



TRIS RATING

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CreditNews ข่าวเครดิต

News for Investors

Announcement No. 406

27 July 2006

Ratchaburi Electricity Generating Company Limited

Company Rating:	AA
Issue Ratings:	
RG086A: Bt7,000 million senior secured debentures due 2008	AA
RG106A: Bt3,000 million senior secured debentures due 2010	AA
Rating Outlook:	Stable

Rating History:	Company Rating	Issue Rating	
		Secured	Unsecured
30 Jun 2005	AA	AA	-
15 Jun 2005	AA	-	-
26 Jun 2003	AA-	-	-

Rating Rationale

TRIS Rating affirms the company rating of Ratchaburi Electricity Generating Co., Ltd. (RATCHGEN) and the ratings of its senior secured debentures at "AA". The ratings reflect RATCHGEN's stable cash flow from the well-designed project structures, state-of-the-art power plants, the operator's long experience in the power sector, and the company's proven record of managing its power plant operations. The ratings also take into consideration the operation risk of the power plants and uncertainty about the planned deregulation of the power industry.

RATCHGEN is a wholly-owned subsidiary of Ratchaburi Electricity Generating Holding PLC (RATCH), which is 45% owned by the Electricity Generating Authority of Thailand (EGAT). RATCHGEN is the largest private power generating company in Thailand, with total installed capacity of 3,645 megawatts (MW), representing 14% of Thailand's total installed capacity. EGAT has 25-year power purchase agreements (PPAs) with RATCHGEN while PTT PLC has a 25-year gas sale agreement (GSA) with the company.

The company's operating performance in 2005 was satisfactory though there was a fire accident in October 2005. The equivalent availability factor (EAF) of the thermal and combined cycle units was maintained in line with the PPAs at 86.1% and 90.5% respectively. Electricity sales recorded an annual increase of 10.9%, from Bt39,714 million in 2004 to Bt44,035 million in 2005. The debt service coverage ratio (DSCR) without reserve accounts and after net changes in working capital was 2.2 times in 2005.

RATCHGEN had a fire accident on its Flue Gas Desulfurisation (FGD) of the Thermal Unit 1 in October 2005. The direct impact of the accident on RATCHGEN's 2005 performance was minimal because the accident happened when the unit was shut down. The replacement cost of US\$55 million will be fully covered by insurance during the replacement period of 18 months ending July 2007. Any revenue lost because of the FGD will be covered by business interruption insurance.

Rating Outlook

The "stable" outlook reflects TRIS Rating's expectation that RATCHGEN will continue to receive stable cash flows from the Ratchaburi power plants. Furthermore, the plants are expected to maintain their operational performance in line with the PPA targets.

Key Rating Considerations

Strengths/Opportunities

- Well-structured project fundamentals
- Stable cash flow from 25-year PPAs with EGAT
- State-of-the-art power plant technology with credible suppliers
- Operation and maintenance agreement with EGAT
- Increasing demand for electricity

Weaknesses/Threats

- Uncertainty of power industry reform
- Dependent on a single customer

Corporate Overview

RATCHGEN is a wholly-owned subsidiary of RATCH, which is 45% owned by EGAT. RATCH and RATCHGEN were established in 2000 to purchase the Ratchaburi power plants from EGAT. RATCHGEN, the largest private power generating company in Thailand, has the total installed capacity of 3,645 MW, which is equivalent to 14% of Thailand's total installed capacity as of January 2006. EGAT operates RATCHGEN's power plants under an operation and maintenance agreement (OMA) and is RATCHGEN's sole customer under PPAs. In addition, EGAT has a minimum gas off-take obligation under a master gas sales agreement (MGSA) with PTT.

Recent Developments

- **New contractual service agreement signed**
On 29 December 2005, RATCHGEN has entered into a contractual service agreement (CSA) with the General Electric International Operations Co., Inc. and GE Energy Parts, Inc. The agreement covers the combined-cycle power plants and is worth US\$457 million. Under the agreement, GE will supply spare parts for the combined cycle units for the remaining life of the PPA. The CSA will also provide additional upgraded parts and performance improvement.
- **Fire accident in FGD unit of Thermal Unit 1**
RATCHGEN had a fire on 13 October 2005 in the Flue Gas Desulfurisation (FGD) of Thermal Unit 1. The fire broke out at the absorber part of FGD unit with an estimate of 18 months needed to replace the original parts. The replacement cost of US\$55 million is expected to be fully covered by insurance through Dhipaya Insurance PLC.

The deductible of US\$250,000 is expected to be covered by EGAT.

INDUSTRY ANALYSIS

For several decades, Thailand's electricity sector has been dominated by three state-owned enterprises involved in the generation, transmission and distribution of power. EGAT has dominated electricity generation and transmission, while the Metropolitan Electricity Authority (MEA) and Provincial Electricity Authority (PEA) have been responsible for distribution. The MEA and PEA are obligated to purchase energy from EGAT.

The Thai electricity industry experienced softer demand growth in 2005 and the trend is expected to continue in 2006 amid the Thai economic slowdown, volatile global energy prices, and an uncertainty of political climate. Since the privatization of EGAT was cancelled in March 2006, EGAT will continue to be a key component in the power industry's development over the medium term.

- **Suspension of EGAT privatization plan by the Supreme Administrative Court does not stop the increasing role of private producers**
On 23 March 2006, the Supreme Administrative Court ruled that the transformation of EGAT into a public company was illegitimate, thereby blocking the proposed privatization of the enterprise. The Court ruling caused the government to suspend privatization plans for other related state enterprises, i.e. the PEA and the MEA. Power sector privatization began in the electricity generating sector in 1992 by encouraging private companies to produce and sell electricity to EGAT. The small power producer (SPP) project was introduced in 1992, followed by the independent power producer (IPP) project in 1994. Both IPPs and SPPs have 20- to 25-year PPAs with EGAT. The PPAs are well designed to mitigate the market risk of the operators, leaving mainly operating risk to be managed. Private producers under the IPP project are obligated to sell all electricity output to EGAT, while private power producers under the SPP project can sell electricity either to EGAT or to industrial users. At the present time, EGAT has signed PPAs with seven IPPs and 92 SPPs.

As of January 2006, Thailand had combined installed electricity generating capacity of 26,457 MW. EGAT had 60% of the total, followed by EGAT's affiliates and IPPs (30%), SPPs (8%), and power imported from Laos (2%). EGAT's

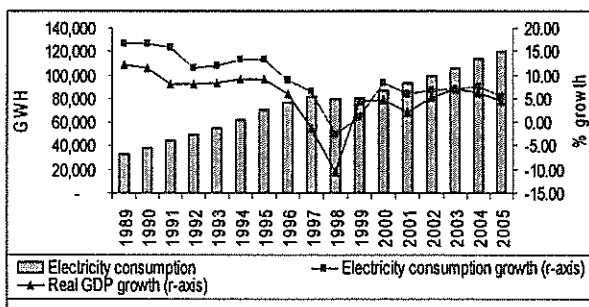
share of power generation capacity decreased from 100% before 1995 to 92% in 1999 and to 60% at the end of January 2006. Electricity generation from private producers sharply increased by 2,870 MW in 2000 when the first two IPPs, Tri Energy Co., Ltd. (TECO) and Independent Power (Thailand) Co., Ltd., began commercial operations in July and August 2000, respectively. The first two units of the Ratchaburi power plant started operation in the same year.

EGAT sold two of its power plants to Electricity Generating PLC (EGCO) in 1995 and 1996, and then sold the RATCHGEN in 2000. EGAT is moving from being a power producer to a power purchaser.

The government has planned to call bids of new independent power projects for which generation capacity is required to come on stream from 2011 onwards. The new supply of about 10,000-12,000 MW will help meet the country's increasing demand for electricity, which is expected to rise by an estimated 2,000 MW to 3,000 MW per year from 2007 until 2015 based on average projected economic growth of 6.5% per year.

▪ *Slower electricity demand growth reflects moderate economy*

Chart 1: Electricity Consumption, Growth Rate and Real GDP Growth



Sources: National Economic and Social Development Board and Energy Policy and Planning Office

Electricity demand generally moves in tandem with the domestic economy. According to the Energy Policy and Planning Office (EPPO), electricity consumption in 2005 was 120,450 gigawatts per hour (GWH), representing 5.5% year-on-year growth. This growth was slower than the 7.54% growth recorded in 2004. It is expected that electricity consumption in 2006 will grow at approximately the same rate as 2005. In the first quarter of 2006, 30,201 GWH of electricity was consumed which represented

year-on-year growth of 5.4%. Lately, GDP growth in 2006 has been revised down to between 4.2% and 4.9% by the Office of National Economic and Social Development Board (NESDB).

Except during the 1997/1998 economic crisis, electricity demand in Thailand has been very strong and relatively stable. Electricity consumption grew approximately 7% per annum from 2000 to 2005. According to a final report on Thailand Long-Term Load Forecasts by the NIDA Consulting Center of the National Institute of Development Administration completed in February 2006, under a moderate economic recovery scenario, Thailand peak electricity consumption will grow at an average rate of 7.16% from 2002 to 2006, 5.81% from 2007 to 2011, and 5.74% from 2012 to 2016.

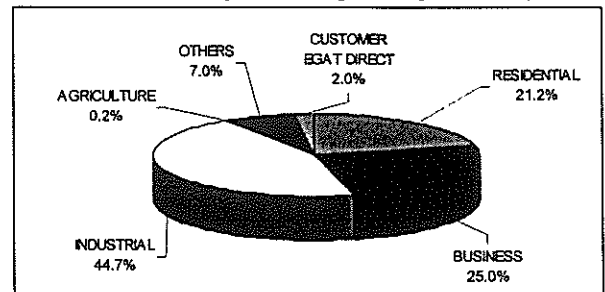
Table 1: Electricity Demand Forecasts

NESDB Plan	Years	Annual Growth (%) of Peak Demand (MW)		
		Moderate Economic Growth Case	Target Economic Growth Case	Low Economic Growth Case
9th	2002-2006	7.16	7.22	7.11
10th	2007-2011	5.81	6.30	4.77
11th	2012-2016	5.74	6.29	4.28

Source: Report on "Thailand Long-Term Load Forecasts" by NIDA Consulting Center, National Institute of Development Administration

The industrial sector is still the largest electricity consumer, accounting for 44.67% of total consumption, followed by the business sector, residential customers, EGAT's direct customers and the agriculture sector.

Chart 2: Electricity Consumption by Sector (2005)



Source: Energy Policy and Planning Office

Despite a recovery in electricity demand since 2000, growth has not yet absorbed the sharp increase in supply, resulting in an over-

supply situation. The reserve margin in 2005 was 24.7%, higher than the target of 15% to 20%.

▪ **Power industry liberalization plan awaits new government**

The power pool system, which aims to promote competition in electricity supply, was officially cancelled by a Cabinet resolution on 9 September 2003. The new power industry model, namely the Enhanced Single Buyer or ESB system, was approved under a Cabinet resolution on 9 December 2003. Under the new structure, EGAT role as the country's sole electricity buyer, transmitter, and wholesaler will be maintained, and EGAT will continue its status as the operator of the country's power grid. The ESB model is expected to have no impact on existing PPAs.

According to the new model, EGAT also planned to corporatise and sell shares to the public. However, the Supreme Administrative Court ruling on 23 March 2006 blocked the attempt to sell EGAT shares in the stock market. Further power industry liberalization has stalled, at least until a new government takes office. Elections may be held as early as October 2006. Until then, EGAT still needs to plan for additional supply, and a new round of IPP bidding is scheduled to take place in early 2007.

BUSINESS ANALYSIS

RATCHGEN's business profile is well above average. The power plant project is well-structured to mitigate commercial risks and fuel risks through the long-term PPAs and GSA with creditworthy counterparties. The operating risk is partially mitigated by the OMA with EGAT and CSA with GE.

Table 2: Composition of Ratchaburi Power Plants

Type	No. of Unit	Unit Capacity (MW)	Total (MW)
Thermal unit	2	735	1,470
CCGT unit	3	725	2,175
Total	5	-	3,645

Source: RATCHGEN

▪ **State-of-the-art power plant technology**

RATCHGEN owns two 735 MW thermal units and three 725 MW combined cycle gas turbine (CCGT) generating blocks. Thermal Units 1 and 2 commenced commercial opera-

tions on 31 October 2000. The thermal units were designed and constructed by Mitsubishi Corporation (Mitsubishi), with the majority of the equipment supplied by Mitsubishi Heavy Industries Ltd. (MHI). The steam generators manufactured by MHI are super-critical, single reheat, forced circulation and balanced draft boilers. Although this type of boiler is the first in EGAT's system, it has been used in the United States for more than 30 years and in China for more than 10 years.

The CCGT blocks 1 and 2 started commercial operations on 18 April 2002, and block 3 started up on 1 November 2002. Each block combines two gas turbines and one steam turbine. The 9FA gas turbine is one of the Frame 9 series of heavy gas turbines for power generation. The newer technology class of both gas turbines and supercritical boilers requires a higher level of maintenance than existing boilers in the EGAT system. For RATCHGEN's CCGT units, however, the technical problems that occurred during the early years of operation have mostly been resolved.

▪ **25-year PPAs with EGAT protect RATCHGEN from market risk**

RATCHGEN has 25-year PPAs with EGAT. Like other IPPs, the PPAs protect the company from fluctuations in power demand and supply. The basic structure of RATCHGEN's PPAs is the same as all IPPs, including EGCO's power plants. The payments consist of two parts, namely the availability payment (AP) and the energy payment (EP). The pay-if-available basis provides RATCHGEN with stable cash flow as long as the company maintains its power plants ready for EGAT's dispatch instructions. The AP is designed to recover all fixed costs associated with project financing and operations, including debt service and fixed operating and maintenance costs, as well as returns to equity holders. The full AP is subject to deductions for reduced availability (DRA), short notice (DSN) and dispatch failure (DDF). The maximum deduction percentage is identical to that of the Khanom power plant in southern Thailand and more favorable than other IPPs. The EP is designed to cover the incremental costs for actually producing electricity. This includes fuel costs and variable operation and maintenance (VOM) costs. The plant operators are exposed to operating risks only if they cannot prepare

the plant to be ready for power production or if the plants' characteristics are lower than the agreed targets. Compared with other IPPs, RATCHGEN's conditions for plant availability are more favorable. While other IPPs are required to agree to contracted performance levels prior to the commencement of construction, the performance capability level for RATCHGEN's PPAs were determined after performance tests, subsequent to the completion of construction.

▪ ***Fuel risk partially mitigated by gas sales agreement (GSA) and master gas sale agreement (MGSA)***

The primary fuel for the RATCHGEN power plant is natural gas from the Yadana and Yetagun gas fields located in the Andaman Sea and Offshore Myanmar, respectively. Over 25 years, RATCHGEN will require approximately 7.7 trillion cubic feet (tcf) of natural gas. Given that TECO will require 0.6 tcf of natural gas from the same source to cover its 20-year PPAs, the long-term availability of gas may be a concern.

RATCHGEN's fuel risk is partly mitigated by the GSA between RATCHGEN and PTT, and the Master IPP Program Gas Sales Agreement between EGAT and PTT. These agreements are similar to the ones held by other IPPs, whereby EGAT has an obligation to take a minimum level of gas under the take-or-pay GSA. The price for natural gas is a full pass-through, while the quantity of natural gas consumption is also a pass-through if the RATCHGEN plant heat rate meets its agreed target. RATCHGEN has the option of rejecting substandard gas while still receiving its availability payments for a period of one year.

▪ ***Operating risk further mitigated by an operation and maintenance agreement (OMA) with EGAT***

RATCHGEN's operating risk is further mitigated by the OMA with EGAT. Under the contract, EGAT operates and maintains the entire plant on a daily basis. The OMA covers one full major maintenance cycle projected at nine to 10 years for all units. Although RATCHGEN's OMA is less favorable than other private operators, EGAT's excellent track record in operating power plants should significantly mitigate RATCHGEN's operating risk.

EGAT operates the CCGT blocks as the base load as they provide greater efficiency and operate at lower fuel costs than the thermal units while the thermal units with super-critical boilers are able to adjust loads faster than the CCGT. The company's performance is dependent on how well the company is able to keep its power plant available as it gets paid according to the AP, regardless of the dispatch factor.

▪ ***Operating performance in line with targets***

RATCHGEN's two thermal units started a full year of operation in 2000. The average 2005 EAF of the thermal units was at 86.1% with 2,088 hours of planned outages. The unplanned outages for the thermal units improved significantly, falling from 558 hours in 2004 to 289 hours in 2005. However, the plant heat rate of 9,645 BTU/kWh (74.9% of dispatch factor) in 2005 slightly underperformed its target of 9,591 BTU/kWh (88% of dispatch factor).

RATCHGEN's three combined cycle blocks were operating for their first full year in 2003. The average EAF of 90.5% for the CCGT in 2005 was slightly better than its target of 86.2%. The plant heat rate of 7,139 BTU/kWh (84.8% of dispatch factor) in 2005 was close to its heat rate of 7,172 BTU/kWh in 2004 (80.7% of dispatch factor).

The fire accident had little direct impact on RATCHGEN's 2005 performance because the accident happened during the shutdown period. However, during the replacement period ending July 2007, there are some concerns about completing repairs, cost overrun, and the probability of revenue loss. Though EGAT has clearly expressed its intention not to order Thermal Unit 1 to run with fuel oil, there remains uncertainty about the consistency of gas supply from PTT.

▪ ***RATCHGEN's credit strength constrained by EGAT's creditworthiness***

EGAT is the sole power purchaser of RATCHGEN, and under the PPAs, it has exclusive authority to schedule and dispatch electricity generated from RATCHGEN through its transmission grid. Thus, RATCHGEN's credit strength is constrained by EGAT's creditworthiness. EGAT's privatization has been suspended by the Supreme Administrative Court and EGAT remains a state-owned enterprise, wholly owned by the government.

FINANCIAL ANALYSIS

The total project cost for the Ratchaburi power plants was Bt60,775 million. RATCHGEN's investment cost of Bt15.6 million/MW is lower than the investment cost of Khanom Electricity Generating Co., Ltd. (KEGCO) (Bt21.2 million/MW) and TECO (Bt24 million/MW). The 60%-70% debt to capitalization ratio is acceptable when compared with other power projects in Thailand, which have an average of 70% to 75% debt financing.

▪ ***Solid financial structure lowers financial risk***

RATCHGEN's project debt was 100% baht denominated loans. Therefore, there is no foreign exchange risk in the debt service charge. Although all of RATCHGEN's debt has floating rates (MLR base), there is no interest rate risk because the interest expense properly matches the MLR charges in the debt service component of the AP. In addition, the AP and EP components will be adjusted annually to reflect changes in the exchange rate and the CPI indices. This mechanism helps mitigate foreign exchange and inflation risks. One concern over the floating interest rate structure of the AP is that during a high interest rate situation, power costs from RATCHGEN may no longer be economical and this may cause the company to face contract renegotiation risk.

▪ ***Refinance long-term loan***

In July 2005, RATCH refinanced existing loans of Bt34,262 million by issuing Bt10,000 million of Thai baht debentures and taking a new loan of Bt24,262 million. The company expects to lower its financial cost by Bt2,348 million over the life of the new financing package.

▪ ***Improved financial profile***

The company's total debt continuously fell from Bt38,652 million in 2003, to Bt35,765 million in 2004 and Bt32,586 million in 2005 as a result of principal repayment. The debt to capitalization ratio improved from 61.6% at the end of December 2004 to 59.2% at the end of December 2005. The company's earnings before interest, tax, depreciation and amortization (EBITDA) interest coverage ratio remained at 8.3 times in 2005, the same level as in 2004. The company's debt service coverage ratio (DSCR) without reserve accounts and after net changes in working capital was at 2.2 times in 2005, up from 1.7 times the previous year due to a drop in net working capital.

Table 3: Summary of RATCHGEN's Debt Refinancing

Type	Total Amount (Bt million)	Term (Years)	Coupon/Interest Rate
Debentures			
- Tranche 1	7,000	3	3.67%
- Tranche 2	3,000	5	3.67% first 2 years and then MLR-2%
New Term Loan	24,262	11	Year 1-2 : MLR-2.5% Year 3-4 : MLR-2% Year 5-11: MLR-1.5%

Source: RATCHGEN

Financial Statistics and Key Financial Ratios

Unit: Bt million

	Year ended 31 December				
	2005	2004	2003	2002	2001
Electricity sales	44,035	39,714	35,528	27,493	17,423
Total operating costs	37,225	32,423	28,433	21,305	13,660
Operating profit	6,810	7,291	7,095	6,188	3,763
Interest expense	1,209	1,225	1,702	1,967	1,386
Net profit	5,791	6,260	5,505	4,675	2,707
Total debt	32,586	35,765	38,652	40,894	18,263
Net income from operations	5,791	6,260	5,505	4,675	2,707
Funds from operations (FFO)	8,741	8,905	8,034	6,694	4,520
Pretax interest coverage (times)	5.9	6.1	4.3	3.5	3.1
Total debt/capitalization (%)	59.2	61.6	64.0	65.1	49.2
FFO/total debt (%)	26.8	24.9	20.8	16.4	24.8
Earnings before interest, tax, depre. and amort. (EBITDA)	8.3	8.3	5.8	4.5	4.4
interest coverage (times)					
Cash available for debt service	9,875	7,137	13,336	6,638	5,822
Total debt service	4,408	4,112	3,944	3,298	1,598
Total debt service coverage ratio (DSCR) (times)	2.2	1.7	3.4	2.0	3.6

Plant Performance Statistics

	Unit	Target 2005	Actual 2005	Actual 2004	Actual 2003
Thermal Units					
Net electrical output	GWh	10,452	8,166	7,669	6,512
Dispatch factor	%	88.0	74.9	62.9	62.5
EAF* avg. 12 months	%	85.0	86.1	96.2	86.7
Plant heat rate	BTU/kWh	9,591	9,645	9,811	9,952
Dependable capacity	MW	1,440	1,440	1,440	1,440
Planned outage	Hours	1,920	2,088	0	2,171
Forced outage	Hours	706	103	273	123
Maintenance outage	Hours		186	285	0
CCGT Units					
Net electrical output	GWh	13,340	14,464	13,809	12,041
Dispatch factor	%	88.0	84.8	80.7	75.0
EAF avg. 12 months	%	86.2	90.5	91.7	85.7
Plant heat rate	BTU/kWh	7,132	7,139	7,172	7,307
Dependable capacity	MW	2,011	2,011	2,011	2,130
Planned outage	Hours	1,428	1,446	1,246	1,836
Forced outage	Hours	2,015	386	243	167
Maintenance outage	Hours		-	68	191

* EAF = Equivalent Availability Factor

Rating Symbols and Definitions

TRIS Rating uses eight letter rating symbols for announcing medium- and long-term credit ratings. The ratings range from AAA, the highest rating, to D, the lowest rating. The medium- and long-term debt instrument covers the period of time from one year up. The definitions are:

- AAA** The highest rating, indicating a company or a debt instrument with smallest degree of credit risk. The company has extremely strong capacity to pay interest and repay principal on time, and is unlikely to be affected by adverse changes in business, economic or other external conditions.
- AA** The rating indicates a company or a debt instrument with a very low degree of credit risk. The company has very strong capacity to pay interest and repay principal on time, but is somewhat more susceptible to the adverse changes in business, economic, or other external conditions than AAA rating.
- A** The rating indicates a company or a debt instrument with a low credit risk. The company has strong capacity to pay interest and repay principal on time, but is more susceptible to adverse changes in business, economic or other external conditions than debt in higher-rated categories.
- BBB** The rating indicates a company or a debt instrument with moderate credit risk. The company has adequate capacity to pay interest and repay principal on time, but is more vulnerable to adverse changes in business, economic or other external conditions and is more likely to have a weakened capacity to pay interest and repay principal than debt in higher-rated categories.
- BB** The rating indicates a company or a debt instrument with a high credit risk. The company has less than moderate capacity to pay interest and repay principal on time, and can be significantly affected by adverse changes in business, economic or other external conditions, leading to inadequate capacity to pay interest and repay principal.
- B** The rating indicates a company or a debt instrument with a very high credit risk. The company has low capacity to pay interest and repay principal on time. Adverse changes in business, economic or other external conditions could lead to inability or unwillingness to pay interest and repay principal.
- C** The rating indicates a company or a debt instrument with the highest risk of default. The company has a significant inability to pay interest and repay principal on time, and is dependent upon favourable business, economic or other external conditions to meet its obligations.
- D** The rating for a company or a debt instrument for which payment is in default.

The ratings from AA to C may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within a rating category.

TRIS Rating's short-term ratings focus entirely on the likelihood of default and do not focus on recovery in the event of default. Each of TRIS Rating's short-term debt instrument covers the period of not more than one year. The symbols and definitions for short-term ratings are as follows:

- T1** Issuer has strong market position, wide margin of financial protection, appropriate liquidity and other measures of superior investor protection. Issuer designated with a "+" has a higher degree of these protections.
- T2** Issuer has secure market position, sound financial fundamentals and satisfactory ability to repay short-term obligations.
- T3** Issuer has acceptable capacity for meeting its short-term obligations.
- T4** Issuer has weak capacity for meeting its short-term obligations.

All ratings assigned by TRIS Rating are local currency ratings; they reflect the Thai issuers' ability to service their debt obligations, excluding the risk of convertibility of the Thai baht payments into foreign currencies.

TRIS Rating also assigns a "Rating Outlook" that reflects the potential direction of a credit rating over the medium to long term. In formulating the outlook, TRIS Rating will consider the prospects for the rated company's industry, as well as business conditions that might have an impact on its fundamental creditworthiness. The rating outlook will be announced in conjunction with the credit rating. In all cases, the outlook assigned to a company will apply to all debt obligations issued by the company. The categories for "Rating Outlook" are as follows:

- Positive** The rating may be raised.
- Stable** The rating is not likely to change.
- Negative** The rating may be lowered.
- Developing** The rating may be raised, lowered or remain unchanged.

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