UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark one)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2023

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission file number 1-14037

Moody's Corporation
(Exact name of registrant as specified in its charter)

Delaware	**13-3998945**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**

7 World Trade Center at 250 Greenwich Street, New York, New York 10007
(Address of Principal Executive Offices)
(Zip Code)

Registrant's telephone number, including area code:
(212) 553-0300

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	MCO	New York Stock Exchange
1.75% Senior Notes Due 2027	MCO 27	New York Stock Exchange
0.950% Senior Notes Due 2030	MCO 30	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months, or for such shorter period that the registrant was required to submit such files. Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Shares Outstanding at March 31, 2023
183.5 million

MOODY'S CORPORATION
INDEX TO FORM 10-Q

GLOSSARY OF TERMS AND ABBREVIATIONS

The following terms, abbreviations and acronyms are used to identify frequently used terms in this report:

TERM	DEFINITION
Acquisition-Related Intangible Amortization Expense	Amortization of definite-lived intangible assets acquired by the Company from all business combination transactions
Adjusted Diluted EPS	Diluted EPS excluding the impact of certain items as detailed in the section entitled “Non-GAAP Financial Measures”
Adjusted Net Income	Net Income excluding the impact of certain items as detailed in the section entitled “Non-GAAP Financial Measures”
Adjusted Operating Income	Operating income excluding the impact of certain items as detailed in the section entitled “Non-GAAP Financial Measures”
Adjusted Operating Margin	Adjusted Operating Income divided by revenue
Americas	Represents countries within North and South America, excluding the U.S.
AOCI(L)	Accumulated other comprehensive income/loss; a separate component of shareholders’ equity
ARR	Annualized Recurring Revenue; a supplemental performance metric to provide additional insight on the estimated value of MA's recurring revenue contracts at a given point in time, excluding the impact of FX and contracts related to acquisitions
ASC	The FASB Accounting Standards Codification; the sole source of authoritative GAAP as of July 1, 2009 except for rules and interpretive releases of the SEC, which are also sources of authoritative GAAP for SEC registrants
Asia-Pacific	Represents Australia and countries in Asia including but not limited to: China, India, Indonesia, Japan, Republic of South Korea, Malaysia, Singapore, Sri Lanka and Thailand
ASR	Accelerated Share Repurchase
ASU	The FASB Accounting Standards Update to the ASC. Provides background information for accounting guidance and the bases for conclusions on the changes in the ASC. ASUs are not considered authoritative until codified into the ASC
BitSight	A provider that helps global market participants understand cyber risk through ratings, analytics, and performance management tools
Board	The board of directors of the Company
BPS	Basis points
CCXI	China Cheng Xin International Credit Rating Co. Ltd.; China’s first and largest domestic credit rating agency approved by the People’s Bank of China; currently Moody’s owns 30% of CCXI
CDP	Carbon Disclosure Project; an international nonprofit organization that helps companies, cities, states and regions manage their environmental impact through a global disclosure system
CFG	Corporate finance group; an LOB of MIS
CMBS	Commercial mortgage-backed securities; an asset class within SFG
COLI	Corporate-Owned Life Insurance
Common Stock	The Company’s common stock
Company	Moody’s Corporation and its subsidiaries; MCO; Moody’s
COVID-19	An outbreak of a novel strain of coronavirus resulting in an international public health crisis and a global pandemic
CP	Commercial Paper
CP Program	A program entered into on August 3, 2016 allowing the Company to privately place CP up to a maximum of $1 billion for which the maturity may not exceed 397 days from the date of issue, and which is backstopped by the 2021 Facility
Data and Information (D&I)	LOB within MA which provides vast data sets on companies and securities via data feeds and data applications products
Decision Solutions (DS)	LOB within MA that 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
EMEA	Represents countries within Europe, the Middle East and Africa
EPS	Earnings per share
ESG	Environmental, Social, and Governance

TERM	DEFINITION
ESTR	Euro Short-Term Rate
ETR	Effective tax rate
EU	European Union
EURIBOR	The Euro Interbank Offered Rate
Excess Tax Benefits	The difference between the tax benefit realized at exercise of an option or delivery of a restricted share and the tax benefit recorded at the time the option or restricted share is expensed under GAAP
Exchange Act	The Securities Exchange Act of 1934, as amended
External Revenue	Revenue excluding any intersegment amounts
FASB	Financial Accounting Standards Board
FIG	Financial institutions group; an LOB of MIS
Free Cash Flow	Net cash provided by operating activities less cash paid for capital additions
FX	Foreign exchange
GAAP	U.S. Generally Accepted Accounting Principles
GBP	British pounds
GDP	Gross domestic product
GRI	Global Reporting Initiative; an international independent standards organization that helps organizations understand and disclose their impact on climate change, human rights and corruption
ICRA	ICRA Limited; a provider of credit ratings and research in India
ISSB	International Sustainability Standards Board
kompany	360kompany AG (kompany); a Vienna, Austria-based platform for business verification and Know Your Customer (KYC) technology solutions, acquired by the Company in February 2022
KYC	Know-your-customer
LIBOR	London Interbank Offered Rate
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
MAKS	Moody's Analytics Knowledge Services; formerly known as Copal Amba; provided offshore research and analytic services to the global financial and corporate sectors; business was divested in the fourth quarter of 2019 and was formerly a reporting unit within the MA reportable segment
MCO	Moody's Corporation and its subsidiaries; the Company; Moody's
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
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 financial instruments pricing services in the Asia-Pacific region, ICRA non-ratings revenue, and revenue from professional services. These businesses are components of MIS; MIS Other is an LOB of MIS
Moody's	Moody's Corporation and its subsidiaries; MCO; the Company
MSS	Moody's Shared Services; primarily consists of information technology and support staff such as finance, human resources and legal that support both MA and MIS
Net Income	Net income attributable to Moody's Corporation, which excludes net income from consolidated noncontrolling interests belonging to the minority interest holder
NM	Percentage change is not meaningful
Non-GAAP	A financial measure not in accordance with GAAP; these measures, when read in conjunction with the Company's reported results, can provide useful supplemental information for investors analyzing period-to-period comparisons of the Company's performance, facilitate comparisons to competitors' operating results and to provide greater transparency to investors of supplemental information used by management in its financial and operational decision making

TERM	DEFINITION
NRSRO	Nationally Recognized Statistical Rating Organization, which is a credit rating agency registered with the SEC
Operating segment	Term defined in the ASC relating to segment reporting; the ASC defines an operating segment as a component of a business entity that has each of the three following characteristics: i) the component engages in business activities from which it may recognize revenue and incur expenses; ii) the operating results of the component are regularly reviewed by the entity's chief operating decision maker; and iii) discrete financial information about the component is available
PPIF	Public, project and infrastructure finance; an LOB of MIS
Recurring Revenue	For MA, represents subscription-based revenue and software maintenance revenue. For MIS, represents recurring monitoring fees of a rated debt obligation and/or entities that issue such obligations, as well as revenue from programs such as commercial paper, medium-term notes and shelf registrations. For MIS Other, represents subscription-based revenue
Reporting unit	The level at which Moody's evaluates its goodwill for impairment under U.S. GAAP; defined as an operating segment or one level below an operating segment
Research and Insights (R&I)	LOB within MA that provides models, scores, expert insights and commentary. This LOB includes credit research; credit models and analytics; and economics data and models
RMBS	Residential mortgage-backed securities; an asset class within SFG
RMS	A global provider of climate and natural disaster risk modeling and analytics; acquired by the Company in September 2021
SaaS	Software-as-a-Service
SEC	U.S. Securities and Exchange Commission
SFG	Structured finance group; an LOB of MIS
SG&A	Selling, general and administrative expenses
SOFR	Secured Overnight Financing Rate
Tax Act	The "Tax Cuts and Jobs Act" enacted into U.S. law on December 22, 2017 which significantly amends the tax code in the U.S.
TCFD	Task Force on Climate-Related Financial Disclosures
Total Debt	All indebtedness of the Company as reflected on the consolidated balance sheets
Transaction Revenue	For MA, represents perpetual software license fees and revenue from software implementation services, risk management advisory projects, and training and certification services. For MIS (excluding MIS Other), represents the initial rating of a new debt issuance as well as other one-time fees. For MIS Other, represents revenue from professional services.
U.K.	United Kingdom
U.S.	United States
USD	U.S. dollar
UTPs	Uncertain tax positions
WEF	World Economic Forum; an independent international organization for public-private cooperation that engages the foremost political, business, cultural and other leaders of society to shape global, regional and industry agendas
2022 - 2023 Geolocation Restructuring Program	Restructuring program approved by the chief executive officer of Moody's on June 30, 2022 relating to the Company's post-COVID-19 geolocation strategy
2013 Senior Notes due 2024	Principal amount of $500 million, 4.875% senior unsecured notes due in February 2024
2014 Senior Notes due 2044	Principal amount of $600 million, 5.25% senior unsecured notes due in July 2044
2015 Senior Notes due 2027	Principal amount of €500 million, 1.75% senior unsecured notes due in March 2027
2017 Senior Notes due 2028	Principal amount of $500 million, 3.250% senior unsecured notes due January 15, 2028
2018 Senior Notes due 2029	Principal amount of $400 million, 4.25% senior unsecured notes due February 1, 2029
2018 Senior Notes due 2048	Principal amount of $400 million, 4.875% senior unsecured notes due December 17, 2048
2019 Senior Notes due 2030	Principal amount of €750 million, 0.950% senior unsecured notes due February 25, 2030
2020 Senior Notes due 2025	Principal amount of $700 million, 3.75% senior unsecured notes due March 24, 2025
2020 Senior Notes due 2050	Principal amount of $300 million, 3.25% senior unsecured notes due May 20, 2050

2020 Senior Notes due 2060	Principal amount of $500 million, 2.55% senior unsecured notes due August 18, 2060

TERM	DEFINITION
2021 Facility	Five-year unsecured revolving credit facility, with capacity to borrow up to $1.25 billion; backstops CP issued under the CP Program
2021 Senior Notes due 2031	Principal amount of $600 million, 2.00% senior unsecured notes due August 19, 2031
2021 Senior Notes due 2041	Principal amount of $600 million, 2.75% senior unsecured notes due August 19, 2041
2021 Senior Notes due 2061	Principal amount of $500 million, 3.10% senior unsecured notes due November 15, 2061
2022 Senior Notes due 2052	Principal amount of $500 million, 3.75% senior unsecured notes due February 25, 2052
2022 Senior Notes due 2032	Principal amount of $500 million, 4.25% senior unsecured notes due January 15, 2032

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MOODY'S CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(Amounts in millions, except per share data)

	Three Months Ended March 31,	
	2023	**2022**
Revenue	**$ 1,470**	$ 1,522
Expenses		
Operating	**428**	417
Selling, general, and administrative	**386**	371
Depreciation and amortization	**88**	78
Restructuring	**14**	—
Total expenses	**916**	866
Operating income	**554**	656
Non-operating (expense) income, net		
Interest expense, net	**(48)**	(53)
Other non-operating income (expense), net	**—**	6
Total non-operating (expense) income, net	**(48)**	(47)
Income before provision for income taxes	**506**	609
Provision for income taxes	**5**	111
Net income attributable to Moody's	**$ 501**	$ 498
Earnings per share attributable to Moody's common shareholders		
Basic	**$ 2.73**	$ 2.69
Diluted	**$ 2.72**	$ 2.68
Weighted average number of shares outstanding		
Basic	**183.3**	185.1
Diluted	**184.1**	186.1

The accompanying notes are an integral part of the condensed consolidated financial statements.

MOODY'S CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(Amounts in millions)

	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022		
	Pre-tax amounts	Tax amounts	After-tax amounts	Pre-tax amounts	Tax amounts	After-tax amounts
Net Income			**$ 501**			$ 498
Other Comprehensive Income (Loss):						
Foreign Currency Adjustments:						
Foreign currency translation adjustments, net	**$ 109**	**$ (2)**	**107**	$ (108)	$ 1	(107)
Net (losses) gains on net investment hedges	**(76)**	**19**	**(57)**	64	(17)	47
Cash Flow Hedges:						
Reclassification of losses included in net income	**1**	**—**	**1**	1	—	1
Pension and Other Retirement Benefits:						
Net actuarial losses and prior service costs	**—**	**—**	**—**	(3)	1	(2)
Total other comprehensive income (loss)	**$ 34**	**$ 17**	**$ 51**	$ (46)	$ (15)	$ (61)
Comprehensive income			**552**			437
Less: comprehensive loss attributable to noncontrolling interests			**(3)**			—
Comprehensive Income Attributable to Moody's			**$ 555**			$ 437

The accompanying notes are an integral part of the condensed consolidated financial statements.

MOODY'S CORPORATION
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(Amounts in millions, except share and per share data)

	March 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 2,119**	$ 1,769
Short-term investments	**78**	90
Accounts receivable, net of allowance for credit losses of $38 in 2023 and $40 in 2022	**1,712**	1,652
Other current assets	**517**	583
Total current assets	**4,426**	4,094
Property and equipment, net of accumulated depreciation of $1,153 in 2023 and $1,123 in 2022	**525**	502
Operating lease right-of-use assets	**332**	346
Goodwill	**5,892**	5,839
Intangible assets, net	**2,177**	2,210
Deferred tax assets, net	**268**	266
Other assets	**1,099**	1,092
Total assets	**$ 14,719**	$ 14,349
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 805**	$ 1,011
Current portion of operating lease liabilities	**106**	106
Current portion of long-term debt	**499**	—
Deferred revenue	**1,578**	1,258
Total current liabilities	**2,988**	2,375
Non-current portion of deferred revenue	**70**	75
Long-term debt	**6,963**	7,389
Deferred tax liabilities, net	**476**	457
Uncertain tax positions	**205**	322
Operating lease liabilities	**349**	368
Other liabilities	**610**	674
Total liabilities	**11,661**	11,660
Contingencies (Note 16)		
Shareholders' equity:		
Preferred stock, par value $0.01 per share; 10,000,000 shares authorized; no shares issued and outstanding	**—**	—
Series common stock, par value $0.01 per share; 10,000,000 shares authorized; no shares issued and outstanding	**—**	—
Common stock, par value $0.01 per share; 1,000,000,000 shares authorized; 342,902,272 shares issued at March 31, 2023 and December 31, 2022, respectively	**3**	3
Capital surplus	**1,068**	1,054
Retained earnings	**13,979**	13,618
Treasury stock, at cost; 159,404,478 and 159,702,362 shares of common stock at March 31, 2023 and December 31, 2022, respectively	**(11,570)**	(11,513)
Accumulated other comprehensive loss	**(589)**	(643)
Total Moody's shareholders' equity	**2,891**	2,519
Noncontrolling interests	**167**	170
Total shareholders' equity	**3,058**	2,689
Total liabilities, noncontrolling interests, and shareholders' equity	**$ 14,719**	$ 14,349

The accompanying notes are an integral part of the condensed consolidated financial statements.

MOODY'S CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Amounts in millions)

	Three Months Ended March 31,	
	2023	**2022**
Cash flows from operating activities		
Net income	**$ 501**	$ 498
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	**88**	78
Stock-based compensation	**47**	46
Deferred income taxes	**—**	30
Changes in assets and liabilities:		
Accounts receivable	**(51)**	(117)
Other current assets	**74**	(11)
Other assets	**(21)**	(21)
Lease obligations	**(5)**	(2)
Accounts payable and accrued liabilities	**(178)**	(296)
Deferred revenue	**296**	290
Uncertain tax positions	**(119)**	(18)
Other liabilities	**(24)**	(7)
Net cash provided by operating activities	**608**	470
Cash flows from investing activities		
Capital additions	**(73)**	(59)
Purchases of investments	**(45)**	(46)
Sales and maturities of investments	**55**	27
Cash paid for acquisitions, net of cash acquired	**—**	(83)
Net cash used in investing activities	**(63)**	(161)
Cash flows from financing activities		
Proceeds from stock-based compensation plans	**11**	8
Treasury shares	**(41)**	(560)
Cash paid for ASR contract relating to shares retained by counterparty until final settlement	**—**	(98)
Repurchase of shares related to stock-based compensation	**(45)**	(58)
Dividends	**(141)**	(130)
Issuance of notes	**—**	491
Debt issuance costs and related fees	**—**	(5)
Net cash used in financing activities	**(216)**	(352)
Effect of exchange rate changes on cash and cash equivalents	**21**	(18)
Increase (decrease) in cash and cash equivalents	**350**	(61)
Cash and cash equivalents, beginning of period	**1,769**	1,811
Cash and cash equivalents, end of period	**$ 2,119**	$ 1,750

The accompanying notes are an integral part of the condensed consolidated financial statements.

MOODY'S CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)
(Amounts in millions, except per share data)

	Shareholders of Moody's Corporation									
	Common Stock		Capital Surplus	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Moody's Shareholders' Equity	Non-Controlling Interests	Total Shareholders' Equity
	Shares	Amount			Shares	Amount				
Balance at December 31, 2021	**342.9**	**$ 3**	**$ 885**	**$ 12,762**	**(157.3)**	**$ (10,513)**	**$ (410)**	**$ 2,727**	**$ 189**	**$ 2,916**
Net income				498				498	—	498
Dividends ($0.70 per share)				(128)				(128)	(1)	(129)
Stock-based compensation			46					46		46
Shares issued for stock-based compensation plans at average cost, net			(42)		0.5	(32)		(74)		(74)
Shares issued as consideration to acquire kompany[1]			35		0.1	9		44		44
Treasury shares repurchased					(1.7)	(560)		(560)		(560)
Accelerated Share Repurchase pending final settlement			(98)					(98)		(98)
Currency translation adjustment, net of net investment hedge activity (net of tax of $16 million)							(60)	(60)	—	(60)
Net actuarial gains and prior service costs (net of tax of $1 million)							(2)	(2)		(2)
Net realized gain on cash flow hedges							1	1		1
Balance at March 31, 2022	**342.9**	**$ 3**	**$ 826**	**$ 13,132**	**(158.4)**	**$ (11,096)**	**$ (471)**	**$ 2,394**	**$ 188**	**$ 2,582**

The accompanying notes are an integral part of the condensed consolidated financial statements.

[1] Represents a non-cash investing activity relating to the issuance of common stock to fund a portion of the purchase price for kompany.

MOODY'S CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)
(Amounts in millions, except per share data)

	Shareholders of Moody's Corporation									
	Common Stock		Capital Surplus	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Moody's Shareholders' Equity	Non-Controlling Interests	Total Shareholders' Equity
	Shares	Amount			Shares	Amount				
Balance at December 31, 2022	**342.9**	**$ 3**	**$ 1,054**	**$ 13,618**	**(159.7)**	**$ (11,513)**	**$ (643)**	**$ 2,519**	**$ 170**	**$ 2,689**
Net income				501				501	—	501
Dividends ($0.77 per share)				(140)				(140)	—	(140)
Stock-based compensation			47					47		47
Shares issued for stock-based compensation plans at average cost, net			(33)		0.4	(15)		(48)		(48)
Treasury shares repurchased			—		(0.1)	(42)		(42)		(42)
Currency translation adjustment, net of net investment hedge activity (net of tax of $17 million)							53	53	(3)	50
Net realized and unrealized gain on cash flow hedges							1	1		1
Balance at March 31, 2023	**342.9**	**$ 3**	**$ 1,068**	**$ 13,979**	**(159.4)**	**$ (11,570)**	**$ (589)**	**$ 2,891**	**$ 167**	**$ 3,058**

The accompanying notes are an integral part of the condensed consolidated financial statements.

MOODY’S CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(tabular dollar and share amounts in millions, except per share data)

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Moody’s is a global integrated risk assessment firm that empowers organizations and investors to make better decisions. Moody’s reports in two reportable segments: MA and MIS.

MA is a global provider of: i) data and information; ii) research and insights; and iii) decision solutions, which help companies make better and faster decisions. MA leverages its industry expertise across multiple risks such as credit, market, financial crime, supply chain, catastrophe and climate to deliver integrated risk assessment solutions that enable business leaders to identify, measure and manage the implications of interrelated risks and opportunities.

MIS publishes credit ratings and provides assessment services on a wide range of debt obligations, programs and facilities, and the entities that issue such obligations in markets worldwide, including various corporate, financial institution and governmental obligations, and structured finance securities.

These interim financial statements have been prepared in accordance with the instructions to Form 10-Q and should be read in conjunction with the Company’s consolidated financial statements and related notes in the Company’s 2022 annual report on Form 10-K filed with the SEC on February 15, 2023. The results of interim periods are not necessarily indicative of results for the full year or any subsequent period. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation of financial position, results of operations and cash flows at the dates and for the periods presented have been included. The year-end consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America.

Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Adoption of New Accounting Standards in 2023

In January 2021, the FASB issued ASU 2021-01, “Reference Rate Reform - Scope,” which clarified the scope and application of the original guidance, ASU No. 2020-04, "Facilitation of the Effects of Reference Rate Reform on Financial Reporting" ("ASU No. 2020-04"), issued in March 2020 (codified into ASC Topic 848 "Reference Rate Reform"). ASU No. 2020-04 provides temporary optional expedients and exceptions to the U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. In December 2022, the FASB issued ASU 2022-06, "Reference Rate Reform—Deferral of the Sunset Date of Topic 848," which deferred the sunset date of Topic 848 to December 31, 2024. These ASU's were effective upon issuance and the amendments may be applied prospectively through December 31, 2024 as the transition from LIBOR is completed.

During the first quarter of 2023, the Company modified the contractual terms of certain of its interest rate swaps designated as fair value hedges and cross-currency swaps designated as net investment hedges. These modifications replaced the previous LIBOR/EURIBOR-based reference rates included in the swap agreements to SOFR/ESTR-based rates. Pursuant to the modification of the contractual terms of these instruments, the Company utilized the optional expedients set forth in ASC Topic 848 relating to derivative instruments used in hedging relationships. The aggregate notional amounts of these swaps is disclosed in Note 8.

NOTE 2. REVENUES

Revenue by Category

The following table presents the Company's revenues disaggregated by LOB:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
MA:		
Decision Solutions	$ **354**	$ 334
Research and Insights	**195**	183
Data and Information	**188**	178
Total external revenue	**737**	695
Intersegment revenue	**3**	2
Total MA	**740**	697
MIS:		
Corporate Finance (CFG)		
Investment-grade	**115**	114
High-yield	**32**	39
Bank loans	**59**	113
Other accounts [1]	**150**	151
Total CFG	**356**	417
Structured Finance (SFG)		
Asset-backed securities	**27**	32
RMBS	**25**	35
CMBS	**14**	38
Structured credit	**32**	39
Other accounts	**1**	—
Total SFG	**99**	144
Financial Institutions (FIG)		
Banking	**100**	89
Insurance	**33**	34
Managed investments	**6**	5
Other accounts	**3**	3
Total FIG	**142**	131
Public, Project and Infrastructure Finance (PPIF)		
Public finance / sovereign	**52**	58
Project and infrastructure	**77**	65
Total PPIF	**129**	123
Total ratings revenue	**726**	815
MIS Other	**7**	12
Total external revenue	**733**	827
Intersegment revenue	**45**	43
Total MIS	**778**	870
Eliminations	**(48)**	(45)
Total MCO	$ **1,470**	$ 1,522

[1] Other includes: recurring monitoring fees of a rated debt obligation and/or entities that issue such obligations as well as fees from programs such as commercial paper, medium term notes, and ICRA corporate finance revenue.

The following table presents the Company's revenues disaggregated by LOB and geographic area:

	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022		
	U.S.	**Non-U.S**	**Total**	**U.S.**	**Non-U.S**	**Total**
MA:						
Decision Solutions	**$ 152**	**$ 202**	**$ 354**	$ 147	$ 187	$ 334
Research and Insights	**105**	**90**	**195**	103	80	183
Data and Information	**67**	**121**	**188**	60	118	178
Total MA	**324**	**413**	**737**	310	385	695
MIS:						
Corporate Finance	**246**	**110**	**356**	275	142	417
Structured Finance	**61**	**38**	**99**	97	47	144
Financial Institutions	**63**	**79**	**142**	65	66	131
Public, Project and Infrastructure Finance	**76**	**53**	**129**	75	48	123
Total ratings revenue	**446**	**280**	**726**	512	303	815
MIS Other	**—**	**7**	**7**	1	11	12
Total MIS	**446**	**287**	**733**	513	314	827
Total MCO	**$ 770**	**$ 700**	**$ 1,470**	$ 823	$ 699	$ 1,522

The following table presents the Company's reportable segment revenues disaggregated by segment and geographic region:

	Three Months Ended March 31,	
	2023	**2022**
MA:		
U.S.	**$ 324**	$ 310
Non-U.S.:		
EMEA	**278**	264
Asia-Pacific	**80**	67
Americas	**55**	54
Total Non-U.S.	**413**	385
Total MA	**737**	695
MIS:		
U.S.	**446**	513
Non-U.S.:		
EMEA	**173**	193
Asia-Pacific	**71**	74
Americas	**43**	47
Total Non-U.S.	**287**	314
Total MIS	**733**	827
Total MCO	**$ 1,470**	$ 1,522

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The following tables summarize the split between Transaction Revenue and Recurring Revenue.

	Three Months Ended March 31,					
	2023			2022		
	Transaction	Recurring	Total	Transaction	Recurring	Total
Decision Solutions	**$ 43**	**$ 311**	**$ 354**	$ 43	$ 291	$ 334
	12 %	***88 %***	***100 %***	*13 %*	*87 %*	*100 %*
Research and Insights	**$ 2**	**$ 193**	**$ 195**	$ 1	$ 182	$ 183
	1 %	***99 %***	***100 %***	*1 %*	*99 %*	*100 %*
Data and Information	**$ —**	**$ 188**	**$ 188**	$ —	$ 178	$ 178
	— %	***100 %***	***100 %***	*— %*	*100 %*	*100 %*
Total MA	**$ 45** (1)	**$ 692**	**$ 737**	$ 44	$ 651	$ 695
	6 %	***94 %***	***100 %***	*6 %*	*94 %*	*100 %*
Corporate Finance	**$ 230**	**$ 126**	**$ 356**	$ 293	$ 124	$ 417
	65 %	***35 %***	***100 %***	*70 %*	*30 %*	*100 %*
Structured Finance	**$ 45**	**$ 54**	**$ 99**	$ 93	$ 51	$ 144
	45 %	***55 %***	***100 %***	*65 %*	*35 %*	*100 %*
Financial Institutions	**$ 70**	**$ 72**	**$ 142**	$ 61	$ 70	$ 131
	49 %	***51 %***	***100 %***	*47 %*	*53 %*	*100 %*
Public, Project and Infrastructure Finance	**$ 86**	**$ 43**	**$ 129**	$ 79	$ 44	$ 123
	67 %	***33 %***	***100 %***	*64 %*	*36 %*	*100 %*
MIS Other	**$ —**	**$ 7**	**$ 7**	$ 3	$ 9	$ 12
	— %	***100 %***	***100 %***	*25 %*	*75 %*	*100 %*
Total MIS	**$ 431**	**$ 302**	**$ 733**	$ 529	$ 298	$ 827
	59 %	***41 %***	***100 %***	*64 %*	*36 %*	*100 %*
Total Moody's Corporation	**$ 476**	**$ 994**	**$ 1,470**	$ 573	$ 949	$ 1,522
	32 %	***68 %***	***100 %***	*38 %*	*62 %*	*100 %*

(1) Revenue from software implementation services and risk management advisory projects, while classified by management as transactional revenue, is recognized over time under U.S. GAAP (please also refer to the following table).

The following table presents the timing of revenue recognition:

	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022		
	MA	MIS	Total	MA	MIS	Total
Revenue recognized at a point in time	**$ 27**	**$ 431**	**$ 458**	$ 41	$ 529	$ 570
Revenue recognized over time	**710**	**302**	**1,012**	654	298	952
Total	**$ 737**	**$ 733**	**$ 1,470**	$ 695	$ 827	$ 1,522

Unbilled receivables, deferred revenue and remaining performance obligations

Unbilled receivables

For certain MA arrangements, the timing of when the Company has the unconditional right to consideration and recognizes revenue occurs prior to invoicing the customer. In addition, certain MIS arrangements contain contractual terms whereby the customers are billed in arrears for annual monitoring services, requiring revenue to be accrued as an unbilled receivable as such services are provided.

The following table presents the Company's unbilled receivables, which are included within accounts receivable, net, at March 31, 2023 and December 31, 2022:

	As of March 31, 2023		As of December 31, 2022	
	MA	MIS	MA	MIS
Unbilled Receivables	**$ 114**	**$ 439**	$ 148	$ 385

Deferred revenue

The Company recognizes deferred revenue when a contract requires a customer to pay consideration to the Company in advance of when revenue related to that contract is recognized. This deferred revenue is relieved when the Company satisfies the related performance obligation and revenue is recognized.

Significant changes in the deferred revenue balances during the three months ended March 31, 2023 and 2022 are as follows:

	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022		
	MA	**MIS**	**Total**	**MA**	**MIS**	**Total**
Balance at December 31,	**$ 1,055**	**$ 278**	**$ 1,333**	$ 1,039	$ 296	$ 1,335
Changes in deferred revenue						
Revenue recognized that was included in the deferred revenue balance at the beginning of the period	**(471)**	**(98)**	**(569)**	(431)	(95)	(526)
Increases due to amounts billable excluding amounts recognized as revenue during the period	**688**	**179**	**867**	636	178	814
Increases due to acquisitions during the period	**—**	**—**	**—**	1	—	1
Effect of exchange rate changes	**16**	**1**	**17**	(11)	(2)	(13)
Total changes in deferred revenue	**233**	**82**	**315**	195	81	276
Balance at March 31,	**$ 1,288**	**$ 360**	**$ 1,648**	$ 1,234	$ 377	$ 1,611
Deferred revenue - current	**$ 1,287**	**$ 291**	**$ 1,578**	$ 1,231	$ 294	$ 1,525
Deferred revenue - non-current	**$ 1**	**$ 69**	**$ 70**	$ 3	$ 83	$ 86

The increase in deferred revenue during both the three months ended March 31, 2023 and 2022 is primarily due to the significant portion of contract renewals that occur during the first quarter within both segments.

Remaining performance obligations

Remaining performance obligations in the MA segment include both amounts recorded as deferred revenue on the balance sheet as of March 31, 2023 as well as amounts not yet invoiced to customers as of March 31, 2023, largely reflecting future revenue related to signed multi-year arrangements for hosted and installed subscription-based products. As of March 31, 2023, the aggregate amount of the transaction price allocated to remaining performance obligations was approximately $3.3 billion. The Company expects to recognize into revenue approximately 65% of this balance within one year, approximately 25% of this balance between one to two years and the remaining amount thereafter.

Remaining performance obligations in the MIS segment largely reflect deferred revenue related to monitoring fees for certain structured finance products, primarily CMBS, where the issuers can elect to pay the monitoring fees for the life of the security in advance. As of March 31, 2023, the aggregate amount of the transaction price allocated to remaining performance obligations was approximately $98 million. The Company expects to recognize into revenue approximately 25% of this balance within one year, approximately 50% of this balance between one to five years and the remaining amount thereafter. With respect to the remaining performance obligations for the MIS segment, the Company has applied a practical expedient set forth in ASC Topic 606 permitting the omission from the amounts stated above relating to unsatisfied performance obligations for contracts with an original expected length of one year or less.

NOTE 3. STOCK-BASED COMPENSATION

Presented below is a summary of the stock-based compensation cost and associated tax benefit included in the accompanying consolidated statements of operations:

	Three Months Ended March 31,	
	2023	2022
Stock-based compensation cost	**$ 47**	$ 46
Tax benefit	**$ 10**	$ 11

During the first three months of 2023, the Company granted 0.1 million employee stock options, which had a weighted average grant date fair value of $94.67 per share. The Company also granted 0.6 million shares of restricted stock in the first three months of 2023, which had a weighted average grant date fair value of $295.53 per share. Both the employee stock options and restricted stock generally vest ratably over four years. Additionally, the Company granted 0.1 million shares of performance-based awards whereby the number of shares that ultimately vest are based on the achievement of certain non-market-based performance metrics of the Company over three years. The weighted average grant date fair value of these awards was $286.04 per share.

The following weighted average assumptions were used in determining the fair value using the Black-Scholes option-pricing model for options granted in 2023:

Expected dividend yield	**1.04 %**
Expected stock volatility	**29 %**
Risk-free interest rate	**4.18 %**
Expected holding period	**5.8 years**

Unrecognized stock-based compensation expense at March 31, 2023 was $20 million and $354 million for stock options and unvested restricted stock, respectively, which is expected to be recognized over a weighted average period of 2.2 years and 2.8 years, respectively. Additionally, there was $43 million of unrecognized stock-based compensation expense relating to the aforementioned non-market-based performance-based awards, which is expected to be recognized over a weighted average period of 2.4 years.

The following table summarizes information relating to stock option exercises and restricted stock vesting:

	Three Months Ended March 31,	
	2023	2022
Exercise of stock options:		
Proceeds from stock option exercises	**$ 7**	$ 3
Aggregate intrinsic value	**$ 15**	$ 4
Tax benefit realized upon exercise	**$ 4**	$ 1
Number of shares exercised [(1)]	**0.1**	—
Vesting of restricted stock:		
Fair value of shares vested	**$ 140**	$ 166
Tax benefit realized upon vesting	**$ 33**	$ 39
Number of shares vested	**0.5**	0.5
Vesting of performance-based restricted stock:		
Fair value of shares vested	**$ 24**	$ 50
Tax benefit realized upon vesting	**$ 3**	$ 7
Number of shares vested	**0.1**	0.2

[(1)] The number of options exercised in 2022 was approximately 20 thousand.

NOTE 4. INCOME TAXES

Moody's effective tax rate (ETR) was 1.0% and 18.2% for the three months ended March 31, 2023 and 2022, respectively. The 17.2% decrease in the ETR for the three months ended March 31, 2023 compared to the same period in the prior year was primarily due to tax benefits recognized in the first quarter of 2023, which reflect the resolutions of uncertain tax positions in various U.S. and non-U.S. tax jurisdictions. The Company's first quarter 2023 provision for income taxes differs from the tax computed by applying its estimated annual effective tax rate to the pre-tax earnings primarily due to the following items recognized in 2023: i) net reductions in UTPs of $117 million related to the resolutions of UTPs; and ii) excess tax benefits from stock-based compensation of $6 million.

The Company classifies interest related to UTPs in interest expense, net in its consolidated statements of operations. Penalties, if incurred, would be recognized in other non-operating income (expense), net.

Moody's Corporation and subsidiaries are subject to U.S. federal income tax as well as income tax in various state, local and foreign jurisdictions. The Company's U.S. federal income tax returns for 2019 through 2020 are currently under examination and 2021 remains open to examination. The Company's New York City tax returns for 2015 through 2019 are currently under examination. The Company's U.K. tax returns for 2017 through 2021 remain open to examination.

For ongoing audits, it is possible the balance of UTPs could decrease in the next twelve months as a result of the settlement of such audits, which might involve the payment of additional taxes, the adjustment of certain deferred taxes and/or the recognition of tax benefits. It is also possible that new issues will be raised by tax authorities which could necessitate increases to the balance of UTPs. As the Company is unable to predict the timing or outcome of these audits, it is unable to estimate the amount of changes to the balance of UTPs at this time. However, the Company believes that it has adequately provided for its financial exposure relating to all open tax years, by tax jurisdiction, in accordance with the applicable provisions of ASC Topic 740 regarding UTPs.

The following table shows the amount the Company paid for income taxes:

	Three Months Ended March 31,	
	2023	**2022**
Income taxes paid	**$ 66**	$ 70

In August 2022, the U.S. Congress passed the Inflation Reduction Act, which included a corporate minimum tax on book earnings of 15%, an excise tax on corporate share repurchases of 1%, and certain climate change and energy tax credit incentives. The adoption of a corporate minimum tax of 15% is not expected to impact Moody's ETR. The excise tax of 1% on corporate share buybacks will not have an impact on the Company's ETR for 2023.

NOTE 5. RECONCILIATION OF WEIGHTED AVERAGE SHARES OUTSTANDING

Below is a reconciliation of basic to diluted shares outstanding:

	Three Months Ended March 31,	
	2023	**2022**
Basic	**183.3**	185.1
Dilutive effect of shares issuable under stock-based compensation plans	**0.8**	1.0
Diluted	**184.1**	186.1
Anti-dilutive options to purchase common shares and restricted stock as well as contingently issuable restricted stock which are excluded from the table above	**0.7**	0.3

The calculation of diluted EPS requires certain assumptions regarding the use of both cash proceeds and assumed proceeds that would be received upon the exercise of stock options and vesting of restricted stock outstanding as of March 31, 2023 and 2022.

NOTE 6. ACCELERATED SHARE REPURCHASE PROGRAM

On March 1, 2022, the Company entered into an ASR agreement with a financial institution counterparty to repurchase $500 million of its outstanding common stock. The Company paid $500 million to the counterparty and received an initial delivery of 1.2 million shares of its common stock. Final settlement of the ASR agreement was completed in April 2022 and the Company received delivery of an additional 0.3 million shares of the Company's common stock.

In total, the Company repurchased 1.5 million shares of the Company's common stock during the term of the ASR Agreement, based on the volume-weighted average price (net of discount) of $324.20 per share over the duration of the program. The initial share repurchase and final share settlement were recorded as a reduction to shareholders' equity.

NOTE 7. CASH EQUIVALENTS AND INVESTMENTS

The table below provides additional information on the Company's cash equivalents and investments:

	As of March 31, 2023					
				Balance sheet location		
	Cost	**Gains/(Losses)**	**Fair Value**	**Cash and cash equivalents**	**Short-term investments**	**Other assets**
Certificates of deposit and money market deposit accounts [(1)]	**$ 729**	**$ —**	**$ 729**	**$ 645**	**$ 78**	**$ 6**
Mutual funds	**$ 80**	**$ 3**	**$ 83**	**$ —**	**$ —**	**$ 83**

	As of December 31, 2022					
				Balance sheet location		
	Cost	**Gains/(Losses)**	**Fair Value**	**Cash and cash equivalents**	**Short-term investments**	**Other assets**
Certificates of deposit and money market deposit accounts [(1)]	$ 914	$ —	$ 914	$ 808	$ 90	$ 16
Mutual funds	$ 71	$ —	$ 71	$ —	$ —	$ 71

[(1)] Consists of time deposits and money market deposit accounts. The remaining contractual maturities for the certificates of deposits classified as short-term investments are one month to 12 months at both March 31, 2023 and December 31, 2022. The remaining contractual maturities for the certificates of deposits classified in other assets are 13 months to 21 months at March 31, 2023 and 13 months to 24 months at December 31, 2022. Time deposits with a maturity of less than 90 days at time of purchase are classified as cash and cash equivalents.

In addition, the Company invests in Corporate-Owned Life Insurance (COLI). As of March 31, 2023 and December 31, 2022, the contract value of the COLI was $44 million and $40 million, respectively.

NOTE 8. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company is exposed to global market risks, including risks from changes in FX rates and changes in interest rates. Accordingly, the Company uses derivatives in certain instances to manage the aforementioned financial exposures that occur in the normal course of business. The Company does not hold or issue derivatives for speculative purposes.

Derivatives and non-derivative instruments designated as accounting hedges:

Fair Value Hedges

Interest Rate Swaps

The Company has entered into interest rate swaps to convert the fixed interest rate on certain of its long-term debt to a floating interest rate based on the SOFR. The purpose of these hedges is to mitigate the risk associated with changes in the fair value of the long-term debt, thus the Company has designated these swaps as fair value hedges. The fair value of the swaps is adjusted quarterly with a corresponding adjustment to the carrying value of the debt. The changes in the fair value of the swaps and the underlying hedged item generally offset and the net cash settlements on the swaps are recorded each period within interest expense, net in the Company's consolidated statements of operations.

The following table summarizes the Company's interest rate swaps designated as fair value hedges:

		As of March 31, 2023		As of December 31, 2022	
Hedged Item	**Nature of Swap**	**Notional Amount**	**Floating Interest Rate [(1)]**	**Notional Amount**	**Floating Interest Rate**
2017 Senior Notes due 2028	Pay Floating/Receive Fixed	**$ 500**	SOFR	$ 500	3-month LIBOR
2020 Senior Notes due 2025	Pay Floating/Receive Fixed	**300**	SOFR	300	6-month LIBOR
2014 Senior Notes due 2044	Pay Floating/Receive Fixed	**300**	SOFR	300	3-month LIBOR
2018 Senior Notes due 2048	Pay Floating/Receive Fixed	**300**	SOFR	300	3-month LIBOR
2018 Senior Notes due 2029	Pay Floating/Receive Fixed	**400**	SOFR	400	SOFR
2022 Senior Notes due 2052	Pay Floating/Receive Fixed	**500**	SOFR	500	SOFR
2022 Senior Notes due 2032	Pay Floating/Receive Fixed	**250**	SOFR	250	SOFR
Total		**$ 2,550**		$ 2,550	

[(1)] Contractual terms of instruments using the 3-month or 6-month LIBOR at December 31, 2022 were modified to the SOFR reference rate in the first quarter of 2023.

Refer to Note 14 for information on the cumulative amount of fair value hedging adjustments included in the carrying amount of the above hedged items.

The following table summarizes the impact to the statements of operations of the Company's interest rate swaps designated as fair value hedges:

		Amount of income/(loss) recognized in the consolidated statements of operations	
		Three Months Ended March 31,	
Total amounts of financial statement line item presented in the statements of operations in which the effects of fair value hedges are recorded		**2023**	**2022**
Interest expense, net		**$ (48)**	$ (53)
Descriptions	**Location on Consolidated Statements of Operations**		
Net interest settlements and accruals on interest rate swaps	Interest expense, net	**$ (18)**	$ 6
Fair value changes on interest rate swaps	Interest expense, net	**$ 46**	$ (85)
Fair value changes on hedged debt	Interest expense, net	**$ (46)**	$ 85

Net investment hedges

Debt designated as net investment hedges

The Company has designated €500 million of the 2015 Senior Notes Due 2027 and €750 million of the 2019 Senior Notes due 2030 as net investment hedges to mitigate FX exposure related to a portion of the Company's euro net investment in certain foreign subsidiaries against changes in euro/USD exchange rates. These hedges are designated as accounting hedges under the applicable sections of ASC Topic 815 and will end upon the repayment of the notes in 2027 and 2030, respectively, unless terminated early at the discretion of the Company.

Cross currency swaps designated as net investment hedges

The Company enters into cross-currency swaps to mitigate FX exposure related to a portion of the Company's euro net investment in certain foreign subsidiaries against changes in euro/USD exchange rates. The following table provides information on the cross-currency swaps designated as net investment hedges under ASC Topic 815:

	March 31, 2023			
	Pay		Receive	
Nature of Swap	**Notional Amount**	**Weighted Average Interest Rate**	**Notional Amount**	**Weighted Average Interest Rate**
Pay Fixed/Receive Fixed	€ 765	3.67%	$ 800	5.25%
Pay Floating/Receive Floating	2,138	Based on ESTR	2,250	Based on SOFR
Total	**€ 2,903**		**$ 3,050**	

	December 31, 2022			
	Pay		Receive	
Nature of Swap	**Notional Amount**	**Weighted Average Interest Rate**	**Notional Amount**	**Weighted Average Interest Rate**
Pay Fixed/Receive Fixed	€ 765	3.67%	$ 800	5.25%
Pay Floating/Receive Floating	450	Based on 3-month EURIBOR	500	Based on 3-month USD LIBOR
Pay Floating/Receive Floating	1,688	Based on ESTR	1,750	Based on SOFR
Total	**€ 2,903**		**$ 3,050**	

As of March 31, 2023 these hedges will expire and the notional amounts will be settled as follows unless terminated early at the discretion of the Company:

Years Ending December 31,		
2026	€	450
2027	€	531
2028	€	588
2029	€	373
2031	€	481
2032	€	480
Total	**€**	**2,903**

The following tables provide information on the gains/(losses) on the Company's net investment and cash flow hedges:

Derivative and Non-Derivative Instruments in Net Investment Hedging Relationships	Amount of Gain/(Loss) Recognized in AOCL on Derivative, net of Tax		Amount of Loss Reclassified from AOCL into Income, net of Tax		Gain Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing)	
	Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Cross currency swaps	**$ (39)**	$ 24	**$ —**	$ —	**$ 16**	$ 10
Long-term debt	**(18)**	23	**—**	—	**—**	—
Total net investment hedges	**$ (57)**	$ 47	**$ —**	$ —	**$ 16**	$ 10
Derivatives in Cash Flow Hedging Relationships						
Interest rate contracts	**$ —**	$ —	**$ (1)**	$ (1)	**$ —**	$ —
Total cash flow hedges	**$ —**	$ —	**$ (1)**	$ (1)	**$ —**	$ —
Total	**$ (57)**	$ 47	**$ (1)**	$ (1)	**$ 16**	$ 10

The cumulative amount of net investment hedge and cash flow hedge gains (losses) remaining in AOCL is as follows:

	Cumulative Gains/(Losses), net of tax	
	March 31, 2023	**December 31, 2022**
Net investment hedges		
Cross currency swaps	**$ 79**	$ 118
FX forwards	**29**	29
Long-term debt	**20**	38
Total net investment hedges	**$ 128**	$ 185
Cash flow hedges		
Interest rate contracts	**$ (46)**	$ (47)
Cross currency swaps	**2**	2
Total cash flow hedges	**(44)**	(45)
Total net gain in AOCL	**$ 84**	$ 140

Derivatives not designated as accounting hedges:

Foreign exchange forwards

The Company also enters into foreign exchange forward contracts to mitigate the change in fair value on certain assets and liabilities denominated in currencies other than a subsidiary's functional currency. These forward contracts are not designated as accounting hedges under the applicable sections of ASC Topic 815. Accordingly, changes in the fair value of these contracts are recognized immediately in other non-operating income (expense), net in the Company's consolidated statements of operations along with the FX gain or loss recognized on the assets and liabilities denominated in a currency other than the subsidiary's functional currency. These contracts have expiration dates at various times through May 2023.

The following table summarizes the notional amounts of the Company’s outstanding foreign exchange forwards:

Notional amount of currency pair:	March 31, 2023 Sell		March 31, 2023 Buy		December 31, 2022 Sell		December 31, 2022 Buy	
Contracts to sell USD for GBP	**$**	**295**	**£**	**241**	$	170	£	146
Contracts to sell USD for Japanese yen	**$**	**15**	**¥**	**2,000**	$	24	¥	3,500
Contracts to sell USD for Canadian dollars	**$**	**78**	**C$**	**105**	$	87	C$	120
Contracts to sell USD for Singapore dollars	**$**	**52**	**S$**	**70**	$	50	S$	70
Contracts to sell USD for euros	**$**	**160**	**€**	**148**	$	116	€	115
Contracts to sell USD for Indian rupee	**$**	**23**	**₹**	**1,900**	$	19	₹	1,600
Contracts to sell euros for USD	**€**	**25**	**$**	**27**	€	85	$	89

NOTE: € = euro, £ = British pound, $ = U.S. dollar, ¥ = Japanese yen, C$ = Canadian dollar, S$= Singapore dollars, ₹= Indian rupee

The following table summarizes the impact to the consolidated statements of operations relating to the net losses on the Company’s derivatives which are not designated as hedging instruments:

Derivatives not designated as accounting hedges	Location on Consolidated Statements of Operations	Three Months Ended March 31, 2023		Three Months Ended March 31, 2022	
FX forwards	Other non-operating income, net	**$**	**5**	$	(19)

The table below shows the classification between assets and liabilities on the Company’s consolidated balance sheets for the fair value of the derivative instrument as well as the carrying value of its non-derivative debt instruments designated and qualifying as net investment hedges:

	Balance Sheet Location	Derivative and Non-Derivative Instruments March 31, 2023		December 31, 2022	
Assets:					
Derivatives designated as accounting hedges:					
Cross-currency swaps designated as net investment hedges	Other assets	**$**	**12**	$	27
Derivatives not designated as accounting hedges:					
FX forwards on certain assets and liabilities	Other current assets		**4**		19
Total assets		**$**	**16**	$	46
Liabilities:					
Derivatives designated as accounting hedges:					
Cross-currency swaps designated as net investment hedges	Other liabilities	**$**	**115**	$	78
Interest rate swaps designated as fair value hedges	Other liabilities		**192**		239
Total derivatives designated as accounting hedges			**307**		317
Non-derivatives designated as accounting hedges:					
Long-term debt designated as net investment hedge	Long-term debt		**1,358**		1,334
Derivatives not designated as accounting hedges:					
FX forwards on certain assets and liabilities	Accounts payable and accrued liabilities		**1**		2
Total liabilities		**$**	**1,666**	$	1,653

NOTE 9. GOODWILL AND OTHER ACQUIRED INTANGIBLE ASSETS

The following table summarizes the activity in goodwill for the periods indicated:

	Three Months Ended March 31, 2023								
	MA			MIS			Consolidated		
	Gross goodwill	Accumulated impairment charge	Net goodwill	Gross goodwill	Accumulated impairment charge	Net goodwill	Gross goodwill	Accumulated impairment charge	Net goodwill
Balance at beginning of year	**$ 5,474**	**$ (12)**	**$ 5,462**	**$ 377**	**$ —**	**$ 377**	**$ 5,851**	**$ (12)**	**$ 5,839**
Additions/ adjustments [1]	**90**	**—**	**90**	**(90)**	**—**	**(90)**	**—**	**—**	**—**
Foreign currency translation adjustments	**56**	**—**	**56**	**(3)**	**—**	**(3)**	**53**	**—**	**53**
Ending balance	**$ 5,620**	**$ (12)**	**$ 5,608**	**$ 284**	**$ —**	**$ 284**	**$ 5,904**	**$ (12)**	**$ 5,892**

	Year Ended December 31, 2022								
	MA			MIS			Consolidated		
	Gross goodwill	Accumulated impairment charge	Net goodwill	Gross goodwill	Accumulated impairment charge	Net goodwill	Gross goodwill	Accumulated impairment charge	Net goodwill
Balance at beginning of year	$ 5,615	$ (12)	$ 5,603	$ 396	$ —	$ 396	$ 6,011	$ (12)	$ 5,999
Additions/ adjustments [2]	88	—	88	4	—	4	92	—	92
Foreign currency translation adjustments	(229)	—	(229)	(23)	—	(23)	(252)	—	(252)
Ending balance	$ 5,474	$ (12)	$ 5,462	$ 377	$ —	$ 377	$ 5,851	$ (12)	$ 5,839

[1] The 2023 additions/adjustments relate to a reallocation of goodwill pursuant to a realignment of certain components of the Company's ESG business in the first quarter of 2023.

[2] The 2022 additions/adjustments for the MA segment in the table above primarily relate to the acquisition of kompany in the first quarter of 2022.

Acquired intangible assets and related amortization consisted of:

	March 31, 2023	December 31, 2022
Customer relationships	$ 2,043	$ 2,024
Accumulated amortization	(480)	(453)
Net customer relationships	1,563	1,571
Software/product technology	667	661
Accumulated amortization	(305)	(283)
Net software/product technology	362	378
Database	178	178
Accumulated amortization	(69)	(64)
Net database	109	114
Trade names	198	197
Accumulated amortization	(62)	(58)
Net trade names	136	139
Other [1]	52	52
Accumulated amortization	(45)	(44)
Net other	7	8
Total acquired intangible assets, net	$ 2,177	$ 2,210

[1] Other intangible assets primarily consist of trade secrets, covenants not to compete, and acquired ratings methodologies and models.

Amortization expense relating to acquired intangible assets is as follows:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Amortization expense	$ 51	$ 51

NOTE 10. RESTRUCTURING

On June 30, 2022, the chief executive officer of Moody's approved a restructuring program (the "2022 - 2023 Geolocation Restructuring Program"). The Company estimates that the program will result in annualized savings of $120 million to $140 million per year. This program relates to the Company's post-COVID-19 geolocation strategy and includes the rationalization and exit of certain leased office spaces and a reduction in staff, including the relocation of certain job functions. The exit from certain leased office spaces began in the fourth quarter of 2022 and is expected to result in $50 million to $70 million of pre-tax charges from vacating the affected office spaces, a large portion of which Moody's intends to sublease. The program also includes $105 million to $120 million of pre-tax personnel-related restructuring charges, an amount that includes severance costs, expense related to the modification of equity awards, and related costs primarily determined under the Company's existing severance plans. The savings generated from the 2022 - 2023 Geolocation Restructuring Program are expected to strengthen the Company's operating margin, with a portion being deployed to support strategic investments, including the Company's workplace of the future program and employee retention initiatives. The 2022 - 2023 Geolocation Restructuring Program is expected to be substantially complete by the end of 2023. Cash outlays associated with this program, which primarily relate to personnel-related costs, are expected to be $105 million to $120 million, which are expected to be paid through 2024.

Substantially all of the $14 million in restructuring charges recognized during the quarter ended March 31, 2023 relate to employee termination costs.

Changes to the restructuring liability for the aforementioned restructuring programs during the first three months of 2023 were as follows:

Balance as of December 31, 2022	**$**	**65**
2022 - 2023 Geolocation Restructuring Program:		
Cost incurred and adjustments	**$**	**14**
Cash payments and adjustments	**$**	**(42)**
Balance as of March 31, 2023	**$**	**37**

Cumulative expense incurred through March 31, 2023	**Employee Termination Costs**	**Real Estate Related Costs**	**Other Costs**	**Total**
2022 - 2023 Geolocation Restructuring Program	**$ 98**	**$ 28**	**$ 1**	**$ 127**

NOTE 11. FAIR VALUE

The table below presents information about items that are carried at fair value at March 31, 2023 and December 31, 2022:

	Fair Value Measurement as of March 31, 2023		
Description	**Balance**	**Level 1**	**Level 2**
Assets:			
Derivatives (1)	**$ 16**	**$ —**	**$ 16**
Mutual funds	**83**	**83**	**—**
Total	**$ 99**	**$ 83**	**$ 16**
Liabilities:			
Derivatives (1)	**$ 308**	**$ —**	**$ 308**
Total	**$ 308**	**$ —**	**$ 308**

	Fair Value Measurement as of December 31, 2022		
Description	**Balance**	**Level 1**	**Level 2**
Assets:			
Derivatives (1)	$ 46	$ —	$ 46
Mutual funds	71	71	—
Total	$ 117	$ 71	$ 46
Liabilities:			
Derivatives (1)	$ 319	$ —	$ 319
Total	$ 319	$ —	$ 319

(1) Represents FX forward contracts, interest rate swaps and cross-currency swaps as more fully described in Note 8 to the condensed consolidated financial statements.

The following are descriptions of the methodologies utilized by the Company to estimate the fair value of its derivative contracts, mutual funds and money market mutual funds:

Derivatives:

In determining the fair value of the derivative contracts in the table above, the Company utilizes industry standard valuation models. Where applicable, these models project future cash flows and discount the future amounts to a present value using spot rates, forward points, currency volatilities, interest rates as well as the risk of non-performance of the Company and the counterparties with whom it has derivative contracts. The Company established strict counterparty credit guidelines and only enters into transactions with financial institutions that adhere to these guidelines. Accordingly, the risk of counterparty default is deemed to be minimal.

Mutual funds:

The mutual funds in the table above are deemed to be equity securities with readily determinable fair values with changes in the fair value recognized through net income under ASC Topic 321. The fair value of these instruments is determined using Level 1 inputs as defined in the ASC Topic 820.

NOTE 12. OTHER BALANCE SHEET AND STATEMENTS OF OPERATIONS INFORMATION

The following tables contain additional detail related to certain balance sheet captions:

	March 31, 2023	December 31, 2022
Other current assets:		
Prepaid taxes	**$ 191**	$ 235
Prepaid expenses	**131**	119
Capitalized costs to obtain and fulfill sales contracts	**117**	106
Foreign exchange forwards on certain assets and liabilities	**4**	19
Other	**74**	104
Total other current assets	**$ 517**	$ 583
Other assets:		
Investments in non-consolidated affiliates	**$ 520**	$ 517
Deposits for real-estate leases	**15**	15
Indemnification assets related to acquisitions	**112**	110
Mutual funds and fixed deposits	**89**	87
Company owned life insurance (at contract value)	**44**	40
Costs to obtain sales contracts	**181**	171
Derivative instruments designated as accounting hedges	**12**	27
Pension and other retirement employee benefits	**41**	40
Other	**85**	85
Total other assets	**$ 1,099**	$ 1,092
Accounts payable and accrued liabilities:		
Salaries and benefits	**$ 135**	$ 104
Incentive compensation	**88**	276
Customer credits, advanced payments and advanced billings	**110**	102
Dividends	**4**	6
Professional service fees	**47**	49
Accrued interest	**85**	144
Accounts payable	**70**	52
Income taxes	**84**	86
Pension and other retirement employee benefits	**7**	7
Accrued royalties	**31**	23
Foreign exchange forwards on certain assets and liabilities	**1**	2
Restructuring liability	**37**	65
Other	**106**	95
Total accounts payable and accrued liabilities	**$ 805**	$ 1,011
Other liabilities:		
Pension and other retirement employee benefits	**$ 195**	$ 189
Interest accrued on UTPs	**28**	47
MAKS indemnification provisions	**19**	23
Income tax liability - non-current portion	**15**	48
Derivative instruments designated as accounting hedges	**307**	317
Other	**46**	50
Total other liabilities	**$ 610**	$ 674

Investments in non-consolidated affiliates:

The following table provides additional detail regarding Moody's investments in non-consolidated affiliates, as included in other assets in the consolidated balance sheets:

	March 31, 2023	December 31, 2022
Equity method investments [1]	**$ 190**	$ 187
Investments measured using the measurement alternative [2]	**325**	325
Other	**5**	5
Total investments in non-consolidated affiliates	**$ 520**	$ 517

[1] Equity securities in which the Company has significant influence over the investee but does not have a controlling financial interest in accordance with ASC Topic 323.

[2] Equity securities without readily determinable fair value for which the Company has elected to apply the measurement alternative in accordance with ASC Topic 321.

Moody's holds various investments accounted for under the equity method, the most significant of which is the Company's minority investment in CCXI. Moody's also holds various investments measured using the measurement alternative, the most significant of which is the Company's minority interest in BitSight.

Earnings from non-consolidated affiliates, which are included within other non-operating income (expense), net, are disclosed within the table below.

Other non-operating income (expense), net:

The following table summarizes the components of other non-operating income (expense), net:

	Three Months Ended March 31,	
	2023	2022
FX (loss) gain [1]	**$ (26)**	$ —
Net periodic pension costs - other components	**9**	6
Income from investments in non-consolidated affiliates	**2**	2
Other[2]	**15**	(2)
Total	**$ —**	$ 6

[1] The amount for the three months ended March 31, 2023 includes a $23 million loss recorded pursuant to an immaterial out-of-period adjustment relating to the 2022 fiscal year.

[2] The amount for the three months ended March 31, 2023 reflects a benefit of $9 million related to the favorable resolutions of various tax matters and gains of $4 million on certain of the Company's investments.

NOTE 13. COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE LOSS

The following tables show changes in AOCL by component (net of tax):

	Three Months Ended March 31,									
	2023					2022				
Gains/(Losses)	Pension and Other Retirement Benefits	Cash Flow Hedges	Foreign Currency Translation Adjustments	Net Investment Hedges	Total	Pension and Other Retirement Benefits	Cash Flow Hedges	Foreign Currency Translation Adjustments	Net Investment Hedges	Total
Balance at December 31,	**$ (47)**	**$ (45)**	**$ (736)**	**$ 185**	**$ (643)**	$ (49)	$ (47)	$ (335)	$ 21	$ (410)
Other comprehensive income/(loss) before reclassifications	**—**	**—**	**110**	**(57)**	**53**	(2)	—	(107)	47	(62)
Amounts reclassified from AOCL	**—**	**1**	**—**	**—**	**1**	—	1	—	—	1
Other comprehensive income/(loss)	**—**	**1**	**110**	**(57)**	**54**	(2)	1	(107)	47	(61)
Balance at March 31,	**$ (47)**	**$ (44)**	**$ (626)**	**$ 128**	**$ (589)**	$ (51)	$ (46)	$ (442)	$ 68	$ (471)

NOTE 14. INDEBTEDNESS

The Company's debt is recorded at its carrying amount, which represents the issuance amount plus or minus any issuance premium or discount, except for certain debt as depicted in the table below, which is recorded at the carrying amount adjusted for the fair value of an interest rate swap used to hedge the fair value of the note.

The following table summarizes total indebtedness:

March 31, 2023					
Notes Payable:	Principal Amount	Fair Value of Interest Rate Swaps [1]	Unamortized (Discount) Premium	Unamortized Debt Issuance Costs	Carrying Value
4.875% 2013 Senior Notes, due 2024	**$ 500**	**$ —**	**$ —**	**$ (1)**	**$ 499**
5.25% 2014 Senior Notes, due 2044	**600**	**(37)**	**3**	**(4)**	**562**
1.75% 2015 Senior Notes, due 2027	**543**	**—**	**—**	**(2)**	**541**
3.25% 2017 Senior Notes, due 2028	**500**	**(31)**	**(3)**	**(2)**	**464**
4.25% 2018 Senior Notes, due 2029	**400**	**(34)**	**(2)**	**(2)**	**362**
4.875% 2018 Senior Notes, due 2048	**400**	**(38)**	**(6)**	**(4)**	**352**
0.950% 2019 Senior Notes, due 2030	**815**	**—**	**(2)**	**(4)**	**809**
3.75% 2020 Senior Notes, due 2025	**700**	**(23)**	**—**	**(3)**	**674**
3.25% 2020 Senior Notes, due 2050	**300**	**—**	**(4)**	**(3)**	**293**
2.55% 2020 Senior Notes, due 2060	**300**	**—**	**(2)**	**(3)**	**295**
2.00% 2021 Senior Notes, due 2031	**600**	**—**	**(7)**	**(4)**	**589**
2.75% 2021 Senior Notes, due 2041	**600**	**—**	**(13)**	**(5)**	**582**
3.10% 2021 Senior Notes, due 2061	**500**	**—**	**(7)**	**(5)**	**488**
3.75% 2022 Senior Notes, due 2052	**500**	**(21)**	**(8)**	**(5)**	**466**
4.25% 2022 Senior Notes, due 2032	**500**	**(8)**	**(2)**	**(4)**	**486**
Total debt	**$ 7,758**	**$ (192)**	**$ (53)**	**$ (51)**	**$ 7,462**
Current portion					**(499)**
Total long-term debt					**$ 6,963**

December 31, 2022					
Notes Payable:	Principal Amount	Fair Value of Interest Rate Swaps [1]	Unamortized (Discount) Premium	Unamortized Debt Issuance Costs	Carrying Value
4.875% 2013 Senior Notes, due 2024	$ 500	$ —	$ (1)	$ (1)	$ 498
5.25% 2014 Senior Notes, due 2044	600	(42)	3	(4)	557
1.75% 2015 Senior Notes, due 2027	534	—	—	(2)	532
3.25% 2017 Senior Notes, due 2028	500	(37)	(3)	(2)	458
4.25% 2018 Senior Notes, due 2029	400	(42)	(2)	(2)	354
4.875% 2018 Senior Notes, due 2048	400	(44)	(6)	(4)	346
0.950% 2019 Senior Notes, due 2030	800	—	(2)	(4)	794
3.75% 2020 Senior Notes, due 2025	700	(27)	(1)	(3)	669
3.25% 2020 Senior Notes, due 2050	300	—	(4)	(3)	293
2.55% 2020 Senior Notes, due 2060	300	—	(2)	(3)	295
2.00% 2021 Senior Notes, due 2031	600	—	(7)	(4)	589
2.75% 2021 Senior Notes, due 2041	600	—	(13)	(5)	582
3.10% 2021 Senior Notes, due 2061	500	—	(7)	(5)	488
3.75% 2022 Senior Notes, due 2052	500	(35)	(8)	(5)	452
4.25% 2022 Senior Notes, due 2032	500	(12)	(2)	(4)	482
Total long-term debt	$ 7,734	$ (239)	$ (55)	$ (51)	$ 7,389

[1] The fair value of interest rate swaps in the table above represents the cumulative amount of fair value hedging adjustments included in the carrying amount of the hedged debt.

Notes Payable

At March 31, 2023, the Company was in compliance with all covenants contained within all of the debt agreements. All the debt agreements contain cross default provisions which state that default under one of the aforementioned debt instruments could in turn permit lenders under other debt instruments to declare borrowings outstanding under those instruments to be immediately due and payable. As of March 31, 2023, there were no such cross defaults.

The repayment schedule for the Company's borrowings is as follows:

Year Ending December 31,		Year Ending Total
2023 (After March 31,)	$	—
2024		500
2025		700
2026		—
2027		543
Thereafter		6,015
Total	$	7,758

Interest expense, net

The following table summarizes the components of interest as presented in the consolidated statements of operations and the cash paid for interest:

	Three Months Ended March 31,			
	2023		2022	
Income	$	10	$	2
Expense on borrowings		(70)		(48)
Income (expense) on UTPs and other tax related liabilities[1]		18		(3)
Net periodic pension costs - interest component		(6)		(4)
Interest expense, net	$	(48)	$	(53)
Interest paid[2]	$	96	$	78

[1] The amount for the three months ended March 31, 2023 reflects a $22 million reduction of tax-related interest expense primarily related to the resolutions of tax matters.

[2] Interest paid includes net settlements on interest rate swaps more fully discussed in Note 8.

The fair value and carrying value of the Company's debt as of March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023				December 31, 2022			
	Carrying Amount		Estimated Fair Value		Carrying Amount		Estimated Fair Value	
Long-term debt	$	7,462	$	6,744	$	7,389	$	6,564

The fair value of the Company's debt is estimated based on quoted prices in active markets as of the reporting date, which are considered Level 1 inputs within the fair value hierarchy.

NOTE 15. LEASES

The Company has operating leases, substantially all of which relate to the lease of office space. The Company's leases which are classified as finance leases are not material to the consolidated financial statements. Certain of the Company's leases include options to renew, with renewal terms that can extend the lease term from one year to 20 years at the Company's discretion.

The following table presents the components of the Company's lease cost:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Operating lease cost	**$ 24**	$ 27
Sublease income	**(2)**	(2)
Variable lease cost	**5**	5
Total lease cost	**$ 27**	$ 30

The following tables present other information related to the Company's operating leases:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Cash paid for amounts included in the measurement of operating lease liabilities	**$ 30**	$ 31
Right-of-use assets obtained in exchange for new operating lease liabilities	**$ 5**	$ 15

	March 31, 2023	March 31, 2022
Weighted-average remaining lease term	**4.8 years**	5.5 years
Weighted-average discount rate applied to operating leases	**3.1 %**	3.1 %

The following table presents a maturity analysis of the future minimum lease payments included within the Company's operating lease liabilities at March 31, 2023:

Year Ending December 31,	Operating Leases
2023 (After March 31,)	$ 90
2024	113
2025	100
2026	81
2027	65
After 2027	41
Total lease payments (undiscounted)	490
Less: Interest	35
Present value of lease liabilities:	$ 455
Lease liabilities - current	$ 106
Lease liabilities - noncurrent	$ 349

NOTE 16. CONTINGENCIES

Given the nature of the Company's activities, Moody's and its subsidiaries are subject to legal and tax proceedings, governmental, regulatory and legislative investigations, subpoenas and other inquiries, and claims and litigation by governmental and private parties that are based on ratings assigned by MIS or that are otherwise incidental to the Company's business. Moody's and MIS also are subject to periodic reviews, inspections, examinations and investigations by regulators in the U.S. and other jurisdictions, any of which may result in claims, legal proceedings, assessments, fines, penalties or restrictions on business activities. Moody's also is subject to ongoing tax audits as addressed in Note 4 to the condensed consolidated financial statements.

Management periodically assesses the Company's liabilities and contingencies in connection with these matters based upon the latest information available. For claims, litigation and proceedings and governmental investigations and inquiries not related to income taxes, the Company records liabilities in the consolidated financial statements when it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated and periodically adjusts these as appropriate. When the reasonable estimate of the loss is within a range of amounts, the minimum amount of the range is accrued unless some higher amount within the range is a better estimate than another amount within the range. In instances when a loss is reasonably possible but uncertainties exist related to the probable outcome and/or the amount or range of loss, management does not record a liability but discloses the contingency if material. As additional information becomes available, the Company adjusts its assessments and estimates of such matters accordingly. Moody's also discloses material pending legal proceedings pursuant to SEC rules and other pending matters as it may determine to be appropriate.

In view of the inherent difficulty of assessing the potential outcome of legal proceedings, governmental, regulatory and legislative investigations and inquiries, claims and litigation and similar matters and contingencies, particularly when the claimants seek large or indeterminate damages or assert novel legal theories or the matters involve a large number of parties, the Company often cannot predict what the eventual outcome of the pending matters will be or the timing of any resolution of such matters. The Company also may be unable to predict the impact (if any) that any such matters may have on how its business is conducted, on its competitive position or on its financial position, results of operations or cash flows. As the process to resolve any pending matters progresses, management will continue to review the latest information available and assess its ability to predict the outcome of such matters and the effects, if any, on its operations and financial condition and to accrue for and disclose such matters as and when required. However, because such matters are inherently unpredictable and unfavorable developments or resolutions can occur, the ultimate outcome of such matters, including the amount of any loss, may differ from those estimates.

NOTE 17. SEGMENT INFORMATION

The Company is organized into two operating segments: MA and MIS and accordingly, the Company reports in two reportable segments: MA and MIS.

The MA segment develops a wide range of products and services that support the risk management activities of institutional participants in global financial markets. The MA segment consists of three LOBs - Decision Solutions, Research and Insights, and Data and Information.

The MIS segment consists of five LOBs. The CFG, FIG, PPIF and SFG LOBs generate revenue principally from fees for the assignment and ongoing monitoring of credit ratings on debt obligations and the entities that issue such obligations in markets worldwide. The MIS Other LOB primarily consists of financial instruments pricing services in the Asia-Pacific region, ICRA non-ratings revenue and revenue from providing professional services.

Revenue for MA and expenses for MIS include an intersegment fee charged to MIS from MA for certain MA products and services utilized in MIS's ratings process. Additionally, revenue for MIS and expenses for MA include intersegment fees charged to MA for the rights to use and distribute content, data and products developed by MIS. These intersegment fees are generally based on the market value of the products and services being transferred between the segments.

Overhead expenses include costs such as rent and occupancy, information technology and support staff such as finance, human resources and legal. Such costs and corporate expenses that exclusively benefit one segment are fully charged to that segment.

For overhead costs and corporate expenses that benefit both segments, costs are allocated to each segment based on the segment's share of full-year 2018 actual revenue which comprises a "Baseline Pool" established in 2019, which will remain fixed over time. In subsequent periods, incremental overhead costs (or reductions thereof) will be allocated to each segment based on the prevailing shares of total revenue represented by each segment.

"Eliminations" in the following table represent intersegment revenue/expense. Moody's does not report the Company's assets by reportable segment, as this metric is not used by the chief operating decision maker to allocate resources to the segments. Consequently, it is not practical to show assets by reportable segment.

Financial Information by Segment

The table below shows revenue and Adjusted Operating Income by reportable segment. Adjusted Operating Income is a financial metric utilized by the Company's chief operating decision maker to assess the profitability of each reportable segment. Refer to Note 2 for further details on the components of the Company's revenue.

	Three Months Ended March 31,							
	2023				2022			
	MA	**MIS**	**Eliminations**	**Consolidated**	**MA**	**MIS**	**Eliminations**	**Consolidated**
Total external revenue	**$ 737**	**$ 733**	**$ —**	**$ 1,470**	$ 695	$ 827	$ —	$ 1,522
Intersegment revenue	**3**	**45**	**(48)**	**—**	2	43	(45)	—
Revenue	**740**	**778**	**(48)**	**1,470**	697	870	(45)	1,522
Operating, SG&A	**526**	**336**	**(48)**	**814**	473	360	(45)	788
Adjusted Operating Income	**$ 214**	**$ 442**	**$ —**	**$ 656**	$ 224	$ 510	$ —	$ 734
Add:								
Depreciation and amortization	**70**	**18**	**—**	**88**	60	18	—	78
Restructuring	**8**	**6**	**—**	**14**	—	—	—	—
Operating Income				**$ 554**				$ 656

The table below shows cumulative restructuring expense incurred through March 31, 2023 by reportable segment.

	MA		MIS		Total	
2022 - 2023 Geolocation Restructuring Program	**$**	**57**	**$**	**70**	**$**	**127**

The costs expected to be incurred related to the 2022 - 2023 Geolocation Restructuring Program are $75 million - $100 million for the MA segment and $80 million - $90 million for the MIS segment.

The restructuring program is more fully discussed in Note 10.

Consolidated Revenue Information by Geographic Area

	Three Months Ended March 31,			
	2023		2022	
United States	**$**	**770**	$	823
Non-U.S.:				
EMEA		**451**		457
Asia-Pacific		**151**		141
Americas		**98**		101
Total Non-U.S.		**700**		699
Total	**$**	**1,470**	$	1,522

NOTE 18. SUBSEQUENT EVENT

On April 24, 2023, the Board approved the declaration of a quarterly dividend of $0.77 per share of Moody’s common stock, payable on June 9, 2023 to shareholders of record at the close of business on May 19, 2023.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion and analysis of financial condition and results of operations should be read in conjunction with the Moody’s Corporation condensed consolidated financial statements and notes thereto included elsewhere in this quarterly report on Form 10-Q.

This Management’s Discussion and Analysis of Financial Condition and Results of Operations contains Forward-Looking Statements. See “Forward-Looking Statements” commencing on page 54 for a discussion of uncertainties, risks and other factors associated with these statements.

THE COMPANY

Moody’s is a global integrated risk assessment firm that empowers organizations and investors to make better decisions. Moody’s reports activities in two segments: MIS and MA.

Moody’s Analytics	Moody’s	Moody’s Investors Service
Provider of financial intelligence and analytical tools supporting customers’ growth, efficiency and risk management objectives	Global integrated risk assessment firm providing credit rating opinions, analytical solutions and insights that empower organizations to make better, faster decisions	Independent provider of credit rating opinions and related information for over 100 years

MA is a global provider of: i) data and information; ii) research and insights; and iii) decision solutions, which help companies make better and faster decisions. MA leverages its industry expertise across multiple risks such as credit, market, financial crime, supply chain, catastrophe and climate to deliver integrated risk assessment solutions that enable business leaders to identify, measure and manage the implications of interrelated risks and opportunities.

MIS publishes credit ratings and provides assessment services on a wide range of debt obligations, programs and facilities, and the entities that issue such obligations in markets worldwide, including various corporate, financial institution and governmental obligations, and structured finance securities.

Sustainability

Moody’s manages its business with the goal of delivering value to all of its stakeholders, including but not limited to, its customers, employees, business partners, local communities and stockholders. As part of this effort, Moody’s advances sustainability by considering environmental, social, and governance (“ESG”) factors in its operations, products and services. The Company uses its expertise and assets to make a positive difference through technology tools, research and analytical services that help other organizations and the investor community better understand the links between sustainability considerations and the global markets. Moody’s efforts to promote sustainability-related thought leadership, assessments and data to market participants include adhering to the policies of recognized sustainability organizations that develop standards or frameworks and/or evaluate and assess performance, including: the Global Reporting Initiative (GRI); International Sustainability Standards Board (ISSB); and the World Economic Forum (WEF)’s Stakeholder Capitalism metrics. On April 20, 2023, Moody's issued its 2022 annual reports on Stakeholder Sustainability and Task Force on Climate-related Financial Disclosures (“TCFD”). Moody’s sustainability-related achievements during the first quarter of 2023 included the following:

- Named 2022 CDP Supplier Engagement Leader on Climate Action for third consecutive year;
- Recognized among America’s 100 Most JUST Companies by JUST Capital and CNBC for its commitment to serving its workforce, customers, communities, the environment, and stockholders; and
- Named to Bloomberg Gender-Equality Index for fourth consecutive year.

The Board oversees sustainability matters, with assistance from the Audit, Governance & Nominating and Compensation & Human Resources Committees, as part of its oversight of management and the Company’s overall strategy. The Audit Committee oversees financial, risk and other disclosures made in the Company’s annual and quarterly reports related to sustainability and has overseen the expanded voluntary disclosures the Company has made in its periodic filings. The Governance & Nominating Committee oversees sustainability matters, including significant issues of corporate social and environmental responsibility, as they pertain to the Company’s business and to long-term value creation for the Company and its stockholders, and makes recommendations to the Board regarding these issues. This has helped to develop the Company’s robust ESG strategy. Finally, the Compensation & Human Resources Committee oversees inclusion of sustainability-related performance goals for determining compensation of all senior executives. This oversight has resulted in the Company more fully integrating sustainability-related performance metrics into the strategic & operational compensation metric of all senior executives. The Board also oversees Moody’s policies for assessing and managing the Company's exposure to risk, including climate-related risks such as business continuity disruption and reputational or credibility concerns stemming from incorporation of climate-related risks into the credit methodologies and credit ratings of MIS.

Three Pillars of Moody's Sustainability Strategy

Better Business

For Moody's operations and value chain

Strive to embed responsible, sustainable decision-making into our operations and value chain.

Better Lives

For Moody's people and communities

Aim to foster a nurturing and inclusive culture across Moody's people and communities.

Better Solutions

For market transformation

Deliver trusted perspectives on financial materiality and sustainability performance that help our customers decode risk and unlock opportunity.

Current Matters Impacting Moody's Business

Current Macroeconomic Uncertainties/Market Volatility

The Company continues to monitor current macroeconomic and geopolitical uncertainties that have contributed to declines in rated issuance volumes beginning in 2022, which have continued into the first quarter of 2023. These uncertainties include, but are not limited to: i) increasing inflation; ii) rising interest rates; and iii) volatility in the global capital markets partly resulting from the ongoing Russia/Ukraine conflict (further discussed below) and the failures of certain banking institutions in the first quarter of 2023. A substantial portion of MIS’s revenue is impacted by the level of issuance activity in the fixed income capital markets, both in the U.S. and internationally. While market volatility has resulted in declines in rated issuance volumes, the Company believes that these declines are predominantly transitory in nature. However, due to various uncertainties, Moody's is unable to predict the severity and duration of current macroeconomic and geopolitical uncertainties and their potential impact on future rated issuance volumes. Refer to Item 1A. “Risk Factors” contained in the Company’s annual report on Form 10-K for the year ended December 31, 2022 for further disclosure relating to these risks.

Russia/Ukraine Conflict

The Company is closely monitoring the impact of the ongoing Russia/Ukraine conflict on all aspects of its business. In response to the conflict, the Company is no longer conducting commercial operations in Russia for both MA and MIS and is complying with all applicable regulatory restrictions set forth by the jurisdictions in which Moody's operates. Furthermore, the Company also has withdrawn MIS credit ratings on Russian entities.

While Moody's Russian operations and net assets are not material, broader global market volatility, which partially relates to uncertainties surrounding the conflict, has contributed to an adverse impact on rated issuance volumes. This impact to rated issuance volumes is more fully discussed in the "Results of Operations" section of this MD&A. The Company is unable to predict either the near-term or longer-term impact that the conflict may have on its financial position and operating results due to numerous uncertainties regarding the severity and duration of the conflict and its broader potential macroeconomic impact.

Reportable Segments

The Company is organized into two reportable segments as of March 31, 2023: MA and MIS, which are more fully described in the section entitled “The Company” above and in Note 17 to the condensed consolidated financial statements.

RESULTS OF OPERATIONS

The following footnotes are applicable throughout the discussion of the Company's results of operations:

(1) Refer to the section entitled "Non-GAAP Financial Measures" of this MD&A for the definition and methodology that the Company utilizes to calculate this metric.

(2) Refer to the section entitled "Key Performance Metrics" of this MD&A for the definition and methodology that the Company utilizes to calculate this metric.

(3) Adjusted Operating Income, Adjusted Operating Margin and Adjusted Diluted EPS are non-GAAP financial measures. Refer to the section entitled "Non-GAAP Financial Measures" of this MD&A for further information regarding these measures.

Three months ended March 31, 2023 compared with three months ended March 31, 2022

Executive Summary

The following table provides an executive summary of key operating results for the quarter ended March 31, 2023. Following this executive summary is a more detailed discussion of the Company's operating results as well as a discussion of the operating results of the Company's reportable segments.

Financial measure:	Three Months Ended March 31, 2023	2022	% Change Favorable (Unfavorable)	Insight and Key Drivers of Change Compared to Prior Year
Moody's total revenue	**$ 1,470**	$ 1,522	(3 %)	— reflects lower MIS revenue partially offset by growth in MA
MA external revenue	**$ 737**	$ 695	6 %	— sustained demand for KYC and insurance solutions as well as ratings data feeds; *partially offset by:* — unfavorable changes in FX translation rates
MIS external revenue	**$ 733**	$ 827	(11 %)	— ongoing uncertainty around inflation, interest rates, recessionary concerns and stress in the banking sector broadly impacted credit markets, constraining rated issuance volumes across most LOBs
Total operating and SG&A expenses	**$ 814**	$ 788	(3 %)	— higher incentive compensation accruals; — hiring in MA coupled with annual salary increases; and — costs to support organic investments; *partially offset by:* — favorable changes in FX translation rates; and — benefits from cost management initiatives
Depreciation and amortization	**$ 88**	$ 78	(13 %)	— higher amortization relating to internally developed software, primarily related to the development of MA SaaS solutions
Restructuring	**$ 14**	$ —	NM	— relates to the Company's 2022 - 2023 Geolocation Restructuring Program, more fully discussed in Note 10 to the condensed consolidated financial statements
Total non-operating (expense) income, net	**$ (48)**	$ (47)	(2 %)	— reflects $26 million of FX losses recorded in the first quarter of 2023, mostly offset by lower tax-related interest expense related to the resolutions of tax matters
Operating margin	**37.7 %**	43.1 %	(540 BPS)	— margin declines primarily due to the aforementioned decrease in MIS revenue coupled with an increase in operating and SG&A expenses in MA to support growth
Adjusted Operating Margin	**44.6 %**	48.2 %	(360 BPS)	
ETR	**1.0 %**	18.2 %	(1,720 BPS)	— significantly lower ETR reflects tax benefits recognized in the first quarter of 2023, which resulted from the resolutions of uncertain tax positions in various U.S. and non-U.S. tax jurisdictions
Diluted EPS	**$ 2.72**	$ 2.68	1 %	— increase reflects a $0.75/share benefit related to the resolutions of tax matters in the first quarter of 2023, partially offset by lower operating income/Adjusted Operating Income
Adjusted Diluted EPS	**$ 2.99**	$ 2.89	3 %	

Moody's Corporation

	Three Months Ended March 31, 2023	2022	% Change Favorable (Unfavorable)
Revenue:			
United States	**$ 770**	$ 823	(6 %)
Non-U.S.:			
EMEA	**451**	457	(1 %)
Asia-Pacific	**151**	141	7 %
Americas	**98**	101	(3 %)
Total Non-U.S.	**700**	699	— %
Total	**1,470**	1,522	(3 %)
Expenses:			
Operating	**428**	417	(3 %)
SG&A	**386**	371	(4 %)
Depreciation and amortization	**88**	78	(13 %)
Restructuring	**14**	—	NM
Total	**916**	866	(6 %)
Operating income	**$ 554**	$ 656	(16 %)
Adjusted Operating Income (3)	**$ 656**	$ 734	(11 %)
Interest expense, net	**$ (48)**	$ (53)	9 %
Other non-operating income, net	**—**	6	(100 %)
Non-operating (expense) income, net	**$ (48)**	$ (47)	(2 %)
Net income attributable to Moody's	**$ 501**	$ 498	1 %
Diluted weighted average shares outstanding	**184.1**	186.1	1 %
Diluted EPS attributable to Moody's common shareholders	**$ 2.72**	$ 2.68	1 %
Adjusted Diluted EPS (3)	**$ 2.99**	$ 2.89	3 %
Operating margin	**37.7 %**	43.1 %	
Adjusted Operating Margin(3)	**44.6 %**	48.2 %	
Effective tax rate	**1.0 %**	18.2 %	

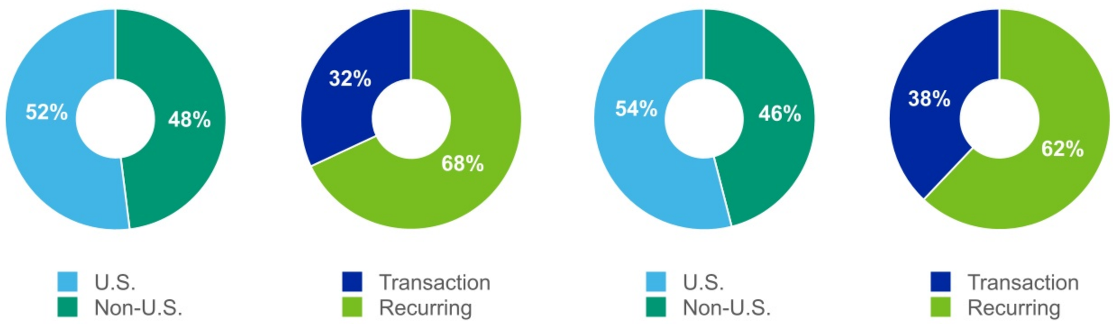
The table below shows Moody’s global staffing by geographic area:

		March 31, 2023	2022	Change %
MA	U.S.	**2,899**	2,708	7 %
	Non-U.S.	**4,412**	4,076	8 %
	Total	**7,311**	6,784	8 %
MIS	U.S.	**1,488**	1,504	(1 %)
	Non-U.S.	**3,975**	3,895	2 %
	Total	**5,463**	5,399	1 %
MSS	U.S.	**659**	749	(12 %)
	Non-U.S.	**986**	981	1 %
	Total	**1,645**	1,730	(5 %)
Total MCO	U.S.	**5,046**	4,961	2 %
	Non-U.S.	**9,373**	8,952	5 %
	Total	**14,419**	13,913	4 %

GLOBAL REVENUE

Three months ended March 31,

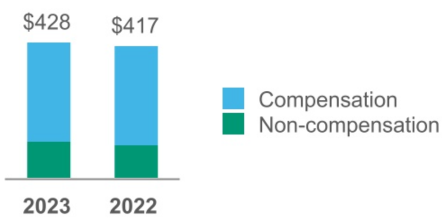
2023 **2022**



Global revenue ⇓ $52 million **U.S. Revenue ⇓ $53 million** **Non-U.S. Revenue ⇑ $1 million**

The decrease in global revenue reflected declines in MIS, mainly in the U.S. and EMEA, partially offset by growth in MA in all regions. Refer to the section entitled "Segment Results" of this MD&A for a more fulsome discussion of the Company's segment revenue.

First Quarter Operating Expense ⇑ $11 million



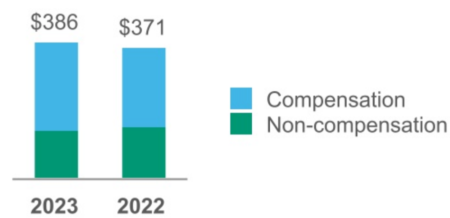
Compensation expenses increased $1 million reflecting:

— higher salaries and benefits in MA to support growth mostly offset by the benefits from cost management initiatives in MIS.

Non-compensation expenses increased $10 million reflecting:

— higher costs of $7 million relating to strategic investments in technology, innovation and product development.

First Quarter SG&A Expense ⇑ $15 million



Compensation expenses increased $24 million reflecting:

— higher incentive compensation accruals of $11 million, which aligns with actual/projected financial and operating performance; and

— higher salaries and benefits of approximately $7 million primarily reflecting hiring and salary increases in MA to support continued growth in the business.

Non-compensation expenses decreased $9 million reflecting:

— higher bad debt reserves of $10 million in the prior year resulting from the impact of the Russia/Ukraine conflict; and

— lower legal fees of $5 million; *partially offset by*

— higher travel and entertainment costs of $6 million.

Depreciation and amortization

The increase in depreciation and amortization expense is driven by amortization of internally developed software, which is primarily related to the development of MA SaaS solutions.

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Operating margin 37.7%, down 540 BPS

Adjusted Operating Margin 44.6%, down 360 BPS

Overall, margin declines primarily resulted from the aforementioned decrease in MIS revenue coupled with increases in operating and SG&A expenses in the MA segment.

Interest Expense, net ⇓ $5 million

Decrease in expense is primarily due to:

— a $22 million reduction of tax-related interest expense primarily related to the resolutions of tax matters; and

— higher interest income of $8 million related to increased earnings on Moody's cash balances driven by higher interest rates; *partially offset by*

— realized losses of $18 million on fixed-to-floating interest rate swaps resulting from higher interest rates (more fully discussed in Note 8 to the condensed consolidated financial statements).

Other non-operating income ⇓ $6 million

Decrease in income is primarily due to:

— FX losses of $26 million recorded in the first quarter of 2023 mostly due to an immaterial out-of-period adjustment relating to the 2022 fiscal year; *partially offset by*

— higher gains of $10 million on certain of the Company's investments; and

— a benefit of $9 million related to the favorable resolution of various tax matters.

ETR ⇓ 1,720 BPS

The decrease in ETR primarily reflects the resolutions of uncertain tax positions in various U.S. and non-U.S. tax jurisdictions, which resulted in a $113 million reduction to the provision for income taxes in the first quarter of 2023.

Diluted EPS ⇑ $0.04

Adjusted Diluted EPS ⇑ $0.10

Diluted EPS and Adjusted Diluted EPS growth reflects a $0.75/share benefit related to the resolutions of tax matters in the first quarter of 2023, partially offset by lower operating income and Adjusted Operating Income, the components of which are more fully described above. Refer to the section entitled “Non-GAAP Financial Measures” of this MD&A for items excluded in the derivation of Adjusted Diluted EPS.

Segment Results

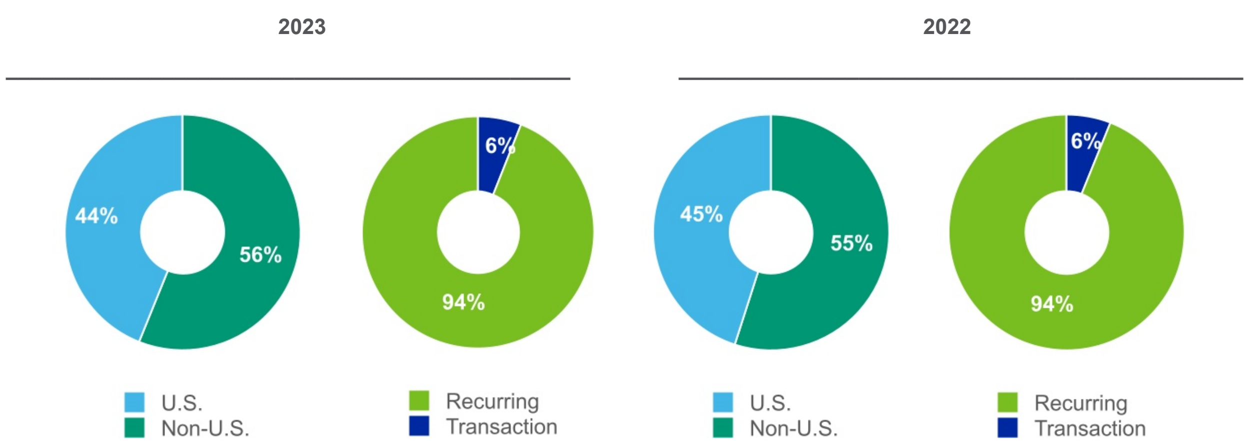
Moody’s Analytics

The table below provides a summary of revenue and operating results, followed by further insight and commentary:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	% Change Favorable (Unfavorable)
Revenue:			
Decision Solutions (DS)	**$ 354**	$ 334	6 %
Research and Insights (R&I)	**195**	183	7 %
Data and Information (D&I)	**188**	178	6 %
Total external revenue	**737**	695	6 %
Intersegment revenue	**3**	2	50 %
Total MA revenue	**740**	697	6 %
Expenses:			
Operating and SG&A (external)	**481**	430	(12 %)
Operating and SG&A (intersegment)	**45**	43	(5 %)
Total operating and SG&A	**526**	473	(11 %)
Adjusted Operating Income	**$ 214**	$ 224	(4 %)
Adjusted Operating Margin	**28.9 %**	32.1 %	
Depreciation and amortization	**70**	60	(17 %)
Restructuring	**8**	—	NM

MOODY'S ANALYTICS REVENUE

Three months ended March 31,



MA: Global revenue ⇑ $42 million **U.S. Revenue ⇑ $14 million** **Non-U.S. Revenue ⇑ $28 million**

The 6% increase in global MA revenue reflects growth both in the U.S. (5%) and internationally (7%) in all LOBs. Changes in foreign currency translation rates unfavorably impacted MA revenue by three percentage points.

- Constant currency revenue growth[1] was 9% reflecting increases across all LOBs.
- ARR[2] grew 10% reflecting strong growth across all LOBs.

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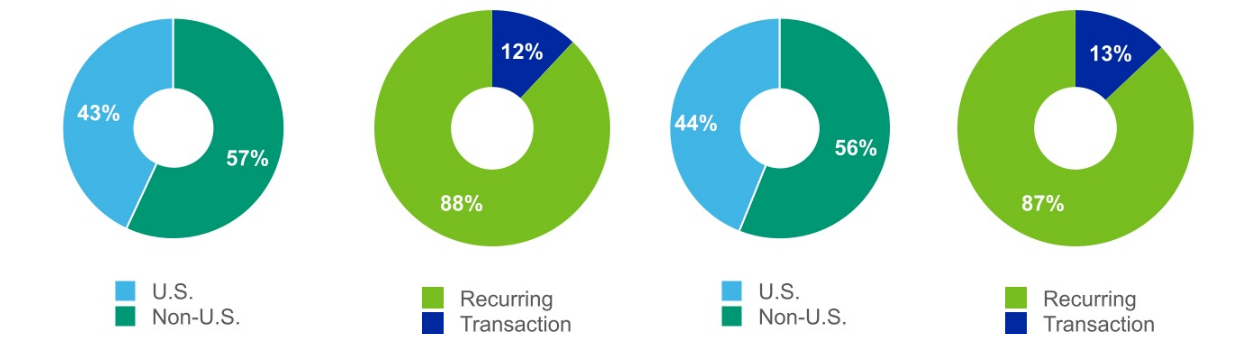
DECISION SOLUTIONS REVENUE

Three months ended March 31,

2023 **2022**



DS: Global revenue ⇑ $20 million **U.S. Revenue ⇑ $5 million** **Non-U.S. Revenue ⇑ $15 million**

Global DS revenue grew 6% compared to the first quarter of 2022 and reflects growth in both the U.S. (3%) and internationally (8%) with the most notable drivers of the increase reflecting:

- continued demand for KYC and compliance solutions reflecting increased customer and supplier risk data usage;
- higher revenue from RMS primarily due to a reduction of revenue in the first quarter of 2022 pursuant to a fair value adjustment to deferred revenue previously required as part of acquisition accounting; and
- growth in subscription-based revenue for actuarial modeling tools in support of certain international accounting standards relating to insurance contracts.

Changes in foreign currency translation rates unfavorably impacted DS revenue by two percentage points.

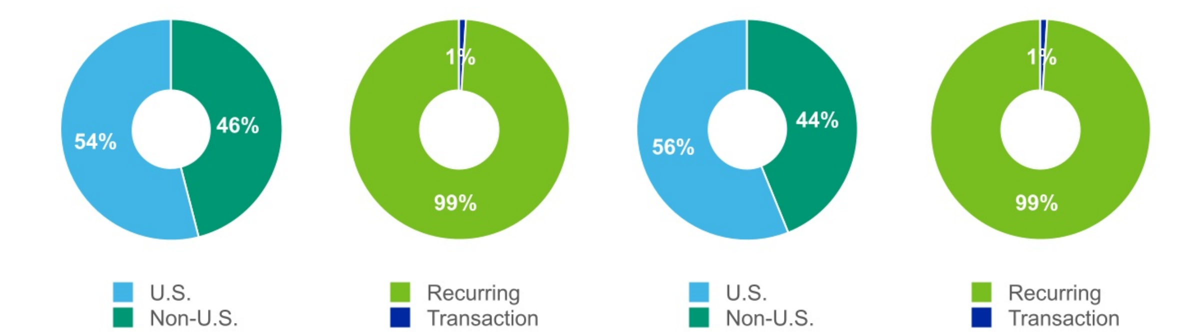
Constant currency revenue[(1)] growth was 8%.

ARR[(2)] grew 11% primarily reflecting continued demand for KYC, banking and insurance products.

RESEARCH AND INSIGHTS REVENUE

Three months ended March 31,

2023 **2022**



R&I: Global revenue ⇑ $12 million **U.S. Revenue ⇑ $2 million** **Non-U.S. Revenue ⇑ $10 million**

Global R&I revenue increased 7% compared to the first quarter of 2022 and reflects growth in both the U.S. (2%) and internationally (13%), mainly driven by continued strong retention and demand for credit research, analytics and models.

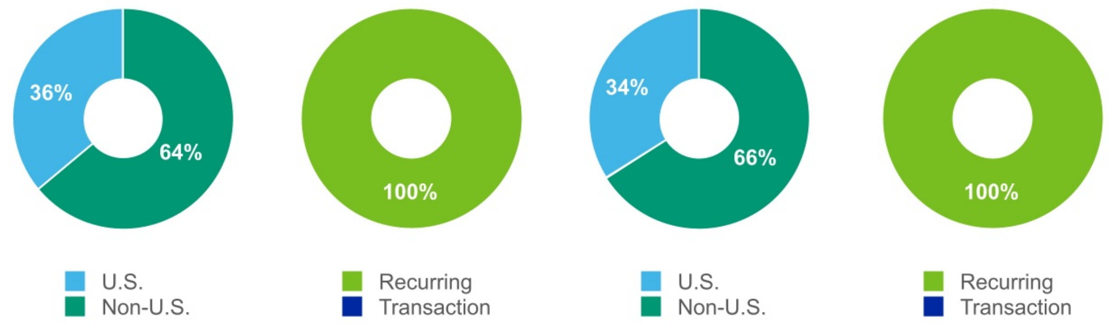
Constant currency revenue growth[(1)] was 8%.

ARR[(2)] grew 9% primarily reflecting the aforementioned strong retention and demand for credit research, analytics and models.

DATA AND INFORMATION REVENUE

Three months ended March 31,

2023	2022



D&I: Global revenue ⇑ $10 million **U.S. Revenue ⇑ $7 million** **Non-U.S. Revenue ⇑ $3 million**

Global D&I revenue increased 6% compared to the first quarter of 2022 and reflects growth in both the U.S. (12%) and internationally (3%) mainly driven by:

– strong retention and new sales for ratings feeds coupled with higher pricing realization; and

– continued demand for company data.

Changes in foreign currency translation rates unfavorably impacted D&I revenue by four percentage points.

Constant currency revenue growth(1) was 10%.

ARR(2) grew 9% reflecting increasing demand for company data and ratings data feed products.

MA: First Quarter Operating and SG&A Expense ⇑ $51 million

The increase in operating and SG&A expenses compared to the first quarter of 2022 reflected growth in both compensation and non-compensation costs of $28 million and $23 million, respectively. The most notable drivers of these changes were:

Compensation costs	Non-compensation costs
The increase is primarily due to: — higher salaries and benefits of $13 million related to headcount growth and annual salary increases; and — higher incentive compensation accruals of $10 million aligned with actual/expected financial and operational performance as well as headcount growth.	*The increase is primarily due to:* — higher consulting/professional fees of $7 million primarily related to strategic investments in technology, innovation and product development; and — higher travel and entertainment costs of $8 million.

Favorable changes in FX translation rates reduced compensation and non-compensation costs by $9 million and $4 million, respectively.

MA: Adjusted Operating Margin 28.9% ⇓ 320 BPS

The Adjusted Operating Margin decrease for MA is primarily due to operating and SG&A expense growth of 12% outpacing the 6% increase in global MA revenue.

Depreciation and amortization

The increase in depreciation and amortization expense primarily reflects higher amortization of internally developed software relating to the development of SaaS-based solutions.

Restructuring Charge

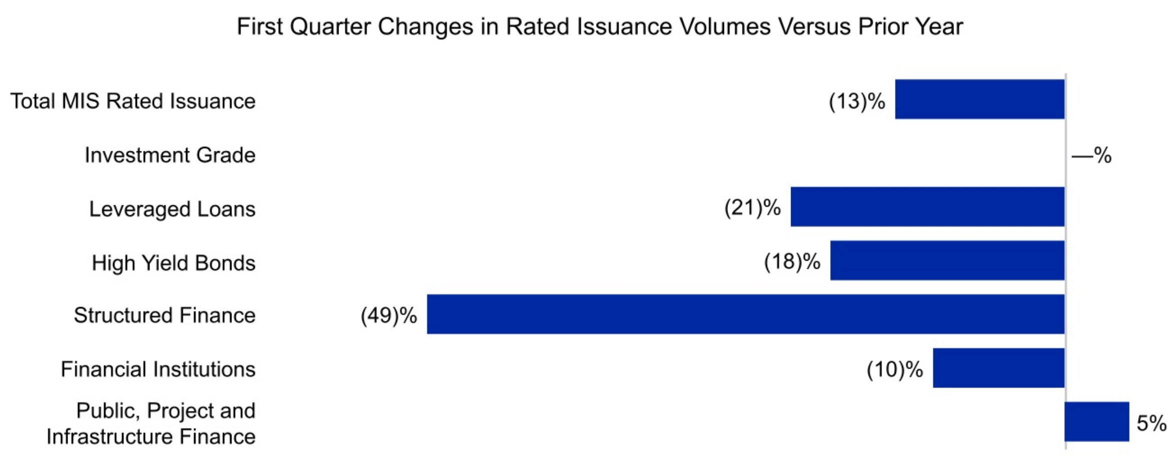
The restructuring charge in 2023 relates to the Company's 2022 - 2023 Geolocation Restructuring Program as more fully discussed in Note 10 to the condensed consolidated financial statements.

Moody's Investors Service

The table below provides a summary of revenue and operating results, followed by further insight and commentary:

	Three Months Ended March 31,		% Change Favorable (Unfavorable)
	2023	**2022**	
Revenue:			
Corporate finance (CFG)	**$ 356**	$ 417	(15 %)
Structured finance (SFG)	**99**	144	(31 %)
Financial institutions (FIG)	**142**	131	8 %
Public, project and infrastructure finance (PPIF)	**129**	123	5 %
Total ratings revenue	**726**	815	(11 %)
MIS Other	**7**	12	(42 %)
Total external revenue	**733**	827	(11 %)
Intersegment revenue	**45**	43	5 %
Total MIS revenue	**778**	870	(11 %)
Expenses:			
Operating and SG&A (external)	**333**	358	7 %
Operating and SG&A (intersegment)	**3**	2	(50 %)
Total operating and SG&A	**336**	360	7 %
Adjusted Operating Income	**$ 442**	$ 510	(13 %)
Adjusted Operating Margin	**56.8 %**	58.6 %	
Depreciation and amortization	**18**	18	— %
Restructuring	**6**	—	NM

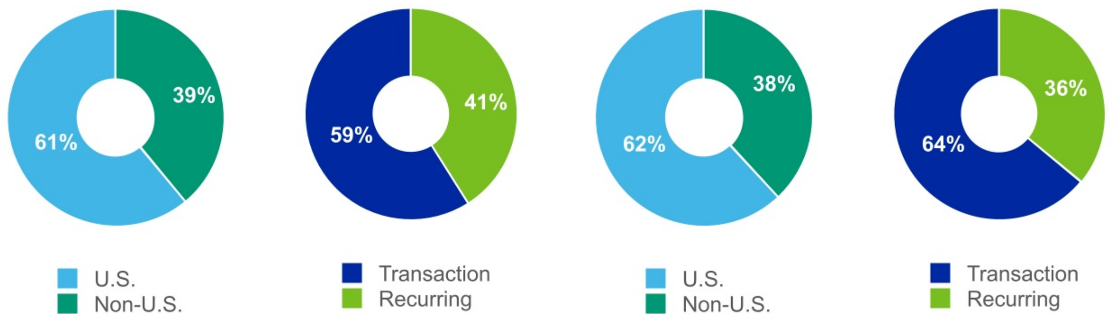
The following chart presents changes in rated issuance volumes compared to the first quarter of 2022. To the extent that changes in rated issuance volumes had a material impact to MIS's revenue compared to the prior year, those impacts are discussed below.



MOODY'S INVESTORS SERVICE REVENUE

Three months ended March 31,

2023	2022



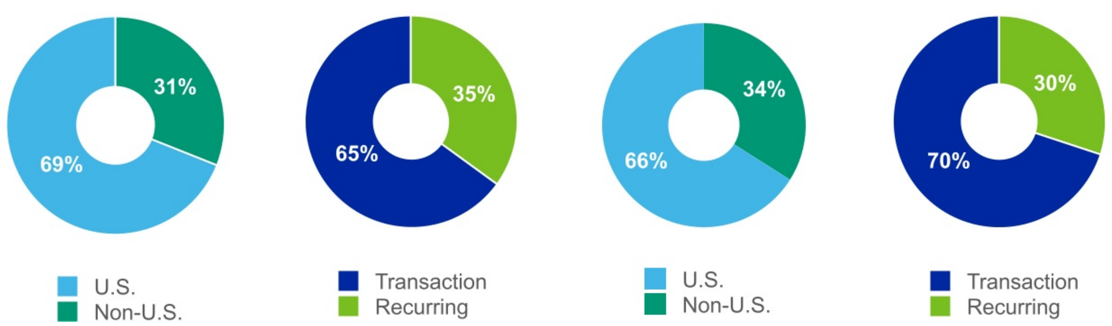
MIS: Global revenue ⇓ $94 million **U.S. Revenue ⇓ $67 million** **Non-U.S. Revenue ⇓ $27 million**

- The decrease in global MIS revenue primarily reflects a 13% decrease in rated issuance volumes, which resulted in transaction revenue declining $98 million compared to the same period in the prior year. The decline in rated issuance volumes compared to the first quarter of 2022 reflected muted credit market activity given ongoing uncertainty around inflation, interest rates, recessionary concerns and stress in the banking sector following the failure of certain banks in the first quarter of 2023.

CFG REVENUE

Three months ended March 31,

2023	2022



CFG: Global revenue ⇓ $61 million **U.S. Revenue ⇓ $29 million** **Non-U.S. Revenue ⇓ $32 million**

Global CFG revenue for the three months ended March 31, 2023 and 2022 was comprised as follows:

[(1)] Other includes: recurring monitoring fees of a rated debt obligation and/or entities that issue such obligations as well as fees from programs such as commercial paper, medium term notes, and ICRA corporate finance revenue.

The decrease in CFG revenue of 15% reflected declines in both U.S. (11%) and internationally (23%).

Transaction revenue decreased $63 million compared to the same period in the prior year.

The decline reflected:

- lower leveraged finance revenue across all regions as geopolitical and macroeconomic uncertainties have continued to impact issuance levels;

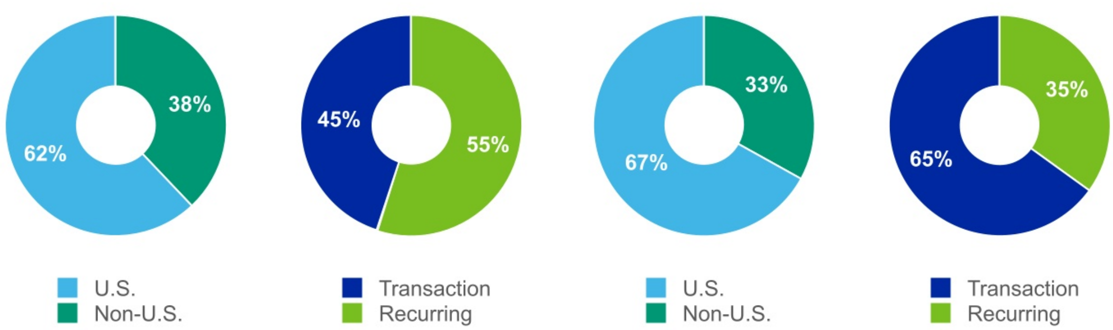
partially offset by:

- growth in investment grade issuance activity within the U.S., which included a number of jumbo deals within the healthcare and technology industries in the first quarter of 2023.

SFG REVENUE

Three months ended March 31,

2023 **2022**



SFG: Global revenue ⇓ $45 million **U.S. Revenue ⇓ $36 million** **Non-U.S. Revenue ⇓ $9 million**

Global SFG revenue for the three months ended March 31, 2023 and 2022 was comprised as follows:

The 31% decrease in SFG revenue reflected declines in both U.S. (37%) and internationally (19%).

Transaction revenue decreased $48 million compared to the first quarter of 2022.

The most notable driver of the decline in SFG revenue was lower CMBS activity compared to a strong prior year period reflecting higher credit spreads and market volatility given ongoing geopolitical and macroeconomic uncertainties.

FIG REVENUE

Three months ended March 31,

2023 | **2022**

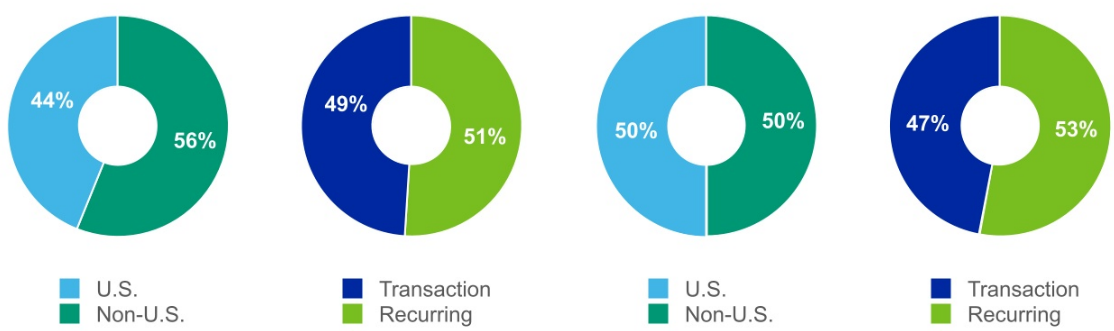


FIG: Global revenue ⇑ $11 million | **U.S. Revenue ⇓ $2 million** | **Non-U.S. Revenue ⇑ $13 million**

Global FIG revenue for the three months ended March 31, 2023 and 2022 was comprised as follows:

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The increase in FIG revenue of 8% reflected revenue growth internationally (20%) partially offset by declines in the U.S. (3%).

Transaction revenue increased $9 million compared to the first quarter of 2022.

The growth primarily reflects:

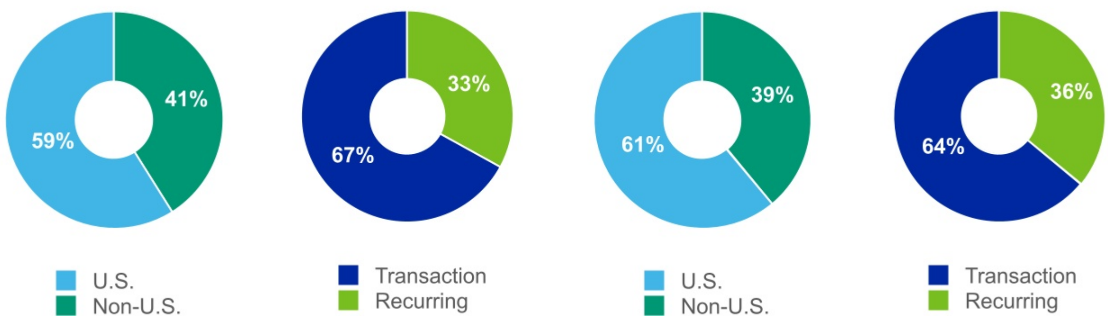
- higher rated issuance volumes in the banking sector early in the first quarter of 2023, before volatility from recent bank stress events muted issuance activity; and
- a favorable product mix internationally within the banking sector.

Changes in foreign currency translation rates unfavorably impacted FIG revenue by two percentage points.

PPIF REVENUE

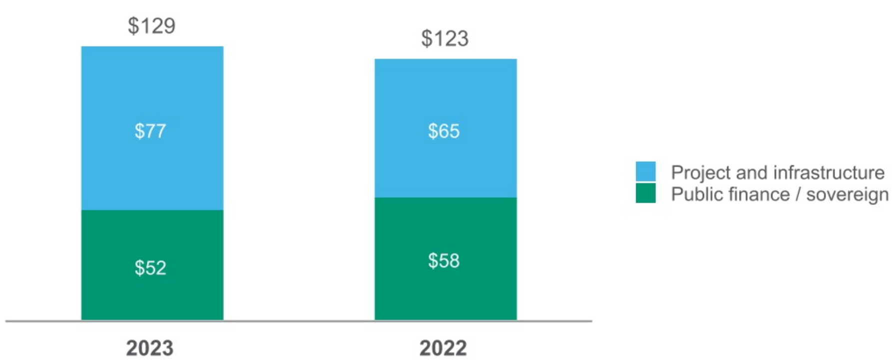
Three months ended March 31,

2023 **2022**



PPIF: Global revenue ⇑ $6 million **U.S. Revenue ⇑ $1 million** **Non-U.S. Revenue ⇑ $5 million**

Global PPIF revenue for the three months ended March 31, 2023 and 2022 was comprised as follows:



Transaction revenue increased $7 million compared to the first quarter of 2022.

The increase in PPIF revenue of 5% reflected growth in the U.S. (1%) and internationally (10%).

The main drivers of the growth were:

– increases in investment-grade infrastructure finance activity both in the U.S. and internationally;

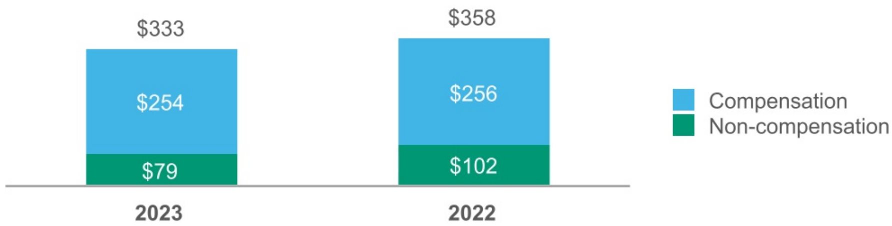
partially offset by:

– declines in U.S. project finance revenue compared to strong activity in the prior year; and

– lower U.S. public finance activity as the elevated and uncertain interest rate environment suppressed issuance.

Changes in foreign currency translation rates unfavorably impacted PPIF revenue by two percentage points.

MIS: First Quarter Operating and SG&A Expense ⇓ $25 million



The decline is primarily due to lower non-compensation costs of $23 million with the most notable drivers reflecting:

Non-compensation costs

The decrease is primarily due to:

— higher bad debt expense of $10 million in the prior year resulting from the impact of the Russia/Ukraine conflict;

— lower legal fees of $5 million; and

— lower rent expense of $4 million primarily resulting from savings pursuant to the 2022-2023 Geolocation Restructuring Program, further described in Note 10 to the condensed consolidated financial statements.

Favorable changes in FX translation rates reduced compensation and non-compensation costs by $6 million and $1 million, respectively.

MIS: Adjusted Operating Margin 56.8% ⇓ 180 BPS

The MIS Adjusted Operating Margin decline primarily reflected the aforementioned 11% decrease in revenue.

Restructuring Charge

The restructuring charge in 2023 relates to the Company's 2022 - 2023 Geolocation Restructuring Program as more fully discussed in Note 10 to the condensed consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

Moody's remains committed to using its cash flow to create value for shareholders by both investing in the Company's employees and growing the business through targeted organic initiatives and inorganic acquisitions aligned with strategic priorities. Additional excess capital is returned to the Company's shareholders via a combination of dividends and share repurchases.

Cash Flow

The Company is currently financing its operations, capital expenditures and share repurchases from operating and financing cash flows.

The following is a summary of the changes in the Company's cash flows followed by a brief discussion of these changes:

	Three Months Ended March 31,		$ Change
	2023	2022	Favorable (Unfavorable)
Net cash provided by operating activities	**$ 608**	$ 470	$ 138
Net cash used in investing activities	**$ (63)**	$ (161)	$ 98
Net cash used in financing activities	**$ (216)**	$ (352)	$ 136
Free Cash Flow [1]	**$ 535**	$ 411	$ 124

[1] Free Cash Flow is a non-GAAP measure and is defined by the Company as net cash provided by operating activities minus cash paid for capital expenditures. Refer to "Non-GAAP Financial Measures" of this MD&A for further information on this financial measure.

Net cash provided by operating activities

Net cash flows from operating activities in the three months ended March 31, 2023 increased $138 million compared to the same period in 2022, primarily due to approximately $140 million in higher incentive compensation payments in the first quarter 2022 (based on full-year 2021 financial results) compared to the current year.

Net cash used in investing activities

The $98 million decrease in cash used in investing activities in the three months ended March 31, 2023 compared to the same period in 2022 primarily reflects higher cash paid of $83 million in the prior year for acquisitions, reflecting the acquisition of kompany in 2022.

Net cash used in financing activities

The $136 million decrease in cash used in financing activities in the three months ended March 31, 2023 compared to the same period in the prior year was primarily attributed to:

– higher cash paid for treasury share repurchases in 2022 of $617 million, which includes payment for shares made under an ASR agreement executed in the first quarter of 2022;

partially offset by:

– long-term debt issuance of $491 million in the first quarter 2022 that did not recur in 2023 (refer to the section "Material Cash Requirements" below for further discussion on the Company's financing arrangements).

Cash and cash equivalents and short-term investments

The Company's aggregate cash and cash equivalents and short-term investments of $2.2 billion at March 31, 2023 included approximately $1.7 billion located outside of the U.S. Approximately 42% of the Company's aggregate cash and cash equivalents and short-term investments is denominated in euros and British pounds. The Company manages both its U.S. and non-U.S. cash flow to maintain sufficient liquidity in all regions to effectively meet its operating needs.

As a result of the Tax Act, all previously net undistributed foreign earnings have now been subject to U.S. tax. The Company continues to evaluate which entities it will indefinitely reinvest earnings outside the U.S. The Company has provided deferred taxes for those entities whose earnings are not considered indefinitely reinvested. Accordingly, the Company has commenced repatriating a portion of its non-U.S. cash in these subsidiaries and will continue to repatriate certain of its offshore cash in a manner that addresses compliance with local statutory requirements, sufficient offshore working capital and any other factors that may be relevant in certain jurisdictions. Notwithstanding the Tax Act, which generally eliminated federal income tax on future cash repatriation to the U.S., cash repatriation may be subject to state and local taxes or withholding or similar taxes.

Material Cash Requirements

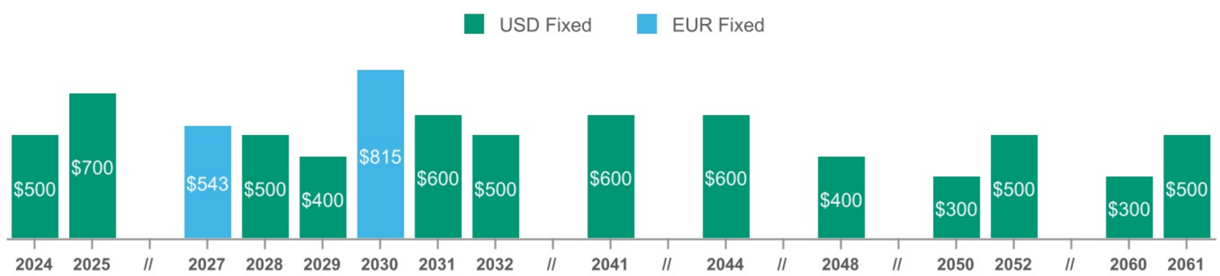
The Company's material cash requirements consist of the following contractual and other obligations:

Financing Arrangements

Indebtedness

At March 31, 2023, Moody's had $7.5 billion of outstanding debt and approximately $1 billion of additional capacity available under the Company's CP Program, which is backstopped by the $1.25 billion 2021 Facility.

The repayment schedule for the Company's borrowings outstanding at March 31, 2023 is as follows:



For additional information on the Company's outstanding debt, refer to Note 14 to the condensed consolidated financial statements.

Future interest payments and fees associated with the Company's debt and credit facility are expected to be $4.9 billion, of which approximately $334 million is expected to be paid over the next twelve months.

Management may consider pursuing additional long-term financing when it is appropriate in light of cash requirements for operations, share repurchases and other strategic opportunities, which could result in higher financing costs.

Purchase Obligations

Purchase obligations generally include multi-year agreements with vendors to purchase goods or services and mainly include data center/cloud hosting fees and fees for information technology licensing and maintenance. As of March 31, 2023, these purchase obligations totaled $244 million, of which $151 million is expected to be paid in the next twelve months.

Leases

The Company has remaining payments relating to its operating leases of $490 million at March 31, 2023, primarily related to real estate leases, of which $118 million in payments are expected over the next twelve months. For more information on the Company's operating leases, refer to Note 15 to the condensed consolidated financial statements.

Pension and Other Retirement Plan Obligations

The Company does not anticipate making significant contributions to its funded pension plan in the next twelve months. This plan is overfunded at March 31, 2023, and accordingly holds sufficient investments to fund future benefit obligations. Payments for the Company's unfunded plans are not expected to be material in either the short or long-term.

Dividends and share repurchases

On April 24, 2023, the Board approved the declaration of a quarterly dividend of $0.77 per share for Moody's common stock, payable June 9, 2023 to shareholders of record at the close of business on May 19, 2023. The continued payment of dividends at this rate, or at all, is subject to the discretion of the Board.

On February 9, 2021, the Board approved $1 billion in share repurchase authority, and on February 7, 2022, the Board approved an additional $750 million of share repurchase authority. At March 31, 2023, the Company had approximately $807 million of remaining authority. There is no established expiration date for the remaining authorizations.

Restructuring

As more fully discussed in Note 10 to the condensed consolidated financial statements, the Company is currently in the process of executing the 2022 - 2023 Geolocation Restructuring Program. This program relates to the Company's post-COVID-19 geolocation strategy and includes the rationalization and exit of certain real estate leases and a reduction in staff, including the relocation of certain job functions. Future cash outlays associated with this program, which will primarily consist of personnel-related costs, are expected to be approximately $40 million to $60 million, which are expected to be paid through 2024.

Sources of Funding to Satisfy Material Cash Requirements

The Company believes that it has the financial resources needed to meet its cash requirements and expects to have positive operating cash flow over the next twelve months. Cash requirements for periods beyond the next twelve months will depend, among other things, on the Company's profitability and its ability to manage working capital requirements. The Company may also borrow from various sources as described above.

NON-GAAP FINANCIAL MEASURES

In addition to its reported results, Moody's has included in this MD&A certain adjusted results that the SEC defines as "Non-GAAP financial measures." Management believes that such adjusted financial measures, when read in conjunction with the Company's reported results, can provide useful supplemental information for investors analyzing period-to-period comparisons of the Company's performance, facilitate comparisons to competitors' operating results and can provide greater transparency to investors of supplemental information used by management in its financial and operational decision-making. These adjusted measures, as defined by the Company, are not necessarily comparable to similarly defined measures of other companies. Furthermore, these adjusted measures should not be viewed in isolation or used as a substitute for other GAAP measures in assessing the operating performance or cash flows of the Company. Below are brief descriptions of the Company's adjusted financial measures accompanied by a reconciliation of the adjusted measure to its most directly comparable GAAP measure:

***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 charges/adjustments. 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/adjustments are excluded as the frequency and magnitude of these charges 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.

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	Three Months Ended March 31,	
	2023	2022
Operating income	**$ 554**	$ 656
Adjustments:		
Depreciation and amortization	**88**	78
Restructuring	**14**	—
Adjusted Operating Income	**$ 656**	$ 734
Operating margin	**37.7 %**	43.1 %
Adjusted Operating Margin	**44.6 %**	48.2 %

Adjusted Net Income and Adjusted Diluted EPS 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; and ii) restructuring charges/adjustments.

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/adjustments are excluded as the frequency and magnitude of these items may vary widely across periods and companies.

The Company excludes the aforementioned items to provide additional perspective when comparing net income and diluted EPS from period to period and across companies as the frequency and magnitude of similar transactions may vary widely across periods.

	Three Months Ended March 31,			
Amounts in millions	2023		2022	
Net income attributable to Moody's common shareholders		**$ 501**		**$ 498**
Pre-Tax Acquisition-Related Intangible Amortization Expenses	$ 51		$ 51	
Tax on Acquisition-Related Intangible Amortization Expenses	(12)		(12)	
Net Acquisition-Related Intangible Amortization Expenses		**39**		**39**
Pre-Tax Restructuring	$ 14		$ —	
Tax on Restructuring	(4)		—	
Net Restructuring		**10**		**—**
Adjusted Net Income		**$ 550**		**$ 537**

	Three Months Ended March 31,			
	2023		2022	
Diluted earnings per share attributable to Moody's common shareholders		**$ 2.72**		**$ 2.68**
Pre-Tax Acquisition-Related Intangible Amortization Expenses	$ 0.28		$ 0.27	
Tax on Acquisition-Related Intangible Amortization Expenses	(0.06)		(0.06)	
Net Acquisition-Related Intangible Amortization Expenses		**0.22**		**0.21**
Pre-Tax Restructuring	$ 0.08		$ —	
Tax on Restructuring	(0.03)		—	
Net Restructuring		**0.05**		**—**
Adjusted Diluted EPS		**$ 2.99**		**$ 2.89**

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

***Free Cash Flow**:*

The Company defines Free Cash Flow as net cash provided by operating activities minus payments for capital additions. 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. 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. Below is a reconciliation of the Company's net cash flows from operating activities to Free Cash Flow:

	Three Months Ended March 31,	
	2023	2022
Net cash provided by operating activities	**$ 608**	$ 470
Capital additions	**(73)**	(59)
Free Cash Flow	**$ 535**	$ 411
Net cash used in investing activities	**$ (63)**	$ (161)
Net cash used in financing activities	**$ (216)**	$ (352)

Constant Currency Revenue Growth (Decline):

The Company presents constant currency revenue growth (decline) as its non-GAAP measure of revenue growth (decline). Management deems this measure to be useful in providing additional perspective in assessing the Company's revenue growth (decline) excluding 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 constant currency revenue growth (decline) measures:

	Three Months Ended March 31,			
Amounts in millions	**2023**	**2022**	**Change**	**Growth**
MA revenue	**$ 737**	**$ 695**	**$ 42**	**6%**
FX impact	18	—	18	
Constant currency MA revenue	**$ 755**	**$ 695**	**$ 60**	**9%**
Decision Solutions revenue	**$ 354**	**$ 334**	**$ 20**	**6%**
FX impact	7	—	7	
Constant currency Decision Solutions revenue	**$ 361**	**$ 334**	**$ 27**	**8%**
Research and Insights revenue	**$ 195**	**$ 183**	**$ 12**	**7%**
FX impact	3	—	3	
Constant currency Research and Insights revenue	**$ 198**	**$ 183**	**$ 15**	**8%**
Data and Information revenue	**$ 188**	**$ 178**	**$ 10**	**6%**
FX impact	8	—	8	
Constant currency Data and Information revenue	**$ 196**	**$ 178**	**$ 18**	**10%**
MCO revenue	**$ 1,470**	**$ 1,522**	**$ (52)**	**(3)%**
FX impact	28	—	28	
Constant currency MCO revenue	**$ 1,498**	**$ 1,522**	**$ (24)**	**(2)%**

Key Performance Metrics:

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	March 31, 2023	March 31, 2022	Change	Growth
MA ARR				
Decision Solutions	$ 1,234	$ 1,108	$ 126	11%
Research and Insights	770	708	62	9%
Data and Information	748	685	63	9%
Total MA ARR	**$ 2,752**	**$ 2,501**	**$ 251**	**10%**

RECENTLY ISSUED ACCOUNTING STANDARDS

Refer to Note 1 to the condensed consolidated financial statements located in Part I of this Form 10-Q for a discussion on the impact to the Company relating to recently issued accounting pronouncements.

CONTINGENCIES

Legal proceedings in which the Company is involved also may impact Moody's liquidity or operating results. No assurance can be provided as to the outcome of such proceedings. In addition, litigation inherently involves significant costs. For information regarding legal proceedings, see Item 1 - "Financial Statements," Note 16 "Contingencies" in this Form 10-Q.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this quarterly report on Form 10-Q are forward-looking statements and are based on future expectations, plans and prospects for the Company's business and operations that involve a number of risks and uncertainties. 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. Those statements appear at various places throughout this quarterly report on Form 10-Q, including in the sections entitled "Contingencies" under Item 2, "MD&A," commencing on page 35 of this quarterly report on Form 10-Q, under "Legal Proceedings" in Part II, Item 1, of this Form 10-Q, and elsewhere in the context of statements containing the 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 relating to the Company's views on future events, trends and contingencies or otherwise convey the prospective nature of events or outcomes generally indicative of forward-looking statements. Stockholders and investors are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements and other information in this document are made as of the date of this quarterly report on Form 10-Q, 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 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 current economic conditions, including capital market disruptions, inflation and related monetary policy actions by governments in response to inflation, on worldwide credit markets and on economic activity, including on the volume of mergers and acquisitions, and their effects on the volume of debt and other securities issued in domestic and/or global capital markets;
- the uncertain effectiveness and possible collateral consequences of U.S. and foreign government initiatives and monetary policy to respond to the current economic climate, including instability of financial institutions, credit quality concerns, and other potential impacts of volatility in financial and credit markets;

- the global impact of the Russia - Ukraine military conflict on volatility in world financial markets, on general economic conditions and GDP in the U.S. and worldwide, on global relations and on the Company'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, increased utilization of technologies that have the potential to intensify competition and accelerate disruption and disintermediation in the financial services industry, as well as the number of issuances of securities without ratings or securities which are rated or evaluated by non-traditional parties;
- 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 countries or entities within countries and of Moody's no longer conducting commercial operations in countries where political instability warrants such actions;
- 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 and the impact of the global labor environment;
- 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 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, 2022, 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. Forward-looking and other statements in this document may also address our corporate responsibility progress, plans, and goals (including sustainability and environmental matters), and the inclusion of such statements is not an indication that these contents are necessarily material to investors or required to be disclosed in the Company's filings with the Securities and Exchange Commission. In addition, historical, current, and forward-looking sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the Company's market risk during the three months ended March 31, 2023. For a discussion of the Company's exposure to market risk, refer to the Company's market risk disclosures set forth in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" of our Form 10-K for the year ended December 31, 2022.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures: The Company carried out an evaluation, as required by Rule 13a-15(b) under the Exchange Act, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act, as of the end of the period covered by this report (the "Evaluation Date"). Based on such evaluation, such officers have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the communication to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, has determined that there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, these internal controls over financial reporting during the three-month period ended March 31, 2023.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding legal proceedings, see Item 1 – “Financial Statements – Notes to Condensed Consolidated Financial Statements (Unaudited),” Note 16 “Contingencies” in this Form 10-Q.

Item 1A. Risk Factors

There have been no material changes from the significant risk factors and uncertainties previously disclosed under the heading "Risk Factors" in the Company's annual report on Form 10-K for the year ended December 31, 2022, that if they were to occur, could materially adversely affect the Company’s business, financial condition, operating results and/or cash flow. For a discussion of the Company’s risk factors, refer to Item 1A. “Risk Factors” contained in the Company’s annual report on Form 10-K for the year ended December 31, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

MOODY'S PURCHASES OF EQUITY SECURITIES

For the three months ended March 31, 2023

Period	Total Number of Shares Purchased [1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares That May Yet be Purchased Under the Program[2]
January 1- 31	1,421	$ —	—	$ 848 million
February 1- 28	53,039	$ 305.20	51,619	$ 832 million
March 1- 31	298,949	$ 293.56	86,821	$ 807 million
Total	**353,409**	**$ 297.90**	**138,440**	

[1] Includes surrender to the Company of 1,421; 1,420; and 212,128 shares of common stock in January, February, and March, respectively, to satisfy tax withholding obligations in connection with the vesting of restricted stock issued to employees.

[2] As of the last day of each of the months. On February 9, 2021, the Board authorized $1 billion in share repurchase authority and on February 7, 2022, the Board of Directors approved an additional $750 million of share repurchase authority. At March 31, 2023 there was approximately $807 million of combined share repurchase authority remaining. There is no established expiration date for the remaining authorization.

During the first quarter of 2023, Moody’s issued a net 436 thousand shares under employee stock-based compensation plans.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit No	Description
3	ARTICLES OF INCORPORATION AND BY-LAWS
.1	Restated Certificate of Incorporation of the Registrant, effective April 22, 2020 (incorporated by reference to Exhibit 3.3 to the Report on Form 8-K of the Registrant, file number 1-14037, filed April 27, 2020)
.2	Amended and Restated By-laws of Moody's Corporation, effective December 14, 2020 (incorporated by reference to Exhibit 3.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed December 18, 2020)
10	**Material Contracts**
.1†	Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan (as amended and restated April 18, 2023)
31	CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
.1*	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
.2*	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	CERTIFICATIONS PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
.1*	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. The Company has furnished this certification and does not intend for it to be considered filed under the Securities Exchange Act of 1934 or incorporated by reference into future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934
.2*	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. The Company has furnished this certification and does not intend for it to be considered filed under the Securities Exchange Act of 1934 or incorporated by reference into future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Definitions Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith

† Management contract of compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MOODY'S CORPORATION

By: / S / MARK KAYE
Mark Kaye
Executive Vice President and Chief Financial Officer
(principal financial officer)

By: / S / CAROLINE SULLIVAN
Caroline Sullivan
Chief Accounting Officer and Corporate Controller
(principal accounting officer)

Date: April 26, 2023

Exhibit 31.1

**CHIEF EXECUTIVE OFFICER CERTIFICATION
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Robert Fauber, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Moody’s Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/ S / ROBERT FAUBER

Robert Fauber
President and Chief Executive Officer

April 26, 2023

Exhibit 31.2

**CHIEF FINANCIAL OFFICER CERTIFICATION
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Mark Kaye, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Moody’s Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/ S / MARK KAYE

Mark Kaye
Executive Vice President and Chief Financial Officer

April 26, 2023

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Moody’s Corporation (the “Company”) on Form 10-Q for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert Fauber, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/ S / ROBERT FAUBER

Robert Fauber
President and Chief Executive Officer

April 26, 2023

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Moody’s Corporation (the “Company”) on Form 10-Q for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Mark Kaye, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/ S / MARK KAYE

Mark Kaye
Executive Vice President and Chief Financial Officer

April 26, 2023