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

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**Form 10-Q**

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(Mark one)

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

For the quarterly period ended March 31, 2008

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

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**Moody's Corporation**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State of Incorporation)

**13-3998945**  
(I.R.S. Employer Identification No.)

**7 World Trade Center at  
250 Greenwich Street, New York, N.Y.**  
(Address of Principal Executive Offices)

**10007**  
(Zip Code)

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

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

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

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

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**Title of Each Class****Shares Outstanding at March 31, 2008**

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Common Stock, par value \$0.01 per share

244.7 million

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**Table of Contents**

**MOODY'S CORPORATION  
INDEX TO FORM 10-Q**

	<u>Page</u>
Glossary of Terms and Abbreviations	3-4
<b>PART I. FINANCIAL INFORMATION</b>	
Item 1. Financial Statements	
Condensed Consolidated Statements of Operations (Unaudited) for the Three Months Ended March 31, 2008 and 2007	5
Condensed Consolidated Balance Sheets (Unaudited) at March 31, 2008 and December 31, 2007	6
Condensed Consolidated Statements of Cash Flows (Unaudited) for the Three Months Ended March 31, 2008 and 2007	7
Notes to Condensed Consolidated Financial Statements (Unaudited)	8-19
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	20-32
Item 3. Quantitative and Qualitative Disclosures about Market Risk	33
Item 4. Controls and Procedures	33
<b>PART II. OTHER INFORMATION</b>	
Item 1. Legal Proceedings	34
Item 1A. Risk Factors	34
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	35
Item 4. Submission of Matters to a Vote of Security Holders	36
Item 5. Other Events	36
Item 6. Exhibits	37
<b>SIGNATURES</b>	38
Exhibits	
31.1 Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
31.2 Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
32.1 Chief Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
32.2 Chief Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	

## Table of Contents

### 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>
ACNielsen	ACNielsen Corporation - a former affiliate of Old D&B
Analytics	Moody's Analytics - reportable segment of MCO formed in January 2008 which combines MKMV, the sales of MIS research and other MCO non-rating commercial activities
Basel II	Capital adequacy framework published in June 2004 by the Basel Committee on Banking Supervision
Board	The board of directors of the Company
Canary Wharf Lease	Operating lease agreement entered into on February 6, 2008 for office space in London, England, to be occupied by the Company in the second half of 2009.
CESR	Committee of European Securities Regulators
Cognizant	Cognizant Corporation - a former affiliate of Old D&B
Commission	European Commission
Common Stock	the Company's common stock
Company	Moody's Corporation and its subsidiaries; MCO; Moody's
CP	Commercial paper
CP Notes	Unsecured commercial paper notes
CP Program	The Company's commercial paper program entered into on October 3, 2007
CREF	Commercial real estate finance
D&B Business	Old D&B's Dun & Bradstreet operating company
Distribution Date	September 30, 2000; the date which old D&B separated into two publicly traded companies—Moody's Corporation and New D&B
Earnings Coverage Ratio	Ratio of total debt to EBITDA
EBITDA	Earnings before interest, taxes, depreciation, amortization and extraordinary gains or losses
ECAIs	External Credit Assessment Institutions
EU	European Union
EUR	euros
Europe	Represents countries within Europe, the Middle East and Africa
Evaluation Date	Dates as of the end of this report regarding evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures
Excess tax benefit	The difference between the tax benefit realized at exercise of an option or delivery of a restricted share and the benefit recorded at the time that the option or restricted share is expensed under GAAP
Exchange Act	The Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FIN No. 48	FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes"
FSF	Financial Stability Forum
FSP FAS 157-2	FASB Staff Position No. FAS 157-2, "Effective Date of FASB Statement No. 157"
GAAP	U.S. Generally Accepted Accounting Principles
GBP	British pounds
G-7	Group of 7 Finance Minister and Central Bank Authorities
IMS Health	A spin-off of Cognizant
IRS	Internal Revenue Service
IOSCO	International Organization of Securities Commissions
IOSCO Code	Code of Conduct Fundamentals for Credit Rating Agencies issued by IOSCO
Legacy Contingencies	Exposures to certain potential liabilities assumed in connection with the 2000 Distribution
Legacy Tax Matter(s)	Tax matters relating to Legacy Contingencies
LIBOR	London Interbank Offered Rate
MA	Moody's Analytics - a reportable segment of MCO formed in January 2008 which combines MKMV, the sales of MIS research

and other MCO non-rating commercial activities

Make Whole Amount	The prepayment penalty amount relating to the Series 2005-1 Notes and Series 2007-1 Notes, which is a premium based on the excess, if any, of the discounted value of the remaining scheduled payments over the prepaid principal
MCO	Moody's Corporation and its subsidiaries; the Company; Moody's
MIS	Moody's Investors Service – a reportable segment of MCO
MIS Code	Moody's Investors Service Code of Professional Conduct
MKMV	Moody's KMV – a reportable segment of MCO prior to January 2008
Moody's	Moody's Corporation and its subsidiaries; MCO; the Company
New D&B	The New D&B Corporation - which comprises the D&B business
NMR	Nielsen Media Research, Inc.; A spin-off of Cognizant
Notices	IRS Notices of Deficiency for 1997-2002
NRSRO	Nationally Recognized Statistical Rating Organizations
Old D&B	The former Dun and Bradstreet Company which distributed New D&B shares on September 30, 2000, and was renamed Moody's Corporation
Plan	The Company's 2007 restructuring plan
Post-Retirement Plans	Moody's funded and unfunded pension plans, the post-retirement healthcare plans and the post-retirement life insurance plans
Profit Participation Plan	Defined contribution profit participation plan that covers substantially all U.S. employees of the Company
PWG	President's Working Group on Financial Markets

## Table of Contents

<u>TERM</u>	<u>DEFINITION</u>
R&I	Rating and Investment Information, Inc - Credit Rating Business
Reform Act	Credit Rating Agency Reform Act of 2006
RMBS	Residential mortgage-backed security
SEC	Securities and Exchange Commission
Series 2005-1 Notes	\$300.0 million, 4.98% senior unsecured notes due in September 2015 pursuant to the 2005 Agreement
Series 2007-1 Notes	\$300.0 million, 6.06% senior unsecured notes due in September 2017 pursuant to the 2007 Agreement
SFAS	Statement of Financial Accounting Standards
SFAS No. 87	SFAS No. 87, "Employers' Accounting for Pensions"
SFAS No. 88	SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefits Pension Plans and for Termination Benefits"
SFAS No. 109	SFAS No. 109, "Accounting for Income Taxes"
SFAS No. 112	SFAS No. 112, "Employers' Accounting for Postemployment Benefits"
SFAS No. 123	SFAS No. 123 "Accounting for Stock-Based Compensation"
SFAS No. 123R	SFAS No. 123R, "Share-Based Payment" (Revised 2004)
SFAS No. 133	SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities"
SFAS No. 146	SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities"
SFAS No. 157	SFAS No. 157, "Fair Value Measurements"
SFAS No. 159	"The Fair Value Option for Financial Assets and Financial Liabilities—including an amendment of FASB Statement No. 115"
SFAS No. 161	SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of SFAS No. 133"
Total Debt	As defined in the various debt agreements but generally includes outstanding bonds, debentures, notes or similar instruments and capital lease obligations.
UTBs	Unrecognized Tax Benefits
U.K.	United Kingdom
U.S.	United States
USD	U.S. dollar
2000 Distribution	The distribution by Old D&B to its shareholders of all of the outstanding shares of New D&B common stock on September 30, 2000
2005 Agreement	Note purchase agreement dated September 30, 2005, relating to the Series 2005-1 Notes
2007 Agreement	Note purchase agreement dated September 7, 2007 relating to the Series 2007-1 Notes
2007 Facility	\$1 billion revolving credit facility entered into on September 28, 2007, expiring in 2012
2008 Term Loan	Five-year \$150.0 million senior unsecured term loan entered into by the Company on May 7, 2008
2000 Distribution Agreement	Agreement governing certain ongoing relationships between the Company and New D&B after the 2000 Distribution including the sharing of any liabilities for the payment of taxes, penalties and interest resulting from unfavorable IRS rulings on certain tax matters and certain other potential tax liabilities
7WTC	7 World Trade Center - Corporate headquarters
7WTC Lease	Operating lease agreement entered into on October 20, 2006

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2008</b>	<b>2007</b>
Revenue	\$ 430.7	\$ 583.0
Expenses		
Operating, selling, general and administrative	219.6	268.0
Restructuring	(0.7)	—
Depreciation and amortization	12.5	10.3
Total expenses	231.4	278.3
Operating income	199.3	304.7
Interest (expense) income, net	(11.5)	(2.1)
Other non-operating income (expense), net	8.4	(1.2)
Income before provision for income taxes	196.2	301.4
Provision for income taxes	75.5	126.0
Net income	\$ 120.7	\$ 175.4
Earnings per share		
Basic	\$ 0.49	\$ 0.63
Diluted	\$ 0.48	\$ 0.62
Weighted average shares outstanding		
Basic	247.4	277.7
Diluted	251.0	284.9

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

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

	March 31, 2008	December 31, 2007
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 339.7	\$ 426.3
Short-term investments	9.9	14.7
Accounts receivable, net of allowances of \$16.2 in 2008 and 2007	405.4	443.6
Deferred tax assets, net	28.9	13.1
Other current assets	68.6	91.4
Total current assets	852.5	989.1
Property and equipment, net of accumulated depreciation of \$130.7 in 2008 and \$120.9 in 2007	230.2	214.6
Goodwill	206.0	179.9
Intangible assets, net	68.1	56.9
Deferred tax assets, net	145.7	166.3
Other assets	84.3	107.8
Total assets	<u>\$ 1,586.8</u>	<u>\$ 1,714.6</u>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
Current liabilities:		
Commercial paper	\$ 598.7	\$ 551.9
Deferred revenue	463.0	426.0
Accounts payable and accrued liabilities	256.5	371.3
Total current liabilities	1,318.2	1,349.2
Non-current portion of deferred revenue	124.2	121.1
Notes payable	600.0	600.0
Unrecognized tax benefits	165.8	156.1
Other liabilities	281.6	271.8
Total liabilities	<u>2,489.8</u>	<u>2,498.2</u>
Contingencies (Note 12)		
Shareholders' deficit:		
Preferred stock, par value \$.01 per share; 10,000,000 shares authorized; no shares issued	—	—
Series common stock, par value \$.01 per share; 10,000,000 shares authorized; no shares issued	—	—
Common stock, par value \$.01 per share; 1,000,000,000 shares authorized; 342,902,272 shares issued at March 31, 2008 and December 31, 2007	3.4	3.4
Capital surplus	364.8	387.9
Retained earnings	2,782.2	2,661.1
Treasury stock, at cost; 98,169,382 and 91,495,426 shares of common stock at March 31, 2008 and December 31, 2007, respectively	(4,081.2)	(3,851.6)
Accumulated other comprehensive income	27.8	15.6
Total shareholders' deficit	<u>(903.0)</u>	<u>(783.6)</u>
Total liabilities and shareholders' deficit	<u>\$ 1,586.8</u>	<u>\$ 1,714.6</u>

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



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

	Three Months Ended March 31,	
	2008	2007
Cash flows from operating activities		
Net income	\$ 120.7	\$ 175.4
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	12.5	10.3
Stock-based compensation expense	11.2	21.2
Excess tax benefits from stock-based compensation plans	(1.7)	(29.7)
Changes in assets and liabilities:		
Accounts receivable	42.1	(23.9)
Other current assets	6.6	(4.6)
Other assets	31.3	0.3
Accounts payable and accrued liabilities	(79.0)	(37.3)
Restructuring liability	(11.7)	—
Deferred revenue	36.3	54.0
Other liabilities	16.6	19.6
Net cash provided by operating activities	<u>184.9</u>	<u>185.3</u>
Cash flows from investing activities		
Capital additions	(19.1)	(33.1)
Purchases of short-term investments	—	(172.4)
Sales and maturities of short-term investments	4.0	237.3
Cash paid for acquisitions, net of cash acquired	(38.5)	(3.4)
Insurance recovery	0.9	—
Net cash (used in) provided by investing activities	<u>(52.7)</u>	<u>28.4</u>
Cash flows from financing activities		
Borrowings under revolving credit facilities	—	80.0
Issuance of commercial paper	4,988.9	—
Repayment of commercial paper	(4,942.7)	—
Net proceeds from stock plans	3.7	21.5
Cost of treasury shares repurchased	(264.5)	(442.6)
Excess tax benefits from stock-based compensation plans	1.7	29.7
Payment of dividends	(24.7)	(22.3)
Payments under capital lease obligations	(0.5)	(0.4)
Net cash used in financing activities	<u>(238.1)</u>	<u>(334.1)</u>
Effect of exchange rate changes on cash and cash equivalents	19.3	1.8
Decrease in cash and cash equivalents	(86.6)	(118.6)
Cash and cash equivalents, beginning of the period	426.3	408.1
Cash and cash equivalents, end of the period	<u>\$ 339.7</u>	<u>\$ 289.5</u>

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

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

**NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION**

Moody's is a provider of (i) credit ratings and related research, data and analytical tools, (ii) quantitative credit risk measures, risk scoring software, and credit portfolio management solutions and (iii) beginning in January 2008, fixed income pricing data and valuation models. In 2007 and prior years, Moody's operated in two reportable segments: Moody's Investors Service and Moody's KMV. Beginning in January 2008, Moody's segments were changed to reflect the business reorganization announced in August 2007. As a result of the reorganization, the rating agency remains in the MIS operating company and several ratings business lines have been realigned. All of Moody's other non-rating commercial activities, including MKMV and sales of MIS research, are now combined under a new operating company known as MA. Moody's now reports in two new reportable segments: MIS and MA. MIS, the credit rating agency, publishes credit ratings on a wide range of debt obligations and the entities that issue such obligations in markets worldwide. Revenues are derived from the originators and issuers of such transactions who use Moody's ratings to support the distribution of their debt issues to investors. The MA segment develops a wide range of products and services that support the credit risk management activities of institutional participants in global financial markets. These offerings include quantitative credit risk scores, credit processing software, economic research, analytical models, financial data, securities pricing and valuation services, and specialized consulting services. MA also distributes investor-oriented research and data developed by MIS as part of its rating process, including in-depth research on major debt issuers, industry studies, and commentary on topical events.

The Company operated as part of Old D&B until September 30, 2000, when Old D&B separated into two publicly traded companies – Moody's Corporation and New D&B. At that time, Old D&B distributed to its shareholders shares of New D&B stock. New D&B comprised the business of Old D&B's Dun & Bradstreet operating company. The remaining business of Old D&B consisted solely of the business of providing ratings and related research and credit risk management services and was renamed Moody's Corporation. For purposes of governing certain ongoing relationships between the Company and New D&B after the 2000 Distribution and to provide for an orderly transition, the Company and New D&B entered into various agreements including a distribution agreement, tax allocation agreement, employee benefits agreement, shared transaction services agreement, insurance and risk management services agreement, data services agreement and transition services agreement.

These interim financial statements have been prepared in accordance with the instructions to Form 10-Q and should be read in conjunction with the Company's consolidated financial statements and related notes in the Company's 2007 annual report on Form 10-K filed with the SEC on February 28, 2008. The results of interim periods are not necessarily indicative of results for the full year or any subsequent period. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position, results of operations and cash flows at the dates and for the periods presented have been included. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. Certain prior year amounts have been reclassified to conform to the current year presentation.

## Table of Contents

### NOTE 2. STOCK-BASED COMPENSATION

Presented below is a summary of the stock compensation cost and associated tax benefit included in the accompanying condensed consolidated statements of operations for the three months ended March 31:

	<u>2008</u>	<u>2007</u>
Stock compensation cost	\$11.2	\$21.2
Tax benefit	\$ 4.1	\$ 8.2

During the first quarter of 2008, the Company granted 3.1 million employee stock options, which had a weighted average grant date fair value of \$9.79 per share. The Company also granted 0.6 million shares of restricted stock in the first quarter of 2008, which had a weighted average grant date fair value of \$38.07 per share.

As of March 31, 2008, there was \$83.3 million and \$63.3 million of total unrecognized compensation expense related to options and nonvested restricted stock, respectively, which is expected to be recognized over a weighted average period of 1.3 years.

The following tables summarize information relating to stock option exercises and the vesting of restricted stock awards for the three months ended March 31:

#### Stock option exercises:

	<u>2008</u>	<u>2007</u>
Proceeds from stock option exercises	\$7.5	\$33.7
Aggregate intrinsic value	\$5.3	\$71.9
Tax benefit realized upon exercise	\$2.1	\$28.2

#### Restricted stock vests:

	<u>2008</u>	<u>2007</u>
Fair value of vested shares	\$22.5	\$41.5
Tax benefit realized upon vesting	\$ 8.5	\$16.3

### NOTE 3. INCOME TAXES

Moody's effective tax rate was 38.5% and 41.8% for the three month periods ended March 31, 2008 and 2007, respectively. The decrease in the effective tax rate as compared to prior year was primarily due to a larger portion of consolidated taxable income being generated from international sources, which is taxed at a rate lower than the U.S. statutory rate.

Moody's implemented the provisions of FIN No. 48 on January 1, 2007, resulting in a reduction to retained earnings of \$43.3 million. The Company classifies interest related to FIN No. 48 tax liabilities in interest expense in its condensed consolidated statements of operations. Penalties, if incurred, would be recognized in other non-operating expenses. During the first quarter of 2008, the Company increased its UTBs by \$9.7 million (\$7.1 million net of tax), primarily relating to domestic tax issues.

Moody's Corporation and subsidiaries are subject to U.S. federal income tax as well as income tax in various state and local and foreign jurisdictions. Tax filings in New York City for the years 2001 through 2004 and in the U.K. for the years 2001 and 2002 are under examination.

For current ongoing audits related to open tax years, the Company estimates that it is possible that the balance of UTBs could decrease in the next twelve months as a result of the effective settlement of these audits, which might involve the payment of additional taxes, the adjustment of certain deferred taxes and/or the recognition of tax benefits. It is also possible that new issues might be raised by tax authorities which might necessitate increases to the balance of UTBs. 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 UTBs at this time. However, the Company believes that it has adequately provided for its financial exposure for all open tax years by tax jurisdiction in accordance with the provisions of FIN No. 48. Additionally, the Company may seek tax rulings on certain tax positions which, if granted, could decrease the balance of UTBs over the next twelve months, however, due to the uncertainty involved with this process, the Company is unable to estimate the amount of changes to the balance of UTBs at this time.

## Table of Contents

### NOTE 4. WEIGHTED AVERAGE SHARES OUTSTANDING

Below is a reconciliation of basic shares outstanding to diluted shares outstanding for the three months ended March 31:

	2008	2007
Basic	247.4	277.7
Dilutive effect of shares issuable under stock-based compensation plans	3.6	7.2
Diluted	<u>251.0</u>	<u>284.9</u>
Antidilutive options to purchase common shares and restricted stock excluded from the table above	<u>11.3</u>	<u>5.6</u>

The calculation of diluted earnings per share requires certain assumptions regarding the use of proceeds that would be received upon the exercise of stock options. Such proceeds include the excess tax benefit that would be received upon exercise of options outstanding as of March 31, 2008 and 2007, which are based on deferred tax assets assumed to be calculated under the provisions of SFAS No. 123R.

### NOTE 5. 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 twelve months. The short-term investments, primarily consisting of certificates of deposit, are classified as held-to-maturity and therefore are carried at cost. The remaining contractual maturities of the short-term investments were one month to 9 months and one month to ten months as of March 31, 2008 and December 31, 2007, respectively. Interest and dividends are recorded into income when earned.

### NOTE 6. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In December 2007, the Company commenced a hedging program to protect against foreign currency exposure from forecasted billings and related revenue denominated in the euro and the British pound. Foreign currency derivative options were entered into to hedge such exposures. These option contracts have maturities between one and fifteen months. As of March 31, 2008 all contracts were set to expire at various times through June 30, 2009. The following table summarizes the notional amounts of the Company's outstanding options and the fair value of the asset recorded in the condensed consolidated balance sheets:

Currency Pair of Option Notional Amount	March 31, 2008	December 31, 2007
GBP/USD	£ 15.7 million	£ 7.9 million
EUR/USD	€ 23.0 million	€ 16.7 million
EUR/GBP	€ 48.7 million	€ 61.5 million
Fair value of derivative asset	\$ 1.8 million	\$ 2.3 million

The amount of unrecognized foreign exchange hedge losses recorded in other comprehensive loss as of March 31, 2008 was \$1.9 million and was immaterial at December 31, 2007. The amount of the hedges' ineffectiveness for the three months ended March 31, 2008 and 2007 recorded within revenue in the consolidated statements of operations were immaterial. Gains and losses reported in other comprehensive income are reclassified into earnings as the underlying transaction is recognized. As of March 31, 2008 the existing realized losses expected to be reclassified to earnings in the next twelve months amount to \$ 0.2 million.

In May 2008, the Company entered into an interest rate swap with a notional amount of \$150 million to protect against fluctuations in the LIBOR-based variable interest rate on the 2008 Term Loan, further described in Note 11. Changes in the fair value of the related derivative instrument will be included in accumulated other comprehensive income.

## Table of Contents

### NOTE 7. ACQUISITIONS

#### *BQuotes, Inc.*

In January 2008, a subsidiary of the Company acquired BQuotes, Inc., a global provider of price discovery tools and end-of-day pricing services for a wide range of fixed income securities. The acquisition of BQuotes enhances MA's product offering in the pricing and valuation of fixed income securities, augmenting MA's efforts to deliver tools that facilitate price transparency in global fixed income markets, especially for complex structured securities and derivative instruments. The purchase price was not material and the near term impact to operations and cash flow is not expected to be material. There may be additional payments made to the seller in 2008 and 2009 which are contingent upon the performance of BQuotes and is not expected to be material.

#### *Financial Projections Limited*

In January 2008, a subsidiary of the Company acquired Financial Projections Ltd., a leading provider of in-house credit training services, with long-standing relationships among European banks. The purchase price was not material and the near term impact to operations and cash flow is not expected to be material.

#### *Mergent Pricing and Evaluation Services, Inc.*

In January 2008, a subsidiary of the Company acquired Mergent Pricing and Evaluation Services, Inc., a provider of corporate and municipal bond pricing information. Mergent will initially focus on developing and providing pricing services, for the corporate and municipal bond market and plans to expand this service to other asset classes. The purchase price was not material and the near term impact to operations and cash flow is not expected to be material.

### NOTE 8. GOODWILL AND OTHER INTANGIBLE ASSETS

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

	Three Months Ended			Year Ended		
	March 31, 2008			December 31, 2007		
	MIS	MA	Consolidated	MIS	MA	Consolidated
Beginning balance	\$11.4	\$168.5	\$ 179.9	\$ 9.4	\$166.7	\$ 176.1
Additions	0.9	25.5	26.4	1.9	1.8	3.7
Foreign currency translation adjustments	(0.3)	—	(0.3)	0.1	—	0.1
Ending balance	<u>\$12.0</u>	<u>\$194.0</u>	<u>\$ 206.0</u>	<u>\$11.4</u>	<u>\$168.5</u>	<u>\$ 179.9</u>

Intangible assets and related amortization consisted of:

	March 31,	December 31,
	2008	2007
Customer lists (11.2 year weighted average life)	\$ 64.4	\$ 62.7
Accumulated amortization	(33.6)	(31.8)
Net customer lists	<u>30.8</u>	<u>30.9</u>
Trade secret (12.0 year weighted average life)	25.5	25.5
Accumulated amortization	(5.0)	(4.4)
Net trade secret	<u>20.5</u>	<u>21.1</u>
Other (8.7 year weighted average life)	28.9	16.1
Accumulated amortization	(12.1)	(11.2)
Net other	<u>16.8</u>	<u>4.9</u>
Total intangible assets, net	<u>\$ 68.1</u>	<u>\$ 56.9</u>

Amortization expense for the three months ended March 31, 2008 and 2007 was \$2.7 million and \$2.5 million, respectively.

## Table of Contents

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

Year Ending December 31,	
2008 (after March 31)	\$ 7.4
2009	9.3
2010	9.2
2011	8.8
2012	8.3
Thereafter	25.1

### NOTE 9. RESTRUCTURING CHARGE

During the fourth quarter of 2007, the Company committed to a restructuring plan to reduce global head count by approximately 275 positions, or approximately 7.5% of the workforce, in response to the Company's reorganization and a decline in current and anticipated issuance of rated debt securities in some market sectors. Included in the Plan is a reduction of staff as a result of: (i) consolidation of certain corporate staff functions, (ii) the integration of businesses comprising MA, and (iii) an anticipated decline in new securities issuance in some market sectors. The Plan also calls for the termination of technology contracts as well as the outsourcing of certain technology functions anticipated to begin in the first half of 2008. The Plan is expected to be substantially completed by December 31, 2008.

The Company's restructuring accounting comes under the scope of the following GAAP: SFAS No. 112 for severance relating to employee terminations, SFAS No. 88 for pension settlements and curtailments, and SFAS No. 146 for contract termination costs and other exit activities.

Restructuring amounts for the three months ended March 31, 2008 were \$(0.7) million primarily due to adjustments of previous estimates for severance costs associated with the restructuring plan implemented in 2007. As of March 31, 2008, there was \$29.5 million of accrued restructuring expenses which will be paid during 2008 and 2009, except for the unfunded pension liability for which payments will commence when the affected employees reach retirement age beginning in 2009 and will continue in accordance with plan provisions.

Changes to the restructuring liability during the quarter were as follows:

	Severance	Pension Settlements	Total Employee Termination Costs	Contract Termination Costs	Total Restructuring Liability
Balance January 1, 2008	\$ 29.0	\$ 8.1	\$ 37.1	\$ 4.1	\$ 41.2
Cash payments	(11.0)	—	(11.0)	—	(11.0)
Costs incurred and adjustments	(0.7)	—	(0.7)	—	(0.7)
Balance at March 31, 2008	<u>\$ 17.3</u>	<u>\$ 8.1</u>	<u>\$ 25.4</u>	<u>\$ 4.1</u>	<u>\$ 29.5</u>

Recorded in accounts payable and accrued liabilities as of March 31, 2008 is \$21.4 million, comprised of severance and contract termination costs of \$17.3 million and \$4.1 million, respectively. Additionally, \$8.1 million is recorded within other liabilities relating to an increase in pension liabilities resulting from special termination benefits.

### NOTE 10. PENSION AND OTHER POST-RETIREMENT BENEFITS

Moody's maintains one funded and three unfunded noncontributory defined benefit pension plans that 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 to retired U.S. employees certain healthcare benefits which are contributory with participants' contributions adjusted annually, and life insurance benefits that are noncontributory.

Through 2007, substantially all U.S. employees were eligible to participate in the Company's defined benefit pension plans. Effective January 1, 2008, the Company's defined benefit pension plans were closed to new entrants and new hires will instead receive a retirement contribution in similar benefit value under the Company's Profit Participation Plan. Current participants of the Company's defined benefit pension plans will continue to accrue benefits based on existing plan benefit formulas.

## Table of Contents

The components of net periodic expense related to the Post-Retirement Plans for the three months ended March 31 are as follows:

Components of net periodic expense	Pension Plans		Other Post-Retirement Plans	
	2008	2007	2008	2007
Service cost	\$ 3.0	\$ 2.9	\$ 0.2	\$ 0.2
Interest cost	2.4	2.0	0.2	0.1
Expected return on plan assets	(2.5)	(2.3)	—	—
Amortization of net actuarial loss from earlier periods	—	0.5	—	—
Amortization of prior service costs	0.1	0.1	—	—
Net periodic expense	<u>\$ 3.0</u>	<u>\$ 3.2</u>	<u>\$ 0.4</u>	<u>\$ 0.3</u>

### NOTE 11. INDEBTEDNESS

The following table summarizes total indebtedness:

	March 31,	December 31,
	2008	2007
Notes payable:		
Series 2005-1 Notes	\$ 300.0	\$ 300.0
Series 2007-1 Notes	300.0	300.0
Commercial paper, net of unamortized discount of \$1.3 million at March 31, 2008 and \$0.7 million at December 31, 2007	598.7	551.9
Total debt	1,198.7	1,159.9
Less: current portion	(598.7)	(551.9)
Total long-term debt	<u>\$ 600.0</u>	<u>\$ 600.0</u>

#### Notes Payable

On September 7, 2007, the Company issued and sold through a private placement transaction, \$300.0 million aggregate principal amount of its 6.06% Series 2007-1 Senior Unsecured Notes due 2017 pursuant to the 2007 Agreement. The Series 2007-1 Notes have a ten-year term and bear interest at an annual rate of 6.06%, payable semi-annually on March 7 and September 7 of each year. Under the terms of the 2007 Agreement, the Company may, from time to time within five years, in its sole discretion, issue additional series of senior notes in an aggregate principal amount of up to \$500.0 million pursuant to one or more supplements to the 2007 Agreement. The Company may prepay the Series 2007-1 Notes, in whole or in part, at any time at a price equal to 100% of the principal amount being prepaid, plus accrued and unpaid interest and a Make Whole Amount. The 2007 Agreement contains covenants that limit the ability of the Company, and certain of its subsidiaries to, among other things: enter into transactions with affiliates, dispose of assets, incur or create liens, enter into any sale-leaseback transactions, or merge with any other corporation or convey, transfer or lease substantially all of its assets. The Company must also not permit its Earning Coverage Ratio to exceed 4.0 to 1.0 at the end of any fiscal quarter.

On September 30, 2005, the Company issued and sold through a private placement transaction, \$300.0 million aggregate principal amount of its Series 2005-1 Senior Unsecured Notes pursuant to the 2005 Agreement. The Series 2005-1 Notes have a ten-year term and bear interest at an annual rate of 4.98%, payable semi-annually on March 30 and September 30. The proceeds from the sale of the Series 2005-1 Notes were used to refinance \$300.0 million aggregate principal amount of the Company's outstanding 7.61% senior notes which matured on September 30, 2005. In the event that Moody's pays all, or part, of the Series 2005-1 Notes in advance of their maturity, such prepayment will be subject to a Make Whole Amount. The Series 2005-1 Notes are subject to certain covenants that, among other things, restrict the ability of the Company and certain of its subsidiaries, without the approval of the lenders, to engage in mergers, consolidations, asset sales, transactions with affiliates and sale-leaseback transactions or to incur liens, as defined in the related agreements.

#### Commercial Paper

On October 3, 2007, the Company entered into a commercial paper program on a private placement basis under which the Company may issue CP notes up to a maximum amount of \$1.0 billion. Amounts available under the CP Program may be re-borrowed. The CP Program is supported by the Company's 2007 Facility (see *Credit Facility* section below). The maturities 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 at the

## Table of Contents

time of the issuance. 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. The weighted average interest rate on CP borrowings outstanding was 3.31% and 5.13% as of March 31, 2008 and December 31, 2007, respectively. The CP Program contains certain events of default including, among other things: non-payment of principal, interest or fees; violation of covenants; invalidity of any loan document; material judgments; and bankruptcy and insolvency events, subject in certain instances to cure periods.

### *Credit Facility*

On September 28, 2007, the Company entered into a \$1.0 billion five-year senior, unsecured revolving credit facility, expiring in September 2012. The 2007 Facility will serve, in part, to support the CP Program. Interest on borrowings is payable at rates that are based on LIBOR plus a premium that can range from 16.0 to 40.0 basis points of the facility amount depending on the Earnings Coverage Ratio. The Company also pays quarterly facility fees, regardless of borrowing activity under the 2007 Facility. The quarterly fees for the 2007 Facility can range from 4.0 to 10.0 basis points of the facility amount, depending on the Company's Earnings Coverage Ratio. The Company also pays a utilization fee of 5.0 basis points on borrowings outstanding when the aggregate amount outstanding exceeds 50% of the total facility. The 2007 Facility contains certain covenants that, among other things, restrict the ability of the Company and certain of its subsidiaries, without the approval of the lenders, to engage in mergers, consolidations, asset sales, transactions with affiliates and sale-leaseback transactions or to incur liens, as defined in the related agreement. The 2007 Facility also contains financial covenants that, among other things, require the Company to maintain an Earnings Coverage Ratio of not more than 4.0 to 1.0 at the end of any fiscal quarter. As of March 31, 2008 the Company had no amounts outstanding under the 2007 Facility.

At March 31, 2008, the Company was in compliance with all covenants contained within the 2005 Agreement, the 2007 Agreement, the CP Program and the 2007 Facility.

### **Interest (expense) income, net**

The following table summarizes the components of interest (expense) income, net as presented in the condensed consolidated statements of operations for the three months ended March 31:

	<u>2008</u>	<u>2007</u>
Income	\$ 7.0	\$ 5.4
Expense on borrowings	(15.4)	(4.0)
FIN No. 48 and other tax related liabilities	(3.1)	(3.5)
Total	<u>\$(11.5)</u>	<u>\$(2.1)</u>

### *Term Loan*

On May 7, 2008, Moody's Corporation entered into a five-year, \$150 million senior unsecured term loan with several lenders. Interest on borrowings under the 2008 Term Loan is payable quarterly at rates that are based on the LIBOR plus a margin that can range from 125 basis points to 175 basis points depending on the Company's Earnings Coverage Ratio. The outstanding borrowings shall amortize beginning in 2010 in accordance with the schedule of payments set forth in the 2008 Term Loan.

The 2008 Term Loan contains restrictive covenants that, among other things, restrict the ability of the Company to engage, or to permit its subsidiaries to engage in mergers, consolidations, asset sales, transactions with affiliates and sale-leaseback transactions or to incur, or permit its subsidiaries to incur, liens, in each case, subject to certain exceptions and limitations. The 2008 Term Loan also limits the amount of debt that subsidiaries of the Company may incur. In addition, the 2008 Term Loan contains a financial covenant that requires the Company to maintain an Earnings Coverage Ratio of not more than 4.0 to 1.0 at the end of any fiscal quarter.

The principal payments due on the 2008 Term Loan through its maturity are as follows:

<u>Year ending December 31,</u>	
2010	\$ 3.8
2011	11.3
2012	71.2
2013	63.7
	<u>\$150.0</u>

Also on May 7, 2008, the Company entered into an interest rate swap with a notional amount of \$150 million to protect against fluctuations in the LIBOR-based variable interest rate on the 2008 Term Loan.

### **NOTE 12. CONTINGENCIES**

From time to time, Moody's is involved in legal and tax proceedings, governmental investigations, 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 and other pending matters pursuant to SEC rules and as it may determine to be appropriate.

As a result of recent events in the U.S. subprime residential mortgage sector and the credit markets more broadly, various legislative, regulatory and enforcement entities around the world are investigating or evaluating the role of rating agencies in the U.S. subprime mortgage-backed securitization market and structured finance markets more generally. Moody's has received subpoenas and inquiries from states attorneys general and other governmental authorities and is cooperating with such investigations and inquiries. In addition, some participants in these markets have stated that they are considering initiating civil litigation against rating agencies relating to the events in the subprime mortgage sector. The Company cannot predict the ultimate impact that any legislative, regulatory, enforcement or litigation matters arising from such events may have on its competitive position, financial position or results of operations.

For claims, litigation and proceedings not related to income taxes, where it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated, the Company has recorded liabilities in the consolidated financial





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## Table of Contents

statements and periodically adjusts these as appropriate. When sufficient uncertainties exist, related to the outcome and/or the amount or range of loss, management does not record a liability but discloses the contingency if significant. As additional information becomes available, the Company adjusts its assessments and estimates of such liabilities accordingly. For income tax matters, the Company employs the prescribed methodology of FIN No. 48, implemented as of January 1, 2007. FIN No. 48 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, assuming that taxing authorities will examine the position and have full knowledge of all relevant information. A tax position that meets the 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. For a tax position that does not meet the more-likely-than-not threshold, a liability is recorded for the full amount of the benefit taken or expected to be taken on tax filings.

Based on its review of the latest information available, and subject to the contingencies described below, in the opinion of management, the ultimate liability of the Company in connection with pending matters described herein is not likely to have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows, although it is possible that the effect could be material to the Company's consolidated results of operations for an individual reporting period.

### *Legacy Contingencies*

Moody's continues to have exposure to certain Legacy Contingencies. The following description of the relationships among Moody's, New D&B and their predecessor entities is important in understanding the Legacy Tax Matters.

In November 1996, The Dun & Bradstreet Corporation separated into three separate public companies: The Dun & Bradstreet Corporation, ACNielsen Corporation and Cognizant Corporation. In June 1998, The Dun & Bradstreet Corporation separated into two separate public companies: Old D&B and R.H. Donnelley Corporation. During 1998, Cognizant separated into two separate public companies: IMS Health Incorporated and Nielsen Media Research, Inc. In September 2000, Old D&B separated into two separate public companies: New D&B and Moody's, as further described in Note 1 to the condensed consolidated financial statements.

Old D&B and its predecessors entered into global tax planning initiatives in the normal course of business, including through tax-free restructurings of both their foreign and domestic operations. These initiatives are subject to normal review by tax authorities. Old D&B and its predecessors also entered into a series of agreements covering the sharing of any liabilities for payment of taxes, penalties and interest resulting from unfavorable IRS rulings on certain tax matters, and certain other potential tax liabilities, all as described in such agreements. Further, in connection with the 2000 Distribution and pursuant to the terms of the 2000 Distribution Agreement, New D&B and Moody's have agreed on the financial responsibility for any potential liabilities related to Legacy Tax Matters.

Settlement agreements were executed with the IRS in 2005 regarding Legacy Tax Matters for the years 1989-1990 and 1993-1996. As of March 31, 2008, the Company continues to carry a liability of \$1.8 million with respect to these matters. With respect to these settlement agreements, Moody's and New D&B believe that IMS Health and NMR did not pay their full share of the liability to the IRS pursuant to the terms of the applicable separation agreements among the parties. Moody's and New D&B paid these amounts to the IRS on their behalf, and have been unable to resolve this dispute with IMS Health and NMR. As a result, Moody's and New D&B have commenced arbitration proceedings against IMS Health and NMR to collect a total of approximately \$14 million owed by IMS Health and NMR with respect to the 1989-1990 matter. Moody's and New D&B may also commence an arbitration proceeding to collect a total of \$14.5 million owed by IMS Health and NMR with respect to the 1993-1996 matter. Moody's cannot predict the outcome of these matters with any certainty.

### *Amortization Expense Deductions and 1997-2002 IRS Deficiency Notices*

This Legacy Tax Matter, which was affected by developments in June 2007 as further described below, involves a partnership transaction which resulted in amortization expense deductions on the tax returns of Old D&B since 1997. IRS audits of Old D&B's and New D&B's tax returns for the years 1997 through 2002 concluded in June 2007 without any disallowance of the amortization expense deductions, or any other adjustments to income related to this partnership transaction. These audits did result in the IRS issuing the Notices for other tax issues for the 1997-2000 years aggregating \$9.5 million in tax and penalties, plus statutory interest of approximately \$6 million, which will be apportioned among Moody's, New D&B, IMS Health and NMR pursuant to the terms of the applicable separation agreements. Moody's share of this assessment is

## Table of Contents

anticipated to be \$6.6 million including interest, net of tax. In November 2007, the IRS assessed the tax and penalties and used a portion of the deposit discussed below to satisfy the assessment, together with interest. The Company believes it has meritorious grounds to challenge the IRS's actions and is evaluating its alternatives for further actions to recover these amounts. The absence of any tax deficiencies in the Notices for the amortization expense deductions for the years 1997 through 2000 and in companion Notices issued to New D&B for 2001 and 2002, combined with the expiration of the statute of limitations for 1997 through 2002, for issues not assessed, resulted in Moody's recording an earnings benefit of \$52.3 million in the second quarter of 2007. This is comprised of two components, as follows: (i) a reversal of a tax liability of \$27.3 million related to the period from 1997 through the Distribution Date, reducing the provision for income taxes for the year ended December 31, 2007; and (ii) a reduction of accrued interest expense of \$17.5 million (\$10.6 million, net of tax) and an increase in other non-operating income of \$14.4 million, relating to amounts due to New D&B.

On the Distribution Date, New D&B paid Moody's \$55.0 million for 50% of certain anticipated future tax benefits of New D&B through 2012. It is possible that IRS audits of New D&B for tax years after 2002 could result in income adjustments with respect to the amortization expense deductions of this partnership transaction. In the event these tax benefits are not claimed or otherwise not realized by New D&B, or there is an audit adjustment, Moody's would be required, pursuant to the terms of the 2000 Distribution Agreement, to repay to New D&B an amount equal to the discounted value of its share of the related future tax benefits and its share of any tax liability that New D&B incurs. As of March 31, 2008, Moody's liability with respect to this matter totaled \$54.4 million.

In March 2006, New D&B and Moody's each deposited \$39.8 million with the IRS in order to stop the accrual of statutory interest on potential tax deficiencies with respect to the 1997 through 2002 tax years. In July 2007, New D&B and Moody's commenced procedures to recover approximately \$57 million of these deposits (\$24.6 million for New D&B and \$31.9 million for Moody's), which represents the excess of the original deposits over the total of the deficiencies asserted in the Notices and in companion Notices issued to New D&B for 2001 and 2002. As noted above, in November 2007 the IRS used \$7.9 million of Moody's portion of the deposit to satisfy an assessment and related interest. Additionally, in the first quarter of 2008 the IRS returned to Moody's \$33.1 million in connection with this matter, which includes \$3.0 million of interest.

At March 31, 2008, Moody's has recorded liabilities for Legacy Tax Matters totaling \$57.2 million. This includes liabilities and accrued interest due to New D&B arising from the 2000 Distribution Agreement. It is possible that the ultimate liability for Legacy Tax Matters could be greater than the liabilities recorded by the Company, which could result in additional charges that may be material to Moody's future reported results, financial position and cash flows.

### NOTE 13. COMPREHENSIVE INCOME

The components of total comprehensive income for the three months ended March 31 were as follows:

	<u>2008</u>	<u>2007</u>
Net income	\$120.7	\$175.4
Realized/unrealized losses on cash flow hedges	(1.9)	—
Net realized losses on cash flow hedges amortized to statement of operations	0.2	0.1
Foreign currency translation	14.0	—
Amortization and recognition of actuarial losses and prior service costs	(0.1)	—
Total	<u>\$132.9</u>	<u>\$175.5</u>

## Table of Contents

### NOTE 14. SEGMENT INFORMATION

Beginning in January 2008, Moody's segments were changed to reflect the business reorganization announced in August 2007. As a result of the reorganization, the rating agency is reported in the MIS segment and several ratings business lines have been realigned. All of Moody's other non-rating commercial activities, including MKMV and sales of research produced by MIS analysts and the production and sales of other products and services, are reported in the MA segment. As a result, the Company operates in two new reportable segments in accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", beginning in January 2008.

Revenue for MIS and expenses for MA include an intersegment royalty charged to MA for the rights to use and distribute content, data and products developed by MIS. Additionally, overhead costs and corporate expenses of the Company, all of which were previously included in the former MIS segment, are allocated to each new segment based on a revenue split methodology. Overhead expenses include costs such as rent and occupancy, information technology and support staff such as finance, human resource, information technology and legal. "Eliminations" in the table below represents intersegment royalty revenue/expense.

Below is financial information by segment, MIS revenue by business unit and consolidated revenue information by geographic area, each for the three month periods ended March 31, 2008 and 2007, and total assets by segment as of March 31, 2008 and December 31, 2007. Certain prior year amounts have been reclassified to conform to the current year presentation.

#### Financial Information by Segment

	March 31, 2008			
	MIS	MA	Eliminations	Consolidated
Revenue	\$314.2	\$132.5	\$ (16.0)	\$ 430.7
Expense				
Operating, selling, general and administrative expenses	153.4	82.2	(16.0)	219.6
Restructuring	(0.6)	(0.1)	—	(0.7)
Depreciation and amortization	7.0	5.5	—	12.5
Total expense	159.8	87.6	(16.0)	231.4
Operating income	<u>\$154.4</u>	<u>\$ 44.9</u>	<u>\$ —</u>	<u>\$ 199.3</u>
	March 31, 2007			
	MIS	MA	Eliminations	Consolidated
Revenue	\$485.5	\$110.6	\$ (13.1)	\$ 583.0
Expenses				
Operating, selling, general and administrative expenses	199.8	81.3	(13.1)	268.0
Depreciation and amortization	5.0	5.3	—	10.3
Total expense	204.8	86.6	(13.1)	278.3
Operating income	<u>\$280.7</u>	<u>\$ 24.0</u>	<u>\$ —</u>	<u>\$ 304.7</u>

#### MIS and MA Revenue by Business Unit

As part of the reorganization there were several realignments within the MIS lines of business. Sovereign and sub-sovereign ratings, which were previously part of financial institutions; infrastructure/utilities ratings, which were previously part of corporate finance; and project finance, which was previously part of structured finance, were combined with the public finance business to form a new line of business called public, project and infrastructure finance. In addition, real estate investment trust ratings were moved from financial institutions and corporate finance to the structured finance business.

Within MA various aspects of the legacy MIS research business and MKMV business were combined to form the subscriptions, software and consulting businesses. The subscriptions business includes credit and economic research, data and analytical models that are sold on a subscription basis; the software business includes license and maintenance fees for credit risk software products, and the consulting business includes professional services associated with risk modeling, credit scorecard development, and other specialized analytical projects, as well as credit education services that are typically sold on a per-engagement basis.

## Table of Contents

The table below presents revenue by line of business within each new segment and the related intra-segment realignment:

	Three Months Ended March 31,	
	2008	2007
<b>MIS:</b>		
Structured finance	\$ 107.2	\$ 251.2
Corporate finance	71.5	103.3
Financial institutions	64.0	66.8
Public, project and infrastructure finance	55.5	51.1
Total external revenue	298.2	472.4
Intersegment royalty	16.0	13.1
<b>Total MIS</b>	<u>314.2</u>	<u>485.5</u>
<b>MA:</b>		
Subscription	118.3	99.5
Software	9.5	7.8
Consulting	4.7	3.3
<b>Total MA</b>	<u>132.5</u>	<u>110.6</u>
Eliminations	(16.0)	(13.1)
<b>Total Company</b>	<u>\$ 430.7</u>	<u>\$ 583.0</u>

## Consolidated Revenue Information by Geographic Area

	Three Months Ended March 31,	
	2008	2007
U.S.	\$ 232.8	\$ 378.6
International:		
Europe	140.5	152.5
Other	57.4	51.9
Total International	197.9	204.4
Total	<u>\$ 430.7</u>	<u>\$ 583.0</u>

## Total Assets by Segment

	March 31, 2008				December 31, 2007			
	Corporate				Corporate			
	MIS	MA	Assets (a)	Consolidated	MIS	MA	Assets (a)	Consolidated
Total Assets	<u>\$552.9</u>	<u>385.0</u>	<u>648.9</u>	<u>\$ 1,586.8</u>	<u>\$548.9</u>	<u>376.7</u>	<u>789.0</u>	<u>\$ 1,714.6</u>

(a) Represents common assets that are shared between each segment or utilized by the corporate entity. Such assets primarily include cash and cash equivalents, short-term investments, prepaid pension costs, unallocated property and equipment and deferred tax assets.

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## Table of Contents

### **NOTE 15. RECENTLY ISSUED ACCOUNTING STANDARDS**

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities- an amendment of FASB Statement No. 133. SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133, and requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures in tabular format about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. SFAS No. 161 intends to improve the transparency of financial reporting and is effective for fiscal years beginning after November 15, 2008. The Company plans to implement the provisions of SFAS No. 161 prospectively as of January 1, 2009 and does not expect the implementation of SFAS No. 161 to have a material impact on its consolidated financial condition, results of operations, and cash flows.

In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, which partially defers the effective date of SFAS No. 157 for non financial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis, until fiscal years beginning after November 15, 2008. The Company has implemented the deferral provisions of FSP FAS No. 157-2 and as a result has partially implemented the provisions of SFAS No. 157 as of January 1, 2008 and will apply, as of January 1, 2009, the provisions of SFAS No. 157 to its non-financial assets and liabilities initially measured at fair value in a business combination and not subsequently remeasured at fair value, non-financial assets and liabilities measured at fair value for a goodwill impairment assessment, non-financial long-lived assets measured at fair value for an asset impairment assessment, and asset retirement obligations initially measured at fair value.

### **NOTE 16. SUBSEQUENT EVENTS**

On May 7, 2008, the Company entered into a \$150.0 million five-year, senior unsecured term loan, as more fully discussed in Note 11 to the condensed consolidated financial statements.

On April 22, 2008, the Board approved the declaration of a quarterly dividend of \$0.10 per share of Moody's common stock, payable on June 10, 2008 to shareholders of record at the close of business on May 20, 2008.

On April 7, 2008, the Company entered into a contract to outsource its data processing, telecommunication services and data back-up facilities. The term of the contract is six years and the estimated payments over the life of the contract are expected to be approximately \$80 million.

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## Table of Contents

### Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains Forward-Looking Statements. See "Forward-Looking Statements" commencing on page 32 for a discussion of uncertainties, risks and other factors associated with these statements.

#### The Company

Moody's is a provider of (i) credit ratings and related research, data and analytical tools, (ii) quantitative credit risk measures, risk scoring software and credit portfolio management solutions and (iii) beginning in January 2008, fixed income pricing data and valuation models. Moody's operates in two reportable segments MIS and MA.

MIS, the credit rating agency, publishes credit ratings on a wide range of debt obligations and the entities that issue such obligations in markets worldwide. Revenues are derived from the originators and issuers of such transactions who use MIS ratings in the distribution of their debt issues to investors.

The MA segment develops a wide range of products and services that support the credit risk management activities of institutional participants in global financial markets. These offerings include quantitative credit risk scores, credit processing software, economic research, analytical models, financial data, securities pricing and valuation services, and specialized consulting services. MA also distributes investor-oriented research and data developed by MIS as part of its rating process, including in-depth research on major debt issuers, industry studies, and commentary on topical events.

#### Critical Accounting Estimates

Moody's discussion and analysis of its financial condition and results of operations are based on the Company's condensed 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 estimates, including those related to revenue recognition, accounts receivable allowances, contingencies, goodwill and intangible assets, pension and other post-retirement benefits, stock-based compensation, and income taxes. Actual results may differ from these estimates under different assumptions or conditions. Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in the Company's annual report on Form 10-K for the year ended December 31, 2007, includes descriptions of some of the judgments that Moody's makes in applying its accounting estimates in these areas. Since the date of the annual report on Form 10-K, there have been no material changes to the Company's critical accounting estimates.

#### Operating Segments

Beginning in January 2008, Moody's segments were changed to reflect the business reorganization announced in August 2007. As a result of the reorganization, the rating agency is reported in the MIS segment and several ratings business lines have been realigned. All of Moody's other non-rating commercial activities, including MKMV and sales of research produced by MIS analysts and the production and sales of other products and services, are represented in the MA segment.

As part of the reorganization there were several realignments within the MIS lines of business. Sovereign and sub-sovereign ratings, which were previously part of financial institutions; infrastructure/utilities ratings, which were previously part of corporate finance; and project finance, which was previously part of structured finance, were combined with the public finance business to form a new line of business called public, project and infrastructure finance. In addition, real estate investment trust ratings were moved from financial institutions and corporate finance to the structured finance business.

Within MA various aspects of the legacy MIS research business and MKMV business were combined to form the subscriptions, software and consulting businesses. The subscriptions business includes credit and economic research, data and analytical models that are sold on a subscription basis; the software business includes license and maintenance fees for credit risk software products, and the consulting business includes professional services and credit training associated with

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## Table of Contents

risk modeling, credit scorecard development, and other specialized analytical projects, as well as credit education services that are typically sold on a per-engagement basis.

The following is a discussion of the results of operations of the new segments, excluding the intersegment royalty revenue for MIS and expense charged to MA for the rights to use and distribute content, data and products developed by MIS.

Certain prior year amounts have been reclassified to conform to the current presentation.

### Results of Operations

#### *Three Months Ended March 31, 2008 compared with Three Months Ended March 31, 2007*

##### *Consolidated Company Results*

Moody's revenue for the first quarter of 2008 was \$430.7 million, a decrease of \$152.3 million, or 26.1%, from \$583.0 million in 2007. Revenue was impacted mostly from declines in fees from new issuance across most sectors and asset classes within the MIS segment, partially offset by growth in the solid base of recurring ratings revenue and strong growth in the MA segment.

Revenue in the U.S. totaled \$232.8 million, a 38.5% decrease from the \$378.6 million for the same period in 2007. U.S. revenue accounted for 54% of MCO revenue down from 65% a year earlier reflecting a greater impact of the credit market deterioration in the U.S. and the weaker U.S. dollar compared to other major currencies.

International revenue of \$197.9 million decreased \$6.5 million, or 3.2%, from \$204.4 million in 2007. Revenue outside the U.S. represented 46% of consolidated revenue, an increase from 35% in the first quarter of 2007. The decline of \$12 million, or approximately 8%, in Europe was partially offset by an increase of \$5.5 million, or approximately 11%, from Asia and other international regions. Favorable exchange rate movements contributed approximately \$12 million to international revenue.

Operating, selling, general and administrative expenses were \$219.6 million, a decrease of \$48.4 million, or 18.1%, from \$268.0 million in 2007. Compensation and benefits expense decreased \$35.4 million, primarily reflecting approximately \$20 million, or 63%, in lower incentive compensation due to weaker financial performance compared to the first quarter of 2007 and a \$10.0 million, or 47%, reduction in stock-based compensation mostly related to the restructuring actions taken in the fourth quarter of 2007. Non-compensation expenses decreased \$10.8 million, or 13.3%, due to the continuing benefits of cost management actions implemented by management since the second half of 2007, and a \$2.7 million insurance recovery received during the quarter.

Operating income of \$199.3 million decreased \$105.4 million, or 34.6%, from \$304.7 million in 2007. Foreign currency translation positively impacted operating income by approximately \$7 million. Moody's operating margin was 46.3% compared to 52.3% in 2007, reflecting the benefits from cost management and lower incentive compensation, which limited the impact of continued weakness in revenue on overall performance.

Interest (expense) income, net was \$11.5 million for the three months ended March 31, 2008, an increase of \$9.4 million from 2007. Interest expense on borrowings was \$15.4 million in 2008, compared to \$4.0 million in 2007 reflecting an increase in borrowings outstanding due to the Company's commercial paper program established in October 2007 and the \$300.0 million Series 2007-1 Notes issued in September 2007. Interest income of \$7.0 million increased \$1.6 million over 2007 primarily due to \$3 million of interest received from the IRS as a result a return of a deposit related to a Legacy Tax Matter.

Other non-operating income (expense), net, was \$8.4 million for the first quarter of 2008, an increase of \$9.6 million compared to the same period in 2007. The increase reflects approximately \$9 million of foreign exchange benefits, which may not recur in future periods. Moody's effective tax rate for the quarter was 38.5% compared to 41.8% in 2007. The decrease is due primarily to a larger portion of consolidated taxable income being generated from international sources, which is taxed at a lower rate than the U.S. statutory rate.

Net income was \$120.7 million, compared to \$175.4 million in 2006, a decrease of \$54.7 million, or 31.2%. Diluted earnings per share for the first quarter of 2008 decreased approximately 23% to \$0.48, compared to \$0.62, in the first quarter of 2007. The decrease in diluted earnings per share was less than the decrease in net income due to the reduction in diluted shares mostly as a result of share buy-backs during the last twelve months.

### Segment Results

#### *MIS*

Global MIS revenue was \$298.2 million, down \$174.2 million, or 36.9%, from \$472.4 million in the first quarter of 2007, with the structured and corporate finance lines of business comprising the majority of the decrease, slightly offset by an



## Table of Contents

increase in revenue from PPIF. Revenue within the U.S. of \$166.8 million decreased \$154.4, or 48.1%, from 2007, and represented 56% of total MIS revenue, down from 68% a year earlier. Outside the U.S., revenue of \$131.4 million decreased \$19.8 million, or 13.1%, from 2007, with declines in Europe of \$21 million, or 19%, being partially offset by growth in Asia and other international locations. Favorable exchange rate movement contributed approximately \$9 million to global MIS revenue. Relationship and transaction revenue during the quarter were split equally, compared to a split of 27% and 73%, respectively, in 2007, reflecting lower new issuance revenue in the current quarter. Relationship revenue represents the recurring monitoring 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, while transaction revenue represents the initial rating of a new debt issuance as well as other one-time fees.

Global structured finance revenue was \$107.2 million for the first quarter of 2008, a decrease of \$144.0 million, or 57.3%, from \$251.2 million in the first quarter of 2007. The decline in revenue is primarily attributed to lower new issuance activity related to the continuing credit market deterioration. New issuance activity comprised 48% of total SFG revenue in the first quarter of 2008, down from 82% in 2007. U.S. revenue of \$56.1 million decreased \$123.1 million, or 68.7%, over prior year as declines in the U.S. were experienced across all asset classes, with the most significant being in credit derivatives, RMBS and CREF of \$52.4 million or 70.1%, \$45.0 million or 93.2%, and \$22.3 million or 72.6%, respectively. Internationally, revenue decreased \$20.9 million, or 29.0%, to \$51.1 million, mostly within the Europe region. Declines in revenue from credit derivatives and CREF outside the U.S. contributed \$8.8 million and \$8.9 million, respectively. Favorable foreign currency translation had a \$4.4 million favorable impact on global structured finance revenue. Global SFG revenue represented 36% of MIS revenue in the quarter, compared to 53% in 2007, with the geographic source of revenue between U.S. and non-U.S. of 52% and 48%, respectively, compared to 71% and 29%, respectively, for the same period in 2007.

Global corporate finance revenue was \$71.5 million in the first quarter of 2008, down \$31.8 million, or 30.8%, from \$103.3 million in 2007, largely due to decreases in issuance volumes resulting from reduced merger and acquisition activity and increased interest rate spreads between government issued bonds and corporate bonds. In 2008, revenue from new issuance was 53% of total CFG, down from 70% in the first quarter of 2007. In the U.S., revenue of \$43.6 million, or 61% of global corporate finance revenue, was down approximately \$30 million, or 41%, from 2007, led by declines in bank loan ratings and speculative grade securities of approximately \$20 million or 72%, and \$13 million or 81%, respectively. International revenue decreased \$2.0 million to \$27.8 million due primarily to declines in Europe of approximately \$3 million partially offset by increases in Asia and other international regions. Additionally, international revenue as a percentage of global CFG revenue increased to 39% in 2008 from 29% in the first quarter of 2007.

Global financial institutions revenue was \$64.0 million in the first quarter of 2008, a decrease of \$2.8 million, or 4.2%, from \$66.8 million in 2007. The percentage of relationship revenue increased from 47% in 2007 to 56% in 2008. In the U.S., revenue was \$29.2 million, a 4.9% decrease from 2007, driven largely by a \$1.6 million decline in the property and casualty insurance sectors partially offset by an 11.4% growth in the banking sector. International revenue of \$34.8 million decreased \$1.3 million, or 3.6%, from prior year, primarily in the Europe banking sector.

Global Public, Project and Infrastructure finance revenue of \$55.5 million increased \$4.4 million, or 8.6%, from prior year, reflecting growth internationally of \$3.3 million in the project and infrastructure business primarily in Europe. U.S. revenue of \$37.9 million was flat compared to prior year. The split between transaction and relationship-based revenue in 2008 was 58% and 42%, respectively, compared to 60% and 40%, respectively in the first quarter of 2007.

Total operating, selling, general and administrative expenses, including allocated corporate expenses, were \$153.4 million, a decrease of \$46.4 million, or 23.2%, from 2007, reflecting reductions in compensation and non-compensation expense of 22.6% and 26.0%, respectively. Compensation and benefits expense accounted for approximately \$33 million of the decrease reflecting lower incentive compensation due to weaker revenue compared to prior year and lower stock-based compensation resulting largely from restructuring actions taken in the fourth quarter of 2007. Non-compensation related expenses decreased approximately \$14 million from the first quarter of 2007 due to reductions in travel and entertainment, professional service costs and recruiting. Corporate overhead expenses for MIS, which are allocated based on a revenue-split methodology, were down due to reduced costs within the staff function and a lower percentage of the costs allocated to MIS.

MIS operating income, including intersegment royalties in 2008 and 2007 of \$16.0 million and \$13.1 million, respectively, was \$154.4 million in the first quarter of 2008, a decrease of \$126.3 million, or 45.0%, from \$280.7 million in the first quarter of 2007. Excluding the inter-segment royalty, operating income of \$138.4 million decreased \$129.2 million, or 48.3%, compared to the first quarter of 2007. Foreign currency translation had a \$5.8 million positive impact on operating income for the three months ended March 31, 2008.

### MA

Global MA revenue of \$132.5 million in the first quarter of 2008 increased \$21.9 million, or 19.8%, over 2007, with increases across all lines of business within the U.S. and internationally. Revenue grew by \$8.6 million, or 15.0%, in the

## Table of Contents

U.S., and \$13.3 million, or 25.0%, internationally, with Europe accounting for approximately \$10 million, or approximately 73%, of the international growth. Subscription revenue represented more than 89% of global MA revenue in 2008, substantially unchanged from approximately 90% in the first quarter of 2007. Subscription services are typically sold for an initial 12-month term, with automatic renewal features for subsequent annual periods.

Global revenue from subscription products was \$118.3 million, an increase of \$18.8 million, or 18.9%, over 2007. The increase reflects continued demand from new and existing customers for credit and economic research, structured finance analytics and credit risk assessment products. Revenue in the U.S. was \$60.6 million, an increase of \$7.5 million, or 14.1%, from 2007 and represented approximately 51% of global subscription revenue, down slightly from 53% in 2007.

Global software revenue of \$9.5 million increased \$1.7 million, or 21.8%, from 2007, with revenue from non-U.S. customers representing slightly more than 50% in 2007 and 2008. Revenue growth reflects the greater demand for credit decision-making software, related implementation services and growth in the associated software maintenance fees.

Global revenue from consulting services was \$4.7 million, an increase of \$1.4 million, or 42.4%. Revenue in the U.S. represented 19% of total consulting revenue, up from 15% in 2007. Outside the U.S., revenue of \$3.8 million increased approximately 36% from the same quarter in the prior year due to increased demand for credit education, advisory services associated with credit portfolio management software, risk-modeling and scorecard development services.

Operating, selling, general and administrative expenses, including allocated corporate expenses, were \$82.2 million in the first quarter of 2008, a decrease of \$0.9 million from 2007. Reductions in compensation and benefits expense were \$2.1 million primarily due to lower stock-based compensation resulting largely from restructuring actions taken in the fourth quarter of 2007. Non-compensation expenses remained flat compared to the first quarter of 2007, reflecting the impact of cost management actions implemented by management in the second half of 2007 offset by a higher percentage of corporate overhead expenses for MA, which are allocated based on a revenue-split methodology.

Operating income including intersegment royalty expense in 2008 and 2007 of \$16.0 million and \$13.1 million, respectively, was \$44.9 million in the first quarter of 2008, an increase of \$20.9 million, or 87.1%, from \$24.0 million in 2007. Operating income, excluding the inter-segment royalty, of \$60.9 million increased \$23.8 million, or 64.2%, compared to the first quarter of 2007. Foreign currency translation had a \$1.2 million positive impact on operating income.

## Liquidity and Capital Resources

### Cash Flow

The Company is currently financing its operations, capital expenditures and share repurchases through cash flow from operations and from financing activities. Net cash provided by operating activities was \$184.9 million and \$185.3 million for the first quarter ended March 31, 2008 and 2007, respectively. The Company had net borrowings of \$46.2 million during the quarter ended March 31, 2008.

Moody's net cash provided by operating activities in the first quarter of 2008 was essentially flat compared with the first quarter of 2007. A decrease in net income of \$54.7 million reduced cash provided by operating activities. The decrease in stock-based compensation expense negatively impacted cash flow from operations by \$10.0 million compared to net income. Accounts receivable decreased approximately 9% in the three months ended March 31, 2008 compared with an increase of approximately 5% for the three months ended March 31, 2007 increasing cash flow from operations by \$66.0 million compared to the first quarter of 2007 due to lower billings. The impact on operating cash flows of excess tax benefits from stock-based compensation plans decreased to \$1.7 million from \$29.7 million in the first quarter of 2007 due to fewer option exercises in the first quarter of 2008 compared with the first quarter of 2007. Pursuant to FASB requirements, excess tax benefits from stock-based compensation plans are removed from operating cash flows and presented, instead, as an element of cash flows from financing activities. Furthermore, the change in cash flows were positively impacted by the return of approximately \$33 million from the IRS related to a deposit made in the first quarter of 2006, as discussed in Note 12 to the condensed consolidated financial statements. Approximately \$22 million of the deposit reduced other assets and \$8 million reduced other current assets. Additionally, deferred tax assets recorded within other assets, decreased approximately \$21 million primarily due to a reduction related to stock-based compensation. Operating cash flow decreased by \$41.7 million due to reductions in accounts payable and accrued liabilities primarily due to a decrease in net accrued income taxes of approximately \$26 million and decreases in accrued incentive compensation of approximately \$13 million, due to timing of payments. Payments and other adjustments related to the restructuring charge taken in 2007 decreased cash flows from operations by \$11.7 million.

Net cash (used in) provided by investing activities was \$(52.7) million and \$28.4 million for the first quarter ended March 31, 2008 and 2007, respectively. Sales and maturities of short-term investments, net of purchases, totaled \$4.0 million and \$64.9 million for the first quarter ended March 31, 2008 and 2007, respectively. The decrease was attributable to the liquidation of

## Table of Contents

a majority of the short-term investment portfolio in the first quarter of 2007 to finance share repurchases. Capital expenditures, primarily for leasehold improvements and internal use software, totaled \$19.1 million and \$33.1 million for the three months ended March 31, 2008 and 2007, respectively, with the decrease primarily due to the reduced 7WTC build-out activity in the first quarter of 2008. The 2008 spending on acquisitions was \$38.5 million, which was related to the purchase of BQuotes, Financial Projections and Mergent, net of cash acquired, as discussed in Note 7 to the condensed consolidated financial statements. Additionally, there was a \$0.9 million insurance recovery relating to property damage in June 2006 at an international office.

Net cash used in financing activities was \$238.1 million and \$334.1 million for the first quarter ended March 31, 2008 and 2007, respectively. The Company borrowed a net \$46.2 million under its commercial paper program in the first quarter of 2008 to support share repurchases and operational activities. Additionally, spending for share repurchases totaled \$264.5 million and \$442.6 million for the three months ended March 31, 2008 and 2007, respectively. Dividends paid were \$24.7 million and \$22.3 million for the first quarter ended March 31, 2008 and 2007, respectively with the increase reflecting a quarterly dividend paid of \$0.10 per share paid in the first quarter of 2008 versus a quarterly dividend of \$0.08 per share in the first quarter of 2007. These amounts were offset in part by proceeds from employee stock-based compensation plans of \$3.7 million and \$21.5 million in the first quarter ended March 31, 2008 and 2007, respectively. The decreases in proceeds from stock plans is due primarily to a decrease in stock option exercise activity in the first quarter of 2008 compared to the same period in 2007.

### **Future Cash Requirements**

The Company believes that it has the financial resources needed to meet its cash requirements for the next twelve months and expects to have positive operating cash flow for fiscal year 2008. 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 currently expects to use a significant portion of its cash flow to continue its share repurchase program. The Company implemented a systematic share repurchase program in the third quarter of 2005 through a series of SEC Rule 10b5-1 programs. Moody's may also purchase opportunistically when conditions warrant. The Company's intent is to return capital to shareholders in a way that serves their long-term interests. As a result, Moody's share repurchase activity will continue to vary from quarter to quarter. The Company may borrow from various sources to fund share repurchases. On June 5, 2006, the Board of Directors authorized a \$2.0 billion share repurchase program which the Company completed in the first quarter of 2008. On July 30, 2007, the Board of Directors of the Company authorized an additional \$2.0 billion share repurchase program of which Moody's had \$1.8 billion of share repurchase authority remaining at March 31, 2008. There is no established expiration date for this authorization.

At March 31, 2008 the Company had \$598.7 million, net of unamortized discount of \$1.3 million, of outstanding CP the proceeds of which were used to support share repurchases, the build-out of Moody's new corporate headquarters at 7WTC and other operational activities.

The Company entered into an operating lease agreement commencing on October 20, 2006 with 7 World Trade Center, LLC for 589,945 square-feet of an office building located at 7WTC at 250 Greenwich Street, New York, New York, which is serving as Moody's new headquarters. The 7WTC Lease has an initial term of approximately 21 years with a total of 20 years of renewal options. The total base rent of the 7WTC Lease over its initial 21-year term is approximately \$536 million including rent credits from the World Trade Center Rent Reduction Program promulgated by the Empire State Development Corporation. On March 28, 2007, the 7WTC lease agreement was amended for the Company to lease an additional 78,568 square feet at 7WTC. The additional base rent is approximately \$106 million over a 20-year term.

The Company plans to incur approximately \$13 million of costs to complete the build-out of its new corporate headquarters at 7WTC over the next year.

On October 24, 2007, the Company announced a restructuring plan that would reduce global head count, terminate certain technology contracts and consolidate certain corporate functions in response to the Company's reorganization announced on August 7, 2007 and a decline in current and anticipated issuance of rated debt securities in some market sectors. Included in the \$50.0 million restructuring charge is \$7.0 million of non-cash settlements relating to pension curtailments and stock-based compensation award modifications for certain terminated employees. At December 31, 2007, the remaining cash payments were \$41.2 million of which \$11.0 million was paid during the first quarter of 2008 and \$0.7 million was reversed due to refinements in the estimated liability. The Company expects cash outlays of \$19.0 million to be paid during the remainder of 2008 and \$2.4 million in 2009. The remaining liability of \$8.1 million relates to annuity payments that will be made in connection with the Company's unfunded pension plans

## Table of Contents

for which payments will commence when the affected employees reach retirement age beginning in 2009 and continue in accordance with plan provisions.

On February 6, 2008, the Company entered into a 17.5 year operating lease agreement to occupy six floors of an office tower located in the Canary Wharf section of London, England. The total base rent of the Canary Wharf Lease over its 17.5-year term is approximately \$267 million, and the Company will begin making base rent payments in 2011. In addition to the base rent payments the Company will be obligated to pay certain customary amounts for its share of operating expenses and tax obligation. The Company will also incur costs to build out the floors to its specifications.

The Company also intends to use a portion of its cash flow to pay dividends. On April 22, 2008, the Board of Directors of the Company approved the declaration of a quarterly dividend of \$0.10 per share of Moody's common stock, payable on June 10, 2008 to shareholders of record at the close of business on May 20, 2008. The continued payment of dividends at this rate, or at all, is subject to the discretion of the Board of Directors.

In addition, the Company will from time to time consider cash outlays for acquisitions of or investments in complementary businesses, products, services and technologies. The Company may also be required to make future cash outlays to pay to New D&B its share of potential liabilities related to the Legacy Tax Matters that are discussed in this Management's Discussion and Analysis of Financial Condition and Results of Operations under "Contingencies". These potential cash outlays could be material and might affect liquidity requirements, and they could cause the Company to pursue additional financing. There can be no assurance that financing to meet cash requirements will be available in amounts or on terms acceptable to the Company, if at all.

### Indebtedness

The following table summarizes total indebtedness:

	March 31,	December 31,
	2008	2007
Notes payable:		
Series 2005-1 Notes	\$ 300.0	\$ 300.0
Series 2007-1 Notes	300.0	300.0
Commercial paper, net of unamortized discount of \$1.3 million at March 31, 2008 and \$0.7 million at December 31, 2007	598.7	551.9
Total debt	1,198.7	1,159.9
Less: current portion	(598.7)	(551.9)
Total long-term debt	<u>\$ 600.0</u>	<u>\$ 600.0</u>

### Notes Payable

On September 7, 2007, the Company issued and sold through a private placement transaction, \$300.0 million aggregate principal amount of its 6.06% Series 2007-1 Senior Unsecured Notes due 2017 pursuant to the 2007 Agreement. The Series 2007-1 Notes have a ten-year term and bear interest at an annual rate of 6.06%, payable semi-annually on March 7 and September 7 of each year. Under the terms of the 2007 Agreement, the Company may, from time to time within five years, in its sole discretion, issue additional series of senior notes in an aggregate principal amount of up to \$500.0 million pursuant to one or more supplements to the 2007 Agreement. The Company may prepay the Series 2007-1 Notes, in whole or in part, at any time at a price equal to 100% of the principal amount being prepaid, plus accrued and unpaid interest and a Make Whole Amount. The 2007 Agreement contains covenants that limit the ability of the Company, and certain of its subsidiaries to, among other things: enter into transactions with affiliates, dispose of assets, incur or create liens, enter into any sale-leaseback transactions, or merge with any other corporation or convey, transfer or lease substantially all of its assets. The Company must also not permit its Earnings Coverage ratio to exceed 4.0 to 1.0 at the end of any fiscal quarter.

On September 30, 2005, the Company issued and sold through a private placement transaction, \$300.0 million aggregate principal amount of its Series 2005-1 Senior Unsecured Notes pursuant to the 2005 Agreement. The Series 2005-1 Notes have a ten-year term and bear interest at an annual rate of 4.98%, payable semi-annually on March 30 and September 30. The proceeds from the sale of the Series 2005-1 Notes were used to refinance \$300.0 million aggregate principal amount of the Company's outstanding 7.61% senior notes which matured on September 30, 2005. In the event that Moody's pays all, or part, of the Series 2005-1 Notes in advance of their maturity, such prepayment will be subject to a Make Whole Amount. The Series 2005-1 Notes are subject to certain covenants that, among other

## Table of Contents

things, restrict the ability of the Company and certain of its subsidiaries, without the approval of the lenders, to engage in mergers, consolidations, asset sales, transactions with affiliates and sale-leaseback transactions or to incur liens, as defined in the related agreements.

### Commercial Paper

On October 3, 2007, the Company entered into a commercial paper program on a private placement basis under which the Company may issue CP notes up to a maximum of \$1.0 billion. Amounts available under the CP Program may be re-borrowed. The CP Program is supported by the Company's 2007 Facility (see *Credit Facility* section below). The maturities 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 at the time of the issuance. 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. The weighted average interest rate on CP borrowings outstanding was 3.31% and 5.13% as of March 31, 2008 and December 31, 2007, respectively. The CP Program contains certain events of default including, among other things: non-payment of principal, interest or fees; violation of covenants; invalidity of any loan document; material judgments; and bankruptcy and insolvency events, subject in certain instances to cure periods.

### Credit Facility

On September 28, 2007, the Company entered into a \$1.0 billion five-year senior, unsecured revolving credit facility, expiring in September 2012. The 2007 Facility will serve, in part, to support the CP Program. Interest on borrowings is payable at rates that are based on LIBOR plus a premium that can range from 16.0 to 40.0 basis points of the facility amount depending on the Company's Earnings Coverage Ratio. The Company also pays quarterly facility fees, regardless of borrowing activity under the 2007 Facility. The quarterly fees for the 2007 Facility can range from 4.0 to 10.0 basis points of the facility amount, depending on the Company's Earnings Coverage Ratio. The Company also pays a utilization fee of 5.0 basis points on borrowings outstanding when the aggregate amount outstanding exceeds 50% of the total facility. The 2007 Facility contains certain covenants that, among other things, restrict the ability of the Company and certain of its subsidiaries, without the approval of the lenders, to engage in mergers, consolidations, asset sales, transactions with affiliates and sale-leaseback transactions or to incur liens, as defined in the related agreement. The 2007 Facility also contains financial covenants that, among other things, require the Company to maintain an Earnings Coverage Ratio of not more than 4.0 to 1.0 at the end of any fiscal quarter. As of March 31, 2008 the Company had no amounts outstanding under the 2007 Facility.

At March 31, 2008, the Company was in compliance with all covenants contained within the 2005 Agreement, the 2007 Agreement, the CP Program and the 2007 Facility.

### Interest (expense) income, net

The following table summarizes the components of interest (expense) income, net as presented in the condensed consolidated statements of operations for the three months ended March 31:

	<u>2008</u>	<u>2007</u>
Income	\$ 7.0	\$ 5.4
Expense on borrowings	(15.4)	(4.0)
FIN No. 48 and other tax related liabilities	(3.1)	(3.5)
Total	<u>\$(11.5)</u>	<u>\$(2.1)</u>

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

On May 7, 2008, the Company entered into a \$150.0 million five-year, senior unsecured term loan, as more fully described in Note 11 to the condensed consolidated financial statements.

### Off-Balance Sheet Arrangements

At March 31, 2008, Moody's did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as special purpose or variable interest entities where Moody's is the primary beneficiary, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, Moody's is not exposed to any financing, liquidity, market or credit risk that could arise if it had engaged in such relationships.

## Table of Contents

### Contractual Obligations

The following table presents payments due under the Company's contractual obligations as of March 31, 2008:

(in millions)	Total	Payments Due by Period			
		Less Than 1 Year	1-3 Years	3-5 Years	Over 5 Years
Indebtedness (1)	\$1,486.0	\$ 633.1	\$ 66.2	\$ 66.2	\$ 720.5
Operating lease obligations (2)	1,041.4	62.6	104.2	104.7	769.9
Pension obligations (3)	59.8	2.6	12.1	9.2	35.9
Purchase obligations (4)	32.4	21.7	10.3	0.4	—
Capital lease obligations	4.0	1.6	2.4	—	—
Total (5)	<u>\$2,623.6</u>	<u>\$ 721.6</u>	<u>\$ 195.2</u>	<u>\$ 180.5</u>	<u>\$ 1,526.3</u>

- (1) Reflects payments due on the Series 2005-1 Notes, Series 2007-1 Notes, and borrowings under the CP Program. Includes \$286.0 million of interest that will accrue and be due from April 1, 2008 through September 30, 2015 and 2017, when the Series 2005-1 Notes and the Series 2007-1 Notes mature, respectively. These amounts do not reflect principal and interest payments relating to the 2008 Term Loan further described in Note 11 to the condensed consolidated financial statements.
- (2) Includes rent payments relating to the Canary Wharf Lease, which the Company will begin making rent payments in March 2011.
- (3) Reflects projected benefit payments relating to the Company's Post-Retirement Benefit Plans described in Note 10 to the condensed consolidated financial statements.
- (4) Purchase obligations include approximately \$13 million related to the fit-out at 7WTC and does not include approximately \$86 million relating to the fit-out of the Canary Wharf Lease and an approximate \$80 million relating to a contract to outsource certain data processing, telecommunication services and data back-up facilities which was signed on April 7, 2008.
- (5) The table above does not include the Company's net long-term tax liabilities of \$57.2 million, since the expected cash outflow of such amounts by period cannot be reasonably estimated.

### Dividends

On April 22, 2008, the Board approved the declaration of a quarterly dividend of \$0.10 per share of Moody's common stock, payable on June 10, 2008 to shareholders of record at the close of business on May 20, 2008.

### Outlook

Moody's outlook for 2008 is based on assumptions about many macroeconomic and capital market factors, including interest rates, corporate profitability and business investment spending, merger and acquisition activity, consumer spending, residential mortgage borrowing and refinancing activity, securitization levels, and capital markets issuance. There is an important degree of uncertainty surrounding these assumptions and, if actual conditions differ from these assumptions, Moody's results for the year may differ from our current outlook.

For Moody's overall, full-year 2008 revenue is expected to decline in the mid- to high-teens percent range. This decline assumes foreign currency translation in 2008 at current exchange rates. Revenue guidance for certain lines of business has changed somewhat based on conditions specific to those sectors and geographies. The Company anticipates the weakness of the first quarter to continue at least through the second quarter, with modest improvement in market liquidity and issuance conditions later in the year. In the first half of 2008, Moody's will continue to face challenging year-on-year comparisons against record performance in the first half of 2007. Full-year 2008 expenses are expected to decline about 8% on an as-reported basis compared to full year 2007. Excluding the \$50 million restructuring charge in 2007, full-year 2008 expenses are expected to decline about 5%. We expect the full-year 2008 operating margin to be in the mid-forties percent range. Earnings per share for 2008 are still projected in a range from \$1.90 to \$2.00.



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## Table of Contents

For the global MIS business, the Company expects revenue for the full-year 2008 to decline in the mid-twenties percent range. Within the U.S., the Company projects MIS revenue to decrease in the mid-thirties percent range for the full-year 2008.

In the U.S. structured finance business, the Company expects revenue for the year to decline in the high-fifties percent range, reflecting large double-digit percent declines in most asset classes, led by residential mortgage-backed securities, commercial real estate finance, and credit derivatives ratings.

In the U.S. corporate finance business, Moody's expects revenue to decrease in the mid- to high-twenties percent range for the year, driven primarily by declines in speculative-grade bond and bank loan ratings.

In the U.S. financial institutions and public, project and infrastructure finance sectors, the Company projects 2008 revenue to grow in the low- to mid-single-digit percent ranges, respectively.

Outside the U.S. the Company expects MIS revenue to decrease in the high single-digit percent range. Good growth from rating financial institutions and corporations, as well as public, project and infrastructure finance is expected to be more than offset by a decline in structured finance ratings revenue, primarily in Europe.

For MA, the Company continues to expect revenue growth in the mid-teens percent range. On a geographic basis, U.S. and non-U.S. growth is projected to be in the low-teens and high-teens percent ranges, respectively. Growth in the subscription business is expected to be in the mid-teens percent range, reflecting continued demand for credit and economic research, structured finance analytics, and the impact of our newly formed pricing and valuation business. In the software business, the Company expects revenue to be about flat to full-year 2007. In the smaller consulting business, the Company anticipates very strong growth, reflecting a robust pipeline of professional services engagements and credit training projects. There is considerable demand for Moody's expertise in credit education, risk modeling, and scorecard development as customers implement more sophisticated risk management processes and comply with regulatory requirements.

### Contingencies

From time to time, Moody's is involved in legal and tax proceedings, governmental investigations, 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 and other pending matters pursuant to SEC rules and as it may determine to be appropriate.

As a result of recent events in the U.S. subprime residential mortgage sector and the credit markets more broadly, various legislative, regulatory and enforcement entities around the world are investigating or evaluating the role of rating agencies in the U.S. subprime mortgage-backed securitization market and structured finance markets more generally. Moody's has received subpoenas and inquiries from states attorneys general and other governmental authorities and is cooperating with such investigations and inquiries. In addition, some participants in these markets have stated that they are considering initiating civil litigation against rating agencies relating to the events in the subprime mortgage sector. The Company cannot predict the ultimate impact that any legislative, regulatory, enforcement or litigation matters arising from such events may have on its competitive position, financial position or results of operations.

For claims, litigation and proceedings not related to income taxes, where it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated, the Company has recorded liabilities in the consolidated financial statements and periodically adjusts these as appropriate. When sufficient uncertainties exist, related to the outcome and/or the amount or range of loss, management does not record a liability but discloses the contingency if significant. As additional information becomes available, the Company adjusts its assessments and estimates of such liabilities accordingly. For income tax matters, the Company employs the prescribed methodology of FIN No. 48, implemented as of January 1, 2007. FIN No. 48 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, assuming that taxing authorities will examine the position and have full knowledge of all relevant information. A tax position that meets the 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.

Based on its review of the latest information available, and subject to the contingencies described below, in the opinion of management, the ultimate liability of the Company in connection with pending matters described herein is not likely to have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows, although it is possible that the effect could be material to the Company's consolidated results of operations for an individual reporting period.

### Legacy Contingencies

Moody's continues to have exposure to certain Legacy Contingencies. The following description of the relationships among Moody's, New D&B and their predecessor entities is important in understanding the Legacy Tax Matters.

## Table of Contents

In November 1996, The Dun & Bradstreet Corporation separated into three separate public companies: The Dun & Bradstreet Corporation, ACNielsen Corporation and Cognizant Corporation. In June 1998, The Dun & Bradstreet Corporation separated into two separate public companies: Old D&B and R.H. Donnelley Corporation. During 1998, Cognizant separated into two separate public companies: IMS Health Incorporated and Nielsen Media Research, Inc.. In September 2000, Old D&B separated into two separate public companies: New D&B and Moody's, as further described in Note 1 to the condensed consolidated financial statements.

Old D&B and its predecessors entered into global tax planning initiatives in the normal course of business, including through tax-free restructurings of both their foreign and domestic operations. These initiatives are subject to normal review by tax authorities. Old D&B and its predecessors also entered into a series of agreements covering the sharing of any liabilities for payment of taxes, penalties and interest resulting from unfavorable IRS rulings on certain tax matters, and certain other potential tax liabilities, all as described in such agreements. Further, in connection with the 2000 Distribution and pursuant to the terms of the 2000 Distribution Agreement, New D&B and Moody's have agreed on the financial responsibility for any potential liabilities related to Legacy Tax Matters.

Settlement agreements were executed with the IRS in 2005 regarding Legacy Tax Matters for the years 1989-1990 and 1993-1996. As of March 31, 2008, the Company continues to carry a liability of \$1.8 million with respect to these matters. With respect to these settlement agreements, Moody's and New D&B believe that IMS Health and NMR did not pay their full share of the liability to the IRS pursuant to the terms of the applicable separation agreements among the parties. Moody's and New D&B paid these amounts to the IRS on their behalf, and have been unable to resolve this dispute with IMS Health and NMR. As a result, Moody's and New D&B have commenced arbitration proceedings against IMS Health and NMR to collect a total of approximately \$14 million owed by IMS Health and NMR with respect to the 1989-1990 matter. Moody's and New D&B may also commence an arbitration proceeding to collect a total of \$14.5 million owed by IMS Health and NMR with respect to the 1993-1996 matter. Moody's cannot predict the outcome of these matters with any certainty.

### *Amortization Expense Deductions and 1997-2002 IRS Deficiency Notices*

This Legacy Tax Matter, which was affected by developments in June 2007 as further described below, involves a partnership transaction which resulted in amortization expense deductions on the tax returns of Old D&B since 1997. IRS audits of Old D&B's and New D&B's tax returns for the years 1997 through 2002 concluded in June 2007 without any disallowance of the amortization expense deductions, or any other adjustments to income related to this partnership transaction. These audits did result in the IRS issuing the Notices for other tax issues for the 1997-2000 years aggregating \$9.5 million in tax and penalties, plus statutory interest of approximately \$6 million, which will be apportioned among Moody's, New D&B, IMS Health and NMR pursuant to the terms of the applicable separation agreements. Moody's share of this assessment is anticipated to be \$6.6 million including interest, net of tax. In November 2007, the IRS assessed the tax and penalties and used a portion of the deposit discussed below to satisfy the assessment, together with interest. The Company believes it has meritorious grounds to challenge the IRS's actions and is evaluating its alternatives for further actions to recover these amounts. The absence of any tax deficiencies in the Notices for the amortization expense deductions for the years 1997 through 2000 and in companion Notices issued to New D&B for 2001 and 2002, combined with the expiration of the statute of limitations for 1997 through 2002, for issues not assessed, resulted in Moody's recording an earnings benefit of \$52.3 million in the second quarter of 2007. This is comprised of two components, as follows: (i) a reversal of a tax liability of \$27.3 million related to the period from 1997 through the Distribution Date, reducing the provision for income taxes for the year ended December 31, 2007; and (ii) a reduction of accrued interest expense of \$17.5 million (\$10.6 million, net of tax) and an increase in other non-operating income of \$14.4 million, relating to amounts due to New D&B.

On the Distribution Date, New D&B paid Moody's \$55.0 million for 50% of certain anticipated future tax benefits of New D&B through 2012. It is possible that IRS audits of New D&B for tax years after 2002 could result in income adjustments with respect to the amortization expense deductions of this partnership transaction. In the event these tax benefits are not claimed or otherwise not realized by New D&B, or there is an audit adjustment, Moody's would be required, pursuant to the terms of the 2000 Distribution Agreement, to repay to New D&B an amount equal to the discounted value of its share of the related future tax benefits and its share of any tax liability that New D&B incurs. As of March 31, 2008, Moody's liability with respect to this matter totaled \$54.4 million.

In March 2006, New D&B and Moody's each deposited \$39.8 million with the IRS in order to stop the accrual of statutory interest on potential tax deficiencies with respect to the 1997 through 2002 tax years. In July 2007, New D&B and Moody's commenced procedures to recover approximately \$57 million of these deposits (\$24.6 million for New D&B and \$31.9 million for Moody's), which represents the excess of the original deposits over the total of the deficiencies asserted in the Notices and in companion Notices issued to New D&B for 2001 and 2002. As noted above, in November 2007 the IRS used \$7.9 million of Moody's portion of the deposit to satisfy an assessment and related interest.



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## Table of Contents

Additionally, in the first quarter of 2008 the IRS returned to Moody's \$33.1 million in connection with this matter, which includes \$3.0 million of interest.

At March 31, 2008, Moody's has recorded liabilities for Legacy Tax Matters totaling \$57.2 million. This includes liabilities and accrued interest due to New D&B arising from the 2000 Distribution Agreement. It is possible that the ultimate liability for Legacy Tax Matters could be greater than the liabilities recorded by the Company, which could result in additional charges that may be material to Moody's future reported results, financial position and cash flows.

### Regulation

In the United States, since 1975, MIS has been designated as an NRSRO by the SEC. The SEC first applied the NRSRO designation in that year to companies whose credit ratings could be used by broker-dealers for purposes of determining their net capital requirements. Since that time, Congress, the SEC and other governmental and private bodies have used the ratings of NRSROs to distinguish between, among other things, "investment grade" and "non-investment grade" securities.

In September 2006, the Credit Rating Agency Reform Act of 2006 was passed, which created a voluntary registration process for rating agencies wishing to be designated as NRSROs. The Reform Act provides the SEC with authority to oversee NRSROs, while prohibiting the SEC from regulating the substance of credit ratings or the procedures and methodologies by which any NRSRO determines credit ratings. In June 2007, the SEC published final rules to implement the Reform Act, which address the NRSRO application and registration process, as well as oversight rules related to recordkeeping, financial reporting, prevention of misuse of material non-public information, conflicts of interest, and prohibited acts and practices. In June 2007, MIS submitted to the SEC its application for registration as an NRSRO and in September 2007 the SEC registered MIS as an NRSRO under the Securities Exchange Act of 1934. Consequently, MIS is now subject to the SEC's oversight rules described above and, as required by the rules, has made its Form NRSRO Initial Application and its Annual Certification of Form NRSRO publicly available by posting it on the Regulatory Affairs page of the Company's website.

In March 2008, the President's Working Group on Financial Markets, working with the Office of the Comptroller of the Currency and the Federal Reserve Bank of New York, published an analysis of the underlying factors contributing to the recent and ongoing market stress. On the basis of this analysis, the PWG made recommendations focusing on five areas, one of which relates to the role of rating agencies. The PWG's recommendations are broadly consistent with those of the Financial Stability Forum described below.

Finally, both chambers of the U.S. Congress continue their review of the role of rating agencies. On March 12, 2008 the House Financial Services Committee held a hearing focusing on the municipal bond market, and on April 22, 2008 the Senate Committee on Banking, Housing, and Urban Affairs held a more general hearing on the role of credit rating agencies in the U.S. credit markets. Moody's participated in both hearings and the written testimonies can be found on the Regulatory Affairs page of the Company's website.

Internationally, several regulatory developments have occurred:

*The Group of 7 Finance Ministers and Central Bank Governors* —In October 2007, the G-7 Finance Ministers and Central Bank Governors formally asked the FSF to analyze the underlying causes of the recent financial market turbulence, one of which was the role and use of credit rating in the structured finance market. To encourage the adoption of a unified regulatory approach, the FSF has worked to coordinate the work of other international organizations on these subjects. The FSF published an interim report in February 2008 and presented its final report and recommendations to the G-7 on April 11, 2008. The FSF's report contains recommendations in five areas: strengthened prudential oversight of capital, liquidity and risk management; enhancing transparency and valuation; changes in the role and use of credit ratings; strengthening the authorities' responsiveness to risks; and robust arrangements for dealing with stress in the financial system.

The recommendations that pertain to the rating agency industry are: improve the quality of the rating process and management of conflicts of interest in rating structured finance securities; differentiate ratings on structured finance products from those on corporate and government bonds and expand the initial and ongoing information provided on the risk characteristics of structured products; and enhance their review of the quality of the data input and due diligence performed on underlying assets by originators, arrangers and issuers. At its mid-April meeting, the G-7 endorsed all of the FSF's recommendations and asked that immediate steps be taken to implement the measures. The FSF is to provide a progress report to the G-7 on implementation of the recommendations at the June 2008 meeting, scheduled to take place in Osaka Japan.

*IOSCO* —In March 2008, the International Organization of Securities Commissions published for public consultation a report on the role of credit rating agencies in structured finance, as well as a proposal to amend the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies. Working with four other globally active credit rating agencies, MIS submitted a joint response to IOSCO's consultation report prior to the April 25, 2008 deadline. This joint response can be found on the

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## Table of Contents

Regulatory Affairs webpage of the Company's website. It is anticipated that IOSCO will finalize its report and the proposed changes to the IOSCO Code at its annual meeting on May 26-29, 2008.

In December 2004, the Technical Committee of IOSCO published its Code of Conduct Fundamentals for Credit Rating Agencies. MIS initially published its Code of Professional Conduct pursuant to the IOSCO Code in June 2005 and published an updated Moody's Code in October 2007. In December 2007, MIS published its second, annual report on the implementation of the Moody's Code. The two annual reports and the MIS Code can be found on the Regulatory Affairs page of the Company's website. MIS has already begun to implement some of the recommendations proposed by IOSCO and, once the proposed changes to the IOSCO Code are finalized, expects to amend the MIS Code as appropriate.

*EU*—The Commission stated in January 2006 and again in January 2007 that recent European Union financial services legislative measures that are relevant to credit rating agencies, combined with a self-regulatory framework for rating agencies based on the IOSCO Code, provided a suitable framework for the oversight of rating agencies and that no legislative actions were required at the time. The Committee of European Securities Regulators has been charged with monitoring credit rating agencies' compliance with the IOSCO Code and reporting back to the Commission regularly. CESR conducted its first annual review to assess such compliance during 2006 and published its report in January 2007. CESR concluded that four internationally active rating agencies operating in the EU, including Moody's, are largely compliant with the IOSCO Code, and it identified a few areas where it believed rating agencies could improve their processes and disclosures and where the IOSCO Code could be improved.

CESR began its second annual review in 2007 and is evaluating the areas identified in its 2006 report, the impact of the Reform Act on the ratings business in the European Union, and the role of credit rating agencies in the structured finance process, including securitizations backed by subprime residential mortgages. As part of CESR's review process, CESR asked credit rating agencies and other interested market participants to respond to a questionnaire in the summer of 2007, asked credit rating agencies to respond to a supplementary questionnaire in November 2007 and published a consultation report in February 2008. Among other topics, the February consultation report outlined some of the potential advantages and disadvantages of adopting a more formal oversight regime for credit rating agencies. MIS's responses to the CESR questionnaires, as well as the response to CESR's consultation paper which was submitted jointly with four other rating agencies active in the international markets, can be found on the Regulatory Affairs page of the Company's website. It is anticipated that CESR will publish its final report and provide advice about the framework for oversight of rating agencies to the Commission in May 2008. It is anticipated that the Commission will finalize its assessment of CESR's advice in July 2008.

*The Basel Committee*—In June 2004, the Basel Committee on Banking Supervision published a new bank capital adequacy framework, called Basel II, to replace its initial 1988 framework. Under Basel II, ratings assigned by recognized credit rating agencies, called External Credit Assessment Institutions, can be used by banks in determining credit risk weights for many of their institutional credit exposures. Recognized ECAIs could be subject to a broader range of oversight. National authorities have begun the ECAI recognition process. Moody's has been recognized as an ECAI in several jurisdictions and the recognition process is ongoing in many others. Moody's does not currently believe that Basel II will materially affect its financial position or results of operations.

Other legislation and regulation relating to credit rating and research services has been considered from time to time by local, national and multinational bodies and is likely to be considered in the future. In certain countries, governments may provide financial or other support to locally-based rating agencies. In addition, governments may from time to time establish official rating agencies or credit ratings criteria or procedures for evaluating local issuers. If enacted, any such legislation and regulation could change the competitive landscape in which Moody's operates. In addition, the legal status of rating agencies has been addressed by courts in various decisions and is likely to be considered and addressed in legal proceedings from time to time in the future. Management of Moody's cannot predict whether these or any other proposals will be enacted, the outcome of any pending or possible future legal proceedings, or regulatory or legislative actions, or the ultimate impact of any such matters on the competitive position, financial position or results of operations of Moody's.

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## Table of Contents

### Forward-Looking Statements

Certain statements contained in this quarterly report on Form 10-Q are forward-looking statements and are based on future expectations, plans and prospects for the Company's business and operations that involve a number of risks and uncertainties. Such statements involve estimates, projections, goals, forecasts, assumptions and uncertainties that could cause actual results or outcomes to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements. Those statements appear at various places throughout this quarterly report on Form 10-Q, including in the sections entitled "Outlook" and "Contingencies" under Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations", commencing on page 20 of this quarterly report on Form 10-Q, under "Legal Proceedings" in Part II, Item 1, of this Form 10-Q, and elsewhere in the context of statements containing the words "believe", "expect", "anticipate", "intend", "plan", "will", "predict", "potential", "continue", "strategy", "aspire", "target", "forecast", "project", "estimate", "should", "could", "may" and similar expressions or words and variations thereof relating to the Company's views on future events, trends and contingencies. Stockholders and investors are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements and other information are made as of the date of this quarterly report on Form 10-Q, and the Company undertakes no obligation (nor does it intend) to publicly supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company is identifying examples of factors, risks and uncertainties that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking statements. Those factors, risks and uncertainties include, but are not limited to, matters that could affect the volume of debt and other securities issued in domestic and/or global capital markets, including credit quality concerns, changes in interest rates and other volatility in the financial markets; concerns in the marketplace affecting our credibility or otherwise affecting market perceptions of the integrity or utility of independent agency ratings; increased pricing pressure from competitors and/or customers; the introduction of competing products or technologies by other companies; the impact of regulation as a nationally recognized statistical rating organization and the potential for new U.S., state and local legislation and regulations; the potential for increased competition and regulation in foreign jurisdictions; exposure to litigation related to our rating opinions, as well as any other litigation to which the Company may be subject from time to time; the possible loss of key employees to investment or commercial banks or elsewhere and related compensation cost pressures; failures or malfunctions of our operations and infrastructure; the outcome of any review by controlling tax authorities of the Company's global tax planning initiatives; the outcome of those legacy tax and legal contingencies that relate to the Company, its predecessors and their affiliated companies for which Moody's has assumed portions of the financial responsibility; the ability of the Company to successfully integrate acquired businesses; and a decline in the demand for credit risk management tools by financial institutions. These factors, risks and uncertainties as well as other risks and uncertainties that could cause Moody's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements are described in greater detail under "Risk Factors" in Part I, Item 1A of the Company's annual report on Form 10-K, elsewhere in this Form 10-Q and in other filings made by the Company from time to time with the Securities and Exchange Commission or in materials incorporated herein or therein. Stockholders and investors are cautioned that the occurrence of any of these factors, risks and uncertainties may cause the Company's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements, which could have a material and adverse effect on the Company's business, results of operations and financial condition. New factors may emerge from time to time, and it is not possible for the Company to predict new factors, nor can the Company assess the potential effect of any new factors on it.

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## Table of Contents

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

There was no material change in the Company's exposure to market risk since December 31, 2007. For a discussion of the Company's exposure to market risk, refer to Item 7A. "Quantitative and Qualitative Disclosures about Market Risk", contained in the Company's annual report on Form 10-K for the year ended December 31, 2007.

### Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures: The Company carried out an evaluation, as required by Rule 13a-15(b) under the Exchange Act, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act, as of the 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 Securities and Exchange Commission's rules and forms and to provide reasonable assurance that such information is accumulated and communicated 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.

In addition, 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 period covered by this report.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

From time to time, Moody's is involved in legal and tax proceedings, governmental investigations, claims and litigation that are incidental to the Company's business, including claims based on ratings assigned by Moody's. 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 and other pending matters pursuant to SEC rules and as it may determine to be appropriate. The discussion of the legal matters under Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contingencies", commencing on page 28 of this quarterly report on Form 10-Q, is incorporated into this Item 1 by reference.

As a result of recent events in the U.S. subprime residential mortgage sector and the credit markets more broadly, various legislative, regulatory and enforcement entities around the world are investigating or evaluating the role of rating agencies in the U.S. subprime mortgage-backed securitization market and structured finance markets more generally. Moody's has received subpoenas and inquiries from states attorneys general and other governmental authorities and is cooperating with such investigations and inquiries. In addition, some participants in these markets have stated that they are considering initiating civil litigation against rating agencies relating to the events in the subprime mortgage sector. The Company cannot predict the ultimate impact that any legislative, regulatory, enforcement or litigation matters arising from such events may have on its competitive position, financial position or results of operations.

For claims, litigation and proceedings not related to income taxes, where it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated, the Company has recorded liabilities in the consolidated financial statements and periodically adjusts these as appropriate. In other instances, because of uncertainties related to the probable outcome and/or the amount or range of loss, management does not record a liability but discloses the contingency if significant. As additional information becomes available, the Company adjusts its assessments and estimates of such liabilities accordingly. For income tax matters, the Company employs the prescribed methodology of FIN No. 48 implemented as of January 1, 2007. FIN No. 48 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.

Based on its review of the latest information available, in the opinion of management, the ultimate liability of the Company for the pending matters referred to above is not likely to have a material adverse effect on the Company's consolidated financial condition, although it is possible that the effect could be material to the Company's consolidated results of operations for an individual reporting period. This opinion is subject to the contingencies described in Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contingencies".

### Item 1A. Risk Factors

There have been no material changes since December 31, 2007 to the significant risk factors and uncertainties known to the Company that, if they were to occur, could materially adversely affect the Company's business, financial condition, operating results and/or cash flow. For a discussion of the Company's risk factors, refer to Item 1A. "Risk Factors", contained in the Company's annual report on Form 10-K for the year ended December 31, 2007.

## Table of Contents

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

#### MOODY'S PURCHASES OF EQUITY SECURITIES For the Three Months Ended March 31, 2008

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares	Approximate Dollar Value of
			Purchased as Part of Publicly Announced Program	Shares That May yet be Purchased Under the Program (2)
January 1-31	3,646,572	\$ 34.57	3,632,500	\$ 1,898.5 million
February 1-29	1,788,198	\$ 36.88	1,761,200	\$ 1,833.6 million
March 1-31	2,275,488	\$ 35.42	2,088,945	\$ 1,759.6 million
Total	<u>7,710,258</u>		<u>7,482,645</u>	

- (1) Includes the surrender to the Company of 14,072 shares of common stock in January; 26,998 shares in February; and 186,543 shares in March; for a total of 227,613 shares for the first quarter of 2008, to satisfy tax withholding obligations in connection with the vesting of restricted stock issued to employees.
- (2) As of the last day of each of the months. On June 5, 2006, the Board of Directors authorized a \$2.0 billion share repurchase program, which the Company completed during January 2008. On July 30, 2007, the Board of Directors of the Company authorized an additional \$2.0 billion share repurchase program, which the Company began repurchasing shares under in January 2008 after completing the June 2006 authorization. There is no established expiration date for the remaining authorization.

During the first quarter of 2008, Moody's repurchased 7.5 million shares of its common stock, at an aggregate cost of \$264.5 million, and issued 1.0 million shares under employee stock-based compensation plans.

## Table of Contents

### Item 4. Submission of Matters to a Vote of Security Holders

The stockholders of the Company voted on three items at the Annual Meeting of Stockholders held on April 22, 2008:

1. The election of three Class I directors of the Company each to serve a three-year term;
2. The ratification of the appointment of KPMG LLP as the independent registered public accounting firm of the Company for the year 2008; and
3. A stockholder proposal to adopt simple majority vote requirements in the Company's charter and by-laws.

At the Annual Meeting:

1. The nominees for Class I directors to each serve a three-year term were elected based upon the following votes:

Nominee	Votes For	Votes Against	Abstain
Robert R. Glauber	208,648,963	2,172,669	2,051,714
Connie Mack	208,409,754	2,446,250	2,017,342
Nancy S. Newcomb	209,296,926	1,513,416	2,063,004

The Company's directors whose terms continued after the Annual Meeting are: Ewald Kist, Henry A. McKinnell, Jr., John K. Wulff, Basil L. Anderson and Raymond W. McDaniel, Jr.

2. The appointment of KPMG LLP as the independent registered public accounting firm of the Company for the year 2008 was ratified as follows:

209,874,278	votes for appointment
1,188,771	votes against
1,810,297	abstentions

3. The stockholder proposal to adopt simple majority vote requirements in the Company's charter and by-laws was defeated as follows:

77,175,270	votes for
108,077,705	votes against
3,654,337	abstentions
23,966,034	broker non-votes

### Item 5. Other events

#### 2008 Term Loan

On May 7, 2008, Moody's Corporation entered into a five-year, unsecured term loan, in an aggregate principal amount of \$150 million. Interest on borrowings under the 2008 Term Loan, which expires on May 7, 2013, is payable at rates that are based on LIBOR, plus a margin that can range from 125 basis points to 175 basis points depending on the Company's Earning Coverage Ratio. The outstanding borrowings shall amortize beginning in 2011, in accordance with the schedule of payments set forth in the 2008 Term Loan.

The 2008 Term Loan, similar to the Company's 2007 Facility, contains covenants that, among other things, restrict the ability of the Company to engage, or to permit its subsidiaries to engage in certain mergers, consolidations, asset sales, transactions with affiliates and sale-leaseback transactions or to incur, or permit its subsidiaries to incur, liens, in each case, subject to certain exceptions and limitations. The 2008 Term Loan also contains an Earnings Coverage Ratio maintenance covenant, as well as limits on the amount of debt that subsidiaries of the Company may incur. Upon the occurrence of certain events, such as failure to pay principal, interest or fees, the failure to comply with covenants, inaccuracy of representations or warranties, change of control, material judgments and certain other events constituting an event of default under the 2008 Term Loan, all loans outstanding under the 2008 Term Loan (including accrued interest and fees payable thereunder) may be declared immediately due and payable. A copy of the 2008 Term Loan is filed as an exhibit to this Quarterly Report.

Also on May 7, 2008, the Company entered into an interest rate swap with a notional amount of \$150 million to protect against fluctuations in the LIBOR-based variable interest rate on the 2008 Term Loan.

#### Officer Resignation

On May 7, 2008, Brian Clarkson resigned from his position as President and Chief Operating Officer of Moody's Investors Service, effective May 7, 2008. Mr. Clarkson will remain an employee of MIS until July 31, 2008.

In addition to receiving 52 weeks of salary and benefits continuation under the Moody's Career Transition Plan as described in Moody's 2008 Proxy Statement and participation in the 2008 Executive Performance Incentive Compensation Plan (under which Mr. Clarkson will be paid a prorated bonus in the first quarter of 2009 representing 7/12 of his target bonus), Mr. Clarkson is a participant in Moody's Supplemental Executive Benefit Plan. The SEBP features a "cliff vesting" provision pursuant to which any SEBP participant who terminates employment with the Company before both reaching the age of 55 and accumulating 10 years of service will have his SEBP benefits reduced by 60% of the otherwise accrued benefit. The board of directors of the Company has exercised its authority to waive the reduction in benefits for pre-age 55 termination and grant Mr. Clarkson the full value of his accrued SEBP benefit, otherwise in accordance with the plan terms.

The Board also provided that Mr. Clarkson's departure from the Company will be treated as a retirement under the Company's equity plans. As a consequence, his restricted stock grants will vest in full and all restrictions on such shares will lapse upon his termination and his unvested stock options (other than the grant he received in 2008) will continue to vest and (together with his vested stock options) be exercisable for five years from the date of termination or, if shorter, the remaining stated term of each option.

## Table of Contents

### Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
3	ARTICLES OF INCORPORATION AND BY-LAWS
.1	Restated Certificate of Incorporation of the Registrant dated June 15, 1998, as amended effective June 30, 1998, as amended effective October 1, 2000, and as further amended effective April 26, 2005 (incorporated by reference to Exhibit 3.1 to the Report on Form 8-K of the Registrant file number 1-14037, filed October 4, 2000, and Exhibit 3.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed April 27, 2005).
.2	Amended and Restated By-laws of the Registrant (incorporated by reference to Exhibit 3 of the Report on Form 8-K of the Registrant, file number 1-14037, filed February 25, 2008).
4	INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES
.1*	Five-Year Credit Agreement dated as of May 7, 2008, with JPMorgan Chase Bank, N.A., as administrative agent, Bank of China and Fifth Third Bank, as co-syndication agents, Barclays Commercial Bank, as documentation agent, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Commerce Bank, N.A., as co-agents, J.P. Morgan Securities, Inc., as lead arranger and bookrunner, and the lenders party thereto.
10	MATERIAL AGREEMENTS
.1	Agreement for Lease dated February 6, 2008, among CWCB Properties (DS7) Limited, CWCB Properties (DS7) Limited, Canary Wharf Holdings Limited, Moody's Investors Service Limited, and Moody's Corporation (incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of the Registrant file number 1-14037, filed February 12, 2008).
.2	Storage Agreement for Lease dated February 6, 2008 among Canary Wharf (Car Parks) Limited, Canary Wharf Holdings Limited, Canary Wharf Management Limited, Moody's Investors Service Limited, and Moody's Corporation (incorporated by reference to Exhibit 10.2 to the Report on Form 8-K of the Registrant filed number 1-14037, filed February 12, 2008).
.3*	Moody's Corporation Career Transition Plan.
16	LETTER REGARDING CHANGE IN CERTIFYING ACCOUNTANT
.1	Letter from PricewaterhouseCoopers LLP, dated March 5, 2008 (incorporated by reference to Exhibit 16.1 to the Report on Form 8-K of the Registrant file number 1-14037, filed February 12, 2008).
31	CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
.1*	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
.2*	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	CERTIFICATIONS PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
.1*	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (The Company has furnished this certification and does not intend for it to be considered filed under the Securities Exchange Act of 1934 or incorporated by reference into future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934.)
.2*	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (The Company has furnished this certification and does not intend for it to be considered filed under the Securities Exchange Act of 1934 or incorporated by reference into future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934.)

\* Filed herewith.





CREDIT AGREEMENT

dated as of

May 7, 2008

among

MOODY'S CORPORATION

The Lenders Party Hereto

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent,

BANK OF CHINA,  
FIFTH THIRD BANK,  
as Co-Syndication Agents,

BARCLAYS COMMERCIAL BANK,  
as Documentation Agent,

and

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,  
COMMERCE BANK, N.A.,  
as Co-Agents

\$150,000,000 TERM LOAN FACILITY

J.P. MORGAN SECURITIES INC., as  
Bookrunner and Lead Arranger

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TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1     DEFINITIONS	1
Section 1.01.     Defined Terms	1
Section 1.02.     Classification of Loans and Borrowings	12
Section 1.03.     Terms Generally	12
Section 1.04.     Accounting Terms; GAAP	12
ARTICLE 2     THE CREDITS	13
Section 2.01.     Term Loan	13
Section 2.02.     Loans and Borrowings	13
Section 2.03.     Initial Borrowing Request	13
Section 2.04.     Funding of Borrowings	14
Section 2.05.     Interest Elections	14
Section 2.06.     Repayment of Loans; Evidence of Debt	16
Section 2.07.     Prepayment of Loans	17
Section 2.08.     Fees	17
Section 2.09.     Interest	17
Section 2.10.     Alternate Rate of Interest	18
Section 2.11.     Increased Costs	18
Section 2.12.     Break Funding Payments	20
Section 2.13.     Taxes	20
Section 2.14.     Payments Generally; Pro Rata Treatment; Sharing of Set-offs	22
Section 2.15.     Mitigation Obligations; Replacement of Lenders	23
ARTICLE 3     REPRESENTATIONS AND WARRANTIES	24
Section 3.01.     Organization; Powers	24
Section 3.02.     Authorization; Enforceability	24
Section 3.03.     Governmental Approvals; No Conflicts	24
Section 3.04.     Financial Condition; No Material Adverse Change	24
Section 3.05.     Properties	25
Section 3.06.     Litigation and Environmental Matters	25
Section 3.07.     Compliance with Laws and Agreements	25
Section 3.08.     Investment Company Status	26

	<u>Page</u>
Section 3.09. Taxes	26
Section 3.10. ERISA	26
Section 3.11. Disclosure	26
Section 3.12. Subsidiaries	26
Section 3.13. Use of Proceeds	26
Section 3.14. Solvency	26
ARTICLE 4 CONDITIONS	27
Section 4.01. Effective Date	27
ARTICLE 5 AFFIRMATIVE COVENANTS	28
Section 5.01. Financial Statements and Other Information	28
Section 5.02. Notices of Material Events	29
Section 5.03. Existence; Conduct of Business	30
Section 5.04. Payment of Obligations	30
Section 5.05. Maintenance of Properties; Insurance	30
Section 5.06. Books and Records; Inspection Rights	30
Section 5.07. Compliance with Laws	31
Section 5.08. Use of Proceeds	31
ARTICLE 6 NEGATIVE COVENANTS	31
Section 6.01. Liens	31
Section 6.02. Fundamental Changes	32
Section 6.03. Transactions with Affiliates	33
Section 6.04. Sale and Lease-Back Transactions	33
Section 6.05. Total Debt to EBITDA Ratio	34
Section 6.06. Subsidiary Indebtedness	34
ARTICLE 7 EVENTS OF DEFAULT	34
ARTICLE 8 THE ADMINISTRATIVE AGENT	36
ARTICLE 9 MISCELLANEOUS	38
Section 9.01. Notices	38
Section 9.02. Waivers; Amendments	39
Section 9.03. Expenses; Indemnity; Damage Waiver	40
Section 9.04. Successors and Assigns	41
Section 9.05. Survival	44

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		<u>Page</u>
Section 9.06.	Counterparts; Integration; Effectiveness	45
Section 9.07.	Severability	45
Section 9.08.	Right of Setoff	45
Section 9.09.	Governing Law; Jurisdiction; Consent to Service of Process	45
Section 9.10.	Waiver of Jury Trial	46
Section 9.11.	Headings	46
Section 9.12.	Confidentiality	46
Section 9.13.	Interest Rate Limitation	47
Section 9.14.	USA Patriot Act	47

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SCHEDULES:

Schedule 1.01 — Scheduled Shareholder

Schedule 2.01 (a) — Lenders and Commitments

Schedule 3.12 — Subsidiaries

Schedule 6.01 — Existing Liens

EXHIBITS:

Exhibit A — Form of Assignment and Assumption

Exhibit B-1 — Form of Opinion of Borrower's Counsel

Exhibit B-2 — Form of Opinion of Skadden, Arps, Slate, Meagher & Flom LLP

Exhibit C — Form of Statement Relating to Tax Status

CREDIT AGREEMENT dated as of May 7, 2008, among MOODY'S CORPORATION, the LENDERS party hereto, JPMORGAN CHASE BANK, N.A., as Administrative Agent, BANK OF CHINA and FIFTH THIRD BANK, as Co-Syndication Agents, and BARCLAYS COMMERCIAL BANK, as Documentation Agent.

The parties hereto agree as follows:

**ARTICLE 1**  
**DEFINITIONS**

Section 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“ABR”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

“Acceptable Insurer” means (i) Lloyd's of London, so long as it is rated at least 3 crowns by Standard & Poor's, (ii) an insurance company having an A.M. Best rating of “A-” or better or a Moody's rating of A3 or better and being in a financial size category of IX or larger (as such category is defined on the date hereof) or (iii) an insurance company otherwise reasonably acceptable to the Administrative Agent.

“Administrative Agent” means JPMorgan Chase Bank, N.A., in its capacity as administrative agent for the Lenders hereunder.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. No SPC of any Lender shall be an Affiliate of such Lender.

“Alternate Base Rate” means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus  $\frac{1}{2}$  of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

“Applicable Interest Rate” has the meaning assigned to such term in Section 2.11(a).

“Applicable Percentage” means, with respect to any Lender, the percentage of the total outstanding Loans represented by such Lender's outstanding Loans. If the Loans have been repaid, the Applicable Percentages shall be determined based upon the Loans most recently in effect, giving effect to any assignments.

“Applicable Rate” means, for any day, with respect to any Eurocurrency Loan, as the case may be, the applicable rate per annum set forth below under the caption “Eurocurrency Spread”, as the case may be, based upon the Total Debt to EBITDA Ratio, as of the most recent determination date referred to below:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Total Debt to EBITDA Ratio (“R”):	R < 2.25:1.00	R ≥ 2.25:1.00 but < 3.25:1.00	R ≥ 3.25:1.00
Eurocurrency Spread	1.25%	1.50%	1.75%

For purposes of the foregoing, (i) the Total Debt to EBITDA Ratio shall be determined as of the end of each fiscal quarter of the Borrower’s fiscal year based upon the Borrower’s consolidated financial statements delivered pursuant to Section 5.01(a) or 5.01(b) and (ii) each change in the Applicable Rate resulting from a change in the Total Debt to EBITDA Ratio shall be effective during the period commencing on and including the date of delivery to the Administrative Agent of such consolidated statements indicating such change and ending on the date immediately preceding the effective date of the next such change; provided, that if the Borrower fails to deliver the consolidated financial statements required to be delivered by it pursuant to Section 5.01(a) or 5.01(b), the Applicable Rate shall be determined by reference to the Category next above the Category then in effect until the resultant Default shall become an Event of Default, at which time the Applicable Rate shall be deemed to be Category 3 until such financial statements shall have been delivered.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

“Board” means the Board of Governors of the Federal Reserve System of the United States of America.

“Borrower” means the Moody’s Corporation, a Delaware corporation, and its successors.

“Borrowing” means Loans of the same Type made, converted or continued on the same date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect.

“Borrowing Request” means a request for a Borrowing in accordance with Section 2.03.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that (i) when used in connection with a Eurocurrency Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in deposits in the applicable currency in the London interbank market and (ii) when used in connection with notices or payments to or from the Administrative Agent, such term shall also exclude any day on which the Administrative Agent is not open.

“Capital Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or



personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“Change in Control” means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) other than the Scheduled Shareholder, of shares representing more than 40% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of the Borrower; (b) the acquisition of ownership, directly or indirectly, beneficially or of record, by the Scheduled Shareholder of shares representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of the Borrower; or (c) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were not (i) nominated by the board of directors of the Borrower or (ii) appointed by directors so nominated or appointed.

“Change in Law” means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.11(c), by any lending office of such Lender or by such Lender’s holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Commitment” means the commitment of the Lenders to make the loans to the Borrower under Section 2.01 in the aggregate amount of \$150,000,000.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Designated Subsidiary” means (i) Moody’s, a Delaware corporation, and (ii) any other Subsidiary designated as a “Designated Subsidiary” by the Borrower.

“Disclosed Matters” means the actions, suits and proceedings and other matters disclosed in the Borrower’s Report on Form 10-K filed with the Securities and Exchange Commission for the annual period ending December 31, 2007, as updated by the Borrower’s Reports on Form 10-Q filed with the Securities and Exchange Commission for the quarterly period ending March 31, 2008.

“dollars” or “\$” refers to lawful money of the United States of America.

“EBITDA” means, for any period, the consolidated net income of the Borrower and its consolidated Subsidiaries for such period *plus*, to the extent deducted in computing such consolidated net income for such period, the sum (without duplication) of (a) income tax expense, (b) Interest Expense, (c) depreciation and amortization expense and (d) extraordinary losses, and *minus*, to the extent added in computing such consolidated net income for such period, extraordinary gains.

“Effective Date” means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02) and the Loans are made pursuant to Section 2.01.

“Environmental Laws” means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“ERISA Event” means (a) any “reportable event”, as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an “accumulated funding deficiency” (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower

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or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

“Eurocurrency”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the LIBO Rate.

“Event of Default” has the meaning assigned to such term in Article 7.

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income (including branch profits or similar taxes) imposed as a result of a present or former connection between such Lender or the Administrative Agent and the Governmental Authority imposing such tax (other than any such connection arising solely from such Lender or the Administrative Agent having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement) and (b) in the case of a Foreign Lender, any withholding tax that is imposed on amounts payable to such Foreign Lender to the extent they are in effect and would apply as of the date such Foreign Lender becomes a party to this Agreement or designates a new lending office, or that is attributable to such Foreign Lender’s failure to comply with Section 2.13(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.13(a).

“Existing Credit Agreement” means the Five-Year Credit Agreement dated as of September 28, 2007 among the Borrower, the borrowing subsidiaries party thereto, the lenders party thereto, Citibank, N.A., as administrative agent, Bank of America, N.A., as syndication agent, and JPMorgan Chase Bank, N.A., as documentation agent.

“Federal Funds Effective Rate” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

“Financial Officer” of any Person means the chief financial officer, principal accounting officer, treasurer or controller of such Person.

“Foreign Lender” means, with respect to any Loan, any Lender making such Loan that is organized under the laws of a jurisdiction other than the United States of America.

“GAAP” means generally accepted accounting principles in the United States of America.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Guarantee” of or by any Person (the “guarantor”) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other Person (the “primary obligor”), whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Indebtedness” of any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (e) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing unconditional right to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed (the amount of any Indebtedness resulting from this clause (e) shall be equal to the lesser of (i) the amount secured by such Lien and (ii) the fair market value of the property subject to such Lien as determined in good faith by such Person), (f) all Guarantees by such Person of Indebtedness of others, (g) all Capital Lease Obligations of such Person, (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty issued by banks or other financial institutions and (i) all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances created for the account of such Person. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

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“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Interest Election Request” means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.05.

“Interest Expense” means, for any period, (x) the interest expense of the Borrower and its consolidated Subsidiaries for such period determined on a consolidated basis in accordance with GAAP and including (i) the amortization of debt discounts to the extent included in interest expense in accordance with GAAP, (ii) the amortization of all fees (including fees with respect to Swap Agreements) payable in connection with the incurrence of Indebtedness to the extent included in interest expense in accordance with GAAP, and (iii) the portion of any rents payable under capital leases allocable to interest expense in accordance with GAAP minus (y) the interest income of the Borrower and its consolidated Subsidiaries for such period determined on a consolidated basis in accordance with GAAP.

“Interest Payment Date” means (a) with respect to any ABR Loan, the last day of each March, June, September and December and (b) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three months’ duration, each day prior to the last day of such Interest Period that occurs at intervals of three months’ duration after the first day of such Interest Period.

“Interest Period” means, with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, or, if available by all Lenders, nine or twelve months thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurocurrency Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurocurrency Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“Lenders” means the Persons listed on Schedule 2.01(a) and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption.

“LIBO Rate” means, with respect to any Eurocurrency Borrowing for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent in consultation with the Borrower from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank

market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the “LIBO Rate” with respect to such Eurocurrency Borrowing for such Interest Period shall be the rate at which the Administrative Agent is offered dollar deposits of \$5,000,000 and for a maturity comparable to such Interest Period in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

“Lien” means, with respect to any asset of any Person, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset of any Person, for the purpose of securing any obligation of such Person or any other Person, and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

“Loans” means the loans made by the Lenders to the Borrower pursuant to this Agreement.

“Material Adverse Effect” means a material adverse effect on (a) the business, assets, operations or financial condition of the Borrower and the Subsidiaries taken as a whole, (b) the ability of the Borrower to perform any of its payment obligations under this Agreement or (c) the rights of or benefits available to the Lenders under this Agreement.

“Material Indebtedness” means Indebtedness (other than the Loans), or obligations in respect of one or more Swap Agreements, of the Borrower and its Subsidiaries in an aggregate principal amount exceeding \$50,000,000. For purposes of determining Material Indebtedness, the “principal amount” of the obligations of the Borrower or any Subsidiary in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Swap Agreement were terminated at such time.

“Material Subsidiary” means any Subsidiary (a) the Total Assets of which exceed 10% of the Total Assets of the Borrower and its consolidated Subsidiaries as of the end of the most recently completed fiscal year or (b) the Net Revenue of which exceeds 10% of the Net Revenue of the Borrower and its consolidated Subsidiaries as of the end of the most recently completed fiscal year, provided that (i) any Subsidiary that directly or indirectly owns a Material Subsidiary shall itself be a Material Subsidiary and (ii) in the event Subsidiaries that would otherwise not be Material Subsidiaries shall in the aggregate account for a percentage in excess of 15% of the Total Assets or 15% of the Net Revenue of the Borrower and its consolidated Subsidiaries as of the end of the most recently completed fiscal year, then one or more of such Subsidiaries designated by the Borrower (or, if the Borrower shall make no designation, one or more of such Subsidiaries in descending order based on their respective contributions to such determination of Total Assets), shall be included as Material Subsidiaries to the extent necessary to eliminate such excess.

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“Maturity Date” means May 7, 2013 (or, if such day is not a Business Day, the next succeeding Business Day).

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Net Revenue” means, with respect to any Person for any period, the net revenue of such Person and its consolidated subsidiaries, determined on a consolidated basis in accordance with GAAP for such period.

“Other Taxes” means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

“Participant” has the meaning set forth in Section 9.04(c).

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Permitted Encumbrances” means:

(a) Liens imposed by law for taxes, assessments and other governmental charges that are not yet delinquent or are being contested in compliance with Section 5.04;

(b) carriers’, warehousemen’s, mechanics’, materialmen’s, landlords’, repairmen’s and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 60 days or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers’ compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business and deposits securing liabilities to insurance carriers under insurance or self-insurance arrangements; and

(e) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Subsidiary;

provided that the term “Permitted Encumbrances” shall not include any Lien securing Indebtedness.

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“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Prime Rate” means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its base rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“Qualified Capital Stock” means any capital stock that, by its terms or upon the happening of any event or condition, (a) does not mature and is not mandatorily redeemable on or prior to 90 days after the Maturity Date, (b) is not redeemable at the option of the holder thereof, in whole or in part on or prior to 90 days after the Maturity Date, (c) does not provide for the scheduled payment of dividends in cash on or prior to 90 days after the Maturity Date and (d) is not or will not become convertible into or exchangeable for Indebtedness on or prior to 90 days after the Maturity Date.

“Register” has the meaning set forth in Section 9.04.

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s Affiliates.

“Required Lenders” means, at any time, Lenders having outstanding Loans representing more than 50% of the sum of all outstanding Loans at such time.

“SPC” has the meaning set forth in Section 9.04(e).

“Scheduled Shareholder” has the meaning set forth in Schedule 1.01.

“Statutory Reserve Rate” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by any Governmental Authority to which banks in such jurisdiction are subject for any category of deposits or liabilities customarily used to fund loans in such currency or by reference to which interest rates applicable to Loans are determined. Such reserve, liquid asset or similar percentages shall include those imposed pursuant to Regulation D of the Board. Eurocurrency Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.



“subsidiary” means, with respect to any Person (the “parent”) at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

“Subsidiary” means any subsidiary of the Borrower.

“Successor Corporation” has the meaning set forth in Section 6.02(c).

“Swap Agreement” means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or the Subsidiaries shall be a Swap Agreement.

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

“Total Assets” means, at any date as to any Person, the total assets of such Person and its consolidated subsidiaries at such date, determined on a consolidated basis in accordance with GAAP.

“Total Debt” means, at any date all indebtedness of the Borrower and its consolidated Subsidiaries at such date to the extent such items should be reflected on the consolidated balance sheet of the Borrower (excluding any such items which appear only in the notes to such consolidated balance sheet) at such date in accordance with GAAP.

“Total Debt to EBITDA Ratio” means, at any time, the ratio of (a) Total Debt at such time to (b) EBITDA for the most recent period of four consecutive fiscal quarters of the Borrower ended at or prior to such time. Solely for purposes of this definition, (i) if the Borrower or any of its consolidated subsidiaries shall have completed an acquisition of all or a substantial part of the assets, or a going concern business or division, of any Person, or (ii) if the Borrower shall have merged with any Person during such period or (iii) the Borrower or any of its consolidated subsidiaries shall have disposed of all or a substantial part of its assets or a going concern business or division, in each case, EBITDA for the relevant period shall be determined on a pro forma basis as if such acquisition, disposition or merger, and the incurrence of any related Indebtedness, had occurred on the first day of such period.

“Transactions” means the execution, delivery and performance by the Borrower of this Agreement, the borrowing of Loans and the use of the proceeds thereof described in Section 3.13.

“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the LIBO Rate or the Alternate Base Rate.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

Section 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans and Borrowings may be classified and referred to by Type ( *e.g.* , a “Eurocurrency Loan”).

Section 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

Section 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

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## ARTICLE 2

### THE CREDITS

Section 2.01. Term Loan. The Lenders shall make term loans to the Borrower on the Effective Date in an aggregate principal amount not to exceed \$150,000,000 upon the terms and subject to the conditions set forth herein. The Loans are not revolving in nature and any portion thereof that is repaid or prepaid may not be reborrowed. Any unused Commitments shall terminate on the Effective Date.

Section 2.02. Loans and Borrowings. (a) The Loans shall be denominated in dollars and made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.10, each Borrowing shall be comprised entirely of ABR Loans or Eurocurrency Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any Eurocurrency Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that (i) any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement and (ii) unless the Borrower shall request that an Affiliate of a Lender make a Loan, a Lender may not recover for any increased costs under Section 2.11 or 2.13 incurred solely as a result of an Affiliate of such Lender, rather than such Lender, making a Loan, if, without economic disadvantage to, and consistent with the policies and practices of, such Lender, such Loan could have been made in a manner that would have avoided such increased costs under Section 2.11 or 2.13.

(c) At the commencement of each Interest Period for any Eurocurrency Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$1,000,000. At the time any ABR Borrowing is made, such Borrowing shall be in an amount that is an integral multiple of \$500,000 and not less than \$1,000,000. Borrowings of more than one Type may be outstanding at the same time; provided that there shall not at any time be more than a total of eight Eurocurrency Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

Section 2.03. Initial Borrowing Request. (a) To request Loans on the Effective Date, the Borrower shall notify the Administrative Agent of such request in writing (i) in the case of a Eurocurrency Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing or (ii) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the same day as the proposed Borrowing. Such Borrowing Request shall be irrevocable and in a form approved by the Administrative Agent and signed by the Borrower. Such Borrowing Request shall specify the following information:

- (i) the aggregate amount of the requested Borrowing;

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- (ii) the date of such Borrowing, which shall be a Business Day;
  - (iii) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;
  - (iv) in the case of a Eurocurrency Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and
  - (v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.04.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurocurrency Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

Section 2.04. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time. The Administrative Agent will make the Loans available to the Borrower (i) promptly (but in no event later than 1:00 p.m., New York City time), by crediting the amounts so received by 12:00 noon, New York City time, in like funds, to an account of the Borrower maintained with the Administrative Agent in New York City, or (ii) to such other account as may be specified in the applicable Borrowing Request.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed time of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the Federal Funds Effective Rate or (ii) in the case of the Borrower, the interest rate applicable to the subject Loan. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing and the Administrative Agent shall return to the Borrower any amount (including interest) paid by the Borrower to the Administrative Agent pursuant to this paragraph with respect to such amount.

Section 2.05. Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the

Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. Notwithstanding any contrary provision herein, this Section shall not be construed to permit the Borrower to change the currency of any Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time and at the office at which a Borrowing Request would be required to be delivered under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery, telecopy or email to the Administrative Agent of a written Interest Election Request in a form reasonably approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

- (i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);
- (ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;
- (iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and
- (iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing

shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurocurrency Borrowing and (ii) unless repaid each Eurocurrency Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

Section 2.06. Repayment of Loans; Evidence of Debt. (a) The Borrower shall pay the Administrative Agent for the account of each Lender the outstanding principal amount of the Loans applicable to such Lender in installments on the dates and in the amounts set forth in the table below (as such installments may hereafter be adjusted as a result of prepayments made pursuant to Section 2.07), unless accelerated sooner pursuant to Article 7:

<u>Payment Date</u>	<u>Principal Amortization Payment</u>
September 30, 2010	\$ 1,875,000
December 31, 2010	\$ 1,875,000
March 31, 2011	\$ 1,875,000
June 30, 2011	\$ 1,875,000
September 30, 2011	\$ 3,750,000
December 31, 2011	\$ 3,750,000
March 31, 2012	\$ 3,750,000
June 30, 2012	\$ 3,750,000
September 30, 2012	\$ 31,875,000
December 31, 2012	\$ 31,875,000
March 31, 2013	\$ 31,875,000
Maturity Date	\$ 31,875,000

(remaining unpaid principal amount)

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period (if any) applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be *prima facie* evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that the Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent and the Borrower. Thereafter, the Loans evidenced by each such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

Section 2.07. Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing of the Borrower in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section.

(b) The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurocurrency Borrowing, not later than 11:00 a.m., New York City time, two Business Days before the date of prepayment, or (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided, that if a notice of prepayment is given in connection with a conditional notice of the effectiveness of other credit facilities, then such notice may be revoked by the Borrower if such condition is not satisfied. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that is an integral multiple of \$1,000,000 and not less than \$1,000,000. Each prepayment of the Loans shall be applied to reduce the payments required by Section 2.06(a) in inverse order of maturity. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.09.

Section 2.08. Fees. The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

Section 2.09. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at a rate per annum equal to the Alternate Base Rate.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest at a rate per annum equal to the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided above or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided above.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (iii) in the event of any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion and (iv) all accrued interest shall be payable on the Maturity Date.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be presumed correct absent manifest error.

Section 2.10. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

(a) the Administrative Agent determines (which determination shall be presumed correct absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by Lenders, having outstanding Loans representing more than 66 <sup>2</sup>/<sub>3</sub> % of the sum of all outstanding Loans at such time, that the LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing shall be ineffective, and any Eurocurrency Borrowing so requested to be continued shall, at the option of the Borrower, be repaid in full on the last day of the Interest Period applicable thereto, or be converted to an ABR Borrowing denominated in dollars, and (ii) if any Borrowing Request requests a Eurocurrency Borrowing, such Borrowing shall be made as an ABR Borrowing.

Section 2.11. Increased Costs. (a) If any Governmental Authority shall have in effect any reserve, liquid asset or similar requirement with respect to any category of deposits or liabilities customarily used to fund Loans, or by reference to which interest rates applicable to Loans are determined, and the result of such requirement shall be to increase the cost to such Lender of making or maintaining any Loan, and such Lender shall deliver to the Borrower a notice requesting compensation under this paragraph and setting forth the applicable Statutory Reserve Rate, then the Borrower shall pay to such Lender on each Interest Payment Date with



respect to each affected Loan additional interest at a rate per annum up to but not exceeding the excess of (i) the rate otherwise applicable to such Loan (the “Applicable Interest Rate”) divided by one minus the applicable Statutory Reserve Rate over (ii) the Applicable Interest Rate.

(b) If any Change in Law shall:

- (i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement covered by subsection (a) above); or
- (ii) impose on any Lender or the London interbank market (or any other market in which the funding operations of such Lender shall be conducted) any other condition affecting this Agreement or Eurocurrency Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurocurrency Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender in respect thereof hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(c) If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender’s capital or on the capital of such Lender’s holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender’s holding company could have achieved but for such Change in Law (taking into consideration such Lender’s policies and the policies of such Lender’s holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender’s holding company for any such reduction suffered.

(d) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a), (b) or (c) of this Section shall be delivered to the Borrower and shall be presumed correct absent manifest error. The Borrower shall pay such Lender the amount due under this Section within 10 days after receipt of the relevant certificate.

(e) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender’s right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than six months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender’s intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof.

Section 2.12. Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.07(b) and is revoked in accordance herewith), or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.15, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurocurrency Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount determined by such Lender to be equal to the excess, if any, of (i) the amount of interest that such Lender would pay for a deposit equal to the principal amount of such Loan (and in the same currency as such Loan) for the period from the date of such payment, conversion, failure or assignment to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, the duration of the Interest Period that would have resulted from such borrowing, conversion or continuation) if the interest rate payable on such deposit were equal to the LIBO Rate for such Interest Period, over (ii) the amount of interest that such Lender would earn on such principal amount for such period if such Lender were to invest such principal amount for such period at the interest rate that would be bid by such Lender (or an affiliate of such Lender) for deposits in the same currency from other banks in the eurodollar market at the commencement of such period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be presumed correct absent manifest error. The Borrower shall pay such Lender the amount due under this Section within 10 days after receipt of the relevant certificate.

Section 2.13. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent and each Lender, within 15 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section), and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally

imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Each Lender that is not a United States person as defined in section 7701(a)(30) of the Code shall, if legally able to do so, prior to the immediately following due date of any payment by the Borrower under this Agreement, deliver to the Borrower Internal Revenue Service Form W-8BEN or Form W-8ECL, or, in the case of a Lender claiming exemption from U.S. federal withholding tax with respect to payments under this Agreement under section 871(h) or 881(c) of the code relating to payments of "portfolio interest", Form W-8BEN and a statement substantially in the form of Exhibit C, and any other certificate or statement of exemption or any subsequent version thereof or successors thereto, properly completed and duly executed by such Lender claiming complete exemption or a reduced rate of United States federal withholding tax. Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement pursuant to any treaty to which the United States of America is a party shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate.

If the Borrower determines in good faith that a reasonable basis exists for contesting an Indemnified Tax or Other Tax, the relevant Lender or the Administrative Agent, as applicable, shall cooperate with the Borrower in challenging such Tax at the Borrower's expense if requested by the Borrower. If any Lender or the Administrative Agent, as applicable, shall become aware that it is entitled to receive a refund in respect of Indemnified Taxes or Other Taxes pursuant to Section 2.13, it shall promptly notify the Borrower of the availability of such refund and shall, within 30 days after receipt of a request by the Borrower, apply for such refund if it is not otherwise disadvantageous to such Lender or the Administrative Agent. If any Lender or the Administrative Agent, as applicable, determines, in its sole discretion, that it has received a refund (whether by way of a direct payment or by offset) of any Indemnified Tax or Other Tax for which a payment has been made pursuant to Section 2.13 or realizes any credit or other tax benefit as a result of the payment of such Tax by the Borrower, which refund, credit or tax benefit in the good faith judgment of such Lender or the Administrative Agent, as the case may be, is allocable to such payment made under Section 2.13, the amount of such refund, credit or tax benefit (together with any interest received from the applicable Governmental Authority thereon) shall be paid to the Borrower, net of all out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or

such Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

Section 2.14. Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees under Section 2.06, 2.08, 2.09, 2.11, 2.12 or 2.13) from a payment location in the United States prior to 1:00 p.m., New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 270 Park Avenue, New York, New York. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder (whether of principal, interest or otherwise) shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Federal Funds Effective Rate.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to 2.04(b) or 2.14(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

**Section 2.15. Mitigation Obligations; Replacement of Lenders.** (a) If any Lender requests compensation under Section 2.11, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.13, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.11 or 2.13, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.11, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.13, or if any Lender defaults in its obligation to fund Loans hereunder, or if any Lender fails to approve any waiver or amendment to this Agreement which has been approved by the Required Lenders, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.11 or payments required to be made pursuant to Section 2.13, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

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## ARTICLE 3

### REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lenders that:

Section 3.01. Organization; Powers. Each of the Borrower and its Material Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

Section 3.02. Authorization; Enforceability. The Transactions are within the Borrower's organizational powers and have been duly authorized by all necessary organizational and, if required, stockholder action. This Agreement has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

Section 3.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, and except for such consents, approvals, registrations, filings and other actions the failure to obtain or make could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Borrower or any of its Subsidiaries or any order of any Governmental Authority, except for such violations which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, (c) will not violate or result in a default under any indenture, agreement or other instrument binding the Borrower or any of its Subsidiaries or its assets, or give rise to a right thereunder to require any payment to be made by the Borrower or any of its Subsidiaries, except for such violations and defaults which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, and (d) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Material Subsidiaries.

Section 3.04. Financial Condition; No Material Adverse Change. (a) The Borrower has heretofore furnished to the Lenders its consolidated balance sheet and the related consolidated statements of operations, shareholders' equity and cash flows for the fiscal year ended December 31, 2007, in each case reported on by PricewaterhouseCoopers LLP, independent public accountants, and certified by a Financial Officer of the Borrower. Such financial statements (including notes thereto) present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP.

(b) Since December 31, 2007, there has been no material adverse change in the business, assets, operations or financial condition, of the Borrower and its Subsidiaries, taken as a whole, except as publicly disclosed by the Borrower prior to April 23, 2008.

Section 3.05. Properties. (a) Each of the Borrower and its Material Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to the business of the Borrower and its Subsidiaries, taken as a whole, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes. There are no Liens on any such property other than Liens permitted under Section 6.01.

(b) Each of the Borrower and its Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to the business of the Borrower and its Subsidiaries taken as a whole, and the use thereof by the Borrower and its Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 3.06. Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters) or (ii) that involve this Agreement or the Transactions.

(b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

(c) Since the date of this Agreement, there has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in a Material Adverse Effect.

Section 3.07. Compliance with Laws and Agreements. Each of the Borrower and its Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property (including without limitation any "margin" rules or regulations promulgated by the Board) and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

Section 3.08. Investment Company Status. Neither the Borrower nor any of its Material Subsidiaries is an “investment company” as defined in, or subject to regulation under, the Investment Company Act of 1940.

Section 3.09. Taxes. Each of the Borrower and each of its Subsidiaries has timely filed or caused to be filed all material Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes shown to be due therefrom, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

Section 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan by an amount that could reasonably be expected to result in a Material Adverse Effect, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Plans by an amount that could reasonably be expected to result in a Material Adverse Effect.

Section 3.11. Disclosure. None of the reports, financial statements, certificates or other written information furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder or thereunder (as modified or supplemented by other information so furnished), taken as a whole, contain any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

Section 3.12. Subsidiaries. Schedule 3.12 sets forth as of the date hereof a list of all Subsidiaries and the percentage ownership interest of the Borrower therein. As of the Effective Date, the shares of capital stock of such Subsidiaries will be fully paid and non-assessable and such shares and other ownership interests so indicated by Schedule 3.12 will be owned by the Borrower, directly or indirectly, free and clear of all Liens.

Section 3.13. Use of Proceeds. The proceeds of the Loans shall be applied by the Borrower in accordance with the provisions of Section 5.08.

Section 3.14. Solvency. On the date of the first Borrowing hereunder and immediately after giving effect to such Borrowing, (a) the fair value of the assets of the Borrower, at a fair valuation, will exceed its debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of the Borrower will be greater than the amount that



will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) the Borrower does not intend to incur or does not believe it will incur debts and liabilities, subordinated, contingent or otherwise, beyond its ability to pay such debts and liabilities as they become absolute and matured; and (d) the Borrower will not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted following the Effective Date.

#### ARTICLE 4

#### CONDITIONS

Section 4.01. Effective Date. The obligations of the Lenders to make Loans hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

- (a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.
- (b) The Administrative Agent shall have received favorable written opinions (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of John Goggins, Esq., Senior Vice President and General Counsel of the Borrower, and Skadden, Arps, Slate, Meagher & Flom LLP special New York counsel for the Borrower, substantially in the form of Exhibit B-1 and B-2, respectively, and covering such other matters relating to the Borrower, this Agreement or the Transactions as the Administrative Agent shall reasonably request. The Borrower hereby requests such counsel to deliver such opinion.
- (c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Borrower, the authorization of the Transactions and any other legal matters relating to the Borrower, this Agreement or the Transactions, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel.
- (d) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the Chairman, the President, a Vice President or a Financial Officer of the Borrower, confirming compliance with the conditions set forth in paragraphs (h) (including the representations and warranties set forth in Section 3.04) and (i) of this Section 4.01.
- (e) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all reasonable out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.
- (f) The Lenders shall have received copies of all the financial statements referred to in Section 3.04, and all such financial statements shall be consistent in all material respects with other information previously provided to the Lenders.

(g) The Lenders shall have received a certificate of a responsible officer of the Borrower certifying that there are no actions, suits or proceedings (other than the Disclosed Matters) by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involves this Agreement or the Transactions.

(h) The representations and warranties of the Borrower set forth in this Agreement shall be true and correct on and as of the Effective Date.

(i) No Default shall have occurred and be continuing.

(j) The Administrative Agent shall have received a Borrowing Request meeting the requirements of Section 2.03 for Loans to be disbursed on the Effective Date.

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding.

Notwithstanding the foregoing, the obligations of the Lenders to make Loans hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 9.02) at or prior to 3:00 p.m., New York City time, on or prior to May 7, 2008 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

## ARTICLE 5

### AFFIRMATIVE COVENANTS

Until the Commitments have expired or have been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, the Borrower covenants and agrees with the Lenders that:

Section 5.01. Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent:

(a) within 70 days after the end of each fiscal year of the Borrower (or the number of days that is ten days more than such shorter period as may be required by the Securities and Exchange Commission), its audited consolidated balance sheet and related statements of operations, shareholders' equity and cash flows as of the end of and for such year, setting forth in each case comparative figures for the previous fiscal year, all reported on by PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower (or the number of days that is five days more than such shorter period as may be required by the Securities and Exchange Commission), its consolidated balance sheet and

related statements of operations, shareholders' equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year and statements of cash flow for the then elapsed portion of the fiscal year, setting forth in each case comparative figures for the corresponding periods of the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Borrower (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.05 and (iii) stating whether any material change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.04 affecting the Borrower and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) concurrently with any delivery of financial statements under clause (a) above, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) promptly after the same become publicly available, copies of all periodic and other material reports (other than reports relating to employee benefit matters or employment plans) and proxy statements filed by the Borrower or any Subsidiary with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed by the Borrower to its shareholders generally, as the case may be, and all material amendments to any of the foregoing; and

(f) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent may reasonably request.

Section 5.02. Notices of Material Events. The Borrower will furnish to the Administrative Agent prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any Subsidiary thereof that could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of the Borrower and its Subsidiaries in an aggregate amount that could reasonably be expected to result in a Material Adverse Effect; and

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(d) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 5.03. Existence; Conduct of Business. The Borrower will, and will cause each of its Material Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of the business of the Borrower and its Subsidiaries, taken as a whole; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.02.

Section 5.04. Payment of Obligations. The Borrower will, and will cause each of its Subsidiaries to, pay its obligations, including material Tax liabilities, that, if not paid, could result in a Material Adverse Effect before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

Section 5.05. Maintenance of Properties; Insurance. The Borrower will, and will cause each of its Material Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations; provided that any such insurance may be maintained through a program of self-insurance to the extent deemed prudent by the Borrower in its reasonable business judgment (which determination shall take into account the self-insurance practices customary among such companies, to the extent the Borrower has knowledge thereof without any investigation).

Section 5.06. Books and Records; Inspection Rights. The Borrower will, and will cause each of its Material Subsidiaries to, keep proper books of record and account in accordance with GAAP (or, the case of a foreign Subsidiary, generally accepted accounting principles in the jurisdiction of organization of such foreign Subsidiary). The Borrower will, and will cause each of its Material Subsidiaries to, permit any representatives designated by the Administrative Agent on its own initiative or at the request of the Required Lenders, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested; provided that, unless an Event of Default has occurred and is continuing, such visitation and inspection rights may only be exercised once per calendar year at the expense of the Borrower.

Section 5.07. Compliance with Laws. The Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including ERISA), except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 5.08. Use of Proceeds. The proceeds of the Loans will be used only for general corporate purposes, including without limitation back-up for the Borrower's commercial paper program, share repurchases and acquisition financings. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations U and X.

## ARTICLE 6

### NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full, the Borrower covenants and agrees with the Lenders that:

Section 6.01. Liens. The Borrower will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, except:

(a) Permitted Encumbrances;

(b) any Lien on any property or asset of the Borrower or any Subsidiary existing on the date hereof and set forth in Schedule 6.01; provided that (i) such Lien shall not apply to any other property or asset of the Borrower or any Subsidiary and such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals, refinancings and replacements thereof that do not increase the outstanding principal amount thereof (other than by an amount equal to any costs and expenses incurred in connection with such extension, renewal, refinancing or replacement);

(c) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary or any Lien on any asset of any Person existing at the time such Person is merged into or consolidated with the Borrower or a Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary or such merger, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Borrower or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary or the date of such merger, as the case may be, and extensions, renewals, refinancings and replacements thereof that do not increase the outstanding principal amount thereof (other than by an amount equal to any costs and expenses incurred in connection with such extension, renewal, refinancing or replacement);

(d) any Lien on any asset (i) initially securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring or constructing such asset or (ii) securing Indebtedness incurred to extend, renew, refinance or replace the Indebtedness then secured by such Lien, provided that (x) such Lien attaches to such asset concurrently with or within 180 days after the acquisition thereof and (y) the principal amount of Indebtedness secured by such Lien shall not be increased in connection with any extension, renewal, refinancing or replacement of such Indebtedness (other than by an amount equal to any costs and expenses incurred in connection with such extension, renewal, refinancing or replacement);

(e) any Lien arising in connection with the financing of accounts receivable by the Borrower or any of its Subsidiaries, provided that the uncollected amount of account receivables subject at any time to any such financing shall not exceed \$150,000,000;

(f) any Lien on any property sold or transferred pursuant to a transaction permitted under Section 6.04;

(g) any Lien in favor of the Borrower or any Subsidiary granted by the Borrower or any Subsidiary in order to secure any intercompany obligations;

(h) any Lien granted or arising in connection with any legal proceeding to the extent such proceeding has not resulted in an Event of Default under paragraph (k) of Article 7; and

(i) any Lien to secure Indebtedness and other obligations if, at any date, immediately after the incurrence thereof, the sum (without duplication) of all amounts secured by Liens which would not be permitted but for this clause (i) does not exceed \$100,000,000.

Section 6.02. Fundamental Changes. (a) The Borrower will not (i) merge or consolidate with any other Person or (ii) permit any Designated Subsidiary to merge or consolidate with any other Person, except that (1) the Borrower and any Designated Subsidiaries may merge into or consolidate with each other, (2) the Borrower may merge or consolidate with any other Person in accordance with subsection (c) and (3) any Designated Subsidiary may merge or consolidate with any other Person so long as the surviving entity of such merger or consolidation is a Designated Subsidiary. The Borrower will not, and will not permit any Designated Subsidiary to, liquidate or dissolve.

(b)(i) The Borrower will not sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of the assets of the Borrower and its consolidated Subsidiaries, taken as a whole, or all or substantially all of the stock or other equity interests of any Designated Subsidiary and (ii) the Borrower will not permit any Designated Subsidiary to sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of the assets of such Designated Subsidiary and its subsidiaries, taken as a whole, except (1) the Borrower and any Designated Subsidiaries may consummate any transaction described in clause (i) or (ii) with the Borrower or any other Designated Subsidiary and (2) the Borrower may consummate any transaction described in clause (i) in accordance with subsection (c).

(c) The Borrower may consummate any of the transactions described in clauses (a)(i) and (b)(i) of this Section if (i) the surviving corporation in any such merger or consolidation or

the Person which acquires all or substantially all of the assets of the Borrower and its consolidated Subsidiaries or all or substantially all of the capital stock or other equity interests of a Designated Subsidiary shall be a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia (the “Successor Corporation”) and shall expressly assume, pursuant to documentation in form reasonably satisfactory to the Required Lenders, the due and punctual payment of the principal of and interest on the Loans and all other amounts payable under this Agreement and the payment and performance of every covenant hereof on the part of the Borrower to be performed or observed; (ii) immediately after giving effect to such transaction, no Default shall have occurred and be continuing; and (iii) immediately after giving effect to such transaction, (x) the Borrower and its Subsidiaries are in compliance, on a pro-forma basis, with the covenants contained in Section 6.05 recomputed as of the last day of the most recently ended fiscal quarter of the Borrower, as if such transaction had occurred on the first day of each relevant period for testing such compliance and (y) the Borrower shall have delivered to the Lenders, at least 10 Business Days prior to the consummation of any such transaction, a certificate of a Financial Officer of the Borrower certifying that the condition precedent set forth in clause (iii)(x) with respect to such transaction will be complied with and setting forth in reasonable detail the calculations required to demonstrate such compliance and the assumptions used by the Borrower to make such calculations.

(d) The Borrower will not, and will not permit any of its Subsidiaries to, engage to any material extent in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the Effective Date and businesses reasonably related or complementary thereto.

Section 6.03. Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, unless such transaction is (a) on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm’s-length basis from unrelated third parties (considering such transactions and all other related transactions as a whole) or (b) between or among the Borrower and its Subsidiaries. Notwithstanding the foregoing, the Borrower may do the following: (i) pay customary fees and indemnifications may be paid to directors of Borrower and its Subsidiaries; (ii) enter into, and may make payments under, employment agreements, employee benefits plans, stock option plans, indemnification provisions and other similar compensatory arrangements with officers, employees and directors of the Borrower and its Subsidiaries in the ordinary course of business; and (iii) enter into any transaction with an Affiliate where the only consideration paid is Qualified Capital Stock of the Borrower.

Section 6.04. Sale and Lease-Back Transactions. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into any arrangement with any Person (other than a Subsidiary) whereby it shall sell or transfer any property used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred, except for any such arrangement or arrangements with an aggregate sale price not exceeding at any time \$100,000,000.

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Section 6.05. Total Debt to EBITDA Ratio. The Total Debt to EBITDA Ratio will not exceed 4.0 to 1.0 at the end of any fiscal quarter.

Section 6.06. Subsidiary Indebtedness. The Borrower will not permit any Subsidiary to, create, incur, assume or permit to exist any Indebtedness in an amount greater than \$65,000,000 in the aggregate for all such Subsidiaries; provided, that the foregoing restriction shall not apply to intercompany Indebtedness among the Subsidiaries of the Borrower.

## ARTICLE 7

### EVENTS OF DEFAULT

If any of the following events (“Events of Default”) shall occur and be continuing:

- (a) the Borrower shall fail to pay any principal of any Loan of the Borrower when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;
- (b) the Borrower shall fail to pay any interest on any Loan of the Borrower or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable by the Borrower under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three Business Days;
- (c) any representation or warranty made or deemed made by or on behalf of the Borrower or any Subsidiary in or in connection with this Agreement or any amendment or modification hereof or thereof, or in any certificate or other document furnished pursuant to or in connection with this Agreement or any amendment or modification hereof or thereof, shall prove to have been incorrect in any material respect when made or deemed made;
- (d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02(a), 5.03 (with respect to the Borrower’s existence), 5.08 or in Article 6;
- (e) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b), (c) or (d) of this Article), and such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent (given at the request of any Lender) to the Borrower;
- (f) the Borrower or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable (after giving effect to any grace period applicable thereto);
- (g) any (i) “Event of Default” shall occur under the Existing Credit Agreement or (ii) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity; provided that this clause (ii) shall not apply to (x) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness (so long as such Indebtedness is paid when due (or within any applicable grace period)) or (y) any Indebtedness that is mandatorily prepayable prior to the scheduled maturity



thereof with the proceeds of the issuance of capital stock, the incurrence of other Indebtedness or the sale or other disposition of any assets, so long as such Indebtedness is so prepaid in full with such proceeds when due (or within any applicable grace period) and such event shall not have otherwise resulted in an event of default with respect to such Indebtedness;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Material Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Material Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Material Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) the Borrower or any Material Subsidiary shall become unable, admit in writing or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of \$50,000,000 (excluding any amount of such judgment as to which an Acceptable Insurer has acknowledged liability) shall be rendered against the Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 60 consecutive days during which execution shall not be effectively stayed, or any action, which shall not be effectively stayed, shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in liability of the Borrower and its Subsidiaries in an aggregate amount that could reasonably be expected to result in a Material Adverse Effect;

(m) a Change in Control shall occur; or

(n)(i) the Borrower shall have merged or consolidated with any Person or any Person shall have acquired all or substantially all of the assets of the Borrower and its consolidated Subsidiaries, taken as a whole, or all or substantially all of the capital stock or other equity interests of any Designated Subsidiary, (ii) either the Borrower or the Person with which it is

merging or consolidating or the Person which is acquiring such assets or capital stock or other equity interests shall at the time of such merger or consolidation or acquisition have been rated by a rating agency and (iii) the Successor Corporation shall not have in effect a rating of at least Baa1 from Moody's or BBB+ from Standard & Poor's on the 90th day following the consummation of such merger or consolidation or acquisition, as the case may be;

then, and in every such event (other than an event with respect to the Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may (with the consent of the Required Lenders), and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in clause (h) or (i) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

## **ARTICLE 8**

### **THE ADMINISTRATIVE AGENT**

Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing as directed by the Required Lenders, and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article 4 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor (and, at any time when no Default shall have occurred and is continuing, with the prior written consent of the Borrower). If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable

o its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

## ARTICLE 9

### MISCELLANEOUS

Section 9.01. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to the Borrower, to Moody's Corporation, 7 World Trade Center, 250 Greenwich Street, New York, NY 10007, Attention of Carlton Charles (Telecopy No. 212-298-7319), with a copy to Attention of Elizabeth McCarroll (Telecopy No. 212-298-6025);

(ii) if to the Administrative Agent, to JPMorgan Loan Services, JPMorgan Chase Bank, National Association, 10 South Dearborn, 7th Floor, Chicago, IL 60603, Attention of Maribel Lorenzo (Telecopy No. (312) 385-7096); with a copy to Bingham McCutchen LLP, 399 Park Avenue, New York, New York 10022, Attention of Frederick F. Eisenbiegler (Telecopy No. (212) 702-3646); and

(iii) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

(b) Subject to clause (d) below, notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto (or, in the case of a Lender, by

notice to the Borrower and the Administrative Agent). All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

(d) The Borrower agrees that the Administrative Agent may make such materials, as well as any other written information, documents, instruments and other material relating to the Borrower, any of its Subsidiaries or any other materials or matters relating to this Agreement, the Notes or any of the transactions contemplated hereby (collectively, the “Communications”) available to the Lenders by posting such notices on Intralinks or a substantially similar electronic system (the “Platform”). The Borrower acknowledges that (i) the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution, (ii) the Platform is provided “as is” and “as available” and (iii) neither the Administrative Agent nor any of its Affiliates warrants the accuracy, adequacy or completeness of the Communications or the Platform and each expressly disclaims liability for errors or omissions in the Communications or the Platform except to the extent such errors or omissions are caused by the Administrative Agent’s or its Affiliates’ gross negligence or willful misconduct. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects, is made by the Administrative Agent or any of its Affiliates in connection with the Platform.

(e) Each Lender agrees that notice to it (as provided in the next sentence) (a “Notice”) specifying that any Communications have been posted to the Platform shall constitute effective delivery of such information, documents or other materials to such Lender for purposes of this Agreement. Each Lender agrees (i) to notify the Administrative Agent in writing of such Lender’s e-mail address to which a Notice may be sent by electronic transmission (including by electronic communication) on or before the date such Lender becomes a party to this Agreement (and from time to time thereafter to ensure that the Administrative Agent has on record an effective e-mail address for such Lender) and (ii) that any Notice may be sent to such e-mail address.

Section 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof or thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by

the Borrower and the Required Lenders or by the Borrower and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender directly affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender directly affected thereby, (iv) change Section 2.14(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender or (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent.

**Section 9.03. Expenses: Indemnity: Damage Waiver.** (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable out-of-pocket expenses incurred by the Administrative Agent or any Lender, including the fees, charges and disbursements of no more than one counsel for the Administrative Agent and one counsel for the Lenders (unless representation of the Lenders by the same counsel would be inappropriate due to actual or potential conflicts of interests among them, in which case the Lenders shall have right to separate counsel, at the expense of the Borrower) in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including in connection with any workout, restructuring or negotiations in respect thereof.

(b) The Borrower shall indemnify the Administrative Agent and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto or thereto of their respective obligations hereunder or thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any

Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses result from the gross negligence or willful misconduct of such Indemnitee.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

(d) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

Section 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b)(i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower, provided that no consent of the Borrower shall be required for an assignment to a Lender or an Affiliate of a Lender or, if an Event of Default has occurred and is continuing, any other assignee; and

(B) the Administrative Agent.

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(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of any assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loan of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent; provided that no consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500;

(D) if an Event of Default has occurred and is continuing, the assigning Lender shall provide prior written notice to the Borrower of such assignment; provided that the failure of provide such notice shall not in any way affect the validity of such assignment; and

(E) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(iii) Subject to acceptance and recording pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Section 2.11, Section 2.12, Section 2.13 and Section 9.03). Notwithstanding any other provision of this Agreement, if any Lender shall assign any of its rights or obligations hereunder to any assignee (including an Affiliate of such Lender) that, but for this sentence, would be entitled, immediately following such assignment, to claim a greater amount than such assigning Lender under Section 2.11, Section 2.12 and Section 2.13, such assignee shall not have the right to claim such greater amount; provided that nothing in this sentence shall limit the right of any such assignee to make claims (x) for amounts not in excess of those that could have been claimed by the assigning Lender, (y) to the extent such claims arise from one or more Changes in Law, or (z) from a change in the office, branch or other place of business from which any payment hereunder is made by the Borrower, in each case after the date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04



shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with and subject to the limitations set forth in, paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower shall maintain at one of its offices in The City of New York a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice, and the Borrower may at any time request that the Administrative Agent provide a list of Lenders as of the date of such request.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee’s completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (a) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c)(i) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a “Participant”) in all or a portion of such Lender’s rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender’s obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Subject to paragraph (c)(ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Section 2.11, Section 2.12, and Section 2.13, to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph b of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.14(c) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.11, Section 2.12 or Section 2.13, and than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.13, unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.13(e) as though it were a Lender.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any such pledge or assignment to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

(e) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle (an "SPC") of such Granting Lender, identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Loan that such Granting Lender would otherwise be obligated to make to the Borrower pursuant to Section 2.01, provided that (i) nothing herein shall constitute a commitment to make any Loan by any SPC, (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof and (iii) all credit decisions (including without limitation any decisions with respect to amendments and waivers) will continue to be made by the Granting Lender. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by the Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any payment under this Agreement for which a Lender would otherwise be liable, for so long as, and to the extent, the related Granting Lender makes such payment. In furtherance of the foregoing, each party hereto hereby agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or similar proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section, any SPC may (i) with notice to, but without the prior written consent of, the Borrower or the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to its Granting Lender in connection with liquidity and/or credit facilities to or for the account of such SPC to fund such Loans and (ii) subject to the provisions of Section 9.12, disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of a surety, guarantee or credit or liquidity enhancement to such SPC.

Section 9.05. Survival. All covenants, agreements, representations and warranties made by the Borrower herein and the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties

hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default (other than a Default which has been waived in accordance with Section 9.02) or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.11, 2.12, 2.13 and 9.03 and Article 8 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

Section 9.06. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 9.07. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 9.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower against any of and all the amounts then due and owing by the Borrower under this Agreement to such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

Section 9.09. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

Section 9.10. Waiver of Jury Trial. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 9.12. Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed

to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than the Borrower. For the purposes of this Section, “Information” means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 9.13. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the “Charges”), shall exceed the maximum lawful rate (the “Maximum Rate”) which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

Section 9.14. USA Patriot Act. Each Lender hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with said Act.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

MOODY'S CORPORATION

By: /s/ Linda S. Huber  
Title: Executive Vice President and  
Chief Financial Officer

SIGNATURE PAGE TO CREDIT AGREEMENT

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JPMORGAN CHASE BANK, N.A., as a  
Lender and as Administrative Agent

By: /s/ Michelle Cipriani  
Title: Vice President

SIGNATURE PAGE TO CREDIT AGREEMENT

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BANK OF CHINA, as a Lender and as Co- Syndication Agent

By: /s/ Xiaojing Li

Title: General Manager

SIGNATURE PAGE TO CREDIT AGREEMENT



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FIFTH THIRD BANK, as a Lender and as  
Co-Syndication Agent

By: /s/ Nancy W. Lonzone  
Title: Vice President

SIGNATURE PAGE TO CREDIT AGREEMENT

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BARCLAYS COMMERCIAL BANK, as a  
Lender and as Documentation Agent

By: /s/ Phillip F. Bradshaw  
Title: Director, North America

SIGNATURE PAGE TO CREDIT AGREEMENT

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THE BANK OF TOKYO-MITSUBISHI  
UFJ, LTD., as a Lender and as Co-Agent

By: /s/ Laurance Bressler  
Title: Authorized Signatory

SIGNATURE PAGE TO CREDIT AGREEMENT

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COMMERCE BANK, N.A., as a Lender  
and as Co-Agent

By: /s/ Daniel Csillag  
Title: Vice President

SIGNATURE PAGE TO CREDIT AGREEMENT

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TAWIAN BUSINESS BANK, as a Lender

By: /s/ Ben Chou

Title: Vice President and General Manager

SIGNATURE PAGE TO CREDIT AGREEMENT

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BANK OF COMMUNICATIONS CO.,  
LTD., as a Lender

By: /s/ Shelley He  
Title: Deputy General Manager

SIGNATURE PAGE TO CREDIT AGREEMENT

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THE NORTHERN TRUST COMPANY, as  
a Lender

By: /s/ Ashish S. Bhagwat  
Title: Vice President

SIGNATURE PAGE TO CREDIT AGREEMENT

[FORM OF]  
ASSIGNMENT AND ASSUMPTION

Reference is made to the \$150,000,000 Credit Agreement dated as of May 7, 2008 (as amended, modified, supplemented or waived, the “Credit Agreement”), among Moody’s Corporation, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of China and Fifth Third Bank, as Co-Syndication Agents, and Barclays Commercial Bank, as Documentation Agent. Capitalized terms used but not defined herein shall have the meanings specified in the Credit Agreement.

1. The Assignor named below hereby sells and assigns, without recourse to the Assignor, to the Assignee named below, and the Assignee hereby purchases and assumes, without recourse to the Assignor, from the Assignor, effective as of the Assignment Date set forth below, the interests set forth below (the “Assigned Interest”) in the Assignor’s rights and obligations under the Credit Agreement, including, without limitation, (i) the interests set forth below in the Loans, owing to the Assignor which are outstanding on the Assignment Date and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person arising under or in connection with the Credit Agreement, documents delivered pursuant thereto or the transactions governed thereby. The Assignee hereby acknowledges receipt of a copy of the Credit Agreement. From and after the Assignment Date (i) the Assignee shall be a party to and be bound by the provisions of the Credit Agreement and, to the extent of the interests assigned by this Assignment and Assumption, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent of the interests assigned by this Assignment and Assumption, relinquish its rights and be released from its obligations under the Credit Agreement.

2. This Assignment and Assumption is being delivered to the Administrative Agent together with (i) if the Assignee is a Foreign Lender, any documentation required to be delivered by the Assignee pursuant to Section 2.13(e) of the Credit Agreement, and (ii) if the Assignee is not already a Lender under the Credit Agreement, an Administrative Questionnaire in the form provided by the Administrative Agent.

3. This Assignment and Assumption shall be governed by and construed in accordance with the laws of the State of New York.

Date of Assignment: \_\_\_\_\_

Legal Name of Assignor: \_\_\_\_\_

Legal Name of Assignee: \_\_\_\_\_

Assignee’s Address for Notices: \_\_\_\_\_

Effective Date of Assignment (“Assignment Date”): \_\_\_\_\_



Facility  
Loans:

The terms set forth herein are hereby agreed to:

\_\_\_\_\_, as Assignor

By: \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_, as Assignee

By: \_\_\_\_\_  
Name:  
Title:

Principal Amount Assigned

\$

Consented to and Accepted (if required):

MOODY'S CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

Consented to and Accepted:

JPMORGAN CHASE BANK, N.A., as  
Administrative Agent,

By: \_\_\_\_\_  
Name:  
Title:

Percentage  
Assigned  
of Loans (set  
forth, to at  
least 8  
decimals, as a  
percentage of  
the aggregate  
outstanding  
principal  
amount of  
the Loans of  
all Lenders  
thereunder)  
%

[FORM OF OPINION OF COUNSEL FOR THE BORROWER]

B-1-1

[FORM OF OPINION OF SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP]

B-2-1

[FORM OF]

## NON-BANK CERTIFICATE

Reference is made to the Credit Agreement, dated as of May 7, 2008 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among Moody's Corporation, a Delaware corporation (the "Company"), the several banks and other financial institutions from time to time parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of China and Fifth Third Bank, as Co-Syndication Agents, and Barclays Commercial Bank, as Documentation Agent. Capitalized terms used but not defined herein shall have the meanings set forth in the Credit Agreement.

\_\_\_\_\_ (the "Lender") is providing this certificate pursuant to Section 2.13(e) of the Credit Agreement. The Lender hereby represents and warrants that:

1. The Lender is the sole record and beneficial owner of its Applicable Percentage of the Loans in respect of which it is providing this certificate;
2. The Lender is not a "bank" for purposes of Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the "Code"). In this regard, the Lender further represents and warrants that:
  - (a) the Lender is not subject to regulatory or other legal requirements as a bank in any jurisdiction; and
  - (b) the Lender has not been treated as a bank for purposes of any tax, securities law or other filing or submission made to any Governmental Authority, any application made to a rating agency or qualification for any exemption from tax, securities law or other legal requirements;
3. The Lender is not a 10-percent shareholder of the Company within the meaning of Section 881(c)(3)(B) of the Code; and
4. The Lender is not a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code.

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IN WITNESS WHEREOF, the undersigned has duly executed this certificate.

[NAME OF LENDER]

Dated: \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_  
Title:

**MOODY'S CORPORATION CAREER TRANSITION PLAN**

The Moody's Corporation Career Transition Plan (the "Plan") is intended to provide certain eligible employees of Moody's Corporation (the "Company"), and its participating affiliates, severance benefits in the event of such employee's Eligible Termination under the terms and conditions set forth in the Plan. This Plan is designed to be an "employee welfare benefit plan," as defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and is governed by ERISA. As such, there are no vested rights to any benefits under the Plan, and the Plan may be amended, modified or terminated at any time. Please review the section entitled "Amendment and Termination" regarding the Company's reservation of rights. This document constitutes both the official plan document and the summary plan description under ERISA.

**ARTICLE 1****DEFINITIONS**

1.1 "Cause" shall mean (a) willful malfeasance, willful misconduct, or gross negligence by the Eligible Employee in connection with his or her employment, (b) continuing failure to perform such duties as are requested by any employee to whom the Eligible Employee reports or the Participating Company's board of directors, (c) failure by the Eligible Employee to observe material policies of the Participating Company applicable to the Eligible Employee (including, without limitation, the Code of Business Conduct) or (d) the conviction of, or plea of guilty or nolo contendere by, the Eligible Employee 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 individual.

1.2 "Committee" shall mean the Management Benefits & Compensation Committee, which is a subcommittee of the Governance and Compensation Committee of the board of directors of the Company, or any other committee appointed by the board of directors of the Company to administer the Plan.

1.3 "Eligible Employee" shall mean a regular full-time salaried employee or regular part-time salaried employee of any Participating Company who:

(a) is on the United States payroll of a Participating Company; and

(b) shall have executed a Severance and Release Agreement.

Notwithstanding the foregoing, an "Eligible Employee" shall not include any individual: (A) (i) designated by the Participating Company as a casual, seasonal, hourly, temporary, or limited duration employee (i.e., those hired for a specific job of limited duration); (ii) designated by the Participating Company as a leased employee; (iii) designated by the Participating Company as an "independent contractor"; or (iv) as to whom the Participating Company does not withhold income taxes; any such individual shall not be an Eligible Employee even if he or she is later retroactively reclassified or recharacterized as a common-law employee of the Participating

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Company during all or any part of such period pursuant to applicable law or otherwise; (B) who pursuant to an individual employment contract, offer letter or otherwise is or may be entitled to receive severance from the Participating Company other than pursuant to this Plan and does not waive and relinquish that entitlement in a writing that is in form and substance satisfactory to the Participating Company; or (C) who is otherwise designated by the management of the Participating Company (in its sole discretion) to be ineligible to participate in the Plan.

1.4 “Eligible Termination” shall mean, on or after the Effective Date (as set forth in Article 7), (a) an involuntary termination of employment with a Participating Company by reason of a reduction in force program, job elimination, or unsatisfactory performance in the execution of an Eligible Employee’s duties; (b) a resignation mutually agreed to in writing by the Participating Company and the Eligible Employee; or (c) any other termination that is designated by the management of the Participating Company (in its sole discretion) to be an Eligible Termination. Notwithstanding the foregoing, an Eligible Termination shall not include (w) a unilateral resignation; (x) a termination by a Participating Company for Cause; (y) a termination as a result of a sale (whether in whole or in part, of stock or assets), merger or other combination, spinoff, reorganization or liquidation, dissolution or other winding up or other similar transaction involving a Participating Company; or (z) any termination where an offer of employment is made to the Eligible Employee of a comparable position at a Participating Company or any affiliate of a Participating Company concurrently with his or her termination.

1.5 “Participating Company” shall mean the Company or any other affiliated entity more than 50% of the voting interests of which are owned, directly or indirectly, by the Company and which has elected to participate in the Plan by action of its board of directors.

1.6 “Salary” shall mean an Eligible Employee’s annual base salary at the time his or her employment terminates, as reflected on the Participating Company’s payroll records, and does not include bonuses, overtime pay, commissions, incentive or deferred compensation or other additional compensation.

1.7 “Severance and Release Agreement” shall mean an agreement provided by the Participating Company to an Eligible Employee in connection with his or her termination of employment, which, if executed by the Eligible Employee (and not timely revoked), will acknowledge his or her termination of employment with the Participating Company and release the Participating Company and all of its affiliates and any other applicable persons from liability for any and all claims.

1.8 “Years of Service” shall mean one-twelfth (1/12<sup>th</sup>) of an Eligible Employee’s total number of full months of active regular employment (whether full-time or part-time) with a Participating Company (beginning with his or her initial date of hire as provided below\*); provided that such number of Years of Service shall be rounded up to the next whole number. For purposes of this Section 1.8, “Years of Service” shall not include any period of active regular employment for which an Eligible Employee has already received (or been entitled to receive) benefits from a Participating Company under this Plan, any employment agreement, offer letter, settlement or any other severance plan, policy or arrangement. *(\*If following the initial date of hire, the employee terminated employment with a Participating Company and within one year of such termination became re-employed by a Participating Company, Years of Service will be calculated using the initial date of hire and deducting the time during which the employee was not employed by a Participating Company.)*

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## ARTICLE 2

### **SEVERANCE BENEFITS**

2.1 Subject to the provisions of this Article 2, and in consideration of the Eligible Employee executing a Severance and Release Agreement in such form as is satisfactory to the Participating Company, in the event of an Eligible Termination, an Eligible Employee shall be entitled to receive from the Participating Company:

- (a) if earning a Salary of less than \$100,000 at the time of an Eligible Termination, the benefits set forth on Schedule A hereto; or
- (b) if earning a Salary equal to or greater than \$100,000 at the time of an Eligible Termination, the benefits set forth on Schedule B hereto.

2.2 Notwithstanding any other provision contained herein, the grant of severance benefits pursuant to Section 2.1 hereof is conditioned upon an Eligible Employee signing a Severance and Release Agreement in such form as is satisfactory to the Participating Company, in its sole discretion, under which, among other things, the Eligible Employee releases and discharges the Participating Company and all of its affiliates and any other applicable persons from all claims and liabilities relating to the Eligible Employee's employment with the Participating Company and/or the termination of the Eligible Employee's employment, including without limitation, claims under the Age Discrimination in Employment Act and the Older Workers Benefit Protection Act, where applicable, and the Eligible Employee not revoking the Severance and Release Agreement during any revocation period set forth therein. Severance shall be paid only after the Severance and Release Agreement has been signed and the time for the Eligible Employee to revoke the Severance and Release Agreement, if any, has expired and the Severance and Release Agreement has become effective in accordance with its terms.

2.3 Notwithstanding any other provision contained herein, the Chief Executive Officer of the Participating Company may, at any time, take such action as such officer, in such officer's sole discretion, deems appropriate to reduce or increase by any amount the benefits otherwise payable to an Eligible Employee pursuant to the applicable Schedule or otherwise modify the terms and conditions applicable to an Eligible Employee under this Plan. Benefits granted hereunder may not exceed an amount nor be paid over a period which would cause the Plan to be other than a "welfare benefit plan" under Section 3 (1) of ERISA.

2.4 Notwithstanding any other provision contained herein, if you are a "specified employee" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), as of the date of termination of your employment, to the extent necessary to comply with Section 409A of the Code, no severance payments or benefits will be paid or provided to you before the date that is six months after the date of the termination of employment; provided, that such payments and benefits will be accumulated (without interest) and paid to you as soon as practicable on or after the first day of the seventh month following the date of termination of employment. In no event shall a Participating Company be liable to you for any adverse tax consequences under Section 409A of the Code for any payment made under this Plan.



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## **ARTICLE 3**

### **AMENDMENT AND TERMINATION**

3.1 The Company reserves the right, in its sole and absolute discretion, to terminate the Plan on behalf of any or all Participating Companies at any time and for any or no reason and without any further obligation by action of its board of directors or such other person or persons to whom the board properly delegates such authority. Any other Participating Company may cease participation in the Plan by action of its board of directors or such other person or persons to whom such board properly delegates such authority.

3.2 The Company or such other person or persons to whom such board properly delegates such authority shall have the right, in its sole and absolute discretion, to modify or amend the terms of the Plan at any time, or from time to time, for any or no reason.

3.3 All modifications of or amendments to the Plan shall be in writing.

## **ARTICLE 4**

### **ADMINISTRATION OF THE PLAN**

4.1 The Committee shall be the Plan administrator who has authority to control and manage the operation and administration of the Plan and to manage and control any assets to the extent such assets have been set aside pursuant to Section 5.2 of this Plan.

4.2 The Committee may from time to time delegate its responsibilities to officers of the Company or a Participating Company. The Committee may employ one or more persons to render advice with regard to any responsibility the Committee has under the Plan.

4.3 The Committee (and its delegees) shall have the exclusive right to interpret any and all of the provisions of the Plan and to determine any questions arising thereunder or in connection with the administration of the Plan. Any decision or action by the Committee (and its delegees) shall be conclusive and binding upon all employees, members and beneficiaries. In all instances the Committee (and its delegees) shall have complete discretionary authority to determine eligibility for participation and benefits under the Plan, as well as any other matter of fact or interpretation relating to the Plan, and to construe and interpret all provisions of the Plan and all documents relating thereto including, without limitation, all disputed and uncertain terms. It is the intention of the preceding sentences that the Committee's (and its delegees') decision(s), if reviewed by a Federal or state court or an arbitrator, are reviewed based on an abuse of discretion or "arbitrary or capricious standard," and not a "de novo standard," and that all deference permitted by law shall be given to such constructions, interpretations and determinations of the Committee (and its delegees). Should any dispute arise as to eligibility to receive, or amount of, benefits provided under the Plan, such dispute shall be resolved pursuant to the Claims Procedures attached hereto as Schedule C.

4.4 Any action to be taken by the Committee shall be taken by a majority of its members either at a meeting or by written instrument approved by such majority in the absence of a meeting. A written resolution or memorandum signed by one Committee member and the secretary of the Committee shall be sufficient evidence to any person of any action taken pursuant to the Plan.

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4.5 Any person, corporation or other entity may serve in more than one capacity under the Plan.

4.6 The Company shall indemnify any individual who is a director, officer or employee of a Participating Company, or his or her heirs and legal representatives, against all liability and reasonable expense, including counsel fees, amounts paid in settlement and amounts of judgments, fines or penalties, incurred or imposed upon him or her in connection with any claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, in connection with his or her duties with respect to the Plan, provided that any act or omission giving rise to such claim, action, suit or proceeding does not constitute willful misconduct or is not performed or omitted in bad faith.

## **ARTICLE 5**

### **MISCELLANEOUS**

5.1 Neither the establishment of the Plan nor any action of a Participating Company, the Committee, or any fiduciary shall be held or construed to confer upon any person any legal right to continue employment with a Participating Company. Each Participating Company expressly reserves the right to discharge any employee to the same extent as if the Plan had not been put into effect.

5.2 Benefits payable under the Plan shall be paid out of the general assets of a Participating Company. No Participating Company needs to fund the benefits payable under this Plan; however, nothing in this Section 5.2 shall be interpreted as precluding any Participating Company from funding or setting aside amounts in anticipation of paying such benefits. Any benefits payable to an Eligible Employee under this Plan shall represent an unsecured claim by such Eligible Employee against the general assets of the Participating Company that employed such Eligible Employee.

5.3 A Participating Company shall deduct from the amount of any severance benefits payable hereunder the amount required by law to be withheld for the payment of any taxes and any other amounts properly to be withheld.

5.4 Benefits payable under the Plan shall not be subject to assignment, alienation, transfer, pledge, encumbrance, commutation or anticipation by the Eligible Employee. Any attempt to assign, alienate, transfer, pledge, encumber, commute or anticipate Plan benefits shall be void.

5.5 This Plan shall be construed, whenever possible, to be in conformity with the requirements of ERISA, or any subsequent laws or amendments thereto. To the extent not in conflict with the preceding sentence or another provision of the Plan, the construction and administration of the Plan shall be in accordance with the laws of the State of New York applicable to contracts made and to be performed within the State of New York (without reference to its conflicts of law provisions). This Plan will be of no force or effect with respect to an Eligible Employee to the extent superseded by foreign law.

5.6 This Plan supersedes any and all prior severance arrangements, policies, plans or practices of the Company and of any Participating Company (whether written or unwritten).

5.7 Should any provisions of the Plan be deemed or held to be unlawful or invalid for any reason, such fact shall not adversely affect the other provisions of the Plan unless such

determination shall render impossible or impracticable the functioning of the Plan, and in such case, an appropriate provision or provisions shall be adopted so that the Plan may continue to function properly.

5.8 In the event that the Committee finds that an Eligible Employee (or designated beneficiary) is unable to care for his or her affairs because of illness or accident, then benefits payable hereunder, unless claim has been made therefor by a duly appointed guardian, committee, or other legal representative, may be paid in such manner as the Committee shall determine, and the application thereof shall be a complete discharge of all liability for any payments or benefits to which such Eligible Employee (or designated beneficiary) was or would have been otherwise entitled under this Plan.

5.9 Any payments to a minor from this Plan may be paid by the Committee in its sole and absolute discretion (a) directly to such minor; (b) to the legal or natural guardian of such minor; or (c) to any other person, whether or not appointed guardian of the minor, who shall have the care and custody of such minor. The receipt by such individual shall be a complete discharge of all liability under the Plan therefor.

## **ARTICLE 6**

### **YOUR RIGHTS UNDER ERISA**

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, as amended (ERISA). ERISA provides that all plan participants shall be entitled to:

#### **RECEIVE INFORMATION ABOUT YOUR PLAN AND BENEFITS**

Examine, without charge, at the office of the Plan Administrator (as defined below) and at other specified locations, such as worksites and union halls, all documents governing the plan, including insurance contracts, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the plan and summary plan description. The Plan Administrator may make a reasonable charge for the copies.

#### **PRUDENT ACTIONS BY PLAN FIDUCIARIES**

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including the Company or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.

#### **ENFORCE YOUR RIGHTS**

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal Court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a State or Federal Court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal Court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the persons you have sued to pay these cost and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

#### ASSISTANCE WITH YOUR QUESTIONS

If you have any questions about your plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in you telephone directory or the Division of Technical Assistance and Inquiries. Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

### **ARTICLE 7**

#### **OTHER IMPORTANT INFORMATION.**

OFFICIAL NAME OF THE PLAN:	Moody's Corporation Career Transition Plan
SPONSOR:	Moody's Corporation 7 World Trade Center at 250 Greenwich Street New York, NY 10007 212.553.0300
EMPLOYER IDENTIFICATION NUMBER (EIN):	13-3998945
PLAN NUMBER:	526
TYPE OF PLAN:	Employee Welfare Severance Benefit Plan
END OF PLAN YEAR:	December 31
TYPE OF ADMINISTRATION:	Employer Administered
PLAN ADMINISTRATOR:	The Management Benefits & Compensation Committee, a subcommittee of the Governance and

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Compensation Committee of the board of directors of the Company  
7 World Trade Center at 250 Greenwich Street  
New York, NY 10007  
212.553.0300

AGENT FOR SERVICE OF  
LEGAL PROCESS:

Plan Administrator  
c/o Director, Compensation & Benefits  
7 World Trade Center at 250 Greenwich Street  
New York, NY 10007  
212.553.0300

EFFECTIVE DATE:

November 8, 2007

The Plan Administrator keeps records of the Plan and is responsible for the administration of the Plan. The Plan Administrator will also answer any questions you may have about the Plan.

Service of legal process may be made upon the Plan Administrator.

No individual may, in any case, become entitled to additional benefits or other rights under this Plan after the Plan is terminated.

Severance pay is subject to Federal and state income and Social Security tax withholdings and any other withholdings mandated by law.

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## Schedule A

This Schedule A is applicable to Eligible Employees covered by Section 2.1 (a) of the Plan. An Eligible Employee entitled to benefits hereunder shall, subject to Article 2 of the Plan, receive the following:

1. Salary Continuation.

If the Eligible Employee incurs an Eligible Termination for any reason other than unsatisfactory performance, he or she shall receive the higher of (i) four weeks of Salary continuation or (ii) 2 weeks of Salary continuation for each Year of Service. If the Eligible Employee incurs an Eligible Termination by reason of unsatisfactory performance, he or she shall receive the higher of (i) two weeks of Salary continuation or (ii) one week of Salary continuation for each Year of Service. In any event, such amounts shall be payable at the times the Eligible Employee's Salary would have been paid if employment had not terminated, over a period equal to the number of weeks of Salary continuation (the "Salary Continuation Period"). The maximum amount of Salary continuation hereunder shall be 52 weeks. All Salary continuation payments shall cease upon reemployment by a Participating Company during the Salary Continuation Period.

2. Welfare Benefit Continuation.

Medical, dental and life insurance benefits shall be provided throughout the Salary Continuation Period at the levels in effect for the Eligible Employee immediately prior to termination of employment but in no event greater than the levels in effect for active employees generally during the Salary Continuation Period, provided that the Eligible Employee shall pay the employee portion of any required premium payments at the level in effect for employees generally of the Participating Company for such benefits. For purposes of determining an Eligible Employee's entitlement to continuation coverage as required by Title I, Subtitle B, Part 6 of ERISA (COBRA), such employee's 18-month or other period of coverage shall commence on his or her termination of employment.

3. Annual Bonus Payment.

Subject to the provisions of this paragraph 3, a cash bonus for the calendar year of termination may be paid in the event the Eligible Employee was employed by a Participating Company for at least six full months during such year and the Eligible Employee participated in an annual bonus plan (the "Annual Incentive Plan") immediately prior to termination of employment. In such event, the Eligible Employee shall receive a bonus in an amount equal to the actual bonus which would have been payable under the Annual Incentive Plan had such employee remained employed through the end of the year of such termination multiplied by a fraction the numerator of which is the number of full months of employment during the calendar year of termination and the denominator of which is 12. Such bonus shall be payable at the time otherwise payable under the Annual Incentive Plan had employment not terminated. Notwithstanding the foregoing, no amount shall be paid under this paragraph in the event the Eligible Employee incurred an Eligible Termination by reason of unsatisfactory performance. The foregoing provisions of this paragraph 3 shall be appropriately modified in the case of any plan not on a calendar year basis.

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4. Death.

Upon the death of an Eligible Employee during the Salary Continuation Period, the benefits described in paragraph 1 of this Schedule shall continue to be paid to his or her estate, as applicable, at the time or times otherwise provided for herein.

5. Other Benefits.

The Eligible Employee may be entitled to such outplacement services during the Salary Continuation Period as may be provided by, and in the sole discretion of, the Participating Company.

6. No Further Grants, Etc.

Following an Eligible Employee's termination of employment, no further grants, awards, contributions, accruals or continued participation (except as otherwise provided for herein) shall be made to or on behalf of such employee under any plan or program maintained by a Participating Company including, but not limited to, any qualified or nonqualified retirement, profit sharing, stock option or restricted stock plan of a Participating Company. Any unvested or unexercised options, unvested restricted stock and all other benefits under any plan or program maintained by a Participating Company (including, but not limited to, any qualified or nonqualified retirement, profit sharing, stock option or restricted stock plan) which are held or accrued by an Eligible Employee at the time of his or her termination of employment, shall be treated in accordance with the terms of such plans and programs under which such options, restricted stock or other benefits were granted or accrued.

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## Schedule B

This Schedule B is applicable to Eligible Employees covered by Section 2.1 (b) of the Plan, provided, however that an Eligible Employee who incurs an Eligible Termination for any reason other than unsatisfactory performance with more than 17 Years of Service, may elect to have Schedule A apply in its entirety in lieu of this Schedule B. An Eligible Employee entitled to benefits hereunder shall, subject to Article 2 of the Plan, receive the following:

1. Salary Continuation

(a) If the Eligible Employee incurs an Eligible Termination for any reason other than unsatisfactory performance and his or her Salary at the time employment terminates is equal to or greater than \$100,000 but less than \$150,000, the Eligible Employee shall be entitled to receive 26 weeks of Salary continuation. If an Eligible Employee incurs an Eligible Termination by reason of unsatisfactory performance and his or her Salary at the time employment terminates is equal to or greater than \$100,000 but less than \$150,000, the Salary continuation the Eligible Employee would have otherwise been entitled to receive shall be reduced by 50%.

(b) If the Eligible Employee incurs an Eligible Termination for any reason other than unsatisfactory performance and his or her Salary at the time employment terminates is greater than or equal to \$150,000 but less than or equal to \$200,000, the Eligible Employee shall be entitled to receive 39 weeks of Salary continuation. If an Eligible Employee incurs an Eligible Termination by reason of unsatisfactory performance and his or her Salary at the time employment terminates is greater than or equal to \$150,000 but less than or equal to \$200,000, the Salary continuation the Eligible Employee would have otherwise been entitled to receive shall be reduced by 50%.

(c) If the Eligible Employee incurs an Eligible Termination for any reason other than unsatisfactory performance and his or her Salary at the time employment terminates is greater than \$200,000, the Eligible Employee shall be entitled to receive 52 weeks of Salary continuation. If an Eligible Employee incurs an Eligible Termination by reason of unsatisfactory performance and his or her Salary at the time employment terminates is greater than \$200,000, the Salary continuation the Eligible Employee would have otherwise been entitled to receive shall be reduced by 50%.

(d) The amounts set forth in this paragraph 1 shall be payable at the times the Eligible Employee's Salary would have been paid if employment had not terminated, over a period equal to the number of weeks of Salary continuation (the "Salary Continuation Period"). In the event the Eligible Employee performs services for an entity other than a Participating Company during the Salary Continuation Period, such employee shall notify the Participating Company on or prior to the commencement thereof. For purposes of this Schedule B, to "perform services" shall mean employment or services as a full-time employee, consultant, owner, partner, associate, agent or otherwise on behalf of any person, principal, partnership, firm or corporation (other than a Participating Company). All Salary continuation payments shall cease upon re-employment by a Participating Company or any affiliate of a Participating Company during the Salary Continuation Period.



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2. Welfare Benefit Continuation.

Medical, dental and life insurance benefits shall be provided throughout the Salary Continuation Period at the levels in effect for the Eligible Employee immediately prior to termination of employment but in no event greater than the levels in effect for active employees generally during the Salary Continuation Period, provided that the Eligible Employee shall pay the employee portion of any required premium payments at the level in effect for employees generally of the Participating Company for such benefits. For purposes of determining an Eligible Employee's entitlement to continuation coverage as required by Title I, Subtitle B, Part 6 of ERISA (COBRA), such employee's 18-month or other period of coverage shall commence on his or her termination of employment.

3. Annual Bonus Payment.

Subject to the provisions of this paragraph 3, a cash bonus for the calendar year of termination may be paid in the event the Eligible Employee was employed by a Participating Company for at least six full months during such year and the Eligible Employee participated in an annual bonus plan (the "Annual Incentive Plan") immediately prior to termination of employment. In such event, the Eligible Employee shall receive a bonus in an amount equal to the actual bonus which would have been payable under the Annual Incentive Plan had such employee remained employed through the end of the year of such termination multiplied by a fraction the numerator of which is the number of full months of employment during the calendar year of termination and the denominator of which is 12. Such bonus shall be payable at the time otherwise payable under the Annual Incentive Plan had employment not terminated. Notwithstanding the foregoing, no amount shall be paid under this paragraph in the event the Eligible Employee incurred an Eligible Termination by reason of unsatisfactory performance. The foregoing provisions of this paragraph 3 shall be appropriately modified in the case of any plan not on a calendar year basis.

4. Death.

Upon the death of an Eligible Employee during the Salary Continuation Period, the benefits described in paragraph 1 of this Schedule shall continue to be paid to his or her estate, as applicable, at the time or times otherwise provided for herein.

5. Other Benefits.

The Eligible Employee shall be entitled to such individual outplacement services during the Salary Continuation Period as may be provided by, and in the discretion of, the Participating Company. During the Salary Continuation Period, financial planning/counseling shall be afforded to the Eligible Employee to the same extent afforded immediately prior to termination of employment in the event the Eligible Employee incurred an Eligible Termination other than by reason of unsatisfactory performance.

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6. No Further Grants, Etc.

Following an Eligible Employee's termination of employment, no further grants, awards, contributions, accruals or continued participation (except as otherwise provided for herein) shall be made to or on behalf of such employee under any plan or program maintained by a Participating Company including, but not limited to, any qualified or nonqualified retirement, profit sharing, stock option or restricted stock plan of a Participating Company. Any unvested or unexercised options, unvested restricted stock and all other benefits under any plan or program maintained by a Participating Company (including, but not limited to, any qualified or nonqualified retirement, profit sharing, stock option or restricted stock plan) which are held or accrued by an Eligible Employee at the time of his or her termination of employment shall be treated in accordance with the terms of such plans and programs under which such options, restricted stock or other benefits were granted or accrued.

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**Schedule C**  
Claims Procedures.

1. No Eligible Employee or beneficiary or other person or entity shall have any right or claim to benefits under the Plan, or any right or claim to payment from the Plan, except as specified herein. Any dispute as to eligibility, type, amount or duration of benefits or any right or claim to payments from the Plan shall be resolved pursuant to the Claims Procedures of this Schedule C and the provisions of the Plan.

2. All initial and disputed claims for benefits under the Plan shall be submitted to the Director, Compensation and Benefits or such other person designated by the Committee (the "Claims Administrator"). Submission of an initial claim for benefits under the Plan shall be made on forms, or in any other format, designated by the Claims Administrator. The Claims Administrator shall decide within 90 days after receiving the claim, on the forms (or in the format) designated by the Claims Administrator, from an Eligible Employee or beneficiary (hereinafter referred to as "Claimant"), or his duly authorized representative.

3. If the Claims Administrator determines that an extension of time for processing is required, written or electronic notification of the extension shall be furnished to the Claimant prior to the termination of the initial 90-day period. In no event shall such extension exceed a period of 90 days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Claims Administrator expects to render the benefit determination.

4. The period of time within which a benefit determination is required to be made shall begin at the time a claim is filed in accordance with these claim procedures without regard to whether all the information necessary to make a benefit determination accompanies the filing.

5. If the claim is denied in part or in full, written or electronic notice of denial shall be sent to the Claimant or his duly authorized representative. The written or electronic notice shall be set forth in a manner calculated to be understood by the Claimant and include:

(a) the specific reason or reasons for the denial;

(b) specific reference to pertinent Plan provisions on which the denial is based; (c) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; (d) explanation of the Plan's claim review procedures and the time limits applicable to such procedures including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA.

6. Except as set forth in section 11 below, within 60 days after the denial of a claim, the Claimant, or his duly authorized representative, may appeal, in writing, the denial of the claim to the Committee and request a review. In connection with the review, the Claimant or

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his duly authorized representative may review pertinent documents and may submit issues and comments in writing. The Claimant shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim for benefits. Such review shall take into account all comments, documents, records, and other information submitted by the Claimant relating to the claims, without regard to whether such information was submitted or considered in the initial benefit determination.

7. The Committee shall deliver the decision on review, in writing or electronic means, to the Claimant or his duly authorized representative not later than 60 days after the receipt of the request for such review, unless there are special circumstances (such as holding a hearing, if the Committee deems necessary), which require extensions of time for processing. If the Committee determines that an extension of time for processing is required, written or electronic notification of the extension shall be furnished to the Claimant prior to the termination of the initial 60-day period. In no event shall such extension exceed a period of 60 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the determination on review.

8. The period of time within which a benefit determination on review is required to be made shall begin at the time an appeal is filed in accordance with these claim procedures without regard to whether all the information necessary to make a benefit determination on review accompanies the filing. In the event that a period of time is extended due to Claimant's failure to submit information necessary to decide a claim, the period for making the benefit determination on review shall be tolled from the date on which the notification of the extension is sent to the Claimant until the date on which the Claimant responds to the request for additional information.

9. In the case of an adverse benefit determination on review, the Committee shall provide access to, and copies of all documents, records, and other information relevant to the Claimant's claim for benefits.

10. The decision shall be sent in writing or by electronic means and shall set forth in a manner calculated to be understood by the Claimant and include:

(a) the specific reason or reasons for the denial;

(b) specific reference to pertinent Plan provisions on which the denial is based; (c) a statement that the Claimant is entitled to receive, upon request and of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claimant's claim for benefits; (d) a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA.

11. The Claims Administrator's decisions on claims (where no review is requested) and the Committee's decisions on review (where review is

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requested) shall be in the discretionary and sole and absolute authority of the Claims Administrator (where no review is requested) and the Committee (where review is requested) and shall be binding and conclusive on all interested persons as to participation, benefit eligibility and benefits and any other matter of fact or interpretation relating to the Plan. It is the intention of the preceding sentence that the Claim Administrator's decision(s) and the Committee's decision(s) if reviewed by a Federal or state court or an arbitrator are reviewed based on an abuse of discretion or "arbitrary or capricious standard", and not a de novo standard."

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

I, Raymond W. McDaniel, Jr., Chairman and Chief Executive Officer of Moody's Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Moody's Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/ s / R A Y M O N D W . M C D A N I E L , J R .

Raymond W. McDaniel, Jr.  
Chairman and Chief Executive Officer

May 8, 2008

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

I, Linda S. Huber, Executive Vice President and Chief Financial Officer of Moody's Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Moody's Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/ s / L I N D A S . H U B E R

**Linda S. Huber**  
Executive Vice President and Chief Financial Officer

May 8, 2008

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

In connection with the Quarterly Report of Moody's Corporation (the "Company") on Form 10-Q for the period ended March 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Raymond W. McDaniel, Jr., Chairman and Chief Executive Officer of the Company, 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 / R A Y M O N D W . M C D A N I E L , J R .

Raymond W. McDaniel, Jr.  
Chairman and Chief Executive Officer

May 8, 2008



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

In connection with the Quarterly Report of Moody's Corporation (the "Company") on Form 10-Q for the period ended March 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Linda S. Huber, Executive Vice President and Chief Financial Officer of the Company, 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 / L I N D A S . H U B E R  
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Linda S. Huber  
Executive Vice President and Chief Financial Officer

May 8, 2008