
MOODY'S



Investor Presentation

3Q 2014

NOVEMBER 4, 2014

Disclaimer

Certain 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. Moody's outlook for 2014 and other forward-looking statements in this presentation are made as of October 29, 2014, 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 is identifying certain factors that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking statements. Those factors, risks and uncertainties include, but are not limited to, the current world-wide Moody's Market disruptions and economic slowdown, which is affecting and could continue to affect the volume of debt and other securities issued in domestic and/or global capital markets; other matters that could affect the volume of debt and other securities issued in domestic and/or global capital markets, including credit quality concerns, changes in interest rates and other volatility in the financial markets; the level of merger and acquisition activity in the US and abroad; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government initiatives to respond to the current world-wide credit disruptions and economic slowdown; concerns in the marketplace affecting our credibility or otherwise affecting market perceptions of the integrity or utility of independent agency ratings; the introduction of competing products or technologies by other companies; pricing pressure from competitors and/or customers; the level of success of new product development and global expansion; the impact of regulation as an NRSRO, the potential for new U.S., state and local legislation and regulations, including provisions in the Dodd-Frank Wall Street Reform and Consumer Protection Act and anticipated regulations resulting from that Act; the potential for increased competition and regulation in the EU and other foreign jurisdictions; exposure to litigation related to our rating opinions, as well as any other litigation to which the Company may be subject from time to time; provisions in the Dodd-Frank Act legislation modifying the pleading standards, and EU regulations modifying the liability standards, applicable to credit rating agencies in a manner adverse to credit rating agencies; provisions of EU regulations imposing additional procedural and substantive requirements on the pricing of services; the possible loss of key employees; failures or malfunctions of our operations and infrastructure; any vulnerabilities to cyber threats or other cybersecurity concerns; the outcome of any review by controlling tax authorities of the Company's global tax planning initiatives; the outcome of those legacy tax matters and legal contingencies that relate to the Company, its predecessors and their affiliated companies for which Moody's has assumed portions of the financial responsibility; the impact of mergers, acquisitions or other business combinations and the ability of the Company to successfully integrate acquired businesses; currency and foreign exchange volatility; the level of future cash flows; the levels of capital investments; a decline in the demand for credit risk management tools by financial institutions; and other risk factors as discussed in the Company's annual report on Form 10-K for the year ended December 31, 2013 and in other filings made by the Company from time to time with the Securities and Exchange Commission.

Table of Contents

1. Financial Overview
2. Moody's Market Overview
3. Moody's Investors Service (MIS)
4. Moody's Analytics (MA)
5. Conclusion
6. Appendix

Overview of Moody's Corporation

MOODY'S

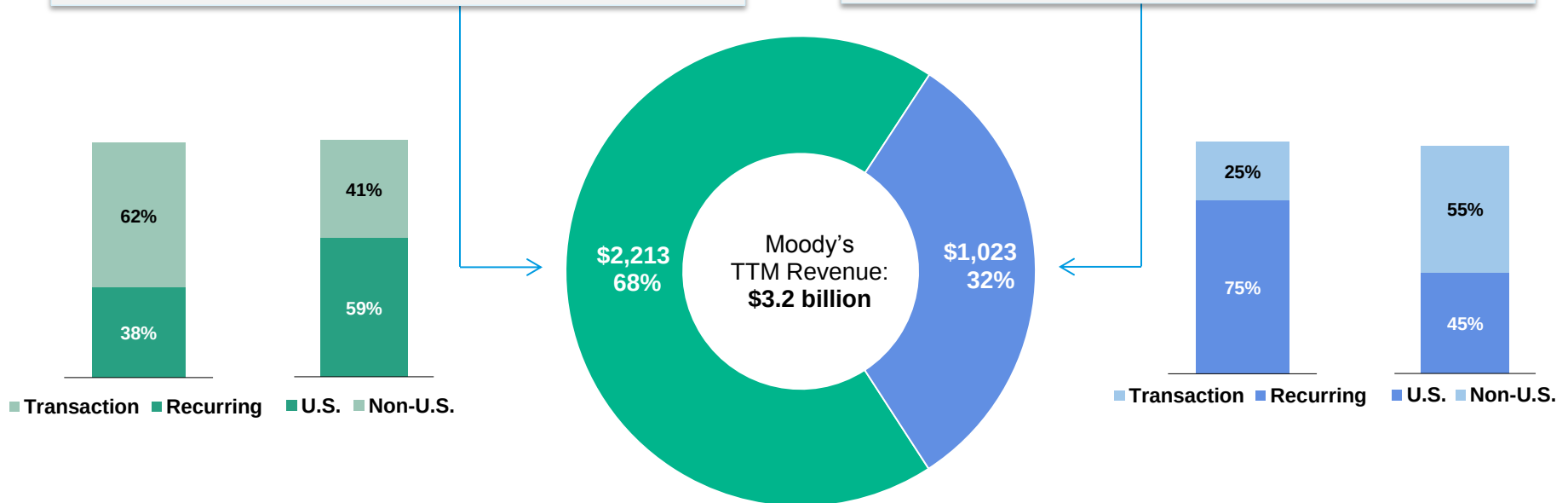
Leading global provider of credit rating opinions, insight and tools for financial risk measurement and management

MOODY'S
INVESTORS SERVICE

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

MOODY'S
ANALYTICS

Research, data and software for financial risk analysis and related professional services

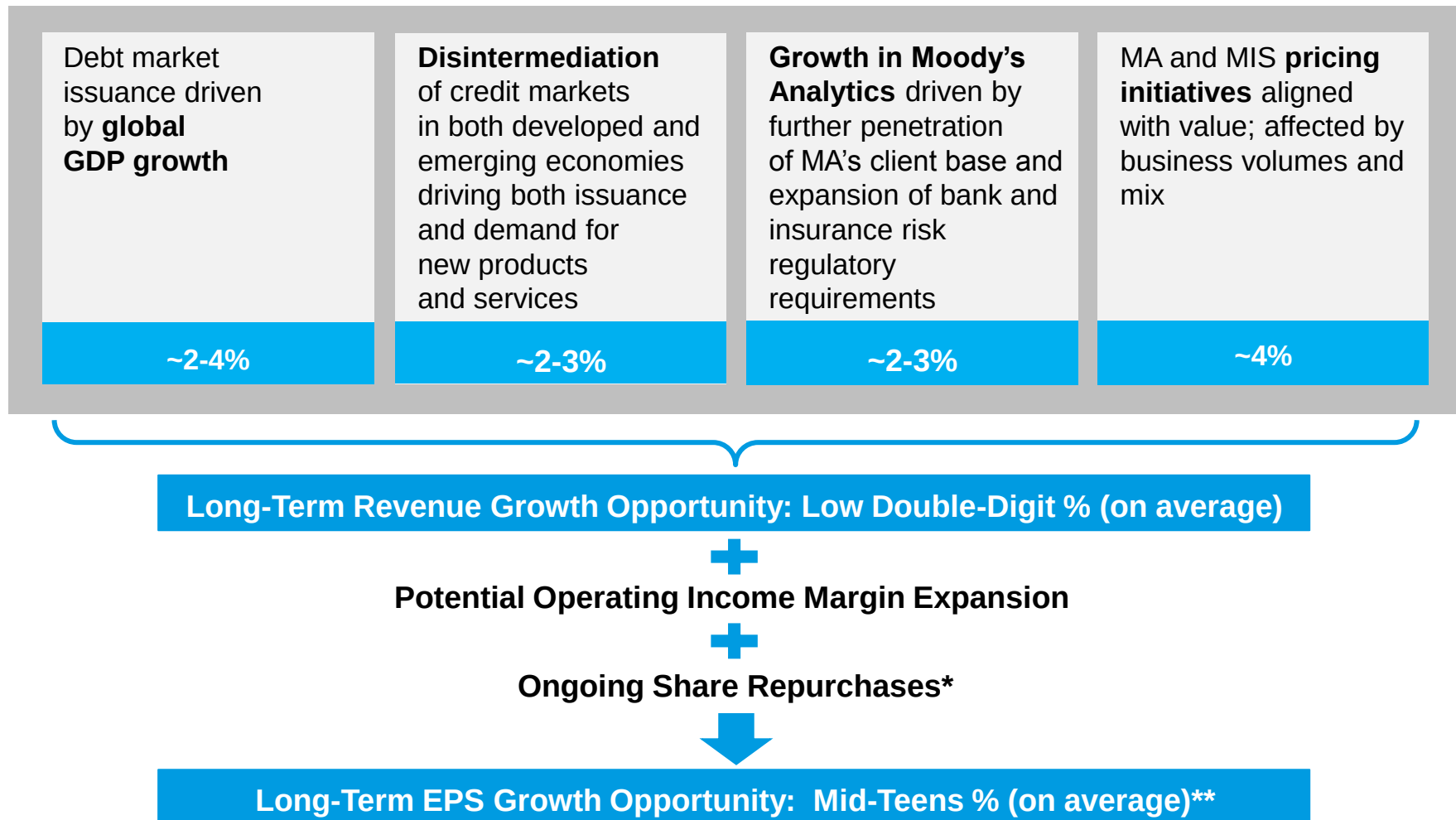


Revenue represents consolidated trailing twelve months ended September 30, 2014, excluding intersegment revenue and eliminations.
Note: Total MCO recurring and transaction revenue split is 50/50; U.S. and Non-U.S. revenue split is 54/46.

1

Financial Overview

Revenue Growth, Operating Leverage and Balance Sheet Management Provide the Opportunity for EPS Growth

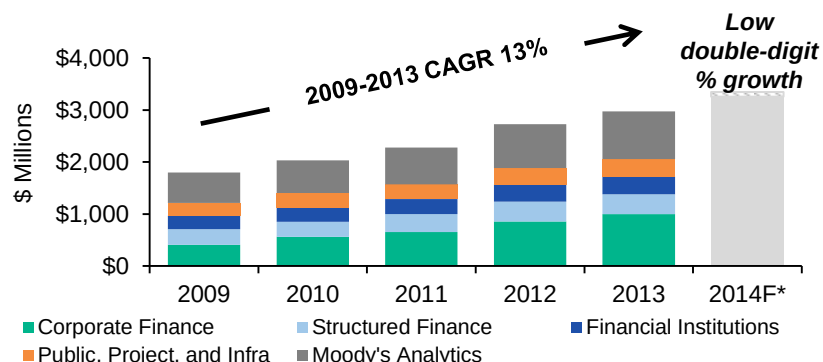


*Subject to market conditions and other ongoing capital allocation decisions.

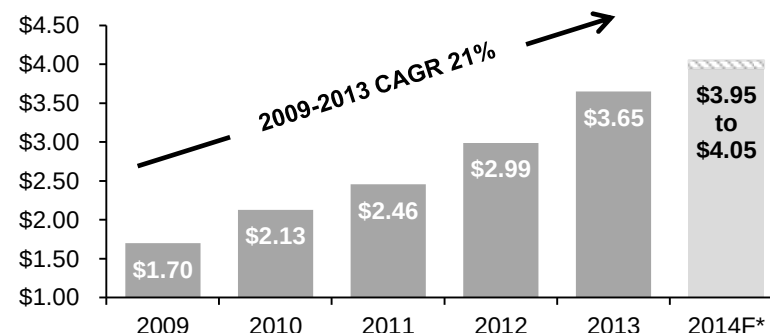
**Assumes no material change in effective tax rate, leverage profile and/or capital allocation policy.

Moody's Has Consistently Delivered Strong Performance Over a Challenging Global Economic Period

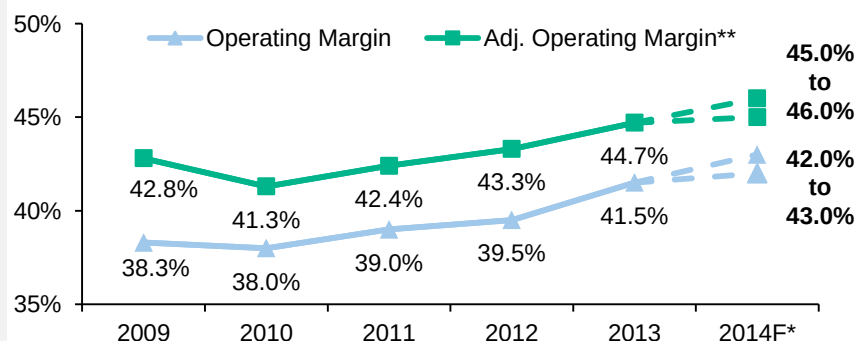
Revenue



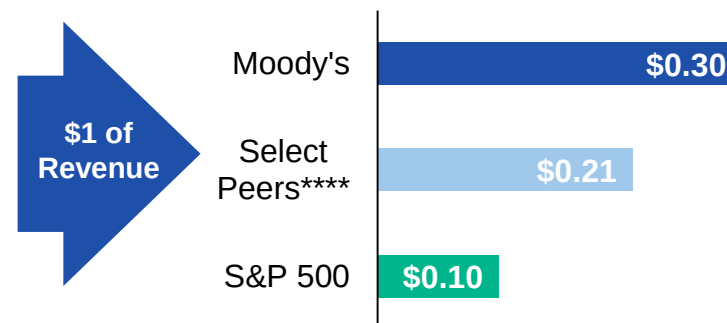
Non-GAAP EPS



Operating Margin Performance



5-year Average Free Cash Flow Conversion***



*Guidance as of October 29, 2014.

**Adjusted Operating Margin is a non-GAAP measure. See appendix for reconciliation from non-GAAP to GAAP.

***As of September 2014, over last five available fiscal years. Source: FactSet.

****Includes CLGX, DNB, EXPN, FDS, IHS, MHFI, MORN, MSCI, TRI, VRSK. Source: FactSet.

Moody's has a Disciplined Approach to Capital Allocation and Continues to Return Capital to Shareholders

Investing in Growth Opportunities

Reinvestment

- » Invest in existing businesses to support organic growth

Acquisitions

- » Aligned with strategy
- » Opportunistic; ideally able to use offshore cash

Return of Capital

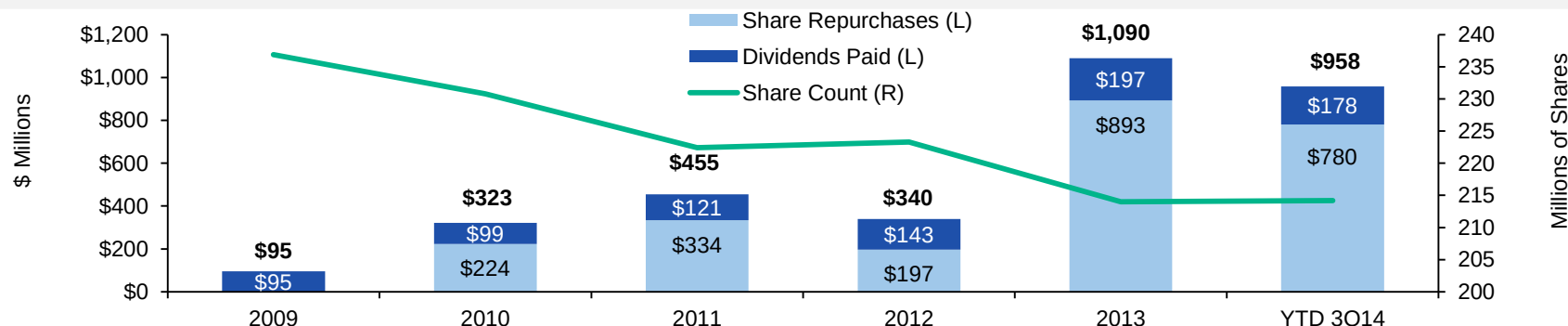
Dividends

- » Dividend yield potential is 1.4% to 1.8%
- » Dividend payout ratio potential is 25% to 30%

Share Repurchases

- » Share repurchases on both a programmatic and opportunistic basis
- » Average annual potential is \$750 million to \$1 billion

Share Repurchases and Dividends Paid



- » Expect approximately \$1.25 billion in share repurchases in 2014*
- » Current annualized dividend rate of \$1.12 per share (YTD 3Q14 payout of 24% of net income)
 - Dividend per share CAGR of 23% from 2009 –2014 annualized

*Guidance as of October 29, 2014. Subject to market conditions and other ongoing capital allocation decisions.

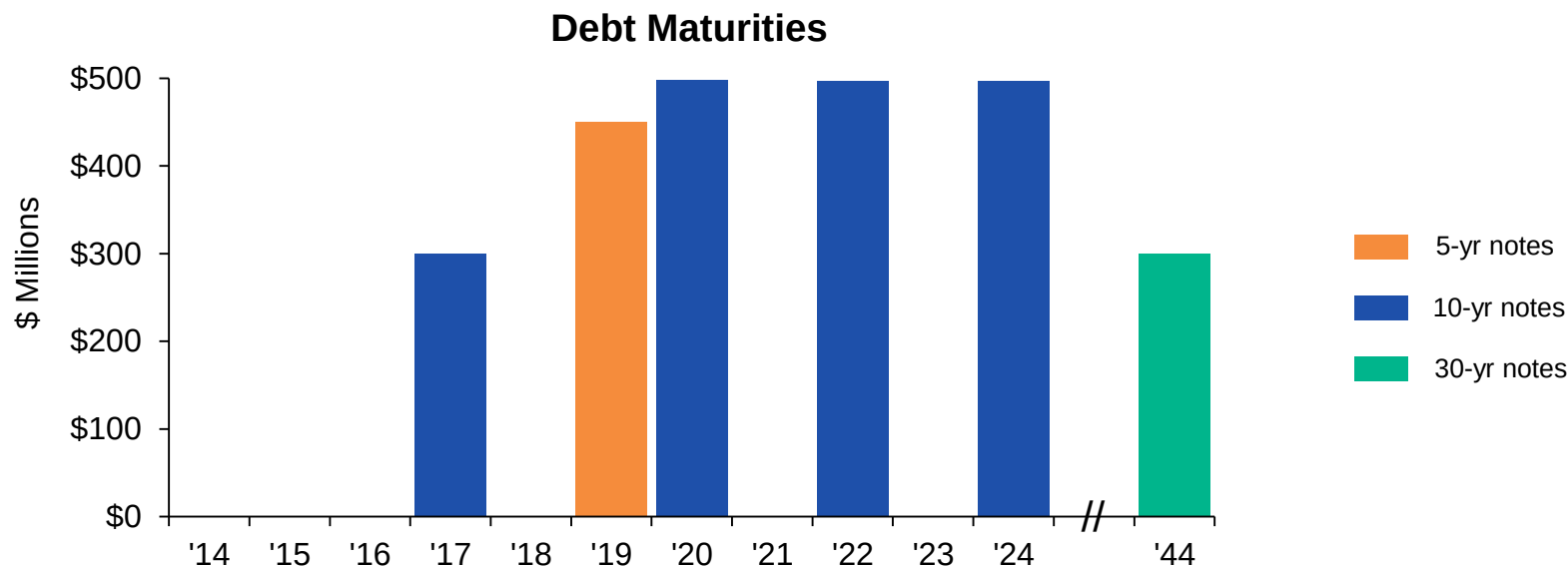
Successful Execution of Recent Transactions

 Copal	» Provides outsourced research and analytical services to the global financial and corporate sectors » Expect to purchase the remaining outstanding shares in 4Q14 pursuant to a call option as described in our SEC filings	2014 EPS Impact None
	» One of three leading India-based domestic rating agencies » Moody's increased its ownership stake from 28.5% to over 50.0% in June 2014	Approximately \$0.03 dilution
	» A cloud-based lending platform that provides loan origination, credit analysis and loan management functionality to ~750 financial institutions » Moody's acquired WebEquity in mid-July 2014	Approximately \$0.02 dilution
 LEWTAN	» Provides analytical tools and data to issuers, investors and underwriters to administer, monitor and value securitized transactions » Moody's acquired Lewtan in late October 2014	Minimal

» 2014 combined revenue contribution of ~\$150 million (run rate ~\$180 million)

Well-Spaced Maturity Profile Reduces Refinancing Risk

- » Moody's current credit rating from S&P is BBB+
 - Moody's leverage metrics remain within S&P's stated criteria for the current rating
- » On July 16, 2014, Moody's issued \$750 million of unsecured notes in a public offering; uses of proceeds include retiring its 2005 private placement notes (4.98% coupon), as well as general corporate purposes
 - \$450 million 5-year notes, at 2.75%, maturing on July 15, 2019
 - \$300 million 30-year notes, at 5.25%, maturing on July 15, 2044
 - 2014 EPS dilution from retiring the 2005 private placement notes, as well as additional interest, is approximately \$0.04

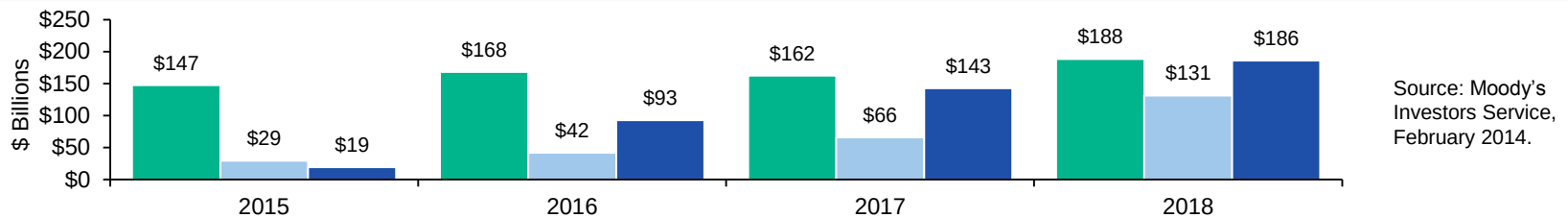


2

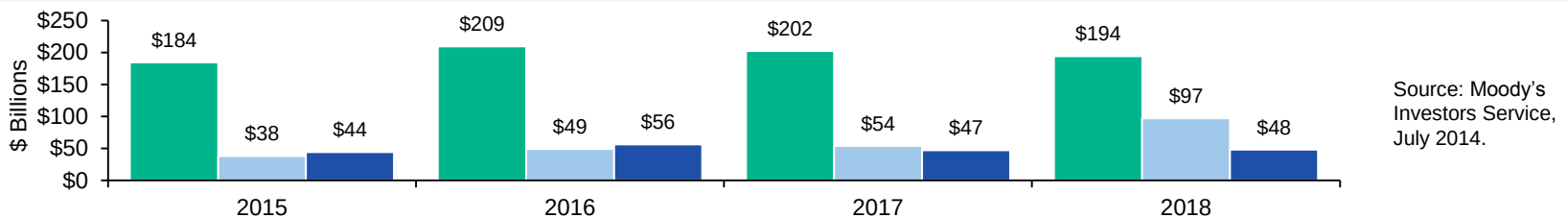
Moody's Market Overview

Non-Financial Corporates Have Refunding Needs of Over \$3 Trillion from 2015-2018

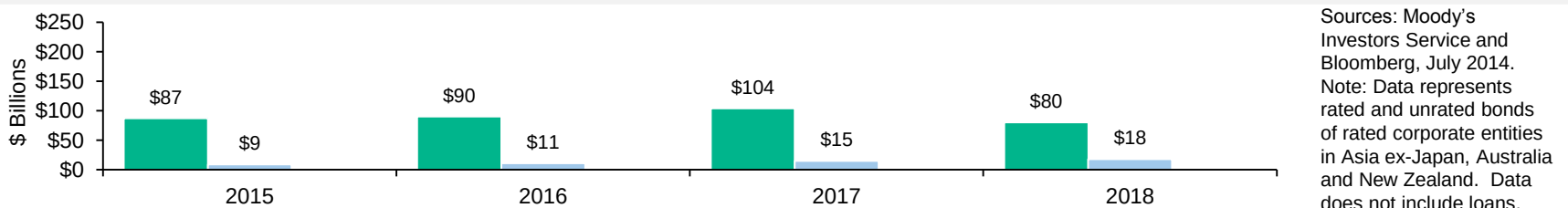
Debt Maturities: U.S. Moody's-Rated Corporate Bonds & Loans



Debt Maturities: EMEA Moody's-Rated Corporate Bonds & Loans



Debt Maturities: Asia Pacific Moody's-Rated Corporate Bonds



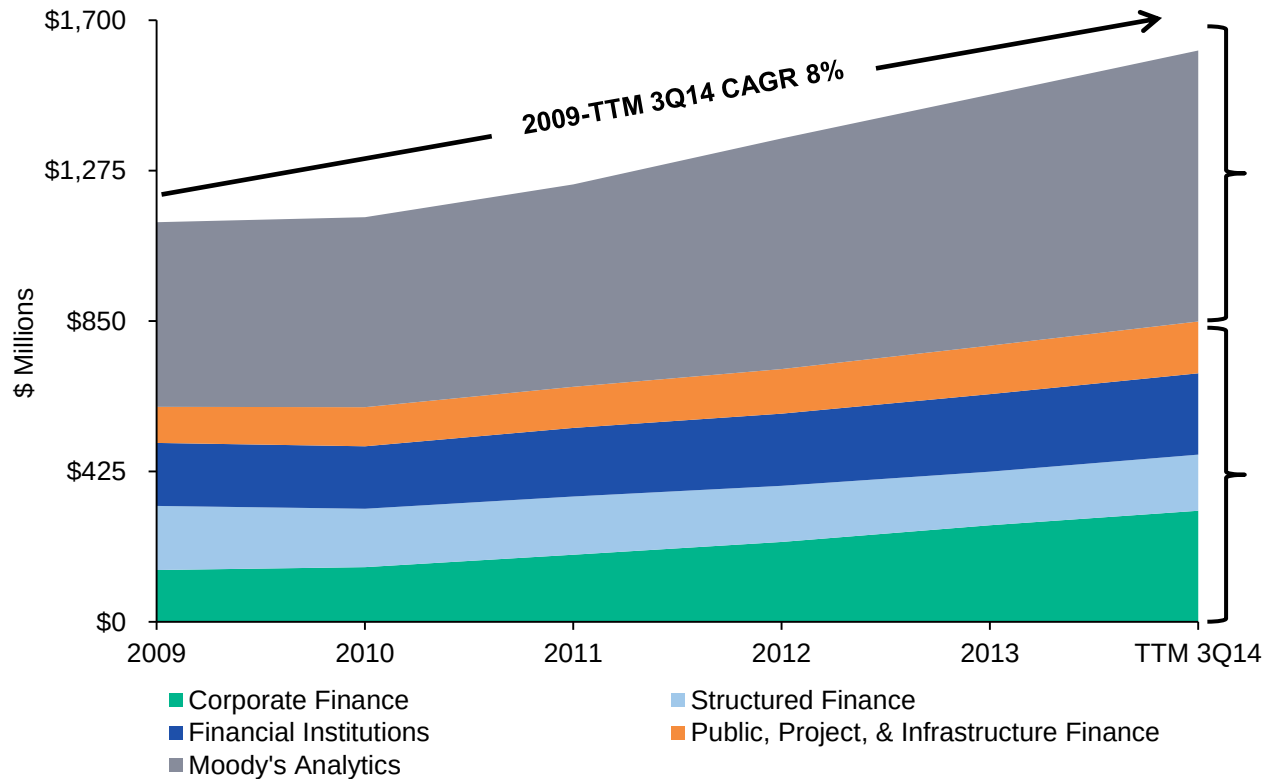
Investment Grade Bonds

Speculative Grade Bonds

Speculative Grade Bank Loans

Moody's Recurring Revenue Base Provides Stability

Recurring Revenue*



MA Drivers

- » Growth in RD&A
- » Growth in ERS maintenance and subscription revenue

MIS Drivers

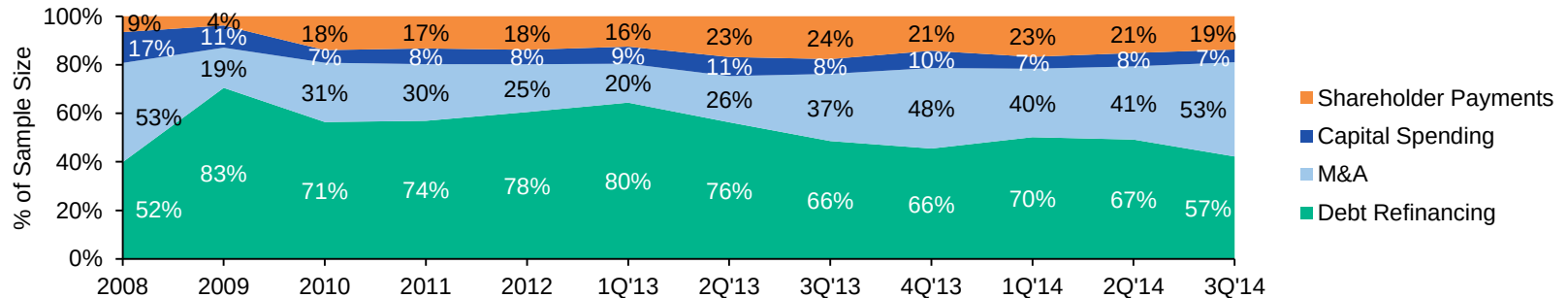
- » Growth in monitoring fees driven by new mandates
- » Pricing changes

» High-single-digit % growth going forward

*Recurring Revenue recognized ratably over security life (MIS) and over contract period (MA).

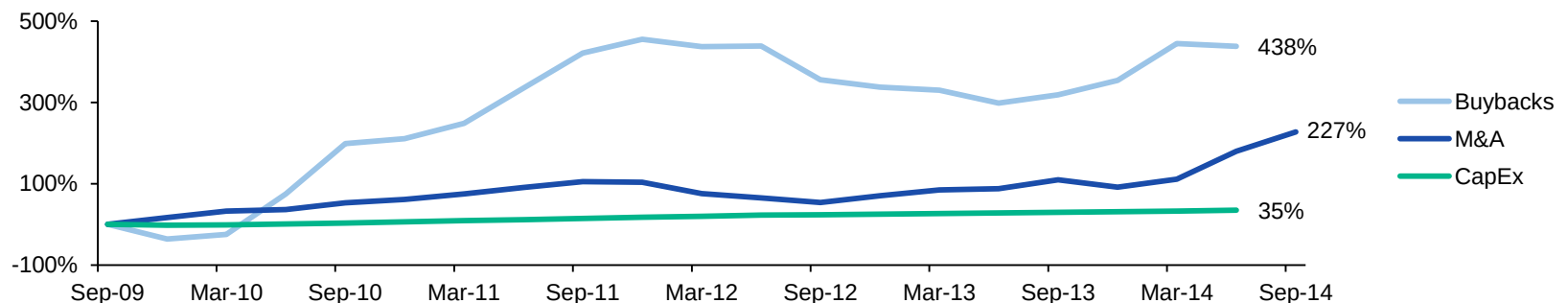
Bond Issuance Has Primarily Been Used for Refinancing; Recently, M&A Activity Has Noticeably Increased

Uses of Funds From USD High Yield Bonds and Bank Loans*



Growth in Buyback, M&A and Capex Activity: U.S. Non-Financial Corporates

(Growth as a % of base period, TTM volume)



Source: Moody's Capital Markets Research Group.

*% of count of mentions for each respective period in bond issue or bank loan program tranche documents. Excludes Investment Grade issuance, issues of less than \$25 million and general corporate purposes." An issue can have multiple purposes and, as a result, time period %'s for each category do not sum to 100%.

Changes in the Banking Sector Create Demand for Moody's Offerings



1

Disintermediation

Banks are not providing traditional levels of funding

2

Regulatory Reporting Software / Stress-Testing

Financial institutions are required to comply with new regulation

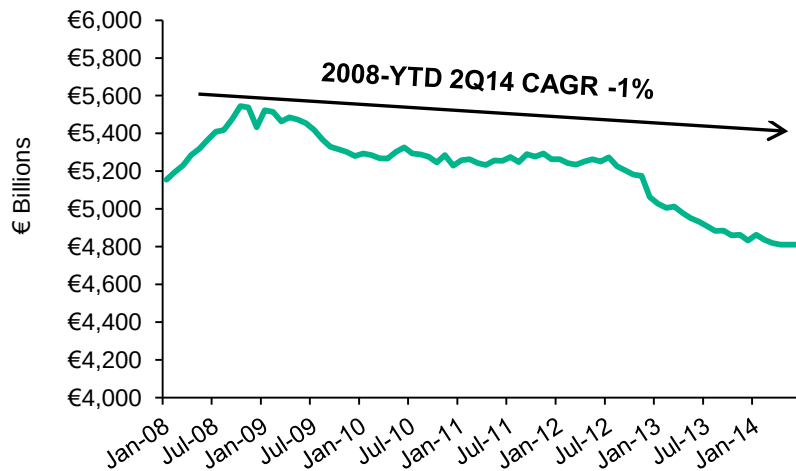
3

Offshored Resources

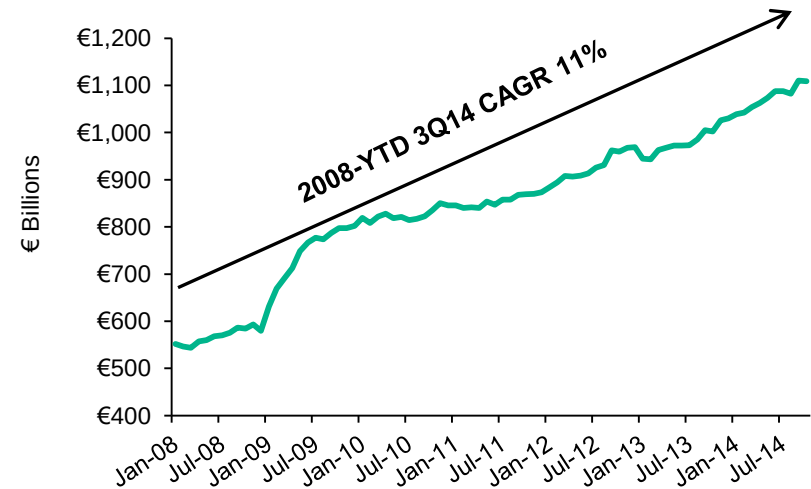
Banks are looking to reduce costs, streamline operations

Disintermediation Continues in European Capital Markets

European Non-Financial Corporate Bank Loans Outstanding



European Non-Financial Corporate Bonds Outstanding

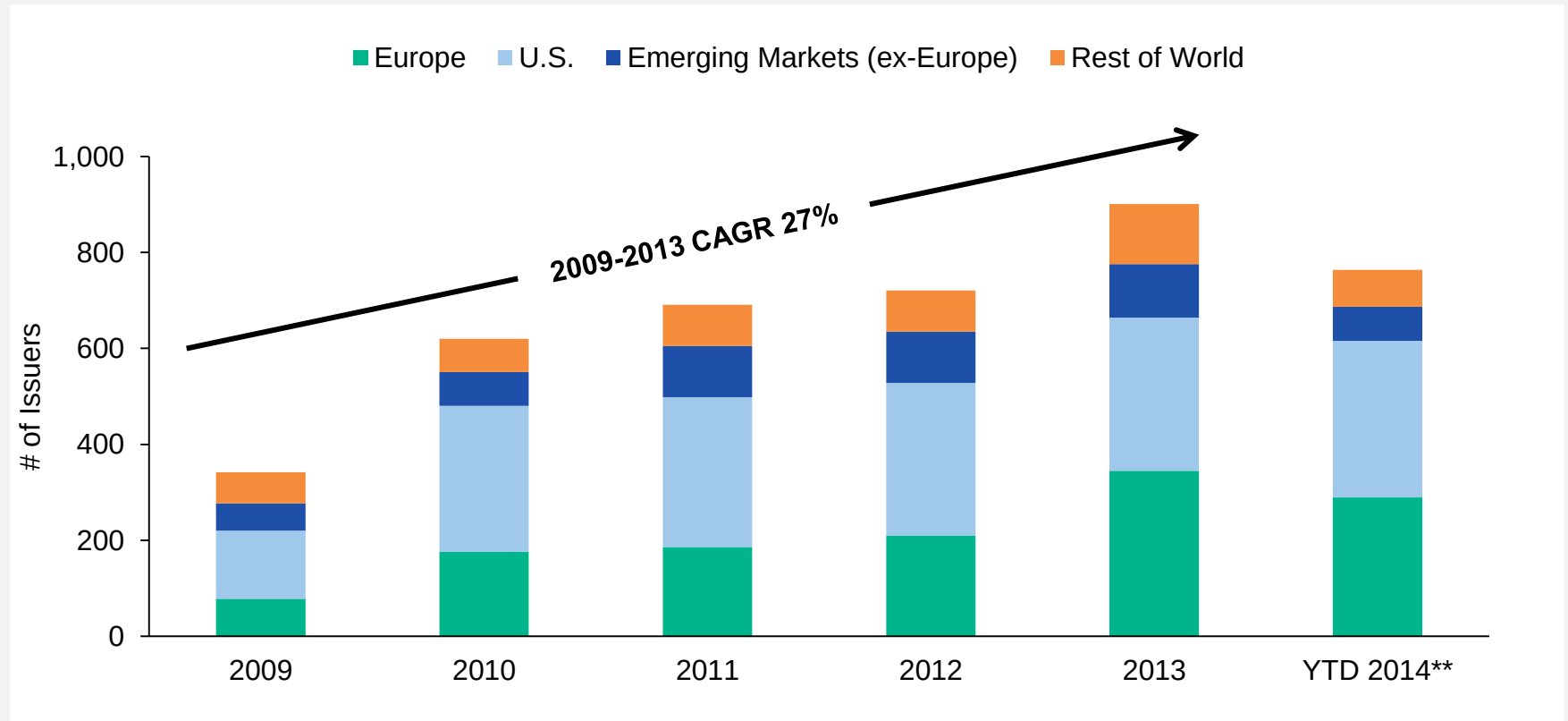


- » European bank loans have comprised approximately **80%** of the outstanding debt in **Europe** (bonds approximately **20%**)
- » European companies have historically relied more on banks than their American counterparts but are increasingly turning to the bond market over traditional commercial bank loans
- » For comparison, the **U.S.** debt markets have been more **evenly split** between bank loans and bonds

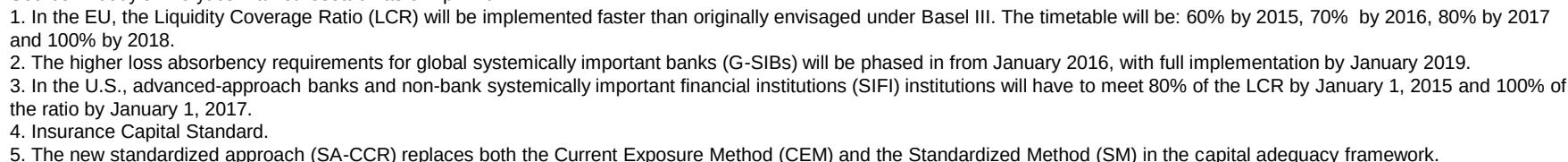
Sources: ECB, BarCap Indices. Europe bank loan data includes Eurozone and UK bank loans. Europe bond data includes euro and sterling denominated bonds.

Growth in Newly-Rated Corporate Issuers

Annual Count of Newly-Rated Non-Financial Corporate Issuers*

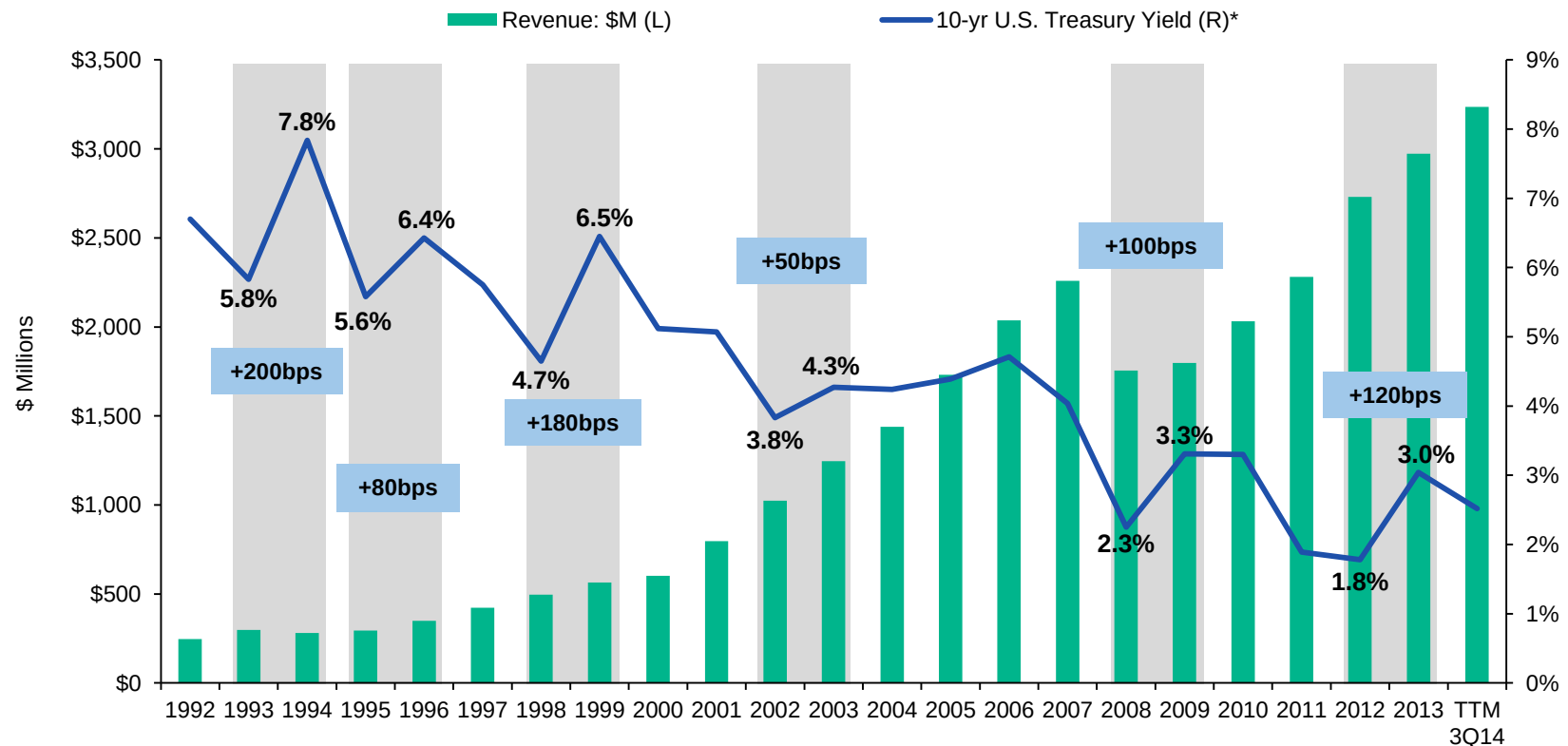


Source: Moody's Investors Service.
 *Rated by Moody's Investors Service.
 **Through October 24, 2014.



Historically, Rising Rates Have Not Had a Significant Impact on Moody's Revenue

MCO Revenue & Interest Rates

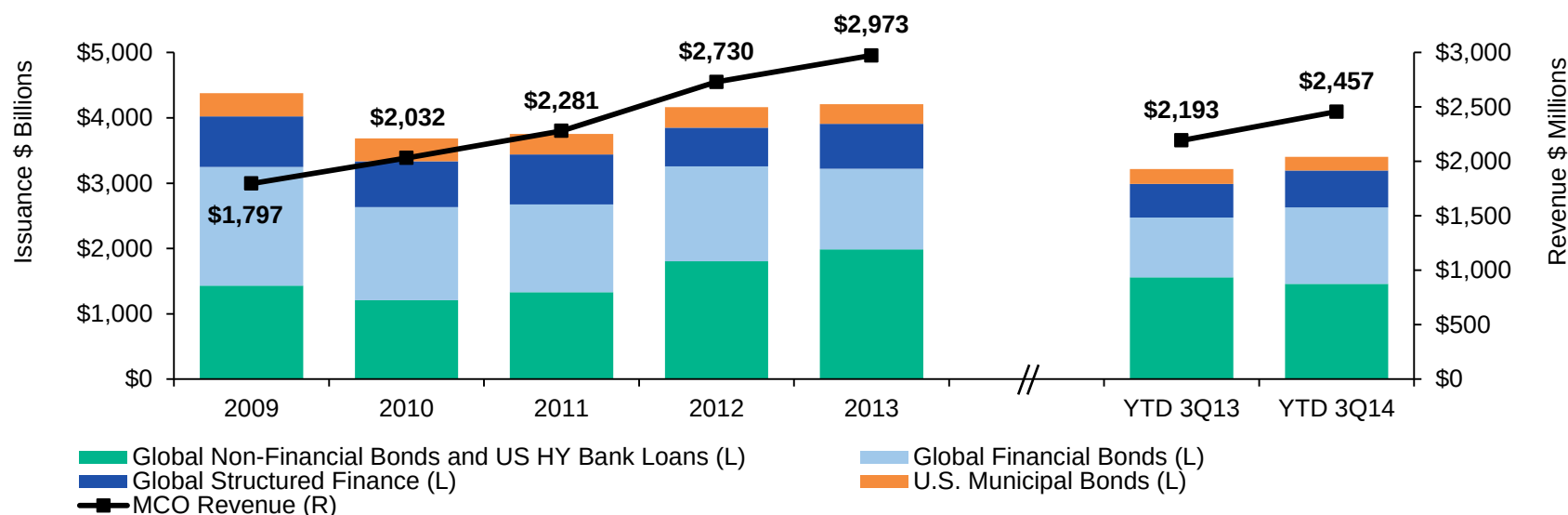


Source: Moody's Investors Service. *10-yr Treasury Yields are represented by the rate at the end-of-period.

Moody's Revenue Does Not Directly Tie to Issuance

MCO Revenue vs. Rated Issuance*

YOY % Change	2009	2010	2011	2012	2013	2009-2013 CAGR	YTD 3Q 2014
Issuance	-1%	-16%	2%	11%	1%	-1%	6%
Revenue	2%	13%	12%	20%	9%	13%	12%

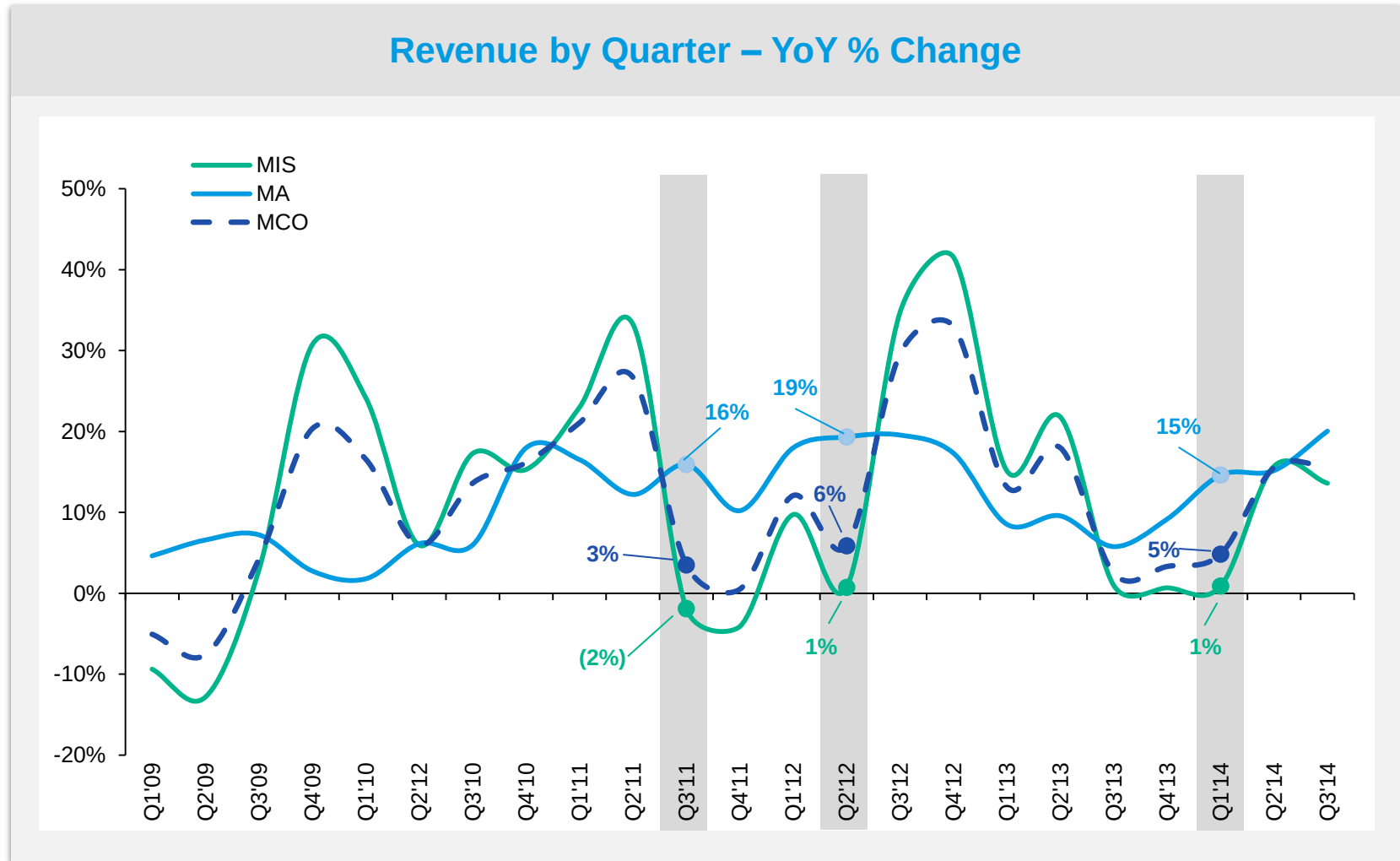


- » In addition to issuance activity levels, Moody's revenue is impacted by the mix of issuance activity, sales of non-issuance related products (including by Moody's Analytics) and pricing

*Rated global investment grade bonds, global high yield bonds, U.S. high yield bank loans, global structured finance, and U.S. municipal issuance.

Source: Moody's Capital Markets Research Group, Dealogic, AB Alert, CM Alert, Thomson SDC. U.S. High Yield Bank Loans represent Moody's rated new U.S. bank loan programs.

Steady Moody's Analytics Revenue Growth Complements Variability of Moody's Ratings Revenue



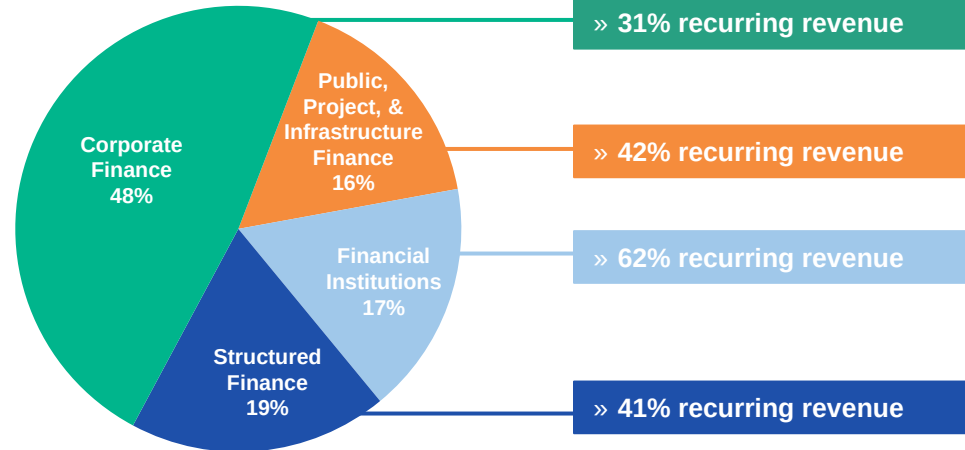
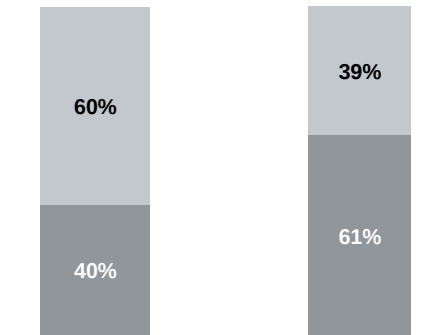
3

Moody's Investors Service

Moody's Investors Service Financial Profile

3Q14 Revenue: \$543.1 million

■ Transaction ■ Recurring ■ U.S. ■ Non-U.S.

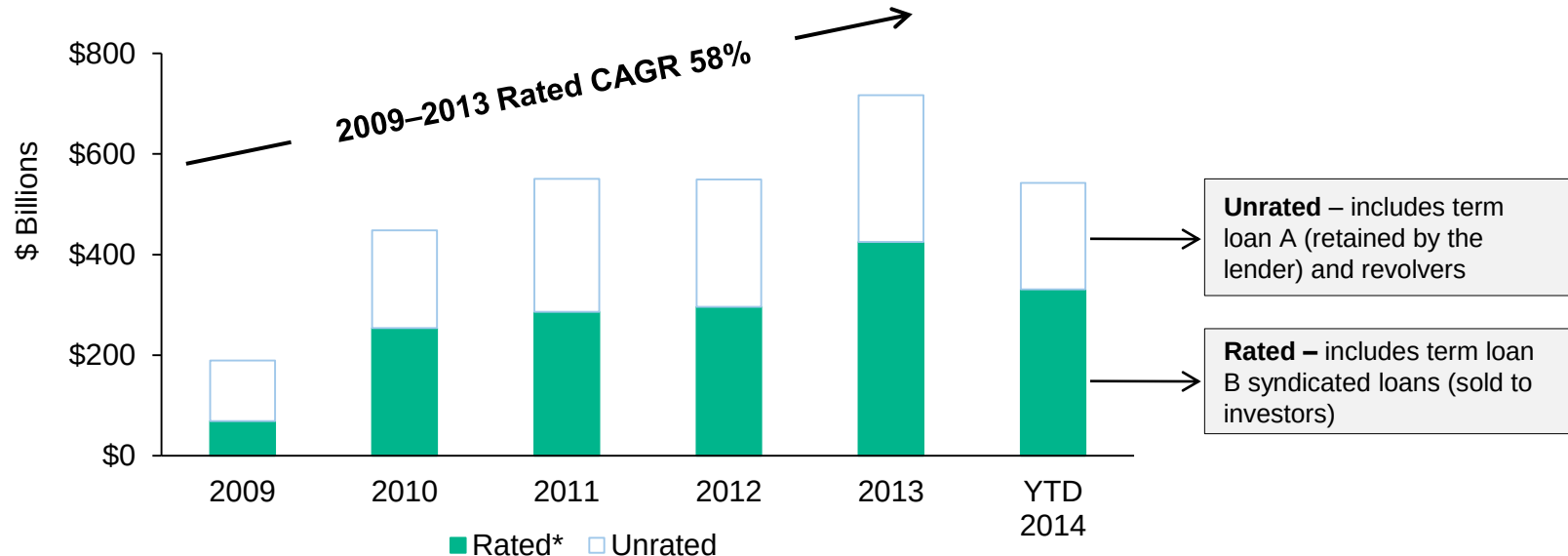


Full-Year 2014 Revenue Guidance as of October 29, 2014

- » **Global:** ↑ high-single-digit % range
- » **U.S.:** ↑ high-single-digit % range
- » **Non-U.S.:** ↑ approximately 10%
- » **Corporate Finance:** ↑ approximately 10%
- » **Structured Finance:** ↑ high-single-digit % range
- » **Financial Institutions:** ↑ mid-single-digit % range
- » **Public, Project & Infrastructure:** ↑ mid-single-digit % range

Rated Bank Loan Issuance Continues to Grow

U.S. Non-Financial Corporate Speculative-Grade Bank Loans*

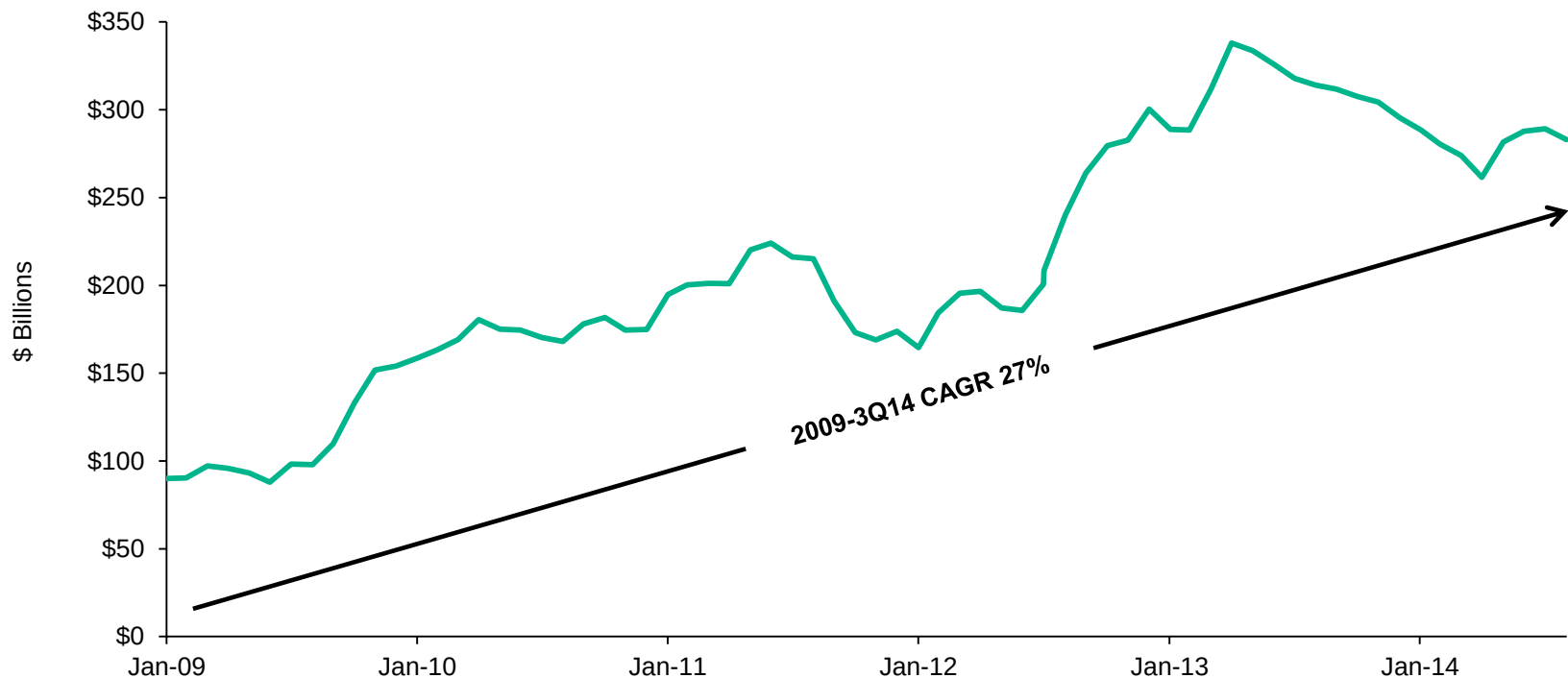


- » Over the past several years, an increasing percentage of the U.S. non-financial corporate speculative-grade bank loan market has been rated
- » The rated bank loan market is larger in the U.S. than in Europe, but Europe's market is growing
 - FY 2013 rated bank loan issuance in the U.S. totaled \$425 billion vs. \$81 billion in Europe*
 - YTD 3Q 2014 rated bank loan issuance in the U.S. was approximately \$331 billion vs. \$99 billion in Europe*

*Rated bank loan issuance represents Moody's rated non-financial corporate speculative-grade bank loans.
Sources: Moody's Investors Service

Emerging Markets Issuance has Grown Substantially, but Will Remain Volatile

Emerging Markets Rated Corporate Bond Issuance*



*Moving 12 month sum; includes rated investment grade and high yield corporate bond issuance (financial and non-financial).

Sources: Dealogic, Moody's Capital Markets Research Group.

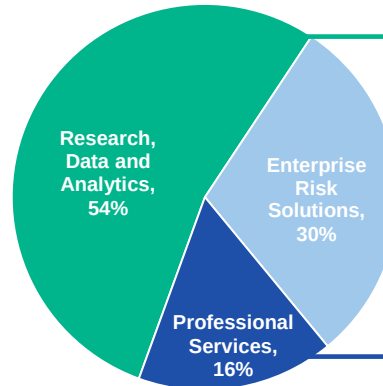
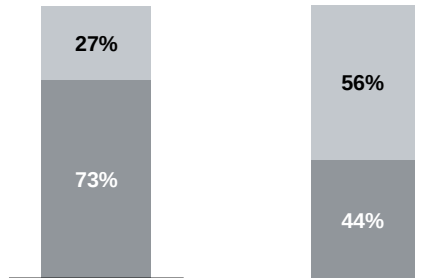
4

Moody's Analytics

Moody's Analytics Financial Profile

3Q14 Revenue: \$273.0 million

■ Transaction ■ Recurring ■ U.S. ■ Non-U.S.



» ~100% recurring revenue
» Mid-90s% renewal rates

» Approximately two-thirds recurring revenue

» Combination of one-off contracts and semi-recurring revenue

Full-Year 2014 Revenue Guidance as of October 29, 2014

- » **Global:** ↑ mid-teens % range
- » **U.S.:** ↑ low-double-digit % range
- » **Non-U.S.:** ↑ high-teens % range
- » **Research, Data & Analytics:** ↑ high-single-digit % range
- » **Enterprise Risk Solutions:** ↑ mid-teens % range
- » **Professional Services** ↑ approximately 40%

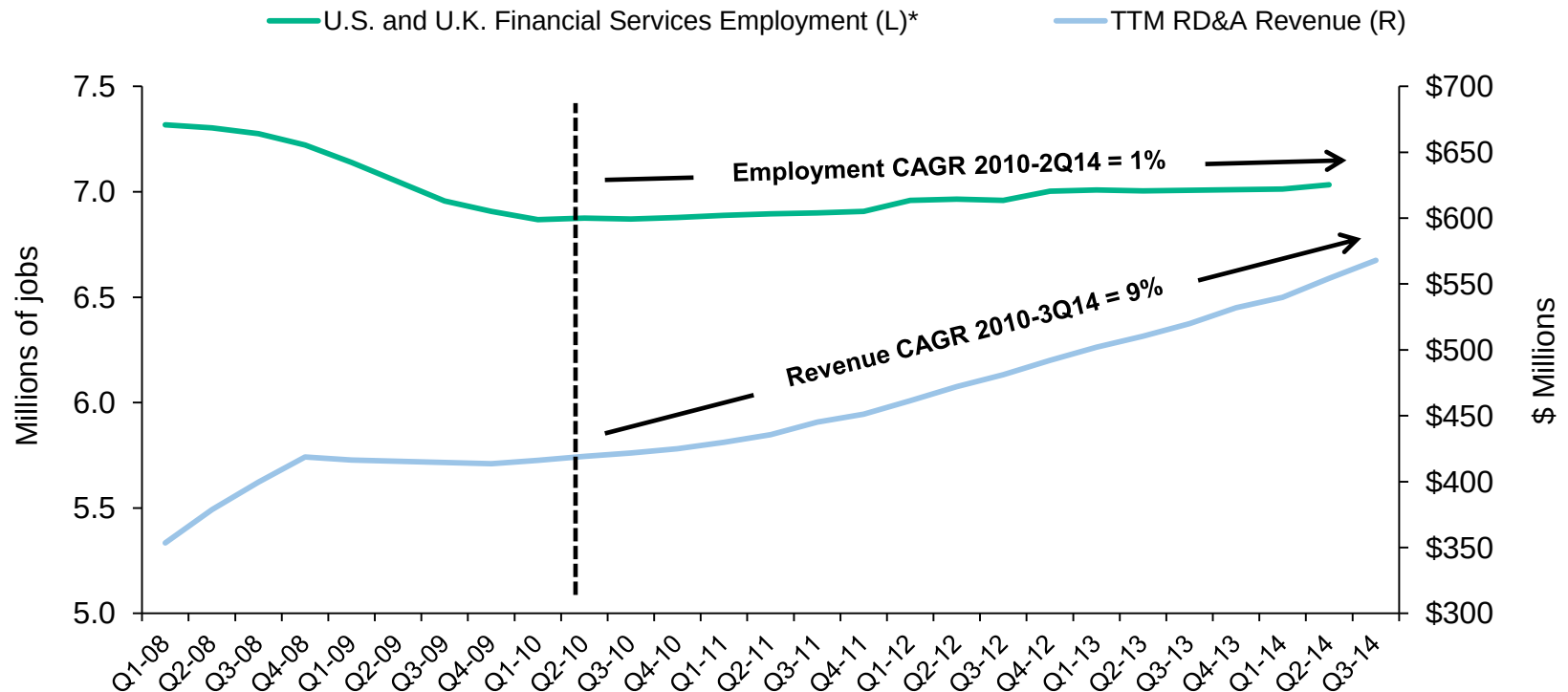
Operating Margin

- » Expect operating margin to grow to the mid-20's percent range over the next several years



RD&A Revenue Has Grown Despite Flat Financial Services Employment

RD&A Revenue



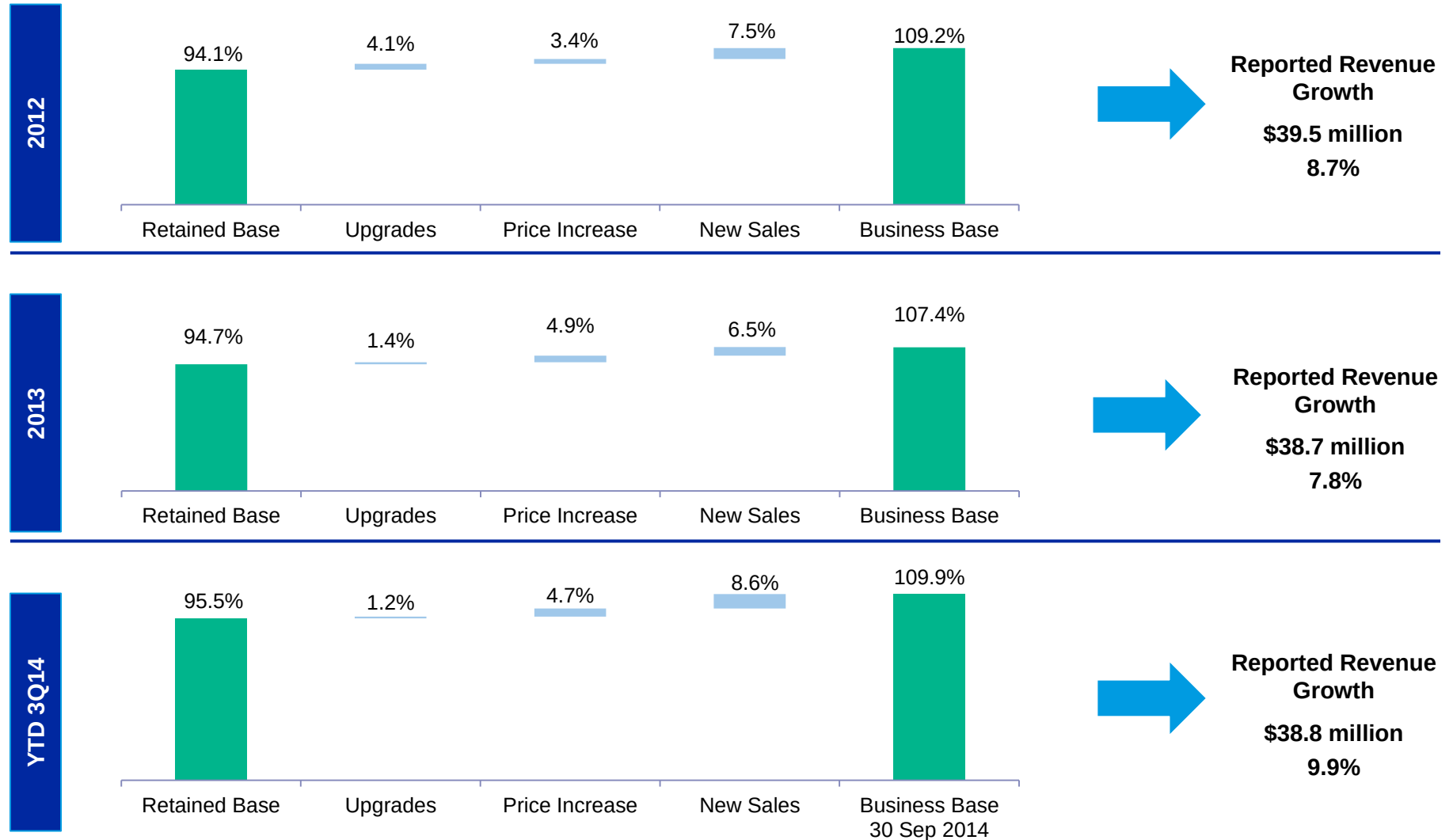
Source: U.S. Bureau of Labor Statistics and the U.K. Office for National Statistics.

*Reported as of June 30, 2014.

» Trailing twelve months retention rates have been in the mid-90s percent range for the past 8 quarters

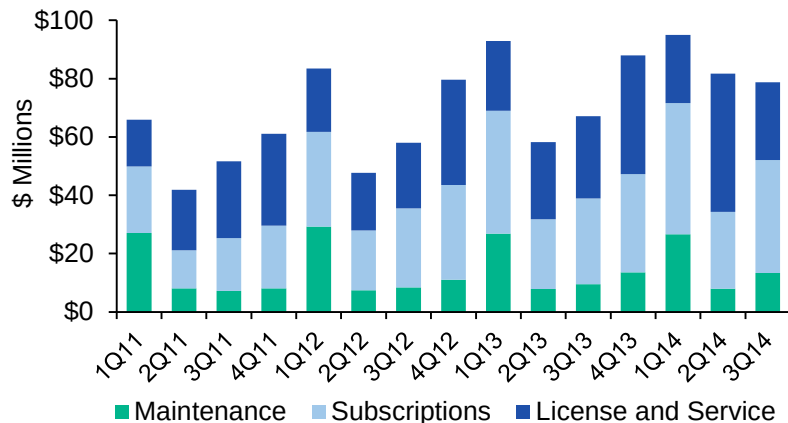
Managing Growth in RD&A

Sales Production by Year

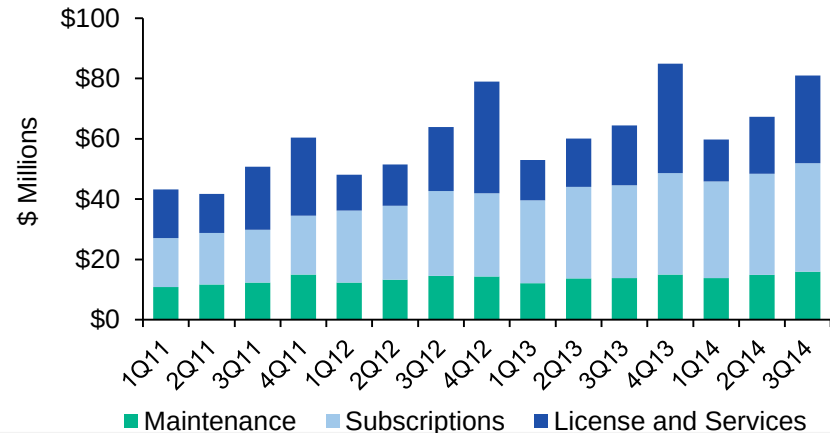


Renewable Book Growing, But Revenue Dependent on Project Timing

ERS Sales by Type



ERS Revenue by Type



- » Recurring Maintenance and Subscriptions revenue represents ~ $\frac{2}{3}$ of total revenue; growing at 3-year CAGR of 20%
- » Non-recurring License and Service revenue drives variability in quarter-to-quarter top-line results
 - Revenue recognized as implementation projects are completed
 - Sales provide 12-24 months' visibility into revenue
- » Seasonal pattern
 - Sales tend to be strongest in 1Q and 4Q, in line with customer budgeting/planning cycles
 - Revenue is typically strongest in 4Q, driven by prior year's sales and customer timelines for year-end project completion

MA is Well-Positioned to Help Banks Manage their Stress Testing Requirements

Stress Testing is Becoming a Fundamental Part of
How Banks are Regulated

- » To address **regulatory requirements to perform enterprise-wide stress tests**, banks are undertaking extensive, multi-year infrastructure projects

- » Banks are also looking for ways to **leverage investments** in stress testing to better manage their institutions

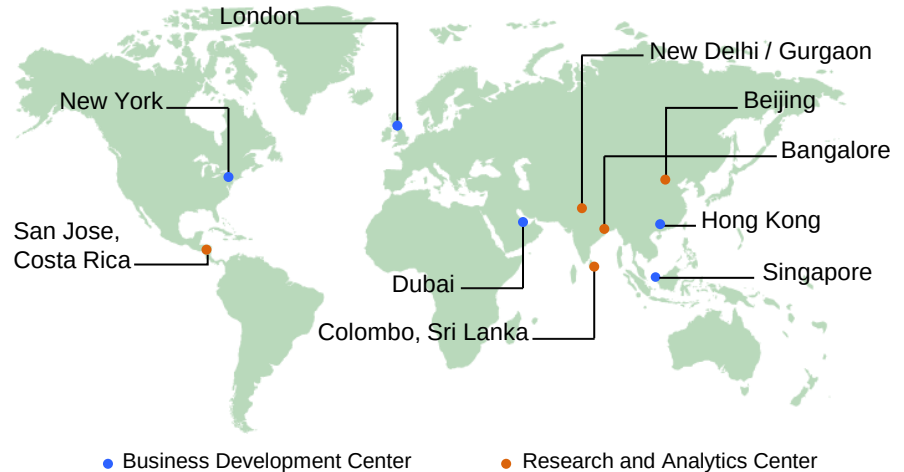


- » MA is **integrating existing product and service offerings** to facilitate scenario-based stress testing:
 - **Econometric modeling** expertise to develop relevant scenario parameters
 - Unique **benchmarking data sets** to support better analytics across asset classes
 - Credit and loss **modeling**, business **forecasting expertise** and **calculation engines** to project cash flow, profitability, regulatory capital levels
 - Auditable, repeatable, **automated software platform** and regulatory **reporting capabilities**

Copal Amba is a Market Leader in Analytics and Research Support Services



- » Provider of research, analytics and business intelligence services to global financial institutions and corporations
- » #2 player in the \$1bn Third party pure play Knowledge Process Outsourcing (KPO) market



Advisory	Brokerages	Asset management and private wealth	Corporates and consulting	Commercial banking
» Advisory, ECM, DCM, Global Markets	» Equities, FICC, Research Production, Quants	» Equities, Credit, Quants, Marketing, Compliance	» Primary Research, Business Research	» Origination, Underwriting, Portfolio Management

5

Conclusion

Why Invest in Moody's?

- » **We strive to be the world's most respected authority serving risk-sensitive financial markets**
- » **We have had strong revenue and earnings growth, as well as strong cash flow conversion**
 - 2009 – TTM 3Q14 Revenue CAGR of 13%
 - 2009 – TTM 3Q14 Non-GAAP EPS CAGR of 19%
 - 2009 – TTM 3Q14 free cash flow conversion rate of 30%
- » **We are committed to returning capital to our shareholders**
 - Current annualized dividend of \$1.12
 - Anticipate total 2014 share repurchases of up to \$1.25 billion (subject to available cash, market conditions and other ongoing capital allocation decisions)*
- » **We will selectively invest in strategic growth opportunities**
 - Leverage brand to extend our relevance in financial markets
 - Expand our product offerings and geographic influence

*Guidance as of October 29, 2014.

6

Appendix

Full-Year 2014 Guidance as of October 29, 2014

» Revenue:	Low-double-digit % growth range
» Operating Expenses:	High-single-digit % growth range
» Operating Margin:	42% to 43%
» Adjusted Operating Margin*:	45% to 46%
» Effective Tax Rate:	Approximately 33%
» Non-GAAP Earnings Per Share**:	\$3.95 - \$4.05
» Share Repurchases:	Up to \$1.25 billion (subject to available cash, market conditions and other ongoing capital allocation decisions)
» Capital Expenditures:	Approximately \$90 million
» Depreciation & Amortization:	Approximately \$100 million
» Growth in Compliance & Regulatory Expenses:	Less than \$5 million
» Free Cash Flow***:	Approximately \$900 million

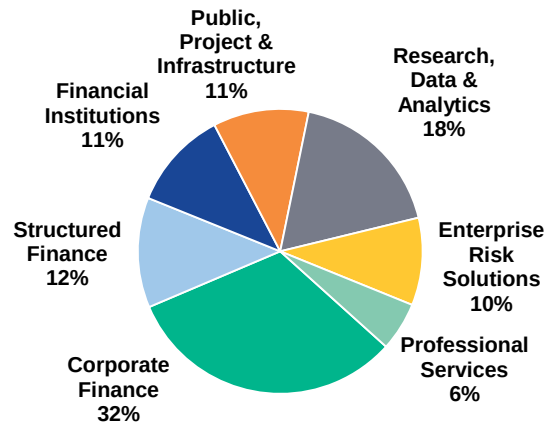
*Amount is a non-GAAP measure. See Appendix for a reconciliation of this non-GAAP measure to its comparable U.S. GAAP measure.

**See Appendix for reconciliation of GAAP to non-GAAP Earnings Per Share.

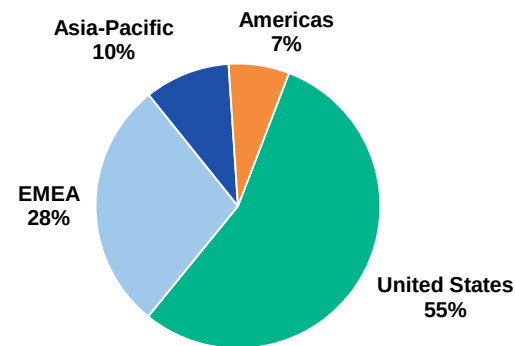
***See Appendix for reconciliation of Cash Flow from Operations to Free Cash Flow.

Breadth of Moody's Businesses and Global Footprint Provide Diversification

3Q14 Revenue by Business



3Q14 Revenue by Geography



3Q14 Revenue by Type



Transaction and Recurring Revenue

Moody's Investors Service

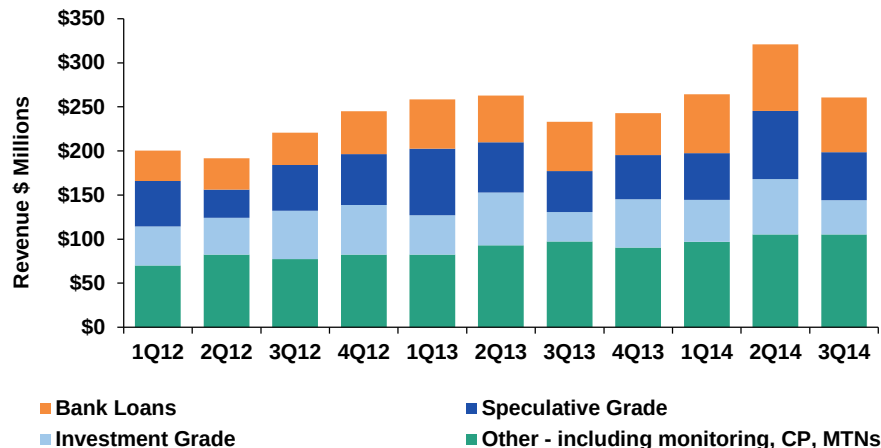
- » **Transaction** revenue recognized when rating published
- » **Recurring** revenue recognized ratably over security life

Moody's Analytics

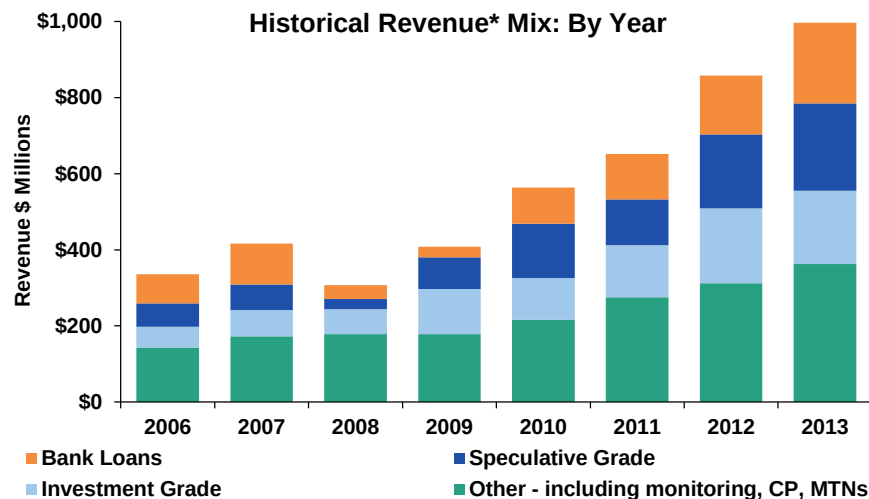
- » **Transaction** revenue recognized when service rendered
- » **Recurring** revenue recognized ratably over contract period

Corporate Finance: Revenue and Issuance

Historical Revenue* Mix: By Quarter



Historical Revenue* Mix: By Year

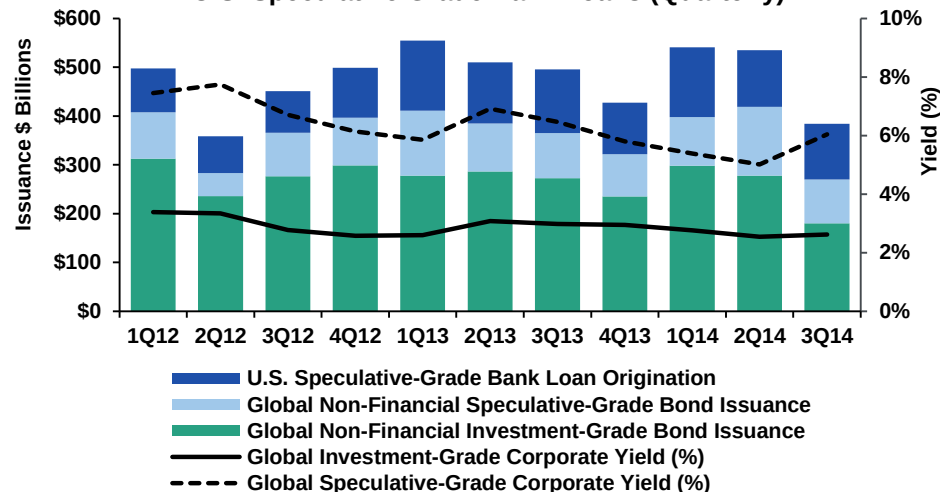


*Historical data has been adjusted to conform with current information. All amounts above exclude intercompany revenue.

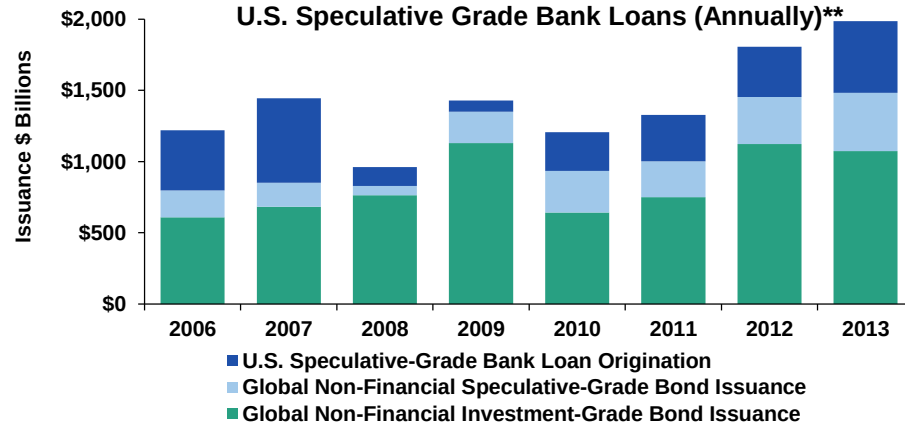
**Sources: Moody's Capital Markets Research Group, Dealogic, Barclay's Capital; U.S. Speculative-Grade Bank Loan Origination represents Moody's rated new U.S. bank loan programs.

Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.

Global Rated Non-Financial Bonds and U.S. Speculative Grade Bank Loans (Quarterly)**

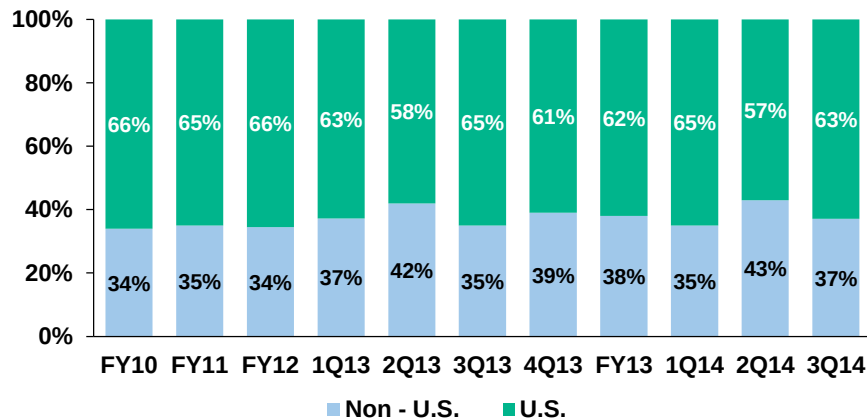


Global Rated Non-Financial Bonds and U.S. Speculative Grade Bank Loans (Annually)**

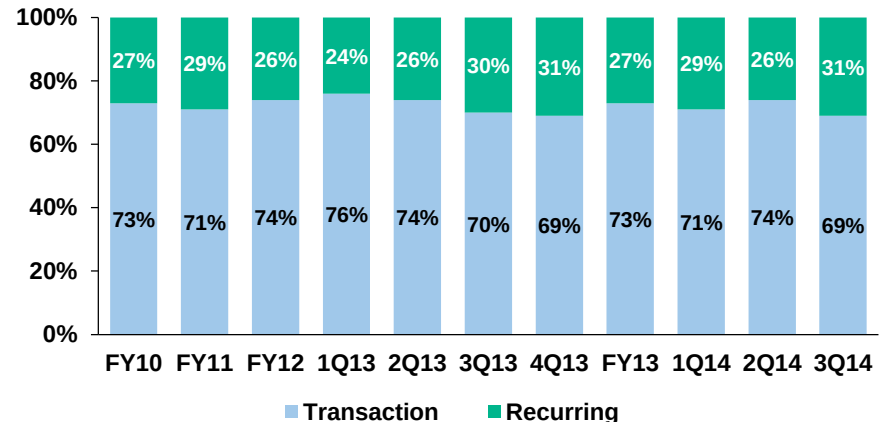


Corporate Finance: Revenue Diversification

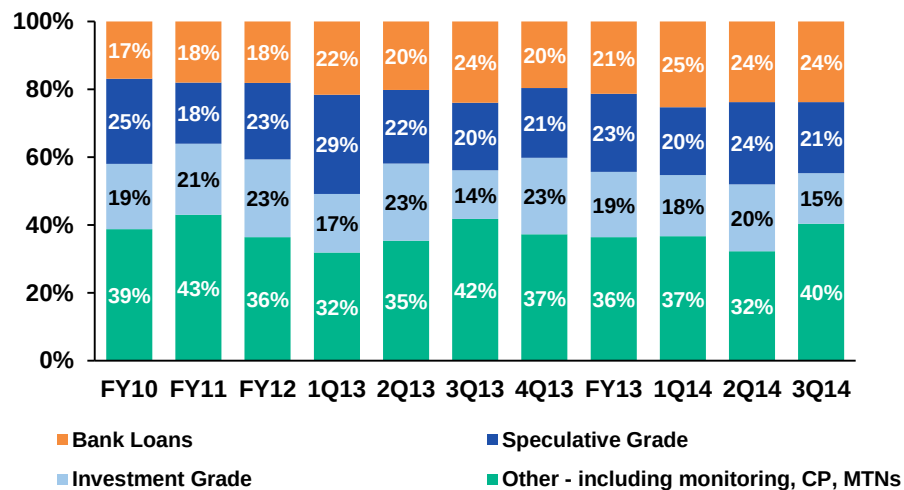
Revenue Distribution by Geography



Revenue* Distribution: Recurring vs. Transaction



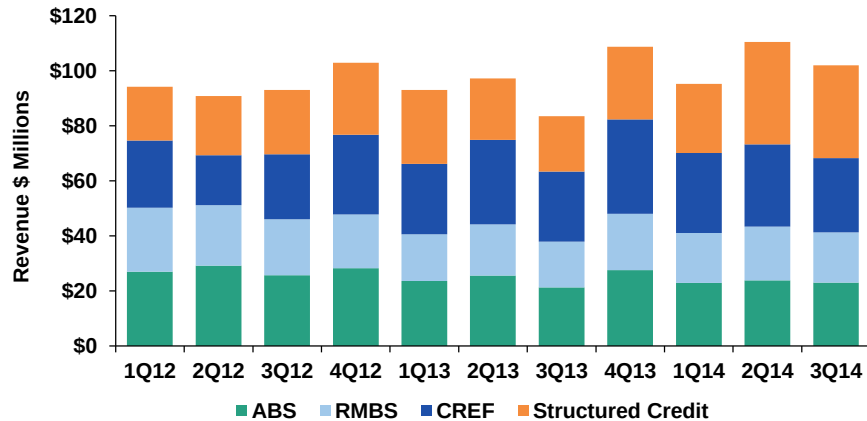
Revenue by Product



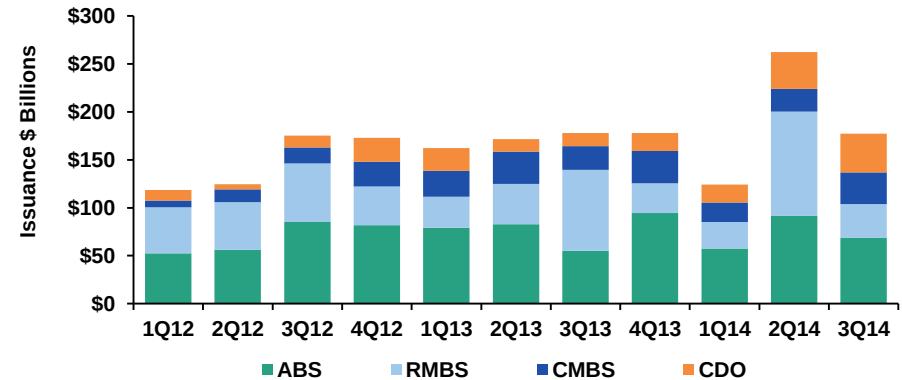
*Historical data has been adjusted to conform with current information. All amounts above exclude intercompany revenue.

Structured Finance: Revenue and Issuance

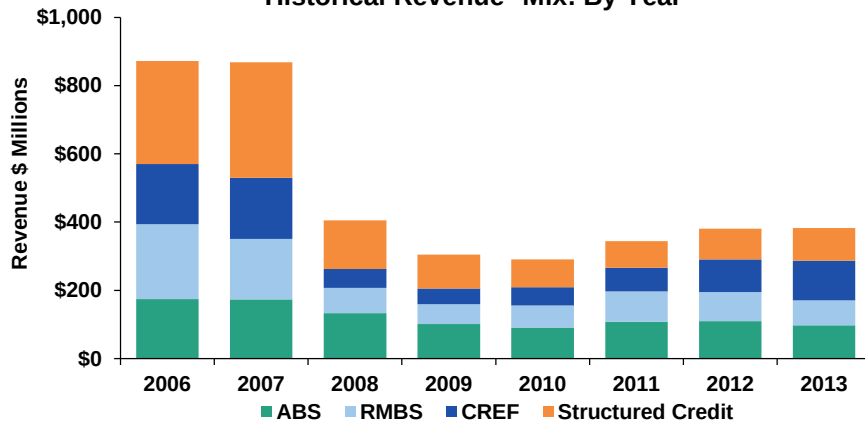
Historical Revenue* Mix: By Quarter



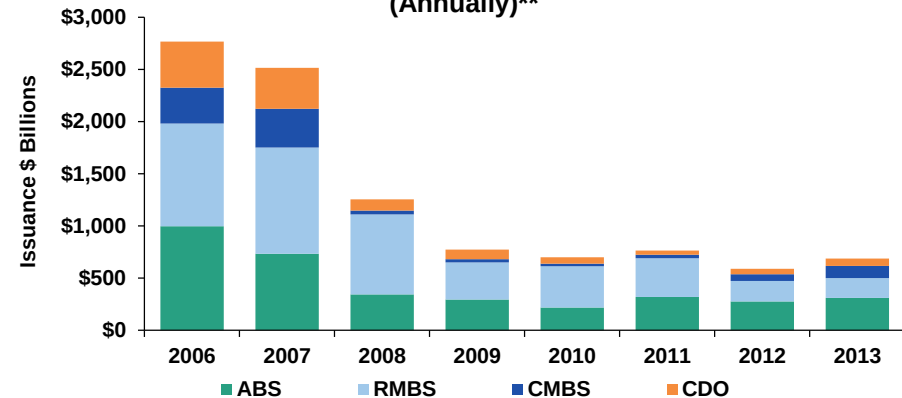
Global Rated Structured Finance (Quarterly)**



Historical Revenue* Mix: By Year



Global Rated Structured Finance (Annually)**



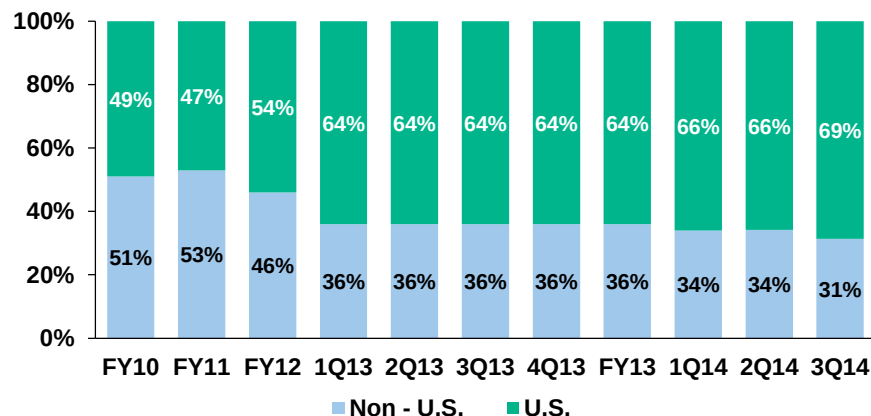
*Historical data has been adjusted to conform with current information. All amounts above exclude intercompany revenue.

**Sources: AB Alert, CM Alert, Moody's Corporation.

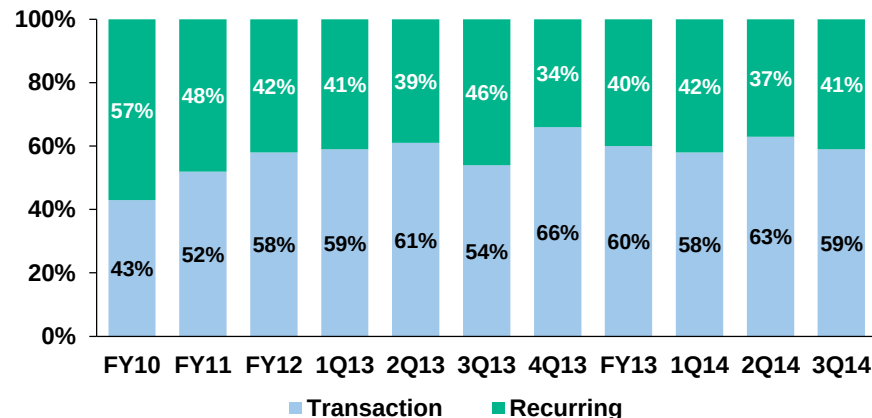
Notes: ABS includes asset-backed commercial paper and long-term asset-backed securities. RMBS includes covered bonds. CREF includes commercial mortgage-backed securities, real estate finance, and commercial real estate CDOs. Debt issuance categories do not directly correspond to Moody's revenue categorization.

Structured Finance: Revenue Diversification

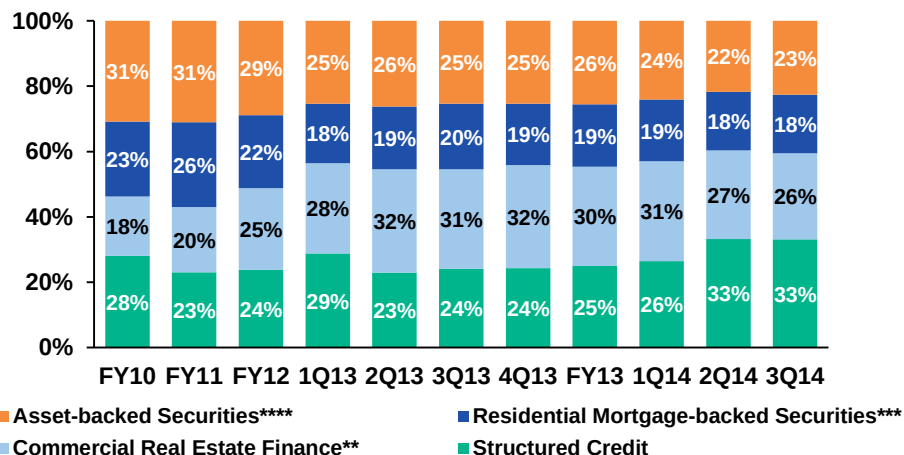
Revenue Distribution by Geography



Revenue* Distribution: Recurring vs. Transaction



Revenue by Product



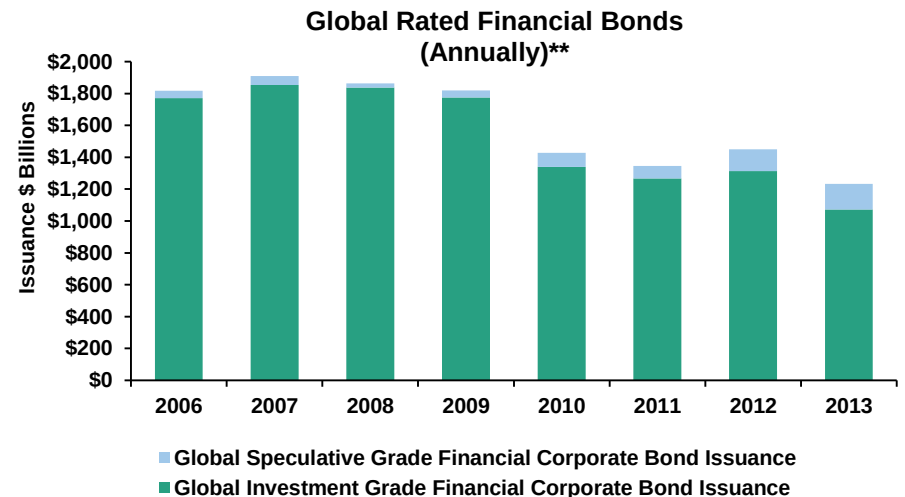
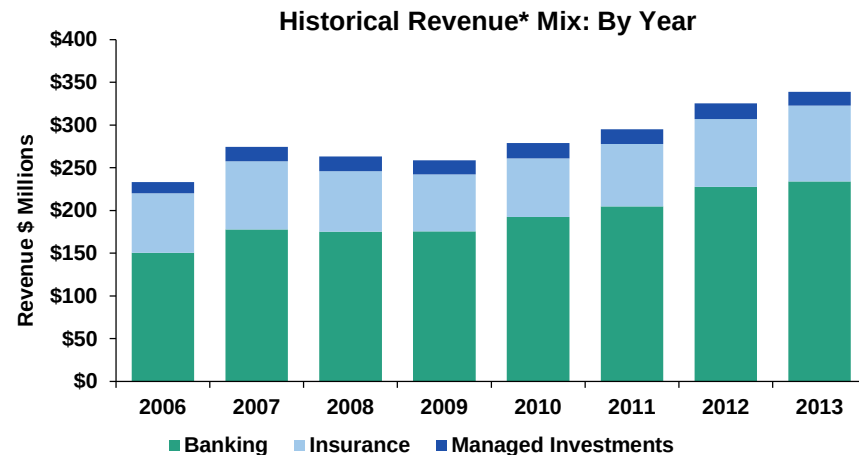
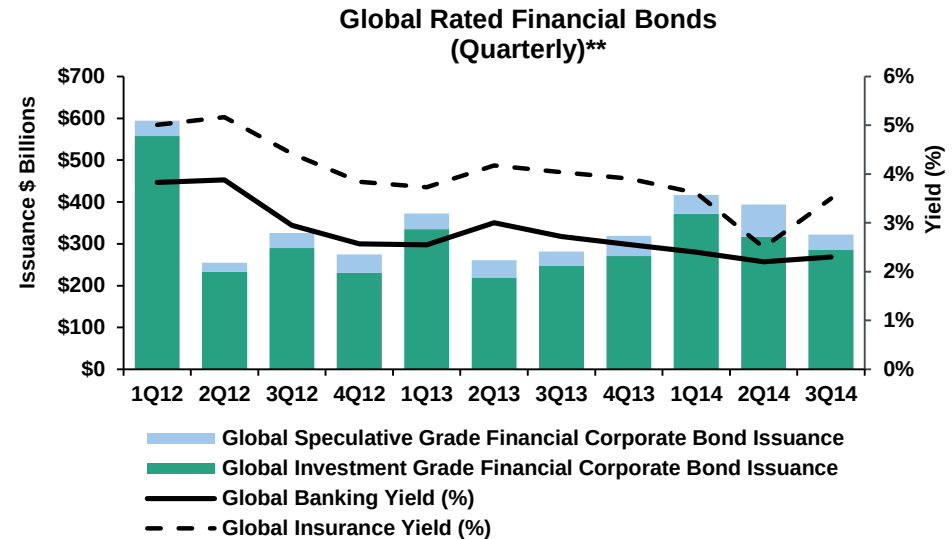
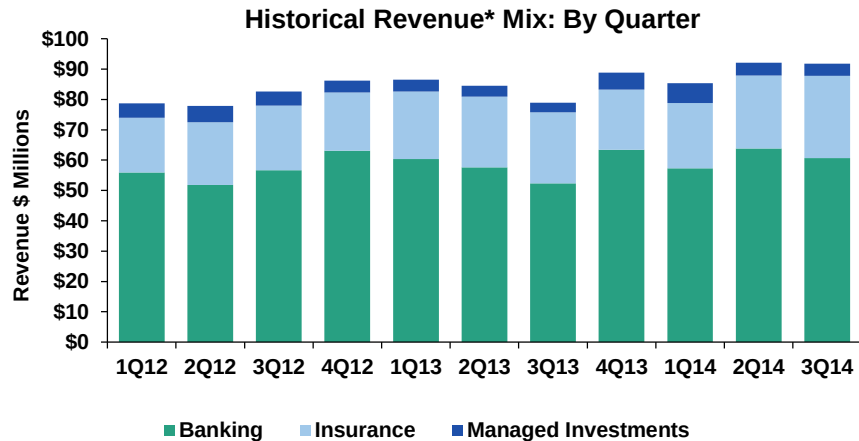
*Historical data has been adjusted to conform with current information. All amounts above exclude intercompany revenue.

**CREF includes commercial mortgage-backed securities, real estate finance, and commercial real estate CDOs.

***Residential Mortgage-backed Securities includes covered bonds.

****ABS includes asset-backed commercial paper and long-term asset-backed securities.

Financial Institutions: Revenue and Issuance

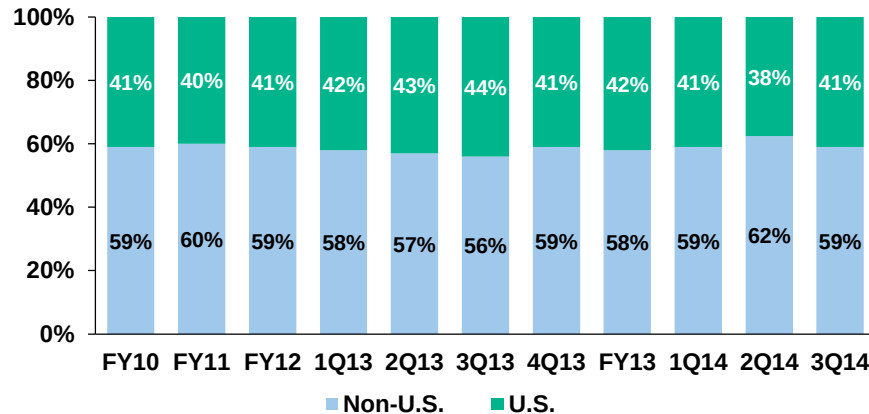


*Historical data has been adjusted to conform with current information. All amounts above exclude intercompany revenue.

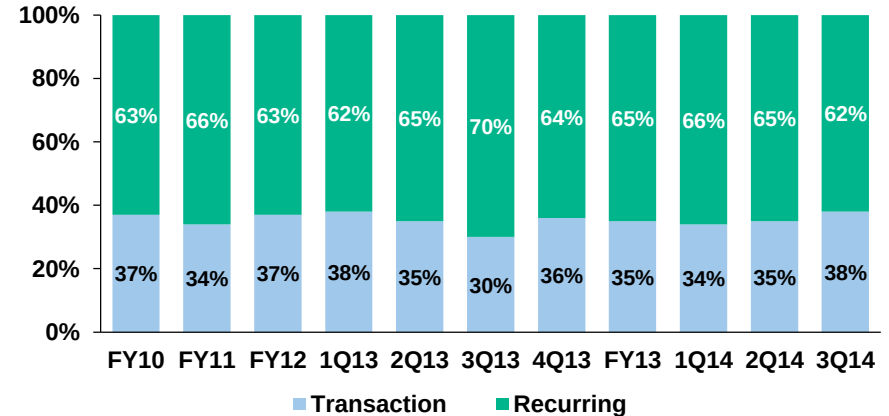
**Sources: Moody's Capital Markets Research Group, Dealogic, Barclay's Capital Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.

Financial Institutions: Revenue Diversification

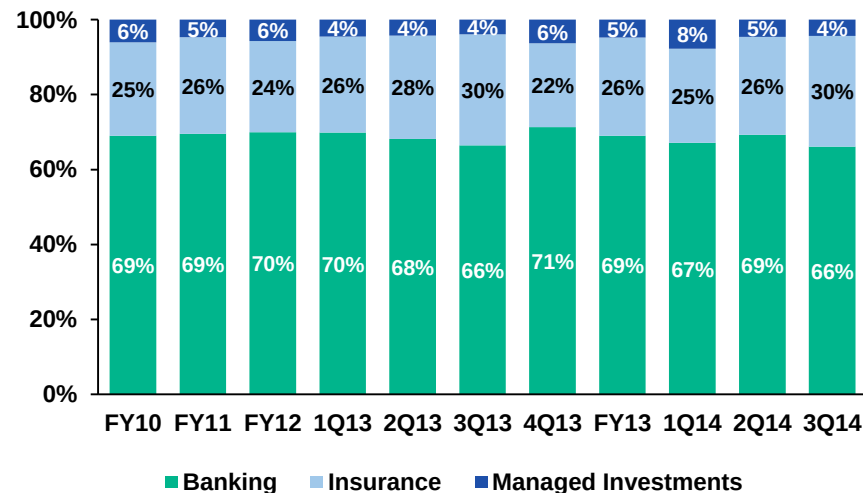
Revenue Distribution by Geography



Revenue* Distribution: Recurring vs. Transaction

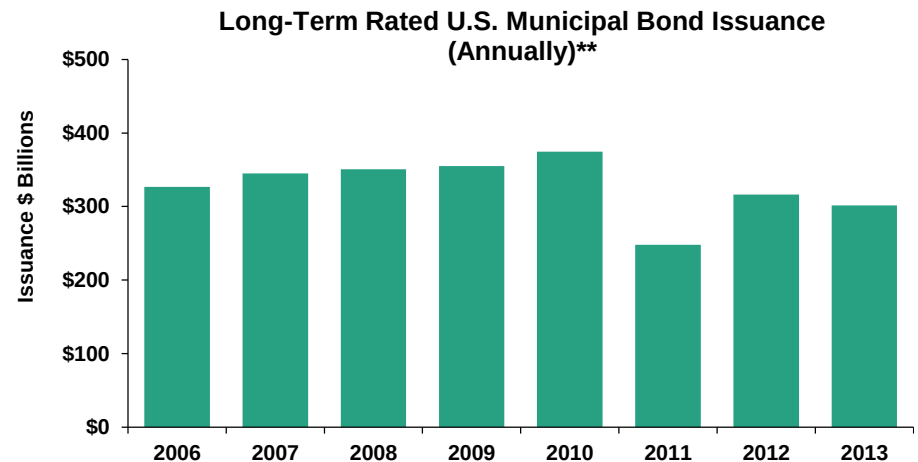
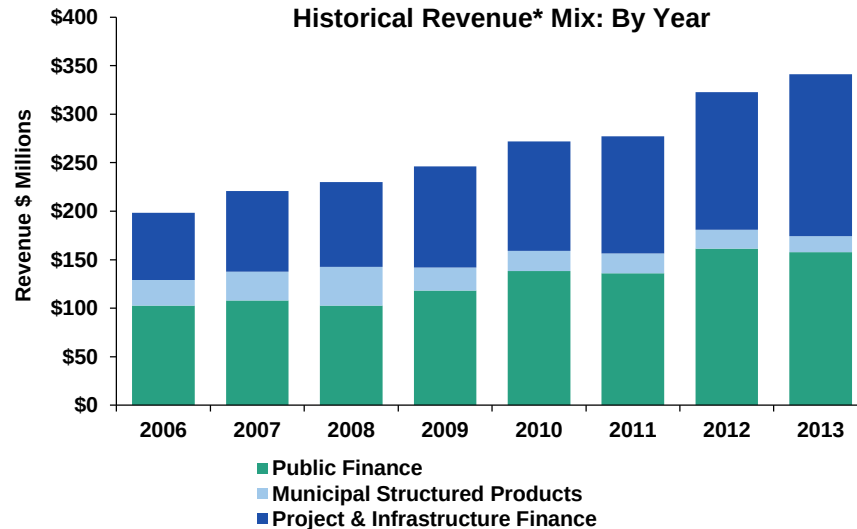
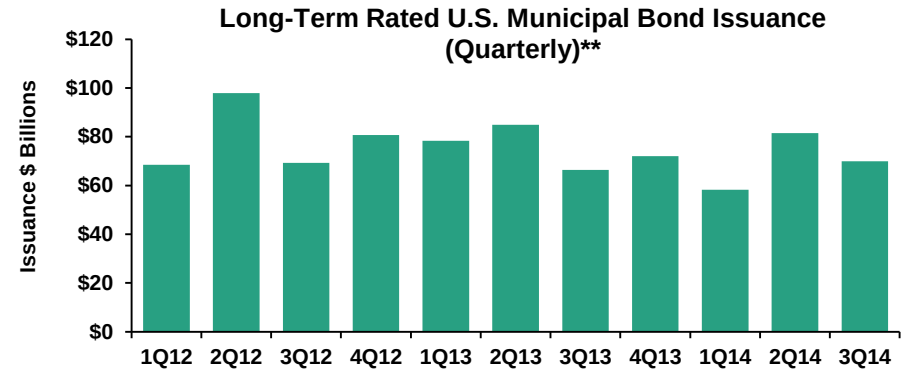
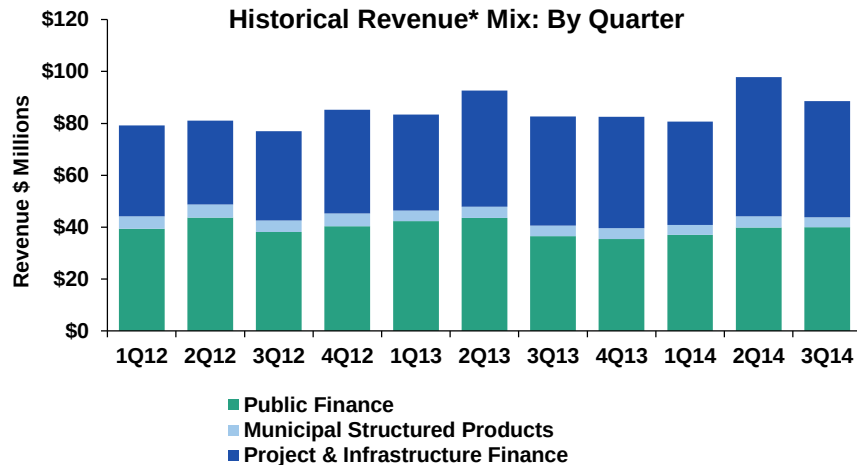


Revenue by Product



*Historical data has been adjusted to conform with current information. All amounts above exclude intercompany revenue.

Public, Project and Infrastructure: Revenue and Issuance

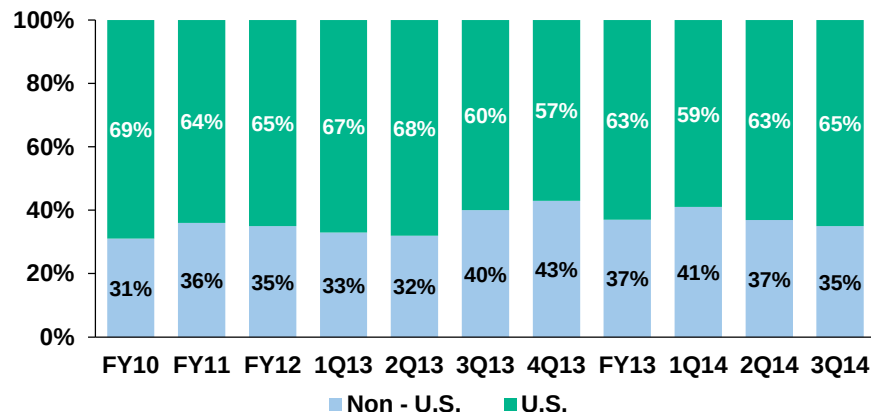


*Historical data has been adjusted to conform with current information. All amounts above exclude intercompany revenue.

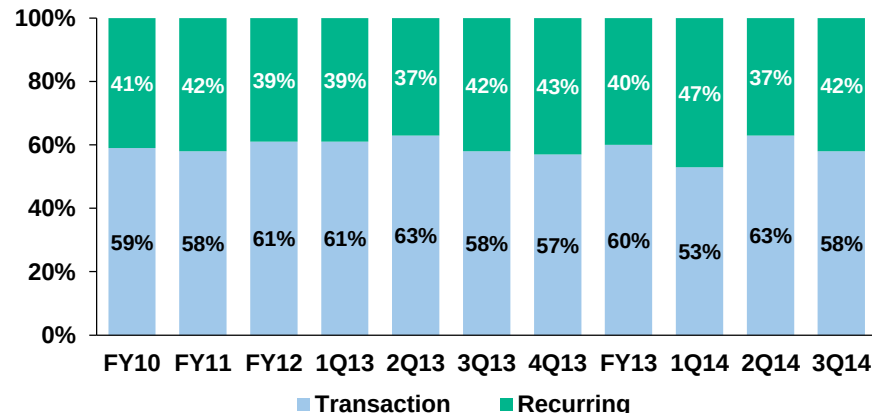
**Sources: Thomson SDC, Moody's Corporation. Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.

Public, Project and Infrastructure: Revenue Diversification

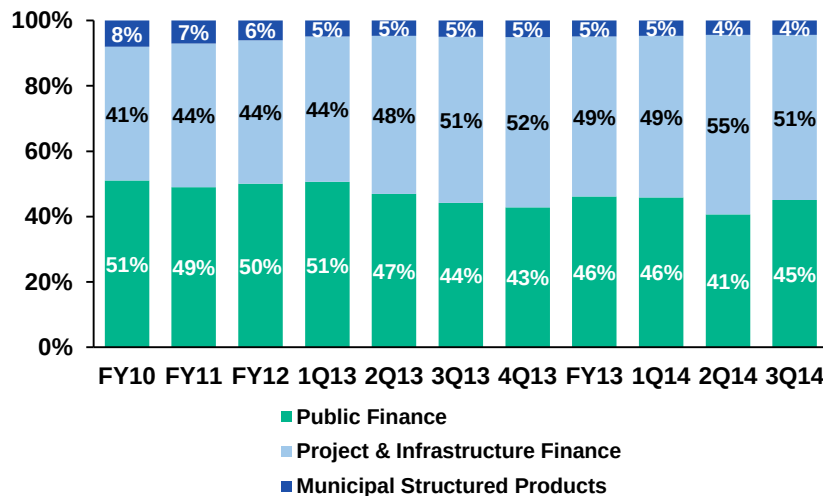
Revenue Distribution by Geography



Revenue* Distribution: Recurring vs. Transaction



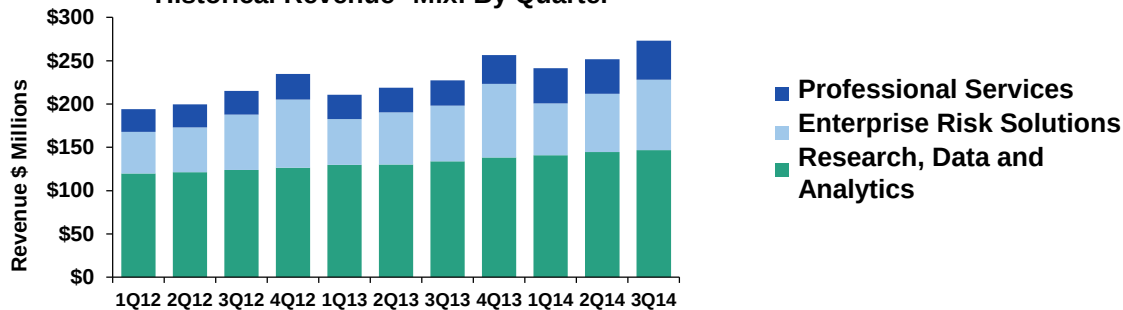
Revenue by Product



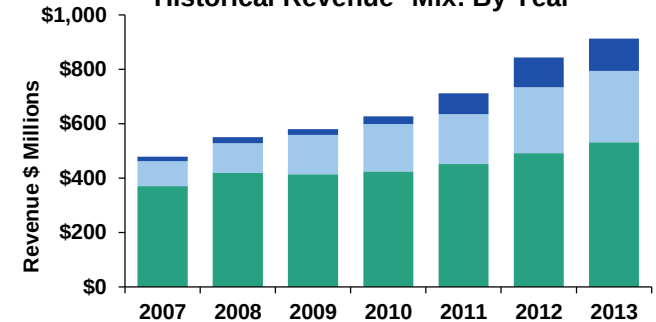
*Historical data has been adjusted to conform with current information. All amounts above exclude intercompany revenue.

Moody's Analytics: Financial Overview

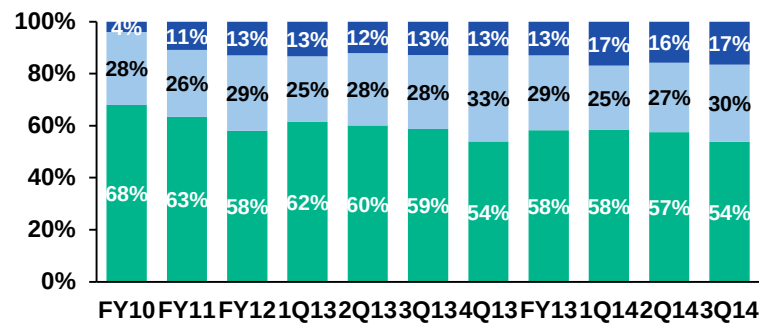
Historical Revenue* Mix: By Quarter



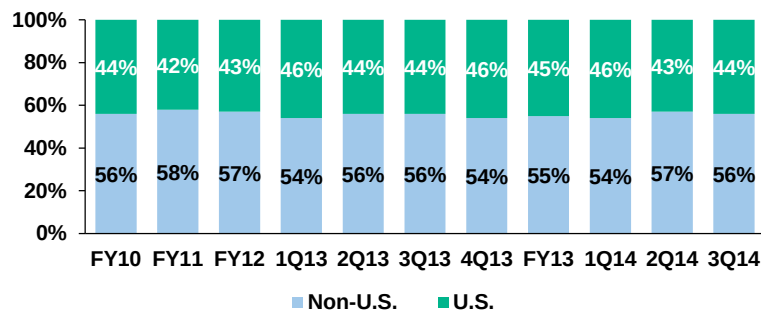
Historical Revenue* Mix: By Year



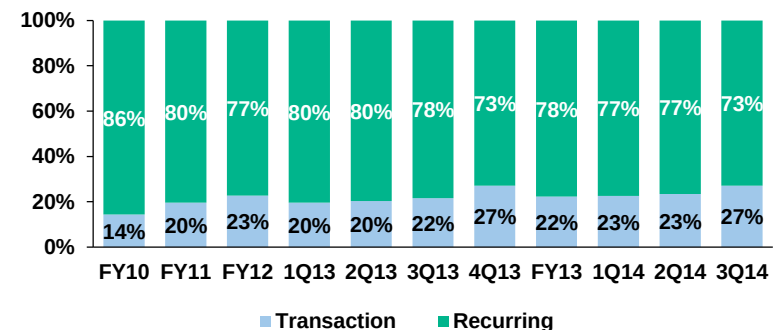
Revenue by Product



Revenue Distribution by Geography



Revenue* Distribution: Recurring vs. Transaction



*Historical data has been adjusted to conform with current information. All amounts above exclude intercompany revenue.

Select Regulations Related to Structured Finance

Dodd-Frank Act

Volcker Rule (§619)

The Volcker Rule prohibits banking entities from engaging in short-term proprietary trading of certain securities and derivatives for their own account. The Volcker Rule also imposes limits on banking entities' investments in, and relationships with, hedge funds and private equity funds. In mid-January 2014, the five federal agencies adopted an interim final rule which permits the banking entities to retain interests in certain collateralized debt obligations backed primarily by trust preferred securities that would otherwise be subject to the Volcker Rule's covered fund investment prohibitions. On April 7, 2014, the Fed announced its intention to give banking entities two additional one-year extensions (which together would extend the deadline until July 21, 2017) to conform to the Volcker Rule their ownership interests in and sponsorship of collateral loan obligations ("CLOs") that fall under the definition of covered funds. Only CLOs in place as of December 31, 2013 will be eligible for the extensions.

Enhanced Prudential Standards (§165)

On February 18, 2014, the Fed approved a final rule strengthening the supervision and regulation of large U.S. bank holding companies and foreign banking organizations ("FBO"). The final rule establishes a number of enhanced prudential standards, including liquidity, risk management, and capital. It also requires a FBO with a significant U.S. presence to establish an intermediate holding company over its U.S. subsidiaries.

On September 3, 2014, the federal banking regulators adopted a final rule on the liquidity coverage ratio which strengthens the liquidity positions of large financial institutions. Each institution will be required to hold high quality, liquid assets that can be converted quickly into cash in an amount equal to or greater than its projected cash outflows minus its projected cash inflows during a 30-day stress period.

On September 9, 2014, the federal banking agencies have issued a joint final rule that revises the denominator of the supplementary leverage ratio (total leverage exposure). The final rule aligns the agencies' methods of calculation with the international leverage ratio standards and it applies to banking organizations subject to the advanced approaches risk-based capital rules.

QM (§§1411, 1412, 1414)

Effective January 10, 2014, mortgage lenders must comply with the Consumer Finance Protection Bureau's Ability-To-Repay and Qualified Mortgage Rule. The rule also provides a safe harbor for loans that satisfy the definition of a qualified mortgage ("QM") and are not "higher-priced," and provides a rebuttable presumption for higher-priced mortgage loans.

QRM (§941)

Exempts from risk retention requirements asset-backed securities ("ABS") that are collateralized exclusively by residential mortgages that qualify as "qualified residential mortgages" ("QRM"). In a final rule issued on October 22, 2014, six federal agencies, including the Federal Reserve Board and the SEC, adopted a definition of QRM that is aligned with the definition of QM. Qualified Commercial Real Estate Loans ("QCREL") will also be exempt from risk retention.

Loan-Level Disclosure (§942)

Increases disclosure and may reduce issuance volume. The regulation requires an issuer of ABS to disclose, for each tranche or class of security, certain loan level information regarding the assets backing that security.

Select Regulations Related to Structured Finance (continued)

Dodd-Frank Act (continued)

Risk Retention (§941)

On October 22, 2014, six federal agencies approved a final rule requiring retention of an unhedged and untransferable 5% credit risk of SF securities, potentially dampening U.S. SF issuance for certain asset classes. The final rule generally permits risk retention to be accomplished through one or a combination of methods. The final rule also provides additional or modified risk retention methods for specific types of transactions, including asset-backed commercial paper conduits, commercial mortgage-backed securities, securitizations sponsored by Fannie Mae and Freddie Mac, open-market CLOs, and revolving pool securitizations. Special rules for CMBS (third party holder of first loss piece) if certain criteria are met). The final rule also sets forth prohibitions on transferring or hedging the credit risk that the sponsor is required to retain. The final rule also does not require any retention for securitizations of commercial loans, commercial mortgages, or automobile loans if they meet specific standards for high quality underwriting. The final rule will be effective one year after publication in the Federal Register for residential mortgage-backed securitizations and two years after publication for all other securitization types.

Reg. AB II

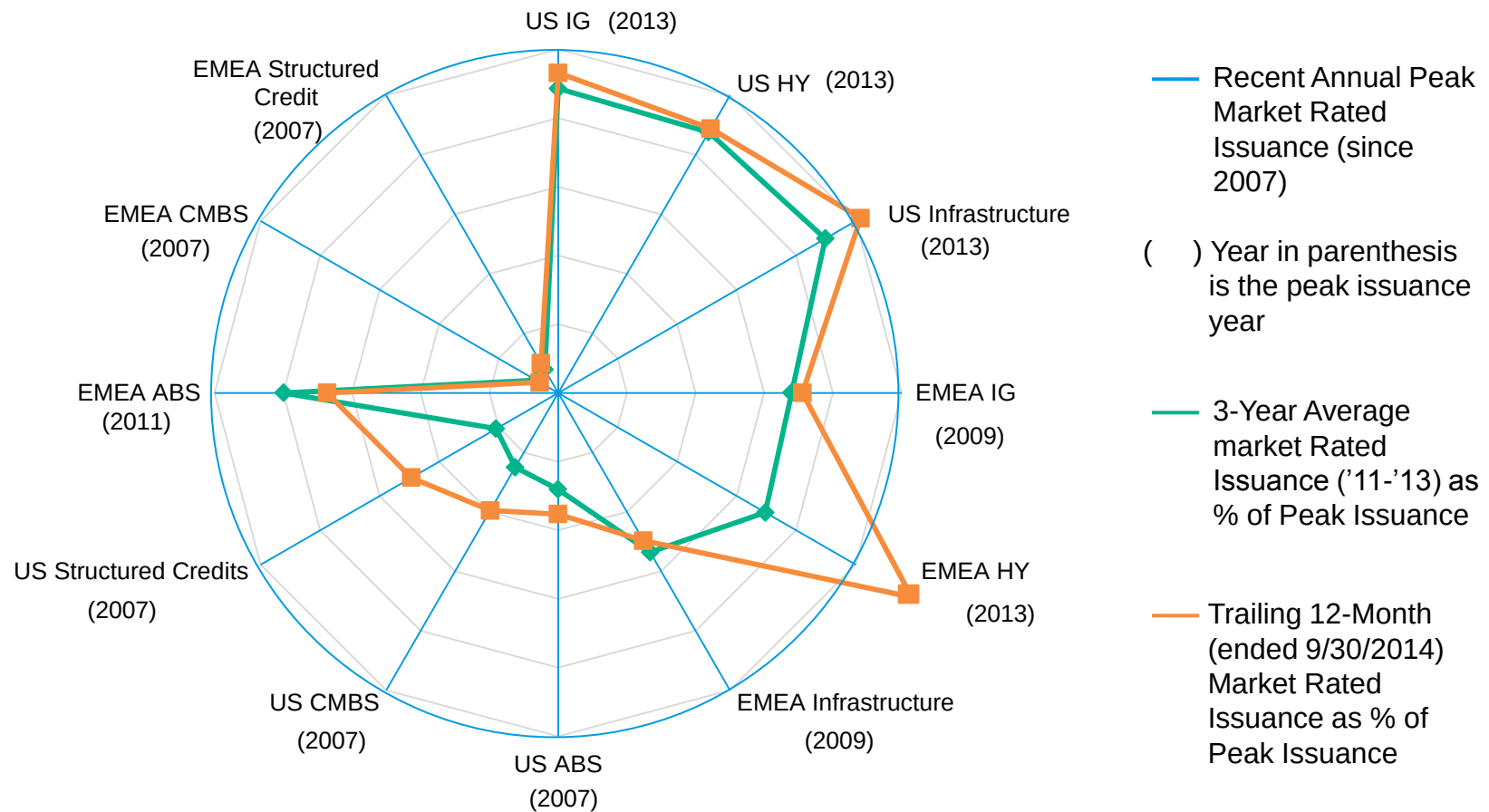
Provides new disclosure and reporting requirements for certain ABS. The Reg. AB II Final Rules require issuers of registered and publicly offered ABS that consist of residential mortgages, commercial mortgages, auto loans and auto leases and resecuritizations of ABS that include these asset types, or of debt securities, to provide investors with asset-level data, both at the time of an offering and on an ongoing basis. The Reg. AB II Final Rules also enhance disclosure requirements for initial ABS offerings and periodic reports, dictate the timing for filing a preliminary prospectus and other transaction documents and provide new requirements for shelf registrations of ABS.

The definition of ABS, as used in the Reg. AB II Final Rules, is narrower than the definition set forth in the Securities Exchange Act of 1934 and does not include certain "structured finance products" such as securitizations of managed pools or synthetic transactions.

FASB/IASB joint financial instruments accounting projects

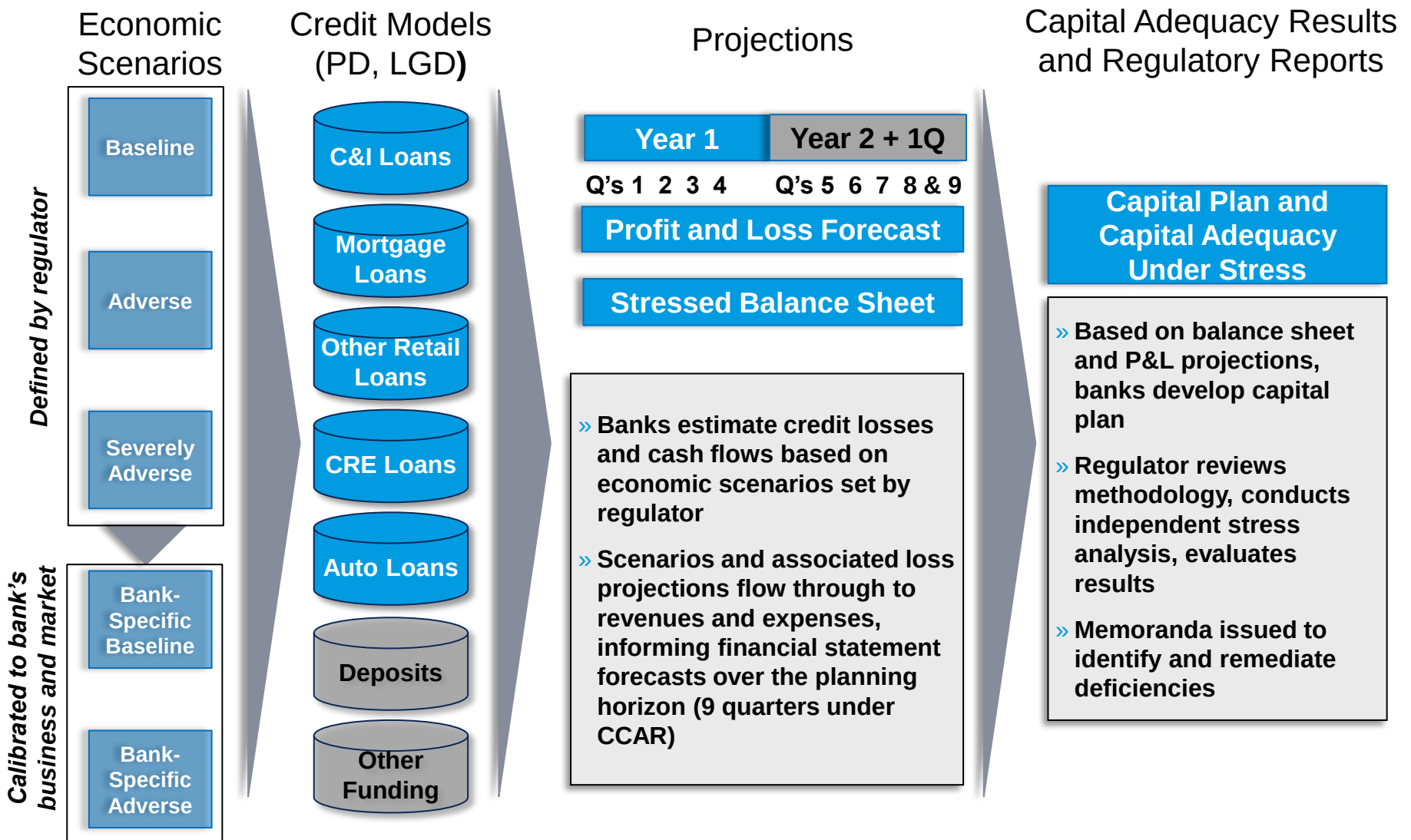
Requires some debt instruments to be marked to fair value. Debt instruments carried at amortized cost or fair value through other comprehensive income would be subject to more conservative impairment testing, with more timely recognition of credit losses than under existing rules. The proposals may create a disincentive to hold securitized assets (i.e., if they have to be marked to fair value and/or subject to more conservative impairment testing), but conversely the proposals may incentivize banks to securitize more of their loan portfolios.

3-Year Average and Trailing 12-Month Issuance Versus Recent Historical Peak Issuance



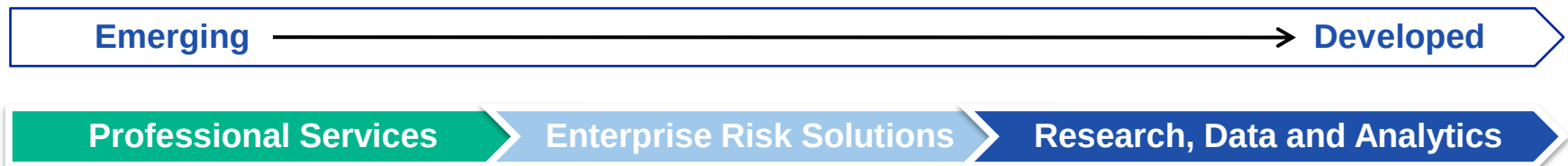
Source: Moody's Investors Service.

Anatomy of a Stress Test

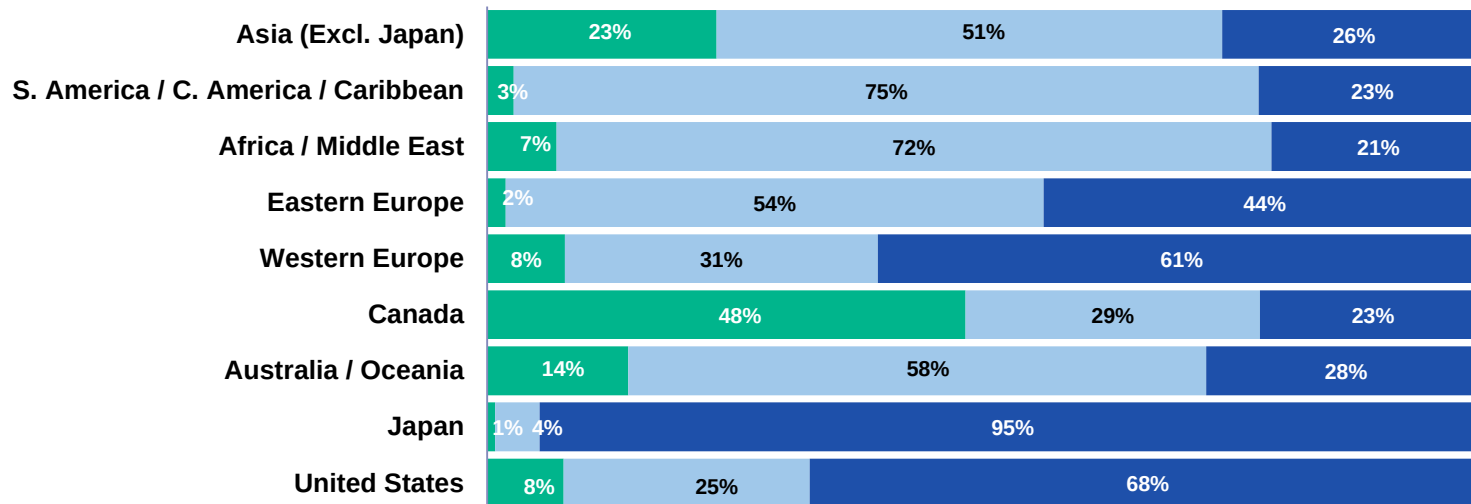


Moody's Analytics is Relevant to Financial Markets at All Stages of Development

- » Moody's Analytics enables us to increase our presence in emerging markets, selling products and services before debt capital markets are fully mature



MA 2013 Sales by Region

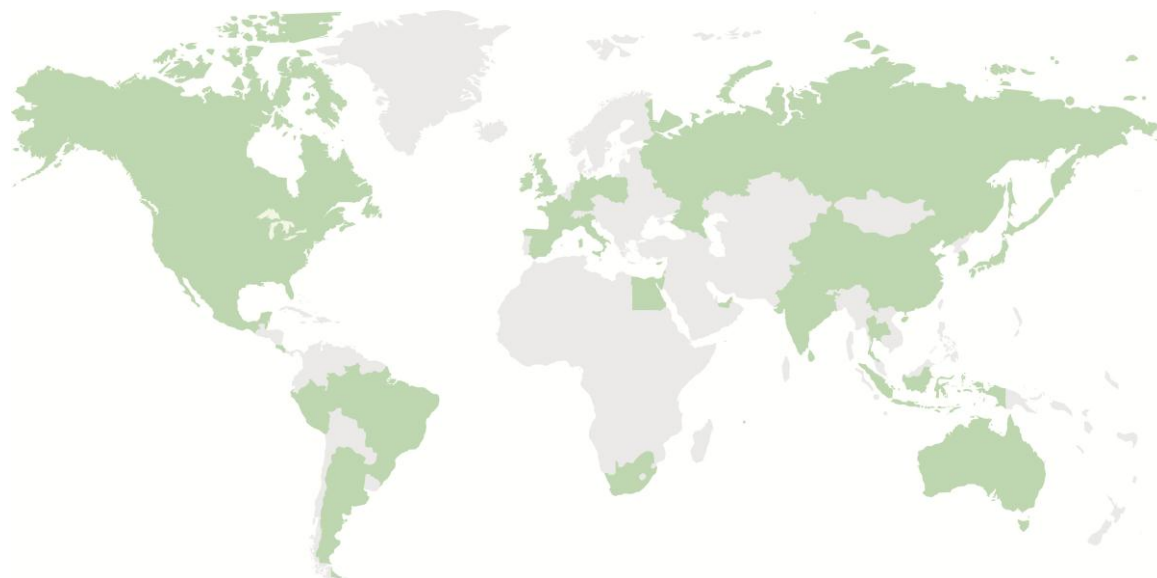


Recurring Revenue Detail

Recurring Revenue (\$ Millions)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TTM</u> <u>3Q14</u>	<u>2009 –</u> <u>TTM 3Q14</u> <u>CAGR</u>
Corporate Finance	\$ 147	\$ 155	\$ 190	\$ 226	\$ 273	\$ 314	17%
Structured Finance	\$ 181	\$ 165	\$ 165	\$ 159	\$ 151	\$ 159	-3%
Financial Institutions	\$ 178	\$ 177	\$ 194	\$ 204	\$ 219	\$ 230	6%
Public, Project, & Infrastructure Finance	\$ 102	\$ 111	\$ 116	\$ 126	\$ 137	\$ 146	8%
Moody's Investors Service	\$ 608	\$ 607	\$ 664	\$ 714	\$ 781	\$ 849	7%
Moody's Analytics	\$ 522	\$ 537	\$ 572	\$ 652	\$ 709	\$ 766	8%
Moody's Corporation	\$ 1,129	\$ 1,144	\$ 1,236	\$ 1,366	\$ 1,490	\$ 1,615	8%

Moody's Global Presence



Americas

Argentina	Costa Rica
Brazil	Mexico
Canada	United States

Europe, Middle East & Africa

Cyprus	Mauritius
Czech Republic	Poland
Egypt	Russia
France	South Africa
Germany	Spain
Ireland	Switzerland
Israel	UAE
Italy	United Kingdom

Asia-Pacific

Australia	Korea
China	Singapore
Hong Kong	Sri Lanka
India	Thailand
Japan	

Affiliates (Moody's Ownership)

China – CCXI (49%)
 Egypt – MERIS (40%)
 India – ICRA (50.06%)
 Israel – Midroog (51%)
 Korea – Korea Investors Service (50%)
 Peru – Equilibrium (0%)*
 Russia – MIRA (51%)

2014	3,033 U.S. employees	+	6,704 non-U.S. employees	=	9,737 total employees*
2013	2,798 U.S. employees	+	4,412 non-U.S. employees	=	7,210 total employees**

*As of September 30, 2014.

**As of September 30, 2013.

*** Moody's has a Technical Services Agreement with Equilibrium, a rating agency that provides credit rating and research services.

2008 Revenue MIS Business Line Reclassification

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 and 2009 Business Change: Managed Investments, Credit Estimates

Structured Finance	\$ (4.8)	\$ (4.5)	\$ (2.0)	\$ (1.2)	\$ (12.5)
Corporate Finance	1.8	1.6	2.0	1.1	6.5
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>2009 (Current) Business Line Reporting</u>	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>FY08</u>
Structured Finance	\$ 102.4	\$ 115.6	\$ 95.7	\$ 91.0	\$ 404.7
Corporate Finance	73.3	99.0	77.0	57.7	307.0
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	355.9	296.8	253.8	1,204.7
Total Moody's Analytics	132.5	131.8	136.6	149.8	550.7
Total Moody's Corporation	\$ 430.7	\$ 487.7	\$ 433.4	\$ 403.6	\$ 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. In 2009, credit estimates was moved to Corporate Finance.

2009 Moody's Analytics Revenue Reclassification

in \$ millions

Reporting as per filings in year

	<u>2008</u>	<u>2009</u>
-	-	-
Subscriptions	\$ 475.9	n/a
Software	49.2	n/a
Professional Services	25.6	n/a
Total Moody's Analytics	\$ 550.7	n/a
-	-	-

Reclass for 2009 Realignment*:

Subscriptions	\$ (57.2)	n/a
Software	59.6	n/a
Professional Services	(2.4)	n/a
Total Moody's Analytics	\$ -	n/a

2009 (Current) Reporting

	<u>2008</u>	<u>2009</u>
Research, Data and Analytics	\$ 418.7	\$ 413.6
Enterprise Risk Solutions	108.8	145.1
Professional Services	23.2	20.8
Total Moody's Analytics	\$ 550.7	\$ 579.5

*During the fourth quarter of 2009 the Moody's Analytics ("MA") groupings were realigned and renamed to reflect the reporting unit structure for the MA segment at December 31, 2009. Pursuant to this realignment the Subscriptions grouping was renamed Research, Data and Analytics and the Software grouping was renamed Risk Management Software. The revised groupings classify certain subscription-based risk management software revenue and advisory services relating to software sales to the redefined Risk Management Software grouping. Risk Management Software was renamed Enterprise Risk Solutions during the first quarter of 2012.

Reconciliation of Non-GAAP Financial Measures to GAAP

Adjusted Operating Income and Adjusted Operating Margin Reconciliation

<i>(in \$ millions)</i>	2009	2010	2011	2012	2013
As Reported Operating Income	\$687.5	\$772.8	\$888.4	\$1,077.4	\$1,234.6
Operating Margin	38.3%	38.0%	39.0%	39.5%	41.5%
<i>Add Adjustment:</i>					
Depreciation & Amortization	\$64.1	\$66.3	\$79.2	\$93.5	\$93.4
Restructuring	17.5	0.1	-	-	-
Goodwill Impairment Charge	-	-	-	12.2	-
Adjusted Operating Income	<u>\$769.1</u>	<u>\$839.2</u>	<u>\$967.6</u>	<u>\$1,183.1</u>	<u>\$1,328.0</u>
Adjusted Operating Margin	42.8%	41.3%	42.4%	43.3%	44.7%

Moody's Corporation Operating Margin Guidance Reconciliation

	2014F*
Projected Operating Margin - GAAP	42% to 43%
Projected impact from Depreciation & Amortization	<u>Approximately 3%</u>
Projected Adjusted Operating Margin	45% to 46%

Moody's Corporation Non-GAAP EPS Guidance Reconciliation

	2014F*
Diluted EPS guidance - GAAP	\$4.34 – 4.44
ICRA Gain	(0.36)
Legacy Tax	<u>(0.03)</u>
Diluted EPS guidance – Non-GAAP	\$3.95 – 4.05

*Guidance as of October 29, 2014.

Reconciliation of Non-GAAP Financial Measures to GAAP (cont.)

Moody's Corporation Free Cash Flow Reconciliation

<i>(in \$ millions)</i>	2009	2010	2011	2012	2013	2014F*
Cash Flow from Operations	\$ 643.8	\$ 653.3	\$ 803.3	\$ 823.1	\$ 926.8	\$ ~990.0
<i>Less Adjustment:</i>						
<i>Capital Expenditures</i>	\$ 90.7	\$ 79.0	\$ 67.7	\$ 45.0	\$ 42.3	\$ ~90.0
Free Cash Flow	\$ 553.1	\$ 574.3	\$ 735.6	\$ 778.1	\$ 884.5	\$ ~900.0
Cash Flow used in Investing Activities	\$ (93.8)	\$ (228.8)	\$ (267.6)	\$ (50.2)	\$ (261.9)	
Cash Flow provided by (used in) Financing Activities	\$ (348.8)	\$ (241.3)	\$ (417.7)	\$ 202.6	\$ (498.8)	

*Guidance as of October 29, 2014.

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

Email: ir@moodys.com



© 2014 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. ("MIS") AND ITS AFFILIATES ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATIONS") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS FOR RETAIL INVESTORS TO CONSIDER MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS IN MAKING ANY INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents,

representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

For Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail clients. It would be dangerous for "retail clients" to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.