Moody's Risk Management Services And Riskmetrics Announce Plans For Integrated Portfolio Product Offerings

Strategic Partnership Creates a Complete Credit Risk Management Solution

New York, August 22, 2000 -- Moody's Risk Management Services (MRMS) and RiskMetrics today announce a new strategic alliance that combines their complementary technology and expertise in the areas of quantitative credit analysis and portfolio analysis. The alliance has been formed to meet growing demand in the financial industry for integrated credit risk management tools.

Moody's RiskCalcTM default prediction models will be integrated with RiskMetrics' CreditManager product which is the software implementation of CreditMetricsTM, the industry benchmark for portfolio credit risk analysis. Banks, central banks, asset managers and traders will be able to evaluate their credit exposure using industry standard models through CreditManager's powerful portfolio analytics and Moody's suite of credit models for public and private firms.

Using RiskCalc, the credit exposure of a financial institution's portfolio can be updated automatically over the Internet, even when the portfolio includes privately owned companies. In addition, banks using MRMS's financial statement analysis software in their underwriting process will be able to pass this information directly through to CreditManager for use in portfolio risk analysis. The integrated tool can be used in a variety of ways, including regulatory compliance, estimation of risk adjusted profitability, instrument pricing, structuring of derivatives, and enterprise wide risk analysis.

Ethan Berman, Chief Executive Officer of RiskMetrics, notes, "We wanted to build a partnership that would aggressively extend our CreditManager product by incorporating the latest developments in quantitative credit analytics. Moody's has the depth of experience and products that we wanted in a partner, as well as analytic rigor in their modeling philosophy. Our product lines complement each other very well and our two organizations share a common vision of the market."

Andrew Kimball, Managing Director of Moody's Risk Management Services, said, "It is an important step for us to be able to offer clients of our RiskCalc default models access to RiskMetrics analytic software. RiskMetrics is one of the recognized leaders and pioneers in the portfolio analytics market through their development of industry standard methodologies and powerful software tools. Moody's and RiskMetrics have had a long history of cooperative work and this alliance continues that collaboration through joint development and integration."

RiskCalc is part of Moody's family of quantitative credit risk models which includes Moody's proprietary default models for privately owned firms and firms with publicly traded equity. Credit models like RiskCalc are becoming increasingly important in meeting new regulatory demands. The advent of new supervisory practices in the U.S. are giving emphasis to the usefulness of a bank's internal rating system in assigning internal capital against measured risks. In September, 1998, the Federal Reserve issued a letter (SR 98-25) stating that bank examiners should be critical of a system that does not "meaningfully distinguish among the strata of risk with the loans in the portfolio." The RiskCalc models create greater detail regarding the credit quality of individual obligations.

Portfolio credit analytics are essential to evaluate the credit risk of an entire portfolio of bonds, loans and derivatives in aggregate, as opposed to the risks of an individual obligation. Since some obligations may be correlated (e.g. in the same industry or country), portfolio tools like CreditManager allow users to analyze the impact of concentration in certain sectors or the impact of a new addition to the portfolio. Incremental or marginal Value-at-Risk is particularly useful when trying to assess the overall risk exposure of an institution holding the obligations. In addition, tools like CreditManager are critical in satisfying the need for a transparent benchmark for risk analysis.

About Moody's

Moody's Risk Management Services (MRMS) is a leading provider of financial software, credit training and both quantitative and judgmental risk assessment models. Its client base ranges from community bank to large credit-granting institutions. MRMS has offices in New York; London; Tokyo; Dublin; Reigate, U.K.; Walnut Creek, California; and South Bend, Indiana. Additional information about Moody's Risk Management Services and its RiskCalc line of products are available through its web site, www.moodysrms.com.

Moody's Investors Service is the leading provider of credit ratings, research and analysis covering debt instruments and

securities in the global capital markets. The company, with offices in New York, Tokyo, London, Paris, Sydney, San Francisco, Frankfurt, Madrid, Mexico, Dallas, Toronto, Hong Kong, Singapore, Limassol, São Paulo and Milan, issues ratings on more than 100,000 corporate and 68,000 public finance debt securities issued by corporations and governments in more than 100 nations.

Moody's is one of the two entities of The Dun & Bradstreet Corporation which, along with the D&B operating company, is the world's leading provider of business-to-business credit, marketing and purchasing information, and receivable management services.

About RiskMetrics

RiskMetrics provides the financial community with innovative research, software, education and benchmark data. RiskMetrics is responsible for the creation and support of benchmark risk management products including RiskMetrics, CreditMetrics, DataMetrics, CorporateMetrics and RiskGrades. The company promotes transparency by distributing its risk management information publicly via the Internet and offers financial institutions and individuals measurement tools that enable a complete Picture of Risk. Formerly the Risk Management Products Group of JP Morgan, RiskMetrics was spun-off in 1998. They are a core component of the risk management practice of more than 5,000 institutions around the world. RiskMetrics has offices in New York, London, and Tokyo.

For more information visit www.riskmetrics.com.

RiskCalc is a trademark of Moody's Risk Management Services, Inc.

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Supporting Notes:

RiskCalc for public firms provides a risk assessment for more than 8,000 U.S. and Canadian public companies. It generates a monthly 1-year and 5 year default probability with 5 years of history. It is based on a hybrid model that combines two credit risk modeling approaches: (a) a structural model based on Merton's options-theoretic view of firms, and (b) a statistical model determined through empirical analysis of historical data. RiskCalc's ability to predict default is significantly improved over simpler models based on Merton theory only.

RiskCalc for private companies provides a risk assessment for firms without traded equity. These companies make up the majority of many banks' portfolios. It is the most statistically powerful model currently available for private firm default modeling because it has been specifically calibrated using Moody's unique Credit Research Database (CRD) comprised of 28,000 private firm financial statements and over 1,600 private firm defaults. Moody's research has shown that private firm default models developed using public firm data contain systematic errors that can make the results unreliable. Additional information on RiskCalc for public and private firms is available at the MRMS web site: www.MoodysRMS.com .

CreditManager (CM) is a stand-alone application for the measurement and analysis of portfolio Value-at-Risk (VaR) due to credit events including upgrades, downgrades and defaults. CM implements the industry standard CreditMetrics methodology and enables banks, fund managers and other financial institutions to consolidate credit risk across their entire organization. The application can help institutions evaluate the impact of specific exposures on their portfolio, measure risk adjusted capital requirements for a specific investment strategy and can be used as a powerful tool in making asset allocation decisions. CM's broad coverage of asset classes, advanced stress testing functionality and customizable reports, present risk managers with a complete Picture of Risk. Additional information on CreditManager is available at the RiskMetrics web site: www.riskmetrics.com.

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