Moody's To Introduce Specialized Analytical Teams To Enhance Corporate Credit Analysis

Accounting, Derivatives and Corporate Governance Teams to be Added

New York-June 13, 2002 -- Moody's Investors Service announced today that it will expand its research and analysis in several areas of corporate credit analysis that are of growing relevance and importance to investors and lenders. Moody's will apply greater analytical focus and commit additional resources to its analysis and published research on the quality of financial accounting and the transparency of corporate disclosure, corporate governance issues, and risk management and derivatives issues related to credit.

Moody's to Add Teams of Analytical Specialists

Moody's will introduce dedicated teams of specialists to augment its existing staff of credit analysts. The teams will comprise experts with professional backgrounds in accounting, corporate governance, and derivatives analysis, including trading exposures and off-balance sheet risk transfer structures.

"There is a growing expectation that rating agencies should have the ability and responsibility to look more comprehensively behind the numbers," said Raymond McDaniel, president of Moody's Investors Service, in explaining the action. "Recent disclosures of questionable accounting practices and the increasing number of accounting restatements have undermined investor confidence, even in companies with solid practices."

McDaniel also noted that corporate credit analysis has become more challenging over the past decade as the use of derivatives, hybrid securities and off-balance sheet structures introduce greater complexity into the financial analysis of many companies.

"This evolution in financial technology and the need to more fully explore issuers' accounting practices requires greater specialized expertise to supplement the work of credit generalists."

McDaniel noted that investors are increasingly looking to rating agencies regarding the quality of public disclosure and corporate governance. "Strong practices in these areas may enhance creditor interests," he stated.

Moody's said that the specialists will participate in rating review meetings with borrowers and will publish topical research in their areas of expertise. In addition, the specialist staff also will provide technical training to the rating agency's credit analysts, further bolstering the agency's capabilities.

What Issuers and Investors Can Expect

Over time, issuers can expect more interaction with Moody's analytical teams. That interaction will include a deeper dialogue around accounting practices, financial disclosure, and risk management techniques influencing creditworthiness, often with the participation of Moody's specialists.

In addition, Moody's will broaden the scope of its written research to include credit-related commentary regarding accounting practices, risk management and corporate governance.

"We hope that this new initiative will contribute to the restoration of investor confidence and to improved access to the debt capital markets for many rated issuers," noted McDaniel.

Moody's Investors Service, a leading global credit rating, research and risk analysis firm, publishes credit opinions, research, and ratings on fixed-income securities, issuers of securities and other credit obligations. The firm provides credit ratings and analysis on over $30 trillion of debt covering 85,000 corporate and government securities, 73,000 public finance obligations, 4,300 corporate relationships, and 100 sovereign nations.

Additional information about the company is available at www.moodys.com.

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