

MOODY'S

Decode risk.
Unlock opportunity.



Chartis
RiskTech100
2024

#1

4Q & FY 2023 Investor Presentation

February 29, 2024

May 16, 2023

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1

Moody's Overview


Our Company



Moody's Analytics

-  Financial intelligence and analytical tools supporting customers' growth, efficiency and risk management objectives
-  Solutions address customers' diverse needs
-  Extending brand into new markets and deepening customer relationships

Moody's Corporation

-  Global provider of integrated perspectives on risk, including credit rating opinions, analytical solutions and insights, that empower organizations to make better, faster decisions

Revenue of
\$5.9 billion

Adjusted Operating
Income¹ of \$2.6 billion



MA
30.5%

Adjusted
Operating
Margin



MIS
54.5%

Moody's Investors Service

-  Delivering independent credit rating opinions and related information for over 100 years
-  Proven ratings accuracy and deeply experienced analysts
-  Expanded sales and marketing activities in Commercial group

Note: Financial data for year ended December 31, 2023.

1. Refer to the Appendix for reconciliations between all adjusted measures mentioned throughout this presentation and U.S. GAAP.

Helping Customers Accelerate Value Creation in an Era of Exponential Risk

Moody's

Ratings	Research & Insights	Data & Information	Decision Solutions
Agency of Choice	Premier fixed income research business	Unparalleled database on companies & credit	Banking Insurance KYC
			SaaS businesses serving mission-critical Banking, Insurance and KYC workflows

We help Banks, Insurers, Investors, Corporations and Governments

What do we do?	Issue, Originate, Select & Underwrite	Identify, Measure, Monitor & Manage Risk	Verify, Comply, Plan & Report
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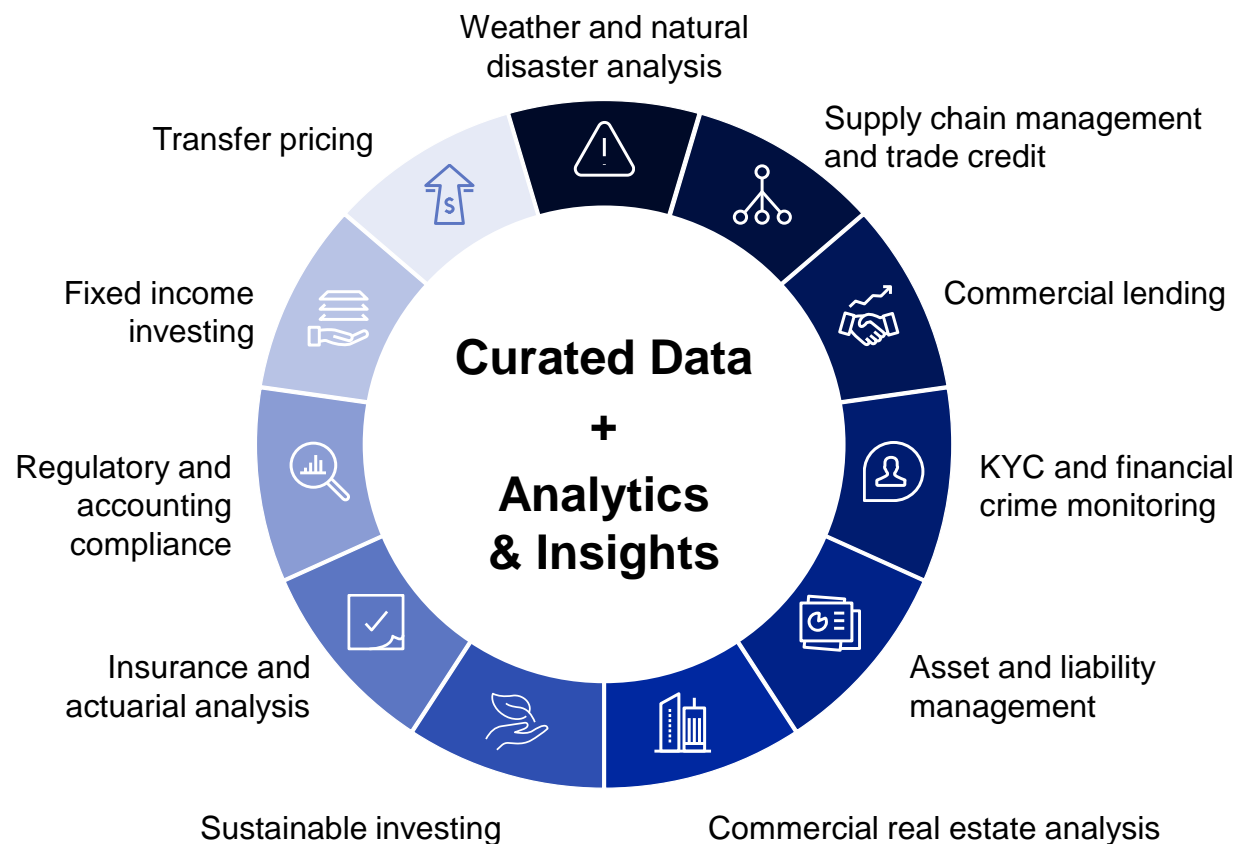
Leveraging an unrivaled set of data, analytics & domain expertise across

How do we do this?	Credit Companies	Properties Securities	People Economies	Climate ESG
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Note: KYC = Know Your Customer | SaaS = Software as a Service | ESG = Environmental, Social & Governance.

Providing Integrated Perspectives on Risk

Selection of use cases addressable by Moody's solutions



Note: KYC = Know Your Customer.

1. Figures shown are as of December 31, 2023.

\$40B+

Current Addressable Market



Helping customers make **better decisions**

Curated Data¹

Entities

480M+

public & private entities

Economies

545M+

economic, financial and demographic time series

People

17M+

risk profiles

Securities

~\$74T

rated debt

Properties

20M+

commercial properties

Physical Risk

3M+

scores on global facilities

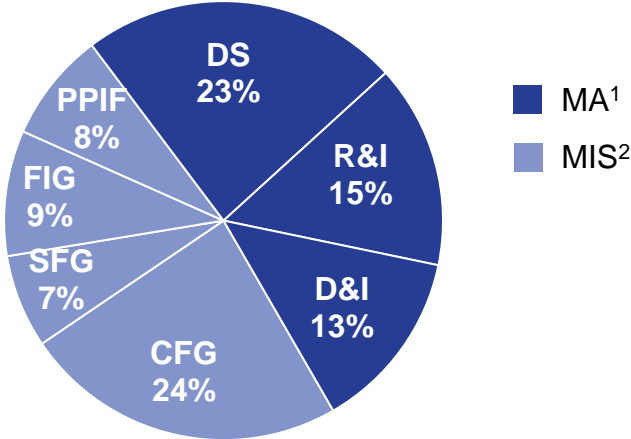
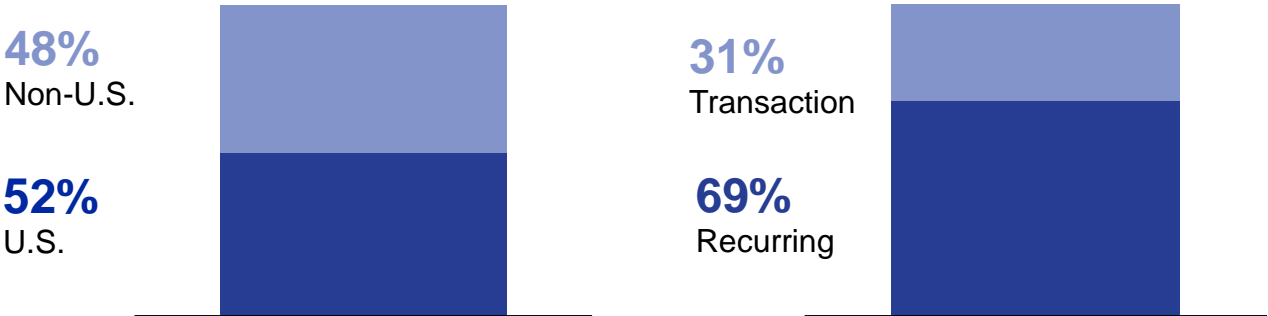


2

Financial Overview

Moody's Corporation Financial Profile

FY 2023 Revenue: \$5.9 billion



Full Year 2024 Guidance³

Revenue	Increase in the high-single to low-double-digit % range	Effective Tax Rate	22% - 24%
Operating Expenses	Increase in the mid-to-high-single-digit % range	Diluted EPS	\$9.45 - \$10.20
Operating Margin	37% to 39%	Adjusted Diluted EPS	\$10.25 - \$11.00
Adjusted Operating Margin	44% - 46%	Operating Cash Flow	\$2.3 to \$2.5 billion
Interest Expense, Net	\$240 - \$260 million	Free Cash Flow	\$1.9 to \$2.1 billion
Depreciation & Amortization	Approximately \$450 million	Share Repurchases	Approximately \$1.0 billion

1. Percentages may not sum to 100% due to rounding.
2. Percentages may not sum to 100% due to rounding. Includes MIS Other, <1%; MIS Other consists of financial instruments pricing services in the Asia-Pacific region, ICRA non-ratings revenue, and revenue from professional services.
3. Guidance as of February 13, 2024. Refer to Table 12 – “2024 Outlook” in the press release titled “Moody’s Corporation Reports Results for Fourth Quarter and Full Year 2023; Sets Outlook for 2024.” from February 13, 2024, for a complete list of guidance, reconciliations between adjusted measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

Medium-Term Guidance with 2022 Base Year¹

	MCO Revenue	→
	MA Revenue	→
	MIS Revenue	→
	MCO Adjusted Operating Margin	→
	MA Adjusted Operating Margin	→
	MIS Adjusted Operating Margin	→
	MCO Adjusted Diluted EPS	→

MEDIUM-TERM ^{2,3}	
	At least 10% growth
	Low-to-mid-teens % growth
	Mid-to-high-single-digit % growth
	Low-50s % range
	Mid-30s % range
	Low-60s % range
	Low-double-digit % growth

Note: Medium-term guidance refers to a time period within 5 years. Growth refers to average annualized growth over the time period.

1. As of February 13, 2024. Refer to slide 72 in the Appendix for details and assumptions with respect to medium-term guidance.
2. Assumes no material change in effective tax rate, foreign exchange rates, leverage profile and/or capital allocation policy.
3. Subject to available cash, market conditions, M&A opportunities and other ongoing capital allocation decisions.

Investment Criteria and Post-Acquisition Review



Clear Industrial Logic

Strategic fit, the most important factor, is the first screen

- » Complementary ratings, content, data, analytics, risk management, etc., in existing and / or high growth markets
- » Financial services and adjacent client base that can leverage Moody's brand, distribution, core credit expertise, and analytic capabilities
- » Preference for recurring revenue and low capital intensity



Disciplined Financial Targets

Long held, clear financial framework for external (and internal) investments

- » IRR at / above Moody's cost of capital
- » >10% annual cash return yield within 3-5 years
- » Cash payback within 7-9 years
- » Adjusted EPS accretive by year 2
- » Transactions evaluated on an unlevered basis



Post-Acquisition Review

Disciplined and rigorous monitoring post-close

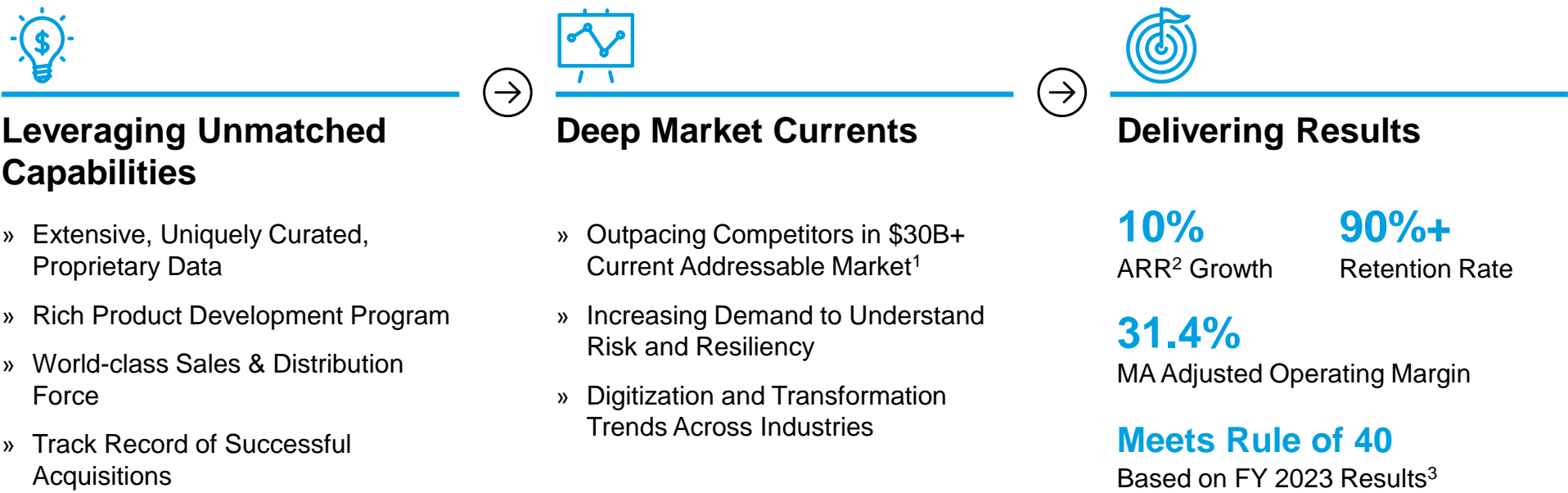
- » Clear accountability with regular reporting to senior management and Board
- » Integrate within acquiring business unit while maintaining unique and / or entrepreneurial characteristics
- » Acquisition tracking for minimum of 3 years after close for substantive transactions



3

Moody's Analytics

Integrated Perspectives on Risk Deliver Impressive Results



Integrated Perspectives on Risk: Combining data, analytics and software to decode risk and unlock opportunity for customers

Note: Figures as of quarter ended December 31, 2023.

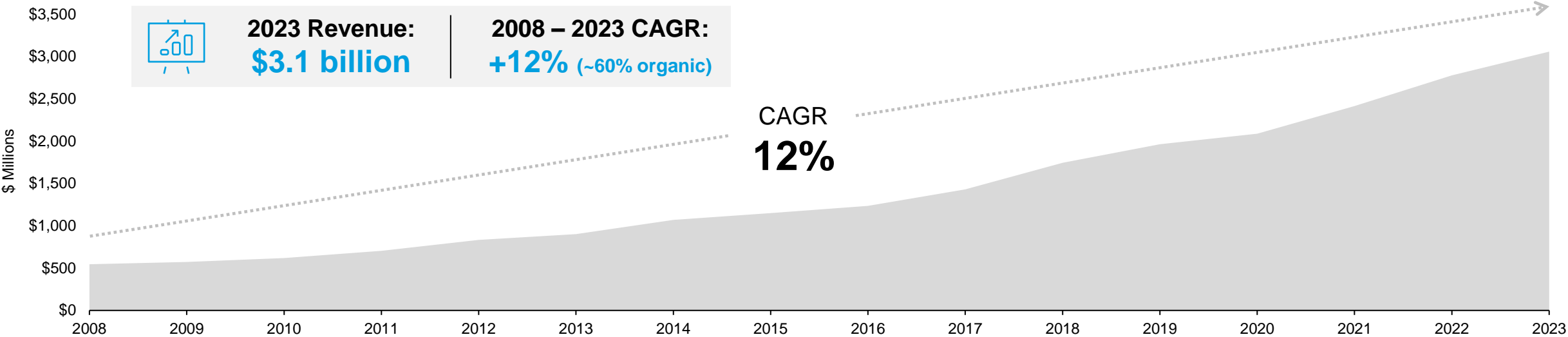
1. Estimated Current Addressable Market (i.e., CAM) as of June 30, 2023. Based on revenue projections through 2026. Sources: Moody's estimates, publicly available investor presentations, company annual reports, and analyst transcripts.

2. Refer to the Appendix for the definition of and further information on ARR.

3. Rule of 40 metric calculated by adding Annualized Recurring Revenue Growth to Adjusted Operating Margin.

Strong Execution Enabling Consistent Revenue Growth

Exceptional value creation - revenue has more than tripled over the last decade



2007

- » Moody's Analytics (MA) founded
- » Established risk assessment franchise with banks and insurance companies

2010 - 2016

- » Continued to develop and enhance Moodys.com
- » Expanded economic data and modeling capabilities
- » Created a chassis for MA integration and growth
- » Invested to expand CRE capabilities
- » Extended ALM franchise into pensions market

2017 - 2021

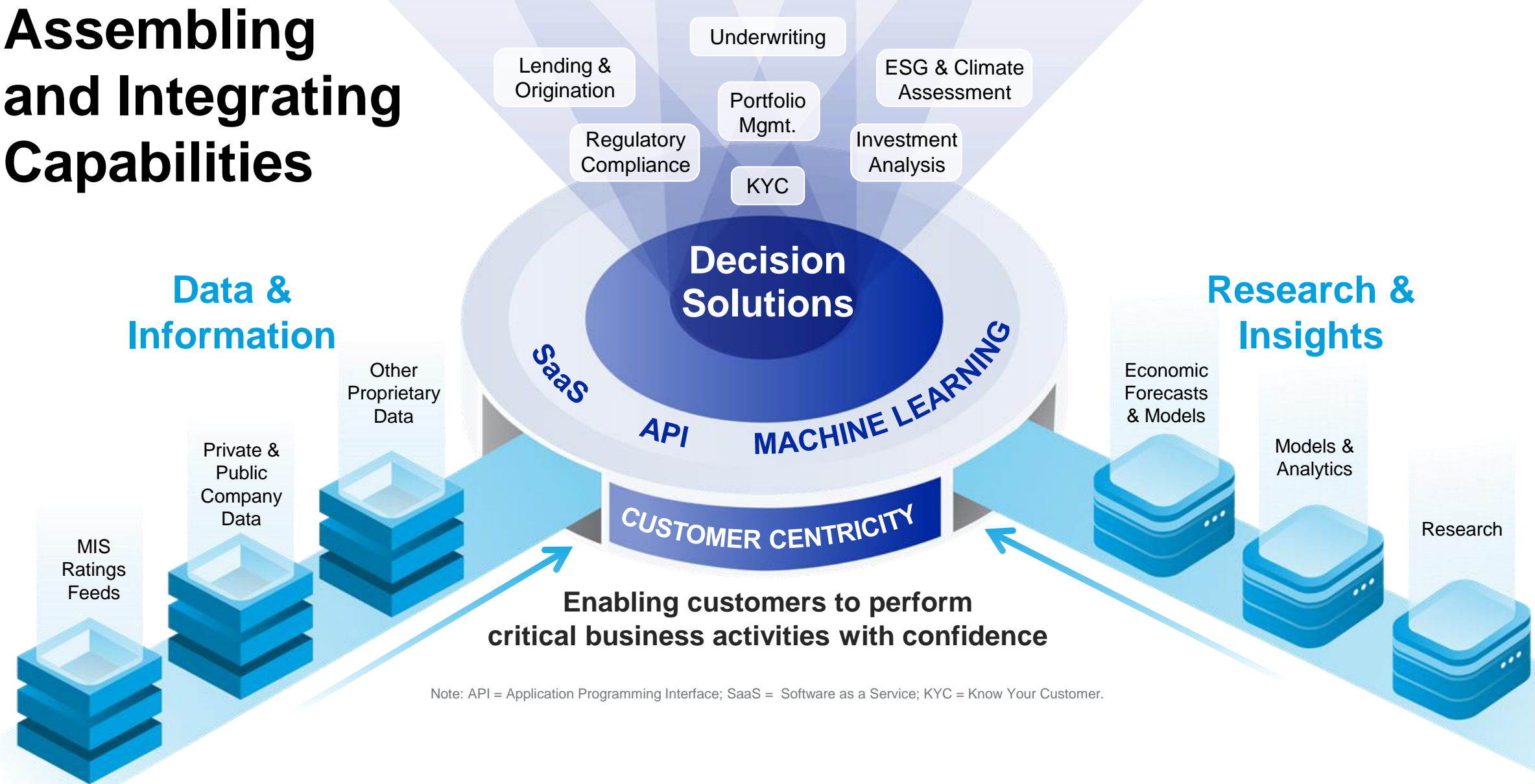
- » Acquired private entity data – largest database of private companies
- » Combined private entity data with profiles on politically exposed persons to form top tier KYC solutions
- » Divested MAKs to focus on data and analytics products
- » Acquired RMS, the world's leading provider of climate and natural disaster risk modeling

2022+

- » Introduced new reporting structure (Decision Solutions, Research & Insights and Data & Information) to provide greater insight and transparency
- » Launched first-of-its-kind Gen AI enabled product, Moody's Research Assistant

Note: ALM = Asset Liability Management; Gen AI = Generative Artificial Intelligence; KYC = Know Your Customer; MAKs = Moody's Analytics Knowledge Solutions.

Assembling and Integrating Capabilities



Diverse Customer Base Across Multiple Sectors¹



80%

of the Fortune 100²



61%

of the Forbes 1,000³



14,800+

Customers



160+

Countries

1. As of December 31, 2023.
2. Based on the top 100 of Fortune Magazine's rank of 500 of the largest United States corporations by total revenue, 2023.
3. Based on the top 1,000 of 'Forbes Global 2,000 List' of the world's biggest and most powerful companies, as measured by a composite ranking for sales, profits, assets, and market value, 2023.



6,600+

Corporates and
Professional Services



900+

Real Estate Entities



2,600+

Commercial Banks



600+

Educational Institutions



1,900+

Asset Managers



100+

Securities Dealers and
Investment Banks



900+

Government Entities



400+


Others




800+

Insurance Companies

Data & Information

 **\$789M**
Revenue

 **10%**
ARR¹ Growth

 **7,700+**
Customers²



Value proposition

We provide data and solutions to be used across the enterprise for master data needs and to help customers make decisions across Origination & Underwriting, Portfolio Monitoring & Management, Risk & Capital Management, and Finance & Reporting activities.



Sustainable competitive advantage

Expertise

- » Extensive database on private and public entities, featuring beneficial ownership structures, detailed financial statements and a wide array of risk scores
- » Proprietary and historically indexed credit ratings and default data
- » Premium news and real-time analytics

Technology & Innovation

- » Natural Language Processing (NLP) engine to standardize and enrich content with valuable metadata
- » Integrated data access, management and cloud delivery
- » APIs provide flexible and scalable integration into customer workflows and other Moody's solutions

Integration

- » Enables customers to utilize consistent information across their organization to drive efficiencies and expedite decision making
- » Integrated platform combines data, analytics and technology to enable decision workflows



Key growth drivers


Our verified, trusted and curated data is key in our new Gen AI world. Customers across all segments need “golden source” reference data to use across many use cases, which allows us to land new customers and expand across use cases over time.


Note: Gen AI = Generative Artificial Intelligence. Financial data as of year ended December 31, 2023.

1. ARR growth as of December 31, 2023. Refer to the Appendix for the definition of and further information on ARR.

2. Counts customers purchasing Data & Information products. Each business line is counted separately. Customers with multiple subsidiaries are counted once.

Research & Insights

 **\$884M**
Revenue

 **7%**
ARR¹ Growth

 **2,900+**
Customers²



Value proposition

We provide solutions that offer customers a consistent, holistic view of risk to make decisions across Origination & Underwriting, Portfolio Monitoring & Management, Risk & Capital Management, and Finance & Reporting activities.



Sustainable competitive advantage

Expertise

- » Extensive, proprietary and historically indexed ratings data, research and analytics that are essential insights to help the market evaluate credit risk
- » Economic data, research, scenarios and models

Technology & Innovation

- » Gen AI enabled research tool designed to transform how customers ingest our content and perform analyses
- » AI powered credit risk models built on decades of data and validated over multiple credit cycles
- » APIs provide flexible and scalable integration with customer workflows and other Moody's solutions, extending across customer value chains

Integration

- » Our solution seamlessly combines data, research and analytics on credit, securities, economics, defaults & recoveries, ESG and more, delivering multiple views of risk to enable decisions



Key growth drivers


Customers need to understand a large range of interconnected and emerging risks. With our Gen AI enabled Research Assistant, we are transforming how we deliver insights. Further content integrations will enable up-sell and cross-sell opportunities.


Note: Gen AI = Generative Artificial Intelligence. Financial data as of year ended December 31, 2023.

1. ARR growth as of December 31, 2023. Refer to the Appendix for the definition of and further information on ARR.

2. Counts customers purchasing Research & Insights products. Each business line is counted separately. Customers with multiple subsidiaries are counted once.

Decision Solutions: Banking

 **\$521M**
Revenue

 **9%**
ARR¹ Growth

 **2,900+**
Customers²



Value proposition

We provide powerful, scalable tools to help enable banks to make decisions about Lending, Risk & Capital Management, and Finance & Reporting activities.



Sustainable competitive advantage

Expertise

- » Award-winning Cashflow analytics & Risk Rating models
- » Proprietary data on loans, borrowers, defaults and collateral performance

Technology & Innovation

- » Stable, scalable, and secure technology platform that can grow with client needs
- » Machine learning & AI enabled tools for data extraction, normalization and validation to accelerate asset valuation
- » Exploring the use of Gen AI to further streamline creation of credit memos

Integration

- » Solutions bring together Moody's data on companies, properties, climate and economic scenarios
- » Empowers customers with consistent information across their organization to help drive efficiencies and expedite decision making



Key growth drivers

Supporting banks in their digitization journey by combining software with data and analytics increases stickiness of Moody's solutions. Opportunities to cross-sell and up-sell as we develop solutions for new workflows, add new asset classes and expand geographic reach.


Note: Gen AI = Generative Artificial Intelligence. Financial data as of year ended December 31, 2023.

1. ARR growth as of December 31, 2023. Refer to the Appendix for the definition of and further information on ARR.

2. Counts customers purchasing Banking products. Each business line is counted separately. Customers with multiple subsidiaries are counted once.

Decision Solutions: Insurance

 **\$550M**
Revenue

 **11%**
ARR¹ Growth

 **800+**
Customers²



Value proposition

We provide powerful, scalable tools to help enable insurers, reinsurers and brokers to make decisions with Underwriting, Risk & Capital Management, and Finance & Reporting activities.



Sustainable competitive advantage

Expertise

- » Proprietary data on loss costs, exposures, geocoding and more
- » Award-winning actuarial and catastrophe risk models

Technology & Innovation

- » Scalable, modular and unified SaaS platform
- » AI enabled computing power for complex actuarial and financial analyses
- » Machine learning & AI enabled tools for event response, loss estimation, global flood hazard maps and satellite imagery for damage detection
- » Exploring the use of Gen AI for report creation, workflow automation and risk selection

Integration

- » Workflow solutions that combine data and models on entities, properties, climate, ESG and more
- » Enables customers to utilize consistent information across their organization to drive efficiencies and expedite decision making



Key growth drivers

Our comprehensive solutions support the digital transformation underway in the insurance industry, evolving regulatory oversight, and expanding non-financial risks. Our integrated platform enables effective cross-selling of models, data and applications. We're able to quickly address new use cases and incorporate new risk data and analytics as needed.


Note: Gen AI = Generative Artificial Intelligence. Financial data as of year ended December 31, 2023.

1. ARR growth as of December 31, 2023. Refer to the Appendix for the definition of and further information on ARR.

2. Counts customers purchasing Insurance products. Each business line is counted separately. Customers with multiple subsidiaries are counted once.

Decision Solutions: KYC

 **\$312M**
Revenue

 **17%**
ARR¹ Growth

 **2,100+**
Customers²



Value proposition

We provide workflow solutions to banks, insurers, corporates, and governments, enabling them to onboard and monitor their customers and suppliers, as well as perform third-party risk management.



Sustainable competitive advantage

Expertise

- » Proprietary data on private and public entities and beneficial ownership structures
- » Insights and information on individuals including sanctions, PEPs, adverse media and financial crime

Technology & Innovation

- » SaaS platform built on a modern scalable cloud agnostic architecture; no-code solution ensures rapid customer configuration
- » AI powered screening and monitoring solution uses 15+ years of model training for instant, precise results. Reduces up to 80% of false positives for customers
- » API enabled services embed directly into customer workflows

Integration

- » Our deeply integrated solution combines workflow capabilities, data, analytics and AI to significantly reduce the cost of compliance and enable up to ~95% of customer onboarding to be automated



Key growth drivers

Digitization, increasing third-party risk regulations, supplier risk, and new entrants to the payment space are driving the need for KYC/KYS risk management solutions. Our solutions are easily embedded into customer workflows, facilitating growth opportunities with new and existing customers.

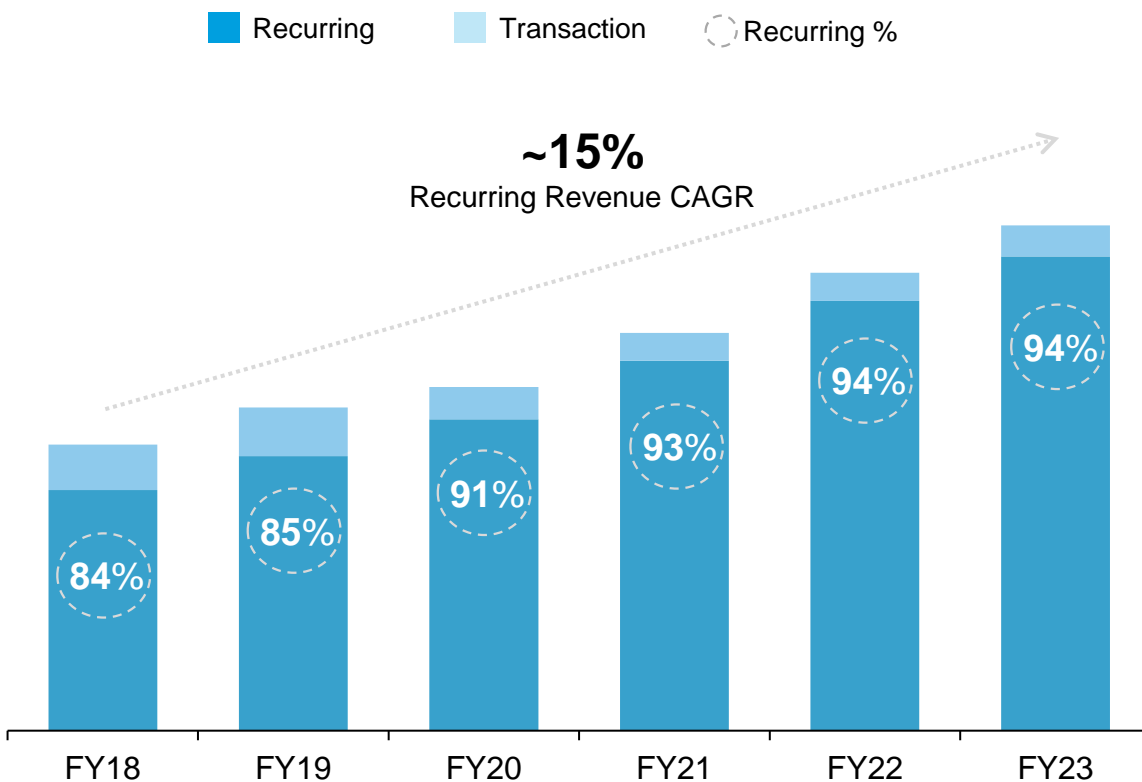
Note: Financial data as of year ended December 31, 2023.

1. ARR growth as of December 31, 2023. Refer to the Appendix for the definition of and further information on ARR.

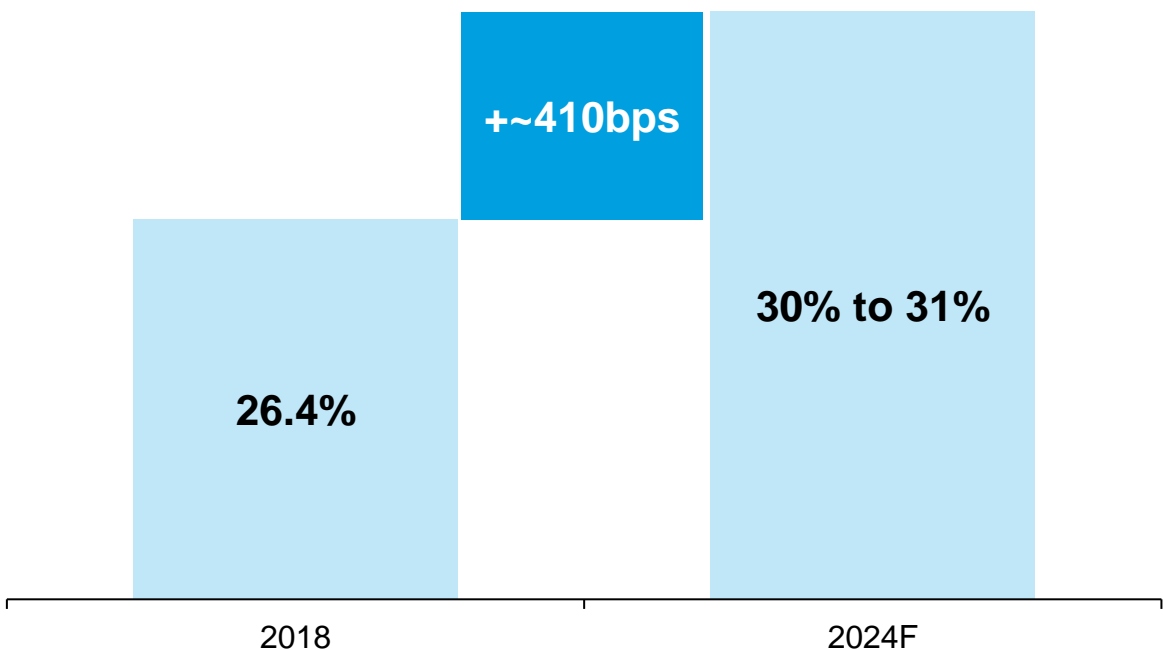
2. Counts customers purchasing KYC products. Each business line is counted separately. Customers with multiple subsidiaries are counted once.

Recurring Revenue Growth Drives Margin Expansion

Recurring and Transaction Revenue



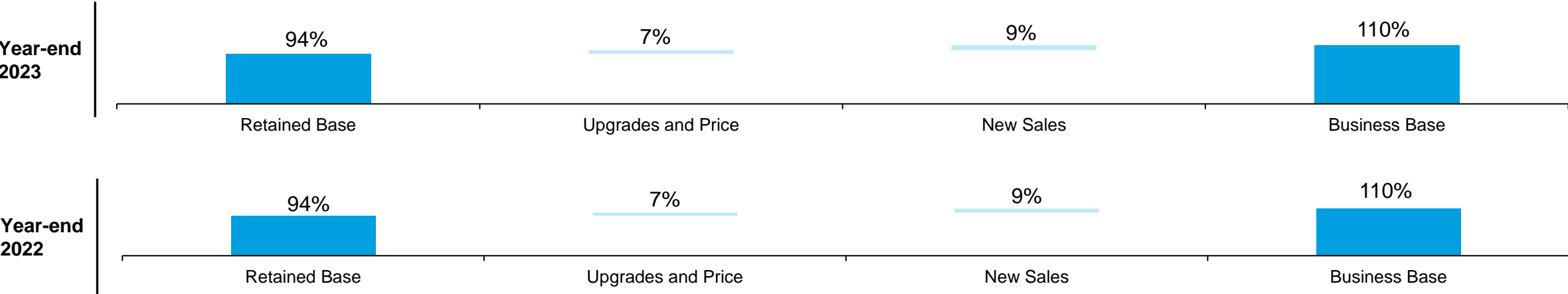
Adjusted Operating Margin¹



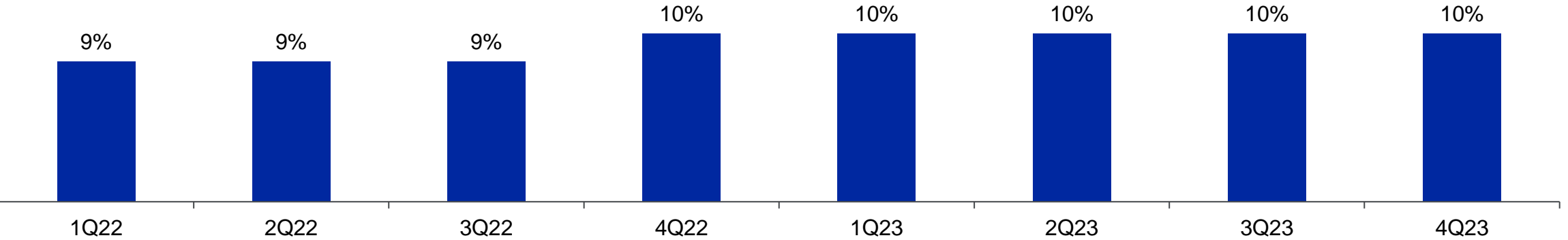
1. Guidance as of February 13, 2024. Refer to Table 12 – “2024 Outlook” in the press release titled “Moody’s Corporation Reports Results for Fourth Quarter and Full Year 2023; Sets Outlook for 2024” from February 13, 2024, for a complete list of guidance, reconciliations between adjusted measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

Building on a Foundation of Strong Customer Retention

MA ARR Growth Attribution

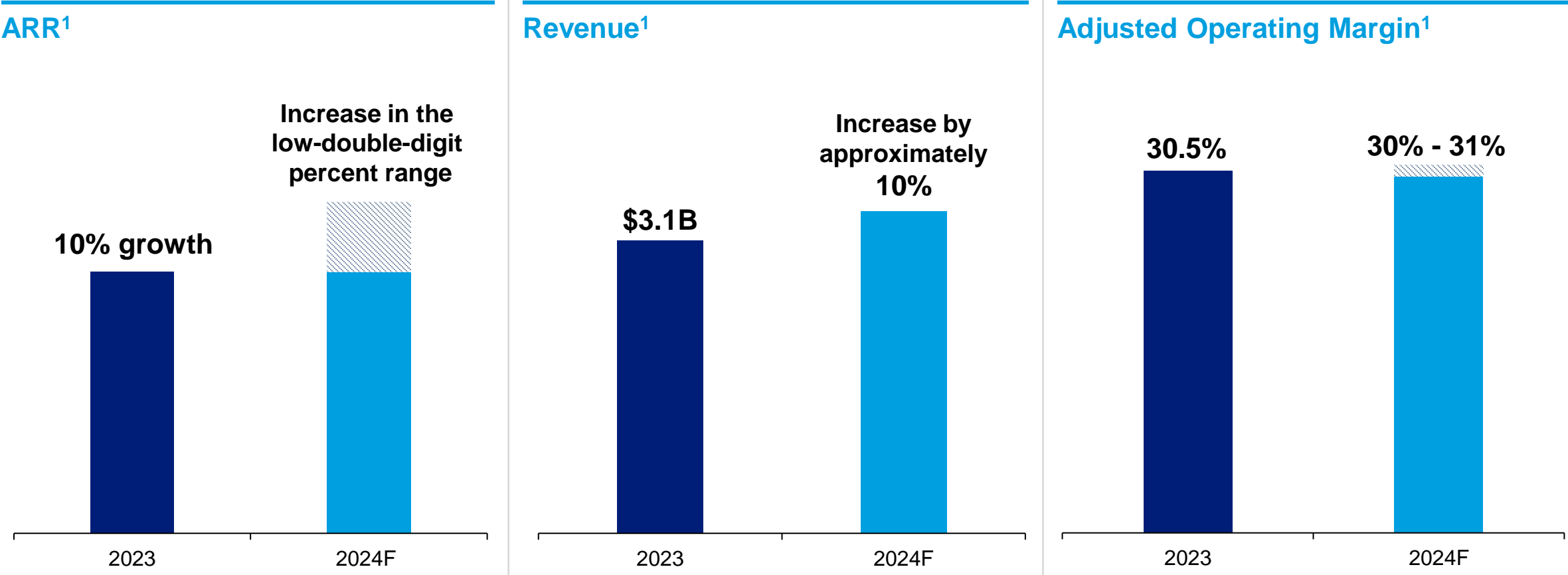


MA ARR Growth by Quarter



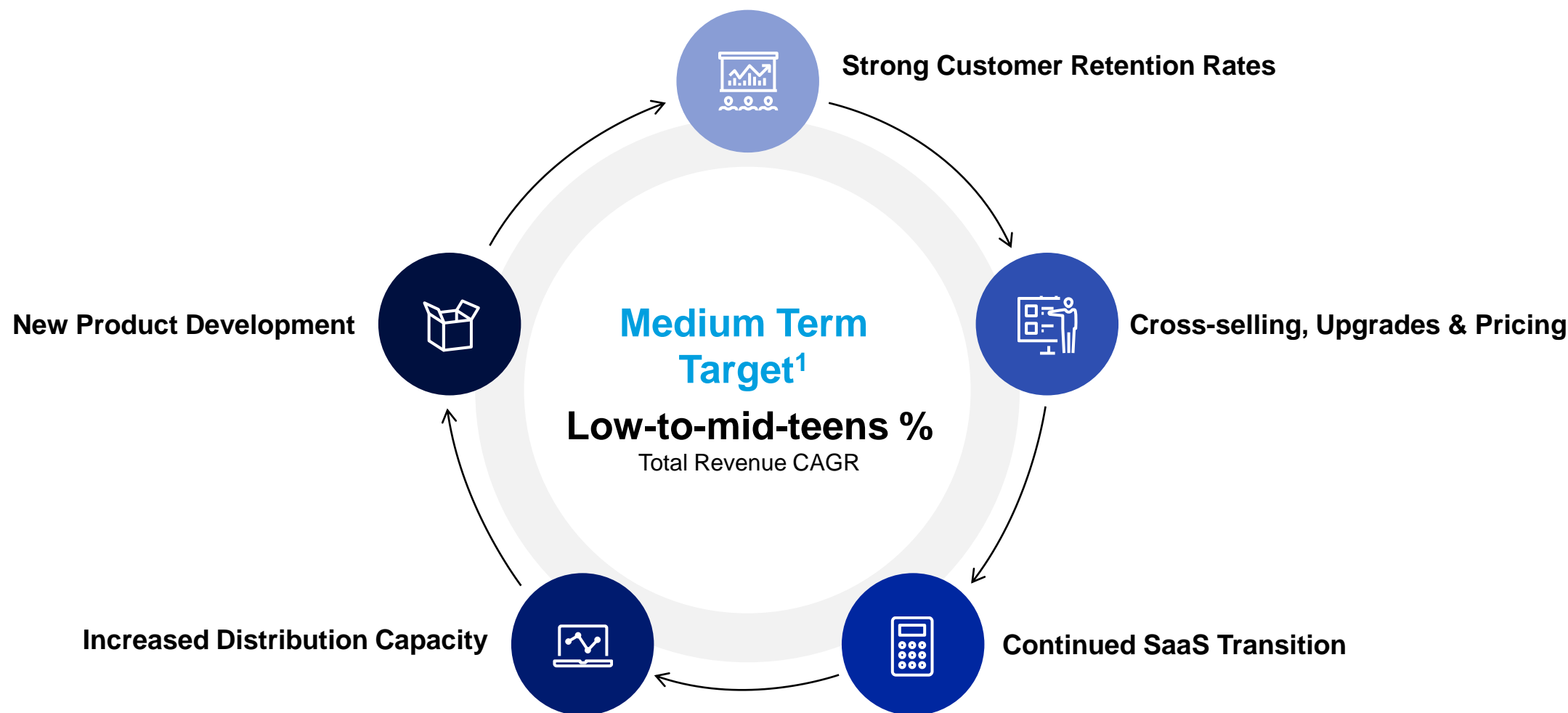
Note: Upgrades and price include increases (or decreases) in value of products sold to legacy customers within the retained base. New sales includes sales of incremental products to both existing and new customers.

MA is Capitalizing on Innovation Opportunities in 2024



1. Guidance as of February 13, 2024. Refer to Table 12 – “2024 Outlook” in the press release titled “Moody’s Corporation Reports Results for Fourth Quarter and Full Year 2023; Sets Outlook for 2024” from February 13, 2024, for a complete list of guidance, as well as assumptions used by the Company with respect to its guidance.

Accelerating Revenue Growth

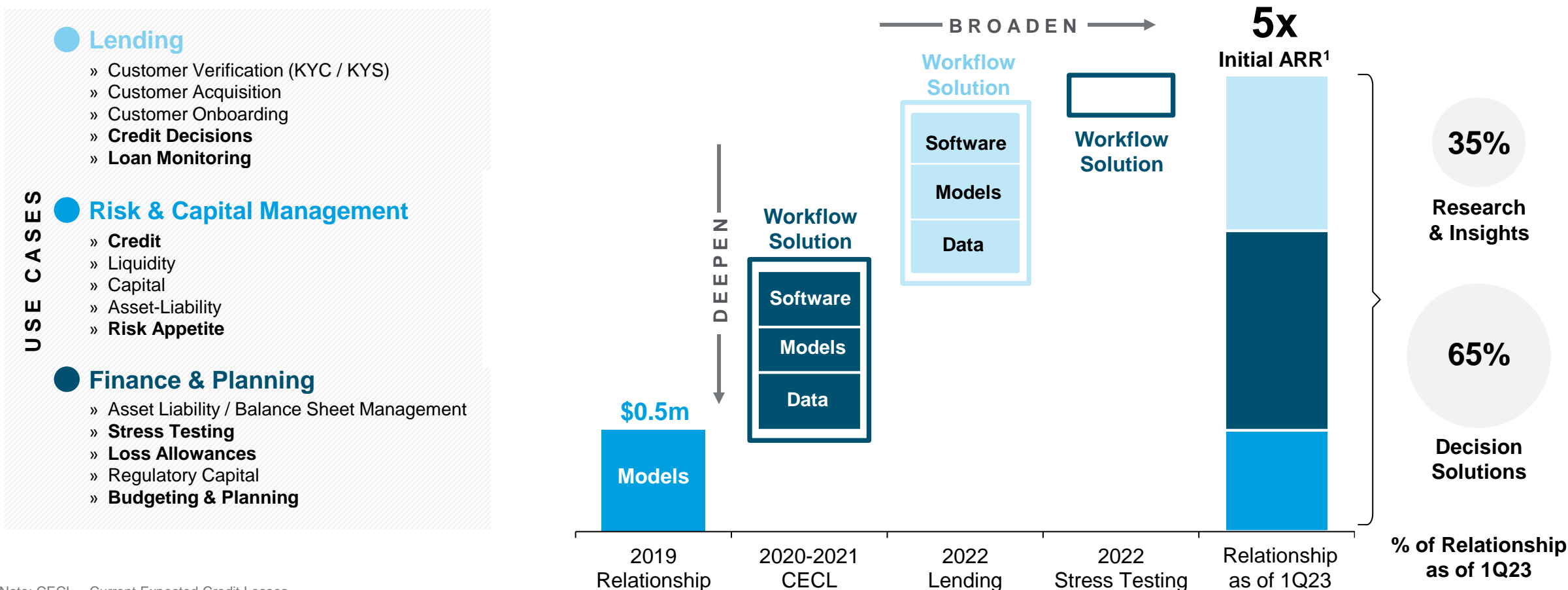


Note: SaaS = Software as a Service.

1. As of February 13, 2024. Refer to slide 72 in the Appendix for details and assumptions with respect to medium-term guidance.

Banking Customer Spotlight: Workflow Solutions that Combine Data, Analytics, and Software

Case Study: A North American Bank

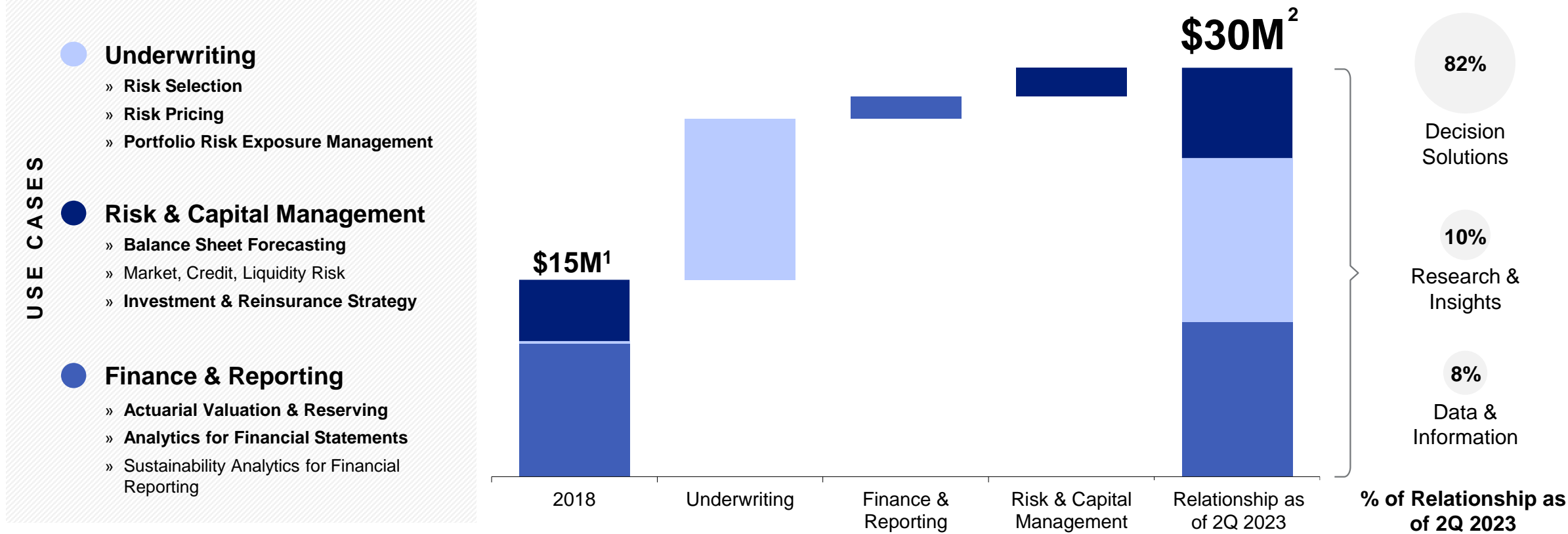


Note: CECL = Current Expected Credit Losses.

1. ARR reflects 2022 values, including price increases from 2019-2022. Refer to the Appendix for the definition of and further information on ARR.

Insurance Customer Spotlight: Integrating Data, Analytics and Software to Deliver Workflow Solutions

Case study: Leading Global Insurer



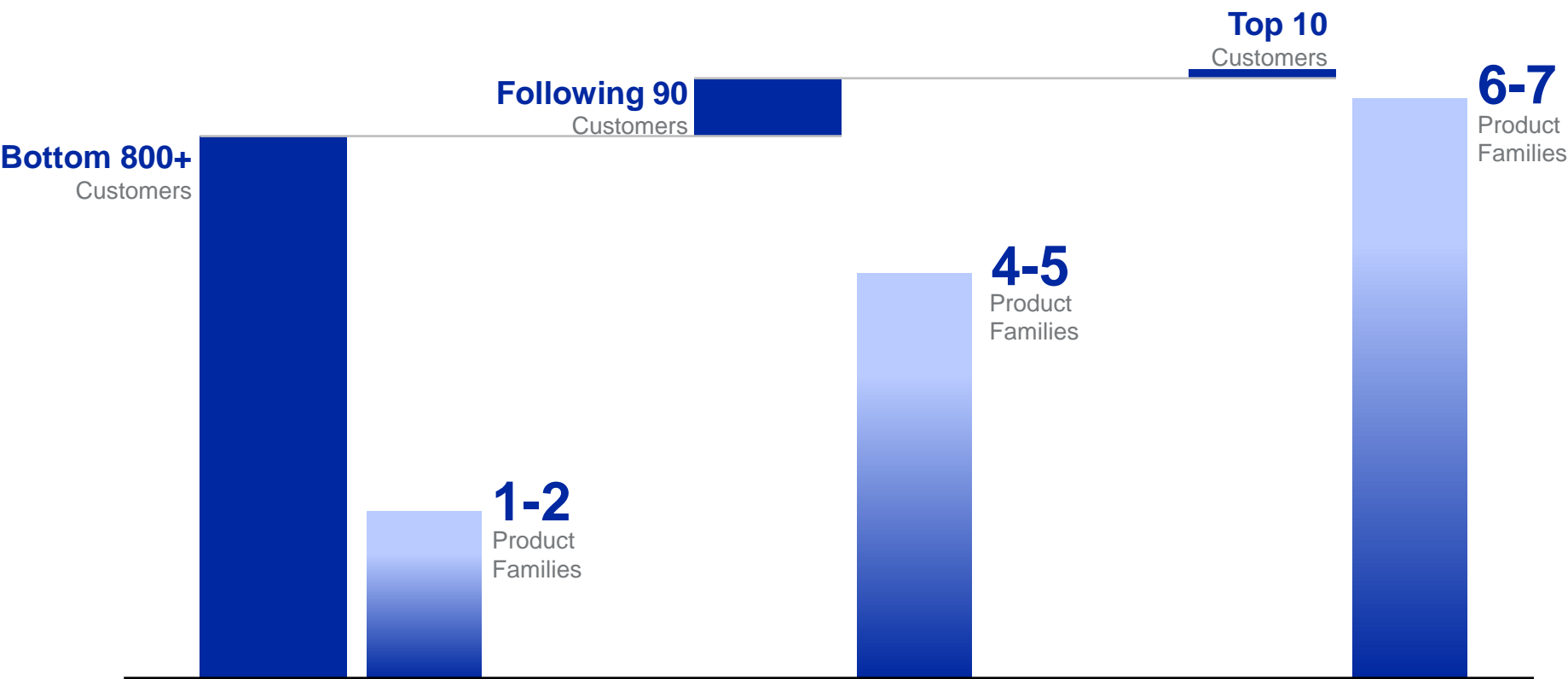
1. Refers to trailing twelve months recurring sales growth as of December 31, 2018.

2. Refers to trailing twelve months recurring sales growth as of June 30, 2023.

Delivering Award-Winning Solutions for Insurance Customers with Significant Expansion Opportunity from Cross-Selling



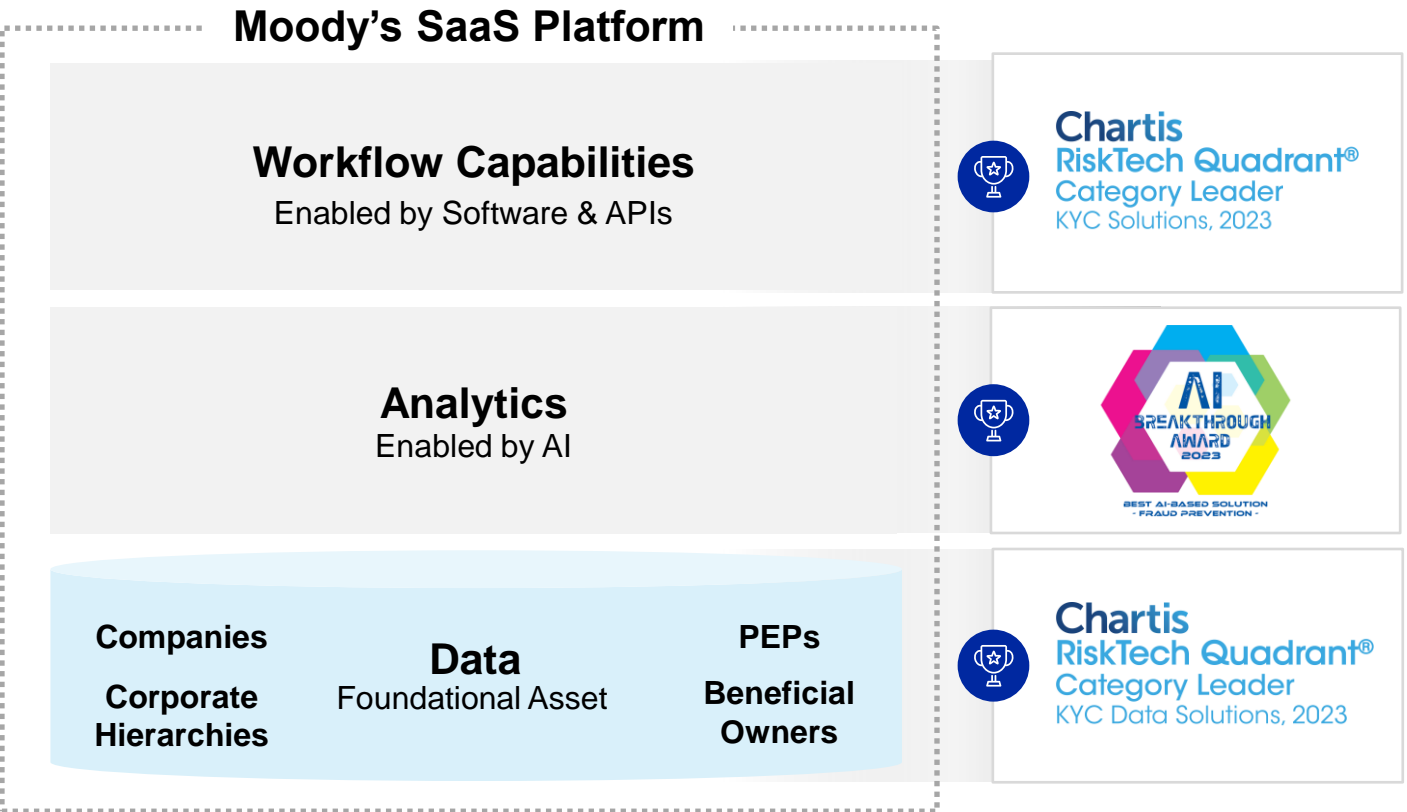
Average number of MA product families¹ used by 900+² Insurance customers



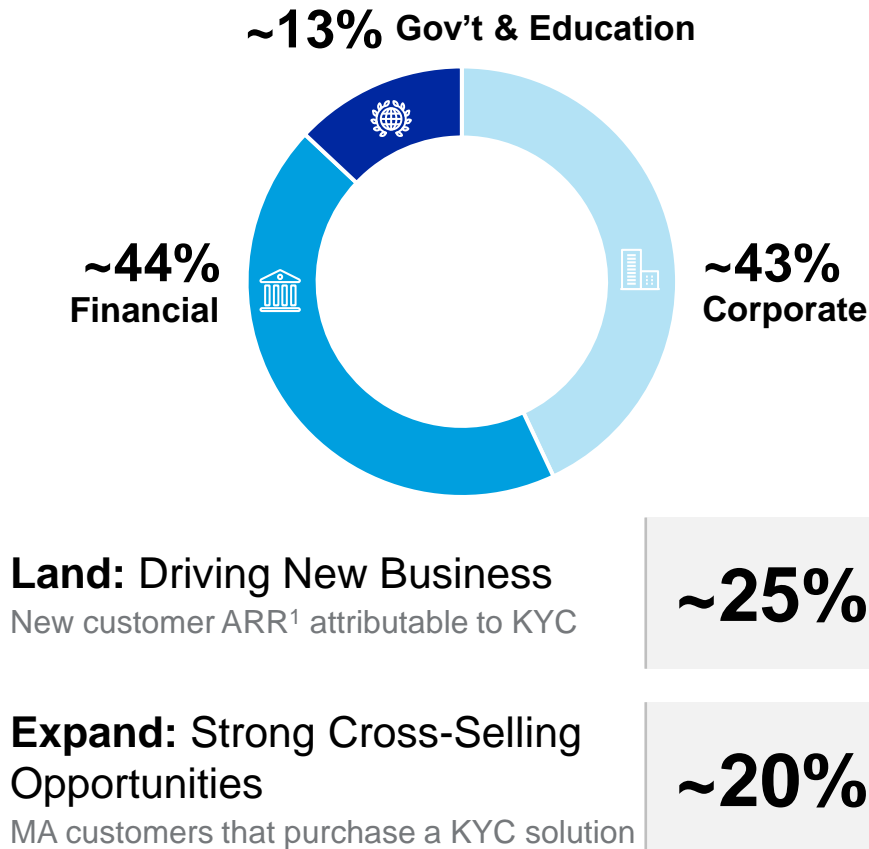
1. Refers to the average number of related products. As of June 30, 2023.
2. As of December 31, 2022.

KYC: Land & Expand Strategy in Action

Unparalleled Value Proposition



ARR¹ Mix by Customer Segment²



1. ARR growth as of September 30, 2023. Refer to the Appendix for the definition of and further information on ARR.

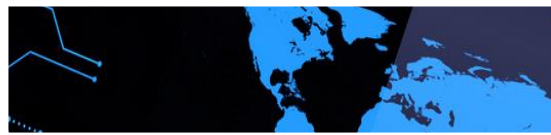
2. Corporate customer segment includes Professional Services.

RMS: Driving Strong Results Through Innovation and Integration



Continued Focus on P&C Insurance Market

- » Announced **Open Modeling Engine** and an **exclusive partnership with Nasdaq** to integrate 3rd party models in the Intelligent Risk Platform (IRP)
- » Launched European windstorm - **first major catastrophe model in high-definition format**; North Atlantic hurricane model update in 3Q23
- » **Established Cyber Industry Steering Group** to facilitate growth of the cyber insurance market



Expanding via **Cross-sell** to Existing Customers

- » RMS capabilities **enhanced value propositions** and **expanded existing relationships** with core Financial Services customers
- » Driving growth of Intelligent Risk Platform solutions with **over 250 clients** across reinsurers, brokers, insurers, and financial services



Expanding Climate Capabilities to **New Markets**

- » **Deployed Climate on Demand on RMS' IRP** targeting banks, asset owners/managers and CRE customers
- » Launched quantification of financial loss from Physical Climate Risk in **Climate on Demand Pro**
- » Expanding coverage of Climate Risk to **banks and other sectors** via Advisory projects



Delivering **New Synergistic Solutions**

- » Launched **ESG underwriting solution** to help P&C insurers enhance risk assessment in underwriting workflows
- » **Developing solution with Lloyd's** to quantify greenhouse gas emissions across Managing General Agent portfolios
- » **Integrating CRE data** into RMS' property database to enhance commercial property underwriting capabilities



Achieved

Accretive to FY 2022
adjusted diluted EPS
(two years ahead of target)



On Track

Incremental \$150M
revenue by 2025¹

1. Run rate revenue. Guidance as of August 5, 2021.

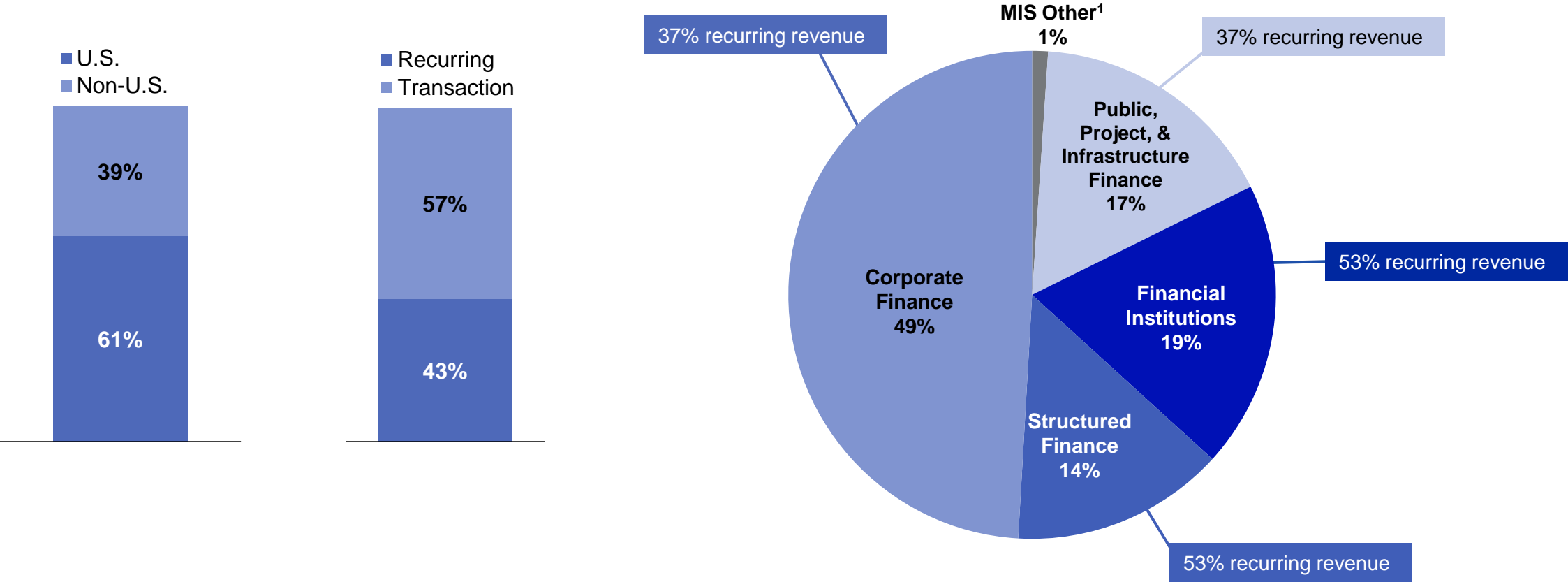


4

Moody's Investors Service

Moody's Investors Service Financial Profile

FY 2023 Revenue: \$2.86 billion



Note: Percentages may not sum to 100% due to rounding.
1. Consists of financial instruments pricing services in the Asia-Pacific region, ICRA non-ratings revenue, and revenue from professional services.

MIS: Macroeconomic Assumptions

Underpinning our Full Year 2024 Outlook

Macroeconomic Assumptions¹

Real GDP² U.S.: 1.0% - 2.0%; Euro area: 0.5% - 1.5%;
Global: 2.0% - 3.0%

Global benchmark rates: Gradual rate reductions starting in 2Q 2024;
U.S. high yield spreads to fluctuate in the 400 - 500 bps range, with periodic volatility

Global high yield **default rate** to rise toward 5.0% in the first half and then ease to around 4.0% by year-end

FX rates of \$1.27 and \$1.10 for GBP/USD and EUR/USD, respectively, for the year

Global **inflation** levels to continue to decline (U.S.: 2.0% by year-end; large Euro area economies: around 2.0% by year-end); U.S. **unemployment rate** to average between 4.0% - 4.5% for the year

Tailwinds

- ✓ Most central banks expected to cut rates as inflation eases
- ✓ ~\$4.4T of refinancing needs between 2024 and 2027
- ✓ Dry powder at private equity firms

Headwinds

- ✗ Elevated funding costs pose potential refinancing risks for vulnerable issuers
- ✗ Geopolitical uncertainty, including the prolonged Russia-Ukraine military conflict, and the military conflict in Israel and surrounding areas
- ✗ Recessionary concerns

Sources: Default rate and unemployment assumptions sourced from Moody's Investors Service "December 2023 Default Report", published January 16, 2023. High yield spreads, GDP and inflation assumptions as of February 13, 2024, from Moody's Investors Service.

1. Guidance as of February 13, 2024. Refer to Table 12 – "2024 Outlook" in the press release titled "Moody's Corporation Reports Results for Fourth Quarter and Full Year 2023; Sets Outlook for 2024" from February 13, 2024, for a complete list of guidance, as well as assumptions used by the Company with respect to its guidance.
2. GDP represents rate of change in real GDP.

Expecting Improved Issuance Growth in 2024¹

Macro Assumptions Informing Guidance



Macroeconomics & Policy

- » Global growth prospects
- » Geopolitical risks
- » Energy, trade, climate, and regulatory policies



Inflation Rates & Central Bank Actions

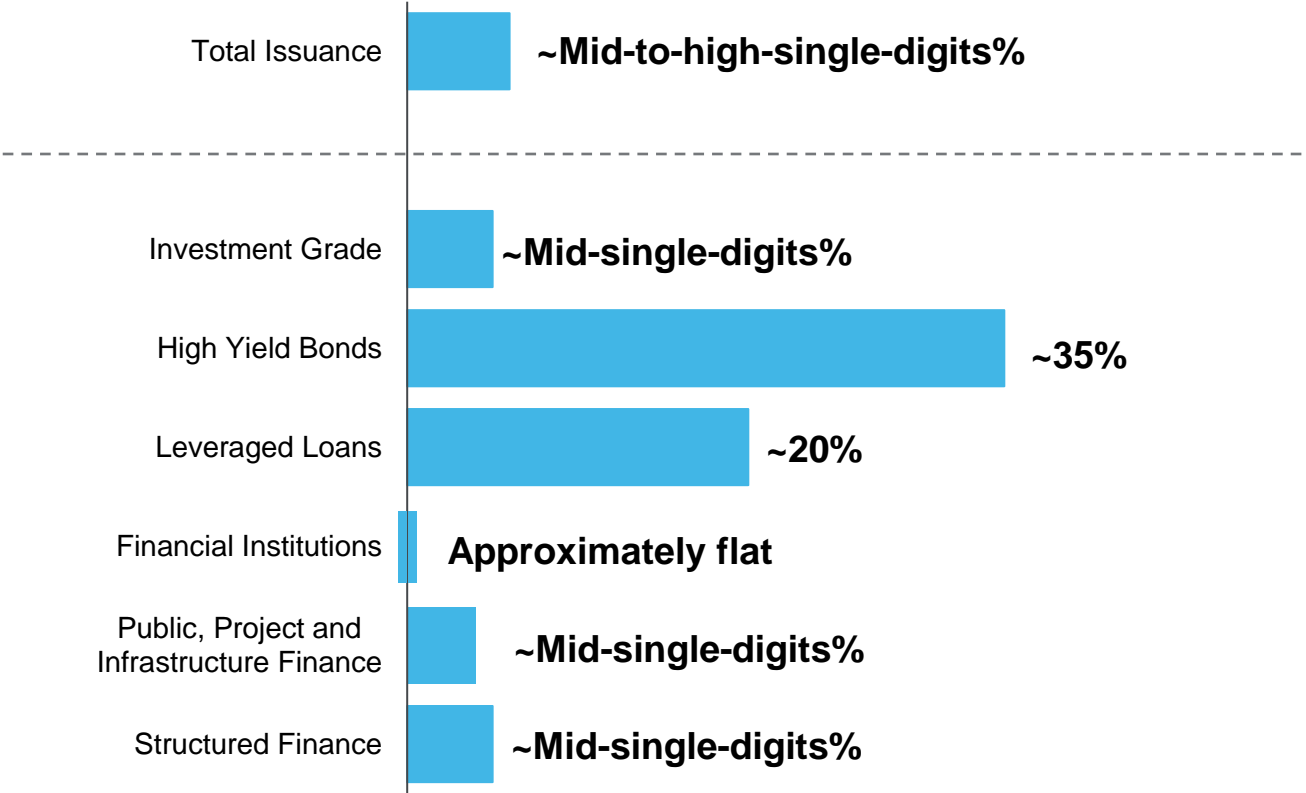
- » Inflation expectations, supply chain, and job and wage trends
- » Timing of central bank rate actions and adjustment of other policies



Credit Markets

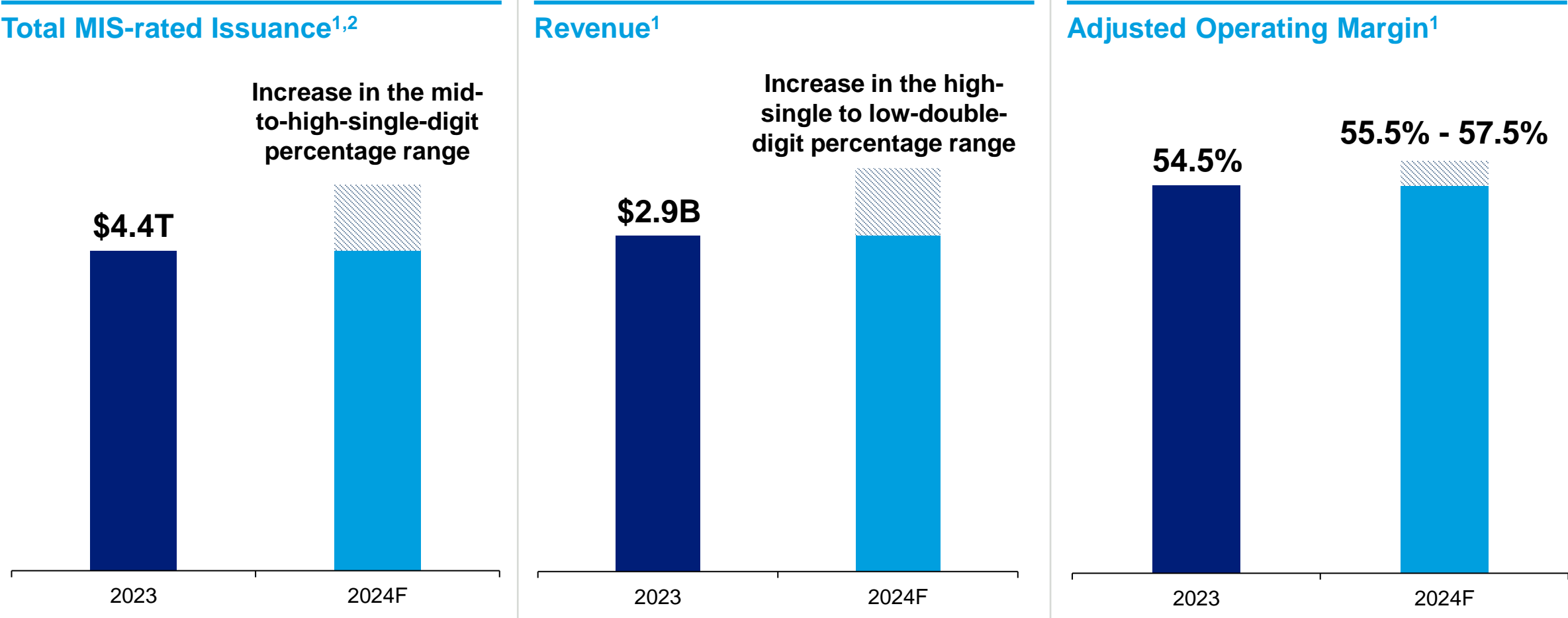
- » Liquidity, sentiment, and credit spreads
- » Credit performance and default rates

FY2024 Issuance Guidance



1. As of February 13, 2024

MIS' Full Year 2024 Forecast

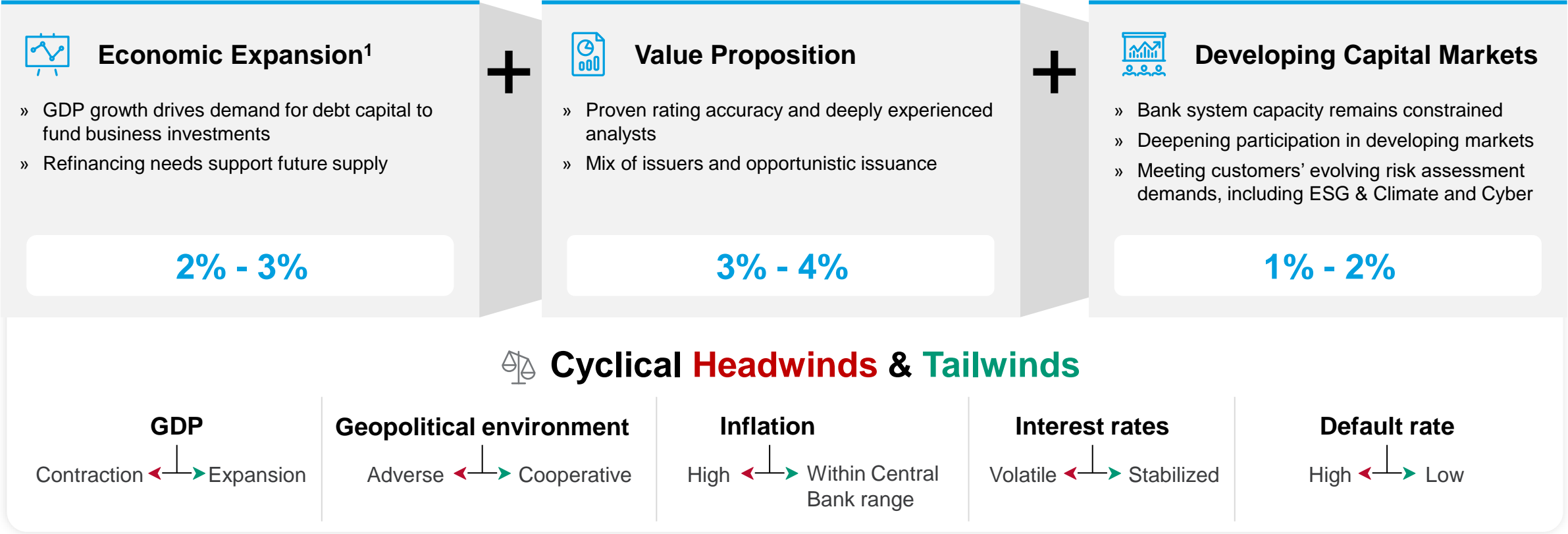


1. Guidance as of February 13, 2024. Refer to Table 12 – “2024 Outlook” in the press release titled “Moody’s Corporation Reports Results for Fourth Quarter and Full Year 2023; Sets Outlook for 2024” from February 13, 2024, for a complete list of guidance, as well as assumptions used by the Company with respect to its guidance.

2. Total issuance includes CFG, SFG, FIG and PPIF. MIS-rated issuance excludes sovereign debt issuance. Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.

MIS Long-term Revenue Growth Drivers Intact

Long-term Growth Building Blocks



Note: Long-term growth building blocks presented on this slide are on average, over time.

1. Economic expansion represents rate of change in global real GDP.

The Benefits of a Moody's Rating

Investors seek Moody's opinions and particularly value the knowledge of its analysts and the depth of Moody's research



Access to capital

- » Moody's opinions on credit are used by institutional investors throughout the world, **making an issuer's debt potentially more attractive to a wide range of buyers**
- » A Moody's rating may facilitate **access to both domestic and international debt capital**



Transparency, credit comparison and market stability

- » Signals a **willingness by issuers to be transparent** and **provides market participants with an independent assessment** against which to compare creditworthiness
- » Moody's ratings and research reports **may help to maintain investor confidence**, especially during periods of market stress



Responsive to investor demand

- » **Moody's is identified as the agency that best meets future needs for more than half its users globally¹**



Planning and budgeting

- » May help issuers when **formulating internal capital plans and funding strategies**
- » An independent study has shown that **adding a Moody's credit rating may lead to a reduction in borrowing costs²**



Analytical capabilities

- » Among global ratings advisors, Moody's continues to be held in high regard. **Responsiveness, analysts' seniority/expertise, willingness to have a dialogue** around a credit and **increased process transparency** are viewed positively³

1. 2021 Moody's Investor Perception Study.
2. Based on an independent study performed by BDO in June 2022 on a snapshot of data from January 31, 2022, which shows that a five-year \$500M bond with a Moody's credit rating (when rated at the same level as S&P and/or Fitch) has an ~13% lower Option Adjusted Spread (OAS), which results in a savings of ~65 basis points per year. The study only applied to corporate bonds and not to sovereign/quasi-sovereign/municipal or structured finance bonds. Many factors go into the pricing of a bond. OAS is the measurement of the credit spread of a fixed-income security rate and the risk-free rate of return (Treasury yields), adjusted for embedded options.
3. 2022 Moody's Global Intermediary Study conducted by Naxion.

Illustrative Impact of Adding a Moody's Credit Rating

Example: 5-year \$500 million corporate bond		
NOT RATED BY MOODY'S		RATED BY MOODY'S
\$500,000,000	Bond	\$500,000,000
1.20%	5-Yr US Treasury Bond Rate	1.20%
500	Option Adjusted Spread (bps) ¹	435
6.20%	Interest Rate	5.55%
= \$31,000,000	Annual Interest Payments	= \$27,750,000
5 years	Term	5 years
= \$155,000,000	Total Interest Expense over the Term	= \$138,750,000
Over \$16 million in total interest expense vs. cost of rating		

Note: Illustrative spread differential based on an independent study performed by BDO in June 2022 on a snapshot of data from January 31, 2022, which shows that a five-year \$500M bond with a Moody's credit rating (when rated at the same level as S&P and/or Fitch) has an ~13% lower Option Adjusted Spread (OAS), which results in a savings of ~65 basis points per year. The study only applies to corporate bonds and not to sovereign/quasi-sovereign/municipal or structured finance bonds. Many factors go into the pricing of a bond.

1. Option Adjusted Spread is the measurement of the credit spread of a fixed-income security rate and the risk-free rate of return (Treasury yields), adjusted for embedded options.

Facts & Figures

Full Year 2023

33,200+

Rated Organizations and Structured Deals

4,800+

Non-Financial
Corporates

2,300+

Financial
Institutions

980+

Insurance
Organizations

14,700+

US Public Finance
Issuers

8,900+

Structured
Finance Deals

1,000+

Infrastructure &
Project Finance
Issuers

370+

Sub-Sovereigns

144

Sovereigns*

47

Supranational
Institutions*

~\$74 trillion

Total rated debt

	Americas	EMEA	Asia Pacific
Total Rated Debt ¹	\$42+ trillion	\$19+ trillion	\$9+ trillion
Rated Organizations and Structured Deals	26,600+	4,500+	2,100+
Publications	13,900+	4,700+	6,100+

26,400+

Publications globally

19,300+

Issuer Research

2,200+

Sector Research

4,800+

Other Reports

190+

Rating Methodologies

People

1,700+ Analysts

40+ Countries/Regions

Events

540+ Global events

58,000+ Global participants

Awards & Recognition

Award-winning expertise in credit ratings, research and risk analysis. For more information, visit awards.moody's.io

Source: Moody's Investors Service as of January 2, 2024.

Note: Research and Events data covers the period January 1, 2023, to December 31, 2023. All numbers are rounded other than those marked *.

1. Regional breakdown excludes supranational and insurance debt and is rounded, therefore will not foot to the ~\$74 trillion.

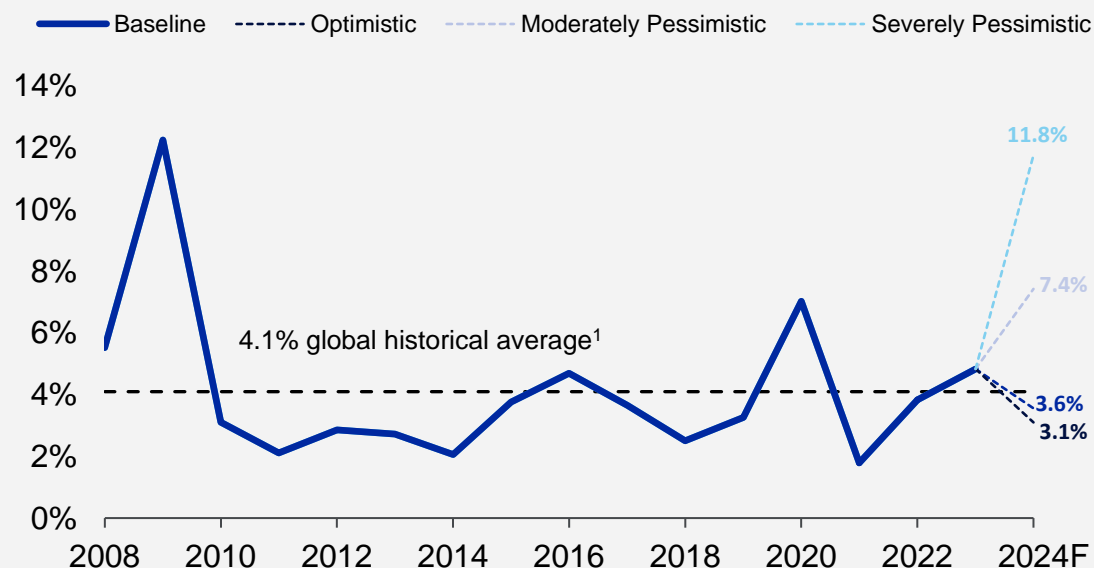


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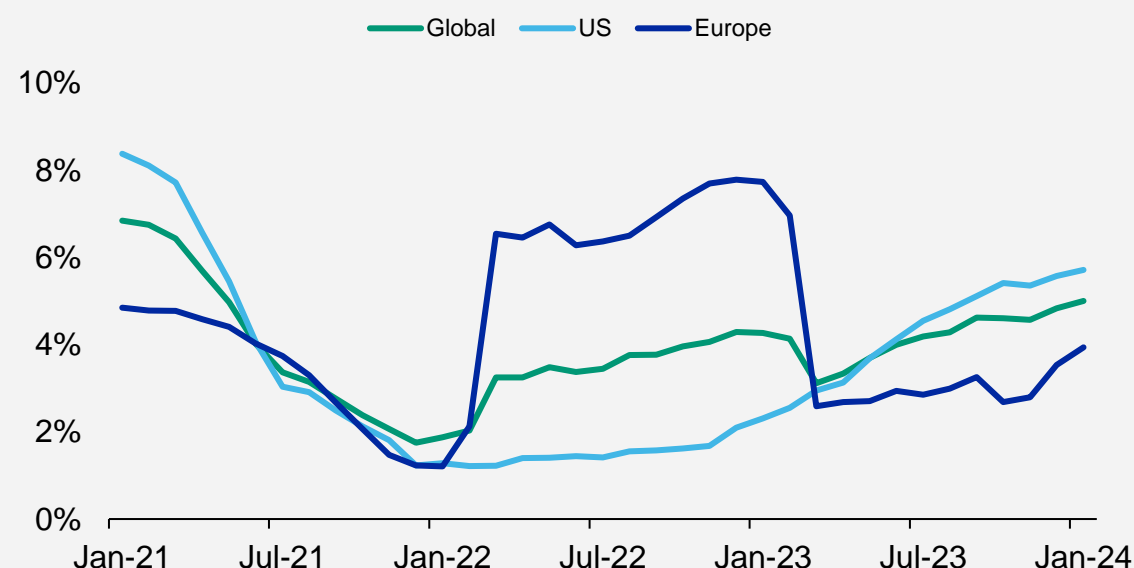
Capital Markets Overview

Default Rates Expected to Decline by Year-end¹

Default Rates for Global Speculative-Grade Corporate Rated Issuance



Speculative-Grade Corporate Default Rates by Region²

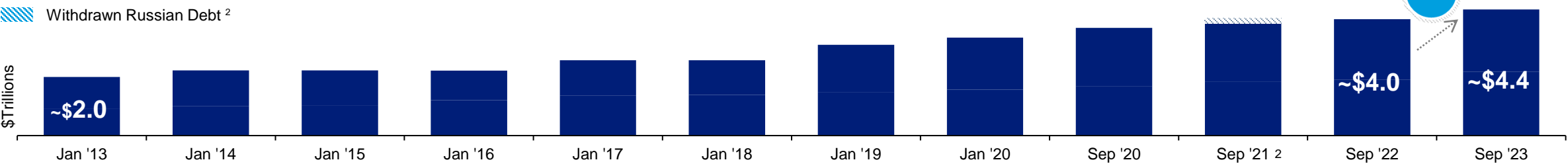


» Global speculative-grade default rate expected to reach 3.6% by year-end, slightly below long-term average as well as prior recessionary levels

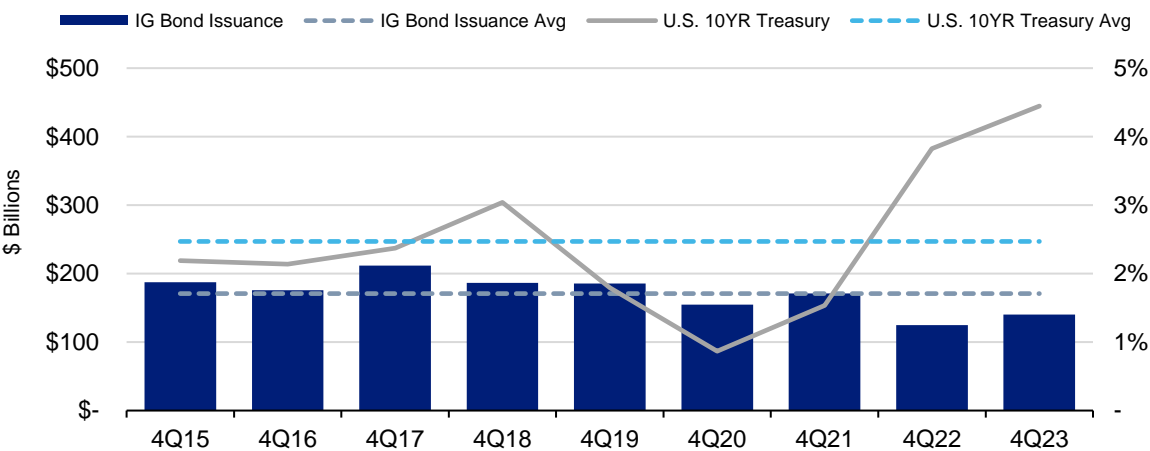
1. Moody's rated corporate global speculative grade default historical average of 4.1% from 1983 through December 31, 2022. 2024 forecast for year ended December 31, 2024. Moody's Investors Service; [Default Trends – Global: January 2024 Default Report](#), February 14, 2024.
2. Statistics are based on issuer-weighted data.

Sustained Refinancing Demand Post Outsized 2020/2021 Issuance Surge

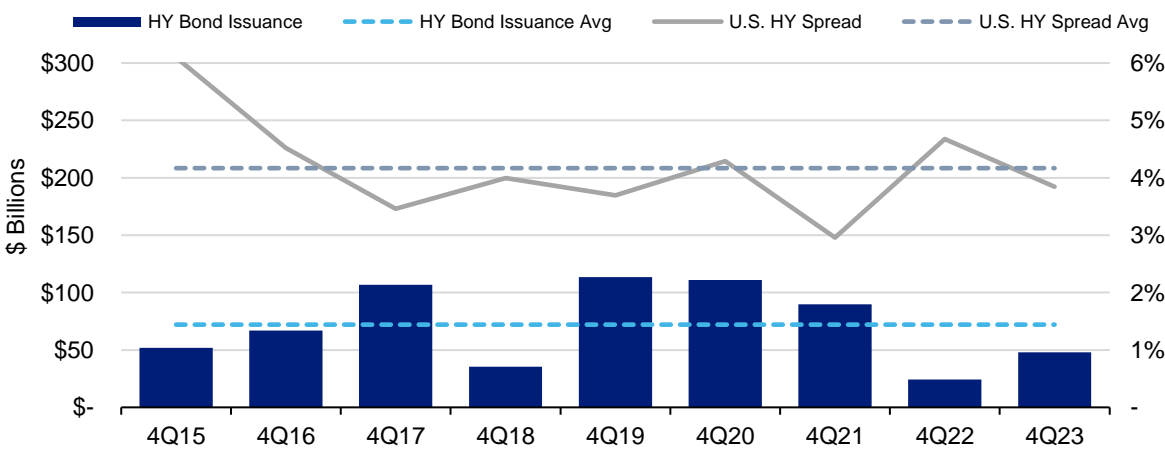
Four-Year U.S. and EMEA Non-Financial Corporate Refinancing Walls¹



MIS-Rated Q4 Non-Financial Global Corporate Investment Grade (IG) Issuance



MIS-Rated Q4 Non-Financial Global Corporate High Yield (HY) Issuance



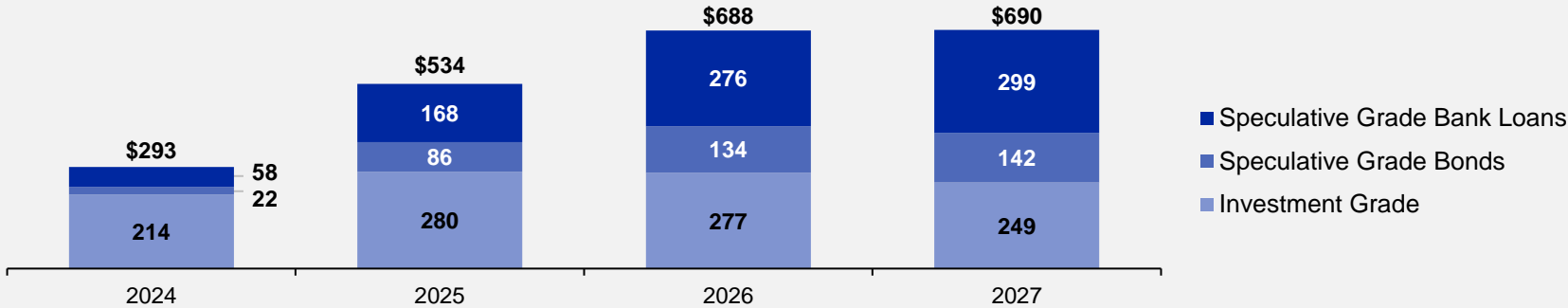
Sources: Moody's Investors Service, Moody's Analytics and Dealogic.

1. Amounts reflect total MIS-rated U.S. non-financial corporate bond and loan (for speculative grade) maturities, in addition to EMEA non-financial corporate and infrastructure bond and loan (for speculative grade) maturities as defined in Moody's Investors Service's refunding needs reports (2013 – 2023). Each bar represents four-year refunding needs.

2. Reflects \$0.2tn reduction in the refinancing wall starting 2021 due to Moody's withdrawal of ratings for Russian companies.

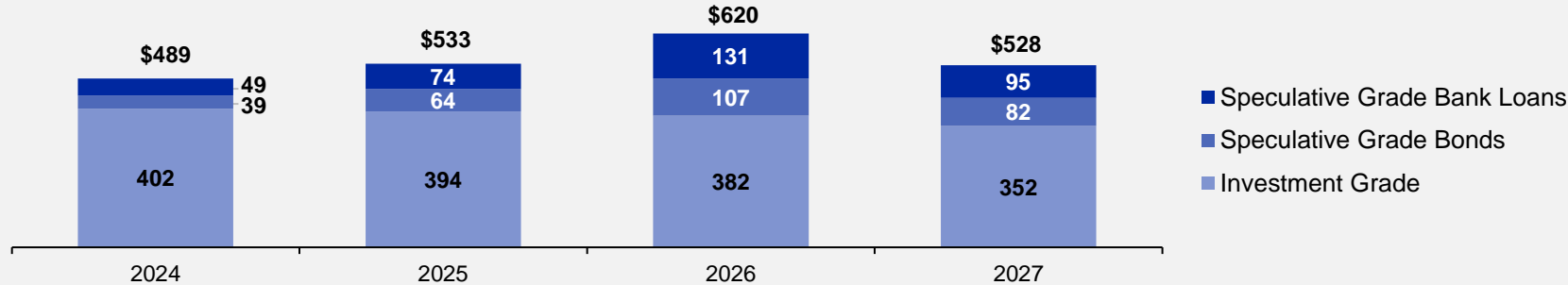
Refunding Needs¹ Support MIS Long-term Fundamentals

Debt Maturities: U.S. Non-Financial Corporate Bonds and Loans (\$B)²



- » Refinancing needs up from ~\$4T to ~\$4.4T over the next four years
- » U.S. refunding needs remain slightly weighted towards leveraged finance issuers
- » Leveraged finance refunding needs driving growth in EMEA

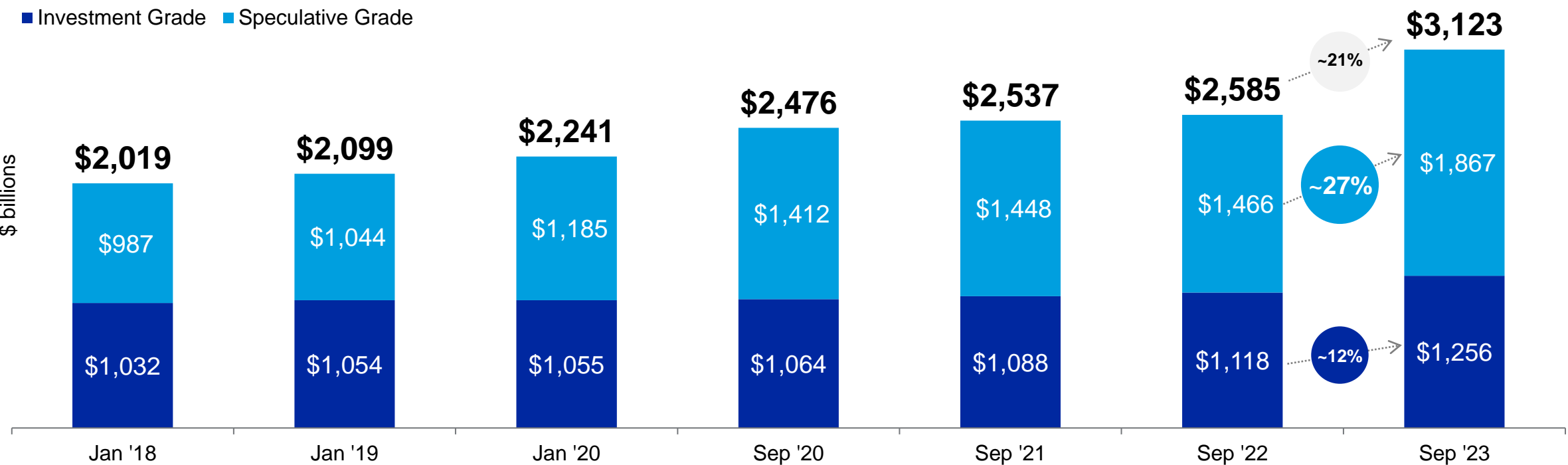
Debt Maturities: EMEA Non-Financial Corporate Bonds and Loans (\$B)³



1. Non-financial corporates. Total may not sum due to rounding.
2. MIS-rated U.S. non-financial corporate bond and loan maturities as defined in Moody's Investors Service's refunding needs reports (2023).
3. EMEA non-financial corporate and infrastructure bond and loan maturities as defined in Moody's Investors Service's refunding needs reports (2023). EMEA data is shown in USD, which appreciated against the EUR and GBP (the main reporting currencies) in the latest period under review.

Spotlight on 5-Year U.S. Refunding Wall

~27% Growth in U.S. Speculative Grade Refinancing Needs^{1,2}



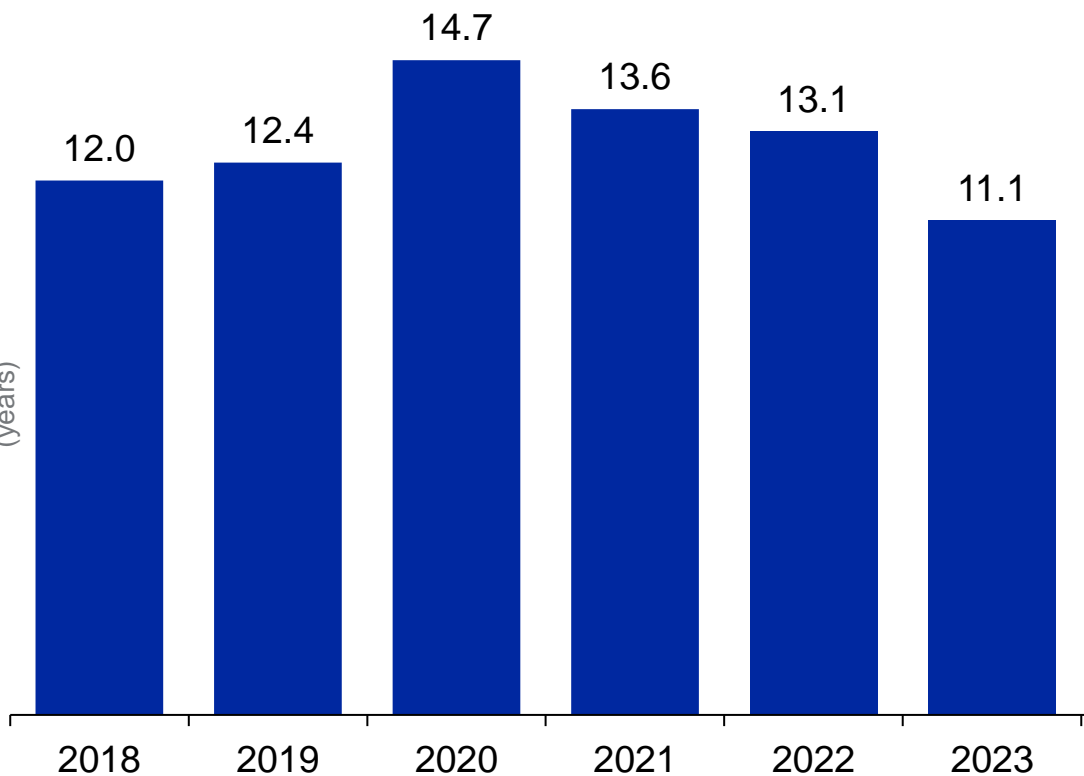
- » Five-year U.S. refunding wall increases by more than 20% since last study, driven by speculative grade, which grew ~27%
- » U.S. refunding needs continue to be more weighted towards speculative grade issuers

1. Amounts reflect total MIS-rated U.S. non-financial corporate bond and loan (for speculative grade) maturities as defined in Moody's Investors Service's refunding needs reports (2018 – 2023).
2. Numbers may not sum to total due to rounding.

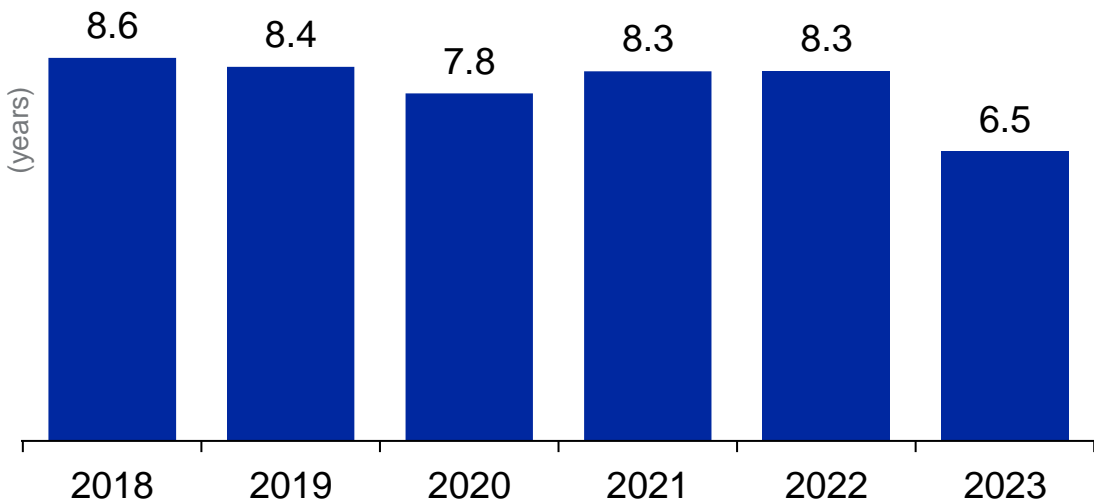
Issuers are Navigating Rate Environment with Shorter-term Bonds

Annual Average Issuance Maturity¹

U.S. IG Bond



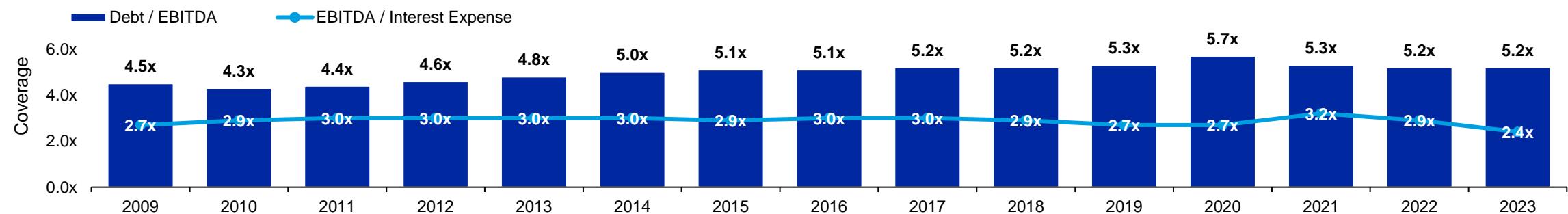
U.S. HY Bond



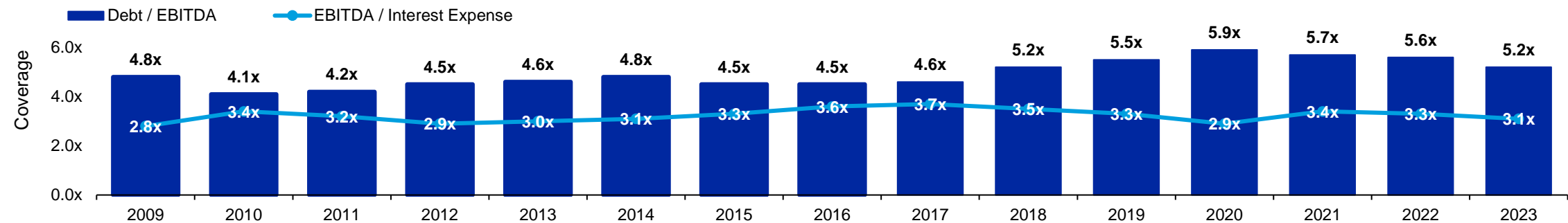
1. Data represents tenors on MIS-rated debt in U.S.; proxy calculation uses weighted average years of tenor.

Debt Leverage and Interest Coverage in North America and Europe¹

Credit Metrics: North American Speculative Grade Companies



Credit Metrics: EMEA Speculative Grade Companies

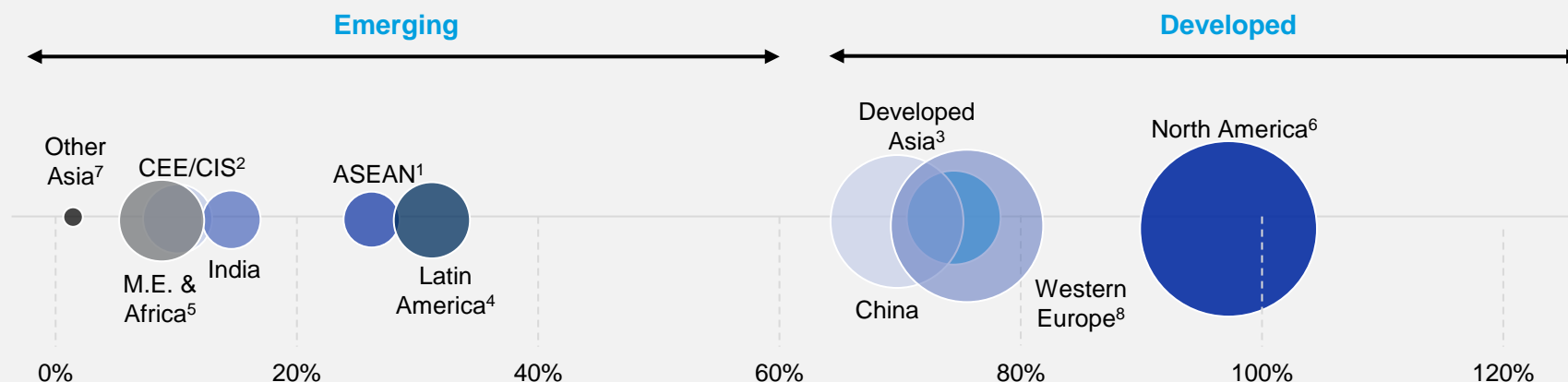


Source: Moody's Investors Service.
Note: Credit metrics are medians and historical figures may change due to timing differences in issuer reporting. Debt figures refer to gross debt.
1. Data as of February 29, 2024.

Debt Capital Market Penetration

2023 Private Sector Capital Market Debt Securities (International & Domestic) Outstanding / GDP (%)

Size of bubble reflects 2023 GDP



- » Debt capital markets have historically grown faster than GDP
- » China is the second largest bond market and its size relative to GDP is approaching that of Developed Asia
- » Low interest rates and investor appetite have historically supported the development of bond markets in emerging economies; but the current higher inflation levels and tighter monetary policy will put further growth to a test

Sources: International Monetary Fund World Economic Outlook as of October 2023, Bank for International Settlements as of June 2023, Securities and Exchange Board of India, Moody's Investors Service.

Note: Includes non-financial corporates and financial institutions, excludes general government. Size of bubble reflects 2023 GDP in each region (U.S. dollars, current prices).

Regional definitions:

1. ASEAN = Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam. 2. CEE/CIS = Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Hungary, Kazakhstan, Kosovo, Kyrgyz Republic, Moldova, Montenegro, North Macedonia, Poland, Romania, Russia, Serbia, Tajikistan, Turkey, Turkmenistan, Ukraine, Uzbekistan. 3. Developed Asia = Australia, Hong Kong, Japan, Macau, New Zealand, South Korea, Taiwan. 4. Latin America = Mexico, all Caribbean countries and South America. 5. M.E. & Africa = All African countries, Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen. 6. North America = Canada, United States. 7. Other Asia = Afghanistan, Bangladesh, Bhutan, Mongolia, Nepal, Pakistan, Sri Lanka, as well as all Oceania countries except for Australia and New Zealand. 8. Western Europe = All European countries except for those in CEE/CIS.

Private Credit Sector

Issuance Factors



Overview

- » Constitutes loans, bonds, and other credit instruments issued by private companies or in private offerings
- » Market has grown significantly since the 2007 – 2008 Global Financial Crisis
- » Most direct loans are small and unrated



Risk and sustainability

- » Market has grown rapidly; remains opaque, lacking oversight and untested in current market cycle
- » Credit risk heightened by reduced transparency and rising leverage; industry concentrations key
- » Investors typically pay higher borrowing costs for execution and certainty in volatile markets



Where Moody's can add value

- » Delivering MIS insightful thought leadership through research and active market engagement
- » Providing MIS private ratings and independent credit assessments on loans and/or portfolios, in addition to ratings for private credit vehicles, such as Middle Market CLOs, BDCs, feeder funds and private credit funds, in anticipation of issuers coming to the public markets in the future
- » Enhancing MA products to provide transparency in a significant portion of the private credit markets (e.g. ~12k unrated companies added to CreditView)
- » Expanding MA sales pipeline for portfolio and credit analysis products (e.g., RiskCalc™ and EDF)

~\$1.7 Trillion¹ AUM



Large Direct Loans



Small Direct Loans



Distressed Debt



Special Situations



Mezzanine



Venture and Private Debt FOF

Note: Private Debt FOF = Private Debt Fund of Funds; CLOs = Collateralized Loan Obligations; BDCs = Business Development Companies.

1. Source: Preqin, June 30, 2023 and market feedback.



6

Innovation

Accelerating Organic Investments in Three Key Areas to Deliver on Medium Term Targets



~\$60M
Incremental
Strategic
Investments

Gen AI

- » **External:** deliver market-leading suite of Gen AI-enabled solutions
- » **Internal:** drive employee adoption to improve efficiency and productivity

New Products & Enhanced Offerings

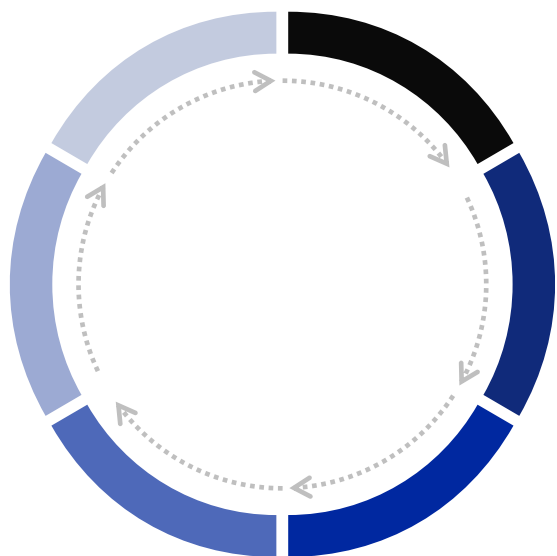
- » Develop products that serve **new use cases**, including customer and supplier risk; **expand our addressable market** beyond core financial services customers
- » Enhance offerings for **Private Credit, digital finance** and **transition finance** to meet market demand

Platforming & Modernizing

- » Platform our data and engineering capabilities to **strengthen interoperability**, ensure resilience, and assemble and deliver products faster
- » Accelerate the **digitization and automation** of internal ratings workflows to enhance analyst efficiency and insight

Modernizing our Internal Data & Technology Infrastructure

to Further Enhance Business Capabilities



DevOps

- » Continuing our DevOps journey within MIS and MA to promote high quality, secure solutions with optimal speed to market
- » MIS **quadrupled its releases** by significantly reducing release times, greatly increasing productivity



Integration Management Office

- » Establishing and enforcing consistent and repeatable integration processes and procedures for recent and new acquisitions
- » Accelerating integration of people, commercial assets, and operations to **maximize value delivery**



Finance Transformation

- » Implementing a **modern cloud-based** ERP solution to further streamline processes
- » **Enterprise Performance Management (EPM)** system will deliver a modern integrated financial modeling system to drive operational transformation



Data Management

- » Increasing data interoperability across products and solutions to assist customers' evolving needs
- » Creating new data service platforms, such as **Moody's DataHub**, to promote data accessibility and availability



Talent Agility

- » Continue to promote a diverse and inclusive culture to enable **talent agility** that pivots to address changing priorities
- » Moody's Data Science Development Program created to further our capabilities in emerging technology



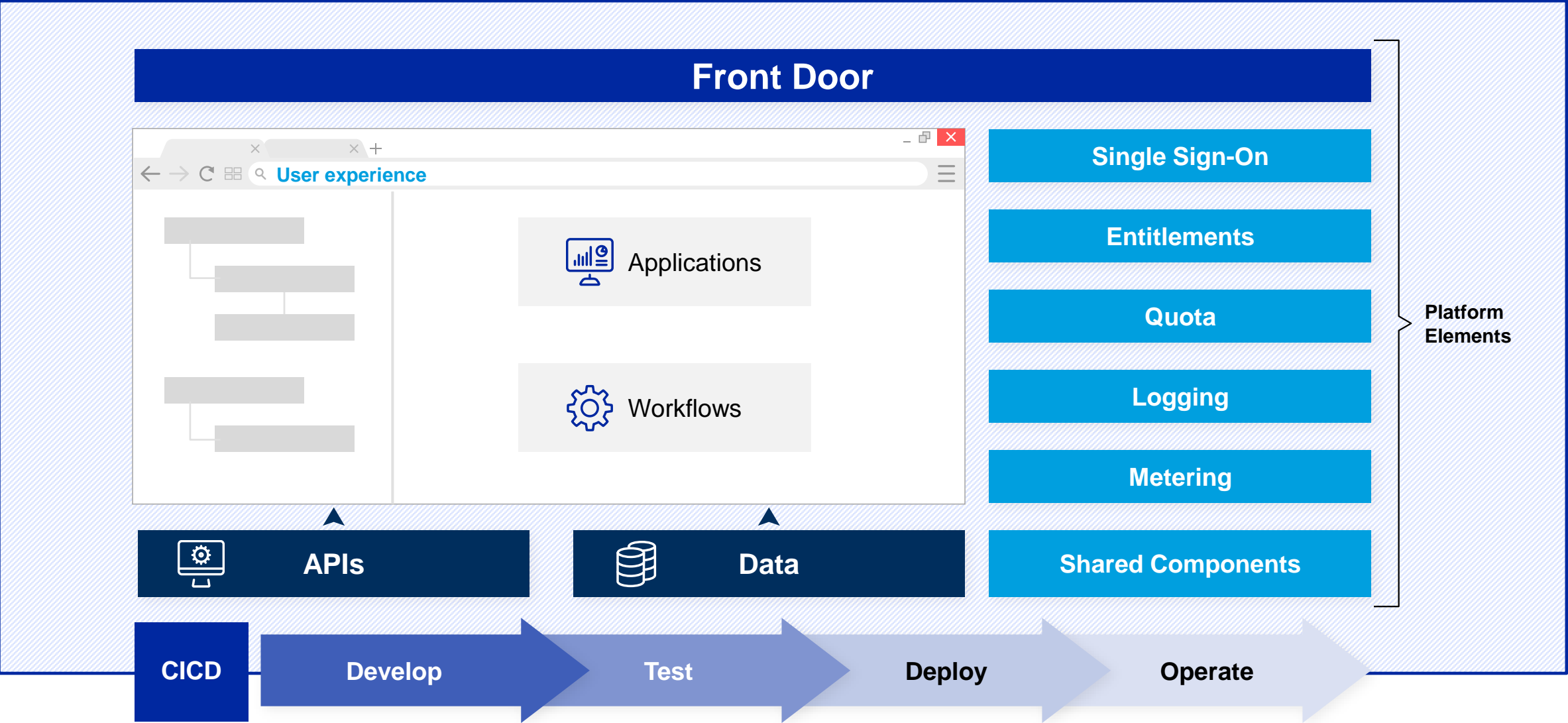
Cloud and Platform

- » Progressing on our cloud infrastructure journey to allow "**always on**"; ~77%¹ of MA solutions are in the cloud
- » Built state of the art interoperable cloud platform with data factory and API framework to support integration of all current and future product offerings

Note: API = Application Programming Interface; ERP = Enterprise Resource Planning.

1. Measured as a percentage of revenue for the year 2023.

Moody's Platform Architecture



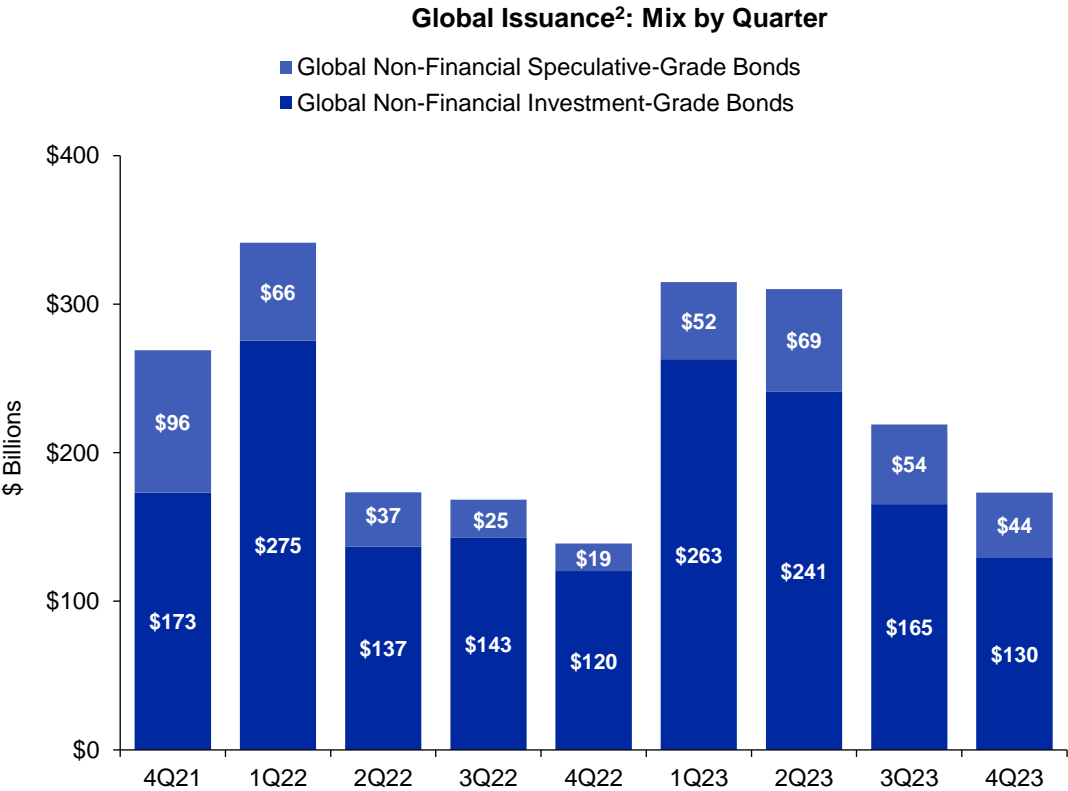
Note: CICD = Continuous Integration and Continuous Delivery – a software development practice whereby incremental code changes are made frequently, tested and deployed quickly; API = Application Programming Interface.



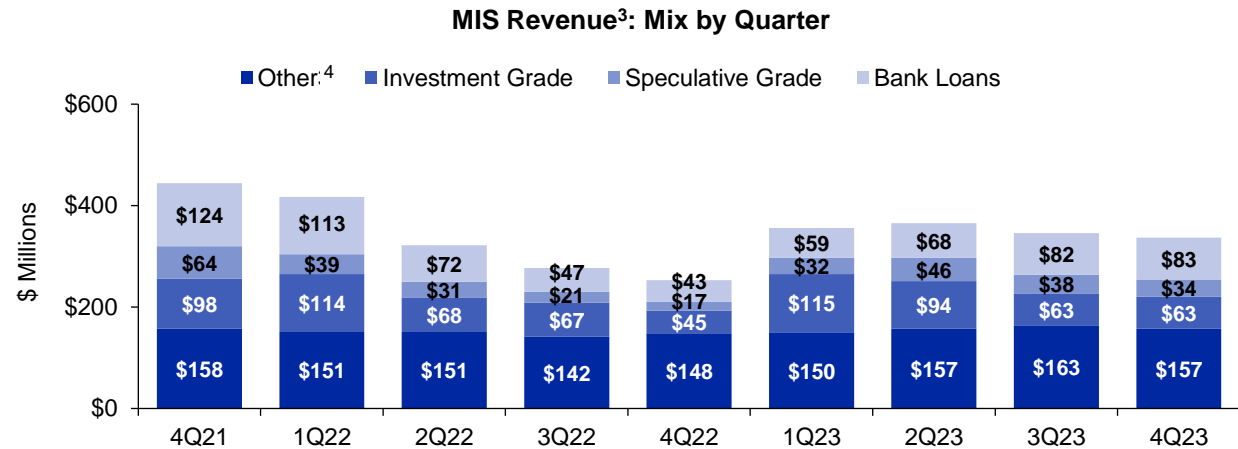
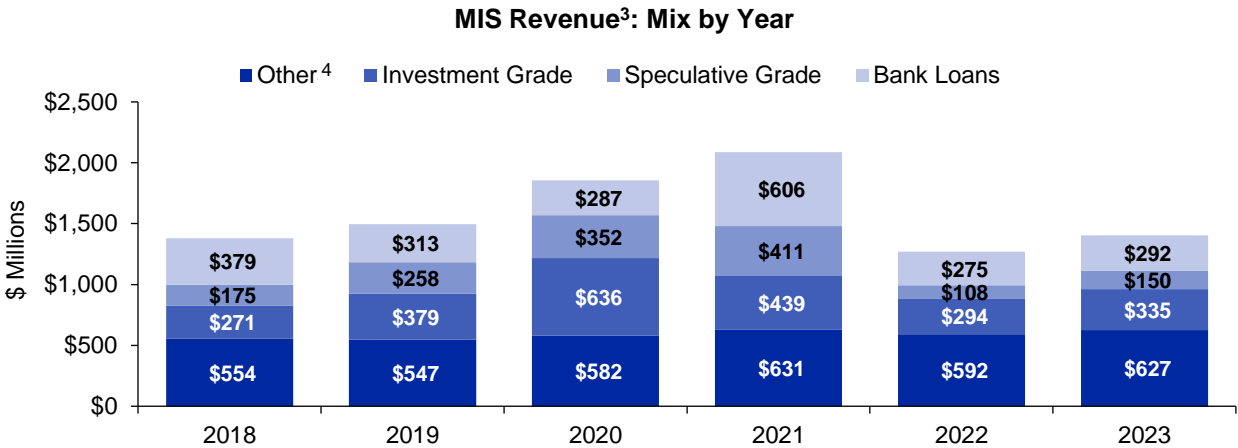
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Appendix

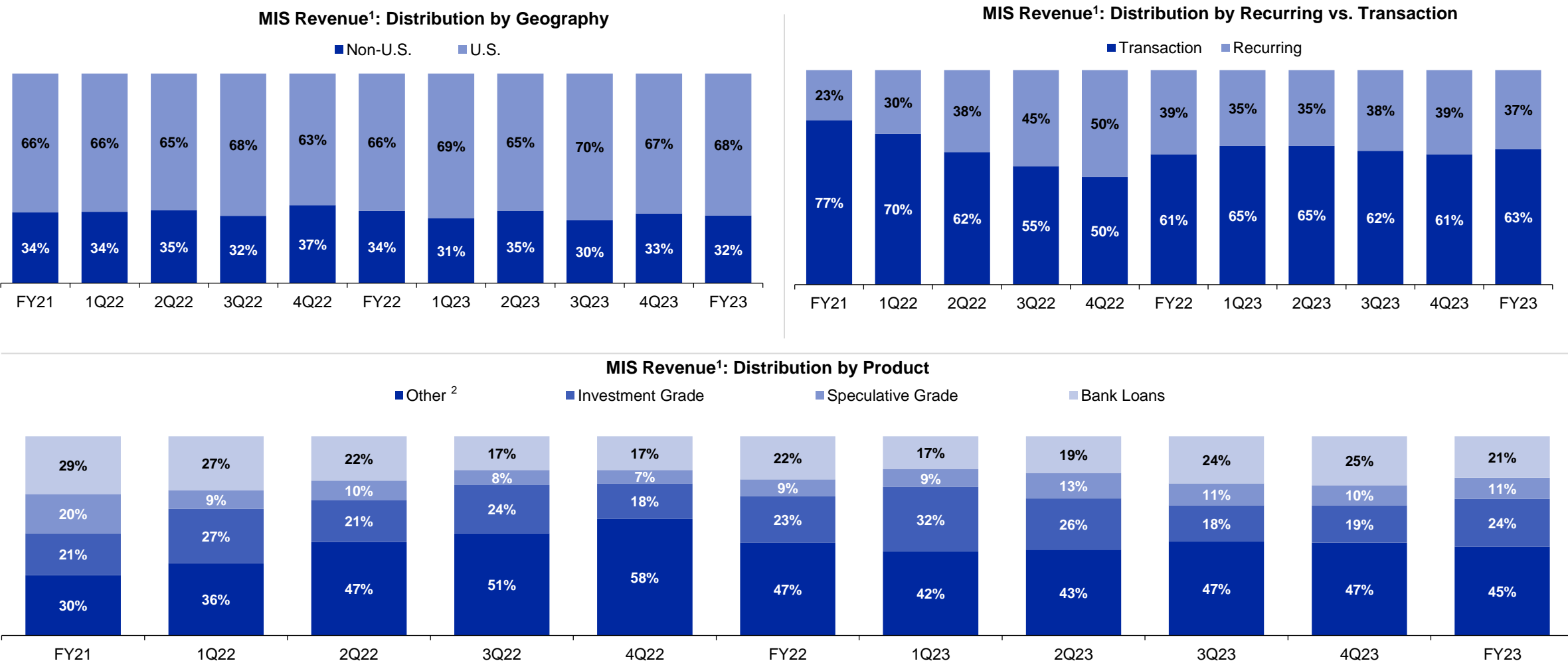
Corporate Finance: Issuance¹ and Revenue



- Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.
1. Total estimated market issuance, unless otherwise noted.
 2. Historical issuance data has been adjusted as of November 16, 2023, to conform with current information using a single-third party source (Dealogic). Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.
 3. Historical data has been adjusted to conform with current information and excludes intercompany revenue. The revenue reclassification of REITs to Corporate Finance from Structured Finance is reflected starting from 2018.
 4. Other includes monitoring, commercial paper, medium term notes and ICRA.



Corporate Finance: Revenue



Note: Percentages have been rounded and may not total to 100%.

1. Historical data has been adjusted to conform with current information and excludes intercompany revenue.

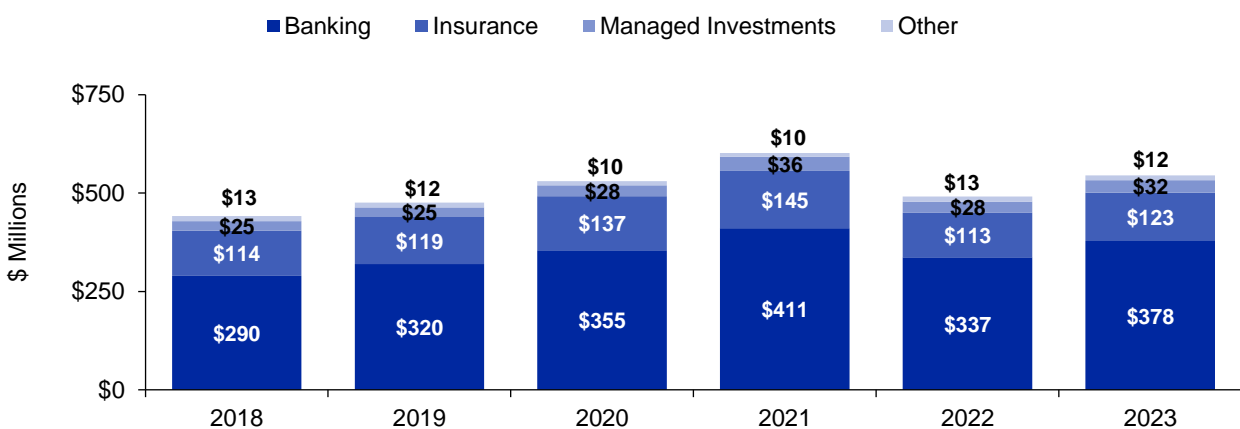
2. Other includes monitoring, commercial paper, medium term notes and ICRA.

Financial Institutions: Issuance¹ and Revenue

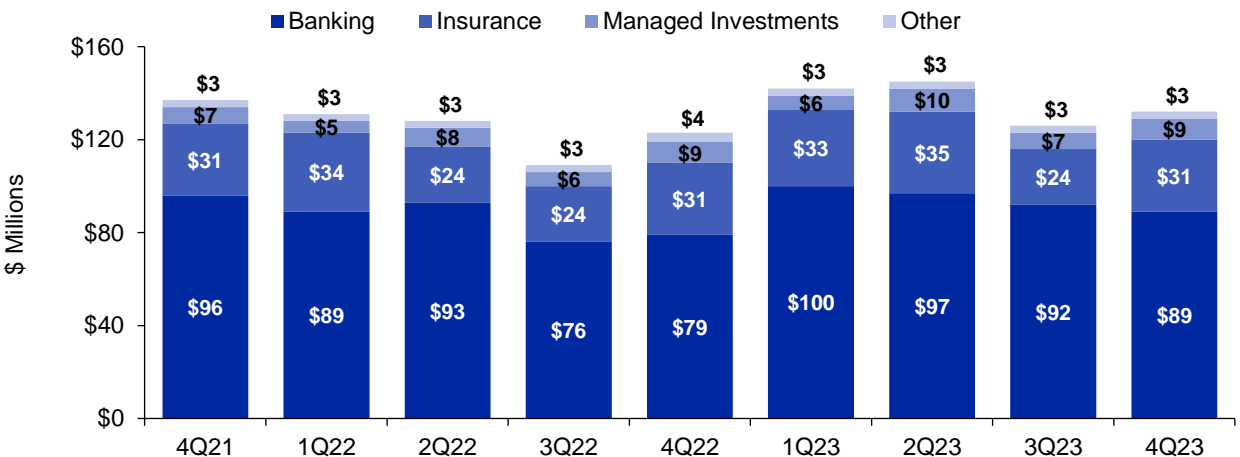
Global Issuance²: Mix by Quarter



MIS Revenue³: Mix by Year



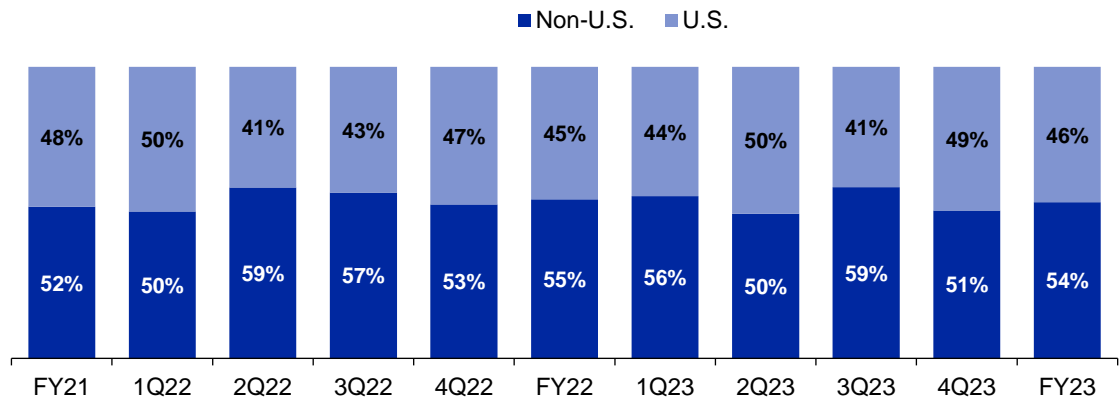
MIS Revenue³: Mix by Quarter



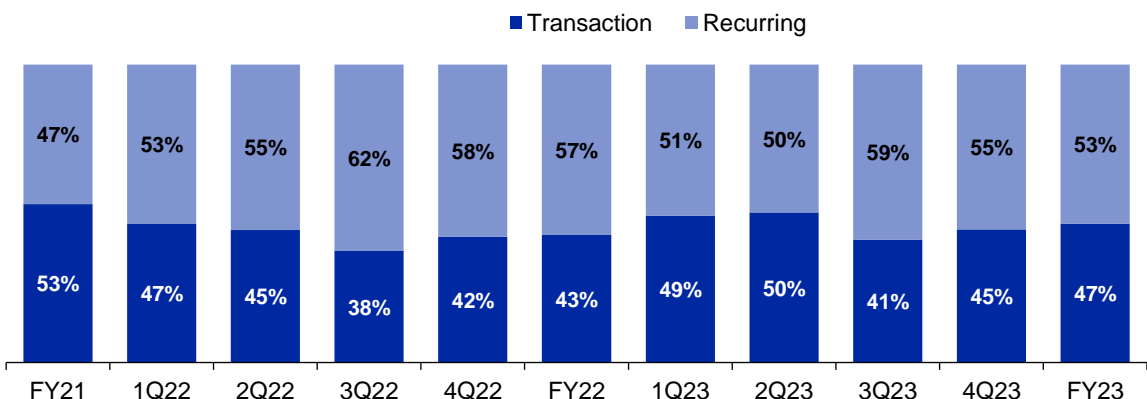
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Financial Institutions: Revenue

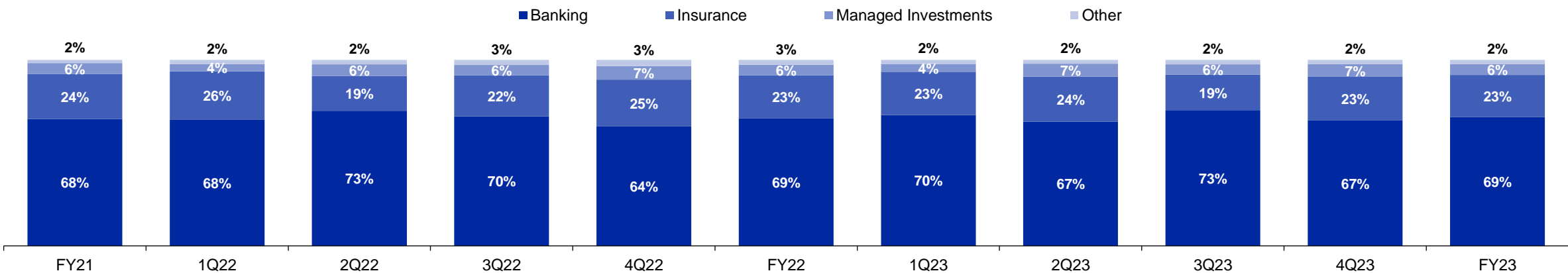
MIS Revenue¹: Distribution by Geography



MIS Revenue¹: Distribution by Recurring vs. Transaction



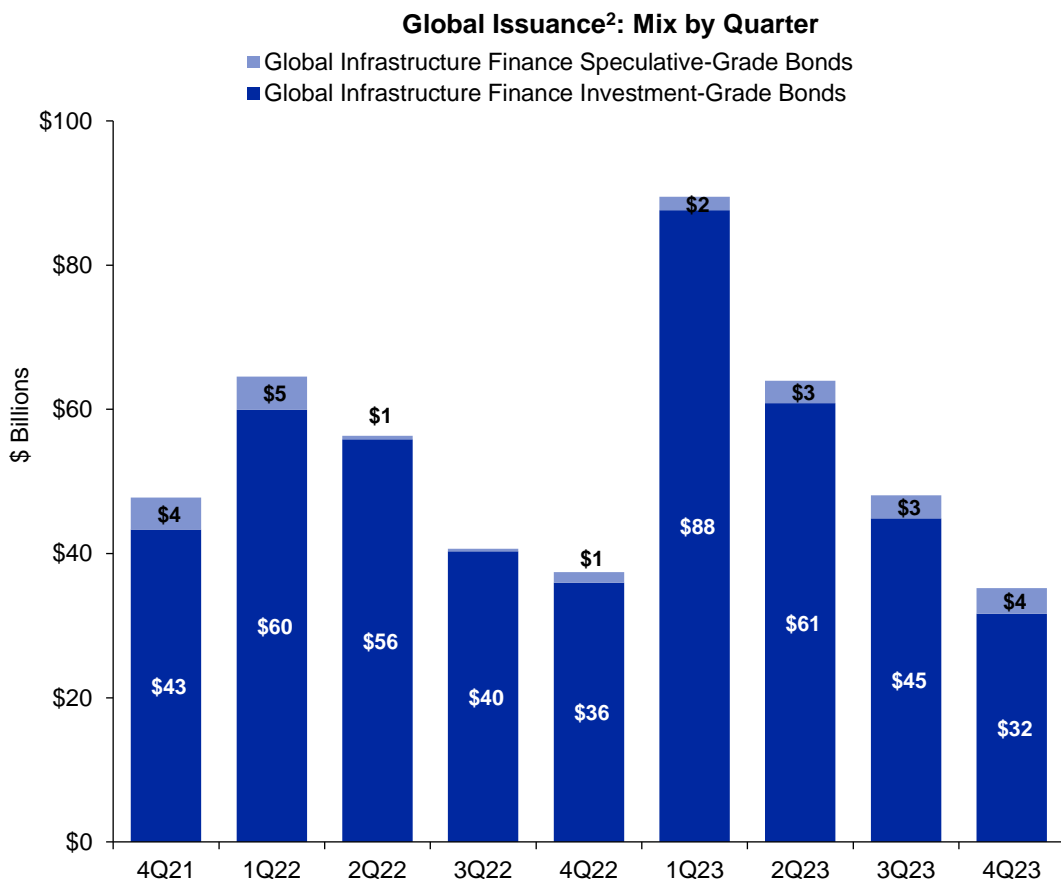
MIS Revenue¹: Distribution by Product



Note: Percentages have been rounded and may not total to 100%.

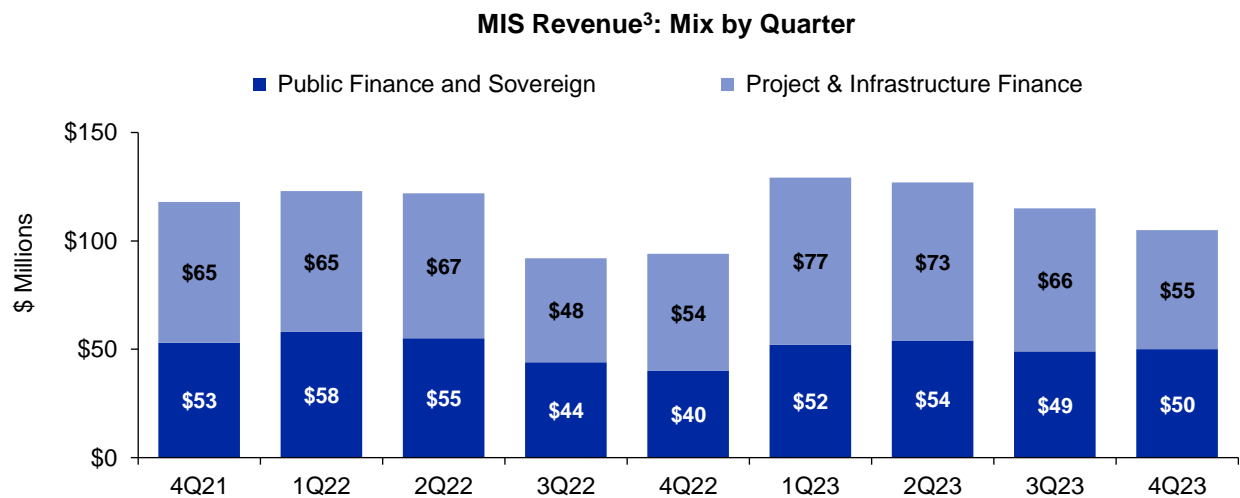
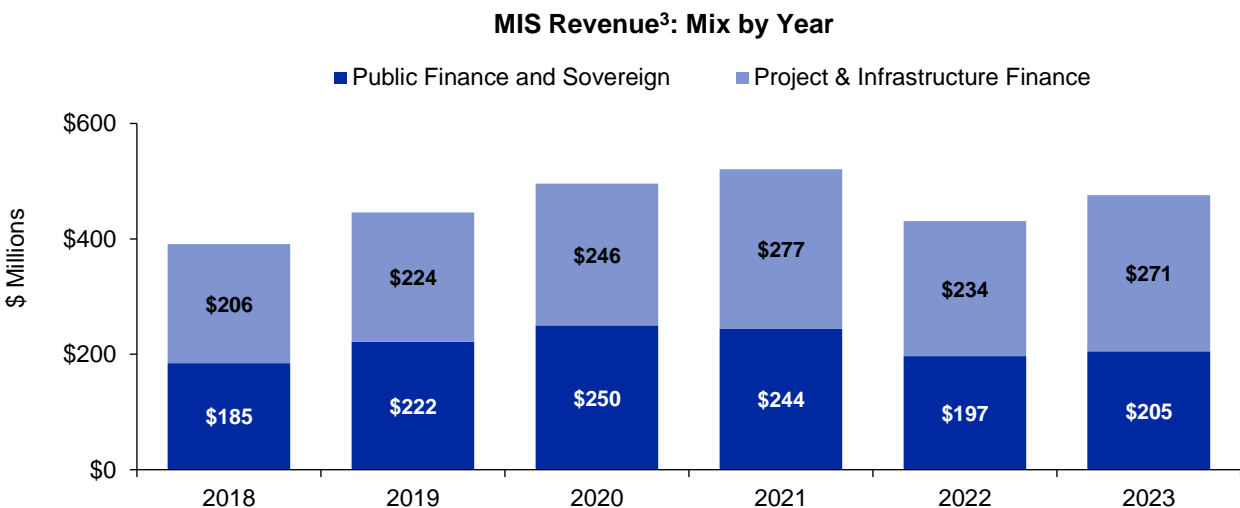
1. Historical data has been adjusted to conform with current information and excludes intercompany revenue.

Infrastructure Issuance¹; Public, Project & Infrastructure Revenue

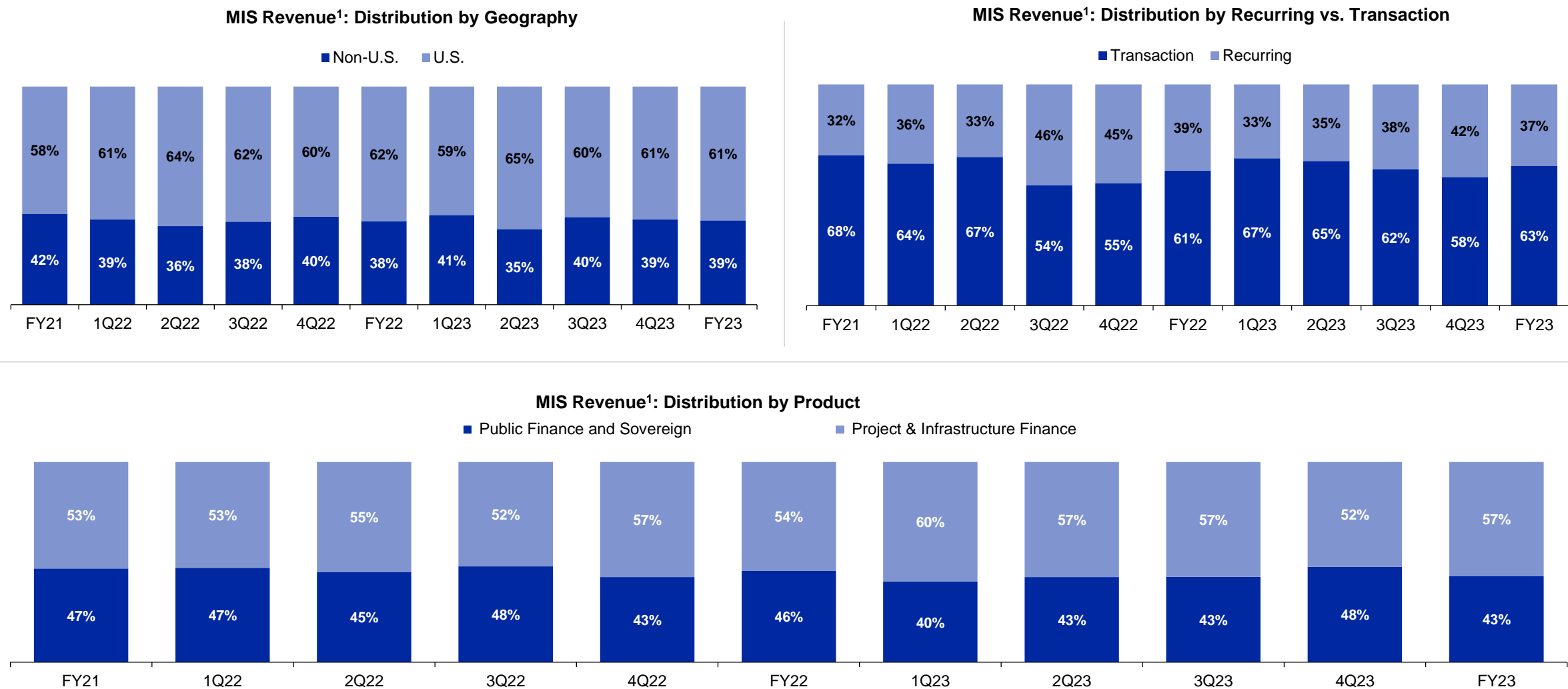


Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.

1. Total estimated market issuance, unless otherwise noted.
2. Historical issuance data has been adjusted as of November 16, 2023, to conform with current information using a single-third party source (Dealogic). Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.
3. Historical data has been adjusted to conform with current information and excludes intercompany revenue.

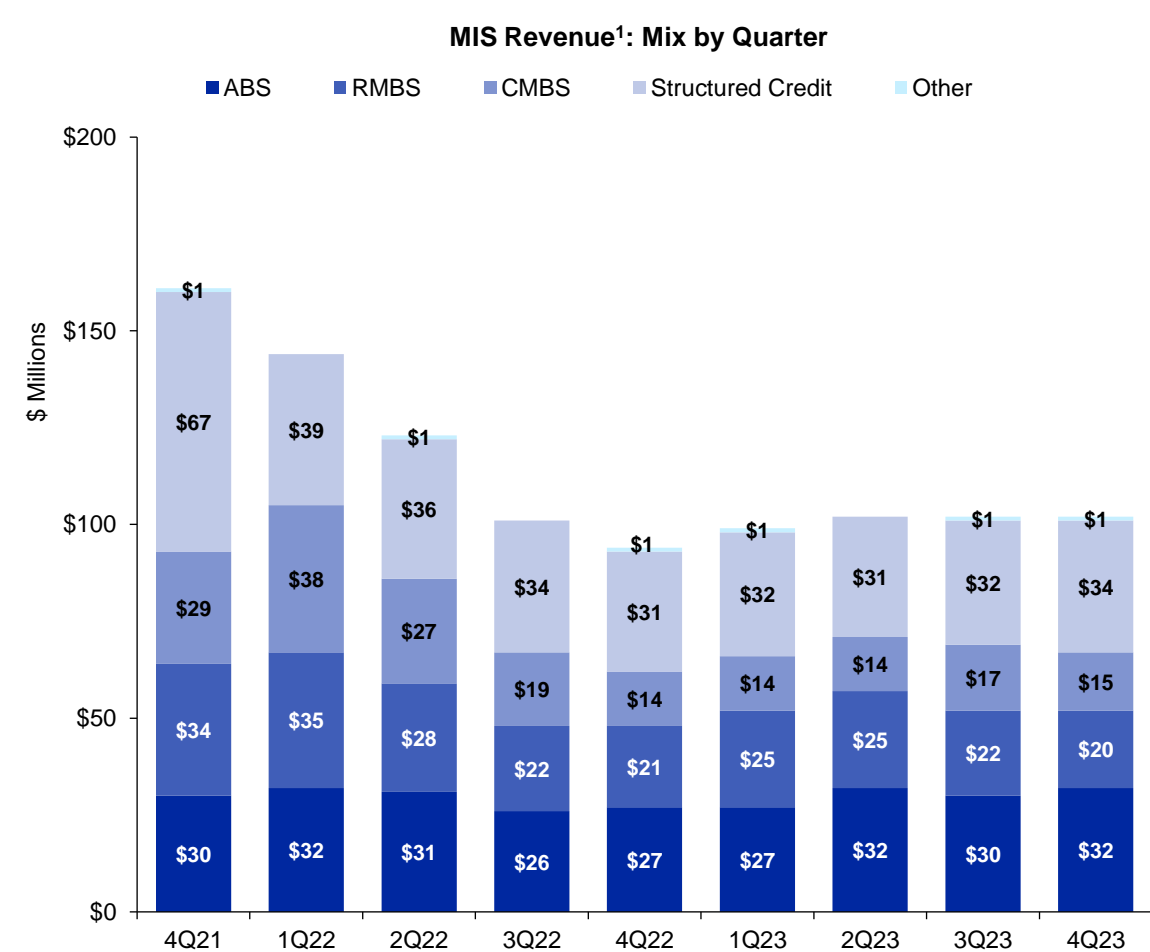
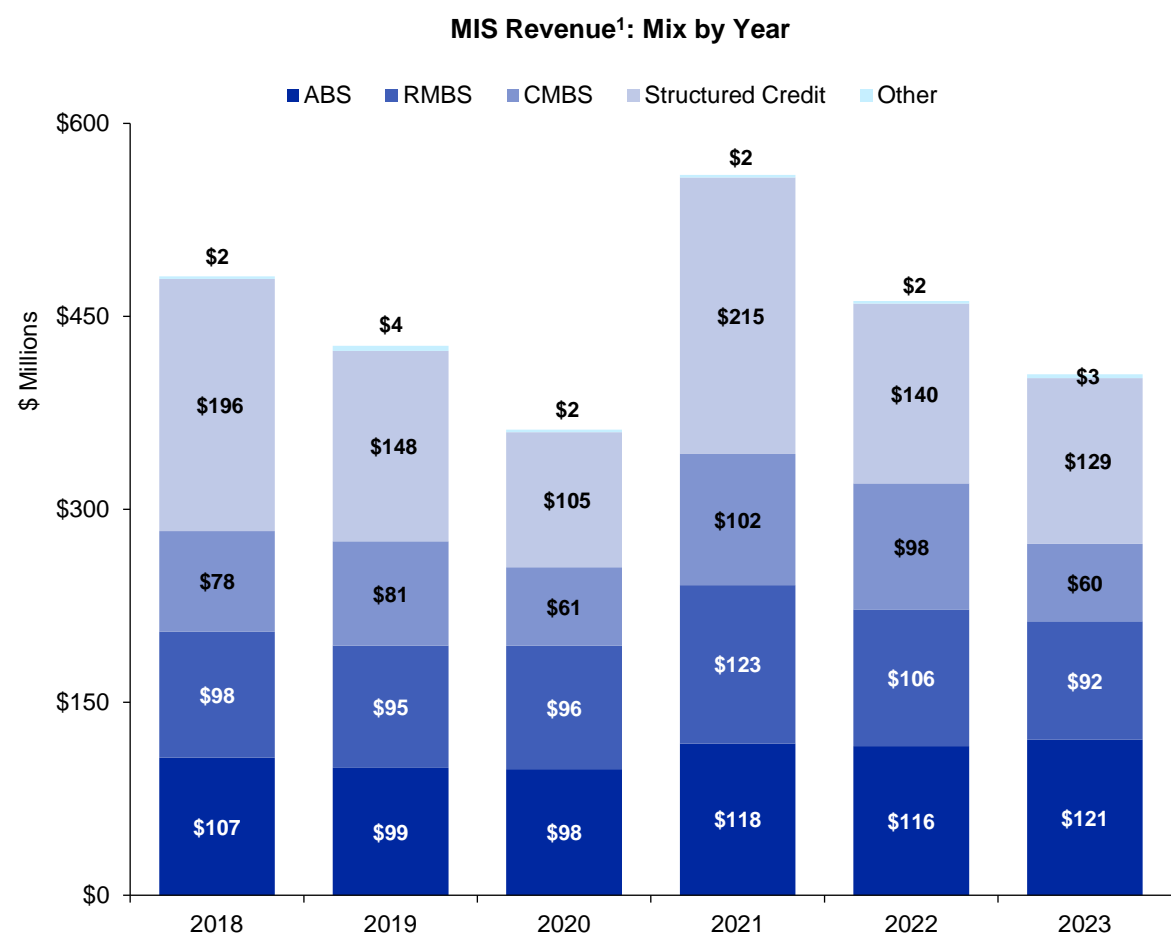


Public, Project and Infrastructure: Revenue



Note: Percentages have been rounded and may not total to 100%.
1. Historical data has been adjusted to conform with current information and excludes intercompany revenue.

Structured Finance: Revenue

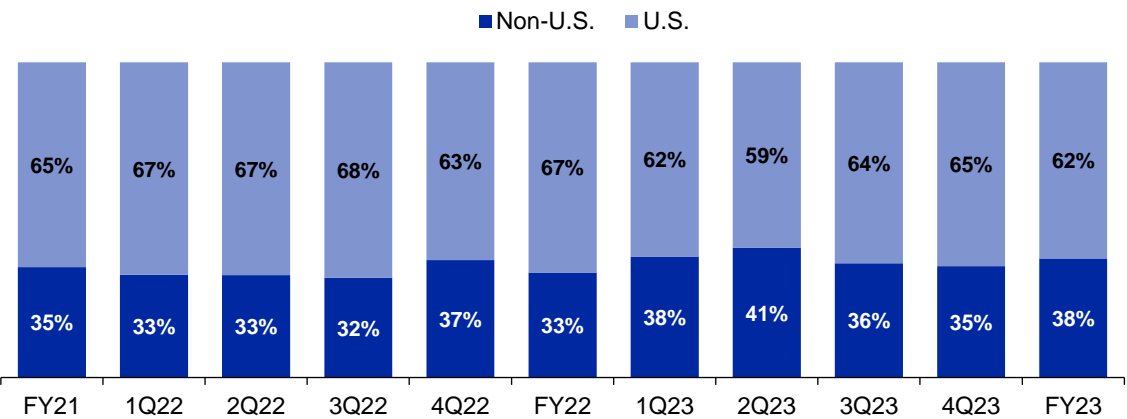


Notes: ABS (asset-backed securitization) includes asset-backed commercial paper and long-term asset-backed securities. RMBS (residential mortgage-backed securitization) includes covered bonds. CMBS (commercial mortgage-backed securities) includes commercial real estate CDOs. Structured Credit includes CLOs and CDOs.

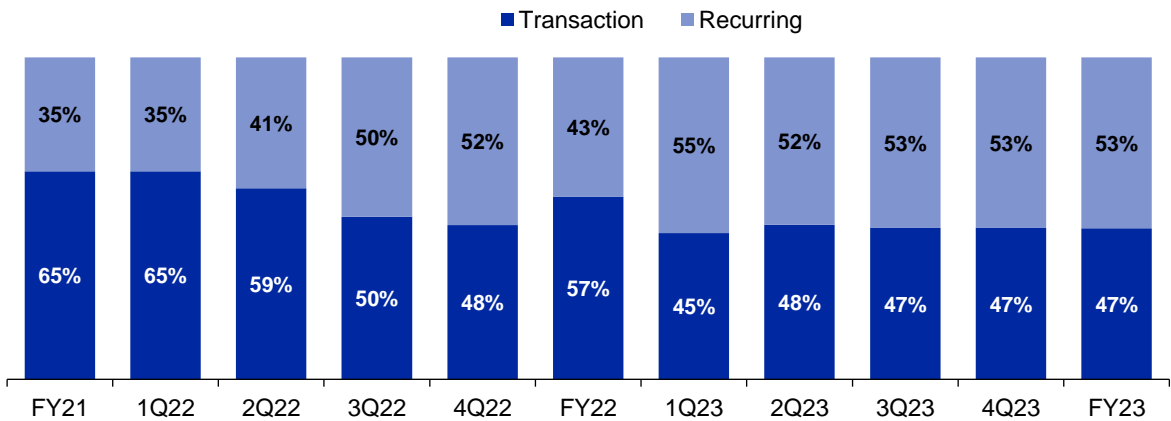
1. Historical data has been adjusted to conform with current information and excludes intercompany revenue. The revenue reclassification of REITs to Corporate Finance from Structured Finance is reflected starting from 2018.

Structured Finance: Revenue

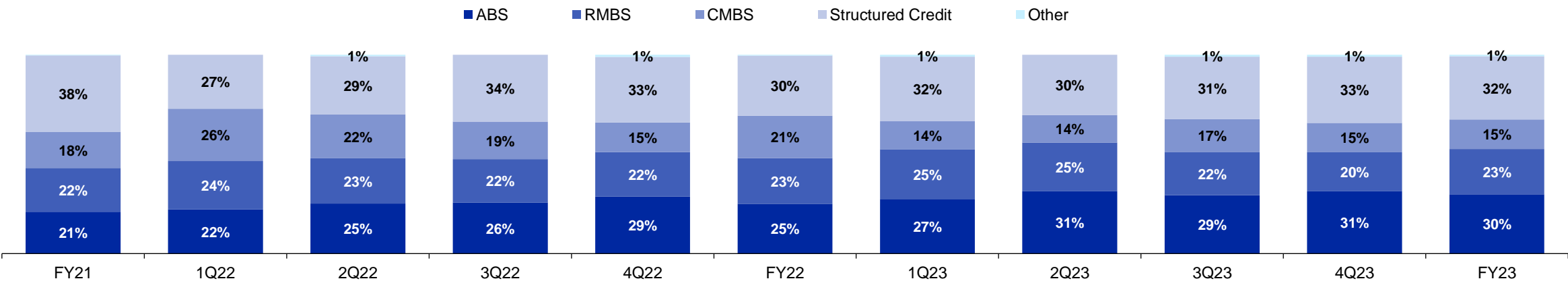
MIS Revenue¹: Distribution by Geography



MIS Revenue¹: Distribution by Recurring vs. Transaction



MIS Revenue¹: Distribution by Product

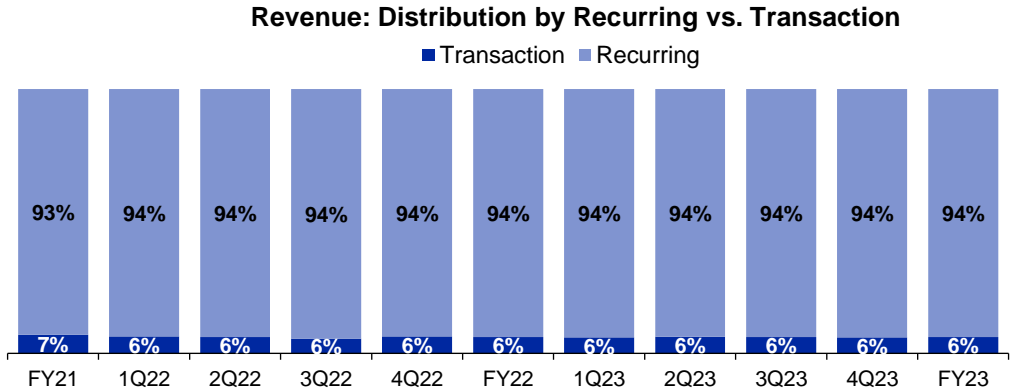
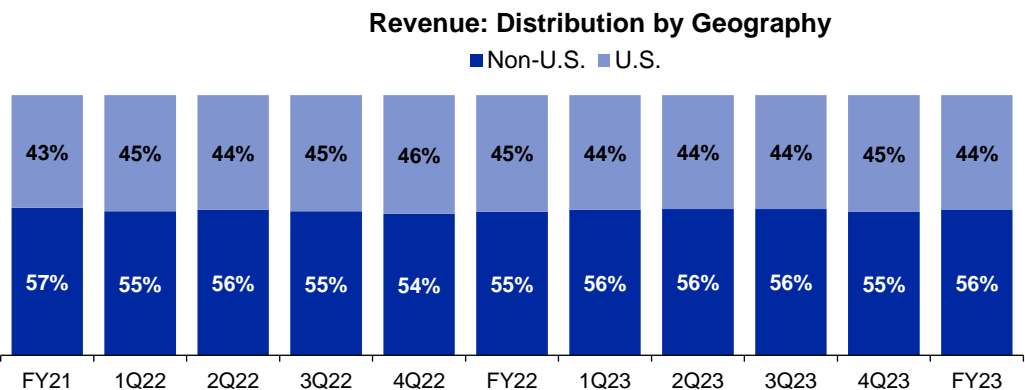
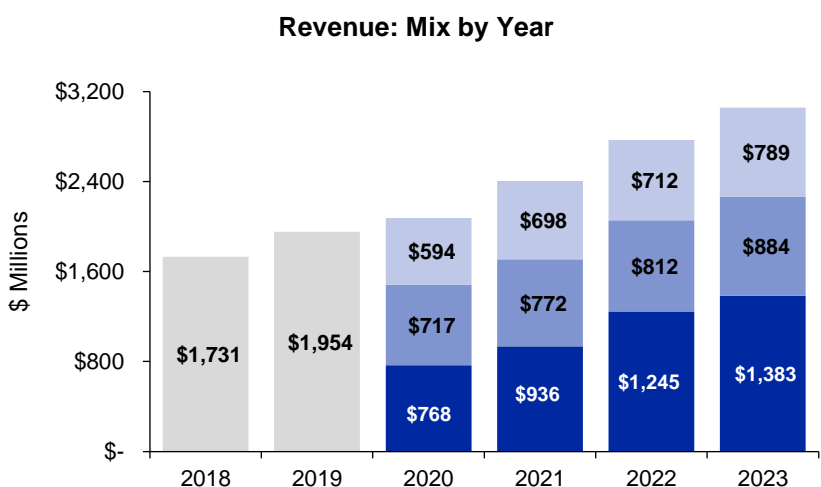
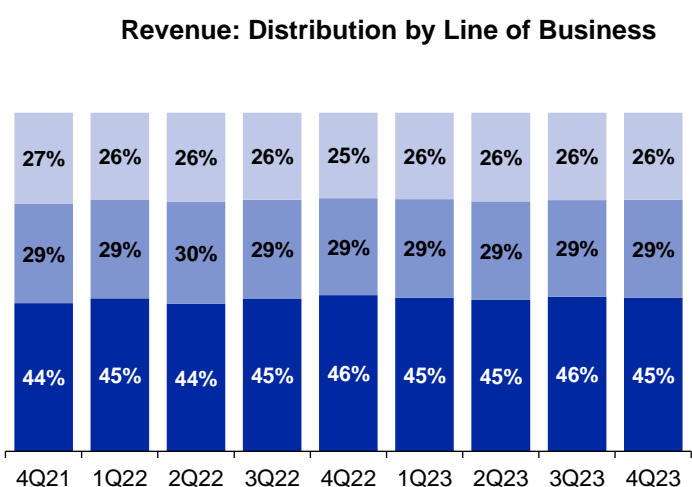
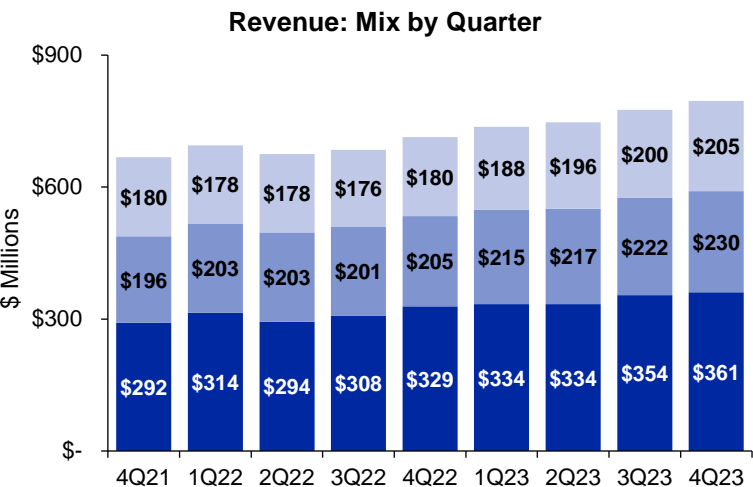


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1. Historical data has been adjusted to conform with current information and excludes intercompany revenue.

Moody's Analytics: Financial Overview

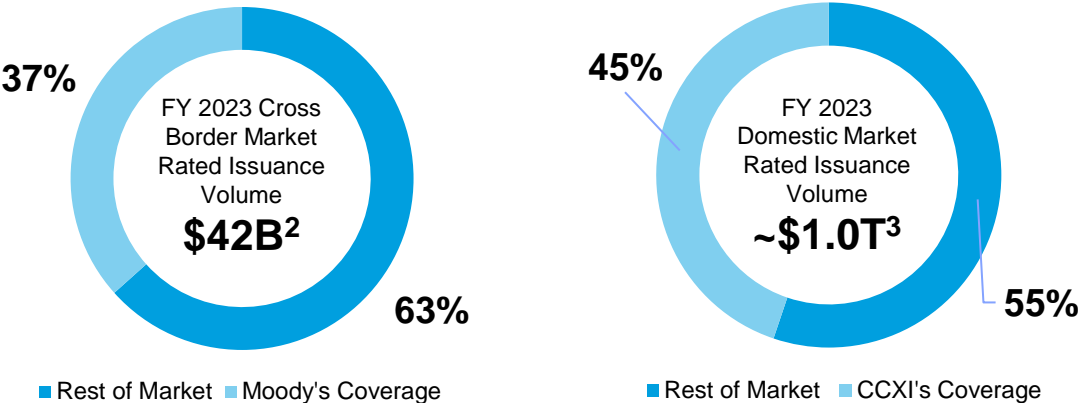
Decision Solutions Research & Insights Data & Information Moody's Analytics



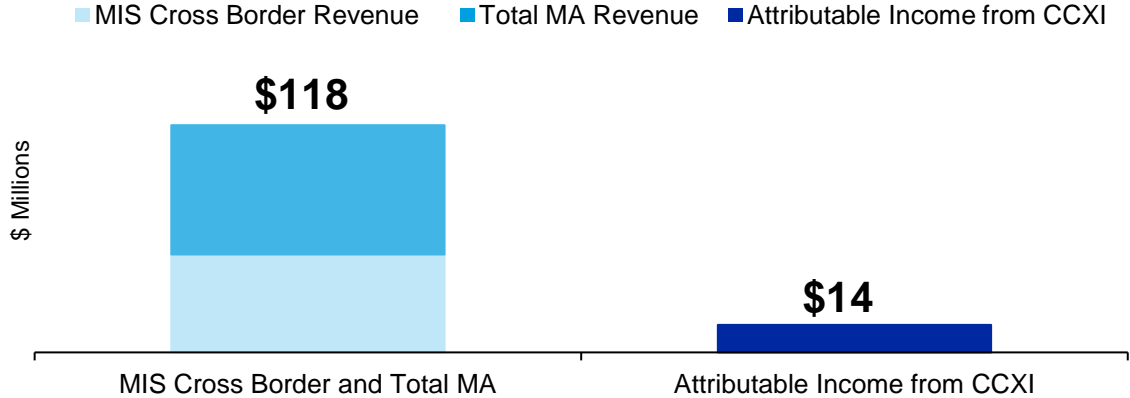
Note: Percentages have been rounded and may not total to 100%.

Moody's in Greater China

Domestic and Cross Border¹



Revenue and Attributable Income from China⁴

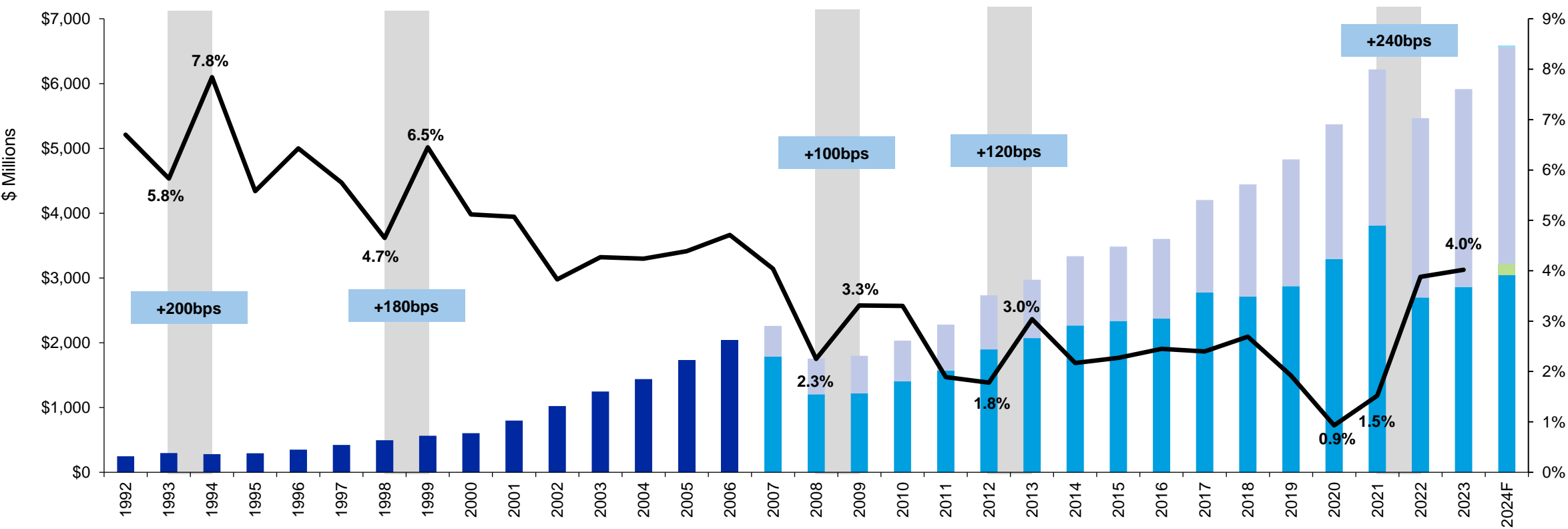


- » **Moody's participates directly** in the cross-border China issuance market through MIS **and in the domestic market** through a 30% interest in CCXI
- » **Long-term growth prospects** enabled by **participation** in the ongoing **development** of **China's domestic credit markets**
- » **Continuing to foster constructive relationships** and partnerships with issuers, regulators, and other market participants

1. Source for Cross Border Market Issuance: Dealogic, excludes Structured Finance, Sovereign/Sub-Sovereign entities, policy banks and Special Purpose Vehicles (SPVs).
2. The percentages displayed in the pie chart represent the coverage of the total ratings opportunity (as debt issuances can bear two or more ratings).
3. Source for Domestic Market Issuance: WIND, excludes Structured Finance, Government debt, Private Placement Notes (PPN) and Negotiable Certificates of Deposit (NCDs). USD 1 = RMB 7.08 average exchange rate in 2023 is used for conversion. Percentages based on issuance volume; percentages were based on deal count in prior presentations.
4. Greater China: Mainland, Hong Kong, Macau and Taiwan. Revenue and attributable income data for full year 2023.

Moody's Revenue and Interest Rates¹ Over Time

MIS Revenue (L) MIS Revenue Guidance (L) MA Revenue (L) MA Revenue Guidance (L) MCO Revenue (L) 10-yr U.S. Treasury Yield (R) ¹



Source: www.treasury.gov.

Note: Gray bars reflect periods of significant increases in the 10-year U.S. Treasury Yield.

1. 10-year U.S. Treasury Yields are represented by end-of-period rates.

2. Guidance as of February 13, 2024. Refer to Table 12 – “2024 Outlook” in the press release titled “Moody's Corporation Reports Results for Fourth Quarter and Full Year 2023; Sets Outlook for 2024” from February 13, 2024, for a complete list of guidance, as well as assumptions used by the Company with respect to its guidance.

Maintaining Financial Flexibility through Proactive Management

- » Well-laddered maturities; attractive long-end rates provide opportunity to optimize WAC and WAM
- » Strong liquidity with \$2.2B in cash and short-term investments, and an undrawn \$1.25B revolving credit facility²
- » Leverage below maximum 4.0x total debt / EBITDA covenant³

Note: WAC = Weighted Average Coupon. WAM = Weighted Average Maturity.

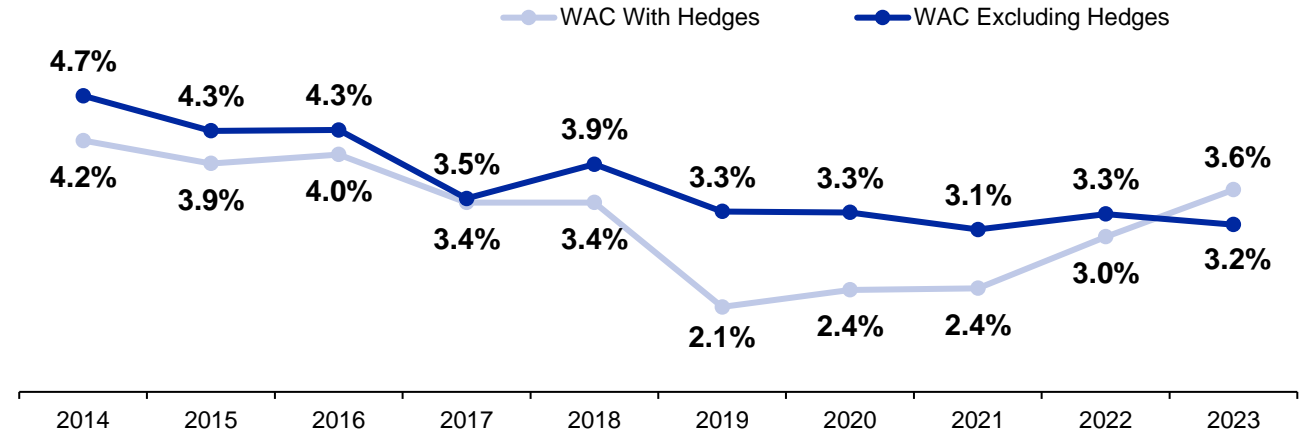
1. 2014-2023, as of end of Q4 2023.

2. As of December 31, 2023. See press release titled "Moody's Corporation Reports Results for Fourth Quarter and Full Year 2023" from February 13, 2024, for Moody's sources of capital and cash flow generation.

3. Total debt (gross debt less \$100M of cash and equivalents) to EBITDA ratio threshold is normally 4.0x but elevated to 4.5x for three quarters after an acquisition of >\$500 million.

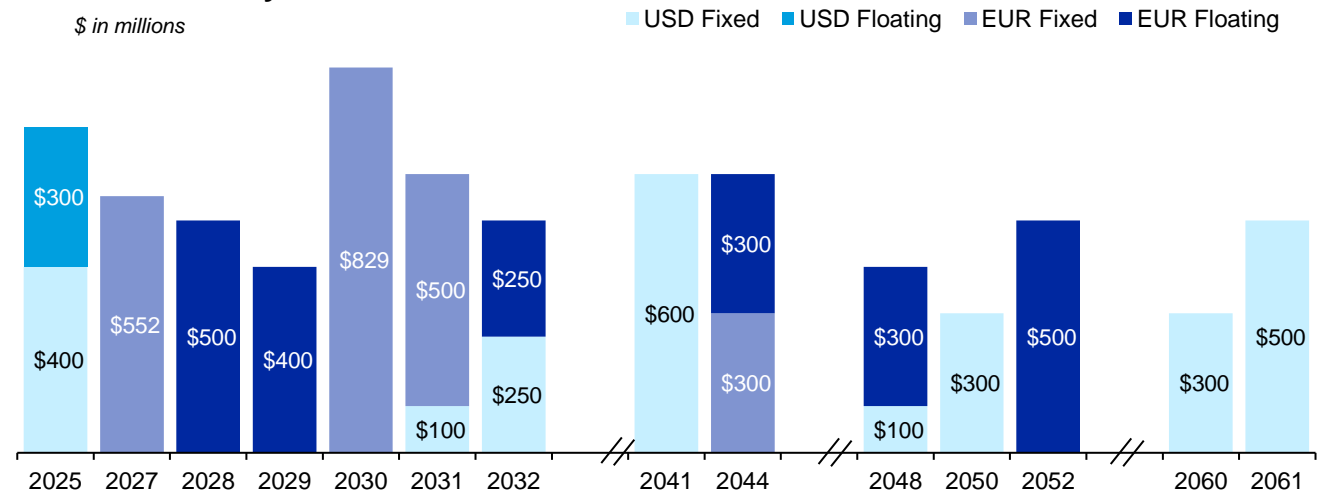
4. Certain USD denominated debt has been synthetically converted to EUR via cross-currency swaps. EUR bonds converted to USD as of December 31, 2023.

Bond portfolio WAC¹



Balanced maturity schedule⁴

\$ in millions



Disciplined Approach to Capital Management

Capital Allocation Priorities

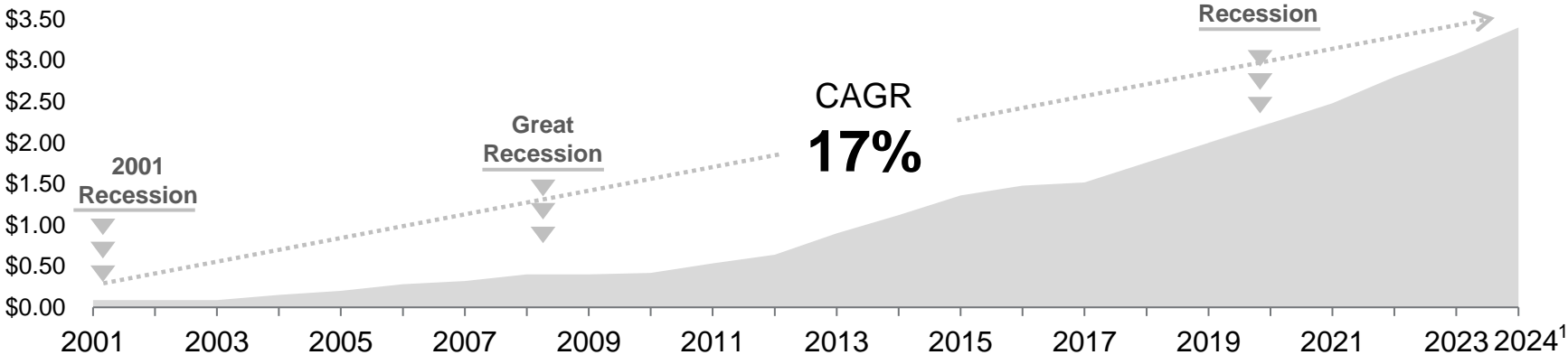
INVESTING FOR GROWTH

- 1 Reinvestment**
Accelerating organic growth
- 2 Acquisitions**
Advance global integrated risk assessment strategy

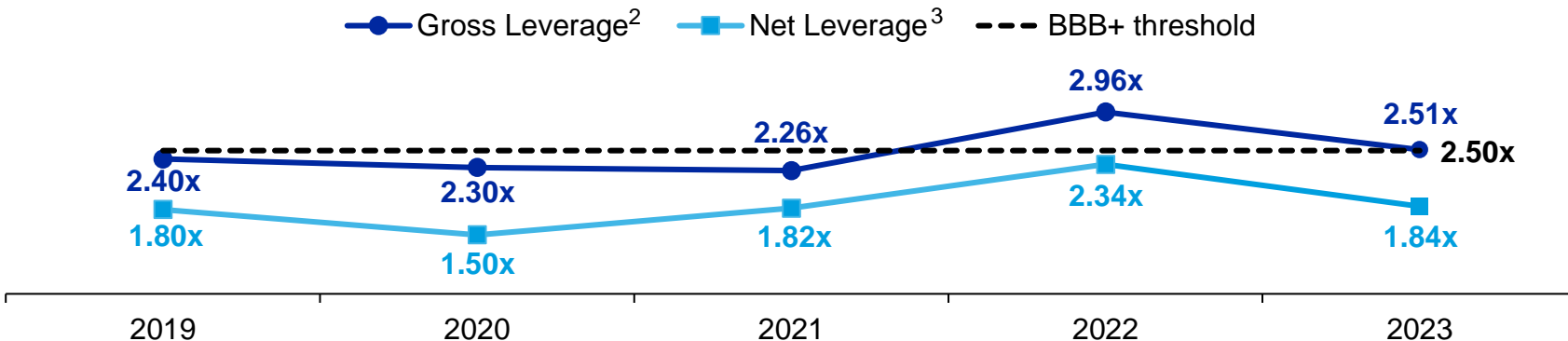
RETURNING CAPITAL

- 3 Dividends**
Positioning as a “growth” stock
- 4 Share Repurchases**
Mechanism to return excess cash to stockholders

Increasing Dividends Through Market Cycles



Leverage Anchored to BBB+ Rating



1. Assumes quarterly dividend of \$0.85 in 2024 based on the first quarter dividend declared on February 5, 2024, and historical practice.

2. Gross leverage represents outstanding debt on the balance sheet divided by adjusted TTM EBITDA and is intended to approximate leverage as calculated by Fitch.

3. Net leverage represents outstanding debt (net of cash) on the balance sheet divided by adjusted TTM EBITDA and is intended to approximate leverage as calculated by S&P.

Moody's Market-leading ESG & Climate Capabilities



\$200+ million
2023 ESG & Climate
Revenue¹



Achieved revenue
growth in the
high-single-digit²
percent range in 2023



- » Our **deep ESG & Climate domain expertise** and **trusted insights** are **integrated across our business and capabilities**
- » We enable customers to obtain a holistic view of their ESG & Climate risk that **considers both financial and stakeholder impact**
- » Moody's addresses market participants' evolving use cases across key workflows and is committed to expanding and enhancing its **adaptable ESG & Climate solutions** by leveraging **innovative technologies** and **user-friendly delivery platforms**
- » Moody's helps organizations **identify, measure and manage ESG & Climate risks**, including those within company supply chains and as part of regulatory reporting requirements

1. ESG & Climate revenue from Moody's Investors Service and Moody's Analytics as of December 31, 2023.

2. From Full Year 2022 to Full Year 2023.

Workflow-Driven ESG & Climate Solutions

Moody's adaptable solutions help customers address evolving business needs

FOUNDATIONAL ANALYSIS Conduct foundational, company & sector-level ESG risk analysis & benchmarking across all workflows



Incorporate ESG data, scores and screening into credit origination and assessment, loan portfolio management and monitoring, and reporting



Integrate ESG data and analytics into P&C underwriting to inform decision-making and more effectively measure insurance-associated emissions to address the PCAF accounting and reporting standard and the NZIA target setting protocol



Identify, measure, and manage ESG risks as part of portfolio management to inform investment decisions



Enhance disclosure and compliance with ESG regulatory reporting requirements set forth by TCFD, ISSB, EU Taxonomy, SFDR Pillar 3, and others



Embed ESG capabilities within supply chain due diligence to support supplier third-party onboarding and monitoring

Advance corporate sustainability objectives and compliance with regulatory reporting requirements



Systematically and transparently integrate ESG factors into credit analysis and assign independent opinions on entities' sustainable financing plans

Note: P&C = Property and Casualty; PCAF = Partnership for Carbon Accounting Financials; NZIA = Net-Zero Insurance Alliance; TCFD = Task Force on Climate-Related Financial Disclosures; ISSB = International Sustainability Standards Board; SFDR = Sustainable Finance Disclosure Regulation.

Drivers of Sustainable Corporate Value

Placing sustainability at the core of the business



- » Committed to net-zero by 2040: Moody's is one of the first companies to set to have its near and long-term science-based targets validated by the SBTi
- » Ranked #1 on Forbes' Net Zero Leaders list
- » Selected as a member of the 2023 Sustainability Dow Jones Sustainability (DJSI) World Index for the second consecutive year and DJSI North America Index for the fourth consecutive year
- » Published the [2022 Stakeholder Sustainability](#) report (aligned with the GRI, SASB, WEF frameworks) and the [2022 TCFD Report](#)
- » Published an inaugural [Global Tax Policy](#) and a [Political Engagement and Public Policy Statement](#)
- » Issued a Company's Taskforce on Nature-related Financial Disclosures (TNFD) Statement for the first time



- » Progressed on our customer-focused diversity, equity and inclusion (DE&I) program, CORE, by becoming a founding member of the U.S. Economic Opportunity Coalition
- » Published our consolidated U.S. EEO-1 employment data for the second consecutive year in 2022
- » Launched "PurposeFirst", an initiative designed to enhance employee flexibility and create opportunities for collaboration while continuing to meet our business objectives
- » Named Best Place to Work for Disability Inclusion by the Disability Equality Index 2023
- » Named to Bloomberg Gender-Equality Index for Fourth Consecutive Year



- » Expanded our Issuer Profile Scores (IPS) and Credit Impact Scores (CIS) to cover ~12,000 governments, financial institutions and corporations across sectors globally
- » Continued to work on the integration of RMS, a leading global provider of climate and natural disaster risk modeling and analytics
- » Collaborated with peers in the Climate Data Steering Committee to publish recommendations on the design of a new open-data utility that would make climate transition related data openly available in a single place for the first time
- » Published Net Zero Assessment framework. Continued rollout of Second Party Opinions, which provide an independent view on the alignment of labeled sustainable bonds and loans with international standards

 VISIT OUR SUSTAINABILITY SITE TO LEARN MORE »



Note: SBTi = Science Based Targets Initiative; GRI = Global Reporting Initiative; SASB = Sustainability Accounting Standards Board; WEF = World Economic Forum; CORE: Creating Opportunities for Racial Equity program.

Reconciliation of Adjusted Financial Measures to U.S. GAAP

Moody's Corporation Adjusted Operating Income and Adjusted Operating Margin Reconciliation

(in \$ millions)	2023
Operating Income	\$2,137
<i>Operating Margin</i>	36.1%
<i>Add Adjustment:</i>	
<i>Depreciation & Amortization</i>	373
<i>Restructuring</i>	87
Adjusted Operating Income	\$2,597
<i>Adjusted Operating Margin</i>	43.9%

Moody's Corporation Diluted EPS Reconciliation

	2024F ¹
Diluted EPS – U.S. GAAP	\$9.45 to \$10.20
Acquisition-Related Intangible Amortization Expenses	~\$0.80
Adjusted Diluted EPS	\$10.25 to \$11.00

Note: Some numbers may not foot due to rounding.

1. Guidance as of February 13, 2024. Refer to Table 12 – “2024 Outlook” in the press release titled “Moody's Corporation Reports Results for Fourth Quarter and Full Year 2023; Sets Outlook for 2024” from February 13, 2024, for a complete list of guidance, reconciliations between adjusted measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

Reconciliation of Adjusted Financial Measures to U.S. GAAP (cont.)

Moody's Corporation Operating Margin Guidance Reconciliation

	2024F ¹
Projected Operating Margin – U.S. GAAP	37% to 39%
Depreciation & Amortization	Approximately 7%
Projected Adjusted Operating Margin	44% to 46%

Free Cash Flow Reconciliation

(in \$ millions)	2024F ¹
Net cash flows from operating activities	\$2.3 billion to \$2.5 billion
<i>Less: Capital expenditures</i>	<i>Approximately \$0.4 billion</i>
Free Cash Flow	\$1.9 billion to \$2.1 billion

1. Guidance as of February 13, 2024. Refer to Table 12 – “2024 Outlook” in the press release titled “Moody's Corporation Reports Results for Fourth Quarter and Full Year 2023; Sets Outlook for 2024” from February 13, 2024, for a complete list of guidance, reconciliations between adjusted measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

Annualized Recurring Revenue (ARR)

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

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

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

<i>Amounts in millions</i>	December 31, 2023	December 31, 2022	Change	Growth
<u>MA ARR</u>				
Decision Solutions				
Banking	\$ 418	\$ 385	\$ 33	9%
Insurance	533	482	51	11%
KYC	326	279	47	17%
Total Decision Solutions	\$ 1,277	\$ 1,146	\$ 131	11%
Research and Insights	879	819	60	7%
Data and Information	806	733	73	10%
Total MA ARR	\$ 2,962	\$ 2,698	\$ 264	10%

Key Assumptions Underlying our Medium-Term Targets

Moody's medium-term guidance refers to a time period within 5 years and reflects assumptions about numerous factors that could affect its business and is based on currently available information reviewed by management through and as of today's date.

These assumptions include, but are not limited to, the effects of current economic conditions, including the effects of interest rates, inflation, foreign currency exchange rates, capital markets' liquidity, and activity in different sectors of the debt markets. This outlook also reflects assumptions about global GDP growth, and the impacts resulting from changes in international conditions, including as a result of the Russia-Ukraine military conflict, and the military conflict in Israel and surrounding areas. Actual results could differ materially from Moody's outlook.

The guidance also incorporates various assumptions as of February 13, 2024, including: (a) U.S. and Euro area GDP to stagnate in the near-term, followed by economic recovery; (b) the U.S. 10-Year Treasury yield to stabilize, fluctuating modestly around current levels; (c) issuers continue to refinance maturing debt; (d) MA customer retention rates remain in-line with historical levels; and (e) pricing initiatives align with prior practices and enhancements to customer value.

Moody's Corporation Medium-Term Guidance (as of February 13, 2024)

Moody's Corporation

Revenue	At least 10% growth
Adjusted Operating Margin ⁽¹⁾	Low-50s percent range
Adjusted Diluted EPS ⁽¹⁾	Low-double-digit percent growth

Moody's Investors Service (MIS)

MIS revenue	Mid-to-high-single-digit percent growth
MIS Adjusted Operating Margin	Low-60s percent range

Moody's Analytics (MA)

MA revenue	Low-to-mid-teens percent growth
MA Adjusted Operating Margin	Mid-30s percent range

Note: Growth refers to average annualized growth over the time period. Assumes full year 2022 as the base year.

1. Moody's does not provide medium-term operating margin and diluted EPS guidance on a U.S. GAAP basis because the items that the Company excludes to derive Adjusted Operating Margin and Adjusted Diluted EPS cannot be reasonably predicted or assumed, for example the amount of amortization associated with acquired intangible assets from future M&A activity. Accordingly, the Company does not forecast these items over the medium-term. The occurrence, timing and amount of any of the items excluded from operating income to derive Adjusted Operating Income, Adjusted Operating Margin and Adjusted Diluted EPS could significantly impact the Company's medium-term U.S. GAAP results.

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