Moody's To Team With Oliver, Wyman In Development of Credit Risk Assessment Model for European Private Firms

Model Expected to Facilitate Loan Risk Benchmarking

LONDON, Nov. 8, 2000 - Moody's Risk Management Services (MRMS) today announced an agreement with Oliver, Wyman & Company (OWC), the leading strategy consulting firm dedicated to the financial services industry, to offer credit risk evaluation models that will cover over 1 million European private firms. To date, this sector has received minimal rating coverage, and there are currently no standard risk measurement tools tailored specifically to European markets.

The agreement involves Oliver, Wyman & Company and its affiliate, Baetge Oliver Wyman Rating Network (The Rating Network). The agreement will draw on The Rating Network's extensive European credit risk modeling expertise, benchmark data on loan default experiences and models as well as Moody's Risk Management Services' modeling experience, data and models to enhance MRMS' RiskCalc™ quantitative credit risk rating system. RiskCalc which generates estimates of firms' Default Probabilities (DPs) -- is currently in use or under development in the US, Canada, Mexico and Australia and will be expanded to create standard default probabilities for credit risk assessment in Europe.

By creating a standard risk measure, the companies expect that the European RiskCalc models will enable banks to better measure and manage credit risk in their loan portfolios. Accurate credit risk measurement is an essential element of bank loan pricing, portfolio risk management, regulatory disclosure, and capital management through securitization, credit derivatives and other means. The models are expected to facilitate the development of a loan securitization market for private firm bank loans, as has developed in other regions.

Moody's anticipates that RiskCalc models for the German and Spanish economies will be available in early 2001 as a web-based service. The models will account for the varying tax laws and accounting principles common to each geography. Models for the remaining major European economies will be released subsequently.

The models will use European data and be tailored to the local economic conditions of each major European economy. The resulting RiskCalc models will form a globally consistent network of accurate, locally validated risk assessment models and will extend Moody's RiskCalc coverage to the major European economies.

"Oliver, Wyman & Company's experience developing local credit risk models for European economies makes them an ideal partner in the development of these products," said Andrew Kimball, Managing Director of MRMS. "The incorporation of OWC's European credit risk experience and knowledge into Moody's RiskCalc model network will create powerful credit risk management tools for banks and other lenders worldwide."

"This agreement addresses a critical business issue in that the development of the market for securitizations supported by the underlying collateral of private European companies has been hindered by the lack of a credit risk benchmark for that collateral," said Lea Carty, Managing Director, MRMS. "The RiskCalc models used in the United States are being used as a benchmark in our rating analysis of collateralized debt obligations. We believe that our European effort will realize similar success because we recognize the necessity of using data native to Europe and allowing for the unique attributes of its private companies."

"We are very enthusiastic about partnering with MRMS and the role that we can jointly play in the evolution of European credit markets. Oliver, Wyman & Company's work in this area over the last decade has consistently underlined the value to the marketplace of quantitative credit rating tools," said John Drzik, Chairman of Oliver, Wyman & Company. "In combination with MRMS, we can now help to create a pan-European rating standard serving the interests of financial institutions, borrowers, and investors alike. This will enable banks to align with the direction of regulatory capital reform, accelerate the growth of credit liquidity, and improve overall market efficiency."

About The Two Companies

Moody's Investors Service, a subsidiary of Moody's Corporation (NYSE:MCO), 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, Dallas, Madrid, Toronto, Hong Kong, Singapore, Limassol, Sao Paulo, Milan, and Mexico City issues ratings on more than 4,200 corporations and 68,000 public finance debt securities issued

by corporations and governments in more than 100 nations. www.moodys.com Moody's Risk Management Services (MRMS), a wholly owned subsidiary of Moody's Investors Service, is a leading provider of financial software, credit training and both quantitative and judgmental risk assessment models. www.moodysrms.com

Oliver, Wyman & Company is the leading strategy consulting firm dedicated exclusively to the financial services industry. Founded in 1984, the firm formed a dedicated risk management practice over ten years ago and is widely recognized as the world's pre-eminent risk management consulting firm. Its risk management clients include eight of the top ten banks in Europe, a similar number of leading banks in North America, and leading financial institutions throughout the Pacific Rim and Latin America. The firm employs close to 300 professionals, working out of offices in New York, London, Frankfurt, Madrid, Paris, Toronto, and Singapore. For further information on OWC, visit its public Web site at: www.oliverwyman.com

The Baetge Oliver Wyman Rating Network is the venture formed between Oliver, Wyman & Company and Baetge + Partner in May 2000.Baetge + Partner is the only German application service provider (ASP) for commercial credit ratings. Based in Muenster, Germany, it was founded in 1995 by Professor Jorg Baetge and his son Kai Baetge, the firm's Managing Director.

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