PRESS RELEASE

DCR Rates First-Ever Weather-Linked Notes Sponsored By Koch Industries

Chicago (October 29, 1999) -- Duff & Phelps Credit Rating Co. (DCR) has assigned ratings to securities issued by Kelvin, Ltd. (Kelvin) that represent the first-ever securitization of weather-related risks through the capital markets.

Kelvin is a special-purpose Cayman Islands company whose operations are limited to issuing notes and entering into a weather portfolio swap with Koch Energy Trading, Inc., a subsidiary of Koch Industries, Inc. (Koch). Koch is one of the largest privately held corporations in the United States, with more than 16,000 employees worldwide. Koch is a diversified company, with involvement in virtually all phases of the oil and gas industry, as well as in chemicals, plastics, agriculture, energy services and financial services. Koch's objectives in sponsoring this transaction include managing weather risk embedded in its energy and agriculture businesses.

The transaction effectively securitizes a portfolio of weather derivative contracts and places the associated risks with investors in the capital markets.

Proceeds from the notes have been used to fully collateralize the weather portfolio swap, the performance of which depends on the actual temperature experience in specific U.S. locations over specific periods of time. The weather derivative contracts covered by the weather portfolio swap include call options, put options and swaps, and are based on heating degree days, cooling degree days and average temperature degree days.

Risk Management Solutions, Inc. (RMS) provided the risk assessment for the notes, using the RMS Weather Model. RMS is a leading worldwide provider of models and consulting services for the analysis of natural hazard risks, such as earthquakes, hurricanes and other weather-related risks. DCR’s rating process included a review of RMS’ modeling techniques and an analysis of the output of the RMS Weather Model. DCR primarily based its ratings on the expected loss to noteholders, as modeled by RMS, while also considering the probability of any loss and the probability of total loss to noteholders, also as modeled by RMS.

As part of the rating process, DCR also analyzed the legal structure of the transaction and the financial strength of the counterparties to the transaction.

The ratings are as follows: $21.6 million of first-event senior notes at ‘B-‘ (Single-B-Minus) and $23.0 million of second-event senior notes at ‘BBB-‘ (Triple-B-Minus). The ratings address the timely payment of interest and the ultimate payment of principal.
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The notes are scheduled to mature on February 14, 2003, at the end of the three-year risk period.

The notes were structured and underwritten by Goldman, Sachs & Co.

DCR is a leading global rating agency with 33 local market offices providing ratings and research on debt issues and insurance claims paying ability in more than 50 countries. DCR provides more than 600 claims paying ability and debt ratings on life & health, property & casualty, title, bond and mortgage insurers in 13 countries. DCR is also one of the leading rating agencies for insurance-linked securitizations, drawing off its well-known expertise in insurance and structured finance ratings.

For additional information, visit DCR’s Web site at http://www.dcrco.com. DCR’s research is also available on Bloomberg at DCR<GO> and FirstCall’s BondCall Direct/Research Direct at http://www.firstcall.com, as well as through other third-party providers.

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