

Ratchaburi Electricity Generating Co., Ltd.

Announcement no. 874

9 May 2012

Company Rating: AA

Outlook: Stable

New Issue Rating: -

Rating History:

Date	Company	Issue (Secured/ Unsecured)
04/03/11	AA/Sta	-/AA
30/06/05	AA/Sta	AA/-
15/06/05	AA/Sta	-
12/07/04	AA-/Sta	-
26/06/03	AA-	-

Rating Rationale

TRIS Rating affirms the company rating of Ratchaburi Electricity Generating Co., Ltd. (RATCHGEN) and the ratings of RATCHGEN's senior debentures at "AA". The ratings reflect RATCHGEN's stable cash flow from its long-term power purchase agreements (PPAs) with the Electricity Generating Authority of Thailand (EGAT), the well-structured and state-of-the-art Ratchaburi power plants, as well as the company's lengthy experience and proven record of power plant management. The ratings also take into account the lower dispatch level of RATCHGEN's thermal units caused by the start-up of new power plants. However, this factor has had a minimal impact on the company's cash flow.

RATCHGEN is a wholly-owned subsidiary of Ratchaburi Electricity Generating Holding PLC (RATCH), which is 45% owned by EGAT. RATCHGEN is the largest Independent Power Producer (IPP) in Thailand. Its power plant consists of two thermal units and three combined cycle gas turbine (CCGT) units, with total installed capacity of 3,645 megawatts (MW), representing 12% of Thailand's total installed capacity as of March 2012. RATCHGEN sells electricity to EGAT under 25-year PPAs and buys gas from PTT PLC under a 25-year gas sale agreement (GSA).

In 2011, the CCGT units continued to outperform the targets, reaching an average plant availability level of 90.1% and a heat rate of 7,222 BTU/kWh. The thermal units could maintain an average availability level as high as 87.8% with a heat rate of 10,060 BTU/kWh. The dispatch levels for both the thermal and CCGT units in 2011 were low at 28.1% and 65.9%, respectively. The low dispatch levels were resulted from a lower demand for electricity and the arrival of new capacity into the power grid. The lower dispatch levels have little impact on the company's net profit, which is derived mainly from Availability Payment (AP) revenue.

RATCHGEN's electricity sales in 2011 decreased by 2.1% to Bt41,205 million while its net profit increased by 7.2% to Bt4,092 million. The increase in net profit was resulted from higher AP revenue as dictated in the PPAs, while the decrease in Energy Payment (EP) revenue did not reduce profits due to the pass-through mechanism. In 2011, RATCHGEN's earnings before interest, tax, depreciation, and amortization (EBITDA) were healthy at Bt9,226 million. The EBITDA interest coverage ratio was 15.3 times. The capital structure continued to improve in accordance with debt repayment. The total debt to capitalization ratio decreased to 39.0% in 2011 from 44.4% in 2010.

Rating Outlook

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

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Ratchaburi Electricity Generating Co., Ltd. (RATCHGEN)

Company Rating:	AA
Issue Ratings:	
RG126A: Bt921.9 million senior debentures due 2012	AA
RG129A: Bt904.9 million senior debentures due 2012	AA
RG12DA: Bt904.9 million senior debentures due 2012	AA
RG133A: Bt955.9 million senior debentures due 2013	AA
RG136A: Bt970.4 million senior debentures due 2013	AA
RG139A: Bt1,006.8 million senior debentures due 2013	AA
RG13DA: Bt1,006.8 million senior debentures due 2013	AA
RG143A: Bt1,210.6 million senior debentures due 2014	AA
RG146A: Bt1,271.3 million senior debentures due 2014	AA
RG149A: Bt1,557.6 million senior debentures due 2014	AA
RG14DA: Bt921.9 million senior debentures due 2014	AA
RG153A: Bt721.4 million senior debentures due 2015	AA
Rating Outlook:	Stable

KEY RATING CONSIDERATIONS

Strengths/Opportunities

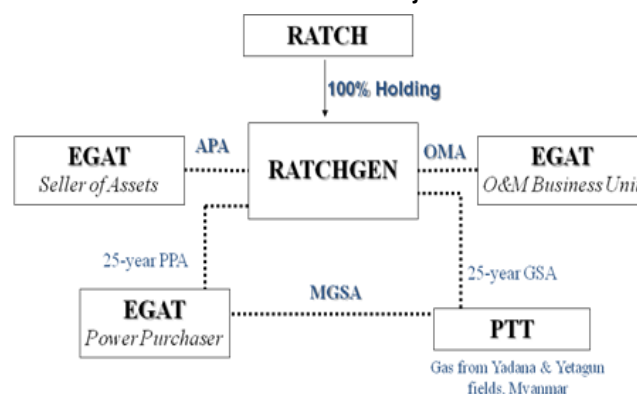
- Well-structured project fundamentals
- Stable cash flow from 25-year PPAs with EGAT
- State-of-the-art power plant technology from creditworthy suppliers
- Operation and maintenance agreement with EGAT

Weaknesses/Threats

- Dependent on a single customer
- Availability and consistency of gas supplied from Myanmar
- New power plants might result in lower dispatch levels for thermal plants

obligation under a master gas sales agreement (MGSA) with PTT.

Chart 1: Ratchaburi Power Project Structure



Source: RATCHGEN

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's power plant is located in Ratchaburi province, 100 kilometers southwest of Bangkok. It consists of two thermal generation units and three CCGT units with a total installed capacity of 3,645 MW. This was 12% of Thailand's total installed capacity as of March 2012. The plant is operated by EGAT under an operation and maintenance agreement (OMA), while natural gas, the primary fuel, is supplied by PTT under a GSA. EGAT is the sole customer of RATCHGEN under the PPAs. In addition, EGAT has a minimum gas off-take

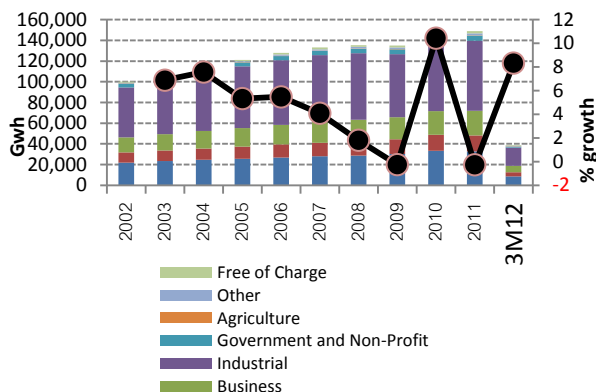
INDUSTRY ANALYSIS

- Electricity consumption in 2011 fell due to natural disasters**

Electricity consumption in Thailand in 2011 dropped slightly, falling by 0.26% from a year earlier. Electricity consumption declined just a year after a significant surge in 2010 when consumption accelerated by 10.5%. In contrast to 2010, electricity consumption in 2011 was less due to various factors, including the devastating tsunami in Japan that affected the large portion of the automobile supply chains of Japanese automakers, including those firms located in Thailand. Many automobile assembly and production lines were forced to halt and wait for essential

electronic parts that were produced by Japanese firms. After tsunami in March 2011, electricity consumption in Thailand dropped each month, from March to May.

Chart 2: Electricity Consumption, Growth Rate, and Real GDP Growth

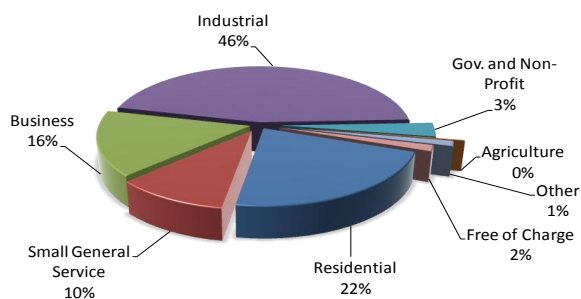


Sources: 1) National Economic and Social Development Board (NESDB)

2) Energy Policy and Planning Office (EPPO)

After electricity demand rebounded and the growth rate climbed between June and September 2011, an unexpected unfortunate event occurred in Thailand in the last quarter. Severe floods affected a large part of the northern and central regions including several major industrial estates, plus other parts of the northern and western areas in and around Bangkok. Since most inundated areas had been affected for more than three months, major economic activities ceased between September and December 2011. Electricity consumption shrank year-on-year (y-o-y) by an average of 3.1% per month.

Chart 3: Consumption of Electricity by Sector in 2011



Source: EPPO

The industrial sector has been the largest power consumer, taking 46% of total power consumption in 2011. Other power customers are residential (22%), business (16%), small general services companies (10%), and others. The amount of electricity sold to most consumers declined in 2011, except for business customers which showed a small amount of growth.

▪ **Lower temperatures in 2011 cut electricity consumption**

Contrary to 2010, temperatures in 2011 were relatively cooler. The average temperature in Thailand dropped drastically after tsunami in Japan in March 2011. Demand, which generally peaks in May, dropped slightly to 24,518 gigawatt-hour (GWh) in May 2011. Factors which determine peak demand include the average temperature during the year and economic conditions. According to the Power Development Plan (PDP) 2010, peak demand over the next five years (2012-2016) is forecasted to grow approximately 4.4% annually.

Despite the severe floods in the last quarter of 2011, the Thai economy is projected to grow favorably in 2012, rising by 5.5% to 6.5%. This growth rate is much higher than the 0.1% growth shown in 2011, according to the National Economic and Social Development Board (NESDB). Economic growth in 2012 will be supported by more total investment, which is projected to grow by 12.3%, and total consumption, which will rise by 4.4%.

▪ **PDP is waiting for new revision**

The new version of the power development plan is under review. It is expected to be published in the second half of 2012. The latest version is still the PDP2010, which was approved by the Cabinet on 12 March 2010. The existing PDP2010 lays out power development guidelines from 2010 to 2030. By 2030, the sources of energy used in Thailand will be more diversified according to the sources of fuel. Power generated from natural gas will fall from 66.7% of Thailand's total power needs by the end of 2011 to 39% by 2030. Coal and lignite will increase from 19.5% to 23% during the same period. Imported power is projected to increase from 6.6% to about 19% of total power supply by 2030.

■ **Imported power has increasing role**

The government started the privatization plan for the electricity generating sector in 1992 by encouraging private companies to produce and sell electricity to EGAT. The small power producer (SPP) scheme was introduced in 1992, followed by the IPP scheme in 1994. Both IPPs and SPPs have 20- to 25-year PPAs with EGAT. The PPAs are designed to mitigate the market risk of the generators, leaving mainly operating risk to be managed. Private producers under the IPP scheme are obligated to sell all their electricity output to EGAT, while private power producers under the SPP scheme can sell electricity to EGAT and/or to industrial users.

As of March 2012, Thailand had a combined installed electricity generating capacity of 31,439 MW. EGAT accounted for 48% of the total, followed by IPPs (38%), SPP (7%), and power imported from Lao PDR and Malaysia (7%). The proportion of imported power has increased recently, mainly from new generating capacities of power plants in Lao PDR. According to PDP2010, the share of EGAT's electricity generating capacity will gradually decline, while SPPs and imported power will take larger shares.

BUSINESS ANALYSIS

RATCHGEN's business profile is well above average. The power project is well-structured to mitigate the commercial and fuel risks through the long-term PPAs and GSA with creditworthy counterparties. Operating risk is partially mitigated by the OMA with EGAT and the CSA with General Electric International Operation Co., Inc. and GE Energy Parts, Inc.

Table 1: Profile of Ratchaburi Power Plant

Type	No. of Units	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 CCGT generating units. Thermal units 1 and 2

commenced commercial operations 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 supercritical, single reheat, forced circulation, and balanced draft boilers. Although this type of boiler is the first steam generator 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 units 1 and 2 started commercial operations on 18 April 2002, and unit 3 started up on 1 November 2002. Each unit 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. Given the higher technology class, the gas turbines and supercritical boilers require higher levels of maintenance than the existing boilers in the EGAT system.

■ **25-year PPAs with EGAT protect against 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 the power plants of Electricity Generating Public Co., Ltd. (EGCO). The payments consist of two parts: the AP and the EP. The pay-if-available basis provides RATCHGEN with stable cash flow as long as the company maintains its power plants in accordance with the PPAs and keeps the 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 is more favorable than the deduction percentages of other IPPs.

The EP is designed to cover the incremental costs for actually producing electricity. This includes fuel costs and variable operating and maintenance (VOM) costs. Plant operators are exposed to operating risks only if they cannot prepare a plant to be ready for power production or if a plant's 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 levels for RATCHGEN's PPAs were determined after performance tests, subsequent to the completion of construction.

▪ **Fuel risk is partially mitigated by GSA and MGSA**

RATCHGEN's fuel risk is partly mitigated by the GSA between RATCHGEN and PTT, and the MGSA 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 consumed is also a pass-through, if the RATCHGEN plant heat rate meets the agreed target. RATCHGEN has the option of rejecting substandard gas while still receiving the AP for a period of one year.

The primary fuel for the RATCHGEN power plant is natural gas from the Yadana and Yetagun gas fields located in the Andaman sea, offshore of Myanmar. Over 25 years, RATCHGEN will require approximately 7.7 trillion cubic feet (tcf) of natural gas. Tri Energy Co., Ltd. (TECO) will require 0.6 tcf of natural gas from the same source to cover its 20-year PPAs, and 2.7 tcf of natural gas will be required by Ratchaburi Power Co., Ltd. (RPCL) to cover the 25-year PPAs. Thus, the long-term availability of gas from these two gas fields may be a concern. However, RATCHGEN still receives the AP regardless of fuel availability.

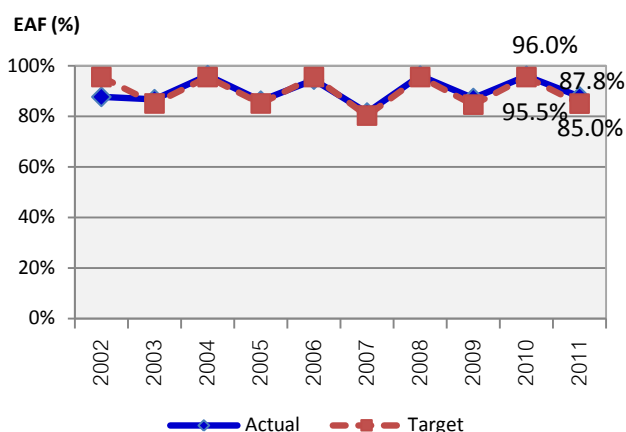
▪ **OMA with EGAT further mitigates operating risk**

Under the existing PPA structure, the company's performance is dependent on the power plant availability, as it gets paid according to the AP, regardless of the dispatch factor. RATCHGEN's operating risk is further mitigated by the OMA with EGAT. Under the agreement, EGAT operates and maintains the entire plant on a daily basis. The OMA covers minor and major maintenance for all units over the 25-year PPA period. 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.

▪ **Operating performance exceeds targets**

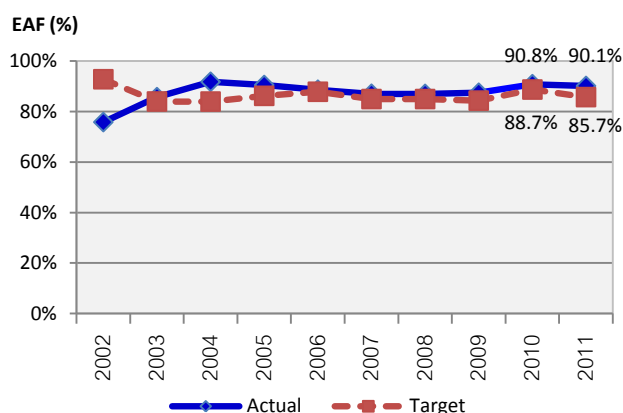
In 2011, the operating performance of the thermal units was better than the PPA targets. The forced outages and maintenance outages were lower than allowed levels in the PPA. As a result, the average Equivalent Availability Factor (EAF) of the thermal units was 87.8%, better than the PPA target of 85.0%. The plant's efficiency was also better than the target. The plants used less fuel to generate electricity than the amount allowed in the PPA. The plant heat rate was 10,060 BTU/kWh, while the PPA allowed as much as 10,076 BTU/kWh.

Chart 4: Equivalent Availability Factor (EAF) of RATCHGEN's Thermal Units



Source: RATCHGEN

Chart 5: Equivalent Availability Factor (EAF) of RATCHGEN's CCGT Units



Source: RATCHGEN

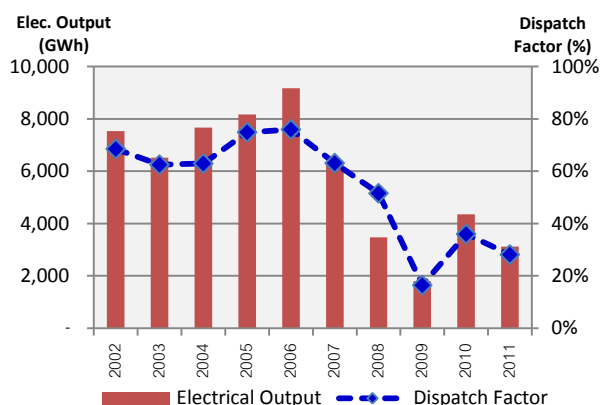
The CCGT units outperformed the PPA targets in 2011. The planned outage for all CCGT units totaled 1,622 hours. The actual forced outage and maintenance outage were 924 hours, while the PPA allowed for 2,030 hours. The average EAF of 90.1% was better than the PPA target of 85.7%. Normally, the CCGT plants have higher efficiency than the thermal plants, and thus the CCGT plants required less fuel to generate one unit of electricity. The plant heat rate of the CCGT units was 7,222 BTU/kWh, better than the target of 7,264 BTU/kWh in the PPA in 2011.

▪ **Lower demand resulted in less power generated**

In 2011, the dispatch levels of RATCHGEN's thermal units and CCGT units were still low at 28.1% and 66.0%, respectively. The low dispatch level reflected lower demand for electricity in the central region of Thailand, especially in the fourth quarter of 2011, due to the severe floods. In 2011, the peak demand was 24,518 MW down by 0.5% over the previous year. In addition, Nam Ngum 2 hydroelectric project, with capacity of 615 MW, started up in March 2011.

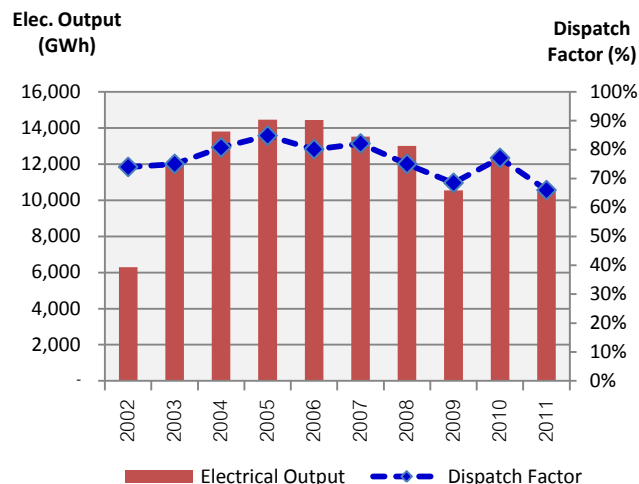
Looking forward, both units of the thermal plant are expected to dispatch at low levels until 2014, due to the lower efficiency of these units compared with the newer coal-fired and the CCGT power plants. However, during a gas supply shortage, RATCHGEN's thermal plant is one of the major plants supplying electricity into the grid, as this plant can be fueled by fuel oil. In 2015, the outstanding debentures for the thermal units will be fully repaid and the overall tariff from the thermal units will be more competitive.

Chart 6: RATCHGEN's Thermal Units



Source: RATCHGEN

Chart 7: RATCHGEN's CCGT Units



Source: RATCHGEN

FINANCIAL ANALYSIS

RATCHGEN's financial profile is strong. Operating cash flow has been highly predictable, due to the tariff structure under the existing PPAs. The company's capital structure, with a 50%-55% debt to capitalization ratio, is better than other power projects in Thailand, which have an average of 70% to 75% debt financing.

▪ **Refinanced with debentures**

In March 2011, RATCHGEN refinanced its long-term loan of Bt16,110 million with senior debentures (Bt13,286 million) and a bill of exchange (Bt2,824 million). Regarding the transaction, the mortgage on the company's assets was released. The company's repayment profile has not changed; repayments still match the AP revenue.

▪ **Solid financial structure lowers financial risk**

RATCHGEN's borrowings are 100% in baht-denominated. Therefore, there is no foreign exchange risk in the debt service charge. In addition, the AP and EP components will be adjusted annually to reflect changes in the exchange rate and the Consumer Price Index (CPI). This mechanism helps mitigate foreign exchange risk and inflation risk.

▪ **Net profit rises because of the PPA structure**

In 2011, electricity sales declined by 18.5% to 13,581 GWh as a result of a contraction in electricity demand, plus the arrival of new capacity into Thailand's power grid. RATCHGEN's revenue in 2011 decreased by 2.1% to Bt41,205 million, mainly from a drop in EP revenue. However, RATCHGEN's net profit increased by 7.2% to Bt4,092 million. The rise in the net profit resulted from higher AP revenue, as mandated in the PPA.

▪ **Improved financial profile**

As of December 2011, RATCHGEN's total debt continued to decrease to Bt13,240 million. The debt to capitalization ratio decreased to 39.0%. The ratio is expected to continue to improve, as the outstanding amount of debentures will decrease, in accordance with the repayment schedule. The FFO to total debt increased from 38.7% in 2010 to 50.5% in 2011, while the EBITDA interest coverage ratio improved to 15.3 times in 2011.

Table 2: RATCHGEN's Revenue Structure

	Unit	2011	2010	2009	2008	2007
Electricity output	GWh	13,581	16,673	12,324	16,475	19,870
AP	Bt.mm.	11,856	10,844	12,265	12,044	11,359
EP (Fuel)	Bt.mm.	29,073	31,115	22,940	30,012	32,291
EP (VOM)	Bt.mm.	276	144	108	127	158
Total revenue	Bt.mm.	41,205	42,104	35,313	42,183	43,808
Net profit	Bt.mm.	4,092	3,816	5,014	5,489	4,994
EBITDA	Bt.mm.	9,226	8,471	9,527	9,813	9,285

Source: RATCHGEN

Performance Statistics of Ratchaburi Power Plant

	Unit	2011 (Target)	2011 (Actual)	2010	2009	2008
Thermal Units						
Net electrical output	GWh	5,361	3,113	4,351	1,788	3,468
Dispatch factor	%	50.0	28.1	35.9	16.4	51.6
EAF* avg. 12 months	%	85.0	87.8	96.0	87.2	96.0
Plant heat rate	BTU/kWh	10,076	10,060	10,116	10,123	10,115
Dependable capacity	MW	1,440	1,440	1,440	1,440	1,440
Planned outage	Hours	1,920	1,920	-	1,920	-
Forced outage	Hours	-	71	648	15	77
Maintenance outage	Hours	707	150	-	23	-
CCGT Units						
Net electrical output	GWh	12,073	10,467	12,322	10,536	13,007
Dispatch factor	%	80.0	65.9	77.1	68.5	75.0
EAF avg. 12 months	%	85.7	90.1	90.8	87.4	86.9
Plant heat rate	BTU/kWh	7,264	7,222	7,208	7,214	7,203
Dependable capacity	MW	2,011	2,011	2,011	2,011	2,011
Planned outage	Hours	1,724	1,622	1,545	2,262	1,077
Forced outage	Hours	-	224	3	8	138
Maintenance outage	Hours	2,030	699	208	233	257

* Equivalent Availability Factor (EAF)

Financial Statistics and Key Financial Ratios*

Unit: Bt million

	----- Year Ended 31 December -----				
	2011	2010	2009	2008	2007
Sales	41,205	42,104	35,313	42,183	43,808
Gross interest expense	603	677	861	1,295	1,365
Net income from operations	4,092	3,816	5,014	5,489	4,994
Funds from operations (FFOs)	6,687	6,529	7,834	8,265	7,648
Capital expenditures	18	11	59	244	44
Total assets	41,802	45,141	47,451	51,072	53,974
Total debts	13,240	16,860	19,640	22,831	26,400
Shareholder equity	20,670	21,089	20,699	21,377	20,875
Operating income before depreciation and amortization as % of sales	22.0	19.9	26.5	22.8	18.9
Pretax return on permanent capital (%)	18.3	14.7	15.8	15.2	12.9
Earnings before interest, tax, depreciation and amortization (EBITDA) interest coverage (times)	15.3	12.5	11.1	7.6	6.8
FFOs/total debt (%)	50.5	38.7	39.9	36.2	29.0
Total debt/capitalization (%)	39.0	44.4	48.7	51.6	55.8

* Consolidated financial statements

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.
- D** The rating for an issuer for which payment is in default.

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 differentiates a "structured finance product" from other debt instruments by attaching the "(sf)" identifier next to the original letter rating symbol. The "(sf)" identifier is assigned to all debt instruments that are deemed to meet the definition of a "structured finance product" defined by the Securities and Exchange Commission (SEC). The addition of this subscript to the rating symbol does not change the definition of the letter rating symbols mentioned above.

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 the fundamental creditworthiness of the company. The rating outlook will be announced in conjunction with the credit rating. In most cases, the outlook of each debt obligation is equal to the outlook assigned to the issuer or the obligor. The categories for "Rating Outlook" are as followed:

- 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.

TRIS Rating may announce a "CreditAlert" as a part of its monitoring process of a publicly announced credit rating when there is a significant event that TRIS Rating considers to potentially exerting a substantial impact on business or financial profiles of the rated entity. Due to an insufficient data or incomplete developments of the event, such as merger, new investment, capital restructuring, and etc., current credit rating remains unchanged. The announcement aims to forewarn investors to take a more cautious stance in investment decision against debt instruments of the rated entity. CreditAlert report consists of a "Rational" indicating warning reasons, a "CreditAlert Designation", and a current credit rating. Rating Outlook is withheld in the announcement.

CreditAlert Designation illustrates a short-term rating outlook indicative of the characteristics of impacts on the credit rating in one of the three directions (1) *Positive* (2) *Negative* and (3) *Developing*.

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