

Press Release

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TRIS Rating Sees No Immediate Effect on the Ratings of TRUE and TUC from Legal Disputes and Regulatory Actions

TRIS Rating holds the view that the reported legal dispute and regulatory actions will have no immediate effect on the credit ratings of TRUE Corporation PLC (TRUE) and TRUE Move H Universal Communication Co., Ltd. (TUC).

- (i) TRUE was ordered by the Arbitration Tribunal to pay a penalty to TOT PLC (TOT). The Tribunal ruled that TRUE had breached the Joint Operation and Joint Investment Agreement in providing high speed Internet (ADSL) service or allowing other parties to make use of the said system's equipment to provide ADSL service. The penalty is reportedly assessed to be more than Bt94 billion. TRUE rejects the ruling and will file an appeal in court.
- (ii) TRUE also rejects the resolution of The National Broadcasting and Telecommunications Commission (NBTC) ordering True Move Co., Ltd. (TrueMove), a subsidiary of TUC, to pay Bt3.4 billion to the NBTC. The payment is related to the revenue it received from providing wireless telecom service on the 1800-megahertz (MHz) frequency spectrum during the subscribers protection period. In this respect, TRUE will take further legal action.

In TRIS Rating's view, neither of the two disputes is expected to be resolved soon. Any litigation arising from the decision by the Arbitration Tribunal or the regulatory action will take time to be resolved. In both instances, court challenges and successive appeals will likely take years to resolve.

TRIS Rating believes there is a low probability of any near-term material effect on the financial profiles of TRUE and TUC, and does not expect that TRUE will need to make any provisions at the moment. TRIS Rating will closely monitor developments and assess the effects of these events on the creditworthiness of TRUE and TUC.

Both TRUE and TUC are rated "BBB+" with "stable" outlooks by TRIS Rating.

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