Moody's | Better decisions

First Quarter 2020 Earnings Call

April 30, 2020

Introduction

Shivani Kak

Head of Investor Relations

Disclaimer

Certain statements contained in this release are forward-looking statements and are based on future expectations, plans and prospects for the business and operations of Moody's Corporation (the "Company") that involve a number of risks and uncertainties. Such statements may include, among other words, "believe", "expect", "anticipate", "intend", "plan", "will", "predict", "potential", "continue", "strategy", "aspire", "target", "forecast", "project", "estimate", "should", "could", "may" and similar expressions or words and variations thereof that convey the prospective nature of events or outcomes generally indicative of forward-looking statements. The forward-looking statements and other information in this release are made as of the date hereof and the Company undertakes no obligation (nor does it intend) to publicly supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise, except as required by applicable law or regulation. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company is identifying examples of factors, risks and uncertainties that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking statements. Those factors, risks and uncertainties include, but are not limited to, the impact of COVID-19 on volatility in the U.S. and world financial markets, on general economic conditions and GDP growth in the U.S. and worldwide, and on the company's own operations and personnel. Many other factors could cause actual results to differ from Moody's outlook, including credit market disruptions or economic slowdowns, which could affect the volume of debt and other securities issued in domestic and/or global capital markets; other matters that could affect the volume of debt and other securities issued in domestic and/or global capital markets, including regulation, credit quality concerns, changes in interest rates and other volatility in the financial markets such as that due to uncertainty as companies transition away from LIBOR and Brexit; the level of merger and acquisition activity in the U.S. and abroad; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government actions affecting credit markets, international trade and economic policy, including those related to tariffs and trade barriers; concerns in the marketplace affecting our credibility or otherwise affecting market perceptions of the integrity or utility of independent credit agency ratings; the introduction of competing products or technologies by other companies; pricing pressure from competitors and/or customers; the level of success of new product development and global expansion; the impact of regulation as an NRSRO, the potential for new U.S., state and local legislation and regulations, including provisions in the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") and regulations resulting from Dodd-Frank; the potential for increased competition and regulation in the EU and other foreign jurisdictions; exposure to litigation related to our rating opinions, as well as any other litigation, government and regulatory proceedings, investigations and inquiries to which the Company may be subject from time to time; provisions in the Dodd-Frank legislation modifying the pleading standards, and EU regulations modifying the liability standards, applicable to credit rating agencies in a manner adverse to credit rating agencies; provisions of EU regulations imposing additional procedural and substantive requirements on the pricing of services and the expansion of supervisory remit to include non-EU ratings used for regulatory purposes; the possible loss of key employees; failures or malfunctions of our operations and infrastructure; any vulnerabilities to cyber threats or other cybersecurity concerns; the outcome of any review by controlling tax authorities of the Company's global tax planning initiatives; exposure to potential criminal sanctions or civil remedies if the Company fails to comply with foreign and U.S. laws and regulations that are applicable in the jurisdictions in which the Company operates, including data protection and privacy laws, sanctions laws, anti-corruption laws, and local laws prohibiting corrupt payments to government officials; the impact of mergers, acquisitions or other business combinations and the ability of the Company to successfully integrate such acquired businesses; currency and foreign exchange volatility; the level of future cash flows; the levels of capital investments; and a decline in the demand for credit risk management tools by financial institutions. These factors, risks and uncertainties as well as other risks and uncertainties that could cause Moody's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements are 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 the Company's annual report on Form 10-K for the year ended December 31, 2019, and in other filings made by the Company from time to time with the SEC or in materials incorporated herein or therein. Stockholders and investors are cautioned that the occurrence of any of these factors, risks and uncertainties may cause the Company's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements, which could have a material and adverse effect on the Company's business, results of operations and financial condition. New factors may emerge from time to time, and it is not possible for the Company to predict new factors, nor can the Company assess the potential effect of any new factors on it.

Overview & 1Q 2020 Results

Ray McDaniel

President and Chief Executive Officer

Executive Summary

- Active stakeholder engagement and operational resilience
- Long-term business fundamentals intact, bolstered by increased relevance in times of stress
- Strong liquidity with $2.2 billion in cash and short-term investments, and an undrawn $1.0 billion revolving credit facility[1]
- 1Q20 revenue growth of 13%; adjusted diluted EPS of $2.73, up 32%[2]
- Updated guidance: FY 2020 adjusted diluted EPS of $7.80 to $8.40[3]

1. As of March 31, 2020.
2. Refer to the Appendix for a reconciliation between all adjusted measures mentioned throughout this presentation and GAAP.
3. Refer to Table 12 – "2020 Outlook" in the press release for a complete list of guidance and a reconciliation between adjusted measures to GAAP.

Moody’s Stakeholder Engagement

Supporting our stakeholders during COVID-19 crisis

Employees

- » Employee safety and wellbeing remains our priority
- » Successful enactment of business contingency plans has resulted in over 11,000 of our global workforce working from home
- » Monitoring situation on a local level and aligning our work processes with guidance from relevant authorities
- » “Return to work” planning well underway

Customers

- » Dedicated microsite showing research and analytics from both MIS and MA
- » Engaging with customers through virtual meetings as well as near daily webcasts
- » Creating innovative products and services to assist customers and market participants

Communities

- » Focusing on areas where we can leverage our core business expertise to help the communities in which we operate
- » Providing virtual volunteering opportunities to our employees across the globe
- » Providing global and local grants for humanitarian aid and to address the impact of COVID-19 on small businesses and education systems

Policymakers

- » Increased dialogue with government officials to share insights, provide data and resources
- » Regular interactions with government authorities to enhance efficacy of stimulus programs
- » Moody’s breadth and depth of data and expertise across economic and market views; credit, KYC, ESG and other risk measurements- and related software tools- makes it a natural partner for policymakers

Increased Relevance in Times of Stress

Monitoring the effects of Coronavirus

View at moodys.com/coronavirus

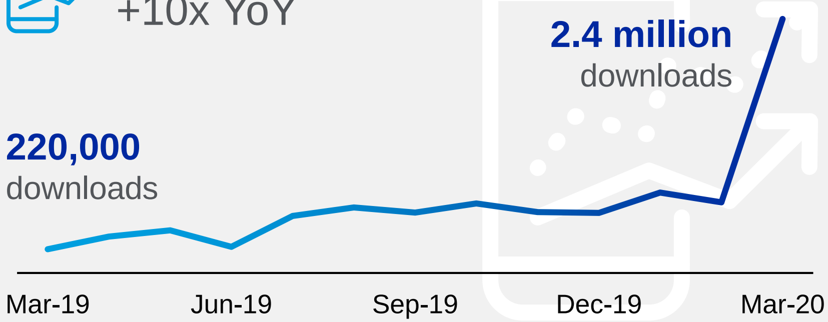
120%
YTD increase in usage -- moodys.com and credit scoring tools

120,000+
total visits to COVID-19 website

35,000+
people participated in Moody's events

1,000+
reports published relating to COVID-19

Economic data downloads
+10x YoY



Stepping Up During This Crisis

Agile innovation and access to our unique datasets and insights

Product enhancements
For our customers

ECONOMIC SCENARIOS
Incorporating pandemic considerations into our projections, critical for thousands of customers

- CECL analysis
- SME & CRE credit scoring
- Municipal analysis
- Asset liability management
- Pension / asset management

ENHANCING RESEARCH

- CreditView COVID-19 blog, podcasts and webinars
- CRE dashboard to analyze COVID-19 impact
- View data on millions of mortgages and auto loans used as collateral in structured securities

CARES ACT PPP
Features released in lending software the day program was launched

New Products
For the community

moodys.com/coronavirus
All COVID-related content collected, curated and complimentary

KNOW YOUR SUPPLIER PORTAL

- Designed to quickly validate suppliers of PPE and medical equipment
- Applying our KYC expertise and data to the supply chain

LOAN APPLICATION PORTAL

- Online portal to help banks review and approve applications from small business customers
- Includes PPP form, KYC checks and small business score

TOOLS FOR SMALL BUSINESSES

- Providing free access to simple cashflow forecasting tool and online training for small businesses
- In partnership with our affiliate, Finagraph

Note: SME = Small to Medium Enterprise; CRE = Commercial Real Estate; PPE = Personal Protective Equipment; PPP = Paycheck Protection Program; KYC = Know Your Customer.

Key Business Development and Growth Initiatives

Better decisions through unique and powerful customer solutions

Know-Your-Customer (KYC)

WORLD CLASS KYC SOLUTIONS

BvD and RDC recognized as category leaders in new Chartis Research report[1]

Integration of RDC on-track

Unique data assets and AI improve speed and effectiveness in identifying risks

Environment, Social and Governance (ESG)

EXTENSIVE ESG CAPABILITIES

~50 Q1 mandates for sustainability ratings, sustainability-linked loans and second party opinions for labeled bonds

Leveraging data and analytics to support new value propositions

» Ratings & research
» Climate and credit models
» Scenario projections
» Portfolio attribution tools

Commercial Real Estate (CRE)

NEW CRE PLATFORMS

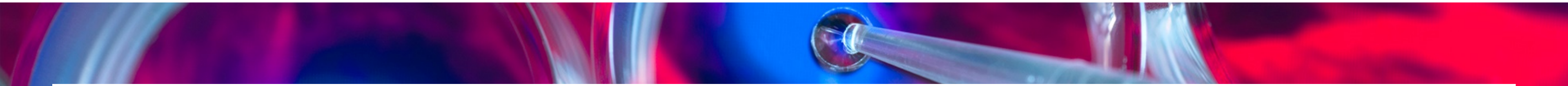
Launched new REIS website with dedicated COVID-19 topic page

Integrating Moody's data and analytics including ratings, proprietary commercial location scores and 427 physical risk scores

1. Chartis Research report: KYC/AML Data Solutions, 2020 Market and Vendor Landscape.

Credit Market Update

Coronavirus disrupts real economy, impact to credit market may be delayed



COVID-19 PANDEMIC

- Abrupt shock
- Heroic health community response
- Significant human toll
- Policy responses: social distancing implemented
  - Reopening tactics under review as infection curves flatten

GEOPOLITICAL IMPACT

- Global fiscal easing
  - Trillions more in loan guarantees
- Oil prices plummet on lack of global demand/storage capacity and production disputes

MACROECONOMIC RESPONSE

- Aggressive worldwide central bank rate cuts
- U.S. Fed supports mortgage, investment grade, fallen angel and high-yield ETF markets
- Various other central bank asset purchase programs and new credit facilities instituted
- IMF: -3% worldwide 2020 GDP
- Job losses and furloughs

REAL ECONOMY

CREDIT MARKETS

Investment grade bonds

- Record March issuance[1]
- Opportunistic capital raising bolsters balance sheet liquidity
- Commercial paper access limited

High yield bonds

- Significant spread widening, though subsequent tightening
- Access remains for fallen angels and higher-end of spec grade

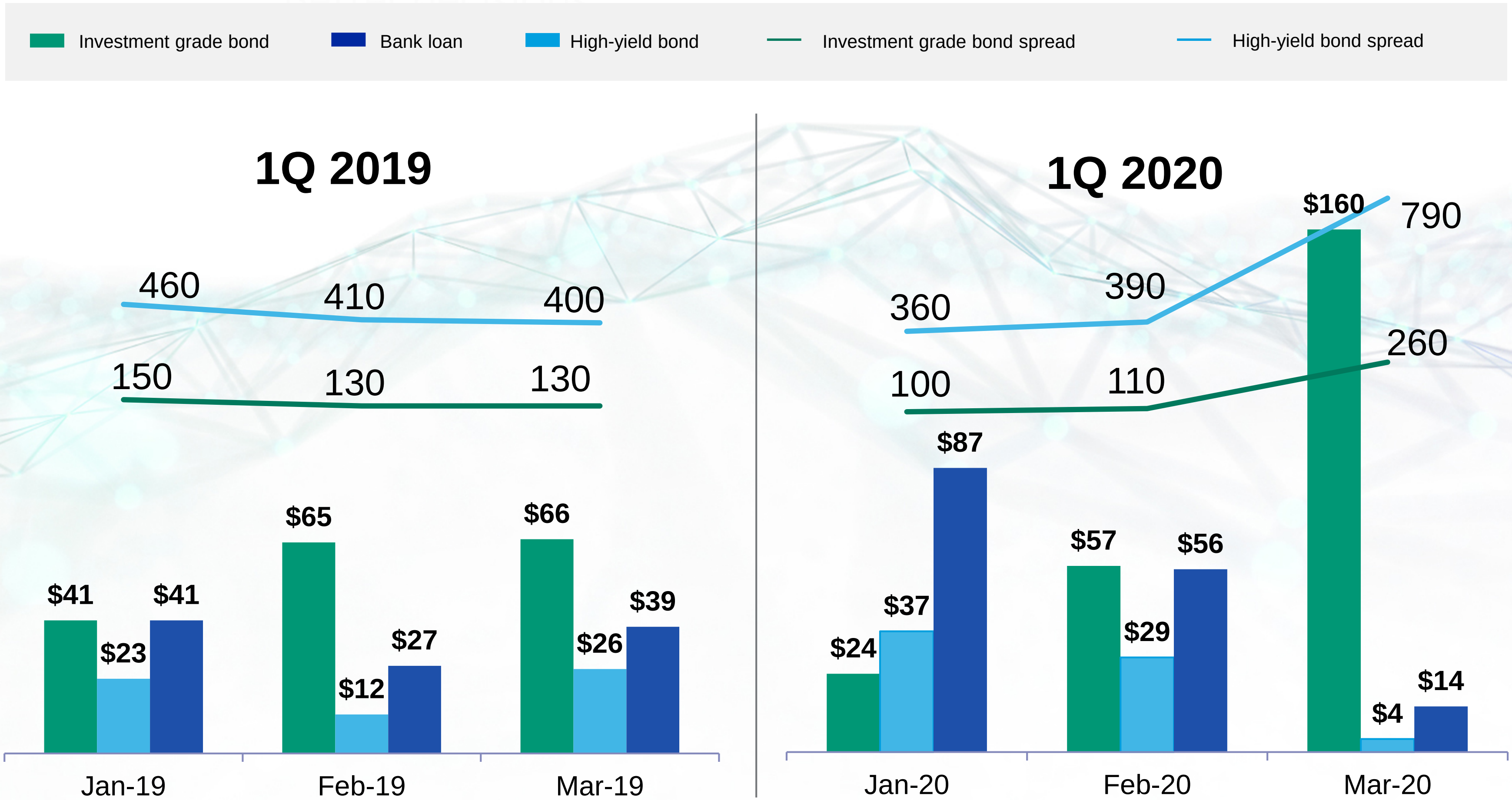
Leveraged loans

- Revolver draw-downs bolster liquidity
- Issuance market shutters
- Fund outflows and lack of CLO demand

1. MIS rated issuance.

U.S. Investment Grade Drives Issuance in 1Q20

Investment grade issuance surged in March, while leveraged finance stalled

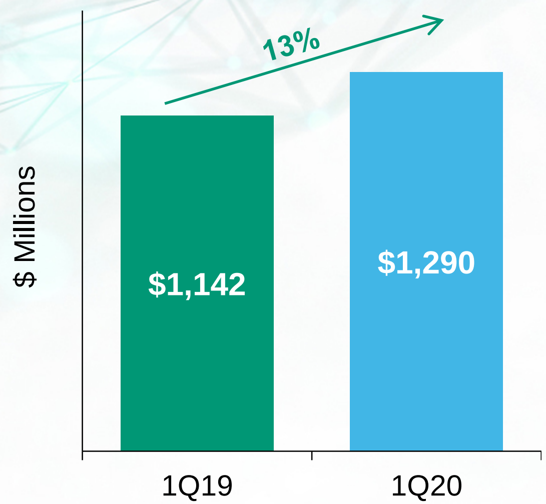


Note: MIS rated issuance. Investment Grade and High Yield Bond spreads in basis points. Issuance figures displayed in billions.

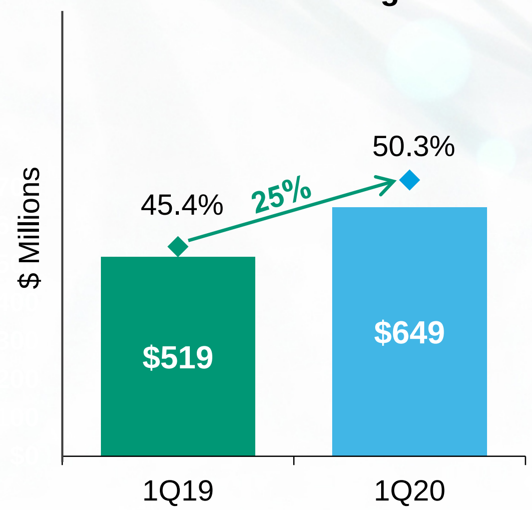
1Q 2020: Strong Revenue Growth and Margin Enhancement

- 1Q20 MCO revenue increased 13%, driven by 19% growth in MIS and 5% growth in MA
  - MA organic growth of 9%[1]
- Adjusted operating income up 25%; adjusted operating margin up 490 bps[2]
- Adjusted diluted EPS of $2.73, up 32%[2]

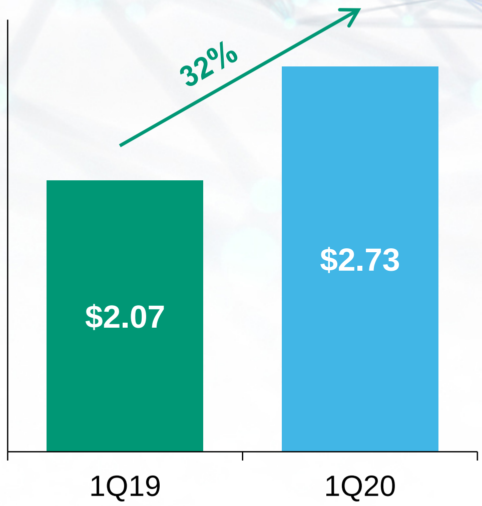
MCO Revenue



MCO Adjusted Operating Income and Margin[2]



MCO Adjusted Diluted EPS[2]



1. MA organic growth as defined in Table 10 in the April 30, 2020 press release.
2. 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.

FY 2020 Outlook

Mark Kaye

Chief Financial Officer

Macro Environment Informing Our Outlook

BASE CASE ASSUMPTIONS

Expect economic recovery late 3Q/4Q 2020

2020 GDP

U.S.	-5.7%
Europe	-6.5%

Benchmark interest rates remain low; high yield spreads remain >700 bps

Full year average 2020 U.S. unemployment rate of ~10%[1]

High yield default rate of 11%-16%[2]

CHANGES SINCE MARCH 11TH

Accelerate

- Global fiscal support and monetary stimulus actions
- Wave of investment grade capital raising for liquidity purposes

Decelerate

- COVID-19 declared a pandemic by the World Health Organization
- Shelter-in-place policies implemented across most of the world
- Over 30 million people in the U.S. filed for unemployment benefits over the last 2 months
- VIX index spiked north of 80
- Record low oil prices
- U.S. HY spreads widened to north of 1,000 bps; spreads on Aaa portions of CLOs reached ~300 bps

1. Assumes 2Q20 peak unemployment of 12% - 17%.
2. Peak default rate. Represents one year forecast ending March 2021.

Sources: "Default Scenarios as Coronavirus-Induces Economic Turmoil Intensifies", "March 2020 Default Report" and "Global Macro Outlook 2020-2021 (April 2020 Update) Moody's Investors Service.

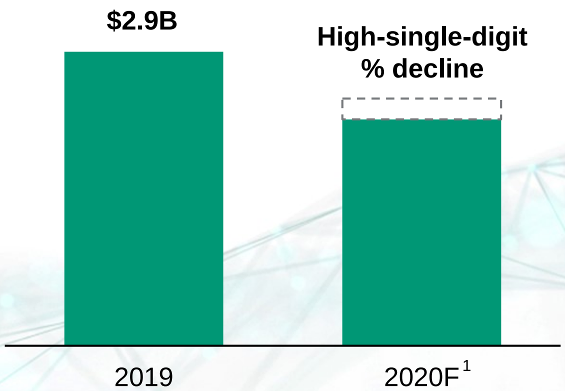
FY 2020 Corporate-Level Guidance[1]

Revenue	Decline in the mid-single-digit % range
Expenses	Decline in the mid-single-digit % range
Adjusted Operating Margin[2]	46% - 48%
Interest Expense, Net	$180 - $200 million
Effective Tax Rate	19.5% - 21.5%
Diluted EPS	$7.25 - $7.85
Adjusted Diluted EPS[2]	$7.80 - $8.40
Free Cash Flow[2]	$1.2 - $1.4 billion

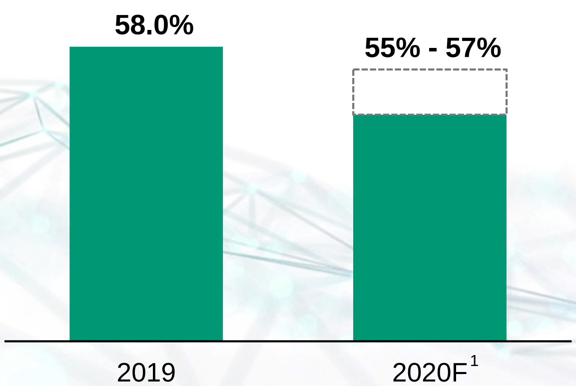
1. Guidance as of April 30, 2020. Refer to Table 12 – "2020 Outlook" in the press release for a complete list of guidance and a reconciliation between adjusted measures to GAAP.
2. Adjusted operating margin, adjusted diluted EPS and free cash flow are non-GAAP measures.
   Refer to the Appendix for a reconciliation between all adjusted measures mentioned throughout this presentation and GAAP.

MIS Guidance: COVID-19 Lowers Outlook[1]

Revenue



Adjusted Operating Margin[1]



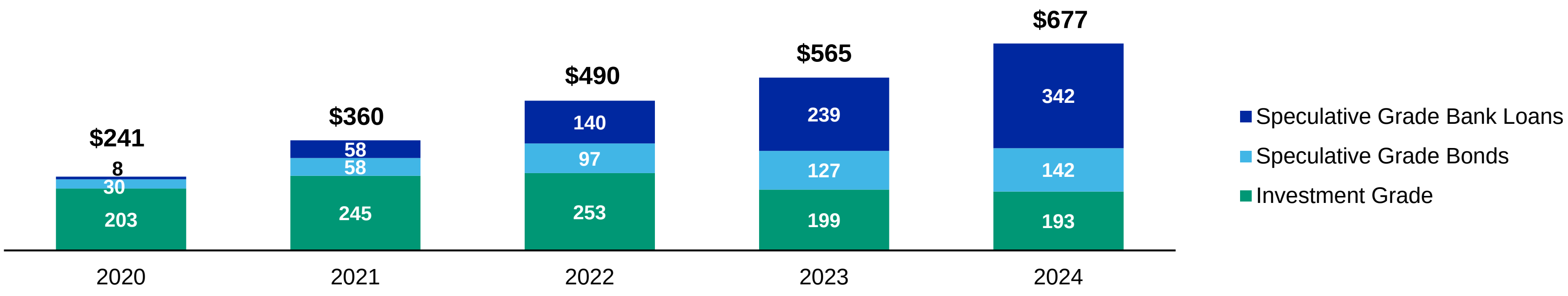
Key drivers of MIS FY 2020 outlook

- Issuance[2] expected to decline in the low-double-digit percent range from $4.6T in 2019
- Approximately 600 first time mandates
- Refinancing and liquidity driven issuance, reduced M&A activity
- Less favorable issuance mix
- Recurring revenue provides ballast
- Lower incentive compensation and additional cost efficiency initiatives support margin

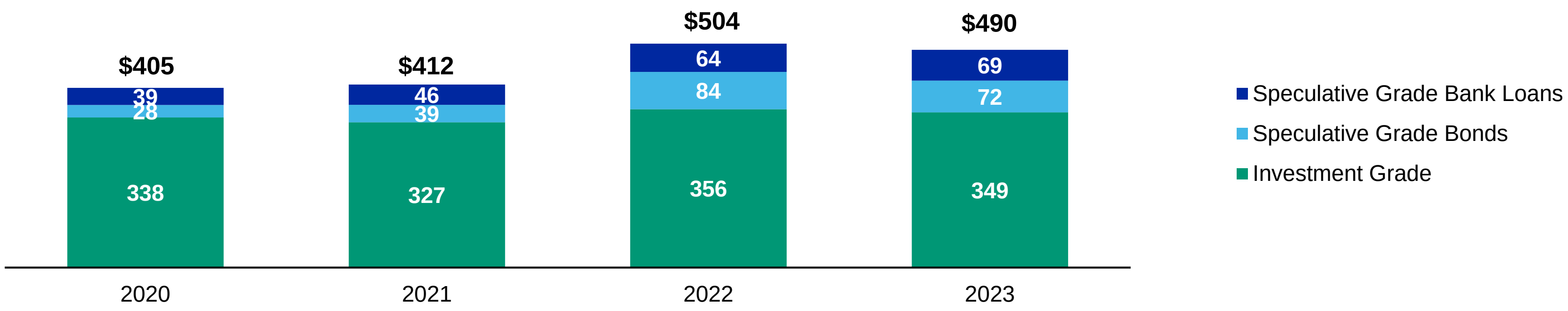
1. Guidance as of April 30, 2020. Refer to Table 12 – "2020 Outlook" in the press release for a complete list of guidance and a reconciliation between adjusted measures to GAAP.
2. Global debt issuance. Excludes sovereign debt.

Refunding Needs[1] Support MIS Long-term Fundamentals

>$2.3 Trillion in Debt Maturities: North America Moody's-Rated Corporate Bonds and Loans[1]

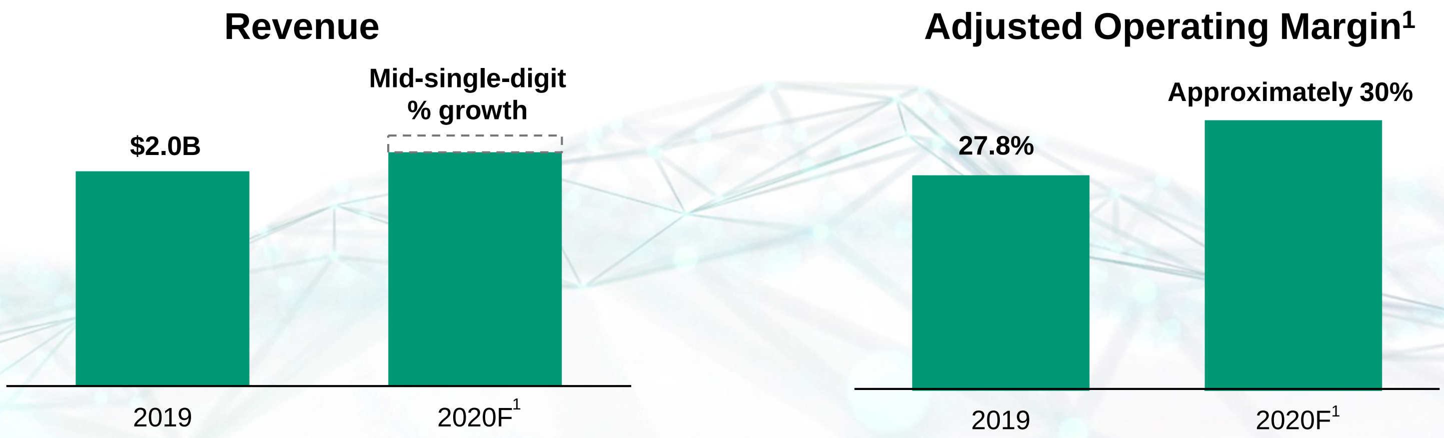


>$1.8 Trillion in Debt Maturities: EMEA Moody's-Rated Corporate Bonds and Loans[2]



1. Non-financial corporates.
2. Source: Moody's Investors Service, January 2020. Data represents U.S. & Canadian MIS rated corporate bonds & loans.
3. Source: Moody's Investors Service, July 2019.

MA Guidance: Continue to Expect Revenue Growth and Margin Expansion[1]



Key drivers of MA FY 2020 outlook

- Strong recurring revenue moderates COVID-19 impact
- MAKS divestiture weighs on revenue growth, partially offset by RiskFirst, Deloitte ABS and RDC acquisitions
- RD&A: Strong demand for BvD data and tools, continued upgrades for research platform and data feeds
- ERS: Strength in software sales and delivery; modest impact from delays of IFRS 17 and CECL implementations
- Lower incentive compensation and additional cost efficiency initiatives support margin

1. Guidance as of April 30, 2020. Refer to Table 12 – “2020 Outlook” in the press release for a complete list of guidance and a reconciliation between adjusted measures to GAAP.

MA's Strong Retention Rates Mitigate COVID-19 Impact

Revenue components

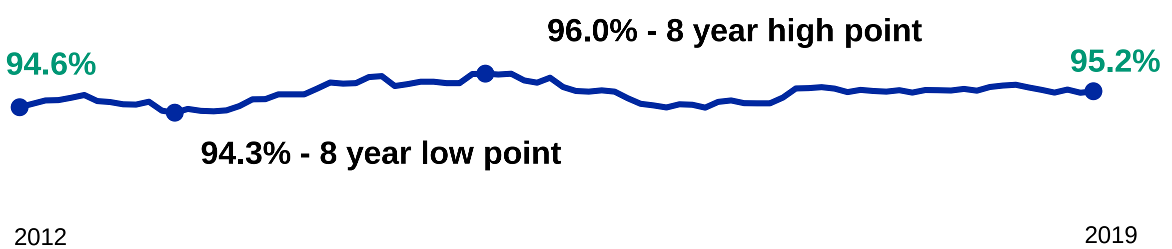
~50%	Revenue from sales closed prior to 1/1/2020
~40%	Revenue from scheduled renewals
~10%	Revenue from new sales in 2020

1. Full Year 2019, excluding MAKS

2020 Current Outlook

- ✓ Existing contractual obligations being met by MA and Customers
- ↓ Renewal yield might be affected
- ↓ Social distancing preventing face to face selling efforts

Stable Retention of Recurring Base Ensures Predictable Revenue



2019 Actuals

Research **~96%**

ERS **~94%**

BvD **~92%**

Note: Recurring refers to the repeatable nature of sales or revenue, as a result of a subscription-based fee model. Product retention rate refers to the dollars retained from existing customers on an annual basis.

Sales Strategies Adapting to COVID-19

Observing some impact on new business pipeline

- » Expect sales cycles to take longer than 9-12 month historical average
- » Business development activities are seasonal, COVID-19 interrupting important period

Converting selling activities from face-to-Face to virtual

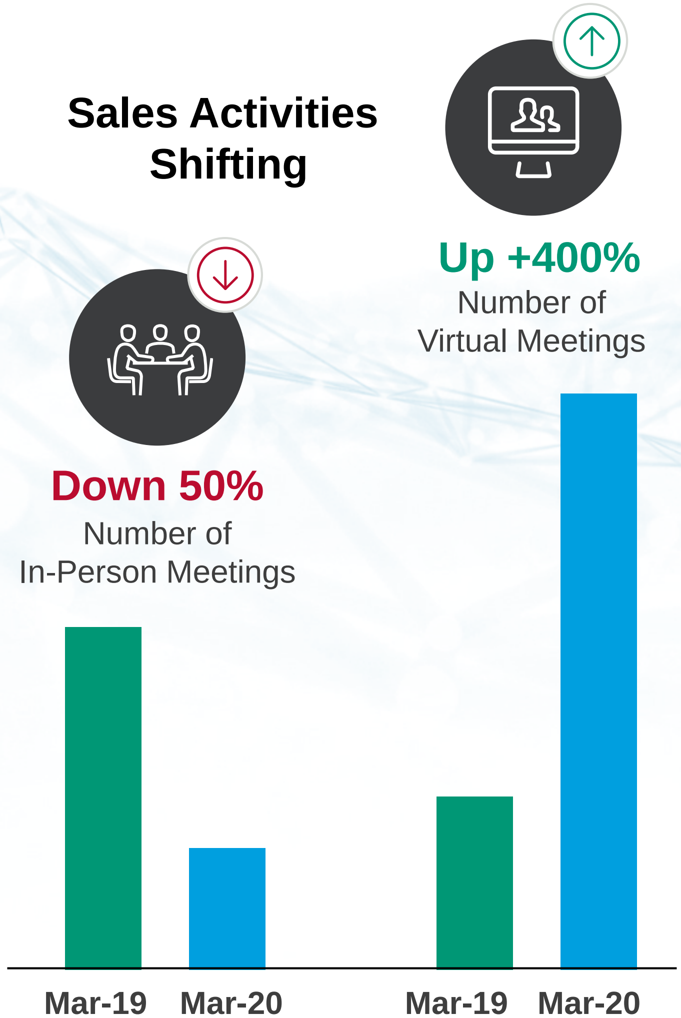
Updating sales campaigns

FOR CURRENT CUSTOMERS…

- » Emphasis on pro-active customer support during crisis to maintain retention rates
- » Adding new content and analytics to address shifting customer needs

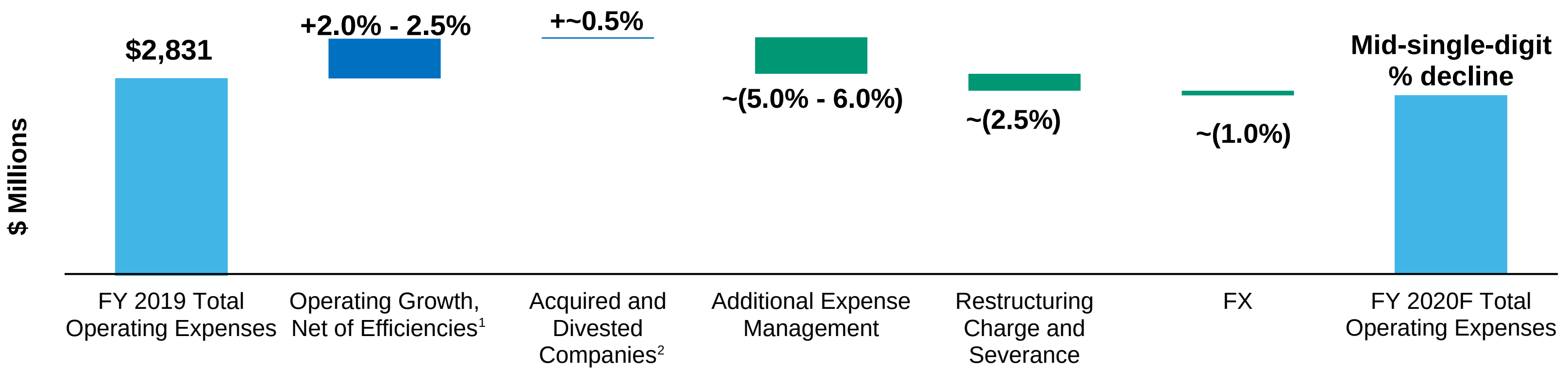
FOR NEW CUSTOMERS…

- » Test new value propositions
- » Highlight COVID related features

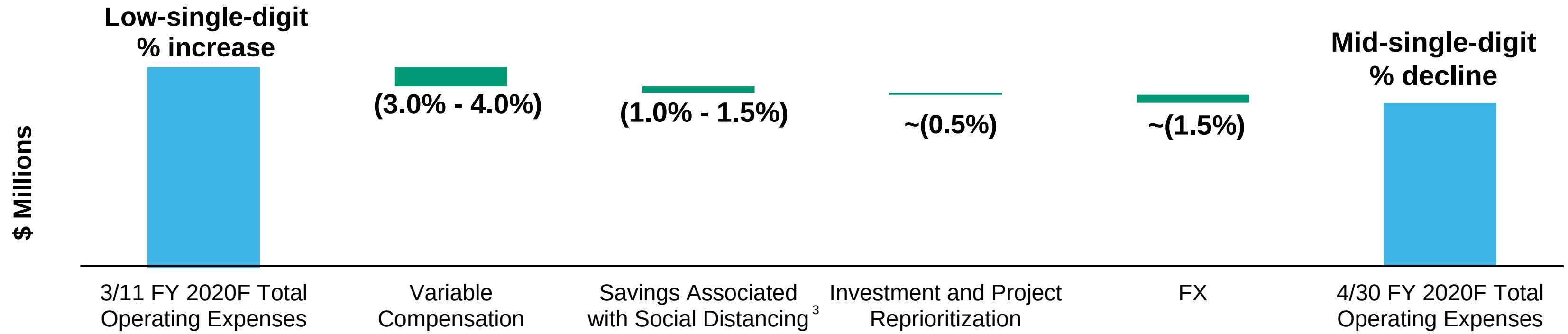


Prudently Reducing Expenses

FY20F vs. FY19A



FY20F New (4/30) vs. Prior (3/11)

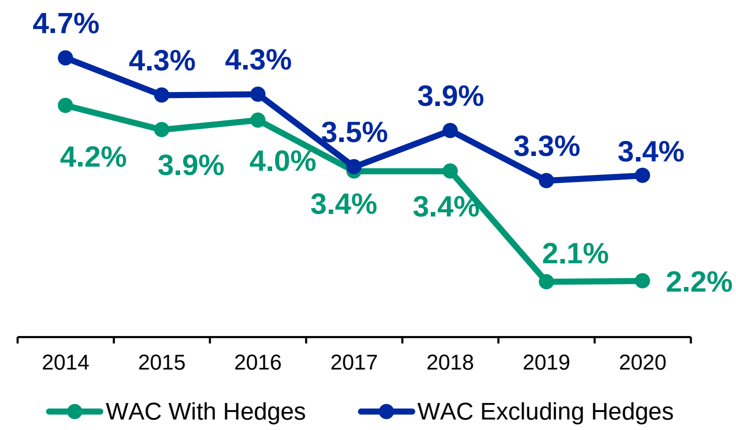


Note: Guidance as of April 30, 2020. Refer to Table 12 – "2020 Outlook" in the press release for a complete list of guidance and a reconciliation between adjusted measures to GAAP. Percentages and totals may not foot due to rounding.

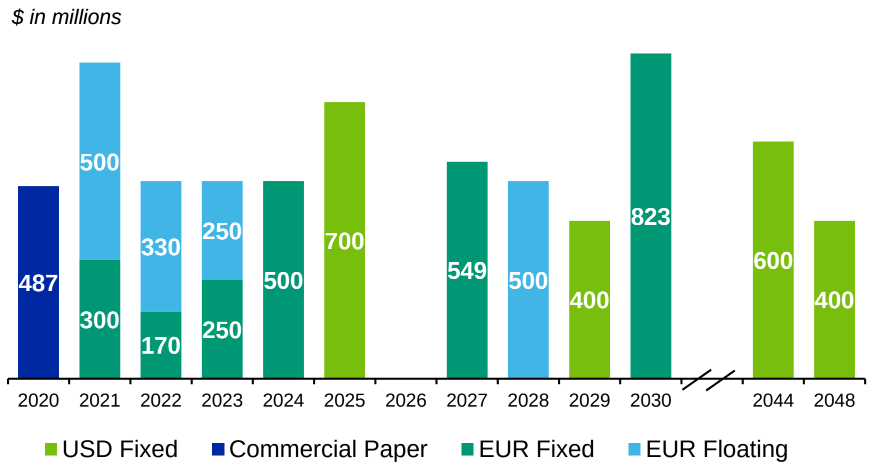
1. Operating growth of expenses moderated by lower expenses resulting from 2018/2019 restructuring program and ongoing expense efficiency initiatives.
2. Incremental operating expenses of acquired companies, net of divestitures, including transaction expenses. Also includes non-tax-deductible loss related to the divestiture of MAKS and transaction expenses.
3. Includes travel, entertainment, marketing, recruiting and training expenses.

Proactive Capital and Liquidity Management

Bond portfolio WAC[1]



Balanced maturity schedule[5]



- Strong liquidity with $2.2B in cash and short-term investments, and a $1.0B revolving credit facility[2]
- 1.9x net debt to adjusted operating income[3]
- Leverage well below maximum 4.5x net debt/EBITDA covenant[4]

- Issued $700M of 5-year notes in March, demonstrating strong investor confidence in Moody's
- Fixed-to-floating-rate swaps portfolio benefits from low rate environment
  - Approximately 31% of debt portfolio exposed to floating rate
- Anchored around BBB+ rating

1. WAC = Weighted Average Coupon. As of year-end. 2020 data as of March 31, 2020.
2. As of March 31, 2020
3. Trailing twelve months adjusted operating income. Amounts are adjusted measures, see Appendix for reconciliations from adjusted financial measures to U.S. GAAP.
4. Total Debt (gross debt less $100M of cash and equivalents) to EBITDA ratio threshold is normally 4.0x, but elevated to 4.5x for three quarters after an acquisition >$500 million.
5. Certain USD denominated debt has been synthetically converted to EUR via cross-currency swaps. EUR converted to USD as of 3/31/2020.

Key Takeaways

- Operational resilience to COVID-19 impact
- Engaged with key stakeholders; more relevant in times of stress
- Effectively adapting to current environment
- Strong balance sheet and liquidity
- Disciplined expense management

Moody's | Better decisions

Questions and Answers

Ray McDaniel
President and
Chief Executive Officer

Stephen Tulenko
President,
Moody's Analytics

Rob Fauber
Chief Operating Officer

Michael West
President,
Moody's Investors Service

Mark Kaye
Chief Financial Officer

Replay Details

Available from 3:30pm (Eastern Time) April 30, 2020
until 3:30pm (Eastern Time) May 29, 2020

Telephone Details

» U.S.	+1-888-203-1112
» Non-U.S.	+1-719-457-0820
» Passcode	7297711

Webcast Details

» Go to ir.moodys.com

» Click on “Events & Presentations”

» Click on the link for “1Q 2020 Earnings Conference Call”

Moody's | Better decisions

Investor Relations
ir.moodys.com
ir@moodys.com

moodys.com

Glossary of Terms and Abbreviations

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

Adjusted Operating Income and Adjusted Operating Margin by Segment

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

	Three Months Ended March 31,							
	2020				2019			
Amounts in millions	MIS	MA	Eliminations	Consolidated	MIS	MA	Eliminations	Consolidated
Revenue	$ 831	$ 498	$ (39)	$ 1,290	$ 702	$ 474	$ (34)	$ 1,142
Total Expense	343	394	(39)	698	336	378	(34)	680
Operating income	$ 488	$ 104	$ —	$ 592	$ 366	$ 96	$ —	$ 462
Add:								
Restructuring	(1)	—	—	(1)	3	3	—	6
Depreciation and amortization	16	33	—	49	17	33	—	50
Acquisition-Related Expenses	—	—	—	—	—	1	—	1
Loss pursuant to the divestiture of MAKS	—	9	—	9	—	—	—	—
Adjusted Operating Income	$ 503	$ 146	$ —	$ 649	$ 386	$ 133	$ —	$ 519
Operating margin	58.7 %	20.9 %		45.9 %	52.1 %	20.3 %		40.5 %
Adjusted operating margin	60.5 %	29.3 %		50.3 %	55.0 %	28.1 %		45.4 %

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 the operating performance of Moody's. Adjusted Operating Income excludes the impact of: i) restructuring charges; ii) depreciation and amortization; iii) a loss pursuant to the divestiture of MAKS; and iv) Acquisition-Related Expenses. Restructuring charges are excluded as the frequency and magnitude of these charges may vary widely across periods and companies. Depreciation and amortization are excluded because companies utilize productive assets of different ages and use different methods of acquiring and depreciating productive assets. The loss pursuant to the divestiture of MAKS is excluded as the frequency and magnitude of divestiture activity may vary widely from period to period and across companies.

Acquisition-Related Expenses consist of expenses incurred to complete and integrate the acquisition of Bureau van Dijk. These expenses were excluded in prior years due to the material nature of the cumulative costs incurred over the multi-year integration effort. Acquisition-related expenses from other acquisitions were not material.

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 March 31,	
Amounts in millions	**2020**	**2019**
Operating income	**$ 592**	$ 462
Restructuring	**(1)**	6
Depreciation and amortization	**49**	50
Acquisition-Related Expenses	**—**	1
Loss pursuant to the divestiture of MAKS	**9**	—
Adjusted Operating Income	**$ 649**	$ 519
Operating margin	**45.9 %**	40.5 %
Adjusted Operating Margin	**50.3 %**	45.4 %

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.

	Three Months Ended March 31,	
Amounts in millions	**2020**	**2019**
Net cash provided by operating activities	**$ 345**	$ 367
Capital additions	**(21)**	(20)
Free cash flow	**$ 324**	$ 347
Net cash used in investing activities	**$ (772)**	$ (7)
Net cash provided by (used in) financing activities	**$ 765**	$ (849)

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

The Company presents organic revenue and organic 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 acquisitions and divestiture activity. The following table details the period of operations excluded from each acquisition/divestiture to determine organic revenue.

Acquisition	Acquisition Date	Period excluded to determine organic revenue growth Q1
RiskFirst	July 25, 2019	January 1, 2020 - March 31, 2020
ABS Suite	October 1, 2019	January 1, 2020 - March 31, 2020
Regulatory DataCorp	February 13, 2020	February 13, 2020 - March 31, 2020
Divestiture	**Divestiture Date**	
MAKS	November 7, 2019	January 1, 2019 - March 31, 2019

Additionally, subsequent to the divestiture of MAKS in 2019, revenue from the Moody's Analytics Learnings Services ("MALS") unit, which previous to 2020 was reported in the Professional Services line of business ("LOB"), will now be reported as part of the RD&A LOB. Prior periods have not been reclassified as the amounts were not material. For purposes of determining organic RD&A revenue growth, MALS revenue has been excluded from Q1 2020 RD&A revenue. Below is a reconciliation of MA's reported revenue and growth rates to its organic revenue and organic growth rates:

Amounts in millions	Three Months Ended March 31, 2020	2019	Change	Growth
MA revenue	**$ 496**	$ 472	$ 24	**5%**
RiskFirst revenue	**(4)**	—	(4)	
ABS Suite revenue	**(1)**	—	(1)	
Regulatory DataCorp revenue	**(7)**	—	(7)	
MAKS revenue	—	(27)	27	
Organic MA revenue	**$ 484**	$ 445	$ 39	**9%**

Amounts in millions	Three Months Ended March 31, 2020	2019	Change	Growth
RD&A revenue	**$ 358**	$ 308	$ 50	**16%**
ABS Suite revenue	**(1)**	—	(1)	
Regulatory DataCorp revenue	**(7)**	—	(7)	
MALS revenue	**(15)**	—	(15)	
Organic RD&A revenue	**$ 335**	$ 308	$ 27	**9%**

Amounts in millions	Three Months Ended March 31, 2020	2019	Change	Growth
ERS revenue	**$ 138**	$ 122	$ 16	**13%**
RiskFirst revenue	**(4)**	—	(4)	
Organic ERS revenue	**$ 134**	$ 122	$ 12	**10%**

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

The Company presents Adjusted Net Income and Adjusted Diluted EPS because management deems these metrics to be useful measures to provide additional perspective on the operating performance of Moody's. Adjusted Net Income and Adjusted Diluted EPS exclude the impact of: i) amortization of acquired intangible assets; ii) restructuring charges; iii) a loss pursuant to the divestiture of MAKS; and iv) Acquisition-Related Expenses.

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. Restructuring charges are excluded as the frequency and magnitude of these charges may vary widely across periods and companies. The loss pursuant to the divestiture of MAKS is excluded as the frequency and magnitude of divestiture activity may vary widely from period to period and across companies. Acquisition-Related Expenses consist of expenses incurred to complete and integrate the acquisition of Bureau van Dijk. These expenses were excluded in prior years due to the material nature of the cumulative costs incurred over the multi-year integration effort. Acquisition-related expenses from other acquisitions were not material.

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:

Amounts in millions	Three Months Ended March 31, 2020		Three Months Ended March 31, 2019	
Net income attributable to Moody's common shareholders		**$ 488**		**$ 373**
Pre-Tax Acquisition-Related Expenses	$ —		$ 1	
Tax on Acquisition-Related Expenses	—		—	
Net Acquisition-Related Expenses		**—**		**1**
Pre-Tax Acquisition-Related Intangible Amortization Expenses	$ 28		$ 26	
Tax on Acquisition-Related Intangible Amortization Expenses	(6)		(5)	
Net Acquisition-Related Intangible Amortization Expenses		**22**		**21**
Pre-Tax Restructuring	$ (1)		$ 6	
Tax on Restructuring	—		(2)	
Net Restructuring		**(1)**		**4**
Loss pursuant to the divestiture of MAKS		**9**		**—**
Adjusted Net Income		**$ 518**		**$ 399**

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 March 31,			
	2020		2019	
Earnings per share attributable to Moody's common shareholders		**$ 2.57**		**$ 1.93**
Pre-Tax Acquisition-Related Expenses	$ —		$ 0.01	
Tax on Acquisition-Related Expenses	—		—	
Net Acquisition-Related Expenses		**—**		**0.01**
Pre-Tax Acquisition-Related Intangible Amortization Expenses	$ 0.15		$ 0.14	
Tax on Acquisition-Related Intangible Amortization Expenses	(0.03)		(0.03)	
Net Acquisition-Related Intangible Amortization Expenses		**0.12**		**0.11**
Pre-Tax Restructuring	$ (0.01)		$ 0.03	
Tax on Restructuring	—		(0.01)	
Net Restructuring		**(0.01)**		**0.02**
Loss pursuant to the divestiture of MAKS		**0.05**		**—**
Adjusted Diluted EPS		**$ 2.73**		**$ 2.07**

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