

MEDIA STATEMENT

Kuala Lumpur, 4 December 2015

Restructuring progresses further in Malaysia Airlines Berhad's first quarter

The ongoing restructuring of Malaysia Airlines continued at a steady and sustained pace on multiple fronts, as reported by Malaysia Airlines Berhad ("MAB") in its first quarterly progress update issued yesterday since becoming fully operational on 1 September 2015.

As stated in the Fourth MAS Recovery Plan ("MRP") Quarterly Progress Update ("QPU") issued by Khazanah Nasional Berhad ("Khazanah") on 2 September 2015, MAB would provide subsequent quarterly updates to ensure that all stakeholders continue to be appropriately informed.

The 12-point MRP was launched on 29 August 2014 and calls for a complete overhaul of Malaysia Airlines to set it on a path towards recovery and sustained profitability. The restructuring effort focuses on four main areas, namely governance and financial framework, operating business model, leadership and human capital, and regulatory and enabling framework.

The implementation of the MRP since its launch has shown significant progress, as reported in the four previous QPUs issued by Khazanah. All parties – the airline's leadership, employees, unions, partners and suppliers, Khazanah and the Government – have contributed to the progress thus far, at times involving painful steps and sacrifices that were nonetheless necessary and always guided by the principles of transparency, fairness and compassion.

Being MAB's sole shareholder, Khazanah will continue to ensure that the restructuring effort progresses as planned over the MRP's five-year horizon, and that it is provided with every opportunity for a successful outcome. This includes conditional investment funding by Khazanah that is subject to the fulfillment of strict conditions and achievement of specific milestones.

Khazanah notes that over the past three months, MAB has implemented a range of initiatives aimed at furthering operational improvements, boosting product offerings, and enhancing internal processes and procedures. *(Refer to the MAB press release issued on 3 December 2015, available at www.malaysiaairlines.com)*

These initiatives include a significant new global aviation partnership with Emirates announced on 2 December 2015. The partnership provides Malaysia Airlines customers a seamless travel experience on a network connecting Malaysia to more than 90 destinations across Europe, Middle East, Africa and the Americas. At the same time, the enhanced connectivity will also help to promote inbound travel to Malaysia from more parts of the world.

Other key initiatives by MAB include a new premium business class seat, group-wide cost saving measures, and the establishment of a Work Council to promote industrial harmony and constructive dialogue between management and staff.

In line with the commitment to provide regular communication to all stakeholders on the progress of the MRP, Khazanah would like to update on the following items of the MRP separate from those under MAB's reporting purview:

1. Reskilling and redeployment

The Corporate Development Centre ("CDC") opened its doors on 1 June 2015, offering free outplacement and training services for exiting MAS employees who were not offered employment at MAB. A broad range of services are available, including talent profiling, career counseling, basic and detailed training, job-seeking skills, entrepreneurship, and retirement planning.

As at 27 November 2015, a total of 3,046 people have registered with the CDC since it began operations. This represents about 74% of total employees who exited from MAS.

A total of 1,165 registrants have successfully exited from CDC, out of which 466 have been successfully re-employed, 650 chose to become entrepreneurs, and 49 opted for early retirement. The successful re-employed registrants are currently working in local and multinational companies in sectors such as hospitality and customer service, telecommunications, engineering and maintenance, and aviation.

A total of 392 registrants are currently attending programmes – Job Search, Aspiring Entrepreneur, and Active Retirement programmes – aimed at providing basic coaching to help them transition into the next phase of their lives. A total of 964 registrants who have completed their respective basic coaching programmes have transitioned into active up-skilling programmes, of which 381 have attended advance entrepreneur programs as part of preparations to initiate and set-up their own business. The remaining 583 are job-seeking candidates undergoing various technical and non-technical certification courses.

In addition to the above, CDC in collaboration with Ministry of Human Resources has also facilitated 525 registrants for the Recognition of Prior Learning ("RPL") programme under Sijil Kemahiran Malaysia ("SKM"). Of the number, 301 are still undergoing the RPL programme, 118 have successfully completed it, while 106 are currently preparing for their respective Diploma Kemahiran Malaysia ("DKM") submissions.

2. Government support on key initiatives

The Malaysian Aviation Commission Act 2015 ("Act"), passed by Parliament in April 2015, received royal assent in August 2015. The Act provides for the establishment of an aviation commission to, among other functions, regulate economic matters relating to the civil aviation industry; provide mechanisms for the protection of consumers and for dispute resolution between providers of aviation services; administer, allocate and manage air traffic rights; monitor slot allocation for airlines or other aircraft operators; and administer and manage public service obligations.

3. Continuous communication and stakeholder engagement

Both external and internal engagements and communication continue across all stakeholder groups to help ensure the smooth implementation and further progress of the restructuring effort towards a successful outcome.

Khazanah and MAB will continue to provide quarterly updates to ensure that all stakeholders, especially the public, are kept appropriately informed.

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For further information on Khazanah, please visit www.khazanah.com.my or contact Mohd Raslan Md Sharif at +603 2034 0000, or e-mail at raslan.sharif@khazanah.com.my.

About Khazanah Nasional Berhad

Khazanah Nasional Berhad (Khazanah) is the strategic investment fund of the Government of Malaysia entrusted to hold and manage the commercial assets of the Government and to undertake strategic investments. Khazanah is involved in various sectors such as power, telecommunications, financial institutions, healthcare, aviation, infrastructure, leisure & tourism, property, creative & media, education, and innovation & technology. Some of the key listed companies in Khazanah's investment portfolio include Telekom Malaysia Bhd, Tenaga Nasional Bhd, CIMB Group, Axiata Group Bhd, IHH Healthcare Bhd, Malaysia Airports Holdings Bhd and UEM Sunrise Bhd.

For further information, please visit www.khazanah.com.my