



MOODY'S



# 2Q 2017 Investor Presentation



July 31, 2017

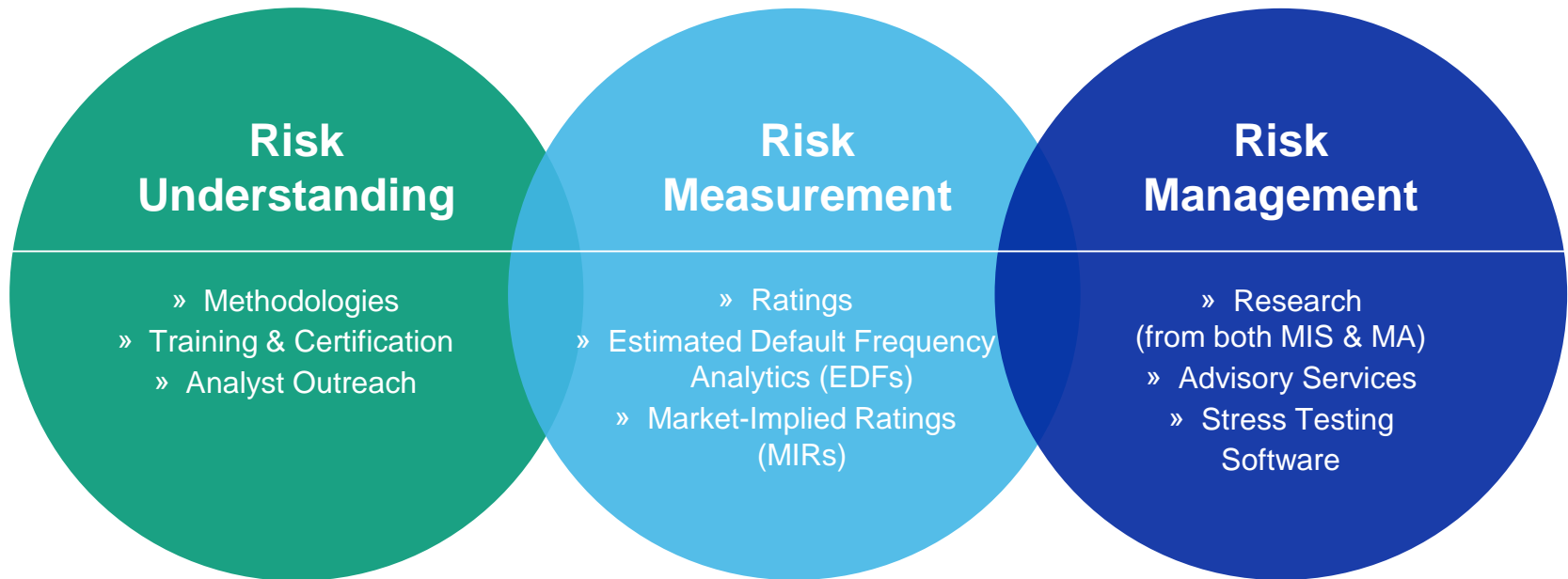
# Disclaimer

Certain statements contained in 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 in this release are made as of the dates indicated, 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 examples of factors, risks and uncertainties 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, world-wide credit market disruptions or an economic slowdown, which could 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 regulation, credit quality concerns, changes in interest rates and other volatility in the financial markets such as that due to the U.K.'s referendum vote whereby the U.K. citizens voted to withdraw from the EU; the level of merger and acquisition activity in the U.S. and abroad; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government actions affecting world-wide credit markets, international trade and economic policy; concerns in the marketplace affecting our credibility or otherwise affecting market perceptions of the integrity or utility of independent credit 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 Financial Reform Act and 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, government and regulatory proceedings, investigations and inquires to which the Company may be subject from time to time; provisions in the Financial Reform 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; exposure to potential criminal sanctions or civil remedies if the Company fails to comply with foreign and U.S. laws and regulations that are applicable in the jurisdictions in which the Company operates, including sanctions laws, anti-corruption laws, and local laws prohibiting corrupt payments to government officials; 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; and a decline in the demand for credit risk management tools by financial institutions. Other factors, risks and uncertainties relating to our pending acquisition of Bureau van Dijk could cause our actual results to differ, perhaps materially, from those indicated by these forward-looking statements, including the ability of the parties to successfully complete the proposed acquisition on anticipated terms and timing, or at all; risks relating to the integration of Bureau van Dijk's operations, products and employees into Moody's and the possibility that anticipated synergies and other benefits of the proposed acquisition will not be realized in the amounts anticipated or will not be realized within the expected timeframe; risks that the proposed acquisition could have an adverse effect on the business of Bureau van Dijk or its prospects, including, without limitation, on relationships with vendors, suppliers or customers; claims made, from time to time, by vendors, suppliers or customers; changes in the European or global marketplaces that have an adverse effect on the business of Bureau van Dijk; and other factors, risks and uncertainties relating to the transaction as set forth under the caption "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995" in Moody's report on Form 8-K filed on May 15, 2017, which are incorporated by reference herein. These factors, risks and uncertainties as well as other risks and uncertainties that could cause Moody's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements are described in greater detail under "Risk Factors" in Part I, Item 1A of the Company's annual report on Form 10-K for the year ended December 31, 2016, and in other filings made by the Company from time to time with the SEC or in materials incorporated herein or therein. Stockholders and investors are cautioned that the occurrence of any of these factors, risks and uncertainties may cause the Company's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements, which could have a material and adverse effect on the Company's business, results of operations and financial condition. New factors may emerge from time to time, and it is not possible for the Company to predict new factors, nor can the Company assess the potential effect of any new factors on it.

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# Moody's Mission: To be the World's Most Respected Authority Serving Risk-Sensitive Financial Markets

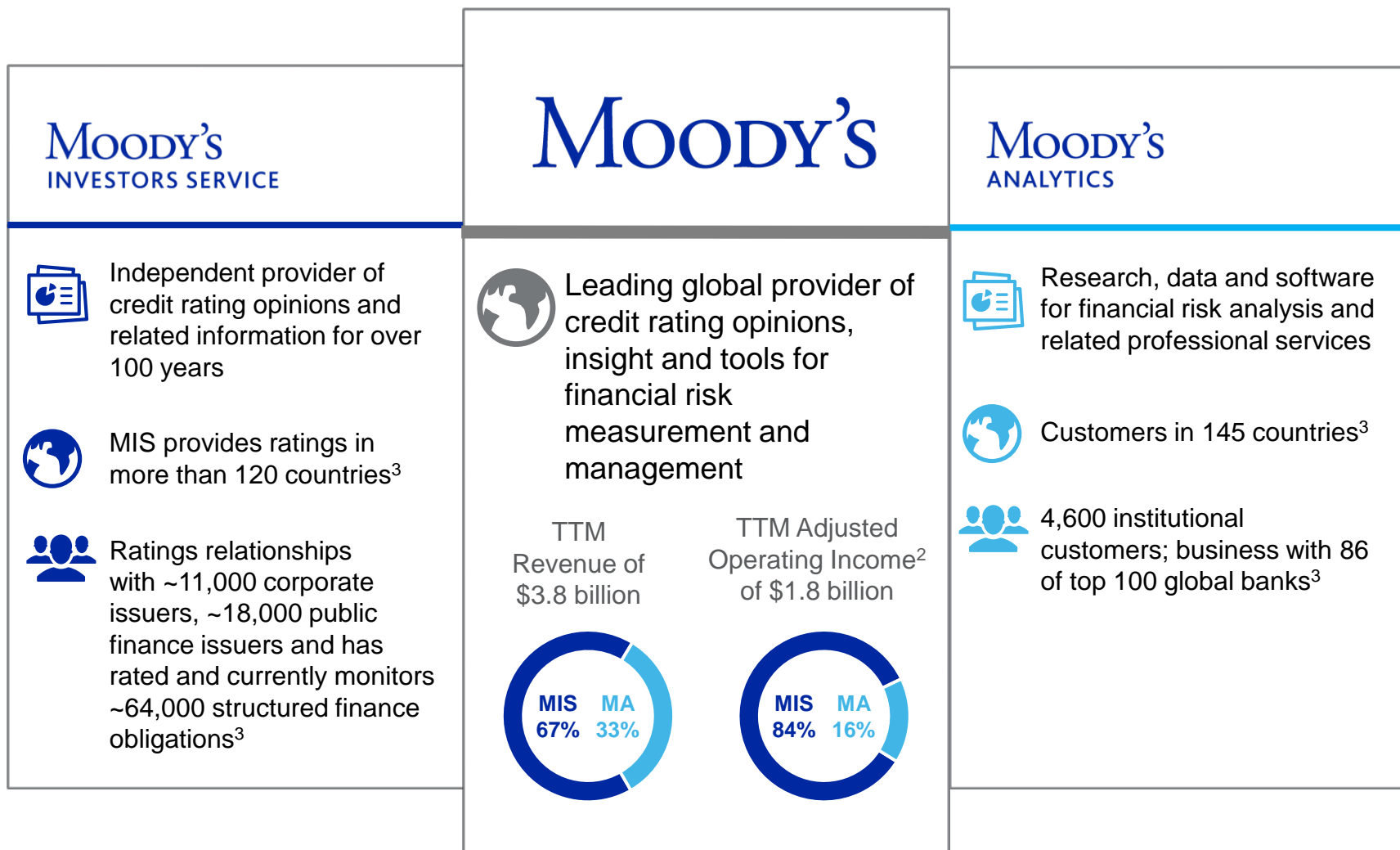


*Moody's is an essential component of the global capital markets, providing credit ratings, research, tools and analysis that contribute to open and integrated financial markets.*

1

Financial Overview

# Overview of Moody's Corporation<sup>1</sup>



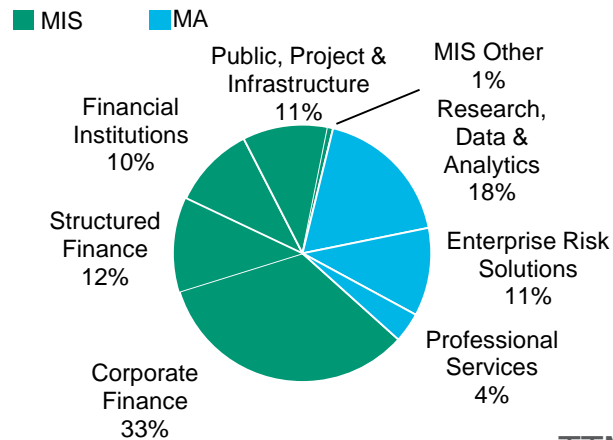
<sup>1</sup> All financial data is for the trailing twelve months (TTM) ended June 30, 2017.

<sup>2</sup> Adjusted operating income is an adjusted measure. See appendix for reconciliation from adjusted financial measures to GAAP.

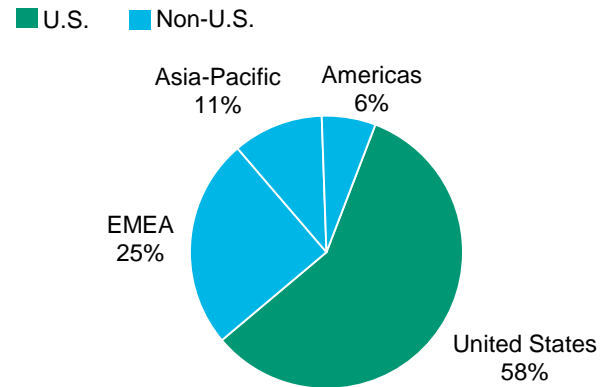
<sup>3</sup> As of December 31, 2016.

# Revenue is Diversified by Business, Geography and Type

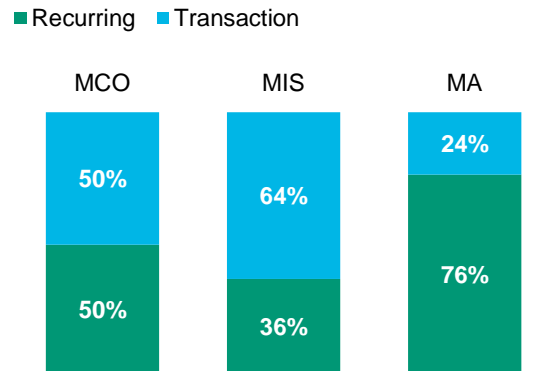
TTM 2Q17 Revenue by Business



TTM 2Q17 Revenue by Geography



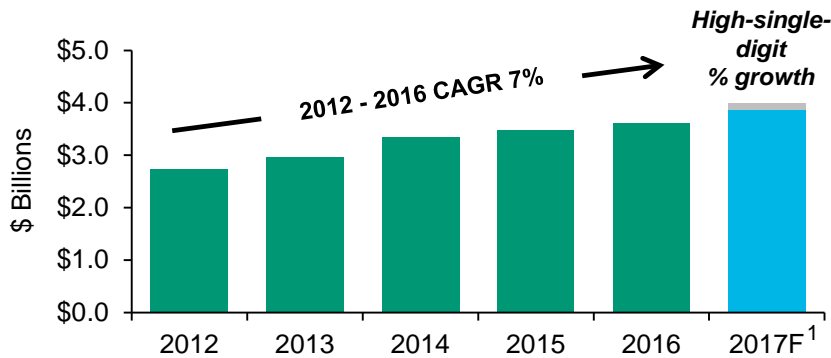
TTM 2Q17 Revenue by Type



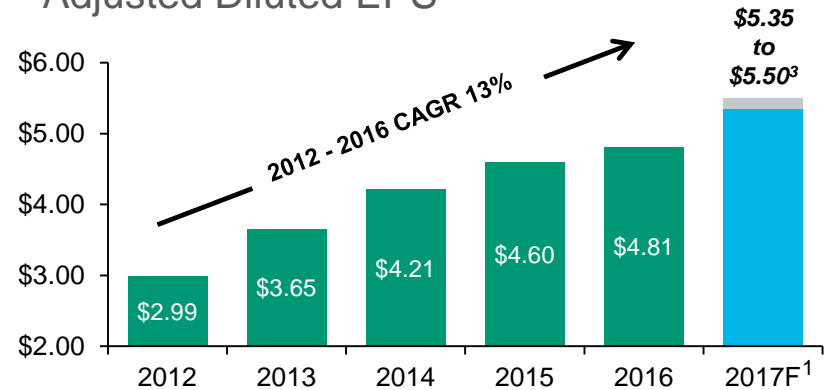
Note: All financial data is for the trailing twelve months (TTM) ended June 30, 2017.

# Financial Performance

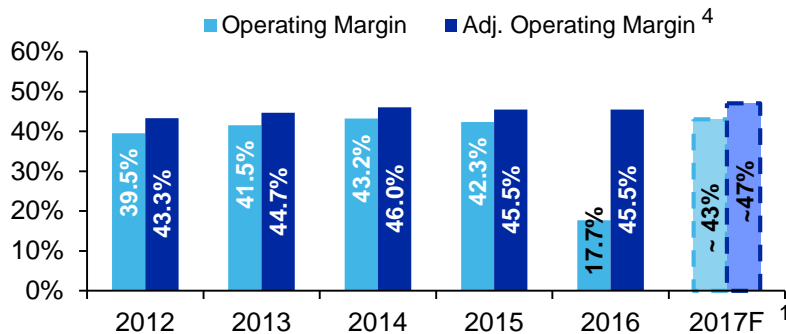
## Revenue



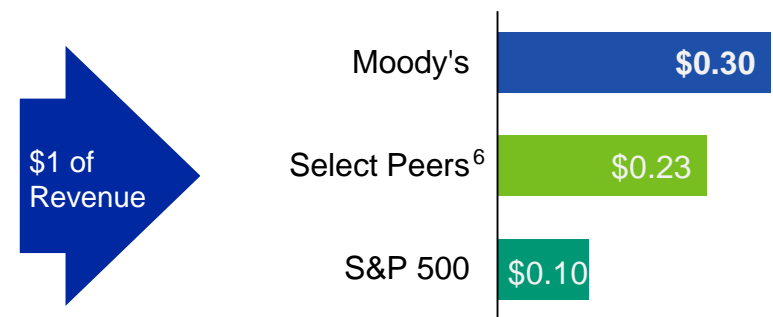
## Adjusted Diluted EPS<sup>2</sup>



## Operating Margin



## 5-year Average Free Cash Flow Conversion<sup>5</sup>



<sup>1</sup> Guidance as of July 21, 2017. This guidance does not include revenue and operating expense estimates related to the pending acquisition of Bureau van Dijk.

<sup>2</sup> Adjusted diluted EPS is an adjusted measure. See appendix for reconciliations from adjusted financial measures to GAAP.

<sup>3</sup> Excludes \$0.31 CCXI gain, \$0.13 gain on Bureau van Dijk purchase price hedge and \$0.10 Bureau van Dijk acquisition-related expenses.

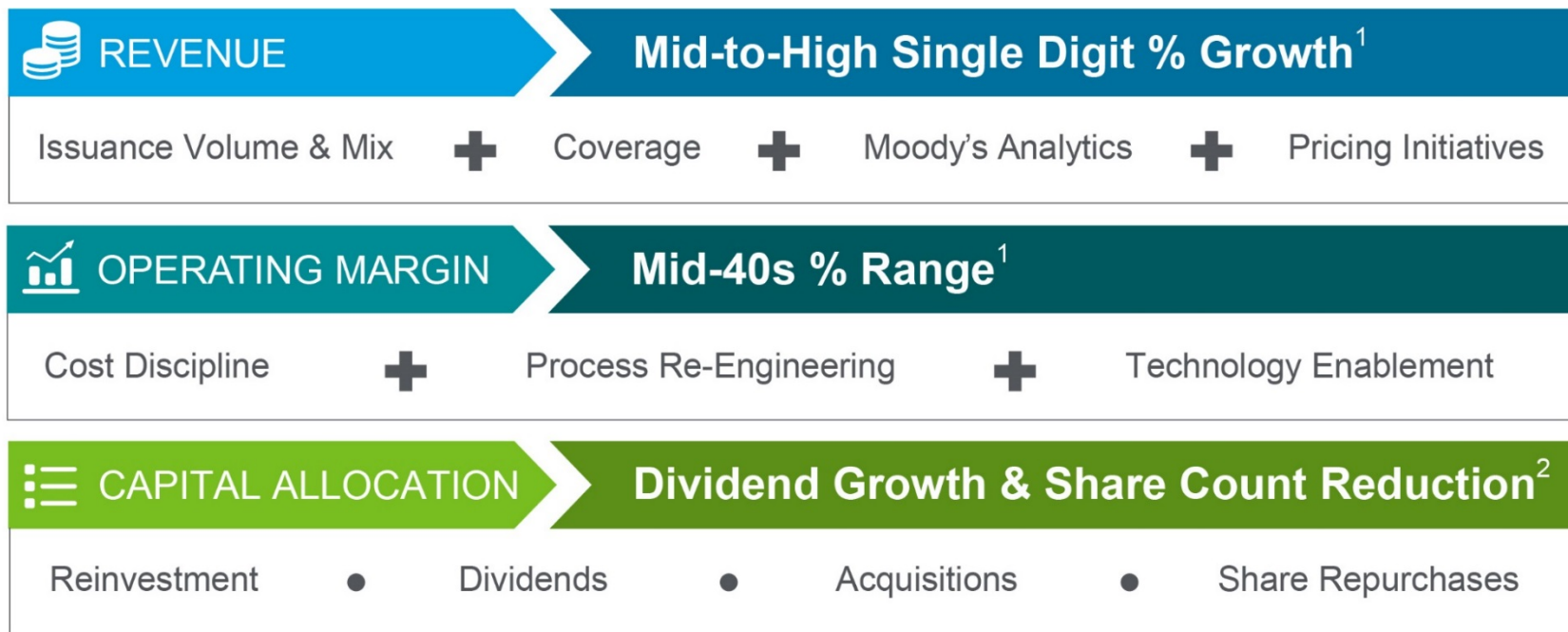
<sup>4</sup> Adjusted Operating Margin is an adjusted measure. See appendix for reconciliation from adjusted financial measures to GAAP.

<sup>5</sup> As of July 2017, over last five available fiscal years. Free Cash Flow is an adjusted financial measure. Source: FactSet.

<sup>6</sup> Includes: CLGX, DNB, EXPN, FDS, INFO, MORN, MSCI, SPGI, TRI and VRSK.

# Long-Term Growth Opportunities

Three Levers to Achieve EPS Growth



**EPS**

**High Single Digit to Low Double Digit % Growth<sup>1,2</sup>**

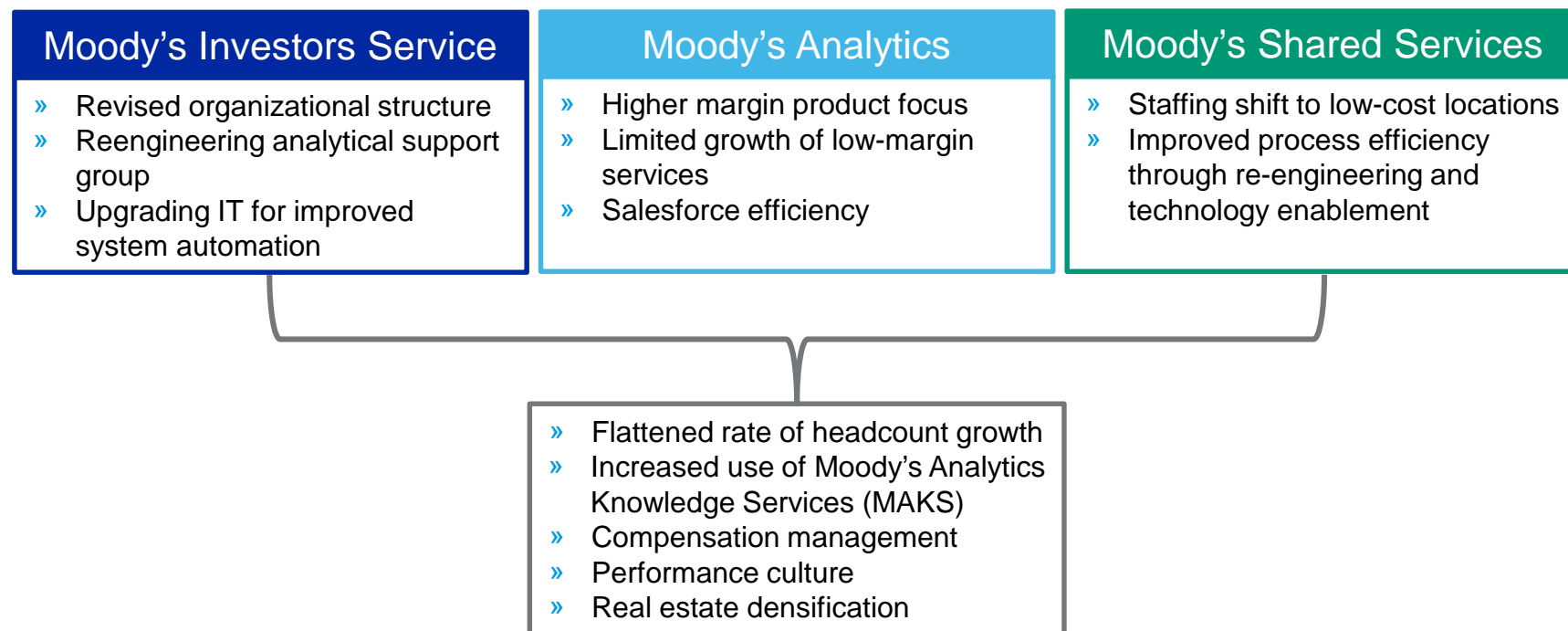
Note: Long-term growth opportunities presented on this slide are on average over time and do not include revenue and operating expense estimates related to the pending acquisition of Bureau van Dijk.

<sup>1</sup> Assumes no material change in effective tax rate, foreign exchange rates, leverage profile and/or capital allocation policy.

<sup>2</sup> Subject to market conditions and other ongoing capital allocation decisions.

# Actively Managing Expense Base

Expense and best practice initiatives to drive operating margin to the mid-40s % range over the next several years



## » Results of expense discipline evident in 1H 2017 year-over-year performance:

- Revenue +13%
- Operating Expense +4%<sup>1</sup>
- Employee Headcount -2%
- Adjusted Operating Margin +480bps
- Adjusted EPS +33%

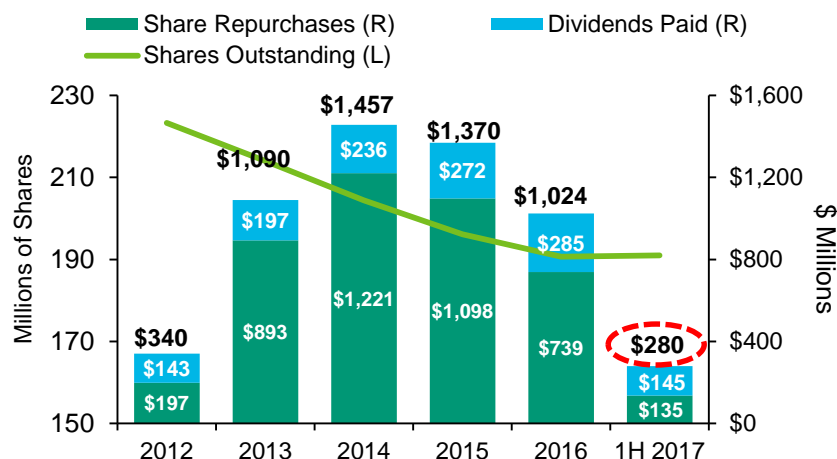
<sup>1</sup> 1H 2017 operating expense includes \$52 million and \$51.1 million of incentive compensation accrual in 1Q 2017 and 2Q 2017, respectively.

# Disciplined Approach to Capital Allocation

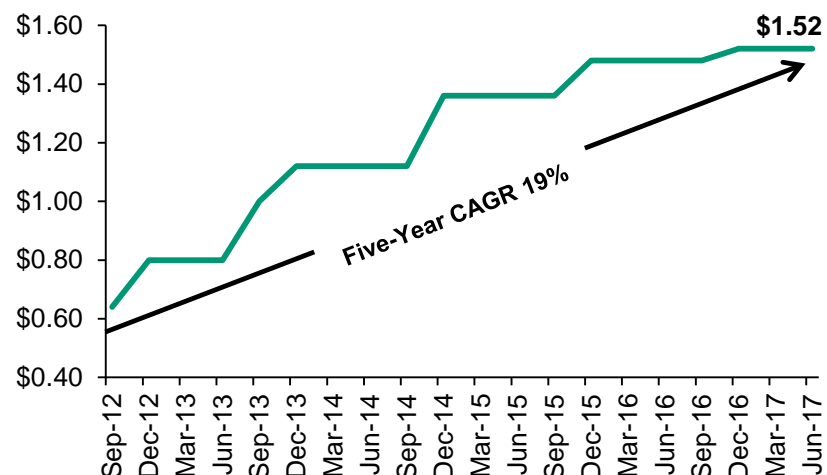
Investing in Growth Opportunities	
Reinvestment	Acquisitions
<ul style="list-style-type: none"> <li>» Invest in existing businesses to support organic growth</li> <li>» FY 2017 capex guidance: ~\$100 million<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>» Aligned with strategy</li> <li>» Opportunistic; ideally able to use offshore cash</li> </ul>

Return of Capital	
Dividends	Share Repurchases
<ul style="list-style-type: none"> <li>» Payout ratio potential is 25% - 30% of net income at current leverage<sup>2</sup></li> <li>» TTM 2Q 2017 payout ratio was ~25%<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>» FY 2017 share repurchase guidance: ~\$200 million<sup>4</sup></li> <li>» Average annualized net share count reduction of ~3% from 2012 to 2Q 2017</li> <li>» 1H 2017 average repurchase price of \$114.06</li> </ul>

## Share Repurchases and Dividends Paid



## Annualized Dividend Per Share



1 Guidance as of July 21, 2017. This guidance does not include revenue and operating expense estimates related to the pending acquisition of Bureau van Dijk.

2 Assumes continued balance of return of capital between dividends and share repurchase subject to available cash, market conditions and other ongoing capital allocation decisions.

3 Dividend payout ratio is defined as trailing twelve months (TTM) ended June 30, 2017 dividend paid/adjusted net income.

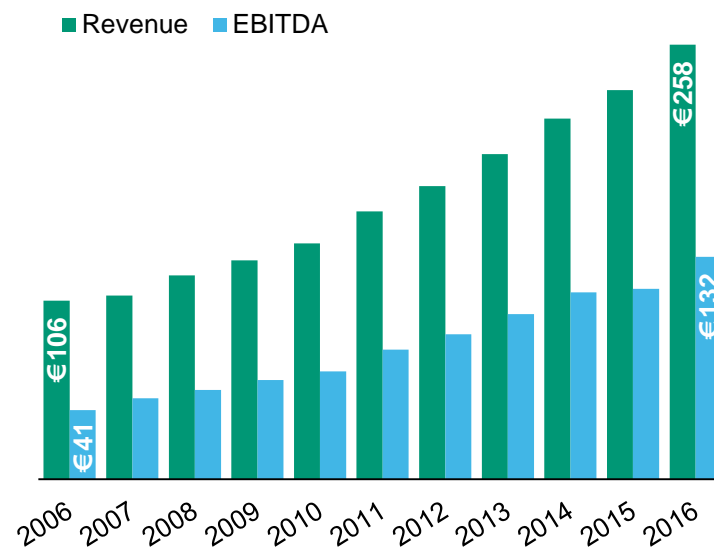
4 Guidance as of July 21, 2017 (subject to available cash, market conditions and other ongoing capital allocation decisions).

# Moody's to Acquire Bureau van Dijk for €3.0 Billion

Bureau van Dijk aggregates, standardizes and distributes one of the world's most extensive private company data sets

- » **Strong and consistent financial performance.** Revenue growth CAGR of 9.3%, with demonstrated operating leverage over last ten years (EBITDA margin expansion from 38% to 51%)
- » **Powerful cash flow generator.** Subscription business; 90%+ recurring revenue and renewal rates
- » **Combination anticipated to deliver significant synergies.** Expect ~\$45 million in annual revenue and expense synergies by 2019, increasing to ~\$80 million by 2021
- » **Rapid positive impact on earnings.** Expected to be accretive to GAAP EPS in 2019 and to adjusted EPS in 2018<sup>2</sup>
- » **Increases Moody's long-term growth outlook.** Revenue and EPS growth rates now expected to be "High Single Digit" and "Low Teens", respectively
- » **Efficiently financed.** Productive use of ~\$1.3 billion of offshore cash and ~\$2 billion of debt issuance

Long History of Profitable Growth<sup>1</sup>



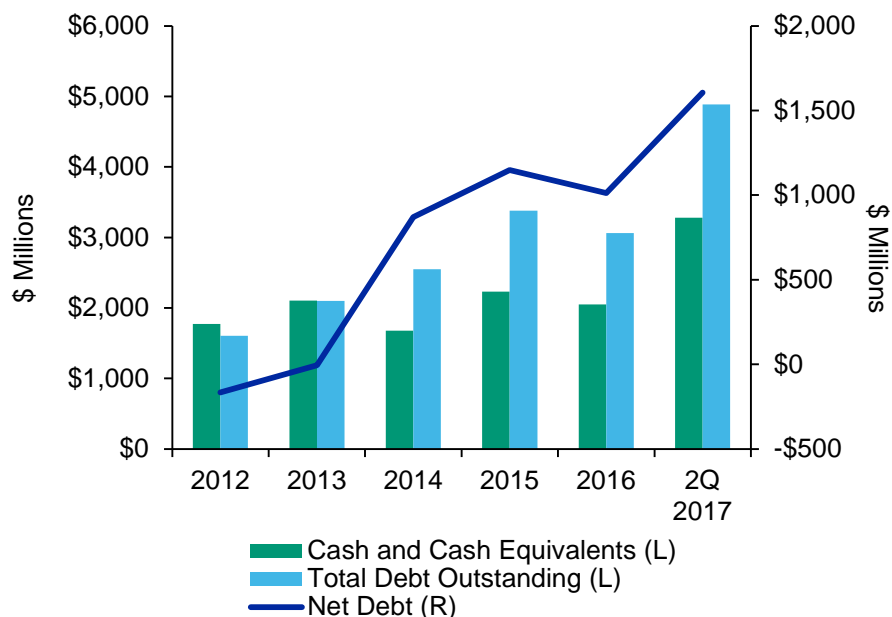
Note: All expectations are as of May 15, 2017.

<sup>1</sup> Full year ended December 31<sup>st</sup>, based on IFRS. € in millions.

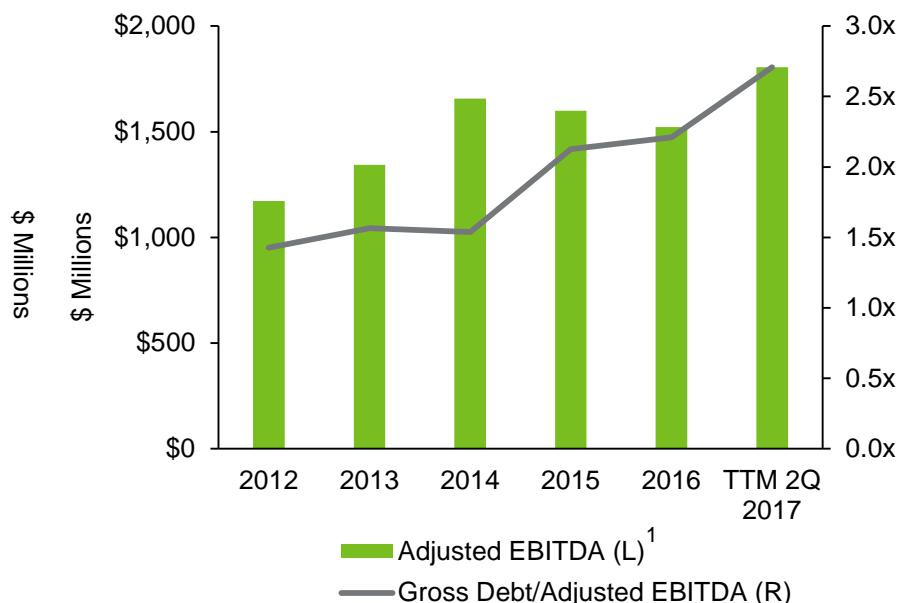
<sup>2</sup> Adjusted EPS excludes purchase price amortization and one-time integration costs.

# Moody's Plan is to Maintain a Solid Investment Grade Rating

## Debt Outstanding



## Debt / Adjusted EBITDA



- » During 2Q 2017, issued \$1 billion of notes to partially finance the pending Bureau van Dijk acquisition
  - \$500 million of 2.625% senior unsecured notes due 2023
  - \$500 million of 3.25% senior unsecured notes due 2028
- » The balance of the financing for the Bureau van Dijk acquisition will consist of a \$500 million Term Loan A, as well as commercial paper
- » Moody's plans to reduce its debt over the course of the next 18 – 24 months

<sup>1</sup> Amount is an adjusted measure. See appendix for reconciliations from adjusted financial measures to GAAP.

# Full Year 2017 Guidance as of July 21, 2017

» <b>Revenue:</b>	Increase in the high-single-digit % range
» <b>Operating Expense:</b>	Decrease in the 25% - 30% range
» <b>Adjusted Operating Expense<sup>1</sup>:</b>	Increase in the mid-single-digit % range
» <b>Operating Margin:</b>	Approximately 43%
» <b>Adjusted Operating Margin<sup>1</sup>:</b>	Approximately 47%
» <b>Effective Tax Rate:</b>	Approximately 30%
» <b>Earnings Per Share</b>	\$5.69 - \$5.84
» <b>Adjusted Earnings Per Share<sup>1,2</sup>:</b>	\$5.35 - \$5.50
» <b>Share Repurchases:</b>	Approximately \$200 million (subject to available cash, market conditions and other ongoing capital allocation decisions)
» <b>Capital Expenditures:</b>	Approximately \$100 million
» <b>Depreciation &amp; Amortization:</b>	Approximately \$135 million
» <b>Operating Cash Flow:</b>	Approximately \$600 million
» <b>Free Cash Flow<sup>1,3</sup>:</b>	Approximately \$500 million

Note: This guidance does not include revenue and operating expense estimates related to the pending acquisition of Bureau van Dijk.

1 These metrics are adjusted measures. See appendix for reconciliations from adjusted financial measures to GAAP.

2 Excludes \$0.31 CCXI gain, \$0.13 gain on Bureau van Dijk purchase price hedge and \$0.10 Bureau van Dijk acquisition-related expenses.

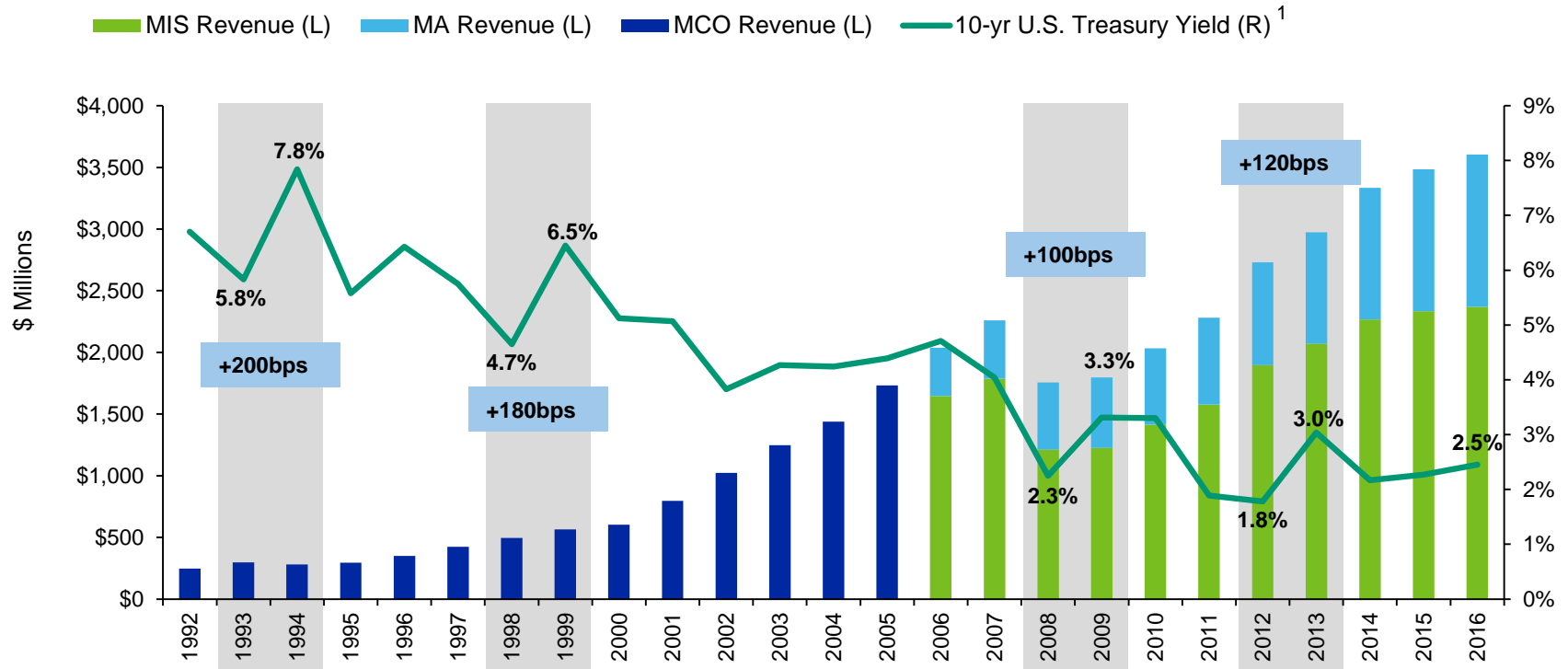
3 Includes payment of the settlement charge related to an agreement with the U.S. Department of Justice and the attorneys general of 21 U.S. states and the District of Columbia.

# 2

## Capital Markets Overview

# Historically, Rising Rates Have not had a Significant Impact on Moody's Revenue

## MCO Revenue and Interest Rates

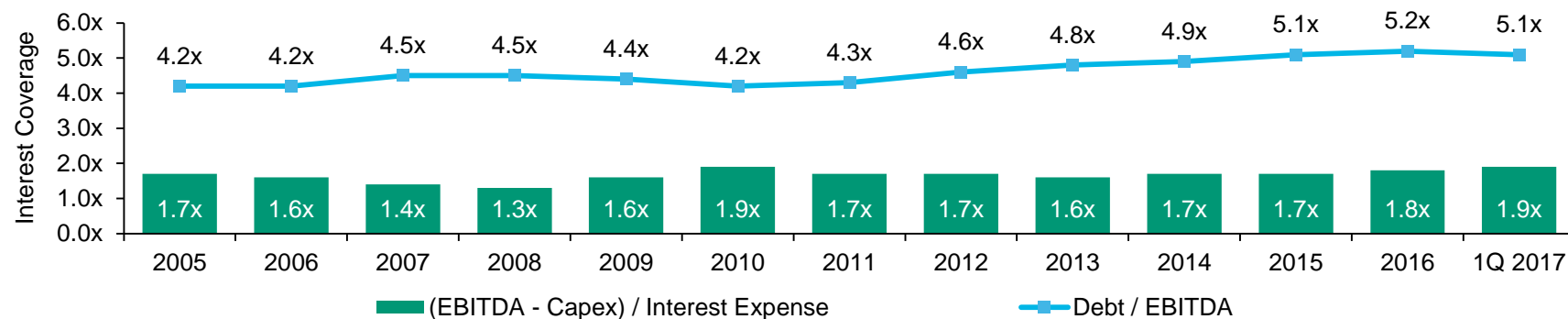


» Despite recent Fed rate hikes in December 2016 and March and June 2017, the 10-year U.S. Treasury yield eased from mid-December's 2.6% to ~2.3%<sup>2</sup>

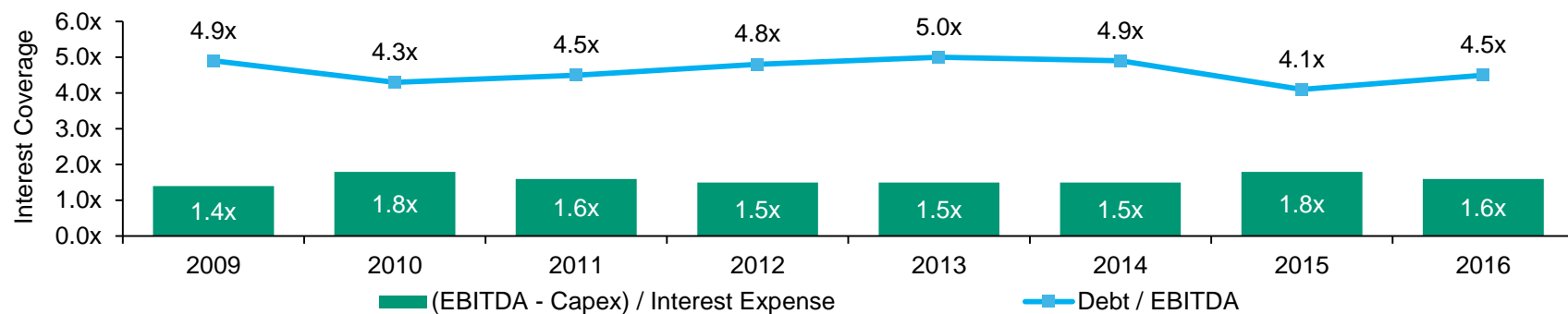
<sup>1</sup> 10-yr U.S. Treasury Yields are represented by the rate at the end-of-period.  
<sup>2</sup> 10-yr U.S. Treasury Yields are represented by the rate as of July 27, 2017.  
 Source: [www.treasury.gov](http://www.treasury.gov).

# Debt Leverage up in North America and Europe; Interest Coverage Remains Reasonable

Credit Metrics: North American Speculative Grade Companies



Credit Metrics: European Speculative Grade Companies



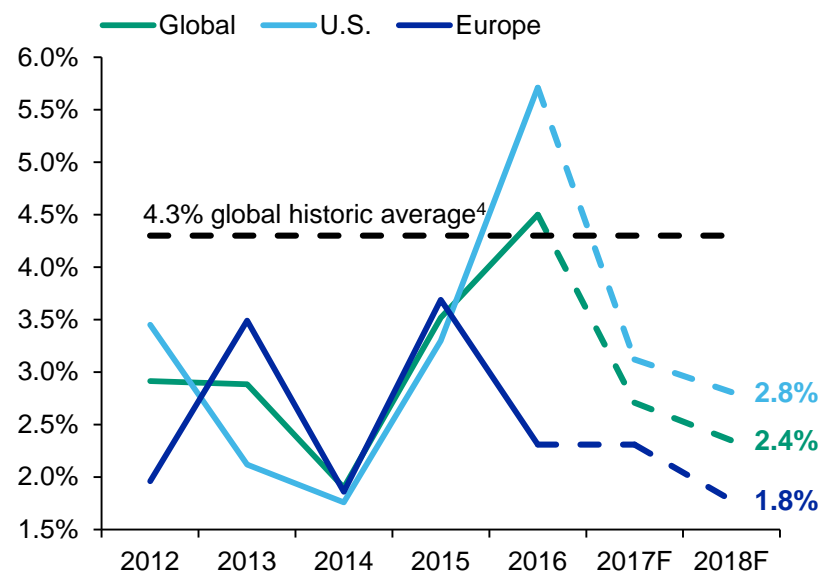
Source: Moody's Investors Service.

# Global Default Rates Remain Under Historic Average

## Corporate Default Rate Forecast by Industry<sup>1</sup>

Industry Group (Top 10 Highest Default Forecasts)	U.S.	Europe
Media: Advertising, Printing & Publishing	6.9%	5.5%
Retail	4.6%	2.5%
Services: Business	3.9%	2.1%
Consumer goods: durable <sup>2</sup>	3.9%	
Metals & Mining	3.5%	1.2%
Environmental Industries <sup>2</sup>	3.4%	
Wholesale <sup>2</sup>	3.0%	
Transportation: Cargo	2.7%	2.2%
Energy: Oil & Gas	2.6%	1.8%
Media: Broadcasting & Subscription	2.6%	0.8%

## Default Rates for Corporate Rated Issuance<sup>3</sup>



- » Global speculative-grade default rate at 3.2% as of June 30, 2017; expected to decline to 2.8% by June 2018

<sup>1</sup> Illustrates top 10 industries with highest forecasted one-year default rates.

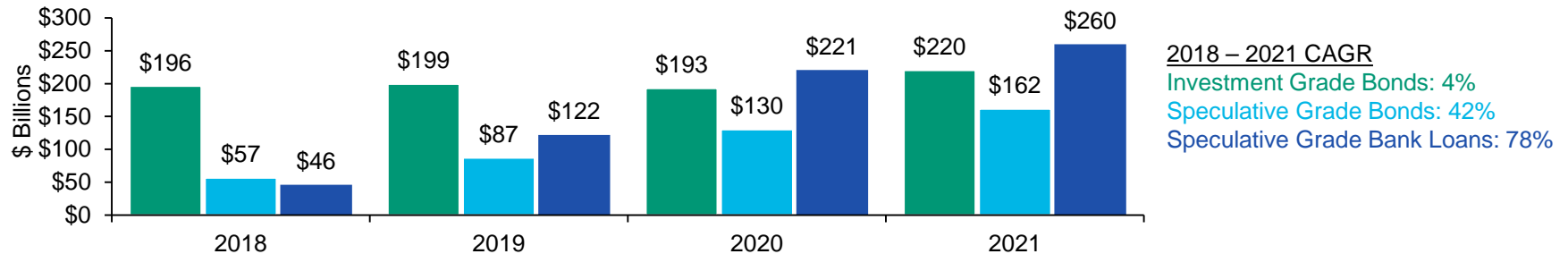
<sup>2</sup> Default rate forecasts are not reported in these sectors in Europe due to small sample size (fewer than 10 issuers).

<sup>3</sup> Moody's rated corporate global speculative grade default historical average of 4.3% since 1998. 2018 forecast for trailing twelve months ended June 30, 2018.

Source: Moody's Investors Service.

# North America and EMEA Non-Financial Corporates Have Significant Refunding Needs<sup>1</sup>

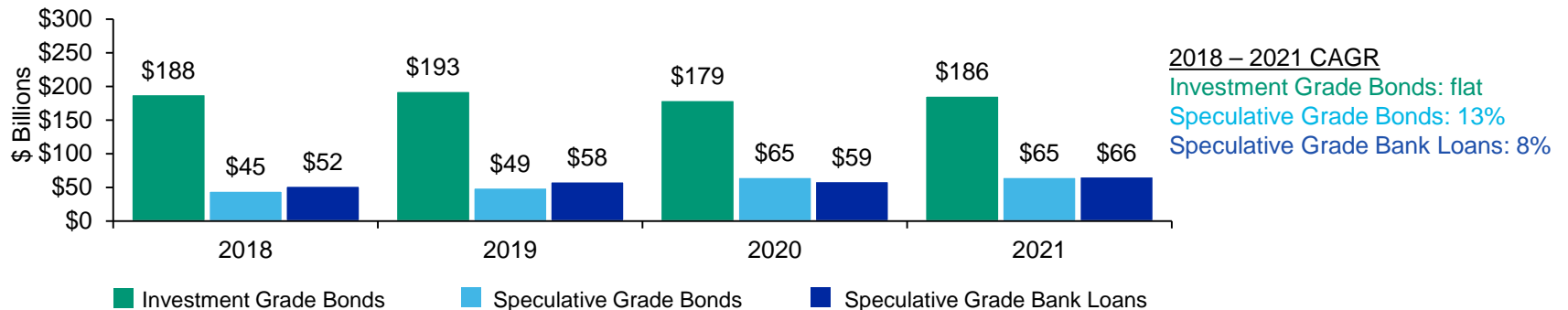
## Debt Maturities: North America Moody's-Rated Corporate Bonds and Loans



Source: MIS, February 2017.

Note: Data represents U.S. & Canadian MIS rated corporate bonds & loans.

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

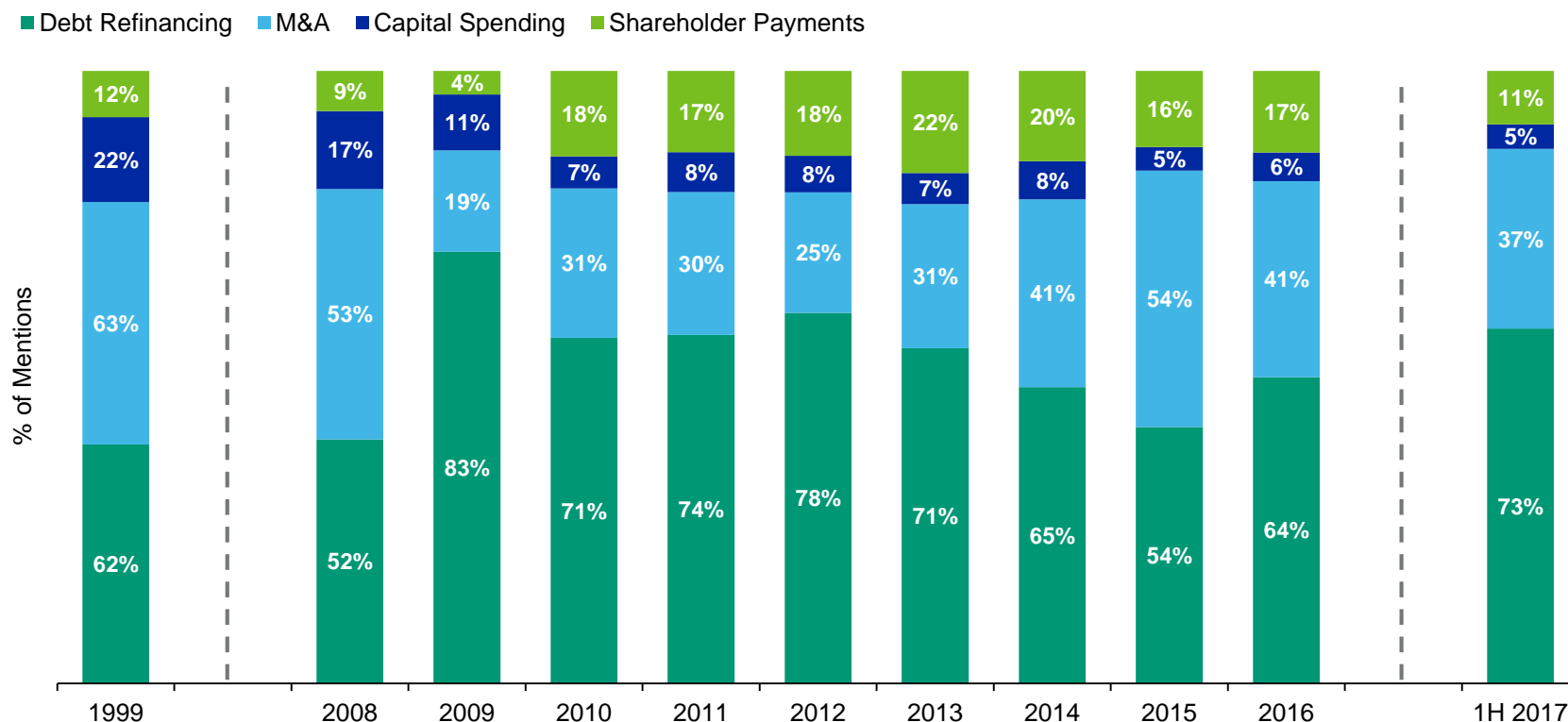


Source: MIS, July 2017.

<sup>1</sup> Amount reflects total maturities identified in the above sources.

# Debt Refinancing and M&A are Most Frequently Stated Uses of Proceeds

Uses of Funds from USD High Yield Bonds and Bank Loans<sup>1</sup>

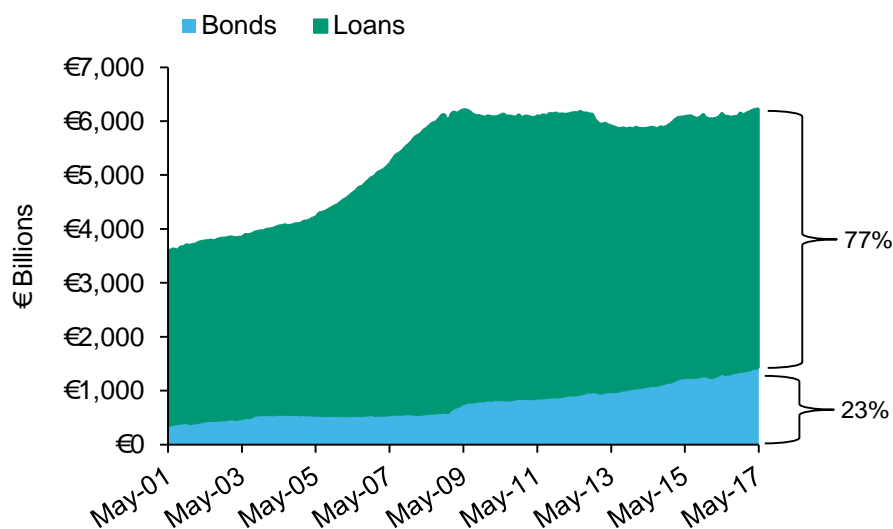


<sup>1</sup> Percent of mentions for each respective period in bond issue or bank loan program tranche documents. Excludes issues of less than \$25 million and general corporate purposes. An issue can have multiple purposes and, as a result, percentages do not sum to 100%.

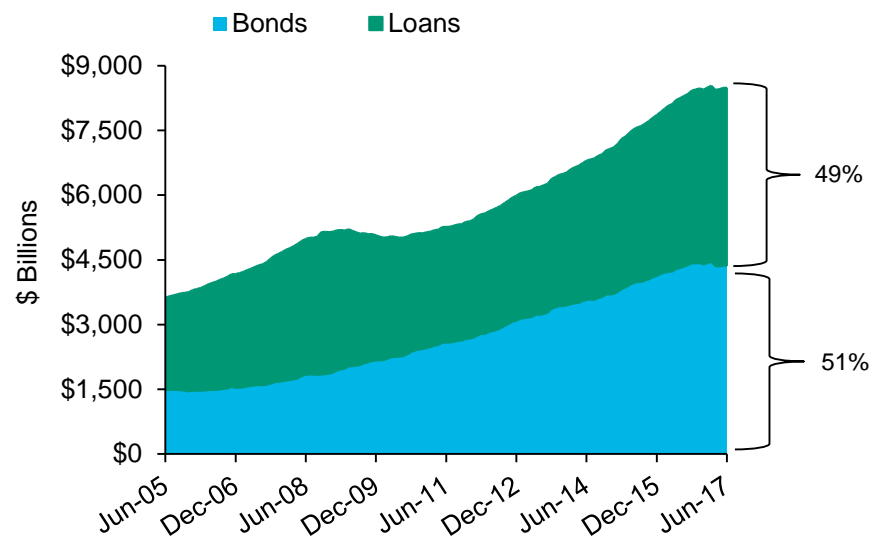
Source: Moody's Analytics.

# Disintermediation of Credit is an Ongoing Trend in the Global Capital Markets

## European Non-Financial Corporate Bonds vs. Bank Loans Outstanding



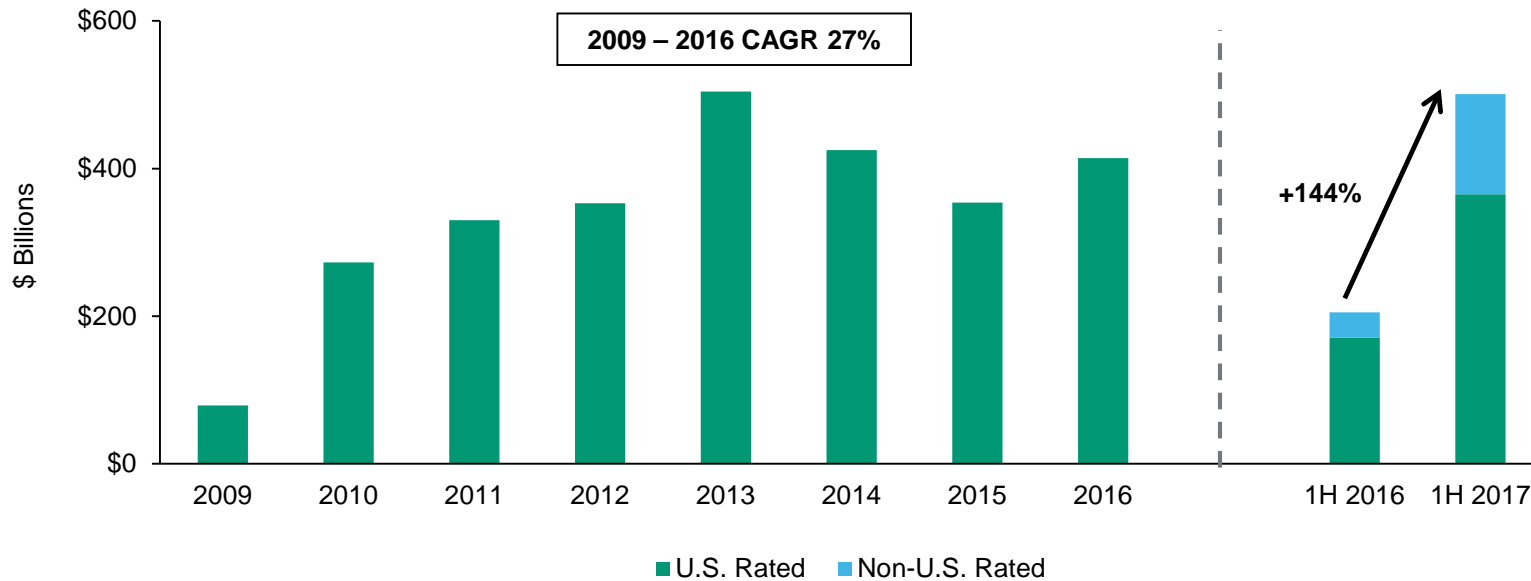
## U.S. Non-Financial Corporate Bonds vs. Bank Loans Outstanding



Sources: ECB, Federal Reserve, BarCap Indices. Europe bank loan data includes Eurozone and UK bank loans. Europe bond data includes euro and sterling denominated bonds. European data is through May 2017. U.S. data is through June 2017.

# Rising Rates are Supporting Leveraged Loan Activity

## Moody's Rated Corporate Speculative-Grade Bank Loans<sup>1</sup>



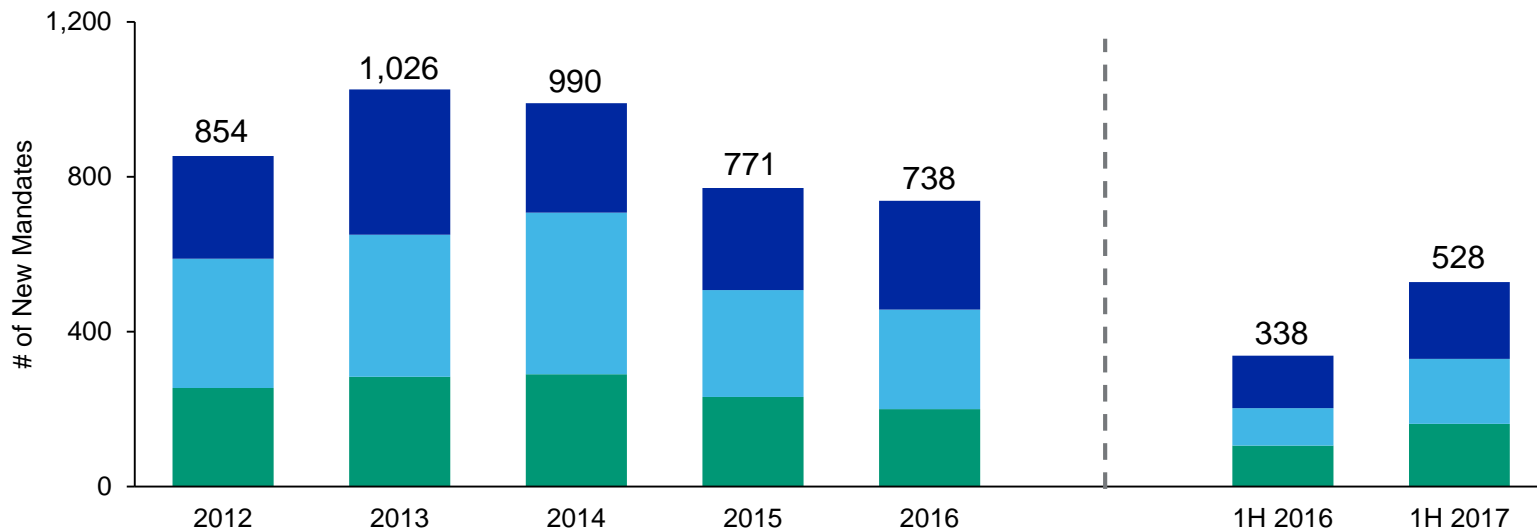
- » Tightening spreads have contributed to very strong 1H 2017 loan refinancing and repricing activity
- » Investor demand remains elevated as rising rate concerns persist

<sup>1</sup> Speculative-Grade Bank Loans represent Moody's rated new bank loan programs. Non-U.S. Speculative-Grade Bank Loans data available starting in 2016.  
Sources: Moody's Analytics, Dealogic.

# Disintermediation is a Key Driver of Moody's Global New Rating Mandates

## Global New Rating Mandates<sup>1</sup>

■ EMEA ■ United States ■ Rest of World



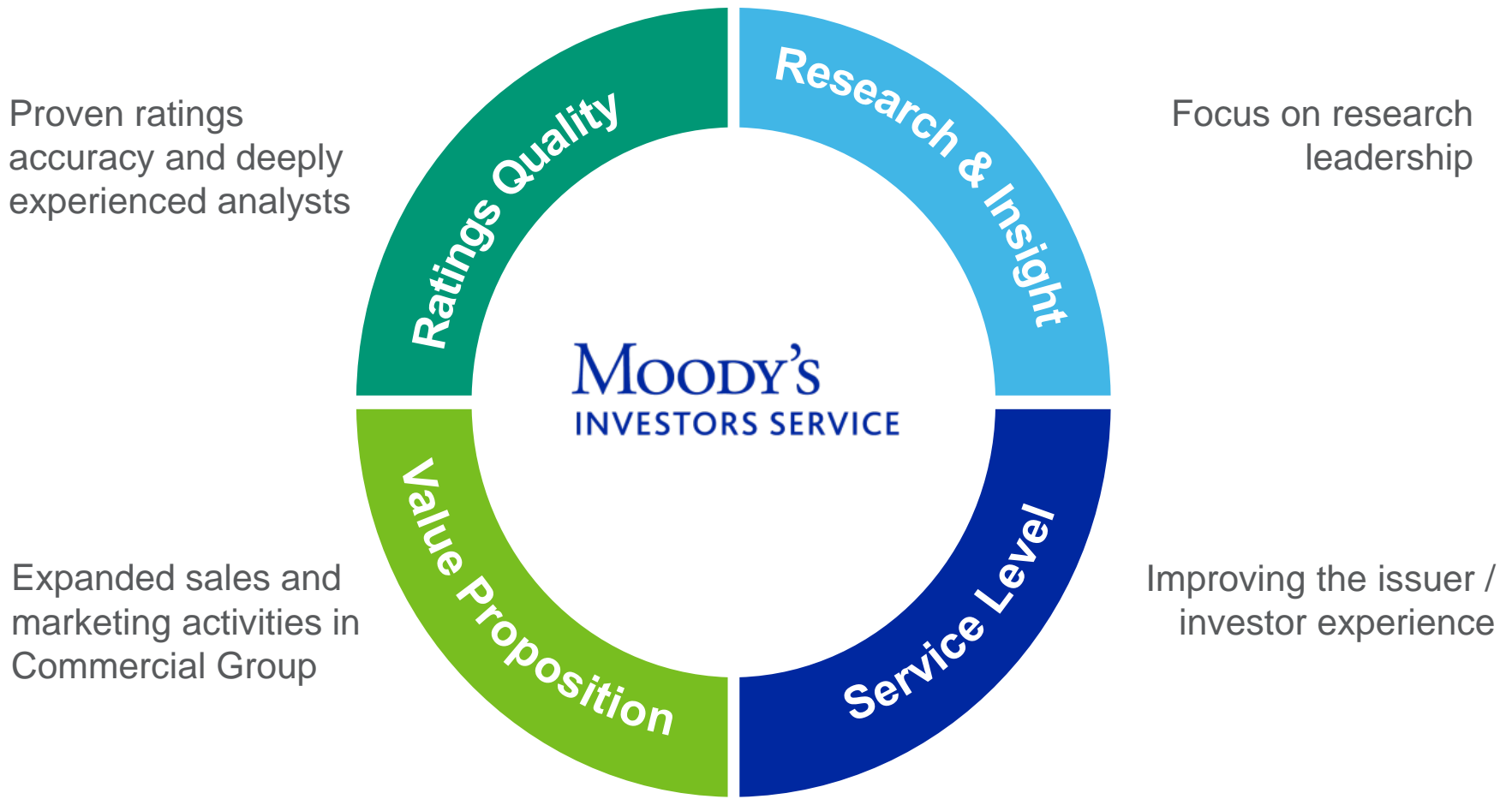
- » In 2Q 2017, Moody's new rating mandates increased to 317, up 50% from 211 in 1Q 2017 and up 72% from 184 in 2Q 2016
- » Expect ~800 new mandates in 2017

<sup>1</sup> Rated by Moody's Investors Service.  
Source: Moody's Investors Service.

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Moody's Investors Service

# Moody's Investors Service: A Leading Provider of Credit Ratings, Research and Risk Analysis



# Illustrative Value of a Moody's Rating

**Example: 10 year \$500 million corporate bond**

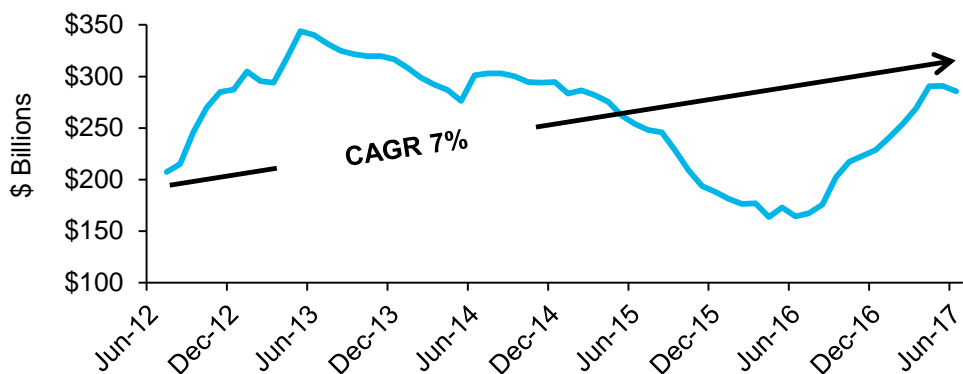
<u>Unrated</u>	<b>Bond</b>	<u>Rated by Moody's</u>
\$500,000,000		\$500,000,000
x 4.3%	<b>Interest rate</b>	x 4.0%
<hr/> = \$21,500,000	<b>Annual interest payments</b>	<hr/> = \$20,000,000
x 10 years	<b>Tenor</b>	x 10 years
<hr/> = \$215,000,000	<b>Lifetime interest expense</b>	<hr/> = \$200,000,000

**\$15 million in total interest expense  
vs.  
lifetime cost of a rating**

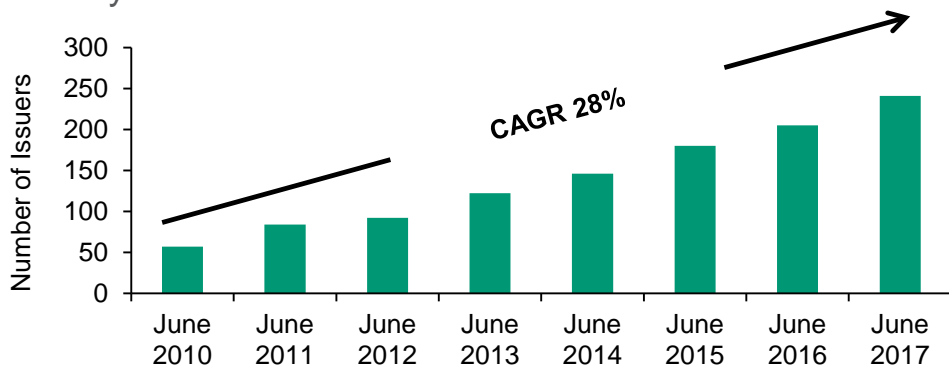
Note: Illustrative spread differential based on feedback from syndicate desks and FBR & Co. research on Moody's Corporation (January 2014) which stated that obtaining a Moody's rating typically saves approximately 30 basis points per year for investment grade issuers. Many factors go into the pricing of a bond.

# Moody's Continues to Invest in Key International Markets

Emerging Markets Rated Corporate Bond Issuance<sup>1</sup>



Moody's-Rated Chinese Issuers<sup>2</sup>



## China



- » Successful joint venture with CCXI, leading domestic rating agency
- » Cross border market rated via MIS Hong Kong office
- » China recently announced it will allow foreign firms to provide credit rating services in the domestic market

## Latin America



- » Deepens Moody's presence in a dynamic and expanding market

## Rest of World



- » Acquired full ownership of KIS, a leading provider of domestic credit ratings



- » Increased majority stake in ICRA to serve growing domestic bond market

<sup>1</sup> Moving twelve month sum; includes rated investment grade and high yield corporate bond issuance (financial and non-financial). Chart is through June 2017.

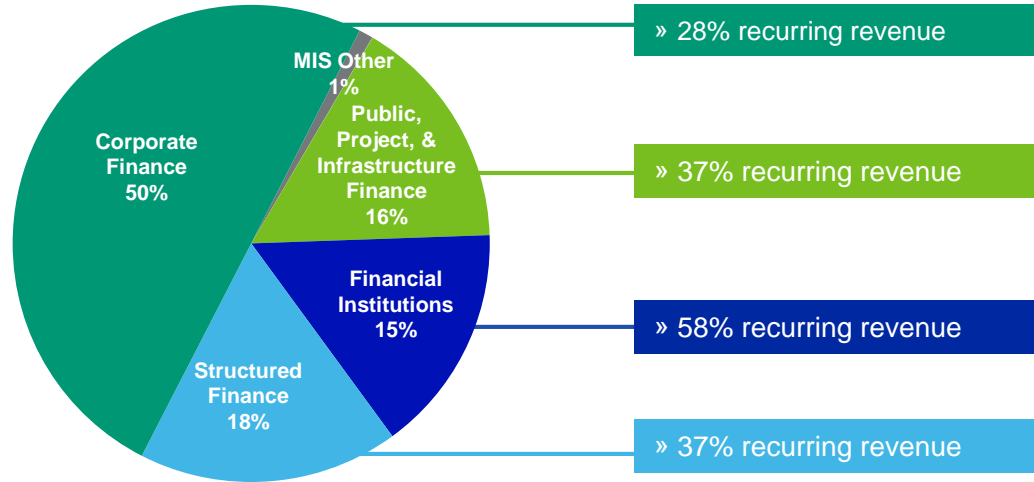
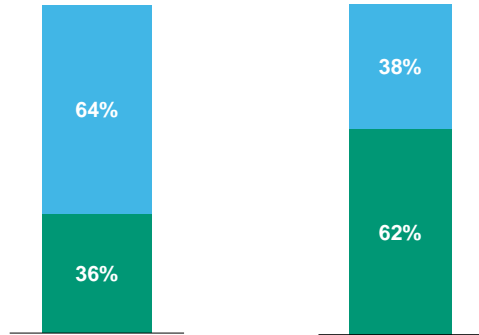
<sup>2</sup> Includes rated issuers where major operations or headquarters are in Mainland China. Hong Kong, Macau and Taiwan are not included.

Sources: Dealogic, Moody's Analytics, Moody's Investors Service.

# Moody's Investors Service Financial Profile

TTM 2Q 2017 Revenue: \$2.6 billion

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



## 2017 Revenue Guidance as of July 21, 2017

Global	↑	high-single-digit % range
U.S.	↑	mid-single-digit % range
Non-U.S.	↑	low-teens % range
Corporate Finance	↑	low-teens % range
Structured Finance	↑	mid-single-digit % range
Financial Institutions	↑	high-single-digit % range
Public, Project & Infrastructure Finance	↑	low-single-digit % range

Note: All financial data, except guidance, is for the trailing twelve months (TTM) ended June 30, 2017.

This guidance does not include revenue and operating expense estimates related to the pending acquisition of Bureau van Dijk.

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Moody's Analytics

# Moody's Analytics Provides Essential Insight Serving Financial Markets



## Research Data & Analytics

- MIS research & data
- MIS ratings feeds
- Economic research, data & models
- Structured finance analytics & data



## Enterprise Risk Solutions

- Credit risk & actuarial analytics
- Software that automates credit risk & actuarial activity
- Solutions that facilitate compliance with regulation & accounting standards
- Platforms that improve portfolio & capital strategy

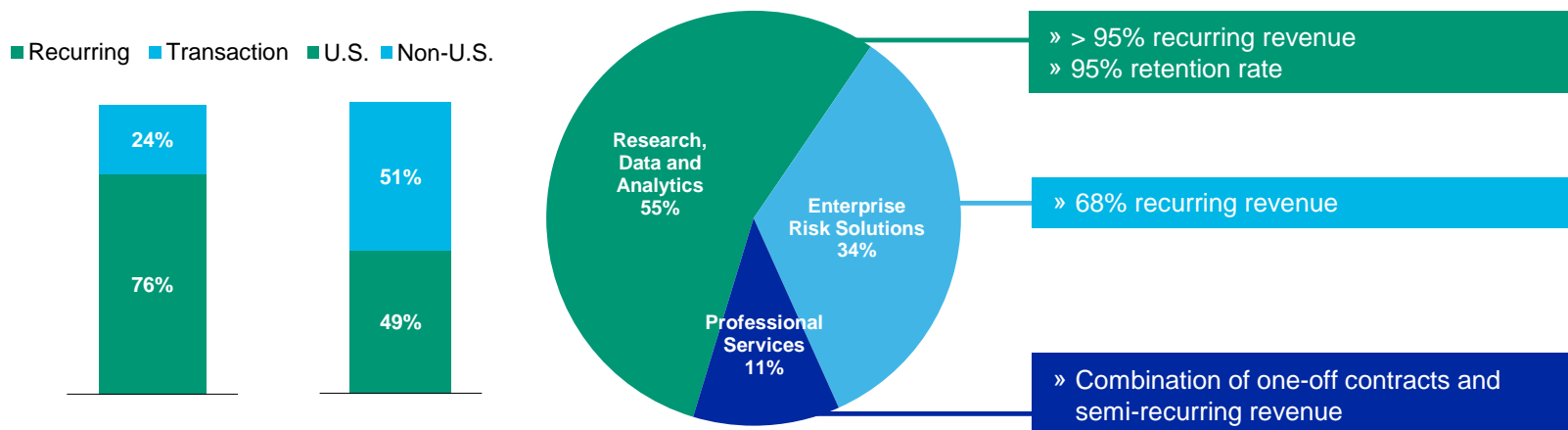


## Professional Services

- Outsourced research & consulting
- Professional certifications
- In-house training
- eLearning

# Moody's Analytics Financial Profile

TTM 2Q 2017 Revenue: \$1.3 billion



## 2017 Revenue Guidance as of July 21, 2017

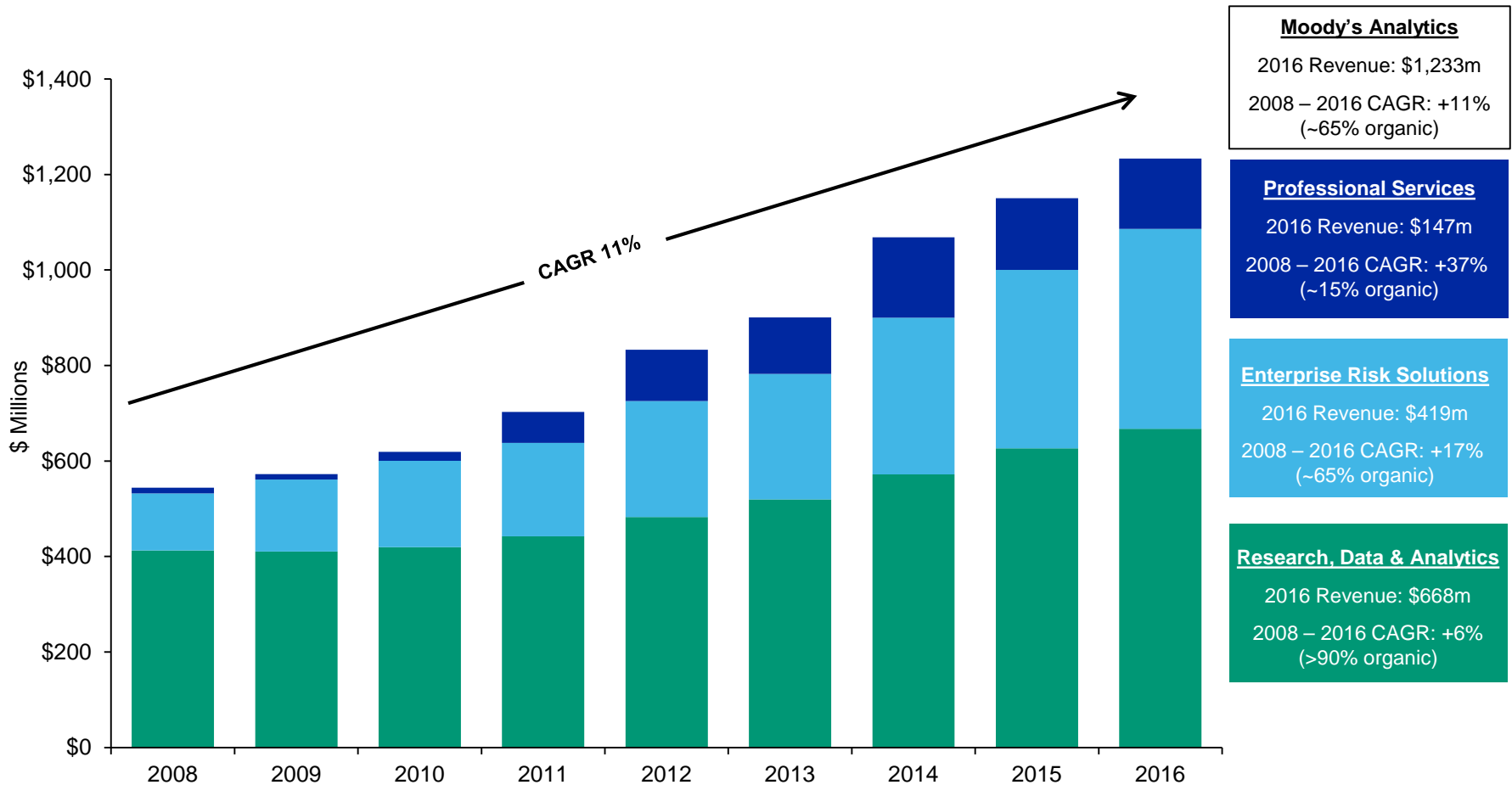
Global	↑ high-single-digit % range
U.S.	↑ mid-single-digit % range
Non-U.S.	↑ low-double-digit % range
Research, Data & Analytics	↑ low-double-digit % range
Enterprise Risk Solutions	↑ mid-single-digit % range
Professional Services	↑ low-single-digit % range

Note: All financial data, except guidance, is for the trailing twelve months (TTM) ended June 30, 2017.

This guidance does not include revenue and operating expense estimates related to the pending acquisition of Bureau van Dijk.

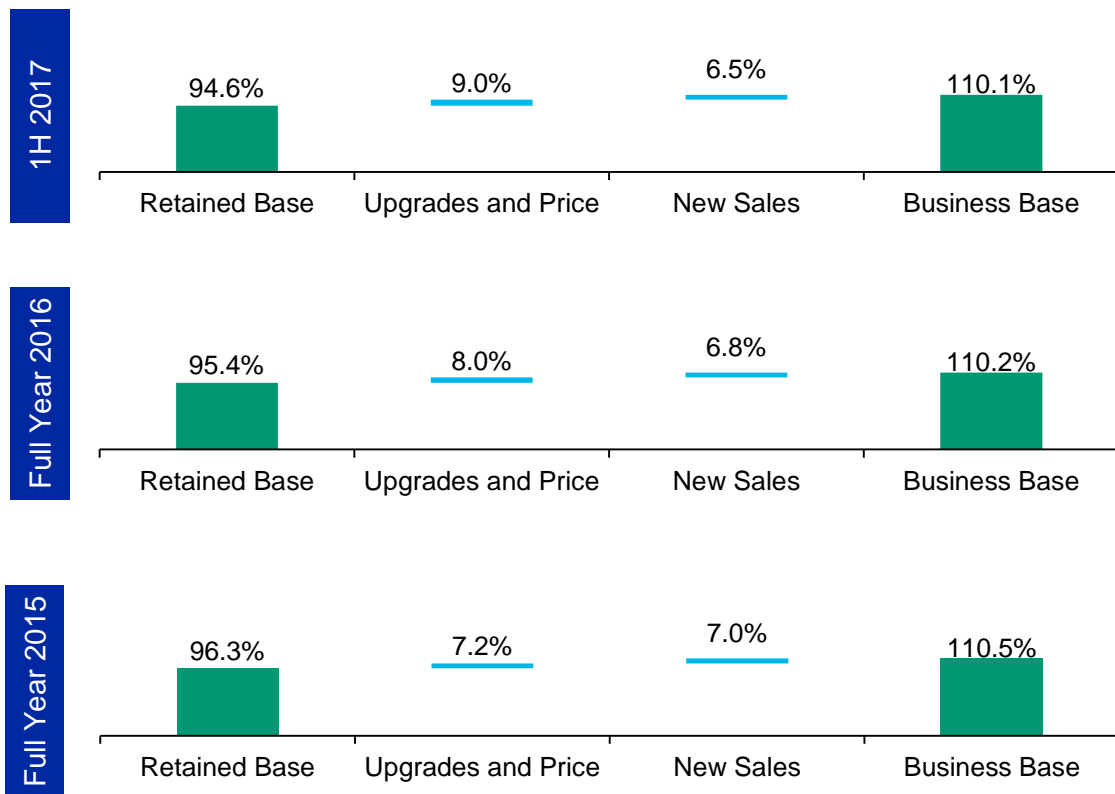
# Moody's Analytics has Several Platforms for Growth

Added ~\$700 Million in Revenue Since Inception



# RD&A: Subscription Growth Driven by Retention, Upgrades and Pricing & New Sales

Subscription Sales Growth  
(constant currency)



Expansion of ratings coverage



Production of insightful credit analysis



New customers in geographies with developing debt capital markets



Expansion of data sets and delivery options



Strong customer retention

Note: The sales growth attributions presented on this slide are related to RD&A subscription sales on a constant currency basis. Upgrades reflect amendments to existing customer contracts. New Sales reflect new contracts with new and existing customers.

# ERS Solutions Address Diverse Needs and Customers

## Credit Risk & Actuarial Analytics

Helps risk managers assess and manage current and future exposures across all asset classes

## Accounting Calculation & Reporting

Produces key calculations and reports required by many of the world's accounting standards

## Regulatory Calculation & Reporting

Generates key calculations and reports required by many of the world's financial regulations

## Credit Assessment & Origination

Automates financial spreading and credit scoring, decision making and monitoring

## Portfolio & Capital Strategy

Helps firms to improve portfolio performance and meet regulatory and economic capital requirements

## Asset & Liability Management

Integrates ALM, liquidity risk management, funds transfer pricing and regulatory reporting capabilities into a seamless enterprise platform



Banks



Insurers



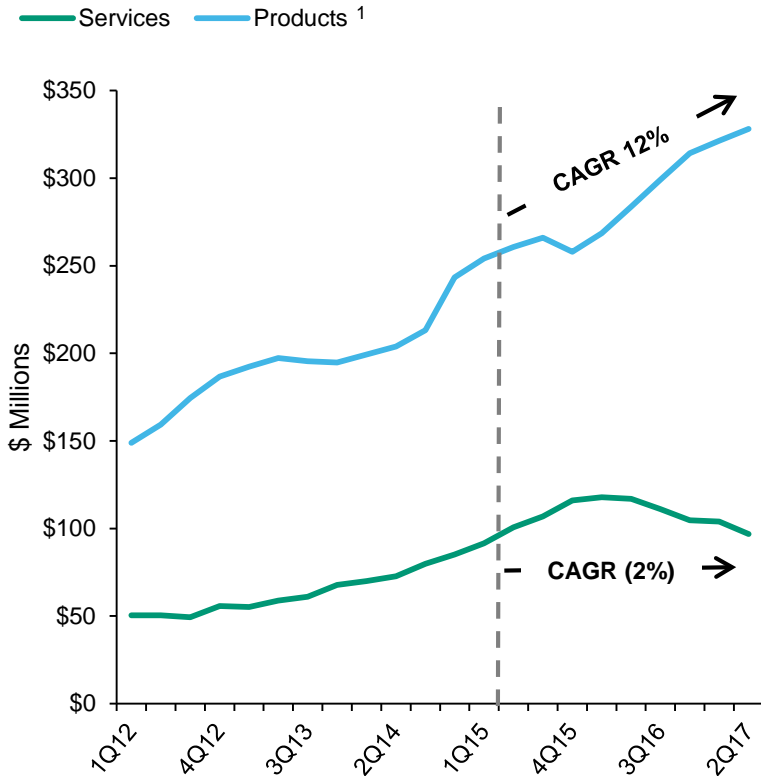
Asset Managers



Corporates

# ERS Business and Technology Drivers Shifting Mix to Higher Margin Product Sales

## ERS: TTM Revenue



<sup>1</sup> Products revenue include subscriptions, license and maintenance.

## Business Drivers

End user objectives are shifting to efficiency and business growth, while regulatory and accounting requirements continue to drive investment.



## Technology Drivers

New technologies are giving rise to changing client requirements and expectations, opportunities for innovation and new sources of growth.



# Professional Services: Extending the Brand Into New Markets and Deepening Customer Relationships

Knowledge Process Outsourcing	Certificates, Designations & Accreditations	Financial Services Training
<ul style="list-style-type: none"> <li>» Leading provider of research, analytics and business intelligence services that help global financial institutions improve processes, enhance profitability and drive revenues</li> <li>» Bespoke solutions delivered by client-dedicated analyst teams for over 150 clients</li> <li>» More than 2,600 employees, with client delivery centers in India, China, Sri Lanka and Costa Rica</li> </ul>	<ul style="list-style-type: none"> <li>» Exclusive provider of licensing courses and exams to meet regulatory standards set by the Investment Industry Regulatory Organization of Canada (IIROC)</li> <li>» Approved by Reserve Bank of India (RBI) to provide banking professionals with mandatory credit certifications</li> <li>» Partnered with National Institute of Securities Markets (NISM) to provide Indian securities professionals with advanced capital markets certifications</li> </ul>	<ul style="list-style-type: none"> <li>» Artificial Intelligence-powered scalable personalized learning solutions</li> <li>» Deliver targeted online training to address individual behavioral deficiencies</li> <li>» Focus on developing markets:               <ul style="list-style-type: none"> <li>- Africa</li> <li>- Asia</li> <li>- Middle East</li> </ul> </li> </ul>

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 cash flow conversion**
  - 2012 – 2016 revenue CAGR of 7%
  - 2012 – 2016 adjusted diluted EPS<sup>1</sup> CAGR of 13%
  - 2012 – 2016 free cash flow conversion rate of ~30%
- » **We are committed to returning capital to our shareholders**
  - 2012 – 2016 returned \$5.3 billion, or 110% of free cash flow, to shareholders via share repurchases and dividends
- » **We will selectively invest in strategic growth opportunities**
  - Leverage brand to extend our relevance in financial markets
  - Expand our product offerings and geographic influence

<sup>1</sup> Adjusted diluted EPS is an adjusted measure. See appendix for reconciliations from adjusted financial measures to GAAP.

# Moody's Awards

Moody's is the proud recipient of over 20 awards from publications around the world. Spanning both Moody's Investors Service and Moody's Analytics, this recognition helps expand Moody's position as a leader in the global capital markets and reflects the hard work and contributions of all our employees.

## Moody's Investors Service



Multi-award winner, including best rating agency categories: 2015-2017



Best Rating Agency: 2017



Multi-Award Winner, Including Best Ratings Agency: 2016-2017



#1 US Credit Rating Agency: 2012-2016



Best Credit Risk Solution Provider – RiskCalc™



Winner, 2012 Expectations category (2- and 3-Year Horizon)



Front-Line Customer Service Team of the Year - Financial Services Industries  
Award for Innovation in Customer Service - Financial Services Industries



#1 Enterprise-Wide Stress Testing  
#1 Risk Capital Calculation



Most Influential Credit Rating Agency: 2013-2016



#1 Asia Credit Rating Agency: 2012-2016



Australia's Rating Agency of the Year: 2014-2016



Best CLO Rating Agency: 2016



Recognized as a Top Solution Provider



Best Solvency II solution and Best ESG solution



Best Enterprise Learning Platform Implementation



Ranked #5 out of 100 Enterprise Stress Testing Category Winner  
Credit Risk Category Winner



Market Leadership Award, Islamic Financial Intelligence & Ratings: 2016  
Best Islamic Finance Rating Agency: 2015



#1 US Rating Agency: 2015-2016



#1 Economic Capital Calculation and Management, #1 Regulatory Capital Calculation and Management, and #1 Asset and Liability Management



Governance, Risk, Compliance & Security Category Winner



Ranked 22nd in the Overall Top 100 Rankings



#1 Risk Management Regulatory/Economic Capital Calculation

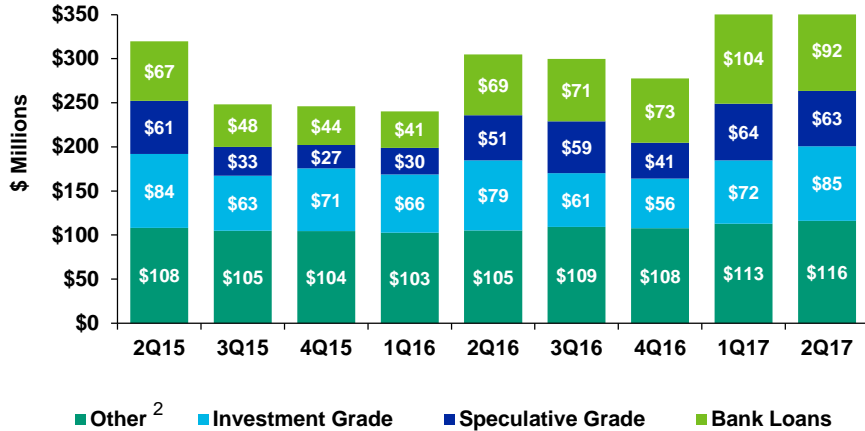
## Moody's Analytics

6

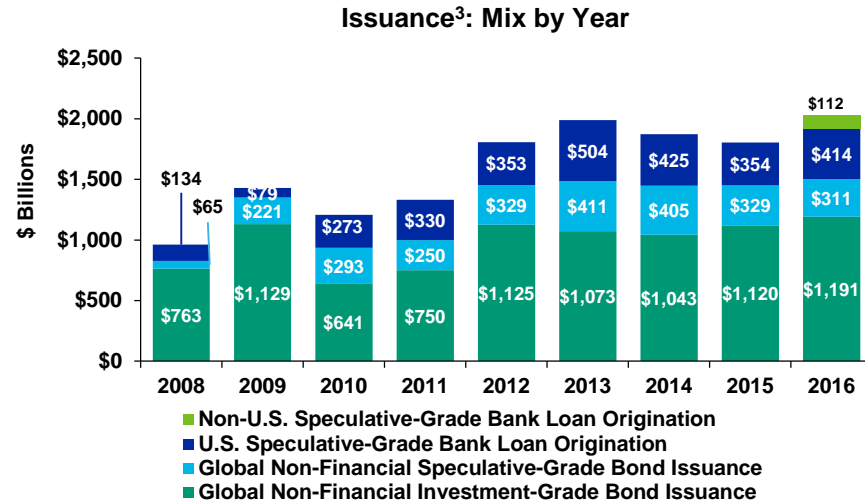
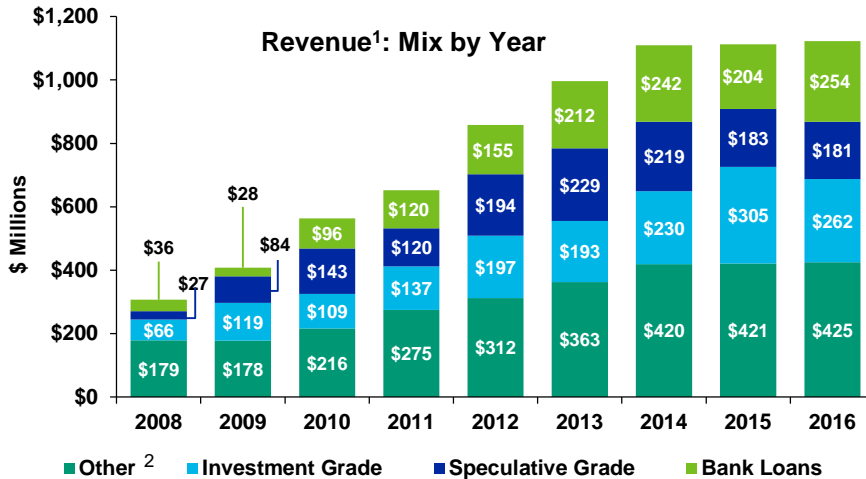
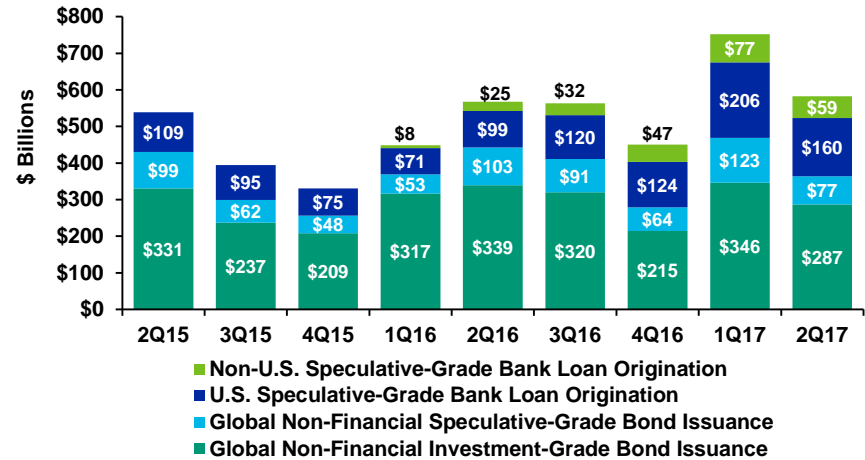
Appendix

# Corporate Finance: Revenue and Issuance

## Revenue<sup>1</sup>: Mix by Quarter



## Issuance<sup>3</sup>: Mix by Quarter



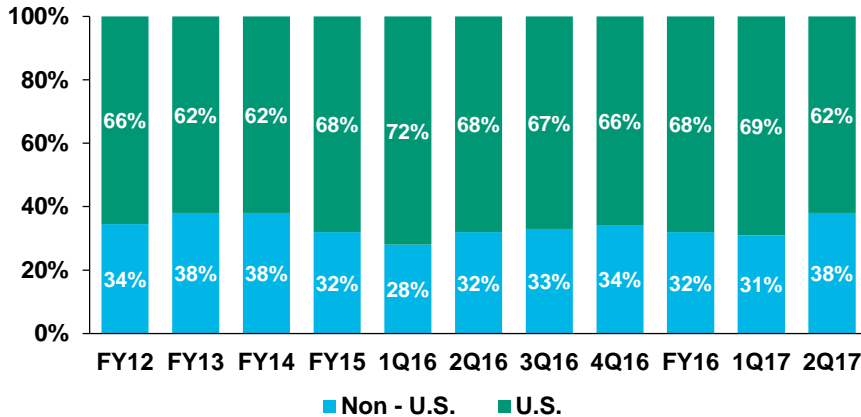
1 Historical data has been adjusted to conform with current information and excludes intercompany revenue.

2 Other includes: monitoring, commercial paper, medium term notes, and ICRA.

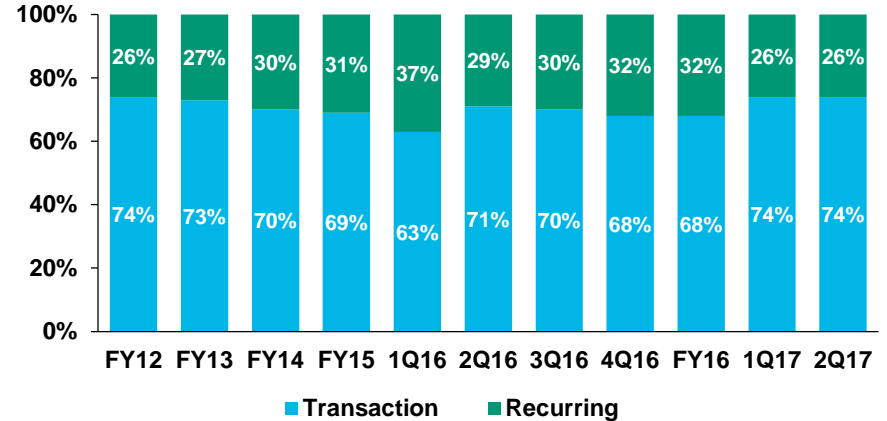
3 Sources: Moody's Analytics, Dealogic; U.S. and Non-U.S. Speculative-Grade Bank Loan Origination represent Moody's rated new bank loan programs. Non-U.S. Speculative-Grade Bank Loan Origination data available starting 2016. Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.

# Corporate Finance: Revenue Diversification

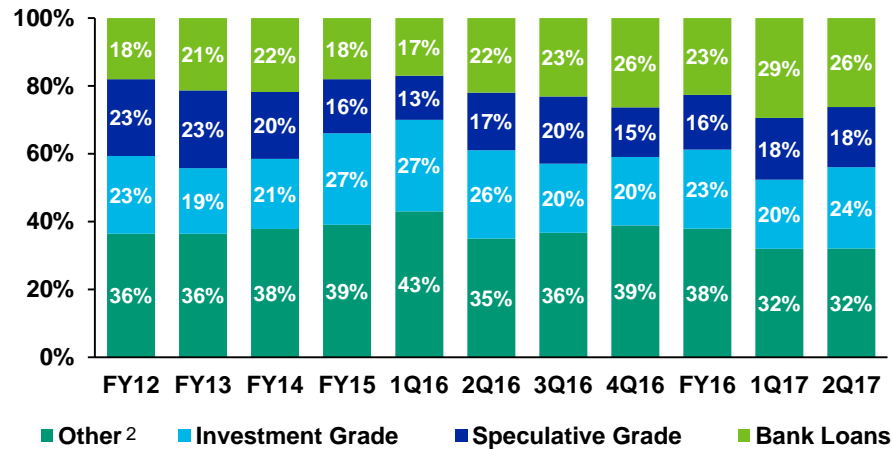
Revenue<sup>1</sup>: Distribution by Geography



Revenue<sup>1</sup>: Distribution by Recurring vs. Transaction



Revenue<sup>1</sup>: Distribution by Product



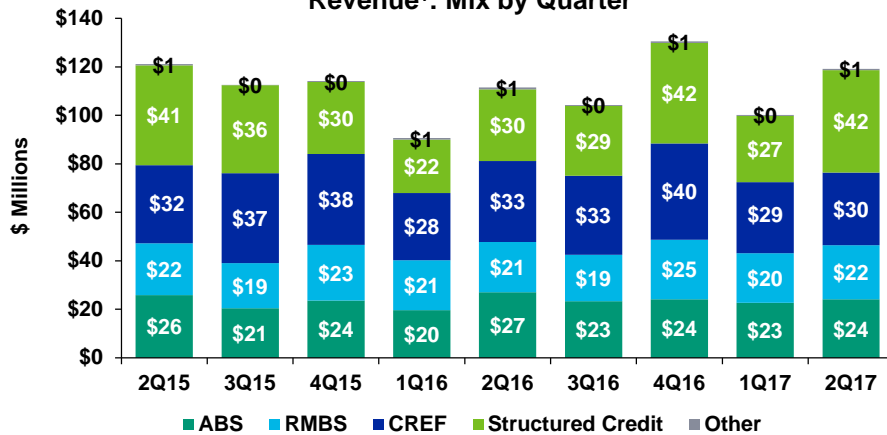
1 Historical data has been adjusted to conform with current information and excludes intercompany revenue.

2 Other includes: monitoring, commercial paper, medium term notes, and ICRA.

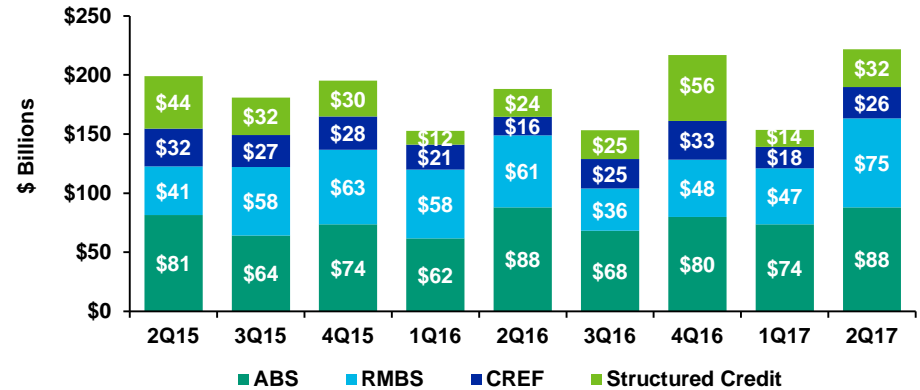
Percentages have been rounded and may not total to 100%.

# Structured Finance: Revenue and Issuance

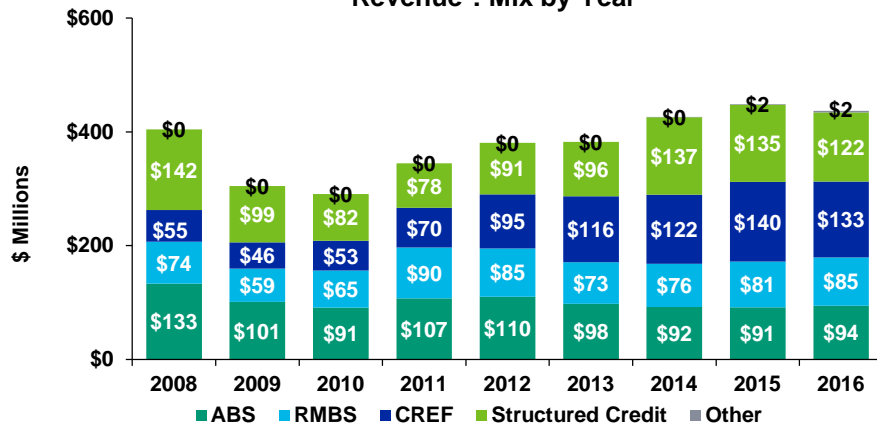
Revenue<sup>1</sup>: Mix by Quarter



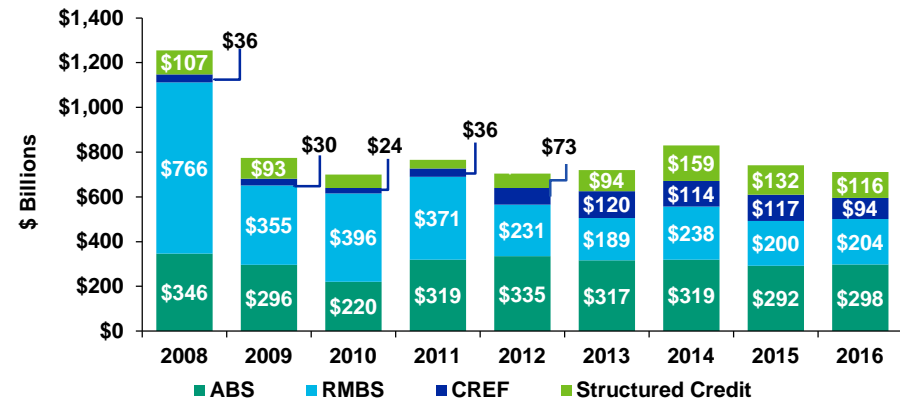
Issuance<sup>2</sup>: Mix by Quarter



Revenue<sup>1</sup>: Mix by Year



Issuance<sup>2</sup>: Mix by Year



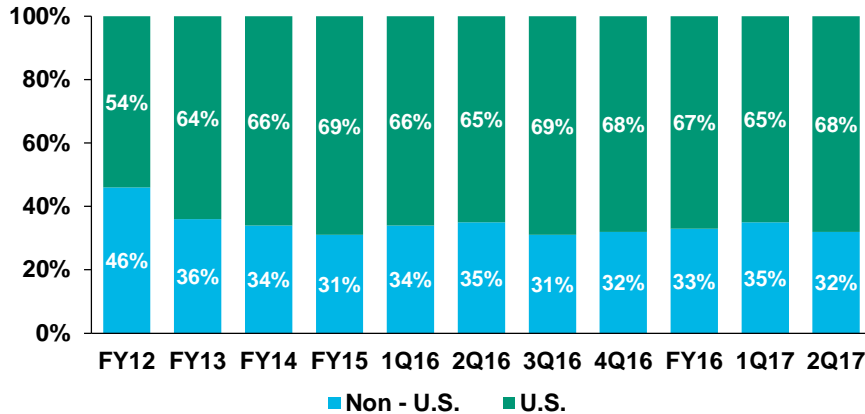
1 Historical data has been adjusted to conform with current information and excludes intercompany revenue.

2 Sources: AB Alert, CM Alert, Moody's Corporation. Debt issuance categories do not directly correspond to Moody's revenue categorization.

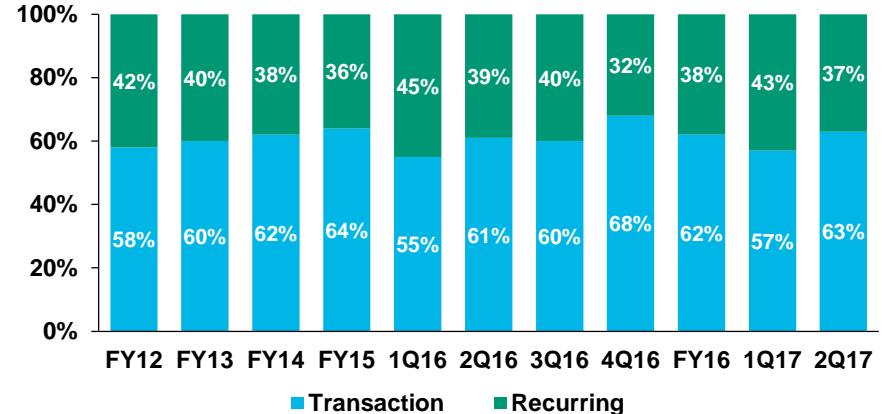
Notes: ABS (Asset Backed Securitization) includes asset-backed commercial paper and long-term asset-backed securities. RMBS (Residential Mortgage Backed Securitization) includes covered bonds. CREF (Commercial Real Estate Finance) includes commercial mortgage-backed securities, real estate finance, commercial real estate CDOs, and real estate investment trusts (REITs). Structured Credit includes CLOs and CDOs.

# Structured Finance: Revenue Diversification

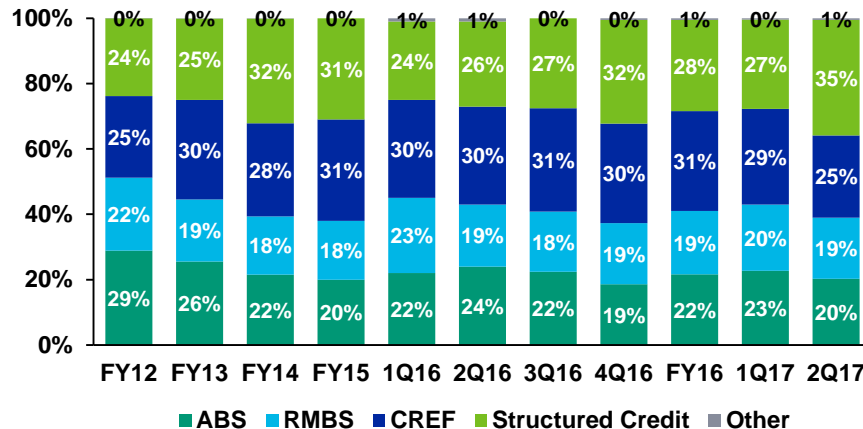
Revenue<sup>1</sup>: Distribution by Geography



Revenue<sup>1</sup>: Distribution by Recurring vs. Transaction



Revenue<sup>1</sup>: Distribution by Product



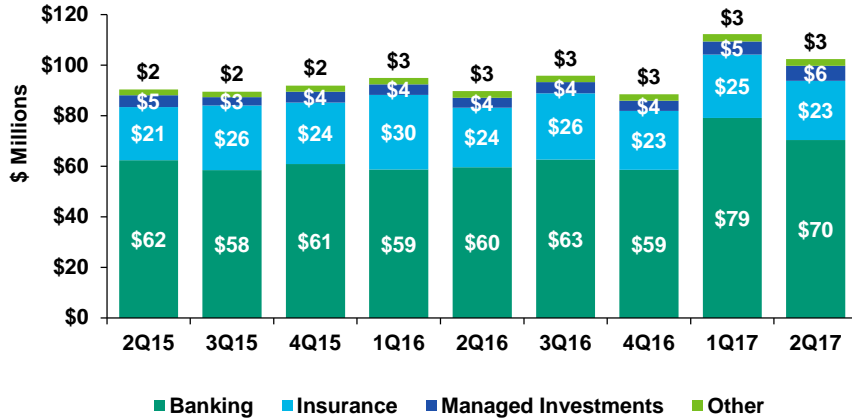
<sup>1</sup> Historical data has been adjusted to conform with current information and excludes intercompany revenue.

Percentages have been rounded and may not total to 100%.

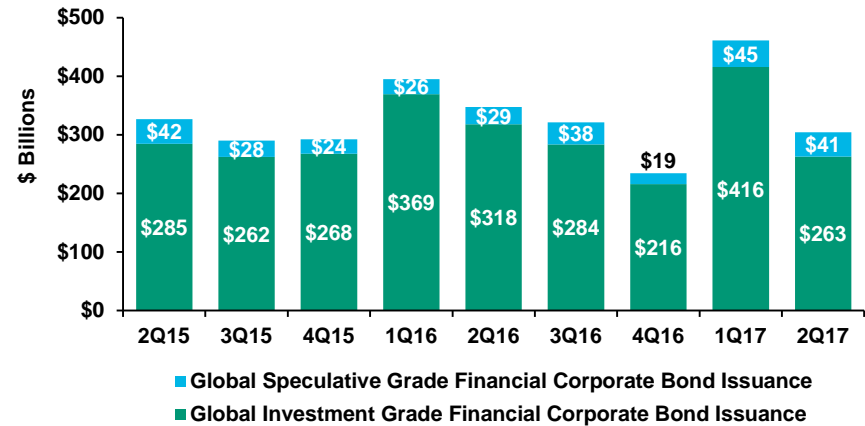
Notes: ABS (Asset Backed Securitization) includes asset-backed commercial paper and long-term asset-backed securities. RMBS (Residential Mortgage Backed Securitization) includes covered bonds. CREF (Commercial Real Estate Finance) includes commercial mortgage-backed securities, real estate finance, commercial real estate CDOs, and real estate investment trusts (REITs). Structured Credit includes CLOs and CDOs.

# Financial Institutions: Revenue and Issuance

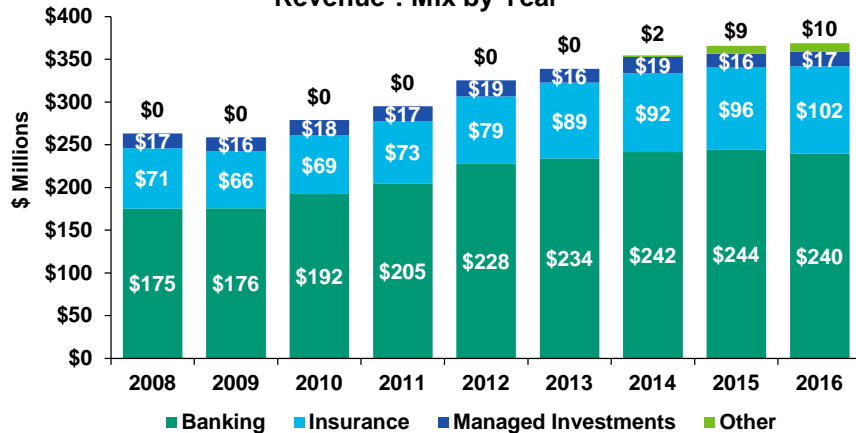
Revenue<sup>1</sup>: Mix by Quarter



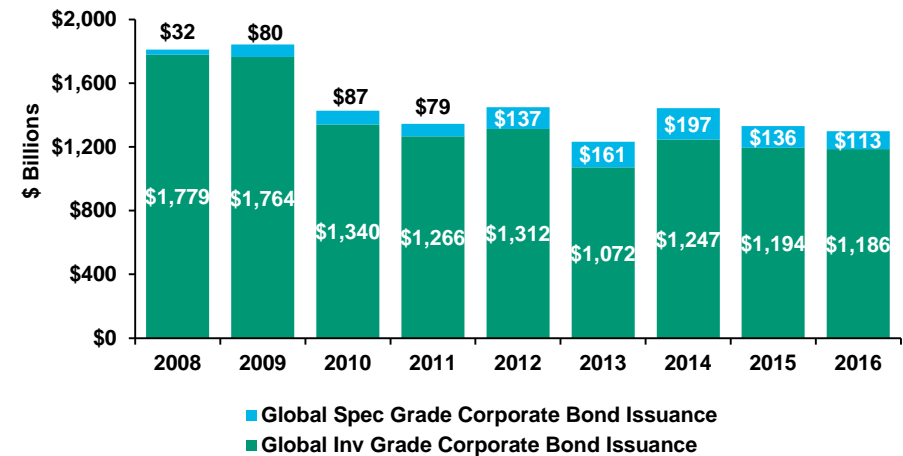
Issuance<sup>2</sup>: Mix by Quarter



Revenue<sup>1</sup>: Mix by Year



Issuance<sup>2</sup>: Mix by Year

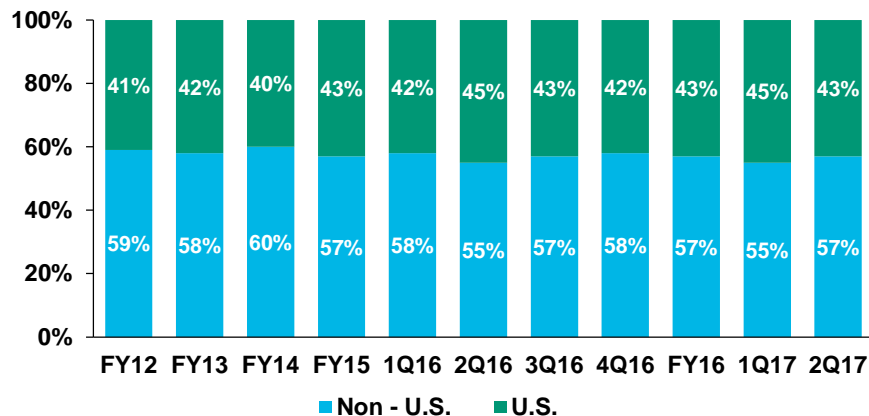


1 Historical data has been adjusted to conform with current information and excludes intercompany revenue.

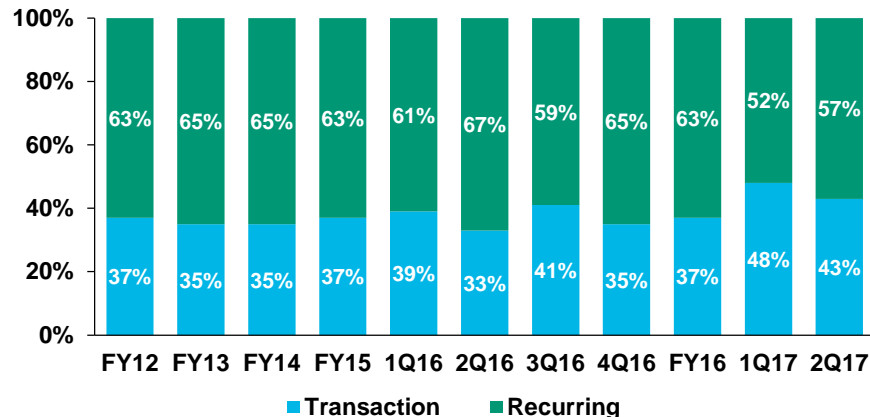
2 Sources: Moody's Analytics, Dealogic. Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.

# Financial Institutions: Revenue Diversification

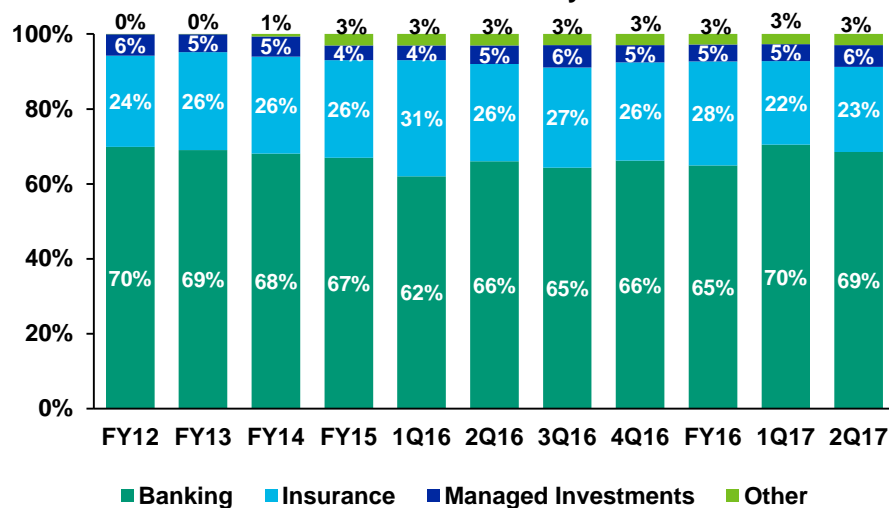
Revenue<sup>1</sup>: Distribution by Geography



Revenue<sup>1</sup>: Distribution by Recurring vs. Transaction



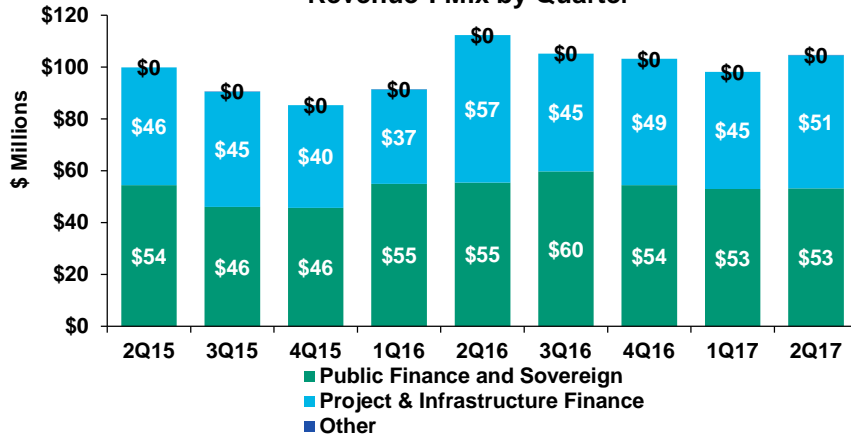
Revenue<sup>1</sup>: Distribution by Product



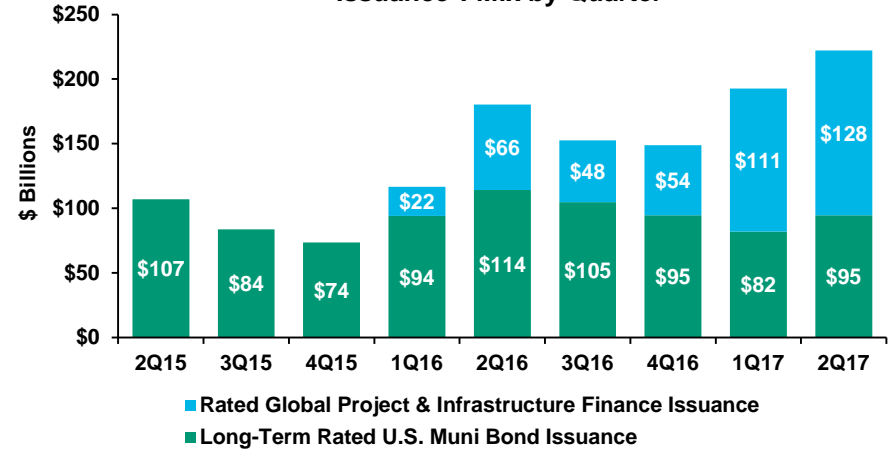
<sup>1</sup> Historical data has been adjusted to conform with current information and excludes intercompany revenue. Percentages have been rounded and may not total to 100%.

# Public, Project and Infrastructure: Revenue and Issuance

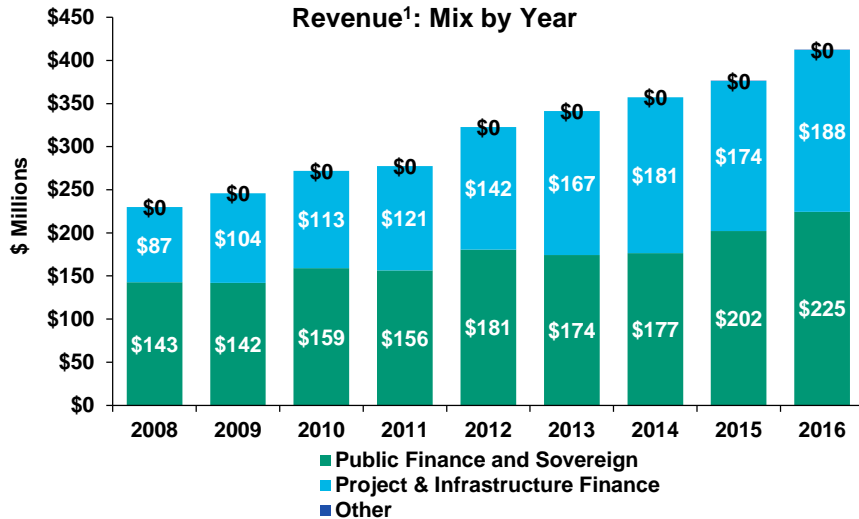
Revenue<sup>1</sup>: Mix by Quarter



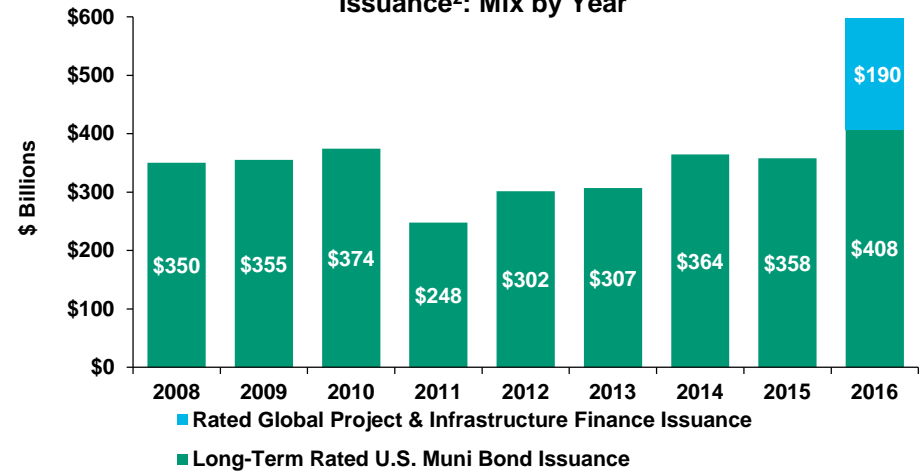
Issuance<sup>2</sup>: Mix by Quarter



Revenue<sup>1</sup>: Mix by Year



Issuance<sup>2</sup>: Mix by Year



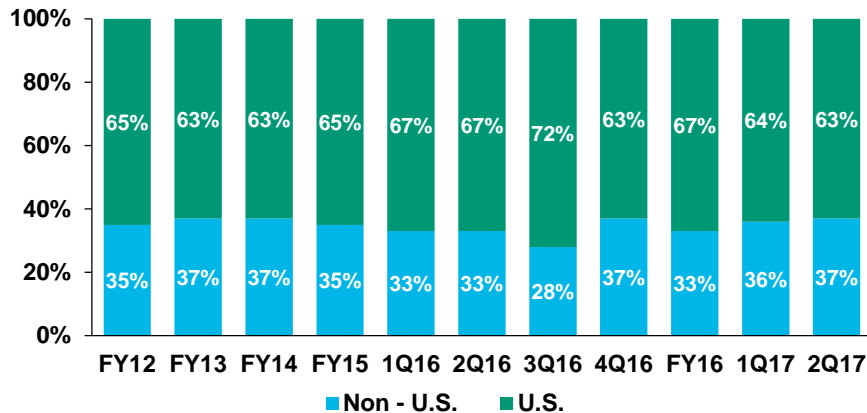
1 Historical data has been adjusted to conform with current information and excludes intercompany revenue.

2 Global Rated Project & Infrastructure Finance available starting in 2016 and represents Moody's rated issuance.

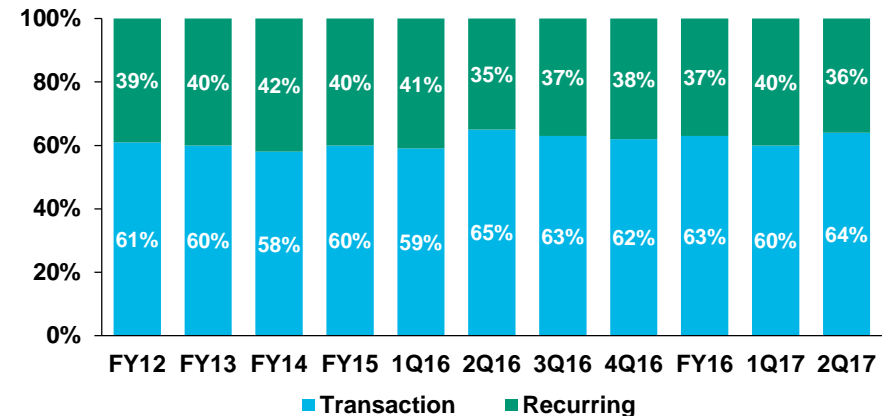
Sources: Thomson SDC, Moody's Corporation. Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.

# Public, Project and Infrastructure: Revenue Diversification

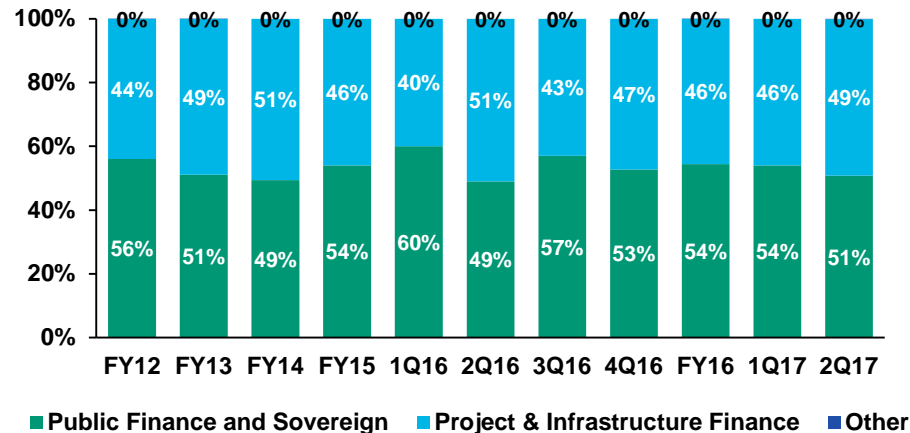
Revenue<sup>1</sup>: Distribution by Geography



Revenue<sup>1</sup>: Distribution by Recurring vs. Transaction

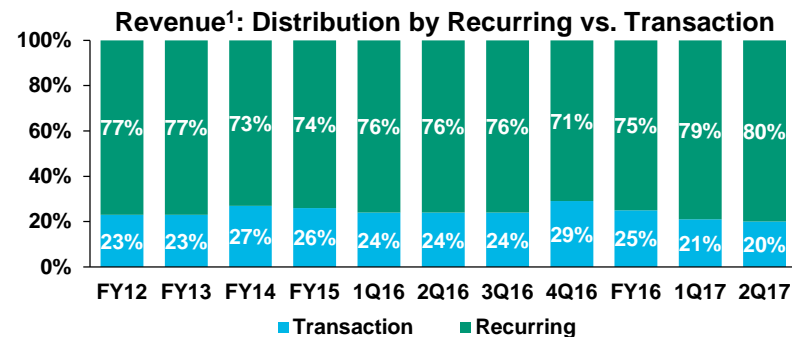
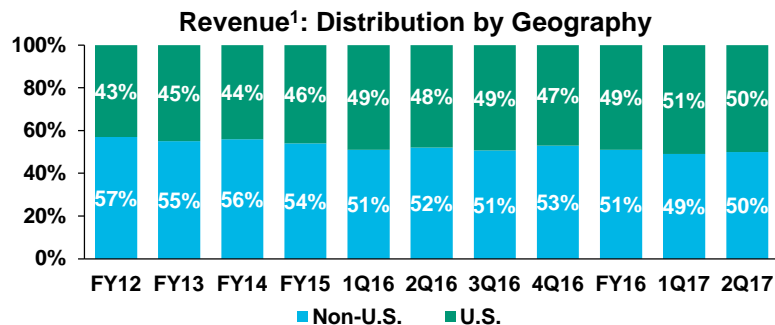
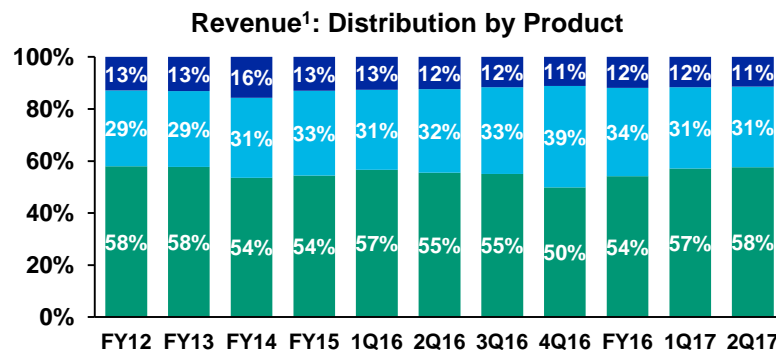
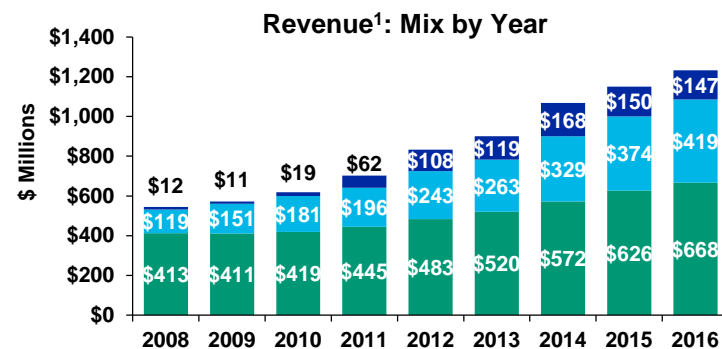
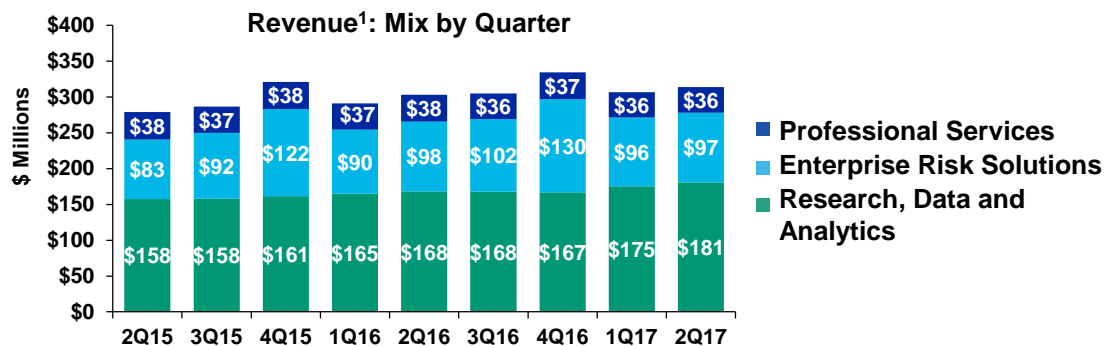


Revenue<sup>1</sup>: Distribution by Product



<sup>1</sup> Historical data has been adjusted to conform with current information and excludes intercompany revenue. Percentages have been rounded and may not total to 100%.

# Moody's Analytics: Financial Overview



<sup>1</sup> Historical data has been adjusted to conform with current information and excludes intercompany revenue. Percentages have been rounded and may not total to 100%.

# Moody's Corporate Speculative Grade Credit Cycle Gauge

	North America				Europe			
	Latest Metric	1-Year Ago	Long-Term Average <sup>1</sup>	Record Worst	Latest Metric	1-Year Ago	Long-Term Average <sup>2</sup>	Record Worst
Liquidity Stress Index	4.2%	9.3%	6.8%	20.8%	8.8%	11.1%	12.2%	18.5%
B3-Neg / Lower	228	283	193	291	52	56	40	60
% B3-Neg / Lower	16%	20%	15%	26%	11.9%	13.0%	11.9%	17.2%
3-Year Refunding Index	3.9x	3.5x	6.3x	1.5x	N/A	N/A	N/A	N/A
Downgrade / Upgrade Ratio <sup>3</sup>	1.4x	1.8x	3.6x	11.7x	1.0x	0.9x	2.1x	20.5x
Covenant Quality Score	4.27	4.32	4.03	4.52	3.59	3.53	3.47	4.85
Default Rate (forecast)	2.7%	3.9%	4.7%	15.0%	1.8%	2.8%	3.8%	13.0%



1 North America long-term average: LSI: from 2002, B3-Neg: from 2007, Refunding: from 2007, Downgrade / Update Ratio: from 2008, CQ score: from 2011, Default rate: from 1990.

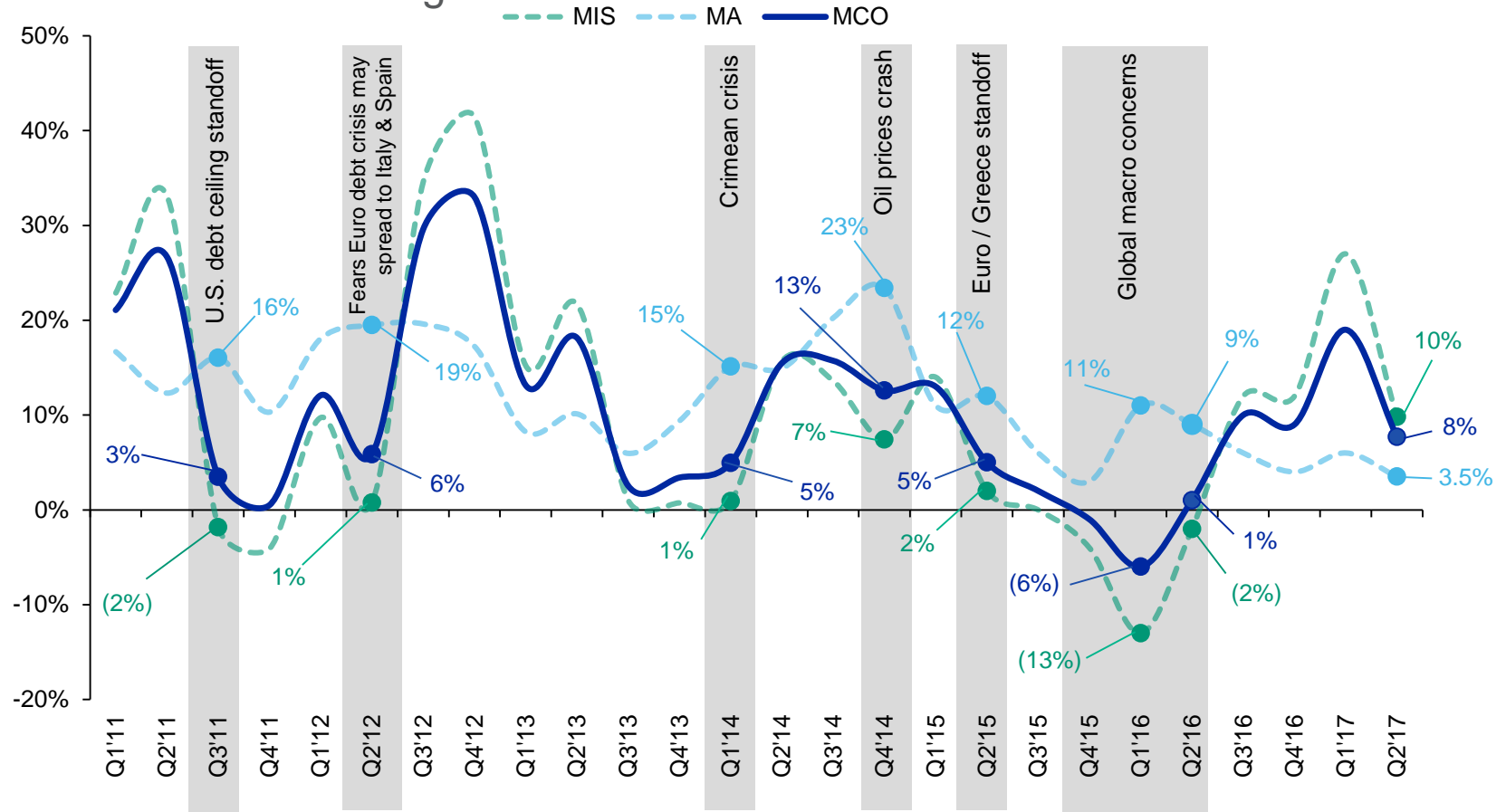
2 Europe long-term average: LSI: from 2012, CQ Score: from 2011, B3-Neg: from 2010, Downgrade / Update Ratio: from 2009, Default rate: from 1999.

3 For North America, trailing twelve months (TTM) ended May 31, 2017. For Europe, trailing twelve months (TTM) ended June 30, 2017.

Source: Moody's Investors Service.

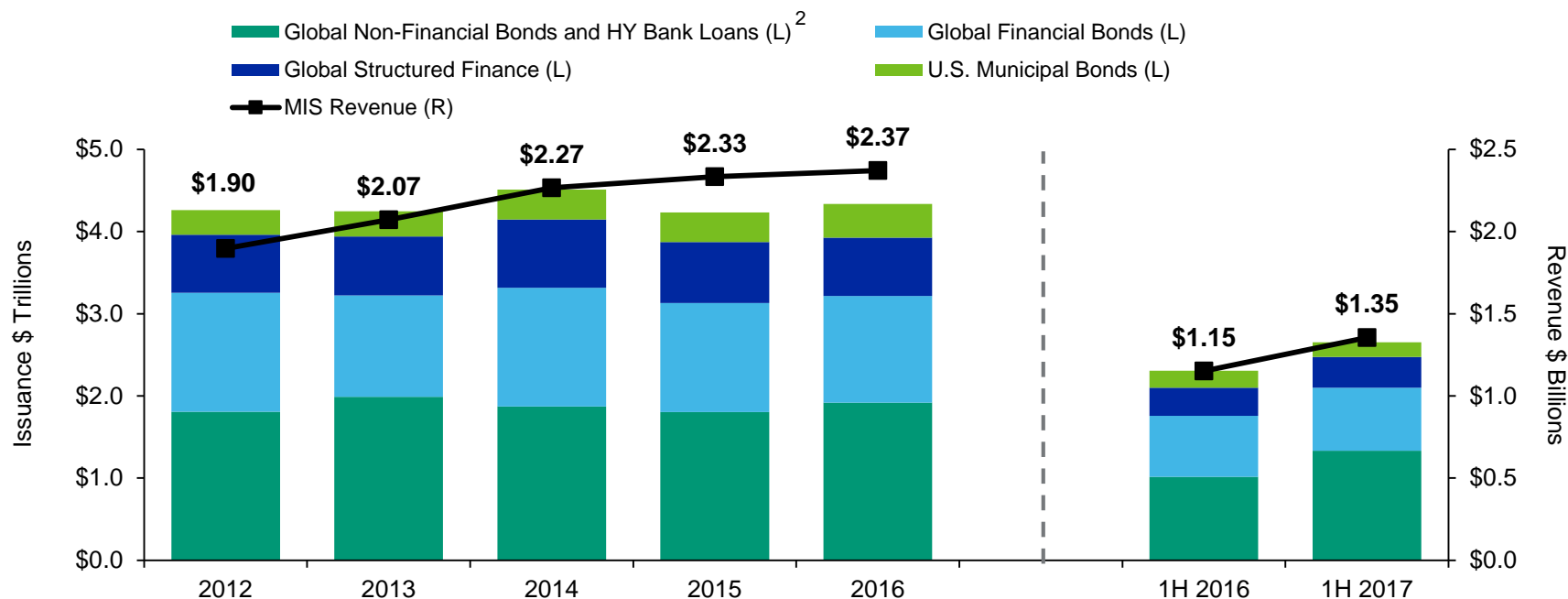
# Revenue Growth by Quarter: MCO, MIS and MA

Year-over-Year % Change



# MIS Revenue vs. Rated Issuance<sup>1</sup>

Year-over-Year Percent Change	2012	2013	2014	2015	2016	2012-2016 CAGR	1H 2017
Issuance	16%	0%	6%	-6%	2%	3%	15%
Revenue	20%	9%	9%	3%	2%	6%	18%



- » In addition to issuance activity levels, MIS revenue is impacted by (i) the mix of issuance activity, (ii) pricing and (iii) growth in monitored credits

<sup>1</sup> Rated global investment grade bonds, global high yield bonds, high yield bank loans, global structured finance, and U.S. municipal issuance.

<sup>2</sup> Annual HY bank loan data includes U.S. rated issuance only. 1H 2016 and 1H 2017 data includes U.S. and Non-U.S. rated issuance. Non-U.S. HY bank loan data available starting in 2016.

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

# Moody's Global Presence



## Americas

Argentina  
 Brazil  
 Canada  
 Mexico  
 Panama  
 Peru  
 United States

## Europe, Middle East & Africa

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

## Asia-Pacific

Australia  
 China  
 Hong Kong  
 India  
 Japan  
 Korea  
 Nepal  
 Singapore  
 Sri Lanka



1 As of June 30, 2017.

2 As of June 30, 2016.

# Reconciliation of Adjusted Financial Measures to GAAP

## Adjusted Operating Income and Adjusted Operating Margin Reconciliation

(in \$ millions)	2012	2013	2014	2015	2016	TTM 2Q 2017 <sup>1</sup>
As Reported Operating Income	\$1,077.4	\$1,234.6	\$1,439.1	\$1,473.4	\$638.7	\$825.3
Operating Margin	39.5%	41.5%	43.2%	42.3%	17.7%	21.5%
<b>Add Adjustment:</b>						
Depreciation & Amortization	93.5	93.4	95.6	113.5	126.7	131.0
Restructuring	-	-	-	-	12.0	8.4
Goodwill Impairment Charge	12.2	-	-	-	-	-
Settlement Charge	-	-	-	-	863.8	863.8
Adjusted Operating Income	<u>\$1,183.1</u>	<u>\$1,328.0</u>	<u>\$1,534.7</u>	<u>\$1,586.9</u>	<u>\$1,641.2</u>	<u>\$1,828.5</u>
Adjusted Operating Margin	<u>43.3%</u>	<u>44.7%</u>	<u>46.0%</u>	<u>45.5%</u>	<u>45.5%</u>	<u>47.7%</u>

## Moody's Corporation Operating Margin Guidance Reconciliation

	2017F <sup>2</sup>
Projected Operating Margin - GAAP	Approximately 43%
Projected impact from Depreciation & Amortization	Approximately 3%
Projected impact from Acquisition-Related Expenses	Approximately 1%
Projected Adjusted Operating Margin	<u>Approximately 47%</u>

## Moody's Corporation Free Cash Flow Guidance Reconciliation

(in \$ millions)	2017F <sup>2</sup>
Cash Flow from Operations	Approximately \$600 million
Less Capital Expenditures	<u>Approximately \$100 million</u>
Free Cash Flow	<u>Approximately \$500 million</u>

<sup>1</sup> Trailing twelve months (TTM) ended June 30, 2017.

<sup>2</sup> Guidance as of July 21, 2017. This guidance does not include revenue and operating expense estimates related to the pending acquisition of Bureau van Dijk.

# Reconciliation of Adjusted Financial Measures to GAAP (cont.)

## Moody's Corporation Adjusted Operating Expense Reconciliation

	2017F <sup>1</sup>
Operating Expense Guidance	Decreased in the 25% to 30% range <i>Impact of 2016 settlement and restructuring charge</i> <i>Impact of 2017 acquisition-related expenses</i>
Adjusted Operating Expense Guidance	<u>Increase in the mid-single-digit percent range</u>

## Moody's Corporation Diluted EPS Reconciliation

	2012	2013	2014	2015	2016	2017F <sup>1</sup>
Diluted EPS - GAAP	\$3.05	\$3.60	\$4.61	\$4.63	\$1.36	\$5.69 - \$5.84
Legacy Tax	(0.06)	(0.09)	(0.03)	(0.03)	-	-
Impact of Litigation Settlement	-	0.14	-	-	\$3.59	-
ICRA Gain	-	-	(0.37)	-	-	-
FX Gain due to Subsidiary Liquidation	-	-	-	-	(\$0.18)	-
Restructuring	-	-	-	-	\$0.04	-
CCXI Gain	-	-	-	-	-	(\$0.31)
Acquisition-Related Expenses	-	-	-	-	-	\$0.10
Purchase Price Hedge Gain	-	-	-	-	-	(\$0.13)
Adjusted Diluted EPS	\$2.99	\$3.65	\$4.21	\$4.60	\$4.81	\$5.35 - \$5.35

<sup>1</sup> Guidance as of July 21, 2017. This guidance does not include revenue and operating expense estimates related to the pending acquisition of Bureau van Dijk.  
Note: Table may not sum to total due to rounding.

# Reconciliation of Adjusted Financial Measures to GAAP (cont.)

## Moody's Corporation EBITDA Reconciliation

(\$ Millions)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	TTM 2Q 2017 <sup>1</sup>
Net Income attributable to Moody's	\$753.9	\$701.5	\$457.6	\$402.0	\$507.8	\$571.4	\$690.0	\$804.5	\$988.7	\$941.3	\$266.6	\$484.5
Provision for Income Taxes	\$506.6	\$415.0	\$268.2	\$239.1	\$201.0	\$261.8	\$324.3	\$353.4	\$455.0	\$430.0	\$282.2	\$326.2
Interest Expense, Net	(\$3.0)	\$24.3	\$52.2	\$33.4	\$52.5	\$62.1	\$63.8	\$91.8	\$116.8	\$115.1	\$137.8	\$156.8
Depreciation & Amortization	\$39.5	\$42.9	\$75.1	\$64.1	\$66.3	\$79.2	\$93.5	\$93.4	\$95.6	\$113.5	\$126.7	\$131.0
EBITDA	\$1,297.0	\$1,183.7	\$853.1	\$738.6	\$827.6	\$974.5	\$1,171.6	\$1,343.1	\$1,656.1	\$1,599.9	\$813.3	\$1,098.5
Net Settlement <sup>2</sup>	-	-	-	-	-	-	-	-	-	-	\$700.7	\$700.7
Net Restructuring <sup>3</sup>	-	\$29.9	(\$1.6)	\$10.9	-	-	-	-	-	-	\$8.2	\$5.7
Adjusted EBITDA	\$1,297.0	\$1,213.6	\$851.5	\$749.5	\$827.6	\$974.5	\$1,171.6	\$1,343.1	\$1,656.1	\$1,599.9	\$1,522.2	\$1,804.9

<sup>1</sup> Trailing twelve months (TTM) ended June 30, 2017.

<sup>2</sup> Net of \$163.1m tax on settlement charge.

<sup>3</sup> Net of \$20.1m, (\$0.9m), \$6.6m, \$3.9m and \$2.8m tax on restructuring charges for full-years 2007, 2008, 2009, 2016 and TTM 2Q 2017, respectively.

Note: Table may not sum to total due to rounding.

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