

MOODY'S

Decode risk.
Unlock opportunity.

**Institutional
Investor**
2022 GLOBAL FIXED INCOME RESEARCH
#1 BEST CREDIT RATING AGENCY
MOODY'S

 **RiskTech
100 2023**
#1

Fourth Quarter and Full Year 2022 Earnings Call

January 31, 2023

Introduction

Shivani Kak

Head of Investor Relations



Disclaimer

Certain statements contained in this document are forward-looking statements and are based on future expectations, plans and prospects for Moody's business and operations that involve a number of risks and uncertainties. Such statements involve estimates, projections, goals, forecasts, assumptions and uncertainties that could cause actual results or outcomes to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements. Stockholders and investors are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements and other information in this document are made as of the date hereof, and Moody's 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, Moody's is identifying certain factors 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: the impact of general economic conditions, including inflation and related monetary policy actions by governments in response to inflation, on worldwide credit markets and economic activity and its effect on the volume of debt and other securities issued in domestic and/or global capital markets; the global impacts of each of the conflict in Ukraine and COVID-19 on volatility in world financial markets, on general economic conditions and GDP in the U.S. and worldwide, on global relations and on the Company's own operations and personnel; 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, inflation and other volatility in the financial markets, as well as the number of issuances of securities without ratings or securities which are rated or evaluated by non-traditional parties; 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, tax agreements and trade barriers; the impact of MIS's withdrawal of its credit ratings on Russian entities and of Moody's no longer conducting commercial operations in Russia; 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; 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 Moody's may be subject from time to time; provisions in U.S. 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; uncertainty regarding the future relationship between the U.S. and China; the possible loss of key employees and the impact of the global labor environment; failures or malfunctions of our operations and infrastructure; any vulnerabilities to cyber threats or other cybersecurity concerns; the timing and effectiveness of our restructuring programs, such as the 2022 - 2023 Geolocation Restructuring Program; currency and foreign exchange volatility; the outcome of any review by controlling tax authorities of Moody's global tax planning initiatives; exposure to potential criminal sanctions or civil remedies if Moody's fails to comply with foreign and U.S. laws and regulations that are applicable in the jurisdictions in which Moody's 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, such as our acquisition of RMS, or other business combinations and the ability of Moody's to successfully integrate acquired businesses; 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 Moody's annual report on Form 10-K for the year ended December 31, 2021, 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.

4Q and Full Year 2022 Highlights

Rob Fauber

President and Chief Executive Officer



Key Takeaways

- 1 MA achieved **ARR¹ growth of 10% as demand for our mission-critical solutions** accelerated; FY 2022 adjusted operating margin expanded to 30.2%
- 2 MIS FY 2022 revenue declined to \$2.7B on significant credit market uncertainty and **challenging macroeconomic and geopolitical conditions**; well-positioned as the “**Agency of Choice**” to capture future issuance
- 3 Delivering **over \$200M in annualized savings in 2023**; executed on committed Restructuring Program², while continuing to organically **invest in high-priority growth markets**
- 4 FY 2023 guidance³: **MCO revenue to increase in the mid-to-high-single-digit percent range**; Adjusted Operating Margin to expand to 44% - 45%; Adjusted Diluted EPS range of \$9.00 to \$9.50
- 5 **Reaffirming medium-term targets⁴** with a 2022 base year

1. ARR: Annualized Recurring Revenue. ARR growth as of December 31, 2022. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.

2. 2022 – 2023 Geolocation Restructuring Program initially announced during 2Q 2022 Earnings Call, upsized during 3Q 2022 Earnings Call.

3. Guidance as of January 31, 2023. Refer to Table 11 – “2023 Outlook” in the press release titled “Moody’s Corporation Reports Results for Fourth Quarter and Full Year 2022; Sets Outlook for 2023” from January 31, 2023, for a complete list of guidance, reconciliations between adjusted and organic measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

4. Refer to Slide 30 in the Appendix for details and assumptions with respect to medium-term guidance.

MCO: Full Year 2022 Financial Results



\$5.5B
MCO Revenue



\$2.3B
MCO Adjusted
Operating Income¹



\$8.57
MCO Adjusted
Diluted EPS¹

(12%)

MCO revenue
contraction from
2021



MA revenue grew

15%

MA ARR² increased

10%



MIS revenue declined

(29%)

Rated issuance contracted

(31%)







42.6%
MCO Adjusted
Operating Margin¹

1. Refer to the Appendix for reconciliations between all adjusted measures mentioned throughout this presentation and U.S. GAAP.

2. ARR growth as of December 31, 2022. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.

MCO: Full Year 2022 Operating and Strategic Highlights

Realizing the potential of our global integrated risk assessment opportunity

|  Customer First |  Invest with Intent |  Collaborate, Modernize & Innovate |  People, Culture & Sustainability |
|---|---|---|--|
| <ul style="list-style-type: none">» Top overall ranking in Chartis RiskTech100®; rated #1 in 15 separate award categories» Awarded Best Credit Rating Agency by Institutional Investor for 11th consecutive year» Enhanced digital experience for CreditView | <ul style="list-style-type: none">» Expanded emerging market footprint with investments in Africa and Latin America» Pre-scored 350M+ companies with ESG Score Predictor» Newly-developed organic products¹ drove significant MA sales growth in 2022 | <ul style="list-style-type: none">» Integrated acquired capabilities to develop best-in-class KYC solution» Partnered with global banks to launch a new electronic trading platform for loans and CLOs» Combined RMS and Moody's CRE datasets to expand and enrich product solutions | <ul style="list-style-type: none">» DiversityInc's Top-50 Company for the 3rd year running» Named one of America's Most JUST Companies for fair wages, customer privacy and reduction of carbon emissions» Employee engagement continued to increase and remains above global benchmarks |

1. Refers to organically-developed products launched in the preceding four years (2019 – 2022).

MIS: Expecting Moderate Improvement in 2023 Issuance

2023 Issuance Factors



POLITICS & POLICY

- » Geopolitical risks
- » Energy, trade, climate, tax and regulatory policies



INFLATION & CENTRAL BANK ACTIONS

- » Inflation expectations, supply chain and wage trends
- » Global monetary policy tightening cycle



CREDIT MARKETS & RATES

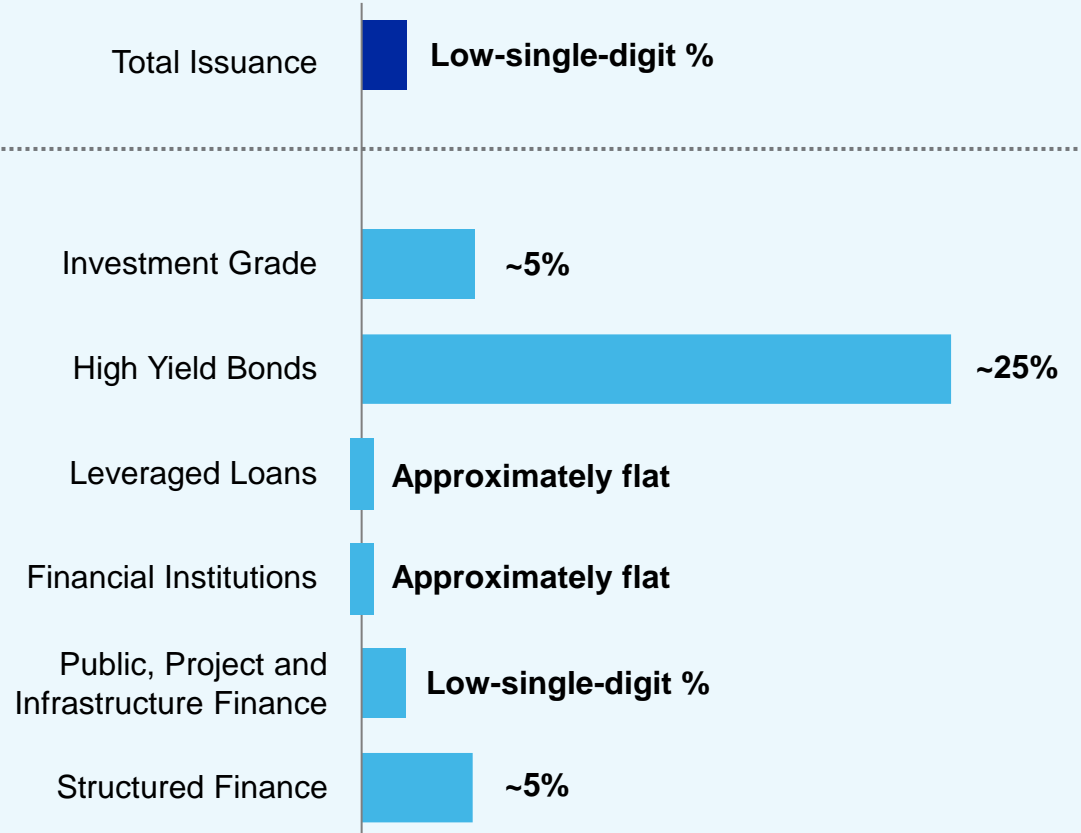
- » Liquidity, sentiment and credit spreads
- » Credit performance and default rates
- » Private credit markets



GROWTH & INVESTMENT

- » Global GDP: recession or recovery
- » Private equity 'dry powder'

FY 2023 Issuance Outlook^{1,2}

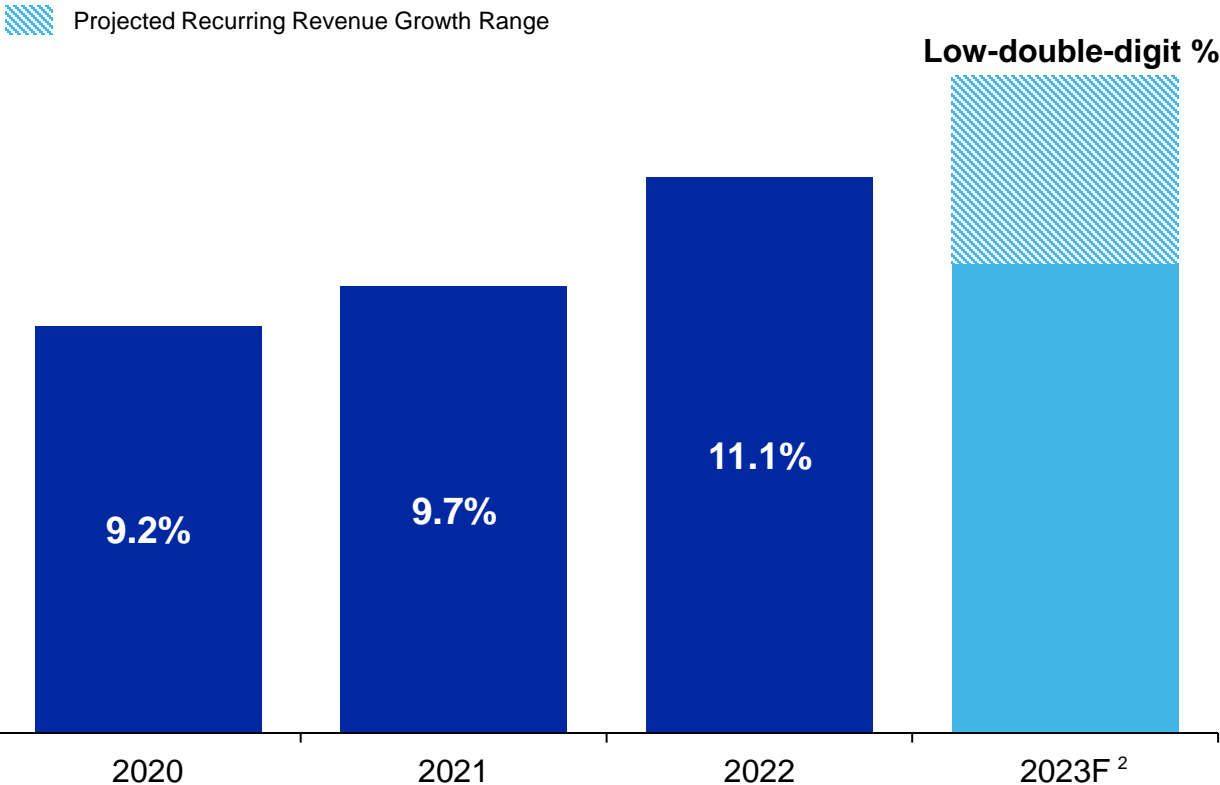


1. Guidance as of January 31, 2023. Refer to Table 11 – “2023 Outlook” in the press release titled “Moody’s Corporation Reports Results for Fourth Quarter and Full Year 2022; Sets Outlook for 2023” from January 31, 2023, for a complete list of guidance, reconciliations between adjusted and organic measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

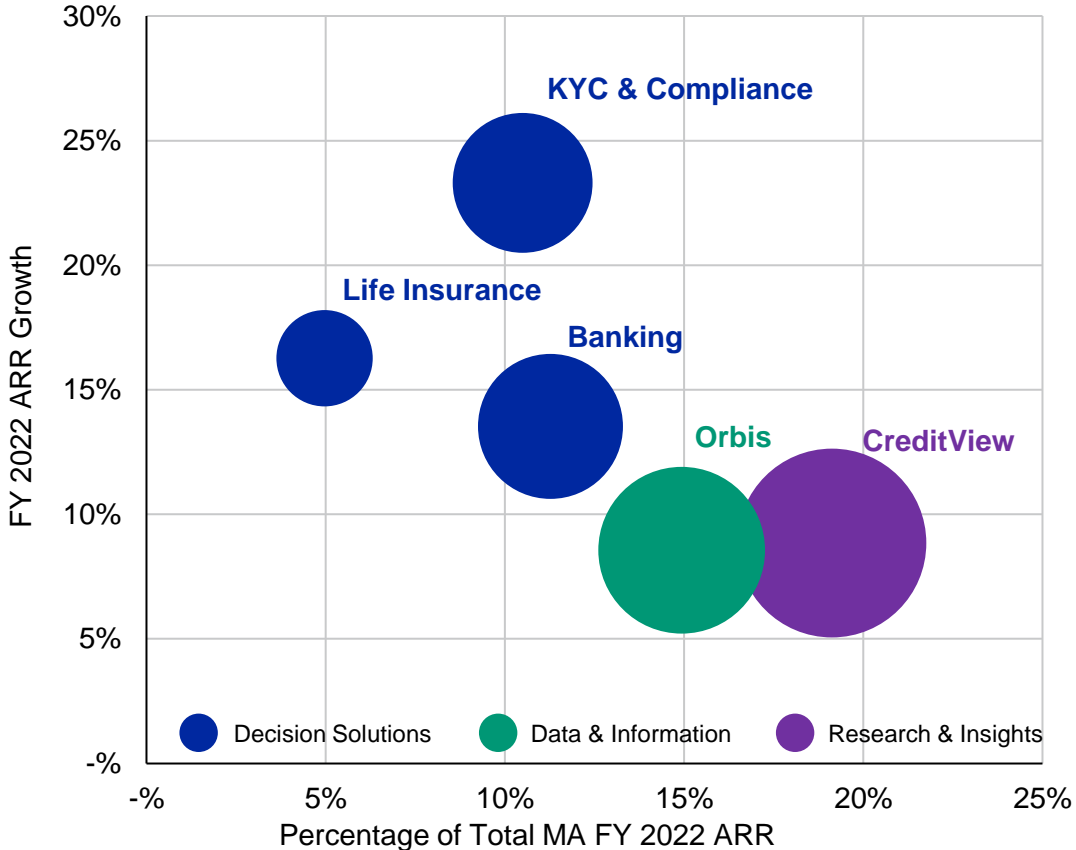
2. Total issuance includes CFG, SFG, FIG and PPIF. MIS-rated issuance excludes sovereign debt issuance. Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.

MA: Strong Track Record of Recurring Revenue Growth

Organic C\$ Recurring Revenue Growth Rate¹



Spotlight on ARR³ Expansion



1. Refer to the Appendix for the definition of organic constant currency (organic C\$) revenue and constant currency (C\$) revenue, as well as reconciliations between all organic C\$, C\$ and adjusted measures mentioned throughout this presentation and U.S. GAAP.

2. Guidance as of January 31, 2023. Refer to Table 11 – “2023 Outlook” in the press release titled “Moody’s Corporation Reports Results for Fourth Quarter and Full Year 2022; Sets Outlook for 2023” from January 31, 2023, for a complete list of guidance, reconciliations between adjusted and organic measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.








3. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.

MCO: Financial Outlook

MCO Full Year 2023 Guidance¹

| | |
|--|--|
| Revenue | Increase in the mid-to-high-single-digit percent range |
| Expenses | Increase in the low-single-digit percent range |
| Adjusted Operating Margin² | 44% - 45% |
| Interest Expense, Net | \$290 - \$310 million |
| Effective Tax Rate | 20% - 22% |
| Diluted EPS | \$8.05 - \$8.55 |
| Adjusted Diluted EPS² | \$9.00 - \$9.50 |
| Free Cash Flow² | \$1.4 - \$1.6 billion |
| Share Repurchases³ | Approximately \$250 million |

Medium-Term Guidance with 2022 Base Year^{3, 4, 5}

| | | |
|---|---|---|
|  MCO Revenue | > | At least 10% growth |
|  MA Revenue | > | Low-to-mid-teens % growth |
|  MIS Revenue | > | Low-to-mid-single-digit % growth |
|  MCO Adjusted Operating Margin | > | Low-50s % range |
|  MA Adjusted Operating Margin | > | Mid-30s % range |
|  MIS Adjusted Operating Margin | > | Low-60s % range |
|  MCO Adjusted Diluted EPS | > | Low-double-digit % growth |

Note: Medium-term guidance refers to a time period within 5 years. Growth refers to average annualized growth over the time period. Assumes full year 2022 as the base year.

- Guidance as of January 31, 2023. Refer to Table 11 – “2023 Outlook” in the press release titled “Moody’s Corporation Reports Results for Fourth Quarter and Full Year 2022; Sets Outlook for 2023” from January 31, 2023, for a complete list of guidance, reconciliations between adjusted and organic measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.
- Adjusted Operating Margin, Adjusted Diluted EPS and Free Cash Flow are non-GAAP measures. Refer to the Appendix for reconciliations between all adjusted measures mentioned throughout this presentation and U.S. GAAP.
- Subject to available cash, market conditions, M&A opportunities and other ongoing capital allocation decisions.
- Refer to Slide 30 in the Appendix for details and assumptions with respect to medium-term guidance.
- Assumes no material change in effective tax rate, foreign exchange rates, leverage profile and/or capital allocation policy.

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Unlock opportunity.

Questions and Answers



Rob Fauber

President and Chief Executive Officer



Mark Kaye

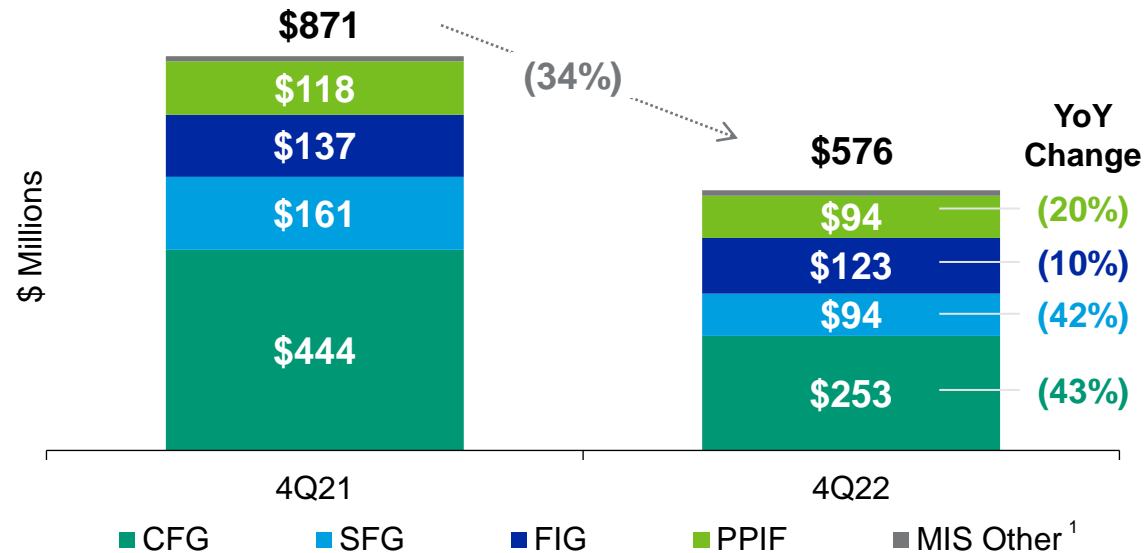
Chief Financial Officer



Supplemental Information

MIS: Muted Issuance Across All Sectors Compared to a Record Prior Year

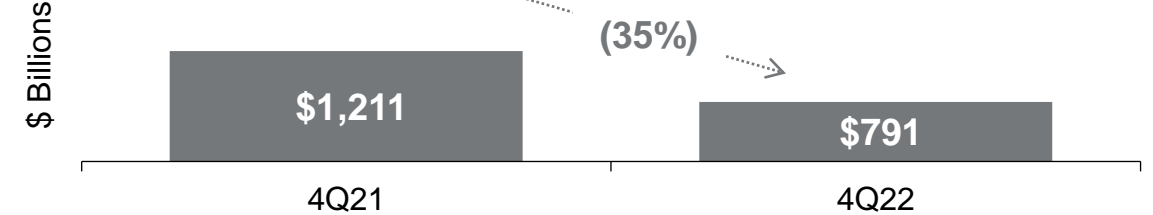
MIS Revenue



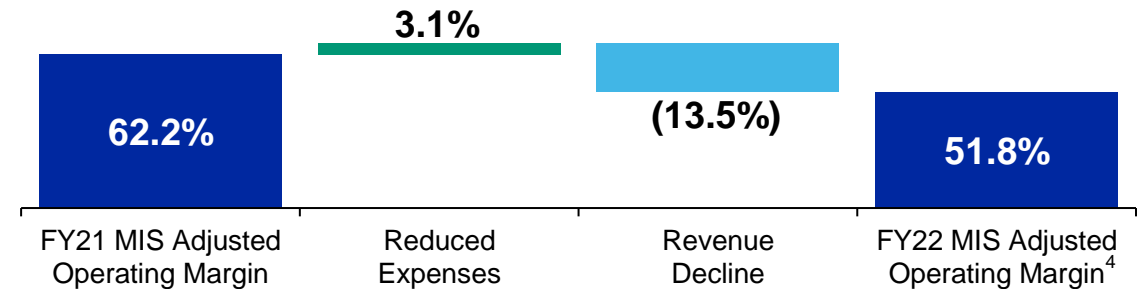
- » Muted issuance across all sectors due to ongoing uncertainty, central bank actions, high levels of corporate cash, persistent inflationary and recessionary concerns
- » Leveraged loan, high yield bond and structured finance issuance declined sharply from a strong prior-year comparable
- » Transaction revenue was further impacted by an unfavorable issuer mix given the decrease in opportunistic activity

1. MIS Other revenue was approximately \$11 million and \$12 million in the quarters ended December 31, 2021 and December 31, 2022, respectively.
 2. MIS-rated issuance, excludes sovereign debt issuance. Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.
 3. Refer to the Appendix for reconciliations between all adjusted measures mentioned throughout this presentation and U.S. GAAP.
 4. Foreign currency exchange had a negligible impact on MIS Adjusted Operating Margin.

Issuance²



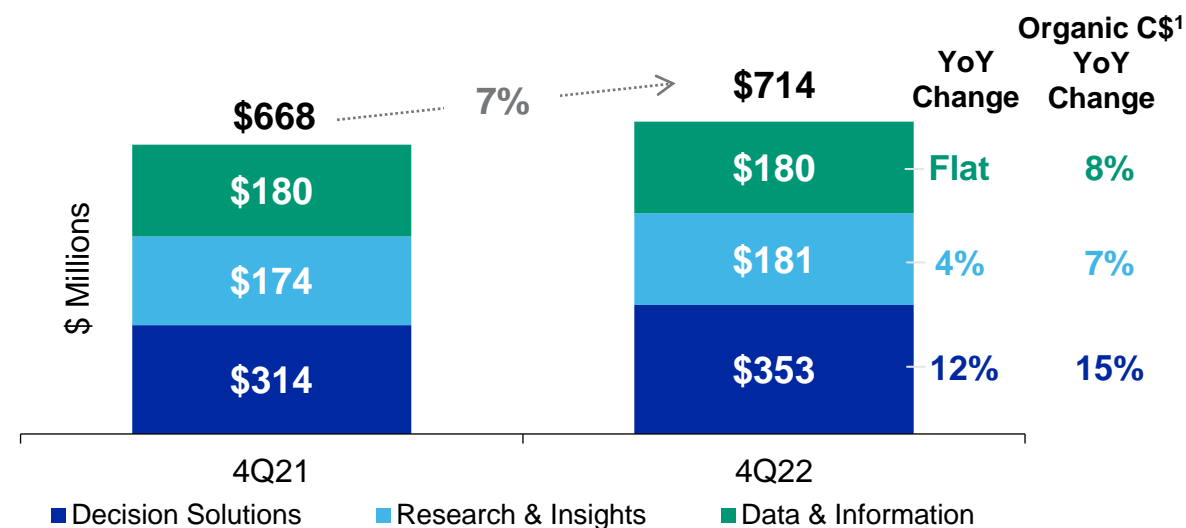
MIS Adjusted Operating Margin³



- » Lower incentive compensation accruals and disciplined cost management actions partially offset the impact of the transaction revenue decline resulting from the lowest issuance year in almost a decade

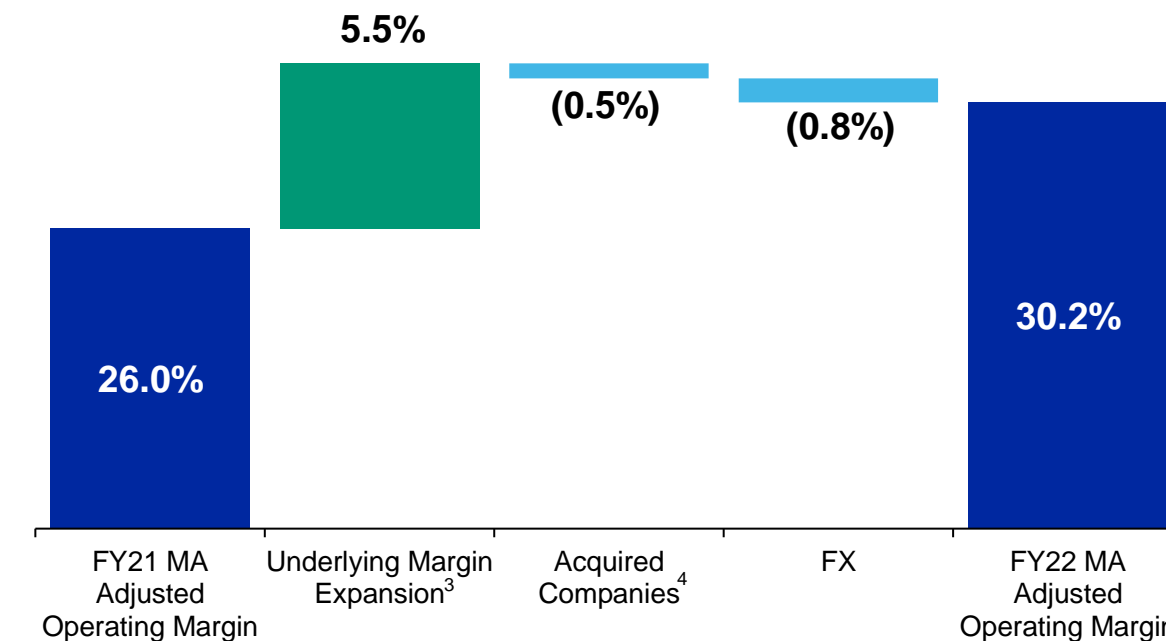
MA: Delivering Robust Growth Through Mission-Critical Products

MA Revenue



- » **DS:** Organic C\$¹ revenue grew 15% with ARR² of 11% on increased insurance modeling sales in advance of IFRS17 go-live, as well as growing demand for Moody's award-winning KYC & Compliance solutions
- » **R&I:** Demand for CreditView and economic models drove organic C\$¹ revenue growth of 7% (ARR² was 9%)
- » **D&I:** Organic C\$¹ revenue growth of 8% driven by strong sales of private company data and credit rating data feeds (ARR² was 9%)

MA Adjusted Operating Margin¹



- » Actively managed the full year MA margin to 30.2%, an increase of 420 bps from the prior year

- Foreign currency exchange unfavorably impacted Decision Solutions, Research & Insights and Data & Information by 4%, 3% and 8%, respectively. Refer to the Appendix for the definition of organic constant currency (organic C\$) revenue and constant currency (C\$) revenue, as well as reconciliations between all organic C\$, C\$ and adjusted measures mentioned throughout this presentation and U.S. GAAP.
- ARR growth as of December 31, 2022. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.
- Underlying expansion excluded the impact of recent acquisitions completed within the last twelve months.
- Acquired companies include acquisitions completed within the last twelve months, inclusive of any deal-related expenses.

MIS: Macroeconomic Assumptions

Underpinning our Full Year 2023 Outlook

Macroeconomic Assumptions¹



GDP²

0% - 1% United States
(1%) - 0% Euro area
1% - 2% Global



Benchmark Rates & Credit Spreads

Global benchmark rates to remain elevated, with U.S. Fed funds rate peaking above 5%, followed by rate cuts toward year-end; U.S. high yield spreads to widen toward 600 bps in 1Q23, then moderate toward 500 bps by year-end, with periodic volatility



Inflation & Unemployment

Global inflation levels to decline, but remain above central bank targets (U.S.: ~5% average; large Euro area economies: 5% - 9% average, with considerable variation among countries); U.S. unemployment rate to rise toward 5% by year-end



Default Rates

Global high yield default rate to rise to ~5% by year-end



FX Rates

\$1.20 and \$1.07 for the full year for GBP/USD and EUR/USD FX rates, respectively

TAILWINDS

Monetary policy tightening cycle expected to end by mid-year as inflation eases in most countries



~\$4T of refinancing needs between 2023 and 2026



Dry powder at private equity firms



HEADWINDS

Recessionary concerns



Ongoing geopolitical uncertainty, including resolution of the Russia-Ukraine conflict



Default rates expected to rise modestly above the ~4% historical average



High cash levels on corporate balance sheets



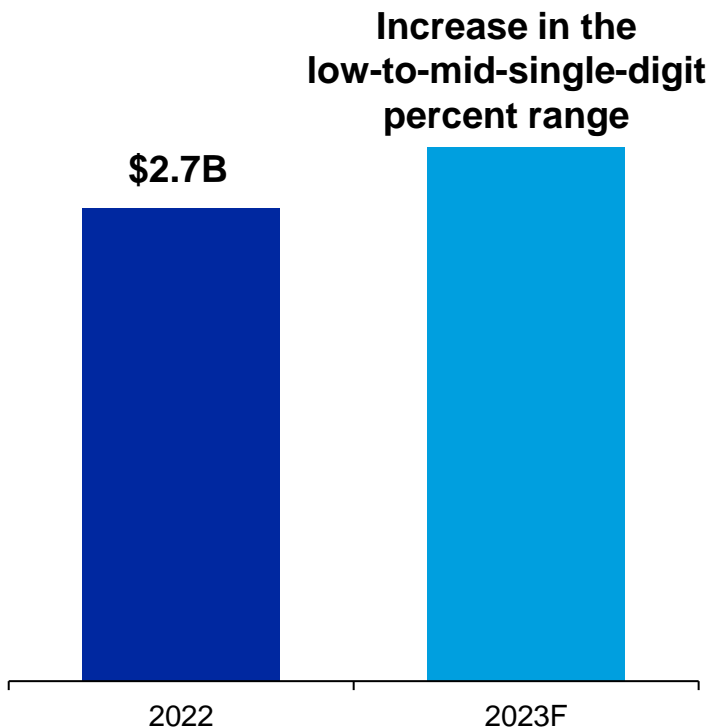
Sources: Default rate and unemployment assumptions sourced from Moody's Investors Service "December 2022 Default Report", published January 17, 2023. High yield spreads, GDP and inflation assumptions as of January 31, 2023, from Moody's Investors Service.

1. Guidance as of January 31, 2023. Refer to Table 11 – "2023 Outlook" in the press release titled "Moody's Corporation Reports Results for Fourth Quarter and Full Year 2022; Sets Outlook for 2023" from January 31, 2023, for a complete list of guidance, reconciliations between adjusted and organic measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

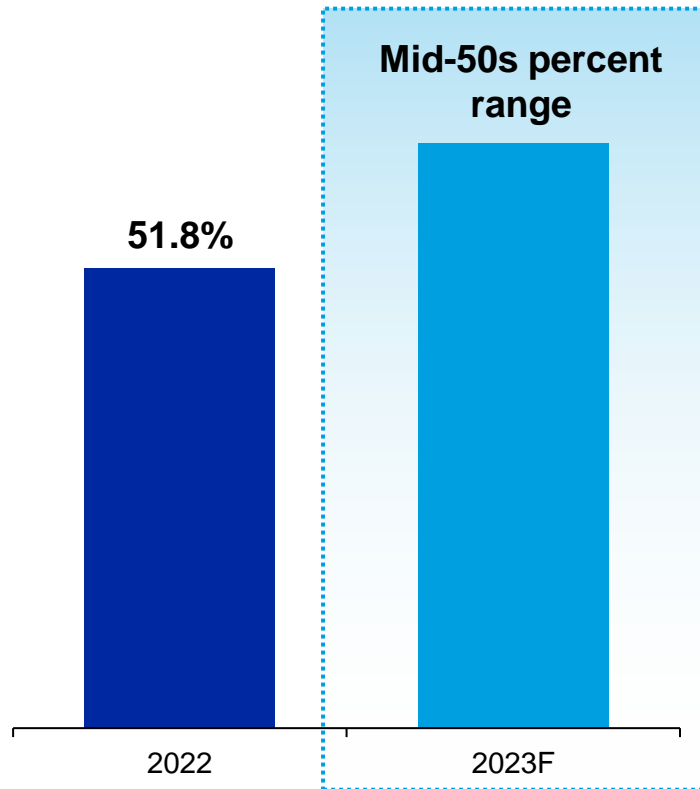
2. GDP represents rate of change in real GDP.

MIS: Well-Positioned for Measured Issuance Rebound Following Relatively Muted Activity in 2022

Revenue¹



Adjusted Operating Margin¹

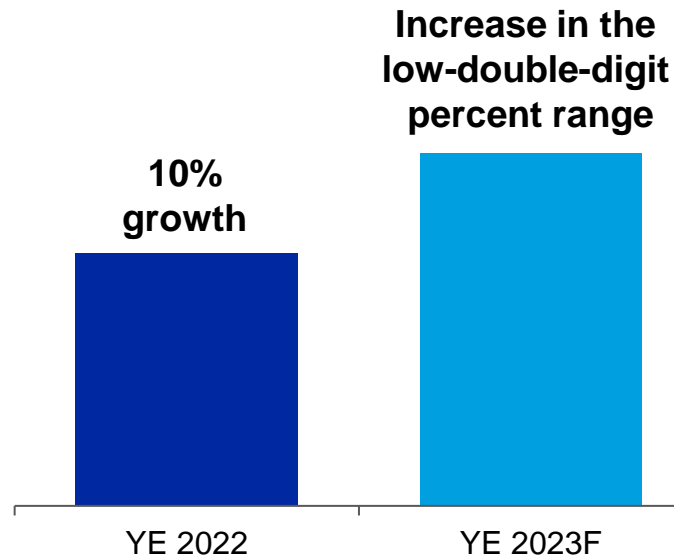


- » Market uncertainty expected to continue through (at least) 1H 2023, with intermittent opportunistic activity until more normalized issuance returns in 2H 2023
- » Disciplined expense management; balancing operational efficiency with adequacy of resources to deliver quality mandates and ratings
- » Strategically expanding emerging market footprint with investments in Africa and Latin America
- » Enhanced transparency and rating quality through expansion of ESG Credit Impact Scores to 10,000+ issuers
- » Projecting 600 to 700 first-time mandates

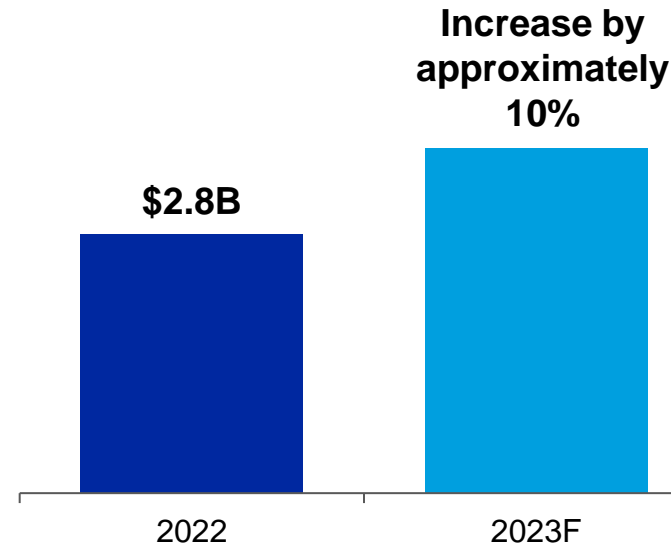
1. Guidance as of January 31, 2023. Refer to Table 11 – “2023 Outlook” in the press release titled “Moody’s Corporation Reports Results for Fourth Quarter and Full Year 2022; Sets Outlook for 2023” from January 31, 2023. For a complete list of guidance, reconciliations between adjusted and organic measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

MA: Consistent Revenue Growth and Margin Expansion Through Macroeconomic Cycles

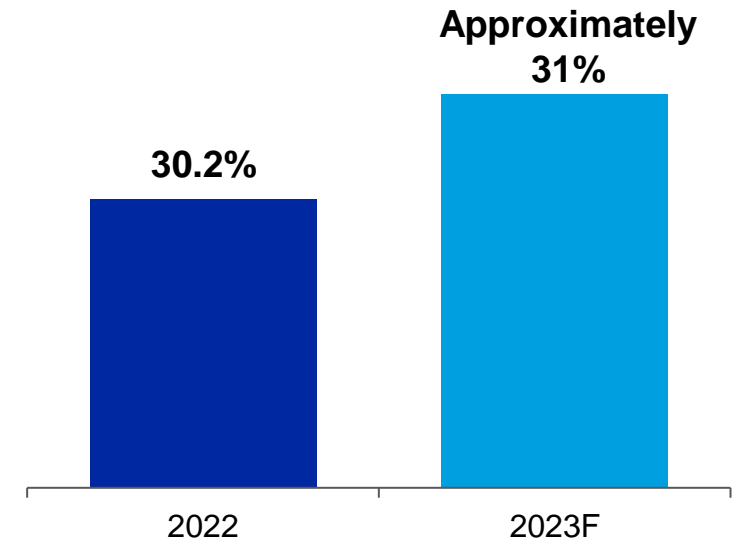
ARR^{1,2}



Revenue¹



Adjusted Operating Margin¹



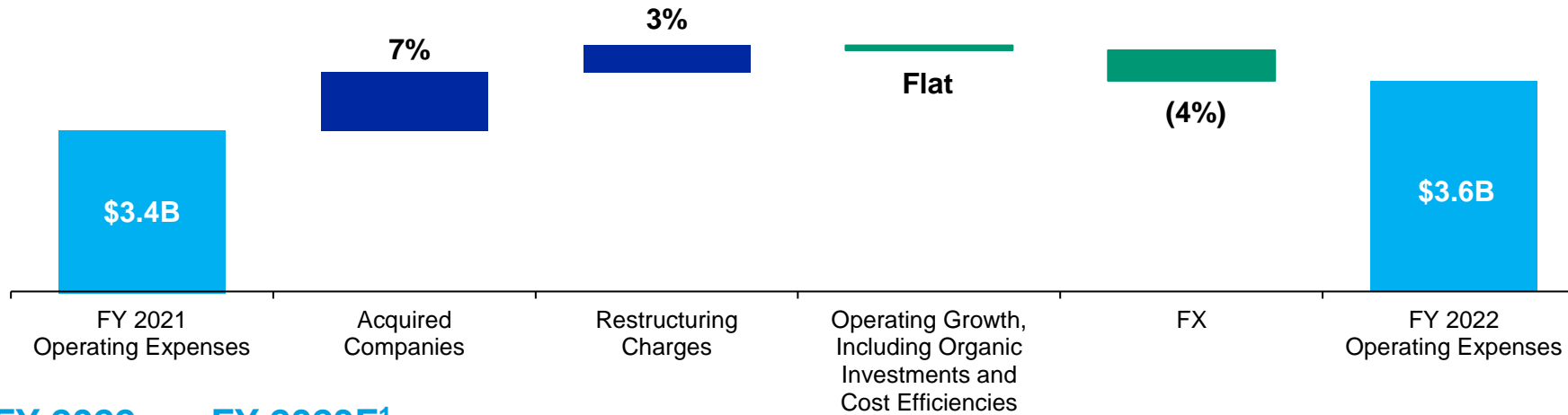
- » ARR growth expected to accelerate as our mid-90s retention rates and strong customer-orientation enable cross-selling, tactical pricing, product development and sales deployment strategies
- » Ongoing investments, including in new and enhanced capabilities in our KYC, Banking and Insurance Solutions businesses are well-balanced against expense efficiency initiatives, enabling concurrent margin expansion and double-digit revenue growth

1. Guidance as of January 31, 2023. Refer to Table 11 – “2023 Outlook” in the press release titled “Moody’s Corporation Reports Results for Fourth Quarter and Full Year 2022; Sets Outlook for 2023” from January 31, 2023, for a complete list of guidance, reconciliations between adjusted and organic measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

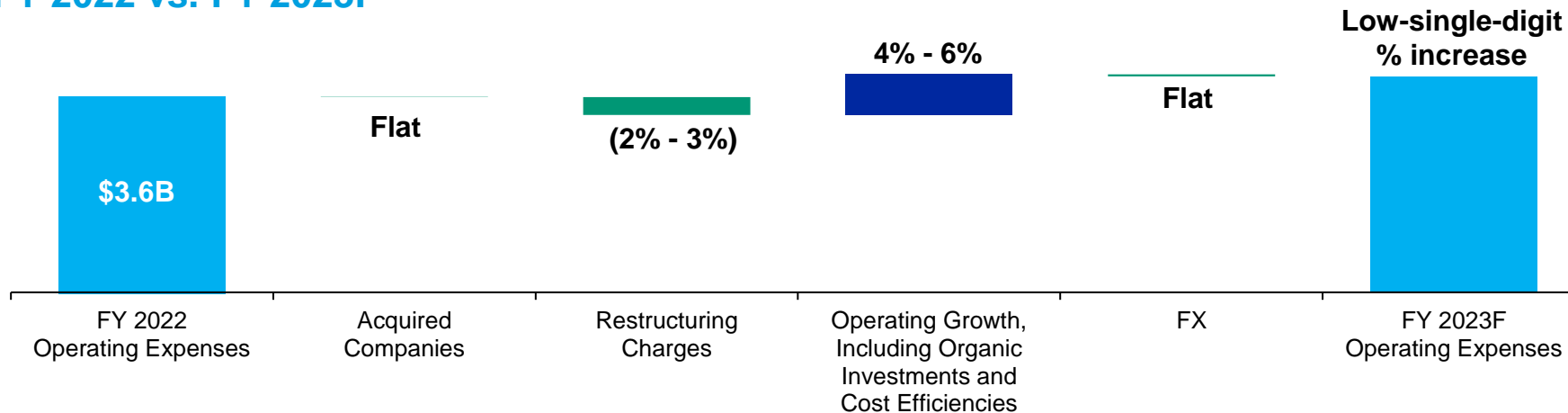
2. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.

MCO: Pairing Prudent and Disciplined Investment with Ongoing Cost Efficiency Actions

FY 2021 vs. FY 2022



FY 2022 vs. FY 2023F¹



Update on Cost Savings Programs

- » Delivered over \$200M in annualized savings as we expanded and accelerated our expense efficiency actions
- » Majority of actions to optimize our workforce and streamline our real estate footprint were executed in 4Q 2022; finalizing further exits of select real estate leases in 2023
- » Restructuring charges in 2022 totaled \$114M; expect \$20M - \$55M in additional charges in 2023

1. Guidance as of January 31, 2023. Refer to Table 11 – “2023 Outlook” in the press release titled “Moody’s Corporation Reports Results for Fourth Quarter and Full Year 2022; Sets Outlook for 2023” from January 31, 2023, for a complete list of guidance, reconciliations between adjusted and organic measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

MIS: The “Agency of Choice” Providing Best-in-Class Insights and Broad Coverage to Serve Global Customer Needs

EXPERTISE



1,700+

Seasoned analysts across a network of global offices

1



10,000+

ESG Credit Impact Scores



23,000+

Research & publications issued in 2022¹



International Presence

Expanded footprint in Africa and Latin America

CREDIBILITY



The Agency of Choice

Moody's “best meets future needs” for more than half its users across all sectors globally²



Sustainable Finance

Rigorous integration of ESG into credit ratings & research and expansion of sustainability and net zero insights



Awards

Recognized by numerous organizations around the world

Visit awards.moody's.io for more information



ENGAGEMENT



~51,000

Global participants attended Moody's events¹



610+

Global events¹



~\$73 trillion

Outstanding rated debt monitored by analysts globally³

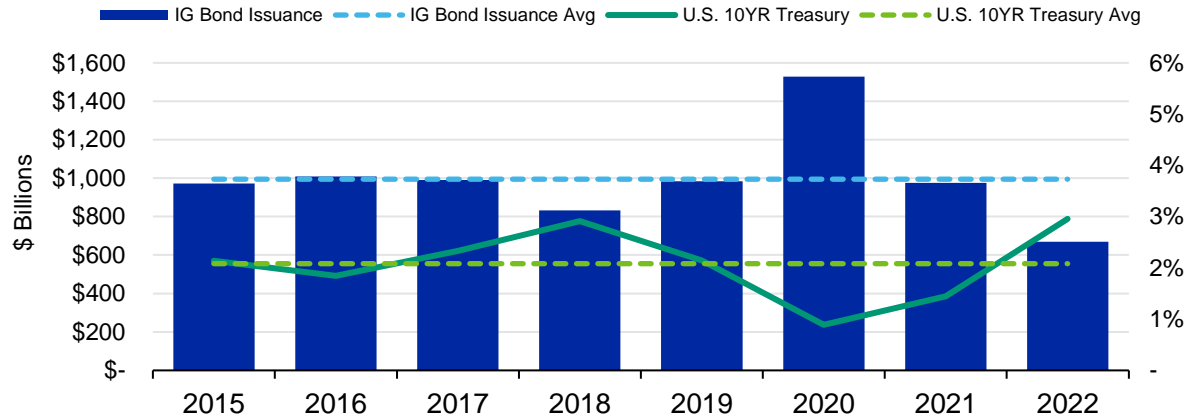
1. For the period January 1, 2022 through December 31, 2022.

2. 2021 Moody's Investor Perception Study.

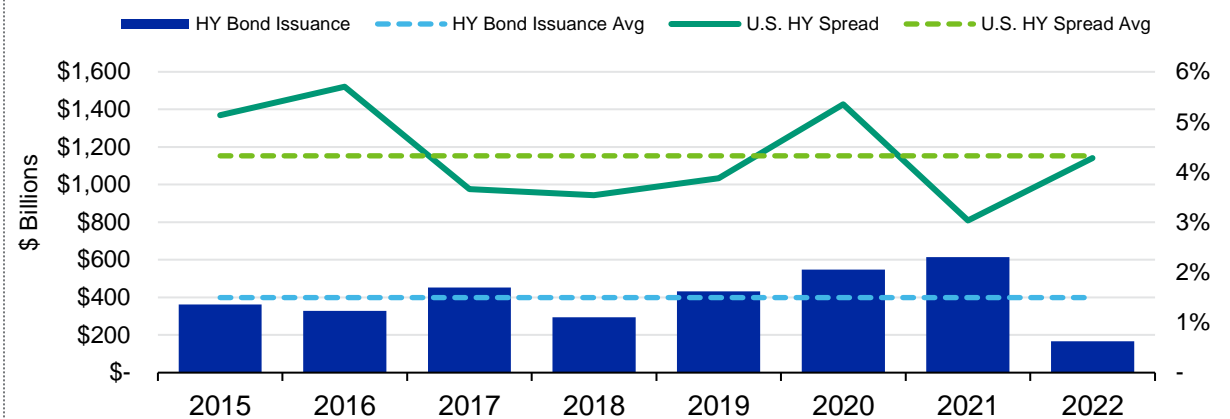
3. As of January 1, 2023.

MIS: Following Outsized Issuance in 2020 and 2021, Refinancing Needs Remain Significant

MIS-Rated Non-Financial Global Corporate Investment Grade (IG) Issuance

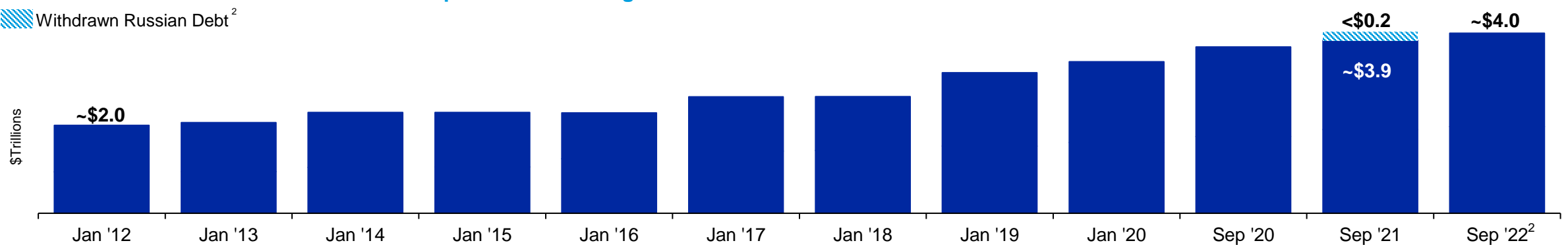


MIS-Rated Non-Financial Global Corporate High Yield (HY) Issuance



Four-Year U.S. and EMEA Non-Financial Corporate Refinancing Walls¹

Withdrawn Russian Debt²



Sources: Moody's Investors Service, Moody's Analytics and Dealogic.

1. Amounts reflect total MIS-rated U.S. non-financial corporate bond and loan maturities, in addition to EMEA non-financial corporate and infrastructure bond and loan maturities as defined in Moody's Investors Service's refunding needs reports (2012 – 2022). Each bar represents four-year refinancing needs.

2. In March 2022, Moody's withdrew the ratings of Russian companies, resulting in a reduction of the refinancing wall.

MA: Integrated Risk Assessment Strategy Delivers Impressive Results



LEVERAGING UNMATCHED CAPABILITIES

Extensive, Uniquely Curated, Proprietary Data

Rich Product Development Program

World-class Sales & Distribution Force

Track Record of Successful Acquisitions



DEEP MARKET CURRENTS

Outpacing Competitors in \$30B+ Current Addressable Market¹

Increasing Demand to Understand Risk and Resiliency

Digitization and Transformation Trends Across Industries



DELIVERING RESULTS

ARR²

10%

RETENTION RATE³

Mid-90s %

ADJUSTED OPERATING MARGIN³

30%+



60

Quarters of Consecutive Revenue Growth

INTEGRATED RISK STRATEGY: Combining data, analytics and software to decode risk and unlock opportunity for customers

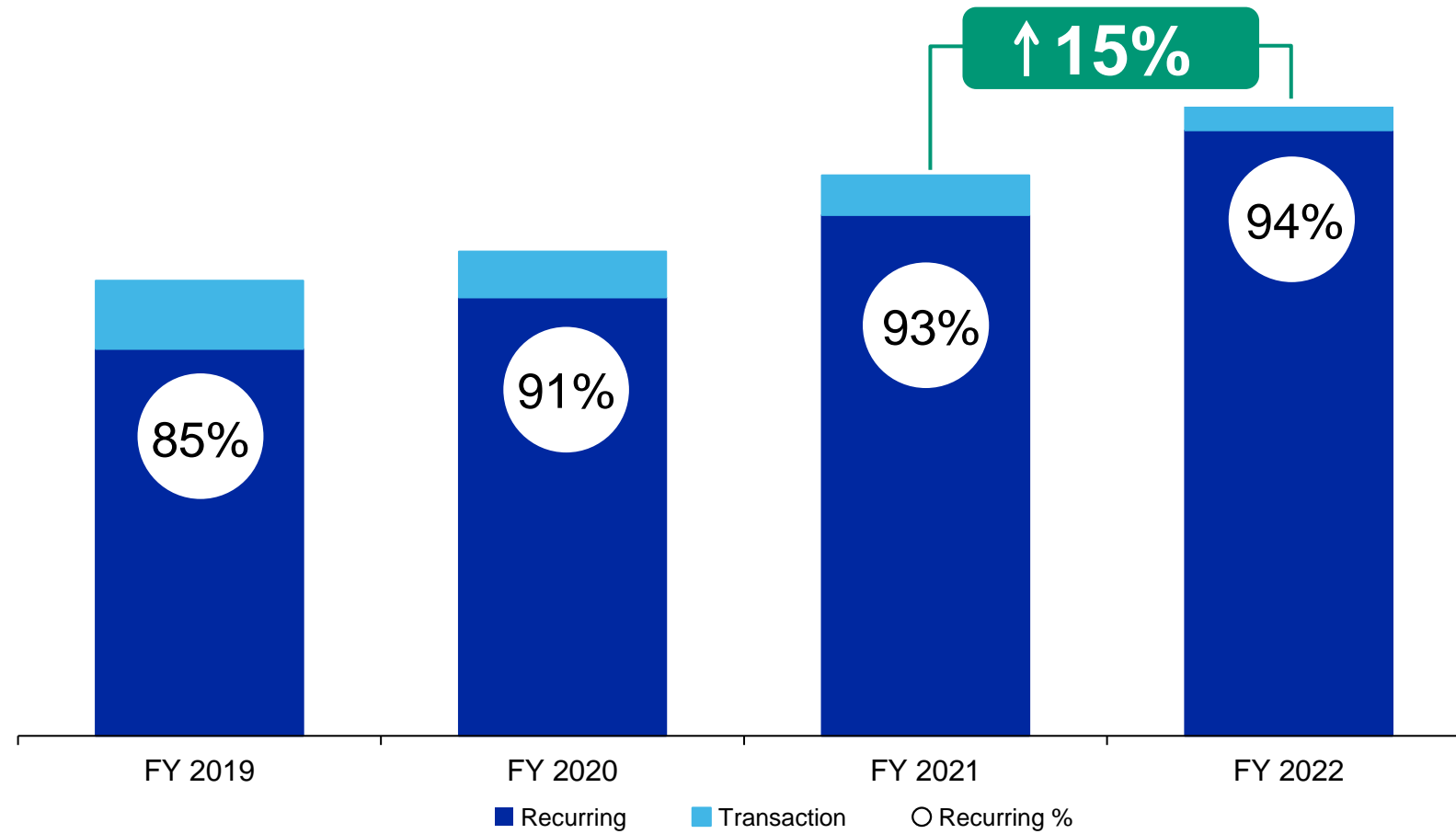
1. Sources: Moody's estimates, company annual reports, IDC, Gartner, Pitchbook, Opimas, ESG - Global Sustainable Investment Alliance and industry experts. As of December 31, 2021.

2. ARR growth as of December 31, 2022. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.

3. For full year 2022.

MA: 15% Revenue and 10% ARR Growth¹ Demonstrate Resilience and Robust Customer Demand

Revenue



ARR¹ by Line of Business



10% Total MA



11% Decision Solutions



9% Research & Insights



9% Data & Information

1. ARR growth as of December 31, 2022. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.

MCO: Disciplined Approach to Capital Management

Performance

Outlook

Investment Thesis

Capital Allocation Priorities

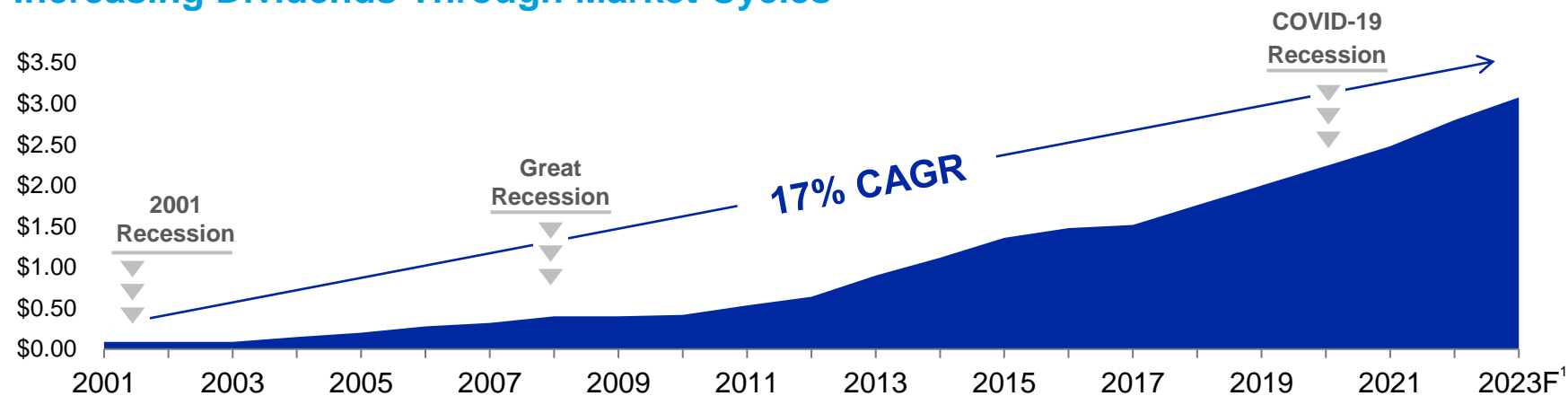
INVESTING FOR GROWTH

- 1 Reinvestment**
Accelerating organic growth
- 2 Acquisitions**
Advance global integrated risk assessment strategy

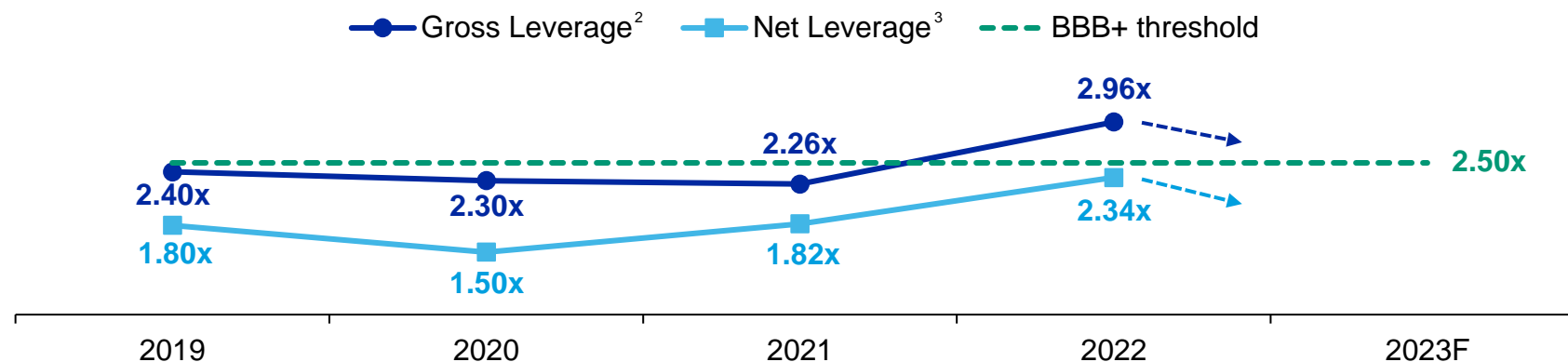
RETURNING CAPITAL

- 3 Dividends**
Positioning as a “growth” stock
- 4 Share Repurchases**
Mechanism to return excess cash to stockholders

Increasing Dividends Through Market Cycles



Leverage Anchored to BBB+ Rating



1. Annualized dividend of \$0.77.

2. Gross leverage represents outstanding debt on the balance sheet divided by adjusted TTM EBITDA and is intended to approximate leverage as calculated by Fitch.

3. Net leverage represents outstanding debt (net of cash) on the balance sheet divided by adjusted TTM EBITDA and is intended to approximate leverage as calculated by S&P.

Teleconference Details



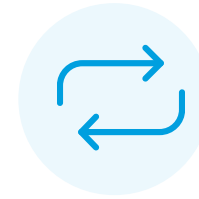
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7

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Mike West, MIS President

MAR

8

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Appendix

Glossary of Terms and Abbreviations

| TERM | DEFINITION |
|------------------|--|
| CFG | Corporate finance group; an LOB within MIS |
| CRE | Commercial Real Estate |
| D&I | The Data & Information LOB within MA, which provides vast data sets on companies and securities via data feeds and data applications products |
| DS | The Decision Solutions LOB within MA, which provides software and workflow tools for specific use cases (banking, insurance, KYC/KYS, CRE and structured finance solutions). This LOB utilizes components from the D&I and R&I LOBs to provide integrated risk solutions |
| ESG | Environmental, Social and Governance |
| FIG | Financial institutions group; an LOB within MIS |
| KYC | Know-your-customer |
| 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 – DS, R&I and D&I |
| MIS | Moody's Investors Service – a reportable segment of MCO; consists of five LOBs – CFG, FIG, PPIF, SFG and MIS Other |
| MIS Other | Consists of financial instruments pricing services in the Asia-Pacific region, ICRA non-ratings revenue and revenue from providing ESG research, data and assessments. These businesses are components of MIS; MIS Other is an LOB within MIS |
| PPIF | Public, project and infrastructure finance; an LOB within MIS |
| R&I | The Research & Insights LOB within MA, which provides models, scores, expert insights and commentary. This LOB includes credit research, credit models and analytics, and economics data and models |
| SFG | Structured finance group; an LOB within MIS |
| YoY | Year-over-year |

Key Assumptions Underlying our Medium-Term Targets

Moody's medium-term guidance refers to a time period within 5 years and reflects assumptions about numerous factors that could affect its business and is based on currently available information reviewed by management through and as of today's date.

These assumptions include, but are not limited to, the effects of interest rates, inflation, foreign currency exchange rates, capital markets' liquidity and activity in different sectors of the debt markets. This outlook also reflects assumptions about general economic conditions, including inflation and related monetary policy actions by governments in response to inflation, global GDP, and the impacts resulting from changes in international conditions, including as a result of the conflict in Ukraine, as well as assumptions related to the Company's own operations and personnel. These assumptions are subject to increased uncertainty due to the current inflationary environment and the conflict in Ukraine. Actual results could differ materially from Moody's outlook.

The guidance also incorporates various assumptions as of January 31, 2023, including: (a) U.S. and Euro area GDP to stagnate in the near-term, followed by economic recovery; (b) the U.S. 10-Year Treasury yield to stabilize, fluctuating modestly around current levels; (c) issuers continue to refinance maturing debt; (d) MA customer retention rates remain in-line with historical levels; and (e) pricing initiatives align with prior practices and enhancements to customer value.

| Moody's Corporation Medium-Term Guidance (as of January 31, 2023) | |
|---|--|
| Moody's Corporation | |
| Revenue | At least 10% growth |
| Adjusted Operating Margin ⁽¹⁾ | Low-50s percent range |
| Adjusted Diluted EPS ⁽¹⁾ | Low-double-digit percent growth |
| Moody's Investors Service (MIS) | |
| MIS global revenue | Low-to-mid-single-digit percent growth |
| MIS Adjusted Operating Margin | Low-60s percent range |
| Moody's Analytics (MA) | |
| MA global revenue | Low-to-mid-teens percent growth |
| MA Adjusted Operating Margin | Mid-30s percent range |

Note: Growth refers to average annualized growth over the time period. Assumes full year 2022 as the base year.

1. Moody's does not provide medium-term operating margin and diluted EPS guidance on a U.S. GAAP basis because the items that the Company excludes to derive Adjusted Operating Margin and Adjusted Diluted EPS cannot be reasonably predicted or assumed, for example the amount of amortization associated with acquired intangible assets from future M&A activity. Accordingly, the Company does not forecast these items over the medium-term. The occurrence, timing and amount of any of the items excluded from operating income to derive Adjusted Operating Income, Adjusted Operating Margin and Adjusted Diluted EPS could significantly impact the Company's medium-term U.S. GAAP results.

Annualized Recurring Revenue (ARR)

The Company presents Annualized Recurring Revenue ("ARR") on a constant currency organic basis for its MA business as a supplemental performance metric to provide additional insight on the estimated value of MA's recurring revenue contracts at a given point in time. The Company uses ARR to manage and monitor performance of its MA operating segment and believes that this metric is a key indicator of the trajectory of MA's recurring revenue base.

The Company calculates ARR by taking the total recurring contract value for each active renewable contract as of the reporting date, divided by the number of days in the contract and multiplied by 365 days to create an annualized value. The Company defines renewable contracts as subscriptions, term licenses, maintenance and renewable services. ARR excludes transaction sales including training, one-time services and perpetual licenses. In order to compare period-over-period ARR excluding the effects of foreign currency translation, the Company bases the calculation on currency rates utilized in its current year operating budget and holds these FX rates constant for the duration of all current and prior periods being reported. Additionally, ARR excludes contracts related to acquisitions to provide additional perspective in assessing growth excluding the impacts from certain acquisition activity.

The Company's definition of ARR may differ from definitions utilized by other companies reporting similarly named measures, and this metric should be viewed in addition to, and not as a substitute for, financial measures presented in accordance with U.S. GAAP.

| <i>Amounts in millions</i> | December 31, 2022 | December 31, 2021 | Change | Growth |
|----------------------------|-------------------|-------------------|---------------|------------|
| <u>MA ARR</u> | | | | |
| Decision Solutions | \$ 1,235 | \$ 1,110 | \$ 125 | 11% |
| Research and Insights | 770 | 707 | 63 | 9% |
| Data and Information | 768 | 705 | 63 | 9% |
| Total MA ARR | \$ 2,773 | \$ 2,522 | \$ 251 | 10% |

Financial Information by Segment

The table below shows revenue and Adjusted Operating Income by reportable segment. Adjusted Operating Income is a financial metric utilized by the Company's chief operating decision maker to assess the profitability of each reportable segment.

| <i>Amounts in millions</i> | Three Months Ended December 31, | | | | | | | |
|----------------------------------|---------------------------------|---------------|--------------|---------------|---------------|---------------|--------------|---------------|
| | 2022 | | | | 2021 | | | |
| | MIS | MA | Eliminations | Consolidated | MIS | MA | Eliminations | Consolidated |
| Total external revenue | \$ 576 | \$ 714 | \$ — | \$ 1,290 | \$ 871 | \$ 668 | \$ — | \$ 1,539 |
| Intersegment revenue | 45 | 3 | (48) | — | 41 | 1 | (42) | — |
| Total revenue | 621 | 717 | (48) | 1,290 | 912 | 669 | (42) | 1,539 |
| Operating, SG&A | 347 | 514 | (48) | 813 | 423 | 569 | (42) | 950 |
| Adjusted Operating Income | \$ 274 | \$ 203 | \$ — | \$ 477 | \$ 489 | \$ 100 | \$ — | \$ 589 |
| <i>Adjusted Operating Margin</i> | 44.1 % | 28.3 % | | 37.0 % | 53.6 % | 14.9 % | | 38.3 % |
| Depreciation and amortization | 21 | 68 | — | 89 | 19 | 58 | — | 77 |
| Restructuring | 50 | 32 | — | 82 | (1) | (1) | — | (2) |
| Operating income | | | | \$ 306 | | | | \$ 514 |
| <i>Operating margin</i> | | | | 23.7 % | | | | 33.4 % |

Financial Information by Segment (Continued)

The table below shows revenue and Adjusted Operating Income by reportable segment. Adjusted Operating Income is a financial metric utilized by the Company's chief operating decision maker to assess the profitability of each reportable segment.

| <i>Amounts in millions</i> | Year Ended December 31, | | | | | | | |
|----------------------------------|-------------------------|---------------|--------------|-----------------|----------------|---------------|--------------|-----------------|
| | 2022 | | | | 2021 | | | |
| | MIS | MA | Eliminations | Consolidated | MIS | MA | Eliminations | Consolidated |
| Total external revenue | \$2,699 | \$2,769 | \$ — | \$ 5,468 | \$3,812 | \$2,406 | \$ — | \$ 6,218 |
| Intersegment revenue | 174 | 8 | (182) | — | 165 | 7 | (172) | — |
| Total revenue | 2,873 | 2,777 | (182) | 5,468 | 3,977 | 2,413 | (172) | 6,218 |
| Operating, SG&A | 1,385 | 1,937 | (182) | 3,140 | 1,503 | 1,786 | (172) | 3,117 |
| Adjusted Operating Income | \$1,488 | \$ 840 | \$ — | \$ 2,328 | \$2,474 | \$ 627 | \$ — | \$ 3,101 |
| <i>Adjusted Operating Margin</i> | 51.8 % | 30.2 % | | 42.6 % | 62.2 % | 26.0 % | | 49.9 % |
| Depreciation and amortization | 81 | 250 | — | 331 | 72 | 185 | — | 257 |
| Restructuring | 65 | 49 | — | 114 | (1) | 1 | — | — |
| Operating income | | | | \$ 1,883 | | | | \$ 2,844 |
| <i>Operating margin</i> | | | | 34.4 % | | | | 45.7 % |

Organic Constant Currency Revenue Growth (Decline) / Constant Currency Revenue Growth (Decline)

Beginning in the second quarter of 2022, the Company began presenting organic constant currency revenue growth (decline) and constant currency revenue growth (decline) as its non-GAAP measure of revenue growth (decline). Previously, the Company presented organic revenue growth (decline), which excluded only the impact of certain acquisition activity. Management deems this revised measure to be useful in providing additional perspective in assessing the Company's revenue growth (decline) excluding both the inorganic revenue impacts from certain acquisition activity and the impacts of changes in foreign exchange rates. 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 comparative prior period weighted average foreign exchange translation rates and current year reported results.

Below is a reconciliation of the Company's reported revenue and growth (decline) rates to its organic constant currency revenue growth (decline) and constant currency revenue growth (decline) measures:

| Amounts in millions | Three Months Ended December 31, | | | | Year Ended December 31, | | | |
|---|---------------------------------|-----------------|-----------------|--------------|-------------------------|-----------------|-----------------|--------------|
| | 2022 | 2021 | Change | Growth | 2022 | 2021 | Change | Growth |
| MCO revenue | \$ 1,290 | \$ 1,539 | \$ (249) | (16)% | \$ 5,468 | \$ 6,218 | \$ (750) | (12)% |
| FX impact | 51 | — | 51 | | 193 | — | 193 | |
| Inorganic revenue from acquisitions | (4) | — | (4) | | (236) | — | (236) | |
| Organic constant currency MCO revenue | \$ 1,337 | \$ 1,539 | \$ (202) | (13)% | \$ 5,425 | \$ 6,218 | \$ (793) | (13)% |
| MA revenue | \$ 714 | \$ 668 | \$ 46 | 7% | \$ 2,769 | \$ 2,406 | \$ 363 | 15% |
| FX impact | 32 | — | 32 | | 113 | — | 113 | |
| Inorganic revenue from acquisitions | (4) | — | (4) | | (236) | — | (236) | |
| Organic constant currency MA revenue | \$ 742 | \$ 668 | \$ 74 | 11% | \$ 2,646 | \$ 2,406 | \$ 240 | 10% |
| Decision Solutions revenue | \$ 353 | \$ 314 | \$ 39 | 12% | \$ 1,324 | \$ 1,011 | \$ 313 | 31% |
| FX impact | 12 | — | 12 | | 40 | — | 40 | |
| Inorganic revenue from acquisitions | (4) | — | (4) | | (234) | — | (234) | |
| Organic constant currency Decision Solutions revenue | \$ 361 | \$ 314 | \$ 47 | 15% | \$ 1,130 | \$ 1,011 | \$ 119 | 12% |
| Research and Insights revenue | \$ 181 | \$ 174 | \$ 7 | 4% | \$ 733 | \$ 697 | \$ 36 | 5% |
| FX impact | 6 | — | 6 | | 21 | — | 21 | |
| Constant currency Research and Insights revenue | \$ 187 | \$ 174 | \$ 13 | 7% | \$ 754 | \$ 697 | \$ 57 | 8% |
| Data and Information revenue | \$ 180 | \$ 180 | \$ — | —% | \$ 712 | \$ 698 | \$ 14 | 2% |
| FX impact | 14 | — | 14 | | 52 | — | 52 | |
| Inorganic revenue from acquisitions | — | — | — | | (2) | — | (2) | |
| Organic constant currency Data and Information revenue | \$ 194 | \$ 180 | \$ 14 | 8% | \$ 762 | \$ 698 | \$ 64 | 9% |
| MA recurring revenue | \$ 668 | \$ 618 | \$ 50 | 8% | \$ 2,599 | \$ 2,236 | \$ 363 | 16% |
| FX impact | 31 | — | 31 | | 108 | — | 108 | |
| Inorganic recurring revenue from acquisitions | (3) | — | (3) | | (223) | — | (223) | |
| Organic constant currency MA recurring revenue | \$ 696 | \$ 618 | \$ 78 | 13% | \$ 2,484 | \$ 2,236 | \$ 248 | 11% |

Organic Constant Currency Recurring Revenue Growth - MA

The Company presents organic constant currency recurring revenue growth 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 certain acquisition activity, along with the impact of foreign currency (FX) translation. 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 comparative prior period weighted average foreign exchange translation rates and current year reported results.

Below is a reconciliation of MA's reported recurring revenue growth rates to its organic constant currency recurring revenue growth rates:

| | Year Ended December 31, | | | |
|---|---------------------------|-------------|-------------|-------------|
| | 2023F Growth | 2022 Growth | 2021 Growth | 2020 Growth |
| MA recurring revenue | Low-double-digit % | 16% | 19% | 13% |
| FX | ~0% | 5% | (2%) | (1%) |
| Inorganic recurring revenue from acquisitions | ~0% | (10%) | (7%) | (3%) |
| MA organic constant currency recurring revenue | Low-double-digit % | 11% | 10% | 9% |

Adjusted Operating Income and Adjusted Operating Margin

The Company presents Adjusted Operating Income and Adjusted Operating Margin because management deems these metrics to be useful measures to provide additional perspective on Moody's operating performance. Adjusted Operating Income excludes the impact of: i) depreciation and amortization; and ii) restructuring charges/adjustments. Depreciation and amortization are excluded because companies utilize productive assets of different estimated useful lives and use different methods of acquiring and depreciating productive assets. Restructuring charges/adjustments are excluded as the frequency and magnitude of these charges may vary widely across periods and 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.

| <i>Amounts in millions</i> | Three Months Ended December 31, | | Year Ended December 31, | |
|----------------------------------|---------------------------------|---------------|-------------------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Operating income | \$ 306 | \$ 514 | \$ 1,883 | \$ 2,844 |
| Depreciation and amortization | 89 | 77 | 331 | 257 |
| Restructuring | 82 | (2) | 114 | — |
| Adjusted Operating Income | \$ 477 | \$ 589 | \$ 2,328 | \$ 3,101 |
| Operating margin | 23.7 % | 33.4 % | 34.4 % | 45.7 % |
| Adjusted Operating Margin | 37.0 % | 38.3 % | 42.6 % | 49.9 % |

Free Cash Flow

The Company defines Free Cash Flow as net cash provided by operating activities minus payments for capital additions. 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. 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. Below is a reconciliation of the Company's net cash flows from operating activities to Free Cash Flow:

| <i>Amounts in millions</i> | Year Ended December 31, | |
|--|-------------------------|-------------------|
| | 2022 | 2021 |
| Net cash provided by operating activities | \$ 1,474 | \$ 2,005 |
| Capital additions | (283) | (139) |
| Free Cash Flow | \$ 1,191 | \$ 1,866 |
| Net cash used in investing activities | \$ (262) | \$ (2,619) |
| Net cash used in financing activities | \$ (1,208) | \$ (122) |

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 Moody's operating performance. Adjusted Net Income and Adjusted Diluted EPS exclude the impact of: i) amortization of acquired intangible assets; ii) restructuring charges/adjustments; iii) a gain on the extinguishment of debt; iv) FX translation losses reclassified to earnings resulting from the Company no longer conducting commercial operations in Russia; and v) a non-cash gain relating to the Company's minority investment in BitSight.

The Company excludes the impact of amortization of acquired intangible assets as companies utilize intangible assets with different estimated useful lives and have different methods of acquiring and amortizing intangible assets. These intangible assets were recorded as part of acquisition accounting and contribute to revenue generation. The amortization of intangible assets related to acquisitions will recur in future periods until such intangible assets have been fully amortized. 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. Restructuring charges/adjustments, the gain on extinguishment of debt, FX translation losses reclassified to earnings resulting from the Company no longer conducting commercial operations in Russia and the non-cash gain relating to the Company's minority interest in BitSight are excluded as the frequency and magnitude of these items may vary widely across periods and companies.

The Company excludes the aforementioned items to provide additional perspective when comparing net income and diluted EPS from period to period and across companies as the frequency and magnitude of similar transactions may vary widely across periods.

Below is a reconciliation of these measures to their most directly comparable U.S. GAAP measures:

| Amounts in millions | Three Months Ended December 31, | | Year Ended December 31, | |
|--|---------------------------------|---------------|-------------------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net income attributable to Moody's common shareholders | \$ 246 | \$ 427 | \$ 1,374 | \$ 2,214 |
| Pre-tax Acquisition-Related Intangible Amortization Expenses | \$ 50 | \$ 50 | \$ 200 | \$ 158 |
| Tax on Acquisition-Related Intangible Amortization Expenses | (12) | (12) | (47) | (36) |
| Net Acquisition-Related Intangible Amortization Expenses | 38 | 38 | 153 | 122 |
| Pre-tax restructuring | \$ 82 | \$ (2) | \$ 114 | \$ — |
| Tax on restructuring | (18) | — | (26) | — |
| Net restructuring | 64 | (2) | 88 | — |
| Pre-tax gain on extinguishment of debt | \$ (70) | \$ — | \$ (70) | \$ — |
| Tax on gain on extinguishment of debt | 17 | — | 17 | — |
| Net gain on extinguishment of debt | (53) | — | (53) | — |
| FX losses resulting from the Company no longer conducting commercial operations in Russia | — | — | 20 | — |
| Pre-tax non-cash gain relating to minority investment in BitSight | \$ — | \$ (36) | \$ — | \$ (36) |
| Tax on non-cash gain relating to minority investment in BitSight | — | 9 | — | 9 |
| Net non-cash gain relating to minority investment in BitSight | — | (27) | — | (27) |
| Adjusted Net Income | \$ 295 | \$ 436 | \$ 1,582 | \$ 2,309 |

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)

The Company presents Adjusted Net Income and Adjusted Diluted EPS because management deems these metrics to be useful measures to provide additional perspective on Moody's operating performance. Adjusted Net Income and Adjusted Diluted EPS exclude the impact of: i) amortization of acquired intangible assets; ii) restructuring charges/adjustments; iii) a gain on the extinguishment of debt; iv) FX translation losses reclassified to earnings resulting from the Company no longer conducting commercial operations in Russia; and v) a non-cash gain relating to the Company's minority investment in BitSight.

The Company excludes the impact of amortization of acquired intangible assets as companies utilize intangible assets with different estimated useful lives and have different methods of acquiring and amortizing intangible assets. These intangible assets were recorded as part of acquisition accounting and contribute to revenue generation. The amortization of intangible assets related to acquisitions will recur in future periods until such intangible assets have been fully amortized. 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. Restructuring charges/adjustments, the gain on extinguishment of debt, FX translation losses reclassified to earnings resulting from the Company no longer conducting commercial operations in Russia and the non-cash gain relating to the Company's minority interest in BitSight are excluded as the frequency and magnitude of these items may vary widely across periods and companies.

The Company excludes the aforementioned items to provide additional perspective when comparing net income and diluted EPS from period to period and across companies as the frequency and magnitude of similar transactions may vary widely across periods.

Below is a reconciliation of these measures to their most directly comparable U.S. GAAP measures:

| Amounts in millions | Three Months Ended December 31, | | Year Ended December 31, | |
|--|---------------------------------|----------------|-------------------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Diluted earnings per share attributable to Moody's common shareholders | \$ 1.34 | \$ 2.28 | \$ 7.44 | \$ 11.78 |
| Pre-tax Acquisition-Related Intangible Amortization Expenses | \$ 0.27 | \$ 0.27 | \$ 1.08 | \$ 0.84 |
| Tax on Acquisition-Related Intangible Amortization Expenses | (0.07) | (0.07) | (0.25) | (0.19) |
| Net Acquisition-Related Intangible Amortization Expenses | 0.20 | 0.20 | 0.83 | 0.65 |
| Pre-tax restructuring | \$ 0.45 | \$ (0.01) | \$ 0.62 | \$ — |
| Tax on restructuring | (0.10) | — | (0.14) | — |
| Net restructuring | 0.35 | (0.01) | 0.48 | — |
| Pre-Tax gain on extinguishment of debt | \$ (0.38) | — | \$ (0.38) | — |
| Tax on gain on extinguishment of debt | 0.09 | — | 0.09 | — |
| Net gain on extinguishment of debt | (0.29) | — | (0.29) | — |
| FX losses resulting from the Company no longer conducting commercial operations in Russia | — | — | 0.11 | — |
| Pre-Tax non-cash gain relating to minority investment in BitSight | \$ — | \$ (0.19) | \$ — | \$ (0.19) |
| Tax on non-cash gain relating to minority investment in BitSight | — | 0.05 | — | 0.05 |
| Net non-cash gain relating to minority investment in BitSight | — | (0.14) | — | (0.14) |
| Adjusted Diluted EPS | \$ 1.60 | \$ 2.33 | \$ 8.57 | \$ 12.29 |

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

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