



## Moody's Corporation Reports Record Fourth Quarter and Full-Year Revenue

NEW YORK -- Feb. 5, 2001 -- Moody's Corporation (NYSE:MCO) today announced fourth quarter and full-year 2000 results, setting revenue records for both the quarter and the full year.

Revenue in the fourth quarter of 2000 was \$161.1 million, an increase of 14.7% from \$140.4 million for the same period of 1999. Fourth quarter operating income of \$77.0 million was up 11.8% from \$68.9 million in the fourth quarter of 1999. Reported net income was \$40.4 million for the three months ended December 31, 2000, compared with \$38.2 million for the same period of 1999. Moody's fourth quarter net income reflects net interest expense of \$2.0 million after tax, representing interest expense on the \$300 million private placement of debt that was completed in connection with its spin-off from The Dun & Bradstreet Corporation, net of interest income on invested cash.

Earnings per share for the fourth quarter of 2000 were \$0.25 basic and diluted, compared with \$0.24 basic and diluted for the fourth quarter of 1999. On a pro forma basis, including interest expense on the private placement debt (and excluding any interest income) for both periods, fourth quarter diluted earnings per share would have been \$0.24 for 2000 compared with \$0.22 for 1999, a gain of 9.1%.

Moody's fourth quarter results reflected double-digit growth in global ratings revenue, driven by strong gains in worldwide structured finance ratings as well as improvements in U.S. ratings due to a more favorable capital markets environment. Moody's Risk Management Services reported revenue growth of \$5 million over the fourth quarter of 1999, in part due to the acquisition of a financial software products company in January 2000.

Revenue in the United States was \$117.4 million for the fourth quarter of 2000, an increase of 16.7% from \$100.6 million in the same period of 1999. This increase reflected strong growth in United States ratings revenue, principally in commercial mortgage-backed securities and credit derivatives, with a decline in high yield revenue.

Moody's international revenue was \$43.7 million in the final three months of 2000, an increase of 9.8% over \$39.8 million in the fourth quarter of 1999. The fourth quarter growth reflected higher ratings revenue, due to strong growth in structured finance ratings in Europe and an increased number of first-time European corporate issuers; increased sales of research products; and strong growth in Moody's Risk Management Services. Higher interest rates and wider yield spreads in Europe during the fourth quarter reduced revenue growth from the high 20% growth realized in the first three quarters of 2000.

### Full-Year Results

Moody's full-year revenue was \$602.3 million in 2000, an increase of 6.8% from \$564.2 million in 1999. Operating income of \$288.5 million in 2000 was up 6.7% from \$270.4 million in 1999. Reported net income was \$158.5 million in 2000 compared with \$155.6 million in 1999, an increase of 1.9%. Moody's 2000 net income included the fourth quarter interest expense referred to above. 1999 net income included a \$5.1 million after-tax gain related to the 1998 sale of the company's Financial Information Services division (FIS).

Basic and diluted earnings per share in 2000 were \$0.98 and \$0.97, respectively, compared with \$0.96 basic and \$0.95 diluted in 1999. Excluding the gain related to the sale of FIS, and including interest expense on the private placement debt for both periods (but excluding any interest income), diluted earnings per share would have been \$0.91 in 2000 compared with \$0.84 in 1999, an increase of 8.3%.

2000 revenue in the United States was \$428.9 million, an increase of 1.3% over \$423.4 million in 1999. United States ratings revenue declined 1% in 2000 compared to the prior year, as the effects of lower issuance levels in the core corporate and public finance sectors were substantially offset by strong growth in asset-backed finance, credit derivatives and bank loan ratings. Double-digit revenue growth was achieved in United States research products, and Moody's Risk Management Services revenue nearly doubled for the year.

Moody's international revenue was \$173.4 million in 2000 compared to \$140.8 million in 1999, an increase of 23.2%. This performance reflected strong growth in ratings of international structured finance securities, particularly in Europe and Japan, as well as an increased number of European corporate issuers. Strong growth was achieved in international research products, reflecting new products and geographic expansion, and in Moody's Risk Management Services.

## Share Repurchase Program

In October 2000, the Board of Directors of Moody's Corporation authorized a share repurchase program of up to \$250 million of Moody's common stock. The program includes both special share repurchases and systematic repurchases of Moody's common stock to offset the dilutive effect of share issuances under the company's employee benefit arrangements. During the fourth quarter of 2000, the company repurchased 2.8 million shares of its common stock pursuant to this program, at a total cost of approximately \$72 million. Approximately 0.6 million of these shares were repurchased to offset share issuance under the company's employee benefit arrangements.

## 2001 Outlook

Moody's currently expects to achieve double-digit revenue and pro forma earnings per share growth in the first quarter of 2001, compared to the first quarter of 2000. Declines in United States interest rates and favorable prior year comparisons should outweigh the effects of low or negative U. S. economic growth. For the full-year Moody's expects low-teens revenue and operating income growth and mid-teens growth in pro forma earnings per share. Pro forma earnings per share would reflect interest expense related to the company's private placement debt for both periods. The full year outlook is based on more favorable debt capital market conditions in the United States in 2001 than in 2000. Important factors for Moody's United States revenues are volumes of investment grade financing, which increased in the fourth quarter of 2000 and are currently continuing at improved levels, the timing of resumption of economic growth in the United States, which will drive future corporate investment and consumer spending, and the timing of the recovery of the high-yield market. Moody's also expects strong double-digit revenue growth outside the United States. This will depend primarily upon the amount of economic growth in Europe, which would be positively influenced by any interest rate reductions. Moody's expectation for the full-year 2001 is similar to its long-term targets for revenue, operating income and earnings per share growth.

Moody's Corporation (NYSE:MCO), is a leading provider of credit ratings, research and analysis covering debt instruments and securities in the global capital markets. Further information is available at [www.moody.com](http://www.moody.com)

## "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995

The statements contained in the "2001 Outlook" section of this release 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 are made as of the date of this release, and the company disclaims any duty to 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 is identifying 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; introduction of competing products or technologies by other companies; pricing pressures from competitors and/or customers; the potential emergence of government-sponsored credit rating agencies; proposed U.S., foreign, state and local legislation and regulations, including those relating to nationally recognized statistical rating organizations; the possible loss of key employees to investment or commercial banks or elsewhere and related compensation cost pressures; the outcome of any review by controlling tax authorities of the company's global tax planning initiatives; the uncertainty regarding market acceptance and revenue generating opportunities for web-based research products; and other risk factors as discussed in The New D&B Corporation Form 10 (Amendment No. 2) filed on September 11, 2000 with the Securities and Exchange Commission and in other filings made by the company from time to time with the Securities and Exchange Commission.

### Moody's Corporation Consolidated Statements of Operations (unaudited)

<i>Amounts in millions, except per share amounts</i>	3 Months Ended December 31,		Year Ended December 31,	
	2000	1999	2000	1999
Revenue	\$ 161.1	\$ 140.4	\$ 602.3	\$ 564.2
Expenses:				
Operating, General and Administrative Expenses	80.3	68.2	297.2	280.8
Depreciation and Amortization	3.8	3.3	16.6	13.0
Operating Income	77.0	68.9	288.5	270.4
Non Operating				

Income (Expense), net	(4.6)	(0.3)	(4.5)	8.5
Income Before Provision for Income Taxes	72.4	68.6	284.0	278.9
Provision for Income Taxes	32.0	30.4	125.5	123.3
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Net Income	\$ 40.4	\$ 38.2	\$ 158.5	\$ 155.6
Basic Earnings Per Share	\$ 0.25	\$ 0.24	\$ 0.98	\$ 0.96
Diluted Earnings Per Share	\$ 0.25	\$ 0.24	\$ 0.97	\$ 0.95
Weighted Average Number of Shares Outstanding:				
Basic	161.5	160.9	161.7	162.3
Diluted	163.4	162.5	163.0	164.3
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**Notes:**

Until September 30, 2000, Moody's business was conducted as a unit of The Dun & Bradstreet Corporation. The consolidated statements of operations include allocations of certain D&B corporate headquarters expenses relating to Moody's business. Management believes that these allocations are reasonable. However, the cost of the D&B corporate services and benefits charged to Moody's are not necessarily indicative of the costs that would have been incurred if Moody's had performed or provided these functions as a separate entity.

Non Operating Income (Expense), net for the three months and the year ended December 31, 2000 includes \$3.6 million of net interest expense, reflecting \$5.7 million of interest expense on the \$300 million of private placement debt that was incurred in connection with the Company's September 30, 2000 spin-off from The Dun & Bradstreet Corporation, net of interest income on invested cash.

Non Operating Income (Expense), net for the year ended December 31, 1999, includes a pre-tax gain of \$9.2 million (\$5.1 million after tax, or \$0.03 per share) related to the sale of the company's financial information services division (FIS).

Diluted earnings per share on a pro forma basis, excluding the gain related to the sale of FIS and including interest expense related to the \$300 million debt private placement (but excluding any interest income), is as follows:

<i>Amounts in millions</i>	3 Months Ended December 31,		Year Ended December 31,	
	2000	1999	2000	1999
Pro Forma Diluted Earnings Per Share	\$ 0.24	\$ 0.22	\$ 0.91	\$ 0.84

**Moody's Corporation  
Supplemental Revenue Information (unaudited)**

<i>Amounts in millions</i>	3 Months Ended December 31,		Year Ended December 31,	
	2000	1999	2000	1999
Ratings:				
Corporate Finance Ratings	\$36.9	\$37.8	\$162.7	\$165.5
Structured Finance Ratings	59.6	48.4	199.2	172.4
Financial Institutions				

and Sovereign Ratings	27.8	25.1	111.6	104.8
Public Finance Ratings	12.6	11.7	46.1	59.5
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Total Ratings Revenue	136.9	123.0	519.6	502.2
Other	24.2	17.4	82.7	62.0
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Total Revenues	\$ 161.1	\$ 140.4	\$ 602.3	\$ 564.2
Geographic Revenues:				
United States	\$ 117.4	\$ 100.6	\$ 428.9	\$ 423.4
International	43.7	39.8	173.4	140.8
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Total Revenues	\$ 161.1	\$ 140.4	\$602.3	\$ 564.2
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