

**Minutes of the 2009 Annual General Shareholders' Meeting  
of Thai Airways International Public Company Limited  
Held on Wednesday, 22 April 2009  
At the Army Club, Makawan Rangsan Room  
Vibhavadi Rangsit Road, Bangkok**

**Shareholders Present:**

1. Ministry of Finance, holding 866,997,841 shares  
(represented by Mrs. Pankanitta Boonkrong, its proxy); and
2. 2,274 other shareholders, holding 500,286,724 shares;

representing a total of 2,275 shareholders, holding a combined total of 1,367,284,565 shares.

**The meeting commenced at 13.55 hrs.**

Mr. Chaikasem Nitisiri, Second Vice Chairman, Chairman of the Audit Committee, and Independent Director, acted as chairman of the meeting.

**Management Executives**

1. ACM Narongsak Sangapong, Executive Vice President, Corporate Secretariat Department; Acting President, and Secretary to the Board of Directors
2. Mr. Tummasak Chutiwong, Managing Director, Technical Department (Executive Vice President Level)
3. Mrs. Ngamnit Sombutpibool, Executive Vice President, Finance and Account Department
4. Flg. Off. Norahuch Ployyai, Executive Vice President, Operations Department
5. Mr. Pandit Chanapai, Executive Vice President, Commercial Department
6. Flt. Lt. Montree Jumrieng, Executive Vice President, Human Resources & General Management Department
7. Mr. Apichart Danaivan, Vice President, Risk Management and Insurance Department
8. Mr. Chokechai Panyayong, Vice President, Suvarnabhumi Project
9. Mrs. Suvakhon Nawongs, Vice President, Office of the Internal Audit
10. Mrs. Sunathee Isvasphornchai, Special Activities Advisor, Office of the President
11. Mr. Prakobkiat Ninnart, Special Activities Advisor, Office of the President
12. Sqn. Ldr. Pairat Pawskul, Vice President, Technical Support Department
13. Mr. Pridi Boonsue, Vice President, Alliance & Loyalty Management Department
14. Mrs. Chuda Thanabhumi, Special Activities Advisor, Office of the President
15. Mrs. Nareeluck Wimooktanon, Vice President VVIP/VIP Travel Planning and Coordination Department
16. Mr. Raj Tanta-Nanta, Vice President, Investor Relations Department
17. Mr. Pichait Riengvattanasuk, Vice President, Corporate Finance Department
18. Mr. Teeratat Pornpibul, Vice President, Corporate Planning Department
19. Mr. Thongchai Singhakul, Vice President, Financial Accounting Department
20. Mr. Teerapol Chotichanapibal, Vice President, Commercial Development & Support Department
21. Flt. Lt. Sopit Pokasoowan, Vice President, Information Technology Services Department
22. Mr. Danuj Bunnag, Vice President, Market Planning & Revenue Management Department
23. Mr. Sarinthorn Dhanabhuthi, Managing Director, Ground Support Equipment Services Department
24. Flt. Lt. Charatpong Burutrataphan, Vice President, General Administration Department
25. Flg. Off. Naruj Komalarajun, Vice President, Operations Support Department
26. Mrs. Bhinkham Rohitsathira, Vice President, In-Flight Service Department
27. Mr. Pichai Chunganuwad, Vice President, Sales and Distribution Department

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28. Mr. Smith Pirunsarn, Managing Director, Catering Department
29. Mr. Lek Klinvibul, Managing Director, Ground Customer Service Department
30. Mr. Pruet Boobhakam, Managing Director, Cargo & Mail Commercial Department
31. Mrs. Charita Leelayudth, Vice President, Management Accounting & Budget Department
32. Mr. Niruj Maneepun, Vice President, Legal Department, who was assigned to act as secretary to this meeting

**Mr. Chaikasem Nitisiri**, the Chairman, stated that this 2009 Annual General Shareholders' Meeting (the "2009 AGM") of Thai Airways International Public Company Limited was held today for the purpose of reporting on the Company's results of operations for the year 2008, which covered the period between 1 January and 31 December 2008. The Chairman, on behalf of the Company and the board of directors, thanked the shareholders for their attendance.

According to article 34 of the Company's Articles of Association, "at a shareholders meeting, there shall be not less than twenty-five (25) shareholders and proxies present, or not less than one-half (1/2) of the total number of shareholders and proxies holding in the aggregate, not less than one-third (1/3) of the total number of shares sold in the Company, to form a quorum". At this moment, a total of 1,767 shareholders are in attendance at the meeting, either themselves or by proxy. This accounts for 1,283,462,670 shares, or 75.55% of all shareholders. At present, the Company has a total of 108,588 (one hundred and eight thousand, five hundred and eighty-eight) shareholders, or a total of 1,698,900,950 (one billion, six hundred and ninety-eight million, nine hundred thousand, nine hundred fifty) shares. Thus, a quorum was formed. The Chairman declared the meeting open.

At today's meeting, 14 directors out of 15 have resigned and vacated their offices. Therefore, Mr. Chaikasem Nitisiri, Second Vice Chairman, Chairman of the Audit Committee, and Independent Director, who was the only director in office, acted as chairman of the meeting.

Before discussing the meeting agenda, the Chairman informed the meeting that according to the Company's Articles of Association relating to meetings, the meeting would be conducted in accordance with the agenda previously sent to shareholders. To do so, the meeting would have to vote or pass resolutions on certain agenda items. To familiarize shareholders with the procedures, the Chairman asked Mr. Niruj Maneepun, Vice President, Legal Department, who was assigned to act as secretary to this meeting, to explain the meeting procedures, voting and vote-counting methods for each agenda item to the shareholders.

**Mr. Monchai Rabruentaveesuk**, a shareholder and proxy of shareholders who are his family members, the Company's staff and many of the general public, mentioned that:

1. a wireless microphone should be used;
2. the meeting should be broadcasted outside the meeting room, so that the shareholders are able to follow the meeting while they are in the restrooms or canteen, as previously proposed and recorded on page 8 of the minutes of previous meeting; and
3. there were 5 front seat rows last year, but only 3 front seat rows this year.

**Mr. Chaikasem Nitisiri**, the Chairman, asked the meeting to listen to the meeting procedures. If any shareholder wished to express his/her opinion, he/she should also provide his/her name. However, at the moment, the meeting agenda was not yet introduced.

**Mr. Niruj Maneepun**, Vice President, Legal Department and secretary to the meeting, stated that to promote corporate governance in regard to shareholders' rights, at this 2009 AGM, the Company allowed shareholders to submit matters as agenda items for the meeting, as well as to nominate qualified candidates as the Company's directors, in advance of the 2009 AGM, subject, however, to the rules and procedures posted on the Company's website at <http://www.thaiairways.com>. At this 2009 AGM, there are altogether nine (9) meeting agenda items, according to the details in the Invitation to the 2009 AGM, already distributed to all shareholders.

(Translation)

Meeting regulations:

According to article 36 of the Company's Articles of Association, "a chairman of a meeting shall conduct the meeting in accordance with the Company's Articles of Association relating to meetings, and shall cause the meeting to be conducted in accordance with the order of the agenda as stated in an invitation to the meeting, unless the meeting resolves to change the order of the agenda by securing the votes of at least two-thirds (2/3) of the number of shareholders present at the meeting."

Expression of opinions:

Any person wishing to express his/her opinion at the meeting must raise his/her hand. When permission is granted by the chairman, he/she must walk to a designated location and declare his/her name and last name, as well as his/her status as a shareholder or a proxy, and then express his/her opinion with respect to the subject matter of the agenda item under consideration.

Voting:

If any shareholder or proxy would like to vote against, or abstain voting on any agenda item, the chairman will ask such shareholders or proxies to indicate their votes on a ballot.

Vote counting and announcement of voting results:

For each agenda item, only the votes of shareholders who vote against it, or who abstained from voting, will be counted. The votes cast in disagreement or abstentions will be deducted from the total votes of the shareholders in attendance at the meeting. The remaining votes will be considered as affirmative votes for such agenda item.

Invalid votes:

Votes will be invalid:

- if the votes cast in the ballots do not correspond to an agenda item proposed for voting;
- if shareholders mark nothing in the voting space before submitting their ballots to an officer for vote counting;
- if the ballots are so damaged that the voters' intention could not be determined; or
- if the Company finds out later that a proxy failed to vote according to the shareholder's intention.

The secretary will ask three (3) volunteer shareholders to join the vote-counting committee, and ask the representatives of the Office of the Auditor General, as the Company's auditor, to inspect the voting process. The three (3) shareholders in the vote-counting committee will be asked to vote on every agenda item proposed for voting. The Chairman then invited the three (3) volunteer shareholders to present themselves.

The representatives of the Office of the Auditor General, as the Company's auditor, who were in charge of inspecting the voting process:

1. Mrs. Yupin Chalanonniwat
2. Mrs. Ruthaichanok Sitthipan

The volunteer shareholders who were vote-counting committee members:

1. Mr. Surachet Charoongthanakit
2. Mrs. Praromp Chatametheewong
3. Mr. Pongsarit Rodruangdej

**Agenda 1 Report from the Chairman**

**Mr. Chaikasem Nitisiri**, the Chairman, informed the meeting that according to article 17 of the Company's Articles of Association, "at every annual general meeting, at least one-third (1/3) of the total number of directors must retire ..." There were five (5) directors who retired at this 2009 AGM on 22 April 2009, namely:

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1. Mr. Surachai Tansitpong
2. Mr. Wisudhi Srisuphan
3. Flg. Off. Apinan Sumanaseni (who resigned on 5 January 2009, and no one was appointed in his place)
4. Gen. Vudhichai Sriratanavudhi (who reached the retirement age of 65 on 27 March 2009)
5. ADM Decha Yoo-prot

The following 8 directors resigned before the expiry of their terms of office, effective as from 21 April 2009:

1. Mr. Suparut Kawatkul
2. Mr. Chulasingh Vasantasingh
3. Mr. Pichai Chunhavajira
4. Mr. Vichit Suraphongchai
5. Mr. Visit Limprana
6. ACM. Sukumpol Suwanatat
7. Mr. Vikrom Koompirochana
8. Mr. Amornsuk Noparumpa

Mr. Rangsang Saengsook also reached the retirement age of 65 on 1 April 2009. Therefore, Mr. Chaikasem Nitisiri was the only director at this meeting.

**The meeting** acknowledged the foregoing.

**Mr. Wisudhi Sahachardmanop**, a shareholder, informed the meeting that he had evidence and information to present to small shareholders, and then proposed that the meeting change the order of the agenda by moving the last agenda item, regarding other business, to agenda item 2, before the approval of the minutes from the previous meeting, so that such information would be known to a large number of shareholders.

**Mr. Chaikasem Nitisiri**, the Chairman, explained that the shareholder had the right to raise such matter under the agenda relating to other business. According to article 36 of the Company's Articles of Association, a change in the order of the agenda must be approved by the votes of not less than two-thirds (2/3) of the number of shareholders in attendance at the meeting.

**Mr. Wisudhi Sahachardmanop**, a shareholder, asked that an officer be sent to receive the document relating to the complaint on the management's dishonesty, and that the Chairman also signed his name in acknowledgment of the receipt thereof.

**Pol. Col. Sermkiat Bumrungpruek**, a shareholder, inquired as follows:

1. the Chairman informed the meeting that due to the resignation of fourteen (14) directors, out of a total of fifteen (15) directors, there was only one director in office. Therefore, the Chairman was asked to examine section 83, coupled with section 75, to ensure whether he was allowed to hold a meeting, and whether a shareholders meeting could be held only for the purpose of appointing directors within one (1) month, as necessary;
2. whether the director resigned simultaneously or at different times, and whether the resignation was effective when notices thereof reached the Company; and
3. whether the notices of resignation stated the reasons for resignation.

**Mr. Chaikasem Nitisiri**, the Chairman explained as follows:

He already examined section 83 which provides that in the case where there were vacancies in the board of directors, thereby causing the number of the directors then in office to become less than the number required for a quorum, the remaining directors may act in the name of the board of directors only in matters relating to the calling of a shareholders meeting to elect directors to replace all the vacancies. The Chairman added that a resolution to hold this general meeting was duly passed

at a board meeting in which a quorum was formed. The resignation, which caused the number of directors to become less than the number, required for a quorum was effective on 21 April 2009. Therefore, this meeting was duly held. If any person was of the view that it was not duly held, he/she may exercise the right as deemed appropriate. As for the change in the sequence of the agenda, by moving the agenda relating to other business to agenda 2, the Chairman explained that he had to do so if it was proposed in accordance with the provisions in section 105, which correspond to the Company's Articles of Association as stated above, i.e. the sequence of the agenda may be changed only by a vote of not less than two-thirds (2/3) of the number of shareholders present at the meeting. Therefore, a resolution of the meeting was required for such change.

**Mr. Thong-in Saeng-ngam**, a shareholder, expressed his view as follows:

The meeting atmosphere seemed to be not constructive for shareholders and the organization. In the interests of all shareholders, everyone was asked to proceed with the meeting in a peaceful and creative manner. According to the Company's Articles of Association, the moving of the agenda relating to other business to agenda 2 was inappropriate. Besides, the shareholders may discuss the management under agenda 3, which concerned the results of the operations. The Chairman was asked to continue the meeting according to the agenda.

**Sqn. Ldr. Thanit Promsatit**, a shareholder, made a note as follows:

A large number of shareholders were present at the beginning of meetings, and merely learned about the benefits. Matters involving dishonestly were just introduced at the end of meetings when they had left. Shareholders should learn about how the dishonest staff who were nominated to the board had committed dishonest acts against the Company. At the time of voting, the Ministry of Finance would win because everyone had already left. The Company would continue to suffer a loss as it did in the past. The directors' resignation only a day before the meeting was an indication of their irresponsibility. At this meeting, the Company would nominate its ex-high level employees to the board. Therefore, the agenda relating to the election of directors should be moved up for consideration and comment first, because gain or loss, and share price would depend on the board of directors.

**Mrs. Nilubol Boanoi**, a shareholder, suggested that the meeting allow the Chairman to conduct the meeting in accordance with the agenda. Any inquiries about dishonesty and corruption could be raised under agenda 3. There was no practice elsewhere in respect to moving up the agenda relating to other business. A possible alternative should be the proposal of a new agenda. Since the meeting already acknowledged the issue under agenda 1, the report from the Chairman, it would be faster to proceed with agenda 2, the approval of minutes from the previous meeting. Under agenda 3, the issue of dishonestly and corruption could be addressed. Under agenda 8, the election of the directors, the meeting can determine whether any particular directors are, or are not, suitable.

**Mr. Hangchai Akkavasakul**, a shareholder, supported the suggestions of Mrs. Nilubol and Mr. Thong-in, and asked that the shareholders who proposed the change in agenda items remove such proposal so as to continue the meeting. If they were dissatisfied, they may send their votes in front of the room. In the case that they were absent while the agenda relating to election of directors was under discussion, they could ask someone to vote for them. In order that the meeting was in good order, the Chairman was asked to manage the time, while the shareholders expressed their opinions. As for Khun Sermkiat, if he found that anything was unlawful, he could file a complaint with the SEC. The SEC may order the Company to re-convene a meeting. The shareholders were asked to be more compromising, so that the meeting could proceed with agenda 2 and 3. In the election of directors, the shareholders could vote against any persons they did not prefer.

**Mr. Thammanoon Chulamanechote**, a shareholder, suggested as follows:

The meeting allowed the Chairman to proceed with the agenda since considerable time had been lost. If shareholders had any information or inquiries, they could raise them under the concerned agenda, so as to waste no time.

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**Mr. Chaikasem Nitisiri**, the Chairman, informed the meeting that he was about to commence voting, because 2 shareholders were asking for a change in the agenda items.

**Mr. Wisudhi Sahachardmanop**, a shareholder, stated that he wished to withdraw his proposal to move the agenda relating to other business to agenda 2, the approval of minutes of the previous meeting; but reserved the right to discuss such issue in the following agendas, when possible. He added that the document submitted to the Chairman was a complaint of the shareholders in this meeting, and asked for a copy thereof, which was signed by the Chairman.

**Mr. Monchai Rabruentaveesuk**, a shareholder and proxy of the shareholders who are his family members, the Company's staff and many of the general public, asked the meeting to be more compromising. He understood that apart from Khun Wisudhi, another shareholder also agreed to withdraw the proposal in order to save time. During the time of national crisis, unity was necessary. Shareholders were asked to proceed with the meeting in a constructive manner, and follow the meeting agenda.

**Mr. Chaikasem Nitisiri**, the Chairman, stated that as the proposal to change the agenda was withdrawn, he would introduce agenda 2 according to the meeting agenda already distributed to all shareholders.

**The meeting** acknowledged the foregoing.

**Agenda 2 Consideration and approval of minutes of the 2<sup>nd</sup> 2007 Annual General Shareholders' Meeting, covering the period between 1 October 2007 and 31 December 2007, which was held on Wednesday, 9 April 2008**

**Mr. Chaikasem Nitisiri**, the Chairman, stated that the Company sent the invitations to this meeting on 7 April 2009, fourteen (14) days before the meeting, in accordance with the SEC's good corporate governance rules.

**Mr. Niruj Maneepun**, Vice President, Legal Department and secretary to the meeting, asked to change the following particulars:

- page 1, under the heading Directors and Committee Members, item 4, from the original statement of "Mr. Chaikasem Nitisiri, Chairman of the Audit Committee, Independent Director and Nomination, Remuneration and Human Resources Development Committee Member," to "Mr. Chaikasem Nitisiri, Chairman of the Audit Committee, and Independent Director";
- page 29, line 6, to delete the repeated wording "that".

**Pol. Col. Sermkiat Bumrungpruek**, a shareholder, stated that he was mentioned five (5) times in the minutes of meeting, i.e. on page 8, 15, 24 and 34, in respect to which he did not ask for any change, as well as on page 27, in respect to which he asked that the original statement of "Pol. Col. Sermkiat Bumrungpruek, a shareholder, asked it be recorded that the Chairman admitted to the meeting that the 5 nominees proposed by the proxy of the Ministry of Finance had not been approved by the Nomination Committee and, therefore, was not in accordance with the procedures and good governance of the Company. He also emphasized that this matter was an impetuous action because the remaining directors were still able to operate a business. It was obscure in several aspects and disregarded the opinions of the shareholders who exercised their rights. In order to ensure transparency and satisfaction of shareholders, he would submit this case, together with the minutes of the meetings, in writing to the SEC himself" be amended to "Pol. Col. Sermkiat Bumrungpruek, a shareholder, asked it be recorded that the Chairman admitted to the meeting that the 5 nominees proposed by the proxy of the Ministry of Finance had not been approved by the Nomination Committee and, therefore, were not in accordance with the procedures and good governance of the Company. He also emphasized that this matter was an impetuous action because the remaining

(Translation)

directors were still able to operate a business. It was obscure in several aspects and disregarded the opinions of the shareholders who exercised their rights. In order to ensure transparency and the satisfaction of shareholders, he would submit this case, together with the written minutes of the meetings to the SEC as evidence for its further consideration.

**Mr. Thammanoon Chulamaneechote**, a shareholder, asked to amend the particulars relating to his suggestion on page 7, last line from the original statement of “and suggested that a follow-up agenda should be held in order to enhance the efficiency of the shareholders meeting,” to “and suggested that an agenda relating to following-up the outcomes of the previous meeting should be added in order to enhance the efficiency of the shareholders meeting.”

**Mr. Monchai Rabruentaveesuk**, a shareholder and proxy of the shareholders who are his family member, the Company’s staff and many of the general public, asked as follows:

1. page 8, line 5, item 2, to add “, which indicated the Company’s efficiency and management” after the original statement of “he received the pink shirt sent as a souvenir to the shareholders attending the meeting, but needed to exchange it due to it being the wrong size”;

2. on page 17, the Company’s performance was compared with those of the other airlines, such as Singapore Airlines. Despite the close numbers of aircraft, Singapore Airlines enjoyed a higher profit than the Company. Its profit margin was 3 times higher than that of the Company. This profit margin comparison was not recorded. Therefore, it was asked that the statement “Singapore Airlines’ profit margin was 14%, while Thai Airways’ profit margin was 3% and 5%. In summary, during these 3 years, the profit margins of Singapore Airlines were 3 times higher than those of Thai Airways” be added; and

3. page 19, to insert the statement “Flg. Off. Apinan Sumanaseni denied Mr. Wisudhi’s allegation, stating that the aircraft model was not yet selected. Mr. Monchai explained that he had evidence, and would like to exercise his right by asking Mr. Suparut, the Chairman of the meeting then, for the evidence of payment to Airbus Industry. Mr. Apinan then admitted that the payment was made, because a deposit was required irrespective of whether the aircraft was acquired by way of purchase or lease. Therefore, the foregoing statement of Mr. Apinan was false.”

**Mr. Wisudhi Sahachardmanop**, a shareholder, asked that the following particulars be amended:

1. page 12, line 5, from the original statement of “Mr. Wisudhi Sahachardmanop, a shareholder, asked the executives whether the purchase of A330 aircraft violated the Cabinet’s resolution dated 20 April 2007” to “Mr. Wisudhi Sahachardmanop, a shareholder, asked the executives whether the purchase of A330 aircraft violated the Cabinet’s resolution dated 19 June 2007”; and

2. page 17, line 1, from the original statement of “Mr. Wisudhi Sahachardmanop, a shareholder, asked for an explanation on the following” to “Mr. Prasert Lertyaso, a shareholder, asked for an explanation on the following,” because the issued was indeed raised by Mr. Prasert Lertyaso.

No shareholders raised any objections, or proposed that the minutes be otherwise amended. The meeting considered and voted on the foregoing matter.

**Mr. Surachet Charongthanakit, Mrs. Praromp Chatametheewong and Mr. Pongsarit Rodruangdej**, shareholders, volunteered as vote-counting officers.

**Mrs. Yupin Chalanonniwat and Mrs. Ruthaichanok Sitthipan**, representative of the Office of the Auditor General, the Company’s auditor, would inspect the vote-counting process.

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**A vote-counting officer** announced the votes to the meeting as follows:

Approved	1,286,716,761	votes	99.765 percent
Not Approved	170,300	votes	0.013 percent
Abstained	2,860,950	votes	0.222 percent

**The meeting**, resolved by the majority votes of shareholders attending the meeting and casting their votes, to approve the minutes of the 2<sup>nd</sup> 2007 Annual General Shareholders' Meeting, covering the period between 1 October 2007 and 31 December 2007, which was held on Wednesday, 9 April 2008, as follows:

Approved	1,286,716,761	votes	99.765 percent
Not Approved	170,300	votes	0.013 percent
Abstained	2,860,950	votes	0.222 percent

### **Agenda 3 Acknowledgment of report on the results of operations for the year 2008**

**Mr. Chaikasem Nitisiri**, the Chairman, informed the meeting that ACM Narongsak Sangapong, Acting President, would give his report on the results of operations for the year 2008.

**ACM Narongsak Sangapong**, Acting President, stated that the Company's souvenir was Phra Buddha Patima Suvarnabhumi Sirichoke image. As Buddhists, all shareholders were asked to act in a kind and constructive manner. Before commencing this agenda, ACM Narongsak asked to amend the statement on page 59, last line, item 2 of the Company's Annual Report from the original statement of "...while fuel surcharge was levied to partially cover the record levels fuel cost for which coverage was at 87%" to "...while the fuel surcharge was levied to partially cover the record levels of fuel cost for which coverage was at 63%".

During the past year, the Company faced various crises which had an ongoing impact on its results of operations, viz.

- the continual and rapidly soaring oil price in the world market, with the record high in August 2008, which adversely affected aviation businesses all over the world;
- the world economic crisis which also adversely affected aviation business; and
- the domestic political unrest that started from the mid until the last quarter of 2008, which affected the number of passengers arriving and departing the country, although such number was unusually high during this period of the year;

The Company's aircraft fleet as of 31 December 2008 consisted of 89 aircraft, wherein:

- one A340-600 aircraft joined the fleet; and
- two A300-600 aircraft were retired.

Flight route and destination development:

- the Company commenced the flights to Samui Island;
- flights to New York, Bandar Seri Begawan and Chittagong were revoked; and
- certain international flight frequencies were reduced to suit the demand.

Production and traffic:

- passenger production dropped by 3.4%;
- passenger traffic dropped by 8.5% and
- average cabin factor was 74.8%, a drop from 78.9% of last year.

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Passengers:

- number of passengers carried totaled 18.71 million, a drop by 5.9%; and
- freight and mail carried totaled 590,000 tons, a drop by 3.8%.

The 2008 operating results:

- revenue totaled Baht 202,605 million;
- loss before income tax totaled Baht 23,600 million; and
- loss before income tax totaled Baht 10,413 million, excluding loss on foreign currency exchange, which mostly arose from the conversion of the Company's foreign currency debts, in the amount of Baht 4,471 million, reserve for the estimated damages from antitrust and competition cases in the amount of Baht 4,290 million, and reserves for aircraft impairment loss in the amount of Baht 4,426 million.

Awards and honors received:

- THAI received the Best Intercontinental Airline award for the 4<sup>th</sup> consecutive year at the Norwegian Grand Travel Award 2008 from the Norwegian travel industry;
- THAI received a 3<sup>rd</sup> place ranking among the Top 10 Airlines: Worldwide for the 2<sup>nd</sup> consecutive year, wherein THAI's business class was ranked 3<sup>rd</sup> among the Top 10 Airlines, and THAI's cabin service was ranked 2<sup>nd</sup> among the Top 10 Airlines, from a consumer survey by Smart Travel Asia, a travel related internet-based website;
- THAI was ranked 3<sup>rd</sup> by readers of Travel and Leisure magazine for outstanding ground service, convenience and comfort received during travel and for in-flight meals at The World's Best Award 2008 Top 10 International Airlines;
- THAI received the Global Traveler Tested Award 2008 from the US. Global Traveler magazine;
- THAI was ranked 3<sup>rd</sup> among the best airlines in the world for the 2<sup>nd</sup> consecutive year at the 5<sup>th</sup> Go Asia Award, from votes received from readers of Consumer Travel and Reise & Priesse magazines which are German based travel magazines;
- THAI was ranked 2<sup>nd</sup> for its first and business class passenger for best airline ground service, and was ranked 2<sup>nd</sup> for economy class passenger and 4<sup>th</sup> for best cabin staff from Skytrax Award 2008;
- THAI was chosen among 5 airlines for the best first and business class ranking by Australia based Luxury Travel Magazine's Gold List 2008, and was ranked 2<sup>nd</sup> among airlines for a repeat business;
- THAI received 2 awards at the 22<sup>nd</sup> Aseanta Awards Excellence in Tourism 2008 from the Asean Tourism Association – the first award being the “Best Asian Airline Programme” for THAI's Family Gateways” campaign from Eurung Luang Tours, and Best Asean Poster award of picture for Krabi beach;
- THAI received 3 awards from the Ministry of Energy at the Thailand Energy Award 2008 for energy conservation – Staff Award: Controller of Operations Control Building; Award for Operations Control Building: Head Office; and the Award for Energy Saving Building (New Building): Operations Center Building;
- THAI received a runner up award at the Asean Energy Awards 2008 for New and Existing Buildings in Singapore; and

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- THAI received the Suriyasasithorn award for outstanding hanging calendar in the area of enhancement of the society and environment, and a runner up award for THAI's desk calendar for the same area for 2008, from the Thai National Association of Public Relations.

**Mr. Monchai Rabruentaveesuk**, a shareholder and proxy of shareholders who are his family members the Company's staff and many of the general public, raised the following issues.

A loss of Baht 21,379 million in the last year according to the foregoing report on operating results was a small issue. In the last year, damages caused by the management were more than Baht 40 billion. Any press media that did not have information may ask for it. The details below were the explanation on an issue-by-issue basis.

1. The Company never reported on its loss on the antitrust cases. The Company was in collusion with other foreign airlines. While those airlines agreed to pay penalties in order to settle the cases, the Company engaged a law firm, which had a conflict of interest, to defend the cases. The lawyers' fees were more than Baht 50 million. The Company set aside a reserve for the estimated damages from these antitrust cases in the amount of Baht 4,290 million, but the actual amount to be payable to the European Union would be more than Baht 20 billion. The Company will also lose the cases in Korea, New Zealand and other places. The total amount of damages would exceed 40 billion. The Company never informed its shareholders of these cases. When there was an inquiry last year, the shareholders were informed that these cases were trade secrets. However, they were known to the others.

2. The procurement of the Airbus 340-500 aircraft for direct flights to New York caused a loss over Baht 12 billion. Such 4-engine aircraft is not suitable, because it consumes a lot of fuel. This route is served by Singapore Airlines because it has business class customers. Most of Thai people went to the U.S.A. to visit their relatives or children who study there. Singapore Airlines made a loss on this route, and so did Thai Airways that followed it. This issue was mentioned last year, but was not recorded in the minutes. The loss became more substantial when the flight frequency was changed from 5 times a week, to a daily basis. With a number of inappropriate factors, the aircraft cannot generate income.

3. In regard to a lawsuit pertaining to the procurement of Airbus A330 aircraft, which was filed by some shareholders but not accepted by the Court, the reason for such denial was not because the lawsuit was unsubstantiated. The Court denied the case because those shareholders are the owners of this Company. The Court wanted them to refer the issue to the board of directors first, because it would not be practical for every shareholder to bring an action. However, the extent to which the last board of directors took their action was unknown. As a lawsuit was filed with the Court, the shareholder said that he would refrain from saying anything that challenged the Court's authority. Mr. Monchai informed the meeting that he expressed his opinions last year according to the amendments to the minutes requested for. He suspected that the persons who prepared the minutes of the last meeting failed the summary writing course during his/her education, and was in doubt whether such person received a salary raise or promotion for omitting any issues relating to his/her supervisors' mistake, or false statements from the minutes. He also stated that he had tried to check the information in regard to the purchase of more than 100 Airbus A330 aircraft by the U.S.A., but was unable to find it on any website. He learnt from a foreigner that the US Army would remove its KC135 refueling planes and purchase 179 new A330 aircraft, because such A330 aircraft is obsolete and the price is around Baht 805 million each, or 3.5-4 billion in total. The Company procured such aircraft at the price of Baht 3-4 billion each. The worst is that according to the Cabinet's resolution, such aircraft was procured on a lease term. It may take 10 or 20 years to cover the cost, but the aircraft would become obsolete in the next few years. The Managing Director, Technical Department (DT) was then asked to make a clarification on the change of engines to 330 model. Formerly, a committee chose another brand, but Khun Apinan did not like it. Khun Apinant therefore set up another committee. His friend, the Managing Director, Technical Department (DT), was appointed a member of the procurement committee. Khun Apinan himself presided over the committee meetings, and overruled the resolution

of the previous committee by choosing another brand. At present, the committee members who disagreed with such change had not yet sign the resolution. The evidence will be sent to the Office of Public Sector Anti-Corruption Commission and the Office of the National Counter Corruption Commission. It was alleged that such change would be totally beneficial to the Company. However, the committee never consulted with technicians. Mr. Monchai added that from his discussion with technicians, the useful lives of Rolls-Royce 330 and 380 engines are 6,000 hours only, while the useful lives of engines of another 2 American brands are 9,000 and 10,000 hours. In the price proposals, Rolls-Royce proposed 3 backup engines, while another 2 brands proposed only 2 engines. To avoid any disadvantage, Rolls-Royce changed the number of backup engines to 2. These engines are likely to need more frequent overhaul. The 3 brands were compared, but Rolls-Royce was eventually selected.

**Mr. Thammanoon Chulamanechote**, a shareholder, expressed his view as follows:

In regard to fuel price risk, he would like to know the real causes of a loss of 21,379 million, and whether any person made any mistakes or must be responsible for this loss. Last year, he objected to a list of directors proposed to the meeting, and asked that it be withdrawn. However, it was not withdrawn. Therefore, he would like to ask the Ministry of Finance and the majority shareholders about the problems caused by these directors. National crisis was not the only reason. This was the Company's crisis, because it incurred a substantial loss. Shareholders wanted to have an explanation, and to know how this problem would be solved. As the owners of the Company, shareholders wanted to know whether anything went wrong at the management level. In fact, shareholders were aware of that, but wanted to hear it from the executives.

**Mrs. Nilubol Boanoi**, a shareholder, raised the following issues:

1. The Company had suspended 3-4 executives, whose names she would not mention but which were generally known. Although these executives were suspended, the Company still incurred expenses for their salaries and welfare. The Company should immediately investigate them. If they committed mistakes, the Company must terminate them. Their salaries cost Baht ten million a year.

2. When Khun Tanong Bidaya was in office, Khun Siriwat, a shareholder, recommended that Thai Airways be careful about the exchange rates of its reference currencies, otherwise it would incur a loss when there is a crisis. This recommendation should be kept in mind.

3. The advertisement budget was cut down from Baht 5 billion last year, to Baht 2-3 billion this year. During this world crisis, it should be additionally cut down by 50%, if possible, because Thai Airways has already gained a worldwide reputation. When the condition is improved, such budget can be re-considered.

4. According to the cost reduction measures that the Company submitted to the Ministry of Finance, the Company would reduce its expenses by 10%. The period of such reduction is only one year. In the 2009 budget, such reduction should be set at 25%. The directors should reduce their expenses instead of cutting down other expenses. Although a welfare reduction may be in violation of the labour protection law, as the Company is facing a crisis, the Company may ask the employees to agree to such reduction for a year. When conditions improved, the Company can improve its welfare.

**Mr. Thong-in Saeng-ngam**, a shareholder, raised the following issues:

1. Price of jet fuel was rising, but there was no measure or attempt to reduce this cost. The Company also entered into a six-month contract to purchase jet fuel at a fixed price of USD 160 per barrel, when the jet fuel price was merely USD 143 per barrel. After such contract was signed, the fuel price dropped to USD 50 per barrel. He asked how much the Company incurred in losses.

2. In regard to the 4 Airbus A340-500 aircraft that the Company bought for its New York route at the price of Baht 200 billion, wherein the actual price was Baht 140 billion, in 2006 a shareholder, who was also the Company's employee, said at the Police Club that even if he might lose his job, he would say that the Company had already incurred a loss of almost Baht 30 billion. Mr.

(Translation)

Thong-in then asked why the executives, especially Flg. Off. Apinan, the President, did not know that the company was operating a loss route eventhough the cabin was full and did not solve the problem from the beginning, and allowed the Bangkok-New York route to cause a loss of Baht 4 billion in a year. Such 4-engine aircraft has only 245 seats, 60 seats of which in the Royal Silk class and another 113 seats in economy class, and consumes a lot of fuel, so its breakeven point was questioned, compared with the Company six B777-300 aircraft which has 388 seats each. It was doubtful why the Company continued to operate such route up to one year, or whether the Company tried to please politicians.

3. The Bangkok-Hong Kong route was suspended for 4 months, causing a loss of Baht 4 billion. What is the truth? Why does the company have to suspend the route? He asked whether such suspension was due to Thai Air Asia also operating this route.

**Mr. Wisudhi Sahachardmanop**, a shareholder, added that he supported Mr. Monchai's comment that the A330-300 aircraft was a primary cause of the Company's loss of liquidity. There was a rumor about the Company's insolvency. Some of the Company's executives tried to act in contravention of the warning given by the Office of the National Economic and Social Development Board in 2006-2007, that Thai Airways may suffer a loss of liquidity in 2008-2010 and would then need a funding source. This warning was true. On 9 April 2008, when he inquired whether the purchase of such A330-300 aircraft was violating the cabinets resolution, he was informed that there was no violation because action had not yet been taken. In 2009 the Company needed to find a loan source and borrow funds. The Office of the National Economic and Social Development Board also warned the Company's management that the purchase of A330-300 aircraft would cause problems to the Company's aviation business in term of its competition with other airlines all over the world. Airbus started the manufacture of A330-300 aircraft, and launched it since 1992. This aircraft's useful life is approximately 20 years. Thereafter, it would deteriorate and become obsolete. Around 2009-2012, or in the next 2-3 years, the aircraft would be obsolete. This was the reason why the Office of the National Economic and Social Development Board proposed that the Cabinet disapprove the purchase of the A330-300 aircraft. From his study of the Company's information relating to the purchase of such A330-300 aircraft, he found the following:

1. an agreement to purchase such A330-300 aircraft was signed, and 2 installment payments were made to Airbus, before the Cabinet's approval; and
2. after the Cabinet resolved to disapprove the purchase on 19 June 2007, the Company continued to make payments to Airbus, as discussed in the last meeting.

An investigation committee sent the files on this issue to the Chairman of the board of directors on 11 December 2008, and provided the copies thereof to all directors in board meeting No. 1/2552, held on 17 January 2009. The investigation committee proposed that the Company take disciplinary, criminal, and civil action against certain high-level executives. There were six (6) directors who tried to protect the Company's interests, and to expedite the actions in order to complete it before their retirement. Unfortunately, they had to retire at the end of board meeting No. 4/2522, held on 18 March 2009. Their unsuccessful endeavors could be due to the fact that the case files were in the possession, and under the administration, of several executives who were involved in this case and might be subject to an investigation on the grounds of inefficiency or fault. Therefore, the issue was not submitted to board meetings Nos. 13 and 14/2551 and Nos. 1, 2, 3 and 4/2552. At board meeting No. 4/2552, held on 18 March 2009, which was the last meeting, the executives still failed to submit the issue to the board. These persons tried to delay the investigation. Although it was concluded that they had committed gross mistakes, they were allowed to work. Therefore, the Chairman was asked to sign the document to acknowledge the receipt thereof, and to dismiss or terminate these persons in order to prevent them from destroying or interfering with the evidence of their wrongdoing; otherwise the new directors would not know about this issue which was the primary cause of management failure and non-payment of dividends.

(Translation)

**Mr. Analayo Korsakul**, a shareholder, added as follows:

1. In fact, Airbus A330-300 aircraft was not an old model. During the administration of President Bush, the US Army planned to buy aircraft under its KCX project. Airbus KC30 or A330 competed with Boeing KC767, and won. When President Bush retired, the decision was made by President Obama. However, in this regard, shareholders should rather focus on the point as to whether the procurement was in violation of the Cabinet's resolution, and not on whether the aircraft was an old model. Singapore Airlines had just accepted nearly the same number of this aircraft a few months before us. As the procurement process was doubtful, he asked that the Chairman and the Company provide an answer.

2. Two or three years ago, there was a news report that the Company was to ask an Israel company to transfer its technology for transforming the passenger aircraft into cargo aircraft. Mr. Analayo was asked about the progress of this project, which should benefit Thai Airways and Thai industries as a whole. If the project takes place at Don Muang, there will be more aviation and industrial activities there, and Thailand would enjoy the benefits. However, it was doubtful as to whether this project would be worthwhile.

3. The Company cannot sell its Airbus 340-500 aircraft because of the economic situation. From a news report, the Chairman and the executives stated that such aircraft will start flying a Norway route as from June. This is fine. However, it was uncertain whether the Company would sell such aircraft later on, and how the Company would seek the highest benefits from it if it cannot be sold at a suitable price. Airbus is aware that its A340-500 aircraft customers suffer a loss because this aircraft consumes a lot of fuel. Researches on new engines are conducted using it. New engines will substantially save fuel. However, it was doubtful as to whether it would be worthwhile to replace aircraft engines; and if not, how the Company should deal with such aircraft to minimize its damage.

**Pol. Col. Sermkiat Bumrungpruek**, a shareholder, raised the following issues:

1. The operating results of various international airlines should be compared, to find out which airlines were able to generate profits during the world crisis and domestic unrest. The damages suffered by Thai Airways were caused by force majeure, and not by the inefficiency of its executives or management. The management efficiency is measured by the previous year's operating results, while the competencies and professional skills of the executives are shown by internal control system or risk management. Technically, the executives failed to rescue the position of Thai Airways. Pol. Col. Sermkiat stated that he could not let Thai Airways be dissolved, because it is a symbol of a state enterprise. Most of the previous board members were government officers. This was a severe mistake. They were not professionals, and had no business management skill in terms of competition. They were backed by politicians or influential persons.

2. Pol. Col. Sermkiat was asked about the figures for damages caused by the closure of Don Muang Airport, Suvarnabhumi Airport and other regional airports by protestors, and the Company's action for recovering such damages. If the staff or executives who may be close to the board members had no authority to make decisions, shareholders should exercise their rights to bring an action to the Court. This is to protect the directors and staff, and does not mean finding wrongdoers. Since the Company is a state enterprise, other than their liabilities under the public limited companies law, these persons are state officers. Under section 216 of the Public Limited Companies Act, if these persons allow any other persons to dominate them, and damages are thereby caused to shareholders, they are liable to imprisonment not exceeding 5 years, or a fine not exceeding one million baht.

3. The operating results of associate, affiliate or subsidiary companies under the consolidated financial statements included only one company. Such operating results showed a substantial loss. A loss of one hundred million baht at the Suvarnabhumi Airport Hotel suggested that the Don Muang Airport Hotel also suffered a loss. Pol. Col. Sermkiat then asked why the Company kept these businesses, which were not worthy of an investment, or the Company wanted to serve influential persons.

**Ms. Waravimol Na Ranong**, proxy, inquired as follows:

1. According to the newspaper article by Usanee Aek-usanee, which was published on 29 January 2009, the Airbus aircraft caused Thai Airways to lose its financial liquidity. Thai Airways planned to sell its 4 Airbus A340-500 aircraft at a loss of approximately Baht 4.2 billion, because the Bangkok-New York routes caused a substantial loss.

2. On 14 December 2000, the Manager Online published an interview of a former board member, which included an analysis of the failure of a flight administration plan in 2000. The writer added his comment that although the 2001-2005 plan was adjusted, existing problems remained unresolved. Such problems include, inter alia, the over-procurement of aircraft; the mix of many different aircraft models, thus causing expenses for the operations, crews and maintenance; as well as the use of different models of aircraft on the same routes, thus making it inflexible to adjust or rotate aircraft, causing difficulties in the operations and limiting the opportunities to generate income. A simple solution for these problems was to stop political power in Thai Airways. Persons who are smart, honest, patriotic and decisive are needed to resolve these problems. In the past, some corrupt leaders sent their persons to join the management team or the board, in order to pave the way for their relatives to do businesses with this airline, such as selling hostess uniforms, wines, blankets etc. Laws or conditions applicable to aviation business which were controlled by the government were amended, and concession fees, taxes and remuneration payable by private entities were reduced. Therefore, there were new private entrants in the aviation business. The new private airlines belonged to relatives of those persons who exploited their authority to discontinue certain TG domestic and international routes, alleging that they had caused a loss. In fact, the number of customers was more than enough. Those persons wanted to pave the way for their relatives' airlines. According to Khun Sophon Ong-karn's commentary on his "Weekend News Hours" program, some corrupt leaders, who were in the same group as those mentioned above, ordered Thai Airways to fly the Chiangmai – Chittagong route in order to facilitate their satellite signal salesmen, although this route caused a loss. These were tragic incidents for this national airline during these few years. Thai Airways has suffered for a long time. During the regime of a nominee government, Thai Airways was ordered to fly a direct flight to Hong Kong to bring back a fugitive to play a dramatic "kiss the motherland ground" scene. It was questioned whether this fugitive paid for his and his son's VIP tickets.

**Mr. Uthit Hemavattakij**, a shareholder, made inquiries as follows:

1. With respect to the statement that "the Company has reserves for the damages from the antitrust and competition cases. The provision is calculated by approximation from the estimated damages figures by the lawyers in each region taking into account the facts the lawyers are aware of, approximately Baht 4,290 million" on page 109 and 112 of the Annual Report," he asked whether such amount of Baht 4,290 million had already been imposed.

2. He also asked whether such amount of Baht 4,290 million could be set aside, based on accounting principles. If it is not paid, or after the payment is made, can it be used for dividend payment?

**Mr. Chaikasem Nitisiri**, the Chairman, explained that as the lawsuits were in progress, the actual amount cannot be ascertained. Such figure was merely an approximation according to accounting standards. The actual figure cannot be known until the end of these lawsuits. It could be zero, or could be more or less than that figure.

**Mr. Uthit Hemavattakij**, a shareholder, asked in whose pocket the amount of Baht 4,290 million was kept.

**Mr. Chaikasem Nitisiri**, the Chairman, explained that such amount is an accounting figure, and was not kept in any person's pocket. It was in the Company's account. Since damages had not yet taken place, it was not paid.

(Translation)

**Mr. Uthit Hemavattakij**, a shareholder, asked why the Company did not make a reserve next year if there was no actual payment.

**Mr. Chaikasem Nitisiri**, the Chairman, explained that if the Company did not make a reserve, then it would not be known that damages may arise.

**Mr. Jesda Niyompatama**, a shareholder, made the following inquiries:

1. According to the 2<sup>nd</sup> quarter's operating results, the Company had cash flow in the amount of Baht 6 billion. The Company must submit a report on its quarterly financial statement to the SEC. In the previous years, the Company had cash flow in the amount of Baht 17-18 billion, while its annual expenditure was approximately Baht 170 – 180 billion. In the 2<sup>nd</sup> quarter of 2008, the Company's cash flow dropped to Baht 6 billion. He asked why the Company let its cash flow drop to Baht 6 billion. In 2008, the world oil crisis was severe. The crude oil price hiked to USD 100 per barrel in January, and nearly USD 120 per barrel in April. In 2007, the Company's fuel budget was more than Baht 50 billion, while the crude oil price was only USD 80 per barrel. He was doubtful whether the Company's crisis started from the beginning of 2008, when it had cash flow in the amount of Baht 6 billion only.

2. An issue of ticket corruption was discussed in the shareholders meetings of 2002, 2003, 2004 and 2005. The amounts of damages were approximately Baht 5 – 6 billion. The Company never revealed this issue to its shareholders, or provided an answer when questions were raised in the annual shareholders meetings. Around 2005, Khun Jumpol Sangthong, a shareholder, submitted a complaint on this issue to the SEC. He subsequently received written notice from the SEC that the Company was instructed to clarify the issue, as well as its remedial action, to its shareholders through the SEC website. The shareholder had regularly checked the SEC website, but never found such clarification. So, he raised this issue again, and asked the Company to clarify the background and damages to its shareholders.

3. On 26 June 2008, the board of directors resolved to suspend the President (DD). Such resolution was announced around 16.30 hrs., but three (3) hours later, i.e. around 19.30 hrs., the Chairman overruled such decision. The Company should clarify this issue. On the next day, the price of Thai Airways' shares dropped by Baht 2, from Baht 17 to Baht 15.

4. It was regularly mentioned in the annual meetings that the Company should prepare a shareholders meeting agenda according to the issues raised by shareholders. The Company should provide clarifications, and notify shareholders thereof in advance. In practice, when shareholders tried to raise other issues, the Company told them to wait until the agenda concerning other business. When such agenda was introduced, the Company quickly closed the meeting. Therefore, shareholders always raised issues that were irrelevant to the agenda item. Shareholders would not do so if the Company included a follow-up agenda.

**Mr. Thammanoon Chulamanechote**, a shareholder, inquired as follows:

1. With respect to the issue raised by shareholders, if the executive directors were prepared for the meeting, such as using a power point presentation, and adding a follow-up item in an agenda as proposed last year, the meeting would be in good order and efficient, and less questions would be raised by shareholders.

2. Mr. Thammanoon asked about the actual cause of the crisis. Although all of the Company's executives were professional and received high salaries, the Company suffered a loss. He questioned whether this loss was unavoidable, or was it a result of profit speculation in the forward transactions. During the last few years, there was a state-enterprise plan, and the Minister reported to the Cabinet that there was such a problem.

(Translation)

3. With respect to a complaint sent by EMS to the Chairman on 4 December, which was received on 7 December 2007 and followed-up on 8 December at 10.00 hrs., he had not yet received an explanation and was not certain that the Chairman had received such complaint.

4. According to page 100 of the Annual Report, the number of directors attending their meetings was less than 60%. Last year, the Company had fifteen (15) directors with twenty-three (23) board meetings, six (6) executive board members with seventeen (17) meetings, three (3) audit committee members with ten (10) meetings, seven (7) corporate governance committee members with six (6) meetings, seven (7) nomination committee members with fourteen (14) meetings, and five (5) risk management committee members with five (5) meetings. Mr. Thammanoon stated that when he was a board member of the Metropolitan Waterworks Authority (MWA), he did not have a lot of meetings. The MWA had profits of more than Baht 5 billion, but its audit committee had only 4-5 meetings. PSL, a shipping company, had only 4 meetings, and was able to make dividend payment out of its net profits of Baht 5 billion only a few days after a meeting. If the Company had any management problems, they should be resolved so as to add value to the organization and to avoid shareholders' complaints.

5. The Company was asked to clarify the pros and cons of the closure of Don Muang Airport since 29 March, and the benefits of the removal of all flights to Suvarnabhumi Airport.

6. What is the progress of the meeting to search for candidate in the position of the President?

**Mr. Monchai Rabruentaveesuk**, a shareholder and proxy of shareholders who are his family members the Company's staff and many of the general public, made the following inquiries:

1. With respect to the All Nippon Airways aircraft that was on fire, although damages were compensated by an insurance company, the premium would be raised by USD 700,000 or Baht 25 million per annum. Thai Airways would lose not only such amount of Baht 25 million per annum, but also the image of its three (3) Wide Body Aircraft Maintenance Centers at Suvarnabhumi, U-tapao and Don Muang. No one would use its repair service. Worst of all, the Managing Director, Technical Department (DT) would outsource the paint shops. Mr. Monchai was concerned that the entire fleet would be on fire, and wondered whether Thai Airways would use outsourced pilots in the future as well.

2. Many shareholders might not be aware that Thai Airways does not have a backup computer center of its own. The major backup centers rented by Thai Airways are located in nearby buildings. When it was recommended that those backup centers be located apart from each other to avoid total damage in case of fire or lightning, the Company did not move to a third center. In March, a budget of Baht 800 million was approved for the second or third secondary backup center. When the project was about to start, there was a hamburger or subprime crisis. The budget was increased to Baht 940 million. This project should be revoked because there was only one bidder, who also prepared TOR on its own. The Company must also pay the cost of update and upgrade, and would eventually incur expenses in the total amount of Baht 2.2 billion.

3. The loss on fuel cost was suffered by all airlines around the world. Mr. Monchai asked about the additional damages caused by the 6-month hedging transaction, which was entered into while the fuel cost nearly reached its peak. In fact, no one knew when the fuel cost was to reach its peak, so such hedging should have rather been executed for two (2) months. He also asked whether the advisors, the director who were in office for a longer term, or Khun Pichai Chunhavajira, took part in such transaction. In the management discussion and analysis submitted to the SET, the compensation for such fuel cost hedging transaction was in the amount of Baht 5,286 million. Therefore, the Company incurred a total amount of Baht 40 billion.

**Mrs. Chamsri Sukchotrat**, a shareholder, expressed her opinion as follows:

(Translation)

Many shareholders expressed their opinions and complained about old issues, which had never been rectified. The persons who caused damages to the organization should show their responsibilities. The issues discussed about today would happen again in the future. Many problems that caused damage to this organization were due to political power, which was beyond the control of shareholders in this room. The Company is a state enterprise with many conflicts of interests. No concrete change has ever been seen, except in the means of seeking benefits from this Company. Politicians take turn to exploit their power to control the Company's management and directors, and introduce hidden policies for the benefits of business groups. This is the problem of Thai Airways, but the staff and low-level executives have to keep quiet for their own safety, and for fear of losing their jobs. Good people have to leave, because they cannot deal with the power beyond their control. The issues discussed about today would happen again. So, we must try to prevent these problems, because we cannot resolve them. During the last 4-5 years, the Company spent a huge amount of money to buy aircraft only to satisfy the policy set up by politicians. There were persons who gained benefits from the change to the Thai Airways' logo. Thai Airways spent several hundred billion baht, but the benefits were enjoyed by politicians. Our major outsourcing companies also belong to politicians, but we have to admit this. The Company has labour problems, and incurs a substantial amount of hidden expenditure. Staffs are bearing these burdens. There is no salary adjustment or bonus payment. Shareholders do not receive dividends. Customers do not receive the benefits they pay for along with ticket prices. We have to save money by every means because of politicians. We must cooperate with each other to fight against them. Politicians always take turn to seek benefits, but the management members merely keep quiet for fear of losing their positions. This is the situation in Thai Airways. This is the way the Thai politics is. The Labour Union has always tried to tell that we must not allow politicians to interfere the Company. We know what would happen in the future, and we would like to ask whether the new management would let them do so. We must focus on this point, and not the incidents taking place 5-6 years ago, such as the purchase of aircraft, mismanagement, conflicts of interests. Mrs. Chamsri asked the retiring directors whether they would be responsible for their acts as instructed by politicians, as well as the consequences thereof. Staff should not have to bear the burden and work hard. She also asked about Thai Airways' cabin factor and yield, as well as the reasons why Thai Airways cannot operate like Singapore Airline, and why Thai Airways cannot remove its agents and has to share its benefits with them. Thai Airways' passengers never drop, except during a low season. All departments, i.e. Check-in, Ground Handling, Porter, are working hard, but get nothing in return. The directors must be responsible for this. She then asked Khun Wallop, who would return to Thai Airways, about the mistake while he was serving as the Executive Vice President, Marketing Department, and asked the Chairman whether all directors are free of political influence. If the directors are not free of political influence, they cannot answer the questions, which would be the same every year, and cannot manage this organization. If they are not independent of the ministers' orders, then staff or shareholders should not have to take responsibility for their wrong management as a result of political influence.

No shareholder raised additional inquiries.

**Mr. Chaikasem Nitisiri**, the Chairman, concluded that the meeting acknowledged the report on the 2008 operating results (1 January – 31 December 2008) in accordance with the details which appeared in the 2008 Annual Report sent to shareholders with the notice of this meeting, and as proposed by the Acting President.

**The meeting** acknowledged the report on the 2008 operating results (1 January – 31 December 2008) in accordance with the details, which appeared in the 2008 Annual Report sent to shareholders with the notice of this meeting, and as proposed by the Acting President.

**Agenda 4**      **Consideration and approval of the Company's balance sheet and statement of income for the year 2008**

(Translation)

**Mr. Chaikasem Nitisiri**, the Chairman, asked ACM Narongsak Sangapong, Acting President, to explain the Agenda to consider and approve the Company's balance sheet and statement of income.

**ACM Narongsak Sangapong**, Acting President, stated the following:

The balance sheet as at 31 December 2008

Assets

- Assets totaled Baht 259,534 million, which decreased from the previous year by Baht 20,741 million or 7.4%.

Liabilities and Shareholders' Equity

- Total liabilities were Baht 213,652 million, which was up Baht 1,402 million or 0.7% from the previous year.
- Shareholders' equity totaled Baht 45,882 million, which decreased from the previous year by 22,143 million or 32.6%.

Statement of Income

- Total revenues were Baht 202,605 million, which was up Baht 2,684 million or 1.3% from the previous year.
- Total expenses were Baht 226,205 million, which increased from the previous year by Baht 32,623 million or 16.9%, which included
  - Fuel costs increased by Baht 26,849 million or 42.9% while other operating expenses decreased by Baht 6,744 million or 5.4%
  - Other expenses comprising financial expenses, foreign exchange losses, allowance for possible damages in the case of violation of antitrust/competition law, allowance for aircraft impairment losses and other expenses increased by Baht 12,518 million

Net Profit (Loss)

- The Company's net loss was Baht 21,379 million or Baht 12.58 per share, compared to the previous year in which the Company earned a net profit of Baht 4,368 million or Baht 2.57 per share.
- The loss included the reserve for possible damages in the case of violation of antitrust/competition law in the amount of Baht 4,290 million and the reserve for aircraft impairment losses in the amount of Baht 4,426 million

**Mr. Siritwat Vorawetvudhikul**, a shareholder, inquired about the statement of income on page 126 which showed that the oil costs increased by Baht 27 billion, and some shareholders mentioned a director's name, Khun Pichai, who was a member of the management. He questioned how Khun Pichai could let the Company face so much loss as Khun Pichai was also an executive in PTT, and why he had not considered his failure. This included other executive directors. In the minutes of the meeting of last year, the proxy of Mr. Thiti Kamnerdee, a shareholder, objected in the case of Mr. Pichai. He told the Chairman that he did not think that it should be only the 14 directors who resigned yesterday. He thought that it was the directors responsible for the management of oil who said hedging was made, and whom certain shareholders questioned why it had to be six months, when other airlines took only one or two months, in succession. In accordance with news reports, the price range of USD 80-100 per barrel was considerably hedged. He said that certain shareholders said that other international airlines also faced the same problem, but they were not in the same state as the Company. He asked if the Company was not embarrassed that it had directors who were directors in PTT and in Bangchak. Based on the resumes of directors proposing to work for the Company, it could be seen that Khun Pichai was a director in PTT, PTT Aromatics, Bangchak Petroleum, Thai Oil, PTT Chemicals, and many other companies related to energy. The Company invited Khun Pichai to join

the Company, but he almost caused us to go out of business. Mr. Siriwat told the Chairman and the meeting of shareholders that the executives involved with management of jet fuel costs must take responsibility and not give interviews to newspapers to sell dreams to shareholders. According to the news article in *Matichon* newspaper, issue dated 3 April, Khun Pichai gave an interview saying that he would rehabilitate the business and would submit the matter to the Ministry of Finance. The rehabilitation plan would require Baht 60 billion. Mr. Siriwat told the Chairman that he would like to challenge that such a plan to reduce the costs by ten billion baht, by doing this and that for the Company so that the Company would have Baht 6-7 billion of profit, would not work for this year. He told the Chairman that he said this year the Company would face losses, and he was not an executive director and merely a shareholder, but he was speaking about deceiving the shareholders. The previous year the matter was discussed and the shareholders were deceived. In addition, in the *Matichon* newspaper, dated 25 February 2009, in the *Sathani Kid Lek Tee Sib Song* column by Mr. Tagoon Boonpan, it was said that the Company's survival was not cheating. This was the same thing said by many people that there should be no corruption and the Company should not be used for seeking benefit. Mr. Siriwat told the meeting, referring to Khun Chamsri's excellent statement, that if the politicians would like to seek benefits in the Company, then over 180,000 minor shareholders should not suffer damage. The Ministry of Finance holds a 50% stake in the Company while the Vayupak Fund holds a 7% stake, and when combined it is almost 70%. The Ministry should be brave to make a tender offer to repurchase shares from minor shareholders, from the IPO price of Baht 60 many years ago, Baht 50 five years ago, to the book value of the Company, and then delist from the Stock Exchange. They would then be free to cheat. Mr. Siriwat summarized that the Ministry of Finance, the major shareholder, should make a public tender offer at the book value of the Company today, after deduction of accumulated losses of Baht 21 billion. The value of shares dropped from over Baht 30 to over Baht 10. If the public wanted to sell shares, then they should sell them, while for shareholders holding shares, which were worth Baht 60 per share, and those who subscribed for shares at Baht 50 a share five years ago, as they have evidence, the Ministry of Finance must repurchase shares from them. Then everyone would be happy, and the Company could then delist from the Stock Exchange of Thailand.

**Pol. Col. Sermkiat Bumrungpruek**, a shareholder, stated that in regard to the financial statements and statement of income for this agenda, he would like to point to the Office of the Auditor General (OAG) that they were materially incomplete in accordance with accounting standards, which were in shown in the report. In preparing the consolidated financial statements, the Company has to collect information from its affiliates, associated companies, and subsidiaries, for the preparation in accordance with accounting standards. However, there was only information from one company, which was consolidated, as mentioned in the previous agenda that the company in which the Company slightly invested and sold tickets and items was included for calculation. Pages 49-51 of the report contained names of other companies. However, the provisions, with respect to accounting standards under the Public Limited Company Act, expressly prescribes that, executives must disclose material information. He previously criticized OAG when he saw that the financial statements were incomplete and inaccurate. With reference to the document, OAG reported to the shareholders that, in legal aspect, the responsibility remained with the executive directors who provided the information. OAG expressed its opinion and made a note. It was the directors who had to take responsibility in regard to accounting standards. Those who knew how to read the financial statements would decide from the information. Pol. Col. Sermkiat stated that in regard to the issue of the financial statements, he would like to ask that the OAG and executive directors find a way to plug the hole and collect complete and valid information. In regard to the companies, which were not a state enterprise, but where private auditors were used, there was bound to be conflicts of interests, since any auditing company could be chosen. In the case of OAG, the fee would go to the state, whether in a big or small amount. However, the public did not know about it, so they expected the highest benefits. He asked that this issue be corrected.

**Sqn. Ldr. Thanit Promsatit**, a shareholder, would like to emphasize the previous issue concerning the Company's officers who cheated and caused damage to the Company. He had proposed in the last general shareholders' meeting that there was no way to inspect or implicate the

high-level executives of the Company who cheated the Company, and there was no unit to further handle the issue. He continued to propose that the VP or EVP of the Company cheated the Company and there was express evidence, but no unit in the Company handled it. He cited an example of the current DN, Mr. Pandit Chanapai. He mentioned that Mr. Pandit Chanapai behaved in a way that caused damage to the Company and cheated the Company by using his position.

**Mr. Chaikasem Nitisiri**, the Chairman, warned Sqn. Ldr. Thanit to be careful about his words.

**Sqn. Ldr. Thanit Promsatit**, a shareholder, stated that he took responsibility for his words since he had the documents. He was ready if Mr. Pandit would sue him. Therefore, he would like to tell the shareholders that there was such matter in the Company. He said the board might not know of the matter. He said the only chance was to raise the matter in the meeting of shareholders. The documents in his possession were 100% complete, but they could not implicate those who cheated the Company and damaged the Company's revenue. He addressed Mr. Pandit, saying that he had the document and if Mr. Pandit would like to have them or file a lawsuit against him, he welcomed it. He also referred to another person who was going to be a member of the board, Mr. Wallop Bhukkanasut. He proposed that the Company should officially have a unit to accommodate complaints about corruption committed by high-level executives of the Company. He stated that he lodged a complaint with the Company's corporate governance committee a long time ago but had not got any answer in regard to the corruption committed by various people.

**Mr. Jesda Niyompatama**, a shareholder, said the Company notified the shareholders that the Company's operating results were at a loss of Baht 21 billion and the Company's allowance in relation to the penalty for price collusion was Baht 4 billion. Therefore, the loss of the Company was Baht 17 billion. He followed the Company's operating results quarterly and used those of the third quarter for comparison. In the third quarter, the Company notified the Securities and Exchange Commission (SEC) that it suffered a Baht 7 billion loss, which would mean that the Company's loss for one quarter, which was the fourth quarter, was Baht 10 billion. Previously, the Company showed several factors for losses, but an important factor was the fuel price. Based on the fuel price, it could be seen that in January 2008, the crude oil price was 100 dollars per barrel and the crude oil price continued to peak until it reached the highest point of 140 dollars per barrel in August. The Company's fourth quarter's operating result commenced in October to November and December. In the fourth quarter, in October, it was seen that the crude oil price had started to decline since September and August. Mr. Jesda wondered why the Company's fourth quarter operating results showed that the Company suffered a loss of Baht 10 billion, while the world crude oil price decreased. In addition, if a serious look was taken at the operating results, it could be seen that while the crude oil price peaked in the second and third quarters, the Company could maintain its balance. If the third quarter was looked at, after the expenses were deducted from the Company's revenue at the end of the third quarter, the Company suffered an operational loss of only Baht 3 billion. It could be seen that the crude oil price factor was not a major factor at all. The major factor to the Company's losses actually occurred in the fourth quarter during which the price of crude oil reduced. He would like the management to clarify the matter.

**Mr. Monchai Rabruentaveesuk**, a shareholder and proxy of shareholders who are his family members the Company's staff and many of the general public, inquired about the debt to equity ratio which was reported to the Stock Exchange and the one viewed by shareholders. He stated that for a period of nine months or 12 months, or quarterly, the ratio was over 3 and in a certain period it was almost 4.6, which was a big concern. He stated that even though the Company said it took out loans before the crisis, in fact prior to the Lehman crisis and prior to such oil price peak, the Company borrowed a billion or two billion baht from each bank and the total was over a billion. The Company borrowed Baht 2.5 billion from the Islamic Bank until the bank no longer approved loans. A rehabilitation plan was not yet certified by the government and nobody would lend the Company any money. Everyone could see the business plan drafted by Mr. Pichai, who said the Company would gain Baht 3 billion in profit, was a daydream. Mr. Monchai said he had no intention to attack Mr.

Pichai, but he thought that several losses should be assessed. He referred to the conclusions from the oil crisis, the political crisis, and the political crisis tracing back to the airport seizure at the end of November, which resulted in the loss of opportunity of five weeks in an accounting period. He questioned whether a profit for the period of 45 weeks was generated. He inquired whether a profit was gained during the Lehman crisis, which started in the third and fourth quarter, during the eighth or ninth month. He stated that a mistake occurred during the crisis was due to unwise hedging and forward buying was made in such.....(he refrained from making a comment on the matter). He said all that happened were excuses and not acceptable reasons. He said that if the answers were untrue and not acceptable, he thought the problems would certainly continue.

**Mr. Wisudhi Sahachardmanop**, a shareholder, referred to the Company's press conference in which it announced that its damage was worth around Baht 20 billion, and the Royal Thai Police stated that the airport closure involved several offenses, which were counted as acts of terrorism. The press conference was held on Monday night, 20 April 2009. The airport closure was political. It was the government's responsibility as a responsible party to further takes legal action. He knew that the Company sued the leaders of the people closing the airport to demand damages. He really wondered whether a group of the Company's staff who were seen in the news and on TV, who joined the closure, were given approval from certain executives to join the closure and if such day was considered a working day and whether they received wages. He requested clarification in regard to the matter from the Chairman. He told the Chairman that it was strange that the Company sued the people closing the airport and demanded damages of around Baht 20 billion. He would like to get an answer from the Chairman as to how he would handle that group of staff. He told the Chairman that in the same incident on 20 November 2008, around 22.00 hrs. at least two protesters stole around two cases of jet lubricant and were caught by the Company's security guards while loading the items to the vehicle they prepared for stealing the property of the Company and the incident was reported to the Company. A month and two days later, which was 9 December 2008, the Company's authorized person filed a complaint with the police as evidence. From the date of the incident until now, the people who stole the Company's property were still at large and still working as if nothing had happened. He questioned whether this meant that the management gave the staff the approval to join the closure and counted it as a day of working for the Company whereby they received a full salary and used that day to steal the property of the Company.

**ACM Narongsak Sangapong**, Acting President, explained about the statement of income which had been reported that the loss was related to the oil price, and which Mr. Siriwat asked about the fuel hedging that, had there been appropriate action, the figure of loss would not be as it was. ACM Narongsak provided information on various airlines, which faced economic problems, and he believed everyone had heard such information several times. He said Cathay Pacific suffered a loss of HKD 8.5 billion, or about USD five billion, while Japan Airlines and All Nippon Airways urgently applied for loans from the government to deal with the loss in regard to the decrease in passenger number. China Eastern Airlines suffered a loss of RMB 5.3 billion or about USD 3 billion. China Southern Airlines Suffered a loss of RMB 4.8 billion, and finally, Qantas decreased the profit forecast and laid off 1,750 employees. He said that this was what happened.

**Mr. Chai Eamsiri**, the Director of the Petroleum and Fuel Management Department, explained the issue in regard to the Company committing forward buying for the period of two years, in accordance with news articles, but which was for the period of six months currently, and in regard to why the Company did not do it for just two to three months. He stated that compared with other airlines worldwide, THAI did the shortest. He said he had the figures which could be checked on the websites of those airlines and cited an example that Cathay Pacific that did 42% of forward buying during the first half of 2009, 34 % for the second half of the year, and 21% for the first half of 2010, and the same as Singapore Airlines which had done over 40% for 2009. He would like to tell the meeting that the Company did nothing differently from others and that the Company did it quite conservatively. Moreover, it was not forward buying but was the use of an option, which was the fixing of maximum and minimum prices. In regard to the price level, where it was said that THAI hedge by buying forward oil at USD 160 per barrel for six months, he said that it could be

(Translation)

misunderstood, as THAI did not forward buy the oil or did oil hedging based on crude oil prices. THAI did it based on jet fuel prices, so when a comparison would be made, it should be compared based on the same database which was the jet fuel. He explained that the reference to the balance sheet with respect to the risk of fuel price which was stated at USD 92.6-114.8, which was the price of jet fuel, which would be equivalent to the price of crude oil of around USD 70-90, depending on the periods.

**Mrs. Ngamnit Sombutpibool**, Executive Vice President, Finance and Account Department, clarified as follows:

She stated that in regard to the 2008 operating results of the aviation business, there were numerous factors affecting the operations in 2008. It was a crisis period for the aviation business and many factors continued to affect the aviation business. She said that during the first half of the year, the oil price, which had gradually increased since the end of 2007 and quickly increased until around mid-2008, surged to the highest in records and all airlines were affected. Normally, tickets would be sold first and trips would be made later, but the Company had to burden the rising oil price immediately. She would like to state that the Company's board of directors and management were not at ease. Even though in the first quarter that the oil price was rising the Company still had a profit of over Baht 3 billion. In the second quarter, when the oil price surged to the highest level, all airlines were affected, and the second quarter was also a low season, which meant less travelers, while the oil price surged by 50% compared with the previous year. Therefore, the loss was recorded for the second quarter. However, the Company set up measures to resolve the problem of loss and improved the budget in order to set a goal to generate profits to accommodate the problem. Such measures were to increase the revenue, decrease the expenditures, delay the investment, and immediately cancel the New York flights, which were having high loss burden. Meanwhile, the compensation rate for higher oil prices was adjusted and the selling price was adjusted to be appropriate. In July, the operating results showed that the profit met the target. It could be seen that in the third quarter, profits were starting to be gained. When the oil price problem began to ease up and the oil price decreased, the aviation business was hit by the world economic crisis and the immediate effect was that less passengers were traveling. For THAI, apart from being affected as other airlines, there was an unexpected event which was the political unrest in the country, which as she remembered, started since the middle of the year when an airport in the south was closed, which was the major airport for a large number of the Company's foreign passengers traveling to Phuket. After that domestic politics was getting more violent. She told the meeting that at such time the Company did not know what would happen and everything was happening unexpectedly. Therefore, the subsequent impact was in relation to domestic political problems, which caused the number of passenger traveling to and from Thailand to reduce considerably. Moreover, there was a period when the Emergency Decree was imposed and several countries warned their citizens not to travel to Thailand. Until the last quarter which was the quarter when passengers traveled the most and the operating results would be good. The Company expected to gain profits as targeted in the set budget. However, it was not as expected. She stated that everyone knew that everything happened abruptly and the fact that the Company operates an aviation business but there was no flight operated would certainly affect the performance and the Company's liquidity. Therefore, in the last quarter the Company suffered a great loss. In addition to the impact from the reduction in the number of passengers in the last quarter due to the domestic political problem, the global economic crisis remained. This could be seen from what the Acting President presented, that in 2008 the volume of passenger traffic and freight traffic was lower than in 2007, when normally at least it should have increased. When the aviation business was in the downturn, the aircraft market began to encounter problems. When the Company stopped the New York route, it expected to sell the aircraft used for that route. However, such aircraft, expected to be sold, could not be sold. The price of aircraft in the market decreased. Based on these reasons, it was necessary to set an allowance for the loss from aircraft impairment of the four aircraft to be sold. This incurred expenditures, which were not actual expenditures as it was the allowance of Baht 4 billion. In regard to the loss from the foreign exchange rate, they were actually accounting figures as at the end of the period in accordance with accounting standards. The Company had foreign currency denominated loans so they had to be calculated into Baht as of that date. On the date of closing the