

## **MOODY'S ANNOUNCES THE FORMATION OF THE MOODY'S ACADEMIC ADVISORY AND RESEARCH COMMITTEE**

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### **MOODY'S ANNOUNCES THE FORMATION OF THE MOODY'S ACADEMIC ADVISORY AND RESEARCH COMMITTEE**

New York, June 06, 2001 -- Moody's Investors Service and Moody's Risk Management Services have assembled a committee of leading academic experts from Europe and North America to advise in the enhancement of credit portfolio management and risk analysis.

Moody's Academic Research and Advisory Committee, a 9-member group that joins experts from top universities in North America and Europe, will meet periodically to:

- Discuss developments in credit markets and credit risk management;
- Review the research findings of the various committee members;
- Generate new research projects; and
- Explore opportunities for collaborative research.

In addition, members will circulate research in progress for comment and peer review as their work develops. The Committee will be chaired jointly by one academic member and two Moody's associates.

"Moody's has always believed that academic research in economics and finance will help produce better management of credit-sensitive portfolios," said Moody's President John Rutherford. "We have a long tradition of supporting this kind of research, and the creation of this Committee is a natural outgrowth of that."

The Committee will comprise two members from Moody's research groups in addition to the academic researchers.

John Hull of the University of Toronto will be the Committee's first academic chair. "This is an exciting opportunity for my colleagues and me to be able to work closely with both Moody's and other researchers in the field," said Professor Hull. "We are all extremely eager to begin the collaboration."

The academic participants of the Committee are:

- Darrell Duffie, James I. Miller Professor of Finance, Stanford University
- Stephen Figlewski, New York University and Editor of the Journal of Derivatives

- David Heath, Orion Hoch Professor and Director of the Center for Computational Finance, Carnegie Mellon University
- John Hull, Maple Financial Group Professor of Derivatives and Risk Management, Joseph L. Rotman School of Management, University of Toronto, Director, Bonham Centre for Finance, University of Toronto
- David Lando, University of Copenhagen
- William Perraudin, Professor of Finance, Birkbeck College, University of London
- Alan White, Professor of Finance, Joseph L. Rotman School of Management, University of Toronto.

The Moody's chairs will be Roger M. Stein, Managing Director of Quantitative Risk Analytics, Moody's Risk Management Services, and Richard Cantor, Managing Director, Ratings Research and Analysis, Moody's Investors Service.

"For Moody's, the Committee will provide a unique forum to foster collaborative research among the academic community in credit and ratings-related areas," said Stein. "It will also provide a valuable stream of input into our own research and product development in such areas as default models and portfolio analytics."

Mr. Cantor said, "The Committee will provide an academic perspective on the meaning and performance of our rating symbols, their relationship to the capital markets, and the benefits of furthering use of quantitative tools within the rating business."

Moody's is expanding its traditional credit rating services franchise by providing quantitative risk analytic products through its Risk Management Services subsidiary. The subsidiary's RiskCalc default prediction models allow users to predict the probability of default for obligors based on financial data and equity market information. They have been designed to help financial institutions and corporate treasury departments extend credit, structure securitisations, and determine adequate levels of capital allocation under the new proposed Basel regulatory directives or internal guidelines.

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Direct Line Contacts:

Roger Stein

Managing Director - Quantitative Risk Analytics

Moody's Risk Management Services

212-553-4928

John C. Hull

Professor of Derivatives and Risk Management

Joseph L. Rotman School of Management

University of Toronto

416-978-8615

New York

Roger Stein

Managing Director

Moody's Risk Management Services

Moody's Investors Service

JOURNALISTS: (212) 553-0376

SUBSCRIBERS: (212) 553-1653

New York

John C. Hull

Professor, U. of Toronto

Rotman School of Management

Moody's Investors Service

JOURNALISTS: (212) 553-0376

SUBSCRIBERS: (212) 553-1653