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 Brexit; 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 inquiries to which the Company may be subject from time to time; provisions in the Dodd-Frank 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, 2019, 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.
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1. Moody’s Overview
2. Financial Overview
3. Capital Markets Overview
4. Moody’s Investors Service (MIS)
5. Moody’s Analytics (MA)
6. Appendix
Moody’s Overview
Company Overview

Moody’s INVESTORS SERVICE

- Independent provider of credit rating opinions and related information for over 100 years
- Proven ratings accuracy and deeply experienced analysts
- Expanded sales and marketing activities in Commercial group

Moody’s ANALYTICS

- Provides financial intelligence and analytical tools supporting our customers’ growth, efficiency and risk management objectives
- Solutions address diverse needs and customers
- Extending brand into new markets and deepening customer relationship

Moody’s

Leading global provider of credit rating opinions, insight and tools for financial risk measurement and management

Revenue of $4.8 billion
Adjusted Operating Income of $2.3 billion

Adjusted Operating Margin
- MIS 60% MA 40%
- MIS 76% MA 24%
- MIS 58.0% MA 27.8%

Note: Financial data for the trailing twelve months ended December 31, 2019.
Moody’s Strategic Priorities

Enhance technology infrastructure to enable automation, innovation and efficiency

Foster employee engagement and creative solutions through our diverse workforce and inclusive environment
RDC Acquisition Provides Leadership Position in the KYC Market

» RDC’s data and decision tools combined with BvD’s compliance products position MA to become a leading KYC solutions provider

» 2019 pro forma combined compliance product sales of ~$150M¹

» Expect combined sales to more than double by 2023¹

» The KYC space is a $900M market with ~18% 5-yr CAGR²

Adverse Media

» 120K sources across public data from 240 countries
» 3.0 billion articles scanned in the last decade

Special Collections

» Sanctions Connect provides information on individuals and organizations associated with sanctioned entities
» Specialized datasets include: Iran Connect, Panama Papers and Marijuana-Related Business

Politically-Exposed Persons

» 1.5 million PEPs featured from a full spectrum of government, media and academic sources
» Regional desks covering 70+ languages and local dialects

Sanctions & Watchlists

» 800+ regulatory and disciplinary authority / government lists
» Features local, state and federal sources from across the world covering fugitives, exclusions, fraud warnings, debarments, sex offenses and law enforcement actions

11M+ Profiles | 10,000 profiles updated daily | 300M daily screens

Drivers of Sustainable Corporate Value
Introduced Sustainability Disclosures in our Public Filings

**ENVIRONMENTAL**
- Measurement of carbon emissions and identification of opportunities to reduce indirect GHG emissions
- Expansion of ESG products and services
- CDP\(^1\) participation
- Verifiably carbon neutral in 2019

**GOVERNANCE**
- Professional integrity
- Systematic risk management
- Diverse Board membership and skill sets
- Separate CEO and Chairman positions
- Active stockholder engagement

**SOCIAL**
- Support a diverse and inclusive workplace
- Active global community and philanthropic involvement
- Robust data security and privacy practices
- Fair compensation practices and benefits packages
- Recognized by *Working Mother’s* list of 100 Best Companies

**ESG**
- Measurement of carbon emissions and identification of opportunities to reduce indirect GHG emissions
- Expansion of ESG products and services
- CDP\(^1\) participation
- Verifiably carbon neutral in 2019

**Executive compensation metrics include\(^2\):**
- Moody’s Corporation EPS, operating income and EBITDA
- MIS operating income and ratings accuracy
- MA operating income and sales
- Strategic & operational\(^3\)

---

2. While the Company reports its financial results in accordance with GAAP, financial performance targets and results under the Company’s incentive plans are based on adjusted financial measures. These metrics and the related performance targets are relevant only to Moody’s executive compensation program and should not be used or applied in other contexts.
3. This measure is a qualitative assessment of strategic and operational metrics tied to key non-financial business objectives certified by the Compensation & Human Resources Committee at the beginning of the performance period. The Committee assessed the achievement of the metric by evaluating performance against the following objectives: (i) new sources of growth; (ii) quality assurance and controls; (iii) operating effectiveness and efficiency; (iv) people and culture; (v) risk management; and (vi) enabling technologies and capabilities.
# Stakeholder and Sustainability Initiatives

## Celebrating Demonstrated Success in 2019

<table>
<thead>
<tr>
<th>STOCKHOLDERS</th>
<th>CUSTOMERS</th>
<th>EMPLOYEES</th>
<th>COMMUNITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joined the UN Global Compact (UNGC) initiative</td>
<td>Published updated TCFD Report and inaugural SASB Index</td>
<td>100% on the Corporate Equality Index</td>
<td>Verifiably carbon neutral</td>
</tr>
<tr>
<td>Recognized for the first time in FTSE4Good Index and Bloomberg Gender-Equality Index</td>
<td>Investments in Vigeo Eiris, Four Twenty Seven and SynTao Green Finance</td>
<td>Stonewall's Top 100 Employers for 2019</td>
<td>Pyxera Global Immersive Pro Bono Program</td>
</tr>
<tr>
<td></td>
<td>Institutional Investor #1 Global Credit Rating Agency</td>
<td>Working Mother 100 Best Companies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>#4 Overall Ranking in the Chartis RiskTech100®</td>
<td>Working Mother Best Companies for Dads</td>
<td>Partnerships with WeConnect International and Pathway to Prosperity</td>
</tr>
</tbody>
</table>
Why Invest in Moody’s?

- We strive to be the world’s most respected authority serving risk-sensitive financial markets
- We have had strong revenue and earnings growth, as well as cash flow conversion
- We are committed to returning capital to our stockholders
- We will selectively invest in strategic growth opportunities
Financial Overview
Long-Term Growth Opportunities

Three Levers to Achieve EPS Growth

1. **Revenue**
   - Issuance Volume & Mix + Coverage + Moody's Analytics + Pricing Initiatives

2. **Adjusted Operating Margin**
   - Cost Discipline + Process Re-Engineering + Technology Enablement

3. **Capital Allocation**
   - Reinvestment • Acquisitions • Dividends • Share Repurchases

**EPS**

Low Teens % Growth Range

---

Note: Long-term growth opportunities presented on this slide are on average over time.

1. Assumes no material change in effective tax rate, foreign exchange rates, leverage profile and/or capital allocation policy.
2. Subject to market conditions and other ongoing capital allocation decisions.
Financial Performance

Revenue¹

<table>
<thead>
<tr>
<th>Year</th>
<th>MIS Revenue</th>
<th>MA Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$1.2</td>
<td>$3.5</td>
</tr>
<tr>
<td>2016</td>
<td>$1.2</td>
<td>$3.6</td>
</tr>
<tr>
<td>2017</td>
<td>$1.4</td>
<td>$4.2</td>
</tr>
<tr>
<td>2018</td>
<td>$1.7</td>
<td>$4.4</td>
</tr>
<tr>
<td>2019</td>
<td>$2.0</td>
<td>$4.8</td>
</tr>
<tr>
<td>2020F²</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2015 - 2019 CAGR 8% → Mid-single-digit % growth

Adjusted Diluted EPS³

<table>
<thead>
<tr>
<th>Year</th>
<th>$ Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$4.71</td>
</tr>
<tr>
<td>2016</td>
<td>$4.94</td>
</tr>
<tr>
<td>2017</td>
<td>$6.07</td>
</tr>
<tr>
<td>2018</td>
<td>$7.39</td>
</tr>
<tr>
<td>2019</td>
<td>$8.29</td>
</tr>
<tr>
<td>2020F²</td>
<td>$9.10 to $9.30</td>
</tr>
</tbody>
</table>

2015 - 2019 CAGR 15%

Operating Margin⁴

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Margin</th>
<th>Adj. Operating Margin³</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>42.8%</td>
<td>46.0%</td>
</tr>
<tr>
<td>2016</td>
<td>18.1%</td>
<td>45.9%</td>
</tr>
<tr>
<td>2017</td>
<td>43.3%</td>
<td>47.6%</td>
</tr>
<tr>
<td>2018</td>
<td>42.0%</td>
<td>47.6%</td>
</tr>
<tr>
<td>2019</td>
<td>41.4%</td>
<td>47.4%</td>
</tr>
<tr>
<td>2020F²</td>
<td>~ 44%</td>
<td>~ 44%</td>
</tr>
</tbody>
</table>

Free Cash Flow³

<table>
<thead>
<tr>
<th>Year</th>
<th>$ Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$1,109</td>
</tr>
<tr>
<td>2016</td>
<td>$1,144</td>
</tr>
<tr>
<td>2017⁵</td>
<td>$664</td>
</tr>
<tr>
<td>2018</td>
<td>$1,370</td>
</tr>
<tr>
<td>2019</td>
<td>$1,606</td>
</tr>
<tr>
<td>2020F²</td>
<td>$1,700 - $1,800</td>
</tr>
</tbody>
</table>

1. Totals may not sum due to rounding.
3. These figures are adjusted measures. See appendix for reconciliations from adjusted financial measures to U.S. GAAP.
4. 2015 – 2017 operating and adjusted operating margins have been restated to conform to the new presentation for pension expenses.
5. Reflects reduction by $701 million net of tax settlement charge.
Moody’s Corporation Financial Profile

Full Year 2019 Revenue: $4.8 billion

- Recurring: 44%
- Transaction: 56%
- U.S.: 47%
- Non-U.S.: 53%

Full Year 2020 Guidance as of February 12, 2020¹

- Revenue: increase in the mid-single-digit % range
- Operating Expenses: increase in the low-single-digit % range
- Operating Margin: approximately 44%
- Adjusted Operating Margin²: 48% - 49%
- Effective Tax Rate: 20% - 22%
- Diluted EPS: $8.60 - $8.80
- Adjusted Diluted EPS²: $9.10 - $9.30

¹ See press release titled “Moody’s Corporation Reports Results for Fourth Quarter and Full Year 2019; Sets Outlook for Full Year 2020” from February 12, 2020 for Moody's full 2020 guidance.
² These metrics are adjusted measures. See Appendix for reconciliations from adjusted financial measures to U.S. GAAP.
Note: The revenue reclassifications of REITs to Corporate Finance from Structured Finance and the FACT product from RD&A to ERS are reflected in the full year (FY) calculations.
Disciplined Approach to Capital Allocation

Investing in Growth Opportunities

- **Reinvestment**: Invest in existing businesses to support organic growth
- **Acquisitions**: Evaluate carefully to make sure aligned with strategy and market evolution

Return of Capital

- **Dividends**: Grow dividend in line with earnings; target 25% - 30% payout\(^1\)
- **Share Repurchase**: Follow reinvestment, dividends and acquisitions in capital allocation prioritization

Share Repurchases and Dividends Paid

- **Share Repurchases (R)**
- **Dividends Paid (R)**
- **Shares Outstanding (L)**

Annualized Dividend Per Share

- **2015**: $1.36
- **2016**: $1.48
- **2017**: $1.52
- **2018**: $1.76
- **2019**: $2.00
- **2020F**: $2.24

1. Dividend payout ratio is defined as total dividends paid/adjusted net income.
3. Annualized dividend total, based on first quarter dividend declared on February 12, 2020.

---

1.370

$1.36

$1.48

$1.52

$1.76

$2.00

$2.24
3 Capital Markets Overview
Six Themes Will Shape Global Credit in 2020

- Recession Risks
- Lower-for-longer Interest Rates
- Political Risks
- Trade Tensions
- Disruptive Technologies
- ESG Impact
## 4Q 2019 Issuance Activity

Credit market sentiment improved during 2019

<table>
<thead>
<tr>
<th>Factor</th>
<th>Market Attribute</th>
<th>4Q18 Sentiment</th>
<th>Shift</th>
<th>4Q19 Sentiment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Geopolitical</strong></td>
<td>U.S.-China trade dispute</td>
<td>Heightened uncertainty</td>
<td>▲</td>
<td>Phase one trade deal agreement in principle</td>
</tr>
<tr>
<td></td>
<td>Brexit</td>
<td>Key U.K. parliamentary vote delayed</td>
<td>▲</td>
<td>U.K. elections provide clarity of direction</td>
</tr>
<tr>
<td></td>
<td>Washington gridlock</td>
<td>Longest government shutdown in U.S. history initiated</td>
<td>▼</td>
<td>Impeachment procedures initiated</td>
</tr>
<tr>
<td><strong>Macro</strong></td>
<td>U.S. 10-Year Treasury</td>
<td>3.0%</td>
<td>▲</td>
<td>1.8%</td>
</tr>
<tr>
<td></td>
<td>Fed rate stance</td>
<td>Tightening</td>
<td>▲</td>
<td>Neutral</td>
</tr>
<tr>
<td></td>
<td>German 10-Year Bund</td>
<td>0.3%</td>
<td>▼</td>
<td>-0.3%</td>
</tr>
<tr>
<td><strong>Credit Markets</strong></td>
<td>U.S. and EMEA Credit spreads</td>
<td>Multi-year highs at year-end</td>
<td>▲</td>
<td>Lowest levels of 2019</td>
</tr>
<tr>
<td></td>
<td>High yield bond issuance</td>
<td>Substantially shut down, especially in December</td>
<td>▲</td>
<td>Heightened activity to cap the year</td>
</tr>
<tr>
<td></td>
<td>U.S. Public Finance issuance¹</td>
<td>Multi-year low on high benchmark rates</td>
<td>▲</td>
<td>Multi-year high as low benchmark rates induce taxable transactions</td>
</tr>
</tbody>
</table>

1. MIS rated issuance.
Debt Leverage and Interest Coverage Remain Stable in North America and Europe

Credit Metrics: North American Speculative Grade Companies

Credit Metrics: European Speculative Grade Companies

1. Trailing twelve months ended December 31, 2019.
Note: Historical figures may change due to timing differences in issuer reporting deadlines. Source: Moody’s Investors Service.
Global Default Rates Remain Under Historic Average; Continue to Monitor Covenant Quality

Global speculative-grade default rate at 3.0% as of December 31, 2019; expected to increase to 3.3% by December 2020

Large concentration of recent U.S. bond issuance at the higher-end of speculative grade has led to weakened covenant quality, as higher rated credits typically carry weaker covenants

2. Covenant data for European and U.S. bonds as of the trailing twelve months ended September 30, 2019 and December 31, 2019, respectively.

Source: Moody’s Investors Service.
Baa-Credit Concentration Has Grown, with Mitigating Factors

Rated Debt of Baa U.S. Nonfinancial Companies Has Almost Tripled Since 2007

<table>
<thead>
<tr>
<th>Year</th>
<th>Face Value of Rated Debt</th>
<th>Debt / EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$744</td>
<td>2.4x</td>
</tr>
<tr>
<td>2008</td>
<td>$744</td>
<td>2.4x</td>
</tr>
<tr>
<td>2009</td>
<td>$744</td>
<td>2.4x</td>
</tr>
<tr>
<td>2010</td>
<td>$744</td>
<td>2.4x</td>
</tr>
<tr>
<td>2011</td>
<td>$744</td>
<td>2.4x</td>
</tr>
<tr>
<td>2012</td>
<td>$744</td>
<td>2.4x</td>
</tr>
<tr>
<td>2013</td>
<td>$744</td>
<td>2.4x</td>
</tr>
<tr>
<td>2014</td>
<td>$744</td>
<td>2.4x</td>
</tr>
<tr>
<td>2015</td>
<td>$744</td>
<td>2.4x</td>
</tr>
<tr>
<td>2016</td>
<td>$744</td>
<td>2.4x</td>
</tr>
<tr>
<td>2017</td>
<td>$744</td>
<td>2.4x</td>
</tr>
<tr>
<td>2018</td>
<td>$744</td>
<td>2.4x</td>
</tr>
</tbody>
</table>

- 2018 Baa-rated Debt Accounted for More than One-third of The Total Rated Debt of U.S. Nonfinancial Companies
- 2018 Potential Fallen Angels\(^1\) Accounted for $0.1 Trillion of the $2 Trillion of U.S. Baa-Rated Nonfinancial Debt Outstanding
- As compared to 2007, 2018 representative median companies generated more revenue ($4.7B to $7.1B), with improved EBITDA margins (20% to 24%) and EBITDA / Interest Expense ratios (7.0x to 8.2x)

\(^1\) Fallen Angels and Rising Stars fall within the “The Crossover Zone” which refers to the ratings closest to the line between speculative grade and investment grade. Companies in the zone are rated Baa3 or Ba1. To be considered in the zone, companies rated Baa3 must be on review for downgrade or have a negative outlook, while companies rated Ba1 must be on review for upgrade or have a positive outlook. Source: Moody’s Investors Service.
North America and EMEA Non-Financial Corporates Have Significant Refunding Needs

Debt Maturities: North America Moody’s-Rated Corporate Bonds and Loans

- More than $2.3 trillion of non-financial corporate debt maturing in North America through 2024, up ~6% from 2019
- North America speculative grade bank loans refinancing needs up $177 billion, or 29%, from a year ago

Debt Maturities: EMEA Moody’s-Rated Corporate Bonds and Loans

- Four-year debt maturities for EMEA non-financial corporates exceed $1.8 trillion, up more than $370 billion, or 26%, from the prior year

Note: Data represents U.S. & Canadian MIS rated corporate bonds & loans.

1. Amount reflects total maturities identified in the above sources.
Refunding Needs Have Grown Strongly Over Time

Next Four Years North America and EMEA Total Refunding Needs\(^1\) as of:

<table>
<thead>
<tr>
<th>Year</th>
<th>Billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$1,972</td>
</tr>
<tr>
<td>2013</td>
<td>$1,900</td>
</tr>
<tr>
<td>2014</td>
<td>$2,200</td>
</tr>
<tr>
<td>2015</td>
<td>$2,500</td>
</tr>
<tr>
<td>2016</td>
<td>$2,800</td>
</tr>
<tr>
<td>2017</td>
<td>$3,100</td>
</tr>
<tr>
<td>2018</td>
<td>$3,400</td>
</tr>
<tr>
<td>2019</td>
<td>$3,466</td>
</tr>
</tbody>
</table>

\(^1\) Amount reflects total maturities identified below.
Note: Data represents U.S., Canadian and European MIS rated corporate bonds & loans. Canada data not available before 2015.
Debt Refinancing and M&A are Most Frequently Stated Uses of Proceeds

Uses of Funds from USD High Yield Bonds and Bank Loans

1. Percent of mentions for each respective period in bond issue or bank loan program tranche documents. Excludes issues of less than $25 million and general corporate purposes. An issue can have multiple purposes and, as a result, percentages do not sum to 100%.

Source: Moody’s Analytics.
Disintermediation of Credit is an Ongoing Trend in the Global Capital Markets

European Non-Financial Corporate Bonds vs. Bank Loans Outstanding

U.S. Non-Financial Corporate Bonds vs. Bank Loans Outstanding

Sources: ECB, Federal Reserve, BarCap Indices. Europe bank loan data includes Eurozone and UK bank loans. Europe bond data includes euro and sterling denominated bonds. European data is through November 2019 and U.S. data is through December 2019.
New Rating Mandates Provide Recurring Revenue Growth

Global New Rating Mandates

- Expect 800 - 900 new mandates in 2020
- MIS recurring revenue growth driven by increased volume of monitoring fees from recent new mandates, as well as pricing initiatives

1. MIS recurring revenue is typically billed annually and recognized ratably over 12 months. Recurring revenue can also be billed upfront and recognized over the life of the security.
2. Rated by Moody’s Investors Service.
Moody’s Investors Service
Moody’s Investors Service Financial Profile

Full Year 2019 Revenue: $2.9 billion

- Corporate Finance: 52%
- Financial Institutions: 17%
- Structured Finance: 15%
- MIS Other: 1%
- Public, Project, & Infrastructure Finance: 15%

- Recurring Revenue: 63%
- Transaction Revenue: 37%
- U.S. Revenue: 40%
- Non-U.S. Revenue: 60%

Full Year 2020 Guidance as of February 12, 2020¹

- Revenue: increase in the mid-single-digit % range
- Adjusted Operating Margin: 58% - 59%

¹. See press release titled "Moody's Corporation Reports Results for Fourth Quarter and Full Year 2019; Sets Outlook for Full Year 2020" from February 12, 2020 for Moody's full 2020 guidance.

Note: The revenue reclassification of REITs to Corporate Finance from Structured Finance is reflected in the full year 2019 calculations.
The Benefits of a Moody’s Rating

WIDER ACCESS TO CAPITAL

INCREASED MARKET STABILITY

TANGIBLE FINANCING BENEFITS

TRANSPARENCY AND CREDIT COMPARISON

RESPONSIVE TO INVESTOR DEMAND

PLANNING & BUDGETING

Investors seek our opinions and particularly value the knowledge of our analysts and the depth of our research.
We remain focused on analytical expertise and our credit methodologies to provide predictive, predictable and transparent ratings

Accuracy reinforces investor demand pull

1 Source: Moody’s Investors Service. The data in the chart above shows the ten-year cumulative default rates by rating from January 2009, through January 2018 of fundamental Moody’s rated universe globally. Rating category is based on senior unsecured rating (or equivalent) of the issuer.

## Illustrative Value of a Moody’s Rating

### Example: 10 year $500 million corporate bond

<table>
<thead>
<tr>
<th>Unrated</th>
<th>Rated by Moody’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond</td>
<td>Bond</td>
</tr>
<tr>
<td>Interest rate</td>
<td>Interest rate</td>
</tr>
<tr>
<td>$500,000,000</td>
<td>$500,000,000</td>
</tr>
<tr>
<td>x 4.3%</td>
<td>x 4.0%</td>
</tr>
<tr>
<td>$21,500,000</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>x 10 years</td>
<td>x 10 years</td>
</tr>
<tr>
<td>$215,000,000</td>
<td>$200,000,000</td>
</tr>
</tbody>
</table>

**Annual interest payments**

**Tenor**

**Lifetime interest expense**

$15 million in total interest expense

vs.

lifetime cost of a rating

Note: Illustrative spread differential based on feedback from syndicate desks and FBR & Co. research on Moody’s Corporation (January 2014) which stated that obtaining a Moody’s rating typically saves approximately 30 basis points per year for investment grade issuers. Many factors go into the pricing of a bond.
Broad Coverage Serves Global Needs

<table>
<thead>
<tr>
<th>Americas</th>
<th>EMEA</th>
<th>APAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>» 29,600+ rated companies and structured deals</td>
<td>» 4,700+ rated companies and structured deals</td>
<td>» 2,200+ rated companies and structured deals</td>
</tr>
<tr>
<td>» $35+ trillion total debt rated</td>
<td>» $20+ trillion total debt rated</td>
<td>» $13+ trillion total debt rated</td>
</tr>
<tr>
<td>» 16,800 research publications</td>
<td>» 6,700 research publications</td>
<td>» 4,100 research publications</td>
</tr>
<tr>
<td>» Offices in 10 cities*</td>
<td>» Offices in 13 cities*</td>
<td>» Offices in 10 cities*</td>
</tr>
</tbody>
</table>

1. Institutional Investor Survey. Source: Moody's Investors Service. All data as of January, 20 2020, except Research Data covers the period January 1, 2019 – December 31, 2019. All numbers are rounded other than those marked *
Continue to Invest in Key International Markets

Revenue in Emerging Markets

Asia Pacific
» China: Successful joint venture with CCXI and robust cross-border operations
» South Korea: Full ownership of KIS subsidiary, a leading provider of domestic credit ratings in South Korea
» India: Majority stake in ICRA serves growing domestic Indian bond market

Latin America
» Launched Moody’s Local, a new platform that will provide domestic credit ratings and research in Peru, Panama and Bolivia¹
» Minority investment in ICR Chile deepens Moody’s presence in dynamic and expanding market

EMEA
» Opened Moody’s offices in Saudi Arabia and Lithuania

---

1. Subject to regulatory approvals. Moody’s Local ratings represent forward-looking rank-orderings of creditworthiness within the domestic market of a specific country. They are not comparable between countries, and are distinct from and independent of the opinions of MIS and its global ratings.
Moody’s in Greater China: 2019 Performance Update

2nd Largest Onshore Bond Market at $14 Trillion

Estimated China Ratings Market Size: Domestic and Cross Border

» Moody’s participates directly in the cross border China issuance market through MIS and in the domestic market through a 30% interest in CCXI

» Long-term growth prospects enabled by participation in the ongoing development of China’s domestic credit markets

» Continuing to foster constructive relationships and partnerships with issuers, regulators and other market participants

2. Revenue as of full year 2019; USD 1 = RMB 6.92 RMB exchange rate as of December 31, 2019 is used for conversion for domestic CRAs’ estimated revenue. Note: These are high level estimates based on MIS & CCXI full year 2019 revenue/market coverage in domestic market; in cross border, market share is coverage/sum of coverage for three major CRAs.
3. Greater China: Mainland, Hong Kong and Macau.
MIS ESG Opportunity: Driving Expansion Beyond Credit

Analysis
» Moody’s forecasts global green, social and sustainability bond issuance to reach $400 billion in 2020, a projected increase of 24% over 2019¹

» Majority acquisition of Four Twenty Seven complements majority stake in Vigeo Eiris underscoring work to advance global standards for assessing environmental and climate risk factors

Research
» In 2019, Moody’s published 300+ research reports focused on ESG risks and opportunities, up ~30% from 2018

Outreach
» ~400 media engagements in 2019
» Strategic relationships with industry organizations and influencers across sustainable finance
» Hosted 2nd annual ESG conference in London in 4Q19

2. Total combined assessments are from full year 2012 through full year 2019. Includes approximately 60 Moody’s GBAs and 230 Vigeo Eiris Second Party Opinions on green, sustainability and social bonds.
Integrating 427 Climate Analytics to Better Inform the Market

» Research report on exposure to future heat stress for U.S. counties
  - Relative projections of future heat stress for each U.S. county to demonstrate high risk areas provided by 427

» Research report on public safety power shutoffs in California
  - Maps of heat/water stress in California provided by 427

Near term

» MIS publishing report on the climate change scenarios
  - Climate scenario expertise on the physical impacts of the different scenarios provided by 427

» 427 data to be incorporated into tools for the U.S. PFG team
  - Data and scores for all U.S. Municipalities from 427 will either complement or replace data supplied by MA
  - 427 includes greater amount of risk hazards than MA

REIS Network data partner

Joint by-line article: the changing climate of credit risk management
Moody’s Analytics Financial Profile

Full Year 2019 Revenue: $2.0 billion

- 99% recurring revenue
- ~ 97% retention rate
- 77% recurring revenue
- Combination of one-off contracts and semi-recurring revenue

Full Year 2020 Guidance as of February 12, 2020

Revenue
- Increase in the high-single-digit % range

Adjusted Operating Margin
- Approximately 30%

1. Excludes Bureau van Dijk.
2. See press release titled "Moody's Corporation Reports Results for Fourth Quarter and Full Year 2019; Sets Outlook for Full Year 2020" from February 12, 2020 for Moody's full 2020 guidance.

Note: The revenue reclassification of the FACT product from RD&A to ERS is reflected in the full year calculations.
Moody’s Analytics has Several Platforms for Growth

Revenue More Than Tripled Since Inception

**Moody’s Analytics**
- 2019 Revenue: $1,954m
- 2008 – 2019 CAGR: +12% (~60% organic)

**Professional Services**
- 2019 Revenue: $159m
- 2008 – 2019 CAGR: +27% (~26% organic)

**Enterprise Risk Solutions**
- 2019 Revenue: $522m
- 2008 – 2019 CAGR: +14% (~68% organic)

**Research, Data & Analytics**
- 2019 Revenue: $1,273m
- 2008 – 2019 CAGR: +11% (~62% organic)

Note: Individual line of business revenues may not add up to total Moody’s Analytics revenue due to rounding.
RD&A: Subscription Growth Driven by Retention, Upgrades and Pricing & New Sales

Subscription Sales Growth
(constant currency)

Full Year 2019

Retained Base | Upgrades and Price | New Sales | Business Base
--- | --- | --- | ---
96.2% | 9.0% | 5.4% | 110.6%

Full Year 2018

Retained Base | Upgrades and Price | New Sales | Business Base
--- | --- | --- | ---
95.8% | 9.1% | 4.8% | 109.7%

Full Year 2017

Retained Base | Upgrades and Price | New Sales | Business Base
--- | --- | --- | ---
95.5% | 8.2% | 5.7% | 109.4%

Full Year 2016

Retained Base | Upgrades and Price | New Sales | Business Base
--- | --- | --- | ---
95.4% | 8.0% | 6.8% | 110.2%

Expansion of ratings coverage
Production of insightful credit analysis
New customers in geographies with developing debt capital markets
Expansion of data sets and delivery options
Strong customer retention

Note: The sales growth attributions presented on this slide are related to RD&A subscription sales on a constant currency basis and excludes Bureau van Dijk and Reis. Upgrades reflect amendments to existing customer contracts. New Sales reflect new contracts with new and existing customers.
Global Regulatory and Accounting Drivers for the ERS Business

Source: Moody’s Analytics market research as of January 2020.

Note: MiFID II, MiFIR and GDPR regulations are relevant to the banking sector but do not impact on Moody's Analytics products and so have not been included on the radar.

The G-SIB surcharge will expand the conservation buffer, subject to a 3 year phase in period. G-SIBs will be required to hold a minimum Total Loss-Absorbing Capacity" (TLAC) of at least 16% from 2019 and 18% by 2022.
Appendix
1. Historical data has been adjusted to conform with current information and excludes intercompany revenue. The revenue reclassification of REITs to Corporate Finance from Structured Finance is reflected starting from 1Q 2018.

2. Other includes: monitoring, commercial paper, medium term notes, and ICRA.

Corporate Finance: Revenue Diversification

Revenue¹: Distribution by Geography

Revenue¹: Distribution by Recurring vs. Transaction

Revenue¹: Distribution by Product

1. Historical data has been adjusted to conform with current information and excludes intercompany revenue. The revenue reclassification of REITs to Corporate Finance from Structured Finance is reflected starting from 1Q 2018.

2. Other includes: monitoring, commercial paper, medium term notes, and ICRA. Percentages have been rounded and may not total to 100%.
1. Historical data has been adjusted to conform with current information and excludes intercompany revenue. The revenue reclassification of REITs to Corporate Finance from Structured Finance is reflected starting from 1Q 2018.

2. Sources: AB Alert, CM Alert, Moody’s Corporation. Debt issuance categories do not directly correspond to Moody’s revenue categorization.

Notes: ABS (Asset Backed Securitization) includes asset-backed commercial paper and long-term asset-backed securities. RMBS (Residential Mortgage Backed Securitization) includes covered bonds. CMBS includes commercial mortgage-backed securities and commercial real estate CDOs. Structured Credit includes CLOs and CDOs.
Structured Finance: Revenue Diversification

Revenue:\textsuperscript{1} Distribution by Geography

- FY15: 69% Non-U.S., 31% U.S.
- FY16: 67% Non-U.S., 33% U.S.
- FY17: 69% Non-U.S., 31% U.S.
- FY18: 63% Non-U.S., 37% U.S.
- 1Q19: 62% Non-U.S., 38% U.S.
- 2Q19: 64% Non-U.S., 36% U.S.
- 3Q19: 64% Non-U.S., 36% U.S.
- 4Q19: 62% Non-U.S., 38% U.S.
- FY19: 63% Non-U.S., 37% U.S.

Notes: ABS (Asset Backed Securitization) includes asset-backed commercial paper and long-term asset-backed securities. RMBS (Residential Mortgage Backed Securitization) includes covered bonds. CMBS includes commercial mortgage-backed securities and commercial real estate CDOs. Structured Credit includes CLOs and CDOs.

Percentages have been rounded and may not total to 100%.

Revenue:\textsuperscript{1} Distribution by Recurring vs. Transaction

- FY15: 64% Recurring, 36% Transaction
- FY16: 62% Recurring, 38% Transaction
- FY17: 65% Recurring, 35% Transaction
- FY18: 64% Recurring, 36% Transaction
- 1Q19: 57% Recurring, 43% Transaction
- 2Q19: 61% Recurring, 39% Transaction
- 3Q19: 55% Recurring, 45% Transaction
- 4Q19: 57% Recurring, 43% Transaction
- FY19: 58% Recurring, 42% Transaction

Revenue:\textsuperscript{1} Distribution by Product

- FY15: 31% ABS, 28% RMBS, 33% CMBS, 41% Structured Credit, 1% Other
- FY16: 31% ABS, 31% RMBS, 29% CMBS, 16% Structured Credit, 1% Other
- FY17: 18% ABS, 19% RMBS, 18% CMBS, 20% Structured Credit, 1% Other
- FY18: 18% ABS, 19% RMBS, 18% CMBS, 23% Structured Credit, 1% Other
- 1Q19: 18% ABS, 19% RMBS, 18% CMBS, 23% Structured Credit, 1% Other
- 2Q19: 23% ABS, 21% RMBS, 21% CMBS, 24% Structured Credit, 1% Other
- 3Q19: 24% ABS, 23% RMBS, 23% CMBS, 24% Structured Credit, 1% Other
- 4Q19: 23% ABS, 23% RMBS, 23% CMBS, 24% Structured Credit, 1% Other
- FY19: 23% ABS, 23% RMBS, 23% CMBS, 24% Structured Credit, 1% Other

Notes: ABS (Asset Backed Securitization) includes asset-backed commercial paper and long-term asset-backed securities. RMBS (Residential Mortgage Backed Securitization) includes covered bonds. CMBS includes commercial mortgage-backed securities and commercial real estate CDOs. Structured Credit includes CLOs and CDOs.

Percentages have been rounded and may not total to 100%.

\textsuperscript{1} Historical data has been adjusted to conform with current information and excludes intercompany revenue. The revenue reclassification of REITs to Corporate Finance from Structured Finance is reflected starting from 1Q 2018.
1. Historical data has been adjusted to conform with current information and excludes intercompany revenue.
2. Sources: Moody’s Analytics, Dealogic. Note: Debt issuance categories do not directly correspond to Moody’s revenue categorization.
Financial Institutions: Revenue Diversification

**Revenue¹: Distribution by Geography**

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>1Q19</th>
<th>2Q19</th>
<th>3Q19</th>
<th>4Q19</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-U.S.</td>
<td>43%</td>
<td>43%</td>
<td>43%</td>
<td>44%</td>
<td>40%</td>
<td>42%</td>
<td>45%</td>
<td>42%</td>
<td>42%</td>
</tr>
<tr>
<td>U.S.</td>
<td>57%</td>
<td>57%</td>
<td>57%</td>
<td>56%</td>
<td>60%</td>
<td>58%</td>
<td>55%</td>
<td>58%</td>
<td>58%</td>
</tr>
</tbody>
</table>

**Revenue¹: Distribution by Recurring vs. Transaction**

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>1Q19</th>
<th>2Q19</th>
<th>3Q19</th>
<th>4Q19</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction</td>
<td>63%</td>
<td>63%</td>
<td>55%</td>
<td>58%</td>
<td>59%</td>
<td>51%</td>
<td>54%</td>
<td>58%</td>
<td>55%</td>
</tr>
<tr>
<td>Recurring</td>
<td>37%</td>
<td>37%</td>
<td>45%</td>
<td>42%</td>
<td>41%</td>
<td>49%</td>
<td>46%</td>
<td>42%</td>
<td>45%</td>
</tr>
</tbody>
</table>

**Revenue¹: Distribution by Product**

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>1Q19</th>
<th>2Q19</th>
<th>3Q19</th>
<th>4Q19</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking</td>
<td>26%</td>
<td>28%</td>
<td>23%</td>
<td>26%</td>
<td>25%</td>
<td>22%</td>
<td>26%</td>
<td>27%</td>
<td>25%</td>
</tr>
<tr>
<td>Insurance</td>
<td>67%</td>
<td>65%</td>
<td>69%</td>
<td>66%</td>
<td>69%</td>
<td>68%</td>
<td>66%</td>
<td>66%</td>
<td>67%</td>
</tr>
<tr>
<td>Managed Investments</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>5%</td>
<td>4%</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

1. Historical data has been adjusted to conform with current information and excludes intercompany revenue. Percentages have been rounded and may not total to 100%.
Public, Project and Infrastructure: Revenue and Issuance

Revenue¹: Mix by Quarter

Revenue¹: Mix by Year

Issuance²: Mix by Quarter

Issuance²: Mix by Year

1. Historical data has been adjusted to conform with current information and excludes intercompany revenue.
2. Global Rated Project & Infrastructure Finance available starting in 2016 and represents Moody’s rated issuance.

Sources: Thomson SDC, Moody’s Corporation. Note: Debt issuance categories do not directly correspond to Moody’s revenue categorization.
Public, Project and Infrastructure: Revenue Diversification

1. Historical data has been adjusted to conform with current information and excludes intercompany revenue.
Percentages have been rounded and may not total to 100%.
Moody’s Analytics: Financial Overview

1. Historical data has been adjusted to conform with current information and excludes intercompany revenue. Research, Data and Analytics includes Bureau van Dijk revenue beginning from the acquisition close date, August 10, 2017. The revenue reclassification of the FACT product from RD&A to ERS is reflected starting from 1Q 2018. Percentages have been rounded and may not total to 100%.
Historically, Moody’s Revenue and Interest Rates Have Not Been Strongly Correlated

MCO Revenue and Interest Rates

MIS Revenue (L)  MA Revenue (L)  MCO Revenue (L)

Note: Gray bars reflect periods of significant increases in the 10-year Treasury Yield.
1. 10-yr U.S. Treasury Yields are represented by the rate at the end-of-period.
Source: www.treasury.gov.

MOODY’S
Capital Management

Committed to leverage anchored around a BBB+ rating

Strong track record of de-leveraging through cash flow (e.g., de-levered within nine months of the Bureau van Dijk acquisition)

Well-laddered maturities; no significant debt maturities until 2021

1. Trailing twelve months adjusted operating income. Amounts are adjusted measures. See Appendix for reconciliations from adjusted financial measures to U.S. GAAP and gross debt to net debt.
2. TTM only applies to income and cash flow statement items.
3. Amounts are adjusted measures. See Appendix for reconciliations from adjusted financial measures to U.S. GAAP and gross debt to net debt.

($ Billions)

<table>
<thead>
<tr>
<th>TTM 4Q19²</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Operating Income¹</td>
<td>$2.3</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>$0.2</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>$0.1</td>
</tr>
<tr>
<td>Free Cash Flow¹</td>
<td>$1.6</td>
</tr>
<tr>
<td>Debt</td>
<td>$5.6</td>
</tr>
<tr>
<td>Cash, Cash Equivalents &amp; ST Investments</td>
<td>$1.9</td>
</tr>
<tr>
<td>Net Debt</td>
<td>$3.7</td>
</tr>
</tbody>
</table>

Net Debt/Adjusted Operating Income¹

1.6x
Technology: Innovating with Purpose
Next Gen Tech is a Defining Element of our Culture, Setting Stage for Growth

Enhance Data & Analytics
» Incorporating alternative data sources to augment SME credit scoring accuracy
» QuantCube pilot program to synthesize unstructured data to enhance financial analysis
» CompStak’s use of crowd-sourced data on CRE leases and sales

Deliver Efficiencies
» ML and deep learning tools to automate financial data spreading at both MA and MIS
» AI and NLP used to generate credit reports on 6,000 municipal issuers
» RPA of manual, repeatable tasks within MIS

Improve Decisions
» NLP based early warning and monitoring tools for MIS analysts and MA customers
» AI tailored credit training for MA customers – Credit Coach
» Faster loan approvals with AI powered lending decisions – CreditLens

Increase Adaptability
» SaaS accelerating product development and improving customer experience
» Leveraging PaaS to experiment with application of tools and techniques – blockchain and big data
» Moody’s IT moving to IaaS to expand capabilities and lower costs

Note: AI: Artificial Intelligence; ML: Machine learning; NLP: Natural language processing; RPA: Robotic process automation; IaaS: Infrastructure-as-a-service; SaaS: Software-as-a-service; PaaS: Platform-as-a-service.
Moody's Global Presence

### Americas
- Argentina
- Brazil
- Canada
- Chile
- Costa Rica

### Europe, Middle East & Africa
- Austria
- Belgium
- Cyprus
- Czech Republic
- Denmark
- France
- Germany
- Israel
- Italy
- Lithuania
- Morocco
- Netherlands
- Poland
- Portugal
- Russia
- Saudi Arabia
- Slovak Republic
- South Africa
- Spain
- Sri Lanka
- Sweden
- Switzerland
- United Arab Emirates
- United Kingdom

### Asia-Pacific
- Australia
- China
- Hong Kong
- India
- Japan
- Nepal
- Singapore
- South Korea
- Thailand

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. Employees</th>
<th>Non-U.S. Employees</th>
<th>Total Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>3,908</td>
<td>7,173</td>
<td>11,081</td>
</tr>
<tr>
<td>2018</td>
<td>4,007</td>
<td>9,050</td>
<td>13,057</td>
</tr>
</tbody>
</table>

1. As of December 31, 2019. Reflects decrease of ~2,800 MAKS employees.
# Reconciliation of Adjusted Financial Measures to GAAP

## Adjusted Operating Income and Adjusted Operating Margin Reconciliation

*Year Ended December 31, (in $ millions)*

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>$1,490.7</td>
<td>$650.9</td>
<td>$1,820.8</td>
<td>$1,868</td>
<td>$1,998</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>42.8%</td>
<td>18.1%</td>
<td>43.3%</td>
<td>42.0%</td>
<td>41.4%</td>
</tr>
<tr>
<td><strong>Add Adjustment:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>113.5</td>
<td>126.7</td>
<td>158.3</td>
<td>192</td>
<td>200</td>
</tr>
<tr>
<td>Acquisition-Related Expenses</td>
<td>-</td>
<td>-</td>
<td>22.5</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Restructuring</td>
<td>-</td>
<td>12.0</td>
<td>-</td>
<td>49</td>
<td>60</td>
</tr>
<tr>
<td>Captive insurance company settlement</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16</td>
</tr>
<tr>
<td>Settlement Charge</td>
<td>-</td>
<td>863.8</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Non-tax-deductible loss related to the divestiture of MAKS</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td><strong>Adjusted Operating Income</strong></td>
<td>$1,604.2</td>
<td>$1,653.4</td>
<td>$2,001.6</td>
<td>$2,117</td>
<td>$2,291</td>
</tr>
<tr>
<td><strong>Adjusted Operating Margin</strong></td>
<td>46.0%</td>
<td>45.9%</td>
<td>47.6%</td>
<td>47.6%</td>
<td>47.4%</td>
</tr>
</tbody>
</table>

## Moody's Corporation Net Debt Reconciliation

*December 31, (in $ millions)*

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross debt</td>
<td>$3,380.6</td>
<td>$3,363.0</td>
<td>$5,540.5</td>
<td>$5,676</td>
<td>$5,581</td>
</tr>
<tr>
<td><strong>Less: Cash, cash equivalents and short-term investments</strong></td>
<td>2,232.2</td>
<td>2,224.9</td>
<td>1,183.3</td>
<td>1,818</td>
<td>1,930</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>$1,148.4</td>
<td>$1,138.1</td>
<td>$4,357.2</td>
<td>$3,858</td>
<td>$3,651</td>
</tr>
</tbody>
</table>

---

1. 2014 - 2017 operating and adjusted operating income have been restated to conform to the new presentation of pension accounting.
Reconciliation of Adjusted Financial Measures to GAAP (cont.)

Moody's Corporation Operating Margin Guidance Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>2020F¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Operating Margin - GAAP</td>
<td>Approximately 44%</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>Approximately 4.5%</td>
</tr>
<tr>
<td>Projected Adjusted Operating Margin</td>
<td>48% - 49%</td>
</tr>
</tbody>
</table>

Free Cash Flow Reconciliation²

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash flows from operating activities</td>
<td>$1,198.1</td>
<td>$1,259.2</td>
<td>$754.6</td>
<td>$1,461</td>
<td>$1,675</td>
<td>$1,800 - $1,900</td>
</tr>
<tr>
<td>Less: Capital expenditures</td>
<td>89.0</td>
<td>115.2</td>
<td>90.6</td>
<td>91</td>
<td>69</td>
<td>~100.0</td>
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<tr>
<td>Free Cash Flow</td>
<td>$1,109.1</td>
<td>$1,144.0</td>
<td>$664.0</td>
<td>$1,370</td>
<td>$1,606</td>
<td>$1,700.0 - $1,800.0</td>
</tr>
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</table>

Reconciliation of Adjusted Financial Measures to GAAP (cont.)

Moody's Corporation Diluted EPS Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020F1</th>
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</thead>
<tbody>
<tr>
<td>Diluted EPS - GAAP</td>
<td>$4.63</td>
<td>$1.36</td>
<td>$5.15</td>
<td>$6.74</td>
<td>$7.42</td>
<td>$8.60 - $8.80</td>
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<tr>
<td>Legacy Tax</td>
<td>(0.03)</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Impact of Litigation Settlement</td>
<td>-</td>
<td>$3.59</td>
<td>-</td>
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<tr>
<td>Captive insurance company settlement</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$0.06</td>
<td>-</td>
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<tr>
<td>ICRA Gain</td>
<td>-</td>
<td>-</td>
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<tr>
<td>FX gain on liquidation of a subsidiary</td>
<td>-</td>
<td>($0.18)</td>
<td>-</td>
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<tr>
<td>Restructuring</td>
<td>-</td>
<td>$0.04</td>
<td>-</td>
<td>$0.19</td>
<td>$0.23</td>
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<tr>
<td>CCXI Gain</td>
<td>-</td>
<td>-</td>
<td>($0.31)</td>
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<tr>
<td>Acquisition-Related Expenses</td>
<td>-</td>
<td>-</td>
<td>$0.10</td>
<td>$0.03</td>
<td>$0.02</td>
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</tr>
<tr>
<td>Purchase Price Hedge Gain</td>
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<tr>
<td>Acquisition-Related Intangible Amortization Expenses</td>
<td>$0.11</td>
<td>$0.13</td>
<td>$0.23</td>
<td>$0.40</td>
<td>$0.42</td>
<td>~ $0.50</td>
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<tr>
<td>Loss pursuant to the divestiture of MAKS</td>
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<tr>
<td>Impact of U.S. tax reform</td>
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<td>-</td>
<td>$1.28</td>
<td>($0.30)</td>
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<tr>
<td>Net Impact of U.S./European tax change on deferred taxes</td>
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<td>($0.01)</td>
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<tr>
<td>Increase to non-U.S. UTPs</td>
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   Note: Table may not sum to total due to rounding.
null