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Rating Action: **MOODY'S UPGRADES FOREIGN CURRENCY RATINGS OF AUSTRALIA, NEW ZEALAND, AND ICELAND TO Aaa**

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New York, October 20, 2002 -- Sydney, October 21, 2002 -- Moody's Investors Service has raised to Aaa the foreign currency country ceilings for bonds and bank deposits for Australia (from Aa2), New Zealand (from Aa2), and Iceland (from Aa3) as part of its ongoing reassessment of such ratings following a 2001 change in its methodology for analyzing country ceilings. As a result of these changes, foreign currency bonds issued or guaranteed by the governments of Australia, New Zealand, and Iceland are now rated at the same Aaa level as their local currency debt.

A country ceiling acts as a cap on the ratings assigned to foreign currency debt of domestic residents. This cap reflects the risk that in the event of an external payments crisis, the government would impose a general debt moratorium to ration scarce foreign currency assets.

Moody's said that it believes that governments in advanced industrialized countries such as those upgraded today have become increasingly less likely to impose debt moratoria as a policy tool. They are also significantly less likely - as evidenced by their behavior throughout the 1990s -- to "socialize" (that is, to take on all foreign currency risk of the public and private sector) than was believed in the past.

In addition, since these three countries operate under flexible foreign exchange regimes, Moody's said it is also less likely that they would experience the kind of foreign exchange crisis that less flexible rate regimes might produce.

Moody's says that the changes made today were not precipitated by any specific event in the affected countries, but rather are the next step in the evolution of its foreign currency risk assessment.

Last year, the rating agency refined its methodology, a consequence of which allowed the foreign currency ratings of banks, utilities, telecoms, and other such entities potentially to exceed, or "pierce," the ceilings of the countries in which they are domiciled. This change reflected Moody's assessment that most governments have come to recognize the disruption to the economy that could result if a debt moratorium were applied to providers of critical services such as these. Today's upgrades of the ceilings themselves reflect Moody's assessment that the countries involved are extremely unlikely to pursue a moratorium policy at all.

The rating agency notes that while the risks traditionally measured by its foreign currency country ceiling have dissipated for the advanced industrialized nations, they are still very real in other parts of the world. It therefore plans to continue to apply these ratings to all countries as relative measure of such risk.

Press releases will follow regarding other issuers in these three countries affected by these rating actions.

For more information on foreign currency country ceilings, see Moody's Special Comment, "Revised Country Ceiling Policy," June 2001, on www.moodys.com.

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