Moody's | Better decisions

Fourth Quarter and Full Year 2020 Earnings Call

February 12, 2021

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 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 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 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 Moody's Investors Service's 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; 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, its quarterly report on Form 10-Q for the quarter ended March 31, 2020, and in other filings made by the Company from time to time with the SEC or in materials incorporated herein or therein. Stockholders and investors are cautioned that the occurrence of any of these factors, risks and uncertainties may cause the Company's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements, which could have a material and adverse effect on the Company's business, results of operations and financial condition. New factors may emerge from time to time, and it is not possible for the Company to predict new factors, nor can the Company assess the potential effect of any new factors on it.

4Q and Full Year 2020 Overview and Strategy Discussion

Rob Fauber

President and Chief Executive Officer

Executive Summary

» Record FY 2020 financial results: MCO revenue of $5.4 billion up 11%; adjusted diluted EPS of $10.15 up 22%[1]

» Introducing FY 2021 guidance[2]: MCO revenue up mid-single-digits; adjusted diluted EPS range of $10.30 – $10.70[1]

» Integration of data and capabilities to address customer needs

» Recent acquisitions and planned investments position Moody's for the future and reinforce long-term growth

» Balancing investment with capital return: projecting ~$2.0 billion of share repurchases and dividends in 2021[3]

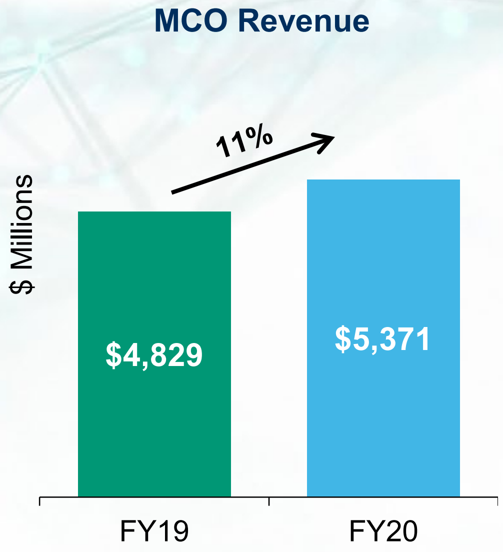
1. Refer to the Appendix for a reconciliation between all adjusted measures mentioned throughout this presentation and GAAP.
2. Guidance as of February 12, 2021. Refer to Table 12 – "2021 Outlook" in the press release for a complete list of guidance and a reconciliation between adjusted measures to GAAP, as well as assumptions used by the Company with respect to its guidance.
3. Share repurchases are subject to available cash, market conditions and other ongoing capital allocation decisions. Assumes 1Q 2021 dividend of $0.62 per share, annualized.

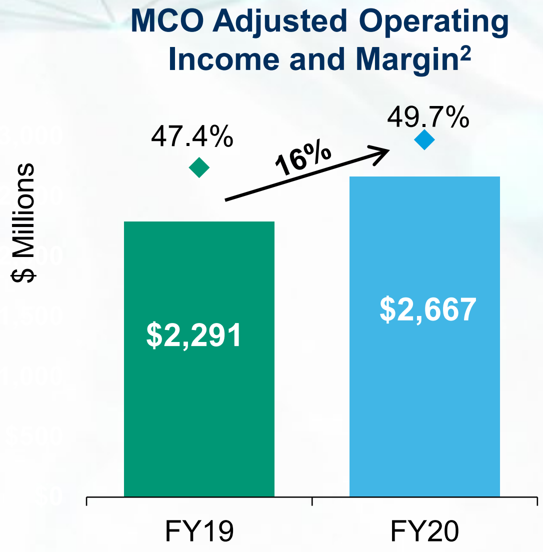
Full Year 2020: MIS Drove Record Results

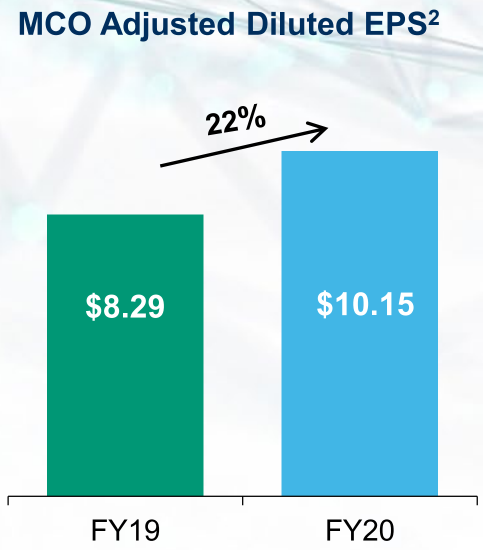
» MCO revenue increased 11%, driven by 15% growth from MIS and 6% growth from MA
  – MA organic constant currency growth of 8%[1]

» Adjusted operating income up 16%; adjusted operating margin of 49.7% up 230 bps[2]

» Adjusted diluted EPS of $10.15, up 22%[2]







1. MA organic constant currency growth as defined in the reconciliation tables in the Appendix.
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.

2020: A Year of Progress

Demonstrated resilience and relevance of our products, insights and solutions, despite uncertain environment

Strong Financial Performance

Commitment to Stakeholders[2]

Increasing Capabilities

Investing for Growth

>$2 Billion
Moody's Analytics FY 2020 revenue

>$5.5 Trillion
FY 2020 rated issuance[1]

Support for Our Employees
Business resource groups, focus on workplace flexibility and well-being

CDP Score: 'A'
Moody's recognized for its leadership in climate action

Compliance Catalyst
Integration of RDC data

300%+
Increase in participants joining Moody's proprietary events

7 Investments and Acquisitions
Acquire Media, Catylist, MARC, MioTech, RDC, RBA International and ZM Financial

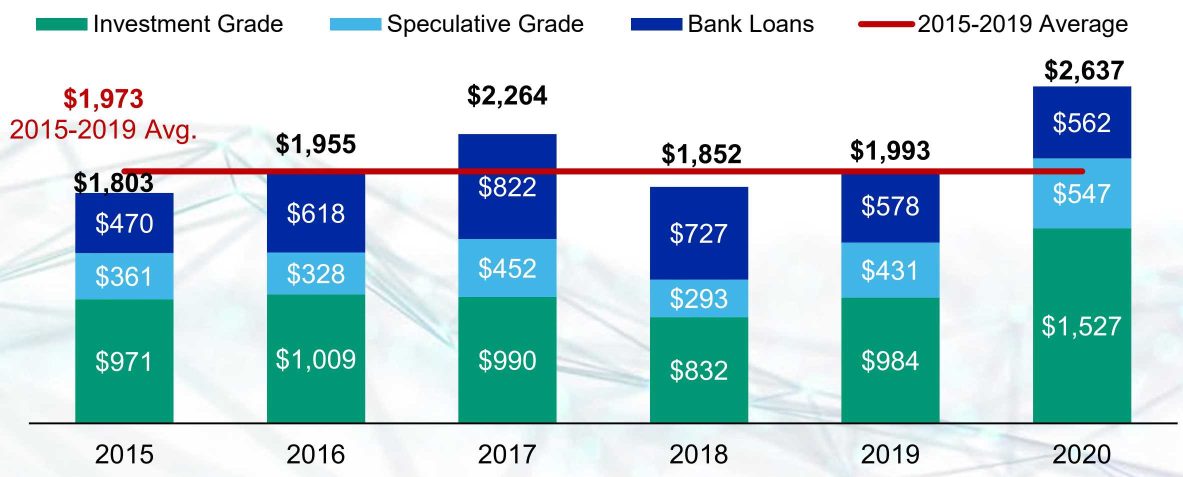
Moody's ESG Solutions Group
Established standalone ESG unit

1. MIS rated issuance, excludes sovereign debt issuance.
2. Made over $10M of in-kind contributions through free access to products and services, including the creation of the free "Know Your Supplier" portal to help hospitals and medical providers quickly validate suppliers of PPE and medical equipment, granted $11M to the Moody's Foundation and committed $2M to promote equal justice and advancement of the Black community, among other initiatives.

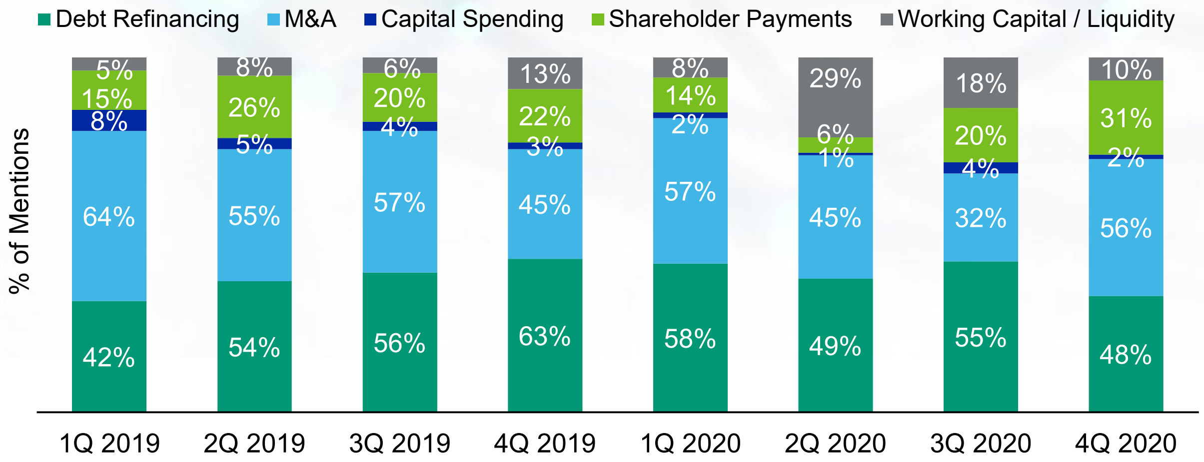
MIS Issuance Spotlight

- » Balance sheet fortification and increasingly favorable conditions led many corporates to issue multiple times
- » As anticipated, issuance moderated in 4Q 2020, following heavy activity in the prior quarters
- » Leveraged loan volumes saw some improvement in 4Q 2020, with issuance increasingly motivated by M&A opportunities

2020 CFG Issuance 34% Above Prior 5 Year Average ($ Billions)[1]

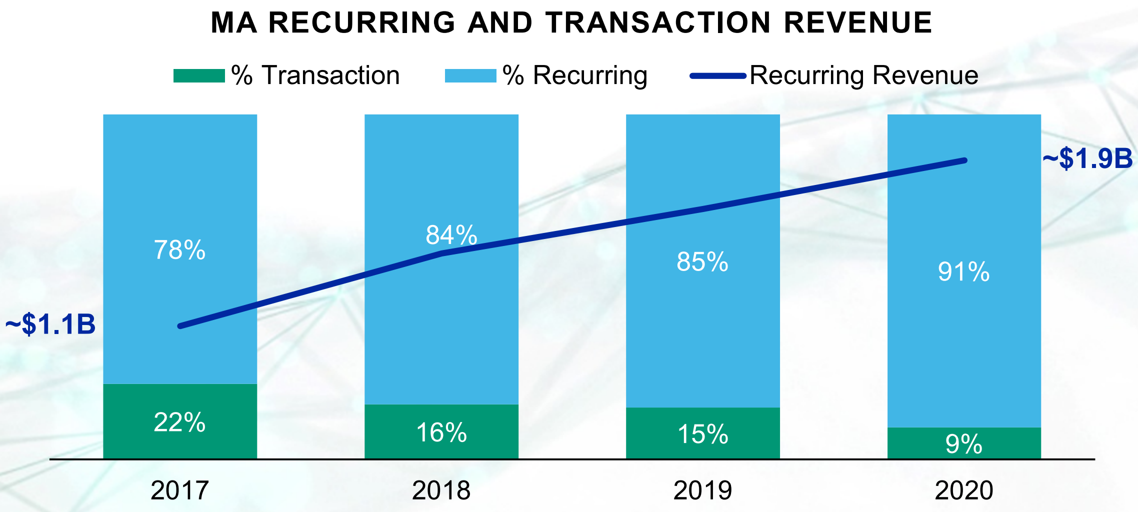


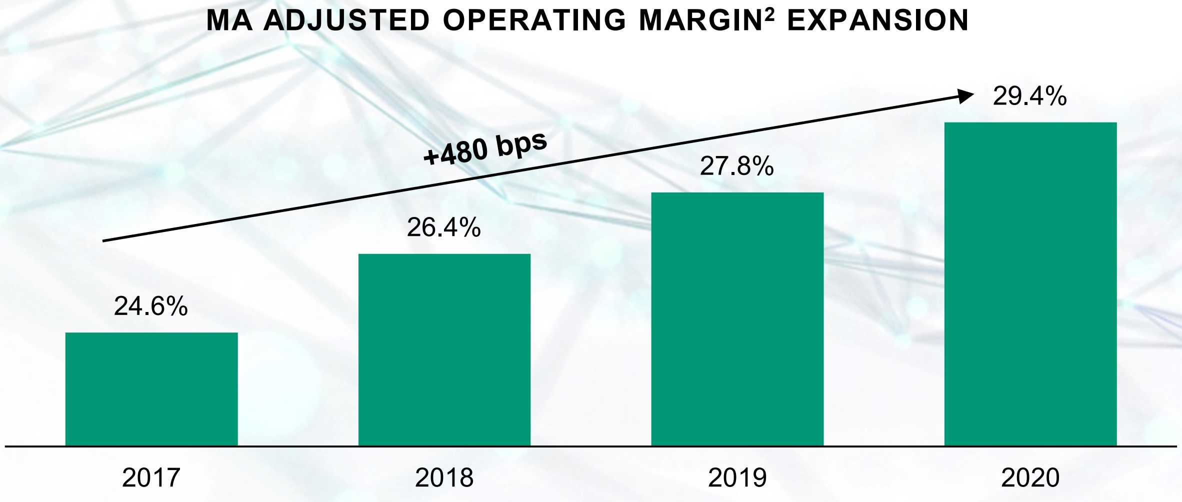
Uses of Funds from USD High Yield Bank Loans[2]



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

Healthy Growth in MA's Recurring Revenue Supports Long-term Margin Expansion Amidst Investment





Robust 2020 recurring revenue growth of 14%

- Stable retention in mid-90's percentage[1]
- Strength in KYC and compliance solutions
- M&A strategy accelerates shift to recurring revenue

High growth in recurring products drives margin expansion

- ~160 bps of margin expansion in 2020

1. Full year 2020.
2. Includes intercompany revenue and expenses. Changes in expenses include the impact of adjusting items.

Moody's Has Evolved Over the Last 15 Years

...as our customers' needs changed and we expanded our capabilities

2006 – 2016

Expanded beyond rating agency

» Established *Moody's Analytics*

» Built the *ERS* business (e.g., Fermat, B&H)

» Expanded *ratings to China* (i.e., CCXI)

2017 – 2020

Built-out substantial data and analytics capabilities

» Complemented ERS business with *private company information* (i.e., BvD)

» Accelerated *capability expansion*, including:

– One of the world's *largest company databases* with ~400 million firms

– Data on 18 million+ *U.S. properties*

– *Physical risk scores* on 1 million+ global facilities

– 20 years of *ESG data* on 5,000+ entities

2021 and Beyond

Positioned to serve wide range of risk assessment markets

» *Competitive differentiator:* integration of data and analytics combined with expertise and technology enablement

» *Awarded #2 in the Chartis RiskTech100® 2021*

» Further investment in capabilities and data, such as *private company, CRE and ESG,* to serve high growth risk assessment use cases (e.g., KYC and compliance)

Customers Are Searching for Solutions to Manage New Risks

"Vendor management is now more about 3rd party risk, incorporating things like cyber, legal, data security, reputation, ownership, etc. Now we don't know who we are dealing with."

Head of 3rd Party Risk, major U.S. hospital system

"The pandemic highlighted the need for "resilience planning" to focus on emerging risks. We are forming dedicated units to look after non-financial risks. The next stage is to bring this information into commercial loan pricing and investment decisions."

COO, U.K.-based large global bank

Digitization & Cloud

Digitization of manual processes and move to Cloud lowers costs and increases agility

Big Data

Proliferation of data analysis in core risk processes to provide early warning signals in real-time

Interconnected Risks

Integration of credit and non-financial risks (e.g., ESG, climate, financial crime, etc.) to create a 360° view of risk

Resilience Planning

Increasing focus on scenario planning and resilience

Reputational Risk

Regulators, employees, customers and media are increasingly demanding companies manage emerging risks

A need for TRUSTED partners

Our Priorities Looking Forward

Realizing the full potential of our global integrated risk assessment opportunity

Sharpen focus on understanding and delivering for our customers

World-class customer experience

Invest with intent to grow and scale

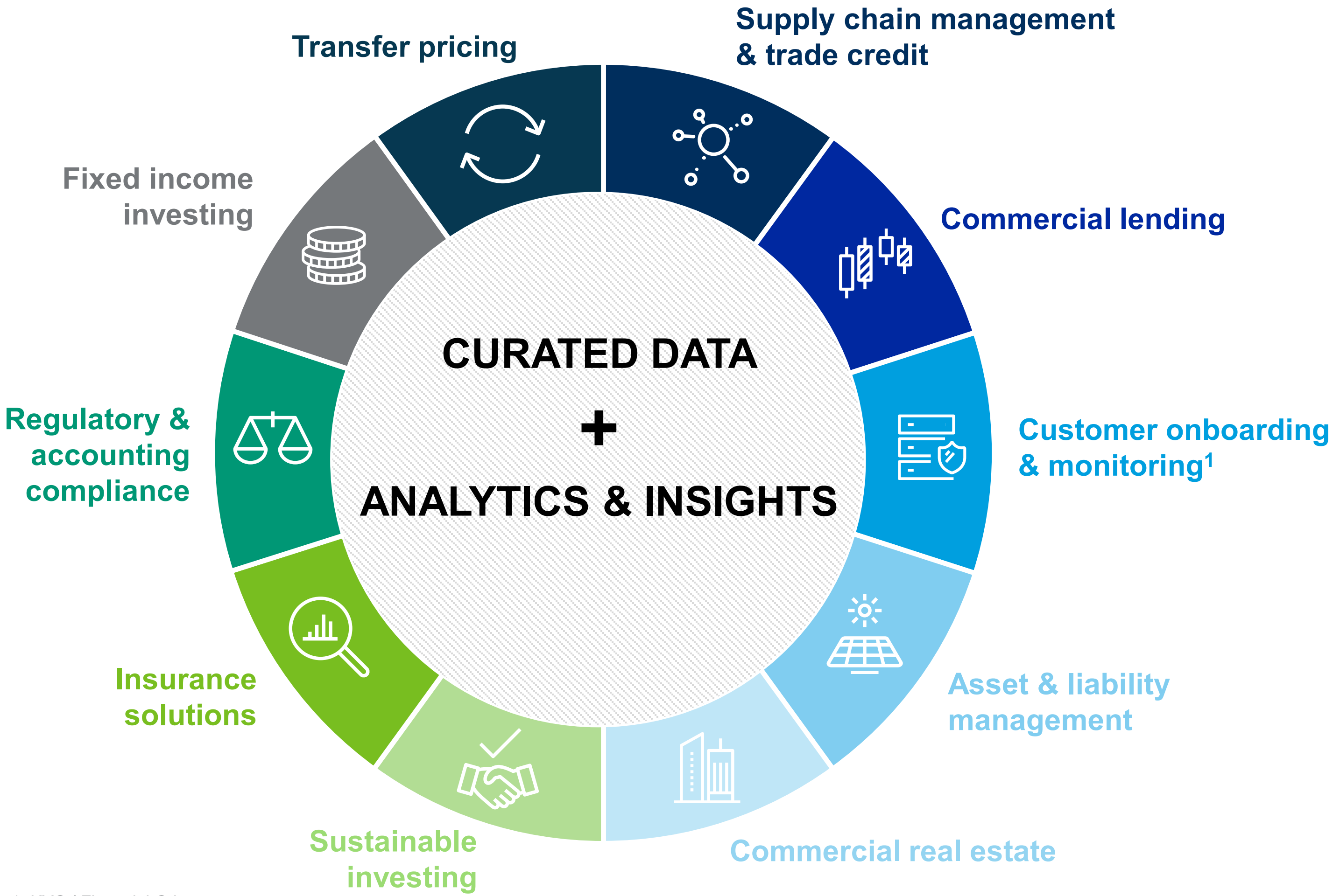
Deepen and extend our presence in risk assessment markets

Collaborate, modernize and innovate

Technology interoperability and data access

Diverse and inclusive culture and agile workforce

Moody’s as an Integrated Risk Assessment Business



1. KYC / Financial Crime

$35B+
Total Addressable Market

Helping customers make
BETTER DECISIONS

CURATED DATA

Entities
~400 million
public & private entities

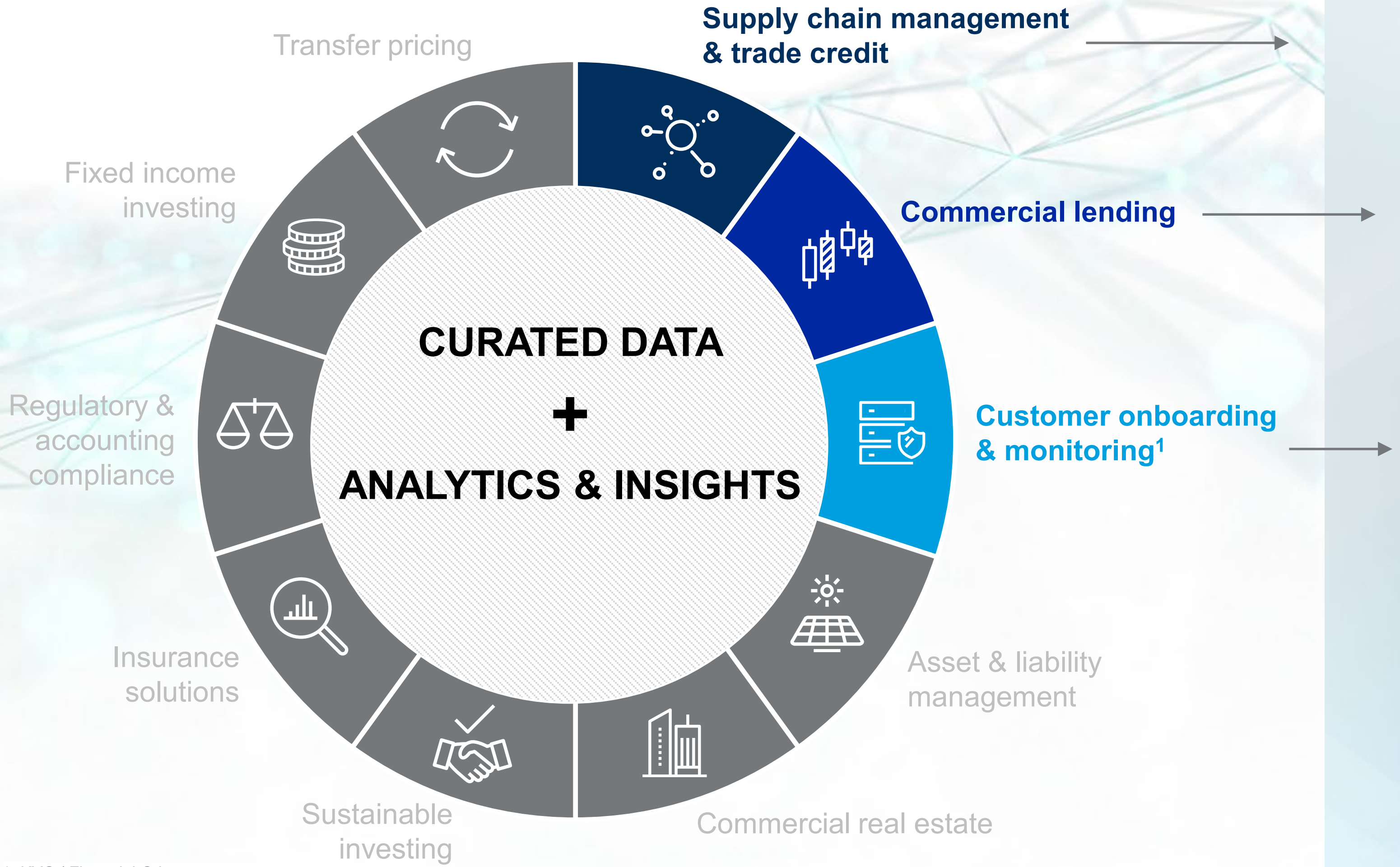
Securities
$79+ trillion
rated debt

Economies
500+ million
economic, financial and demographic time series

Properties
15+ million
commercial real estate properties

People
13+ million
risk profiles

Integrated Risk Assessment in Action: Cortera Data Utilized Across Several Markets



CORTERA

- Private company and trade credit data
- 36M+ North American business profiles
- Integration into Moody's data and analytics enhances existing products and solutions

1. KYC / Financial Crime

Bringing it All Together

Comprehensive suite of data assets to serve a range of use cases, including KYC, compliance and anti-financial crime

~$525M
ANNUAL SALES[1]

High-teens growth %
ANNUAL GROWTH RATE[2]

KYC AND COMPLIANCE USE CASE

>$200M
ANNUAL SALES[1]

25%+
ANNUAL GROWTH RATE[2]

BUREAU VAN DIJK
A Moody's Analytics Company

- » **Private company data**
- » **Scalable compliance solutions**

cortera

- » **Private company and trade credit data**

MOODY'S

rdc
Smarter Screening

- » **Individual profile data**
- » **AI enabled screening**

acquiremedia

- » **News and sentiment scores**
- » **Distribution platform with alert and real-time monitoring capabilities**

1. Pro forma full year 2020 sales including RDC and Acquire Media.
2. Estimated 2021 growth rate.

4Q 2020 Results and FY 2021 Outlook

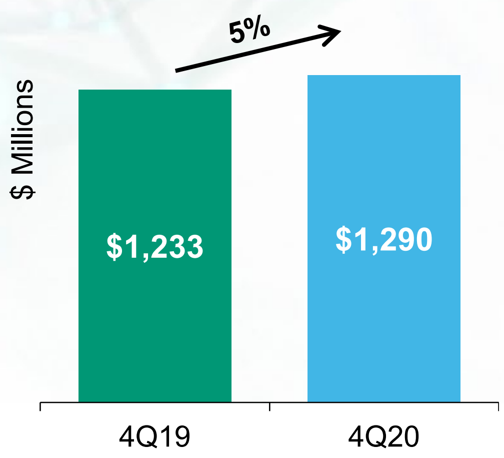
Mark Kaye

Chief Financial Officer

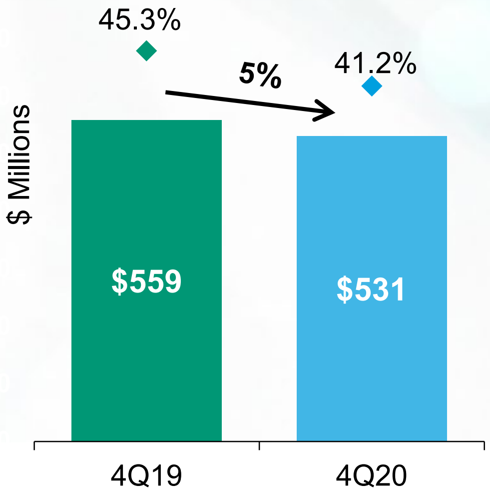
4Q 2020: MIS Resiliency and MA Growth

- MCO revenue increased 5%, driven by 8% growth from MA and 2% growth from MIS
- Adjusted operating income down 5%; adjusted operating margin of 41.2% down ~400 bps[1]
- Adjusted diluted EPS of $1.91, down 5%[1]

MCO Revenue



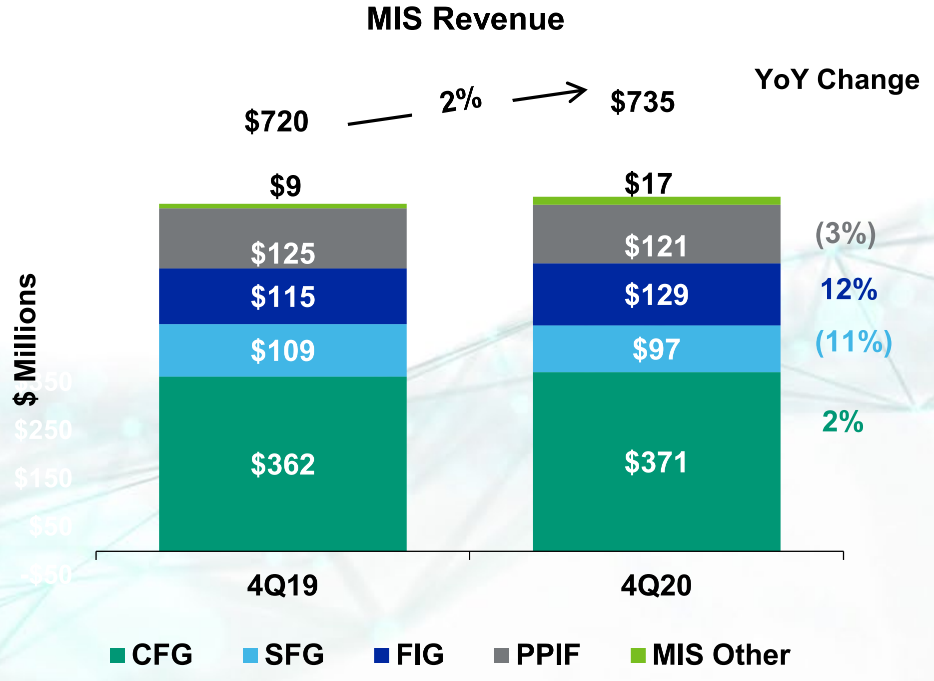
MCO Adjusted Operating Income and Margin[1]

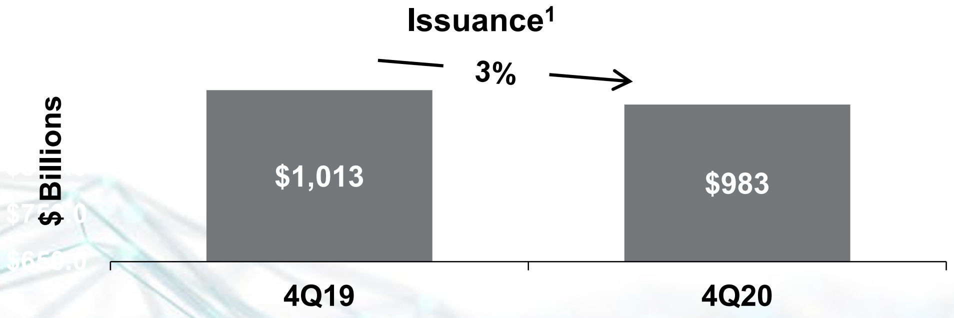


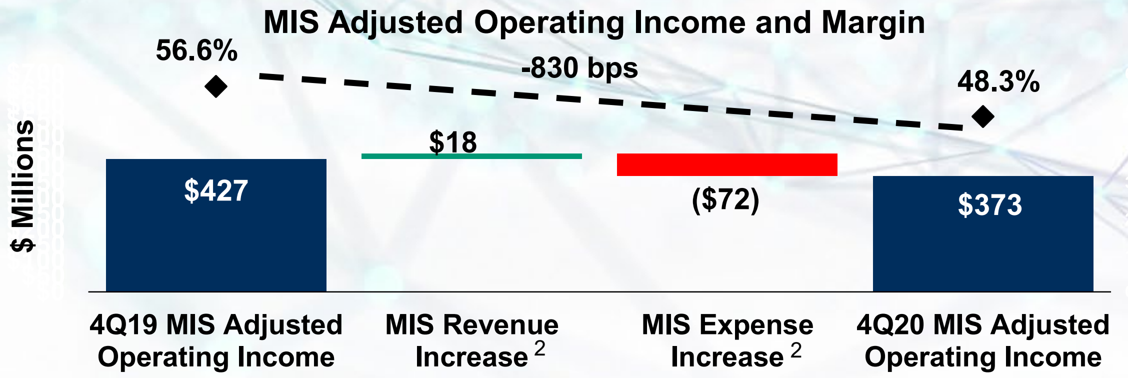
MCO Adjusted Diluted EPS[1]

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.

4Q 2020 MIS: Bolstered by Favorable Revenue Mix







» FIG: Highly active infrequent U.S. bank issuers

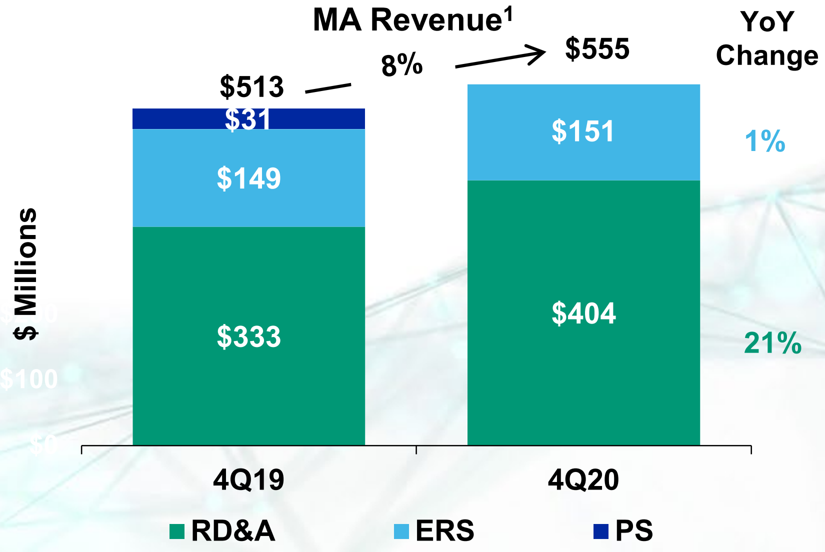
» CFG: Improvement in U.S. leveraged loans driven by refinancing and M&A activity, offset by moderation in speculative grade bonds and a decline in investment grade

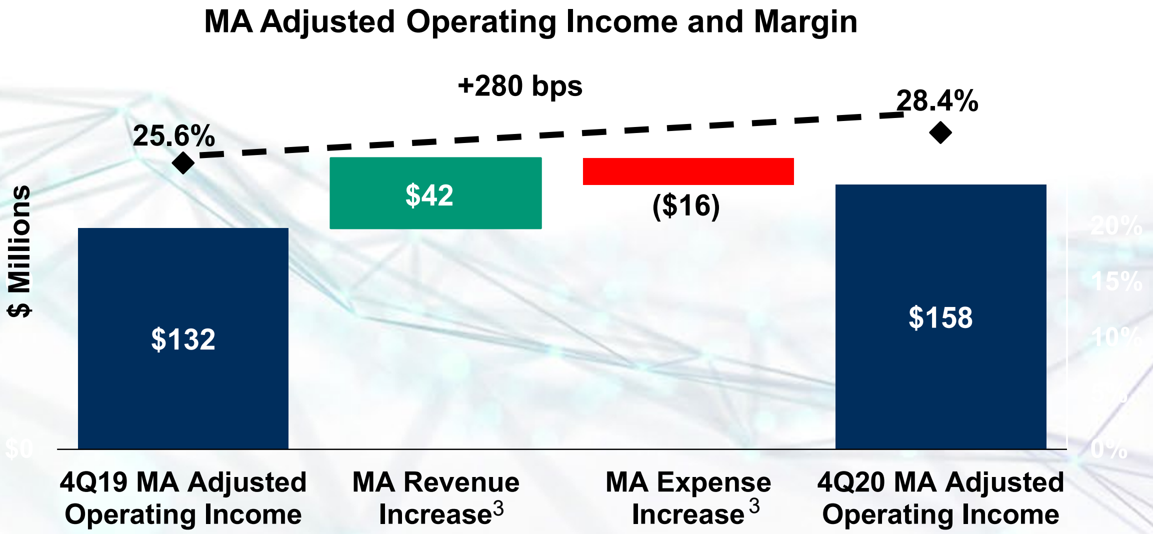
» SFG: Decline primarily due to lower CMBS activity, though CLOs showed signs of improvement

» Adjusted operating margin decreased primarily due to severance and higher incentive compensation accrual

1. MIS rated issuance, excludes sovereign debt issuance.
2. Includes intercompany revenue and expenses. Changes in expenses include the impact of adjusting items.

4Q 2020 MA: RD&A Drove Growth; >90% Recurring Revenue





- RD&A: Low-double-digit percent organic revenue[2] growth due to strong demand for KYC and compliance solutions, research and data feeds
- ERS: Low-double-digit percent growth in recurring revenue offset by anticipated decline from one-time implementation services and licensing fees
- 91% recurring revenue, up from 86% in 4Q 2019
- Year-over-year margin expansion enabled by growth in subscription-based revenue and lower incentive compensation

1. Subsequent to the divestiture of MAKS in 2019, revenue from the Moody's Analytics Learning Solutions ("MALS") unit that was reported in the Professional Services line of business ("LOB") is now being reported as part of the RD&A LOB. Prior periods have not been reclassified as the amounts were not material.
2. RD&A organic revenue growth as defined in the reconciliation tables in the Appendix. Refer to the Appendix for a reconciliation between all adjusted and organic measures mentioned throughout this presentation and GAAP.
3. Includes intercompany revenue and expenses. Changes in expenses include the impact of adjusting items.

FY 2021 Corporate-Level Guidance[1]

Revenue	Increase in the mid-single-digit % range
Expenses	Increase in the mid-single-digit % range
Adjusted Operating Margin[2]	49% - 50%
Interest Expense, Net	\$190 - \$210 million
Effective Tax Rate	20.0% - 22.0%
Diluted EPS	\$9.70 - \$10.10
Adjusted Diluted EPS[2]	\$10.30 - \$10.70
Free Cash Flow[2]	\$1.9 - \$2.1 billion
Share Repurchases[3]	Approximately \$1.5 billion

Macro assumptions underpinning our guidance[4]

2021 GDP

- 4.0% - 5.0% United States
- 3.5% - 4.5% Euro area
- 4.5% - 5.5% Global

Benchmark interest rates remain low; U.S. high yield spreads below 450 bps

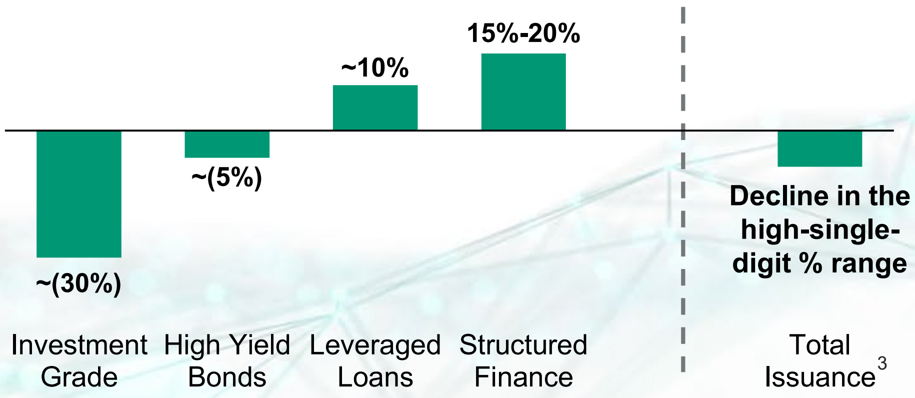
U.S. unemployment rate of 5% - 6% by year-end

Global high yield default rate falling below 5% by year end

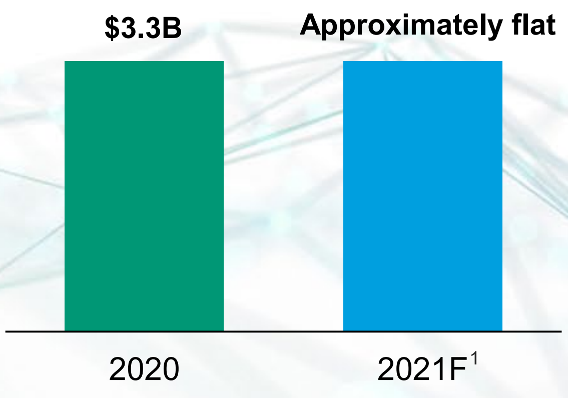
1. Guidance as of February 12, 2021. Refer to Table 12 – "2021 Outlook" in the press release for a complete list of guidance and a reconciliation between adjusted measures to GAAP, as well as assumptions used by the Company with respect to its guidance.
2. Adjusted operating margin, adjusted diluted EPS and free cash flow are non-GAAP measures. Refer to the Appendix for a reconciliation between all adjusted measures mentioned throughout this presentation and GAAP.
3. Subject to available cash, market conditions and other ongoing capital allocation decisions.
4. Sources: High yield spreads, default rate and unemployment assumptions as of "January 2021 Default Report"; GDP assumption as of February 12, 2021 from Moody's Investors Service.

MIS Guidance: Transactional Orientation Benefits Revenue

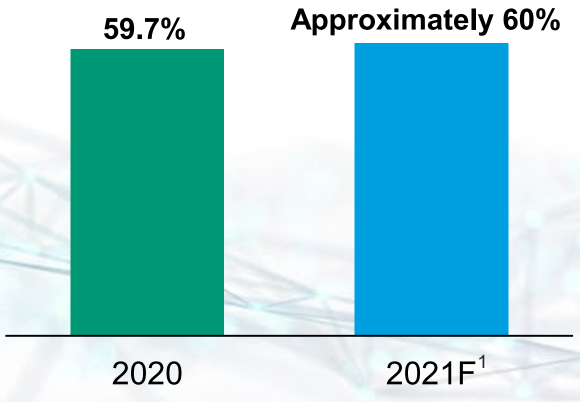
FY 2021 Issuance Guidance[1,2]



Revenue



Adjusted Operating Margin[1]

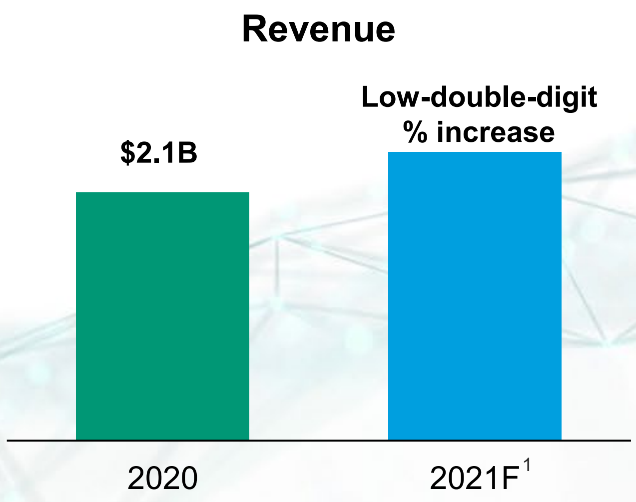


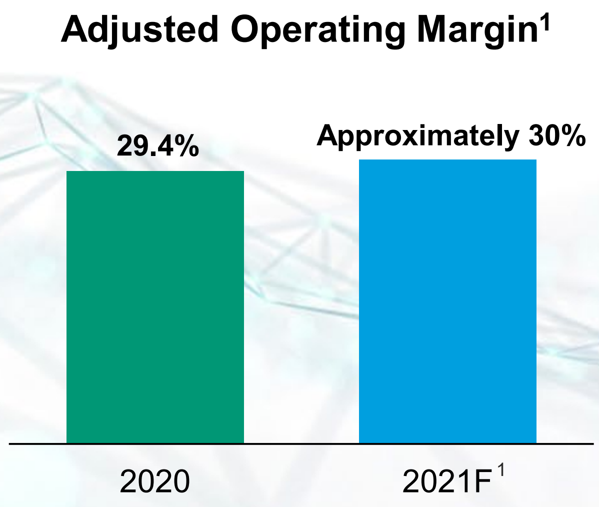
Key drivers of MIS FY 2021 outlook[1]

- » Issuance[2] expected to decline in the high-single-digit percent range from $5.5T in 2020
- » Revenue growth expected to hold approximately flat compared to 2020's record level, supported by favorable issuance mix
- » Refinancing to remain a driver of issuance given favorable rate environment, though moderating from 2020 volumes
- » Structured finance issuance to improve from 2020, partially due to increased loan supply
- » Improving M&A activity
- » 700-750 first time mandates
- » Margin stability, as lower incentive compensation and increased cost efficiencies offset organic investments

1. Guidance as of February 12, 2021. Refer to Table 12 – "2021 Outlook" in the press release for a complete list of guidance and a reconciliation between adjusted measures to GAAP, as well as assumptions used by the Company with respect to its guidance.
2. MIS rated issuance.
3. Total issuance includes CFG, SFG, FIG and PPIF. Excludes sovereign debt.

MA Guidance: Revenue Growth and Reinvestment to Drive Future Expansion





Key drivers of MA FY 2021 outlook[1]

- ~93% recurring revenue
- Revenue growth includes a 2% - 3% benefit from M&A
- Expecting retention in the mid-90's percentage, in-line with 2020 performance
- RD&A: Continued strength in KYC and compliance solutions, research and data feeds
- ERS: Strong growth in recurring revenue, partially offset by lower one-time fees due to ongoing emphasis on subscription-based products and services
- Retaining margin improvement (~500 bps over last 3 years), while reinvesting into the business to drive future growth

1. Guidance as of February 12, 2021. Refer to Table 12 – "2021 Outlook" in the press release for a complete list of guidance and a reconciliation between adjusted measures to GAAP, as well as assumptions used by the Company with respect to its guidance.

Investing for the Future: Strategic Investments

$80-$100 million of cost savings reinvested in 2021 into key strategic areas to drive future growth

COMMERCIAL REAL ESTATE

Develop new analytic tools to serve diverse CRE market, accelerate data aggregation and increase sales capacity

KYC AND COMPLIANCE

Deepen curated data sets, nurture the development of new use cases and modernize data intake process

CHINA AND LATIN AMERICA

Build out local talent and enhance domain-specific expertise across multiple segments

ESG

Expand coverage, data collection and analytics; enhance distribution, improve integration and scale globally

TECHNOLOGY

Secure and agile technology platform, leveraging new capabilities to improve operational efficiency and promote interoperability

PRODUCT DEVELOPMENT & OTHER

Enable greater interoperability of Moody’s products, increased R&D and process improvements

Key Takeaways

- Strong execution in 2020 and a solid 2021 outlook
- Reaffirmed strategic priorities
- High customer demand for Moody's data, analytics and insight
- Strategic investment coupled with balanced capital return
- Broad stakeholder commitment through sustainable stewardship and community engagement

Moody's | Better decisions

Questions and Answers

Rob Fauber
President and Chief Executive Officer

Mark Kaye
Chief Financial Officer

Moody's Attendance at Upcoming Conferences

MAR 01

Deutsche Bank ESG Conference

» *Andrea Blackman, Global Head of Moody's ESG Solutions*

MAR 03

Raymond James Institutional Investor Conference

» *Rob Fauber, President and Chief Executive Officer*

Replay Details

Available from 3:30pm (Eastern Time) February 12, 2021
until 3:30pm (Eastern Time) March 13, 2021

Telephone Details

» U.S. +1-877-400-0505
» Non-U.S. +1-720-452-9084
» Passcode 5584368

Webcast Details

» Go to ir.moodys.com
» Click on “Events & Presentations”
» Click on the link for “4Q and FY 2020 Earnings Conference Call”

Better decisions

Investor Relations
ir.moodys.com
ir@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
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 – 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, a former LOB within MA that consisted of Moody's Analytics Knowledge Services (MALS) and Moody's Analytics Learning Solutions (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
YoY	Year-over-year
YTD	Year-to-date

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) a loss pursuant to the divestiture of MAKS; iv) a captive insurance company settlement; and v) Acquisition-Related Expenses.

	Three Months Ended December 31,							
	2020				2019			
Amounts in millions	**MIS**	**MA**	**Eliminations**	**Consolidated**	**MIS**	**MA**	**Eliminations**	**Consolidated**
Revenue	$ 773	$ 557	$ (40)	$ 1,290	$ 755	$ 515	$ (37)	$ 1,233
Total Expense	425	461	(40)	846	348	418	(37)	729
Operating Income	**$ 348**	**$ 96**	**$ —**	**$ 444**	**$ 407**	**$ 97**	**$ —**	**$ 504**
Add:								
Depreciation and amortization	18	39	—	57	18	32	—	50
Restructuring	7	23	—	30	2	—	—	2
Loss pursuant to the divestiture of MAKS	—	—	—	—	—	3	—	3
Adjusted Operating Income	**$ 373**	**$ 158**	**$ —**	**$ 531**	**$ 427**	**$ 132**	**$ —**	**$ 559**
Operating Margin	45.0 %	17.2 %		34.4 %	53.9 %	18.8 %		40.9 %
Adjusted Operating Margin	48.3 %	28.4 %		41.2 %	56.6 %	25.6 %		45.3 %

Adjusted Operating Income and Adjusted Operating Margin by Segment (continued)

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) a loss pursuant to the divestiture of MAKS; iv) a captive insurance company settlement; and v) Acquisition-Related Expenses.

	Year Ended December 31,							
	2020				2019			
Amounts in millions	MIS	MA	Eliminations	Consolidated	MIS	MA	Eliminations	Consolidated
Revenue	$ 3,440	$ 2,086	$ (155)	$ 5,371	$ 3,009	$ 1,963	$ (143)	$ 4,829
Total Expense	1,476	1,662	(155)	2,983	1,376	1,598	(143)	2,831
Operating Income	**$ 1,964**	**$ 424**	**$ —**	**$ 2,388**	**$ 1,633**	**$ 365**	**$ —**	**$ 1,998**
Add:								
Depreciation and amortization	70	150	—	220	71	129	—	200
Restructuring	19	31	—	50	31	29	—	60
Loss pursuant to the divestiture of MAKS	—	9	—	9	—	14	—	14
Captive insurance company settlement	—	—	—	—	10	6	—	16
Acquisition-Related Expenses	—	—	—	—	—	3	—	3
Adjusted Operating Income	**$ 2,053**	**$ 614**	**$ —**	**$ 2,667**	**$ 1,745**	**$ 546**	**$ —**	**$ 2,291**
Operating Margin	57.1 %	20.3 %		44.5 %	54.3 %	18.6 %		41.4 %
Adjusted Operating Margin	59.7 %	29.4 %		49.7 %	58.0 %	27.8 %		47.4 %

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) depreciation and amortization; ii) restructuring; iii) loss pursuant to the divestiture of MAKS iv) a captive insurance company settlement; and v) Acquisition-Related Expenses. 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 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. The captive insurance company settlement relates to the resolution of a matter that is not expected to recur in the future at this magnitude. 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 December 31,		Year Ended December 31,	
Amounts in millions	2020	2019	2020	2019
Operating Income	**$ 444**	**$ 504**	**$ 2,388**	**$ 1,998**
Depreciation and amortization	57	50	220	200
Restructuring	30	2	50	60
Loss pursuant to the divestiture of MAKS	—	3	9	14
Captive insurance company settlement	—	—	—	16
Acquisition-Related Expenses	—	—	—	3
Adjusted Operating Income	**$ 531**	**$ 559**	**$ 2,667**	**$ 2,291**
Operating Margin	**34.4 %**	**40.9 %**	**44.5 %**	**41.4 %**
Adjusted Operating Margin	**41.2 %**	**45.3 %**	**49.7 %**	**47.4 %**

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.

	Year Ended December 31,	
Amounts in millions	2020	2019
Net cash provided by operating activities	**$ 2,146**	**$ 1,675**
Capital additions	(103)	(69)
Free cash flow	**$ 2,043**	**$ 1,606**
Net cash (used in) provided by investing activities	**$ (1,077)**	**$ 36**
Net cash used in financing activities	**$ (351)**	**$ (1,563)**

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.

		Period excluded to determine organic revenue growth	
Acquisition	**Acquisition Date**	**Q4**	**Full-Year**
RiskFirst	July 25, 2019	-	January 1, 2020 - July 24, 2020
ABS Suite	October 1, 2019	-	January 1, 2020 - September 30, 2020
Regulatory DataCorp	February 13, 2020	October 1, 2020 - December 31, 2020	February 13, 2020 - December 31, 2020
Acquire Media	October 21, 2020	October 21, 2020 - December 31, 2020	October 21, 2020 - December 31, 2020
Divestiture	**Divestiture Date**		
MAKS	November 7, 2019	October 1, 2019 - November 7, 2019	January 1, 2019 - November 7, 2019

	Three Months Ended December 31,				Year Ended December 31,			
Amounts in millions	2020	2019	Change	Growth	2020	2019	Change	Growth
MA revenue	$ 555	$ 513	$ 42	8%	$ 2,079	$ 1,954	$ 125	6%
RiskFirst	—	—	—		(12)	—	(12)	
ABS Suite	—	—	—		(6)	—	(6)	
Regulatory DataCorp	(15)	—	(15)		(52)	—	(52)	
Acquire Media	(2)	—	(2)		(2)	—	(2)	
MAKS	—	(11)	11		—	(94)	94	
Organic MA revenue	$ 538	$ 502	$ 36	7%	$ 2,007	$ 1,860	$ 147	8%

Additionally, subsequent to the divestiture of MAKS in 2019, revenue from the Moody's Analytics Learning Solutions ("MALS") unit, which previous to 2020 was reported in the Professional Services line of business ("LOB"), is now being 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 2020 RD&A revenue. 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,			
Amounts in millions	2020	2019	Change	Growth
RD&A revenue	$ 404	$ 333	$ 71	21%
Regulatory DataCorp	(15)	—	(15)	
Acquire Media	(2)	—	(2)	
MALS	(16)	—	(16)	
Organic RD&A revenue	$ 371	$ 333	$ 38	11%

Organic Constant Currency Revenue and Growth Measures – MA

The Company presents organic constant currency revenue and organic constant currency 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 along with the impact of foreign currency (FX) translation. The following table details the period of operations excluded from each acquisition/divestiture to determine organic revenue and FX.

	Three Months Ended December 31,				Year Ended December 31,			
Amounts in millions	2020	2019	Change	Growth	2020	2019	Change	Growth
MA revenue	**$ 555**	$ 513	$ 42	**8%**	**$ 2,079**	$ 1,954	$ 125	**6%**
RiskFirst	**-**	-	-		**(12)**	-	(12)	
ABS Suite	**-**	-	-		**(6)**	-	(6)	
Regulatory DataCorp	**(15)**	-	(15)		**(52)**	-	(52)	
Acquire Media	**(2)**	-	(2)		**(2)**	-	(2)	
MAKS	**-**	(11)	11		**-**	(94)	94	
Organic MA revenue	**$ 538**	$ 502	$ 36	**7%**	**$ 2,007**	$ 1,860	$ 147	**8%**
FX	**(12)**	-	(12)		**(7)**	-	(7)	
Organic constant currency MA revenue	**$ 526**	$ 502	$ 24	**5%**	**$ 2,000**	$ 1,860	$ 140	**8%**

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) loss and tax charge pursuant to the divestiture of MAKS; iv) a captive insurance company settlement; and v) Acquisition-Related Expenses.

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 are excluded as the frequency and magnitude of these charges may vary widely across periods and companies. The loss and tax charge pursuant to the divestiture of MAKS are excluded as the frequency and magnitude of divestiture activity may vary widely from period to period and across companies. The captive insurance company settlement relates to the resolution of a matter that is not expected to recur in the future at this magnitude. 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:

	Three Months Ended December 31,				Year Ended December 31,			
Amounts in millions	2020		2019		2020		2019	
Net income attributable to Moody's common shareholders		**$ 314**		**$ 359**		**$ 1,778**		**$ 1,422**
Pre-Tax Acquisition-Related Intangible Amortization Expenses	$ 34		$ 26		$ 124		$ 103	
Tax on Acquisition-Related Intangible Amortization Expenses	(8)		(6)		(28)		(24)	
Net Acquisition-Related Intangible Amortization Expenses		**26**		**20**		**96**		**79**
Pre-Tax Restructuring	$ 30		$ 2		$ 50		$ 60	
Tax on Restructuring	(8)		(1)		(12)		(15)	
Net Restructuring		**22**		**1**		**38**		**45**
Tax charge pursuant to the divestiture of MAKS		**—**		**(2)**		**—**		**13**
Loss pursuant to the divestiture of MAKS		**—**		**3**		**9**		**14**
Pre-Tax captive insurance company settlement	$ —		$ —		$ —		$ 16	
Tax on captive insurance company settlement	—		—		—		(4)	
Net captive insurance company settlement		**—**		**—**		**—**		**12**
Pre-Tax Acquisition-Related Expenses	$ —		$ —		$ —		$ 3	
Tax on Acquisition-Related Expenses	—		—		—		—	
Net Acquisition-Related Expenses		**—**		**—**		**—**		**3**
Adjusted Net Income		**$ 362**		**$ 381**		**$ 1,921**		**$ 1,588**

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,			
	2020		2019		2020		2019	
Diluted earnings per share attributable to Moody's common shareholders		$ 1.66		$ 1.88		$ 9.39		$ 7.42
Pre-Tax Acquisition-Related Intangible Amortization Expenses	$ 0.18		$ 0.14		$ 0.66		$ 0.54	
Tax on Acquisition-Related Intangible Amortization Expenses	(0.05)		(0.04)		(0.15)		(0.12)	
Net Acquisition-Related Intangible Amortization Expenses		**0.13**		**0.10**		**0.51**		**0.42**
Pre-Tax Restructuring	$ 0.16		$ 0.01		$ 0.26		$ 0.31	
Tax on Restructuring	(0.04)		—		(0.06)		(0.08)	
Net Restructuring		**0.12**		**0.01**		**0.20**		**0.23**
Tax charge pursuant to the divestiture of MAKS		**—**		**(0.01)**		**—**		**0.07**
Loss pursuant to the divestiture of MAKS		**—**		**0.02**		**0.05**		**0.07**
Pre-Tax captive insurance company settlement	$ —		$ —		$ —		$ 0.08	
Tax on captive insurance company settlement	—		—		—		(0.02)	
Net captive insurance company settlement		**—**		**—**		**—**		**0.06**
Pre-Tax Acquisition-Related Expenses	$ —		$ —		$ —		$ 0.02	
Tax on Acquisition-Related Expenses	—		—		—		—	
Net Acquisition-Related Expenses		**—**		**—**		**—**		**0.02**
Adjusted Diluted EPS		**$ 1.91**		**$ 2.00**		**$ 10.15**		**$ 8.29**

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

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