Moody's Corporation Raises FY 2007 Outlook

-- New outlook reflects higher FY growth expectations for U.S. Structured Finance -- FY 2007 revenue growth outlook in the mid- to high-teens percent range -- FY 2007 EPS growth outlook in the low to mid-teens percent range -- FY 2007 operating margin still expected to be lower by up to 150 basis points

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NEW YORK--(BUSINESS WIRE)--

Moody's Corporation (NYSE: MCO) today announced new full year 2007 guidance.

Revised Assumptions and Outlook for Full Year 2007

Moody's outlook for 2007 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 spending, residential mortgage borrowing and refinancing activity and securitization levels. There is an important degree of uncertainty surrounding these assumptions and, if actual conditions differ from these assumptions, Moody's results for the year may differ from our current outlook.

For Moody's overall, we now project mid- to high-teens percent revenue growth for the full year 2007. This growth assumes foreign currency translation for the remainder of 2007 at current exchange rates. We continue to expect the full-year operating margin, excluding the one-time gain on the sale of Moody's 99 Church Street building from 2006 results, to decline by up to 150 basis points in 2007 compared with 2006. This reflects investments to sustain business growth including: international expansion, improving our analytical processes, pursuing ratings transparency and compliance initiatives, introducing new products, improving our technology infrastructure and relocating Moody's headquarters in New York City. We expect our quarterly spending pattern to differ from previous years, which could result in quarterly operating margins that differ materially from our full-year expectations. On a GAAP basis, diluted earnings per share in 2007 are still projected to be modestly lower compared to 2006. However, excluding the one-time gain on the building sale from 2006 results, we now project low to mid-teens percent growth in 2007 diluted earnings per share.

In the U.S., we now project mid-teens percent revenue growth for the Moody's Investors Service ratings and research business for the full year 2007. In the U.S. structured finance business, we now expect revenue for the year to rise in the low-double-digit percent range, including strong double-digit year-over-year percent growth in revenue from credit derivatives and commercial mortgage-backed securities ratings, partially offset by a decline in revenue from residential mortgage-backed securities ratings, including home equity securitization, in the low- to mid-teens percent range, which is unchanged from our previous forecast.

In the U.S. corporate finance business, we still expect revenue growth in the mid-twenties percent range for the year, as the pipeline for leveraged transactions continues to be in line with our previous expectations.

In the U.S. financial institutions sector, we continue to expect revenue to grow in the low-teens percent range. For the U.S. public finance sector, we continue to forecast revenue for 2007 to grow modestly despite better performance in the first quarter, due to an expected softening of issuance in certain sectors, including healthcare, higher education and infrastructure. We continue to expect growth in the U.S. research business to be about twenty percent.

Outside the U.S. we now expect ratings revenue to grow in the high-teens to 20% range with high-teens to 20% growth across all major business lines, led by financial institutions revenue growth in Europe, corporate finance revenue growth in Europe and Asia, and structured finance revenue growth in Europe. We continue to project growth in the low twenties percent range for international research revenue.

For Moody's KMV globally, we continue to expect growth in sales and revenue from credit risk assessment subscription products, credit decision processing software, and professional services. This should result in low-double-digit percent growth in revenue with greater growth in profitability.

Moody's is holding its 2007 Investor Day conference today at the Waldorf=Astoria in New York City.

The event will take place from 8:30 AM to 3:00 PM (Eastern Time) and will feature presentations by members of Moody's management team. A copy of the management presentations will be posted on Moody's Shareholder Relations website, http://ir.moodys.com, prior to the conference.

Attendance at the conference is by invitation only; however, the event will be webcast live on Moody's Shareholder Relations website, http://ir.moodys.com. In addition, the event will be available through a live conference call. Individuals within the United States and Canada can listen by dialing (800) 591-6945. Other callers should dial (617) 614-4911. The passcode for the call is 11230051.

An on-demand replay of the event will be available on Moody's Shareholder Relations website,http://ir.moodys.com or can be accessed by phone until midnight (Eastern Time), June 19, 2007. The replay can be accessed from within the United States and Canada by dialing (888) 286-8010. Other callers can dial (617) 801-6888. The replay passcode is 50576169.

Moody's is an essential component of the global capital markets. It provides credit ratings, research, tools and analysis that help to protect the integrity of credit. 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; Moody's KMV, a provider of quantitative credit analysis tools; Moody's Economy.com, which provides economic research and data services, and Moody's Wall Street Analytics, a provider of software tools and analysis for the structured finance industry. The corporation, which reported revenue of $2.0 billion in 2006, employs approximately 3,500 people worldwide and maintains a presence in 27 countries. Further information is available at www.moodys.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. The forward-looking statements and other information are made as of June 5, 2007, 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 include, but are not limited to, changes in the volume of debt securities issued in domestic and/or global capital markets; changes in interest rates and other volatility in the financial markets; possible loss of market share through competition; introduction of competing products or technologies by other companies; pricing pressures from competitors and/or customers; the potential emergence of government-sponsored credit rating agencies; proposed U.S., foreign, state and local legislation and regulations, including those relating to Nationally Recognized Statistical Rating Organizations; possible judicial decisions in various jurisdictions regarding the status of and potential liabilities of rating agencies; the possible loss of key employees to investment or commercial banks or elsewhere and related compensation cost pressures; the outcome of any review by controlling tax authorities of the Company's global tax planning initiatives; the outcome of those tax and legal contingencies that relate to Old D&B, its predecessors and their affiliated companies for which the Company has assumed portions of the financial responsibility; the outcome of other legal actions to which the Company, from time to time, may be named as a party; the ability of the Company to successfully integrate acquired businesses; 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, 2006 and in other filings made by the Company from time to time with the Securities and Exchange Commission.

Source: Moody's Corporation

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