

(Translation)

Minutes of the 2006 Annual General Meeting of Shareholders

PTT PUBLIC COMPANY LIMITED

The meeting was held on 11 April 2006 at 10.00 at the Bangkok Convention Centre, 5th Floor, Central Plaza Department Store Building (Ladprao), Vibhavadee-Rangsit Road, Jatujak, Bangkok (the **Meeting**).

Before the Meeting began, two representatives from the Office of the Auditor General of Thailand (the **OAG**) were introduced to the Meeting, i.e. Mrs. Naengnoi Karnchanphob and Mrs. Nuntima Prasarnthong. PTT presented a video detailing the safety measures for using the equipment in the conference room.

Preliminary Proceedings:

667 shareholders were present in person and another 877 shareholders attended the Meeting by proxy, making a total of 1,544 shareholders present at the Meeting with a total of 1,971,876,215 shares. This is equal to 70.49% and is more than one-third of the total 2,797,245,725 issued and outstanding shares in PTT. A quorum was therefore established in accordance with the Articles of Association.

As Chairman of the PTT Board, Mr. Cherdpong Siriwit presided as chairman of the Meeting (the **Chairman**). After declaring the Meeting open, the Chairman introduced the Board and the executive officers of PTT as follows

Directors present:

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| 1. | Mr. Cherdpong Siriwit | Chairman of the Board of Directors |
| 2. | Mr. Phadhadej Dhamcharee | Independent Director and Member of the Audit Committee |
| 3. | Mr. Olarn Chaipravat | Director and Chairman of the Audit Committee |
| 4. | General Chaisuk Ketudat | Independent Director and Chairman of the Good Corporate Governance Committee |
| 5. | Mr. Suchart Thada-Thamrongvech | Independent Director and Member of the Audit Committee |
| 6. | Mr. Prapun Naigowit | Independent Director, Member of the Audit Committee and Member of the Good Corporate Governance Committee |
| 7. | Mr. Metta Banturngsuk | Director |
| 8. | Mr. Prasert Bunsumpun | President |

Executive officers present:

- | | | |
|----|--------------------------------|---|
| 1. | Mr. Pichai Chunhavajira | Senior Executive Vice President, Corporate Finance and Accounting |
| 2. | Mr. Anon Sirisaengtaksin | Senior Executive Vice President, Corporate Support |
| 3. | Mr. Chitrapongse Kwangsukstith | Senior Executive Vice President, Gas Business Group |
| 4. | Mr. Prajya Phinyawat | Senior Executive Vice President, Petrochemicals and Refining Business Group |
| 5. | Mr. Chaivat Churitti | Senior Executive Vice President, Oil Business Group |

The Chairman delivered an opening speech to the Meeting that this was the fifth annual general meeting of PTT shareholders since PTT first became present on the stock exchange on 6 December 2001. The Chairman welcomed and thanked all the shareholders present for their confidence in PTT's commitment to becoming a fully integrated power business based on principles of good corporate governance, with an emphasis on improving efficient performance and competitiveness for the paramount benefit of all

concerned and interested parties. Before the Meeting began to consider the agenda, the Chairman explained the voting procedures:

- After considering each matter on the agenda, the shareholders would vote for or against or abstain by marking the ballot cards distributed at the registration desk. The total number of votes by each shareholder must equal the number of shares held by that shareholder.
- Only votes against and abstentions would be counted. The total number of votes against and abstentions would then be deducted from the total number of votes cast by the shareholders present at the Meeting. The balance would be treated as the number of affirmative votes in favour of the relevant matter. The shareholders wishing to vote against or to abstain from voting must show their hands to enable the scrutineers to collect their ballot cards, so that the votes would be recorded and announced.
- The Chairman introduced two legal advisors to PTT: Mr. Arkrapol Pichedvanichok and Ms. Manunya Thitinuntawan, who participated in the Meeting as observers. In the event of inconsistency on the vote count, they would investigate the error.
- Before adopting a resolution regarding each item, the shareholders would have an opportunity to ask questions, express opinions and make suggestions in an appropriate manner. Any shareholder wishing to ask a question should first introduce themselves to the Meeting.

Accordingly, the Chairman declared the Meeting to be duly convened and ready to consider the 13 items on the agenda as follows.

1. To consider and endorse the minutes of the Extraordinary General Meeting of Shareholders No. 1/2005, held on 10 August 2005

The Chairman stated that PTT had distributed the minutes of the Extraordinary General Meeting of Shareholders No. 1/2005, held on 10 August 2005 (the **1/2005 EGM**), to all shareholders, together with the convening notice for this Meeting. Therefore, the Chairman proposed that the Meeting consider and endorse those minutes.

**Shareholder:
(Mr. Pramote
Libratanasakun)**

I would like to ask about the disposal of its interest in Medco Energy by PTTEP (PTT Exploration and Production Public Company Limited):

1. What was the reason for the disposal? (According to PTT, PTTEP's equity in Medco Energy was disposed of because of the loss incurred on foreign exchange.)
2. After that disposal, what was PTTEP's investment plan? (As shown [in the minutes of the 1/2005 EGM], PTTEP would invest directly in other companies' assets.)

**Mr. Chitrapongse
Kwangstith,
Senior Executive Vice
President, Gas Business
Group:**

I would like to explain as follows:

1. This was done because PTTEP incurred losses on foreign exchange in respect of book value. In comparing the investment funds used to acquire shares in New Links (a shareholder of Medco) with the returns on the disposal of the interest in Medco, plus interim dividends received, PTT earned a satisfactory profit on those returns.

2. PTTEP disposed of its 40% stake in New Links with a view to directly acquiring the assets owned by Medco. As part of its new policy, PTTEP co-invested with Medco with the aim of seeking a new source of assets. In summary, PTTEP ceased to hold a stake in New Links (a shareholder of Medco) and opted to directly acquire a stake in various sources of concession as agreed with Medco.

Resolution: The Meeting resolved to endorse the minutes of the 1/2005 EGM, held on 10 August 2005, as detailed in the following table of votes:

Votes	Number of votes (One share one vote)	Percentage of voting rights exercised by the shareholders present (%)
1. For	1,974,269,452	98.9582785
2. Against	21,440	0.0010747
3. Abstention	20,761,450	1.0406469

2. **To consider and endorse the operating results for the financial year ended 2005 and to consider and approve the balance sheet and profit and loss account for the financial year ended 31 December 2005**

The Chairman stated that PTT had distributed the 2005 Annual Report to all shareholders for information. Now, it was time to present the Meeting with a summary of PTT's operating results over the year 2005 by video presentation. After the video presentation was completed, the Chairman would ask the President to summarise the additional key information relating to PTT's performance over the previous year. Finally, the shareholders would have an opportunity to ask questions.

The video on the summary of PTT's performance over 2005 was presented at the Meeting, as detailed in the attachments to these minutes.

President:

I would like to provide the Meeting with additional explanation relating to PTT's performance:

- PTT's performance over 2005 against 2004 can be summarised as follows: PTT and its subsidiaries had income of Baht 929.716 billion, an increase of 44%. EBITDA amounted to Baht 114.045 billion, an increase of 44%. Net profit was Baht 85.521 billion, an increase of 36%. 39% of the net profit derived from the performance of PTT itself. The other 61% was attributable to other companies in the PTT group: 18% from PTTEP, 18% from RRC (Rayong Refinery Company Limited, in which PTT recently acquired a 100% stake according to the debt restructuring plan and as part of its usual operations) and 25% from the petrochemical and refining businesses.
- PTT's balance sheet for the financial year ended 2005 can be summarised as follows: PTT and its subsidiaries had total assets of Baht 649.807 billion, an increase of 33%, equal to Baht 162.581 billion, from 2004. Total liabilities were Baht 371.374 billion and shareholders' equity was Baht 278.433 billion.

the prospectus on the initial public offering of PTT shares indicated that the new gas pipeline company would be established if any of the following events occurred: (i) the government resolved to re-structure the overall energy business, (ii) an Act on undertaking energy business was promulgated, (iii) the electric power supply cables were separated and a new power generating plant was specifically formed and then listed on the Stock Exchange of Thailand, or (iv) a pooled market of electric power was established and controlled by an independent agency. To date, none of the above events has occurred. The Cabinet's resolution on this matter has been amended many times. Finally, the administrative court ruled that EGAT's original status should be re-instated. The EGAT case was different from the privatisation of PTT. PTT was privatised and initially offered its shares to the public four years ago. Ever since, the shareholders have been treated well. PTT's performance has been recognised by various local and international organisations. Its operations have generated significant income and satisfactory returns to the shareholders, i.e. the MOF and other retail shareholders. Over the past five years, PTT has remitted taxes and dividends to the government for a total of Baht 140 billion. Therefore, I would like to ask all of you to represent PTT in disseminating accurate information to the public. Irrespective of whether the natural gas pipeline unit is to be separated from PTT, the shareholders or consumers will not suffer any adverse impact as there have been no adjustments to the cost of the pipeline since the privatisation of PTT.

**Shareholder:
(Mr. Sermkiat
Bumrungpruek)**

Sub-clause 2.1 '*Basis of preparation*' on page 125 of the Annual Report states that PTT began to prepare the consolidated financial statements by combining the financial statements of its subsidiaries: PTT Polymer Marketing Company Limited, PTT Phenol Company Limited, PTT Utilities Company Limited and PTT Chemical Company Limited. Sub-clause 2.2 '*Investments in subsidiaries*' of the Annual Report states that the investments in subsidiaries were recorded by the equity method in the separate financial statements. I would like your confirmation that those financial statements were correctly prepared according to accounting standards and were up-to-date.

**Khun Pichai Chuhavajira:
(Senior Executive Vice
President, Corporate
Finance and Accounting)**

Basically, the consolidated financial statements combine the financial statements of PTT and any affiliates in which PTT owns more than 50% of the shares and controls the company. From page 125 of the Annual Report, it is clear that the financial statements of the subsidiaries you mentioned have been incorporated into the audited consolidated financial statements. Those include the balance sheet, profit and loss statement and statement of cash flow. The balance sheet includes all transactions of assets and liabilities. The profit and loss statement includes all income transactions, except for connected transactions. For any affiliate in which PTT holds less than 50% of the shares without a power of control, e.g. SPRC (Star Petroleum Refining Company Limited), PTT does not combine that affiliate's financial statements with the consolidated financial statements. However, in principle, it is obligatory to record the required transactions by the equity method as follows: The balance sheet of that affiliate would not be incorporated into the consolidated financial statements and only the bottom line of its profit and loss statement would be added to the consolidated financial statements. That is part of generally accepted accounting principles applied by public limited companies and listed companies, locally and internationally.

the existing reserve is equal to 10% of PTT's registered capital as required by law, as detailed in the following table of votes:

Votes	Number of votes (One share one vote)	Percentage of voting rights exercised by the shareholders present (%)
1. For	2,434,661,456	99.5636095
2. Against	-	-
3. Abstentions	10,671,200	0.4363905

4. To consider the appointment of new directors in place of those retiring by rotation

Chairman:

I would like the President to explain the appointment of new directors to the Meeting.

President:

- As specified in PTT's articles of association, one third of the directors, or the nearest number, must retire from office by rotation at each annual general meeting of shareholders. This year, there are five directors whose term ends by rotation: Gen. Chaisuk Ketudat, Mr. Olarn Chaipravat, Mr. Prapun Naigowit, Mr. Prasert Bunsumpun and Mr. Pala Sukvej. Mr. Pala Sukvej resigned from PTT following his retirement at age 65 on 22 September 2005. Clause 32, Chapter 4 of the articles of association provides that the Board must consist of at least five directors but not more than 15 directors. All of them must be appointed by the general meeting of shareholders.
- The Nominating Committee consists of Mr. Suparut Kawatkul as the Chairman and Mr. Chakramon Phasukavanich and Mr. Ampon Kittiampon. The Nominating Committee has selected and nominated five qualified persons with valuable knowledge, expertise, competence and suitability to take their seats on the Board. The Board has approved the qualifications of these nominees. The five nominees are:
 1. Mr. Olarn Chaipravat Retiring director who has been re-nominated
 2. Mr. Prapun Naigowit Retiring director who has been re-nominated
 3. Mr. Prasert Bunsumpun Retiring director who has been re-nominated
 4. Gen. Somdhat Attanand Former Commander-in-Chief and Former Supreme Commander (New nominee)
 5. M.L. Panasarn Hasdin Former Deputy Secretary-General to the Prime Minister for Administrative Affairs and Former Deputy Permanent Secretary, the Prime Minister's Office (New nominee)

The nominees' profiles were attached to the convening notice for this Meeting. I would like the Meeting to consider the nominees' profiles and vote now. Could the shareholders please vote on each nominee in the specified order. When the Meeting votes, all three retiring directors who have been re-nominated must temporarily leave the Meeting.

5.	M.L. Panasarn Hasdin	2,372,383,514	99.5862163	748,800	0.0314326	9,108,525	0.3823511
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5. To consider and approve the determination of the directors' remuneration for 2005

Chairman: I would like the President to explain the matter to the Meeting.

President:

- This year, the Board received advice on the directors' remuneration from the Remuneration Committee, which consists of Mr. Somchai Wongsawat as the Chairman and Mr. Pisanu Suntharaks and Mrs. Pannee Sathavarodom as the members of the Remuneration Committee. The Board determined the directors' remuneration by comparing PTT with other listed companies in a similar industry or of the same size as PTT, to ensure that the remuneration reflects the roles and responsibilities of the directors. Finally, the directors' remuneration for 2006 was determined as follows:

1. Meeting allowances (which remain the same as those approved in 2005)

1.1 Meeting allowances for the PTT Board

- Monthly allowance Baht 30,000 per month
- Meeting allowance Baht 20,000 per meeting (payable to those present at each meeting)

1.2 Meeting allowances for PTT's committees

1.2.1 Audit Committee

- Monthly allowance Baht 15,000 per month
- Meeting allowance Baht 15,000 per meeting (payable to those present at each meeting) The secretary is entitled to a monthly meeting allowance of Baht 7,500.

1.2.2 Other committees: Nominating Committee, Remuneration Committee and Corporate Governance Committee

- Meeting allowance Baht 24,000 per meeting (payable to those present at each meeting)

1.2.3 The remuneration payable to the chairman of the Board and the chairman of each committee will be 25% greater than that payable to other directors and committee members.

2. Bonus for PTT's Board in 2006

- The bonus is equal to 0.05% of the annual net profit. That amount reflects and is linked to PTT's operating results or the net profit. However, each director is entitled to a maximum bonus of Baht 2 million for the entire year. Payment is calculated in proportion to how long each director has been in office. The sum payable to the chairman of the Board will be 25% greater than that payable to

other directors.

- Accordingly, I would like the Meeting to consider approving the proposed directors' remuneration.

Resolution: The Meeting resolved to approve the directors' remuneration for 2006, as detailed in the following table of votes:

Votes	Number of votes (One share one vote)	Percentage of voting rights exercised by the shareholders present (%)
1. For	2,395,457,073	99.2237549
2. Against	784,636	0.0325009
3. Abstentions	17,995,450	0.7437441

6. To consider appointing the auditor and determining the auditing fee for 2006

Chairman: I would like the President to explain this matter to the Meeting.

- President:**
- As specified in section 120 of the Public Limited Companies Act B.E. 2535 (1992), the annual general meeting of shareholders must appoint an auditor and determine the auditing fee every year. The existing auditor is eligible for re-appointment.
 - As specified in sub-clause 12.4, Chapter 4 of PTT's work regulations concerning practical guidelines for the Board's performance B.E. 2544 (2001), the Audit Committee must select and nominate the auditor and determine the auditing fee.
 - As specified in the Act supporting the Constitution regarding Auditing B.E. 2542 (1999), the Office of the Auditor-General (the OAG) must be appointed as the auditor of all government agencies, including state enterprises.
 - The OAG has been consistently appointed as PTT's auditor both when PTT was a state enterprise called the Petroleum Authority of Thailand and then when it was privatised and converted into a public limited company called PTT Public Company Limited. The 2005 annual general meeting of shareholders resolved to approve the auditing fee of Baht 1.8 million, exclusive of other related expenses, paid to the AOG.
 - For 2006, the AOG proposed the same auditing fee, i.e. Baht 1.8 million. The Audit Committee, which consists of Mr. Olarn Chaipravat as the chairman and Mr. Prapun Naigowit, Mr. Phadhadej Dhamcharee and Mr. Suchart Thada-Thamrongvech as the members of the Audit Committee, approved the proposed amount and recommended that the Meeting support its approval.
 - Accordingly, I would like the Meeting to consider and approve the appointment of the AOG as PTT's auditor for the financial year ended 31 December 2006 by fixing the auditing fee at Baht 1.8 million, exclusive of other related expenses.

Resolution: The Meeting resolved to approve the auditors' appointment and remuneration for 2006, as detailed in the following table of votes:

Votes	Number of votes (One share one vote)	Percentage of voting rights exercised by the shareholders present (%)
1. For	2,416,142,058	99.3351535
2. Against	10,500	0.0004317
3. Abstentions	16,160,650	0.6644148

7. To consider and approve the 5-year financing scheme (2006-2010)

Chairman: I would like the President to explain the matter to the Meeting.

- President:**
- The total amount of projected investment for the 2006-2010 investment plan is Baht 238.794 billion (The projected amount for the 2005-2009 investment plan is Baht 181.830 billion. In 2005, PTT invested Baht 71.085 billion.)
 - 73% of the investment will be injected into natural gas exploration and production.
 - Large-scale projects, which require significant financing, are:
 - 1) Gas pipeline III;
 - 2) Sai-noi to North/South Metropolitan power plant gas pipeline;
 - 3) Renovation of gas separation plants II and III;
 - 4) Wang Noi to Kaeng Koi gas pipeline;
 - 5) Gas separation plant, unit 6; and
 - 6) Construction of NGV gas stations.
 - At the end of 2005, PTT had total outstanding loans of Baht 155.094 billion. That amount comprises the local loans of Baht 113.4 billion (73%) and foreign loans of Baht 41.694 billion (27%).
 - The average lending interest rate is 6%.
 - The average term of the loans is 8 years.
 - The total debt repayments for 2006-2010 will be Baht 51.011 billion.
 - Despite the projected investment plans and debt repayments described above, and an additional loan of Baht 50 billion, PTT still has a strong capital structure.
 - The debt:equity ratio is likely to drop in the future. For instance, the ratio of long-term debt to equity will decrease from 0.67:1 in 2005 to 0.20:1 in 2010. That is a satisfactorily low level.
 - Accordingly, I would like the Meeting to consider and approve PTT's 5-year financing scheme of Baht 50 billion.

Resolution: The Meeting resolved to approve PTT's 5-year financing scheme of Baht 50 billion, as detailed in the following table of votes:

Votes	Number of votes (One share one vote)	Percentage of voting rights exercised by the shareholders present (%)
1. For	2,379,679,780	99.2033315
2. Against	-	0.0000000
3. Abstentions	19,110,405	0.7966685

8. To consider and approve the issue and offering of the 20 million PTT-W2 warrants under the ESOP

Chairman: I would like the President to explain the matter to the Meeting.

- President:**
- The 2005 Annual General Meeting of Shareholders, held on 12 April 2005 (the **2005 AGM**), adopted various resolutions, including the following:
 - The 2005 AGM acknowledged the issue and offering of 60 million warrants to the President, executives and employees of PTT, including employees of PTT's affiliates who are working as permanent officers of PTT (the ESOP). The offering is divided into two tranches as follows:
 - * 40 million PTT-W1 warrants in 2005.
 - * 20 million PTT-W2 warrants in 2006.
 - The 2005 AGM approved the issue and offering of the 40 million PTT-W1 warrants, and other related matters.
 - The 40 million PTT-W1 warrants were issued and offered on 1 September 2005. The 20 million PTT-W2 warrants will be offered in 2006.
 - Over the past four years, PTT has performed well with a satisfactory annual increase in sales revenue and net profit. As the shareholders are aware, the net profit per share has risen correspondingly.
 - In addition to its successful operating results, PTT has also been widely recognised as a reputable organisation by various credit rating agencies. TRIS, the sole agency designated by the Stock Exchange of Thailand (the SET), assigned a rating of 'excellent' for PTT's corporate governance. Consequently, in consideration of the contribution by the executives and employees to PTT's success, the Board meeting which was held on 23 February 2006 resolved as follows:
 - To approve the issue and offering of the 20 million PTT-W2 warrants to the President, executives and employees of PTT, including employees of PTT's affiliates who are working as permanent officers of PTT.
 - - To approve the increase in PTT's registered capital of Baht 200 million from its existing registered capital of Baht 28,372,457,250

- Certificate II is exercisable on and from the date falling two years after the issuing date of the warrants.
 - Certificate III is exercisable on and from the date falling three years after the issuing date of the warrants.
 - Certificate IV is exercisable on and from the date falling four years after the issuing date of the warrants.
- The exercise price is calculated on the basis of the average closing price of PTT shares in the four months before the date of this Meeting, less the approved amount of dividend per share, paid in one sum. The exercise price must be an integer.
- | | | |
|---|------|--------|
| • Average price of PTT shares
(13 December 2005-10 April 2006) | Baht | 242.78 |
| <u>Less</u> Dividend | Baht | 9.25 |
| Result of calculation | Baht | 233.53 |
| Exercise price | Baht | 234.00 |
- The price dilution and control dilution from this scheme is approximately 0.71%.
 - This scheme requires the supporting votes of three-quarters or more of the total votes cast by the shareholders present and eligible to vote. However, no more than 10% of the total votes of shareholders present and eligible to vote may be against the scheme.

Chairman:

Accordingly, I would like the Meeting to consider the following:

- To approve the issue and offering of the 20 million PTT-W2 warrants to the President, executives and employees of PTT, including employees of PTT's affiliates who are working as permanent officers of PTT.
- To approve (i) the increase in PTT's registered capital of Baht 200 million by issuing 20 million new ordinary shares at a par value of Baht 10 each, making the new registered capital Baht 28,572,457,250, comprising 2,857,245,725 shares, and (ii) the amendment to clause 4 of the memorandum of association to reflect the capital increase.
- To approve the issue of 20 million ordinary shares at a par value of Baht 10 each in reserve for the exercise of the 20 million PTT-W2 warrants.
- To approve the appointment of the President or the President's designee with the power to determine the terms, conditions and details relating to the offering of the PTT-W2 warrants and to take any action or do any thing necessary for applying for official and regulatory permission to offer the PTT-W2 warrants.

Resolution:

The Meeting resolved that PTT could take all proposed action, as detailed in the following table of votes:

Votes	Number of votes (One share one vote)	Percentage of voting rights exercised by the shareholders present (%)
1. For	2,408,624,242	99.1585368

1. For	2,410,581,970	99.2392145
2. Against	1,587,400	0.0653503
3. Abstentions	16,892,550	0.6954351

Shareholder:
(Mr. Sanan Plungprayoon)

Regarding the projection of PTT's performance in 2006, can you please assure us that the actual results will not be worse than in the previous year?

President:

PTT is not in a position to provide precise confirmation of this matter. That would be a breach of the SEC regulations. However, taking into account PTT's operating results for the first quarter of the year (January-March 2006), coupled with the current market price of oil, refinery costs, the margin between the price of petroleum products and the price of feedstock and other factors, PTT believes that its operating results this year will be comparable to the previous year's with no significant change. No difficulties are expected to arise from any transactions contemplated in the business plan.

I would like to take this opportunity to explain PTT's plan to procure substitute sources of energy. PTT is focusing on using natural gas as alternative energy in the transport industry. In addition to constructing additional gas stations, PTT is overhauling the engines of taxis, transport trucks and buses which participate in PTT's programme to make them compatible with natural gas propulsion. The engine overhaul programme is expected to reduce the cost of fuel to consumers. That means the price of fuel will fall from Baht 28 per litre to only Baht 10 per litre. All parties will benefit. Furthermore, the reduction in air pollution will be an indirect consequence of the programme. PTT will also be able to directly enhance the potential of natural gas for public use.

Concerning bio-fuels, the government is now coming forward to improve the new sources of fuel: gasohol and bio-diesel. Gasohol originates partly from natural plants and is produced as a substitute for benzene, while bio-diesel is an alternative for diesel. The current supplies of both gasohol and bio-diesel are each 10% of the demand for benzene and diesel in the market. However, we must be aware that Thailand still needs a lot of imported oil. Therefore, the most important thing we can do is to save energy in any manner we can.

I note the shareholder's concern about PTT's preparedness to handle any contingencies which may arise relating to the collapsed privatisation of EGAT due to the Supreme Administrative Court's ruling. I would like to clarify now that PTT has prepared for those contingencies by seeking advice from various advisers and consultants. PTT believes that it is on the right track in creating great benefit for the State, the public and society overall. PTT also assures you that it will carefully maintain and protect the interests of all shareholders and the public. As PTT is the property of the shareholders, the shareholders can exercise their rights according to applicable laws and rules. I reiterate that PTT has over 20,000 direct shareholders. Another 10 million shareholders indirectly hold shares in PTT through numerous mutual funds. Thais hold 80% of the shares in PTT. Therefore, PTT is State property that we must all preserve. PTT's strengths bring benefits to all parties in society. For instance, the reasonable price of PTT's products is favourable to consumers and the large amount of returns in the form of tax payments is favourable to the government. PTT has also

committed itself to always operating under principles of good corporate governance.

**Shareholder:
(Acting Second Lieutenant
Nakorn Saengnin)**

As a shareholder I wish to express my gratitude to the Board, and all executives and employees of PTT for their dedication, which has led to PTT's success. However, there are certain concerns that the non-governmental organisation for consumer protection may use to attack PTT:

1. The prospectus on the initial public offering of PTT shares published in 2001 stated that the gas pipeline business would be separated and formed as a new company within one year after 2001. Apparently, PTT later declared that the establishment of that gas pipeline company will be completed in 2006. I note that the project is overdue. Do you think this may attract the public's attention?
2. I wonder whether there is any conflict of interests in the appointment of Mr. Somchai Wongsawat as a PTT director.

In any event, I greatly appreciate what PTT has done in the past year and am willing to take part in contributing to PTT's future growth. So, let's have a round of applause, please, for the President and all directors, executives and employees of PTT.

Chairman:

I would like to further clarify the separation of the gas pipeline business, in addition to the explanation given by the President. Initially, PTT's policy was to establish a wholly owned gas pipeline company. That policy was typically linked to the structure of the State's electric power business. At that time, the government resolved to separate the EGAT's power supply cabling unit from the power producing unit by enhancing the emergence of various power producers in the market and forming a power pool to centralise the sale and purchase of electric power. The Cabinet later resolved otherwise. The new resolution was to privatise the EGAT and list it on the SET. As a result, no power pool has ever been formed. However, if PTT had established a gas pipeline company at that time, there would have been no adverse effects.

Concerning the appointment of Mr. Somchai Wongsawat as a PTT director, I wish to clarify that he was appointed to the Board while he was the permanent secretary for justice. Usually, a large organisation or company selects qualified individuals for its board, taking into account a wide range of expertise, e.g. finance, law, economics, business administration and engineering. I confirm that no conflict of interests arose from the appointment of Mr. Somchai Wongsawat as a PTT director.

President:

As recently explained, the delay in establishing the gas pipeline company resulted from a change in circumstances. The prospectus for the PTT initial public offering states that the establishment of a separate gas pipeline company may create risks and the shareholders must waive their right of action against PTT relating to those risks. However, the delay in establishing that company has led to the threat of legal action by the shareholders against PTT. In fact, the non-existence of a gas pipeline company does not adversely affect anyone. Therefore, it does not make sense for the shareholders to claim damages by alleging deception on the part of PTT. As for the assertion that PTT failed to accomplish a specified undertaking, I have already explained the reason for that PTT's failure. PTT

