TRIS RATING

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News for Investors

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Charoen Pokphand Foods Public Company Limited

Company Rating:	A+
Issue Ratings:	
CPF097A: Bt1,200 million senior debentures due 2009	A+
CPF09NA: Bt3,500 million senior debentures due 2009	A+
CPF106A: Bt2,000 million senior debentures due 2010	A+
CPF10OA: Bt3,500 million senior debentures due 2010	A+
CPF117A: Bt3,800 million senior debentures due 2011	A+
CPF118A: Bt3,000 million senior debentures due 2011	A+
CPF12OA: Bt2,500 million senior debentures due 2012	A+
CPF138A: Bt3,000 million senior debentures due 2013	A+
Rating Outlook:	Stable

Rating History:	**Company Rating**	**Issue Rating**	
		Secured	**Unsecured**
22 Jun 2006	A+/Stable	-	A+
20 May 2005	A/Positive	-	A
12 Jul 2004	A/Stable	-	A
28 May 2004	A	-	A
1 Mar 2001	A+	-	A+

Rating Rationale

TRIS Rating affirms the ratings of Charoen Pokphand Foods PLC (CPF) and its existing debentures at "A+". The ratings reflect the company's leading position in Thailand's agribusiness industry, its product and market diversification, expanding overseas operations, and improving position in the packaged food industry. The ratings also take into consideration the company's low operating profit margins, volatile commodity prices, exposure to disease outbreaks, and the global economic slowdown.

CPF is the largest agribusiness company in Thailand and is the flagship agribusiness company of the CP Group in Thailand. As of April 2009, Charoen Pokphand Group Co., Ltd. (CPG) and related companies held 41% of the company's shares. The company's business is divided into two major categories, livestock and aquaculture, which account for approximately 73% and 27% of total sales, respectively. For each category, products include feed, breeding stock, live animals, meat, and branded food products. Fully-integrated operations help its products meet safety and traceability standards, which qualify the products for export to major importing countries, including the United States (US), Japan, and the countries of the European Union (EU).

To reduce the commoditized nature of its products and stabilize its cash flow, CPF continues to focus on building the CP brand and developing value-added products for both the domestic and export markets. In 2008, revenue from breeding stock, live animals, and raw meat contributed 43% of total sales, followed by animal feed (37%), and cooked meat and ready-to-eat products (20%). CPF aims to increase the 20% contribution from cooked and ready meal products to one-third of total sales within the next five years. In addition to diversifying the range of products, the company has operations in many countries. The most recent overseas operation, in Russia, is expected to start up in the second quarter of 2009. The contribution from overseas operations has increased from 8% of total sales in 2003 to 16% in 2008.

CPF's financial profile remains healthy. The total debt to capitalization ratio increased slightly from 50.04% in 2007 to 51.04% in 2008, but decreased to 49.48% in March 2009. Sales increased by 15.9%, from Bt134,809 million in 2007 to Bt156,238 million in 2008. CPF's Thailand operation benefited from a strong rebound in the price of domestic livestock in 2008, especially broilers and swine. Though facing high grain and energy costs, CPF reported a net profit of Bt3,128 million in 2008, more than double the profit of Bt1,275 million in 2007. The company's operating results grew continuously in the first three months of 2009. Sales grew 3% to Bt34,779 million from the same period of 2008, while net profit increased sharply by 71% to Bt771 million. The sharp decline in grain and energy costs in early 2009, better control of expenses, and the focus on value-added products should partially alleviate the pressure from a softer domestic broiler price and slowing global demand.

Rating Outlook

The "stable" outlook reflects the expectation that CPF will be able to maintain its leading position in the dynamic global food market. The decision to brand most products with the CP name is strategically important and should partially insulate the company from the cyclicality of prices for its basic products. CPF's diversified product and market along with the economies of scale are expected to help improve its credit protection and generate more stable profits in the medium term.

Key Rating Considerations

Strengths/Opportunities

- Leading position in Thailand's agri-business industry
- Product and market diversification
- Full vertical integration
- Focus on value-added products and overseas expansion
- Management's ability to respond to the changing business environment

Weaknesses/Threats

- Inherent volatility of commodity prices
- Exposure to outbreaks of diseases
- Stricter regulations imposed by importing countries
- Declining global economy

Corporate Overview

Founded in 1978, CPF is Thailand's largest agribusiness company and is generally considered to be the flagship agribusiness company of the CP Group. As of April 2009, CPG and related companies held 41% of CPF's shares. The company's business is divided into two categories, livestock and aquaculture, which accounted for 73% and 27% of total sales in 2008, respectively. Each segment is vertically integrated, spanning feed production, breeding, animal farming, meat processing, and branded food products.

CPF has a market share of more than 50% in the shrimp feed market and a market share of approximately 40% in the animal feed market in Thailand. Its fully-integrated chicken operations help its products meet international standards, qualifying the company to export to Europe and Japan.

CPF started to invest overseas in 2002. Revenue from overseas operations accounted for 16% of total sales in 2008, while domestic sales and export sales from its Thai operations were 68% and 16%, respectively.

In 2008, revenue from breeding stock, live animals, and raw meat (farm products) contributed 43% of total sales, followed by animal feed (37%), and cooked meat and ready-to-eat products (20%). The contribution from cooked meat and ready-to-eat products (food products) increased from 14% in 2004 to 20% in 2008.

Table 1: CPF's Revenue Breakdown

Revenue (Bt Million)	2004	2005	2006	2007	2008
Feed	33,243	39,214	46,260	48,988	57,040
Farm	45,516	55,932	54,623	58,547	68,023
Food	13,031	18,228	24,048	27,274	31,175
Total revenue	**91,790**	**113,374**	**124,931**	**134,809**	**156,238**
Proportion (%)					
Feed	36	35	37	36	37
Farm	50	49	44	44	43
Food	14	16	19	20	20
Total	**100**	**100**	**100**	**100**	**100**

Source: CPF

Recent Developments

- ***Activities in Russia to start in 2009***

The Russian operation, managed by Charoen Pokphand Foods (Overseas) LLC., encompasses an animal feedmill and livestock farming. The investments for the feedmill and farm were approximately US$40 million or Bt1,200-Bt1,400 million, with the animal feed capacity of 240,000 tonnes per year. The mill is expected to start operations in the second quarter of 2009, a slight delay from its previous schedule. The Russian market is sizable with great demand. If the feedmill performs well, the company will consider further investments in this country.

- ***Expand CP Fresh Mart network***

As CPF began to expand the range of its branded food products, the company created its own retail distribution channel, CP Fresh Mart. There are currently approximately 500 stores; the company plans to open 1,000 stores within three years. A strong self-owned distribution network would support growth in food product sales.

- ***Increase stake in India***

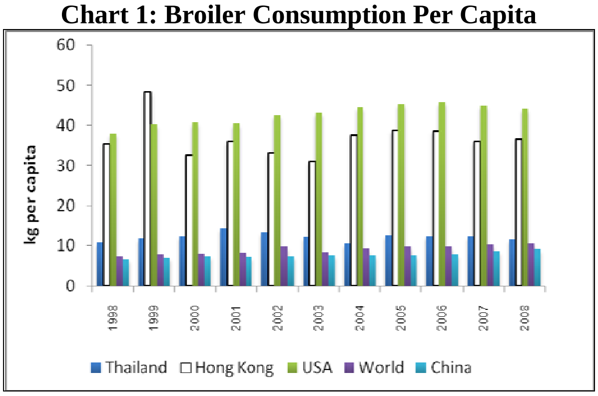
In May 2009, CPF acquired a 28.80% stake in Charoen Pokphand (India) Private Ltd. (CPI) from CPG and Perfect Companion Group Co., Ltd. The acquisition supports the efforts to expand CPF's overseas presence, giving CPF 100% ownership of CPI. The investment of Bt357.1 million will be settled by cash in the second quarter of 2009. CPI has shown strong performance over the past five years, with net profit margins of 8%-10%.

INDUSTRY ANALYSIS

Chicken Products:

Chicken products are a major source of meat protein. Developments in technology for farm management and for meat processing have lowered chicken production costs, making chicken one of the most affordable foods. The per capita consumption in Thailand, which was about 12 kilograms (kg.) in 2008, has been flat in recent years; affected by economic slowdown and increasing inflationary pressure.

Chart 1: Broiler Consumption Per Capita



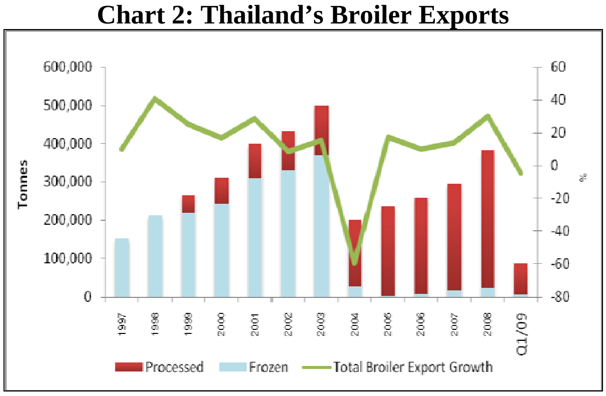
Source: United States Department of Agriculture

Global chicken meat production is dominated by three countries, US, Brazil and China, which account for more than half of the world production. Large chicken producers are generally vertically integrated, covering feed production, farming, and meat processing. As a result of economies of scale, large producers are more cost-competitive. The United States Department of Agriculture forecasted that global imports of broiler meat will drop in 2009 because of the deterioration of global economic conditions and more import restrictions from Russia, the world's biggest importer of broiler meat.

According to figures released by the Office of Agricultural Economics (OAE), there were 920.75 million chickens raised in Thailand in 2008, an increase of 4.6% from the previous year. Approximately 75% of broiler products are consumed domestically, with the rest exported to various countries, such as Japan and members of the EU. Thailand exported 383,234 tonnes of chicken products in 2008, a 30.03% increase from 2007. However, the total export volume during the first quarter of 2009 dropped marginally, by 4.53% from the same period of 2008, to 85,751 tonnes. Thailand's chicken meat exports in 2009 are expected to stagnate amid the global economic downturn. Over the long term, chicken exports to Japan are expected to increase, supported by the Japan-Thailand Economic Partner-ship Agreement (JTEPA), which was signed on 3 April 2007 and took effect in November 2007. The Agreement will reduce the Japanese import tariff from the current level of 6% to 3% in the sixth year of the treaty.

After the outbreak of bird flu in 2004, chicken products exported from Thailand were dominated by processed chicken parts. In 2008, more than 90% of chicken exports, or 359,998 tonnes, were processed. Frozen and fresh chicken meat exports equalled 23,236 tonnes.

Chart 2: Thailand's Broiler Exports



Source: Office of Agricultural Economics

Aquaculture:

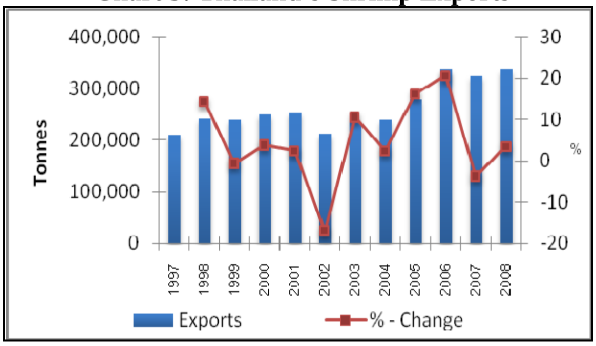
Shrimp: Shrimp products are the top export earner among all Thai fishery products; more than 70% of shrimp production is exported. In recent years, shrimp production has shifted away from black tiger shrimp to white shrimp or vannamei shrimp, because of the latter's higher survivability. Vannamei shrimp now accounts for 99% of total shrimp production.

The major export markets for Thai shrimp are the US, (50% of total shrimp export volume in 2008), followed by Japan (20%) and Canada (6%). The total export volume of shrimp from Thailand grew slowly, increasing by 3.48% in 2008 due partly to the appreciation of the Thai baht and the US economic slowdown.

Shrimp exported to the US from five countries (Thailand, China, Vietnam, India, and Brazil) are subject to anti-dumping (AD) duties. As of August 2008, Thailand's AD rate to the US was reduced from 5.95% to 3.18%. In addition, the US Customs and Border Protection (CBP) decided to end the requirements for Thailand shrimp exporters to submit continuous bonds (C-bond) to the US government on 1 April 2009. This action follows the World Trade Organization (WTO) rulings in favour of Thailand and India over the practices of the C-bond. The C-bond is a measure imposed by the CBP requiring importers to post 100% bank-guaranteed payments equal to the AD value of shrimp products imported from countries subject to AD duties.

Despite the more favourable trade condition described above, the deteriorating US economic conditions remain a major threat to the prospects of shrimp exports to the US in 2009. According to the US Department of Commerce, US imports of shrimp increased slightly, by 1.3% in 2008 to 564,240 tonnes. In the first quarter of 2009, the US imported 114,847 tonnes, a drop of 7.23% from the same period in 2008. Despite economic recession in the US, Thai shrimp exports in the first quarter of 2009 increased by 3.7%.

Chart 3: Thailand's Shrimp Exports



Source: Office of Agricultural Economics

BUSINESS ANALYSIS

CPF's strong business profile reflects its leading position in Thailand's agribusiness industry, its product and market diversification, and its fully integrated production process. The use of the CP brand for its packed food products should alleviate commodity price risks, while its overseas expansion will support geographical diversification.

- ***Flagship of CP Group***

CPF's major shareholder is CPG, one of the largest conglomerates in Thailand, which has interests in approximately 10 industries. CPF is regarded as the flagship agribusiness company of the CP Group in Thailand. Certain covenants of CPF's debentures require CPG and/or its related companies to hold at least 20% of CPF's shares, against current holding of 41%.

- ***Product and market diversification***

CPF's main products are animal feed, poultry, shrimp, swine, and branded food products. In 2008, Thai operations generated 84% of total revenue, with 29% from animal feed, 25% from poultry, 11% from shrimp, 11% from swine and 8% from other products. Overseas operations generated 16% of total sales. The proportion of CPF's revenue from animal feed from the Thai operations decreased from 37% in 2003 to 29% in 2008, as a result of increasing contributions made by other value-added products and overseas operations.

Table 2: CPF's Revenue Breakdown by Product

Unit: %

Product	2004	2005	2006	2007	2008
Sales (Bt mil.)	91,790	113,374	124,931	134,809	156,238
Sales growth	10	24	10	8	16
Thailand Operation					
- Animal feed	32	30	31	29	29
- Poultry	28	30	27	25	25
- Shrimp	8	11	11	12	11
- Swine	13	12	10	9	11
- Branded food products	-	-	5	6	6
- Others	4	4	4	3	2
Overseas operation	15	13	12	16	16
Total	**100**	**100**	**100**	**100**	**100**

Source: CPF

In addition to being vertically integrated, CPF has become geographically diverse. Revenue from export markets was 15%-20% of total sales during 2003-2008. Revenue from overseas operations doubled from 8% of total sales in 2003 to 16% of total sales in 2008. As a result, the company is now less reliant on the domestic economy.

Domestic sales, which accounted for 72% of total revenue in 2003, declined to 68% in 2008. Sales to the EU and Asia have become more important, accounting for 18.5% and 11.4% of total sales in 2008, respectively, while revenue from the US market dropped to 1.9%. The increased proportion of sales to the EU is largely the result of the resumption of GSP privileges from the EU and the company's chicken operations in Turkey.

Table 3: CPF's Revenue Breakdown by Market

Unit: %

Market	2004	2005	2006	2007	2008
Thailand operation					
- Domestic sales	70	68	70	66	68
- Export sales	15	19	18	18	16
Overseas operation	15	13	12	16	16
Total	**100**	**100**	**100**	**100**	**100**

Source: CPF

Table 4: CPF's Revenue Breakdown by Country

Unit: %

Country	2003	2004	2005	2006	2007	2008
Thailand	71.3	69.1	67.3	68.9	66.1	67.9
EU	9.2	19.2	18.3	16.9	20.2	18.5
Asia	10.3	7.1	9.3	11.0	11.2	11.4
USA	8.7	3.9	4.1	2.4	2.0	1.9
Others	0.5	0.7	1.0	0.8	0.5	0.3
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: CPF

- ***Fully integrated operations in both chicken and shrimp***

Except for grandparent breeder stock, CPF's chicken operations have reached full vertical integration. With its own feed production, animal breeding, in-house and contract farming, and meat processing plants, the company has an advantage in being able to control quality and cost in all production processes, and has the flexibility to adjust the product mix.

Since the company succeeded in developing its own white shrimp breeder, CPF's shrimp business is now fully integrated. The traceability of shrimp products will be a major competitive advantage in export markets, just as it is for chicken products.

CPF continues to be the leader in both the shrimp feed and animal feed markets in Thailand. The company's share of the shrimp feed market is greater than 50%, and its market share for animal feed is approximately 40%. Though pressured by high grain costs and government control of feed prices in early 2008, the profit margins in the feed businesses for the whole of 2008 held at the same level as the previous year, due to the subsequent lift in price controls. This indicates that revenue from feed products generally provides the company with relatively stable margins.

- ***Chicken operations continue to grow***

CPF dominates the Thai chicken industry with a market share of approximately 25%-30%. As the largest chicken producer, CPF benefits significantly from economies of scale. The company's implementation of evaporative cooling systems in its chicken farms provides more favorable weather conditions for raising chickens, thus reducing chicken mortality and increasing growth and reproduction rates.

In 2008, CPF's sales of chicken in the domestic market increased 27.72% to Bt15,079 million, due to a favorable domestic price. The average domestic price improved from Bt26.75/kg. in 2006 to Bt32.54/kg. in 2007, and to Bt37.04/kg. in 2008. The selling price slightly dropped in the first quarter of 2009 to Bt34/kg., due to an oversupply.

Chart 4: CPF's Chicken Meat Sales

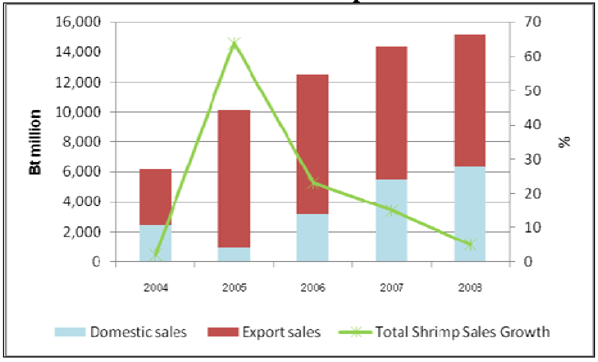
Source: CPF

CPF's share of the Thai chicken export volume declined from 28% in 2007 to 23% in 2008. Bans on imports of poultry from Thailand have been mainly imposed on frozen fresh poultry, while processed products can be exported to most major markets, including the EU and Japan. CPF's revenue from chicken exports to the EU grew by 4% in 2008, due partly to the tightening quota for processed chicken exports. If the compartmentalization practice in the broiler raising industry is accepted by the EU, the prospects for CPF's chicken exports will be brighter, especially for frozen fresh products.

- ***Domestic shrimp sales dramatically increased***

Since the third quarter of 2006, domestic shrimp prices have fallen continuously due to oversupply. CPF benefited from the lower prices by promoting consumption and thus raised domestic sales volumes. After focusing more on domestic sales, CPF's shrimp sales increased from Bt932 million in 2005 to Bt6,308 million in 2008.

Chart 5: CPF's Shrimp Meat Sales



Source: CPF

CPF's shrimp export sales increased sharply in 2005, rising by 152% after the introduction of white shrimp. Export sales held at approximately Bt9,000 million during 2005-2008. Shrimp export sales to the US decreased by 38% in 2006 and by 8% in 2007, due to the AD tariff and increased costs associated with the guaranteed bond. The decline continued in 2008. Sales to the US fell by 29% due to the world oversupply of shrimp and plunging prices. Sales to the EU market, however, increased by 76%, 66%, and 14% in 2006, 2007, and 2008, respectively, due to the resumption of GSP privileges.

- ***Move towards value-added products under the "CP" brand***

Pursuing a long-term strategy of focusing on value-enhanced products, CPF has partially insulated itself from the price fluctuations inherent in commodity-type products. CPF has adopted a one brand policy, with the "CP" brand to be used for all of its packaged products, both domestically and internationally. Revenue from branded food products accounted for 6% of total sales in 2008.

CPF's strategy to focus on processed products is prudent, as it is a response to changing consumer preferences. This enables the company to avoid competition in the commodity-like markets of frozen and fresh products, and allows the company to charge a premium for its branded products. Disease outbreaks have confirmed the benefits of its rigid farming standards and its focus on value-added products. The company has also penetrated the US consumer market via processed shrimp products, which are not subject to US AD policies.

In 2008, revenue from all cooked meat and ready-to-eat products accounted for 20% of total sales. CPF aims to increase the food products contribution to one-third of total sales in the next five years in order to reduce the commodity price risk.

- ***More expansion of overseas operations***

In addition to export markets, overseas operations partially mitigated revenue and margin volatility. In order to diversify sales, over the next three years, CPF plans to increase the contribution of revenue from its overseas operations from 16% in 2008 to 20%-25%. Future expansions will focus on its overseas operations in Russia, India, and the Philippines. The first step of its investment in each country will focus on the feed and breed businesses, which normally generate stable margins and have less price volatility.

FINANCIAL ANALYSIS

CPF's financial policy is moderately conservative. Its average debt to capitalization ratio of 43%-51% during the past five years is appropriate for the cyclical nature of agribusiness. The net profit margin is thin and volatile due to the commodity-type products.

- ***Leverage maintained at acceptable level***

CPF's total debt to capitalization ratio remained in the 43%-51% range over the past five years. As working capital needs grew to finance higher grain costs, the value of short-term loans increased from Bt21,925 million in 2006 to Bt23,635 million in 2008, thereby increasing the ratio from 48.51% in 2006 to 51.04% in 2008. As the company tried to balance its funding, the proportion of short-term loans decreased from 55% of total debt in 2007 to 50% in 2008, though short-term loans carry lower interest rates. The company should be able to maintain the debt to equity ratio at the target of one times or less in the medium term.

- ***Profitability recovered in 2008***

Total sales in 2008 were Bt156,238 million, up 15.90% from 2007, due mainly to higher product prices. The average gross profit margin during 1995-2001 was 15%. However, the average margin declined to approximately 12% during 2002-2004, mainly because of stricter regulations imposed in export markets and outbreaks of avian influenza. Disregarding the exceptionally strong rebound in 2005, the average gross margin in 2006-2008 rose slightly to 13%, due to better expense control. The ratio of selling and administration expenses to sales declined from 11.8% in 2007 to 10.9% in 2008.

The ratio of operating income before depreciation and amortization to sales increased from 3.84% in 2007 to 5.15% in 2008, as the company was able to efficiently manage its selling and administration expenses. The ratio grew to 6.75% for the first three months of 2009, due mainly to lower grain and energy costs and the improvement of aquaculture businesses both domestic and overseas.

Table 5: Highlight of CPF's Financial Performance

Unit: Bt million

	2003	2004	2005	2006	2007	2008
Sales	83,109	91,790	113,374	124,931	134,809	156,238
Gross profit	9,575	10,402	18,889	16,773	16,873	20,500
Gross margin (%)	11.5	11.3	16.7	13.4	12.5	13.1
Selling & admin.	7,754	9,201	12,167	14,510	15,890	17,019
EBIT	3,168	2,895	8,628	4,336	3,557	5,818
Interest	1,004	910	1,245	1,953	2,347	2,458
Net profit	2,242	1,237	6,747	2,510	1,275	3,128

Source: CPF

▪ ***Slightly improved cash flow protection***

The ratio of funds from operations to total debt improved from 10.59% in 2007 to 14.75% in 2008, due to stronger operating cash flow. The ratio is expected to be maintained in 2009, though facing a price decline in some products from slowing demand. The earnings before interest, tax, depreciation and amortization (EBITDA) interest coverage ratio improved from 3.30 times in 2007 to 4.22 times in 2008, but decreased to 3.88 times for the first three months of 2009.

▪ ***Capital expenditures of Bt4,000-Bt4,500 million per year during 2009-2011***

Due to the slowdown in the global economy, CPF has a policy to reduce their expenditures for 2009. Capital expenditures decreased from Bt8,015 million in 2004 to Bt5,258 million in 2008, because of the completion of chicken complex and a policy to use more outsourcing. The company plans to spend approximately Bt4,000-Bt4,500 million per year for capital expenditures during 2009-2011, mostly for overseas investments, especially in Russia. With EBITDA of approximately Bt8,000-Bt10,000 million per year during the next three years, CPF's capital expenditures should be financed by operating cash flow supplemented with new borrowing.

Financial Statistics and Key Financial Ratios*

Unit: Bt million

		-------------- Year Ended 31 December -------------				
	Jan-Mar 2009	2008	2007	2006	2005	2004
Sales	34,779	156,238	134,809	124,931	113,374	91,790
Gross interest expense	581	2,458	2,347	1,953	1,245	910
Net income from operations	744	3,046	1,007	2,016	5,673	1,504
Funds from operations (FFO)	1,886	7,002	4,689	5,803	8,738	3,022
Capital expenditures	782	5,258	6,500	8,377	7,667	8,015
Total assets	104,519	107,510	102,546	95,735	89,098	72,218
Total debt	44,597	47,482	44,278	40,218	33,090	30,954
Shareholders' equity	45,533	45,551	44,215	42,680	43,789	31,629
Operating income before depreciation and amortization as % of sales	6.75	5.15	3.84	4.81	8.75	4.14
Pretax return on permanent capital (%)	1.79 **	6.41	4.15	5.43	12.37	4.86
Earnings before interest, tax, depreciation and amortization (EBITDA) interest coverage (times)	3.88	4.22	3.30	4.13	9.50	6.04
FFO/total debt (%)	4.23 **	14.75	10.59	14.43	26.41	9.76
Total debt/capitalization (%)	49.48	51.04	50.04	48.51	43.04	49.46

* *Consolidated financial statements*
** *Non-annualized*

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 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.

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.

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