

Announcement: Moody's assigns Aaa to Temasek's 12-year and 30-year GBP notes

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Approximately GBP700 million in debt securities affected

Hong Kong, July 20, 2010 -- Moody's Investors Service has today assigned Aaa ratings to the 12-year GBP200 million and 30-year GBP500 million senior unsecured fixed-rate notes to be issued by Temasek Financial (I) Limited, a wholly owned financing subsidiary of Temasek Holdings (Private) Limited ("Temasek").

The outlook for the ratings is stable.

These notes are being issued pursuant to Temasek's USD10 billion Medium-Term Note Program (Aaa) and are irrevocably and unconditionally guaranteed by Temasek. The proceeds will be used for general corporate purposes.

"The proposed issuance will further strengthen Temasek's liquidity and help maintain a staggered debt maturity profile," says Elizabeth Allen, a Moody's VP/Senior Credit Officer.

"Since October 2009, Temasek has raised about SGD5.4 billion in long-term notes; the proposed GBP issuance will match its underlying asset profile," adds Allen, also Moody's lead analyst for the company.

"Temasek's recently published financial results for the year ended March 2010 indicated a very strong financial profile at the holding company level, which underpins the Aaa rating. The company had a net cash position, with funds from operations (FFO) interest coverage and book debt/equity ratio well within the rating thresholds of 10-15x and 30%," says Allen.

Management's commitment to financial discipline is an important driver for the company's rating, as the objective of maximizing long-term shareholder returns allows for a very flexible investment strategy and horizon.

The value of the company's portfolio increased to SGD186 billion as of March 2010 from SGD130 billion the previous year, although its investment portfolio mix has not changed significantly.

Geographically, its exposure to emerging Asia has increased from 43% to 46%, whereas Singapore continued to account for slightly over 30%. By sector, financial services remained the largest. Its contribution increased from 33% to 37%, whereas the contribution from telecoms, media, and technology decreased from 27% to 24%.

The outlook on the ratings is stable, reflecting Moody's expectation that Temasek's credit metrics will remain strong and that management will continue to prudently manage its investments and acquisitions.

Temasek has a stand-alone rating of Aaa. In the event that the company's underlying credit fundamentals were no longer rated Aaa, Moody's Joint Default Analysis methodology would become relevant to the analysis.

However, because of Moody's expectation of a high likelihood of government support and dependence, the Aaa rating would come under pressure only if the ratings of both the company and the Singaporean government (Aaa/Stable) were lowered.

The principal methodology used in rating Temasek was "Moody's Rating Methodology: Global Investment Holding Companies", published in October 2007 and available on www.moody.com in the Rating Methodologies sub-directory under the Research & Ratings tab.

Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

Moody's last rating action with regard to Temasek took place on February 25, 2010, when Aaa ratings were assigned to the SGD500 million five-year notes and SGD500 million 25-year notes issued by Temasek Financial (I) Limited. These notes are also guaranteed by Temasek.

Temasek is an Asian investment holding company headquartered in Singapore and is 100% owned by the Singapore government.

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