Moody's Corporation Raises Full-Year 2012 Guidance

Company Release - 09/12/2012 06:00

- *Raising FY 2012 EPS guidance range to $2.76 to $2.86*
- *Pro-forma EPS guidance range is $2.70 to $2.80*
- *Raising FY 2012 share repurchase estimate to $300 million*

NEW YORK--(BUSINESS WIRE)-- Moody's Corporation (NYSE: MCO) today announced new full-year 2012 guidance.

Moody's EPS guidance range for full-year 2012 is now $2.76 to $2.86. Moody's pro-forma EPS guidance range is $2.70 to $2.80. Pro-forma EPS excludes an approximate $0.06 per share benefit related to the favorable resolution of a legacy tax matter in the third quarter of 2012.

For Moody's overall, the Company now expects full-year 2012 revenue to grow approximately 12 percent to 13 percent. Full-year 2012 expenses are now also expected to increase approximately 12 percent to 13 percent. Full-year 2012 operating margin is still projected to be approximately 39 percent. The effective tax rate is now expected to be approximately 32 percent.

For the global Moody's Investors Service (MIS) business, revenue for full-year 2012 is now expected to increase in the high-single-digit percent range. Within the U.S., MIS revenue is now expected to increase in the mid-teens percent range, while non-U.S. revenue is still expected to increase in the low-single-digit percent range. Corporate finance revenue is now projected to grow in the mid-teens percent range. Revenue from structured finance is now expected to increase in the mid-single-digit percent range. Revenue from financial institutions is still expected to be flat to slightly up, while public, project and infrastructure finance revenue is now expected to increase in the low-teens percent range.

For Moody's Analytics (MA), full-year 2012 revenue is still expected to increase in the high-teens percent range. Within the U.S., MA revenue is still expected to increase in the high-teens to 20 percent range, while non-U.S. revenue is now expected to increase in the mid- to high-teens percent range. Revenue growth is still projected in the mid-single-digit percent range for research, data and analytics and in the low 20's percent range for enterprise risk solutions, reflecting the December 2011 acquisition of Barrie & Hibbert as well as growth in the base business. Professional services revenue is still projected to grow by approximately 75%, inclusive of revenue from the late 2011 acquisition of a majority stake in Copal Partners and growth in MA's existing financial training and certification business.

Moody's now expects full-year 2012 share repurchases of approximately $300 million, subject to available cash, market conditions, and other ongoing capital allocation decisions.

Moody's outlook for 2012 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, especially as they relate to Europe, 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-second quarter 2012 exchange rates.

Moody's is holding its 2012 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.moodys.com, at the start of the event.

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.moodys.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 1-888-466-4447 toll-free. Other callers should dial 719-234-0008. Please dial into the call by 7:50 a.m. Eastern Time. The participant access code for the call is 8464196.

An on-demand replay of the event will be available on Moody's Investor Relations website, http://ir.moodys.com, until 11:00 a.m. Eastern Time, December 12, 2012.

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 $2.3 billion in 2011, employs approximately 6,500 people worldwide and maintains a presence in 28 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. Moody's outlook for 2012 and other forward-looking statements in this release are made as of September 12, 2012, 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, the current world-wide credit market disruptions and economic slowdown, which is affecting and could continue to affect the volume of debt securities issued in domestic and/or global capital markets; other matters that could affect the volume of debt securities issued, including credit quality concerns, changes in interest rates and other volatility in the financial markets; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government initiatives to respond to the economic slowdown; 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; both proposed and recently adopted legislation and regulations in the U.S., EU, other foreign, state and local jurisdictions, including the Dodd-Frank Wall Street Reform and Consumer Protection Act; regulations relating to the oversight of credit rating agencies; provisions in the Dodd-Frank Act, and potential EU regulations, modifying the pleading and liability standards applicable to credit rating agencies in a manner adverse to rating agencies; possible judicial decisions in various jurisdictions regarding the status of and potential liabilities of credit rating agencies; the possible loss of key employees; the outcome of any review by controlling tax authorities of the Company's global tax planning initiatives; the outcome of those legacy tax 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 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 from financial institutions for credit risk management tools; and other risk factors as discussed in the Company's annual report on Form 10-K for the year ended December 31, 2011 and in other filings made by the Company from time to time with the Securities and Exchange Commission.

Moody's Corporation
Reconciliation to Non-GAAP Financial Measures (Unaudited)

	Full-year ended December 31, 2012
EPS Guidance – GAAP	$2.76 - $2.86
Legacy Tax*	($0.06)
EPS Guidance – Pro-forma	$2.70 - $2.80

* In addition to the EPS guidance prepared in accordance with generally accepted accounting principles in the U.S., this press release contains pro-forma EPS guidance that the Securities and Exchange Commission defines as a “non-GAAP financial measure”. The pro-forma EPS guidance excludes a benefit related to a legacy tax matter in the third quarter of 2012. Management believes that this non-GAAP measure, when read in conjunction with the Company’s U.S. GAAP EPS guidance, can provide useful supplemental information for investors analyzing period-to-period comparisons of the Company’s results.

ANTHONY MIRENDA
Global Head of Communications
212.553.1316
anthony.mirenda@moodys.com
or
SALLI SCHWARTZ
Global Head of Investor Relations
212.553.4862
sallilyn.schwartz@moodys.com

Source: Moody's Corporation