Moody's

Fourth Quarter and Full Year 2018 Earnings Call

February 15, 2019

Overview

Salli Schwartz
Global Head of Investor Relations and Strategic Capital Management

Disclaimer

Certain statements contained in this release are forward-looking statements and are based on future expectations, plans and prospects for the Company’s business and operations that involve a number of risks and uncertainties. The forward-looking statements and other information in this release are made as of the date hereof (except where noted otherwise), and the Company undertakes no obligation (nor does it intend) to publicly supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise. In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, the Company is identifying examples of factors, risks and uncertainties that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking statements. Those factors, risks and uncertainties include, but are not limited to, credit market disruptions or economic slowdowns, which could affect the volume of debt and other securities issued in domestic and/or global capital markets; other matters that could affect the volume of debt and other securities issued in domestic and/or global capital markets, including regulation, credit quality concerns, changes in interest rates and other volatility in the financial markets such as that due to the U.K.’s planned withdrawal from the EU; the level of merger and acquisition activity in the U.S. and abroad; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government actions affecting credit markets, international trade and economic policy; concerns in the marketplace affecting our credibility or otherwise affecting market perceptions of the integrity or utility of independent credit agency ratings; the introduction of competing products or technologies by other companies; pricing pressure from competitors and/or customers; the level of success of new product development and global expansion; the impact of regulation as an NRSRO, the potential for new U.S., state and local legislation and regulations, including provisions in the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) and regulations resulting from Dodd-Frank; the potential for increased competition and regulation in the EU and other foreign jurisdictions; exposure to litigation related to our rating opinions, as well as any other litigation, government and regulatory proceedings, investigations and inquires to which the Company may be subject from time to time; provisions in the Dodd-Frank Act legislation modifying the pleading standards, and EU regulations modifying the liability standards, applicable to credit rating agencies in a manner adverse to credit rating agencies; provisions of EU regulations imposing additional procedural and substantive requirements on the pricing of services and the expansion of supervisory remit to include non-EU ratings used for regulatory purposes; the possible loss of key employees; failures or malfunctions of our operations and infrastructure; any vulnerabilities to cyber threats or other cybersecurity concerns; the outcome of any review by controlling tax authorities of the Company’s global tax planning initiatives; exposure to potential criminal sanctions or civil remedies if the Company fails to comply with foreign and U.S. laws and regulations that are applicable in the jurisdictions in which the Company operates, including data protection and privacy laws, sanctions laws, anti-corruption laws, and local laws prohibiting corrupt payments to government officials; the impact of mergers, acquisitions or other business combinations and the ability of the Company to successfully integrate such acquired businesses; currency and foreign exchange volatility; the level of future cash flows; the levels of capital investments; and a decline in the demand for credit risk management tools by financial institutions. These factors, risks and uncertainties as well as other risks and uncertainties that could cause Moody’s actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements are described in greater detail under “Risk Factors” in Part I, Item 1A of the Company’s annual report on Form 10-K for the year ended December 31, 2017, 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.

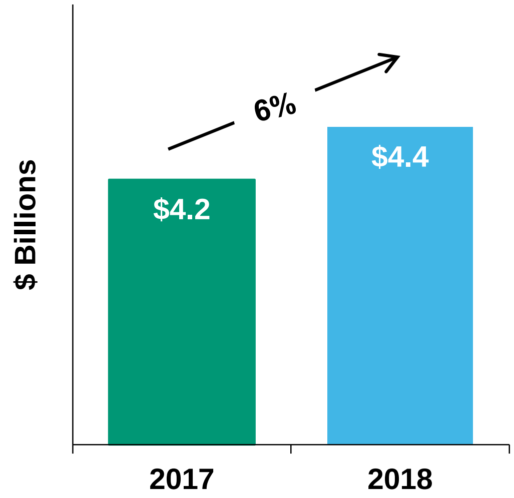
FY and 4Q 2018 Results

Ray McDaniel
President and Chief Executive Officer

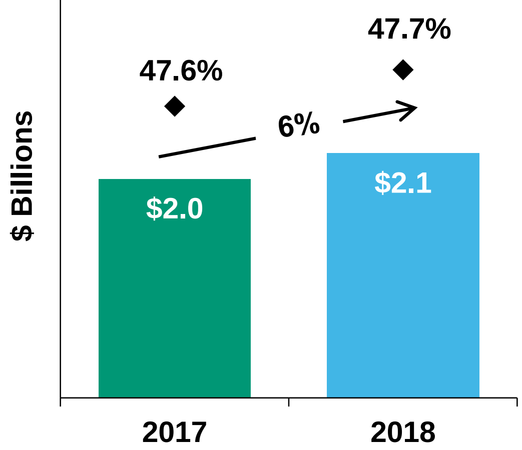
Delivered Strong FY18 Operating Results, Despite Challenging 4Q18

- FY18 MCO revenue increased 6%, including MA revenue up 21% and MIS revenue down 2%
- MCO, MIS and MA adjusted operating margins all increased in FY18
- GAAP diluted EPS increased by 31% year-over-year
- Adjusted diluted EPS was up 22% year-over-year, driven by operating performance and a lower effective tax rate

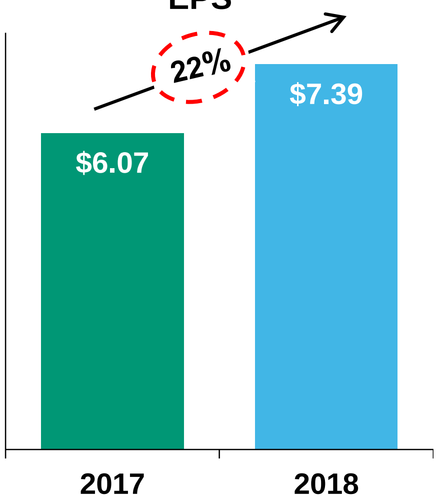
MCO Revenue



MCO Adjusted Operating Income and Margin[1]

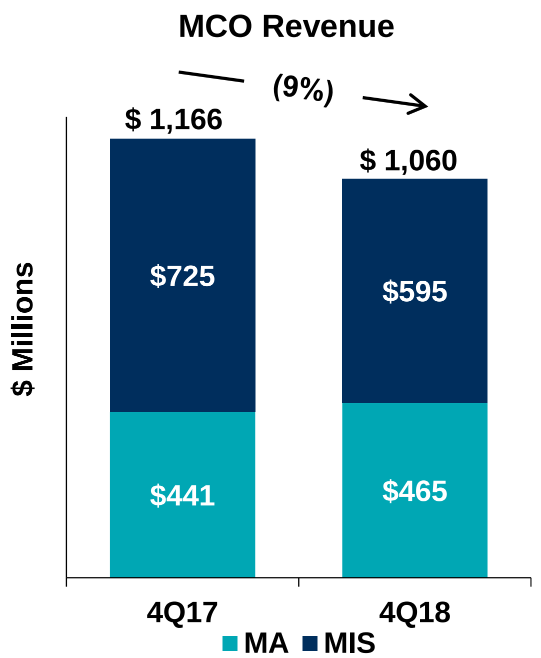


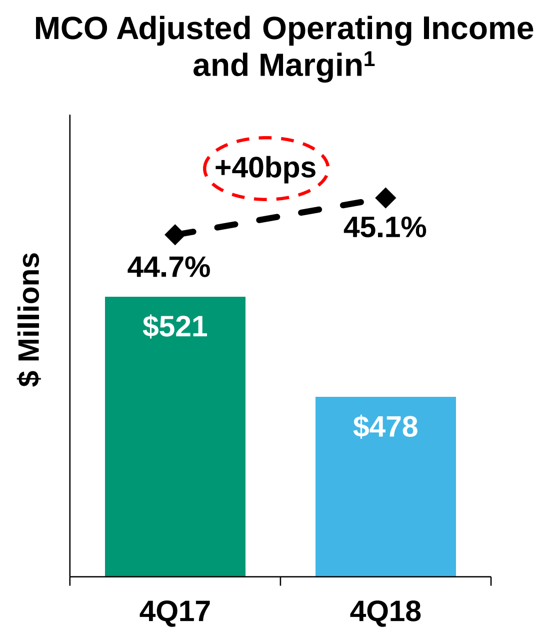
MCO Adjusted Diluted EPS[1]

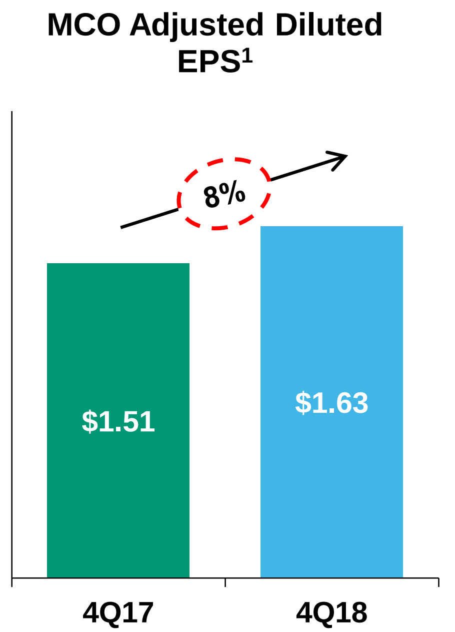


1 Adjusted operating income, adjusted operating margin and adjusted diluted EPS are non-GAAP measures. Refer to the Appendix for a reconciliation between all adjusted and organic measures mentioned throughout this presentation and GAAP.

4Q18 Revenue Down on Issuance Decline; Margin Still Expanded





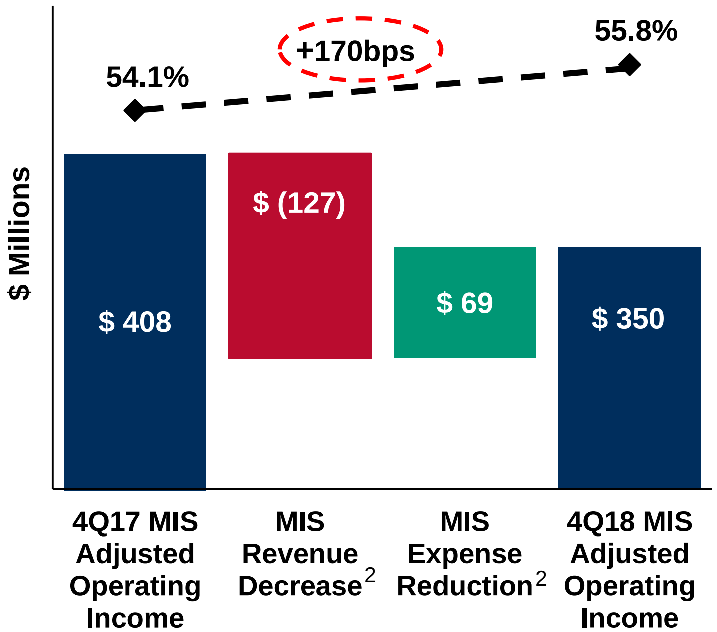


- Tough issuance environment in 4Q18 drove lower MIS revenue; worst 4Q activity for high yield since financial crisis
- MA revenue growth was led by strong RD&A performance
- Operating leverage and lower effective tax rate bolstered adjusted operating margin and adjusted diluted EPS, respectively

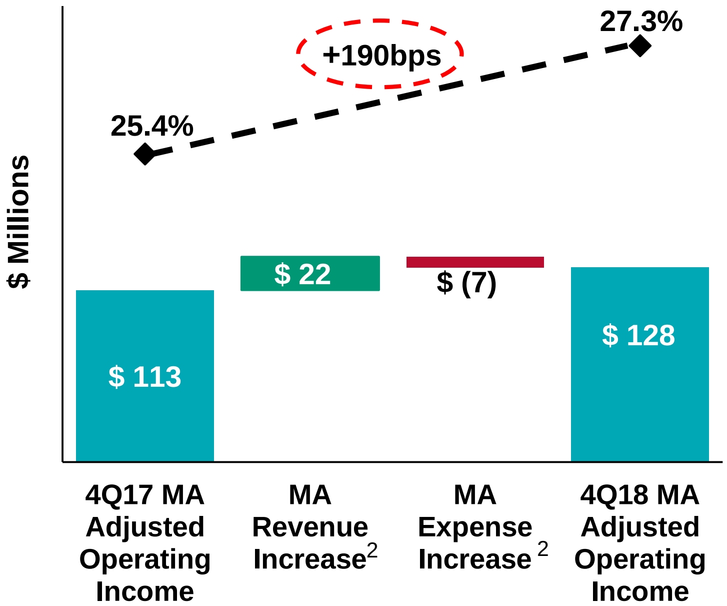
1 Adjusted operating income, adjusted operating margin and adjusted diluted EPS are non-GAAP measures. Refer to the Appendix for a reconciliation between all adjusted and organic measures mentioned throughout this presentation and GAAP.

MIS and MA Margins Both Expanded 150+bps in 4Q18

MIS Adjusted Operating Income[1]



MA Adjusted Operating Income[1]



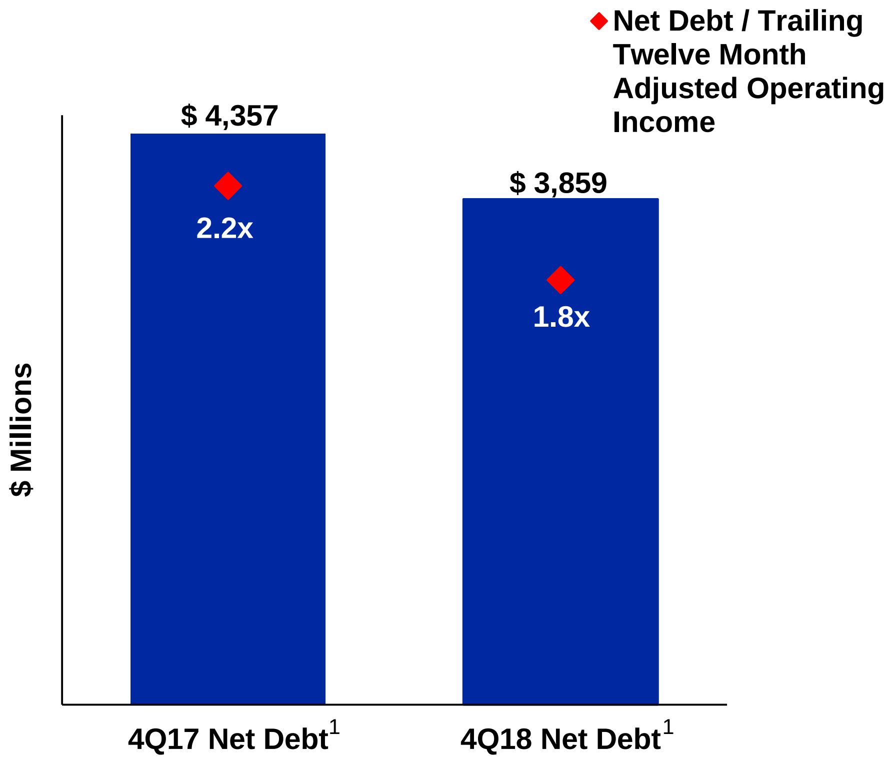
- Expense efficiency initiatives drove margin improvement across both businesses
- MIS's margin was further driven by lower accruals for incentive compensation
- MA's margin expansion was further driven by the roll-off of Bureau van Dijk's deferred revenue haircut

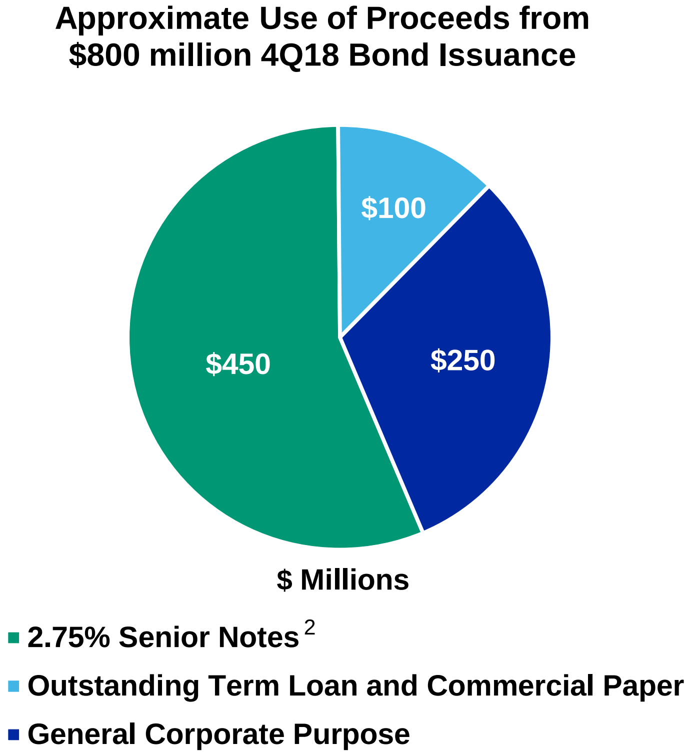
1 Adjusted operating income and adjusted operating margin are non-GAAP measures. Refer to the Appendix for a reconciliation between all adjusted and organic measures mentioned throughout this presentation and GAAP.
2 Includes intercompany revenue and expenses.

Restructuring Plan Ahead of Schedule; Increasing Expected Annual Run-Rate Savings by $10 Million

- 4Q18 restructuring charge exceeded previously announced range
  - Acceleration of staffing optimization and acquisition integration
  - Real estate rationalization including M&A synergies
- Total restructuring program now expected to be $70-$80 million through 1H19
- Annualized pre-tax savings anticipated to be $40-$50 million, a $10 million increase from the previously announced range
  - Enable flexibility for various scenarios of capital markets activity
  - Provides options to reinvest in our businesses and/or buttress margins
- Restructuring charge, acquisition synergies and other cost management efforts will contribute to stable margin in FY19

Reduced Debt Following Bureau Van Dijk Acquisition



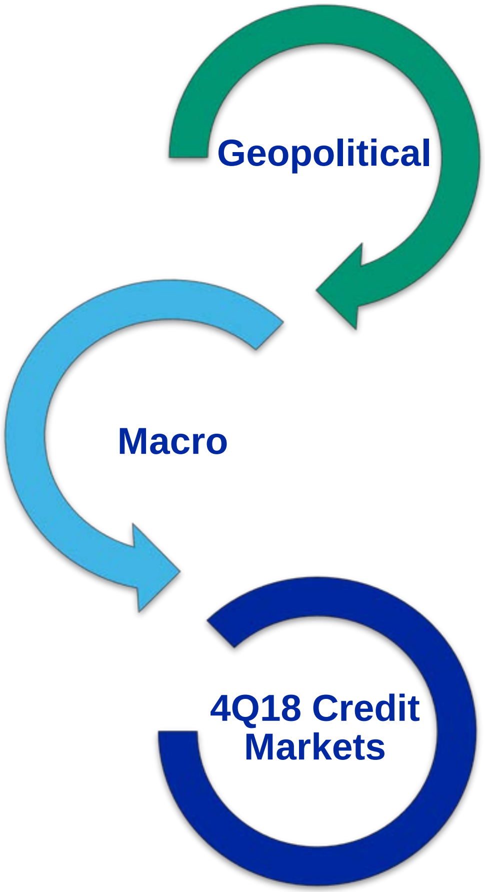


» Currently no significant debt maturities until September 2020

» Targeting leverage generally in line with a BBB+ rating

1 Net debt = Gross debt – total cash, cash equivalents and short-term investments.
2 $450 million pay down of 2.75% senior notes due July 2019 was completed on January 3, 2019.

Geopolitical and Macro Headwinds Disrupted Credit Markets in 4Q18



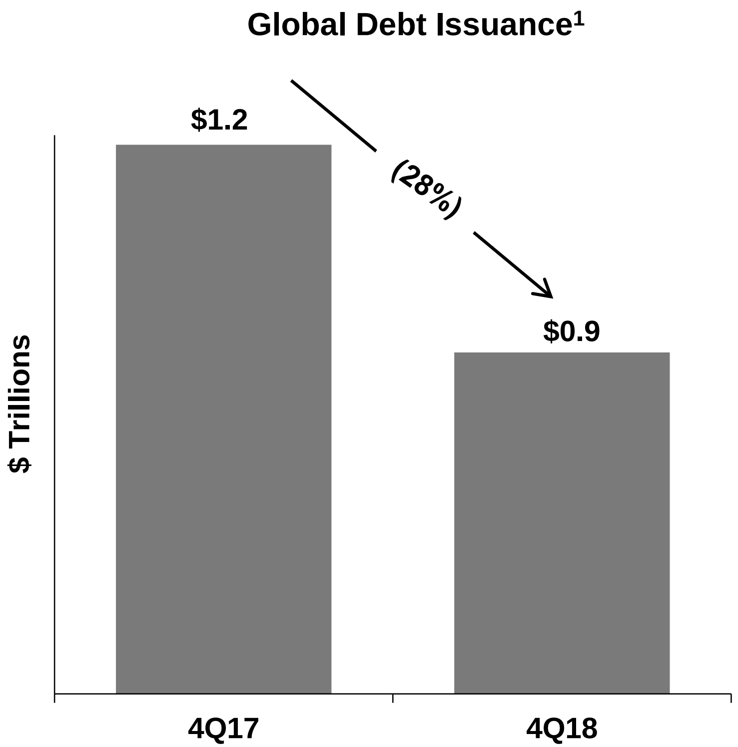
- **U.S.-China trade dispute** continues to cause market uncertainty
- **Brexit:** UK departure path and timing
- **Washington gridlock:** Lead-up to year-end government shutdown
- **Political turmoil in France**

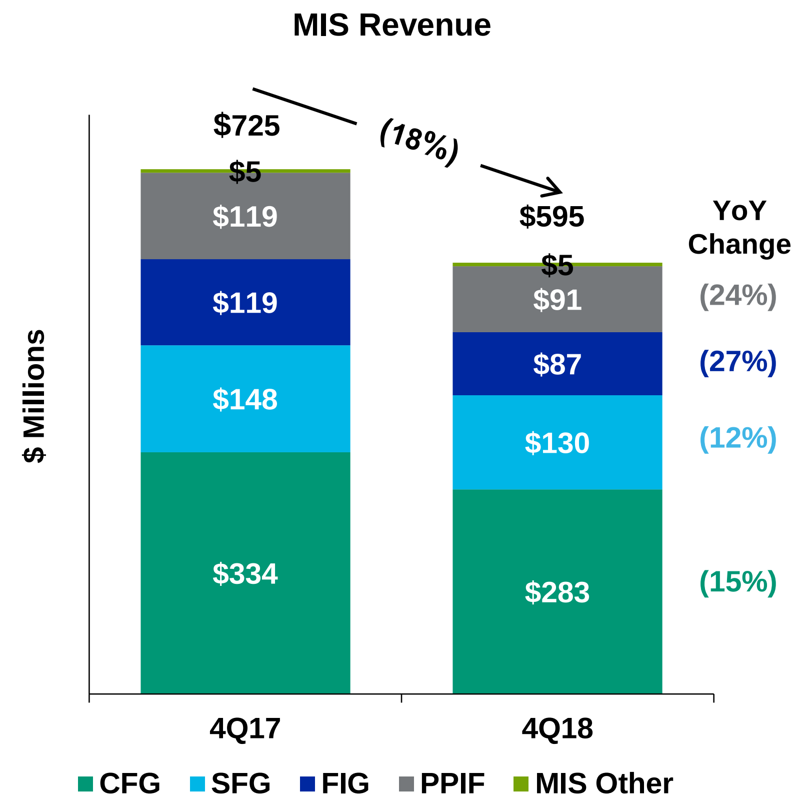
- **Rate volatility:** U.S. 10-year entered 4Q above 3% for the first time since 2013 taper tantrum and swiftly abated to 2.7%
- **Equity market volatility:** VIX and VSTOXX finish 2018 at multi-year highs
- **Yield curve flattening:** U.S. 10-year to 2-year spread finishes 2018 at ~20 bps
- **Commodities:** Indices and oil prices plummeted given oversupply and weak demand expectations

- **Spreads widened** across asset classes in primary regions
- **High yield issuance shuttered** particularly in December
- **Loan secondary bid levels dwindled**
- **Investment grade market was functional,** though below prior-year levels

Economic fundamentals remained sound in developed economies, with stable U.S. and European economic growth and unemployment rates at multi-year lows

MIS Revenue Declined Less Than Issuance

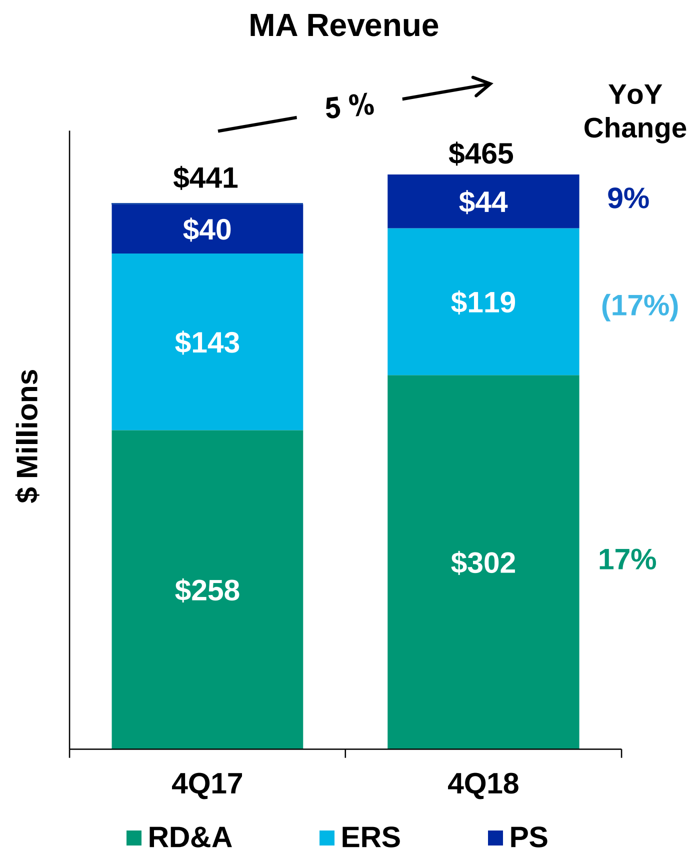




» Recurring revenue base and pricing mitigated loss in a limited capital markets activity environment

1 Excluding Sovereign.

MA 4Q18 Revenue Growth Supported by Strong RD&A Performance

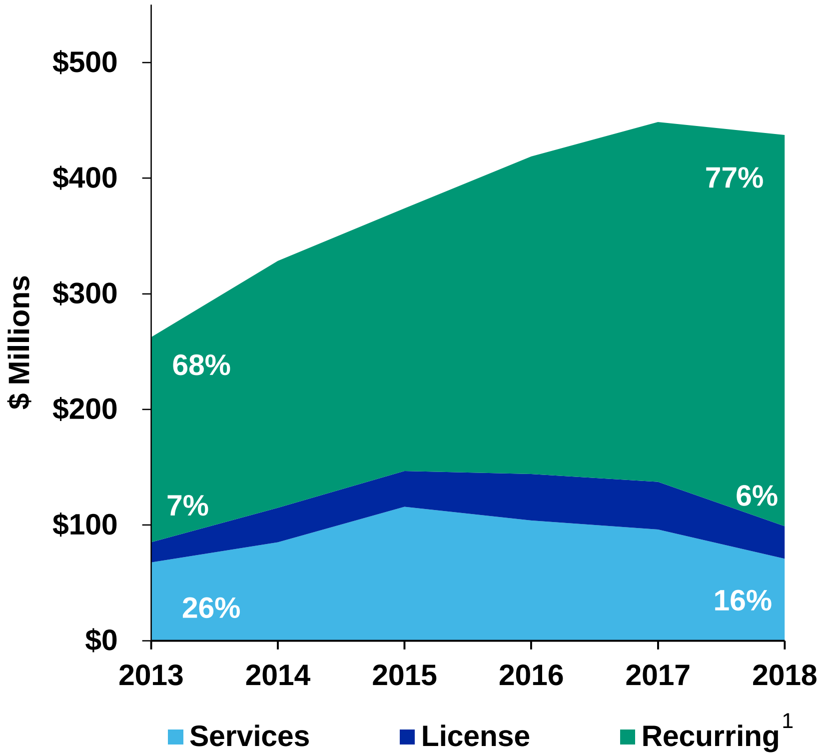


- RD&A revenue growth of 17% on Bureau van Dijk, strength in core business and contribution from Reis
- Bureau van Dijk contributed $90 million of revenue in the quarter and had a 48.2% adjusted operating margin[1,2]
- As expected, ERS revenue declined due to the shift in product mix associated with transition to Software-as-a-Service

1 Excludes allocation of corporate overhead expenses.
2 Adjusted operating income and adjusted operating margin are non-GAAP measures. Refer to the Appendix for a reconciliation between all adjusted and organic measures mentioned throughout this presentation and GAAP.

Enterprise Risk Solutions: SaaS Transition

Revenue and Percentage of Total



Growth Drivers

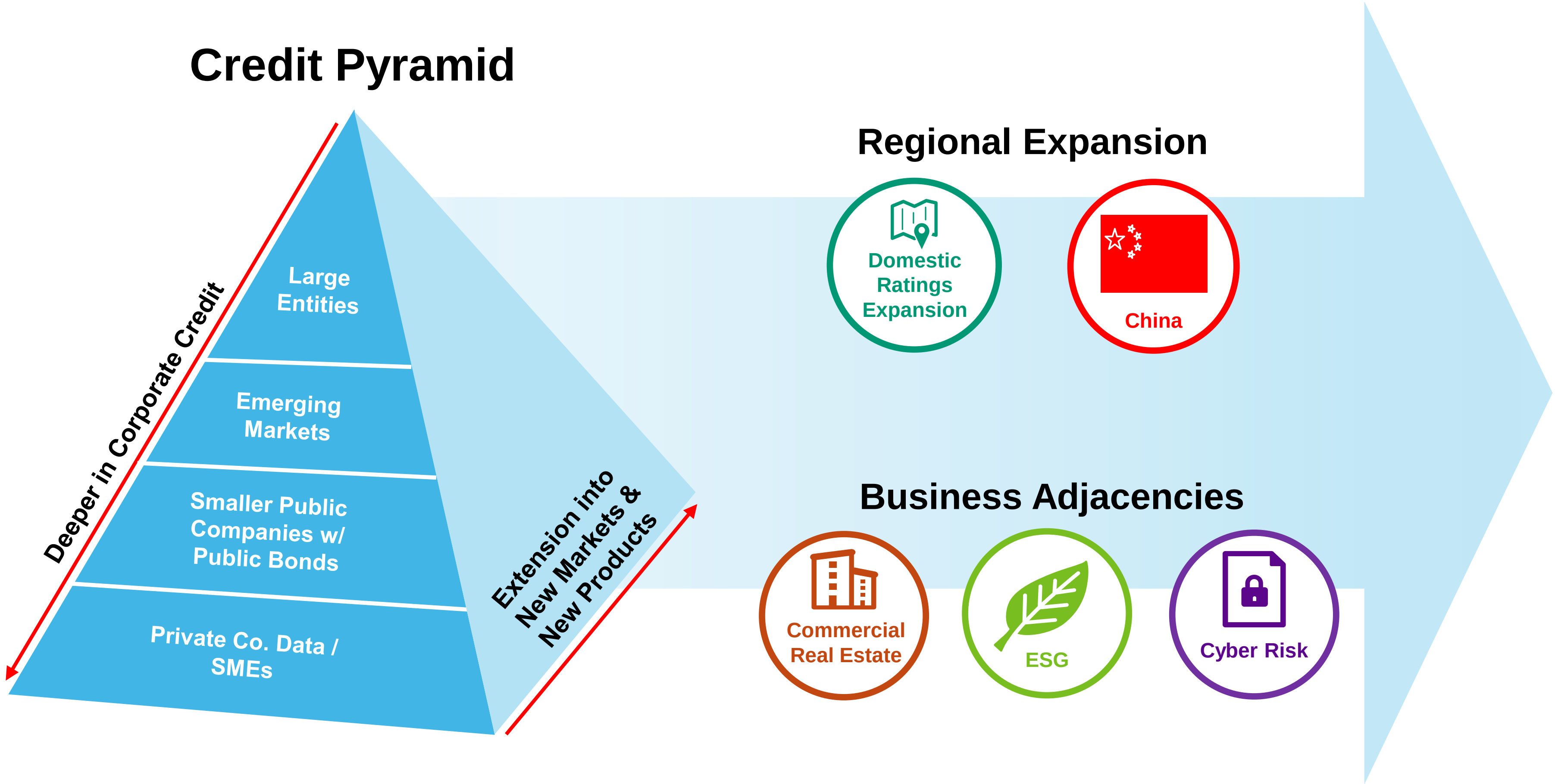
- » Strong 2018 subscription sales drives 2019 recurring revenue
- » New accounting standards prove to be good opportunity
  - CECL, IFRS17 are promising
- » Next generation products
  - Support digitization and automation trends
  - Prioritize analytics to support business decisions

Margin Expansion Continues

- » Shift toward SaaS model provides more scalability
- » Single code base and limited customization drive operating leverage

1 Recurring revenue includes maintenance and subscription.
2 For full year 2018.

Moody's Strategic Priorities

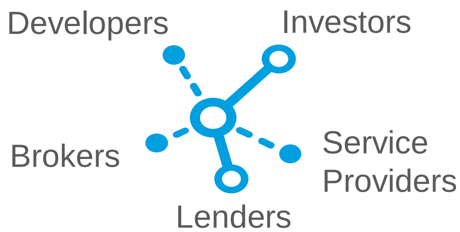


Enhance technology infrastructure to enable automation, innovation and efficiency

Foster employee engagement and creative solutions through our **diverse workforce and inclusive environment**

Reis Accelerates MA’s Entry into CRE Data & Analytics

Banks, insurers and asset managers have substantial exposures to commercial real estate



Highly fragmented ecosystem of information sources & users

Complex analysis, including tenant credit quality, long-term forecasts of rental demand & property supply

Powerful REIS data set, combined with MA capabilities and partnerships with other CRE specialists, enables Moody’s to set much needed standards in data and analytical practices

Note: MCO is a strategic investor in CompStak and Rockport Val.

FY 2019 Outlook

Mark Kaye
Senior Vice President and Chief Financial Officer

Revised Guidance Disclosure to Emphasize Relevance and Predictability

Objectives:

- » Enable more visibility around drivers of cash flow
- » Increase transparency around profitability expectations within MIS and MA
- » Emphasize areas of guidance shown to be more predictable

In comparison to 2018, guidance for 2019:

- » Adds segment level adjusted operating margin guidance (i.e. MA & MIS), removes sub-segment level revenue guidance (e.g. RD&A & CFG)
- » Adds interest expense guidance

Will **continue to report sub-segment level revenue results every quarter**, including splits for transaction / recurring revenue and U.S. / non-U.S.

2019 Guidance Drivers

MIS

- **Stable** economic fundamentals and **GDP growth** in developed regions
- Market disruption to start the year, followed by **spread tightening** and **issuance markets normalization**
- Slight **contraction** assumed in annual **global issuance**
- Tighter credit seen **moderating new mandates**
- **Recurring revenue** and pricing initiatives support growth

MA

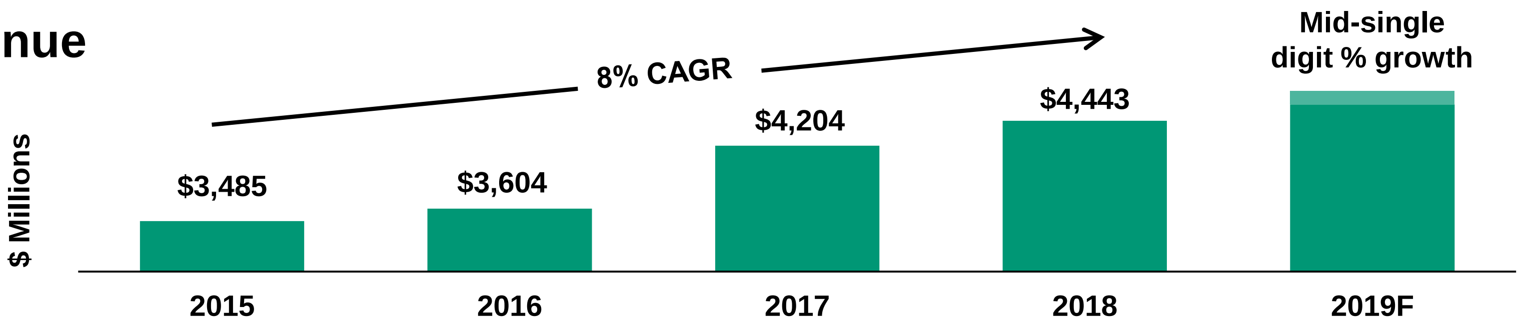
- **Product enhancements** driving customer upgrades and new sales in RD&A, supporting growth across multiple business lines
- **Bureau van Dijk synergies** on track to achieve ~$45 million run rate
- **ERS** resumes growth as **transition** from licenses and services **to SaaS** passes inflection point
- **Reis** and **Omega** Performance integrated, and $0.02 **accretive** to adjusted diluted **EPS**

Moody's

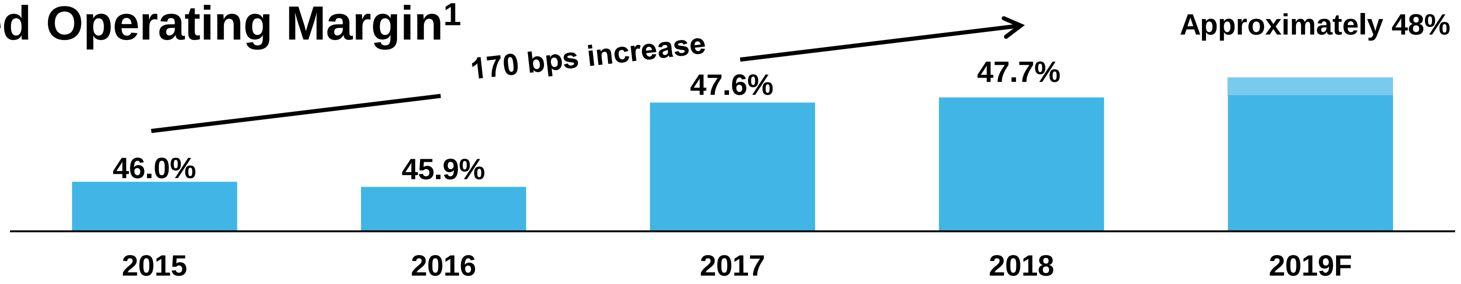
- **Annualized pre-tax savings anticipated to be $40-50 million, $10 million above the previously announced range**, providing optionality to reinvest or reduce costs depending on market conditions
- Strategic management of real estate footprint and hiring activity
- FX assumptions: British pound (£): $1.27 to £1 and Euro (€): $1.14 to €1

Strong Track Record of Growth Over the Long-term

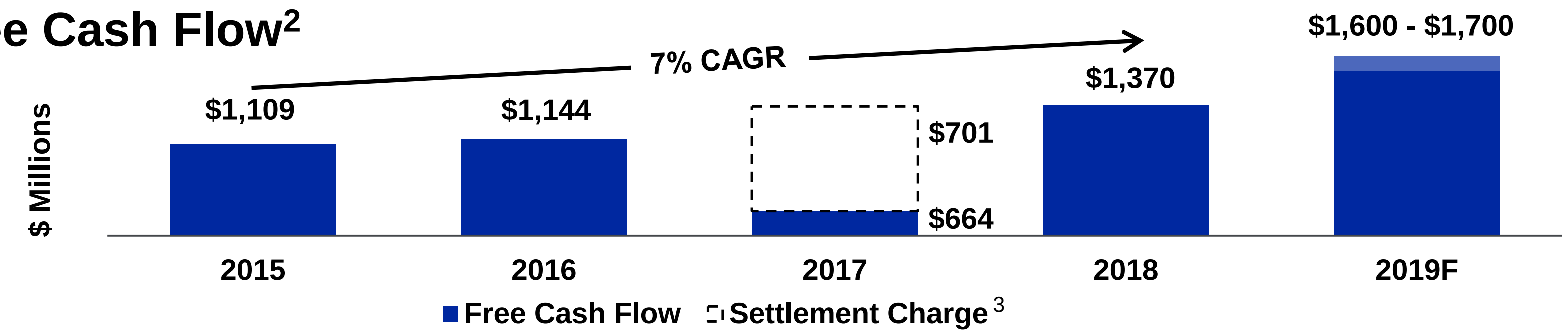
Revenue



Adjusted Operating Margin[1]



Free Cash Flow[2]



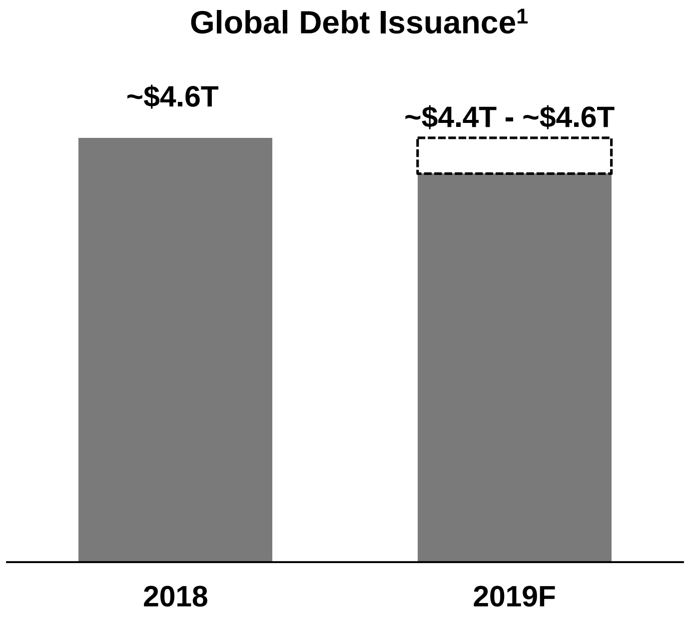
1 Refer to Table 13 – “2019 Outlook” in the press release for a complete list of guidance and a reconciliation between adjusted measures to GAAP.
2 Free cash flow is an adjusted financial measure; see Appendix for reconciliations between adjusted financial measures to GAAP.
3 There was an $863.8 million charge ($700.7 million net of tax) paid in 2017 related to a settlement with the U.S. Department of Justice and the attorneys general of 21 U.S. states and the District of Columbia (the “Settlement Charge”).

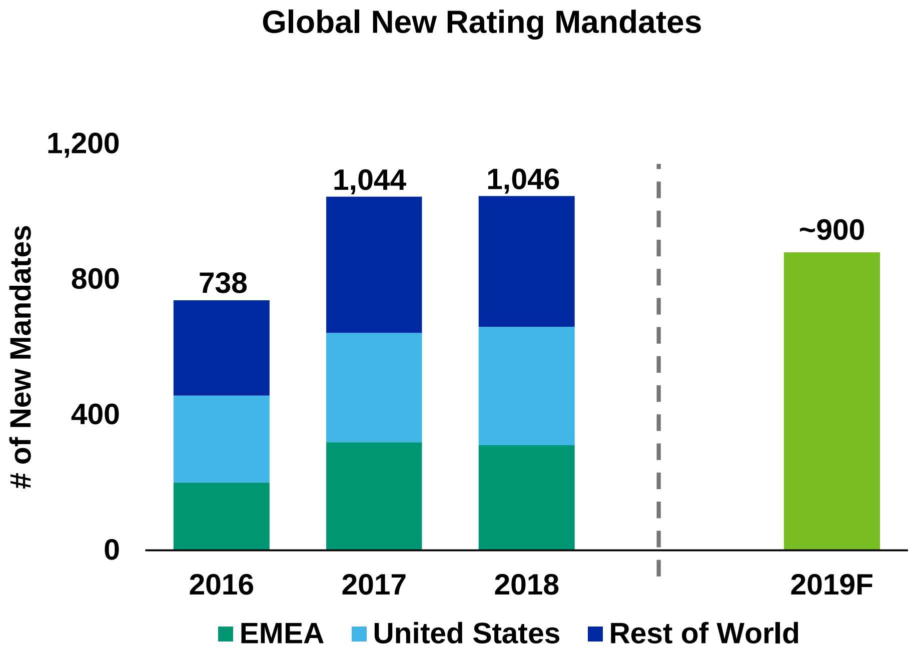
FY19 Corporate-Level Guidance: Additional Items[1]

MCO Expenses	Increase in the mid-single-digit % range
Interest Expense, Net	$200 - $225 million
Effective Tax Rate	21% - 22%
Diluted EPS	$7.30 - $7.55
Adjusted Diluted EPS[1]	$7.85 - $8.10

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

Expect Slight Decline in FY19 Issuance

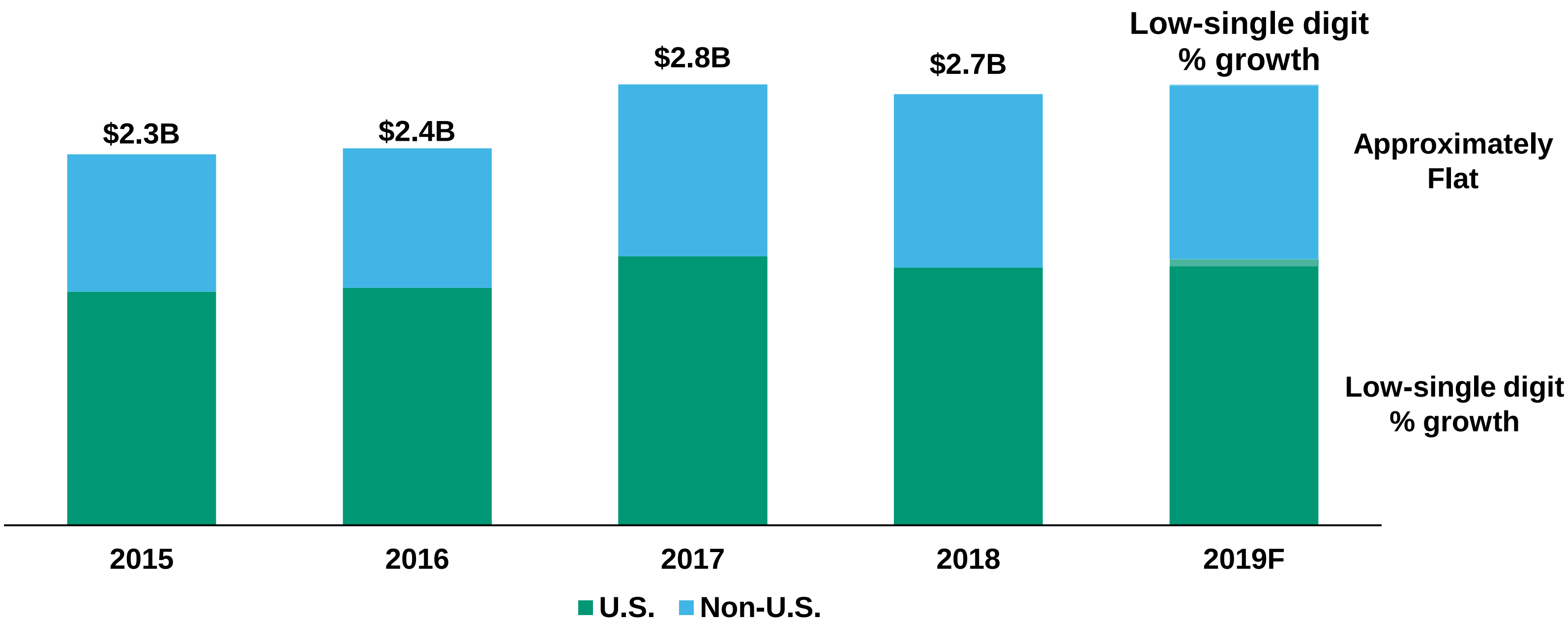




- » 2019 issuance expected to be flat to down 5% compared to 2018
  - – Moderating M&A and leveraged refinancing activity due to volatility and increased cost of capital
  - – Wider 2019 spreads than 2018, on average, lead to lower new mandate activity
  - – Tough comparables on loans and CLOs
  - + Partially offset by expanding global economy, deployment of investor cash balances, low credit defaults
- » Upcoming debt maturities and announced M&A pipeline provide foundation for 2019 issuance

1 Excluding Sovereign.

Expect MIS Revenue to Increase in the Low-Single Digit Percent Range in FY19

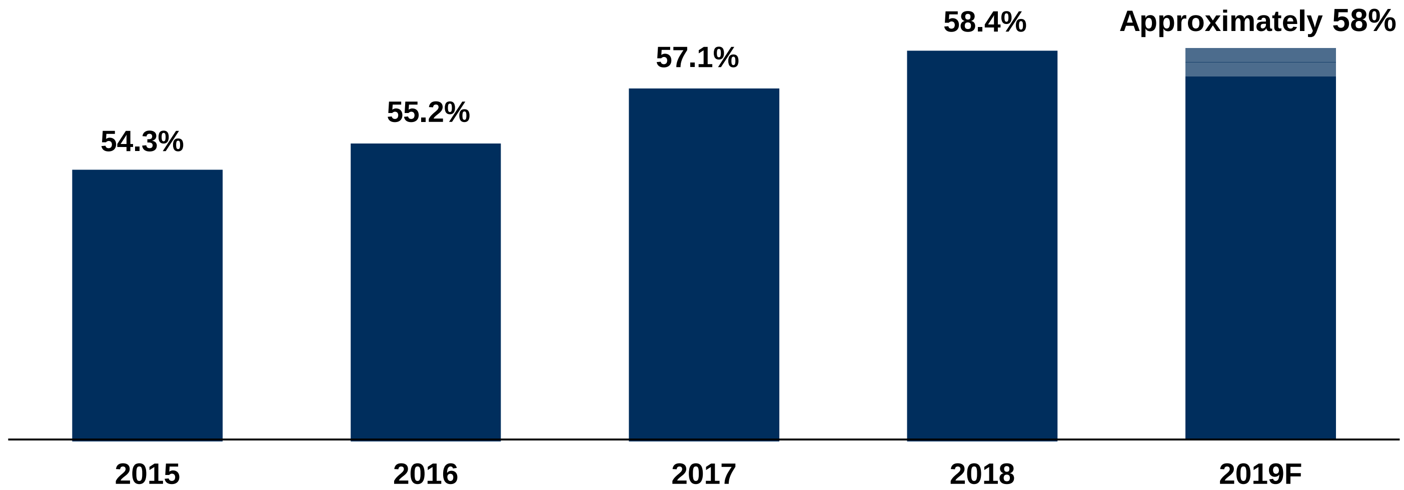


» Strength of business model and execution enables modest revenue growth despite issuance headwinds

» Tighter capital market conditions than 2018 on average; moderate declines in M&A and refinancing activity

» Narrower spreads than year-end 2018 and still-low (albeit slightly rising) default rates should support more constructive issuance markets in 2H19

Expect MIS Adjusted Operating Margin to be Approximately 58% in 2019

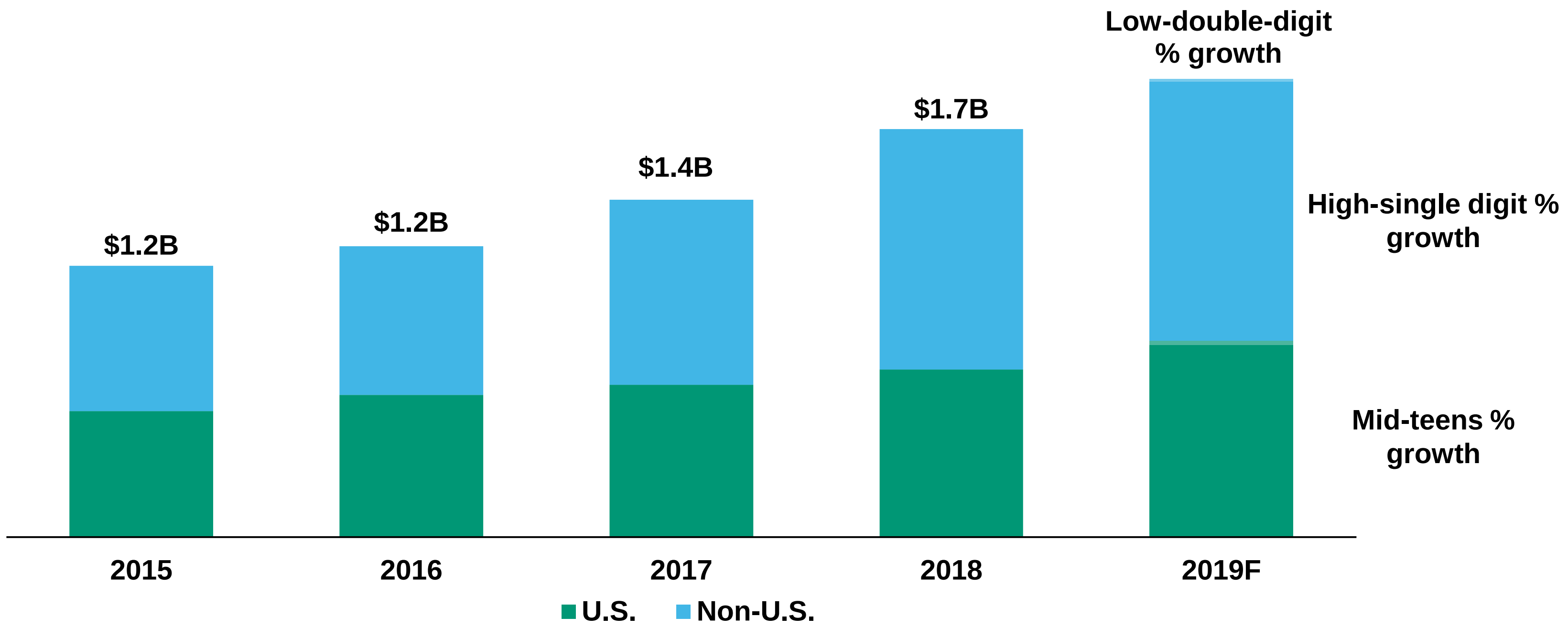


- Cost management efforts enable margin stability in less active issuance environment
  - Selective hiring weighted towards low cost locations
  - Leveraging technology to increase efficiency
- Margin headwind from 2019 incentive compensation reset to 100% payout[1]
- Investing to support expansion into Chinese and Latin American markets and pursue opportunities in business adjacencies

Note: 2015 - 2017 adjusted operating income was restated in 1Q18 to conform to the new presentation of pension accounting.

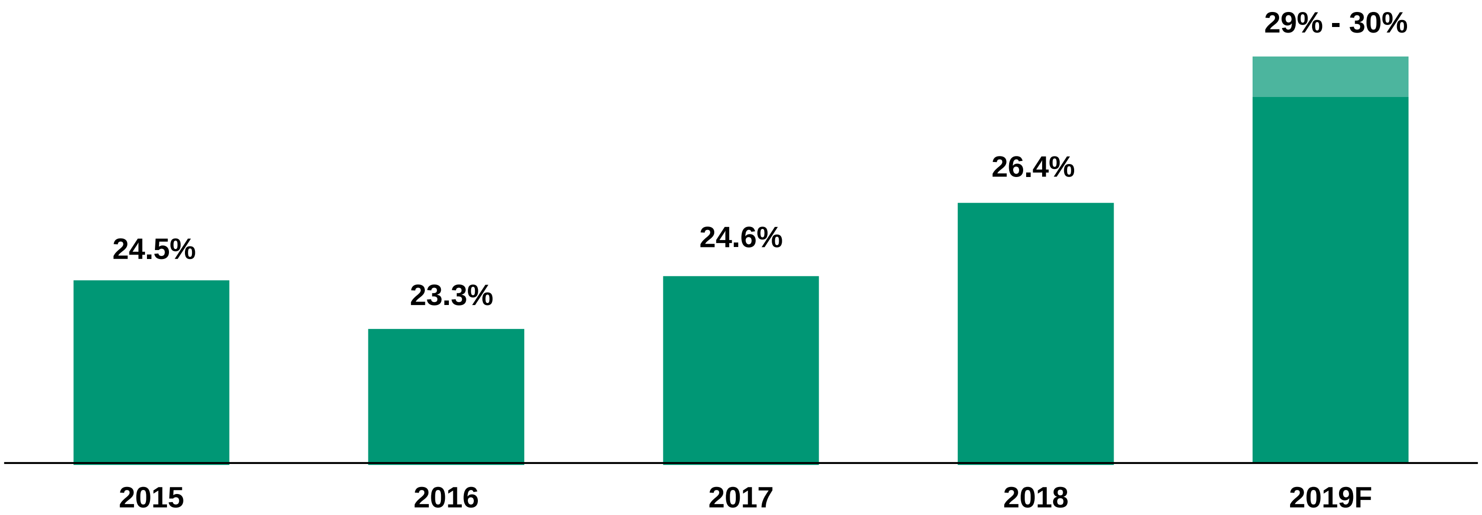
1 Assumes performance in-line with budget

Expect MA Revenue to Increase in the Low-Double-Digit Percent Range in FY19



- Strong sales growth in 2H18 underpins strong MA growth outlook in FY19
- Broad-based strength expected across all product areas and businesses

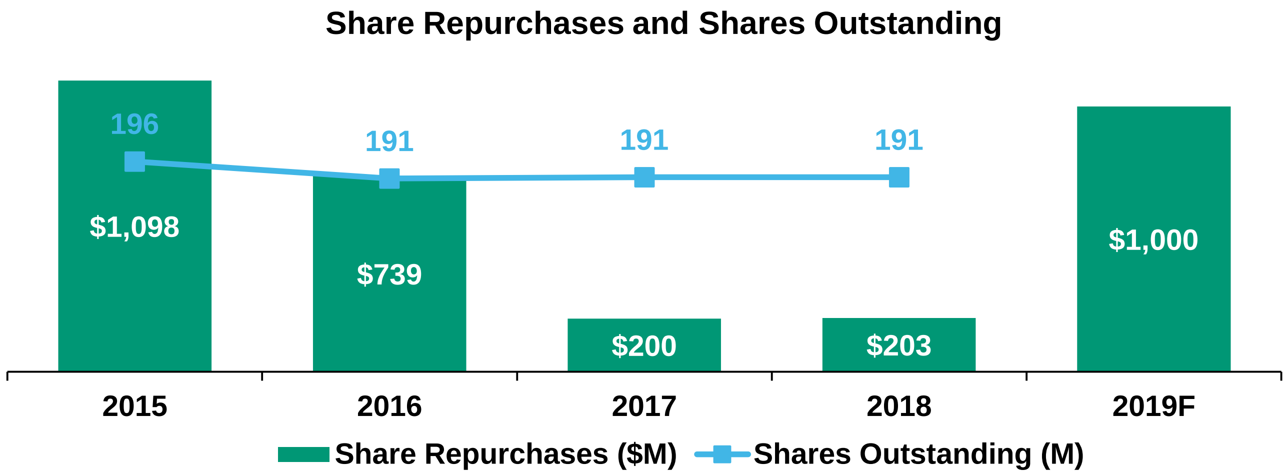
Expect MA Adjusted Operating Margin to Increase 250 - 350bps to the 29% - 30% Range

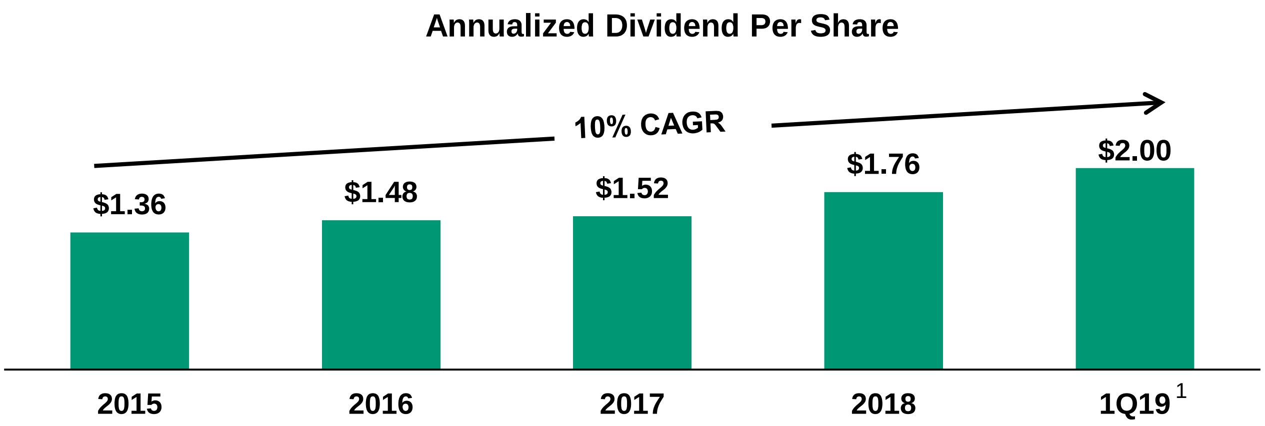


- Strong sales growth at Bureau Van Dijk
- ERS transition to more SaaS-based offerings increases recurring revenue and predictability
- Margin further bolstered by ongoing expense management and the roll-off of Bureau van Dijk's deferred revenue haircut

Note: 2015 - 2017 adjusted operating income was restated in 1Q18 to conform to the new presentation of pension accounting.

Expect to Return Capital Through $1 Billion in Share Repurchases and Increased Dividend





- » Announcing $500M accelerated share repurchase
- » Expected to close during 2Q19
- » On Feb. 12, Moody's Board of Directors declared a regular quarterly dividend of $0.50, a 14% increase from prior quarterly dividend of $0.44

1 Annualized dividend total, based on first quarter dividend declared on February 12, 2019.

Key Takeaways

» Moody's will deliver revenue growth and margin stability in 2019 despite bond issuance outlook

– Deepen Moody's role in serving risk-sensitive markets by expanding down the credit pyramid

– Selectively expand in adjacent and / or emerging risk areas

– Grounded in technology-enabled products, services and capabilities

» Continued disciplined approach to capital management and return of free cash flow

– Approximately $1 billion of share repurchase in FY19[1] of which $500M will be an accelerated share repurchase to be completed in 2Q19

– 14% increase in annualized dividend to $2.00 per share

1 Subject to change and other capital allocation decisions.

Q&A

Ray McDaniel
President and Chief Executive Officer

Mark Kaye
Senior Vice President and Chief Financial Officer

Mark Almeida
President, Moody's Analytics

Rob Fauber
President, Moody's Investors Service

Replay Details

» Available from 3:30pm (Eastern Time) February 15, 2019 until 3:30pm (Eastern Time) March 16, 2019

» Telephone Details:

– U.S. +1-888-203-1112

– Non-U.S. +1-719-457-0820

– Passcode 2571998

» Webcast Details:

– Go to ir.moodys.com

– Click on "Events & Presentations"

– Click on the link for "4Q & FY 2018 Earnings Conference Call"

Appendix

Glossary of Terms and Abbreviations

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

Adjusted Operating Income and Adjusted Operating Margin by Segment

The table below presents revenue, adjusted operating income and operating income by reportable segment. The Company defines adjusted operating income as operating income excluding depreciation and amortization, restructuring and Acquisition-Related Expenses.

	Three Months Ended December 31,							
	2018				2017(1)			
Amounts in millions	MIS	MA	Eliminations	Consolidated	MIS	MA	Eliminations	Consolidated
Revenue	$ 627.4	$ 467.0	$ (34.3)	$ 1,060.1	$ 754.4	$ 445.2	$ (34.1)	$ 1,165.5
Operating, selling, general and administrative expense	277.3	339.3	(34.3)	582.3	346.1	332.3	(34.1)	644.3
Adjusted operating income	350.1	127.7	-	477.8	408.3	112.9	-	521.2
Depreciation and amortization	15.6	32.7	-	48.3	18.3	31.6	-	49.9
Restructuring	32.2	16.5	-	48.7	-	-	-	-
Acquisition-Related Expenses	-	4.2	-	4.2	-	5.8	-	5.8
Operating income	$ 302.3	$ 74.3	$ -	$ 376.6	$ 390.0	$ 75.5	$ -	$ 465.5
Adjusted operating margin	55.8%	27.3%		45.1%	54.1%	25.4%		44.7%
Operating margin	48.2%	15.9%		35.5%	51.7%	17.0%		39.9%

	Year Ended December 31,							
	2018				2017			
Amounts in millions	MIS	MA	Eliminations	Consolidated	MIS	MA	Eliminations	Consolidated
Revenue	$ 2,836.4	$ 1,742.6	$ (136.3)	$ 4,442.7	$ 2,885.5	$ 1,446.3	$ (127.7)	$ 4,204.1
Operating, selling, general and administrative expense	1,179.0	1,282.9	(136.3)	2,325.6	1,239.3	1,090.9	(127.7)	2,202.5
Adjusted operating income	1,657.4	459.7	-	2,117.1	1,646.2	355.4	-	2,001.6
Depreciation and amortization	64.9	127.0	-	191.9	74.7	83.6	-	158.3
Restructuring	32.2	16.5	-	48.7	-	-	-	-
Acquisition-Related Expenses	-	8.3	-	8.3	-	22.5	-	22.5
Operating income	$ 1,560.3	$ 307.9	$ -	$ 1,868.2	$ 1,571.5	$ 249.3	$ -	$ 1,820.8
Adjusted operating margin	58.4%	26.4%		47.7%	57.1%	24.6%		47.6%
Operating margin	55.0%	17.7%		42.1%	54.5%	17.2%		43.3%

(1) Pursuant to the adoption of a new accounting standard relating to pension accounting, which required retrospective adoption, only the service cost component of net periodic pension expense will be classified within operating and SG&A expenses with the remaining components being classified as non-operating expenses. Prior period segment results have been restated to reflect this reclassification. Accordingly, operating and SG&A expenses for MIS and MA for the three months ended December 31, 2017 were reduced by $1.9 million and $0.8 million, respectively. For the year ended December 31, 2017, operating and SG&A expenses for MIS and MA were reduced by $7.6 million and $4.1 million, respectively.

Bureau van Dijk Stand-alone Performance

Amounts in millions	Three Months Ended December 31, 2018 (1)	Year Ended December 31, 2018 (1)
Revenue	$ 89.5	$ 326.7
Direct expenses(2)	64.1	251.9
Operating income	25.4	74.8
Depreciation and amortization	17.7	73.3
Adjusted operating income(3)	$ 43.1	$ 148.1
Operating margin	28.4%	22.9%
Adjusted operating margin(2)(3)	48.2%	45.3%

(1) Full-year Bureau van Dijk results included approximately $17 million of revenue reductions relating to previous adjustments to deferred revenue recorded as part of acquisition accounting. This revenue reduction reduced adjusted operating margin by 280 bps for the full-year 2018.
(2) Excludes allocation of corporate overhead expenses.
(3) Adjusted operating income and adjusted operating margin are non-GAAP measures. Refer to Table 9 "Adjusted Operating Income and Adjusted Operating Margin" for further information regarding these adjusted measures and why management deems them to be useful.

Adjusted Operating Income and Adjusted Operating Margin

The Company presents Adjusted Operating Income because management deems this metric to be a useful measure of assessing the operating performance of Moody's. Adjusted Operating Income excludes depreciation and amortization, restructuring, and Acquisition-Related Expenses. Depreciation and amortization are excluded because companies utilize productive assets of different ages and use different methods of acquiring and depreciating productive assets. Restructuring charges are excluded as the frequency and magnitude of these charges may vary widely across periods and companies. Acquisition-Related Expenses consist of expenses incurred to complete and integrate the acquisition of Bureau van Dijk and are excluded due to the material nature of these expenses on an annual basis which are not expected to recur at this dollar magnitude subsequent to the completion of the multi-year integration effort. Acquisition-related expenses from other acquisitions were not material. Management believes that the exclusion of depreciation and amortization, restructuring charges, and Acquisition-Related Expenses, 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,	
	2018	2017	**2018**	2017
Operating income	**$ 376.6**	$ 465.5	**$ 1,868.2**	$ 1,820.8
Restructuring	**48.7**	-	**48.7**	-
Depreciation & amortization	**48.3**	49.9	**191.9**	158.3
Acquisition-Related Expenses	**4.2**	5.8	**8.3**	22.5
Adjusted operating income	**$ 477.8**	$ 521.2	**$ 2,117.1**	$ 2,001.6
Operating margin	**35.5%**	39.9%	**42.1%**	43.3%
Adjusted operating margin	**45.1%**	44.7%	**47.7%**	47.6%

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, 2018	Year Ended December 31, 2017
Net cash flows from operating activities	**$ 1,461.1**	$ 754.6
Capital expenditures	**(90.4)**	(90.6)
Free cash flow	**$ 1,370.7**	$ 664.0
Net cash used in investing activities	**$ (406.4)**	$ (3,420.0)
Net cash (used in) provided by financing activities	**$ (411.5)**	$ 1,600.1

Organic Revenue and Growth Measures - MA

The Company presents the organic revenue and growth for the MA segment, the RD&A LOB and the PS LOB because management deems this metric to be a useful measure which provides additional perspective in assessing the revenue growth of the Company's MA segment, RD&A LOB and PS LOB excluding the inorganic revenue impacts from the August 2017 acquisition of Bureau van Dijk, August 2018 acquisition of Omega Performance, and October 2018 acquisition of Reis Inc. Inorganic revenue for Bureau van Dijk includes revenue from the start of the period until August 10, 2018. Below is a reconciliation of the Company's organic dollar revenue and growth rates:

	Three Months Ended December 31,			
Amounts in millions	2018	2017	Change	Growth
MA revenue	**$ 464.7**	$ 440.8	$ 23.9	5%
Omega Performance revenue	**(3.0)**	-	(3.0)	
Reis Inc. revenue	**(8.3)**	-	(8.3)	
Organic MA revenue	**$ 453.4**	$ 440.8	$ 12.6	3%

	Year Ended December 31,			
Amounts in millions	2018	2017	Change	Growth
MA revenue	**$ 1,730.3**	$ 1,430.3	$ 300.0	21%
Inorganic Bureau van Dijk revenue from January 1, 2018 through August 10, 2018	**(190.0)**	-	(190.0)	
Omega Performance revenue	**(3.4)**	-	(3.4)	
Reis Inc. revenue	**(8.3)**	-	(8.3)	
Organic MA revenue	**$ 1,528.6**	$ 1,430.3	$ 98.3	7%

Organic Revenue and Growth Measures – RD&A and PS

The Company presents the organic revenue and growth for the MA segment, the RD&A LOB and the PS LOB because management deems this metric to be a useful measure which provides additional perspective in assessing the revenue growth of the Company's MA segment, RD&A LOB and PS LOB excluding the inorganic revenue impacts from the August 2017 acquisition of Bureau van Dijk, August 2018 acquisition of Omega Performance, and October 2018 acquisition of Reis Inc. Inorganic revenue for Bureau van Dijk includes revenue from the start of the period until August 10, 2018. Below is a reconciliation of the Company's organic dollar revenue and growth rates:

	Three Months Ended December 31,			
Amounts in millions	2018	2017	Change	Growth
RD&A revenue	$ 302.4	$ 258.0	$ 44.4	17%
Reis Inc. revenue	(8.3)	-	(8.3)	
Organic RD&A revenue	$ 294.1	$ 258.0	$ 36.1	14%

	Three Months Ended December 31,			
Amounts in millions	2018	2017	Change	Growth
PS revenue	$ 43.5	$ 40.0	$ 3.5	9%
Omega Performance revenue	(3.0)	-	(3.0)	
Organic PS revenue	$ 40.5	$ 40.0	$ 0.5	1%

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 this metric to be a useful measure to provide additional perspective on the operating performance of Moody's. Adjusted Net Income and Adjusted Diluted EPS exclude the impact of amortization of acquired intangible assets, Acquisition-Related Expenses, restructuring charges, the Purchase Price Hedge Gain, the CCXI Gain, the effects of U.S. tax reform and certain adjustments relating to the Company's non-U.S. uncertain tax positions (UTPs).

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

The Company excludes the Purchase Price Hedge Gain, the CCXI Gain and restructuring charges to provide additional perspective on the Company's operating results from period to period and across companies as the frequency and magnitude of similar transactions may vary widely across periods.

Furthermore, U.S. tax reform as well as changes in tax laws in Europe were both enacted in the fourth quarter of 2017, resulting in significant adjustments to the tax provision. The Company excludes these adjustments as well as the impact of 2018 adjustments pursuant to U.S. tax reform and certain adjustments relating to the Company's non-U.S. UTPs, which resulted in significant adjustments to the provision for income taxes in 2018. The Company excludes these 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		2018		2017		2018		2017
Net income attributable to Moody's common shareholders		$ 250.3		$ 25.5		$ 1,309.6		$ 1,000.6
CCXI Gain		-		-		-		(59.7)
Pre-Tax Purchase Price Hedge Gain	$ -		$ -		$ -		$ (111.1)	
Tax on Purchase Price Hedge Gain	-		-		-		38.8	
Net Purchase Price Hedge Gain		-		-		-		(72.3)
Pre-Tax Acquisition-Related Expenses	$ 4.2		$ 5.8		$ 8.3		$ 22.5	
Tax on Acquisition-Related Expenses	(1.1)		(2.0)		(2.1)		(3.6)	
Net Acquisition-Related Expenses [1]		3.1		3.8		6.2		18.9
Pre-Tax Acquisition-Related Intangible Amortization Expenses	$ 26.3		$ 25.5		$ 101.7		$ 61.4	
Tax on Acquisition-Related Intangible Amortization Expenses	(6.0)		(6.3)		(23.0)		(16.2)	
Net Acquisition-Related Intangible Amortization Expenses		20.3		19.2		78.7		45.2
Net impact of U.S. tax reform		5.7		247.3		(59.0)		247.3
Net impact of U.S. tax reform/European statutory tax rate change on deferred taxes		-		(1.7)		-		(1.7)
Increase to non-U.S. UTPs		-		-		63.9		-
Pre-Tax Restructuring	$ 48.7		$ -		$ 48.7		$ -	
Tax on Restructuring	(11.9)		-		(11.9)		-	
Net Restructuring		36.8				36.8		
Adjusted Net Income		$ 316.2		$ 294.1		$ 1,436.2		$ 1,178.3

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(1) Certain of these Acquisition-Related Expenses are not deductible for tax.

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 this metric to be a useful measure to provide additional perspective on the operating performance of Moody's. Adjusted Net Income and Adjusted Diluted EPS exclude the impact of amortization of acquired intangible assets, Acquisition-Related Expenses, restructuring charges, the Purchase Price Hedge Gain, the CCXI Gain, the effects of U.S. tax reform and certain adjustments relating to the Company's non-U.S. uncertain tax positions (UTPs).

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

The Company excludes the Purchase Price Hedge Gain, the CCXI Gain and restructuring charges to provide additional perspective on the Company's operating results from period to period and across companies as the frequency and magnitude of similar transactions may vary widely across periods.

Furthermore, U.S. tax reform as well as changes in tax laws in Europe were both enacted in the fourth quarter of 2017, resulting in significant adjustments to the tax provision. The Company excludes these adjustments as well as the impact of 2018 adjustments pursuant to U.S. tax reform and certain adjustments relating to the Company's non-U.S. UTPs, which resulted in significant adjustments to the provision for income taxes in 2018. The Company excludes these 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,			
	2018		2017		2018		2017	
Earnings per share attributable to Moody's common shareholders		$ 1.29		$ 0.13		$ 6.74		$ 5.15
CCXI Gain		-		-		-		(0.31)
Pre-Tax Purchase Price Hedge Gain	$ -		$ -		$ -		$ (0.57)	
Tax on Purchase Price Hedge Gain	-		-		-		0.20	
Net Purchase Price Hedge Gain		-		-		-		(0.37)
Pre-Tax Acquisition-Related Expenses	$ 0.02		$ 0.03		$ 0.04		$ 0.12	
Tax on Acquisition-Related Expenses	-		(0.01)		(0.01)		(0.02)	
Net Acquisition-Related Expenses [(1)]		0.02		0.02		0.03		0.10
Pre-Tax Acquisition-Related Intangible Amortization Expenses	$ 0.14		$ 0.13		$ 0.52		$ 0.32	
Tax on Acquisition-Related Intangible Amortization Expenses	(0.04)		(0.03)		(0.12)		(0.09)	
Net Acquisition-Related Intangible Amortization Expenses		0.10		0.10		0.40		0.23
Net impact of U.S. tax reform		0.03		1.27		(0.30)		1.28
Net impact of U.S. tax reform/ European statutory tax rate change on deferred taxes		-		(0.01)		-		(0.01)
Increase to non-U.S. UTPs		-		-		0.33		-
Pre-Tax Restructuring	$ 0.25		$ -		$ 0.25		$ -	
Tax on Restructuring	(0.06)		-		(0.06)		-	
Net Restructuring		0.19		-		0.19		-
Adjusted Diluted EPS		$ 1.63		$ 1.51		$ 7.39		$ 6.07

(1) Certain of these Acquisition-Related Expenses are not deductible for tax.

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