Announcement: **Moody's expands Moody's Mortgage Metrics to include subprime residential mortgages**

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New York, September 06, 2006 -- Moody's Investors Service announced today the widely anticipated expansion of its Moody's Mortgage Metrics(TM) product suite to include subprime mortgage loans. The software allows issuers and investors to use the same tool that Moody's analysts use to assess risk in subprime mortgage portfolios.

What makes the subprime module unique is that it is an economic simulation-based model, said Moody's Managing Director and co-head of Residential Mortgage Backed Securities, Mark DiRienz. "Our subprime module is an integrated model that projects performance based on specific loan characteristics in different economic environments, as compared to a static model that only produces a handful of scenarios."

This also allows the subprime module to simulate the credit impact of what Moody's refers to as "layered risks", which are an important element in analyzing mortgage securitizations -- specifically, the cumulative effect of various credit risk factors such as high borrower leverage, weaker loan documentation, and the introduction of affordability products like interest-only or longer tenor loans.

Using the subprime module provides Moody's with a much more complete picture of the layers of risk present in mortgage portfolios, where the same economic factor can sometimes have competing effects on portfolio losses. "We were able to represent causal relationships by modeling each component of loan behavior separately, but integrating them through common economic factors in a simulation," said Moody's Managing Director Roger M. Stein, who led the research and development of the new model. "We are able to go beyond basic, one dimensional analysis to represent the behavior of mortgage pools more richly."

Moody's developed the model using a unique set of scrubbed data that provide valuable risk metrics at the loan level. The in-depth historic performance data spans ten years from approximately two million subprime loans.

The subprime expansion will complement Moody's market standard prime module to cover substantial portions of the spectrum of RMBS, says the ratings agency.

Moody's will demonstrate the subprime module of Moody's Mortgage Metrics(TM) on Thursday, September 7, 2006, in New York. The presentation will include an overview of the development process, including theory and validation ratios, and how Moody's rating analysts use the model. For more information about this event please contact Brett Hemmerling at 212-553-4796 or brett.hemmerling@moodys.com.

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