

---

MOODY'S



# Investor Presentation

3Q 2015

---

JANUARY 6, 2016

## Disclaimer

Certain statements contained in this release are forward-looking statements and are based on future expectations, plans and prospects for Moody's business and operations that involve a number of risks and uncertainties. Moody's outlook for 2015 and other forward-looking statements in this release are made as of November 3, 2015, and the Company disclaims any duty to supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company is identifying certain factors that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking statements. Those factors, risks and uncertainties include, but are not limited to, the current world-wide credit market disruptions and economic slowdown, which is affecting and could continue to affect the volume of debt and other securities issued in domestic and/or global capital markets; other matters that could affect the volume of debt and other securities issued in domestic and/or global capital markets, including credit quality concerns, changes in interest rates and other volatility in the financial markets; the level of merger and acquisition activity in the U.S. and abroad; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government initiatives to respond to the current world-wide credit market disruptions and economic slowdown; concerns in the marketplace affecting Moody's credibility or otherwise affecting market perceptions of the integrity or utility of independent credit agency ratings; the introduction of competing products or technologies by other companies; pricing pressure from competitors and/or customers; the level of success of new product development and global expansion; the impact of regulation as an NRSRO, the potential for new U.S., state and local legislation and regulations, including provisions in the Financial Reform Act and regulations resulting from that Act; the potential for increased competition and regulation in the EU and other foreign jurisdictions; exposure to litigation related to Moody's rating opinions, as well as any other litigation, government and regulatory proceedings, investigations and inquiries to which the Company may be subject from time to time; provisions in the Financial Reform Act legislation modifying the pleading standards, and EU regulations modifying the liability standards, applicable to credit rating agencies in a manner adverse to credit rating agencies; provisions of EU regulations imposing additional procedural and substantive requirements on the pricing of services; the possible loss of key employees; failures or malfunctions of Moody's operations and infrastructure; any vulnerabilities to cyber threats or other cybersecurity concerns; the outcome of any review by controlling tax authorities of the Company's global tax planning initiatives; the outcome of those Legacy Tax Matters and legal contingencies that relate to the Company, its predecessors and their affiliated companies for which Moody's has assumed portions of the financial responsibility; exposure to potential criminal sanctions or civil remedies if the Company fails to comply with foreign and US laws and regulations that are applicable in the jurisdictions in which the Company operates, including sanctions laws, anti-corruption laws and local laws prohibiting corrupt payments to government officials; the impact of mergers, acquisitions or other business combinations and the ability of the Company to successfully integrate acquired businesses; currency and foreign exchange volatility; the level of future cash flows; the levels of capital investments; 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, 2014 and in other filings made by the Company from time to time with the Securities and Exchange Commission.

# Table of Contents

1. Financial Overview
2. Moody's Investors Service (MIS)
3. Moody's Analytics (MA)
4. Conclusion
5. Appendix

# Overview of Moody's Corporation



- » Leading global provider of credit rating opinions, insight and tools for financial risk measurement and management
- » Revenue of \$3.5 billion; operating income of \$1.5 billion\*

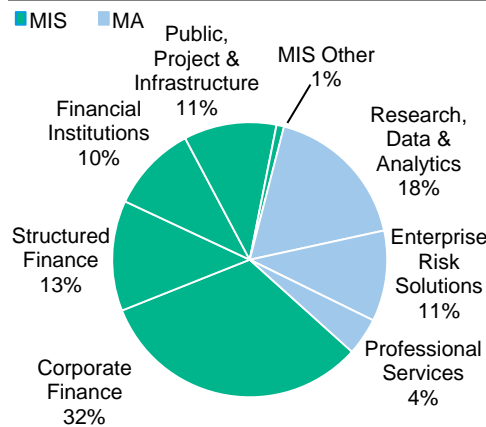
## MOODY'S INVESTORS SERVICE

- » Independent provider of credit rating opinions and related information for over 100 years
- » 67% of total MCO revenue\*
- » 84% of total MCO operating income\*

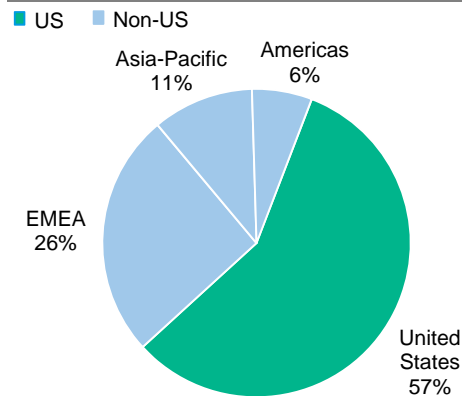
## MOODY'S ANALYTICS

- » Research, data and software for financial risk analysis and related professional services
- » 33% of total MCO revenue\*
- » 16% of total MCO operating income\*

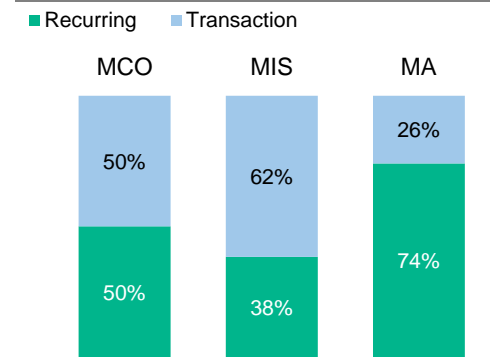
Revenue by Business\*



Revenue by Geography\*



Revenue by Type\*



\*All financial data is for the trailing twelve months ended September 30, 2015.

# 1

## Financial Overview

# Secular Trends Continue to Provide Long-term Growth Opportunities

Debt market issuance driven by <b>global GDP growth</b>	<b>Disintermediation</b> of credit markets in both developed and emerging economies driving both issuance and demand for new products and services	<b>Growth in Moody's Analytics</b> driven by further penetration of MA's client base and expansion of bank and insurance risk regulatory requirements	MA and MIS <b>pricing initiatives</b> aligned with value; affected by business volumes and mix
~2-4%	~2-3%	~2-3%	~3-4%

Long-Term Revenue Growth Opportunity: High Single-Digit to Low Double-Digit % (on average)



Potential Selective Acquisitions\*



Potential Operating Income Margin Expansion



Ongoing Share Repurchases\*



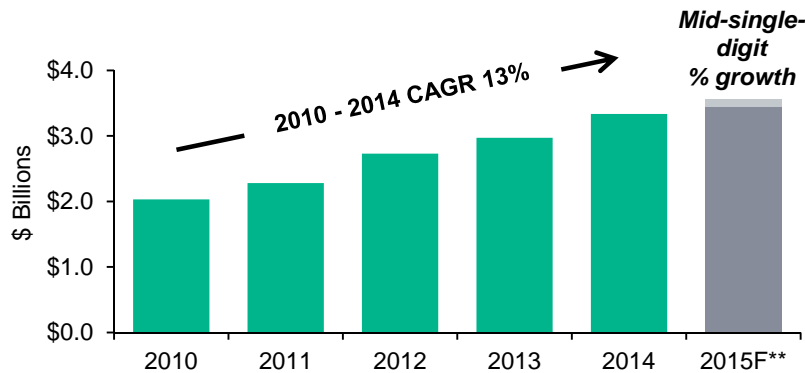
Long-Term EPS Growth Opportunity: Low-Teens to High-Teens % (on average)\*\*

\*Subject to market conditions and other ongoing capital allocation decisions.

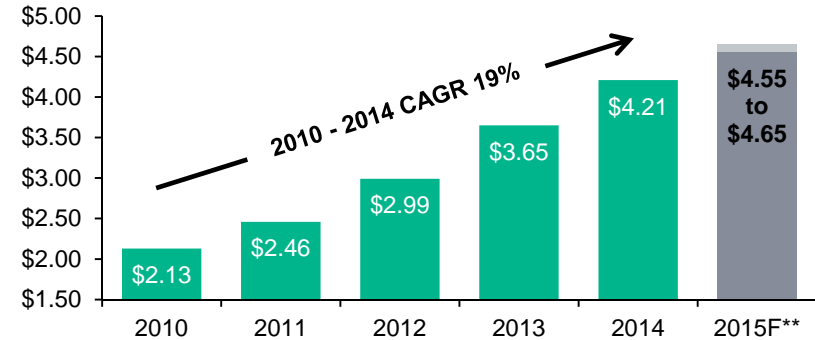
\*\*Assumes no material change in effective tax rate, foreign exchange rates, leverage profile and/or capital allocation policy.

# Moody's has Consistently Delivered Strong Performance

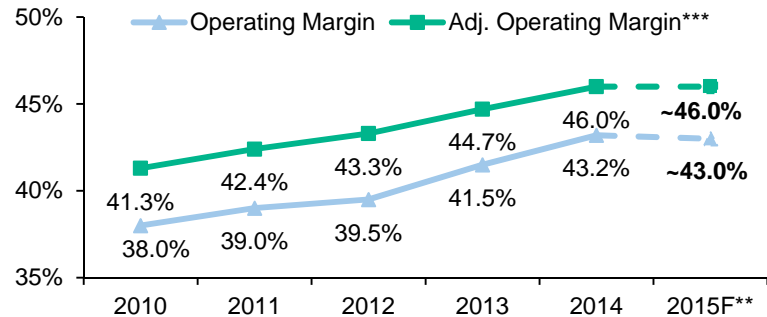
## Revenue



## EPS\*



## Operating Margin Performance



## 5-year Average Free Cash Flow Conversion\*\*\*\*



\*2010-2014 represents non-GAAP EPS. 2015F represents GAAP EPS, which includes a \$0.03 legacy tax benefit from 3Q15. See appendix for reconciliation of non-GAAP EPS to GAAP EPS.

\*\*Guidance as of November 3, 2015.

\*\*\*Adjusted Operating Margin is a non-GAAP measure. See appendix for reconciliation from non-GAAP to GAAP.

\*\*\*\* As of August 2015, over last five available fiscal years. Free Cash Flow is a non-GAAP financial measure. Source: FactSet.

\*\*\*\*\*Includes CLGX, DNB, EXPN, FDS, IHS, MHFI, MORN, MSCI, TRI, VRSK.

# Moody's has a Disciplined Approach to Capital Allocation

Investing in Growth Opportunities	
Reinvestment	Acquisitions
<ul style="list-style-type: none"> <li>» Invest in existing businesses to support organic growth</li> </ul>	<ul style="list-style-type: none"> <li>» Aligned with strategy</li> <li>» Opportunistic; ideally able to use offshore cash</li> </ul>

Return of Capital	
Dividends	Share Repurchases
<ul style="list-style-type: none"> <li>» Payout ratio* potential is 25% - 30%, at current leverage**</li> </ul>	<ul style="list-style-type: none"> <li>» Average annual potential is \$1 billion - \$1.25 billion, at current leverage**</li> </ul>

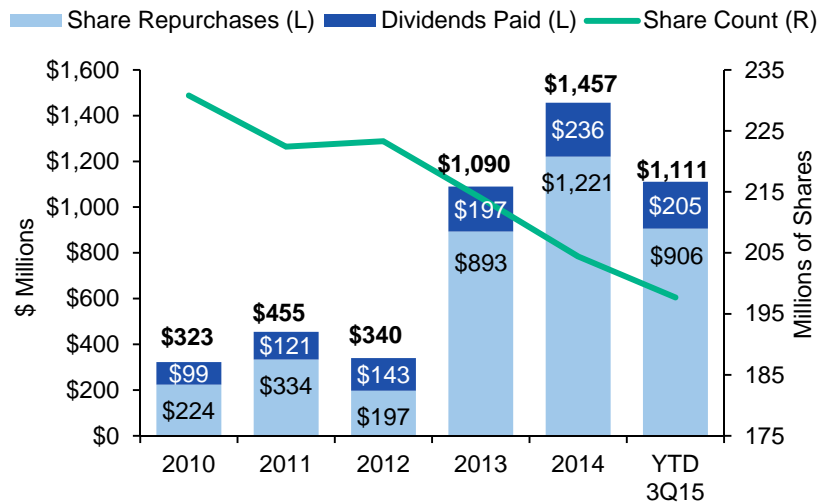
\*Dividend payout ratio is defined as dividends per share/EPS.

\*\*Assumes continued balance of return of capital between dividends and share repurchases.

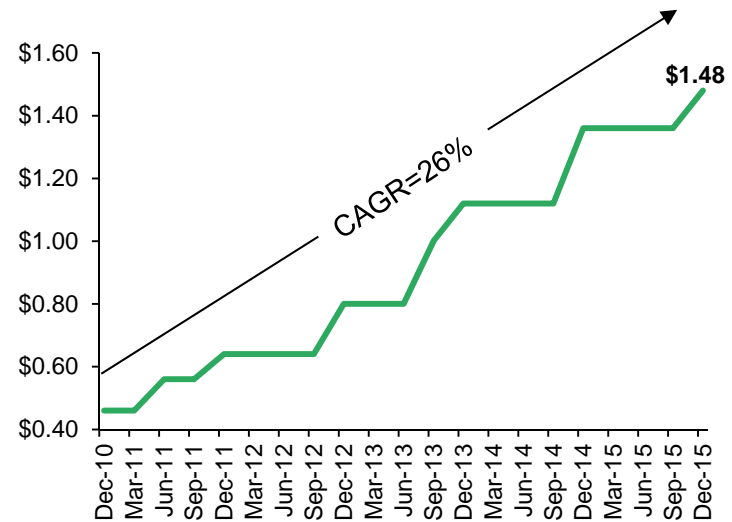


# Moody's Continues to Return Capital to Shareholders

Share Repurchases and Dividends Paid



Annualized Dividend Per Share (Last 5 Years)



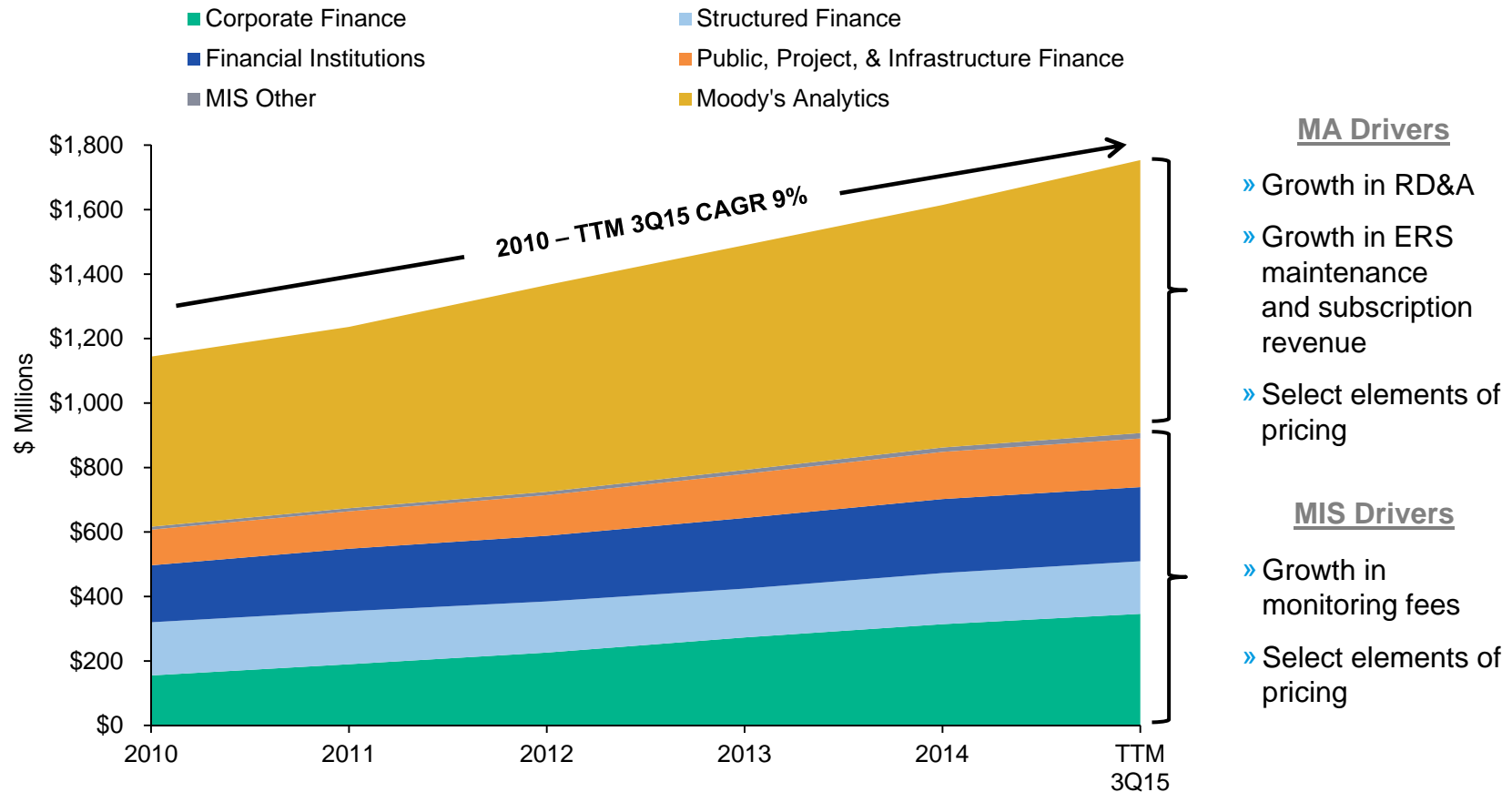
- » Share count declined an average of 3%, annually, from 2010 to YTD 3Q15
- » Moody's expects 2015 share repurchases to be approximately \$1 billion\*
- » Current annualized dividend rate of \$1.48 per share (YTD 3Q15 payout of 28% of net income)
- » Current dividend yield of 1.5%\*\*

\*Guidance as of November 3, 2015. Subject to market conditions and other ongoing capital allocation decisions.

\*\*Reflects MCO closing price of \$97.22 on January 4, 2016.

# Moody's Recurring Revenue also Provides Stability

## Recurring Revenue\*



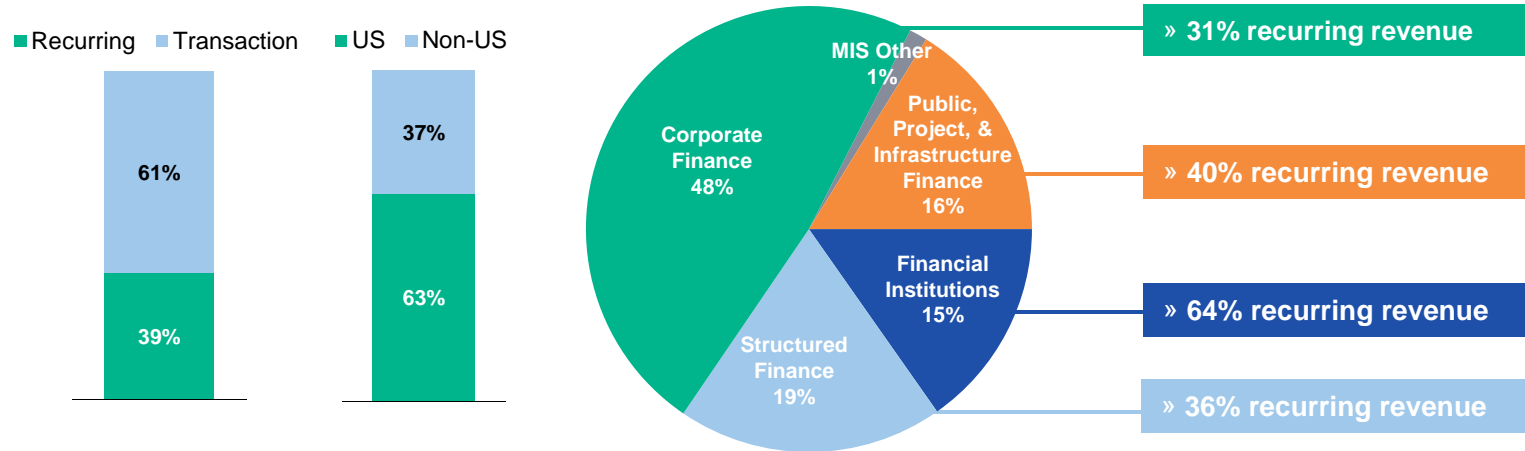
\*MIS recurring revenue is typically billed annually and recognized ratably over 12 months. Recurring revenue can also be billed upfront and recognized over the life of the security. MA recurring revenue is recognized over the contract period.

# 2

## Moody's Investors Service

# Moody's Investors Service Financial Profile

TTM 3Q15 Revenue: \$2.4 billion

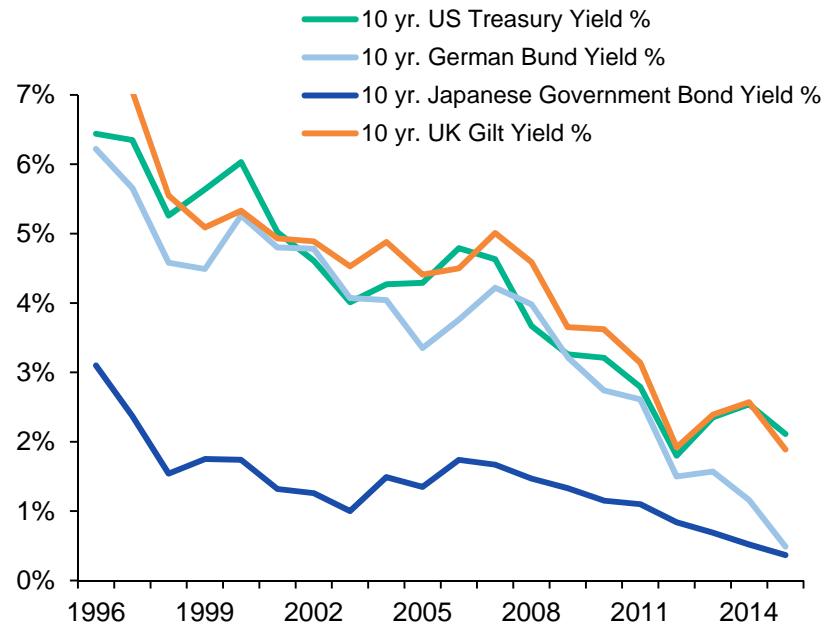


## 2015 Revenue Guidance as of November 3, 2015

Global	↑ mid-single-digit % range
US	↑ low-double-digit % range
Non-US	↓ mid-single-digit % range
Corporate Finance	— approximately flat
Structured Finance	↑ mid-single-digit % range
Financial Institutions	↑ low-single-digit % range
Public, Project & Infrastructure Finance	↑ high-single-digit % range

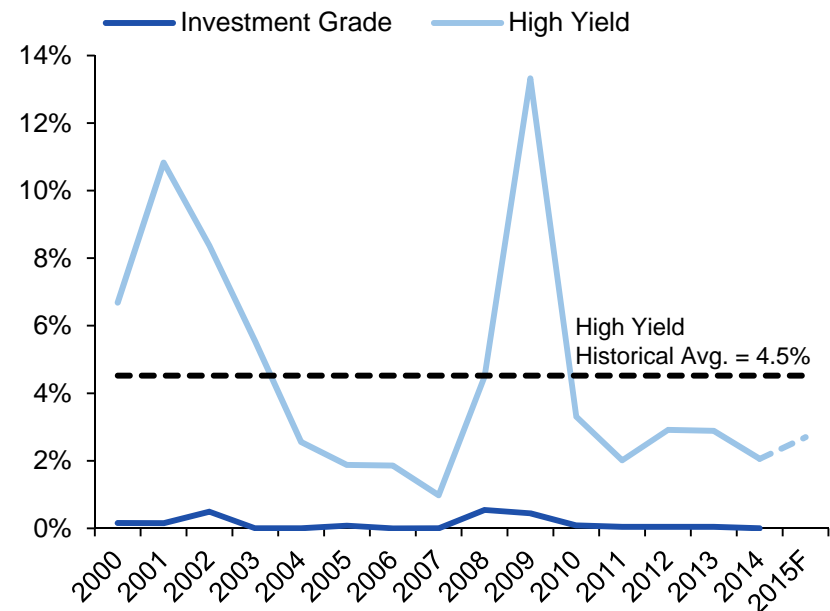
# Favorable Context for Global Issuance Remains in Place in the Near-term

### Global Long-Term Interest Rates



Source: Organization for Economic Co-operation and Development. Data through to October 2015.

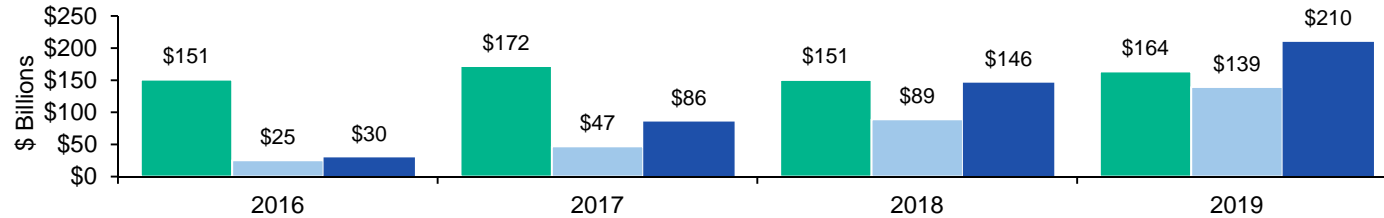
### Annual Default Rates for Global Corporate Rated Issuance\*



\*Includes all Moody's rated non-financial corporate investment grade and high-yield bond issues.  
Source: Moody's Investors Service.

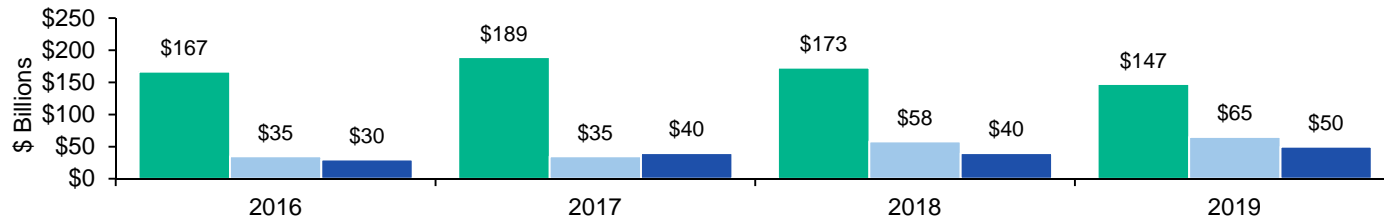
# Non-Financial Corporates have Refunding Needs of Approximately \$3 Trillion\*

Debt Maturities: US Moody's-Rated Corporate Bonds and Loans\*\*



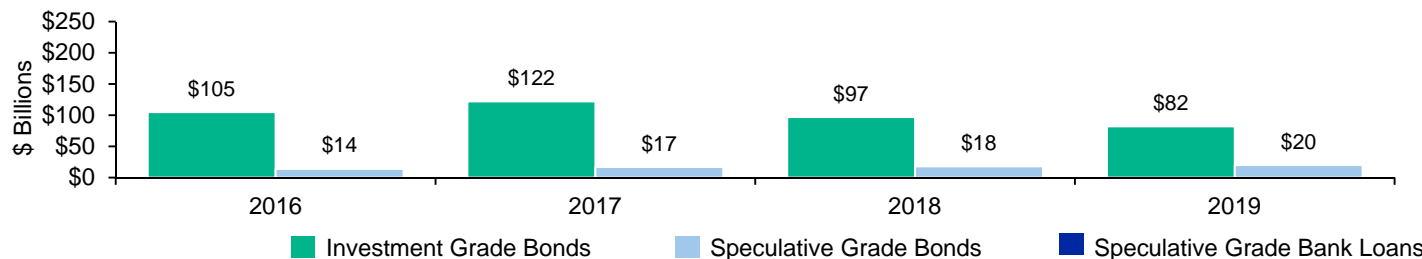
Source: Moody's Investors Service, February 2015.

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



Source: Moody's Investors Service, July 2015.

Debt Maturities: Asia Pacific Moody's-Rated Corporate Entities



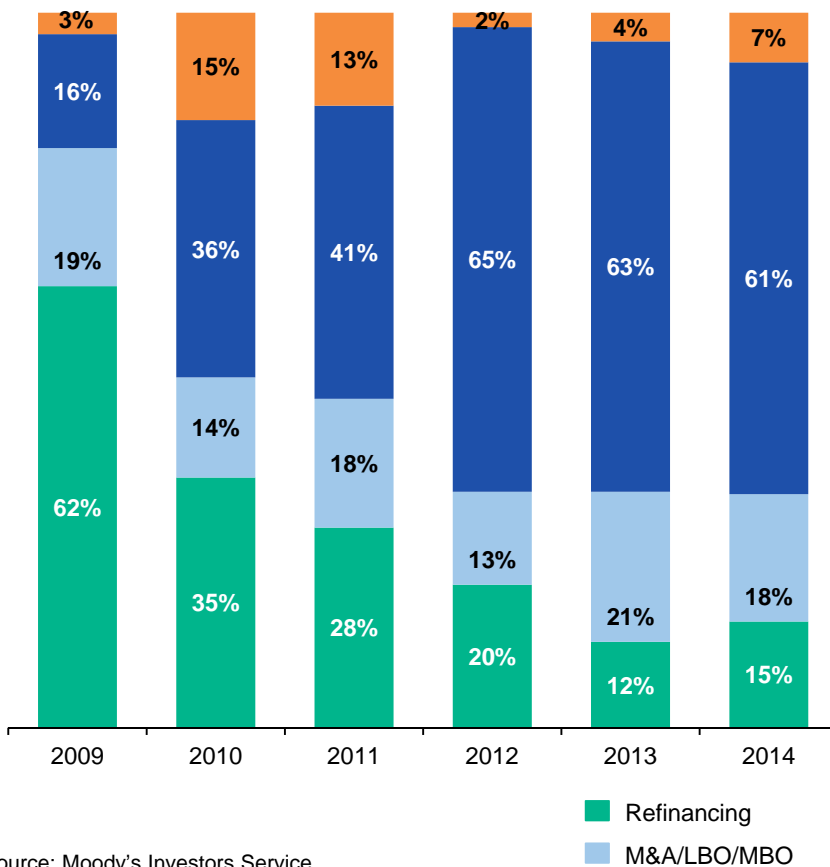
Sources: Moody's Investors Service and Bloomberg, July 2015. Note: Data represents rated and unrated bonds of rated corporate entities in Asia ex-Japan, Australia and New Zealand. Data does not include loans.

\*Amount reflects total maturities identified in the above sourced reports.

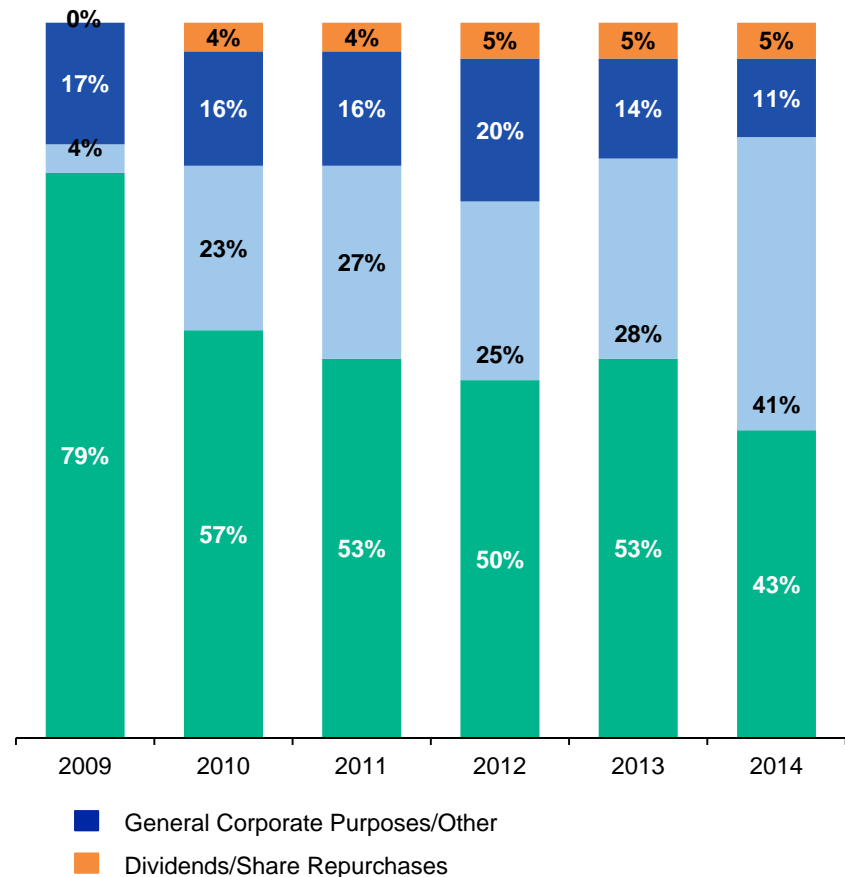
\*\* As of February 2015, totals for US Moody's-rated corporate bonds and loans due to mature in 2015 were \$121 billion for investment grade bonds, \$14 billion for speculative grade bonds and \$4 billion speculative grade bank loans.

# Recently, M&A Activity has Increased as a Stated Use of Proceeds, While Refinancing has Fallen

Uses of Proceeds for US Investment Grade Debt



Uses of Proceeds for US Speculative Grade Debt\*

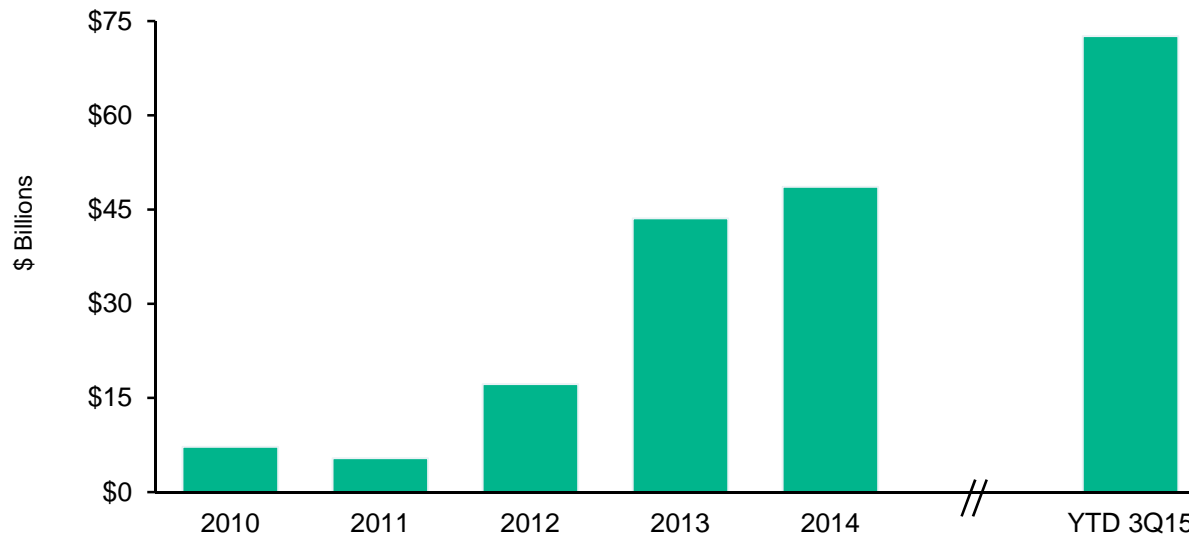


Source: Moody's Investors Service.

\*Reflects both high yield bonds and rated bank loans.

## Reverse Yankee Issuance has also Increased

Reverse Yankee Issuance\*



Source: Moody's Capital Markets Research Group; excludes financial issuance.

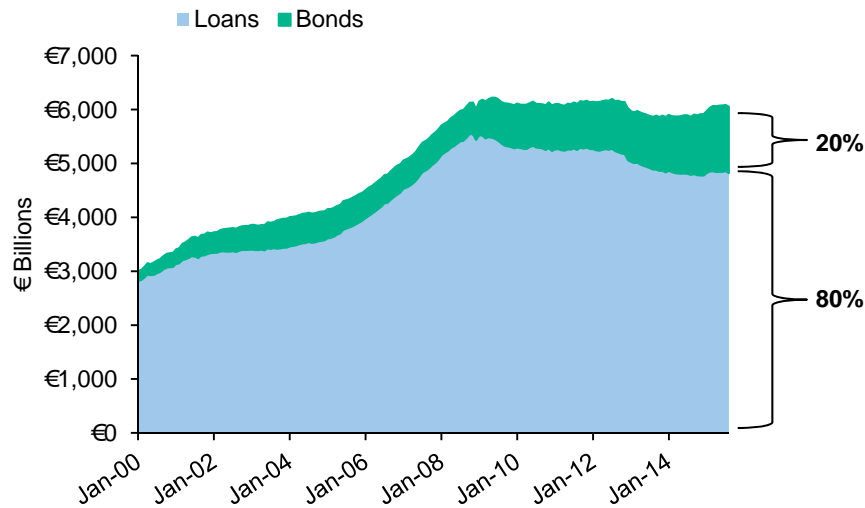
- » Reverse Yankee activity has picked up recently after going through a mid-year lull
- » The differential in absolute rates currently favors euro debt
- » Issuers also have the opportunity to diversify their investor bases and/or maturity profiles

\* Reverse Yankee Issuance refers to euro debt issuance by US companies.  
Note: MIS revenue is recognized on the basis of the domicile of the issuer.

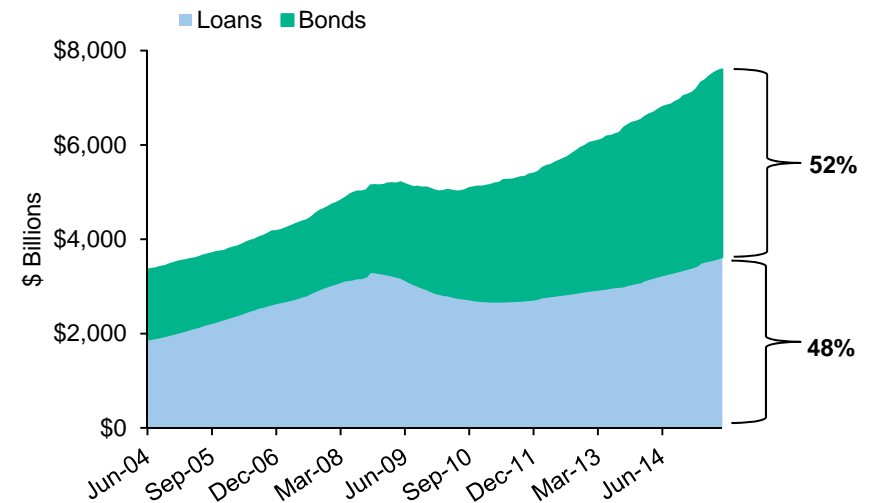


# Disintermediation of Capital Markets: Europe and US

European Non-Financial Corporate Bonds vs. Bank Loans Outstanding



US Non-Financial Corporate Bonds vs. Bank Loans Outstanding

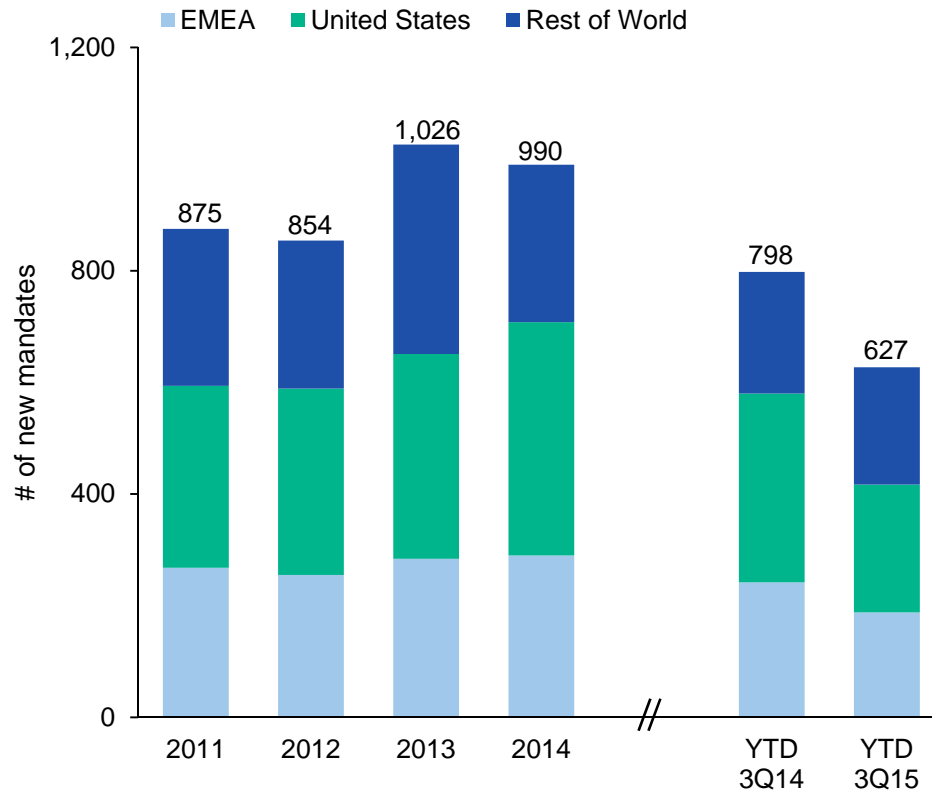


- » European companies have historically relied more on banks than their American counterparts, but are increasingly turning to the bond market
- » YTD 3Q15 Moody's rated European high yield bond and bank loan issuance was split approximately 60% / 40%, respectively

Sources: ECB, Federal Reserve, BarCap Indices. Europe bank loan data includes Eurozone and UK bank loans. Europe bond data includes euro and sterling denominated bonds. Data is through August 2015.

# Moody's New Rating Mandates

## Global New Rating Mandates\*

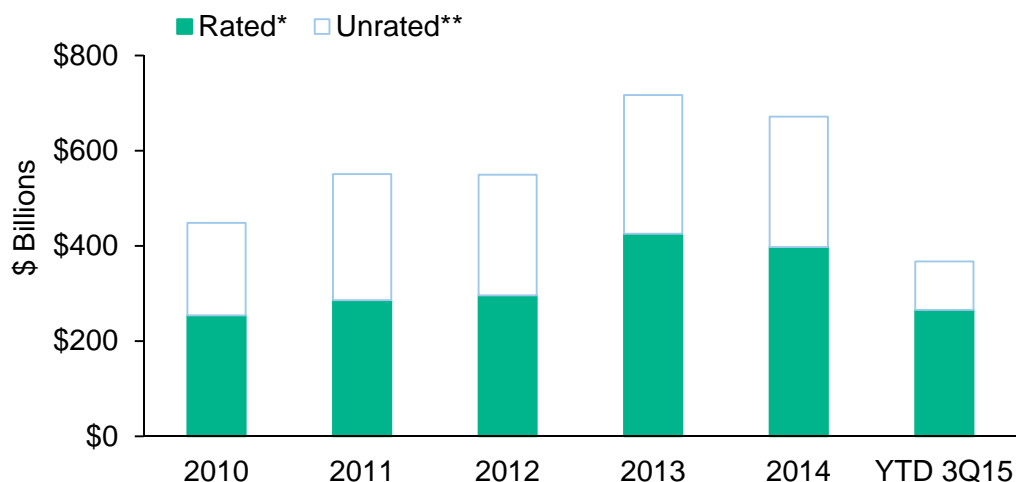


Source: Moody's Investors Service.  
\*Rated by Moody's Investors Service.

- » **In the US**, there has been less leveraged loan activity in 2015 than in 2014, which previously accounted for a significant percentage of new mandates
- » **In EMEA**, QE is mainly helping established issuers tap the market, crowding out new issuers
- » **The Rest of World** has been impacted from China's slowdown and increased volatility and macroeconomic risk

## Bank Loan Issuance has Decelerated

### US Non-Financial Corporate Speculative-Grade Bank Loans



- » Unfavorable market conditions combined with adherence to the US Shared National Credit (SNC) guidelines led to a decline in bank loan volumes in 3Q15
- » Continued CLO formation year-to-date has counterbalanced some of the headwinds in the market

### Europe Bank Loan Market:

- » The rated bank loan market in Europe is approximately one-fifth the size of the rated bank loan market in the US
- » 2014 European rated bank loan issuance totaled \$119 billion, a 47% increase over \$81 billion in 2013
- » YTD 3Q15 rated issuance totaled \$51 billion, a 51% decline from \$99 billion in YTD 3Q14

\*Rated bank loan issuance represents Moody's rated non-financial corporate speculative-grade bank loans. It includes term loan B syndicated loans sold to investors.

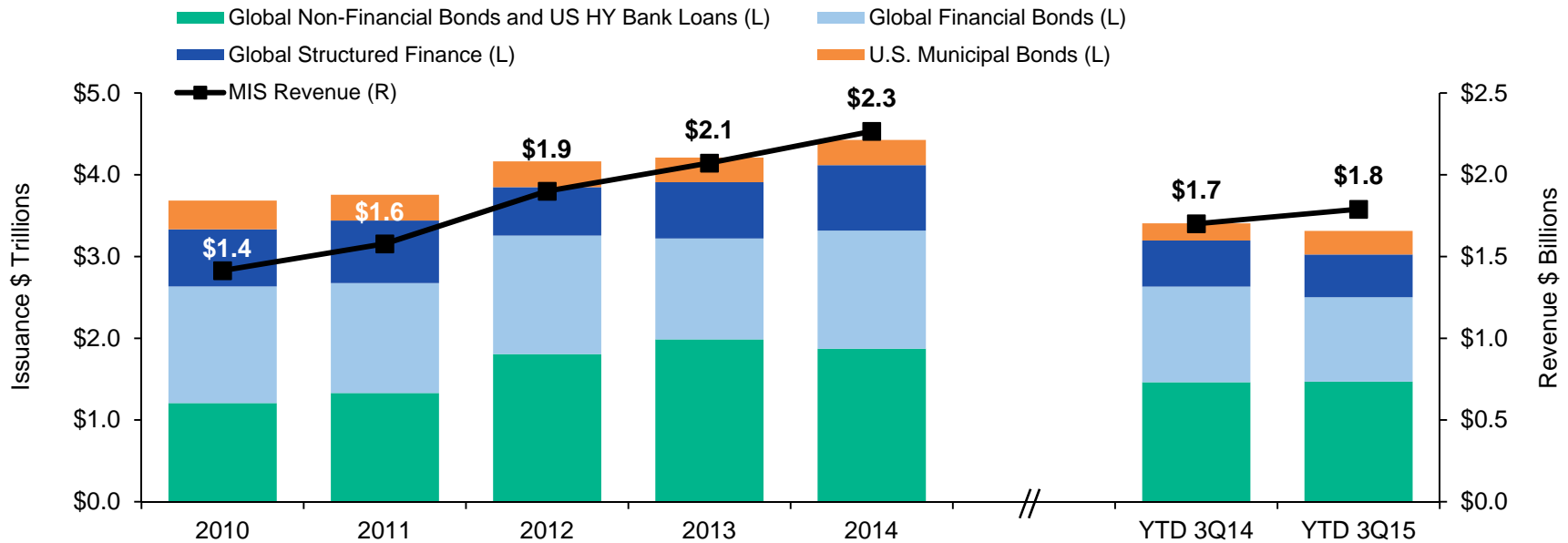
\*\*Unrated bank loan issuance includes term loan A (retained by the lender) and revolvers.

Sources: Moody's Investors Service.

# Issuance is not the Only Factor Driving MIS Revenue

MIS Revenue vs. Rated Issuance\*

Year-over-Year Percent Change	2010	2011	2012	2013	2014	2010 - 2014 CAGR	YTD 3Q15
Issuance	-16%	2%	11%	1%	5%	5%	-3%
Revenue	15%	12%	20%	9%	9%	13%	5%



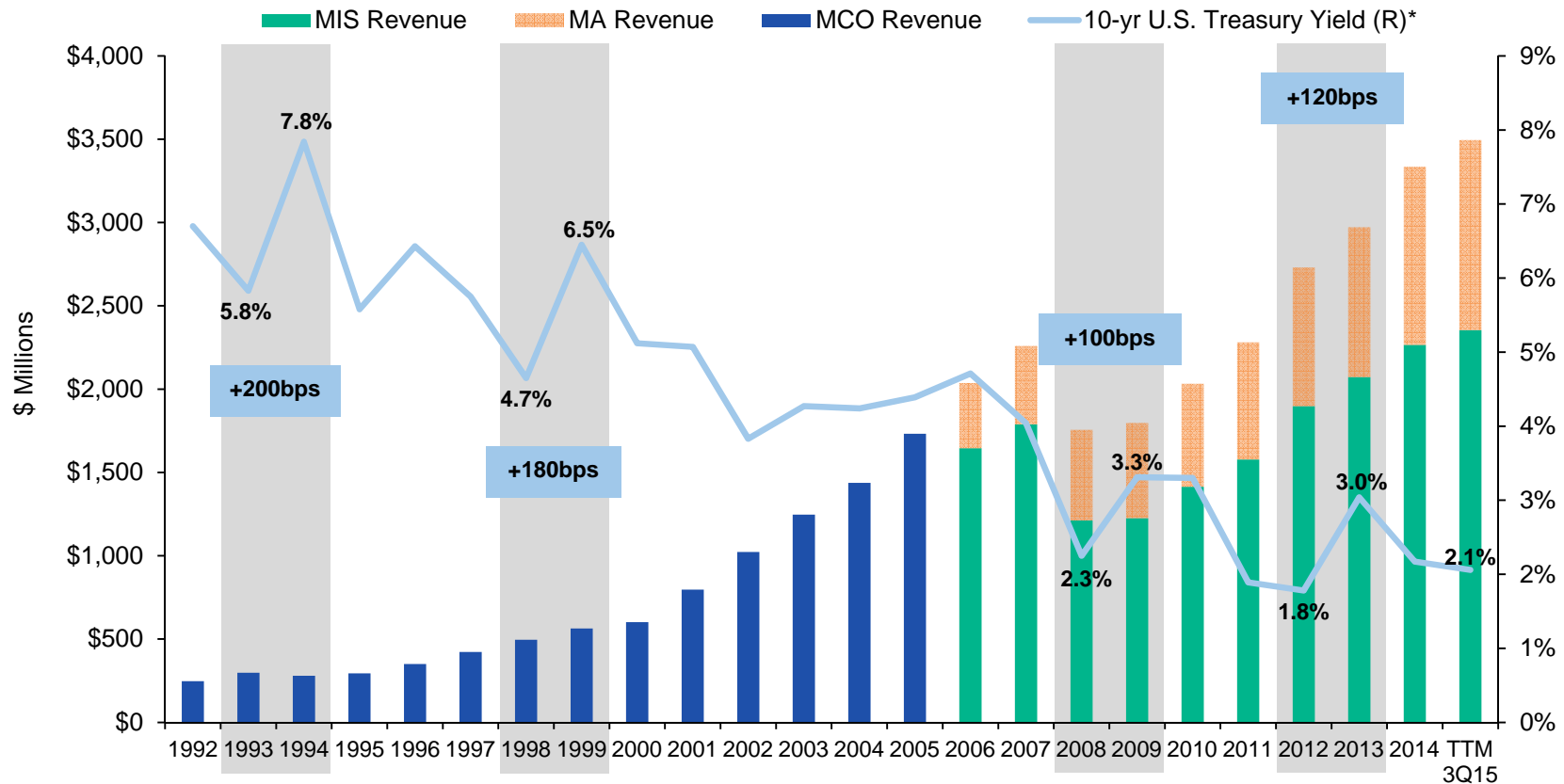
» In addition to issuance activity levels, MIS revenue is impacted by (i) the mix of issuance activity, (ii) pricing and (iii) growth in monitored credits

\*Rated global investment grade bonds, global high yield bonds, US high yield bank loans, global structured finance, and US municipal issuance.

Source: Moody's Capital Markets Research Group, Dealogic, AB Alert, CM Alert, Thomson SDC. US High Yield Bank Loans represent Moody's rated new US bank loan programs.

# Historically, Rising Rates have not had a Significant Impact on Moody's Revenue

MCO Revenue and Interest Rates



\*10-yr Treasury Yields are represented by the rate at the end-of-period. Source: [www.treasury.gov](http://www.treasury.gov)

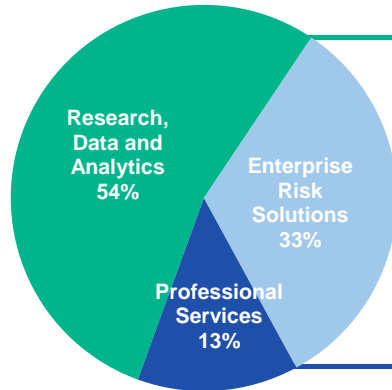
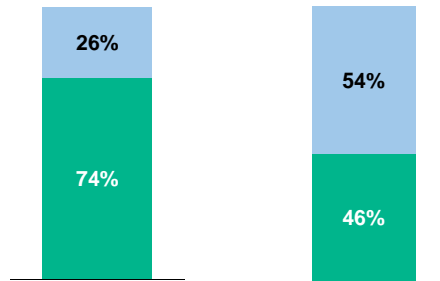
3

## Moody's Analytics

# Moody's Analytics Financial Profile

TTM 3Q15 Revenue: \$1.1 billion

■ Recurring ■ Transaction ■ US ■ Non-US



» ~95% recurring revenue  
» 96% retention rate

» ~62% recurring revenue

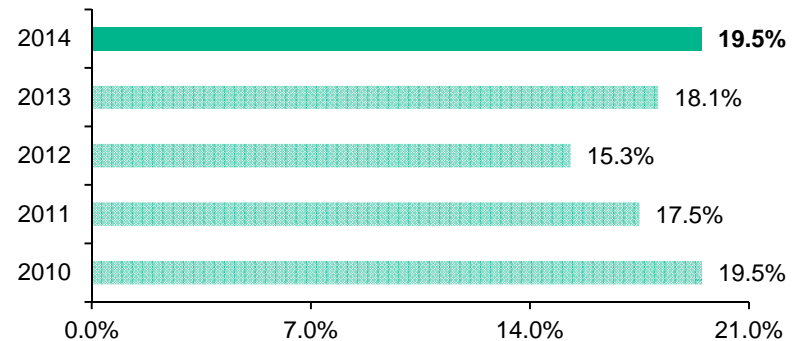
» Combination of one-off contracts and semi-recurring revenue

## 2015 Revenue Guidance as of November 3, 2015

Global	↑	mid-single-digit % range
US	↑	low-double-digit % range
Non-US	—	approximately flat
Research, Data & Analytics	↑	high-single-digit % range
Enterprise Risk Solutions	↑	mid-single-digit % range
Professional Services	↓	low-double-digit % range

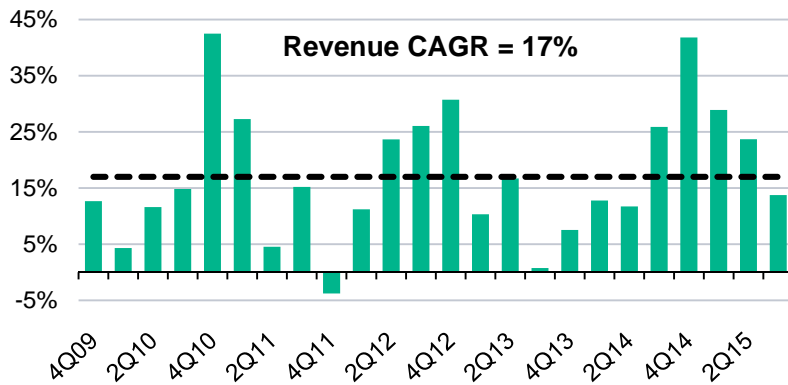
## Operating Margin

» Expect operating margin to grow to the mid-20's percent range over the next several years

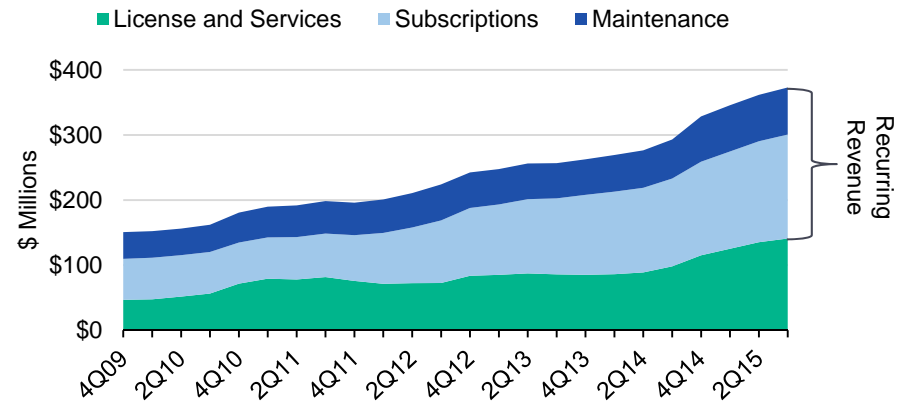


# ERS' Renewable Book Growing, but Revenue Remains Dependent on Project Timing

ERS: Year-over-Year Revenue Growth by Quarter



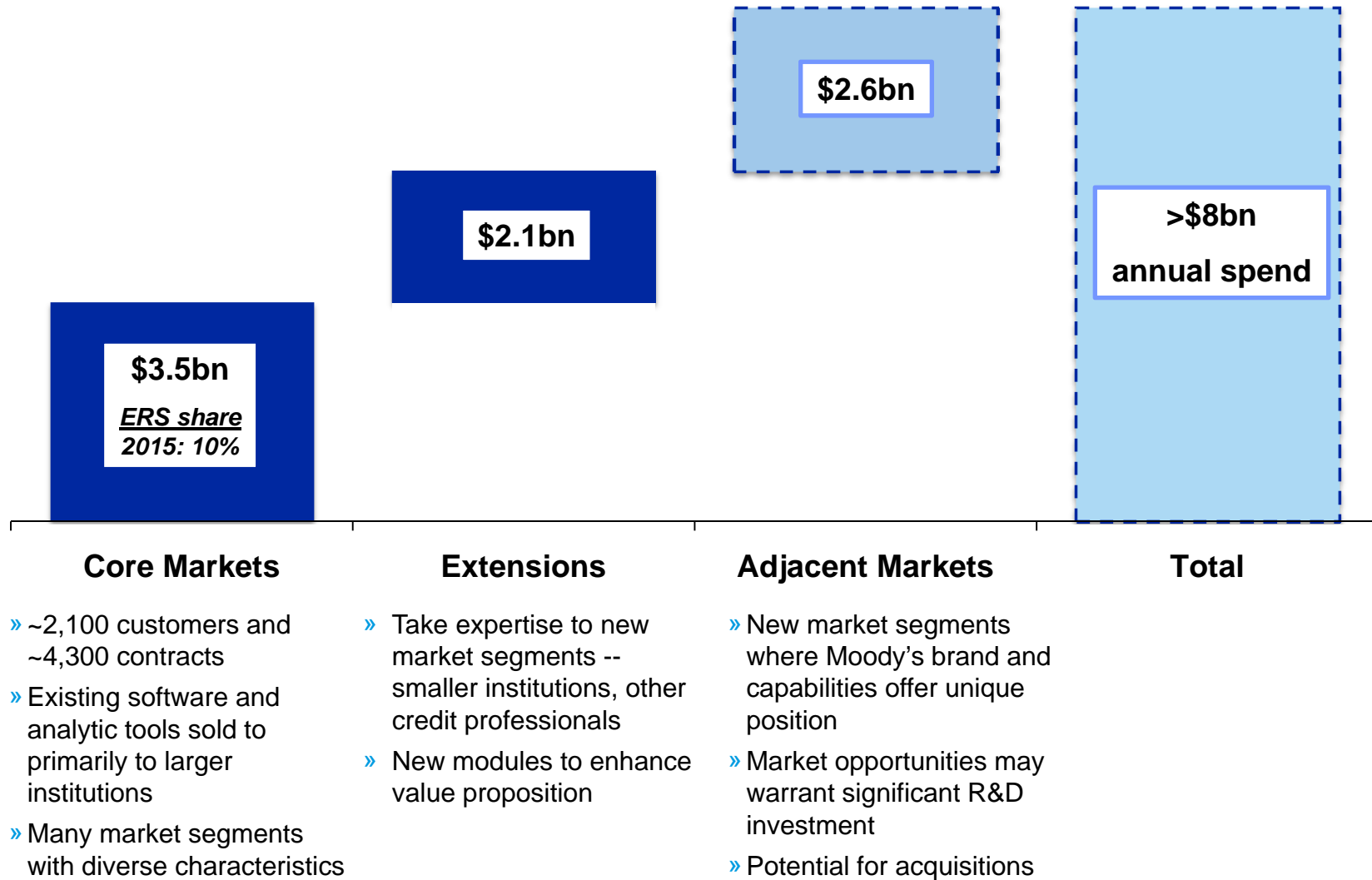
ERS TTM Revenue by Type



- » ERS revenue is driven by (1) regulation and accounting standards increasing in complexity; (2) evolution of risk management culture among customers; and (3) customers seeking return on investment and cost efficiencies
- » ERS saw operating income improvements in 2014 and is on track for similar performance in 2015
  - Investments in product quality and configurability facilitate continued margin expansion
  - Focus on higher-value, more profitable business supports margin expansion, with some offset to revenue growth rate possible
- » **Reminder:** While ~2/3 of ERS' revenue base is renewable, results are affected by large projects, the timing of which may impact sales, revenue and margin in any one period



# ERS has an Attractive Market Opportunity



## Professional Services Overview

### Knowledge process outsourcing

- » Leading provider of offshore research and analytic services
- » 2,400 employees; 9 delivery centers
- » 200+ institutional clients in global financial and corporate sectors



### Certificates, designations & accreditations

- » Canada's leading provider of financial services education and designations
- » 270+ courses taken by 800,000+ financial professionals
- » Endorsed by the Investment Industry Regulatory Organization of Canada (IIROC), Canada's stock exchanges and Canada's securities regulatory commissions



### Financial services training

- » Provider of global learning capabilities to banks, asset managers, regulators and non-bank financial institutions
- » Multiple delivery channels, including classroom instruction, web classes and e-learning
- » Signature Commercial Lending program available in universal and IFRS; translated and localized for several regions

# 4

## Conclusion

## Why Invest in Moody's?

- » **We strive to be the world's most respected authority serving risk-sensitive financial markets**
- » **We have had strong revenue and earnings growth, as well as strong cash flow conversion**
  - 2010 – TTM 3Q15 Revenue CAGR of 12%
  - 2010 – TTM 3Q15 non-GAAP EPS\* CAGR of 18%
  - 2010 – TTM 3Q15 free cash flow conversion rate of ~30%
- » **We are committed to returning capital to our shareholders**
  - Current annualized dividend of \$1.36
  - Anticipate total 2015 share repurchases of approximately \$1.0 billion\*\*
- » **We will selectively invest in strategic growth opportunities**
  - Leverage brand to extend our relevance in financial markets
  - Expand our product offerings and geographic influence

\*See appendix for reconciliation of non-GAAP EPS to GAAP EPS.

\*\*Guidance as of November 3, 2015. Subject to market conditions and other ongoing capital allocation decisions.

# 5

## Appendix

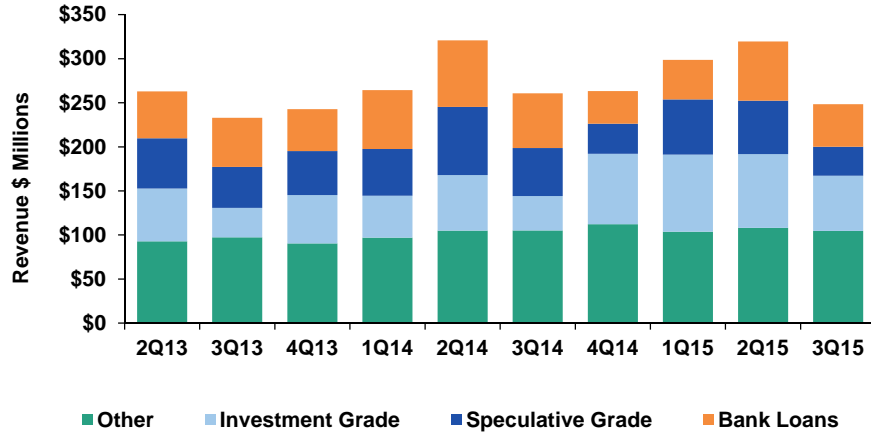
## Full-Year 2015 Guidance as of November 3, 2015

» <b>Revenue:</b>	Mid-single-digit % growth range
» <b>Operating Expenses:</b>	Mid-single-digit % growth range
» <b>Operating Margin:</b>	Approximately 43%
» <b>Adjusted Operating Margin*:</b>	Approximately 46%
» <b>Effective Tax Rate:</b>	Approximately 31% - 32%
» <b>GAAP Earnings Per Share:</b>	\$4.55 - \$4.65
» <b>Share Repurchases:</b>	Approximately \$1 billion (subject to available cash, market conditions and other ongoing capital allocation decisions)
» <b>Capital Expenditures:</b>	Approximately \$90 million
» <b>Depreciation &amp; Amortization:</b>	Approximately \$120 million
» <b>Free Cash Flow*:</b>	Approximately \$1 billion

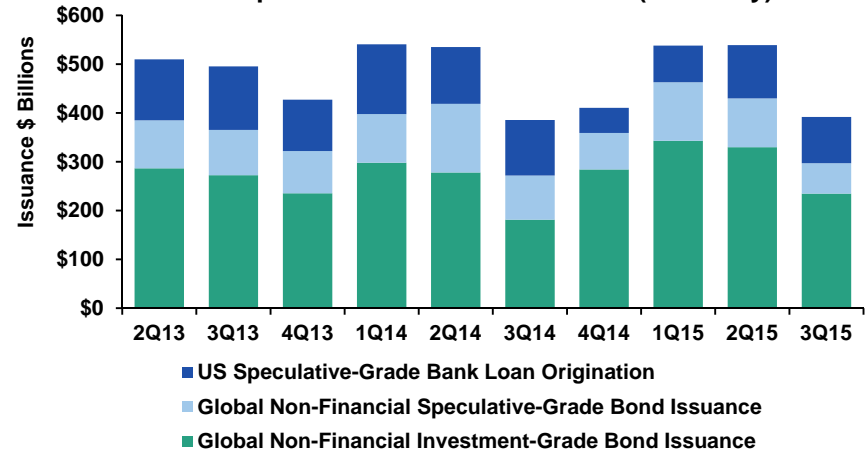
\*Amount is a non-GAAP measure. See Appendix for a reconciliation of this non-GAAP measure to its comparable US GAAP measure.

# Corporate Finance: Revenue and Issuance

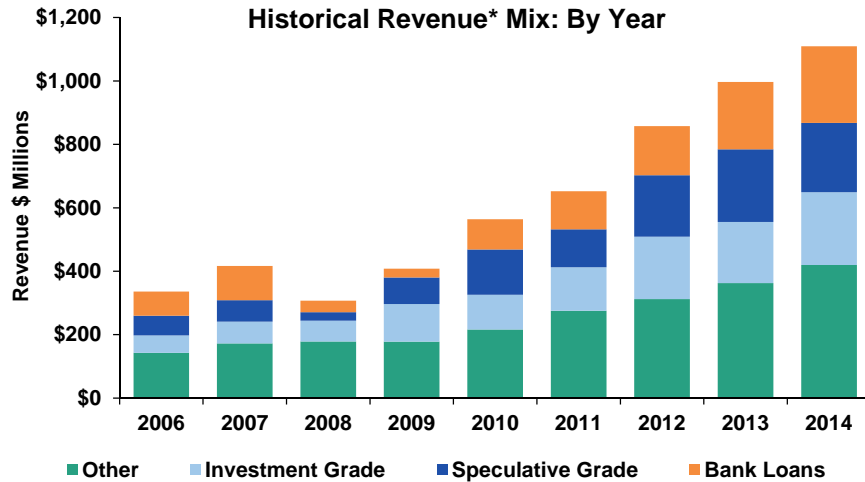
Historical Revenue\* Mix: By Quarter



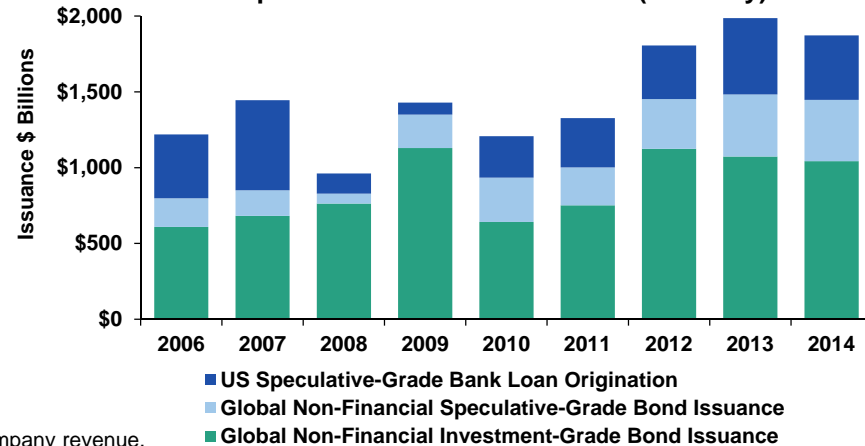
Global Rated Non-Financial Bonds and US Speculative Grade Bank Loans (Quarterly)\*\*\*



Historical Revenue\* Mix: By Year



Global Rated Non-Financial Bonds and US Speculative Grade Bank Loans (Annually)\*\*\*



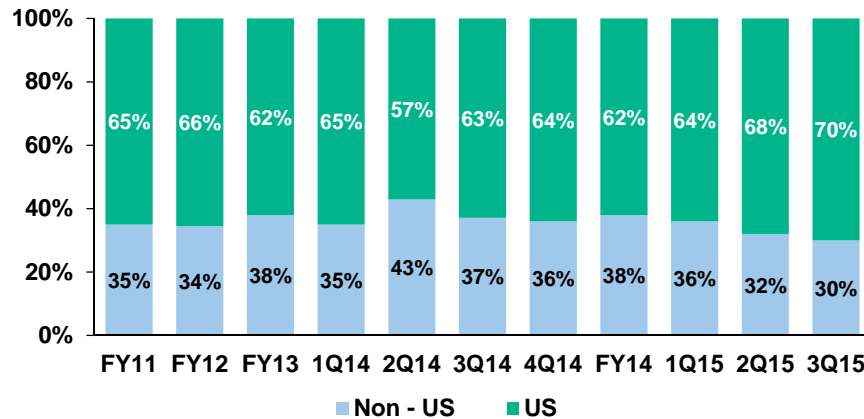
\*Historical data has been adjusted to conform with current information and excludes intercompany revenue.

\*\*Other includes: monitoring, CP, MTNs, and ICRA.

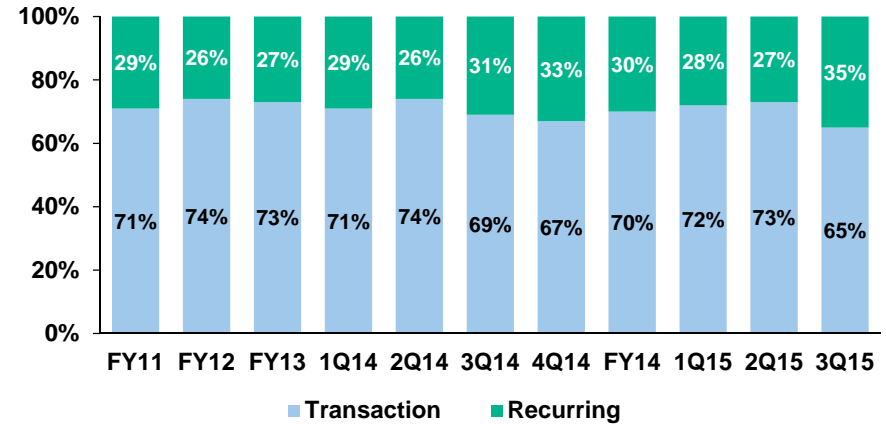
\*\*\*Sources: Moody's Capital Markets Research Group, Dealogic; US Speculative-Grade Bank Loan Origination represents Moody's rated new US bank loan programs. Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.

# Corporate Finance: Revenue Diversification

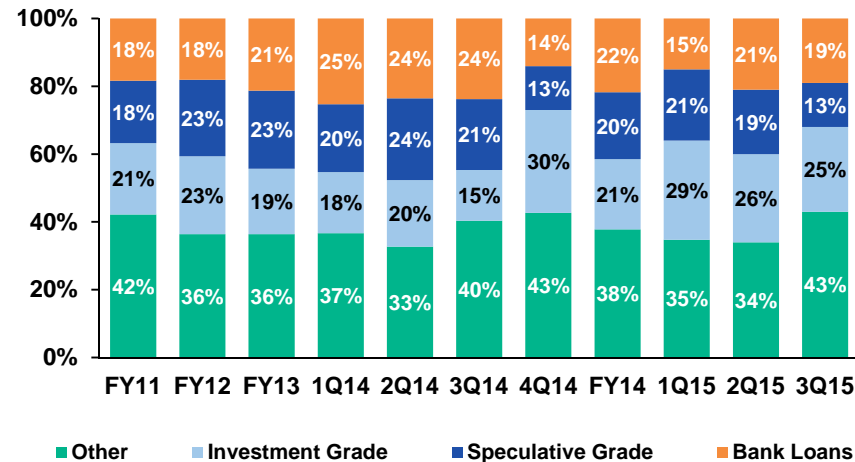
Revenue\* Distribution: Geography



Revenue\* Distribution: Recurring vs. Transaction



Revenue\* Distribution: Product



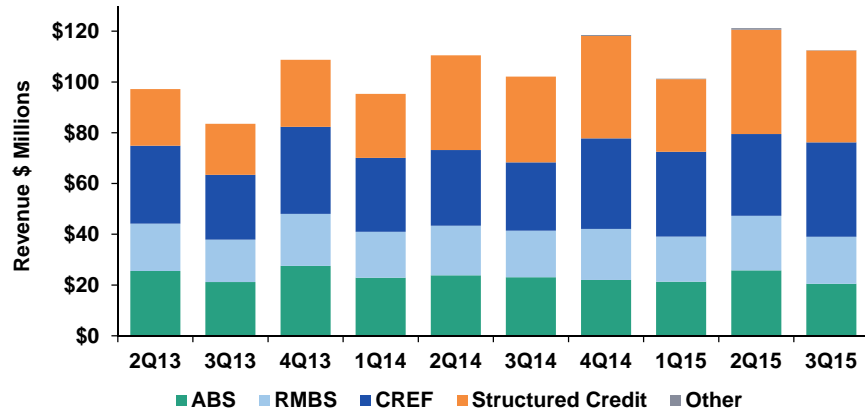
\*Historical data has been adjusted to conform with current information and excludes intercompany revenue.

\*\*Other includes: monitoring, CP, MTNs, and ICRA.  
Percentages have been rounded and may not total to 100%.

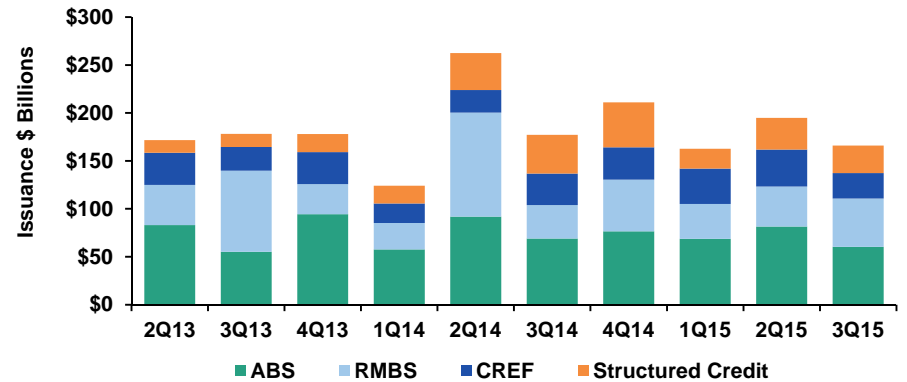


# Structured Finance: Revenue and Issuance

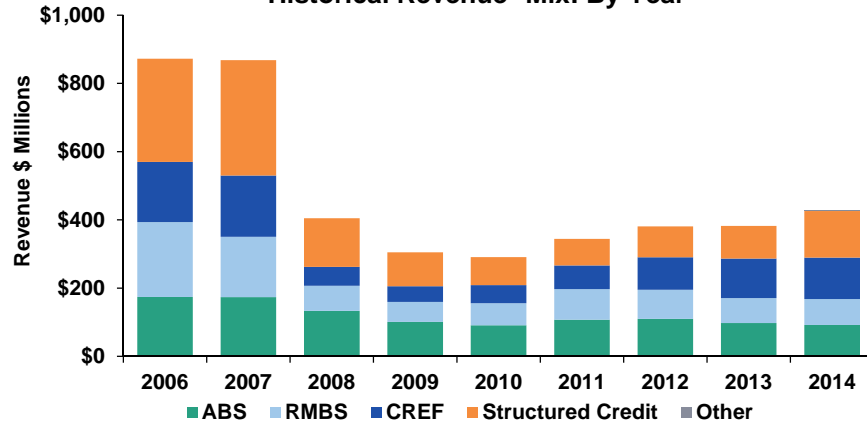
Historical Revenue\* Mix: By Quarter



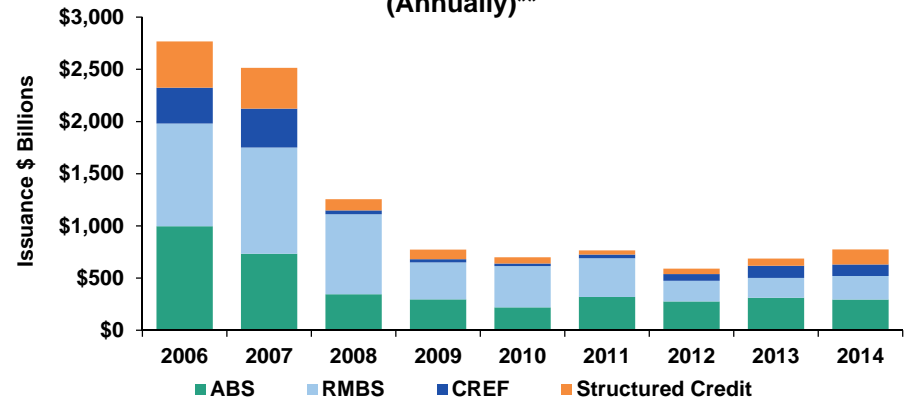
Global Rated Structured Finance (Quarterly)\*\*



Historical Revenue\* Mix: By Year



Global Rated Structured Finance (Annually)\*\*



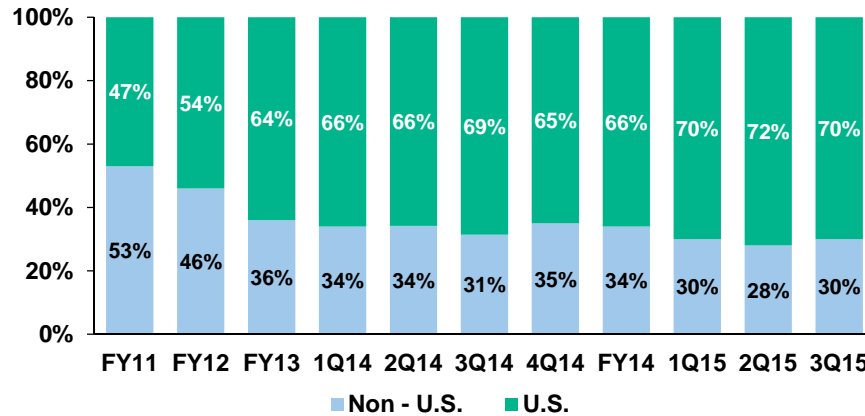
\*Historical data has been adjusted to conform with current information and excludes intercompany revenue.

\*\*Sources: AB Alert, CM Alert, Moody's Corporation. Debt issuance categories do not directly correspond to Moody's revenue categorization.

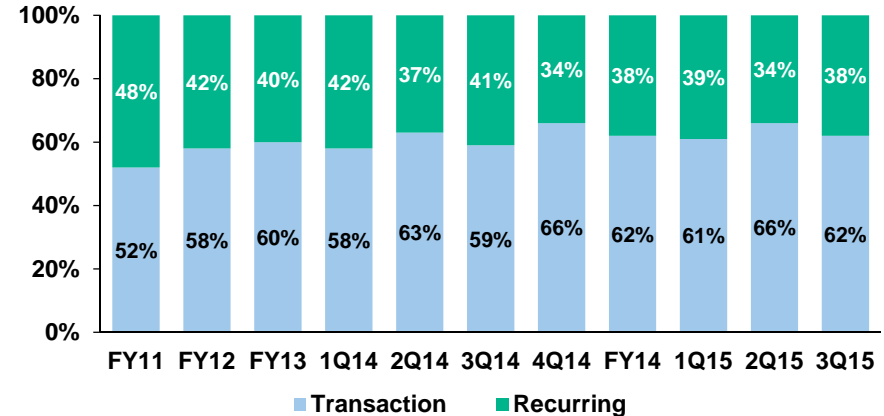
Notes: ABS (Asset Backed Securitization) includes asset-backed commercial paper and long-term asset-backed securities. RMBS (Residential Mortgage Backed Securitization) includes covered bonds. CREF (Commercial Real Estate Finance) includes commercial mortgage-backed securities, real estate finance, and commercial real estate CDOs. Structured Credit includes CLOs and CDOs.

# Structured Finance: Revenue Diversification

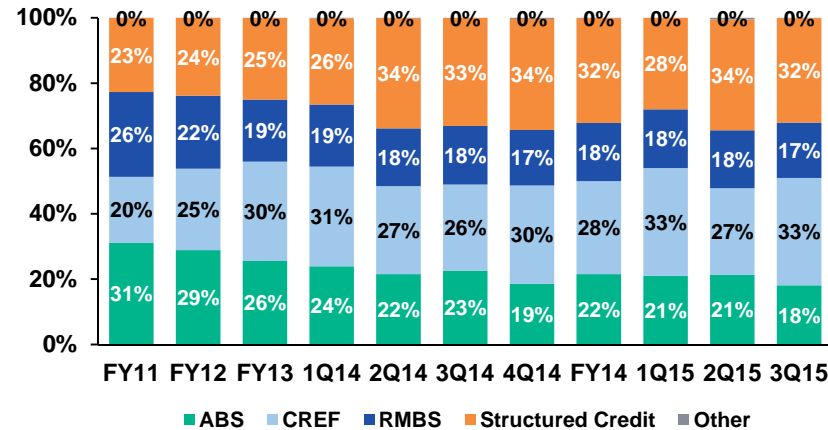
Revenue\* Distribution: Geography



Revenue\* Distribution: Recurring vs. Transaction



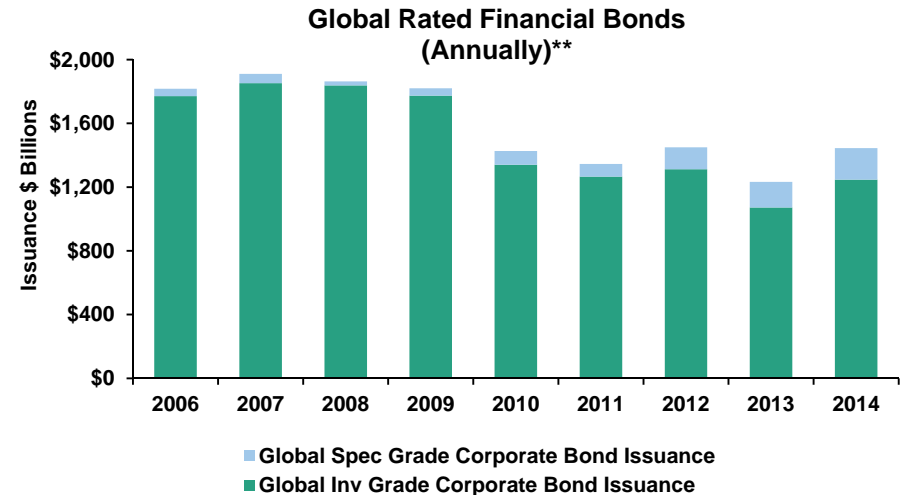
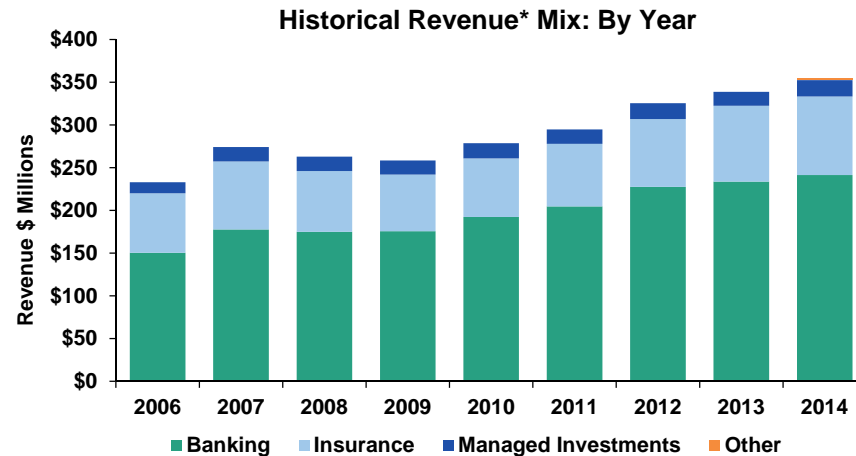
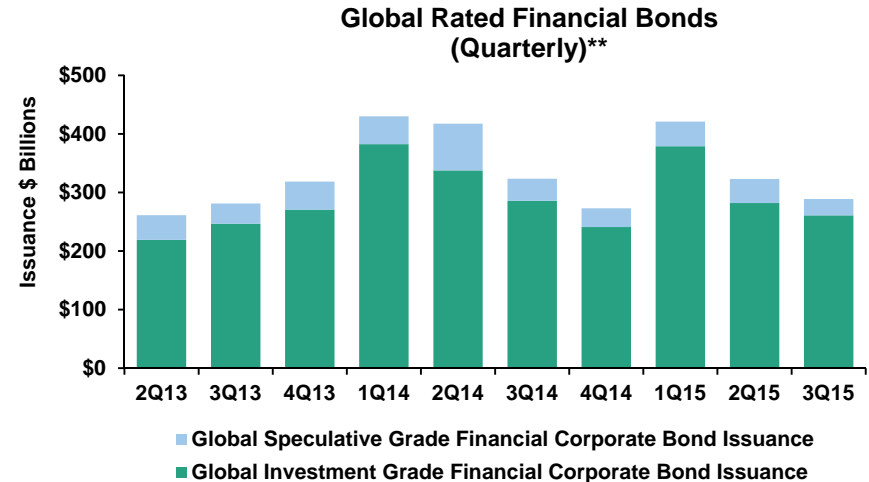
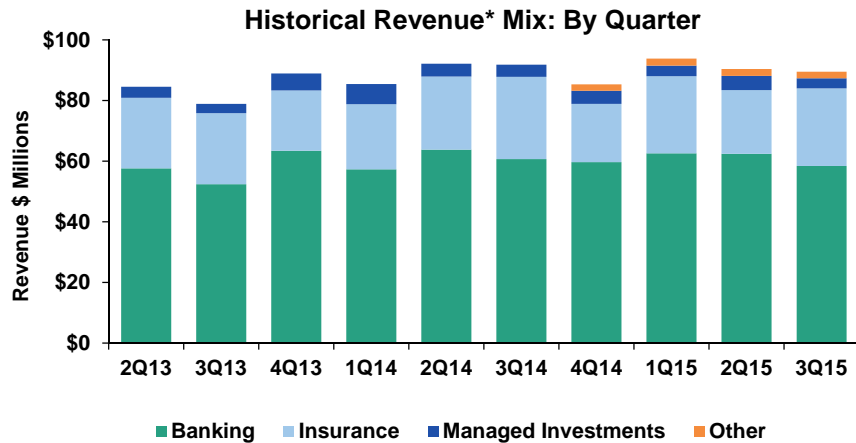
Revenue\* Distribution: by Product



\*Historical data has been adjusted to conform with current information and excludes intercompany revenue. Percentages have been rounded and may not total to 100%.

Notes: ABS (Asset Backed Securitization) includes asset-backed commercial paper and long-term asset-backed securities. RMBS (Residential Mortgage Backed Securitization) includes covered bonds. CREF (Commercial Real Estate Finance) includes commercial mortgage-backed securities, real estate finance, and commercial real estate CDOs. Structured Credit includes CLOs and CDOs.

# Financial Institutions: Revenue and Issuance

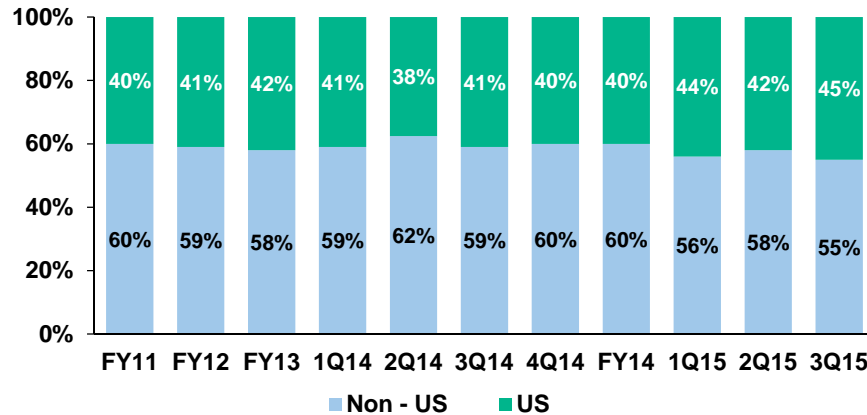


\*Historical data has been adjusted to conform with current information and excludes intercompany revenue.

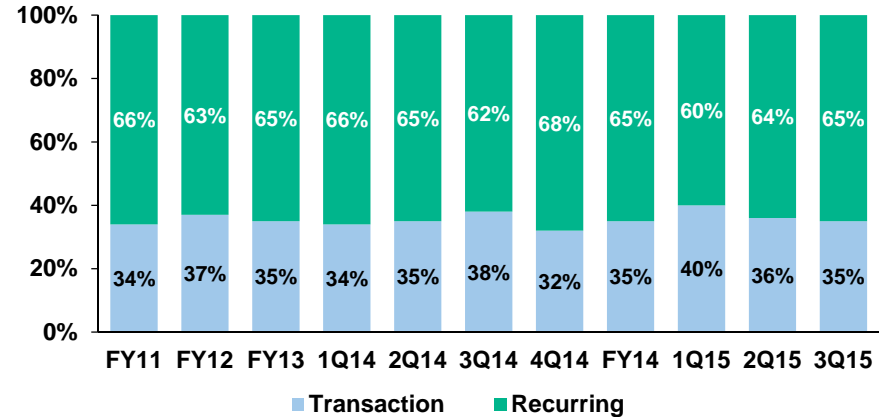
\*\*Sources: Moody's Capital Markets Research Group, Dealogic. Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.

# Financial Institutions: Revenue Diversification

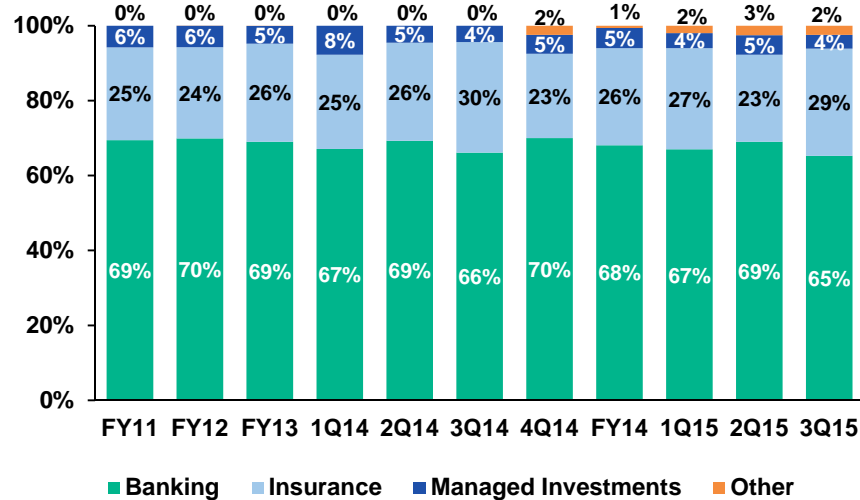
Revenue\* Distribution: Geography



Revenue\* Distribution: Recurring vs. Transaction

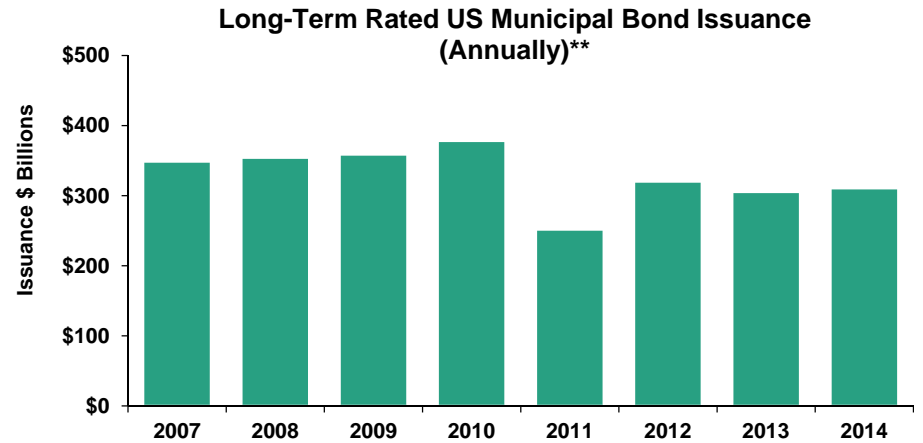
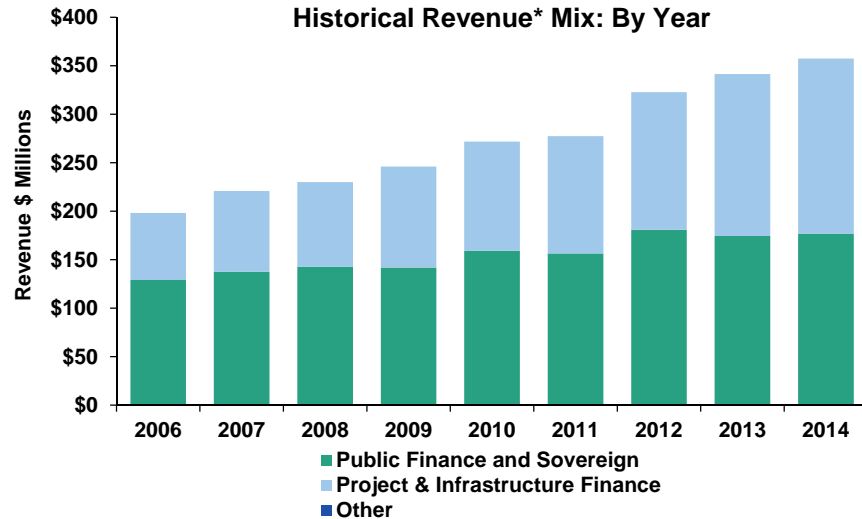
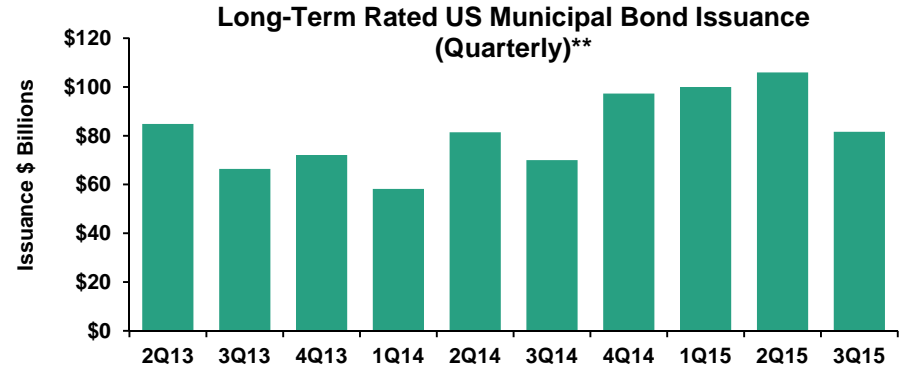
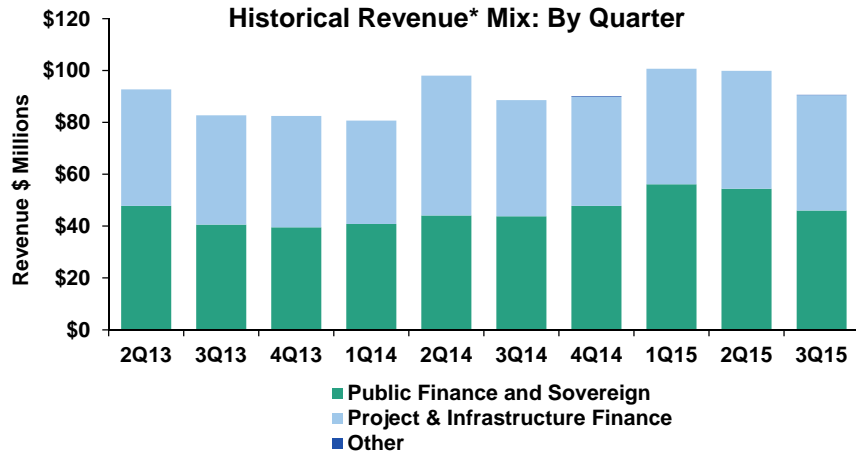


Revenue\* Distribution: Product



\*Historical data has been adjusted to conform with current information and excludes intercompany revenue. Percentages have been rounded and may not total to 100%.

# Public, Project and Infrastructure: Revenue and Issuance

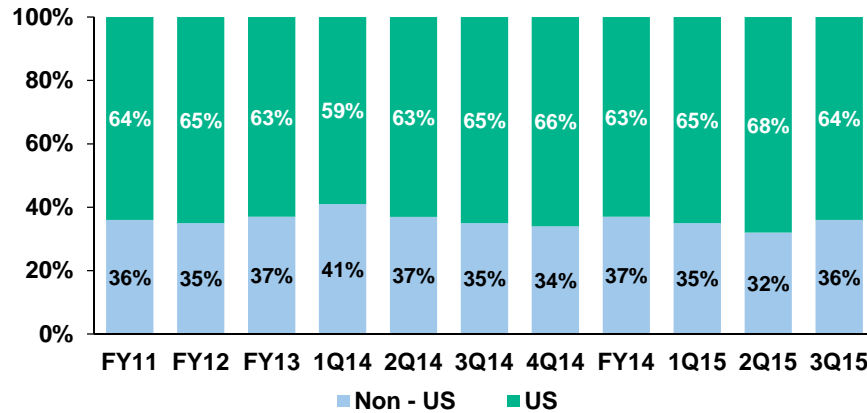


\*Historical data has been adjusted to conform with current information and excludes intercompany revenue.

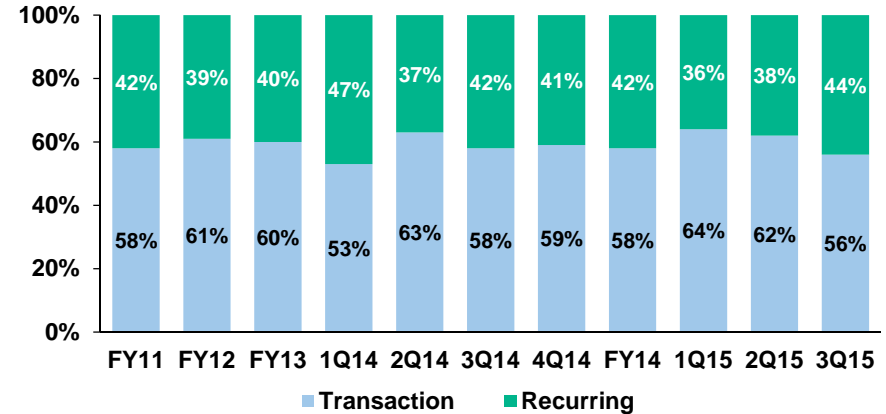
\*\*Sources: Thomson SDC, Moody's Corporation. Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.

# Public, Project and Infrastructure: Revenue Diversification

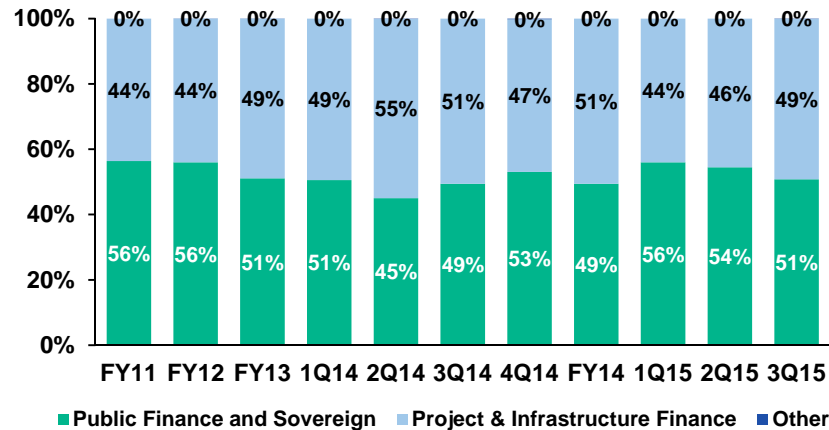
Revenue\* Distribution: Geography



Revenue\* Distribution: Recurring vs. Transaction

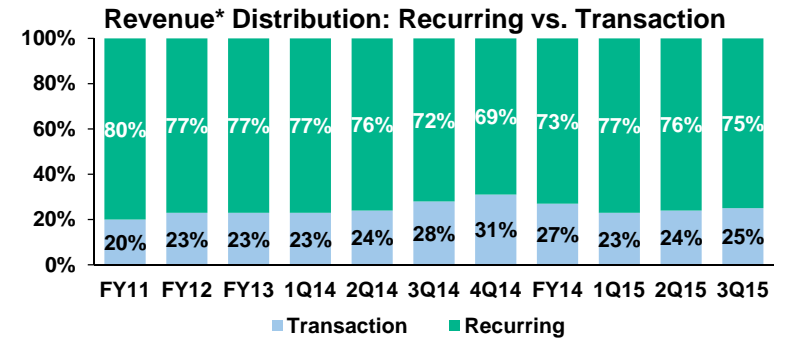
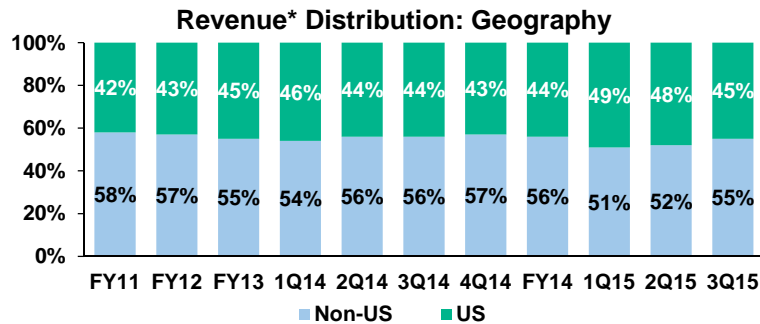
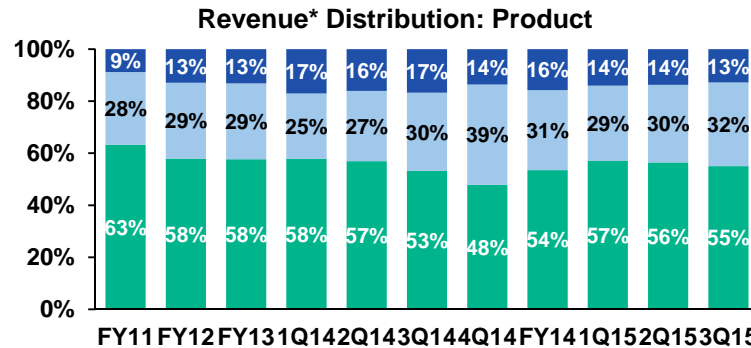
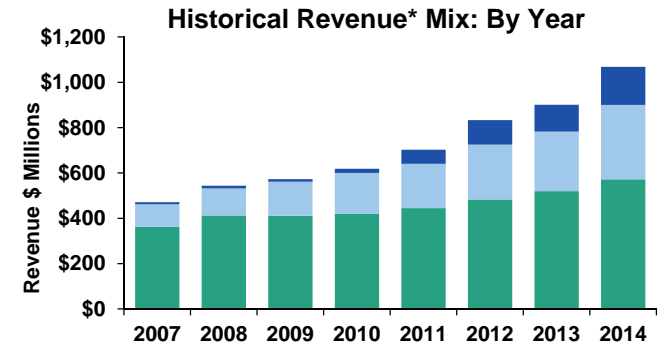
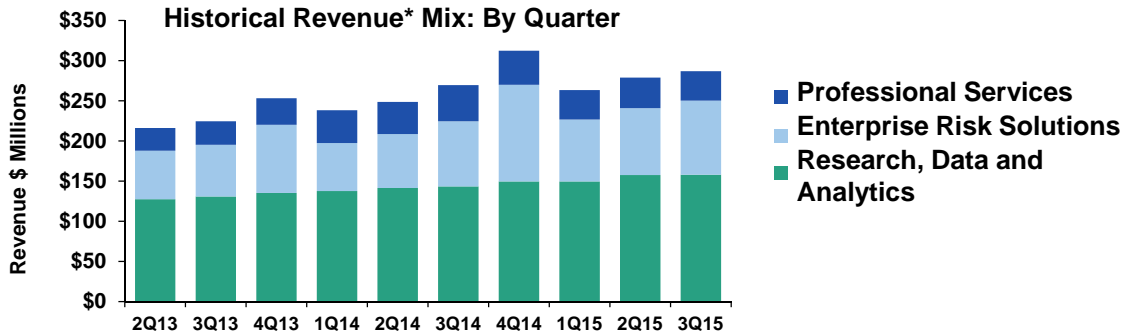


Revenue\* Distribution: Product



\*Historical data has been adjusted to conform with current information and excludes intercompany revenue. Percentages have been rounded and may not total to 100%.

# Moody's Analytics: Financial Overview



\*Historical data has been adjusted to conform with current information and excludes intercompany revenue. Percentages have been rounded and may not total to 100%.

## We Continue to Invest for the Future in High Growth Markets

	China	India	Latin America
<b>Recent Investments</b>	MIS Shanghai office, Greater China team	Majority control of ICRA	Acquisition of 100% of Equilibrium
<b>MIS Offices</b>	Beijing, Hong Kong, Shanghai	Mumbai + 8 ICRA offices in India	Buenos Aires, Mexico City, Sao Paulo, Lima, Panama City
<b>Moody's Joint Ventures</b>	CCXI (49%)	ICRA (50.1%) Market Cap ~\$610mm*	None
<b>MIS Rates Cross-Border Bond Issuance</b>	✓	✓	✓
<b>MIS Rates Domestic Bond Issuance</b>			✓
<b>Moody's Participates in Domestic Bond Market via Joint Venture</b>	✓	✓	
<b>Approximate Annual Revenue**</b>	~\$95mm	~\$40mm	~\$65mm

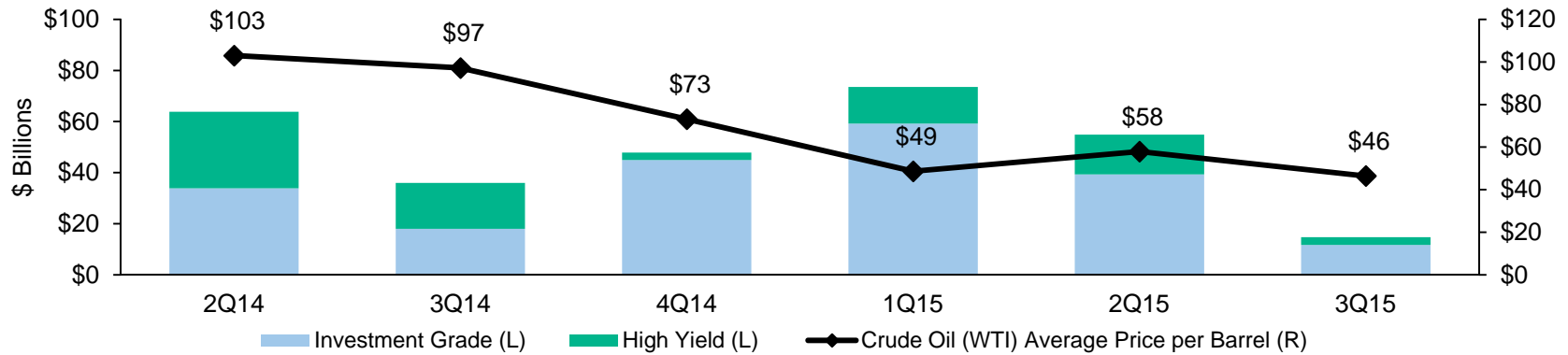
\*ICRA market capitalization as of 09/22/2015.

\*\*Approximate Annual Revenue includes both MIS revenue and that from Moody's affiliates CCXI, ICRA and Equilibrium in 2014, some of which was not consolidated in our financial statements.

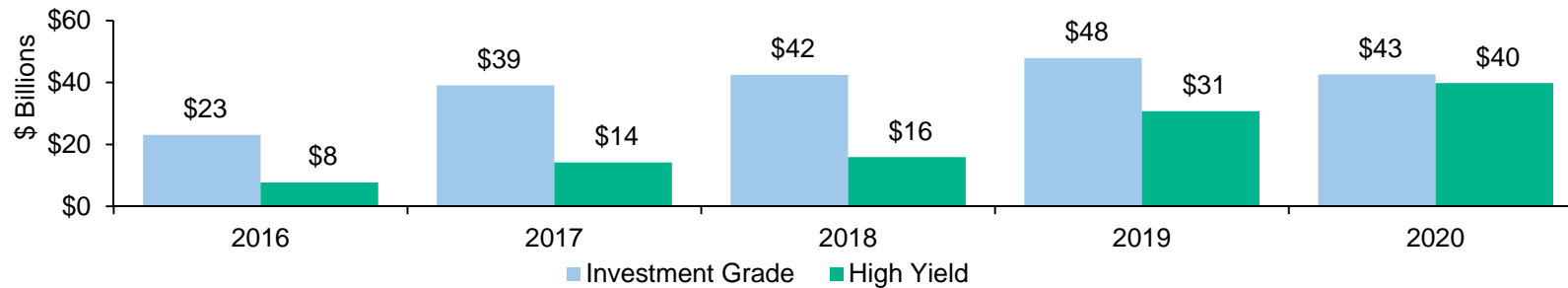


# Oil & Gas Bond Issuance and Debt Maturities

Global Oil and Gas Bond Issuance\*



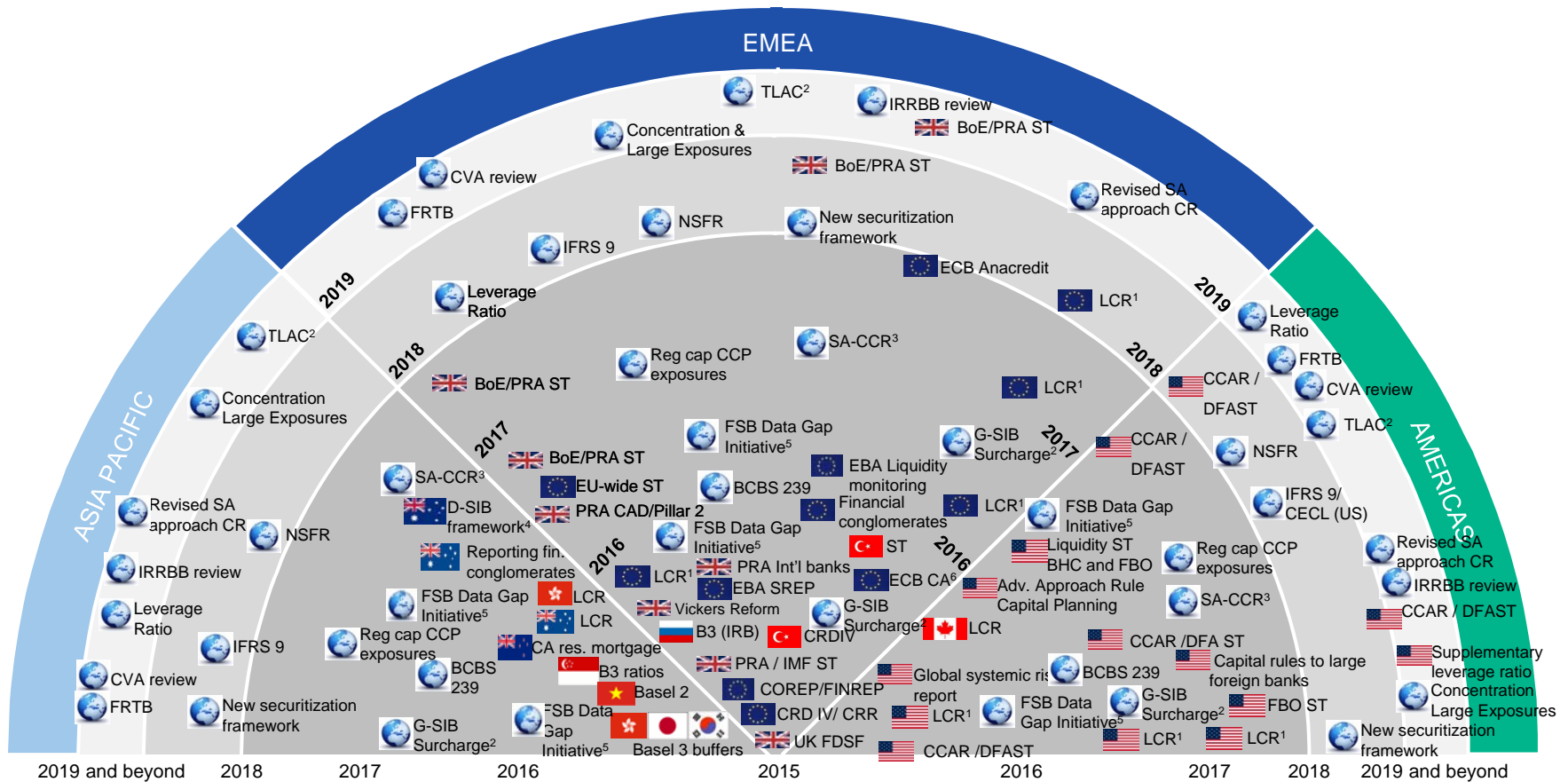
Debt Maturities: Global Moody's Rated Oil and Gas Bonds \*\*



\* Source: Dealogic, Moody's Analytics.

\*\* Source: FactSet. As of November 2015. Includes the following FactSet industry groups: Contract Drilling, Integrated Oil, Oil & Gas Pipelines, Oil & Gas Production, Oil Refining/Marketing, Oilfield Services/Equipment.

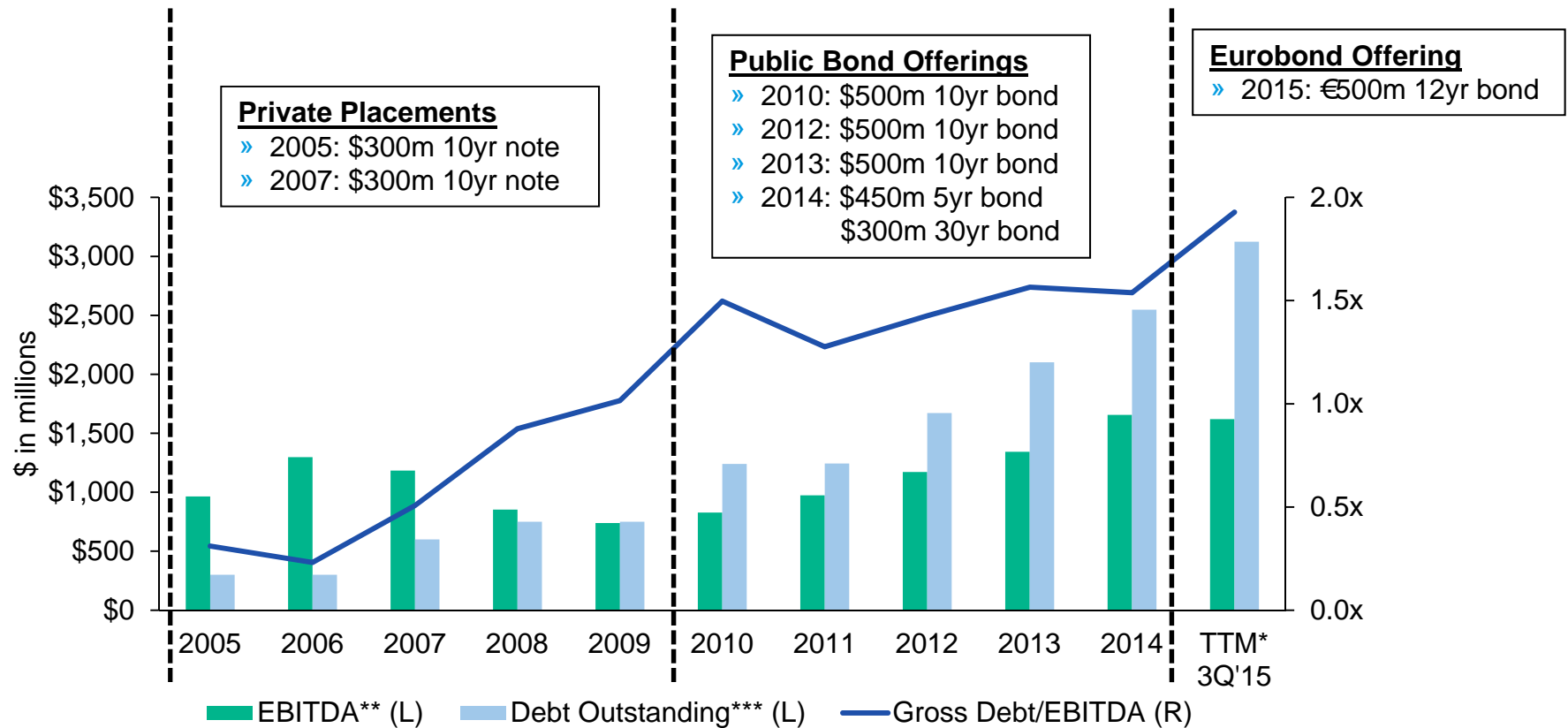
# Moody's Analytics Global Banking Regulatory Radar



Source: Moody's Analytics market research as of October 2015.

1. The implementation of the LCR in the EU will be: 60% in 2015, 70% in 2016, 80% in 2017 and 100% in 2018. In the US, advanced-approach banks will have to meet 80% of the LCR by January 1, 2015 and 100% of the ratio by Jan. 2017.
2. The G-SIB surcharge will expand the conservation buffer, subject to a 3 year phase in period. G-SIBs will be required to hold a minimum Total Loss-Absorbing Capacity" (TLAC) between 16% and 20% from 2019.
3. The new standardized approach (SA-CCR) replaces both the Current Exposure Method (CEM) and the Standardized Method (SM) in the capital adequacy framework.
4. Regulatory framework for domestic systemically important banks in Australia
5. Phase 2 will be implemented in 2015 and will focus on liquidity and Phase 3 will be implemented in 2016 and will focus on additional balance sheet data. banks (G-SIBs).
6. In 2015 the ECB will conduct a comprehensive assessment with 9 European banks

# Moody's is a Seasoned Capital Markets Issuer



- » Successfully issued across the maturity curve and in multiple currencies
- » Initial maturities ranging from 5-year to 30-year
- » Debt denominated in USD and EUR

\*Trailing twelve months.

\*\*Amount is a non-GAAP measure. See Appendix for a reconciliation of this non-GAAP measure to its comparable US GAAP measure.

\*\*\*Debt outstanding at end of period.

## Incentive Compensation – Funding Metrics

- » Funding metrics differ based on level and individual areas of responsibility
- » Payout to individual employees based on achievement of individual objectives
- » Table below excludes Moody's Sales team which is subject to a Commission Plan

### Annual Cash Incentives

Eligible Population	MA	MIS	MCO Corporate Groups***
NEOs* and Other CEO Direct Reports**	<ul style="list-style-type: none"> <li>• MCO Operating Income</li> <li>• MCO EPS</li> <li>• MA Operating Income</li> </ul>	<ul style="list-style-type: none"> <li>• MCO Operating Income</li> <li>• MCO EPS</li> <li>• MIS Operating Income</li> </ul>	<ul style="list-style-type: none"> <li>• MCO Operating Income</li> <li>• MCO EPS</li> </ul>
All Other Management** and Professional Staff	<ul style="list-style-type: none"> <li>• MA Operating Income</li> <li>• MA Sales</li> </ul>	<ul style="list-style-type: none"> <li>• MIS Operating Income</li> </ul>	<ul style="list-style-type: none"> <li>• MCO Operating Income</li> </ul>

### Long-Term Stock Incentives – 3-Year Performance Share Plan

Eligible Population	MA	MIS	MCO Corporate Groups***
"Top 50" including NEOs* and Other CEO Direct Reports**	<ul style="list-style-type: none"> <li>• MCO EBITDA****</li> <li>• MA Sales</li> </ul>	<ul style="list-style-type: none"> <li>• MCO EBITDA****</li> <li>• MIS Ratings Quality</li> </ul>	<ul style="list-style-type: none"> <li>• MCO EBITDA****</li> <li>• MA Sales</li> <li>• MIS Ratings Quality</li> </ul>

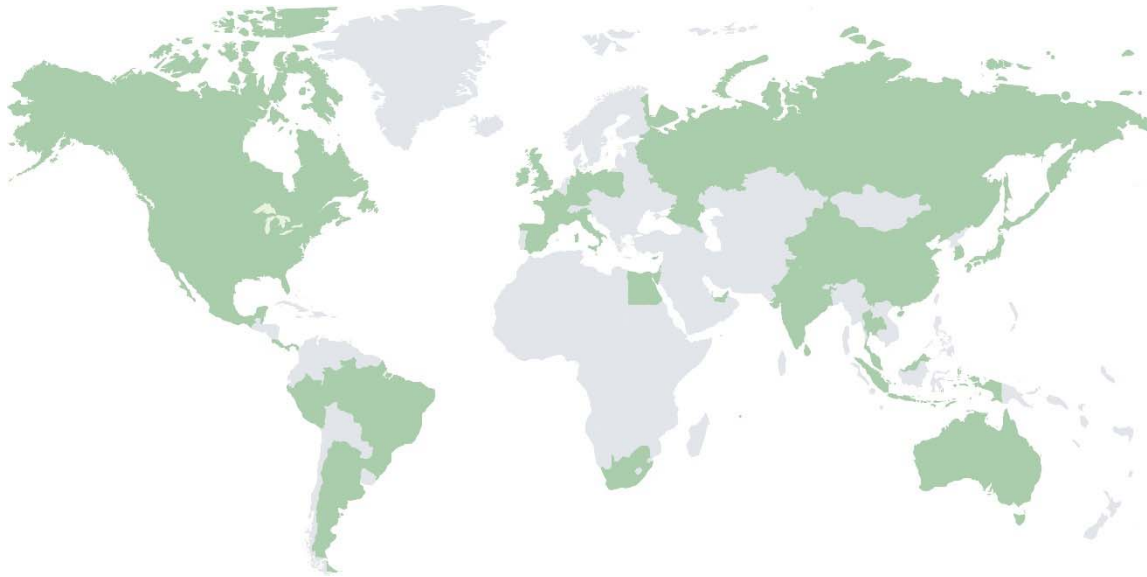
\*NEOs = Named Executive Officers as included in Moody's proxy statements

\*\*Bonus plan for Chief Risk Officer and Compliance/Credit Policy automatically funds at 100% to avoid potential conflicts of interest. Payout to these employees is based on achievement of their individual non-financial goals. Excludes Copal Amba employees except Copal Amba CEO, whose metrics include Copal Amba Sales and Operating Income.

\*\*\*MCO Corporate Groups include Finance, Accounting, Legal, Human Resources, and others. CFO metrics also include Copal Amba operating income.

\*\*\*\*To better align long-term incentives with Moody's acquisition strategy, EPS, which was one of the measures used prior to 2012, was replaced by EBITDA

# Moody's Global Presence



<b>2015</b>	<b>3,302</b> US employees	+	<b>6,946</b> non-US employees	=	<b>10,248</b> total employees*
<b>2014</b>	<b>3,033</b> US employees	+	<b>6,704</b> non-US employees	=	<b>9,737</b> total employees**

## Americas

- |            |               |
|------------|---------------|
| Argentina  | Mexico        |
| Brazil     | Panama        |
| Canada     | Peru          |
| Costa Rica | United States |

## Europe, Middle East & Africa

- |                |                |
|----------------|----------------|
| Cyprus         | Mauritius      |
| Czech Republic | Poland         |
| Egypt          | Russia         |
| France         | South Africa   |
| Germany        | Spain          |
| Ireland        | Switzerland    |
| Israel         | UAE            |
| Italy          | United Kingdom |

## Asia-Pacific

- |           |           |
|-----------|-----------|
| Australia | Malaysia  |
| China     | Nepal     |
| Hong Kong | Singapore |
| India     | Sri Lanka |
| Japan     | Thailand  |
| Korea     |           |

## Affiliates (Moody's Ownership)

- China – CCXI (49%)
- Egypt – MERIS (40%)
- India – ICRA (50.06%)
- Israel – Midroog (51%)
- Korea – Korea Investors Service (50%)
- Russia – MIRA (51%)

\*As of September 30, 2015.  
\*\*As of September 30, 2014.

## Recurring Revenue Detail

### Recurring Revenue

<i>(in \$ millions)</i>	2010	2011	2012	2013	2014	TTM 3Q15	2010 – TTM 3Q15 CAGR
Corporate Finance	\$ 155	\$ 190	\$ 226	\$ 273	\$ 327	\$ 346	18%
Structured Finance	\$ 165	\$ 165	\$ 159	\$ 151	\$ 162	\$ 163	0%
Financial Institutions	\$ 177	\$ 194	\$ 204	\$ 219	\$ 231	\$ 230	6%
Public, Project, & Infrastructure Finance	\$ 111	\$ 116	\$ 126	\$ 137	\$ 148	\$ 151	7%
MIS Other	\$ 9	\$ 9	\$ 11	\$ 12	\$ 14	\$ 17	15%
Moody's Investors Service	\$ 616	\$ 674	\$ 725	\$ 793	\$ 882	\$ 907	8%
Moody's Analytics	\$ 528	\$ 563	\$ 641	\$ 697	\$ 785	\$ 847	10%
Moody's Corporation	\$ 1,144	\$ 1,236	\$ 1,366	\$ 1,490	\$ 1,668	\$ 1,754	9%

Note: Table may not sum to total due to rounding.

# Reconciliation of Non-GAAP Financial Measures to GAAP

## Adjusted Operating Income and Adjusted Operating Margin Reconciliation

(in \$ millions)	2010	2011	2012	2013	2014
As Reported Operating Income	\$772.8	\$888.4	\$1,077.4	\$1,234.6	\$1,439.1
Operating Margin	38.0%	39.0%	39.5%	41.5%	43.2%
<i>Add Adjustment:</i>					
Depreciation & Amortization	66.3	79.2	93.5	93.4	95.6
Restructuring	0.1	-	-	-	-
Goodwill Impairment Charge	-	-	12.2	-	-
Adjusted Operating Income	<u>\$839.2</u>	<u>\$967.6</u>	<u>\$1,183.1</u>	<u>\$1,328.0</u>	<u>\$1,534.7</u>
Adjusted Operating Margin	41.3%	42.4%	43.3%	44.7%	46.0%

### Moody's Corporation Operating Margin Guidance Reconciliation

	2015F*
Projected Operating Margin - GAAP	Approximately 43%
Projected impact from Depreciation & Amortization	Approximately 3%
Projected Adjusted Operating Margin	<u>Approximately 46%</u>

\*Guidance as of November 3, 2015.

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

### Moody's Corporation Free Cash Flow Reconciliation

<i>(in \$ millions)</i>	2010	2011	2012	2013	2014	2015F*
Cash Flow from Operations	\$ 653.3	\$ 803.3	\$ 823.1	\$ 926.8	\$ 1,018.6	Approximately \$1.1 billion
<i>Less Adjustment:</i>						
<i>Capital Expenditures</i>	\$ 79.0	\$ 67.7	\$ 45.0	\$ 42.3	\$ 74.6	Approximately \$90 million
Free Cash Flow	\$ 574.3	\$ 735.6	\$ 778.1	\$ 884.5	\$ 944.0	Approximately \$1.0 billion
Cash Flow used in Investing Activities	\$ (228.8)	\$ (267.6)	\$ (50.2)	\$ (261.9)	\$ (564.9)	
Cash Flow provided by (used in) Financing Activities	\$ (241.3)	\$ (417.7)	\$ 202.6	\$ (498.8)	\$ (1,064.5)	

\*Guidance as of November 3, 2015.



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

### Moody's Corporation EPS Reconciliation

	2010	2011	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q 2015	2Q 2015	3Q 2015	2015F*
Diluted EPS - GAAP	\$2.15	\$2.49	\$3.05	\$3.60	\$1.00	\$1.48	\$1.00	\$1.12	\$4.61	\$1.11	\$1.28	\$1.14	\$4.55 - \$4.65
Legacy Tax	(0.02)	(0.03)	(0.06)	(0.09)	-	-	(0.03)	-	(0.03)	-	-	(0.03)	(0.03)
Impact of litigation settlement	-	-	-	0.14	-	-	-	-	-	-	-	-	
ICRA Gain	-	-	-	-	-	(0.36)	-	-	(0.37)	-	-	-	
Diluted EPS – Non-GAAP	\$2.13	\$2.46	\$2.99	\$3.65	\$1.00	\$1.12	\$0.97	\$1.12	\$4.21	\$1.11	\$1.28	\$1.11	\$4.52 - \$4.62

Note: Table may not sum to total due to rounding.

\*Guidance as of November 3, 2015.

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

## Moody's Corporation EBITDA Reconciliation

<i>(\$ Millions)</i>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TTM 3Q15
Net Income attributable to Moody's	\$560.8	\$753.9	\$701.5	\$457.6	\$402.0	\$507.8	\$571.4	\$690.0	\$804.5	\$988.7	\$959.7
Provision for Income Taxes	\$373.9	\$506.6	\$415.0	\$268.2	\$239.1	\$201.0	\$261.8	\$324.3	\$353.4	\$455.0	\$432.5
Interest Expense, Net	(\$5.0)	(\$3.0)	\$24.3	\$52.2	\$33.4	\$52.5	\$62.1	\$63.8	\$91.8	\$116.8	\$116.3
Depreciation & Amortization	\$35.2	\$39.5	\$42.9	\$75.1	\$64.1	\$66.3	\$79.2	\$93.5	\$93.4	\$95.6	\$111.8
EBITDA	\$964.9	\$1,297.0	\$1,183.7	\$853.1	\$738.6	\$827.6	\$974.5	\$1,171.6	\$1,343.1	\$1,656.1	\$1,620.3

Note: Table may not sum to total due to rounding.

---

# MOODY'S

[moodys.com](http://moodys.com)

**Website:** <http://ir.moodys.com>

**Email:** [ir@moodys.com](mailto:ir@moodys.com)



© 2015 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND ITS RATINGS AFFILIATES ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATIONS") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS FOR RETAIL INVESTORS TO CONSIDER MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS IN MAKING ANY INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents,

representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any rating, agreed to pay to Moody's Investors Service, Inc. for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moody.com](http://www.moody.com) under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

For Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail clients. It would be dangerous for "retail clients" to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.

For Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under US laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSFJ (as applicable) for appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY350,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.