

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

**FORM 10-K**

(MARK ONE)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
FOR THE FISCAL YEAR ENDED December 31, 2022

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_  
**COMMISSION FILE NUMBER 1-14037**

**MOODY'S CORPORATION**

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware  
(STATE OF INCORPORATION)

13-3998945  
(I.R.S. EMPLOYER IDENTIFICATION NO.)

**7 World Trade Center at 250 Greenwich Street, New York, New York 10007**  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)  
(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (212) 553-0300.

**SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:**

TITLE OF EACH CLASS	TRADING SYMBOL(S)	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, par value \$0.01 per share	MCO	New York Stock Exchange
1.75% Senior Notes Due 2027	MCO 27	New York Stock Exchange
0.950% Senior Notes Due 2030	MCO 30	New York Stock Exchange

**SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:**  
**NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Large Accelerated Filer  Accelerated Filer  Non-accelerated Filer  Smaller reporting company  Emerging growth company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of Moody's Corporation Common Stock held by nonaffiliates\* on June 30, 2022 (based upon its closing transaction price on the New York Stock Exchange on such date) was approximately \$50 billion.

As of January 31, 2023, 183.2 million shares of Common Stock of Moody's Corporation were outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's definitive proxy statement for use in connection with its annual meeting of stockholders scheduled to be held on April 18, 2023, are incorporated by reference into Part III of this Form 10-K.

The Index to Exhibits is included as Part IV, Item 15(3) of this Form 10-K.

\* Calculated by excluding all shares held by executive officers and directors of the Registrant without conceding that all such persons are "affiliates" of the Registrant for purposes of federal securities laws.

\* Auditor Name: KPMG LLP Auditor Location: New York, NY Auditor Firm ID: 185

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## GLOSSARY OF TERMS AND ABBREVIATIONS

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

<b>TERM</b>	<b>DEFINITION</b>
Acquire Media (AM)	An aggregator and distributor of curated real-time news, multimedia, data, and alerts; acquired by the Company in October 2020
Acquisition-Related Intangible Amortization Expense	Amortization expense relating to definite-lived intangible assets acquired by the Company from all business combination transactions
Adjusted Diluted EPS	Diluted EPS excluding the impact of certain items as detailed in the section entitled "Non-GAAP Financial Measures"
Adjusted Net Income	Net Income excluding the impact of certain items as detailed in the section entitled "Non-GAAP Financial Measures"
Adjusted Operating Income	Operating income excluding the impact of certain items as detailed in the section entitled "Non-GAAP Financial Measures"
Adjusted Operating Margin	Adjusted Operating Income divided by revenue
Americas	Represents countries within North and South America, excluding the U.S.
AML	Anti-money laundering
AOCI(L)	Accumulated other comprehensive income (loss); a separate component of shareholders' equity
Annualized Recurring Revenue (ARR)	A supplemental performance metric to provide additional insight on the estimated value of MA's recurring revenue contracts at a given point in time, excluding the impact of FX and contracts related to acquisitions
ASC	The FASB Accounting Standards Codification; the sole source of authoritative GAAP as of July 1, 2009 except for rules and interpretive releases of the SEC, which are also sources of authoritative GAAP for SEC registrants
Asia-Pacific	Represents Australia and countries in Asia including but not limited to: China, India, Indonesia, Japan, Republic of South Korea, Malaysia, Singapore, Sri Lanka and Thailand
ASR	Accelerated Share Repurchase
ASU	The FASB Accounting Standards Update to the ASC. Provides background information for accounting guidance and the bases for conclusions on the changes in the ASC. ASUs are not considered authoritative until codified into the ASC
BitSight	A provider that helps global market participants understand cyber risk through ratings, analytics, and performance management tools; the Company acquired a minority investment in BitSight in 2021
Board	The board of directors of the Company
BPS	Basis points
Brexit	The withdrawal of the United Kingdom from the European Union
Bureau van Dijk (BvD)	Bureau van Dijk Electronic Publishing, B.V.; a global provider of business intelligence and company information; acquired by the Company in August 2017 via the acquisition of Yellow Maple I B.V., an indirect parent of Bureau van Dijk.
Catylist	A provider of commercial real estate (CRE) solutions for brokers; acquired by the Company in December 2020
CCXI	China Cheng Xin International Credit Rating Co. Ltd.; China's first and largest domestic credit rating agency approved by the People's Bank of China; the Company acquired a 49% interest in 2006; currently Moody's owns 30% of CCXI
CDP	An international nonprofit organization that helps companies, cities, states and regions to manage their environmental impact through a global disclosure system
CFG	Corporate finance group; an LOB of MIS
CLO	Collateralized loan obligation

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<b>TERM</b>	<b>DEFINITION</b>
CMBS	Commercial mortgage-backed securities; an asset class within SFG
COLI	Corporate-Owned Life Insurance
Commission	European Commission
Common Stock	The Company's common stock
Company	Moody's Corporation and its subsidiaries; MCO; Moody's
Cortera	A provider of North American credit data and workflow solutions; acquired by the Company in March 2021
COVID-19	An outbreak of a novel strain of coronavirus resulting in an international public health crisis and a global pandemic
CP	Commercial Paper
CP Notes	Unsecured commercial paper issued under the CP Program
CP Program	A program entered into on August 3, 2016 allowing the Company to privately place CP up to a maximum of \$1 billion for which the maturity may not exceed 397 days from the date of issue, and which is backstopped by the 2021 Facility
CRAs	Credit rating agencies
CRE	Commercial Real Estate
Data and Information (D&I)	LOB within MA which provides vast data sets on companies and securities via data feeds and data applications products
DBPPs	Defined benefit pension plans
Decision Solutions (DS)	LOB within MA that provides software and workflow tools for specific use cases (banking, insurance, KYC/KYS, CRE and structured finance solutions). This LOB utilizes components from the Data & Information and Research & Insights LOBs to provide integrated risk solutions
DE&I	Diversity, Equity & Inclusion
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EBITDA	Earnings before interest, taxes, depreciation and amortization
EMEA	Represents countries within Europe, the Middle East and Africa
EPS	Earnings per share
ERS	Enterprise Risk Solutions; former LOB within MA, which offered risk management software solutions as well as related risk management advisory engagements services. As of January 1, 2022, the MA LOBs have been realigned from RD&A and ERS to Decision Solutions, Research and Insights, and Data and Information
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
ESTR	Euro Short-Term Rate
ESPP	Employee stock purchase plan
ETR	Effective tax rate
EU	European Union
EUR	Euros
EURIBOR	The Euro Interbank Offered Rate
Eurozone	Monetary union of the EU member states which have adopted the euro as their common currency
Excess Tax Benefits	The difference between the tax benefit realized at exercise of an option or delivery of a restricted share and the tax benefit recorded at the time the option or restricted share is expensed under GAAP

<b>TERM</b>	<b>DEFINITION</b>
Exchange Act	The Securities Exchange Act of 1934, as amended
External Revenue	Revenue excluding any intersegment amounts
FASB	Financial Accounting Standards Board
FIG	Financial institutions group; an LOB of MIS
Free Cash Flow	Net cash provided by operating activities less cash paid for capital additions
FTSE	Financial Times Stock Exchange
FX	Foreign exchange
GAAP	U.S. Generally Accepted Accounting Principles
GBP	British pounds
GDP	Gross domestic product
GRI	Global Reporting Initiative, an international independent standards organization that helps organizations understand and disclose their impact on climate change, human rights and corruption
GDPR	European Union's General Data Protection Regulation
HM Treasury	His Majesty's Treasury; the department of the Government of the United Kingdom responsible for developing and executing the government's public finance policy and economic policy
ICRA	ICRA Limited; a provider of credit ratings and research in India.
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IRS	Internal Revenue Service
kompany	360kompany AG (kompany); a Vienna, Austria-based platform for business verification and Know Your Customer (KYC) technology solutions; acquired by the Company in February 2022
KYC	Know-your-customer
LIBOR	London Interbank Offered Rate
LOB	Line of business
MA	Moody's Analytics - a reportable segment of MCO; consists of three LOBs - Decision Solutions; Research and Insights; and Data and Information
Make Whole	The prepayment penalty amount relating to certain Senior Notes, which is a premium based on the excess, if any, of the discounted value of the remaining scheduled payments over the prepaid principal
MAKS	Moody's Analytics Knowledge Services; formerly known as Copal Amba; provided offshore research and analytic services to the global financial and corporate sectors; business was divested in the fourth quarter of 2019 and a reporting unit within the MA reportable segment.
MCO	Moody's Corporation and its subsidiaries; the Company; Moody's
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MIS	Moody's Investors Service - a reportable segment of MCO; consists of five LOBs - SFG; CFG; FIG; PPIF; and MIS Other
MIS Other	Consists of financial instruments pricing services in the Asia-Pacific region, ICRA non-ratings revenue and revenue from providing ESG research, data and assessments. These businesses are components of MIS; MIS Other is an LOB of MIS
Moody's	Moody's Corporation and its subsidiaries; MCO; the Company
Moody's Local	A ratings platform focused on providing credit rating services in Latin American capital markets
MSS	Moody's Shared Services; primarily consists of information technology and support staff such as finance, human resources and legal that support both MIS and MA.

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<b>TERM</b>	<b>DEFINITION</b>
NAV	Net asset value
Net Income	Net income attributable to Moody's Corporation, which excludes net income from consolidated noncontrolling interests belonging to the minority interest holder
Credit Losses Accounting Standard	Updates to the ASC pursuant to ASU No. 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". This accounting guidance requires the use of an "expected credit loss" impairment model for most financial assets reported at amortized cost, which requires entities to estimate expected credit losses over the lifetime of the instrument.
NM	Percentage change is not meaningful
Non-GAAP	A financial measure not in accordance with GAAP; these measures, when read in conjunction with the Company's reported results, can provide useful supplemental information for investors analyzing period-to-period comparisons of the Company's performance, facilitate comparisons to competitors' operating results and to provide greater transparency to investors of supplemental information used by management in its financial and operational decision making
NRSRO	Nationally Recognized Statistical Rating Organization, which is a credit rating agency registered with the SEC.
OCI	Other comprehensive income (loss); includes gains and losses on cash flow and net investment hedges, certain gains and losses relating to pension and other retirement benefit obligations and foreign currency translation adjustments
Operating segment	Term defined in the ASC relating to segment reporting; the ASC defines an operating segment as a component of a business entity that has each of the three following characteristics: i) the component engages in business activities from which it may recognize revenue and incur expenses; ii) the operating results of the component are regularly reviewed by the entity's chief operating decision maker; and iii) discrete financial information about the component is available.
Other Retirement Plans	The U.S. retirement healthcare and U.S. retirement life insurance plans
PassFort	A U.K. SaaS-based workflow platform for identity verification, customer onboarding, and risk analysis; acquired by the Company in November 2021
PCS	Post-Contract Customer Support
POC	People of color; includes those who identify as Asian, Hispanic, Black, American Indian/Alaskan Native, Hawaiian/Other Pacific Island or two or more races
PPIF	Public, project and infrastructure finance; an LOB of MIS
Profit Participation Plan	Defined contribution profit participation plan that covers substantially all U.S. employees of the Company
RD&A	Research, Data and Analytics; former LOB within MA that offered subscription-based research, data and analytical products, including: credit ratings produced by MIS; credit research; quantitative credit scores and other analytical tools; economic research and forecasts; business intelligence and company information products; commercial real estate data and analytical tools; and learning solutions. As of January 1, 2022, the MA LOBs have been realigned from RD&A and ERS to Decision Solutions, Research and Insights, and Data and Information
RealXData	A provider of CRE lease-level portfolio management with benchmarking and rent forecasting capabilities; acquired by the Company in September 2021
Recurring Revenue	For MIS, represents recurring monitoring fees of a rated debt obligation and/or entities that issue such obligations, as well as revenue from programs such as commercial paper, medium-term notes and shelf registrations. For MIS Other represents subscription-based revenue. For MA, represents subscription-based revenue and software maintenance revenue
Reform Act	Credit Rating Agency Reform Act of 2006
Regulatory Data Corporation (RDC)	A provider of anti-money laundering (AML) and know-your-customer (KYC) data and due diligence services; acquired by the Company in February 2020
Reis, Inc. (Reis)	A provider of U.S. commercial real estate (CRE) data; acquired by the Company in October 2018

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<b>TERM</b>	<b>DEFINITION</b>
Reporting unit	The level at which Moody's evaluates its goodwill for impairment under U.S. GAAP; defined as an operating segment or one level below an operating segment
Research and Insights (R&I)	LOB within MA that provides models, scores, expert insights and commentary. This LOB includes credit research; credit models and analytics; and economics data and models
Retirement Plans	Moody's funded and unfunded pension plans, the healthcare plans and life insurance plans
Revenue Accounting Standard	Updates to the ASC pursuant to ASU No. 2014-09, "Revenue from Contracts with Customers (ASC Topic 606)." This accounting guidance significantly changed the accounting framework under U.S. GAAP relating to revenue recognition and to the accounting for the deferral of incremental costs of obtaining or fulfilling a contract with a customer
RMBS	Residential mortgage-backed securities; an asset class within SFG
RMS	A global provider of climate and natural disaster risk modeling and analytics; acquired by the Company in September 2021
ROU Asset	Assets which represent the Company's right to use an underlying asset for the term of a lease
SaaS	Software-as-a-Service
SASB	Sustainability Accounting Standards Board
SBTi	Science Based Targets initiative; a partnership between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature created to encourage the private sector to take the lead on urgent climate action
SEC	U.S. Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
SFG	Structured finance group; an LOB of MIS
SG&A	Selling, general and administrative expenses
SOFR	Secured Overnight Financing Rate
SSP	Standalone selling price
T&M	Time-and-Material
Tax Act	The "Tax Cuts and Jobs Act" enacted into U.S. law on December 22, 2017, which significantly amends the tax code in the U.S.
TCFD	Task Force on Climate-Related Financial Disclosures
Total Debt	All indebtedness of the Company as reflected on the consolidated balance sheets
Transaction Revenue	For MIS, represents the initial rating of a new debt issuance as well as other one-time fees. For MIS Other, represents revenue from professional services as well as data services, research and analytical engagements. For MA, represents perpetual software license fees and revenue from software implementation services, risk management advisory projects, and training and certification services
U.K.	United Kingdom
U.S.	United States
USD	U.S. dollar
UTPs	Uncertain tax positions
WEF	World Economic Forum
YTD	Year-to-date
VisibleRisk	A cyber risk ratings joint venture created by Moody's and Team8, a global venture group
WACC	Weighted Average Cost of Capital
ZM Financial Systems (ZMFS)	A provider of risk and financial management software for the U.S. banking sector; acquired by the Company in December 2020

<b>TERM</b>	<b>DEFINITION</b>
2018 Restructuring Program	Restructuring program approved by the chief executive officer of Moody's on October 26, 2018. This program included relocation of certain functions from high-cost to lower-cost jurisdictions, a reduction of staff, including from acquisitions and pursuant to a review of the business criticality of certain positions, and the rationalization and exit of certain real estate leases due to consolidation of various business activities.
2020 MA Strategic Reorganization Restructuring Program	Restructuring program approved by the chief executive officer of Moody's on December 22, 2020, relating to a strategic reorganization in the MA reportable segment
2020 Real Estate Rationalization Restructuring Program	Restructuring program approved by the chief executive officer of Moody's on July 29, 2020, primarily in response to the COVID-19 pandemic which revolves around the rationalization and exit of certain real estate leases.
2022 - 2023 Geolocation Restructuring Program	Restructuring program approved by the chief executive officer of Moody's on June 30, 2022 and expanded on October 24, 2022, relating to the Company's post-COVID-19 geolocation strategy and includes the rationalization and exit of certain real estate leases and a reduction in staff, including the relocation of certain job functions from their current locations
2013 Senior Notes Due 2024	Principal amount of \$500 million, 4.875% senior unsecured notes due in February 2024
2014 Senior Notes Due 2044	Principal amount of \$600 million, 5.25% senior unsecured notes due in July 2044
2015 Senior Notes Due 2027	Principal amount of €500 million, 1.75% senior unsecured notes due in March 2027
2017 Senior Notes Due 2023	Principal amount of \$500 million, 2.625% senior unsecured notes due January 15, 2023, but early repaid by the Company in 2022
2017 Senior Notes Due 2028	Principal amount of \$500 million, 3.25% senior unsecured notes due January 15, 2028
2018 Senior Notes Due 2029	Principal amount of \$400 million, 4.25% senior unsecured notes due February 1, 2029
2018 Senior Notes Due 2048	Principal amount of \$400 million, 4.875% senior unsecured notes due December 17, 2048
2019 Senior Notes Due 2030	Principal amount of €750 million, 0.950% senior unsecured notes due February 25, 2030
2020 Senior Notes Due 2025	Principal amount of \$700 million, 3.75% senior unsecured notes due March 24, 2025
2020 Senior Notes Due 2050	Principal amount of \$300 million, 3.25% senior unsecured notes due May 20, 2050
2020 Senior Notes Due 2060	Principal amount of \$500 million, 2.55% senior unsecured notes due August 18, 2060; the Company early redeemed \$200 million of these notes in the fourth quarter of 2022
2021 Facility	Five-year unsecured revolving credit facility, with capacity to borrow up to \$1.25 billion; backstops CP issued under the CP Program
2021 Senior Notes Due 2031	Principal amount of \$600 million, 2.00% senior unsecured notes due August 19, 2031
2021 Senior Notes Due 2041	Principal amount of \$600 million, 2.75% senior unsecured notes due August 19, 2041
2021 Senior Notes Due 2061	Principal amount of \$500 million, 3.10% senior unsecured notes due November 15, 2061
2022 Senior Notes Due 2052	Principal amount of \$500 million, 3.75% senior unsecured notes due February 25, 2052
2022 Senior Notes Due 2032	Principal amount of \$500 million, 4.25% senior unsecured notes due January 15, 2032

## PART I

### ITEM 1. BUSINESS

#### Background

As used in this report, except where the context indicates otherwise, the terms “Moody’s” or the “Company” refer to Moody’s Corporation, a Delaware corporation, and its subsidiaries. The Company’s executive offices are located at 7 World Trade Center at 250 Greenwich Street, New York, NY 10007 and its telephone number is (212) 553-0300.

#### THE COMPANY

##### Company Overview

Moody’s is a global integrated risk assessment firm that empowers organizations and investors to make better decisions. Moody’s reports activities in two segments: MIS and MA. Financial information and operating results of these segments, including revenue, expenses and Adjusted Operating Income, are included in Part II, Item 8. Financial Statements of this annual report and are herein incorporated by reference.

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

Moody’s has evolved over the last 15+ years, expanding its suite of capabilities in line with customer needs



#### 2007 - 2016

##### Expanded beyond ratings agency

- Established **Moody’s Analytics**, risk assessment franchise serving primarily banks and insurance companies
- Expanded **economic data and modeling** capabilities
- Expanded **ratings to China** (i.e., CCXI)



#### 2017 - 2022

##### Built out substantial data and analytics capabilities

- Complemented risk management software business with **private company information** (i.e., BvD)
- Accelerated **capability expansion** (e.g., company database, CRE data, ESG data, KYC suite)
- Invested in **insurance data and analytics** capabilities, including weather and disaster modeling (i.e., RMS)



#### 2023 and beyond

##### Positioned to serve a wide range of risk assessment markets

- **Competitive differentiator**: integration of data and analytics combined with expertise and technology enablement
- Further investment in data and analytics capabilities such as **CRE, ESG, Climate and Cyber** to serve high growth risk assessment use cases

**Moody's Investors Service Overview**

Moody's Investors Service (MIS) publishes credit ratings and provides assessment services on a wide range of debt obligations, programs and facilities, and the entities that issue such obligations in markets worldwide, including various corporate, financial institution and governmental obligations, and structured finance securities. A rating from MIS enables issuers to create timely, go-to-market debt strategies in order to capture wider investor focus and deeper liquidity options.

**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 issuers with an independent assessment against which to compare creditworthiness.
- Moody's ratings and research reports may help maintain investor confidence, especially during periods of market stress.



**Planning and budgeting**

- May help issuers when formulating internal capital plans and funding strategies.

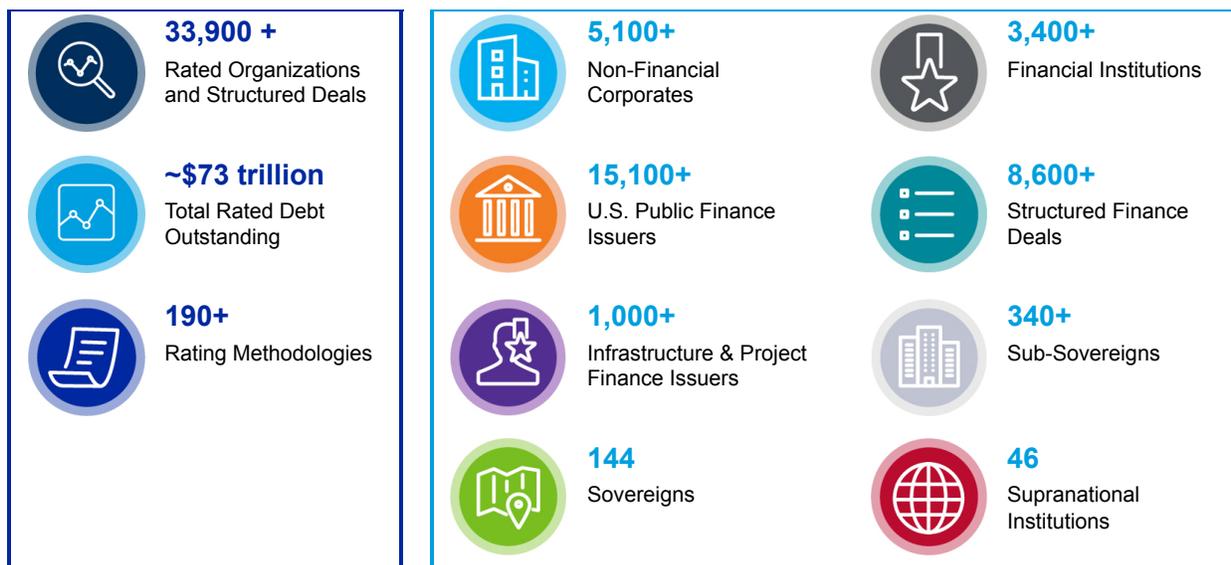


**Analytical capabilities**

- Among ratings advisors, Moody's has a strong position and is well-recognized for the depth and breadth of its analytical capabilities.

Ratings revenue is derived from the originators and issuers of such transactions who use MIS ratings to support the distribution of their debt issues to investors. Ratings are disseminated via press releases to the public primarily through a variety of electronic media, including the internet and real-time information systems widely used by securities traders and investors.

**MIS by the Numbers**



MIS also generates revenue from certain non-ratings-related operations, which primarily consist of financial instruments pricing services in the Asia-Pacific region, revenue from ESG research, data and assessments and revenue from ICRA's non-ratings operations. The revenue from these operations is included in the MIS Other LOB and is not material to the results of the MIS segment.

## Moody's Analytics Overview

Moody's Analytics (MA) is a global provider of: i) data and information; ii) research and insights; and iii) decision solutions, which help customers navigate increasingly complex risks. MA leverages its industry expertise across multiple risks such as credit, market, financial crime, supply chain, catastrophe and climate to deliver integrated risk assessment solutions that enable business leaders to identify, measure and manage the implications of interrelated risks and opportunities. MA's proprietary data, research and analytics combined with cloud-based software tools deliver solutions to meet customer needs as they arise. MA's subscription businesses provide a significant base of recurring revenue to mitigate cyclical changes in debt issuance volumes that may result in volatility in MIS's revenues.

### Helping Customers Navigate Increasing Global Risks

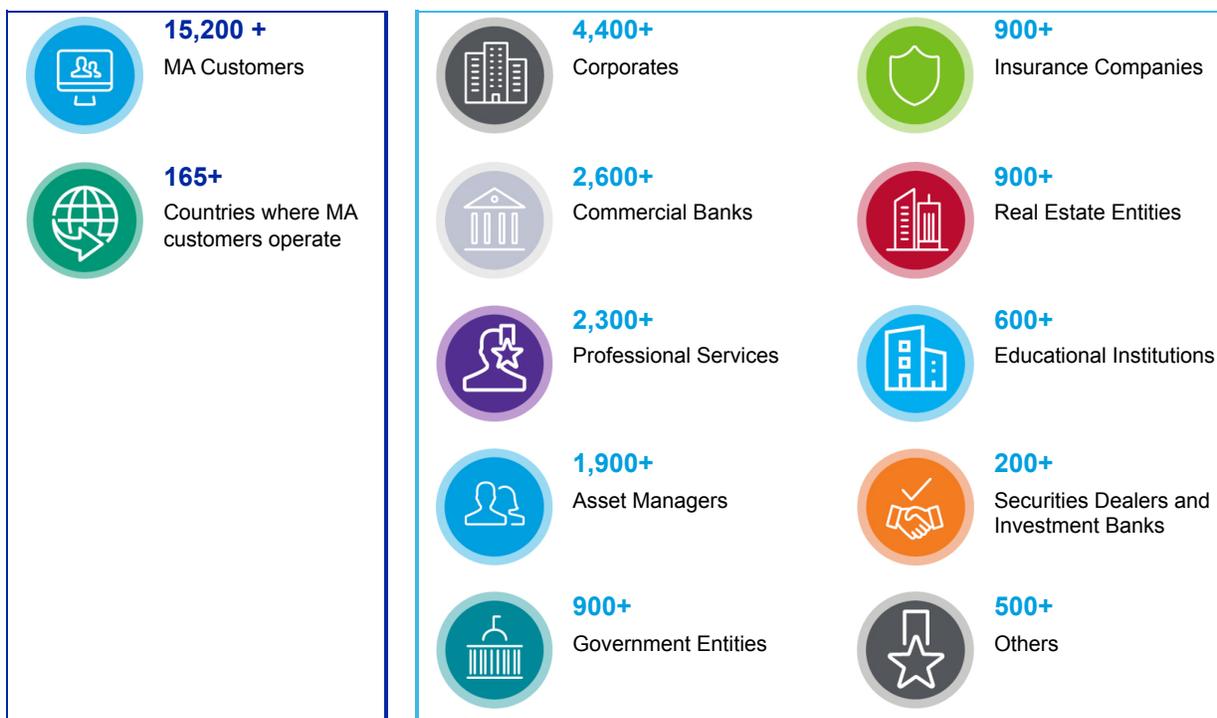
#### GLOBAL RISKS

-  Heightened operational and reputational risks
-  Evolving regulatory environment
-  Climate change
-  Fintech disruption & digitization
-  Complex credit and financial markets

#### MA PROVIDES AN INTEGRATED VIEW OF RISK

- 1 Proprietary data with models, software and expertise that empower customers to better measure, monitor and manage various types of risk
- 2 Unparalleled ability to integrate risk capabilities for unique insights
- 3 Tech-enabled solutions deeply embedded in customers' workflows

### MA by the Numbers



## Sustainability

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

- Validated Moody's long-term net-zero targets with SBTi;
- Rolled out an all-employee training on Sustainability and ESG;
- Received the following awards/recognition: i) featured on the 2022 CDP 'A List' for Climate Action for third consecutive year; ii) included in FTSE4Good Index Series for the fourth consecutive year; iii) received 'Net Zero Transition' award from Reuters Responsible Business; iv) named 'Climate Leader' by the Finance of the Future Awards; v) awarded 'Best ESG Reporting (large-cap)' from IR Magazine U.S. 2022; vi) received 'Sustainability reporting of the year – Americas' from Environmental Finance Company Awards 2022; and vii) included in the Dow Jones Sustainability World Index for the first time;
- Published Moody's 2021 Stakeholder Sustainability report and 2021 TCFD report; and
- Issued a global tax policy.

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

### Three Pillars of Moody's Sustainability Strategy



#### Better Business

*For Moody's operations and value chain*

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



#### Better Lives

*For Moody's people and communities*

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



#### Better Solutions

*For market transformation*

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

## HUMAN CAPITAL

Moody's believes that a workforce representing an array of backgrounds and experiences helps create an environment that maximizes every employee's contribution, widens the leadership pipeline and enhances our work, including the quality of our opinions, products and services.

As of December 31, 2022 and 2021, the number of Moody's employees was as follows:

		December 31,		Change
		2022	2021	%
<b>MIS</b>	U.S.	1,538	1,459	5 %
	Non-U.S.	3,981	3,836	4 %
	<b>Total</b>	<b>5,519</b>	<b>5,295</b>	<b>4 %</b>
<b>MA</b>	U.S.	2,789	2,647	5 %
	Non-U.S.	4,333	3,882	12 %
	<b>Total</b>	<b>7,122</b>	<b>6,529</b>	<b>9 %</b>
<b>MSS</b>	U.S.	741	728	2 %
	Non-U.S.	1,044	908	15 %
	<b>Total</b>	<b>1,785</b>	<b>1,636</b>	<b>9 %</b>
<b>Total MCO</b>	U.S.	5,068	4,834	5 %
	Non-U.S.	9,358	8,626	8 %
	<b>Total</b>	<b>14,426</b>	<b>13,460</b>	<b>7 %</b>

- The MIS employee population primarily consists of credit analysts, data and operations analysts, credit strategy and methodology professionals, software engineers, sales and sales operations, and international strategy teams.
- MA's employee population primarily consists of software engineers, data and operation analysts, advisory and implementation teams and economists, as well as sales and sales support professionals.
- The MSS employee population primarily consists of information technology professionals and other professional staff such as finance, human resources and legal that support both MIS and MA.

As a global integrated risk assessment firm, attracting, supporting and retaining skilled talent is essential to the Company's success. Moody's addresses these goals by:

- championing DE&I among employees;
- providing market-competitive compensation, benefits and wellness programs; and
- advancing employee engagement, including supporting employee learning, development and skills enhancement.

### **Diversity, Equity and Inclusion (DE&I)**

Moody's believes it is imperative to be visible champions of DE&I because differing thoughts and perspectives help to enrich the Company's offerings to its many stakeholders and improve performance and retention. The key objectives for which the Company focuses with respect to these items include:

- incorporating DE&I into Moody's business strategy;
- establishing leadership accountability with respect to diversity, including through executive compensation programs;
- working to increase diverse representation (e.g., women and underrepresented groups);
- continuing to advance women and underrepresented employees in leadership roles;
- enhancing employee training in DE&I matters;
- promoting equal employment opportunities in all aspects of employment;
- designing the Company's compensation practices to provide equal pay for equal work; and
- incorporating market standards, role, experience and performance into compensation decisions.

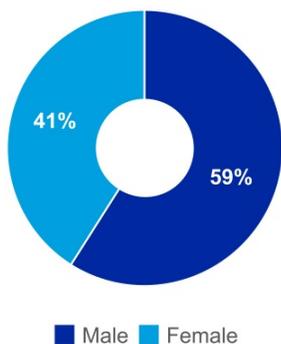
The executive leadership team's focus on these items is vital to attract, support and retain its skilled talent. Additionally, an Executive Diversity Council is tasked with overseeing the implementation and progression of the DE&I strategy and goals across our business. Chaired by our CEO and composed of senior leaders who are committed to DE&I best practices, the members of the council meet quarterly so that DE&I policies are an ongoing focus throughout the company.

Moody's has numerous diversity programs and eleven active business resource groups ("BRGs") that contribute to a more effective and inclusive work environment by fostering the recruitment, development and retention of diverse and talented individuals. The BRGs represent 53 chapters and more than 3,600 employees participating globally as of December 31, 2022. The Company's diversity programs are designed to expand Moody's talent pipeline and include the TIDE program (Talent Aspirations & Alignment, Insights, Development & Career Planning and Exposure & Expansion), which is a high potential employee diversity initiative aimed at elevating women and ethnically diverse employees at the Senior Vice President/Senior Director level and above; and RISE, a global program for women at the Vice President/Director level focused on addressing the unique challenges of women in the workplace.

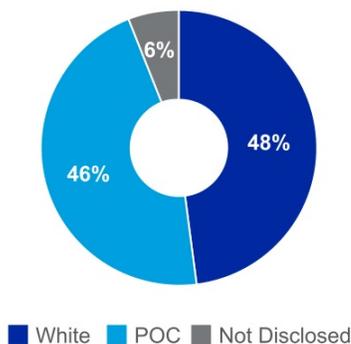
The Company provides and periodically updates information on its BRGs and other diversity, inclusion and equity programs in its various sustainability and stakeholder reports and on its DE&I microsite. See [moodys.com/sustainability](https://moodys.com/sustainability) and [moodys.com/diversity](https://moodys.com/diversity) for these items. The content of those websites is not incorporated by reference herein.

The charts below present additional information regarding the diversity of the Company's workforce as of December 31, 2022. The percentage for people of color ("POC") includes those who identified as Asian, Hispanic, Black, American Indian/Alaskan Native, Hawaiian/Other Pacific Island or two or more races. Officers and Managers are calculated using the job categories: executives, senior managers, mid-level managers, and first-level managers. The following data is based on Company records and may involve estimates or assumptions.

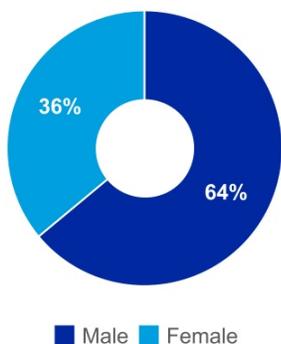
**Total Workforce: Gender**



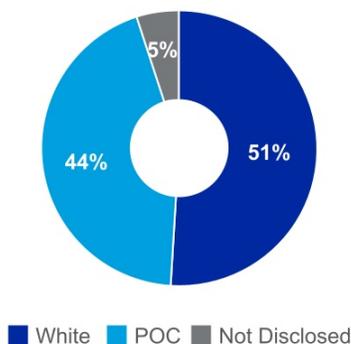
**U.S. Workforce: Ethnicity**



**Total Officers and Managers: Gender <sup>(1)</sup>**



**U.S. Officers and Managers: Ethnicity**



<sup>(1)</sup> Total officers and managers by gender represents approximately 90% of employees (excludes certain non-wholly-owned subsidiaries and newly acquired companies for which this data was not available).

Additionally, approximately 27% of our Board of Directors identified as female and 27% as POC.

**Compensation, Health and Wellness**

Moody's compensation programs are designed to foster and maintain a strong, capable, experienced and motivated global workforce. An important element of the Company's compensation philosophy is aligning compensation to local market standards so that Moody's can attract and retain the highly-skilled talent needed to thrive. The Company's compensation packages include market-competitive salaries, annual bonuses and equity grants for certain employees.

With respect to benefits, the Company views investments in benefits as an investment in its people. Moody's is committed to providing competitive benefits programs designed to care for all employees and their families. The Company's comprehensive programs offer resources for physical and mental health that promote preventive care, awareness and support for a healthy

lifestyle. Beyond delivering health, welfare, retirement benefits, and paid vacation and sick days, Moody's extends other benefits to support its employees and their families, such as parental leave and educational support.

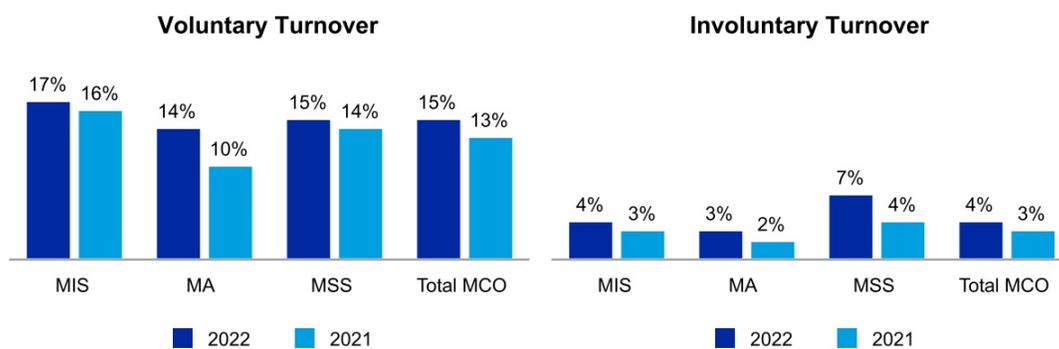
The Company also promotes flexible work arrangements, which support the Company's efforts to create a work atmosphere in which people feel valued and inspired to give their best. To balance the needs of Moody's employees and business, the Company has implemented a "PurposeFirst" framework, which fosters purpose-driven decisions relating to how and where Moody's teams work.

#### **Talent Management, Employee Engagement and Retention**

Moody's talent management framework includes learning and development, talent acquisition, performance management, total rewards, succession planning and leadership development. Each of these areas supports the Company's business strategy and Moody's culture as a diverse, equitable and inclusive place to work. Moody's views learning and development as an investment in its people that aligns their professional goals and interests with the success of the Company and helps to retain talent over the longer-term. A number of training programs are available, including leadership development, professional skills development, and technical skills.

The Company measures employee engagement via multiple channels, including a Business Engagement Survey (BES) for employees to provide anonymous and candid feedback to management. This periodic survey helps Moody's management understand our employees' level of engagement in critical areas, which include, but are not limited to: company strategy; opportunities for employee development; and work/life balance. Managers are accountable for identifying opportunity areas and taking targeted actions based on survey results. The feedback received through the BES is used as a vital input into making decisions to improve employee experience and retention.

Management monitors employee turnover rates as presented in the chart below:



The increase in the Company's voluntary turnover rates in 2022 compared to 2021 is likely due to the overall strength of the global labor market for much of 2022, especially for technology-related jobs. The increase in the Company's involuntary turnover rates in 2022 compared to 2021 is primarily due to the 2022-2023 Geolocation Restructuring Program, which resulted in a reduction in staff, including the relocation of certain job functions.

#### **CLIMATE CHANGE**

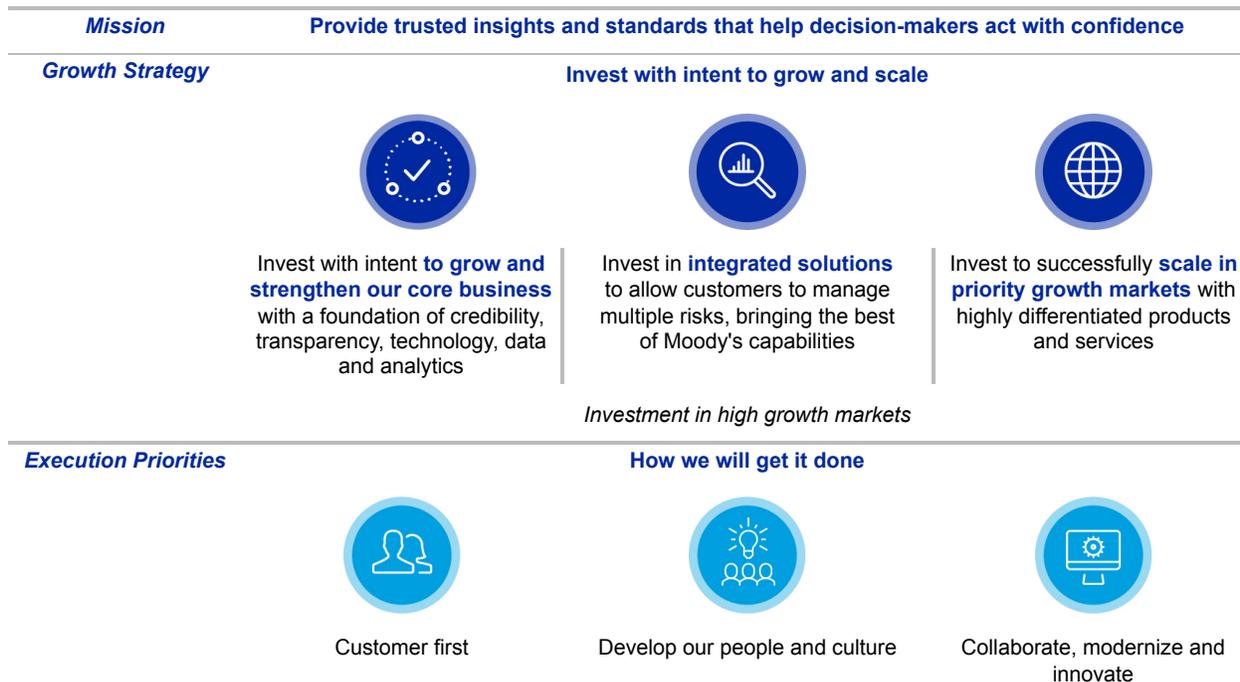
Climate change is a defining issue of our time, and while Moody's has a limited direct environmental impact, we do nonetheless have an important role to play in demonstrating proactive corporate responsibility and best practices when it comes to climate change mitigation. As such, the Company is taking steps to achieve its commitment to net-zero emissions across its operations and value chain by 2040 by publishing its TCFD report on an annual basis, issuing its decarbonization plan and taking actions to achieve its near and long-term net-zero targets.

Moody's Decarbonization Plan outlines tangible strategies for realizing its climate ambitions, including the procurement of 100% of renewable electricity in the Company's office spaces and optimizing efficiencies in its operations through its hybrid work program. The costs associated with the implementation of the Decarbonization Plan are not expected to be material.

Furthermore, Moody's has invested in acquisitions, including RMS, that expand its climate data and analytics capabilities further. To integrate these capabilities into existing offerings, Moody's is enhancing its technology infrastructure to provide its analysts and researchers with streamlined access to consistent and high-quality climate insights. These enhancements will allow Moody's to seamlessly integrate climate considerations into its solutions to enable sustainable decision-making.

**MOODY'S STRATEGY**

Moody's is a global integrated risk assessment firm that empowers organizations to make better decisions. Our data, analytical solutions and insights help decision-makers identify opportunities and manage the risks of doing business with others.



Moody's invests in initiatives to implement the Company's strategy, including internally-led organic development and targeted acquisitions. Illustrative examples include:



**PROSPECTS FOR GROWTH**

Moody's believes that the overall long-term outlook remains favorable for continued growth of the global fixed-income market and related financial information market, which includes information such as credit opinions, research, data, analytics, risk management tools and related services.

Moody's growth is influenced by a number of trends that impact financial information markets including:



Health of the world's major economies



Debt capital markets activity



Disintermediation of credit markets



Fiscal and monetary policy of governments



Expansion of market for integrated data and analytics solutions



Business investment spending, including mergers and acquisitions

In an environment of increasing financial complexity and heightened attention to credit analysis and risk management, Moody's is well positioned to benefit from continued growth in global fixed-income market activity and more widespread use of credit ratings, research and related analytical products. Moody's expects that these developments will support continued long-term demand for high quality, independent credit opinions, research, data, analytics, risk management tools and related services. Moreover, pricing opportunities aligned with customer value creation and advances in information technology present growth opportunities for Moody's.

Moody's operations are subject to various risks, as more fully described in Part I, Item 1A "Risk Factors," inherent in conducting business on a global basis. Such risks include currency fluctuations and possible nationalization, expropriation, exchange and price controls, changes in the availability of data from public sector sources, limits on providing information across borders and other restrictive governmental actions.

**MIS Prospects for Growth**

Strong secular trends should continue to provide long-term growth opportunities in MIS. Key growth drivers include:



**EXPANDING GLOBAL GDP**  
Debt issuance driven by global GDP growth



**ONGOING INCREASE IN REFUNDING WALLS**  
Refunding needs support MIS growth



**AGENCY OF CHOICE**  
Trusted brand recognized for in-depth insights and research



**GEOGRAPHIC EXPANSION**  
Serving domestic markets via Moody's Local and affiliates in key markets



**ENHANCING CAPABILITIES**  
Meeting customers' evolving risk assessment demands, including ESG & Climate and Cyber



**BANK DISINTERMEDIATION**  
Disintermediation of credit is an ongoing trend in the global capital markets

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In addition to the factors noted above, growth in global fixed income markets in a given year is dependent on many macroeconomic and capital market factors including:



Rating fees paid by debt issuers account for most of the revenue of MIS. Therefore, a substantial portion of MIS's revenue is dependent upon the dollar-equivalent volume and number of ratable debt securities issued in the global capital markets. However, annual fee arrangements with frequent debt issuers, annual debt monitoring fees and annual fees from commercial paper and medium-term note programs, bank deposit ratings, insurance company financial strength ratings, mutual fund ratings, and other areas partially mitigate MIS's dependence on the volume or number of new debt securities issued in the global fixed-income markets.

### MA Prospects for Growth

As an integrated risk assessment business, MA helps customers build resilience by providing tools to measure the financial implications of risk and capitalize on related opportunities. Growth in MA is likely to be driven by expansion across customer sectors fostered by a broadening of MA's data, analytics and software solutions to meet an expanded set of customer use cases.

MA's business growth is driven by a number of factors, including:



Moody's expects that MA products and services that measure and manage risk, provide business insights, and enable compliance with financial regulation, including AML, KYC, and accounting standards, will continue to be in demand from institutions worldwide. To respond to other sources of demand and drive growth, MA is actively investing in new product innovation, enhanced data sets and improved delivery services (e.g., software-as-a-service). These efforts should support broader distribution of MA's capabilities, deepen relationships with existing customers and drive new customer acquisition.

### Competition

MIS competes with other CRAs and with investment banks and brokerage firms that offer credit opinions and research. Many users of MIS's ratings also have in-house credit research capabilities. There are also some rating markets, based on industry, geography and/or instrument type, in which Moody's has made investments and obtained market positions superior to its competitors, while in other markets, the reverse is true.

MA competes broadly in the financial information and enterprise risk software industries against various diversified competitors. MA's main competitors within Decision Solutions are providers of software and analytic solutions. In Research & Insights, MA faces competition from providers of economic data, financial research and analysis. MA's main competitors within Data & Information are providers of commercial and financial data.

### Regulation

MIS, certain of the Company's credit rating affiliates and many of the issuers and/or securities that MIS and the affiliates rate, are subject to extensive regulation in the U.S., EU and in other countries (including by state and local authorities). In addition, some of the services offered by MA and its affiliates are subject to regulation in a number of countries. MA also derives a significant amount of its sales from banks and other financial services providers who are subject to regulatory oversight and who are required to pass through certain regulatory requirements to key suppliers such as MA. Existing and proposed laws and regulations can impact the Company's operations, products and the markets in which the Company operates. Additional laws and regulations have been proposed or are being considered. Each of the existing, adopted, proposed and potential laws and regulations can increase the costs and legal risk associated with the Company's operations, including the issuance of credit ratings, and may negatively impact the Company's profitability and ability to compete, or result in changes in the demand for the Company's products and services, in the manner in which the Company's products and services are utilized and in the manner in which the Company operates.

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In the U.S., CRAs are subject to extensive regulation primarily pursuant to the Reform Act and the Dodd-Frank Act. The Reform Act added Section 15E to the Exchange Act and provided the SEC with the authority to establish a registration and oversight program for CRAs registered as NRSROs. The Dodd-Frank Act added additional provisions to Section 15E.

In the EU, the CRA industry is registered and supervised through a pan-EU regulatory framework. ESMA has direct supervisory responsibility for registered CRAs throughout the EU. MIS's EU CRA subsidiaries are registered and are subject to CRA regulation in the EU and periodic inspection by ESMA. From time to time, ESMA publishes interpretive guidance, or thematic reports regarding various aspects of the CRA regulation and, annually, sets out its work program for the forthcoming year. The Commission is moving forward with their sustainable finance strategy which was released in July 2021. This includes further assessments in respect of both CRAs and sustainability ratings and research, which might lead to legislative action.

On December 31, 2020, the MIS U.K. registered CRA ceased to be registered with and regulated by ESMA and became subject to regulation by the U.K. Financial Conduct Authority (FCA). Regulatory arrangements also came into effect in both the U.K. and the EU to allow credit ratings to be available for regulatory use in both the EU and the U.K. MIS has put arrangements in place to endorse its U.K. credit ratings into the EU and its EU credit ratings into the U.K. The FCA has recently stated that it intends to launch a review of competition in the market for credit rating data feeds during the first quarter of 2023. The U.K. Government is also considering bringing ESG data and ratings firms within the scope of FCA authorization and regulation.

### **Intellectual Property**

Moody's and its affiliates own and control a variety of intellectual property, including but not limited to:



Management of Moody's believes that each of the trademarks and related corporate names, marks and logos relating to its businesses, including those containing the term "Moody's", are of material importance to the Company.

The Company, primarily through MA and its subsidiaries, licenses certain of its databases, software applications, credit risk models, research and other publications and services that contain intellectual property to its customers. In addition, the Company licenses certain databases, software applications, assessments, research and other publications and services relating to ESG and climate risks that contain intellectual property to its customers. These licenses are provided pursuant to standard agreements containing customary restrictions and intellectual property protections.

In addition, Moody's licenses from third parties certain technology, data and other intellectual property rights. Specifically, Moody's obtains licenses from third parties to use financial information (such as market and index data, financial statement data, research data, default data, and security identifiers) as well as software development tools and libraries. In addition, certain of the Company's subsidiaries obtain from third party information providers certain financial, credit risk, compliance, management, ownership, news and/or other data worldwide, which are distributed through certain of Moody's information products. The Company obtains such technology and intellectual property rights from generally available commercial sources. The Company also utilizes generally available open source software and libraries for internal use and subject to appropriately permissive open source licenses, to carry out routine functions in certain of the Company's software products. Most of such technology and intellectual property is available from a variety of sources. Although certain financial information (particularly security identifiers, certain pricing or index data, and certain company financial data in selected geographic markets) is available from a limited number of sources, Moody's does not believe it is dependent on any one data source for a material aspect of its business.

The names of Moody's products and services referred to herein are trademarks, service marks or registered trademarks or service marks owned by or licensed to Moody's or one or more of its affiliates. The Company owns patents (including granted, allowed and pending patents). None of the Company's intellectual property is subject to a specific expiration date, except to the extent that the patents and the copyright in items that the Company creates (such as credit reports, research, software, and other written opinions) expire pursuant to relevant law.

The Company considers its intellectual property to be proprietary, and Moody's relies on a combination of copyright, trademark, trade secret, patent, non-disclosure and other contractual and technological safeguards for protection. Moody's also pursues instances of third-party infringement of its intellectual property in order to protect the Company's rights.

#### Available Information

Moody's investor relations internet website is <https://ir.moody's.com/>. Under the "SEC Filings" tab at this website, the Company makes available free of charge its annual reports on Form 10-K, proxy and other information statements, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after they are filed with, or furnished to, the SEC.

The SEC maintains an internet site that contains annual, quarterly and current reports, proxy and other information statements that the Company files electronically with the SEC. The SEC's internet site is <https://www.sec.gov/>.

#### Information About Our Executive Officers

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##### Name, Age, Position and Biographical Data

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**Robert Fauber, 52**  
*President and Chief Executive Officer*

Mr. Fauber has served as the Company's President and Chief Executive Officer since January 2021. Mr. Fauber joined the Board of Directors in October 2020 and he currently serves on the Executive Committee of the Board of Directors. Prior to serving as CEO, Mr. Fauber served as Chief Operating Officer from November 2019 to December 2020, as President of MIS from June 2016 to October 2019, as Senior Vice President—Corporate & Commercial Development of Moody's Corporation from April 2014 to May 2016, and was Head of the MIS Commercial Group from January 2013 to May 2016. From April 2009 through April 2014, he served as Senior Vice President—Corporate Development of Moody's Corporation. Mr. Fauber served as Vice President—Corporate Development from September 2005 to April 2009. Prior to joining Moody's, Mr. Fauber served in several roles at Citigroup and its investment banking subsidiary.



**John J. Goggins, 62**  
*Executive Vice President and General Counsel*

Mr. Goggins has served as the Company's Executive Vice President and General Counsel since April 2011 and the Company's Senior Vice President and General Counsel from October 2000 until April 2011. Mr. Goggins joined Moody's Investors Service, Inc. in February 1999 as Vice President and Associate General Counsel.



**Mark Kaye, 43**  
*Executive Vice President and Chief Financial Officer*

Mr. Kaye has served as the Company's Executive Vice President—Chief Financial Officer since April 2021 and as Senior Vice President—Chief Financial Officer from August 2018 to April 2021. Prior to joining the Company, Mr. Kaye was Senior Vice President and Head of Financial Planning and Analysis at Massachusetts Mutual Life Insurance Company (MassMutual) since February 2016, and Chief Financial Officer of MassMutual U.S. since July 2015. Prior to that, Mr. Kaye served as Chief Financial Officer and Senior Vice President, Retirement Solutions, at Voya Financial from 2011 to 2015. Mr. Kaye previously held various senior financial and risk reporting positions at ING U.S. and ING Group, and was in the investment banking division of Credit Suisse First Boston.

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**Name, Age, Position and Biographical Data**

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**Caroline Sullivan, 54**

*Chief Accounting Officer and Corporate Controller*

Ms. Sullivan has served as the Company's Chief Accounting Officer and Corporate Controller since December 2018. Prior to joining the Company, Ms. Sullivan served in several roles at Bank of America from 2011 to 2018, where her last position held was Managing Director and Global Banking Controller. Prior to that role, Ms. Sullivan supported the Global Wealth & Investment Management business from 2015 to 2017 in a variety of positions including Controller. Ms. Sullivan, a CPA, previously held various senior positions at several banks and a major accounting firm, and is a member of the Board of Directors of Financial Executives International.



**Stephen Tulenko, 55**

*President, Moody's Analytics*

Mr. Tulenko has served as President of Moody's Analytics since November 2019. Mr. Tulenko served as Executive Director of ERS from 2013 to October 2019 and as Executive Director of Global Sales, Customer Service and Marketing from 2008 to 2013. Prior to the formation of Moody's Analytics, he held various sales, product development and product strategy roles at Moody's Investors Service, Inc. Mr. Tulenko joined Moody's in 1990.



**Michael West, 54**

*President, Moody's Investors Service*

Mr. West has served as President of Moody's Investors Service, Inc. since November 2019. Mr. West served as Managing Director—Head of MIS Ratings and Research from June 2016 to October 2019. Previously, Mr. West served as Managing Director—Head of Global Structured Finance from February 2014 to May 2016 and Managing Director—Head of Global Corporate Finance from January 2010 to January 2014. Earlier in his career, he was also responsible for the research strategy for the ratings businesses and before that led Corporate Finance for the EMEA Region, European Corporates and the EMEA leveraged finance business. Prior to joining Moody's in 1998, Mr. West worked at Bank of America and HSBC in various credit roles.

## ITEM 1A. RISK FACTORS

Please carefully consider the following discussion of significant factors, events and uncertainties that make an investment in the Company's securities risky and provide important information for the understanding of the "forward-looking" statements discussed in Item 7 of this Form 10-K and elsewhere. These risk factors should be read in conjunction with the other information in this annual report on Form 10-K.

The events and consequences discussed in these risk factors could, in circumstances the Company may not be able to accurately predict, recognize, or control, have a material adverse effect on Moody's business, financial condition, operating results (including components of the Company's financial results such as sales and profits), cash flows and stock price. These risk factors do not identify all risks that Moody's faces. The Company could also be affected by factors, events, or uncertainties that are not presently known to the Company or that the Company currently does not consider to present significant risks. In addition to the effects of general economic conditions, including inflation and related monetary policy actions in response to inflation, and resulting global disruptions on our business and operations discussed in Item 7 of this Form 10-K and in the risk factors below, additional or unforeseen effects from the global economic climate may give rise to or amplify many of these risks discussed below.

### **A. Legal and Regulatory Risks**

#### ***Moody's Faces Risks Related to U.S. Laws and Regulations Affecting the Credit Rating Industry and Moody's Customers.***

Moody's operates in a highly regulated industry and is subject to extensive regulation by federal, state and local authorities in the U.S., including the Reform Act and the Dodd-Frank Act. These regulations are complex, continually evolving and have tended to become more stringent over time. Additionally, changes in Congress may increase the uncertainty with regard to potential changes in these laws and regulations and the enforcement of any new or existing legislation or directives by government authorities. See "Regulation" in Part I, Item 1 of this annual report on Form 10-K for more information. The current laws and regulations:

- seek to encourage, and may result in, increased competition among CRAs and in the credit rating business;
- may result in alternatives to credit ratings or changes in the pricing of credit ratings;
- restrict the use of information in the development or maintenance of credit ratings;
- increase regulatory oversight of the credit markets and CRA operations;
- provide the SEC with direct jurisdiction over CRAs that seek NRSRO status, and grant authority to the SEC to inspect the operations of CRAs; and
- provide for enhanced oversight standards and specialized pleading standards, which may result in increases in the number of legal proceedings claiming liability for losses suffered by investors on rated securities and aggregate legal defense costs.

If these laws and regulations, and any future rulemaking or court rulings, reduce demand for credit ratings or increase costs, Moody's may be unable to pass such costs through to customers. In addition, there may be uncertainty over the scope, interpretation and administration of such laws and regulations. The Company's compliance and efforts to mitigate the risk of fines, penalties or other sanctions can result in significant expenses. Legal proceedings that are increasingly lengthy can result in uncertainty over and exposure to liability.

It is difficult to accurately assess the future impact of legislative and regulatory requirements on Moody's business and its customers' businesses. For example, new laws and regulations may affect MIS's communications with issuers as part of the rating assignment process, alter the manner in which MIS's credit ratings are developed, assigned and communicated, affect the manner in which MIS or its customers or users of credit ratings operate, impact the demand for MIS's credit ratings and alter the economics of the credit ratings business, including by restricting or mandating business models for CRAs. Further, speculation concerning the impact of legislative and regulatory initiatives and the increased uncertainty over potential liability and adverse legal or judicial determinations may negatively affect Moody's stock price. Although these legislative and regulatory initiatives apply to CRAs and credit markets generally, they may affect Moody's in a disproportionate manner. Each of these developments increase the costs and legal risk associated with the issuance of credit ratings and can have a material adverse effect on Moody's operations, profitability and competitiveness, the demand for credit ratings and the manner in which such ratings are utilized.

In addition, MA derives a significant amount of its sales from banks and other financial services providers who are subject to regulatory oversight. U.S. banking regulators, including the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau, as well as many state agencies, have issued guidance to insured depository institutions and other providers of financial services on assessing and managing risks associated with third-party relationships, which include all business arrangements between a financial services provider and another entity, by contract or otherwise, and generally requires banks and financial services providers to exercise comprehensive oversight throughout each phase of a bank or financial service provider's business arrangement with third-party service providers, and instructs banks and financial service providers to adopt risk management processes commensurate with the level of risk and complexity of their third-party relationships. In light of this, MA's existing or potential bank and financial services customers subject to this guidance have sought to and may further revise their third-party risk management policies and processes and the terms on which they do business with MA. This can result in delayed or reduced sales to such customers, adversely affect MA's relationship with such customers, increase the costs of doing business with such customers and/or result in MA assuming greater financial and legal risk under service agreements with such customers.

**Moody's Faces Risks Related to Financial Reforms Outside the U.S. Affecting the Credit Rating Industry and Moody's Customers.**

In addition to the extensive and evolving U.S. laws and regulations governing the industry, foreign jurisdictions have taken measures to regulate CRAs and the markets for credit ratings. In particular, the EU has adopted a common regulatory framework for CRAs operating in the EU and continues to monitor the credit rating industry and analyze approaches that may strengthen existing regulation. Credit ratings emanating from outside the EU are subject to ESMA's oversight if they are endorsed into the EU. Additionally, other foreign jurisdictions have taken measures to increase regulation of CRAs and markets for credit ratings. See "Regulation" in Part 1, Item 1 of this annual report on Form 10-K for more information.

The EU and other jurisdictions, as discussed further below, adopt legislation and engage in rulemaking on an ongoing basis that significantly impacts operations and the markets for the Company's products and services. Future laws and regulations could extend to products and services not currently regulated. These regulations could: (i) affect the need for debt securities to be rated, (ii) expand supervisory remits to include credit ratings issued outside the home jurisdiction and used for regulatory purposes, (iii) increase the level of competition in the market for credit ratings, (iv) establish criteria for credit ratings or limit the entities authorized to provide credit ratings, (v) restrict the collection, use, accuracy, correction and sharing of personal information by CRAs, or (vi) regulate pricing (for example to require fees that are based on costs and are non-discriminatory) on products and services provided by MA such as those products that incorporate credit ratings and research originated by MIS. Future regulations could also affect products and services the Company offers in the ESG sector.

Following the Brexit implementation period that ended December 31, 2020 the MIS U.K. registered CRA ceased to be registered with and regulated by ESMA and became subject to regulation by the U.K. Financial Conduct Authority ("FCA"). MIS put arrangements in place to endorse its U.K. credit ratings into the EU and its EU credit ratings into the U.K. On December 31, 2020, the U.K. also onshored the EU CRA Regulation, with certain necessary modifications, into U.K. domestic law (the "U.K. CRA Regulation"). The U.K. CRA Regulation contains requirements for the registration, regulation and supervision of CRAs based in the U.K. It also sets out the circumstances in which U.K. financial institutions can use credit ratings for regulatory purposes, as well as specific obligations for issuers, originators and sponsors relating to structured finance instruments. It is unclear if the regulation of CRAs in the EU and the U.K. will differ over time, and divergent regulation between the EU and the U.K. over time or differing interpretations by the FCA and ESMA of CRA regulation could adversely affect MIS's business through additional operating obligations and resulting increased cost.

In February 2022, the FCA published a portfolio letter on its CRA supervision strategy. Among other things, the FCA explained that it takes a holistic approach to supervising CRAs. This means that if a CRA or the group to which it belongs also carries on unregulated activities (for example, ESG ratings), the FCA may assess these unregulated activities as part of its supervision of regulated activities. CRAs need to be able to demonstrate that they have considered, and are actively managing, potential risks from any unregulated activities. The FCA also identified its supervisory priorities for CRAs, which consist of: ratings process and methodologies; governance and oversight; market and perimeter risks; and operational resilience and resourcing. The FCA also identified some other priority areas where it will be carrying out work relevant to CRAs, including a market study on accessing and using wholesale data and ongoing work on ESG ratings.

Both of Moody's segments face risks related to financial reforms outside the U.S. affecting the credit rating industry and Moody's customers. MIS is a registered entity and is therefore subject to formal regulation and periodic or other inspections in the EU and other foreign jurisdictions, such as, but not limited to, Hong Kong and China, where it operates through registered subsidiaries. For example:

- In the EU and the U.K., applicable rules include procedural requirements with respect to credit ratings of sovereign issuers, liability for intentional or grossly negligent failure to abide by applicable regulations, mandatory rotation requirements of CRAs hired by issuers of securities for credit ratings of resecuritizations, and restrictions on CRAs or their shareholders if certain ownership thresholds are crossed. Additional procedural and substantive requirements include conditions for the issuance of credit ratings, rules regarding the organization of CRAs, restrictions on activities deemed to create a conflict of interest, including requirements that fees be based on costs and non-discriminatory, and special requirements for credit ratings of structured finance instruments.
- In Hong Kong, applicable rules include liability for the intentional or negligent dissemination of false and misleading information and procedural requirements for the notification of certain matters to regulators. In addition, MIS Hong Kong is subject to a code of conduct applicable to CRAs that imposes procedural and substantive requirements on the preparation and issuance of credit ratings, restrictions on activities deemed to create a conflict of interest including the disclosure of its compensation arrangements with rated entities and special requirements for credit ratings of structured finance instruments. A failure to comply with these procedural and substantive requirements also exposes MIS Hong Kong to the risk of regulatory enforcement action which could result in financial penalties or, in serious cases, affect its ability to conduct credit rating activities in Hong Kong.
- In China, while MIS is not a licensed CRA, it does issue global credit ratings on Chinese issuers from offices outside of China. In addition, the Company holds a 30% investment in CCXI, a domestic CRA licensed in China. China has laws applicable to domestic CRAs as well as foreign investment in such entities and entities in general (including national security review). Such laws are broadly crafted and the implementation and interpretation of such laws are subject to the broad discretion of Chinese regulators, which could affect the Company's ability to conduct business in China.

- In addition, U.S. economic sanctions have increasingly targeted Chinese persons. In response, China issued a blocking statute that establishes a framework for limiting the effect of foreign sanctions on Chinese persons. Blocking statutes typically create conflicts of law. An entity that is subject to conflicting laws in multiple jurisdictions may need to determine a means to comply with such laws. Such conflicts could eventually affect the ability of entities to adhere to applicable laws.

With respect to MA, regulators in Europe and other foreign markets in which MA is active have issued guidance similar to that issued in the U.S. relating to financial institutions' assessment and management of risks associated with third-party relationships. In light of this, MA's existing or potential bank and financial services customers subject to this guidance have sought and may further revise their third-party risk management policies and processes and the terms on which they do business with MA. This can result in delayed or reduced sales to such customers, adversely affect MA's relationship with such customers, increase the costs of doing business with such customers and/or result in MA assuming greater financial and legal risk under service agreements with such customers.

Although Moody's will monitor developments related to financial reforms outside the U.S. affecting the credit rating industry and Moody's customers, Moody's cannot predict the extent of such future laws and regulations, and the effect that they will have on Moody's business or the potential for increased exposure to liability could be significant. For example, compliance with the EU, U.K. and other foreign regulations may increase costs of operations and could have a significant negative effect on Moody's operations, profitability or ability to compete, or the markets for its products and services, including in ways that Moody's presently is unable to predict. In addition, exposure to increased liability under the EU, U.K. regulations and regulations of other foreign jurisdictions may further increase costs and legal risks associated with the issuance of credit ratings and materially and adversely impact Moody's results of operations. Financial reforms in the EU, U.K. and other foreign jurisdictions may have a material adverse effect on Moody's business, operating results and financial condition.

***The Company Faces Exposure to Litigation and Government Regulatory Proceedings, Investigations and Inquiries Related to Rating Opinions and Other Business Practices.***

Moody's faces exposure to litigation and government and regulatory proceedings, investigations and inquiries related to MIS's ratings actions, as well as other business practices and products within both MIS and MA. When the market value of credit-dependent instruments has declined or defaults have occurred, whether as a result of difficult economic times, turbulent markets or otherwise, the number of investigations and legal proceedings that Moody's has faced has increased significantly. Parties who invest in securities rated by MIS have pursued claims against MIS or Moody's for losses they faced in their portfolios. For instance, Moody's faced numerous class action lawsuits and other litigation, government investigations and inquiries concerning events linked to the U.S. subprime residential mortgage sector and broader deterioration in the credit markets during the financial crisis of 2007-2008. Evolving expectations on ESG disclosures and reporting could also result in new regulatory actions at a corporate and business unit level. Legal proceedings impose additional expenses on the Company and require the attention of senior management to an extent that may significantly reduce their ability to devote time to addressing other business issues, and any of these proceedings, investigations or inquiries could ultimately result in adverse judgments, damages, fines, penalties or activity restrictions. Risks relating to legal proceedings are heightened in foreign jurisdictions that lack the legal protections or liability standards comparable to those that exist in the U.S. In addition, new laws and regulations have been and may continue to be enacted that establish lower liability standards, shift the burden of proof or relax pleading requirements, thereby increasing the risk of successful litigations in the U.S. and in foreign jurisdictions. These litigation risks are often difficult to assess or quantify. Moody's may not have adequate insurance or reserves to cover these risks, and the existence and magnitude of these risks often remains unknown for substantial periods of time. Furthermore, when Moody's is unable to achieve dismissals at an early stage and litigation matters proceed to trial, the aggregate legal defense costs incurred by Moody's increase substantially, as does the risk of an adverse outcome.

Additionally, as litigation or the process to resolve pending matters progresses, Moody's will continue to review the latest information available and may change its accounting estimates, which could require Moody's to record or increase liabilities in the consolidated financial statements in future periods. See Note 21 to the consolidated financial statements for more information regarding ongoing investigations and civil litigation that the Company currently faces. Due to the number of these proceedings and the significant amount of damages sought, there is a risk that Moody's will be subject to judgments, settlements, fines, penalties or other adverse results that have a material adverse effect on its business, operating results and financial condition.

***The Company Is Exposed to Risks Related to Its Compliance and Risk Management Programs.***

Moody's operates in a number of countries, and as a result the Company is required to comply with and quickly adapt to numerous international and U.S. federal, state and local laws and regulations. The Company's ability to comply with applicable laws and regulations, including anti-corruption, antitrust and securities trading laws, is largely dependent on its establishment and maintenance of compliance, review and reporting systems, as well as its ability to attract and retain qualified compliance and risk management personnel. Moody's policies and procedures to identify, evaluate and manage the Company's risks, including risks resulting from acquisitions, may not be fully effective, and Moody's employees or agents may engage in misconduct, fraud or other errors. It is not always possible to deter such errors, and the precautions the Company takes to prevent and detect this activity may not be effective in all cases. If Moody's employees violate its policies or if the Company's risk management methods are not effective, the Company may be subject to criminal and civil liability, the suspension of the Company's employees, fines, penalties, regulatory sanctions, injunctive relief, exclusion from certain markets or other penalties, and may suffer harm to its reputation, financial condition and operating results.

**Moody's Faces Risks Related to Protecting Its Intellectual Property Rights.**

Moody's considers many aspects of its products and services to be proprietary. Failure to protect the Company's intellectual property adequately could harm its reputation and affect the Company's ability to compete effectively. Businesses the Company acquires also involve intellectual property portfolios, which increase the challenges the Company faces in protecting its strategic advantage. In addition, the Company's operating results can be adversely affected by inadequate or changing legal and technological protections for intellectual property and proprietary rights in some jurisdictions and markets. The lack of strong legal and technological intellectual property protections in foreign jurisdictions in which we operate may increase our vulnerability and may pose risks to our business. From time to time, laws are passed that require publication of certain information, in some cases at no cost, that the Company considers to be its intellectual property and that it currently sells or licenses for a fee, which could result in lost revenue.

Unauthorized third parties may also try to obtain and use technology or other information that the Company regards as proprietary. It is also possible that Moody's competitors or other entities could obtain patents related to the types of products and services that Moody's offers, and attempt to require Moody's to stop developing or marketing the products or services, to modify or redesign the products or services to avoid infringing, or to obtain licenses from the holders of the patents in order to continue developing and marketing the products and services. Even if Moody's attempts to assert or protect its intellectual property rights through litigation, it may require considerable cost, time and resources to do so, and there is no guarantee that the Company will be successful. The Company's ability to establish, maintain and protect its intellectual property and proprietary rights against theft, misappropriation or infringement could be materially and adversely affected by insufficient and/or changing proprietary rights and intellectual property legal protections in some jurisdictions and markets. These risks, and the cost, time and resources needed to address them, may increase as the Company's business grows and its profile rises in countries with intellectual property regimes that are less protective than the rules and regulations applied in the United States.

**Moody's Faces Risks Related to Tax Matters, Including Changes in Tax Rates or Tax Rules.**

As a global company, Moody's is subject to taxation in the United States and various other countries and jurisdictions. As a result, our effective tax rate is determined based on the taxable income and applicable tax rates in the various jurisdictions in which the Company operates. Moody's future tax rates could be affected by changes in the composition of earnings in countries or states with differing tax rates or other factors, including by increased earnings in jurisdictions where Moody's faces higher tax rates, losses incurred in jurisdictions for which Moody's is not able to realize the related tax benefit, or changes in foreign currency exchange rates. Changes in the tax, accounting and other laws, treaties, regulations, policies and administrative practices, or changes to their interpretation or enforcement, including changes applicable to multinational corporations such as the Base Erosion Profit Shifting and the global minimum tax rate initiatives being led by the Organization for Economic Co-operation and Development, which requires companies to disclose more information to tax authorities on operations around the world, and the European Union's state aid rulings, could have a material adverse effect on the Company's effective tax rate, results of operations and financial condition and may lead to greater audit scrutiny of profits earned in various countries.

In addition, Moody's is subject to regular examination of its income tax returns by the Internal Revenue Service and other tax authorities around the world. Moody's regularly assesses the likelihood of favorable or unfavorable outcomes resulting from these examinations to determine the adequacy of its provision for income taxes, including unrecognized tax benefits; however, developments in an audit or litigation could materially and adversely affect the Company. Although the Company believes its tax estimates and accruals are reasonable, there can be no assurance that any final determination will not be materially different than the treatment reflected in its income tax provisions, accruals and unrecognized tax benefits, which could materially and adversely affect the Company's business, operating results, cash flows and financial condition.

**B. Risks Related to our Business**

***The Company is Exposed to Legal, Economic, Operational and Regulatory Risks of Operating in Multiple Jurisdictions.***

Moody's conducts operations in various countries outside the U.S. and derives a significant portion of its revenue from foreign sources. Changes in the economic condition of the various foreign economies in which the Company operates have an impact on the Company's business. For example, economic uncertainty in the Eurozone or elsewhere, including, but not limited to, in Latin America or China, affects the number of securities offerings undertaken within those particular areas. In addition to the risks addressed elsewhere in this section, operations abroad expose Moody's to a number of legal, economic and regulatory risks such as:

- economic and geopolitical market conditions, including the effect of these conditions on customers and customer retention;
- exposure to exchange rate movements between foreign currencies and USD;
- restrictions on the ability to convert local currency into USD and the costs, including the tax impact, of repatriating cash held by entities outside the U.S.;
- U.S. laws affecting overseas operations, including domestic and foreign export and import restrictions, tariffs and other trade barriers and restrictions, such as those related to the U.S.'s relationship with China and embargoes and sanctions laws with respect to Russia, including the ongoing conflict between Ukraine and Russia, and Venezuela;
- differing and potentially conflicting legal or civil liability, compliance and regulatory standards;

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- current and future regulations relating to the imposition of mandatory rotation requirements on CRAs hired by issuers of securities;
- uncertain and evolving laws and regulations, including those applicable to the financial services industries, such as the European Union’s implementation of the Markets in Financial Instruments Directive II, MiFID II, in January 2018, and to the protection of intellectual property;
- uncertainty regarding the future relationship between the U.S. and China, which may result in further restrictions or actions by the U.S. government with respect to doing business in China and/or by the Chinese government with respect to business conducted by foreign entities in China;
- the possibility of nationalization, expropriation, price controls and other restrictive governmental actions;
- competition with CRAs that have greater familiarity, longer operating histories and/or support from local governments or other institutions;
- uncertainties in obtaining data and creating products and services relevant to particular geographic markets;
- reduced protection for intellectual property rights;
- longer payment cycles and possible problems in collecting receivables;
- differing accounting principles and standards;
- difficulties in staffing and managing foreign operations;
- difficulties and delays in translating documentation into foreign languages;
- potentially adverse tax consequences; and
- complexities of compliance with employment laws and new data and cybersecurity rules in numerous jurisdictions.

Additionally, Moody’s is subject to complex U.S., foreign and other local laws and regulations that are applicable to its operations abroad, such as laws and regulations governing economic and trade sanctions, tariffs, embargoes, and anticorruption including the Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act of 2010 and other similar local laws. The internal controls, policies and procedures and employee training and compliance programs to deter prohibited practices the Company has implemented may not be effective in preventing employees, contractors or agents from violating or circumventing such internal policies or from material violations of applicable laws and regulations. Any determination or allegations, even if unfounded, that the Company has violated sanctions, anti-bribery or anti-corruption laws could have a material adverse effect on Moody’s business, operating results and financial condition. Compliance with international and U.S. laws and regulations that apply to the Company’s international operations increases the cost of doing business in foreign jurisdictions. Violations of such laws and regulations may result in severe fines and penalties, criminal sanctions, administrative remedies, and restrictions on business conduct and could have a material adverse effect on Moody’s reputation, its ability to attract and retain employees, its business, operating results and financial condition.

### ***Moody’s Operations are Exposed to Risks from Infrastructure Malfunctions or Failures.***

Moody’s ability to conduct business may be materially and adversely impacted by a disruption in the infrastructure that supports its businesses and the communities in which Moody’s is located, including: (i) New York City, the location of Moody’s headquarters, (ii) major cities worldwide in which Moody’s has offices, (iii) locations in Europe that may be affected by the conflict in Russia/Ukraine; and (iv) locations in China used for certain Moody’s work. This may include a disruption involving physical or technological infrastructure (whether or not controlled by the Company), including the Company’s electronic delivery systems, the Company’s data center facilities, or the Internet, used by the Company or third parties with or through whom Moody’s conducts business. Many of the Company’s products and services are delivered electronically and the Company’s customers depend on the Company’s ability to receive, store, process, transmit and otherwise rapidly handle very substantial quantities of data and transactions on computer-based networks. Some of Moody’s operations require complex processes and the Company’s extensive controls to reduce the risk of error inherent in our operations cannot eliminate such risk completely. To the extent the Company grows through acquisitions, newly acquired businesses may not have invested in technological infrastructure and disaster recovery to the same extent as Moody’s has. As their systems are integrated into Moody’s, a vulnerability could be introduced, which could impact platforms across the Company. The Company’s customers also depend on the continued capacity, reliability and security of the Company’s telecommunications, data centers, networks and other electronic delivery systems, including its websites and connections to the Internet. The Company’s employees also depend on these systems for internal use. Any significant failure, compromise, cyber-breach, interruption or a significant slowdown of operations of the Company’s infrastructure, whether due to human error, capacity constraints, hardware failure or defect, weather (including climate change), natural disasters, fire, power loss, telecommunication failures, break-ins, sabotage, intentional acts of vandalism, acts of terrorism, political unrest, pandemic (including the COVID-19 pandemic), war or otherwise, may impair the Company’s ability to deliver its products and services.

Moody’s efforts to secure and plan for potential disruptions of its major operating systems may not be successful. The Company relies on third-party providers, including, increasingly, cloud-based service providers, to provide certain essential services. While the Company believes that such providers are reliable, the Company has limited control over the performance of such providers. To the extent any of the Company’s third-party providers ceases to provide these services in an efficient, cost-effective manner or fails to adequately expand its services to meet the Company’s needs and the needs of the Company’s customers, the Company could

experience lower revenues and higher costs. Additionally, although the Company maintains processes to prevent, detect and recover from a disruption, the Company also does not have fully redundant systems for most of its smaller office locations and low-risk systems, and its disaster recovery plan does not include restoration of non-essential services. If a disruption occurs in one of Moody's locations or systems and its personnel in those locations or those who rely on such systems are unable to utilize other systems or communicate with or travel to other locations, such persons' ability to service and interact with Moody's customers will suffer. The Company cannot predict with certainty all of the adverse effects that could result from the Company's failure, or the failure of a third party, to efficiently address and resolve these delays and interruptions. A disruption to Moody's operations or infrastructure may have a material adverse effect on its reputation, business, operating results and financial condition.

***The Economics of the Company's Business is Dependent on the Volume of Debt Securities Issued in Domestic and/or Global Capital Markets. Recent Financial Market Conditions, Including Decreased Asset Levels and Flows into Investment Vehicles, Increases in Interest Rates and Other Volatility Has Had, and May Continue to Have, a Material Adverse Impact on the Volume of Debt Securities Issued.***

Moody's business is impacted by general economic conditions and volatility in world financial markets. Furthermore, issuers of debt securities have increasingly elected to issue securities without ratings or securities which are rated or evaluated by non-traditional parties such as financial advisors, rather than traditional CRAs, such as MIS. A majority of Moody's credit-rating-based revenue is transaction-based, and therefore it is especially dependent on the number and dollar volume of debt securities issued in the capital markets. Conditions that reduce issuers' ability or willingness to issue debt securities, such as market volatility, declining growth, currency devaluations, changes in laws (including tax-related laws) or other adverse economic trends, reduce the number and dollar-equivalent volume of debt issuances for which Moody's provides ratings services and thereby adversely affect the fees Moody's earns in its ratings business.

Current market, economic and government factors are negatively impacting the volume of debt securities issued in global capital markets and the demand for credit ratings, which is materially and adversely affecting the Company's business, operating results and financial condition. These factors include increases in interest rates (as well as the related monetary policy by governments in the response to inflation), the withdrawal of COVID-19 economic stimulus, inflationary pressures, increases in mortgage rates, widening credit spreads, regulatory and political developments (including uncertainty in various jurisdictions where Moody's operates), difficult economic conditions, growth in the use of alternative sources of credit, and defaults by significant issuers. Further declines or other changes in the markets for debt securities may materially and adversely affect the Company's business, operating results, financial condition, cash flows and prospects.

Moody's initiatives to reduce costs to counteract a decline in its business, including the 2022 - 2023 Geolocation Restructuring Program, may not be sufficient. Cost reductions, including those associated with this program, may be difficult or impossible to obtain in the short term, due in part to rent, technology, compliance, compensation and other fixed costs associated with some of the Company's operations as well as the need to monitor outstanding ratings. Further, cost-reduction initiatives, including those under-taken to date, could make it difficult for the Company to rapidly expand operations in order to accommodate any unexpected increase in the demand for ratings. Further volatility in the financial markets, including continued decreases in the volumes of debt securities and increases in interest rates, may have a material adverse effect on the business, operating results and financial condition, which the Company may not be able to successfully offset with cost reductions.

***The Company Faces Increased Pricing Pressure from Competitors and/or Customers.***

There is price competition in the credit rating, research, and credit risk management markets, as well as in the market for research, business intelligence and analytical services offered by MA. Moody's faces competition globally from other CRAs and from investment banks and brokerage firms that offer credit opinions in research, as well as from in-house research operations. Competition for customers and market share has spurred more aggressive tactics by some competitors in areas such as pricing and services, as well as increased competition from non-NRSROs that evaluate debt risk for issuers or investors. At the same time, a challenging business environment and consolidation among both competitors and customers, particularly those involved in structured finance products and commercial real estate, and other factors affecting demand may enhance the market power of competitors and reduce the Company's customer base. Recent weak economic growth has intensified competitive pricing pressures, which may result in customers' use of free or lower-cost information that is available from alternative sources or their development of alternative, proprietary systems for assessing credit risk that replace the products currently purchased from Moody's. While Moody's seeks to compete primarily on the basis of the quality of its products and services, it can lose market share when its pricing is not sufficiently competitive. In addition, the Reform Act was designed to encourage competition among rating agencies. The formation of additional NRSROs may increase pricing and competitive pressures. Furthermore, in some of the countries in which Moody's operates, governments may provide financial or other support to local rating agencies. Any inability of Moody's to compete successfully with respect to the pricing of its products and services will have a material adverse impact on its business, operating results and financial condition.

***The Company Is Exposed to Reputation and Credibility Concerns.***

Moody's reputation and the strength of its brand are key competitive strengths. To the extent that the rating agency business as a whole or Moody's, relative to its competitors, suffers a loss in credibility, Moody's business will be significantly impacted. Factors that may have already affected credibility and could potentially continue to have an impact in this regard include the appearance of a conflict of interest, the performance of securities relative to the rating assigned to such securities, the timing and nature of changes in ratings, a major compliance failure, negative perceptions or publicity and increased criticism by users of ratings, regulators and legislative bodies, including as to the ratings process, including as to the Company's recent ESG initiatives, and its implementation with respect to one or more securities and intentional, poor representation of our products and services by our partners or agents, manipulation of our products and services by third parties, or unintentional misrepresentations of Moody's products and services in advertising materials, public relations information, social media or other external communications. Operational errors, whether by Moody's or a Moody's competitor, could also harm the reputation of the Company or the credit rating industry. Damage to reputation and credibility could have a material adverse impact on Moody's business, operating results and financial condition, as well as on the Company's ability to find suitable candidates for acquisition.

***The Introduction of Competing Products, Technologies or Services by Other Companies Can Negatively Impact the Nature and Economics of the Company's Business.***

The markets for credit ratings, research, credit risk management services, business intelligence and analytical services are highly competitive and characterized by rapid technological change, changes in customer and investor demands, and evolving regulatory requirements, industry standards and market preferences. The ability to develop and successfully launch and maintain innovative products, technologies and services that anticipate customers' and investors' changing requirements and utilize emerging technological trends in a timely and cost-effective manner is a key factor in maintaining market share. Moody's competitors include both established companies with significant financial resources, brand recognition, market experience and technological expertise, and smaller companies which may be better poised to quickly adopt new or emerging technologies or respond to customer requirements. Competitors may develop quantitative methodologies or related services for assessing credit risk that customers and market participants may deem preferable, more cost-effective or more valuable than the credit risk assessment methods currently employed by Moody's, or may position, price or market their products in manners that differ from those utilized by Moody's. Moody's also competes indirectly against consulting firms and technology and information providers, some of whom are also suppliers to Moody's; these indirect competitors could in the future choose to compete directly with Moody's, cease doing business with Moody's or change the terms under which they do business with Moody's in a way that could negatively impact our business. In addition, customers or others may develop alternative, proprietary systems for assessing risk, including credit and climate risk. Such developments could affect demand for Moody's products and services and its growth prospects. Further, the increased availability in recent years of free or relatively inexpensive internet information may reduce the demand for Moody's products and services. Moody's growth prospects also could be adversely affected by Moody's failure to make necessary or optimal capital infrastructure expenditures and improvements and the inability of its information technologies to provide adequate capacity and capabilities to meet increased demands of producing quality ratings and research products at levels achieved by competitors. Any inability of Moody's to compete successfully may have a material adverse effect on its business, operating results and financial condition.

***Moody's Is Exposed to Risks Related to Loss of Skilled Employees and Related Compensation Cost Pressures.***

Moody's success depends upon its ability to recruit, retain and motivate highly skilled, experienced professionals, including financial analysts. Competition for skilled individuals in the financial services industry is intense, and Moody's ability to attract high quality employees could be impaired if it is unable to offer competitive compensation and other incentives or if the regulatory environment mandates restrictions on or disclosures about individual employees that would not be necessary in competing industries. Rising expenses including wage inflation, and global labor shortages could adversely affect Moody's ability to attract and retain high-quality employees. As greater focus has been placed on executive compensation at public companies, in the future, Moody's may be required to alter its compensation practices in ways that adversely affect its ability to attract and retain talented employees. Investment banks, investors and competitors may seek to attract analyst talent by providing more favorable working conditions or offering significantly more attractive compensation packages than Moody's. Moody's also may not be able to identify and hire the appropriate qualified employees in some markets outside the U.S. with the required experience or skills to perform sophisticated credit analysis. We could also fail to effectively respond to evolving perceptions and goals of those in our workforce or whom we might seek to hire, including in response to changes brought on by the COVID-19 pandemic, with respect to flexible working or other matters. There is a risk that even when the Company invests significant resources in attempting to attract, train and retain qualified personnel, it will not succeed in its efforts, and its business could be harmed. Further, employee expectations in areas such as environmental, social matters and corporate governance have been rapidly evolving and increasing. A failure to adequately meet employee expectations may result in an inability to attract and retain talented employees.

Moody's is highly dependent on the continued services of Robert Fauber, the President and Chief Executive Officer, and other senior officers and key employees. The loss of the services of skilled personnel for any reason and Moody's inability to replace them with suitable candidates quickly or at all, as well as any negative market perception resulting from such loss, could have a material adverse effect on Moody's business, operating results and financial condition.

***Moody's Acquisitions, Dispositions and Other Strategic Transactions or Investments May Not Produce Anticipated Results Exposing the Company to Future Significant Impairment Charges Relating to Its Goodwill, Intangible Assets or Property and Equipment.***

Moody's regularly evaluates and enters into acquisitions, dispositions or other strategic transactions and investments to strengthen its business and grow the Company. For example, Moody's acquired Bureau van Dijk in 2017, Reis in 2018, Regulatory DataCorp (RDC) in 2020, and RMS in 2021. Such transactions and investments present significant challenges and risks. The Company faces intense competition for acquisition targets, especially in light of industry consolidation, which may affect Moody's ability to complete such transactions on favorable terms or at all. Additionally, the Company makes significant investments in technology, including software for internal use, which can be expensive, time-intensive and complex to develop and implement.

The anticipated growth, synergies and other strategic objectives of completed transactions may not be fully realized, and a variety of factors may adversely affect any anticipated benefits from such transactions. Any strategic transaction involves a number of risks, including unanticipated challenges regarding integration of operations, technologies and new employees; the existence of liabilities or contingencies not disclosed to or otherwise known by the Company prior to closing a transaction; unexpected regulatory and operating difficulties and expenditures; scrutiny from competition and antitrust authorities; failure to retain key personnel of the acquired business; future developments that impair the value of purchased goodwill or intangible assets; diversion of management's focus from other business operations; failure to implement or remediate controls, procedures and policies appropriate for a larger public company at acquired companies that prior to the acquisition lacked such controls, procedures and policies; disputes or litigation arising out of acquisitions or dispositions; challenges retaining the customers of the acquired business; coordination of product, sales, marketing and program and systems management functions; integration of employees from the acquired business into Moody's organization; integration of the acquired business's accounting, information technology, human resources, legal and other administrative systems with Moody's; risks that acquired systems expose us to cybersecurity risks; and for foreign transactions, additional risks related to the integration of operations across different cultures and languages, and the economic, political, and regulatory risks associated with specific countries. The anticipated benefits from an acquisition or other strategic transaction or investment may not be realized fully, or may take longer to realize than expected. As a result, the failure of acquisitions, dispositions and other strategic transactions and investments to perform as expected may have a material adverse effect on Moody's business, operating results and financial condition.

At December 31, 2022, Moody's had \$5,839 million of goodwill and \$2,210 million of intangible assets on its balance sheet. Approximately 94% of the goodwill and intangible assets reside in the MA business, including those related to Bureau van Dijk and RMS, and are allocated to the two reporting units within MA. The remaining 6% of goodwill and intangible assets reside in MIS and primarily relate to ICRA. Failure to achieve business objectives and financial projections in any of these reporting units could result in a significant asset impairment charge, which would result in a non-cash charge to operating expenses. Goodwill and intangible assets are tested for impairment on an annual basis and also when events or changes in circumstances indicate that impairment may have occurred. Determining whether an impairment of goodwill exists can be especially difficult in periods of market or economic uncertainty and turmoil, and requires significant management estimates and judgment. In addition, the potential for goodwill impairment is increased during periods of economic uncertainty. An asset impairment charge could have a material adverse effect on Moody's business, operating results and financial condition.

***The Global COVID-19 Pandemic May Have a Material Adverse Impact on the Company's Operations and Financial Performance.***

The Company's operations and financial performance could be negatively impacted by future effects of the COVID-19 pandemic. The future impact of the pandemic on the Company's operations and financial performance as well as the performance of our customers, depends on many factors that are not within our control, including, but not limited to: governmental, business and individuals' actions (including restrictions on travel and workforce pressures); actions taken in response to global and regional economies, travel, and economic activity; the availability of federal, state, local or non-U.S. funding programs; general economic uncertainty in key global markets and financial market volatility; global economic conditions and levels of economic growth; the potential emergence of new COVID-19 variants; uncertainty presented by approved vaccines, corresponding rollout and unanticipated consequences of such vaccines; and the pace of recovery as the pandemic subsides. These future impacts may have the effect of heightening many of the other risks, such as those surrounding cybersecurity due to increased remote work, described in our risk factors in this Form 10-K.

***Our business could be negatively impacted by climate change.***

As a global company, our employees and offices are subject to risks related to the impact of climate change. We have offices in locations that are vulnerable to the effects of climate change and extreme weather. In addition, continued reliable energy sources are critical for business continuity globally and those sources too can be impacted by extreme weather. The frequency and impact of extreme weather events on critical infrastructure has the potential to disrupt the Company's ongoing operations, as well as the operations of our vendors and customers, and may result in losses and additional costs to maintain or resume operations.

**C. Technology Risks**

***The Company Is Exposed to Risks Related to Cybersecurity and Protection of Confidential Information.***

The Company's operations rely on the secure processing, storage and transmission of confidential, sensitive, proprietary and other types of information relating to its business operations and confidential and sensitive information about its customers and employees in the Company's computer systems and networks, and in those of its third party vendors. Unauthorized disclosure of

this information could cause our customers to lose faith in our ability to protect their confidential information and therefore cause customers to cease doing business with us. The risks the Company faces range from cyber-attacks common to most industries, to more advanced threats that target the Company because of its prominence in the global marketplace, or due to its ratings of sovereign debt. Breaches of Moody's or Moody's vendors' technology and systems, whether from circumvention of security systems, denial-of-service attacks or other cyber-attacks some of which may be carried out by state-sponsored actors, hacking, "phishing" attacks, computer viruses, social media impersonation, ransomware, or malware, employee or insider error, malfeasance, social engineering, physical breaches or other actions, may result in manipulation or corruption of sensitive data, material interruptions or malfunctions in the Company's or such vendors' web sites or systems, applications, data processing, or disruption of other business operations, or may compromise the confidentiality and integrity of material information held by the Company (including information about Moody's business, employees or customers), as well as sensitive personally identifiable information (PII), the disclosure of which could lead to identity theft. Measures that Moody's takes to avoid, detect, mitigate or recover from material incidents can be expensive, and may be insufficient, circumvented, or may become ineffective. Additionally, the Company may be exposed to additional threats as the Company migrates its data from legacy systems to cloud-based solutions, and increased dependence on third parties to store cloud-based data subjects the Company to further cyber risks. Further, many of our employees work remotely, which magnifies the importance of the integrity of our remote access security measures and may expose the Company to additional cyber risks.

The Company has invested and continues to invest in risk management and information security measures in order to protect its systems and data, including employee training, disaster plans, and technical defenses. The cost and operational consequences of implementing, maintaining and enhancing further data or system protection measures could increase significantly to overcome increasingly intense, complex, and sophisticated global cyber threats. Despite the Company's best efforts, it is not fully insulated from, and has in the past experienced, security threats and system disruptions. Although past incidents have not had a material adverse effect on the Company's operating results, there can be no assurance of a similar result in the future. Because the methods used for these systems cyberattacks are rapidly changing, the Company, despite significant focus and investment, may be unable to anticipate/deploy sufficient protections against such incidents. Further, the extent of a particular security incident and the steps needed to investigate may not be immediately clear, and it may take a significant amount of time before such an investigation can be completed and full and reliable information about the incident, including the extent of the harm and how best to remediate it, is known. Recent well-publicized security breaches at other companies have led to enhanced government and regulatory scrutiny of the measures taken by companies to protect against cyber-attacks, and may in the future result in heightened cybersecurity compliance requirements, including additional regulatory expectations for oversight of vendors and service providers. Cybersecurity incidents, including the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive or confidential data, could cause reputational harm, loss of customers and revenue, fines, regulatory actions and scrutiny, sanctions or other statutory penalties, litigation, liability for failure to safeguard the Company's customers' information, or financial losses that are either not insured against or not fully covered through any insurance maintained by the Company. In addition, disclosure or media reports of actual or perceived security vulnerabilities to the Company's systems or those of the Company's third parties, even if no breach has been attempted or occurred, could lead to reputational harm, loss of customers and revenue, or increased regulatory actions oversight and scrutiny.

Any of the foregoing may have a material adverse effect on Moody's business, operating results and financial condition.

***The Company Is Exposed to Risks Related to Protection of Personal Information***

To conduct its operations, the Company regularly moves data across national borders, and consequently is subject to a variety of continuously evolving and developing laws and regulations in the United States and abroad regarding privacy, data protection and data security such as the Federal Trade Commission Act in the United States, the General Data Protection Regulation ("GDPR") in the European Union, the General Data Protection Regulation in the U.K., the Cyber Security Law, the Data Security Law, and the Personal Information Protection Law in China and various other international, federal, state and local laws and regulations. The scope of the laws that may be applicable to Moody's is often uncertain and may be conflicting, particularly with respect to foreign laws. For example, GDPR, which became effective in May 2018, greatly increased the jurisdictional reach of European Union privacy law and added a broad array of requirements for processing personal data, including the public disclosure of significant data breaches. Failure to comply with GDPR requirements could result in penalties of up to 4% of annual worldwide revenue. Additionally, other countries have enacted or are enacting data localization laws that require data to stay within their borders. Further, laws such as the California Consumer Privacy Act of 2018 ("CCPA"), require among other things, covered companies to provide disclosures to consumers, and affords consumers the ability to opt-out of certain sales of personal information. The California Privacy Rights Act of 2020 ("CPRA") became effective on January 1, 2023. The effects of non-compliance with the CCPA, CPRA and other similar data privacy laws in other jurisdictions are significant, and may require the Company to modify its data processing practices and policies and to incur additional costs and expenses. All of these evolving compliance and operational requirements have required changes to certain business practices, thereby increasing costs, requiring significant management time and attention, and subjecting the Company to negative publicity, as well as remedies that may harm its business, including fines, modified demands or orders, the cessation of existing business practices, and exposure to litigation, regulatory actions, sanctions or other statutory penalties.

***The Company Is Dependent on the Use of Third-Party Software, Data, Hosted Solutions, Data Centers, Cloud and Network Infrastructure (Together, “Third Party Technology”), and Any Reduction in Third-Party Product Quality or Service Offerings, Could Have a Material Adverse Effect on the Company’s Business, Financial Condition or Results of Operations.***

Moody’s relies on Third Party Technology in connection with its product development and offerings and operations. The Company depends on the ability of Third Party Technology providers to deliver and support reliable products, enhance their current products, develop new products on a timely and cost-effective basis, provide data necessary to develop and maintain its products and respond to emerging industry standards and other technological changes. The Third Party Technology Moody’s uses can become obsolete or restrictive, incompatible with future versions of the Company’s products, fail to be comprehensive or accurate, unavailable or fail to operate effectively, and Moody’s business could be adversely affected when the Company is unable to timely or effectively replace such Third Party Technology.

The Company also monitors its use of Third Party Technology to comply with applicable license and other contractual requirements. Despite the Company’s efforts, the Company cannot ensure that such third parties will permit Moody’s use in the future, resulting in increased Third Party Technology acquisition costs and loss of rights. In addition, the Company’s operating costs could increase if license or other usage fees for Third Party Technology increase or the efforts to incorporate enhancements to Third Party Technology are substantial. In the ordinary course, our third-parties, including our vendors, are subject to various forms of cyber attacks. To date, such attacks have not resulted in a material adverse impact to our business operations, but there can be no guarantee we will not experience such an impact. Some of these third-party suppliers are also Moody’s competitors, increasing the risks noted above. When any of these risks materialize, they could have a material adverse effect on the Company’s business, financial condition or results of operations.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

Moody’s corporate headquarters is located at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. As of December 31, 2022, Moody’s operations were conducted from 29 U.S. offices and 89 non-U.S. office locations, all of which are leased. These properties are geographically distributed to meet operating and sales requirements worldwide. These properties are generally considered to be both suitable and adequate to meet current operating requirements.

**ITEM 3. LEGAL PROCEEDINGS**

For information regarding legal proceedings, see Part II, Item 8 –“Financial Statements”, Note 21 “Contingencies” in this Form 10-K.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**PART II**

**ITEM 5. MARKET FOR THE REGISTRANT’S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Information in response to this Item is set forth under the captions below.

**MOODY’S PURCHASES OF EQUITY SECURITIES**

For the three months ended December 31, 2022:

<b>Period</b>	<b>Total Number of Shares Purchased <sup>(1)</sup></b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Program</b>	<b>Approximate Dollar Value of Shares That May Yet Be Purchased Under The Program <sup>(2)</sup></b>
October 1- 31	8,398	\$ —	—	\$848 million
November 1- 30	529	\$ —	—	\$848 million
December 1- 31	493	\$ —	—	\$848 million
<b>Total</b>	<b>9,420</b>	<b>\$ —</b>	<b>—</b>	

<sup>(1)</sup> Includes surrender to the Company of 8,398, 529 and 493 shares of common stock in October, November and December, respectively, to satisfy tax withholding obligations in connection with the vesting of restricted stock issued to employees.

<sup>(2)</sup> Amounts shown are as of the last day of each of the months. On February 9, 2021, the Board authorized \$1 billion in share repurchase authority and on February 7, 2022, the Board of Directors approved an additional \$750 million of share repurchase authority. At December 31, 2022, there was approximately \$848 million of combined share repurchase authority remaining. There is no established expiration date for the remaining authorization.

During the fourth quarter of 2022, Moody’s issued a net 38 thousand shares under employee stock-based compensation plans.

## COMMON STOCK INFORMATION

The Company's common stock trades on the New York Stock Exchange under the symbol "MCO". The number of registered shareholders of record at January 31, 2023 was 1,555. A substantially greater number of the Company's common stock is held by beneficial holders whose shares of record are held by banks, brokers and other financial institutions.

## EQUITY COMPENSATION PLAN INFORMATION

The table below sets forth, as of December 31, 2022, certain information regarding the Company's equity compensation plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights <sup>(2)</sup> (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	3,035,203 <sup>(1)</sup>	\$ 181.35	16,415,492 <sup>(3)</sup>
Equity compensation plans not approved by security holders	—	\$ —	—
<b>Total</b>	<b>3,035,203</b>	<b>\$ 181.35</b>	<b>16,415,492</b>

<sup>(1)</sup> Includes 2,269,406 options and unvested restricted shares outstanding under the Company's 2001 Key Employees' Stock Incentive Plan, 104,033 options and unvested restricted shares outstanding under the Risk Management Solutions, Inc. 2015 Equity Incentive Plan and 6,370 unvested restricted shares outstanding under the 1998 Non-Employee Directors' Stock Incentive Plan. This number also includes a maximum of 655,394 performance shares outstanding under the Company's 2001 Key Employees' Stock Incentive Plan, which is the maximum number of shares issuable pursuant to performance share awards assuming the maximum payout of 200% of the target award for performance shares granted in 2020, 2021 and 2022. Assuming payout at target, the number of shares to be issued upon the vesting of outstanding performance share awards is 327,697.

<sup>(2)</sup> Does not reflect unvested restricted shares or performance share awards included in column (a) because these awards have no exercise price.

<sup>(3)</sup> Includes 12,577,447 shares available for issuance as under the 2001 Stock Incentive Plan, of which all may be issued as options and 6,718,549 may be issued as restricted stock, performance shares or other stock-based awards under the 2001 Stock Incentive Plan, 442,093 shares available for issuance as options, shares of restricted stock or performance shares under the Risk Management Solutions, Inc. 2015 Equity Incentive Plan, and 873,572 shares available for issuance as options, shares of restricted stock or performance shares under the 1998 Directors Plan, and 2,522,380 shares available for issuance under the Company's Employee Stock Purchase Plan.

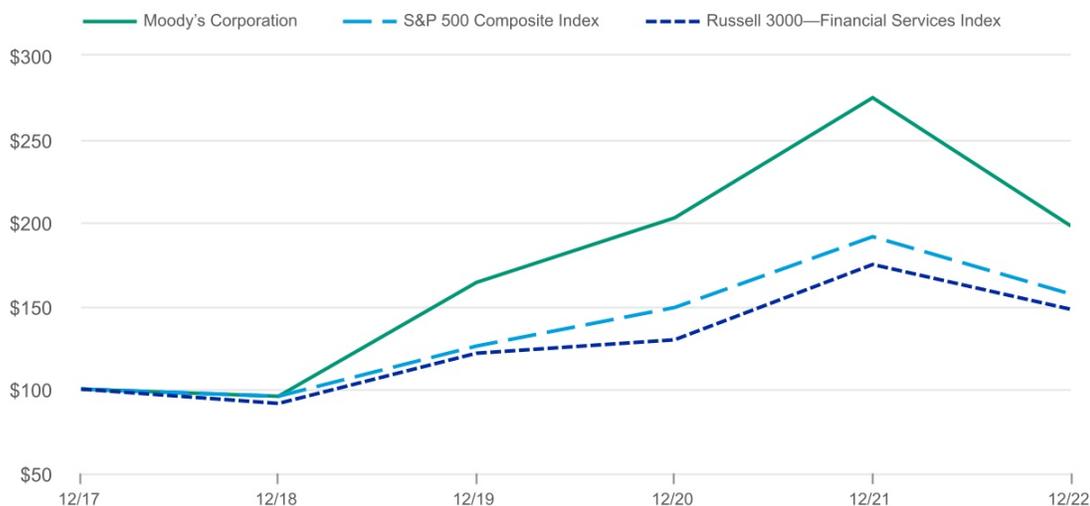
**PERFORMANCE GRAPH**

The following graph compares the total cumulative shareholder return of the Company to the performance of Standard & Poor's 500 Composite Index and the Russell 3000 Financial Services Index.

The comparison assumes that \$100.00 was invested in the Company's common stock and in each of the foregoing indices on December 31, 2017. The comparison also assumes the reinvestment of dividends, if any. The total return for the Company's common stock was 98% during the performance period as compared with a total return during the same period of 57% and 48% for the S&P 500 Composite Index and the Russell 3000 Financial Services Index, respectively.

**COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN**

Among Moody's Corporation, the Standard & Poor's 500 Composite Index, and the Russell 3000 Financial Services Index



**Year Ended December 31,**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Moody's Corporation	\$ 100.00	\$ 95.90	\$ 164.22	\$ 202.45	\$ 274.46	\$ 197.60
S&P 500 Composite Index	\$ 100.00	\$ 95.62	\$ 125.72	\$ 148.85	\$ 191.58	\$ 156.89
Russell 3000—Financial Services Index	\$ 100.00	\$ 91.65	\$ 121.82	\$ 129.87	\$ 174.77	\$ 147.73

The comparisons in the graph above are provided in response to disclosure requirements of the SEC and are not intended to forecast or be indicative of future performance of the Company's common stock.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains Forward-Looking Statements. See "Forward-Looking Statements" commencing on page 61 and Item 1A. "Risk Factors" commencing on page 23 for a discussion of uncertainties, risks and other factors associated with these statements.

### The Company

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

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

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

### Current Matters Impacting Moody's Business

#### Current Macroeconomic Uncertainties/Market Volatility

The Company is monitoring current macroeconomic and geopolitical uncertainties that have contributed to declines in rated issuance volumes in 2022. A substantial portion of MIS's revenue is impacted by the level of issuance activity in the fixed income capital markets, both in the U.S. and internationally. While market volatility in 2022 has resulted in declines in rated issuance volumes, the Company believes that these declines are predominantly cyclical in nature. However, due to various uncertainties, Moody's is unable to predict the severity and duration of current macroeconomic and geopolitical uncertainties and their potential impact on future ratings issuance volumes. Refer to Item 1A. "Risk Factors" for further disclosure relating to these risks.

#### Russia/Ukraine Conflict

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

While Moody's Russian operations and net assets are not material, broader global market volatility, which partially relates to uncertainties surrounding the conflict, has contributed to an adverse impact on rated issuance volumes in 2022. This impact to rated issuance volumes is more fully discussed in the "Results of Operations" section of this MD&A. The Company is unable to predict either the near-term or longer-term impact that the conflict may have on its financial position and operating results due to numerous uncertainties regarding the severity and duration of the conflict and its broader potential macroeconomic impact.

#### COVID-19

The Company continues to closely monitor the impact of the COVID-19 pandemic on all aspects of its business. The Company continues to monitor regional developments relating to the COVID-19 pandemic to inform decisions regarding its offices and its business travel policies. As of the date of the filing of this annual report on Form 10-K, the Company has reopened all of its offices for employees to access.

The COVID-19 pandemic has not had a material adverse impact on the Company's reported results to date and is currently not expected to have a material adverse impact on its financial outlook. Refer to Item 1A. "Risk Factors" for further disclosure relating to the risks of the COVID-19 pandemic on the Company's business.

### Critical Accounting Estimates

Moody's discussion and analysis of its financial condition and results of operations are based on the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires Moody's to make estimates and judgments that affect reported amounts of assets and liabilities and related disclosures of contingent assets and liabilities at the dates of the financial statements and revenue and expenses during the reporting periods. These estimates are based on historical experience and on other assumptions that are believed to be reasonable under the circumstances. On an ongoing basis, Moody's evaluates its critical accounting estimates. Actual results may differ from these estimates under different assumptions or conditions. The following accounting estimates are considered critical because they are particularly dependent on management's judgment about matters that are uncertain at the time the accounting estimates are made and changes to those estimates could have a material impact on the Company's consolidated results of operations or financial condition.

## Goodwill and Other Acquired Intangible Assets

At July 31st of each year, Moody's evaluates its goodwill for impairment at the reporting unit level, defined as an operating segment (i.e., MIS and MA), or one level below an operating segment (i.e., a component of an operating segment).

The Company has four reporting units: two within the Company's ratings business (one for the ICRA business and one that encompasses all of Moody's other ratings operations) and two reporting units within MA consisting of businesses that offer: i) data and data-driven analytical solutions; and ii) risk-management software, workflow and CRE solutions.

The Company evaluates the recoverability of goodwill using a two-step impairment test approach at the reporting unit level. In the first step, the Company assesses various qualitative factors to determine whether the fair value of a reporting unit may be less than its carrying amount. If a determination is made based on the qualitative factors that an impairment does not exist, the Company is not required to perform further testing. If the aforementioned qualitative assessment results in the Company concluding that it is more likely than not that the fair value of a reporting unit may be less than its carrying amount, the fair value of the reporting unit will be quantitatively determined and compared to its carrying value including goodwill. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired, and the Company is not required to perform further testing. If the fair value of the reporting unit is less than the carrying value, the Company will record a goodwill impairment charge for the amount by which the carrying value exceeds the reporting unit's fair value. The Company evaluates its reporting units on an annual basis, or more frequently if there are changes in the reporting structure of the Company due to acquisitions, realignments or if there are indicators of potential impairment. For the reporting units where the Company is consistently able to conclude that no impairment exists using only a qualitative approach, the Company's accounting policy is to perform the second step of the aforementioned goodwill impairment assessment at least once every three years.

The Company last performed quantitative assessments on all reporting units at July 31, 2021, pursuant to a change in reporting unit structure in the MA reportable segment. The quantitative assessments performed at July 31, 2021 resulted in fair values that significantly exceeded carrying values for all reporting units.

Determining the fair value of a reporting unit involves the use of significant estimates and assumptions, which are more fully described below. In addition, the Company also makes certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of its reporting units.

Other assets and liabilities, including applicable corporate assets, are allocated to the extent they are related to the operation of respective reporting units.

### Annual goodwill impairment assessment performed at July 31, 2022

At July 31, 2022, the Company performed qualitative assessments for each of the four reporting units. These qualitative assessments resulted in the Company determining that it was not more likely than not that the fair value of any reporting unit was less than its carrying amount.

### ***Methodologies and significant estimates utilized in determining the fair value of reporting units:***

The following is a discussion regarding the Company's methodology for determining the fair value of its reporting units, excluding ICRA, at July 31, 2021 (the date of the last quantitative assessment). As ICRA is a publicly traded company in India, the Company was able to observe its fair value based on its market capitalization.

The fair value of each reporting unit, excluding ICRA, was estimated using a discounted cash flow methodology and comparable public company and precedent transaction multiples. The discounted cash flow analysis requires significant estimates, including projections of future operating results and cash flows of each reporting unit that are based on internal budgets and strategic plans, expected long-term growth rates, terminal values, weighted average cost of capital and the effects of external factors and market conditions. Changes in these estimates and assumptions could materially affect the estimated fair value of each reporting unit that could result in an impairment charge to reduce the carrying value of goodwill, which could be material to the Company's financial position and results of operations. Moody's allocates newly acquired goodwill to reporting units based on the reporting unit expected to benefit from the acquisition.

The sensitivity analyses on the future cash flows and WACC assumptions are described below. These key assumptions utilized in the discounted cash flow valuation methodology require significant management judgment:

- **Future cash flow assumptions** - The projections for future cash flows utilized in the models are derived from historical experience and assumptions regarding future growth and profitability of each reporting unit. These projections are consistent with the Company's operating budget and strategic plan. Cash flows for the five years subsequent to the date of the quantitative goodwill impairment test were utilized in the determination of the fair value of each reporting unit. The growth rates assumed a gradual increase in revenue based on new customer acquisition and new products. Beyond five years, a terminal value was determined using a perpetuity growth rate based on inflation and real GDP growth rates. A sensitivity analysis of the revenue growth rates was performed on all reporting units. For each reporting unit analyzed, a 10% reduction in the revenue growth rates used would still result in fair values that significantly exceeded carrying values.
- **WACC** - The WACC is the rate used to discount each reporting unit's estimated future cash flows. The WACC is calculated based on the proportionate weighting of the cost of debt and equity. The cost of equity is based on a risk-free interest rate and an equity risk factor, which is derived from public companies similar to the reporting unit and which captures the perceived risks and uncertainties associated with the reporting unit's cash flows. The cost of debt component is calculated as the

weighted average cost associated with all of the Company's outstanding borrowings as of the date of the impairment test and was immaterial to the computation of the WACC. The cost of debt and equity is weighted based on the debt to market capitalization ratio of publicly traded companies with similarities to the reporting unit being tested. The WACC for all reporting units ranged from 8.0% to 8.5% as of July 31, 2021. Differences in the WACC used between reporting units is primarily due to distinct risks and uncertainties regarding the cash flows of the different reporting units. A sensitivity analysis of the WACC was performed on all reporting units as of July 31, 2021 for each reporting unit. For all reporting units, an increase in the WACC of one percentage point would still result in fair values that significantly exceeded carrying values.

### **Long-lived assets**

Long-lived assets, which consist primarily of amortizable intangible assets, operating lease ROU assets and property and equipment, are reviewed for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Under the first step of the recoverability assessment, Moody's compares the estimated undiscounted future cash flows attributable to the asset or asset group to its carrying value. If the undiscounted future cash flows are greater than the carrying value, no further assessment is required. If the undiscounted future cash flows are less than the carrying value, Moody's proceeds with step two of the assessment. Under step two of this assessment, Moody's is required to determine the fair value of the asset or asset group and recognize an impairment loss if the carrying amount exceeds its fair value. In performing this assessment, Moody's must include assumptions that market participants would use in their estimates of fair value, including the estimated future cash flows and discount rate. Moody's must apply judgment in developing estimated future cash flows and in the determination of market participant assumptions.

### **Income Taxes**

The Company is subject to income taxes in the U.S. and various foreign jurisdictions. The Company's tax assets and liabilities are affected by the amounts charged for services provided and expenses incurred as well as other tax matters such as intercompany transactions. The Company accounts for income taxes under the asset and liability method in accordance with ASC Topic 740. Therefore, income tax expense is based on reported income before income taxes, and deferred income taxes reflect the effect of temporary differences between the amounts of assets and liabilities that are recognized for financial reporting purposes and the amounts that are recognized for income tax purposes.

The Company is subject to tax audits in various jurisdictions. The Company regularly assesses the likely outcomes of such audits in order to determine the appropriateness of liabilities for UTPs. The Company classifies interest related to income taxes as a component of interest expense in the Company's consolidated financial statements and associated penalties, if any, as part of other non-operating expenses.

For UTPs, ASC Topic 740 requires a company to first determine whether it is more-likely-than-not (defined as a likelihood of more than fifty percent) that a tax position will be sustained based on its technical merits as of the reporting date, assuming that taxing authorities will examine the position and have full knowledge of all relevant information. A tax position that meets this more-likely-than-not threshold is then measured and recognized at the largest amount of benefit that is greater than fifty percent likely to be realized upon effective settlement with a taxing authority. As the determination of liabilities related to UTPs and associated interest and penalties requires significant estimates to be made by the Company, there can be no assurance that the Company will accurately predict the outcomes of these audits, and thus the eventual outcomes could have a material impact on the Company's operating results or financial condition.

### **Revenue Recognition and Costs to Obtain a Contract with a Customer**

Revenue is recognized when control of promised goods or services is transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The discussion below outlines areas of the Company's revenue recognition process that require significant management judgment and estimates. Refer to Note 2 of the consolidated financial statements for a comprehensive discussion regarding the Company's accounting policies relating to the recognition of revenue and costs to obtain a contract with a customer.

#### ***Allocating consideration to performance obligations:***

Management judgment is required in the determination of the SSP, which is utilized to allocate the transaction price to each distinct performance obligation at contract inception when the contract includes multiple distinct performance obligations.

In the MIS segment, the SSP for both ratings and monitoring services is generally based upon directly observable selling prices where the rating or monitoring service is sold separately.

In the MA segment, for performance obligations where an observable price exists, such as PCS, the observable price is utilized. If an observable price does not currently exist, the Company will utilize management's best estimate of SSP for that good or service using estimation methods that maximize the use of observable data points.

The SSP in both segments is usually apportioned along the lines of class of customer, nature of product/services, and other attributes related to those products and services. Once SSP is determined for each performance obligation, the transaction price, including any discount, is allocated based on the relative SSP of the separate performance obligations.

**Costs to Obtain a Contract with a Customer:**

Costs incurred to obtain customer contracts, such as sales commissions, are deferred and recorded within other current assets and other assets when such costs are determined to be incremental to obtaining a contract, would not have been incurred otherwise and the Company expects to recover those costs. These costs are amortized to expense on a systematic basis consistent with the transfer of products or services to the customer for which the asset relates. Depending on the line of business to which the contract relates, this amortization period may be based upon the average economic life of the products sold or average period for which services are provided, inclusive of anticipated contract renewals.

**Contingencies**

Accounting for contingencies, including those matters described in Note 21 to the consolidated financial statements, is highly subjective and requires the use of judgments and estimates in assessing their magnitude and likely outcome. In many cases, the outcomes of such matters will be determined by third parties, including governmental or judicial bodies. The provisions made in the consolidated financial statements, as well as the related disclosures, represent management's best estimates of the current status of such matters and their potential outcome based on a review of the facts and in consultation with outside legal counsel where deemed appropriate. The Company regularly reviews contingencies and as new information becomes available may, in the future, adjust its associated liabilities.

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

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

**Pension and Other Retirement Benefits**

The expenses, assets and liabilities that Moody's reports for its Retirement Plans are dependent on many assumptions concerning the outcome of future events and circumstances. These significant assumptions include the following:

- future compensation increases based on the Company's long-term actual experience and future outlook;
- long-term expected return on pension plan assets based on historical portfolio results and the expected future average annual return for each major asset class within the plan's portfolio (which is principally comprised of equity and fixed-income investments); and
- discount rates based on current yields on high-grade corporate long-term bonds.

The discount rates used to measure the present value of the Company's benefit obligation for its Retirement Plans as of December 31, 2022 were derived using a cash flow matching method whereby the Company compares each plan's projected payment obligations by year with the corresponding yield on the FTSE pension discount curve. The cash flows by plan are then discounted back to present value to determine the discount rate applicable to each plan.

Moody's major assumptions vary by plan and assumptions used are set forth in Note 15 to the consolidated financial statements. In determining these assumptions, the Company consults with third-party actuaries and other advisors as deemed appropriate. While the Company believes that the assumptions used in its calculations are reasonable, differences in actual experience or changes in assumptions could have a significant effect on the expenses, assets and liabilities related to the Company's Retirement Plans.

When actual plan experience differs from the assumptions used, actuarial gains or losses arise. Excluding differences between the expected long-term rate of return assumption and actual returns on plan assets, the Company amortizes, as a component of annual pension expense, total outstanding actuarial gains or losses over the estimated average future working lifetime of active plan participants to the extent that the gain/loss exceeds 10% of the greater of the beginning-of-year projected benefit obligation or the market-related value of plan assets. For Moody's Retirement Plans, the total actuarial losses as of December 31, 2022 that have not been recognized in annual expense are \$68 million, and Moody's expects the net periodic expense related to the amortization of net actuarial (losses)/gains will be immaterial in 2023.

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For Moody's funded U.S. pension plan, the differences between the expected long-term rate of return assumption and actual returns could also affect the net periodic pension expense. As permitted under ASC Topic 715, the Company amortizes the impact of asset returns over a five-year period for purposes of calculating the market-related value of assets that is used in determining the expected return on assets' component of annual expense and in calculating the total unrecognized gain or loss subject to amortization. As of December 31, 2022, the Company has an unrecognized loss of \$106 million, of which \$19 million will be recognized in the market-related value of assets that is used to calculate the expected return on assets component of 2023 expense.

The table below shows the estimated effect that a one percentage-point decrease in each of these assumptions will have on Moody's 2023 income before provision for income taxes. These effects have been calculated using the Company's current projections of 2023 expenses, assets and liabilities related to Moody's Retirement Plans, which could change as updated data becomes available.

(dollars in millions)	Assumptions Used for 2023	Estimated Impact on 2023 Income before Provision for Income Taxes (Decrease)/Increase
Weighted Average Discount Rates <sup>(1)</sup>	4.93%/4.90%	\$ (1)
Weighted Average Assumed Compensation Growth Rate	3.63%	\$ 1
Assumed Long-Term Rate of Return on Pension Assets	6.55%	\$ (5)

<sup>(1)</sup> Weighted average discount rates of 4.93% and 4.90% for pension plans and Other Retirement Plans, respectively.

Based on current projections, the Company estimates that expenses related to Retirement Plans will be immaterial in 2023.

### Investments in Non-consolidated Affiliates

Equity method investments are reviewed for indicators of other-than-temporary impairment on a quarterly basis. These investments are written down to fair value if there is evidence of a loss in value that is other-than-temporary.

For equity investments without a readily determinable fair value for which the Company does not have significant influence, Moody's generally elects to measure these investments at cost, less impairment, adjusted for subsequent observable price changes as of the date that an observable transaction takes place.

The Company performs an assessment on a quarterly basis to determine if there are indicators of impairment for its investments in non-consolidated affiliates. If there are indicators of impairment, the Company estimates the investment's fair value and records an impairment if the carrying value of the investment exceeds its fair value.

In situations where estimation of fair value is required for investments in non-consolidated affiliates, the Company considers various factors, including: recent observable investee equity transactions, comparable public company/precedent transaction multiples and discounted cash flow models. The estimation of fair value for these investments may involve significant judgment.

### Other Estimates

In addition to the critical accounting estimates described above, there are other accounting estimates within Moody's consolidated financial statements. Management believes the current assumptions and other considerations used to estimate amounts reflected in Moody's consolidated financial statements are appropriate. However, if actual experience differs from the assumptions and other considerations used in estimating amounts reflected in Moody's consolidated financial statements, the resulting changes could have a material adverse effect on Moody's consolidated results of operations or financial condition.

See Note 2 to the consolidated financial statements for further information on significant accounting policies that impact Moody's.

### Reportable Segments

The Company is organized into two reportable segments at December 31, 2022: MIS and MA, which are more fully described in the section entitled "The Company" above and in Note 22 to the consolidated financial statements.

## Results of Operations

*This section of this Form 10-K generally discusses year ended December 31, 2022 and 2021 financial results and year-to-year comparisons between these years. Discussions related to the year ended December 31, 2020 financial results and year-to-year comparisons between the years ended December 31, 2021 and 2020 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.*

### Impact of acquisitions/divestitures on comparative results

Moody's completed the following acquisitions, which impact the Company's year-over-year comparative results:

- Cortera on March 19, 2021;
- RMS on September 15, 2021;
- RealXData on September 17, 2021;
- PassFort on November 30, 2021; and
- kompany on February 28, 2022.

Refer to the section entitled "Non-GAAP Financial Measures" of this MD&A for the definitions of how the Company determines certain organic growth measures used in this MD&A that exclude the impact of acquisition activity.

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

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

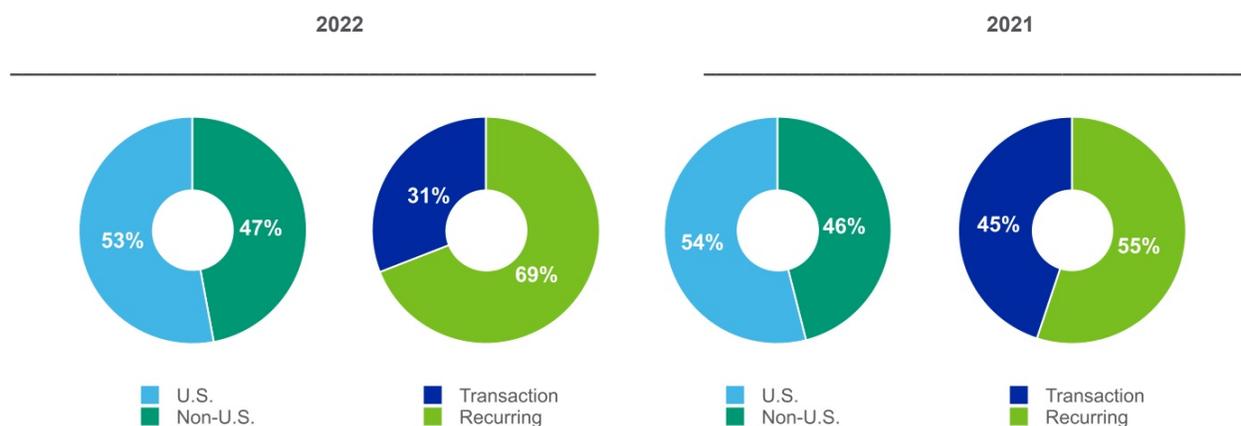
**Year ended December 31, 2022 compared with year ended December 31, 2021**
**Executive Summary**

The following table provides an executive summary of key operating results for the year ended December 31, 2022. Following this executive summary is a more detailed discussion of the Company's operating results as well as a discussion of the operating results of the Company's reportable segments.

Financial measure:	Year Ended December 31,		% Change Favorable / (Unfavorable)	Insight and Key Drivers of Change Compared to Prior Year
	2022	2021		
Moody's total revenue	\$ 5,468	\$ 6,218	(12 %)	— reflects lower MIS revenue partially offset by growth in MA
MIS external revenue	\$ 2,699	\$ 3,812	(29 %)	— credit market activity remained muted across all sectors given ongoing market volatility, central bank actions, high levels of balance sheet cash, as well as heightened inflationary and recessionary concerns
MA external revenue	\$ 2,769	\$ 2,406	15 %	— inorganic growth from acquisitions; and — strong organic growth across all LOBs, most notably for KYC and compliance solutions coupled with continued strong retention and demand for credit research, analytics and models
Total operating and SG&A expenses	\$ 3,140	\$ 3,117	(1 %)	— operational and integration costs associated with recent acquisitions; and — increases in hiring and salary growth; <i>mostly offset by:</i> — lower incentive compensation accruals and performance-based equity compensation; and — favorable changes in FX translation rates
Depreciation and amortization	\$ 331	\$ 257	(29 %)	— higher amortization of intangible assets reflecting recent M&A activity (most notably RMS); and — amortization of internally developed software, primarily related to the development of MA SaaS solutions
Restructuring	\$ 114	\$ —	NM	— relates to the Company's 2022 - 2023 Geolocation Restructuring Program, more fully discussed in Note 11 to the consolidated financial statements
Total non-operating (expense) income, net	\$ (123)	\$ (89)	(38 %)	— a \$45 million benefit in 2021 related to the reversal of tax-related interest accruals pursuant to the resolution of uncertain tax positions; — a \$36 million non-cash gain in 2021 relating to the exchange of the Company's minority investment in VisibleRisk for shares of BitSight; — a \$31 million increase in interest expense in 2022 primarily due to debt issued late in 2021 and in 2022; and — \$20 million in FX translation losses reclassified to earnings in 2022 resulting from the Company no longer conducting commercial operations in Russia; <i>partially offset by:</i> — a \$70 million gain on extinguishment of debt in 2022, as more fully discussed in Note 18 to the consolidated financial statements
Operating Margin	34.4 %	45.7 %	(1,130BPS)	— margin declines are primarily due to the aforementioned decrease in MIS revenue
Adjusted Operating Margin <sup>(1)</sup>	42.6 %	49.9 %	(730BPS)	
ETR	21.9 %	19.6 %	(230BPS)	— tax benefits realized upon resolution of uncertain tax positions during 2021 that did not recur to the same extent in 2022; and — a non-deductible loss in 2022 associated with the Company no longer conducting commercial operations in Russia
Diluted EPS	\$ 7.44	\$ 11.78	(37)%	— primarily due to declines in MIS revenue
Adjusted Diluted EPS <sup>(1)</sup>	\$ 8.57	\$ 12.29	(30)%	

**Moody's Corporation**

	Year Ended December 31,		% Change Favorable (Unfavorable)
	2022	2021	
<b>Revenue:</b>			
United States	\$ 2,873	\$ 3,383	(15 %)
<b>Non-U.S.:</b>			
EMEA	1,682	1,885	(11 %)
Asia-Pacific	556	603	(8 %)
Americas	357	347	3 %
<b>Total Non-U.S.</b>	<b>2,595</b>	<b>2,835</b>	<b>(8 %)</b>
<b>Total</b>	<b>5,468</b>	<b>6,218</b>	<b>(12 %)</b>
<b>Expenses:</b>			
Operating	1,613	1,637	1 %
SG&A	1,527	1,480	(3 %)
Depreciation and amortization	331	257	(29 %)
Restructuring	114	—	NM
<b>Total</b>	<b>3,585</b>	<b>3,374</b>	<b>(6 %)</b>
Operating income	1,883	2,844	(34 %)
Adjusted Operating Income <sup>(1)</sup>	2,328	3,101	(25 %)
Interest expense, net	(231)	(171)	(35 %)
Other non-operating income, net	38	82	(54 %)
Gain on extinguishment of debt	70	—	NM
Non-operating (expense) income, net	(123)	(89)	(38 %)
Net income attributable to Moody's	\$ 1,374	\$ 2,214	(38 %)
Diluted weighted average shares outstanding	184.7	187.9	2 %
Diluted EPS attributable to Moody's common shareholders	\$ 7.44	\$ 11.78	(37 %)
Adjusted Diluted EPS <sup>(1)</sup>	\$ 8.57	\$ 12.29	(30 %)
Operating margin	34.4 %	45.7 %	
Adjusted Operating Margin <sup>(1)</sup>	42.6 %	49.9 %	
Effective tax rate	21.9 %	19.6 %	

**GLOBAL REVENUE**

**Global revenue ↓ \$750 million**
**U.S. Revenue ↓ \$510 million**
**Non-U.S. Revenue ↓ \$240 million**

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

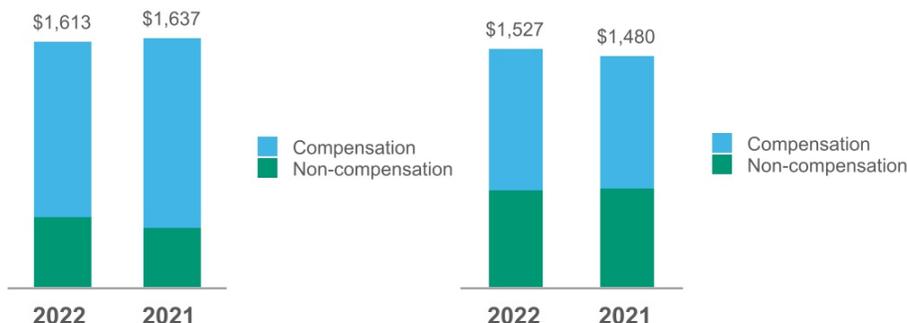
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Changes in foreign currency translation rates unfavorably impacted global revenue by three percent.

Organic constant currency revenue<sup>(1)</sup> for MCO decreased 13%.

### Operating Expense ↓ \$24 million

### SG&A Expense ↑ \$47 million



#### Compensation expenses decreased \$83 million with the most notable drivers reflecting:

- lower incentive compensation accruals and performance-based equity compensation of approximately \$120 million, which aligns with actual/projected financial and operating performance; and
- approximately \$55 million in higher compensation costs capitalized in 2022 reflecting certain product development in the MA operating segment; *partially offset by:*
  - inorganic growth from acquisitions of approximately \$100 million.

#### Non-compensation expenses increased \$59 million with the most notable drivers reflecting:

- inorganic growth from acquisitions of approximately \$35 million; and
- higher costs of approximately \$15 million relating to strategic initiatives to support business growth coupled with enhancements to technology infrastructure to enable automation, innovation and efficiency.

#### Compensation expenses increased \$57 million with the most notable drivers reflecting:

- higher salaries and benefits of approximately \$100 million primarily reflecting hiring and salary increases in MA's sales organization to support continued growth in the business as well as in shared services support functions; and
- inorganic growth from acquisitions of approximately \$45 million; *partially offset by:*
  - lower incentive compensation accruals and performance-based equity compensation of approximately \$70 million, which aligns with actual/projected financial and operating performance.

#### Non-compensation expenses decreased \$10 million with the most notable drivers reflecting:

- lower consulting and other professional fees of approximately \$75 million, which includes deal-related costs associated with acquisitions that closed in 2021; *partially offset by:*
  - inorganic growth from acquisitions of approximately \$30 million; and
  - higher travel costs of approximately \$20 million compared to minimal travel in the prior year in light of COVID-19.

## Depreciation and amortization

The increase in depreciation and amortization expense is driven by higher amortization of intangible assets reflecting recent M&A activity (most notably RMS) coupled with amortization of internally developed software, which is primarily related to the development of MA SaaS solutions.

## Restructuring

The restructuring charge in 2022 relates to the Company's 2022 - 2023 Geolocation Restructuring Program as more fully discussed in Note 11 to the consolidated financial statements.

### Operating margin 34.4%, down 1,130 BPS

### Adjusted Operating Margin 42.6%, down 730 BPS

Overall, margin declines primarily resulted from the aforementioned decrease in MIS revenue.

---

**Interest Expense, net ↑ \$60 million**

Increase in expense is primarily due to:

- an approximate \$45 million benefit in the prior year related to the reversal of tax-related interest accruals pursuant to the resolution of UTPs; and
- \$31 million higher interest on borrowings resulting from the issuance of new long-term debt late in 2021 and in 2022 (refer to the "Material Cash Requirements" section of this MD&A for further information on the Company's indebtedness).

---

**Other non-operating income ↓ \$44 million**

Decrease in income is primarily due to:

- a \$36 million non-cash gain in 2021 relating to the exchange of the Company's minority investment in VisibleRisk for shares of BitSight; and
- \$20 million in FX translation losses reclassified to earnings in 2022 resulting from the Company no longer conducting commercial operations in Russia (refer to the section above entitled "Russia/Ukraine Conflict" for further information);  
*partially offset by*
- a \$13 million loss in 2021 on a forward contract used to hedge a portion of the GBP-denominated RMS purchase price.

---

**Gain on extinguishment of debt**

The gain in 2022 relates to the early redemption of a portion of the 2.55% 2020 Senior Notes, Due 2060, as more fully discussed in Note 18 to the consolidated financial statements.

---

**ETR ↑ 230BPS**

The primary drivers for the increase in the ETR include:

- tax benefits realized upon resolution of uncertain tax positions during 2021 that did not recur to the same extent in 2022; and
- a non-deductible loss in 2022 associated with the Company no longer conducting commercial operations in Russia.

---

**Diluted EPS ↓ \$4.34**

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**Adjusted Diluted EPS ↓ \$3.72**

Diluted EPS and Adjusted Diluted EPS declined mainly due to lower operating income and Adjusted Operating Income, respectively. Refer to the section entitled "Non-GAAP Financial Measures" of this MD&A for items excluded in the derivation of Adjusted Diluted EPS.

## Segment Results

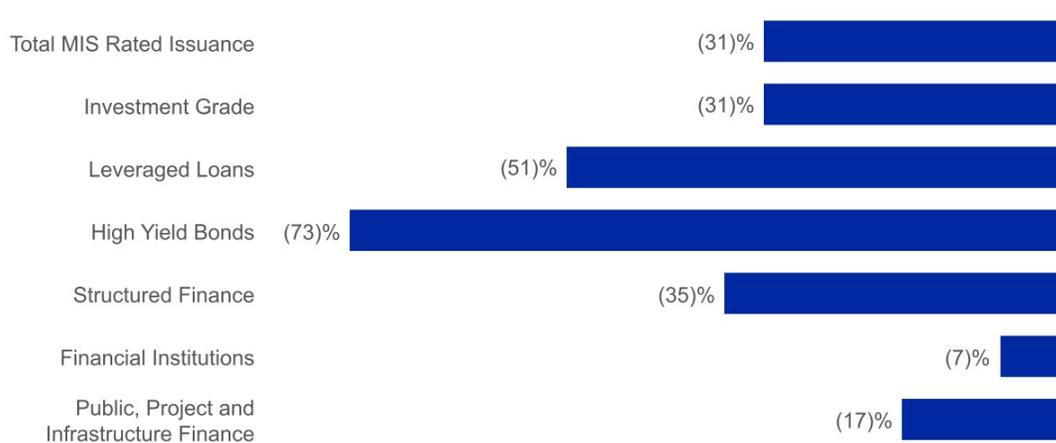
### Moody's Investors Service

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

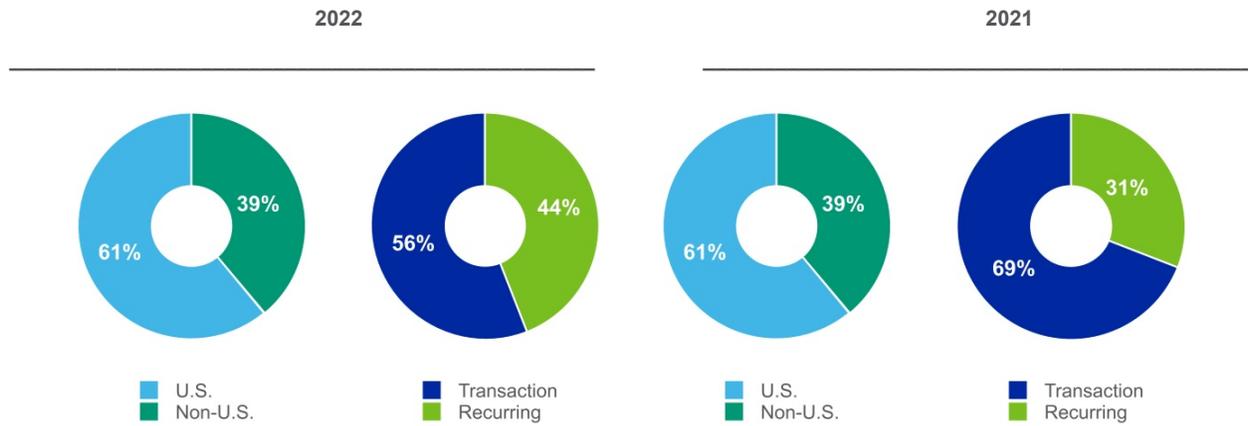
	Year Ended December 31,		% Change Favorable (Unfavorable)
	2022	2021	
<b>Revenue:</b>			
Corporate finance (CFG)	\$ 1,269	\$ 2,087	(39 %)
Structured finance (SFG)	462	560	(18 %)
Financial institutions (FIG)	491	602	(18 %)
Public, project and infrastructure finance (PPIF)	431	521	(17 %)
Total ratings revenue	2,653	3,770	(30 %)
MIS Other	46	42	10 %
Total external revenue	2,699	3,812	(29 %)
Intersegment royalty	174	165	5 %
Total	2,873	3,977	(28 %)
<b>Expenses:</b>			
Operating and SG&A (external)	1,377	1,496	8 %
Operating and SG&A (intersegment)	8	7	(14 %)
Total operating and SG&A expense	1,385	1,503	8 %
Adjusted Operating Income	\$ 1,488	\$ 2,474	(40 %)
Adjusted Operating Margin	51.8 %	62.2 %	
<b>Other</b>			
Depreciation and amortization	81	72	(13 %)
Restructuring	65	(1)	NM

The following chart presents changes in rated issuance volumes compared to 2021. To the extent that changes in rated issuance volumes had a material impact to MIS's revenue compared to the prior year, those impacts are discussed below.

Changes in Rated Issuance Volumes



**MOODY'S INVESTORS SERVICE REVENUE**



**MIS: Global revenue ↓ \$1,113 million**

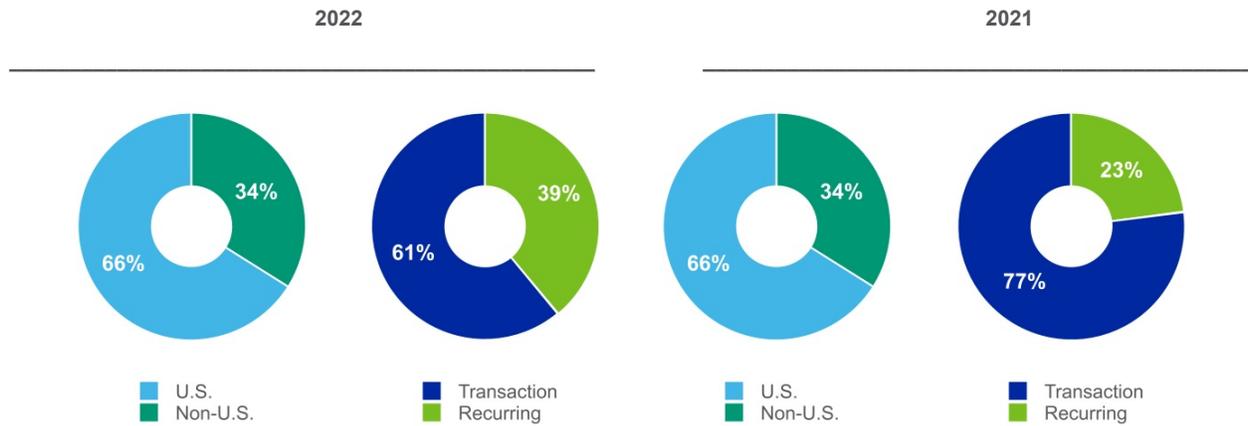
**U.S. Revenue ↓ \$710 million**

**Non-U.S. Revenue ↓ \$403 million**

The decrease in global MIS revenue primarily relates to a 31% decrease in rated issuance volumes, which resulted in transaction revenue declining \$1,128 million compared to the same period in the prior year. The decline in rated issuance volumes compared to 2021 reflected muted credit market activity across all sectors given ongoing market volatility, central bank actions, high levels of balance sheet cash, as well as heightened inflationary and recessionary concerns.

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

**CFG REVENUE**



**CFG: Global revenue ↓ \$818 million**

**U.S. Revenue ↓ \$552 million**

**Non-U.S. Revenue ↓ \$266 million**

Global CFG revenue for the years ended December 31, 2022 and 2021 was comprised as follows:

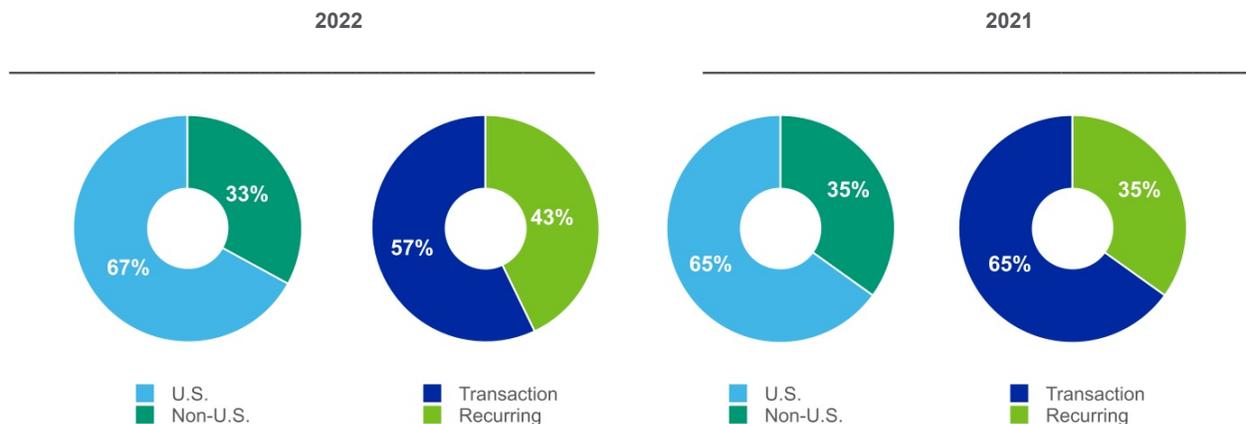


<sup>(1)</sup> Other includes: recurring monitoring fees of a rated debt obligation and/or entities that issue such obligations as well as fees from programs such as commercial paper, medium term notes and ICRA corporate finance revenue.

The decrease in CFG revenue of 39% reflected declines both in the U.S. (40%) and internationally (38%), which resulted in an \$828 million decrease in transaction revenue.

The most notable drivers of the decrease compared to 2021 reflected declines in leveraged finance and investment-grade issuance activity resulting from muted credit market activity given ongoing market volatility, central bank actions, high levels of balance sheet cash, as well as heightened inflationary and recessionary concerns compared to a strong prior year period.

**SFG REVENUE**



**SFG: Global revenue ↓ \$98 million**

**U.S. Revenue ↓ \$56 million**

**Non-U.S. Revenue ↓ \$42 million**

Global SFG revenue for the years ended December 31, 2022 and 2021 was comprised as follows:

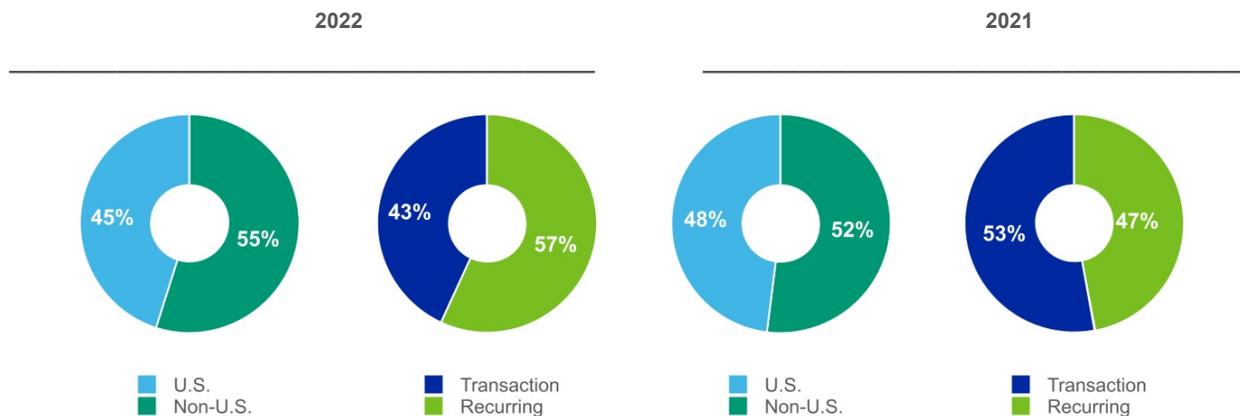


The decrease in SFG revenue of 18% reflected declines both in the U.S. (15%) and internationally (21%). Transaction revenue decreased \$100 million.

The most notable driver of the decline compared to 2021 was a decrease in CLO refinancing activity in the U.S. and EMEA resulting from the widening of credit spreads for this asset class.

Changes in foreign currency translation rates unfavorably impacted SFG revenue by three percentage points.

**FIG REVENUE**



**FIG: Global revenue ↓ \$111 million**

**U.S. Revenue ↓ \$66 million**

**Non-U.S. Revenue ↓ \$45 million**

Global FIG revenue for the years ended December 31, 2022 and 2021 was comprised as follows:



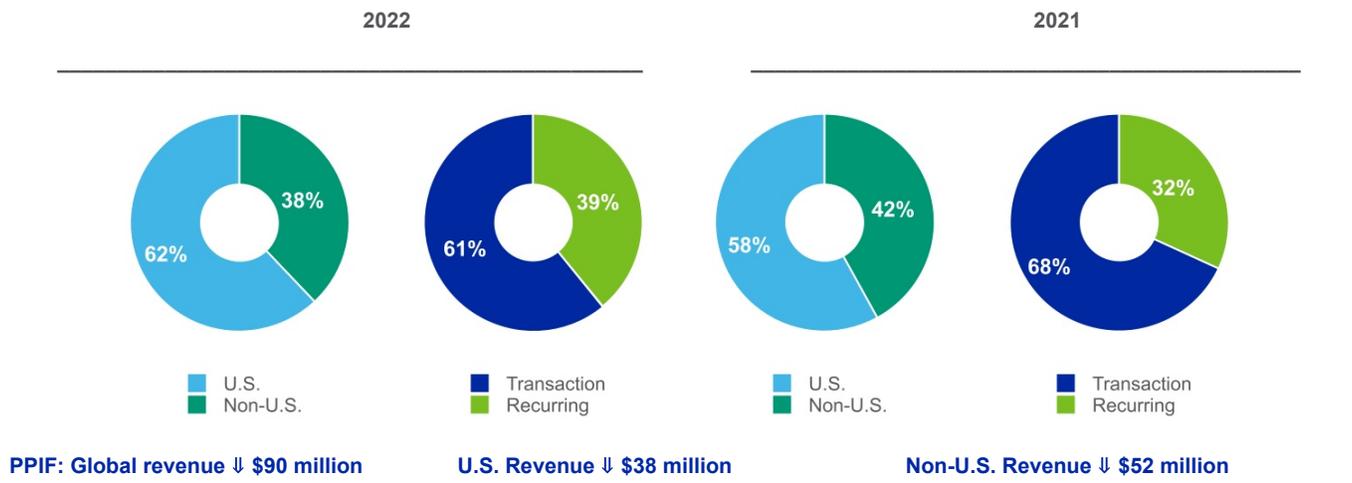
The decrease in FIG revenue of 18% reflected declines both in the U.S. (23%) and internationally (14%) which resulted in a \$109 million decrease in transaction revenue compared to the prior year.

The most notable drivers of the decline reflected lower revenue from banking and insurance issuers primarily due to:

- an unfavorable product mix; and
- a decline in opportunistic issuance, as banks, insurers and asset management issuers were well capitalized following financing activity in the prior year period ahead of anticipated interest rate increases.

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

**PPIF REVENUE**



Global PPIF revenue for the years ended December 31, 2022 and 2021 was comprised as follows:



Transaction revenue decreased \$91 million compared to the same period in the prior year.

The 17% decrease in PPIF revenue reflected declines both in the U.S. (13%) and internationally (24%) The decrease in revenue was mainly due to:

- declines in U.S. public finance revenue resulting from market volatility, which increased funding costs, coupled with issuers in this sector being currently well capitalized; and
- declines in sovereign, project finance and infrastructure finance rated issuance volumes in EMEA resulting from market volatility and rising funding costs.

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

**MIS: Operating and SG&A Expense ↓ \$119 million**



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The decrease in operating and SG&A expense reflects a \$150 million decrease in compensation expense partially offset by a \$31 million increase in non-compensation expenses. The most notable drivers of these changes are as follows:

### Compensation costs

*The decrease is primarily due to:*

- lower incentive compensation accruals and performance-based equity compensation of approximately \$165 million, which aligns with actual/projected financial and operating performance.

### Non-compensation costs

*The increase is primarily due to:*

- higher bad debt reserves of approximately \$20 million resulting from the impact of the Russia/Ukraine conflict; and
- higher travel costs of approximately \$10 million compared to minimal travel in the prior year in light of COVID-19.

Favorable changes in FX translation rates reduced compensation and non-compensation costs by approximately \$40 million and approximately \$10 million, respectively.

## **MIS: Adjusted Operating Margin 51.8% ↓ 1,040BPS**

The MIS Adjusted Operating Margin decline primarily reflected the aforementioned 29% decrease in revenue.

## **Restructuring Charge**

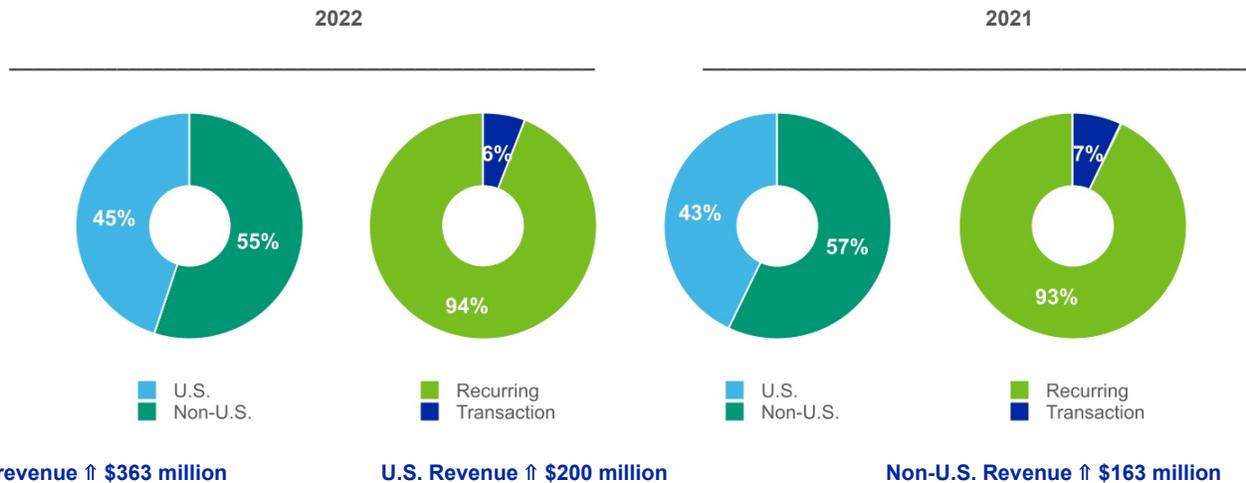
The restructuring charge in 2022 relates to the Company's 2022 - 2023 Geolocation Restructuring Program as more fully discussed in Note 11 to the consolidated financial statements.

### **Moody's Analytics**

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

	Year Ended December 31,		% Change Favorable (Unfavorable)
	2022	2021	
<b>Revenue:</b>			
Decision Solutions (DS)	\$ 1,324	\$ 1,011	31 %
Research and Insights (R&I)	733	697	5 %
Data and Information (D&I)	712	698	2 %
Total external revenue	2,769	2,406	15 %
Intersegment revenue	8	7	14 %
Total MA Revenue	2,777	2,413	15 %
<b>Expenses:</b>			
Operating and SG&A (external)	1,763	1,621	(9 %)
Operating and SG&A (intersegment)	174	165	(5 %)
Total operating and SG&A expense	1,937	1,786	(8 %)
Adjusted Operating Income	\$ 840	\$ 627	34 %
Adjusted Operating Margin	30.2 %	26.0 %	
<b>Other</b>			
Depreciation and amortization	250	185	(35 %)
Restructuring	49	1	NM

**MOODY'S ANALYTICS REVENUE**

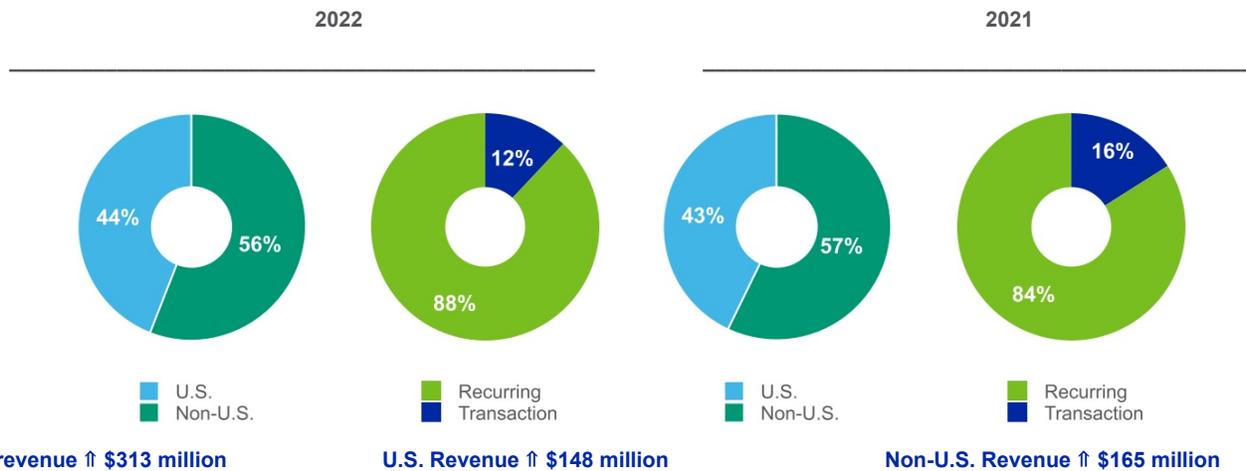


The 15% increase in global MA revenue reflects strong growth both in the U.S. (19%) and internationally (12%) in all LOBs and includes revenue from the acquisitions of RMS, PassFort and kompany. Changes in foreign currency translation rates unfavorably impacted MA revenue by five percentage points.

Organic constant currency revenue<sup>(1)</sup> growth was 10%.

ARR<sup>(2)</sup> increased 10% reflecting strong growth across all LOBs.

**DECISION SOLUTIONS REVENUE**



Global DS revenue grew 31% compared to 2021 reflecting growth in the U.S. (34%) and internationally (29%). The most notable drivers of the growth include:

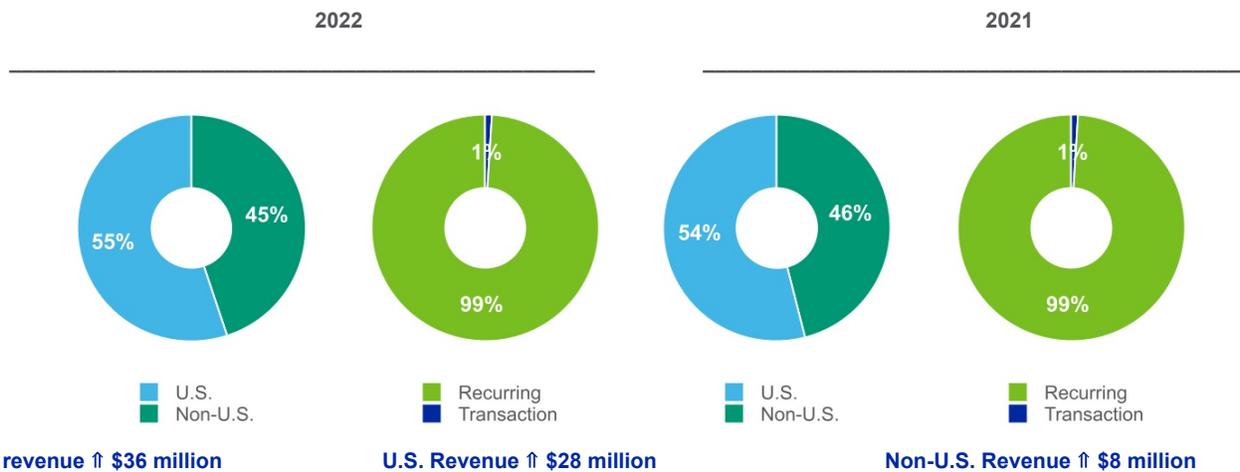
- inorganic revenue growth from the acquisitions of RMS, PassFort and kompany;
- continued demand for KYC and anti-money laundering compliance solutions;
- growth in subscription-based revenue for pension and actuarial modeling tools in support of certain international accounting standards relating to insurance contracts; and
- growth in subscription-based banking solutions driven by continued product development with a strategic emphasis on cloud-based SaaS solutions.

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

Organic constant currency revenue<sup>(1)</sup> grew 12%.

ARR<sup>(2)</sup> grew 11% primarily reflecting increased demand for KYC and banking products.

**RESEARCH AND INSIGHTS REVENUE**



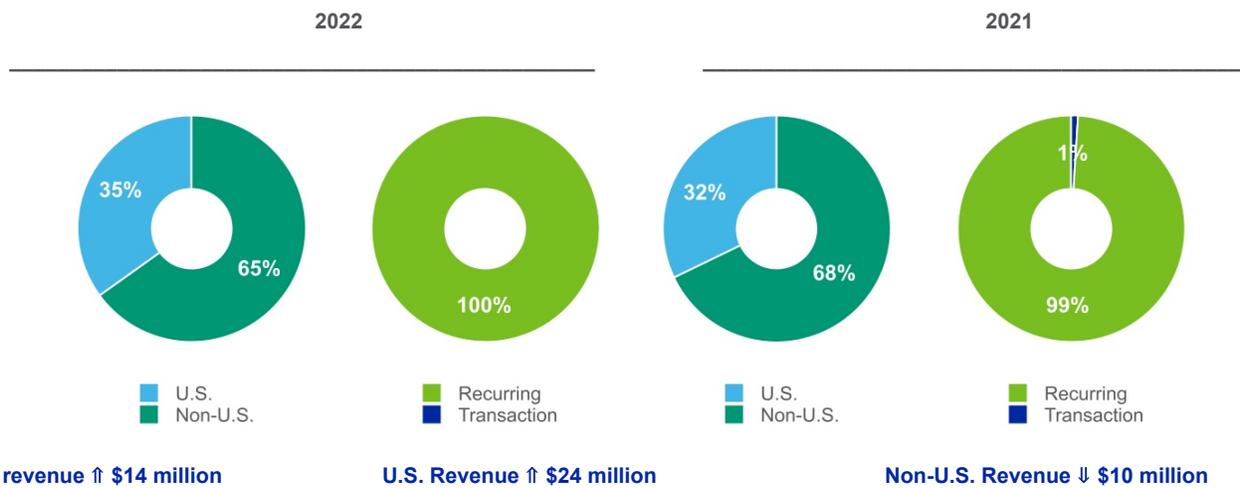
Global R&I revenue increased 5% compared to 2021, mainly driven by growth in recurring revenue of 6%, primarily due to continued strong retention and demand for credit research, analytics and models.

Changes in foreign currency translation rates unfavorably impacted R&I revenue by three percentage points.

Constant currency revenue<sup>(1)</sup> growth for R&I was 8%.

ARR<sup>(2)</sup> grew 9%, primarily reflecting the aforementioned strong retention and demand for credit research, analytics and models.

**DATA AND INFORMATION REVENUE**



Global D&I revenue increased 2% compared to 2021, with the main drivers of the growth reflecting:

- continued strong retention and new sales for ratings data feeds coupled with pricing increases; and
- increased demand for company data.

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

Organic constant currency revenue<sup>(1)</sup> growth for D&I was 9%.

ARR<sup>(2)</sup> grew 9% reflecting increasing demand for company data and ratings data feeds products.

**MA: Operating and SG&A Expense ↑ \$142 million**



The increase in operating and SG&A expenses compared to 2021 is primarily due to growth in both compensation and non-compensation costs of \$125 million and \$17 million, respectively, with the most notable drivers of the increase reflecting:

**Compensation costs**

— inorganic expense growth from acquisitions of approximately \$150 million.

**Non-compensation costs**

— operating and integration-related costs associated with recent acquisitions of approximately \$65 million;  
*partially offset by:*  
 — lower consulting/professional fees of approximately \$45 million due in part to a higher proportion of costs capitalized relating to the development of SaaS-based solutions.

Favorable changes in FX translation rates reduced compensation and non-compensation costs by approximately \$45 million and approximately \$20 million, respectively.

**MA: Adjusted Operating Margin 30.2% ↑ 420BPS**

The Adjusted Operating Margin increase for MA is primarily due to the 15% increase in global MA revenue partially offset by operational and integration-related costs associated with recent acquisitions.

**Depreciation and amortization**

The increase in depreciation and amortization expense is driven by higher amortization of intangible assets reflecting recent M&A activity (most notably RMS) and amortization of internally developed software relating to the development of SaaS-based solutions.

**Restructuring**

The restructuring charge in 2022 relates to the Company's 2022 - 2023 Geolocation Restructuring Program as more fully discussed in Note 11 to the consolidated financial statements.

**Market Risk**

Foreign exchange risk:

Moody's maintains a presence in more than 40 countries. In 2022, approximately 40% of the Company's revenue and approximately 38% of the Company's expenses were denominated in functional currencies other than the U.S. dollar, principally in the British pound and the euro. As such, the Company is exposed to market risk from changes in FX rates. As of December 31, 2022, approximately 51% of Moody's assets were located outside the U.S., making the Company susceptible to fluctuations in FX rates. The effects of translating assets and liabilities of non-U.S. operations with non-U.S. functional currencies to the U.S. dollar are charged or credited to OCI.

The effects of revaluing assets and liabilities that are denominated in currencies other than a subsidiary's functional currency are charged to other non-operating income (expense), net in the Company's consolidated statements of operations. Accordingly, the Company enters into foreign exchange forwards to partially mitigate the change in fair value on certain assets and liabilities denominated in currencies other than a subsidiary's functional currency. The following table shows the impact to the fair value of

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the forward contracts if currencies being purchased were to weaken by 10%:

<b>Foreign Currency Forwards <sup>(1)</sup></b>		
<b>Sell</b>	<b>Buy</b>	<b>Impact on fair value of contract</b>
U.S. dollar	British pound	\$18 million unfavorable impact
U.S. dollar	Euro	\$12 million unfavorable impact
Euro	U.S. dollar	\$9 million unfavorable impact
U.S. dollar	Canadian dollar	\$8 million unfavorable impact
U.S. dollar	Singapore dollar	\$5 million unfavorable impact
U.S. dollar	Indian rupee	\$2 million unfavorable impact
U.S. dollar	Japanese yen	\$2 million unfavorable impact
		<b>\$56 million unfavorable impact</b>

<sup>(1)</sup> Refer to Note 7 to the consolidated financial statements in Item 8 of this Form 10-K for further detail on the forward contracts.

The change in fair value of the foreign exchange forward contracts would be offset by FX revaluation gains or losses on underlying assets and liabilities denominated in currencies other than a subsidiary's functional currency.

### **Derivatives and non-derivatives designated as net investment hedges:**

The Company designates derivative instruments and foreign currency-denominated debt as hedges of foreign currency risk of net investments in certain foreign subsidiaries (net investment hedges) under ASC Topic 815, *Derivatives and Hedging*.

### **Cross-currency swaps**

As of December 31, 2022, the Company had cross-currency swaps designated as hedges of euro denominated net investments in subsidiaries, for which the notional values and corresponding interest rates are disclosed in Note 7 to the consolidated financial statements located in Item 8 of this Form 10-K.

If the euro were to strengthen 10% relative to the U.S. dollar, there would be an approximate \$310 million unfavorable impact to the fair value of the cross-currency swaps recognized in OCI, which would be offset by favorable currency translation gains on the Company's euro net investment in foreign subsidiaries.

### **Euro-denominated debt**

As of December 31, 2022, the Company has designated €500 million of the 2015 Senior Notes and €750 million of the 2019 Senior Notes as a net investment hedge to mitigate FX exposure relating to euro denominated net investments in subsidiaries. If the euro were to strengthen 10% relative to the U.S. dollar, there would be an approximate \$133 million unfavorable adjustment to OCI related to these net investment hedges. This adjustment would be offset by favorable translation adjustments on the Company's euro net investment in subsidiaries.

### **Interest rate and credit risk:**

#### **Interest rate swaps designated as a fair value hedge:**

The Company's interest rate risk management objectives are to reduce the funding cost and volatility to the Company and to alter the interest rate exposure to a desired risk profile. Moody's uses interest rate swaps as deemed necessary to assist in accomplishing these objectives. The Company is exposed to interest rate risk on its various outstanding fixed-rate debt for which the fair value of the outstanding fixed rate debt fluctuates based on changes in interest rates. The Company has entered into interest rate swaps to convert the fixed interest rate on certain of its long-term debt to a floating interest rate based on the 3-month and 6-month LIBOR as well as SOFR. These swaps are adjusted to fair market value based on prevailing interest rates at the end of each reporting period and fluctuations are recorded as a reduction or addition to the carrying value of the borrowing, while net interest payments are recorded as interest expense/income in the Company's consolidated statement of operations. A hypothetical change of 100 BPS in the LIBOR/SOFR-based swap rate would result in an approximate \$110 million change to the fair value of the swaps, which would be offset by the change in fair value of the hedged item.

Additional information on these interest rate swaps is disclosed in Note 7 to the consolidated financial statements located in Item 8 of this Form 10-K.

Moody's cash equivalents consist of investments in high-quality investment-grade securities within and outside the U.S. with maturities of three months or less when purchased. The Company manages its credit risk exposure by allocating its cash equivalents among various money market deposit accounts and certificates of deposit and by limiting the amount it can invest with any single issuer. Short-term investments primarily consist of certificates of deposit.

## Liquidity and Capital Resources

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

### Cash Flow

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

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

	Year Ended December 31,		\$ Change Favorable/ (unfavorable)
	2022	2021	
Net cash provided by operating activities	\$ 1,474	\$ 2,005	\$ (531)
Net cash used in investing activities	\$ (262)	\$ (2,619)	\$ 2,357
Net cash used in financing activities	\$ (1,208)	\$ (122)	\$ (1,086)
Free Cash Flow <sup>(1)</sup>	\$ 1,191	\$ 1,866	\$ (675)

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

#### Net cash provided by operating activities

Net cash flows from operating activities decreased \$531 million compared to the prior year primarily reflecting:

- a decrease in operating income of \$961 million (see section entitled "Results of Operations" of this MD&A for further discussion);
- higher incentive compensation payouts in 2022 of approximately \$130 million resulting from the Company's strong performance during 2021; and
- various changes in working capital;

*partially offset by:*

- favorable impact from changes in accounts receivable of \$291 million in 2022 resulting from collections in 2022 relating to strong performance in the fourth quarter of 2021; and
- lower cash paid for income taxes of \$444 million (refer to Note 17 to the consolidated financial statements for further analysis of the Company's income taxes).

#### Net cash used in investing activities

The \$2,357 million decrease in cash flows used in investing activities compared to 2021 primarily reflects:

- higher cash paid of \$2,082 million in the prior year for acquisitions, primarily reflecting the acquisition of RMS (refer to Note 9 to the consolidated financial statements for further discussion on the Company's M&A activity);
- \$250 million of cash paid in the prior year for a minority investment in BitSight (refer to Note 13 to the consolidated financial statements for further discussion on the Company's investments in non-consolidated affiliates); and
- higher net cash receipts of \$231 million in 2022 relating to the settlement of net investment hedges;

*partially offset by:*

- an increase in cash paid for capital additions of \$144 million reflecting product development and investments relating to strategic initiatives to support business growth and to enhance technology infrastructure to enable automation, innovation and efficiency.

#### Net cash used in financing activities

The \$1,086 million increase in cash used in financing activities was primarily attributed to:

- higher net issuance (issuance, less repayment) of \$810 million in long-term debt in 2021;
- higher cash paid for treasury share repurchases in 2022 of \$233 million, which includes payment for shares made under an ASR agreement executed in the first quarter of 2022; and
- higher dividend payments of \$52 million in 2022.

**Cash and cash equivalents and short-term investments**

The Company's aggregate cash and cash equivalents and short-term investments of \$1.9 billion at December 31, 2022 included approximately \$1.4 billion located outside of the U.S. Approximately 42% of the Company's aggregate cash and cash equivalents and short-term investments is denominated in euros and British pounds. The Company manages both its U.S. and non-U.S. cash flow to maintain sufficient liquidity in all regions to effectively meet its operating needs.

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

**Material Cash Requirements**

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

**Financing Arrangements**

*Indebtedness*

At December 31, 2022, Moody's had \$7.4 billion of outstanding debt and approximately \$1 billion of additional capacity available under the Company's CP program, which is backstopped by the \$1.25 billion 2021 Facility.

The repayment schedule for the Company's borrowings outstanding at December 31, 2022 is as follows:



Future interest payments and fees associated with the Company's debt and credit facility are expected to be \$4.8 billion, of which approximately \$316 million is expected to be paid over the next twelve months. For additional information on the Company's outstanding debt, CP program and 2021 Facility, refer to Note 18 to the consolidated financial statements.

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

**Purchase Obligations**

Purchase obligations generally include multi-year agreements with vendors to purchase goods or services and mainly include data center/cloud hosting fees and fees for information technology licensing and maintenance. As of December 31, 2022, these purchase obligations totaled \$218 million, of which \$138 million is expected to be paid in the next twelve months.

**Leases**

The Company has operating lease obligations of \$474 million at December 31, 2022, primarily related to real estate leases, of which approximately \$119 million in payments are expected over the next twelve months. For more information on the Company's operating leases, refer to Note 20 to the consolidated financial statements.

**Pension and Other Retirement Plan Obligations**

The Company does not anticipate making significant contributions to its funded pension plan in the next twelve months. This plan is overfunded at December 31, 2022, and accordingly holds sufficient investments to fund future benefit obligations. Payments for the Company's unfunded plans are not expected to be material in either the short or long-term. For further information on the Company's pension and other retirement plan obligations, refer to Note 15 to the consolidated financial statements.

### **Dividends and share repurchases**

On January 30, 2023, the Board approved the declaration of a quarterly dividend of \$0.77 per share for Moody's common stock, payable March 17, 2023 to shareholders of record at the close of business on February 24, 2023. The continued payment of dividends at this rate, or at all, is subject to the discretion of the Board.

On February 9, 2021, the Board approved \$1 billion in share repurchase authority, and on February 7, 2022, the Board approved an additional \$750 million of share repurchase authority. At December 31, 2022, the Company had approximately \$848 million of remaining authority. There is no established expiration date for the remaining authorizations.

### **Restructuring**

As more fully discussed in Note 11 to the consolidated financial statements, the Company is currently in the process of executing the 2022 - 2023 Geolocation Restructuring Program. This program relates to the Company's post-COVID-19 geolocation strategy and includes the rationalization and exit of certain real estate leases and a reduction in staff, including the relocation of certain job functions from their current locations. Future cash outlays associated with this program are expected to be approximately \$60 million to \$80 million, which are expected to be paid through 2024.

### **Sources of Funding to Satisfy Material Cash Requirements**

The Company believes that it has the financial resources needed to meet its cash requirements and expects to have positive operating cash flow in 2023. Cash requirements for periods beyond the next twelve months will depend, among other things, on the Company's profitability and its ability to manage working capital requirements. The Company may also borrow from various sources as described above.

### **Non-GAAP Financial Measures:**

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

### **Adjusted Operating Income and Adjusted Operating Margin:**

The Company presents Adjusted Operating Income and Adjusted Operating Margin because management deems these metrics to be useful measures to provide additional perspective on Moody's operating performance. Adjusted Operating Income excludes the impact of: i) depreciation and amortization; and ii) restructuring charges/adjustments. Depreciation and amortization are excluded because companies utilize productive assets of different useful lives and use different methods of acquiring and depreciating productive assets. Restructuring charges/adjustments are excluded as the frequency and magnitude of these charges may vary widely across periods and companies.

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

	Year ended December 31,	
	2022	2021
<b>Operating income</b>	<b>\$ 1,883</b>	<b>\$ 2,844</b>
Adjustments:		
Depreciation and amortization	331	257
Restructuring	114	—
<b>Adjusted Operating Income</b>	<b>\$ 2,328</b>	<b>\$ 3,101</b>
Operating margin	34.4 %	45.7 %
Adjusted Operating Margin	42.6 %	49.9 %

**Adjusted Net Income and Adjusted Diluted EPS attributable to Moody's common shareholders:**

The Company presents Adjusted Net Income and Adjusted Diluted EPS because management deems these metrics to be useful measures to provide additional perspective on Moody's operating performance. Adjusted Net Income and Adjusted Diluted EPS exclude the impact of: i) amortization of acquired intangible assets; ii) restructuring charges/adjustments; iii) a gain on the extinguishment of debt; iv) FX translation losses reclassified to earnings resulting from the Company no longer conducting commercial operations in Russia; and v) a non-cash gain relating to the Company's minority investment in BitSight.

The Company excludes the impact of amortization of acquired intangible assets as companies utilize intangible assets with different estimated useful lives and have different methods of acquiring and amortizing intangible assets. These intangible assets were recorded as part of acquisition accounting and contribute to revenue generation. The amortization of intangible assets related to acquisitions will recur in future periods until such intangible assets have been fully amortized. Furthermore, the timing and magnitude of business combination transactions are not predictable and the purchase price allocated to amortizable intangible assets and the related amortization period are unique to each acquisition and can vary significantly from period to period and across companies. Restructuring charges/adjustments, the gain on extinguishment of debt, FX translation losses reclassified to earnings resulting from the Company no longer conducting commercial operations in Russia, and the non-cash gain relating to the Company's minority interest in BitSight are excluded as the frequency and magnitude of these items may vary widely across periods and companies.

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

<i>Amounts in millions</i>	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Net income attributable to Moody's common shareholders</b>	<b>\$ 1,374</b>	<b>\$ 2,214</b>
Pre-tax Acquisition-Related Intangible Amortization Expenses	\$ 200	\$ 158
Tax on Acquisition-Related Intangible Amortization Expenses	(47)	(36)
<b>Net Acquisition-Related Intangible Amortization Expenses</b>	<b>153</b>	<b>122</b>
Pre-tax restructuring	\$ 114	\$ —
Tax on restructuring	(26)	—
<b>Net restructuring</b>	<b>88</b>	<b>—</b>
Pre-tax gain on extinguishment of debt	\$ (70)	\$ —
Tax on gain on extinguishment of debt	17	—
<b>Net gain on extinguishment of debt</b>	<b>(53)</b>	<b>—</b>
<b>FX losses resulting from the Company no longer conducting commercial operations in Russia</b>	<b>20</b>	<b>—</b>
Pre-tax gain relating to minority investment in BitSight	\$ —	\$ (36)
Tax on gain relating to minority investment in BitSight	—	9
<b>Net gain relating to minority investment in BitSight</b>	<b>—</b>	<b>(27)</b>
<b>Adjusted Net Income</b>	<b>\$ 1,582</b>	<b>\$ 2,309</b>

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Below is a reconciliation of this measure to its most directly comparable U.S. GAAP amount:

	Year ended December 31,	
	2022	2021
<b>Diluted earnings per share attributable to Moody's common shareholders</b>	<b>\$ 7.44</b>	<b>\$ 11.78</b>
Pre-tax Acquisition-Related Intangible Amortization Expenses	\$ 1.08	\$ 0.84
Tax on Acquisition-Related Intangible Amortization Expenses	(0.25)	(0.19)
<b>Net Acquisition-Related Intangible Amortization Expenses</b>	<b>0.83</b>	<b>0.65</b>
Pre-tax restructuring	\$ 0.62	\$ —
Tax on restructuring	(0.14)	—
<b>Net restructuring</b>	<b>0.48</b>	<b>—</b>
Pre-tax gain on extinguishment of debt	\$ (0.38)	\$ —
Tax on gain on extinguishment of debt	0.09	—
<b>Net gain on extinguishment of debt</b>	<b>(0.29)</b>	<b>—</b>
<b>FX losses resulting from the Company no longer conducting commercial operations in Russia</b>	<b>0.11</b>	<b>—</b>
Pre-tax gain relating to minority investment in BitSight	\$ —	\$ (0.19)
Tax on gain relating to minority investment in BitSight	—	0.05
<b>Net gain relating to minority investment in BitSight</b>	<b>—</b>	<b>(0.14)</b>
<b>Adjusted Diluted EPS</b>	<b>\$ 8.57</b>	<b>\$ 12.29</b>

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

**Free Cash Flow:**

The Company defines Free Cash Flow as net cash provided by operating activities minus payments for capital additions. Management believes that Free Cash Flow is a useful metric in assessing the Company's cash flows to service debt, pay dividends and to fund acquisitions and share repurchases. Management deems capital expenditures essential to the Company's product and service innovations and maintenance of Moody's operational capabilities. Accordingly, capital expenditures are deemed to be a recurring use of Moody's cash flow. Below is a reconciliation of the Company's net cash flows from operating activities to Free Cash Flow:

	Year ended December 31,	
	2022	2021
<b>Net cash provided by operating activities</b>	<b>\$ 1,474</b>	<b>\$ 2,005</b>
Capital additions	(283)	(139)
<b>Free Cash Flow</b>	<b>\$ 1,191</b>	<b>\$ 1,866</b>
<b>Net cash used in investing activities</b>	<b>\$ (262)</b>	<b>\$ (2,619)</b>
<b>Net cash used in financing activities</b>	<b>\$ (1,208)</b>	<b>\$ (122)</b>

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

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

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

<i>Amounts in millions</i>	Year ended December 31,			
	2022	2021	Change	Growth
<b>MA revenue</b>	\$ 2,769	\$ 2,406	\$ 363	15%
FX impact	113	—	113	
Inorganic revenue from acquisitions	(236)	—	(236)	
<b>Organic constant currency MA revenue</b>	\$ 2,646	\$ 2,406	\$ 240	10%
<b>Decision Solutions revenue</b>	\$ 1,324	\$ 1,011	\$ 313	31%
FX impact	40	—	40	
Inorganic revenue from acquisitions	(234)	—	(234)	
<b>Organic constant currency Decision Solutions revenue</b>	\$ 1,130	\$ 1,011	\$ 119	12%
<b>Research and Insights revenue</b>	\$ 733	\$ 697	\$ 36	5%
FX impact	21	—	21	
<b>Constant currency Research and Insights revenue</b>	\$ 754	\$ 697	\$ 57	8%
<b>Data and Information revenue</b>	\$ 712	\$ 698	\$ 14	2%
FX impact	52	—	52	
Inorganic revenue from acquisitions	(2)	—	(2)	
<b>Organic constant currency Data and Information revenue</b>	\$ 762	\$ 698	\$ 64	9%
<b>MCO revenue</b>	\$ 5,468	\$ 6,218	\$ (750)	(12)%
FX impact	193	—	193	
Inorganic revenue from acquisitions	(236)	—	(236)	
<b>Organic constant currency MCO revenue</b>	\$ 5,425	\$ 6,218	\$ (793)	(13)%

**Key Performance Metrics:**

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

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

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

<i>Amounts in millions</i>	<b>December 31, 2022</b>		<b>December 31, 2021</b>		<b>Change</b>	<b>Growth</b>
<b>MA ARR</b>						
Decision Solutions	\$	1,235	\$	1,110	\$ 125	11%
Research and Insights		770		707	63	9%
Data and Information		768		705	63	9%
<b>Total MA ARR</b>	<b>\$</b>	<b>2,773</b>	<b>\$</b>	<b>2,522</b>	<b>\$ 251</b>	<b>10%</b>

**Recently Issued Accounting Pronouncements**

Refer to Note 2 to the consolidated financial statements located in Part II, Item 8 on this Form 10-K for a discussion on the impact to the Company relating to recently issued accounting pronouncements.

**Contingencies**

Legal proceedings in which the Company is involved also may impact Moody’s liquidity or operating results. No assurance can be provided as to the outcome of such proceedings. In addition, litigation inherently involves significant costs. For information regarding legal proceedings, see Part II, Item 8 – “Financial Statements”, Note 21 “Contingencies” in this Form 10-K.

**Forward-Looking Statements**

Certain statements contained in this annual report on Form 10-K are forward-looking statements and are based on future expectations, plans and prospects for the Company’s business and operations that involve a number of risks and uncertainties. Such statements involve estimates, projections, goals, forecasts, assumptions and uncertainties that could cause actual results or outcomes to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements. Those statements appear at various places throughout this annual report on Form 10-K, including in the sections entitled “Contingencies” under Item 7, “MD&A”, commencing on page 35 of this annual report on Form 10-K, under “Legal Proceedings” in Part I, Item 3, of this Form 10-K, and elsewhere in the context of statements containing the words “believe,” “expect,” “anticipate,” “intend,” “plan,” “will,” “predict,” “potential,” “continue,” “strategy,” “aspire,” “target,” “forecast,” “project,” “estimate,” “should,” “could,” “may,” and similar expressions or words and variations thereof relating to the Company’s views on future events, trends and contingencies or otherwise convey the prospective nature of events or outcomes generally indicative of forward-looking statements. Stockholders and investors are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements and other information in this document are made as of the date of this annual report on Form 10-K, and the Company undertakes no obligation (nor does it intend) to publicly supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise, except as required by applicable law or regulation. In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, the Company is identifying certain factors that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking statements.

Those factors, risks and uncertainties include, but are not limited to:

- the impact of general economic conditions, including inflation and related monetary policy actions by governments in response to inflation, on worldwide credit markets and economic activity and its effect on the volume of debt and other securities issued in domestic and/or global capital markets;
- the global impacts of each of the conflict in Ukraine and the COVID-19 pandemic on volatility in world financial markets, on general economic conditions and GDP in the U.S. and worldwide, on global relations and on the Company’s own operations and personnel;

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- other matters that could affect the volume of debt and other securities issued in domestic and/or global capital markets, including regulation, credit quality concerns, changes in interest rates, inflation and other volatility in the financial markets, as well as the number of issuances of securities without ratings or securities which are rated or evaluated by non-traditional parties;
- the level of merger and acquisition activity in the U.S. and abroad;
- the uncertain effectiveness and possible collateral consequences of U.S. and foreign government actions affecting credit markets, international trade and economic policy, including those related to tariffs, tax agreements and trade barriers;
- the impact of MIS's withdrawal of its credit ratings on Russian entities and of Moody's no longer conducting commercial operations in Russia;
- concerns in the marketplace affecting our credibility or otherwise affecting market perceptions of the integrity or utility of independent credit agency ratings;
- the introduction of competing products or technologies by other companies;
- pricing pressure from competitors and/or customers;
- the level of success of new product development and global expansion;
- the impact of regulation as an NRSRO, the potential for new U.S., state and local legislation and regulations;
- the potential for increased competition and regulation in the EU and other foreign jurisdictions;
- exposure to litigation related to our rating opinions, as well as any other litigation, government and regulatory proceedings, investigations and inquiries to which Moody's may be subject from time to time;
- provisions in U.S. legislation modifying the pleading standards and EU regulations modifying the liability standards applicable to credit rating agencies in a manner adverse to credit rating agencies;
- provisions of EU regulations imposing additional procedural and substantive requirements on the pricing of services and the expansion of supervisory remit to include non-EU ratings used for regulatory purposes;
- uncertainty regarding the future relationship between the U.S. and China;
- the possible loss of key employees and the impact of the global labor environment;
- failures or malfunctions of our operations and infrastructure;
- any vulnerabilities to cyber threats or other cybersecurity concerns;
- the timing and effectiveness of our restructuring programs, such as the 2022 - 2023 Geolocation Restructuring Program;
- currency and foreign exchange volatility;
- the outcome of any review by controlling tax authorities of Moody's global tax planning initiatives;
- exposure to potential criminal sanctions or civil remedies if Moody's fails to comply with foreign and U.S. laws and regulations that are applicable in the jurisdictions in which Moody's operates, including data protection and privacy laws, sanctions laws, anti-corruption laws, and local laws prohibiting corrupt payments to government officials;
- the impact of mergers, acquisitions, such as our acquisition of RMS, or other business combinations and the ability of Moody's to successfully integrate acquired businesses;
- the level of future cash flows;
- the levels of capital investments; and
- a decline in the demand for credit risk management tools by financial institutions.

These factors, risks and uncertainties as well as other risks and uncertainties that could cause Moody's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements are described in greater detail under "Risk Factors" in Part I, Item 1A of Moody's annual report on Form 10-K for the year ended December 31, 2022, and in other filings made by the Company from time to time with the SEC or in materials incorporated herein or therein. Stockholders and investors are cautioned that the occurrence of any of these factors, risks and uncertainties may cause the Company's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements, which could have a material and adverse effect on the Company's business, results of operations and financial condition. New factors may emerge from time to time, and it is not possible for the Company to predict new factors, nor can the Company assess the potential effect of any new factors on it. Forward-looking and other statements in this document may also address our corporate responsibility progress, plans, and goals (including sustainability and environmental matters), and the inclusion of such statements is not an indication that these contents are necessarily material to investors or required to be disclosed in the Company's filings with the Securities and Exchange Commission. In addition, historical, current, and forward-looking sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information in response to this item is set forth under the caption "Market Risk" in Part II, Item 7 on page 53 of this annual report on Form 10-K.

ITEM 8. FINANCIAL STATEMENTS

**Index to Financial Statements**

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Schedules are omitted as not required or inapplicable or because the required information is provided in the consolidated financial statements, including the notes thereto.

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Moody's Corporation is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. As defined by the SEC in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Moody's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Moody's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management of the Company evaluated and assessed the design and operational effectiveness of the Company's internal control over financial reporting as of December 31, 2022 based on criteria established in the Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on the assessment performed, management has concluded that Moody's maintained effective internal control over financial reporting as of December 31, 2022.

The effectiveness of our internal control over financial reporting as of December 31, 2022 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their accompanying report which expresses an unqualified opinion on the effectiveness of Moody's internal control over financial reporting as of December 31, 2022.

/s/ ROBERT FAUBER

**Robert Fauber**

*President and Chief Executive Officer*

/s/ MARK KAYE

**Mark Kaye**

*Executive Vice President and Chief Financial Officer*

February 15, 2023

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors  
Moody's Corporation:

### *Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting*

We have audited the accompanying consolidated balance sheets of Moody's Corporation and subsidiaries (the Company) as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022 in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

### *Basis for Opinions*

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### *Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Gross uncertain tax positions*

As discussed in Note 17 to the consolidated financial statements, the Company has recorded uncertain tax positions (UTPs), excluding associated interest, of \$322 million as of December 31, 2022. The Company determines whether it is more-likely-than-not that a tax position will be sustained based on its technical merits as of the reporting date. A tax position that meets this more-likely-than-not threshold is then measured and recognized at the largest amount of benefit that is greater than fifty percent likely to be realized upon effective settlement with a taxing authority.

We identified the assessment of the Company's gross UTPs as a critical audit matter because complex judgment was required in evaluating the Company's interpretation of tax laws and its estimate of the ultimate resolution of the tax positions.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of internal controls over the Company's tax process, including those related to the timely identification of UTPs, the assessment of new information related to previously identified UTPs, and the measurement of UTPs. We involved valuation professionals with specialized skills and knowledge, who assisted in assessing transfer pricing studies for compliance with applicable laws and regulations. Additionally, we involved tax professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company's interpretation of tax laws and judgments about the administrative practices of tax authorities
- inspecting settlement documents with applicable taxing authorities
- assessing the expiration of statutes of limitations
- performing an assessment of the Company's tax positions and comparing the results to the Company's assessment.

In addition, we evaluated the Company's ability to accurately estimate its gross UTPs by comparing historical gross UTPs to actual results upon conclusion of tax audits or expiration of the statute of limitations.

/s/ KPMG LLP

We have served as the Company's auditor since 2008.

New York, New York

February 15, 2023

## MOODY'S CORPORATION

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(Amounts in millions, except per share data)

	Year Ended December 31,		
	2022	2021	2020
<b>Revenue</b>	<b>\$ 5,468</b>	<b>\$ 6,218</b>	<b>\$ 5,371</b>
<b>Expenses</b>			
Operating	1,613	1,637	1,475
Selling, general and administrative	1,527	1,480	1,229
Depreciation and amortization	331	257	220
Restructuring	114	—	50
Loss pursuant to the divestiture of MAKS	—	—	9
<b>Total expenses</b>	<b>3,585</b>	<b>3,374</b>	<b>2,983</b>
<b>Operating income</b>	<b>1,883</b>	<b>2,844</b>	<b>2,388</b>
<b>Non-operating (expense) income, net</b>			
Interest expense, net	(231)	(171)	(205)
Other non-operating income, net	38	82	46
Gain on extinguishment of debt	70	—	—
<b>Non-operating (expense) income, net</b>	<b>(123)</b>	<b>(89)</b>	<b>(159)</b>
<b>Income before provision for income taxes</b>	<b>1,760</b>	<b>2,755</b>	<b>2,229</b>
Provision for income taxes	386	541	452
<b>Net income</b>	<b>1,374</b>	<b>2,214</b>	<b>1,777</b>
Less: Net (loss) income attributable to noncontrolling interests	—	—	(1)
<b>Net income attributable to Moody's</b>	<b>\$ 1,374</b>	<b>\$ 2,214</b>	<b>\$ 1,778</b>
<b>Earnings per share</b>			
Basic	<b>\$ 7.47</b>	<b>\$ 11.88</b>	<b>\$ 9.48</b>
Diluted	<b>\$ 7.44</b>	<b>\$ 11.78</b>	<b>\$ 9.39</b>
<b>Weighted average shares outstanding</b>			
Basic	<b>183.9</b>	<b>186.4</b>	<b>187.6</b>
Diluted	<b>184.7</b>	<b>187.9</b>	<b>189.3</b>

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

## MOODY'S CORPORATION

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in millions)

	Year Ended December 31, 2022			Year Ended December 31, 2021			Year Ended December 31, 2020		
	Pre-tax amounts	Tax amounts	After-tax amounts	Pre-tax amounts	Tax amounts	After-tax amounts	Pre-tax amounts	Tax amounts	After-tax amounts
Net Income			\$ 1,374			\$ 2,214			\$ 1,777
<b>Other Comprehensive Income (Loss):</b>	<b>Foreign Currency Adjustments:</b>								
Foreign currency translation adjustments, net	\$ (439)	\$ 2	\$ (437)	\$ (303)	\$ 11	\$ (292)	\$ 361	\$ (13)	\$ 348
Foreign currency translation adjustments - reclassification of losses included in net income	20	—	20	—	—	—	—	—	—
Net gains (losses) on net investment hedges	219	(55)	164	319	(77)	242	(364)	91	(273)
Net investment hedges - reclassification of gains included in net income	—	—	—	(2)	1	(1)	(1)	—	(1)
<b>Cash Flow Hedges:</b>									
Net losses on cash flow hedges	—	—	—	—	—	—	(68)	17	(51)
Reclassification of losses included in net income	2	—	2	2	—	2	3	(1)	2
<b>Pension and Other Retirement Benefits:</b>									
Amortization of actuarial losses/prior service costs and settlement charge included in net income	3	(1)	2	19	(5)	14	8	(2)	6
Net actuarial gains (losses) and prior service costs	(1)	1	—	73	(18)	55	(42)	10	(32)
Total Other Comprehensive Income (Loss)	\$ (196)	\$ (53)	\$ (249)	\$ 108	\$ (88)	\$ 20	\$ (103)	\$ 102	\$ (1)
Comprehensive Income			1,125			2,234			1,776
Less: comprehensive loss attributable to noncontrolling interests			(16)			(2)			(8)
<b>Comprehensive Income Attributable to Moody's</b>			<b>\$ 1,141</b>			<b>\$ 2,236</b>			<b>\$ 1,784</b>

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

## MOODY'S CORPORATION

## CONSOLIDATED BALANCE SHEETS

(Amounts in millions, except share and per share data)

	December 31,	
	2022	2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,769	\$ 1,811
Short-term investments	90	91
Accounts receivable, net of allowances for credit losses of \$40 in 2022 and \$32 in 2021	1,652	1,720
Other current assets	583	389
<b>Total current assets</b>	<b>4,094</b>	<b>4,011</b>
Property and equipment, net of accumulated depreciation of \$1,123 in 2022 and \$1,010 in 2021	502	347
Operating lease right-of-use assets	346	438
Goodwill	5,839	5,999
Intangible assets, net	2,210	2,467
Deferred tax assets, net	266	384
Other assets	1,092	1,034
<b>Total assets</b>	<b>\$ 14,349</b>	<b>\$ 14,680</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,011	\$ 1,142
Current portion of operating lease liabilities	106	105
Deferred revenue	1,258	1,249
<b>Total current liabilities</b>	<b>2,375</b>	<b>2,496</b>
Non-current portion of deferred revenue	75	86
Long-term debt	7,389	7,413
Deferred tax liabilities, net	457	488
Uncertain tax positions	322	388
Operating lease liabilities	368	455
Other liabilities	674	438
<b>Total liabilities</b>	<b>11,660</b>	<b>11,764</b>
Contingencies (Note 21)		
<b>Shareholders' equity:</b>		
Preferred stock, par value \$.01 per share; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Series common stock, par value \$.01 per share; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, par value \$.01 per share; 1,000,000,000 shares authorized; 342,902,272 shares issued at December 31, 2022 and December 31, 2021, respectively.	3	3
Capital surplus	1,054	885
Retained earnings	13,618	12,762
Treasury stock, at cost; 159,702,362 and 157,262,484 shares of common stock at December 31, 2022 and December 31, 2021, respectively	(11,513)	(10,513)
Accumulated other comprehensive loss	(643)	(410)
<b>Total Moody's shareholders' equity</b>	<b>2,519</b>	<b>2,727</b>
Noncontrolling interests	170	189
<b>Total shareholders' equity</b>	<b>2,689</b>	<b>2,916</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 14,349</b>	<b>\$ 14,680</b>

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

## MOODY'S CORPORATION

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in millions)

	Year Ended December 31,		
	2022	2021	2020
<b>Cash flows from operating activities</b>			
Net income	\$ 1,374	\$ 2,214	\$ 1,777
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	331	257	220
Stock-based compensation	169	175	154
Deferred income taxes	48	(218)	(44)
ROU asset impairment & other non-cash restructuring/impairment charges	29	—	36
FX translation losses reclassified to net income	20	—	—
Loss pursuant to the divestiture of MAKs	—	—	9
(Gain)/loss on extinguishment/early redemption of debt	(70)	13	24
Non-cash gain related to minority interest in BitSight	—	(36)	—
Settlement of treasury rate lock	—	—	(68)
Changes in assets and liabilities:			
Accounts receivable	34	(257)	31
Other current assets	(223)	(12)	(38)
Other assets	(48)	(26)	(49)
Lease obligations	(19)	(11)	(10)
Accounts payable and accrued liabilities	(161)	80	247
Deferred revenue	20	65	(29)
Unrecognized tax positions and other non-current tax liabilities	(33)	(184)	(12)
Other liabilities	3	(55)	(102)
<b>Net cash provided by operating activities</b>	<b>1,474</b>	<b>2,005</b>	<b>2,146</b>
<b>Cash flows from investing activities</b>			
Capital additions	(283)	(139)	(103)
Purchases of investments	(320)	(437)	(181)
Sales and maturities of investments	218	147	104
Cash paid for acquisitions, net of cash acquired	(97)	(2,179)	(897)
Receipts from settlements of net investment hedges	220	37	2
Payments for settlements of net investment hedges	—	(48)	(2)
<b>Net cash used in investing activities</b>	<b>(262)</b>	<b>(2,619)</b>	<b>(1,077)</b>
<b>Cash flows from financing activities</b>			
Issuance of notes	988	1,672	1,491
Repayment of notes	(626)	(500)	(800)
Issuance of commercial paper	—	—	789
Repayment of commercial paper	—	—	(792)
Proceeds from stock-based compensation plans	26	38	51
Repurchase of shares related to stock-based compensation	(87)	(83)	(104)
Treasury shares	(983)	(750)	(503)
Dividends	(515)	(463)	(420)
Dividends to noncontrolling interests	(1)	(5)	(1)
Payment for noncontrolling interest	—	—	(23)
Debt issuance costs, extinguishment costs and related fees	(10)	(31)	(39)
<b>Net cash used in financing activities</b>	<b>(1,208)</b>	<b>(122)</b>	<b>(351)</b>
Effect of exchange rate changes on cash and cash equivalents	(46)	(50)	47
(Decrease) increase in cash and cash equivalents	(42)	(786)	765
Cash and cash equivalents, beginning of period	1,811	2,597	1,832
Cash and cash equivalents, end of period	\$ 1,769	\$ 1,811	\$ 2,597

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

## MOODY'S CORPORATION

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Amounts in millions, except per share data)

	Shareholders of Moody's Corporation									
	Common Stock		Capital Surplus	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Moody's Shareholders' Equity	Non-Controlling Interests	Total Shareholders' Equity
	Shares	Amount			Shares	Amount				
<b>Balance at December 31, 2019</b>	<b>342.9</b>	<b>\$ 3</b>	<b>\$ 642</b>	<b>\$ 9,656</b>	<b>(155.2)</b>	<b>\$ (9,250)</b>	<b>\$ (439)</b>	<b>\$ 612</b>	<b>\$ 219</b>	<b>\$ 831</b>
Net income				1,778				1,778	—	1,778
Dividends (\$2.24 per share)				(421)				(421)	(3)	(424)
Adoption of Credit Losses Accounting Standard				(2)			—	(2)		(2)
Stock-based compensation			154					154		154
Shares issued for stock-based compensation plans at average cost, net			(58)		1.4	5		(53)		(53)
Purchase of noncontrolling interest			(3)					(3)	(14)	(17)
Treasury shares repurchased			—		(2.0)	(503)		(503)		(503)
Currency translation adjustment, net of net investment hedge activity (net of tax of \$78 million)							82	82	(8)	74
Net actuarial losses and prior service costs (net of tax of \$10 million)							(32)	(32)		(32)
Amortization of prior service costs and actuarial losses (net of tax of \$2 million)							6	6		6
Net realized and unrealized loss on cash flow hedges (net of tax of \$16 million)							(49)	(49)		(49)
<b>Balance at December 31, 2020</b>	<b>342.9</b>	<b>\$ 3</b>	<b>\$ 735</b>	<b>\$ 11,011</b>	<b>(155.8)</b>	<b>\$ (9,748)</b>	<b>\$ (432)</b>	<b>\$ 1,569</b>	<b>\$ 194</b>	<b>\$ 1,763</b>

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

## MOODY'S CORPORATION

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY continued

(Amounts in millions, except per share data)

	Shareholders of Moody's Corporation									
	Common Stock		Capital Surplus	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Moody's Shareholders' Equity	Non-Controlling Interests	Total Shareholders' Equity
	Shares	Amount			Shares	Amount				
<b>Balance at December 31, 2020</b>	<b>342.9</b>	<b>\$ 3</b>	<b>\$ 735</b>	<b>\$ 11,011</b>	<b>(155.8)</b>	<b>\$ (9,748)</b>	<b>\$ (432)</b>	<b>\$ 1,569</b>	<b>\$ 194</b>	<b>\$ 1,763</b>
Net income				2,214				2,214	—	2,214
Dividends (\$2.48 per share)				(463)				(463)	(3)	(466)
Stock-based compensation			175					175		175
Shares issued for stock-based compensation plans at average cost, net			(25)		0.7	(15)		(40)		(40)
Treasury shares repurchased			—		(2.2)	(750)		(750)		(750)
Currency translation adjustment, net of net investment hedge activity (net of tax of \$65 million)							(49)	(49)	(2)	(51)
Net actuarial gains and prior service costs (net of tax of \$18 million)							55	55		55
Amortization of prior service costs/ actuarial losses and settlement charge (net of tax of \$5 million)							14	14		14
Amortization of losses on cash flow hedges							2	2		2
<b>Balance at December 31, 2021</b>	<b>342.9</b>	<b>\$ 3</b>	<b>\$ 885</b>	<b>\$ 12,762</b>	<b>(157.3)</b>	<b>\$ (10,513)</b>	<b>\$ (410)</b>	<b>\$ 2,727</b>	<b>\$ 189</b>	<b>\$ 2,916</b>

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

## MOODY'S CORPORATION

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY continued

(Amounts in millions, except per share data)

	Shareholders of Moody's Corporation									
	Common Stock		Capital Surplus	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Moody's Shareholders' Equity	Non-Controlling Interests	Total Shareholders' Equity
	Shares	Amount			Shares	Amount				
<b>Balance at December 31, 2021</b>	<b>342.9</b>	<b>\$ 3</b>	<b>\$ 885</b>	<b>\$ 12,762</b>	<b>(157.3)</b>	<b>\$ (10,513)</b>	<b>\$ (410)</b>	<b>\$ 2,727</b>	<b>\$ 189</b>	<b>\$ 2,916</b>
Net income				1,374				1,374	—	1,374
Dividends (\$2.80 per share)				(518)				(518)	(3)	(521)
Stock-based compensation			169					169		169
Shares issued for stock-based compensation plans at average cost, net			(32)		0.6	(29)		(61)		(61)
Shares issued as consideration to acquire kompany <sup>(1)</sup>			35		0.1	9		44		44
Treasury shares repurchased			(3)		(3.1)	(980)		(983)		(983)
Currency translation adjustment, net of net investment hedge activity (net of tax of \$53 million)							(237)	(237)	(16)	(253)
Amortization of prior service costs and actuarial losses (net of tax of \$1 million)							2	2		2
Amortization of losses on cash flow hedges							2	2		2
<b>Balance at December 31, 2022</b>	<b>342.9</b>	<b>\$ 3</b>	<b>\$ 1,054</b>	<b>\$ 13,618</b>	<b>(159.7)</b>	<b>\$ (11,513)</b>	<b>\$ (643)</b>	<b>\$ 2,519</b>	<b>\$ 170</b>	<b>\$ 2,689</b>

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

<sup>(1)</sup> Represents a non-cash investing activity relating to the issuance of common stock to fund a portion of the purchase price for kompany.

MOODY'S CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(tabular dollar and share amounts in millions, except per share data)

### NOTE 1 DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

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

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

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

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

#### Adoption of New Accounting Standards in 2022

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

As of December 31, 2022, the Company has interest rate swaps designated as fair value hedges and cross currency swaps designated as net investment hedges referencing three-month or six-month USD LIBOR with aggregate notional amounts as disclosed in Note 7. For derivative instruments that will be outstanding at the transition date, the Company intends to modify the contractual terms of the instruments to replace LIBOR with another reference rate, such as SOFR. Pursuant to the modification of the contractual terms of these instruments, the Company intends to utilize the various optional expedients set forth in ASC Topic 848 relating to derivative instruments used in hedging relationships.

On January 1, 2022, the Company adopted ASU 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers" ("ASU No. 2021-08"). This ASU requires companies to apply the definition of a performance obligation under ASC Topic 606 to recognize and measure contract assets and contract liabilities (i.e., deferred revenue) relating to contracts with customers that are acquired in a business combination. The adoption of this ASU will result in the acquirer recording acquired contract assets and liabilities on the same basis that would have been recorded by the acquiree before the acquisition under ASC Topic 606. Accordingly, upon adoption, the Company will no longer be required to adjust acquired deferred revenue to fair value in business combination transactions. The amendments in ASU No. 2021-08 are applied prospectively and have been applied to business combination transactions completed subsequent to January 1, 2022.

#### Reclassification of Previously Reported Revenue by LOB

In the first quarter of 2022, the Company realigned its revenue by LOB reporting structure for the MA operating segment to enhance insight and transparency into this business. As of January 1, 2022, the MA LOBs have been realigned from RD&A and ERS to:

- **Decision Solutions (DS)** - provides software and workflow tools for specific use cases (banking, insurance, KYC/KYS, CRE and structured finance solutions). This LOB utilizes components from the Data & Information and Research & Insights LOBs to provide integrated risk solutions;
- **Research & Insights (R&I)** - provides models, scores, expert insights and commentary. This LOB includes: credit research; credit models and analytics; and economics data and models; and
- **Data & Information (D&I)** - provides vast data sets on companies and securities via data feeds and data applications products.

Prior year revenue by LOB disclosures have been reclassified to conform to the new LOB reporting structure, which is presented in Note 3.

## **NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Consolidation**

The consolidated financial statements include those of Moody's Corporation and its majority- and wholly-owned subsidiaries. The effects of all intercompany transactions have been eliminated. Investments in companies for which the Company has significant influence over operating and financial policies but not a controlling interest are accounted for on an equity basis whereby the Company records its proportional share of the investment's net income or loss as part of other non-operating income (expense), net and any dividends received reduce the carrying amount of the investment. Equity investments without a readily determinable fair value for which the Company does not have significant influence are accounted for under the ASC 321 measurement alternative; these investments are recorded at initial cost, less impairment, adjusted upward or downward for any observable price changes in similar investments. The Company applies the guidelines set forth in Topic 810 of the ASC in assessing its interests in variable interest entities to decide whether to consolidate an entity. The Company has reviewed the potential variable interest entities and determined that there are no consolidation requirements under Topic 810 of the ASC. The Company consolidates its ICRA subsidiaries on a three month lag.

### **Cash and Cash Equivalents**

Cash equivalents principally consist of investments in money market deposit accounts as well as certificates of deposit with maturities of three months or less when purchased.

### **Short-term Investments**

Short-term investments are securities with maturities greater than 90 days at the time of purchase that are available for operations in the next 12 months. The Company's short-term investments primarily consist of certificates of deposit and their cost approximates fair value due to the short-term nature of the instruments. Interest and dividends on these investments are recorded into income when earned.

### **Property and Equipment**

Property and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives. Expenditures for maintenance and repairs that do not extend the economic useful life of the related assets are charged to expense as incurred.

### **Computer Software Developed or Obtained for Internal Use**

The Company capitalizes costs related to software developed or obtained for internal use. These assets, included in property and equipment in the consolidated balance sheets, relate to the Company's financial, website and other systems. Such costs generally consist of direct costs for third-party license fees, professional services provided by third parties and employee compensation, in each case incurred either during the application development stage or in connection with upgrades and enhancements that increase functionality. Such costs are depreciated over their estimated useful lives on a straight-line basis. Costs incurred during the preliminary project stage of development as well as maintenance costs are expensed as incurred.

The Company also capitalizes implementation costs incurred in cloud computing arrangements (e.g., hosted arrangements) and depreciates the costs over the non-cancellable term of the cloud computing arrangements plus any option renewal periods that are reasonably certain to be exercised or for which the exercise is controlled by the service provider. The Company classifies the amortization of capitalized implementation costs in the same line item in the statement of operations as the fees associated with the hosting service (i.e., operating and SG&A expense) and classifies the related payments in the statement of cash flows in the same manner as payments made for fees associated with the hosting service (i.e. cash flows from operating activities). In addition, the capitalization of implementation costs is reflected in the balance sheet consistent with the location of prepayment of fees for the hosting element (i.e., within other current assets or other assets).

### **Goodwill and Other Acquired Intangible Assets**

Moody's evaluates its goodwill for impairment at the reporting unit level, defined as an operating segment (i.e., MIS and MA), or one level below an operating segment (i.e., a component of an operating segment), annually as of July 31 or more frequently if impairment indicators arise in accordance with ASC Topic 350.

The Company evaluates the recoverability of goodwill using a two-step impairment test approach at the reporting unit level. In the first step, the Company assesses various qualitative factors to determine whether the fair value of a reporting unit may be less than its carrying amount. If a determination is made based on the qualitative factors that an impairment does not exist, the Company is not required to perform further testing. If the aforementioned qualitative assessment results in the Company concluding that it is more likely than not that the fair value of a reporting unit may be less than its carrying amount, the fair value of the reporting unit will be quantitatively determined and compared to its carrying value including goodwill. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired and the Company is not required to perform further testing. If the fair value of the reporting unit is less than the carrying value, the Company will record a goodwill impairment charge for the amount by which the carrying value exceeds the reporting unit's fair value.

The Company evaluates its reporting units on an annual basis, or more frequently if there are changes in the reporting structure of the Company due to acquisitions, reporting unit realignments or if there are indicators of potential impairment. For the reporting units where the Company is consistently able to conclude that no impairment exists using only a qualitative approach, the Company's accounting policy is to perform the second step of the aforementioned goodwill impairment assessment at least once every three years. Goodwill is assigned to a reporting unit at the date when an acquisition is integrated into one of the established reporting units, and is based on which reporting unit is expected to benefit from the synergies of the acquisition.

For purposes of assessing the recoverability of goodwill, the Company has four reporting units: two within the Company's ratings business (one for the ICRA business and one that encompasses all of Moody's other ratings operations) and two reporting units within MA consisting of businesses that offer: i) data and data-driven analytical solutions; and ii) risk-management software, workflow and CRE solutions.

#### **Impairment of long-lived assets and definite-lived intangible assets**

Long-lived assets (including ROU Assets) and amortizable intangible assets are reviewed for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Under the first step of the recoverability assessment, the Company compares the estimated undiscounted future cash flows attributable to the asset or asset group to their carrying value. If the undiscounted future cash flows are greater than the carrying value, no further assessment is required. If the undiscounted future cash flows are less than the carrying value, Moody's proceeds with step two of the assessment. Under step two of this assessment, Moody's is required to determine the fair value of the asset or asset group (reduced by the estimated cost to sell the asset for assets or disposal groups classified as held-for-sale) and recognize an impairment loss if the carrying amount exceeds its fair value.

#### **Stock-Based Compensation**

The Company records compensation expense over the requisite service period for all share-based payment award transactions granted to employees based on the fair value of the equity instrument at the time of grant. This includes shares issued under stock option and restricted stock plans.

#### **Derivative Instruments and Hedging Activities**

Based on the Company's risk management policy, the Company may use derivative financial instruments to reduce exposure to changes in foreign exchange rates and interest rates. The Company does not enter into derivative financial instruments for speculative purposes. All derivative financial instruments are recorded on the balance sheet at their respective fair values on a gross basis. The changes in the value of derivatives that qualify as fair value hedges are recorded in the same income statement line item in earnings in which the corresponding adjustment to the carrying value of the hedged item is presented. The entire change in the fair value of derivatives that qualify as cash flow hedges is recorded to OCI and such amounts are reclassified from AOCI(L) to the same income statement line in earnings in the same period or periods during which the hedged transaction affects income. The Company assesses effectiveness for net investment hedges using the spot-method. The entire change in the fair value of derivatives that qualify as net investment hedges is initially recorded to OCI. Those changes in fair value attributable to components included in the assessment of hedge effectiveness in a net investment hedge are recorded in the currency translation adjustment component of OCI and remain in AOCI(L) until the period in which the hedged item affects earnings. Those changes in fair value attributable to components excluded from the assessment of hedge effectiveness in a net investment hedge are recorded to OCI and amortized to earnings using a systematic and rational method over the duration of the hedge. Any changes in the fair value of derivatives that the Company does not designate as hedging instruments under Topic 815 of the ASC are recorded in the consolidated statements of operations in the period in which they occur.

#### **Revenue Recognition and Costs to Obtain or Fulfill a Contract with a Customer**

##### **Revenue recognition:**

Revenue is recognized when control of promised goods or services is transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

When contracts with customers contain multiple performance obligations, the Company accounts for individual performance obligations separately if they are distinct. The transaction price is allocated to each distinct performance obligation on a relative SSP basis. The Company determines the SSP by using the price charged for a deliverable when sold separately or uses management's best estimate of SSP for goods or services not sold separately using estimation techniques that maximize observable data points, including: internal factors relevant to its pricing practices such as costs and margin objectives; standalone sales prices of similar products; pricing policies; percentage of the fee charged for a primary product or service relative to a related product or service; and customer segment and geography. Additional consideration is also given to market conditions such as competitor pricing strategies and market trends.

Sales, usage-based, value added and other taxes are excluded from revenues.

##### MIS Revenue

In the MIS segment, revenue arrangements with multiple elements are generally comprised of two distinct performance obligations, a rating and the related monitoring service. Revenue attributed to ratings of issued securities is generally recognized when the rating is delivered to the issuer. Revenue attributed to monitoring of issuers or issued securities is recognized ratably over the

period in which the monitoring is performed, generally one year. In the case of certain structured finance products, primarily CMBS, issuers can elect to pay all of the annual monitoring fees upfront. These fees are deferred and recognized over the future monitoring periods based on the expected lives of the rated securities.

MIS arrangements generally have standard contractual terms for which the stated payments are due at conclusion of the ratings process for ratings and either upfront or in arrears for monitoring services; and are signed by customers either on a per issue basis or at the beginning of the relationship with the customer. In situations when customer fees for an arrangement may be variable, the Company estimates the variable consideration at inception using the expected value method based on analysis of similar contracts in the same line of business, which is constrained based on the Company's assessment of the realization of the adjustment amount.

The Company allocates the transaction price within arrangements that include multiple performance obligations based upon the relative SSP of each service. The SSP for both rating and monitoring services is generally based upon observable selling prices where the rating or monitoring service is sold separately to similar customers.

### MA Revenue

In the MA segment, products and services offered by the Company include hosted research and data subscriptions, installed and hosted software subscriptions, perpetual installed software licenses and related maintenance, or PCS, and professional services. Subscription and PCS contracts are generally invoiced in advance of the contractual coverage period, which is principally one year, but can range from 3-5 years. Perpetual software licenses are generally invoiced upon delivery and professional services are invoiced as those services are provided. Payment terms and conditions vary by contract type, but primarily include a requirement of payment within 30 to 60 days.

Revenue from research, data and other hosted subscriptions is recognized ratably over the related subscription period as MA's performance obligation to provide access to these products is progressively fulfilled over the stated term of the contract. A large portion of these services are invoiced in the months of November, December and January.

Revenue from the sale of a software license, when considered distinct from the related software implementation services, is generally recognized at the time the product master or first copy is delivered or transferred to the customer. PCS is generally recognized ratably over the contractual period commencing when the software license is fully delivered. Revenue from installed software subscriptions, which includes PCS, is bifurcated into a software license performance obligation and a PCS performance obligation, which follow the patterns of recognition described above.

For implementation services and other service projects for which fees are fixed, the Company determined progress towards completion is most accurately measured on a percentage-of-completion basis (input method) as this approach utilizes the most directly observable data points and is therefore used to recognize the related revenue. For implementation services where price varies based on time expended, a time-based measure of progress towards completion of the performance obligation is utilized.

Revenue from professional services rendered is generally recognized over time as the services are performed.

Products and services offered within the MA segment are sold either stand-alone or together in various combinations. In instances where an arrangement contains multiple performance obligations, the Company accounts for the individual performance obligations separately if they are considered distinct. Revenue is generally allocated to all performance obligations based upon the relative SSP at contract inception. For certain performance obligations, judgment is required to determine the SSP. Revenue is recognized for each performance obligation based upon the conditions for revenue recognition noted above.

In the MA segment, customers usually pay a fixed fee for the products and services based on signed contracts. However, accounting for variable consideration is applied mainly for: i) estimates for cancellation rights and price concessions and ii) T&M based services.

The Company estimates the variable consideration associated with cancellation rights and price concessions based on the expected amount to be provided to customers and reduces the amount of revenue to be recognized.

### **Costs to Obtain or Fulfill a Contract with a Customer:**

#### *Costs to obtain a contract with a customer*

Costs incurred to obtain customer contracts, such as sales commissions, are deferred and recorded within other current assets and other assets when such costs are determined to be incremental to obtaining a contract, would not have been incurred otherwise and the Company expects to recover those costs. These costs are amortized to expense on a systematic basis consistent with the transfer of the products or services to the customer. Depending on the line of business to which the contract relates, this may be based upon the average economic life of the products sold or average period for which services are provided, inclusive of anticipated contract renewals. Determining the estimated economic life of the products sold requires judgment with respect to anticipated future technological changes. Costs to obtain customer contracts are only incurred in the MA segment.

#### *Cost to fulfill a contract with a customer*

Costs incurred to fulfill customer contracts, are deferred and recorded within other current assets and other assets when such costs relate directly to a contract, generate or enhance resources of the Company that will be used in satisfying performance obligations in the future and the Company expects to recover those costs.

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The Company capitalizes work-in-process costs for in-progress MIS ratings, which is recognized consistent with the rendering of the related services to the customers, as ratings are issued.

In addition, within the MA segment, the Company capitalizes royalty costs related to third-party information data providers associated with hosted company information and business intelligence products. These costs are amortized to expense consistent with the recognition pattern of the related revenue over time.

### **Accounts Receivable Allowances**

In order to determine an estimate of expected credit losses, receivables are segmented based on similar risk characteristics including historical credit loss patterns and industry or class of customers to calculate reserve rates. The Company uses an aging method for developing its allowance for credit losses by which receivable balances are stratified based on aging category. A reserve rate is calculated for each aging category which is generally based on historical information, and is adjusted, when necessary, for current conditions (e.g., macroeconomic or industry related) and reasonable and supportable forecasts about the future. The Company also considers customer specific information (e.g., bankruptcy or financial difficulty) when estimating its expected credit losses, as well as the economic environment of the customers, both from an industry and geographic perspective, in evaluating the need for allowances. Expected credit losses are reflected as additions to the accounts receivable allowance. Actual uncollectible account write-offs are recorded against the allowance.

### **Leases**

The Company has operating leases, which substantially all relate to the lease of office space. The Company's leases which are classified as finance leases are not material to the consolidated financial statements.

The Company determines if an arrangement meets the definition of a lease at contract inception. The Company recognizes in its consolidated balance sheet a lease liability and an ROU Asset for all leases with a lease term greater than 12 months. In determining the length of the lease term, the Company utilizes judgment in assessing the likelihood of whether it is reasonably certain that it will exercise an option to extend or early-terminate a lease, if such options are provided in the lease agreement.

ROU Assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU Assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As substantially all of the Company's leases do not provide an implicit interest rate, the Company uses its estimated secured incremental borrowing rates at the lease commencement date in determining the present value of lease payments. These secured incremental borrowing rates are attributable to the currency in which the lease is denominated.

At commencement, the Company's initial measurement of the ROU Asset is calculated as the present value of the remaining lease payments (i.e., lease liability), with additive adjustments reflecting: initial direct costs (e.g., broker commissions) and prepaid lease payments (if any); and reduced by any lease incentives provided by the lessor if: (i) received before lease commencement or (ii) receipt of the lease incentive is contingent upon future events for which the occurrence is both probable and within the Company's control.

Lease expense for minimum operating lease payments is recognized on a straight-line basis over the lease term. This straight-line lease expense represents a single lease cost which is comprised of both an interest accretion component relating to the lease liability and amortization of the ROU Assets. The Company records this single lease cost in operating and SG&A expenses. However, in situations where an operating lease ROU Asset has been impaired, the subsequent amortization of the ROU Asset is then recorded on a straight-line basis over the remaining lease term and is combined with accretion expense on the lease liability to result in single operating lease cost (which subsequent to impairment will no longer follow a straight-line recognition pattern).

The Company has lease agreements which include lease and non-lease components. For the Company's office space leases, the lease components (e.g., fixed rent payments) and non-lease components (e.g., fixed common-area maintenance costs) are combined and accounted for as a single lease component.

Variable lease payments (e.g. variable common-area-maintenance costs) are only included in the initial measurement of the lease liability to the extent those payments depend on an index or a rate. Variable lease payments not included in the lease liability are recognized in net income in the period in which the obligation for those payments is incurred.

### **Contingencies**

Moody's is involved in legal and tax proceedings, governmental, regulatory and legislative investigations and inquiries, claims and litigation that are incidental to the Company's business, including claims based on ratings assigned by MIS. Moody's is also subject to ongoing tax audits in the normal course of business. Management periodically assesses the Company's liabilities and contingencies in connection with these matters based upon the latest information available. Moody's discloses material pending legal proceedings pursuant to SEC rules and other pending matters as it may determine to be appropriate.

For claims, litigation and proceedings and governmental investigations and inquiries not related to income taxes, the Company records liabilities in the consolidated financial statements when it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated and periodically adjusts these as appropriate. When the reasonable estimate of the loss is within a range of amounts, the minimum amount of the range is accrued unless some higher amount within the range is a better estimate than another amount within the range. In instances when a loss is reasonably possible but uncertainties exist related to the probable outcome and/or the amount or range of loss, management does not record a liability but discloses the contingency if

material. As additional information becomes available, the Company adjusts its assessments and estimates of such matters accordingly. Moody's also discloses material pending legal proceedings pursuant to SEC rules and other pending matters as it may determine to be appropriate.

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

#### **Operating Expenses**

Operating expenses include costs associated with the development and production of the Company's products and services and their delivery to customers. These expenses principally include employee compensation and benefits and travel costs that are incurred in connection with these activities. Operating expenses are charged to income as incurred.

#### **Selling, General and Administrative Expenses**

SG&A expenses include such items as compensation and benefits for corporate officers and staff and compensation and other expenses related to sales. They also include items such as office rent, business insurance and professional fees. SG&A expenses are charged to income as incurred.

#### **Foreign Currency Translation**

For all operations outside the U.S. where the Company has designated the local currency as the functional currency, assets and liabilities are translated into U.S. dollars using end of year exchange rates, and revenue and expenses are translated using average exchange rates for the year. For these foreign operations, currency translation adjustments are recorded to other comprehensive income.

#### **Comprehensive Income**

Comprehensive income represents the change in net assets of a business enterprise during a period due to transactions and other events and circumstances from non-owner sources including: foreign currency translation impacts; net actuarial gains and losses and net prior service costs related to pension and other retirement plans; and gains and losses on derivative instruments designated as net investment hedges or cash flow hedges. Comprehensive income items, including cumulative translation adjustments of entities that are less-than-wholly-owned subsidiaries, will be reclassified to noncontrolling interests and thereby, adjusting accumulated other comprehensive income proportionately in accordance with the percentage of ownership interest of the non-controlling shareholder.

#### **Income Taxes**

The Company accounts for income taxes under the asset and liability method in accordance with ASC Topic 740. Therefore, income tax expense is based on reported income before income taxes and deferred income taxes reflect the effect of temporary differences between the amounts of assets and liabilities that are recognized for financial reporting purposes and the amounts that are recognized for income tax purposes.

The Company classifies interest related to unrecognized tax benefits as a component of interest expense in its consolidated statements of operations. Penalties are recognized in other non-operating expenses. For UTPs, the Company first determines whether it is more-likely-than-not (defined as a likelihood of more than fifty percent) that a tax position will be sustained based on its technical merits as of the reporting date, assuming that taxing authorities will examine the position and have full knowledge of all relevant information. A tax position that meets this more-likely-than-not threshold is then measured and recognized at the largest amount of benefit that is greater than fifty percent likely to be realized upon effective settlement with a taxing authority.

On December 22, 2017, the Tax Act was signed into law, resulting in all previously undistributed foreign earnings being subject to U.S. tax. The Company has provided deferred taxes for those entities whose earnings are not considered indefinitely reinvested.

#### **Fair Value of Financial Instruments**

The Company's financial instruments include cash, cash equivalents, trade receivables and payables, and certain short-term investments consisting primarily of certificates of deposit and money market deposits, all of which are short-term in nature and, accordingly, approximate fair value.

The Company also invests in mutual funds, which are accounted for as equity securities with readily determinable fair values under ASC Topic 321. The Company measures these investments at fair value with both realized gains and losses and unrealized holding gains and losses for these investments included in net income.

Also, the Company uses derivative instruments to manage certain financial exposures that occur in the normal course of business. These derivative instruments are carried at fair value in the Company's consolidated balance sheets.

Fair value is defined by the ASC 820 as the price that would be received from selling an asset or paid to transfer a liability (i.e., an exit price) in an orderly transaction between market participants at the measurement date. The determination of this fair value is based on the principal or most advantageous market in which the Company could commence transactions and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions and risk of nonperformance. Also, determination of fair value assumes that market participants will consider the highest and best use of the asset.

The ASC establishes a fair value hierarchy whereby the inputs contained in valuation techniques used to measure fair value are categorized into three broad levels as follows:

Level 1: quoted market prices in active markets that the reporting entity has the ability to access at the date of the fair value measurement;

Level 2: inputs other than quoted market prices described in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities;

Level 3: unobservable inputs that are supported by little or no market activity and that are significant to the fair value measurement of the assets or liabilities.

#### **Concentration of Credit Risk**

Financial instruments that potentially subject the Company to concentration of credit risk principally consist of cash and cash equivalents, short-term investments, trade receivables and derivatives.

For cash and cash equivalents, short-term investments and derivatives, the Company manages its credit exposure by limiting the amount of counterparty risk with any particular financial institution; limits are assigned to each counterparty based on perceived quality of credit, and are monitored daily. Cash equivalents are held among various money market deposit accounts and certificates of deposits as of December 31, 2022 and 2021. Short-term investments primarily consist of certificates of deposit as of December 31, 2022 and 2021. Derivatives primarily consist of foreign exchange forwards or swap contracts (interest rate swaps and cross-currency swaps) as of December 31, 2022 and 2021. For trade receivables, no customer accounted for 10% or more of accounts receivable at December 31, 2022 or 2021.

#### **Earnings per Share of Common Stock**

Basic shares outstanding is calculated based on the weighted average number of shares of common stock outstanding during the reporting period. Diluted shares outstanding is calculated giving effect to all potentially dilutive common shares, assuming that such shares were outstanding and dilutive during the reporting period.

#### **Pension and Other Retirement Benefits**

Moody's maintains various noncontributory DBPPs as well as other contributory and noncontributory retirement plans. The expense and assets/liabilities that the Company reports for its pension and other retirement benefits are dependent on many assumptions concerning the outcome of future events and circumstances. These assumptions represent the Company's best estimates and may vary by plan. The differences between the assumptions for the expected long-term rate of return on plan assets and actual experience is spread over a five-year period to the market-related value of plan assets, which is used in determining the expected return on assets component of annual pension expense. All other actuarial gains and losses are generally deferred and amortized over the estimated average future working life of active plan participants.

The Company recognizes as an asset or liability in its consolidated balance sheet the funded status of its defined benefit retirement plans, measured on a plan-by-plan basis. Changes in the funded status due to actuarial gains/losses are recorded as part of other comprehensive income during the period the changes occur.

#### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**NOTE 3 REVENUES**
**Revenue by Category**

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

	Year Ended December 31,		
	2022	2021	2020
<b>MIS:</b>			
Corporate finance (CFG)			
Investment-grade	\$ 294	\$ 439	\$ 636
High-yield	108	411	352
Bank loans	275	606	287
Other accounts (CFG) <sup>(1)</sup>	592	631	582
Total CFG	1,269	2,087	1,857
Structured finance (SFG)			
Asset-backed securities	116	118	98
RMBS	106	123	96
CMBS	98	102	61
Structured credit	140	215	105
Other accounts (SFG)	2	2	2
Total SFG	462	560	362
Financial institutions (FIG)			
Banking	337	411	355
Insurance	113	145	137
Managed investments	28	36	28
Other accounts (FIG)	13	10	10
Total FIG	491	602	530
Public, project and infrastructure finance (PPIF)			
Public finance / sovereign	197	244	250
Project and infrastructure	234	277	246
Total PPIF	431	521	496
Total ratings revenue	2,653	3,770	3,245
MIS Other	46	42	47
Total external revenue	2,699	3,812	3,292
Intersegment royalty	174	165	148
<b>Total MIS</b>	<b>2,873</b>	<b>3,977</b>	<b>3,440</b>
<b>MA:</b>			
Decision Solutions	1,324	1,011	835
Research and Insights	733	697	650
Data and Information	712	698	594
Total external revenue	2,769	2,406	2,079
Intersegment revenue	8	7	7
<b>Total MA</b>	<b>2,777</b>	<b>2,413</b>	<b>2,086</b>
Eliminations	(182)	(172)	(155)
<b>Total MCO</b>	<b>\$ 5,468</b>	<b>\$ 6,218</b>	<b>\$ 5,371</b>

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

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

	Year Ended December 31, 2022			Year Ended December 31, 2021			Year Ended December 31, 2020		
	U.S.	Non-U.S.	Total	U.S.	Non-U.S.	Total	U.S.	Non-U.S.	Total
<b>MIS:</b>									
Corporate finance	\$ 832	\$ 437	\$ 1,269	\$ 1,384	\$ 703	\$ 2,087	\$ 1,291	\$ 566	\$ 1,857
Structured finance	308	154	462	364	196	560	214	148	362
Financial institutions	223	268	491	289	313	602	250	280	530
Public, project and infrastructure finance	266	165	431	304	217	521	311	185	496
Total ratings revenue	1,629	1,024	2,653	2,341	1,429	3,770	2,066	1,179	3,245
MIS Other	5	41	46	3	39	42	2	45	47
Total MIS	1,634	1,065	2,699	2,344	1,468	3,812	2,068	1,224	3,292
<b>MA:</b>									
Decision Solutions	584	740	1,324	436	575	1,011	340	495	835
Research and Insights	405	328	733	377	320	697	363	287	650
Data and Information	250	462	712	226	472	698	184	410	594
Total MA	1,239	1,530	2,769	1,039	1,367	2,406	887	1,192	2,079
Total MCO	\$ 2,873	\$ 2,595	\$ 5,468	\$ 3,383	\$ 2,835	\$ 6,218	\$ 2,955	\$ 2,416	\$ 5,371

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

	Year Ended December 31,		
	2022	2021	2020
<b>MIS:</b>			
U.S.	\$ 1,634	\$ 2,344	\$ 2,068
Non-U.S.:			
EMEA	648	930	727
Asia-Pacific	271	357	345
Americas	146	181	152
Total Non-U.S.	1,065	1,468	1,224
<b>Total MIS</b>	<b>2,699</b>	<b>3,812</b>	<b>3,292</b>
<b>MA:</b>			
U.S.	1,239	1,039	887
Non-U.S.:			
EMEA	1,034	955	818
Asia-Pacific	285	246	226
Americas	211	166	148
Total Non-U.S.	1,530	1,367	1,192
<b>Total MA</b>	<b>2,769</b>	<b>2,406</b>	<b>2,079</b>
<b>Total MCO</b>	<b>\$ 5,468</b>	<b>\$ 6,218</b>	<b>\$ 5,371</b>

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The following tables summarize the split between transaction and recurring revenue. In the MIS segment, excluding MIS Other, transaction revenue represents the initial rating of a new debt issuance as well as other one-time fees while recurring revenue represents the recurring monitoring fees of a rated debt obligation and/or entities that issue such obligations, as well as revenue from programs such as commercial paper, medium-term notes and shelf registrations. In MIS Other, transaction revenue represents revenue from professional services and recurring revenue represents subscription-based revenues. In the MA segment, recurring revenue represents subscription-based revenues and software maintenance revenue. Transaction revenue in MA represents perpetual software license fees and revenue from software implementation services, risk management advisory projects, and training and certification services.

	Year Ended December 31,								
	2022			2021			2020		
	Transaction	Recurring	Total	Transaction	Recurring	Total	Transaction	Recurring	Total
Corporate Finance	\$ 772	\$ 497	\$ 1,269	\$ 1,600	\$ 487	\$ 2,087	\$ 1,401	\$ 456	\$ 1,857
	61 %	39 %	100 %	77 %	23 %	100 %	75 %	25 %	100 %
Structured Finance	\$ 262	\$ 200	\$ 462	\$ 362	\$ 198	\$ 560	\$ 175	\$ 187	\$ 362
	57 %	43 %	100 %	65 %	35 %	100 %	48 %	52 %	100 %
Financial Institutions	\$ 211	\$ 280	\$ 491	\$ 320	\$ 282	\$ 602	\$ 265	\$ 265	\$ 530
	43 %	57 %	100 %	53 %	47 %	100 %	50 %	50 %	100 %
Public, Project and Infrastructure Finance	\$ 263	\$ 168	\$ 431	\$ 354	\$ 167	\$ 521	\$ 337	\$ 159	\$ 496
	61 %	39 %	100 %	68 %	32 %	100 %	68 %	32 %	100 %
MIS Other	\$ 4	\$ 42	\$ 46	\$ 4	\$ 38	\$ 42	\$ 4	\$ 43	\$ 47
	9 %	91 %	100 %	10 %	90 %	100 %	9 %	91 %	100 %
Total MIS	\$ 1,512	\$ 1,187	\$ 2,699	\$ 2,640	\$ 1,172	\$ 3,812	\$ 2,182	\$ 1,110	\$ 3,292
	56 %	44 %	100 %	69 %	31 %	100 %	66 %	34 %	100 %
Decision Solutions	\$ 164	\$ 1,160	\$ 1,324	\$ 158	\$ 853	\$ 1,011	\$ 185	\$ 650	\$ 835
	12 %	88 %	100 %	16 %	84 %	100 %	22 %	78 %	100 %
Research and Insights	\$ 6	\$ 727	\$ 733	\$ 8	\$ 689	\$ 697	\$ 8	\$ 642	\$ 650
	1 %	99 %	100 %	1 %	99 %	100 %	1 %	99 %	100 %
Data and Information	\$ —	\$ 712	\$ 712	\$ 4	\$ 694	\$ 698	\$ 4	\$ 590	\$ 594
	— %	100 %	100 %	1 %	99 %	100 %	1 %	99 %	100 %
Total MA	\$ 170	\$ 2,599	\$ 2,769	\$ 170	\$ 2,236	\$ 2,406	\$ 197	\$ 1,882	\$ 2,079
	6 %	94 %	100 %	7 %	93 %	100 %	9 %	91 %	100 %
Total Moody's Corporation	\$ 1,682	\$ 3,786	\$ 5,468	\$ 2,810	\$ 3,408	\$ 6,218	\$ 2,379	\$ 2,992	\$ 5,371
	31 %	69 %	100 %	45 %	55 %	100 %	44 %	56 %	100 %

The following table presents the timing of revenue recognition:

	Year Ended December 31, 2022			Year Ended December 31, 2021			Year Ended December 31, 2020		
	MIS	MA	Total	MIS	MA	Total	MIS	MA	Total
Revenue recognized at a point in time	\$ 1,512	\$ 97	\$ 1,609	\$ 2,640	\$ 101	\$ 2,741	\$ 2,182	\$ 121	\$ 2,303
Revenue recognized over time	1,187	2,672	3,859	1,172	2,305	3,477	1,110	1,958	3,068
Total	\$ 2,699	\$ 2,769	\$ 5,468	\$ 3,812	\$ 2,406	\$ 6,218	\$ 3,292	\$ 2,079	\$ 5,371

## Unbilled Receivables, Deferred Revenue and Remaining Performance Obligations

### Unbilled receivables

At December 31, 2022 and December 31, 2021, accounts receivable included approximately \$385 million and \$386 million, respectively, of unbilled receivables related to the MIS segment. Certain MIS arrangements contain contractual terms whereby the customers are billed in arrears for annual monitoring services and rating fees, requiring revenue to be accrued as an unbilled receivable as such services are provided.

In addition, for certain MA arrangements, the timing of when the Company has the unconditional right to consideration and recognizes revenue occurs prior to invoicing the customer. Accordingly, at December 31, 2022 and December 31, 2021, accounts receivable included approximately \$148 million and \$152 million, respectively, of unbilled receivables related to the MA segment.

### Deferred revenue

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

Significant changes in the deferred revenue balances during the year ended December 31, 2022 are as follows:

	Year Ended December 31, 2022		
	MIS	MA	Total
Balance at December 31, 2021	\$ 296	\$ 1,039	\$ 1,335
Changes in deferred revenue			
Revenue recognized that was included in the deferred revenue balance at the beginning of the period	(210)	(996)	(1,206)
Increases due to amounts billable excluding amounts recognized as revenue during the period	202	1,018	1,220
Increases due to acquisitions during the period	—	1	1
Effect of exchange rate changes	(10)	(7)	(17)
Total changes in deferred revenue	(18)	16	(2)
Balance at December 31, 2022	\$ 278	\$ 1,055	\$ 1,333
Deferred revenue - current	\$ 205	\$ 1,053	\$ 1,258
Deferred revenue - noncurrent	\$ 73	\$ 2	\$ 75

Significant changes in the deferred revenue balances during the year ended December 31, 2021 are as follows:

	Year Ended December 31, 2021		
	MIS	MA	Total
Balance at December 31, 2020	\$ 313	\$ 874	\$ 1,187
Changes in deferred revenue			
Revenue recognized that was included in the deferred revenue balance at the beginning of the period	(220)	(810)	(1,030)
Increases due to amounts billable excluding amounts recognized as revenue during the period	207	884	1,091
Increases due to acquisitions during the period	—	94	94
Effect of exchange rate changes	(4)	(3)	(7)
Total changes in deferred revenue	(17)	165	148
Balance at December 31, 2021	\$ 296	\$ 1,039	\$ 1,335
Deferred revenue—current	\$ 214	\$ 1,035	\$ 1,249
Deferred revenue—noncurrent	\$ 82	\$ 4	\$ 86

For the MA segment, for the year ended December 31, 2021, the increase in the deferred revenue balance was primarily due to acquisitions (Cortera, RMS, and PassFort) and organic growth.

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Significant changes in the deferred revenue balances during the year ended December 31, 2020 are as follows:

	Year Ended December 31, 2020		
	MIS	MA	Total
Balance at December 31, 2019	\$ 322	\$ 840	\$ 1,162
Changes in deferred revenue			
Revenue recognized that was included in the deferred revenue balance at the beginning of the period	(229)	(800)	(1,029)
Increases due to amounts billable excluding amounts recognized as revenue during the period	215	792	1,007
Increases due to acquisitions during the period	—	24	24
Effect of exchange rate changes	5	18	23
Total changes in deferred revenue	(9)	34	25
Balance at December 31, 2020	\$ 313	\$ 874	\$ 1,187
Deferred revenue—current	\$ 216	\$ 873	\$ 1,089
Deferred revenue—noncurrent	\$ 97	\$ 1	\$ 98

For the MA segment, for the year ended December 31, 2020, the increase in the deferred revenue balance was primarily due to acquisitions (RDC, Acquire Media, ZMFS, and Catylist) and changes in FX translation rates.

Remaining performance obligations

Remaining performance obligations in the MIS segment largely reflect deferred revenue related to monitoring fees for certain structured finance products, primarily CMBS, where the issuers can elect to pay the monitoring fees for the life of the security in advance. As of December 31, 2022, the aggregate amount of the transaction price allocated to remaining performance obligations was approximately \$99 million. The Company expects to recognize into revenue approximately 25% of this balance within one year, approximately 50% of this balance between one to five years and the remaining amount thereafter. With respect to the remaining performance obligations for the MIS segment, the Company has applied a practical expedient set forth in ASC Topic 606 permitting the omission of unsatisfied performance obligations relating to contracts with an original expected length of one year or less.

Remaining performance obligations in the MA segment include both amounts recorded as deferred revenue on the balance sheet as of December 31, 2022 as well as amounts not yet invoiced to customers as of December 31, 2022 largely reflecting future revenue related to signed multi-year arrangements for hosted and installed subscription-based products. As of December 31, 2022, the aggregate amount of the transaction price allocated to remaining performance obligations was approximately \$3.5 billion. The Company expects to recognize into revenue approximately 60% of this balance within one year, approximately 25% of this balance between one to two years and the remaining amount thereafter.

**Costs to Obtain or Fulfill a Contract with a Customer**

MA Costs to Obtain a Contract with a Customer

	As of December 31,	
	2022	2021
Capitalized costs to obtain sales contracts	\$ 232	\$ 183

	Year ended December 31,		
	2022	2021	2020
Amortization of capitalized costs to obtain sales contracts	\$ 80	\$ 60	\$ 59

Amortization of costs incurred to obtain customer contracts is included within SG&A expenses in the consolidated statements of operations. Costs incurred to obtain customer contracts are only in the MA segment.

*MIS and MA Costs to Fulfill a Contract with a Customer*

	As of December 31, 2022			As of December 31, 2021		
	MIS	MA	Total	MIS	MA	Total
Capitalized costs to fulfill sales contracts	\$ 12	\$ 33	\$ 45	\$ 14	\$ 44	\$ 58

	Year Ended December 31, 2022			Year Ended December 31, 2021			Year Ended December 31, 2020		
	MIS	MA	Total	MIS	MA	Total	MIS	MA	Total
Amortization of capitalized costs to fulfill sales contracts	\$ 54	\$ 69	\$ 123	\$ 48	\$ 76	\$ 124	\$ 47	\$ 66	\$ 113

Amortization of costs to fulfill customer contracts is included within operating expenses in the consolidated statements of operations.

**NOTE 4 RECONCILIATION OF WEIGHTED AVERAGE SHARES OUTSTANDING**

Below is a reconciliation of basic to diluted shares outstanding:

	Year Ended December 31,		
	2022	2021	2020
Basic	183.9	186.4	187.6
Dilutive effect of shares issuable under stock-based compensation plans	0.8	1.5	1.7
Diluted	184.7	187.9	189.3
Antidilutive options to purchase common shares and restricted stock as well as contingently issuable restricted stock which are excluded from the table above	0.5	0.2	0.2

The calculation of diluted EPS requires certain assumptions regarding the use of both cash proceeds and assumed proceeds that would be received upon the exercise of stock options and vesting of restricted stock outstanding as of December 31, 2022, 2021 and 2020.

**NOTE 5 ACCELERATED SHARE REPURCHASE PROGRAM**

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

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

**NOTE 6 CASH EQUIVALENTS AND INVESTMENTS**

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

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

	As of December 31, 2021					
	Cost	Gross Unrealized Gains	Fair Value	Balance sheet location		
				Cash and cash equivalents	Short-term investments	Other assets
Certificates of deposit and money market deposit accounts <sup>(1)</sup>	\$ 691	\$ —	\$ 691	\$ 584	\$ 91	\$ 16
Mutual funds	\$ 65	\$ 8	\$ 73	\$ —	\$ —	\$ 73

<sup>(1)</sup> Consists of time deposits and money market deposit accounts. The remaining contractual maturities for the certificates of deposits classified as short-term investments are one month to 12 months at both December 31, 2022 and at December 31, 2021. The remaining contractual maturities for the certificates of deposits classified in other assets are 13 months to 24 months at December 31, 2022 and 13 months to 29 months at December 31, 2021. Time deposits with a maturity of less than 90 days at time of purchase are classified as cash and cash equivalents.

In addition, the Company invests in Corporate-Owned Life Insurance (COLI). As of December 31, 2022 and December 31, 2021, the contract value of the COLI was \$40 million and \$37 million, respectively.

**NOTE 7 DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES**

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

**Derivatives and non-derivative instruments designated as accounting hedges:**
**Fair Value Hedges**
**Interest Rate Swaps**

The Company has entered into interest rate swaps to convert the fixed interest rate on certain of its long-term debt to a floating interest rate based on the 3-month LIBOR, 6-month LIBOR, and SOFR. The purpose of these hedges is to mitigate the risk associated with changes in the fair value of the long-term debt, thus the Company has designated these swaps as fair value hedges. The fair value of the swaps is adjusted quarterly with a corresponding adjustment to the carrying value of the debt. The changes in the fair value of the swaps and the underlying hedged item generally offset and the net cash settlements on the swaps are recorded each period within interest expense, net in the Company's consolidated statements of operations.

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

Hedged Item	Nature of Swap	Notional Amount As of December 31,		Floating Interest Rate
		2022	2021	
2017 Senior Notes due 2023	Pay Floating/Receive Fixed	\$ —	\$ 250	3-month LIBOR
2017 Senior Notes due 2028	Pay Floating/Receive Fixed	\$ 500	\$ 500	3-month LIBOR
2020 Senior Notes due 2025	Pay Floating/Receive Fixed	\$ 300	\$ 300	6-month LIBOR
2014 Senior Notes due 2044	Pay Floating/Receive Fixed	\$ 300	\$ 300	3-month LIBOR
2018 Senior Notes due 2048	Pay Floating/Receive Fixed	\$ 300	\$ 300	3-month LIBOR
2018 Senior Notes due 2029 <sup>(1)</sup>	Pay Floating/Receive Fixed	\$ 400	\$ —	SOFR
2022 Senior Notes due 2052 <sup>(1)</sup>	Pay Floating/Receive Fixed	\$ 500	\$ —	SOFR
2022 Senior Notes due 2032 <sup>(1)</sup>	Pay Floating/Receive Fixed	\$ 250	\$ —	SOFR
<b>Total</b>	<b>Total</b>	<b>\$ 2,550</b>	<b>\$ 1,650</b>	

<sup>(1)</sup> Executed in 2022.

Refer to Note 18 for information on the cumulative amount of fair value hedging adjustments included in the carrying amount of the above hedged items.

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

Total amounts of financial statement line item presented in the statements of operations in which the effects of fair value hedges are recorded	Amount of Income (Expense) Recognized in the Consolidated Statements of Operations			
	Year Ended December 31,			
	2022	2021	2020	
Interest expense, net	\$ (231)	\$ (171)	\$ (205)	
Descriptions	Location on Consolidated Statements of Operations			
Net interest settlements and accruals on interest rate swaps	Interest expense, net	\$ (8)	\$ 23	\$ 19
Fair value changes on interest rate swaps	Interest expense, net	\$ (228)	\$ (60)	\$ 47
Fair value changes on hedged debt	Interest expense, net	\$ 228	\$ 60	\$ (47)

### Net Investment Hedges

#### Debt designated as net investment hedges

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

#### Cross currency swaps designated as net investment hedges

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

Nature of Swap	December 31, 2022			
	Pay		Receive	
	Notional Amount	Weighted Average Interest Rate	Notional Amount	Weighted Average Interest Rate
Pay Fixed/Receive Fixed	€ 765	3.67%	\$ 800	5.25%
Pay Floating/Receive Floating	450	Based on 3-month EURIBOR	500	Based on 3-month USD LIBOR
Pay Floating/Receive Floating	1,688	Based on ESTR	1,750	Based on SOFR
Total	€ 2,903		\$ 3,050	
Nature of Swap	December 31, 2021			
	Pay		Receive	
	Notional Amount	Weighted Average Interest Rate	Notional Amount	Weighted Average Interest Rate
Pay Fixed/Receive Fixed	€ 909	2.16%	\$ 1,050	4.45%
Pay Floating/Receive Floating	1,179	Based on 3-month EURIBOR	1,350	Based on 3-month USD LIBOR
Total	€ 2,088		\$ 2,400	

As of December 31, 2022, these hedges will expire and the notional amounts will be settled as follows unless terminated early at the discretion of the Company:

**Year Ending December 31,**

2026	€	450
2027	€	531
2028	€	588
2029	€	373
2031	€	481
2032	€	480
<b>Total</b>	<b>€</b>	<b>2,903</b>

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

Derivative and Non-Derivative Instruments in Net Investment Hedging Relationships	Amount of Gain/(Loss) Recognized in AOCL on Derivative, net of Tax			Amount of Gain/(Loss) Reclassified from AOCL into Income, net of tax			Gain/(Loss) Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing)		
	Year Ended December 31,			Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
FX forward contracts	\$ —	\$ 18	\$ (14)	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ —
Cross currency swaps	99	143	(165)	—	—	—	56	35	50
Long-term debt	65	81	(95)	—	—	—	—	—	—
Total net investment hedges	\$ 164	\$ 242	\$ (274)	\$ —	\$ 1	\$ —	\$ 56	\$ 35	\$ 50
<b>Derivatives in Cash Flow Hedging Relationships</b>									
Interest rate contracts	—	—	(51)	(2)	(2)	(2)	—	—	—
Total cash flow hedges	—	—	(51)	(2)	(2)	(2)	—	—	—
<b>Total</b>	<b>\$ 164</b>	<b>\$ 242</b>	<b>\$ (325)</b>	<b>\$ (2)</b>	<b>\$ (1)</b>	<b>\$ (2)</b>	<b>\$ 56</b>	<b>\$ 35</b>	<b>\$ 50</b>

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

	Cumulative Gains/(Losses), net of tax	
	December 31, 2022	December 31, 2021
<b>Net investment hedges</b>		
Cross currency swaps	\$ 118	\$ 19
FX forwards	29	29
Long-term debt	38	(27)
Total net investment hedges	185	21
<b>Cash flow hedges</b>		
Interest rate contracts	(47)	(49)
Cross-currency swap	2	2
Total cash flow hedges	(45)	(47)
Total net (loss) gain in AOCL	\$ 140	\$ (26)

**Derivatives not designated as accounting hedges:**

Foreign exchange forwards

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

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

Notional Amount of Currency Pair:	December 31, 2022		December 31, 2021	
	Sell	Buy	Sell	Buy
Contracts to sell USD for GBP	\$ 170	£ 146	\$ 126	£ 92
Contracts to sell USD for Japanese yen	\$ 24	¥ 3,500	\$ 22	¥ 2,500
Contracts to sell USD for Canadian dollars	\$ 87	C\$ 120	\$ 120	C\$ 150
Contracts to sell USD for Singapore dollars	\$ 50	S\$ 70	\$ 67	S\$ 90
Contracts to sell USD for euros	\$ 116	€ 115	\$ 364	€ 315
Contracts to sell USD for Russian ruble	\$ —	₽ —	\$ 16	₽ 1,200
Contracts to sell USD for Indian rupee	\$ 19	₹ 1,600	\$ 7	₹ 500
Contracts to sell GBP for USD	£ —	\$ —	£ 172	\$ 231
Contracts to sell euros for USD	€ 85	\$ 89	€ —	\$ —

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

The following table summarizes the impact to the consolidated statements of operations relating to the net gain (loss) on the Company's derivatives which are not designated as hedging instruments:

Derivatives Not Designated as Accounting Hedges	Location on Statement of Operations	Year Ended December 31,		
		2022	2021	2020
FX forwards	Other non-operating expense, net	\$ (72)	\$ (27)	\$ 41
Foreign exchange forwards relating to RMS acquisition <sup>(1)</sup>	Other non-operating income, net	\$ —	\$ (13)	\$ —

<sup>(1)</sup> The Company entered into forward contracts to sell \$1,675 million for £1,200 million to hedge a portion of the GBP denominated RMS purchase price. The contract was terminated on September 14, 2021 and resulted in a \$13 million loss.

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

	Balance Sheet Location	Derivative and Non-derivative Instruments	
		December 31, 2022	December 31, 2021
<b>Assets:</b>			
<b>Derivatives designated as accounting hedges:</b>			
Cross-currency swaps designated as net investment hedges	Other assets	\$ 27	\$ 53
Interest rate swaps designated as fair value hedges	Other assets	—	13
Total derivatives designated as accounting hedges		27	66
<b>Derivatives not designated as accounting hedges:</b>			
FX forwards on certain assets and liabilities	Other current assets	19	1
<b>Total assets</b>		<b>\$ 46</b>	<b>\$ 67</b>
<b>Liabilities:</b>			
<b>Derivatives designated as accounting hedges:</b>			
Cross-currency swaps designated as net investment hedges	Other liabilities	78	17
Interest rate swaps designated as fair value hedges	Other liabilities	239	23
Total derivatives designated as accounting hedges		317	40
<b>Non-derivative instruments designated as accounting hedge:</b>			
Long-term debt designated as net investment hedge	Long-term debt	1,334	1,421
<b>Derivatives not designated as accounting hedges:</b>			
FX forwards on certain assets and liabilities	Accounts payable and accrued liabilities	2	12
<b>Total liabilities</b>		<b>\$ 1,653</b>	<b>\$ 1,473</b>

**NOTE 8 PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consisted of:

	December 31,	
	2022	2021
Office and computer equipment (3 - 10 year estimated useful life)	\$ 339	\$ 300
Office furniture and fixtures (3 - 10 year estimated useful life)	54	52
Internal-use computer software (1 - 10 year estimated useful life)	995	771
Leasehold improvements and building (1 - 20 year estimated useful life)	237	234
Total property and equipment, at cost	<u>1,625</u>	<u>1,357</u>
Less: accumulated depreciation and amortization	<u>(1,123)</u>	<u>(1,010)</u>
Total property and equipment, net	<u>\$ 502</u>	<u>\$ 347</u>

Depreciation and amortization expense related to the above assets was \$131 million, \$99 million, and \$96 million for the years ended December 31, 2022, 2021, and 2020, respectively.

**NOTE 9 ACQUISITIONS**

The following is a discussion of material acquisitions completed by the Company. The business combinations described below are accounted for using the acquisition method of accounting whereby assets acquired and liabilities assumed were recognized at fair value on the date of the transaction. Any excess of the purchase price over the fair value of the assets acquired and liabilities assumed was recorded to goodwill. Goodwill typically results through expected synergies from combining operations of an acquiree and an acquirer, anticipated new customer acquisition and products, as well as from intangible assets that do not qualify for separate recognition.

With the exception of RMS, the Company has not presented pro forma combined results for these acquisitions because the impact on previously reported statements of operations would not have been material.

**PassFort**

On November 30, 2021, the Company acquired 100% of PassFort, a U.K. SaaS-based workflow platform for identity verification, customer onboarding, and risk analysis.

The table below details the total consideration relating to the acquisition:

Cash paid at closing	\$ 157
Additional consideration paid to sellers in 2022 <sup>(1)</sup>	1
Total consideration	<u>\$ 158</u>

<sup>(1)</sup> Represents additional consideration paid to the sellers following finalization of customary post-closing completion adjustments.

Shown below is the purchase price allocation, which summarizes the fair value of the assets and liabilities assumed, at the date of acquisition:

Cash	\$ 10
Accounts receivable	1
Intangible assets:	
Product technology (5 year useful life)	\$ 14
Customer relationships (16 year useful life)	8
Trade name (4 year useful life)	1
Total intangible assets (9 year weighted average useful life)	<u>23</u>
Goodwill	138
Liabilities:	
Accounts payable and accrued liabilities	\$ (7)
Deferred revenue	(1)
Deferred tax liabilities	(6)
Total liabilities	<u>(14)</u>
Net assets acquired	<u>\$ 158</u>

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### Goodwill

The goodwill recognized as a result of this acquisition includes, among other things, value created by combining the complementary risk assessment products of the Company and PassFort. The integration of PassFort's platform into Moody's suite of KYC and compliance offerings is expected to create a holistic workflow solution to benefit both new and existing Moody's customers.

Goodwill, which has been assigned to the MA segment, is not deductible for tax purposes.

### Transaction costs

Transaction costs directly related to the PassFort acquisition were not material.

### **RMS**

On September 15, 2021, the Company acquired 100% of RMS, a global provider of climate and natural disaster risk modeling and analytics. The cash payment was funded with new debt financing and a combination of U.S. and offshore cash on hand. The acquisition will expand Moody's insurance data and analytics business and accelerate the development of the Company's global integrated risk capabilities to address the next generation of risk assessment.

The table below details the total consideration relating to the acquisition:

Cash paid at closing	\$	1,922
Replacement equity compensation awards		5
Total consideration	\$	1,927

Shown below is the purchase price allocation, which summarizes the fair value of the assets and liabilities assumed, at the date of acquisition:

Cash <sup>(1)</sup>	\$	55
Accounts receivable		38
Other current assets <sup>(1)</sup>		12
Property and equipment		13
Operating lease right-of-use assets		64
Intangible assets:		
Customer relationships (23 year useful life)	\$	518
Product technology (7 year useful life)		212
Trade name (9 year useful life)		49
Total intangible assets (18 year weighted average useful life)		779
Goodwill <sup>(1)</sup>		1,357
Deferred tax assets, net		50
Other assets		99
Liabilities:		
Accounts payable and accrued liabilities <sup>(1)</sup>	\$	(96)
Deferred revenue		(89)
Operating lease liabilities		(68)
Deferred tax liabilities, net		(214)
Uncertain tax positions <sup>(1)</sup>		(71)
Other liabilities		(2)
Total liabilities		(540)
Net assets acquired	\$	1,927

<sup>(1)</sup> During the third quarter of 2022, the Company adjusted the purchase price allocation pursuant to the receipt of additional information from the sellers relating to RMS's pre-acquisition income taxes. These adjustments included a decrease to UTPs of \$25 million along with other immaterial adjustments. These adjustments resulted in a corresponding decrease in goodwill of \$19 million.

### Goodwill

The goodwill recognized as a result of this acquisition includes, among other things, the value of combining the complementary product portfolios of Moody's and RMS, which is expected to extend the Company's reach into new market segments. The goodwill also includes the combined company's ability to accelerate technology innovations into new product adjacencies (leveraging RMS's team of data scientists, modelers and software engineers) as well as combining RMS's products with Moody's core data and analytics offerings to provide holistic integrated risk solutions.

Goodwill, of which \$1,267 million and \$90 million has been assigned to the MA and MIS segments, respectively, is not deductible for tax purposes. The amount of goodwill allocated to the MIS segment relates to the integration of certain of RMS's models/processes into the Company's ESG solutions offerings.

Other assets in the table above includes an indemnification asset of \$95 million related to uncertain tax positions assumed in the transaction, for which the Company expects to be indemnified by the sellers in the event of an unfavorable outcome.

### Transaction costs

Transaction costs directly related to the RMS acquisition were \$22 million and were recorded in SG&A expenses in the statement of operations.

### Supplementary Unaudited Pro Forma Information

Supplemental information on an unaudited pro forma basis is presented below for the twelve months ended December 31, 2021 and 2020 as if the acquisition of RMS occurred on January 1, 2020. The pro forma financial information is presented for comparative purposes only, based on certain estimates and assumptions, which the Company believes to be reasonable but not necessarily indicative of future results of operations or the results that would have been reported if the acquisition had been completed at January 1, 2020. The unaudited pro forma information includes amortization of acquired intangible assets, based on the purchase price allocation and an estimate of useful lives reflected above, and incremental financing costs resulting from the acquisition, net of income tax, which was estimated using the weighted average statutory tax rates in effect in the jurisdiction for which the pro forma adjustment relates.

<i>Unaudited</i>	Year Ended December 31,	
	2021	2020
Pro forma Revenue	\$ 6,463	\$ 5,667
Pro forma Net Income attributable to Moody's	\$ 2,244	\$ 1,666

The unaudited pro forma results do not include any anticipated cost savings or other effects of the planned integration of RMS. Accordingly, the pro forma results above are not necessarily indicative of the results that would have been reported if the acquisition had occurred on the dates indicated, nor are the pro forma results indicative of results which may occur in the future. The RMS results included in the above have been converted to U.S. GAAP from IFRS as issued by the IASB and have been translated to USD at rates in effect for the periods presented. The RMS amounts in the pro forma results include an addition to revenue of approximately \$18 million and a reduction to revenue of approximately \$22 million relating to a fair value adjustment to deferred revenue required as part of acquisition accounting for the years ended December 31, 2021 and 2020, respectively.

### **Cortera**

On March 19, 2021, the Company acquired 100% of Cortera, a provider of North American credit data and workflow solutions.

The table below details the total consideration relating to the acquisition:

Cash paid at closing	\$ 138
Additional consideration paid to sellers in 2021 <sup>(1)</sup>	1
Total consideration	\$ 139

<sup>(1)</sup> Represents additional consideration paid to the sellers following finalization of customary post-closing completion adjustments.

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Shown below is the purchase price allocation, which summarizes the fair value of the assets and liabilities assumed, at the date of acquisition:

Current assets		\$	7
Intangible assets:			
Database (10 year useful life)	\$	38	
Customer relationships (18 year useful life)		9	
Product technology (8 year useful life)		9	
Trade name (5 year useful life)		1	
Total intangible assets (11 year weighted average useful life)			57
Goodwill <sup>(1)</sup>			79
Deferred tax assets <sup>(1)</sup>			16
Other assets			2
Liabilities:			
Accounts payable and accrued liabilities	\$	(1)	
Deferred revenue		(4)	
Deferred tax liabilities		(15)	
Other liabilities		(2)	
Total liabilities			(22)
Net assets acquired		\$	139

<sup>(1)</sup> During the third quarter of 2021, the Company received further information, that existed as of the acquisition date, with respect to Cortera's deferred taxes. Accordingly, the Company recorded a measurement period adjustment of \$16 million to its estimate for deferred tax assets.

Current assets in the table above include acquired cash of \$4 million and accounts receivable of approximately \$2 million.

### Goodwill

The goodwill recognized as a result of this acquisition includes, among other things, the value of combining the complementary risk assessment products of the Company and Cortera, which is expected to extend the Company's reach to new and evolving market segments as well as cost savings synergies, expected new customer acquisitions and products.

Goodwill, which has been assigned to the MA segment, is not deductible for tax purposes.

### Transaction costs

Transaction costs directly related to the Cortera acquisition were not material.

### **RDC**

On February 13, 2020, the Company acquired 100% of RDC, a provider of anti-money laundering and know-your-customer data and due diligence services.

The table below details the total consideration relating to the acquisition:

Cash paid at closing	\$	700
Additional consideration paid to sellers in 2020 <sup>(1)</sup>		2
Total consideration	\$	702

<sup>(1)</sup> Represents additional consideration paid to the sellers following finalization of customary post-closing completion adjustments.

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Shown below is the purchase price allocation, which summarizes the fair value of the assets and liabilities assumed, at the date of acquisition:

<i>(Amounts in millions)</i>		
Current assets		\$ 24
Intangible assets:		
Customer relationships (25 year useful life)	\$ 174	
Database (10 year useful life)	86	
Product technology (4 year useful life)	17	
Trade name (3 year useful life)	3	
Total intangible assets (19 year weighted average life)		280
Goodwill		494
Other assets		2
Liabilities:		
Accounts payable and accrued liabilities	\$ (5)	
Deferred revenue	(20)	
Deferred tax liabilities	(71)	
Other liabilities	(2)	
Total liabilities		(98)
Net assets acquired		\$ 702

Current assets in the table above include acquired cash of \$6 million. Additionally, current assets include accounts receivable of approximately \$14 million.

### *Goodwill*

The goodwill recognized as a result of this acquisition includes, among other things, the value of combining the complementary product portfolios of the Company and RDC, which is expected to extend the Company's reach to new and evolving market segments as well as cost savings synergies, expected new customer acquisitions and products.

Goodwill, which has been assigned to the MA segment, is not deductible for tax purposes.

### *Transaction costs*

Transaction costs directly related to the RDC acquisition were not material.

### **Other Acquisitions**

During the fourth quarter of 2020, the Company acquired three additional businesses within the MA reportable segment, which were not individually material, but are material in aggregate, to Moody's consolidated financial statements:

- In December 2020, the Company acquired 100% of Catylist, Inc., a provider of commercial real estate solutions for brokers.
- In December 2020, the Company acquired 100% of ZM Financial Systems, a provider of financial management software for the U.S. banking sector.
- In October 2020, the Company acquired 100% of Acquire Media, an aggregator and distributor of curated real-time news, multimedia, data, and alerts.

The aggregate consideration transferred for the aforementioned acquisitions of \$205 million was funded by cash on hand.

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The following table summarizes the aggregate fair value of the assets acquired and liabilities assumed as of the respective closing dates for each acquisition.

(Amounts in millions)

Current assets		\$	5
Intangible assets:			
Customer relationships (18 year useful life)		\$	47
Product technology (8 year useful life)			23
Database (10 year useful life)			8
Trade name (14 year useful life)			4
Total intangible assets (14 year weighted average life)			82
Goodwill			131
Other assets			3
Liabilities:			
Current liabilities		\$	(8)
Long-term liabilities			(8)
Total liabilities			(16)
Net assets acquired		\$	205

**NOTE 10 GOODWILL AND OTHER ACQUIRED INTANGIBLE ASSETS**

The following tables summarize the activity in goodwill:

	Year Ended December 31, 2022								
	MIS			MA			Consolidated		
	Gross goodwill	Accumulated impairment charge	Net goodwill	Gross goodwill	Accumulated impairment charge	Net goodwill	Gross goodwill	Accumulated impairment charge	Net goodwill
Balance at beginning of year	\$ 396	\$ —	\$ 396	\$ 5,615	\$ (12)	\$ 5,603	\$ 6,011	\$ (12)	\$ 5,999
Additions/adjustments <sup>(1)</sup>	4	—	4	88	—	88	92	—	92
Foreign currency translation adjustments	(23)	—	(23)	(229)	—	(229)	(252)	—	(252)
Ending Balance	\$ 377	\$ —	\$ 377	\$ 5,474	\$ (12)	\$ 5,462	\$ 5,851	\$ (12)	\$ 5,839

	Year Ended December 31, 2021								
	MIS			MA			Consolidated		
	Gross goodwill	Accumulated impairment charge	Net goodwill	Gross goodwill	Accumulated impairment charge	Net goodwill	Gross goodwill	Accumulated impairment charge	Net goodwill
Balance at beginning of year	\$ 311	\$ —	\$ 311	\$ 4,257	\$ (12)	\$ 4,245	\$ 4,568	\$ (12)	\$ 4,556
Additions/adjustments <sup>(2)</sup>	90	—	90	1,525	—	1,525	1,615	—	1,615
Foreign currency translation adjustments	(5)	—	(5)	(167)	—	(167)	(172)	—	(172)
Ending balance	\$ 396	\$ —	\$ 396	\$ 5,615	\$ (12)	\$ 5,603	\$ 6,011	\$ (12)	\$ 5,999

<sup>(1)</sup> The 2022 additions/adjustments for the MA segment in the table above primarily relate to the acquisition of kompany in the first quarter of 2022, partially offset by RMS measurement period adjustments in the third quarter of 2022, which are more fully discussed in Note 9.

<sup>(2)</sup> The 2021 additions/adjustments for the MA segment in the table above relate to the acquisitions of Cortera, RMS, RealXData, Bogard, and PassFort. The 2021 additions/adjustments for the MIS segment relate to certain revenue synergies from the RMS acquisition that are expected to benefit the ESG solutions group within the MIS Other LOB.

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Acquired intangible assets and related accumulated amortization consisted of:

	December 31,	
	2022	2021
Customer relationships	\$ 2,024	\$ 2,101
Accumulated amortization	(453)	(381)
Net customer relationships	1,571	1,720
Software/product technology	661	663
Accumulated amortization	(283)	(219)
Net software/product technology	378	444
Database	178	179
Accumulated amortization	(64)	(46)
Net database	114	133
Trade names	197	207
Accumulated amortization	(58)	(47)
Net trade names	139	160
Other <sup>(1)</sup>	52	54
Accumulated amortization	(44)	(44)
Net other	8	10
<b>Total</b>	<b>\$ 2,210</b>	<b>\$ 2,467</b>

<sup>(1)</sup> Other intangible assets primarily consist of trade secrets, covenants not to compete, and acquired ratings methodologies and models.

Amortization expense relating to acquired intangible assets is as follows:

	Year Ended December 31,		
	2022	2021	2020
Amortization expense	\$ 200	\$ 158	\$ 124

Estimated future annual amortization expense for intangible assets subject to amortization is as follows:

Year Ending December 31,	
2023	\$ 196
2024	187
2025	183
2026	180
2027	171
Thereafter	1,293
<b>Total estimated future amortization</b>	<b>\$ 2,210</b>

**NOTE 11 RESTRUCTURING**

On June 30, 2022, the chief executive officer of Moody's approved a restructuring program (the "2022 - 2023 Geolocation Restructuring Program") for which the scope was expanded in October 2022. The Company estimates that the program will result in annualized savings of \$100 million to \$135 million per year. This program relates to the Company's post-COVID-19 geolocation strategy and includes the rationalization and exit of certain leased office spaces and a reduction in staff, including the relocation of certain job functions. The exit from certain leased office spaces began late in 2022 and is expected to result in \$50 million to \$70 million of pre-tax charges from vacating the affected office spaces, a large portion of which Moody's intends to sublease. The program also includes \$85 million to \$100 million of pre-tax personnel-related restructuring charges, an amount that includes severance costs, expense related to the modification of equity awards and related costs primarily determined under the Company's existing severance plans. The savings generated from the 2022 - 2023 Geolocation Restructuring Program are expected to strengthen the Company's operating margin, with a portion being deployed to support strategic investments, including the Company's workplace of the future program and employee retention initiatives. The 2022 - 2023 Geolocation Restructuring Program is expected to be substantially complete by the end of 2023. Cash outlays associated with this program are expected to be \$85 million to \$100 million, which are expected to be paid through 2024.

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On December 22, 2020, the chief executive officer of Moody's approved a restructuring program (the "2020 MA Strategic Reorganization Restructuring Program") that the Company estimates will result in annualized savings of \$20 million per year. This program related to a strategic reorganization in the MA reportable segment consisting of severance and related costs primarily determined under the Company's existing severance plans. The 2020 MA Strategic Reorganization Restructuring Program resulted in a total of \$19 million in pre-tax charges and was substantially completed in the first half of 2021.

On July 29, 2020, the chief executive officer of Moody's approved a restructuring program (the "2020 Real Estate Rationalization Restructuring Program") primarily in response to the COVID-19 pandemic which revolved around the rationalization and exit of certain leased office spaces. The exit from certain leased office space began in the third quarter of 2020 and was substantially completed at December 31, 2021. The 2020 Real Estate Rationalization Restructuring Program primarily reflected non-cash charges related to the impairment of operating lease right-of-use assets and leasehold improvements. The 2020 Restructuring Program is expected to result in an estimated annualized savings of approximately \$5 million to \$6 million a year.

Total expenses included in the accompanying consolidated statements of operations relating to the Company's restructuring programs are as follows:

	Year Ended December 31, 2022			
	Employee Termination Costs <sup>(1)</sup>	Real Estate Related Costs <sup>(2)</sup>	Other Costs <sup>(3)</sup>	Total
2020 Real Estate Rationalization Restructuring Program	\$ —	\$ 2	\$ —	\$ 2
2020 MA Strategic Reorganization Restructuring Program	(1)	—	—	(1)
2022 - 2023 Geolocation Restructuring Program	85	27	1	113
<b>Total Restructuring</b>	<b>\$ 84</b>	<b>\$ 29</b>	<b>\$ 1</b>	<b>\$ 114</b>

	Year Ended December 31, 2021			
	Employee Termination Costs <sup>(1)</sup>	Real Estate Related Costs	Other Costs	Total
2018 Restructuring Program	\$ (2)	\$ —	\$ —	\$ (2)
2020 MA Strategic Reorganization Restructuring Program	2	—	—	2
<b>Total Restructuring</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

	Year Ended December 31, 2020			
	Employee Termination Costs <sup>(1)</sup>	Real Estate Related Costs <sup>(4)</sup>	Other Costs	Total
2018 Restructuring Program	\$ (4)	\$ —	\$ —	\$ (4)
2020 Real Estate Rationalization Restructuring Program	—	36	—	36
2020 MA Strategic Reorganization Restructuring Program	18	—	—	18
<b>Total Restructuring</b>	<b>\$ 14</b>	<b>\$ 36</b>	<b>\$ —</b>	<b>\$ 50</b>

(1) Includes severance costs and expense related to the modification of equity awards.

(2) Primarily includes ROU Asset and leasehold improvement impairment charges and the non-cash acceleration of amortization of abandoned ROU assets and leasehold improvements for the year ended December 31, 2022. The fair value of the impaired assets was determined by utilizing the present value of the estimated future cash flows attributable to the assets. The fair value of those assets subsequent to the impairment was \$0.

(3) Primarily includes professional service fees related to execution of the 2022 - 2023 Geolocation Restructuring Program.

(4) Includes ROU Asset impairment charges and the non-cash acceleration of amortization of leasehold improvements for the year ended December 31, 2020. The fair value of the impaired ROU Assets was determined by utilizing the present value of the estimated future cash flows attributable to the assets. The fair value of those ROU assets subsequent to the impairment was \$10 million and was categorized as Level 3 within the ASC Topic 820 fair value hierarchy.

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Changes to the restructuring liability were as follows:

	2022	2021	2020
<b>Balance as of January 1</b>	<b>\$ 4</b>	<b>\$ 21</b>	<b>\$ 24</b>
<i>2018 Restructuring Program:</i>			
Cost incurred and adjustments	—	(2)	(4)
Cash payments	—	—	(18)
<i>2020 Real Estate Rationalization Restructuring Program:</i>			
Cost incurred and adjustments	—	(1)	1
<i>2020 MA Strategic Reorganization Restructuring Program:</i>			
Cost incurred and adjustments	(1)	2	18
Cash payments	(2)	(16)	—
<i>2022 - 2023 Geolocation Restructuring Program:</i>			
Cost incurred and adjustments	86	—	—
Cash payments	(22)	—	—
<b>Balance as of December 31 <sup>(1)</sup></b>	<b>\$ 65</b>	<b>\$ 4</b>	<b>\$ 21</b>

<sup>(1)</sup> Restructuring liability is primarily comprised of employee termination costs, with an immaterial amount of real estate-related and other costs.

As of December 31, 2022, substantially all of the remaining \$65 million restructuring liability is expected to be paid out in 2023.

Cumulative expense incurred through December 31, 2022	Employee Termination Costs		Real Estate Related Costs		Other Costs		Total
2018 Restructuring Program	\$ 55	\$ 48	\$ —	\$ —	\$ —	\$ —	103
2020 Real Estate Rationalization Restructuring Program	\$ —	\$ 38	\$ —	\$ —	\$ —	\$ —	38
2020 MA Strategic Reorganization Restructuring Program	\$ 19	\$ —	\$ —	\$ —	\$ —	\$ —	19
2022 - 2023 Geolocation Restructuring Program	\$ 85	\$ 27	\$ 1	\$ —	\$ —	\$ —	113

**NOTE 12 FAIR VALUE**

The tables below present information about items which are carried at fair value on a recurring basis at December 31, 2022 and 2021:

Description	Fair value Measurement as of December 31, 2022		
	Balance	Level 1	Level 2
<b>Assets:</b>			
Derivatives <sup>(1)</sup>	\$ 46	\$ —	\$ 46
Mutual funds	71	71	—
Total	\$ 117	\$ 71	\$ 46
<b>Liabilities:</b>			
Derivatives <sup>(1)</sup>	\$ 319	\$ —	\$ 319
Total	\$ 319	\$ —	\$ 319

Description	Fair Value Measurement as of December 31, 2021		
	Balance	Level 1	Level 2
<b>Assets:</b>			
Derivatives <sup>(1)</sup>	\$ 67	\$ —	\$ 67
Mutual funds	73	73	—
<b>Total</b>	<b>\$ 140</b>	<b>\$ 73</b>	<b>\$ 67</b>
<b>Liabilities:</b>			
Derivatives <sup>(1)</sup>	\$ 52	\$ —	\$ 52
<b>Total</b>	<b>\$ 52</b>	<b>\$ —</b>	<b>\$ 52</b>

<sup>(1)</sup> Represents FX forwards on certain assets and liabilities as well as interest rate swaps and cross-currency swaps as more fully described in Note 7 to the consolidated financial statements.

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

**Derivatives:**

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

**Mutual funds:**

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

**NOTE 13. OTHER BALANCE SHEET INFORMATION**

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

	December 31,	
	2022	2021
<b>Other current assets:</b>		
Prepaid taxes	\$ 235	\$ 112
Prepaid expenses	119	99
Capitalized costs to obtain and fulfill sales contracts	106	103
Foreign exchange forwards on certain assets and liabilities	19	1
Other	104	74
<b>Total other current assets</b>	<b>\$ 583</b>	<b>\$ 389</b>

	December 31,	
	2022	2021
<b>Other assets:</b>		
Investments in non-consolidated affiliates	\$ 517	\$ 443
Deposits for real-estate leases	15	14
Indemnification assets related to acquisitions	110	106
Mutual funds and fixed deposits	87	89
Company owned life insurance (at contract value)	40	37
Costs to obtain sales contracts	171	138
Derivative instruments designated as accounting hedges	27	66
Pension and other retirement employee benefits	40	77
Other	85	64
<b>Total other assets</b>	<b>\$ 1,092</b>	<b>\$ 1,034</b>

	December 31,	
	2022	2021
<b>Accounts payable and accrued liabilities:</b>		
Salaries and benefits	\$ 104	\$ 145
Incentive compensation	276	390
Customer credits, advanced payments and advanced billings	102	100
Dividends	6	6
Professional service fees	49	75
Interest accrued on debt	92	85
Accounts payable	52	47
Income taxes	86	115
Pension and other retirement employee benefits	7	7
Accrued royalties	23	36
Foreign exchange forwards on certain assets and liabilities	2	12
Restructuring liability	65	4
Other	147	120
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 1,011</b>	<b>\$ 1,142</b>

	December 31,	
	2022	2021
<b>Other liabilities:</b>		
Pension and other retirement employee benefits	\$ 189	\$ 235
Interest accrued on UTPs	47	59
MAKS indemnification provisions	23	33
Income tax liability – non-current portion	48	23
Derivative instruments designated as accounting hedges	317	40
Other	50	48
<b>Total other liabilities</b>	<b>\$ 674</b>	<b>\$ 438</b>

**Investments in non-consolidated affiliates:**

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

	December 31,	
	2022	2021
Equity method investments <sup>(1)</sup>	\$ 187	\$ 121
Investments measured using the measurement alternative <sup>(2)</sup>	325	318
Other	5	4
<b>Total investments in non-consolidated affiliates</b>	<b>\$ 517</b>	<b>\$ 443</b>

<sup>(1)</sup> Equity securities in which the Company has significant influence over the investee but does not have a controlling financial interest in accordance with ASC Topic 323.

<sup>(2)</sup> Equity securities without readily determinable fair value for which the Company has elected to apply the measurement alternative in accordance with ASC Topic 321, which is more fully discussed in Note 2.

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

Refer to Note 24 for disclosure on earnings from non-consolidated affiliates, which are included within other non-operating income, net.

**NOTE 14 COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE INCOME**

The following table provides details about the reclassifications out of AOCL:

	Year Ended December 31,			Location in the consolidated statements of operations
	2022	2021	2020	
<b>Losses on currency translation adjustments</b>				
Foreign currency translation adjustments - reclassification of losses included in net income	\$ (20)	\$ —	\$ —	Other non-operating income, net
<b>Total losses on currency translation adjustments</b>	<b>(20)</b>	<b>—</b>	<b>—</b>	
<b>Losses on cash flow hedges</b>				
Cross-currency swap	1	—	—	Other non-operating income, net
Interest rate contract	(3)	(2)	(3)	Other non-operating income, net
<b>Total before income taxes</b>	<b>(2)</b>	<b>(2)</b>	<b>(3)</b>	
Income tax effect of item above	—	—	1	Provision for income taxes
<b>Total net losses on cash flow hedges</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	
<b>Gains on net investment hedges</b>				
Cross currency swaps	—	—	1	Other non-operating income, net
FX forwards	—	2	—	Other non-operating income, net
<b>Total before income taxes</b>	<b>—</b>	<b>2</b>	<b>1</b>	
Income tax effect of item above	—	(1)	—	Provision for income taxes
<b>Total net gains on net investment hedges</b>	<b>—</b>	<b>1</b>	<b>1</b>	
<b>Pension and other retirement benefits</b>				
Amortization of actuarial losses and prior service costs included in net income	(3)	(11)	(6)	Other non-operating income, net
Settlement charge	—	(8)	(2)	Other non-operating income, net
<b>Total before income taxes</b>	<b>(3)</b>	<b>(19)</b>	<b>(8)</b>	
Income tax effect of item above	1	5	2	Provision for income taxes
<b>Total pension and other retirement benefits</b>	<b>(2)</b>	<b>(14)</b>	<b>(6)</b>	
<b>Total net losses included in Net Income attributable to reclassifications out of AOCL</b>	<b>\$ (24)</b>	<b>\$ (15)</b>	<b>\$ (7)</b>	

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

	Year Ended December 31, 2022				
	Pension and Other Retirement Benefits	Gains/ (Losses) on Cash Flow Hedges	Foreign Currency Translation Adjustments	Net Investment Hedges	Total
<b>Balance at December 31, 2021</b>	\$ (49)	\$ (47)	\$ (335)	\$ 21	\$ (410)
Other comprehensive income/(loss) before reclassifications	—	—	(421)	164	(257)
Amounts reclassified from AOCL	2	2	20	—	24
Other comprehensive income/(loss)	2	2	(401)	164	(233)
<b>Balance at December 31, 2022</b>	\$ (47)	\$ (45)	\$ (736)	\$ 185	\$ (643)

	Year Ended December 31, 2021				
	Pension and Other Retirement Benefits	Gains/ (Losses) on Cash Flow Hedges	Foreign Currency Translation Adjustments	Net Investment Hedges	Total
<b>Balance at December 31, 2020</b>	\$ (118)	\$ (49)	\$ (45)	\$ (220)	\$ (432)
Other comprehensive income/(loss) before reclassifications	55	—	(290)	242	7
Amounts reclassified from AOCL	14	2	—	(1)	15
Other comprehensive income/(loss)	69	2	(290)	241	22
<b>Balance at December 31, 2021</b>	\$ (49)	\$ (47)	\$ (335)	\$ 21	\$ (410)

	Year Ended December 31, 2020				
	Pension and Other Retirement Benefits	Gains/ (Losses) on Cash Flow Hedges	Foreign Currency Translation Adjustments	Net Investment Hedges	Total
<b>Balance at December 31, 2019</b>	\$ (92)	\$ —	\$ (401)	\$ 54	\$ (439)
Other comprehensive income/(loss) before reclassifications	(32)	(51)	356	(273)	—
Amounts reclassified from AOCL	6	2	—	(1)	7
Other comprehensive income/(loss)	(26)	(49)	356	(274)	7
<b>Balance at December 31, 2020</b>	\$ (118)	\$ (49)	\$ (45)	\$ (220)	\$ (432)

## NOTE 15 PENSION AND OTHER RETIREMENT BENEFITS

### U.S. Plans

Moody's maintains funded and unfunded noncontributory Defined Benefit Pension Plans ("DBPPs"). The DBPPs provide defined benefits using a cash balance formula based on years of service and career average salary or final average pay for selected executives. The Company also provides certain healthcare and life insurance benefits for retired U.S. employees. The retirement healthcare plans are contributory; the life insurance plans are noncontributory. Moody's funded and unfunded U.S. pension plans, the U.S. retirement healthcare plans and the U.S. retirement life insurance plans are collectively referred to herein as the "Retirement Plans." The U.S. retirement healthcare plans and the U.S. retirement life insurance plans are collectively referred to herein as the "Other Retirement Plans."

Through 2007, substantially all U.S. employees were eligible to participate in the Company's DBPPs. Effective January 1, 2008, the Company no longer offers DBPPs to U.S. employees hired or rehired on or after January 1, 2008 and new hires in the U.S. instead will receive a retirement contribution in similar benefit value under the Company's Profit Participation Plan. Current participants of the Company's Retirement Plans and Other Retirement Plans continue to accrue benefits based on existing plan benefit formulas.

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Following is a summary of changes in benefit obligations and fair value of plan assets for the Retirement Plans for the years ended December 31:

	Pension Plans		Other Retirement Plans	
	2022	2021	2022	2021
<b>Change in benefit obligation:</b>				
Benefit obligation, beginning of the period	\$ (570)	\$ (663)	\$ (48)	\$ (48)
Service cost	(14)	(19)	(4)	(4)
Interest cost	(15)	(14)	(1)	(1)
Plan participants' contributions	—	—	(1)	(1)
Benefits paid	20	68	2	2
Actuarial (loss) gain	1	(6)	—	(3)
Assumption changes	116	64	13	7
Benefit obligation, end of the period	\$ (462)	\$ (570)	\$ (39)	\$ (48)
<b>Change in plan assets:</b>				
Fair value of plan assets, beginning of the period	\$ 544	\$ 528	\$ —	\$ —
Actual return on plan assets	(111)	34	—	—
Benefits paid	(20)	(68)	(2)	(2)
Employer contributions	7	50	1	1
Plan participants' contributions	—	—	1	1
Fair value of plan assets, end of the period	\$ 420	\$ 544	\$ —	\$ —
Funded status of the plans	\$ (42)	\$ (26)	\$ (39)	\$ (48)
Amounts recorded on the consolidated balance sheets:				
Pension and retirement benefits asset – non current	\$ 39	\$ 74	\$ —	\$ —
Pension and retirement benefits liability – current	(5)	(5)	(2)	(1)
Pension and retirement benefits liability – non current	(76)	(95)	(37)	(47)
Net amount recognized	\$ (42)	\$ (26)	\$ (39)	\$ (48)
<b>Accumulated benefit obligation, end of the period</b>	<b>\$ (432)</b>	<b>\$ (524)</b>		

The net decrease in the pension benefit obligation from assumption changes and actuarial gains in 2022 primarily resulted from increases to discount rates, partially offset by an increase to the annuity conversion rate. The net decrease in the pension benefit obligation from assumption changes and actuarial losses in 2021 primarily resulted from increases to the discount rates and changes to certain actuarial assumptions, including increased rates of retirement at younger ages.

The following information is for those pension plans with an accumulated benefit obligation in excess of plan assets:

	December 31,	
	2022	2021
Aggregate projected benefit obligation	\$ 82	\$ 101
Aggregate accumulated benefit obligation	\$ 72	\$ 86

The following table summarizes the pre-tax net actuarial losses and prior service costs recognized in AOCL for the Company's Retirement Plans as of December 31:

	Pension Plans		Other Retirement Plans	
	2022	2021	2022	2021
Net actuarial losses (gains)	\$ (77)	\$ (61)	\$ 9	\$ (4)
Net prior service credits	2	3	—	—
Total recognized in AOCL – pretax	\$ (75)	\$ (58)	\$ 9	\$ (4)

Net periodic benefit expenses recognized for the Retirement Plans for the years ended December 31:

	Pension Plans			Other Retirement Plans		
	2022	2021	2020	2022	2021	2020
<b>Components of net periodic expense</b>						
Service cost	\$ 14	\$ 19	\$ 17	\$ 4	\$ 4	\$ 3
Interest cost	15	14	17	1	1	1
Expected return on plan assets	(26)	(27)	(20)	—	—	—
Amortization of net actuarial loss and prior service credits from earlier periods	3	11	7	—	1	—
Loss on settlement of pension obligations	—	8	2	—	—	—
Net periodic expense	\$ 6	\$ 25	\$ 23	\$ 5	\$ 6	\$ 4

The following table summarizes the pre-tax amounts recorded in OCI related to the Company's Retirement Plans for the years ended December 31:

	Pension Plans			Other Retirement Plans		
	2022	2021	2020	2022	2021	2020
Amortization of net actuarial losses and prior service credit	\$ 3	\$ 11	\$ 7	\$ —	\$ 1	\$ —
Settlement loss	—	8	2	—	—	—
Net actuarial (loss)/gain arising during the period	(19)	65	(37)	13	4	(3)
Total recognized in OCI – pre-tax	\$ (16)	\$ 84	\$ (28)	\$ 13	\$ 5	\$ (3)

#### ADDITIONAL INFORMATION:

##### Assumptions—Retirement Plans

Weighted-average assumptions used to determine benefit obligations at December 31:

	Pension Plans		Other Retirement Plans	
	2022	2021	2022	2021
Discount rate	4.93 %	2.60 %	4.90 %	2.65 %
Rate of compensation increase	3.63 %	3.63 %	—	—

Weighted-average assumptions used to determine net periodic benefit expense for years ended December 31:

	Pension Plans			Other Retirement Plans		
	2022	2021	2020	2022	2021	2020
Discount rate	2.60 %	2.24 %	3.04 %	2.65 %	2.30 %	3.05 %
Expected return on plan assets	5.05 %	5.45 %	4.45 %	—	—	—
Rate of compensation increase	3.63 %	3.62 %	3.64 %	—	—	—
Cash balance plan interest crediting rate	4.50 %	4.50 %	4.50 %	—	—	—

The expected rate of return on plan assets represents the Company's best estimate of the long-term return on plan assets and is determined by using a building block approach, which generally weighs the underlying long-term expected rate of return for each major asset class based on their respective allocation target within the plan portfolio, net of plan paid expenses. As the assumption reflects a long-term time horizon, the plan performance in any one particular year does not, by itself, significantly influence the Company's evaluation. For 2022, the expected rate of return used in calculating the net periodic benefit costs was 5.05%. For 2023, the Company's expected rate of return assumption is 6.55% to reflect the Company's current view of long-term capital market outlook.

## Plan Assets

Moody's investment objective for the assets in the funded pension plan is to earn total returns that will minimize future contribution requirements over the long-term within a prudent level of risk. The Company works with its independent investment consultants to determine asset allocation targets for its pension plan investment portfolio based on its assessment of business and financial conditions, demographic and actuarial data, funding characteristics, and related risk factors. Other relevant factors, including historical and forward looking views of inflation and capital market returns, are also considered. Risk management practices include monitoring plan asset performance, diversification across asset classes and investment styles and periodic rebalancing toward asset allocation targets. The Company's Asset Management Committee is responsible for overseeing the investment activities of the plan, which includes selecting acceptable asset classes, defining allowable ranges of holdings by asset class and by individual investment managers, defining acceptable securities within each asset class, and establishing investment performance expectations. Ongoing monitoring of the plan includes reviews of investment performance and managers on a regular basis, annual liability measurements, and periodic asset/liability studies.

The Company's investment policy uses risk-controlled investment strategies by increasing the plan's asset allocation to fixed income securities and specifying ranges of acceptable target allocation by asset class based on different levels of the plan's accounting funded status. In addition, the investment policy also requires the investment-grade fixed income assets to be rebalanced between shorter and longer duration bonds as the interest rate environment changes. This investment policy is designed to help protect the plan's funded status and to limit volatility of the Company's contributions. Based on the policy, the Company's current target asset allocation is approximately 33% (range of 28% to 38%) in equity securities, 62% (range of 57% to 67%) in fixed income securities and 5% (range of 2% to 8%) in other investments and the plan will use a combination of active and passive investment strategies and different investment styles for its investment portfolios within each asset class. The plan's equity investments are diversified across U.S. and non-U.S. stocks of small, medium and large capitalization. The plan's fixed income investments are diversified principally across U.S. and non-U.S. government and corporate bonds, which are expected to help reduce plan exposure to interest rate variation and to better align assets with obligations. The plan also invests in other fixed income investments such as debts rated below investment grade, emerging market debt, and convertible securities. The plan's other investment, which is made through a private real estate debt fund, is expected to provide additional diversification benefits and absolute return enhancement to the plan assets.

Fair value of the assets in the Company's funded pension plan by asset category at December 31, 2022 and 2021 are as follows:

Asset Category	Fair Value Measurement as of December 31, 2022					% of total assets
	Balance	Level 1	Level 2	Measured using NAV practical expedient <sup>(1)</sup>		
<b>Cash and cash equivalent</b>	\$ 5	\$ —	\$ 5	\$ —		1 %
<b>Common/collective trust funds—equity securities</b>						
U.S. large-cap	96	—	96	—		23 %
U.S. small and mid-cap	17	—	17	—		4 %
Emerging markets	19	—	19	—		5 %
<b>Total equity investments</b>	<b>132</b>	<b>—</b>	<b>132</b>	<b>—</b>		<b>31 %</b>
<b>Emerging markets bond fund</b>	<b>26</b>	<b>—</b>	<b>—</b>	<b>26</b>		<b>6 %</b>
<b>Common/collective trust funds and corporate bonds — fixed income securities</b>						
Intermediate-term investment grade U.S. government/corporate bonds	54	—	54	—		13 %
<b>Mutual funds</b>						
Long duration corporate bonds	126	—	126	—		30 %
U.S. Treasury Inflation-Protected Securities (TIPs)	24	24	—	—		6 %
Convertible securities	14	14	—	—		3 %
<b>Private investment fund—high yield securities</b>	<b>12</b>	<b>—</b>	<b>—</b>	<b>12</b>		<b>3 %</b>
<b>Total fixed-income investments</b>	<b>256</b>	<b>38</b>	<b>180</b>	<b>38</b>		<b>61 %</b>
<b>Other investment—private real estate fund</b>	<b>27</b>	<b>—</b>	<b>—</b>	<b>27</b>		<b>6 %</b>
<b>Total Assets</b>	<b>\$ 420</b>	<b>\$ 38</b>	<b>\$ 317</b>	<b>\$ 65</b>		<b>100 %</b>

## Fair Value Measurement as of December 31, 2021

Asset Category	Balance	Level 1	Level 2	Measured using NAV practical expedient <sup>(1)</sup>	% of total assets
<b>Cash and cash equivalent</b>	\$ 4	\$ —	\$ 4	\$ —	1 %
<b>Common/collective trust funds—equity securities</b>					
U.S. large-cap	135	—	135	—	25 %
U.S. small and mid-cap	23	—	23	—	4 %
Emerging markets	27	—	27	—	5 %
<b>Total equity investments</b>	<b>185</b>	<b>—</b>	<b>185</b>	<b>—</b>	<b>34 %</b>
<b>Emerging markets bond fund</b>	<b>30</b>	<b>—</b>	<b>—</b>	<b>30</b>	<b>6 %</b>
<b>Common/collective trust funds and corporate bonds — fixed income securities</b>					
Intermediate-term investment grade U.S. government/corporate bonds	68	—	68	—	13 %
<b>Mutual funds</b>					
Long duration corporate bonds	177	—	177	—	33 %
U.S. Treasury Inflation-Protected Securities (TIPs)	24	24	—	—	4 %
Convertible securities	17	17	—	—	3 %
<b>Private investment fund—high yield securities</b>	<b>14</b>	<b>—</b>	<b>—</b>	<b>14</b>	<b>3 %</b>
<b>Total fixed-income investments</b>	<b>330</b>	<b>41</b>	<b>245</b>	<b>44</b>	<b>61 %</b>
<b>Other investment—private real estate debt fund</b>	<b>25</b>	<b>—</b>	<b>—</b>	<b>25</b>	<b>4 %</b>
<b>Total Assets</b>	<b>\$ 544</b>	<b>\$ 41</b>	<b>\$ 434</b>	<b>\$ 69</b>	<b>100 %</b>

<sup>(1)</sup> Investments are measured using the net asset value per share (or its equivalent) practical expedient and have not been categorized in the fair value hierarchy. The fair value amounts presented in the table are intended to permit a reconciliation of the fair value hierarchy to the value of the total plan assets.

Cash and cash equivalents are primarily comprised of investments in money market mutual funds. In determining fair value, Level 1 investments are valued based on quoted market prices in active markets. Investments in common/collective trust and private mutual funds are valued using the NAV per unit in each fund. The NAV is based on the value of the underlying investments owned by each fund, minus its liabilities, and then divided by the number of shares outstanding. Common/collective trust funds and the private mutual fund are categorized in Level 2 to the extent that they are considered to have a readily determinable fair value. Investments for which fair value is estimated by using the NAV per share (or its equivalent) as a practical expedient are not categorized in the fair value hierarchy.

Except for the Company's U.S. funded pension plan, all of Moody's Retirement Plans are unfunded and therefore have no plan assets.

#### Cash Flows

The Company did not contribute to its U.S. funded pension plan during the years ended December 31, 2022 and 2021. The Company made payments of \$7 million and \$50 million related to its U.S. unfunded pension plan obligations during the years ended December 31, 2022 and 2021, respectively. The Company currently does not anticipate making a contribution to its funded pension plan in 2023, and anticipates making payments of \$6 million related to its unfunded U.S. pension plans and immaterial payments related to its other Retirement Plans during the year ended December 31, 2023.

## Estimated Future Benefits Payable

Estimated future benefits payments for the Retirement Plans are as follows as of the year ended December 31, 2022:

Year Ending December 31,	Pension Plans	Other Retirement Plans
2023	\$ 22	\$ 2
2024	25	2
2025	31	2
2026	29	2
2027	30	3
2028 - 2032	160	17

## Defined Contribution Plans

Moody's has a Profit Participation Plan covering substantially all U.S. employees. The Profit Participation Plan provides for an employee salary deferral and the Company matches employee contributions, equal to 50% of employee contribution up to a maximum of 3% of the employee's pay. Effective January 1, 2008, all new hires are automatically enrolled in the Profit Participation Plan when they meet eligibility requirements unless they decline participation. As the Company's U.S. DBPPs are closed to new entrants effective January 1, 2008, all eligible new hires will instead receive a retirement contribution into the Profit Participation Plan in value similar to the pension benefits. Additionally, effective January 1, 2008, the Company implemented a deferred compensation plan in the U.S., which is unfunded and provides for employee deferral of compensation and Company matching contributions related to compensation in excess of the IRS limitations on benefits and contributions under qualified retirement plans. Total expenses associated with U.S. defined contribution plans were \$35 million, \$54 million and \$44 million in the years ended December 31, 2022, 2021 and 2020, respectively.

Effective January 1, 2008, Moody's has designated the Moody's Stock Fund, an investment option under the Profit Participation Plan, as an Employee Stock Ownership Plan and, as a result, participants in the Moody's Stock Fund may receive dividends in cash or may reinvest such dividends into the Moody's Stock Fund. Moody's paid approximately \$1 million during each of the years ended December 31, 2022, 2021, and 2020, respectively, for the Company's common shares held by the Moody's Stock Fund. The Company records the dividends as a reduction of retained earnings in the Consolidated Statements of Shareholders' Equity. The Moody's Stock Fund held approximately 329,300 and 328,500 shares of Moody's common stock at December 31, 2022 and 2021, respectively.

## Non-U.S. Plans

Certain of the Company's non-U.S. operations provide pension benefits to their employees. The non-U.S. defined benefit pension plans are immaterial. For defined contribution plans, company contributions are primarily determined as a percentage of employees' eligible compensation. Expenses related to these defined contribution plans for the years ended December 31, 2022, 2021, and 2020 were \$37 million, \$32 million, and \$29 million, respectively.

## NOTE 16 STOCK-BASED COMPENSATION PLANS

Under the 1998 Plan, 33.0 million shares of the Company's common stock have been reserved for issuance. The 2001 Plan, which is shareholder approved, permits the granting of up to 50.6 million shares, of which not more than 14.0 million shares are available for grants of awards other than stock options. The stock plans also provide for the granting of restricted stock. The stock plans provide that options are exercisable not later than ten years from the grant date. The vesting period for awards under the stock plans is generally determined by the Board at the date of the grant and has been four years except for employees who are at or near retirement eligibility, as defined, for which vesting is between one and four years. Additionally, the vesting period is three years for certain performance-based restricted stock that contain a condition whereby the number of shares that ultimately vest are based on the achievement of certain non-market based performance metrics of the Company. Options may not be granted at less than the fair market value of the Company's common stock at the date of grant.

The Company maintains the Directors' Plan for its Board, which permits the granting of awards in the form of non-qualified stock options, restricted stock or performance shares. The vesting period is determined by the Board at the date of the grant and is generally one year for both options and restricted stock. Under the Directors' Plan, 1.7 million shares of common stock were reserved for issuance. Any director of the Company who is not an employee of the Company or any of its subsidiaries as of the date that an award is granted is eligible to participate in the Directors' Plan.

On September 15, 2021, the Company acquired RMS, which is discussed in more detail in Note 9. As part of the acquisition, the Company registered the RMS 2014 Equity Award Plan and the RMS 2015 Equity Incentive Plan (collectively, "RMS Plans") as part of the purchase agreement to acquire RMS. Under the RMS Plans, 1.2 million shares of the Company's common stock have been reserved for issuance. The RMS Plans provide that options are exercisable not later than ten years from the grant date. The vesting period is generally determined by the Board at the date of the grant and is four years for both options and restricted stock granted during 2021.

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As a result of the acquisition, certain RMS employees' unvested equity awards (employee stock options and restricted stock) with an acquisition-date fair value of \$33 million were converted into equity awards of the Company based on an exchange ratio as defined in the purchase agreement. The portion of the fair value of the replacement awards related to services provided prior to the acquisition was \$5 million and was accounted for as consideration transferred (See Note 9). The remaining portion of the replacement awards of \$28 million, which is associated with post-acquisition service requirements, will be recognized as compensation expense over the remaining vesting period.

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

	Year Ended December 31,		
	2022	2021	2020
Stock-based compensation expense	\$ 169	\$ 175	\$ 154
Tax benefit	\$ 41	\$ 42	\$ 30

The fair value of each employee stock option award is estimated on the date of grant using the Black-Scholes option-pricing model that uses the assumptions noted below. The expected dividend yield is derived from the annual dividend rate on the date of grant. The expected stock volatility is based on an assessment of historical weekly stock prices of the Company as well as implied volatility from Moody's traded options. The risk-free interest rate is based on U.S. government zero coupon bonds with maturities similar to the expected holding period. The expected holding period is determined by examining historical and projected post-vesting exercise behavior activity.

The following weighted average assumptions were used for options granted (excluding the aforementioned RMS replacement awards for the year ended December 31, 2021):

	Year Ended December 31,		
	2022	2021	2020
Expected dividend yield	0.86 %	0.89 %	0.80 %
Expected stock volatility	27 %	28 %	23 %
Risk-free interest rate	1.91 %	0.82 %	1.43 %
Expected holding period (in years)	5.6	5.6	5.7

Due to the RMS replacement option awards being heavily in-the-money at the acquisition date, the Company utilized a binomial valuation approach in 2021 to determine the fair value of the options, which approximated the intrinsic value of the replaced awards at the acquisition date.

The following represents the fair value of the options at grant date (including the RMS replacement option awards for the year ended December 31, 2021):

	Year Ended December 31,		
	2022	2021	2020
Weighted average grant date fair value per share	\$ 84.00	\$ 121.14	\$ 60.66

A summary of option activity as of December 31, 2022 and changes during the year then ended is presented below:

Options	Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, December 31, 2021	1.0	\$ 166.16		
Granted	0.1	\$ 324.64		
Exercised	(0.1)	\$ 148.28		
Outstanding, December 31, 2022	1.0	\$ 181.35	5.2 years	\$ 107
Vested and expected to vest, December 31, 2022	1.0	\$ 181.01	5.2 years	\$ 107
Exercisable, December 31, 2022	0.7	\$ 139.08	4.0 years	\$ 99

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between Moody's closing stock price on the last trading day of the year ended December 31, 2022 and the exercise prices, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options as of December 31, 2022. This amount varies based on the fair value of Moody's stock. As of December 31, 2022, there was \$14 million of total unrecognized compensation expense related to options. The expense is expected to be recognized over a weighted average period of 2.0 years.

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The following table summarizes information relating to stock option exercises:

	Year Ended December 31,		
	2022	2021	2020
Proceeds from stock option exercises	\$ 8	\$ 24	\$ 39
Aggregate intrinsic value	\$ 9	\$ 55	\$ 132
Tax benefit realized upon exercise	\$ 2	\$ 13	\$ 32

A summary of nonvested restricted stock activity for the year ended December 31, 2022 is presented below:

Nonvested Restricted Stock	Shares	Weighted Average Grant Date Fair Value Per Share
Balance, December 31, 2021	1.4	\$ 253.85
Granted	0.6	\$ 318.88
Vested	(0.6)	\$ 229.86
Forfeited	(0.1)	\$ 281.24
Balance, December 31, 2022	1.3	\$ 288.47

As of December 31, 2022, there was \$216 million of total unrecognized compensation expense related to nonvested restricted stock. The expense is expected to be recognized over a weighted average period of 2.4 years.

The following table summarizes information relating to the vesting of restricted stock awards:

	Year Ended December 31,		
	2022	2021	2020
Fair value of shares vested	\$ 180	\$ 194	\$ 202
Tax benefit realized upon vesting	\$ 42	\$ 46	\$ 46

A summary of performance-based restricted stock activity for the year ended December 31, 2022 is presented below:

Performance-based restricted stock	Shares	Weighted Average Grant Date Fair Value Per Share
Balance, December 31, 2021	0.4	\$ 266.89
Granted	0.1	\$ 310.62
Vested	(0.2)	\$ 169.80
Balance, December 31, 2022	0.3	\$ 303.80

The following table summarizes information relating to the vesting of the Company's performance-based restricted stock awards:

	Year Ended December 31,		
	2022	2021	2020
Fair value of shares vested	\$ 50	\$ 28	\$ 70
Tax benefit realized upon vesting	\$ 7	\$ 7	\$ 17

As of December 31, 2022, there was \$22 million of total unrecognized compensation expense related to this plan. The expense is expected to be recognized over a weighted average period of 1.4 years.

The Company has a policy of issuing treasury stock to satisfy shares issued under stock-based compensation plans.

In addition, the Company also sponsors the ESPP. Under the ESPP, 6 million shares of common stock were reserved for issuance. The ESPP permits eligible employees to purchase common stock of the Company on a monthly basis at a discount to the average of the high and the low trading prices on the New York Stock Exchange on the last trading day of each month. This discount was 5% in 2022, 2021, and 2020 resulting in the ESPP qualifying for non-compensatory status under Topic 718 of the ASC. Accordingly, no compensation expense was recognized for the ESPP in 2022, 2021, and 2020. The employee purchases are funded through after-tax payroll deductions, which plan participants can elect from one percent to ten percent of compensation, subject to the annual federal limit.

**NOTE 17 INCOME TAXES**

Components of the Company's income tax provision are as follows:

	Year Ended December 31,		
	2022	2021	2020
Current:			
Federal	\$ 106	\$ 404	\$ 213
State and Local	17	106	68
Non-U.S.	215	249	215
Total current	<u>338</u>	<u>759</u>	<u>496</u>
Deferred:			
Federal	57	(172)	6
State and Local	10	(45)	—
Non-U.S.	(19)	(1)	(50)
Total deferred	<u>48</u>	<u>(218)</u>	<u>(44)</u>
Total provision for income taxes	<u>\$ 386</u>	<u>\$ 541</u>	<u>\$ 452</u>

A reconciliation of the U.S. federal statutory tax rate to the Company's effective tax rate on income before provision for income taxes is as follows:

	Year Ended December 31,		
	2022	2021	2020
U.S. statutory tax rate	21.0 %	21.0 %	21.0 %
State and local taxes, net of federal tax benefit	0.8 %	1.5 %	2.3 %
Benefit of foreign operations	(0.2)%	(1.5)%	(1.5)%
Other	0.3 %	(1.4)%	(1.5)%
Effective tax rate	<u>21.9 %</u>	<u>19.6 %</u>	<u>20.3 %</u>
Income tax paid	<u>\$ 488</u>	<u>\$ 932</u>	<u>\$ 514</u>

The source of income before provision for income taxes is as follows:

	Year Ended December 31,		
	2022	2021	2020
U.S.	\$ 804	\$ 1,563	\$ 1,349
Non-U.S.	956	1,192	880
Income before provision for income taxes	<u>\$ 1,760</u>	<u>\$ 2,755</u>	<u>\$ 2,229</u>

The components of deferred tax assets and liabilities are as follows:

	December 31,	
	2022	2021
<b>Deferred tax assets:</b>		
Account receivable allowances	\$ 9	\$ 8
Accumulated depreciation and amortization	15	10
Stock-based compensation	57	50
Accrued compensation and benefits	51	101
Capitalized costs	27	33
Operating lease liabilities	115	134
Deferred revenue	206	252
Net operating loss	36	33
Restructuring	11	1
Uncertain tax positions	68	86
Self-insured related reserves	12	10
Loss on net investment hedges - OCI	—	11
Other	14	16
<b>Total deferred tax assets</b>	<b>621</b>	<b>745</b>
<b>Deferred tax liabilities:</b>		
Accumulated depreciation and amortization of intangible assets and capitalized software	(593)	(659)
ROU Assets	(82)	(102)
Capital gains	(29)	(31)
Self-insured related income	(12)	(10)
Revenue Accounting Standard - ASC 606	(5)	(7)
Deferred tax on unremitted foreign earnings	(13)	(12)
Gain on net investment hedges - OCI	(48)	(4)
Other	(9)	(6)
<b>Total deferred tax liabilities</b>	<b>(791)</b>	<b>(831)</b>
<b>Net deferred tax liabilities</b>	<b>(170)</b>	<b>(86)</b>
Valuation allowance	(21)	(18)
<b>Total net deferred tax liabilities</b>	<b>\$ (191)</b>	<b>\$ (104)</b>

On December 22, 2017, the Tax Act was signed into law, which resulted in significant changes to U.S. corporate tax laws. The Tax Act includes a mandatory one-time deemed repatriation tax ("transition tax") on previously untaxed accumulated earnings of foreign subsidiaries and beginning in 2018 reduces the statutory federal corporate income tax rate from 35% to 21%. Accordingly, the Company determined the transition tax to be \$236 million, with the remaining balance due of \$48 million as of December 31, 2022.

As a result of the Tax Act, all previously net undistributed foreign earnings have now been subject to U.S. tax. The Company regularly evaluates which entities it will indefinitely reinvest earnings. The Company has provided deferred taxes for those entities whose earnings are not considered indefinitely reinvested.

The Company's annual tax expense for the year ended December 31, 2022 includes Excess Tax Benefits from stock compensation of \$19 million, benefits from the resolution of certain UTPs of \$30 million and other net increases to tax positions of \$12 million.

The Company had valuation allowances of \$21 million and \$18 million at December 31, 2022 and 2021, respectively, related to foreign net operating losses for which realization is uncertain.

As of December 31, 2022, the Company had \$322 million of UTPs of which \$297 million represents the amount that, if recognized, would impact the effective tax rate in future periods. The decrease in 2022 resulted primarily from lapses in statutes of limitation for non-U.S. jurisdictions along with state income tax settlement payments. The decrease in 2021 resulted primarily from the resolutions of uncertain tax positions. The increase in 2020 was primarily due to the additional reserves established for non-U.S. tax exposures.

A reconciliation of the beginning and ending amount of UTPs is as follows:

	Year Ended December 31,		
	2022	2021	2020
Balance as of January 1	\$ 388	\$ 483	\$ 477
Additions for tax positions related to the current year	12	102	37
Additions for tax positions of prior years	12	18	17
Reductions for tax positions of prior years	(27)	—	(2)
Settlements with taxing authorities	(30)	(134)	(5)
Lapse of statute of limitations	(33)	(81)	(41)
Balance as of December 31	\$ 322	\$ 388	\$ 483

The Company classifies interest related to UTPs in interest expense in its consolidated statements of operations. Penalties, if incurred, are recognized in other non-operating (expense) income, net. Refer to Note 18 for disclosure of interest (expense) income relating to UTPs and other tax-related liabilities. As of December 31, 2022, 2021 and 2020 the amount of accrued interest recorded in the Company's consolidated balance sheets related to UTPs was \$47 million, \$59 million and \$113 million, respectively.

Moody's Corporation and subsidiaries are subject to U.S. federal income tax as well as income tax in various state, local and foreign jurisdictions. The Company's U.S. federal income tax returns for 2017 through 2020 are currently under examination and 2021 remains open to examination. The Company's New York City tax returns for 2015 through 2017 are currently under examination. After the resolution of a tax audit for 2012, certain of the Company's U.K. subsidiaries' returns from 2012 to 2021 remain open to examination.

For current ongoing matters related to open tax years, the Company estimates that it is reasonably possible that a significant portion of the balance of UTPs could decrease in the next twelve months as a result of the effective settlement of these audits. Given the number of years and nature of matters that remain subject to examination in various tax jurisdictions both in the U.S. and internationally, the Company is unable to estimate a range of possible changes to its UTPs for 2023. It is also possible that new issues might be raised by tax authorities which might necessitate increases to the balance of UTPs. As the Company is unable to predict the timing of conclusion of these audits, the Company is unable to estimate the amount of changes to the balance of UTPs at this time. However, the Company believes that it has adequately provided for its financial exposure relating to all open tax years, by tax jurisdiction, in accordance with ASC Topic 740.

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

**NOTE 18 INDEBTEDNESS**

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

The following table summarizes total indebtedness:

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

	December 31, 2021				
	Principal Amount	Fair Value of Interest Rate Swaps <sup>(1)</sup>	Unamortized (Discount) Premium	Unamortized Debt Issuance Costs	Carrying Value
Notes Payable:					
4.875% 2013 Senior Notes, due 2024	\$ 500	\$ —	\$ (1)	\$ (1)	\$ 498
5.25% 2014 Senior Notes, due 2044	600	(7)	3	(5)	591
1.75% 2015 Senior Notes due 2027	568	—	—	(2)	566
2.625% 2017 Senior Notes, due 2023	500	5	—	(1)	504
3.25% 2017 Senior Notes, due 2028	500	8	(3)	(2)	503
4.25% 2018 Senior Notes, due 2029	400	—	(2)	(2)	396
4.875% 2018 Senior Notes, due 2048	400	(7)	(6)	(4)	383
0.950% 2019 Senior Notes, due 2030	853	—	(2)	(5)	846
3.75% 2020 Senior Notes, due 2025	700	(9)	(1)	(4)	686
3.25% 2020 Senior Notes, due 2050	300	—	(4)	(3)	293
2.55% 2020 Senior Notes, due 2060	500	—	(4)	(5)	491
2.00% 2021 Senior Notes, due 2031	600	—	(8)	(5)	587
2.75% 2021 Senior Notes, due 2041	600	—	(13)	(6)	581
3.10% 2021 Senior Notes, due 2061	500	—	(7)	(5)	488
<b>Total long-term debt</b>	<b>\$ 7,521</b>	<b>\$ (10)</b>	<b>\$ (48)</b>	<b>\$ (50)</b>	<b>\$ 7,413</b>

<sup>(1)</sup> The fair value of interest rate swaps in the tables above represents the cumulative amount of fair value hedging adjustments included in the carrying amount of the hedged debt.

**Credit Facility**

The following summarizes information relating to the Company's revolving credit facility:

	Issue Date	Capacity	Maturity	December 31, 2022		December 31, 2021	
				Drawn	Undrawn	Drawn	Undrawn
2021 Credit Facility	December 17, 2021	\$ 1,250	December 17, 2026	\$ —	\$ 1,250	\$ —	\$ 1,250

Interest on borrowings under the 2021 Credit Facility is payable at rates that are based on an adjusted term SOFR Rate plus a premium that can range from 80.5 basis points to 122.5 basis points, depending on the Company's index debt ratings, as set forth in the 2021 Facility Agreement. The Company also has the option to choose other rates, such as those based on adjusted Daily Simple SOFR or an alternate base rate as set forth in the 2021 Facility Agreement. The Company also pays quarterly facility fees, regardless of borrowing activity under the Facility. The quarterly fees for the 2021 Facility can range from 7 basis points of the 2021 Credit Facility amount to 15 basis points, depending on the Company's index debt ratings. The facility fees for the 2021 Credit Facility are subject to sustainability-based pricing adjustments based on the Company's annual performance with respect to certain spending with vendors who have committed to and publicly announced the setting of science-based targets to reduce greenhouse gas emissions. The 2021 Facility contains a financial covenant that requires the Company to maintain a total debt to EBITDA Ratio of (i) not more than 4 to 1 at the end of any fiscal quarter or (ii) not more than 4.5 to 1 as of the end of the first three consecutive quarters immediately following any acquisition with consideration in excess of \$500 million, subject to certain conditions as set forth in the 2021 Facility.

**Commercial Paper**

On August 3, 2016, the Company entered into a private placement commercial paper program under which the Company may issue CP notes up to a maximum amount of \$1.0 billion. Borrowings under the CP Program are backstopped by the 2021 Facility. Amounts under the CP Program may be re-borrowed. The maturity of the CP Notes will vary, but may not exceed 397 days from the date of issue. The CP Notes are sold at a discount from par, or alternatively, sold at par and bear interest at rates that will vary based upon market conditions. The rates of interest will depend on whether the CP Notes will be a fixed or floating rate. The interest on a floating rate may be based on the following: (a) certificate of deposit rate; (b) commercial paper rate; (c) the federal funds rate; (d) the LIBOR; (e) prime rate; (f) Treasury rate; or (g) such other base rate as may be specified in a supplement to the private placement agreement. The CP Program contains certain events of default including, among other things: non-payment of principal, interest or fees; entrance into any form of moratorium; and bankruptcy and insolvency events, subject in certain instances to cure periods. As of December 31, 2022, the Company has no CP borrowings outstanding.

**Notes Payable**

The Company may prepay certain of its senior notes, in whole or in part, but may incur a Make Whole amount penalty.

During 2022, the Company issued the 2022 Senior Notes due 2052 and the 2022 Senior Notes due 2032. The key terms of these debt issuances are set forth in the table above.

In 2022, the Company fully repaid \$500 million of the 2017 Senior Notes due 2023 via a tender offer.

Additionally, in December 2022, the Company repaid a portion of its outstanding 2.55% 2020 Senior Notes due 2060 via a partial tender offer. Pursuant to this tender offer, the Company early redeemed \$200 million in principal amount of the notes for \$126 million, resulting in a net \$70 million gain on extinguishment. This gain on extinguishment is net of \$4 million related to unamortized discounts and debt issuance costs associated with the principal amount that was repaid.

At December 31, 2022, the Company was in compliance with all covenants contained within all of the debt agreements. All the debt agreements contain cross default provisions which state that default under one of the aforementioned debt instruments could in turn permit lenders under other debt instruments to declare borrowings outstanding under those instruments to be immediately due and payable. As of December 31, 2022, there were no such cross defaults.

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

Year Ending December 31,	Total
2023	\$ —
2024	500
2025	700
2026	—
2027	534
Thereafter	6,000
<b>Total</b>	<b>\$ 7,734</b>

**Interest expense, net**

The following table summarizes the components of interest as presented in the consolidated statements of operations:

	Year Ended December 31,		
	2022	2021	2020
Expense on borrowings	\$ (216)	\$ (185)	\$ (163)
(Expense) income on UTPs and other tax related liabilities <sup>(1)</sup>	(13)	21	(34)
Net periodic pension costs - interest component	(17)	(16)	(19)
Income	15	9	11
Interest expense, net	\$ (231)	\$ (171)	\$ (205)
Interest paid <sup>(2)</sup>	\$ 198	\$ 162	\$ 132

(1) The amount for the year ended December 31, 2021 includes a \$45 million benefit relating to the reversal of tax-related interest accruals pursuant to the resolution of tax matters.

(2) Interest paid includes net settlements on interest rate swaps more fully discussed in Note 7.

The fair value and carrying value of the Company's debt as of December 31, 2022 and 2021 are as follows:

	December 31, 2022		December 31, 2021	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Long-term debt	\$ 7,389	\$ 6,564	\$ 7,413	\$ 7,982

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

**NOTE 19 CAPITAL STOCK**
**Authorized Capital Stock**

The total number of shares of all classes of stock that the Company has authority to issue under its Restated Certificate of Incorporation is 1.02 billion shares with a par value of \$0.01, of which 1.0 billion are shares of common stock, 10.0 million are shares of preferred stock and 10.0 million are shares of series common stock. The preferred stock and series common stock can be issued with varying terms, as determined by the Board.

**Share Repurchase Program**

The Company first implemented a systematic share repurchase program in the third quarter of 2005 through an SEC Rule 10b5-1 program and has maintained its program since. Moody's may also purchase opportunistically when conditions warrant. As a result, Moody's share repurchase activity will continue to vary from quarter to quarter. The table below summarizes the Company's remaining authority under its share repurchase program as of December 31, 2022:

Date Authorized	Amount Authorized	Remaining Authority
February 7, 2022	\$ 750	\$ 750
February 9, 2021	\$ 1,000	\$ 98
Total Remaining Authority at December 31, 2022		\$ 848

During 2022, Moody's repurchased 3.1 million shares of its common stock under its share repurchase program and issued a net 0.6 million shares under employee stock-based compensation plans. The net amount includes shares withheld for employee payroll taxes.

## Dividends

The Company's cash dividends were:

	Dividends Per Share					
	Year ended December 31,					
	2022		2021		2020	
	Declared	Paid	Declared	Paid	Declared	Paid
First quarter	\$ 0.70	\$ 0.70	\$ 0.62	\$ 0.62	\$ 0.56	\$ 0.56
Second quarter	0.70	0.70	0.62	0.62	0.56	0.56
Third quarter	0.70	0.70	0.62	0.62	0.56	0.56
Fourth quarter	0.70	0.70	0.62	0.62	0.56	0.56
<b>Total</b>	<b>\$ 2.80</b>	<b>\$ 2.80</b>	<b>\$ 2.48</b>	<b>\$ 2.48</b>	<b>\$ 2.24</b>	<b>\$ 2.24</b>

On January 30, 2023, the Board approved the declaration of a quarterly dividend of \$0.77 per share of Moody's common stock, payable on March 17, 2023 to shareholders of record at the close of business on February 24, 2023. The continued payment of dividends at the rate noted above, or at all, is subject to the discretion of the Board.

## NOTE 20 LEASE COMMITMENTS

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

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

	Year Ended December 31,		
	2022	2021	2020
Operating lease cost	\$ 102	\$ 98	\$ 96
Sublease income	(7)	(6)	(5)
Variable lease cost	20	19	19
<b>Total lease cost</b>	<b>\$ 115</b>	<b>\$ 111</b>	<b>\$ 110</b>

During 2022, the Company recorded \$23 million of ROU Asset impairment charges related to the exit of certain real estate leases. The impairment charges were recorded within Restructuring expense on the consolidated statement of operations. Refer to Note 11 for further details.

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

	Year Ended December 31,		
	2022	2021	2020
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 118	\$ 113	\$ 108
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 35	\$ 137	\$ 36

	Year Ended December 31,		
	2022	2021	2020
Weighted-average remaining lease term (in years)	4.9	5.6	6.0
Weighted-average discount rate applied to operating leases	3.1 %	3.1 %	3.6 %

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The following table presents a maturity analysis of the future minimum lease payments included within the Company's operating lease liabilities at December 31, 2022:

<b>Year Ending December 31,</b>	<b>Operating Leases</b>	
2023	\$	119
2024		111
2025		98
2026		79
2027		64
Thereafter		40
Total lease payments (undiscounted)		511
Less: Interest		37
Present value of lease liabilities:	\$	474
Lease liabilities - current	\$	106
Lease liabilities - noncurrent	\$	368

### **NOTE 21 CONTINGENCIES**

Given the nature of the Company's activities, Moody's and its subsidiaries are subject to legal and tax proceedings, governmental, regulatory and legislative investigations, subpoenas and other inquiries, and claims and litigation by governmental and private parties that are based on ratings assigned by MIS or that are otherwise incidental to the Company's business. Moody's and MIS also are subject to periodic reviews, inspections, examinations and investigations by regulators in the U.S. and other jurisdictions, any of which may result in claims, legal proceedings, assessments, fines, penalties or restrictions on business activities. Moody's also is subject to ongoing tax audits as addressed in Note 17 to the consolidated financial statements.

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

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

### **NOTE 22 SEGMENT INFORMATION**

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

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

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

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

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

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

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

**Financial Information by Segment**

The table below shows revenue and Adjusted Operating Income by reportable segment. Adjusted Operating Income is a financial metric utilized by the Company's chief operating decision maker to assess the profitability of each reportable segment. Refer to Note 3 for further details on the components of the Company's revenue.

	Year Ended December 31,							
	2022				2021			
	MIS	MA	Eliminations	Consolidated	MIS	MA	Eliminations	Consolidated
Total external revenue	\$ 2,699	\$ 2,769	\$ —	\$ 5,468	\$ 3,812	\$ 2,406	\$ —	\$ 6,218
Intersegment revenue	174	8	(182)	—	165	7	(172)	—
Revenue	2,873	2,777	(182)	5,468	3,977	2,413	(172)	6,218
Operating, SG&A	1,385	1,937	(182)	3,140	1,503	1,786	(172)	3,117
Adjusted Operating Income	1,488	840	—	2,328	2,474	627	—	3,101
Add:								
Depreciation and amortization	81	250	—	331	72	185	—	257
Restructuring	65	49	—	114	(1)	1	—	—
Operating Income				\$ 1,883				\$ 2,844

	Year Ended December 31, 2020			
	MIS	MA	Eliminations	Consolidated
Total external revenue	\$ 3,292	\$ 2,079	\$ —	\$ 5,371
Intersegment revenue	148	7	(155)	—
Revenue	3,440	2,086	(155)	5,371
Operating, SG&A	1,387	1,472	(155)	2,704
Adjusted Operating Income	2,053	614	—	2,667
Add:				
Depreciation and amortization	70	150	—	220
Restructuring	19	31	—	50
Loss pursuant to the divestiture of MAKs	—	9	—	9
Operating income				\$ 2,388

The table below shows cumulative restructuring expense incurred through December 31, 2022 by reportable segment.

	MIS	MA	Total
2018 Restructuring Program	\$ 60	\$ 43	\$ 103
2020 Real Estate Rationalization Restructuring Program	22	16	38
2020 MA Strategic Reorganization Restructuring Program	—	19	19
2022 - 2023 Geolocation Restructuring Program	64	49	113

The costs expected to be incurred related to the 2022 - 2023 Geolocation Restructuring Program are \$70 million - \$90 million for the MIS segment and \$65 million - \$80 million for the MA segment.

The restructuring programs are more fully discussed in Note 11.

**CONSOLIDATED REVENUE AND LONG-LIVED ASSETS INFORMATION BY GEOGRAPHIC AREA**

	Year Ended December 31,		
	2022	2021	2020
Revenue:			
U.S.	\$ 2,873	\$ 3,383	\$ 2,955
Non-U.S.:			
EMEA	1,682	1,885	1,545
Asia-Pacific	556	603	571
Americas	357	347	300
Total Non-U.S.	2,595	2,835	2,416
Total	\$ 5,468	\$ 6,218	\$ 5,371
Long-lived assets at December 31:			
U.S.	\$ 4,408	\$ 4,449	\$ 2,162
Non-U.S.	4,489	4,802	4,889
Total	\$ 8,897	\$ 9,251	\$ 7,051

**NOTE 23 VALUATION AND QUALIFYING ACCOUNTS**

Accounts receivable allowances represent estimates for uncollectible accounts. The valuation allowance on deferred tax assets relates to foreign net operating tax losses for which realization is uncertain. Below is a summary of activity:

Year Ended December 31,	Balance at Beginning of the Year	Adoption of Credit Losses Accounting Standard	Charged to costs and expenses	Deductions <sup>(1)</sup>	Balance at End of the Year
<b>2022</b>					
Allowances for credit losses	\$ (32)	\$ —	\$ (25)	\$ 17	\$ (40)
Deferred tax assets—valuation allowance	\$ (18)	\$ —	\$ (4)	\$ 1	\$ (21)
2021					
Allowances for credit losses	\$ (34)	\$ —	\$ (13)	\$ 15	\$ (32)
Deferred tax assets—valuation allowance	\$ (15)	\$ —	\$ (4)	\$ 1	\$ (18)
2020					
Allowances for credit losses	\$ (20)	\$ (2)	\$ (26)	\$ 14	\$ (34)
Deferred tax assets—valuation allowance	\$ (9)	\$ —	\$ (6)	\$ —	\$ (15)

<sup>(1)</sup> Reflects write-off of uncollectible accounts receivable or expiration of foreign net operating tax losses.

**NOTE 24 OTHER NON-OPERATING INCOME, NET**

The following table summarizes the components of other non-operating income, net as presented in the consolidated statements of operations:

	Year Ended December 31,		
	2022	2021	2020
FX (loss) gain <sup>(1)</sup>	\$ (10)	\$ (1)	\$ 2
Purchase price hedge loss <sup>(2)</sup>	—	(13)	—
Net periodic pension costs—other components	24	9	13
Income from investments in non-consolidated affiliates <sup>(3)</sup>	17	60	6
Other	7	27	25
Total	\$ 38	\$ 82	\$ 46

<sup>(1)</sup> The amount for the year ended December 31, 2022 includes FX translation losses of \$20 million reclassified to earnings resulting from the Company no longer conducting commercial operations in Russia.

<sup>(2)</sup> The amount for the year ended December 31, 2021 reflects a loss on a forward contract to hedge a portion of the RMS British pound-denominated purchase price.

<sup>(3)</sup> The amount for the year ended December 31, 2021 includes a \$36 million non-cash gain relating to the exchange of Moody's minority investment in VisibleRisk (accounted for under the equity method) for shares of BitSight, a cybersecurity ratings company.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

Not applicable.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

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

**Changes In Internal Control Over Financial Reporting**

Information in response to this Item is set forth under the caption "Management's Report on Internal Control Over Financial Reporting," in Part II, Item 8 of this annual report on Form 10-K.

The Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, has determined that there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, these internal controls over financial reporting during the three months ended December 31, 2022.

During the fiscal year ended December 31, 2021, the Company acquired RMS and in the fiscal year ended December 31, 2022, Moody's integrated the acquired entity into the Company's financial reporting processes and procedures and internal controls over financial reporting.

**ITEM 9B. OTHER INFORMATION**

Not applicable.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

**PART III**

Except for the information relating to the executive officers of the Company set forth in Part I of this annual report on Form 10-K, the information called for by Items 10-14 is contained in the Company's definitive proxy statement for use in connection with its annual meeting of stockholders scheduled to be held on April 18, 2023, and is incorporated herein by reference.

**ITEM 10 DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Information required by this Item 10 is included under the heading "Information about our Executive Officers" in Part I, Item 1 of this Form 10-K, as well as under the headings "Item 1—Election of Directors," "Corporate Governance—Codes of Business Conduct and Ethics," and "The Audit Committee," in the 2023 Proxy Statement and is incorporated by reference.

**ITEM 11 EXECUTIVE COMPENSATION**

Information required by this Item 11 is included under the headings "Compensation Discussion and Analysis," "Summary Compensation Table," "Grants of Plan-Based Awards Table for 2022," "Outstanding Equity Awards at Fiscal Year-End Table for 2022," "Option Exercises and Stock Vested Table for 2022," "Pension Benefits Table for 2022," "Non-Qualified Deferred Compensation Table," "Potential Payments Upon Termination or Change in Control," "Compensation of Directors," "Relationship of Compensation Practices to Risk Management," "Pay Versus Performance," "CEO Pay Ratio," and "Report of the Compensation & Human Resources Committee" in the 2023 Proxy Statement and is incorporated by reference.

**ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Information required by this Item 12 is included under the heading "Equity Compensation Plan Information" in Part II, Item 5 of this Form 10-K, as well as under the heading "Security Ownership of Certain Beneficial Owners and Management" in the 2023 Proxy Statement and is incorporated by reference.

**ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

Information required by this Item 13 is included under the headings "Corporate Governance—Director Independence" and "Certain Relationships and Related Transactions" in the 2023 Proxy Statement and is incorporated by reference.

## ITEM 14 PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required by this Item 14 is included under the headings “Item 2–Ratification of Appointment of Independent Registered Public Accountants–Principal Accounting Fees and Services” and “The Audit Committee” in the 2023 Proxy Statement and is incorporated by reference.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

#### LIST OF DOCUMENTS FILED AS PART OF THIS REPORT.

##### (1) Financial Statements.

See Index to Financial Statements on page 63, in Part II. Item 8 of this Form 10-K.

##### (2) Financial Statement Schedules.

None.

##### (3) Exhibits.

#### INDEX TO EXHIBITS

##### S-K EXHIBIT NUMBER

3	<b>Articles of Incorporation and By-laws</b>
.1	<a href="#">Restated Certificate of Incorporation of the Registrant, effective April 22, 2020 (incorporated by reference to Exhibit 3.3 to the Report on Form 8-K of the Registrant, file number 1-14037, filed April 27, 2020)</a>
.2	<a href="#">Amended and Restated By-laws of Moody's Corporation, effective December 20, 2022 (incorporated by reference to Exhibit 3.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed December 21, 2022)</a>
4	<b>Instruments Defining the Rights of Security Holders, Including Indentures</b>
.1	<a href="#">Description of the Registrant's securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.1 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 22, 2021)</a>
.2	<a href="#">Specimen Common Stock certificate (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed October 4, 2000)</a>
.3.1	<a href="#">Indenture, dated as of August 19, 2010, between Moody's Corporation and Wells Fargo, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed August 19, 2010)</a>
.3.2	<a href="#">Third Supplemental Indenture, dated as of August 12, 2013, between Moody's Corporation and Wells Fargo, National Association, as trustee, including the form of the 4.875% Senior Notes due 2024 (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed August 12, 2013)</a>
.3.3	<a href="#">Fourth Supplemental Indenture, dated July 16, 2014, between the Company and Wells Fargo Bank, National Association, as trustee, including the form of 5.250% Senior Notes due 2044 (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed July 16, 2014)</a>
.3.4.1	<a href="#">Fifth Supplemental Indenture, dated March 9, 2015, between the Company, Wells Fargo Bank, National Association, as trustee and Elavon Financial Services Limited, UK Branch as paying agent and transfer agent and Elavon Financial Services Limited as registrar, including the form of 1.75% Senior Notes due 2027 (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed March 10, 2015)</a>
.3.4.2	<a href="#">Agency Agreement, dated March 9, 2015, between the Company, Wells Fargo Bank, National Association, as trustee and Elavon Financial Services Limited, UK Branch as paying agent and transfer agent and Elavon Financial Services Limited as registrar ((incorporated by reference to Exhibit 4.3 to the Report on Form 8-K of the Registrant, file number 1-14037, filed March 10, 2015)</a>
.3.5	<a href="#">Seventh Supplemental Indenture, dated as of June 12, 2017, between Moody's Corporation and Wells Fargo, National Association, as trustee, including the form of 2.625% Senior Notes due 2023 and the form of 3.250% Senior Notes due 2028 (incorporated by reference to Exhibit 4.3 to the Report on Form 8-K of the Registrant, file number 1-14037, filed June 12, 2017)</a>
.3.6	<a href="#">Ninth Supplemental Indenture, dated as of December 17, 2018, between the Company and Wells Fargo Bank, National Association, as trustee, including the form of 4.250% Senior Note due 2029 and the form of 4.875% Senior Note due 2048 (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed December 21, 2018)</a>
.3.7.1	<a href="#">Tenth Supplemental Indenture, dated as of November 25, 2019, between the Company, Wells Fargo Bank, National Association, as trustee, Elavon Financial Services Limited, UK Branch as paying agent and U.S. Bank National Association as registrar and transfer agent, including the form of 0.950% Senior Note due 2030 (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed November 25, 2019)</a>

**S-K EXHIBIT NUMBER**

- .3.7.2 [Agency Agreement, dated November 25, 2019, between the Company, Wells Fargo Bank, National Association, as trustee, Elavon Financial Services Limited, UK Branch as paying agent and U.S. Bank National Association as registrar and transfer agent, \(incorporated by reference to Exhibit 4.3 to the Report on Form 8-K of the Registrant, file number 1-14037, filed November 25, 2019\)](#)
- .3.8 [Eleventh Supplement Indenture, dated as of March 24, 2020, between the Company and Wells Fargo Bank, National Association, as trustee, including the form of 3.750% Senior Note due 2025 \(incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed March 25, 2020\)](#)
- .3.9 [Twelfth Supplemental Indenture, dated as of May 20, 2020, between the Company and Wells Fargo Bank, National Association, as trustee, including the form of 3.250% Senior Note due 2050 \(incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed May 20, 2020\)](#)
- .3.10 [Thirteenth Supplemental Indenture, dated as of August 18, 2020, between the Company and Wells Fargo Bank, National Association, as trustee, including the form of 2.550% Senior Note due 2060 \(incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed August 18, 2020\)](#)
- .3.11 [Fourteenth Supplemental Indenture, dated as of August 19, 2021, between the Company and Wells Fargo Bank, National Association, as trustee, including the form of 2.000% Senior Note due 2031 and the form of 2.750% Senior Notes due 2041 \(incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed August 19, 2021\)](#)
- .3.12 [Fifteenth Supplemental Indenture, dated as of November 29, 2021, between the Company and Computershare Trust Company, N.A. as successor to Wells Fargo Bank, National Association, as trustee, including the form of 3.100% Senior Note due 2061 \(incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed November 29, 2021\)](#)
- .3.13 [Sixteenth Supplemental Indenture, dated as of February 25, 2022, between the Company and Computershare Trust Company, N.A. as successor to Wells Fargo Bank, National Association, as Trustee, including the form of 3.750% Senior Note due 2052 \(incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed February 28, 2022\)](#)
- .3.14 [Seventeenth Supplemental Indenture, dated as of August 8, 2022, between the Company and Computershare Trust Company, N.A. as successor to Wells Fargo Bank, National Association, as Trustee, including the form of 4.250% Senior Note due 2032 \(incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed August 8, 2022\)](#)

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**Material Contracts**

- .1.1† [1998 Moody's Corporation Non-Employee Directors' Stock Incentive Plan \(Adopted September 8, 2000; Amended and Restated as of December 11, 2012, October 20, 2015, December 14, 2015 and December 18, 2017\) \(incorporated by reference to Exhibit 10.2.1 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 27, 2018\)](#)
- .1.2† [Form of Non-Employee Director Restricted Stock Unit Grant Agreement \(for awards after 2017\) for the 1998 Moody's Corporation Non-Employee Directors' Stock Incentive Plan \(Adopted September 8, 2000; Amended and Restated as of December 11, 2012, October 20, 2015, December 14, 2015 and December 18, 2017\) \(incorporated by reference to Exhibit 10.2.3 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 27, 2018\)](#)
- .2† [Moody's Corporation 1999 Employee Stock Purchase Plan \(as amended and restated December 15, 2008\) \(formerly, The Dun & Bradstreet Corporation 1999 Employee Stock Purchase Plan\) \(incorporated by reference to Exhibit 10.38 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed March 2, 2009\)](#)
- .3.1†\* [Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan \(as amended and restated December 20, 2022\)](#)
- .3.2.1† [Form of Employee Non-Qualified Stock Option Grant Agreement \(for awards granted between 2017 and 2019\) for the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan \(incorporated by reference to Exhibit 10.17 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 24, 2017\)](#)
- .3.2.2† [Form of Employee Non-Qualified Stock Option Grant Agreement \(for awards granted in 2020 or later\) for the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan \(incorporated by reference to Exhibit 10.3.3.2 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 24, 2020\)](#)
- .3.2.3†\* [Form of Employee Non-Qualified Stock Option Grant Agreement \(for awards granted in 2023 or later\) for the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan](#)
- .3.3.1† [Form of Performance Share Award Letter \(for awards granted prior to 2023\) for the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan \(incorporated by reference to Exhibit 10.3.4.3 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 24, 2020\)](#)
- .3.3.2†\* [Form of Performance Share Award Letter \(for awards granted in 2023 or later\) for the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan](#)
- .3.4.1† [Form of Restricted Stock Unit Grant Agreement \(for awards granted prior to 2020\) for the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan \(incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 24, 2017\)](#)

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### S-K EXHIBIT NUMBER

.3.4.2†	<a href="#">Form of Restricted Stock Unit Grant Agreement (for awards granted in 2020 or later) for the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan (incorporated by reference to Exhibit 10.3.5.2 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 24, 2020)</a>
.3.4.3†*	<a href="#">Form of Restricted Stock Unit Grant Agreement (for awards granted in 2023 or later) for the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan</a>
.4†	<a href="#">2004 Moody's Corporation Covered Employee Cash Incentive Plan (as amended on February 10, 2015) (incorporated by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 26, 2015)</a>
.5†	<a href="#">Moody's Corporation Deferred Compensation Plan (amended and restated effective as of January 1, 2020) (incorporated by reference to Exhibit 10.5 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 22, 2021)</a>
.6†	<a href="#">Supplemental Executive Benefit Plan of Moody's Corporation, amended and restated as of January 1, 2008 (incorporated by reference to Exhibit 10.38 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 29, 2008)</a>
.7†	<a href="#">Pension Benefit Equalization Plan of Moody's Corporation, amended and restated as of January 1, 2008 (incorporated by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 29, 2008)</a>
.8.1†	<a href="#">Moody's Corporation Cafeteria Plan, effective January 1, 2008 (incorporated by reference to Exhibit 10.46 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed March 2, 2009)</a>
.8.2†	<a href="#">First Amendment to the Moody's Corporation Cafeteria Plan (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q, file number 1-14037, filed July 31, 2014)</a>
.8.3†	<a href="#">Second Amendment to the Moody's Corporation Cafeteria Plan (incorporated by reference to Exhibit 10.33 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 26, 2015)</a>
.9†	<a href="#">Moody's Corporation Change in Control Severance Plan (as amended December 18, 2017) (incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 27, 2018)</a>
.10.1†	<a href="#">Moody's Corporation Retirement Account (amended and restated as of January 1, 2021) (incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 22, 2021)</a>
.10.2†	<a href="#">First Amendment to the Moody's Corporation Retirement Account (effective January 1, 2021) (incorporated by reference to Exhibit 10.10.2 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 22, 2022)</a>
.11.1†	<a href="#">Profit Participation Plan of Moody's Corporation (amended and restated as of January 1, 2020) (incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 22, 2021)</a>
.11.2†	<a href="#">First Amendment to the Profit Participation Plan of Moody's Corporation (effective January 1, 2020) (incorporated by reference to Exhibit 10.11.2 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 22, 2022)</a>
.12†	<a href="#">The Moody's Corporation Nonfunded Deferred Compensation Plan for Non-Employee Directors (as amended December 16, 2008, October 15, 2015 and December 19, 2016) (incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 22, 2022)</a>
.13†	<a href="#">Amended and Restated Moody's Corporation Career Transition Plan (amended and restated as of November 8, 2021) (incorporated by reference to Exhibit 10.13.1 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 22, 2022)</a>
.14†	<a href="#">Supplemental Executive Disability Benefit Plan of Moody's Corporation, effective as of January 1, 2019 (incorporated by reference to Exhibit 10.22 to Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 25, 2019)</a>
.15†	<a href="#">Risk Management Solutions, Inc. 2014 Equity Award Plan (incorporated by reference to Exhibit 99.1 to the Registration Statement on Form S-8 of the Registrant, file number 333-259539, filed September 15, 2021)</a>
.16†	<a href="#">Risk Management Solutions, Inc. 2015 Equity Incentive Plan (incorporated by reference to Exhibit 99.2 to the Registration Statement on Form S-8 of the Registrant, file number 333-259539, filed September 15, 2021)</a>
.17	<a href="#">Form Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed December 22, 2017)</a>
.18†	<a href="#">Employment Offer Letter between Moody's Corporation and Mark Kaye, dated July 18, 2018 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of the Registrant, file number 1-14037, filed on October 31, 2018)</a>
.19	<a href="#">Form Commercial Paper Dealer Agreement between Moody's Corporation, as Issuer, and the Dealer party thereto (incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed August 3, 2016)</a>
.20	<a href="#">Credit Agreement, dated as of December 17, 2021, among Moody's Corporation, the borrowing subsidiaries party thereto, the lenders and issuing banks party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other agents party thereto (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed December 20, 2021).</a>
21*	<a href="#">Subsidiaries of the Registrant List of Active Subsidiaries as of December 31, 2022</a>

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**S-K EXHIBIT NUMBER**

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23	<b>Consent of Independent Registered Public Accounting Firm</b>
	.1* <a href="#">Consent of KPMG LLP</a>
31	<b>Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</b>
	.1* <a href="#">Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
	.2* <a href="#">Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32	<b>Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</b>
	.1* <a href="#">Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (The Company has furnished this certification and does not intend for it to be considered filed under the Securities Exchange Act of 1934 or incorporated by reference into future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934</a>
	.2* <a href="#">Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (The Company has furnished this certification and does not intend for it to be considered filed under the Securities Exchange Act of 1934 or incorporated by reference into future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934</a>
101	<b>Inline XBRL</b>
	.INS* Inline XBRL Instance Document
	.SCH* Inline XBRL Taxonomy Extension Schema Document
	.CAL* Inline XBRL Taxonomy Extension Calculation Linkbase Document
	.DEF* Inline XBRL Definitions Linkbase Document
	.LAB* Inline XBRL Taxonomy Extension Labels Linkbase Document
	.PRE* Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from this Annual Report on Form 10-K (formatted in Inline XBRL and contained in Exhibit 101)

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\* Filed herewith

† Management contract of compensatory plan or arrangement

**ITEM 16 FORM 10-K SUMMARY**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MOODY'S CORPORATION

*(Registrant)*

By: /s/ ROBERT FAUBER

**Robert Fauber**

*President and Chief Executive Officer*

Date: February 15, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

/s/ ROBERT FAUBER

**Robert Fauber,**

*President and Chief Executive Officer*

*(principal executive officer)*

/s/ LLOYD W. HOWELL, JR.

**Lloyd W. Howell, Jr.,**

*Director*

/s/ MARK KAYE

**Mark Kaye,**

*Executive Vice President and Chief Financial Officer*

*(principal financial officer)*

/s/ RAYMOND W. MCDANIEL, JR.

**Raymond W. McDaniel, Jr.,**

*Chairman*

/s/ CAROLINE SULLIVAN

**Caroline Sullivan,**

*Chief Accounting Officer and Corporate Controller*

*(principal accounting officer)*

/s/ JOSE MINAYA

**Jose Minaya,**

*Director*

/s/ JORGE A. BERMUDEZ

**Jorge A. Bermudez,**

*Director*

/s/ LESLIE F. SEIDMAN

**Leslie F. Seidman,**

*Director*

/s/ THÉRÈSE ESPERDY

**Thérèse Esperdy,**

*Director*

/s/ ZIG SERAFIN

**Zig Serafin,**

*Director*

/s/ VINCENT A. FORLENZA

**Vincent A. Forlenza,**

*Lead Independent Director*

/s/ BRUCE VAN SAUN

**Bruce Van Saun,**

*Director*

/s/ KATHRYN M. HILL

**Kathryn M. Hill,**

*Director*

Date: February 15, 2023

**AMENDED AND RESTATED 2001 MOODY'S CORPORATION  
KEY EMPLOYEES' STOCK INCENTIVE PLAN**  
(as amended and restated as of December 20, 2022)

**1. Purpose of the Plan**

The purpose of the Plan is to aid the Company and its Affiliates in securing and retaining key employees of outstanding ability and to motivate such employees to exert their best efforts on behalf of the Company and its Affiliates by providing incentives through the granting of Awards. The Company expects that it will benefit from the added interest which such key employees will have in the welfare of the Company as a result of their proprietary interest in the Company's success.

**2. Definitions**

The following capitalized terms used in the Plan have the respective meanings set forth in this Section:

- (a) *Act*: The Securities Exchange Act of 1934, as amended, or any successor thereto.
  - (b) *Affiliate*: Any entity (i) 20% or more of the voting equity of which is owned or controlled directly or indirectly by the Company, or (ii) that had been a business, division or subsidiary of the Company, the equity of which has been distributed to the Company's stockholders, even if the Company thereafter owns less than 20% of the voting equity.
  - (c) *Award*: An Option, Stock Appreciation Right or Other Stock-Based Award granted pursuant to the Plan.
  - (d) *Beneficial Owner*: As such term is defined in Rule 13d-3 under the Act (or any successor rule thereto).
  - (e) *Board*: The Board of Directors of the Company.
  - (f) *Cause*: With respect to a Participant: (1) willful malfeasance, willful misconduct, or gross negligence by the Participant in connection with his or her employment, (2) continuing failure to perform such duties as are requested by any employee to whom the Participant reports or the Board, (3) failure by the Participant to observe material policies of his or her employer applicable to the Participant (including, without limitation, the Code of Business Conduct) or (4) the conviction of, or plea of guilty or nolo contendere by, the Participant to (i) any felony or (ii) any misdemeanor involving moral turpitude. The determination of whether a termination or other separation from employment is for Cause shall be made by the Committee, in its sole and absolute discretion, and such determination shall be conclusive and binding on the affected Participant.
  - (g) *Change in Control*: The occurrence of a change in ownership of Moody's Corporation, a change in the effective control of Moody's Corporation, or a change in the ownership of a substantial portion of the assets of Moody's Corporation. For this purpose, a change in the ownership of Moody's Corporation occurs on the date that any one person, or more than one person acting as a group (as determined pursuant to the regulations under Section 409A), acquires ownership of stock of Moody's Corporation that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of Moody's Corporation. A change in effective control of Moody's Corporation occurs on either of the following dates: (1) the date any one person, or more than one person acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of Moody's Corporation possessing 50 percent or more of the total voting power of the stock of Moody's Corporation, or (2) the date a majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election. A change in the ownership of a substantial portion of the assets of Moody's Corporation occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from Moody's Corporation that have a total gross fair market value (as determined pursuant to the regulations under Section 409A) equal to or more than 40 percent of the total gross fair market value of all of the assets of Moody's Corporation immediately before such acquisition or acquisitions.
  - (h) *Code*: The Internal Revenue Code of 1986, as amended, or any successor thereto.
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- (i) *Committee*: The Compensation & Human Resources Committee of the Board, or any successor thereto or other committee designated by the Board to assume the obligations of the Committee hereunder.
- (j) *Company*: Moody's Corporation, a Delaware corporation.
- (k) *Disability*: Inability to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which constitutes a permanent and total disability, as defined in Section 22(e)(3) of the Code (or any successor section thereto). The determination whether a Participant has suffered a Disability shall be made by the Committee based upon such evidence as it deems necessary and appropriate. A Participant shall not be considered disabled unless he or she furnishes such medical or other evidence of the existence of the Disability as the Committee, in its sole discretion, may require.
- (l) *Fair Market Value*: On a given date, the arithmetic mean of the high and low prices of the Shares as reported on such date on the Composite Tape of the principal national securities exchange on which such Shares are listed or admitted to trading, or, if no Composite Tape exists for such national securities exchange on such date, then on the principal national securities exchange on which such Shares are listed or admitted to trading, or, if the Shares are not listed or admitted on a national securities exchange, the arithmetic mean of the per Share closing bid price and per Share closing asked price on such date as quoted on the National Association of Securities Dealers Automated Quotation System (or such market in which such prices are regularly quoted), or, if there is no market on which the Shares are regularly quoted, the Fair Market Value shall be the value established by the Committee in good faith. If no sale of Shares shall have been reported on such Composite Tape or such national securities exchange on such date or quoted on the National Association of Securities Dealers Automated Quotation System on such date, then the immediately preceding date on which sales of the Shares have been so reported or quoted shall be used.
- (m) *Good Reason*: Without the Participant's consent: (1) a material reduction in the position or responsibilities of the Participant; (2) a material reduction in the Participant's base salary; or (3) a relocation of the Participant's primary work location to a distance of more than fifty (50) miles from its location as of the date of a Change in Control.
- (n) *ISO*: An Option that is also an incentive stock option granted pursuant to Section 7(d) of the Plan.
- (o) *LSAR*: A limited stock appreciation right granted pursuant to Section 8(d) of the Plan.
- (p) *Option*: A stock option granted pursuant to Section 7 of the Plan.
- (q) *Option Price*: The purchase price per Share of an Option, as determined pursuant to Section 7(a) of the Plan.
- (r) *Other Stock-Based Awards*: Awards granted pursuant to Section 9 of the Plan including, without limitation, Restricted Stock, Restricted Stock Units and Performance Shares.
- (s) *Participant*: An individual who is selected by the Committee to participate in the Plan pursuant to Section 5 of the Plan.
- (t) *Performance-Based Awards*: Other Stock-Based Awards granted pursuant to Section 9(b) of the Plan.
- (u) *Performance Shares*: An Award representing a right to acquire Shares at a future date conditioned on the achievement of performance goals, granted pursuant to Section 9 of the Plan.
- (v) *Person*: As such term is used for purposes of Section 13(d) or 14(d) of the Act (or any successor section thereto).
- (w) *Plan*: The Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan, as amended.
- (x) *Post-Retirement Exercise Period*: As such term is defined in Section 7(f) of the Plan.
- (y) *Restricted Stock*: Restricted stock granted pursuant to Section 9 of the Plan.

(z) *Restricted Stock Unit*: A restricted stock unit representing a right to acquire a fixed number of Shares at a future date, granted pursuant to Section 9 of the Plan.

(aa) *Retirement*: Termination of employment with the Company or an Affiliate (i) for Participants who are (A) hired or rehired on or after January 1, 2020 or (B) employed by the Company as of January 1, 2020 and are younger than age 45 on such date, after such Participant has both attained age 55 and had ten or more consecutive years of service with the Company through and ending with the date of such Participant's voluntary termination of employment, or (ii) for all other Participants, after such Participant has both attained age 55 and had five or more consecutive years of service with the Company through and ending with the date of such Participant's voluntary termination of employment; or, with the prior written consent of the Committee that such termination be treated as a Retirement hereunder, termination of employment under other circumstances.

(ab) *Shares*: Shares of common stock, par value \$0.01 per Share, of the Company.

(ac) *Special Exercise Period*: As such term is defined in Section 7(f) of the Plan.

(ad) *Stock Appreciation Right*: A stock appreciation right granted pursuant to Section 8 of the Plan.

(ae) *Subsidiary*: A subsidiary corporation, as defined in Section 424(f) of the Code (or any successor section thereto).

(af) *Termination of Employment*: A Participant's termination of employment with the Company or an Affiliate, as the case may be.

### **3. Shares Subject to the Plan**

The maximum number of Shares that may be issued with respect to Awards granted under the Plan shall be 50,600,000 (subject to adjustment in accordance with the provisions of Section 10 hereof), whether pursuant to ISOs or otherwise, of which not more than 14,000,000 Shares (subject to adjustment in accordance with the provisions of Section 10 hereof) will be available from and after December 11, 2012 for grants under the Plan of unrestricted Shares, Restricted Stock, Restricted Stock Units, Performance Shares or any Other Stock-Based Awards pursuant to Section 9 hereof. The maximum number of Shares with respect to which Awards of any and all types may be granted during a calendar year to any Participant shall be limited, in the aggregate, to 800,000 (subject to adjustment in accordance with the provisions of Section 10 hereof). The Shares may consist, in whole or in part, of authorized and unissued Shares or treasury Shares. For purposes of Section 3, the aggregate number of Shares issued under this Plan at any time shall equal only the number of Shares issued upon exercise or settlement of an Award. Notwithstanding the foregoing, Shares subject to an Award under the Plan may not again be made available for issuance under the Plan if such Shares are: (i) Shares that were subject to a stock-settled Stock Appreciation Right and were not issued upon the net settlement or net exercise of such Stock Appreciation Right, (ii) Shares used to pay the exercise price of an Option, (iii) Shares delivered to or withheld by the Company to pay the withholding taxes related to an Award, or (iv) Shares repurchased on the open market with the proceeds of an Option exercise. Shares which are subject to Awards which terminate, expire, are forfeited or lapse and Shares subject to Awards settled in cash shall not count as Shares issued under this Plan and may be utilized again with respect to Awards granted under the Plan.

### **4. Administration**

The Plan shall be administered by the Committee, which may delegate its duties and powers in whole or in part to any subcommittee thereof consisting solely of at least two individuals who are each "nonemployee directors" within the meaning of Rule 16b-3 under the Act (or any successor rule thereto); provided, however, that any action permitted to be taken by the Committee may be taken by the Board, in its discretion. The Committee is authorized to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations that it deems necessary or desirable for the administration of the Plan. The Committee may correct any defect, administrative error or omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee in the interpretation and administration of the Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Participants and their beneficiaries or successors). Determinations made by the Committee under the Plan need not be uniform and may be made selectively among Participants, whether or not such Participants are similarly situated. The Committee shall require payment of any amount it may determine to be necessary to withhold for federal, state, local or other taxes as a result of the grant, exercise, vesting or settlement of an Award. Unless the Committee specifies otherwise, the Participant may elect to pay a portion or all of such withholding taxes by (a) delivery of Shares or (b) having Shares

withheld by the Company from any Shares that would have otherwise been received by the Participant. The number of Shares so delivered or withheld shall have an aggregate Fair Market Value on the date of the exercise, vesting or settlement (as applicable) of an Award sufficient to satisfy the applicable withholding taxes. In addition, with the approval of the Committee, a Participant may satisfy any additional tax that the Participant elects to have the Company withhold by delivering to the Company or its designated representative Shares already owned by the Participant or, in the case of Shares acquired through an employee benefit plan, Shares held by the Participant for more than six months. To the fullest extent permitted under Delaware law, the Board or Committee may authorize one or more employees of the Company to grant Awards, subject to such terms and conditions as required under Delaware law or as the Board or Committee may impose.

## 5. Eligibility

Key employees (but not members of the Committee or any person who serves only as a director) of the Company and its Affiliates and consultants to the Company and its Affiliates, are eligible to be granted Awards under the Plan. Participants shall be selected from time to time by the Committee, in its sole discretion, from among those eligible, and the Committee shall determine, in its sole discretion, the number of Shares to be covered by the Awards granted to each Participant.

## 6. Limitations

No Award may be granted under the Plan after the tenth anniversary of the date the Plan was most recently approved by stockholders, but Awards theretofore granted may extend beyond that date. No portion of any Award granted on or after April 17, 2019 shall vest, in whole or in part, prior to the first anniversary of the date of grant of the Award; provided, that up to 5% of the shares authorized for issuance pursuant to Section 3 may, if so determined by the Committee, vest and be settled prior to the dates otherwise provided for under Sections 6, 7, and 9 of the Plan.

## 7. Terms and Conditions of Options

Options granted under the Plan shall be, as determined by the Committee, non-qualified, incentive or other stock options for federal income tax purposes, as evidenced by the related Award agreements, and shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Committee shall determine:

(a) *Option Price.* The Option Price per Share shall be determined by the Committee, but shall not be less than 100% of the Fair Market Value of the Shares on the date an Option is granted.

(b) *Exercisability.* Options granted under the Plan shall be exercisable at such time and upon such terms and conditions as may be determined by the Committee, but in no event shall an Option be exercisable more than ten years after the date it is granted.

(c) *Exercise of Options.* Except as otherwise provided in the Plan or in an Award agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable. For purposes of Section 7 of the Plan, the exercise date of an Option shall be the later of the date a notice of exercise is received by the Company and, if applicable, the date payment is received by the Company pursuant to clauses (i), (ii) or (iii) in the following sentence. The purchase price for the Shares as to which an Option is exercised shall be paid to the Company in full at the time of exercise at the election of the Participant (i) in cash, (ii) in Shares having a Fair Market Value equal to the aggregate Option Price for the Shares being purchased and satisfying such other requirements as may be imposed by the Committee; provided, that such shares of Common Stock have been held by the Participant for no less than six months, (iii) partly in cash and partly in such Shares, (iv) through the delivery of irrevocable instructions to a broker to deliver promptly to the Company an amount equal to the aggregate Option Price for the Shares being purchased, or (v) through such other means as shall be prescribed in the Award agreement. No Participant shall have any rights to dividends or other rights of a stockholder with respect to Shares subject to an Option until the occurrence of the exercise date (determined as set forth above) and, if applicable, the satisfaction of any other conditions imposed by the Committee pursuant to the Plan.

(d) *ISOs.* The Committee may grant Options under the Plan that are intended to be ISOs. Such ISOs shall comply with the requirements of Section 422 of the Code (or any successor section thereto). Unless otherwise permitted under Section 422 of the Code (or any successor section thereto), no ISO may be granted to any Participant who at the time of such grant, owns more than 10% of the total combined voting power of all classes of stock of the Company or of any Subsidiary, unless (i) the Option Price for such ISO is at least 110% of the Fair Market Value of a Share on the date the ISO is granted and (ii) the date on which such ISO terminates is a date not later than the day preceding the fifth anniversary of the date on which the ISO is granted. Any Participant who

disposes of Shares acquired upon the exercise of an ISO either (i) within two years after the date of grant of such ISO or (ii) within one year after the transfer of such Shares to the Participant, shall notify the Company of such disposition and of the amount realized upon such disposition. Notwithstanding Section 5 hereof, ISOs may be granted solely to employees of the Company and its Subsidiaries.

(e) *Exercisability Upon Termination of Employment by Death or Disability.* Upon a Termination of Employment by reason of death or Disability, in either case after the first anniversary of the date of grant of an Option, (i) the unexercised portion of such Option shall immediately vest in full and (ii) such portion may thereafter be exercised during the shorter of (A) the remaining stated term of the Option or (B) five years after the date of death or Disability.

(f) *Exercisability Upon Termination of Employment by Retirement.* Upon a Termination of Employment by reason of Retirement after the first anniversary of the date of grant of an Option, an unexercised Option may thereafter be exercised during the shorter of (i) the remaining stated term of the Option or (ii) five years after the date of such Termination of Employment (the "Post-Retirement Exercise Period"), but only to the extent to which such Option was exercisable at the time of such Termination of Employment or becomes exercisable during the Post-Retirement Exercise Period as if such Participant were still employed by the Company or an Affiliate; provided, however, that if a Participant dies within a period of five years after such Termination of Employment, an unexercised Option may thereafter be exercised, during the shorter of (i) the remaining stated term of the Option or (ii) the period that is the longer of (A) five years after the date of such Termination of Employment or (B) one year after the date of death (the "Special Exercise Period"), but only to the extent to which such Option was exercisable at the time of such Termination of Employment or becomes exercisable during the Special Exercise Period.

(g) *Effect of Other Termination of Employment.* Upon a Termination of Employment for any reason (other than death, Disability or Retirement after the first anniversary of the date of grant of an Option as described above), an unexercised Option may thereafter be exercised during the period ending 30 days after the date of such Termination of Employment, but only to the extent to which such Option was exercisable at the time of such Termination of Employment. Notwithstanding the foregoing and subject to Section 6, the Committee may, in its sole discretion, either by prior written agreement with the Participant or upon the occurrence of a Termination of Employment, accelerate the vesting of unvested Options held by a Participant if such Participant's Termination of Employment is without "cause" (as such term is defined by the Committee in its sole discretion) by the Company.

(h) *Nontransferability of Stock Options.* Except as otherwise provided in Section 18 relating to designation of beneficiaries or in this Section 7(h), an Option shall not be transferable or assignable by the Participant otherwise than by will or by the laws of descent and distribution, and during the lifetime of a Participant an Option shall be exercisable only by the Participant. An Option exercisable after the death of a Participant or a transferee pursuant to the following sentence may be exercised by the designated beneficiary, legatees, personal representatives or distributees of the Participant or such transferee. The Committee may, in its discretion, authorize all or a portion of the Options previously granted or to be granted to a Participant, other than ISOs, to be on terms which permit irrevocable transfer for no consideration by such Participant to any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, of the Participant, any trust in which these persons have more than 50% of the beneficial interest, any foundation in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than 50% of the voting interests ("Eligible Transferees"), provided that (i) the stock option agreement pursuant to which such Options are granted must be approved by the Committee, and must expressly provide for transferability in a manner consistent with this Section and (ii) subsequent transfers of transferred Options shall be prohibited except those in accordance with the first sentence of this Section 7(h). The Committee may, in its discretion, amend the definition of Eligible Transferees to conform to the coverage rules of Form S-8 under the Securities Act of 1933 or any comparable Form from time to time in effect. Following transfer, any such Options shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. The events of Termination of Employment of Sections 7(e), 7(f) and 7(g) hereof shall continue to be applied with respect to the original Participant, following which the Options shall be exercisable by the transferee only to the extent, and for the periods specified, in Sections 7(e), 7(f) and 7(g). The Committee may delegate to a committee consisting of employees of the Company the authority to authorize transfers, establish terms and conditions upon which transfers may be made and establish classes of Options eligible to transfer Options, as well as to make other determinations with respect to Option transfers.

## **8. Terms and Conditions of Stock Appreciation Rights**

(a) *Grants.* The Committee also may grant (i) a Stock Appreciation Right independent of an Option or (ii) a Stock Appreciation Right in connection with an Option, or a portion thereof. A Stock Appreciation Right granted pursuant to clause (ii) of the preceding sentence (A) may be granted at the time the related Option is granted

or at any time prior to the exercise or cancellation of the related Option, (B) shall cover the same Shares covered by an Option (or such lesser number of Shares as the Committee may determine) and (C) shall be subject to the same terms and conditions as such Option except for such additional limitations as are contemplated by this Section 8 (or such additional limitations as may be included in an Award agreement).

(b) *Terms.* The exercise price per Share of a Stock Appreciation Right shall be an amount determined by the Committee but in no event shall such amount be less than the greater of (i) the Fair Market Value of a Share on the date the Stock Appreciation Right is granted or, in the case of a Stock Appreciation Right granted in conjunction with an Option, or a portion thereof, the Option Price of the related Option and (ii) an amount permitted by applicable laws, rules, by-laws or policies of regulatory authorities or stock exchanges. Each Stock Appreciation Right granted independent of an Option shall entitle a Participant to exercise the Stock Appreciation Right in whole or in part and, upon such exercise, to receive from the Company an amount equal to (i) the excess of (A) the Fair Market Value on the exercise date of one Share over (B) the exercise price per Share, times (ii) the number of Shares covered by the portion of the Stock Appreciation Right so exercised. Each Stock Appreciation Right granted in conjunction with an Option, or a portion thereof, shall entitle a Participant to surrender to the Company the unexercised Option, or any portion thereof, and to receive from the Company in exchange therefor an amount equal to (i) the excess of (A) the Fair Market Value on the exercise date of one Share over (B) the Option Price per Share, times (ii) the number of Shares covered by the Option, or portion thereof, which is surrendered. The date a notice of exercise is received by the Company shall be the exercise date. Payment shall be made in Shares or in cash, or partly in Shares and partly in cash, valued at such Fair Market Value, all as shall be determined by the Committee. Stock Appreciation Rights may be exercised from time to time upon actual receipt by the Company of written notice of exercise stating the number of Shares with respect to which the Stock Appreciation Right is being exercised. No fractional Shares will be issued in payment for Stock Appreciation Rights, but instead cash will be paid for a fraction or, if the Committee should so determine, the number of Shares will be rounded downward to the next whole Share. No Participant shall have any rights to dividends or other rights of a stockholder with respect to Shares subject to a Stock Appreciation Right until the occurrence of the exercise date, the issuance of Shares pursuant to such exercise and, if applicable, the satisfaction of any other conditions imposed by the Committee pursuant to the Plan.

(c) *Exercisability.* Stock Appreciation Rights granted under the Plan shall be exercisable at such time and upon such terms and conditions as may be determined by the Committee, but in no event shall a Stock Appreciation Right be exercisable more than ten years after the date it is granted.

(d) *Limitations.* The Committee may impose, in its discretion, such conditions upon the exercisability or transferability of Stock Appreciation Rights as it may deem fit.

(e) *Limited Stock Appreciation Rights.* The Committee may grant LSARs that are exercisable upon the occurrence of specified contingent events. Such LSARs may provide for a different method of determining appreciation, may specify that payment will be made only in cash and may provide that any related Awards are not exercisable while such LSARs are exercisable. Unless the context otherwise requires, whenever the term "Stock Appreciation Right" is used in the Plan, such term shall include LSARs.

## **9. Other Stock-Based Awards**

(a) *Generally.* The Committee, in its sole discretion, may grant Awards of unrestricted Shares, Restricted Stock, Restricted Stock Units and other Awards that are valued in whole or in part by reference to, or are otherwise based on the Fair Market Value of, Shares (collectively, "Other Stock-Based Awards"). Such Other Stock-Based Awards shall be in such form, and dependent on such conditions, as the Committee shall determine, including, without limitation, the right to receive one or more Shares (or the equivalent cash value of such Shares) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of performance objectives. Other Stock-Based Awards may be granted alone or in addition to any other Awards granted under the Plan. Subject to the provisions of the Plan, the Committee shall determine to whom and when Other Stock-Based Awards will be made; the number of Shares to be awarded under (or otherwise related to) such Other Stock-Based Awards; whether such Other Stock-Based Awards shall be settled in cash, Shares or a combination of cash and Shares; and all other terms and conditions of such Awards (including, without limitation, the vesting provisions thereof). Except as otherwise specifically authorized under Sections 6, 7, and 9 of the Plan, the grant, issuance, retention, vesting and/or settlement of Shares under any Other Stock-Based Award that is based on performance criteria and level of achievement versus such criteria will be subject to a performance period of not less than twelve months, and the grant, issuance, retention, vesting and/or settlement of Shares under any Other Stock-Based Award that is based solely upon continued employment and/or the passage of time may not vest or be settled in full prior to the thirty-sixth month following its date of grant, but may, subject to Section 6 hereof, be subject to pro-rata vesting over such period. Further, subject to Section 6 hereof, the Committee may provide for the satisfaction and/or lapse of all conditions under any such Other Stock-Based Award in the event of the Participant's death, Disability or Retirement or in connection with a Change in Control, and the Committee

may provide that any such restriction or limitation will not apply in the case of an Other Stock-Based Award that is issued in payment or settlement of compensation that has been earned by the Participant.

(b) *Performance-Based Awards.* Notwithstanding anything to the contrary herein, certain Other Stock-Based Awards granted under this Section 9 may be granted that are subject to performance vesting conditions (“Performance-Based Awards”). A Participant’s Performance-Based Award shall be determined based on the attainment of one or more pre-established, objective performance goals established in writing by the Committee, for a performance period established by the Committee. The performance goals shall be based upon one or more of the following criteria: (i) earnings before or after taxes (including earnings before interest, taxes, depreciation and amortization); (ii) net income; (iii) operating income; (iv) earnings per Share; (v) book value per Share; (vi) return on stockholders’ equity; (vii) expense management; (viii) return on investment before or after the cost of capital; (ix) improvements in capital structure; (x) profitability of an identifiable business unit or product; (xi) maintenance or improvement of profit margins; (xii) stock price; (xiii) market share; (xiv) revenues or sales; (xv) costs; (xvi) cash flow; (xvii) working capital; (xviii) changes in net assets (whether or not multiplied by a constant percentage intended to represent the cost of capital); (xix) return on assets; (xx) accuracy, stability, quality or performance of ratings; (xxi) customer or investor satisfaction or value survey results, and/or (xxii) any other performance measure determined by the Committee. The Committee may appropriately adjust any evaluation of performance under the performance goal to (A) eliminate the effects of charges for restructurings, discontinued operations, all items of gain, loss or expense determined to be unusual in nature or infrequently occurring, or related to the acquisition or disposal of a business or asset group or related to a change in accounting principle, as well as the cumulative effect of accounting changes, in each case as determined in accordance with generally accepted accounting principles or identified in the Company’s financial statements or notes to the financial statements, and (B) exclude any of the following material events that occurs during a performance period: (i) asset write-downs, (ii) litigation, claims, judgments or settlements, (iii) the effect of changes in tax law or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs whether or not classified as such for financial reporting purposes, (v) accruals of any amounts for payment under this Plan or any other compensation arrangement maintained by the Company or any Affiliate, (vi) the effects of acts of war, terrorism, natural disasters or similar events that impact the Company, and (vii) such other circumstances as the Committee deems appropriate. The foregoing criteria may relate to the Company, one or more of its Affiliates or one or more of its divisions, units, minority investments, partnerships, joint ventures, product lines or products or any combination of the foregoing, and may be applied on an absolute basis and/or be relative to one or more peer group companies or indices, or any combination thereof, all as the Committee shall determine. The maximum amount payable pursuant to Performance-Based Awards denominated in cash granted to any one Participant with respect to one fiscal year of the Company shall be \$5,000,000. The Committee shall determine whether, with respect to a performance period, the applicable objective performance goals (mentioned directly above) have been met with respect to a given Participant and, if they have, to so certify and ascertain the amount of the applicable Performance-Based Award. The amount of the Performance-Based Award actually paid to a given Participant may be less than the amount determined by the applicable performance goal formula, at the discretion of the Committee. The amount of the Performance-Based Award determined by the Committee for a performance period shall be paid to the Participant at such time as determined by the Committee in its sole discretion after the end of such performance period; provided, however, that a Participant may, if and to the extent permitted by the Committee and consistent with the provisions of Section 409A of the Code, elect prior to the commencement of the relevant services or, if the Performance-Based Award constitutes performance-based compensation within the meaning of Section 409A(a)(4)(B)(iii) of the Code and is based on services performed over a period of at least 12 months, at any time but no later than six months before the end of the applicable performance period, to defer payment of a Performance-Based Award until a fixed date or the date of Participant’s separation from service with the Company and its Affiliates (or six months following such separation if required by Section 409A of the Code), as-specified in the election to defer.

(c) Terms and Conditions of Restricted Stock and Restricted Stock Units.

(i)*Grant.* Each grant of Restricted Stock and Restricted Stock Units shall be evidenced by an agreement in form approved by the Committee. The vesting of a Restricted Stock Award or Restricted Stock Unit granted under the Plan may be conditioned upon the completion of a specified period of employment with the Company or an Affiliate, upon attainment of specified performance goals, and/or upon such other criteria as the Committee may determine in its sole discretion.

(ii)*Receipt of Restricted Stock.* As soon as practicable after an Award of Restricted Stock has been made to a Participant, there shall be registered in the name of such Participant or of a nominee the number of Shares of Restricted Stock so awarded. Except as provided in the applicable agreement, no Shares of Restricted Stock may be assigned, transferred or otherwise encumbered or disposed of by the Participant until such Shares have vested in accordance with the terms of such agreement. If and to the extent that the applicable agreement so provides, a Participant shall have the right to vote and receive dividends on the Shares of Restricted Stock granted to him or her

under the Plan. Unless otherwise provided in the applicable agreement, any Shares received as a dividend on Restricted Stock or in connection with a stock split of the Shares of Restricted Stock shall be subject to the same restrictions as the Restricted Stock.

(iii)*Payments Pursuant to Restricted Stock Units.* Restricted Stock Units may not be assigned, transferred or otherwise encumbered or disposed of by the Participant until such Restricted Stock Units have vested in accordance with the terms of the applicable agreement. Upon the vesting of the Restricted Stock Units (unless a deferral election as described in the following sentence has been made), certificates for Shares shall be delivered to the Participant or his legal representative on the last business day of the calendar quarter in which such vesting event occurs or as soon thereafter as practicable, in a number equal to the Shares covered by the Restricted Stock Units. A Participant may, if and to the extent permitted by the Committee and consistent with the provisions of Section 409A of the Code, elect prior to the grant of the Restricted Stock Unit and the commencement of the relevant services or, if the Restricted Stock Unit constitutes performance-based compensation within the meaning of Section 409A(a)(4)(B)(iii) of the Code and is based on services performed over a period of at least 12 months, at any time but no later than six months before the end of the applicable performance period, to defer receipt of his certificates beyond the vesting date until a fixed date or the date of the Participant's separation from service with the Company and its Affiliates (or six months following such separation from service if required by Section 409A of the Code), as specified in the election to defer.

(iv)*Effect of Termination of Employment or Death.* Upon a Termination of Employment by reason of death, Disability or Retirement, in each case after the first anniversary of the date of the Award of Restricted Stock or Restricted Stock Units, the Restricted Stock or Restricted Stock Units shall immediately vest in full and all restrictions on such Awards shall terminate. Upon a Termination of Employment for any reason other than death, Disability or Retirement after the first anniversary of the date of the Award of Restricted Stock or Restricted Stock Units, a Participant's unvested Restricted Stock and Restricted Stock Units shall be forfeited. Notwithstanding the foregoing, subject to Section 6 and Section 9(a), the Committee may, in its sole discretion, either by prior written agreement with the Participant or upon the occurrence of a Termination of Employment, accelerate the vesting of unvested Restricted Stock or Restricted Stock Units held by the Participant if such Participant's Termination of Employment is without "cause" (as such term is defined by the Committee in its sole discretion) by the Company.

(d) Terms and Conditions of Performance Shares.

(i)*Grant.* Each grant of Performance Shares shall be evidenced by an agreement providing for the payment of Shares conditioned upon attainment of specified performance goals, in form approved by the Committee, and may be subject to the provisions applicable to Performance-Based Awards as set forth in Section 9(b) of the Plan.

(ii)*Payments Pursuant to Performance Shares.* Performance Shares may not be assigned transferred or otherwise encumbered or disposed of by the Participant until the Committee has certified the extent to which the applicable performance goals have been met and certified the number of Shares to be paid. The number of Shares so certified shall be delivered to the Participant or his legal representative at such time after the end of the performance period as shall be prescribed by the Committee in the Award agreement.

(iii)*Effect of Termination of Employment.* Subject to Section 6, upon a Termination of Employment by reason of death, Disability or Retirement, a Participant shall have such rights in his or her Performance Shares, if any, as may be prescribed by the Award agreement. Upon a Termination of Employment for any reason other than death, Disability or Retirement prior to the end of any applicable performance period, a Participant's Performance Shares shall be forfeited, unless, subject to Section 6 and Section 9(a), the Committee, in its sole discretion, shall determine otherwise.

## 10. Adjustments Upon Certain Events

Notwithstanding any other provisions in the Plan to the contrary, the following provisions shall apply to all Awards granted under the Plan:

(a) *Generally.* In the event of any change in the outstanding Shares by reason of any Share dividend or split, reorganization, recapitalization, merger, consolidation, split-up, spin-off, combination or exchange of Shares or other corporate exchange or similar transaction, or any distribution to stockholders of Shares other than regular cash dividends, the Committee shall adjust the following to the extent necessary to achieve an equitable result: (i) the number or kind of Shares or other securities issued or reserved for issuance pursuant to the Plan or pursuant to outstanding Awards, (ii) the Option Price and/or (iii) any other affected terms of such Awards.

(b) *Change in Control.* Unless otherwise determined by the Committee through an Award agreement or otherwise, if a Participant's employment is terminated without Cause or by the Participant for Good Reason, in either case within the ninety (90) day period preceding or the two (2) year period following a Change in Control, the following shall occur: (i) each outstanding Option and Stock Appreciation Right shall become immediately vested and exercisable; (ii) restrictions on Awards of Restricted Stock and Restricted Stock Units that are not Performance-Based Awards shall lapse; and (iii) Other Stock-Based Awards not described in clause (ii) shall become payable in such manner as shall be set forth in the Award agreement. Notwithstanding the foregoing, if the acquiror or successor refuses to assume an Award or substitute an Award of equivalent value (as determined by the Committee in its discretion) in connection with a Change in Control, (A) each Option and Stock Appreciation Right shall become immediately vested and exercisable; provided, however, that if such Awards are not exercised prior to the date of the consummation of the Change in Control, the Committee, in its sole discretion and without liability to any person, may provide for (x) the payment of a cash amount in exchange for the cancellation of such Award and/or (y) the issuance of substitute Awards that will substantially preserve the value, rights and benefits of any affected Awards (previously granted hereunder) as of the date of the consummation of the Change in Control; (B) restrictions on Awards of Restricted Stock and Restricted Stock Units that are not Performance-Based Awards shall lapse; and (C) Other Stock-Based Awards not described in clause (B) shall become payable in such manner as shall be set forth in the Award agreement.

#### **11. No Repricing**

Notwithstanding anything in the Plan to the contrary, no Option or Stock Appreciation Right outstanding under the Plan may be repriced, regranted through cancellation, including cancellation in exchange for cash or other Awards, or otherwise amended to reduce the Option Price or exercise price applicable thereto (other than with respect to adjustments made in connection with a transaction or other change in the Company's capitalization as described in Section 10) without the approval of the stockholders of the Company.

#### **12. No Right to Employment**

The granting of an Award under the Plan shall impose no obligation on the Company or any Affiliate to continue the employment of a Participant and shall not lessen or affect the Company's or Affiliate's right to terminate the employment of such Participant.

#### **13. Successors and Assigns**

The Plan shall be binding on all successors and assigns of the Company and a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

#### **14. Nontransferability of Awards**

Except as provided in Section 18 relating to designation of beneficiaries or in Section 7(h) of the Plan, an Award shall not be transferable or assignable by the Participant otherwise than by will or by the laws of descent and distribution. During the lifetime of a Participant, an Award shall be exercisable only by such Participant. An Award exercisable after the death of a Participant may be exercised by the designated beneficiary, the legatees, personal representatives or distributees of the Participant. Notwithstanding anything to the contrary herein, the Committee, in its sole discretion, shall have the authority to waive this Section 14 or any part thereof (except with respect to ISOs) to the extent that this Section 14 or any part thereof is not required under the rules promulgated under any law, rule or regulation applicable to the Company.

#### **15. Amendments or Termination**

The Board or the Committee may amend, alter or discontinue the Plan, but no amendment, alteration or discontinuation shall be made which, (a) without the approval of the stockholders of the Company, would (except as is provided in Section 10 of the Plan), increase the total number of Shares reserved for the purposes of the Plan or change the maximum number of Shares for which Awards may be granted to any Participant, or amend the restriction on repricing in Section 11, or (b) without the consent of a Participant, would impair any of the rights or obligations under any Award theretofore granted to such Participant under the Plan; provided, however, that the Board or the Committee may amend the Plan in such manner as it deems necessary to permit the granting of Awards meeting the requirements of the Code or other applicable laws. Notwithstanding anything to the contrary herein, neither the Committee nor the Board may amend, alter or discontinue the provisions relating to Section 10(b) of the Plan after the occurrence of a Change in Control.

**16. International Participants**

With respect to Participants who reside or work outside the United States of America, the Committee may, in its sole discretion, amend the terms of the Plan or Awards with respect to such Participants in order to conform such terms with the requirements of local law.

**17. Choice of Law**

The Plan shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in the State of Delaware.

**18. Designation of Beneficiaries**

A Participant may file with the Company a written designation of a beneficiary or beneficiaries under the Plan and may from time to time revoke or change any such designation of beneficiary. Any designation of beneficiary under the Plan shall be controlling over any other disposition, testamentary or otherwise; provided, however, that if the Committee shall be in doubt as to the entitlement of any such beneficiary to any Option, Stock Appreciation Right, unrestricted Shares, Restricted Stock, Restricted Stock Units, Performance Shares or other Award, the Committee may determine to recognize only the legal representative of such Participant, in which case the Company, the Committee and the members thereof shall not be under any further liability to anyone.

**19. Clawback/Recoupment**

All Awards granted under the Plan are subject to the terms of the Company's clawback policy, as it may be amended from time to time. In addition, and notwithstanding any other provisions herein to the contrary, any performance-based or other incentive compensation, or any other amount paid to a Participant pursuant to an Award which is subject to recovery under any law, government regulation, stock exchange listing requirement, or any policy adopted by the Company will be subject to forfeiture and clawback as may be required to be made pursuant to such law, government regulation, stock exchange listing requirement, or policy adopted by the Company.

## EXHIBIT 10.3.2.3

[FORM OF NON-QUALIFIED STOCK OPTION GRANT AGREEMENT FOR THE AMENDED AND RESTATED 2001 MOODY'S CORPORATION KEY EMPLOYEES' STOCK INCENTIVE PLAN]

[COMPANY LETTERHEAD]

Dear [Participant Name]:

Congratulations! I am pleased to inform you that the Board of Directors of Moody's Corporation ("Moody's") awarded you [Quantity Granted] stock options ("options") with an exercise price of \$[Grant Price] on [Grant Date]. This letter outlines the key terms and conditions of your option grant. Your option grant is subject to the terms and conditions of the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan, as amended (the "Plan"). By accepting the grant, you agree to the terms and conditions as set forth in the Plan and in this grant letter, including the terms and conditions applicable to you based on your country of residence as set forth in the attached Appendix. A copy of the Plan, as well as the prospectus relating to the offering of shares of Moody's stock pursuant to the Plan, is enclosed with this letter. You should read the Plan and the prospectus in their entirety for a better understanding of your grant. Capitalized terms not defined herein shall have the same meaning ascribed to them in the Plan.

Moody's has engaged Fidelity Stock Plan Services, LLC ("Fidelity") as the Plan administrator. Each Moody's employee who received an option will be provided with a Fidelity on-line brokerage account, at no cost to the employee, through which Moody's options may be exercised. Generally, once you exercise your options and purchase shares, you may transfer your shares to another brokerage account or leave them in your Fidelity account, subject to applicable exchange controls and/or repatriation requirements which may apply based on the country in which you work and/or reside.

Your options provide you with a right to receive an equity stake in Moody's and an opportunity for long-term capital appreciation.

#### Details of Your Stock Option Grant

Your options give you the right to buy Moody's stock at a fixed price in the future. This is called the exercise price. The value of your options is tied directly to the stock market price of Moody's stock during the life span of the options. The higher the stock price, the more valuable your options become.

Your option grant is a grant of U.S. non-qualified options, which expires 10 years after the date of grant, or upon the expiration any applicable post-termination exercise period following your Termination of Employment, if earlier, as set forth in the Plan. Moody's shall have the exclusive discretion to determine when your Termination of Employment occurs for purposes of your option grant. You should review the enclosed copy of the Plan for details about the effect of a Termination of Employment on your equity award.

Subject to you continuing to provide services as an employee to Moody's or a Subsidiary or Affiliate, your options will vest and become exercisable with respect to 25% of the shares on each of the first, second, third and fourth anniversaries of the date of grant, so that your options will be 100% vested and exercisable after the fourth anniversary of the date of grant.

In the event of your Termination of Employment due to your death or Disability after the first anniversary of the date of grant, the vesting of the option will be accelerated as of the date of Termination of Employment, and your options will be exercisable, as set forth in the Plan.

### EXHIBIT 10.3.2.3

In the event of your Termination of Employment due to Retirement after the first anniversary of the date of grant, the option shall continue to vest during the Post-Retirement Exercise Period set forth in the Plan and, to the extent vested, shall be exercisable as set forth in the Plan.

You may exercise all or a portion of your options to purchase shares, to the extent vested, at the fixed exercise price at any time after vesting commences and on or before the expiration date as described above. You may exercise the vested portion of your options by contacting Fidelity Investments either on-line or by using the toll-free number, depending on your means of exercise.

#### Transferability of Options

Your options may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by you otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance will be void and unenforceable against Moody's. During your lifetime, your options are exercisable only by you.

#### Repayment/Forfeiture

Any payments or benefits you may receive hereunder shall be subject to repayment or forfeiture to the extent required by Moody's Corporation Clawback Policy as in effect from time to time and/or as may be required to comply with the requirements under the U.S. Securities Act of 1933, as amended, the U.S. Securities Exchange Act of 1934, as amended, rules promulgated by the U.S. Securities and Exchange Commission or any other applicable law, including the requirements of the U.S. Dodd-Frank Wall Street Reform and U.S. Consumer Protection Act, or any securities exchange on which Moody's common stock is listed or traded, as may be in effect from time to time.

#### Nature of the Grant

In accepting the grant, you acknowledge, understand and agree that:

- (1) the Plan is established voluntarily by Moody's, it is discretionary in nature and it may be modified, amended, suspended or terminated by Moody's at any time, to the extent permitted by the Plan;
- (2) the grant of the option is exceptional, voluntary and occasional and does not create any contractual or other right to receive future option grants, or benefits in lieu of options, even if options have been granted in the past;
- (3) all decisions with respect to future option or other grants, if any, will be at the sole discretion of Moody's;
- (4) the option grant and your participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with Moody's, your employer or any Subsidiary or Affiliate of Moody's and shall not interfere with the ability of Moody's, your employer or any Subsidiary or Affiliate of Moody's, as applicable, to terminate your employment or service relationship (if any);
- (5) you are voluntarily participating in the Plan;
- (6) the option and the shares subject to the option do not constitute and are not intended to replace any pension rights or compensation;
- (7) the option and the shares subject to the option, and the income and value of same, do not constitute and are not part of normal or expected compensation, salary, remuneration or wages for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;
- (8) the future value of the underlying shares is unknown, indeterminable and cannot be predicted with certainty;
- (9) if the underlying shares do not increase in value, the options will have no value;

### EXHIBIT 10.3.2.3

(10) if you exercise your options and obtain shares, the value of those shares acquired upon exercise may increase or decrease in value, even below the fixed exercise price;

(11) unless otherwise agreed with Moody's, the option and the shares subject to the option, and the income and value of same, are not granted as consideration for, or in connection with, the service you may provide as a director of a Subsidiary or Affiliate of Moody's;

(12) unless otherwise provided in the Plan or by Moody's in its discretion, your option and the benefits evidenced by this letter do not create any entitlement to have your options or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares; and

(13) in addition to paragraphs (1) through (12) above, the following provisions shall also apply to you if you are employed outside the United States:

(a) no claim or entitlement to compensation or damages, including pro-rated compensation or damages, shall arise from forfeiture of the options or termination of your right to exercise the options or the recoupment of any shares acquired under the Plan resulting from (i) your Termination of Employment (regardless of the reason for such termination and whether or not the termination is later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any) and/or (ii) the application of any recoupment policy or any recovery or clawback policy otherwise required by applicable laws. In consideration of the grant of the options to which you are otherwise not entitled, you irrevocably agree never to institute any claim against Moody's, any of its Subsidiaries and Affiliates or your employer, waive your ability, if any, to bring such a claim, and release Moody's, its Subsidiaries and Affiliates and your employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(b) your options and the shares subject to your options are not part of normal or expected compensation or salary for any purpose; and

(c) neither your employer nor Moody's (nor any of its Subsidiaries or Affiliates) shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of your option grant or any amounts due to you pursuant to the exercise of the option or the subsequent sale of shares acquired upon exercise.

#### No Advice Regarding Grant

Moody's is not providing any tax, legal or financial advice, nor is Moody's making any recommendations regarding your participation in the Plan or your acquisition or sale of the underlying shares. You are advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

#### Responsibility for Taxes

You acknowledge that, regardless of any action taken by Moody's or, if different, your employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable or deemed applicable to you ("Tax-Related Items"), is and remains your responsibility and may exceed the amount, if any, actually withheld by Moody's or your employer. You further acknowledge that Moody's and/or your employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the option or the underlying shares, including the grant, vesting or exercise of the option, the subsequent sale of shares acquired pursuant to such exercise and the receipt of any dividends, and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the option to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that Moody's and/or your employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to Moody's and/or your employer to satisfy all Tax-Related Items. In this regard, you

authorize Moody's, your employer or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

- (1) withholding from your wages or other cash compensation paid to you by Moody's and/or your employer; or
- (2) withholding from proceeds of the sale of shares acquired upon exercise either through a voluntary sale or through a mandatory sale arranged by Moody's (on your behalf pursuant to this authorization without further consent);

Moody's and/or your employer may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including the maximum rate applicable in your jurisdiction. If tax-Related Items are withheld in excess of your actual tax liability, you may receive a refund of any over-withheld amount and will have no entitlement to the shares equivalent or, if not refunded, you may seek a refund from the local tax authorities.

Finally, you shall pay to Moody's or your employer any amount of Tax-Related Items that Moody's or your employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. Moody's may refuse to deliver the shares or the proceeds from the sale of shares if you fail to comply with your obligations in connection with the Tax-Related Items.

### **Data Privacy Information and Consent**

*Moody's is located at 7 World Trade Center at 250 Greenwich Street, New York, NY, 10007, USA and grants options to employees of Moody's and its Subsidiaries and Affiliates, at its sole discretion. If you would like to participate in the Plan, please review the following information about Moody's data processing practices and declare your consent.*

- a. ***Data Collection and Usage.*** *Moody's collects, processes and uses personal data of employees, including name, home address, email address and telephone number, date of birth, social insurance, passport or other identification number, salary, citizenship, job title, any shares of stock or directorships held in Moody's, and details of all options canceled, vested, exercised or outstanding in your favor, which Moody's receives from you or your employer. If Moody's offers you a grant of options under the Plan, then Moody's will collect your personal data for purposes of allocating shares and implementing, administering and managing the Plan. Moody's legal basis for the processing of your personal data will be your consent.*
- b. ***Stock Plan Administration Service Providers.*** *Moody's transfers employee data to Fidelity, an independent service provider based in the United States which assists Moody's with the implementation, administration and management of the Plan. In the future, Moody's may select a different service provider and share your data with another company that serves in a similar manner. Moody's service provider will open an account for you to receive and trade shares. You will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of your ability to participate in the Plan.*
- c. ***International Data Transfers.*** *Moody's and its service providers are based in the United States. If you are outside the United States, you should note that your country has enacted data privacy laws that are different from the United States. Moody's legal basis for the transfer of your personal data is your consent.*
- d. ***Data Retention.*** *Moody's will use your personal data only as long as is necessary to implement, administer and manage your participation in the Plan or as required to comply with applicable laws, exercise or defense of legal rights, and archiving, backup, and deletion process. When Moody's no longer needs your personal data, which will generally be seven years after you are granted options under the Plan, Moody's will remove it from its systems. If Moody's keeps data longer, it would be to satisfy legal or regulatory obligations and Moody's legal basis would be compliance with the relevant laws or regulations.*
- e. ***Voluntariness and Consequences of Consent Denial or Withdrawal.*** *Your participation in the Plan and your grant of consent is purely voluntary. You may deny or withdraw your consent at any time. If you do not consent, or if you withdraw your consent, you cannot participate in the Plan. This would*

*not affect your salary as an employee or your employment; you would merely forfeit the opportunities associated with the Plan.*

- f. **Data Subject Rights.** *You have a number of rights under data privacy laws in your country. Depending on where you are based, your rights may include the right to (a) to request access or copies of personal data Moody's processes, (b) rectification of incorrect data, (c) deletion of data, (d) restrictions on processing, (e) portability of data, (f) to lodge complaints with competent authorities in your country, and/or (g) a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding your rights or to exercise your rights please contact HR Connect at [HRConnect@moody.com](mailto:HRConnect@moody.com).*

***By clicking "Accept Your Grant" on the Fidelity award acceptance page, you also provide your consent to the data processing practices described in this section to the extent that such consent is required by applicable law.***

#### Electronic Delivery and Acceptance

Moody's may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Moody's or any third party designated by Moody's.

#### Governing Law, Venue, Documents and Severability

This equity award is made in the state of Delaware and is governed by, and subject to, the laws of the state of Delaware applicable to contracts made and to be performed in the state of Delaware without regard to any conflicts of law provisions, as provided in the Plan, and the requirements of the New York Stock Exchange as well as the terms and conditions set forth herein.

Any and all disputes relating to, concerning or arising from this letter, or relating to, concerning or arising from the relationship between the parties evidenced by the option grant or this letter, shall be brought and heard exclusively in the United States District Court for the District of Delaware or the Delaware Superior Court, New Castle County. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts, hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

You acknowledge that you are proficient in the English language or have consulted with an advisor who is sufficiently proficient in English, so as to enable you to understand the terms and conditions of this letter and understand the provisions of the Plan. If you have received this letter or any other document related to the Plan translated into a language other than English, and if the translated version is different than the English version, the English version will control, unless otherwise required by applicable law.

The terms and conditions provided herein are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

#### Compliance with Law

Notwithstanding any other provision of the Plan or this letter, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares, Moody's shall not be required to deliver any shares issuable upon exercise of the option prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval Moody's shall, in its absolute discretion, deem necessary or advisable. You understand that Moody's is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, you agree that Moody's shall have unilateral authority to amend the

### EXHIBIT 10.3.2.3

Plan and the terms of the option grant without your consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.

#### Insider Trading Restriction/Market Abuse Laws

You may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States, your country and Fidelity's (or any other stock plan service provider's) country, which may affect your ability to accept, acquire, sell or attempt to sell or otherwise dispose of shares, rights to shares (e.g., options) or rights linked to the value of shares during such times as you are considered to have "inside information" regarding Moody's (as defined by or determined under the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis), and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Moody's insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal advisor on this matter.

#### Foreign Asset/Account Reporting

You may have certain foreign asset and/or account reporting requirements which may affect your ability to acquire or hold shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of shares) in a brokerage or bank account outside your country of residence. Your country may require that you report such accounts, assets or transactions to the applicable authorities in that country.

You acknowledge that it is your responsibility to be informed of and compliant with such regulations, and you are advised to speak to your personal advisor on this matter

#### Appendix

Notwithstanding any provisions in this letter, the option shall be subject to any additional terms and conditions set forth in any Appendix to this letter for your country. Moreover, if you relocate to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to you, to the extent Moody's determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this letter.

#### Imposition of Other Requirements

Moody's reserves the right to impose other requirements on your participation in the Plan, on the option and on any shares acquired under the Plan, to the extent Moody's determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

#### Waiver

You acknowledge that waiver by Moody's of breach of any provision of this letter shall not operate or be construed as a waiver of any other provision of this letter, or of any subsequent breach by you or any other participant in the Plan.

\* \* \*

If you have any questions regarding this one-time grant, please contact your Human Resources representative.

Sincerely,

[MOODY'S CORPORATION]

[FORM OF PERFORMANCE SHARE AWARD LETTER FOR THE AMENDED AND RESTATED 2001 MOODY'S CORPORATION KEY EMPLOYEES' STOCK INCENTIVE PLAN]

[COMPANY LETTERHEAD]

Dear [Participant Name]:

Congratulations! I am pleased to inform you that the Board of Directors of Moody's Corporation ("Moody's") awarded you [Quantity Granted] performance shares ("Performance Shares") on [Grant Date]. This letter outlines the key terms and conditions of your Performance Shares grant.

Your Performance Shares grant is subject to the terms and conditions of the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan, as amended (the "Plan"). By accepting the grant, you agree to the terms and conditions as set forth in the Plan and in this grant letter, including the terms and conditions applicable to you based on your country of residence as set forth in the attached Appendix. A copy of the Plan, as well as the prospectus relating to the offering of shares of Moody's stock pursuant to the Plan, is enclosed with this letter. You should read each of the Plan and the prospectus in their entirety for a better understanding of your grant. Capitalized terms not defined herein shall have the same meaning ascribed to them in the Plan.

Moody's has engaged Fidelity Stock Plan Services, LLC ("Fidelity") as the Plan administrator. You will be provided with a Fidelity on-line brokerage account, at no cost to you, in which shares will be delivered when and to the extent that your Performance Shares vest. Once your Performance Shares are issued, you may transfer your shares to another brokerage account or leave them in your Fidelity account, subject to applicable exchange controls and/or repatriation requirements which may apply based on the country in which you work and/or reside.

Your Performance Shares grant provides you with a right to receive an equity stake in Moody's and an opportunity for long-term capital appreciation if performance measures are achieved.

#### Details of Your Performance Shares Grant

As a holder of Performance Shares, you have an unfunded, unsecured promise of Moody's to issue shares of Moody's common stock, par value \$0.01 per share, in the future if and to the extent that certain performance goals are achieved. The maximum number of shares that can be issued to you shall equal two hundred percent (200%) of the number of target Performance Shares granted to you. You shall not have the rights of a shareholder, including any right to vote shares or receive dividends with respect to shares of Moody's common stock, unless and until such shares are issued pursuant to the terms of this letter at the conclusion of the performance period, as hereinafter defined. In the event of a stock split, a stock dividend or similar change in Moody's common stock, the number of your Performance Shares will be adjusted as determined by the Compensation & Human Resources Committee (the "Committee") under the Plan.

Your Performance Shares will vest, subject to your continued employment through the Vesting Date as hereinafter defined, to the extent that Moody's or one or more of its Subsidiaries or Affiliates, as applicable, achieves certain performance objectives which will be measured cumulatively over the three calendar years 2023-2025 (the "Performance Period"); provided, however, that the number of Performance Shares treated as vested and the corresponding number of shares actually issued to you as a payout may be less than the number determined by the performance payment percentages (including zero), at the discretion of the Committee in accordance with the Plan. In the event there is negative total shareholder return over the Performance Period for example, the Committee would consider whether it was appropriate to exercise negative discretion and reduce the performance payment percentages in accordance with the Plan. The vesting of Performance Shares on the Vesting Date will be determined by the Committee and shall be expressed as a percentage of the total number of target Performance Shares granted to you as determined pursuant to the following tables, subject to the Committee's discretion to reduce such percentages as defined in the Plan.

EXHIBIT 10.3.3.2

The following table indicates the weight ascribed to the three performance measures:

<b>Performance Measures</b>		
<b>Cumulative Adjusted EPS</b>	<b>Cumulative MA Revenue</b>	<b>MIS Ratings Quality</b>
[ ]%	[ ]%	[ ]%

The following table indicates the 2023 cumulative three-year targets:

<b>2023 Performance Share Targets</b>	
<b>Performance Measure</b>	<b>Cumulative 3-Year Target</b>
MCO Profitability (Adjusted EPS)	\$[ ]
MIS Ratings Quality (Average Position)	0% Accuracy above expected
Cumulative MA Revenue (millions)	\$[ ]

Payout attributable to the achievement of each performance measure will be determined as follows:

	<b>Payout Percentage****</b>
<b>MCO Adjusted EPS Achievement*</b>	
Less than [ ]% of Target	[ ]%
[ ]% of Target	[ ]%
[ ]% of Target	[ ]%
[ ]% of Target	[ ]%
[ ]% or more of Target	[ ]%
<b>MA Cumulative Revenue**</b>	
Less than [ ]% of Target	[ ]%
[ ]% of Target	[ ]%
[ ]% of Target	[ ]%
[ ]% of Target	[ ]%
[ ]% or more of Target	[ ]%
<b>MIS Ratings Quality Achievement***</b>	
Less than [ ]% below Target	[ ]%
[ ]% below Target	[ ]%
[ ]% below Target	[ ]%
[ ]% above / below Target	[ ]%
[ ]% above Target	[ ]%
[ ]% or more above Target	[ ]%

\* Moody's Corporation Adjusted EPS means cumulative Adjusted EPS for the three-year Performance Period.

\*\* Moody's Analytics Cumulative Revenue means Moody's Analytics revenue for the three-year Performance Period.

\*\*\* Moody's Investors Service Ratings Quality expressed as the difference between realized Average Default Position (ADP) and predicted ADP based on the default environment.

\*\*\*\* Subject to reduction in the Committee's discretion in accordance with the Plan.

Immediately following the conclusion of the Performance Period, the Committee shall certify whether the performance measures were attained, the percentage of payout, if any, and the date on which your Performance Shares will vest and be issued (the "Vesting Date"). For purposes of this letter, the Vesting Date shall be the date that the Committee determines the shares will be paid, which is expected to be the first trading day in March (but in no event after March 15<sup>th</sup>) following the conclusion of the Performance Period.

In the event of your Termination of Employment prior to the Vesting Date (for reasons other than your death, Disability or Retirement after the first anniversary of the grant of the Performance Shares), you will forfeit all unvested Performance Shares. Moody's shall have the exclusive discretion to determine when your Termination of Employment occurs for purposes of your Performance Shares grant (including whether you may still be considered to be employed while on a leave of absence), subject to U.S. Internal Revenue Code Section 409A ("Code Section 409A") in the event you are a U.S. taxpayer.

In the event of your Termination of Employment by death, Disability or Retirement, in each case after the first anniversary of the date of your Performance Shares grant hereunder, you shall be entitled to receive as a payout a pro rata portion of the number of shares issuable pursuant to your Performance Shares based on the number of days of your actual service during the Performance Period, such shares to be issued after the end of the Performance Period on the originally scheduled Vesting Date set forth above but only if and to the extent that such shares would have been earned by achievement of performance measures and become issuable to you had your Termination of Employment not occurred prior to the end of the Performance Period; provided, however, that the number of shares actually issued to you may be less than the number determined by the performance payout percentage (including zero), at the discretion of the Committee.

## EXHIBIT 10.3.3.2

In the event of a Change in Control, shares or, in the discretion of the Committee, cash equal to the fair market value of the shares as of immediately prior to the Change in Control, shall be issued in satisfaction of your Performance Shares immediately prior to the Change in Control as if the performance measures for the Performance Period had been achieved at 100% of Target.

### Compliance with Stock Ownership Guidelines

As a holder of Performance Shares, you are subject to Moody's stock ownership guidelines. You should familiarize yourself with these guidelines, as you are solely responsible for ensuring compliance thereto. To request a copy of the guidelines, please contact your Human Resources representative.

### Transferability of Performance Shares

Your Performance Shares may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by you otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance will be void and unenforceable against Moody's.

### Repayment/Forfeiture

Any payments or benefits you may receive hereunder shall be subject to repayment or forfeiture to the extent required by Moody's Corporation Clawback Policy as in effect from time to time and/or as may be required to comply with the requirements under the U.S. Securities Act of 1933, as amended, the U.S. Securities Exchange Act of 1934, as amended, rules promulgated by the U.S. Securities and Exchange Commission or any other applicable law, including the requirements of the U.S. Dodd-Frank Wall Street Reform and U.S. Consumer Protection Act, or any securities exchange on which Moody's common stock is listed or traded, as may be in effect from time to time.

### Nature of the Grant

In accepting the grant, you acknowledge, understand and agree that:

- (1) the Plan is established voluntarily by Moody's, it is discretionary in nature and it may be modified, amended, suspended or terminated by Moody's at any time, to the extent permitted by the Plan;
- (2) the Performance Shares grant is exceptional, voluntary and occasional and does not create any contractual or other right to receive future performance shares grants, or benefits in lieu of performance shares, even if performance shares have been granted in the past;
- (3) all decisions with respect to future performance shares or other grants, if any, will be at the sole discretion of Moody's;
- (4) the grant of Performance Shares and your participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with Moody's, your employer or any Subsidiary or Affiliate of Moody's and shall not interfere with the ability of your employer or any Subsidiary or Affiliate of Moody's, as applicable, to terminate your employment or service relationship (if any);
- (5) you are voluntarily participating in the Plan;
- (6) the Performance Shares grant and the shares subject to the Performance Shares do not constitute and are not intended to replace any pension rights or compensation;
- (7) the Performance Shares grant and the shares subject to the Performance Shares, and the income and value of same, do not constitute and are not part of normal or expected compensation, salary, remuneration or wages for purposes of calculating any severance, resignation, termination, redundancy, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement benefits or similar mandatory payments;
- (8) the future value of the underlying shares is unknown, indeterminable and cannot be predicted with certainty;

## EXHIBIT 10.3.3.2

(9) unless otherwise agreed with Moody's, the Performance Shares grant and the shares subject to the Performance Shares, and the income and value of same, are not granted as consideration for, or in connection with, the service you may provide as a director of a Subsidiary or Affiliate of Moody's; and

(10) in addition to paragraphs (1) through (9) above, the following provisions will also apply to you if you are employed outside the United States:

(a) the Performance Shares and the shares subject to the Performance Shares are not part of normal or expected compensation or salary for any purpose;

(b) no claim or entitlement to compensation or damages, including pro-rated compensation or damages, shall arise from forfeiture of the Performance Shares or the recoupment of any shares acquired under the Plan resulting from your (i) Termination of Employment (regardless of the reason for such termination and whether or not the termination is later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any) and/or (ii) the application of any recoupment policy or any recovery or clawback policy otherwise required by applicable laws. In consideration of the grant of Performance Shares to which you are otherwise not entitled, you irrevocably agree never to institute any claim against Moody's, its Subsidiaries or Affiliates and your employer, waive your ability, if any, to bring such a claim, and release Moody's, its Subsidiaries or Affiliates and your employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim; and

(c) neither your employer nor Moody's (nor any of its Subsidiaries or Affiliates) shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of your Performance Shares or any amounts due to you pursuant to the settlement of your Performance Shares or the subsequent sale of shares acquired upon settlement.

### No Advice Regarding Grant

Moody's is not providing any tax, legal or financial advice, nor is Moody's making any recommendations regarding your participation in the Plan or your acquisition or sale of the underlying shares. You are advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

### Responsibility for Taxes

You acknowledge that regardless of any action taken by Moody's or, if different, your employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable or deemed applicable to you ("Tax-Related Items"), is and remains your responsibility and may exceed the amount, if any, actually withheld by Moody's or your employer. You further acknowledge that Moody's and/or your employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of your Performance Shares grant or the underlying shares, including the grant vesting or settlement of your Performance Shares, the subsequent sale of shares acquired pursuant to such settlement and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of your Performance Shares to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that Moody's and/or your employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to Moody's and/or your employer to satisfy all Tax-Related Items. In this regard, you authorize Moody's or its agent to satisfy the obligations with regard to all Tax-Related Items by withholding in shares to be issued upon settlement of your Performance Shares. In the event that such withholding in shares is problematic under applicable tax or securities law or has materially adverse accounting consequences, by your acceptance of your Performance Shares, you authorize and direct Moody's and any brokerage firm determined acceptable to Moody's to sell on your behalf a whole number of shares from those shares issuable to you as Moody's determines to be appropriate to generate cash proceeds sufficient to satisfy the obligation for Tax-Related Items.

Moody's and/or your employer may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including the maximum rate applicable in your jurisdiction. If Tax-Related Items are withheld in excess of your actual tax liability, you may receive a refund of any over-withheld amount and will have no entitlement to the shares equivalent or, if not refunded, you may seek a refund from the local tax authorities. If the obligation for Tax-Related Items is satisfied by withholding in shares, for tax purposes, you will be deemed to have been issued the full number of shares subject to your Performance Shares that have been earned by achievement of performance goals hereunder, notwithstanding that a number of the shares are withheld solely for the purpose of paying the Tax-Related Items.

Finally, you shall pay to Moody's or your employer, including through withholding from your wages or other cash compensation payable to you, any amount of Tax-Related Items that Moody's or your employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. Moody's may refuse to deliver the shares or the proceeds from your Performance Shares award if you fail to comply with your obligations in connection with the Tax-Related Items.

#### Code Section 409A

For purposes of U.S. taxpayers, the provisions of this grant of Performance Shares are intended to either be exempt from Section 409A of the Code under the "short-term deferral" exception or comply with Section 409A of the Code, and the provisions of this grant will be interpreted, operated and administered in a manner that is consistent with this intent. In furtherance of this intent, the Committee may, at any time and without your consent, modify the terms of this grant as it determines appropriate to comply with the requirements of Section 409A of the Code and the related U.S. Department of Treasury guidance. Moody's makes no representation or covenant to ensure that your Performance Shares or other payment hereunder are exempt from or compliant with Section 409A of the Code, and will have no liability to you or any other party if your Performance Shares or other payment hereunder that is intended to be exempt from, or compliant with, Section 409A of the Code, is not so exempt or compliant or for any action taken by the Committee with respect thereto.

#### Data Privacy Information and Consent

*Moody's is located at 7 World Trade Center at 250 Greenwich Street, New York, NY, 10007, USA and grants Performance Shares to employees of Moody's and its Subsidiaries and Affiliates, at its sole discretion. If you would like to participate in the Plan, please review the following information about Moody's data processing practices and declare your consent.*

- a. Data Collection and Usage. Moody's collects, processes and uses personal data of employees, including name, home address, email address and telephone number, date of birth, social insurance, passport or other identification number, salary, citizenship, job title, any shares of stock or directorships held in Moody's, and details of all Performance Shares canceled, vested, or outstanding in your favor, which Moody's receives from you or your employer. If Moody's offers you a grant of Performance Shares under the Plan, then Moody's will collect your personal data for purposes of allocating shares and implementing, administering and managing the Plan. Moody's legal basis for the processing of your personal data will be your consent.*
- b. Stock Plan Administration Service Providers. Moody's transfers employee data to Fidelity, an independent service provider based in the United States which assists Moody's with the implementation, administration and management of the Plan. In the future, Moody's may select a different service provider and share your data with another company that serves in a similar manner. Moody's service provider will open an account for you to receive and trade shares. You will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of your ability to participate in the Plan.*
- c. International Data Transfers. Moody's and its service providers are based in the United States. If you are outside the United States, you should note that your country has enacted data privacy laws that are different from the United States. Moody's legal basis for the transfer of your personal data is your consent.*
- d. Data Retention. Moody's will use your personal data only as long as is necessary to implement, administer and manage your participation in the Plan or as required to comply with applicable laws, exercise or defense of legal rights, and archiving, backup, and deletion processes. When Moody's no longer needs your personal data, which will generally be seven years after you are granted*

*Performance Shares under the Plan, Moody's will remove it from it from its systems. If Moody's keeps data longer, it would be to satisfy legal or regulatory obligations and Moody's legal basis would be compliance with the relevant laws or regulations.*

- e. **Voluntariness and Consequences of Consent Denial or Withdrawal.** Your participation in the Plan and your grant of consent is purely voluntary. You may deny or withdraw your consent at any time. If you do not consent, or if you withdraw your consent, you cannot participate in the Plan. This would not affect your salary as an employee or your employment; you would merely forfeit the opportunities associated with the Plan.*
- f. **Data Subject Rights.** You have a number of rights under data privacy laws in your country. Depending on where you are based, your rights may include the right to (a) to request access or copies of personal data Moody's processes, (b) rectification of incorrect data, (c) deletion of data, (d) restrictions on processing, (e) portability of data, (f) to lodge complaints with competent authorities in your country, and/or (g) a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding your rights or to exercise your rights please contact HR Connect at [HRConnect@moody.com](mailto:HRConnect@moody.com).*

*By clicking "Accept Your Grant" on the Fidelity award acceptance page, you also provide your consent to the data processing practices described in this section to the extent that such consent is required by applicable law.*

#### Electronic Delivery and Acceptance

Moody's may, in its sole discretion, decide to deliver by electronic means any documents related to current or future participation in the Plan. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Moody's or any third party designated by Moody's.

#### Governing Law, Venue, Documents and Severability

Your Performance Shares grant is made in the state of Delaware and is governed by, and subject to, the laws of the state of Delaware, applicable to contracts made and to be performed in the state of Delaware without reference to its conflicts of laws principles, and the requirements of the New York Stock Exchange as well as the terms and conditions set forth herein.

Any and all disputes relating to, concerning or arising from this letter, or relating to, concerning or arising from the relationship between the parties evidenced by your Performance Shares or this letter, shall be brought and heard exclusively in the United States District Court for the District of Delaware or the Delaware Superior Court, New Castle County. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts, hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

You acknowledge that you are proficient in the English language or have consulted with an advisor who is sufficiently proficient in English, so as to enable you to understand the terms and conditions of this letter and understand the provisions of the Plan. If you have received this letter or any other document related to the Plan translated into a language other than English, and if the translated version is different than the English version, the English version will control, unless otherwise required by applicable law.

The terms and conditions provided herein are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

#### Compliance with Law

Notwithstanding any other provision of the Plan or this letter, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares, Moody's shall not be required to deliver any shares issuable upon settlement of your Performance Shares prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under

## EXHIBIT 10.3.3.2

rulings or regulations of the U.S. Securities and Exchange Commission (“SEC”) or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval Moody’s shall, in its absolute discretion, deem necessary or advisable. You understand that Moody’s is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, you agree that Moody’s shall have unilateral authority to amend the Plan and the terms of your Performance Shares without your consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.

### Insider Trading Restriction/Market Abuse Laws

You may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States, your country and Fidelity’s (or any other stock plan service provider’s) country, which may affect your ability to accept, acquire, sell or attempt to sell or otherwise dispose of shares, rights to shares (e.g., Performance Shares) or rights linked to the value of shares (e.g., dividend equivalents) during such times as you are considered to have “inside information” regarding Moody’s (as defined by or determined under the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a “need to know” basis), and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Moody’s insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal advisor on this matter.

### Foreign Asset/Account Reporting

You may have certain foreign asset and/or account reporting requirements which may affect your ability to acquire or hold shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of shares) in a brokerage or bank account outside your country of residence. Your country may require that you report such accounts, assets or transactions to the applicable authorities in that country.

You acknowledge that it is your responsibility to be informed of and compliant with such regulations, and you are advised to speak to your personal advisor on this matter.

### Appendix

Notwithstanding any provisions in this letter, your Performance Shares grant shall be subject to any additional terms and conditions set forth for your country in any Appendix to this letter for your country. Moreover, if you relocate to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to you, to the extent Moody’s determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this letter.

### Imposition of Other Requirements

Moody’s reserves the right to impose other requirements on your participation in the Plan, on your Performance Shares and on any shares acquired pursuant to your Performance Shares, to the extent Moody’s determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

### Waiver

You acknowledge that waiver by Moody’s of breach of any provision of this letter shall not operate or be construed as a waiver of any other provision of this letter, or of any subsequent breach by you or any other participant in the Plan.

\* \* \*

If you have any questions regarding this one-time grant, please contact your Human Resources representative.

Sincerely,

[MOODY'S CORPORATION]

[FORM OF RESTRICTED STOCK UNIT AWARD LETTER FOR THE AMENDED AND RESTATED 2001 MOODY'S CORPORATION KEY EMPLOYEES' STOCK INCENTIVE PLAN]

[COMPANY LETTERHEAD]

Dear [Participant Name]:

Congratulations! I am pleased to inform you that the Board of Directors of Moody's Corporation ("Moody's") awarded you [Quantity Granted] restricted stock units ("RSUs") on [Grant Date]. This letter outlines the key terms and conditions of your RSU grant.

Your RSU grant is subject to the terms and conditions of the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan, as amended (the "Plan"). By accepting the grant, you agree to the terms and conditions as set forth in the Plan and in this grant letter, including the terms and conditions applicable to you based on your country of residence as set forth in the attached Appendix. A copy of the Plan, as well as the prospectus relating to the offering of shares of Moody's stock pursuant to the Plan, is enclosed with this letter. You should read the Plan and the prospectus in their entirety for a better understanding of your grant. Capitalized terms not defined herein shall have the same meanings ascribed in the Plan.

Moody's has engaged Fidelity Stock Plan Services, LLC ("Fidelity") as the Plan administrator. Each Moody's employee who received an RSU grant will be provided with a Fidelity on-line brokerage account, at no cost to the employee, in which shares will be delivered when your RSUs vest. Generally, once your RSUs vest, you may transfer your shares to another brokerage account or leave them in your Fidelity account, subject to applicable exchange controls and/or repatriation requirements which may apply based on the country in which you work and/or reside.

Your RSU grant provides you with a right to receive an equity stake in Moody's and an opportunity for long-term capital appreciation.

Details of Your Restricted Stock Unit Grant

As an RSU holder, you have an unfunded, unsecured promise of Moody's to issue shares of Moody's stock in the future if certain vesting conditions are met. You shall not have the rights of a shareholder, including any right to vote shares or receive dividends with respect to shares of Moody's stock unless and until such shares are issued pursuant to the terms of this letter. Should any cash or stock dividends be awarded to Moody's shareholders during the time that you hold an unvested RSU, you will receive a right to an equivalent dividend amount; however, this dividend equivalent payment will vest and be paid to you only at such time as the RSUs themselves vest (otherwise the payment will be forfeited). You will have no right to the dividend equivalent until or unless you vest in the RSUs. In the event of a stock split, a stock dividend or similar change in Moody's stock, the number of your RSUs will be adjusted as determined by the Compensation & Human Resources Committee under the Plan.

Subject to your continued employment with Moody's or a Subsidiary or Affiliate, your RSUs will vest as follows: (1) provided that the date of grant falls on January 1 through August 1, 25% of the RSUs will vest on the first trading day in March that is at least six months after the date of grant and at the same percentage on each first trading day in March in the years thereafter until 100% of the RSUs are vested; or (2) provided that the date of grant falls on August 2 through December 31, 25% of the RSUs will vest on the first trading day in March that is

### EXHIBIT 10.3.4.3

at least 12 months after the date of grant and at the same percentage on each first trading day in March in the years thereafter until 100% of the RSUs are vested.

In the event of your Termination of Employment (for reasons other than your death, Disability or Retirement after the first anniversary of the grant of the RSUs), you will forfeit all unvested RSUs immediately upon such termination. Moody's shall have the exclusive discretion to determine when your Termination of Employment occurs for purposes of your RSU grant (including whether you may still be considered to be employed while on a leave of absence), subject to U.S. Internal Revenue Code Section 409A ("Code Section 409A") in the event you are a U.S. taxpayer.

In the event of your Termination of Employment due to death, Disability or Retirement after the first anniversary of your RSU grant, the RSUs awarded hereunder shall vest in full.

#### Transferability of Restricted Stock Units

Your RSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by you otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance will be void and unenforceable against Moody's.

#### Repayment/Forfeiture

Any payments or benefits you may receive hereunder shall be subject to repayment or forfeiture to the extent required by Moody's Corporation Clawback Policy as in effect from time to time and/or as may be required to comply with the requirements under the U.S. Securities Act of 1933, as amended, the U.S. Securities Exchange Act of 1934, as amended, rules promulgated by the U.S. Securities and Exchange Commission or any other applicable law, including the requirements of the U.S. Dodd-Frank Wall Street Reform and U.S. Consumer Protection Act, or any securities exchange on which Moody's common stock is listed or traded, as may be in effect from time to time.

#### Nature of the Grant

In accepting the grant, you acknowledge, understand and agree that:

- (1) the Plan is established voluntarily by Moody's, it is discretionary in nature and it may be modified, amended, suspended or terminated by Moody's at any time, to the extent permitted by the Plan;
- (2) the grant of the RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future RSU grants, or benefits in lieu of RSUs, even if RSUs have been granted in the past;
- (3) all decisions with respect to future RSU or other grants, if any, will be at the sole discretion of Moody's;
- (4) the RSU grant and your participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with Moody's, your employer or any Subsidiary or Affiliate and shall not interfere with the ability of Moody's, your employer or any Subsidiary or Affiliate, as applicable, to terminate your employment or service relationship (if any);
- (5) you are voluntarily participating in the Plan;
- (6) the RSU grant and the shares subject to the RSUs do not constitute and are not intended to replace any pension rights or compensation;
- (7) the RSU grant and the shares subject to the RSUs, and the income and value of same, do not constitute and are not part of normal or expected compensation, salary, remuneration or wages for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;
- (8) the future value of the underlying shares is unknown, indeterminable and cannot be predicted with certainty;

### EXHIBIT 10.3.4.3

(9) unless otherwise agreed with Moody's, the RSU grant and the shares subject to the RSUs, and the income and value of same, are not granted as consideration for, or in connection with, the service you may provide as a director of a Subsidiary or Affiliate of Moody's;

(10) unless otherwise provided in the Plan or by Moody's in its discretion, the RSUs and the benefits evidenced by this letter do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares; and

(11) in addition to paragraphs (1) through (10) above, the following provisions will also apply to you if you are employed outside the United States:

(a) no claim or entitlement to compensation or damages, including pro-rated compensation or damages, shall arise from forfeiture of the RSU grant or the recoupment of any shares acquired under the Plan resulting from (i) your Termination of Employment (regardless of the reason for such termination and whether or not the termination is later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any) and/or (ii) the application of any recoupment policy or any recovery or clawback policy otherwise required by applicable laws. In consideration of the grant of RSUs to which you are otherwise not entitled, you irrevocably agree never to institute any claim against Moody's, its Subsidiaries or Affiliates and your employer, waive your ability, if any, to bring such a claim, and release Moody's, its Subsidiaries or Affiliates and your employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(b) the RSUs and the shares subject to the RSUs are not part of normal or expected compensation or salary for any purpose; and

(c) neither your employer nor Moody's (nor any of its Subsidiaries or Affiliates) shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the RSUs or any amounts due to you pursuant to the settlement of the RSUs or the subsequent sale of shares acquired upon settlement.

#### No Advice Regarding Grant

Moody's is not providing any tax, legal or financial advice, nor is Moody's making any recommendations regarding your participation in the Plan or your acquisition or sale of the underlying shares. You are advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

#### Responsibility for Taxes

You acknowledge that, regardless of any action taken by Moody's or, if different, your employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable or deemed applicable to you ("Tax-Related Items") is and remains your responsibility and may exceed the amount, if any, actually withheld by Moody's or your employer. You further acknowledge that Moody's and/or your employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSU grant or the underlying shares, including the grant, vesting or settlement of the RSUs, the subsequent sale of shares acquired pursuant to such settlement and the receipt of any dividends or dividend equivalents; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that Moody's and/or your employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to Moody's and/or your employer to satisfy all Tax-Related Items. In this regard, you authorize Moody's or its agent to satisfy the obligations with regard to all Tax-Related Items by withholding in shares to be issued upon settlement of the RSUs. In the event that such withholding in shares is problematic

under applicable tax or securities law or has materially adverse accounting consequences, by your acceptance of the RSUs, you authorize and direct Moody's and any brokerage firm determined acceptable to Moody's to sell on your behalf a whole number of shares from those shares issuable to you as Moody's determines to be appropriate to generate cash proceeds sufficient to satisfy the obligation for Tax-Related Items.

In the event the RSUs (or a portion thereof) cease to be subject to a "substantial risk of forfeiture" for tax purposes prior to the vesting dates set forth above, Moody's may cause the RSUs to vest on a date that is earlier than is provided in the vesting schedule set forth above to facilitate the satisfaction of Tax-Related Items using the withholding methods described above. Anything in this paragraph to the contrary notwithstanding, with respect to U.S. taxpayers and in order to avoid a prohibited acceleration under Code Section 409A, the number of shares subject to RSUs that will be permitted to be withheld (or sold on your behalf) to satisfy any Tax-Related Items for any portion of the RSUs that is considered nonqualified deferred compensation subject to Code Section 409A may not exceed the number of shares that equals the liability for the Tax-Related Items.

Moody's and/or your employer may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including the maximum rate applicable in your jurisdiction. If Tax-Related Items are withheld in excess of your actual tax liability, you may receive a refund of any over-withheld amount and will have no entitlement to the shares equivalent or, if not refunded, you may seek a refund from the local tax authorities. If the obligation for Tax-Related Items is satisfied by withholding in shares, for tax purposes, you will be deemed to have been issued the full number of shares subject to the RSUs, notwithstanding that a number of the shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, you shall pay to Moody's or your employer, including through withholding from your wages or other cash compensation payable to you, any amount of Tax-Related Items that Moody's or your employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. Moody's may refuse to deliver the shares or the proceeds from the sale of shares if you fail to comply with your obligations in connection with the Tax-Related Items.

#### **Data Privacy Information and Consent**

*Moody's is located at 7 World Trade Center at 250 Greenwich Street, New York, NY, 10007, USA and grants RSUs to employees of Moody's and its Subsidiaries and Affiliates, at its sole discretion. If you would like to participate in the Plan, please review the following information about Moody's data processing practices and declare your consent.*

- a. **Data Collection and Usage.** Moody's collects, processes and uses personal data of employees, including name, home address, email address and telephone number, date of birth, social insurance, passport or other identification number, salary, citizenship, job title, any shares of stock or directorships held in Moody's, and details of all RSUs canceled, vested, or outstanding in your favor, which Moody's receives from you or your employer. If Moody's offers you a grant of RSUs under the Plan, then Moody's will collect your personal data for purposes of allocating shares and implementing, administering and managing the Plan. Moody's legal basis for the processing of your personal data will be your consent.*
- b. **Stock Plan Administration Service Providers.** Moody's transfers employee data to Fidelity, an independent service provider based in the United States which assists Moody's with the implementation, administration and management of the Plan. In the future, Moody's may select a different service provider and share your data with another company that serves in a similar manner. Moody's service provider will open an account for you to receive and trade shares. You will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of your ability to participate in the Plan.*
- c. **International Data Transfers.** Moody's and its service providers are based in the United States. If you are outside the United States, you should note that your country has enacted data privacy laws that are different from the United States. Moody's legal basis for the transfer of your personal data is your consent.*
- d. **Data Retention.** Moody's will use your personal data only as long as is necessary to implement, administer and manage your participation in the Plan or as required to comply with applicable laws, exercise or defense of legal rights, and archiving, backup, and deletion processes. When Moody's no longer needs your personal data, which will generally be seven years after you are granted RSUs under*

*the Plan, Moody's will remove it from it from its systems. If Moody's keeps data longer, it would be to satisfy legal or regulatory obligations and Moody's legal basis would be compliance with the relevant laws or regulations.*

- e. **Voluntariness and Consequences of Consent Denial or Withdrawal.** Your participation in the Plan and your grant of consent is purely voluntary. You may deny or withdraw your consent at any time. If you do not consent, or if you withdraw your consent, you cannot participate in the Plan. This would not affect your salary as an employee or your employment; you would merely forfeit the opportunities associated with the Plan.*
- f. **Data Subject Rights.** You have a number of rights under data privacy laws in your country. Depending on where you are based, your rights may include the right to (a) to request access or copies of personal data Moody's processes, (b) rectification of incorrect data, (c) deletion of data, (d) restrictions on processing, (e) portability of data, (f) to lodge complaints with competent authorities in your country, and/or (g) a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding your rights or to exercise your rights please contact HR Connect at [HRConnect@moodys.com](mailto:HRConnect@moodys.com).*

*By clicking "Accept Your Grant" on the Fidelity award acceptance page, you also provide your consent to the data processing practices described in this section to the extent that such consent is required by applicable law.*

#### Electronic Delivery and Acceptance

Moody's may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Moody's or any third party designated by Moody's.

#### Governing Law; Venue; Documents and Severability

This RSU grant is made in the state of Delaware and is governed by, and subject to, the laws of the state of Delaware applicable to contracts made and to be performed in the state of Delaware, without regard to any conflict of law provisions, as provided in the Plan, and the requirements of the New York Stock Exchange as well as the terms and conditions set forth herein.

Any and all disputes relating to, concerning or arising from this letter, or relating to, concerning or arising from the relationship between the parties evidenced by the RSUs or this letter, shall be brought and heard exclusively in the United States District Court for the District of Delaware or the Delaware Superior Court, New Castle County. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts, hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

You acknowledge that you are proficient in the English language, or have consulted with an advisor who is sufficiently proficient in English, so as to enable you to understand the terms and conditions of this letter and understand the provisions of the Plan. If you have received this letter or any other document related to the Plan translated into a language other than English, and if the translated version is different than the English version, the English version will control, unless otherwise required by applicable law.

The terms and conditions provided herein are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

#### Share Issuance Restrictions; Compliance with Law

Notwithstanding any other provision of the Plan or this letter, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares, Moody's shall not be required to deliver any shares issuable upon settlement of the RSUs prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under

### EXHIBIT 10.3.4.3

rulings or regulations of the U.S. Securities and Exchange Commission (“SEC”) or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval Moody’s shall, in its absolute discretion, deem necessary or advisable. You understand that Moody’s is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, you agree that Moody’s shall have unilateral authority to amend the Plan and the terms of the RSUs without your consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.

The shares subject to the RSUs shall be delivered on (i) the applicable vesting dates or, (ii) if earlier, the earliest vesting event contemplated in connection (1) with death, Disability or Retirement or (2) with a Change in Control as set forth in the Plan; provided, however, that with regard to U.S. taxpayers only, if the RSUs or settlement of the RSUs constitutes an item of deferred compensation under Code Section 409A and the Change in Control is not a “change in control event” within the meaning of Code Section 409A, the shares subject to the RSUs shall be delivered in accordance with the applicable vesting dates or, if earlier, the earliest vesting event contemplated in the event of death, Disability or Retirement.

Anything in the provisions of this RSU grant to the contrary notwithstanding, for U.S. taxpayers, the delivery of the shares subject to the RSUs or any other payment under this RSU that constitutes an item of deferred compensation under Code Section 409A and becomes payable to you by reason of your termination of employment shall not be made unless your termination of employment constitutes a “separation from service” (within the meaning of Code Section 409A and any regulations or other guidance thereunder (“Section 409A Guidance”)). In addition, no shares subject to the RSUs will be delivered (or no other payments will be made) to you if you are a U.S. taxpayer prior to the earlier of (a) the expiration of the six-month period measured from the date of your separation from service or (b) the date of your death, if you are deemed at the time of such separation from service to be a “specified employee” (within the meaning of Section 409A Guidance) and to the extent such delayed commencement is otherwise required in order to avoid a prohibited distribution under Section 409A Guidance. The delivery of all shares subject to the RSUs which had been delayed pursuant to the immediately preceding sentence will be delivered to you in a lump sum upon expiration of such six-month period (or, if earlier, upon your death).

The provisions in this letter are to be interpreted, construed and operated to reflect the intent of Moody’s that all aspects of the this RSU grant will be interpreted either to be exempt from the provisions of Code Section 409A or, to the extent subject to Code Section 409A, comply with Section 409A. The terms of this RSU grant may be amended at any time, without your consent, to avoid the application of Code Section 409A in a particular circumstance or as is necessary or desirable to satisfy any of the requirements under Code Section 409A, but Moody’s will not be under any obligation to make any such amendment. Nothing in this letter may provide a basis for any person to take action against Moody’s or any Subsidiary or Affiliate based on matters covered by Code Section 409A, including the tax treatment of any shares delivered or other payments made under this RSU grant, and neither Moody’s nor any Subsidiary or Affiliate will under any circumstances have any liability to you, your estate or any other party for any taxes, penalties or interest due on amounts paid or payable under this RSU grant, including taxes, penalties or interest imposed under Code Section 409A.

#### Insider Trading Restriction/Market Abuse Laws

You may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States, your country and Fidelity’s (or any other stock plan service provider’s) country, which may affect your ability to accept, acquire, sell or attempt to sell or otherwise dispose of shares, rights to shares (*e.g.*, RSUs) or rights linked to the value of shares (*e.g.*, dividend equivalents) during such times as you are considered to have “inside information” regarding Moody’s (as defined by or determined under the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a “need to know” basis), and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Moody’s insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal advisor on this matter.

#### Foreign Asset/Account Reporting

### EXHIBIT 10.3.4.3

You may have certain foreign asset and/or account reporting requirements which may affect your ability to acquire or hold shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of shares) in a brokerage or bank account outside your country of residence. Your country may require that you report such accounts, assets or transactions to the applicable authorities in that country.

You acknowledge that it is your responsibility to be informed of and compliant with such regulations, and you are advised to speak to your personal advisor on this matter.

#### Appendix

Notwithstanding any provisions in this letter, your RSU grant shall be subject to any additional terms and conditions set forth in any Appendix to this letter for your country. Moreover, if you relocate to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to you, to the extent Moody's determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this letter.

#### Imposition of Other Requirements

Moody's reserves the right to impose other requirements on your participation in the Plan, on the RSUs and on any shares acquired under the Plan, to the extent Moody's determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

#### Waiver

You acknowledge that waiver by Moody's of breach of any provision of this letter shall not operate or be construed as a waiver of any other provision of this letter, or of any subsequent breach by you or any other participant in the Plan.

\* \* \*

If you have any questions regarding this one-time grant, please contact your Human Resources representative.

Sincerely,

[MOODY'S CORPORATION]

EXHIBIT 21

**SUBSIDIARIES OF MOODY'S CORPORATION**

The following is a list of active, majority-owned subsidiaries of Moody's Corporation as of December 31, 2022.

***U.S. Entities***

Acquire Media U.S., LLC	Delaware
Bureau van Dijk Electronic Publishing Inc.	New York
Catylist Consulting Inc.	Delaware
Catylist Inc.	Delaware
Catylist Real Estate Software Inc.	Delaware
Cortera, Inc.	Delaware
DMG US Investments, Inc.	Delaware
DMGT US, Inc.	Delaware
DVBS, Inc. (formerly Moody's Risk Services Corp.)	Delaware
GGYAXIS INC	Delaware
Lewtan Technologies Inc.	Massachusetts
MIS Asset Holdings Inc.	Delaware
MIS Quality Management Corp.	Delaware
Moody's ESG Solutions USA Inc.	Delaware
Moody's Advisors Inc.	Delaware
Moody's Analytics Inc.	Delaware
Moody's Analytics Knowledge Services Solutions (US) Inc. (formerly Exevo Inc.)	Delaware
Moody's Analytics Solutions LLC	Delaware
Moody's Assurance Company Inc.	New York
Moody's Assureco Inc.	Delaware
Moody's Capital Markets Research Inc.	Delaware
Moody's Group Holdings, Inc.	Delaware
Moody's Holdings LLC	Delaware
Moody's International LLC	Delaware
Moody's Investors Service Inc.	Delaware
Moody's Overseas Holdings Inc.	Delaware
Moody's Risk Assessments Holdings LLC	Delaware
Moody's Risk Assessments, Inc.	Delaware
Moody's Shared Services Inc.	Delaware
Omega Performance Corporation	California
Regulatory DataCorp, Inc	Delaware
Risk First Inc.	Delaware
Risk Management Solutions Holdings, Inc.	Delaware
Risk Management Solutions, Inc.	California
RMS UK Holdings, Inc.	Delaware
RMS Worldwide, Inc.	California
The Moody's Foundation	New York
Vigeo Eiris USA, LLC	Delaware

**Non-US Entities**

360kompany AG  
360kompany UK Ltd.  
Acquire Media 1 UK Limited  
Administracion de Calificadoras, S.A. de C.V.  
Bogard AB  
Bureau van Dijk Editions Electroniques S.A.S.  
Bureau van Dijk Editions Electroniques SARL  
Bureau van Dijk Editions Electroniques SRL  
Bureau van Dijk Edizioni Elettroniche S.p.a  
Bureau van Dijk Electronic Publishing (Beijing) Ltd.  
Bureau van Dijk Electronic Publishing AB  
Bureau van Dijk Electronic Publishing ApS  
Bureau van Dijk Electronic Publishing B.V.  
Bureau van Dijk Electronic Publishing GmbH  
Bureau van Dijk Electronic Publishing GmbH  
Bureau van Dijk Electronic Publishing Hong Kong Limited  
Bureau van Dijk Electronic Publishing K.K.  
Bureau van Dijk Electronic Publishing Limited Liability Company  
Bureau van Dijk Electronic Publishing Ltd.  
Bureau van Dijk Electronic Publishing Pte. Ltd.  
Bureau van Dijk Electronic Publishing Pty Limited  
Bureau van Dijk Electronic Publishing S.A. de C.V.  
Bureau van Dijk Electronic Publishing Unipessoal Lda.  
Bureau van Dijk Electroniq Publishing S.A. (Pty) Ltd  
Bureau van Dijk EP DMCC  
Bureau van Dijk Publicaçao Eletronica Ltda.  
Bureau van Dijk Publicaciones Electronicas S.A.  
Cortera Software Private Limited  
Four Twenty Seven France SAS  
GCR Analytics Limited  
Gilliland Gold Young Consulting Inc.  
Global Credit Rating Company Limited  
ICRA Analytics Limited (fka ICRA Online Limited)  
ICRA Lanka Limited  
ICRA Limited  
KIS Pricing, Inc.  
Korea Investors Service, Inc.  
MA Support Services CR SRL  
Midroog Ltd.  
MIS Argentina S.A.  
MIS Brazil Servicos Tecnicos Ltda.  
MIS Support Center Private Limited  
MIS Support Services CR Sociedad de Responsabilidad Ltda.  
MIS Zurich Rep Office  
Moody's (UK) Limited

Austria  
UK  
UK  
Mexico  
Sweden  
France  
Switzerland  
Belgium  
Italy  
China  
Sweden  
Denmark  
Netherlands  
Austria  
Germany  
Hong Kong  
Japan  
Korea, Republic of  
UK  
Singapore  
Australia  
Mexico  
Portugal  
South Africa  
United Arab Emirates  
Brazil  
Spain  
India  
France  
Mauritius  
Canada  
Mauritius  
India  
Sri Lanka  
India  
Korea, Republic of  
Korea, Republic of  
Costa Rica  
Israel  
Argentina  
Brazil  
India  
Costa Rica  
Switzerland  
UK

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Moody's Analytics (India) Private Limited	India
Moody's Analytics do Brasil Soluções para Gerenciamento de Risco de Crédito Ltda	Brazil
Moody's Analytics Global Education (Canada), Inc.	Canada
Moody's EMEA Holdings Limited	UK
Moody's Equilibrium II (BVI) Holding Corporation	Virgin Islands (British)
Moody's ESG Solutions Belgium SA/NV	Belgium
Moody's ESG Solutions Chile SpA	Chile
Moody's ESG Solutions France SAS	France
Moody's ESG Solutions Hong Kong Limited	Hong Kong
Moody's ESG Solutions Italia Srl	Italy
Moody's ESG Solutions Singapore Pte. Ltd.	Singapore
Moody's ESG Solutions UK Ltd.	UK
Moody's Group (Holdings) Unlimited	UK
Moody's Group Finance Limited	UK
Moody's Information Consulting (Shenzhen) Co., Ltd.	China
Moody's International (UK) Limited	UK
Moody's Investors Service Middle East Limited	United Arab Emirates
Moody's Local (Chile) SpA (fka Equilibrium (Chile) Holding SpA)	Chile
Moody's Local AR Agente de Calificación de Riesgo S.A. (Fka Moody's Latin America Agente de Calificación de Riesgo S.A.)	Argentina
Moody's Local MX S.A. de C.V. I.C.V.	Mexico
Moody's Local PE Clasificadora de Riesgo S.A.(fka Equilibrium Clasificadora de Riesgo S.A.)	Peru
Moody's Shared Services India Private Limited	India
Moody's (China) Limited	China
Moody's (Japan) K.K.	Japan
Moody's Analytics (DIFC) Limited	United Arab Emirates
Moody's Analytics (Malaysia) Sdn. Bhd.	Malaysia
Moody's Analytics (Thailand) Co., Ltd.	Thailand
Moody's Analytics Australia Pty Ltd	Australia
Moody's Analytics Canada Inc.	Canada
Moody's Analytics Czech Republic s.r.o.	Czech Republic
Moody's Analytics Deutschland GmbH	Germany
Moody's Analytics Hong Kong Limited	Hong Kong
Moody's Analytics Japan K.K.	Japan
Moody's Analytics Knowledge Services (Jersey) Limited	Jersey
Moody's Analytics Knowledge Services Holdings (Mauritius) Limited	Mauritius
Moody's Analytics Knowledge Services Research (Mauritius) Limited	Mauritius
Moody's Analytics Korea Co., Ltd.	Korea, Republic of
Moody's Analytics SAS	France
Moody's Analytics Singapore Pte. Ltd.	Singapore
Moody's Analytics Taiwan Co., Ltd.	Taiwan

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Moody's Analytics Technical Services (UK) Limited	UK
Moody's Analytics UK Limited	UK
Moody's Asia Pacific Limited	Hong Kong
Moody's Asia-Pacific Group (Singapore) Pte. Ltd.	Singapore
Moody's Canada Inc.	Canada
Moody's Canada LP	Canada
Moody's China (B.V.I.) Limited	Virgin Islands (British)
Moody's Company Holdings (BVI) I Limited	Virgin Islands (British)
Moody's Company Hong Kong Limited	Hong Kong
Moody's Credit Ratings (China) Limited	China
Moody's Deutschland GmbH	Germany
Moody's EMEA Financing (Cyprus) Ltd	Cyprus
Moody's Equilibrium I (BVI) Holding Corporation	Virgin Islands (British)
Moody's Finance (BVI) Limited	Virgin Islands (British)
Moody's Financing (BVI) Limited	Virgin Islands (British)
Moody's Financing (Cyprus) Limited	Cyprus
Moody's France SAS	France
Moody's Group Australia Pty Ltd	Australia
Moody's Group Cyprus Ltd.	Cyprus
Moody's Group Deutschland GmbH	Germany
Moody's Group France SAS	France
Moody's Group Holdings (BVI) Limited	Virgin Islands (British)
Moody's Group Japan G.K.	Japan
Moody's Group NL B.V.	Netherlands
Moody's Group UK Ltd.	UK
Moody's Holdings (B.V.I.) Limited	Virgin Islands (British)
Moody's Holdings Ltd.	UK
Moody's Holdings NL B.V.	Netherlands
Moody's Investment Company India Private Limited	India
Moody's Investors Service (Beijing), Ltd.	China
Moody's Investors Service (BVI) Limited	Virgin Islands (British)
Moody's Investors Service (Korea) Inc.	Korea, Republic of
Moody's Investors Service (Nordics) AB	Sweden
Moody's Investors Service Cyprus Ltd.	Cyprus
Moody's Investors Service EMEA Limited	UK
Moody's Investors Service España SA	Spain
Moody's Investors Service Hong Kong Limited	Hong Kong
Moody's Investors Service India Private Limited	India
Moody's Investors Service Limited	UK
Moody's Investors Service Pty Limited	Australia
Moody's Investors Service Singapore Pte. Ltd.	Singapore
Moody's Investors Service South Africa (Pty) Limited	South Africa
Moody's Israel Holdings Inc.	Virgin Islands (British)
Moody's Italia S.r.l.	Italy
Moody's Latin America Holding Corp.	Virgin Islands (British)
Moody's Lithuania, UAB	Lithuania

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Moody's Local BR Agencia de Classificacao de Risco Ltda. (fka Moody's America Latina Ltda.)	Brazil
Moody's Local PA Calificadora de Riesgo S.A (fka Equilibrium Calificadora de Riesgo S.A.)	Panama
Moody's Mauritius Holdings Limited	Mauritius
Moody's Risk Assessments Limited	UK
Moody's SF Japan K.K.	Japan
Moody's Shared Services UK Limited	UK
Moody's Singapore Pte Ltd	Singapore
Moody's South Africa (B.V.I.) Limited	Virgin Islands (British)
Nile 6 (fka Skyval Holdings LLP)	UK
Omega Performance Corp./S.C.C. Á Rendement Omega	Canada
Passfort Limited	UK
Pragati Development Consulting Services Ltd	India
PT ICRA Indonesia	Indonesia
RealXData GmbH	Germany
Regulatory DataCorp Limited	UK
Risk First (Holdings) Limited	UK
Risk First (IP) Limited	UK
Risk First Group Limited	UK
Risk First Limited	UK
Risk First Management Services Limited	UK
Risk Management Solutions (Beijing) Limited	China
Risk Management Solutions (Bermuda) Ltd.	Bermuda
Risk Management Solutions Limited	UK
RMS Japan Corporation	Japan
RMS Risk Management Solutions India Private Limited	India
Skyval Limited	UK
Yellow Maple Holding B.V.	Netherlands
Yellow Maple I B.V.	Netherlands
Yellow Maple II B.V.	Netherlands
Zephus Ltd.	UK

EXHIBIT 23.1

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the registration statements (No. 333-236611, No. 333-170727, No. 333-170753, No. 333-145127, No. 333-126564, No. 333-103496, No. 333-47848, No. 333-81121, No. 333-68555, No. 333-64653, No. 333-60737, No. 333-57915, No. 333-57267, No. 333-192333, No. 333-192334, No. 333-228577, No. 333-259539, No. 333-268134, and No. 333-263152) on Forms S-3 and S-8 of our report dated February 15, 2023, with respect to the consolidated financial statements of Moody's Corporation and the effectiveness of internal control over financial reporting.

**/s/ KPMG LLP**

New York, New York

February 15, 2023

EXHIBIT 31.1

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

I, Robert Fauber, certify that:

1. I have reviewed this annual report on Form 10-K of Moody's Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ROBERT FAUBER

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**Robert Fauber**

*President and Chief Executive Officer*

February 15, 2023

EXHIBIT 31.2

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

I, Mark Kaye, certify that:

1. I have reviewed this annual report on Form 10-K of Moody's Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MARK KAYE

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**Mark Kaye**

*Executive Vice President and Chief Financial Officer*

February 15, 2023

EXHIBIT 32.1

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

In connection with the Annual Report of Moody's Corporation on Form 10-K for the year ended December 31, 2022 as filed with the SEC on the date hereof (the "Report"), I, Robert Fauber, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ROBERT FAUBER

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**Robert Fauber**

*President and Chief Executive Officer*

February 15, 2023

EXHIBIT 32.2

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

In connection with the Annual Report of Moody's Corporation on Form 10-K for the year ended December 31, 2022 as filed with the SEC on the date hereof (the "Report"), I, Mark Kaye, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MARK KAYE

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**Mark Kaye**

*Executive Vice President and Chief Financial Officer*

February 15, 2023