



Thai Airways International Public Company Limited
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(Translation)

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Subject : Thai Airways International's Transformation Roadmap

To : President,
The Stock Exchange of Thailand

Thai Airways International Public Company Limited (THAI) would like to inform the Stock Exchange of Thailand in regards to the THAI's Transformation Plan which has been approved in principle by the State Owned Enterprises Commission Board on the 26th of January 2015.

The "THAI Transformation" roadmap drafted and approved by the Company's Board of Directors on 16 January 2015 is designed to reverse the trend of losses for which THAI has incurred over the past 5 consecutive quarters and just alone for the first 9 months of 2014 total loss was THB 9,210.73 million. The THAI Transformation roadmap has been submitted to the State Owned Enterprises Commission Board and received, in principle, approval for the initiatives proposed in the plan. Key points of the transformation plan include identifying problems being faced by the Company, developing initiatives to address such problems, establishing time frame to achieve each milestone, establishing key performance indicators to measure achievement and ensuring sufficient capital and liquidity to support the transformation process.

There are 3 stages composing THAI's Transformation Roadmap as follows:

The first stage is designed to mitigate losses through cutting routes or flights that have been consistently loss making and are not able to be turned around while enhancing effort to boost revenue on routes which THAI is currently doing well or destinations that have strong growth potential. The passenger production (Available Seat Kilometers : ASK) will decrease by approximately 10%.

The second stage addresses the issue of building THAI's competitiveness in the areas of product, service, and human resource while enhancing the Company's ability to earn revenue and improving the ability to control cost. Most importantly is the need to improve its service standards and render services that meets the needs of the Company's various customer groups.

The third stage will be to grow THAI's business on the back of new organization strengths ensuring long-term sustainable profitability. THAI will remain a full service airline with the vision of being the First Choice Carrier with Touches of THAI.

The 6 strategic initiatives to be employed to drive the transformation process include:

1. Network Strategy – Improving network, destination selection & route performance
2. Fleet Strategy – rationalization of number of aircraft and aircraft type
3. Commercial Strategy – enhance ability to earn revenue

4. Operations and Cost Strategy – adopting international best practice & improve cost control
5. Organization Strategy – adopt an organization structure suited for the new competitive environment along with appropriate remuneration policy
6. Portfolio Strategy – adopt systematic approach to manage core and non-core businesses

This matter is being reported for your information.

Yours sincerely,

Suvimol Bualerd

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Vice President, Corporate Secretariat Department