Moody’s Analytics
Strengthening Moody’s Position in Financial Risk Management
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.
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*

Revenue by Business*

- Corporate Finance 32%
- Structured Finance 13%
- Financial Institutions 10%
- Public, Project & Infrastructure 11%
- Enterprise Risk Solutions 11%
- Research, Data & Analytics 18%
- MIS Other 1%

Revenue by Geography*

- US 57%
- United States 57%
- EMEA 26%
- Asia-Pacific 11%
- Americas 6%

Revenue by Type*

- MCO 50%
- MIS 62%
- MA 26%
- Recurring 50%
- Transaction 50%
- Research, data and software for financial risk analysis and related professional services

*All financial data is for the trailing twelve months ended September 30, 2015.
Moody’s Analytics Financial Profile

TTM 3Q15 Revenue: $1.1 billion

- Recurring revenue: 95%
- Transaction revenue: 5%
- US: 26%
- Non-US: 74%

Research, Data and Analytics: 54%
Enterprise Risk Solutions: 33%
Professional Services: 13%

- Combination of one-off contracts and semi-recurring revenue
- ~62% recurring revenue
- ~95% recurring revenue
- 96% retention rate

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>19.5%</td>
</tr>
<tr>
<td>2011</td>
<td>17.5%</td>
</tr>
<tr>
<td>2012</td>
<td>15.3%</td>
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<tr>
<td>2013</td>
<td>18.1%</td>
</tr>
<tr>
<td>2014</td>
<td>19.5%</td>
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</tbody>
</table>
# Moody’s Analytics Opportunity Summary

<table>
<thead>
<tr>
<th>Value Proposition</th>
<th>Research, Data &amp; Analytics</th>
<th>Enterprise Risk Solutions</th>
<th>Professional Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value Proposition</strong></td>
<td>• Exclusive distributor of MIS content</td>
<td>• Domain expertise in banking &amp; credit risk management</td>
<td>• Scalable offshoring model to provide analytical support to front-line bankers</td>
</tr>
<tr>
<td></td>
<td>• Market-leading quantitative credit risk metrics</td>
<td>• World-class software engineering</td>
<td>• Exclusive certification franchise in Canadian securities market</td>
</tr>
<tr>
<td></td>
<td>• Application of econometric models to portfolio-specific credit risk management</td>
<td>• Effective project management &amp; execution</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Library of cash-flow models for MBS &amp; ABS</td>
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</tr>
<tr>
<td><strong>Primary Customers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Debt capital markets participants – buy-side &amp; sell-side</td>
<td>• Banking</td>
<td>• Investment &amp; commercial banks, investment managers, broker-dealers</td>
</tr>
<tr>
<td><strong>Demand Drivers</strong></td>
<td></td>
<td>• Insurance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Moody’s <strong>embedded position</strong> in bond markets</td>
<td>• Regulation (Basel, CCAR, Solvency II, IFRS9)</td>
<td>• <strong>Drive for cost reduction</strong> among financial institutions</td>
</tr>
<tr>
<td></td>
<td>• New innovations in debt capital markets</td>
<td>• Adoption of global best practices in risk management</td>
<td>• <strong>Staff recruitment &amp; retention challenges</strong> at large banks</td>
</tr>
<tr>
<td></td>
<td>• Development of regional credit markets</td>
<td>• Emerging “utility” model for risk management</td>
<td>• Drive for skill-building in developing markets (esp Asia, Middle East)</td>
</tr>
<tr>
<td></td>
<td>• Adoption of enhanced credit risk practices at non-financial companies</td>
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<tr>
<td><strong>Areas of Strategic Focus</strong></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>• Sustain <strong>high retention rates</strong> (mid-90’s%)</td>
<td>• Expand footprint in banking</td>
<td>• Expand footprint in outsourced research &amp; analytics</td>
</tr>
<tr>
<td></td>
<td>• Expand tools for under-served credit markets (esp Asia, unrated companies)</td>
<td>• Extend reach into insurance</td>
<td>• Extend Canadian certifications franchise to new markets</td>
</tr>
<tr>
<td></td>
<td>• Leverage expertise to expand ERS solutions</td>
<td>• Build more recurring revenue</td>
<td>• Build recurring certification revenue</td>
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<tr>
<td></td>
<td></td>
<td>• Expand reach via partnerships</td>
<td></td>
</tr>
<tr>
<td><strong>US / Int’l</strong></td>
<td>56% / 44%</td>
<td>36% / 64%</td>
<td>34% / 66%</td>
</tr>
<tr>
<td><strong>Competitive Environment</strong></td>
<td></td>
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<tr>
<td></td>
<td>Limited competition</td>
<td>Highly competitive</td>
<td>Moderate competition</td>
</tr>
</tbody>
</table>

* as a percentage of YTD revenue through September 30, 2015.
## Product Offerings Relevant Across Financial Institutions

<table>
<thead>
<tr>
<th></th>
<th>Loan Markets</th>
<th>Securities Markets</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comm'l Lending</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Consumer Lending</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Investment Management</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Investment Banking</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Sales &amp; Trading</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Risk Mgmt</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Treasury</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

- **MIS research & data**: ✓
- **Credit market analysis & data**: ✓
- **Economic research, data, & modeling**: ✓
- **Structured finance analytics**: ✓
- **Software**: ✓
- **Risk modeling**: ✓
- **Training**: ✓
- **Offshore analytical resources**: ✓

» Centrally managed sales organization leverages established customer relationships which facilitates distribution of new product.
Team Selling Drives Customer Focus and Business Line Results

Territory & Account Management

Relationship Managers

Business Line Product Specialists

RD&A

ERS

Prof. Svcs

Marketing & Business Development

Customer Service & Retention

Traditional & Proactive Service, Product Support & Training
Multiple Platforms for Growth

2008 – 2014 Revenue CAGR = 15%

2015 Year-to-Date Revenue and 2008 – 2014 CAGR

- **Professional Services** $111.5m, 52% CAGR
- **Enterprise Risk Solutions** $252.5m, 22% CAGR
- **Research, Data & Analytics** $465.0m, 8% CAGR

Jan 2008: Moody’s Analytics established
Moody’s Analytics’ 2015 Sales Growth Tracking Well Ahead of Last Year

*Sales shown in chart on this slide exclude acquired products not integrated into MA pipeline management system (less than 20% of total MA business).
RD&A Pricing Model Limits Exposure to Customer Contraction

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

Year-over-Year Revenue Growth by Quarter

- 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

**Core Markets**
- ~2,100 customers and ~4,300 contracts
- Existing software and analytic tools sold to primarily to larger institutions
- Many market segments with diverse characteristics

**Extensions**
- Take expertise to new market segments -- smaller institutions, other credit professionals
- New modules to enhance value proposition

**Adjacent Markets**
- New market segments where Moody’s brand and capabilities offer unique position
- Market opportunities may warrant significant R&D investment
- Potential for acquisitions

**Total**
- $3.5bn
- $2.1bn
- $2.6bn
- >$8bn annual spend
In 2015 the ECB will conduct a comprehensive assessment with 9 European banks. 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 data. The new standardized approach (SA) will expand the conservation buffer, subject to a 3 year phase in period. The Global systemic risk and Int'l conglomerates. No change to the Basel 3 ST approaches. As of October 2015, 16% of ST exposures. 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. 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 systematically 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 (SIBs). 6. In 2015 the ECB will conduct a comprehensive assessment with 9 European banks.
ERS is Winning Significant Business from Banks Worldwide

Year-to-Date 2015 Revenue by Region

*Includes 28 EU members, EEA members (Iceland, Lichtenstein, Norway), Switzerland and Monaco.
Demand is robust and customer needs are maturing -- operating leverage developing as a result
- Product features can be shared across multiple institutions -- simplifying projects

We can be more selective about the deals we do
- Provide services where we bring unique domain knowledge, not commoditized labor -- price points are higher as a result
- Work on transactions that contribute to innovation and product development

Product maturity fosters ability to leverage partners
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
Moody’s Analytics is Recognized for Helping Capital Markets and Risk Management Professionals Worldwide

- #1 Regulatory Capital Calculation & Management
- #1 Basel III Compliance and #1 Asset & Liability Management
- #1 Economic & Regulatory Capital Calculation Solutions
- Best Solvency II & Best Data Management Solutions
- #1 Risk Management Regulatory/Economic Capital Calculation
- Winner of the Structured Products Americas Award, Technology Vendor of the Year - Non-bank

- Crystal Ball Award for the accuracy of its US home price forecasts for the 2011 Expectations for 2-Yr Horizon (2013-2014)
- Recognized as a Top Solution Provider
- #1 Credit Risk
- Recognized as a Top Solution Provider
- Financial Risk Management Software of the Year
Moody’s Analytics: Well-Positioned to Drive Growth

» Strong operating track record
  – 31 consecutive quarters of year/year revenue growth
  – 15% revenue CAGR over 2008-2014 period
  – 21 quarters of double-digit growth
  – 2014 operating margin of 19.5%

» Solid market position supporting risk management at financial institutions
  – Rich product portfolio supported by unique, differentiating features
  – Product offering focused on delivering need-to-have products and services

» Big market opportunity
  – Good penetration of customer base, with plenty of opportunity ahead
  – Addressable market of at least $12 billion