
Jefferies Internet and Media Conference

A blue-tinted world map is visible in the background of the slide, showing the continents in a lighter shade of blue against a darker blue background.

Linda S. Huber
EVP and Chief Financial Officer

Investor Presentation

MOODY'S

New York City
February 26, 2009

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 February 5, 2009 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, the current world-wide credit market disruptions and economic slowdown, which are affecting and could continue to affect the volume of debt securities issued in domestic and/or global capital markets; other matters that could affect the volume of debt securities issued, including credit quality concerns, changes in interest rates and other volatility in the financial markets; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government initiatives to respond to the economic slowdown; 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, the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2008, 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>.

Moody's Corporation

Leading global provider of credit rating opinions and insight on credit risk measurement and management to capital markets

Moody's Investors Service

Independent provider of credit rating opinions and related information for over 100 years

**69% of MCO FY08 revenue:
\$1,205 Million***

Moody's Analytics

Research, data and tools for quantitative credit risk assessment and related risk management products

**31% of MCO FY08 revenue:
\$551mm***

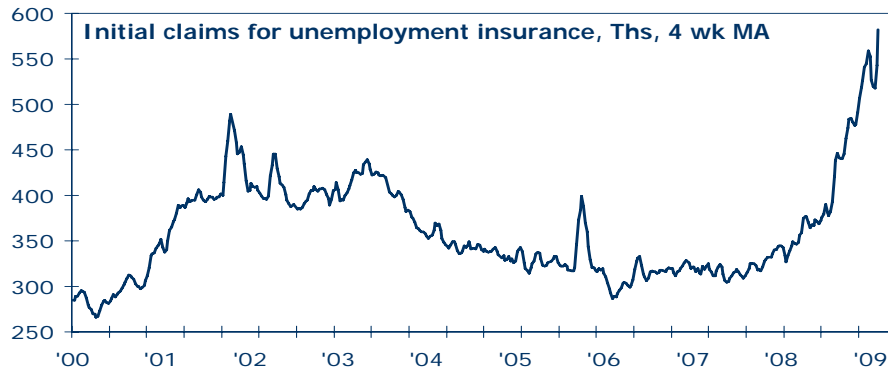
* Represents percentage of consolidated revenue and excludes intersegment royalty and eliminations

Current Environment

- **Recent government efforts attempt to restore confidence and establish stability**
 - Monetary policy measures
 - Use of government balance sheets, including stimulus and debt guarantees
 - Coordinated rate cuts
- **Issuance activity remains limited**
 - Recent high-grade issuance activity not necessarily indicative of smooth operations within broader fixed income markets
 - Spreads still remain high with a narrowing of high-yield spreads unlikely until the end of 2009 after default rate peaks
- **Macroeconomic drivers will present continued challenges in 2009**
 - Emerging market growth slowing; forex reserve concerns
 - Unemployment rising while consumer spending weakens
 - U.S. house price declines continue, though bottom may be foreseeable

Key Cycles To Break Before Market Improvement Becomes Visible and Sustainable

Unemployment insurance claims continue to rise, but fiscal stimulus should help



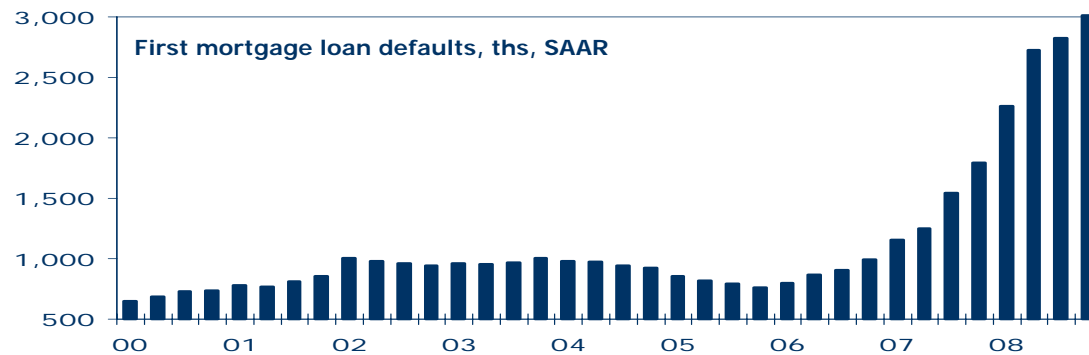
Source: Moody's Economy.com

Lenders more willing to make consumer loans, but need significant improvement in lending



Source: Moody's Economy.com, Federal Reserve's Senior Loan Officer Survey

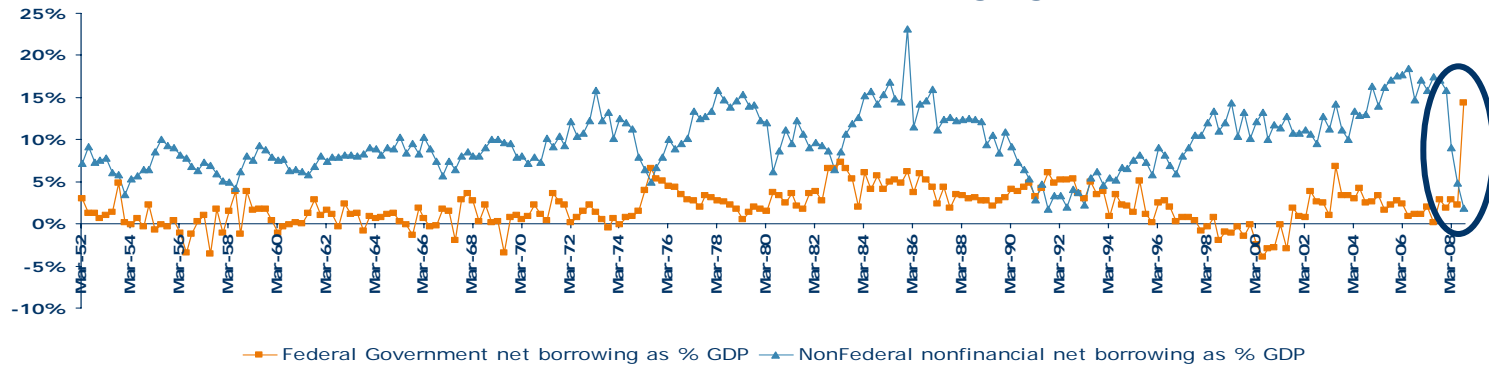
First mortgage loan defaults increasing but may slow following policy actions



Source: Moody's Economy.com, Equifax

Current Macroeconomic Indicators Signal a Challenging 2009

Surge in U.S. Government Net Borrowing Compensates for Private-Sector Deleveraging



Source: Moody's Corporation

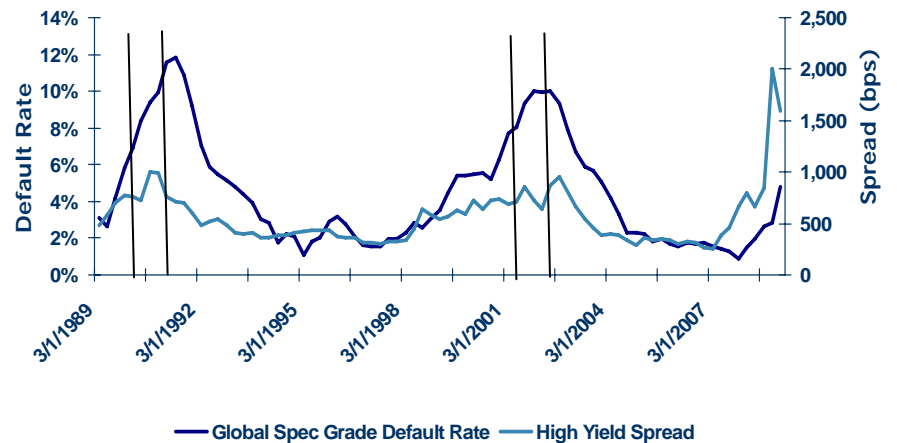
Lower Employment and Income Expectations Signal Weak Consumer Spending Outlook



Source: Moody's Corporation

Moody's Corporation

Spreads signal depression-level default rates

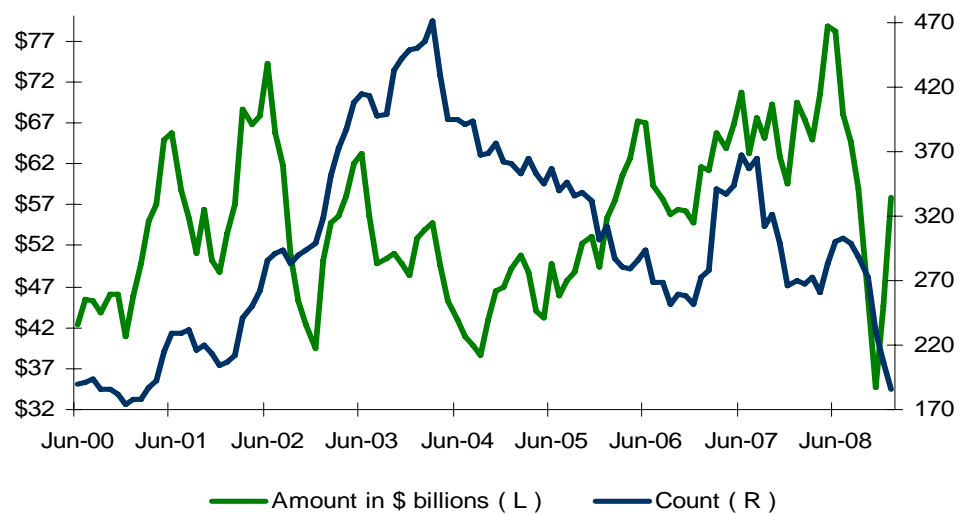


Source: Moody's Corporation

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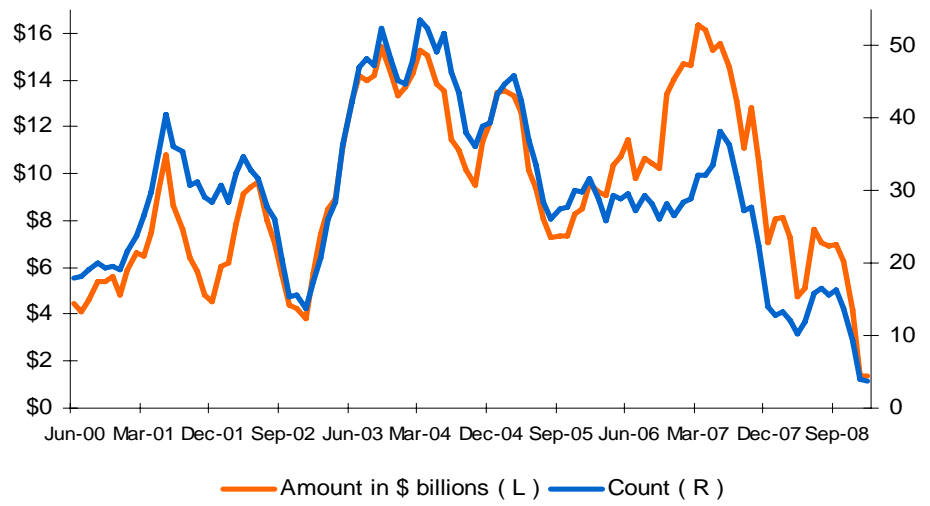
Is Recent High-Grade Issuance Activity Sustainable? High-Yield Issuance Activity Weak but Continues to Exist

U.S. High-Grade Issuance Strengthens, But Count Continues to Be Weak



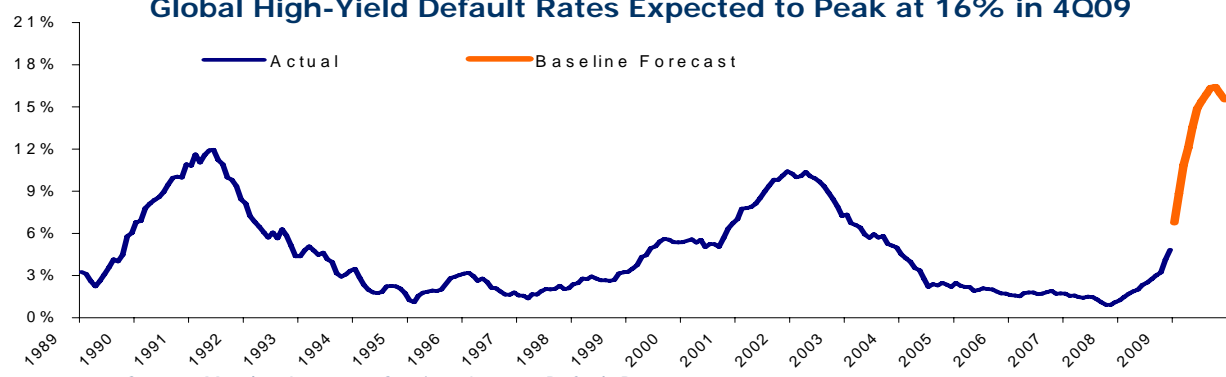
Source: Moody's Corporation

U.S. High-Yield Issuance Continues to Be Weak



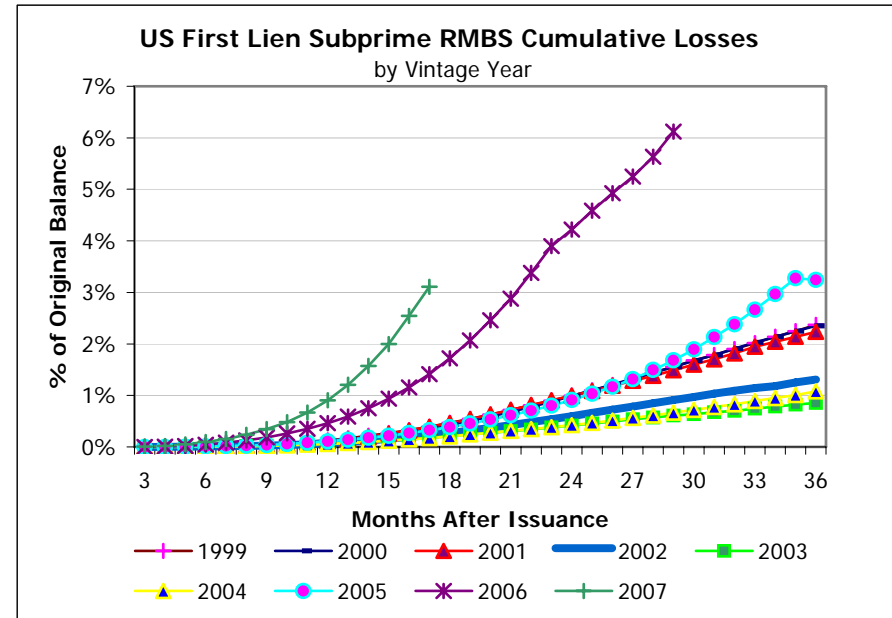
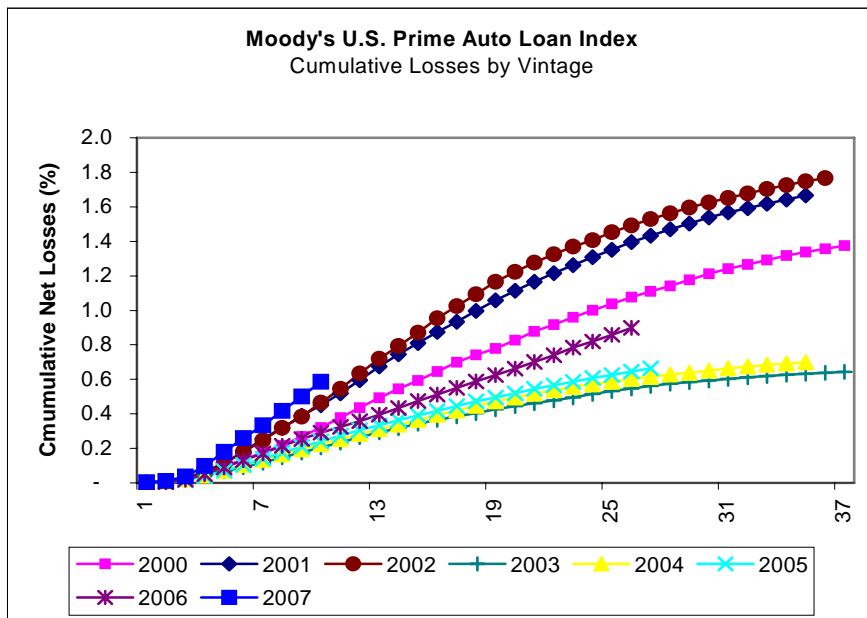
Source: Moody's Corporation

Global High-Yield Default Rates Expected to Peak at 16% in 4Q09



Source: Moody's Investors Service "January Default Report"

Uncertainty Remains on Ultimate Losses For Subprime, While ABS Losses Continue to Rise Within Historical Trends



Business Prospects Remain Solid Despite Market Conditions

Moody's Operating Considerations

- Recurring revenue and its associated cash flow are source of ongoing stability
 - **2009 recurring revenue expected to be flat with 2008**
- Rigorous cost and investment management through cyclical downturn and structural changes of credit markets
 - **Operating expenses expected to be flat excluding acquisitions**
- Solid balance sheet and strong free cash flow conversion
 - **No major debt repayment due until 2012**
- Fermat acquisition positions Moody's in leading global position to deliver regulatory-driven software solutions
 - **Expect the business will generate good growth from 4Q09 with at least \$70 million in incremental annual revenue by 2010**
- Moody's long-term growth prospects remain intact

Good Growth Opportunities Remain

Key near- and longer-term sources of growth:

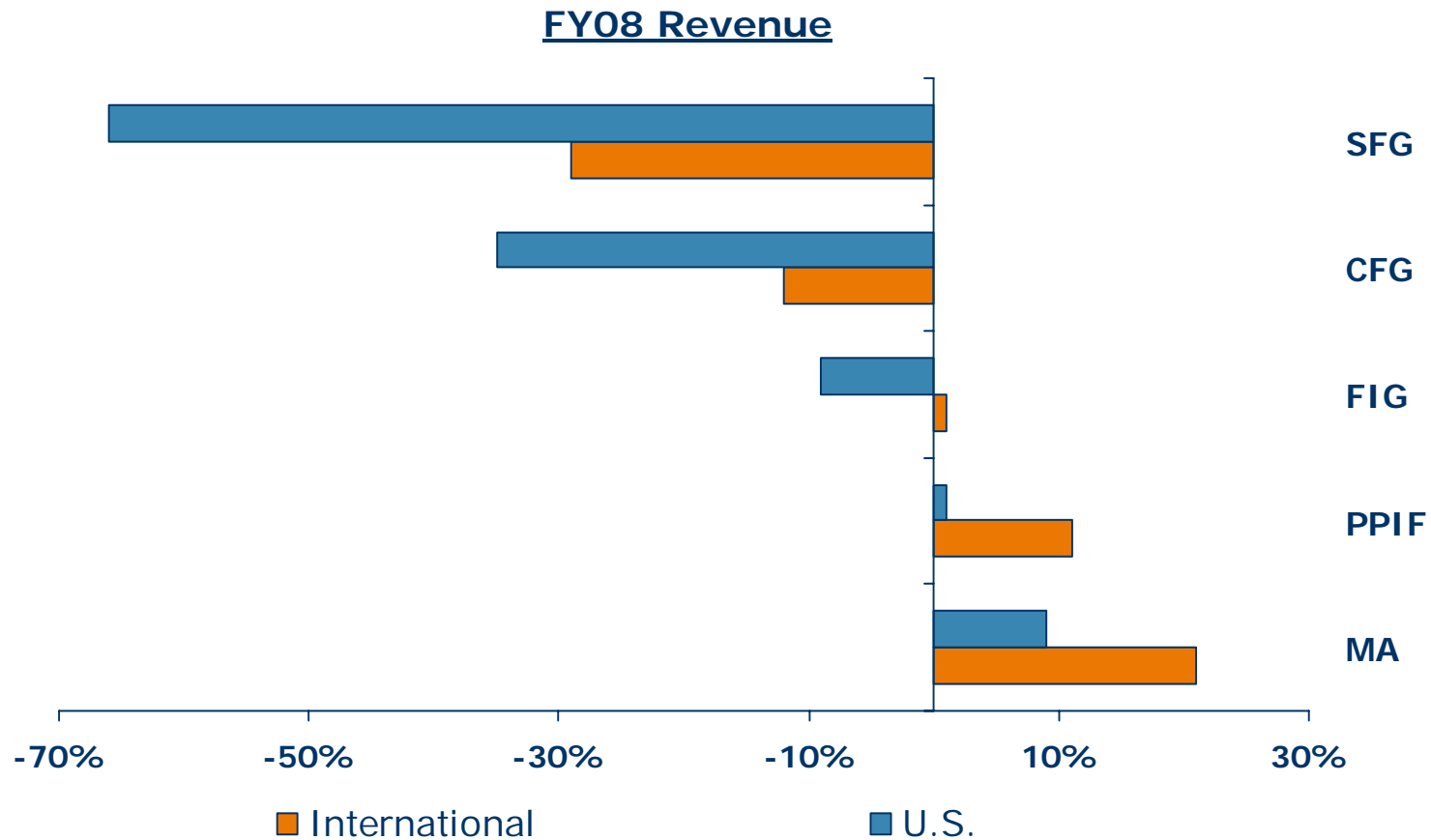
Moody's Investors Service

- Future capital demands will act to reverse extreme de-leveraging
 - Eventual resumption of “normal” credit market conditions in the U.S. and Europe
- Disintermediation of government (and financial institution) financing
- Non-U.S. growth (developed and emerging markets)
- Infrastructure needs and market development

Moody's Analytics

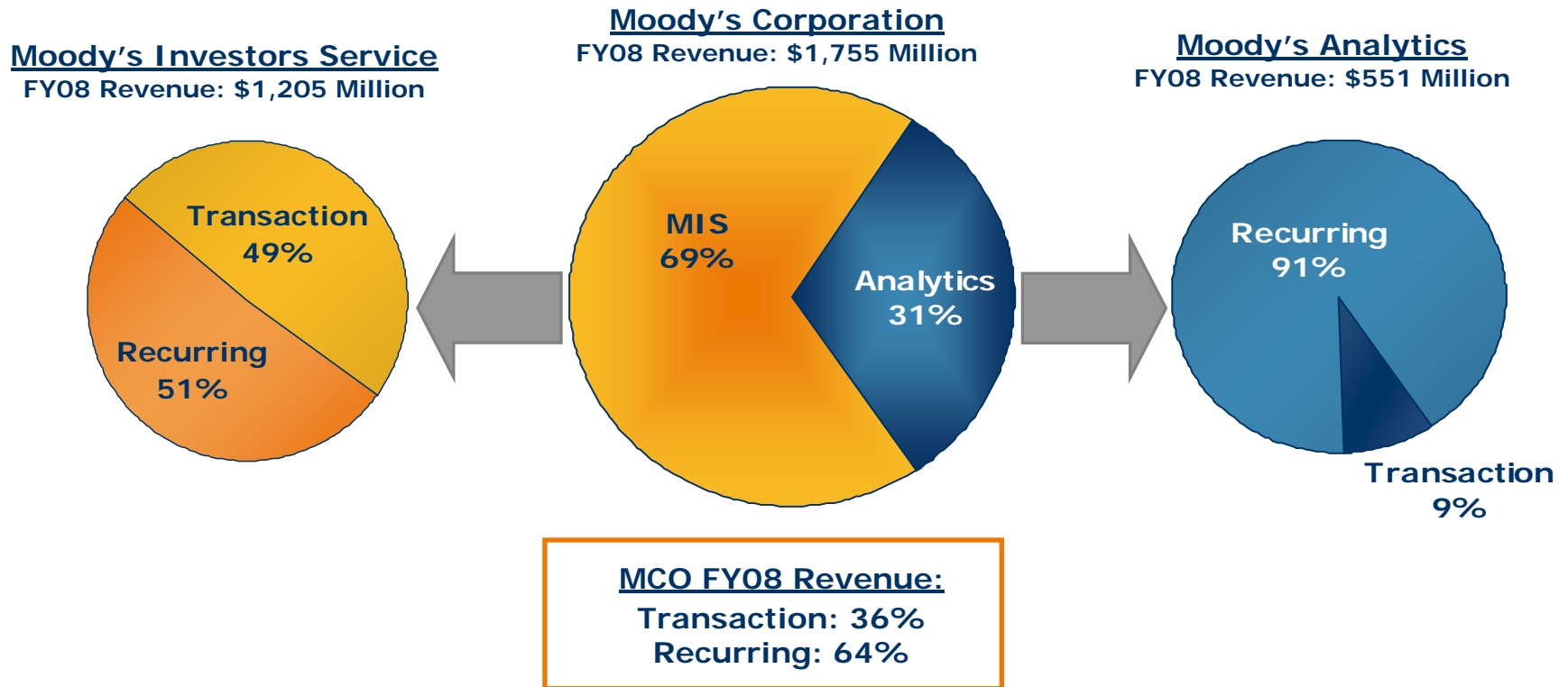
- Responding to need for enhanced risk management and measurement
- Tools for improved investment decisions and transparency through analytical and research services

International Markets Less Affected than U.S. Markets



- FY2008 U.S. revenue down 33% vs. prior year
- FY2008 international revenue down 6% vs. prior year

Revenue Attributes of Moody's Businesses



MIS Ratings:

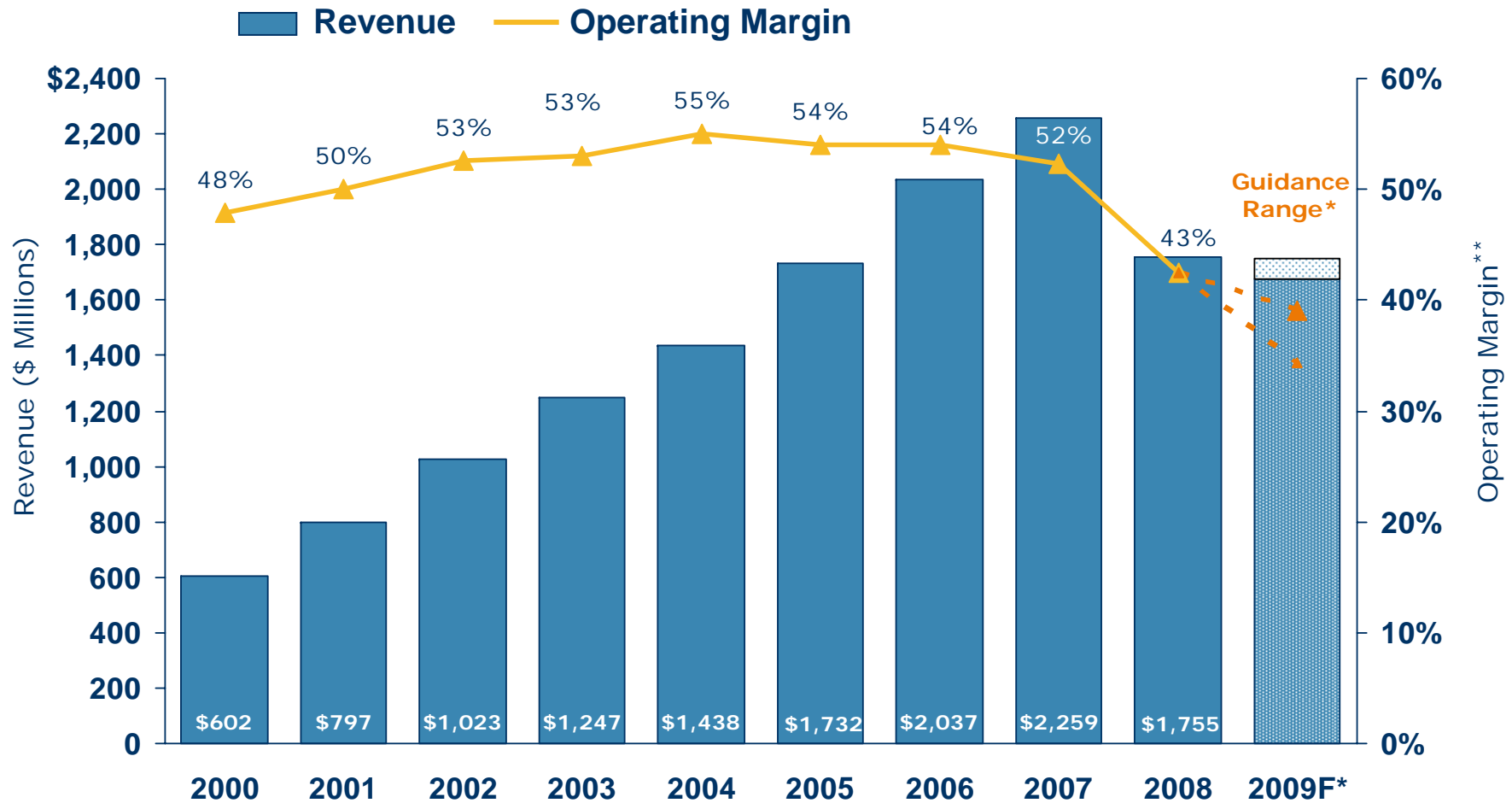
- **Transaction** revenue recognized when rating published
- **Recurring** revenue recognized ratably over the life of the security

Analytics:

- **Transaction** revenue recognized when service rendered
- **Recurring** revenue recognized ratably over the contract period

*Historical data has been adjusted to conform with current information
Represents percentage of consolidated revenue and excludes intersegment royalty and eliminations*

MCO Annual Revenue and Operating Margin



* Represents guidance provided on February 5, 2009

** Operating margin excludes the gain on the sale of Moody's former NY headquarters building (2006); restructuring charge (2007); restructuring adjustments (2008)

Moody's Strong Capital Position

Balance sheet items as of 12/31/2008:

– Cash and equivalents	\$ 246 million
– Debt	\$ 1,468 million
– Equity*	\$ (1,000) million

** Negative equity position is primarily the result of Moody's share repurchase program. Treasury stock is classified as a reduction of shareholders' equity under GAAP.*

- No major debt repayment due until 2012
- Cash flow and related sources remain strong
- Approximately \$1.4 billion share repurchase authorization remaining at 12/31/08 – curtailing share repurchase activities in 2009
- Share repurchases funded by free cash flow and borrowings. Average buyback price was \$32.54 for FY08
- At 12/31/08, \$1.5 billion of outstanding debt with additional availability of approximately \$300 million

MCO Non-GAAP Earnings Per Share

2003-2008 CAGR = 9%



* Represents guidance provided on February 5, 2009

All figures adjusted to reflect 2-for-1 stock split effective May 2005

EPS is shown on pro forma basis – see Appendix. Pro forma basis: 2008 excludes 2007 restructuring adjustments; 2007 and 2006 excludes the restructuring charge and the gain on sale of Moody's former NY headquarters building, respectively; in 2003 excludes the insurance recovery; in 2003-2005 reflects impact of stock compensation expense determined as if FAS123 was adopted on its effective date; and in 2003-2008 excludes legacy tax adjustments

Full Year 2009 Guidance as of February 5, 2009

Moody's Corporation

- Revenue:
 - To decrease in the low single-digit percent range
- Operating margin:
 - Full-year operating margin in the mid- to high-thirties percent range
- Operating expenses:
 - To increase in the mid single-digit percent range
 - Excluding acquisitions, FY09 about flat to FY08
- Earnings per share:
 - In the range of \$1.40 to \$1.50

An updated slide presentation will be posted on our IR website after the 10-K is filed

Q&A Session



Website: <http://ir.moody.com>

Email: ir@moody.com

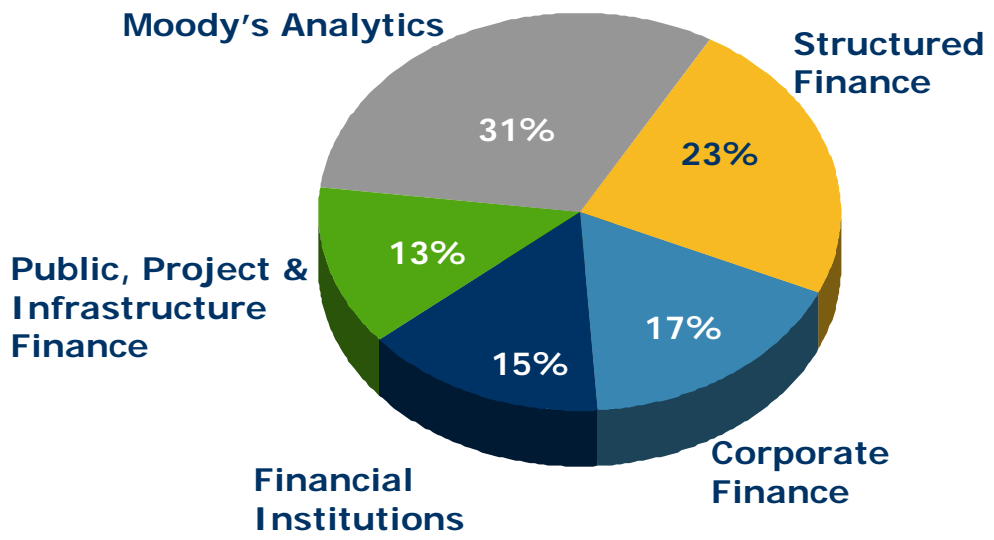
Appendix



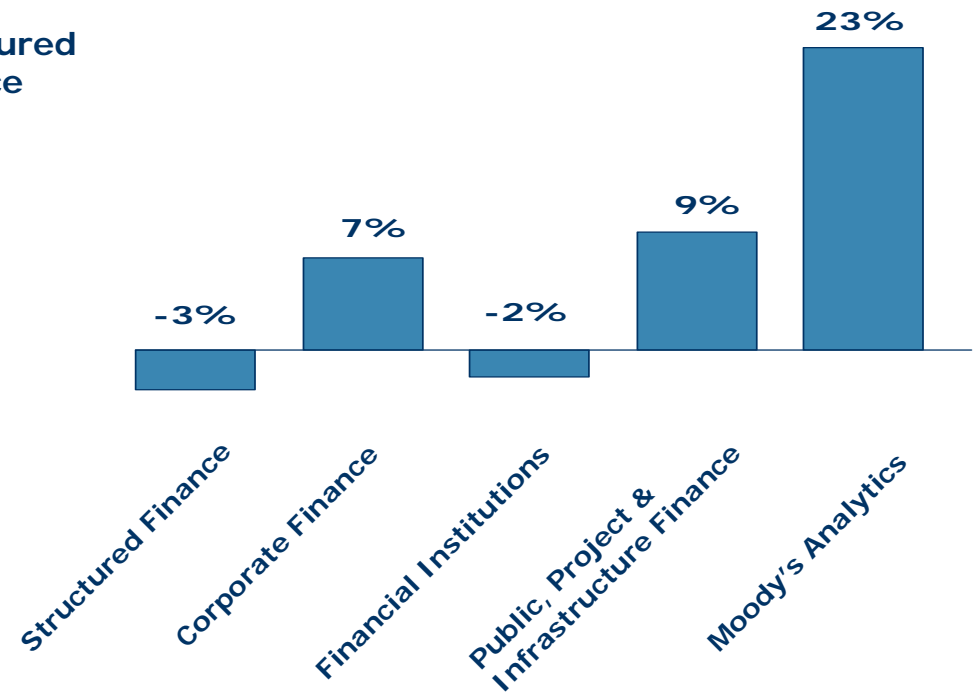
Moody's Revenue Distribution and Growth by Product

Revenue by Product

MCO CAGR 2003-2008 = 7%



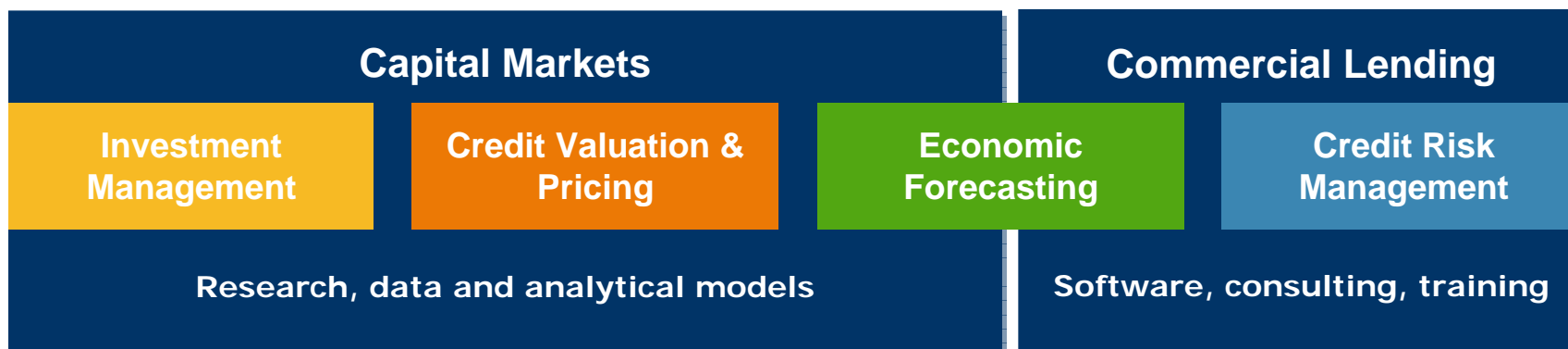
FY 2008 Total Revenue:
\$1,755 Million



Based on Moody's new segment reporting effective January 2008 and intrasegment alignments updated in 3Q08 – see appendix for details

Moody's Analytics

- Products and services to support two primary segments:
 - Capital Markets functions and customers
 - Commercial Lending functions and customers
- Coverage is most prevalent where credit markets are well-developed
 - 95% of business from top 25 countries
 - Customers in 100+ countries



How Moody's Analytics Helps Clients

Investment Management

- Credit-related research
- Qualitative and quantitative credit ratings and analytics
- Relative value analysis
- Training and education in financial and credit analysis

Credit Valuation & Pricing

- Dealer marks for structured securities
- Valuation tools for hard-to-value assets
- Discounted Cash Values data services
- Pricing data for corporate and municipal securities
- Loan-level pricing data and models

Economic Forecasting

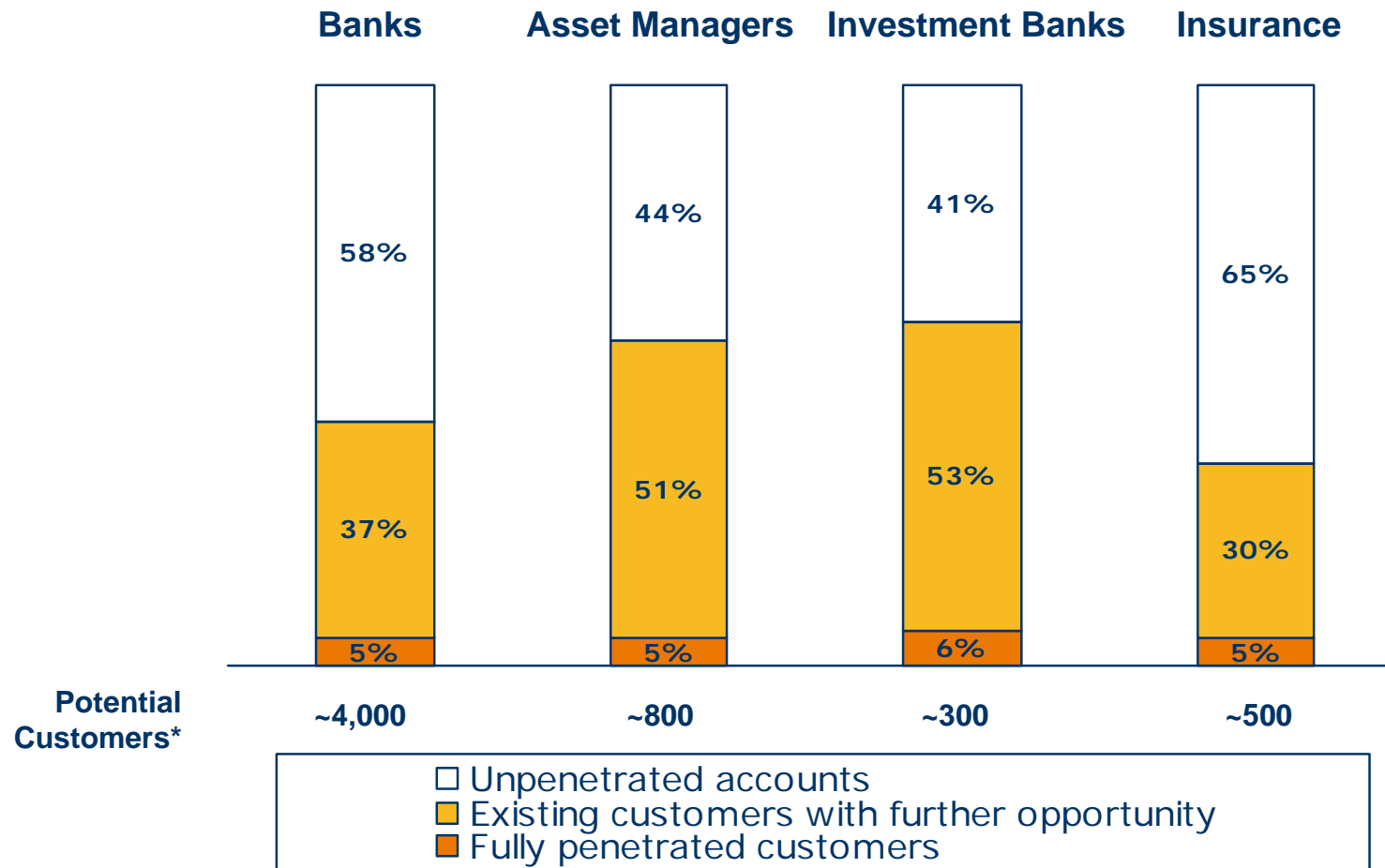
- Macro- and regional economic performance data, forecasts, and analyses
- Industry data and forecasting
- Consumer credit data, analytics and consulting
- Expertise in U.S. regional real estate markets

Credit Risk Management

- Economic capital management
- Default data
- Global training on credit risk analysis
- Historical data to anticipate credit risk transition
- Regulatory capital compliance
- Asset/liability management
- Risk reporting, limits monitoring and compliance

Moody's Analytics: Significant Opportunity to Better Penetrate Existing Customers and Acquire New Customers

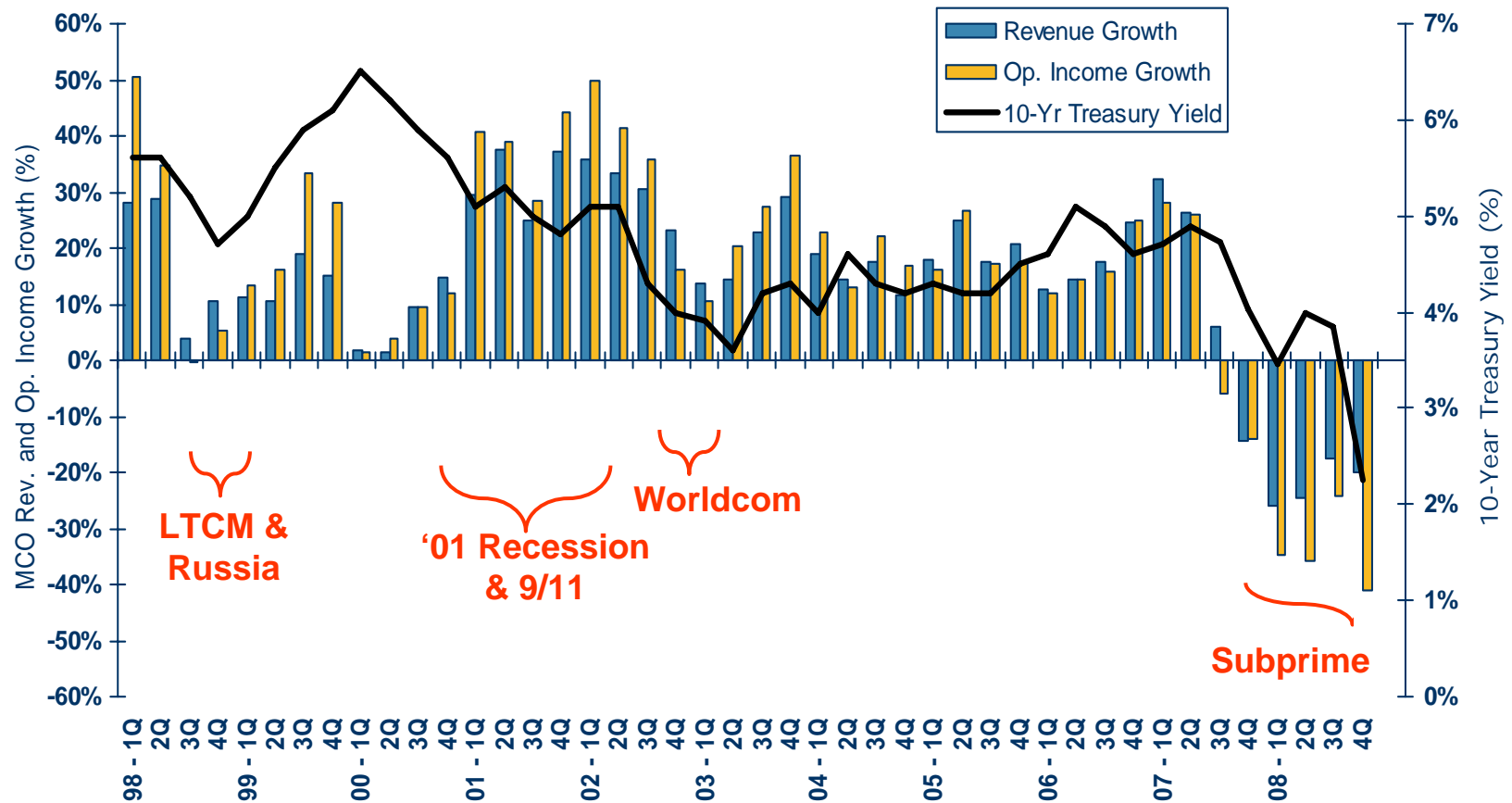
Penetration of Core Customer Segments



* Number of potential customers in each segment is estimated based on asset size, deal volume, and current customer profiles

Performance Through "Credit Crunches"

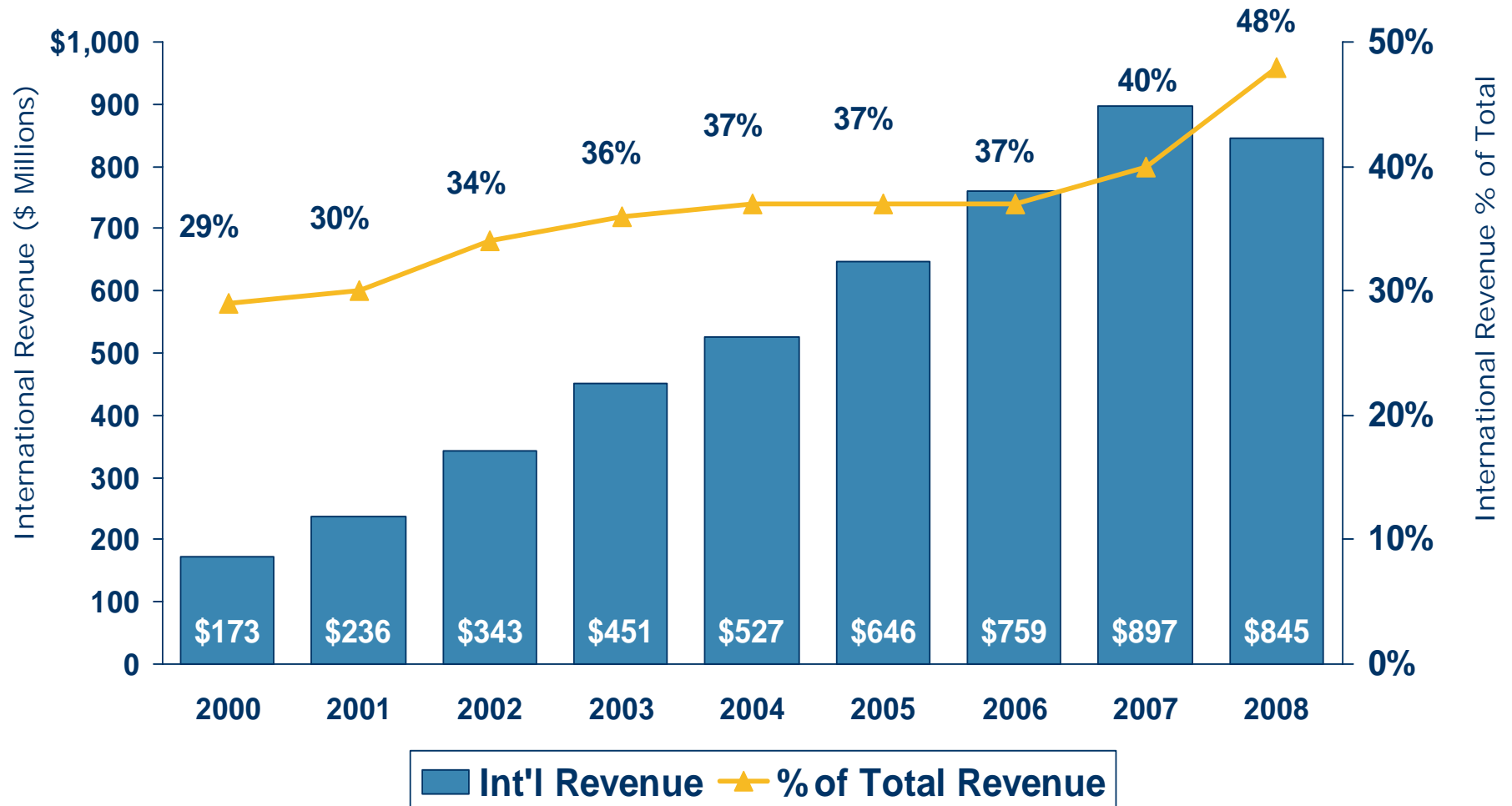
The current environment is more severe and recovery will be more protracted than past credit crunches



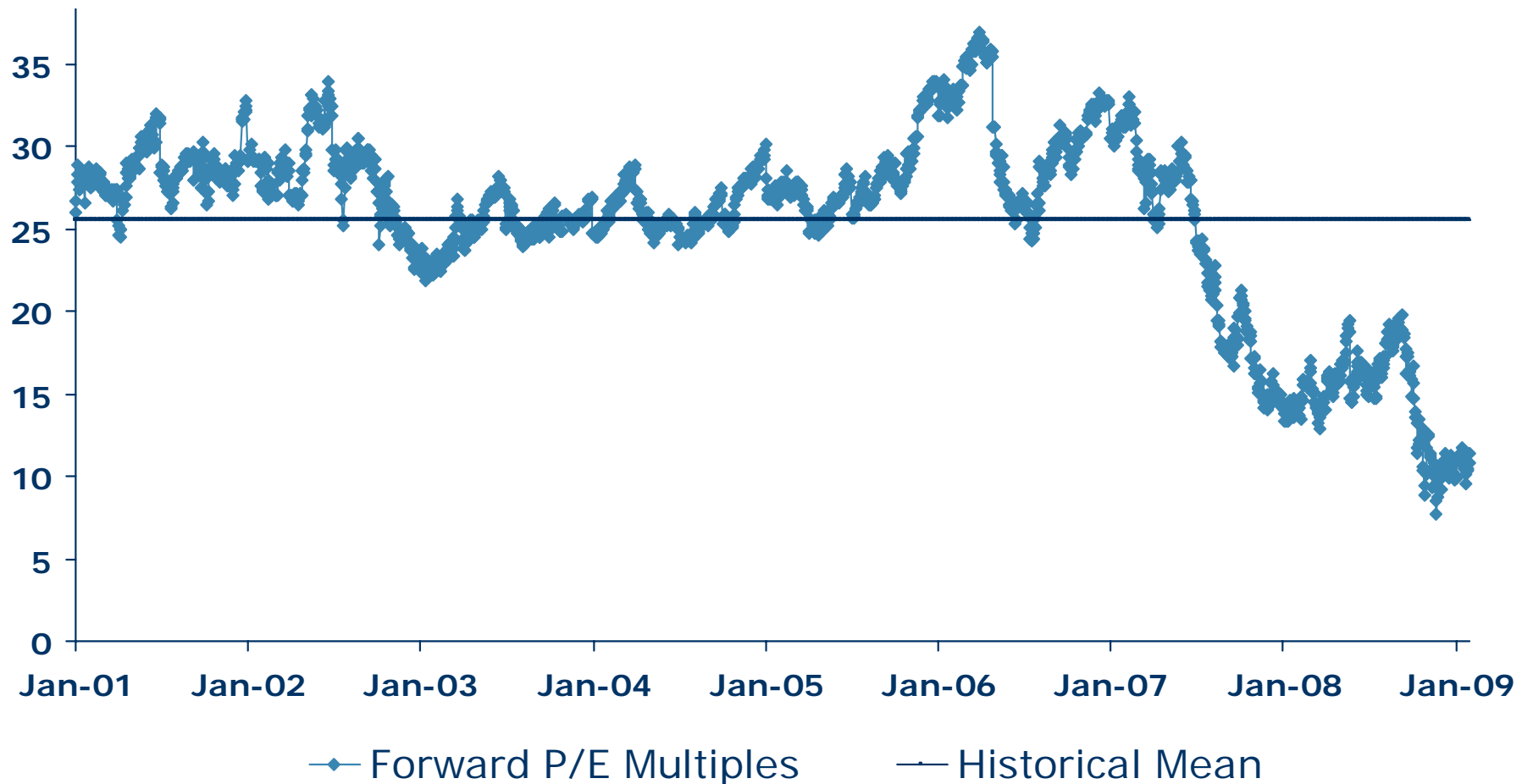
Source, Treasury Yields: U.S. Department of Treasury

Moody's International Growth

2000-2008 Revenue CAGR = 22%

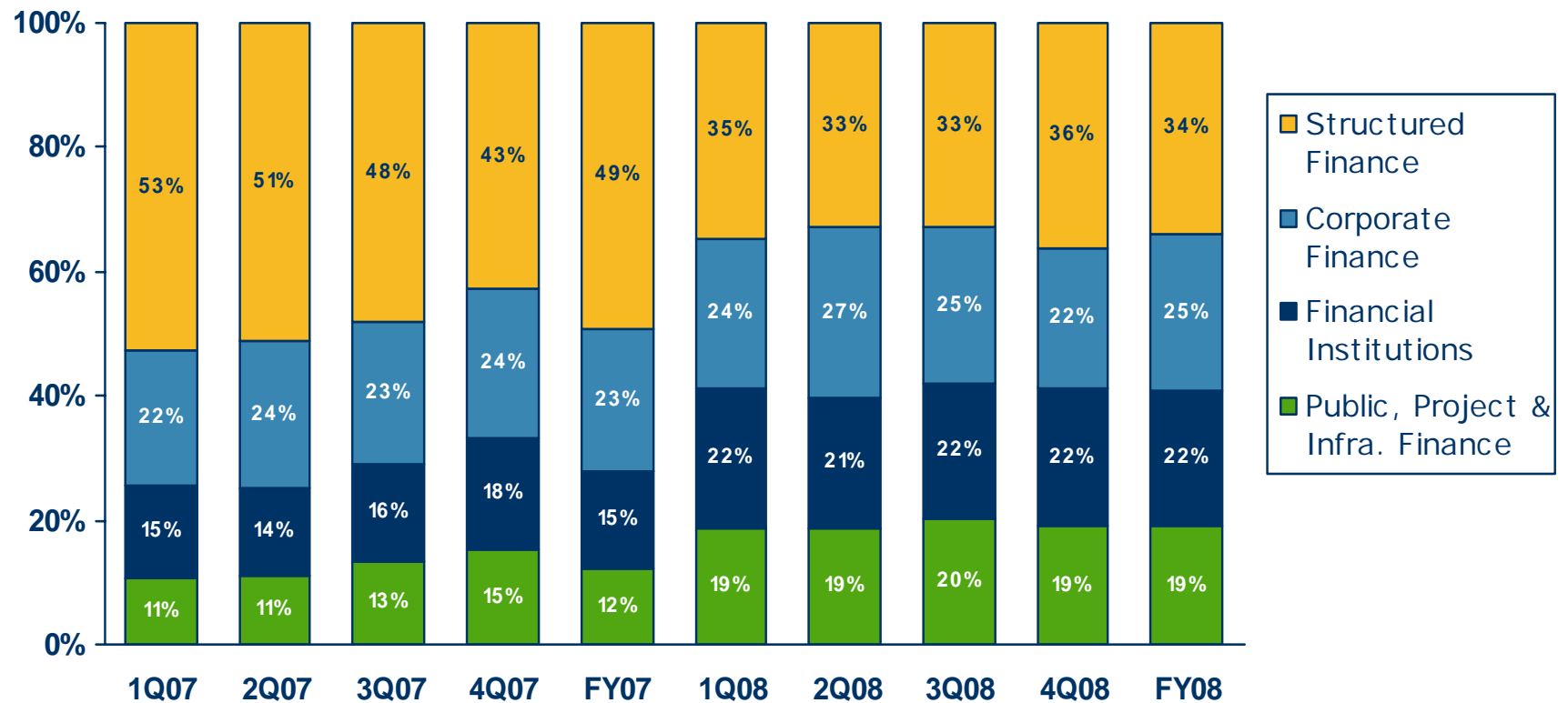


Moody's Price/Earnings Multiples



Moody's Investors Service Revenue Distribution by Line of Business

MIS* Revenue Mix % Total MIS Revenue

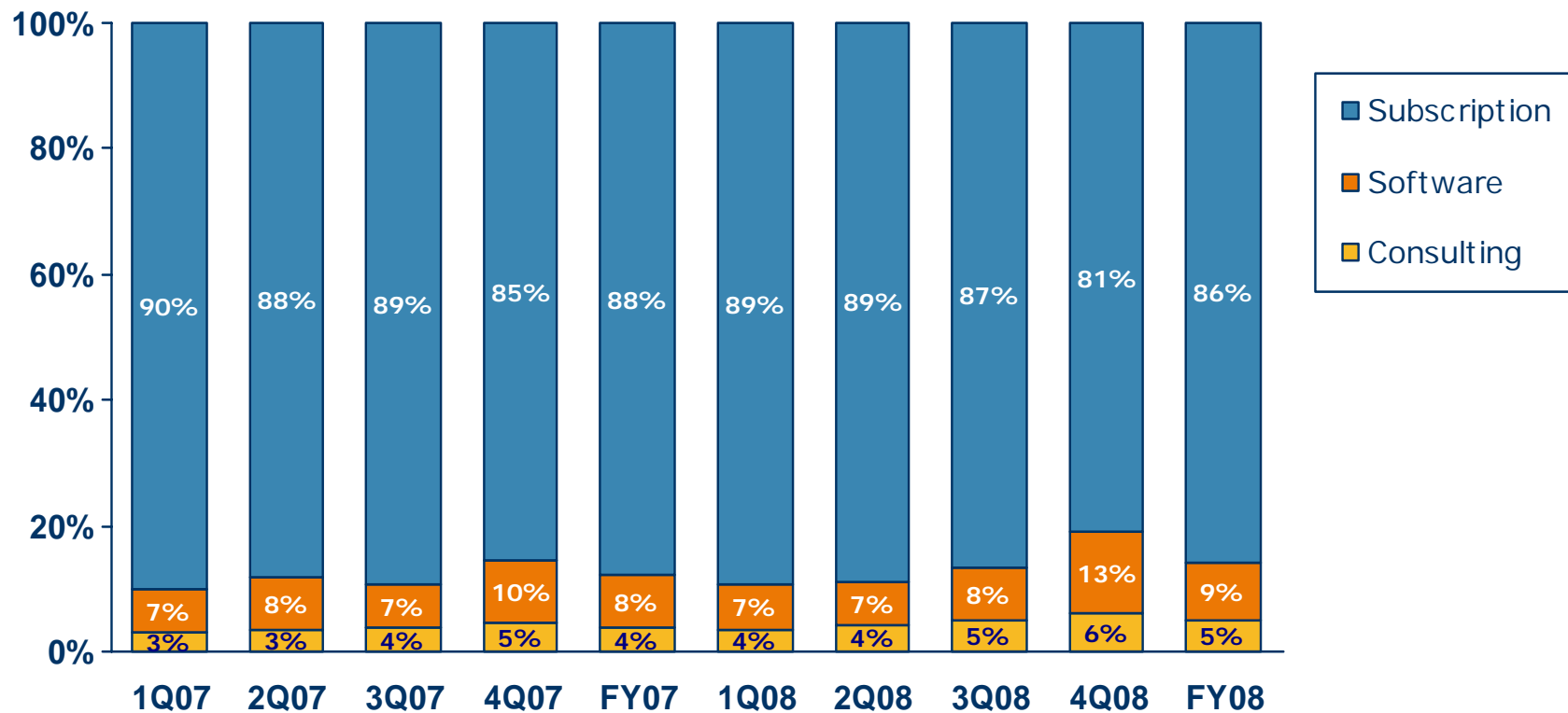


Based on Moody's new segment reporting effective January 2008 and intrasegment alignments updated in 3Q08 – see appendix for details

* Represents revenue for MIS excluding intersegment royalty and eliminations

Moody's Analytics Revenue Distribution by Line Segment

Analytics* Revenue Mix % Total Analytics Revenue



Based on Moody's new segment reporting effective January 2008 – see appendix for details

* Represents revenue for Moody's Analytics excluding intersegment royalty and eliminations

Reconciliation of Non-GAAP Financial Measures to GAAP

Earnings Per Share (a)

	2004	2005	2006	2007	2008
GAAP diluted EPS as reported	\$1.40	\$1.84	\$2.58	\$2.58	\$1.87
Pro forma adjustments (b):					
Impact of expensing stock-based compensation (c)	(0.04)	(0.02)	-	-	-
Impact of restructuring	-	-	-	0.11	(0.01)
Impact of legacy tax items	0.10	(0.03)	(0.01)	(0.19)	(0.04)
Impact of gain on sale of building	-	-	(0.32)	-	-
Pro forma diluted EPS	\$1.46	\$1.79	\$2.25	\$2.50	\$1.82
Shares used in diluted EPS calculation (millions)	304.7	305.6	291.9	272.2	245.3

(a) Adjusted for May 2005 2-for-1 stock split

(b) Pro forma EPS adjustments may differ from figures disclosed in earnings releases due to rounding

(c) Represents the EPS impact of expensing stock-based compensation determined as if FAS123 was adopted on its effective date

2005 Revenue Reclassification for Segment Changes

in \$millions

Reporting as per 2005 filings

	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>FY05</u>
Structured Finance	\$ 138.5	\$ 192.4	\$ 174.4	\$ 210.1	\$ 715.4
Corporate Finance	80.3	79.1	77.3	85.1	321.8
Financial Institutions and sovereign risk	65.7	65.6	58.4	64.9	254.6
Public Finance	23.2	26.2	21.9	20.5	91.8
Total Ratings Revenue	307.7	363.3	332.0	380.6	1,383.6
Research Revenue	51.5	52.9	53.8	57.1	215.3
Total Moody's Investors Service	359.2	416.2	385.8	437.7	1,598.9
MKMV	31.3	30.6	35.3	35.5	132.7
Total Moody's Corporation	\$ 390.5	\$ 446.8	\$ 421.1	\$ 473.2	\$ 1,731.6

Reclass for 2006, 2007 & 2008 Segment Changes: Including REITs, Sovereign, Subsovereign, Project Finance, Utilities & Managed Investments

Structured Finance	\$ (2.7)	\$ (3.6)	\$ (5.3)	\$ (5.5)	\$ (17.1)
Corporate Finance	(9.3)	(10.8)	(12.6)	(11.8)	(44.5)
Financial Institutions	(8.3)	(8.2)	(6.5)	(7.2)	(30.2)
Public, Project & Infrastructure Finance	21.0	23.1	24.9	24.1	93.1
Total Ratings Revenue	0.7	0.5	0.5	(0.4)	1.3
Research Revenue	(51.5)	(52.9)	(53.8)	(57.1)	(215.3)
Total Moody's Investors Service	0.7	0.5	0.5	(0.4)	1.3
MKMV	(31.3)	(30.6)	(35.3)	(35.5)	(132.7)
Moody's Analytics	82.1	83.0	88.6	93.0	346.7
Total Moody's Analytics	(0.7)	(0.5)	(0.5)	0.4	(1.3)
Total Moody's Corporation	\$ -	\$ -	\$ -	\$ -	\$ -

2008 (Current) Segment Reporting

	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>FY05</u>
Structured Finance	\$ 135.8	\$ 188.8	\$ 169.1	\$ 204.6	\$ 698.3
Corporate Finance	71.0	68.3	64.7	73.3	277.3
Financial Institutions	57.4	57.4	51.9	57.7	224.4
Public, Project & Infrastructure Finance	44.2	49.3	46.8	44.6	184.9
Total Moody's Investors Service*	308.4	363.8	332.5	380.2	1,384.9
Total Moody's Analytics	82.1	83.0	88.6	93.0	346.7
Total Moody's Corporation	\$ 390.5	\$ 446.8	\$ 421.1	\$ 473.2	\$ 1,731.6

* Excludes intersegment royalty

2005 revenue has been reclassified to reflect the following segment changes in 2008: 1) Project Finance, Sovereign and Subsovereign revenue were moved under Public, Project and Infrastructure Finance, 2) Real Estate Finance was moved to Commercial Mortgage Backed Securities within Structured Finance and 3) Research and MKMV were moved to Moody's Analytics. Furthermore, in August 2008, the global managed investments ratings group which was previously part of structured finance, was moved to the financial institutions business.

2006 Revenue Reclassification for Segment Changes

in \$millions

<u>Reporting as per 2006 filings</u>	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>FY06</u>
Structured Finance	\$ 175.5	\$ 217.8	\$ 217.7	\$ 275.7	\$ 886.7
Corporate Finance	86.1	107.8	91.2	111.1	396.2
Financial Institutions and sovereign risk	65.9	66.9	64.1	69.9	266.8
Public Finance	19.6	21.1	21.0	24.2	85.9
Total Ratings Revenue	347.1	413.6	394.0	480.9	1,635.6
Research Revenue	60.8	62.9	65.6	69.4	258.7
Total Moody's Investors Service	407.9	476.5	459.6	550.3	1,894.3
MKMV	32.3	34.9	35.9	39.7	142.8
Total Moody's Corporation	\$ 440.2	\$ 511.4	\$ 495.5	\$ 590.0	\$ 2,037.1

Reclass for 2006, 2007 & 2008 Segment Changes: Including REITs, Sovereign, Subsovereign, Project Finance, Utilities & Managed Investments

Structured Finance	\$ (3.1)	\$ (3.7)	\$ (3.8)	\$ (3.5)	\$ (14.1)
Corporate Finance	(14.9)	(15.7)	(11.0)	(18.7)	(60.3)
Financial Institutions	(9.3)	(8.0)	(8.0)	(8.4)	(33.7)
Public, Project & Infrastructure Finance	27.9	28.4	23.7	32.3	112.3
Total Ratings Revenue	0.6	1.0	0.9	1.7	4.2
Research Revenue	(60.8)	(62.9)	(65.6)	(69.4)	(258.7)
Total Moody's Investors Service	0.6	1.0	0.9	1.7	4.2
MKMV	(32.3)	(34.9)	(35.9)	(39.7)	(142.8)
Moody's Analytics	92.5	96.8	100.6	107.4	397.3
Total Moody's Analytics	(0.6)	(1.0)	(0.9)	(1.7)	(4.2)
Total Moody's Corporation	\$ -	\$ -	\$ -	\$ -	\$ -

<u>2008 (Current) Segment Reporting</u>	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>FY06</u>
Structured Finance	\$ 172.4	\$ 214.1	\$ 213.9	\$ 272.2	\$ 872.6
Corporate Finance	71.2	92.1	80.2	92.4	335.9
Financial Institutions	56.6	58.9	56.1	61.5	233.1
Public, Project & Infrastructure Finance	47.5	49.5	44.7	56.5	198.2
Total Moody's Investors Service*	347.7	414.6	394.9	482.6	1,639.8
Total Moody's Analytics	92.5	96.8	100.6	107.4	397.3
Total Moody's Corporation	\$ 440.2	\$ 511.4	\$ 495.5	\$ 590.0	\$ 2,037.1

* Excludes intersegment royalty

2006 revenue has been reclassified to reflect the following segment changes in 2008: 1) Project Finance, Sovereign and Subsovereign revenue were moved under Public, Project and Infrastructure Finance, 2) Real Estate Finance was moved to Commercial Mortgage Backed Securities within Structured Finance and 3) Research and MKMV were moved to Moody's Analytics. Furthermore, in August 2008, the global managed investments ratings group which was previously part of structured finance, was moved to the financial institutions business.

2007 Revenue Reclassification for Segment Changes

in \$millions

<u>Reporting as per 2007 filings</u>	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>FY07</u>
Structured Finance	\$ 251.5	\$ 273.4	\$ 200.8	\$ 164.9	\$ 890.6
Corporate Finance	114.8	141.0	105.1	104.5	465.4
Financial Institutions and sovereign risk	76.7	83.8	68.8	73.8	303.1
Public Finance	29.4	32.0	30.0	29.4	120.8
Total Ratings Revenue	472.4	530.2	404.7	372.6	1,779.9
Research Revenue	75.0	78.0	83.2	88.1	324.3
Total Moody's Investors Service	547.4	608.2	487.9	460.7	2,104.2
MKMV	35.6	37.9	37.1	44.2	154.8
Total Moody's Corporation	\$ 583.0	\$ 646.1	\$ 525.0	\$ 504.9	\$ 2,259.0

Reclass for 2007 and 2008 Segment Changes: Including REITs, Sovereign, Subsovereign, Project Finance, Utilities & Managed Investments

Structured Finance	\$ (3.1)	\$ (2.4)	\$ (5.5)	\$ (6.3)	\$ (17.3)
Corporate Finance	(11.5)	(15.1)	(12.9)	(14.4)	(53.9)
Financial Institutions	(7.1)	(8.9)	(5.5)	(7.3)	(28.8)
Public, Project & Infrastructure Finance	21.7	26.4	23.9	28.0	100.0
Total Ratings Revenue	-	-	-	-	-
Research Revenue	(75.0)	(78.0)	(83.2)	(88.1)	(324.3)
Total Moody's Investors Service	-	-	-	-	-
MKMV	(35.6)	(37.9)	(37.1)	(44.2)	(154.8)
Moody's Analytics	110.6	115.9	120.3	132.3	479.1
Total Moody's Analytics	-	-	-	-	-
Total Moody's Corporation	\$ -	\$ -	\$ -	\$ -	\$ -

2008 (Current) Segment Reporting

	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>FY07</u>
Structured Finance	\$ 248.4	\$ 271.0	\$ 195.3	\$ 158.6	\$ 873.3
Corporate Finance	103.3	125.9	92.2	90.1	411.5
Financial Institutions	69.6	74.9	63.3	66.5	274.3
Public, Project & Infrastructure Finance	51.1	58.4	53.9	57.4	220.8
Total Moody's Investors Service*	472.4	530.2	404.7	372.6	1,779.9
Total Moody's Analytics	110.6	115.9	120.3	132.3	479.1
Total Moody's Corporation	\$ 583.0	\$ 646.1	\$ 525.0	\$ 504.9	\$ 2,259.0

* Excludes intersegment royalty

2007 revenue has been reclassified to reflect the following segment changes in 2008: 1) Project Finance, Sovereign and Subsovereign revenue were moved under Public, Project and Infrastructure Finance, 2) Real Estate Finance was moved to Commercial Mortgage Backed Securities within Structured Finance and 3) Research and MKMV were moved to Moody's Analytics. Furthermore, in August 2008, the global managed investments ratings group which was previously part of structured finance, was moved to the financial institutions business.

2008 Revenue Reclassification for Segment Changes

in \$millions

<u>Reporting as per 2008 filings</u>	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>FY08**</u>
Structured Finance	\$ 107.2	\$ 120.1	\$ 97.7	\$ 92.2	\$ 417.2
Corporate Finance	71.5	97.4	75.0	56.6	300.5
Financial Institutions	64.0	72.1	64.4	56.5	257.0
Public, Project & Infrastructure Finance	55.5	66.2	59.7	48.6	230.0
Total Moody's Investors Service*	298.2	355.8	296.8	253.9	1,204.7
Total Moody's Analytics	132.5	131.8	136.6	149.8	550.7
Total Moody's Corporation	\$ 430.7	\$ 487.6	\$ 433.4	\$ 403.7	\$ 1,755.4

Reclass for 2008 Segment Change: Managed Investments

Structured Finance	\$ (3.0)	\$ (3.0)	\$ -	\$ -	\$ (6.0)
Corporate Finance	-	-	-	-	-
Financial Institutions	3.0	3.0	-	-	6.0
Public, Project & Infrastructure Finance	-	-	-	-	-
Total Moody's Investors Service	-	-	-	-	-
Total Moody's Analytics	-	-	-	-	-
Total Moody's Corporation	\$ -	\$ -	\$ -	\$ -	\$ -

<u>2008 (Current) Segment Reporting</u>	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>FY08</u>
Structured Finance	\$ 104.2	\$ 117.1	\$ 97.7	\$ 92.2	\$ 411.2
Corporate Finance	71.5	97.4	75.0	56.6	300.5
Financial Institutions	67.0	75.1	64.4	56.5	263.0
Public, Project & Infrastructure Finance	55.5	66.2	59.7	48.6	230.0
Total Moody's Investors Service*	298.2	355.8	296.8	253.9	1,204.7
Total Moody's Analytics	132.5	131.8	136.6	149.8	550.7
Total Moody's Corporation	\$ 430.7	\$ 487.6	\$ 433.4	\$ 403.7	\$ 1,755.4

* Excludes intersegment royalty

** FY08 "Reporting as per 2008 filings" represents cumulative total of 10Q filings

In August 2008, the global managed investments ratings group which was previously part of structured finance, was moved to the financial institutions business.

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