
First Quarter 2009 Earnings Call



April 29, 2009

MOODY'S

Overview

A blue-tinted world map is visible in the background of the slide, showing the continents of North America, South America, Europe, Africa, Asia, and Australia.

Liz Zale

VP – Investor Relations

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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 29, 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 is 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, 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>.

First Quarter 2009 Results

A blue-tinted world map is visible in the background of the slide, showing the continents of North America, South America, Europe, Africa, Asia, and Australia.

Raymond McDaniel

Chairman and Chief Executive Officer

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Agenda

- First Quarter 2009 Results
 - *Raymond McDaniel, Chairman & CEO*
- Financial and Operating Highlights
 - *Linda Huber, Chief Financial Officer*
- Regulatory Developments and 2009 Outlook
 - *Raymond McDaniel*
- Q&A
 - *Raymond McDaniel, Linda Huber, Michel Madelain (Chief Operating Officer, MIS), Mark Almeida (President, Moody's Analytics)*

First Quarter 2009 Performance

Moody's Corporation – 1Q09

- Revenue ↓ 5% to **\$409 million**

- Operating Income ↓ 25% to **\$149 million**

- Reported EPS ↓ 21% to **\$0.38**
Restructuring charge *\$0.03*

- Non-GAAP EPS* ↓ 15% to **\$0.41**

* Excludes the restructuring charge

Financial and Operating Highlights

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Linda Huber

Chief Financial Officer

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First Quarter 2009 Performance

Moody's Corporation Revenue – 1Q09

- Global ↓ 5% to **\$409 million**
- U.S. ↓ 10% to **\$209 million**
- Non-U.S. ↔ about flat at **\$200 million**
 - 49% of MCO total

2009 Recurring Revenue

Moody's Corporation – Recurring Revenue

- 1Q09 ↔ about flat at **\$272 million**
 - 66% of MCO revenue

First Quarter 2009 Performance

MIS Segment Revenue – 1Q09

- Global ↓ 9% to **\$270 million**
- U.S. ↓ 13% to **\$145 million**
- Non-U.S. ↓ 5% to **\$125 million**
 - 46% of MIS total

First Quarter 2009 Performance

MIS Segment Revenue – 1Q09

- **Structured Finance**
 - Global ↓ 29%
 - U.S. ↓ 42%
 - Non-U.S. ↓ 16%

- **Corporate Finance**
 - Global ↑ 15%
 - U.S. ↑ 18%
 - Non-U.S. ↑ 9%




First Quarter 2009 Performance

MIS Segment Revenue – 1Q09

▪ Financial Institutions

- Global  16%
- U.S.  26%
- Non-U.S.  7%

▪ Public, Project & Infrastructure Finance

- Global  3%
- U.S.  about flat
- Non-U.S.  8%

First Quarter 2009 Performance

MA Segment Revenue – 1Q09

- Global ↑ 5% to **\$139 million**
- U.S. ↓ 4% to **\$ 64 million**
- Non-U.S. ↑ 13% to **\$ 75 million**
 - 54% of Analytics total

First Quarter 2009 Performance

MA Segment Revenue – 1Q09

- Subscriptions ↔ about flat at **\$117 million**
- Software ↑ 69%
- Consulting ↑ 17%

First Quarter 2009 Operating Expense

Moody's Corporation – 1Q09

- Total expense **↑ 12% to \$260 million**
 - Excluding the restructuring charge of \$12 million, expenses were 7% higher than the prior-year period
- Operating margin **36.4%**
 - Excluding the restructuring charge, operating margin was 39.3%
- Effective tax rate **35.7%**
 - Down from 38.4% in 1Q08

Share Repurchases and Debt Capacity

- 1Q09 issued **0.7 million** shares under employee stock-based compensation plans
- At 3/31/09, actual outstanding shares totaled **235.7 million**
 - Actual shares outstanding decreased **4%** from 3/31/08
- **\$1.4 billion** of share repurchase authority remaining as of 3/31/09
- At 3/31/09, Moody's had:
 - **\$1.4 billion** of debt outstanding
 - **~\$300 million** of available debt capacity

Regulatory Developments and 2009 Outlook

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.

Raymond McDaniel

Chairman and Chief Executive Officer

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Regulatory Developments

- SEC held roundtable on April 15, 2009, discussing credit rating agencies
- SEC has stated it will consider topics discussed in the roundtable and may propose additional regulation
- European Parliament voted on April 23, 2009 to adopt new regulation, introducing a common regulatory approach of credit rating activities in the E.U. including:
 - Registration and formal regulation
 - E.U.-based board of directors
 - Periodic and gradual rotation of analysts
 - Alternative symbols for structured finance ratings
 - Various other requirements for credit policy and compliance

2009 Revenue Outlook

MIS Segment – FY09

- **Structured Finance**

 - ↓ low-twenties % range

- **Corporate Finance**

 - ↔ about flat

- **Financial Institutions**

 - ↓ mid-single-digit % range

- **Public, Project and Infrastructure Finance**

 - ↔ about flat

2009 Revenue Outlook

MA Segment – FY09

- Global **↑ mid-single-digit % range**
- U.S. **↓ low-single-digit % range**
- Non–U.S. **↑ low-double-digit % range**

Q&A Session

- **Raymond McDaniel**

Chairman and CEO, Moody's Corporation

- **Linda Huber**

Chief Financial Officer, Moody's Corporation

- **Michel Madelain**

Chief Operating Officer, Moody's Investors Service

- **Mark Almeida**

President, Moody's Analytics

Investor Day 2009



Thursday, June 4, 2009

New York City

webcast details will be provided on:

<http://ir.moodys.com>



Appendix

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Consolidated Statements of Operations

(Unaudited)

	Three Months Ended March 31,	
	2009	2008
<i>Amounts in millions, except per share amounts</i>		
Revenue	\$ 408.9	\$ 430.7
Expenses:		
Operating	122.4	119.9
Selling, general and administrative	110.2	99.7
Restructuring	11.8	(0.7)
Depreciation and amortization	15.6	12.5
Total expenses	260.0	231.4
Operating income	148.9	199.3
Non-operating (expense) income, net		
Interest (expense) income, net	(3.3)	(11.5)
Other non-operating (expense) income, net	(4.0)	8.9
Total	(7.3)	(2.6)
Income before provision for income taxes	141.6	196.7
Provision for income taxes	50.5	75.5
Net income	91.1	121.2
Less: net income attributable to noncontrolling interests	0.9	0.5
Net income attributable to Moody's Corporation	\$ 90.2	\$ 120.7
Earnings per share attributable to Moody's common shareholders		
Basic	\$ 0.38	\$ 0.49
Diluted	\$ 0.38	\$ 0.48
Weighted average number of shares outstanding		
Basic	235.4	247.4
Diluted	236.5	251.0

Supplemental Revenue Information

(Unaudited)

<i>Amounts in millions</i>	Three Months Ended March 31,	
	2009	2008
Moody's Investors Service		
Structured Finance	\$ 72.4	\$ 102.4
Corporate Finance	84.1	73.3
Financial Institutions	56.3	67.0
Public, Project and Infrastructure Finance	57.4	55.5
Intersegment royalty	14.7	16.0
Sub-total MIS	<u>284.9</u>	<u>314.2</u>
Eliminations	<u>(14.7)</u>	<u>(16.0)</u>
Total MIS revenue	<u>270.2</u>	<u>298.2</u>
Moody's Analytics		
Subscriptions	117.0	118.2
Software	16.1	9.5
Consulting	5.6	4.8
Total MA revenue	<u>138.7</u>	<u>132.5</u>
Total Moody's Corporation revenue	<u>\$ 408.9</u>	<u>\$ 430.7</u>
Moody's Corporation revenue by geographic area		
United States	\$ 208.9	\$ 232.9
International	<u>200.0</u>	<u>197.8</u>
	<u>\$ 408.9</u>	<u>\$ 430.7</u>

Selected Consolidated Balance Sheet Data (Unaudited)

<i>Amounts in millions</i>	March 31, 2009	December 31, 2008
Cash and cash equivalents	\$ 341.7	\$ 245.9
Short-term investments	6.8	7.1
Total current assets	856.1	809.1
Non-current assets	917.5	964.3
Total assets	1,773.6	1,773.4
Total current liabilities	1,338.8	1,393.1
Total debt ⁽¹⁾	1,410.5	1,467.7
Other long-term liabilities	632.6	616.4
Total shareholders' deficit	(947.8)	(986.1)
Total liabilities and shareholders' deficit	1,773.6	1,773.4
Actual number of shares outstanding	235.7	235.1

⁽¹⁾ Includes long-term debt of \$750.0 million at March 31, 2009 and December 31, 2008. Additionally, this includes amounts outstanding under the Company's commercial paper program and revolving credit facility of \$192.5 million and \$468.0 million, respectively, at March 31, 2009, and \$104.7 million and \$613.0 million, respectively, at December 31, 2008, which are included in total current liabilities.

Reconciliation to Non-GAAP Financial Measures (Unaudited)

Three Months Ended March 31,

Amounts in millions, except per share amounts

	2009			2008		
	As Reported	Adjustments	Non-GAAP Financial Measures *	As Reported	Adjustments	Non-GAAP Financial Measures *
Revenue	\$ 408.9	\$ -	\$ 408.9	\$ 430.7	\$ -	\$ 430.7
Expenses	260.0	(11.8)	248.2	231.4	0.7	232.1
Operating income	148.9	11.8	160.7	199.3	(0.7)	198.6
Non-operating (expense) income, net	(7.3)	-	(7.3)	(2.6)	-	(2.6)
Income before provision for income taxes	141.6	11.8	153.4	196.7	(0.7)	196.0
Provision for income taxes	50.5	4.5	55.0	75.5	(0.3)	75.2
Net income	91.1	7.3	98.4	121.2	(0.4)	120.8
Less: net income attributable to noncontrolling interests	0.9	-	0.9	0.5	-	0.5
Net income attributable to Moody's Corporation	\$ 90.2	\$ 7.3	\$ 97.5	\$ 120.7	\$ (0.4)	\$ 120.3
Earnings per share attributable to Moody's common shareholders						
Basic	\$ 0.38		\$ 0.41	\$ 0.49		\$ 0.49
Diluted	\$ 0.38		\$ 0.41	\$ 0.48		\$ 0.48

*In addition to its reported results, Moody's has included in the table above adjusted results that the Securities and Exchange Commission defines as "non-GAAP financial measures." Management believes that such non-GAAP financial measures, when read in conjunction with the company's reported results, can provide useful supplemental information for investors analyzing period to period comparisons of the company's results. The table above shows Moody's results for each of the three month periods ended March 31, 2009 and 2008, adjusted to exclude the impact of restructuring.

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