



Moody's Investors Service

## Announcement: **Moody's assigns Aaa rating to Temasek's 30-year USD notes**

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Global Credit Research - 17 Nov 2009

Hong Kong, November 17, 2009 -- Moody's Investors Service has today assigned a Aaa rating to the 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.

The 30-year 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 also underpinned by its low level of both book and market-value based leverage, its excellent liquidity position and the fundamental strength of its underlying portfolio.

Given that Temasek, with an objective to maximize long term shareholder returns, has tremendous flexibility in its investment strategy and investment horizon, management's demonstration and commitment to strong financial discipline is an important rating driver. Despite the inevitable volatility shown in the net market value of Temasek's portfolio, the company has maintained overall strong financial strength and prudence.

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 recurring dividend income receipts continue to be stable and are supplemented by divestment proceeds. In fact, Temasek reported net cash with very limited near-term debt repayments or committed outflows. 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.moodys.com](http://www.moodys.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 19 October 2009 when a Aaa rating was assigned to the senior unsecured fixed-rate 10-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.

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