Fourth Quarter and Full Year 2021 Earnings Call

February 10, 2022

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. The forward-looking statements in this document are made as of the date hereof, and Moody's disclaims any duty to supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise. 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 COVID-19 on volatility in the U.S. and world financial markets, on general economic conditions and GDP in the U.S. and worldwide, and on Moody's own operations and personnel; future worldwide 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, inflation and other volatility in the financial markets such as that due to Brexit and uncertainty as companies transition away from LIBOR; 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; 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; 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 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 or other business combinations and the ability of Moody's to successfully integrate 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. Other factors, risks and uncertainties relating to our acquisition of RMS could cause our actual results to differ, perhaps materially, from those indicated by these forward-looking statements, including risks relating to the integration of RMS's operations, products and employees into Moody's and the possibility that anticipated synergies and other benefits of the acquisition will not be realized in the amounts anticipated or will not be realized within the expected timeframe; risks that the acquisition could have an adverse effect on the business of RMS or its prospects, including, without limitation, on relationships with vendors, suppliers or customers; claims made, from time to time, by vendors, suppliers or customers; changes in the U.S., Europe (primarily the U.K.), Japan, India or global marketplaces that have an adverse effect on the business of RMS. 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 currently, or in the future could be, amplified by the COVID-19 outbreak, and 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, 2020, and in other filings made by Moody's 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 Moody'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 Moody's business, results of operations and financial condition. New factors may emerge from time to time, and it is not possible for Moody's to predict new factors, nor can Moody's assess the potential effect of any new factors on it. Forward-looking and other statements in this document may also address our corporate responsibility progress, plans, and goals (including sustainability and environmental matters), and the inclusion of such statements is not an indication that these contents are necessarily material to investors or required to be disclosed in the Company's filings with the Securities and Exchange Commission. In addition, historical, current, and forward-looking sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future.

4Q and Full Year 2021 Recap and Strategy Update

Rob Fauber

President and Chief Executive Officer

Executive Summary

- Strong FY 2021 financial results: MCO revenue of $6.2 billion up 16% (MIS $3.8 billion and MA $2.4 billion); adjusted diluted EPS of $12.29 up 21%[1]
- Balancing investments in high-growth markets with return of stockholder capital; projecting ~$2.0 billion of share repurchases and dividends in 2022[2,3]
- FY 2022 guidance[2]: MCO revenue up high-single-digits; adjusted operating margin of 49% - 50%[2], adjusted diluted EPS range of $12.40 - $12.90[2]
- Introducing new medium-term[4] targets for revenue, adjusted operating margin and adjusted diluted EPS
- Investor Day scheduled for Thursday, March 10, 2022

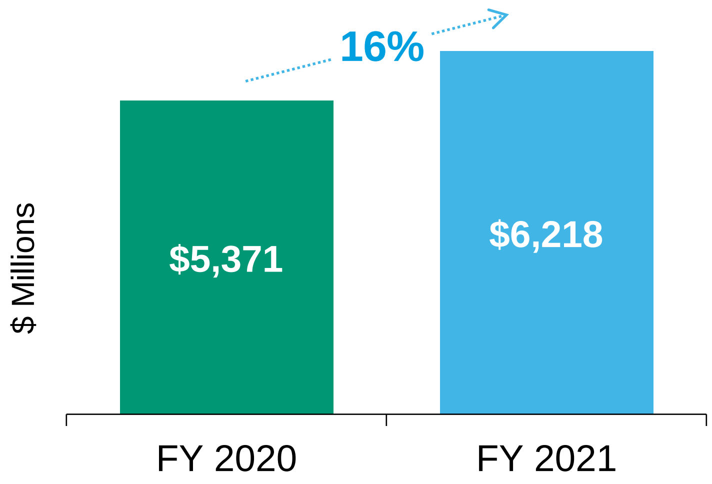
1. Refer to the Appendix for reconciliations between all adjusted measures mentioned throughout this presentation and U.S. GAAP.
2. Guidance as of February 10, 2022. Refer to Table 12 – "2022 Outlook" in the press release for a complete list of guidance and a reconciliation between adjusted measures to U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.
3. Share repurchases are subject to available cash, market conditions, M&A opportunities and other ongoing capital allocation decisions. Assumes 1Q 2022 dividend of $0.70 per share, annualized.
4. Medium-term guidance refers to a time period within 5 years. Refer to Slide 31 in the Appendix for details and assumptions with respect to medium-term guidance.

2021 Year in Review

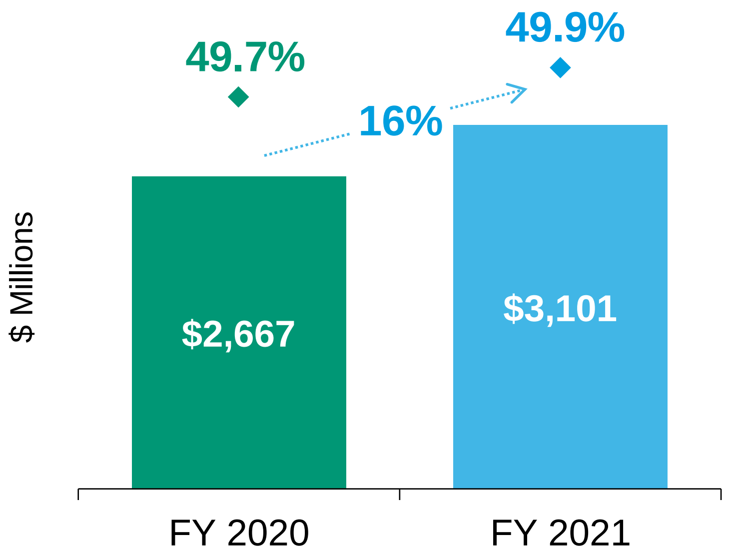
Strong financial performance

- MIS rated over $6 trillion in issuance[1]
- MA delivered over 55 consecutive quarters of revenue growth
- Two consecutive years of 20%+ adjusted diluted EPS[2] growth

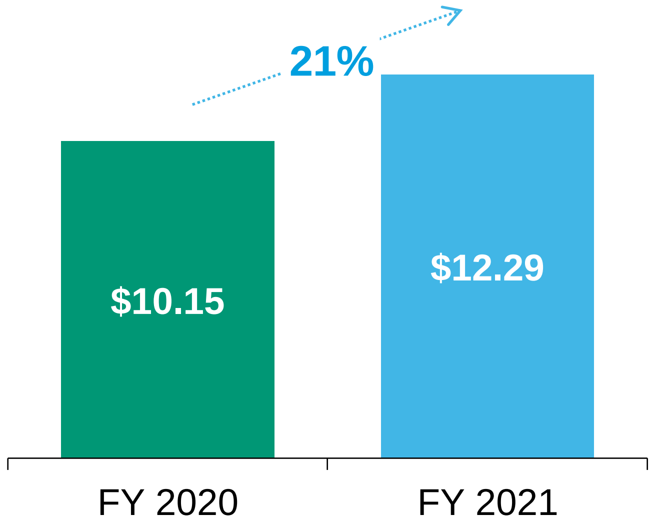
MCO Revenue



MCO Adjusted Operating Income and Margin[2]



MCO Adjusted Diluted EPS[2]



1. MIS rated issuance, excludes sovereign debt issuance.
2. Refer to the Appendix for reconciliations between all adjusted measures mentioned throughout this presentation and U.S. GAAP.

2021 Year in Review

Executed on our global integrated risk assessment vision

Investing for Growth

Investments and Acquisitions

- ~$150M deployed organically
- Focused on enhancing KYC, Insurance, Climate and CRE capabilities
- Also includes technology, infrastructure, ESG and Moody's Local investments

ESG & Climate

- Acquired RMS, the world's leading catastrophe and weather modeling business
- ESG Score Indicators on 140M+ companies

Purposeful Innovation

15+ Product Launches

- Enhanced value proposition through product innovation, such as PortfolioStudio and Supply Chain Catalyst

New Integrated Solutions

- Completed the integration of both climate data and MIS credit ratings into CRE solutions
- Combined ORBIS and GRID databases and added new Modern Slavery module

Commitment to Stakeholders

Culture of Inclusion

- DE&I[1] goals on target for gender, race and ethnicity representation
- Named to The Civic 50 annual honor roll

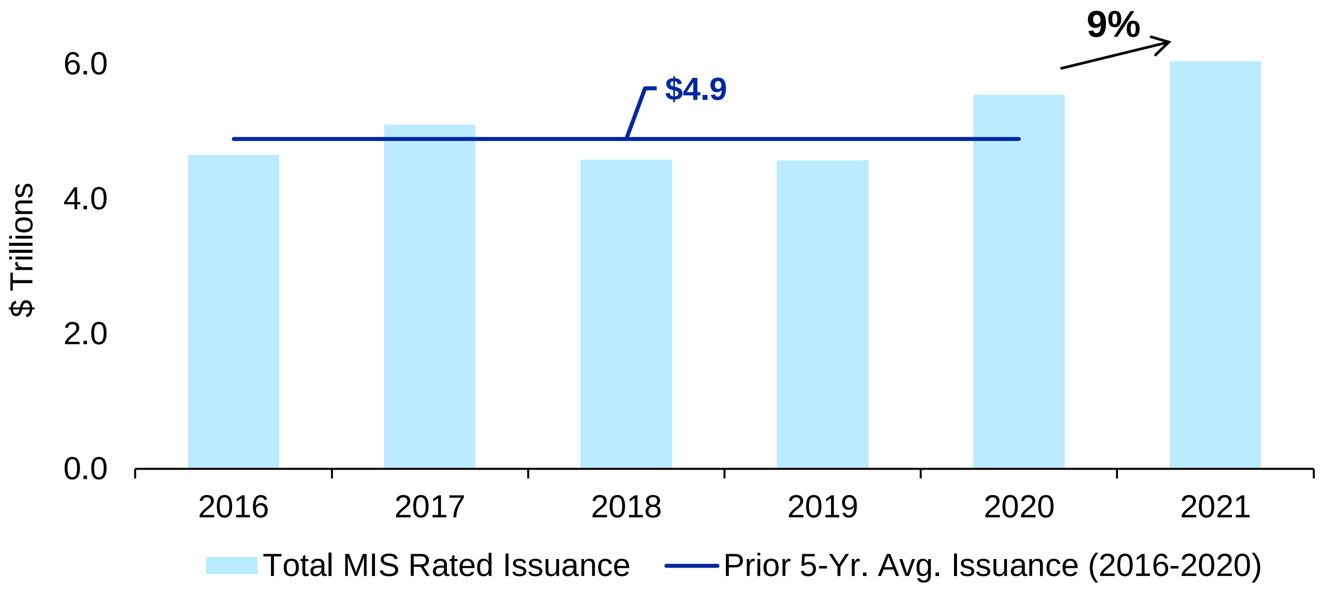
100+ Awards

- Ranked Best Credit Rating Agency by Institutional Investor
- #2 Overall Ranking in Chartis RiskTech100® 2022
- Named as one of the Most Loved Workplaces by Newsweek

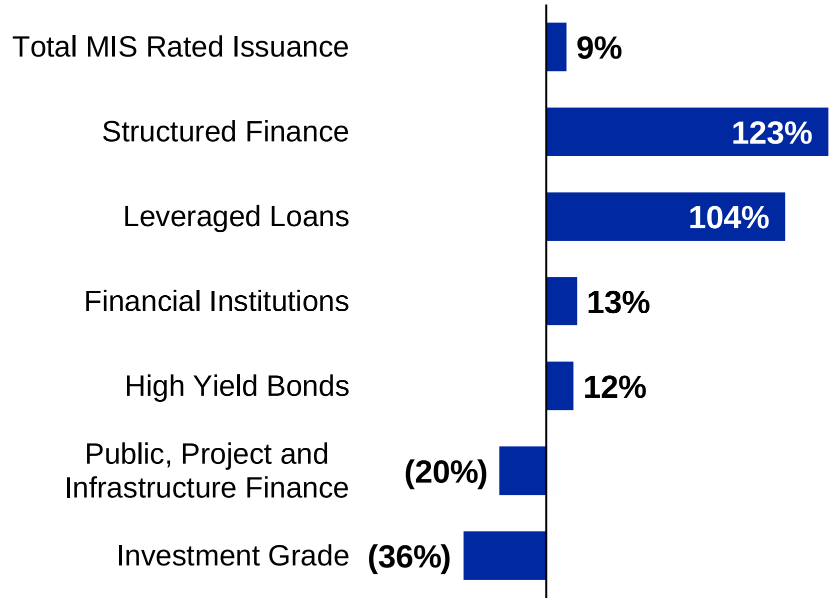
1. DE&I goals as outlined in Moody's "Diversity, Equity and Inclusion Report 2020" published June 14, 2021.

MIS: 2021 Issuance Recap

Historical MIS Rated Issuance[1]



FY 2021 Year-Over-Year Issuance[1] Growth



- Issuance volumes remained significantly above the prior 5-year average
- Sustained refinancing and M&A activity drove leveraged loan issuance
- Favorable market conditions and tight spreads led to record CLO activity

1. Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.

Note: MIS rated issuance, excludes sovereign debt issuance. Issuance figures displayed in trillions, except for year-over-year growth calculations.

MIS: 2022 Issuance Factors

GROWTH & INVESTMENT

- Global GDP growth and post-pandemic recovery
- Ample dry powder at private equity firms supports M&A activity
- Climate, infrastructure, technology and cyber investment

POLITICS & POLICY

- Trade, climate, tax and regulatory policies
- Government investment (e.g., U.S. Infrastructure Bill and Next Generation EU package)
- Geopolitical risks

INFLATION & CENTRAL BANK ACTIONS

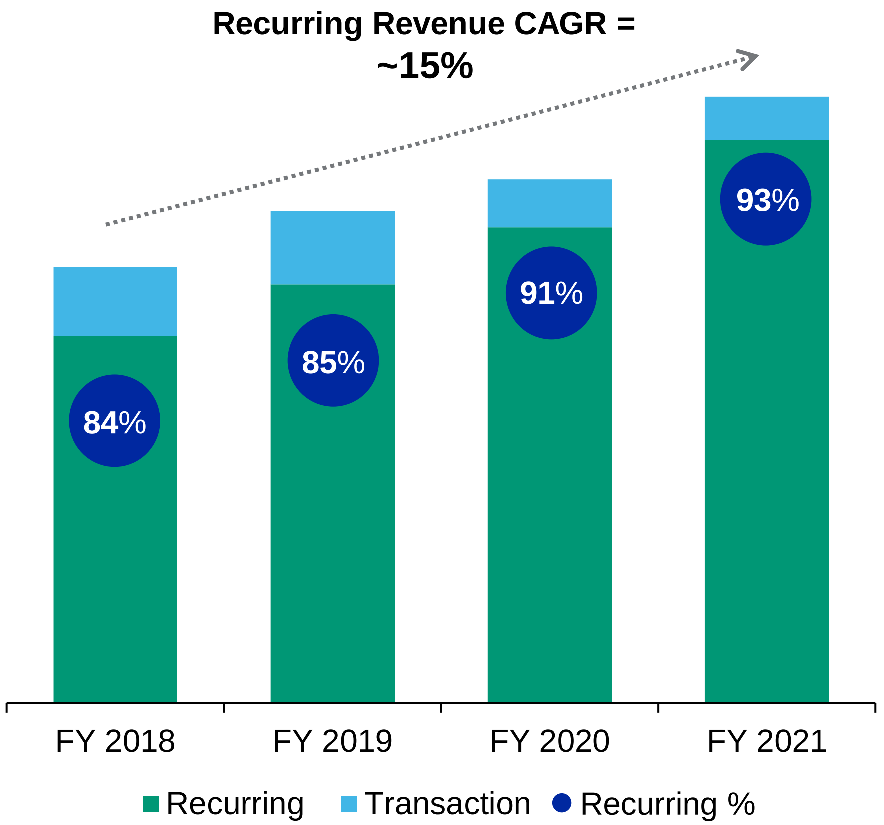
- Inflation expectations, supply chain and wage trends
- Normalization of monetary policy rates globally
- Central bank balance sheets

CREDIT MARKETS & RATES

- Liquidity, sentiment and credit spreads
- Credit performance and default rates
- Growth in private credit markets

MA: 2021 Performance Recap

MA Recurring and Transaction Revenue



Key Drivers of FY 2021 MA Revenue Growth

9%
Organic Revenue[1] Growth

95%
Retention Rate[2]

2,000+
Customer Accounts Added in 2021

Strategic Investments and Acquisitions
Targeting High Priority Markets

1. Refer to the Appendix for a definition of organic revenue, as well as reconciliations between all organic measures mentioned throughout this presentation and U.S. GAAP.
2. Excludes Regulatory DataCorp, Acquire Media, ZM Financial, Catylist, Cortera, RMS, RealXData, Bogard and PassFort.

MA: Investments Continue to Fuel Recurring Growth

Key Focus Areas

KYC — Acquired PassFort's workflow capabilities and accelerated product roadmap to help digitize our clients' customer and supplier onboarding

CRE — Launched new solution for CRE lenders in 3Q 2021 and expecting to roll-out newly developed product for CRE investors in 1Q 2022

Banking — Investments in integrated SaaS offerings facilitating expansion to support middle-market banks around the globe

24%

Sales[1] Growth in 4Q 2021

20%

Organic Recurring Sales[2] Growth in 4Q 2021

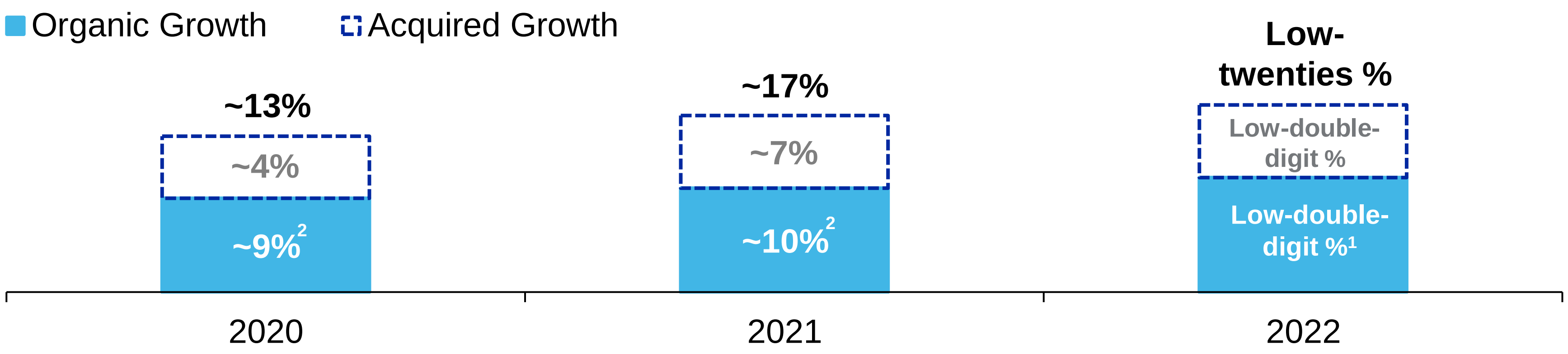
Foundational Investments

- RMS integration
- Distribution capacity
- Go-to-market capabilities
- Data and infrastructure

1. As reported.
2. Organic constant currency recurring sales.

MA: Accelerating Revenue Growth

Recurring Revenue Growth Rate[1]



Low-to-mid-teens %
Total Revenue CAGR
Within 5 years

Medium-term Revenue and Margin Targets[3]

~$2.8B-$2.9B 2022F[4] Total Revenue + Strong Retention Rates + Cross-selling, Upgrades & Pricing + Continued SaaS Transition + New Product Development

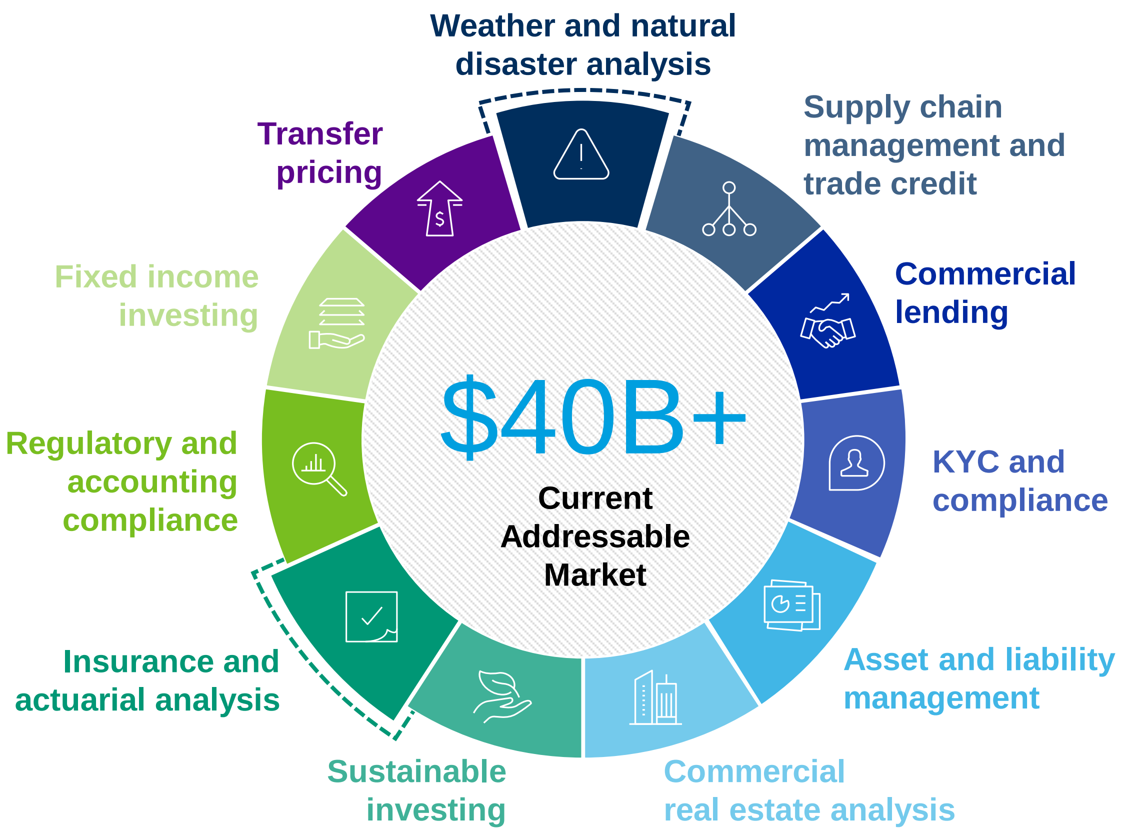
Adjusted Operating Margin in the Mid-30s % Range

1. Year-over-year constant currency recurring revenue growth rate. 2021-2022 year-over-year organic constant currency recurring revenue growth rate derived from guidance as of February 10, 2022.
2. Refer to the Appendix for the reconciliation between organic constant currency recurring revenue growth and U.S. GAAP.
3. Refer to Slide 31 in the Appendix for details and assumptions with respect to medium-term guidance.
4. Guidance as of February 10, 2022. Refer to Table 12 – “2022 Outlook” in the press release for a complete list of guidance, as well as assumptions used by the Company with respect to its guidance.

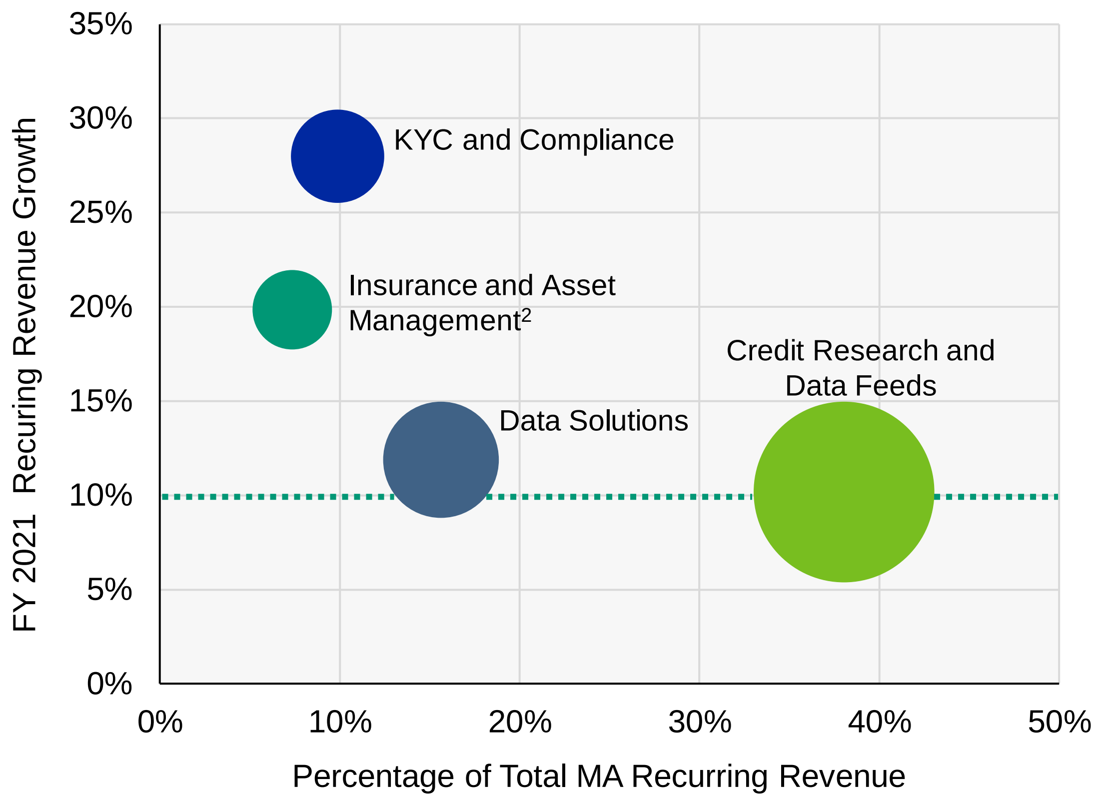
Note: Medium-term guidance refers to a time period within 5 years. CAGR = Compound Annual Growth Rate.

Current Addressable Market Expansion

Selection of Use Cases Addressable by Moody's Solutions



MA Organic Recurring Revenue[1] in High-Growth Markets



1. Refer to the Appendix for a definition of organic and organic recurring revenue, as well as reconciliations between all organic measures mentioned throughout this presentation and U.S. GAAP.
2. Insurance and Asset Management excludes RMS.

RMS Update

Transition customers to SaaS + Cross-sell existing offerings + New and integrated solutions = Up to **$150M** in incremental RMS-related revenue **by 2025**[1]

Integration

» Cross-trained sales forces to offer breadth of combined product suite

» Progressing on customer SaaS conversion

» Corporate integration proceeding as scheduled

Cross-sell & Collaboration

» Deepening relationships with P&C customers by providing Moody's holistic suite of products and solutions, including ESG

» Joint customer calls with both insurance and bank customers validate demand for integrated risk assessment offerings

Product Development Exploration

» Embedding climate-related financial loss estimates across multiple use cases

» Initiated proof of concepts for CRE and CMBS markets

» Combining Moody's data assets with RMS risk analytics to capture high-growth addressable markets

1. Forecast as of August 5, 2021.

Case Study: Compelling Customer Value for Leading P&C Insurer

Customer Needs

Integrate ESG criteria with their foundation of RMS risk models and solutions into:

- Underwriting considerations
- Investment analysis
- Regulatory compliance
- Scenario analysis
- Portfolio management

MA Solutions

- ✓ Enhanced underwriting risk selection
- ✓ Optimal portfolio construction
- ✓ Financial impact of natural catastrophe risks and climate change
- ✓ Meeting regulatory requirements, including emerging TCFD and stress testing
- ✓ New integrated risk insights for competitive advantage

Acquisition Enables a Consistent View of Integrated Risk Across the Business in Support of Profitable Growth, Lower Insured Losses and Reduced Volatility

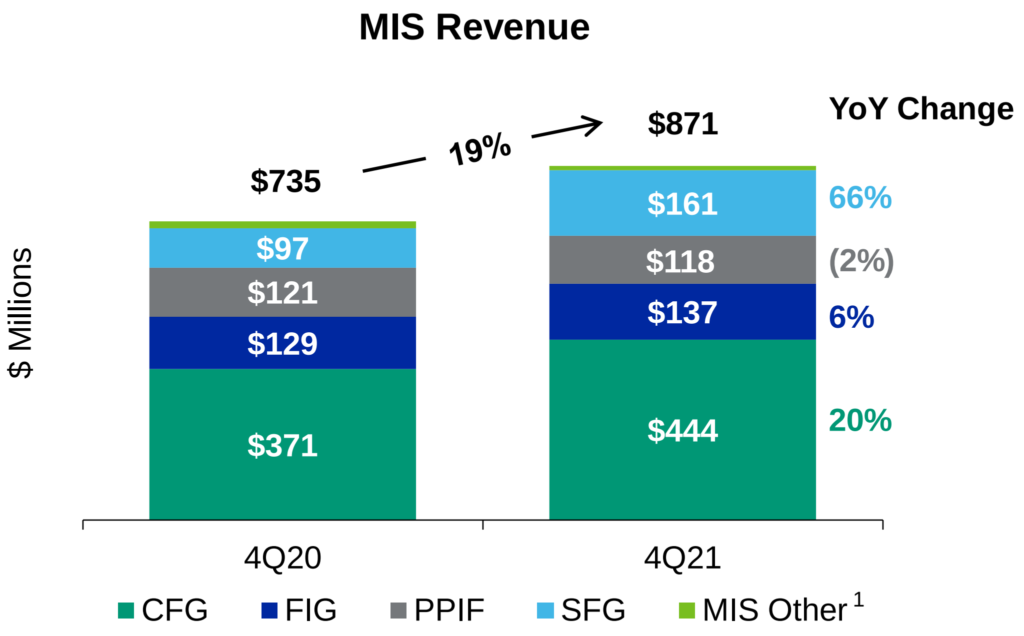
Note: TCFD = Task Force on Climate-Related Financial Disclosures.

4Q 2021 Analysis & Outlooks

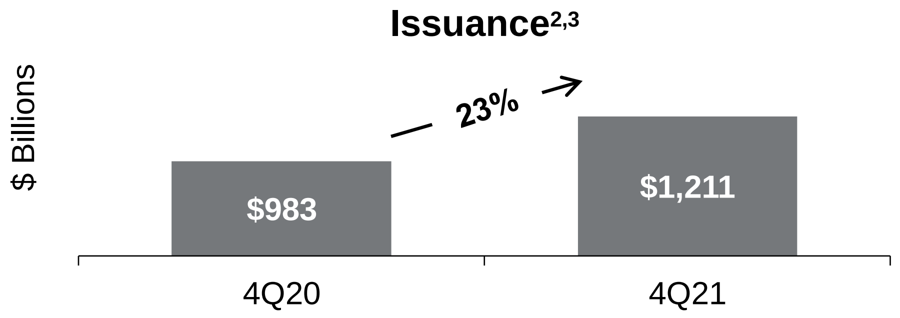
Mark Kaye

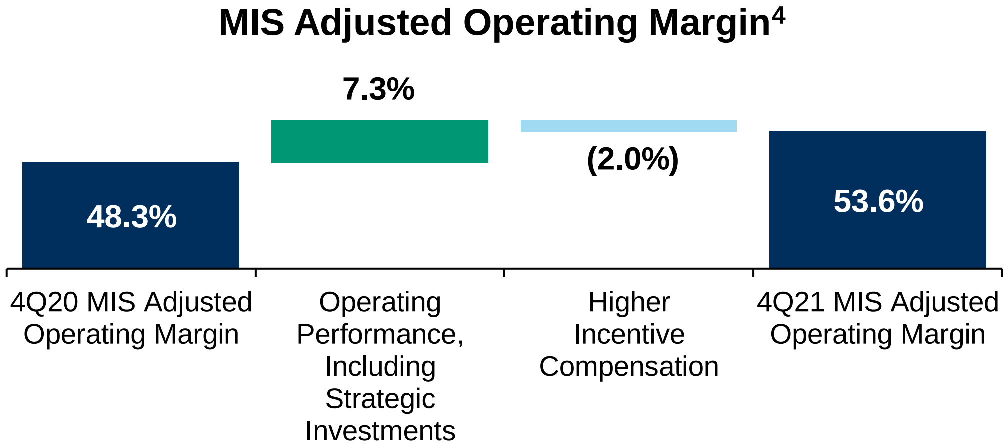
Chief Financial Officer

4Q21 MIS: Highest Fourth Quarter Revenue on Record



- **CFG:** Growth driven by leveraged loans and investment grade bonds on continued refinancing and M&A activity
- **SFG:** Favorable market conditions drove growth in new and refinanced CLO activity, as well as CMBS and RMBS issuance



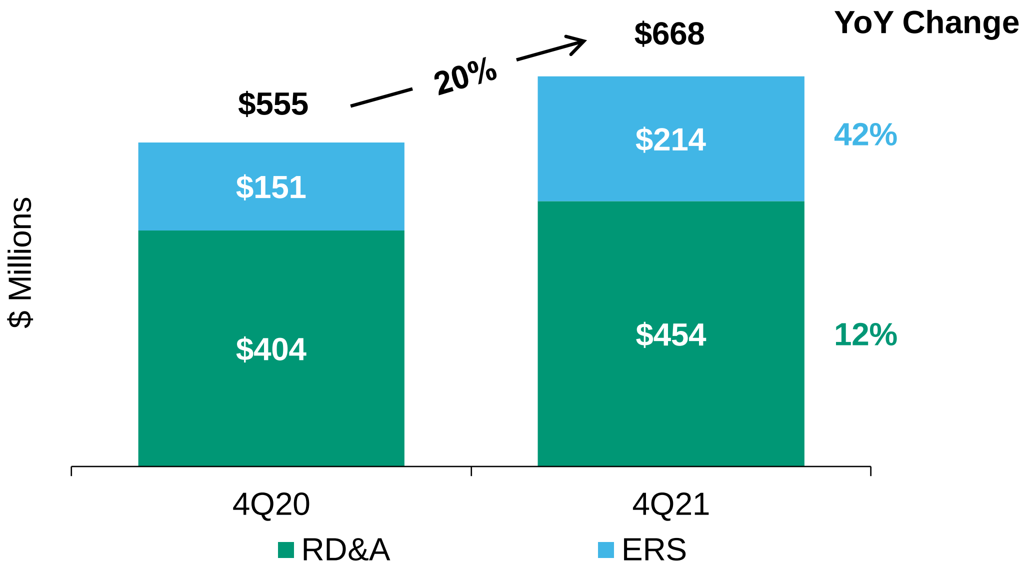


- Top-line growth and expense efficiencies allowed for reinvestment into strategic priorities

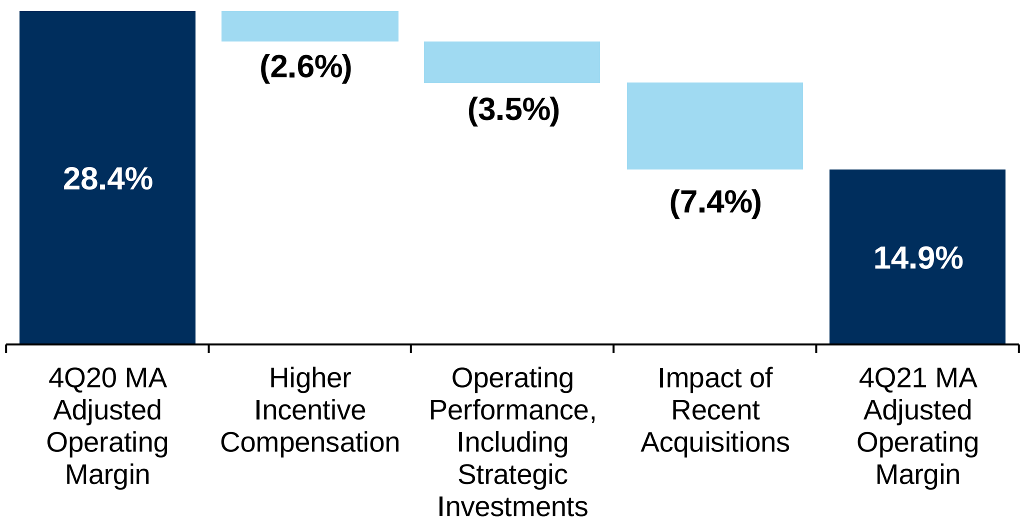
1. MIS Other revenue was approximately $17 and $11 million in the quarters ended December 31, 2020, and December 31, 2021, respectively.
2. MIS rated issuance, excludes sovereign debt issuance.
3. Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.
4. Operating performance, including strategic investments, primarily excluded the impact of higher incentive and stock compensation accruals. Refer to the Appendix for reconciliations between all adjusted measures mentioned throughout this presentation and U.S. GAAP.

4Q21 MA: 20% Revenue Growth

MA Revenue



MA Adjusted Operating Margin

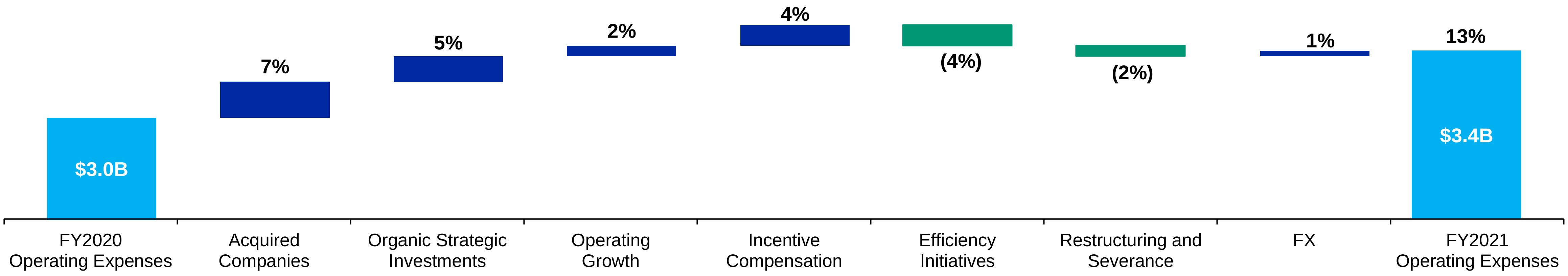


- **RD&A:** 12% revenue growth driven by demand for KYC and compliance offerings, as well as data solutions
- **ERS:** 42% revenue increase primarily from RMS acquisition, as well as strong demand for insurance solutions
- Recurring revenue comprised 93% of total MA, including 94% of RD&A and 89% of ERS

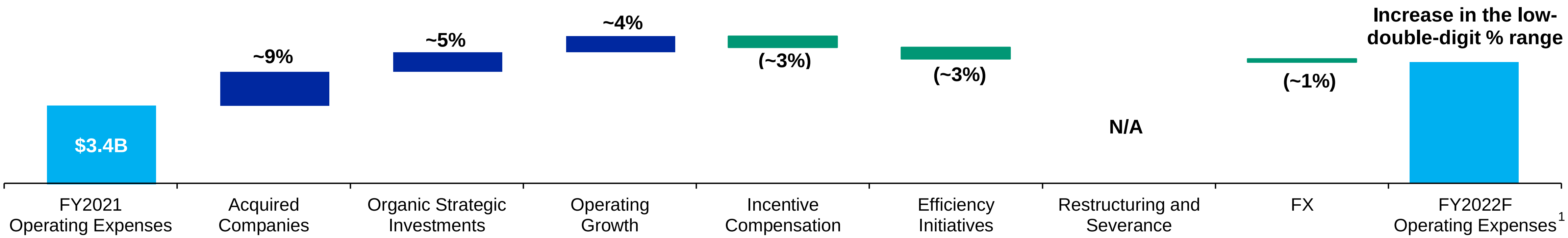
- Strong fourth quarter sales performance increased incentive compensation accruals
- Strategic organic investments in high-growth markets and product development, as well as recent acquisitions, lay the groundwork for 2022 sales acceleration
- FY 2021 adjusted operating margin of 26.0% includes ~400 bps of dilution related to recent acquisitions

Acquisition Activity Drives Growth; Balancing Organic Investment and Cost Efficiencies in 2022

FY 2020 vs. FY 2021



FY 2021 vs FY 2022F[1]



1. Guidance as of February 10, 2022. Refer to Table 12 – "2022 Outlook" in the press release for a complete list of guidance and a reconciliation between all adjusted measures mentioned throughout this presentation and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

Multi-Year Investment Approach

Market Penetration and Customer Access

Incremental sales staff, customer-oriented travel, marketing and other go-to-market initiatives

KYC, CRE, Banking and ESG & Climate

Continuation of strategic investment roadmaps across MIS and MA to meet increasing demand in high-growth markets

Technology and Product Development

New capabilities, including continued development of SaaS platform, improve operational efficiency, promote interoperability and facilitate execution of a robust product development pipeline

2021: ~$150 million organically invested in growth initiatives and enhanced capabilities in MIS and MA

2022: Incremental organic investment of ~$150 million to accelerate medium-term growth

Best-in-Class Talent

Competitive compensation, as well as fostering a diverse and inclusive environment to recruit and retain top talent in a tight labor market

FY 2022 Corporate-Level Guidance[1]

Revenue	Increase in the high-single-digit percent range
Expenses	Increase in the low-double-digit percent range
Adjusted Operating Margin[2]	49% - 50%
Interest Expense, Net	$200 - $220 million
Effective Tax Rate	20.5% - 22.5%
Diluted EPS	$11.50 - $12.00
Adjusted Diluted EPS[2]	$12.40 - $12.90
Free Cash Flow[2]	$2.3 - $2.5 billion
Share Repurchases[3]	At least $1.5 billion Announcing $500 million accelerated share repurchase plan, expected to be completed in the first half of the year

Macro assumptions underpinning our guidance[4]

2022 GDP

3.5% - 4.5% United States

3.5% - 4.5% Euro area

4.0% - 5.0% Global

Global benchmark rates to increase from historic lows; U.S. high yield interest rate spreads to widen, moving slightly above the historical average of ~500 bps

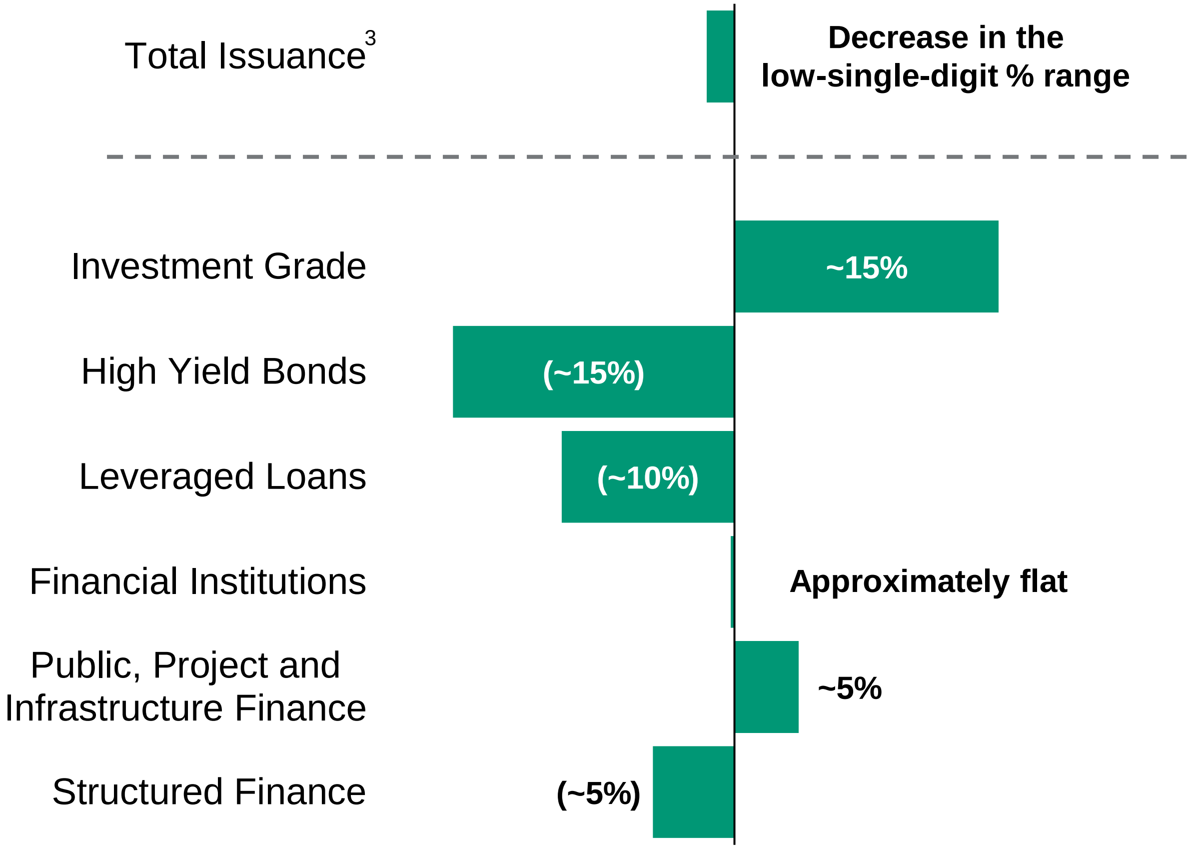
Inflation rates to remain above central bank targets in many countries

Global high yield default rate to initially decline before gradually rising to approximately 2.4% by the end of 2022

1. Guidance as of February 10, 2022. Refer to Table 12 – "2022 Outlook" in the press release for a complete list of guidance and a reconciliation between all adjusted measures mentioned throughout this presentation and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.
2. 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.
3. Subject to available cash, market conditions, M&A opportunities and other ongoing capital allocation decisions.
4. Sources: GDP, high yield spreads, inflation rates and default rate assumptions sourced from Moody's Investors Service as of February 10, 2022.

FY 2022 Issuance by Asset Class Guidance

FY 2022 Issuance Guidance[1,2]

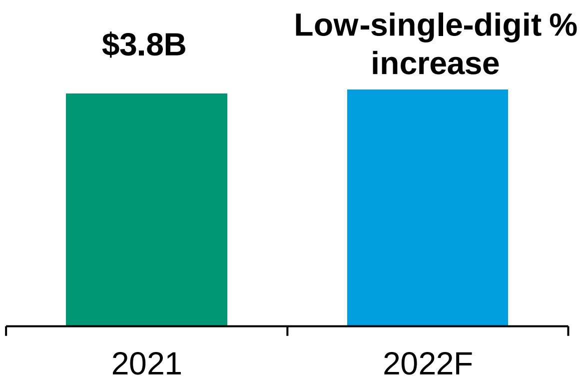


- Challenging 2021 total issuance comparative
- Investment grade issuance to rebound after sharp contraction
- Funding conditions for high yield bonds and leveraged loans remain supportive
- M&A pace to continue as issuers seek to improve market positions
- Projecting 900 to 1,000 first time mandates

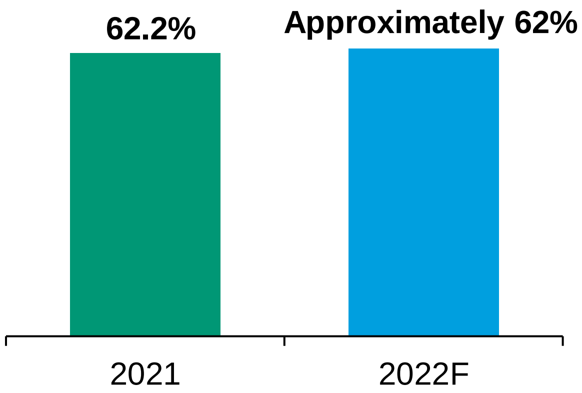
1. Guidance as of February 10, 2022. Refer to Table 12 – "2022 Outlook" in the press release for a complete list of guidance and a reconciliation between all adjusted measures mentioned throughout this presentation and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.
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. Total issuance includes CFG, SFG, FIG and PPIF. Excludes sovereign debt.

FY 2022 Segment-Level Guidance[1]

MIS Revenue

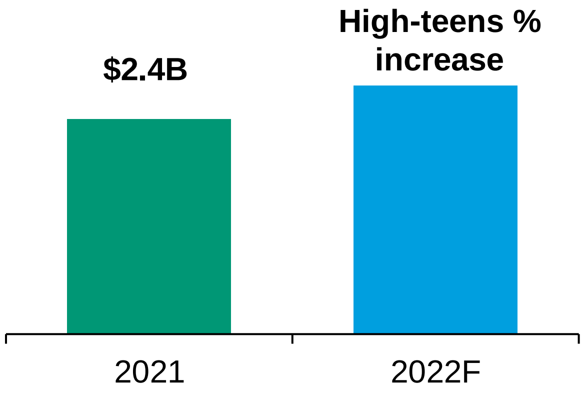


MIS Adjusted Operating Margin

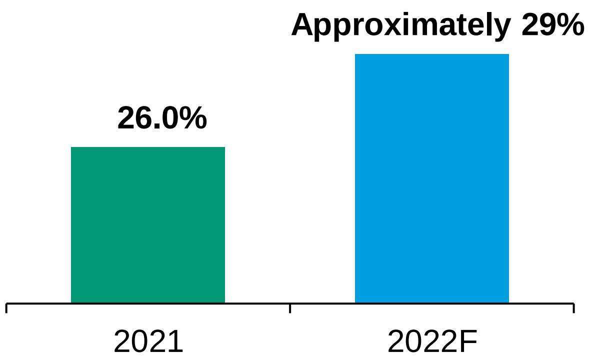


- Low-single-digit revenue growth despite anticipated decline in rated issuance
- Ongoing issuance tailwinds offset by potential headwinds from high liquidity levels, interest rate and inflation uncertainties, as well as curtailing of government stimulus programs
- Adjusted operating margin stable as continued expense efficiency initiatives enable organic investment

MA Revenue



MA Adjusted Operating Margin



- Retention rates in the mid-90s percent range, in-line with 2021 performance
- Continued strength in KYC and compliance solutions, as well as insurance and asset management products
- Recent acquisitions and the impact of foreign exchange contribute ~9% to revenue growth; dilute margins by 150 to 200 bps

1. Guidance as of February 10, 2022. Refer to Table 12 – "2022 Outlook" in the press release for a complete list of guidance and a reconciliation between all adjusted measures mentioned throughout this presentation and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

Medium-Term Growth Targets

	MEDIUM-TERM[1,2,3]
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 EPS	Low-double-digit % growth

1. Refer to Slide 31 in the Appendix for details and assumptions with respect to medium-term guidance.
2. Assumes no material change in effective tax rate, foreign exchange rates, leverage profile and/or capital allocation policy.
3. Subject to available cash, market conditions, M&A opportunities and other ongoing capital allocation decisions.

Note: Medium-term guidance refers to a time period within 5 years. Growth refers to average annualized growth over the time period.

Key Takeaways

- In 2021, Moody's delivered over $6 billion in revenue and adjusted diluted EPS[1] growth above 20%, reflecting the value we provide to our customers
- Overall issuance expected to remain robust in 2022
- Continued recurring revenue growth and strong retention rates underpin MA's results
- Strategic investments in high priority markets bolster 2022 outlook[2]
- Introduction of medium-term[3] targets demonstrates our commitment to capitalize on multiple opportunities for growth

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3. Refer to Slide 31 in the Appendix for details and assumptions with respect to medium-term guidance.

Better decisions

Questions and Answers

Rob Fauber
President and Chief Executive Officer

Mark Kaye
Chief Financial Officer

Investor Day

March 10, 2022

Save the Date

Moody's Corporation will hold its next Investor Day on Thursday, March 10, 2022, and will showcase important aspects of the Company's business.

Additional details to follow.

Replay Details

Available from 3:30pm (Eastern Time) February 10, 2022
until 3:30pm (Eastern Time) March 11, 2022

Telephone Details

» U.S. & Canada +1-888-203-1112
» Non-U.S. & Canada +1-719-457-0820
» Passcode 3147599

Webcast Details

» Go to ir.moodys.com
» Click on "Events & Presentations"
» Click on the link for "4Q and FY 2021 Earnings Conference Call"

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Glossary of Terms and Abbreviations

TERM	DEFINITION
CFG	Corporate finance group; an LOB of MIS
CRE	Commercial Real Estate
ERS	The Enterprise Risk Solutions LOB within MA, which offers risk management software solutions, as well as related risk management advisory engagements services
ESG	Environmental, Social and Governance
FIG	Financial institutions group; an LOB of 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 two LOBs – RD&A and ERS
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 non-ratings revenue from ICRA, KIS Pricing and KIS Research. These businesses are components of MIS; MIS Other is an LOB of MIS
PPIF	Public, project and infrastructure finance; an LOB of MIS
RD&A	An LOB within MA that offers subscription-based research, data and analytical products, including credit ratings produced by MIS, credit research, quantitative credit scores and other analytical tools, economic research and forecasts, business intelligence and company information products, as well as commercial real estate data and analytical tools
SFG	Structured finance group; an LOB of MIS
YoY	Year-over-year
YTD	Year-to-date

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, as well as the impact of COVID-19, including the responses to the pandemic by governments, regulators, businesses and individuals. This outlook also reflects assumptions about general economic conditions and GDP growth in the U.S. and Euro area, as well as the Company's own operations, personnel and opportunistic M&A activity.

While the duration and severity of the COVID-19 pandemic are unknown, Moody's outlook assumes that the Company continues to not experience any material negative impact on its ability to conduct its operations as a result of COVID-19. The implications of COVID-19, or other situations or developments, could affect these and many other factors that also could cause actual results to differ materially from Moody's outlook.

The guidance also incorporates various assumptions as of February 10, 2022, including: (a) the deceleration of U.S. and Euro area GDP growth rates; (b) an increase in the U.S. 10-Year Treasury yield; (c) issuers refinance a majority of maturing debt; (d) MA customer retention rates remain in-line with historic levels; and (e) pricing initiatives align with prior practices and enhancements to customer value.

Moody's Corporation Medium-Term Guidance as of February 10, 2022	
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

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.

Note: Growth refers to average annualized growth over the time period.

Financial Information by Segment

The table below presents revenue and adjusted operating income by reportable segment. The Company defines adjusted operating income as operating income excluding: i) depreciation and amortization; and ii) restructuring.

	Three Months Ended December 31,							
	2021				2020			
Amounts in millions	**MIS**	**MA**	**Eliminations**	**Consolidated**	**MIS**	**MA**	**Eliminations**	**Consolidated**
Revenue	$ 912	$ 669	$ (42)	$ 1,539	$ 773	$ 557	$ (40)	$ 1,290
Operating, SG&A	423	569	(42)	950	400	399	(40)	759
Adjusted Operating Income	**$ 489**	**$ 100**	**$ —**	**$ 589**	**$ 373**	**$ 158**	**$ —**	**$ 531**
Adjusted Operating Margin	*53.6 %*	*14.9 %*		*38.3 %*	*48.3 %*	*28.4 %*		*41.2 %*
Depreciation and amortization	19	58	—	77	18	39	—	57
Restructuring	(1)	(1)	—	(2)	7	23	—	30
Operating income				**$ 514**				**$ 444**
Operating margin				*33.4 %*				*34.4 %*

Financial Information by Segment (Continued)

The table below presents revenue and adjusted operating income by reportable segment. The Company defines adjusted operating income as operating income excluding: i) depreciation and amortization; ii) restructuring; and iii) a loss pursuant to the divestiture of MAKS.

	Year Ended December 31,							
	2021				2020			
Amounts in millions	MIS	MA	Eliminations	Consolidated	MIS	MA	Eliminations	Consolidated
Revenue	$ 3,977	$ 2,413	$ (172)	$ 6,218	$ 3,440	$ 2,086	$ (155)	$ 5,371
Operating, SG&A	1,503	1,786	(172)	3,117	1,387	1,472	(155)	2,704
Adjusted Operating Income	**$ 2,474**	**$ 627**	**$ —**	**$ 3,101**	**$ 2,053**	**$ 614**	**$ —**	**$ 2,667**
Adjusted Operating Margin	*62.2 %*	*26.0 %*		*49.9 %*	*59.7 %*	*29.4 %*		*49.7 %*
Depreciation and amortization	72	185	—	257	70	150	—	220
Restructuring	(1)	1	—	—	19	31	—	50
Loss pursuant to the divestiture of MAKS	—	—	—	—	—	9	—	9
Operating income				**$ 2,844**				**$ 2,388**
Operating margin				*45.7 %*				*44.5 %*

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; ii) restructuring; and iii) a loss pursuant to the divestiture of MAKS. 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 and the loss pursuant to the divestiture of MAKS are excluded as the frequency and magnitude of these items 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.

	Three Months Ended December 31,		Year Ended December 31,	
Amounts in millions	2021	2020	2021	2020
Operating income	**$ 514**	**$ 444**	**$ 2,844**	**$ 2,388**
Depreciation and amortization	77	57	257	220
Restructuring	(2)	30	—	50
Loss pursuant to the divestiture of MAKS	—	—	—	9
Adjusted Operating Income	**$ 589**	**$ 531**	**$ 3,101**	**$ 2,667**
Operating margin	**33.4 %**	**34.4 %**	**45.7 %**	**44.5 %**
Adjusted Operating Margin	**38.3 %**	**41.2 %**	**49.9 %**	**49.7 %**

Free Cash Flow

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

	Year Ended December 31,	
Amounts in millions	**2021**	**2020**
Net cash provided by operating activities	**$ 2,005**	**$ 2,146**
Capital additions	(139)	(103)
Free Cash Flow	**$ 1,866**	**$ 2,043**
Net cash used in investing activities	**$ (2,619)**	**$ (1,077)**
Net cash used in financing activities	**$ (122)**	**$ (351)**

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

The Company presents the organic revenue and organic revenue growth (including organic recurring revenue and organic transaction revenue, as well as organic recurring revenue growth and organic transaction revenue growth for the MA segment) because management deems these metrics to be useful measures to provide additional perspective in assessing revenue growth excluding the inorganic revenue impacts from certain acquisition activity.

The following table details the period of operations excluded from each acquisition to determine organic revenue and organic growth rates.

		Period excluded to determine organic revenue and organic growth rates	
Acquisition	**Acquisition Date**	**Q4**	**Full-Year**
Regulatory DataCorp	February 13, 2020	-	January 1, 2021 - February 12, 2021
Acquire Media	October 21, 2020	October 1, 2021 - October 20, 2021	January 1, 2021 - October 20, 2021
ZM Financial Systems	December 7, 2020	October 1, 2021 - December 6, 2021	January 1, 2021 - December 6, 2021
Catylist	December 30, 2020	October 1, 2021 - December 29, 2021	January 1, 2021 - December 29, 2021
Cortera	March 19, 2021	October 1, 2021 - December 31, 2021	March 19, 2021 - December 31, 2021
RMS	September 15, 2021	October 1, 2021 - December 31, 2021	September 15, 2021 - December 31, 2021
RealXData	September 17, 2021	October 1, 2021 - December 31, 2021	September 17, 2021 - December 31, 2021

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

	Three Months Ended December 31,				Year Ended December 31,			
Amounts in millions	2021	2020	Change	Growth	2021	2020	Change	Growth
MA revenue	$ 668	$ 555	$ 113	20%	$ 2,406	$ 2,079	$ 327	16%
Inorganic revenue from acquisitions	(78)	—	(78)		(136)	—	(136)	
Organic MA revenue	$ 590	$ 555	$ 35	6%	$ 2,270	$ 2,079	$ 191	9%
RD&A revenue	$ 454	$ 404	$ 50	12%				
Inorganic revenue from acquisitions	(8)	—	(8)					
Organic RD&A revenue	$ 446	$ 404	$ 42	10%				
ERS revenue	$ 214	$ 151	$ 63	42%				
Inorganic revenue from acquisitions	(70)	—	(70)					
Organic ERS revenue	$ 144	$ 151	$ (7)	(5)%				
ERS recurring revenue	$ 191	$ 123	$ 68	55%				
Inorganic recurring revenue from acquisitions	(67)	—	(67)					
Organic ERS recurring revenue	$ 124	$ 123	$ 1	1%				
ERS transaction revenue	$ 23	$ 28	$ (5)	(18)%				
Inorganic transaction revenue from acquisitions	(3)	—	(3)					
Organic ERS transaction revenue	$ 20	$ 28	$ (8)	(29)%				

	Three Months Ended December 31,				Year Ended December 31,			
Amounts in millions	2021	2020	Change	Growth	2021	2020	Change	Growth
MA recurring revenue	$ 618	$ 506	$ 112	22%	$ 2,236	$ 1,882	$ 354	19%
Inorganic recurring revenue from acquisitions	(74)	—	(74)		(130)	—	(130)	
Organic MA recurring revenue	$ 544	$ 506	$ 38	8%	$ 2,106	$ 1,882	$ 224	12%

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; iii) a loss pursuant to the divestiture of MAKS; and iv) 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, loss pursuant to the divestiture of MAKS and the non-cash gain relating to the minority investment 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 this measure to its most directly comparable U.S. GAAP amount:

	Three Months Ended December 31,				Year Ended December 31,			
Amounts in millions	2021		2020		2021		2020	
Net income attributable to Moody's common shareholders		**$ 427**		**$ 314**		**$ 2,214**		**$ 1,778**
Pre-tax Acquisition-Related Intangible Amortization Expenses	$ 50		$ 34		$ 158		$ 124	
Tax on Acquisition-Related Intangible Amortization Expenses	(12)		(8)		(36)		(28)	
Net Acquisition-Related Intangible Amortization Expenses		**38**		**26**		**122**		**96**
Pre-tax restructuring	$ (2)		$ 30		$ —		$ 50	
Tax on restructuring	—		(8)		—		(12)	
Net restructuring		**(2)**		**22**		**—**		**38**
Loss pursuant to the divestiture of MAKS		**—**		**—**		**—**		**9**
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		**$ 436**		**$ 362**		**$ 2,309**		**$ 1,921**

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

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

	Three Months Ended December 31,				Year Ended December 31,			
	2021		2020		2021		2020	
Diluted earnings per share attributable to Moody's common shareholders		**$ 2.28**		**$ 1.66**		**$ 11.78**		**$ 9.39**
Pre-tax Acquisition-Related Intangible Amortization Expenses	$ 0.27		$ 0.18		$ 0.84		$ 0.66	
Tax on Acquisition-Related Intangible Amortization Expenses	(0.07)		(0.05)		(0.19)		(0.15)	
Net Acquisition-Related Intangible Amortization Expenses		**0.20**		**0.13**		**0.65**		**0.51**
Pre-tax restructuring	$ (0.01)		$ 0.16		$ —		$ 0.26	
Tax on restructuring	—		(0.04)		—		(0.06)	
Net restructuring		**(0.01)**		**0.12**		**—**		**0.20**
Loss pursuant to the divestiture of MAKS		**—**		**—**		**—**		**0.05**
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		**$ 2.33**		**$ 1.91**		**$ 12.29**		**$ 10.15**

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

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.

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,	
	2021 Growth	2020 Growth
MA organic recurring revenue	12%	10%
FX	(2%)	(1%)
MA organic constant currency recurring revenue	**10%**	**9%**

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