

## Singapore Temasek Holdings' 30-Year Debentures Assigned 'AAA' Rating

**Primary Credit Analyst:**

Manuel Guerena, Singapore (65) 6239-6332; manuel\_guerena@standardandpoors.com

**Secondary Credit Analyst:**

Yasmin Wirjawan, Singapore (65) 6239-6302; yasmin\_wirjawan@standardandpoors.com

- Temasek Holdings has issued US\$500 million of 30-year senior unsecured debentures due 2039, through Temasek Financial (I) Ltd.
- We have assigned a 'AAA' rating to these debentures, which are unconditionally and irrevocably guaranteed by Temasek Holdings.

SINGAPORE (Standard & Poor's) Nov. 17, 2009--Standard & Poor's Ratings Services today assigned its 'AAA' rating to US\$500 million of the Series 3, 30-year 5.375% senior unsecured debentures due 2039 issued by Temasek Financial (I) Ltd., which are unconditionally and irrevocably guaranteed by Singapore's Temasek Holdings Pte. Ltd. (AAA/Stable/--).

These U.S. dollar debentures are the third issuance under Temasek's US\$5 billion medium-term note (MTN) program. The ratings on that program, the US\$1.75 billion Series 1 guaranteed unsecured notes due 2015, and the US\$1.5 billion Series 2 guaranteed unsecured notes due 2019 by Temasek Financial are also 'AAA'.

The corporate credit rating on Temasek reflects its very strong liquidity position, highly diversified and liquid investments, and Standard & Poor's view on the likelihood of extraordinary support from the Singapore government (AAA/Stable/A-1+), if needed. In addition, most of its major investments have strong business risk profiles, with steady and sustainable cash flows.

The holding company's investment portfolio is highly diversified with no single investment accounting for more than 17% of the portfolio value. Temasek has adopted a more cautious stance, given the economic conditions prevailing with its divestments exceeding its investments and recapitalizations during the year.

The rating factors in the strength of its sole shareholder, the Singapore government, the constitutional safeguards that protect Temasek's reserves, and its shareholding interest in some sectors that Standard & Poor's believes are

strategic for the Singapore economy. The government made net capital injection of Singapore dollars (S\$) 10 billion into Temasek during the fiscal year ended March 31, 2008.

Nevertheless, about one-third of Temasek's investments are exposed to the financial sector, which adds volatility to its investment portfolio. In addition, its exposure to emerging Asia has grown over the past few years, adding higher country, legal, and regulatory risks to its portfolio. We expect this exposure to continue, in light of the announced refinement of its long-term directional portfolio mix: Asia-ex Singapore (40%), Singapore (30%), OECD (20%), and other geographies such as Latin America, Russia, and Africa (10%). Nevertheless, its liquidity, low leverage, and exceptional financial flexibility have so far compensated for these risks.

Temasek's liquidity is very strong, both at the company level and on a consolidated basis. At the holding company level, its liquid assets are placed mainly in cash and deposits, equities, government bonds, and corporate bonds. As at March 2009, Temasek's cash and cash equivalents exceeded its indebtedness at the holding company level.

On a consolidated level, cash balance and short-term marketable securities of S\$34 billion at March 31, 2009, were more than sufficient to cover the group's short-term debt of S\$11 billion. Temasek does not provide financial guarantees to its portfolio companies.

Complete ratings information is available to RatingsDirect on the Global Credit Portal subscribers at [www.globalcreditportal.com](http://www.globalcreditportal.com) and RatingsDirect subscribers at [www.ratingsdirect.com](http://www.ratingsdirect.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

Copyright © 2009 by Standard & Poors Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved. No part of this information may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P. S&P, its affiliates, and/or their third-party providers have exclusive proprietary rights in the information, including ratings, credit-related analyses and data, provided herein. This information shall not be used for any unlawful or unauthorized purposes. Neither S&P, nor its affiliates, nor their third-party providers guarantee the accuracy, completeness, timeliness or availability of any information. S&P, its affiliates or their third-party providers and their directors, officers, shareholders, employees or agents are not responsible for any errors or omissions, regardless of the cause, or for the results obtained from the use of such information. S&P, ITS AFFILIATES AND THEIR THIRD-PARTY PROVIDERS DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P, its affiliates or their third-party providers and their directors, officers, shareholders, employees or agents be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the information contained herein even if advised of the possibility of such damages.

The ratings and credit-related analyses of S&P and its affiliates and the observations contained herein are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or make any investment decisions. S&P assumes no obligation to update any information following publication. Users of the information contained herein should not rely on any of it in making any investment decision. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of each of these activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P's Ratings Services business may receive compensation for its ratings and credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge) and [www.ratingsdirect.com](http://www.ratingsdirect.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

Any Passwords/user IDs issued by S&P to users are single user-dedicated and may ONLY be used by the individual to whom they have been assigned. No sharing of passwords/user IDs and no simultaneous access via the same password/user ID is permitted. To reprint, translate, or use the data or information other than as provided herein, contact Client Services, 55 Water Street, New York, NY 10041; (1)212.438.7280 or by e-mail to: [research\\_request@standardandpoors.com](mailto:research_request@standardandpoors.com).

Copyright © 1994-2009 by Standard & Poors Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. All Rights Reserved.