Moody's

Second Quarter 2019 Earnings Call

July 31, 2019

Overview

Salli Schwartz

Global Head of Investor Relations and Strategic Capital Management

Disclaimer

Certain statements contained in this release are forward-looking statements and are based on future expectations, plans and prospects for the Company's business and operations that involve a number of risks and uncertainties. Such statements may include, among other words, "believe", "expect", "anticipate", "intend", "plan", "will", "predict", "potential", "continue", "strategy", "aspire", "target", "forecast", "project", "estimate", "should", "could", "may" and similar expressions or words and variations thereof that convey the prospective nature of events or outcomes generally indicative of forward-looking statements. The forward-looking statements and other information in this release are made as of the date hereof (except where noted otherwise), and the Company undertakes no obligation (nor does it intend) to publicly supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise, except as required by applicable law or regulation. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company is identifying examples of factors, risks and uncertainties that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking statements. Those factors, risks and uncertainties include, but are not limited to, credit market disruptions or economic slowdowns, which could affect the volume of debt and other securities issued in domestic and/or global capital markets; other matters that could affect the volume of debt and other securities issued in domestic and/or global capital markets, including regulation, credit quality concerns, changes in interest rates and other volatility in the financial markets such as that due to uncertainty as companies transition away from LIBOR and the U.K.'s pending withdrawal from the EU; the level of merger and acquisition activity in the U.S. and abroad; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government actions affecting credit markets, international trade and economic policy, including those related to tariffs and trade barriers; concerns in the marketplace affecting our credibility or otherwise affecting market perceptions of the integrity or utility of independent credit agency ratings; the introduction of competing products or technologies by other companies; pricing pressure from competitors and/or customers; the level of success of new product development and global expansion; the impact of regulation as an NRSRO, the potential for new U.S., state and local legislation and regulations, including provisions in the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") and regulations resulting from Dodd-Frank; the potential for increased competition and regulation in the EU and other foreign jurisdictions; exposure to litigation related to our rating opinions, as well as any other litigation, government and regulatory proceedings, investigations and inquires to which the Company may be subject from time to time; provisions in the Dodd-Frank Act legislation modifying the pleading standards, and EU regulations modifying the liability standards, applicable to credit rating agencies in a manner adverse to credit rating agencies; provisions of EU regulations imposing additional procedural and substantive requirements on the pricing of services and the expansion of supervisory remit to include non-EU ratings used for regulatory purposes; the possible loss of key employees; failures or malfunctions of our operations and infrastructure; any vulnerabilities to cyber threats or other cybersecurity concerns; the outcome of any review by controlling tax authorities of the Company's global tax planning initiatives; exposure to potential criminal sanctions or civil remedies if the Company fails to comply with foreign and U.S. laws and regulations that are applicable in the jurisdictions in which the Company operates, including data protection and privacy laws, sanctions laws, anti-corruption laws, and local laws prohibiting corrupt payments to government officials; the impact of mergers, acquisitions or other business combinations and the ability of the Company to successfully integrate such acquired businesses; currency and foreign exchange volatility; the level of future cash flows; the levels of capital investments; and a decline in the demand for credit risk management tools by financial institutions. These factors, risks and uncertainties as well as other risks and uncertainties that could cause Moody's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements are described in greater detail under "Risk Factors" in Part I, Item 1A of the Company's annual report on Form 10-K for the year ended December 31, 2018, and in other filings made by the Company from time to time with the SEC or in materials incorporated herein or therein. Stockholders and investors are cautioned that the occurrence of any of these factors, risks and uncertainties may cause the Company's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements, which could have a material and adverse effect on the Company's business, results of operations and financial condition. New factors may emerge from time to time, and it is not possible for the Company to predict new factors, nor can the Company assess the potential effect of any new factors on it.

2Q 2019 Overview and Strategy Discussion

Ray McDaniel
President and Chief Executive Officer

Highlights

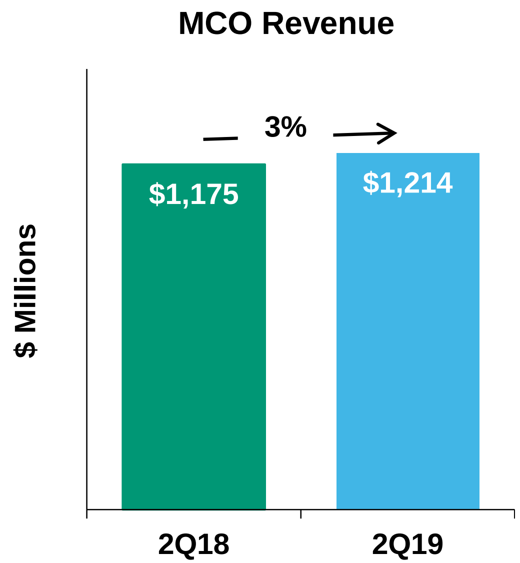
- Continued double-digit growth in MA revenue, with strong contributions from all lines of business
  - Trailing twelve month recurring revenue 84% of total MA revenue
- MIS 2Q19 constant currency revenue[1] in line with record prior year quarter
  - Constructive issuance environment going into 2H19
- Restructuring program essentially complete
  - Expected annual run-rate savings increased by $10+ million to ~$60 million
- Disciplined execution of long-term strategy with targeted acquisitions and divestiture of MAKS
- Leadership in ESG engagement and disclosure

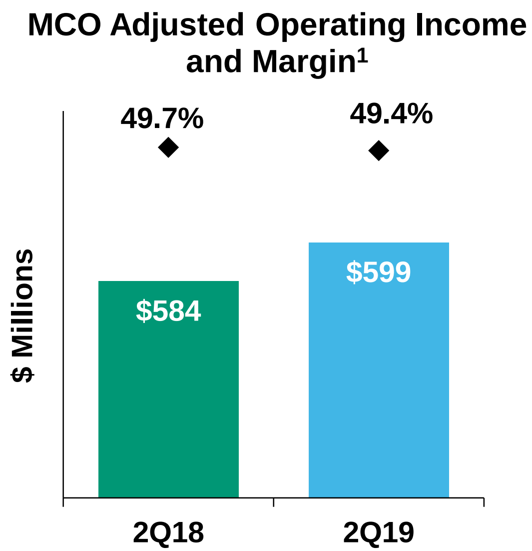
1 Constant currency revenue is a non-GAAP measure. Refer to the Appendix for a reconciliation between all adjusted and organic measures mentioned throughout this presentation and GAAP.

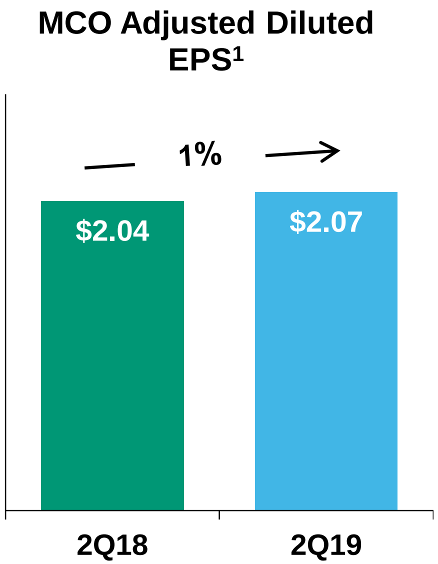
Results Bolstered by Double-Digit MA Revenue Growth and MIS's Resilience Despite Subdued Issuance

» 2Q19 MCO revenue increased 3%, including MA revenue up 12% and MIS revenue down 2%

» Adjusted diluted EPS up slightly, aided by reduced diluted share count







1 Adjusted operating income, adjusted operating margin and adjusted diluted EPS are non-GAAP measures. Refer to the Appendix for a reconciliation between all adjusted and organic measures mentioned throughout this presentation and GAAP.

Q2 Issuance Activity: Receptive Market Conditions Tempered by Cautious Sentiment

Strong Issuance Conditions

- **Falling 10Y benchmark rates:** U.S. to multiyear lows, Germany reverts back to sub-zero
- **Fed and ECB pivots resume:** expected to lower rates in 2H19
- U.S., Europe and Asia **credit spreads continue to narrow** from December highs
- **U.S. equity market** indices approach **record highs** as volatility abates
- **Low unemployment** rates and **subdued inflation** in developed economies

Mixed Issuance Activity

- **Issuance[1] declines for fourth consecutive quarter: -14%** reflected in each line of business, U.S. and Europe
- **Resurgent corporate fixed rate issuance** and **jumbo M&A financings** offset by **bank loan** (floating rate) **declines**
- Bankers indicate **moderate** U.S. IG and leveraged finance **issuance pipelines**
- **CLO activity remains weak** on wider year-over-year U.S. and European spreads

Ongoing Macro and Geopolitical Headwinds

- **Declining global growth expectations:** IMF cuts 2019 outlook in April; 3rd cut in six months
- **Geopolitical uncertainty continues:** U.S./China and Mexico trade, Brexit, Mideast tensions
- **Business confidence** weak
- Q2 **global M&A volume down** despite megadeals
- Global **capex has slowed** materially year-over-year

1 Excludes sovereign debt issuance.

Moody's Strategic Core

Mission

Trusted insights and standards

Vision

Informed decisions that promote progress

Purpose

Clarity, knowledge and fairness

Transactions Provide Enhancements to Analytical and Risk Measurement Capabilities

427 Four Twenty Seven Climate Solutions	Risk Assessments	» Provider of **data and analytics** related to **physical climate risks**
RiskFirst	Analytical Solutions	» **Fintech company** providing **risk analytics solutions** for **asset owners**, **pension consultants**, **asset managers** and **insurers**
TEAM8 Rethinking Cyber	Risk Assessments	» **Cybersecurity think tank joint venture** to establish global standard for evaluating and **assessing cyber risk** for enterprises
Moody's Analytics Knowledge Services	Services	» Divestiture of human capital-intensive business aligns with **MA's increasing strategic focus on providing subscription-based financial intelligence and analytical tools**

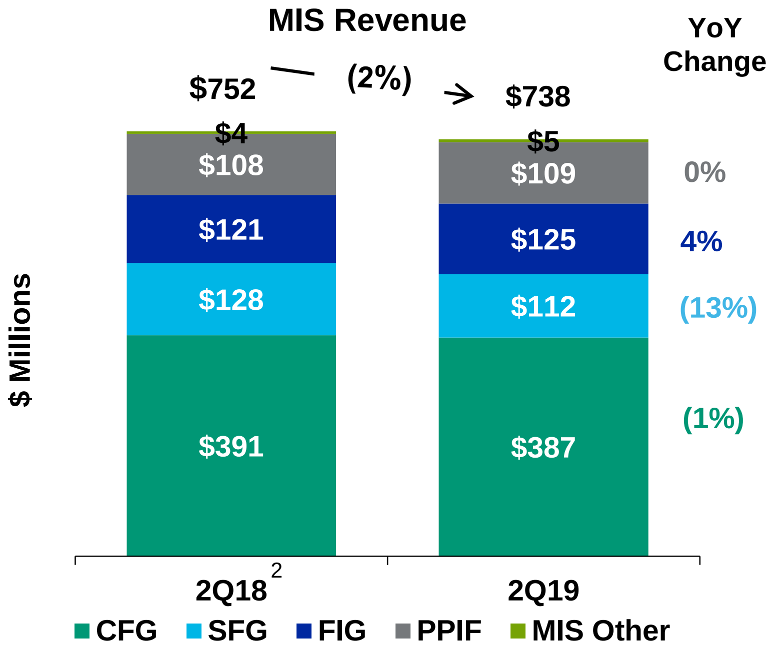
» **Limited impact on FY19 guidance:** ~$0.05 reduction to adjusted diluted EPS[1]

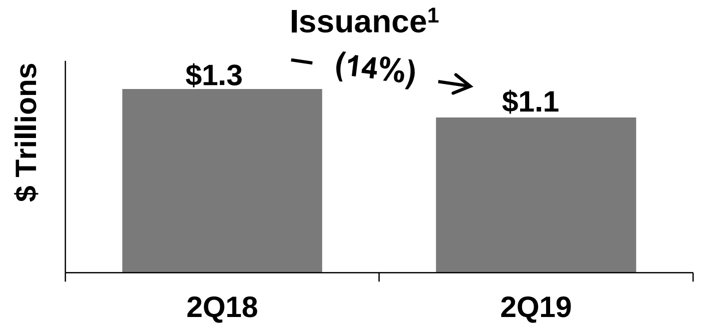
1 Refer to Table 13 – "2019 Outlook" in the press release for a complete list of guidance and a reconciliation between adjusted measures to GAAP.

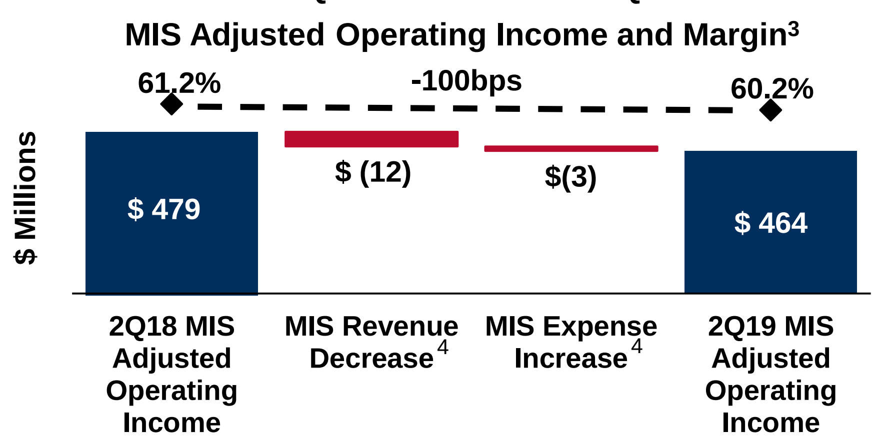
2Q 2019 Results and FY 2019 Outlook

Mark Kaye
Chief Financial Officer

MIS 2Q Revenue and Margin Demonstrate Resilience Amid Subdued Issuance Activity



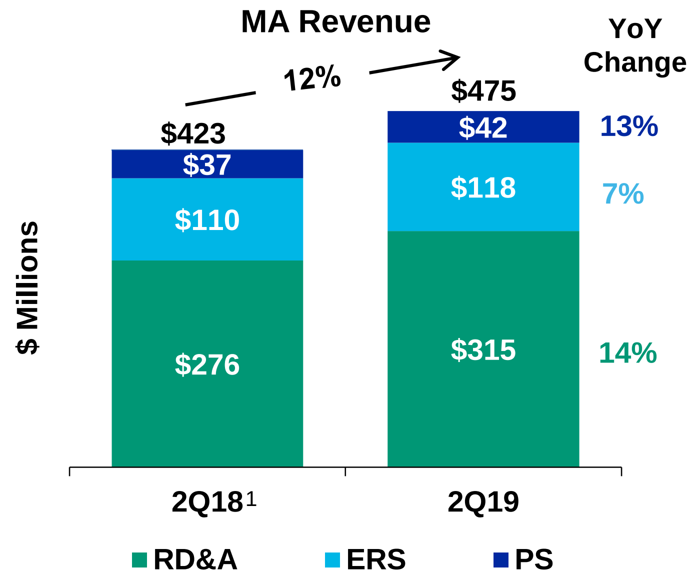


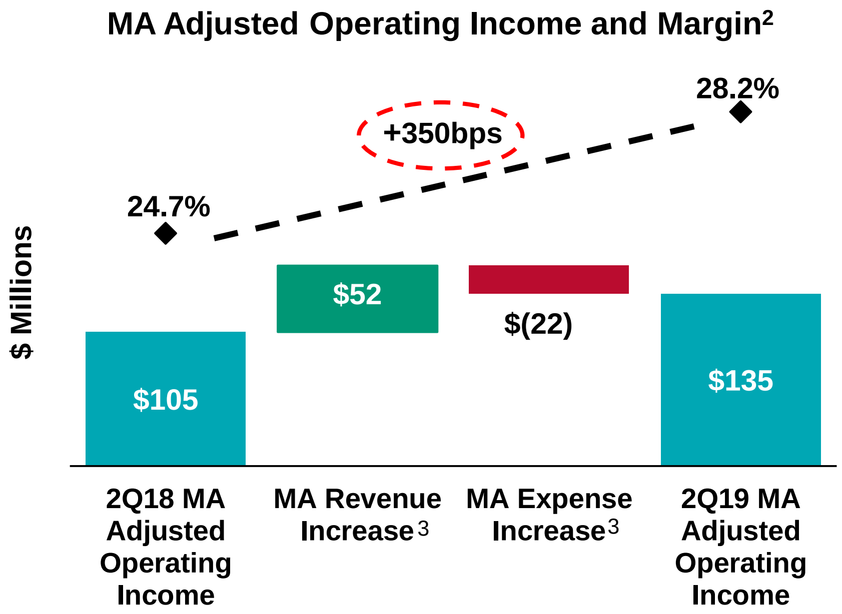


- Issuance down 14% from 2Q18
- Mix skewed toward infrequent and fixed (vs. floating) income issuers
- Slight revenue contraction with relatively flat expenses led to margin decline

1 Excludes sovereign debt issuance.
2 2Q18 CFG and SFG revenues have been restated due to the change in reporting of REITs revenue from SFG to CFG; figures for both periods reported on a consistent basis.
3 Adjusted operating income and adjusted operating margin are non-GAAP measures. Refer to the Appendix for a reconciliation between all adjusted and organic measures mentioned throughout this presentation and GAAP.
4 Includes intercompany revenue and expenses.

Revenue Growth Across All MA Businesses Drives 350 bps Margin Improvement





- RD&A revenue up 14%, driven by strength in core research and data products, sales growth at Bureau van Dijk and the Reis acquisition
- 7% growth in ERS bolstered by continued transition to subscription products
- Professional Services up 13% driven by strong demand for training solutions

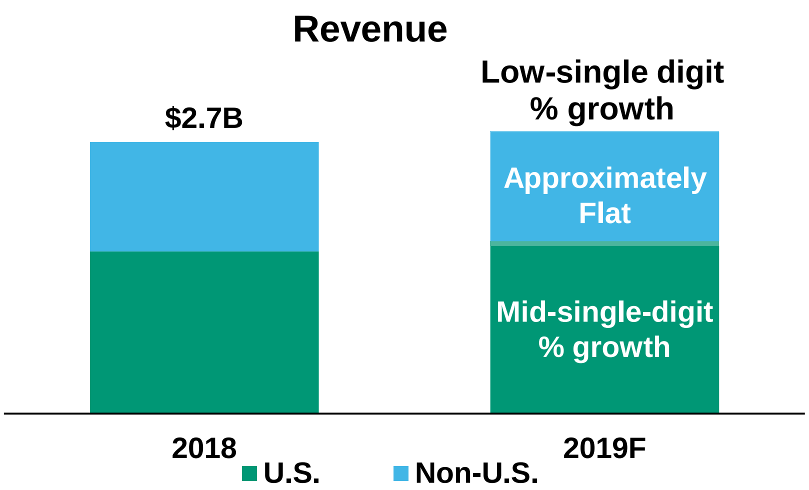
1 2Q18 ERS and RD&A results adjusted to reflect reclassification of products between business lines; figures for both periods reported on consistent basis.
2 Adjusted operating income and adjusted operating margin are non-GAAP measures. Refer to the Appendix for a reconciliation between all adjusted and organic measures mentioned throughout this presentation and GAAP.
3 Includes intercompany revenue and expenses.

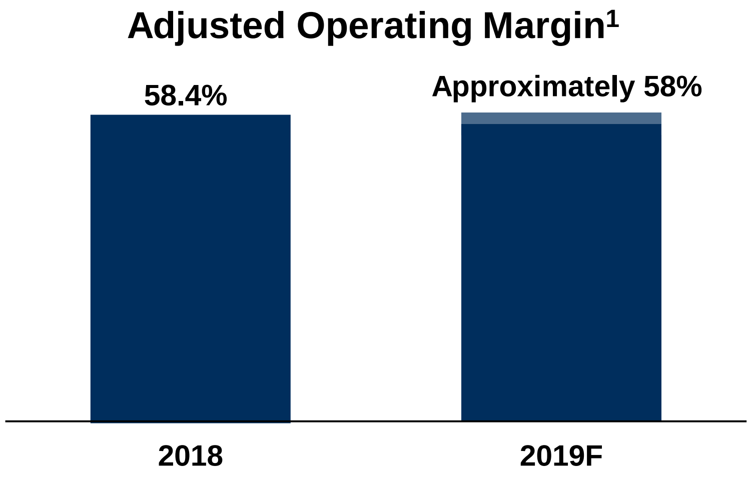
Updated FY19 Guidance[1,2]

Revenue	Increase in mid-single-digit % range
Total Expenses[3]	Increase in high-single-digit % range
Operating Margin	Approximately 42%
Adjusted Operating Margin	Approximately 48%
Interest Expense, Net	Approximately $195 million
Effective Tax Rate	21% - 22%
Diluted EPS	$7.15 - $7.35
Adjusted Diluted EPS	$7.95 - $8.15
Share Repurchases[4]	$1.0 - $1.3 billion

1 Refer to Table 13 – "2019 Outlook" in the press release for a complete list of guidance and a reconciliation between adjusted measures to GAAP.
2 Moody's outlook assumes foreign currency translation at end-of-quarter exchange rates. Specifically, our forecast for the remaining periods of 2019 reflects exchange rates for the British pound (£) of $1.27 to £1 and for the euro (€) of $1.14 to €1.
3 Includes depreciation and amortization, restructuring charges, MAKS Impairment Charge and Acquisition-Related Expenses.
4 Subject to available cash, market conditions and other ongoing capital allocation decisions.

Total MIS Revenue Guidance Unchanged; Market Conditions and Easier Comps Support Solid 2H19

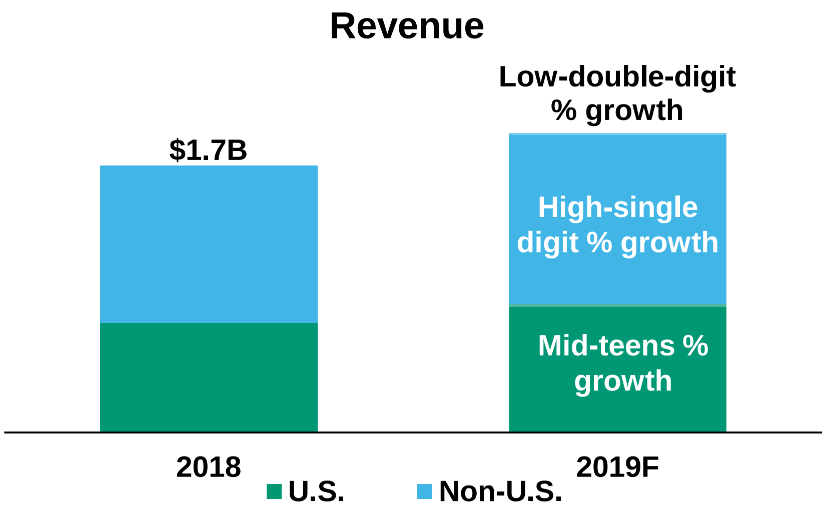


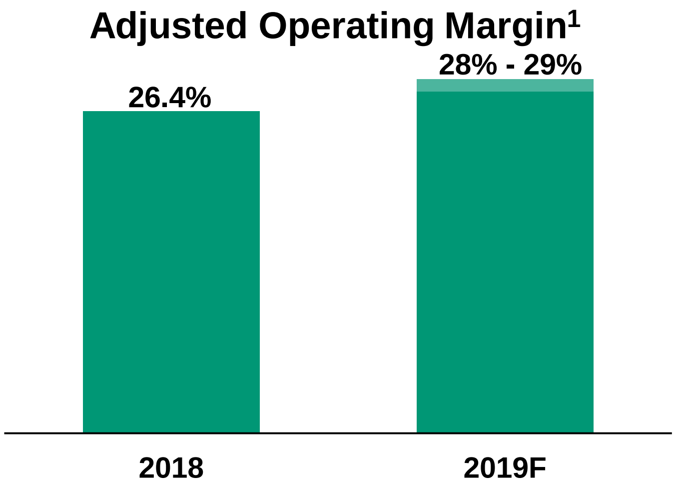


- » Reaffirming key drivers of FY 2019 revenue outlook:
  - – Issuance[2]: Flat to down 5%
  - – First Time Mandates: ~900
- » Stronger contribution from fixed-rate corporate bonds
- » Continued support from debt-funded M&A
- » Lower contribution from floating rate debt such as bank loans and CLOs

1 Refer to Table 13 – "2019 Outlook" in the press release for a complete list of guidance and a reconciliation between adjusted measures to GAAP.
2 Excludes sovereign debt issuance.

MA Revenue Growth on Track; Margin Guidance Updated for Impact from Transactions





- No change to revenue growth; guidance incorporates announced transactions
  - Strong sales growth across all business lines
  - Recurring revenue driven by RD&A and ERS subscription businesses
- Adjusted operating margin of 28%-29% reflects aggregate impact from announced transactions

1 Refer to Table 13 – "2019 Outlook" in the press release for a complete list of guidance and a reconciliation between adjusted measures to GAAP.

Restructuring Program Essentially Complete; Expected Annual Run-Rate Savings of ~$60 Million

- Combined restructuring charges from 2018 and 2019 total $108 million, exceeding previously announced range of $70 to $80 million
  - Acceleration of staffing optimization and acquisition integration
  - Real estate rationalization including M&A synergies
- Annualized pre-tax savings anticipated to be ~$60 million, a $15 million increase from the midpoint of the previously announced range of $40 to $50 million
  - Allowed us to reinvest and still provide annual margin stability
  - Enables flexibility under a variety of future capital market scenarios
  - Provides options to reinvest and / or buttress margins

Key Takeaways

- Delivering revenue growth and margin stability
- Executing on strategic vision to apply trusted insights and standards while delivering transparency to adjacent markets and emerging risk areas
- Disciplined approach to capital management; increasing prior $1 billion share buyback guidance by up to $300 million[1]

1 Subject to market conditions and other ongoing capital allocation decisions.

Expanding CSR / ESG Engagement

Demonstrating our Commitment to a Sustainable Future

WE SUPPORT UN GLOBAL COMPACT

- Joined the **United Nations Global Compact (UNGC) initiative**
- UNGC is the **world's largest corporate sustainability initiative** and a call to companies to align strategies and operations with ten universal principles and take actions that advance the Sustainable Development Goals (SDGs)

PRI Principles for Responsible Investment

- Joined the **PRI as a Service Provider signatory**
- The PRI is the **world's leading proponent of responsible investment**

[TCFD report link]

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

- Moody's work on **climate-related risks and opportunities** is focused on **areas where it believes it can make the greatest impact**
- Includes **promoting global ESG measurement standards** for use by market participants and an **ongoing commitment to enhancing transparency in ESG**

Other Strategic Partners Include:

Aspen Network of Development Entrepreneurs

avpn

CECP

Ceres 30 Years of Impact

NACD

CSR Europe

The Conference Board

Note: CSR: Corporate Social Responsibility; ESG: Environmental, Social and Governance.

Q&A

Ray McDaniel
President and Chief Executive Officer

Mark Kaye
Senior Vice President and Chief Financial Officer

Mark Almeida
President, Moody's Analytics

Rob Fauber
President, Moody's Investors Service

Replay Details

- Available from 3:30pm (Eastern Time) July 31, 2019 until 3:30pm (Eastern Time) August 29, 2019
- Telephone Details:
  - U.S. +1-888-203-1112
  - Non-U.S. +1-719-457-0820
  - Passcode 5201705
- Webcast Details:
  - Go to ir.moodys.com
  - Click on “Events & Presentations”
  - Click on the link for “2Q 2019 Earnings Conference Call”

Appendix

Investor Relations
http://ir.moodys.com
ir@moodys.com

Glossary of Terms and Abbreviations

TERM	DEFINITION
CFG	Corporate finance group; an LOB of MIS
ERS	The Enterprise Risk Solutions LOB within MA, which offers risk management software solutions as well as related risk management advisory engagements services
FIG	Financial institutions group; an LOB of MIS
LOB	Line of business
MA	Moody's Analytics – a reportable segment of MCO which provides a wide range of products and services that support financial analysis and risk management activities of institutional participants in global financial markets; consists of three LOBs – RD&A, ERS and PS
MIS	Moody's Investors Service – a reportable segment of MCO; consists of five LOBs – SFG, CFG, FIG, PPIF and MIS Other
MIS Other	Consists of non-ratings revenue from ICRA, KIS Pricing and KIS Research. These businesses are components of MIS; MIS Other is an LOB of MIS
PPIF	Public, project and infrastructure finance; an LOB of MIS
PS	Professional Services, an LOB within MA consisting of MAKS and MALS that provides offshore analytical and research services as well as learning solutions and certification programs
RD&A	an LOB within MA that offers subscription based research, data and analytical products, including credit ratings produced by MIS, credit research, quantitative credit scores and other analytical tools, economic research and forecasts, business intelligence and company information products, and commercial real estate data and analytical tools
SFG	Structured finance group; an LOB of MIS

Adjusted Operating Income and Adjusted Operating Margin by Segment

The table below presents revenue, adjusted operating income and operating income by reportable segment. The Company defines adjusted operating income as operating income excluding depreciation and amortization, restructuring, Acquisition-Related Expenses and a non-recurring impairment charge pursuant to the planned divestiture of MAKS.

	Three Months Ended June 30,							
	2019				2018			
Amounts in millions	MIS	MA	Eliminations	Consolidated	MIS	MA	Eliminations	Consolidated
Revenue	$ 771.4	$ 477.4	$ (35.2)	$ 1,213.6	$ 782.9	$ 425.2	$ (33.0)	$ 1,175.1
Operating, SG&A	307.0	342.8	(35.2)	614.6	303.6	320.1	(33.0)	590.7
Adjusted Operating Income	464.4	134.6	-	599.0	479.3	105.1	-	584.4
Less:								
Restructuring	26.5	27.3	-	53.8	-	-	-	-
Depreciation and amortization	18.0	33.0	-	51.0	16.7	31.7	-	48.4
Acquisition-Related Expenses	-	2.0	-	2.0	-	2.0	-	2.0
Impairment pursuant to the planned divestiture of MAKS	-	8.7	-	8.7	-	-	-	-
Operating income	$ 419.9	$ 63.6	$ -	$ 483.5	$ 462.6	$ 71.4	$ -	$ 534.0
Adjusted operating margin	60.2%	28.2%		49.4%	61.2%	24.7%		49.7%
Operating margin	54.4%	13.3%		39.8%	59.1%	16.8%		45.4%

	Six Months Ended June 30,							
	2019				2018			
Amounts in millions	MIS	MA	Eliminations	Consolidated	MIS	MA	Eliminations	Consolidated
Revenue	$ 1,473.8	$ 951.8	$ (69.9)	$ 2,355.7	$ 1,532.6	$ 837.0	$ (67.8)	$ 2,301.8
Operating, SG&A	623.8	683.9	(69.9)	1,237.8	614.0	630.5	(67.8)	1,176.7
Adjusted Operating Income	850.0	267.9	-	1,117.9	918.6	206.5	-	1,125.1
Less:								
Restructuring	29.2	30.1	-	59.3	-	-	-	-
Depreciation and amortization	35.0	66.3	-	101.3	33.5	64.0	-	97.5
Acquisition-Related Expenses	-	3.4	-	3.4	-	2.8	-	2.8
Impairment pursuant to the planned divestiture of MAKS	-	8.7	-	8.7	-	-	-	-
Operating income	$ 785.8	$ 159.4	$ -	$ 945.2	$ 885.1	$ 139.7	$ -	$ 1,024.8
Adjusted operating margin	57.7%	28.1%		47.5%	59.9%	24.7%		48.9%
Operating margin	53.3%	16.7%		40.1%	57.8%	16.7%		44.5%

Adjusted Operating Income and Adjusted Operating Margin

The Company presents Adjusted Operating Income because management deems this metric to be a useful measure of assessing the operating performance of Moody's. Adjusted Operating Income excludes depreciation and amortization, restructuring, Acquisition-Related Expenses and a non-recurring impairment charge pursuant to the planned divestiture of MAKS. Depreciation and amortization are excluded because companies utilize productive assets of different ages and use different methods of acquiring and depreciating productive assets. Restructuring charges are excluded as the frequency and magnitude of these charges may vary widely across periods and companies. Acquisition-Related Expenses consist of expenses incurred to complete and integrate the acquisition of Bureau van Dijk and are excluded due to the material nature of these expenses on an annual basis in both the current and prior years, which are not expected to recur at this dollar magnitude subsequent to the completion of the multi-year integration effort. Acquisition-related expenses from other acquisitions were not material. The impairment charge pursuant to the planned divestiture of MAKS is excluded as the frequency and magnitude of divestiture activity may vary widely from period to period and across companies. Management believes that the exclusion of the aforementioned items, as detailed in the reconciliation below, allows for an additional perspective on the Company's operating results from period to period and across companies. The Company defines Adjusted Operating Margin as Adjusted Operating Income divided by revenue.

	Three Months Ended June 30,		Six Months Ended June 30,	
Amounts in millions	2019	2018	2019	2018
Operating income	$ **483.5**	$ 534.0	$ **945.2**	$ 1,024.8
Restructuring	**53.8**	-	**59.3**	-
Depreciation & amortization	**51.0**	48.4	**101.3**	97.5
Acquisition-Related Expenses	**2.0**	2.0	**3.4**	2.8
Impairment pursuant to the planned divestiture of MAKS	**8.7**	-	**8.7**	-
Adjusted operating income	$ **599.0**	$ 584.4	$ **1,117.9**	$ 1,125.1
Operating margin	**39.8%**	45.4%	**40.1%**	44.5%
Adjusted operating margin	**49.4%**	49.7%	**47.5%**	48.9%

Free Cash Flow

The table below reflects a reconciliation of the Company's net cash flows from operating activities to free cash flow. The Company defines free cash flow as net cash provided by operating activities minus payments for capital additions. Management deems capital expenditures essential to the Company's product and service innovations and maintenance of Moody's operational capabilities. Accordingly, capital expenditures are deemed to be a recurring use of Moody's cash flow. Management believes that free cash flow is a useful metric in assessing the Company's cash flows to service debt, pay dividends and to fund acquisitions and share repurchases.

Amounts in millions	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Net cash flows provided by operating activities	$ 754.5	$ 777.3
Capital additions	(38.7)	(37.9)
Free cash flow	$ 715.8	$ 739.4
Net cash flows used in investing activities	$ (52.8)	$ (45.3)
Net cash flows used in financing activities	$ (1,186.0)	$ (467.6)

Impact of Foreign Currency Translation on MIS Revenue

The Company presents revenue for MIS on a constant currency basis because management deems this metric to be a useful measure of assessing revenue performance in times of foreign exchange rate volatility. Constant currency measures exclude the impact of changes in foreign exchange rates on operating results. The Company calculates the dollar impact of foreign exchange as the difference between the translation of its current period non-USD functional currency results using prior comparative period weighted average foreign exchange translation rates and current year as reported results. Growth rates on a constant currency basis are determined based on the difference between current period measure translated using prior period comparative weighted average exchange rates and prior period as reported results divided by prior as reported results.

Below is a reconciliation of MIS as reported revenue changes to the revenue changes on a constant currency basis:

	Three Months Ended June 30, 2019					
Amounts in millions	Reported change		FX impact		Change on a constant currency basis	
	$	%	$	%	$	%
MIS Revenue	$ (13.9)	(1.8%)	$ (10.6)	(1.4%)	$ (3.3)	(0.4%)

Organic Revenue and Growth Measures – MA, RD&A and PS

The Company presents the organic revenue and growth for the MA segment, the RD&A LOB and the PS LOB because management deems this metric to be a useful measure which provides additional perspective in assessing the revenue growth excluding the inorganic revenue impacts from the August 2018 acquisition of Omega Performance and the October 2018 acquisition of Reis Inc. Below is a reconciliation of the Company's organic dollar revenue and growth rates:

	Three Months Ended June 30,				Six Months Ended June 30,			
Amounts in millions	2019	2018	Change	Growth	2019	2018	Change	Growth
MA revenue	**$ 475.2**	$ 422.8	$ 52.4	**12%**	**$ 947.2**	$ 829.6	$ 117.6	**14%**
Omega Performance revenue	**(1.1)**	-	(1.1)		**(4.1)**	-	(4.1)	
Reis Inc. revenue	**(8.8)**	-	(8.8)		**(17.7)**	-	(17.7)	
Organic MA revenue	**$ 465.3**	$ 422.8	$ 42.5	**10%**	**$ 925.4**	$ 829.6	$ 95.8	**12%**

	Three Months Ended June 30,			
Amounts in millions	2019	2018	Change	Growth
RD&A revenue	**$ 315.3**	$ 275.9	$ 39.4	**14%**
Reis Inc. revenue	**(8.8)**	-	(8.8)	
Organic RD&A revenue	**$ 306.5**	$ 275.9	$ 30.6	**11%**

	Three Months Ended June 30,			
Amounts in millions	2019	2018	Change	Growth
PS revenue	**$ 42.2**	$ 37.4	$ 4.8	**13%**
Omega Performance revenue	**(1.1)**	-	(1.1)	
Organic PS revenue	**$ 41.1**	$ 37.4	$ 3.7	**10%**

Adjusted Net Income and Adjusted Diluted Earnings per Share Attributable to Moody's Common Shareholders

The Company presents Adjusted Net Income and Adjusted Diluted EPS because management deems these metrics to be useful measures to provide additional perspective on the operating performance of Moody's. Adjusted Net Income and Adjusted Diluted EPS exclude the impact of amortization of acquired intangible assets, Acquisition-Related Expenses, restructuring charges and an impairment and tax charge pursuant to the planned divestiture of MAKS.

The Company excludes the impact of amortization of acquired intangible assets as companies utilize intangible assets with different ages and have different methods of acquiring and amortizing intangible assets. Furthermore, the timing and magnitude of business combination transactions are not predictable and the purchase price allocated to amortizable intangible assets and the related amortization period are unique to each acquisition and can vary significantly from period to period and across companies. Also, management believes that excluding acquisition-related amortization expense provides additional perspective when comparing operating results from period to period, and with both acquisitive and non-acquisitive peer companies. Additionally, Acquisition-Related Expenses are excluded due to the material nature of these expenses on an annual basis, which are not expected to recur at this dollar magnitude subsequent to the completion of the multi-year integration effort relating to Bureau van Dijk. Acquisition-related expenses from other acquisitions were not material. The impairment and tax charge pursuant to the planned divestiture of MAKS are excluded as the frequency and magnitude of divestiture activity may vary widely from period to period and across companies.

Below is a reconciliation of this measure to its most directly comparable U.S. GAAP amount:

	Three Months Ended June 30,				Six Months Ended June 30,			
Amounts in millions	2019		2018		2019		2018	
Net income attributable to Moody's common shareholders		$ 310.3		$ 376.2		$ 683.2		$ 749.1
Pre-Tax Acquisition-Related Expenses	$ 2.0		$ 2.0		$ 3.4		$ 2.8	
Tax on Acquisition-Related Expenses	(0.6)		(0.4)		(0.9)		(0.6)	
Net Acquisition-Related Expenses		1.4		1.6		2.5		2.2
Pre-Tax Acquisition-Related Intangible Amortization Expenses	$ 26.2		$ 25.1		$ 52.6		$ 50.8	
Tax on Acquisition-Related Intangible Amortization Expenses	(6.1)		(5.6)		(12.2)		(11.5)	
Net Acquisition-Related Intangible Amortization Expenses		20.1		19.5		40.4		39.3
Impairment pursuant to the planned divestiture of MAKS		8.7		-		8.7		-
Pre-Tax Restructuring	$ 53.8		$ -		$ 59.3		$ -	
Tax on Restructuring	(13.1)		-		(14.5)		-	
Net Restructuring		40.7		-		44.8		-
Tax charge pursuant to the planned divestiture of MAKS		15.0		-		15.0		-
Adjusted Net Income		$ 396.2		$ 397.3		$ 794.6		$ 790.6

Note: The tax impacts in the table above were calculated using tax rates in effect in the jurisdiction for which the item relates.

Adjusted Net Income and Adjusted Diluted Earnings per Share Attributable to Moody's Common Shareholders (continued)

	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
Earnings per share attributable to Moody's common shareholders		$ 1.62		$ 1.94		$ 3.56		$ 3.85
Pre-Tax Acquisition-Related Expenses	$ 0.01		$ 0.01		$ 0.02		$ 0.01	
Tax on Acquisition-Related Expenses	-		-		(0.01)		-	
Net Acquisition-Related Expenses		0.01		0.01		0.01		0.01
Pre-Tax Acquisition-Related Intangible Amortization Expenses	$ 0.14		$ 0.13		$ 0.27		$ 0.26	
Tax on Acquisition-Related Intangible Amortization Expenses	(0.04)		(0.04)		(0.06)		(0.06)	
Net Acquisition-Related Intangible Amortization Expenses		0.10		0.09		0.21		0.20
Impairment pursuant to the planned divestiture of MAKS		0.05		-		0.05		-
Pre-Tax Restructuring	$ 0.28		$ -		$ 0.31		$ -	
Tax on Restructuring	(0.07)		-		(0.08)		-	
Net Restructuring		0.21		-		0.23		-
Tax charge pursuant to the planned divestiture of MAKS		0.08		-		0.08		-
Adjusted Diluted EPS		$ 2.07		$ 2.04		$ 4.14		$ 4.06

Note: The tax impacts in the table above were calculated using tax rates in effect in the jurisdiction for which the item relates.


Investor Relations
http://ir.moodys.com
ir@moodys.com
moodys.com