

MEDIA STATEMENT

Kuala Lumpur, 30 March 2007

Khazanah's Exchangeable Sukuk garners 3 more awards

Khazanah Nasional Berhad (“Khazanah”) bagged three Deals of The Year Awards (2006) for a single transaction - the US\$750 million Rafflesia Capital Exchangeable Trust Certificates (“Exchangeable Sukuk”) - at the Islamic Finance News Awards on Wednesday, 28 March 2007, which was held in conjunction with the Global Islamic Finance Forum 2007.

The landmark Exchangeable Sukuk receives awards in two global categories, the Most Innovative Deal of The Year and Sovereign Deal of The Year; and overall winner for Malaysia via Malaysian Deal of The Year.

Exchangeable Sukuk represents the world's first Shariah compliant exchangeable bond and is the largest exchangeable issue out of Asia (excluding Japan) in 2006. It even surpassed Khazanah's previous conventional exchangeable Sukuk issuance in terms of issue size.

The awards mark the 11th, 12th and 13th recognition garnered by Exchangeable Sukuk since its launch on 27 September 2006. Other accolades awarded to Exchangeable Sukuk were Best Sukuk Deal by Euromoney; Best Equity Linked Deal and Best Deal (Malaysia) by The Asset; Best Equity Linked Deal by Asia Money; Most Innovative Product by KLIFF 2006; Best Equity Linked Deal and Best Capital Market Deal by IFR; and Deal Of The Year by The Banker.

The issuance has been widely regarded as instrumental in exposing the Islamic world to the many possibilities of structuring innovative Islamic financial product. It has also reinforced Malaysia's reputation in Islamic financing innovation and Islamic financing hub and set a new benchmark for both global Islamic investors and conventional equity-linked investors. Despite the fact that the Islamic investors in general are unfamiliar with equity-linked instruments, the Sukuk was well received by both conventional and Islamic investors.

Khazanah explored the opportunity to issue the Exchangeable Sukuk with the objective to pave the way for development of innovative Shariah-compliant financial products and the global Islamic financial markets in general.

This issue heralded the beginning of a new generation of Islamic financial products, and since then, the market has witnessed more issuance of Shariah compliant equity-linked products with 2 convertible Sukuk issued in the last 5 months alone.

Khazanah also wanted to access the pool of Islamic investors located mainly in the Middle East. This objective was more than achieved with the Sukuk being distributed to a mix of quality investors from Middle East and global investors including financial institutions, asset managers, insurance companies, pension funds and high net worth individuals. The allocation by region was 30% Middle East, 40% Europe and 30% Asia and the rest.

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About Khazanah Nasional Berhad

Khazanah is the investment holding arm of the Government of Malaysia and is empowered as the Government's strategic investor. As trustees to the nation's financial assets, Khazanah's main objective is to promote economic growth and make strategic investments on behalf of the Government which would contribute towards nation building.

About Deals of the Year Awards 2007

Islamic Finance News conducted its inaugural Deals of the Year Awards for 2006. In total 29 accolades have been awarded. The Islamic finance community was invited to submit their contenders for the specially chosen Awards Panel. All Islamic compliant deals were accepted as long as the transaction was completed during the 2006 calendar year. The Awards Panel, consisting of non-banking industry professionals, sifted through the submissions from around the world. Various criteria was taken into consideration including; complexity, originality, distribution, speed and size.

About Islamic Finance News

Islamic Finance News is the industry's leading capital markets focused publication providing subscribers with unrivalled editorial coverage of the global Islamic financing market.

About Rafflesia Capital Exchangeable Trust Certificates (“Exchangeable Sukuk”)

On 27 September 2006, Khazanah via a special purpose company, Rafflesia Capital Limited, successfully launched and priced the Exchangeable Sukuk.

The offering comprises US\$750 million 5-year certificates due 2011, and is exchangeable into ordinary shares of RM1.00 each of Telekom Malaysia Berhad (“TM”) held by Khazanah.

The offer was launched with an initial size of US\$500 million and was upsized due to strong demand.

The Exchangeable Sukuk were priced at 100% of the principal amount with yield to maturity of 5.07% and will carry an annual periodic payment of 1.25% and exchange premium of 19% over the 1-day volume weighted average price of TM shares on 27 September 2006.

Transaction highlights

Issuer	Rafflesia Capital Limited
Obligor	Khazanah Nasional Berhad
Underlying shares	Ordinary Shares of RM1.00 par each of Telekom Malaysia Berhad
Issue Size	US\$750 million
Issue Date	4 October 2006
Maturity	5 yrs (4 October 2011)
Issuer Call Option	After 3 years subject to 130% (5 October 2009)

Issue price	100%
Periodic Payments	1.25% p.a. payable annually
Yield-to-Scheduled Dissolution	5.07% p.a.
Scheduled Dissolution Amount	121.14%
Exchange premium	19%
Initial Conversion Price	MYR10.85 per share (based on a fixed exchange rate)
Initial Reference Share Price	MYR9.1143 (VWAP at Sept 27 2006)
Listings	<ul style="list-style-type: none"> o Labuan Int'l Financial Exchange o Hong Kong Stock Exchange

Awards won (13 in total)



Most Innovative Deal
Best Deal (Malaysia)
Sovereign of the Year



Best Sukuk Deal



Best Equity Linked Deal
Best Islamic Finance Deal



Best Deal (Malaysia)
Best Equity Linked Deal



Best Equity Linked Deal



Most Innovative
Product



Best Equity Linked Deal
Best Cap Market Deal



Deal of the Year
(Malaysia)

Execution Highlights

- Bookbuilding commenced on 21 September 2006 with initial size of USD500 million and upsized due to strong demand. Book closed on 27 September 2006.
- Book was over 2x covered on opening day with little impact on TM's share price despite longer bookbuilding period. Subscription rate approx. 6x at price range and initial size of launch. One of the highest subscription levels for a transaction of this magnitude.
- Successfully distributed to excellent mix of quality investors from Middle East and global investors including financial institutions, asset managers, insurance companies, pension funds and high net worth individuals.
- Strong demand from Middle Eastern investors despite lack of familiarity with exchangeable instruments.
- Certificates immediately traded up after pricing.
- World's first Shariah-compliant exchangeable Sukuk.
- First and the only non Middle East company to issue a Shariah compliant equity-linked product.
- Largest exchangeable instrument issued out of Asia ex Japan in the year 2006 to date.
- Largest ever exchangeable Sukuk out of Malaysia, surpassing Khazanah's own USD414.5 million exchangeable Sukuk into PLUS Expressways Berhad.

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