall promptly be given to all Noteholders by the Issuer in accordance with Condition 15.

If the Issuer receives notice in writing from holders of at least 50 per cent. in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any Default Declaration is or are cured following any such Default Declaration and that such Noteholders wish such Default Declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon such Default Declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

In these Conditions, "**Indebtedness**", means any and all present or future obligations, and guarantees or indemnities (whether incurred as principal or surety) in respect of obligations, for moneys borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments).

10 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8) in respect of them.

11 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the costs, expenses, taxes and duties incurred in connection therewith

and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 Meetings of Noteholders; Written Resolutions

(a) **Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions:**

(i) The Issuer may convene a meeting of the Noteholders at any time in respect of the Notes in accordance with the provisions of the Fiscal Agency Agreement. The Issuer will determine the time and place of the meeting and will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

(ii) The Issuer or the Fiscal Agent will convene a meeting of Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding Notes (as defined in the Fiscal Agency Agreement and described in Condition 12(i)) have delivered a written request to the Issuer or the Fiscal Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Fiscal Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Fiscal Agent, as the case may be, will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.

(iii) The Issuer (with the agreement of the Fiscal Agent) will set the procedures governing the conduct of any meeting in accordance with the Fiscal Agency Agreement. If the Fiscal Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Fiscal Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.

(iv) The notice convening any meeting will specify, *inter alia*:

(A) the date, time and location of the meeting;

(B) the agenda and the text of any Extraordinary Resolution (as defined below) to be proposed for adoption at the meeting;

(C) the record date for the meeting, which shall be no more than five business days before the date of the meeting;

(D) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;

(E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;

(F) whether Condition 12(b), Condition 12(c), or Condition 12(d) shall apply and, if relevant, in relation to which other series of debt securities it applies;

(G) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;

(H) such information that is required to be provided by the Issuer in accordance with Condition 12(f);

(I) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 12(g); and

(J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.

(v) In addition, the Fiscal Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to Condition 12(a)(iv) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.

(vi) A "**record date**" in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution as set out below.

(vii) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.

(viii) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.

(ix) Any reference to "**debt securities**" means any notes (including the Notes), bonds, debentures or other debt securities (which for these purposes shall be deemed to include any sukuk or other trust certificates representing the credit of the Issuer) issued directly or indirectly by the Issuer (or by, or on behalf of, the Government or any Agency) in one or more series with an original stated maturity of more than one year.

(x) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 12 and Condition 13 or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

(b) **Modification of this Series of Notes only:**

(i) Any modification of any provision of, or any action in respect of, these Conditions or the Fiscal Agency Agreement in respect of the Notes may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.

(ii) A "**Single Series Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 12(a) by a majority of:

(A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or

(B) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate principal amount of the outstanding Notes.

(iii) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:

(A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or

(B) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate principal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

(iv) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

(c) **Multiple Series Aggregation – Single limb voting:**

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.

(ii) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 12(a), as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).

(iii) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.

(v) The "**Uniformly Applicable**" condition will be satisfied if:

(A) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same

terms, for (1) the same new instrument or other consideration or (2) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or

(B) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to the currency of issuance).

(vi) It is understood that a proposal under Condition 12(c)(iii) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).

(vii) Any modification or action proposed under Condition 12(c) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 12(c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(d) **Multiple Series Aggregation – Two limb voting:**

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.

(ii) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 12(a), as supplemented if necessary, which is passed by a majority of:

(A) at least $66^{2}/_{3}$ per cent. of the aggregate principal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

(iii) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of

Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

(A) at least $66^{2}/_{3}$ per cent. of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.

(v) Any modification or action proposed under Condition 12(d) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 12(d) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(e) **Reserved Matters:**

In these Conditions, "**Reserved Matter**" means any proposal:

(i) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;

(ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;

(iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;

(iv) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";

(v) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";

(vi) to change the definition of "Uniformly Applicable";

(vii) to change the definition of "outstanding" or to modify the provisions of Condition 12(i);

(viii) to change (A) the legal ranking of the Notes or (B) to approve such other arrangement by way of Extraordinary Resolution of the Noteholders as referred to in the first paragraph of Condition 4 (*Negative Pledge*);

(ix) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 9;

(x) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 18;

(xi) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;

(xii) to modify the provisions of this Condition 12(e);

(xiii) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or

(xiv) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:

(A) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or

(B) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

(f) **Information:**

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 12(b), Condition 12(c) or Condition 12(d), the Issuer shall publish in accordance with Condition 13, and provide the Fiscal Agent with the following information:

(A) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;

(B) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement and where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;

(C) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and

(D) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 12(a)(iv)(G).

(g) **Claims Valuation:**

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 12(c) and Condition 12(d), the Issuer may appoint a Calculation Agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

(h) **Manifest error, etc.:**

The Notes, these Conditions and the provisions of the Fiscal Agency Agreement may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Noteholders.

(i) **Notes controlled by the Issuer:**

For the purposes of (a) determining the right to attend and vote at any meeting of Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (b) this Condition 12 and (iii) Condition 9, any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding; where:

(i) "**public sector instrumentality**" means the Ministry of Finance, any Agency, any other department or ministry of the Issuer or the Government or any corporation, trust, financial institution or other entity owned or controlled by the Issuer or the Government or any of the foregoing; and

(ii) "**control**" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Issuer shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to Condition 13(d) which includes information on the total number of Notes which are for the

time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

(j) **Publication:**

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 13(g).

(k) **Exchange and Conversion:**

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders.

13 Aggregation Agent; Aggregation Procedures

(a) **Appointment:**

The Issuer will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Fiscal Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

(b) **Extraordinary Resolutions:**

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

(c) **Written Resolutions:**

If a Written Resolution has been proposed under these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have

signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

(d) **Certificate:**

For the purposes of Condition 13(b) and Condition 13(c), the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 12(b), Condition 12(c) or Condition 12(d), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

(i) list the total principal amount of Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and

(ii) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 12(i) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

(e) **Notification:**

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 13 to be notified to the Fiscal Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

(f) **Binding nature of determinations; no liability:**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 13 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(g) **Manner of publication:**

The Issuer will publish all notices and other matters required to be published pursuant to the Fiscal Agency Agreement including any matters required to be published pursuant to Condition 9, Condition 12 and this Condition 13:

(i) through Euroclear Bank SA/NV, Clearstream Banking, *société anonyme*, The Depository Trust Company and/or any other clearing system in which the Notes are held;

(ii) in such other places and in such other manner as may be required by applicable law or regulation; and

(iii) in such other places and in such other manner as may be customary.

14 Noteholders' Committee

(a) **Appointment:**

(i) Noteholders of at least 25 per cent. of the aggregate principal amount of the outstanding debt securities of all series of affected debt securities (taken in aggregate) may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), appoint any person or persons as a committee to represent the interests of such holders (as well as the interests of any holders of outstanding debt securities who wish to be represented by such a committee) if any of the following events has occurred:

(A) an Event of Default under Condition 9;

(B) any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 9 become an Event of Default;

(C) any public announcement by the Issuer, to the effect that the Issuer is seeking or intends to seek a rescheduling or restructuring of the Notes or any other affected series of debt securities (whether by amendment, exchange offer or otherwise); or

(D) with the agreement of the Issuer, at a time when the Issuer has reasonably reached the conclusion that its debt may no longer be sustainable whilst the Notes or any other affected series of debt securities are outstanding.

(ii) Upon receipt of a written notice that a committee has been appointed in accordance with Condition 14(a)(i) and a certificate delivered pursuant to Condition 14(d), the Issuer shall give notice of the appointment of such a committee to:

(A) all Noteholders in accordance with Condition 16; and

(B) the holders of each affected series of debt securities in accordance with the terms and conditions of such affected series of debt securities,

as soon as practicable after such written notice and such certificate are delivered to the Issuer.

(b) **Powers:**

Such committee in its discretion may, among other things:

(i) engage legal advisers and financial advisers to assist it in representing the interests of the Noteholders;

(ii) adopt such rules as it considers appropriate regarding its proceedings;

(iii) enter into discussions with the Issuer and/or other creditors of the Issuer; and

(iv) designate one or more members of the committee to act as the main point(s) of contact with the Issuer and provide all relevant contact details to the Issuer.

Except to the extent provided in this Condition 14(b), such committee shall not have the ability to exercise any powers or discretions which the Noteholders could themselves exercise.

(c) **Engagement with the committee and provision of information:**

(i) The Issuer shall:

(A) subject to paragraph (ii) immediately below, engage with the committee in good faith;

(B) provide the committee with information equivalent to that required under Condition 12(f) and related proposals, if any, in each case as the same become available, subject to any applicable information disclosure policies, rules and regulations; and

(C) pay any reasonable fees and expenses of any such committee (including without limitation, the reasonable and documented fees and expenses of the committee's legal and financial advisers, if any) following receipt of reasonably detailed invoices and supporting documentation.

(ii) If more than one committee has been appointed by holders of affected series of debt securities in accordance with the provisions of this Condition 14 and/or equivalent provisions set out in the terms and conditions of any affected series of debt securities, the Issuer shall not be obliged to engage with such committees separately. Such committees may appoint a single steering group (to be comprised of representatives from such committees), whereupon the Issuer shall engage with such steering group.

(d) **Certification:**

Upon the appointment of a committee, the person or persons constituting such a committee (the "**Members**") will provide a certificate to the Issuer and to the Fiscal Agent signed by the authorised representatives of the Members, and the Issuer and the Fiscal Agent may rely upon the terms of such certificate.

The certificate shall certify:

(i) that the committee has been appointed;

(ii) the identity of the Members; and

(iii) that such appointment complies with the terms and conditions of the relevant bond documentation.

Promptly after any change in the identity of the Members, a new certificate which each of the Issuer and the Fiscal Agent may rely on conclusively, will be delivered to the Issuer and the Fiscal Agent identifying the new Members. Each of the Issuer and the Fiscal Agent will assume that the membership of the committee has not changed unless and until it has received a new certificate.

The provisions of this Condition 14(d) shall apply, mutatis mutandis, to any steering group appointed in accordance with Condition 14(c)(ii).

In appointing a person or persons as a committee to represent the interests of the Noteholders, the Noteholders may instruct a representative or representatives of the committee to form a separate committee or to join a steering group with any person or persons appointed for similar purposes by other affected series of debt securities.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue; provided that, either (i) such additional Notes, for purposes of U.S. federal income taxation (regardless of whether any holders of such Notes are subject to the U.S. federal income tax laws), are not treated as issued with original issue discount (or are issued with a *de minimis* amount of original issue discount as defined in U.S. Treasury Regulation 1.1273-1(d)) or (ii) such additional securities are issued in a "qualified reopening" for U.S. federal income tax purposes. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

16 Notices

Notices to the holders of Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

17 Currency Indemnity

U.S. dollars is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Notes, including damages. Any amount received or recovered in a currency other than U.S. dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Note, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

18 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

19 Governing Law and Jurisdiction

(a) **Governing Law:** The Fiscal Agency Agreement, the Deed of Covenant and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) **Arbitration:** Any dispute, claim, difference or controversy arising out of, related to, or having any connection with the Notes, the Coupons and the Talons (including any dispute regarding their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity or a dispute relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") shall be referred to and finally resolved by arbitration in accordance with the LCIA Arbitration Rules (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 19(b). For these purposes:

(i) the seat of arbitration shall be London;

(ii) there shall be three arbitrators each of whom shall be disinterested in the arbitration, shall have no connection with any party hereto and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA. If the party-nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA; and

(iii) the language of the arbitration shall be English.

(c) **Immunity:** The Issuer irrevocably and unconditionally agrees to waive all immunity (including, without limitation, immunity from jurisdiction, suit, execution, attachment (whether in aid of execution before judgment or otherwise) or other legal process (whether through service of notice or otherwise)) it or its assets or revenues may otherwise have in any jurisdiction, including irrevocably and unconditionally waiving immunity and/or the claim of immunity in respect of:

(i) the giving of any relief of any process including, without limitation, by way of injunction or order for specific performance or for the recovery of assets or revenues or damages or otherwise; and

(ii) the issue of any process including, without limitation, the making, enforcement or execution against its property, assets or revenues (irrespective of its use or intended use) for the enforcement of a judgment made or given in respect of any proceedings or, in an action in rem, for the arrest, detention or sale of any property, assets and revenues;

provided that nothing in this Condition 19(c) shall prevent the Issuer from claiming immunity in respect of (i) pre-judgment attachment or any analogous proceedings or (ii) enforcement proceedings, which in either case seeks to execute against non-commercial assets of the Issuer.

For the purpose of this Condition 19(c), "commercial assets" are those assets of the Issuer which are not deemed to be public assets of the Issuer pursuant to Oman law and which include those assets for the time being in use or intended for use for the purpose of, without limitation, the following transactions or activities:

(i) any contract for the supply of goods and services and deposits or revenues therefrom;

(ii) any loan or other transaction for the provision of finance and any indemnity or guarantee relating thereto or of any other financial obligation entered into by the Issuer; and

(iii) any other transaction or activity of any commercial nature entered into or engaged in by the Issuer,

provided, however, that assets which can be characterised as: (A) "premises of the mission" as such term is defined in the Vienna Convention on Diplomatic Relations signed in 1961, or "consular premises" as such term is defined in the Vienna Convention on Consular Relations signed in 1963; (B) military or defence assets of Oman for military or defence use by Oman; or (C) assets used for public or governmental services (as opposed to commercial use) by Oman, shall not, in any circumstances, constitute commercial assets.

(d) **Agent for Service of Process:** The Issuer irrevocably appoints the Omani Embassy in London at 167, Queen's Gate, London SW7 5HE, as its agent in England to receive service of process in any Proceedings in England based on any of the Notes. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(e) **Enforcement:** Pursuant to Royal Decree 36/98 and the 1958 United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") an arbitral award or judgment or order of an English court or other court of competent jurisdiction in connection with any Proceedings shall be binding on the Issuer and may be enforced against it in the courts of any competent jurisdiction.

THE GLOBAL NOTES

The Global Notes contain the following provisions which apply to the Notes in respect of which they are issued whilst they are represented by the Global Notes, some of which modify the effect of both the Terms and Conditions of the 2021 Notes and the Terms and Conditions of the 2026 Notes. Terms defined in the Terms and Conditions of the 2021 Notes and the Terms and Conditions of the 2026 Notes have the same meaning in paragraphs 1 to 5 below.

1 Accountholders

For so long as any of the Notes are represented by one or more Global Notes, each person (other than another clearing system) who is for the time being shown in the records of DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression "**Noteholders**" and references to "**holding of Notes**" and to "**holder of Notes**" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Issuer solely in the nominee for the relevant clearing system (the "**Relevant Nominee**") in accordance with and subject to the terms of the Global Notes. Each Accountholder must look solely DTC or Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Relevant Nominee.

2 Cancellation

Cancellation of any Note following its purchase by the Issuer will be effected by reduction in the aggregate principal amount of the relevant Global Note in the Register.

3 Payments

Payments of principal and interest in respect of Notes represented by a Global Note will be made, in the case of payment of principal, against presentation and surrender of such Global Note to or to the order of the Fiscal Agent, or such other Agent as shall have been notified to the holders of one or more Global Note for such purpose.

All payments in respect of the Notes represented by a Global Note will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means a day on which each clearing system for which a Global Note is being held is open for business.

Holders of book-entry interests in the Notes held through DTC will receive, to the extent received by the Fiscal Agent, all distributions of amounts with respect to book-entry interests in such Notes from the Fiscal Agent through DTC. Distributions in the United States will be subject to relevant U.S. tax laws and regulations.

A record of each payment made will be entered in the Register by or on behalf of the Fiscal Agent and shall be *prima facie* evidence that payment has been made.

4 Notices

So long as the Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for delivery as required by Condition 15 as set forth herein. Any such notice shall be deemed to have been given to the Noteholders on the day after the day on which such notice is delivered to the relevant clearing system.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through the relevant clearing system and otherwise in such manner as the Fiscal Agent and the relevant clearing system may approve for this purpose.

The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

5 Transfers

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear, Clearstream, Luxembourg and DTC and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and DTC and their respective direct and indirect participants, as more fully described under "*Clearing and Settlement Arrangements*".

6 Exchange

Each Unrestricted Global Note will be exchangeable, free of charge to the holder, in whole (but not in part), for Note Certificates if: (i) it is held by or on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by the holder giving notice to the Registrar; or (ii) any of the circumstances described in Condition 9 occurs, by the holder giving notice to the Registrar; or (iii) the Issuer, at its option, elects to terminate the book entry system through the relevant clearing systems, by the Issuer giving notice to the Registrar and the holders, in each case of its intention to exchange interests in the Unrestricted Global Note for Note Certificates.

Each Restricted Global Note will be exchangeable, free of charge to the holder, in whole (but not in part), for Note Certificates if: (i) DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Restricted Global Note or ceases to be a "**clearing agency**" (as defined under the United States Securities Exchange Act of 1934, as amended) or is at any time no longer eligible to act as such, and the Issuer is (in the case of DTC ceasing to be a depository) unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC, by the Issuer giving notice to the Registrar and the holders; or (ii) any of the circumstances described in Condition 9 occurs, by the holder giving notice to the Registrar, in each case of its intention to exchange interests in the Restricted Global Note for Note Certificates.

The Issuer has agreed to notify Noteholders of the occurrence of any of the events specified in the previous two paragraphs as soon as practicable thereafter.

CLEARING AND SETTLEMENT ARRANGEMENTS

The Issuer has obtained the information in this section from third party sources including DTC, Euroclear and Clearstream, Luxembourg. Such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by DTC, Euroclear and Clearstream, Luxembourg, no facts have been omitted which would render the reproduced information inaccurate or misleading, however, the Issuer takes no responsibility for the accuracy of this information. Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the following procedures in order to facilitate transfers of interests in each Unrestricted Global Note and in the applicable Restricted Global Notes 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 discontinued at any time. Neither the Issuer 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.

DTC

DTC is a limited-purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the 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 U.S. Securities Exchange Act of 1934 (the "**Exchange Act**"). DTC was created to hold securities for its participating organisations ("**DTC Participants**") and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of its DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, brokers, banks, trust companies and clearing corporations and may include certain other organisations. Indirect access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("**Indirect DTC Participants**").

Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of Indirect DTC Participants and certain banks, the ability of a person having a beneficial interest in a Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate of such interest. The Rules applicable to DTC and its Participants are on file with the U.S. Securities and Exchange Commission.

Registration of Title

Registration of title to Notes in a name other than that of the Relevant Nominee will not be permitted unless DTC notifies the Issuer that it is unwilling or unable to continue as a clearing system in connection with a Global Note or DTC ceases to be a clearing agency registered under the Exchange Act and in each case a successor clearing system is not appointed by the Issuer within 90 days after receiving such notice from DTC or becoming aware that DTC is no longer so registered. In these circumstances, title to a Note may be transferred into the names of holders notified by the Relevant Nominee in accordance with the Conditions, except that Certificates in respect of Notes so transferred may not be available until 21 days after the request for transfer is duly made.

The Registrar will not register title to the Notes in a name other than that of the Relevant Nominee for a period of 15 calendar days preceding the due date for any payment of principal, or interest in respect of the Notes.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg hold securities for participating organisations, and facilitate the clearance and settlement of securities transactions between their respective participants, through

electronic book entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg interface with domestic securities markets. Euroclear and Clearstream, Luxembourg participants are recognised financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations and include the Joint Lead Managers. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Book-Entry Ownership

Euroclear and Clearstream, Luxembourg

Each Unrestricted Global Note will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg. The address of Euroclear is 1 Boulevard du Roi Albert II. Bl210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy. L-1855, Luxembourg.

DTC

The Restricted Global Notes will have a CUSIP number and will be deposited with a custodian (the "**Custodian**") for and registered in the name of Cede & Co., as nominee of DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC system. The address of the DTC is 55 Water Street, New York, New York 10041, USA.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a Note evidenced by a Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Issuer, to the holder of such Global Note and in relation to all other rights arising under the Global Note, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note, the common depositary by whom such Global Note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or account holders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by direct participants in any clearing system to owners of beneficial interests in any Global Note held through such direct participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Note and the obligations of the Issuer will be discharged by payment to the registered holder of such Global Note in respect of each amount so paid. None of the Issuer, the Fiscal Agent or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through direct participants, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the direct and indirect participants' records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings,

from the direct or indirect participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the clearing system will be effected by entries made on the books of participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Note held within a clearing system are exchanged for interests evidenced by a Note Certificate.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the direct participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note to such persons may be limited. Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of Indirect DTC Participants, the ability of a person having an interest in a Restricted Global Note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of physical certificate in respect of such interest.

Investors that hold their interests in the Notes through DTC will follow the settlement practices applicable to global bond issues. Investors' securities custody accounts will be credited with their holdings against payment in same-day funds on the settlement date.

Investors that hold their interests in the Notes through Clearstream, Luxembourg or Euroclear accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. The interests will be credited to the securities custody accounts on the settlement date against payment in same-day funds.

Secondary Market Trading

Since the purchaser determines the place of delivery, it is important to establish at the time of trade where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Trading between DTC Participants

Secondary market trading between DTC Participants will be settled using the procedures applicable to global bond issues in same-day funds.

Trading between Euroclear and/or Clearstream, Luxembourg participants

Secondary market trading between Euroclear participants and/or Clearstream, Luxembourg participants will be settled using the procedures applicable to conventional Eurobonds in same-day funds.

Trading between DTC seller and Euroclear or Clearstream, Luxembourg purchaser

When Notes are to be transferred from the account of a DTC Participant to the account of a Clearstream, Luxembourg or Euroclear participant, the purchaser will send instructions to Clearstream, Luxembourg or Euroclear through a Clearstream, Luxembourg or Euroclear participant, as the case may be, at least one business day prior to settlement. Clearstream, Luxembourg or the Euroclear operator will instruct its respective depositary to receive the Notes against payment. Payment will include interest accrued on such beneficial interest on the Note from and including the last interest payment date to and excluding the settlement date. Payment will then be made by the depositary to the DTC Participant's account against delivery of Notes. After settlement has

been completed, the Notes will be credited to the respective clearing system, and by the clearing system, in accordance with its usual procedures, to the Clearstream, Luxembourg or Euroclear participant's account. The securities credit will appear the next day (European time) and the cash debit will be back-valued to, and the interest on the Note will accrue from, the value date (which would be the preceding day when settlement occurred in New York). If settlement is not completed on the intended value date (i.e. the trade fails), the Clearstream, Luxembourg or Euroclear cash debit will be valued instead as of the actual settlement date.

Euroclear and Clearstream, Luxembourg participants will need to make available to the respective clearing system the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on-hand or existing lines of credit. Under this approach, participants may take on credit exposure to the Euroclear operator or Clearstream, Luxembourg until the interests in the Note are credited to their accounts one day later.

As an alternative, if Clearstream, Luxembourg or Euroclear has extended a line of credit to a Clearstream, Luxembourg or Euroclear participant, as the case may be, such participant may elect not to pre-position funds and may allow that credit line to be drawn upon to finance settlement. Under this procedure, Clearstream, Luxembourg participants or Euroclear participants purchasing interests in a Note would incur overdraft charges for one day, assuming they cleared the overdraft when the interest in the Note was credited to their accounts. However, interest on the Note would accrue from the value date. Therefore, in many cases, the investment income on the interest in the Note would accrue from the value date. Therefore, in many cases, the investment income on the interest in the Note earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's particular cost of funds.

Since the settlement is taking place during New York business hours, DTC Participants can employ their usual procedures for transferring interests in the Global Notes to the respective depositaries of Clearstream, Luxembourg or Euroclear for the benefit of Clearstream, Luxembourg participants or Euroclear participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC Participants, a crossmarket sale transaction will settle no differently than a trade between two DTC Participants.

Trading between Clearstream, Luxembourg or Euroclear Seller and DTC purchaser

Due to time zones differences in their favour, Clearstream, Luxembourg and Euroclear participants may employ their customary procedures for transactions in which interests in a Note are to be transferred by their respective clearing system, through its respective depositary, to a DTC Participant, at least one business day prior to settlement. In these cases, Clearstream, Luxembourg or Euroclear will instruct its respective depositary to deliver the interest in the Note to the DTC Participant's account against payment. Payment will include interest accrued on such beneficial interest in the Note from and including the last interest payment date to and excluding the settlement date. The payment will then be reflected in the account of the Clearstream, Luxembourg participant or Euroclear participant the following day, and receipt of the cash proceeds in the Clearstream, Luxembourg or Euroclear participant's account would be back-valued at the value date (which would be the preceding day, when settlement occurred in New York). Should the Clearstream, Luxembourg or Euroclear participant have a line of credit in its respective clearing system and elect to be in debit in anticipation of receipt of the sale proceeds in its account, the back-valuation will extinguish any overdraft charges incurred over that one-day period. If settlement is not completed on the intended value date (i.e. the trade fails), receipt of the cash proceeds in the Clearstream, Luxembourg or Euroclear participant's account would instead be valued as of the actual settlement date.

Finally, day traders that use Clearstream, Luxembourg or Euroclear to purchase interests in a Note from DTC Participants for delivery to Clearstream, Luxembourg participants or Euroclear participants should note that these trades will automatically fail on the sale side unless affirmative action is taken. At least three techniques should be available to eliminate this potential problem:

- borrowing through Clearstream, Luxembourg or Euroclear for one day (until the purchase side of the day trade is reflected in their Clearstream, Luxembourg or Euroclear accounts) in accordance with the clearing system's customary procedures;

- borrowing the interests in the United States from a DTC Participant no later than one day prior to settlement, which would give the interests sufficient time to be reflected in their Clearstream, Luxembourg or Euroclear account in order to settle the sale side of the trade; or

- staggering the value date for the buy and sell sides of the trade so that the value date for the purchase from the DTC Participant is at least one day prior to the value date for the sale to the Clearstream, Luxembourg participant or Euroclear participant.

Settlement of Pre-issue Trades

It is expected that delivery of Notes will be made against payment therefor on the Closing Date, which will be more than three business days following the date of pricing. Under Rule 15c6-l under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise.

Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until three days prior to the Closing Date will be required, by virtue of the fact the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary.

Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes between the relevant date of pricing and the Closing Date should consult their own advisers.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States except pursuant an effective registration statement or to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold (1) in the United States only to QIBs within the meaning of and in reliance on Rule 144A under the Securities Act and (2) outside the United States in offshore transactions pursuant to Regulation S under the Securities Act. Terms used herein that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein, as applicable.

1 Transfer Restrictions

A beneficial interest in the Restricted Global Notes may be transferred to a person who wishes to take delivery of such beneficial interest through the applicable Unrestricted Global Note only upon receipt by the Registrar of a written certification from the transferor (in the form scheduled to the applicable Fiscal Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Any beneficial interest in either the Restricted Global Notes or the applicable Unrestricted Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in the other 2021 Global Note or 2026 Global Note, as applicable, will, upon transfer, cease to be a beneficial interest in such Global Note and become a beneficial interest in the other 2021 Global Note or 2026 Global Note, as applicable and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other 2021 Global Note or 2026 Global Note, as applicable, for so long as such person retains such an interest.

The Issuer is a foreign government as defined in Rule 405 under the Securities Act, and is eligible to register securities on Schedule B of the Securities Act. Therefore, the Issuer is not subject to the information provision requirements of Rule 144A(d)(4)(i) under the Securities Act.

2 Restricted Notes

Each prospective purchaser of Notes within the United States pursuant to Rule 144A, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows (terms used herein that are defined in Rule 144A are used herein as defined therein):

- the purchaser (i) is a QIB within the meaning of Rule 144A, (ii) is acquiring the Notes for its own account or for the account of a QIB and (iii) is aware, and each beneficial owner of the Notes has been made aware, that the sale of the Notes to it is being made in reliance on Rule 144A. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the herein acknowledgments, representations and agreements on behalf of each such account;

- the purchaser understands that such Notes have not been and will not be registered under the Securities Act and may not be offered, sold, resold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States;

- the purchaser understands that the Restricted Notes offered hereby will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE l44A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE."

- the purchaser understands that Notes offered in reliance on Rule 144A will be represented by a Restricted Global Note. Before any interest in a Note represented by a Restricted Global Note may be offered, sold, resold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the applicable Unrestricted Global Note, it will be required to provide the Registrar with a written certification (in the form provided in the applicable Fiscal Agency Agreement) as to compliance with applicable securities laws; and

- the purchaser understands that the Issuer, the Registrar and the Joint Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

For so long as the Notes are held in global form, Noteholders may not require transfers to be registered during the period beginning on the fifteenth business day before the due date for any payment of principal or interest in respect of such Notes.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

3 Unrestricted Notes

Each purchaser of Unrestricted Notes, by accepting delivery of this Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

- it is, or at the time Notes are purchased will be, the beneficial owner of such Unrestricted Notes and (i) it is located outside the United States (within the meaning of Regulation S) and (ii) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;

- it understands that such Notes have not been and will not be registered under the Securities Act; and

- it understands that the Issuer, the Registrar, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

TAXATION

Omani Taxation

*The following is a summary of the principal Omani tax consequences of ownership of the Notes by beneficial owners which are not incorporated in or who are not residents of Oman for Omani tax purposes and do not conduct business activities in Oman ("**Non-Omani Holders**"). This summary does not purport to consider all of the possible Omani tax consequences of the purchase, ownership and disposition of the Notes and is not intended to reflect the individual tax position of any beneficial owner. This summary is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change. This summary does not include any description of the tax laws of any state, local or foreign governments (other than Oman) that may be applicable to the Notes or the holders thereof.*

Persons considering an investment in the Notes should consult their own tax advisers concerning the application of Omani tax laws to their particular situation as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

Payments of principal and interest on the Notes by the Issuer to Non-Omani Holders will not be subject to Omani withholding tax. However, if any such withholding or any deduction for or on account of taxation is required by law in the future, the Issuer has agreed to pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except in certain limited circumstances described in "*Terms and Condition of the Notes – Taxation*".

Payments of principal and interest on the Notes by the Issuer to Non-Omani Holders will not be subject to Omani income taxes in Oman. Furthermore, Non-Omani Holders are not subject to Omani tax on any capital gains derived from a sale of the Notes. No Omani stamp duty will be imposed on Non-Omani Holders either upon the issuance of the Notes or upon a subsequent transfer of the Notes.

Proposed changes to tax law

On 12 January 2016, the State Council of Oman approved certain changes to the Oman Income Tax Law (promulgated by Royal Decree 28/2009) (the "**Proposed Tax Amendments**"). Whilst the text of the Proposed Tax Amendments has not been released publicly for review or detailed comment, it is understood that such proposed amendments have been submitted for enactment by way of promulgation of a formal Sultani Decree. The Proposed Tax Amendments do not therefore have the force of law at the date of this Prospectus and are expected to come into force in due course only after promulgation of a formal Sultani Decree and its publication in the Official Gazette.

It is anticipated that this increase in the rate of corporate tax will take effect from the current financial year ending 31 December 2016. As far as the Issuer is aware, the Proposed Tax Amendments have no impact on the position regarding the applicability of withholding tax to payments under the Notes.

Certain U.S. Federal Income Tax Considerations

The following a summary of certain U.S. federal income tax considerations of the purchase, ownership and disposition of the Notes by a U.S. Holder (as defined below) is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), final, temporary and proposed Treasury regulations issued thereunder, and published judicial and administrative interpretations thereof, each as of the date hereof, and all of which are subject to change, possibly with retroactive effect. No ruling will be sought from the U.S. Internal Revenue Services (the "**IRS**") with respect to any statement or conclusion in this discussion, and there can be no assurance that the IRS will not challenge such statement or conclusion in the following discussion or, if challenged, a court would uphold such statement or conclusion.

This summary does not purport to be a complete analysis of all potential tax consequences. This discussion does not address all of the U.S. federal income tax consequences that may be relevant to an investor in light of such investor's particular circumstances or to investors subject to special treatment under U.S. federal income tax laws, such as financial institutions, certain U.S. expatriates, insurance companies, retirement plans, dealers in securities or foreign currencies, traders in securities that elect mark-to-market tax accounting, U.S. Holders whose functional currency is not the U.S. dollar, partnerships, tax-exempt organisations, regulated investment companies, real estate investment trusts, persons subject to alternative minimum tax and persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons that purchase the Notes for cash at original issue and at their "issue price" (generally, the first price at which a substantial amount of the Notes is sold to the public for cash) and that hold the Notes as capital assets for U.S. federal income tax purposes.

For purposes of this discussion, the term "U.S. Holder" means a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual that is a citizen or resident of the United States, (ii) a corporation created or organised in, or under the laws of, the United States, any state therein or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source, or (iv) a trust primarily supervised by a U.S. court and controlled by U.S. persons.

If a partnership or an entity or arrangement classified as a partnership for U.S. federal income tax purposes invests in Notes, the U.S. federal income tax treatment of a partner in such partnership will generally depend upon the status of such partner and the activities of the partnership. Prospective investors that are partnerships, and partners in such partnerships, should consult their own tax advisers to determine the U.S. federal income tax consequences to them of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their own tax advisers concerning the tax consequences of investing in Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of state, local, non-U.S. other tax laws.

Payments of interest

Payments of stated interest on the Notes generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's usual method of accounting for U.S. federal income tax purposes. Interest income on a Note generally will constitute foreign source income for U.S. federal income tax purposes and generally will be considered "passive" income for purposes of the rules related to calculating foreign tax credits.

Sale, exchange and redemption of Notes

Generally, upon the sale, exchange or redemption of a Note, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange, or redemption (less any amount attributable to accrued but unpaid stated interest, which will be treated as a payment of interest in the manner described above) and such U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will equal the amount paid for the Note. Such gain or loss generally will be capital gain or loss and will be long term capital gain or loss if at the time of sale, exchange or redemption the Note has been held by such U.S. Holder for more than one year. The deductibility of capital losses by U.S. Holders is subject to limitations. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source.

Information reporting and backup withholding

Information returns may be filed with the IRS (unless the U.S. Holder establishes, if requested to do so, that it is an exempt recipient) in connection with payments on the Notes, and the proceeds from the sale, exchange or other disposition of Notes. If information reports are required to be

made, a U.S. Holder may be subject to U.S. backup withholding if it fails to provide its taxpayer identification number, or to establish that it is exempt from backup withholding. The amount of any backup withholding imposed on a payment will be allowed as a credit against any U.S. federal income tax liability of a U.S. Holder and may entitle the U.S. Holder to a refund, provided the required information is timely furnished to the IRS.

U.S. Holders should consult their own tax advisers regarding any reporting obligations they may have as a result of their acquisition, ownership or disposition of Notes, including requirements related to the holding of certain foreign financial assets or accounts. Failure to comply with applicable reporting obligations could result in the imposition of substantial penalties.

SUBSCRIPTION AND SALE

Each of Citigroup Global Markets Limited, J.P. Morgan Securities plc, Mitsubishi UFJ Securities International plc, National Bank of Abu Dhabi P.J.S.C. and NATIXIS (together, the "**Joint Lead Managers**") has, pursuant to a subscription agreement entered into by them with the Issuer and dated 13 June 2015 (the "**Subscription Agreement**"), severally (but not jointly) agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe or procure subscribers for the principal amount of Notes set out opposite its name in the table below at the issue prices of 99.887 per cent. of the principal amount of the 2021 Notes and 99.827 per cent. of the principal amount of the 2026 Notes, less a management and underwriting commission.

2021 Notes

	Principal amount *(U.S.$)*
Citigroup Global Markets Limited	200,000,000
J.P. Morgan Securities plc	200,000,000
Mitsubishi UFJ Securities International plc	200,000,000
National Bank of Abu Dhabi P.J.S.C.	200,000,000
NATIXIS	200,000,000
Total:	1,000,000,000

2026 Notes

	Principal amount *(U.S.$)*
Citigroup Global Markets Limited	300,000,000
J.P. Morgan Securities plc	300,000,000
Mitsubishi UFJ Securities International plc	300,000,000
National Bank of Abu Dhabi P.J.S.C.	300,000,000
NATIXIS	300,000,000
Total:	1,500,000,000

The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities (including liabilities under the Securities Act) incurred in connection with the issue of the Notes. In addition, the Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement may be terminated by the Joint Lead Managers in certain circumstances prior to payment of the net subscription money in respect of the Notes to the Issuer.

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in various financial advisory, investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and/or the Ministry of Finance and their affiliates in the ordinary course of business for which they have received, and for which they may in the future receive, fees and expenses. In connection with the offering the Joint Lead Managers may purchase and sell the Notes in the open market.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and/or the Ministry of Finance or their respective affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer and/or the Ministry of Finance routinely hedge their credit exposure to the Issuer and/or the Ministry of Finance consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering

into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

To the extent that the Joint Lead Managers who are not themselves U.S. registered broker-dealers intend to effect any sales of the Notes in the United States, they will do so through their respective selling agents or through one or more U.S. registered broker-dealers or as otherwise permitted by applicable U.S. law.

United States

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Notes are being offered and sold outside of the United States in reliance on Regulation S. The Subscription Agreement provides that the Joint Lead Managers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to QIBs in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of the Notes, an offer, sale, resale, pledge or any transfer of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer, sale, resale, pledge or any transfer is made otherwise than in accordance with Rule 144A.

United Kingdom

Each Joint Lead Manager has represented and agreed that it has complied and will comply with all applicable provisions of the United Kingdom Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Sultanate of Oman

Each Joint Lead Manager has represented and agreed that:

(a) this Prospectus has not been filed with or registered as a prospectus with the Capital Market Authority of Oman pursuant to Article 3 of the Capital Market Authority Law SD 80/98 (Article 3), and will not be offered or sold as an offer of securities in Oman as contemplated by the Commercial Companies Law of Oman (SD 4/74, as amended) or Article 3; and

(b) the Notes have not been and will not be offered, sold or delivered, and no invitation to subscribe for or to purchase the Notes has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Oman to any person in Oman other than by an entity duly licensed by the Capital Market Authority of Oman to market non-Omani securities in Oman and then only in accordance with all applicable laws and regulations, including Article 139 of the Executive Regulations of the Capital Markets Law (Decision No. 1/2009, as amended).

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Notes pursuant to an offering should note that the offer of Notes is being made as a private placement by way of an "*offer restricted to sophisticated investors*" pursuant to Article 10 or Article 11 of the "Offers of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004

and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the "**KSA Regulations**"), through a person authorised by the Capital Markets Authority ("**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each Joint Lead Manager has represented, warranted and undertaken that any offer of Notes to a Saudi Investor will comply with the KSA Regulations.

The offer of Notes shall not constitute a "*public offer*" pursuant to the KSA Regulations. Investors are informed that Article 17 of the KSA Regulations places restrictions on secondary market activity with respect to the Notes, including as follows:

(a) a Saudi Investor (referred to as a "**transferor**") who has acquired Notes pursuant to a private placement may not offer or sell Notes to any person (referred to as a "**transferee**") unless the offer or sale is made through an authorised person where one of the following requirements is met:

  (i) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyals one million or an equivalent amount;

  (ii) the Notes are offered or sold to a sophisticated investor; or

  (iii) the Notes are being offered or sold in such other circumstances as the CMA may prescribe for these purposes;

(b) if the requirement of paragraph (a)(i) above cannot be fulfilled because the price of the Notes being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Notes to the transferee if their purchase price during the period of the original private placement was equal to or exceeded Saudi Riyals 1 million or an equivalent amount;

(c) if the requirement in paragraph (b) above cannot be fulfilled, the transferor may offer or sell Notes if he/she sells his/her entire holding of Notes to one transferee; and

(d) the provisions of paragraphs (a), (b) and (c) (inclusive) above shall apply to all subsequent transferees of the Notes.

Kingdom of Bahrain

Each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

State of Qatar

Each Joint Lead Manager has represented and agreed that it has not offered, delivered or sold, and will not offer, sell or deliver at any time, directly or indirectly, any Notes in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar. This Prospectus has not been filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, Qatar Financial Centre Regulatory Authority or any other relevant Qatar governmental body or securities exchange.

State of Kuwait

Each Joint Lead Manager has represented and agreed that the Notes to be issued have not been and will not be offered, sold, promoted or advertised by it in Kuwait other than in compliance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities.

No private or public offering of the Notes is being made in Kuwait, and no agreement relating to the sale of the Notes will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Notes in Kuwait.

United Arab Emirates (excluding the Dubai International Financial Centre)

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

Dubai International Financial Centre

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

(i) an "**Exempt Offer**" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the "**DFSA**") Rulebook; and

(ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA Rulebook.

Hong Kong

Each Joint Lead Manager has represented and agreed that it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

Each Joint Lead Manager has acknowledged that this Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed, that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription

or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"); (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or; (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(d) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(e) where no consideration is or will be given for the transfer;

(f) where the transfer is by operation of law;

(g) as specified in Section 276(7) of the SFA; or

(h) as specified in Regulation 32 of the Securities and Futures (Offers of Investments)(Shares and Debentures) Regulations 2005 of Singapore.

General

No action has been taken by the Issuer or any of the Joint Lead Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Lead Manager has undertaken that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any such other material, in all cases at its own expense.

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes has been duly authorised in accordance with the provisions of Royal Decree 48/76.

Listing and Admission to Trading

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on its main securities market. The Irish Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC), as amended.

The total expenses related to the admission to trading of the Notes are approximately €6,540.

No Significant Change

There has been no significant change in the tax and budgetary systems, gross public debt, foreign trade and balance of payments, foreign exchange reserves, financial position, prospects and resources and income and expenditure figures of the Issuer since 31 December 2015.

Litigation

The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or has had in the recent past significant effects on the financial position of the Issuer.

Language of Prospectus

The language of the Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Clearing Systems

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and DTC. The Unrestricted Global Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under, with respect to the 2021 Notes, Common Code 140578134 and ISIN XS1405781342 and, with respect to the 2026 Notes, Common Code 140577758 and ISIN XS1405777589. The Restricted Global Notes have been accepted for clearance through DTC and, with respect to the 2021 Notes their CUSIP number is 682051AB3, their ISIN is US682051AB34 and the applicable Common Code is 098266283 and, with respect to the 2026 Notes, their CUSIP number is 682051AC1, their ISIN is US682051AC17 and the applicable Common Code is 098266712. The address of Euroclear is 1 Boulevard du Roi Albert II, B. 1210 Brussels, Belgium, the address of Clearstream, Luxembourg is Avenue J.F. Kennedy, L-1855 Luxembourg and the address of DTC is 55 Water Street, New York, NY, 10041, USA.

Third-Party Information

Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Documents Available for Inspection

From the date of this Prospectus and for so long as any Note remains outstanding, copies (and English translations where the documents in question are not in English) of the following documents will be available in physical/electronic form, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Fiscal Agent:

- the 2021 Fiscal Agency Agreement, which includes the forms of the 2021 Global Notes;
- the 2026 Fiscal Agency Agreement, which includes the forms of the 2026 Global Notes;
- the 2021 Deed of Covenant;
- the 2026 Deed of Covenant;
- a copy of this Prospectus together with any supplement to this Prospectus or further Prospectus; and
- a copy of the legislative text for the annual budget of Oman for the current fiscal year.

In addition, this Prospectus will be published on the website of the Irish Stock Exchange.

Interested Persons

No person involved in the offering of the Notes has any interest in such offering which is material to such offering.

Yield

The initial yield in relation to the 2021 Notes is 3.650 per cent., and in relation to the 2026 Notes is 4.772 per cent., in each case calculated on an annual basis. This is calculated on the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

THE ISSUER

The Government of the Sultanate of Oman represented by **The Ministry of Finance**

P.O. Box 506, Postal Code 100, Muscat
Sultanate of Oman
Telephone: +968 2474 6524

FISCAL AGENT, TRANSFER AND PAYING AGENT

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

REGISTRAR

Citigroup Global Markets Deutschland AG
Reuterweg 16
D-60323 Frankfurt am Main
Germany

JOINT LEAD MANAGERS AND JOINT BOOKRUNNERS

Citigroup Global Markets Limited
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Mitsubishi UFJ Securities International plc
Ropemaker Place
25 Ropemaker Street
London EC2Y 9AJ

National Bank of Abu Dhabi P.J.S.C.
One NBAD Tower
Sheikh Khalifa Street
PO Box 4
Abu Dhabi,
United Arab Emirates

NATIXIS
30, avenue Pierre Mendès-France
75013 Paris
France

LEGAL ADVISERS TO THE MINISTRY OF FINANCE AND THE ISSUER

As to Omani law

Al Busaidy, Mansoor Jamal & Co.
Muscat International Centre
Ground Floor,
Muttrah Business District
Bait Al Falaj Street
P.O. Box 686, Ruwi, Postal Code 112
Sultanate of Oman

As to U.S. law

Clifford Chance Europe LLP
1, rue d'Astorg
75008 Paris
France

As to English law

Clifford Chance LLP
Level 15, Burj Daman
Dubai International Financial Centre
P.O. Box 9380
United Arab Emirates

FINANCIAL ADVISERS TO THE MINISTRY OF FINANCE AND THE ISSUER

Lazard Frères SAS
121, Boulevard Haussmann
75382 Paris Cedex 08
France

LEGAL ADVISERS TO THE JOINT LEAD MANAGERS

As to Omani law

Dentons and Co, Oman Branch
Second Floor Al Fannar Building
Shatti Al Qurum
PO Box 3552
Muscat, Ruwi PC 112
Sultanate of Oman

As to U.S. law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

As to English law

Linklaters LLP
Ninth Floor, Currency House
Dubai International Financial Centre
P.O. Box 506516
United Arab Emirates

Printed on recycled paper by: Arion Financial Limited A301577