
1st Quarter 2008 Earnings Call



April 23, 2008



Moody's Corporation

Overview



Lisa Westlake

VP – Investor Relations



Moody's Corporation

Agenda

- Overview
 - *Lisa Westlake*
- First Quarter 2008 Results
 - *Raymond McDaniel*
- Financial and Operating Highlights
 - *Linda Huber*
- Regulatory Developments and Outlook
 - *Raymond McDaniel*
- Q&A
 - *Raymond McDaniel, Linda Huber, Brian Clarkson, and Mark Almeida*



Disclaimer

Certain of the statements contained in this presentation are forward-looking statements and are based on future expectations, plans and prospects for Moody's business and operations that involve a number of risks and uncertainties. The forward-looking statements and other information are made as of April 23, 2008 and the Company disclaims any duty to supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company has identified certain factors that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking statements. Those factors include, but are not limited to, changes in the volume of debt securities issued in domestic and/or global capital markets; changes in interest rates and other volatility in the financial markets; possible loss of market share through competition; and other risk factors as discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2007 and in other filings made by the Company from time to time with the Securities and Exchange Commission. This presentation includes certain non-GAAP financial measures as defined under SEC rules. As required by SEC rules, at the end of this slide presentation we have provided a reconciliation of those measures to the most directly comparable GAAP measures. A copy of this presentation, including the relevant reconciliation slides, is available on Moody's investor relations website <http://ir.moody.com>.



First Quarter 2008 Results



Raymond McDaniel

Chairman and Chief Executive Officer



Moody's Corporation

First Quarter 2008 Performance

Moody's Corporation

- Revenue ↓ 26% to **\$431 million**
- Operating Income ↓ 35% to **\$199 million**
- Diluted EPS ↓ 23% to **\$0.48**



Financial and Operating Highlights



Linda Huber

Chief Financial Officer



Moody's Corporation

First Quarter 2008 Performance

Moody's Corporation Revenue

- Global ↓ 26% to **\$431 million**

- U.S. ↓ 39% to **\$233 million**

- Non-U.S. ↓ 3% to **\$198 million**
 - 46% of MCO total



First Quarter 2008 Performance

MIS Revenue

- Global ↓ 37% to **\$298 million**
- U.S. ↓ 48% to **\$167 million**
- Non-U.S. ↓ 13% to **\$131 million**
 - 44% of MIS total



First Quarter 2008 Performance

Moody's Analytics Revenue

- Global ↑ 20% to **\$133 million**
- Non-U.S. ● 50% of Analytics total
- Subscriptions ↑ to **\$118 million**



First Quarter 2008 Operating Expense

Moody's Corporation

- Operating expense ↓ 17% to **\$231 million**
 - Operating expense included ~\$10 million (~\$0.02 per share) of expense reductions specific to this quarter
 - Non-operating expense included ~\$9 million benefit from foreign currency translation

- Operating margin **46.3%**
 - Down from 52.3% in 1Q07

- Effective tax rate **38.5%**
 - Down from 41.8% in 1Q07



Capital Structure and Share Repurchases

- In 1Q08 repurchased **7.5 million** shares for **\$265 million**
- At 03/31/08, outstanding shares totaled **244.7 million**
- Shares outstanding decreased **11%** from 03/31/07
- At 03/31/08, Moody's had:
 - **\$1.2 billion** of debt outstanding
 - **\$400 million** of available debt capacity
 - **\$1.8 billion** of share repurchase authority remaining



Investment Highlights – Moody's Analytics

■ BQuotes

- Acquired in *January 2008*
- Global provider of price discovery tools and end-of-day pricing services for a wide range of fixed income securities

- Through Moody's CreditValues, Moody's offers a range of fixed income valuation services by combining the offerings of:
 - BQuotes
 - Mergent Pricing (acquired December 2007)
 - Discounted Cashflow Valuation service (launched November 2007)



Investment Highlights – Moody's Investors Service

■ BRC Investor Services

- Technical Services Agreement signed in *February 2008*
- Rating agency based in Bogota, Colombia
- Will operate as part of Moody's Investors Service, enabling entry into another emerging market



Investor Day 2008



Thursday, June 5, 2008

New York City

webcast details will be provided on:



Moody's Corporation

<http://ir.moody.com>

Regulatory Developments and Outlook



Raymond McDaniel

Chairman and Chief Executive Officer



Moody's Corporation

Regulatory Developments

- FSF publicly issued its recommendations to the G-7 on April 11, 2008
- IOSCO progressing in its efforts and study of structured finance rating process
- SEC expects to publish its findings and recommendations by early summer
- Moody's supports these ongoing efforts and continues to communicate our views and participate as appropriate



2008 Financial Outlook

Moody's Corporation

- FY outlook unchanged from previous guidance
- Revenue
 - ↓ mid- to high-teens %
 - modest sequential improvement throughout '08
- Expenses*
 - ↓ ~5%
- Operating margin
 - FY08 mid-forties %
- EPS
 - \$1.90 - \$2.00
- Effective Tax Rate
 - 38.5% - 39.5%



2008 Revenue Outlook

Moody's Investors Service

- Global ↓ mid-twenties %
- U.S. ↓ mid-thirties %
- Non-U.S. ↓ high single-digit %



2008 Revenue Outlook

MIS U.S.

- Structured Finance ↓ **high-fifties %**
- Corporate Finance ↓ **mid- to high-twenties %**
- Financial Institutions ↑ **low- to mid-single-digit %**
- Public, Project and
Infrastructure Finance ↑ **low- to mid-single-digit %**



2008 Revenue Outlook

Moody's Analytics

- Global **↑ mid-teens %**
- U.S. **↑ low-teens %**
- Non-U.S. **↑ high-teens %**



Q&A Session

- **Raymond McDaniel**

Chairman and CEO, Moody's Corporation

- **Linda Huber**

Chief Financial Officer, Moody's Corporation

- **Brian Clarkson**

President and COO, Moody's Investors Service

- **Mark Almeida**

President, Moody's Analytics



Replay Details

- Available from 4pm (Eastern Time) April 23, 2008 to midnight (Eastern Time) May 7, 2008
- Telephone Details:

U.S.	+1 (888) 203 1112
Non-U.S.	+1 (719) 457 0820
Passcode	1407022
- Website Details:
 - Got to <http://ir.moody's.com>
 - Click on “event calendar” featured on the left
 - Click on the link for “Q1 2008 Earnings Conference Call”



Appendix



Moody's Corporation

Consolidated Statements of Operations

(Unaudited)

Three months ended
March 31,

2008 2007

Amounts in millions, except per share amounts

Revenue	\$ 430.7	\$ 583.0
Expenses		
Operating, selling, general and administrative expenses	218.9	268.0
Depreciation and amortization	12.5	10.3
Total expenses	231.4	278.3
Operating income	199.3	304.7
Interest and other non-operating expense, net	(3.1)	(3.3)
Income before provision for income taxes	196.2	301.4
Provision for income taxes	75.5	126.0
Net income	\$ 120.7	\$ 175.4
Earnings per share		
Basic	\$ 0.49	\$ 0.63
Diluted	\$ 0.48	\$ 0.62
Weighted average number of shares outstanding		
Basic	247.4	277.7
Diluted	251.0	284.9



Supplemental Revenue Information

(Unaudited)

<i>Amounts in millions</i>	Three months ended March 31,	
	2008	2007
Moody's Investors Service (a)		
Structured Finance	\$ 107.2	\$ 251.2
Corporate Finance	71.5	103.3
Financial Institutions	64.0	66.8
Public, Project and Infrastructure Finance	55.5	51.1
Intersegment royalty	16.0	13.1
Sub-total MIS	<u>314.2</u>	<u>485.5</u>
Eliminations	(16.0)	(13.1)
Total MIS	<u>298.2</u>	<u>472.4</u>
Moody's Analytics		
Subscription	118.3	99.5
Software	9.5	7.8
Consulting	4.7	3.3
Total MA	<u>132.5</u>	<u>110.6</u>
Total consolidated revenue	<u>\$ 430.7</u>	<u>\$ 583.0</u>
Consolidated Revenue by geographic area		
United States	\$ 232.8	\$ 378.6
International	<u>197.9</u>	<u>204.4</u>
Total consolidated revenue	<u>\$ 430.7</u>	<u>\$ 583.0</u>

(a) Certain reclassifications have been made to the prior year amounts to conform to the current year presentation.



Selected Consolidated Balance Sheet Data (Unaudited)

	March 31, 2008		December 31, 2007
	<i>Amounts in millions</i>		
Cash and cash equivalents	\$ 339.7		\$ 426.3
Short-term investments	9.9		14.7
Total current assets	852.5		989.1
Non-current assets	734.3		725.5
Total assets	1,586.8		1,714.6
Total current liabilities	1,318.2		1,349.2
Notes payable	600.0		600.0
Other long-term liabilities	571.6		549.0
Shareholders' deficit	(903.0)		(783.6)
Total liabilities and shareholders' deficit	\$ 1,586.8		\$ 1,714.6
Shares outstanding	244.7		251.4



Summary Impact of Reorganization on Revenue (Unaudited)

Amounts in millions

	Three Months Ended March 31, 2007		
	As Reported	Reclassifications (a)	2008 Adjusted Presentation
Structured finance	\$ 251.5	\$ (0.3)	\$ 251.2
Corporate finance	114.8	(11.5)	103.3
Financial institutions	76.7	(9.9)	66.8
Public finance	29.4	(29.4)	-
Public, project and infrastructure finance	-	51.1	51.1
Total ratings revenue	472.4	-	472.4
Research revenue	75.0	(75.0)	-
Total Moody's Investors Service	547.4	(75.0)	472.4
Moody's KMV	35.6	(35.6)	-
Moody's Analytics	-	110.6	110.6
Total revenue Moody's Corporation	\$ 583.0	\$ -	\$ 583.0

(a) Reclassifications relate to the business reorganization announced in August 2007 which became effective in January 2008. It reflects the combination of the research business, previously classified in Moody's Investors Service, and Moody's KMV to form Moody Analytics. As part of the reorganization there were several realignments within the MIS lines of business. Sovereign and sub-sovereign ratings, which were previously part of financial institutions; infrastructure/utilities ratings, which were previously part of corporate finance; and project finance, which was previously part of structured finance, were combined with the public finance business to form a new line of business called public, project and infrastructure finance. In addition, real estate investment trust ratings were moved from financial institutions and corporate finance to the structured finance business.





Moody's Corporation