

TEMASEK HOLDINGS

NEWS RELEASE

Temasek portfolio market value rebounds S\$56 billion to year-end high of S\$186 billion

Steady long-term returns of 17% compounded annually since inception

- **Net portfolio value:**

- 31 Mar 10 : S\$186 billion
- 31 Mar 09 : S\$130 billion
- 31 Mar 08 : S\$185 billion

- **Total Shareholder Return*** as at 31 Mar 10:

Period (years)	TSR (%) by shareholder funds	TSR (%) by market value
Since inception	16	17
30	14	16
20	14	16
10	12	6
5	14	11
1	26	42

*TSR is the annually compounded rate of shareholder return over the specified period

- **Investment activities:**

- New/Recapitalisation investments : S\$10 billion
- Divestments : S\$6 billion
- Recapitalisation investments : S\$3 billion

- **Group net profit** : S\$5 billion

EMBARGOED UNTIL 2.15PM SINGAPORE TIME, 8 July 2010

Singapore, Thursday, 8 July 2010 - Temasek Holdings (Private) Limited (Temasek) today released its annual performance report and institutional review, *Temasek Report 2010 – Making a Difference*, for financial year ended 31 March 2010.

Temasek Report 2010 sets out highlights of the firm's portfolio returns and investments, its consolidated group financial summary and institutional framework as well as its engagement with stakeholders, including the wider community.

Delivering Long Term Returns

The market value of Temasek's portfolio as at 31 March 2010 rebounded to a new financial year-end high of S\$186 billion. This is an increase of S\$56 billion from a year earlier, with a Total Shareholder Return of over 42% for the year.

The book value of the Temasek portfolio increased to S\$150 billion, up from S\$50 billion 10 years ago, underpinned by the secular growth of its portfolio companies and Temasek's own investment activities.

Total Shareholder Return (TSR), measuring returns on an annually compounded basis since inception (1974), was 17% by market value, and 16% by shareholder funds. Both 20-year and 30-year TSRs held steady at a creditable 16% by market value and 14% by shareholder funds.

Also known as Wealth Added or Economic Profit, total portfolio returns to the shareholder, net of a risk-adjusted hurdle, was S\$42 billion for the year, while group net profit was S\$5 billion.

Temasek closed the financial year on 31 March 2010 with a comfortable net cash position.

Mr S Dhanabalan, Chairman of Temasek Holdings said, "Since inception, Temasek has been committed to create and deliver sustainable value as an active investor and shareholder of successful enterprises."

Investing in Asia

Since 2002, Temasek has been an active investor in Asia. This year, nearly 80% of the underlying portfolio exposure is in Asia, including Singapore.

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As of 31 March 2010, Temasek's underlying exposure to Singapore was 32%, while the rest of Asia, excluding Japan, stood at 46%; and OECD and other economies at 22%.

The eight-year compounded annual returns for Temasek from its new investments made since March 2002 were over 23%, giving us a healthy growth in our exposure to Asia, including Singapore.

Shaping Our Portfolio

Temasek takes a long view of its investment posture, regularly reviewing and rebalancing its forward stance.

Explained Ms Ho Ching, Executive Director & CEO of Temasek Holdings, "Since mid-2007, we have maintained the flexibility of remaining in cash and kept a steady investment pace. This followed from our early 2007 assessment of increasing medium-term geo-economic risks and signs of bubbly market conditions. By mid-2007, we stepped up our monetisation, and prepared to stay on the sidelines going into 2008."

Mr Simon Israel, Executive Director of Temasek Holdings, added, "Through the roller coaster of a massive correction, from the market peak of 2007, to a near meltdown in 2008 and early 2009, and a mixed recovery in the second half of 2009, we kept our cool, and focused on what we needed to do as a long-term investor. We maintained a liquid posture, kept our powder dry, made sure the home base was secure, and invested and divested steadily, taking advantage of opportunities which came along."

During the last financial year, Temasek made a total of S\$10 billion in new investments and \$6 billion of divestments. These included over S\$3 billion of rights issues in and recapitalisations of its portfolio companies to enhance their financial flexibility.

Investing in India

In India, Temasek has recently made many new investments including S\$241 million (US\$175 million) in the National Stock Exchange of India, which represented Temasek's first foray into the capital markets/exchange space in India. Temasek also made its first major investment in the infrastructure space with a S\$280 million (US\$200 million) investment in GMR Energy Limited, which is the energy venture of the GMR Group and a leading power utility. Other investments include Sobha Developers and Essar Energy.

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Mr Manish Kejriwal, Head of Temasek India, added, "During the last financial year, we expanded our investment activity significantly. Our investment thesis remains centered around sectors linked to India's domestic growth story including domestic consumption & infrastructure spend and sectors where India has a strong competitive advantage; these themes will continue to drive our investment strategy for the near future".

Mr Manish Kejriwal added, "Within Asia and globally, India remains one of the fastest growing economies and continues to be one of our key investment destinations. We believe that India is structurally resilient as an economy given low exposure to exports, strong corporate balance sheets, low external debt and a strong banking system. The ongoing improvement in infrastructure, along with a young population, is creating the right platform for long term sustainable growth. The current govt has made significant strides in areas of tax reform, inclusive growth and deficit reduction through the recent fuel price hikes, continued disinvestments, broadband & 3G auction. We expect these steps to boost growth significantly in the coming years"

Staying Flexible & Liquid

Since mid-2007, Temasek has been maintaining a relatively liquid stand in anticipation of the risks and market opportunities, and has had the full financial flexibility of a net cash position.

Temasek also took advantage of renewed confidence in the credit markets in the fourth quarter of 2009 to issue new Temasek Bonds, particularly at the long end. These serve as public markers of Temasek's credit quality, enhancing capital efficiency, increase funding flexibility, and expanding Temasek's stakeholder base in Singapore and internationally.

To date, Temasek has eight outstanding Temasek Bonds, totalling just under S\$8 billion (under US\$6 billion), as part of its US\$10 billion Global Guaranteed Medium Term Note (MTN) Programme. Three are USD-denominated and five SGD-denominated, with varying maturities of up to 2039, and a weighted average maturity of about 13 years.

Shaping Our Institution

Temasek is defined by its people, from the pioneer leaders who established Temasek on commercial principles, to the current team who strive to deliver consistently for the long term.

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The Temasek ethos of ownership and stewardship rests on the foundation of good governance, and the values of meritocracy, excellence and integrity.

Apart from the continuing programmes to upgrade and improve its systems and processes, Temasek continues to place critical emphasis on the development of its people as one team, and as its future generation of leaders.

Building a Shared Future

The twin pillars of Temasek's contributions to the community are sustainability and good governance.

In 2003, Temasek committed to set aside a share of its returns, whenever it delivers returns above its risk-adjusted hurdle. These provisions fund donations, endowments and other contributions to the wider community.

Temasek Trust was established with its independent Board of Trustees to oversee the management and disbursement of philanthropic endowments and community gifts for non-profit philanthropic organisations and beneficiaries.

Since inception, Temasek has committed over S\$1 billion for community and other public good causes.

Looking Ahead

The European sovereign debt crisis points to the underlying structural imbalances and the bumpy re-adjustments ahead as past excesses are still being worked through. Downside risks include inflation in the medium term, as well as political, policy and regulatory risks in the near term, and the potential cracks in the global credit system.

Mr Dhanabalan elaborated, "Protectionism may rear its head as developed markets struggle to cope with high unemployment, weak fiscal positions and mounting debt burdens. On the other hand, developing markets risk asset bubbles, and loose lending may haunt their banking system down the road."

Ms Ho Ching added, "We expect global growth to be slower in the medium term with Asia maintaining its secular long-term growth. Our focus on Asia will continue."

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Simon Israel emphasised, “Directionally, we are likely to increase our exposure to Asia over the next decade, but will continue to maintain the full flexibility to shift our portfolio stance in response to major development, trends or market opportunities.”

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For further information on Temasek, please visit www.temasek.com.sg

To view and download all content from the Temasek Report 2010, please visit www.temasekreport.com/2010

For media queries, please contact:

Rhea D'Souza

Senior Account Manager, Corporate Voice Weber Shandwick

Tel: +912240311217

E-mail: rhea@corvoshandwick.co.in

Tan Yong Meng

Director, Corporate Affairs

Tel: (65) 6828 6651

E-mail: yongmeng@temasek.com.sg

Paul Ewing-Chow

Senior Associate, Corporate Affairs

Tel: (65) 6828 6979

E-mail: paulewingchow@temasek.com.sg