Moody's Corporation Reports Third Quarter Revenues of $152.5 million, up 9.5%; Moody's Marks Record Revenue Quarter

NEW YORK--Oct. 18, 2000--Moody's Corporation (NYSE:MCO) today announced third-quarter revenue of $152.5 million, compared to $139.3 million in the same period of 1999, a 9.5% increase. This marks a record quarter for Moody's revenue.

Third quarter 2000 operating income of $72.9 million was up 9.5% from $66.6 million in the same period of 1999. Net income of $40.5 million grew 9.2% over $37.1 million for the same period of 1999, excluding the $5.1 million after-tax gain on the sale of the company's financial information services business (FIS) that was reported in the third quarter of 1999.

Diluted earnings per share for the third quarter of 2000 were $0.25 compared with $0.26 for the third quarter of 1999. Excluding the $0.03 per share impact of the 1999 gain on the sale of FIS, third quarter 2000 diluted earnings per share grew 8.7% over the same period of 1999.

Third quarter revenue reflected 5.0% growth in U.S. revenue to $108.3 million, and 22.1% growth in international revenue to $44.2 million.

The U.S. revenue reflected 3% growth in ratings revenue for the quarter. Strong growth in asset-backed finance, credit derivatives, and bank loan ratings was partially offset by the effects of lower issuance volumes in the high yield, public finance, and commercial mortgage-backed sectors. Strong revenue growth was also achieved in risk management services which benefited from the acquisition of a financial software products company in January, 2000.

International revenue reflected 16% growth in ratings due to strong gains in structured finance in Europe and Japan, as well as double digit growth in opinion research products and risk management services, which benefited from the above mentioned acquisition. For the third quarter, international revenue represented 29% of total Moody's revenue.

Year-to-Date Results

Revenue for the first nine months of 2000 was $441.2 million, an increase 4.1% from $423.8 million for the first nine months of 1999.

Year-to-date revenue reflected a 3.5% decline in the U.S. to $311.5 million, as rating revenue declined by 6% over the prior year. The effects of declines in the number of debt issues in the corporate and public finance sectors was partially offset by strong growth in asset-backed finance and bank loan ratings. Double digit growth was achieved in opinion products and in risk management services.

International revenue of $129.7 million grew 28.4% over the first nine months of 1999. The strong gain principally reflected 25% growth in ratings revenue driven by increased European corporate issuance volumes, and strong growth in structured finance ratings in Europe and Japan. For the year to date, international revenue represented 29% of the Moody's total.

Operating income of $211.5 million for the first nine months of 2000 was up 5.0% from $201.5 million in 1999. Net income was $118.1 million for the first nine months of 2000 compared with $117.4 million in 1999. Excluding the impact of the 1999 gain on the sale of FIS, year to date 2000 net income increased 5.2% over $112.3 million in 1999.

Diluted earnings per share for the first nine months of 2000 were $0.72, compared with $0.71 for the same period of 1999. Excluding the gain on the sale of FIS, diluted earnings per share for the first nine months of 2000 grew 5.9%, over the same period of 1999.

Completion of Financing Transactions

Moody's Corporation has completed its financing arrangements in connection with the spin-off from The Dun & Bradstreet Corporation. A $300 million private placement of senior debt was completed on October 3, 2000. The five year notes were priced at 160 basis points over the then five year Treasury rate and bear an interest rate of 7.61%. Approximately $195 million of the proceeds were used to repay bank debt that had been allocated to Moody's at the spin date.

The remainder of the proceeds are expected to principally be used, together with other funds, for the $250 million share repurchase program announced today. In connection with the spin-off, Moody's also obtained $160 million of bank credit facilities, which are currently undrawn.

Full Year and Long-Term Outlook

Moody's still expects to achieve mid-single digit revenue and operating income growth for the full year 2000. Long-term, the company is still targeting low-teens revenue and operating income growth and mid-teens earnings per share growth.

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This release, including the section captioned "Full Year and Long-Term Outlook" contains information about future expectations, plans and prospects for Moody's business and operations that constitute forward-looking statements. The forward-looking statements are made as of the date of this release, and management disclaims any duty to update or revise such statements on a going-forward basis. Actual results may differ from those indicated by these forward-looking statements, perhaps materially, as a result of a variety of factors. Those factors include, but are not limited to, the uncertainty regarding market acceptance and revenue generating opportunities for web-based research products; possible loss of market share through competition; introduction of competing products or technologies by other companies; pricing pressures from competitors and/or customers; the potential emergence of government-sponsored credit rating agencies; the outcome of any review by controlling tax authorities of the company's g

lobal tax planning initiatives; changes in the volume of debt securities issued in domestic and/or global capital markets; the possible loss of key employees to investment or commercial banks or elsewhere; compliance with covenants in financing agreements; the inability to obtain future financing on satisfactory terms; changes in interest rates and other volatility in the financial markets; and proposed U.S., foreign, state and local legislation and regulations, including those relating to nationally recognized statistical rating organizations and other factors as discussed in The New D&B Corporation Form 10 (Amendment No. 3) filed on September 14, 2000 with the Securities and Exchange Commission.

Moody's Corporation

Consolidated Statements of Operations (unaudited)