Decode risk.
Unlock opportunity.

Third Quarter 2022 Earnings Call

October 25, 2022

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 Moody's business and operations that involve a number of risks and uncertainties. Such statements involve estimates, projections, goals, forecasts, assumptions and uncertainties that could cause actual results or outcomes to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements. Stockholders and investors are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements in this release are made as of the date hereof, and Moody's undertakes no obligation (nor does it intend) to publicly supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise, except as required by applicable law or regulation. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Moody's is identifying certain factors that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking statements. Those factors, risks and uncertainties include, but are not limited to the impact of general economic conditions, including inflation and related monetary policy actions by governments in response to inflation, on worldwide credit markets and economic activity and its effect on the volume of debt and other securities issued in domestic and/or global capital markets; the global impacts of each of the crisis in Ukraine and COVID-19 on volatility in the U.S. and world financial markets, on general economic conditions and GDP in the U.S. and worldwide, on global relations and on Moody's own operations and personnel; other matters that could affect the volume of debt and other securities issued in domestic and/or global capital markets, including regulation, credit quality concerns, changes in interest rates, inflation and other volatility in the financial markets; the level of merger and acquisition activity in the U.S. and abroad; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government actions affecting credit markets, international trade and economic policy, including those related to tariffs, tax agreements and trade barriers; the impact of MIS's withdrawal of its credit ratings on Russian entities and of Moody's no longer conducting commercial operations in Russia; concerns in the marketplace affecting our credibility or otherwise affecting market perceptions of the integrity or utility of independent credit agency ratings; the introduction of competing products or technologies by other companies; pricing pressure from competitors and/or customers; the level of success of new product development and global expansion; the impact of regulation as an NRSRO, the potential for new U.S., state and local legislation and regulations; the potential for increased competition and regulation in the EU and other foreign jurisdictions; exposure to litigation related to our rating opinions, as well as any other litigation, government and regulatory proceedings, investigations and inquiries to which Moody's may be subject from time to time; provisions in U.S. legislation modifying the pleading standards and EU regulations modifying the liability standards, applicable to credit rating agencies in a manner adverse to credit rating agencies; provisions of EU regulations imposing additional procedural and substantive requirements on the pricing of services and the expansion of supervisory remit to include non-EU ratings used for regulatory purposes; uncertainty regarding the future relationship between the U.S. and China; the possible loss of key employees; failures or malfunctions of our operations and infrastructure; any vulnerabilities to cyber threats or other cybersecurity concerns; the timing and effectiveness of our restructuring programs, such as the 2022 - 2023 Geolocation Restructuring Program; currency and foreign exchange volatility; the outcome of any review by controlling tax authorities of Moody's global tax planning initiatives; exposure to potential criminal sanctions or civil remedies if Moody's fails to comply with foreign and U.S. laws and regulations that are applicable in the jurisdictions in which Moody's operates, including data protection and privacy laws, sanctions laws, anti-corruption laws, and local laws prohibiting corrupt payments to government officials; the impact of mergers, acquisitions, such as our acquisition of RMS, or other business combinations and the ability of Moody's to successfully integrate acquired businesses; the level of future cash flows; the levels of capital investments; and a decline in the demand for credit risk management tools by financial institutions. These factors, risks and uncertainties as well as other risks and uncertainties that could cause Moody's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements are described in greater detail under "Risk Factors" in Part I, Item 1A of Moody's annual report on Form 10-K for the year ended December 31, 2021, and in other filings made by Moody's from time to time with the SEC or in materials incorporated herein or therein. Stockholders and investors are cautioned that the occurrence of any of these factors, risks and uncertainties may cause Moody's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements, which could have a material and adverse effect on Moody's business, results of operations and financial condition. New factors may emerge from time to time, and it is not possible for Moody's to predict new factors, nor can Moody's assess the potential effect of any new factors on it.

3Q 2022 Highlights

Rob Fauber

President and Chief Executive Officer

Key Takeaways

1 MA revenue grew 14% on **delivery of mission-critical insights for our customers**, while MIS revenue declined 36% on **significant credit market uncertainty and ongoing volatility**

2 Issuance contraction reflects **cyclical market disruption** amid challenging macroeconomic and geopolitical conditions; **significant refinancing walls** provide foundation for future growth

3 Strong performance in MA as **continued demand for our integrated risk solutions** drives **robust ARR**[1] growth and **margin expansion**

4 More than doubled size of Restructuring Program[2]; decisive actions and financial discipline projected to generate **over $200 million in 2023 expense savings**

5 Updated FY 2022 guidance[3]: **MCO revenue to decrease in the low-double-digits**; **Adjusted Diluted EPS lowered** and narrowed to a range of $8.20 - $8.50

1. ARR: Annualized Recurring Revenue. ARR for the quarter ending September 30, 2022. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.
2. 2022 – 2023 Geolocation Restructuring Program initially announced during 2Q 2022 Earnings Call.
3. Guidance as of October 25, 2022. Refer to Table 11 – “2022 Outlook” in the press release titled “Moody's Corporation Reports Results for Third Quarter 2022” from October 25, 2022, for a complete list of guidance, reconciliations between adjusted and organic measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

MA Delivers Strong Results; MIS Revenue Impacted by Market Uncertainty

(16%)

MCO revenue contraction from 3Q21

MA revenue grew

14%

MA ARR[1] increased

9%

MIS revenue declined

(36%)

Rated issuance down

(41%)

39%

MCO Adjusted Operating Margin[2]

$1.3B
MCO Revenue

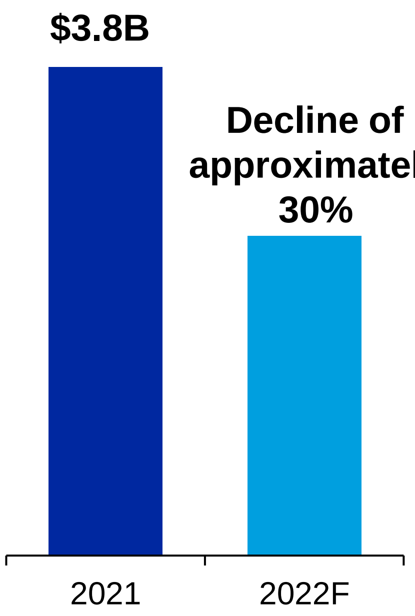
$497M
MCO Adjusted Operating Income[2]

$1.85
MCO Adjusted Diluted EPS[2]

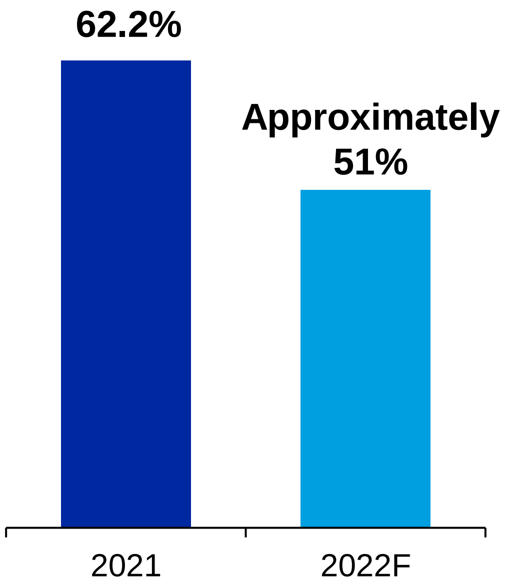
1. ARR for the quarter ending September 30, 2022. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.
2. Refer to the Appendix for reconciliations between all adjusted measures mentioned throughout this presentation and U.S. GAAP.

MIS: Revised Outlook Reflects Adverse Macroeconomic Conditions

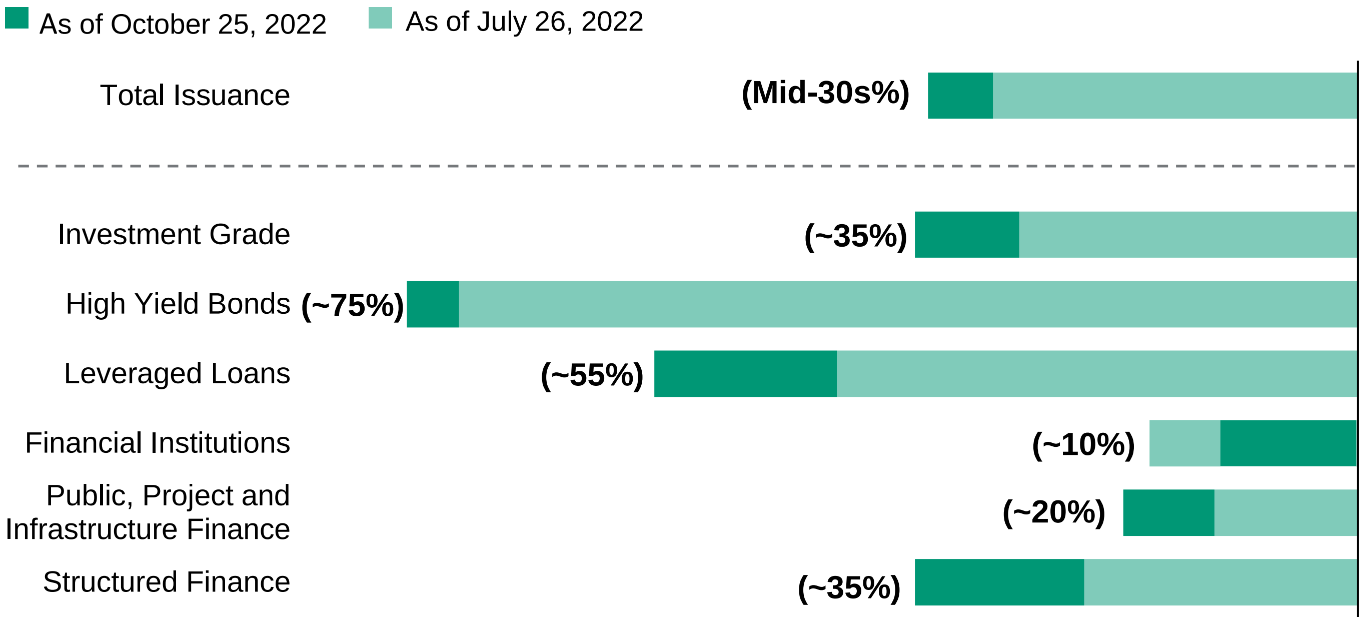
Revenue[1]



Adjusted Operating Margin[1]



FY 2022 Issuance Guidance[1,2]

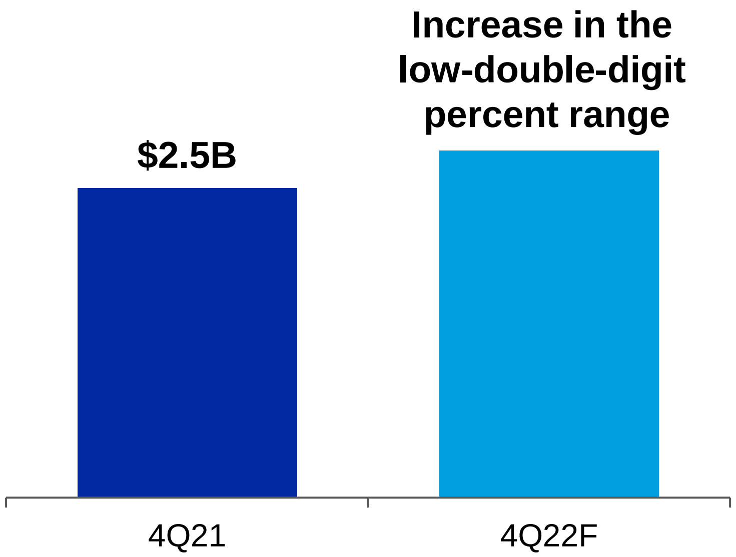


- Cyclical market volatility expected to continue, with issuance to remain significantly constrained
- Infrequent issuers more selective around opportunistic activity given rising rates and favorable cash positions
- Projecting 600 to 650 first-time mandates

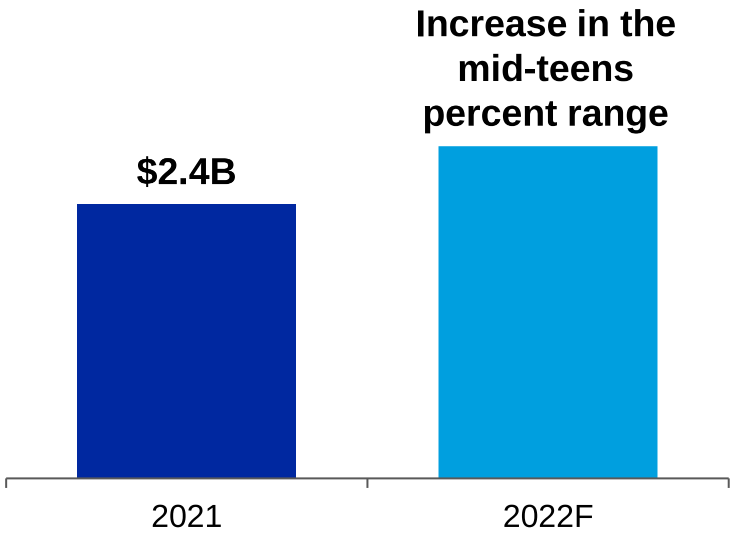
1. Guidance as of October 25, 2022. Refer to Table 11 – "2022 Outlook" in the press release titled "Moody's Corporation Reports Results for Third Quarter 2022" from October 25, 2022, for a complete list of guidance, reconciliations between adjusted and organic measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.
2. Total issuance includes CFG, SFG, FIG and PPIF. MIS-rated issuance excludes sovereign debt issuance. Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.

MA: Accelerating Growth and Expanding Margins

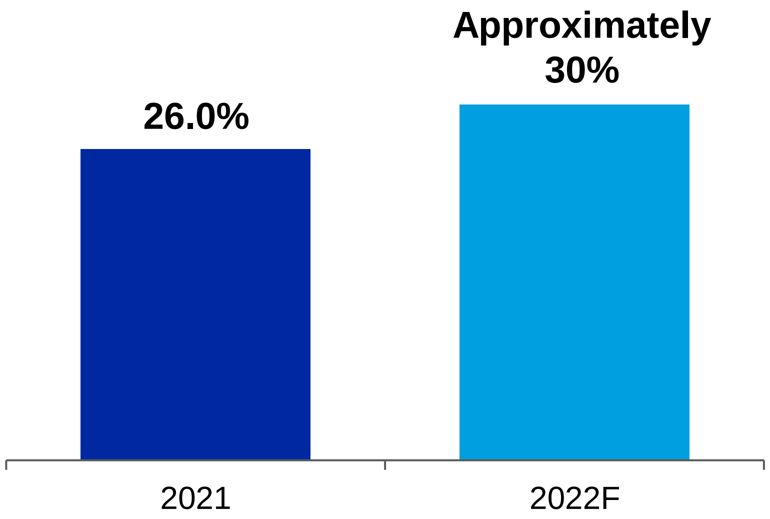
ARR[1,2]



Revenue[1]



Adjusted Operating Margin[1]



- » ARR acceleration supported by new product pipeline and expansion of sales capacity
- » Retention rates[3] and the proportion of recurring revenue both remain robust in the mid-90's percent range
- » Delivering both top-line growth and margin expansion; increasing margin guidance to approximately 30%
- » Impact of foreign currency movements dilute revenue growth by ~5%

1. Guidance as of October 25, 2022. Refer to Table 11 – "2022 Outlook" in the press release titled "Moody's Corporation Reports Results for Third Quarter 2022" from October 25, 2022, for a complete list of guidance, reconciliations between adjusted and organic measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.
2. ARR for the quarters ending December 31, 2021, and December 31, 2022, respectively. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.
3. Retention rates exclude acquisitions of ZM Financial, Catylist, Cortera, RMS, RealXData, Bogard and kompany.

MA: Industry-Leading KYC & Compliance Solutions Deliver Mid-20s% Revenue Growth

Integrated Risk Assessment Capabilities

DATA
- Identification & Verification
- Beneficial Ownership
- Sanction, Financial Crime, Adverse Media

ANALYTICS
- Intelligent Screening
- Perpetual Monitoring
- Assessing Suppliers

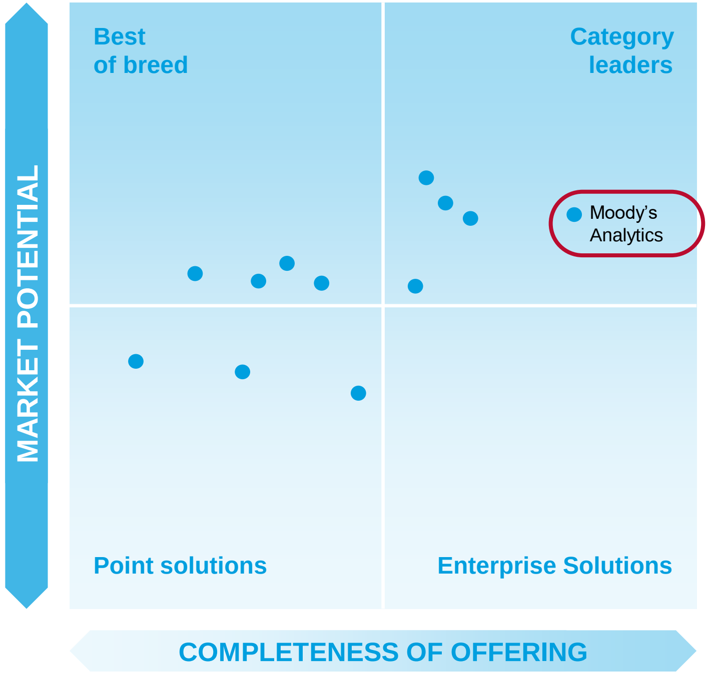
TECHNOLOGY
- Automated Checks & Processes
- API Integration
- SaaS Workflow

KYC & Compliance Solutions

Mid-20s% Revenue Growth[1]

Recognition for MA's Best-in-Class Solutions

Chartis RiskTech Quadrant®[2] Category Leader
KYC/AML Data Solutions, 2022



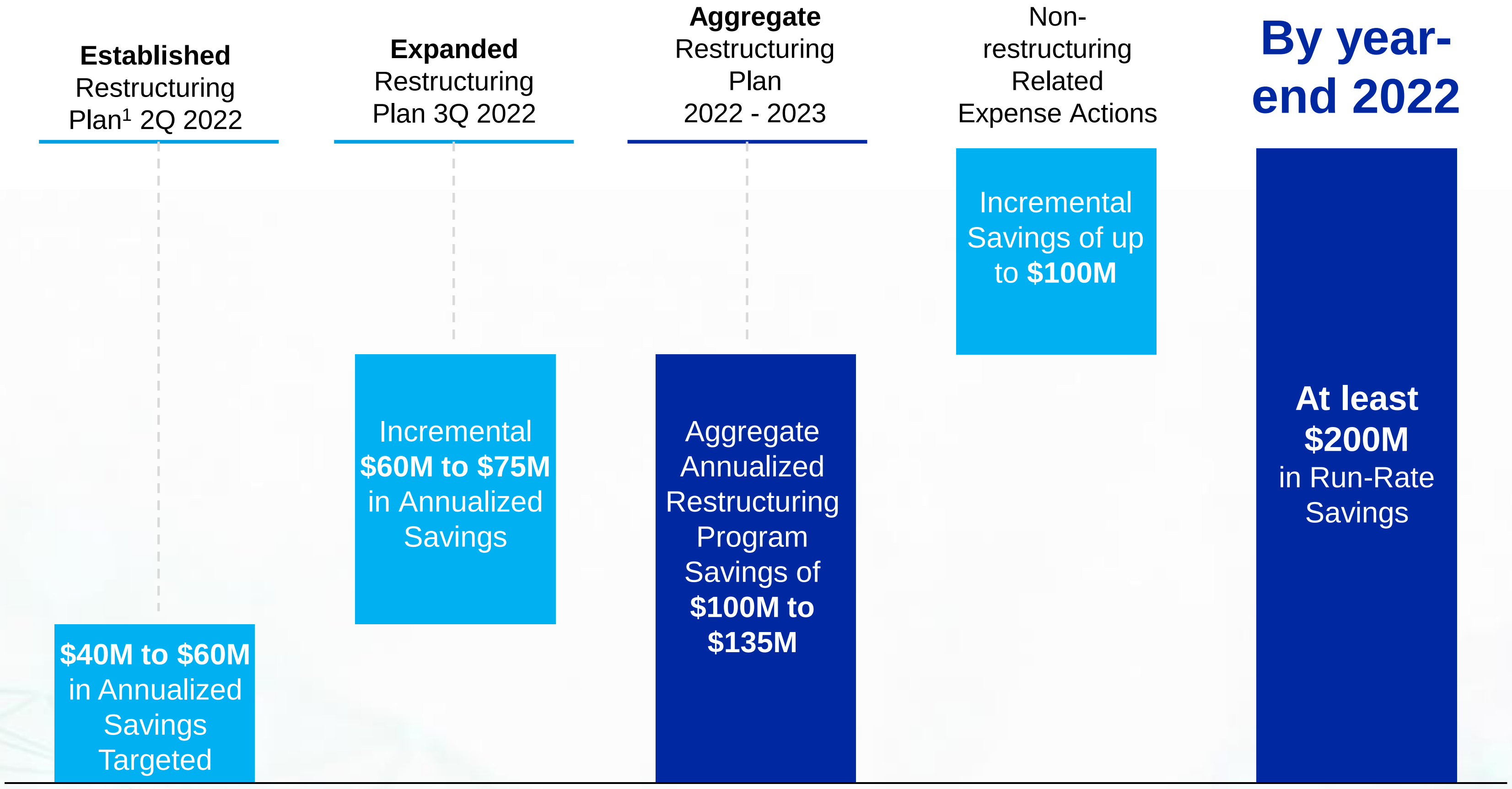
AI Breakthrough Award 2022
BEST AI-BASED SOLUTION FOR FRAUD PREVENTION

Data Management Insight Awards 2021 From A-Team Group
BEST ENTITY DATA SOLUTION

RegTech Insight Awards 2021 USA From A-Team Group
BEST VENDOR SOLUTION FOR SANCTIONS & PEPS

1. KYC & Compliance revenue growth for the trailing twelve months ended September 30, 2022.
2. Refer to the Glossary in the Appendix for the definition of and further information on the RiskTech Quadrant®.

MCO: Taking Decisive Actions to Reduce Cost Base by at Least $200M



Swift management action in response to evolving operating conditions

» **2Q 2022:** Weak issuance markets; outlook for 2H 2022 stabilization
  – **Mgmt. Action:** Established Restructuring Plan to rationalize our real estate footprint and accelerate in-flight geolocation initiatives

» **3Q 2022:** Significant deterioration of issuance markets and weaker outlook; implementation of 'Workplace of the Future' recommendations
  – **Mgmt. Action:** Expanded and accelerated Restructuring Plan to further streamline real estate footprint together with a larger workforce reduction
  – Additional cost actions identified to ensure ongoing financial flexibility

1. 2022 – 2023 Geolocation Restructuring Program initially announced during 2Q 2022 Earnings Call.

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Unlock opportunity.

Questions and Answers

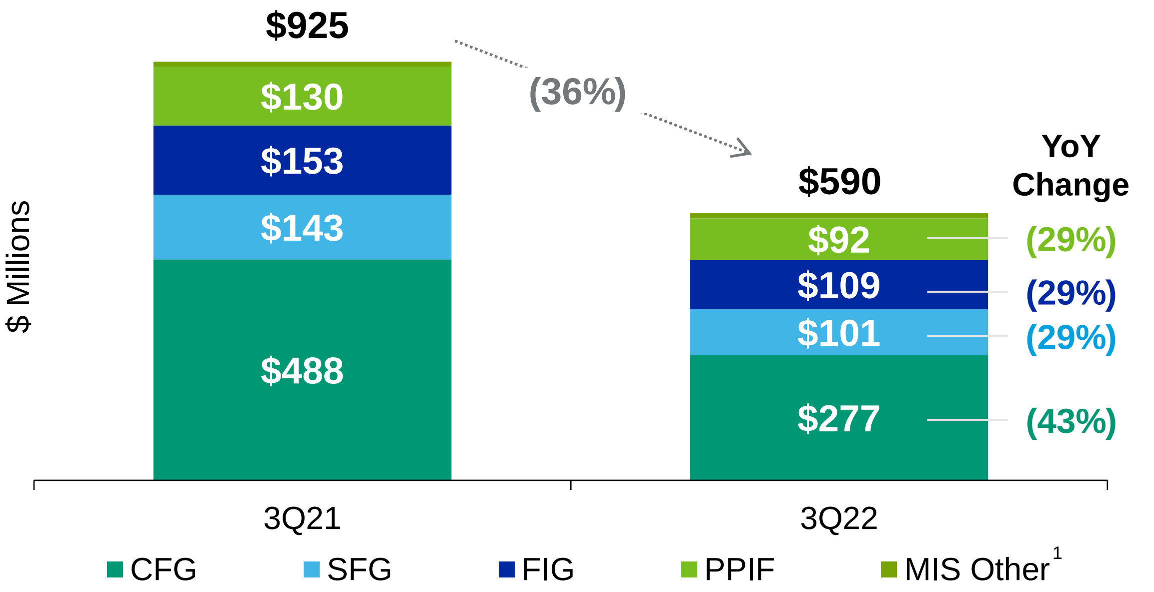
Rob Fauber
President and Chief Executive Officer

Mark Kaye
Chief Financial Officer

Supplemental Information

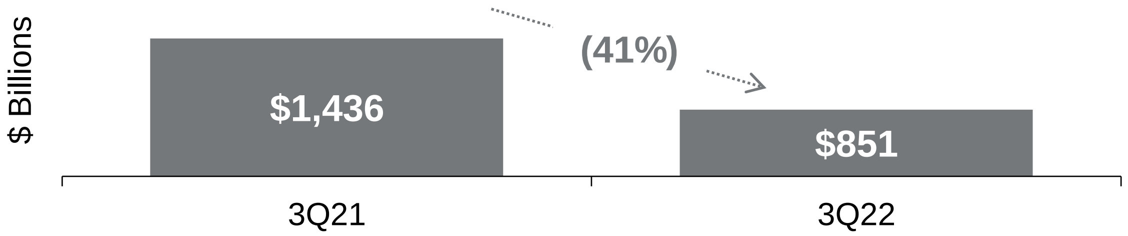
MIS: Muted Issuance Across All Sectors Adversely Impacted 3Q 2022 Transaction Revenue

MIS Revenue

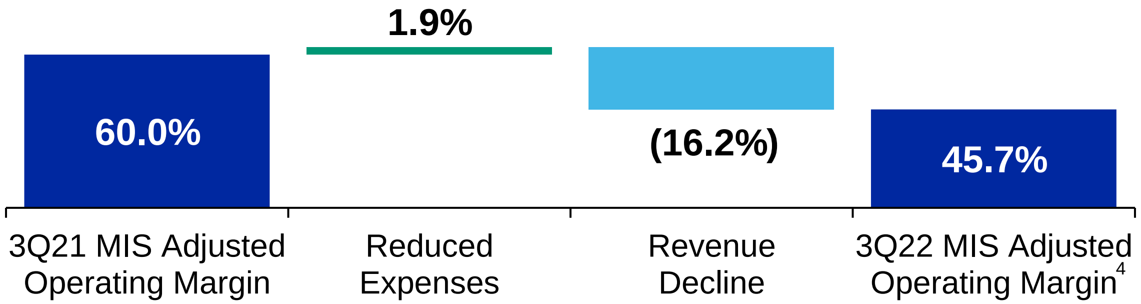


- Revenue declined from the prior year's record third quarter
- Activity remained weak across all sectors, with leveraged finance issuance especially impacted
- Decreased activity, coupled with an unfavorable issuer mix, resulted in a 53% decline in transaction revenue

Issuance[2]



MIS Adjusted Operating Margin[3]

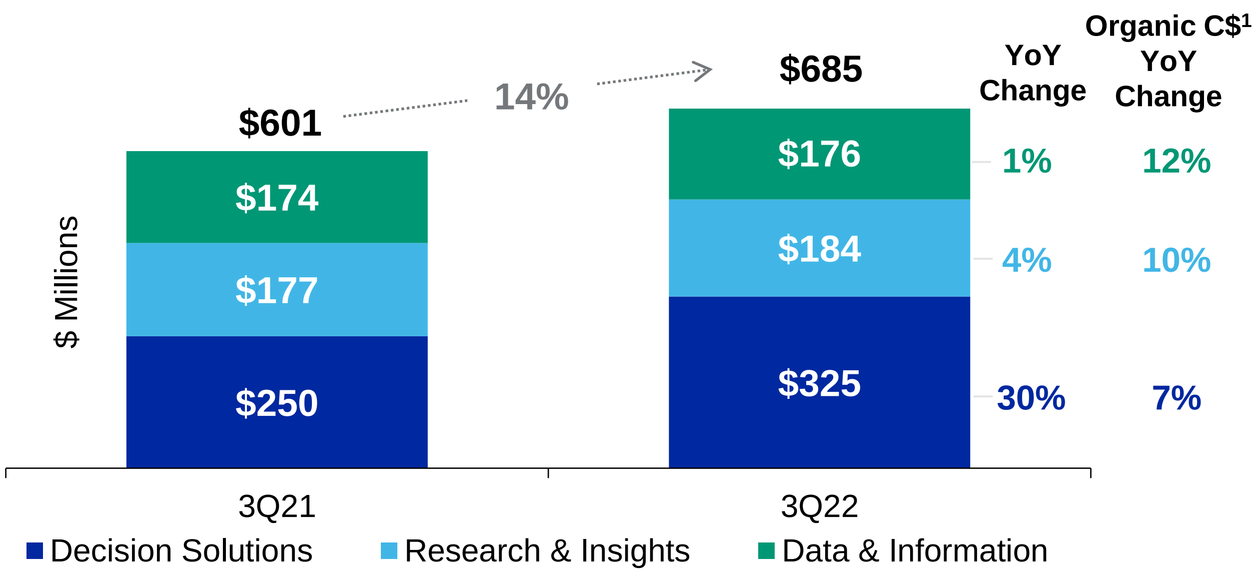


- The decline in transaction revenue negatively impacted MIS's Adjusted Operating Margin, partially offset by lower incentive compensation accruals and prudent cost management

1. MIS Other revenue was approximately $11 million in both quarters ended September 30, 2021, and September 30, 2022.
2. MIS-rated issuance, excludes sovereign debt issuance. Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.
3. Refer to the Appendix for reconciliations between all adjusted measures mentioned throughout this presentation and U.S. GAAP.
4. Foreign currency exchange had a negligible impact on MIS Adjusted Operating Margin.

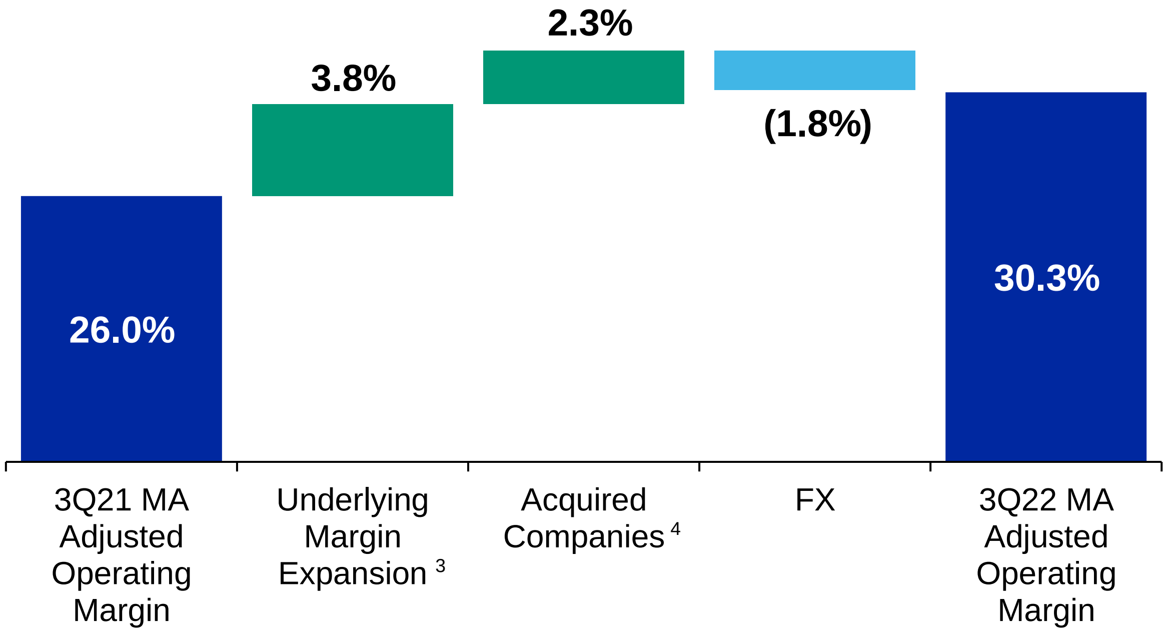
MA: Delivering Robust Growth Through Mission-Critical Products

MA Revenue



- **DS:** Organic C$[1] revenue growth of 7%, with ARR[2] growth of 10% on continued demand for KYC & Compliance products
- **R&I**: Demand for credit scoring and economic models drove organic C$[1] revenue growth of 10%
- **D&I:** Organic C$[1] revenue growth of 12% driven by strong sales of private company data and credit rating feeds

MA Adjusted Operating Margin[1]



- Organic C$[1] MA recurring revenue growth of 10% and disciplined expense management drove 380 bps of underlying margin expansion
- The margin benefit from acquired companies[3] was partially offset by FX, resulting in a net expansion of 50 bps

1. Foreign currency exchange negatively impacted Decision Solutions, Research & Insights and Data & Information by 5%, 6% and 11%, respectively. Refer to the Appendix for the definition of organic constant currency (organic C$) revenue and constant currency (C$) revenue, as well as reconciliations between all organic constant currency (organic C$), constant currency (C$) and adjusted measures mentioned throughout this presentation and U.S. GAAP.
2. ARR for the quarter ending September 30, 2022. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.
3. Underlying expansion excluded the impact of recent acquisitions completed within the last twelve months.
4. Acquired companies include acquisitions completed within the last twelve months inclusive of any deal-related expenses.

MCO: Updated Full Year Guidance

Full Year 2022 Financial Outlook as of October 25, 2022[1]

Revenue	Decline in the low-double-digit percent range
Expenses	Increase in the mid-single-digit percent range
Adjusted Operating Margin[2]	Approximately 42%
Interest Expense, Net	\$220 - \$240 million
Effective Tax Rate	20.5% - 22.5%
Diluted EPS	\$6.90 - \$7.20
Adjusted Diluted EPS[2]	\$8.20 - \$8.50
Free Cash Flow[2]	Approximately \$1.2 billion
Share Repurchases[3]	Approximately \$1.0 billion

1. Guidance as of October 25, 2022. Refer to Table 11 – "2022 Outlook" in the press release titled "Moody's Corporation Reports Results for Third Quarter 2022" from October 25, 2022, for a complete list of guidance, reconciliations between adjusted and organic measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.
2. Adjusted Operating Margin, Adjusted Diluted EPS and Free Cash Flow are non-GAAP measures. Refer to the Appendix for reconciliations between all adjusted measures mentioned throughout this presentation and U.S. GAAP.
3. Subject to available cash, market conditions, M&A opportunities and other ongoing capital allocation decisions.

MIS: Adverse Macroeconomic Conditions Factored into Updated 2022 Outlook

Macroeconomic Assumptions[1]

GDP Growth[2]

1.0% - 2.0% United States
1.5% - 2.5% Euro area
2.0% - 3.0% Global

Credit Spreads

Benchmark rates to rise; U.S. high yield spreads to fluctuate between 500 - 600 bps, on average, with periodic volatility for the remainder of the year

Inflation & Unemployment

Global inflation levels to remain elevated (U.S.: 7.0% - 8.0%; Euro area: 8.0% - 10.0%); U.S. unemployment rate to rise to ~3.7% by year-end

Default Rates

Global high yield default rate to rise to 2.5% - 3.5% by year-end

FX Rates

$1.12 and $0.98 for the remainder of the year for USD/GBP and USD/EUR FX rates, respectively

TAILWINDS

- Continued, though slowing, global GDP growth
- ~$4T of refinancing needs between 2023 and 2026
- Investor demand remains for higher-rated credits, despite expected interest rate increases
- Strong credit performance and low default rates

HEADWINDS

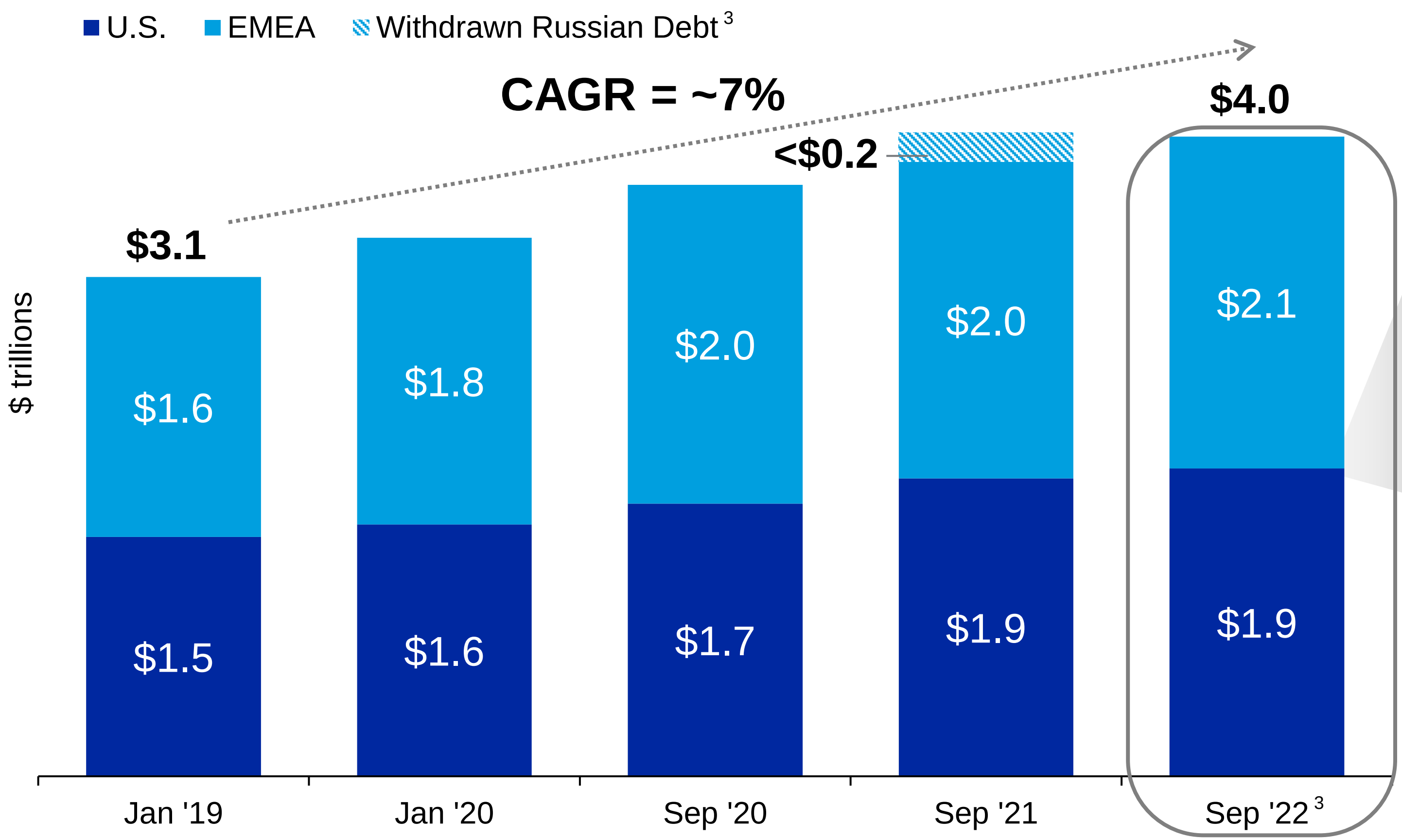
- Recessionary concerns influencing consumer and business behavior
- Expectation for USD to maintain its strength throughout 2022
- Global inflation at a 40-year high; hawkish Central Bank policies leading to interest rate increases
- Russia-Ukraine crisis impacting commodity prices, supply chains and market sentiment
- High cash levels on corporate balance sheets

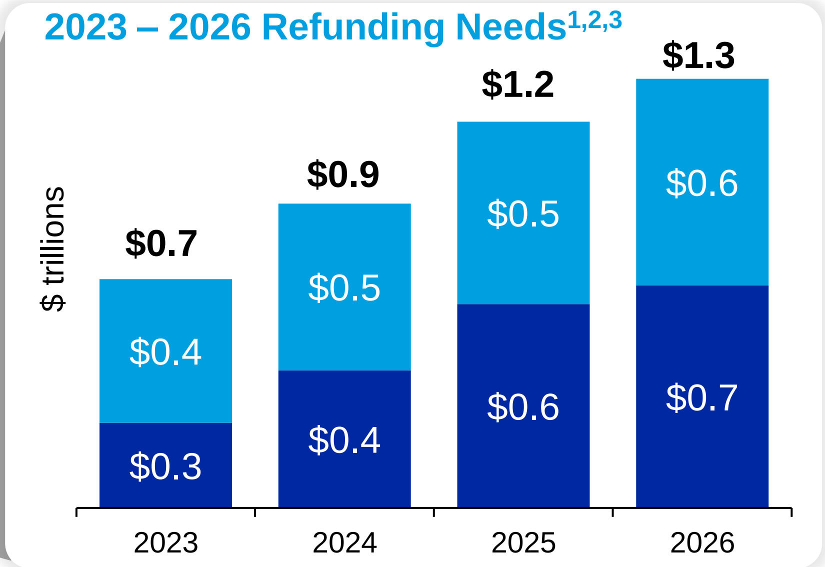
Sources: Default rate and unemployment assumptions sourced from Moody's Investors Service "September 2022 Default Report", published October 19, 2022. High yield spreads, GDP and inflation assumptions as of October 25, 2022, from Moody's Investors Service.

1. Guidance as of October 25, 2022. Refer to Table 11 – "2022 Outlook" in the press release titled "Moody's Corporation Reports Results for Third Quarter 2022" from October 25, 2022, for a complete list of guidance, reconciliations between adjusted and organic measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.
2. GDP Growth represents real GDP.

MIS: Non-financial Corporates Have Significant Refunding Needs

Four-year Refinancing Walls[1,2,3] for U.S. and EMEA issuers



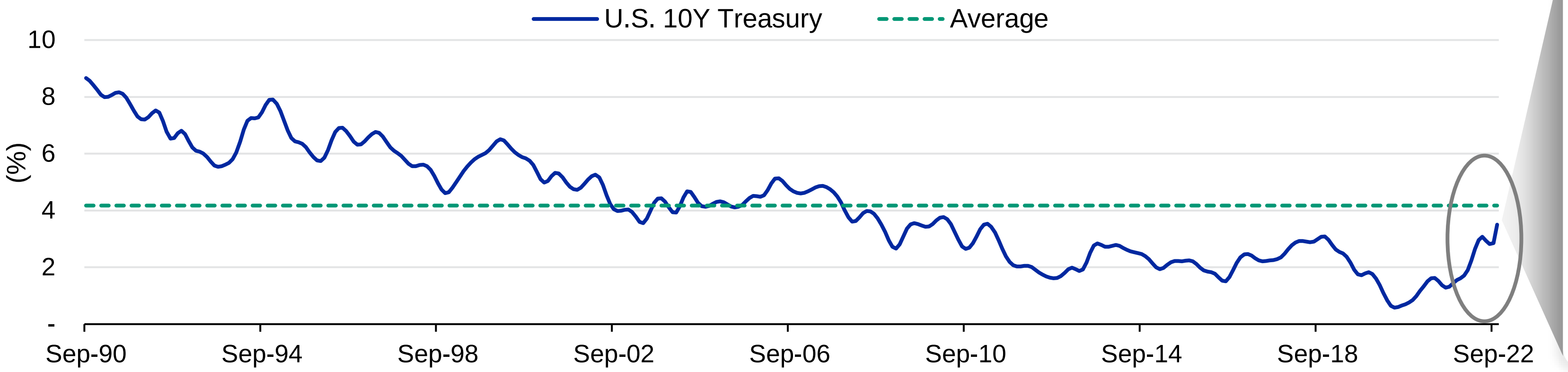


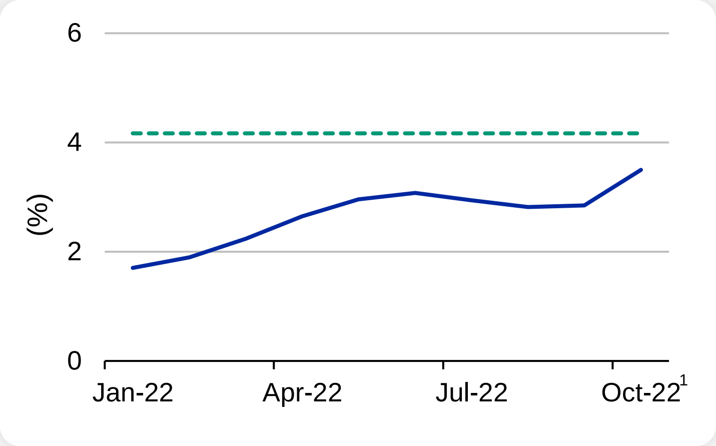
- » Refinancing needs remain approximately flat, totaling ~$4T over the next four years
- » U.S. refunding needs remain slightly weighted towards leveraged finance issuers
- » EMEA refunding needs continue to be driven by investment grade issuers

1. Amounts reflect total MIS-rated U.S. non-financial corporate bond and loan maturities, in addition to EMEA non-financial corporate and infrastructure bond and loan maturities as defined in Moody's Investors Service's refunding needs reports (2012 – 2022). Each bar represents four-year refunding needs.
2. Numbers may not sum to total due to rounding.
3. In March 2022, Moody's withdrew the ratings of Russian companies, reducing total EMEA debt.

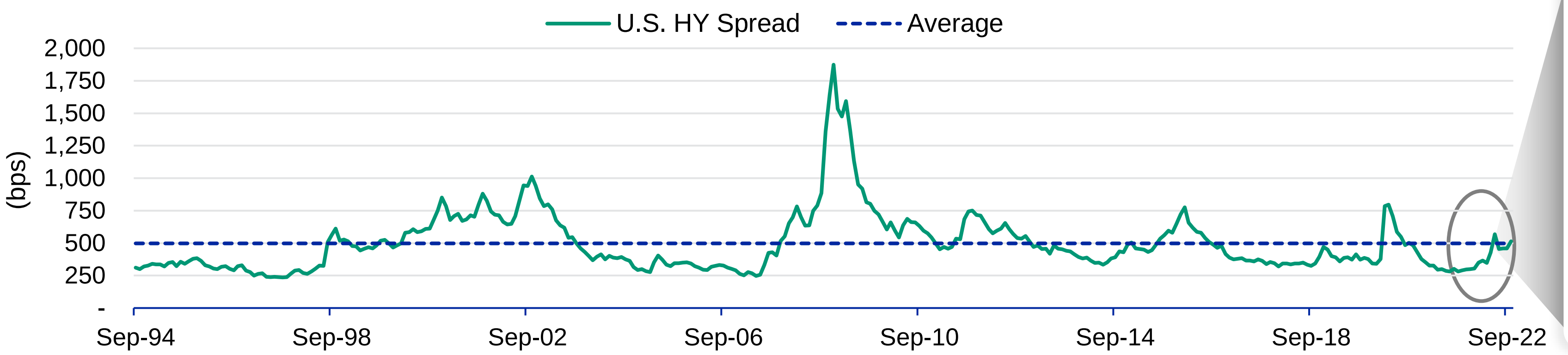
MIS: While Rates Remain Below Historical Average, Spread Volatility Has Hindered Debt Issuance

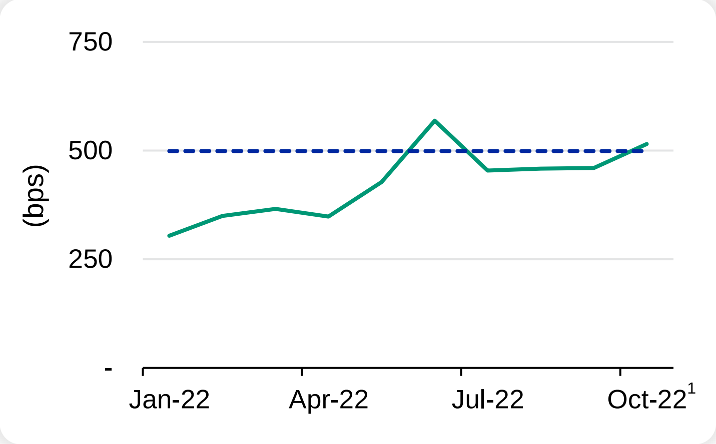
U.S. 10-year Treasury Yields (%)





U.S. High Yield Spreads[2] (bps)



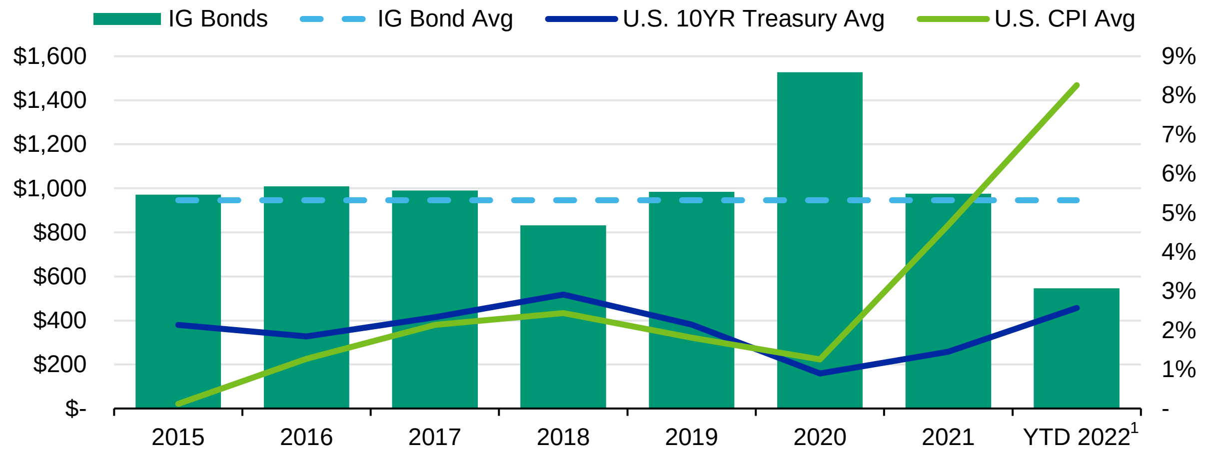


Sources: Bloomberg, Moody's Analytics and U.S. Board of Governors of the Federal Reserve System (FRB).

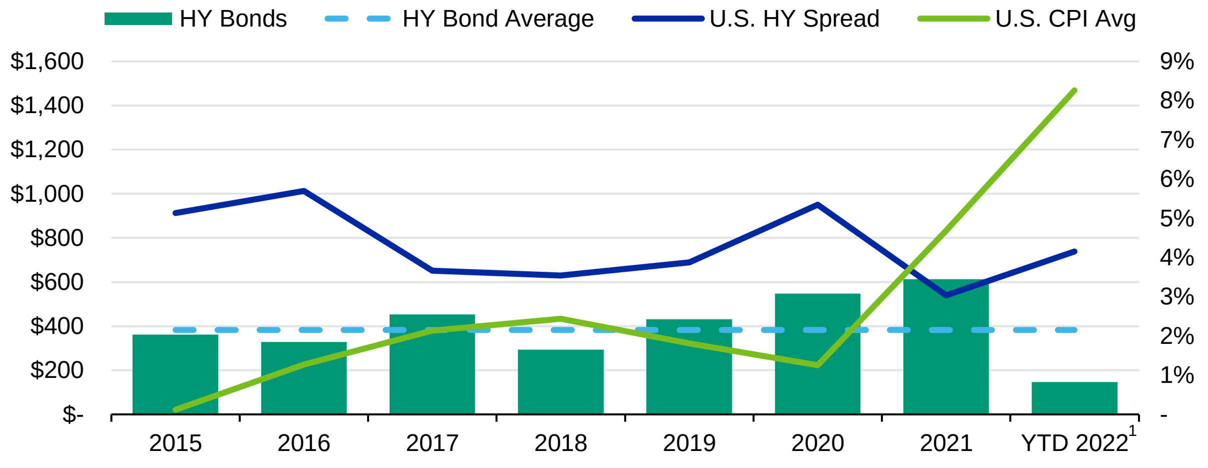
1. As of October 15, 2022.
2. U.S. high yield spreads data available starting 1994.

MIS: Favorable Market Conditions in 2020/2021 Led to Outsized Opportunistic Issuance

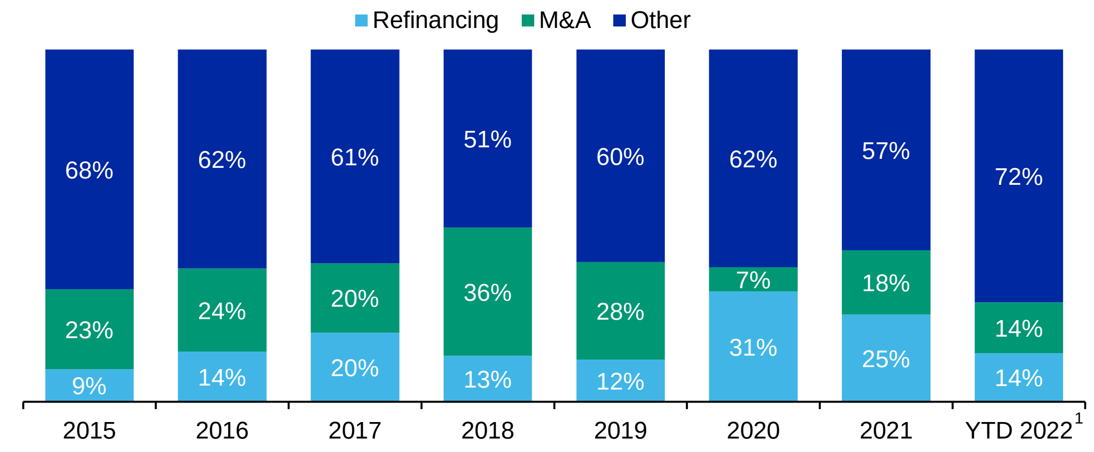
MIS-Rated Investment Grade (IG) Bond Issuance



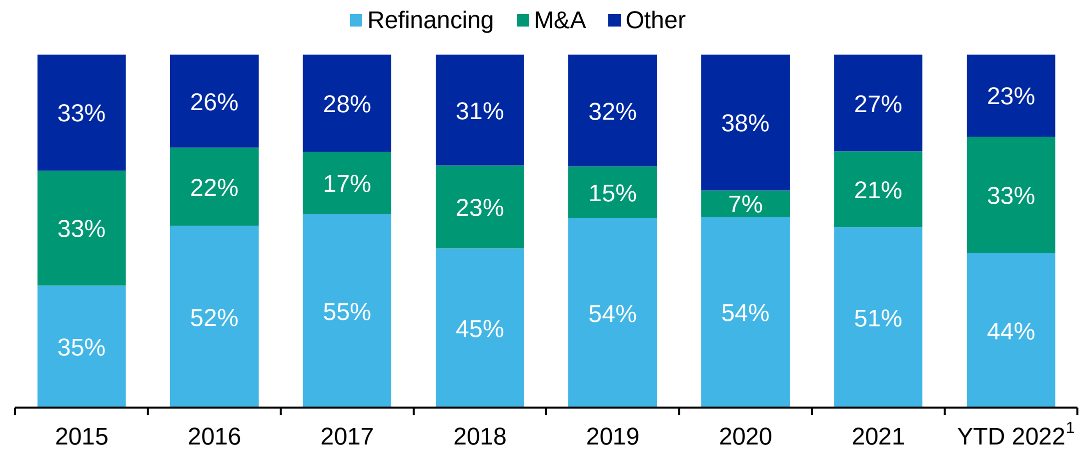
MIS-Rated High Yield (HY) Bond Issuance



IG Bonds Use of Proceeds



HY Bonds Use of Proceeds

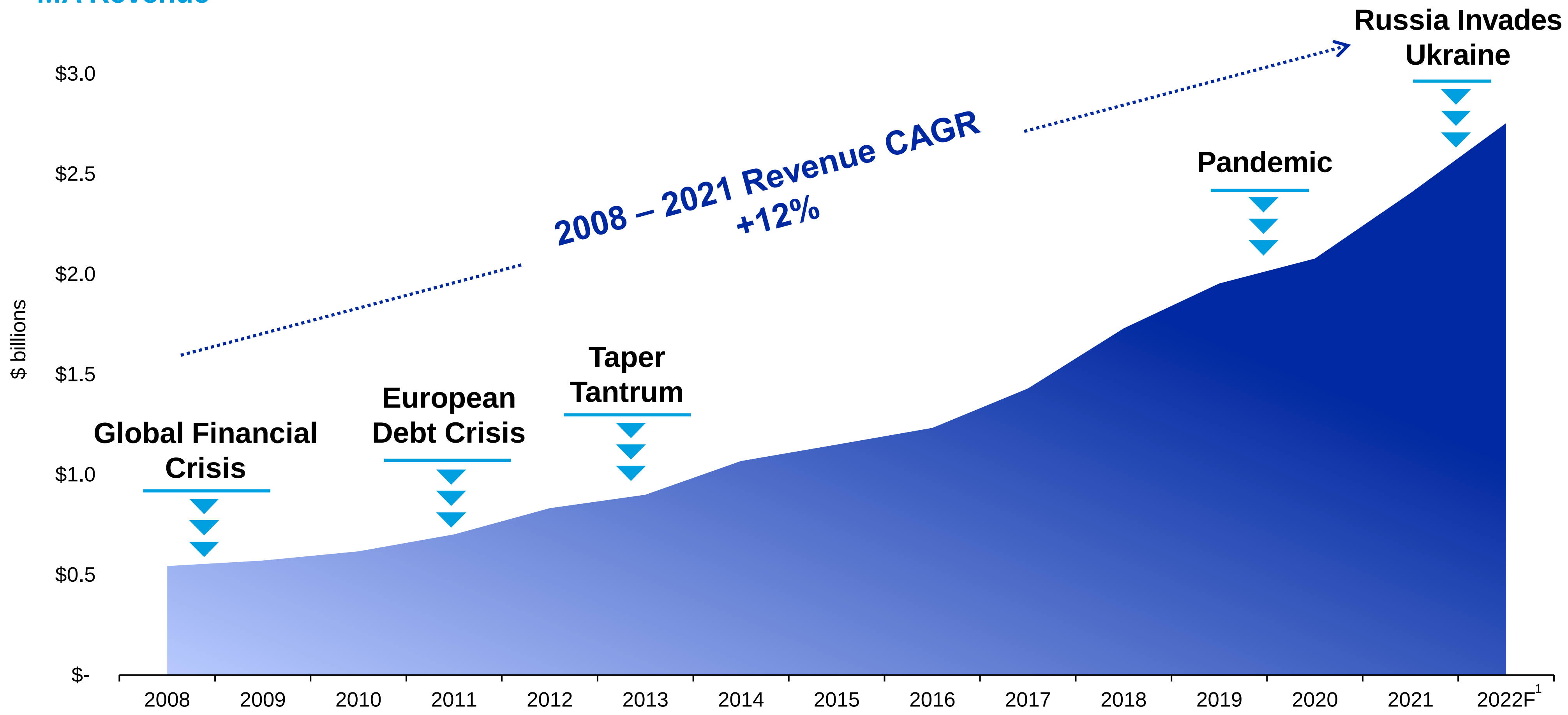


Sources: Moody's Investors Service, Moody's Analytics and Dealogic.

1. Year-to-date as of September 30, 2022.

MA: Resilient Business Produces Consistent Revenue Growth Through Macroeconomic Cycles

MA Revenue



59
quarters of consecutive revenue growth

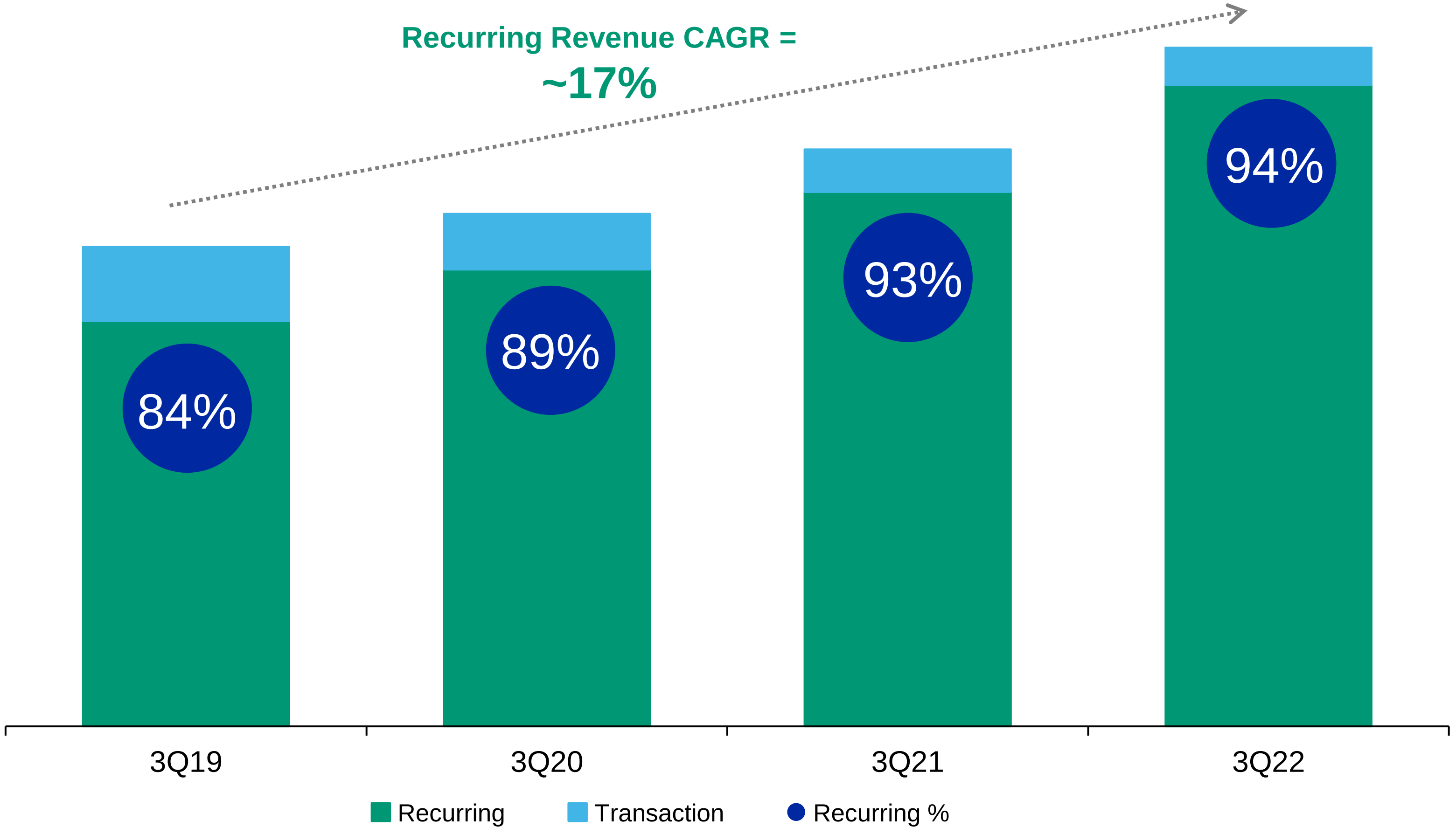
94%
recurring revenue[2]

94%
retention rate[2,3]

1. Guidance as of October 25, 2022. Refer to Table 11 – “2022 Outlook” in the press release titled “Moody's Corporation Reports Results for Third Quarter 2022” from October 26, 2022, for a complete list of guidance, reconciliations between adjusted measures and U.S. GAAP and assumptions used by the Company with respect to its guidance.
2. Trailing twelve months as of September 30, 2022.
3. Retention rate excludes acquisitions of ZM Financial, Catylist, Cortera, RMS, RealXData, Bogard and kompany.

MA: $2.7 Billion ARR Demonstrates Customer Value Proposition

TTM Recurring and Transaction Revenue[1]



ARR Growth[2] by Line of Business

9%	Total MA
10%	Decision Solutions
8%	Research & Insights
9%	Data & Information

1. Trailing twelve months as of September 30, 2022.
2. ARR growth for the quarter ending September 30, 2022. Refer to the Appendix for the definition of and further information on ARR. ARR growth excludes the impact of foreign currency translation.

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Dial In Replay Available from October 25, 2022 until November 24, 2022

Moody’s Attendance at Upcoming Conferences

NOV 16

RBC Global Technology, Internet, Media & Telecommunications Conference

» Tameka Alsop, Chief Administrative Officer

NOV 17

J.P. Morgan Ultimate Services Investor Conference

» Rob Fauber, Chief Executive Officer

NOV 30

Redburn CEO Conference

» Mark Kaye, Chief Financial Officer

DEC 1

Credit Suisse Technology Conference

» Tameka Alsop, Chief Administrative Officer

DEC 6

Goldman Sachs Financial Services Conference

» Steve Tulenko, MA President

DEC 7

BMO Growth/ESG Conference

» Nick Reed, MA Chief Product Officer

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Investor Relations
ir.moodys.com
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Appendix

Glossary of Terms and Abbreviations

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

Glossary of Terms and Abbreviations (contd.)

TERM	DEFINITION
RiskTech Quadrant®	The RiskTech Quadrant® is a trademark of Infopro Digital Services Limited (‘Infopro Digital’) and is used herein with permission. All rights reserved. This graphic was published by Infopro Digital as part of a larger research document (KYC/AML Data Solutions, 2022: Market Update and Vendor Landscape, published in August 2022) and should be evaluated in the context of the entire document. Infopro Digital does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings of other designation. Infopro Digital’s publications consist of the opinions of its research analysts and should not be construed as statements of fact. Infopro Digital disclaims all warranties, expressed or implied, with respect to this research, including any warranties of suitability or fitness for a particular purpose.
SFG	Structured finance group; an LOB within MIS
T&E	Travel & entertainment
YoY	Year-over-year
YTD	Year-to-date

Annualized Recurring Revenue (ARR)

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

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

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

Amounts in millions	September 30, 2022	September 30, 2021	Change	Growth
ARR				
Decision Solutions	$ 1,177	$ 1,071	$ 106	10%
Research and Insights	740	688	52	8%
Data and Information	745	683	62	9%
Total MA ARR	**$ 2,662**	**$ 2,442**	**$ 220**	**9%**

Financial Information by Segment

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

	Three Months Ended September 30,							
	2022				2021			
Amounts in millions	MIS	MA	Eliminations	Consolidated	MIS	MA	Eliminations	Consolidated
Total external revenue	$ 590	$ 685	$ —	$ 1,275	$ 925	$ 601	$ —	$ 1,526
Intersegment revenue	43	2	(45)	—	42	2	(44)	—
Total revenue	**633**	**687**	**(45)**	**1,275**	**967**	**603**	**(44)**	**1,526**
Operating, SG&A	344	479	(45)	778	387	446	(44)	789
Adjusted Operating Income	**$ 289**	**$ 208**	**$ —**	**$ 497**	**$ 580**	**$ 157**	**$ —**	**$ 737**
Adjusted Operating Margin	*45.7 %*	*30.3 %*		*39.0 %*	*60.0 %*	*26.0 %*		*48.3 %*
Depreciation and amortization	21	62	—	83	17	44	—	61
Restructuring	—	1	—	1	—	—	—	—
Operating income				**$ 413**				**$ 676**
Operating margin				*32.4 %*				*44.3 %*

Financial Information by Segment (Continued)

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

	Nine Months Ended September 30,							
	2022				2021			
Amounts in millions	MIS	MA	Eliminations	Consolidated	MIS	MA	Eliminations	Consolidated
Total external revenue	$2,123	$2,055	$ —	$ 4,178	$2,941	$1,738	$ —	$ 4,679
Intersegment revenue	129	5	(134)	—	124	6	(130)	—
Total revenue	**2,252**	**2,060**	**(134)**	**4,178**	**3,065**	**1,744**	**(130)**	**4,679**
Operating, SG&A	1,038	1,423	(134)	2,327	1,079	1,218	(130)	2,167
Adjusted Operating Income	**$1,214**	**$ 637**	**$ —**	**$ 1,851**	**$1,986**	**$ 526**	**$ —**	**$ 2,512**
Adjusted Operating Margin	*53.9 %*	*30.9 %*		*44.3 %*	*64.8 %*	*30.2 %*		*53.7 %*
Depreciation and amortization	60	182	—	242	53	127	—	180
Restructuring	15	17	—	32	—	2	—	2
Operating income				**$ 1,577**				**$ 2,330**
Operating margin				*37.7 %*				*49.8 %*

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

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

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

	Three Months Ended September 30,			
Amounts in millions	2022	2021	Change	Growth
MCO revenue	**$ 1,275**	**$ 1,526**	**$ (251)**	**(16)%**
FX impact	67	—	67	
Inorganic revenue from acquisitions	(70)	—	(70)	
Organic constant currency MCO revenue	**$ 1,272**	**$ 1,526**	**$ (254)**	**(17)%**
MA revenue	**$ 685**	**$ 601**	**$ 84**	**14%**
FX impact	41	—	41	
Inorganic revenue from acquisitions	(70)	—	(70)	
Organic constant currency MA revenue	**$ 656**	**$ 601**	**$ 55**	**9%**
Decision Solutions revenue	**$ 325**	**$ 250**	**$ 75**	**30%**
FX impact	12	—	12	
Inorganic revenue from acquisitions	(70)	—	(70)	
Organic constant currency Decision Solutions revenue	**$ 267**	**$ 250**	**$ 17**	**7%**
Research and Insights revenue	**$ 184**	**$ 177**	**$ 7**	**4%**
FX impact	10	—	10	
Constant currency Research and Insights revenue	**$ 194**	**$ 177**	**$ 17**	**10%**
Data and Information revenue	**$ 176**	**$ 174**	**$ 2**	**1%**
FX impact	19	—	19	
Inorganic revenue from acquisitions	—	—	—	
Organic constant currency Data and Information revenue	**$ 195**	**$ 174**	**$ 21**	**12%**
MA recurring revenue	**$ 647**	**$ 564**	**$ 83**	**15%**
FX impact	40	—	40	
Inorganic recurring revenue from acquisitions	(67)	—	(67)	
Organic constant currency MA recurring revenue	**$ 620**	**$ 564**	**$ 56**	**10%**

Adjusted Operating Income and Adjusted Operating Margin

The Company presents Adjusted Operating Income and Adjusted Operating Margin because management deems these metrics to be useful measures to provide additional perspective on Moody's operating performance. Adjusted Operating Income excludes the impact of: i) depreciation and amortization; and ii) restructuring. 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 items may vary widely across periods and companies.

Management believes that the exclusion of the aforementioned items, as detailed in the reconciliation below, allows for an additional perspective on the Company's operating results from period to period and across companies. The Company defines Adjusted Operating Margin as Adjusted Operating Income divided by revenue.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Amounts in millions	2022	2021	2022	2021
Operating income	**$ 413**	**$ 676**	**$ 1,577**	**$ 2,330**
Depreciation and amortization	83	61	242	180
Restructuring	1	—	32	2
Adjusted Operating Income	**$ 497**	**$ 737**	**$ 1,851**	**$ 2,512**
Operating margin	**32.4 %**	**44.3 %**	**37.7 %**	**49.8 %**
Adjusted Operating Margin	**39.0 %**	**48.3 %**	**44.3 %**	**53.7 %**

Free Cash Flow

The table below reflects a reconciliation of the Company's net cash flow 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.

	Nine Months Ended September 30,	
Amounts in millions	2022	2021
Net cash provided by operating activities	$ 1,097	$ 1,706
Capital additions	(204)	(77)
Free Cash Flow	$ 893	$ 1,629
Net cash used in investing activities	$ (172)	$ (2,161)
Net cash (used in) provided by financing activities	$ (957)	$ 135

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

The Company presents Adjusted Net Income and Adjusted Diluted EPS because management deems these metrics to be useful measures to provide additional perspective on Moody's operating performance. Adjusted Net Income and Adjusted Diluted EPS exclude the impact of: i) amortization of acquired intangible assets; ii) restructuring charges; and iii) FX translation losses reclassified to earnings resulting from the Company no longer conducting commercial operations in Russia.

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 and FX translation losses resulting from the Company no longer conducting commercial operations in Russia are excluded as the frequency and magnitude of these items may vary widely across periods and companies.

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

Amounts in millions	Three Months Ended September 30, 2022		Three Months Ended September 30, 2021		Nine Months Ended September 30, 2022		Nine Months Ended September 30, 2021	
Net income attributable to Moody's common shareholders		**$ 303**		**$ 474**		**$ 1,128**		**$ 1,787**
Pre-tax Acquisition-Related Intangible Amortization Expenses	$ 48		$ 37		$ 150		$ 108	
Tax on Acquisition-Related Intangible Amortization Expenses	(11)		(8)		(35)		(24)	
Net Acquisition-Related Intangible Amortization Expenses		**37**		**29**		**115**		**84**
Pre-tax restructuring	$ 1		$ —		$ 32		$ 2	
Tax on restructuring	(1)		—		(8)		—	
Net restructuring		**—**		**—**		**24**		**2**
FX losses resulting from the Company no longer conducting commercial operations in Russia		**—**		**—**		**20**		**—**
Adjusted Net Income		**$ 340**		**$ 503**		**$ 1,287**		**$ 1,873**

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

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

The Company presents Adjusted Net Income and Adjusted Diluted EPS because management deems these metrics to be useful measures to provide additional perspective on Moody's operating performance. Adjusted Net Income and Adjusted Diluted EPS exclude the impact of: i) amortization of acquired intangible assets; ii) restructuring charges; and iii) FX translation losses reclassified to earnings resulting from the Company no longer conducting commercial operations in Russia.

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 and FX translation losses resulting from the Company no longer conducting commercial operations in Russia are excluded as the frequency and magnitude of these items may vary widely across periods and companies.

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
Amounts in millions	2022		2021		2022		2021	
Diluted earnings per share attributable to Moody's common shareholders		**$ 1.65**		**$ 2.53**		**$ 6.10**		**$ 9.51**
Pre-tax Acquisition-Related Intangible Amortization Expenses	$ 0.26		$ 0.20		$ 0.81		$ 0.57	
Tax on Acquisition-Related Intangible Amortization Expenses	(0.06)		(0.04)		(0.19)		(0.13)	
Net Acquisition-Related Intangible Amortization Expenses		**0.20**		**0.16**		**0.62**		**0.44**
Pre-tax restructuring	$ 0.01		$ —		$ 0.17		$ 0.01	
Tax on restructuring	(0.01)		—		(0.04)		—	
Net restructuring		**—**		**—**		**0.13**		**0.01**
FX losses resulting from the Company no longer conducting commercial operations in Russia		**—**		**—**		**0.11**		**—**
Adjusted Diluted EPS		**$ 1.85**		**$ 2.69**		**$ 6.96**		**$ 9.96**

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