9-11-2007

Moodys Town Hall Meeting transcript

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From: Collins, Dana [redacted]
Sent: Tuesday, September 11, 2007 10:16 PM (GMT)
To: McDaniel, Raymond [redacted] Clarkson, Brian [redacted] Mahoney, Christopher [redacted] Kimball, Andrew [redacted] Westlake, Lisa [redacted] Huber, Linda [redacted] Kriegler, Andrew J. [redacted] Almeida, Mark [redacted] Rotella, Perry [redacted] Kimon, Noel [redacted] Robinson, Claire [redacted] Dering, Jeanne [redacted] Laserson, Fran [redacted] Mirenda, Anthony (Tony) [redacted]
Subject: MD Town Hall Meeting Survey Results
Attach: 886543f-att.doc;MD Town Hall Feedback - 9-07.doc

All,

To date, 31 participants have responded to our survey requesting feedback on yesterday's MD Town Hall Meeting (a roughly 30% response rate).

Some quick stats:

- 77% of respondents said that the meeting addressed the topics of greatest concern
- 94% of respondents found the answers during the Q&A either informative or extremely informative

Attached is a transcript from the meeting. Also attached is a document called **MD Town Hall Feedback - 9-07.doc** which summarizes the write-in comments related to these questions:

- Did you have questions following the meeting? If so, what are they?
- What topics discussed did you find most important to your area of the business?
- What else would you like management to address at Friday's company-wide Town Hall Meeting?
- How do you plan to relay the information from the meeting to your team?

You may also access these results by clicking this link:
[redacted]

Please let me know if you have any questions about this information.

Thanks,
Dana

Final Transcript

MOODY'S INVESTORS SERVICE: Managing Director's Town Hall Meeting

September 10, 2007/9:00 a.m. EDT

PRESENTATION

(Poor audio made transcription difficult.)

Raymond First of all, thank you all for joining this morning. The purpose of this town hall, there are actually a couple of purposes, but we wanted to have a meeting with the management team specifically so that we can speak as candidly as possible about what's going on in the subprime market, with the structured finance market, with our own business, and our role and position around that. I'm certainly happy to talk about what we are doing at Moody's in terms of trying to control messages, the messages we're trying to communicate, and then also talk about some of the broader themes and concerns and anxieties that are going on in the marketplace itself, sort of a roundup. So we can talk at a Moody's specific level and at a market level both.

We do have some prepared slides that we'll probably depart from these as we go along because there are a number of messages that we just frankly didn't want to write down. If you have questions, certainly with this group, raise your hand. I'm happy to take questions as we go along. We'll also do some Q&A at the end, so if you have questions that you want to save, that's fine as well.

I'm going to kick this off with a couple of comments and then turn it over to Brian. But there are really a couple of themes that I think are probably most on your mind and you will, I'm sure, inform me if there are additional issues.

First of all, in terms of some principals that we're trying to follow, proactively participate in the discussion around what's going on in subprime and this broader credit crunch. An important part of what we have to do at this point is educate markets about what the ratings do and don't do. Now I'm sure you've all seen literally almost on a daily basis various critiques, criticism, observations about the credit rating agencies, how we do what we're doing, whether we're doing a good job or a bad job.

And it has frankly been difficult for us to control a lot of that messaging. We have had extensive outreach to the media, both the print and electronic media. I think we've had very good success with our experts, people like John Lanski and Mark Zandy. Chris Mahoney has been on at least the radio several times. I don't know if he's been invited to be on TV, but I think we've had very good outreach with our technical experts.

We've frankly been somewhat less successful in controlling messages about Moody's and getting our point of view into the marketplace, and it's not for lack of trying. We have reached out to all of the significant media: *New York Times*, *FT*, *Wall Street Journal*, *Bloomberg*, *Reuters*, etc.

And right now, the message that we are communicating about, one, the fact that we are independent and, two, that we are competent. It's not a message they really want to hear. It's not the editorial theme that they want to pursue. These stories are being written, in my opinion, largely around the facts, and we are having trouble getting some balanced commentary into the marketplace. That's the bad news.

The good news is, at a one-on-one level with regulatory authorities, with staffers and senate and house, I think we've had much, much better success. The regulatory meetings that I participated in last week in Europe went well. They were not hostile. They were not accusatory. The regulators were very much interested in our thoughts about solutions and looking for market based solutions. And warning us that one of the biggest challenges we face is whether or not this becomes a more purely political issue.

And cautioning us saying, we need you, Moody's, we need you, the ratings industry, to come up with your own solution, your own credible answers to solving what's going on in the subprime market and with the credit crunch because, if you don't, then it's going to move into the political sphere, and there's going to be blunt instrument kind of reactions. Overreaching regulation becomes or legislation becomes a risk. And the regulators were saying, frankly we'd rather you come up with a solution because it's going to be better than what the politicians can come up with. And in effect, inviting us to give them the tools to help respond to a lot of the accusations that are going on.

So among the things that we are doing is preparing a fairly detailed set of analysis or diagnosis of the current situation in a frequently asked questions format that will be made available for the regulatory authorities, particularly the Fenway Regulatory Authorities, and allow them to help us with the political side of this equation. So I think that's the more effective outreach that we have been doing to date, and a lot of what you're seeing in the paper is the side of this that has been the less effective outreach.

Now why has it been less effective? Well, Brian will give you probably a ten-minute harangue on why it's been less effective. He's thought about this much more deeply than I have. But I think, at a summary level, we have a number of either natural forces or situational forces that are not operating in our favor.

First of all, we are an umpire in the market, and umpires, at best, are not favored. They're considered a necessary evil to the game. Secondly, we are really not a very large or powerful industry. Moody's is a profitable company. It's a lucrative business, but it's not a large business, and the ratings industry is not a large industry. And there are forces around us that have motivation to find someone to blame. And so part of who is to blame can be attributed to who can we get away with blaming and where are the more powerful and less powerful players in the marketplace.

Why do folks need to blame someone? Well, if you're a hedge fund, for example, taking 2 and 20, and you're under-performing the S&P 500, you have to have some reason for explaining to people who have given you lots and lots of money why it was a bad idea that they gave you that money. You an either say, well, I wasn't very good at my job, or you can say, it's somebody else's fault. That's just an example of what I think we're facing.

We also have, I think, a real challenge as far as communicating what our ratings are measuring. What they are meant to do. What our role and function in the market is oriented for, and what it isn't. You can see that much of the criticism about our rating has revolved around the rating, these high rating assignments on structured securities have failed to capture the changes in price movements. The market value of these transactions has plummeted and the rating agencies got it wrong because they assigned investment grade, in many cases high investment grade ratings.

We can talk about the fact that we are measuring credit losses and not market value losses. But it is an issue that broadly the market does not want to hear because the market doesn't have another alternative for measuring value of these illiquid opaque instruments. So they default to using ratings, even if we say it's not the best tool to use or it's not a good tool to use, even if there isn't a better … so that kind of criticism comes up.

As far as what else we can do, we've been having those discussions. I'm of the opinion right now that we are probably best off continuing to emphasize the one-on-one with the regulatory authorities, with the major buy side institutions, with the investment banks and sponsors of the transactions that we rate to help look for solutions. Without those solutions or the debate playing out … I don't think that's a particularly helpful place for the discussion to go on.

What does that mean? Frankly, I think it means we are going to continue to have negative media. The subprime price is going to play out over some period of time, at a minimum another six months or so. We are not going to be able to control the fact that lots of mortgages have to reach that. We're not going to be able to control the fact that housing prices are in decline in many areas of the country. That people overreached, which is a nice way of saying lied in their mortgage application. And that they won't be able to either refinance or sell or afford their current mortgage, so they've got some interesting problems that are not going to play out quickly.

Looking at the subprime crisis specifically, I won't go through all of this, this is a summary of what we've been communicating, again to regulatory authorities. We had historically low rates. We had very easy credit conditions for a number of years. We had official and market based support for adjustable rate mortgages. It created what I think is an overdone condition for the U.S. housing. This was a condition that was supported by U.S. public policy in favor of home ownership. And as I said, once housing prices started to fall, we got into a condition in which people can't refi, can't sell, can't afford their current mortgage. That's why this is going to play out over some period of time.

Now I'm going to stop my comments there, and I know you're going to have questions that are more particular to what's the outlook for Moody's, what are we doing about this, how are we managing expenses, how are we thinking about hiring. All of those questions, I'm happy to talk about, but I want to let Brian and then Gene, Linda, talk about some of the other aspects around the current environment situation that we're facing, and then happy to talk about some of these more specific questions related to Moody's. So let me turn it over to Brian.

Brian: Thanks, Ray. A couple things: The first thing is that we're doing a big town hall on Friday. It's extremely important for each of you to understand what it is we're doing and how we're doing it because the message is only going to get out from you. I'm going to be up here as a talking head. Ray is going to be a talking head, and Linda. We'll be up here talking about things. People are going to want to know what's going on, so you have to satisfy yourselves what's going on, so ask whatever questions you want. We'll try to answer them as best we possibly can.

Ray mentioned that there are different reasons for what's going on. I'm big in this conspiracy theory, to be perfectly honest with you. Anybody watch *Conspiracy Theory*, the movie? I can't believe people actually admit that. That's really….

There's a lot to that. I was actually talking to Ray this morning about that, and last night, and Saturday. Friday, I called him from Australia. The question is – one of the questions everybody asks is why does everybody hate us so much. I mean it's clear that they do. It's clear that we're hated in the marketplace. I'm sure that people are very frustrated with respect to what it is we do. I've got a number of theories.

Certainly none of them are … short sellers, the people that are actually shorting bonds. We know that. They're trying for desired outcomes.

There's the people that are shorting Moody's … looking to sort of make money by … our stock price.

But the theory that I've come up with lately is the fact that it's perfect. It's perfect to be able to blame us for everything. Part of what Ray said is the fact that we're incredibly small. Ray actually mentioned the fact that the entire rating industry revenues for a year don't even equal one quarter's operating income for Goldman Sachs is very telling to me.

The other reason is that by blaming us, you don't have to blame anybody else. If you take a look at the players in the marketplace, the politicians can't blame the borrower because that's their constituent. The borrowers did no wrong.

The investment bankers, well, you can’t blame the investment bankers. They’re big. They’re powerful. They know what’s going on. They’ve got clout, and they’re also regulated.

You can’t blame the mortgage brokers because, if you blame the brokers, then that means the state regulators sort of were asleep at the switch, and you certainly can’t blame investors. Investors should be able to get whatever yield they want, whatever rating they want with respect to that. So we’re very easy in the fact that no one controls us, which, by the way, drives people insane.

Just so you know, I spend a lot of time talking to folks in the market. I had a conversation with a big hedge fund a couple weeks ago. He came in with a list of securities he wanted me to downgrade. He had a list in his hand. He said, “I want you to look at these securities because they’re rated too high.” I said, “How many have you shorted?” He said all of them. It’s true. It’s the honest to God truth.

He said, “Do you want the list?” I said, “No, I don’t want the list.” I’m not trying to make light of this, but at the end of the day, the good news is it's all about money. That's what it's about. Everybody is trying to control money and everybody wants to blame people.

If you invested in a hedge fund and you wound up taking it back, it's a lot easier for the hedge fund managers to say, "I relied on the rating." And we know that's not true. One of the things that we're looking to do, and I don't mean to make light of any of this, I want you to understand exactly what's going on in the market. It's all about money.

When Ray was talking about the misuse of ratings, they're doing it intentionally. Now we feel as thought there are big steps that we have to take, and I'll talk about that in just a minute, but one of the things that we're doing is … is actually working on a market value rating system or symbol we can actually use. We're fairly certain that even if we get something that works, they're not going to use it.

Bank financial strength ratings, for example. We carved that out 12, 13 years ago because we didn't feel as though the alphanumeric system we had covered that, and people don't use it. I was involved in JDA. You talked about people, I said, well do you focus on the bank financial strength ratings? No. We use the alphanumeric.

We've talked to people about the fact that the ratings only represent credit risk. It had nothing to do with market value risk whatsoever. They don't care because it's easy to rely on.

Now it's a defensive move with respect to what we're doing. We feel as though we have to have a product out there because one of the questions that the regulators ask us, okay, you're on notice now that people are misusing your rating system. What are you doing about? And so we feel like we have to be able to provide that.

Now take a step back. Ray talked a little bit about what happens. At the end of the day, I think that we did an okay job in identifying the risk, but we didn't do a very good job of measuring the magnitude. I've been saying that in private meetings. Obviously I'm not going to say that to the press, but what happened was what we did, we talked about early on how we actually sort of changed our … level with respect to subprime mortgages, 30% over three years. We saw the risk coming. We identified the risk. We just missed the magnitude.

What's happening in the credit market completely swamped everything that was done from an analytical standpoint. And three things happened:

cheap credit, a decline in housing prices, and tightening credit. The only thing that we sort of controlled a little bit was the cheap credit and sort of the underwriting standards that sort of went lack. We should have done a better job of monitoring that.

But the housing price decline and the tightening of credit completely swamped everything else. If either one of those had remained, if housing prices still went up, or if cheap credit, the tightening of underwriting standards or loosening of underwriting standards was still around, there wouldn’t have been any problem because, at the end of the day, the bad underwriting, the cheap credit, and housing prices were there in ’03, ’04, ’05. What happened was that the music stopped in ’06.

What are we doing? We’re doing what we think we should be doing, and that’s monitoring the ratings on a going forward basis. We spent a lot of time in the last few months in defensive mode. That’s defending our position, defending the ratings, defending our process, defending what the ratings mean. Now we have to sort of figure out what we’re going to do. We’ve got to get into the solutions mode.

I will tell you that we have had meetings with investors. We've had meetings with issuers. We've had meetings with intermediaries, regulators, and they all come up with the same question – What are you going to do about this? How are you going to fix it? – because they don't have any idea.

Interestingly enough, what issuers want to do, and they've told us specifically is they want us to sort of tighten things up to a point where the market still has confidence in the ratings and in the products, but don't cost us any money. That's true. You guys have been at those meetings.

What investors want is they want total transparency. They want us to impose total transparency on the marketplace. One of the things that we've found that investors – there's no sort of uniform investor anymore. We've got buy and hold investors. We've got marked to market investor, and never between shall meet.

If we talk to the regulators and what Ray said was true, they all said, "How are you going to fix it? What are you going to do?" One of the things that we have to do, while we've done a lot of things with respect to tweaking and changing our methodology and standards, we've got to be more vocal and we have to be more decisive with respect to what we're doing.

The market is looking for something very visual for us to do. They want to see something. They want to see us take bold steps to cure the problem. And just so you know, we're all working on that.

Some of the other things that we're actually doing, there's really a three-pronged process. They said, "What are you doing?" The first thing I talked about were change in methodology, and that's what we're doing. We're certainly changing methodologies. We're on notice that a lot of things that we relied on before just weren't true. The problem is, what are you going to do. At the end of the day, we relied on reps and warrantees that no loans were originated in violation of any state or federal law. We know that's a lie. If none were originated in violation of any predatory lending law, we know that's a lie. So what are you going to do about it? We can't rely on what people tell us anymore, and so we've got to figure out, do we rely on third party oversight? We have to have post-closing audits. We've got to be very public about the things that we actually see.

The second thing is what I refer to as checks and balances. Ray didn't get into this, but regulators want to know two things from the rating agency, just two. They want to make sure that we're not corrupt, and they want to make sure that we do our job as well as we can do our job. And so we have to demonstrate not just inwardly, but outwardly, those two things.

Checks and balances, what we've talked about is how we've sort of broken the company in two parts. We've got Moody's analytics. We've got the ratings business. We have our credit function that now reports up to the board of directors from the credit standpoint administratively to me, and other things that we're actually doing, making sure that MDs aren't involved in fee schedules. That analysts aren't involved in fee discussions with respect to people.

We have to be very visible with respect to the things that we're actually doing. They want to see that. They don't want us to just tell them about our code of conduct.

Then the third thing that we've been talking about are new products that actually address the risks that aren't covered in the ratings. The thing is that we have to make pretty bold strokes for people to see what we're actually doing because they don't like status quo. They want to see something that they can say, okay, I see that. I mean some of the things have been suggested, an oversight board. Shouldn't there be a rating agency oversight board independent of what the rating agencies actually do? Maybe. Maybe that's something we should consider.

I will say that some of the regulators talked about what are you doing as an industry and, frankly, not a lot. They said, we don't want a Moody's solution, just like we don't want an S&P solution or a Fitch solution. What are the rating agencies doing as an industry, because actually at the FSA in Tokyo, which, by the way, was just like testifying for two hours except for the oath, it was. They said, we want to know what the industry is doing.

Let's say that you do everything you're supposed to, but yet people just go down the street, go to your competitors. What are you going to do about that? And so what they're looking for is they're looking for a solution to things that they kind of know. Nobody knows what we do and how we do it. What they do know is they know accounting firms, and that's what they're using. They're using that as a proxy for the ratings business, but some of those things we're going to have to consider and think about on a going forward basis.

I know we've only got an hour, and I know we want to have a lot of time for questions. I'll leave you with this though is that we're in this together in that how the rest of the company actually reacts will be a direct reflection on how you actually deal…. And what I mean by that is ask whatever it is you want to ask. We'll tell you whatever it is you need to know because, at the end of the day, the analysts and the staff are going to rely a lot more on what you're telling them than what we're telling them. And so don't be shy about what it is you want to know. If you want to know about hiring freezes, we'll tell you about hiring freezes. If you want to know about expenses, you want to know what we're seeing towards the end of the year, we're going to get into that.

If there are things that we don't cover that you want to know that are going to cause people to have angst and worry about what's going on, ask the question because what I don't want to have is everybody behind closed doors talking about the stuff that we can provide answers to. You're all managers. You'll need to run this like a business, and to the extent that we can sort of belay fears and get people the information, that's what we want to. It's okay to be nervous about the stuff you know, but the stuff that you don't know that we can provide you information for, just ask the question.

I didn't do any slides, did I?

Raymond No, but we can skip … covered the stuff … so we'll skip ahead to—

We're going to go ahead. Just in the interest of time, we're going to go ahead up to the communication update, and I think Linda is going to talk to us about that. Then quickly, both communications and the regulatory side, we will try to do quickly so we can leave time for Q&A. Linda, to you.

Linda After Gene speaks, I'm going to come back and talk a little bit also about the investor perspective, but in terms of the communication perspective, now that's fall and everybody is back from Labor Day, we think the right thing to do is a proactive and assertive media strategy, so we're not just sitting back and taking all this stuff as it happens. We're out there. We're talking to everybody. We're highly visible, and we're working through a number of different strategies.

The first tier is focus on key strategic media. What does that mean? Who are the decision makers and who can really understand what we're trying to say? And that's not such an easy thing to do. I've had people, when I try to explain what this company does, say to me, "What's a bond?" Those people are not going to be particularly helpful in getting our message across. We have to be very careful about….

Special comments as news hooks – journalists are looking for new things to write about, and we have to make sure that we are putting out there things that are interesting and new for the media, so we have to keep working on that, and I'll talk a bit more about that as we go forward here.

Continue reacting quickly to requests for information and commentary. On Friday, we got a call from the *Wall Street Journal*, on Friday, that they were contemplating writing a story about our … what was going to be examined in some of the regulatory hearings, and they wanted to get into … compensation and average compensation. We spent a lot of time on Friday going through what are the accurate numbers for this company from our public filings to make sure that we have it right. Oftentimes we have less than an hour to turn around very complicated points of view from people who already have a position that they want to take and it has to be done quickly and it has to be done well, and I think that the team is doing a pretty good job. It's a tough road….

As we said, concentrate on … media outlets in the next few weeks … with a second push in the fall. So in other words, we're going to do one wave now. We're going to do another wave later because we think the market may have … factors, which happen in the next few weeks. So after things settle down, we'll come back and we'll do it again. And we'll continue distributing special comments and material to people so that they understand what it is we're trying to do.

What are the special comments? You see here from illiquidity to liquidity, the path towards credit market normalization, which will be published this week. Chris and Pierre worked on that. Financial innovation in its … and then how fair is the blame on rating agencies the third week. So three very proactive pieces that are well thought out that are interesting to read that actually provide something for reporters….

We're going to do an op ed. piece targeted to the *Financial Times* because it has the most sophisticated view of what's going on. We've got to make sure that's written in clear language. Having trained as a journalist, some of the things that we write are opaque. Some of the acronyms that we use are very difficult … we have to do a better job boiling down our message to something that is completely understood.

And then frequently asked questions, as Ray talked about, we're working on those to be written primarily for the regulators, and then to be used in other forums as well as kind of….

The *Financial Times*, Julian Teskin interviewed Brian this week. We're doing an op ed. contribution … column, and then we're going to have Ray and the view from the top, which is the Friday Q&A. You probably saw David O'Reilly last week … Barclays a couple weeks ago. This is a very positive CEO forum that also is videotaped and it's on the FT Web site as well.

With the *Wall Street Journal*, Serena Eng is going to interview Brian … mid September, and for the *New York Times*, which is perhaps one of the more difficult media outlets, we will continue to send special comments to Gretchen Morgenson. Again, this may be, as Woody Allen says, the triumph hope over experience that we will keep at it. And we will invite various people to talk with us on a continuing basis. And we will consider an editorial and board meeting after the earnings, which will be October 24th. So those are the things that we have underway.

We keep at it. We stay focused. We stay energetic. We stay positive. And we've just got to keep walking through this every day and we can't let any one-day's press coverage have you overreact.

Broadcast and teleconferences with the media, we need to move more effectively into TV. We are putting together a TV station in … it will be ready in mid October. That will provide us with the opportunity to have a live feed onto CNBC, Bloomberg Television, and other TV outlets. We have to think more about who is going to do that, what we're going do, how we're going to handle it, but we will have the capability to do it. Some of you have commented that the SEC is more aggressive in terms of using television…. We need to think that through a little bit more. We'll be doing that in the next few weeks.

You see here the capital markets initiative, which increased our presence on … Bloomberg, and…. We'll consider Ray and Brian for those pieces, and you have seen very effective outreach, for example CNBC on Friday

… number came out. Mark Sandy participated very effectively with the group there, and he and Don … been very effective for us….

What are we doing also in terms of running the communication function? We have put together, under my oversight … ratings communications and also corporate communications. It's very important that we're coordinating globally as to what we're all doing and we all know what each other are doing daily because it changes hour-to-hour and moment-to-moment. We are looking for a new VP of … Richard continue to do what they're doing. Their teams continue to do what they're doing, but we think we might need somebody who has clout and perhaps experience with financial services…. Some of you will be looking to interview these candidates as they come through, and we hope to get that done quickly. We have a search firm doing that now. We're getting good response, and you'll be hearing more about that.

Externally, we're doing a communications audit led by a group called Selmen & Partners. This guy is well known in the media space and in the top 25 reporters and editors. What do they think about what we're doing? What do they think would be better? How could we handle this more effectively? What's our positioning? What's our competitive positioning and so on? That's the external piece.

On the internal piece, a number of you have been surveyed about what you think about ratings communications, how is that working, how is it working globally, what could we do better. We need your input. Everybody in this room is part of the solution and have to drive what we're doing going forward. We need your help with writing things. We need your help … observations and criticism. We need to know what you're hearing, and we need to have a two-way discussion about what's going on here.

Then on the next front, Gene is leading the regulatory piece, which fits in with what we're doing in communications, putting together one overview calendar of everything that's working together, so we can see what's happening when. With that, I'll turn it over to Gene.

Gene Thanks, Linda. I think fortunately for the group, Ray and Brian have covered most of the messages in the regulatory section, so I can go through this quickly. I thought I would at least lay out for you on one piece of paper, and we just have … one piece of paper.

Many of the observations, criticisms, misinformation that we're hearing, as we meet with regulators, with politicians, and I think as Ray said, meetings with regulators are generally very salient. They have some sense of what we do, of our role in the financial markets. Politicians are a little bit more challenging. Certainly one reason is there are a lot more of them in the U.S. We have about 500 politicians that we could potentially be dealing with in Washington whereas there may be five regulatory and policy making authorities.

But these are some of the things that we're hearing: the role and meaning of ratings, as Ray mentioned. There appears to be quite a lot of misunderstanding about what our ratings do and don't do. Accuracy of ratings, especially in the subprime area, didn't you get it wrong … questions about that? The ratings process and especially what they think of as due diligence. Are you skeptical enough when you are receiving information from issuers? What are you doing to verify that information, etc.?

Lots of questions about monitoring: What is our process? Is it robust enough? Do we have enough resources? Have our rating changes in the subprime area been timely enough?

Transparency, which I think is a particularly difficult criticism because we believe that we've made great strides in the last several years in increasing the transparency of our methodology for rating actions, etc. I think it turns out that maybe not enough people are reading what we publish, and some regulators that we meet with are actually surprised that we publish our methodology.

So one of the struggles I think we're going to have is thinking about how do we take all of this information that we have really published to focus on the technical experts and the practitioners in the market and how do we transform these things or at least supplement them with communications that all of the other constituents can understand, and that they'll actually take the time to read it.

Conflicts of interest is another big theme. The issuer pays model continues to be a subject of debate, although a very important point we've been making is that as long as rating agencies get paid by somebody who has a position in the capital markets that are going through conflict and the real question the people should be thinking about is how we manage the conflicts, not who pays us.

And there has been a lot of discussion about the so called iterative nature of structured finance, the fact that there may be some back and forth on structured finance transactions, as issuers or arrangers are presenting their transaction structures, and we're giving feedback on the rating implication, and doesn't this kind of interaction with an issuer compromise your independence. These are some of the issues that we're dealing with, and we are, as Linda mentioned, working on a set of FAQs that is targeted initially to regulators that will address all of these type questions we're getting.

Now I'll just very quickly go through with you the landscape and the key geographies in which we operate, so you can get a better understanding of what we're dealing with. Brian mentioned, we spent a lot of time in Washington meeting with the key congressional offices that deal with rating agencies and that's … members of the senate banking committee and house. It's the members of the financial services committee, so those are the people who are the influencers, the decision makers who are going to be crafting whatever legislation may, over time, come at us…. We've been spending a lot of time meeting with the congressional offices and a lot of it is educational, again explaining our role, explaining what happens in the subprime area, talking about what we are trying to do to enhance our processes.

But importantly, also advising. We find that in a lot of meetings, people ask us, what ideas do you have on how we can solve these problems. So we are trying very hard to be in the role of an advisor as opposed to being a target in a congressional hearing. I don't think we can completely escape being a target, but hopefully … a number of targets.

We've already participated in two hearings, and Warren Cornfield is no worse for the wear, I'm happy to report. He represented Moody's in both hearings. And there are probably going to be more hearings. There will be a hearing in the house. I believe it will be conducted by the subcommittee that's handling the subprime issues as opposed to the full committee, which we think is … subcommittee level. That hearing will probably be end of September, early October, based on what we're hearing at the moment.

And there will probably be another hearing in the senate in which rating agencies will participate as witnesses. So those are very important opportunities to get our messages across, but also to directly address some of the … that we're getting. And I think Warren would tell you, it's a little bit difficult sometimes to get our messages across in the hearings because often the members who are asking questions are happy to get their sound byte into the press and then move onto the next issue without ever focusing on the substance, so we're trying there.

And right now there is proposed legislation, both in the house and the senate, relating to subprime. At this point, the proposed legislation deals mainly with the mortgage lending process, as opposed to the securitization process or anything that has to do with rating agencies. There will probably be more legislative proposals that are offered by various members of these committees over the next few months.

At the SEC, as we all know, the ink is barely dry on the rating agency reformat, and the SEC has not yet approved … NRSROs under the new laws. That will be happening in late September. So the SEC is going through the process of reviewing rating agency applications, and we're still frankly talking with them on how to implement some of the rules with some of the record keeping requirements. But on the other hand, they're also focusing on the subprime issues, looking broadly at market participants, including rating agencies. And I should note that the SEC has always had infection authority over rating agencies … previously registered as an NRSRO under the investment advisor … so they can use the infection authority they have … have discussions with us, etc.

There's also another group involved, the president's working group on financial markets … potentially chaired by the heads of the SEC, the … the major policy making agencies that deal with the financial markets. President Bush has now asked them to review the subprime issue and its affect on the financial markets, including the role of securitization and the role of rating agencies, so there may be some additional meetings and questions that we get in that regard.

In Europe, I guess over the last few weeks were a flurry of press reports about a special investigation that has been initiated in Europe. And as you note on the last bullet point on this chart, and I think we've put this in an internal communication, there is no special investigation, contrary to the implications in the press reports. What's happening in Europe is that the European Commission for 2006 provisionally endorsed a self-regulatory model for rating agencies based on the … code. And although there's been an awful lot of attention on rating agencies, political as well as regulatory, at this point the European Commission, we believe, is refraining from further action. They're going to let their established processes work their course, so CESR, the Committee of European Securities Regulators is in the process of conducting their second annual review of rating agencies.

We've been working with them, responding to questions. They have previously announced they would specifically focus on structured finance. They published a survey back in June for any interested party to respond to. And they've since extended the survey deadline twice. I think it's expiring today, we hear because they've gotten very little in the way of responses. So we'll see what the responses to the market survey are when they're published on the CESR Web site.

We're going to be meeting with the CESR rating agency group in the beginning of October, as will each other rating agency that they're reviewing. And they're going to publish a report in April of 2008, and we would guess that the European Commission would hope to wait until CESR publishes their report before they decide what else they should be doing.

There has been talk in parliament about rating agencies. We have some national regulators who have gone on record criticizing rating agencies, but I think, more importantly, expressing concerns about transparency in the financial markets, and we were just sort of an add-on to the transparency….

So in Europe, we are really waiting until the CESR process is finished. We hope we will wait until then to see what the European Commission and other policymakers think about rating agencies at that point in time.

Japan, the financial regulator there, the FSA, announced earlier this year that they were considering greater oversight of rating agencies and that they would observe the U.S. process. We still think that's what they're doing. Certainly there's additional focus on subprime, a little more political pressure than there had been. But we believe they are still observing the U.S. SEC process and then deciding what….

I think that, as Ray said, the regulators tend – they don't want to overreact and implement new regulation without thinking about what it means and what the consequences will be. The politicians are a little bit harder … and we're still focusing on the one-on-one meetings, as Ray said, to try to get our story across in a non-public way, and in a way in which people have a chance to ask questions and understand.

IOSCO is another key part of this. IOSCO, earlier in 2007, did what I think of as a desktop review of rating agency compliance with their code. They essentially took any rating agency that had a published code of conduct and compared it with the IOSCO code. And they issued a consultation report with largely favorable conclusions. Based on what we've heard, they will not issue a final report until they conduct their review of rating agency's role in structured finance, which again they have announced earlier in 2007. So this is not precipitated by the subprime issue, but it certainly is good timing in their view.

And they're doing that review in conjunction with the BIS, the taskforce on the global financial markets. They're starting their review in mid September. We're having the first meeting is in Washington, and each rating agency will make a brief presentation on the structured finance process and rating agency's role in structured finance. And we hope that the IOSCO process will be a cooperative one, as was the process … IOSCO code was developed. And I think a big objective in the IOSCO process is to think about whether any modifications to the IOSCO code might be required to deal with the structured finance rating process as opposed to the fundamental process. So we hope we can participate in that process, as they're thinking about all this.

Then another thing that's happening is the G-7 meeting in October in Washington. An important topic of discussion again will be the transparency of the financial markets, and they have indicated that they will include a discussion of rating agencies. So a lot of what we're doing right now is pursuing dialog with all of these interested parties. We have the securities and financial markets, regulators. We have the finance ministries in advance of the G-7 meeting. We have the legislators and politicians, which are a little bit more difficult to reign in, and importantly, our senior business line and executive management have been very involved in this.

Members of our structured finance, senior management have been … looks very tired, but they've been to the SEC. They've been to congressional offices. Brian was in Japan, Australia. Ray and Brian were in Europe. …Kreegler and Don Carter were at the Ontario Securities Commission with me, as well as … Michael Kane, whatever he is. He's been traveling a lot. So we are getting the right people in front of these parties so that we can explain things from a perspective of how we operate our business and give them whatever information they might be interested in, as they're asking their questions. So this is taking a significant investment in senior management time, but it's certainly something we have do.

And importantly, as Brian said, one of our main objectives is to participate in … solution, which we think we're making progress, but we certainly have a lot of work left for us to do. Now I'm going to turn the podium back over to Linda in our tag team. Should you tag me, Linda, before you come up?

Linda — Investor relations update, Lisa Westlake is presently out in Singapore. She and I and various other people are speaking with investors in Asia. This week, we are hitting Singapore, Hong Kong where Jennifer will join us. We're going to Soul, and then we're going to Japan where Kay will join us, and we'll be speaking with literally dozens of investors.

We're interested in going to Asia because Asia investors tend to be longer-term focused. They ask us hard questions like what are going to do in the next three to five years, instead of what are you going to do in the next three to five minutes. U.S. investors are primarily interested in the next quarter. …going to Canada, going to Europe, which we're going to do again in the first week of October. It's very, very beneficial, and we've had very good success in leading the efforts to get international investors in our stock, which is very important to counteract the activity of the shorts, which I'll talk about more in a minute.

Now how is the Street viewing Moody's right now? People usually find these slides interesting. We have previews here from Goldman, Morgan Stanley, and William Blaire. Goldman has a balanced view that in a context, Peter Rapid says, of flowing new issue volume, uncertain credit market environment, and decelerating earnings growth. They don't see rush to own the shares, despite what they think is an attractive valuation and a solid business model, so Peter is a little bit on the fence here.

The next major conference that we have is September 19th. It's the Goldman conference here in New York where Ray will be doing a sort of Q&A, fireside chat format with Peter Rapid. Now that date, September 19th, is very important. It follows the Fed meeting by one day. So Ray is going to have to have support and interesting things to say about what is said and done the day before. So another example of how we have to be prepared to … very quickly.

Lisa Monaco from Morgan Stanley believes that we're well positioned, but that she has underestimated the near term impact on rating agencies, and she says that the next few quarters will be challenging, which I think is exactly correct.

Then lastly, getting onto the more bullish side, John Metts with William Blaire believes that this is an interesting valuation at this point. I like his quote particularly that we believe this too shall pass, and the fundamental story has not changed. And he sees that here an uncertainty provides an opportunity to buy a premier global franchise at what we believe to be a significant discount to intrinsic value.

So those are three different views. One is sort of a hold strategy. The second is that the next few quarters are going to be choppy. And the third is that the stock is on sale.

If you look at where people are in terms of sell, hold, buy, and strong buy, people are generally moving to the right, which is good. JP Morgan kind of moving back to the left to a hold strategy. You'll notice that Citibank is not on this chart. The Citibank analysts … hedge fund, which is something we're seeing more often. He's now with Steinhard Partners and is coming to see us this week from that perspective. UBS seems to have let go of its analysts. They've restaffed coverage. Analysts now have to do more and more and more names to find people who are inexperienced and not know sometimes neither financials nor media companies. Our new analyst at Citibank actually has covered tech stocks, so for Ray and me and Lisa, this is a really interesting challenge because we need to send our … people, bringing them up to speed on the…. We will be seeing new ratings coming out from Citi and from UBS relatively soon, and we're optimistic about that.

What's the full year guidance? At this point, the consensus on the Street, again we're missing Citi and UBS here because they're kind of out of the picture right at this moment – $2.58, you see that's within our guidance, which is good. The shaded area up there shows the range of guidance that we've put out. And this reflects the new guidance that we've put out as of August 1st. So you see the analysts are within our range, which is helpful. Previously, the analysts were ahead of us….

Now there's the stock price chart. This is challenging. It's troubling. It's not where I'd like to be. It's something we think about every single day. Right now this company has 31 million shares of stock shorted out of 266.9 million shares outstanding. That is an 11% short position. That's a very difficult situation to deal with, and it's one that we're very, very well aware of.

Lately, we started to see some investors come in, given the attractive stock price. It would be helpful if more of the equity analysts … on the stock that they're looking for some visibility as to what's going to happen in the near term, and that is really the challenge that we're faced with right now….

Here's the five-year stock performance, you see, and the capitalization of the company is now 12.4 billion shares. …that we have added some leverage to the balance sheet. You may have seen the 8-K filing; $500 million … we have brought back to the stock actively. We have a rather sophisticated share repurchase program, which boils down to when it's cheaper, we buy more, so we're working on that, and we've been thinking about a number of other things that we need to do to … help this situation, but it's one that we deal with every single day, and just so you can all rest assured, it's something that is a challenge … one that we are working on.

With that, I'll turn it back over to Ray and happy to take any questions.

Raymond

Good. Your first question is what's the outlook for the rest of the year and what are we doing to manage…? The third quarter is interesting for a number of reasons, but on the financial side, the current market crunch didn't really get traction until August. And August is historically a light month anyway, so what we've got, even for the third quarter, is a lack of visibility. A lot of what happens to Q3 is going to come down to how bad, frankly, September is.

We're fine early in the quarter, meaning July, but then with a very light August, in fact, and a light August for comparison purposes year-on-year, we just don't have a lot of visibility, and it's going to depend on how much September drags down what we saw early in the quarter coming out of July.

You saw or you will recall when we did our earnings call at the end of July, we made some fairly significant revisions to our outlook for the full year. We assume significant slowdown in some of the areas of the structured finance business, slowing activity in the leverage loan market and high yield market. We will have to see whether those reductions were sufficient. I do not expect right now that we're going to find that we were too pessimistic, but we may have been on target or we may have still been too optimistic. We won't know certainly until we get the September numbers….

Don't expect a big recovery in the fourth quarter. As I said before, the subprime mess is going to be an extended problem because of the resets that have to occur over the peak period over the next six months. So we're going to continue to have problems in the credit markets coming from the subprime markets to the extent that that creates a contagion effective…. So I don't anticipate that we're going to have a strong fourth quarter, and we did have a strong fourth quarter last year. So the question will be, did we take down our numbers enough in July, and we don't know yet. That's the honest answer.

As far as expense management, we have what I would call a soft hiring freeze in place now. Meaning that there is no hiring without specific approval from one of four people: Mark Almeida, Brian Clarkson, Linda or myself. And depending on how well that works, we may or may not have to go to a hard freeze.

What I encourage all of you to think about and do, if you are looking for people, is to look inside the organization. And for those of you who are in areas that are soft right now, think about whether you can make people available in other areas where we have needs. That is the first line of defense against us having to take more drastic action in keeping the activities that need to occur occurring. So I very much need you to speak with your friends in the room, as you have hiring needs or as you have excess resource and capacity, so that we're making use of the people who are already in the building to the best of our ability.

2008 I think is going to be challenging for us in part because the first half of 2007 was the strongest we had in five years. So there's not a fix that I think is available to us in the short run to put a lot of points on the board. I don't expect to put a lot of points on the board in the fourth quarter, and I think the first half of 2008 is going to be equally challenging. Again even if the recovery starts to come through in early 2008, it's because the comps are going to be very difficult, the year-on-year comps. I guess the good news is, the second half of 2008 probably should be much more promising … so there's the silver lining.

As far as how we will react to that from an expense management standpoint, the most honest answer I can give you is I don't know yet. We have to try to make … intelligent decisions about how much of a cyclical short-term downturn this is or whether there are secular adjustments to the business. There are some areas of the business, I mean for example the subprime mortgage business. Until Wall Street figures out a new name and a new coat of paint to put on subprime mortgages, you're probably not going to see a lot of subprime mortgages.

And so we have some areas that are either going to be in a longer cycle or secular downturn, but certainly not credit generally or a credit globally. I mean even in the U.S., I don't expect to see the broad credit crunch … a long period of time. The nature of credit crunches that we've seen in the past is that they are very painful, but fairly short lived. And then the market gets back to work. I suspect we will see that again.

To the extent that that is in fact the profile, we have a lot of motivation to make sure that we have the talent inside the building that's ready for that,

that we are positioned to take advantage of market recovery that will occur. We may have to make some adjustments at the margins in some businesses that may not participate in that recovery. But again, I think that's going to be at the margin.

We will manage expenses carefully. We have that obligation to do so. You have that obligation to do so. And it may involve – it certainly will involve non-personnel, non-compensation management, things like offsite parties, travel, and entertainment. All of those things are the first things we look at when we're managing our expenses. We are not going to be having any offsite for the rest of this year. We are not going to be having divisional or departmental holiday parties. We will try to protect the Moody's corporate wide holiday party, so that people can be thanked, frankly, in some sort of positive way for the hard work they've done in a difficult environment, but we'll see.

We may have to, as I said, continue with a hiring freeze for some period of time. We may have to allow attrition and not replace all of our turnover positions. Depending on how bad things are, we may have to look at whether we need to cut personnel, but there are a lot of things we're going to look at before we get to that point, and we're going to watch what's happening in the market, and not just what's happening today, but what we think is going to be happening in 2008 so that we are not caught short in a market recovery.

I'm not going to be caught short. That's just as bad as overspending in a downturn. So we're going to be intelligent about this. I need your help along the way because there is almost no visibility right now, and as you talk to the structured teams, what's in the market, what's going to happen the next six weeks. They're not stupid people, but they don't know. So we're dealing with that kind of … and we're just going to have to live with it.

What other questions do you have?

The only thing I wanted to add is the goal is not to starve the businesses. That is the goal in I've talked to a lot of the senior folks about what your needs are. You have needs with respect to specific talents or skill sets. Let us know. I mean it's a soft freeze. A good example is Russian banks. We okayed hires for that because we don't have that skill set within the company. What I am seeing is that not everybody is looking that hard yet with respect to who is inside the company, who is outside the company.

It's always easier to go outside and everybody thinks they need everybody they actually do. We need to break down the silos with respect to that…. You really need to do that, and I can't do this by myself, and neither can the SMB or even GMB. You've got to talk to each other to figure out what it is you actually need, whether or not we have it internal because we've got a lot of skill sets internally. For example, language skill sets, analytical skill sets. All you have to do is talk to people and figure out what it is you actually need. Again, you want to make sure that when you're talking to your staff that you're talking about things intelligently. We want to be as efficient as we possibly can be.

I had a town hall in Tokyo and they asked me. They said, "Are we going to be laying people off?" I was as honest as I possibly could be. I said that's the last thing we want to do. And the reason it's the last thing we want to do is that we've got a lot invested in the staff that we actually have to actually let them go and then try to hire them back and try to train them up again makes no sense whatsoever.

And I said, but that said, if 50% of our business goes away, we'll do whatever we have to do. And I think they were fairly satisfied with that, but you want to let people know we're trying very hard to make good, intelligent decisions. I got a call from somebody who is fairly senior. He says, can I still have an offsite. I said, sure, you can have an offsite if you want. You can’t have any analysts though. The thing is that everybody has a budget. You have dollars you can actually spend. If you really think the offsite is better than having analysts, you’re probably not the guy I want or the person I want running that business. …things you should be thinking about.

I was talking to Andrew, wherever Andrew is, about should we … hire people, should we be using headhunters? Get used to it. WE spend millions of dollars on headhunters each year. I’d rather spend it on analysts. If you’re asking me how I want to run the business, I want every dollar going to analytical capacity first. Cookie parties, holiday parties, all that kind of other stuff, excess travel, I’d just assume set that aside until you have things come back to normal. So just together, focus on what we’re actually doing to talk to each other. Some people actually do it very well, and other people don’t. And you have to figure out a solution to them that makes sense.

What’s most on your mind that we haven’t addressed or haven’t addressed to your satisfaction?

M The fact that maybe we finally have to come together with an industry advocate. Historically we've tried to maintain independence and each of us seems to have a different agenda possibly on minor points. Have you moved forward and reached out to our industry colleagues yet?

Raymond Yes. There has been some limited reach out. We need to probably do more. I think there are really two reasons why we have been so reluctant about this, this past…. One is it's a very small industry, and a small industry gets very different regulatory … antitrust grouping, so even what you can do in a large fragmented industry as far as business associations is more difficult to do in a concentrated industry. So we're very cautious about that, probably too cautious historically in terms of balancing the various risks….

The second thing is our industry doesn't really agree with each other very much about many important topics. Standard & Poor's, Fitch, and Moody's probably argue about as many issues for confronting our industry as we agree. So it may not be the most effective business association.

Above that though, if we're going to have or volunteer or construct some kind of oversight board, an industry based oversight board, you've got to come together as an industry in terms of making that decision. This is what Brian was talking about. We're getting a lot of commentary from regulators, especially outside the U.S., I think, that that would be a good idea. It demonstrates a bold move to have an oversight function like a – think of like public accounting oversight and without the regulators or the legislators having to actually do something. What they can do is bless something we have done.

And so if we're going to go with that kind of a bold move, which we are talking about ourselves internally, we've got to get the industry together and have that kind of discussion because there's no way Moody's can create an oversight board…. Yes. Nothing is off the table right now, and even some things we've been very reluctant about in the past, I think we have to go down that….

Other questions? Yes, Greg?

Greg — Actually, I was interested, Ray, to hear your belief that the first thing in the minds of people in this room is the financial outlook for the remainder of the year. Maybe a represent a subset of the group that doesn't speak with a whole, but my thinking is there's a much greater concern about the franchise. Every one in this room is a long-term investor, for sure. This slide speaks to the value of that. It's disheartening, for sure, every day to be faced with what's going on in the press, to see what's gong on with the stock price.

By far though, I think that the greater anxiety being felt by the people in this room and certainly the greater anxiety being … by the analysts is what's going on with the ratings and what the outlook is and what the unknowns are about the quality of the retains, specifically the severe ratings transitions we're dealing with an rating transitions from a very high level, and uncertainty about what's ahead on that, the ratings accuracy. We've spoken to it obliquely, but it would be helpful if maybe you or anyone could speak to what's going on as far as rating methodology, management, what we should anticipate ahead.

Raymond No. I'm happy to do that. We were talking on our way into this meeting saying, our expectations, so the two things that would most be on people's minds are what's the financial outlook and the expense management outlook for the company, and then what is the business condition of the company. And I will try to answer this question, but John may not like this. But I plan to send around to all of the MDs later this week the FAQ document that we have created and are in the final stages of tweaking.

This FAQ document does not talk about the financial performance or outlook of the company at all. It is focused on the professional practice of the business, our position of the business, what we think we've done right, what we think, not that we've done wrong, because John says we've done nothing wrong, but what we can improve. I think is going to be, one, a candid, and two, thoughtful piece that you can turn around and use in conversation with analysts, issuers, investors, etc. …a very complete, I think very robust set of thoughts around the professional practice side of the business….

That being said, our business position I think is still extremely strong, and we may come out of this in a stronger position than we went into it. First of all, people talk about, I mean one of the things that is most … most upsetting to me and probably to all of you is all of the speculation about … the industry is corrupt. They've worked with the bankers. They assign high ratings. They do it because they get paid more money, etc.

A couple of things: One, you notice no one, no one has a specific accusation to make. There is not one in the media, and not just of us, of anyone in the industry having actually engaged in a corrupt practice. What they assume is that it must be bad somewhere. We don't know where, but it must be bad somewhere.

The reason they think that, I don't know. Maybe because they're all bad and they assume that we must be because they are. They're not going to find anything at Moody's in terms of corrupt or bad actions. I feel very confident of that. Again, looking for silver lining, remember we had the New York attorney general's office in here 18 months ago and what they were looking at was residential mortgage backed securities, and they went away. It's not as thought we haven't had the books and records and e-mails and deal documents and all of that scrutinized. We have.

We also have, I think, a fairly sophisticated regulator in the SEC that doesn't buy what it reads in the paper. These people understand us to a level that is much better than what you see in the media, and so I don't think we are going to be facing a situation where we have bad actions that are going to become public or that cause us additional regulatory heartache or anything of that….

And so that leaves the question of, okay, coming out of all of this, if we are not corrupt, have we demonstrated the proper independence? Can we make that visible? And are we competent? And the question around competence is this gets back in part to the market education piece. Are the ratings doing what we say they're doing, measuring credit loss effectively? I think what we're going to find is that we had a very unusual, unexpected performance vintage for a part of the structured finance market and that, because of the nature of structured security, they are homogeneous assets packaged together, put into limited operating vehicles. You know what? If there's a problem, they all are going to perform in the same direction at the same time and you can't avoid that. Not because the ratings are bad or good, but because the assets all move in a herd.

That's why 2002, 2003, 2004 all I think materially outperformed in the mortgage backed area our expectations. You can look at it that way. We engaged in massive type 2 error for three years in a row in the mortgage backed securities area.

In structured finance, what happened? You look at the security by year, by vintage. You don't do that in corporate finance. Nobody talks about the 2004 bonds issued in the corporate finance area or the financial institutions area, and so what you're doing is disaggregating the structured securities market into a much more fragmented or slight set of securities than you had on the corporate side. Deployments in the structured finance market is going to be much, much better if you look at it the way you look at corporate bond ratings, which is what's outstanding. What are the defaults for everything that's outstanding? If you take the last ten years worth of residential mortgage backed securities and the issuance that's still outstanding and you look at the problem area, performance isn't going to look that different than what you see in the corporate area, but that's not how people are looking at it right now, so that's one of the things we have to deal with.

Our performance is going to, I believe, reveal to be much better than market prices would imply currently, and yet the 2006 … is going to be worse than our expectations. It's going to create a lot of pain for us, as we work through that. Brian, I don't know if you want to add anything to … question.

Brian I think you were talking about specifically with respect to the ratings … basis. I think that was the other part of this question. And we've got a separate monitoring team set up by Nick … who is monitoring all the ratings, all the '06 vintage on a going forward basis. Frankly we don't know and the reason we don't know is because, as Ray said, we're in the middle of reset.

We are talking to all the servicers to figure out what their plans are. I can say that what we're hearing so far is not all that encouraging with respect to what they plan on doing. If in fact they're going to perform worse than we currently think, we will continue to downgrade securities. As Ray said, they do move together.

What we found so far, and this may not bear out towards the end, but we found out is that we have a barbell affect. You've got the '06 vintage that I would still say the majority of the securities in the '06 vintage are performing within expectations. What we are seeing is at the other end of the barbell, we've seen some pretty horrific performers.

The best example is Long Beach where, if you take a look at their '05 vintage, which is tracking 4%, 5%, their '05 vintage, which you know is – I don't know if the volume is with respect to this – tracking at about 4%

loss. Their ’06 vintage is tracking at 16% to 17% loss. If you take a look at the pool, they look pretty close if you look at all the pool factors.

There’s a lot of fraud that’s involved there, things that we didn’t see. I mean when we’d be able to do … forward basis, we’re going to talk. We’re taking a look at our methodologies and our approaches. We’re sort of retooling those to make sure that we capture a lot of the things that we relied on in the past that we can’t rely on, on a going forward basis.

But the take home is, if it’s worth … and the quick answer is we don’t know how it’s going to be two to three years from now. We have to take a look at the next six months to see how the resets are going to come in.

Now that doesn’t mean the losses have to come in for us to take action. If in fact we see that there’s not going to be a lot of modification as the resets come in and losses are coming in, we’ll project that out and make assumptions….

Raymond — It’s actually quite interesting that we’re being asked to figure out how much everybody lied. That’s really what we’re being asked to do. I mean if all of the information was truthful and comprehensive and complete, we wouldn't have an issue here. And if all of the information was inaccurate, there would be no information. There would be no securities market.

What we're really being asked to do is figure out how much lying is going on and bake that into a credit … which is a pretty challenging thing to do. I'm not sure how you tackle that from a modeling standpoint.

Other questions? Yes.

W …with regulators and with investors. How about issuers?

Raymond I have not been focused on the communications initiative with issuers, but I think that that has been handled much more comprehensively directly at the group level. I don't know if … or Claire or anybody wants to comment on that. But for example, the servicer survey, talking to all of the services in the market and arrangers, talking to the bankers, the issuers about what their expectations are for issuance, that level of conversation is certainly going on. I don't know if you mean something different like asking them how much they've been lying to us or something like that.

Yes. First of all, we have been doing some of that, even at a more generalized level. One major rating advisor on the Street contacted Chris and was looking for some … feedback. And I think we will be taking that, again probably working off of this FAQ document, and getting some more macro points of view out into these guys' hands, again because to the extent that we've got some … out there, we want them to have the tools to answer the criticisms.

This is actually why we drafted the FAQ was because we got an invitation from some regulatory authorities in effect saying we think we can help on some things, but we need the terminology and we need your points of view if we're going to be able to help. I think that's very similar with rating advisors and with some of the more influential banks … but really the intermediary community especially.

M — You just mentioned that people out there are looking for us to measure when people are lying. Have we considered turning that into a business, effectively measuring the incentive? It seems to me that this problem is the incentive structure where people are incentivized to lie.

Brian — We think we can make a business out of measuring how much people lie for the incentives.

Raymond — No. Brian was saying, in effect we're going to have to, and whether that's part of the existing business, and obviously when we talk out in the market, we don't say gee we need the liars. But what we say is look it's the same thing we said…. We've got to be more skeptical. We've got to doubt what we're hearing more aggressively than we might be inclined to, but it is difficult to try to calibrate how much information is good information and how much is bad, especially if people – I mean it's one thing to say, they're only giving us the positive story. We understand that … but if they're breaking the law, which they are doing, I mean they are violating reps and warrantees. There is a body of thought that lying to a rating agency in contemplation of a security … is a violation of federal securities law. People are doing that, and so it is going to be a challenge.

I think the way it gets handled most practically is you recalibrate for how bad you think the information is and add credit enhancement to that, at least in the structured finance area. It's a practical solution to a conceptual or philosophical problem that it's not the most satisfying answer, but it may be the only answer available.

W …include those incentives in our own ratings of the credit of the underlying, I think one of the things that he's thinking about is exposing some of those incentives on a going forward basis to say, we're rating this and here are some of the incentives that are behind it at each point in the process of creating that product. Is there a market for that? Is there somebody out there who would want to know that, because we're in a position of being able to see that along the way?

M Yes. Please.

Raymond The thing that I would add is, we've mentioned this before, the silver lining is when you have this type of market disruption, there's always an opportunity to do something different. What happens is, as long as things are going extremely well, no one cares. You may or may not know, but the last few years, we tried to put some products out into the marketplace that sort of dealt with this issue, transaction government assessment for structured finance when you take a look at the contracts themselves and the protections that are there, and you sort of opine with respect to how good they are, how safe they are, how many there are. No one cared.

We talked about trustee ratings. We thought that was something that made sense. Are the trustees doing what they should do? Do they have a fiduciary responsibility? No one cared.

And so what happened was, it was a slippery slope. As you see markets that are robust, an example would be what happened recently in commercial mortgages, or more importantly what happened with subordinated traunches in residential mortgages in '04 and '05. What happened in '04 and '05 with respect to subordinated traunches is that our competition, Fitch and S&P, went nuts. Everything was investment grade. It didn't really matter. It's all going into CBO.

We virtually rated, what, 20%, Michael?

Michael Twenty-five.

Raymond Twenty to twenty-five percent of that market. We tried to alert the market. We said we're not rating it. This stuff isn't investment grade. No one cared because the machine just kept going.

In commercial mortgages recently, we actually sort of increased our credit enhancements. We lost 50% of our coverage with respect to that, and so this is an opportunity for us to say, okay, what is it that we're going to need to see on a going forward basis? What are the things, the checks and balances that weren't in place that are in place now? Some of the things that we're thinking about are things like third party oversight, a post-closing audit. This is the time to make things stick.

The same thing happened after Enron. After Enron, we were able to sort of take a fresh look at the marketplace and say these are the things that, on a going forward basis, we're going to have to see … rating. We have to be very visible about it. We have to be very decisive about it. We have to be very open about it.

In some cases, it may be that because of the lack of robustness or truth in the information we're getting, we're going to have to say no. We can't rate this until we start seeing these things. I think that's what the market expects from us. Yes, there is an opportunity. We just have to figure out how to get there and make sure that we're letting the regulators know this is what we're doing. Yes. Things like transaction government assessment, trustee rating, post-closing audit, getting due diligence information in-house. We can actually say now we have to have that without anybody sort of saying, we don't really care anymore. The market….

W — My question is, given the stock price, given where it is right now, are we concerned about a takeover?

Raymond — Linda…. We actually were – I at least was more concerned about a takeover when we were up around $18 billion, $19 billion and the market…. There was a lot more money available for takeovers in that market. And the difference between the $12 billion market cap and a $19 billion market cap for the folks that would think about taking us over is pocket change.

But one of the interesting correlations here has been that as our market cap has come down, the ability to leverage has come down. And so someone is still going to have to write a very sizeable check if they want to have a takeover of Moody's, and we still have a very concentrated holding. Our top ten investors hold about 50% of the stock, not quite, but almost 50% of the stock.

That doesn't mean you can't persuade a couple big investors that they want to sell, but they are certainly, I mean as our board would, I would think our big investors would say, "Look. It's interesting that you want to take Moody's over at 45, but we're going to look at where the stock has traded over the last two years … think about what the value, the intrinsic value of this firm is, and you can add a premium onto that." That would be my guess in terms of how both the board and large investors would react. It's not a point in time. It's what do we think the intrinsic value is. Where is it going to be two years from now?

Although not being a public company wouldn't be all bad.

M — We've always been very successful in any court, any legal battles we've had where people have tried to sue us. In this present environment, is there a new kind of argumentation being used in any potential lawsuits that's different than the kind that we've faced in the past?

Raymond — Yes. Well the arguments on the structured finance side would be that because the process is more iterative, and because frankly people think we do some things we don't do … advisory function, that just really doesn't hold water, but because there's more interaction, we occupy a role that is not as readily analogous to a publishing, financial publisher with the traditional first amendment protection. That's the argument.

The response to that is it's still the same process. We are still putting opinions about the future … market, and those opinions are being made available to the general public on matters of public interest, which is exactly what the first amendment is designed to protect. So I think we still have very good responses.

There have been some other things like are we an underwriter. Well, that's an easier issue to tackle. You know, just under black letter wall. What is the definition of an underwriter? And if you've got a named underwriter in a transaction, you go looking for other parties who are not named underwriter, and declare them underwriters, and there's significant bodies of case law saying we don't do that. We always have underwriters in the securities that Moody's rates, so a lot of the noise around this I think is just that, noise. And then there's the component of our ability, which I think is the more real component of this. Our ability demonstrates that opinions issued to the public are maters of public interest are the same on all sides of the business. That's the argument that we're going to have to make. Is that a fair statement … summary?

M …issues…. What is this underwriter theory, which as Ray more politely than I would have been, is basically … from a securities law point of view, but the other issue is a legitimate issue just because we've been so fortunate to have virtually no … in the area of structured finance ratings. …supplied the same analysis they've applied in the public finance sector, in the corporate sector for structured ratings. We think any differences are legally insignificant and we believe they will, but it's just a matter of some court will decide, hopefully not any time soon, but it hasn't been decided yet.

Raymond Hopefully we won't find out.

M Hopefully we'll never find out.

Raymond Others?

M When do we expect going forward from regulatory authorities as far as at the team MD level? Do we expect to have the SEC coming in and interviewing lots of people or just what kind of involvement should we be expecting?

Raymond I guess I at least am not sure. Gene or John may have a little better idea on this, but the SEC can kind of do what it wants, and I would imagine that, for example in the subprime area, they're going to want to dig a lot deeper than they are in this sector right now just because of what's happening in subprime. So I would expect it will get down to team MDs and analysts, especially if they find anything interesting. Why was this deal rated this way compared to this deal? What were the differences? They're going to want to go to the person who actually knows what they're talking about. So I think in some areas, we will see that kind of reach down, but not everybody in the company. They just don't have the resources to do that, even if they wanted to.

Yes. Please.

W I like that. I think as Ray said before, the SEC, the division of market regulation is … SEC that has historically had purview over rating agencies and they will continue to have that purview under the new regulations. And there are a few people within the division of market regulations who some of them have been there since the NRSO designation was first created in 1975. So they have individually a 30-year history of dealing with rating agencies. So there are people in the division of market regulations who have a fairly good understanding of what we do. And, as Ray said, very importantly, they tend to ignore all the noise in the media, whereas the politicians, for example, feed on what's in the media.

But in terms of inspection kinds of resources, today they really don't have any resource … specialized in rating agencies. When we've had SEC inspections in the past and we have had them from time-to-time, they've been the generalized investment advisor inspection people from the division of the Office of Compliance Inspections and Examinations, and the division of market regulations is working to hire a few people to specialize in rating agencies. I don't know if they've gotten there yet. So we can expect that, over time, their intent is to develop more expertise in rating agencies … we'll have to help them, as we've helped them in many other areas in the past.

But I think it's important in terms of the review that the SEC … specifically said that their objective is not to second-guess ratings. It's to look at the ratings process, the integrity of the process, how rating agencies manage conflicts of interest. And as Ray said, that will necessarily involve discussions with people, but it's not to say you rated this a Baa and we think it should have been a Ba1. Why is that? It's more, how did you undertake the process … consistent in how you're dealing with issuers, etc.

M I'm just answering every question that I think is meaningful. You joked a little bit about maybe it wouldn't be so bad to be a private company. If you think about the distraction, I guess, a necessary distraction that senior management has to dedicate towards public reporting and all that kind of stuff, and on one hand how supremely jealous people probably are terrific performance financially. Yet, at the same time, those people have an ax to grind with us are … when they see that terrific performance, right, as far as how they're getting just a little too much out of me. Is it feasible that it would be one of the past? Like you said, maybe it was a bold move. Maybe we have to do something different to remove ourselves from being the punching bag for our industry at the moment because neither of our competitors have transparent performance reporting. And again, it just seems a possible likelihood or opportunity.

Raymond Well, as far as a management buyout, unless someone is much wealthier than I am, it's not that feasible. In terms of whether any of our large shareholders might be interested in increasing their stake, that's a phone call away. They don't need us to invite them to take a larger stake. They just have to express their interest, and then it's a matter that the board has an obligation to consider if they express that kind of interest.

So far, they have not expressed that kind of interest. I think they're satisfied. I mean they're very stable large shareholders. But we haven't gotten any inquiries about how about we take another … company.

Besides, if we weren't public, then the senior management wouldn't have all these jobs to do. We'd be unnecessary.

I want to thank you very much for your -- Yes. I will thank you for your patience this morning and then let Brian talk to you. I do want to say though, what you take out of this room and what you go and talk to your teams about, your analysts, your support … about is what Brian was saying earlier today. You're really the main communication channel. We'll do an all employee town hall meeting, but what they hear from you … whether you are feeling positive or not positive, how you are explaining our business position, all of that primarily what they think is going to come from you. You're the best antidote to the media attention, the negative media attention that we are getting because I don't think it's likely we're going to start getting a lot of … stories about Moody's coming up and congratulating us on the great work we do. So you are our main conduit for that and I very much appreciate what effort you can make on that side.

First of all, tell it like it is. I don't think you have to shy away from telling people the truth. Be as candid as you can. Where you don't know, tell them you don't know. If the questions are something that should come up and we should try and address as a team, let me know. Let someone else know. And I think people will appreciate it. I certainly appreciate it when I feel like I'm getting a straight story, and I imagine that's going to be true throughout the organization. Brian, do you want to—

Brian | Yes. I just wanted to echo a couple things that Ray said. Most everyone in this room has a benefit of experience, and I think the one take home message that actually was, I think, in your presentation is that this too shall pass. Chris, how long have you been with the company?

Can you give Chris the microphone?

And I think it's important. I don't want to downplay what's going on now. It's very serious from a market standpoint. It's very serious from a company standpoint. Chris, how many crises have you seen since you've been at Moody's in 22 years? I'm serious.

Chris	Probably ten.

Brian	Name some of them.

M	How many were…?

Chris	Quite a few.

Brian	Just give us a quick rundown on some of that.

Chris	Well we downgraded all of the Money Center Banks twice, three times really, which wasn't too popular. Chester destroyed the U.S. life insurance industry, which wasn't too popular. We had, of course, JDA. We had Enron, WorldCom, the telecom bubble, Virgin Energy, East Asia. Oh my goodness. I forgot about East Asia. Yes. About every three years.

M	(Inaudible.)

Chris Yes. That was a little minor item.

Brian Yes. The … investigation, and that's downplaying it. The issue is that most of you in this room have a benefit of multi-crises at Moody's Investors Service. Most everyone else doesn't. Most of the people that report to you don't have that sort of experience. They haven't been through it. And this is real for them. And I can remember the Department of Justice investigation towards … pled guilty to a single count of obstruction of justice. There were administrative assistants crying in the hallway because they thought that our company was done with because they don't know.

And I think it's very important not to be very cavalier about it. We can laugh about the fact that we've had lots of crises, but a lot of people that report to you have never been through this before. And I will tell you that in all the crises I've been through, this is the worst I've ever seen from a press standpoint. I've never seen press this bad before. And I realize the motivations are different. But at the end of the day, you have to take that into consideration when you're talking to your people. I will tell you, you should be candid, but you should also take it from the position this is the first time they've ever seen it, and for a lot of people it actually is.

The other thing I want to say is that if there's something that we're missing, if there's something that you're hearing in your meetings, and I encourage you all to have meetings with your teams and listen to what they have to say. If there's something that we're not conveying, if there's something that we can communicate, let us know. We're happy to do that.

…suggested, outside of the structured finance group, if you want somebody from … talk about what happened in subprime or what's going on, that makes perfect sense. The more information you have, the better off you are. We've got to communicate. So if there's something we need to be doing or something we should be telling people, whether it be inside, outside, let somebody know because we'll get through it. We'll get through it just like we've gotten through everything else that we've done. We have to make sure that we restore confidence internally and externally. And so we have to do this together. That's really all I have.

Thank you, all.

Moody's MD Town Hall Feedback - September 2007

Did the meeting address the topics of greatest concern to you as an MD? If no, please elaborate:

- Franchise risk. Also how stresses are affecting competitors and what that means for us, both good and bad.
- Greg Bauer's question on ratings -- right question, weak answer. The premise of the question was valid as well: many Moody's associates will care more about ratings quality than about short-term financial impact, communication planning or regulatory mgmt.
- Generally, but Greg Bauer's question about "what's still to come" on rating actions should be addressed more proactively up front -- even if the answer is we don't know but we are working hard to stay on top of it. What can we expect in terms of additional rating actions in this area?
- Intermediary outreach.
- Multi-notch downgrades in Structured Finance (SIV's and others) - what exactly were reasons for that and what are lessons? Doesn't an Aaa rating also imply a certain low migration risk?
- Perspective on rating transitions: '07SFG vs. historic SFG and CFG. Every time I see an Aaa downgrade, I wonder if our transition stats are way higher in this credit crunch than "normally".
- Really no discussion of why the structured group refused to change their ratings in the face of overwhelming evidence that they were wrong.
- JDA and now sub prime both illustrate that the market wants more out of our ratings than we are providing. They want assets which are rated the same to behave in broadly the same way. If an Aaa rated asset is trading at 80 cents to the dollar it can not be the same as an Aaa rated asset that always trades close to par. Are we intending to refine our methodology to incorporate elements of market risk in our ratings such as: how long has the asset class existed, how liquid is it and how much experience do we have with regard to its behavior under market stress?

Did you have questions following the meeting? If so, what are they?

- Are there lessons from Enron/WorldCom that we can point to about how we communicate our role in the capital markets?
- Would like more information on legal implications of the situation
- How much of the planned IT investment will go forward, how much can be deferred without crippling our ability to communicate, send bills etc? Also, what about the Rebranding?
- I think a key issue is how far we can go in accepting part of the blame for having missed something on the sub prime market and then for making massive (5 or more notches)downgradings while adjusting our methodologies constantly but without consultation. It would really help to be able to say that we accept the critic as fair on some isolated issues. After all we say we provide opinions, we don't say we always provide the "right" one.
- Competition
- Very bad transmission over the phone meant that many presentations could not be fully heard, and among the questions asked only those of Greg Bauer (when using microphone I believe) were understood. Linda Huber and Jeanne Dering were hardly audible as they may have been too far away from the microphone.
- How will EPIC wok this year? How likely is it for MD to be paid less than SVPs?

- Who is going to accept responsibility within Moody's for the lack of oversight of structured ratings group?
- In speaking with our largest investors, what have you heard in terms of their confidence in our franchise and their likelihood to hold their positions?
- Yes, mainly how to interpret some of the comments from the perspective of Moody's Analytics.
- Better discussion of the risks of a change in the "issuer pays" model, and how Moody's is addressing that risk.
- When building the expense budget for 2008, if expense reductions are deemed appropriate will all businesses be impacted equally as a percentage, or will budget assumptions be built with an eye towards contribution to revenue and forecasted growth?

What topic(s) discussed at the meeting did you find most important to your area of the business?

- Expense outlook, What we are doing to "fight back", What we are doing about legal and regulatory issues.
- Plan for communicating to external and internal stakeholders; plan to mitigate op-inc impact by managing expense; commitment to protecting current headcount and cutting it only as "the last thing you want to do" (quoting B. Clarkson)
- expense related discussions and media out reach strategy
- Expense budget, Media strategy, Stock price, Sub prime: what went wrong
- Public relations initiative, financial outlook, legal issue, regulatory status
- Our preparedness to engage and present our views.
- What is our short term communication plan both internally and externally?
- What steps are we taking to address the wider issues relating to what the market expects from our ratings and rating agencies in general?
- Company outlook short and medium term
- Decisions and orientation regarding business operations: spending, hiring, the qualitative read on revenue performance, etc.
- Soft hiring freeze, expense reductions.
- Long-term outlook, hiring freeze
- Reception with Media vs. Regulators vs. Politicians, and our need to propose a solution.
- Regulators' will to control rating agencies
- That we will invest where there are opportunities. I appreciate the fact that we will think about the best course of action for our company rather than a knee jerk reaction to market developments. I am encouraged by the multi-phased plan to address the current challenges and senior management's open-mindedness on how we should react.
- Accuracy of the SFG ratings
- How this situation may provide the opportunity to change how we do our business.
- Regulatory issues
- Regulation related
- Plans for the future
- The discussion concerning the reaction of the regulators to the current situation and management's strategies for communicating with media, investors and Congress. Also the comments with respect to resource and expense management.
- Near-term actions (hiring freeze, layoffs, etc.) Moody's is taking because of the market downturn.
- Media outreach

- I would like to see more specific discussion about how we might address the perceived conflict in structured finance ratings-- what specific steps might be possible for us?
- Need for very conservative expense management.
- The overall view of how Moody's as a company is responding to the sub prime crisis was probably more important than any business unit specific topic.
- Discussion of the regulatory environment. Explanation of rationale for expense reduction.
- Generally, I thought the most important topics were:
  1. The active management outreach to the press and regulators, and the latters' responses.
  2. The outlook for MCO
  3. The perspectives comparing this to past "crises" for the firm.

What else would you like senior management to address at Friday's company-wide Town Hall Meeting?

- Very little discussion on non-US markets.
- Exercise price of options.
- In the context of the soft hiring freeze, what analysts should expect as regards promotions and raises.
- Needs a positive, non-reactive, upbeat component, both for internal and external consumption: something like "we are in the investor protection business, that business rests on faultless ethics and world-class analytics. We are proud of our track record in the markets we have served over the last 100 years..." It sounds basic but it needs saying; the reason to say it inside Moody's is to create the echo outside -- the main audience is outside.
- Recognizing that our ratings are credit ratings and nothing more, what really went wrong with Moody's sub prime ratings leading to massive downgrades and potential more downgrades to come? We heard 2 answers yesterday: 1. people lied, and 2. there was an unprecedented sequence of events in the mortgage markets. As for #1, it seems to me that we had blinders on and never questioned the information we were given. Specifically, why would a rational borrower with full information sign up for a floating rate loan that they couldn't possibly repay, and why would an ethical and responsible lender offer such a loan? As for #2, it is our job to think of the worst case scenarios and model them; why didn't we envision that credit would tighten after being loose, and housing prices would fall after rising, after all most economic events are cyclical and bubbles inevitably burst. Combined, these errors make us look either incompetent at credit analysis, or like we sold our soul to the devil for revenue, or a little bit of both. Moody's franchise value is based on staying AHEAD OF THE PACK on credit analysis and instead we are in the middle of the pack. I would like more candor from senior management about our errors and how we will address them in the future.
- More information on regulatory status
- I think the management should try to boost a bit the morale -- saying again that although we're not perfect; our company makes a worthwhile contribution to capital markets.
- The issue of staff retention came up in the Q/A, but it would be useful for senior management to discuss the soft hiring freeze, budget constraints and staff retention directly (it is helpful for people to hear that staff reduction would only be an absolute last resort and that senior management understands the value of our personnel, etc.).
- Do we feel that the reason that aspects of the press are being so critical is not because we are not communicating with them well enough but that they are just not satisfied with our response?

- Maybe how the corporation intend to respond the to the challenge raised by the regulators for providing solutions (in committee, senior management, working groups etc)
- Who can talk about our involvement in Sub-prime, etc? Is it limited to just a few, and the rest should refrain from any comment to the press, or should many more be authorized and trained to deliver our message to many constituents. A game plan for analyst/MD participation (or not) in delivering the message would be helpful.
- How we intend to communicate our views to key intermediaries (and by extension the issuer community).
- Appreciation for the efforts of the analysts - especially in the areas that have been hardest hit by the crisis.
- Give more detail on hiring policy, i.e. preference of internal hirings, what is policy for areas which still exhibit significant growth in new rating mandates (emerging markets).
- Please ensure that speakers have microphone on their tie/dress so it can be hear more clearly.
- Emphasis that senior management believes that the analysts in these areas did their best in rating the transactions and that they believe that the accusations in the press about conflicts of interest are baseless
- More comparison of this "crisis" to other challenges in the company's history
- Better discussion of the risks of a change in the "issuer pays" model, and how Moody's is addressing that risk. Also would be good to specifically discuss staffing issues.
- Downgrade of triple A rated CDO tranches
- Compensation, effects of low stock price on keeping people

How do you plan to relay the information from Monday's meeting to your team?

- Share some of the points from today's presentation at our group's next team meeting.
- one on one discussions
- I gave a basically upbeat summary at my weekly staff meeting.
- staff meetings and one-on-one meetings
- Team meeting.
- In-person meeting with the whole team followed up by one-on-ones where relevant.
- Nothing to relay.
- During regular team briefings. Informal discussion group on all topics raised
- I will address each team staff meeting this week and stress the long term fundamental strength of the franchise and encourage all to ask me questions
- Appropriate content will be relayed at team meetings.
- Has already been added as an agenda item in my team meeting set for 9/11. Will specifically encourage everyone to attend Friday Town hall.
- Meetings and one-on-one
- We are meeting tomorrow 9/10 to relay the information and to give our analysts time to think up the questions they would like to ask on Friday.
- implore them to participate in the town hall meeting and reinforce thoughts at our next team meeting
- Holding small meetings (3-4 person a time) with all the team members. This will give more opportunity to ask questions.
- Via team meeting after they have heard Friday's meeting.
- Ray is personally meeting with my team tomorrow (coincidental).
- I have regular team meetings where I will relay the information (but will wait for Friday's townhall)
- We will likely have a team meeting to discuss some of the points made