



Moody's Corporation Raises Full-Year 2014 Guidance

Company Release - 09/30/2014 07:00

- Raising FY 2014 non-GAAP EPS guidance range to \$3.95 to \$4.05

NEW YORK--(BUSINESS WIRE)-- Moody's Corporation (NYSE:MCO) today announced new full-year 2014 guidance. Full-year 2014 non-GAAP EPS guidance is now in the range of \$3.95 to \$4.05, which excludes a \$0.36 gain resulting from Moody's acquisition of a controlling interest in ICRA Ltd. in the second quarter of 2014. Moody's non-GAAP EPS guidance includes costs related to our acquisitions of WebEquity and a majority stake in ICRA. Non-GAAP EPS guidance now also includes costs related to our acquisition of the remaining outstanding shares of Copal Amba, which Moody's expects to finalize in the fourth quarter of 2014. Full-year 2014 total share repurchases are now expected to be up to \$1.25 billion, subject to available cash, market conditions and other ongoing capital allocation decisions.

Certain components of Moody's 2014 revenue guidance have been modified to reflect the Company's current view of business conditions. While global Moody's Investors Service ("MIS") revenue for full-year 2014 is still expected to increase in the high-single-digit percent range, U.S. and non-U.S. MIS revenues are now expected to increase in the high-single-digit percent range and low-double-digit percent range, respectively. MIS financial institutions ratings revenue is now expected to grow in the mid-single-digit percent range.

A full summary of Moody's guidance as of September 30, 2014 is included in the table at the end of this press release. Moody's outlook for 2014 is based on assumptions about many macroeconomic and capital market factors, including interest rates, corporate profitability and business investment spending, merger and acquisition activity, consumer borrowing and securitization, and the amount of debt issued. There is an important degree of uncertainty surrounding these assumptions, and, if actual conditions differ, Moody's results for the year may differ materially from the current outlook. Our guidance assumes foreign currency translation at end-of-quarter exchange rates.

Moody's is holding its 2014 Investor Day conference today in New York City.

The event will start at 8:00 a.m. Eastern Time and is expected to conclude at 1:00 p.m. The event will feature presentations from Moody's management team and showcase important aspects of the business. A copy of the presentations will be posted on Moody's Investor Relations website, <http://ir.moody.com>, at the start of the event.

In-person attendance is by invitation only; however, the event will be webcast live and can be accessed on Moody's Investor Relations website at <http://ir.moody.com>. The event will also be accessible through a live conference call. Individuals within the U.S. and Canada can access the call by dialing 1-855-309-1713 toll-free. Other callers should dial 804-419-7747. Please dial into the call by 7:50 a.m. Eastern Time. The participant access code for the call is 92606323.

An on-demand replay of the event will be available on Moody's Investor Relations website, <http://ir.moody.com>, until 11:59 p.m. Eastern Time, December 24, 2014.

ABOUT MOODY'S CORPORATION

Moody's is an essential component of the global capital markets, providing credit ratings, research, tools and analysis that contribute to transparent and integrated financial markets. Moody's Corporation (NYSE: MCO) is the parent company of Moody's Investors Service, which provides credit ratings and research covering debt instruments and securities, and Moody's Analytics, which offers leading-edge software, advisory services and research for credit and economic analysis and financial risk management. The Corporation, which reported revenue of \$3.0 billion in 2013, employs approximately 9,500 people worldwide and maintains a presence in 33 countries. Further information is available at www.moody.com.

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

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. Moody's outlook for 2014 and other forward-looking statements in this release are made as of September 30, 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 credit 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 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.

Non-GAAP diluted earnings per share attributable to Moody's common shareholders:

The Company presents this non-GAAP measure to exclude the impact of the ICRA Gain in the second quarter of 2014 to allow for a more meaningful comparison of Moody's diluted earnings per share from period to period. Below is a reconciliation of this measure to its most directly comparable U.S. GAAP amount:

Projected full-year ended

December 31,
2014

Diluted EPS guidance - GAAP	\$ 4.31 - 4.41
ICRA Gain	(0.36)
Diluted EPS guidance - Non-GAAP	<u>\$ 3.95 - 4.05</u>

2014 Outlook

Moody's outlook for 2014 is based on assumptions about many macroeconomic and capital market factors, including interest rates, corporate profitability and business investment spending, merger and acquisition activity, consumer borrowing and securitization, and the amount of debt issued. There is an important degree of uncertainty surrounding these assumptions, and, if actual conditions differ, Moody's results for the year may differ materially from the current outlook. The Company's guidance, which is presented in the table below, assumes foreign currency translation at end-of-quarter exchange rates.

Full-year 2014 Moody's Corporation guidance

MOODY'S CORPORATION	Current guidance as of September 30, 2014	Last publicly disclosed guidance as of July 31, 2014
Revenue	growth in the low-double-digit percent range	NC
Operating expenses	growth in the high-single-digit percent range	NC
Growth in compliance and regulatory expense	Less than \$5 million	NC
Depreciation & amortization	Approximately \$100 million	NC
Operating margin	42% to 43%	NC
Adjusted operating margin	45% to 46%	NC
Effective tax rate	Approximately 33%	NC
Non-GAAP EPS	\$3.95 to \$4.05	\$3.90 to \$4.00
Capital expenditures	Approximately \$90 million	NC
Free cash flow	Approximately \$900 million	NC
Share repurchases	Up to \$1.25 billion (subject to available cash, market conditions and other ongoing capital allocation decisions)	Approximately \$1 billion (subject to available cash, market conditions and other ongoing capital allocation decisions)

Full-year 2014 revenue guidance

MOODY'S INVESTORS SERVICE	Current guidance as of September 30, 2014	Last publicly disclosed guidance as of July 31, 2014
MIS global	growth in the high-single-digit percent range	NC
MIS U.S.	growth in the high-single-digit percent range	growth in the mid-single-digit percent range
MIS Non-U.S.	growth in the low-double-digit percent range	growth in the low-teens percent range
Corporate finance	growth in the low-double-digit percent range	NC
Structured finance	growth of approximately 10%	NC
Financial institutions	growth in the mid-single-digit percent range	growth in the low-single-digit percent range
Public, project and infrastructure finance	growth in the high-single-digit percent range	NC
ICRA Ltd.*	Approximately \$12 million	NC
MOODY'S ANALYTICS		
MA global	growth in the mid-teens percent range	NC
MA U.S.	growth in the low-double-digit percent range	NC
MA Non-U.S.	growth in the high-teens percent range	NC
Research, data, and analytics	growth in the high-single-digit percent range	NC
Enterprise risk solutions	growth in the mid-teens percent range	NC
Professional services	growth of approximately 40%	NC

NC- There is no difference between the Company's current guidance and the last publicly disclosed guidance for this item.

* Due to the three month lag in consolidating ICRA's operating results, there is only one quarter of ICRA revenue included in the above table.

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Source: Moody's Corporation