Moody's



Investor Presentation

3Q 2012

NOVEMBER 6, 2012

Disclaimer

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 2012 and other forward-looking statements in this release are made as of October 26, 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. 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

Overview of Moody's Corporation

Leading global provider of credit rating opinions, insight and tools for financial risk measurement and management

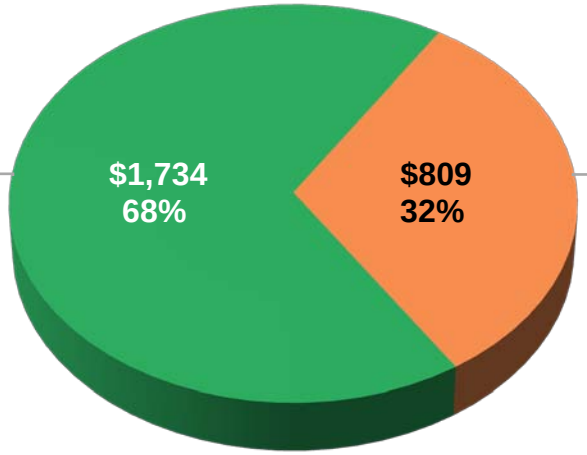
Moody's Investors Service

Independent provider of credit rating opinions and related information for over 100 years

Moody's Analytics

Research, data and software for financial risk analysis and related professional services

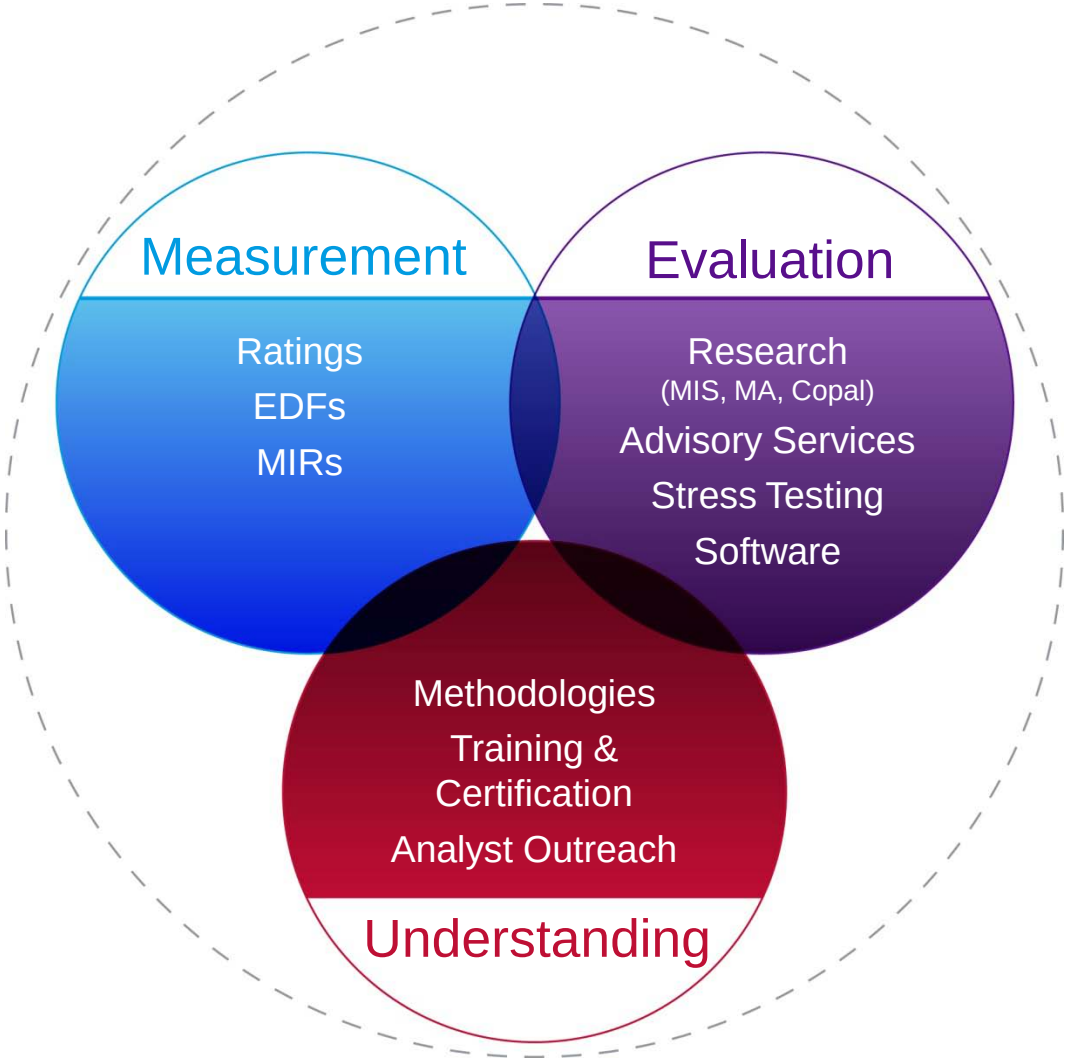
Moody's
TTM Revenue: $2.5 billion*



($ millions)

* TTM as of September 30, 2012. Represents consolidated financials excluding intersegment royalty and eliminations.

Moody's Helps Institutions Manage Financial Risk



Recognized Leader by Customers and Third Parties

- **MIS** voted "Best Rating Agency" in the 2012 *Institutional Investor* U.S. Fixed Income poll
- **MA** featured by *Risk Magazine* as one of its "Firms of the Future" that will be most influential over the next five years
- **MA** collaborating with ADP to enhance the widely-followed ADP National Employment Report

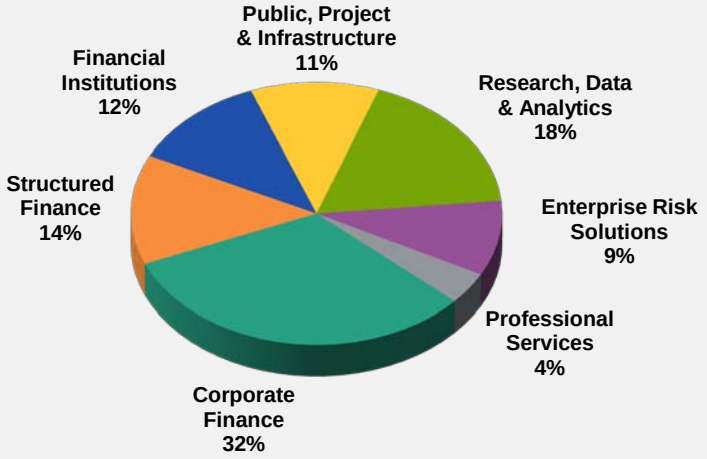
Moody's has Ongoing Robust Opportunities for Growth

Debt market issuance driven by **global GDP growth**	**Disintermediation** of credit markets	**Growth in MA** driven by further penetration of MA's client base and expansion of bank & insurance regulatory requirements	**Pricing** initiatives aligned with value
~3-4%	**~2%**	**~2-3%**	**~4%**

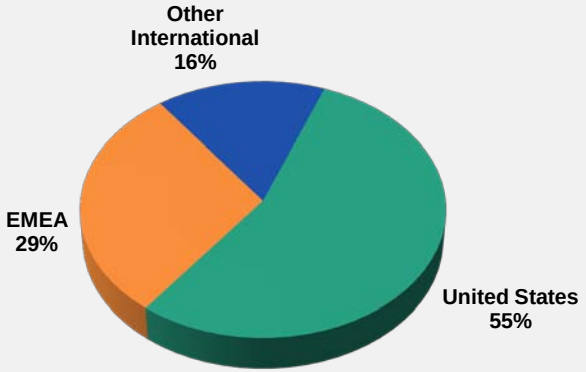
Revenue Growth Opportunity: Low Double-Digit

Breadth of Moody's Businesses and Global Footprint Provide Diversification

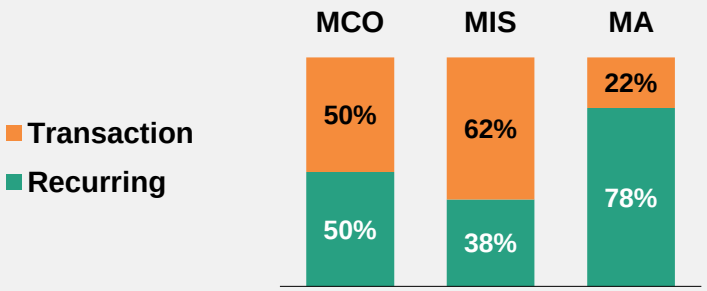
3Q 2012 REVENUE BY BUSINESS



3Q 2012 REVENUE BY GEOGRAPHY



3Q 2012 REVENUE BY TYPE



TRANSACTION AND RECURRING REVENUE

Moody's Investors Service

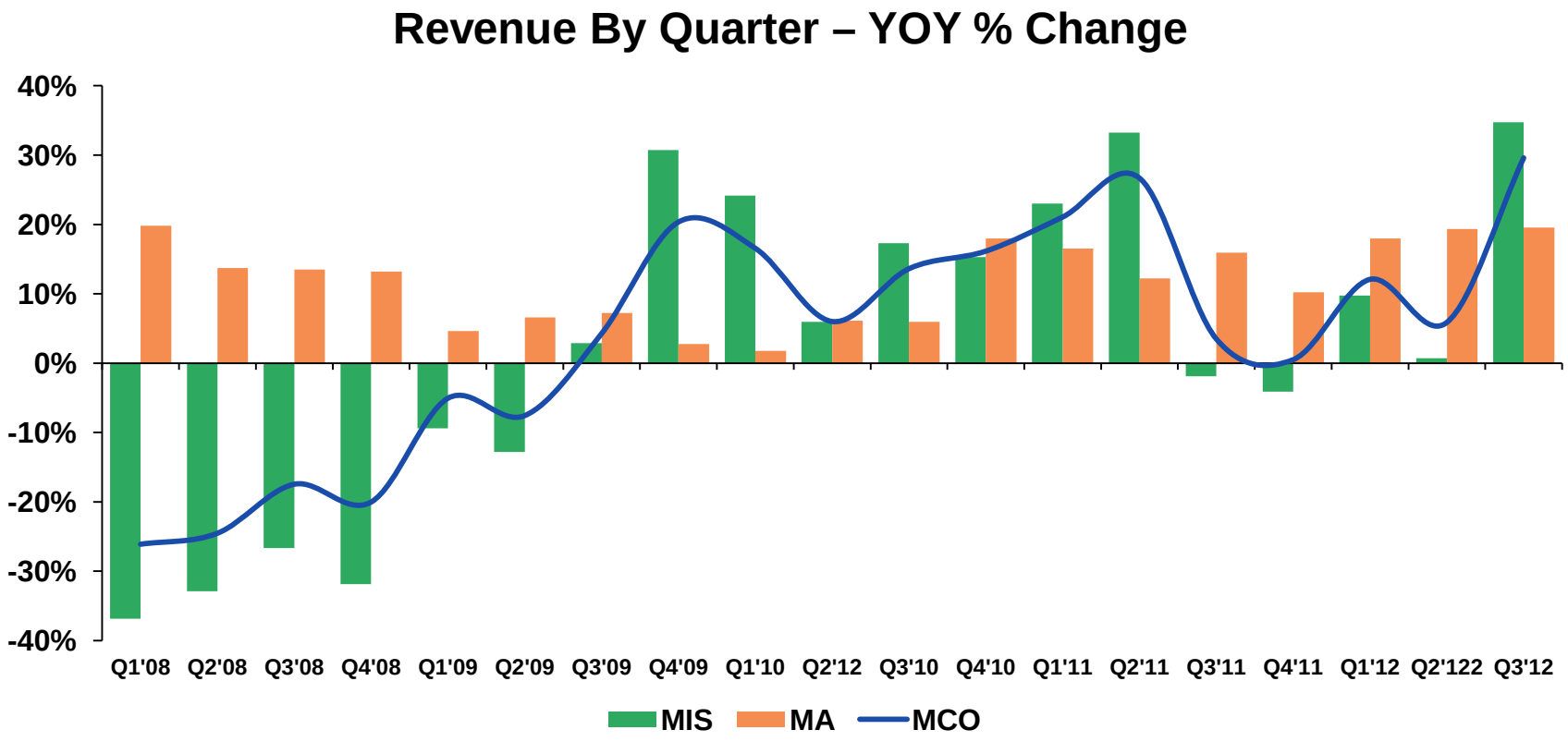
- **Transaction** revenue recognized when rating published
- **Recurring** revenue recognized ratably over security life

Moody's Analytics

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

Steady MA Revenue Growth Complements Variability of MIS Revenue

» MA revenue growth steadily up between 2% and 20%, while MIS revenue growth ranges from down 37% to up 35%



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Financial Overview and Outlook

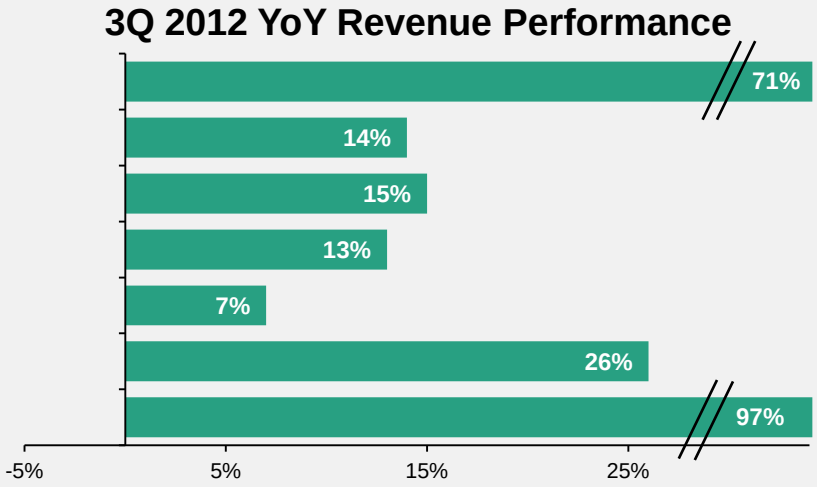
Double-Digit Revenue Growth in All Lines of Business at MIS and Continued Strong Growth in All Areas of MA in 3Q12

($ millions)

Moody's Total Revenue
3Q 2012: $689

MCO	↑ 30%
U.S.	↑ 37%
Non-U.S.	↑ 22%

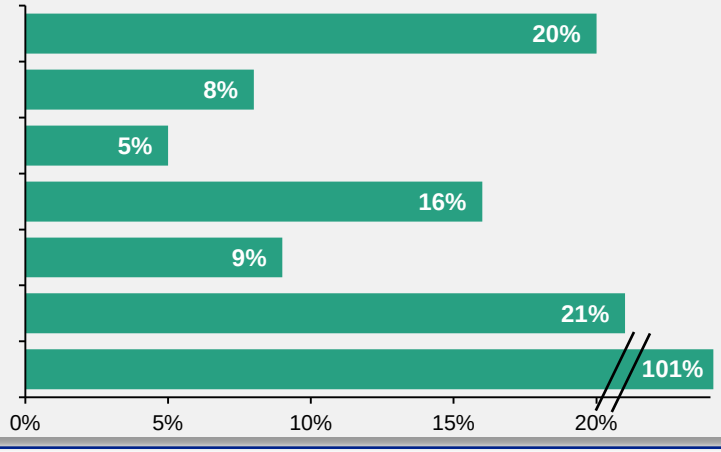
- MIS ↑ 35%
  - $221 Corporate Finance
  - $93 Structured Finance
  - $83 Financial Institutions
  - $77 PPIF
- MA ↑ 20%
  - $124 RD&A
  - $64 ERS
  - $27 Professional Services



Moody's Total Revenue
YTD 3Q 2012: $1,976

MCO	↑ 15%
U.S.	↑ 19%
Non-U.S.	↑ 11%

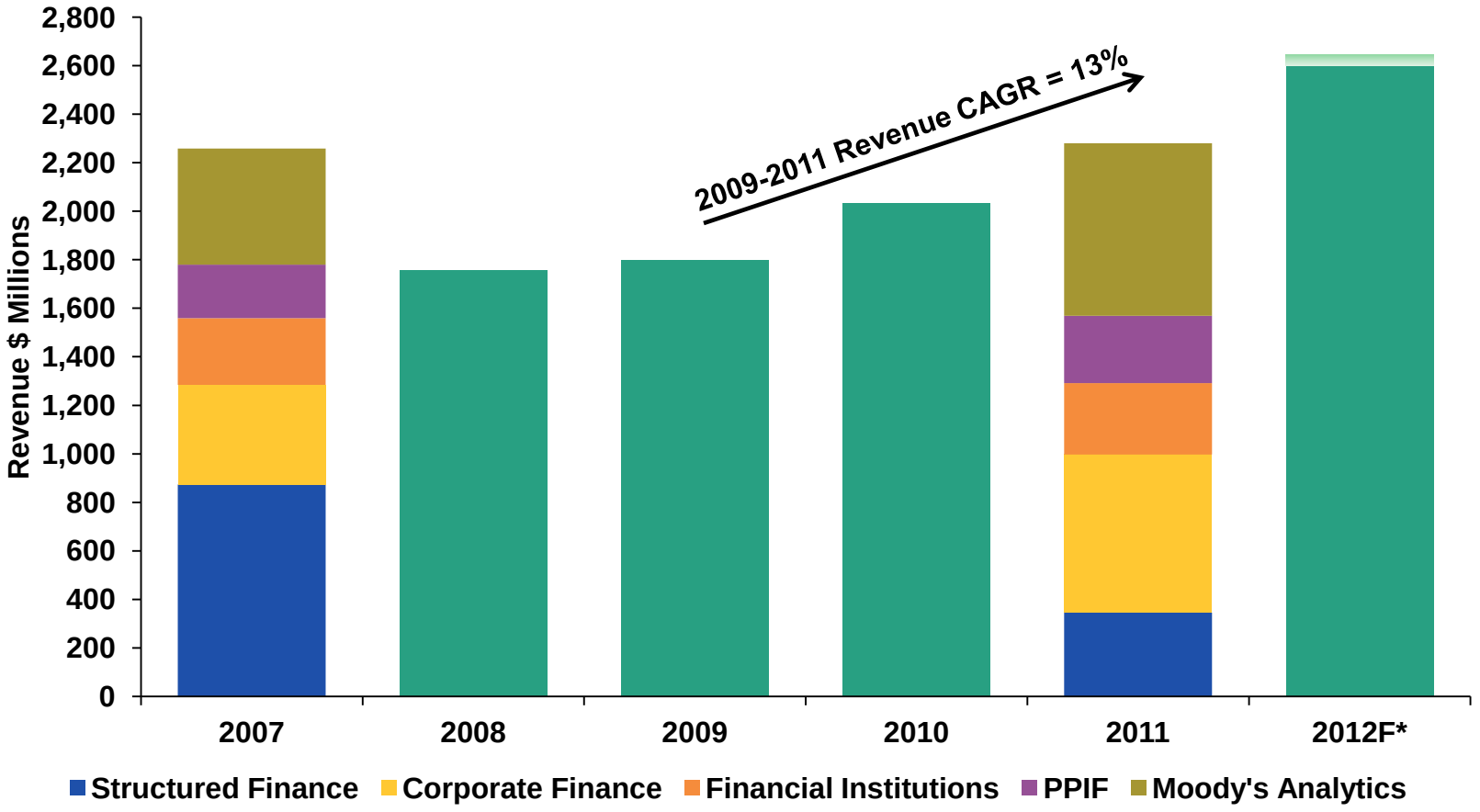
- MIS ↑ 14%
  - $613 Corporate Finance
  - $278 Structured Finance
  - $239 Financial Institutions
  - $237 PPIF
- MA ↑ 19%
  - $365 RD&A
  - $164 ERS
  - $80 Professional Services



MCO Resumed Double-Digit Revenue Growth Rate

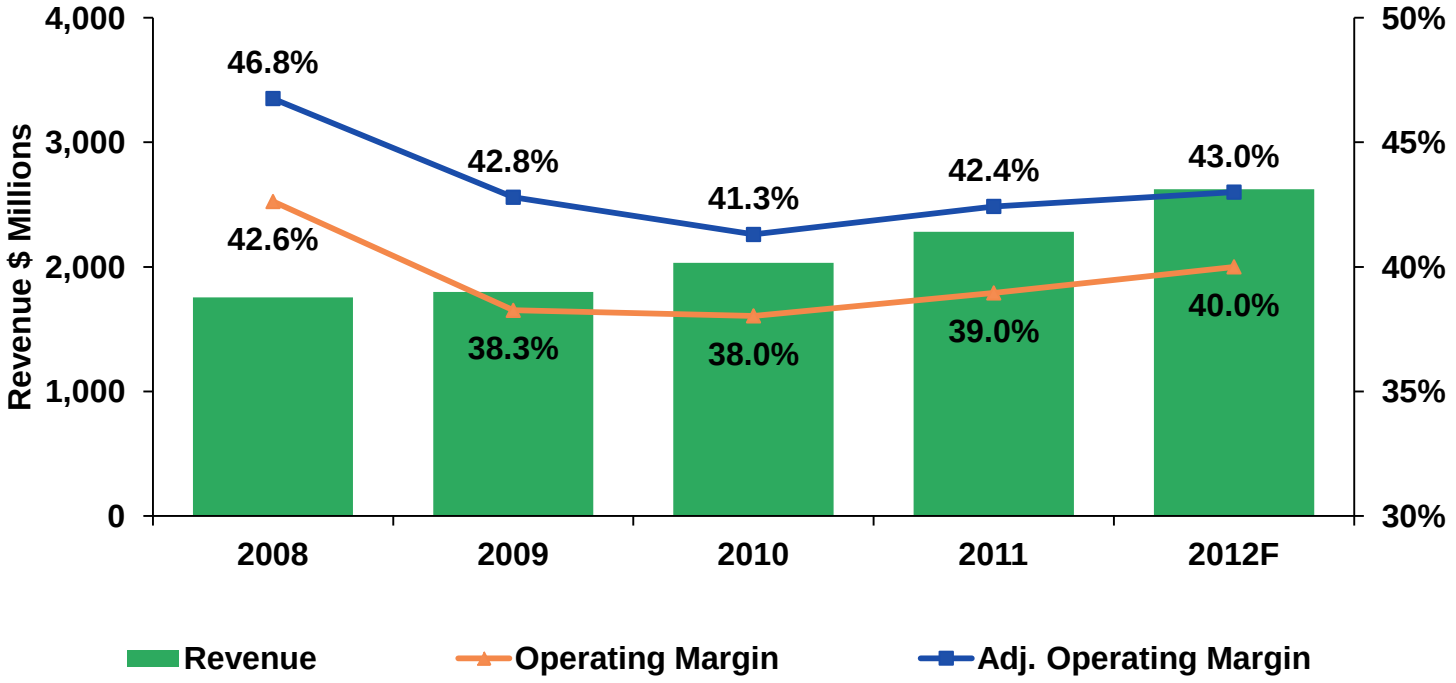
2012 Guidance Range*

Revenue: ↑ mid-teens %



*Represents GAAP guidance provided on October 26, 2012.

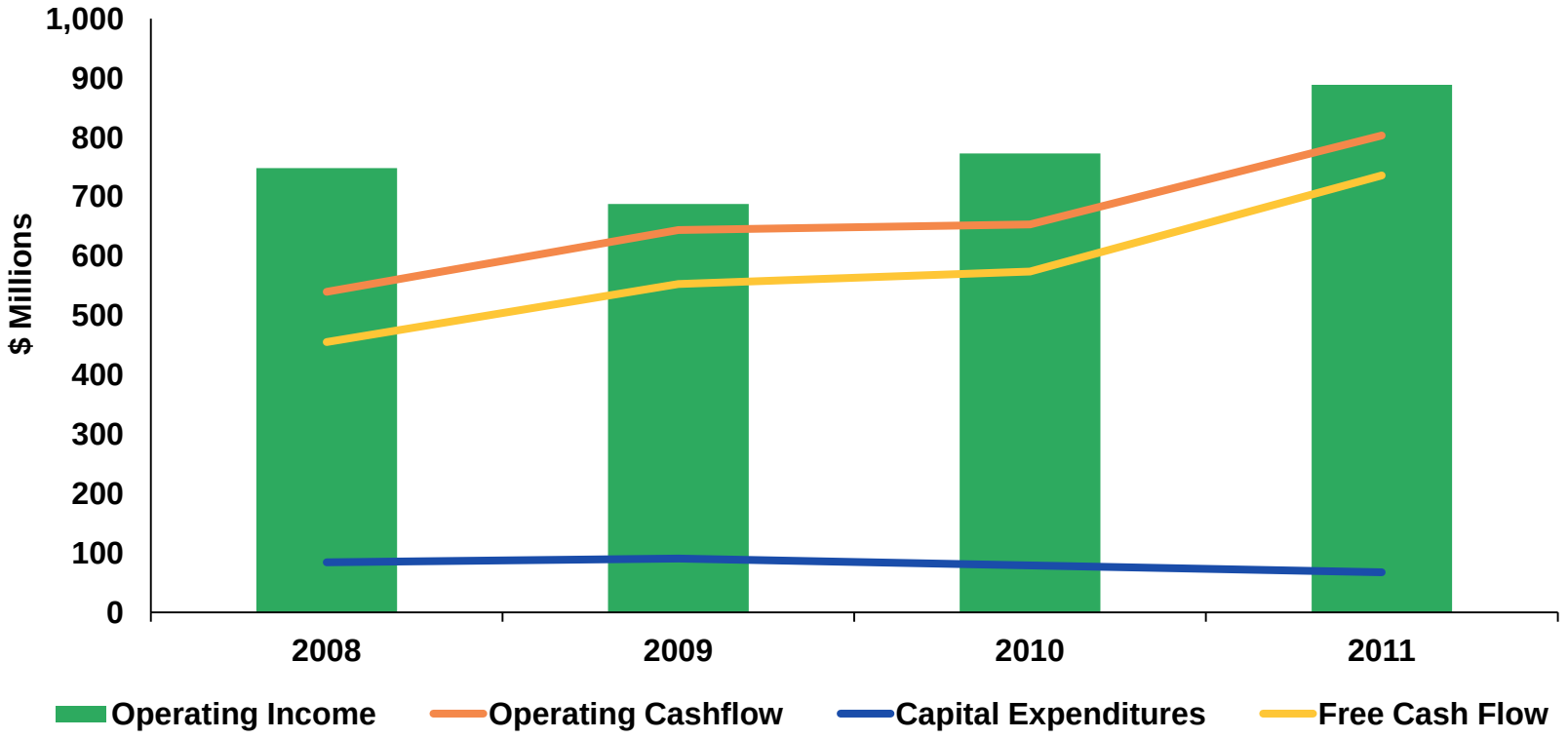
Margin Performance



	Operating Margin		Adj. Operating Margin	
	3Q12	YTD	3Q12	YTD
MIS	46.4%	49.5%	48.6%	51.8%
MA	19.2%	18.5%	25.2%	24.5%
MCO	39.2%	41.4%	42.7%	44.9%

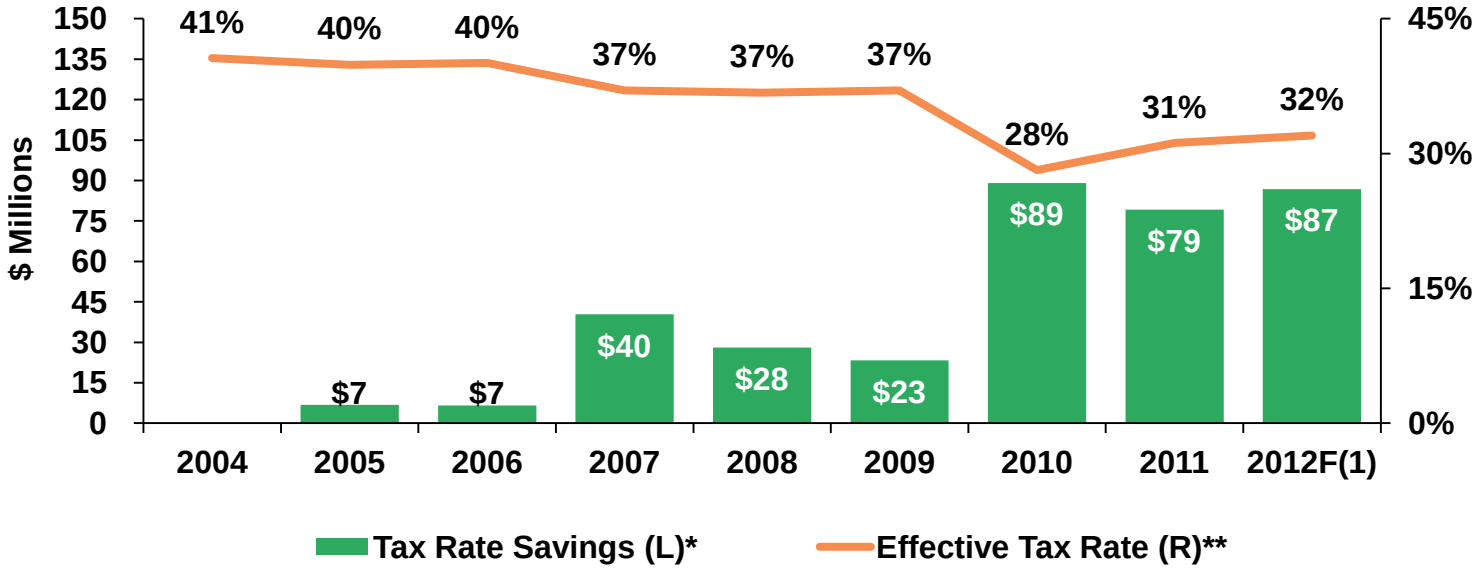
Solid Operating Metrics and Cash Flow Generation

» MCO's 3-Year Free Cash Flow CAGR of 17% compares with a mean of 10% and median of 4% for the S&P 500*



See Appendix for reconciliation of Cash Flow from Operations to Free Cash Flow.
*Per Goldman Sachs analysis as of September 2012.

Recent Tax Planning Strategies have also Contributed to Available Capital



- Tax planning strategies reduced Moody's effective tax rate from 41% in 2004 to current year guidance of "approximately 32%"**
- Cumulative savings of approximately $360 million since 2004*
- Continue to evaluate opportunities and constraints to additional reductions in the future

*Tax Rate Savings relative to 41% Effective Tax Rate in 2004. **2004 ETR of 41% excludes 430 bps related to a legacy tax item.
(1) Guidance as of October 26, 2012.

Twin Commitments to Supporting Growth and Returning Cash to Shareholders

Strong free cash flow

Moody's Investors Service

- Invest organically in ratings quality and product extensions
- Extend ownership in select JVs / alliances
  - Very few acquisition targets of scale that are also actionable

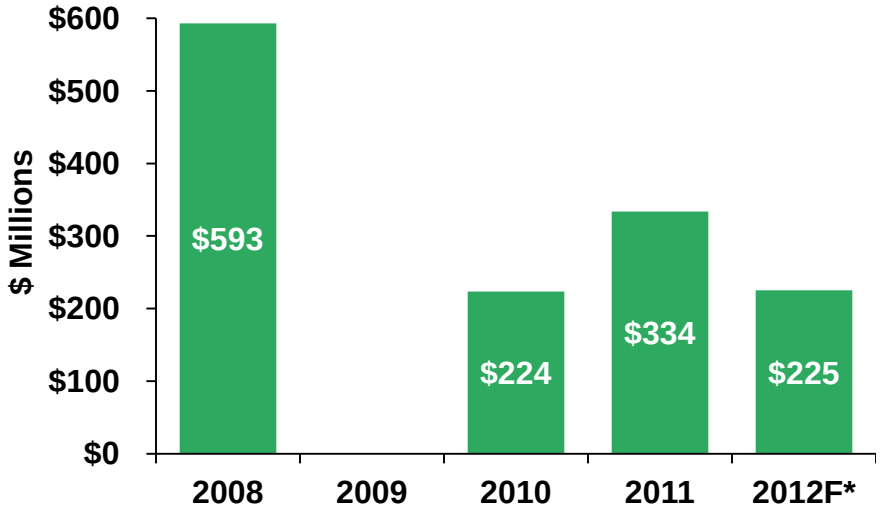
Moody's Analytics

- Invest organically in sales staff and implementation staff to meet demand
- Continue methodical approach to acquisitions and portfolio management
  - Primarily through bolt-on acquisitions

Return capital to shareholders via mix of stock buybacks and dividends

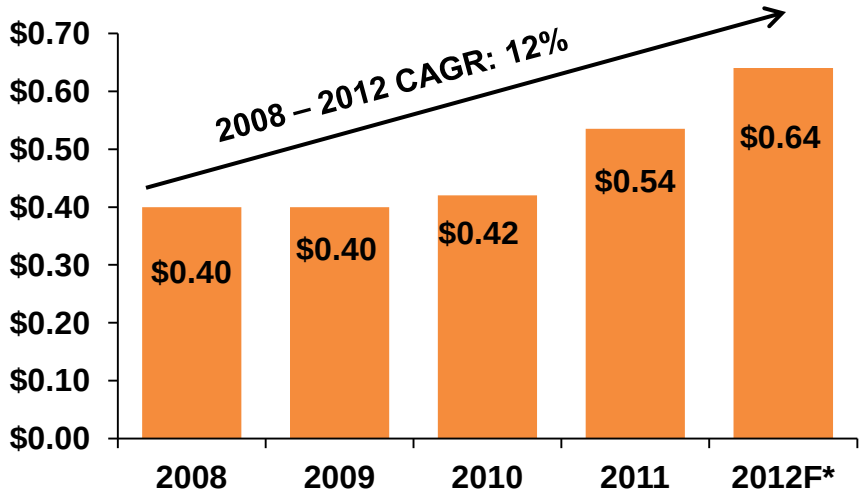
Balanced Approach to Return of Capital through Share Repurchases and Dividends

Share Repurchases



- Expected share repurchases in 2012 of $225 million**
- Targeting more consistent share repurchases in coming years: $200 to $300 million per year**

Dividends

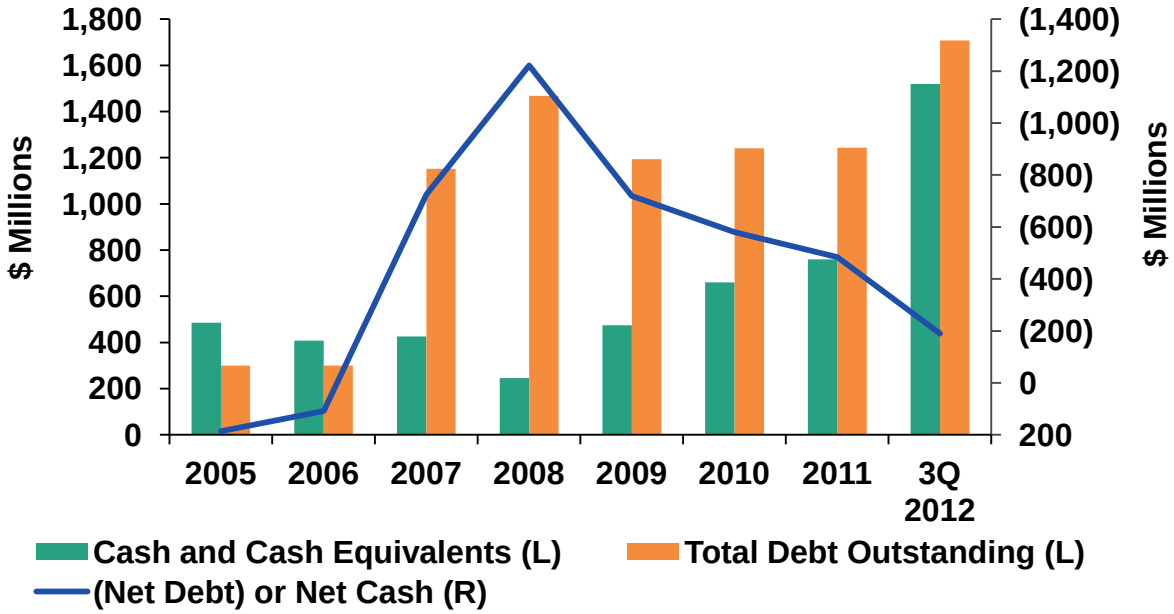


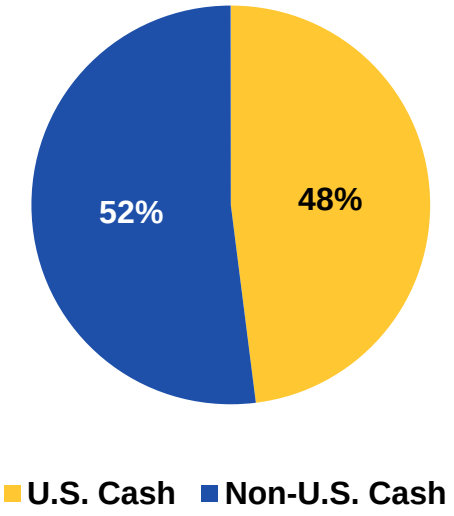
- Increased annualized dividend in 2012 by almost 20% to $0.64 ($140 million total cash expected to be paid in 2012)
- Expect to continue to increase dividend in line with earnings**
- Plan to announce 2013 dividend in December

*Guidance as of October 26, 2012.
**Subject to market conditions and other ongoing capital allocation decisions.

Balance Sheet Highlights

- Strong balance sheet facilitates investment and return of capital
- $500 million 10-year bond at 4.5% fixed annual interest executed in August 2012
- $1 billion undrawn credit facility
- No significant debt maturities until 2015
- Current debt/EBITDA of ~1.6x - well within investment grade credit rating and debt covenant requirements





Full-Year 2012 Guidance as of October 26, 2012

» **Revenue:**	↑ mid-teens % range
» **Operating Expenses:**	↑ mid-teens % range
» **Operating Margin:**	Approximately 40%
» **Adjusted Operating Margin(1):**	Approximately 43%
» **Effective Tax Rate:**	Approximately 32%
» **Earnings Per Share(2):**	$2.95 - $3.05 (GAAP); $2.89 - $2.99 (Pro-forma)
» **Share Repurchase:**	Approximately $225 million (subject to available cash, market conditions and other, ongoing capital allocation decisions)
» **Capital Expenditures:**	Approximately $40-50 million
» **Depreciation & Amortization:**	Approximately $100 million
» **Incremental Compliance & Regulatory Expenses:**	Approximately $15 million

(1) See Appendix for reconciliation of operating margin to adjusted operating margin.
(2) 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. See Appendix for reconciliation of GAAP EPS to pro-forma EPS.

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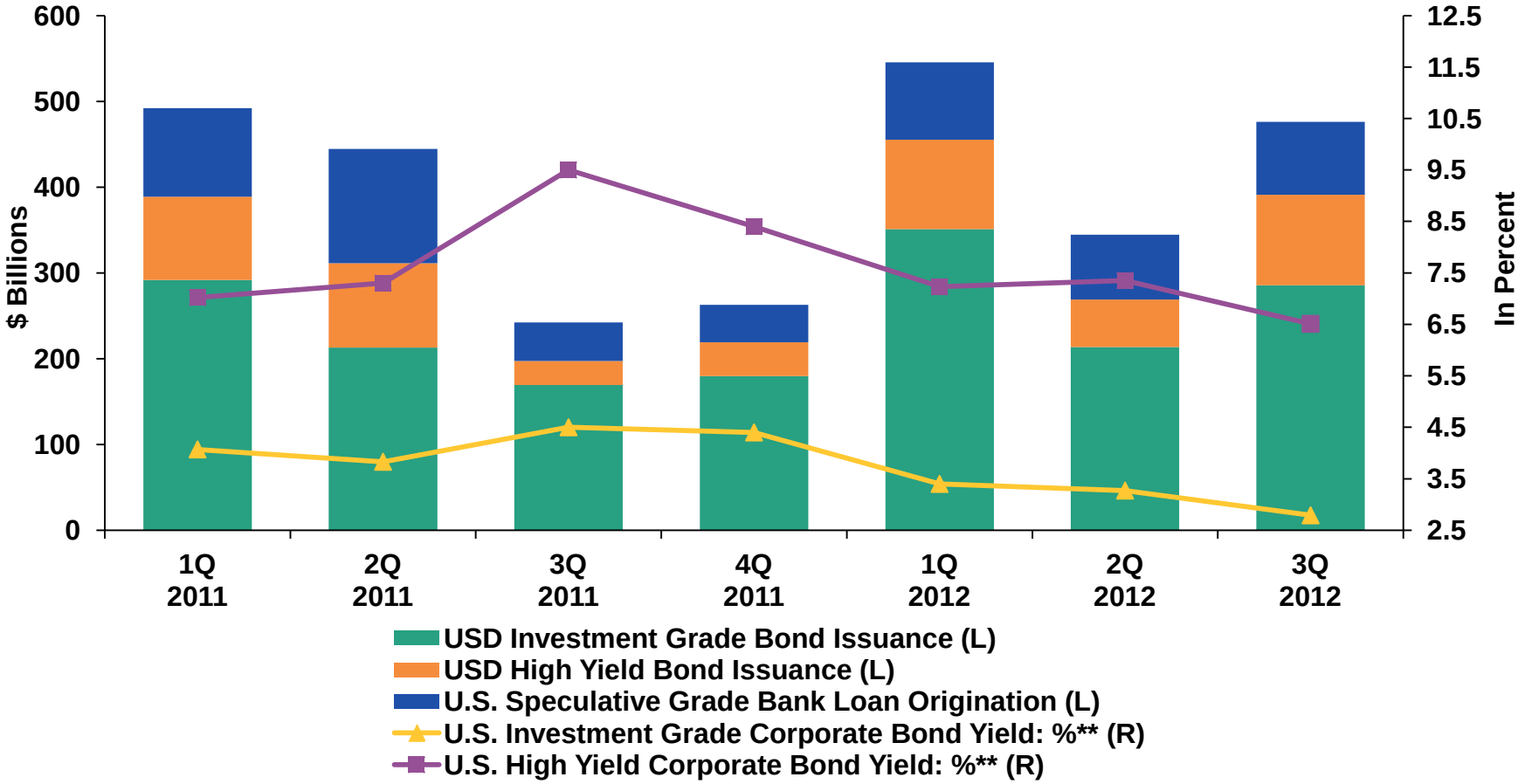
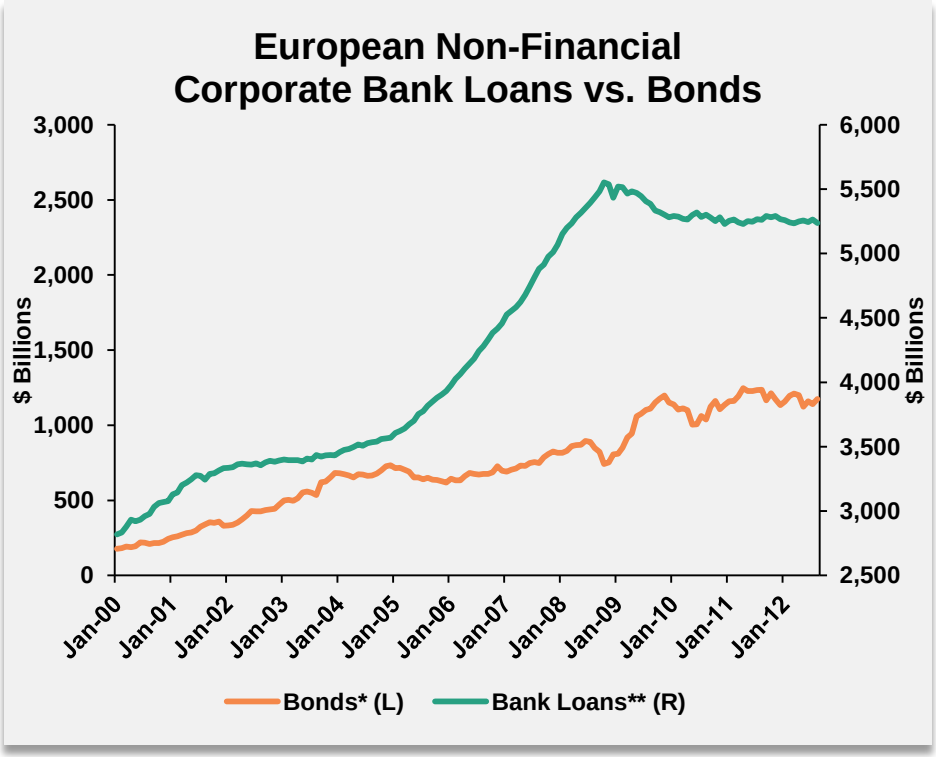
Macro Summary

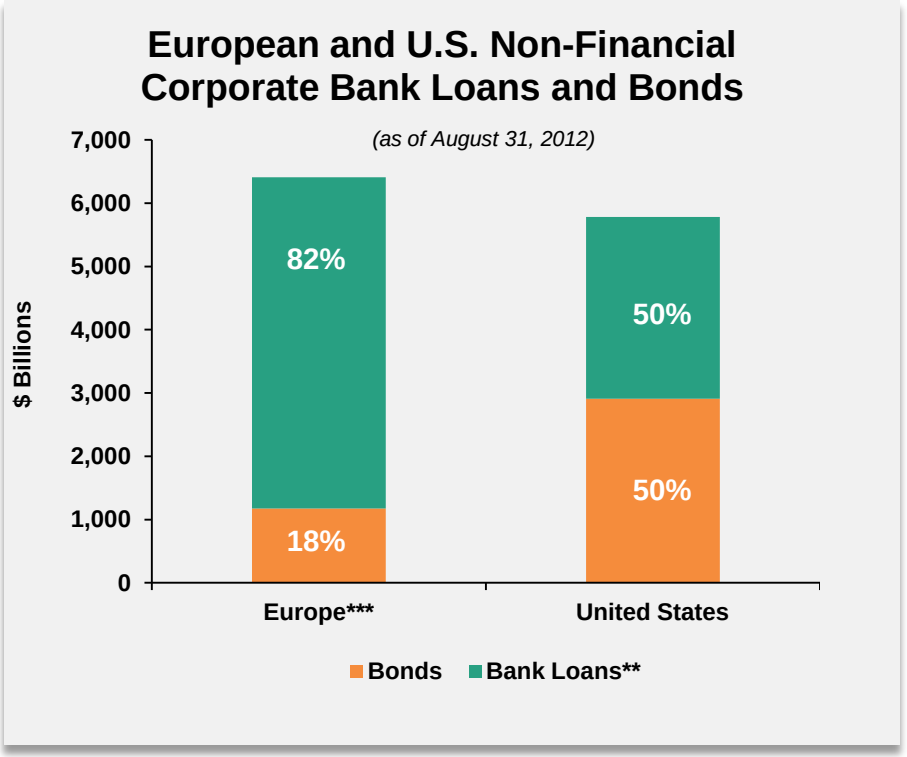
Issuance Overview*



* Debt issuance categories do not directly correspond to Moody's revenue categorization. Historical bond issuance data is sourced from Dealogic and Moody's Capital Markets Research Group.
**Yield data is sourced from Barclays Capital and Moody's Capital Markets Research Group. % yield on last day of each respective time period.

European Capital Markets Have Room For Growth

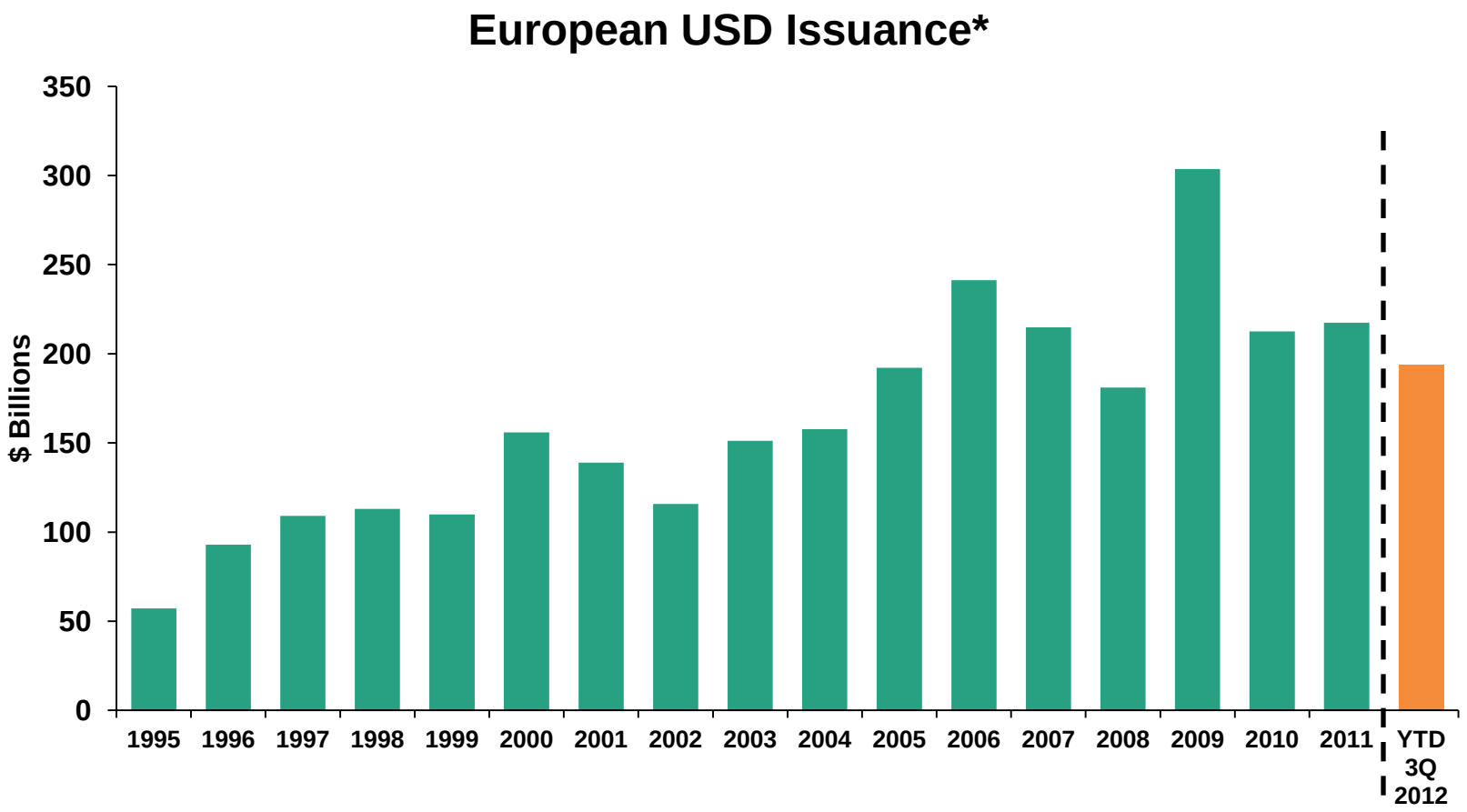




- January 2000-August 2012 CAGR: Bonds: 16%, Loans: 5%
- Historically, European companies have relied more on banks than their American counterparts

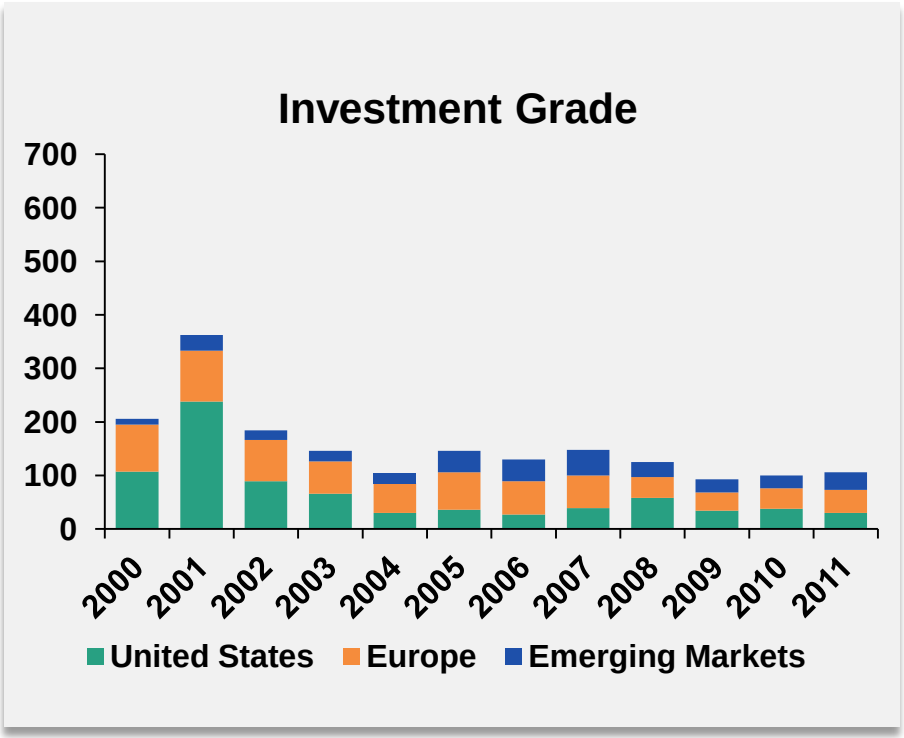
Source: Federal Reserve, ECB, Barcap Indices, Moody's Capital Markets Research Group; Data as of August 31, 2012.
* Includes Investment Grade and High Yield euro and sterling denominated debt.
**Includes Eurozone and UK bank loans. ***European bond data represents euro and sterling denominated debt. European loan data represents Eurozone and UK bank loans.

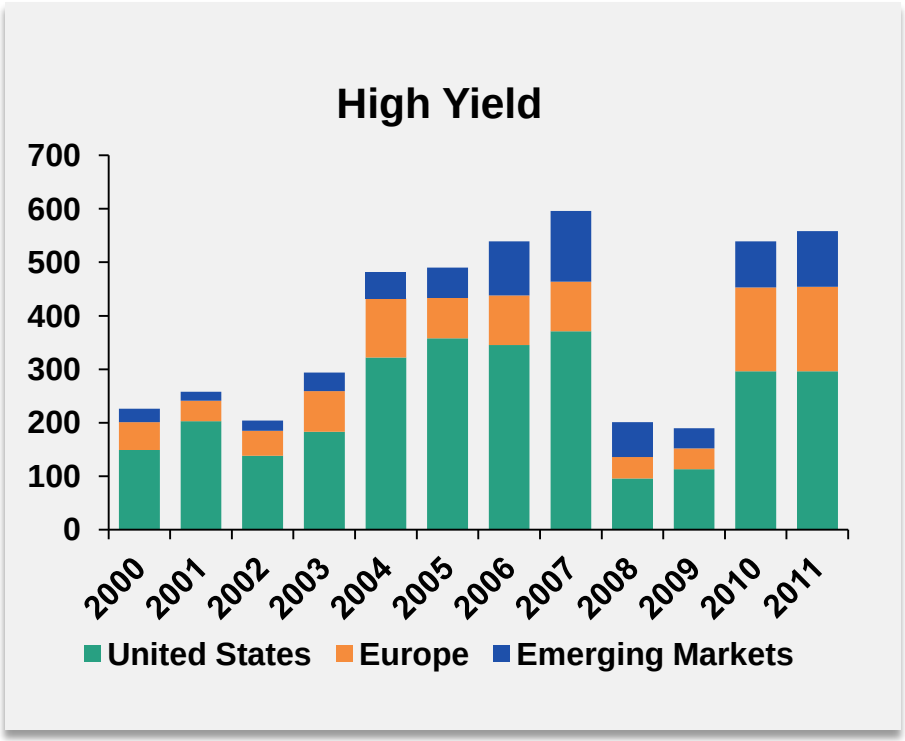
European Corporates Issuing in the USD Market



* Includes investment grade and high yield corporate bond issuance (financial and non-financial).
Source: Dealogic, Moody's Capital Markets Research Group. Data as of 3Q 2012.

Newly Rated Corporate Issuers* Across Global Markets

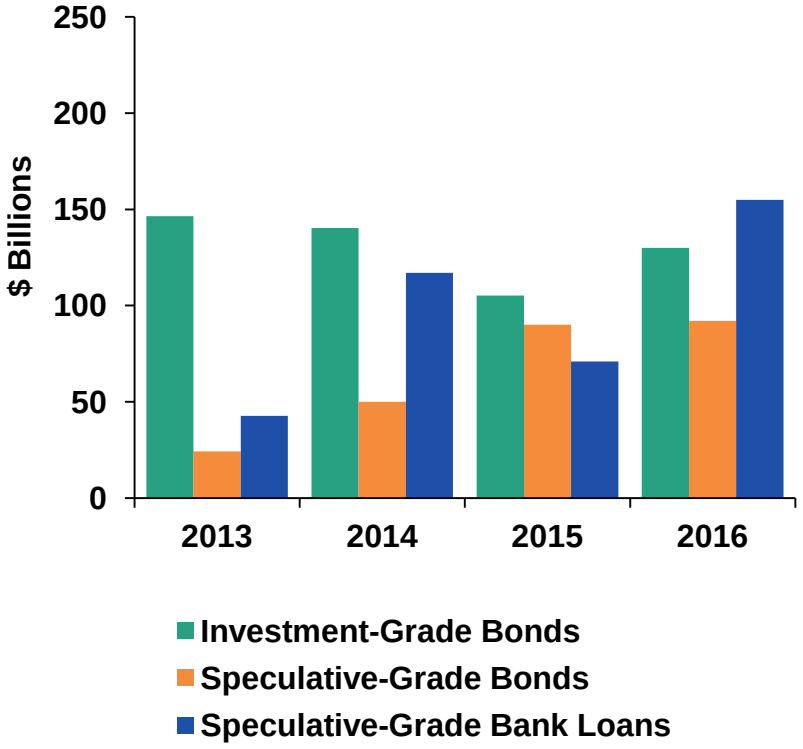




Source: Moody's Investors Service.
* Rated by Moody's Investors Service. Annual count of newly rated non-financial corporate issuers.

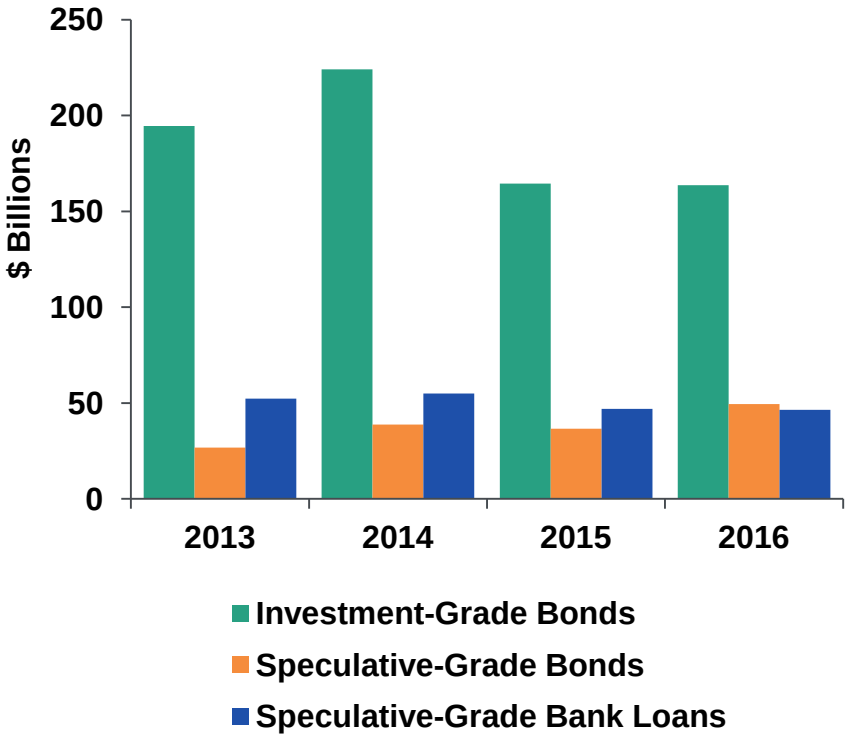
Significant Refunding Needs Remain

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



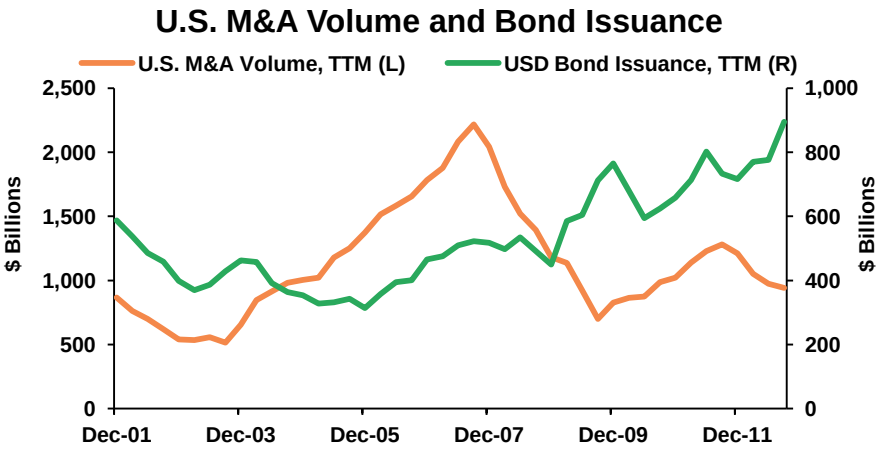
Source: Moody's Investors Service, February 2012.

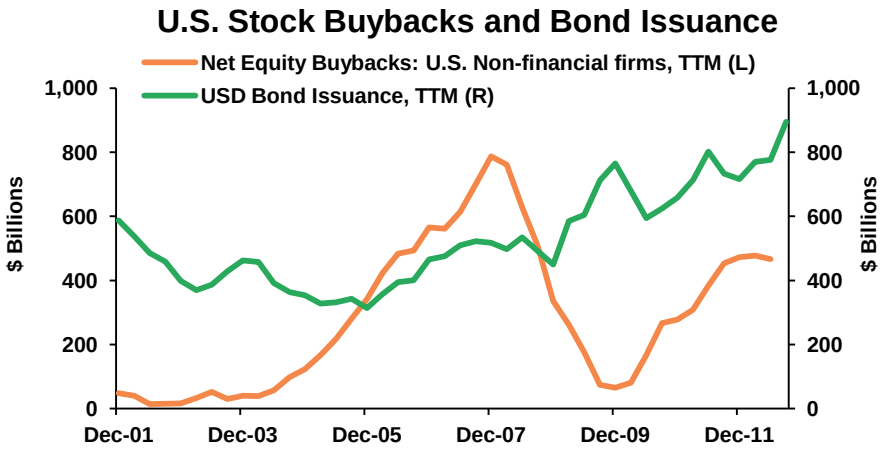
Debt Maturities: EMEA Moody's-Rated Corporate Bonds and Loans

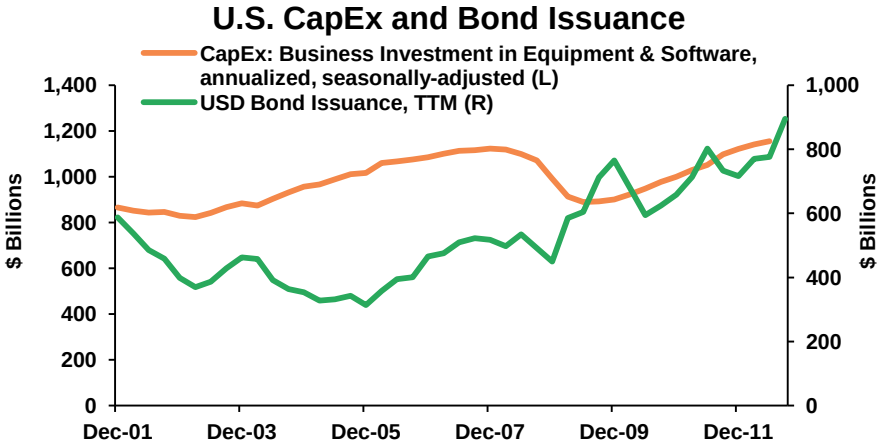


Source: Moody's Investors Service, July 2012.

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

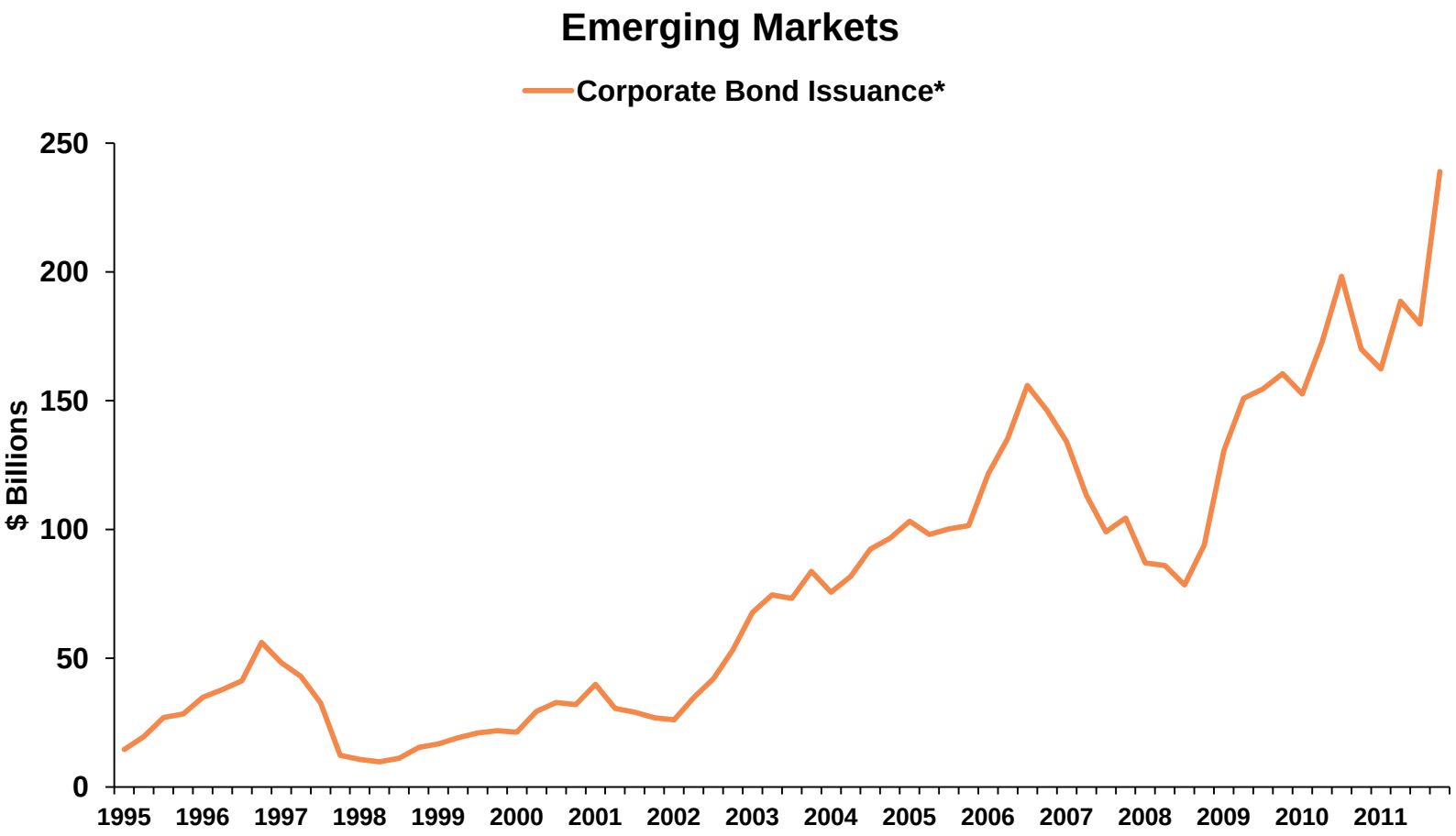






Source: Moody's Capital Markets Research Group. U.S. M&A Volume and USD Bond Issuance as of 9/30/12. U.S. Stock Buybacks and U.S. CapEx as of 6/30/12.

Small, But Growing Emerging Market Bond Issuance



*Moving 12 month sum; includes rated investment grade and high yield corporate bond issuance (financial and non-financial).
Source: Dealogic, Moody's Capital Markets Research Group. Data as of 3Q 2012.

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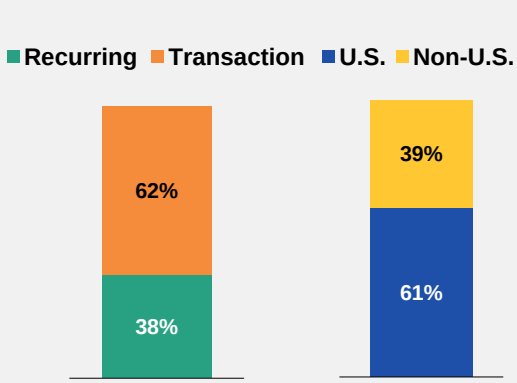
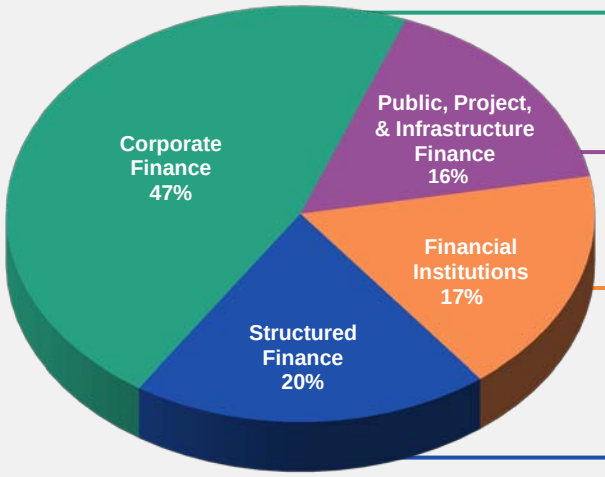
Moody's Investors Service

Moody's Investors Service Financial Profile

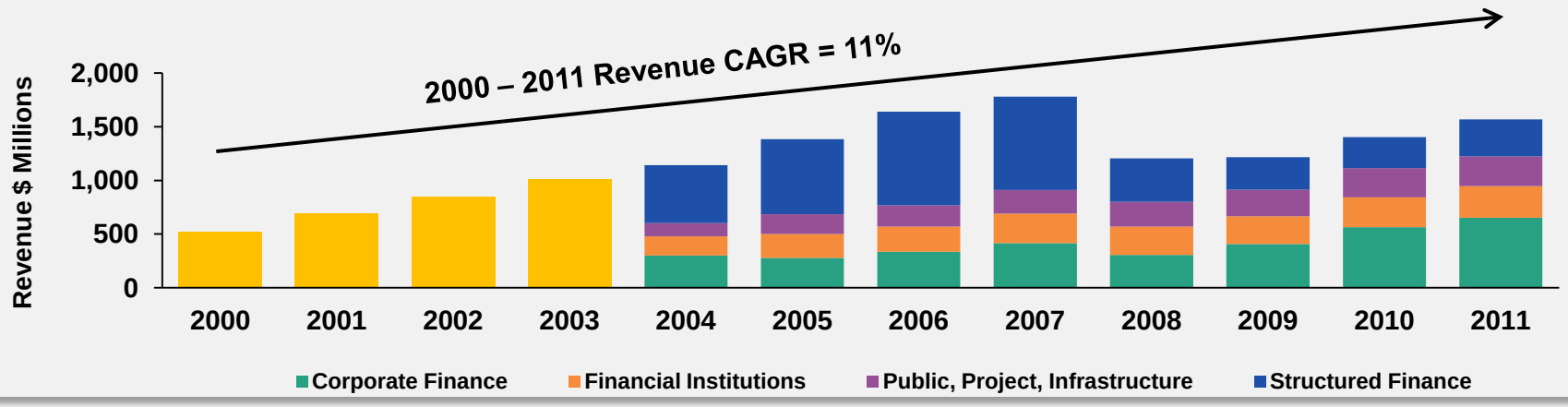
3Q12 Revenue: $473.5 million(1)





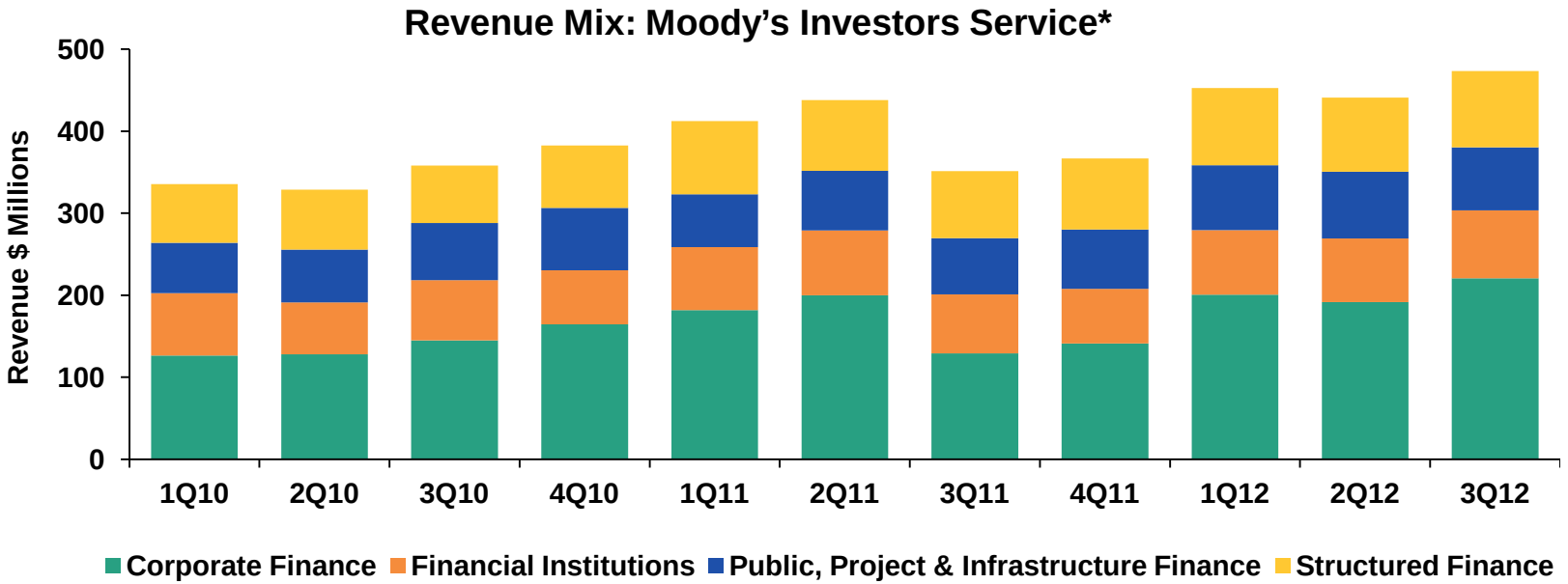
- 25% recurring revenue
- 41% recurring revenue
- 63% recurring revenue
- 42% recurring revenue

Revenue History(1) (2)



(1) Excludes intersegment royalty revenues. (2) Prior to 2008, data excludes MIS research revenue. 2004 – 2008 line of business data has been adjusted to conform with current information.

Strength Across MIS Drove 3Q 2012 Revenue Growth



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

- Corporate finance investment-grade and speculative-grade bond issuance surged
- Financial institutions growth was driven by insurance company issuance for refinancing and M&A activity in the U.S. and stronger banking activity in Asia and Latin America
- Public, project & infrastructure finance growth is primarily due to gains in U.S. public and infrastructure finance issuance and growth in European infrastructure
- Structured finance growth in driven by increased CMBS and CLO activity in the U.S.

Regulatory Developments

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

- SEC's rule-making pursuant to Dodd-Frank is pending
- Timing is uncertain regarding final rules relevant to NRSROs, as well as the feasibility study on establishing an alternative system for allocating rating assignments for structured finance products
- Both banking and securities regulatory authorities continue to assess their use of ratings in regulation and are in the process of developing potential alternative measures as replacements

European Union:

- In November 2011, the European Commission released new regulatory reform proposals for the rating agency industry (CRA3)
- The European legislative process requires that the European Parliament and the Council of Finance Ministers of the individual EU Member States each produce its own version of the text, and then enter into discussions with the Commission
- In May and June 2012, the Council and the Parliament, respectively, finalized their positions on CRA3. The discussions amongst the three institutions are underway; however, currently we can't predict the timeline for the finalization of CRA3 with any degree of precision

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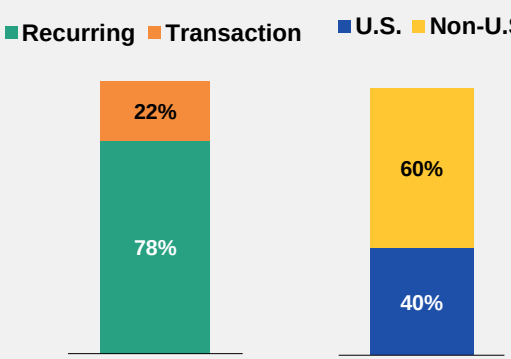
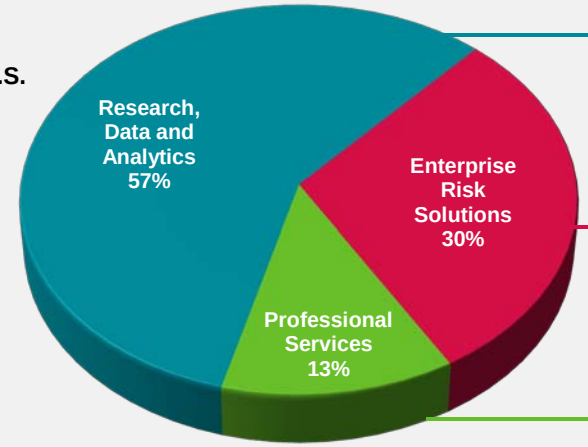
Moody's Analytics

Moody's Analytics Financial Profile

3Q12 Revenue: $215.0 million(1)



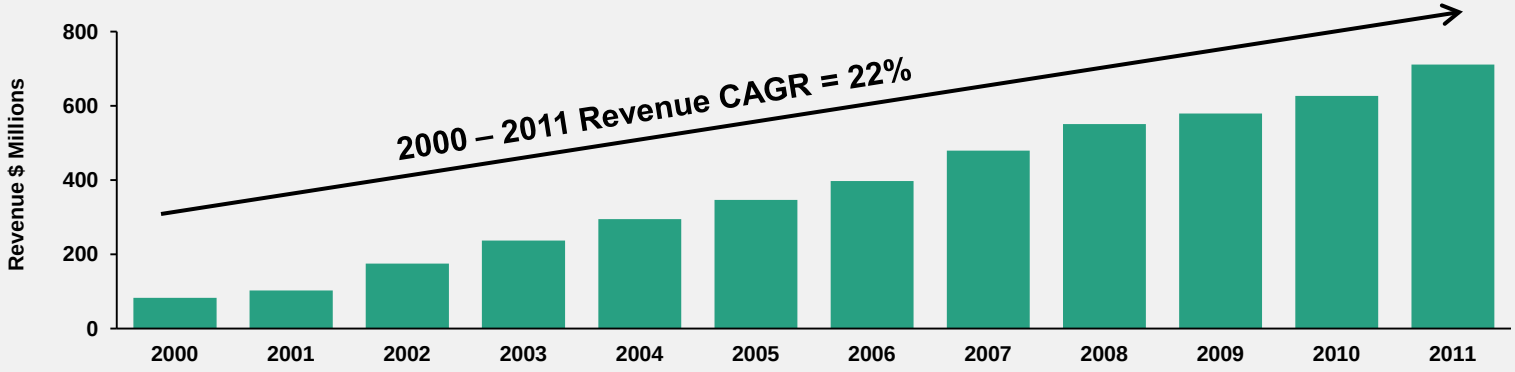


- ~100% recurring revenue
- 90%+ renewal rates
- Highly profitable

- Approximately two-thirds recurring revenue
- Double-digit long term revenue growth

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

Revenue History (1)(2)



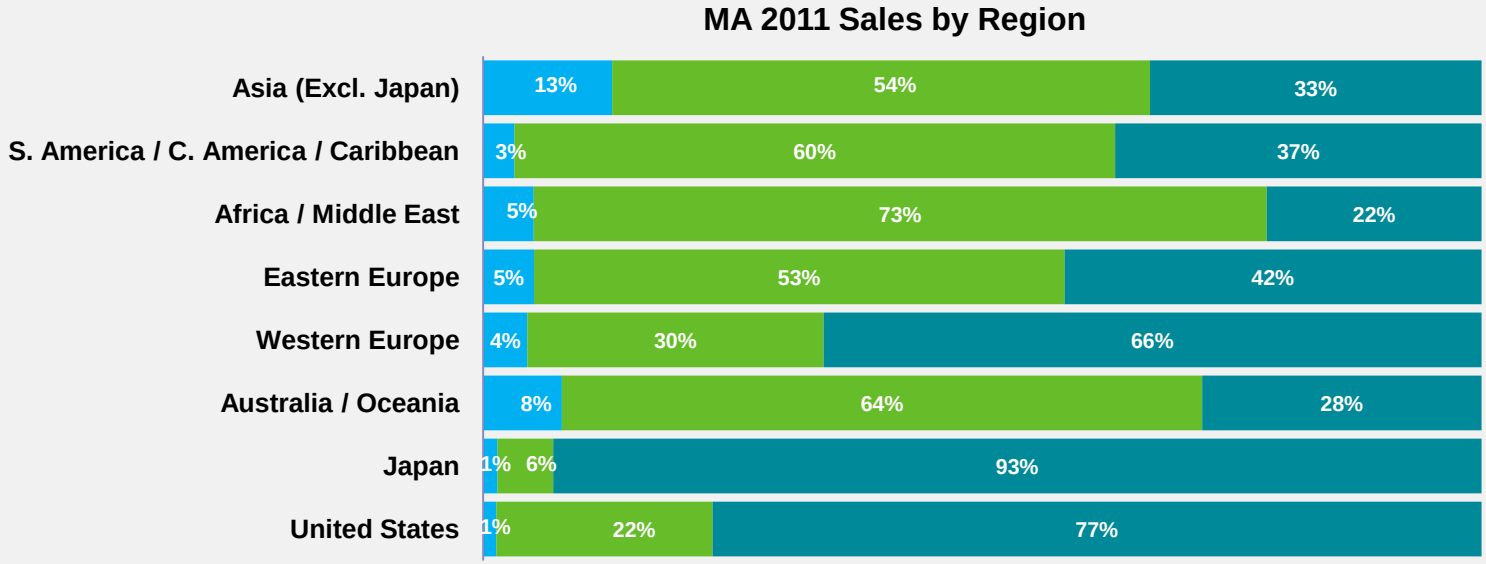
(1) Excludes intersegment license revenues. (2) Prior to 2008, data reflects MIS research revenue and Moody's KMV revenue. 2004 - 2011 data also includes revenue from acquisitions.

Relevant to Financial Markets at All Stages of Development

» Moody's Analytics enables us to increase our presence in emerging markets, selling products and services before debt capital markets are fully mature

Emerging → **Developed**

Professional Services | **Enterprise Risk Solutions** | **Research, Data and Analytics**



Product Offering Relevant Across Financial Institutions

		Loan markets		Securities Markets			Other	
		Comm'l Lending	Consumer Lending	Investment Management	Investment Banking	Sales & Trading	Risk Mgmt	Treasury
RD&A	MIS research & data	✓		✓	✓	✓	✓	
	Credit market analysis & data	✓		✓	✓	✓	✓	
	Economic research, data, & modeling	✓	✓				✓	✓
	Structured finance analytics			✓	✓	✓		✓
ERS	Software	✓		✓			✓	✓
	Risk modeling	✓	✓				✓	✓
Prof. Srvcs.	Training	✓	✓	✓	✓	✓	✓	✓
	Offshore analytical resources	✓		✓	✓	✓		

» Centrally managed sales organization leverages established customer relationships, facilitates distribution of new products

Moody's Analytics Competes for Market Opportunities Estimated at Nearly $12 billion

	Market Size	Expected Growth	Competitive Landscape	MA's Position
Enterprise Risk Solutions	$5.0 billion	High	Fragmented	Strong
Financial Services Knowledge Process Outsourcing	$1.8 billion	High	Fragmented	Strong
Financial Training & Certification	$1.8 billion	Moderate	Fragmented	Strong
Credit Research	$1.4 billion	Low	Concentrated	Leader
Consumer Credit Analytics	$0.8 billion	Moderate	Concentrated	Niche player
Economic Information	$0.5 billion	Medium	Fragmented	Strong
Quantitative Credit Scoring	$0.2 billion	Low	Concentrated	Leader
Structured Finance Analytics	$0.2 billion	Low	Highly Concentrated	#2 player

Focusing Product Suite on Need-to-have Products

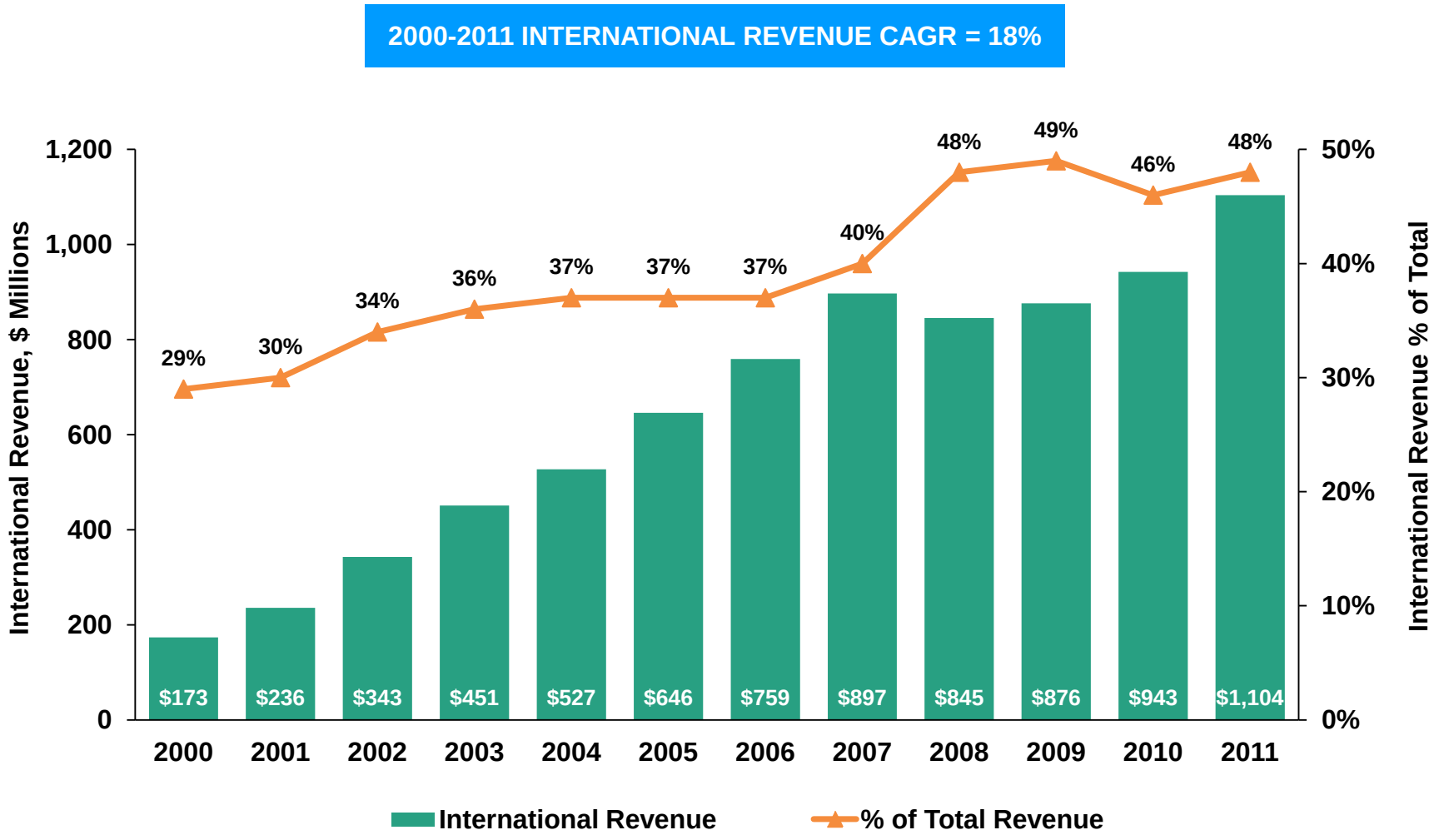
- Customer demand is most robust when driven by external forces
  - Regulation: banks and insurers required to undertake common activities
  - Network effects: uniquely positioned to support long-established industry practices in bond and credit markets
  - Competition: providing capabilities to enable banks and investment managers to keep up with industry trends

MA LOB	Product Offering	Target Customer(s)	Drivers	Category
RD&A	Research and data associated with MIS ratings	Investors and dealers in bond markets	Widespread use of ratings as benchmark	Network effects
RD&A	Economic scenarios and modeling	Banks	Stress-testing requirements	Regulation
ERS	Regulatory capital calculation and reporting solutions	Banks	Basel rules	Regulation
ERS	Solvency analysis and reporting tools	Insurance companies	Solvency II requirements	Regulation
Prof Services	Cost-effective middle-office resources	Investment banks, buy-side firms	Margin pressure (doing more with less)	Industry competition
Prof Services	Professional skills based on global best-practices	Banks, securities firms (especially in developing markets)	Regulatory requirements, adoption of global best practices	Regulation/competition

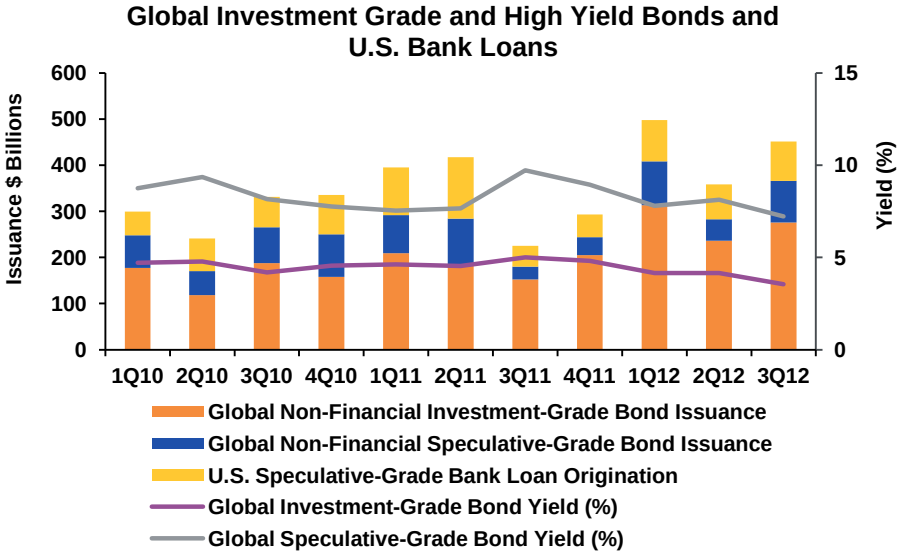
6

Appendix

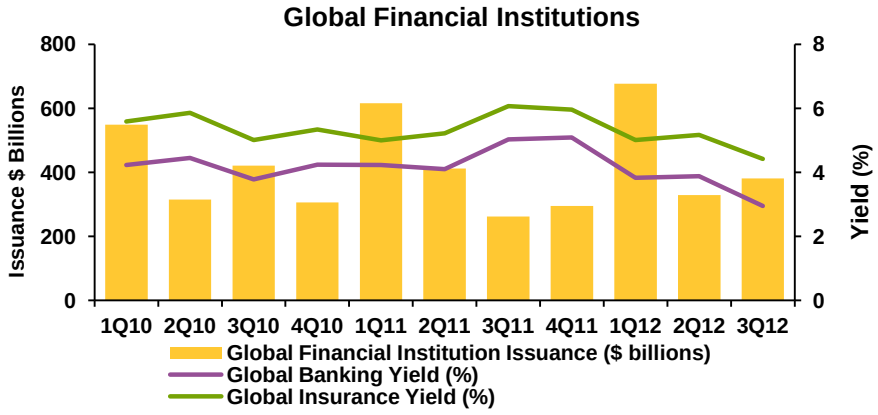
Moody's International Growth



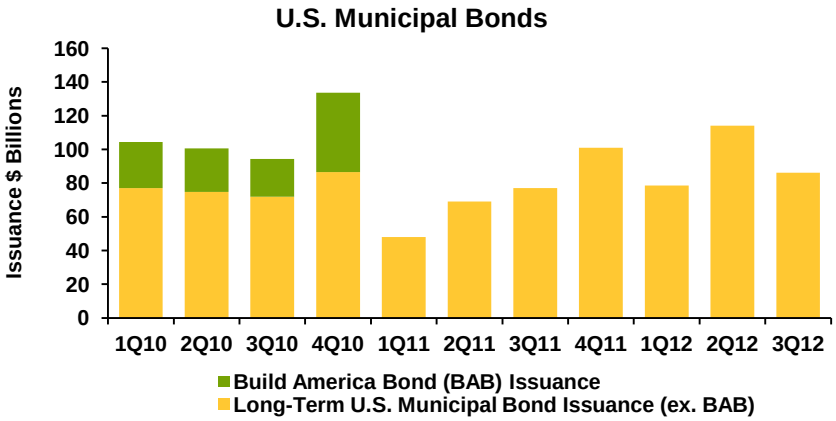
Issuance* and Yields: By Quarter



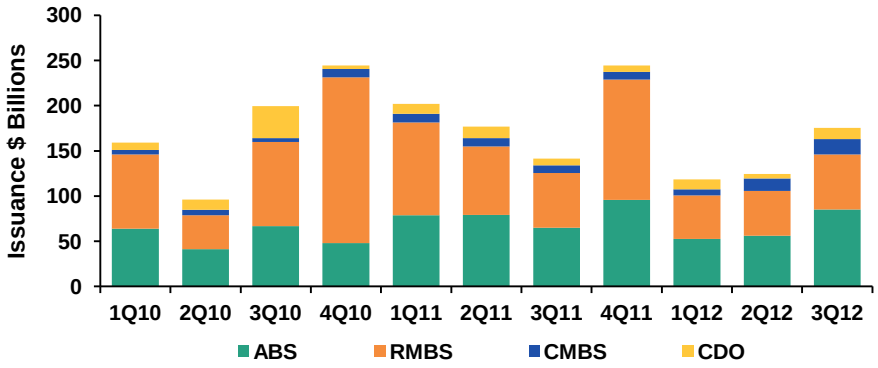
Source: Moody's Capital Markets Research Group, Dealogic, Barclay's Capital; U.S. Speculative-Grade Bank Loan Origination issuance represents Moody's rated new U.S. bank loan programs.



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



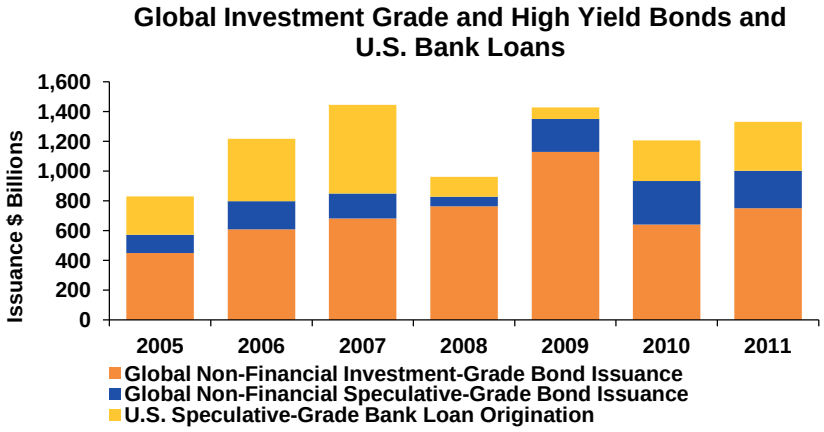
Source: Bond Buyer.



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

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

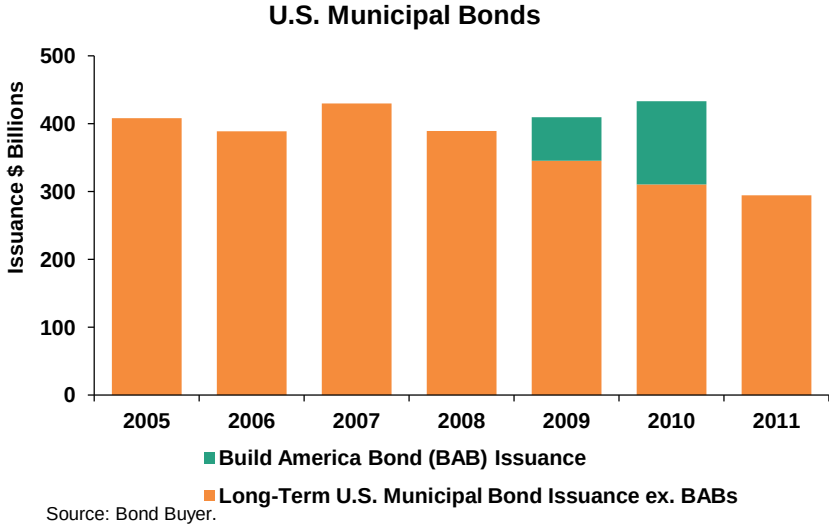
Issuance*: By Year



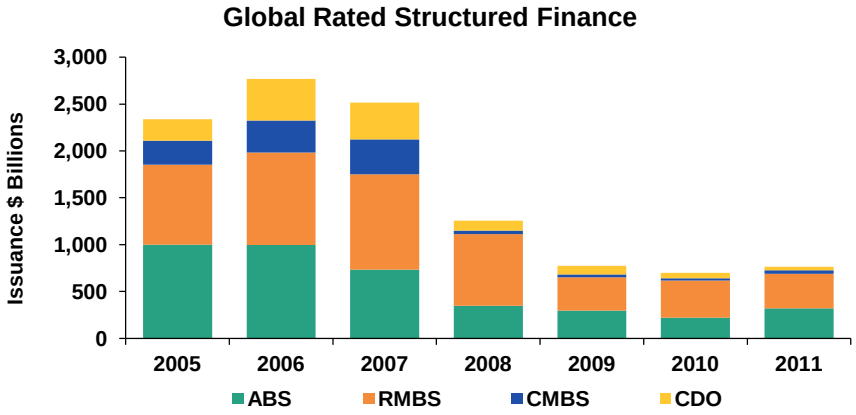
Source: Moody's Capital Markets Research Group, Dealogic; U.S. Speculative-Grade Bank Loan Origination issuance represents rated new U.S. bank loan programs.



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



Source: Bond Buyer.

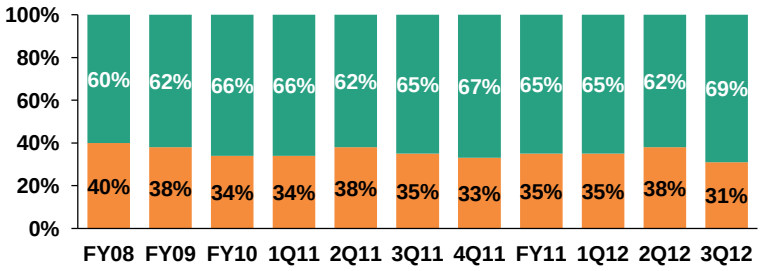


Source: AB Alert, CM Alert, Moody's Corporation.

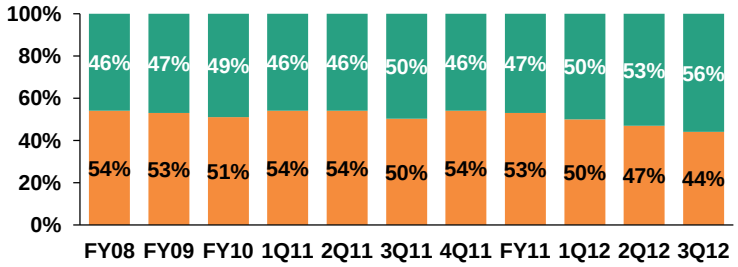
*Debt issuance categories do not directly correspond to Moody's revenue categorization.

Revenue Distribution: By Geography

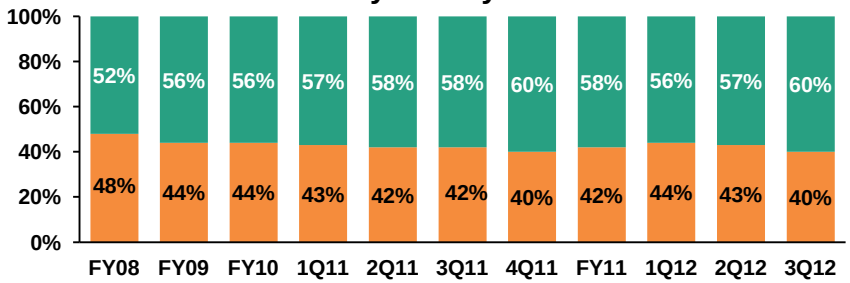
Corporate Finance



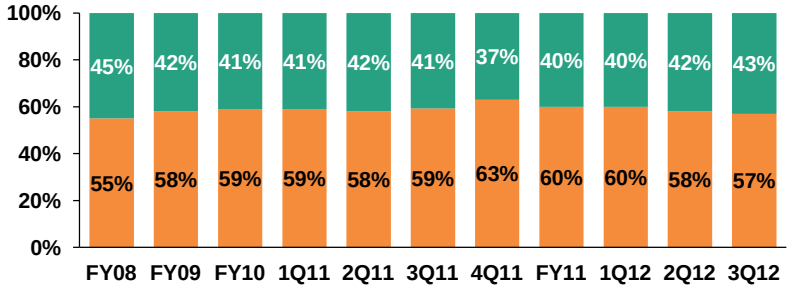
Structured Finance



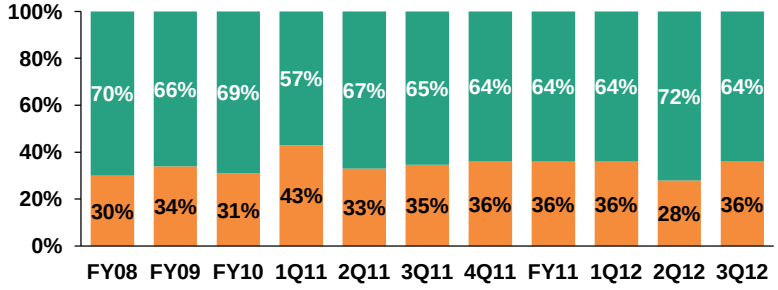
Moody's Analytics



Financial Institutions



Public, Project & Infrastructure Finance

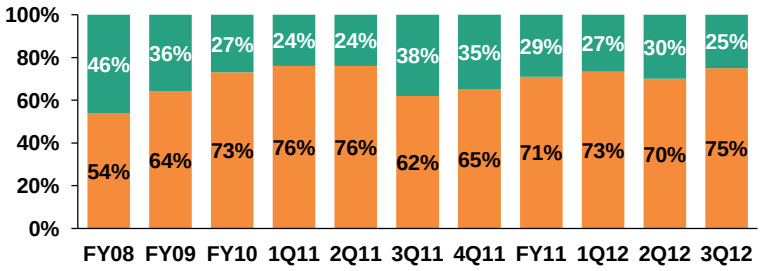


U.S. **Non-U.S**

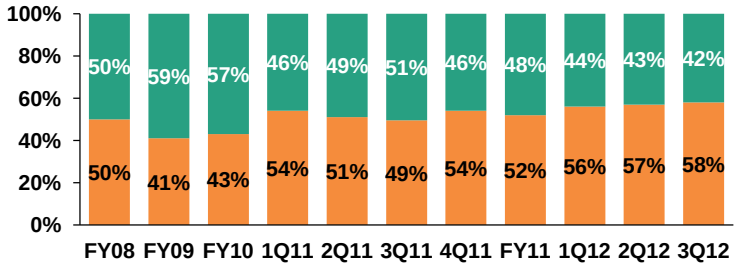
Historical data has been adjusted to conform with current information.

Revenue Distribution: Recurring vs. Transaction

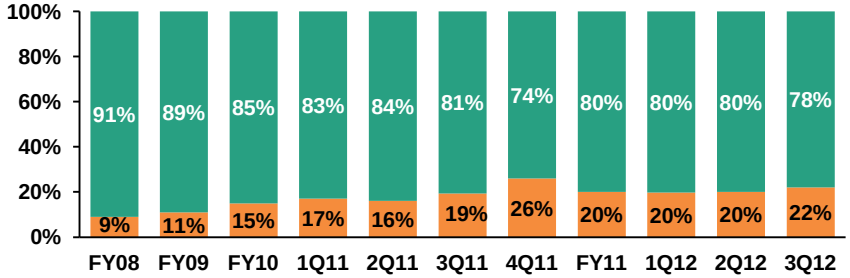
Corporate Finance



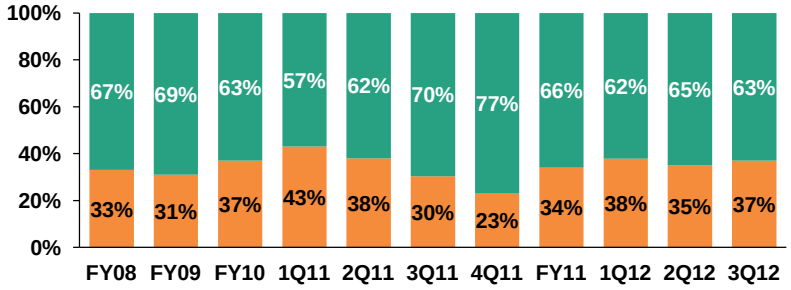
Structured Finance



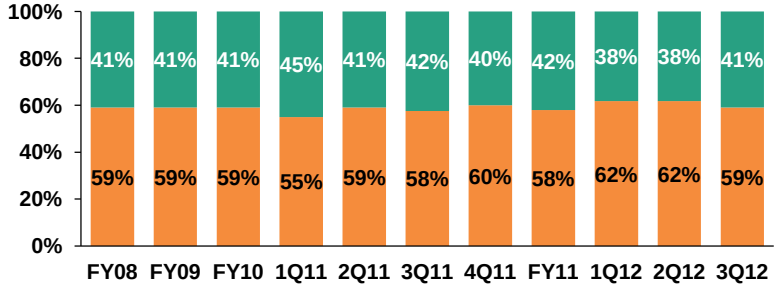
Moody's Analytics



Financial Institutions



Public, Project & Infrastructure Finance

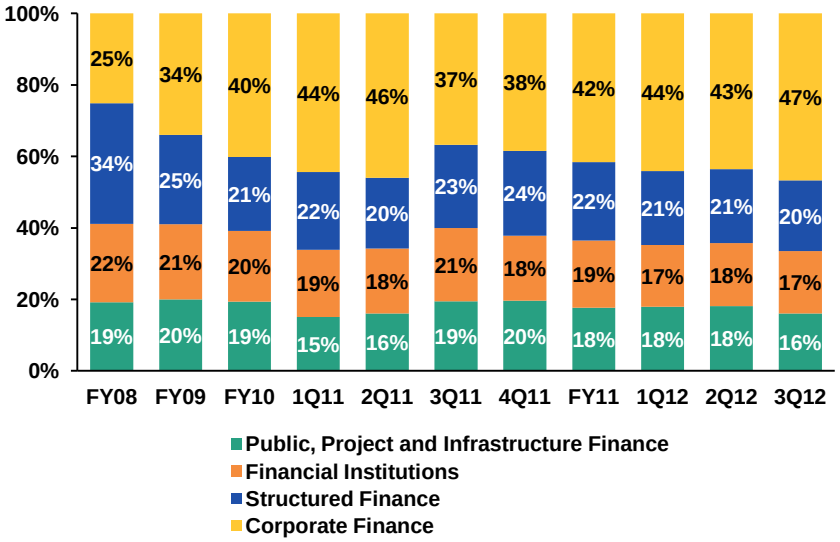


Recurring **Transaction**

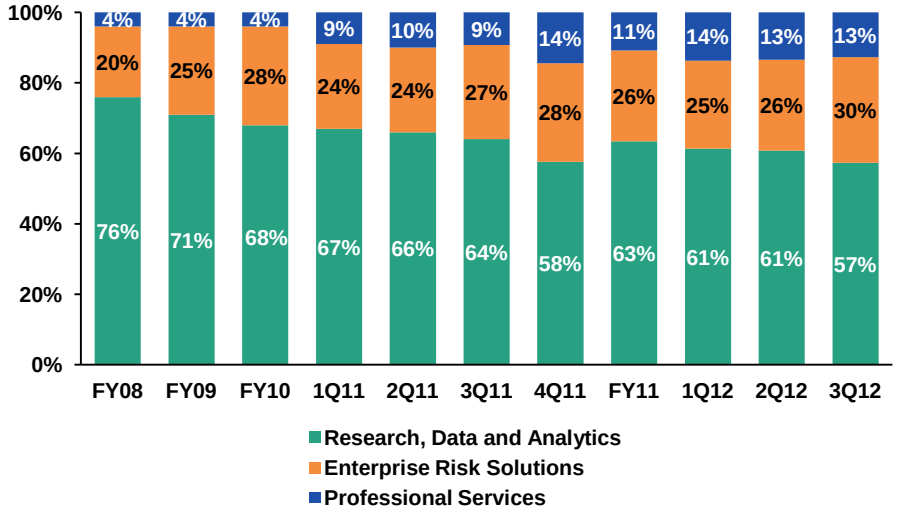
Historical data has been adjusted to conform with current information.

Revenue Distribution: By MIS Line of Business and MA Segment

Moody's Investors Service



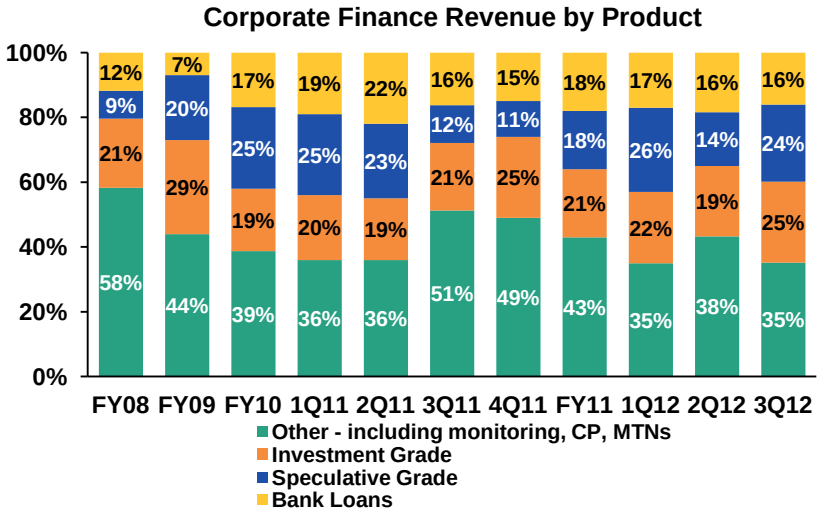
Moody's Analytics

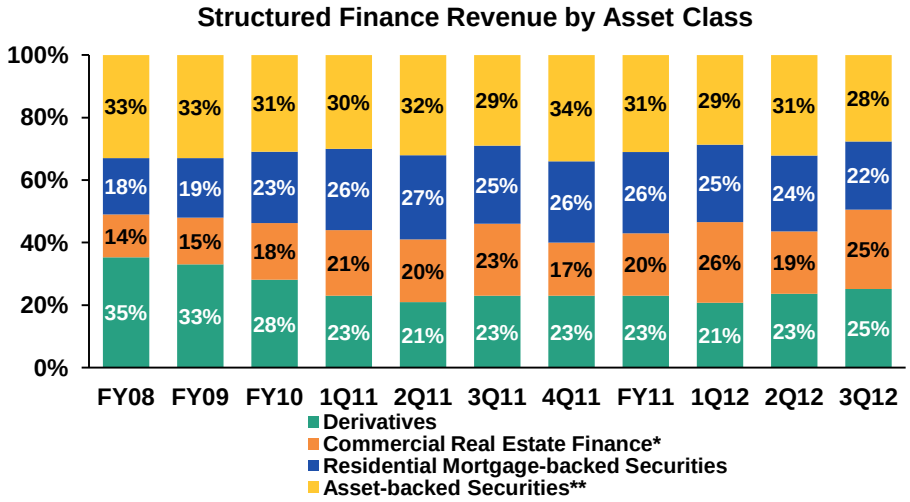


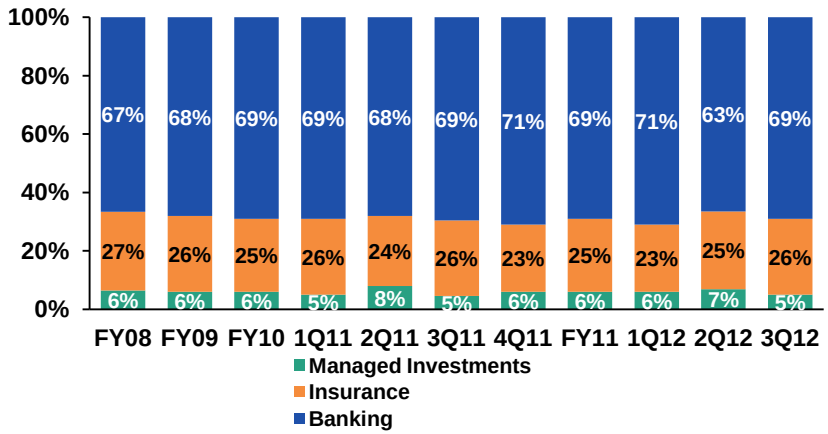
Historical data has been adjusted to conform with current information.

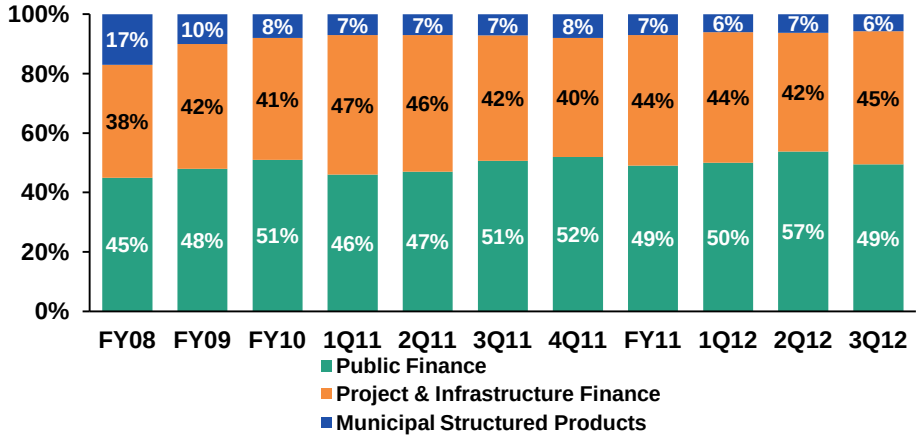
Represents revenue for MIS excluding intersegment royalty.

Revenue Distribution: By MIS Product / Asset Class









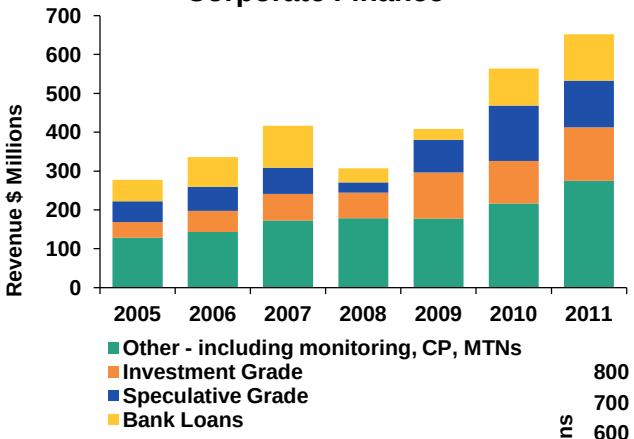
Historical data has been adjusted to conform with current information.

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

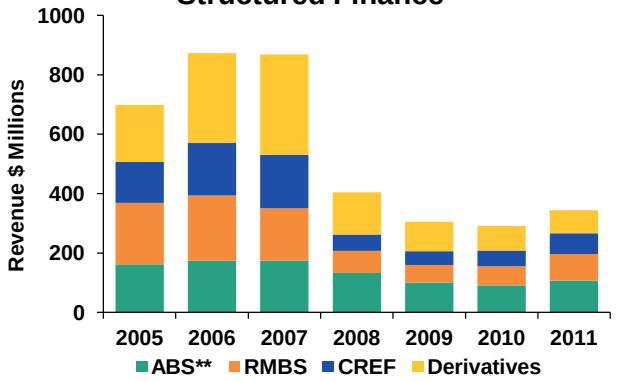
** ABS includes asset-backed commercial paper and long-term asset-backed securities.

Historical Revenue Mix*

Corporate Finance

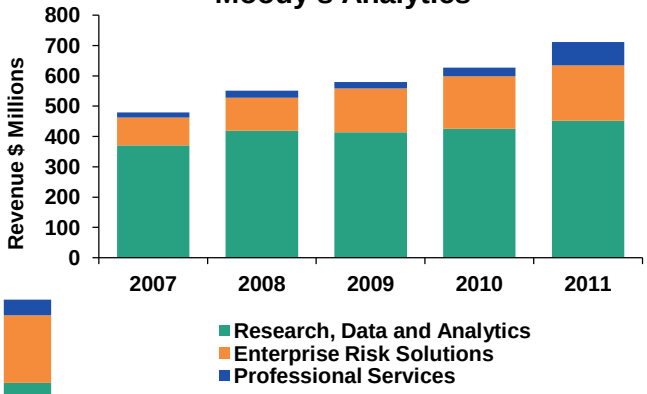


Structured Finance

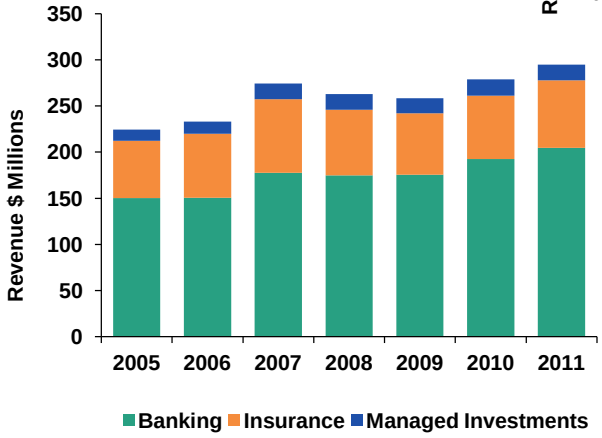


**ABS includes asset-backed commercial paper and long-term asset-backed securities. CREF includes commercial mortgage-backed securities, real estate finance, and commercial real estate CDOs.

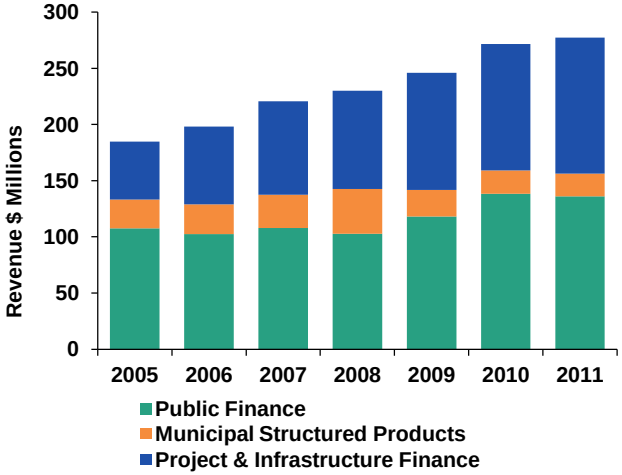
Moody's Analytics



Financial Institutions

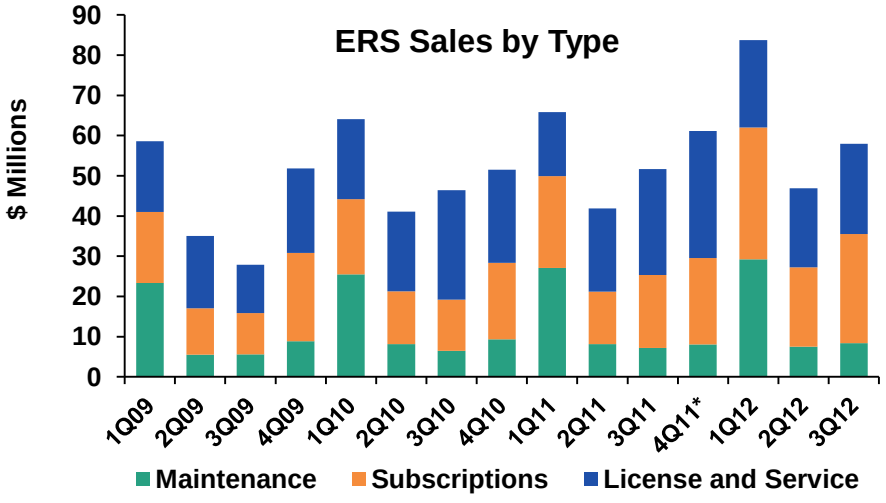


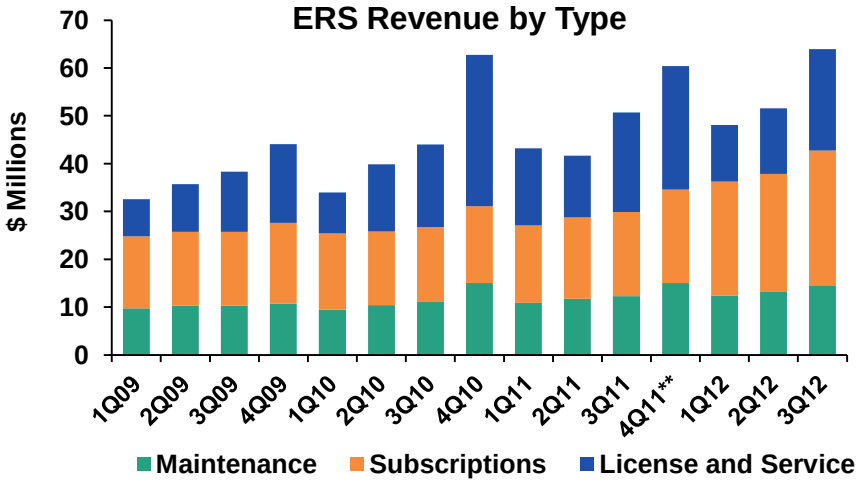
Public, Project and Infrastructure



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

Enterprise Risk Solutions Metrics





- Maintenance and subscription revenue is recurring and represents approximately two-thirds of total
  - Renewed annually and recognized over annual contract periods
- License and service revenue is 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 Q4 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

*Does not include 2011 Barrie and Hibbert sales. **Includes revenue from Barrie and Hibbert.

Regulatory Uncertainty Continues to Weigh on New Securitization Conditions

ADOPTED	**FAS 166/167**	Requirement to consolidate ABCP on sponsor bank's balance sheet may lead to lower outstanding levels of ABCP when combined with potentially higher regulatory capital costs. Also affects credit card safe harbor provisions.
	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.
	Basel II	Materially increases bank capital requirements and strengthens bank capital adequacy and liquidity, as it triples capital requirements for resecuritizations in banking book.
PROPOSED	**Basel III**	Basel III will add an additional 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. For example, it may require originators in some asset classes to file loan-level information with the SEC.
	FASB/IASB joint financial instruments accounting projects	Requires some debt instruments (*e.g.*, fixed income securities) to be marked to fair value, but FASB has indicated that consumer financing activities (*e.g.*, loans held to earn a return) may be carried at amortized cost. May create disincentive to hold securitized assets if they have to be marked to fair value, but conversely also may incentivize banks to securitize more of their loan portfolios.

Moody's Global Presence



Moody's Global Staffing

- More than 1,400 analysts
- Approximately 6,700 employees
- Presence in 28 countries

	U.S.	Non-U.S.	Total
9/30/2012	2,592	4,079	6,671
9/30/2011	2,414	2,318	4,732

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
Enterprise Risk Solutions	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 redefined Risk Management Software grouping. Risk Management Software was renamed Enterprise Risk Solutions during the first quarter of 2012.

Reconciliation of Non-GAAP Financial Measures to GAAP

Moody's Corporation Free Cash Flow Reconciliation

(in millions)	2008	2009	2010	2011
Cash Flow from Operations	**539.7**	**643.8**	**653.3**	**803.3**
Less Adjustment:				
Capital Expenditures	*84.4*	*90.7*	*79.0*	*67.7*
Free Cash Flow	**455.3**	**553.1**	**574.3**	**735.6**
Cash Flow used in Investing Activities	**(319.3)**	**(93.8)**	**(228.8)**	**(267.6)**
Cash Flow used in Financing Activities	**(349.8)**	**(348.8)**	**(241.3)**	**(417.7)**

Moody's Corporation EPS & Operating Margin Guidance Reconciliation

	2012
EPS Guidance – GAAP	$2.95 - $3.05
*Legacy Tax**	*($0.06)*
EPS Guidance – Pro forma	$2.89 - $2.99

*Reflects favorable resolution of a Legacy Tax Matter in Q3 2012.

	2012
Projected Operating Margin - GAAP	Approximately 40%
Projected impact from Depreciation & Amortization	Approximately 3%
Projected Adjusted Operating Margin	Approximately 43%

Reconciliation of Non-GAAP Financial Measures to GAAP (cont.)

Moody's Corporation Adjusted Operating Income Reconciliation

(in millions, except %)	**2008**	**2009**	**2010**	**2011**
As Reported Operating Income	748.2	687.5	772.8	888.4
Operating Margin	***42.6%***	***38.3%***	***38.0%***	***39.0%***
Add Adjustment:				
Depreciation & Amortization	*75.1*	*64.1*	*66.3*	*79.2*
Restructuring	*(2.5)*	*17.5*	*0.1*	*-*
Adjusted Operating Income	820.8	769.1	839.2	967.6
Adjusted Operating Margin	***46.8%***	***42.8%***	***41.3%***	***42.4%***

MOODY'S

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