



Moody's Investors Service

Announcement: Moody's assigns Aaa rating to Temasek's 20-year and 30-year SGD notes

Global Credit Research - 24 Nov 2009

Hong Kong, November 24, 2009 -- Moody's Investors Service has today assigned a Aaa rating to the 20-year SGD300million and 30-year SGD300million 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 rating outlook is stable.

These notes are irrevocably and unconditionally guaranteed by Temasek and are pursuant to its USD5billion Medium-Term Note Program. The proceeds will be used for general corporate purposes.

The Aaa rating reflects Temasek's strong financial profile at the holding company level. The rating is underpinned by its low level of both book and market-value based leverage, its excellent liquidity position and its high quality investment portfolio.

In assessing the rating of Temasek, management's demonstration and commitment to strong financial discipline is an important driver. With an objective to maximize long term shareholder returns, Temasek has tremendous flexibility in its investment strategy and investment horizon.

The company has maintained overall strong financial strength and prudence, despite the inevitable volatility shown in the net market value of its portfolio. Moody's observed that under the uncertain and challenging economic conditions in 1H2009, Temasek has increased its cash holdings, reduced total debt and short term debt to further lower its leverage and improve its liquidity profile as of end-March 2009. The recent issuances of 10-year and 30-year bonds should further improve its debt maturity profile.

Furthermore, the recurring dividend income receipts continued to be stable and were supplemented by divestment proceeds. In fact, Temasek reported net cash with very limited near-term debt repayments or committed outflows as of end-March 2009. Its book debt/equity and interest coverage stayed well within the rating threshold of 30% and 10-15x respectively.

The rating outlook is stable reflecting that Temasek's credit metrics are likely to remain strong and that management is expected to continue to exercise prudence in managing its investments.

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

Nonetheless, based on Moody's expectation of a high likelihood of government support and dependency, the Aaa rating would come under pressure only if both the ratings of the company and of the Singapore 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 occurred on 17 November 2009 when a Aaa rating was assigned to the senior unsecured fixed-rate 30-year USD notes issued by Temasek Financial (I) Limited. These notes are also guaranteed by Temasek.

Temasek is an Asia 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) 2916-1150
SUBSCRIBERS: (852) 3551-3077

Singapore
Tony Tsai
Senior Vice President
Corporate Finance Group
Moody's Singapore Pte Ltd.
JOURNALISTS: (852) 2916-1150
SUBSCRIBERS: (65) 6398-8308



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