

3Q 2019 Investor Presentation

November 4, 2019

Disclaimer

Certain statements contained in this release 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 may include, among other words, "believe", "expect", "anticipate", "intend", "plan", "will", "predict", "potential", "continue", "strategy", "aspire", "target", "forecast", "project", "estimate", "should", "could", "may" and similar expressions or words and variations thereof that convey the prospective nature of events or outcomes generally indicative of forward-looking statements. The forward-looking statements and other information in this release are made as of the date hereof (except where noted otherwise), and the Company undertakes no obligation (nor does it intend) to publicly supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise, except as required by applicable law or regulation. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company is identifying examples of factors, risks and uncertainties that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking statements. Those factors, risks and uncertainties include, but are not limited to, credit market disruptions or economic slowdowns, which could affect the volume of debt and other securities issued in domestic and/or global capital markets; other matters that could affect the volume of debt and other securities issued in domestic and/or global capital markets, including regulation, credit quality concerns, changes in interest rates and other volatility in the financial markets such as that due to uncertainty as companies transition away from LIBOR and the U.K.'s pending withdrawal from the EU; the level of merger and acquisition activity in the U.S. and abroad; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government actions affecting credit markets, international trade and economic policy, including those related to tariffs and trade barriers; concerns in the marketplace affecting our credibility or otherwise affecting market perceptions of the integrity or utility of independent credit agency ratings; the introduction of competing products or technologies by other companies; pricing pressure from competitors and/or customers; the level of success of new product development and global expansion; the impact of regulation as an NRSRO, the potential for new U.S., state and local legislation and regulations, including provisions in the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") and regulations resulting from Dodd-Frank; the potential for increased competition and regulation in the EU and other foreign jurisdictions; exposure to litigation related to our rating opinions, as well as any other litigation, government and regulatory proceedings, investigations and inquires to which the Company may be subject from time to time; provisions in the Dodd-Frank legislation modifying the pleading standards, and EU regulations modifying the liability standards, applicable to credit rating agencies in a manner adverse to credit rating agencies; provisions of EU regulations imposing additional procedural and substantive requirements on the pricing of services and the expansion of supervisory remit to include non-EU ratings used for regulatory purposes; the possible loss of key employees; failures or malfunctions of our operations and infrastructure; any vulnerabilities to cyber threats or other cybersecurity concerns; the outcome of any review by controlling tax authorities of the Company's global tax planning initiatives; exposure to potential criminal sanctions or civil remedies if the Company fails to comply with foreign and U.S. laws and regulations that are applicable in the jurisdictions in which the Company operates, including data protection and privacy laws, sanctions laws, anti-corruption laws, and local laws prohibiting corrupt payments to government officials; the impact of mergers, acquisitions or other business combinations and the ability of the Company to successfully integrate such acquired businesses; currency and foreign exchange volatility; the level of future cash flows; the levels of capital investments; and a decline in the demand for credit risk management tools by financial institutions. These factors, risks and uncertainties as well as other risks and uncertainties that could cause Moody's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements are described in greater detail under "Risk Factors" in Part I, Item 1A of the Company's annual report on Form 10-K for the year ended December 31, 2018, 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.

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1

Moody's Overview

Company Overview

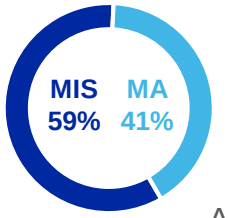
Moody's Investors Service

- Independent provider of 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

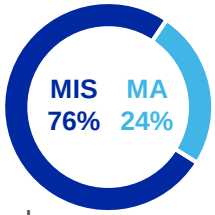
Moody's

Leading global provider of credit rating opinions, insight and tools for financial risk measurement and management

Revenue of $4.7 billion



Adjusted Operating Income of $2.2 billion



Adjusted Operating Margin

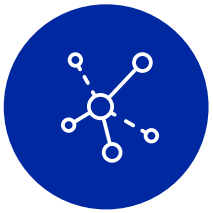
MIS	MA
57.9%	28.3%

Moody's Analytics

- Provides financial intelligence and analytical tools supporting our clients' growth, efficiency and risk management objectives
- Solutions address diverse needs and customers
- Extending brand into new markets and deepening customer relationship

Note: Financial data for the trailing twelve months ended September 30, 2019.

Moody's Strategic Core



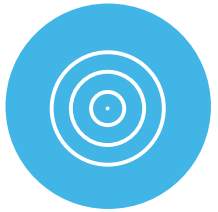
Mission

Trusted insights and standards



Vision

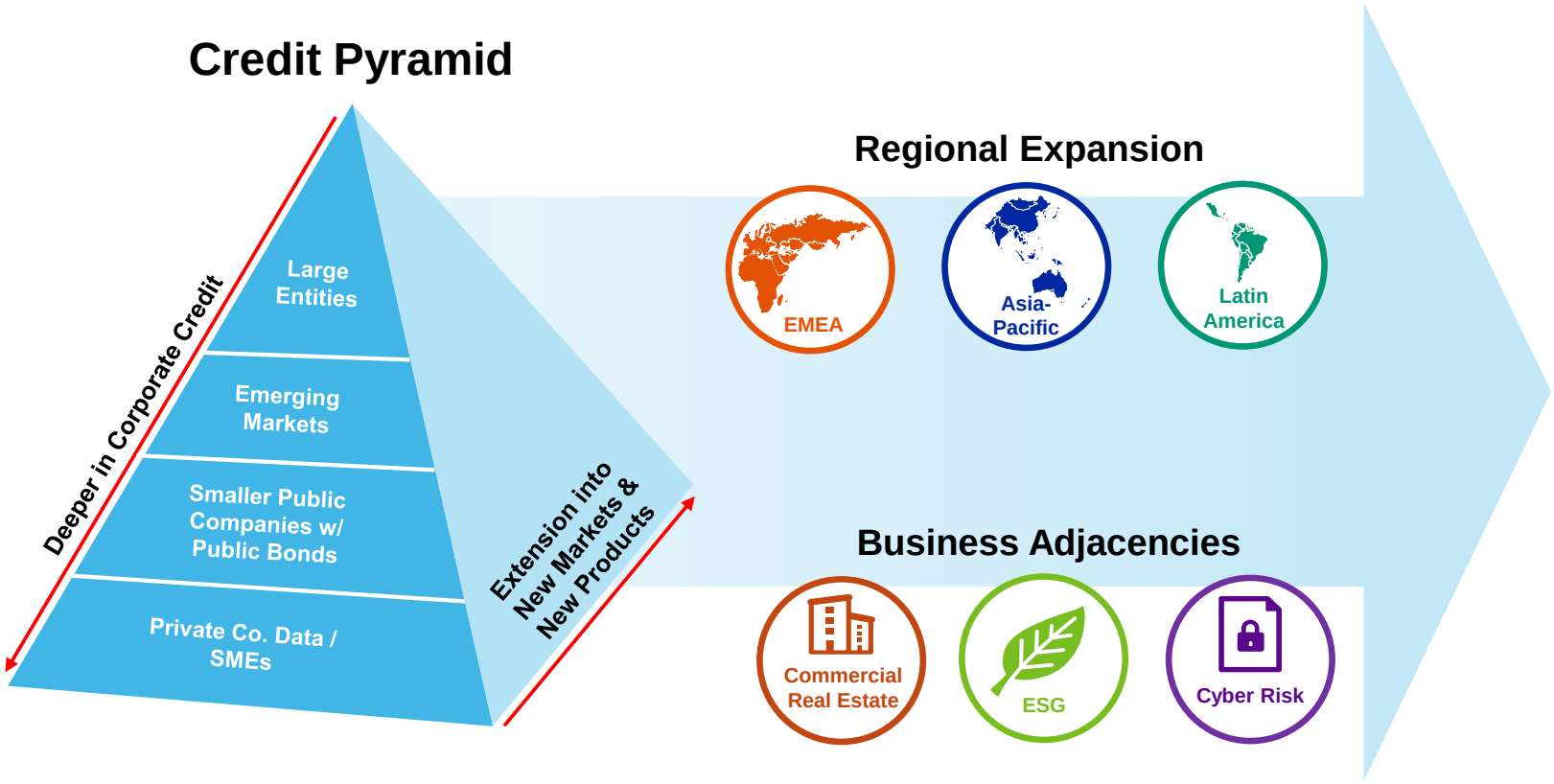
Informed decisions that promote progress



Purpose

Clarity, knowledge and fairness

Moody's Strategic Priorities



Enhance technology infrastructure to enable automation, innovation and efficiency

Foster employee engagement and creative solutions through our **diverse workforce and inclusive environment**

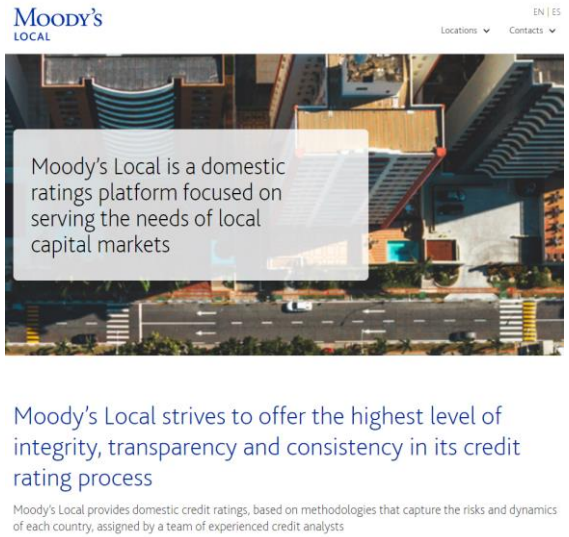
Enhancing Regional Presence…

China

- CCXI **maintains its leadership position** in the domestic ratings market, with **1,700 rated customers and ~40% issuance coverage**
- We are continuing to collaborate with CCXI on opportunities to **leverage and enhance CCXI's strong domestic market position** and thought leadership
- Minority investment in **SynTao** Green Finance, a leading provider of **ESG data, tools and solutions** based in, and serving, China

Latin America

- Launched Moody's Local, a new platform that provides **domestic ratings and research in Peru, Panama and Bolivia**[1]



- **Regional domestic market expansion continues**

1. Subject to regulatory approvals. Moody's Local ratings represent forward-looking rank-orderings of creditworthiness within the domestic market of a specific country. They are not comparable between countries, and are distinct from and independent of the opinions of MIS and its global ratings.

… and Adding New Product Capabilities

BUREAU VAN DIJK
A Moody's Analytics Company

compliance catalyst²

» **Complete rebuild** of popular risk platform

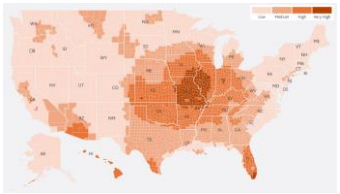
» **Streamlines** know-your-customer, anti-money laundering, and anti-bribery and corruption **research**

ABS Suite™

» Software platform used by **issuers and trustees for administering and reporting** on asset-backed and mortgage-backed securities programs

MOODY'S INVESTORS SERVICE

427 Four Twenty Seven Climate Solutions



» **Used data and analytics** from Four Twenty Seven to **analyze U.S. local government heat stress exposure and credit risk**

RiskFirst

» **Award-winning PFaroe platform:** a leading solution for asset managers and pension plan sponsors, **supporting over 3,000 plans and more than $1.4 trillion in assets**

Why Invest in Moody's?



We strive to be the world's most respected authority serving risk-sensitive financial markets



We have had strong revenue and earnings growth, as well as cash flow conversion



We are committed to returning capital to our stockholders



We will selectively invest in strategic growth opportunities

ESG Drives Sustained Corporate Value

Introduced ESG Disclosures in our Public Filings

ENVIRONMENTAL

- Measurement of carbon emissions and identification of opportunities to reduce indirect GHG emissions
- Expansion of ESG products and services
- CDP[1] participation

GOVERNANCE

- Professional integrity
- Systematic risk management
- Diverse Board membership and skill sets
- Separate CEO and Chairman positions
- Active shareholder engagement

SOCIAL

- Support a diverse and inclusive workplace
- Active global community and philanthropic involvement
- Robust data security and privacy practices
- Fair compensation practices and benefits packages
- Recognized by *Working Mother's* list of 100 Best Companies



Executive compensation metrics include[2]:

- Moody's Corporation EPS, operating income and EBITDA
- MIS operating income and ratings accuracy
- MA operating income and sales
- Strategic & operational[3]

1. Carbon Disclosure Project.
2. While the Company reports its financial results in accordance with GAAP, financial performance targets and results under the Company's incentive plans are based on adjusted financial measures. These metrics and the related performance targets are relevant only to Moody's executive compensation program and should not be used or applied in other contexts.
3. This measure is a qualitative assessment of strategic and operational metrics tied to key non-financial business objectives certified by the Compensation & Human Resources Committee at the beginning of the performance period. The Committee assessed the achievement of the metric by evaluating performance against the following objectives: (i) new sources of growth; (ii) quality assurance and controls; (iii) operating effectiveness and efficiency; (iv) people and culture; (v) risk management; and (vi) enabling technologies and capabilities.

Furthering our Commitment to a Sustainable Future

- **Highlighting sections of the 2018 CSR Report and Moody's other public disclosures that include information consistent with SASB's objectives**
- Our inaugural SASB Index is now available at moodys.com/csr

- **Senior management participated in UN Global Compact events** related to ESG

- MIS, in partnership with the Climate Bond Initiative, **hosted a briefing on carbon transition and the financial tools deployed to facilitate it** with a keynote by CEO and President of Ceres



- **Hosted ESG Conference in London together with Vigeo Eiris and Four Twenty Seven,** where key industry figures will **share their insights on important ESG themes** and the **impact on global credit markets**

- **FTSE Russell confirms that Moody's** has, for the first time, been independently assessed according to the FTSE4Good criteria
- **Satisfied the requirements to become a constituent of the FTSE4Good Index Series**

- Announced Pathway to Prosperity, **a financial empowerment initiative** for **the nation's largest small business assistance network**, America's Small Business Development Centers (SBDCs)

2

Financial Overview

Long-Term Growth Opportunities

Three Levers to Achieve EPS Growth



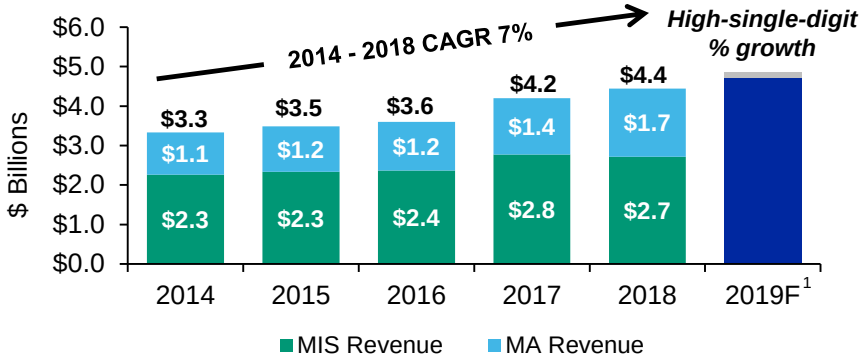
EPS	Low Teens % Growth Range[1, 2]

Note: Long-term growth opportunities presented on this slide are on average over time.

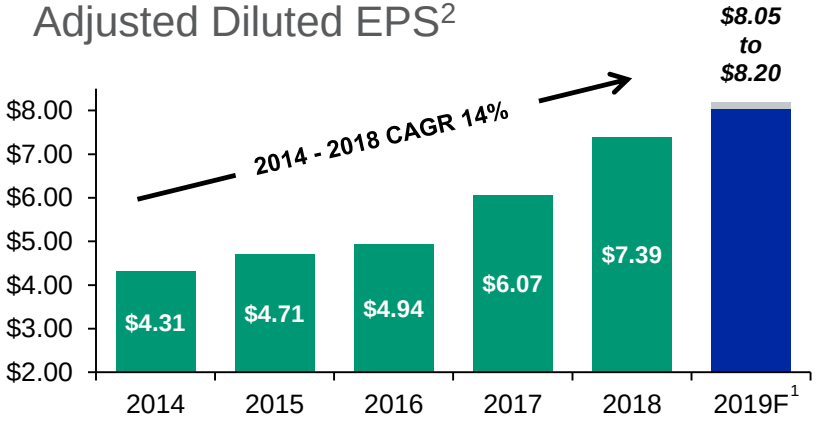
1. Assumes no material change in effective tax rate, foreign exchange rates, leverage profile and/or capital allocation policy.
2. Subject to market conditions and other ongoing capital allocation decisions.

Financial Performance

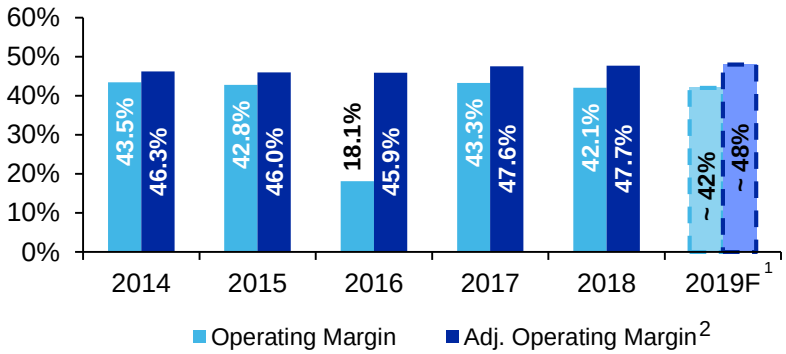
Revenue



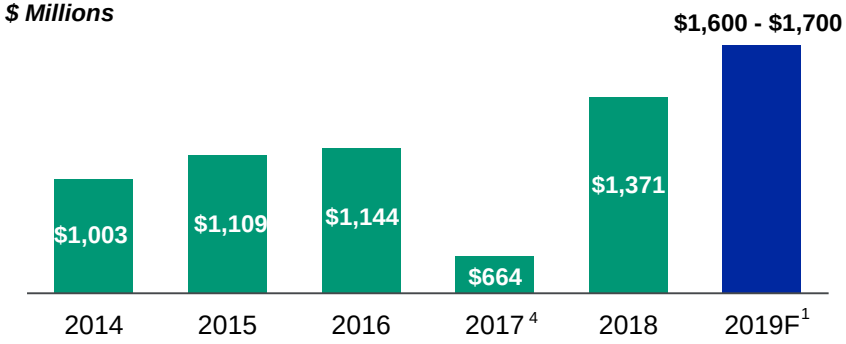
Adjusted Diluted EPS[2]



Operating Margin[3]



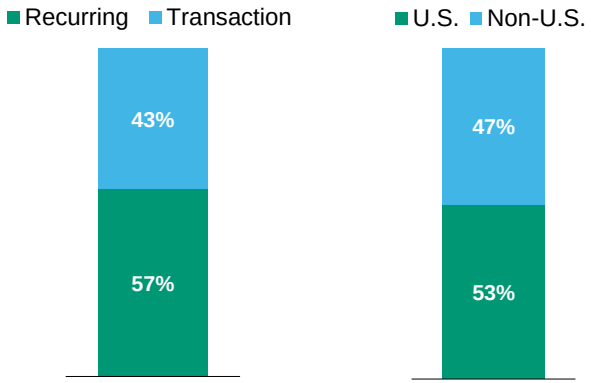
Free Cash Flow[2]

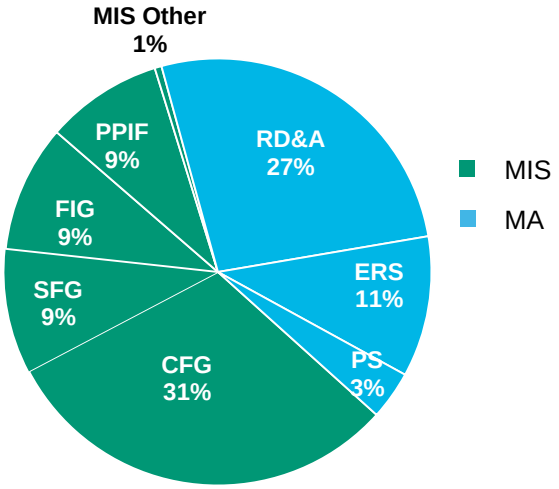


1. Guidance as of October 30, 2019.
2. These figures are adjusted measures. See appendix for reconciliations from adjusted financial measures to U.S. GAAP.
3. 2014 – 2017 operating and adjusted operating margins have been restated to conform to the new presentation for pension expenses.
4. Reflects reduction by $701 million net of tax settlement charge.

Moody's Corporation Financial Profile

3Q 2019 TTM Revenue: $4.7 billion





Full Year 2019 Guidance as of October 30, 2019[1]

Revenue	• increase in the high-single-digit % range
Operating Expenses[2]	• increase in the high-single-digit % range
Operating Margin	• approximately 42%
Adjusted Operating Margin[3]	• approximately 48%
Effective Tax Rate	• 21.5% - 22.5%
Diluted EPS	• $7.20 - $7.35
Adjusted Diluted EPS[3]	• $8.05 - $8.20

1. See press release titled "Moody's Corporation Reports Results for Third Quarter 2019" from October 30, 2019 for Moody's full 2019 guidance.
2. Includes depreciation and amortization, restructuring charges, captive insurance company settlement, impairment pursuant to the planned divestiture of MAKS and Acquisition-Related Expenses.
3. These metrics are adjusted measures. See Appendix for reconciliations from adjusted financial measures to U.S. GAAP.

Note: The revenue reclassifications of REITs to Corporate Finance from Structured Finance and the FACT product from RD&A to ERS are reflected in the trailing twelve month (TTM) calculations.

Disciplined Approach to Capital Allocation

Investing in Growth Opportunities

Reinvestment

Invest in existing businesses to support organic growth

Acquisitions

Evaluate carefully to make sure aligned with strategy and market evolution

Return of Capital

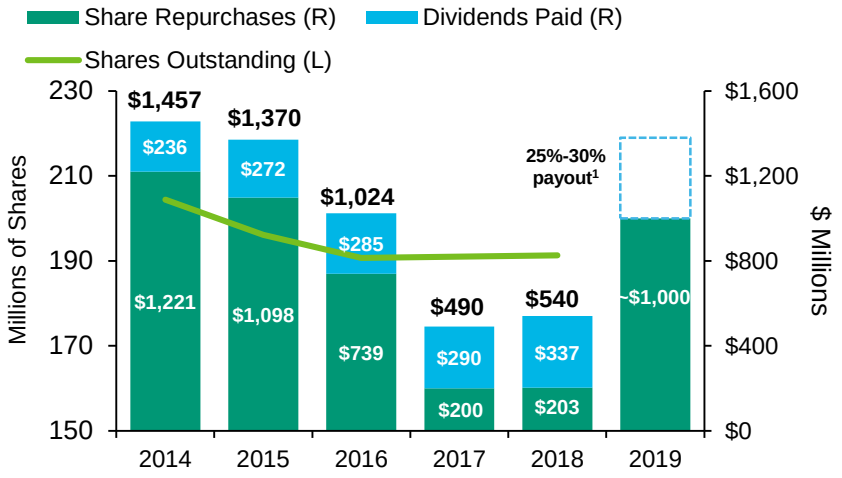
Dividends

Grow dividend in line with earnings; target 25% - 30% payout[1]

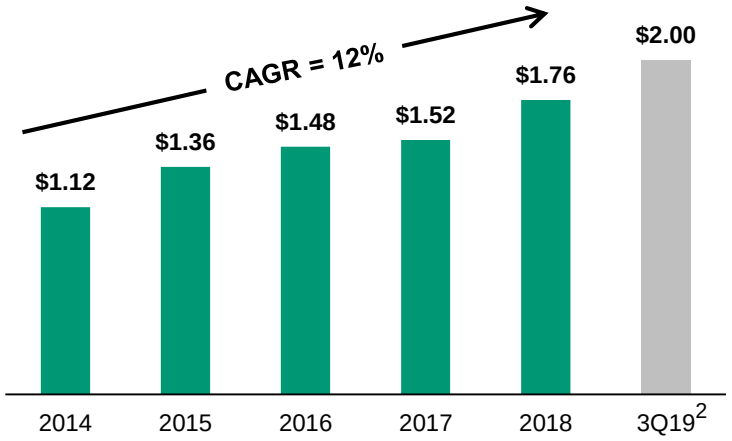
Share Repurchase

Follow reinvestment, dividends and acquisitions in capital allocation prioritization

Share Repurchases and Dividends Paid



Annualized Dividend Per Share



1. Dividend payout ratio is defined as total dividends paid/adjusted net income.
2. Annualized dividend total, based on 2019 year-to-date dividends of $0.50 declared on February 15, April 16, July 9 and October 21, 2019.

3

Capital Markets Overview

Q3 Issuance Activity

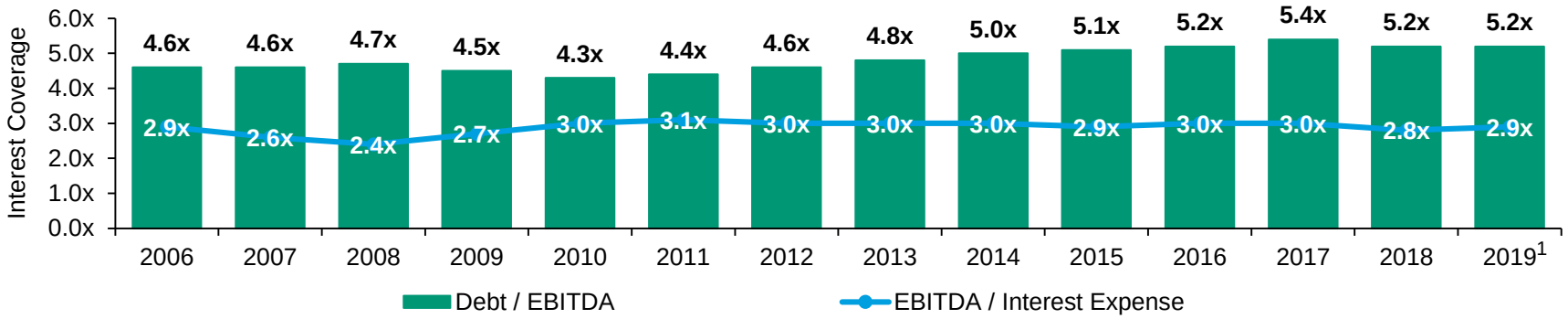
Receptive Market Conditions Overcame Geopolitical and Macro Headwinds

	United States	Rest of World
Geopolitical Headwinds	» Trade disputes » Political turmoil	» Trade disputes » Brexit uncertainty » Hong Kong protests
Negative 2020 GDP Revisions[1]	» 2.0%, down 30 bps	» China: 5.7%, down 30 bps » Euro Zone: 1.0%, down 40 bps - Germany: 0.6%, down 60 bps » UK: 0.9%, down 10 bps
Central Bank Actions	» 25 bps rate cuts in July and September » Money market liquidity provision	» ECB cut rates and restarted bond purchasing program
Falling 10-Year Benchmark Rates	» Sharp decline (50+ bps) to average 1.8%; still high among developed economies	» Sub-zero benchmarks enabled negative-rate investment grade corporate borrowing in Europe and Japan
MIS Rated Issuance[2] Growth	» Up 18%	» Up 2%

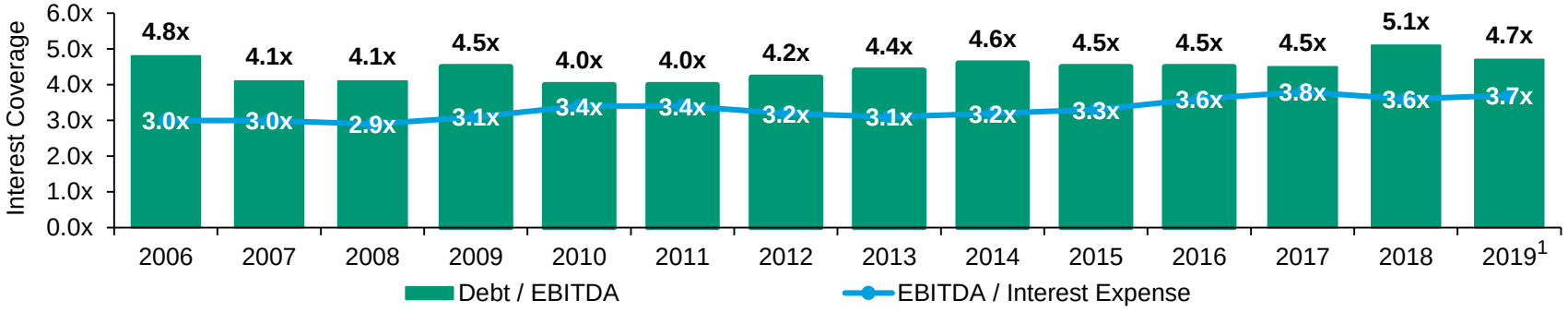
1. Organization for Economic Co-operation and Development September 2019 Interim Projection; revised from May 2019.
2. Excludes sovereign debt issuance.

Debt Leverage and Interest Coverage Remain Stable in North America and Europe

Credit Metrics: North American Speculative Grade Companies



Credit Metrics: European Speculative Grade Companies

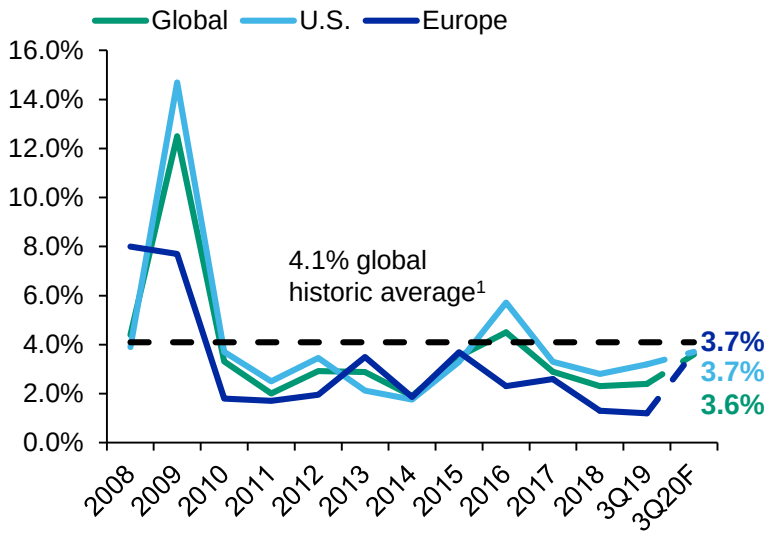


1. Trailing twelve months as of September 30, 2019.

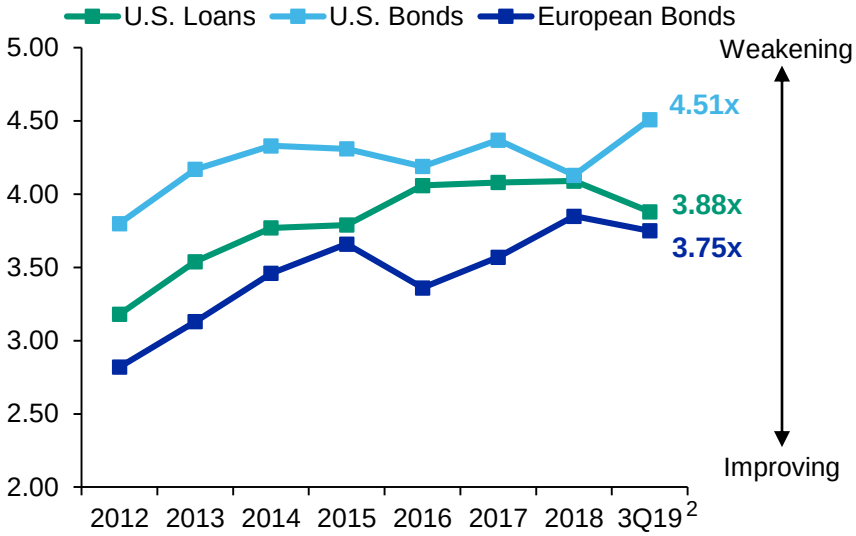
Note: Historical figures may change due to timing differences in issuer reporting deadlines. Source: Moody's Investors Service.

Global Default Rates Remain Under Historic Average; Continue to Monitor Covenant Quality

Default Rates for Speculative-Grade Corporate Rated Issuance[1]



Speculative-Grade Covenant Quality Indicators



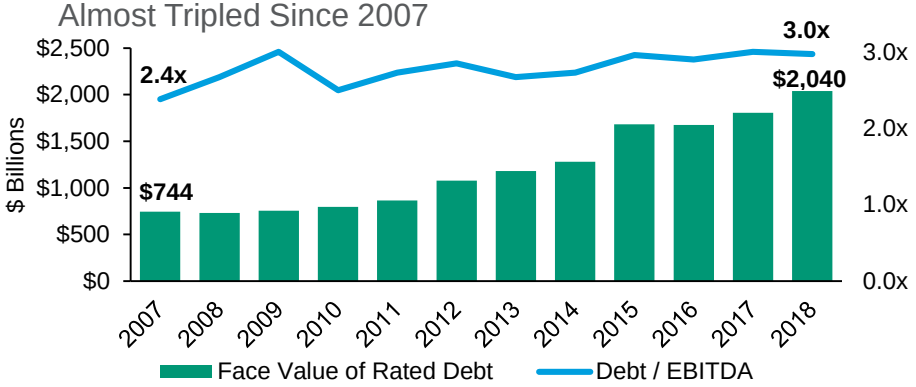
- Global speculative-grade default rate at 2.4% as of September 30, 2019; expected to increase to 3.6% by September 2020
- Recent strengthening in U.S. loan covenants reflects weakening investor demand, while U.S. bond covenants weaken simultaneously with pickup in issuance activity

1. Moody's rated corporate global speculative grade default historical average of 4.2% from 1983 through 2018. 2020 forecast for trailing twelve months ended September 30, 2020.
2. As of the trailing twelve months ended September 30, 2019.

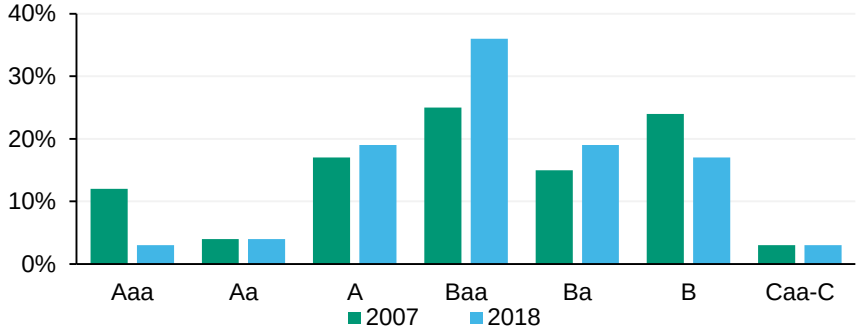
Source: Moody's Investors Service.

Baa-Credit Concentration Has Grown, with Mitigating Factors

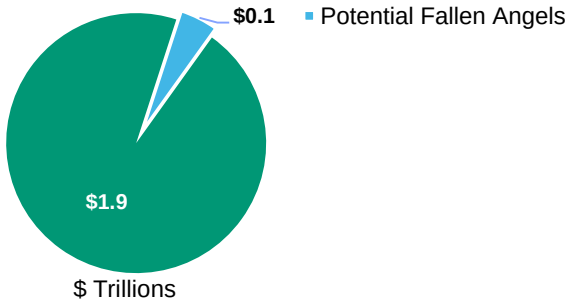
Rated Debt of Baa U.S. Nonfinancial Companies Has Almost Tripled Since 2007



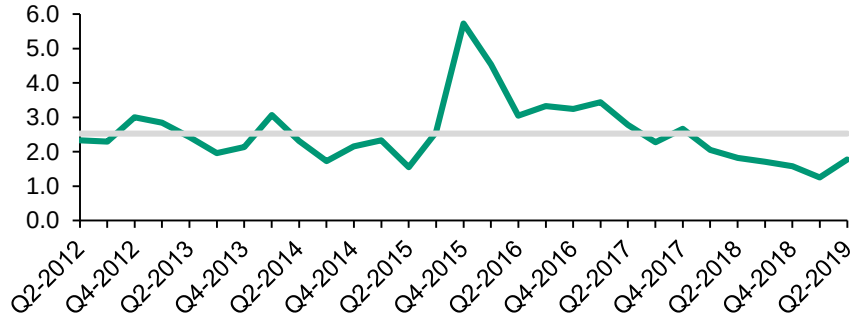
2018 Baa-rated Debt Accounted for More than One-third of The Total Rated Debt of U.S. Nonfinancial Companies



2018 Potential Fallen Angels[1] Accounted for $0.1 Trillion of the $2 Trillion of U.S. Baa-Rated Nonfinancial Debt Outstanding



Ratio of Potential Fallen Angels[1] to Potential Rising Stars[1] Trends Downward Globally



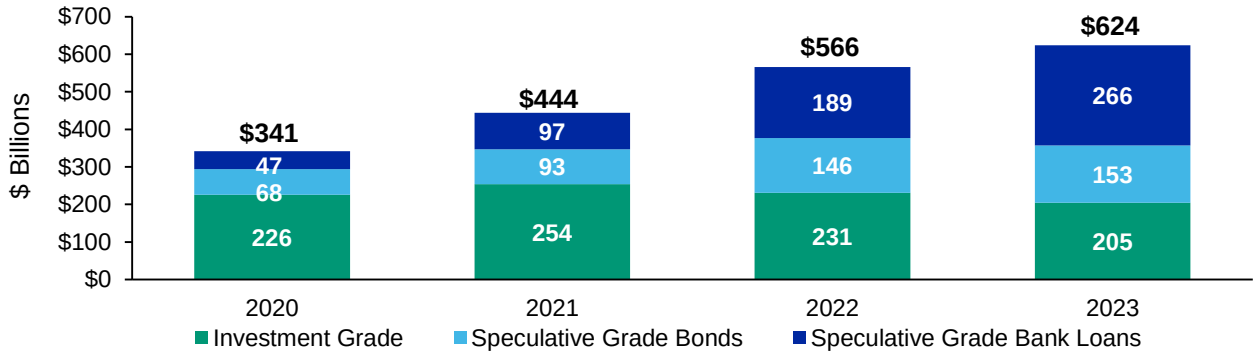
» As compared to 2007, 2018 representative median companies generated more revenue ($4.7B to $7.1B), with improved EBITDA margins (20% to 24%) and EBITDA / Interest Expense ratios (7.0x to 8.2x)

1. Fallen Angels and Rising Stars fall within the "The Crossover Zone" which refers to the ratings closest to the line between speculative grade and investment grade. Companies in the zone are rated Baa3 or Ba1. To be considered in the zone, companies rated Baa3 must be on review for downgrade or have a negative outlook, while companies rated Ba1 must be on review for upgrade or have a positive outlook.

Source: Moody's Investors Service.

North America and EMEA Non-Financial Corporates Have Significant Refunding Needs[1]

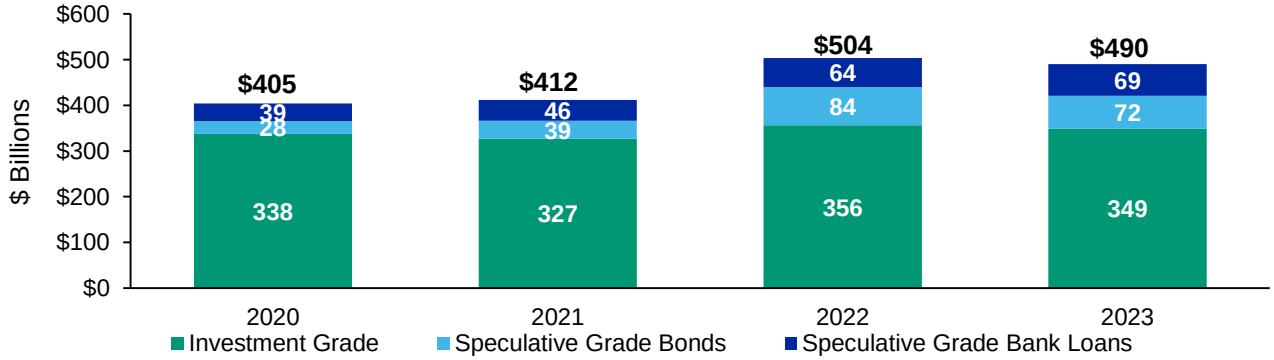
Debt Maturities: North America Moody's-Rated Corporate Bonds and Loans



Source: Moody's Investors Service, January 2019.
Note: Data represents U.S. & Canadian MIS rated corporate bonds & loans.

- Four-year debt maturities for North America non-financial investment-grade corporates approaching $1 trillion
- Four-year U.S. speculative grade bank loans refinancing needs up $44 billion, or 8%, from a year ago

Debt Maturities: EMEA Moody's-Rated Corporate Bonds and Loans



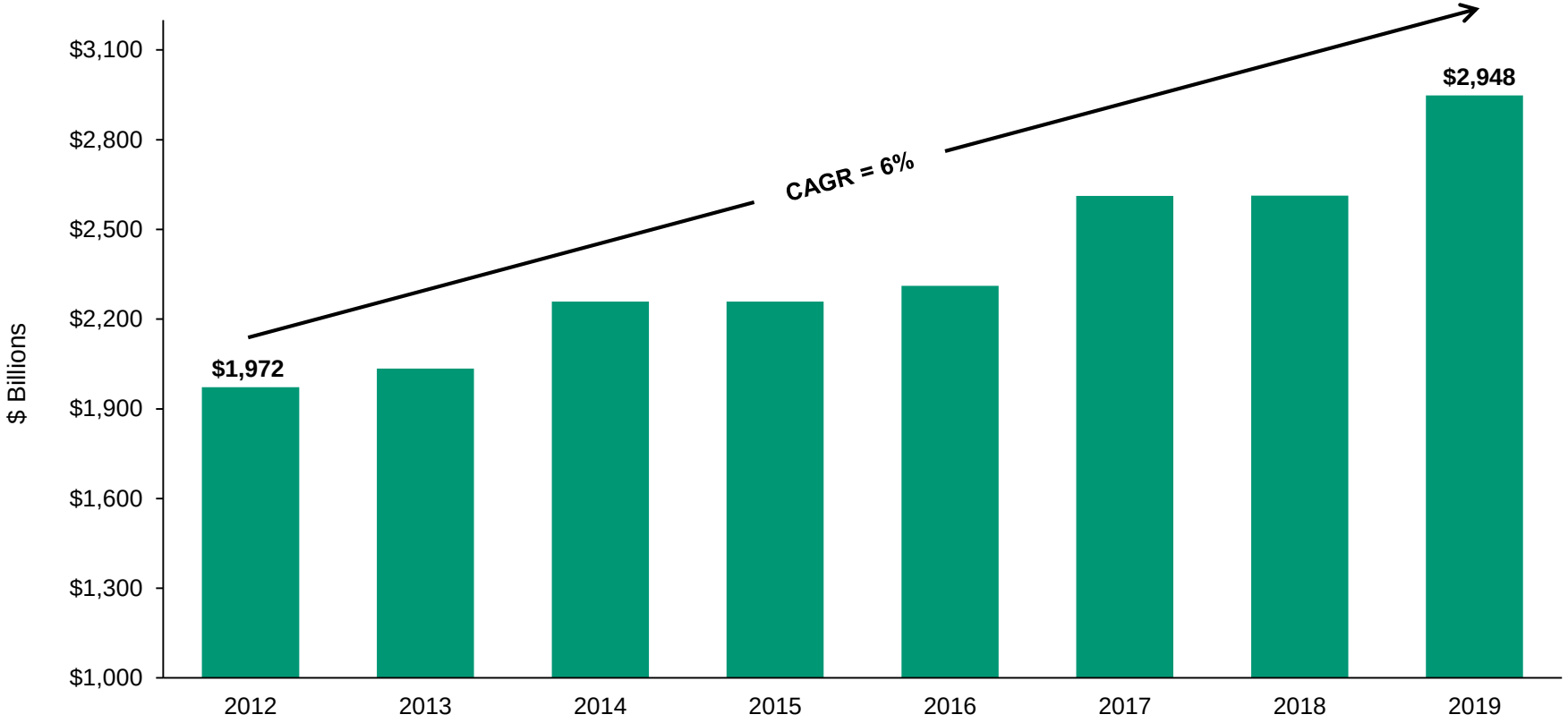
Source: Moody's Investors Service, July 2019.

- Four-year debt maturities for EMEA non-financial corporates exceed $1.8 trillion, up more than $370 billion, or 26%, from the prior year

1. Amount reflects total maturities identified in the above sources.

Refunding Needs Have Grown Strongly Over Time

Next Four Years U.S. and EMEA Total Refunding Needs[1] as of:



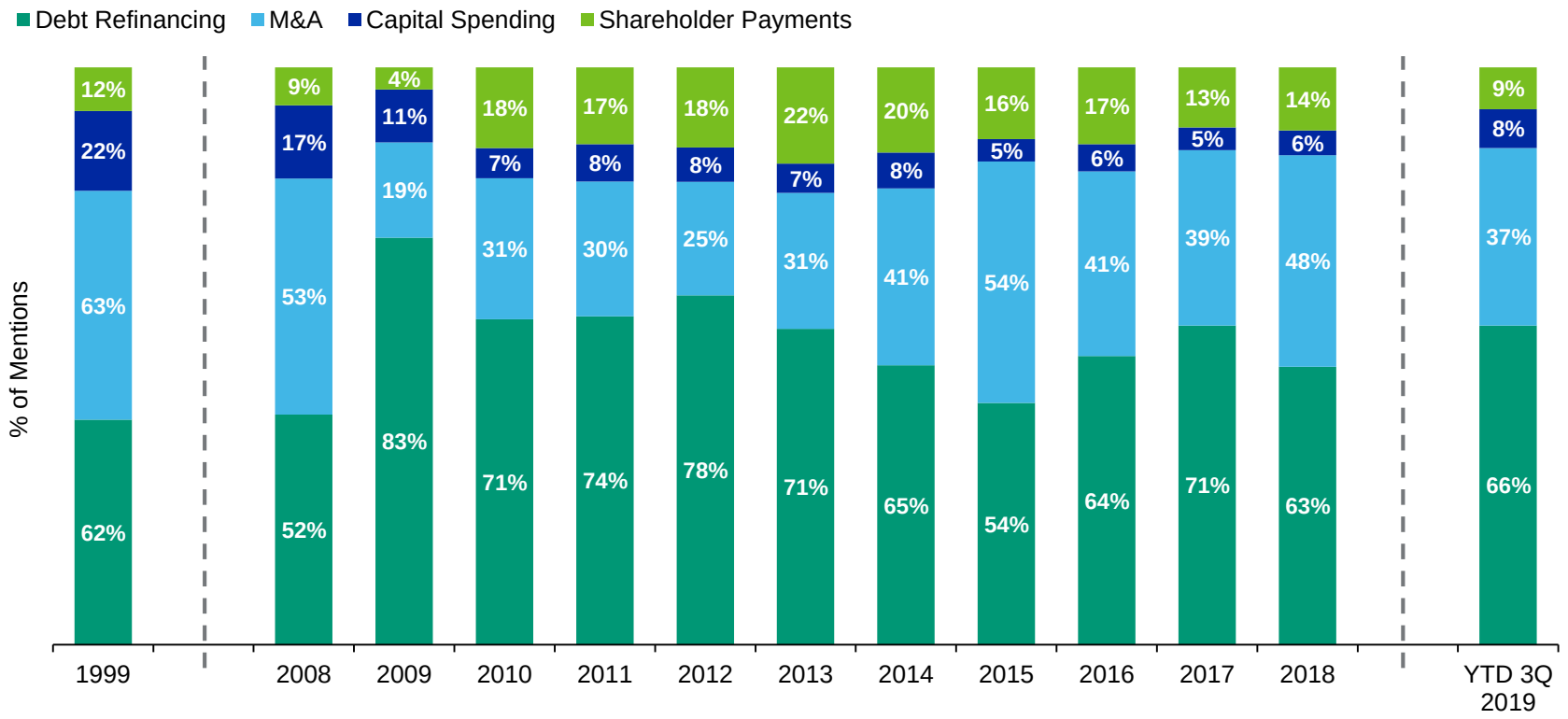
1. Amount reflects total maturities identified below.

Source: Moody's Investors Service. U.S. and EMEA refunding needs reports January 2012 – January 2019.

Note: Data represents U.S. and European MIS rated corporate bonds & loans.

Debt Refinancing and M&A are Most Frequently Stated Uses of Proceeds

Uses of Funds from USD High Yield Bonds and Bank Loans[1]

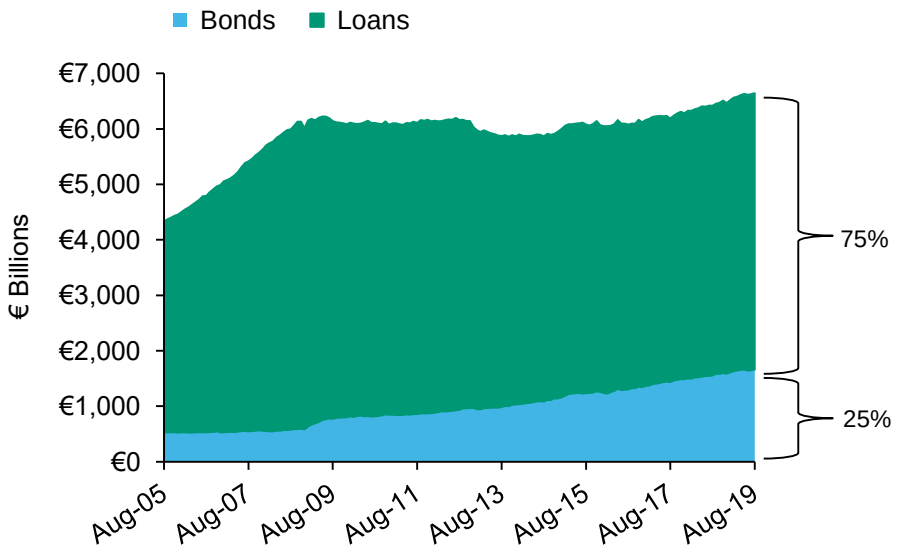


1. Percent of mentions for each respective period in bond issue or bank loan program tranche documents. Excludes issues of less than $25 million and general corporate purposes. An issue can have multiple purposes and, as a result, percentages do not sum to 100%.

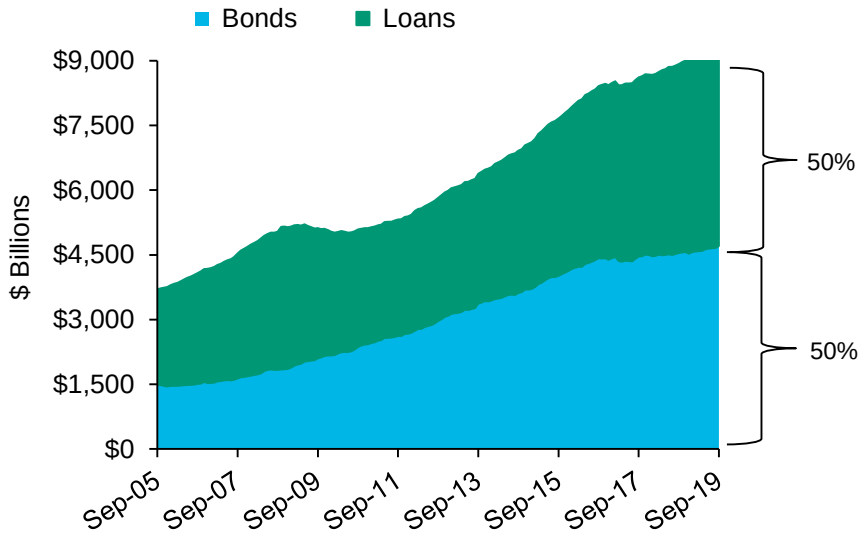
Source: Moody's Analytics.

Disintermediation of Credit is an Ongoing Trend in the Global Capital Markets

European Non-Financial Corporate Bonds vs. Bank Loans Outstanding



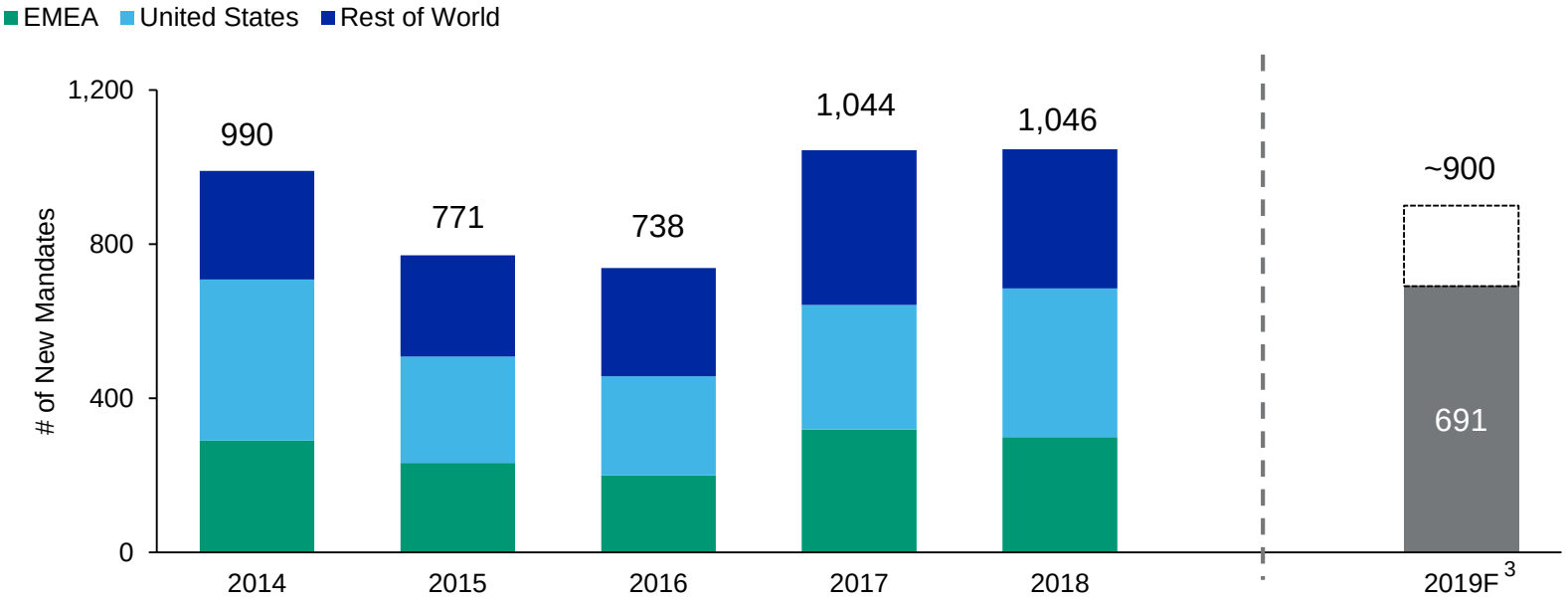
U.S. Non-Financial Corporate Bonds vs. Bank Loans Outstanding



Sources: ECB, Federal Reserve, BarCap Indices. Europe bank loan data includes Eurozone and UK bank loans. Europe bond data includes euro and sterling denominated bonds. European data is through August 2019 and U.S. data is through September 2019.

New Rating Mandates Provide Recurring Revenue[1] Growth

Global New Rating Mandates[2]



- In 3Q19, Moody's new rating mandates increased by 232; in line with 3Q18
- Expect ~900 new mandates in 2019[3]
- MIS recurring revenue growth driven by increased volume of monitoring fees from recent new mandates, as well as pricing initiatives

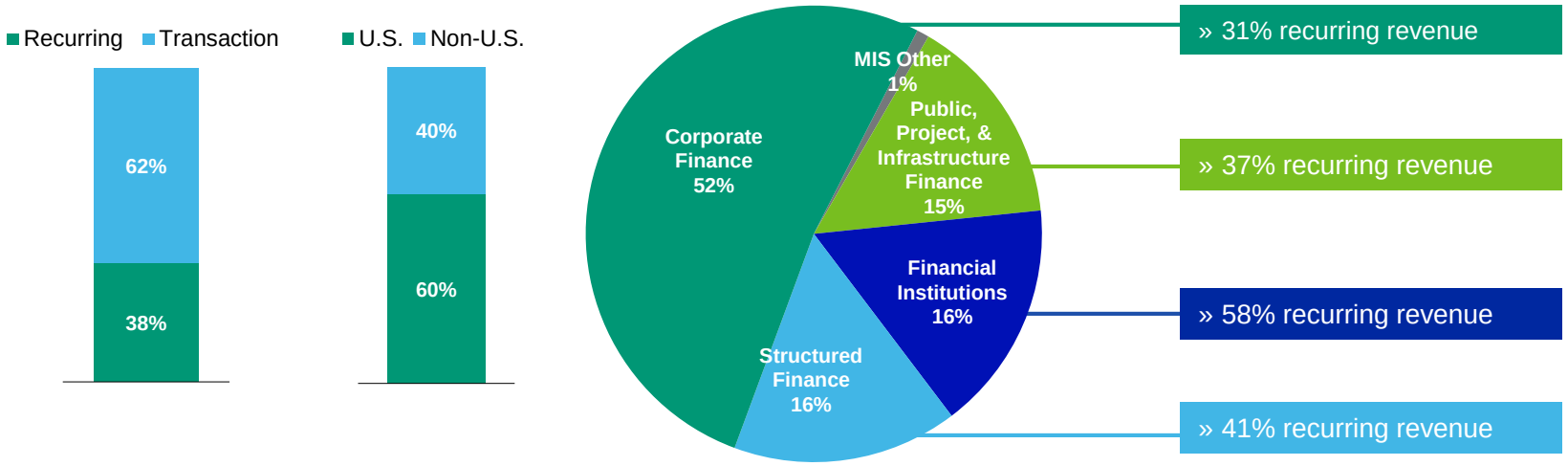
1. MIS recurring revenue is typically billed annually and recognized ratably over 12 months. Recurring revenue can also be billed upfront and recognized over the life of the security.
2. Rated by Moody's Investors Service.
3. New mandates estimate as of October 30, 2019.

4

Moody’s Investors Service

Moody's Investors Service Financial Profile

3Q 2019 TTM Revenue: $2.8 billion



Full Year 2019 Guidance as of October 30, 2019

Global	• increase in the mid-single-digit % range
U.S.	• increase in the mid-single-digit % range
Non-U.S.	• Increase in the low-single-digit % range
Adjusted Operating Margin	• approximately 58%

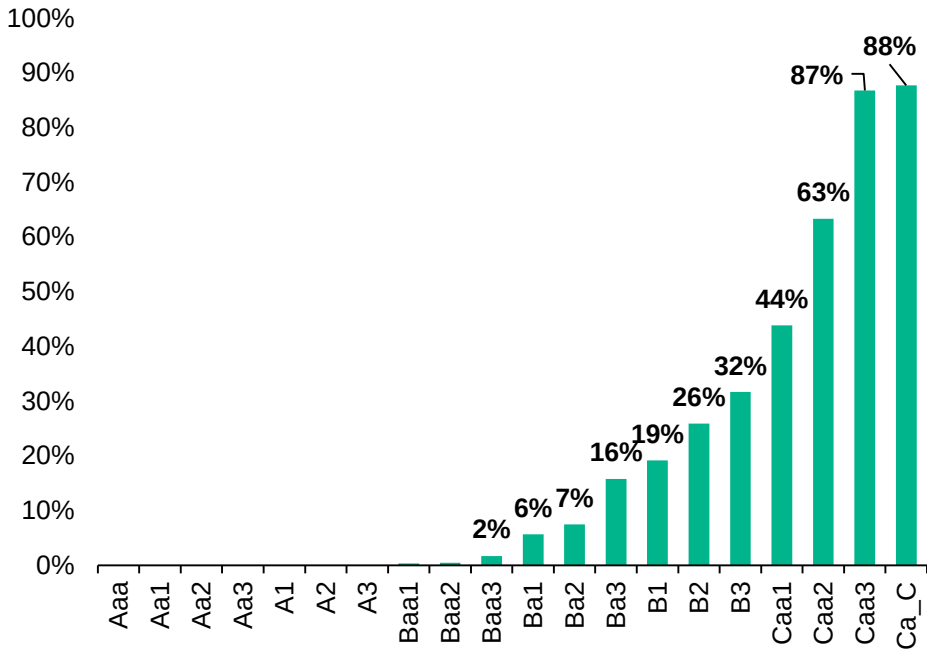
Note: The revenue reclassification of REITs to Corporate Finance from Structured Finance is reflected in the trailing twelve month (TTM) calculations.

The Benefits of a Moody's Rating

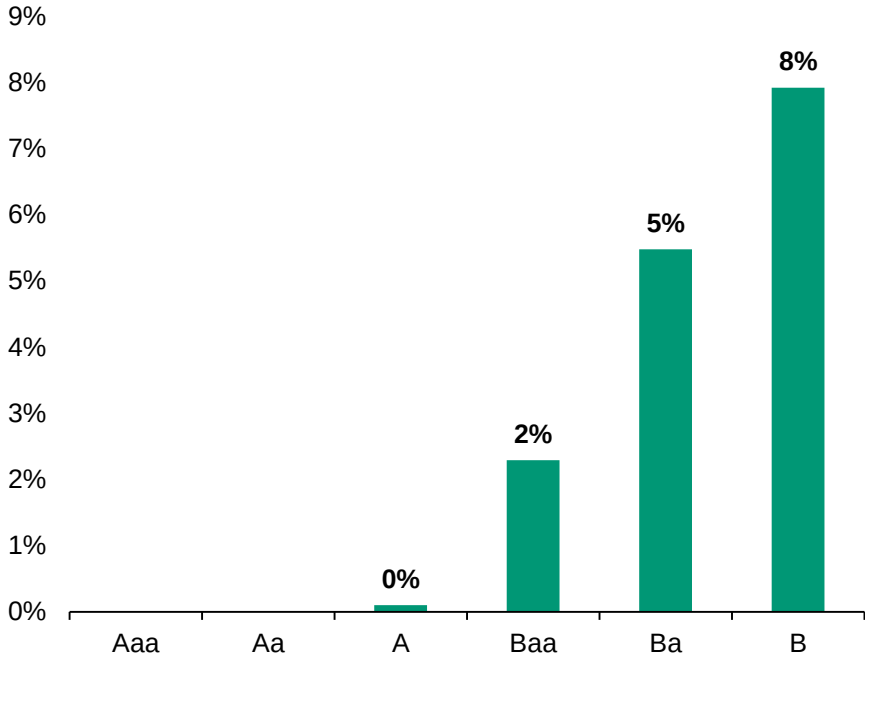


Rating Performance Drives Investor Confidence

Ten-Year Default Rates by Rating for 2009-2018 Cohort: Non-Financial Corporates[1]



Ten-Year Cumulative 1993-2018 CLO Impairments[2]



» We remain focused on analytical expertise and our credit methodologies to provide predictive, predictable and transparent ratings

» Accuracy reinforces investor demand pull

1 Source: Moody's Investors Service. The data in the chart above shows the ten-year cumulative default rates by rating from January 2009, through January 2018 of fundamental Moody's rated universe globally. Rating category is based on senior unsecured rating (or equivalent) of the issuer.

2 Source: Moody's Investors Service: Global multi-year cumulative WR-adjusted impairment rates by original rating,1993-2018.

Illustrative Value of a Moody's Rating

Example: 10 year $500 million corporate bond

Unrated		Rated by Moody's
$500,000,000	**Bond**	$500,000,000
x 4.3%	**Interest rate**	x 4.0%
= $21,500,000	**Annual interest payments**	= $20,000,000
x 10 years	**Tenor**	x 10 years
= $215,000,000	**Lifetime interest expense**	= $200,000,000

$15 million in total interest expense
vs.
lifetime cost of a rating

Note: Illustrative spread differential based on feedback from syndicate desks and FBR & Co. research on Moody's Corporation (January 2014) which stated that obtaining a Moody's rating typically saves approximately 30 basis points per year for investment grade issuers. Many factors go into the pricing of a bond.

Broad Coverage Serves Global Needs



Americas

- 30,400+ rated companies and structured deals
- $34+ trillion total debt rated
- 18,600 research publications
- Offices in 10 cities*



EMEA

- 4,700+ rated companies and structured deals
- $21+ trillion total debt rated
- 6,700 research publications
- Offices in 13 cities*



APAC

- 2,100+ rated companies and structured deals
- $14+ trillion total debt rated
- 3,500 research publications
- Offices in 10 cities*

~15 Years
Lead/Senior Analyst tenure

Institutional Investor

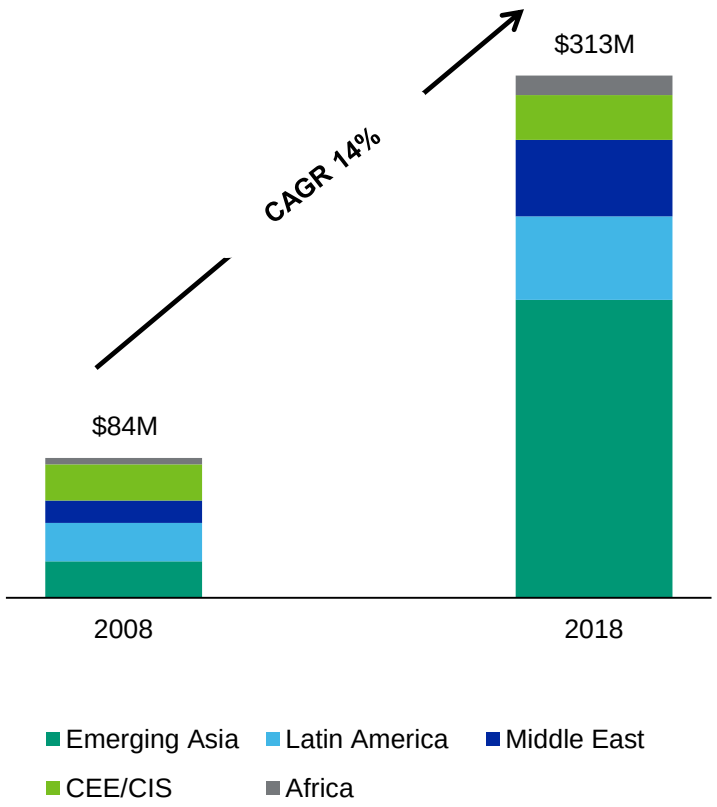
#1 U.S. Credit Rating Agency 2012-2018[1]

1. Institutional Investor Survey.

Source: Moody's Investors Service.
All data as of January, 28 2019, except Research Data covers the period January 1, 2018 – December 31, 2018.
All numbers are rounded other than those marked *

Continue to Invest in Key International Markets

Revenue in Emerging Markets



Asia Pacific

- China:
  - Successful joint venture with CCXI, leading rating agency in China's ~$270M domestic single-rating bond market[1]
  - ~$310M cross-border multi-rating bond market rated from MIS Hong Kong office[1]
- South Korea: Full ownership of KIS subsidiary, a leading provider of domestic credit ratings in South Korea
- India: Majority stake in ICRA serves growing domestic Indian bond market

Latin America

- Launched Moody's Local, a new platform that will provide domestic credit ratings and research in Peru, Panama and Bolivia[2]
- Minority investment in ICR Chile deepens Moody's presence in dynamic and expanding market

EMEA



- Opened Moody's offices in Saudi Arabia and Lithuania

1. Forecast for full year 2019.
2. Subject to regulatory approvals. Moody's Local ratings represent forward-looking rank-orderings of creditworthiness within the domestic market of a specific country. They are not comparable between countries, and are distinct from and independent of the opinions of MIS and its global ratings.

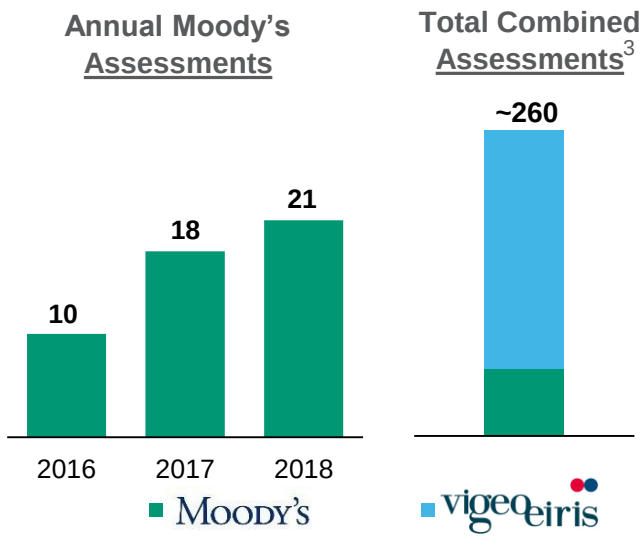
MIS ESG Opportunity: Driving Expansion Beyond Credit

Analysis

- Moody's **forecasts global green bond issuance to exceed $200 billion in 2019**, a projected increase of 20% over 2018[1]
- Moody's Green Bond Assessment ("GBA") **portfolio is expected to save an estimated 2.6 million metric tons of annual carbon emissions**[2]
- Majority acquisition of **Four Twenty Seven complements** majority stake in **Vigeo Eiris** underscoring work to **advance global standards** for **assessing environmental and climate risk factors**

Research

- In 2018, Moody's **published 200+ research reports focused on ESG risks and opportunities**, up ~170% from 2017



Outreach

- **Organized or participated at 100+ global ESG events** in 2018, attracting **5,500+ market participants**
- **Strategic relationships** with industry **organizations and influencers across sustainable finance**



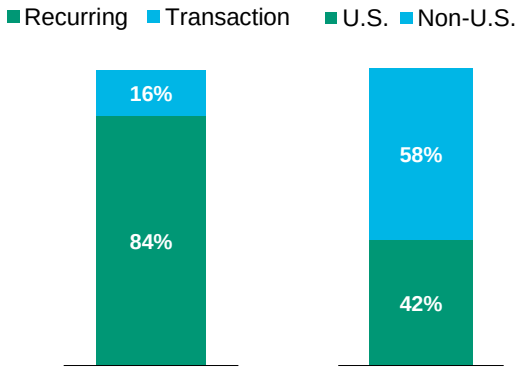
1. Forecast as of January 31, 2019.
2. Based on preliminary 2018 data. Sources: Climate Bonds Initiative, Moody's Investors Service.
3. Year-to-date as of September 30, 2019. Includes approximately 60 Moody's GBAs and 200 Vigeo Eiris Second Party Opinions on green, sustainability and social bonds.

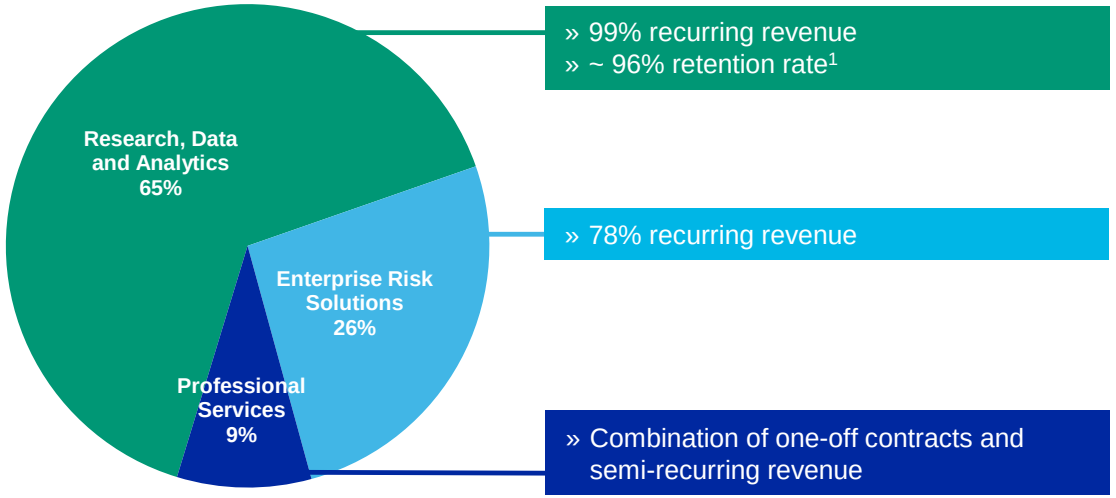
5

Moody’s Analytics

Moody's Analytics Financial Profile

3Q 2019 TTM Revenue: $1.9 billion





Full Year 2019 Guidance as of October 30, 2019

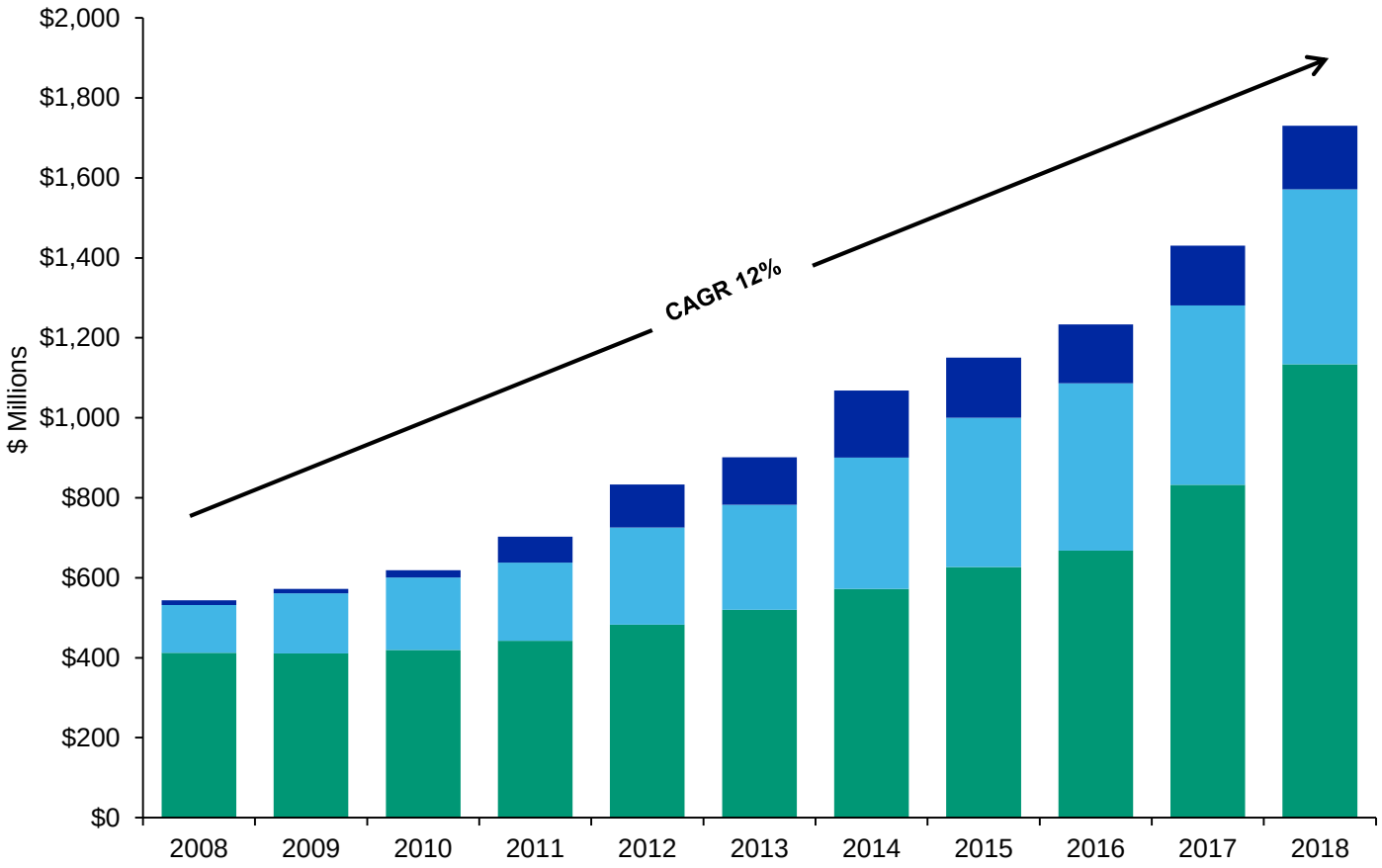
Global	• increase in the low-double-digit % range
U.S.	• increase in the mid-teens % range
Non-U.S.	• increase in the high-single-digit % range
Adjusted Operating Margin	• 28% - 29%

1. Excludes Bureau van Dijk.

Note: The revenue reclassification of the FACT product from RD&A to ERS is reflected in the trailing twelve month (TTM) calculations.

Moody's Analytics has Several Platforms for Growth

Revenue More Than Tripled Since Inception



Moody's Analytics

2018 Revenue: $1,730m

2008 – 2018 CAGR: +12% (~55% organic)

Professional Services

2018 Revenue: $159m

2008 – 2018 CAGR: +30% (~18% organic)

Enterprise Risk Solutions

2018 Revenue: $437m

2008 – 2018 CAGR: +14% (~66% organic)

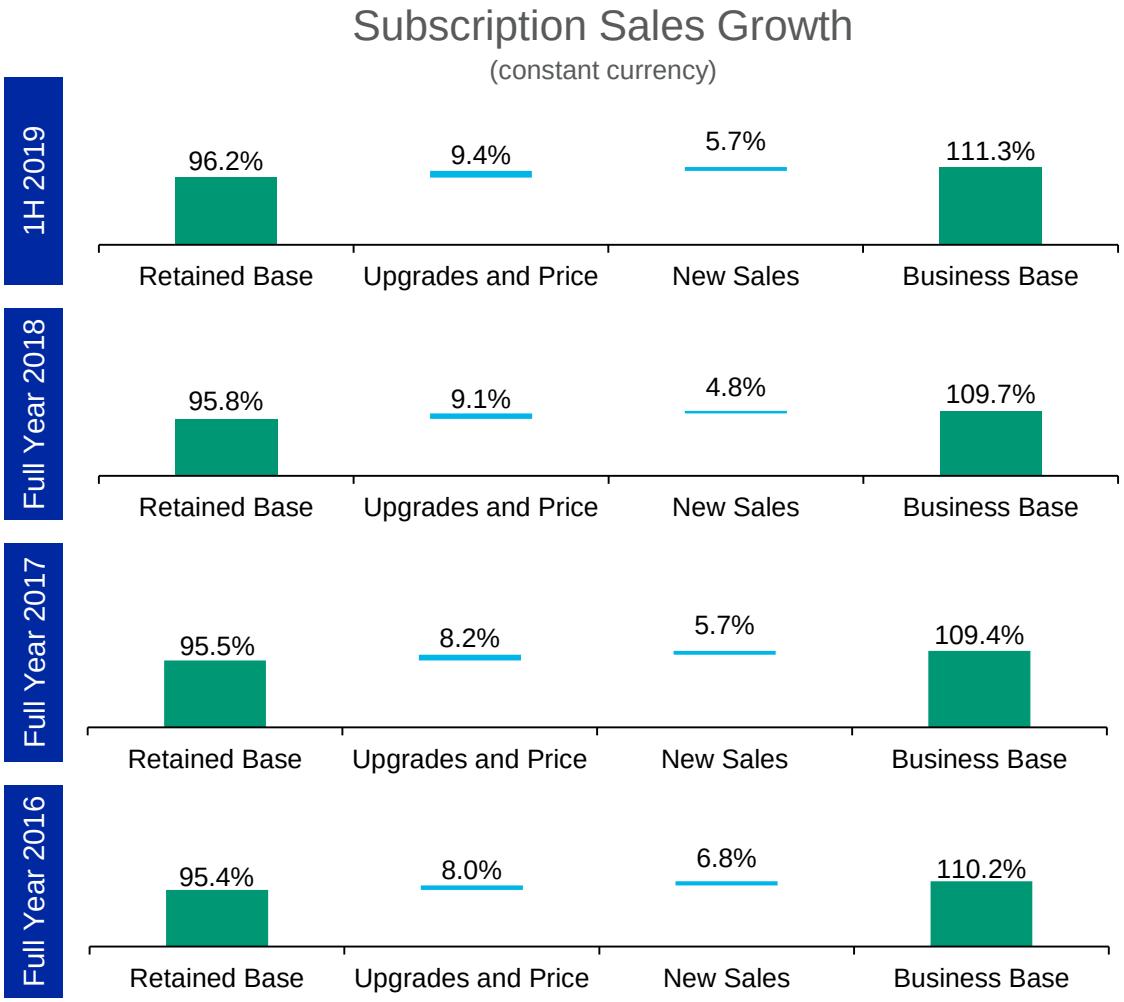
Research, Data & Analytics

2018 Revenue: $1,134m

2008 – 2018 CAGR: +11% (~57% organic)

Note: Individual line of business revenues may not add up to total Moody's Analytics revenue due to rounding.

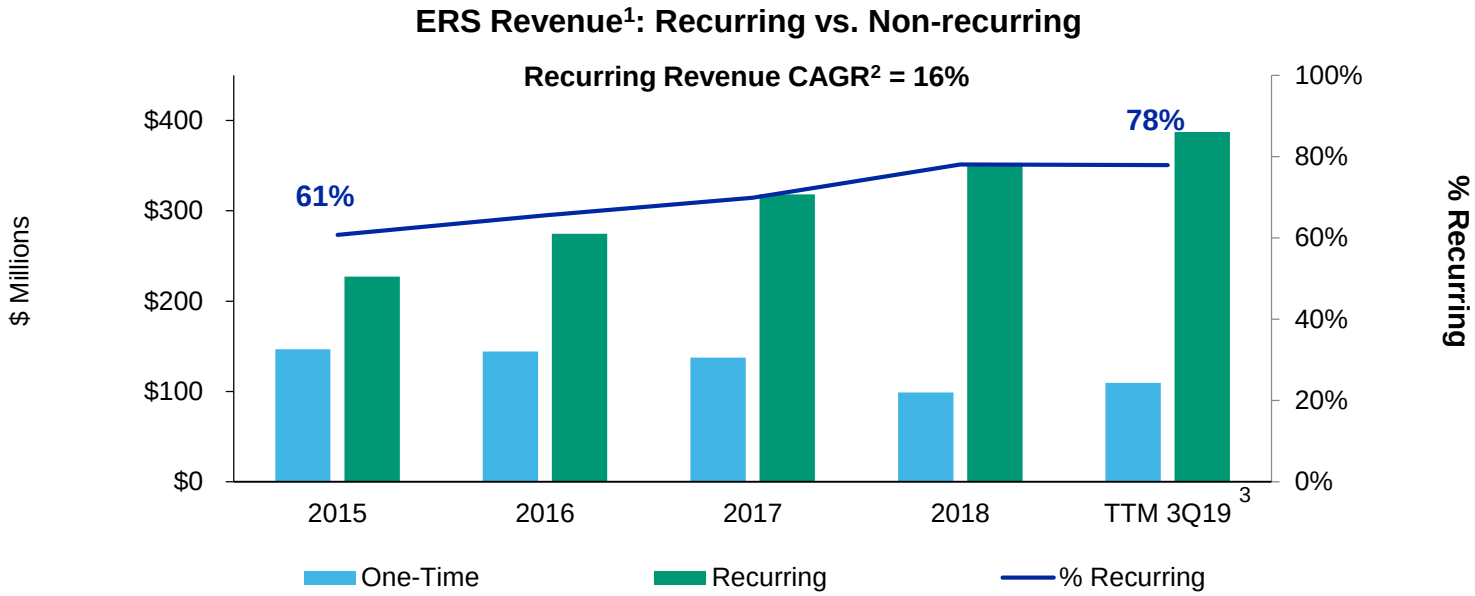
RD&A: Subscription Growth Driven by Retention, Upgrades and Pricing & New Sales



- Expansion of ratings coverage
- Production of insightful credit analysis
- New customers in geographies with developing debt capital markets
- Expansion of data sets and delivery options
- Strong customer retention

Note: The sales growth attributions presented on this slide are related to RD&A subscription sales on a constant currency basis and excludes Bureau van Dijk and Reis. Upgrades reflect amendments to existing customer contracts. New Sales reflect new contracts with new and existing customers.

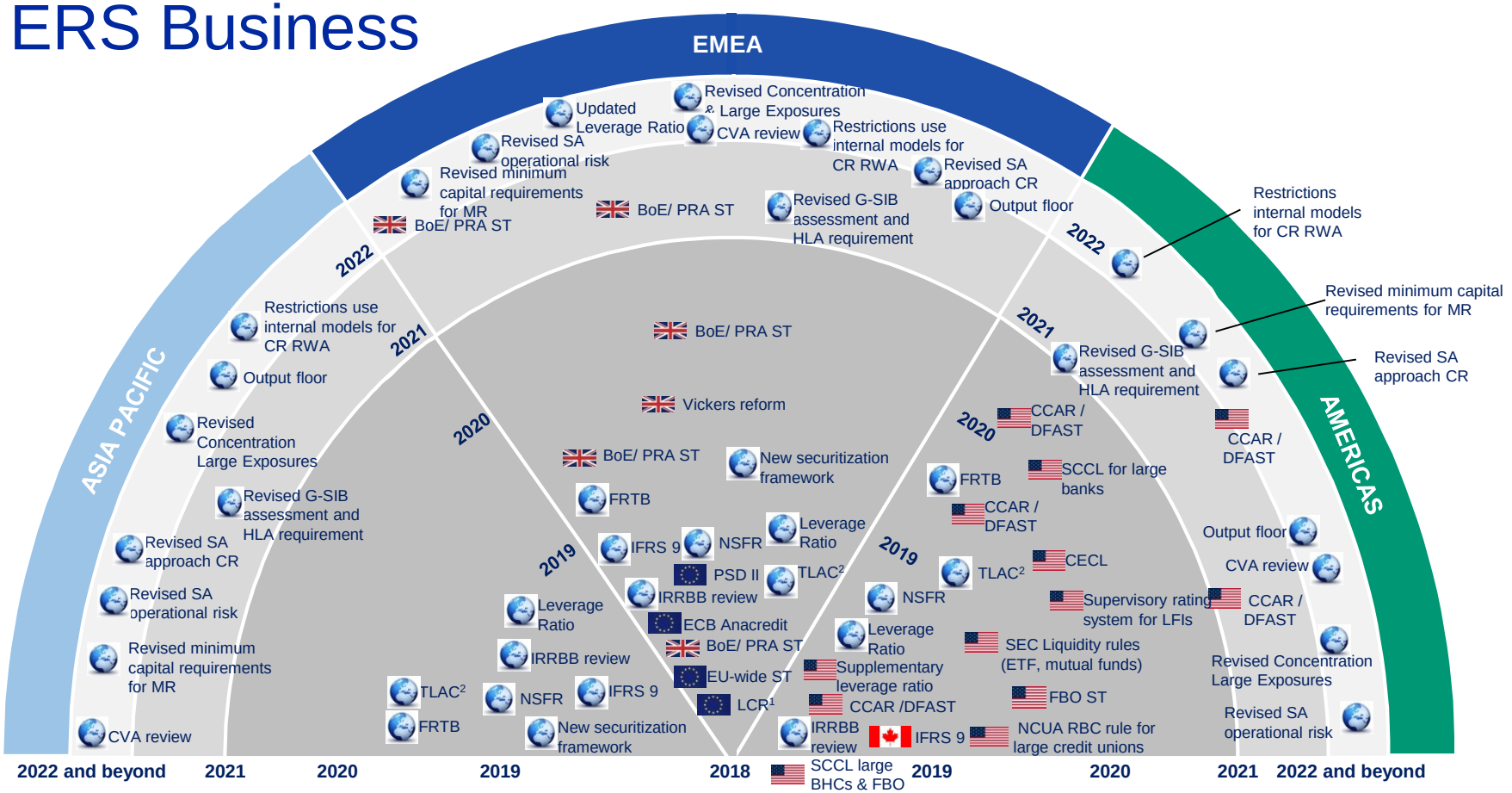
ERS: Driving Growth via Recurring Revenue



- ERS recurring revenue has grown by $160 million since 2015
- Emphasis on subscription products supports scalability, drives operating leverage
- 3Q19 results enhanced by one-time license delivery
- Sales growth driven by IFRS17[4] (insurance), CECL[5] (U.S. banking) and CreditLens (credit decision solutions platform) product roll-out

1. Recurring revenue includes maintenance and subscription.
2. Compound Annual Growth Rate, 2015-2018.
3. Trailing twelve months ended September 30, 2019.
4. International Financial Reporting Standards Foundation – Standards No. 17.
5. Current Expected Credit Losses.

Global Regulatory and Accounting Drivers for the ERS Business



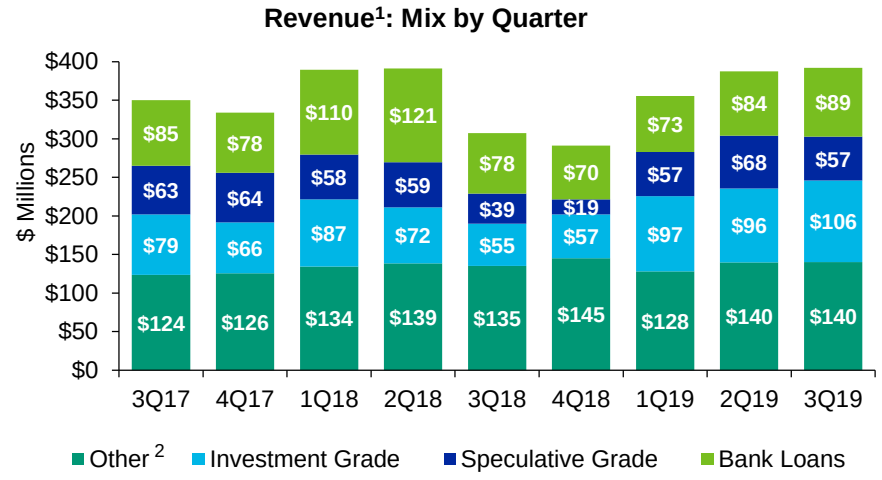
Source: Moody's Analytics market research as of January 2019.

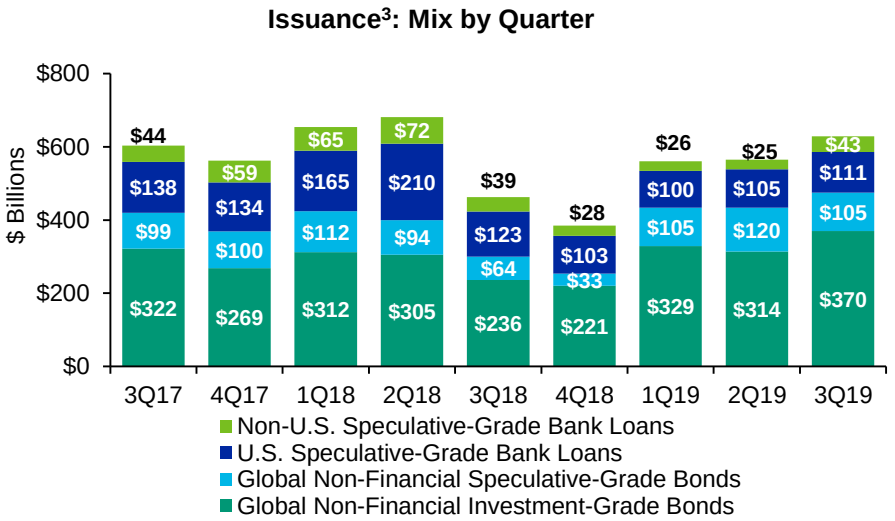
Note: MiFID II, MiFIR and GDPR regulations are relevant to the banking sector but do not impact on Moody's Analytics products and so have not been included on the radar.

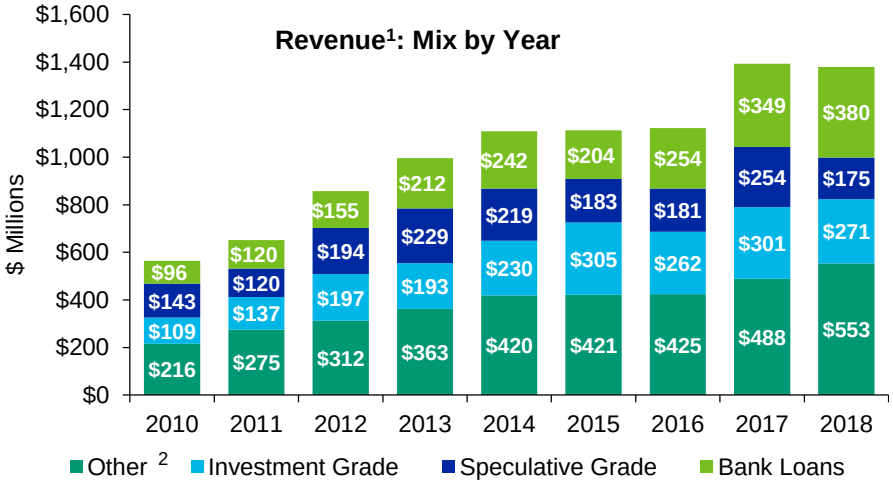
1. The implementation of the LCR in the EU was: 60% in 2015, 70% in 2016, 80% in 2017 and 100% in 2018. In the US, advanced-approach banks had to meet 80% of the LCR by January 1, 2015 and 100% of the ratio by January 1, 2017.
2. The G-SIB surcharge will expand the conservation buffer, subject to a 3 year phase in period. G-SIBs will be required to hold a minimum Total Loss-Absorbing Capacity" (TLAC) of at least 16% from 2019 and 18% by 2022.

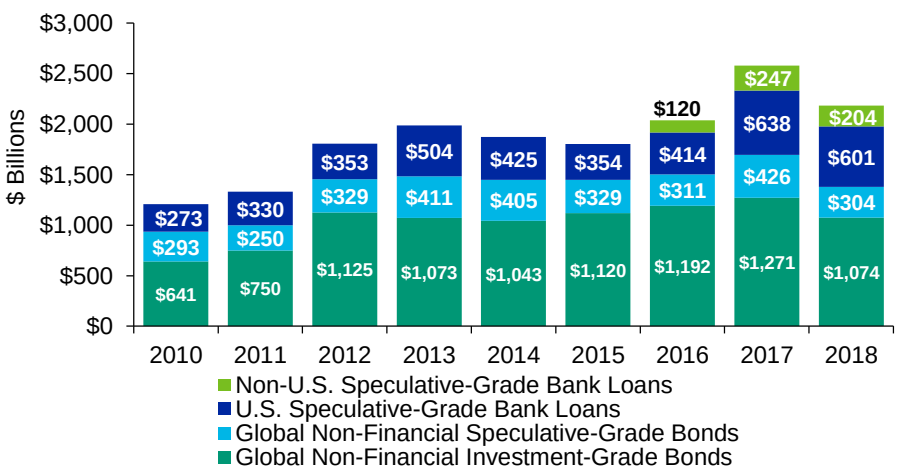
6 Appendix

Corporate Finance: Revenue and Issuance





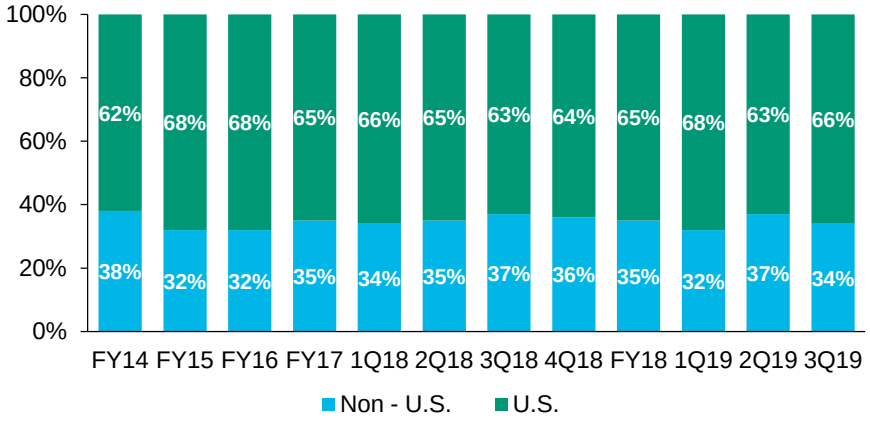




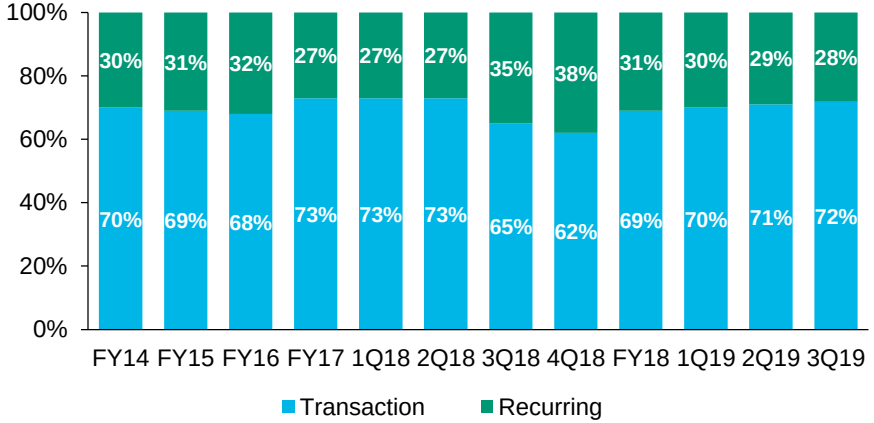
1. Historical data has been adjusted to conform with current information and excludes intercompany revenue. The revenue reclassification of REITs to Corporate Finance from Structured Finance is reflected starting from 1Q 2018.
2. Other includes: monitoring, commercial paper, medium term notes, and ICRA.
3. Sources: Moody's Analytics, Dealogic. U.S. and Non-U.S. Speculative-Grade Bank Loans represent only Moody's rated speculative-grade bank loans. Non-U.S. Speculative-Grade Bank Loan Origination data available starting 2016. Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.

Corporate Finance: Revenue Diversification

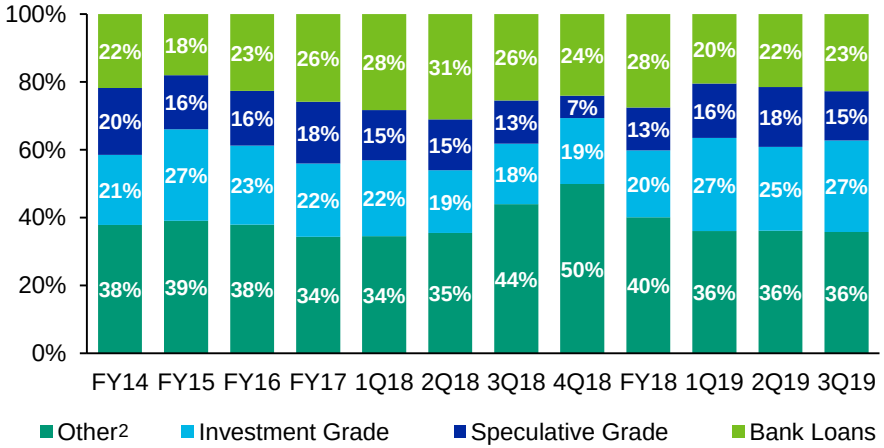
Revenue[1]: Distribution by Geography



Revenue[1]: Distribution by Recurring vs. Transaction



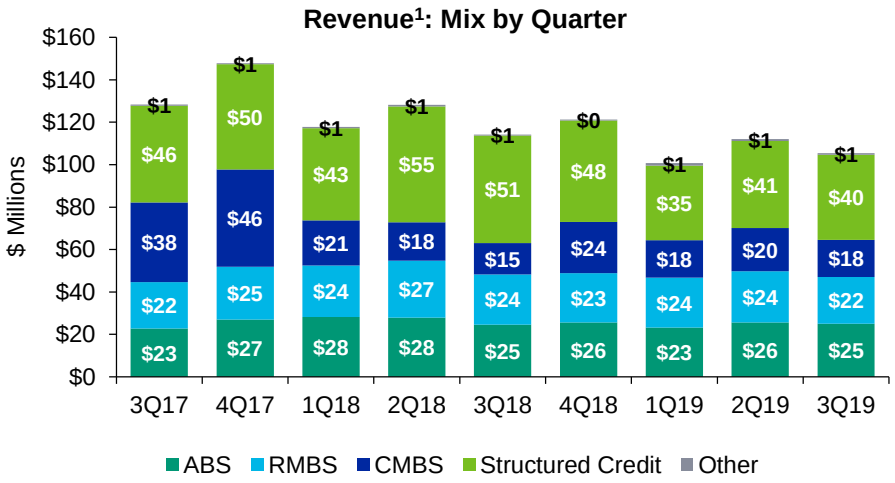
Revenue[1]: Distribution by Product

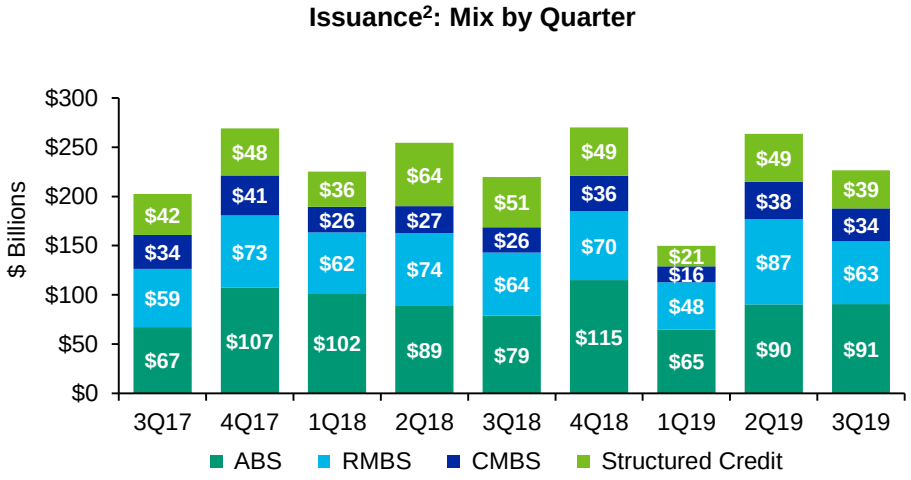


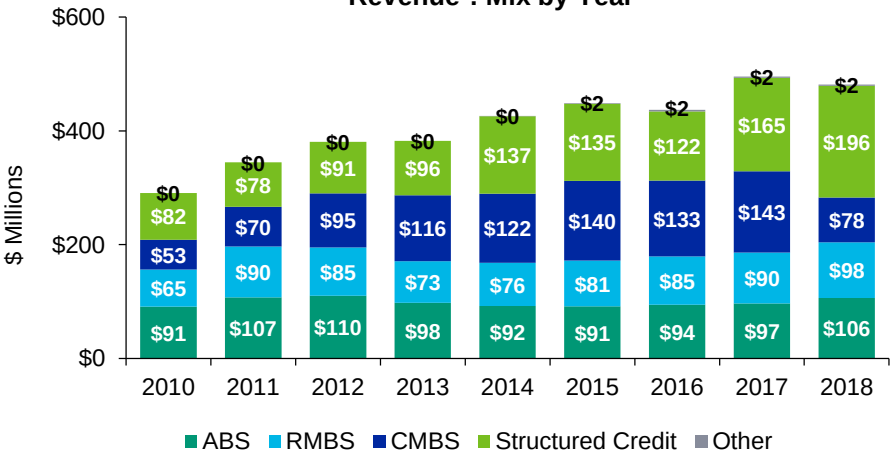
1. Historical data has been adjusted to conform with current information and excludes intercompany revenue. The revenue reclassification of REITs to Corporate Finance from Structured Finance is reflected starting from 1Q 2018.
2. Other includes: monitoring, commercial paper, medium term notes, and ICRA.

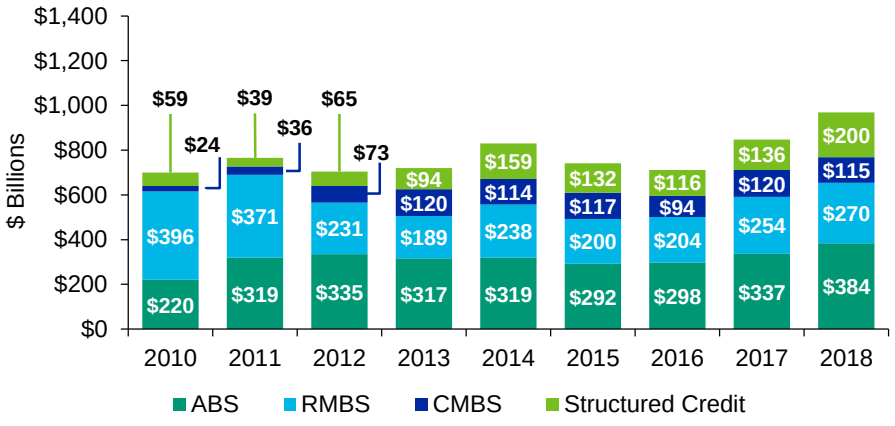
Percentages have been rounded and may not total to 100%.

Structured Finance: Revenue and Issuance







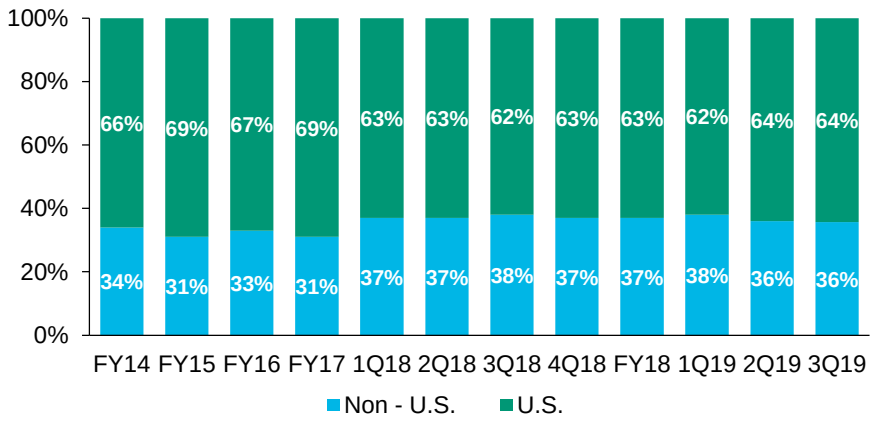


1. Historical data has been adjusted to conform with current information and excludes intercompany revenue. The revenue reclassification of REITs to Corporate Finance from Structured Finance is reflected starting from 1Q 2018.
2. Sources: AB Alert, CM Alert, Moody's Corporation. Debt issuance categories do not directly correspond to Moody's revenue categorization.

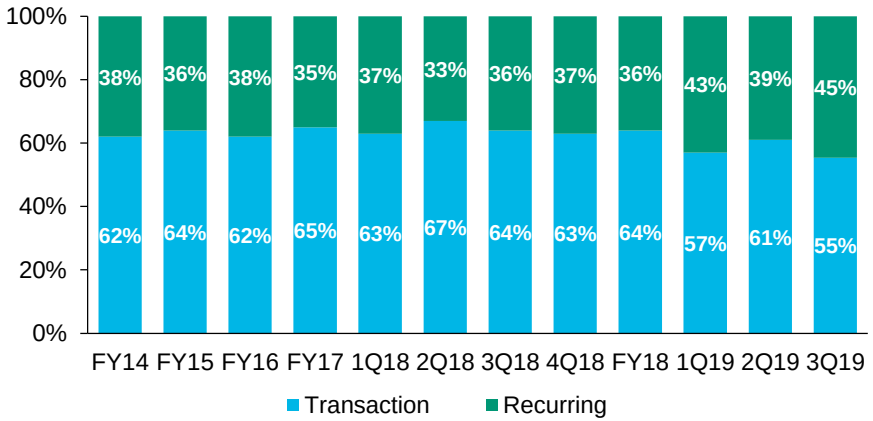
Notes: ABS (Asset Backed Securitization) includes asset-backed commercial paper and long-term asset-backed securities. RMBS (Residential Mortgage Backed Securitization) includes covered bonds. CMBS includes commercial mortgage-backed securities and commercial real estate CDOs. Structured Credit includes CLOs and CDOs.

Structured Finance: Revenue Diversification

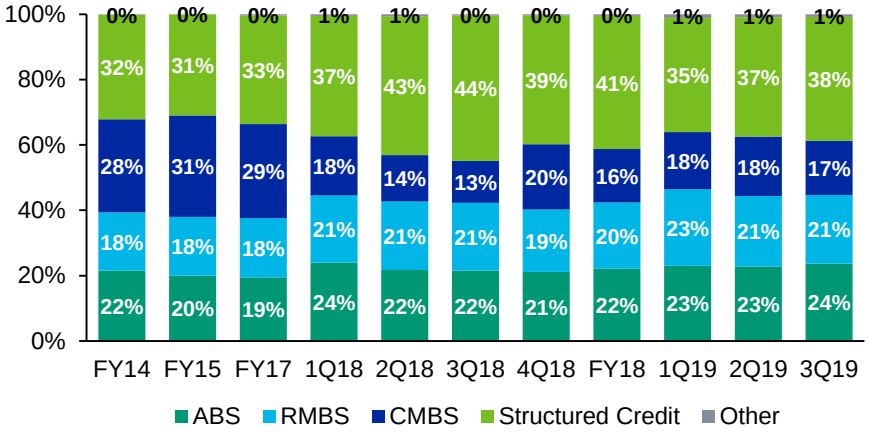
Revenue[1]: Distribution by Geography



Revenue[1]: Distribution by Recurring vs. Transaction



Revenue[1]: Distribution by Product



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 1Q 2018.

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 includes commercial mortgage-backed securities and commercial real estate CDOs. Structured Credit includes CLOs and CDOs.
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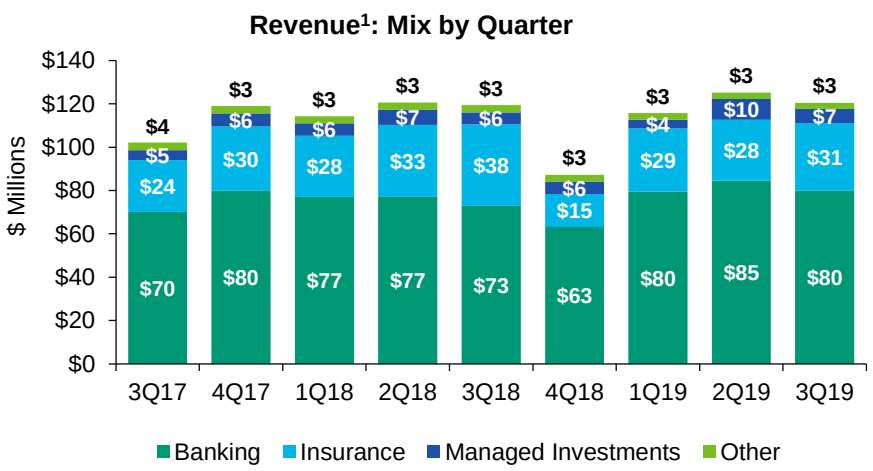
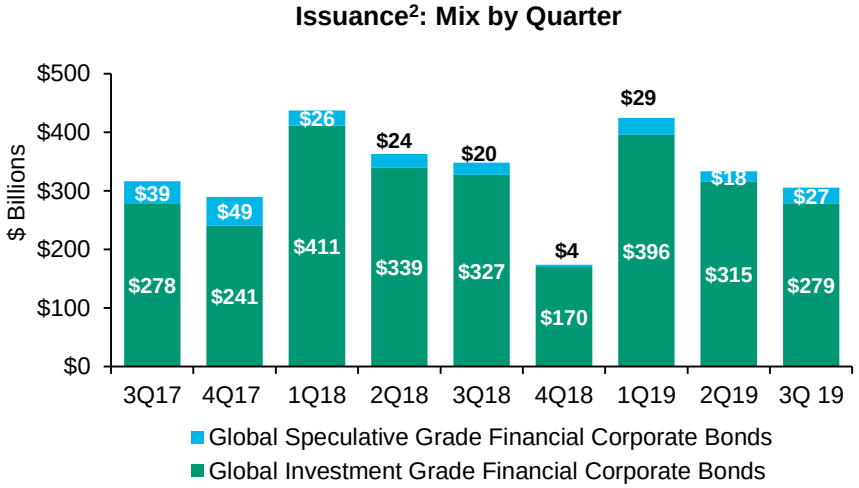
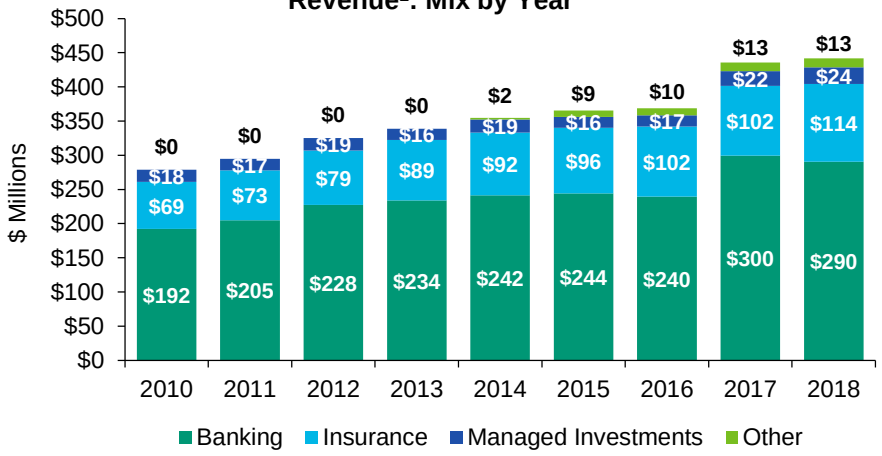
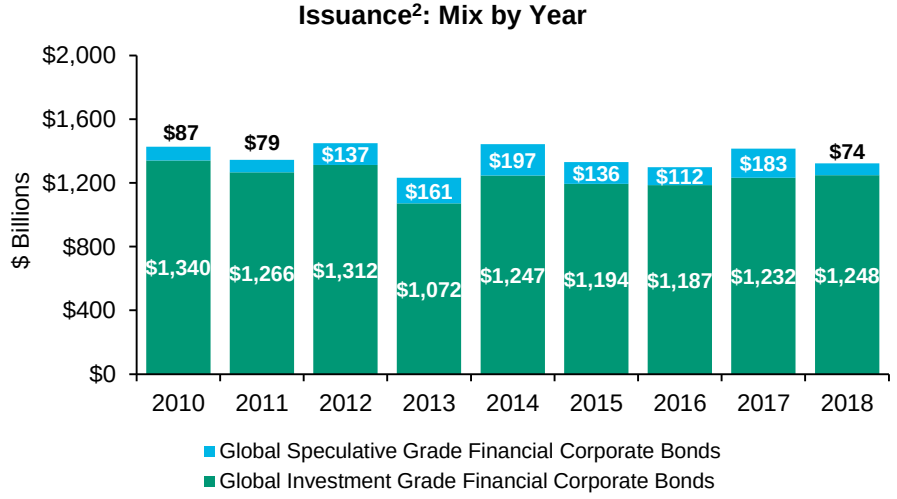
Financial Institutions: Revenue and Issuance





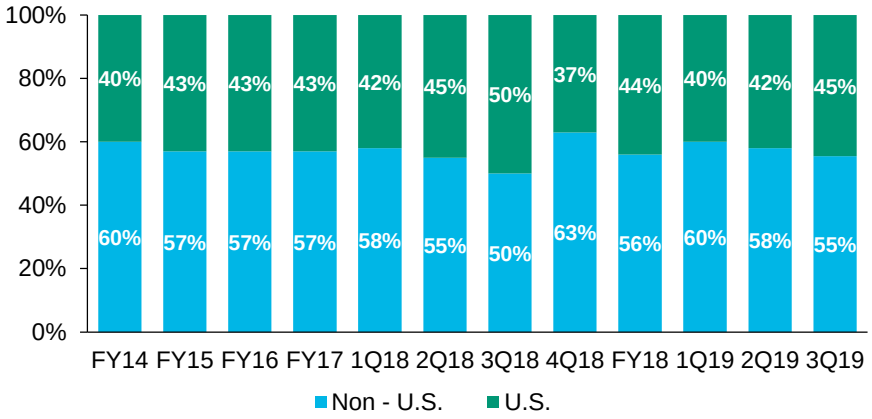




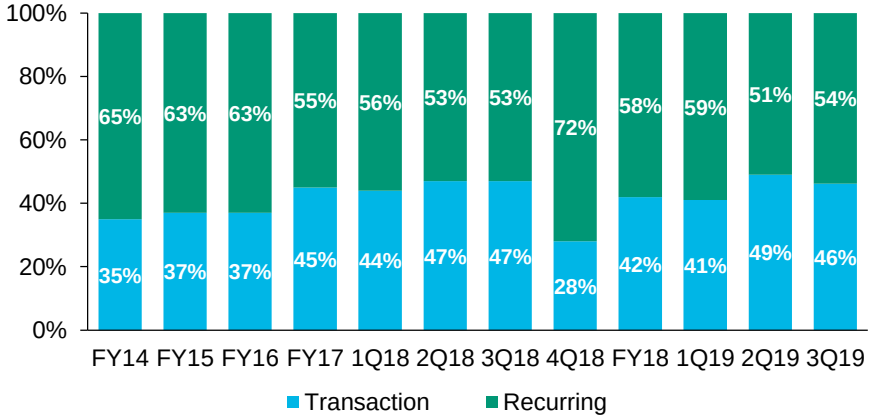
1. Historical data has been adjusted to conform with current information and excludes intercompany revenue.
2. Sources: Moody's Analytics, Dealogic. Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.

Financial Institutions: Revenue Diversification

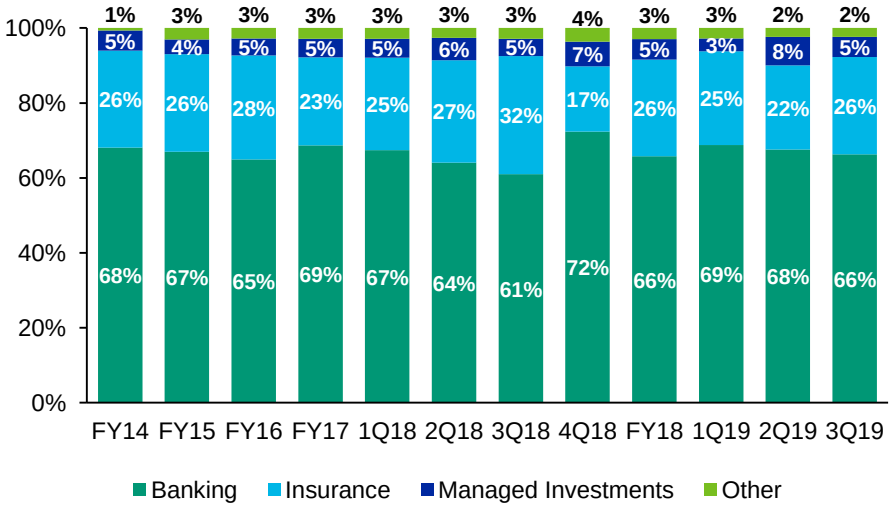
Revenue[1]: Distribution by Geography



Revenue[1]: Distribution by Recurring vs. Transaction

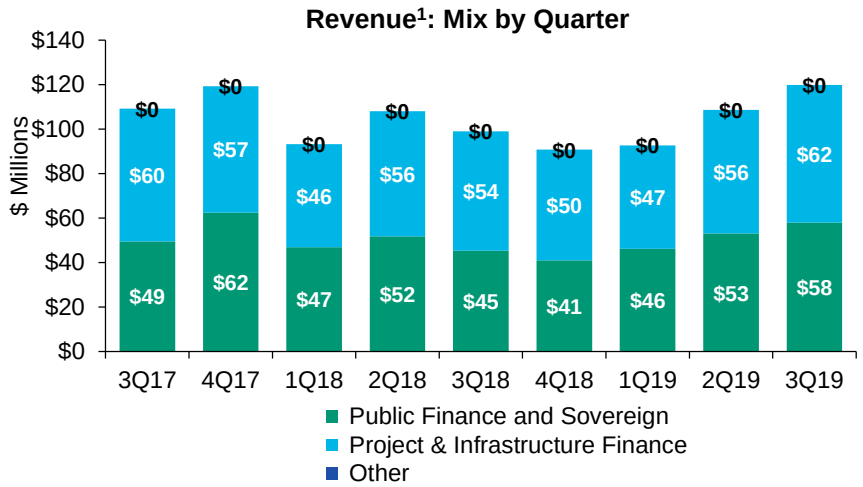


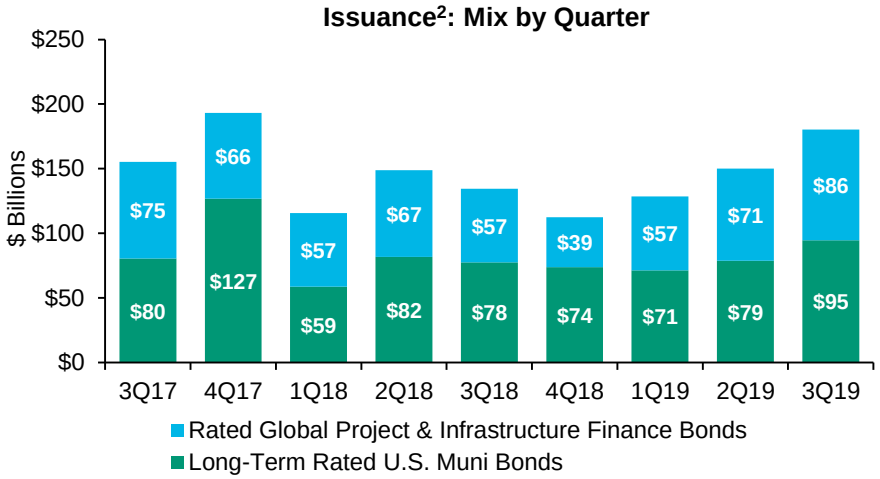
Revenue[1]: Distribution by Product

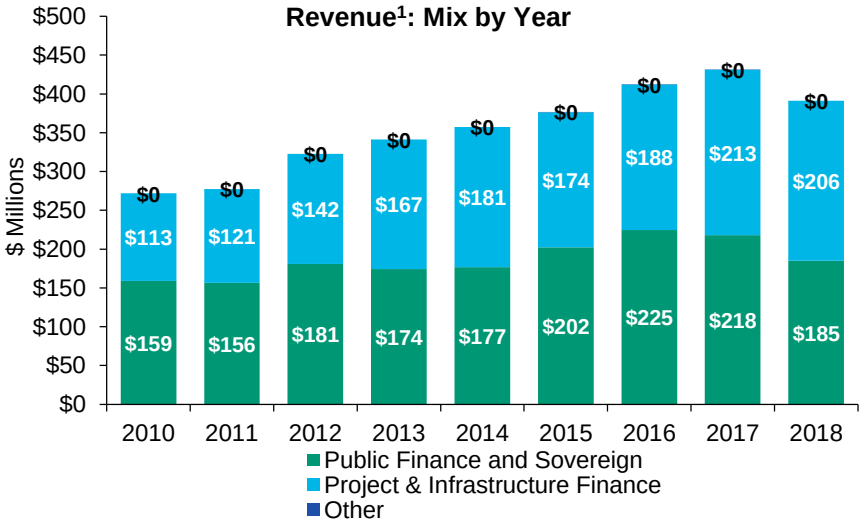


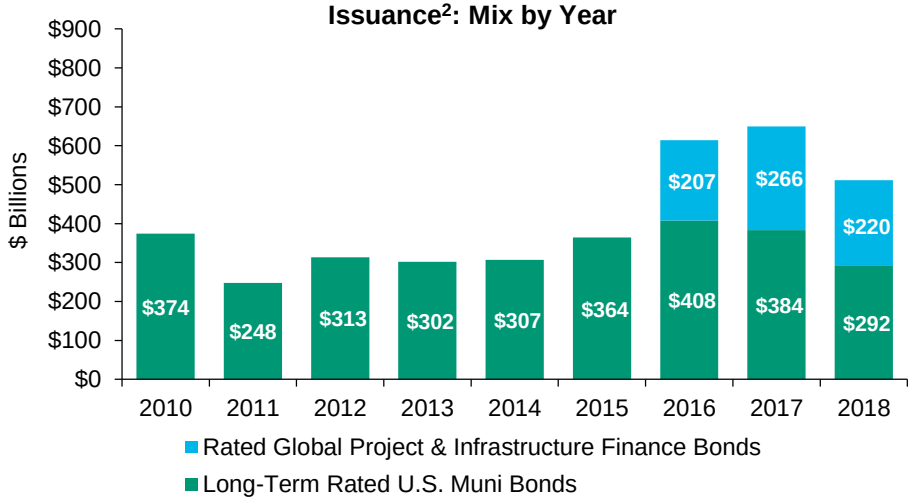
1. Historical data has been adjusted to conform with current information and excludes intercompany revenue. Percentages have been rounded and may not total to 100%.

Public, Project and Infrastructure: Revenue and Issuance







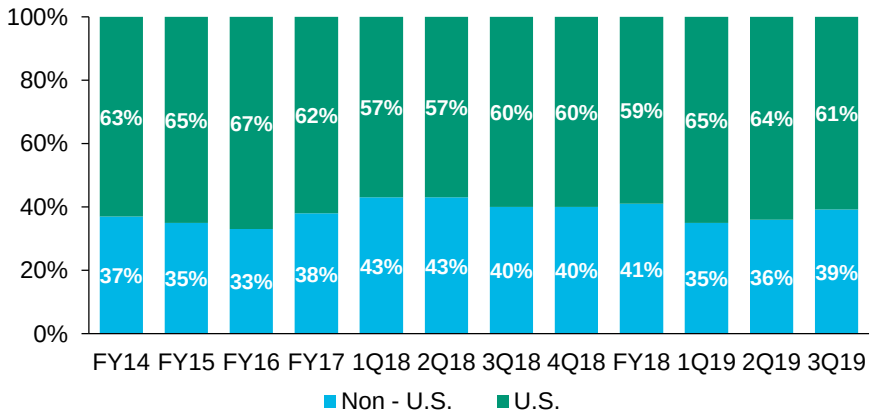


1. Historical data has been adjusted to conform with current information and excludes intercompany revenue.
2. Global Rated Project & Infrastructure Finance available starting in 2016 and represents Moody's rated issuance.

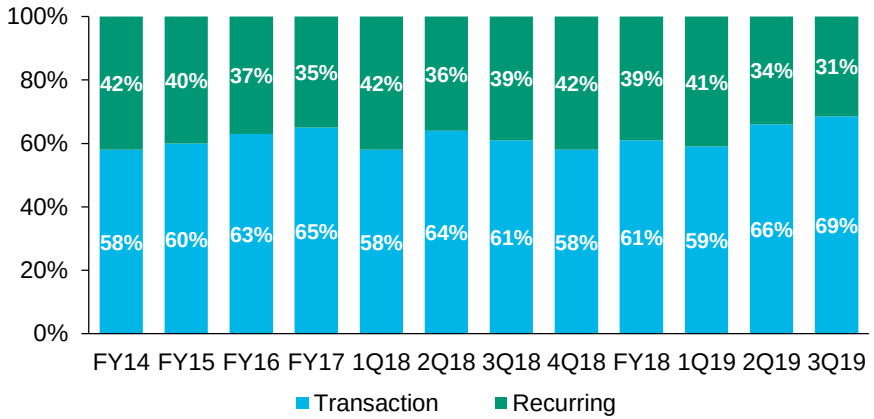
Sources: Thomson SDC, Moody's Corporation. Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.

Public, Project and Infrastructure: Revenue Diversification

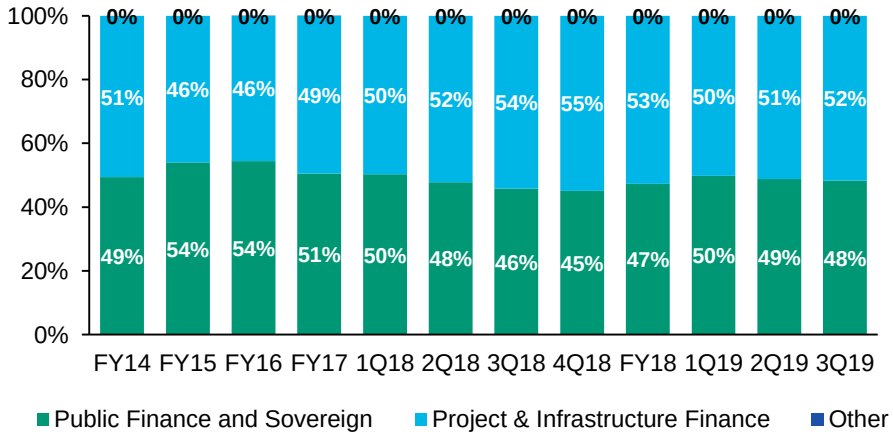
Revenue[1]: Distribution by Geography



Revenue[1]: Distribution by Recurring vs. Transaction

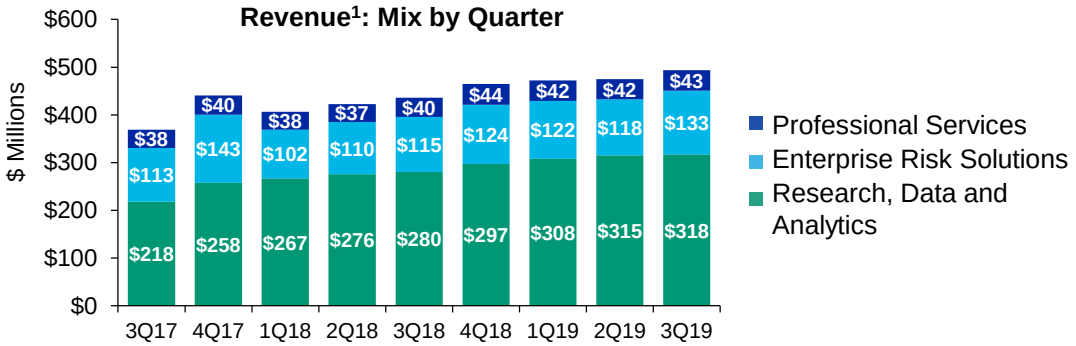


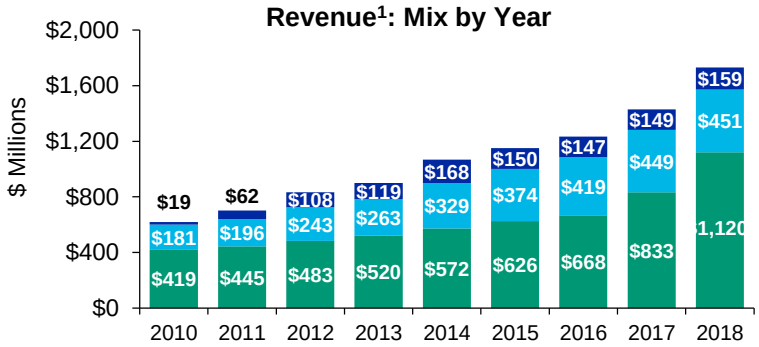
Revenue[1]: Distribution by Product

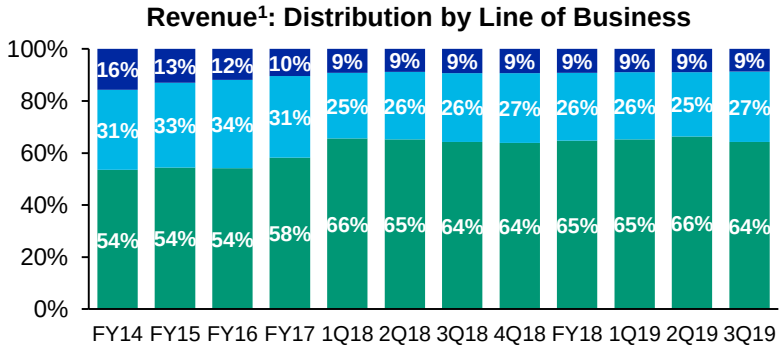


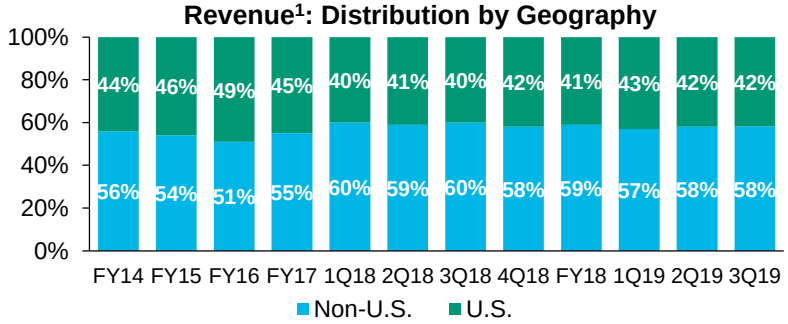
1. Historical data has been adjusted to conform with current information and excludes intercompany revenue. Percentages have been rounded and may not total to 100%.

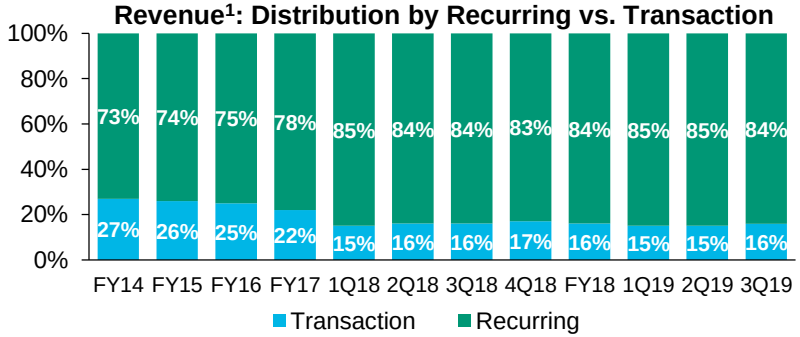
Moody's Analytics: Financial Overview









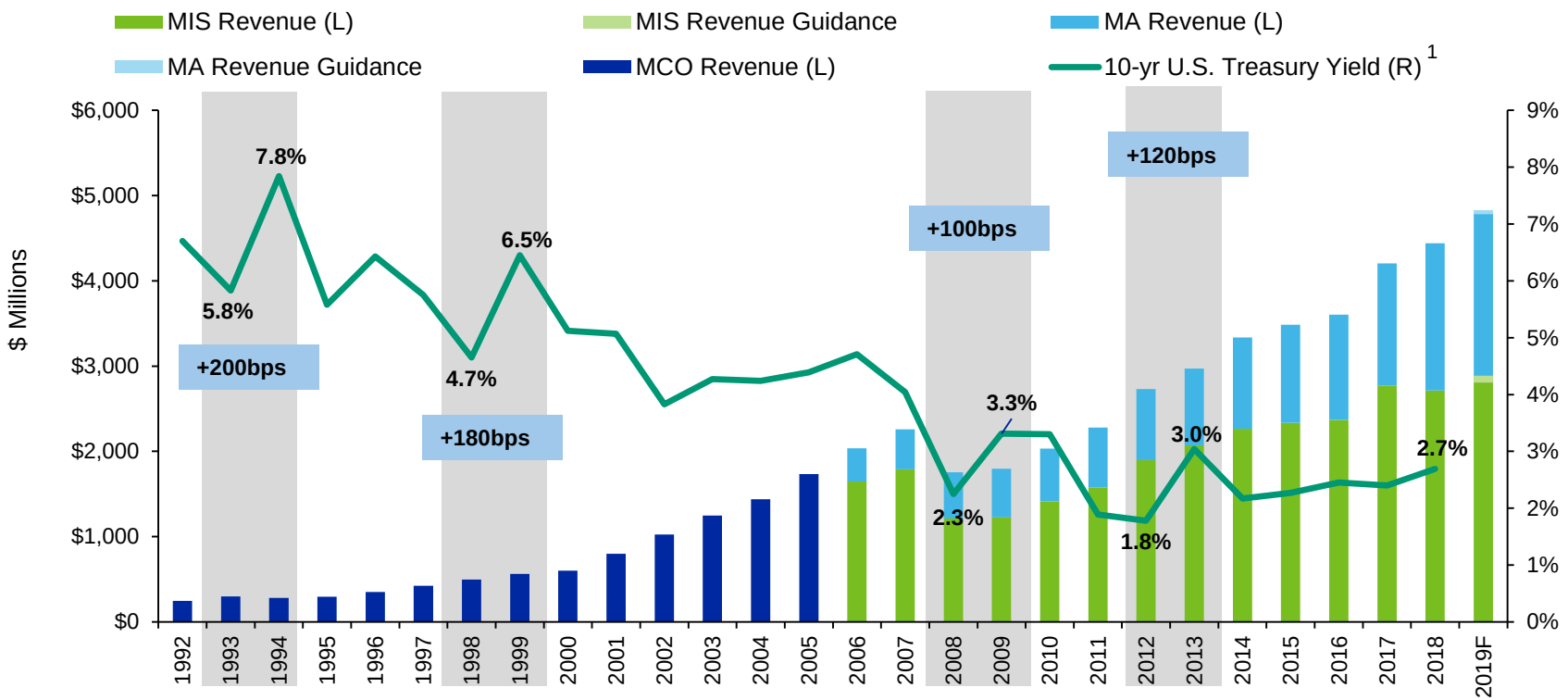


1. Historical data has been adjusted to conform with current information and excludes intercompany revenue. Research, Data and Analytics includes Bureau van Dijk revenue beginning from the acquisition close date, August 10, 2017. The revenue reclassification of the FACT product from RD&A to ERS is reflected starting from 1Q 2018.

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

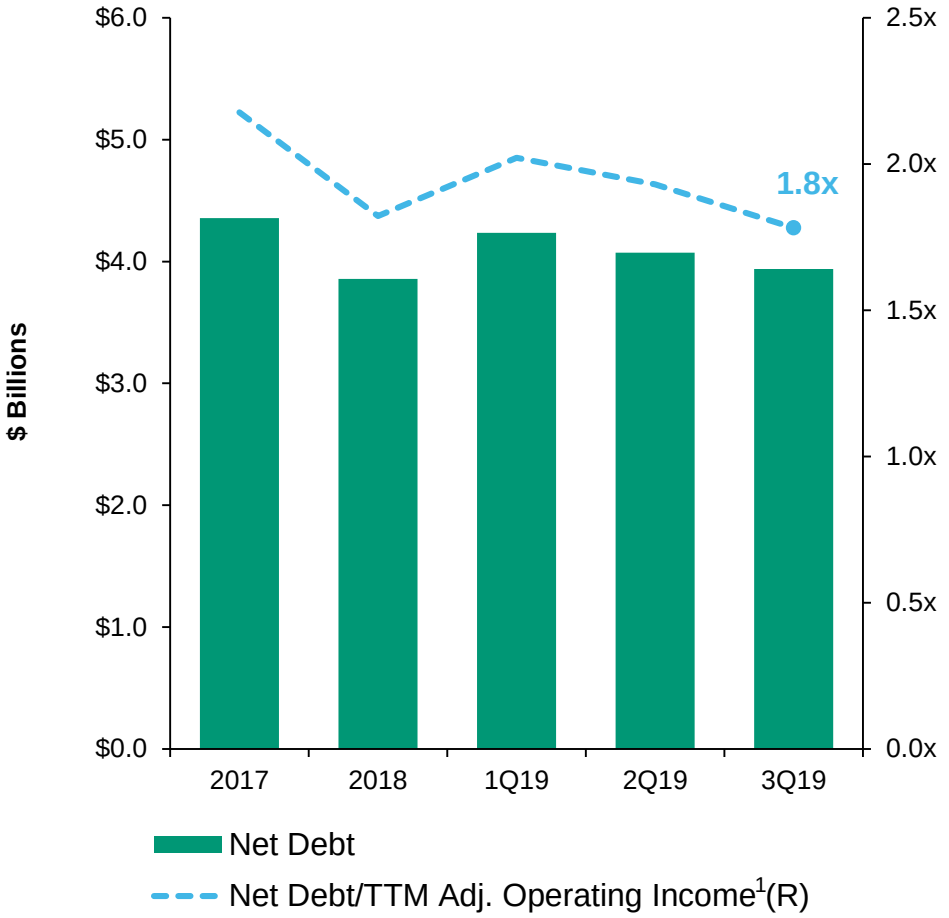
Historically, Moody's Revenue and Interest Rates Have Not Been Strongly Correlated

MCO Revenue and Interest Rates



Note: Gray bars reflect periods of significant increases in the 10-year Treasury Yield.
1. 10-yr U.S. Treasury Yields are represented by the rate at the end-of-period.
Source: www.treasury.gov.

Capital Management



($ Billions)	TTM 3Q19[2]
Adjusted Operating Income[3]	$2.2
Interest Expense	$0.2
Capital Expenditures	$0.1
Free Cash Flow[3]	$1.5
Debt	$5.2
Cash, Cash Equivalents & ST Investments	$1.3
Net Debt	$4.0
Net Debt/Adjusted Operating Income[1]	1.8x

- Committed to leverage anchored around a BBB+ rating
- Strong track record of de-leveraging through cash flow (e.g., de-levered within nine months of the Bureau van Dijk acquisition)
- Well-laddered maturities; no significant debt maturities until September 2020

1. Trailing twelve months adjusted operating income. Amounts are adjusted measures. See Appendix for reconciliations from adjusted financial measures to U.S. GAAP and gross debt to net debt.
2. TTM only applies to income and cash flow statement items.
3. Amounts are adjusted measures. See Appendix for reconciliations from adjusted financial measures to U.S. GAAP and gross debt to net debt.

Technology: Innovating with Purpose

Next Gen Tech is a Defining Element of our Culture, Setting Stage for Growth



Enhance Data & Analytics

- Incorporating **alternative data** sources to augment SME credit scoring accuracy
- *QuantCube* pilot program to synthesize **unstructured data** to enhance financial analysis
- *CompStak's* use of **crowd-sourced data** on CRE leases and sales



Improve Decisions

- **NLP** based early warning and monitoring tools for MIS analysts and MA customers
- **AI** tailored credit training for MA customers – *Credit Coach*
- Faster loan approvals with **AI** powered lending decisions – *CreditLens*



Deliver Efficiencies

- **ML and deep learning** tools to automate financial data spreading at both MA and MIS
- **AI and NLP** used to generate credit reports on 6,000 municipal issuers
- **RPA** of manual, repeatable tasks within MIS

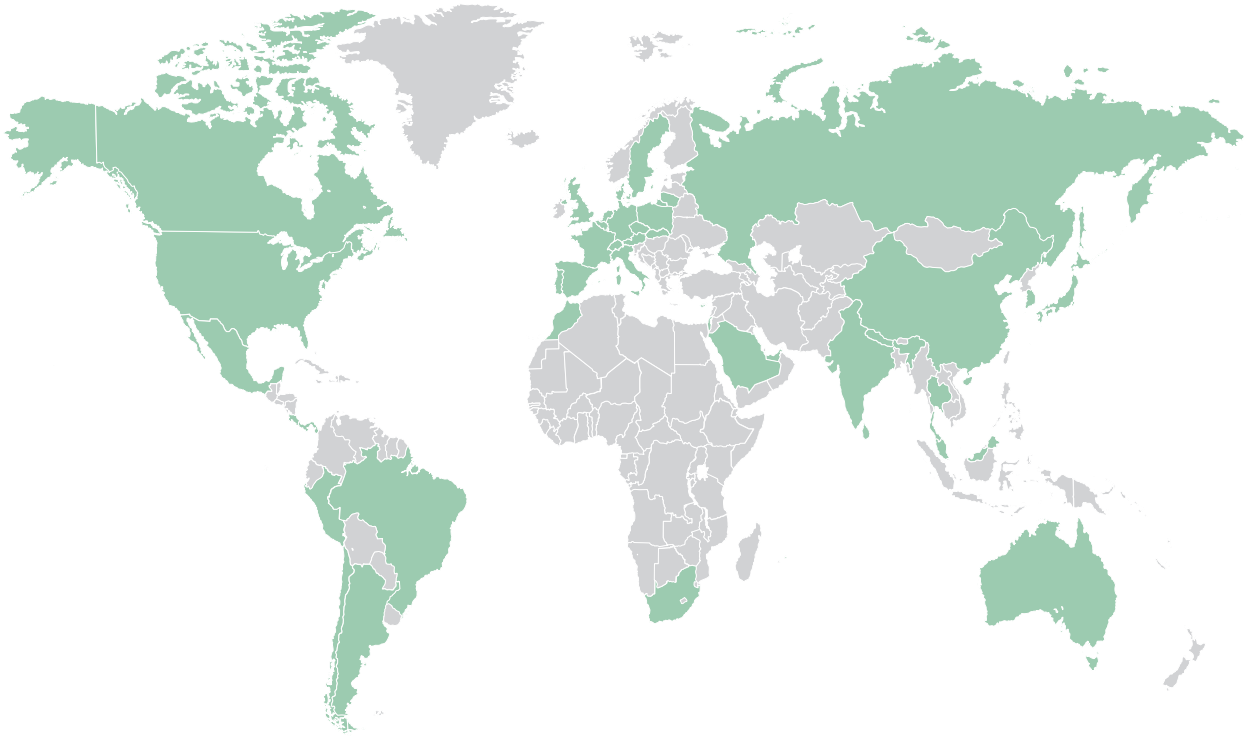


Increase Adaptability

- **SaaS** accelerating product development and improving customer experience
- Leveraging **PaaS** to experiment with application of tools and techniques -- **blockchain** and **big data**
- Moody's IT moving to **IaaS** to expand capabilities and lower costs

Note: AI: Aritificial Intelligence; ML: Machine learning; NLP: Natural language processing; RPA: Robotic process automation; IaaS: Infrastructure-as-a-service; SaaS: Software-as-a-service; PaaS: Platform-as-a-service.

Moody's Global Presence



2019	3,875	+	9,850	=	13,725
	U.S. employees		non-U.S. employees		total employees[1]
2018	3,743	+	8,878	=	12,621
	U.S. employees		non-U.S. employees		total employees[2]

Americas

Argentina
Brazil
Canada
Chile
Costa Rica
Mexico
Panama
Peru
United States

Europe, Middle East & Africa

Austria
Belgium
Cyprus
Czech Republic
Denmark
France
Germany
Israel
Italy
Lithuania
Mauritius
Morocco
Netherlands
Poland
Portugal
Russia
Saudi Arabia
Slovak Republic
South Africa
Spain
Sri Lanka
Sweden
Switzerland
United Arab Emirates
United Kingdom

Asia-Pacific

Australia
China
Hong Kong
India
Japan
Malaysia
Nepal
Singapore
South Korea
Thailand

1. As of September 30, 2019. Includes ~2,800 MAKS employees.
2. As of September 30, 2018.

Reconciliation of Adjusted Financial Measures to GAAP

Adjusted Operating Income and Adjusted Operating Margin Reconciliation[1]

(in $ millions)	2014	2015	2016	2017	2018	TTM 3Q19
Operating Income	$1,449.8	$1,490.7	$650.9	$1,820.8	*$1,868.2*	*$1,870.6*
Operating Margin	*43.5%*	*42.8%*	*18.1%*	*43.3%*	*42.1%*	*40.2%*
Add Adjustment:						
Depreciation & Amortization	*95.6*	*113.5*	*126.7*	*158.3*	*191.9*	*198.2*
Acquisition-Related Expenses	*-*	*-*	*-*	*22.5*	*8.3*	*7.6*
Restructuring	*-*	*-*	*12.0*	*-*	*48.7*	*107.0*
Captive insurance company settlement	*-*	*-*	*-*	*-*	*-*	*15.5*
Settlement Charge	*-*	*-*	*863.8*	*-*	*-*	*-*
Impairment pursuant to the planned divestiture of MAKS	*-*	*-*	*-*	*-*	*-*	*10.7*
Adjusted Operating Income	$1,545.4	$1,604.2	$1,653.4	$2,001.6	*$2,117.1*	*$2,209.6*
Adjusted Operating Margin	*46.3%*	*46.0%*	*45.9%*	*47.6%*	*47.7%*	*47.5%*

Moody's Corporation Net Debt Reconciliation

(in $ millions)	2014	2015	2016	2017	2018	3Q19
Gross debt	$2,532.1	$3,380.6	$3,363.0	$5,540.5	$5,676.0	$5,238.0
Less: Cash, cash equivalents and short-term investments	*1,677.6*	*2,232.2*	*2,224.9*	*1,183.3*	*1,817.5*	*1,273.8*
Net debt	$854.5	$1,148.4	$1,138.1	$4,357.2	$3,858.5	$3,964.2

1. 2014 - 2017 operating and adjusted operating income have been restated to conform to the new presentation of pension accounting.

Reconciliation of Adjusted Financial Measures to GAAP (cont.)

Moody's Corporation Operating Margin Guidance Reconciliation

	2019F[1]
Projected Operating Margin - GAAP	Approximately 42%
Depreciation & Amortization	Approximately 4.2%
Restructuring	Approximately 1.2%
Captive insurance company settlement	Approximately 0.3%
Impairment pursuant to the planned divestiture of MAKS	Approximately 0.2%
Acquisition-Related Expenses	Approximately 0.1%
Projected Adjusted Operating Margin	Approximately 48%

Free Cash Flow Reconciliation[2]

(in $ millions)	2014	2015	2016	2017	2018	2019F[1]
Net cash flows from operating activities	$1,077.3	$1,198.1	$1,259.2	$754.6	$1,461.1	$1,700.0 - $1,800.0
Less: Capital expenditures	*74.6*	*89.0*	*115.2*	*90.6*	*90.4*	*~100.0*
Free Cash Flow	$1,002.7	$1,109.1	$1,144.0	$664.0	$1,370.7	$1,600.0 to $1,700.0

1. Guidance as of October 30, 2019.
2. In 2017, the Company adopted ASU 2016-09 “Improvements to Employee Share-Based Payment Accounting” on a retrospective basis. In Q1 2018, the Company adopted ASU No. 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a Consensus of the Emerging Issues Task Force)” on a retrospective basis.

Reconciliation of Adjusted Financial Measures to GAAP (cont.)

Moody's Corporation Diluted EPS Reconciliation

	2014	2015	2016	2017	2018	2019F[1]
Diluted EPS - GAAP	$4.61	$4.63	$1.36	$5.15	$6.74	$7.20 - $7.35
Legacy Tax	(0.03)	(0.03)	-	-	-	-
Impact of Litigation Settlement	-	-	$3.59	-	-	-
Captive insurance company settlement						~0.06
ICRA Gain	(0.37)	-	-	-	-	-
FX Gain due to Subsidiary Liquidation	-	-	($0.18)	-	-	-
Restructuring	-	-	$0.04	-	$0.19	~$0.23
CCXI Gain	-	-	-	($0.31)	-	-
Acquisition-Related Expenses	-	-	-	$0.10	$0.03	~$0.01
Purchase Price Hedge Gain	-	-	-	($0.37)	-	-
Acquisition-Related Intangible Amortization Expenses	$0.10	$0.11	$0.13	$0.23	$0.40	~$0.41
Impact of U.S. tax reform	-	-	-	$1.28	($0.30)	-
Net Impact of U.S./European tax change on deferred taxes	-	-	-	($0.01)	-	-
Increase to non-U.S. UTPs	-	-	-	-	$0.33	-
Tax charge associated with planned divestiture of MAKS	-	-	-	-	-	~$0.08
Impairment pursuant to the planned divestiture of MAKS	-	-	-	-	-	~$0.06
Adjusted Diluted EPS	$4.31	$4.71	$4.94	$6.07	$7.39	$8.05 - $8.20

1. Guidance as of October 30, 2019.
Note: Table may not sum to total due to rounding.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