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January 14, 2011

Via Email and First Class Mail

Gary J. Cohen,  
General Counsel,  
Financial Crisis Inquiry Commission,  
1717 Pennsylvania Avenue, NW,  
Washington, DC 20006-4614.

Re: Financial Crisis Inquiry Commission's Potential Use of  
Confidential Interview and Other Material

Dear Mr. Cohen:

We write on behalf of Moody's Investors Service, Inc. ("Moody's" or the "Company") concerning the notifications we received in October and November that the Commission may post audio files of interviews of Moody's current and former personnel on its website as part of an "oral history project."<sup>1</sup>

On November 12, 2010, I sent you a letter requesting that the Commission refrain from generally releasing the audio files or transcripts of interviews of Moody's personnel, and particularly non-executive current and former employees, due to the adverse personal and professional consequences that could arise as a result of such disclosure. Cassidy Waskowicz responded on November 15, 2010 indicating that the staff was mindful of the concerns we raised and that the Commissioners had not yet

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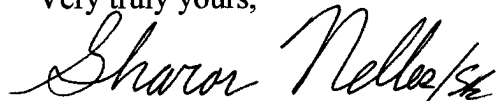
<sup>1</sup> On October 26, 2010, we received letters addressed to John Rutherford, Ann Rutledge, Roger Stein, Jay Siegel, and Nicolas Weill. On October 27, 2010, we received letters addressed to Richard Cantor, Brian Clarkson, Henry Tabe, David Teicher, and Mark Zandi. On November 4, 2010, we received letters addressed to William May and Raymond McDaniel. On November 10, 2010, we received a letter addressed to Michael Kanef. Moody's understanding is that the interviews of these current and former employees for whom we have received notice are the only Moody's interviews currently under consideration for inclusion in the Commission's oral history project.

decided how such interviews would be handled. Ms. Waskowicz further stated that, when possible, we would be advised of specific quotes.

We have not since heard from the staff or the Commission concerning the release of audio files or transcripts of interviews of Moody's personnel generally as part of the "oral history project." It remains our understanding that to the extent that the Commission is considering disclosing audio files or transcripts of such interviews beyond that which we have been notified of in the context of the upcoming Report, we will receive notice and have an opportunity to object as appropriate. Nevertheless, in an abundance of caution, we have reviewed the available records of the interviews of Moody's current and former personnel and have identified specific portions of those interviews for which Moody's and such personnel specifically request confidential treatment. Those interview portions are identified on Appendices A through J of this letter. These specific requests for confidential treatment are without prejudice to Moody's request that interviews of non-executive personnel not be released for the reasons set forth in our November 12, 2010 letter.

Please do not hesitate to contact me at (212) 558-4976 if you wish to discuss any of the above.

Very truly yours,

  
Sharon L. Nelles

cc: Cassidy Waskowicz  
Sarah Zuckerman  
Sarah Knaus  
(Financial Crisis Inquiry Commission)

## Appendix A

### Richard Cantor

- Discussions concerning the circumstances under which certain Moody's personnel left the company are confidential and quite personal. It would be inappropriate and personally invasive to Mr. Cantor and the other individuals discussed to publish such statements. Moreover, Mr. Cantor responded to the Commission's questions as required and in an effort to assist the Commission's staff, but as Mr. Cantor indicated, he did not have personal knowledge of the circumstances under which the individuals left the company. (Cantor Interview at 36:12-36:20, 47:25-50:00.)
- Discussions concerning Mr. Cantor's compensation are confidential and quite personal. It would be inappropriate and personally invasive to Mr. Cantor to publish such statements. Indeed, during Mr. Cantor's interview, counsel specifically requested that the Commission treat compensation information as confidential. (Cantor Interview at 51:05-57:37.)

## Appendix B

### Brian Clarkson

- Discussions concerning the circumstances under which certain Moody's personnel left the company are confidential and quite personal. It would be inappropriate and personally invasive to Mr. Clarkson and the other individuals discussed to publish such statements. (Clarkson Interview at 38:00-38:44, 40:50-41:15, 2:19:03-2:20:38, 3:50:50-3:52:35, 3:59:50-4:02:35.)
- Discussions concerning complaints received about specific analysts are confidential and quite personal. It would be inappropriate and personally invasive to Mr. Clarkson and the other individuals discussed to publish such statements. (Clarkson Interview at 34:30-35:58.)
- Discussions concerning Mr. Clarkson's compensation and severance are confidential and quite personal. It would be inappropriate and personally invasive to Mr. Clarkson to publish such statements. (Clarkson Interview at 1:05:11-1:08:35, 3:24:35-3:26:08.)
- Discussions concerning Mr. Clarkson's personal views of certain Moody's employees are confidential and quite personal. It would be inappropriate and personally invasive to Mr. Clarkson and the other individuals discussed to publish such statements. (Clarkson Interview at 2:07:20-2:09:10, 3:50:50-3:52:35; 5:26:11-5:29:05, starting at 1:57:30<sup>1</sup>.)
- Discussions concerning the circumstances of Mr. Clarkson's departure from Moody's are confidential and personal. It would be inappropriate and personally invasive to Mr. Clarkson to publish such statements. (Clarkson Interview at 3:01:40-3:07:16.)
- Discussions concerning qualitative aspects of the RMBS surveillance process are outside Mr. Clarkson's area of responsibility or personal knowledge. Mr. Clarkson responded to the Commission's questions as required and in an effort to assist the Commission's staff, but it would be inappropriate and potentially misleading to publish such statements. (Clarkson Interview at 4:52:08-4:53:08, 6:31:05-6:34:53.)
- A portion of the interview in which Mr. Clarkson intended to confer confidentially with counsel is partially audible due to the sensitivity of the recording microphone. This privileged communication should not be made public. (Clarkson Interview at 5:26:11-5:29:05.)

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<sup>1</sup> Moody's is unable to identify the end of this particular discussion because Moody's no longer has access to the audio file.

## Appendix C

### Michael Kanef

- Discussions concerning the circumstances under which certain Moody's personnel left the company are confidential and quite personal. It would be inappropriate and personally invasive to Mr. Kanef and the other individuals discussed to publish such statements. (Kanef Interview at 45:14-47:05, 2:37:25-2:55:22, 3:01:10-3:02:50, 4:22:13-4:24:48.)
- Discussions concerning Mr. Kanef's compensation are confidential and quite personal. It would be inappropriate and personally invasive to Mr. Kanef to publish such statements. (Kanef Interview at 55:55-57:10, 59:25.)
- Discussions concerning the application of originator factors are outside Mr. Kanef's area of responsibility or personal knowledge. Mr. Kanef responded to the Commission's questions as required and in an effort to assist the Commission's staff, but as Mr. Kanef indicated, he did not know exactly how the originator factors were applied. It would be inappropriate and potentially misleading to publish such speculative statements. (Kanef Interview at 59:30-1:06:50.)
- Discussions concerning unpublished draft congressional testimony are confidential. The views presented in the draft testimony had not yet been subject to full internal review and approval. The document may not reflect Mr. Kanef's or the Company's position, and it would be inappropriate and misleading to present it as such. (Kanef Interview at 4:09:50-4:17:55.)

## Appendix D

### William May

- Discussions concerning complaints received about specific analysts and Mr. May's personal views of those individuals are confidential and quite personal. It would be inappropriate and personally invasive to Mr. May and the other individuals discussed to publish such statements. (May Interview 20:10-38:35.)
- Discussions concerning Mr. May's compensation are confidential and quite personal. It would be inappropriate and personally invasive to Mr. May to publish such statements. (May Interview at 43:15-46:00.)

The audio recording of Mr. May's interview cut off after 46 minutes, but the interview continued. Moody's has not had an opportunity to review the remainder of Mr. May's interview.

## Appendix E

### Raymond McDaniel

- Discussions concerning Mr. McDaniel's personal views of certain Moody's employees are confidential and quite personal. It would be inappropriate and personally invasive to Mr. McDaniel and the other individuals discussed to publish such statements. (McDaniel Interview at 40:40-41:30, 43:07-43:22, 4:44:09-4:46:03, 4:47:58-4:51:00.)
- Discussions concerning the circumstances under which certain Moody's personnel left the company are confidential and quite personal. It would be inappropriate and personally invasive to Mr. McDaniel and the other individuals discussed to publish such statements. (McDaniel Interview at 4:46:05-4:51:00.)

## Appendix F

### John Rutherford

- Discussions concerning Mr. Rutherford's compensation are confidential and quite personal. It would be inappropriate and personally invasive to Mr. Rutherford to publish such statements. (Rutherford Interview at 50:30-55:01.)
- Discussions concerning the circumstances under which certain Moody's personnel left the company are confidential and quite personal. It would be inappropriate and personally invasive to Mr. Rutherford and the other individuals discussed to publish such statements. Furthermore, Mr. Rutherford responded to the Commission's questions as required and in an effort to assist the Commission's staff, but as Mr. Rutherford indicated, he was not directly involved in personnel matters regarding certain of the individuals discussed and referred the Commission to other Moody's personnel on those matters. It would be inappropriate and potentially misleading to publish such statements. (Rutherford Interview at 1:02:50-1:08:35, 1:25:25-1:27:50, 2:16:00-2:16:05.)
- Discussions concerning Mr. Rutherford's personal views of certain Moody's employees are confidential and quite personal. It would be inappropriate and personally invasive to Mr. Rutherford and the other individuals discussed to publish such statements. (Rutherford Interview at 1:25:25-1:29:33, 1:53:45-1:54:00.)
- Discussions concerning a recommended candidate for Moody's Board of Directors are confidential and personal. It would be inappropriate and personally invasive to Mr. Rutherford and the potential candidate to publish such statements. (Rutherford Interview at 1:45:45-1:48:42.)



## Appendix G

### Roger Stein

- Discussions concerning the calibration of M3 Subprime and the method by which the model calculated Aaa enhancement levels are confidential and proprietary business information belonging to Moody's. (Stein Interview at 18:00-28:15, 41:40-42:30, 43:00-59:22, 1:19:43-1:20:00, 1:22:52-1:25:10, 1:29:05-1:29:50, 1:43:35-1:44:30, 2:05:16-2:07:45, 2:17:25-2:23:11.)
- Discussions concerning the methodology by which Moody's estimated the subprime interest rate for use in its model are confidential and proprietary business information belonging to Moody's. (Stein Interview at 1:15:38-1:16:30.)
- Discussions concerning out-of-model adjustments made by rating analysts and rating committees, such as increasing the credit enhancement levels for certain deals, are outside Mr. Stein's area of responsibility or personal knowledge. Mr. Stein responded to the staff's questions as required and in an effort to assist the Commission's staff, but it would be inappropriate and potentially misleading to publish such speculative statements. (Stein Interview at 31:45-34:30, 50:07-52:28, 1:38:58-1:40:10, 1:46:18-1:46:33, 1:48:18-1:48:28, 2:19:55-2:23:11, 2:46:45-2:47:20.) These statements could also be misused by plaintiffs in pending, related litigation that has been brought against Moody's.
- Discussions concerning when and to what degree Moody's rating analysts began to use M3 Subprime as an input to the rating process are outside Mr. Stein's area of responsibility and knowledge. Mr. Stein responded to the staff's questions as required and in an effort to assist the Commission's staff, but as Mr. Stein indicated, he was unsure and referred the staff to Moody's rating analysts on this point. It would be inappropriate and potentially misleading to publish such statements. (Stein Interview at 28:45-31:02.) These statements could also be misused by plaintiffs in pending, related litigation that has been brought against Moody's.
- Discussions concerning a rating committee memorandum, and the contents of rating committee memoranda generally, are outside Mr. Stein's area of responsibility and knowledge. As he indicated during his interview, it would be speculation for him to address such matters. It would be inappropriate and potentially misleading to publish such speculative statements. These statements could also be misused by plaintiffs in pending, related litigation that has been brought against Moody's. (Stein Interview at 1:51:27-1:55:00.)
- Discussions concerning the performance of deals rated by Moody's analysts, including whether certain deals experienced defaults, are outside

Mr. Stein's area of responsibility and knowledge. It would be inappropriate and potentially misleading to publish such statements. (Stein Interview at 1:28:40-1:32:20.) These statements could also be misused by plaintiffs in pending, related litigation that has been brought against Moody's.

- Discussions concerning documents that Mr. Stein did not draft and had never seen before are not within Mr. Stein's personal knowledge. Mr. Stein responded to the staff's questions as required and in an effort to assist the Commission's staff, but as Mr. Stein indicated, it would be speculation for him to address such documents. It would be inappropriate and potentially misleading to publish Mr. Stein's statements concerning such documents. (Stein Interview at 1:51:27-1:55:00, 1:57:45-2:00:30, 2:48:00-2:49:28.) These statements could also be misused by plaintiffs in pending, related litigation that has been brought against Moody's.
- Discussions concerning the way in which Mr. Stein's manager treated him are confidential and quite personal. It would be inappropriate and personally intrusive to Mr. Stein's privacy to publish such statements. (Stein Interview at 2:59:18-3:03:20.)

## Appendix H

### David Teicher

- Discussions concerning the circumstances under which certain Moody's personnel left the company are confidential and quite personal. It would be inappropriate and personally invasive to Mr. Teicher and the other individuals discussed to publish such statements. (Teicher Interview at 6:40-10:10, 24:30-26:10, 3:30:00-3:36:05.)
- Discussions concerning a confidential settlement agreement that Moody's has not publicly disclosed, and is prohibited from disclosing, are confidential. Indeed, during the interview, it was stipulated by the interviewer that this information is highly confidential. (Teicher Interview at 2:10:10-2:19:10.)
- Discussions concerning Moody's fees are highly confidential. Fee information is proprietary business information that not only is unavailable to Moody's competitors, it is embargoed within the Company itself. Publishing this information would directly undermine the policy of Rule 17g-5 of the Securities Exchange Act of 1934, which separates analytical personnel within a rating organization from commercial interests, including fee information, and would be contrary to industry best practices and Moody's own Code of Professional Conduct. (Teicher Interview at 2:19:10-2:22:30.)

## Appendix I

### Yuri Yoshizawa

- Discussions concerning Ms. Yoshizawa's personal views of certain Moody's employees are confidential and quite personal. It would be inappropriate and personally invasive to Ms. Yoshizawa and the other individuals discussed to publish such statements. (Yoshizawa Interview Part 1 at 1:21:30-1:24:20; Part 2 at 31:15-32:20, 33:30-35:30, 38:30-40:30, 41:00-41:55, 1:12:15-1:37:15.)
- Discussions concerning complaints received about specific analysts are confidential and quite personal. It would be inappropriate and personally invasive to Ms. Yoshizawa and the other individuals discussed to publish such statements. (Yoshizawa Interview Part 2 at 31:15-32:20, 38:30-40:30.)
- Discussions concerning the circumstances under which certain Moody's personnel left the company are confidential and quite personal. It would be inappropriate and personally invasive to Ms. Yoshizawa and the other individuals discussed to publish such statements. (Yoshizawa Interview Part 1 at 9:33-9:46; Part 2 at 2:21:50-2:31:50.)
- Discussions concerning an email regarding an unpublished draft special comment are confidential. The views presented in the draft document had not yet been subject to full internal review and approval. The document may not reflect Ms. Yoshizawa's or the Company's position, and it would be inappropriate and misleading to present it as such. (Yoshizawa Interview Part 2 at 3:06:50-3:09:15.)

## Appendix J

### Mark Zandi

- A brief personal conversation between Mr. Zandi and the Commission staff that appears on the recording after the close of the interview, and which did not relate to the substance of Mr. Zandi's interview, should not be disclosed. (Zandi Interview at 1:07:35-1:09:30.)