

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

Global Credit Research - 20 Jul 2010

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's.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.

Hong Kong
Elizabeth Allen
VP - Senior Credit Officer
Corporate Finance Group
Moody's Asia Pacific Ltd.
JOURNALISTS: (852) 3758 -1350
SUBSCRIBERS: (852) 3551-3077

Singapore
Philipp L. Lotter
Senior Vice President
Corporate Finance Group
Moody's Singapore Pte Ltd.
JOURNALISTS: (852) 3758 -1350
SUBSCRIBERS: (65) 6398-8308

© Copyright 2010, Moody's Investors Service, Inc. and/or its licensors including Moody's Assurance Company, Inc. (together, "MOODY'S"). All rights reserved.

CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S ("MIS") CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of MOODY'S Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."

Any publication into Australia of this Document is by MOODY'S affiliate MOODY'S Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided only to wholesale clients (within the meaning of section 761G of the Corporations Act 2001). By continuing to access this Document from within Australia, you represent to MOODY'S and its affiliates that you are, or are accessing the Document as a representative of, a wholesale client and that neither you nor the entity you represent will directly or indirectly disseminate this Document or its contents to retail clients (within the meaning of section 761G of the Corporations Act 2001).