TRIS
TRIS RATING

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| Contacts | E-mail Addresses |
|---|---|
| Suwat Chritamara | suwat@tris.co.th |
| Sangdao Udomdejwatana | sangdao@tris.co.th |
| Nopalak Rakthum | nopalak@tris.co.th |
| Wiyada Pratoomsuwan | wiyada@tris.co.th |

# PTT Exploration and Production Public Company Limited

| | |
|---|---|
| **Company Rating:** | AAA |
| **Issue Rating:** | |
| PTEP183A: Bt2,500 million senior debentures due 2018 | AAA |
| **Rating Outlook**: | Stable |

| **Rating History:** | **Company Rating** | **Issue Rating** | |
|---|---|---|---|
| | | **Secured** | **Unsecured** |
| 11 Mar 2003 | AA+ | - | AA+ |
| 28 Nov 2001 | AA+ | - | - |
| 21 Nov 2000 | AA | - | - |

**Rating Rationale**

TRIS Rating upgrades the company rating of PTT Exploration and Production PLC (PTTEP) and the rating of PTTEP's debentures to "AAA" from "AA+". The upgrades reflect the company's strengthened financial profile, its on-going benefits of the continued strong petroleum prices and the company's ability to finance growth without weakening its financial strength. The ratings also take into consideration PTTEP's leading position in the petroleum exploration and production (E&P) industry in Thailand, the company's diversified asset base, and the support received as the E&P arm of the Thai government.

PTTEP is the leading petroleum E&P company in Thailand. Its total proved petroleum reserves, including reserves from overseas projects, were 950 million barrels of oil equivalent (mmboe) as of December 2005. Given its projected production of approximately 184,000 barrels of oil equivalent per day (boed), PTTEP's reserves should last 14 years, comparable with world-class E&P companies which average 10 to 15 years. As of 31 December 2005, the company had 29 projects on hand with ten projects being in the production phase and the remainder in the exploration and development phase.

PTTEP was established to hold concession rights on behalf of the Thai government. As of November 2005, PTTEP was held 66% by the national oil and gas company, PTT PLC (PTT). PTT and PTTEP remain state enterprises as defined by Thai law. As the state-owned E&P arm of PTT, PTTEP has leveraged its position to participate in high potential petroleum projects in Thailand and abroad.

PTTEP's operating efficiency is competitive, compared with E&P peers. Its three-year average finding and development (F&D) cost ending 2005 was US$4.76 per barrel of oil equivalent (boe), which was lower than global E&P companies. Though lifting cost increased from US$1.25 per boe in 2004 to US$1.82 per boe in 2005, it remained lower than global E&P companies.

PTTEP's financial position remains very strong. The company's performance in 2005 has been above expectation. Its sales increased by 43.6% to Bt66,358 million while net profit increased by 49.6% to Bt23,735 million. The debt-to-capitalization ratio improved from 23.9% in 2004 to 20.7% in 2005. The funds from operations (FFO) to total debt ratio stood at 180.3% in 2005, while operating margins before depreciation and amortization were relatively high at 70%-75% during the last three years.

PTTEP's planned capital expenditures of around Bt153,500 million during 2006-2010 is more aggressive than previously planned. Approximately 35%-40% of the budget will be used for the Bongkot and Arthit projects. However, as petroleum prices are expected to remain high and with projected operating cash flow of around Bt35,000 million-Bt40,000 million per year, PTTEP should be able to finance expenditures with internally generated cash. In addition, the company has high liquidity supported by a combined balance of cash and short-term investments totaling Bt30,507 million as of December 2005.

## Rating Outlook

The "stable" outlook reflects TRIS Rating's expectation that PTTEP will be able to maintain its strong financial position despite heavy capital expenditures during 2006-2008 and the repayment of its Samurai and Yankee bonds (totaled approximately US$400 million) in 2006-2007. An upward cost pressure in E&P spending and a challenge to maintain its reserve life are partially mitigated by favourably high petroleum prices. Its financial policy is expected to remain conservative to accommodate higher operational and political risks from its international operations.

## Key Rating Considerations

***Strengths/Opportunities***

- Strong public policy role and strong relation with PTT and the Thai government
- Competitive F&D and operating costs
- Diversified resource base with moderate reserve replacement
- Strong financial position

***Weaknesses/Threats***

- Increasing exposure in overseas projects
- Heavy investment plan during 2006-2010

## Corporate Overview

Founded in 1985, PTTEP is the investment arm for petroleum E&P activities of Thailand's national oil and gas company, PTT PLC (formerly the Petroleum Authority of Thailand). PTTEP was initially established to hold petroleum concession rights on behalf of the Thai government.

PTTEP engages in the acquisition, exploration, development, and production of natural gas, crude oil properties, and reserves in Thailand and neighboring countries, namely Myanmar, Malaysia, Vietnam and Indonesia. As of December 2004, PTTEP held the second largest share of Thailand's petroleum reserves and was the second largest petroleum producer in Thailand, after Unocal (Thailand) Ltd.

As of November 2005, PTT held 66% of PTTEP's shares and the remaining shares were mostly held by foreign and Thai institutional investors. According to a Cabinet resolution of 4 November 1997, PTT is to hold at least 51% of PTTEP's shares, indicating that PTTEP will retain its state enterprise status as long as PTT is a state enterprise. As of November 2005, the Ministry of Finance held 52% of PTT's shares to maintain PTT's status as a national oil and gas enterprise. This status will not change as long as the government holds more than 50% of PTT.

## Recent Developments

- ***Success in many E&P activities***

PTTEP reported many successful E&P activities in 2005. These activities include winning new petroleum concessions in blocks G9/48 and G12/48 in the Gulf of Thailand; investing in new E&P projects such as block M-11 in the Gulf of Martaban, blocks B8/32 and 9A in the Gulf of Thailand and the Saveh block in Iran; and signing a gas sale agreement in the Phu Horm project, MTJDA project, and Oman 44 project. In addition, the company announced petroleum discoveries in the Algeria 433a & 416b projects, the Vietnam 16-1 and 9-2 projects, and the Oman 44 project.

As the result of such investments, PTTEP has increased its five-year investment budget (2006-2010) to Bt153,500 million, up by approximately Bt40,000 million from the previous budget.

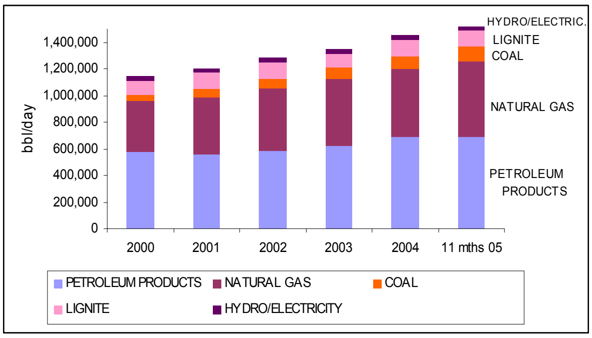
- ***Divested Thaioil Power***

PTTEP International Ltd. (PTTEPI), a PTTEP's wholly own subsidiary, sold 26% of its stake in Thaioil Power Co., Ltd. to PTT for total value of Bt2,300 million and recognized investment gains of approximately Bt481 million. The reason for the divestment is to focus on its core E&P business.

## INDUSTRY ANALYSIS

Thailand's petroleum E&P industry emerged about 80 years ago. Over time, it has been successful and prosperous with the country's increasing demand for petroleum products. According to the Energy Policy and Planning Office (EPPO), consumption of natural gas increased about 8% per year between 2001 and November 2005 to register at 569,065 boe per day. In 2005, the rapid rise in oil prices stimulated natural gas consumption in Thailand as most natural gas is produced from domestic reserves. Proportion of natural gas in primary energy consumption was 37.36% during the first 11 months of 2005, an increase of 9.25% from the same period of 2004.

**Chart 1: Thailand's Consumption of Commercial Primary Energy**




Source: Energy Policy and Planning Office

- ***Limited domestic reserves encourage international cooperation***

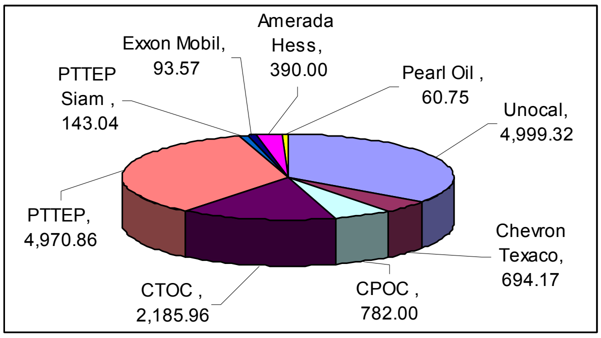
With regard to petroleum reserves, natural gas is major petroleum reserve in Thailand. The Department of Mineral Fuels estimated at the end of 2004 that Thailand's proven reserves of natural gas was 14.32 trillion cubic feet (tcf), condensate 326 million barrel (mmbbl), and crude oil 231 mmbbl. Natural gas reserve in Thailand is comparatively small, only 0.2% of global reserves. According to the Upstream, a global oil & gas newspaper, Thailand's natural gas reserve life by the end of 2004 was 21.1 years, about the same as Brunei but shorter than neighborhoods. Asian countries that are endowed with natural gas reserves include Myanmar (with reserve life of 71 years), Vietnam (56.5 years), China (54.7 Years) and Malaysia (45.7 years). The limited domestic reserves caused E&P operators to seek additional sources overseas.

Since 1999, external source of petroleum has increased its role. Imported portion from Myanmar (Yadana and Yetagun fields) increased continuously from the average of 130,638 boed in 2004 to 156,525 boed during the first 11 months of 2005. In addition to Myanmar, the government of Thailand had reached agreement with Malaysia to share the benefits and expenditures to be derived from the petroleum resources in the Malaysia-Thailand joint development area (JDA). In this regard, the Thai-Malaysia Joint Authority (MTJA) was established in 1979 to be responsible for the exploration and exploitation activities. By the end of 2004, the amount of proven reserves of natural gas in JDA were recorded at the amount of 2.84 tcf.

- ***Few E&P operators own major gas reserves***

**Chart 2: Natural Gas Reserves as of Dec 2004 by Operators**

Unit: bcf




Source: Department of Mineral Fuels

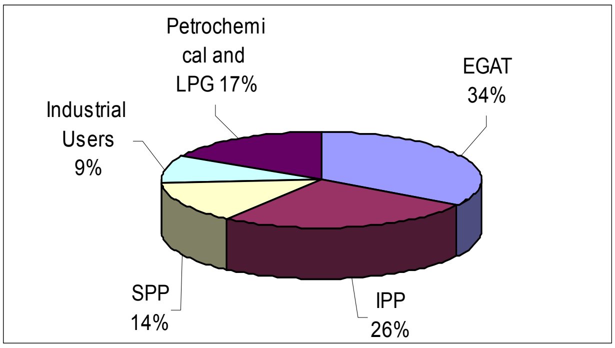
Thailand's E&P industry, considered open and moderately competitive, comprises a few large international oil companies and one Thai state-owned enterprise, PTTEP. Competition in the E&P industry is moderate as a result of concession requirements, limited sources of petroleum reserves, as well as the need for specialized technology and industry experience. After securing a concession, the winning bidder generally cooperates with other E&P companies to share investment risks and returns. By the end of 2004, there were 32 active concessions covering 42 exploration blocks in Thailand. Operators owned major share of natural gas proven reserves in Thailand included Unocal Thailand (renamed into Chevron Thailand Exploration and Production Ltd.) (5.0 tcf), PTTEP (4.97 tcf), Carigali-Triton Operating Company Sdn. Bhd. (CTOC) (2.18 tcf), and Carigali-PTTEP Operating Company Sdn. Bhd. (CPOC) (0.78 tcf). CTOC and CPOC are two joint-venture companies formed to enter into the contracts with MTJA for exploration and production of natural gas in JDA. More concessions granted by the Department of Mineral Fuels should enhance exploration activities.

- ***Power generators remain the major consumers of natural gas***

Natural gas is consumed heavily by electricity generators, which consumed about 74% of total natural gas consumption in Thailand as of the third quarter of 2005, according to PTT. The proportion of electricity generated by EGAT PLC (EGAT) from natural gas has increased sharply over the past six years, from 42% in 1995 to over 70% in 2003. This proportion, however, declined moderately after EGAT's proportion of power purchased increased in 2004 and 2005.

Peak demand for electricity in 2005 equaled to 20,537.50 megawatt (MW), 6.27% higher than 2004. According to the Load Forecast Committee study in January 2004, under a moderate economic recovery scenario, electricity consumption will expand at an average rate of 7.5% from 2004 to 2008 and 6.8% from 2009 to 2013 and 6.4% from 2014 to 2015. In August 2004, the Cabinet approved the EGAT's Power Development Plan (PDP) 2004-2015 which projected that new power plants will be established with the maximum capacity of 8,252 MW, 69% of which will use natural gas as primary source of energy.

**Chart 3: Natural Gas Consumption by Purpose**




Source: PTT PLC

- ***PTT is the principal gas purchaser in Thailand***

The Petroleum Act of B.E. 2514 (1971), which governs all petroleum E&P in Thailand, makes all petroleum reserves national property. E&P companies must operate under concessions granted by the Ministry of Industry for a limited period (from six to nine years for exploration and 20 to 30 years for production). Concessionaires must pay the Thai government royalties, fees, special remuneratory benefits and petroleum income tax. According to the Act, concessionaires can be ordered to sell petroleum to the government. Currently, almost all domestic petroleum is sold to PTT through long-term take or pay gas sale agreements (GSAs) and crude oil sales agreements, and PTT is the principal purchaser and distributor of natural gas in Thailand.

- ***Gas prices to stabilize at high level***

Influenced by rising oil prices, natural gas prices have been on the increasing trend since late 2004. However, natural gas demand and supply are more local than oil products as it is transferred mostly through pipeline. It seems to be more stable than the highly volatile oil price, represented by Dubai crude oil price. In addition, natural gas price in Thailand could be influenced by the policy of the government, as a major shareholder of PTT, a solely natural gas buyer in Thailand. Nonetheless, energy privatization policy makes government intervention being more difficult.

## BUSINESS ANALYSIS

PTTEP is a leading energy company with operations mainly in the E&P industry. The company's strong business profile reflects its leading position in the E&P business in Thailand, its operating efficiency and its strong relationship with the Thai government.

- ***Long-term GSAs with PTT***

Almost all of PTTEP's petroleum products are purchased by PTT, a strategic arm of the Thai government. Consistent with current government policy, nearly all petroleum produced from the concessions is sold to PTT. PTTEP sells nearly 100% of its oil and natural gas to PTT and the remaining (less than 5%) to EGAT, another state-owned enterprise. This structure helps PTTEP face minimal credit risk from its customers. Transactions between PTTEP and PTT are defined through gas sale agreement (GSAs). The pricing formulas stipulated in the GSAs limit the PTTEP's exposure to oil price fluctuations. While oil prices can be volatile, natural gas prices are less so, because the pricing formulas under the sale agreements allow only a portion of the purchase price to vary in accordance with the ex-Singapore fuel oil price. Other factors in the formulas include foreign exchange rates and the inflation index.

PTTEP benefits significantly from being a state enterprise and a subsidiary of PTT. Although direct privileges from the government, such as concession rights without public bidding, are less likely, indirect government support for PTTEP remains, given the governmental ownership through PTT and government representatives on PTTEP's board of directors. More importantly, PTTEP's strategic importance as the only Thai E&P company remains strong as PTTEP plays an important role for the country's energy self-sufficiency.

- ***Sales increase from continuous exploration and development effort***

PTTEP's petroleum sales in 2005 increased by 14.5% from 2004 to 153,531 boed. This was mainly due to increased production from the Yetagun and the B8/32 & 9A projects. PTTEP's sales volume is expected to increase to 179,000 boed in 2006 and to 224,000 boed in 2007, mainly from the start up production of the Arthit project. This project is scheduled to start operation in the first half of 2007 with gas production of 330 mmcfd.

- ***Cost competitiveness***

PTTEP's operating costs are highly competitive compared with other E&P operators. The company's finding and development costs averaged about US$4.76 per boe for the past three years, with lifting cost averaging about US$1.82 per boe for 2005.

- ***Strong and more diversified petroleum resource profile***

PTTEP's petroleum reserves are mainly located in the Gulf of Thailand. Current proved reserves stood at 950 mmboe in 2005, up slightly from 899 mmboe in 2004. The majority of the company's petroleum is in the Bongot field in the Gulf of Thailand. Gas accounts for 84% of the company's total reserves while the other 16% is oil and condensate. The proportion of gas reserves slightly decreased from 87% during 2001-2003, due to increasing portion of oil and condensate reserves. The company's petroleum reserve life was 14 years in 2005 with reserve replacement at 1.76 times. Its reserves are geographically diverse, with 72% in Thailand and 28% overseas in 2005. To maintain the acceptable reserve life, compatible with production increases, PTTEP faces the challenge to find new reserves overseas.

- ***Strong position in Thailand***

PTTEP's competitive position in the Thai market remains very strong. As of December 2004, PTTEP held the second largest share of total petroleum reserves in Thailand, following Unocal (Thailand). The other operators are Chevron Offshore (Thailand) Co., Ltd. and Amerada Hess. PTTEP is the second largest petroleum producer behind Unocal (Thailand). For December 2005, production of petroleum in Thailand by PTTEP was approximately 138,000 boed.

- ***Increasing exposure to international operations***

PTTEP had 29 projects located in nine countries as of 2005, up from 23 projects in 2004. Nearly 30% of reserves came from overseas projects such as Myanmar, Oman and others. Ten projects are in the production phase with the remainder in the exploration and development phase. Recently, PTTEP expanded its operations and investment to emerging countries such as Iran and Cambodia. Through these investments will diversify the company's portfolio and will raise exposure to operating and political risks.

The company's policy is to focus on E&P and direct investment in petroleum assets. In 2005, PTTEP divested 26% of all its shares in Thaioil Power Ltd. for Bt2,300 million, and its 40% share in New Links Energy Resource, the holding company that owns 85.5% in an Indonesian affiliate, PT. Medco Energi Internasional Tbk, for Bt8,900 million. The divestments brought investment gains of approximately Bt481 million in Thaioil Power but a loss of Bt578 million in Medco.

## FINANCIAL ANALYSIS

PTTEP's financial performance has been above expectations, strengthening its financial profile. Due to persistently high oil prices and increased production, PTTEP's profitability and cash flow measures have significantly improved during 2003-2005.

- ***Conservative financial policy***

PTTEP's financial policy is fairly conservative. These policies include the target debt to equity ratio of less than one time, a long-term maturity debt profile, the use of internal cash flow to invest in new projects and a large cash position. As almost of PTTEP's revenues are US dollar linked, it has a natural hedge against foreign exchange risks. A policy to borrow long-term debt, shown by 10-year Samurai and Yankee bond issues as well as a swap of 15-year Thai baht debentures to a US loan is prudent because this funding policy properly matches the long-term nature of E&P projects. As of January 2006, PTTEP's total outstanding debt was US$454 million, comprised of US$193 million in Samurai bonds, US$200 million in Yankee bonds and US$60.82 million in Thai baht debentures. The company's average cost of debt was 7.22%.

- ***Profitability increased***

PTTEP's financial performance in 2005 was very healthy. Sales increased 43.6% from the prior year to Bt66,358 million. The increase in revenue came from rising petroleum prices, and increasing petroleum production from the S1, Bongkot and Pailin projects. PTTEP's profitability remains very strong. The company's operating margins before depreciation and amortization remained high at 73.1% in 2005. The ratio of earnings before interest, tax, depreciation and amortization (EBITDA) interest coverage was 38.0 times in 2005, improving from 27.0 times in 2004. The funds from operations (FFOs) to total debt ratio stood at 180.3% in 2005.

- ***Strong capital structure***

PTTEP's capital structure is stronger than the previous period. The company's debt to capitalization ratio improved from 23.9% in 2004 to 20.7% in 2005 as earnings rose. PTTEP's liquidity is strong, with Bt48,719 million of cash flow from operations in 2005. The FFOs during 2003-2005 ranged from Bt18,418 million to Bt33,710 million. The company's internal cash flow is considered enough to repay approximately US$400 million of Yankee and Samuri bonds due 2006-2007.

- ***Revised capital expenditures***

As some reserves are not yet developed and PTTEP wishes to continue its overseas expansion, the company has revised its five year (2006-2010) capital expenditure plan to Bt153,500 million, up by Bt40,000 million over the previous budget. The majorities of the company's expenditures are in the Arthit, Bongkot, S1 and block B8/32 & 9A projects. Approximately Bt83,000 million is to be used for the Bongkot and Arthit projects. Though this budget is more aggressive than previously planned, given the current operating cash flow of around Bt35,000 million-Bt40,000 million per year and a combined balance of cash and short-term investment of Bt30,507 million as of December 2005, PTTEP should be able to finance most of its capital expenditures through internal cash flows.

**Table 1: PTTEP's Five-year Capital Expenditure Plan**

Unit: Bt million

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| CAPEX | 47,000 | 38,600 | 35,800 | 20,800 | 11,300 |

Source: PTTEP

**Financial Statistics and Key Financial Ratios***

Unit: Bt million

| | Year ended 31 December | | | | |
|---|---|---|---|---|---|
| | 2005 | 2004 | 2003 | 2002 | 2001 |
| Sales | 66,358 | 46,199 | 34,038 | 29,587 | 27,518 |
| Earnings before interest and tax (EBIT) | 41,526 | 28,457 | 20,531 | 18,246 | 18,611 |
| Net profit | 23,735 | 15,866 | 12,028 | 12,054 | 10,895 |
| Funds from operations (FFO) | 33,710 | 24,036 | 18,418 | 16,805 | 15,958 |
| Capital expenditures | 43,577 | 17,296 | 9,795 | 7,498 | 16,743 |
| Equity | 71,697 | 57,099 | 45,674 | 38,456 | 31,111 |
| Total debt | 18,697 | 17,916 | 18,125 | 19,191 | 23,658 |
| Cash and short-term investments | 30,507 | 28,820 | 21,459 | 16,306 | 15,209 |
| Total assets | 143,317 | 111,945 | 92,576 | 84,393 | 77,729 |
| FFO/total debt (%) | 180.3 | 134.2 | 101.6 | 87.6 | 68.8 |
| Total debt/capitalization (%) | 20.7 | 23.9 | 28.4 | 33.3 | 43.2 |
| Net debt/capitalization (%) | (19.7) | (23.6) | (7.9) | 7.0 | 21.4 |
| Earnings before interest, tax, depre. and amort. (EBITDA)/interest (times) | 38.0 | 27.0 | 19.9 | 16.3 | 12.0 |
| Return on permanent capital (%) | 50.2 | 41.0 | 33.8 | 32.5 | 36.1 |
| Operating margin before depre. and amort. as % of sales | 73.1 | 74.8 | 76.5 | 74.3 | 75.1 |

* Consolidated financial statements

**Key Operating Statistics**

| | Year ended 31 December | | | | |
|---|---|---|---|---|---|
| | 2005 | 2004 | 2003 | 2002 | 2001 |
| Proven reserves (mmboe) | 950 | 899 | 882 | 768 | 768 |
| Yearly production (mmboe) | 67 | 56 | 44 | 40 | 36 |
| Reserve life (years) | 14 | 16 | 20 | 19 | 21 |
| Reserve replacement ratio (times) | 1.8 | 1.3 | 1.8 | 0.9 | 0.9 |
| Three-year average F&D costs (US$/boe) | 4.8 | 3.0 | 2.0 | 4.2 | 4.0 |
| Lifting costs (US$/boe) | 1.8 | 1.3 | 1.1 | 1.2 | n.a. |
| Average sale volume (boed) | 153,531 | 134,070 | 107,299 | 101,736 | 91,623 |
| Average selling price (US$/boe) | 29.87 | 23.38 | 20.62 | 18.59 | 18.68 |

n.a. Not applicable

## 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.

For subscription information, contact
**TRIS Rating Co., Ltd., Office of the President, Tel: 0-2231-3011 ext 500**
Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10550, Thailand, www.trisrating.com