Moody's



Investor Presentation

3Q 2011

NOVEMBER 2, 2011

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Certain statements contained in this presentation 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 2011 and other forward-looking statements are made as of October 27, 2011, 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 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 uncertain effectiveness and possible collateral consequences of U.S. and foreign government initiatives to respond to the economic slowdown; concerns in the marketplace affecting the Company's credibility or otherwise affecting market perceptions of the integrity or utility of independent agency ratings; possible loss of market share through competition; the introduction of competing products or technologies by other companies; pricing pressure from competitors and/or customers; the potential for increased competition in international jurisdictions including the potential emergence of government-sponsored CRAs; the impact of regulation as an NRSRO and the potential for new U.S., state and local legislation and regulations, including provisions in the Financial Reform Act and anticipated regulations resulting from that law; increased regulation in international jurisdictions including changes to the liability standards applicable to CRAs in the EU; exposure to litigation related to the Company's rating opinions, as well as any other litigation to which the Company may be subject from time to time; provisions in the Financial Reform Act modifying the pleading and liability standards applicable to CRAs in a manner adverse to CRAs; possible judicial decisions in various jurisdictions regarding the status of and potential liabilities of CRAs; the possible loss of key employees; failures or malfunctions of the Company's operations and infrastructure; 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 ability of the Company to successfully integrate acquired businesses; and 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, 2010, and in other filings made by the Company from time to time with the Securities and Exchange Commission. This presentation includes certain non-GAAP financial measures as defined under SEC rules. As required by SEC rules, at the end of this slide presentation we have provided a reconciliation of those measures to the most directly comparable GAAP measures. A copy of this presentation, including the relevant reconciliation slides, is available on Moody's investor relations website http://ir.moodys.com.

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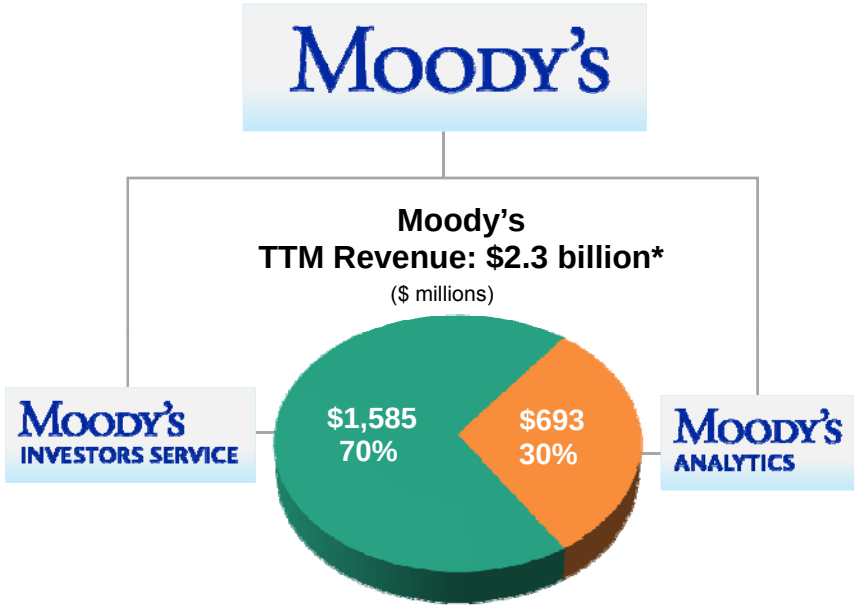
1. Corporate Overview
2. Macroeconomic and Capital Markets Summary
3. Moody's Investors Service (MIS)
4. Moody's Analytics (MA)
5. Financial Review and Outlook
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1 Corporate Overview

Overview of Moody's Corporation

Investment Fundamentals

- Leading market franchise in attractive fixed income industry
- Risk measurement and management products provide long-term growth opportunities
- Moody's Investors Service is well-positioned to take advantage of fixed income issuance
- Moody's Analytics has an increasing addressable market and can drive growth
- Powerful financial model
- Strong balance sheet, plus commitment and track record of returning cash to shareholders



BUSINESS TARGETS

Long-term revenue growth: Double-digit percent

Long-term operating margin: Above 40 percent

* Represents consolidated financials excluding intersegment royalty and eliminations. TTM is trailing twelve months as of September 30, 2011

Moody's Long-Term Growth Strategy

We strive to be the world's most respected authority serving credit sensitive markets

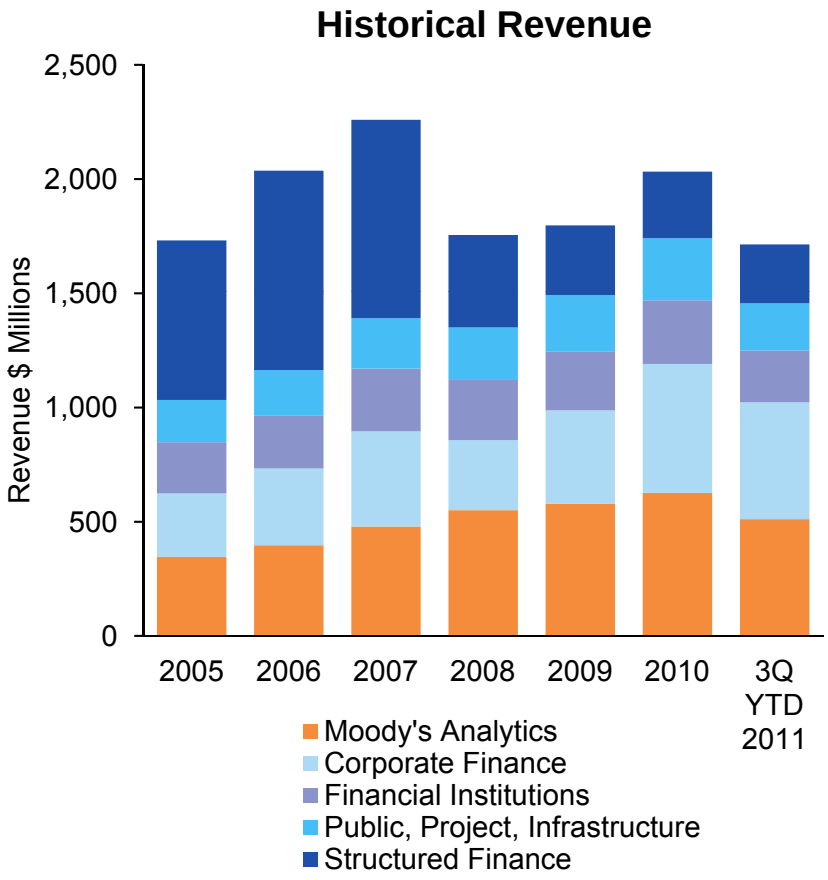
Defend and enhance core business

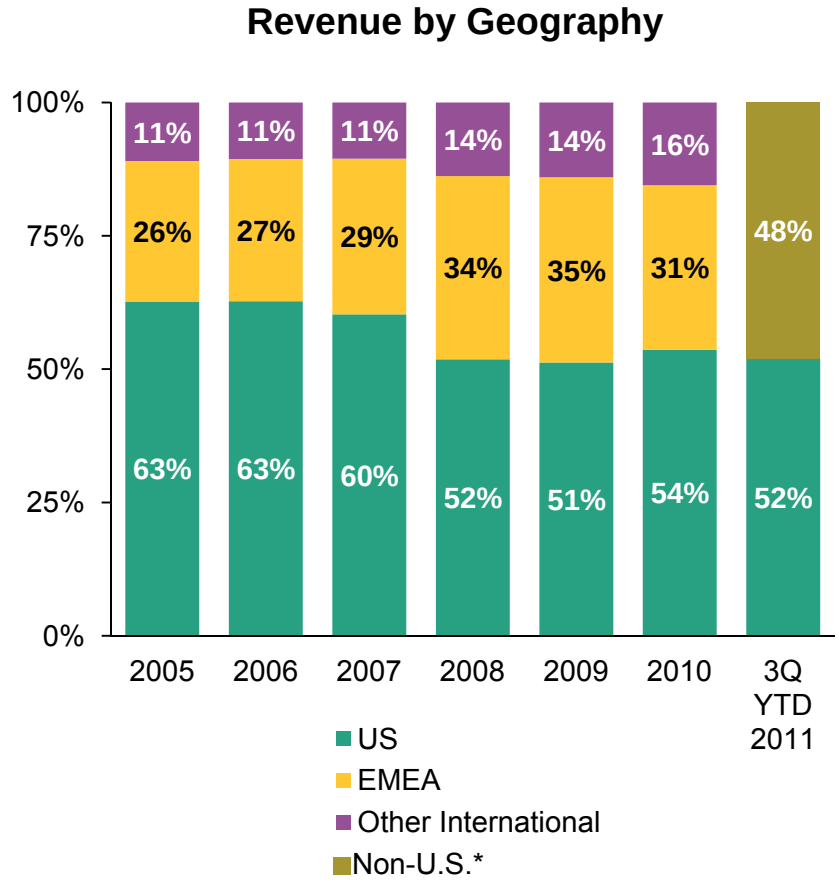
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Invest in growth

- Global bond market expansion driven by global GDP growth and disintermediation
- Organic and inorganic growth opportunities:
  - Achieve scale in attractive markets where we have presence but not sufficient scale today
  - Move into attractive adjacencies where we can leverage our core competencies
  - Invest in high growth emerging markets
- Pricing and business development initiatives across Moody's Corporation

Diversified Revenue Mix Allows Moody's To Prosper in a Challenging Environment



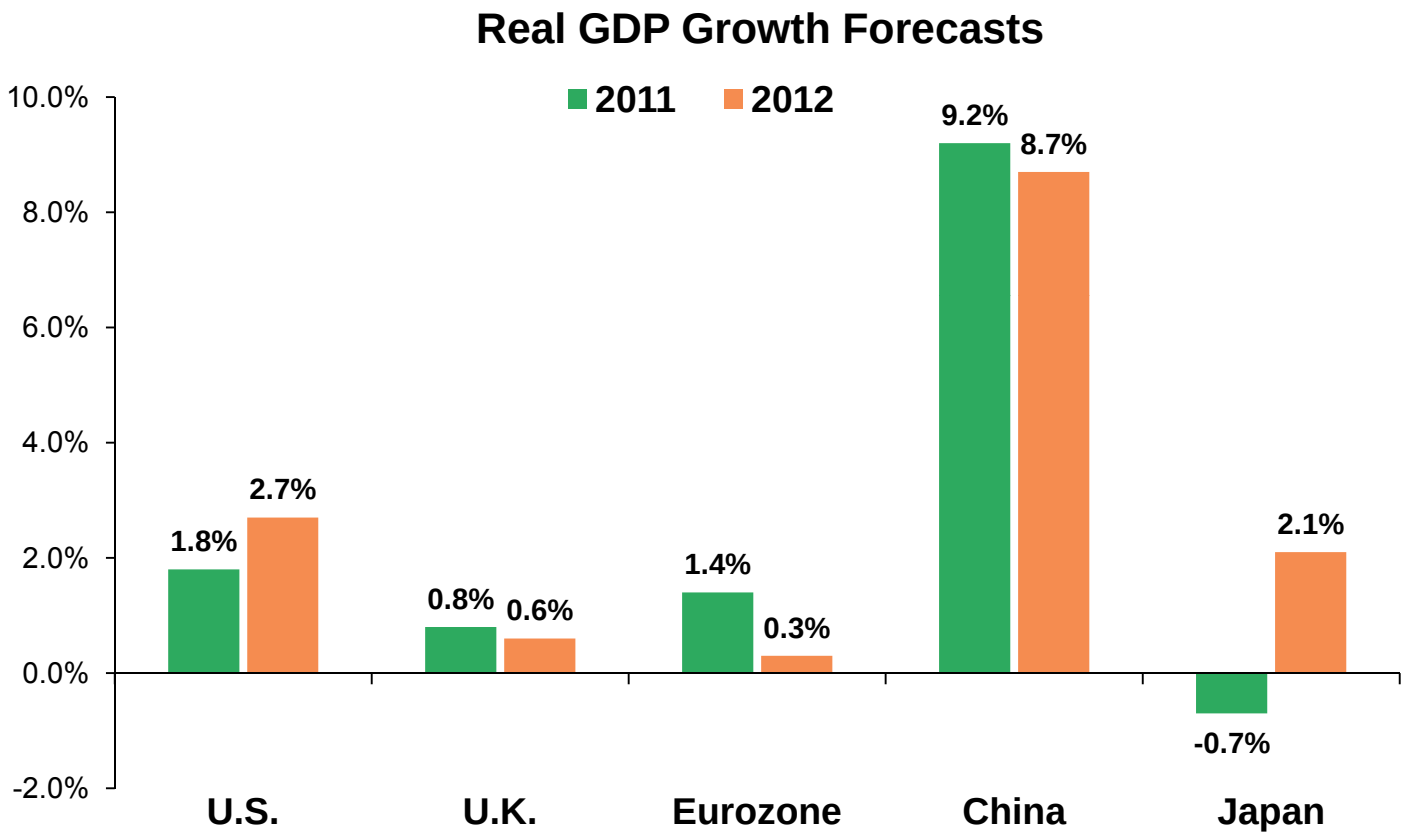


* Breakdown between EMEA and Other International for 3Q YTD 2011 to be disclosed upon filing of 3Q 2011 10-Q.

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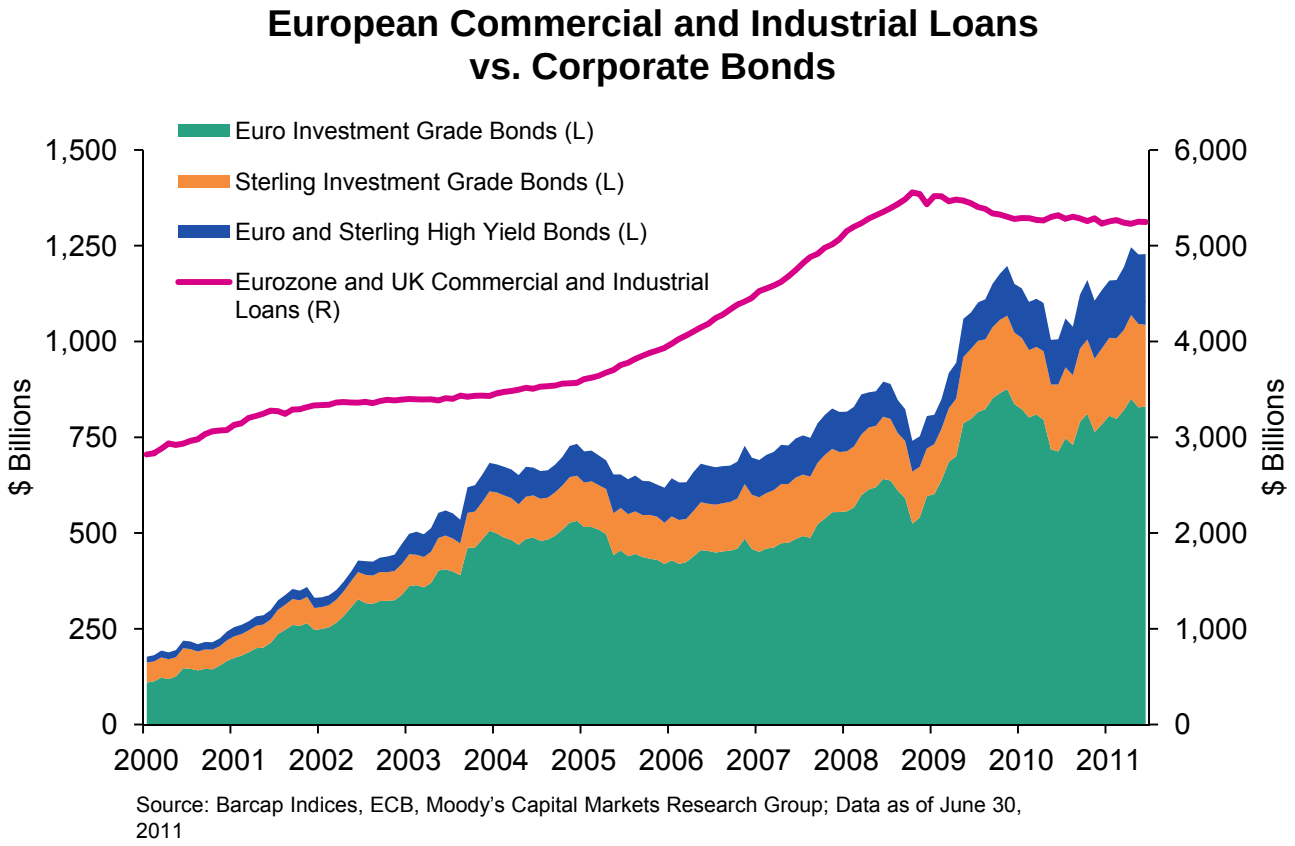
Macroeconomic and Capital Markets Summary

GDP Growth For Most Regions Is Forecast To Be Relatively Modest in the Near-Term



Source: Moody's Economy.com; as of October 2011

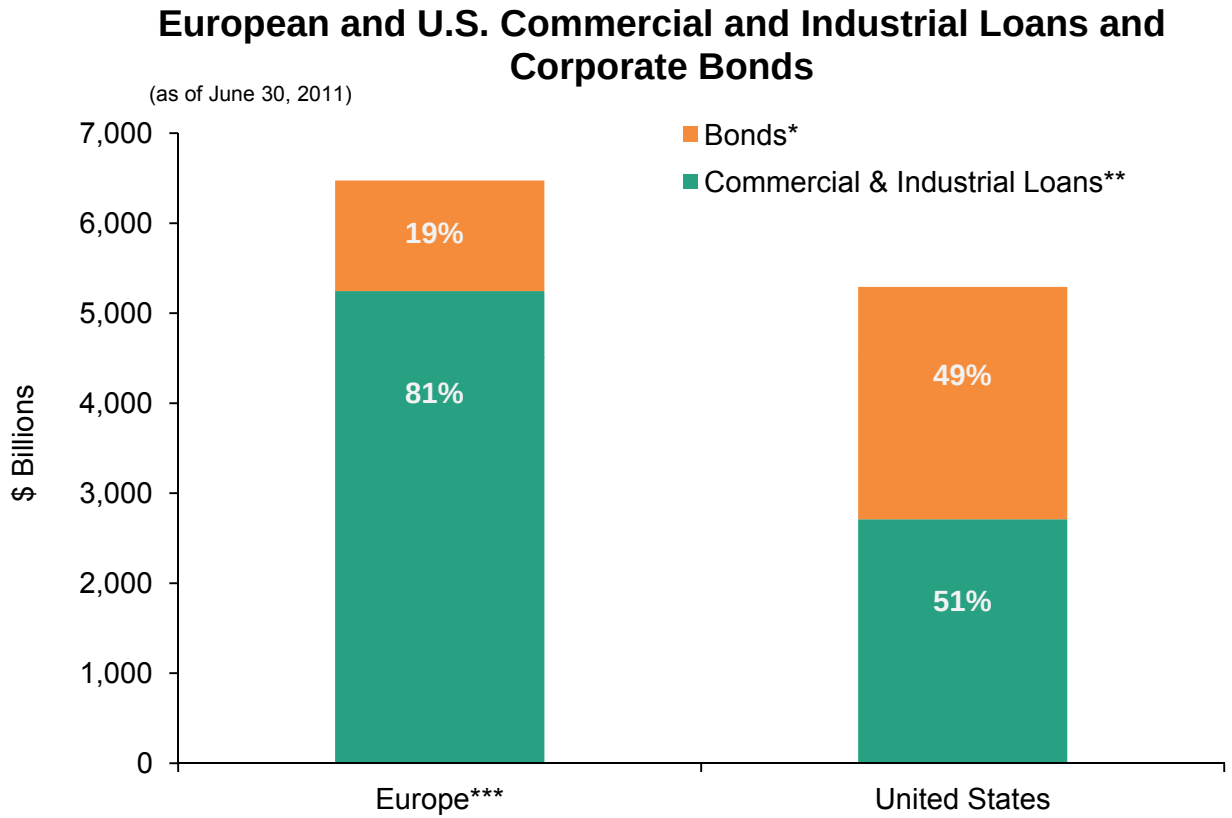
Banking Conditions in Europe Driving More European Corporates to the Bond Markets



Source: Barcap Indices, ECB, Moody's Capital Markets Research Group; Data as of June 30, 2011

» January 2000-June 2011 compound annual growth rate: Bonds: 18%, Loans: 6%

European Capital Markets Have Room For Growth

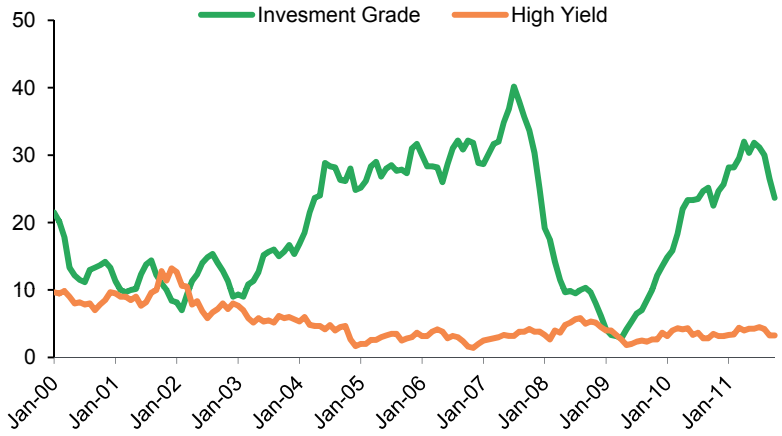


Sources: Federal Reserve, ECB, Barcap Indices, Moody's Capital Markets Research Group; *Industrial and utility only; ** Includes construction sector loans; *** European bond data represents euro and sterling denominated debt. European loan data represents Eurozone and UK bank loans.

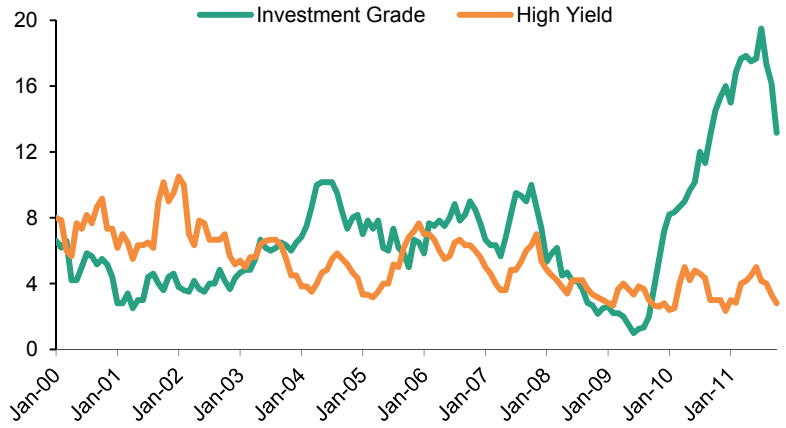
» Europe's economy depends much more on banks for credit than does the U.S. economy

High Numbers of Newly Rated Corporate Issuers* Across Global Markets

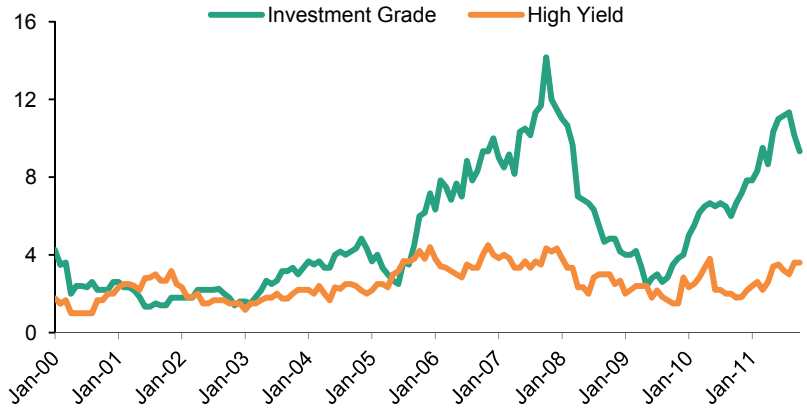
United States



Europe



Emerging Markets

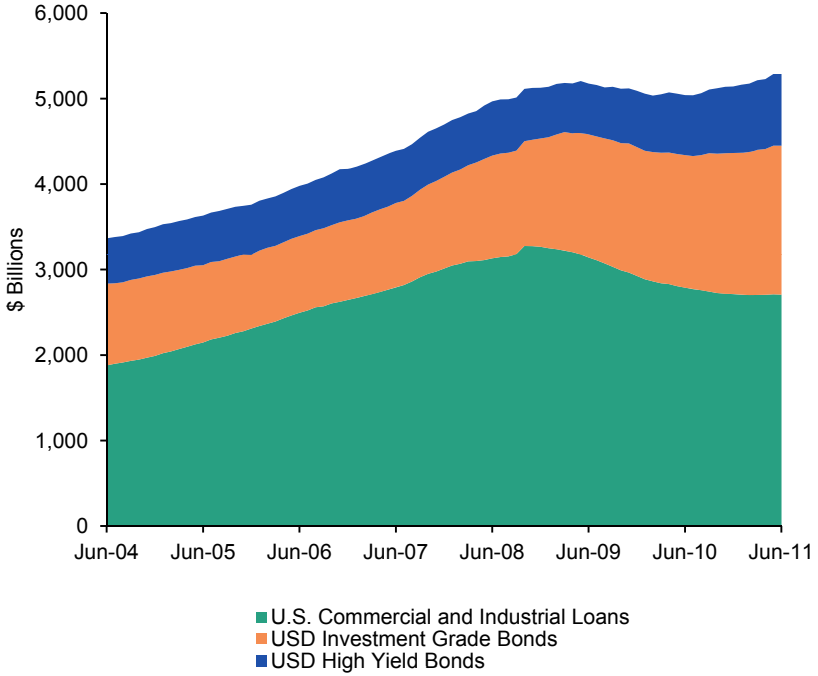


Source: Moody's Investors Service; Data as of October 24, 2011

* Rated by Moody's Investors Service. Monthly count of newly rated non-financial corporate issuers (6 month moving average). As of October 2011.

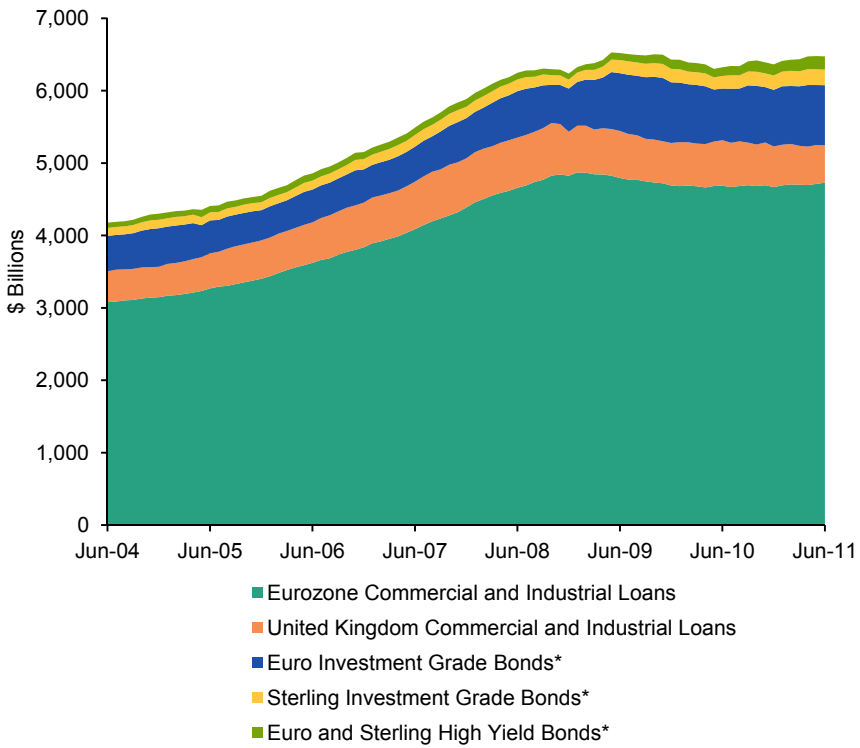
U.S. and European Corporate Debt Levels Increasing at a Moderate Pace

U.S. Non-Financial Corporate Loans and Bonds Outstanding



Source: Federal Reserve, Barcap Indices, Moody's Capital Markets Research Group

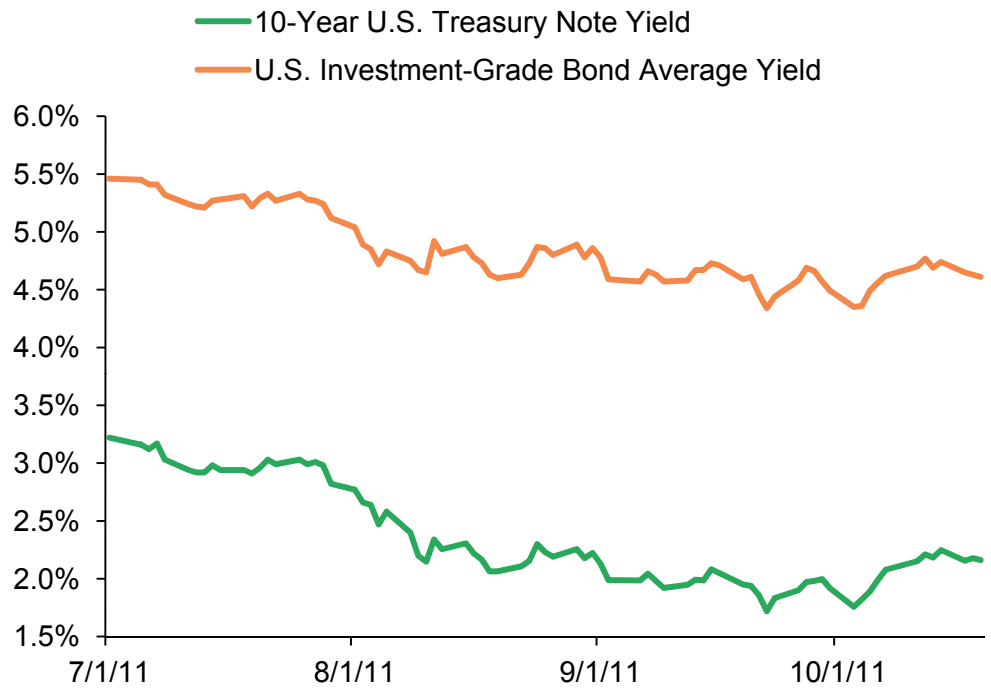
Europe Non-Financial Corporate Loans and Bonds Outstanding



Source: ECB, Barcap Indices, Moody's Capital Markets Research Group

» Much of the record cash held by U.S. companies is abroad, requiring many of them to continue to tap the domestic debt capital markets

Rates Expected to Remain Near Historic Lows

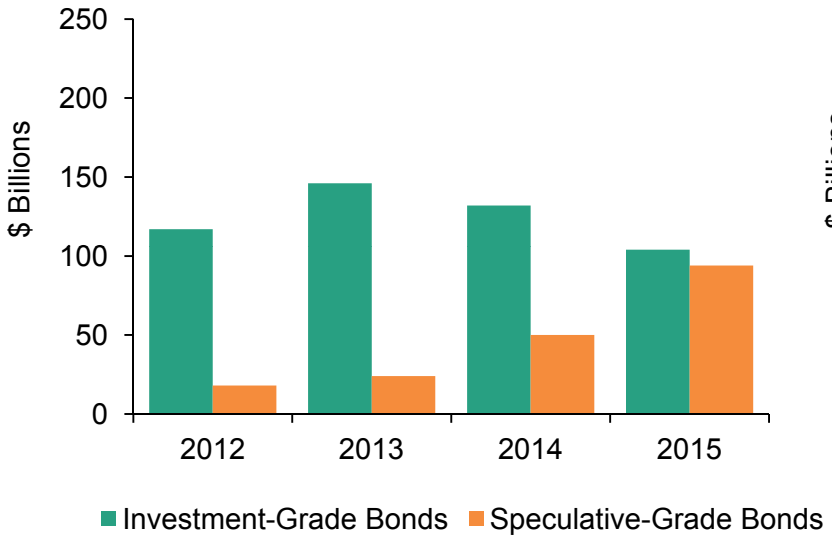


Source: Moody's Capital Markets Research Group; as of October 19, 2011

- 10-Year U.S. treasury note yield is near its historic low
- U.S. investment grade bond average yield is near its lowest levels since the 1960s
- On August 9th, the Federal Reserve stated, "economic conditions are likely to warrant exceptionally low levels for the federal funds rate at least through mid-2013," and indicated it will consider all policy tools

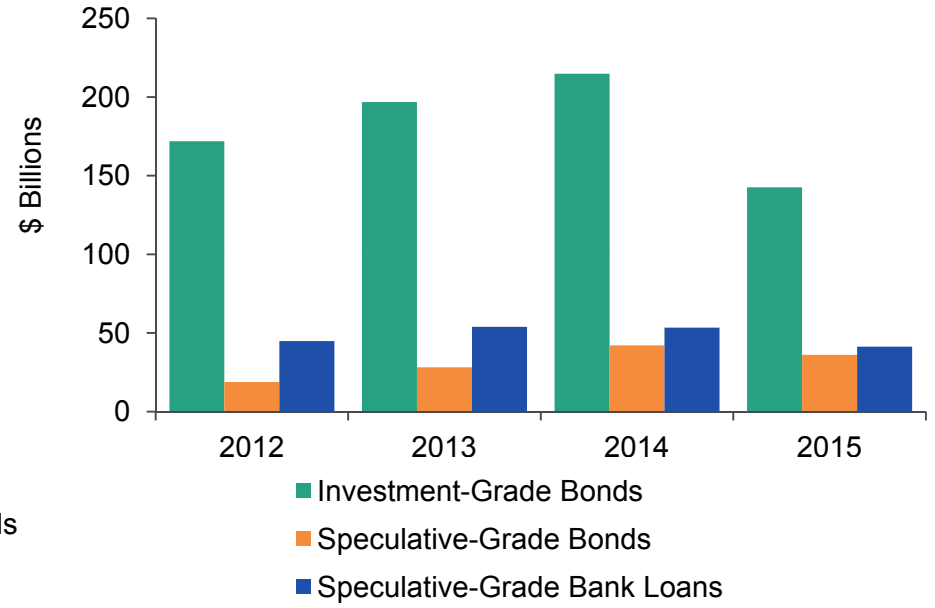
Refunding Requirements Will Help Drive Issuance Activity

Debt Maturities: U.S. Moody's-Rated Corporate Bonds



Source: Moody's Investors Service, September 2011

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

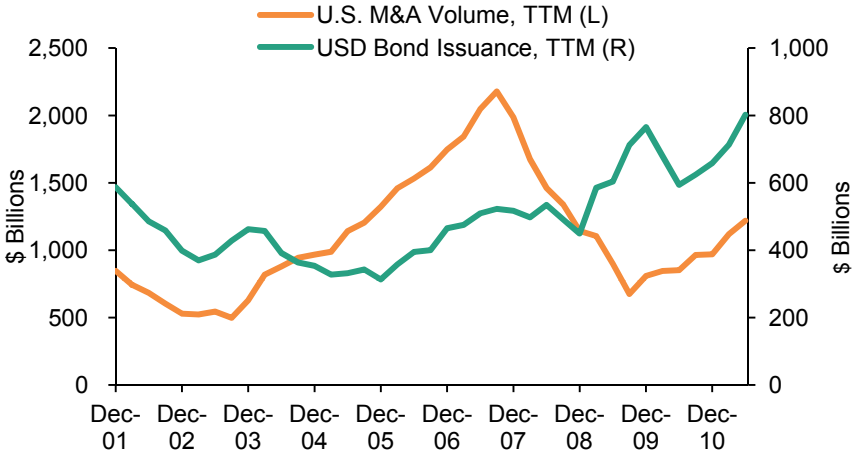


Source: Moody's Investors Service, October 2011

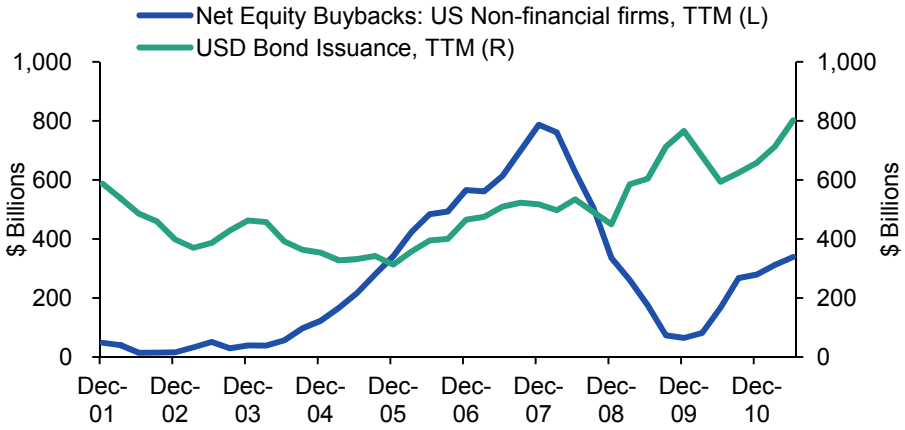
- 2014-2015 speculative-grade maturity profile in the US reflects 2005-2007 LBO boom
- Pull-forward financing has been a significant issuance driver in 2010 and 1H 2011
- Significant refunding needs remain

Financing for M&A, Equity Buybacks and Capital Expenditures Contribute to Issuance

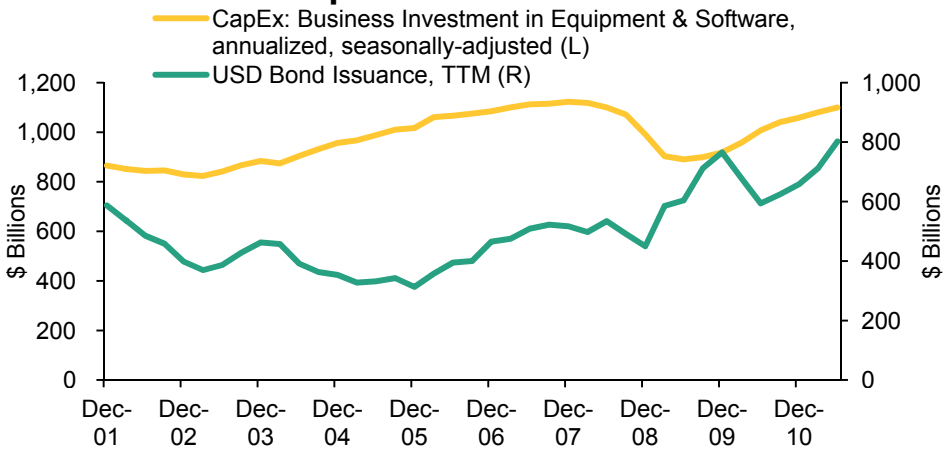
U.S. M&A Volume and Bond Issuance



U.S. Stock Buybacks and Bond Issuance

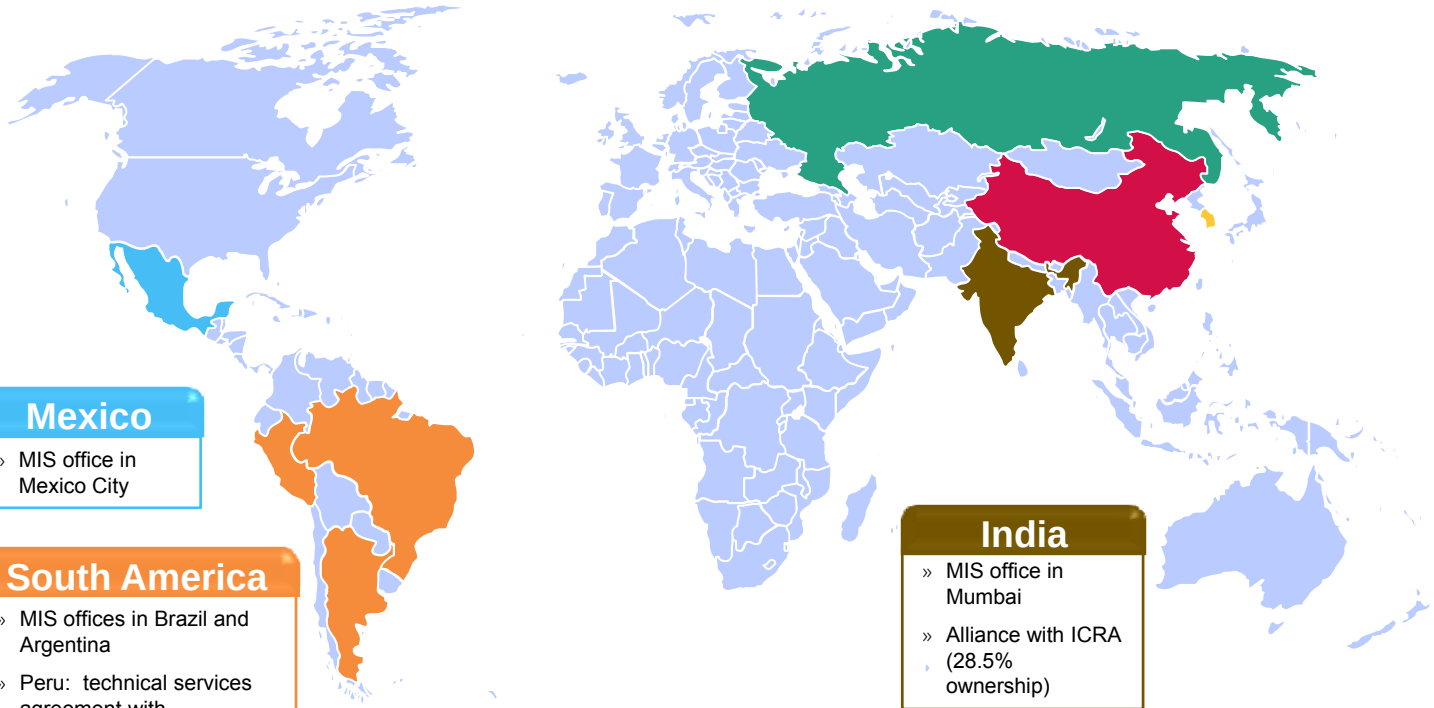


U.S. CapEx and Bond Issuance



Source: Moody's Capital Markets Research Group

Moody's Serves Rapidly Growing Markets



Russia
- MIS office in Moscow
- Alliance with MIRA (51% ownership)

Korea
- MIS office in Seoul
- Alliance with KIS (50%+ ownership)

China
- MIS offices in Beijing and Hong Kong
- MA offices in Beijing, Hong Kong, and Shenzen
- Alliance with CCXI (49%+ ownership)
- Strategic investment in ChinaScope Financial (16.7% ownership)

Mexico
- MIS office in Mexico City

South America
- MIS offices in Brazil and Argentina
- Peru: technical services agreement with Equilibrium

India
- MIS office in Mumbai
- Alliance with ICRA (28.5% ownership)

Latin America corporate issuance benefiting from disintermediation in Europe (European banks are significant lenders to Latin American project finance)

China cross-border issuance growing as Chinese companies access very low U.S. and European interest rates

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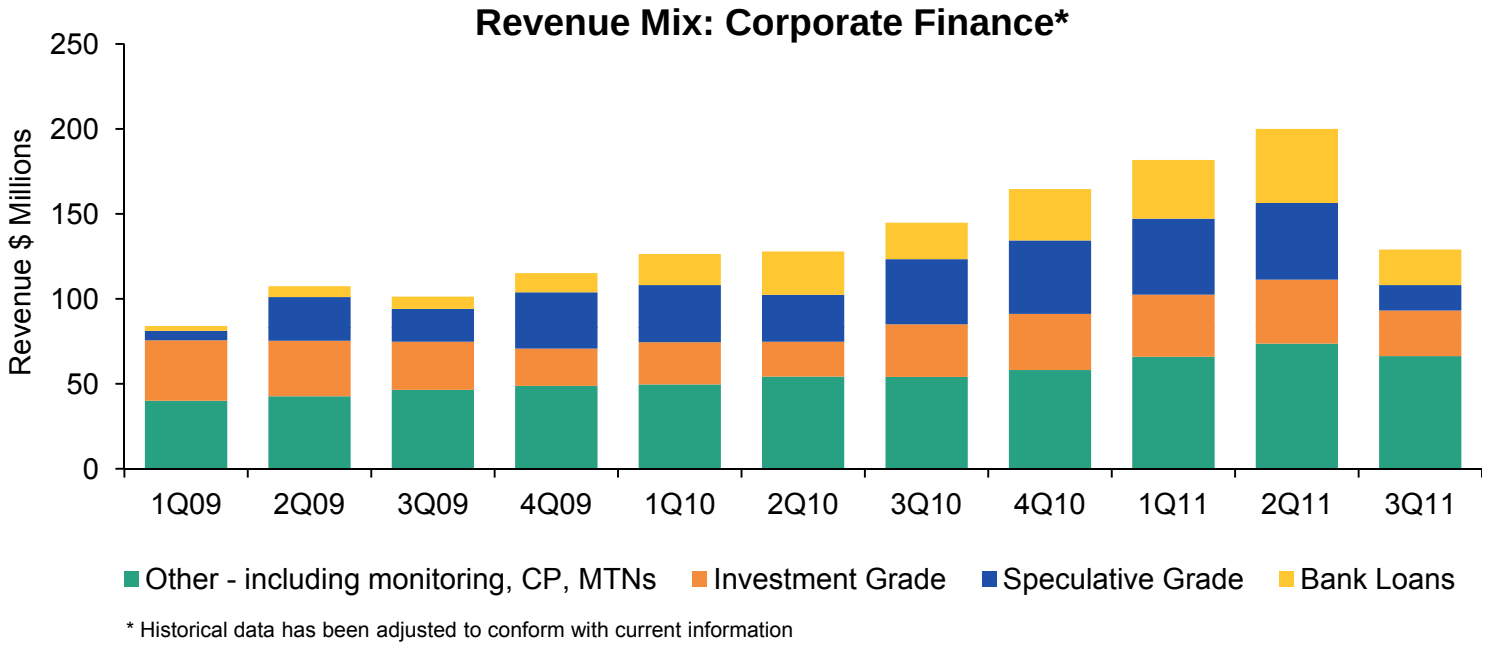
Moody's Investors Service

Core Franchise: Moody's Investors Service

MOODY'S INVESTORS SERVICE

- Independent provider of credit rating opinions and related information for over 100 years
  - Effective in identifying credit risk
  - Analytical value to the entire market
- Broad and deep global market coverage across geographies and asset classes and over time
  - Brand awareness
  - Expertise by sector and asset class
- Over 1,300 seasoned analytical staff
- Poised to benefit from global capital markets growth and secular trends such as disintermediation

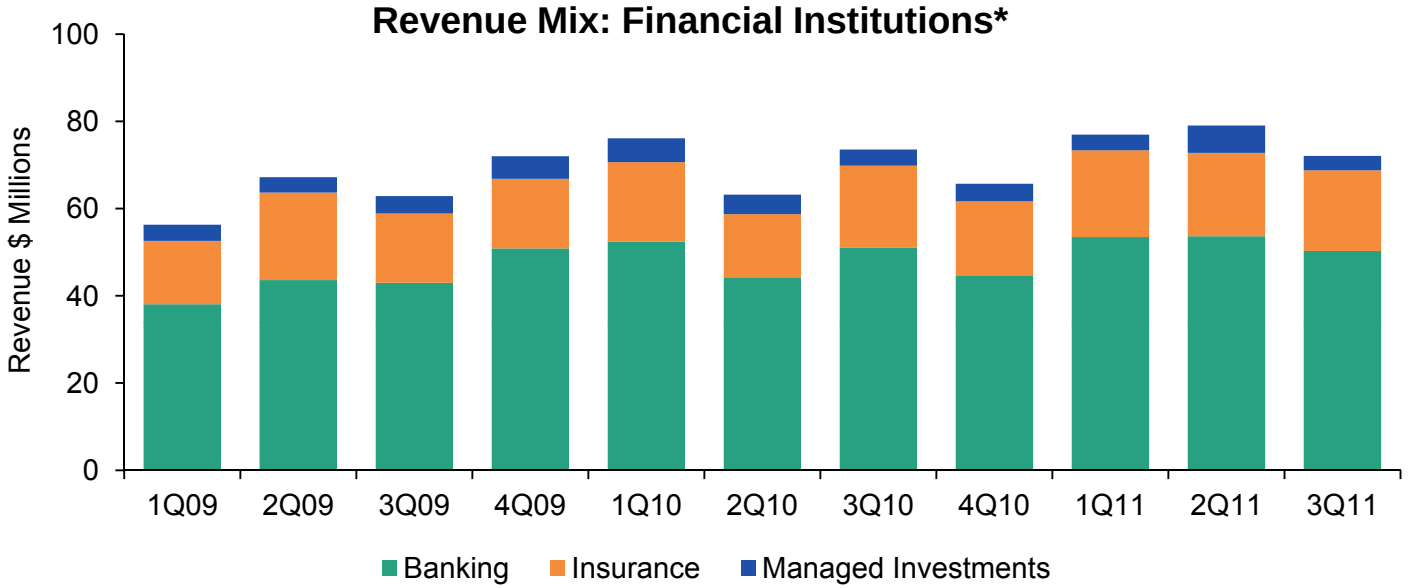
Strong 1H 2011 Conditions for Corporate Issuance Followed by Slower 3Q 2011



* Historical data has been adjusted to conform with current information

- Issuance across all CFG asset classes and regions was very active in 1H 2011 but slowed in 3Q 2011
- Activity in Europe and U.S. high-yield sector decreased significantly year-over-year in 3Q 2011 as spreads widened due to macroeconomic uncertainty
- U.S. investment-grade activity eased slightly, but continued amid low underlying interest rates

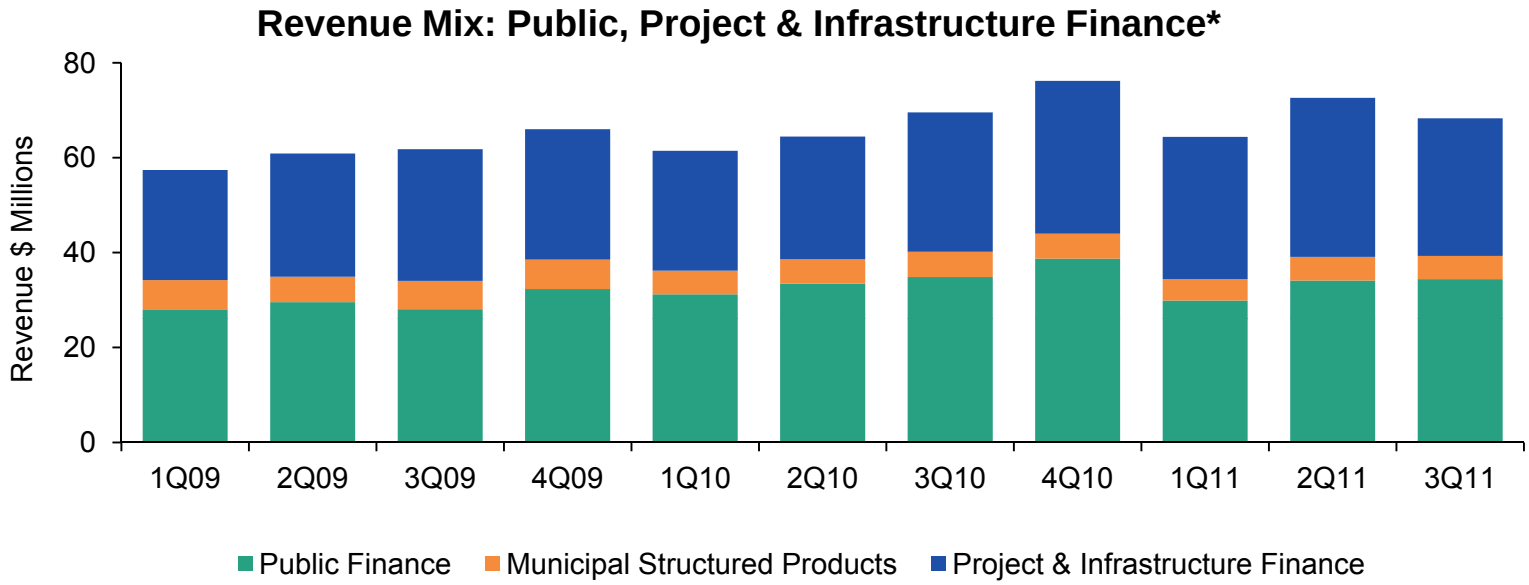
Revenue From Financial Institutions Withstands Volatile Conditions in Europe



*Historical data has been adjusted to conform with current information

- FIG revenue has a large recurring component and is relatively inelastic to issuance due to predominance of frequent-issuer contracts with larger financial institutions
- 3Q 2011 declined slightly reflecting continued concerns over sovereign debt crisis and banking sector problems in Europe

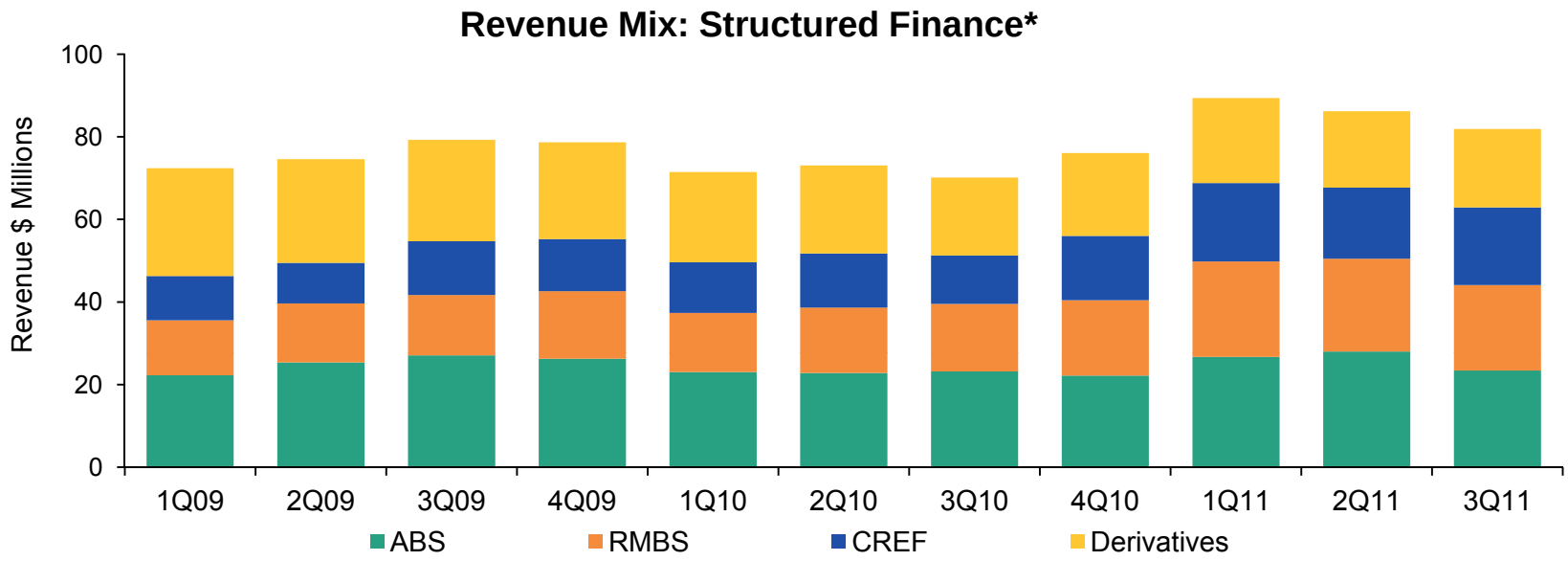
Public, Project & Infrastructure Finance is a Stable Business



*Historical data has been adjusted to conform with current information

- Q3 2011 activity showed improvement as interest rates declined and some states and local governments sought financing after finalizing budgets
- 2011 U.S. public finance activity expected to continue but will remain below 2H 2010 issuance levels elevated by Build America Bond program
- Higher infrastructure spending outside the U.S. expected to generate growth in 2011

Structured Finance Conditions Have Stabilized



* Historical data has been adjusted to conform with current information. ABS includes asset-backed commercial paper and long-term asset-backed securities. CREF includes commercial mortgage-backed securities, real estate finance, and commercial real estate CDOs

- Though regulatory and economic uncertainty continue to weigh on overall structured finance activity, modest growth in SFG partly driven by more favorable conditions in 1H 2011
  - Strong U.S. CMBS activity continued in Q3 2011
  - European covered bonds and RMBS in Europe and Asia contributed to growth in Q3 2011
- U.S. RMBS rating recovery unlikely while government role in housing finance continues

4

Moody's Analytics

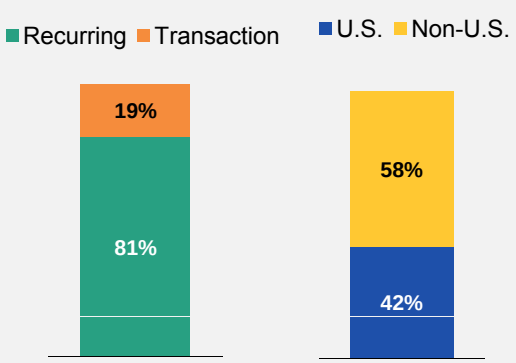
Strategic Expansion: Moody's Analytics

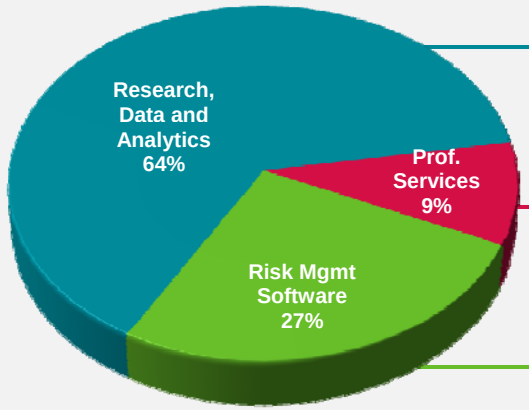
MOODY'S ANALYTICS

- Research, data and software for financial risk analysis, as well as related professional services
- Provides significant base of recurring revenue to offset potential volatility in issuance impacting MIS
- High-growth potential businesses selling to core clients in financial services industry
- Extension of Moody's core competency in credit to adjacent verticals

Moody's Analytics Financial Profile

3Q11 Revenue: $180 million(1)



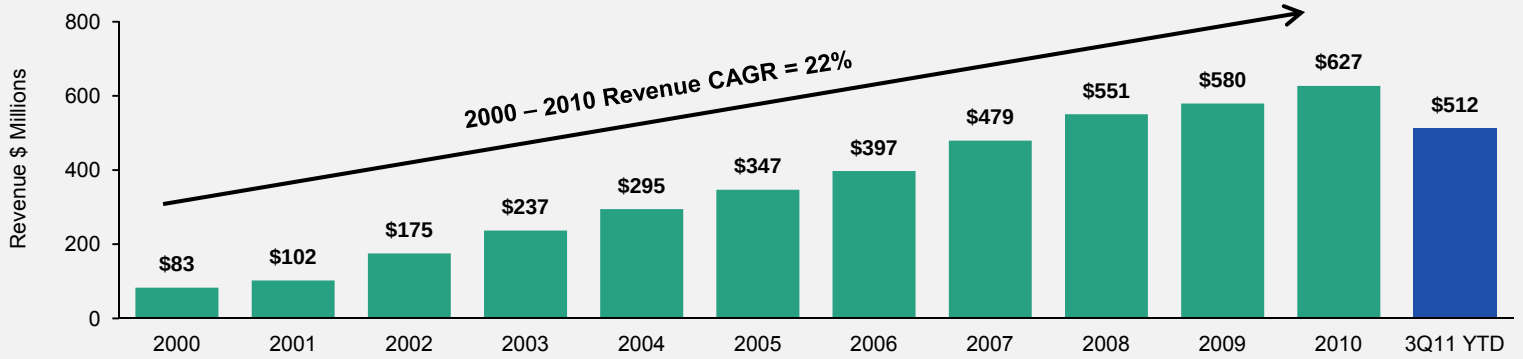


- 100% recurring revenue
- 90%+ renewal rates
- Highly profitable

- Combination of one-off contracts and semi-recurring revenue
- Good prospects in new markets

- ~70% recurring revenue
- Double-digit long term revenue growth
- Margin expansion with growth in scale

Revenue History (1)(2)

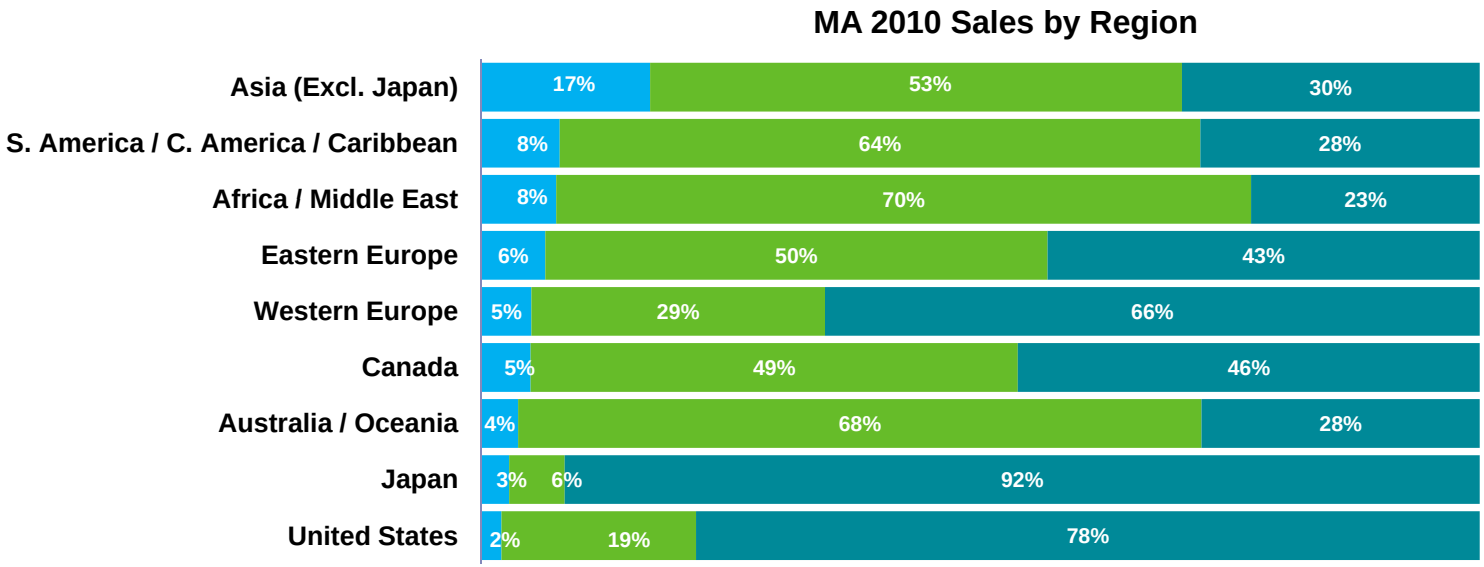


(1) Excludes intersegment license revenues. (2) Prior to 2008, data reflects MIS research revenue and Moody's KMV revenue. 2004 - 2010 data also includes revenue from acquisitions.

Relevant to Financial Markets at All Stages of Development

Emerging → **Developed**

Professional Services | **Risk Management Software** | **Research, Data and Analytics**

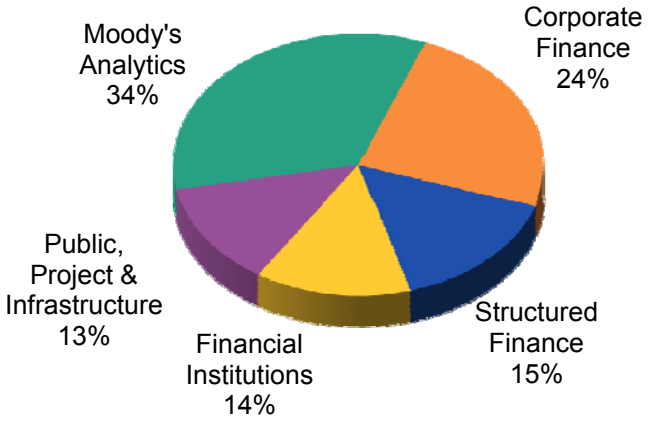


5 Financial Review and Outlook

Global Footprint and Breadth of Moody's Businesses Provide Diversification

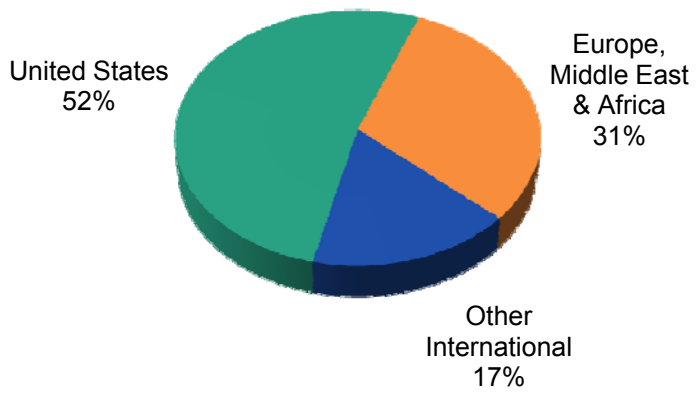
3Q11 REVENUE BY BUSINESS

TOTAL $531 MILLION



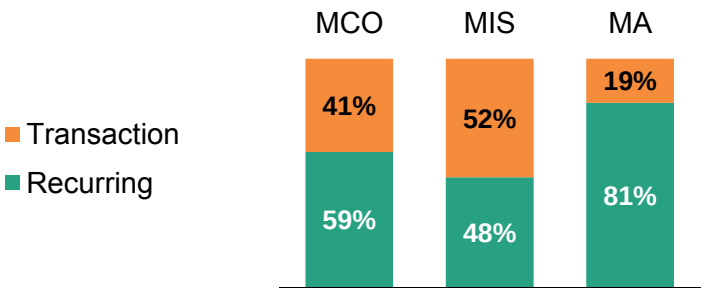
3Q11 REVENUE BY REGION

TOTAL $531 MILLION



3Q11 REVENUE BY TYPE

TOTAL $531 MILLION



TRANSACTION AND RECURRING REVENUE

Moody's Investors Service

- **Transaction** revenue recognized when rating published
- **Recurring** revenue recognized ratably over security life

Moody's Analytics

- **Transaction** revenue recognized when service rendered
- **Recurring** revenue recognized ratably over contract period

Strong Performance in MA Offset a Modest Revenue Decline at MIS in 3Q 2011

3Q 2011 Revenue Year-Over-Year % Change

Moody's Total Revenue

3Q 2011: $531 million

U.S. ↓ 1%

Non U.S. ↑ 9%

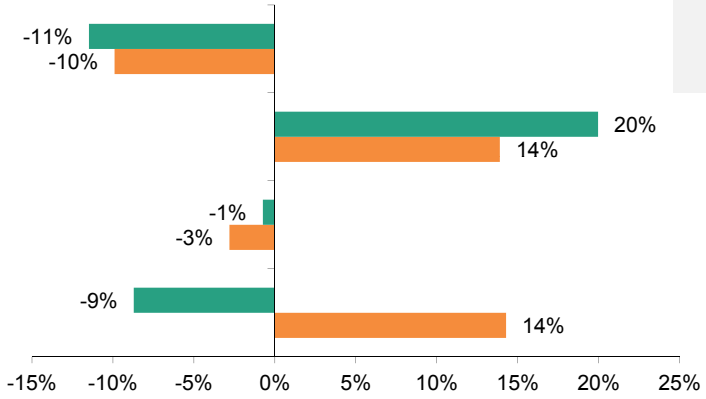
Moody's Investors Service

$129m Corporate Finance

$82m Structured Finance

$72m Financial Institutions

$68m Public, Project and Infrastructure Finance

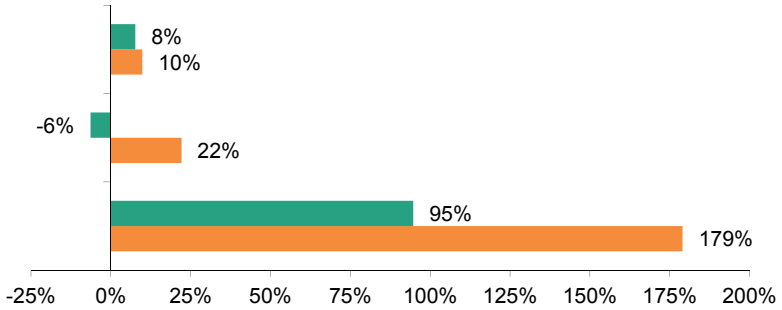


Moody's Analytics

$115m Research, Data and Analytics

$48m Risk Management Software

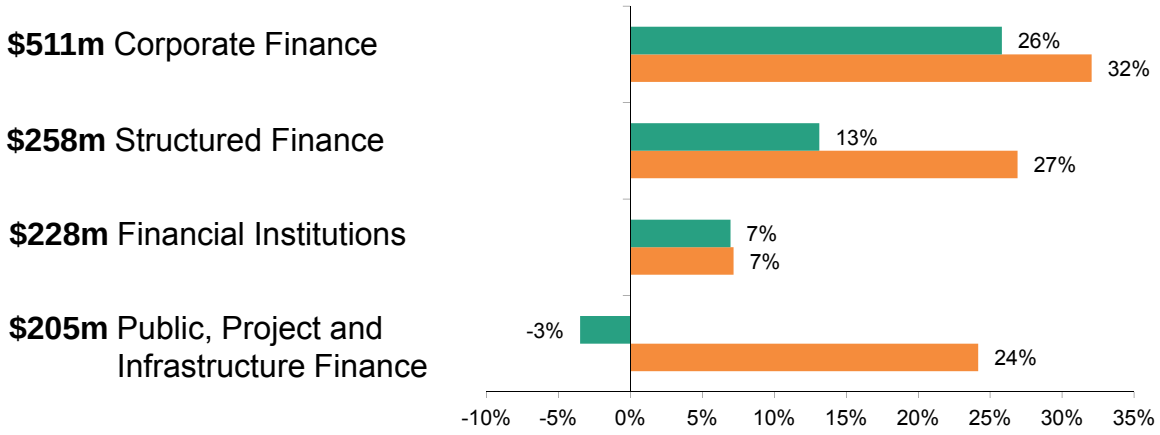
$17m Professional Services



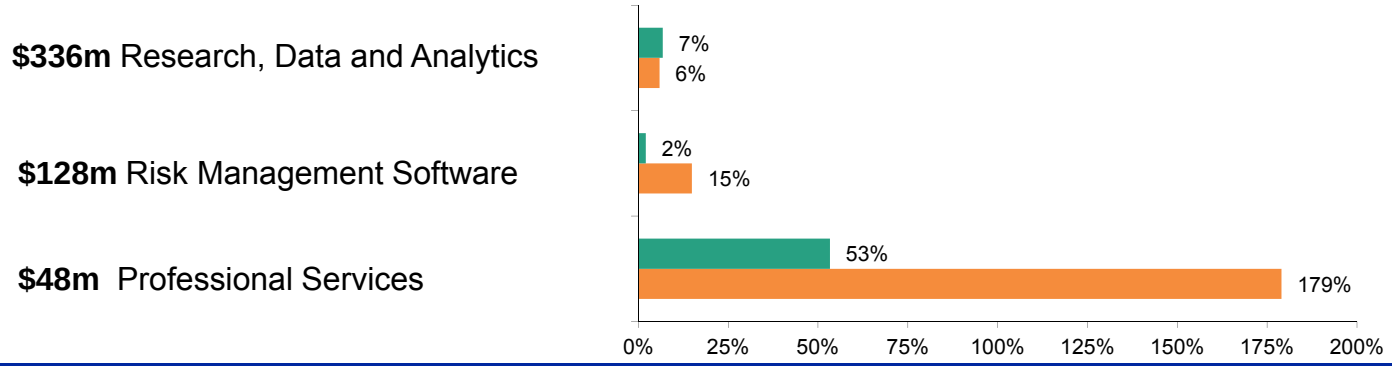
Solid Growth Across the Company 3Q YTD 2011

3Q YTD 2011 Revenue Year-Over-Year Percent Change

Moody's Investors Service



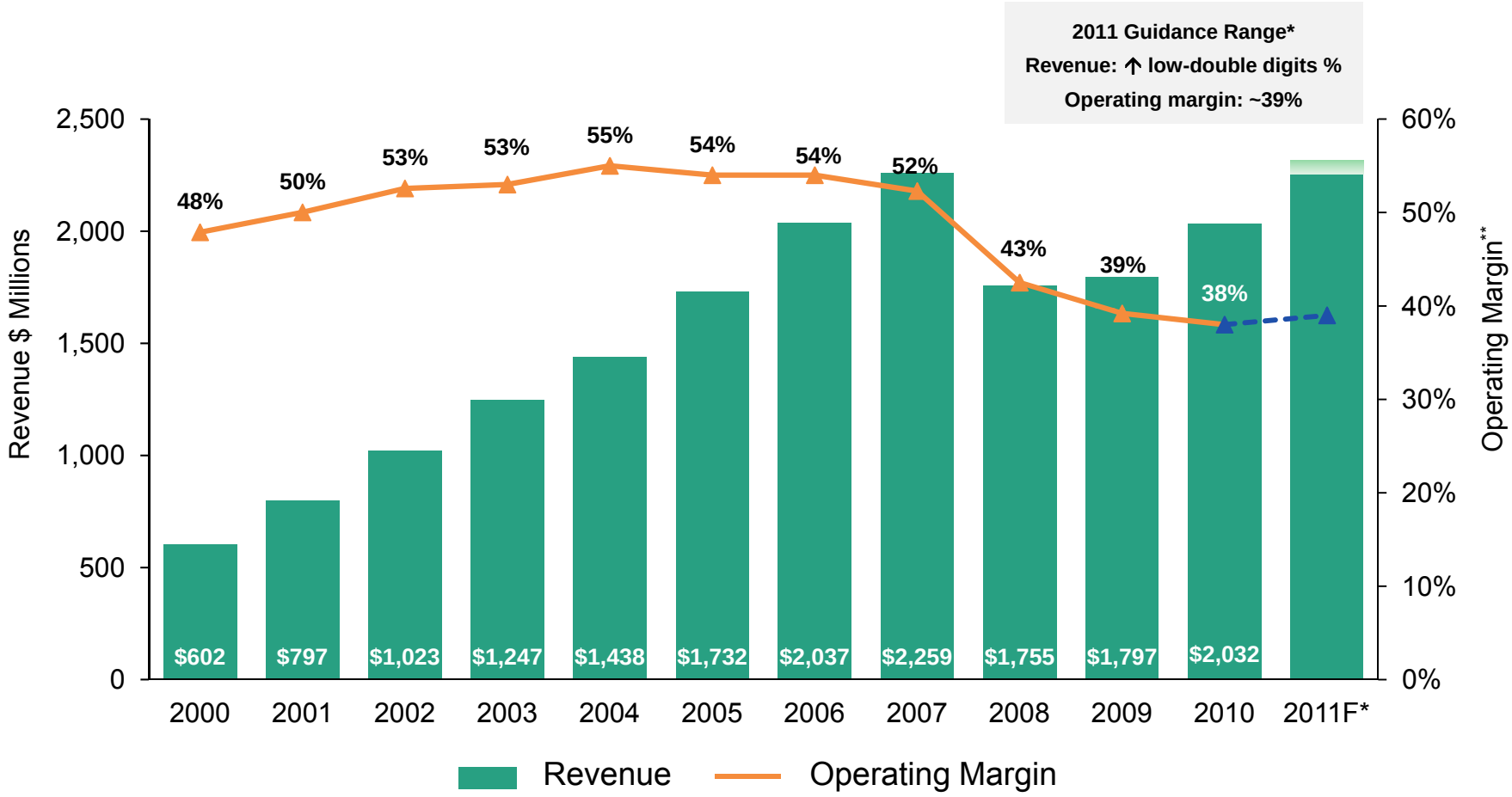
Moody's Analytics



Moody's Total Revenue

3Q YTD 2011:	**$1,714 M**
U.S.	↑ 12%
Non U.S.	↑ 22%

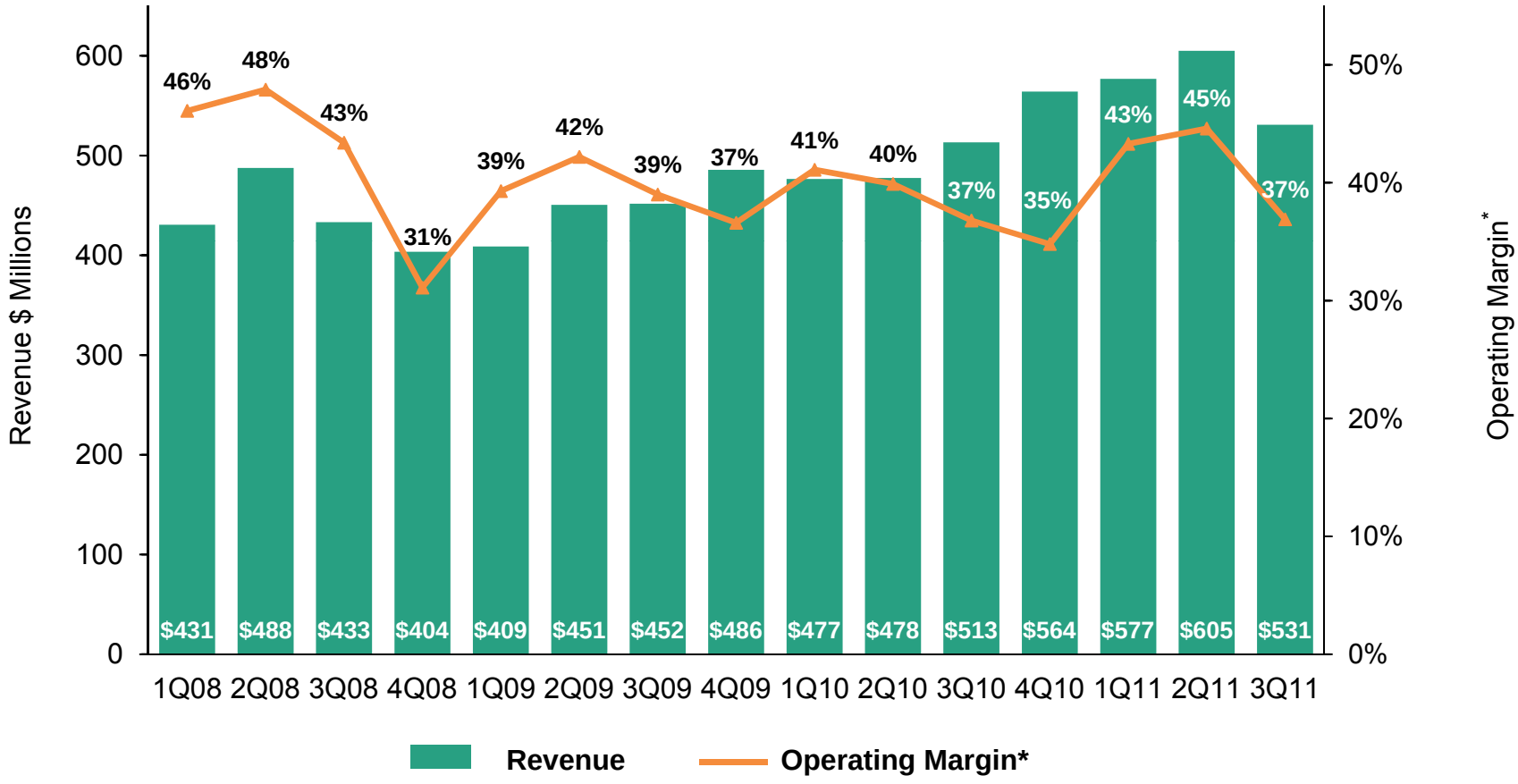
Expect Potential Margin Expansion in 2011 as Expense Growth Moderates



* Represents GAAP guidance provided on October 27, 2011

** Operating margin excludes the gain on the sale of Moody's former NY headquarters building (2006); restructuring charges and related adjustments (2007-2009)

Operating Margin Tends to Follow a Pattern Throughout the Year Due to Typical Quarterly Drivers

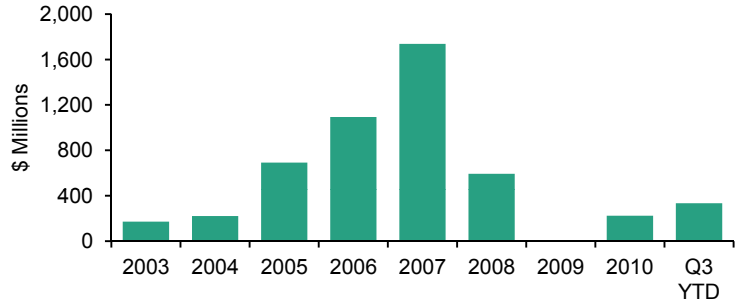


* Operating margin excludes restructuring charges and related adjustments

Balancing Return of Capital with Other Capital Allocation Decisions and Liquidity Needs

SHARE REPURCHASES

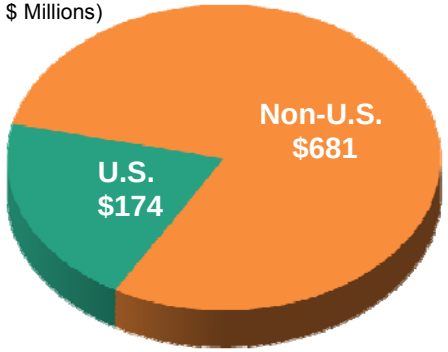
» *$0.9 billion of share repurchase authority remaining as of September 30, 2011*



CASH

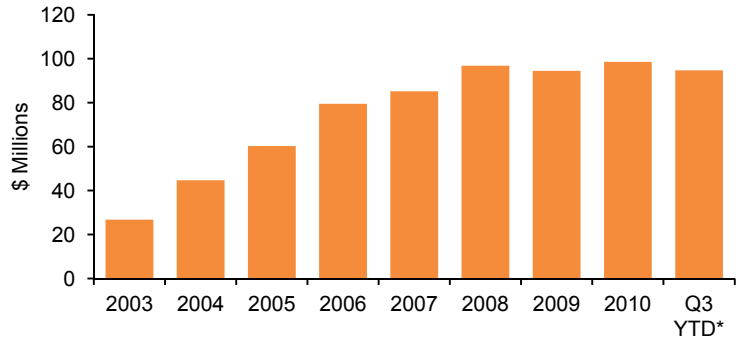
» *~80% of cash is located outside the U.S.*

(As of 9/30/2011, $ Millions)



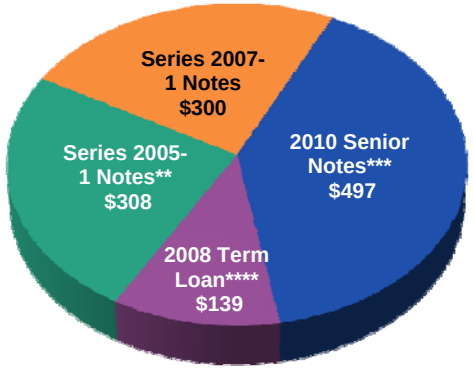
DIVIDENDS

» *Annualized dividend of $0.56 per share, up 33% from $0.42 per share in 2010*



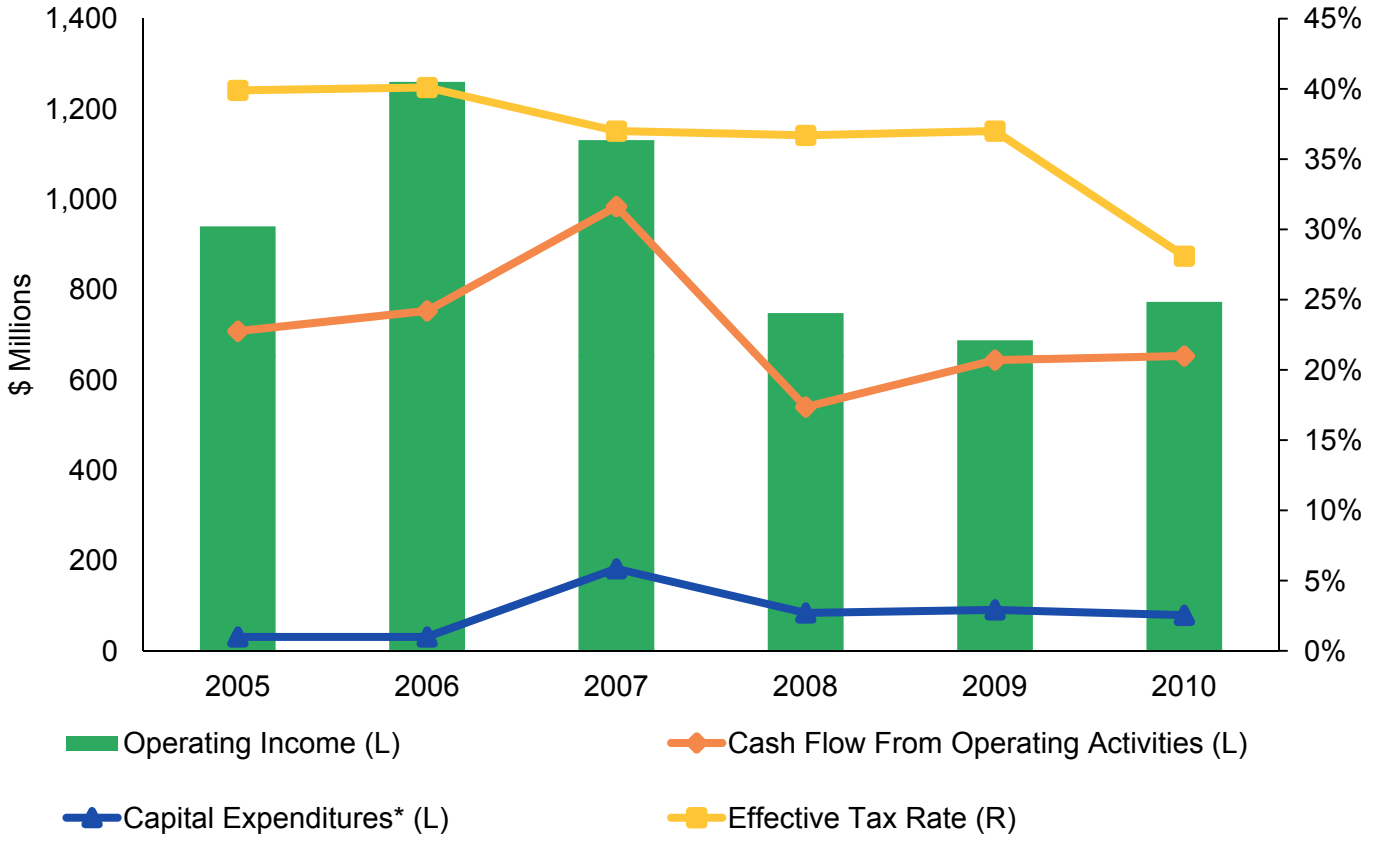
DEBT

(As of 9/30/2011, $ Millions)



* For Q3 2011, reflects declared dividend; **Includes an $8.0 million and ($3.7) million fair value adjustment on an interest rate hedge at September 30, 2011 and December 31, 2010, respectively; ***Represents $500 million of 5.5% publicly traded Senior Notes which mature on September 1, 2020; the notes were offered to the public at 99.374% of the face amount ; ****Various payments through 2013

Solid Operating Metrics and Cash Flow Generation



» 2008-2010 compound annual growth rate: Cash Flow From Operating Activities: 10%

* 2007-2010 figures include costs associated with build-out of New York and London offices

Regulatory Developments

United States: *(the following developments are related to the Dodd-Frank Act)*

- SEC is expected to adopt final rules relevant to NRSROs by June 2012
- Regulatory authorities have begun reviewing their use of ratings in regulation and considering alternative measures as replacements
- SEC study stemming from "Franken Amendment" about, among other matters, the feasibility of establishing an alternative system for allocating credit rating assignments for structured finance products, is expected to be completed by December 2012
- SEC released its first annual report summarizing its examinations of NRSROs in September and did not determine that any finding discussed in the report constituted a material regulatory deficiency

European Union:

- Transfer of oversight of registered credit rating agencies to ESMA became effective in July
- Moody's received its EU registration by ESMA in October
- European Commission is expected to formally propose new rules for the rating agency industry in November

Full-Year 2011 Guidance as of October 27, 2011

Moody's Corporation

Revenue:	Increase in the low-double-digit percent range
Operating expenses:	Increase in the high-single-digit percent range
Operating margin:	Approximately 39 percent
Effective tax rate:	Approximately 31 percent
Earnings per share:	In the range of $2.38 to $2.48; expect to be at the upper end of the range
Capital expenditures:	$70 - $80 million

6 Appendix

Moody's Is a Global Organization



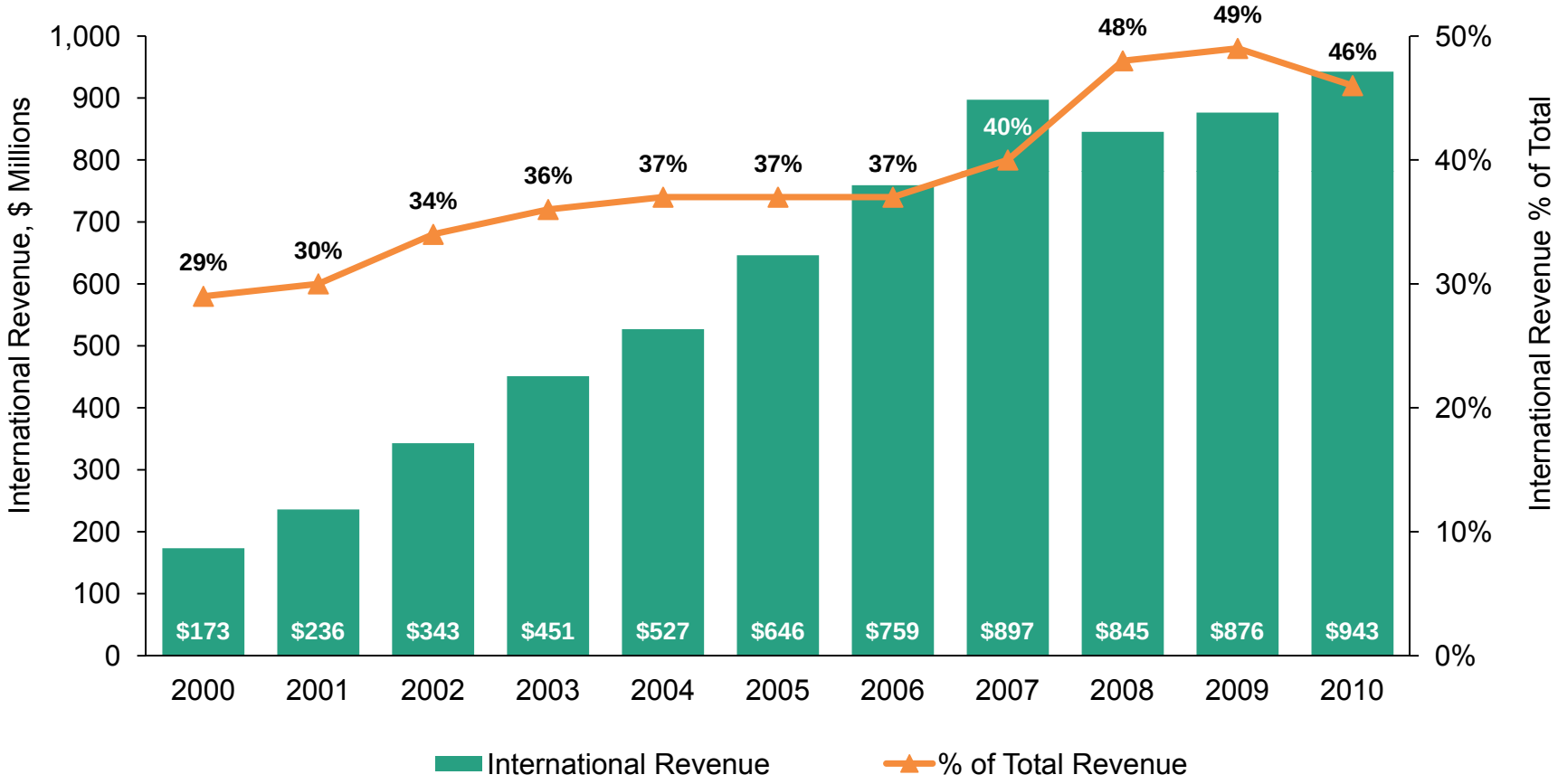
Moody's Global Staffing

- More than 1,300 analysts
- Approximately 4,700 employees
- Presence in 27 countries

	US	Non-US	Total
9/30/2011	2,414	2,318	4,732
9/30/2010	2,275	2,014	4,289

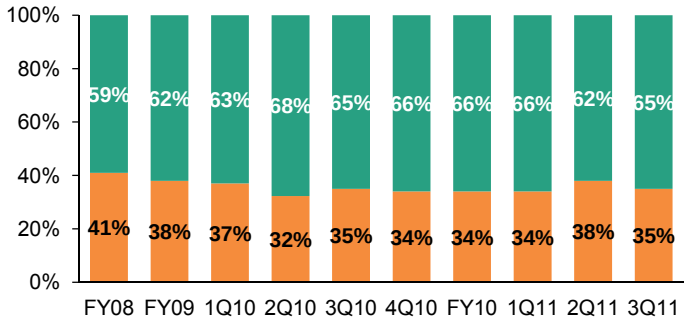
Moody's International Growth

2000-2010 INTERNATIONAL REVENUE CAGR = 18%

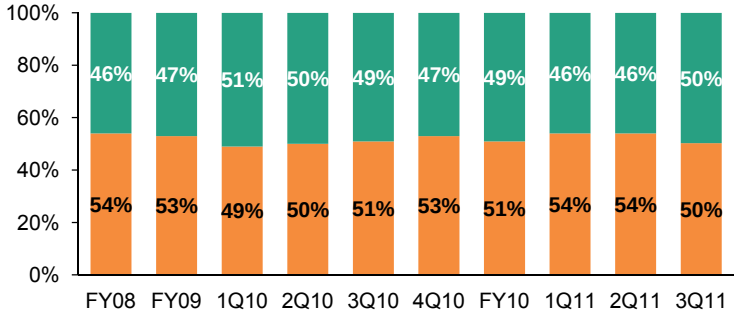


Revenue Distribution: By Geography

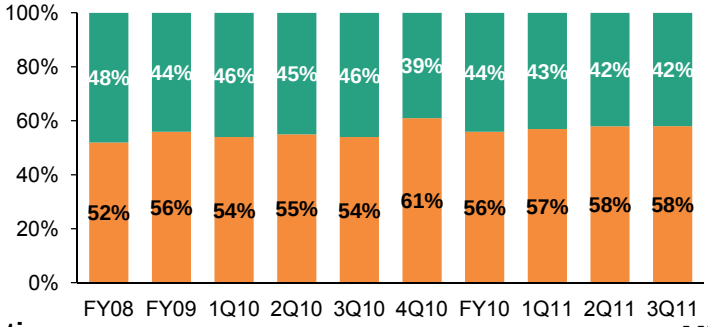
MIS: Corporate Finance



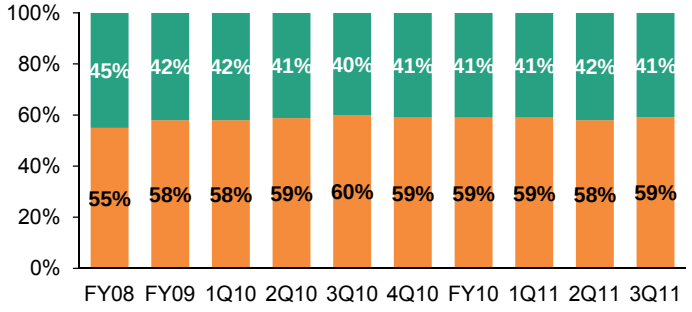
MIS: Structured Finance



Moody's Analytics



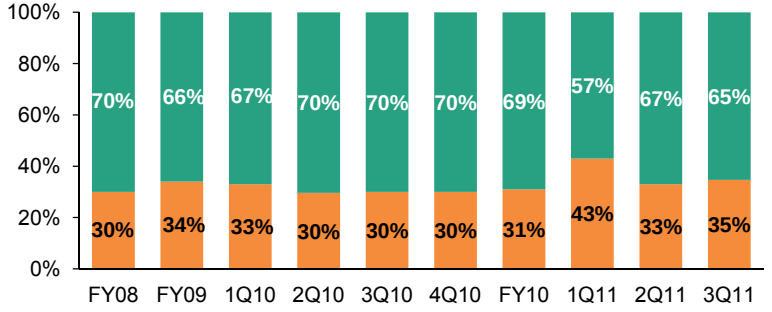
MIS: Financial Institutions



U.S. Non-U.S.

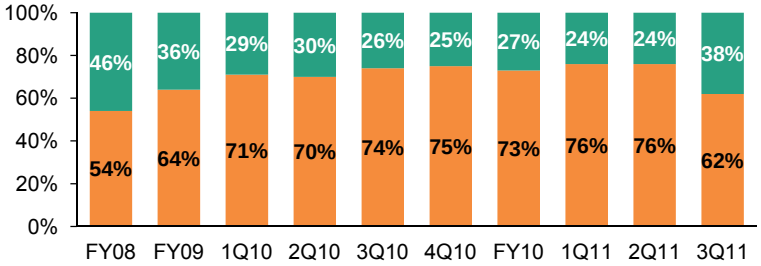
Historical data has been adjusted to conform with current information

MIS: Public, Project & Infrastructure Finance

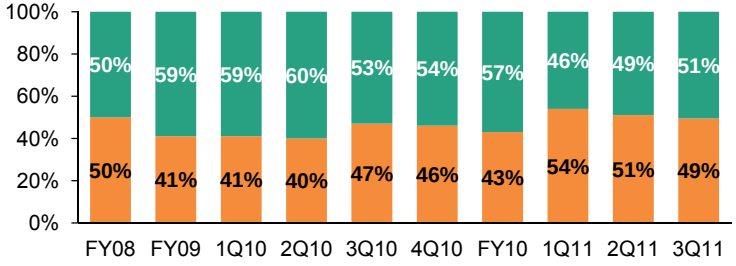


Revenue Distribution: Recurring vs. Transaction

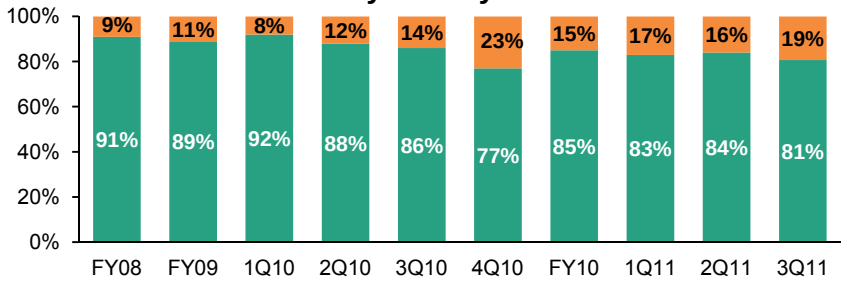
Corporate Finance



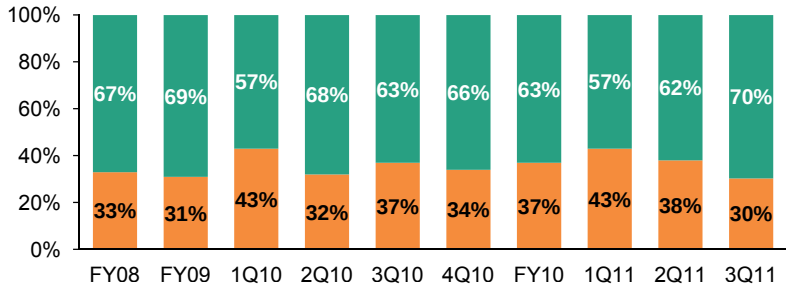
Structured Finance



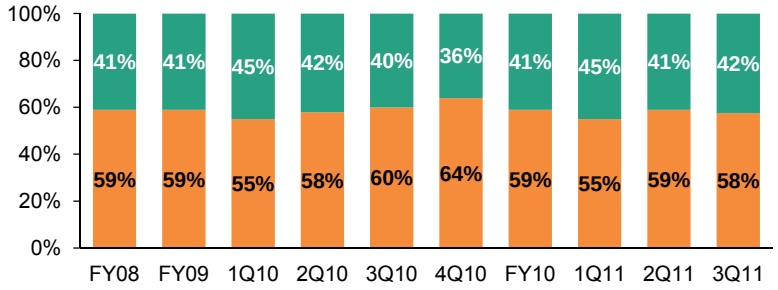
Moody's Analytics



Financial Institutions



Public, Project & Infrastructure Finance

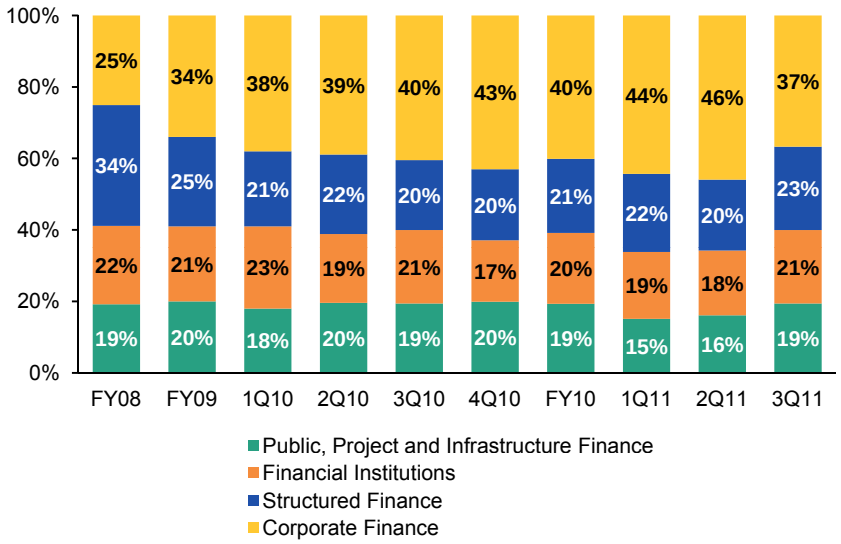


Recurring **Transaction**

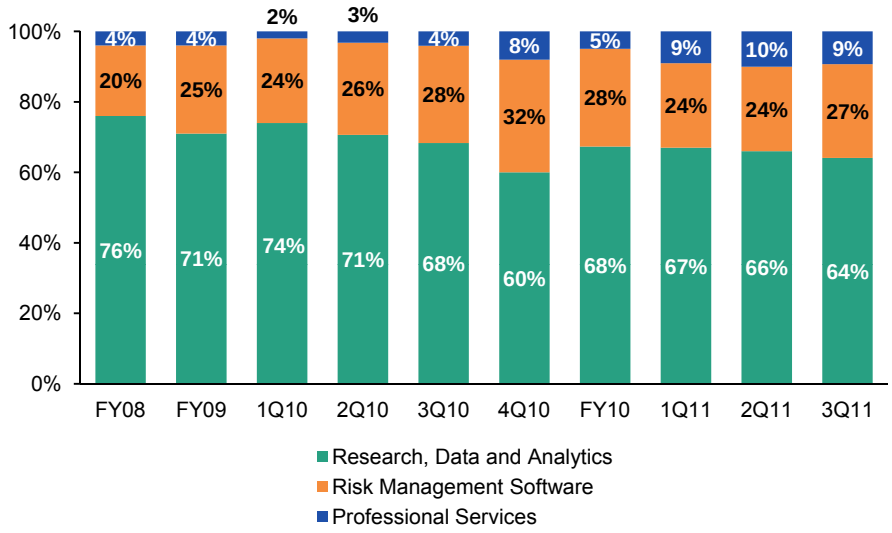
Historical data has been adjusted to conform with current information

Revenue Distribution: By MIS Line of Business and MA Segment

Moody's Investors Service



Moody's Analytics

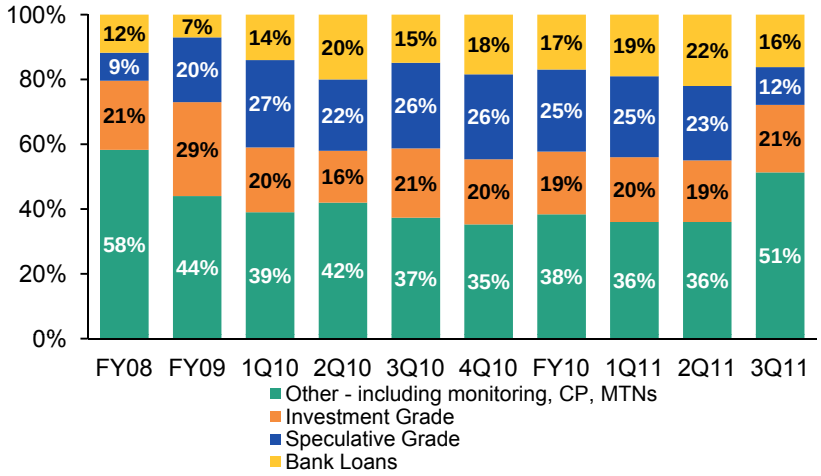


Historical data has been adjusted to conform with current information

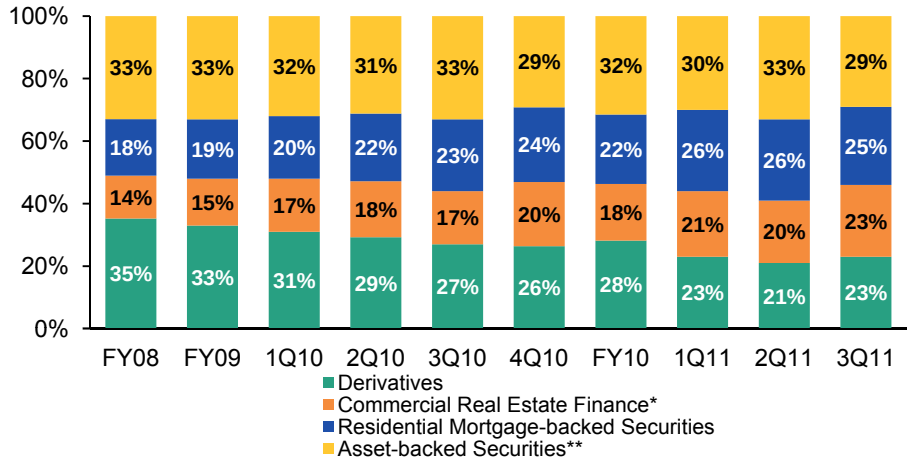
Represents revenue for MIS excluding intersegment royalty

Revenue Distribution: By MIS Product / Asset Class

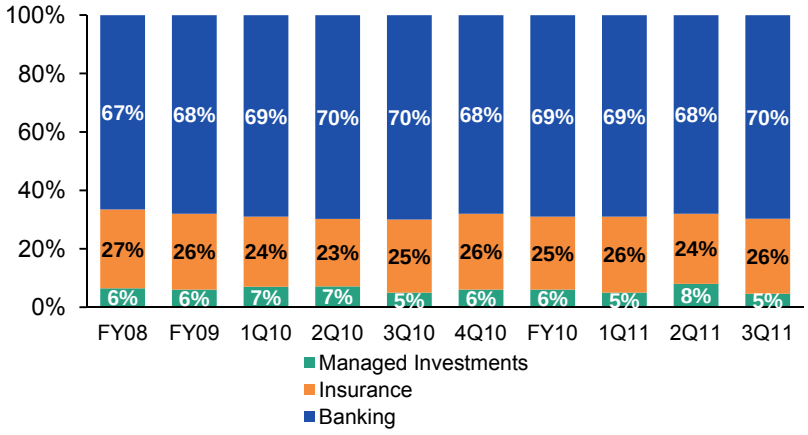
Corporate Finance Revenue by Product



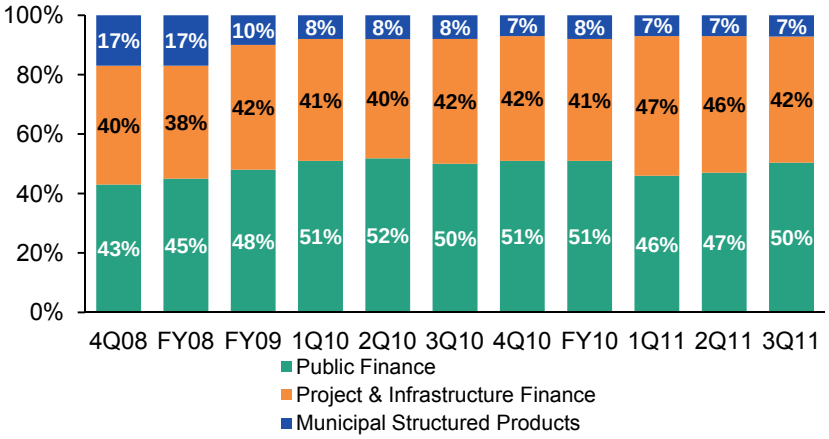
Structured Finance Revenue by Asset Class



Financial Institutions Revenue by Product



Public, Project & Infrastructure Revenue by Product



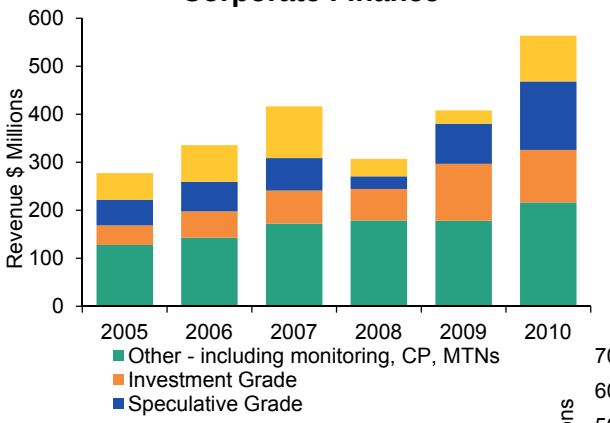
Historical data has been adjusted to conform with current information

* CREF includes commercial mortgage-backed securities, real estate finance, and commercial real estate CDOs

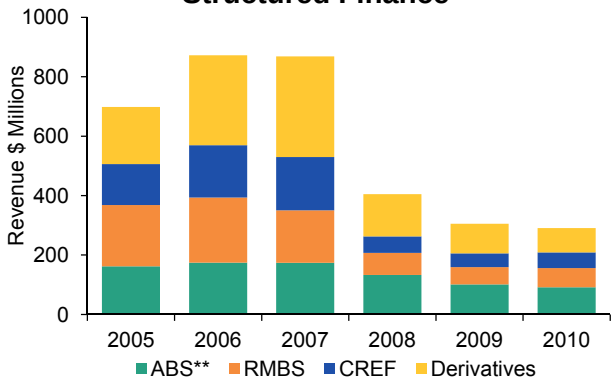
** ABS includes asset-backed commercial paper and long-term asset-backed securities

Historical Revenue Mix*

Corporate Finance

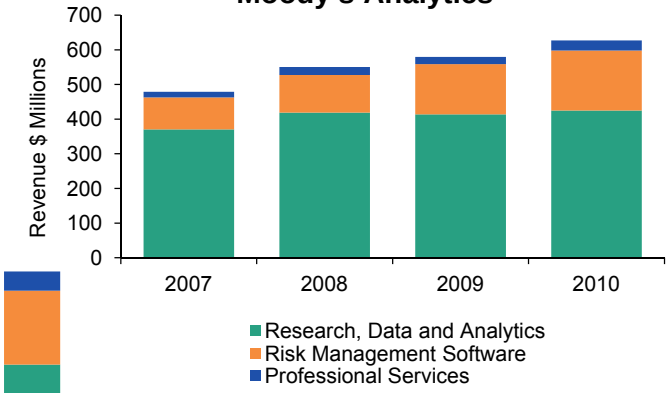


Structured Finance

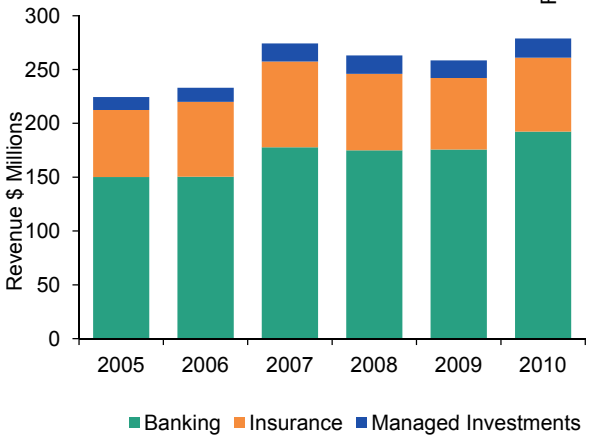


**ABS includes asset-backed commercial paper and long-term asset-backed securities. CREF includes commercial mortgage-backed securities, real estate finance, and commerical real estate CDOs.

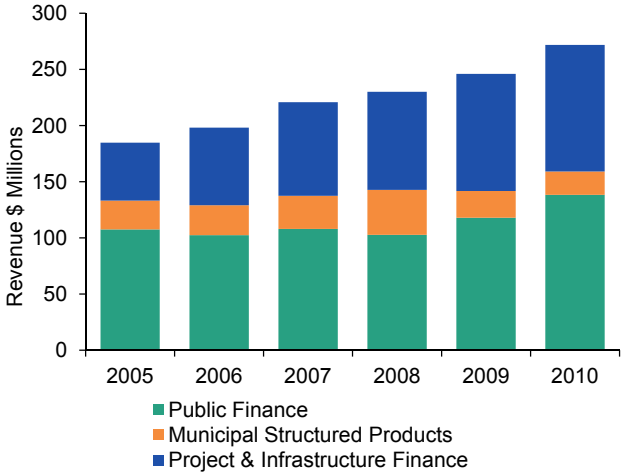
Moody's Analytics



Financial Institutions



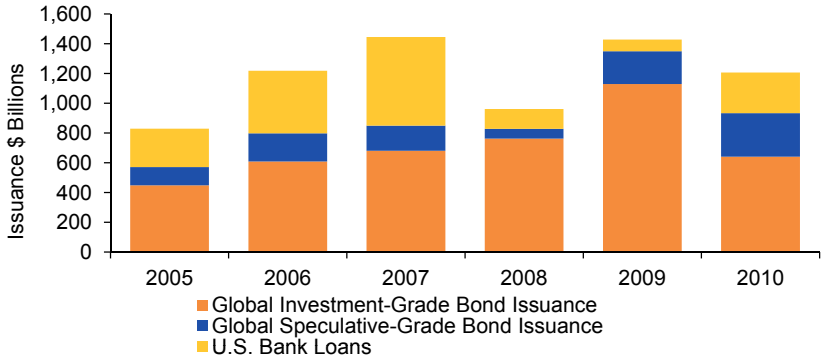
Public, Project and Infrastructure



*Historical data has been adjusted to conform with current information.

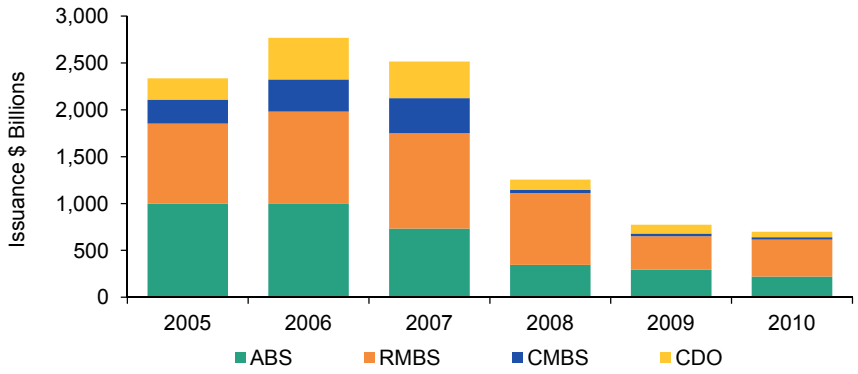
Issuance*: By Year

Global Investment Grade and High Yield Bonds and U.S. Bank Loans



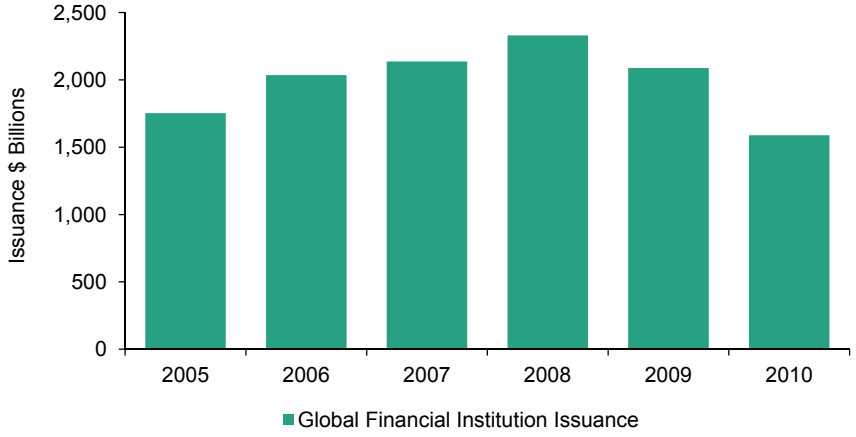
Source: Moody's Capital Markets Research Group, Dealogic; U.S. Bank Loan issuance represents rated new U.S. bank loan programs

Global Rated Structured Finance



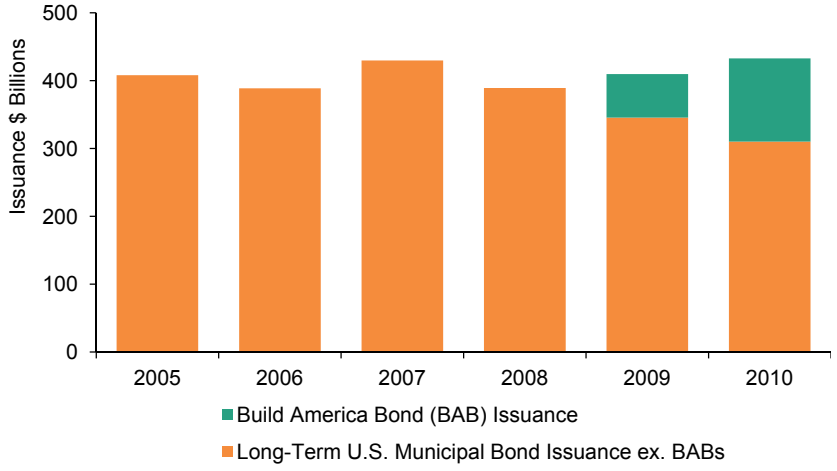
Source: AB Alert, CM Alert, Moody's Corporation

Global Financial Institutions



Source: Moody's Capital Markets Research Group, Dealogic
*Debt issuance categories do not directly correspond to Moody's revenue categorization

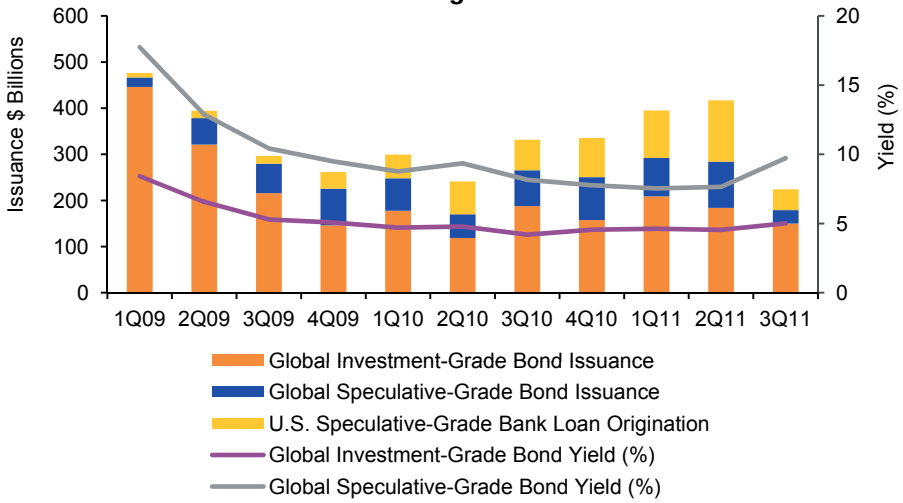
U.S. Municipal Bonds



Source: Bond Buyer

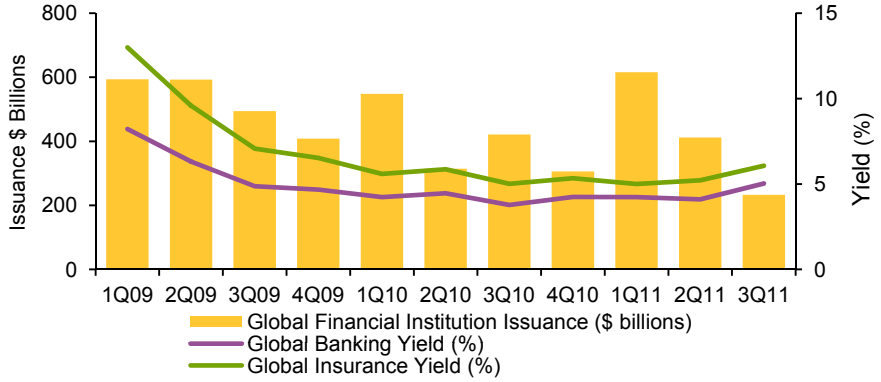
Issuance* and Yields: By Quarter

Rated Global Investment Grade and High Yield Bonds and Rated U.S. High Yield Bank Loans



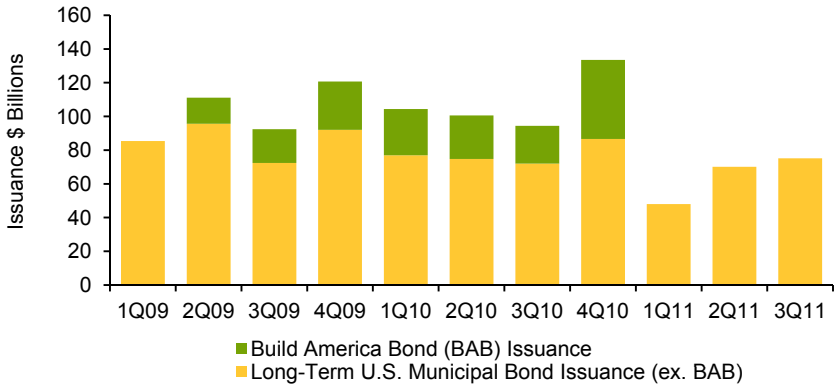
Source: Moody's Capital Markets Research Group, Dealogic, Barclay's Capital; U.S. Bank Loan issuance represents rated new U.S. bank loan programs

Global Financial Institutions



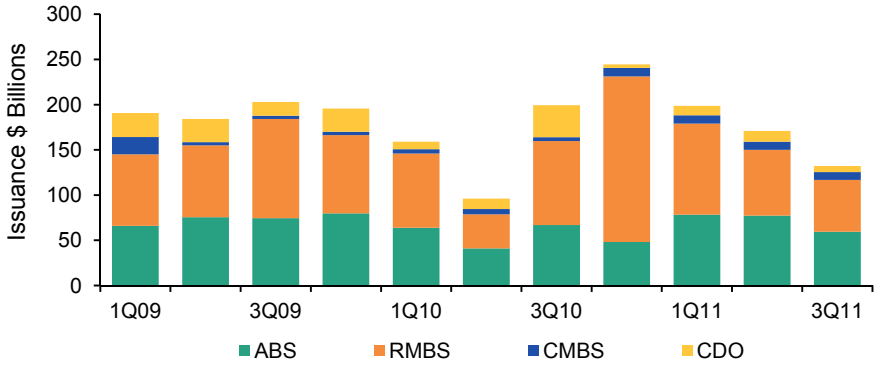
Source: Moody's Capital Markets Research Group, Dealogic, Barclay's Capital

U.S. Municipal Bonds



Source: Bond Buyer

Global Rated Structured Finance



Source: AB Alert, CM Alert, Moody's Corporation

*Debt issuance categories do not directly correspond to Moody's revenue categorization

Moody's Analytics Helps Financial Institutions Manage Risk

Information

RESEARCH, DATA & ANALYTICS (RDA)

- MIS research & data
- MIS ratings feeds
- Quantitative credit metrics (EDFs)
- Economic research, data & models
- Structured finance analytics & data

27,000 Subscribers

Demand Drivers

- Expansion of credit market activity among financial institutions customers
  - Headcount growth
  - Asset class exposures
  - Geographic expansion

Covers 12,000 corporate issuers, 25,000 public finance issuers and16,000 structured finance deals

Systems

RISK MANAGEMENT SOFTWARE (RMS)

- Credit assessment and origination
- Portfolio management
- Balance sheet management
- Regulatory compliance

1,400+ Clients

Demand Drivers

- New regulatory requirements (e.g., Basel III, Solvency II)
- Adoption of global best practices in developing markets
- Systems upgrades in developed markets

Unique capabilities to monitor and implement country-specific regulatory developments as they emerge

Advice & Training

PROFESSIONAL SERVICES

- Financial services in-house training, seminars, e-learning, and professional certifications
- Custom regulatory compliance consulting projects; risk scoring models

55,000 Trainees/Year

Demand Drivers

- Regulatory requirements for validating and strengthening banks' risk management infrastructure
- Securities markets evolution, especially in emerging economies

170+ courses ; we help world's leading financial institutions train their workforce

Moody's Analytics' offerings strengthen and build upon Moody's brand

Moody's Analytics Market Position and Strategy By Segment

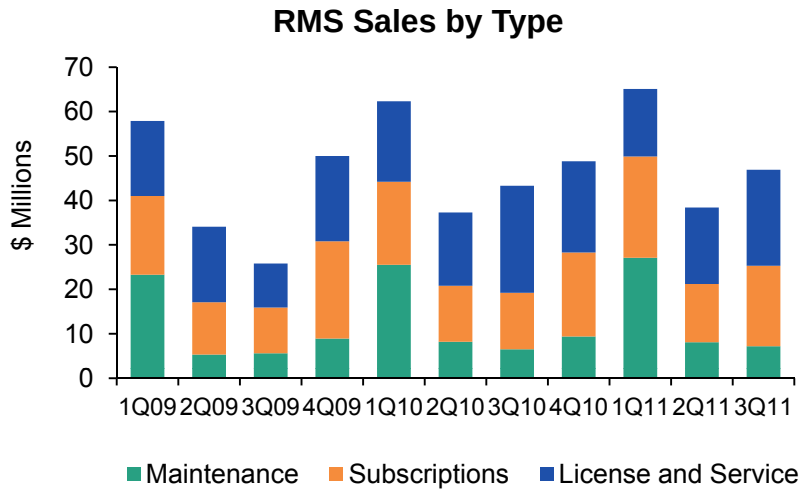
	COMPETITIVE ADVANTAGE	PEER GROUP*	STRATEGIC GOAL
RESEARCH, DATA & ANALYTICS (RD&A)	» Exclusive distributor of rating agency content » Multiple perspectives on credit analysis	» Equifax » Factset Research Systems » McGraw-Hill Financial	» Capture larger "share of wallet" via product extensions to grow faster than typical mid-single digit growth
RISK MANAGEMENT SOFTWARE (RMS)	» Expertise in models, process and compliance combined with industrial-strength software platform	» Fitch Algorithmics** » SunGard » Oracle	» Reach several hundred million dollars in revenue within next few years
PROFESSIONAL SERVICES	» Training programs provide unrivalled content, expertise and breadth of delivery channels » CSI is the exclusive provider of mandatory securities licensing education	» Blackrock Solutions » Fair Isaac Corp » McGraw-Hill Financial	» Education and advisory services provide "entry-level" offering for new customers in emerging markets » Over time, cross-sell big ticket software solutions and high margin research subscriptions

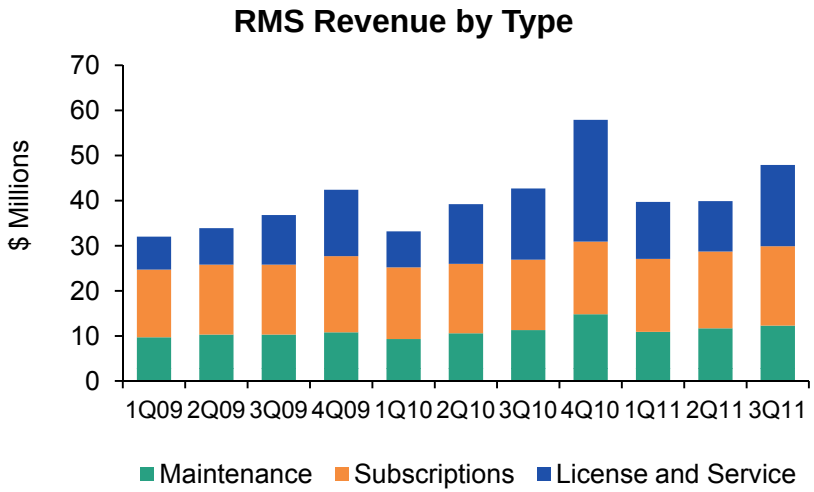
Moody's Analytics provides a unique product portfolio

» MA peers include companies with similar business models that sell to similar segments but none with an identical product portfolio

* Peer group list is not comprehensive.
**Acquisition by IBM due to close in October, 2011

Risk Management Software Metrics





- Maintenance and Subscription revenues are recurring and represent approximately two-thirds of total
  - Renewed annually and recognized over annual contract periods
- License and Service revenues are one-time
  - Recognized as implementation projects are completed
  - Sales provide 12-24 months visibility into revenue
- Seasonal pattern
  - Sales strongest in Q1 and Q4 due to corporate budget cycle
  - Revenue strongest in Q4, driven by prior year's 4Q sales and customer requirements for year-end project completion
- Quarter-to-quarter revenue results can be uneven, reflecting "lumpiness" in revenue recognition as large projects are completed
  - Expect smoother revenue as increased scale leads to higher proportion of recurring revenue from maintenance on installed base

Risk Management Software Helps Lending Institutions Answer Key Risk-Related Questions

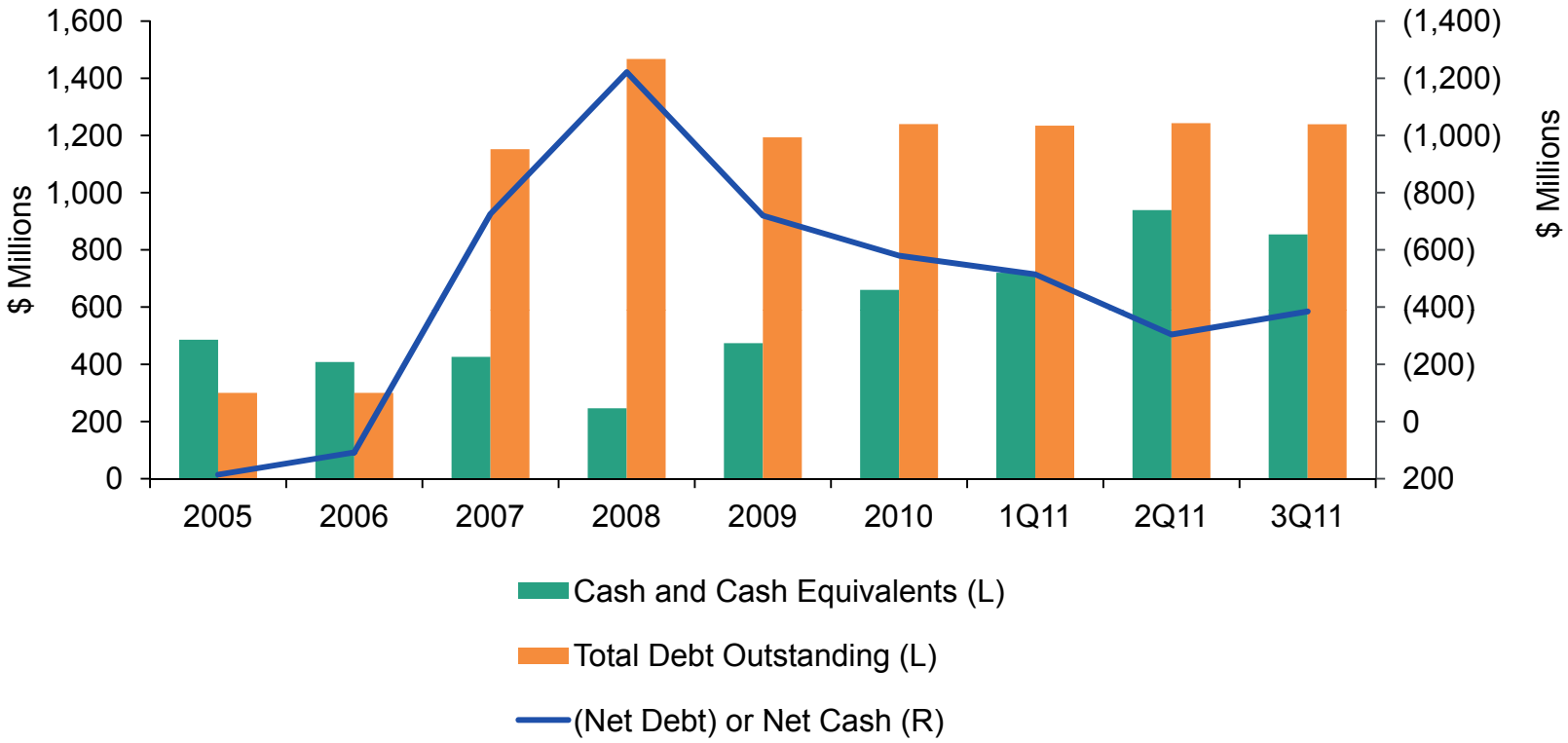


Question	RMS Solution
Should we make this loan?	Spread counterparty financial data Run default probability and loss-given-default to assign or validate risk score Track progress of loan origination through workflow tool
What impact does this exposure have on our portfolio?	Manage industry & regional exposures; implement limit-setting Identify risk contribution of exposures within the portfolio Calculate capital consumption and economic capital
How can we comply with regulatory guidelines?	Meet country-by-country reporting requirements for credit and liquidity risk, under Basel and Solvency regulations
How should we manage our balance sheet?	Provide essential monitoring of balance-sheet risk across a wide range of assets and liabilities in the banking book Conduct stress testing for idiosyncratic or systemic crises

Regulatory Uncertainty Continues to Weigh on New Securitization Conditions

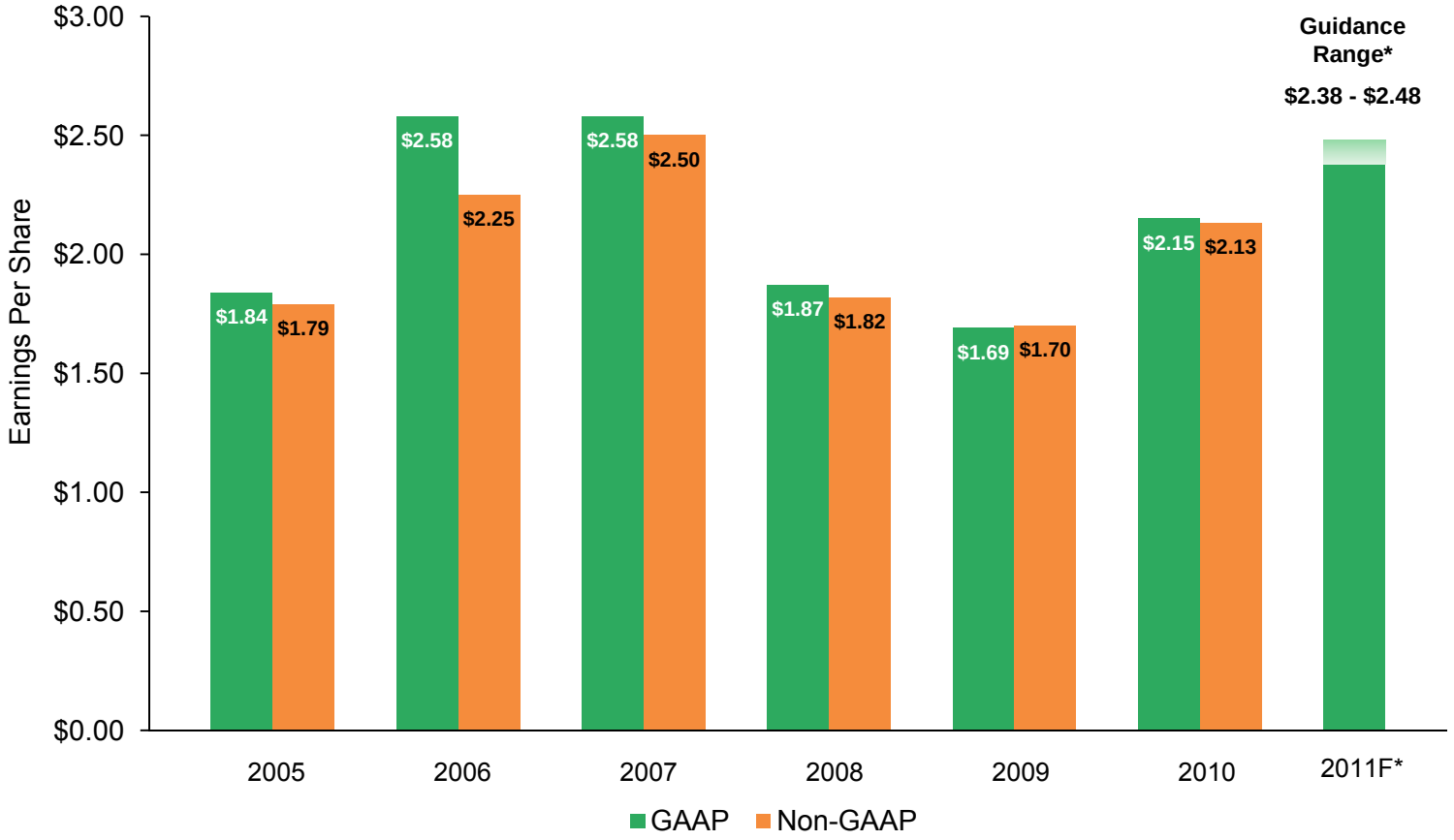
ADOPTED	**FAS 166/167**	Requirement to consolidate ABCP on sponsor banks' balance sheet may lead to lower ABCP outstanding levels, when combined with potentially higher regulatory capital costs. Also affects credit card safe harbor provisions. May make sale treatment harder to achieve for CMBS.
	Dodd-Frank Act	Requires retention of an unhedged (and untransferable) 5% credit risk of SF securities potentially dampening U.S. SF issuance. This may cause the SPV to stay on securitizer's balance sheet under FAS 167 if the securitizer manages the SPV in a way that substantially affects its performance
	FDIC "safe harbor" treatment	Limited issuance impact, depends on how economical bank-sponsors of securitizations will consider safe harbor compliance, as compared to alternative financing sources
PROPOSED	**Basel II / III**	Increases bank capital requirements and strengthens bank capital adequacy and liquidity: – Basel II triples capital requirements for resecuritizations in banking book – Basel III introduces a minimum leverage ratio and liquidity ratios, requiring banks to hold sufficient high-quality assets
	Revised SEC Regulation AB	Increases disclosure and may reduce issuance volume – Requires originators to file loan-level information with the SEC – New requirements for shelf registrations, including 5% risk retention – Requirement to disclose credit rating in registration statements was waived indefinitely
	FASB/IASB joint financial instruments accounting projects	Requires nearly all financial instruments, including loans, to be carried at fair value. May create disincentive to hold securitized assets but conversely also may incentivize banks to securitize more of their loan portfolios

Balance Sheet Remains Strong



- Cash flow generation continues to be strong
- $1 billion of additional capacity available under revolving credit facility
- No major debt repayment due until 2015

Earnings Per Share



* 2011 EPS range represents GAAP guidance provided on October 27, 2011; expect to be at the upper end of the range

Non-GAAP EPS excludes: certain legacy tax matters and adjustments (2005-2010); restructuring charges and related adjustments (2007-2009); the gain on sale of Moody's former NY headquarters building (2006). 2005 reflects impact of stock compensation expense determined as if FAS123 was adopted on its effective date.

Both GAAP and non-GAAP EPS include $0.15 of tax benefits associated with foreign earnings and state taxes in 2010. 2011 EPS guidance includes a $0.06 tax benefit from 1H 2011.

All figures adjusted to reflect 2-for-1 stock split effective May 2005

Reconciliation of Non-GAAP Financial Measures to GAAP

Earnings Per Share[a]	2010	2009	2008	2007	2006	2005
GAAP diluted EPS as reported	**$2.15**	**$1.69**	**$1.87**	**$2.58**	**$2.58**	**$1.84**
Non-GAAP adjustments[b]:						
Impact of expensing stock-based compensation[c]	-	-	-	-	-	(0.02)
Impact of restructuring	-	0.05	(0.01)	0.11	-	
Impact of legacy tax items	(0.02)	(0.04)	(0.04)	(0.19)	(0.01)	(0.03)
Impact of gain on sale of building	-	-	-	-	(0.32)	-
Non-GAAP diluted EPS	**$2.13**	**$1.70**	**$1.82**	**$2.50**	**$2.25**	**$1.79**
Shares used in diluted EPS calculation (millions)	**236.6**	**237.8**	**245.3**	**272.2**	**291.9**	**305.6**

(a) Adjusted for May 2005 2-for-1 stock split
(b) Non-GAAP EPS adjustments may differ from figures disclosed in earnings releases due to rounding
(c) Represents the EPS impact of expensing stock-based compensation determined as if FAS123 w as adopted on its effective date

Operating Margin	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09	3Q09	2Q09	1Q09	4Q08	3Q08	2Q08	1Q08
GAAP Operating Margin (As Reported)	**37%**	**45%**	**43%**	**35%**	**37%**	**40%**	**41%**	**37%**	**38%**	**42%**	**36%**	**31%**	**44%**	**48%**	**46%**
Restructuring	-	-	-	-	-	-	-	-	1%	-	3%	-	-1%	-	-
Non-GAAP Operating Margin	**37%**	**45%**	**43%**	**35%**	**37%**	**40%**	**41%**	**37%**	**39%**	**42%**	**39%**	**31%**	**43%**	**48%**	**46%**

2008 Revenue MIS Business Line Reclassification

in $millions

Reporting as per 2008 filings	1Q	2Q	3Q	4Q	FY08**
Structured Finance	$ 107.2	$ 120.1	$ 97.7	$ 92.2	$ 417.2
Corporate Finance	71.5	97.4	75.0	56.6	300.5
Financial Institutions	64.0	72.1	64.4	56.5	257.0
Public, Project & Infrastructure Finance	55.5	66.2	59.7	48.6	230.0
Total Moody's Investors Service*	**298.2**	**355.8**	**296.8**	**253.9**	**1,204.7**
Total Moody's Analytics	**132.5**	**131.8**	**136.6**	**149.8**	**550.7**
Total Moody's Corporation	**$ 430.7**	**$ 487.6**	**$ 433.4**	**$ 403.7**	**$ 1,755.4**

Reclass for 2008 and 2009 Business Change: Managed Investments, Credit Estimates					
Structured Finance	$ (4.8)	$ (4.5)	$ (2.0)	$ (1.2)	$ (12.5)
Corporate Finance	1.8	1.6	2.0	1.1	6.5
Financial Institutions	3.0	3.0	-	-	6.0
Public, Project & Infrastructure Finance	-	-	-	-	-
Total Moody's Investors Service	**-**	**-**	**-**	**-**	**-**
Total Moody's Analytics	-	-	-	-	-
Total Moody's Corporation	$ -	$ -	$ -	$ -	$ -

2009 (Current) Business Line Reporting	1Q	2Q	3Q	4Q	FY08
Structured Finance	$ 102.4	$ 115.6	$ 95.7	$ 91.0	$ 404.7
Corporate Finance	73.3	99.0	77.0	57.7	307.0
Financial Institutions	67.0	75.1	64.4	56.5	263.0
Public, Project & Infrastructure Finance	55.5	66.2	59.7	48.6	230.0
Total Moody's Investors Service*	**298.2**	**355.9**	**296.8**	**253.8**	**1,204.7**
Total Moody's Analytics	**132.5**	**131.8**	**136.6**	**149.8**	**550.7**
Total Moody's Corporation	**$ 430.7**	**$ 487.7**	**$ 433.4**	**$ 403.6**	**$ 1,755.4**

* Excludes intersegment royalty

** FY08 "Reporting as per 2008 filings" represents cumulative total of 10Q filings

In August 2008, the global managed investments ratings group which was previously part of Structured Finance, was moved to the Financial Institutions business. In 2009, credit estimates was moved to Corporate Finance.

2009 Moody's Analytics Revenue Reclassification

in $millions

Reporting as per filings in year		**2008**		**2009**
Subscriptions	$	475.9		n/a
Software		49.2		n/a
Professional Services		25.6		n/a
Total Moody's Analytics	**$**	**550.7**		**n/a**
Reclass for 2009 Realignment*:				
Subscriptions	$	(57.2)		n/a
Software		59.6		n/a
Professional Services		(2.4)		n/a
Total Moody's Analytics	$	-		n/a

2009 (Current) Reporting		**2008**		**2009**
Research, Data and Analytics	$	418.7	$	413.6
Risk Management Software		108.8		145.1
Professional Services		23.2		20.8
Total Moody's Analytics	**$**	**550.7**	**$**	**579.5**

*During the fourth quarter of 2009 the Moody's Analytics ("MA") groupings were realigned and renamed to reflect the reporting unit structure for the MA segment at December 31, 2009. Pursuant to this realignment the Subscriptions grouping was renamed Research, Data and Analytics and the Software grouping was renamed Risk Management Software. The revised groupings classify certain subscription-based risk management software revenue and advisory services relating to software sales to the

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