

MEDIA STATEMENT FOR IMMEDIATE RELEASE

Kuala Lumpur, 27 September 2006

Khazanah successfully issues world's first Shariah-compliant exchangeable bond

Khazanah Nasional Berhad (“Khazanah”), via a special purpose company, Rafflesia Capital Limited (the “Issuer”), successfully launched and priced the world's first issuance of Shariah-compliant exchangeable trust certificates (the “Certificates”).

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”) currently held by Khazanah. The offer was launched with an initial size of US\$500 million and was upzised due to strong demand. The Certificates will be listed on Labuan International Financial Exchange Inc. and The Stock Exchange of Hong Kong Limited.

The Certificates 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.

The offering creates an exchangeable Sukuk benchmark for Islamic investors with an innovative structure that is widely accepted by international investors.

The Certificates were marketed through book-building, which commenced on 21 September 2006 and was completed on 27 September 2006. Investors' overwhelming response was reflected in the subscription rate of approximately 6x at the price range and initial size at launch. Demand was generated from quality investors from the Middle East and elsewhere, and include financial institutions, asset managers, insurance companies, pension funds, corporates and high net worth individuals. Proceeds raised from the offering will be used for additional working capital and for general corporate purposes relating to Khazanah's principal business activities.

Khazanah Managing Director, Dato' Azman Mokhtar said, “Khazanah is pleased to execute this landmark issue which successfully addresses several important objectives simultaneously. First, it is a cost effective way to raise funding. Second, in line with our long-term commitment to divest progressively stakes in our core holdings to increase market liquidity in an orderly fashion. Third, at US\$750m we have set a new benchmark as the largest exchangeable instrument to be issued out of Asia ex Japan in the year to date and the largest ever out of Malaysia, surpassing Khazanah's own US\$414.5m exchangeable bond into PLUS Expressways in December 2004. Fourth, the transaction has made significant inroads in tapping the Middle Eastern and Shariah-compliant investor base. Most significantly, as the world's first Islamic exchangeable sukuk with many innovative features, this is a significant development of Islamic Finance in general and underscores Malaysia's leading position as a global Islamic Financial Centre.”

UBS Investment Bank acted as the Global Coordinator while CIMB Investment Bank, HSBC Amanah and UBS Investment Bank are the Joint Bookrunners and Lead Managers for this issuance.

Nothing in this statement constitutes an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to do so. The Certificates have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "Securities Act"), or the securities laws of any state of the U.S. or other jurisdictions and may not be offered or sold within the U.S. or to U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registrations requirements of the Securities Act.

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