



Moody's Corporate Social Responsibility Report



To our stakeholders:

This publication is unlike any other that Moody's has produced in that it explores the Company's and the Foundation's contributions to people, planet and profit—the triple bottom line. By reporting our work in this context, we are presenting a broader view of what we do and our role in bettering society.

Why are we doing this? Because we believe that companies have a responsibility to look at their economic, social and environmental impact, to share their findings with others and to drive ongoing improvements in each of these important areas of focus.

Moody's businesses, philanthropic activities and employee engagement programs touch all three components of the triple bottom line. They enrich the lives of the people of Moody's, the people of the communities where we live and work and the people of the world. Employees are encouraged and rewarded for their personal philanthropy and volunteerism through programs such as Matching Gifts and Dollars for Doers. People in the communities we touch benefit from our grants and our employees' time, skills and intellectual capital. Finally, people around the world, especially in developing countries, are served by our contributions to economic advancement through the support of microfinance, workforce development, and other initiatives, which are targeted to help lift them out of poverty.

The planet is our home, and Moody's minimizes its footprint by supporting recycling and energy-efficiency programs. Outside Moody's offices, the company encourages and supports eco-volunteerism. In addition, The Foundation contributes to a sustainable world by offering disadvantaged persons, primarily women, the ability to attain financial independence through entrepreneurship.

Moody's core business is to help investors make informed decisions, which in turn drives overall prosperity.

Moody's and The Moody's Foundation are proud of their efforts to drive social change. The following pages demonstrate our combined commitment to social responsibility through programs that address the critical elements of people, planet and profit.



Raymond McDaniel, Chairman & CEO
Moody's Corporation



Frances G. Laserson, President
The Moody's Foundation

Corporate Social Responsibility Report

This report documents Moody's Corporation and The Moody's Foundation's corporate social responsibility (CSR) efforts. It sets forth our CSR philosophy and describes the progress we've made in initiatives directed at improving education in math and economics, and our commitment to diversity, the sustainability of our business, and to the prosperity of the communities in which we live and work worldwide.

This report was prepared with the support of The Moody's Foundation, Moody's Corporate Legal, Human Resources, Facilities Management, Investor Relations and Communications teams as an extension of our newly created Corporate Social Responsibility Statement.

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Edith Behr, Vice President, Senior Credit Officer

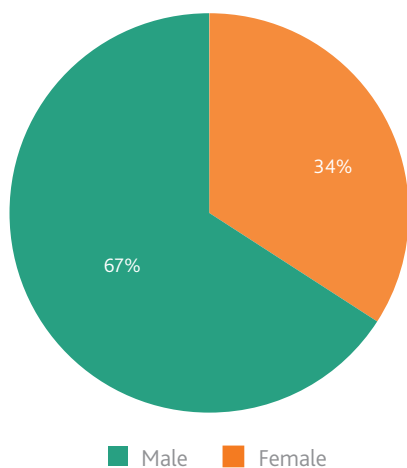
People

Evaluating a company's performance on the PEOPLE bottom line means looking at how well a company enhances the health and well-being of its employees and its communities. It is about attending not only to humans' basic physiological needs, but also to higher-order needs such as a sense of community, educational opportunity, fair treatment and equal access to all that society has to offer.

The Difference We Make: "A reason and rationale to further their education"

The M³ Challenge attracts more and more teams each year, exposing increasing numbers of high school students to the possibilities of a career in math. Our evaluation reveals that it's paying off.

Anecdotally, the Challenge brings rave reviews from students and teacher-coaches alike. One teacher said, "M³ is an excellent venue for students to apply critical thinking skills to real-life problems that have immediate relevancy."



M³ Challenge 2010 - Registered Students by Gender

Taking Care of Our Communities

The challenge of improving our communities—"the places where we live and work"—is met through philanthropy, volunteerism and socially-minded business products and services.

Through philanthropic grants and support of employee volunteerism, The Moody's Foundation and Moody's work to advance social change through a number of educational, financial, humanitarian, civic and health-related initiatives. With a core focus on education, the Foundation creates opportunities to engage students in mathematics, economics and finance.

Each year, the Foundation funds educational competitions and scholarship programs to promote academic excellence. The primary programs are Moody's Mega Math Challenge and the Euro Challenge.

Moody's Mega Math Challenge (M³)

Moody's Mega Math Challenge is the Foundation's signature education program. Now in its fifth year, this applied math competition attracted more than 2,800 high school students in 2010 who competed for \$100,000 in scholarship prizes. The Internet-based competition is conducted by the Society for Industrial and Applied Mathematics (SIAM), and teams of three to five students have 14 hours to solve an applied mathematics problem.

The Challenge is designed to elevate high school students' enthusiasm for mathematics, to solve real-life problems and to increase students' interest in pursuing math-related studies or careers. The top teams are brought to Moody's to present their papers and attend the awards ceremony. The students meet young Moody's employees and Moody's college recruiters, who talk with them about careers in math. To further encourage the top students, the winning team members are invited to apply for summer internships at the company.

M³ has been an overwhelming success for both the company and the students. The company and SIAM have received numerous awards for the Challenge, including the coveted Excellence in Corporate Philanthropy Award from the Committee Encouraging Corporate Philanthropy in 2008. National media outlets have interviewed the winning teams, and two of the winning papers were published in peer-reviewed mathematics journals.



Learn more at m3challenge.siam.org



Learn more at euro-challenge.org/news

Euro Challenge

The Euro Challenge is a competition aimed at increasing high school students' awareness and understanding of the European Union, the economic challenges facing its member states and the Euro. The Challenge is conducted by the Delegation of the European Union to the United States in Washington, D.C., with technical support from the Federal Reserve Bank of New York and funding from The Moody's Foundation. In 2010, more than 100 teams competed for monetary awards furnished by The Moody's Foundation.

The five finalist teams assembled at Moody's headquarters in New York City to make their presentations and answer questions from a panel of educators and experts in European economic affairs. The winning team from Rutgers Preparatory School in Somerset, NJ won \$6,250 in prize money—\$1,250 per team member—and a trip to Washington, D.C. to meet the Delegation, representatives of the Board of Governors of the Federal Reserve System and visit the International Monetary Fund.

Like the M³ Challenge, the Euro Challenge has a higher goal: it is designed to interest students in economic policy and build their economic and financial literacy. Over the course of the Challenge, the participating students also develop their communications, critical thinking and collaboration skills—qualities necessary for success in school and the global workplace.

The Difference We Make: A new initiative in health

Employee surveys and focus groups showed that associates were very interested in autism and were supportive of The Foundation funding an initiative focusing on autism research and data management.

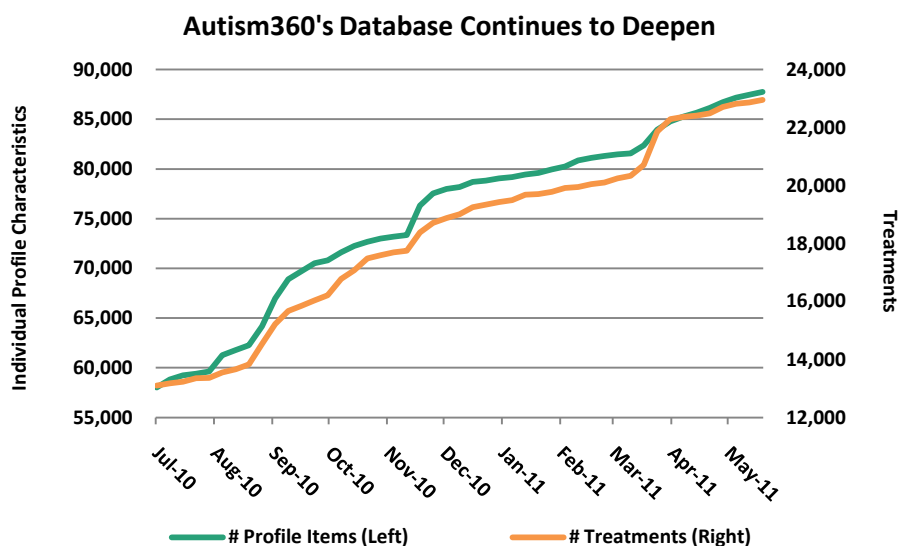
Autism360

After extensive development, Autism360 became a reality in October 2009 when the website launched to the members of the Autism Research Institute. Using a patented invention that captures and stores the details of each child's medical and narrative history pertaining to autism, the technology is able to compare and match the profiles of all children recorded in the database. The children that share similar profiles are clustered together, enabling their parents to share, learn and benefit from each other's experiences with different treatments. Parents can then bring the data to their physicians to find potentially viable treatments for their children.

Since the launch, more than 3,000 families from 86 countries and territories have joined Autism360 to find treatment options for their children with autism. The database contains more than 85,000 profile items and 22,000 treatment recommendations. Besides helping parents and physicians, the database is enabling Dr. Sidney Baker and a team of researchers to conduct much needed research into previously invisible large patterns within the autism spectrum. Dr. Baker plans to publish and present his findings in the near future.

Founder Profile: Sidney M. Baker, MD

Dr. Baker is a Yale Medical School graduate and the author, with Jon Pangborn, PhD, of Autism: Effective Biomedical Treatments. Dr. Baker has contributed to the development of integrative medicine over his nearly four decades of medical practice and has served as Director of the Gesell Institute of Human Development where he co-authored two of the Gesell books on Child Development. Dr. Baker is the Founder of Autism360.



The Difference We Make: What parents are saying about Autism360

"I spent an hour last night entering my child's strengths, health issues and problems. After that, I hit the 'Others Like Me' button and the system pulled up things that worked for others who had a similar profile. Autism360 really has the potential to be a wonderful tool for parents."



Autism360 NYC Scavenger Hunt Fundraiser
Learn more at autism360.org

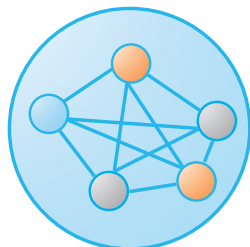
Two Moody's employees serve on the board of Autism360 and many others have volunteered their time. Technology staff from Moody's provided support in creating the site architecture and in testing the back-end systems. Continued funding from The Moody's Foundation supports the site's ongoing operations, helping to maintain this free resource for parents and caregivers of people with autism. Moody's has also been instrumental in creating the name and logo of the organization, designing its business plan and strategy, developing the communications strategy and helping it obtain its charity status.

Looking ahead, The Foundation remains committed to continuing to evolve Autism360 into a self-sustaining resource by building a strong network of donors, supporters and leaders dedicated to the ongoing development of this innovative organization.

How Autism360 Works



Create a profile of behaviors, strengths, life events



A360, using its patented algorithm, will match users to other users with similar profiles



Based on matched clusters, users find treatments that others have tried successfully

The Difference We Make: Board service helps Cooke Center

Lisa Westlake, Moody's Chief Human Resources Officer, gives her time as a board member of the Cooke Center for Learning and Development, a New York City school for special education students and one of Moody's partners in the community. She uses her expertise in professional development to help the Center improve its offerings for its teachers and to help its senior management build their leadership skills.



Lisa Westlake
Chief Human Resources Officer
Moody's Corporation

Disaster Relief

The Moody's Foundation is there for people in times of crisis. When disaster strikes, The Foundation matches employee donations through its Matching Gift program and will often make one-time donations to relief organizations. In 2010, The Foundation donated \$50,000 to Save the Children to assist in its relief efforts in Haiti after the devastating earthquake in January of that year. The Foundation also donated \$50,000 in 2011 to Save the Children to provide aid to the victims of the earthquake and tsunami that caused widespread damage in Japan and other countries in the Pacific Ocean Basin.

Matching Gifts Program

Employees who contribute money to their favorite charities can double their impact through a dollar-for-dollar match from The Moody's Foundation. Eligible tax-exempt, nonprofit or governmental organizations can secure a match of the tax-deductible portion of an individual gift, up to \$5,000 per employee per year. In 2010, The Foundation saw a 19% increase in employee participation in the Matching Gifts program, donating approximately \$768,000.

Volunteerism: Helping Employees Help Others—and Build Teamwork Skills at the Same Time

Beyond directly funding programs addressing education and health issues, Moody's also practices the "people helping people" model of corporate responsibility by facilitating and supporting its employees' personal passions through volunteerism. Moody's supports and encourages skills-based volunteering, as well as nonprofit board service and other activities that not only contribute to the development of local communities but also to employees' professional development.

Moody's encourages its employees to volunteer in their communities through company-sponsored activities. These team-based volunteer projects provide a great opportunity for employees to work together in an informal setting to accomplish a shared goal, further enhancing the organizational and interpersonal skills they use in their jobs.

Through our marquee *Afternoon of Service* volunteer program, employees took time out of their workday to volunteer with their colleagues on team-based projects with local nonprofits. Projects included planting trees and assembling a greenhouse at an inner-city London girls school, sanding and painting at a secondary school in Frankfurt, serving meals at a homeless shelter in Boston, packing and processing food for a food distribution center in Chicago, taking special needs children on a tour of a Natural History Museum in New York, and cleaning more than 260 pounds of refuse from San Francisco's Ocean Beach.



Linda Huber, Chief Financial Officer, with
Cooke Students at The Moody's Foundation
Transition Office

In addition to the *Afternoon of Service* program, the Foundation sponsors a number of local community activities and charitable athletic events, and employees volunteer as team leaders to manage Moody's participation. Moody's participates in *New York Cares Day*, *Hands On New York*, *Hands On Bay Area*, and *Give and Gain Day* in the UK as well as the *AIDS Walk New York*, *Making Strides Against Breast Cancer* and the *Autism Speaks Walk*.

Employees are also encouraged to volunteer at the nonprofit of their choice. Those who volunteer 40 or more hours of their personal time earn a \$500 donation to the nonprofit at which they volunteered through the Foundation's *Dollars for Doers* program. Teams of employee volunteers can earn even larger donations. In 2010, The Moody's Foundation awarded \$22,500 to a broad range of nonprofits through *Dollars for Doers*.

Additionally, the *Global Volunteer Award*, our highest honor, is awarded each year to employees who have demonstrated exceptional dedication to volunteerism. To further extend those employees' impact, the company grants \$2,500 to the nonprofit organizations where the employees volunteered. The recipient organizations in 2010 were the Kids Research Center in New York City, which focuses on childhood literacy, and the Autism Research Institute, which is dedicated to fostering research and education about autism.

To support the international expansion of Moody's volunteer programs, in 2010 Moody's created the *Global Volunteer Council*. Forty employees from 23 offices in 16 countries sit on the Council, which will play a significant role in promoting the expansion of Moody's *Afternoon of Service* and other company-sponsored volunteer programs.

*42% of all employees
participated in an Afternoon
of Service in 2010*

The Moody's Foundation



2010 Global Volunteer Award recipients Sonya Aizenberg, Charles Fast and Satya Gade
with Fran Laserson and Ray McDaniel



MOODY'S
LGBT
NETWORK



MOODY'S
WOMEN'S
NETWORK



MOODY'S
MULTICULTURAL
NETWORK

Valuing Our Employees

Valuing our employees is a critical component to being a responsible employer. This translates into a number of areas designed to support a rewarding working environment, such as providing proper working conditions, advancing diversity in the workplace, delivering a fair assessment of performance and offering opportunities for growth and development.

Moody's comprehensive benefits include health care, insurance, disability and retirement packages for employees, their spouses, domestic partners and children. In addition, employees have access to an Employee Assistance Program, adoption assistance, educational assistance and backup child and elder care programs. They can also create a flexible working arrangement, such as job sharing, telecommuting and part-time working arrangements.

Training and development are an important part of being on the Moody's team. All employees have access to training appropriate for their job function and level in the company. In addition, volunteer programs can serve as developmental opportunities for employees.

A diverse workplace not only contributes to the quality of our opinions, products and services, but also promotes a workplace that values and maximizes the contributions of all employees.

Moody's Diversity Council, led by Chairman and CEO Raymond McDaniel, comprises senior leaders across the company who help guide our diversity and inclusion programs. The Council also supports employee-driven Employee Resource Groups, which provide networking and professional development opportunities for employees of all backgrounds. These groups, which include a Women's Network, a Lesbian, Gay, Bisexual, Transgender and Allies (LGBT) Network and a Multicultural Network, are a reflection of Moody's commitment to having a workplace that reflects a broad range of cultures, experiences and backgrounds.

Finally, Moody's holds its people to the highest standards of integrity, honesty, transparency and fairness in their dealings with each other, customers and all stakeholders. Our Code of Business Conduct, given to every employee, clearly defines the behaviors expected from all employees in the course of business. The Code is our expression of core values and our respect for human rights. A copy of the Code of Business Conduct is available on our website at www.moody.com.



Dan O'Connell, Managing Director, Human Resources, participating in Hong Kong's Afternoon of Service

The Difference We Make: "I Hated to Leave"

After a Moody's Afternoon of Service event, emails flood the Foundation office with stories of the differences made not just in the lives of the people we help, but also in the lives of our employees.

The most poignant story we received this year came from Hong Kong, which held its first Afternoon of Service. Dan O'Connell, a Managing Director in Moody's Hong Kong office, recounted his experience visiting severely disabled children at the Haven of Hope Sunnyside School. Most children were in wheelchairs and unable to communicate and the 11 Moody's volunteers sang songs and simply spent time socializing with them. It didn't seem to Dan that the children were getting anything out of this activity at first. But then, during a break, he observed a boy in a wheelchair with a small rattle-like toy resting on the desk near him. What happened next was extraordinary. Dan himself said it best in his e-mail:

"When I walked by, he knocked the rattle to the floor to his left. I picked it up and placed it on his desk and he again knocked it to the floor to his left and smiled. Assuming he was unable to communicate at all, I simply placed the rattle back on his desk and stood in front of him to see what would happen next. He again knocked it to the floor to his left and smiled. This time, after placing the rattle on his desk, I stood to his left in order to catch the rattle if he again decided to knock it to the floor. What happened next surprised me. He knocked the rattle to the floor—to his RIGHT—and then laughed and screamed with joy. We had connected! I was thrilled."

"For the next several minutes we played this game of me trying to catch the rattle before it hit the floor, running from his right to his left, and he laughed loudly every time he won and the rattle fell to the floor. It was the most fun I had in a long time. It was clear to me that he was also happy, even if it was only for a few minutes. What amazed me the most and what I took away from this experience is that there are moments in life where a small effort on our part can bring a great deal of happiness and joy to someone else. I hated to leave."



Planet

The PLANET bottom line measures a company's awareness of and contribution to a healthy and vibrant planet. Although Moody's is not in an industry with a comparatively significant environmental impact, we are actively committed to doing our part to protect and care for the environments in which we live and work. Focusing on the planet means far more than just clean air, clean water and the preservation of natural resources: Just as important is a dedication to sustainable economic development to help grow and advance communities around the world. Moody's philanthropy in this area, including work in microfinance and workforce development, enables people to become more financially independent, thus creating economic value for themselves, their families and their communities.

Women's World Banking Outreach

26 Million
*clients served by
WWB Network*

80% Women
*clients served by
WWB Network*

\$7 Billion
*outstanding loan portfolio
of WWB Network*

\$3.5 Billion
*savings portfolio of
WWB Network*



A client of WWB network member Ujjivan selling vegetables in Bangalore, India.
Photo courtesy of Dede Pickering for Women's World Banking

Economic Development

Moody's positively impacts the development of the world's economies through the products and services we provide to the market and through our investments in several local and global initiatives.

Women's World Banking

Women's World Banking (WWB) is a network of 40 Microfinance institutions (MFIs) focused on ensuring that women have access to loans and other financial products. The organization advocates for the benefits of microfinance and for the need to serve women, conducts research and shares best practices. It also develops financial products for borrowers, such as credit, savings and insurance products, to better serve clients and support its mission to bring people out of poverty.

In 2010, WWB began work on a portfolio analytics toolkit funded by The Moody's Foundation, which will help MFIs collect and analyze quantitative data pertaining to their credit operations. The analysis will enable management to better understand, allocate and appropriately segment and manage risk in their loan portfolios, driving improved decision making on lending methodologies, customer outreach and care, product introduction and pricing and contingency planning. This more rigorous portfolio analysis will also create a higher quality credit portfolio, which in turn will increase access to commercial capital markets.

Kiva

Kiva is a nonprofit that connects investors with credible microfinance institutions to allow them to select and invest in individual entrepreneurs around the world. These loans, which can be as little as \$25 per lender, can make the difference between living a life of poverty or building a sustainable existence grounded in self-sufficiency.

MFIs in the field, called Field Partners, are experts in microfinance and the localities they serve. The Field Partners identify and qualify borrowers and submit their stories to the Kiva website. Lenders can browse through thousands of potential borrowers on the Kiva.org website and select one or more to finance.

The partnership with Kiva has involved both financial and in-kind donations. The Moody's Foundation has provided a grant of nearly \$400,000 over two years to establish the Moody's Field Specialist program to recruit regionally based microfinance experts to work with local MFIs. In 2010, Kiva hired four Moody's Field Specialists: one in Asia, two in Africa and one in Latin America. The new Field Specialists were trained by Moody's Analytics staff using Moody's curriculum on microfinance, financial analysis, risk analysis and more.

As an extension of this commitment to microfinance and to Kiva in particular, Moody's is in the process of developing a credible and sophisticated credit rating system for MFIs and has offered to rate 10 Kiva MFIs *pro bono*.

Kiva

Four Field Specialists...

Secured 14 new MFI partners

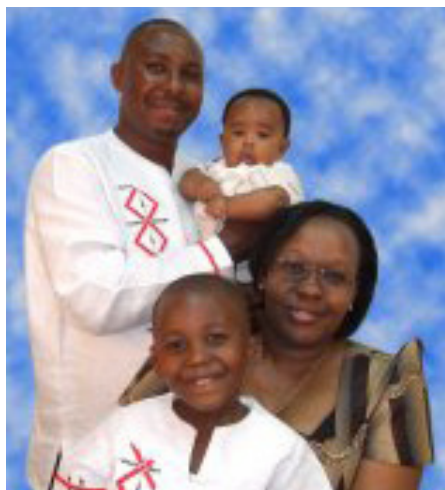
Enlisted 37,772 new borrowers

Developed a pipeline of several other MFIs to partner with Kiva

Established an efficient system for collecting financial reports from active partners

Helped drive more regular reporting

Started collecting social performance data and educating MFIs on the importance of the data for evaluating borrowers



David Kitusa and his family, Moody's Field Specialist in Anglophone Africa.
Photo Courtesy of Kiva

The Difference We Make: "Microfinance is a potent force in poverty reduction"

The success of the Kiva partnership is measured in the growth of the Kiva program, the improvement of the program in the regions with Moody's Field Specialists and in the personal development of the Field Specialists themselves.

In terms of growth, the four Field Specialists secured new MFI partners who in turn enlisted thousands of new borrowers. The Field Specialists also established a system of collecting quarterly financial reports from active partners. They collected social performance data and educated the MFIs on the importance of this type of evaluation.

Based on pre-and post-deployment surveys and performance reviews, the Field Specialists grew personally and professionally in their year of service. Specialists reported that the training Moody's provided made them more proficient in risk management, credit rating systems, web-based microfinance applications and Kiva policies. They also shared that their experience working in the field made them even more committed to working in microfinance in the future. "Microfinance is a potent force in poverty reduction," said one of the Field Specialists. "As the microfinance industry is integrated into the formal financial system, more poor people are empowered and included in the delivery of the different forms of financial services like credit, savings, insurance, leasing and even investments. These developments further cemented my passion and commitment in the microfinance sector."

The Difference We Make: Within our own walls

At Moody's, we take a personal stake in developing tomorrow's workforce. In addition to supporting a number of organizations dedicated to workforce development, we actively seek to provide job opportunities for students in many of our locations.

No one understands this commitment better than Tom Keller, Managing Director of the Public, Project and Infrastructure Finance group. After participating in a meaningful Afternoon of Service with the Cooke Center for Learning and Development, he offered internships to two students from the program for the 2010–2011 school year.

Providing these on-the-job opportunities is a critical component to developing the next generation of employees.



Tom Keller
Managing Director
Global, Public, Project and
Infrastructure Finance

Workforce Development

The economy needs a reliable and sustainable source of new workers as older workers retire. Preparing young people, particularly those from disadvantaged communities or with a disability, for the world of work is an important part of contributing to a sustainable economy.

Cooke Center for Learning and Development

The Cooke Center for Learning and Development is the largest private provider of school-based special education services in New York City for the complete K-12 continuum. A contribution of \$150,000 made by The Moody's Foundation in 2010 is illustrative of the strong partnership in place since 2003 in which Moody's has supported the Cooke Center through grants, gala sponsorships, volunteerism and board service.

The Moody's Foundation was instrumental in the growth of the Cooke Center Academy, a standalone school for special education high school students, and its Transition to Life program. In addition to academics and integrated therapy, the Academy prepares its students for work and life after high school through internships and educational experiences at local businesses, corporations, arts organizations and nonprofits. Moody's supports the Academy and the Transition to Life program through grants and by providing volunteers who coach the students in interviewing skills and offer valuable feedback and advice. Moody's employees have also assisted the students in the Daily Living Lab, which teaches household management skills.

Brunel University Urban Scholars

Brunel University is a research-led university in West London with 13,000 students. Brunel was a pioneer in the UK in offering courses with work placements. The Urban Scholar Program is a three-year, formally four-year intervention program that helps talented young people, many from disadvantaged households, to achieve their educational goals. In 2007 The Moody's Foundation gave a four-year, £200,000 (approximately \$320,000) grant that supported 90 gifted high school students from inner-city London, who attend classes on campus one Saturday a month. That level of commitment will continue through 2013.

Classes and off-campus experiences help students gain additional skills they need to enhance their academic performance, such as building self-esteem and self-confidence, teamwork, writing and presentation skills and critical thinking. Undergraduate students at the University serve as mentors to the Scholars, and for the 2010–2011 school year, Moody's volunteers joined the program to help the Scholars write resumes and assist with job and university applications. In addition, former Moody's Scholars will visit the current students to talk about their experiences after graduation from the program.



Career Academy UK Capital Experience Day 2010

Nearly 70% of students participating in the 2010 summer internship program in New York City were associated with one of The Moody's Foundation's grantees, and seven students who participated in Moody's Mega Math Challenge have taken on intern roles.

Career Academies UK

Career Academies UK gives The Moody's Foundation the opportunity to improve mathematics, economics and finance education for underserved students in the United Kingdom. Career Academies UK (CAUK) is an independent educational charity founded in 2002 by a group of senior UK business leaders and educators modeled after the Career Academy movement in the U.S. The charity does not run the Academies—affiliated schools and colleges do. Each Academy has a rigorous, two-year curriculum with an academic or technical skill “pathway” decided at the local level. Career Academies currently endorses Finance, Information Technology, Marketing & Communications, Media, and Engineering pathways. Two-thirds of the curriculum is broad-based academics, and one-third is pathway-specific.

The entire Career Academy class follows the same program of study and its curriculum enhancements, such as visiting speakers, mentoring by employee volunteers, six-week paid internships and employer-led seminars. This ensures that a powerful esprit de corps is developed within a Career Academy group, which includes students, teachers, non-teaching staff and employee volunteers, all focused on raising the achievement and aspirations of everyone involved.

The Moody's Foundation has supported Career Academies UK since 2006 with grants, internships, employee mentors and board service. The Foundation made a three-year, £150,000 (approximately \$240,000) grant to Career Academies UK in 2009. Students can apply for summer internships at Moody's UK office and can “shadow” Moody's employees for an hour as part of the annual Capital Experience event, which is a look into the working world for the Career Academy scholars. Frederic Drevon, a managing director at Moody's Investors Service in London and a member of CAUK's National Advisory Board, greeted the students participating in the program and presented an overview of Moody's business at the Capital Experience last year.



Tom Keller, Managing Director, Global, Public, Project and Infrastructure Finance, participating in PFG's *Afternoon of Service* in New York



Summer Interns 2010

The Difference We Make: Helping disadvantaged students build a life after high school

Moody's workforce development programs impact hundreds of students in New York and London. Some are special education students, such as those at the Cooke Center Academy, while others are children lost in academically disadvantaged schools.

In all cases, the students are lifted out of their circumstances and exposed to the possibilities of life after high school, whether they attend college or enter the workforce. At the same time, the teens gain self-esteem, self-confidence and valuable life skills.

In all, The Moody's Foundation contributed more than \$250,000 to workforce development programs in 2010 that provided services to hundreds of students.

- » *In 2010, 91% of Brunel's Urban Scholars met or exceeded their school's target score in English on their public examinations.*
- » *At Brunel, 70% of Scholars now aspire to higher education compared to just 35% two years ago.*
- » *Almost 90% of students that graduate from the Career Academies UK program go on to higher education or into employment that provides an equivalent level of training.*
- » *Career Academies UK's research shows that internships have the greatest impact on students. Moody's has provided two six-week, paid internships to students for the past three years, contributing to the positive impact of the program on those students.*
- » *Cooke Center Academy has 118 students enrolled, all of whom are benefiting from the Transition to Life program that Moody's supports.*
- » *23 graduates of the Academy are now in the post-graduate program called SKILLS, which Moody's also supports.*



Afternoon of Service, Corporate Services Group, NYC



Afternoon of Service, Dallas, TX



2010 J.P. Morgan Chase Corporate Challenge Race, NYC benefiting Central Park Conservancy

Environmental Responsibility

Moody's is committed to doing our part to protect and care for the environments in which we live and work.

This is demonstrated by our eco-volunteerism activities and the continuous development and implementation of practical and effective corporate policies and programs that support the more efficient use of natural resources and reduce the environmental impact of our business.

Eco-Volunteerism

Moody's *Afternoon of Service*, in which almost half of Moody's employees participate, frequently involves an outdoor environmental project. In the UK, a team of Moody's employees helped out at a working farm in the heart of London. In New York, teams worked to clear vines from around Twin Lakes and planted trees at the New York Botanical Garden, and removed fallen trees and stumps from the grounds of Brooklyn Botanic Garden. In Dallas, Moody's employees cleared trails and seeded native grasses at the Trinity River Audubon Center.

One tremendous demonstration of eco-volunteerism is Moody's relationship with The Battery Conservancy in New York. Moody's gives grants, organizes employee engagement opportunities and has an executive serving on its board of trustees. In 2010, nine teams of New York employees — 214 in all — worked to improve the public gardens of The Battery Conservancy, planting seedlings, spreading top soil and mulch, weeding, repairing fencing and more. Members of the marketing team at Moody's Analytics devoted many hours to helping the Conservancy design its website and find new sources of revenue. A long-time supporter of The Battery Conservancy in New York, Moody's was awarded The Battery Medal for Corporate Leadership at the organization's spring 2010 gala.



Moody's Honored by The Battery Conservancy: Ray McDaniel accepted the Medal for Corporate Leadership recognizing Moody's corporate citizenship and commitment to Lower Manhattan

214 Moody's employees volunteered in 2010 for a total of 678 hours, allowing the Battery Conservancy to reduce its maintenance costs by 14.2%.

The Difference We Make: Moody's wins The Battery Medal for Corporate Leadership

In 2010, The Battery Conservancy presented Moody's Corporation with its highest honor—the Battery Medal for Corporate Leadership. The Conservancy is a nonprofit educational organization dedicated to revitalizing New York's Battery Park, and the Medal is awarded to a leader in business, government or philanthropy for their support and commitment to rebuilding and sustaining downtown New York.

Moody's financial support of The Battery Conservancy has reached \$225,000 and has been matched, in-kind, by employees from across the company. Moving beyond grant-making and monetary contributions, Mark Almeida, President of Moody's Analytics, serves on the organization's board of directors.



Mark Almeida
President
Moody's Analytics

Moody's Environmental Accomplishments



Saved 5,316 trees

Saved 24,375 gallons of oil

*Saved more than 2.2 million
gallons of water*

*Saved 39,152 pounds of
wood resources*

Saved 12,364 kWh of electricity

*Saved 43 million BTUs through our
participation in the 7 World Trade
Center recycling program and our
partnership with Staples*

*Recycled 285 gallons of used
cooking oil*

Recycled 279 pounds of light bulbs

*Recycled 166 pounds of
non-PCB ballasts*

Composted 20 tons of waste

*Donated more than 6,405 pounds
of food to City Harvest, a nonprofit
organization in New York City
dedicated to ending hunger*

Corporate Policies Regarding the Environment

Moody's believes that it is good business to be mindful of the environment in our operations. We have implemented policies and procedures that promote the efficient use of natural resources and reduce our environmental impact. For example, Moody's historically has been a paper-based business. But with 21st century technology, Moody's client service and internal business is conducted increasingly more electronically.

In addition, Moody's practices environmental responsibility in four key areas:

- » **Carbon Disclosure Project:** Moody's participates in the Carbon Disclosure Project, reporting relevant environmental impact data for use in a public database that investors and others use to compare and benchmark companies on their activities to address climate change.
- » **Site Selection, Design and Construction:** When selecting and designing physical office locations, Moody's looks at the environmental impact of choosing a site. Criteria for evaluation include access to public transportation, Leadership in Energy and Environmental Design (LEED) certification or the local equivalent and the use of energy-efficient, recycled or sustainable materials.
- » **Facilities Management:** Moody's complies with all local and landlord-driven recycling programs, uses eco-friendly cleaning products and maintains equipment and infrastructure to ensure efficiency.
- » **Procurement Practices:** Employees are encouraged to purchase energy-efficient products, products made from recycled materials and to consider environmental impact in their decisions regarding services, manufacturing, travel and other products.



HSBC



citi

Canary Wharf, London

Profit

Evaluating a company's performance on the PROFIT bottom line means looking at how well the company contributes to the prosperity of its employees, shareholders and others. Moody's is committed to conducting our business with the highest standards of integrity. Our corporate mission clearly defines our commitment to serve global financial markets as a leading authority on credit, which in turn drives returns to shareholders.



Fran Laserson receiving the Certificate of Recognition from Bill Clinton at the 2010 Clinton Global Initiative Annual Meeting



moodysbiz.com

Promoting Prosperity

It is the nature of Moody's business to help others in the market make informed decisions. Moody's credit ratings and research help create more efficient, transparent and integrated financial markets, and our credit and risk management tools enable greater control and more informed decision making across the corporate enterprise.

Social Performance Ratings for MFIs

Moody's commitment to promoting prosperity extends beyond its normal business operations. The Foundation has been recognized twice by the Clinton Global Initiative (CGI) for its work in microfinance. At the 2010 annual meeting, CGI acknowledged Moody's for its commitment to develop a quantitative, independent and globally consistent standard to measure social performance in the microfinance industry.



The project began with a market survey created by Moody's Research Labs to assess the key factors affecting social performance. Moody's shared its initial findings with nearly 300 nonprofit and academic leaders, MFI practitioners and investors at the Microfinance Impact & Innovation Conference in October, hosted by Moody's and Deutsche Bank. Speakers included leading researchers from Harvard, Yale, MIT, NYU, the London School of Economics, the World Bank, Deutsche Bank, Innovations for Poverty Action, Bill & Melinda Gates Foundation, United Nations Capital Development Fund and more. Building on those findings, feedback from conference participants and insight from other market sectors, Moody's Research Labs is developing an application to assess the social performance of MFIs, thus differentiating the MFIs that have the greatest potential to have a positive social impact.

Moody's Small Business Information Zone

In the fall of 2010, Moody's launched the Moody's Small Business Information Zone at www.moodysbiz.com. The Small Business Information Zone is an online resource center that provides U.S. small business owners with free access to economic information and planning tools to help them better manage their businesses. Moody's believes this resource is an important tool that will help small businesses gain access to financing and fuel economic growth across the country.

The Difference We Make: Moody's provides funding for microfinance research at New York University

Roger Stein, Managing Director, Moody's Research Labs, is a member of the Moody's Credit Market Research Fund Grant Committee.

"Dr. Jonathan Morduch, Professor of Public Policy and Economics at Stern School of Business at New York University, is one of the leading researchers in microfinance and we are excited to be able to fund this project" said Roger. "This research will fill a gap in the current finance literature by linking a comprehensive perspective on social finance to key theories in the traditional corporate finance literature. We hope that these results precipitate a new generation of research that extends the rich frameworks of corporate finance to the analysis of social issues and their potential solutions."



Roger Stein
Managing Director
Moody's Research Labs

Moody's Credit Market Research Fund

Moody's Corporation maintains the Credit Market Research Fund. The fund supports research conducted by academics on topics of specific interest to Moody's. Grants of \$25,000 are made to universities or other academic institutions to fund the work of researchers in particular departments. Some of the top universities in the U.S. and abroad have received these grants, including Columbia Business School, London Business School, Kellogg School of Management at Northwestern University and the University of Frankfurt.

Researchers at Stern School of Business at New York University received a grant in 2010 for a project titled "Social Finance and Microfinance." The grant supports the research and writing of a state-of-the-art synthesis of the economics of microfinance and social finance. The paper will focus on new enterprises that combine commercial objectives with social missions and will be published in the *Annual Review of Financial Economics* in fall 2011.

Prospering with Integrity

A commitment to profit starts at the top with the policies governing the corporation and the actions of its top officers. The company's corporate governance structure reflects our commitment to independence and integrity. Other than the CEO, all board members are independent. Only independent directors serve on the Audit Committee and the Governance and Compensation Committee.

Moody's Code of Business Conduct governs the behavior of every employee at every level. Every employee and director must certify his or her adherence to the Code periodically. The Code provides for confidential reporting of suspected legal or ethical violations or other business concerns without fear of ramification through the Integrity Hotline.



Achievement First Endeavor Middle School Student

Practice

Moody's contributes to its communities through The Moody's Foundation, corporate philanthropy, volunteerism and employee-directed giving programs. In this way, we not only further our community outreach goals as a company, but also support our employees' individual charitable efforts.



Claire Robinson, Managing Director, Structured Finance, and an Achievement First Endeavor student at 2010 *Morning at Moody's*



Give and Gain Day, London 2010

Programs

The Moody's Foundation is committed to supporting a variety of initiatives in the communities in which its employees live and work. The bulk of these programs are located in New York City, the Company's headquarters community. Grants are also made in San Francisco and London. The Foundation focuses its giving on education, with additional donations to health and human services, economic development, arts and culture and civic categories.

In addition to focusing on these areas, The Moody's Foundation seeks to support innovative ideas aimed at driving true change in people's lives. We believe that corporate philanthropy should not only support the future of programs that are proven to be effective, but also those that may not yet have reached their fullest potential. As in the business world, you need to be willing to take a certain amount of risk to find the opportunities to create a better tomorrow.

Education

Education is the backbone of society. Without a solid foundation of financial and economic literacy, it is virtually impossible for individuals, and business as a whole, to succeed and compete in today's global marketplace. Furthermore, studies have demonstrated that children need to improve their skill levels in math. Recognizing this need and others, The Foundation supports programs which:

- » Address the improvement of mathematics and economics education in grades K-12 and increase the basic understanding of the financial markets for students in grades 9-12
- » Encourage women and minorities to study and excel in finance and economics in institutions of higher education and to seek employment in the financial sector

Economic Development

The Foundation is dedicated to supporting programs aimed at microfinance and workforce development, both of which enable people to become financially independent and help to create opportunities for the next generation.

Health and Human Services

Mental health is indispensable to personal well-being, family and interpersonal relationships and the overall functioning of the community. It is also critical to the success of any company or organization. To this end, The Foundation supports research and programs that promote intellectual health as it relates to adults and children functioning at their greatest potential.

Arts and Culture

Arts and culture organizations are not our primary areas of focus. However, The Foundation may make grants in these areas aimed at enriching the quality of life in communities where our employees live and work.



2010 NYC AIDS Walk



Afternoon of Service, London PPIF Group

Civic

Our support of civic organizations is designed to create valuable opportunities for employees and community members to volunteer their time and efforts to give back.

Eligibility

The Moody's Foundation donates to organizations that are organized and operated for charitable purposes equivalent to the US IRS code 501(c)(3), and charities and government institutions, such as schools and libraries. Eligibility and grant allocation are determined by the Board of Directors of The Moody's Foundation.

We target our support to specific projects or programs that add value to the scope of services offered by an organization. Our grants are seldom used to support operating costs or capital campaigns. Preference is also given to organizations that have a broad base of funders and Moody's employee involvement.

Restrictions

The Moody's Foundation does not fund:

- » Organizations which do not have 501(c)(3) tax-exempt status
- » Individuals
- » Religious organizations for religious purposes*
- » Political candidates or lobbying organizations
- » Organizations with a limited constituency, such as fraternal or labor groups
- » Travel by groups or individuals
- » National conferences
- » Sponsorships or advertising
- » Anti-business groups
- » Team sponsorships or athletic scholarships
- » Organizations whose sole purpose is advocacy*

Other restrictions may apply as determined by The Moody's Foundation Board of Directors.

* The Moody's Foundation will only make grants and match employee gifts to religious organizations when the gift is designated to an ongoing secular community service program sponsored by these organizations which is open to all persons and does not promote a belief in a specific faith. These programs must have a formal mission and a separate program budget. The benefits of this gift must not be limited exclusively to the organization's members. Some examples of these types of programs are projects to help the homeless, food banks, shelters, literacy programs or soup kitchens which may be operated by a religious institution. Likewise, the Moody's Foundation will only make a grant or match employee gifts to organizations whose primary (not sole) purpose is advocacy when the gift is designated to an ongoing community service program sponsored by these organizations which is open to all persons.



Habitat for Humanity 2010

2010 Grant Recipients

The Moody's Foundation has awarded grants to the following organizations:

EDUCATION

- » Academy of Finance
- » Achievement First, Inc. - Endeavor Charter School
- » Bank Street's Center for Leadership and College Preparation
- » Brunel University - Urban Scholars Program - London, England
- » Career Academies UK - London, England
- » Channel 13/WNET - "Get The Math!"
- » Charles Melton Center - West Chester, PA
- » Henry Compton Secondary School - London, England
- » Hetrick-Martin Institute
- » High School of Economics and Finance, New York City Department of Education
- » Mathematical Sciences Research Institute - San Francisco Math Circles
- » National Academy Foundation
- » National Merit Scholars Program
- » New York University's Robert F. Wagner Graduate School of Public Service
- » Prep for Prep
- » P.S. 234, New York City Department of Education - Reading Program
- » Society of Industrial and Applied Mathematics (SIAM) - Moody's Mega Math Challenge
- » The Posse Foundation
- » Working in Support of Education - Euro Challenge
- » Youth About Business

ECONOMIC DEVELOPMENT

- » Business in the Community
- » Catalyst
- » Center for Work-Life Policy
- » Cooke Center for Learning and Development
- » Coro New York Leadership Center
- » East London Business Alliance
- » Kiva
- » Management Leadership for Tomorrow
- » National Council on Economic Education
- » Women's World Banking



NYC PS 234 Reading Program

HEALTH AND HUMAN SERVICES

- » Autism360
- » Autism Research Institute
- » New York Downtown Hospital

ARTS AND CULTURE

- » American Museum of Natural History
- » Big Apple Circus
- » Brooklyn Academy of Music
- » Brooklyn Botanic Garden
- » Brooklyn Museum of Art
- » Children's Museum of Manhattan
- » Cooper Hewitt National Design Museum
- » El Museo del Barrio
- » Exploratorium
- » Frick Collection
- » Guggenheim Museum
- » The Jewish Museum
- » Joyce Theater
- » Liberty Science Center
- » Manhattan Theatre Club
- » Metropolitan Museum of Art
- » Museum of Modern Art
- » National Gallery - UK
- » New York Botanical Garden
- » New York Hall of Science
- » Philadelphia Zoo
- » River to River Festival
- » San Francisco Museum of Modern Art
- » Staten Island Children's Museum
- » Whitney Museum of American Art
- » Wildlife Conservation Society



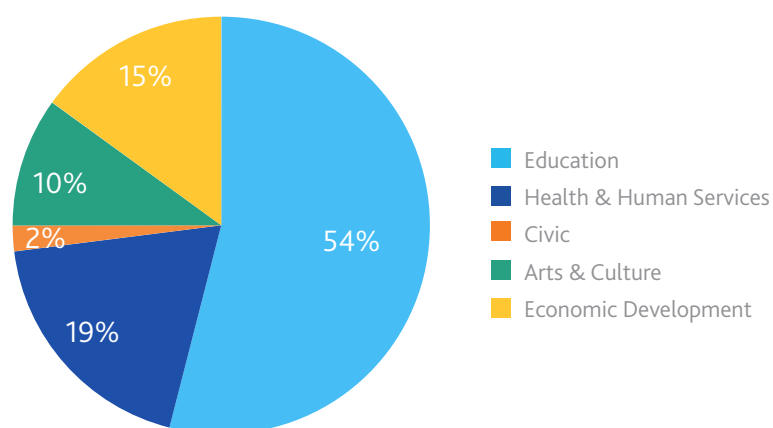
Afternoon of Service, San Francisco office

CIVIC ORGANIZATIONS

- » Battery Conservancy
- » Children for Children
- » Donors Choose
- » Global Giving
- » Habitat for Humanity - New York, South Bend and San Francisco
- » Hands on Bay Area
- » London Cares
- » New York Cares
- » Save the Children
- » Volunteer Consulting Group, Boardnet/USA

BUDGET

Education	\$1,785,000
Health and Human Services	\$635,000
Civic	\$66,000
Arts and Culture	\$330,000
Economic Development	\$495,000
SUBTOTAL	\$3,311,000
Employee-directed programs	\$830,000
TOTAL	\$4,141,000



2010 Charitable Contributions

