
MOODY'S



Third Quarter 2009 Earnings Call

October 29, 2009

Overview

LIZ ZALE

VP – INVESTOR RELATIONS

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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 October 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>.

Agenda

1. Third Quarter and Year-to-Date 2009 Results

Raymond McDaniel, Chairman and Chief Executive Officer

2. Financial and Operating Highlights

Linda Huber, Chief Financial Officer

3. Regulatory Developments and 2009 Outlook

Raymond McDaniel, Chairman and Chief Executive Officer

4. Q&A

Raymond McDaniel, Chairman and Chief Executive Officer

Linda Huber, Chief Financial Officer

Michel Madelain, Chief Operating Officer, MIS

Mark Almeida, President, Moody's Analytics

1. Third Quarter and Year-To-Date 2009 Results

RAYMOND MCDANIEL
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Third Quarter 2009 Performance

Moody's Corporation – 3Q09

» Revenue ↑ 4% to \$452 million

» Operating Income ↓ 9% to \$173 million

» Reported EPS ↓ 9% to \$0.42

Restructuring activities \$0.01

» Non-GAAP EPS* ↓ 4% to \$0.43

* Excludes previously announced restructuring activities from both periods and the benefit related to legacy tax matters in the prior-year period

Year-to-Date 2009 Performance

Moody's Corporation – YTD 2009

» Revenue	↓ 3% to \$1,311 million
» Operating Income	↓ 18% to \$509 million
» Reported EPS	↓ 15% to \$1.26
<i>Restructuring activities & legacy tax matters</i>	<u>\$0.02</u>
» Non-GAAP EPS*	↓ 11% to \$1.28

* Excludes previously announced restructuring activities and certain legacy tax matters from both periods

Guidance

Moody's Corporation

- » Raising full-year 2009 EPS guidance to: \$1.60 to \$1.68
- » From prior range of: \$1.45 to \$1.55

2. Financial and Operating Highlights

LINDA HUBER
CHIEF FINANCIAL OFFICER

Third Quarter 2009 Performance

Moody's Corporation Revenue – 3Q09

- » Global ↑ 4% to \$452 million
 - Excluding the impact of foreign currency translation, revenue increased 6%

- » U.S. ↑ 5% to \$230 million

- » Non-U.S. ↑ 3% to \$222 million
 - 49% of total

Third Quarter 2009 Performance

MIS Segment Revenue – 3Q09

- » Global ↑ 3% to \$305 million
 - Excluding impact of foreign currency translation, revenue increased 5%

- » U.S. ↑ 8% to \$165 million

- » Non-U.S. ↓ 2% to \$141 million
 - 46% of MIS total

Third Quarter 2009 Performance

MA Segment Revenue – 3Q09

- » Global ↑ 7% to \$147 million
 - Excluding the impact of foreign currency translation, revenue increased 10%

- » U.S. ↔ about flat at \$65 million

- » Non-U.S. ↑ 14% to \$82 million
 - 56% of Analytics total

Third Quarter 2009 Performance

MA Segment Revenue – 3Q09

- » Subscriptions ↔ about flat at **\$119 million**
- » Software ↑ 82% to **\$20 million**
- » Professional Services ↑ 9% to **\$7 million**

Third Quarter 2009 Operating Expense

Moody's Corporation – 3Q09

- » Total expense ↑ 15% to \$279 million
 - Excluding restructuring adjustments in both periods, expenses were 12% higher than the prior-year period

- » Operating margin • 38.2%
 - Excluding restructuring adjustments, operating margin was 39.0%

- » Effective tax rate • 37.5%
 - Down from 38.4% in 3Q08

Share Repurchases and Debt Capacity

- » **\$1.4 billion** of share repurchase authority remaining as of 9/30/09

- » 3Q09 issued **0.2 million** shares under employee stock-based compensation plans

- » At 9/30/09, actual outstanding shares totaled **236.5** million
 - Actual shares outstanding decreased **1%** from 9/30/08

- » At 9/30/09, Moody's had:
 - **\$1.3 billion** of debt outstanding
 - **~\$450 million** of additional debt capacity
 - Reduced total short-term debt by **\$50 million** during 3Q09 and **\$187 million** YTD09

3. Regulatory Developments and 2009 Outlook

RAYMOND MCDANIEL
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Legislative and Regulatory Developments

» United States

- House Financial Services Committee approved a bill to enhance oversight of Nationally Recognized Statistical Rating Organizations
- SEC adopted rules and proposed additional rules in mid-September

» Outside the U.S.

- European Union regulation expected to be in effect by 2H 2010
- Continue to advocate for globally consistent approaches

Comments on Recent Allegations

- » External investigation into claims regarding CDOs by former employee has been completed
 - » External law firm concluded the allegations were not supported by the facts
- » Criticism on ratings process for municipal securities was unfounded
 - » Performance of Moody's municipal ratings has been outstanding throughout the credit crisis and ratings continue to be well-positioned

2009 Financial Outlook

Moody's Corporation – FY09

- » EPS • \$1.60 - \$1.68
- » Revenue ↔ about flat
- » Expenses ↑ high-single-digit % range
- » Operating margin • high-thirties % range
- » Effective tax rate • 37% - 38%

2009 Revenue Outlook

MIS – FY09

- » Corporate Finance
 - ↑ low-thirties % range

- » Structured Finance
 - ↓ mid-twenties % range

- » Financial Institutions
 - ↓ mid-single-digit % range

- » Public, Project and Infrastructure Finance
 - ↑ low-single-digit % range

4. 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

Replay Details

- » Available from 4pm (Eastern Time) October 29, 2009 until midnight (Eastern Time) November 12, 2009

- » Telephone Details:
 - U.S. 1-888-203-1112
 - Non-U.S. +1-719-457-0820
 - Passcode 2430581

- » Webcast Details:
 - Go to <http://ir.moody's.com>
 - Click on “event calendar” featured on the left
 - Click on the link for “Q3 2009 Earnings Conference Call”

Appendix



Consolidated Statements of Operations

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
<i>Amounts in millions, except per share amounts</i>				
Revenue	\$ 451.8	\$ 433.4	\$ 1,311.4	\$ 1,351.7
Expenses:				
Operating	135.1	122.7	385.5	365.9
Selling, general and administrative	124.3	108.1	351.2	321.8
Restructuring	3.7	(1.8)	18.6	(2.7)
Depreciation and amortization	16.2	14.6	47.5	43.9
Total expenses	279.3	243.6	802.8	728.9
Operating income	172.5	189.8	508.6	622.8
Non-operating (expense) income, net				
Interest (expense) income, net	(11.5)	(12.6)	(20.9)	(36.5)
Other non-operating (expense) income, net	1.7	7.5	(8.8)	18.9
Total	(9.8)	(5.1)	(29.7)	(17.6)
Income before provision for income taxes	162.7	184.7	478.9	605.2
Provision for income taxes	61.0	70.9	175.1	232.6
Net income	101.7	113.8	303.8	372.6
Less: net income attributable to noncontrolling interests	1.1	0.8	3.7	3.7
Net income attributable to Moody's Corporation	\$ 100.6	\$ 113.0	\$ 300.1	\$ 368.9
Earnings per share attributable to Moody's common shareholders				
Basic	\$ 0.43	\$ 0.47	\$ 1.27	\$ 1.51
Diluted	\$ 0.42	\$ 0.46	\$ 1.26	\$ 1.49
Weighted average number of shares outstanding				
Basic	236.4	241.3	236.0	244.4
Diluted	238.2	244.6	237.6	247.9

Supplemental Revenue Information

(Unaudited)

<i>Amounts in millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Moody's Investors Service				
Structured Finance	\$ 79.2	\$ 95.7	\$ 226.2	\$ 313.7
Corporate Finance	101.4	77.0	293.0	249.2
Financial Institutions	62.9	64.4	186.5	206.5
Public, Project and Infrastructure Finance	61.8	59.7	180.1	181.4
Intersegment royalty	14.5	15.8	43.6	47.5
Sub-total MIS	<u>319.8</u>	<u>312.6</u>	<u>929.4</u>	<u>998.3</u>
Eliminations	<u>(14.5)</u>	<u>(15.8)</u>	<u>(43.6)</u>	<u>(47.5)</u>
Total MIS revenue	<u>305.3</u>	<u>296.8</u>	<u>885.8</u>	<u>950.8</u>
Moody's Analytics				
Subscriptions	118.9	118.7	353.7	354.0
Software	20.2	11.1	53.7	30.1
Professional Services	7.4	6.8	18.2	16.8
Total MA revenue	<u>146.5</u>	<u>136.6</u>	<u>425.6</u>	<u>400.9</u>
Total Moody's Corporation revenue	<u>\$ 451.8</u>	<u>\$ 433.4</u>	<u>\$ 1,311.4</u>	<u>\$ 1,351.7</u>
Moody's Corporation revenue by geographic area				
United States	\$ 229.7	\$ 218.3	\$ 675.7	\$ 714.6
International	222.1	215.1	635.7	637.1
	<u>\$ 451.8</u>	<u>\$ 433.4</u>	<u>\$ 1,311.4</u>	<u>\$ 1,351.7</u>

Consolidated Interest (Expense) Income, Net (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
<i>Amounts in millions</i>				
Interest (expense) income:				
Expense on borrowings	\$ (10.4)	\$ (14.5)	\$ (34.8)	\$ (44.2)
Income	0.6	5.0	2.0	15.2
Legacy tax ^(a)	-	-	6.5	2.3
FIN 48 and other tax	(2.4)	(3.6)	4.3	(10.4)
Interest capitalized	0.7	0.5	1.1	0.6
Total interest (expense) income, net	\$ (11.5)	\$ (12.6)	\$ (20.9)	\$ (36.5)

(a) The 2009 amount represents interest income related to the favorable settlement of the 1993 - 1996 legacy tax matter; the 2008 amount represents a reduction of accrued interest due to the favorable resolution of legacy tax matters.

Selected Consolidated Balance Sheet Data (Unaudited)

	September 30, 2009		December 31, 2008
<i>Amounts in millions</i>			
Cash and cash equivalents	\$ 422.7	\$	245.9
Short-term investments	6.8		7.1
Total current assets	896.5		809.1
Non-current assets	977.7		964.3
Total assets	1,874.2		1,773.4
Total current liabilities	1,202.3		1,393.1
Total debt ⁽¹⁾	1,281.0		1,467.7
Other long-term liabilities	571.3		616.4
Total shareholders' deficit	(647.5)		(986.1)
Total liabilities and shareholders' deficit	1,874.2		1,773.4
Actual number of shares outstanding	236.5		235.1

⁽¹⁾ Includes long-term debt of \$748.1 and \$750.0 million at September 30, 2009 and December 31, 2008, respectively. Additionally, this includes amounts outstanding under the Company's commercial paper program of \$531.0 million at September 30, 2009, and \$104.7 million and \$613.0 million under the commercial paper program and revolving credit facility, respectively, at December 31, 2008, which are included in total current liabilities.

Reconciliation to Non-GAAP Financial Measures (Unaudited)

Three Months Ended September 30,

Amounts in millions, except per share amounts

	2009			2008		
	As Reported	Adjustments	Non-GAAP Financial Measures *	As Reported	Adjustments	Non-GAAP Financial Measures *
Revenue	\$ 451.8	\$ -	\$ 451.8	\$ 433.4	\$ -	\$ 433.4
Expenses	279.3	(3.7) (a)	275.6	243.6	1.8 (a)	245.4
Operating income	172.5	3.7	176.2	189.8	(1.8)	188.0
Non-operating (expense) income, net	(9.8)	-	(9.8)	(5.1)	(4.6) (b)	(9.7)
Income before provision for income taxes	162.7	3.7	166.4	184.7	(6.4)	178.3
Provision for income taxes	61.0	1.4 (c)	62.4	70.9	(2.5) (c)	68.4
Net income	101.7	2.3	104.0	113.8	(3.9)	109.9
Less: net income attributable to noncontrolling interests	1.1	-	1.1	0.8	-	0.8
Net income attributable to Moody's Corporation	\$ 100.6	\$ 2.3	\$ 102.9	\$ 113.0	\$ (3.9)	\$ 109.1
Earnings per share attributable to Moody's common shareholders						
Basic	\$ 0.43		\$ 0.44	\$ 0.47		\$ 0.45
Diluted	\$ 0.42		\$ 0.43	\$ 0.46		\$ 0.45

* 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. May not add due to rounding.

The tables above show Moody's consolidated results for each of the three month periods ended September 30, 2009 and 2008, adjusted to exclude the impact of the following:

- (a) To exclude adjustments relating to the fourth quarter 2007 restructuring charge and the 2009 restructuring plan approved on March 27, 2009
- (b) To exclude benefits relating to the resolution of certain legacy tax matters
- (c) To reflect the income tax impacts related to the adjustments described in notes (a) and (b) above

Reconciliation to Non-GAAP Financial Measures (Unaudited)

Nine Months Ended September 30,

Amounts in millions, except per share amounts

	2009			2008		
	As Reported	Adjustments	Non-GAAP Financial Measures *	As Reported	Adjustments	Non-GAAP Financial Measures *
Revenue	\$ 1,311.4	\$ -	\$ 1,311.4	\$ 1,351.7	\$ -	\$ 1,351.7
Expenses	802.8	(18.6) (a)	784.2	728.9	2.7 (a)	731.6
Operating income	508.6	18.6	527.2	622.8	(2.7)	620.1
Non-operating (expense) income, net	(29.7)	(6.5) (b)	(36.2)	(17.6)	(13.3) (b)	(30.9)
Income before provision for income taxes	478.9	12.1	491.0	605.2	(16.0)	589.2
Provision for income taxes	175.1	8.7 (c)	183.8	232.6	(3.7) (c)	228.9
Net income	303.8	3.4	307.2	372.6	(12.3)	360.3
Less: net income attributable to noncontrolling interests	3.7	-	3.7	3.7	-	3.7
Net income attributable to Moody's Corporation	\$ 300.1	\$ 3.4	\$ 303.5	\$ 368.9	\$ (12.3)	\$ 356.6
Earnings per share attributable to Moody's common shareholders						
Basic	\$ 1.27		\$ 1.29	\$ 1.51		\$ 1.46
Diluted	\$ 1.26		\$ 1.28	\$ 1.49		\$ 1.44

*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. May not add due to rounding.

The tables above show Moody's consolidated results for each of the nine month periods ended September 30, 2009 and 2008, adjusted to exclude the impact of the following:

- (a) To exclude adjustments relating to the fourth quarter 2007 restructuring charge and the 2009 restructuring plan approved on March 27, 2009
- (b) To exclude benefits relating to the resolution of certain legacy tax matters
- (c) To reflect the income tax impacts related to the adjustments described in notes (a) and (b) above, and to exclude a \$4.3 million tax benefit recorded in the second quarter of 2009 related to the settlement of a legacy tax matter

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