

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

FORM 10-K

(MARK ONE)

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

OR

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

FOR THE TRANSITION PERIOD FROM _____ TO _____.

COMMISSION FILE NUMBER 1-14037

MOODY'S CORPORATION

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OF INCORPORATION)

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

7 World Trade Center at 250 Greenwich Street, NEW YORK, NEW YORK 10007
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)
(ZIP CODE)

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

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

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK, PAR VALUE \$.01 PER SHARE	NEW YORK STOCK EXCHANGE
PREFERRED SHARE PURCHASE RIGHTS	NEW YORK STOCK EXCHANGE

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer (see definition of "accelerated filer and large accelerated filer" in Exchange Act Rule 12b-2).

Large Accelerated Filer Accelerated Filer Non-accelerated Filer

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

The aggregate market value of Moody's Corporation Common Stock held by nonaffiliates* on June 30, 2007 (based upon its closing transaction price on the Composite Tape on such date) was approximately \$16.6 billion.

As of January 31, 2008, 247.8 million shares of Common Stock of Moody's Corporation were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement for use in connection with its annual meeting of stockholders scheduled to be held on April 22, 2008, are incorporated by reference into Part III of this Form 10-K.

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

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

PART I

ITEM 1. BUSINESS

Background

As used in this report, except where the context indicates otherwise, the terms "Moody's" or the "Company" refer to Moody's Corporation, a Delaware corporation, and its subsidiaries. The Company's executive offices are located at 7 World Trade Center at 250 Greenwich Street, New York, NY 10007 and its telephone number is (212) 553-0300. Prior to September 8, 2000, the Company operated as part of The Dun & Bradstreet Corporation.

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. Founded in 1900, Moody's employs approximately 3,600 people worldwide. Moody's maintains offices in 27 countries and has expanded into developing markets through joint ventures or affiliation agreements with local rating agencies. Moody's customers include a wide range of corporate and governmental issuers of securities as well as institutional investors, depositors, creditors, investment banks, commercial banks and other financial intermediaries. Moody's is not dependent on a single customer or a few customers, such that a loss of any one would have a material adverse effect on its business.

Moody's operates in two reportable segments: Moody's Investors Service and Moody's KMV ("MKMV"). For additional financial information on these segments, see Part II, Item 8. "Financial Statements – Note 18 – Segment Information." Beginning in January 2008, Moody's segments were changed to reflect the implementation of the business reorganization announced in August 2007. A discussion concerning Moody's new operating segments, as if they were in place beginning January 1, 2005, is outlined in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Moody's Investors Service publishes credit ratings and associated opinions on a broad range of obligors and obligations issued in domestic and international markets, including various corporate and governmental obligations, structured finance securities and commercial paper programs. It also publishes investor-oriented credit information, research and economic commentary, including in-depth research on major debt issuers, industry studies, special comments and credit opinion handbooks. Moody's credit ratings and research help investors analyze the credit risks associated with fixed-income securities and other credit-sensitive instruments. Such independent credit ratings and research also contribute to efficiencies in markets for other obligations, such as insurance policies and derivative transactions, by providing credible and independent assessments of credit risk. Moody's provides ratings and credit research on governmental and commercial entities in more than 100 countries. Moody's global and increasingly diverse services are designed to increase market efficiency and may reduce transaction costs. As of December 31, 2007, Moody's had ratings relationships with more than 11,000 corporate issuers and approximately 26,000 public finance issuers. Additionally, the Company has rated more than 110,000 structured finance obligations. Ratings are disseminated via press releases to the public through a variety of print and electronic media, including the Internet and real-time information systems widely used by securities traders and investors.

Moody's research services, data and analytic tools are utilized by institutional investors and other credit and capital markets professionals. These services cover various segments of the loan and debt capital markets, and are sold to more than 8,700 customer accounts worldwide. Within these accounts, more than 30,000 unique users accessed Moody's research website (www.moodys.com) during calendar year 2007. In addition to these clients, more than 167,000 other individuals visited Moody's website to retrieve current ratings and other information made freely available to the public.

MKMV develops and distributes quantitative credit risk assessment products and services, including credit processing and analytical tools for credit portfolio management. With more than 1,800 clients operating in approximately 85 countries, MKMV serves banks, corporations and institutional investors, including most of the world's largest financial institutions. MKMV's quantitative credit analysis tools include models that estimate the probability of default for approximately 29,000 publicly traded firms globally, updated daily. In addition, MKMV's RiskCalc™ models extend the availability of these probabilities to privately held firms in many of the world's economies. MKMV also offers services to value and improve the performance of credit-sensitive portfolios.

Prospects for Growth

Over recent decades, global fixed-income markets have grown significantly in terms of outstanding principal amount and types of securities or other obligations. Despite the recent market disruption and decline in issuance activity for some important classes of securities in the U.S. and internationally, Moody's believes that the overall long-term outlook remains favorable for continued secular growth of fixed-income markets worldwide. However, Moody's expects that, in the near-term, growth drivers such as financial innovation and disintermediation will slow as capital market participants adjust to the

recent poor performance of some structured finance asset classes, such as U.S. residential mortgage-backed securities and credit derivatives. Restoring investor confidence in structured products will require enhancements to Moody's rating processes and probably greater transparency from issuers of structured (or securitized) debt. Moody's is developing updated rating methodologies, volatility measures, and pricing and valuation services to aid the return of investor trust and, though it is likely to be a measured process, Moody's expects that these initiatives will support continued long-term demand for high-quality, independent credit opinions.

Growth in global fixed-income markets is attributable to a number of forces and trends. Advances in information technology, such as the Internet, make information about investment alternatives widely available throughout the world. This technology facilitates issuers' ability to place securities outside their national markets and investors' capacity to obtain information about securities issued outside their national markets. Issuers and investors are also more readily able to obtain information about new financing techniques and new types of securities that they may wish to purchase or sell, many of which may be unfamiliar to them. This availability of information promotes the ongoing integration and development of worldwide financial markets and a greater need for credible, globally comparable opinions about credit risk. As a result, existing capital markets have expanded and a number of new capital markets have emerged. In addition, more issuers and investors are accessing developed capital markets.

Another trend that is driving growth in the world's capital markets is the disintermediation of financial systems. Issuers increasingly raise capital in the global public capital markets, in addition to, or in substitution for, traditional financial intermediaries. Moreover, financial intermediaries have sold assets in the global public capital markets, in addition to or instead of retaining those assets. Recent credit market disruptions have slowed the trend of disintermediation in important markets such as the U.S. and Europe, but Moody's believes that debt capital markets offer advantages in capacity and efficiency compared to the traditional banking systems. Thus, disintermediation is expected to expand in the longer-term.

Growth in issuance of structured finance securities has generally been stronger than growth in straight corporate and financial institutions debt issuance, though with recent market turmoil this trend is expected to change at least over the near term, and possibly longer, with investors preferring simpler, more standardized and more transparent securities to more complex financial instruments. Compared with 2007, Moody's expects a decline in structured finance revenue at least through 2008 and possibly into 2009 and beyond.

Rating fees paid by debt issuers account for most of the revenue of Moody's Investors Service. Therefore, a substantial portion of Moody's revenue is dependent upon the volume and number of debt securities issued in the global capital markets that Moody's rates. Moody's is therefore affected by, for example, the performance, and the prospects for growth, of the major world economies, the fiscal and monetary policies pursued by their governments, and the decisions of issuers to request Moody's ratings to aid investors in their investment decision process. However, annual fee arrangements with frequent debt issuers, annual debt monitoring fees and annual fees from commercial paper and medium-term note programs, bank and insurance company financial strength ratings, mutual fund ratings, subscription-based research and other areas are less dependent on, or independent of, the volume or number of debt securities issued in the global capital markets.

Moody's operations are also subject to various risks inherent in carrying on business internationally. Such risks include currency fluctuations and possible nationalization, expropriation, exchange and price controls, changes in the availability of data from public sector sources, limits on providing information across borders and other restrictive governmental actions. Management believes that the risks of nationalization or expropriation are reduced because the Company's basic service is the creation and dissemination of information, rather than the production of products that require manufacturing facilities or the use of natural resources. However, the formation of, for example, a new government-sponsored regional or global rating agency would pose a risk to Moody's growth prospects. Management believes that this risk, compared to other regulatory changes under consideration for the credit rating industry, is relatively low because of the likelihood that substantial investments over a sustained period would be required, with uncertainty about the likelihood of financial success.

Legislative bodies and regulators in both the United States, Europe and selective other jurisdictions continue to conduct regulatory reviews of credit rating agencies, which may result in, for example, an increased number of competitors, changes to the business model or restrictions on certain business activities of Moody's Investors Service, or increased costs of doing business for Moody's. Therefore, in order to broaden the potential for expansion of non-ratings services, beginning in January 2008, Moody's has reorganized into two distinct businesses, Moody's Investors Service, consisting solely of the ratings business, and Moody's Analytics. Moody's Analytics now conducts all non-ratings activities, and includes the MKMV business, the sale of credit research produced by Moody's Investors Service and the production and sale of other credit related products and services. The reorganization is expected to broaden the opportunities for expansion by Moody's Analytics into activities which were previously restricted, due to the potential for conflicts of interest with the ratings business. At present, Moody's is unable to assess the nature and effect any regulatory changes may have on future growth opportunities. See "Regulation" below.

Moody's Analytics expects to benefit from the growing demand among credit market participants for information that enables them to make sound investment and risk management decisions. These customers require advanced qualitative and

quantitative tools to support their management of increasingly complex capital market instruments. Such complexity creates analytical challenges for market participants, including financial intermediaries, asset managers and other investors. In recent years, reliable third-party ratings and research served to supplement or substitute for traditional in-house research as the scale, geographic scope and complexity of financial markets grew. Recent disruptions in credit markets threaten to slow this trend, but Moody's expects to sustain reliance on its offerings as enhancements to credit rating methodologies and other changes in securities origination processes restore investor confidence and more orderly market operations.

Growth in Moody's Analytics is also expected as financial institutions adopt active credit portfolio management practices and implement internal credit assessment tools for compliance with Basel II regulations. Moody's Analytics offers products that respond to these needs. This growth will be realized by, for example, the development of new private firm default probability models for specific countries and by expanding analysis capabilities of new asset classes.

Competition

The Moody's Investors Service business competes with other credit rating agencies and with investment banks and brokerage firms that offer credit opinions and research. Many of our customers also have in-house credit research capabilities. Moody's largest competitor in the global credit rating business is Standard & Poor's Ratings Services ("S&P"), a division of The McGraw-Hill Companies, Inc. There are some rating markets, based on industry, geography and/or instrument type, in which Moody's has made investments and obtained market positions superior to S&P's. In other markets, the reverse is true.

In addition to S&P, Moody's competitors include Fitch, a subsidiary of Fimalac S.A., Dominion Bond Rating Service, Ltd. of Canada ("DBRS") and A.M. Best Company, Inc. In 2007, Japan Credit Rating Agency, Ltd., Rating and Investment Information, Inc. (R&I) and Egan-Jones also were designated as Nationally Recognized Statistical Rating Organizations ("NRSRO"), and in February 2008, LACE Financial Corp. also was registered as an NRSRO. One or more additional rating agencies may emerge in the United States as the Securities and Exchange Commission ("SEC") continues to expand the number of NRSROs. Competition may also increase in developed or developing markets outside the United States over the next few years as the number of rating agencies increases.

Financial regulators are reviewing their approach to supervision and have sought or are seeking comments on changes to the global regulatory framework that could affect Moody's. Bank regulators, under the oversight of the Basel Committee on Banking Supervision, have proposed using refined risk assessments as the basis for minimum capital requirements. The proposed Standardized Approach relies on rating agency opinions, while the proposed Internal Ratings Based Approach relies on systems and processes maintained by the regulated bank. The increased regulatory focus on credit risk presents both opportunities and challenges for Moody's. Global demand for credit ratings and risk management services may rise, but regulatory actions may result in a greater number of rating agencies and/or additional regulation of Moody's and its competitors. Alternatively, banking or securities market regulators could seek to reduce the use of ratings in regulations, thereby reducing certain elements of demand for ratings, or otherwise seek to control the analysis or business of rating agencies.

Credit rating agencies such as Moody's also compete with other means of managing credit risk, such as credit insurance. Competitors that develop quantitative methodologies for assessing credit risk also may pose a competitive threat to Moody's.

Moody's Analytics' main competitors for quantitative measures of default risk include the RiskMetrics Group, S&P, CreditSights, R&I's Financial Technology Institute, Fitch Algorithmics, Dun and Bradstreet, and other smaller vendors, as well as models developed internally by customers. Other firms may compete in the future. Baker Hill, acquired by Experian, and Bureau van Dijk Electronic Publishing are Moody's Analytics' main competitors in the market for analytical software supporting commercial lending activities. Mercer Oliver Wyman competes with the professional services group at Moody's Analytics for certain credit risk consulting services business. In economic analysis, data and modeling services, Moody's Analytics faces competition from Global Insight, Haver Analytics and a number of smaller firms around the world.

Moody's Strategy

Moody's intends to focus on the following opportunities:

Expansion in Financial Centers

Moody's serves its customers through its global network of offices and business affiliations. Moody's currently maintains comprehensive rating and marketing operations in financial centers including Frankfurt, Hong Kong, London, Madrid, Milan, Moscow, New York, Paris, Singapore, Sydney and Tokyo. Moody's expects that its global network will position it to benefit from the expansion of worldwide capital markets and thereby increase revenue. Moody's also expects that the growth of its Moody's Investors Service business as a consequence of financial market integration in Europe will continue. Additionally, Moody's expects to continue its expansion into developing markets either directly or through joint ventures. This will allow Moody's to extend its credit opinion franchise to local and regional obligors, through domestic currency ratings and national scale ratings.

New Rating Products

Moody's is pursuing numerous initiatives to expand credit ratings, including from public fixed-income securities markets to other sectors with credit risk exposures. Within established capital markets, Moody's continues to expand its rating coverage of bank loans and project finance loans and securities. In global and local counterparty markets, Moody's offers distinct sets of rating products to address the creditworthiness of financial firms, including bank financial strength and deposit ratings, and insurance financial strength ratings. Moody's has also introduced issuer ratings for corporations not active in the debt markets. In response to growing investor demand for expanded credit opinion in the high yield market, Moody's has introduced a number of new products, including joint default analysis, corporate financial metrics, and both loss-given-default and probability-of-default ratings. The recent disruptions in the structured finance markets may provide opportunities to enhance structured finance offerings to meet investor demands for more information content. In order to capitalize on market developments and to enhance ratings surveillance efficiency, Moody's has created a new products group within Moody's Investors Service to focus on new ratings products, such as hedge fund operations quality ratings, and to identify, design, develop and maintain value-added research, analytics and data products serving the capital markets.

Internet-Enhanced Products and Services

Moody's is expanding its use of the Internet and other electronic media to enhance client service. Moody's website provides the public with instant access to ratings and provides the public and subscribers with credit research. Internet delivery also enables Moody's to provide services to more individuals within a client organization than were available with paper-based products and to offer higher-value services because of more timely delivery. Moody's expects that access to these applications will increase client use of Moody's services. Moody's expects to continue to invest in electronic media to capitalize on these and other opportunities.

Expansion of Credit Research Products and Investment Analytic Tools

Moody's plans to expand its research and analytic services through internal development and through acquisitions. Most new product initiatives tend to be more analytical and data-intensive than traditional narrative research offerings. Such services address investor interest in replicating the monitoring activities conducted by, for example, Moody's securitization analysts and provide the means for customers to gain access to raw data and adjusted financial statistics and ratios used by Moody's analysts in the rating process for municipalities, companies and financial institutions. These products represent important sources of growth for the research business. Moody's Analytics is developing products in the fixed-income valuations and pricing arena that facilitate price transparency in global fixed income markets, especially for complex structured securities and derivative instruments. Moreover, Moody's continues to explore opportunities to extend its research relevance in new domestic or regional markets (e.g., China) as well as new functional markets (e.g., hedge funds).

New Quantitative Credit Risk Assessment Services

Moody's will continue to provide banks and other institutions with quantitative credit risk assessment services. Moody's believes that there will be increased demand for such services because they assist customers trading or holding credit-sensitive assets to better manage risk and deliver better performance. Also, international bank regulatory authorities are assessing the adequacy of banks' internal credit risk management systems for the purpose of determining regulatory capital. Such regulatory initiatives create demand for, and encourages adoption of, related services by banks from third-party providers.

Regulation

In the United States, since 1975, Moody's Investors Service ("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 ("Reform Act") 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 publicly available by posting it on the Regulatory Affairs page of the Company's website.

Internationally, several regulatory developments have occurred:

The Group of 7 Finance Minister and Central Bank Authorities (G-7)—After their October 2007 meeting, the G-7 published a joint-statement outlining their intended approach to the recent financial turbulence. In this statement, the Finance Ministers formally asked the Financial Stability Forum (FSF) to analyze the underlying causes of the turbulence and to provide an update at the G-7's meetings in late Spring 2008. The G-7 identified the following four areas on which it would like the FSF to offer proposals: liquidity and risk management; accounting and valuation of financial derivatives; role, methodologies and use of credit rating agencies in structured finance; and basic supervisory principles of prudential oversight, including the treatment of off-balance sheet vehicles. The FSF has been working on this request and is expected to provide its recommendations at the G-7's Spring 2008 meeting.

IOSCO—In April 2007, the Technical Committee of the International Organization of Securities Commissions (“IOSCO”) announced that it would reconstitute the Task Force on rating agencies to undertake a new mandate on the role of credit rating agencies in relation to the development of structured finance products. This work is to be carried out in close cooperation with the Committee on the Global Financial System (CGFS). In November 2007, IOSCO announced the creation of a new and dedicated Task Force to review the issues facing securities regulators following the recent events in the global credit markets. The topics which will be covered by this Task Force include: risk management / prudential supervision; transparency / due diligence; valuation of assets / accounting issues; and, credit rating agencies. It is anticipated that the Task Force will present its final report to the Technical Committee in May 2008 during IOSCO’s Annual Conference in Paris.

In December 2004, the Technical Committee of IOSCO published its Code of Conduct Fundamentals for Credit Rating Agencies (“IOSCO Code”). MIS initially published its Code of Professional Conduct (“MIS Code”) 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.

European Union—The European Commission (“Commission”) stated in January 2006 and again in January 2007 that recent European Union (“EU”) 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 (“CESR”) has been charged with monitoring 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 rating agencies in the structured finance process, including securitizations backed by subprime residential mortgages. As part of CESR’s review process, CESR has on two occasions requested comments from rating agencies and other market participants. The written responses MIS submitted to the CESR questionnaires can be found on the Regulatory Affairs page of the Company’s website. CESR plans to publish its second annual report in mid-2008.

The Basel Committee—In June 2004, the Basel Committee on Banking Supervision published a new bank capital adequacy framework (“Basel II”) to replace its initial 1988 framework. Under Basel II, ratings assigned by recognized credit rating agencies (called External Credit Assessment Institutions or “ECAIs”) 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.

In addition, as a result of the recent events in the U.S. subprime residential mortgage sector and the credit markets more broadly, various national and global regulatory and other authorities have initiated, or indicated that they are considering, reviews of the role of rating agencies in the U.S. subprime mortgage-backed securitization market and structured finance more generally. Moody’s is the subject of a number of such reviews and cannot predict the ultimate outcome of such current or potential future reviews, or their ultimate impact on the competitive position, financial position or results of operations of Moody’s.

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.

Intellectual Property

Moody's and its affiliates own and control a variety of trade secrets, confidential information, trademarks, trade names, copyrights, patents, databases and other intellectual property rights that, in the aggregate, are of material importance to Moody's business. Management of Moody's believes that each of the trademarks and related corporate names, marks and logos containing the term "Moody's" are of material importance to the Company. Moody's is licensed to use certain technology and other intellectual property rights owned and controlled by others, and, similarly, other companies are licensed to use certain technology and other intellectual property rights owned and controlled by Moody's. The Company considers its trademarks, service marks, databases, software and other intellectual property to be proprietary, and Moody's relies on a combination of copyright, trademark, trade secret, patent, non-disclosure and contractual safeguards for protection.

The names of Moody's products and services referred to herein are trademarks, service marks or registered trademarks or service marks owned by or licensed to Moody's or one or more of its subsidiaries.

Employees

As of December 31, 2007, the number of full-time equivalent employees of Moody's was approximately 3,600.

Available Information

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

EXECUTIVE OFFICERS OF THE REGISTRANT

Name, Age and Position

Mark E. Almeida, 48
Senior Vice President-Moody's Corporation
and President-Moody's Analytics

Biographical Data

Mr. Almeida, has served as Senior Vice President of Moody's Corporation since August 2007 and as President of Moody's Analytics since January 2008. Prior to this position, Mr. Almeida was Senior Managing Director of the Investor Services Group (ISG) at Moody's Investors Service, Inc. from December 2004 to August 2007 and was Group Managing Director of ISG from June 2000 to December 2004. Mr. Almeida joined Moody's Investors service in April 1988 and has held a variety of positions with the company in both the U.S. and overseas.

<u>Name, Age and Position</u>	<u>Biographical Data</u>
Brian M. Clarkson, 51 President and Chief Operating Officer –Moody’s Investors Service	Mr. Clarkson has served as President and Chief Operating Officer of Moody’s Investors Service, Inc. since August 2007. Prior to assuming this position, Mr. Clarkson was Executive Vice President and Co-Chief Operating Officer of MIS, responsible for the Global Structured Finance and US Public Finance franchises from 2004 to 2007. He served as Senior Managing Director of the Asset Backed Finance Group from 2002 through 2003, and Group Managing Director of the Global Asset Finance Group from 1997 to 2001. From 1996 through 1997 he was Group Managing Director of the Mortgage Finance Group. He has also served as Managing Director of the Asset-Backed Securities Group from 1994 to 1996 and Associate Director in Moody’s Mortgage-Backed Finance Group from 1993 through 1994. He joined Moody’s Structured Finance Group as Senior Analyst in 1991. Mr. Clarkson is on the board of directors of the American Securitization Forum and Achievement First Endeavor.
John J. Goggins, 47 Senior Vice President and General Counsel	Mr. Goggins has served as the Company’s Senior Vice President and General Counsel since October 1, 2000. Mr. Goggins joined Moody’s Investors Service, Inc. in February 1999 as Vice President and Associate General Counsel and became General Counsel in 2000.
Linda S. Huber, 49 Executive Vice President and Chief Financial Officer	Ms. Huber has served as the Company’s Executive Vice President and Chief Financial Officer since May 2005. Prior thereto, she served as Executive Vice President and Chief Financial Officer at U.S. Trust Company, a subsidiary of Charles Schwab & Company, Inc., from 2003 to 2005. Prior to U.S. Trust, she was Managing Director at Freeman & Co. from 1998 through 2002. She served PepsiCo as Vice President of Corporate Strategy and Development from 1997 until 1998 and as Vice President and Assistant Treasurer from 1994 until 1997. She served as Vice President in the Energy Investment Banking Group at Bankers Trust Company from 1991 until 1994 and as an Associate in the Energy Group at First Boston Corporation from 1986 through 1990. She also held the rank of Captain in the U.S. Army where she served from 1980 to 1984.
Andrew Kriegler, 43 Senior Vice President and Chief Human Resources Officer	Mr. Kriegler has served as Senior Vice President and Chief Human Resources Officer of the Company since February 2007. He served as Canadian Country Managing Director from September 2000 to February 2007. Prior thereto, Mr. Kriegler served as a treasury executive for Canada Trust from 1997 to August 2000 and as an investment banker with the securitization and debt capital markets group at BMO Nesbitt Burns from 1993 to 1997. Prior thereto Mr. Kriegler was a securities trader at CIBC World Markets specializing in structured finance from 1990 to 1992 and an investment banker in 1993.
Joseph (Jay) McCabe, 57 Senior Vice President and Corporate Controller	Mr. McCabe has served as the Company’s Senior Vice President and Corporate Controller since December 2005. Mr. McCabe joined Moody’s in July 2004 as Vice President and Corporate Controller. Before joining the Company, he served

as Vice President — Corporate Controller at PPL Corporation, an energy and utility company, from 1994 to 2003. Prior to PPL Corporation, he served Deloitte & Touche as Partner from 1984 to 1993 and as a member of the firm's audit practice from 1973 to 1984.

Raymond W. McDaniel, Jr., 50
Chairman and Chief Executive Officer

Mr. McDaniel, Jr., has served as the Chairman and Chief Executive Officer of the Company since April 2005 and serves on the International Business Development Committee of the Board of Directors. Mr. McDaniel served as the Company's President from October 2004 until April 2005 and the Company's Chief Operating Officer from January 2004 until April 2005. He served as President of Moody's Investors Service from November 2001 to August 2007. Mr. McDaniel served as the Company's Executive Vice President from April 2003 to January 2004, and as Senior Vice President, Global Ratings and Research from November 2000 until April 2003. He served as Senior Managing Director, Global Ratings and Research, of Moody's Investors Service, Inc. from November 2000 until November 2001 and as Managing Director, International from 1996 to November 2000. Mr. McDaniel is also a director of John Wiley & Sons, Inc.

Perry Rotella, 44
Senior Vice President and Chief Information Officer

Mr. Rotella has served as the Company's Senior Vice President and Chief Information Officer since December 2006. Prior to joining the Company, he served as Chief Information Officer for American International Group's ("AIG") Domestic Brokerage group from 2003 to 2006, Operations and Systems Executive in 2006 and Global Chief Technology Officer from 2000 to 2003. Prior to AIG, from 1985 to 1999, Mr. Rotella was with American Management Systems ("AMS"), a technology consulting firm, where he held a variety of positions including Chief Technology Officer for AMS's Insurance Technology Group.

ITEM 1A. RISK FACTORS

The following risk factors and other information included in this annual report on Form 10-K should be carefully considered. The risks and uncertainties described below are not the only ones the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company's management currently deems minor or insignificant also may impair its business operations. If any of the following risks occurs, Moody's business, financial condition, operating results and cash flows could be materially adversely affected.

Changes in the Volume of Debt Securities Issued in Domestic and/or Global Capital Markets and Changes in Interest Rates and Other Volatility in the Financial Markets

Approximately 79% of Moody's revenue in 2007 was derived from ratings. Revenues from ratings, in turn, are dependent on the number and dollar volume of debt securities issued in the capital markets. Accordingly, any conditions that either reduce investor demand for debt securities or reduce issuers' willingness or ability to issue such securities could reduce the number and dollar volume of debt issuances for which Moody's provides ratings services, and thereby, have an adverse effect on the fees derived from the issuance of ratings.

Factors that could reduce investor demand for debt securities or reduce issuers' willingness or ability to issue such securities include unfavorable financial or economic conditions. In addition, increases in interest rates or credit spreads, volatility in financial markets or the interest rate environment, significant regulatory, political or economic events, defaults of significant issuers and other market and economic factors may negatively affect the general level of debt issuance and/or the debt issuance plans of certain categories of borrowers. Beginning in July 2007, there has been a significant disruption in world financial markets, particularly in the credit markets. A sustained period of market decline or weakness, especially if it relates to credit sensitive securities, for which there is typically a high level of demand for ratings, could have a material adverse effect on Moody's business and financial results. The Company has recently noted a substantial reduction in the volume of debt securities issued and related revenues as a result of the uncertainties presently being experienced in the market for collateralized debt and other structured finance obligations. Revenue earned from ratings in 2007 was approximately 9% higher as compared to 2006, however, ratings revenue in the second half of 2007 compared to the second half of 2006 decreased approximately 11% due to the reduced number of credit-sensitive securities issued in the latter half of 2007 as a result of the credit turmoil beginning early in the third quarter of 2007. There can be no assurance that market conditions will improve in the near future or that results will not continue to be adversely affected.

To the Extent that Any Concerns Affecting Credibility are Perceived in the Marketplace Moody's Market Share and/or Revenue Could be Affected

Moody's reputation is one key factor on the basis of which it competes. Moody's is constantly taking steps to help maintain the absolute trustworthiness of its reputation, as well as its credibility in the marketplace. Accordingly, to the extent that rating agency business as a whole or Moody's, relative to its competitors, suffers a loss in credibility, Moody's business could be adversely affected. Factors that could affect one's credibility include, potentially, the performance of securities relative to the rating assigned to such securities by a particular rating agency, as well as the ability to recognize potential changes in ratings on a timely basis.

Increased Pricing Pressure from Competitors and/or Customers

In the credit rating, research and credit risk management markets, competition for customers and market share has spurred more aggressive tactics by some competitors in areas such as pricing and service. While Moody's seeks to compete primarily on the basis of the quality of its products and service, if its pricing and services are not sufficiently competitive with its current and future competitors, Moody's may lose market share.

Introduction of Competing Products or Technologies by Other Companies

The markets for credit ratings, research and credit risk management services are highly competitive. The ability to provide innovative products and technologies that anticipate customers' changing requirements and to utilize emerging technological trends is a key factor in maintaining market share. Competitors may develop quantitative methodologies or related services for assessing credit risk that customers and market participants may deem preferable, more cost-effective or more valuable than the credit risk assessment methods currently employed by Moody's. Moody's growth prospects could also be adversely affected by limitations of its information technologies that fail to provide adequate capacity and capabilities to meet increased demands of producing quality ratings and research products at levels achieved by competitors.

Regulation as a Nationally Recognized Statistical Rating Organization and Potential for New U.S., State and Local Legislation and Regulations

When governments adopt regulations that require debt securities to be rated, establish criteria for credit ratings or authorize only certain entities to provide credit ratings, the competitive balance among rating agencies and the level of demand for ratings may be positively or negatively affected. Government-mandated ratings criteria may also have the effect of displacing objective assessments of creditworthiness. In these circumstances, debt issuers may be less likely to base their choice of rating agencies on criteria such as independence and credibility, and more likely to base their choice on their assumption as to which credit rating agency might provide a higher rating, which may negatively affect the Company.

In the United States and other countries, the laws and regulations applicable to credit ratings and rating agencies continue to evolve and are presently subject to review by a number of legislative or regulatory bodies, including the SEC in the United States and state and local oversight. It is possible that such reviews could lead to greater oversight or regulation concerning the issuance of credit ratings or the activities of credit rating agencies. Such additional regulations could, potentially, increase the costs associated with the operation of a credit rating agency, alter the rating agencies' communications with the issuers as part of the rating assignment process, increase the legal risk associated with the issuance of credit ratings, change the regulatory framework to which credit rating agencies are subject and/or affect the competitive environment in which credit rating agencies operate.

Currently, Moody's is designated as an NRSRO pursuant to SEC regulation enacted in response to the adoption of the Reform Act. One of the central promises of the Reform Act was to encourage competition among rating agencies. Given its recent adoption, Moody's is unable to assess the future impact of any regulatory changes that may result from the SEC's regulations or the impact on Moody's competitive position or its current practices, although Moody's would expect the Reform Act to increase costs of all entities engaged in the rating agency business. Similarly, at present, Moody's is unable to predict the regulatory changes that may result from ongoing reviews by any of the various regulatory bodies or the effect that any such changes may have on its business. A description of several of the more recent regulatory initiatives in the United States and other countries is described above under the section entitled "Regulation" in Item 1. "Business", of this Form 10-K.

Potential for Increased Competition and Regulation in Foreign Jurisdictions

Moody's maintains offices outside the U.S. and derives a significant and increasing portion of its revenue from sources outside the U.S. Operations in different countries expose Moody's to a number of legal, economic and regulatory risks such as restrictions on the ability to convert local currency into U.S. dollars and currency fluctuations, export and import restrictions, tariffs and other trade barriers, political and economic instability as well as nationalization, expropriation, price controls and other restrictive governmental actions, longer payment cycles and possible problems in collecting receivables, and potentially adverse tax consequences.

Moody's faces competition from, among others, S&P, Fitch, DBRS, local rating agencies in a number of international jurisdictions and specialized companies that provide ratings for particular types of financial products or issuers (such as A.M. Best Company, Inc., with respect to the insurance industry). Since Moody's believes that some of its most significant challenges and opportunities will arise outside the U.S., it will have to compete with rating agencies that may have a stronger local presence or a longer operating history in those markets. These local providers or comparable competitors that may emerge in the future may receive support from local governments or other institutions that Moody's does not receive, putting Moody's at a competitive disadvantage.

Because Moody's operates globally and plans to expand its international scope, it must also react to regulatory changes abroad. CESR has monitored rating agencies' compliance with the IOSCO Code. Although the CESR recently concluded in a report that the four internationally active rating agencies that operate in the European Union, including Moody's, are largely compliant with the IOSCO Code, it did identify a few areas where it believed the rating agencies could improve their processes and disclosures and where the IOSCO Code could be improved. CESR indicated that it will look into these areas in particular, as well as the impact of the Reform Act and the SEC's implementing rules on the rating business in the European Union. Moody's is unable to assess the potential impact of any regulatory changes that may result from the CESR's review, including whether any additional regulation would restrict or otherwise inhibit Moody's expansion into foreign markets. See the discussion under the section entitled "Regulation" in Item 1. "Business", of this Form 10-K, for additional information regarding the IOSCO Code and the CESR.

Exposure to Litigation Related to Moody's Rating Opinions

Currently, Moody's has received subpoenas and inquiries from states attorneys general and governmental authorities, as part of ongoing investigations, and is cooperating with those inquiries. The outcome of such investigations is presently unknown. In addition, Moody's faces litigation from time to time from parties claiming damages relating to ratings actions, as well as other related actions. As Moody's international business expands, these types of claims may increase or become more costly because foreign jurisdictions may not have legal protections or liability standards comparable to those in the U.S. (such as protections for the expression of credit opinions as is provided by the First Amendment and criminal rather than civil penalties). These risks often may be difficult to assess or quantify, and their existence and magnitude often remains unknown for substantial periods of time.

Possible Loss of Key Employees to Investment or Commercial Banks or Elsewhere and Related Compensation Cost Pressures

Moody's success depends in part upon recruiting and retaining highly skilled, experienced financial analysts and other professionals. Competition for qualified staff in the financial services industry is intense, and Moody's ability to attract staff could be impaired if it is unable to offer competitive compensation and other incentives or if the regulatory environment mandates restrictions on or disclosures about individual employees that would not be necessary in competing analytical industries. Investment banks and other competitors for analyst talent may be able to offer higher compensation than Moody's or subject employees to less individual scrutiny. Moody's also may not be able to identify and hire employees in some markets outside the U.S. with the required experience or skills to perform sophisticated credit analysis. Moody's may lose key employees due to other factors, such as catastrophes, that could lead to disruption of business operations. Moody's ability to compete effectively will continue to depend, among other things, on its ability to attract new employees and to retain and motivate existing employees.

Our Operations and Infrastructure may Malfunction or Fail

Our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the communities in which we are located. This may include a disruption involving electrical, communications or other services used by us or third parties with or through whom we conduct business, whether due to human error, natural disasters, power loss, telecommunication failures, break-ins, sabotage, computer viruses, intentional acts of vandalism, acts of terrorism or war or otherwise. We do not have fully redundant systems for most of our smaller office locations and low-risk systems, and our disaster recovery plan does not include restoration of non-essential services. If a disruption occurs in one of these locations and our personnel in those locations are unable to communicate with or travel to other locations, our ability to service and interact with our clients and customers from these locations may suffer.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Although we take protective measures and endeavor to modify them as circumstances warrant, our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious events that could have a security impact. If one or more of such events occur, this could jeopardize our or our clients' or counterparties' confidential and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our, our clients', our counterparties' or third parties' operations. We may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures, and we may be subject to litigation and financial losses that are either not insured against or not fully covered through any insurance maintained by us.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Moody's corporate headquarters is located at 7 World Trade Center at 250 Greenwich Street, New York, New York, with approximately 668,513 square feet. During the fourth quarter of 2006, the Company completed the sale of its former corporate headquarters building at 99 Church Street, New York, New York. As of December 31, 2007, Moody's operations were conducted from 16 U.S. offices and 37 non-U.S. office locations, all of which are leased. These properties are geographically distributed to meet operating and sales requirements worldwide. These properties are generally considered to be both suitable and adequate to meet current operating requirements.

ITEM 3. LEGAL PROCEEDINGS

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, other than routine litigation incidental to Moody's business, material proceedings known to be contemplated by governmental authorities, and other pending matters that it may determine to be appropriate. For matters, except those 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 FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("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. The discussion of the legal matters under Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contingencies", commencing on page 17 of this annual report on Form 10-K, is incorporated into this Item 3 by reference.

Moody's has received subpoenas and inquiries from states attorneys general and governmental authorities and is cooperating with those inquiries.

Based on its review of the latest information available, in the opinion of management, the ultimate liability of the Company for the unresolved 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 II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contingencies".

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During the fourth quarter of the fiscal year covered by this annual report on Form 10-K, no matter was submitted to a vote of security holders.

PART II

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

Information in response to this Item is set forth under the captions "Common Stock Information" and "Dividends" in Item 7 of this annual report on Form 10-K, and under the caption "Equity Compensation Plan Information" in the Company's definitive proxy statement for use in connection with its annual meeting of stockholders scheduled to be held on April 22, 2008, and is incorporated herein by reference.

MOODY'S PURCHASES OF EQUITY SECURITIES For the Three Months Ended December 31, 2007

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares	Approximate Dollar Value of Shares That May yet be Purchased Under the Program (2)
			Purchased as Part of Publicly Announced Program	
October 1 – 31	1,231,601(1)	\$ 48.46	1,231,491	\$ 2,275.8 million
November 1 – 30	1,596,717	39.30	1,596,717	2,213.0 million
December 1 – 31	4,921,449(1)	38.39	4,920,689	2,024.1 million
Total	7,749,767		7,748,897	

- (1) Includes the surrender to the Company of 110 and 760 shares in October and December, respectively, of common stock 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, of which \$24 million remains at December 31, 2007. On July 30, 2007, the Board of Directors of the Company authorized an additional \$2.0 billion share repurchase program. The Company will begin repurchasing shares under the new program upon completion of the \$2.0 billion program authorized in June 2006. There is no established expiration date for either of these authorizations

During the fourth quarter of 2007, Moody's repurchased 7.7 million shares of its common stock, at an aggregate cost of \$311.4 million, and issued 0.8 million shares under employee stock-based compensation plans.

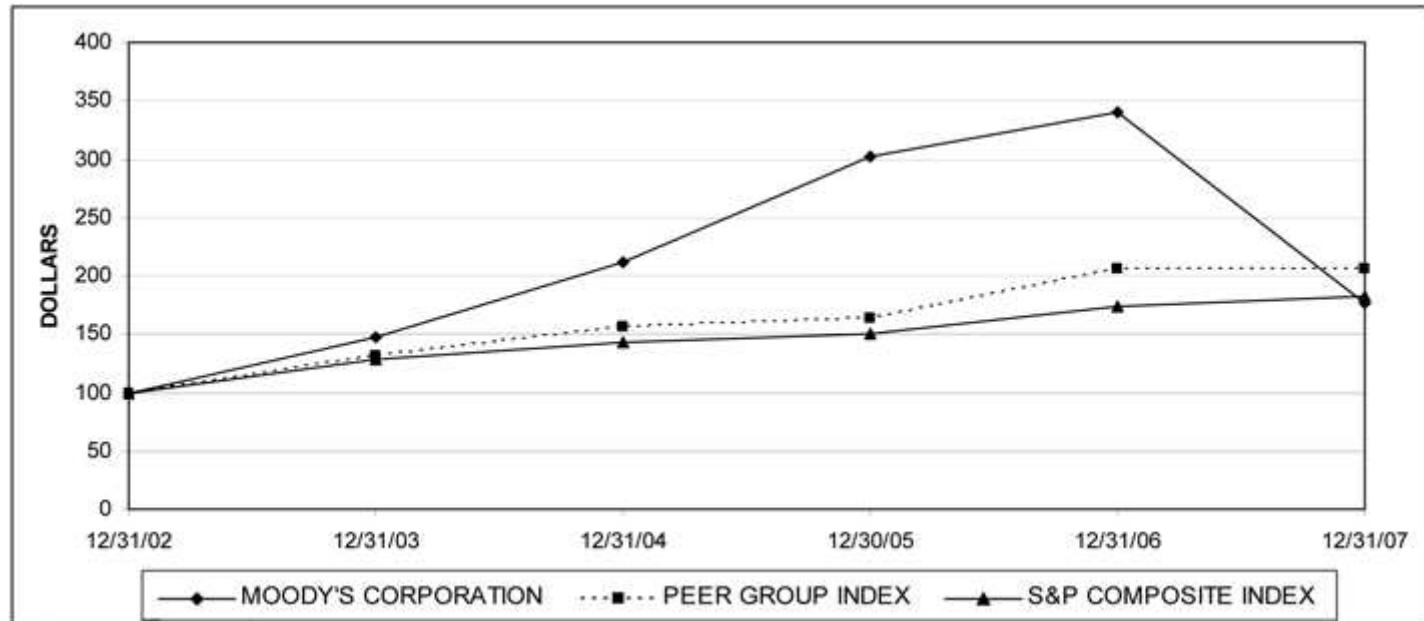
PERFORMANCE GRAPH

The following graph compares the total cumulative shareholder return of the Company to the performance of Standard & Poor's Stock 500 Index (the "S&P 500") and an index of performance peer group companies (the "Performance Peer Group").

The Company does not believe there are any publicly traded companies that represent strict peers. However, each of the companies in the Performance Peer Group offers business information products in one or more segments of its business. The Performance Peer Group consists of Dow Jones & Company, Inc., The McGraw-Hill Companies, Pearson PLC, Reuters Group PLC, Thomson Corporation and Wolters Kluwer nv.

The comparison assumes that \$100.00 was invested in the Company's common stock (the "Common Stock") and in each of the foregoing indices on December 31, 2002. The comparison also assumes the reinvestment of dividends, if any. The total return for the Common Stock was 77% during the performance period as compared with a total return during the same period of 83% for the S&P 500 and 106% for the Performance Peer Group.

**COMPARISON OF CUMULATIVE TOTAL RETURN
SINCE DECEMBER 31, 2002
MOODY'S CORPORATION, S&P COMPOSITE INDEX AND PEER GROUP INDEX**



	PERIOD ENDING					
	12/31/2002	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007
Moody's Corporation	\$ 100.00	\$ 147.17	\$ 212.01	\$ 301.54	\$ 340.58	\$ 177.12
Peer Group Index	100.00	131.99	155.63	163.38	206.20	205.53
S&P Composite Index	100.00	128.68	142.69	149.70	173.34	182.87

The comparisons in the graph above are provided in response to disclosure requirements of the SEC and are not intended to forecast or be indicative of future performance of the Common Stock.

ITEM 6. SELECTED FINANCIAL DATA

The Company's selected consolidated financial data should be read in conjunction with Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Moody's Corporation consolidated financial statements and notes thereto.

	Year Ended December 31,				
	2007	2006	2005	2004	2003
<u>amounts in millions, except per share data</u>					
Results of operations					
Revenue	\$2,259.0	\$2,037.1	\$1,731.6	\$1,438.3	\$1,246.6
Operating, selling, general and administrative expenses	1,035.1	898.7	756.8	617.8	550.9
Depreciation and amortization	42.9	39.5	35.2	34.1	32.6
Restructuring charge	50.0	—	—	—	—
Gain on sale of building	—	(160.6)	—	—	—
Operating income	1,131.0	1,259.5	939.6	786.4	663.1
Non-operating (expense) income, net (1)	(14.3)	1.0	(4.9)	(15.1)	(6.7)
Income before provision for income taxes	1,116.7	1,260.5	934.7	771.3	656.4
Provision for income taxes (2)	415.2	506.6	373.9	346.2	292.5
Net income	\$ 701.5	\$ 753.9	\$ 560.8	\$ 425.1	\$ 363.9
Earnings per share					
Basic	\$ 2.63	\$ 2.65	\$ 1.88	\$ 1.43	\$ 1.22
Diluted	\$ 2.58	\$ 2.58	\$ 1.84	\$ 1.40	\$ 1.19
Weighted average shares outstanding					
Basic	266.4	284.2	297.7	297.0	297.8
Diluted	272.2	291.9	305.6	304.7	304.6
Dividends declared per share	\$ 0.34	\$ 0.29	\$ 0.24	\$ 0.15	\$ 0.11
 Balance sheet data					
Total assets	\$1,714.6	\$1,497.7	\$1,457.2	\$1,389.3	\$959.9
Long-term debt (3)	\$ 600.0	\$ 300.0	\$ 300.0	\$ —	\$300.0
Shareholders' (deficit) equity	\$ (783.6)	\$ 167.4	\$ 309.4	\$ 317.5	\$(32.1)

- (1) The 2007 amount includes a \$31.9 million benefit related to the resolution of certain legacy tax matters, and the 2003 amount includes a gain of \$13.6 million on an insurance recovery related to the September 11th tragedy.
- (2) The 2007, 2006 and 2005 amounts include net benefits of \$20.4 million, \$2.4 million and \$8.8 million, respectively and the 2004 and 2003 amounts include expenses of \$30.0 million and \$16.2 million, respectively, relating to certain legacy tax matters.
- (3) At December 31, 2004, the notes payable scheduled to mature in September 2005 were classified as a current liability and the 2007 amount includes the \$300.0 million Series 2007-1 Notes issued in September 2007.

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

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains Forward-Looking Statements. See "Forward-Looking Statements" commencing on page 41 and Item 1A. "Risk Factors" commencing on page 10 for a discussion of uncertainties, risks and other factors associated with these statements.

The Company

Except where otherwise indicated, the terms "Moody's" and the "Company" refer to Moody's Corporation and its subsidiaries. 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 ("MKMV"). 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 Moody's Investors Service operating company and several ratings business lines have been realigned. All of Moody's other commercial activities, including MKMV and sales of MIS research, are now combined under a new operating company known as Moody's Analytics.

Moody's Investors Service publishes rating opinions on a broad range of credit obligors and credit obligations issued in domestic and international markets, including various corporate and governmental obligations, structured finance securities and commercial paper programs. It also publishes investor-oriented credit information, research and economic commentary, including in-depth research on major debt issuers, industry studies, special comments and credit opinion handbooks.

The MKMV business develops and distributes quantitative credit risk assessment products and services including credit processing software and analytical tools for credit portfolio management.

Prior to September 30, 2000, the Company operated as part of The Dun & Bradstreet Corporation ("Old D&B"). On September 8, 2000, the Board of Directors of Old D&B approved a plan to separate into two publicly traded companies – the Company and The New D&B Corporation ("New D&B"). On September 30, 2000 ("the Distribution Date"), Old D&B distributed to its shareholders all of the outstanding shares of New D&B common stock (the "2000 Distribution"). New D&B comprised the business of Old D&B's Dun & Bradstreet operating company (the "D&B Business"). The remaining business of Old D&B consisted solely of the business of providing ratings and related research and credit risk management services (the "Moody's Business") and was renamed "Moody's Corporation".

New D&B is the accounting successor to Old D&B, which was incorporated under the laws of the State of Delaware on April 8, 1998. Old D&B began operating as an independent publicly-owned corporation on July 1, 1998 as a result of its June 30, 1998 spin-off (the "1998 Distribution") from the corporation now known as "R.H. Donnelley Corporation" and previously known as "The Dun & Bradstreet Corporation" ("Donnelley"). Old D&B became the accounting successor to Donnelley at the time of the 1998 Distribution.

Prior to the 1998 Distribution, Donnelley was the parent holding company for subsidiaries then engaged in the businesses currently conducted by New D&B, Moody's and Donnelley. Prior to November 1, 1996, it also was the parent holding company of subsidiaries conducting business under the names Cognizant Corporation ("Cognizant") and ACNielsen Corporation ("ACNielsen"). On that date Donnelley effected a spin-off of the capital stock of Cognizant and ACNielsen to its stockholders (the "1996 Distribution"). Cognizant subsequently changed its name to Nielsen Media Research, Inc. in connection with its 1998 spin-off of the capital stock of IMS Health Incorporated ("IMS Health").

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.

Detailed descriptions of the 1996, 1998 and 2000 Distributions are contained in the Company's 2000 annual report on Form 10-K, filed on March 15, 2001.

Critical Accounting Estimates

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

Revenue Recognition

In recognizing revenue related to ratings, Moody's uses judgments to allocate billed revenue between ratings and the future monitoring of ratings in cases where the Company does not charge ongoing monitoring fees for a particular issuer. These judgments are not dependent on the outcome of future uncertainties, but rather relate to allocating revenue across accounting periods. In such cases, the Company defers portions of rating fees that it estimates will be attributed to future monitoring activities and recognizes the deferred revenue ratably over the estimated monitoring periods.

The portion of the revenue to be deferred is based upon a number of factors, including the estimated fair market value of the monitoring services charged for similar securities or issuers. The monitoring period over which the deferred revenue will be recognized is determined based on factors such as the estimated lives of the rated securities. Currently, the estimated monitoring periods range from one to ten years. At December 31, 2007, 2006 and 2005, deferred revenue included approximately \$54 million, \$47 million and \$36 million, respectively, related to such monitoring fees.

Additionally, in the case of commercial mortgage-backed securities, derivatives, international residential mortgage-backed and asset-backed securities, issuers can elect to pay the monitoring fees upfront. These fees are deferred and recognized over the future monitoring periods, ranging from nine to 46 years, which are based on the expected lives of the rated securities. At December 31, 2007, 2006 and 2005, deferred revenue related to these securities was approximately \$86 million, \$72 million and \$57 million, respectively.

Moody's estimates revenue for ratings of commercial paper for which, in addition to a fixed annual monitoring fee, issuers are billed quarterly based on amounts outstanding. Revenue is accrued each quarter based on estimated amounts outstanding and is billed when actual data is available. The estimate is determined based on the issuers' most recent reported quarterly data. At December 31, 2007, 2006 and 2005, accounts receivable included approximately \$38 million, \$34 million and \$31 million, respectively, related to accrued commercial paper revenue. Historically, the Company has not had material differences between the estimated revenue and the actual billings.

Accounts Receivable Allowance

Moody's records, as reductions of revenue, provisions for estimated future adjustments to customer billings based on historical experience and current conditions. Such provisions are reflected as additions to the accounts receivable allowance. Adjustments to and write-offs of accounts receivable are charged against the allowance. Moody's evaluates its accounts receivable by reviewing and assessing historical collection and adjustment experience and the current status of customer accounts. Moody's also considers the economic environment of the customers, both from an industry and geographic perspective, in evaluating the need for allowances. Based on its reviews, Moody's establishes or adjusts allowances as considered appropriate in the circumstance. This process involves a high degree of judgment and estimation and could involve significant dollar amounts. Accordingly, Moody's results of operations can be affected by adjustments to the allowance. Management believes that the allowance for uncollectible accounts is adequate to cover anticipated adjustments and write-offs under current conditions. However, significant changes in any of the above factors, or actual write-offs or adjustments that differ from the estimated amounts could result in revenue adjustments that are greater or less than Moody's estimates. In each of 2007, 2006 and 2005, the Company adjusted its provision rates and its allowances to reflect its current estimate of the appropriate level of accounts receivable allowance.

Contingencies

Accounting for contingencies, including those matters described in the "Contingencies" section of this "Management's Discussion and Analysis of Financial Conditions and Results of Operations", commencing on page 38 is highly subjective

and requires the use of judgments and estimates in assessing their magnitude and likely outcome. In many cases, the outcomes of such matters will be determined by third parties, including governmental or judicial bodies. The provisions made in the consolidated financial statements, as well as the related disclosures, represent management's best estimates of the then current status of such matters and their potential outcome based on a review of the facts and in consultation with outside legal counsel where deemed appropriate. The Company regularly reviews contingencies and as additional information becomes available may, in the future, adjust its associated liabilities. Based on its review of the latest information available, and subject to the contingencies described in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Contingencies", the ultimate liability of the Company in connection with pending legal and tax proceedings, claims and litigation is not likely to have a material adverse effect on Moody's future reported results and financial position.

For the years ended December 31, 2007, 2006 and 2005, the provision for income taxes reflected credits of \$27.3 million, \$2.4 million and \$8.8 million, respectively, due to changes in the Company's liabilities for legacy income tax exposures that were assumed by Moody's in connection with its separation from Old D&B in October 2000. These tax matters are more fully described under the caption "Legacy Contingencies" within Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Goodwill and Other Intangible Assets

Moody's evaluates its goodwill for impairment annually or more frequently if impairment indicators arise in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets". The evaluation of the carrying value of goodwill requires that the Company make important assumptions and judgments about future operating results and cash flows as well as terminal values and discount rates. In estimating future operating results and cash flows, Moody's considers internal budgets and strategic plans, expected long-term growth rates, and the effects of external factors and market conditions. If actual future operating results and cash flows or external conditions differ from the Company's judgments, or if changes in assumed terminal values or discount rates are made, an impairment charge may be necessary to reduce the carrying value of goodwill, which charge could be material to the Company's financial position and results of operations. Amortizable intangible assets are reviewed for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Restructuring Charge

The Company has engaged, and may continue to engage, in restructuring actions, which require management to utilize significant estimates related to expenses for severance and other employee benefit costs, contract termination costs and asset impairments. If the actual amounts differ from these estimates, the amount of the restructuring charge could be impacted. For a full description of Moody's restructuring actions, refer to the "Results of Operations" section below and Note 10 to the consolidated financial statements.

Pension and Other Post-Retirement Benefits

The expenses, assets, liabilities and obligations that Moody's reports for pension and other post-retirement benefits are dependent on many assumptions concerning the outcome of future events and circumstances. These assumptions include the following:

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

The discount rate selected to measure the present value of the Company's benefit obligations as of December 31, 2007 was derived using a cash flow matching method whereby the Company compares the plans' projected payment obligations by year with the corresponding yield on the Citibank pension discount curve. The cash flows are then discounted back to their present value and an overall discount rate is determined.

Moody's major assumptions vary by plan and assumptions used are set forth in Note 11 to the consolidated financial statements. In determining these assumptions, the Company consults with outside actuaries and other advisors as deemed appropriate. While the Company believes that the assumptions used in its calculations are reasonable, differences in actual experience or changes in assumptions could have a significant effect on the expenses, assets and liabilities related to the Company's pension and other post-retirement benefits.

When actual plan experience differs from the assumptions used, actuarial gains or losses arise. To the extent the total outstanding gain or loss exceeds a corridor threshold as defined in SFAS No. 87, “Employers’ Accounting for Pensions” (“SFAS No. 87”), the excess is subject to amortization in annual expense over the estimated average future working lifetime of active plan participants. For Moody’s pension and other post-retirement benefit plans, the total losses as of December 31, 2007 which have not been recognized in annual expense are \$19.0 million and in 2008, Moody’s expects amortization of actuarial losses to be immaterial.

For Moody’s funded pension plan, the differences between the expected long-term rate of return assumption and actual experience could also affect the net periodic pension expense. As permitted under SFAS No. 87, the Company spreads the impact of asset experience over a five-year period for purposes of calculating the market related value of assets which is used in determining the expected return on assets’ component of annual expense and in calculating the total unrecognized gain or loss subject to amortization. As of December 31, 2007, the Company has an unrecognized asset gain of \$4.1 million, of which \$1.7 million will be recognized in the market related value of assets that is used to calculate the expected return on assets’ component of 2009 expense.

The table below shows the estimated effect that a one percentage-point decrease in each of these assumptions will have on Moody’s 2008 operating income (dollars in millions). These effects have been calculated using the Company’s current projections of 2008 assets, liabilities, obligations and expenses related to pension and other post-retirement plans, which could change as updated data becomes available.

	Assumption Used for	Estimated Impact on 2008 Operating Income	
	<u>2008</u>	<u>(Decrease)/Increase</u>	
Discount Rate*	6.45% / 6.35%	\$	(5.8)
Weighted Average Assumed Compensation Growth Rate	4.00%	\$	0.7
Assumed Long-Term Rate of Return on Pension Assets	8.35%	\$	(1.2)

* Discount rates of 6.45% and 6.35% are used for pension plans and other post-retirement plans, respectively.

A one percentage-point increase in assumed healthcare cost trend rates will not affect 2008 projected expenses. Based on current projections, the Company estimates that expenses related to pension and post-retirement plans will be approximately \$13 million in 2008 compared with \$16.2 million in 2007, excluding the costs of curtailment and special termination benefits of \$10.8 million in 2007. The expected expense decrease in 2008 reflects the effects of higher discount rates, lower amortization of actuarial losses and reduction in workforce due to restructuring, which are partially offset by lower plan asset gains.

Stock-Based Compensation

On January 1, 2006, the Company implemented, under the modified prospective application method, the fair value method of accounting for stock-based compensation SFAS No. 123 (Revised 2004) “Share-Based Payment” (“SFAS No. 123R”). Under this pronouncement, companies are required to record compensation expense for all share-based payment award transactions granted to employees based on the fair value of the equity instrument at the time of grant. This includes shares issued under employee stock purchase plans, stock options, restricted stock and stock appreciation rights. Previously, on January 1, 2003, the Company implemented, on a prospective basis, the fair value method of accounting for stock-based compensation under SFAS No. 123, “Accounting for Stock-Based Compensation”. The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model that uses assumptions and estimates that the Company believes are reasonable. Some of the assumptions and estimates, such as share price volatility and expected option holding period, are based in part on Moody’s experience during the period since becoming a public company, which is limited. The use of different assumptions and estimates in the Black-Scholes option pricing model could produce materially different estimated fair values for option awards and related expense.

An increase in the following assumptions would have had the following estimated effect on operating income in 2007 (dollars in millions):

	Assumption Used	Increase in Assumption	Estimated Impact on Operating Income in 2007	
Average Expected Dividend Yield	2003 - 2007 grants 0.41% - 0.52%	0.10%	\$	1.2
Average Expected Share Price Volatility	2003 - 2007 grants 23% - 30%	5%	\$	(4.6)
Expected Option Holding Period	2003 - 2007 grants 5.0 - 6.0 years	1.0 year	\$	(3.9)

Income Taxes

The Company is subject to income taxes in the United States and various foreign jurisdictions. The Company's tax assets and liabilities are affected by the amounts charged for service provided and expenses incurred as well as other tax matters such as inter-company transactions. The Company accounts for income taxes under the asset and liability method in accordance with SFAS No. 109, "Accounting for Income Taxes." Therefore, income tax expense is based on reported income before income taxes, and deferred income taxes reflect the effect of temporary differences between the amounts of assets and liabilities that are recognized for financial reporting purposes and the amounts that are recognized for income tax purposes.

Moody's is subject to tax audits in various jurisdictions which involve legacy and other tax matters. The Company regularly assesses the likely outcomes of such audits in order to determine the appropriateness of its FIN No. 48 tax liabilities. On January 1, 2007, upon the implementation of FIN No. 48, the Company implemented the accounting policy to classify interest related to income taxes as a component of interest expense in the Company's consolidated financial statements and to classify associated penalties, if any, as part of other non-operating expenses. Prior to the implementation of FIN No. 48, the Company had classified interest related to income taxes and associated penalties as components of income tax expense. In accordance with FIN No. 48, prior period financial statements have not been reclassified for this change.

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. Upon the initial implementation of FIN No. 48, the Company recorded a reduction of its January 1, 2007 retained earnings of \$43.3 million, which is comprised of \$32.9 million of tax and accrued interest of \$17.3 million (\$10.4 million, net of tax). As the determination of FIN No. 48 liabilities and associated interest and penalties requires significant estimates to be made by the Company, there can be no assurance that the Company will accurately predict the outcomes of these audits, and thus, the eventual outcomes could have a material impact on the Company's net income or financial condition.

Other Estimates

In addition, there are other accounting estimates within Moody's consolidated financial statements, including recoverability of deferred tax assets, anticipated dividend distributions from non-U.S. subsidiaries and valuation of investments in affiliates. Management believes the current assumptions and other considerations used to estimate amounts reflected in Moody's consolidated financial statements are appropriate. However, if actual experience differs from the assumptions and other considerations used in estimating amounts reflected in Moody's consolidated financial statements, the resulting changes could have a material adverse effect on Moody's consolidated results of operations or financial condition.

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

Operating Segments

Beginning in January 2008, Moody's segments were changed to reflect the implementation of the business reorganization announced in August 2007. As a result of the reorganization, the rating agency remains in the Moody's Investors Service operating company and several ratings business lines have been realigned. All of Moody's other commercial activities, including MKMV and sales of MIS research, are now combined under a new operating company known as Moody's Analytics. See "Reorganization and New Segments" section below.

In 2007 and prior years, Moody's operated in two reportable segments: Moody's Investors Service and MKMV. Moody's Investors Service consisted of (i) four rating groups — structured finance, corporate finance, financial institutions and sovereign risk, and public finance — that generate revenue principally from the assignment of credit ratings to issuers and issues of fixed-income obligations in the debt markets, and (ii) research, which primarily generates revenue from the sale of investor-oriented credit information research, data and other analytical tools that are produced principally by the rating groups. For presentation purposes, Europe represents Europe, the Middle East and Africa and public finance represents U.S. public finance. Given the dominance of Moody's Investors Service to Moody's overall results, the Company does not separately measure or report corporate expenses, nor are such expenses allocated between the Company's business segments. Accordingly, all corporate expenses are included in operating income of the Moody's Investors Service segment and none have been allocated to the MKMV segment.

The MKMV business develops and distributes quantitative credit risk assessment products and services, including credit processing software and analytical tools for credit portfolio management.

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

Results of Operations

Year Ended December 31, 2007 compared with Year Ended December 31, 2006

Total Company Results

Moody's revenue for 2007 totaled \$2,259.0 million, an increase of \$221.9 million, or 10.9%, from \$2,037.1 million for the same period in 2006. The main contributors to this growth were the corporate finance and research lines of business, which increased \$85.3 million, or 22.4%, and \$69.8 million, or 27.4%, respectively. MKMV revenue contributed 5.4% of the Company's year-over-year growth, driven by the software and risk subscriptions businesses.

Revenue in the United States was \$1,361.8 million in 2007, an increase of \$84.0 million, or 6.6%, from \$1,277.8 million in 2006. Corporate finance and research revenue achieved strong growth of \$51.7 million and \$33.8 million, respectively, partially offset by a \$29.4 million decline in structured finance, resulting from the significant slow down in the credit securitization markets.

International revenue was \$897.2 million in 2007, an increase of \$137.9 million, or 18.2%, from \$759.3 million in 2006. Revenue from the structured finance, research and corporate finance lines of business contributed approximately \$39 million, \$36 million and \$34 million, respectively, to the increase. Foreign currency translation accounted for approximately \$39 million of international revenue growth.

During the fourth quarter of 2007, the Company committed to a restructuring plan (the "Plan") in response to the Company's reorganization and a decline in current and anticipated issuance of rated debt securities in some market sectors, as more fully described in Note 10 to the consolidated financial statements. A restructuring charge of \$50.0 million was recorded in 2007, which consisted of \$45.9 million of expenses relating to severance and other employee benefit costs, and \$4.1 million for contract termination costs.

Moody's operating and selling, general and administrative expenses ("SG&A") of \$1,035.1 million in 2007 were \$136.4 million, or 15.2%, more than \$898.7 million in 2006. Compensation and benefits continue to be Moody's largest expense, accounting for approximately 70% of total operating and SG&A expenses, representing approximately \$77 million in growth from prior year. Moody's average global staffing of approximately 3,500 employees during the year ended December 31, 2007 was approximately 13% higher than during 2006. This increase reflects the impact of hiring from late 2006 and the first half of 2007 to support business growth mainly in the U.S., Asian and European ratings businesses offset by a partial completion of the workforce reductions relating to the restructuring actions implemented in the fourth quarter of 2007. The table below shows Moody's global staffing by operating segment and geographic area at December 31, 2007 and 2006.

	December 31, 2007			December 31, 2006		
	United States	International	Total	United States	International	Total
Moody's Investors Service	1,869	1,284	3,153	1,843	1,106	2,949
Moody's KMV	297	122	419	304	97	401
Total	2,166	1,406	3,572	2,147	1,203	3,350

Operating expenses were \$584.0 million in 2007, an increase of \$44.6 million, or 8.3%, from \$539.4 million in 2006. Compensation and benefits expense comprised approximately 77% of the growth, reflecting normal salary increases coupled with higher staffing levels compared to prior year, partially offset by lower incentive compensation. The staffing level increase reflects hiring in the first half of 2007 to support business growth, primarily in the international ratings businesses where headcount increased by approximately 14% over 2006. Non-compensation expenses of \$96.8 million increased \$10.2 million primarily from professional service costs associated with technology investments.

Selling, general and administrative expenses were \$451.1 million in 2007, an increase of \$91.8 million, or 25.5%, from \$359.3 million in 2006. Compensation expense of \$238.8 million increased \$46.5 million, or 24.2%, from 2006 reflecting increased staffing levels in the corporate compliance and technology support functions coupled with the increase in stock-based compensation. Non-compensation expense of \$212.3 million was up \$45.3 million, or 27.1%, over 2006 due to higher rent and occupancy costs of \$39.3 million, or 88.2%, over 2006 primarily related to the Company's relocation to its new corporate headquarters at 7 World Trade Center ("7WTC") and an increase in professional service costs of \$21.6 million relating to technology investment spending and legal matters.

Operating income in 2007 includes a \$50.0 million restructuring charge consisting of \$45.9 million of expenses relating to severance and other employee benefit costs and \$4.1 million for contract termination costs, as further discussed in Note 10 to the consolidated financial statements.

Operating income of \$1,131.0 million decreased \$128.5 million, or 10.2%, from \$1,259.5 million in 2006, which reflects approximately \$21 million of foreign currency translation gains. Moody's operating margin for 2007 was 50.1% compared to 61.8% in 2006. The restructuring charge in 2007 decreased the 2007 margin by approximately 220 basis points while the gain on building sale increased the 2006 margin by approximately 790 basis points.

Interest and other non-operating (expense) income, net was \$(14.3) million in 2007 compared with \$1.0 million in 2006. Interest expense on borrowings was \$40.7 million and \$15.2 million for the years ended December 31, 2007 and 2006, respectively. The increase was due to borrowings under the Company's credit facilities, the issuance of the \$300.0 million Series 2007-1 Notes in September 2007, and issuance under the Company's commercial paper program which was established in October 2007. Interest expense on FIN No. 48 tax liabilities was \$21.5 million in 2007. In 2006, before Fin No. 48 became effective, interest on tax liabilities was reported as part of income tax expense, net of Federal tax benefit. There was also a \$17.5 million reduction of accrued interest expense and a \$14.4 million increase in other non-operating income both for amounts due to New D&B related to the "Amortization Expense Deductions" legacy tax matter more fully described in Contingencies – Legacy Contingencies, below. Interest income earned on short-term investments and invested cash balances was \$19.3 million and \$18.2 million for the years ended December 31, 2007 and 2006, respectively. Foreign exchange gains (losses) were immaterial in both 2007 and 2006.

Moody's effective tax rate was 37.2% in 2007 compared to 40.2% in 2006. The 2007 and 2006 effective tax rates included benefits of \$27.3 million and \$2.4 million, respectively, related to legacy income tax matters, see "Contingencies – Legacy Tax Matters" below for further information. Additionally in 2007, there was a \$14.4 million increase in other non-operating income, which was not taxable, related to legacy tax matters. These matters favorably impacted the Company's 2007 and 2006 effective tax rates by approximately 295 basis points and 30 basis points, respectively.

Net income was \$701.5 million in 2007, a decrease of \$52.4 million, or 7.0%, from \$753.9 million in 2006. Basic and diluted earnings per share for 2007 were \$2.63 and \$2.58, respectively, compared to \$2.65 and \$2.58, respectively, for 2006. Excluding the restructuring charge in 2007, the gain on building sale in 2006 and legacy tax adjustments in both years, net income increased \$21.8 million, or 3.3%, and earnings per share increased \$0.25, or 11.1%, to \$2.50 per share.

Segment Results

Moody's Investors Service

Revenue at Moody's Investors Service in 2007 was \$2,104.2 million, up \$209.9 million, or 11.1%, from \$1,894.3 million in 2006. Ratings revenue accounted for \$140.1 million of the increase, with growth largely driven by global corporate finance, and financial institutions. Foreign currency translation accounted for approximately \$32 million of ratings revenue growth.

Global corporate finance revenue totaled \$465.4 million in 2007, an increase of \$85.3 million, or 22.4%, from \$380.1 million in 2006. Revenue in the U.S. increased \$51.7 million, or 21.0%, primarily due to exceptionally strong growth in speculative grade and bank loans in the first half of 2007 offset by revenue declines in the second half of 2007 compared to the second half of 2006. In the second half of 2007, U.S. investment grade revenue increased 57.0% compared to a 7.7% increase in the first half of 2007. International revenue of \$167.1 million increased \$33.6 million, or 25.2%, largely driven by growth in European investment grade and speculative grade bond issuance as well as a 71.2% increase in bank loan revenue.

Global financial institutions revenue was \$303.1 million, up \$36.3 million, or 13.6%, from \$266.8 million in 2006. Revenue in the U.S. increased \$15.1 million, principally due to strong performance within the banking and insurance sectors driven by debt refinancing and funding for share repurchases. International revenue of \$165.3 million grew \$21.2 million, or 14.7%, from prior year mainly due to increased corporate bond issuance activity and a significant number of new ratings mandates both within the European banking sector.

Global structured finance revenue was \$890.6 million for 2007, an increase of 1.1%, or \$10.0 million, from \$880.6 million in 2006. Revenue in the U.S., decreased \$29.4 million, or 5.0%, in a mixed year where strong growth in the first half, largely from the derivatives and commercial mortgage-backed securities sectors, was offset by significant revenue declines in the second half of 2007 principally in residential and commercial mortgage-backed securities as well as derivatives due to the

credit market turmoil which began early in the third quarter of 2007. Outside the U.S., revenue of \$328.5 million increased \$39.4 million, or 13.6%, reflecting strong growth from derivatives and residential mortgage-backed securities of \$19.7 million and \$12.3 million, mostly in the European region. International growth was 40.4% in the first half of 2007 offset by a significant slowdown in the second half of 2007 due to the credit market turmoil. Foreign currency translation positively impacted international revenue growth by approximately \$16 million.

Public finance revenue was \$120.8 million, an increase of \$8.5 million, or 7.6%, from \$112.3 million in 2006. Revenue growth was driven by a \$4.4 million, or 12.4% increase in the housing, health care, higher education, and infrastructure sectors as well as a \$3.0 million, or 11.3%, increase in the municipal structured products sector.

Global research revenue of \$324.3 million was \$69.8 million, or 27.4%, higher than the \$254.5 million in 2006, as a result of strong sales of core research products and analytic services to new and existing customers. U.S. revenue of \$176.0 million increased \$33.8 million, or 23.8%, and international revenue increased \$36.0 million, or 32.1%, with 77.5% reflecting growth in Europe.

Moody's Investors Service operating, and SG&A expenses, including corporate expenses, were \$922.1 million, an increase of \$133.0 million, or 16.9%, from \$789.1 million in 2006. Compensation and benefits expense comprised the largest portion of the 2007 expense growth, accounting for 50.8% of the increase from 2006, reflecting normal salary increases, higher staffing primarily in the international ratings businesses where headcount grew approximately 16% from 2006, as well as in the corporate compliance and technology support functions. Stock-based compensation expense also contributed to the year-over-year increase primarily due to the higher Black-Scholes value of the 2007 equity grants compared to prior years. Non-compensation expenses in 2007 included increased rent and occupancy costs of \$39.8 million related to the Company's relocation to its new corporate headquarters at 7WTC and increases in professional service costs of approximately \$25 million primarily due to information technology investment spending and legal expenses. Foreign currency translation contributed approximately \$17 million to year-to-year growth in reported expenses.

Moody's Investors Service operating income of \$1,105.4 million in 2007 was down \$137.5 million, or 11.1%, from \$1,242.9 million in 2006. Operating income included a \$45.6 million restructuring charge in 2007 and a \$160.6 million gain on the sale of the former corporate headquarters building in 2006. Excluding the restructuring charge and gain on building sale, operating income increased \$68.7 million, or 6.3%, with foreign currency translation contributing approximately \$22 million of the growth.

Moody's KMV

Revenue at MKMV in 2007 was \$154.8 million, up \$12.0 million, or 8.4%, from \$142.8 million in 2006. Global revenue was driven by growth in annualized risk subscriptions and software license fees of \$8.8 million and \$3.5 million, respectively. U.S. revenue of \$66.8 million increased 6.9% from \$62.5 million in 2006. Outside the U.S., revenue increased \$7.7 million, or 9.6%, over prior year.

MKMV's operating and SG&A expenses in 2007 including the \$4.4 million restructuring charge, were \$117.4 million, an increase of \$7.8 million, or 7.1%, from \$109.6 million in 2006. Compensation and benefits expense increased \$9.9 million primarily reflecting normal salary increases coupled with increased staffing as well as an approximate \$2 million reduction of certain employee obligations reflected in 2006. MKMV operating income was \$25.6 million for 2007, an increase of \$9.0 million, or 54.2%, compared with \$16.6 million in 2006. Excluding the restructuring charge, MKMV's 2007 operating income increased \$13.4 million, or 80.7%, from 2006. Currency translation did not have a significant year-to-year impact on MKMV results.

Year Ended December 31, 2006 compared with Year Ended December 31, 2005

Total Company Results

Moody's revenue in 2006 was \$2,037.1 million, an increase of \$305.5 million, or 17.6%, from \$1,731.6 million for the same period of 2005. Moody's achieved strong revenue growth above the rate of the overall corporation in global structured finance, corporate finance and research, and below the corporate rate in financial institutions and MKMV, with a decline in revenue from public finance.

Revenue in the United States was \$1,277.8 million in 2006, an increase of \$192.4 million, or 17.7%, from \$1,085.4 million in 2005. Approximately 80% of the U.S. growth was driven by structured finance and corporate finance, reflecting strong issuance across most structured asset classes as well as corporate bonds and bank loans. Research, financial institutions and MKMV contributed to year-over-year growth as well.

Moody's international revenue was \$759.3 million in 2006, an increase of \$113.1 million, or 17.5%, from \$646.2 million in 2005. International ratings revenue grew approximately \$96 million versus the prior year, with about 80% of the growth in Europe where credit derivatives, corporate finance, commercial mortgage-backed and residential mortgage-backed sectors were primary drivers of growth. European research and MKMV contributed to growth as well. Foreign currency translation positively impacted international revenue growth by approximately \$1 million.

Moody's operating and SG&A expenses of \$898.7 million in 2006 were \$141.9 million, or 18.8%, more than \$756.8 million in 2005. Compensation and benefits continue to be Moody's largest expense, accounting for approximately \$103 million in growth from prior year. Moody's average global staffing of more than 3,100 employees during the year ended December 31, 2006 was approximately 15% higher than during the same prior year period. This increase includes hiring to support business growth mainly in the U.S. and European ratings businesses. The table below shows Moody's staffing at year-end 2006 compared with year-end 2005.

	December 31, 2006			December 31, 2005		
	United States	International	Total	United States	International	Total
Moody's Investors Service	1,843	1,106	2,949	1,600	919	2,519
Moody's KMV	304	97	401	303	74	377
Total	2,147	1,203	3,350	1,903	993	2,896

Operating expenses were \$539.4 million in 2006, an increase of \$86.5 million, or 19.1%, from \$452.9 million in 2005. The largest contributor to this increase was growth in compensation and benefits expense of approximately \$76 million, reflecting compensation increases, increased staffing and higher stock-based compensation expense. Moody's global staffing reflected hiring primarily in the U.S. and European ratings businesses to support business growth. Stock-based compensation expense increased \$16.3 million year-over-year due, in part, to the final year of phasing in of expense over the current four-year equity plan vesting period and the effects of a higher share price on the value of the 2006 equity grants versus 2005, offset by additional expense recorded in the first quarter of 2005 related to the accelerated expensing of equity grants for employees at or near retirement eligibility. Expenses for 2005 included \$3.2 million for the settlement of certain pension obligations.

Selling, general and administrative expenses were \$359.3 million in 2006, an increase of \$55.4 million, or 18.2%, from \$303.9 million in 2005. Year-over-year expense increases included growth in compensation and benefits of \$27 million, reflecting compensation increases, increased staffing in technology support and finance functions and \$6.0 million related to stock-based compensation as discussed above. Additional 2006 expenses included increased rent and occupancy costs of approximately \$12 million to support business expansion and costs associated with Moody's new corporate headquarters. Expenses for 2005 included a charge of \$9.4 million for the settlement of sales tax matters related to Moody's operations in Japan from 2000 through June 30, 2005, which was a result of a tax audit by Japanese taxing authorities that was completed in the second quarter of 2005.

Operating income of \$1,259.5 million in 2006, which included a \$160.6 million gain on the sale of Moody's corporate headquarters building in the fourth quarter of 2006, rose \$319.9 million, or 34.0%, from \$939.6 million in 2005. Excluding the gain on sale, operating income increased 17.0%. The effects of foreign currency translation reduced year-over-year growth in operating income by approximately \$3 million. Moody's operating margin for 2006 was 61.8% compared to 54.3% in 2005. The gain on the sale of the building increased the 2006 margin by approximately 790 basis points.

Moody's reported \$1.0 million of interest and other non-operating income (expense), net in 2006 compared with (\$4.9) million in 2005. Interest expense was \$15.2 million in 2006 and \$21.0 million in 2005. The amounts included \$14.9 million and \$20.9 million of interest expense on Moody's \$300 million of notes payable for 2006 and 2005, respectively. Interest income was \$18.2 million in 2006 compared to \$26.0 million in 2005. The decrease was attributed to the liquidation of investment portfolios to finance share repurchases. Foreign exchange losses were immaterial in 2006 compared to \$8.2 million in 2005. The year-over-year change was primarily due to the British pound and euro appreciating to the U.S. dollar.

Moody's effective tax rate was 40.2% in 2006 compared to 40.0% in 2005. The 2006 and 2005 effective tax rates were reduced by benefits of \$2.4 million and \$8.8 million, respectively, related to legacy income tax matters, see "Contingencies – Legacy Tax Matters" below for further information. Additionally, Moody's recognized a tax benefit of approximately \$3 million related to additional foreign tax credits in the fourth quarter of 2006 and a tax benefit of \$3.6 million in 2005 related to the repatriation of foreign earnings under the American Jobs Creation Act of 2004. The 2006 rate was also favorably impacted by approximately 30 basis points due to the settlement of state tax audits.

Net income was \$753.9 million in 2006, an increase of \$193.1 million or 34.4% from \$560.8 million in 2005. Basic and diluted earnings per share for 2006 were \$2.65 and \$2.58, respectively, compared to basic and diluted earnings per share of \$1.88 and \$1.84, respectively, for 2005. Excluding the gain on sale, 2006 net income was \$659.8 million, an increase of \$99.0 million or 17.7%. Additionally, the gain contributed \$0.33 and \$0.32 relating to full year basic and diluted earnings per share, respectively.

Segment Results

Moody's Investors Service

Revenue at Moody's Investors Service in 2006 was \$1,894.3 million, up \$294.0 million, or 18.4%, from \$1,600.3 million in 2005. Ratings revenue accounted for \$254.8 million of growth with increased revenue in global structured finance, corporate finance and financial institutions and sovereign risk offsetting a decline in public finance. Double-digit growth in research also contributed to the increase in revenue. Foreign currency translation positively impacted revenue growth by approximately \$1 million. Price increases also contributed to year-over-year growth in revenue.

Structured finance revenue was \$880.6 million in 2006, an increase of \$181.3 million, or 25.9%, from \$699.3 million in the same period of 2005. Approximately \$111 million of the increase was in the U.S., with the collateralized debt and commercial mortgage-backed sectors contributing about 94% of the U.S. increase. Year-over-year issuance of collateralized loan obligations and cash flow resecuritizations grew, in part, to the increased "repackaging" of securitized assets such as consumer asset-backed and mortgage-backed securities, as well as bank loans in collateralized debt obligations. Strong growth in commercial real estate collateralized debt obligation issuance was a key driver of overall commercial mortgage-backed issuance. International structured finance revenue grew approximately \$70 million year-over-year, with Europe contributing about \$61 million, where credit derivatives, commercial mortgage-backed and residential mortgage-backed sectors totaled approximately 87% of the European growth. Foreign currency translation for structured finance positively impacted international revenue growth by approximately \$3 million.

Corporate finance revenue was \$380.1 million in 2006, up \$66.3 million, or 21.1%, from \$313.8 million in 2005. Revenue in the U.S. increased 20.8% principally due to issuance related growth in bank loan and corporate bond ratings revenue. Investment grade bond issuance increased approximately 17% and high yield bond issuance increased approximately 43%, primarily due to significant mergers and acquisitions, leveraged buyouts and second lien loan activity. International corporate finance revenue increased approximately \$24 million or about 22% due largely to increased corporate bond issuance and non-issuance related ratings fees in Europe. Price increases also contributed to year-over-year growth in global corporate finance revenue.

Revenue in the financial institutions and sovereign risk group was \$266.8 million in 2006, an increase of \$12.2 million or 4.8% from \$254.6 million in 2005. In the U.S., revenue grew approximately \$11 million, principally due to strength in insurance and real estate sectors. Internationally, revenue increased \$1.4 million compared to the prior year period.

Public finance revenue was \$112.3 million in 2006, a decrease of \$5.0 million, or 4.3%, from \$117.3 million in 2005. Dollar volume issuance in the municipal bond market declined compared to 2005, primarily due to lower refinancing activity.

Research revenue of \$254.5 million in 2006 was \$39.2 million, or 18.2%, higher than \$215.3 million in 2005. Revenue grew by approximately \$29 million in the U.S. and about \$11 million internationally, with Europe accounting for approximately 57% of international growth. Research and analytics services accounted for approximately \$17 million of global revenue growth primarily from credit research on the corporate finance, financial institutions and the structured finance related businesses. Revenue from the licensing of Moody's information to financial customers for internal use and redistribution was approximately \$57 million in 2006, an increase of approximately \$8 million, or about 17% higher than the prior year.

Moody's Investors Service operating and SG&A expenses, including corporate expenses, were \$789.1 million in 2006, an increase of \$143.7 million, or 22.3%, from \$645.4 million in 2005. The largest contributor to 2006 expenses was growth in compensation and benefits of approximately \$110 million reflecting compensation increases, increased staffing primarily in the U.S. and European ratings businesses and higher stock-based compensation expense of \$21.4 million. Furthermore, expenses in 2006 included increased rent and occupancy costs of approximately \$11 million to support business expansion and costs associated with Moody's new corporate headquarters. Additional increases were due to increased information technology investment spending of approximately \$8 million offset by a decrease of approximately \$6 million in legal fees. Expenses for 2005 included a charge of \$9.4 million for the settlement of sales tax matters related to Moody's operations in Japan from 2000 through June 30, 2005, which was a result of a tax audit by Japanese taxing authorities that was completed in the second quarter of 2005. Additionally, expenses in 2005 included \$3.2 million for the settlement of certain pension obligations. Foreign currency translation contributed approximately \$4 million to year-to-year growth in reported expenses.

Moody's Investors Service operating income of \$1,242.9 million in 2006 was up \$306.6 million or 32.7% from \$936.3 million in 2005, which included a \$160.6 million gain on the sale of Moody's corporate headquarters building in the fourth quarter of 2006. Excluding the gain, operating income increased 15.6%. The effects of foreign currency translation reduced year-to-year growth in operating income by approximately \$3 million.

Moody's KMV

MKMV revenue of \$142.8 million in 2006 was \$11.5 million or 8.8% more than the same period in 2005. MKMV's revenue growth reflected increased demand for credit decision-making software and software related maintenance services, which grew approximately 10% or \$2.7 million compared to 2005. Growth in subscriptions revenue related to credit risk assessment products grew approximately 5% or \$4.9 million compared to prior year and risk services revenue increased approximately \$4 million or about 36% compared to prior year. In 2006, international MKMV revenue accounted for 56% of its global revenue.

MKMV's operating and SG&A expenses were \$109.6 million in 2006, a decrease of \$1.8 million or 1.6% from \$111.4 million in 2005. The 2006 expenses include a total of \$3.5 million due to training and recruitment, sales and marketing expenses. Additionally, 2006 expenses include a \$2.2 million charge recorded in connection with a non-income tax matter. The 2005 expenses included approximately \$7 million related to severance costs, the write-off of capitalized software development and a liability for unpaid overtime due to certain employees. MKMV operating income was \$16.6 million for 2006 compared with \$3.3 million in 2005. Currency translation did not have a significant year-to-year impact on MKMV results.

Reorganization and New Segments

Beginning in January 2008, Moody's segments were changed to reflect the implementation of the business reorganization announced in August 2007. As a result of the reorganization, the rating agency remains in the Moody's Investors Service ("MIS") operating company and several ratings business lines have been realigned. All of Moody's other commercial activities, including MKMV, sales of credit research produced by Moody's Investors Service and the production and sales of other products and services, are now combined under a new operating company known as Moody's Analytics ("Analytics").

The aforementioned reorganization will result in the Company operating in two new reportable segments in accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", beginning in January 2008.

The tables below present operating results for the years ended December 31, 2007, 2006 and 2005, as if the new segment structure described above had been in place as of January 1, 2005. Revenue for MIS and expenses for Analytics includes an intersegment royalty charged to Analytics 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" represents intersegment royalty revenue/expense.

	December 31, 2007			
	Moody's Investors Service	Moody's Analytics	Eliminations	Consolidated
Revenue	\$ 1835.4	\$ 479.1	\$ (55.5)	\$ 2,259.0
Operating expenses	759.4	331.2	(55.5)	1,035.1
Restructuring charge	41.3	8.7	—	50.0
Depreciation and amortization	24.0	18.9		42.9
Operating income	\$1,010.7	\$ 120.3	\$ —	\$ 1,131.0

	December 31, 2006			
	Moody's Investors Service	Moody's Analytics	Corporate items/ Eliminations	Consolidated
Revenue	\$1,685.6	\$ 397.3	\$ (45.8)	\$ 2,037.1
Operating expenses	666.1	278.4	(45.8)	898.7
Depreciation and amortization	17.3	22.2	—	39.5
Gain on sale of building	—	—	(160.6)	(160.6)
Operating income	<u><u>\$1,002.2</u></u>	<u><u>\$ 96.7</u></u>	<u><u>\$ 160.6</u></u>	<u><u>\$ 1,259.5</u></u>

	December 31, 2005			
	Moody's Investors Service	Moody's Analytics	Corporate items/ Eliminations	Consolidated
Revenue	\$1,425.6	\$ 346.7	\$ (40.7)	\$ 1,731.6
Operating expenses	554.4	243.1	(40.7)	756.8
Depreciation and amortization	15.5	19.7	—	35.2
Operating income	<u><u>\$ 855.7</u></u>	<u><u>\$ 83.9</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 939.6</u></u>

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

	Year ended December 31,		
	2007	2006	2005
Moody's Investors Service:			
Structured Finance	\$ 885.9	\$ 883.6	\$ 708.7
Corporate Finance	411.5	335.9	277.4
Financial Institutions	261.7	222.1	214.0
Public, Project and Infrastructure Finance	220.8	198.2	184.8
Total third-party revenue	1,779.9	1,639.8	1,384.9
Intersegment royalty	55.5	45.8	40.7
Total MIS	<u><u>\$1,835.4</u></u>	<u><u>\$1,685.6</u></u>	<u><u>\$1,425.6</u></u>
Moody's Analytics:			
Subscription	421.5	347.5	305.0
Consulting	18.1	13.5	8.1
Software	39.5	36.3	33.6
Total Analytics	479.1	397.3	346.7
Eliminations	(55.5)	(45.8)	(40.7)
Total Moody's Corporation	<u><u>\$2,259.0</u></u>	<u><u>\$2,037.1</u></u>	<u><u>\$1,731.6</u></u>

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 corporate finance to the structured finance business.

Within Moody's Analytics 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 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 aforementioned intersegment royalty revenue and related expense, as if they were operating as of January 1, 2005.

Year Ended December 31, 2007 compared with Year Ended December 31, 2006

Moody's Investors Service

Revenue at Moody's Investors Service in 2007 was \$1,779.9 million, up \$140.1 million, or 8.5%, from \$1,639.8 million in 2006. Global corporate finance, financial institutions and the public, project and infrastructure finance business increased \$75.6 million, \$39.6 million, and \$22.6 million, respectively.

Global corporate finance revenue totaled \$411.5 million in 2007, an increase of 22.5%, from \$335.9 million in 2006. Revenue in the U.S. increased \$45.3 million, or 20.2%, primarily due to increased leveraged loan activities and growth in investment grade bond issuance. International revenue of \$141.5 million increased \$30.3 million, or 27.2%, largely driven by growth in European bond issuance.

Global financial institutions revenue was \$261.7 million, up \$39.6 million or 17.8% from \$222.1 million in 2006. Revenue in the U.S. increased \$18.9 million, or 18.4%, principally due to strong performance within the banking and insurance sectors driven by debt refinancing and funding for share repurchases. International revenue of \$139.7 million grew \$20.7 million, or 17.4%, from prior year mainly due to increased corporate bond issuance activity and a significant number of new ratings mandates both within the European banking sector.

Global structured finance revenue was \$885.9 million for 2007, an increase of \$2.3 million from \$883.6 million in 2006. Revenue of \$569.6 million in the U.S., decreased \$35.5 million, or 5.9%, in a mixed year where strong growth in the first half of 2007, largely from the credit derivatives and commercial real estate finance sectors, which includes real estate investment trusts, commercial real estate collateralized debt obligations and commercial mortgage-backed securities, which were offset in the second half of 2007 by declining revenue in the residential mortgage-backed securities, derivatives and commercial real estate finance as a result of credit market turmoil which reduced ratable issuance volume. Outside the U.S., revenue of \$316.3 million increased \$37.7 million, or 13.6%, reflecting strong growth from derivatives and residential mortgage-backed securities of \$19.8 million and \$12.3 million, mostly in the European region.

Public, project and infrastructure finance revenue was \$220.8 million, an increase of \$22.6 million, or 11.4%, from \$198.2 million in 2006. Revenue from project and infrastructure finance of \$76.1 million showed the strongest growth with an increase of \$13.5 million or 21.6% over 2006, mostly from within the U.S. Revenue of \$144.7 million from the public finance sector, including U.S. public finance, sovereign and sub-sovereign, increased \$9.1 million, or 6.7%, over prior year driven by growth in combined issuance and new money issuance.

Operating expenses, including allocated corporate expenses and a \$41.3 million restructuring charge in 2007, were \$800.7 million, an increase of \$134.6 million, or 20.2%, from \$666.1 million in 2006. Compensation and benefits expense was the largest contributor to the year-over-year growth reflecting increased staffing internationally to support business growth, as well as additional headcount in the corporate compliance group. Stock-based compensation expense increased year-over-year primarily due to the higher Black-Scholes value of the 2007 equity grants compared to prior years. Non-compensation expenses in 2007 included an increase in allocated expenses such as increased rent and occupancy costs related to the Company's relocation to its new corporate headquarters at 7WTC and increases in professional service costs primarily due to information technology investment spending and legal matters.

Moody's Investors Service operating income of \$955.2 million in 2007 was flat compared to 2006. Excluding the \$41.3 million restructuring charge, 2007 operating income of \$996.5 million increased \$40.1 million, or 4.2%, from \$956.4 million in 2006.

Moody's Analytics

Revenue for Moody's Analytics was \$479.1 million, an increase of \$81.8 million, or 20.6%, from 2006. U.S. revenue of \$242.8 million increased \$38.1 million, or 18.6%, and international revenue increased \$43.7 million, or 22.7%, with 90.3% of the growth from Europe.

Revenue from subscription products of \$421.5 million was up \$74.0 million, or 21.3%, over \$347.5 million in 2006, reflecting continued demand from new and existing customers for credit and economic research, structured finance analytics

and other offerings. Software revenue of \$39.5 million increased \$3.2 million, or 8.8%, from \$36.3 million in 2006 primarily from additional license and maintenance fees for credit decisioning and analysis products. Revenue from consulting services grew \$4.6 million, or 34.1%, due to increased demand for credit education, risk modeling and scorecard development among customers seeking to implement sophisticated risk management processes and comply with regulatory requirements.

Operating expenses in 2007 including allocated corporate expenses and the \$8.7 million restructuring charge, were \$284.4 million, an increase of \$51.8 million, or 22.3%, from \$232.6 million in 2006. The increase is a result of additional compensation due to headcount growth of 8% and higher sales commission expense resulting from better than expected revenue growth over 2006. It also reflects an increase in allocated expenses due to increased rent and occupancy costs related to the Company's relocation to its new corporate headquarters at 7WTC and increases in professional service costs primarily due to information technology investment spending and legal matters.

Moody's Analytics operating income of \$175.8 million in 2007 increased \$33.3 million, or 23.4%, from \$142.5 million in 2006. Operating income included an \$8.7 million restructuring charge in 2007. Excluding the restructuring charge, 2007 operating income of \$184.5 million increased \$42.0 million, or 29.5%, from \$142.5 million in 2006.

Year Ended December 31, 2006 compared with Year Ended December 31, 2005

Moody's Investors Service

Revenue at Moody's Investors Service in 2006 was \$1,639.8 million, up \$254.9 million or 18.4% from \$1,384.9 million in 2005 with global structured and corporate finance accounting for \$233.4 million, or 91.6%, of the growth.

Structured finance revenue was \$883.6 million in 2006, an increase of \$174.9 million or 24.7% from \$708.7 million in the same period of 2005. Revenue in the U.S. of \$605.0 million increased \$111.4 million, or 22.6%, with commercial real estate finance, consisting of real estate investment trusts, commercial real estate collateralized debt obligations and commercial mortgage-backed securities, and credit derivatives contributing \$22.2 million and \$85.6 million of the increase, respectively. International structured finance revenue grew \$63.4 million year-over-year, with Europe contributing about \$58 million, where credit derivatives, commercial real estate finance and residential mortgage-backed sectors totaled 91.7% of the European growth.

Corporate finance revenue was \$335.9 million in 2006, up \$58.5 million or 21.1% from \$277.4 million in 2005. Revenue in the U.S. increased 22.3% principally due to issuance related growth in bank loan and corporate bond ratings revenue. International revenue of \$111.2 million increased \$17.5 million, or 18.7%, due largely to increased corporate bond issuance and non-issuance related ratings fees in Europe.

Financial institutions revenue was \$222.1 million in 2006, an increase of \$8.1 million or 3.8% from \$214.0 million in 2005. In the U.S., revenue of \$103.0 million grew \$8.2 million, or 8.6%, principally due to strength in the insurance sector. Internationally, revenue was relatively flat compared to 2006 with decreases in Europe being offset by increases in Asia and other international locations.

Public, project and infrastructure finance revenue was \$198.2 million in 2006, an increase of \$13.4 million or 7.3% from \$184.8 million in 2005, reflecting good growth in the project and infrastructure sectors internationally.

Operating expenses, including allocated corporate expenses, were \$666.1 million in 2006, an increase of \$111.7 million, or 20.1%, from \$554.4 million in 2005. The increase is due to incentive compensation reflecting improved financial results over prior year, additional salaries and benefits expense relating to higher global staffing to support the business growth. Non-compensation expense increased over 2006 reflecting additional travel, training and recruiting, as well as an increase in professional service fees associated with technology investment spending.

Moody's Investors Service operating income of \$956.4 million in 2006 was up \$141.4 million, or 17.3%, from \$815.0 million in 2005 mostly driven by the growth in revenue.

Moody's Analytics

Revenue for Moody's Analytics was \$397.3 million, an increase of \$50.6 million, or 14.6%, from \$346.7 million in 2005. U.S. revenue of \$204.7 million increased \$33.1 million, or 19.3%, and international revenue increased \$17.6 million, or 10.1%, with 63.1% reflecting growth in Europe.

Revenue from subscription products of \$347.5 million was up \$42.5 million, or 13.9%, over \$305.0 million in 2005, benefiting from higher sales of core research and data services coupled with new customer growth and lower attrition. Software revenue of \$36.3 million increased \$2.7 million, or 8.0%, from \$33.6 million in 2005 reflecting greater demand for risk products and credit decision-making software and related maintenance services. Revenue from consulting services was \$13.5 million, an increase of \$5.4 million, or 66.7%, from \$8.1 million in 2005 reflecting an increase in the risk management needs of customers and the completion of contractual milestones.

Operating expenses, including allocated corporate expenses, were \$232.6 million in 2006, an increase of \$30.2 million, or 14.9%, from \$202.4 million in 2005, primarily due to increased compensation and benefits relating to sales commissions from higher revenue coupled with additional staffing over 2005. The increase also reflects additional training and recruitment, sales and marketing expenses to support business growth, as well as a \$2.2 million charge in 2006 relating to a non-income tax related matter.

Market Risk

Moody's maintains operations in 27 countries outside the United States. Approximately 33% of the Company's revenue was billed in currencies other than the U.S. dollar in 2007, principally the British pound and the euro. Approximately 42% of the Company's expenses were incurred in currencies other than the U.S. dollar in 2007, principally the British pound and the euro. As such, the Company is exposed to market risk from changes in foreign exchange rates.

As of December 31, 2007, approximately 35% of Moody's assets were located outside the U.S. Of Moody's aggregate cash and cash equivalents of \$426.3 million at December 31, 2007, approximately \$348 million was located outside the United States (with \$104 million and \$88 million in Luxembourg and the U.K., respectively), making the Company susceptible to fluctuations in foreign exchange rates. Additionally, all of Moody's aggregate short-term investments of \$14.7 million were located outside the United States. The effects of changes in the value of foreign currencies relative to the U.S. dollar on assets and liabilities of non-U.S. operations with non-U.S. functional currencies are charged or credited to the cumulative translation adjustment account in shareholders' equity.

Moody's cash equivalents consist of investments in high quality investment grade securities within and outside the United States. The Company manages its credit risk exposure by allocating its cash equivalents among various money market mutual funds and issuers of high-grade commercial paper. Short-term investments primarily consist of high quality investment grade corporate bonds in Korea. The Company manages its credit risk exposure on cash equivalents and short-term investments by limiting the amount it can invest with any single issuer.

A portion of the Company's future billings and related revenue is exposed to market risk associated with changes in foreign currency exchange rates primarily related to the euros and British pound. Under the Company's current foreign exchange hedging program, the Company hedges a portion of foreign exchange currency risk for the purpose of reducing volatility in the Company's cash flows related to future euro and British pound billings and related revenue. Foreign exchange options are currently utilized to hedge these exposures and have maturities between one and fifteen months. As of December 2007 all contracts were set to expire at various times through March 2009 and were deemed to be highly effective under SFAS No. 133 and related accounting pronouncements. No credit losses are anticipated as the counterparties to these agreements are major financial institutions. As of December 31, 2007, the fair value of the Company's outstanding options was recorded as an asset of \$2.3 million consisting of the following notional amounts:

<u>Currency Pair of Option*</u>	<u>Notional amount *</u>
GBP/USD	£ 7.9 million
EUR/USD	€ 16.7 million
EUR/GBP	€ 61.5 million

* GBP(£)=Great Britain pounds; EUR(€)=euros; USD(\$)=U.S. dollars

Unrealized gains or losses will be recorded in other comprehensive income and, once realized, the gains or losses will be recognized as an adjustment to revenue when the billings are recognized in revenue.

A sensitivity analysis has been prepared to estimate the exposure to fluctuations in the foreign currency exchange rates on Moody's foreign exchange options. A hypothetical 10% favorable change in the overall option currency portfolio would result in a gain of approximately \$10 million as of December 31, 2007. The maximum loss related to an adverse change in the option currency portfolio would be \$2.3 million.

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 \$984.0 million, \$752.5 million and \$707.9 million for the years ended December 31, 2007, 2006 and 2005 respectively. The Company borrowed \$847.4 million during the year ended December 31, 2007.

Moody's net cash provided by operating activities in 2007 increased by \$231.5 million compared with 2006. A decrease in net income of \$52.4 million reduced cash provided by operating activities. The increase in stock-based compensation expense positively impacted cash flow from operations by \$13.1 million compared to net income. Accounts receivable decreased approximately 7% in the year ended December 31, 2007 compared with an increase of approximately 13% for the year ended December 31, 2006 increasing cash flow from operations by \$79.1 million compared to 2006. The impact on cash flows of excess tax benefits from stock-based compensation plans decreased to \$52.2 million from \$103.2 million in 2006 due to fewer stock option exercises in 2007 compared with 2006. The favorable non-cash resolution of a legacy tax matter in the second quarter of 2007 negatively impacted operating cash flow by \$52.3 million compared to net income. Operating cash flow in 2006 included a decrease of \$160.6 million from the gain on sale of the Company's former headquarters building. The \$67.2 million reduction in cash flows from changes in other current assets is primarily due to the receipt of approximately \$16 million from New D&B related to issuer-based stock compensation tax deductions in 2006 and an approximate \$40 million overpayment of 2007 state income taxes offset by an \$8.5 million increase related to a receivable from the IRS for a legacy tax matter classified as a current asset in 2007. Furthermore, the \$55.5 million change in cash flows associated with other assets is primarily due to a deposit made in the first quarter of 2006 of approximately \$40 million with the IRS relating to Amortization Expense Deductions, as discussed in Note 17 to the consolidated financial statements. Operating cash flow decreased by \$87.5 million due to reductions in accounts payable and accrued liabilities. This is primarily due to a decrease in net accrued income taxes of approximately \$76.5 million, decreases in accrued incentive compensation of approximately \$27 million and decreases in accounts payable of approximately \$17 million, due to timing of payments offset by approximately \$33 million in restructuring liabilities. Increases in FIN No. 48 and other non-current tax and related liabilities increased cash flow from operations by approximately \$83 million. Additionally, increases in the deferred rent liability contributed approximately \$47 million to cash flow from operations relating primarily to the free rent period and tenant allowance on the 7WTC lease.

Moody's net cash provided by operating activities in 2006 increased by \$44.6 million compared with 2005. Growth in net income contributed \$193.1 million to cash provided by operating activities. The 2006 cash flows include a decrease relating to excess tax benefits from stock-based compensation plans of \$103.2 million that are now classified as a cash flow from financing activities as required under SFAS No. 123R. Prior to the implementation of SFAS No. 123R in the first quarter of 2006, excess tax benefits relating to stock-based compensation was presented in the consolidated statements of cash flows as an operating cash flow, along with other tax cash flows. The operating cash flow includes a decrease of \$160.6 million from the gain on sale of the Company's headquarters building. The cash proceeds are reported as an investing activity in the statement of cash flows. The change in accounts receivable is attributable to increases in revenue offset by improved collection. Additionally, Moody's deposited approximately \$40 million with the IRS in the first quarter of 2006 relating to Amortization Expense Deductions, as discussed in Note 17 to the consolidated financial statements. This deposit was recorded in other assets. Tax payments increased by \$53 million in 2006 versus 2005 offset by increases in income taxes payable due to growth in pre-tax net income. An increase in deferred revenue increased cash flow from operations by \$28 million which is due to increased volume in annual and initial fees in both the ratings and research businesses.

Net cash (used in) provided by investing activities was (\$124.7) million, \$116.1 million and (\$150.4) million for the years ended December 31, 2007, 2006 and 2005, respectively. Net maturities (investments) in short-term investments, net of purchases, totaled \$61.5 million, \$22.5 million and (\$88.9) million for the years ended December 31, 2007, 2006 and 2005, respectively. Capital expenditures, primarily for leasehold improvements and internal use software, totaled \$181.8 million, \$31.1 million and \$31.3 million for the years ended December 31, 2007, 2006 and 2005, respectively. The 2007 increase relates primarily to the build-out of the Company's new corporate headquarters at 7WTC. The 2006 spending on acquisitions

was \$39.2 million, which related primarily to the purchase of a 49% share in China Cheng Xin International Credit Rating Co. Ltd and the acquisition of Wall Street Analytics, Inc., net of cash acquired. The 2005 spending on acquisitions primarily related to the acquisition of Economy.com, net of cash acquired, and a contingent payment made in the second quarter of 2005 related to Korea Investors Service. The net proceeds received from the sale of the Company's former Corporate headquarters building in the fourth quarter of 2006 were \$163.9 million.

Net cash used in financing activities was \$861.5 million, \$965.2 million and \$666.5 million for years ended December 31, 2007, 2006 and 2005, respectively. The Company borrowed \$547.4 million under its commercial paper program in 2007 to support share repurchases, build-out of the new corporate headquarters at 7WTC and other operational activities. Additionally, the Company issued and sold through a private placement transaction \$300.0 million aggregate principal Series 2007-1 Notes in the third quarter of 2007. Spending for share repurchases totaled \$1,738.4 million, \$1,093.6 million and \$691.7 million for the years ended December 31, 2007, 2006 and 2005, respectively. Dividends paid were \$85.2 million, \$79.5 million and \$60.3 million for the years ended December 31, 2007, 2006 and 2005, respectively. The increase in dividends reflects a quarterly dividend paid of \$0.08 per share 2007 versus a quarterly dividend of \$0.07 per share in 2006 and \$0.0375 in the first quarter and \$0.055 in the subsequent quarters per share in 2005. These amounts were offset in part by proceeds from employee stock-based compensation plans of \$65.9 million, \$105.3 million and \$89.1 million for the years ended December 31, 2007, 2006 and 2005, respectively. Excess tax benefits from stock-based compensation plans were \$52.2 million and \$103.2 million for the years ended December 31, 2007 and 2006, respectively. The decreases in proceeds from stock plans and the excess tax benefits relating to stock-based compensation plans is due primarily to a decrease in stock option exercise activity in 2007 compared to the same period in 2006.

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 an SEC Rule 10b5-1 program. 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 of which Moody's has approximately \$24 million remaining at December 31, 2007. On July 30, 2007, the Board of Directors of the Company authorized an additional \$2.0 billion share repurchase program that the Company will begin utilizing upon completion of the 2006 authority. There is no established expiration date for either of these authorizations.

At December 31, 2007 the Company had \$551.9 million, net of unamortized discount of \$0.7 million, of outstanding commercial paper and issued \$300.0 million of 6.06% Series 2007-1 Notes, as described in the Indebtedness section below, 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 (the "Lease") 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 Lease has an initial term of approximately 21 years with a total of 20 years of renewal options. The total base rent of the 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 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 \$21 million of costs to complete the build-out its new corporate headquarters at 7WTC over the next year.

On October 24, 2007, the Company announced a restructuring plan that would reduce global headcount, 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. During 2007, the Company made cash payments of \$1.8 million relating to the \$43.0 million cash component of the restructuring liability and expects cash outlays of approximately \$31 million and \$2 million during 2008 and 2009, respectively. The remaining liability of \$8.1 million relates to annuity payments that will be made in connection with the Company's

pension and other post-retirement benefit plans for certain terminated employees, which will commence when the employees reach retirement age beginning in 2009 and continue until all payments have been made.

The Company also intends to use a portion of its cash flow to pay dividends. On December 18, 2007, 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 March 10, 2008 to shareholders of record at the close of business on February 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 and legal contingencies 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 as of December 31:

	2007	2006
Notes payable:		
Senior notes, due 2015, 4.98%	\$ 300.0	\$300.0
Senior notes, due 2017, 6.06%	300.0	—
Commercial paper, net of unamortized discount of \$0.7 million	<u>551.9</u>	—
Total	<u>1,151.9</u>	300.0
Less: current portion	<u>(551.9)</u>	—
Total long-term debt	<u>\$ 600.0</u>	<u>\$300.0</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 ("Series 2007-1 Notes") pursuant to a Note Purchase Agreement ("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 prepayment premium based on the excess, if any, of the discounted value of the remaining scheduled payments, over the prepaid principal ("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 total debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio to exceed 4.0 to 1.0 at the end of any fiscal quarter.

On September 30, 2005, the Company entered into a Note Purchase Agreement ("2005 Agreement") and issued and sold through a private placement transaction, \$300.0 million aggregate principal amount of its Series 2005-1 Senior Unsecured Notes ("Series 2005-1 Notes"). 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 (the "Prepaid Principal"), such prepayment will be subject to a penalty based on the 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 (the “Program”) on a private placement basis under which the Company may issue unsecured commercial paper notes (the “CP Notes”) up to a maximum amount outstanding at any time of \$1.0 billion. Amounts available under the Program may be re-borrowed. The Program is supported by the Company’s 2007 Facility (see *Credit Facilities* section below), if at any time funds are not available on favorable terms under the Program. The maturities of the CP Notes will vary, but may not exceed 397 days from the date of issue. The CP Notes will be sold at a discount from par or, alternatively, will be 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 London Interbank Offered Rate (“LIBOR”); (e) prime rate; (f) treasury rate; or (g) such other base rate as may be specified in a supplement. The 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 Facilities

On September 28, 2007, the Company entered into a \$1.0 billion five-year senior, unsecured revolving credit facility (the “2007 Facility”), expiring in September 2012, which replaces both the \$500.0 million Interim Facility, which was set to expire in February 2008 as well as the \$500.0 million five-year revolving credit facility entered into on September 1, 2004 and scheduled to expire in September 2009. The 2007 Facility will serve, in part, to support the commercial paper program discussed above. 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 ratio of total indebtedness to EBITDA (“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 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 December 31, 2007, the Company had no borrowings outstanding under the 2007 Facility.

On August 8, 2007, the Company entered into an interim loan facility in an aggregate principal amount of \$500.0 million that was to expire on February 8, 2008 (the “Interim Facility”). Interest on borrowings was payable at rates that were based on LIBOR plus a premium that could range from 17.0 to 47.5 basis points of the Interim Facility amount, depending on the Company’s Earnings Coverage Ratio. The Company also paid quarterly facility fees, regardless of borrowing activity under the Interim Facility. The quarterly fees ranged from 8.0 to 15.0 basis points, depending on the Company’s Earnings Coverage Ratio. On September 28, 2007, the closing date of 2007 Facility, the Company terminated the Interim Facility and repaid the \$100.0 million outstanding balance.

On September 1, 2004, Moody’s entered into a five-year senior, unsecured bank revolving credit facility (the “2004 Facility”) in an aggregate principal amount of \$160.0 million that was scheduled to expire in September 2009. Interest on the borrowings under the 2004 Facility was payable at rates that are based on LIBOR plus a premium that can range from 17.0 to 47.5 basis points depending on the Company’s Earnings Coverage Ratio, as defined in the related agreement. The Company also paid quarterly facility fees, regardless of borrowing activity. The quarterly fees ranged from 8.0 to 15.0 basis points of the facility amount, depending on the Company’s Earnings Coverage Ratio. The Company also paid a utilization fee of 12.5 basis points on borrowings outstanding when the aggregate amount outstanding exceeded 50% of the total facility. In October 2006, Moody’s amended the 2004 Facility by increasing the limit on sale proceeds resulting from a sale-leaseback transaction of its former corporate headquarters building from \$150.0 million to \$250.0 million. Additionally, the restriction on liens to secure indebtedness related to the building sale was also increased from \$150.0 million to \$250.0 million. The Company also increased the expansion feature of the 2004 Facility from \$80.0 million to \$340.0 million, subject to obtaining commitments for the incremental capacity at the time of draw down from the existing lenders. In April 2007, after receipt of all necessary approvals relating to the execution of the expansion feature, borrowing capacity under the 2004 Facility was increased to \$500.0 million. On September 28, 2007, the closing date of the 2007 Facility, the Company terminated the 2004 Facility and repaid the \$400.0 million outstanding balance.

At December 31, 2007, the Company was in compliance with all covenants contained within the note agreements and the 2007 Facility described above.

Interest (expense) income, net

Interest (expense) income, net consists of:

	December 31,		
	2007	2006	2005
Income	\$ 19.3	\$ 18.2	\$ 26.0
Expense on borrowings	(40.7)	(15.2)	(21.0)
Expense on FIN No. 48 tax liabilities	(21.5)	—	—
Reversal of interest (a)	17.5	—	—
Capitalized	1.1	—	—
Interest (expense) income, net	\$(24.3)	\$ 3.0	\$ 5.0

- (a) Represents a reversal of accrued interest related to the favorable resolution of a legacy tax matter, as further discussed in Note 17 to the consolidated financial statements.

Interest paid on all borrowings was \$32.5 million, \$14.9 million and \$22.8 million for the years ended December 31, 2007, 2006 and 2005, respectively.

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.

Off-Balance Sheet Arrangements

At December 31, 2007 and 2006, 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.

Contractual Obligations

The following table presents payments due under the Company's contractual obligations as of December 31, 2007:

	Payments Due by Period				
	Less Than 1		Over 5 Years		
(in millions)	Total	Year	1-3 Years	3-5 Years	Over 5 Years
Operating lease obligations (1)	\$1,071.1	\$ 72.6	\$ 113.7	\$ 105.3	\$ 779.5
Notes payable (2)	910.6	33.2	66.2	66.2	745.0
Purchase obligations (3)	39.0	30.1	7.9	1.0	—
Borrowings under commercial paper program (4)	552.6	552.6	—	—	—
Capital lease obligations	4.5	1.7	2.8	—	—
Other (5)	59.9	2.6	12.1	9.2	36.0
Total (6)	\$2,637.7	\$ 692.8	\$ 202.7	\$ 181.7	\$1,560.5

- (1) Includes rent payments relating to the 165,000 square foot, 17.5 year operating lease agreement entered into on February 6, 2008 to occupy six floors of an office tower in the Canary Wharf section of London, England. The Company will begin making rent payments in March 2011.
 - (2) Includes \$9.3 million of accrued interest as of December 31, 2007 and \$301.3 million of interest that will accrue and be due from January 1, 2008 through September 30, 2015 and 2017, when the Series 2005-1 Notes and the Series 2007-1 Notes mature, respectively.
 - (3) Purchase obligations include approximately \$21 million, excluding approximately \$0.8 million of accrued liabilities, related to the build-out of Moody's new corporate headquarters at 7WTC. Purchase obligations also include contracts for professional services, data processing and telecommunication services, and data back-up facilities.
 - (4) Includes \$1.3 million of interest related to CP Notes outstanding under its commercial paper program at December 31, 2007 that will be due and paid at various times through December 31, 2008. As of February 27, 2008, the Company had approximately \$746 million of CP Notes outstanding under the Program. See "Indebtedness" for further information.

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- (5) Includes \$59.9 million of projected benefit payments relating to the Company's unfunded Pension and Other Post-Retirement Benefit Plans described in Note 11 to the consolidated financial statements.
 - (6) The table above does not include the Company's net long-term tax liabilities of \$118.3 million, since the expected cash outflow of such amounts by period cannot be reasonably estimated.

2008 Outlook

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 Moody's Investors Service ("MIS") operating company and several ratings business lines have been realigned. All of Moody's other commercial activities, including Moody's KMV and sales of MIS research, are now combined under a new operating company known as Moody's Analytics. Moody's new initiatives in fixed income pricing and valuations will also be captured within Moody's Analytics.

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 low double-digit percent range. This decline assumes foreign currency translation in 2008 at current exchange rates. The Company anticipates a weak first half of 2008 with improvement in market liquidity and issuance conditions later in the year. Under this scenario, Moody's first half 2008 performance is likely to reflect unusually weak market conditions, as well as challenging year-on-year comparisons against the first half of 2007 when the Company delivered record performance. The Company expects the full-year 2008 operating margin to decline to the mid- to high-forties percent range, due primarily to lower ratings revenue. Full-year expenses are expected to decrease approximately 5%, primarily due to the 2007 restructuring charge of \$50.0 million, as well as expense savings from the restructuring actions, partially offset by investments in the growth areas of our business. Earnings per share for 2008 are projected in a range from \$2.17 to \$2.25, which reflects the estimated impact of share buy-backs under the Company's share repurchase program.

For the global Moody's Investors Service business, the Company expects revenue for the full year 2008 to decline in the mid-to high-teens percent range. Within the U.S., the Company projects Moody's Investors Service revenue to decrease in the mid-twenties percent range for the full year 2008.

In the U.S. structured finance business, Moody's expects revenue for the year to decline in the low- to mid-forties percent range, reflecting double-digit percent declines in most asset classes, led by residential mortgage-backed securities and credit derivatives ratings.

In the U.S. corporate finance business, the Company expects revenue to decrease in the low-teens percent range for the year driven by declines across all asset classes.

In both the U.S. financial institutions and public, project and infrastructure finance sectors, Moody's projects revenue in 2008 to grow in the low single-digit percent range.

Outside the U.S. the Company expects Moody's Investors Service revenue to decrease in the low single-digit percent range. Good growth from rating financial institutions; public, project and infrastructure finance; and corporate securities is expected to be more than offset by a decline in structured finance ratings revenue, primarily in Europe.

For Moody's Analytics, the Company expects revenue growth in the mid-teens percent range. In the U.S., growth is projected to be in the low-teens percent range while outside the U.S., revenue is expected to increase in the high-teens percent range. Growth in the subscription businesses is expected in the mid-teens 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 consulting business, Moody's 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. In the software business, the Company expects revenue to be flat versus 2007, as customers begin to migrate to new generation software platforms.

Recently Issued Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS No. 157”). SFAS 157 establishes a single authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair-value measurements. SFAS No. 157 is expected to increase the consistency of fair value measurements and applies only to those measurements that are already required or permitted to be measured at fair value by other accounting standards. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued FASB Staff Position No. FAS 157-2 (“FSP FAS 157-2”), which partially defers the effective date of SFAS No. 157 for nonfinancial 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 157-2 and as a result has partially implemented the provisions of SFAS No. 157 as of January 1, 2008. The partial implementation of SFAS 157 does not have a material impact on the Company’s consolidated financial position and results of operations and the Company 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, nonfinancial long-lived assets measured at fair value for an asset impairment assessment, and asset retirement obligations initially measured at fair value.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities—including an amendment of FASB Statement No. 115” (“SFAS No. 159”). SFAS No. 159 expands the use of fair value accounting but does not affect existing standards which require assets or liabilities to be carried at fair value. Under SFAS No. 159, a company may elect to measure many financial instruments and certain other items at fair value on an instrument by instrument basis with changes in fair value recognized in earnings each reporting period. Items eligible for fair-value election include recognized financial assets and liabilities such as equity-method investments and investments in equity securities that do not have readily determinable fair values, written loan commitments, and certain warranties and insurance contracts where a warrantor or insurer is permitted to pay a third party to provide the warranty goods or services. If the use of fair value is elected, the election must be applied to individual instruments with certain restrictions, is irrevocable and must be applied to an entire instrument. Any upfront costs and fees related to the item elected for fair value must be recognized in earnings and cannot be deferred. At the implementation date, unrealized gains and losses on existing items for which fair value has been elected are reported as a cumulative adjustment to beginning retained earnings. Subsequent to the implementation of SFAS No. 159, changes in fair value will be recognized in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007 and will be implemented by the Company as of January 1, 2008. The Company is currently determining the impact, if any, that the implementation of this standard will have on its consolidated financial position and results of operations.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations (“SFAS No.141R”). SFAS No. 141R extends its applicability to all transactions and other events in which one entity obtains control over one or more other businesses and establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree, and the goodwill acquired. SFAS 141R also expands disclosure requirements to improve the statement users’ abilities to evaluate the nature and financial effects of business combinations. SFAS No. 141R is effective for fiscal years beginning on or after December 15, 2008 and is required to be implemented by the Company as of January 1, 2009. The Company is currently evaluating the potential impact of implementing SFAS No. 141R will have on its consolidated financial condition, results of operations, and cash flows.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51 (“SFAS No.160”). SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent’s ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners and requires that a noncontrolling interest in a subsidiary be reported as equity. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008 and is required to be implemented by the Company as of January 1, 2009. The Company is currently evaluating the impact of implementing SFAS No. 160 will have on its consolidated financial condition, results of operations, and cash flows.

Contingencies

From time to time, Moody’s is involved in legal and tax proceedings, 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 based upon the latest information available.

Moody's discloses material pending legal proceedings, other than routine litigation incidental to Moody's business, material proceedings known to be contemplated by governmental authorities and other pending matters that it may determine to be appropriate. For matters, except those 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, 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.

Moody's has received subpoenas and inquiries from states attorneys general and governmental authorities and is cooperating with those inquiries.

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 legal and tax proceedings, claims and litigation 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 potential liabilities assumed in connection with the 2000 Distribution ("Legacy Contingencies"). The following description of the relationships among Moody's, New D&B and their predecessor entities is important in understanding the Legacy Contingencies that relate to tax matters ("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 ("Cognizant"). 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 ("IMS Health") and Nielsen Media Research, Inc. ("NMR"). 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 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 December 31, 2007, 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 \$11 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 (the "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 \$7 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 \$7.2 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 of Deficiency 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 its second quarter. 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, for the year ended December 31, 2007.

On the Distribution Date in 2000, 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 December 31, 2007, Moody's liability with respect to this matter totaled \$52.8 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 \$56 million of these deposits (\$24.4 million for New D&B and \$31.6 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 Statutory Notices of Deficiency 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 January 2008 the IRS paid Moody's \$8.5 million in connection with this matter.

At December 31, 2007, Moody's has recorded liabilities for Legacy Tax Matters totaling \$56.7 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.

Dividends

During 2007, the Company paid a quarterly dividend of \$0.08 per share in each of the quarters of Moody's common stock, resulting in dividends paid per share of \$0.32 during the year. During 2006, the Company paid a quarterly dividend of \$0.07 per share in each of the quarters of Moody's common stock, resulting in dividends paid per share of \$0.28 during the year. During 2005, the Company paid a quarterly dividend of \$0.0375 in the first quarter and \$0.055 in each of the three subsequent quarters, per share of Moody's common stock, resulting in dividends paid per share of \$0.2025 during the year.

On December 18, 2007, 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 March 10, 2008 to shareholders of record at the close of business on February 20, 2008. The continued payment of dividends at the rate noted above, or at all, is subject to the discretion of the Board of Directors.

Common Stock Information

The Company's common stock trades on the New York Stock Exchange under the symbol "MCO". The table below indicates the high and low sales price of the Company's common stock and the dividends declared for the periods shown. The number of registered shareholders of record at January 31, 2008 was 3,522.

	Price Per Share		Dividends
	High	Low	Declared Per Share
2006:			
First quarter	\$71.95	\$61.09	\$ 0.07
Second quarter	73.29	49.77	0.07
Third quarter	65.84	49.76	0.07
Fourth quarter	71.70	60.60	0.08
Year ended December 31, 2006			\$ 0.29
2007:			
First quarter	\$76.09	\$58.65	\$ 0.08
Second quarter	73.69	60.60	0.08
Third quarter	63.70	42.42	0.08
Fourth quarter	55.99	35.05	0.10
Year ended December 31, 2007			\$ 0.34

Forward-Looking Statements

Certain statements contained in this annual report on Form 10-K are forward-looking statements and are based on future expectations, plans and prospects for the Company's business and operations that involve a number of risks and uncertainties. Such statements involve estimates, projections, goals, forecasts, assumptions and uncertainties that could cause actual results or outcomes to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements. Those statements appear at various places throughout this annual report on Form 10-K, including in the sections entitled "Outlook" and "Contingencies" under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", commencing on page 17 of this annual report on Form 10-K, under "Legal Proceedings" in Part I, Item 3, of this Form 10-K, and elsewhere in the context of statements containing the words "believe", "expect", "anticipate", "intend", "plan", "will", "predict", "potential", "continue", "strategy", "aspire", "target", "forecast", "project", "estimate", "should", "could", "may" and similar expressions or words and variations thereof relating to the Company's views on future events, trends and contingencies. 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 annual report on Form 10-K, and the Company undertakes no obligation (nor does it intend) to publicly supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise. 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 this annual report on Form 10-K, elsewhere in this Form 10-K 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.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 8. FINANCIAL STATEMENTS**INDEX TO FINANCIAL STATEMENTS**

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

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

Management of the Company has undertaken an assessment of the design and operational effectiveness of the Company's internal control over financial reporting as of December 31, 2007 based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The COSO framework is based upon five integrated components of control: risk assessment, control activities, control environment, information and communications and ongoing monitoring.

Based on the assessment performed, management has concluded that Moody's maintained effective internal control over financial reporting as of December 31, 2007.

The effectiveness of our internal control over financial reporting as of December 31, 2007 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

/s/ R AYMOND W. M CDANIEL , J R .

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

/s/ L INDA S. H UBER

Linda S. Huber
Executive Vice President and Chief Financial Officer

February 28, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, shareholders' equity and cash flows present fairly, in all material respects, the financial position of Moody's Corporation and its subsidiaries at December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2 to the consolidated financial statements, the Company has changed the manner in which it accounts for uncertainty in income taxes, as of January 1, 2007, the manner in which it accounts for share-based payment, as of January 1, 2006, and the manner in which it accounts for defined benefit pension and other post-retirement plans, as of December 31, 2006.

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

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

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
New York, New York

February 28, 2008

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

	Year Ended December 31,		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenue	\$2,259.0	\$2,037.1	\$1,731.6
Expenses			
Operating	584.0	539.4	452.9
Selling, general and administrative	451.1	359.3	303.9
Restructuring charge	50.0	—	—
Depreciation and amortization	42.9	39.5	35.2
Gain on sale of building	—	(160.6)	—
Total expenses	<u>1,128.0</u>	<u>777.6</u>	<u>792.0</u>
Operating income	<u>1,131.0</u>	<u>1,259.5</u>	<u>939.6</u>
Interest income (expense), net	(24.3)	3.0	5.0
Other non-operating income (expense), net	10.0	(2.0)	(9.9)
Non-operating income (expense), net	(14.3)	1.0	(4.9)
Income before provision for income taxes	1,116.7	1,260.5	934.7
Provision for income taxes	415.2	506.6	373.9
Net income	<u>\$ 701.5</u>	<u>\$ 753.9</u>	<u>\$ 560.8</u>
Earnings per share			
Basic	\$ 2.63	\$ 2.65	\$ 1.88
Diluted	\$ 2.58	\$ 2.58	\$ 1.84
Weighted average shares outstanding			
Basic	266.4	284.2	297.7
Diluted	<u>272.2</u>	<u>291.9</u>	<u>305.6</u>

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

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

	December 31,	
	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 426.3	\$ 408.1
Short-term investments	14.7	75.4
Accounts receivable, net of allowances of \$16.2 in 2007 and \$14.5 in 2006	443.6	475.4
Other current assets	104.5	43.0
Total current assets	989.1	1,001.9
Property and equipment, net	214.6	62.0
Goodwill	179.9	176.1
Intangible assets, net	56.9	65.7
Other assets	274.1	192.0
Total assets	\$ 1,714.6	\$ 1,497.7
Liabilities and shareholders' equity		
Current liabilities:		
Commercial paper	\$ 551.9	\$ —
Deferred revenue	426.0	360.3
Accounts payable and accrued liabilities	371.3	339.7
Total current liabilities	1,349.2	700.0
Non-current portion of deferred revenue	121.1	102.1
Notes payable	600.0	300.0
Other liabilities	427.9	228.2
Total liabilities	2,498.2	1,330.3
Commitments and contingencies (Notes 16 and 17)		
Shareholders' equity:		
Preferred stock, par value \$.01 per share; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Series common stock, par value \$.01 per share; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, par value \$.01 per share; 1,000,000,000 shares authorized; 342,902,272 shares issued at December 31, 2007 and 2006	3.4	3.4
Capital surplus	387.9	345.7
Retained earnings	2,661.1	2,091.4
Treasury stock, at cost; 91,495,426 and 64,296,812 shares of common stock at December 31, 2007 and 2006, respectively	(3,851.6)	(2,264.7)
Accumulated other comprehensive income (loss)	15.6	(8.4)
Total shareholders' (deficit) equity	(783.6)	167.4
Total liabilities and shareholders' equity	\$ 1,714.6	\$ 1,497.7

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

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

	Year Ended December 31,		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Cash flows from operating activities			
Net income	\$ 701.5	\$ 753.9	\$ 560.8
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	42.9	39.5	35.2
Stock-based compensation expense	90.2	77.1	54.8
Non-cash portion of restructuring charge	7.0	—	—
Deferred income taxes	(76.4)	(27.2)	(20.2)
Excess tax benefits from exercise of stock options	(52.2)	(103.2)	70.2
Legacy tax	(52.3)	—	—
Gain on sale of building	—	(160.6)	—
Other	—	1.2	2.2
Changes in assets and liabilities:			
Accounts receivable	36.7	(42.4)	(53.1)
Other current assets	(58.3)	8.9	1.0
Other assets and prepaid pension costs	15.5	(40.0)	(6.7)
Accounts payable and accrued liabilities	53.9	141.4	(16.0)
Restructuring liability	33.1	—	—
Deferred revenue	79.2	80.2	52.2
FIN No. 48 and other non-current tax and related liabilities	91.9	8.9	11.4
Deferred rent	53.1	6.2	0.9
Other liabilities	18.2	8.6	15.2
Net cash provided by operating activities	<u>984.0</u>	<u>752.5</u>	<u>707.9</u>
Cash flows from investing activities			
Capital additions	(181.8)	(31.1)	(31.3)
Purchases of marketable securities	(191.4)	(414.0)	(324.4)
Sales and maturities of marketable securities	252.9	436.5	235.5
Net proceeds from sale of building	—	163.9	—
Cash paid for acquisitions and investment in affiliates, net of cash acquired	(4.4)	(39.2)	(30.2)
Net cash (used in) provided by investing activities	<u>(124.7)</u>	<u>116.1</u>	<u>(150.4)</u>
Cash flows from financing activities			
Borrowings under revolving credit facilities	1,000.0	—	—
Repayments of borrowings under revolving credit facilities	(1,000.0)	—	—
Issuance of commercial paper	6,684.1	—	—
Repayment of commercial paper	(6,136.7)	—	—
Repayment of notes	—	—	(300.0)
Issuance of notes	300.0	—	300.0
Net proceeds from stock plans	65.9	105.3	89.1
Excess tax benefits from exercise of stock options	52.2	103.2	—
Cost of treasury shares repurchased	(1,738.4)	(1,093.6)	(691.7)
Payment of dividends	(85.2)	(79.5)	(60.3)
Payments under capital lease obligations	(2.0)	(0.6)	(1.3)
Debt issuance costs and related fees	(1.4)	—	(2.3)
Net cash used in financing activities	<u>(861.5)</u>	<u>(965.2)</u>	<u>(666.5)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>20.4</u>	<u>18.7</u>	<u>(11.1)</u>
Increase (decrease) in cash and cash equivalents	<u>18.2</u>	<u>(77.9)</u>	<u>(120.1)</u>
Cash and cash equivalents, beginning of the period	<u>408.1</u>	<u>486.0</u>	<u>606.1</u>
Cash and cash equivalents, end of the period	<u>\$ 426.3</u>	<u>\$ 408.1</u>	<u>\$ 486.0</u>

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

MOODY'S CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(amounts in millions)

							Accumulated Other Comprehensive	Total Shareholders' Equity (Deficit)	Total Shareholders' Comprehensive Income
	Capital		Retained		Treasury Stock		Income (Loss)		
	Common Stock	Surplus	Earnings		Treasury Stock	Shares	Amount	Income (Loss)	Comprehensive Income
Balance at December 31, 2004	342.9	\$ 3.4	\$ 142.3	\$ 939.3	(45.1)		\$ (777.2)	\$ 9.7	\$ 317.5
Net income				560.8				560.8	\$ 560.8
Dividends				(80.9)				(80.9)	
Proceeds from stock plans, including excess tax benefits			159.3					159.3	
Stock-based compensation			55.0					55.0	
Net treasury stock activity			(115.7)		(7.5)		(576.0)		(691.7)
Currency translation adjustment								(7.3)	(7.3)
Additional minimum pension liability (net of tax of \$1.8 million)								(2.5)	(2.5)
Unrecognized losses on cash flow hedges								(0.8)	(0.8)
Comprehensive income									\$ 550.2
Balance at December 31, 2005	342.9	\$ 3.4	\$ 240.9	\$ 1,419.2	(52.6)		\$ (1,353.2)	\$ (0.9)	\$ 309.4
Net income				753.9				753.9	\$ 753.9
Dividends				(81.7)				(81.7)	
Proceeds from stock plans, including excess tax benefits			209.0					209.0	
Stock-based compensation			77.3					77.3	
Net treasury stock activity			(181.5)		(11.7)		(911.5)		(1,093.0)
Currency translation adjustment								11.4	11.4
Additional minimum pension liability (net of tax of \$0.7 million)								1.0	1.0
Amounts eliminated related to additional minimum pension liability upon the implementation of SFAS No. 158 (net of tax of \$1.8 million)								2.5	2.5
Actuarial losses and prior service costs recognized upon the implementation of SFAS No. 158 (net of tax of \$16.3 million)								(22.5)	(22.5)
Unrecognized losses on cash flow hedges								0.1	0.1
Comprehensive income									\$ 766.4
Balance at December 31, 2006	342.9	\$ 3.4	\$ 345.7	\$ 2,091.4	(64.3)		\$ (2,264.7)	\$ (8.4)	\$ 167.4
Net income				701.5				701.5	701.5
Dividends				(88.4)				(88.4)	
Amounts recognized upon implementation of FIN No. 48				(43.4)					(43.4)
Proceeds from stock plans, including excess tax benefits			92.0					92.0	
Stock-based compensation			94.6					94.6	
Net treasury stock activity			(144.4)		(27.2)		(1,586.9)		(1,731.3)
Currency translation adjustment								12.9	12.9
Net actuarial gains and prior service costs (net of tax of \$5.9 million)								7.8	7.8
Amortization and recognition of prior service cost and actuarial losses (net of tax of \$2.5 million)								3.4	3.4
Unrealized loss on available-for-sale securities and cash flow hedges								(0.1)	(0.1)
Comprehensive income									\$ 725.5
Balance at December 31, 2007	342.9	\$ 3.4	\$ 387.9	\$ 2,661.1	(91.5)		\$ (3,851.6)	\$ 15.6	\$ (783.6)

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

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

Note 1 Description of Business and Basis of Presentation

Moody's Corporation ("Moody's" or the "Company") is a provider of (i) credit ratings, research and analysis covering fixed-income securities, other debt instruments and the entities that issue such instruments in the global capital markets, and credit training services and (ii) quantitative credit risk assessment products and services and credit processing software for banks, corporations and investors in credit-sensitive assets. Moody's operates in two reportable segments: Moody's Investors Service and Moody's KMV ("MKMV"). Moody's Investors Service publishes rating opinions on a broad range of credit obligors and credit obligations issued in domestic and international markets, including various corporate and governmental obligations, structured finance securities and commercial paper programs. It also publishes investor-oriented credit information, research and economic commentary, including in-depth research on major issuers, industry studies, special comments and credit opinion handbooks. The Moody's KMV business develops and distributes quantitative credit risk assessment products and services and credit processing software for banks, corporations and investors in credit-sensitive assets.

The Company operated as part of The Dun & Bradstreet Corporation ("Old D&B") until September 30, 2000 (the "Distribution Date"), when Old D&B separated into two publicly traded companies — Moody's Corporation and The New D&B Corporation ("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 "D&B Business"). The remaining business of Old D&B consisted solely of the business of providing ratings and related research and credit risk management services (the "Moody's Business") and was renamed "Moody's Corporation". The method by which Old D&B distributed to its shareholders its shares of New D&B stock is hereinafter referred to as the "2000 Distribution".

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 (the "2000 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.

Note 2 Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include those of Moody's Corporation and its majority- and wholly-owned subsidiaries. The effects of all intercompany transactions have been eliminated. Investments in companies for which the Company has significant influence over operating and financial policies but not a controlling interest are accounted for on an equity basis. Investments in companies for which the Company does not have the ability to exercise significant influence are carried on the cost basis of accounting.

The Company applies the guidelines set forth in Financial Accounting Standards Board ("FASB") Interpretation No. 46R "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN No. 46R") in assessing its interests in variable interest entities to decide whether to consolidate that entity. The Company has reviewed the potential variable interest entities and determined that there are no consolidation requirements under FIN No. 46R.

Cash and Cash Equivalents

Cash equivalents principally consist of investments in money market mutual funds and high-grade commercial paper with maturities of three months or less when purchased. Interest income on cash and cash equivalents and short-term investments was \$19.3 million, \$18.2 million and \$26.0 million for the years ended December 31, 2007, 2006 and 2005, respectively.

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives, typically three to 20 years for computer equipment and office furniture, fixtures and equipment. Leasehold improvements are amortized over the shorter of the term of the lease or the estimated useful life of the improvement. Expenditures for maintenance and repairs that do not extend the economic useful life of the related assets are charged to expense as incurred. Gains and losses on disposals of property and equipment are reflected in the consolidated statements of operations.

Computer Software

Costs for the development of computer software that will be sold, leased or otherwise marketed are capitalized when technological feasibility has been established in accordance with SFAS No. 86, “Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed”. These costs primarily relate to the development of MKMV credit processing software and quantitative credit risk assessment products to be licensed to customers and generally consist of professional services provided by third parties and compensation costs of employees that develop the software. Amortization expense for all such software for the years ended December 31, 2007, 2006 and 2005 was \$1.7 million, \$6.0 million and \$8.0 million, respectively.

The Company capitalizes costs related to software developed or obtained for internal use in accordance with Statement of Position 98-1, “Accounting for the Costs of Computer Software Developed or Obtained for Internal Use”. These assets, included in property and equipment in the consolidated balance sheets, relate to the Company’s accounting, product delivery and other systems. Such costs generally consist of direct costs of third-party license fees, professional services provided by third parties and employee compensation, in each case incurred either during the application development stage or in connection with upgrades and enhancements that increase functionality. Such costs are depreciated over their estimated useful lives, generally three to five years. Costs incurred during the preliminary project stage of development as well as maintenance costs are expensed as incurred.

Long-Lived Assets, Including Goodwill and Other Acquired Intangible Assets

Finite-lived intangible assets and other long-lived assets are reviewed for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the estimated undiscounted future cash flows are lower than the carrying amount of the related asset, a loss is recognized for the difference between the carrying amount and the estimated fair value of the asset. Goodwill and indefinite-lived intangible assets are tested for impairment annually or more frequently if events or circumstances indicate the assets may be impaired. If the estimated fair value is less than its carrying amount, a loss is recognized.

Stock-Based Compensation

On January 1, 2006, the Company implemented, under the modified prospective application method, the fair value method of accounting for stock-based compensation under SFAS No. 123 (Revised 2004) “Share-Based Payment” (“SFAS No. 123R”). Under this pronouncement, companies are required to record compensation expense for all share-based payment award transactions granted to employees based on the fair value of the equity instrument at the time of grant. This includes shares issued under employee stock purchase plans, stock options, restricted stock and stock appreciation rights. Previously, on January 1, 2003, the Company implemented, on a prospective basis, the fair value method of accounting for stock-based compensation under SFAS No. 123, “Accounting for Stock-Based Compensation”.

In November 2005, the FASB issued FASB Staff Position (“FSP”) No. FAS 123(R)-3, “Transition Election Related to Accounting for Tax Effects of Share-Based Payment Awards” (“FSP 123R-3”). FSP 123R-3 provides for an alternative transition method for establishing the beginning balance of the additional paid-in capital pool (“APIC pool”) related to the tax effects of employee share-based compensation, which is available to absorb tax deficiencies recognized subsequent to the implementation of SFAS No. 123R. The Company has elected to adopt this alternative transition method in establishing the beginning APIC pool at January 1, 2006.

Derivative Instruments and Hedging Activities

Based on the Company’s risk management policy, from time to time the Company may use derivative financial instruments to reduce exposure to changes in foreign exchange and interest rates. The Company does not enter into derivative financial instruments for speculative purposes. The Company accounts for derivative financial instruments and hedging activities in accordance with SFAS No. 133, “Accounting for Derivative Instruments and Certain Hedging Activities” (“SFAS No. 133”), as amended and interpreted, which requires that all derivative financial instruments be recorded on the balance sheet at their respective fair values. The changes in the value of derivatives that qualify as fair value hedges are recorded currently into earnings. Changes in the derivative’s fair value that qualify as cash flow hedges are recorded as other comprehensive income or loss, to the extent the hedge is effective, and such amounts are reclassified to earnings in the same period or periods during which the hedged transaction affects income.

Employee Benefit Plans

Moody’s maintains various noncontributory defined benefit pension plans, in which substantially all U.S. employees of the Company are eligible to participate, as well as other contributory and noncontributory retirement and post-retirement plans.

The expenses, assets, liabilities and obligations that Moody's reports for pension and other post-retirement benefits are dependent on many assumptions concerning the outcome of future events and circumstances. Moody's major assumptions vary by plan and the Company determines these assumptions based on the Company's long-term actual experience and future outlook as well as consultation with outside actuaries and other advisors where deemed appropriate. If actual results differ from the Company's assumptions, such differences are deferred and amortized over the estimated future working life of the plan participants.

Revenue Recognition

The Company recognizes revenue in accordance with Staff Accounting Bulletin No. 104, "Revenue Recognition". As such, revenue is recognized when an arrangement exists, the services have been provided and accepted by the customer, fees are determinable and the collection of resulting receivables is considered probable.

Revenue attributed to initial ratings of issued securities is recognized when the rating is issued. Revenue attributed to monitoring of issuers or issued securities is recognized over the period in which the monitoring is performed. In most areas of the ratings business, the Company charges issuers annual monitoring fees and amortizes such fees ratably over the related one-year period. In the case of commercial mortgage-backed securities, fees that are charged for future monitoring over the life of the related securities are amortized over such lives which range from nine to 46 years as of December 31, 2007.

In areas where the Company does not separately charge monitoring fees, the Company defers portions of the rating fees that it estimates will be attributed to future monitoring activities and recognizes such fees ratably over the applicable estimated monitoring period. The portion of the revenue to be deferred is based upon a number of factors, including the estimated fair market value of the monitoring services charged for similar securities or issuers. The estimated monitoring period is determined based on factors such as the lives of the rated securities. Currently, the estimated monitoring periods range from one to ten years.

Revenue from sales of research products and from credit risk management subscription products is recognized ratably over the related subscription period, which is principally one year. Revenue from licenses of credit processing software is recognized at the time the product is shipped to customers, or at such other time as the Company's obligations are complete. Related software maintenance revenue is recognized ratably over the annual maintenance period.

Amounts billed or received in advance of providing the related products or services are classified in accounts payable and accrued liabilities in the consolidated financial statements and reflected in revenue when earned. In addition, the consolidated balance sheets reflect as current deferred revenue amounts that are expected to be recognized within one year of the balance sheet date, and as non-current deferred revenue amounts that are expected to be recognized over periods greater than one year. The majority of the balance in non-current deferred revenue relates to fees for future monitoring of commercial mortgage-backed securities.

Accounts Receivable Allowances

Moody's records as reductions of revenue provisions for estimated future adjustments to customer billings, based on historical experience and current conditions. Such provisions are reflected as additions to the accounts receivable allowance. Adjustments to and write-offs of receivables are charged against the allowance. Moody's evaluates its estimates on a regular basis and makes adjustments to its revenue provisions and the accounts receivable allowance as considered appropriate.

Operating Expenses

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

Restructuring Charge

The Company reports costs associated with employee terminations in accordance with SFAS No. 112, "Employers' Accounting for Postemployment Benefits" ("SFAS No. 112") as it has an ongoing benefit arrangement in place, SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits" ("SFAS No. 88"), and SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" for other exit activities such as contract termination costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses are charged to income as incurred. These expenses include such items as compensation and benefits for corporate officers and staff and compensation and other expenses related to sales of products. They also include items such as office rent, business insurance, professional fees and gains and losses from sales and disposals of assets.

Foreign Currency Translation

For all operations outside the United States where the Company has designated the local currency as the functional currency, assets and liabilities are translated into U.S. dollars using end of year exchange rates, and revenue and expenses are translated using average exchange rates for the year. For these operations, currency translation adjustments are accumulated in a separate component of shareholders' equity. Transaction gains and losses are reflected in other non-operating income (expense), net. Transaction gains (losses) were (\$0.2) million for the year ended December 31, 2007 and were nil and (\$8.2) million for the years ended December 31, 2006 and 2005, respectively.

Comprehensive Income

Comprehensive income represents the change in net assets of a business enterprise during a period due to transactions and other events and circumstances from non-owner sources including foreign currency translation impacts, net actuarial losses and net prior service costs related to pension and other post-retirement plans recorded in accordance with SFAS No. 158, changes in minimum pension liability, unrealized gains/ (losses) on available-for-sale securities and derivative instruments. Accumulated comprehensive (loss) income is comprised of currency translation adjustments of \$27.7 million and \$14.8 million in 2007 and 2006, respectively, net actuarial losses and net prior service costs related to the Company's pension and other post-retirement plans of (\$11.3) million and (\$22.5) million in 2007 and 2006, respectively, derivative financial instruments of (\$0.6) million and (\$0.7) million in 2007 and 2006, respectively and (\$0.2) million in unrealized losses on available-for-sale securities in 2007. The required disclosures have been included in the consolidated statements of shareholders' equity.

Income Taxes

The Company accounts for income taxes under the asset and liability method in accordance with SFAS No. 109, "Accounting for Income Taxes". Therefore, income tax expense is based on reported income before income taxes, and deferred income taxes reflect the effect of temporary differences between the amounts of assets and liabilities that are recognized for financial reporting purposes and the amounts that are recognized for income tax purposes. On January 1, 2007, the Company implemented the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN No. 48")

The Company classifies interest related to unrecognized tax benefits in interest expense in its consolidated statements of operations. Penalties, if incurred, would be recognized in other non-operating expenses. Prior to the implementation of FIN No. 48, interest expense and, if necessary, penalties associated with tax contingencies were recorded as part of the provision for income taxes.

Fair Value of Financial Instruments

The Company's financial instruments include cash, cash equivalents, trade receivables and payables, all of which are short-term in nature and, accordingly, approximate fair value. Additionally, the Company invests in short-term investments that are carried at fair value. The fair value of the Company's notes payable, which have a fixed rate of interest, is estimated using discounted cash flow analyses based on the prevailing interest rates available to the Company for borrowings with similar maturities. The carrying amount of the Company's notes payable was \$600.0 million and \$300.0 million at December 31, 2007 and 2006, respectively. Their estimated fair value was \$650.8 million and \$299.1 million at December 31, 2007 and 2006, respectively. The outstanding foreign exchange purchased put options are recorded at fair value which is an asset of \$2.3 million.

Concentration of Credit Risk

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

Cash equivalents consist of investments in high quality investment grade securities within and outside the United States. The Company manages its credit risk exposure by allocating its cash equivalents among various money market mutual funds and issuers of high-grade commercial paper. Short-term investments primarily consist of certificates of deposit and high-grade corporate bonds in Korea as of December 31, 2007 and high-grade auction rate securities within the United States as of December 31, 2006. The Company manages its credit risk exposure on cash equivalents and short-term investments by limiting the amount it can invest with any single issuer. No customer accounted for 10% or more of accounts receivable at December 31, 2007 or 2006.

Earnings Per Share of Common Stock

In accordance with SFAS No. 128, “Earnings per Share”, basic earnings per share is calculated based on the weighted average number of shares of common stock outstanding during the reporting period. Diluted earnings per share is calculated giving effect to all potentially dilutive common shares, assuming that such shares were outstanding during the reporting period.

Pension and Other Post-Retirement Benefits

Effective as of December 31, 2006 the Company accounts for its pension and other post-retirement benefit plans in accordance with SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)” (“SFAS No. 158”). SFAS No. 158 requires an employer to recognize as an asset or liability in its statement of financial position the funded status of its defined benefit post-retirement plans and to recognize changes in that funded status in the year in which the changes occur through other comprehensive income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Estimates are used for, but not limited to, revenue recognition, accounts receivable allowances, income taxes, contingencies, valuation of investments in affiliates, long-lived and intangible assets and goodwill, pension and other post-retirement benefits, stock-based compensation, and depreciation and amortization rates for property and equipment and computer software.

Reclassifications

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

Recently Issued Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS No. 157”). SFAS 157 establishes a single authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair-value measurements. SFAS No. 157 is expected to increase the consistency of fair value measurements and applies only to those measurements that are already required or permitted to be measured at fair value by other accounting standards. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued FASB Staff Position No. FAS 157-2 (“FSP FAS 157-2”), which partially defers the effective date of SFAS No. 157 for nonfinancial 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 157-2 and as a result has partially implemented the provisions of SFAS No. 157 as of January 1, 2008. The partial implementation of SFAS 157 does not have a material impact on the Company’s consolidated financial position and results of operations and the Company 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, nonfinancial long-lived assets measured at fair value for an asset impairment assessment, and asset retirement obligations initially measured at fair value.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities—including an amendment of FASB Statement No. 115” (“SFAS No. 159”). SFAS No. 159 expands the use of fair value accounting but does not affect existing standards which require assets or liabilities to be carried at fair value. Under SFAS No. 159, a company may elect to measure many financial instruments and certain other items at fair value on an instrument by instrument basis with changes in fair value recognized in earnings each reporting period. Items eligible for fair-value election include recognized financial assets and liabilities such as equity-method investments, investments in equity securities that do not have readily determinable fair values, and written loan commitments. If the use of fair value is elected, the election must be applied to individual instruments with certain restrictions, is irrevocable and must be applied to an entire instrument. Any upfront costs and fees related to the item elected for fair value must be recognized in earnings and cannot be deferred. At the implementation date, unrealized gains and losses on existing items for which fair value has been elected are reported as a cumulative adjustment to beginning retained earnings. Subsequent to the implementation of SFAS No. 159,

changes in fair value will be recognized in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007 and has been implemented by the Company as of January 1, 2008. The Company has not elected any eligible items for fair value measurement and as a result the implementation of this standard does not have a material impact on its consolidated financial position and results of operations.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations (“SFAS No.141R”). SFAS No. 141R extends its applicability to all transactions and other events in which one entity obtains control over one or more other businesses and establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree, and the goodwill acquired. SFAS 141R also expands disclosure requirements to improve the statement users’ abilities to evaluate the nature and financial effects of business combinations. SFAS No. 141R is effective for fiscal years beginning on or after December 15, 2008 and is required to be implemented by the Company as of January 1, 2009. The Company is currently evaluating the potential impact of implementing SFAS No. 141R will have on its consolidated financial condition, results of operations, and cash flows.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51 (“SFAS No.160”). SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent’s ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners and requires that a noncontrolling interest in a subsidiary be reported as equity. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008 and is required to be implemented by the Company as of January 1, 2009. The Company is currently evaluating the impact of implementing SFAS No. 160 will have on its consolidated financial condition, results of operations, and cash flows.

Note 3 Reconciliation of Weighted Average Shares Outstanding

Below is a reconciliation of basic shares outstanding to diluted shares outstanding:

	Year Ended December 31,		
	2007	2006	2005
Basic	266.4	284.2	297.7
Dilutive effect of shares issuable under stock-based compensation plans	5.8	7.7	7.9
Diluted	272.2	291.9	305.6
Antidilutive options to purchase common shares and restricted stock excluded from the table above	5.6	2.9	3.1

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. These assumed proceeds include the excess tax benefit that would be received upon exercise of options outstanding as of December 31, 2007, 2006 and 2005. Such proceeds are based on deferred tax assets assumed to be calculated under the provisions of SFAS No. 123R.

Note 4 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 and include auction rate certificates at December 31, 2006. The short-term investments are classified as available-for-sale and therefore are carried at fair value. The remaining contractual maturities of the short-term investments were one month to ten months and one month to 39 years as of December 31, 2007 and 2006, respectively. Unrealized holding gains and losses on available-for-sale securities are included in accumulated other comprehensive income, net of applicable income taxes in the consolidated financial statements. During the years ended December 31, 2007, 2006 and 2005, realized gains or losses from the sales of available-for-sale securities were immaterial or nil. As of December 31, 2007 and 2006, unrealized gains or losses from available-for-sale securities were immaterial.

Note 5 Derivative Instruments and Hedging Activities

In December 2007, the Company commenced a hedging program to protect against foreign currency exchange rate risks from forecasted billings and related revenue denominated in the euro and the British pound. Foreign exchange options were

utilized to hedge exposures related to changes in foreign currency change rates. These option contracts have maturities between one and fifteen months. As of December 31, 2007 all contracts were set to expire at various times through March 31, 2009. The notional amount of the foreign currency option contracts outstanding at December 31, 2007 by currency pair was 7.9 million British pounds for GBP/USD, 16.7 million euros for euro/USD and 61.5 million euros for euro/GBP and the fair value of these contracts, which was recorded in other current assets in the Company's consolidated balance sheets was \$2.3 million.

In October 2006, the Company entered into two hedging transactions using options to protect against foreign currency exchange rate risks from forecasted revenue denominated in euros. The aggregate notional amount of the foreign currency option contracts outstanding at December 31, 2006 was \$7.9 million and the fair value of these contracts, which was recorded in other current assets in the Company's consolidated balance sheets, was less than \$0.1 million.

The amount of unrecognized foreign exchange hedge losses recorded in other comprehensive loss as of December 31, 2007 and 2006 and the amount of the hedges' ineffectiveness for 2007 and 2006 recorded within revenue in the consolidated statements of operations were immaterial.

Note 6 Property and Equipment, Net

Property and equipment, net consisted of:

	December 31,	
	2007	2006
Office and computer equipment	\$ 92.4	\$ 63.6
Office furniture and fixtures	35.6	28.8
Internal-use computer software	69.8	54.8
Leasehold improvements	137.7	30.9
Property and equipment, at cost	335.5	178.1
Less: accumulated depreciation and amortization	(120.9)	(116.1)
Total	\$ 214.6	\$ 62.0

Depreciation and amortization expense related to the above assets was \$31.5 million, \$23.6 million and \$20.4 million for the years ended December 31, 2007, 2006 and 2005, respectively.

Note 7 Acquisitions

Wall Street Analytics, Inc.

In December 2006, the Company acquired Wall Street Analytics, Inc., a developer of structured finance analytical models and monitoring software. The acquisition has broadened Moody's capabilities in the analysis and monitoring of complex structured debt securities while increasing the firm's analytical and product development staff dedicated to creating new software and analytic tools for the structured finance market. The purchase price was not material and the near term impact to operations and cash flows is not expected to be material.

China Cheng Xin International Credit Rating Co. Ltd.

In September 2006, the Company acquired a 49% share of China Cheng Xin International Credit Rating Co. Ltd. ("CCXI") from China Cheng Xin Credit Management Co. Ltd. ("CCXCM") and an entity affiliated with CCXCM. Terms of the acquisition agreement will permit the Company to increase its ownership in CCXI to a majority over time as permitted by Chinese authorities. The purchase price was not material and the near term impact to operations and cash flows is not expected to be material.

Economy.com

In November 2005, the Company acquired Economy.com, a leading independent provider of economic research and data services. The acquisition will deepen Moody's analytical capabilities to broader areas of economic and demographic research, expand the range of products and services offered to institutional customers and introduce new customers to Moody's. It will provide Economy.com with access to Moody's extensive client base, deep product marketing capabilities and other resources needed to expand its business. The purchase price was not material and the near term impact to operations and cash flows 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:

	Year Ended December 31, 2007			Year Ended December 31, 2006		
	Moody's			Moody's		
	Moody's Investors Service	KMV	Consolidated	Moody's Investors Service	KMV	Consolidated
Beginning balance	\$ 52.0	\$ 124.1	\$ 176.1	\$ 28.0	\$ 124.1	\$ 152.1
Additions	3.7	—	3.7	23.2	—	23.2
Foreign currency translation adjustments	0.1	—	0.1	0.8	—	0.8
Ending balance	<u>\$ 55.8</u>	<u>\$ 124.1</u>	<u>\$ 179.9</u>	<u>\$ 52.0</u>	<u>\$ 124.1</u>	<u>\$ 176.1</u>

Intangible assets consisted of:

	December 31,	
	2007	2006
Customer lists (11.2 year weighted average life)	\$ 62.7	\$ 62.5
Accumulated amortization	(31.8)	(26.8)
Net customer lists	<u>30.9</u>	<u>35.7</u>
MKMV trade secret (12.0 year weighted average life)	<u>25.5</u>	<u>25.5</u>
Accumulated amortization	(4.4)	(2.3)
Net trade secret	<u>21.1</u>	<u>23.2</u>
Other amortizable intangible assets (5.6 year weighted average life)	<u>16.1</u>	<u>15.4</u>
Accumulated amortization	(11.2)	(8.6)
Net other amortizable intangible assets	<u>4.9</u>	<u>6.8</u>
Total	<u>\$ 56.9</u>	<u>\$ 65.7</u>

Amortization expense for the years ended December 31, 2007, 2006 and 2005 was \$9.7 million, \$9.9 million and \$6.8 million, respectively. In December 2005, the Company began amortizing the MKMV trade secret over 12 years.

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

<u>Year Ending December 31,</u>	
2008	\$ 8.5
2009	7.6
2010	7.6
2011	7.3
2012	7.1
Thereafter	\$18.8

Note 9 Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of:

	December 31,	
	2007	2006
Accounts payable	\$ 8.1	\$ 8.8
Accrued income taxes (see Note 13)	69.4	68.6
Accrued compensation and benefits	141.6	154.3
Accrued interest expense	9.5	3.7
Accrued restructuring (see Note 10)	33.1	—
Advance payments	1.8	10.9
Other	107.8	93.4
Total	<u><u>\$371.3</u></u>	<u><u>\$339.7</u></u>

Accrued compensation and benefits included accrued incentive compensation of approximately \$90 million at December 31, 2007 and \$104 million at December 31, 2006. Funding and related expense for Moody's incentive compensation plans are primarily based on year-to-year growth in operating income and, to a lesser extent, earnings per share, for Moody's senior management and annual results compared to budget for the Moody's Investors Service professional staff and for Moody's KMV.

Note 10 Restructuring Charge

During the fourth quarter of 2007, the Company committed to a restructuring plan to reduce global headcount by approximately 275 positions, or approximately 7.5% of the workforce, (the "Plan") 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 Moody's Analytics, a newly created segment, 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.

Restructuring charges, as separately noted in the consolidated statements of operations, for the year ended December 31, 2007 were \$50.0 million which consisted of \$45.9 million of expenses relating to severance and other employee benefit costs, and \$4.1 million for contract termination costs, as shown in the table below:

	Employee Termination Costs				Contract Termination	Total Restructuring
	Severance	Pension	Stock Compensation	Total		
	\$ —	\$ —	\$ —	\$ —		
Balance at January 1, 2007	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Costs incurred	30.8	10.8	4.3	45.9	4.1	50.0
Cash payments	(1.8)	—	—	(1.8)	—	(1.8)
Non-cash charges	—	(2.7)	(4.3)	(7.0)	—	(7.0)
Balance at December 31, 2007	<u><u>\$ 29.0</u></u>	<u><u>\$ 8.1</u></u>	<u><u>\$ —</u></u>	<u><u>\$37.1</u></u>	<u><u>\$ 4.1</u></u>	<u><u>\$ 41.2</u></u>

During 2007, the Company has paid \$1.8 million related to actions initiated in 2007, and has \$33.1 million recorded in accounts payable and accrued liabilities as of December 31, 2007, comprised of severance and contract termination costs of \$29.0 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. Non-cash charges reflect a \$2.7 million pension curtailment which reduced accumulated other comprehensive income and a \$4.3 million increase to capital surplus relating to a stock option modification charge.

Note 11 Pension and Other Post-Retirement Benefits

Moody's maintains one funded and three unfunded noncontributory defined benefit pension plans. The plans provide defined benefits using a cash balance formula based on years of service and career average salary or final average pay for selected

executives. The Company also provides certain healthcare and life insurance benefits for retired U.S. employees. The post-retirement healthcare plans are contributory with participants' contributions adjusted annually; the life insurance plans are noncontributory. Moody's funded and unfunded pension plans, the post-retirement healthcare plans and the post-retirement life insurance plans are collectively referred to herein as the "Post-Retirement Plans". Effective at the Distribution Date, Moody's assumed responsibility for the pension and other post-retirement benefits relating to its active employees. New D&B has assumed responsibility for the Company's retirees and vested terminated employees as of the Distribution Date.

Through 2007, substantially all U.S. employees were eligible to participate in the Company's defined benefit pension plans. In 2007, the Company modified its post-retirement benefit plans to better align the Company's post-retirement benefit programs with current industry practice while continuing to provide employees with competitive benefits. Effective January 1, 2008, the Company will no longer offer defined benefit pension plans to employees hired or rehired on or after January 1, 2008 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.

As of December 31, 2006, the Company implemented the provisions of SFAS No. 158 and the incremental effect of implementation was a decrease in other assets of \$15.9 million, an increase in other liabilities of \$18.6 million and a pre-tax increase in accumulated other comprehensive loss of \$34.5 million (\$20.0 million, net of tax). Furthermore, this implementation eliminated the requirement to report additional minimum pension liability.

The amounts recognized in accumulated other comprehensive income ("AOCI") are subsequently recognized as components of net periodic benefit expense over future years pursuant to the recognition and amortization provisions of SFAS No. 87 and No. 106. The following table summarizes the changes to the net actuarial losses and prior service cost recognized in other comprehensive income related to the company's Post-Retirement Plans for the year ended December 31, 2007 as required by SFAS No. 158:

	Pension plans			Other Post-Retirement plans		
	Pre-tax Amount	Tax benefit or (expense)	Net of Tax	Pre-tax Amount	Tax benefit or (expense)	Net of Tax
Total amount recognized in AOCI, beginning of the period						
Net actuarial (losses)	\$ (32.6)	\$ 13.7	\$ (18.9)	\$ (0.7)	\$ 0.3	\$ (0.4)
Net prior service costs	(4.8)	2.0	(2.8)	(0.7)	0.3	(0.4)
Beginning of the period	(37.4)	15.7	(21.7)	(1.4)	0.6	(0.8)
Amounts recognized in other comprehensive income						
Amortization of net actuarial losses	\$ 2.5	\$ (1.1)	\$ 1.4	\$ —	\$ —	\$ —
Amortization of prior service costs	0.4	(0.2)	0.2	0.2	(0.1)	0.1
Accelerated recognition of prior service costs due to curtailment	2.7	(1.1)	1.6	—	—	—
Net actuarial gain arising during the period	15.2	(6.5)	8.7	0.6	(0.2)	0.4
Net prior service cost arising during the period due to plan amendment	(3.5)	1.5	(2.0)	0.4	(0.2)	0.2
Other comprehensive income recognized	\$ 17.3	\$ (7.4)	\$ 9.9	\$ 1.2	\$ (0.5)	\$ 0.7
Total amount recognized in AOCI, end of the period						
Net actuarial losses	\$ (14.8)	\$ 6.1	\$ (8.7)	\$ (0.1)	\$ —	\$ (0.1)
Net prior service costs	(5.3)	2.2	(3.1)	(0.1)	0.1	—
End of the period	\$ (20.1)	\$ 8.3	\$ (11.8)	\$ (0.2)	\$ 0.1	\$ (0.1)

Amortization of net actuarial losses and prior service costs for its pension plans and other post-retirement plans in 2008 are not expected to be material.

Following is a summary of changes in benefit obligations and fair value of plan assets for the Post-Retirement Plans for the years ended December 31, 2007 and 2006:

	Pension Plans		Other Post-Retirement Plans	
	2007	2006	2007	2006
Change in benefit obligation				
Benefit obligation, beginning of the period	\$ (134.6)	\$(127.3)	\$ (9.4)	\$ (8.8)
Service cost	(12.6)	(11.1)	(0.9)	(0.8)
Interest cost	(8.1)	(7.0)	(0.6)	(0.4)
Plan participants' contributions	—	—	(0.1)	(0.1)
Benefits paid	1.9	2.0	0.4	0.3
Plan amendments	(3.6)	(0.3)	0.4	—
Impact of curtailment	5.3	—	0.4	—
Impact of special termination benefits	(8.1)	—	—	—
Actuarial gain (loss)	(2.5)	1.6	(0.4)	—
Assumption changes	13.0	7.5	0.5	0.4
Benefit obligation, end of the period	<u>\$ (149.3)</u>	<u>\$(134.6)</u>	<u>\$ (9.7)</u>	<u>\$ (9.4)</u>
Change in plan assets				
Fair value of plan assets, beginning of the period	\$ 116.6	\$ 102.1	\$ —	\$ —
Actual return on plan assets	8.5	15.8	—	—
Benefits paid	(1.9)	(2.0)	(0.4)	(0.3)
Employer contributions	0.7	0.7	0.3	0.2
Plan participants' contributions	—	—	0.1	0.1
Fair value of plan assets, end of the period	\$ 123.9	\$ 116.6	\$ —	\$ —
Funded status of the plans	<u>\$ (25.4)</u>	<u>\$ (18.0)</u>	<u>\$ (9.7)</u>	<u>\$ (9.4)</u>
Amounts recorded on the consolidated balance sheets				
Net post-retirement benefit asset	\$ 37.4	\$ 36.0	\$ —	\$ —
Pension and post-retirement benefits liability-current	(2.2)	(1.0)	(0.5)	(0.4)
Pension and post-retirement benefits liability-non current	(60.6)	(53.0)	(9.2)	(9.0)
Net amount recognized	\$ (25.4)	\$ (18.0)	\$ (9.7)	\$ (9.4)
Accumulated benefit obligation, end of the period	<u>\$ (113.7)</u>	<u>\$ (104.2)</u>		

The 2007 pension plan amendment above reflects the impact of the new benefit payment provision related to an unfunded plan which beginning January 1, 2008 requires lump sum payments to be paid to active participants when they retire. Previously the plan allowed lump sum or annuity payments. The 2006 pension plan amendment above relates to the impact of the Pension Protection Act of 2006 (the "PPA") that requires changes to the Company's pension plans as well as an additional participant admitted to the Supplemental Executive Benefit Plan. The PPA does not have any significant effect on the Company's current funding strategy for its U.S. pension plans.

The pension plan curtailment and the special termination benefit in 2007 relates to the termination of certain participants of the Company's Supplemental Executive Benefit Plan who left the Company. This resulted in a curtailment under SFAS No. 88 as there was a significant reduction in the expected years of future service of participants covered by this plan. As a result,

the Company recognized as a component of other comprehensive income, an actuarial gain of \$5.3 million to reflect the reduction of the plan obligation. The special termination benefit relates to the Company waiving early retirement penalties otherwise required by this plan.

Net period benefit expenses recognized for the Post-retirement Plans for years ended December 31:

	Pension Plans			Other Post-Retirement Plans		
	2007	2006	2005	2007	2006	2005
Components of net periodic expense						
Service cost	\$12.6	\$11.2	\$10.1	\$0.9	\$0.8	\$0.6
Interest cost	8.1	7.0	6.2	0.6	0.5	0.4
Expected return on plan assets	(9.0)	(8.5)	(8.2)	—	—	—
Amortization of net actuarial loss from earlier periods	2.5	3.3	2.6	—	—	—
Amortization of net prior service costs from earlier periods	0.4	0.4	0.5	0.2	0.2	0.1
Curtailment loss	2.7	—	—	—	—	—
Cost of special termination benefits	8.1	—	—	—	—	—
Settlement loss	—	—	3.2	—	—	—
Net periodic expense	<u>\$25.4</u>	<u>\$13.4</u>	<u>\$14.4</u>	<u>\$1.7</u>	<u>\$1.5</u>	<u>\$1.1</u>

The curtailment loss in 2007 relates to the accelerated recognition of prior service costs for certain terminated participants of the Company's Supplemental Executive Benefit Plan stated above. The curtailment loss and the cost of special termination benefits in 2007 are recorded as part of the Company's 2007 restructuring charge, discussed in Note 10. The settlement loss in 2005 relates to the election of a lump sum payment of pension benefits to settle an unfunded pension obligation.

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

	December 31,	
	2007	2006
Projected benefit obligation	\$62.7	\$54.0
Accumulated benefit obligation	\$42.2	\$37.0
Fair value of plan assets	\$—	\$—

Additional Information:

Assumptions

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

	Pension Plans		Other Post-Retirement Plans	
	2007	2006	2007	2006
Discount rate	6.45%	5.90%	6.35%	5.80%
Rate of compensation increase	4.00%	4.00%	—	—
Cash balance accumulation/conversion rate	4.75%/4.96%	4.75%	—	—

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

	Pension Plans			Other Post-Retirement Plans		
	2007	2006	2005	2007	2006	2005
Discount rate	5.90%*	5.60%	5.90%	5.80%	5.45%	5.90%
Expected return on plan assets	8.35%	8.35%	8.35%	—	—	—
Rate of compensation increase	4.00%	4.00%	4.00%	—	—	—
Cash balance accumulation/conversion rate	4.75%	4.75%	5.00%	—	—	—

* The rate of 5.90% was used in determining net periodic benefit expenses for the Company's pension plans during 2007 except for the re-measurement of the Company's Supplemental Executive Benefit Plan due to curtailment, for which a rate of 6.20% was used beginning November 1, 2007.

For 2007, the Company continued to use an assumed rate of return on assets of approximately 8.35% for Moody's funded pension plan, which was determined based on explicit long-term return assumptions for each major asset class within the plan portfolio. Moody's works with third-party consultants to determine assumptions for long-term rates of return for the asset classes that are included in the pension plan investment portfolio. These return assumptions reflect a long-term time horizon. They also reflect a combination of historical performance analysis and forward-looking views of the financial markets including consideration of inflation, current yields on long-term bonds and price-earnings ratios of the major stock market indices.

Assumed Healthcare Cost Trend Rates at December 31:

	2007		2006		2005	
	Pre-age 65	Post-age 65	Pre-age 65	Post-age 65	Pre-age 65	Post-age 65
Healthcare cost trend rate assumed for the following year	10.4%	11.4%	9.0%	11.0%	10.0%	12.0%
Ultimate rate to which the cost trend rate is assumed to decline (ultimate trend rate)	5.0%		5.0%		5.0%	
Year that the rate reaches the ultimate trend rate	2015		2013		2013	

The assumed health cost trend rate was updated in 2007 to better reflect different expectations for the medical and prescribed medication components of health care costs and reflects these differences in proportion to their approximate share of gross health care costs for pre and post-65 retirees. As the Company subsidies for retiree healthcare coverage are capped at the 2005 level, for the majority of the post-retirement health plan participants, retiree contributions are assumed to increase at the same rate as the healthcare cost trend rates. As such, a one percentage-point increase or decrease in assumed healthcare cost trend rates would not have affected total service and interest cost and would have increased or decreased the post-retirement benefit obligation by \$0.3 million and \$0.2 million, respectively.

Plan Assets

The assets of the funded pension plan were allocated among the following categories at December 31, 2007 and 2006:

<u>Asset Category</u>	<u>Percentage of Plan Assets at December 31,</u>	
	<u>2007</u>	<u>2006</u>
Equity securities	71%	77%
Debt securities	19%	13%
Real estate	10%	10%
Total	100%	100%

Moody's investment objective for the assets in the funded pension plan is to earn total returns that will minimize future contribution requirements over the long run within a prudent level of risk. The Company's current pension plan asset allocation targets are for approximately seventy percent of assets to be invested in equity securities, diversified across U.S. and non-U.S. stocks of small, medium and large capitalization, twenty percent in investment grade bonds and the remainder in real estate funds. The use of derivatives to leverage the portfolio or otherwise is not permitted. The Company's monitoring of the plan includes ongoing reviews of investment performance, annual liability measurements, periodic asset/liability studies and investment portfolio reviews. As of December 31, 2006, the equity investment had advanced to represent a percentage higher than its target allocation due to asset gains and the Company rebalanced the plan assets in 2007 to bring the portfolio back into balance with the original target asset allocation. Moody's other Post-Retirement Plans are unfunded and therefore have no plan assets.

Cash Flows

The Company made payments of \$0.7 million and \$0.9 million related to its unfunded pension plan obligations during the year ended December 31, 2007 and 2006, respectively and made no contributions to its funded pension plans during the aforementioned years. The Company made payments of \$0.3 million and \$0.2 million to its other post-retirement plans during the year ended December 31, 2007 and 2006, respectively. The Company presently anticipates making payments of \$2.2 million to its unfunded pension plans and \$0.5 million to its other post-retirement plans during 2008.

Estimated Future Benefits Payable

Estimated future benefits payments for the Post-Retirement Plans are as follows at December 31, 2007:

<u>Year ending December 31,</u>	<u>Pension Plans</u>	<u>Other Post-Retirement Plans*</u>
2008	\$ 4.5	\$ 0.5
2009	5.0	0.5
2010	11.4	0.6
2011	6.9	0.6
2012	7.6	0.7
2013-2017	57.5	4.9

* The estimated future benefits payable for the Post-Retirement Plans are reflected net of the expected Medicare Part D subsidy for which the subsidy is insignificant on an annual basis for all the years presented.

Profit Participation Plan

Moody's has a profit participation plan (the "Plan") covering substantially all U.S. employees. The Plan provides for an employee salary deferral contribution and Company contributions. During 2007, eligible employees could defer up to 16% of their pay, subject to the federal limit. Moody's contributes an amount equal to 50% of employee contributions with Moody's contributions limited to 3% of the employee's pay. Moody's makes additional contributions to the Plan that are based on year-to-year growth in the Company's earnings per share. Expenses associated with this plan were \$13.3 million, \$15.5 million and \$15.3 million in 2007, 2006, and 2005 respectively.

Moody's has made several changes to the Plan. Effective January 1, 2008, all employees that are hired or rehired after January 1, 2008 will be automatically enrolled in the Plan with a 3% deferral rate unless they decline participation and will be eligible to receive a retirement contribution into the Plan in lieu of participating in the Company's defined benefit pension plans. The amount of retirement contribution is based on an eligible employee's combined age and service as of the beginning of each month and will be in similar value to the benefits that employees would otherwise have been entitled to under the defined benefit pension plans. In addition, effective January 1, 2008, the Company has increased the maximum deferral percentage from 16% to 50% subject to the federal limit as well as implementing a deferred compensation plan whereby employees whose compensation exceeds the federal limit may elect to defer up to 6% of pay after they have reached the federal compensation limit to continue to receive a company match.

Effective January 1, 2008, Moody's has designated the Moody's Stock Fund, an investment option under the Plan, as an Employee Stock Ownership Plan and, as a result, participants in the Moody's Stock Fund may receive dividends in cash or may reinvest such dividends into the Moody's Stock Fund.

International Plans

Certain of the Company's international operations provide pension benefits to their employees in the form of defined contribution plans. Company contributions are primarily determined as a percentage of employees' eligible compensation. Expenses related to these plans for the years ended December 31, 2007, 2006, and 2005 were \$4.8 million, \$3.9 million and \$3.1 million, respectively.

In addition, the Company also maintains an unfunded defined benefit pension plan for its German employees, which was closed to new entrants in 2002. The pension liability recorded related to this plan was \$2.9 million, \$3.2 million, and \$2.6 million based on the discount rate of 5.60%, 4.25%, and 4.15% at December 31, 2007, 2006, and 2005, respectively. The pension liability recorded as of December 31, 2007 represents the unfunded status of this plan, and the entire balance was recognized in the statement of financial position as a non-current liability. Expense related to this plan for the years ended December 31, 2007, 2006 and 2005 was approximately \$0.4 million, \$0.3 million and \$0.6 million, respectively. These amounts are not included in the tables above. The incremental effect of implementing SFAS No. 158 for this plan was immaterial. As of December 31, 2007, the Company has included in AOCI net actuarial gains of \$1.0 million (\$0.6 million, net of tax) that have yet to be recognized as a reduction to net periodic pension expense. The Company expects its 2008 amortization of the net actuarial gains to be immaterial.

Note 12 Stock-Based Compensation Plans

Presented below is a summary of the stock compensation cost and associated tax benefit in the accompanying Consolidated Statements of Operations:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Stock compensation cost	\$90.2	\$77.1	\$54.8
Tax benefit	\$34.0	\$29.7	\$21.4

The restructuring charge, as described in Note 10, includes \$4.3 million relating to a stock award modification for three employees which is not included in the stock compensation cost for 2007 shown in the table above. The nature of the modification was to accelerate the vesting of certain awards for the affected employees as if they were retirement eligible at the date of their termination.

In 2006, the incremental compensation expense due to the implementation of SFAS No. 123R caused operating income and income before provision for income taxes to decrease by \$5.8 million, net income to decrease by \$3.5 million and had a \$0.02 and \$0.01 impact on basic and diluted earnings per share, respectively. In addition, prior to the implementation of SFAS No. 123R, excess tax benefits relating to stock-based compensation was presented in the consolidated statements of cash flows as an operating cash flow, along with other tax cash flows, in accordance with the provisions of Emerging Issues Task Force ("EITF") No. 00-15, "Classification in the Statement of Cash Flows of the Income Tax Benefit Received by a Company upon Exercise of a Nonqualified Employee Stock Option" ("EITF 00-15"). SFAS No. 123R supersedes EITF 00-15, amends SFAS No. 95, "Statement of Cash Flows", and requires tax benefits relating to excess stock-based compensation deductions to be prospectively presented in the consolidated statements of cash flows as a financing cash flow. As a result of this change in presentation, excess tax benefits from stock-based compensation were recorded as cash flows from financing activities rather than a cash flow from operating activities for the years ended December 31, 2007 and 2006.

Additionally, the expense for the year ended December 31, 2005 includes approximately \$9.1 million relating to the accelerated expensing of equity grants for employees who were at or near retirement eligibility as defined in the related Company stock plans. The 2005 expense is less than that which would have been recognized if the fair value method had been applied to all awards since the original effective date of SFAS No. 123 rather than being applied prospectively as of January 1, 2003. Had the Company determined stock-based compensation expense using the fair value method provisions of SFAS No. 123 since its original effective date, Moody's net income and earnings per share for 2005 would have been reduced to the pro forma amounts shown in the table below. The pro forma amounts for the year ended December 31, 2005 include the effect of the \$9.1 million pre-tax charge discussed above.

	<u>2005</u>
Net income:	
As reported	\$560.8
Add: Stock-based compensation expense included in reported net income, net of tax	33.3
Deduct: Stock-based compensation expense determined under the fair value method, net of tax	(38.6)
Pro forma net income	<u>\$555.5</u>
Basic earnings per share:	
As reported	\$ 1.88
Pro forma	\$ 1.87
Diluted earnings per share:	
As reported	\$ 1.84
Pro forma	\$ 1.82

The fair value of each employee stock option award is estimated on the date of grant using the Black-Scholes option-pricing model that uses the assumptions noted below. The expected dividend yield is derived from the annual dividend rate on the date of grant. The expected stock volatility is based on an assessment of implied volatility from traded options as well as historical volatility. The risk-free interest rate is based on U.S. government zero coupon bonds with maturities similar to the expected holding period. The expected holding period was determined by examining historical and projected post-vesting exercise behavior activity. The following weighted average assumptions were used for options granted during 2007, 2006 and 2005:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expected dividend yield	0.44%	0.44%	0.52%
Expected stock volatility	23%	23%	23%
Risk-free interest rate	4.78%	4.59%	4.07%
Expected holding period	5.7 yrs	6.0 yrs	6.0 yrs
Grant date fair value	\$ 22.65	\$ 19.97	\$ 12.62

Prior to the 2000 Distribution, certain employees of Moody's received grants of Old D&B stock options under Old D&B's 1998 Key Employees' Stock Incentive Plan (the "1998 Plan"). At the Distribution Date, all unexercised Old D&B stock options held by Moody's employees were converted into separately exercisable options to acquire Moody's common stock and separately exercisable options to acquire New D&B common stock, such that each option had the same ratio of the exercise price per option to the market value per share, the same aggregate difference between market value and exercise price, and the same vesting provisions, option periods and other terms and conditions applicable prior to the 2000 Distribution. Old D&B stock options held by employees and retirees of Old D&B were converted in the same manner. Immediately after the 2000 Distribution, the 1998 Plan was amended and implemented by the Company.

Under the 1998 Plan, 33.0 million shares of the Company's common stock have been reserved for issuance. The Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan (the "2001 Plan"), which is shareholder approved, permits the granting of up to 28.6 million shares, of which not more than 8.0 million shares are available for grants of awards other than stock options. The 2001 Plan was amended and approved at the annual shareholders meeting on April 24, 2007, increasing the number of shares reserved for issuance by 3.0 million which are included in the aforementioned amounts. Both the 1998 Plan and the 2001 Plan (the "Stock Plans") provide that options are exercisable not later than ten years from the grant date. The vesting period for awards under the Stock Plans is generally determined by the Board of Directors at the date of the grant and has been four years except for employees who are at or near retirement eligibility, as defined, for which vesting is between one and four years. Options may not be granted at less than the fair market value of the Company's common stock at the date of grant. The Stock Plans also provide for the granting of restricted stock.

The Company maintains a stock plan for its Board of Directors, the 1998 Moody's Corporation Non-Employee Directors' Stock Incentive Plan (the "Directors' Plan"), which permits the granting of awards in the form of non-qualified stock options, restricted stock or performance shares. The Directors' Plan provides that options are exercisable not later than ten years from the grant date. The vesting period is determined by the Board of Directors at the date of the grant and is generally one year for options and three years for restricted stock. Under the Directors' Plan, 0.8 million shares of common stock were reserved for issuance. Any director of the Company who is not an employee of the Company or any of its subsidiaries as of the date that an award is granted is eligible to participate in the Directors' Plan.

A summary of option activity as of December 31, 2007 and changes during the year then ended is presented below:

	<u>Shares</u>	<u>Per Share</u>	<u>Term</u>	<u>Weighted Average Remaining Contractual</u>	<u>Aggregate</u>
<u>Options</u>					<u>Intrinsic Value</u>
Outstanding, December 31, 2006	20.1	\$ 30.48			
Granted	2.9	72.51			
Exercised	(3.4)	20.37			
Forfeited or expired	(1.0)	57.20			
Outstanding, December 31, 2007	<u>18.6</u>	\$ 37.43	5.7 yrs	\$ 149.2	
Vested and expected to vest, December 31, 2007	<u>18.0</u>	\$ 36.56	5.6 yrs	\$ 149.1	
Exercisable, December 31, 2007	<u>11.8</u>	\$ 25.42	4.5 yrs	\$ 146.8	

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between Moody's closing stock price on the last trading day of the year ended December 31, 2007 and the exercise prices, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options as of December 31, 2007. This amount varies based on the fair value of Moody's stock. As of December 31, 2007, there was \$76.4 million of total unrecognized compensation expense related to options. The expense is expected to be recognized over a weighted average period of 1.3 years.

The following table summarizes information relating to stock option exercises:

	<u>Year Ended December 31,</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Proceeds from stock option exercises	\$ 69.3	\$ 105.0	\$ 86.2
Aggregate intrinsic value	\$ 139.4	\$ 269.6	\$ 179.1
Tax benefit realized upon exercise	\$ 53.9	\$ 108.0	\$ 72.1

A summary of the status of the Company's nonvested restricted stock as of December 31, 2007 and changes during the year then ended is presented below:

	<u>Shares</u>	<u>Weighted Average</u>	
		<u>Grant Date Fair Value Per Share</u>	
<u>Nonvested Restricted Stock</u>			
Balance, December 31, 2006	1.7	\$ 52.12	
Granted	0.9	72.52	
Vested	(0.7)	49.36	
Forfeited	(0.2)	63.66	
Balance, December 31, 2007	<u>1.7</u>	\$ 63.20	

As of December 31, 2007, there was \$59.9 million of total unrecognized compensation expense related to nonvested restricted stock. The expense is expected to be recognized over a weighted average period of 1.3 years.

The following table summarizes information relating to the vesting of restricted stock awards:

	<u>Year Ended December 31,</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Fair value of vested shares	\$ 43.2	\$ 27.8	\$ 9.8
Tax benefit realized upon vesting	\$ 16.6	\$ 10.9	\$ 3.9

The Company has a policy of issuing treasury stock to satisfy shares issued under stock-based compensation plans. The Company currently expects to use a significant portion of its cash flow to continue its share repurchase program as discussed in Note 15.

In addition, the Company also sponsors the 1999 Moody's Corporation Employee Stock Purchase Plan ("ESPP"). Under the ESPP, 6.0 million shares of common stock were reserved for issuance. The ESPP allows eligible employees to purchase

common stock of the Company on a monthly basis at 85% of the average of the high and the low trading prices on the New York Stock Exchange on the last trading day of each month. The employee purchases are funded through after-tax payroll deductions, which plan participants can elect from one percent to ten percent of compensation, subject to the annual federal limit. This results in stock-based compensation expense for the difference between the purchase price and fair market value under SFAS No. 123R.

Note 13 Income Taxes

Components of the Company's income tax provision are as follows:

	Year Ended December 31,		
	2007	2006	2005
Current:			
Federal	277.0	\$362.2	\$234.6
State and local	89.8	105.0	89.8
Non-U.S.	124.8	66.6	69.7
Total	491.6	533.8	394.1
Deferred:			
Federal	(64.9)	(20.1)	(15.0)
State and local	(10.7)	(5.8)	(5.4)
Non-U.S.	(0.8)	(1.3)	0.2
Total	(76.4)	(27.2)	(20.2)
Total	\$415.2	\$506.6	\$373.9

A reconciliation of the U.S. federal statutory tax rate to the Company's effective tax rate on income before provision for income taxes is as follows:

	Year Ended December 31,		
	2007	2006	2005
U.S. statutory tax rate	35.0%	35.0%	35.0%
State and local taxes, net of federal tax benefit	4.6	5.1	5.9
U.S. (benefit)/taxes on foreign income	(0.1)	(0.5)	0.3
Legacy tax items	(2.4)	0.1	(0.3)
Jobs Act repatriation benefit	—	—	(0.4)
Other	0.1	0.5	(0.5)
Effective tax rate	37.2%	40.2%	40.0%

The Company paid income taxes of \$408.7 million, \$408.8 million, and \$355.6 million during the years ended December 31, 2007, 2006 and 2005, respectively.

The source of income from continuing operations before income taxes is as follows:

	2007	2006	2005
United States	\$ 814.7	\$1,026.0	\$726.1
International	302.0	234.5	208.6
Income from continuing operations before income taxes	\$1,116.7	\$1,260.5	\$934.7

The components of deferred tax assets and liabilities are as follows:

	December 31,	
	<u>2007</u>	<u>2006</u>
Deferred tax assets:		
Current:		
Accounts receivable allowances	\$ 4.9	\$ 5.2
Accrued compensation and benefits	4.6	5.5
Deferred Revenue	21.1	2.0
Restructuring	19.7	—
Other	0.6	0.6
Total	50.9	13.3
Non-current:		
Accumulated depreciation and amortization	—	8.8
Stock-based compensation	62.3	46.6
Benefit plans	35.5	33.6
State taxes	2.8	2.0
Deferred rent and construction allowance	23.1	—
Amounts related to uncertain tax positions	37.8	—
Other	3.4	6.4
Total	164.9	97.4
Total deferred tax assets	215.8	110.7
Deferred tax liabilities:		
Current:		
Prepaid expenses	(0.3)	(0.2)
Total	(0.3)	(0.2)
Non-current:		
Accumulated depreciation and amortization	(3.1)	—
Benefit plans	(20.6)	(21.5)
Intangible assets and capitalized software	(11.7)	(10.7)
Other	(0.7)	—
Total	(36.1)	(32.2)
Total deferred tax liabilities	(36.4)	(32.4)
Net deferred tax assets	\$179.4	\$ 78.3

Current deferred tax assets, net of current deferred tax liabilities, as well as prepaid taxes of \$52.0 million and \$3.5 million for December 31, 2007 and 2006, respectively are included in other current assets in the consolidated balance sheets. Non-current tax receivables of \$31.9 million and \$39.8 million for December 31, 2007 and 2006, respectively are included in other assets. During 2006, Moody's deposited \$39.8 million with the IRS in order to stop the accrual of statutory interest on potential legacy tax deficiencies known as "Amortization Expense Deductions", as further discussed in Note 17. The net effects of non-current deferred tax assets and non-current deferred tax liabilities are included in other assets at December 31, 2007 and 2006. No valuation allowances were established against any other deferred tax assets for December 31, 2007 and 2006, as management has determined, based on the Company's history of prior and current levels of operating earnings, that none should be provided.

Undistributed earnings of non-U.S. subsidiaries aggregated approximately \$312 million and \$205 million for December 31, 2007 and 2006, respectively. Management's intention is that earnings from subsidiaries in France, Germany, Spain, Italy, Canada and Japan and a portion of earnings from subsidiaries in the United Kingdom will be remitted to the U.S. on a regular basis. As such, incremental deferred U.S. taxes related to anticipated distributions have been provided in the consolidated financial statements. Deferred tax liabilities have not been recognized for approximately \$150 million of undistributed foreign earnings that management intends to permanently reinvest outside the U.S. If all such undistributed earnings were remitted to the U.S., the amount of incremental U.S. federal and foreign income taxes payable, net of foreign tax credits, would be approximately \$15 million.

On January 1, 2007, the Company implemented the provisions of FIN No. 48, resulting in a reduction to retained earnings of \$43.3 million. This reduction is comprised of a \$32.9 million increase in the liability for unrecognized tax benefits ("UTBs") and accrued interest of \$17.3 million (\$10.4 million, net of tax). As of the date of implementation and after the impact of recognizing the increase in the liability noted above, the Company's UTBs totaled \$122.7 million of which \$97.5 million represented the amount that, if recognized, would impact the effective income tax rate in future periods.

A reconciliation of the beginning and ending amount of UTBs is as follows:

Balance as of January 1, 2007	\$122.7
Additions for tax positions related to the current year	41.5
Additions for tax positions of prior years	27.7
Reductions for tax positions of prior years	(4.0)
Lapse of statute of limitations	<u>(31.8)</u>
Balance as of December 31, 2007	<u>\$156.1</u>

As of December 31, 2007, the Company had \$156.1 million of UTBs of which \$118.3 million represents the amount that, if recognized, would impact the effective income tax rate in future periods.

The Company classifies interest related to UTBs in interest expense in its consolidated statements of operations. Penalties, if incurred, would be recognized in other non-operating expenses. Prior to the implementation of FIN No. 48, interest expense and, if necessary, penalties associated with tax contingencies were recorded as part of the provision for income taxes. During 2007, the Company accrued interest of \$21.5 million, related to uncertain tax positions. As of December 31, 2007 the amount of accrued interest recorded in the Company's balance sheet related to uncertain tax positions was \$41.5 million.

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. Moody's federal income tax returns filed for the years 2004 through 2006 remain subject to examination by the IRS. New York City income tax returns for 2001 through 2004 are currently under examination and for 2005 through 2006 remain open to examination. New York State income tax returns are subject to examination for 2004 through 2006. Tax filings in the United Kingdom for 2001 and 2002 are currently under examination by the U.K. taxing authorities and for 2003 through 2006 remain open to examination.

For current ongoing audits related to open tax years, the Company estimates that it is reasonably 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 reasonably 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 that are reasonably possible at this time. However, the Company believes that it has adequately provided for all open tax years by tax jurisdiction under FIN No. 48.

Note 14 Indebtedness

The following table summarizes total indebtedness as of December 31:

	2007	2006
Notes payable:		
Senior notes, due 2015, 4.98%	\$ 300.0	\$300.0
Senior notes, due 2017, 6.06%	300.0	—
Commercial paper, net of unamortized discount of \$0.7 million	<u>551.9</u>	—
Total	<u>1,151.9</u>	300.0
Less: current portion	<u>(551.9)</u>	—
Total long-term debt	<u>\$ 600.0</u>	\$300.0

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 (“Series 2007-1 Notes”) pursuant to a Note Purchase Agreement (“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 prepayment premium based on the excess, if any, of the discounted value of the remaining scheduled payments, over the prepaid principal (“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 total debt to earnings before interest, taxes, depreciation and amortization (“EBITDA”) ratio to exceed 4.0 to 1.0 at the end of any fiscal quarter.

On September 30, 2005, the Company entered into a Note Purchase Agreement (“2005 Agreement”) and issued and sold through a private placement transaction, \$300.0 million aggregate principal amount of its Series 2005-1 Senior Unsecured Notes (“Series 2005-1 Notes”). 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 (the “Prepaid Principal”), such prepayment will be subject to a penalty based on the 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 (the “Program”) on a private placement basis under which the Company may issue unsecured commercial paper notes (the “CP Notes”) up to a maximum amount outstanding at any time of \$1.0 billion. Amounts available under the Program may be re-borrowed. The Program is supported by the Company’s 2007 Facility (see *Credit Facilities* section below), if at any time funds are not available on favorable terms under the Program. The maturities of the CP Notes will vary, but may not exceed 397 days from the date of issue. The CP Notes will be sold at a discount from par or, alternatively, will be 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 London Interbank Offered Rate (“LIBOR”); (e) prime rate; (f) treasury rate; or (g) such other base rate as may be specified in a supplement. The 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 Facilities

On September 28, 2007, the Company entered into a \$1.0 billion five-year senior, unsecured revolving credit facility (the “2007 Facility”), expiring in September 2012, which replaces both the \$500.0 million Interim Facility which was set to expire in February 2008 as well as the \$500.0 million five-year revolving credit facility entered into on September 1, 2004 and scheduled to expire in September 2009. The 2007 Facility will serve, in part, to support the commercial paper program discussed above. 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 ratio of total indebtedness to EBITDA (“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 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 December 31, 2007, the Company had no borrowings outstanding under the 2007 Facility.

On August 8, 2007, the Company entered into an interim loan facility in an aggregate principal amount of \$500.0 million that was to expire on February 8, 2008 (the "Interim Facility"). Interest on borrowings was payable at rates that were based on LIBOR plus a premium that could range from 17.0 to 47.5 basis points of the Interim Facility amount, depending on the Company's Earnings Coverage Ratio. The Company also paid quarterly facility fees, regardless of borrowing activity under the Interim Facility. The quarterly fees ranged from 8.0 to 15.0 basis points, depending on the Company's Earnings Coverage Ratio. On September 28, 2007, the closing date of 2007 Facility, the Company terminated the Interim Facility and repaid the \$100.0 million outstanding balance.

On September 1, 2004, Moody's entered into a five-year senior, unsecured bank revolving credit facility (the "2004 Facility") in an aggregate principal amount of \$160.0 million that was scheduled to expire in September 2009. Interest on the borrowings under the 2004 Facility was payable at rates that are based on LIBOR plus a premium that can range from 17.0 to 47.5 basis points depending on the Company's Earnings Coverage Ratio, as defined in the related agreement. The Company also paid quarterly facility fees, regardless of borrowing activity. The quarterly fees ranged from 8.0 to 15.0 basis points of the facility amount, depending on the Company's Earnings Coverage Ratio. The Company also paid a utilization fee of 12.5 basis points on borrowings outstanding when the aggregate amount outstanding exceeded 50% of the total facility. In October 2006, Moody's amended the 2004 Facility by increasing the limit on sale proceeds resulting from a sale-leaseback transaction of its former corporate headquarters building from \$150.0 million to \$250.0 million. Additionally, the restriction on liens to secure indebtedness related to the building sale was also increased from \$150.0 million to \$250.0 million. The Company also increased the expansion feature of the 2004 Facility from \$80.0 million to \$340.0 million, subject to obtaining commitments for the incremental capacity at the time of draw down from the existing lenders. In April 2007, after receipt of all necessary approvals relating to the execution of the expansion feature, borrowing capacity under the 2004 Facility was increased to \$500.0 million. On September 28, 2007, the closing date of the 2007 Facility, the Company terminated the 2004 Facility and repaid the \$400.0 million outstanding balance.

At December 31, 2007, the Company was in compliance with all covenants contained within the note agreements and the 2007 Facility described above.

Interest (expense) income, net

Interest (expense) income, net consists of:

	December 31,		
	2007	2006	2005
Income	\$ 19.3	\$ 18.2	\$ 26.0
Expense on borrowings	(40.7)	(15.2)	(21.0)
Expense on FIN No. 48 tax liabilities	(21.5)	—	—
Reversal of interest (a)	17.5	—	—
Capitalized	1.1	—	—
Total	<u><u>\$ (24.3)</u></u>	<u><u>\$ 3.0</u></u>	<u><u>\$ 5.0</u></u>

(a) Represents a reversal of accrued interest related to the favorable resolution of a legacy tax matter, as further discussed in Note 17.

Interest paid on all borrowings was \$32.5 million, \$14.9 million and \$22.8 million for the years ended December 31, 2007, 2006 and 2005, respectively.

Note 15 Capital Stock

Authorized Capital Stock

The total number of shares of all classes of stock that the Company has authority to issue under its Restated Certificate of Incorporation is 1.02 billion shares with a par value of \$0.01, of which 1.0 billion are shares of common stock, 10.0 million are shares of preferred stock and 10.0 million are shares of series common stock. The preferred stock and series common stock can be issued with varying terms, as determined by the Board of Directors.

In February 2005, Moody's Board of Directors declared a two-for-one stock split to be effected as a special stock distribution of one share of common stock for each share of the Company's common stock outstanding, subject to stockholder approval of a charter amendment to increase the Company's authorized common shares from 400.0 million shares to 1.0 billion shares. At the Company's Annual Meeting on April 26, 2005, Moody's stockholders approved the charter amendment. As a result, stockholders of record as of the close of business on May 4, 2005 received one additional share of common stock for each share of the Company's common stock held on that date. Such additional shares were distributed on May 18, 2005. All prior period share and per share information have been restated to reflect the stock split.

Rights Agreement

The Company has a Rights Agreement designed to protect its shareholders in the event of unsolicited offers to acquire the Company and coercive takeover tactics that, in the opinion of the Board of Directors, could impair its ability to represent shareholder interests. Under the Rights Agreement, each share of common stock has a right that trades with the stock until the right becomes exercisable. Pursuant to the provisions of the Rights Agreement, after giving effect to the Stock Split, the number of rights associated with each share of common stock shall be adjusted so that each share of common stock will have associated with it one-half of a right. Each right entitles the registered holder to purchase 1/1000 of a share of Series A Junior Participating Preferred Stock, par value \$0.01 per share, at a price of \$100 per 1/1000 of a share, subject to adjustment. The rights will generally not be exercisable until a person or group ("Acquiring Person") acquires beneficial ownership of, or commences a tender offer or exchange offer that would result in such person or group having beneficial ownership of, 15% or more of the outstanding common stock at such time.

In the event that any person or group becomes an Acquiring Person, each right will thereafter entitle its holder (other than the Acquiring Person) to receive, upon exercise and payment, shares of stock having a market value equal to two times the exercise price in the form of the Company's common stock or, where appropriate, the Acquiring Person's common stock. The rights are not currently exercisable, as no shareholder is currently an Acquiring Person. The Company may redeem the rights, which expire in June 2008, for \$0.01 per right, under certain circumstances, including for a Board-approved acquirer either before the acquirer becomes an Acquiring Person or during the window period after the triggering event as specified in the Rights Agreement.

Share Repurchase Program

The Company implemented a systematic share repurchase program in the third quarter of 2005 through an SEC Rule 10b5-1 program. Moody's may also purchase opportunistically when conditions warrant. On June 5, 2006, the Board of Directors authorized a \$2.0 billion share repurchase program of which Moody's has approximately \$24 million remaining at December 31, 2007. On July 30, 2007, the Board of Directors of the Company authorized an additional \$2.0 billion share repurchase program that the Company will begin utilizing upon completion of the 2006 authority. There is no established expiration date for either of these authorizations. 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.

During 2007, Moody's repurchased 31.3 million shares of its common stock, at an aggregate cost of \$1,738.3 million, and issued 4.3 million shares under employee stock-based compensation plans.

Dividends

During 2007, the Company paid a quarterly dividend of \$0.08 per share in each of the quarters of Moody's common stock, resulting in dividends paid of \$0.32 during the year. During 2006, the Company paid a quarterly dividend of \$0.07 per share in each of the quarters of Moody's common stock, resulting in dividends paid per share of \$0.28 during the year. During 2005, the Company paid a quarterly dividend of \$0.0375 in the first quarter and \$0.055 in each of the three subsequent quarters, per share of Moody's common stock, resulting in dividends paid per share of \$0.2025 during the year.

On December 18, 2007, 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 March 10, 2008 to shareholders of record at the close of business on February 20, 2008. The continued payment of dividends at the rate noted above, or at all, is subject to the discretion of the Board of Directors.

Note 16 Lease Commitments

Moody's operates its business from various leased facilities, which are under operating leases that expire over the next 20 years. Moody's also leases certain computer and other equipment under operating and capital leases that expire over the next four years. Rent expense, including lease incentives, is amortized on a straight-line basis over the related lease term. Rent and amortization expense under operating leases for the years ended December 31, 2007, 2006 and 2005 was \$65.8 million, \$27.9 million and \$21.5 million, respectively. The Company has approximately \$6.8 million of computer equipment subject to capital lease obligations. Accumulated amortization at December 31, 2007 includes \$2.8 million related to capital lease obligations.

The approximate minimum rent for leases that have remaining or original noncancelable lease terms in excess of one year at December 31, 2007 is as follows:

Year Ending December 31,	Capital	Operating
	Leases	Leases
2008	\$ 1.7	\$ 72.6
2009	1.4	64.4
2010	1.3	49.3
2011	—	41.2
2012	—	39.0
Thereafter	—	537.4
Total minimum lease payments	<u>\$ 4.4</u>	<u>\$ 803.9</u>
Less: amount representing interest	<u>(0.3)</u>	
Present value of net minimum lease payments under capital leases	<u>\$ 4.1</u>	

During the fourth quarter of 2006, the Company completed the sale of its former corporate headquarters building. As part of the sales agreement, the Company leased back the building until the relocation to its new global headquarters at 7 World Trade Center, New York, New York ("7 WTC"), was completed in the third quarter of 2007. The Company entered into an operating lease agreement for 7 WTC (the "Lease") commencing on October 20, 2006 for 589,945 square feet of office space which serves as Moody's new corporate headquarters. The Lease has an initial term of approximately 21 years with renewal options of 20 years. The total base rent of the lease 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 lease agreement was amended for the Company to lease an additional 78,568 square-feet at 7 WTC commencing on November 15, 2007. The additional base rent is approximately \$106 million over a 20-year term.

Note 17 Contingencies

From time to time, Moody's is involved in legal and tax proceedings, 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 based upon the latest information available.

Moody's discloses material pending legal proceedings, other than routine litigation incidental to Moody's business, material proceedings known to be contemplated by governmental authorities and other pending matters that it may determine to be appropriate. For matters, except those 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, 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.

Moody's has received subpoenas and inquiries from states attorneys general and governmental authorities and is cooperating with those inquiries.

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 legal and tax proceedings, claims and litigation 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 potential liabilities assumed in connection with the 2000 Distribution ("Legacy Contingencies"). The following description of the relationships among Moody's, New D&B and their predecessor entities is important in understanding the Legacy Contingencies that relate to tax matters ("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 ("Cognizant"). 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 ("IMS Health") and Nielsen Media Research, Inc. ("NMR"). 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 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 December 31, 2007, 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 \$11 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 (the "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 \$7 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 \$7.2 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 of Deficiency 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 its second quarter. 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, for the year ended December 31, 2007.

On the Distribution Date in 2000, 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 December 31, 2007, Moody's liability with respect to this matter totaled \$52.8 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 \$56 million of these deposits (\$24.4 million for New D&B and \$31.6 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 Statutory Notices of Deficiency 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 January 2008 the IRS paid Moody's \$8.5 million in connection with this matter.

At December 31, 2007, Moody's has recorded liabilities for Legacy Tax Matters totaling \$56.7 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 18 Segment Information

Moody's operates in two reportable segments: Moody's Investors Service and MKMV. The Company reports segment information in accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information". SFAS No. 131 defines operating segments as components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance.

Moody's Investors Service consists of (i) four rating groups — structured finance, corporate finance, financial institutions and sovereign risk, and public finance — that generate revenue principally from the assignment of credit ratings on issuers and issues of fixed-income obligations in the debt markets, and (ii) research, which primarily generates revenue from the sale of investor-oriented credit information and research, principally produced by the rating groups and economic commentary. Public finance represents U.S. public finance. Given the dominance of Moody's Investors Service to Moody's overall results, the Company does not separately measure or report corporate expenses, nor are such expenses allocated between the Company's business segments. Accordingly, all corporate expenses are included in operating income of the Moody's Investors Service segment and none have been allocated to the MKMV segment.

The MKMV business develops and distributes quantitative credit risk assessment products and services, including credit processing software and analytical tools for credit portfolio management. Assets used solely by MKMV are separately disclosed within that segment. All other Company assets, including corporate assets, are reported as part of Moody's Investors Service. Revenue by geographic area is generally based on the location of the customer. Inter-segment sales are insignificant and no single customer accounted for 10% or more of total revenue.

Below is financial information by segment, Moody's Investors Service revenue by business unit and consolidated revenue and long-lived asset information by geographic area, for the years ended and as of December 31, 2007, 2006 and 2005. Certain prior year amounts have been reclassified to conform to the current presentation.

Financial Information by Segment:

	Year Ended December 31, 2007		
	Moody's Investors Service	KMV	Moody's Consolidated
Revenue	\$2,104.2	\$154.8	\$ 2,259.0
Operating expenses	922.1	113.0	1,035.1
Restructuring charge	45.6	4.4	50.0
Depreciation and amortization	31.1	11.8	42.9
Operating income	<u>\$1,105.4</u>	<u>\$ 25.6</u>	<u>\$ 1,131.0</u>
Total assets at December 31	<u>\$1,474.0</u>	<u>\$ 240.6</u>	<u>\$ 1,714.6</u>
	Year Ended December 31, 2006		
	Moody's Investors Service	KMV	Moody's Consolidated
Revenue	\$1,894.3	\$142.8	\$ 2,037.1
Operating expenses	789.1	109.6	898.7
Gain on sale of building	(160.6)	—	(160.6)
Depreciation and amortization	22.9	16.6	39.5
Operating income	<u>\$1,242.9</u>	<u>\$ 16.6</u>	<u>\$ 1,259.5</u>
Total assets at December 31	<u>\$1,255.8</u>	<u>\$ 241.9</u>	<u>\$ 1,497.7</u>
	Year Ended December 31, 2005		
	Moody's Investors Service	KMV	Moody's Consolidated
Revenue	\$1,600.3	\$131.3	\$ 1,731.6
Operating expenses	645.4	111.4	756.8
Gain on sale of building	—	—	—
Depreciation and amortization	18.6	16.6	35.2
Operating income	<u>\$ 936.3</u>	<u>\$ 3.3</u>	<u>\$ 939.6</u>
Total assets at December 31	<u>\$1,204.5</u>	<u>\$ 252.7</u>	<u>\$ 1,457.2</u>
Moody's Investors Service Revenue by Business Unit			
	Year Ended December 31,		
	2007	2006	2005
Ratings revenue:			
Structured finance	\$ 890.6	\$ 880.6	\$ 699.3
Corporate finance	465.4	380.1	313.8
Financial institutions and sovereign risk	303.1	266.8	254.6
Public finance	120.8	112.3	117.3
Total ratings revenue	<u>1,779.9</u>	<u>1,639.8</u>	<u>1,385.0</u>
Research revenue	<u>324.3</u>	<u>254.5</u>	<u>215.3</u>
Total Moody's Investors Service	<u>\$2,104.2</u>	<u>\$1,894.3</u>	<u>\$1,600.3</u>

Revenue and Long-lived Asset Information by Geographic Area

	2007	2006	2005
Revenue:			
United States	\$1,361.8	\$1,277.8	\$1,085.4
International:			
Europe	659.3	543.9	456.0
Other	237.9	215.4	190.2
Total International	897.2	759.3	646.2
Total	\$2,259.0	\$2,037.1	\$1,731.6
Long-lived assets:			
United States	\$ 414.6	\$ 283.6	\$ 267.3
International	37.1	22.0	18.9
Total	\$ 451.7	\$ 305.6	\$ 286.2

Beginning in January 2008, Moody's segments were changed to reflect the implementation of the business reorganization announced in August 2007. As a result of the reorganization, the rating agency remains in the Moody's Investors Service operating company and several ratings business lines have been realigned. All of Moody's other commercial activities, including MKMV and sales credit research produced by Moody's Investors Service and the production and sales of other credit related products and services, are now combined under a new operating company known as Moody's Analytics.

The aforementioned reorganization will result in the Company operating in two new reportable segments in accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", beginning in January 2008 as further discussed in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Note 19 Valuation and Qualifying Accounts

Accounts receivable allowances primarily represent adjustments to customer billings that are estimated when the related revenue is recognized. Below is a summary of activity for each of the three years ended December 31, 2007, 2006 and 2005, respectively:

	Balance at Beginning of the Year	Additions Charged to		Write-offs and Adjustments	Balance at End of the Year
		Revenue			
2007	\$ (14.5)	\$ (39.3)	37.6	\$ (16.2)	
2006	\$ (12.7)	\$ (34.9)	33.1	\$ (14.5)	
2005	\$ (14.6)	\$ (24.4)	26.3	\$ (12.7)	

Note 20 Related Party Transactions

Moody's Corporation made grants of \$6.0 million to The Moody's Foundation (the "Foundation") in both 2006 and 2005. No grants were made during the year ended December 31, 2007. The Foundation carries out philanthropic activities on behalf of Moody's Corporation primarily in the areas of education and health and human services. Certain members of senior management of Moody's Corporation are on the Board of Directors of the Foundation.

Note 21 Quarterly Financial Data (Unaudited)

	Three Months Ended			
	March 31	June 30	September 30	December 31
2007				
Revenue	\$ 583.0	\$646.1	\$ 525.0	\$ 504.9
Operating income	304.7	363.7	250.5	212.1
Net income	175.4	261.9	136.9	127.3
Basic earnings per share	\$ 0.63	\$ 0.97	\$ 0.52	\$ 0.50
Diluted earnings per share	\$ 0.62	\$ 0.95	\$ 0.51	\$ 0.49
2006				
Revenue	\$ 440.2	\$511.4	\$ 495.5	\$ 590.0
Operating income	238.3	289.1	268.8	463.3
Net income	146.2	172.1	157.0	278.6
Basic earnings per share	\$ 0.50	\$ 0.60	\$ 0.56	\$ 1.00
Diluted earnings per share	\$ 0.49	\$ 0.59	\$ 0.55	\$ 0.97

Basic and diluted earnings per share are computed for each of the periods presented. The number of weighted average shares outstanding changes as common shares are issued pursuant to employee stock plans and for other purposes or as shares are repurchased. Therefore, the sum of basic and diluted earnings per share for each of the four quarters may not equal the full year basic and diluted earnings per share.

The quarterly financial data for the three months ended June 30, 2007 includes a \$52.3 million benefit to net income related to the resolution of a legacy tax matter, a \$47.8 million pre-tax restructuring charge for the three months ended December 31, 2007 and a \$160.6 million pre-tax gain on building sale for the three months ended December 31, 2006.

Note 22 Subsequent Event

On February 6, 2008 the Company entered into a 17.5 year operating lease agreement to occupy 165,000 square feet on six floors of an office tower in the Canary Wharf section of London, England. Base rent payments will begin in March 2011 and the total estimated base rent payments over the life of the lease are approximately 134 million British pounds, or \$267 million based on the exchange rate in effect at January 31, 2008. 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 obligations. The Company will also incur costs to build out the floors to its specifications.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company carried out an evaluation, as required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act, as of the end of the period covered by this report (the "Evaluation Date"). Based on such evaluation, such officers have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the 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.

Changes In Internal Control Over Financial Reporting

Information in response to this Item is set forth under the caption "Management's Report on Internal Control Over Financial Reporting", in Part II, Item 8 of this annual report on Form 10-K.

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.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

Except for the information relating to the executive officers of the Company set forth in Part I of this annual report on Form 10-K, the information called for by Items 10-13 is contained in the Company's definitive proxy statement for use in connection with its annual meeting of stockholders scheduled to be held on April 22, 2008, and is incorporated herein by reference.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

ITEM 11. EXECUTIVE COMPENSATION

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The Audit Committee has established a policy setting forth the requirements for the pre-approval of audit and permissible non-audit services to be provided by the Company's independent registered public accounting firm. Under the policy, the Audit Committee pre-approves the annual audit engagement terms and fees, as well as any other audit services and specified categories of non-audit services, subject to certain pre-approved fee levels. In addition, pursuant to the policy, the Audit Committee has authorized its chair to pre-approve other audit and permissible non-audit services up to \$50,000 per engagement and a maximum of \$250,000 per year. The policy requires that the Audit Committee chair report any pre-approval decisions to the full Audit Committee at its next scheduled meeting. For the year ended December 31, 2007, the Audit Committee approved all of the services provided by the Company's independent registered public accounting firm, which are described below.

Audit Fees

The aggregate fees for professional services rendered for the integrated audit of the Company's annual financial statements for the years ended December 31, 2007 and 2006, for the review of the financial statements included in the Company's Reports on Forms 10-Q and 8-K, and for statutory audits of non-U.S. subsidiaries were approximately \$2.6 million in 2007 (including \$0.2 million accrued but not billed) and \$2.1 million in 2006 (including \$0.3 million accrued but not billed). All such fees were attributable to PricewaterhouseCoopers LLP.

Audit-Related Fees

The aggregate fees billed for audit-related services rendered to the Company by PricewaterhouseCoopers LLP were approximately \$0.1 million for each of the years ended December 31, 2007 and 2006. Such services included employee benefit plan audits and consultations concerning financial accounting and reporting standards.

Tax Fees

The aggregate fees for professional services rendered for tax services, principally related to tax consulting and compliance matters, rendered to the Company by PricewaterhouseCoopers LLP for the years ended December 31, 2007 and 2006 were \$0 and approximately \$5,000, respectively.

All Other Fees

The aggregate fees billed for all other services rendered, principally related to accounting research software, to the Company by PricewaterhouseCoopers LLP for the years ended December 31, 2007 and 2006 were approximately \$6,000 and \$4,000, respectively.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

List of documents filed as part of this report.

(1) Financial Statements.

See Index to Financial Statements, Item 8 of this Form 10-K.

(2) Financial Statement Schedules.

None.

(3) Exhibits.

See Index to Exhibits on pages 83-88 of this Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MOODY'S CORPORATION
(Registrant)

By: /s/ RAYMOND W. MCDANIEL, JR.

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

Date: February 28, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

/s/ RAYMOND W. MCDANIEL, JR.

Raymond W. McDaniel, Jr., Chairman of the
Board of Directors and Chief Executive Officer
(principal executive officer)

/s/ LINDA S. HUBER

Linda S. Huber, Executive Vice President
and Chief Financial Officer
(principal financial officer)

/s/ JOSEPH MCCABE

Joseph McCabe, Senior Vice President—Corporate
Controller (principal accounting officer)

/s/ BASIL L. ANDERSON

Basil L. Anderson, Director

/s/ ROBERT R. GLAUBER

Robert R. Glauber, Director

/s/ EWALD KIST

Ewald Kist, Director

/s/ CONNIE MACK

Connie Mack, Director

/s/ HENRY A. MCKINNELL, JR.

Henry A. McKinnell, Jr. Ph.D., Director

/s/ NANCY S. NEWCOMB

Nancy S. Newcomb, Director

/s/ JOHN K. WULFF

John K. Wulff, Director

Date: February 28, 2008

INDEX TO EXHIBITS

S-K
EXHIBIT
NUMBER

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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 to the Report on Form 8-K of the Registrant, file number 1-14037, filed February 25, 2008).

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INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES

- .1 Specimen Common Stock certificate (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed October 4, 2000).
- .2 Amended and Restated Rights Agreement between the Registrant and EquiServe Trust Company, N.A., as Rights Agent, dated as of September 27, 2000 (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed September 29, 2000), as amended by Amendment No. 1 to the Rights Agreement among the Registrant, EquiServe Trust Company, N.A., as Rights Agent, and The Bank of New York, as successor Rights Agent, dated as of October 22, 2001 (incorporated by reference to Exhibit 4.2 to the Report on Form 10-K of the Registrant, file number 1-14037, filed March 22, 2002).
- .3 Note Purchase Agreement, dated September 30, 2005, by and among Moody's Corporation and the Note Purchasers party thereto, including the form of the 4.98% Series 2005-1 Senior Unsecured Note due 2015 (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed October 5, 2005).
- .4 Note Purchase Agreement, dated September 7, 2007, by and among Moody's Corporation and the Note Purchasers party thereto, including the form of the Series 2007-1 Note (incorporated by reference to Exhibit 4.1 of the Report on Form 8-K of the Registrant file number 1-14037, filed September 13, 2007).

- .5 Five-Year Credit Agreement dated as of September 28, 2007, among Moody's Corporation, the Borrowing Subsidiaries Party Hereto, the Lenders Party Hereto, Citibank, N.A., as Administrative Agent, Bank of America, N.A., as Syndication Agent, and JPMorgan Chase Bank, N.A., as Documentation Agent (incorporated by reference to Exhibit 99.1 to the Report on Form 8-K of the Registrant file number 1-14037, filed October 4, 2007).

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MATERIAL CONTRACTS

- .1 Distribution Agreement, dated as of September 30, 2000, between the Registrant and The Dun & Bradstreet Corporation (f.k.a. The New D&B Corporation) (incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed October 4, 2000).
- .2 Tax Allocation Agreement, dated as of September 30, 2000, between the Registrant and The Dun & Bradstreet Corporation (f.k.a. The New D&B Corporation) (incorporated by reference to Exhibit 10.2 to the Report on Form 8-K of the Registrant, file number 1-14037, filed October 4, 2000).
- .3 Employee Benefits Agreement, dated as of September 30, 2000, between the Registrant and The Dun & Bradstreet Corporation (f.k.a. The New D&B Corporation) (incorporated by reference to Exhibit 10.3 to the Report on Form 8-K of the Registrant, file number 1-14037, filed October 4, 2000).
- .4 Intellectual Property Assignments, dated as of September 1, 2000, between the Registrant and The Dun & Bradstreet Corporation (f.k.a. The New D&B Corporation) (incorporated by reference to Exhibit 10.4 to the Report on Form 8-K of the Registrant, file number 1-14037, filed October 4, 2000).
- .5† Profit Participation Benefit Equalization Plan of Moody's Corporation (incorporated by reference to Exhibit 10.11 to Registrant's Quarterly Report on Form 10-Q, file number 1-14037, filed November 14, 2000).
- .6† The Moody's Corporation Nonfunded Deferred Compensation Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.12 to Registrant's Quarterly Report on Form 10-Q, file number 1-14037, filed November 14, 2000).
- .7† 1998 Moody's Corporation Replacement Plan for Certain Non-Employee Directors Holding Dun & Bradstreet Corporation Equity-Based Awards (incorporated by reference to Exhibit to Registrant's Quarterly Report on Form 10-Q, file number 1-14037, filed November 14, 2000).
- .7† 1998 Moody's Corporation Replacement Plan for Certain Employees Holding Dun & Bradstreet Corporation Equity-Based Awards (incorporated by reference to Exhibit 10.14 to Registrant's Quarterly Report on Form 10-Q, file number 1-14037, filed November 14, 2000).
- .10† 1998 Moody's Corporation Non-Employee Directors' Stock Incentive Plan (as amended on April 23, 2001) (incorporated by reference to Exhibit 10.11 to the Report on Form 10-K of the Registrant, file number 1-14037, filed March 22, 2002).
- .11† 1998 Moody's Corporation Key Employees' Stock Incentive Plan (incorporated by reference to Exhibit 10.16 to Registrant's Quarterly Report on Form 10-Q, file number 1-14037, filed November 14, 2000).
- .12† Moody's Corporation Career Transition Plan (incorporated by reference to Exhibit 10.17 to Registrant's Annual Report on Form 10-K, file number 1-14037, filed March 15, 2001).
- .13 Distribution Agreement, dated as of June 30, 1998, between R.H. Donnelley Corporation (f.k.a. The Dun & Bradstreet Corporation) and the Registrant (f.k.a. The New Dun & Bradstreet Corporation) (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q, filed August 14, 1998).

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- .14† Moody's Corporation Deferred Compensation Plan, effective as of January 1, 2008 (incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of the Registrant file number 1-14037, filed October 26, 2007).
 - .15 Form of separation agreement and general release used by the Company in connection with its Career Transition Plan. (incorporated by reference to Exhibit 99.1 to Form 8-K filed November 20, 2007).
 - .16 Commercial Paper Dealer Agreement between Moody's Corporation and Goldman, Sachs & Co., dated as of October 3, 2007 (incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of the Registrant file number 1-14037, filed October 9, 2007).
 - .17 Commercial Paper Dealer Agreement between Moody's Corporation and Morgan Stanley & Co. Incorporated, dated as of October 3, 2007 (incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of the Registrant file number 1-14037, filed October 9, 2007).
 - .18 Commercial Paper Dealer Agreement between Moody's Corporation and Citigroup Global Markets Inc., dated as of October 3, 2007 (incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of the Registrant file number 1-14037, filed October 9, 2007).
 - .19 Issuing and Paying Agency Agreement dated as of September 28, 2007, between Moody's Corporation and JPMorgan Chase Bank, National Association (incorporated by reference to Exhibit 10.8 to the Report on Form 10-Q of the Registrant file number 1-14037, filed November 2, 2007).
 - .20 Form of Assumption Agreement among Moody's Corporation, JP Morgan Chase Bank as Administrative Agent, and each lender signatory thereto (incorporated by reference to Exhibit 10.1 to the Report on Form 10-Q of the Registrant file number 1-14037, filed May 3, 2007). **

- .21† Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan (incorporated by reference to the definitive proxy statement on Schedule 14A of the Registrant, file number 1-14037, filed March 21, 2007).
- .22 Tax Allocation Agreement, dated as of June 30, 1998, between R.H. Donnelley Corporation (f.k.a. The Dun & Bradstreet Corporation) and the Registrant (f.k.a. The New Dun & Bradstreet Corporation) (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q, filed August 14, 1998).
- .23 Employee Benefits Agreement, dated as of June 30, 1998, between R.H. Donnelley Corporation (f.k.a. The Dun & Bradstreet Corporation) and the Registrant (f.k.a. The New Dun & Bradstreet Corporation) (incorporated by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q, filed August 14, 1998).
- .24 Distribution Agreement, dated as of October 28, 1996, among R.H. Donnelley Corporation (f.k.a. The Dun & Bradstreet Corporation), Cognizant Corporation and ACNielsen Corporation (incorporated by reference to Exhibit 10(x) to the Annual Report on Form 10-K of R.H. Donnelley Corporation (f.k.a. The Dun & Bradstreet Corporation) for the year ended December 31, 1996, file number 1-7155, filed March 27, 1997).
- .25 Tax Allocation Agreement, dated as of October 28, 1996, among R.H. Donnelley Corporation (f.k.a. The Dun & Bradstreet Corporation), Cognizant Corporation and ACNielsen Corporation (incorporated by reference to Exhibit 10(y) to the Annual Report on Form 10-K of R.H. Donnelley Corporation (f.k.a. The Dun & Bradstreet Corporation) for the year ended December 31, 1996, file number 1-7155, filed March 27, 1997).
- .26 Employee Benefits Agreement, dated as of October 28, 1996, among R.H. Donnelley Corporation (f.k.a. The Dun & Bradstreet Corporation), Cognizant Corporation and ACNielsen Corporation (incorporated by reference to Exhibit 10(z) to the Annual Report on Form 10-K of R.H. Donnelley Corporation (f.k.a. The Dun & Bradstreet Corporation) for the year ended December 31, 1996, file number 1-7155, filed March 27, 1997).
- .27 Agreement and Plan of Merger and Stock Purchase Agreement, dated as of February 10, 2002, by and among Moody's Corporation, XYZ Acquisition LLC, KMV LLC, KMV Corporation and the principal members of KMV LLC and the shareholders of KMV Corporation identified therein (incorporated by reference to Exhibit 2.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed February 22, 2002).
- .28 Note Purchase Agreement, dated as of October 3, 2000, among the Registrant and the purchasers named therein (incorporated by reference to Exhibit 10.25 to the Report on Form 10-K of the Registrant, file number 1-14037, filed March 21, 2003).
- .29 Form of 7.61% Senior Notes due 2005 (incorporated by reference to Exhibit 10.25 to the Report on Form 10-K of the Registrant, file number 1-14037, filed March 21, 2003).
- .30† Form of Employee Non-Qualified Stock Option and Restricted Stock Grant Agreement for the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to the Report on Form 10-Q of the Registrant, file number 1-14037, filed November 3, 2004).
- .31† Form of Non-Employee Director Restricted Stock Grant Agreement for the 1998 Moody's Corporation Non-Employee Directors' Stock Incentive Plan (as amended on April 23, 2001) (incorporated by reference to Exhibit 10.3 to the Report on Form 10-Q of the Registrant, file number 1-14037, filed November 3, 2004).
- .32† 2004 Moody's Corporation Covered Employee Cash Incentive Plan (incorporated by reference to Exhibit 10.4 to the Report on Form 10-Q of the Registrant, file number 1-14037, filed November 3, 2004).
- .33† Description of Bonus Terms under the 2004 Moody's Corporation Covered Employee Cash Incentive Plan (incorporated by reference to Exhibit 10.5 to the Report on Form 10-Q of the Registrant, file number 1-14037, filed November 3, 2004).
- .34† Director Compensation Arrangements (incorporated by reference to Exhibit 10.1 to the Report on Form 10-Q of the Registrant, file number 1-14037, filed May 2, 2006).

- .35 Agreement of Lease, dated as of September 7, 2006, between the Registrant and 7 World Trade Center, LLC (incorporated by reference to Exhibit 10.1 to the Report on Form 10-Q of the Registrant, file number 1-14037, filed November 2, 2006).
- .36 Purchase and Sale Agreement, dated as of November 20, 2006, between Moody's Holdings, Inc. and 99 Church Investors LLC (incorporated by reference to Exhibit 99.2 to the Report on Form 8-K of the Registrant, file number 1-14037, filed November 22, 2006).
- .37 Moody's Corporation 1999 Employee Stock Purchase Plan (formerly, The Dun & Bradstreet Corporation 1999 Employee Stock Purchase Plan).
- .38†* Supplemental Executive Benefit Plan of Moody's Corporation, amended and restated as of January 1, 2008
- .39†* Pension Benefit Equalization Plan of Moody's Corporation, amended and restated as of January 1, 2008.
- .40†* Moody's Corporation Retirement Account, amended and restated as of January 1, 2008
- .41†* Profit Participation Plan of Moody's Corporation, amended and restated as of January 1, 2007.
- .42 Agreement of Lease between Moody's Investors Service Limited and CWCB Properties (DS7) Limited, dated February 6, 2008 (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).
- .43 Storage Agreement for Lease between Moody's Investors Service Limited and Canary Wharf (Car Parks) Limited (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).
- .44* Separation Agreement and general release between the Company and Jeanne Dering, dated February 20, 2008.
- 21* SUBSIDIARIES OF THE REGISTRANT List of Active Subsidiaries as of January 31, 2008.
- 23* Consent of PricewaterhouseCoopers LLP, an Independent Registered Public Accounting Firm.
- 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.)

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- * Filed herewith
 - ** As permitted under the Company's Credit Agreement dated as of September 1, 2004, the Company increased the aggregate amount of the Facility's commitment from \$160 million to \$500 million by entering into assumption agreements with the several lenders. In accordance with Instruction 2 to Item 601 of Regulation S-K, the Company has filed only one such assumption agreement as the other agreements are substantially identical in all material respects except as to the parties thereto, the dates of execution and the amount of the assumed commitment of each respective lender, all of which are detailed in the Schedule to Exhibit 10.1.
 - † Management contract or compensatory plan or arrangement

**SUPPLEMENTAL EXECUTIVE BENEFIT PLAN
OF
MOODY'S CORPORATION**

Amended and Restated Effective as of January 1, 2008

PREAMBLE

The principal purpose of this Supplemental Executive Benefit Plan is to provide as deferred compensation, on an unfunded basis, a competitive level of retirement income and disability benefits to a select group of management or highly compensated employees of the Corporation and its affiliated companies in order to attract, retain, and motivate such employees. The Plan is hereby amended and restated effective as of January 1, 2008 to comply with the requirements of Section 409A of the Code, and shall be interpreted accordingly. The provisions of the Plan as in effect on December 31, 2007 apply to any Participant whose benefits commenced on or before that date.

**SECTION 1
DEFINITIONS**

1.01 "Affiliate" means any corporation, partnership, division or other organization controlling, controlled by or under common control with the Corporation or any joint venture entered into by the Corporation.

1.02 "Average Final Compensation" means the greater of (a) a Participant's or Vested Former Participant's average final compensation as defined in the Moody's Corporation Retirement Account as if no provision were set forth therein incorporating limitations imposed by Sections 401(a)(17) or 415(b) or any other applicable Section of the Code, or (b) if the Participant is disabled at the time of his Retirement, the Participant's Basic Earnings. For purposes of (a), Average Final Compensation will not include an employee's compensation while the employee is a Vested Former Participant or a Former Participant and will include compensation from the date of the Participant's employment with the Corporation or an Affiliate.

1.03 "Basic Disability Plan" means as to any Participant either (a) the long-term disability plan of the Corporation or an Affiliate pursuant to which long-term disability benefits are payable to such Participant or (b) if the Affiliate which employs such Participant has not adopted a long-term disability plan, the long-term disability plan of the Corporation.

1.04 "Basic Disability Plan Benefit" means the amount of benefits actually payable to a Participant from the Basic Disability Plan or which would be payable if the Participant were a member of such Plan. For purposes of determining a Participant's Basic Disability Plan Benefit, a disability benefit shall not be treated as actually payable to a Participant unless the Participant is actually covered by a long-term disability plan of the Corporation or an Affiliate.

1.05 "Basic Earnings" means the total amount paid by the Corporation or any Affiliate to a Participant in the twelve (12) months immediately preceding the onset of the Participant's

disability, (a) including salary, wages, regular cash bonuses and commissions, lump sum payments in lieu of foregone merit increases, “bonus buyouts” as the result of job changes, and any portion of such amounts (i) voluntarily deferred or reduced by the Participant under any employee benefit plan of the Corporation or any Affiliate available to all levels of Employees of the Corporation and/or any Affiliate(s) on a non-discriminatory basis upon satisfaction of eligibility requirements or (ii) voluntarily deferred or reduced under any executive deferral plan of the Corporation or any Affiliate (so long as such amounts would otherwise not have been excluded had they not been deferred), but (b) excluding any pension, retainers, severance pay, special stay-on bonus payments, income derived from stock options, stock appreciation rights and restricted stock awards and dispositions of stock acquired thereunder, payments dependent upon any contingency after the period of Credited Service and other special remuneration (including performance units).

1.06 “Basic Plan” means, as to any Participant or Vested Former Participant, the defined benefit pension plan of the Corporation or an Affiliate, which is intended to meet the requirements of Section 401(a) of the Code and pursuant to which retirement benefits are payable to such Participant or Vested Former Participant or to the Surviving Spouse or designated beneficiary of a deceased Participant or Vested Former Participant. As of the date of the adoption of this amendment and restatement of the Plan, the Basic Plan is the Moody’s Corporation Retirement Account.

1.07 “Basic Plan Benefit” means the amount of benefits payable from the Basic Plan to a Participant or Vested Former Participant.

1.08 “Board” means the Board of Directors of Moody’s Corporation.

1.09 “Change in Control” means a change in ownership of the Corporation, a change in the effective control of the Corporation, or a change in the ownership of a substantial portion of the assets of the Corporation. For this purpose, a change in the ownership of the Corporation occurs on the date that any one person, or more than one person acting as a group (as determined pursuant to the regulations under Section 409A), acquires ownership of stock of the Corporation that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Corporation. A change in effective control of the Corporation occurs on either of the following dates: (1) the date any one person, or more than one person acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Corporation possessing 50 percent or more of the total voting power of the stock of the Corporation, or (2) the date a majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election.

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

1.11 “Committee” means the Governance and Compensation Committee of the Board.

1.12 “Corporation” means Moody’s Corporation, a Delaware corporation, and any successor or assigns thereto.

1.13 “Credited Service” means a Participant’s, Former Participant’s or Vested Former Participant’s Credited Service as defined in the Moody’s Corporation Retirement Account, except that Credited Service will include service while the Participant is receiving Disability Benefits and service from the date the Participant, Former Participant or Vested Former Participant was employed by the Corporation or an Affiliate, but will not include service while an employee is a Former Participant or Vested Former Participant. In the case of an acquired company, however, the Participant’s, Former Participant’s or Vested Former Participant’s service with that company prior to the date of acquisition will not be counted unless such service is recognized for benefit accrual purposes under the relevant Basic Plan.

1.14 “Disability Benefit” means the benefits provided to Participants and Vested Former Participants pursuant to Section 5 of the Plan.

1.15 “Election” means an election as to the form of benefit payment made pursuant to Section 4.05 of the Plan.

1.16 “Election Date” means the date that a properly completed election form with respect to an Election or a Special Election is received by the Corporation’s Treasurer.

1.17 “Former Participant” means an employee who has not completed five (5) or more years of Credited Service at the time his employment with the Corporation or an Affiliate terminates or at the time he was removed, upon written notice by the Chief Executive Officer of the Corporation and with the approval of the Committee, from further participation in the Plan.

1.18 “Grandfathered Benefit” means a Participant’s vested benefit under the Plan as of December 31, 2004, determined in accordance with the principles of Q&A-17(a) of IRS Notice 2005-1 or any applicable successor guidance issued by the Internal Revenue Service of the U.S. Treasury Department. Notwithstanding the foregoing, no Participant who is an active employee of the Corporation or any subsidiary after December 31, 2004 shall be treated as having any Grandfathered Benefit.

1.19 “Non-Grandfathered Benefit” means the entire benefit of a Participant who does not have a Grandfathered Benefit.

1.20 “Other Disability Income” means (a) the disability insurance benefit that the Participant is entitled to receive under the Federal Social Security Act while he is receiving the Basic Disability Plan Benefit and (b) the disability income payable to a Participant from the following sources:

(i) any supplemental executive disability plan of any Affiliate; and

(ii) any other contract, agreement or other arrangement with the Corporation or an Affiliate (excluding any Basic Disability Plan) to the extent it provides disability benefits.

1.21 “Other Retirement Income” means (a)(i) the Social Security retirement benefit that the Participant or Vested Former Participant is entitled to receive under the Federal Social

Security Act as of the date of his Retirement or (ii) if the Participant or Vested Former Participant is not eligible to receive a Social Security retirement benefit commencing on such date, the Social Security retirement benefit he is entitled to receive at the earliest age he is eligible to receive such a benefit, discounted to the date his Benefit under the Plan actually commences, using the actuarial assumptions then in use under the relevant Basic Plan, assuming for purposes of (i) and (ii) above that for years prior to the Participant's employment with the Corporation and for years following the Participant's termination of employment with the Corporation up until the Participant attains age sixty-two (62), the Participant earned compensation so as to accrue the maximum Social Security benefits, and (b) the retirement income payable to a Participant or Vested Former Participant from the following sources:

(a) any retirement benefits equalization plan of the Corporation or an Affiliate or any former Affiliate, the purpose of which is to provide the Participant or Vested Former Participant with the benefits he is precluded from receiving under any relevant Basic Plan as a result of limitations under the Code; and

(b) any supplemental executive retirement plan of any Affiliate; and

(c) any other contract, agreement or other arrangement with the Corporation or an Affiliate or any former Affiliate (excluding any Basic Plan and any defined contribution plan intended to meet the requirements of Section 401(a) of the Code) to the extent it provides retirement or pension benefits.

1.22 "Participant" means an employee of the Corporation or an Affiliate who becomes a participant in the Plan pursuant to Section 2 and has not been removed pursuant to Section 2.02.

1.23 "Plan" means this Supplemental Executive Benefit Plan of Moody's Corporation, as amended from time to time.

1.24 "Potential Change in Control" means:

(a) the Corporation enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Corporation;

(b) any person (including the Corporation) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Corporation;

(c) any person, other than a trustee or their fiduciary holding securities under an employee benefit plan of the Corporation (or a Corporation owned, directly or indirectly, by the stockholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation), who is or becomes the beneficial owner, directly or indirectly, of securities of the Corporation representing nine and one half percent (9.5%) or more of the combined voting power of the Corporation's then outstanding securities, increases his beneficial ownership of such securities by five percent (5%) or more over the percentage so owned by such person; or

(d) the Board adopts a resolution to the effect that, for purposes of this Plan, a Potential Change in Control of the Corporation has occurred.

1.25 "Retirement" means the termination, other than at death, of a Participant's or Vested Former Participant's employment with the Corporation or an Affiliate (a) after reaching age fifty-five (55) and completing ten (10) years of Vesting Service, or (b) immediately following the cessation of the payment of Disability Benefits under the Plan to such Participant or Vested Former Participant while he is still disabled, as such term is defined under the Basic Disability Plan.

1.26 "Retirement Benefit" means the benefits provided to Participants and Vested Former Participants pursuant to Section 4 of the Plan.

1.27 "Section 409A" means Section 409A of the Code and any Treasury regulations and other guidance issued thereunder.

1.28 "Special Election" means an election as to the form of benefit payment made pursuant to Section 4.06 of the Plan.

1.29 "Surviving Spouse" means the spouse of a deceased Participant or Vested Former Participant to whom such Participant or Vested Former Participant is legally married immediately preceding such Participant or Vested Former Participant's death.

1.30 "Surviving Spouse's Benefits" mean the benefits provided to a Participant's or Vested Former Participant's Surviving Spouse pursuant to Section 6 of the Plan.

1.31 "Termination of Employment" or "Terminate Employment" mean a Participant's separation from service (within the meaning of Section 409A).

1.32 "Vested Former Participant" means an employee who completed five (5) or more years of Credited Service at the time his employment with the Corporation or an Affiliate terminated or at the time he was removed, upon written notice by the Chief Executive Officer of the Corporation and with the approval of the Committee, from further participation in the Plan.

1.33 The masculine gender, where appearing in the Plan, will be deemed to include the feminine gender, and the singular may include the plural, unless the context clearly indicates to the contrary.

SECTION 2 ELIGIBILITY AND PARTICIPATION

2.01 All key management employees of the Corporation and its Affiliates who are responsible for the management, growth or protection of the business of the Corporation and its Affiliates, who are designated by the Chief Executive Officer of the Corporation in writing, are eligible, upon approval by the Committee, for participation in the Plan as of the effective date of such designation.

2.02 A Participant's participation in the Plan shall terminate upon his or her Termination of Employment. Prior to Termination of Employment, a Participant may be removed, upon written notice by the Chief Executive Officer of the Corporation and with the approval of the Committee, from further participation in the Plan. As of the date of termination or removal, no further benefits shall accrue to such individual.

SECTION 3 ELIGIBILITY FOR BENEFITS

3.01 Each Participant or Vested Former Participant is eligible for an annual Retirement Benefit under this Plan upon Retirement, or upon Termination of Employment with the Corporation before Retirement after completing five (5) or more years of Credited Service.

3.02 Each Participant is eligible to commence receiving a Disability Benefit under this Plan upon the actual or deemed commencement of benefits under the relevant Basic Disability Plan. Notwithstanding the above, a Participant may not receive a Disability Benefit if he has not previously enrolled for the maximum disability insurance coverage available under the relevant Basic Disability Plan. With respect to the Non-Grandfathered Benefit, a Participant who has not experienced a Termination of Employment in connection with a disability shall be entitled to receive a Disability Benefit hereunder only if the Participant is disabled within the meaning of Section 409A(a)(2)(C) of the Code.

3.03 Notwithstanding any other provision of the Plan to the contrary, no benefits or no further benefits, as the case may be, shall be paid to a Participant, Vested Former Participant or Surviving Spouse if the Committee reasonably determines that such Participant or Vested Former Participant has:

(a) to the detriment of the Corporation or any Affiliate, directly or indirectly acquired, without the prior written consent of the Committee, an interest in any other company, firm, association, or organization (other than an investment interest of less than one percent (1%) in a publicly-owned company or organization), the business of which is in direct competition with any business of the Corporation or an Affiliate;

(b) to the detriment of the Corporation or any Affiliate, directly or indirectly competed with the Corporation or any Affiliate as an owner, employee, partner, director or contractor of a business, in a field of business activity in which the Participant or Vested Former Participant has been primarily engaged on behalf of the Corporation or any Affiliate or in which he has considerable knowledge as a result of his employment by the Corporation or any Affiliate, either for his own benefit or with any person other than the Corporation or any Affiliate, without the prior written consent of the Committee; or

(c) been discharged from employment with the Corporation or any Affiliate for "Cause." "Cause" shall include the occurrence of any of the following events:

(i) the Participant or Vested Former Participant has been indicted, convicted, or pled guilty or nolo contendere to any felony with respect to the business of the Corporation or any Affiliate or has been disqualified or barred by any governmental or self-regulatory authority from serving in his or her position;

(ii) the Participant or Vested Former Participant has engaged in a material violation of the Corporation's Code of Business Conduct, or any intentional act or acts of personal dishonesty, fraud or embezzlement resulting or intended to result in the personal enrichment of the Participant or Vested Former Participant to the detriment of the Corporation;

(iii) the Participant or Vested Former Participant has, without the prior knowledge or written consent of the Committee, obtained personal profit as a result of any transaction by a third party with the Corporation or any Affiliate (other than profit that may result from owning an interest of less than 1% in a publicly owned third party);

(iv) the Participant or Vested Former Participant has willfully (x) impeded, (y) endeavored to influence, obstruct or impede, or (z) failed to materially cooperate with, an investigation authorized by the Board, a self-regulatory organization, or a governmental department or agency; or

(v) the Participant or Vested Former Participant has intentionally disseminated to one or more third parties confidential information with respect to the customers or trade secrets of the Corporation or any Affiliate.

In any case described in this Section 3.03, the Participant, Vested Former Participant or Surviving Spouse shall be given prior written notice that no benefits or no further benefits, as the case may be, will be paid to such Participant, Vested Former Participant or Surviving Spouse. Such written notice shall specify the particular act(s), or failures to act, on the basis of which the decision to terminate benefits has been made.

3.04 (a) Notwithstanding any other provision of the Plan to the contrary, a Participant or Vested Former Participant who receives in a lump sum any portion of his Retirement Benefit pursuant to an Election or Special Election shall receive such lump sum portion of his Retirement Benefit subject to the condition that if such Participant or Vested Former Participant engages in any of the acts described in clause (i) or (ii) of Section 3.03(c), then such Participant or Vested Former Participant shall, within sixty (60) days after written notice by the Corporation, repay to the Corporation the amount described in Section 3.04(b).

(b) The amount described under this Section 3.04(b) shall equal the amount, as determined by the Committee, of the Participant's or Vested Former Participant's lump sum benefit paid under this Plan to which such Participant or Vested Former Participant would not have been entitled, if such lump sum benefit had instead been payable in the form of an annuity under this Plan and such annuity payments were subject to the provisions of Section 3.03.

SECTION 4 AMOUNT AND FORM OF RETIREMENT BENEFITS

4.01 The Retirement Benefit provided by the Plan is designed to provide each Participant and Vested Former Participant with an annual pension from the Plan and certain other sources equal to his Retirement Benefit as hereinafter specified. Thus, the Retirement Benefits described hereunder as payable to Participants and Vested Former Participants will be offset by retirement benefits payable from sources outside the Plan as specified herein. All Retirement Benefits payable under the Plan shall be payable in accordance with the Employee Benefits

Agreement between the Corporation (formerly, The Dun & Bradstreet Corporation) and The Dun & Bradstreet Corporation (formerly, The New D&B Corporation), dated as of September 30, 2000.

4.02 (a) In respect of a Participant or Vested Former Participant whose participation in the Plan commenced before October 22, 2001, the Retirement Benefit either upon Retirement or upon termination of employment with the Corporation before Retirement but with five (5) or more years of Credited Service, shall be an annual benefit equal to four percent (4%) of his Average Final Compensation for each of his first ten (10) years of Credited Service, plus two percent (2%) of his Average Final Compensation for each year of Credited Service in excess of ten (10) years of Credited Service, but not to exceed in the aggregate twenty (20) years of Credited Service, offset by his Other Retirement Income and his Basic Plan Benefit. A full month is credited for each completed and partial month of Credited Service.

(i) Notwithstanding the foregoing provisions of this paragraph (a), if a Participant or Vested Former Participant subject to this Section 4.02(a) commences Retirement before he reaches age sixty (60) without the Corporation's consent, his Retirement Benefit shall be reduced by three percent (3%) for each year or fraction thereof that Retirement commenced prior to his reaching age sixty (60).

(ii) Notwithstanding the foregoing provisions of this paragraph (a), if a Participant or Vested Former Participant subject to this Section 4.02(a) terminates employment with the Corporation before Retirement without the Corporation's consent, and the payment of his Retirement Benefit commences (or would commence if it were payable in the form of an annuity) before he reaches age sixty (60), his Retirement Benefit shall be reduced by ten percent (10%) for each year or fraction thereof that the payment of his Retirement Benefit commences (or would commence if it were payable in the form of any annuity) prior to his reaching age sixty (60).

(b) In respect of a Participant or Vested Former Participant whose participation in the Plan commenced on or after October 22, 2001, the Retirement Benefit either upon Retirement or upon termination of employment with the Corporation before Retirement but with five (5) or more years of Credited Service, shall be an annual benefit equal to two percent (2%) of his Average Final Compensation for each year of Credited Service, but not to exceed in the aggregate thirty (30) years of Credited Service, offset by his Other Retirement Income and his Basic Plan Benefit. A full month is credited for each completed and partial month of Credited Service.

(i) Notwithstanding the foregoing provisions of this paragraph (b), if a Participant or Vested Former Participant subject to this Section 4.02(b) terminates employment with the Corporation before Retirement, his Retirement Benefit shall be reduced by sixty percent (60%).

4.03 Any portion of the Retirement Benefit provided under Section 4.02 payable in the form of an annuity pursuant to Section 4.04 shall be payable in monthly installments and will commence on the first day of the calendar month coinciding with or next following the day the Participant or Vested Former Participant either commences Retirement, or, in the case of

termination of employment with the Corporation before Retirement, reaches age fifty-five (55) or the date of his termination, if later. Any portion of such Retirement Benefit payable in a lump sum pursuant to Section 4.04 shall be paid on the date that is sixty (60) days after the date when annuity payments under this Section 4.03 commence, or would commence if any portion of the Retirement Benefit were payable in the form of an annuity, or as soon as practicable thereafter, provided the Committee has approved any such lump sum payments.

4.04 (a) Except as provided under Section 4.04(b) or Section 4.04(c), a Retirement Benefit under this Plan shall be payable to a Participant or Vested Former Participant in the form of a straight life annuity and without regard to any optional form of benefits elected under the Basic Plan; provided, however, that with respect to the Non-Grandfathered Benefit only, except as provided under Section 4.04(b) or Section 4.04(c), the Retirement Benefit under this Plan shall be payable to a Participant or Vested Former Participant in the form of a straight life annuity (and without regard to any optional form of benefits elected under the Basic Plan) if the Participant or Vested Former Participant is unmarried as of the date benefits commence and otherwise in the form of a joint and survivor annuity with a 50% continuing benefit to the Participant's or Vested Former Participant's Surviving Spouse if the Participant or Vested Former Participant is married as of the date benefits commence.

(b) If a Participant or a Vested Former Participant makes an Election while he is a Participant pursuant to Section 4.05 or a Special Election pursuant to Section 4.06 and such Election or Special Election becomes effective (i) prior to the date such Participant or such Vested Former Participant retires or Terminates Employment with the Corporation or an Affiliate and (ii) while he was still a Participant, a Retirement Benefit under this Plan shall be payable to such Participant or such Vested Former Participant in the form or combination of forms of payment elected pursuant to such Election or Special Election under Section 4.05 or Section 4.06, as the case may be, and without regard to any optional form of benefit elected under the Basic Plan. Any lump sum distribution of a Participant's or Vested Former Participant's Retirement Benefit under the Plan shall fully satisfy all present and future Plan liability with respect to such Participant or Vested Former Participant for such portion or all of such Retirement Benefit so distributed. Notwithstanding any other provision of this Section 4 to the contrary, no Election with respect to a Participant's Non-Grandfathered Benefit shall be valid except to the extent it is consistent with the requirements of Section 409A.

(c) Notwithstanding any Election or Special Election made under Section 4.05 or 4.06, if the lump sum value, determined in the same manner as provided under Section 4.05(a), of a Participant's or Vested Former Participant's Retirement Benefit is Ten Thousand Dollars (\$10,000) or less at the time such Retirement Benefit is payable under this Plan, such benefit shall be payable as a lump sum.

(d) If the Retirement Benefit under this Plan is payable to a Participant or Vested Former Participant in a different form and/or at a different time than his Other Retirement Income or his Basic Plan Benefits, the offset provided in this Plan for such Participant's or Vested Former Participant's Other Retirement Income and Basic Plan Benefit shall be converted, using actuarial assumptions that are reasonable and appropriate and in accordance with applicable law at the time the benefit under this Plan is determined, to the extent required as follows, but solely for purposes of calculating the amount of such offset:

(i) a percentage of the benefits to be offset equal to the percentage of such Participant's or Vested Former Participant's benefits payable in the form of an annuity under this Plan shall be actuarially converted to the extent required into the form of a straight life annuity, commencing at the time such benefits payable under this Plan commence or on the date such Participant or Vested Former Participant would first become eligible for the payment of such benefits under this Plan, if earlier; and

(ii) the balance, if any, of the benefits to be offset shall be actuarially converted to a lump sum payment payable on the date which is sixty (60) days after the date described in Section 4.04(d)(i).

4.05 (a) A Participant may elect, on a form supplied by the Committee, to receive all, none, or a specified portion, as provided in Section 4.05(c), of his Retirement Benefit under the Plan in a lump sum and to receive any balance of such Retirement Benefit in the form of an annuity; provided, that any such Election shall be effective for purposes of this Plan only if the conditions of Section 4.05(b) are satisfied. A Participant may elect a payment form different than the payment form previously elected by him or her under this Section 4.05(a) by filing a revised election form; provided, that any such new Election shall be effective only if the conditions of Section 4.05(b) are satisfied with respect to such new Election. Any prior Election made by a Participant that has satisfied the conditions of Section 4.05(b) remains effective for purposes of the Plan until such Participant has made a new Election satisfying the conditions of Section 4.05(b). The amount of any portion of a Participant's or a Vested Former Participant's Retirement Benefit payable as a lump sum under this Section 4.05 will equal the present value of such portion of the Retirement Benefit, and such present value shall be determined (i) based on a discount rate equal to eighty-five percent (85%) of the average of the fifteen (15) year non-callable U.S. Treasury bond yields as of the close of business on the last business day of each of the three months immediately preceding the date the annuity value is determined and (ii) using the 1983 Group Annuity Mortality Table.

(b) A Participant's Election under Section 4.05(a) with respect to a Grandfathered Benefit becomes effective only if the following conditions are satisfied: (i) such Participant remains in the employment of the Corporation or an Affiliate, as the case may be, for the full twelve (12) calendar months immediately following the Election Date of such Election, except in case of death or disability of such Participant as provided in Section 4.05(d), and (ii) such Participant complies with the administrative procedures set forth by the Committee with respect to the making of the Election. A Participant's Election under Section 4.05(a) with respect to a Non-Grandfathered Benefit becomes effective only if the following conditions are satisfied: (i) such Participant remains in the employment of the Corporation or an Affiliate, as the case may be, for the full twelve (12) calendar months immediately following the Election Date of such Election, except in case of death or disability of such Participant as provided in Section 4.05(d), (ii) to the extent required to avoid a violation of Section 409A, such election (A) is made at least 12 months before benefits are scheduled to commence, and (B) delays commencement of benefits for at least five years and does not result in any acceleration of benefits, and (iii) such Participant complies with the administrative procedures set forth by the Committee with respect to the making of the Election.

(c) A Participant making an election under Section 4.05(a) may specify the portion of his Retirement Benefit under the Plan to be received in a lump sum as follows: zero percent (0%), twenty-five percent (25%), fifty percent (50%), seventy-five percent (75%) or one hundred percent (100%).

(d) In the event a Participant who has made an Election pursuant to Section 4.05(a) dies or becomes totally and permanently disabled for purposes of the relevant Basic Disability Plan while employed by the Corporation or an Affiliate and such death or total and permanent disability occurs during the twelve (12) calendar month period, as described under Section 4.05(b)(i), immediately following the Election Date of such Election, the condition under Section 4.05(b)(i) shall be deemed satisfied with respect to such Participant.

(e) Notwithstanding any other provision of this Section 4.05 to the contrary, a Participant may elect, no later than December 31, 2007 or such other date as permitted by applicable Internal Revenue Service guidance and in accordance with procedures adopted by the Committee, to make a payment election with respect to the Non-Grandfathered Benefit in a manner consistent with IRS Notice 2007-86, and such election shall control the form and timing of Plan distributions to the Participant.

4.06 Any Participant who, as of the Effective Time, had made a valid Special Election in accordance with the procedures set forth in Section 4.06(a) of the Supplemental Executive Benefit Plan of The Dun and Bradstreet Corporation, will be entitled to receive all, none, or his or her specified percentages or his or her Retirement Benefit under the Plan in a lump sum and to receive the balance of such Retirement Benefit in the form of an annuity. The amount of any portion of a Participant's or a Vested Former Participant's Retirement Benefit payable as a lump sum under this Section 4.06 will equal the present value of such portion of the Retirement Benefit, and such present value shall be determined (A) based on a discount rate equal to the average of eighty-five percent (85%) of the fifteen (15) year non-callable U.S. Treasury bond yields as of the close of business on the last business day of each of the three (3) months immediately preceding the date the annuity value is determined, and (B) using the 1983 Group Annuity Mortality Table. This Section 4.06 applies only to a Participant's Grandfathered Benefit and has no application to any Non-Grandfathered Benefit.

4.07 Subject to Section 3.01, Section 3.03, Section 3.04 and the foregoing limitations of this Section 4, the Retirement Benefit of each Participant and Vested Former Participant under the Plan shall at all times be one hundred percent (100%) vested and nonforfeitable.

4.08 (a) Subject to Section 4.08(c), the Corporation shall indemnify each Participant, Vested Former Participant and Surviving Spouse who receives any portion of a Retirement Benefit or Surviving Spouse's Benefit under this Plan in the form of an annuity for any interest and penalties that may be assessed by the U.S. Internal Revenue Service (the "IRS") with respect to U.S. federal income tax on such benefits (payable under the Plan in the form of an annuity) upon final settlement or judgment with respect to any such assessment in favor of the IRS, provided the basis for the assessment is that the amendment of the Plan to provide for the Election or the Special Election causes the Participant, Vested Former Participant or Surviving Spouse, as the case may be, to be treated as being in constructive receipt of such benefits prior to the time when such benefits are actually payable under the Plan.

(b) In case any assessment shall be made against a Participant, Vested Former Participant or Surviving Spouse as described in Section 4.08(a), such Participant, Vested Former Participant or Surviving Spouse, as the case may be (the “indemnified party”), shall promptly notify the Corporation’s Treasurer in writing and the Corporation, upon request of such indemnified party, shall select and retain an accountant or legal counsel reasonably satisfactory to the indemnified party to represent the indemnified party in connection with such assessment and shall pay the fees and expenses of such an accountant or legal counsel related to such representation, and the Corporation shall have the right to determine how and when such assessment by the IRS should be settled, litigated or appealed. In connection with any such assessment, any indemnified party shall have the right to retain his own accountant or legal counsel, but the fees and expenses of such accountant or legal counsel shall be at the expense of such indemnified party unless the Corporation and the indemnified party shall have mutually agreed to the retention of such accountant or legal counsel.

(c) The Corporation shall not be liable for any payments under this Section 4.08 with respect to any assessment described in Section 4.08(a) if a Participant, Vested Former Participant or Surviving Spouse against whom such assessment is made has not promptly notified or allowed the Corporation to participate with respect to such assessment in the manner described in Section 4.08(b) or, following demand by the Corporation, has not made the deposit to avoid additional interest or penalties as described in Section 4.08(d) or has agreed to, or otherwise settled with the IRS with respect to, such assessment without the Corporation’s written consent; provided, however, if (i) such assessment is settled with such consent or if there is a final judgment for the IRS, (ii) the Corporation has been notified and allowed to participate in the manner as provided in Section 4.08(b), and (iii) such Participant, Vested Former Participant or Surviving Spouse has made any required deposit to avoid additional interest or penalty as described in Section 4.08(d), the Corporation agrees to indemnify the indemnified party to the extent set forth in this Section 4.08.

(d) In the event a final settlement or judgment with respect to an assessment as described under Section 4.08 has been made against a Participant, Vested Former Participant or Surviving Spouse, such Participant, Vested Former Participant or Surviving Spouse may elect to receive a portion or all of his Retirement Benefit or Surviving Spouse’s Benefit that is otherwise payable as an annuity under the Plan in the form of a lump sum in accordance with procedures as the Committee may set forth, and such lump sum distribution will be made as soon as practicable after any such election. At the time such assessment is made against such Participant, Vested Former Participant or Surviving Spouse (the “assessed party”) and prior to any final settlement or judgment with respect to such assessment, if so directed by the Corporation, such assessed party shall, as a condition to receiving any indemnity under this Section 4.08, as soon as practicable after notification of such assessment make a deposit with the IRS to avoid any additional interest or penalties with respect to such assessment and, upon the request of such assessed party, the Corporation shall lend, or arrange for the lending to, such assessed party a portion of his remaining Retirement Benefit or Surviving Spouse’s Benefit under the Plan, not to exceed the lump sum value of such benefit under the Plan, determined using the actuarial assumptions set forth in Section 4.05(a), solely for purposes of providing the assessed party with funds to make a deposit with the IRS to avoid any additional interest or penalties with respect to such assessment.

(e) In all events, any payment pursuant to this Section 4.08 shall be made by the end of the taxable year following the taxable year in which the interest and penalties are remitted to the applicable taxing authority.

4.09 Notwithstanding any other provision of the Plan to the contrary, to the extent required by Section 409A with respect to a Participant who is a “specified employee” within the meaning of Section 409A, no portion of the Participant’s Non-Grandfathered Benefit shall be paid earlier than the six-month anniversary of the Participant’s Termination of Employment. Any distributions that would have been made prior to such six-month anniversary shall be paid on such anniversary.

SECTION 5 DISABILITY BENEFITS

5.01 The Disability Benefit provided by the Plan is designed to provide each Participant with a disability benefit from the Plan and certain other sources equal to his Disability Benefit as hereinafter specified. Thus, Disability Benefits described hereunder as payable to Participants will be offset by disability benefits payable from sources outside the Plan (other than benefits payable under the relevant Basic Disability Plan) as specified herein.

5.02 In the event that a Participant has become totally and permanently disabled for the purposes of the relevant Basic Disability Plan, an annual Disability Benefit shall be payable in monthly installments under this Plan during the same period as disability benefits are actually or deemed paid by the relevant Basic Disability Plan, in an amount equal to sixty percent (60%) of the Participant’s Basic Earnings. To the extent consistent with Section 409A, such Disability Benefit shall be offset by the Participant’s Other Disability Income, if any. A Participant’s Disability Benefits shall also be offset by the Participant’s Basic Plan Benefit, if the Participant’s Basic Disability Plan Benefit does not already include such an offset.

SECTION 6 SURVIVING SPOUSE’S BENEFITS

6.01 Upon the death of a Participant or Vested Former Participant, while employed by the Corporation or an Affiliate, who has completed at least ten (10) years of Credited Service with the Corporation or an Affiliate and has attained age fifty-five (55), his Surviving Spouse will be entitled to a Surviving Spouse’s Benefit under this Plan equal to fifty percent (50%) of the Retirement Benefit that would have been provided from the Plan had the Participant or Vested Former Participant retired from the Corporation or an Affiliate with the Corporation’s consent, on the date of his death.

6.02 Upon the death of a Participant or Vested Former Participant, while employed by the Corporation or an Affiliate, who has completed at least five (5) years of Credited Service with the Corporation or an Affiliate and has not attained age fifty-five (55), his Surviving Spouse will be entitled to a Surviving Spouse’s Benefit under this Plan equal to fifty percent (50%) of the Retirement Benefit that would have been provided from the Plan had the Participant or Vested Former Participant Terminated Employment with the Corporation or an Affiliate on the date of his death with the Corporation’s consent, and elected to have the payment of his Basic Plan Benefit commence at age fifty-five (55) in the form of a straight life annuity.

6.03 Upon the death of a Vested Former Participant while no longer employed by the Corporation or an Affiliate, who has not attained age fifty-five (55), his Surviving Spouse will be entitled to a Surviving Spouse's Benefit under this Plan equal to fifty percent (50%) of the Retirement Benefit that would have been provided from the Plan to the Vested Former Participant at age fifty-five (55), taking into account whether the Corporation consented to the Termination of Employment.

6.04 Upon the death of a Participant or Vested Former Participant, while employed by the Corporation or an Affiliate, who has completed at least five (5), but less than ten (10) years of Credited Service with the Corporation or an Affiliate and has attained age fifty-five (55), his Surviving Spouse will be entitled to a Surviving Spouse's Benefit under this Plan equal to fifty percent (50%) of the Retirement Benefit that would have been provided from the Plan had the Participant or Vested Former Participant Terminated Employment with the Corporation or an Affiliate on the date of his death with the Corporation's consent and his Basic Plan Benefit commenced immediately in the form of a straight life annuity.

6.05 Upon the death of a Vested Former Participant while he is receiving Retirement Benefits, his Surviving Spouse shall receive a Surviving Spouse's Benefit equal to fifty percent (50%) of the Retirement Benefit the Vested Former Participant was receiving at the time of his death.

6.06 Except as provided in Section 6.08, the Surviving Spouse's Benefit provided under Sections 6.01, 6.04 and 6.05 will be payable monthly, will commence as of the first day of the month coincident with or next following the month in which the Participant or Vested Former Participant dies, and will continue until the first day of the month in which the Surviving Spouse dies.

6.07 Except as provided in Section 6.08, the Surviving Spouse's Benefit provided under Section 6.02 and 6.03 will be payable monthly, will commence as of the first day of the month coincident with or next following the month in which the Participant or Vested Former Participant would have attained age fifty-five (55), and will continue until the first day of the month in which the Surviving Spouse dies.

6.08 (a) If a Participant or a Vested Former Participant while he was a Participant has made an Election under Section 4.05 or a Special Election under Section 4.06 and such Election or Special Election is effective on the date of such Participant's or Vested Former Participant's death, the Surviving Spouse's Benefit payable to a Surviving Spouse of such Participant or Vested Former Participant will be payable in the form or combination of forms of payment so elected by such Participant or Vested Former Participant pursuant to such Election or Special Election. The amount of any lump sum payment under this Section 6.08 shall be the present value of the applicable portion of the Surviving Spouse's Benefit payable under the Plan, and such present value shall be determined using the actuarial assumptions set forth in Section 4.05 (a). Any lump sum distribution of a Surviving Spouse's Benefit under the Plan shall fully satisfy all present and future Plan liability with respect to such Surviving Spouse for such portion or all of such Surviving Spouse's Benefit so distributed.

(b) Notwithstanding any Election or Special Election made under Section 4.05 or 4.06, if the lump sum value, determined in the same manner as provided under Section 4.05(a), of a Surviving Spouse's Benefit is Ten Thousand Dollars (\$10,000) or less at the time such Surviving Spouse's Benefit is payable under this Plan, such benefit shall be payable as a lump sum.

(c) Any portion of a Surviving Spouse's Benefit provided under Section 6.01, 6.04 and 6.05 which is payable as an annuity shall be paid in the manner and at such time as set forth in Section 6.06, and any such benefit which is payable as a lump sum shall be paid sixty (60) days after the date when annuity payments commence, or would commence if any portion of such Surviving Spouse's Benefit were payable as an annuity as set forth in Section 6.06.

(d) Any portion of a Surviving Spouse's Benefit provided under Section 6.02 and 6.03 which is payable as an annuity shall be paid in the manner and at such time as set forth in Section 6.07, and any such benefit which is payable as a lump sum shall be paid sixty (60) days after the date when annuity payments commence, or would commence if any portion of such Surviving Spouse's Benefit were payable as an annuity, as set forth in Section 6.07.

6.09 Notwithstanding the foregoing provisions of Section 6, the amount of a Surviving Spouse's Benefit shall be reduced by one (1) percentage point for each year (including a half year or more as a full year) in excess of ten (10) that the age of the Participant or Vested Former Participant exceeds the age of the Surviving Spouse.

SECTION 7 COMMITTEE

7.01 The Board and the Committee severally (and not jointly) shall be responsible for the administration of the Plan. The Committee shall consist of not less than three (3) nor more than seven (7) members, as may be appointed by the Board from time to time. Any member of the Committee may resign at will by notice to the Board or may be removed at any time (with or without cause) by the Board.

7.02 The members of the Committee may, from time to time, allocate responsibilities among themselves, and may delegate to any management committee, employee, director or agent its responsibility to perform any act hereunder, including, without limitation, those matters involving the exercise of discretion, provided that such delegation shall be subject to revocation at any time at its discretion.

7.03 The Committee (and its delegates) shall have the exclusive authority to interpret the provisions of the Plan and construe all of its terms (including, without limitation, all disputed and uncertain terms), to adopt, amend, and rescind rules and regulations for the administration of the Plan, and generally to conduct and administer the Plan and to make all determinations in connection with the Plan as may be necessary or advisable. All such actions of the Committee shall be conclusive and binding upon all Participants, Former Participants, Vested Former Participants and Surviving Spouses. All deference permitted by law shall be given to such interpretations, determinations and actions.

7.04 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 (1) Committee member and the secretary of the Committee shall be sufficient evidence to any person of any action taken pursuant to the Plan.

7.05 Any person, corporation or other entity may serve in more than one (1) fiduciary capacity under the Plan.

SECTION 8 MISCELLANEOUS

8.01 The Board may, in its sole discretion, terminate, suspend or amend this Plan at any time or from time to time, in whole or in part. However, no termination, suspension or amendment of the Plan may adversely affect a Participant's or Vested Former Participant's vested benefit under the Plan, or a retired Participant's or Vested Former Participant's right or the right of a Surviving Spouse to receive or to continue to receive a benefit in accordance with the Plan as in effect on the date immediately preceding the date of such termination, suspension or amendment.

8.02 Nothing contained herein will confer upon any Participant, Former Participant or Vested Former Participant the right to be retained in the Service of the Corporation or any Affiliate, nor will it interfere with the right of the Corporation or any Affiliate to discharge or otherwise deal with Participants, Former Participants or Vested Former Participants with respect to matters of employment without regard to the existence of the Plan.

8.03 Notwithstanding anything herein to the contrary, at any time following the Termination of Employment of a Participant or Vested Former Participant, with respect to a Participant's Grandfathered Benefit, the Committee may authorize, under uniform rules applicable to all Participants, Vested Former Participants and Surviving Spouses under the Plan, a lump sum distribution of a Participant's, Vested Former Participant's and/or Surviving Spouse's Retirement Benefit or Surviving Spouse's Benefit under the Plan in an amount equal to the present value of such Retirement Benefit or Surviving Spouse's Benefit, using the actuarial assumptions then in use for funding purposes under The Moody's Corporation Retirement Account, in full satisfaction of all present and future Plan liability with respect to such Participant, Vested Former Participant and/or Surviving Spouse, if the amount of such present value is less than Two Hundred Fifty Thousand Dollars (\$250,000). Such lump sum distribution may be made without the consent of the Participant, Vested Former Participant or Surviving Spouse.

8.04 (a) Notwithstanding anything in this Plan to the contrary, if a Participant has less than five (5) years of Credited Service at the time of a Change in Control, and as a result of the Change in Control, and before he completes five (5) years of Credited Service, (i) the Plan is terminated, (ii) the Participant is removed from further participation in the Plan, or (iii) the

Participant is terminated as a result of action initiated directly or indirectly by the Corporation or any Affiliate, such Participant shall be entitled to a Benefit of twenty percent (20%) of his Average Final Compensation and the Corporation will remain obligated to pay all benefits under the Plan.

(b) Notwithstanding anything in this Plan to the contrary, upon the occurrence of a Change in Control,

(i) no reduction shall be made in a Participant's or Vested Former Participant's Retirement Benefit, notwithstanding his termination of employment or Retirement prior to age sixty (60) without the Corporation's consent;

(ii) the provisions of Section 3.03(c)(i) and (ii) shall not apply to any Participant, Vested Former Participant or Surviving Spouse;

(iii) each Participant and Vested Former Participant already receiving a Retirement Benefit under the Plan shall receive a lump sum distribution of his unpaid Retirement Benefit and, if he is married, his Surviving Spouse's Benefit under the Plan within thirty (30) days of the Change of Control in an amount equal to the present value of such Retirement Benefit and Surviving Spouse's Benefit in full satisfaction of all present and future Plan liability with respect to such Participant, Vested Former Participant and Surviving Spouse, if any, and each Surviving Spouse already receiving a Surviving Spouse's Benefit under the Plan shall receive a lump sum distribution of his unpaid Surviving Spouse's Benefit at the same time in an amount equal to the present value of such Surviving Spouse's Benefit in full satisfaction of Plan liability to such Surviving Spouse;

(iv) each Vested Former Participant who is not already receiving a Retirement Benefit under the Plan shall receive a lump sum distribution of his unpaid Retirement Benefit and, if he is married, his Surviving Spouse's Benefit within thirty (30) days of the Change in Control in an amount equal to the present value of such Retirement Benefit and Surviving Spouse's Benefit, and each Surviving Spouse of either a Vested Former Participant or a Participant with five (5) or more years of Credited Service who is not already receiving a Surviving Spouse's Benefit under the Plan shall receive a lump sum distribution of his unpaid Surviving Spouse's Benefit at the same time in an amount equal to the present value of such Surviving Spouse's Benefit;

(v) each Participant with less than five (5) years of Credited Service who is entitled to a benefit under Section 8.04(a) shall receive a lump sum distribution of the present value of such Retirement Benefit within thirty (30) days from the earlier of the date the Plan is terminated, the date he is removed from further participation in the Plan, or the date his employment with the Corporation is terminated, and of his Surviving Spouse's Benefit based upon the amount of such Retirement Benefit if he is married on the applicable date; and

(vi) each Participant who is not included in (v) above and who is not already receiving a Retirement Benefit under the Plan shall receive

(A) within thirty (30) days of the later to occur of the date of such Change in Control or the date he completes five (5) years of Credited Service, a lump sum

distribution of the present value of his accrued Retirement Benefit under the Plan as of the applicable date and, if he is married on such date, the present value of his Surviving Spouse's Benefit, and

(B) within thirty (30) days from the earliest of the date of his Retirement or termination of employment with the Corporation, the date the Plan is terminated or the date he is removed from further participation in the Plan, a lump sum distribution of the present value of his additional Retirement Benefit accrued after the applicable event in (A) computed as of the applicable date herein set forth in (B) and, if he is married on such applicable date, the present value of his surviving Spouse's Benefit.

In determining the amount of the lump sum distributions to be paid under this Section 8.04, the following actuarial assumptions shall be used: (I) the interest rate used shall be the interest rate used by the Pension Benefit Guaranty Corporation for determining the value of immediate annuities as of January 1st of either the year of the occurrence of the Change in Control or the Participant's retirement or termination of employment, whichever is applicable, (II) the 1983 Group Annuity Mortality Table shall be used; and (III) it shall be assumed that all Participants retired or Terminated Employment with the Corporation on the date of the occurrence of the Change in Control and with the Corporation's consent for purposes of determining the amount of the lump sum distribution to be paid upon the occurrence of the Change in Control.

8.05 (a) The Plan is unfunded, and all payments of benefits hereunder shall be paid solely on a current disbursement basis from the general funds of the Company, and no special or separate fund shall be established or other segregation of assets made to assure such payments; *provided, however*, that the Corporation reserves the right to purchase insurance contracts, which may or may not be in the name of a Participant or Vested Former Participant, or to establish one or more trusts to provide alternative sources of benefit payments under this Plan; *provided, further, however*, that upon the occurrence of a Potential Change in Control, to the extent consistent with Section 409A, the appropriate officers of the Corporation are authorized to make such contributions to such trust or trusts as are necessary to fund the lump sum distributions to Participants required pursuant to Section 8.04 in the event of a Change in Control. In determining the amount of the necessary contribution to the trust or trusts in the event of a Potential Change in Control, the following actuarial assumptions shall be used:

(i) the interest rate used shall be the interest rate used by the Pension Benefit Guaranty Corporation for determining the value of immediate annuities as of January 1st of the year of the occurrence of the Potential Change in Control,

(ii) the 1983 Group Annuity Mortality Table shall be used; and

(iii) it shall be assumed that all Participants will retire or terminate employment with the Corporation as soon as practicable after the occurrence of the Potential Change in Control and with the Corporation's consent.

The existence of any such insurance contracts, trust or trusts as described in Section 8.05(a) shall not relieve the Corporation of any liability to make benefit payments under this Plan, but to the extent any benefit payments are made from any such insurance contract in the name of the

Corporation or any Affiliate or from any such trust, such payment shall be in satisfaction of and shall reduce the Corporation's liabilities under this Plan. Further, in the event of the Corporation's bankruptcy or insolvency, all benefits accrued under this Plan shall immediately become due and payable in a lump sum and all Participants, Vested Former Participants and Surviving Spouses shall be entitled to share in the Corporation's assets in the same manner and to the same extent as general unsecured creditors of the Corporation.

(b) Participants and Vested Former Participants shall have the status of general unsecured creditors of the Corporation and this Plan constitutes a mere promise by the Corporation to make benefit payments at the time or times required hereunder. No action taken pursuant to the provisions of the Plan shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Corporation and any Participant or other person. It is the intention of the Corporation that this Plan be unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended and any trust created by the Corporation in meeting its obligations under the Plan shall meet the requirements necessary to retain such unfunded status.

8.06 All benefits payable under the Plan shall be authorized in writing by the Committee (or by such person or committee to whom such responsibility may have been delegated by the Committee) and shall be communicated in writing to the Participant, Vested Former Participant, or Surviving Spouse. Any Participant, Vested Former Participant, or Surviving Spouse may apply to the Committee for payment of any benefit that may be due to him or her under the Plan. Such application shall set forth the nature of the claim and any information as the Committee may reasonably request. Upon receipt of any such application, the Committee shall determine whether or not the Participant, Vested Former Participant, or Surviving Spouse is entitled to the benefit hereunder.

If an application for benefits is denied, in whole or in part, the Committee shall give written notice to any Participant, Vested Former Participant, or Surviving Spouse of the denial. The notice shall be given within ninety (90) days after receipt of the Participant's, Vested Former Participant's, or Surviving Spouse's application unless special circumstances require an extension for processing the claim. In no event shall such extension exceed a period of ninety (90) days from the end of such initial review period. The notice will be delivered to the claimant or sent to the claimant's last known address and will include the specific reason or reasons for the denial, a specific reference or references to pertinent Plan provisions on which the denial is based, a description of any additional material or information necessary for the claimant to perfect the claim (which will indicate why such material or information is needed), and an explanation of the Plan's claims review procedure.

If the claimant wishes to appeal the denial of the application for benefits, the claimant or a duly authorized representative must file a written request with the Committee for a subsequent review. This request must be made by the claimant within sixty (60) days after receiving notice of the claim's denial. The claimant or representative may review pertinent documents relating to the claim and its denial, may submit issues and comments in writing to the Committee. Within sixty (60) days after receipt of such a request for review, the Committee shall reconsider the claim, and make a decision on the merits of the claim. If circumstances require an extension of time for processing the claim, the sixty (60) day period may be extended but in no event more

than one hundred and twenty (120) days after the receipt of a request for review. The decision on review will be in writing and include specific reasons and references to the pertinent Plan provisions on which the decision is based.

8.07 If any dispute arises under the Plan between the Corporation and a Participant, Former Participant, Vested Former Participant or Surviving Spouse (collectively or individually referred to as "Participant" in this Section 8.07) as to the amount or timing of any benefit payable under the Plan or as to the persons entitled thereto, such dispute shall be resolved by binding arbitration proceedings initiated by either party to the dispute in accordance with the rules of the American Arbitration Association and the results of such proceedings shall be conclusive on both parties and shall not be subject to judicial review. If the disputed benefits involve the benefits of a Participant who is no longer employed by the Corporation or any Affiliate, the Corporation shall pay or continue to pay the benefits claimed by the Participant until the results of the arbitration proceedings are determined unless such claim is patently without merit; provided, however, that if the results of the arbitration proceedings are adverse to the Participant, then in such event the recipient of the benefits shall be obligated to repay the excess benefits to the Corporation. The Corporation expressly acknowledges that the amounts payable under the Plan are necessary to the livelihood of Participants and their family members and that any refusal or neglect to pay benefits under the preceding sentence prior to the resolution of any dispute shall be prima facie evidence of bad faith on its part and will be conclusive grounds for an arbitration award resulting in an immediate lump sum payment to the Participant, of the Participant's benefits under the Plan then due and payable to him or her, unless the arbitrator determines that the claim for the disputed benefits was without merit. The amount of such lump sum payment shall be equal to the then actuarial value of such benefits calculated by utilizing the actuarial assumptions then in use for funding purposes under the Moody's Corporation Retirement Account. In addition, in the event of any dispute covered by this Section 8.07 the Corporation agrees to pay the entire costs of any arbitration proceeding or legal proceeding brought hereunder, including the fees and expenses of counsel and pension experts engaged by a Participant and that such expenses shall be reimbursed promptly upon evidence that such expenses have been incurred without awaiting the outcome of the arbitration proceedings; provided, however, that such costs and expenses shall be repaid to the Corporation by the recipient of same if it is finally determined by the arbitrators that the position taken by such person was without merit.

8.08 To the maximum extent permitted by law, no benefit under the Plan shall be assignable or subject in any manner to alienation, sale, transfer, claims of creditors, pledge, attachment or encumbrances of any kind.

8.09 The Corporation may withhold from any benefit under the Plan an amount sufficient to satisfy its tax withholding obligations.

8.10 This Plan and all rights thereunder, and any controversies or disputes arising with respect thereto, shall be governed by and construed and interpreted in accordance with the laws of the State of New York, applicable to agreements made and to be performed entirely within such State, without regard to conflict of laws provisions thereof that would apply the law of any other jurisdiction.

**PENSION BENEFIT EQUALIZATION PLAN
OF
MOODY'S CORPORATION**

Amended and Restated Effective as of January 1, 2008

I PURPOSE OF THE PLAN

The purpose of the Pension Benefit Equalization Plan of Moody's Corporation (the "Plan") is to provide a means of equalizing the benefits of those employees of Moody's Corporation (the "Corporation") and its subsidiaries participating in the Retirement Account of Moody's Corporation (the "Retirement Account") whose funded benefits under the Retirement Account are or will be limited by the application of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Internal Revenue Code of 1986, as amended (the "Code") or any applicable law or regulation. The Plan is intended to be an "excess benefit plan", as that term is defined in Section 3(36) of ERISA, with respect to those participants whose benefits under the Retirement Account have been limited by Section 415 of the Code, and a "top hat" plan meeting the requirements of Sections 201(2), 301(a)(3), 401(a)(1) and 4021(b)(6) of ERISA with respect to those participants whose benefits under the Retirement Account have been limited by Section 401(a)(17) of the Code. The Plan is hereby amended and restated effective as of January 1, 2008 to comply with the requirements of Section 409A of the Code ("Section 409A"), and shall be interpreted accordingly. The provisions of the Plan as in effect on December 31, 2007 apply to any participant whose benefits commenced on or before that date.

II ADMINISTRATION OF THE PLAN

The Board of Directors ("Board") of the Corporation and the Compensation and Benefits Committee appointed by the Board (the "Committee") severally (and not jointly) shall be responsible for the administration of the Plan. The Committee shall consist of not less than three (3) nor more than seven (7) members, as may be appointed by the Board from time to time. Any member of the Committee may resign at will by notice to the Board or be removed at any time (with or without cause) by the Board.

The members of the Committee may from time to time allocate responsibilities among themselves and may delegate to any management committee, employee, director or agent its responsibility to perform any act hereunder, including without limitation those matters involving the exercise of discretion, provided that such delegation shall be subject to revocation at any time at its discretion.

The Committee (and its delegates) shall have the exclusive authority to interpret the provisions of the Plan and construe all of its terms (including, without limitation, all disputed and uncertain terms), to adopt, amend, and rescind rules and regulations for the administration of the Plan, and generally to conduct and administer the Plan and to make all determinations in connection with the Plan as may be necessary or advisable. All such actions of the Committee shall be conclusive and binding upon all Participants, Former Participants, Vested Former Participants and Surviving Spouses. All deference permitted by law shall be given to such interpretations, determinations and actions.

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.

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

III PARTICIPATION IN THE PLAN

All members of the Retirement Account shall be eligible to participate in this Plan whenever their benefits under the Retirement Account, as from time to time in effect, would exceed the limitations on benefits and contributions imposed by Sections 401(a)(17), 415(b) or any other applicable Section of the Code, calculated from and after September 2, 1974. For purposes of this Plan, benefits of a participant in this Plan shall be determined as though no provision were contained in the Retirement Account incorporating limitations imposed by Sections 401(a)(17), 415(b) or any other Section of the Code.

IV EQUALIZED BENEFITS

The Corporation shall pay to each eligible member of the Retirement Account and his beneficiaries a supplemental pension benefit equal to the benefit which would have been payable to them under the Retirement Account, as if no provision were set forth therein incorporating limitations imposed by Sections 401(a)(17), 415(b) or any other applicable Section of the Code, to the extent that such benefit otherwise payable under the Retirement Account exceeds the benefit limitations related to the Retirement Account as described in Section III of this Plan.

A participant's Grandfathered Benefit shall be paid as follows:

- (a) Subject to Section XI of this Plan, such supplemental pension benefits shall be payable in accordance with all of the terms and conditions applicable to the participant's benefits under the Retirement Account, including whatever optional benefits he may have elected; provided, however, if an Election (as defined in Section VIII of this Plan) or a Special Election (as defined in Section IX of this Plan) has been made and becomes effective prior to the date when benefits under this Plan would otherwise be payable, the form of payment of benefits under this Plan shall be in the form so elected pursuant to such Election or Special Election; provided further, that notwithstanding any Election or Special Election, if the lump sum value, determined in the same manner as provided under Section VIII below, of the benefits payable under this Plan is Ten Thousand Dollars (\$10,000) or less at the time such benefits are payable under this Plan, such benefits shall be payable as a lump sum.

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- (b) Any portion of the benefits payable under this Plan as a lump sum, including any amounts payable as a lump sum under Section IV, shall be paid sixty (60) days after the date when payments of the same benefits under this Plan, if payable in the form of an annuity, would otherwise commence, or as soon as practicable thereafter, provided the Committee has approved such payment. Any such lump sum distribution of a participant's or beneficiary's benefits under this Plan shall fully satisfy all present and future Plan liability with respect to such participant or beneficiary for such portion or all of such benefits so distributed. Any portion of the benefits payable under this Plan as an annuity shall commence on the date when annuity benefits under this Plan would otherwise commence, without regard to any Election or Special Election.

Subject to Section XI of this Plan, a Participant's Non-Grandfathered Benefit under the Plan shall be paid in a lump sum on the six-month anniversary of the participant's "separation from service" (as defined in guidance issued pursuant to Section 409A).

For purposes of the Plan:

- (x) A participant's "Grandfathered Benefit" means a participant's vested benefit under the Plan as of December 31, 2004, determined in accordance with the principles of Q&A-17(a) of IRS Notice 2005-1 or any applicable successor guidance issued by the Internal Revenue Service of the U.S. Treasury Department. Notwithstanding the foregoing, no participant who is an active employee of the Corporation or any subsidiary after December 31, 2004 shall be treated as having any Grandfathered Benefit.
- (y) A participant's "Non-Grandfathered Benefit" means the entire benefit of a participant who does not have a Grandfathered Benefit.

V PAYMENTS OF BENEFITS IN THE EVENT OF DEATH

In case of the death of the participant, the Grandfathered Benefit shall, where applicable and subject to Section XI of this Plan, be distributed to the surviving beneficiary who has been designated to receive benefits under the Retirement Account and in the manner which has been elected under the Retirement Account; provided, however, if an Election (as defined in Section VIII of this Plan) or a Special Election (as defined in Section IX of this Plan) has been made and becomes effective prior to the date when benefits under this Plan would otherwise be payable, the form of payment of benefits payable to such surviving beneficiary under this Plan shall be in the form so elected pursuant to such Election or Special Election; provided further, that notwithstanding any Election or Special Election, if the lump sum value, determined in the same manner as provided under Section VIII below, of the benefits payable under this Plan is Ten Thousand Dollars (\$10,000) or less at the time such benefits are payable to such surviving beneficiary under this Plan, such benefits shall be payable as a lump sum.

In the case of the death of the participant, the Non-Grandfathered Benefit shall, where applicable and subject to Section XI of the Plan, be distributed to the surviving beneficiary who has been designated to receive benefits under the Retirement Account in the form of a lump sum as soon as administratively practicable following the participant's death.

If the participant has not designated a beneficiary under the Retirement Account, or if no such beneficiary is living at the time of the participant's death, the amount, if any, in the participant's account that is distributable upon his death shall be distributed to the person or persons who would otherwise be entitled to receive a distribution of the participant's Retirement Account benefits. Payment to such person or persons shall completely discharge the Plan with respect to the amount so paid.

VI CHANGE IN CONTROL

- (a) Upon the occurrence of a "Change in Control" of the Corporation, as such term is defined below,
 - (i) each participant and beneficiary already receiving benefits and/or survivor's benefits under the Plan shall receive a lump sum distribution of their unpaid benefits and/or survivor's benefits under the Plan in an amount equal to the present value of such benefits and/or survivor's benefits in full satisfaction of all present and future Plan liability with respect to such participant or beneficiary, and
 - (ii) each vested participant who is not already receiving benefits under the Plan shall receive (a) a lump sum distribution of the present value of his accrued benefit under the Plan as of the date of such Change in Control, within thirty (30) days of the date of such Change in Control and (b) a lump sum distribution of the present value of his additional benefit, if any, accrued under the Plan from the date of the Change in Control until the date he retires or terminates employment with the Corporation (x) within thirty (30) days from the date of the participant's retirement or termination of employment with the Corporation with respect to Grandfathered Benefits, and (y) the first day of the seventh month following the date of the participant's retirement or termination of employment with the Corporation with respect to Non-Grandfathered Benefits.
- (b) In determining the amount of the lump sum distributions to be paid under this Section VI, the following actuarial assumptions shall be used:
 - (i) the interest rate used shall be the interest rate used by the Pension Benefit Guaranty Corporation for determining the value of immediate annuities as of January 1st of either the year of the occurrence of the Change in Control or the participant's retirement or termination of employment, whichever is applicable;
 - (ii) the 1983 Group Annuity Mortality Table shall be used; and

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- (iii) it shall be assumed that all participants retired or terminated employment with the Corporation on the date of the occurrence of the Change in Control for purposes of determining the amount of the lump sum distribution to be paid upon the occurrence of the Change in Control.
 - (c) For purposes of this Plan, a “Change in Control” shall be deemed to have occurred if there is a change in ownership of the Corporation, a change in the effective control of the Corporation, or a change in the ownership of a substantial portion of the assets of the Corporation. For this purpose, a change in the ownership of the Corporation occurs on the date that any one person, or more than one person acting as a group (as determined pursuant to the regulations under Section 409A), acquires ownership of stock of the Corporation that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Corporation. A change in effective control of the Corporation occurs on either of the following dates: (1) the date any one person, or more than one person acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Corporation possessing 50 percent or more of the total voting power of the stock of the Corporation, or (2) the date a majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election.

VII FUNDING

Benefits payable under this Plan shall not be funded and shall be made out of the general funds of the Corporation; provided, however, that the Corporation reserves the right to establish one (1) or more trusts to provide alternate sources of benefit payments under this Plan, provided further, however, that upon the occurrence of a “Potential Change in Control” of the Corporation, as defined below, to the extent consistent with Section 409A, the appropriate officers of the Corporation are authorized to make contributions to such a trust fund, established as an alternate source of benefits payable under the Plan, as are necessary to fund the lump sum payments to Plan participants required pursuant to Section VI of this Plan in the event of a Change in Control of the Corporation; provided further, however, that if payments are made from such trust fund, such payments will satisfy the Corporation’s obligations under this Plan to the extent made from such trust fund.

- (a) In determining the amount of the necessary contribution to the trust fund in the event of a Potential Change in Control, the following actuarial assumptions shall be used:
 - (i) the interest rate used shall be the interest rate used by the Pension Benefit Guaranty Corporation for determining the value of immediate annuities as of January 1st of the year of the occurrence of the Potential Change in Control;

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- (ii) the 1983 Group Annuity Mortality Table shall be used; and
 - (iii) it shall be assumed that all participants will retire or terminate employment with the Corporation as soon as practicable after the occurrence of the Potential Change in Control.
- (b) For the purposes of this Plan, "Potential Change in Control" means:
- (i) the Corporation enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Corporation;
 - (ii) any person (including the Corporation) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Corporation;
 - (iii) any person, other than a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation (or a Corporation owned, directly or indirectly, by the stockholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation), who is or becomes the beneficial owner, directly or indirectly, of securities of the Corporation representing nine and one-half percent (9.5%) or more of the combined voting power of the Corporation's then outstanding securities, increases his beneficial ownership of such securities by five percent (5%) or more over the percentage so owned by such person; or
 - (iv) the Board of Directors of the Corporation adopts a resolution to the effect that, for purposes of this Plan, a Potential Change in Control of the Corporation has occurred.

VIII ELECTION OF FORM OF PAYMENT

With respect to the Grandfathered Benefit only, a participant under this Plan may make an election, on a form supplied by the Committee, to receive all, none, or a specified portion of his benefits under this Plan in a lump sum and to receive any balance of such benefits in the form of an annuity (an "Election"); provided, that any such Election shall be effective for purposes of this Plan only if (i) such participant remains in the employment of the Corporation or an Affiliate (as defined under Section XI below), as the case may be, for the full twelve (12) calendar months immediately following the Election Date of such Election, except in the case of such participant's death or disability, as provided below, and (ii) such participant complies with the administrative procedures set forth by the Committee with respect to the making of the Election. A participant making such Election shall be subject to the provisions of Section XI of this Plan.

A participant may elect a payment form different than the payment form previously elected by him under this Section VIII by filing a revised election form; provided, that any such new

Election shall be effective only if the conditions in clauses (i) and (ii) of the immediately preceding paragraph are satisfied with respect to such new Election. Any prior Election made by a participant that has satisfied such conditions remains effective for purposes of this Plan until such participant has made a new Election that satisfies such conditions.

A participant making an election under this Section VIII may specify the portion of his benefits under this Plan to be received in a lump sum as follows: zero percent (0%), twenty five percent (25%), fifty percent (50%), seventy-five percent (75%) or one hundred percent (100%).

In the event a participant who has made an Election dies or becomes "totally disabled" (as defined in and for purposes of the long term disability plan of the Corporation as in effect from time to time) while employed by the Corporation or an Affiliate and such death or total disability occurs during the twelve (12) calendar month period immediately following the Election Date of such Election, the condition that such participant remain employed with the Corporation or an Affiliate (as defined in Section XI) for such twelve (12) month period shall be deemed to be satisfied and such Election shall be effective with respect to benefits payable to such participant or participant's beneficiaries under this Plan.

The amount of any portion of the benefits payable as a lump sum under this Section VIII will equal the present value of such portion of such benefits, and the present value shall be determined (i) based on a discount rate equal to the average of eighty-five percent (85%) of the fifteen (15) year non-callable U.S. Treasury bond yields as of the close of business on the last business day of each of the three (3) months immediately preceding the date the annuity value is determined and (ii) using the 1983 Group Annuity Mortality Table.

"Election Date" for purposes of this Plan means the date that a properly completed election form with respect to an Election or Special Election (as defined in Section X below) is received by the Corporate Assistant Treasurer of the Corporation.

This Section VIII shall no longer apply to the extent a participant's benefit becomes a Non-Grandfathered Benefit.

IX SPECIAL ELECTION OF FORM OF PAYMENT

With respect to the Grandfathered Benefit only, any Participant who, as of the Effective Time, had made a valid Special Election in accordance with the procedures set forth in Section X of the Pension Benefit Equalization Plan of The Dun and Bradstreet Corporation, will be entitled to receive all, none, or his or her specified percentages of his or her Retirement Benefit under the Plan in a lump sum and to receive the balance of such Retirement Benefit in the form of an annuity. The amount of any portion of a Participant's or a Vested Former Participant's Retirement Benefit payable as a lump sum under this Section 4.6 will equal the present value of such portion of the Retirement Benefit, and such present value shall be determined (A) based on a discount rate equal to the average of eighty-five percent (85%) of the fifteen (15) year non-callable U.S. Treasury bond yields as of the close of business on the last business day of each of the three (3) months immediately preceding the date the annuity value is determined, and (B) using the 1993 Group Annuity Mortality Table.

In the event a participant who has made a Special Election dies or becomes “totally disabled” (as defined in the long term disability plan of the Corporation as in effect from time to time) while employed by the Corporation or an Affiliate (as defined in Section XI below) and such death or total disability occurs during the one (1) calendar month period immediately following the Election Date of such Special Election, the participant shall, for purposes of this Section IX, be deemed to have been employed with the Corporation or an Affiliate (as defined in Section XI below), as the case may be, for such one (1) calendar month period, and such Special Election shall be effective with respect to benefits payable to such participant or participant’s beneficiaries under this Plan.

The amount of any portion of the benefits payable as a lump sum under this Section IX will equal the present value of such portion of such benefits, and the present value shall be determined (i) based on a discount rate equal to the average of eighty-five percent (85%) of the fifteen (15) year non-callable U.S. Treasury bond yields as of the close of business on the last business day of each of the three (3) months immediately preceding the date the annuity value is determined and (ii) using the 1983 Group Annuity Mortality Table.

This Section IX shall no longer apply to the extent a participant’s benefit becomes a Non-Grandfathered Benefit.

X INDEMNIFICATION

Subject to certain conditions as provided below, the Corporation shall indemnify each participant or beneficiary who receives any benefits under this Plan in the form of an annuity for any interest and penalties that may be assessed by the U.S. Internal Revenue Service (the “Service”) with respect to U.S. federal income tax on such benefits (payable under the Plan in the form of an annuity) upon final settlement or judgment with respect to any such assessment in favor of the Service, provided the basis for the assessment is that the amendment of this Plan to provide for the Election or the Special Election causes the participant or the beneficiary, as the case may be, to be treated as being in constructive receipt of such benefits prior to the time when such benefits are actually payable under the Plan.

In case any such assessment shall be made against a participant or beneficiary, such participant or beneficiary, as the case may be (the “indemnified party”), shall promptly notify the Corporation’s Treasurer in writing, and the Corporation, upon request of such indemnified party, shall select and retain an accountant or legal counsel reasonably satisfactory to the indemnified party to represent the indemnified party in connection with such assessment and shall pay the fees and expenses of such accountant or legal counsel related to such representation, and the Corporation shall have the right to determine how and when such assessment by the Service should be settled, litigated or appealed. In connection with any such assessment, any indemnified party shall have the right to retain his own accountant or legal counsel, but the fees and expenses of such accountant or legal counsel shall be at the expense of such indemnified party unless the Corporation and the indemnified party shall have mutually agreed to the retention of such accountant or legal counsel.

The Corporation shall not be liable to a participant or beneficiary for any payments under this Section X with respect to any assessment described in the second preceding paragraph if such participant or beneficiary against whom such assessment is made has not notified or allowed the Corporation to participate with respect to such assessment in the manner described above or, following demand by the Corporation, has not made the deposit to avoid additional interest or penalties as described below, or has agreed to, or otherwise settled with the Service with respect to, such assessment without the Corporation's written consent, provided, however, (i) if such assessment is settled with such consent or if there is a final judgment for the Service, (ii) the Corporation has been notified and allowed to participate in the manner as provided above, and (iii) such participant or beneficiary has made any required deposit to avoid additional interest or penalties as described below, the Corporation agrees to indemnify the indemnified party to the extent set forth in this Section X.

In the event a final settlement or judgment with respect to an assessment as described under this Section X has been made against a participant or beneficiary, such participant or beneficiary may elect to receive a portion or all of his benefits that is otherwise payable as an annuity under the Plan in the form of a lump sum in accordance with procedures as the Committee may set forth, and such lump sum distribution will be made as soon as practicable after any such election. At the time such assessment is made against such participant or beneficiary (the "assessed party") and prior to any final settlement or judgement with respect to such assessment, if so directed by the Corporation, such assessed party shall, as a condition to receiving an indemnity under this Section X, as soon as practicable after notification of such assessment make a deposit with the Service to avoid any additional interest or penalties with respect to such assessment and, upon the request of such assessed party, the Corporation shall lend, or arrange for the lending to, such assessed party a portion of his remaining benefit under the Plan, not to exceed the lump sum value of such benefit under the Plan, determined using the actuarial assumptions set forth in Section VIII, solely for purposes of providing the assessed party with funds to make a deposit with the Service to avoid any additional interest or penalties with respect to such assessment.

In all events, any payment pursuant to this Section X shall be made by the end of the taxable year following the taxable year in which the interest and penalties are remitted to the applicable taxing authority.

XI LIMITATIONS ON PAYMENT OF BENEFITS

If a participant under this Plan has, at any time, made an Election or a Special Election to have all or a portion of the benefits under this Plan distributed in a lump sum, and with respect to the entire Non-Grandfathered Benefit in all events, such participant shall be subject to this Section XI.

- (a) Notwithstanding any other provision of this Plan to the contrary, no benefits or further benefits, as the case may be, shall be paid to a participant who is subject to this Section XI, if the Committee reasonably determines that such participant has:
 - (i) To the detriment of the Corporation or any Affiliate, directly or indirectly acquired, without the prior written consent of the Committee, an interest in

any other company, firm, association, or organization (other than an investment interest of less than one percent (1%) in a publicly-owned company or organization), the business of which is in direct competition with the business (present or future) of the Corporation or any of its Affiliates;

- (ii) To the detriment of the Corporation or any Affiliate, directly or indirectly competed with the Corporation or any Affiliate as an owner, employee, partner, director or contractor of a business, in a field of business activity in which the participant has been primarily engaged on behalf of the Corporation or any Affiliate or in which he has considerable knowledge as a result of his employment by the Corporation or any Affiliate, either for his own benefit or with any person other than the Corporation or any Affiliate, without the prior written consent of the Committee; or
- (iii) Been discharged from employment with the Corporation or any Affiliate for "Cause."

An "Affiliate" for purposes of this Plan means any corporation, partnership, division or other organization controlling, controlled by or under common control with the Corporation or any joint venture entered into by the Corporation.

- (b) "Cause" for purposes of this Section XI shall include the occurrence of any of the following events or such other dishonest or disloyal act or omission as the Committee determines to be "cause":

- (i) The participant has misappropriated any funds or property of the Corporation or any Affiliate;
- (ii) The participant has, without the prior knowledge or written consent of the Committee, obtained personal profit as a result of any transaction by a third party with the Corporation or any Affiliate; or
- (iii) The participant has sold or otherwise imparted to any person, firm, or corporation the names of the customers of the Corporation or any Affiliate or any confidential records, data, formulae, specifications and other trade secrets or other information of value to the Corporation or any Affiliate derived by his or her association with the Corporation or any Affiliate.

In any case described in this Section XI, the participant shall be given prior written notice that no benefits or no further benefits, as the case may be, will be paid to such participant. Such written notice shall specify the particular act(s), or failures to act, on the basis of which the decision to terminate his benefits has been made.

Notwithstanding any other provision of this Plan to the contrary, a participant who receives in a lump sum any portion of his benefits under this Plan pursuant to an Election or Special Election,

or because his or her benefit is a Non-Grandfathered Benefit, shall receive such lump sum portion of his benefits subject to the condition that if such participant engages in any of the acts described in clause (i) or (ii) of this Section XI, then such participant shall, within sixty (60) days after written notice by the Corporation, repay to the Corporation the amount described in the immediately following sentence. The amount to be repaid shall equal the amount, as determined by the Committee, of the participant's lump sum benefit paid under this Plan to which such participant would not have been entitled, if such lump sum benefit had instead been payable in the form of an annuity under this Plan and such annuity payments were subject to the provisions of this Section XI.

XII MISCELLANEOUS

This Plan may be terminated at any time by the Board, in which event the rights of participants to their accrued benefits shall become nonforfeitable. This Plan may also be amended at any time by the Board, except that no such amendment shall deprive any participant of his benefits accrued at the time of such amendment.

No right to payment or any other interest under this Plan may be alienated, sold, transferred, pledged, assigned, or made subject to attachment, execution, or levy of any kind.

Nothing in this Plan shall be construed as giving any employee the right to be retained in the employ of the Corporation. The Corporation expressly reserves the right to dismiss any employee at any time without regard to the effect which such dismissal might have upon him under the Plan.

All payments made pursuant to this Plan shall be subject to all applicable tax withholdings.

Capitalized terms not defined in the Plan shall have the meaning set forth in the Retirement Account.

This Plan and all rights thereunder, and any controversies or disputes arising with respect thereto, shall be governed by and construed and interpreted in accordance with the laws of the State of New York, applicable to agreements made and to be performed entirely within such State, without regard to conflict of laws provisions thereof that would apply the law of any other jurisdiction.

XIII EFFECTIVE DATE

This Plan was originally effective as of September 30, 2000, upon its adoption by the Board of Directors of Moody's Corporation. The Plan is hereby amended and restated effective of January 1, 2008.

**MOODY'S CORPORATION
RETIREMENT ACCOUNT**

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THE MOODY'S CORPORATION
RETIREMENT ACCOUNT

INTRODUCTION

The Moody's Corporation Retirement Account ("the Plan") was effective as of the Effective Time, as such term is defined in the Employee Benefits Agreement entered into as of September 30, 2000, between The Dun & Bradstreet Corporation and The New D&B Corporation, following its adoption by the Board of Directors of Moody's Corporation (the "Corporation"). The Plan is a spin-off from The Dun & Bradstreet Corporation Retirement Account (the "D&B Plan") and covers employees who are in active service at the Effective Time. The Accrued Benefit of each such employee under the Plan as of the Effective Time shall equal the accrued benefit under the D&B Plan as of such date. In general, the Plan as in effect prior to the effective date of any amendment continued to apply to those who terminated employment prior to such date. The Plan is intended to be a defined benefit pension plan, and the provisions of the Plan will be submitted for a determination by the Internal Revenue Service that the Plan is "qualified" under Section 401(a) of the Internal Revenue Code.

The Plan is hereby amended and restated effective as of January 1, 2007. This amendment and restatement includes good faith amendments of the Plan that are adopted by the Board of Directors with respect to the Pension Protection Act of 2006 and other statutes with respect to which good faith amendments are required through the date of this amendment and restatement. Except as otherwise specifically provided herein, a Member who is not an Employee at any time after December 31, 2006 shall be entitled to benefits, if any, under the Plan based upon the provisions of the Plan in effect on or prior to that date.

In addition, the Plan is hereby amended effective as of January 1, 2008 to provide that no individual hired or rehired after such date shall actively participate in the Plan.

ARTICLE I
DEFINITIONS

SECTION 1.1. "Accrued Benefit" shall mean the benefit for a Member as determined from time to time in accordance with the provisions of Article 4, but subject to the limitations set forth in Article 14 and Article 15 of this Plan and any other limitation imposed as a condition of the Plan's qualification under ERISA or other applicable law.

SECTION 1.2. "Actuarial Equivalent Value" shall mean a benefit of equivalent value computed on the basis of the appropriate mortality table and interest rate, as follows:

(a) For the purpose of determining the Opening Balance described in Section 4.4, the applicable mortality table prescribed by the Internal Revenue Service under Section 417(e)(3) of the Code and 6.65% interest;

(b) For the purposes of determining the Accrued Benefit and Early Retirement Benefit described in Section 4.1 and Section 4.2, respectively, the applicable mortality table prescribed by the Internal Revenue Service under Section 417(e)(3) of the Code (which currently is the GAR94 blended mortality table or such successor mortality table as is issued by the Internal Revenue Service) and an interest rate equal to the average of the annual yield on thirty (30) year Treasury Bonds published by the Internal Revenue Service for the three consecutive months immediately preceding the month of determination) (for distributions with annuity starting dates on or after January 1, 2008, the 30-year corporate bond "yield curve" enacted by the Pension Protection Act of 2006, implemented in 20% annual increments beginning in 2008); and

(c) For the purpose of determining the optional forms of benefit payment described in Section 8.6 for Members with respect to the Frozen Accrued Benefit described in Section 4.8 and the Grandfather Benefit described in Section 4.9, mortality rates shown in Attachment A of the Plan and six and seventy-five one hundredths percent (6.75%) interest.

SECTION 1.3. "Actuary" shall mean that individual who is an "enrolled actuary" (as defined in Section 7701(a)(35) of the Code) or that firm of actuaries which has on its staff such an actuary, appointed by the Management Benefits and Compensation Committee.

SECTION 1.4. "Affiliated Employer" shall mean the Company and any other employer which is treated with the Company as a single employer pursuant to Section 414 of the Code or, solely for purposes of Article 15, Section 415(h) of the Code.

SECTION 1.5. "Ameritech" means Ameritech Publishing, Inc. and/or Ameritech Publishing of Illinois, Inc.

SECTION 1.6. "Average Final Compensation" means an Employee's average annual Compensation during the five (5) consecutive twelve (12) month periods in the last ten (10) consecutive twelve (12) month periods of his or her Credited Service (or during the total number of consecutive twelve (12) month periods if fewer than five (5)), prior to the relevant date of calculation under this Plan, affording the highest such average annual Compensation. If actual monthly Compensation for any month during the one hundred twenty (120) month computational period is unavailable, Compensation for such month shall be determined by dividing the Member's Compensation for the twelve (12) month period in which such month occurs by twelve (12). For the sole purpose of determining an Employee's average annual Compensation, service with a Non-Participating Affiliated Company shall be deemed Credited Service. In the event any Employee is regularly employed for at least one thousand (1,000) hours but less than eighteen hundred (1,800) hours, his or her earnings shall be annualized under uniform rules adopted by the Management Benefits and Compensation Committee.

SECTION 1.7. "Beneficiary" shall mean the person designated by a Member in accordance with the procedures set forth in Section 6.2 as entitled to receive benefits payable pursuant to the provisions of this Plan by virtue of such Member's death. Only natural persons may be a Beneficiary; a partnership, corporation, trust, estate or other legal entity is not eligible to be a Beneficiary under this Plan.

SECTION 1.8. “Benefit Commencement Date” shall mean the first day of the first month for which a benefit is payable to an individual, even though the first payment may not actually have been made at that date.

SECTION 1.9. “Board of Directors” shall mean the Board of Directors of Moody’s Corporation. Any action authorized hereunder to be taken by the Board of Directors may be also taken by a duly authorized committee of the Board of Directors or a duly authorized delegates of the Board of Directors or such a committee.

SECTION 1.10. “Change in Control” means:

(a) Any “Person,” as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (other than the Corporation, any trustee or other fiduciary holding securities under an employee benefit plan of the Corporation, or any Corporation owned, directly or indirectly, by the shareholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation), is or becomes the “Beneficial Owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing twenty percent (20%) or more of the combined voting power of the Corporation’s then outstanding securities;

(b) during any period of twenty-four (24) months (not including any period prior to the effective date of this provision), individuals who at the beginning of such period constitute the Board of Directors, and any new director (other than (i) a director designated by a person who has entered into an agreement with the Corporation to effect a transaction described in clause (a), (c) or (d) of this Section), (ii) a director designated by any Person (including the Corporation) who publicly announces an intention to take or to consider taking actions (including, but not limited to, an actual or threatened proxy contest) which if consummated would constitute a Change in Control, or (iii) a director designated by any Person who is the Beneficial Owner, directly or indirectly, of securities of the Corporation representing ten percent (10%) or more of the combined voting power of the Corporation’s securities) whose election by the Board of Directors or nomination for election by the Corporation’s shareholders was approved by a vote of at least two-thirds ($\frac{2}{3}$) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved cease for any reason to constitute at least a majority thereof;

(c) the shareholders of the Corporation approve a merger or consolidation of the Corporation with any other company, other than (i) a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the combined voting power of the voting securities of the Corporation or such surviving entity outstanding immediately after such merger or consolidation, and (ii) after which no Person holds twenty percent (20%) or more of the combined voting power of the then outstanding securities of the Corporation or such surviving entity; or

(d) the shareholders of the Corporation approve a plan of complete liquidation of the Corporation or an agreement for the sale or disposition by the Corporation of all or substantially all of the Corporation's assets.

SECTION 1.11. "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

SECTION 1.12. "Company" shall mean Moody's Corporation.

SECTION 1.13. "Company Credits" shall mean additions to the Retirement Account determined in accordance with the procedures of Section 4.5.

SECTION 1.14. "Compensation" shall mean the total amount paid by the Employer to a Member (other than amounts paid after termination of employment) with respect to any period of Credited Service as salary, wages, overtime, regular cash bonuses and commissions, lump sum payments in lieu of foregone merit increases, "bonus buyouts" as the result of job changes, and any portion of such amounts voluntarily deferred or reduced by the Member under any employee benefit plan of the Company available to all levels of Employees of the Company on a non-discriminatory basis upon satisfaction of eligibility requirements and voluntarily deferred or reduced under any executive deferral plan of the Company (provided such amounts otherwise would not have been excluded had they not been deferred), but excluding any pension, retainers, severance pay, special stay-on bonus payments, income derived from stock options, stock appreciation rights and dispositions of stock acquired thereunder, payments dependent upon any contingency after the period of Credited Service and other special remunerations (including performance units).

In the case of a Member who is transferred to an Affiliated Employer which is not an Employer during a year, Compensation shall be the amount received by the Member prior to such transfer. If a Member's Service with the Company is continued during a period of authorized leave of absence, for the purposes of determining Average Final Compensation and Company Credits, the Member shall be deemed to continue to receive the salary he or she was receiving at the time such leave commenced if the leave of absence was for the purposes of military service. In all cases of paid leave, the Member's Compensation during such period of leave shall be included for the purposes of determining Average Final Compensation and Retirement Credits.

In no event, however, for any twelve (12) month period to which Section 401(a)(17) of the Code applies, will the Compensation in a twelve (12) month period taken into account under the Plan exceed Two Hundred Thousand Dollars (\$200,000), or such indexed amount as may have been in effect under Section 401(a)(17) of the Code for the beginning of the twelve (12) month period, or as may be prescribed under Section 401(a)(17) of the Code for any twelve (12) month period by the Secretary of the Treasury from time to time.

Unless otherwise provided under the Plan, each Section 401(a)(17) Employee's accrued benefit under this Plan shall be the greater of the accrued benefit determined for the Employee under (a) or (b) below:

(a) the Employee's accrued benefit determined with respect to the benefit formula applicable under the Prior Plan for the Plan Year beginning on or after January 1, 1994, as applied to the Employee's total years of service taken into account under the Plan for the purposes of benefit accruals, or

(b) the sum of:

- (i) the Employee's accrued benefit as of the last day of the last Plan Year beginning before January 1, 1994, frozen in accordance with Section 1.401(a)(4)-13 of the Treasury Regulations, and
- (ii) the Employee's accrued benefit determined under the benefit formula applicable for the Plan Year beginning on or after January 1, 1994, as applied to the Employee's years of service credited to the Employee for Plan Years beginning on or after January 1, 1994, for purposes of benefit accruals.

A Section 401(a)(17) Employee means an Employee whose current accrued benefit as of a date on or after the first day of the Plan Year beginning on or after January 1, 1994, is based on compensation for a year beginning prior to the first day of the first Plan Year beginning on or after January 1, 1994, that exceeded One Hundred Fifty Thousand Dollars (\$150,000).

SECTION 1.15. "Computation Period" shall mean the Plan Year, except for purposes of determining eligibility, in which case, it shall mean the twelve (12) month period commencing with the Employee's Employment Commencement Date or Re-employment Commencement Date. If the Eligible Employee fails to satisfy the requirements for eligibility in that twelve (12) month period, the Computation Period for determining eligibility for that Eligible Employee shall thereafter be the Plan Year that begins within such twelve (12) month period and each Plan Year thereafter.

SECTION 1.16. "Credited Service" shall mean Years of Service as an Employee and a Member, as determined in accordance with Article 2, including all Years of "Credited Service" under The Dun & Bradstreet Retirement Account; Credited Service shall not include (a) any period of service with respect to which a distribution shall have been made pursuant to Section 16.2 which shall not have been restored as provided therein; or (b) any period of Service with the Partnership or Ameritech.

SECTION 1.17. "Deferred Vested Benefit" shall mean the benefit to which a vested Member would be entitled after a Severance Date, if the Member is not eligible to receive an Early Retirement Benefit as of such date under the terms of the Plan.

SECTION 1.18. "Defined Benefit Dollar Limitation" shall mean the limitation set forth in Section 415(b)(1) of the Code.

SECTION 1.19. "Early Retirement Benefit" shall mean the benefit to which a Member would be entitled in the event of his or her retirement on his or her Early Retirement Date.

SECTION 1.20. “Early Retirement Date” shall mean the first day of the calendar month coincident with or next following the Member’s Severance Date, if such date is earlier than his or her Normal Retirement Date and if the Member is eligible for Early Retirement under the terms of the Plan as described in Article 5.

SECTION 1.21. “Effective Date” shall mean the Effective Time, as such term is defined in the Employee Benefits Agreement entered into as of September 30, 2000, between The Dun & Bradstreet Corporation and The New D&B Corporation, following its adoption by the Board of Directors of the Company.

SECTION 1.22. “Eligibility Service” shall mean Service as counted for determining an Employee’s right to become a Member in the Plan, as determined in accordance with the provisions of Article 2.

SECTION 1.23. “Eligible Employee” shall mean an Employee of an Employer, who is entitled to participate in the Plan upon meeting the requirements of Section 3.1, other than (a) an Employee whose terms and conditions of employment are the subject of a collective bargaining agreement except to the extent that participation in the Plan is expressly provided for in writing pursuant to such agreement, (b) a Leased Employee, or (c) any Employee on temporary assignment to the United States who continues to participate in one or more retirement plans maintained by an Affiliated Employer. Notwithstanding the foregoing, no Employee who commences or recommences employment with an Employer on or after January 1, 2008 shall accrue any benefit under the Plan (provided, however, that an Employee who directly transfers employment from an Employer to an Affiliated Entity and who was eligible to accrue benefits under the Plan immediately prior to such transfer shall continue to accrue benefits pursuant to the terms of the Plan while continuously employed by such Affiliated Employer).

SECTION 1.24. “Employee” shall mean any person who is a common-law employee or a Leased Employee of an Employer or an Affiliated Employer, any United States citizen who is employed by a “foreign affiliate” (as defined in Section 3121(l)(8) of the Code), provided that such person is covered by an agreement entered into by the Company under Section 3121(l) of the Code, and any United States citizen who is employed by a “domestic subsidiary” as defined in Section 407(a)(2) of the Code.

SECTION 1.25. “Employer” shall mean Moody’s Corporation or any successor company, and such of its partially or wholly-owned subsidiary companies as may from time to time, be authorized by the Board of Directors to participate in the Plan with respect to all or some of its Eligible Employees and which have adopted the Plan (either under the provisions of the Plan as then constituted or under whatever modifications to such provisions as the Board of Directors may determine in its sole discretion).

SECTION 1.26. “Employment Commencement Date” shall mean the date on which an Employee is first credited with an Hour of Service.

SECTION 1.27. “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

SECTION 1.28. “Former Employee” shall mean a person who was an Employee and who is no longer in the employment of the Employer or an Affiliated Employer.

SECTION 1.29. “Frozen Accrued Benefit” shall mean the benefit described in Section 4.8.

SECTION 1.30. “Fund” shall mean any fund provided for in a trust arrangement, or a combination of a trust arrangement and one or more insurance company contracts, which is held by a funding agent, to which contributions under the Plan are made, and out of which benefits are paid to Members or otherwise provided for.

SECTION 1.31. “Grandfather Benefit Amount” shall mean the minimum benefit amount to which certain Members are entitled as described in Section 4.9.

SECTION 1.32. “Highly Compensated Employee” shall mean an Eligible Employee who performs service during the Determination Year and is described in one or more of the following groups in accordance with applicable Treasury regulations:

(a) was a five percent (5%) owner as defined in Section 416(i)(1)(B)(i) of the Code, at any time during the Determination Year or the Look-back Year; or

(b) received Compensation in excess of Eighty Thousand Dollars (\$80,000) (as adjusted annually for increases in the cost of living in accordance with Section 415(d) of the Code) during the Look-back Year.

A Former Employee shall be treated as a Highly Compensated Employee if such former Employee had a separation year prior to the Determination Year and was a Highly Compensated active Employee for either (i) such Employee’s separation year or (ii) any Determination Year ending on or after the Employee’s fifty-fifth (55th) birthday. For this purpose, a separation year is the Determination Year in which the Employee separates from service.

Notwithstanding anything to the contrary in this Plan, Sections 414(b), (c), (m), (n) and (o) of the Code are applied prior to determining whether an Employee is a Highly Compensated Employee.

For purposes of this Section,

- (A) “Compensation” shall mean compensation as defined in Section 414(q)(7) of the Code.
- (B) “Determination Year” shall mean the Plan Year for which the determination of who is Highly Compensated is being made.
- (C) “Look-back Year” shall mean the twelve (12) month period preceding the Determination Year.

SECTION 1.33. “Hour of Service” shall mean an hour of service calculated in accordance with the provisions of Article 2.

SECTION 1.34. “Integrated Amount” shall mean any amounts transferred to the Prior Plan under the provisions of the Employee Retirement Plan of Dun & Bradstreet Companies, Inc. (including interest thereon as provided in the Predecessor Plan) attributable to amounts vested in a Member under a qualified plan maintained by a business entity merged into or otherwise acquired by The Dun & Bradstreet Corporation prior to December 31, 1975.

SECTION 1.35. “Interest Credit” shall mean additions to the Retirement Account determined in accordance with the procedures of Section 4.7.

SECTION 1.36. “Leased Employee” shall mean any person (other than an employee of the recipient) who pursuant to an agreement between the recipient and any other person (“leasing organization”) has performed services for the recipient (or for the recipient and related persons determined in accordance with Section 414(n)(6) of the Code) on a substantially full time basis for a period of at least one year, and such services are performed under primary direction or control by the recipient. Contributions or benefits provided a leased employee by the leasing organization which are attributable to services performed for the recipient employer shall be treated as provided by the recipient employer. A leased employee shall not be considered an employee of the recipient if: (i) such employee is covered by a money purchase pension plan providing: (1) a nonintegrated employer contribution rate of at least 10 percent of compensation, as defined in Section 415(c)(3) of the Code, but including amounts contributed pursuant to a salary reduction agreement which are excludable from the employee’s gross income under Section 125, Section 402(e)(3), Section 402(h)(1)(B) or Section 403(b) of the Code, (2) immediate participation, and (3) full and immediate vesting; and (ii) leased employees do not constitute more than 20 percent of the recipient’s nonhighly compensated work force.

SECTION 1.37. “Limitation Year” shall mean the twelve (12) month period ending on each December 31.

SECTION 1.38. “Management Benefits and Compensation Committee” shall mean the Board of Directors and the Management Benefits and Compensation Committee appointed pursuant to Section 10.1.

SECTION 1.39. “Member” shall mean an Eligible Employee who meets the requirements for membership and begins participation in the Plan pursuant to Article 3 and who is entitled or may become entitled to the payment of benefits under the Plan.

SECTION 1.40. “Minimum Benefit” means:

(a) with respect to Members who were participating in the Employee Retirement Plan of Dun & Bradstreet Companies, Inc. on December 31, 1975, the provisions which were applicable to such Members participating in such plan on December 31, 1966;

(b) with respect to Members who were participating in the Employees Retirement Plan of The Reuben H. Donnelley Corporation on December 31, 1975, the provisions which were applicable to such Members participating in such plan on December 1968.

(c) with respect to Members participating in the Nielsen Plan on December 31, 1987, who become Members of the Prior Plan on January 1, 1988, the benefit

accrued through December 31, 1987 determined in accordance with the provisions of the Nielsen Plan as in effect on such date; provided, however, the Member is vested in such benefit as of such date or becomes vested by reason of Service under the Prior Plan after January 1, 1988; and

(d) with respect to Members participating in the I.M.S. Plan on December 31, 1992, who remained Members of the Prior Plan on January 1, 1993, the benefit accrued through December 31, 1992 determined in accordance with the provisions of the I.M.S. Plan as in effect on such date; provided, however, the Member is vested in such benefit as of such date or became vested by reason of Service under the Prior Plan after January 1, 1993.

SECTION 1.41. “Named Fiduciary” shall mean a fiduciary designated as such under the provisions of Article 13.

SECTION 1.42. “Normal Retirement Age” shall mean the time a Member attains age sixty-five (65).

SECTION 1.43. “Normal Retirement Benefit” shall mean the benefit to which a Member would be entitled in the event of his or her retirement on his or her Normal Retirement Date.

SECTION 1.44. “Normal Retirement Date” means the first day of the calendar month coincident with or next following the Member’s attainment of Normal Retirement Age.

SECTION 1.45. “Opening Balance” shall mean, for those Members who were members of the Prior Plan, the single sum amount described in Section 4.4.

SECTION 1.46. “Partnership” shall mean DonTech General Partnership, an Illinois general partnership.

SECTION 1.47. “Period of Service” shall mean the period of time commencing on the Employee’s Employment Commencement Date or Re-employment Commencement Date, whichever is applicable, and ending on the Severance Date following such Employment Commencement Date or Re-employment Commencement Date. Period of Service shall be computed in one twelfths (1/12ths) of a year, with a full month being granted for each completed and partial month.

SECTION 1.48. “Period of Severance” shall mean the period of time commencing on the Severance Date and ending on the date the Employee again performs an Hour of Service for an Employer.

SECTION 1.49. “Plan” shall mean The Moody’s Corporation Retirement Account, as embodied herein, and any amendments thereto.

SECTION 1.50. “Plan Sponsor” shall mean Moody’s Corporation.

SECTION 1.51. “Plan Year” shall mean the period beginning on January 1 and ending on December 31.

SECTION 1.52. “Postponed Retirement Benefit” shall mean the benefit to which a Member would be entitled in the event of his or her retirement after his or her Normal Retirement Date.

SECTION 1.53. “Postponed Retirement Date” shall mean the first day of the month coincident with or next following the Member’s Severance Date, if such date is later than the Member’s Normal Retirement Date.

SECTION 1.54. “Predecessor Plan” shall mean the Employee Retirement Plan of The Dun & Bradstreet Companies, Inc. or the Employees Retirement Plan of The Reuben H. Donnelley Corporation, as such plan shall have been in effect on December 31, 1975.

SECTION 1.55. “Prior Plan” shall mean the Master Retirement Plan of The Dun & Bradstreet Corporation, which was amended and restated to become The Dun & Bradstreet Retirement Account (the “D&B Plan”).

SECTION 1.56. “Qualified Joint and Survivor Annuity” shall have the meaning ascribed to such term in Section 8.3.

SECTION 1.57. “Re-employment Commencement Date” shall mean the first date, following a Period of Severance, that the Employee again performs an Hour of Service for an Affiliated Employer.

SECTION 1.58. “Retirement Account” shall mean the notional account used to calculate benefits under this Plan in accordance with the procedures of Article 4.

SECTION 1.59. “Service” shall mean an Employee’s period of employment with an Employer or an Affiliated Employer that is counted as “Service” in accordance with Article 2. Service shall include employment with any other corporation, company or business which has become or may become related to the Company by purchase, acquisition, merger, consolidation, or otherwise to the extent such service has been approved as Service by the Board of Directors, and solely for the purpose of determining eligibility for benefits under Article 5, the Employee’s period of employment with the Partnership or Ameritech. In the case of any Employee employed by Wall Street Analytics, Inc. (subsequently renamed Moody’s Wall Street Analytics, Inc.) on December 18, 2006, Service shall also include the Employee’s period of employment with Wall Street Analytics, Inc. prior to December 18, 2006, for purposes of determining: (i) Eligibility Service (provided, however, that in no event may an Eligible Employee of Wall Street Analytics, Inc. become a Member prior to January 1, 2007), (ii) Credited Service in computing Company Credits under Plan Section 4.5, and (iii) Vesting Service in determining eligibility for benefits under Article 5.

SECTION 1.60. “Severance Date” shall mean the earlier of:

(a) the date on which the Employee resigns, is discharged or dies; or

(b) the date following a twelve (12) month period in which the Employee remains absent from employment (with or without pay) for any reason other than maternity or paternity leave of absence, resignation, discharge or death (such as vacation, holiday, sickness, disability, leave of absence or layoff); or

(c) the date following a twenty-four (24) month period in which the Employee remains absent from employment (with or without pay) for a maternity or paternity leave including:

- (i) the individual's pregnancy; or
- (ii) childbirth; or
- (iii) adoption of a child; or
- (iv) child care immediately after the birth or adoption of a child;

provided, however, the period between the first and second anniversary will be treated as neither a Period of Severance nor a Period of Service.

SECTION 1.61. "Spouse" shall mean the spouse of a Member as determined under applicable state law.

SECTION 1.62. "Trust" shall mean any trust established under an agreement between the Company and a Trustee under which any portion of the Fund is held, and shall include any and all amendments to the trust agreement.

SECTION 1.63. "Trustee" shall mean any trustee holding any portion of the Fund under a Trust agreement forming a part of the Plan.

SECTION 1.64. "Vesting Service" shall mean Service as counted for determining an Employee's right to benefits under the Plan, as determined in accordance with Article 2 and Article 5.

SECTION 1.65. "Year of Service" shall mean a Computation Period during which the Employee is credited with one thousand (1,000) or more Hours of Service, under the rules of Article 2.

ARTICLE II SERVICE COUNTING RULES

SECTION 2.1. Hours of Service General Rule An Employee shall be credited with an Hour of Service for:

(a) Each hour for which a person is directly or indirectly paid by, or entitled to payment from, the Employer or an Affiliated Employer for the performance of duties. These hours shall be credited to the person during the appropriate Computation Period in which the duties are performed;

(b) Each hour for which a person is directly or indirectly paid by, or entitled to payment from, the Employer or an Affiliated Employer for reasons other than for the performance of duties (such as vacation, holiday, illness, incapacity (including disability), jury duty, military duty, leave of absence or layoff). These hours shall be credited to the Employee during the Computation Period in which the nonperformance of duties occurs. The computation of non-work hours described in this subsection will be computed in accordance with the provisions of the Department of Labor Regulation Section 2530.200b-2;

(c) Each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by the Employer or an Affiliated Employer. These hours will be credited to the person for the Plan Year to which the award or agreement pertains; and

(d) Each hour for which an Employee is not paid or entitled to pay but during which the Employee is absent for a period of military service or otherwise and during which reemployment rights are protected by law, but only if the Employee returns to employment within the time required by law.

SECTION 2.2. Eligibility Service An Eligible Employee who is a full-time associate shall be credited with one (1) year of Eligibility Service for each Computation Period during which he or she completes a coincident period of Service. An Eligible Employee who is a part-time associate shall be credited with one (1) year of Eligibility Service for each Computation Period during which he or she is credited with one thousand (1,000) or more Hours of Service. For this purpose, Hours of Service shall include Hours of Service with the Employer and any Affiliated Employer, regardless of whether the Affiliated Employer is an Employer for the purpose of this Plan. Hours of Service shall include Hours of Service with the Employer and any Affiliated Employer prior to the Effective Date.

SECTION 2.3. Vesting Service - General Rule : An Employee shall be credited with Vesting Service equal to the total of (i) his or her Period(s) of Service with an Employer or an Affiliated Employer and (ii) any Period(s) of Severance that are less than twelve (12) months, less any Period(s) of Service or Severance during any calendar year which ends prior to the Employee's attainment of age eighteen (18). Vesting Service shall be computed in one-twelfths (1/12ths) of a year, with a full month being granted for each completed and partial calendar month.

(a) **Special Rules for Vesting Service Prior to Effective Date** An Eligible Employee who became a Member of the Plan as of the Effective Date, shall be credited with Vesting Service for the period of time prior to the Effective Date in accordance with the terms of The Dun & Bradstreet Corporation Retirement Account as of such date.

(b) **Special Rules for Vesting Service during Leaves of Absence** A period of authorized leave of absence for a purpose approved by the Management Benefits and Compensation Committee under uniform rules, or absence for the purpose of military service pursuant to the requirements of law or by enlistment for not longer than the minimum period required by law, or, to the extent protected by applicable law, absence for any other purpose, shall be counted as Vesting Service if the Employee resumes his or her service as an Employee at the end of such leave of absence or within the period prescribed by law for the exercise of reemployment rights.

(c) Break in Vesting Service. Notwithstanding anything to the contrary in this Section 2.3, a former Member who incurs a Severance Date, and who is later re-employed by an Employer as an Employee after incurring a Period of Severance equal to the greater of five (5) or the number of Years of Service the former Member had as of his Severance Date, shall not be receive credit for any Vesting Service earned prior to the Member's Re-Employment Commencement Date for purposes of continuing to vest in any benefits earned prior to the Re-Employment Commencement Date or for vesting in any benefits earned after the Re-Employment Commencement Date.

SECTION 2.4. Credited Service A full-time Employee shall be credited with Credited Service equal to his or her Period(s) of Service as a Member. Credited Service shall be computed in one-twelfths (1/12ths) of a year, with a full month being granted for each completed and partial calendar month. An Employee who is a part-time Employee will be entitled to a full or fractional year of Credited Service for each year during which he or she is a Member under this Plan, as follows:

<u>Hours of Service</u>	<u>Years of Credited Service</u>
1,800 and over	1.0
1,600 to 1,799	0.9
1,400 to 1,599	0.8
1,200 to 1,399	0.7
1,000 to 1,199	0.6
less than 1,000	0.0

Notwithstanding the above, for purposes of determining Credited Service for Periods of Service prior to January 1, 1997, Credited Service shall be determined in accordance with the provisions of the Prior Plan.

ARTICLE III MEMBERSHIP AND TRANSFERS

SECTION 3.1. Eligibility Each Eligible Employee who was a member in The D&B Plan immediately prior to the Effective Date shall become a Member as of the Effective Date, in accordance with the provisions hereof. Each other Eligible Employee shall become a Member in the Plan on the first day of the month coincident with or next following the date the Eligible Employee attains age 21 and completes one (1) year of Eligibility Service. Notwithstanding any other provision of the Plan to the contrary, no Employee who commences employment with an Employer on or after January 1, 2008 shall participate in the Plan (provided, however, that an Employee who directly transfers employment from an Employer to an Affiliated Entity and who was eligible to accrue benefits under the Plan immediately prior to such transfer shall continue to actively participate in the Plan while continuously employed by such Affiliated Employer).

SECTION 3.2. Eligibility upon Re-employment

(a) A former Member, whether or not vested as described in Article 5, who incurs a Severance Date, and who is later re-employed by an Employer as an Eligible Employee prior to incurring a Period of Severance equal to the greater of five (5) or the number of Years of Service the former Member had as of his Severance Date (or, with respect to a part-time Eligible Employee, before experiencing five (5) consecutive One-Year Breaks in Service), shall participate in the Plan as of the first day of the first calendar month following his or her Re-Employment Commencement Date.

(b) A former Member who was not previously vested in his or her Accrued Benefit pursuant to Article 5 and who is subsequently reemployed by an Employer as an Eligible Employee after incurring a Period of Severance of five (5) years or more (or, with respect to a part-time Eligible Employee, after experiencing five (5) consecutive One-Year Breaks in Service), shall become a Member and begin participation in the Plan in accordance with Section 3.1.

(c) A former Eligible Employee who did not satisfy the eligibility requirements of Section 3.1 prior to his or her Severance Date and who is subsequently reemployed by an Employer as an Eligible Employee shall become a Member and begin participation in the Plan in accordance with Section 3.1.

(d) For purposes hereof, a “One-Year Break in Service” means each one-year Computation Period during which an Employee is credited with less than 501 Hours of Service.

(e) Notwithstanding any other provision of the Plan to the contrary, no Employee who commences reemployment with an Employer on or after January 1, 2008 shall accrue any additional benefit under the Plan (provided, however, that an Employee who directly transfers employment from an Employer to an Affiliated Entity and who was eligible to accrue benefits under the Plan immediately prior to such transfer shall continue to accrue benefits pursuant to the terms of the Plan while continuously employed by such Affiliated Employer).

SECTION 3.3. Termination of Membership A Member who incurs a Severance Date at a time when he or she is not entitled to a vested Accrued Benefit shall cease to be a Member at such time, and shall be deemed to have received a distribution of the value of his or her vested benefits hereunder. A Member who incurs a Severance Date and who is entitled to a vested Accrued Benefit shall cease Membership upon receipt of all payments to which he or she is entitled hereunder.

SECTION 3.4. Suspension of Membership A Member who ceases to be an Eligible Employee without incurring a Severance Date shall be deemed to have incurred a Severance Date for purposes of Section 4.5 on the date on which he or she ceased to be an Eligible Employee; provided, however, that except to the extent otherwise provided herein, such Employee shall continue to be treated as a Member for all other purposes under the Plan and shall continue to earn Vesting Service for as long as he or she continues to remain in the employ of an Affiliated Employer.

SECTION 3.5. Restoration of Membership after Suspension If a Member's membership is suspended for purposes of Section 4.5 pursuant to Section 3.4 above, such suspension shall terminate as of the first day of the first calendar month following the date on which the Member again becomes an Eligible Employee.

ARTICLE IV BENEFIT AMOUNTS

SECTION 4.1. Accrued Benefit A Member's Accrued Benefit, as determined from time to time hereunder, shall be the largest of the following amounts:

(a) the amount of a single life annuity commencing as of the Member's Normal Retirement Date (or on the date of determination if such date is after the Normal Retirement Date), which is the Actuarial Equivalent Value of the amount credited to such Member's Retirement Account as provided in this Article 4;

(b) the Member's Frozen Accrued Benefit (as such term is defined in Section 4.8 below) commencing as of the Member's Normal Retirement Date (or on the date of determination if such date is after the Normal Retirement Date); or

(c) for a Member who, as of January 1, 1997: (i) had attained age fifty (50) and was credited with at least ten (10) Years of Vesting Service; (ii) had attained an age which, when added to his or her years of Vesting Service, was equal to or greater than seventy (70); or (iii) had attained age sixty-five (65), the Grandfather Benefit Amount (as such term is defined in Section 4.9 below) commencing as of the Member's Normal Retirement Date (or on the date of determination if such date is after the Normal Retirement Date).

A Member's Accrued Benefit as determined pursuant to this Section 4.1 from time to time shall be subject to the limitations set forth in Article 14 and Article 15 or otherwise as may be specified under the terms of the Plan or under any other limitations imposed as a condition of the Plan's qualification or continued qualification under the Code, ERISA, or other applicable law.

SECTION 4.2. Early Retirement Benefit A Member's Early Retirement Benefit, as determined from time to time hereunder, shall be the largest of the following amounts:

(a) the amount of a single life annuity commencing as of the Member's Early Retirement Date, which is the Actuarial Equivalent Value of the amount credited to such Member's Retirement Account as provided in this Article 4;

(b) the Member's Frozen Accrued Benefit (as such term is defined in Section 4.8), commencing as of the Member's Early Retirement Date, multiplied by the percentage determined in accordance with the following table:

If Benefit Commencement is month following attainment of Age:	% of Accrued Benefit if less than 35 Years of Service:	% of Accrued Benefit if 35 or more Years of Service:
64	97.0%	100.0%
63	94.0%	100.0%
62	91.0%	100.0%
61	88.0%	100.0%
60	85.0%	100.0%
59	82.0%	97.0%
58	79.0%	94.0%
57	76.0%	91.0%
56	73.0%	88.0%
55	70.0%	85.0%

If the commencement date is a month other than the month immediately following the Member's birth date, an interpolated percentage shall be used.

(c) for a Member who, as of January 1, 1997, had satisfied the age and service conditions of paragraph 4.1(c), the Grandfather Benefit Amount (as such term is defined in Section 4.9) commencing as of the Member's Normal Retirement Date (or on the date of determination if such date is after the Normal Retirement Date) or Early Retirement Date, multiplied by the percentage determined in accordance with the table set forth below. For purposes of this paragraph 4.2(c), a full month is credited for each completed and partial month of attained age.

Commencement Date is month following Attainment of Age:	% of Accrued Benefit if less than 35 Years of Service:	% of Accrued Benefit if 35 or more Years of Service:
64	97.0%	100.0%
63	94.0%	100.0%
62	91.0%	100.0%
61	88.0%	100.0%
60	85.0%	100.0%
59	82.0%	97.0%
58	79.0%	94.0%
57	76.0%	91.0%
56	73.0%	88.0%
55	70.0%	85.0%

If the commencement date is a month other than the month immediately following the Member's birth date, an interpolated percentage shall be used.

SECTION 4.3. Retirement Account A notional Retirement Account shall be created and maintained for each Member. The amount credited to such account shall be equal to the sum of the Opening Balance, if any, Company Credits, and monthly Interest Credits thereon, as provided in this Article 4. A Member's Retirement Account shall be created and maintained solely for the purpose of calculating benefits under this Plan, and shall not represent any share of the Fund nor entitle the Member to any share in the earnings of the Fund.

SECTION 4.4. Opening Balance For a Member who was a Member of the Prior Plan and who was an Employee as of January 1, 1997, the "Opening Balance" of the Retirement Account shall be a single sum amount equal to the Actuarial Equivalent Value, as of December 31, 1996, of the Normal Retirement Benefit such Member had accrued under the terms of the Prior Plan as of December 31, 1996. The Opening Balance shall be determined using the Member's Credited Service, Average Final Compensation and age as of December 31, 1996. For all other Members, the Opening Balance shall equal zero (0).

SECTION 4.5. Company Credits For each calendar month beginning on and after January 1, 1997, a Member's Retirement Account shall be credited with monthly Company Credits in an amount determined pursuant to the table set forth below, multiplied by his or her Compensation for such month. For purposes of determining Credited Service under this Section 4.5, a full month shall be credited for each completed and partial month.

<u>Age and Credited Service as of End of Month</u>	<u>Company Credits</u>
Less than 35	3.00%
35 – 44	4.00%
45 – 54	5.00%
55 – 64	7.50%
65 – 74	9.00%
75 – 84	10.50%
85 or more	12.50%

Notwithstanding any other provision of the Plan to the contrary, no Employee who commences or recommences employment with an Employer on or after January 1, 2008 shall be credited with any Company Credits (provided, however, that an Employee who directly transfers employment from an Employer to an Affiliated Entity and who was eligible to accrue benefits under the Plan immediately prior to such transfer shall continue to be credited with Company Credits while continuously employed by such Affiliated Employer).

SECTION 4.6. Monthly Allocation of Company Credits A Member's Company Credits shall be allocated to his or her Retirement Account as of the end of each calendar month.

SECTION 4.7. Interest Credits A Member's Retirement Account, including the Retirement Account of a Member who is no longer actively employed by an Employer or an Affiliated Employer, shall be credited as of the last day of each calendar month with a notional Interest Credit calculated by multiplying the Member's Retirement Account as of the last day of the prior calendar month by one-twelfth (1/12th) of the annual yield on thirty (30) Year Treasury Bonds published by the Internal Revenue Service for the month immediately prior to the month with respect to which such Interest Credit is being made. However, in no event shall the compounded annual Interest Credit be less than three percent (3.0%).

Interest Credits will cease to be added to a Member's Retirement Account as of the Member's Benefit Commencement Date.

SECTION 4.8. Preservation of Accrued Benefit of Prior Plan If the Member was a Member of the Prior Plan, the accrued benefit under the Prior Plan of such Member shall be calculated as of December 31, 1996, and shall be the Member's Frozen Accrued Benefit. The

Frozen Accrued Benefit shall be calculated using the Credited Service and Average Final Compensation used in Section 4.4 above to determine the Opening Balance in the Member's Retirement Account. The Member shall be entitled, notwithstanding any other provision to the contrary, to receive as a minimum benefit under this Plan his or her Frozen Accrued Benefit in any of the optional forms of benefit that were available to the Member under the terms of the Prior Plan, including any early retirement subsidies to which the Member might be entitled under the Prior Plan. If the Member's Accrued Benefit exceeds the Actuarial Equivalent Value of the Member's Frozen Accrued Benefit, the difference shall be paid to him or her in the manner provided in Article 8.

SECTION 4.9. Grandfather Benefit Amount A Member who, as of January 1, 1997, had satisfied the age and service requirements set forth in paragraph 4.1(c) hereof, shall be entitled to a minimum benefit equal to the amount such Member would have received had the terms of the Prior Plan remained in effect and had the Member remained a Member of the Prior Plan until his or her Severance Date. The determination of a Member's Grandfather Benefit Amount shall be based upon the Member's actual Credited Service and Average Final Compensation at the time of such determination. Except as otherwise provided in Section 8.6, a Member who is entitled to the Grandfather Benefit Amount may elect only those optional forms of benefit which were available to the Member under the Prior Plan.

SECTION 4.10. Restoration of Retirement Account If a Member who incurs a Severance Date and is subsequently rehired by an Employer (a) was not fully vested in his or her Retirement Account in accordance with Article 5 hereof as of such Severance Date and (b) has a Period of Severance of less than five (5) years, such Member shall have his or her Retirement Account reinstated as of his or her Re-employment Commencement Date, and shall thereafter continue to vest in such Account in accordance with Article 5 hereof. The reinstated Retirement Account shall be equal to the Retirement Account as of the Severance Date. For any Member who has a Severance Date prior to the January 1, 1997, the reinstated Retirement Account is the Actuarial Equivalent Value as of the Re-employment Commencement Date of the Normal Retirement Benefit such Member had accrued under the terms of the Prior Plan as of his or her Severance Date. The reinstated Retirement Account shall be determined using the Member's age as of the Re-employment Commencement Date, and the Actuarial Equivalent basis as of the Re-employment Commencement Date, as defined in Section 1.2(a), except that the interest rate shall be equal to the annual yield on thirty (30) Year Treasury Bonds published by the Internal Revenue Service for the immediately prior month.

ARTICLE V ENTITLEMENT TO BENEFITS

SECTION 5.1. Normal Retirement A Member who retires from employment with the Employer at Normal Retirement Age shall be entitled to receive one hundred percent (100%) of his or her Accrued Benefit as of his or her Normal Retirement Date in the manner provided under Article 8.

SECTION 5.2. Postponed Retirement A Member who remains an Eligible Employee after his or her Normal Retirement Date shall continue to participate in this Plan, and his or her Retirement Account shall continue to be credited with Company Credits and Interest

Credits, until his or her Postponed Retirement Date. Such Member shall be entitled to receive one hundred percent (100%) of his or her Accrued Benefit as of his or her Postponed Retirement Date in the manner provided under Article 8.

SECTION 5.3. Early Retirement A Member who has attained age fifty-five (55) and completed ten (10) years of Vesting Service may retire at any time and may elect to receive one hundred percent (100%) of his or her Early Retirement Benefit as of his or her Early Retirement Date in the manner provided under Article 8. As an alternative, a Member may elect to defer receipt of his or her benefit to a later Benefit Commencement Date (but in no event later than the time specified in Section 8.2 hereof), in which case the Member's Retirement Account shall continue to be credited with Interest Credits until such Benefit Commencement Date. The Member then shall be entitled to receive one hundred percent (100%) of his or her Accrued Benefit as of such later Benefit Commencement Date in the manner provided in Article 8.

SECTION 5.4. Disability If a Member who has at least five (5) Years of Vesting Service becomes totally and permanently disabled while in the active service of the Employer or an Affiliated Employer, he or she shall become entitled to benefits under the provisions of Article 7 hereof provided that satisfactory evidence of such disability is furnished to the Management Benefits and Compensation Committee.

SECTION 5.5. Termination of Employment A Member whose employment with the Employer and an Affiliated Employer is terminated for any reason other than retirement in accordance with Sections 5.1, 5.2 or 5.3, disability in accordance with Section 5.4, or death in accordance with Section 5.7, shall be entitled to receive a percentage of his or her Accrued Benefit in accordance with the following schedule:

<u>If the Member's Years of Vesting Service are:</u>	<u>The Vested Portion of the Accrued Benefit is:</u>
Less than 5 (Less than 3 for Members who complete at least one Hour of Service on or after January 1, 2008)	0%
5 or more (3 or more for Members who complete at least one Hour of Service on or after January 1, 2008)	100%

Notwithstanding the foregoing, a Member shall be one hundred percent (100%) vested in his or her Accrued Benefit as of the date a Change in Control occurs. The vested portion of the Accrued Benefit shall be payable as of the Member's Normal Retirement Age in the manner provided in Article 8. As an alternative, such Member may elect to begin receipt of his or her benefits at an earlier Benefit Commencement Date that follows the Member's attainment of age fifty-five (55), as provided in Article 8.

SECTION 5.6. Vesting on Plan Termination Notwithstanding anything contained herein to the contrary, in the event of the termination of the Plan, no further contributions shall be made hereunder, and the right of each Member to benefits accrued to the date of termination, to the extent funded, shall be nonforfeitable, and the assets of the Plan in the even of such termination shall be allocated among Members and their beneficiaries in accordance with the provisions of Section 4044 of ERISA. In the event of a partial termination of the Plan, the right of each member to benefits accrued to the date of such partial termination, to the extent funded, shall be nonforfeitable.

SECTION 5.7. Death If, after having earned five (5) or more years of Vesting Service, a Member dies (a) while actively employed by the Employer or an Affiliated Employer, or (b) while being credited with notional Company Credits and Interest Credits pursuant to Section 7.3 hereof, a death benefit shall be payable to the Member's Beneficiary in accordance with the provisions of Article 6.

SECTION 5.8. Suspension of Benefits Subject to the provisions of Section 8.2 of this Plan, a Member who continues in active service of the Employer after such Member's Normal Retirement Age, or who is receiving payments from this Plan and is re-employed by an Employer, shall have his or her payments suspended in accordance with uniform rules adopted by the Committee and the provisions set forth below:

(a) If such Member is expected to work less than one thousand (1,000) Hours of Service during any calendar year in a period of active service during his or her re-employment, then such Member shall be deemed to have retired and such Member shall commence or continue to receive distribution of such Member's benefits under the Plan.

(b) If such Member is expected to work one thousand (1,000) or more Hours of Service during any calendar year in a period of active service during his or her reemployment and performs at least one (1) Hour of Service during each of eight (8) or more days in any calendar month that occurs during such period of active service, such Member's benefits under this Plan shall be suspended until the earlier of (i) such Member's actual retirement from the active service of an Employer or (ii) such Member's satisfaction of the conditions of paragraph 5.8(a).

(c) If benefit payments have been suspended, payments shall resume no later than the first day of the third calendar month after the calendar month in which the Employee ceases to be employed. The initial payment upon resumption shall be calculated as the sum of the amount that had been payable prior to suspension of benefits and the amount of benefit earned under this Plan during the period of employment between suspension of payments and resumption of payments.

(d) No payment shall be withheld by the Plan pursuant to this Section unless the Plan notifies the Member by personal delivery or first class mail during the first calendar month or payroll period in which the Plan withholds payments that his or her benefits are suspended. Such notification shall contain a description of the specific reasons why benefit payments are being suspended, a general description of the provisions of this Article relating to the suspension of payments, a copy of such provisions, and a statement of the effect that

applicable Department of Labor regulations may be found in Section 2530.203-3 of the code of Federal Regulations. In addition, the suspension notification shall inform the Member of the Plan's procedures for affording a review of the suspension of benefits. Requests for such reviews may be considered in accordance with the claims procedure set forth in Article 10 of the Plan. Any benefits to which any Member would be entitled to under the Plan shall be actuarially reduced by the amounts previously received by such Member upon an earlier termination of employment by retirement or otherwise, pursuant to uniform rules adopted by the Management Benefits and Compensation Committee.

SECTION 5.9. USERRA Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to military service will be provided in accordance with Code Section 414(u).

ARTICLE VI DEATH BENEFITS

SECTION 6.1. Payment of Death Benefits If, upon the death of a Member prior to the commencement of benefits hereunder, he or she (a) has been credited with less than five (5) years of Vesting Service or (b) has no Spouse and, on the Effective Date, was neither an active Employee nor being credited with notional Company Credits pursuant to Section 7.3 hereof, such Member's Accrued Benefit shall be forfeited. If, upon the death of a Member prior to the commencement of benefits hereunder, he or she has been credited with five (5) or more years of Vesting Service, the Member's Beneficiary (or contingent Beneficiary, as the case may be) shall be entitled to receive the Actuarial Equivalent Value of the deceased Member's Retirement Account in accordance with Section 6.3, except to the extent otherwise required pursuant to a "qualified domestic relations order," as such term is defined in Code Section 414(p).

SECTION 6.2. Designation of Beneficiary All Beneficiary designations shall be made on forms supplied by and in accordance with procedures established by the Management Benefits and Compensation Committee. An unmarried Member may designate any one individual person as his or her Beneficiary. If the Member is married, such Member's Beneficiary shall be his or her Spouse, unless (a) the Member designates a different Beneficiary in accordance with procedures established by the Management Benefits and Compensation Committee and (b) the Member's Spouse provide his or her written consent to such designation, which written consent shall have been witnessed by either a notary public or a representative of the Plan. If (i) the Member has not made a valid Beneficiary designation election at the time of his or her death, or (ii) the Member's Beneficiary (and contingent Beneficiary) shall have predeceased the Member, or (iii) the Beneficiary (or contingent Beneficiary) shall have elected to defer receipt of benefits and died prior to commencement of payment of such benefits, then the benefits shall be paid as a single life annuity to the person with the shortest life expectancy in the class consisting of such person or persons to whom the personal administrator of the Member (or of the Beneficiary or contingent Beneficiary, as the case may be) would be required to distribute the estate of the Member (or Beneficiary or contingent Beneficiary) if such Member (or Beneficiary or contingent Beneficiary) had died intestate, as determined under applicable state law.

SECTION 6.3. Benefit Commencement The Beneficiary (or contingent Beneficiary, as the case may be) may elect to begin receipt of his or her benefit on the first of the month following the death of the Member. The Beneficiary (or contingent Beneficiary) may elect to defer the receipt of his or her benefit beyond such date in accordance with the requirements of Code Section 401(a)(9) and the Treasury Regulations promulgated thereunder, but not later than the first day of the calendar month following the date on which the Member would have attained Normal Retirement Age. The deceased Member's Retirement Account which was not forfeited shall continue to be credited with Interest Credits, but not with Company Credits, until the Benefit Commencement Date.

SECTION 6.4. Spousal Death Benefit Notwithstanding any other provision of this Plan, upon the death of a vested Member prior to the commencement of benefit payments under the Plan, such Member's surviving Spouse shall be entitled to a minimum preretirement death benefit, provided such surviving Spouse has not waived his or her rights under the terms of the Plan. Such minimum preretirement death benefit shall be based upon the amount of such Member's Accrued Benefit as of the date of the Member's death, and shall be payable in the form of a single life annuity over such surviving Spouse's life, commencing on the first day of the month following the later of the date of the Member's death or the date the Member would have attained age fifty-five (55). The Spousal death benefit shall be equal to the greater of (a) fifty percent (50%) of the amount the Member would have received had he or she (i) retired on the later of the date of the Member's death or the date he or she would have attained age fifty-five (55) and (ii) elected to receive his or benefit in the form of a 50% Joint and Survivor Annuity Option or (b) the benefit to which the surviving Spouse is entitled under the provisions of Section 6.1 hereof.

ARTICLE VII DISABILITY

SECTION 7.1. Disability Retirement A Member who has at least five (5) years of Vesting Service may retire because of disability, if evidence of such disability is given to the satisfaction of the Management Benefits and Compensation Committee.

SECTION 7.2. Immediate Benefit A disabled Member as defined in Section 7.1 may elect to begin receipt of the Actuarial Equivalent Value of his or her Retirement Account on the first of the month following the date of disability as determined under Section 7.1 by the Management Benefits and Compensation Committee provided such Member is not receiving benefits under the Long-Term Disability Plan of Moody's Corporation. The Member may elect to defer the receipt of his or her benefit beyond such date, but not later than the Member's Normal Retirement Date. The Member's Retirement Account shall continue to be credited with Interest Credits until the Benefit Commencement Date.

SECTION 7.3. Deferred Benefit A disabled Member who is receiving benefits under the Long-Term Disability Plan of Moody's Corporation shall be entitled to a benefit payable on his or her Normal Retirement Date. Such Member's Retirement Account shall continue to be maintained and credited with notional Company Credits (as determined under the rules prescribed in Section 7.4) and Interest Credits until he or she attains Normal Retirement Age. A Member who, as of the Effective Date, has satisfied the age and service requirements set

forth in paragraph 4.1(c) hereof will continue to earn Credited Service for the purpose of determining the special Grandfather Benefit Amount under Section 4.9. Upon attainment of Normal Retirement Age, Company Credits, Interest Credits and Credited Service, if any, will no longer be credited to such Member's Retirement Account and the Accrued Benefit shall be paid to him or her under the terms of Article 8.

Notwithstanding the foregoing provisions of this Section 7.3, a Disabled Member may elect to begin the receipt of his or her vested Accrued Benefit at an earlier Benefit Commencement Date. In such event, the Member's Company Credits, Interest Credits and Credited Service will cease to be credited as of the Benefit Commencement Date.

SECTION 7.4. Disability Company Credits If a Disabled Member (a) has five (5) years of Vesting Service on the date he or she first becomes disabled (as determined in accordance with Section 7.1) and (b) has not elected to begin receiving benefit payments under the Plan, then, for each month during the period of disability until the earlier of (i) such Member's Normal Retirement Date, (ii) such Member's Benefit Commencement Date, or (iii) the date on which the Member no longer is entitled to benefits under the Long Term Disability Plan of Moody's Corporation and has not returned to work with the Employer, such disabled Member will continue to earn Credited Service and his or her Retirement Account will be credited with Company Credits based on one-twelfth ($\frac{1}{12}$) of the Member's Compensation received by the Member during the twelve (12) consecutive month period prior to the disability.

ARTICLE VIII PAYMENT OF BENEFIT

SECTION 8.1. Date of Payment Commencement Ninety (90) days prior to an Early Retirement Date, Normal Retirement Date, or Postponed Retirement Date, or as soon as practical after a Severance Date, the Management Benefits and Compensation Committee shall furnish each Member with an Election Form in accordance with the procedures of this Article 8. A Member's Benefit Commencement Date shall be the first day of the calendar month that the benefit selected will commence, but in no event earlier than one hundred eighty (180) days after the furnishing of that form. On a Member's Benefit Commencement Date, a Member's Accrued Benefit shall be paid in the manner provided in this Article 8. Except as provided in Section 8.2, a Member may elect to defer payment of the normal form of benefit or any of the optional benefit forms described below until any specified future date.

SECTION 8.2. Required Commencement at Age 70 $\frac{1}{2}$ The following provisions shall apply with respect to determining minimum distributions for calendar years beginning with the 2003 calendar year:

- (a) The Member's entire interest will be distributed, or begin to be distributed, to the Member no later than the Member's required beginning date.
- (b) If the Member dies before distributions begin, the Member's entire interest will be distributed, or begin to be distributed, no later than as follows:
 - (i) If the Member's surviving spouse is the Member's sole designated beneficiary, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Member died, or by December 31 of the calendar year in which the Member would have attained age 70 $\frac{1}{2}$, if later.

(ii) If the Member's surviving spouse is not the Member's sole designated beneficiary, distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Member died.

(iii) If there is no designated beneficiary as of September 30 of the year following the year of the Member's death, the Member's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

(iv) If the Member's surviving spouse is the Member's sole designated beneficiary and the surviving spouse dies after the Member but before distributions to the surviving spouse begin, this provision shall apply as if the surviving spouse were the Member.

For purposes of this Section 8.2, distributions are considered to begin on the Member's required beginning date (or, if Section 9.1(b)(iv) applies, the date distributions are required to begin to the surviving spouse). If annuity payments irrevocably commence to the Member before the Member's required beginning date (or to the Member's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 9.1(b)(iv)), the date distributions are considered to begin is the date distributions actually commence.

(c) Unless the Member's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance herewith. If the Member's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) Code and the Treasury regulations. Any part of the Member's interest which is in the form of an individual account described in Section 414(k) of the Code will be distributed in a manner satisfying the requirements of Section 401(a)(9) of the Code and the Treasury regulations that apply to individual accounts.

(d) If the Member's interest is paid in the form of annuity distributions under the Plan, payments under the annuity will satisfy the following requirements:

(i) The annuity distributions will be paid in periodic payments made at intervals not longer than one year;

(ii) The distribution period will be over a life (or lives) or over a period certain not longer than the period described in Section 9.1(b)(iv);

(iii) Once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;

(iv) Payments will either be nonincreasing or increase only as follows:

(A) By an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;

(B) To the extent of the reduction in the amount of the Member's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described above dies or is no longer the Member's beneficiary pursuant to a qualified domestic relations order within the meaning of Section 414(p) of the Code;

(C) To provide cash refunds of employee contributions upon the Member's death; or

(D) To pay increased benefits that result from a plan amendment.

(e) The amount that must be distributed on or before the Member's required beginning date (or, if the Member dies before distributions begin, the date distributions are required to begin above) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the Member's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Member's required beginning date.

(f) Any additional benefits accruing to the Member in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(g) If the Member's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Member and a nonspouse beneficiary, annuity payments to be made on or after the Member's required beginning date to the designated beneficiary after the Member's death must not at any time exceed the applicable

percentage of the annuity payment for such period that would have been payable to the Member using the table set forth in Q&A-2 of section 1.401(a)(9)-6T of the Treasury regulations. If the form of distribution combines a joint and survivor annuity for the joint lives of the Member and a nonspouse beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated beneficiary after the expiration of the period certain.

(h) Unless the Member's spouse is the sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Member's lifetime may not exceed the applicable distribution period for the Member under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations for the calendar year that contains the annuity starting date. If the annuity starting date precedes the year in which the Member reaches age 70, the applicable distribution period for the Member is the distribution period for age 70 under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations plus the excess of 70 over the age of the Member as of the Member's birthday in the year that contains the annuity starting date. If the Member's spouse is the Member's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Member's applicable distribution period, as determined under this Section, or the joint life and last survivor expectancy of the Member and the Member's spouse as determined under the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Member's and spouse's attained ages as of the Member's and spouse's birthdays in the calendar year that contains the annuity starting date.

(i) If the Member dies before the date distribution of his or her interest begins and there is a designated beneficiary, the Member's entire interest will be distributed, beginning no later than the time described herein, over the life of the designated beneficiary or over a period certain not exceeding:

(i) Unless the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the Member's death; or

(ii) If the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the annuity starting date.

(j) If the Member dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Member's death, distribution of the Member's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

(k) If the Member dies before the date distribution of his or her interest begins, the Member's surviving spouse is the Member's sole designated beneficiary, and the surviving spouse dies before distributions to the surviving spouse begin, this Section 9.1 will apply as if the surviving spouse were the Member, except that the time by which distributions must begin will be determined without regard to Section 9.1(b)(iv).

(l) For purposes of this Section 9.1, the following terms have the following meanings:

(i) "Designated beneficiary" means the individual who is designated as the beneficiary under the Plan and is the designated beneficiary under Section 401(a)(9) of the Code and section 1.401(a)(9)-1, Q&A-4, of the Treasury regulations.

(ii) "Distribution calendar year" means a calendar year for which a minimum distribution is required. For distributions beginning before the Member's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Member's required beginning date. For distributions beginning after the Member's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to this Section 9.1(b)(iv).

(iii) "Life expectancy" means life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury Regulations.

(iv) "Required beginning date" means April 1 of the calendar year following the calendar year in which the Member (A) attains age $70\frac{1}{2}$ or (B) retires, whichever is later; except that, in the case of a Member who is a five percent owner (as defined in Section 416 of the Code) of an Employer Company with respect to the calendar year in which he attains age $70\frac{1}{2}$, required beginning date means April 1 following the calendar year in which the Member attains age $70\frac{1}{2}$.

SECTION 8.3. Normal Form of Benefit The normal form of benefit for an unmarried Member shall be a single life annuity. The normal form of benefit for a married Member shall be a Qualified Joint and Survivor Annuity (as defined below) unless such Member, with the consent of his or her Spouse, elects otherwise. A Qualified Joint and Survivor Annuity shall mean a retirement benefit which is the Actuarial Equivalent Value of a single life annuity based on the Member's Early Retirement, Normal Retirement or Postponed Retirement Benefit (as the case may be), under which equal monthly installments are payable during the lifetime of the Member, and, should the Member predecease his or her Spouse, fifty percent (50%) (or, effective for distributions with annuity starting dates on or after January 1, 2008, seventy five percent (75%) if elected by the Spouse) of the amount of such installments will continue to be paid monthly to the Spouse for the remainder of the Spouse's lifetime.

SECTION 8.4. Right to Elect Alternate Form of Benefit In lieu of the benefits provided by Section 8.3, a Member shall have the right to elect, prior to his or her Benefit Commencement Date, an alternative form of benefit, in accordance with the terms of Section 8.6. If the Member is married, any such election may be made only with the written consent of his or her Spouse, executed as provided under Section 8.5. Any alternative form of benefit shall be the Actuarial Equivalent of the Member's Accrued Benefit. The Employer and the Management Benefits and Compensation Committee shall be entitled to rely conclusively upon documentation presented to its or their satisfaction that a Member is not married or, if a Member is married at the time of reference, that such Member's Spouse cannot be located or that the consent of such Spouse is not obtainable, for whatever circumstances the Secretary of the Treasury prescribes by regulations as sufficient to justify the commencement or waiver of benefits without Spousal consent.

Regardless of the form of payment, all distributions shall comply with Section 401(a)(9) of the Code and the regulations promulgated thereunder, including the minimum distribution incidental death benefit requirements of Section 401(a)(9)(G) of the Code and the regulations promulgated thereunder, and such provisions shall override any Plan provisions otherwise inconsistent therewith.

SECTION 8.5. Form of Election A Member may make or revoke an election of any form of benefit to which the Member is entitled under this Article 8 in writing to the Management Benefits and Compensation Committee, and such election or revocation shall be subject to the following conditions:

(a) The Management Benefits and Compensation Committee shall furnish to each Member a general written explanation in nontechnical terms of the availability of the various optional forms of payment under the Plan within a reasonable period of time prior to the earliest date the Member could retire under the Plan. A Member has a right to receive, within thirty (30) days after filing a written request with the Management Benefits and Compensation Committee, a written explanation of the terms and conditions of the Qualified Joint and Survivor Annuity and the financial effect upon the Member, given in terms of dollars per annuity payment. Requests for additional information may be made by the Member at any time before the ninetieth (90th) day prior to the Benefit Commencement Date.

(b) An election to receive an optional form of benefit may be made at any time during the Election Period. The Election Period is a period of one hundred eighty (180) days prior to the Member's Benefit Commencement Date. Subject to subparagraph (c) below, a Member may make an election not to receive the Qualified Joint and Survivor Annuity, revoke any previous election, and if the Member so desires, make a new election, until the expiration of the Election Period.

(c) If a Member is married, an election of a form of benefit other than the Qualified Joint and Survivor Annuity will require the written consent of the Spouse, and such written consent must be witnessed by a notary public or a representative of the Plan.

SECTION 8.6. Optional Forms of Retirement Benefit Unless otherwise provided below, a Member may elect to receive his or her Accrued Benefit in any one of the following optional forms of benefit, each of which shall be the Actuarial Equivalent Value of such Member's Accrued Benefit:

(a) Joint and Survivor Annuity Option Any Member (other than a Member who terminates employment with the Employer or an Affiliated Employer prior to his or her Early Retirement Date) may elect to receive a monthly benefit payable to the Member for life, and after the Member's death in an amount equal to one hundred percent (100%), or seventy-five percent (75%), or fifty percent (50%) of such amount as specified by the Member, to the joint annuitant for life. Should the joint annuitant die prior to the Member's Benefit Commencement Date, any election of this option shall be automatically canceled and the benefit hereunder shall be payable in the normal form of benefit as described under Section 8.3.

(b) Months Certain and Life Income Annuity Option Any Member who terminates employment with the Employer on or after such Member's Early Retirement Date may elect to receive his or her benefit in the form of monthly payments over the Member's lifetime with a guaranteed minimum period ("Period Certain") of either one hundred twenty (120) or one hundred eighty (180) months, as designated by the Member. Notwithstanding the above, a Member who was a participant in the Master Retirement Plan of the Dun & Bradstreet Corporation for Employees of I.M.S. International, Inc. as of December 31, 1992 may elect to receive his or her benefit in monthly payments over a Period Certain of sixty (60) months. In the event of the death of the Member after the Benefit Commencement Date, but prior to the Member's receiving benefit payments for the full Period Certain he or she has elected, the monthly payments remaining for the Period Certain shall be paid to the Member's Beneficiary (or contingent Beneficiary) designated in accordance with Section 6.2. In no event shall a Member be permitted to elect a Period Certain extending beyond the life expectancy of the Member and his or her designated Beneficiary, if any.

(c) Straight Life Annuity Option A Member may elect to receive a single life annuity payable in equal unreduced monthly payments during the Member's lifetime, with no further payments to any other person after the Member's death.

(d) 50% Lump Sum Option A Member (other than a Member who is entitled to receive the Frozen Accrued Benefit described in Section 4.8 or the Grandfather Benefit Amount described in Section 4.9) may elect to receive fifty percent (50%) of his or her vested Retirement Account balance in a lump sum payment as of his or her Severance Date ("50% Lump Sum Option"). Such election may be made at any time up to and including the Member's Postponed Retirement Date. The remaining fifty percent (50%) of the Retirement Account Balance will continue to be credited with Interest Credits to the Benefit Commencement Date. The benefit payable as of the Benefit Commencement Date will be the Actuarial Equivalent Value of the remaining Retirement Account balance as of that date in a form of benefit provided under Sections 8.3 and 8.6. In no event may the Benefit Commencement Date for the remaining Retirement Account balance be prior to the Member's Early Retirement Date. Notwithstanding the foregoing provisions of this paragraph 8.6(d), if an actuarial adjustment is made to the Normal Retirement Benefit of a Member due to the application of the suspension of benefit notification rules of Section 411 of the Code and Section 203 of ERISA in 1995 and 1996, such Member may elect a 50% Lump Sum Option if, absent such adjustment, the Member would not be entitled to the Grandfather Benefit Amount. For purposes of determining eligibility for

Members to receive the 50% Lump Sum Option, a determination shall be made using a comparison of the Actuarial Equivalent Benefit under the Retirement Account at Early Retirement Age (or current age, if later) and the Grandfather Benefit Amount payable at age fifty-five (55).

(e) Level Income Annuity Option. Any Member (other than a Member who terminates employment with the Employer prior to his or her Early Retirement Date) may elect a monthly benefit providing for a level combined income from the Plan and the Member's primary Social Security benefit, both before and after the date Social Security benefits are payable. For purposes of this option, the Benefit Commencement Date for the Member's primary Social Security benefits shall be the first day of the month next following his or her attainment of age sixty-two (62) A Member may not revoke his or her election of this option or otherwise change the provisions of his or her election in any way after his or her Benefit Commencement Date. A Level Income Annuity Option may be elected in the form of a Joint and Survivor Annuity Option, a Straight Life Annuity Option, or a Months Certain and Life Income Annuity Option.

SECTION 8.7. Beneficiary(ies) Subject to the provisions of Section 6.2:

(a) a Member may designate his or her Spouse, or, with the consent of the Member's Spouse (if any), any individual to be the joint annuitant under the Joint and Survivor Annuity Option described in Section 8.6(a); and

(b) with respect to the Months Certain and Life Income Option described in Section 8.6(b), in the event the Beneficiary predeceases the Member, benefits shall continue to be paid over the full Period Certain to such Member's contingent Beneficiary as shall have been designated by the Member on his or her Beneficiary designation election form.

SECTION 8.8. Lump Sum Payment If the Actuarial Equivalent Value of a Member's Accrued Benefit as described under Section 4.1 or 4.9 as of his or her Benefit Commencement Date does not exceed \$1,000, such amount shall be automatically paid in the form of a lump sum payment as soon as reasonably practicable following the Member's termination of employment.

SECTION 8.9 Direct Rollover Treatment for Certain Distributions Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section 8.9, a distributee may elect, at the time and in the manner prescribed by the Management Benefits and Compensation Committee, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

An eligible rollover distribution is a distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include:

(a) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or the joint life expectancies) of the distributee and the distributee's designated Beneficiary, or for a specified period of ten (10) years or more;

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- (b) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and
 - (c) any hardship withdrawal.

An eligible retirement plan is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, a qualified trust described in Section 401(a) of the Code, a plan described in Section 403(b) of the Code, or an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.

A distributee is an Employee or former Employee. In addition, the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, is a distributee with regard to the interest of the spouse or former spouse.

A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

In addition, a Beneficiary who is not the Member's Spouse but who is a "designated beneficiary" within the meaning of Section 401(a)(9)(E) of the Code may elect to have the portion of the distribution that otherwise is an eligible rollover distribution transferred in a trustee-to-trustee transfer to an individual retirement account or an individual retirement annuity that has been established for purposes of receiving such distribution.

With respect to distributions after December 31, 2007, a distributee who is a Member, a spouse of a Member or an alternate payee may elect to directly roll over all or a portion of the eligible rollover distribution to a Roth IRA in a manner permitted by guidance issued by the Internal Revenue Service.

In the event that the provisions of this Section 8.9 or any part thereof cease to be required by law as a result of subsequent legislation or otherwise, this Section 8.9 or applicable part thereof shall be ineffective without necessity of further amendment of the Plan.

Any such election shall be made (i) on forms approved by and filed with the Management Benefits and Compensation Committee, (ii) by telephonic, electronic or other data transmission in a manner approved by the Management Benefits and Compensation Committee, or (iii) in any other manner approved by the Management Benefits and Compensation Committee in its sole discretion.

SECTION 8.9 Retroactive Benefit Commencement Dates To the extent otherwise permitted by the Plan, a Member or a Beneficiary may elect a Retroactive Benefit Commencement Date. For purposes hereof, the term "Retroactive Benefit"

Commencement Date" shall have the same meaning as "retroactive annuity starting date" in Treasury Regulation Section 1.417(e)-1(b)(3)(iv) (B). If such a Retroactive Benefit Commencement Date is elected by a Member or Beneficiary, the distribution shall be administered in accordance with the rules set forth in Treasury Regulation Sections 1.417(e)-1(b)(3)(v) and (vi).

ARTICLE IX FUNDING

SECTION 9.1. Funding Policy All contributions under the Plan shall be made by the Employer and shall only be made if such contributions are deductible by the Employer under Code Section 404. Such contributions will be determined on the basis of actuarial valuations of the assets and liabilities of the Plan by an independent actuary, who also may perform actuarial or consulting services for the Employer. Such contributions shall be voluntary and the Employer shall be under no legal obligation except as otherwise provided under this Plan or under ERISA or other applicable law to any person interested in the Plan to make or continue them. Contributions made by the Employer to the Plan may be used for the purposes of the payment of any benefits and the proper expenses of administering the Plan.

SECTION 9.2. Trust Fund The assets of the Plan shall be held in Trust by one or more corporate trustees pursuant to the terms of a trust agreement or trust agreements between Moody's Corporation and each corporate trustee. Such Trust agreement or agreements shall provide that the assets of the Plan shall be invested and reinvested in such investments as either the corporate Trustee or an investment manager or managers appointed by the Management Benefits and Compensation Committee may deem advisable. Any investment manager appointed by the Management Benefits and Compensation Committee shall be an investment adviser registered under the Investment Advisers Act of 1940, a bank as defined in that Act, or an insurance company qualified to perform investment management services under the laws of more than one State, or any other entity which qualifies as an investment manager pursuant to Section 3(38) of ERISA, as may be amended from time to time, which investment manager shall have acknowledged in writing that it is a fiduciary with respect to the Plan (each, an "Investment Manager"). Investment decisions with respect to the Fund, including the authority to acquire and dispose of Plan assets shall be, to the extent determined by the Management Benefits and Compensation Committee, the exclusive responsibility of the corporate Trustee or the Investment Manager having discretionary investment authority under the terms of the governing Trust agreement.

SECTION 9.3. Non-Diversion of the Fund The Fund shall never inure to the benefit of the Employer and shall be held for the exclusive purposes of providing benefits to Members and their Beneficiaries and defraying reasonable expenses of administering the Plan; provided, however, that assets of the Plan may revert to the Employer in the event of a Plan termination to the extent that assets of the Plan exceed all benefit liabilities of the Plan or in the event of a contribution made by a mistake of fact if such mistaken contribution is returned within one year of its payment to the Fund. Contributions, which are conditioned on their being deductible under the Code, also may be returned within one year of the deduction being disallowed by the Internal Revenue Service. To the extent permitted by applicable law, the Company may elect to pay all (or its pro rata portion) of the administrative expenses of the Plan

and fees and retainers of the Plan's trustee, actuary, accountant, counsel, consultant, administrator, or other specialist so long as the Plan or Fund remains in effect. To the extent that the Company does not elect to pay such expenses directly, the Company may direct the Trustee to pay the proper expenses of administering the Plan out of the Fund.

SECTION 9.4. Rights of Members and Others No Employee, Member or Beneficiary under this Plan or any other persons shall have any interest in or right to any part of the corpus, income or earnings of the Fund, except as and to the extent provided in this Plan.

SECTION 9.5. Contingent Nature of Contributions Unless the Employer notifies the Management Benefits and Compensation Committee and the Trustee in writing to the contrary, all contributions made to this Plan are expressly conditioned upon their deductibility under Section 404 of the Code.

ARTICLE X PLAN ADMINISTRATION

SECTION 10.1. Named Fiduciary . The Management Benefits and Compensation Committee shall be the named fiduciary (the "Named Fiduciary") which shall have authority to control and manage the operation and administration of the Plan and to manage and control its assets. The Management Benefits and Compensation Committee shall consist of not less than three (3) nor more than seven (7) members, as may be appointed by the Board of Directors from time to time. Any member of the Management Benefits and Compensation Committee may resign at will by notice to the Board of Directors or be removed at any time (with or without cause) by the Board of Directors.

SECTION 10.2. Allocation of Duties . The Named Fiduciary may from time to time allocate fiduciary responsibilities among its members and may designate persons other than members of the Named Fiduciary to carry out fiduciary responsibilities under the Plan, and such persons shall be deemed to be fiduciaries under the Plan with respect to such delegated responsibilities. Fiduciaries may employ one or more persons to render advice with regard to any responsibility such fiduciary has under the Plan.

SECTION 10.3. Authority . The Named Fiduciary (and its delegates) 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 Named Fiduciary (and its delegates) shall be conclusive and binding upon all Employees, Members and Beneficiaries. In all instances the Named Fiduciary (and its delegates) shall have complete discretionary authority to determine eligibility for participation and benefits under 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. All deference permitted by law shall be given to such constructions, interpretations and determinations.

SECTION 10.4. Action . Any action to be taken by the Named Fiduciary 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 member of the Management Benefits and Compensation Committee member and the secretary of the Management Benefits and Compensation Committee shall be sufficient evidence to any person of any action taken pursuant to the Plan.

SECTION 10.5. Fiduciary Capacity. Any person, corporation or other entity may serve in more than one fiduciary capacity under the Plan.

SECTION 10.6. Determination of Benefits and Benefit Claims Procedures All benefits payable under the Plan shall be authorized in writing by the Management Benefits and Compensation Committee (or by such person or committee to whom such responsibility may have been delegated by the Management Benefits and Compensation Committee pursuant to the power vested in it herein) and shall be communicated in writing to the Member or Beneficiary. Any Member or Beneficiary may apply to the Management Benefits and Compensation Committee for payment of any benefit that may be due to him or her under the Plan. Such application shall set forth the nature of the claim and any information as the Management Benefits and Compensation Committee may reasonably request. Upon receipt of any such application, the Management Benefits and Compensation Committee shall determine whether or not the Member or Beneficiary is entitled to the benefit hereunder.

If an application for benefits is denied, in whole or in part, the Management Benefits and Compensation Committee shall give written notice to any Member or Beneficiary of the denial. The notice shall be given within ninety (90) days after receipt of the Member's or Beneficiary's application unless special circumstances require an extension for processing the claim. In no event shall such extension exceed a period of ninety (90) days from the end of such initial review period. The notice will be delivered to the claimant or sent to the claimant's last known address and will include the specific reason or reasons for the denial, a specific reference or references to pertinent Plan provisions on which the denial is based, a description of any additional material or information necessary for the claimant to perfect the claim (which will indicate why such material or information is needed), and an explanation of the Plan's claims review procedure.

If the claimant wishes to appeal the denial of the application for benefits, the claimant or a duly authorized representative must file a written request with the Committee for a subsequent review. This request must be made by the claimant within sixty (60) days after receiving notice of the claim's denial. The claimant or representative may review pertinent documents relating to the claim and its denial, may submit issues and comments in writing to the Management Benefits and Compensation Committee. Within sixty (60) days after receipt of such a request for review, the Management Benefits and Compensation Committee shall reconsider the claim, and make a decision on the merits of the claim. If circumstances require an extension of time for processing the claim, the sixty (60) day period may be extended but in no event more than one hundred and twenty (120) days after the receipt of a request for review. The decision on review will be in writing and include specific reasons and references to the pertinent Plan provisions on which the decision is based.

ARTICLE XI MERGERS, CONSOLIDATIONS AND ASSETS OR LIABILITY TRANSFERS

SECTION 11.1. Mergers, Consolidations and Transfers The merger or consolidation with, or transfer of the allocable portion of the assets and liabilities of the Fund to

any other qualified retirement plan trust shall be permitted in the sole discretion of the Management Benefits and Compensation Committee; provided, however, that such merger, consolidation or transfer shall occur only if the benefit each Member would receive, if the Plan were terminated immediately after such merger or consolidation of such transfer of the allocable portion of the assets and liabilities, would be at least as great as the benefits he or she would have received had the Plan been terminated immediately before the date of such merger, consolidation or transfer. No such merger, consolidation, or transfer shall be effected until and unless an actuarial statement satisfactory to the Management Benefits and Compensation Committee is filed with the Committee evidencing compliance with the foregoing requirements of this Section 11.1.

ARTICLE XII AMENDMENT OF PLAN

SECTION 12.1. Right to Amend the Plan By action of its Board of Directors, the Management Benefits and Compensation Committee or any delegate thereof, the Company reserves the right to modify, alter or amend this Plan on behalf of itself and any other Employer from time to time to any extent that it may deem advisable including, but without limiting the generality of the foregoing, any amendment deemed necessary to ensure the continued qualification of the Plan under Section 401 of the Code or the appropriate provisions of any subsequent revenue law. Except as provided in Section 13.1, no such amendment(s) shall have the effect of reverting to the Employer the whole or any part of the principal or income for purposes other than for the exclusive benefit of Members or Beneficiaries at any time prior to the satisfaction of all the liabilities under the Plan with respect to such persons. No amendment shall reduce a Member's Accrued Benefit on the effective date of the Plan amendment or eliminate an optional form of benefit under the Plan with respect to the Member's Accrued Benefit on the date of the amendment.

SECTION 12.2. Prior Plan Provisions The Plan as in effect prior to the effective date of any amendment (heretofore or hereafter adopted) will continue to apply to those who terminated employment on account of death, retirement, or any other reason, prior to such date unless the context of the Plan as amended from and after any such date is clearly made applicable to those who terminated prior to such date.

SECTION 12.3. Plan Qualification Notwithstanding the provisions of Sections 12.1 and 12.2, any amendment may be retroactive to the extent necessary to preserve the tax-qualified status of the Plan.

ARTICLE XIII TERMINATION OF THE PLAN

SECTION 13.1. Right to Terminate The Plan The Board of Directors may at any time, in accordance with its established rules of procedure, terminate or permanently discontinue contributions under the Plan at any time on behalf of itself and/or any Employer. The assets of the Plan shall never inure to the benefit of any Employer and shall be held for the exclusive purposes of providing benefits to Members and their Beneficiaries and defraying reasonable expenses of administering the Plan; provided, however, assets of the Plan may revert to an Employer in the event of a Plan termination to the extent that assets of the Plan exceed all liabilities of the Plan or pursuant to Section 18.2.

SECTION 13.2. Vesting Upon Plan Termination or Partial Termination In the event of termination of the Plan, no further contributions shall be made hereunder and the right of each Member to benefits accrued to the date of termination to the extent funded shall be nonforfeitable. In the event of partial termination, the following provisions of this paragraph shall apply only to the portion of the Plan terminated. In the event of termination of the Plan by action of the Board of Directors or otherwise, the assets of the Plan shall be allocated among Members and their Beneficiaries in accordance with the provisions of Section 4044 of ERISA; provided, however, if the application of said provisions of Section 4044 results in the reduction or elimination of any benefits under any predecessor plan which were vested on December 31, 1975, and which would have been distributed under the termination priorities set forth in such Plans as of such date, the Company shall request the Pension Benefit Guaranty Corporation to initiate or shall on its own initiate an appropriate legal proceeding in accordance with the provisions of Section 4042 of ERISA.

SECTION 13.3. Residual Assets Returned to Company The residual assets of the Plan shall be returned to the Company after all liabilities of the Plan to Members and their Beneficiaries have been satisfied.

SECTION 13.4. Settlement of Termination Liabilities Upon termination of the Plan, and subject to regulations of the Pension Benefit Guaranty Corporation or other applicable laws, any amount allocated for the benefit of a Member or Beneficiary shall be applied for his or her benefit, as the Management Benefits and Compensation Committee determines in its sole discretion, either by cash payment or by the purchase of an insurance company contract, or by any combination of the foregoing.

ARTICLE XIV **LIMITATION OF RETIREMENT BENEFITS**

SECTION 14.1. Special Limitation for Twenty-Five Highest Paid The provisions of this Article 14 shall apply (a) in the event the Plan is terminated, to any Member who is a Highly Compensated Employee or Highly Compensated Former Employee of the Company or any Affiliated Employer and (b) in any other event, to any Member who is one of the twenty-five (25) highest compensated Employees or former Employees of the Company or any Affiliated Employer for a Plan Year. The amount of the annual payments under the Plan to any Member to whom this Article 14 applies shall not exceed an amount equal to the payment that would be made under the Plan during the Plan Year on behalf of the Member under a single life annuity which is the Actuarial Equivalent to the sum of the Member's Accrued Benefit and any other benefits under the Plan.

SECTION 14.2. Exception To Special Limitations The provisions of Section 14.1 shall not apply if (a) the value of the benefits which would be payable under the Plan to a Member described in Section 14.1 is less than one percent (1%) of the value of the current liabilities (as defined in Section 412(l)(7) of the Code) under the Plan or (b) the value of the Plan's assets equals or exceeds, immediately after payment of a benefit under the Plan to a Member described in Section 14.1 one hundred ten percent (110%) of the value of the current liabilities under the Plan.

SECTION 14.3. Plan Termination Limit Notwithstanding the provisions of Sections 14.1 and 14.2, in the event the Plan is terminated, the restrictions contained in Section 14.1 shall not be applicable if the benefits payable under the Plan to any Member who is a Highly Compensated Employee or a Highly Compensated Former Employee are limited to benefits which are non-discriminatory under Section 401(a)(4) of the Code.

SECTION 14.4. Interpretation The foregoing provisions of this Article 14 are intended to conform the Plan to the requirements of Section 1.401(a)(4)-5(b) of the Treasury Regulations, and shall be construed accordingly. In the event that under any statute, regulation or ruling the conditions of this Section are no longer required for the Plan to comply with the requirements of Section 401 (or any other provisions with respect to qualification for tax exemption of retirement plans and trusts) of the Code, such conditions shall immediately become void and shall no longer apply without the necessity of an amendment to the Plan.

ARTICLE XV LIMITATIONS ON BENEFITS

SECTION 15.1. Code Section 415 Limits In no event may a Member's Projected Annual Benefit (as defined below) in any Limitation Year (as defined below) exceed the maximum permitted under Section 415 of the Code. For this purpose:

(a) "Limitation Year" means the calendar year.

(b) "Defined Benefit Plan" means this Plan or any retirement plan maintained by the Company or any Affiliated Employer within the meaning of Section 415(h) of the Code that is not a Defined Contribution Plan.

(c) "Defined Contribution Plan" means any retirement plan maintained by the Company or any Affiliated Employer within the meaning of Section 415(h) of the Code which provides for an individual account for each participant and for benefits based solely on the amount contributed to such account and any income, expense, gains and losses, and forfeitures of accounts of other participants which may be allocated to such account.

(d) (i) A Member's "Projected Annual Benefit" under a Defined Benefit Plan shall be equal to the annual retirement benefit to which he or she would be entitled under such plan if he or she were to continue employment until his or her Social Security Retirement Age (as defined below) under such plan, and all other relevant factors used to determine benefits under the Plan were to remain the same as in the current Plan Year for all future Plan Years.

(ii) For purposes of this Subparagraph (e)

(A) a Member's benefit shall be converted into the form of an annual retirement benefit which is provided in the form of a straight life annuity. The actuarially equivalent straight life annuity is equal to the greater of the annuity benefit computed using the interest rate and mortality table (or other tabular factor)

specified in the Plan for adjusting benefits in the same form, and the annuity benefit computed using a 5 percent interest rate assumption and the applicable mortality table defined in Section 1.2 of the Plan. In determining the actuarially equivalent straight life annuity for a benefit form other than a nondecreasing annuity payable for a period of not less than the life of the Member (or, in the case of a qualified pre-retirement survivor annuity, the life of the surviving spouse), or decreases during the life of the Member merely because of (a) the death of the survivor annuitant (but only if the reduction is not below 50% of the annual benefit payable before the death of the survivor annuitant), or (b) the cessation or reduction of Social Security supplements of qualified disability payments (as defined in Section 401(a)(11) of the Code, the interest rate as set forth in Section 1.2 of the Plan will be substituted for "a 5 percent interest rate assumption" in the preceding sentence. No actuarial adjustment to the benefit is required for (a) the value of a qualified joint and survivor annuity, (b) benefits that are not directly related to retirement benefits (such as the qualified disability benefit, pre-retirement death benefits, and post-retirement medical benefits), and (c) the value of post-retirement cost-of-living increases made in accordance with Section 415(d) of the Code and section 1.415-3(c)(2)(iii) of the Income Tax Regulations. The annual benefit does not include any benefits attributable to employee contributions or rollover contributions, or the assets transferred from a qualified plan that was not maintained by the Employer;

- (B) if the annual benefit of the Member commences before the Member's Social Security Retirement Age, but on or after age 62, the limitation in Section 15.2(a) (as reduced in (A) above, if necessary), shall be determined as follows:
 - (i) If a Member's Social Security Retirement Age is 65, the limitation for benefits commencing on or after age 62 is determined by reducing the limitation by $\frac{5}{9}$ of one percent for each month by which benefits commence before the month in which the Member attains age 65.
 - (ii) If a Member's Social Security Retirement Age is greater than 65, the limitation in Section 15.2(a) for benefits commencing on or after age 62 is determined by reducing the limitation by $\frac{5}{9}$ of one percent for each of the first 36 months and $\frac{5}{12}$ of one percent for each of the additional months (up to 24 months) by which benefit commence before the month of the Member's Social Security Retirement Age;
- (C) if the benefit of a Member commences prior to age 62, the limitation in Section 15.2(a) shall be an annual benefit that is the actuarial equivalent of the defined benefit dollar limitation for age 62, as determined above, reduced for each month by which benefits commence before the month in which the Member attains age 62. The annual benefit beginning prior to age 62 shall be determined as the lesser of the equivalent annual benefit computed using the interest rate and mortality table (or other tabular factor) equivalence for early retirement benefits, and the equivalent annual benefit computed using a 5 percent interest rate and the mortality table from Section 1.2. Any decrease in the adjusted limitation

determined in accordance with this subparagraph (C) shall not reflect any mortality decrement to the extent that benefits will not be forfeited upon the death of the Member.

If the annual benefit of a Member commences after the member's Social Security Retirement Age, the limitation as reduced in (B) above, if necessary, shall be adjusted so that it is the actuarial equivalent of an annual benefit of such limitation beginning at the Member's Social Security Retirement Age. The equivalent annual benefit beginning after Social Security Retirement Age shall be determined as the lesser of the equivalent annual benefit computed using the interest rate and mortality table (or other tabular factor) specified in the Plan for purposes of determining actuarial equivalence for delayed retirement benefits, and the equivalent annual benefit computed using a 5 percent interest rate assumption and the mortality table as set forth in Section 1.2 of the Plan.

- (D) if an annual retirement benefit begins after age 65, the otherwise applicable dollar limitation shall be adjusted so that it is the Actuarial Equivalent of an annual retirement benefit commencing at age 65 using an interest assumption equal to the lesser of five percent (5%) or the interest rate used by the Plan;
- (E) an annual retirement benefit which is attributable all or in part to employee or rollover contributions (as defined in Section 402(c), 403(a)(4) or 408(d)(3) of the Code) shall be reduced so that it will be the equivalent of an annual retirement benefit derived solely from Employer contributions; and
- (F) if any Member has completed (I) fewer than ten (10) years of Plan participation, the dollar limitation under Section 15.2(a) otherwise applicable to him or her shall be reduced by multiplying it by a fraction, the numerator of which is his or her years of Plan participation as of the close of the Limitation Year and the denominator of which is ten (10), and/or (II) fewer than ten (10) Years of Service with the Company and or any Affiliated Employer, the limitations under Sections 15.3 otherwise applicable to him or her shall be reduced by multiplying it by a fraction, the numerator of which is his or her Years of Service as of the close of the Limitation Year and the denominator of which is ten (10).

(e) "Social Security Retirement Age" means the social security retirement age as defined under Section 415(b)(8) of the Code which shall mean age sixty-five (65) in the case of a Member attaining age sixty-two (62) before January 1, 2000 (i.e., born before January 1, 1938), age sixty-six (66) for a Member attaining age sixty-two (62) after December 31, 1999, and before January 1, 2017 (i.e., born after December 31, 1937, but before January 1, 1955), and age sixty-seven (67) for a Member attaining age sixty-two (62) after December 31, 2016 (i.e., born after December 31, 1954).

(f) "415 Compensation" means the Member's compensation, within the meaning of Treas. Reg. § 1.415-2(d)(1) and (2), for a Limitation Year from the Company and all Affiliated Employers, including, to the extent includable in gross income, the Member's wages, salary, and other amounts (including fringe benefits, reimbursements, expense allowances,

vacation pay, and long-term disability benefits) received or made available or, as applicable, accrued for personal services actually rendered, earned income from sources outside the United States whether or not excluded from taxable gross income, non-deductible moving expenses paid on behalf of or reimbursed to the Member, non-qualified stock options taxable in the year granted, and, as applicable, amounts previously not included which are earned but not paid in such period because of the timing of pay periods and pay days but are paid during the first few weeks following the end of such period, but excluding deferred compensation, stock options and other distributions that receive special tax benefits. In addition, 415 Compensation also includes any amounts deferred pursuant to Section 402(g)(3) of the Code, excludable from the gross income of the Member pursuant to Section 125 of the Code, and qualified transportation fringe benefits described in Section 132(f)(4) of the Code.

SECTION 15.2. Maximum Projected Benefit In no event may a Member's Projected Annual Benefit under Defined Benefit Plans for any Limitation Year exceed the amount prescribed by Section 415 of the Code. For purposes of determining the Projected Annual Benefit payable, subject to the adjustments hereinafter set forth, the Projected Annual Benefit of a Member who completes at least ten (10) Years of Service and to whom payments commence on or after his or her Social Security Retirement Age at any time within a Limitation Year shall not exceed the lesser of:

(a) One Hundred Sixty Thousand Dollars (\$160,000) or such indexed amount as shall be prescribed by the Secretary of the Treasury as of the first day of a Limitation Year in accordance with Section 415(b) of the Code; or

(b) One hundred percent (100%) of the Member's highest average annual 415 Compensation determined over three (3) years of employment in which such average is highest; or

(c) Notwithstanding the foregoing, if the Member has never participated in any Defined Contribution Plans, his or her Projected Annual Benefit shall be not less than Ten Thousand Dollars (\$10,000) or such proportional amount thereof as shall be applicable because fewer than ten (10) Years of Service have been completed.

(d) If the applicable Section 415 limits are increased after a benefit is in pay status by virtue of an adjustment to those limits reflecting a change in the cost of living index, benefit payments to a Member shall be increased automatically to the maximum extent permitted under the revised limits. In addition, if the applicable Section 415 limits are increased after a Member's termination of employment, a Member's Accrued Benefit shall be increased automatically to the maximum extent permitted under the revised limits. These increases shall occur only to the extent it would not cause the benefit to exceed the benefit to which the Member would have been entitled in the absence of the Section 415 limits.

SECTION 15.3. Interpretation This Section shall be interpreted in accordance with regulations under Section 415 of the Code, and any applicable dollar limitations (whether higher or lower than the amounts specifically stated herein) imposed by such legislation if different from the dollar amounts specified herein shall be incorporated herein and shall supersede such stated dollar amounts as though the Plan had been amended accordingly. In the

event that under any statute, regulation or ruling the conditions of this Section are no longer required for the Plan to comply with the requirements of Section 401 (or any other provisions with respect to qualification for tax exemption of retirement plans and trusts) of the Code, such conditions shall immediately become void and shall no longer apply without the necessity of an amendment to the Plan.

ARTICLE XVI PARTICIPANTS IN PREDECESSOR PLANS

SECTION 16.1. No Duplication of Benefits Except as may be expressly provided to the contrary in the Plan, the amount and form of retirement benefits provided to a Member under the Plan shall be in lieu of any such benefits payable to such Member or his or her Beneficiary under the terms of any Predecessor Plan for any service with The Dun & Bradstreet Corporation prior to the Effective Date or any business entity merged into or otherwise acquired by The Dun & Bradstreet Corporation prior to January 1, 1985; provided, however, if any amounts are payable with respect to Service with such a merged or acquired business from a source other than the Fund, such benefits shall reduce the amount of any benefit payable to such Member or his or her Beneficiary for such Service under the Plan, the Prior Plan or The Dun & Bradstreet Retirement Account as in effect from and after January 1, 1985, whether or not such amounts are payable to the same person entitled to benefits under the Plan. Notwithstanding anything hereinabove to the contrary, entitlement of a Member or any Beneficiary to benefits under the Plan, the Prior Plan or The Dun & Bradstreet Retirement Account with respect to any period of Service with any business entity merged into or otherwise acquired by the Company prior to January 1, 1985, or any limitation on or reduction of benefits under the Plan as a result of such Service or otherwise shall continue to be determined in accordance with the schedule attached to the Predecessor Plan applicable to such Member or with the schedule, if any, applicable to such Predecessor Plan which was attached to and made a part of the Prior Plan prior to January 1, 1985.

SECTION 16.2. Payment of Integrated Amounts If any Member or his or her Beneficiary would have been entitled to a refund of any Integrated Amount under the terms of the Predecessor Plan, such Integrated Amount shall continue to be payable in accordance with the provisions of such Predecessor Plan, subject to the following:

(a) Unless a Member waives payment of such refund upon termination of Service (other than by death or retirement), any deferred benefits payable under the Plan to such Member or his or her Beneficiary shall be reduced by the Integrated Amount refunded. For purposes of computing such reduction, the actuarial value of the Normal Retirement Benefit payable at Normal Retirement Age calculated as of such date shall be reduced by the Integrated Amount distributed to such Member. If such Member is reemployed, he or she shall receive no credit for Service prior to the date of reemployment unless he or she repays to the Fund within five years of reemployment an amount equal to the amount received by him or her as a lump sum distribution plus interest at the rate earned by such Integrated Amount under the terms of such Predecessor Plan (not in excess of five percent (5%)) compounded annually; and

(b) Any Integrated Amount payable on the death of a Member (whether prior or subsequent to retirement) or his or her Beneficiary shall be payable only when there is no

person thereafter entitled to any retirement benefits under the Plan and shall be reduced by the amount of any benefits previously paid to such Member or his or her Beneficiary under the Plan or Predecessor Plan.

ARTICLE XVII TOP-HEAVY CONTINGENCY

SECTION 17.1. General Rule The provisions of this Article 17 shall apply only in a Plan Year in respect of which the Plan becomes top-heavy as herein defined and thereafter to the extent provided herein.

SECTION 17.2. Aggregation Group The Plan shall be considered to be top-heavy in any Plan Year if the aggregation group of which the Plan is required to be a part becomes top-heavy for such year; provided, however, the Plan shall not be considered to be top-heavy in such Plan Year if by the inclusion of additional plans permitted to be included in such required aggregation group the resulting permissive aggregation group is not top-heavy for such year.

(a) The required aggregation group as to the Plan shall include the Plan and any pension, profit sharing or stock bonus plan of the Company or any Affiliated Employer, its subsidiaries and any other corporation or entity under common control by or with the Company if such plan is intended to be a qualified plan under Section 401(a) of the Code, and either (i) includes or has included any Key Employee (as defined below) as a participant in the Plan Year for which a determination is being made or in the five (5) immediately preceding Plan Years or (ii) enables the Plan or any such plan to meet the anti-discrimination requirements or minimum participation standards applicable to qualified plans under the Code.

(b) The permissive aggregation group shall include plans in the required aggregation group and any other comparable plan of an Employer in the controlled group specified in subparagraph (a) or to which such Employer contributes if such plan is intended to be qualified under Section 401(a) of the Code and continues to meet the anti-discrimination requirements and minimum participation standards of the Code when considered together with the plans in the required aggregation group.

A terminated or frozen plan shall be treated as part of the required or permissive aggregation group only in accordance with regulations promulgated under Code Section 416.

SECTION 17.3. Top-Heavy Definition A required aggregation group or a permissive aggregation group shall be considered to be top-heavy if, as of the applicable determination dates, the sum of the present value of the cumulative accrued benefits for Key Employees under all defined benefit plans in such group and the aggregate value of the accounts of Key Employees under all defined contribution plans in such group exceed sixty percent (60%) of the sum of such values for all Employees participating in or eligible for participation in such plans.

(a) The applicable determination date for each plan shall be the last day of its plan year which immediately precedes the plan year for which such plan is being tested or, in the case of a new plan, the last day of its first plan year.

(b) The present value of accrued benefits of Employees under each defined benefit plan shall be determined as of the plan's most recent valuation date within the twelve (12) month period ending on the determination date (or, in the case of a new plan, as of the determination date) and shall be based upon the assumption that each Employee terminated his or her Service on the determination date with a fully vested accrued benefit on such date and elected a lump sum distribution in an amount equal to the present value of such benefit based upon the actuarial assumptions, mortality rates and assumed earnings used to maintain the plan's minimum funding account as defined in Section 412 of the Code. If the plans in the required aggregation group use different actuarial assumptions for purposes of determining the present value of cumulative accrued benefits, (i) for Key Employees, the actuarial assumptions used shall be the actuarial funding assumptions used to maintain the funding standard account under a selected plan in the required aggregation group, computed as if the Member voluntarily terminated Service as of the most recent valuation date, and (ii) for Members who are not Key Employees, the actuarial assumptions used shall be such assumptions so that the benefit shall accrue not more rapidly than the slowest accrual rate permitted under Section 411(b)(1)(C) of the Code.

(c) With respect to a defined contribution plan which is included in the required aggregation group or permissive aggregation group, the sum of a Member's aggregate value of account balances attributable to employer and employee contributions under such plans as of the most recent valuation date under the plan ending within the twelve (12) month period ending on the applicable determination date shall be adjusted for contributions due as of such determination date. If the Plan is not subject to the funding requirements of Section 412 of the Code, the adjustment is the amount of contributions actually made after the valuation date and on or before the determination date and, in the first plan year of any plan, also shall include contributions allocated as of a date in such plan year but made after the determination date. If a plan is subject to the funding requirements of Section 412 of the Code, a Member's account balance shall include contributions not yet required to be contributed, but which would be allocated as of a date not later than the determination date, and the adjustment shall reflect any contributions made or due after the valuation date but prior to the expiration of the extended payment period of Section 412(c)(10) of the Code.

(d) Present value shall also include any related rollovers and transfers. A determination as to whether a rollover or transfer is related or unrelated shall be made in accordance with the Code and applicable Treasury Regulations.

(e) The present values of accrued benefits and the values of accounts used in the sixty percent (60%) calculation described herein shall be increased by all distributions made within the five (5) year period ending on the determination date to Employees covered by plans in the aggregation group.

(f) Employer matching contributions shall be taken into account for purposes of satisfying the minimum contribution requirements of Section 416(c)(2) of the Code and the

Plan. The preceding sentence shall apply with respect to matching contributions under the Plan or, if the Plan provides that the minimum contribution requirement shall be met in another plan, such other plan. Employer matching contributions that are used to satisfy the minimum contribution requirements shall be treated as matching contributions for purposes of the actual contribution percentage test and other requirements of Section 401(m) of the Code.

(g) Notwithstanding the foregoing, the present values of accrued benefits and the amounts of account balances of an employee as of the determination date shall be increased by the distributions made with respect to the employee under the plan and any plan aggregated with the plan under Section 416(g)(2) of the Code during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the plan under Section 416(g)(2)(A)(i) of the Code. In the case of a distribution made for a reason other than separation from service, death, or disability, this provision shall be applied by substituting "5-year period" for "1-year period." The accrued benefits and accounts of any individual who has not performed services for the employer during the 1-year period ending on the determination date shall not be taken into account.

SECTION 17.4. Key Employee The term key employee means any employee or former employee (including any deceased employee) who at any time during the plan year that includes the determination date was an officer of the employer having annual compensation greater than \$ 130,000 (as adjusted under Section 416(i)(1) of the Code for plan years beginning after December 31, 2002), a 5-percent owner of the employer, or a 1-percent owner of the employer having annual compensation of more than \$ 150,000. For this purpose, annual compensation means compensation within the meaning of Section 415(c)(3) of the Code. The determination of who is a key employee will be made in accordance with Section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

SECTION 17.5. Non-key Employee A non-key Employee shall be any Employee who is not a Key Employee.

SECTION 17.6. Minimum Benefit Provision In the event the Plan becomes top-heavy for any Plan Year, all plans in the required aggregation group will also be top-heavy for such year and all non-key Employees will be participating in more than one (1) top-heavy plan. In such event there shall be provided to each non-key Employee a minimum benefit under this Plan equal to:

(a) an annual retirement benefit (with no ancillary benefits) commencing at normal retirement at or after age sixty-five (65) equal to three percent (3%) of his or her average annual compensation for each Year of Service from and after December 31, 1983 during which the Prior Plan or The Dun & Bradstreet Retirement Account was top-heavy, excluding any such Service in excess of ten (10) years; minus

(b) the amount of such retirement benefit which could be purchased for such Employee by application of all amounts allocated to his or her accounts under each defined contribution plan of the Company or an Affiliated Employer as the result of Employer

contributions and forfeitures for all Plan Years during which such Employee was a participant, but excluding any such allocations which were forfeited by such Employee. The determination of the amount of such retirement benefit which could be purchased for each non-key Employee shall be made by the Company's independent actuaries as of the date of such Employee's termination of Service and shall utilize the earnings and actuarial assumptions most recently published by the Pension Benefit Guaranty Corporation.

(c) Average annual compensation of a non-key Employee for purposes of the foregoing shall mean his or her average annual aggregate compensation, as determined under Section 415(c)(3) of the Code, for the five (5) consecutive years of his or her Service resulting in the highest such average, or for the actual years of his or her Service if fewer than five (5). For purposes hereof, the term average annual compensation shall not include such compensation after the last Plan Year in which a plan is a top-heavy plan or a super top-heavy plan.

Any benefit which is payable as other than a life annuity, or which commences at other than the Member's Normal Retirement Date shall be adjusted to an amount which is actuarially equivalent to such benefit. For purposes hereof, such Actuarially Equivalent determination shall be based on such actuarial assumptions set forth in Section 1.2.

SECTION 17.7. Vesting Provision Notwithstanding any provision in the Plan to the contrary, if the Plan becomes top-heavy in any Plan Year the accrued benefits of all Employees in active service from and after such year shall vest and become nonforfeitable after three (3) Years of Vesting Service. If the Plan is no longer top-heavy in a later Plan Year, the foregoing vesting schedule shall continue to apply with respect to all Employees having three (3) or more Years of Vesting Service, but shall no longer apply to Employees with less than three (3) Years of Vesting Service except to the extent their benefits have already vested by application of such schedule.

SECTION 17.8. Interpretation The foregoing provisions of this Article 17 are intended to conform the Plan to the requirements of Section 416 of the Code and any regulations, rulings or other pronouncements issued pursuant thereto, and shall be construed accordingly. In the event that under any statute, regulation or ruling all or a portion of the conditions of this Section are no longer required for the Plan to comply with the requirements of Section 401 of the Code (or any other provisions with respect to qualification for tax exemption of retirement plans and trusts), to the extent possible such conditions shall become void and shall no longer apply without the necessity of an amendment to the Plan.

ARTICLE XVIII MISCELLANEOUS

SECTION 18.1. Limitation on Distributions Notwithstanding any provision of this Plan regarding payment to Beneficiaries or Members, or any other person, the Management Benefits and Compensation Committee may withhold payment to any person if the Management Benefits and Compensation Committee determines that such payment may expose the Plan to conflicting claims for payment. As a condition for any payments, the Management Benefits and Compensation Committee may require such consent, representations, releases, waivers or other information as it deems appropriate. To the extent required by law, the Management Benefits

and Compensation Committee shall comply with the terms of any judgment or other judicial decree, order, settlement or agreement including, but not limited to, a “qualified domestic relations order,” as such term is defined in Code Section 414(p).

SECTION 18.2. Exclusive Benefit; Limitation on Reversion of Contributions Except as provided in subsections (a) through (c) below, Employer contributions made under the Plan will be held for the exclusive benefit of Members or Beneficiaries and may not revert to the Employer.

(a) A contribution made by the Employer under a mistake of fact may be returned to the Employer within one (1) year after it is contributed to the Plan.

(b) A contribution conditioned on the Plan’s initial qualification under Sections 401(a) and 501(a) of the Code may be returned to the Employer, if the Plan does not qualify, within one (1) year after the date the Plan is denied qualification.

(c) A contribution conditioned upon its deductibility under Section 404 of the Code may be returned, to the extent the deduction is disallowed, to the Employer within one (1) year after the disallowance.

The maximum contribution that may be returned to the Employer will not exceed the amount actually contributed to the Plan, or the value of such contribution on the date it is returned to the Employer, if less.

SECTION 18.3. Voluntary Plan The Plan is purely voluntary on the part of the Employer and neither the establishment of the Plan nor any Plan amendment nor the creation of any fund or account, nor the payment of any benefits will be construed as giving any Employee or any person legal or equitable right against the Employer, any trustee or other agent, or the Management Benefits and Compensation Committee unless specifically provided for in this Plan or conferred by affirmative action of the Management Benefits and Compensation Committee or the Employer according to the terms and provisions of this Plan (or required by law). Such actions will not be construed as giving any Employee or Member the right to be retained in the service of the Employer. All Employees and/or Members will remain subject to discharge to the same extent as though this Plan had not been established.

SECTION 18.4. Nonalienation of Benefits Members and Beneficiaries are entitled to all the benefits specifically set out under the terms of the Plan, but neither those benefits nor any of the property rights in the Plan are assignable or distributable to any creditor or other claimant of a Member or Beneficiary. A Member will not have the right to anticipate, assign, pledge, accelerate, or in any way dispose of or encumber any of the monies or benefits or other property that may be payable or become payable to such Member or his or her Beneficiary; provided, however, the Committee shall recognize and comply with a valid qualified domestic relations order, as defined in Section 414(p) of the Code.

SECTION 18.5. Inability to Receive Benefits If the Management Benefits and Compensation Committee receives evidence that a person entitled to receive any payment under the Plan is physically or mentally incompetent to receive payment and to give a valid release,

and another person or any institution is maintaining or has custody of such person, and no guardian, committee, or other representative of the estate of such person has been duly appointed by a court of competent jurisdiction, then any distribution made under the Plan may be made to such other person or institution. The release of such other person or institution will be a valid and complete discharge for the payment of such distribution.

SECTION 18.6. Missing Persons If, after reasonable and diligent effort, the Management Benefits and Compensation Committee is unable to locate a Member, the distribution due such person will be forfeited after five (5) years. In the event that a distribution is due a Beneficiary and the Management Benefits and Compensation Committee, after reasonable and diligent effort, is unable to locate the Beneficiary, then (a) where a contingent Beneficiary has been designated in accordance with the terms of the Plan, the benefit shall be payable to the contingent Beneficiary, and such non-locatable Beneficiary shall have no further claim or interest hereunder, and (b) if no contingent Beneficiary has been designated or, if designated, the contingent Beneficiary cannot be located after reasonable and diligent effort, the distribution due such Beneficiary (or contingent Beneficiary) will be forfeited after five (5) years. If, however, such Member, Beneficiary or contingent Beneficiary, as the case may be, later files a claim for such benefit, the benefit will be reinstated without any interest earned thereon. Notification by certified or registered mail to the last known address of the Member, Beneficiary or contingent Beneficiary, as the case may be, will be deemed a reasonable and diligent effort to locate such person.

SECTION 18.7. Limitation of Third Party Rights Nothing expressed or implied in the Plan is intended or will be construed to confer upon or give to any person, firm, or association other than the Employer, the Members or Beneficiaries, and their successors in interest, any right, remedy, or claim under or by reason of this Plan except pursuant to a "qualified domestic relations order," as such term is defined in Code Section 414(p).

SECTION 18.8. Invalid Provisions If any provision of this Plan is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan. The Plan will be construed and enforced as if the illegal and invalid provisions had never been included.

SECTION 18.9. Use and Form of Words Whenever any words are used herein in the masculine gender, they will be construed as though they were also used in the feminine gender in all cases where that gender would apply, and vice versa. Whenever any words are used herein in the singular form, they will be construed as though they were also used in the plural form in all cases where the plural form would apply, and vice versa.

SECTION 18.10. Headings Headings to Articles and Sections are inserted solely for convenience and reference, and in the case of any conflict, the text, rather than the headings, shall control.

SECTION 18.11. Governing Law The Plan will be governed by and construed according to the federal law governing employee benefit plans qualified under the Code and according to the laws of the state of New York (where such laws are not preempted by federal law).

SECTION 18.12. Information Required in Writing All notices, elections, designations of Beneficiaries and waivers of rights under the Plan shall be in writing and in such form as required by the Committee.

PROFIT PARTICIPATION PLAN
OF
MOODY'S CORPORATION
(amended and restated as of January 1, 2007)

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PROFIT PARTICIPATION PLAN OF MOODY'S CORPORATION

The Profit Participation Plan of Moody's Corporation (the "Plan") became effective as of the Effective Time, as such term is defined in the Employee Benefits Agreement entered into September 30, 2000, between The Dun & Bradstreet Corporation and The New D&B Corporation, following its adoption by the Board of Directors of Moody's Corporation (the "Corporation"). The Plan was established as of the Effective Time by way of a spin-off of Members' accounts that were accrued under the Profit Participation Plan of Dun & Bradstreet Corporation and the Corporation's assumption of sponsorship of the spun-off plan. The Plan applies to all Employees who are in active service at the Effective Time. In general, the Plan as in effect prior to the effective date of any amendment will continue to apply to those who terminated employment prior to such date. The Plan is intended to be a profit-sharing plan which is qualified for favorable tax treatment pursuant to Section 401(a) and Section 401(k) of the Code.

The Plan is hereby amended and restated effective as of January 1, 2007. This amendment and restatement includes good faith amendments of the Plan that are adopted by the Board of Directors with respect to the Pension Protection Act of 2006 and other statutes with respect to which good faith amendments are required through the date of this amendment and restatement. Except as otherwise specifically provided herein, a Member who is not an Employee at any time after December 31, 2006 shall be entitled to benefits, if any, under the Plan based upon the provisions of the Plan in effect on or prior to that date.

Effective as of January 1, 2008, the Plan will provide for additional contributions to employees who commence or recommence employment on or after date. In addition, effective as of such date, the portion of the Plan invested in Company Stock shall constitute a stock bonus plan and an employee stock ownership plan (within the meaning of Code Section 4975(e)(7)) ("ESOP"). Since the ESOP portion of the Plan is intended to promote employee ownership, amounts held in that portion of the Plan shall be invested primarily in Company Stock and holdings of such Company Stock are intended to be maintained for the long term.

SECTION I DEFINITIONS

The following words and phrases as used herein have the following meaning unless a different meaning is plainly required by the context:

1.1. Account means an account maintained for each Member as described in Section 5.3 of the Plan and any subaccount as may be established thereunder.

1.2. Actual Deferral Percentage has the meaning ascribed to such term in Section 3.2 of the Plan.

1.3. Additional Matching Contributions of the Company means the annual contributions, if any, made by the Company based upon Average Increase in Earnings Per Share pursuant to Section 4.2 of the Plan. Additional Matching Contributions shall be paid in common stock of the Company (“Company Stock”) unless the Board of Directors elects to make such Annual Matching Contribution in cash. No Additional Matching Contributions shall be made by the Company with respect to Plan Years commencing after December 31, 2007.

1.4. Affiliated Employer means the Employer and any other entity, which is a member of a “controlled group of corporations,” a group under “common control,” or an “affiliated service group,” as determined in accordance with Section 414 of the Code.

1.5. Average Increase in Earnings Per Share for purposes of determining the Corporation’s Additional Matching Contribution, if any, for any year shall mean

(a) for any one (1) year period, the mathematical average of the percentage increases in Earnings Per Share (including any earnings decrease as a minus amount) for said year over the immediately preceding year based upon Earnings Per Share for such year as restated in the annual report of the Corporation to shareholders for the year as to which the Corporation’s Additional Matching Contribution, if any, is being determined; and

(b) for any two (2) year period, the mathematical average of the percentage increases in Earnings Per Share (including any earnings decrease as a minus amount) for each said year over the immediately preceding year based upon Earnings Per Share for all such years as restated in the annual report of the Corporation to shareholders for the year as to which the Corporation’s Additional Matching Contribution, if any, is being determined;

provided, however, that, either (i) the Board of Directors, or (iii) the Management Benefits and Compensation Committee may, in the discretion of either of them (it being understood that, in the event of inconsistent actions, the Board of Directors shall prevail), increase or decrease such Earnings Per Share, for purposes of determining the Corporation’s Additional Matching Contribution under the Plan, to eliminate part or all of the effect of any charges or credits associated with items which are unusual in nature, infrequent in occurrence, or related to corporate restructuring or reengineering efforts.

1.6. Beneficiary means the person or persons, entity or entities (including a trust or trusts) or estate that shall be entitled to receive benefits payable pursuant to the provisions of this Plan due to the death of a Member.

1.7. Board of Directors means the Board of Directors of Moody's Corporation. Any action authorized hereunder to be taken by the Board of Directors may be also taken by a duly authorized committee of the Board of Directors or a duly authorized delegate of the Board of Directors or such a committee.

1.8. Change in Control means:

(a) Any "Person," as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than the Corporation, any trustee or other fiduciary holding securities under an employee benefit plan of the Corporation, or any corporation owned, directly or indirectly, by the shareholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation), is or becomes the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing twenty percent (20%) or more of the combined voting power of the Corporation's then outstanding securities;

(b) during any period of twenty four (24) months (not including any period prior to the effective date of this provision), individuals who at the beginning of such period constitute the Board of Directors, and any new director (other than (i) a director designated by a person who has entered into an agreement with the Corporation to effect a transaction described in clause (a), (c) or (d) of this Section), (ii) a director designated by any Person (including the Corporation) who publicly announces an intention to take or to consider taking actions (including, but not limited to, an actual or threatened proxy contest) which, if consummated, would constitute a Change in Control, or (iii) a director designated by any Person who is the Beneficial Owner, directly or indirectly, of securities of the Corporation representing ten percent (10%) or more of the combined voting power of the Corporation's securities), whose election by the Board of Directors or nomination for election by the Corporation's shareholders was approved by a vote of at least two-thirds ($\frac{2}{3}$) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(c) the shareholders of the Corporation approve a merger or consolidation of the Corporation with any other company, other than (i) a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior

thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the combined voting power of the voting securities of the Corporation or such surviving entity outstanding immediately after such merger or consolidation, and (ii) after which no Person holds twenty percent (20%) or more of the combined voting power of the then outstanding securities of the Corporation or such surviving entity; or

(d) the shareholders of the Corporation approve a plan of complete liquidation of the Corporation or an agreement for the sale or disposition by the Corporation of all or substantially all of the Corporation's assets.

1.9. Code means the United States Internal Revenue Code of 1986, as amended from time to time.

1.10. Company means Moody's Corporation or any successor company, and such of its partially or wholly owned subsidiary companies as may, from time to time, be authorized by the Board of Directors or the Committee to participate in the Plan and which have adopted the Plan.

1.11. Compensation means the total amount received from an Employer by an Eligible Employee while he is a Member (other than amounts paid after termination of employment) as salary, cash bonuses, commissions, overtime pay, fees, participation, lump sum payments in lieu of foregone merit increases, "bonus buyouts" as the result of job changes, and any portion of such amounts voluntarily deferred or reduced by the Eligible Employee (a) under any employee benefit plan of the Company available to all levels of employees of the Company on a non-discriminatory basis upon satisfaction of eligibility requirements, including Participating Before-Tax Contributions and Investment Plan Before-Tax Contributions under this Plan, and (b) under any executive deferral plan of the Company (provided such amounts would not otherwise have been excluded had they not been deferred), but excluding any pension, retainers, severance pay, special stay-on bonus, income derived from stock options, stock appreciation rights and dispositions of stock acquired thereunder, payments dependent upon any contingency after the period of Service and other special remunerations (including performance units). In the case of an Eligible Employee hired on an extended workweek basis, the amount of Compensation shall be the total remuneration received for such extended workweek. In the case of an Eligible Employee who is transferred to a nonparticipating subsidiary company during the Plan Year, the amount of Compensation shall be based upon the amount received by the Eligible Employee prior to such transfer. In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary, the Compensation of each Eligible Employee taken into account under the Plan shall not exceed \$200,000, as indexed under Section 401(a)(17) of the Code. If a determination period consists of fewer than twelve (12) months, the annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period and the denominator of which is twelve (12). If Compensation for any prior determination period is taken into account in determining an Eligible Employee's contributions in the current Plan Year, the Compensation for that prior determination period is subject to the annual compensation limit in effect for that prior determination period.

1.12. Contribution Percentage has the meaning ascribed to such term in Section 4.7 of the Plan.

1.13. Corporation means Moody's Corporation.

1.14. Earnings Per Share for any calendar year means the earnings per share of Common Stock outstanding of the Corporation for such year based on the consolidated statement of income of the Corporation and subsidiaries as certified by the Corporation's independent accountants and as shown in the Corporation's annual report to shareholders.

1.15. Eligible Employee means an Employee who is (a) any person who is in the employment of the Company, including officers, but excluding any person who serves only as a director, (b) any United States citizen who is in the employment of a "Foreign Affiliate" (as defined in Section 3121(1)(8) of the Code), provided that such person is covered by an agreement entered into by the Company under Section 3121(l) of the Code, and (c) any United States citizen who is in the employment of a "Domestic Subsidiary" (as defined in Section 407(a)(2) of the Code). Eligible Employee shall not include (i) any person in an employee group covered by a collective bargaining agreement between the Company and a collective bargaining agent unless such collective bargaining agreement makes provision for participation in the Plan for such employee group, (ii) any person employed as an independent contractor or a temporary employee, (iii) any person performing services for the Company as a leased employee, or (iv) any Employee on temporary assignment to the United States who continues to participate in one or more retirement plans maintained by an Affiliated Employer. The term "temporary employee" shall include, but not be limited to, in-house temporary employees, co-ops and interns.

1.16. Employee means any person who is a common-law employee or a leased employee of the Company or an Affiliated Employer, any United States citizen who is employed by a "foreign affiliate" (as defined in Section 3121(l)(8) of the Code), provided that such person is covered by an agreement entered into by the Company under Section 3121(l) of the Code, and any United States citizen who is employed by a "domestic subsidiary" as defined in Section 407(a)(2) of the Code.

1.17. Employer means, with respect to an Employee, the Company that employs such Employee.

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

1.19. ESOP Fund means that portion of the Trust Fund to which are allocated assets held in Company Stock. The ESOP Fund shall be effective as of January 1, 2008.

1.20. Excess Aggregate Contributions has the meaning ascribed to such term in Section 4.7 of the Plan.

1.21. Fund means each of the investment funds designated, from time to time, by the Management Benefits and Compensation Committee, into which investment of the assets in Members' Accounts may be directed.

1.22. Investment Manager means an investment manager within the meaning of Section 3(38) of ERISA.

1.23. Investment Plan After-Tax Contributions mean contributions made by Members that were subject to income tax at the time they were made.

1.24. Investment Plan Before-Tax Contributions mean contributions made by Members that were not subject to income tax at the time they were made.

1.25. Investment Plan Contributions mean the sum of a Member's Investment Plan After-Tax Contributions and Investment Plan Before-Tax Contributions for each Plan Year or other applicable period.

1.26. Management Benefits and Compensation Committee means the Management Benefits and Compensation Committee appointed pursuant to Section 10.1 of the Plan.

1.27. Matching Contributions of the Company mean the matching contributions made by the Company to the Fund pursuant to Section 4.1 of this Plan in respect of Participating After-Tax Contributions and Participating Before-Tax Contributions made by Members.

1.28. Member means any individual who has become a Member in accordance with Section 2 of the Plan and whose interest in the Trust Fund has not been completely distributed pursuant to Section 9 of the Plan.

1.29. Normal Retirement Age means the time a Member attains age sixty-five (65).

1.30. Participating After-Tax Contributions means contributions made by Members which are eligible for Matching Contributions and which were subject to income tax at the time they were made.

1.31. Participating Before-Tax Contributions means contributions made by Members which are eligible for Matching Contributions and which were not subject to income tax at the time they were made.

1.32. Participating Contributions means the sum of a Member's Participating After-Tax Contributions and Participating Before-Tax Contributions for each Plan Year or other period.

1.33. Plan means this Profit Participation Plan as from time to time in effect.

1.34. Plan Year means the calendar year.

1.35. Post-2007 Member means an individual who becomes a Member in accordance with Section 2 and who commences or recommences employment with the Employer on or after January 1, 2008. In addition, Post-2007 Member includes any Employee of Moody's Evaluations, Inc. regardless of the date of such Employee's date of commencement or recommencement of employment (other than an Employee who continues to accrue benefits under the Moody's Corporation Retirement Account on or after January 1, 2008).

1.36. Reemployment Commencement Date means the first date, following a termination of employment with the Company, that an Employee again performs an hour of compensated Service for an Employer, as determined in accordance with Section 1.40 hereof.

1.37. Retirement means the termination of employment of any Employee by "retirement," including "early retirement," in accordance with and as such terms are defined under the provisions of the Moody's Corporation Retirement Account or the retirement plan or pension plan of any affiliate.

1.38. Retirement Contributions means any contributions made to the Trust Fund on behalf of a Post-2007 Member pursuant to Section 4.2 hereof.

1.39. Rollover Contributions means any contributions made to the Trust Fund on behalf of a Member pursuant to Section 5.4 hereof.

1.40. Service means the following:

(a) "Year of Eligibility Service" means the twelve (12) consecutive month period beginning on the commencement date of an Employee's employment by the Company and ending on the first anniversary date of his employment date, provided the Employee has one thousand (1,000) hours of compensated Service during such period. If an Employee has less than one thousand (1,000) hours of compensated Service during such twelve (12) month period, Year of Eligibility Service means the first calendar year following the commencement date of an Employee's employment by the Company during which the Employee has one thousand (1,000) hours of compensated Service and any subsequent calendar year. The commencement date of an Employee's employment by the Company shall be the first day on which the Employee performs an hour of compensated Service for the Company. An hour of compensated Service shall include each hour or any part thereof for which an Employee is paid or entitled to be paid any

Compensation by the Company, whether or not employment duties are performed and irrespective of whether the employment relationship has terminated, including vacation days, holidays, and non-working days due to illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. An hour of compensated Service shall also include each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the employing Company. In the case of any Employee who is paid or entitled to be paid Compensation with respect to any period during which the Employee performed no duties, the number of hours of compensated Service to be credited to such Employee and the computation period to which such hours of compensated Service shall be credited shall be determined in accordance with applicable regulations of the United States Department of Labor under 29 Code of Federal Regulations, Part 2530, relating to minimum standards for employee benefit plans, as the same may be amended from time to time. In the case of an Employee who is paid a fixed salary and who is not entitled to compensation for overtime, each day of Service shall be counted as ten (10) hours of Service.

(b) "Vesting Service" means that the period of time between the commencement date of an Employee's employment or reemployment by the Company and the date on which an interruption in such employment occurs. Vesting Service shall be counted in full years and in partial years, with each month or any part thereof counting as one-twelfth ($1/12$) of a year and with one (1) year of Vesting Service meaning twelve (12) months of Vesting Service. An interruption in an Employee's employment shall occur on the date on which the Employee resigns, retires, is discharged or dies, or the first anniversary of the first date of a period in which the Employee is absent from the employment of the Company due to a leave of absence, layoff, holiday, vacation, disability or illness, whichever is the earliest. A break-in-service shall occur upon the expiration of one (1) year after the date an Employee's Service is interrupted. The Vesting Service of an Employee shall not be broken by an interruption in his employment if his employment is resumed by the performance of an hour of compensated Service within one (1) year of the date of interruption. If an Employee with one (1) year or more of Vesting Service incurs a break-in-service equal to the greater of five (5) consecutive breaks-in-service or the number of years of Vesting Service as of his prior termination of employment, his Vesting Service prior to such break shall not be restored upon his reemployment by the Company. If an Employee's employment with the Company is interrupted prior to the completion of one (1) year of Vesting Service, his Vesting Service prior to the break-in-service shall be disregarded upon any subsequent re-employment by the Company. In the case of an Employee who is absent due to pregnancy of the Employee, the birth of a child of an Employee, the placement of a child with the Employee in connection with the adoption of the child by the Employee, or for purposes of caring for such child immediately following the birth or placement of such child, the following rules shall apply: (i) the Employee's Vesting Service shall not be interrupted until the earliest of the first anniversary of the commencement date of such absence or the

date of the Employee's resignation or death; and (ii) the period between the first anniversary and second anniversary of the commencement date of such absence shall not count as Vesting Service or as a period of severance.

(c) For purposes of calculating a Year of Eligibility Service and Vesting Service, (i) a period of authorized leave of absence for a purpose approved by the Management Benefits and Compensation Committee under uniform rules, or (ii) absence for the purpose of military service pursuant to the requirements of law or by enlistment for not longer than the minimum period required by law, shall be counted as Service if the Employee resumes his Service as an Employee at the end of such leave of absence or within the period prescribed by law for the exercise of reemployment rights. To the extent determined from time to time by the Board of Directors, Service shall also include service as an employee of any other corporation, company or business which becomes related to the Company by purchase, acquisition, merger, consolidation or otherwise. Service shall also include service by a person in the employment of any corporation, the voting stock of which is eighty percent (80%) or more owned, directly or indirectly, by the Corporation commencing with the date of acquisition of such ownership, provided such service would have counted as Eligibility Service or Vesting Service, as applicable, had such person been an Employee of the Company during such period. Service shall also include service by a person in the employment of DonTech, an Illinois general partnership, and its subsidiary companies. In the case of any Employee employed by Wall Street Analytics, Inc. (subsequently renamed Moody's Wall Street Analytics, Inc.) on December 18, 2006, Service shall also include the Employee's period of employment with Wall Street Analytics, Inc. prior to December 18, 2006, for purposes of determining (i) eligibility to participate in the Plan (provided, however, that in no event may any such Employee become a Member prior to January 1, 2007), and (ii) vesting of benefits under Section VIII.

1.41. Trustee means a corporate trustee appointed by the Management Benefits and Compensation Committee pursuant to Section 10 of the Plan and any additional or substituted trustee or trustees of the Fund.

1.42. Trust Fund means the trust fund or trust funds established under the Plan to hold the assets of the Plan.

1.43. Valuation Date means, the every business day within the calendar year.

1.44. Vesting Service is defined in Sections 1.40(b) and (c).

1.45. Year of Eligibility Service is defined in Sections 1.40(a) and (c).

The masculine pronoun wherever used includes the feminine pronoun, and the singular includes the plural.

SECTION II ELIGIBILITY

2.1. Eligibility. Every Eligible Employee who was participating or eligible to participate in The Dun and Bradstreet Profit Participation Plan immediately prior to the Effective Time shall become a Member as of the Effective Time. Every other full-time Employee shall become eligible to participate in the Plan on the commencement date of the Employee's employment by the Company or, if later, the date that such individual becomes an Employee. Every other part-time Employee shall become eligible to participate in the Plan on the date that such individual completes one (1) Year of Eligibility Service or, if later, the date that such individual becomes an Employee.

2.2. Eligibility Upon Reemployment. A Member or former Member who terminates employment with the Company and is subsequently reemployed by the Company shall be eligible to participate in the Plan as of his Reemployment Commencement Date. A part-time Eligible Employee who terminates employment with the Company prior to completing one (1) Year of Eligibility Service and is subsequently reemployed by the Company shall be eligible to participate in the Plan after the completion of one (1) Year of Eligibility Service following his Reemployment Commencement Date.

SECTION III CONTRIBUTIONS OF MEMBERS

3.1. Each Eligible Employee may become a Member by electing to contribute to the Trust Fund a stated whole percentage of his Compensation, from one percent (1%) to a maximum of sixteen percent (16%) (fifty percent (50%) effective January 1, 2008). Unless a Member elects otherwise in accordance with procedures adopted by the Committee, an individual who first becomes a Member (or who recommences employment with the Employer and again becomes a Member) on or after January 1, 2008 shall be deemed to have elected to contribute three percent (3%) of his Compensation to the Trust Fund, and such election shall be subject to the rules under Section 414(w) of the Code. In addition, all Members who are eligible to make Participating Contributions and who have attained age 50 before the close of the Plan Year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of, Section 414(v) of the Code. Such catch-up contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of Sections 402(g) and 415 of the Code. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of Section 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416 of the Code, as applicable, by reason of the making of such catch-up contributions.

3.2. Each Member may elect to make his Participating Contributions and Investment Plan Contributions on a before-tax or after-tax basis, or by any combination of same, in whole percentages of Compensation. Participating Contributions and Investment Plan Contributions shall be made by regular payroll deductions and/or reductions, respectively, as authorized by the Member. Authorization for such payroll deduction and/or reduction contributions shall be made (i) on forms approved by the Management Benefits and Compensation Committee and filed with the Company, (ii) by telephonic, electronic or other data transmission in a manner approved by the Management Benefits and Compensation Committee, or (iii) in any other manner approved by the Management Benefits and Compensation Committee.

3.3. In no event may a Member make Participating Before-Tax Contributions and Investment Plan Before-Tax Contributions, if any, for any taxable year in excess of \$15,000 (or such other amount as may be prescribed from time to time under Section 402(g) of the Code and the regulations thereunder, the provisions of which are hereby incorporated by reference). In the event that the limitation set forth in the preceding sentence is exceeded with respect to any Member in any Plan Year, the Member shall be deemed to have notified the Management Benefits and Compensation Committee of such excess amount, and such amount, increased by any income and decreased by any losses attributable thereto, shall be distributed to the Member no later than April 15 of the following calendar year. In addition, a Member may allocate to the Plan any excess deferrals (as hereinafter defined) made during a taxable year of the Member by notifying the Management Benefits and Compensation Committee on or before March 1 of the following calendar year of the amount of the excess deferrals to be assigned to the Plan. Upon such timely notification by a Member, the Management Benefits and Compensation Committee shall cause to be distributed such excess deferrals, increased by any income and decreased by any losses attributable thereto, no later than the April 15 of the following calendar year; provided, however, that in no event may a Member receive from this Plan a distribution of such excess deferrals for a calendar year in an amount exceeding the Member's total elective deferrals for such year. The determination of the income and loss allocable to the excess deferrals shall be made in accordance with Code Section 402(g) and the regulations thereunder, as they may be amended from time to time. Excess deferrals shall be treated as annual additions under the Plan for purposes of Section 14.2, unless such amounts are distributed no later than the first April 15 following the close of the calendar year in which made.

3.4. Notwithstanding the foregoing, under no circumstances shall an election to make Participating Before-Tax Contributions or Investment Plan Before-Tax Contributions, if any, by a Highly Compensated Employee, as hereinafter defined, be given effect to the extent such election might cause the Plan to fail to meet the discrimination standards set forth in Section 401(k)(3) of the Code. In this regard, the Actual Deferral Percentage for Eligible Employees who are Highly Compensated Employees, whether or not participating in the Plan for any Plan Year, must be either (a) not more than the Actual Deferral Percentage of all other Employees eligible to participate in the Plan for such Plan Year multiplied by 1.25, or (b) not more than two (2) percentage points greater than the Actual Deferral Percentage of all other Employees eligible

to participate in the Plan for such Plan Year and not more than such Actual Deferral Percentage of all other Eligible Employees for such year multiplied by two (2). The Actual Deferral Percentage tests described in the preceding sentence shall be performed by using the Actual Deferral Percentage of non-Highly Compensated Employees for the Plan Year preceding the Plan Year that is being tested, unless the Employer has elected to use the current Plan Year rather than the preceding Plan Year, which election may be changed only as provided by the Internal Revenue Service.

The Actual Deferral Percentage for a specified group of Employees for a Plan Year shall be the average of the ratios (calculated separately for each Employee in such group) of (i) each Eligible Employee's Before-Tax Contributions made under the Plan for such Plan Year, to (ii) the Eligible Employee's compensation for such Plan Year. For purposes of this Section 3.4, a Member's compensation must be determined in accordance with a method permitted under Section 414(s) of the Code. In the event the Company determines that the Before-Tax Contributions elected by Highly Compensated Employees might cause the Plan to fail to meet the foregoing limitation, the Company shall reduce the amount of Compensation that may be elected as Contributions under the Plan by Highly Compensated Employees. The amount of such reductions shall be determined by the Company and such determination shall be conclusive. Such reductions shall be made first from any Investment Plan Before-Tax Contributions and then from Participating Before-Tax Contributions. In either case, the reductions shall start with the highest dollar amount of Before-Tax Contributions, so that no Member shall be subject to reduction until all dollar amounts have been reduced to the dollar amount elected by such Member.

If the amount of Investment Plan Before-Tax Contributions and Participating Before-Tax Contributions elected by a Member to be transferred to the Trust Fund is reduced by application of this Section 3.4(b), the amount of such reduction, which hereinafter shall be referred to as "excess contributions," including any income or excluding any losses attributable to such excess contributions, shall be paid in cash to the Member no later than March 15 of the Plan Year following the Plan Year for which the contribution is being made and shall not be transferred to the Trust Fund. The amount of the income or loss allocable to the excess contributions shall be determined by multiplying the income or loss on the Member's Investment Plan Before-Tax Contributions and Participating Before-Tax Contributions Account balance for the Plan Year in which the excess contributions were made by a fraction, the numerator of which is the amount of excess contributions for the Plan Year and the denominator of which is the value of the Member's Investment Plan Before-Tax Contributions and Participating Before-Tax Contributions Account balance as of the last business day of that Plan Year. Income for the period between the end of the applicable Plan Year and the date of the corrective distribution shall be disregarded.

For purposes of the foregoing, the determination of Highly Compensated Employee shall be made as follows:

- (a) The term Highly Compensated Employee shall mean any Employee who

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- (i) was a “5% owner” of the Employer at any time during the Plan Year or the preceding Plan Year, or
 - (ii) for the preceding Plan Year
 - (A) had Compensation in excess of \$80,000 (which amount shall be adjusted by the Commissioner of Internal Revenue at the same time and in the same manner as under Code Section 415(d), except that the base period shall be the calendar quarter ending September 30, 1996), and
 - (B) if the Employer elects the application of this clause for such preceding Plan Year, was in the “top-paid group” of Employees for such preceding Plan Year.

An Employee shall be treated as a “5% owner” for any Plan Year if at any time during such Plan Year such Employee was a “5% owner” of the Employer. An Employee is in the “top-paid group” of Employees for any Plan Year if such Employee is in the group consisting of the top twenty percent (20%) of the Employees when ranked on the basis of Compensation paid during such Plan Year, excluding those Employees who (1) have not completed six (6) months of service, (2) normally work less than seventeen and one half ($17 \frac{1}{2}$) hours per week, (3) normally work during not more than six (6) months during any Plan Year, (4) have not attained age twenty one (21), and (5) are included in a unit of employees covered by an agreement which the Secretary of Labor finds to be a collective bargaining agreement between employee representatives and the Employer.

(b) A former Employee shall be treated as a Highly Compensated Employee if

- (i) such Employee was a Highly Compensated Employee when such Employee separated from service, or
- (ii) such Employee was a Highly Compensated Employee at any time after attaining age fifty five (55).

The limitations set forth in this Section 3.4 shall be interpreted and applied in accordance with applicable Treasury Regulations and Internal Revenue Service rulings promulgated pursuant to Section 401(k)(3) of the Code.

3.5. A Member may suspend his Participating Contributions or Investment Plan Contributions at any time by notice to the Company, in which event Participating Contributions or Investment Plan Contributions may be resumed effective as of the first pay period next

following the filing of a new contribution election. A Member may increase or reduce his Participating Contributions or Investment Plan Contributions or change his election as to After-Tax Contributions and/or Before-Tax Contributions within the limitations set forth in Section 3.1 hereof effective as of the first pay period next following the filing with the Company of an election authorizing a change in his payroll deductions and/or reductions. Amounts contributed by Members shall be paid by the Company to the Trustee at regular intervals and credited by the Trustee to their Accounts in accordance with the certification of the Management Benefits and Compensation Committee as to the names of the contributing Members and the amounts contributed by each Member as Participating After-Tax Contributions and Participating Before-Tax Contributions; provided, however, that in no event may such contributions be transmitted to the Trustee later than the fifteenth (15th) business day of the month following the month in which such amounts otherwise would have been payable to the Member in cash, or such later date as may be permitted under applicable law.

SECTION IV COMPANY CONTRIBUTIONS AND ALLOCATION AMONG MEMBERS

4.1. The Company shall make monthly Matching Contributions to the Trust Fund equal to fifty percent (50%) of the aggregate Participating Contributions of Members. Each such Company Matching Contribution shall be allocated among Members in proportion to their Participating Contributions made during the calendar month for which the Matching Contribution is being made and shall be credited to Member's Accounts when made to the Plan. In addition, the Company shall make a "true-up" Matching Contribution to the Trust Fund on behalf of any Member who receives lower Matching Contributions during a Plan Year as a result of not having made Participating Contributions ratably over the course of such Plan Year than he would have received if such Participating Contributions had been made ratably.

For Plan Years ending prior to January 1, 2008, in the event the Average Increase in Earnings Per Share for any Plan Year is more than seven percent (7%), the Company shall make Additional Matching Contributions for such Plan Year. Such Additional Matching Contributions and the allocation thereof shall be determined in accordance with the following table:

<u>Current Year EPS Growth</u>	<u>Additional EPS Match in Cents Per Dollar of Participating Contribution</u>
7%	\$0.00
10%	\$0.1125
15%	\$0.30
20%	\$0.4875
25%	\$0.675
30%	\$0.8625
34% and up	\$1.00

If the Average Increase in Earnings Per Share for any Plan Year results in a percentage between any two (2) percentages shown on the above table, the Company shall compute the Additional Matching Contribution amounts by mathematical interpolations rounding upward to the whole cent or one-half ($\frac{1}{2}$) cent, whichever is the nearest. If such Average Increase in Earnings Per Share is more than seven percent (7%) but less than ten percent (10%), such interpolations shall be between the zero amount payable at seven percent (7%) and the amount payable at ten percent (10%). Average Increases in Earnings Per Share shall be rounded to the nearest one-tenth (1/10th) of one percent (1%). Each such Additional Matching Contribution shall be allocated among Members in accordance with the above table based upon their Participating Contributions made during the Plan Year for which the Additional Matching Contribution is being made and shall be credited to Members' Accounts on or about March 31 of the following Plan Year.

4.2. As soon reasonably practicable after the end of each payroll period, the Company shall contribute Retirement Contributions to the Trust Fund in an amount equal to the following percentage of Compensation paid to each Post-2007 Member in such payroll period:

Age Plus Vesting Service Of Post-2007 Member As Of the Last Day of the Month	Retirement Contribution (% of Compensation)
Less than 35	3.0%
35-44	3.5%
45-54	4.0%
55-64	4.5%
65-74	5.0%
75-84	5.5%
85 or more	6.05

For the avoidance of doubt, no Member who is an active participant in the Moody's Corporation Retirement Account at the time any Retirement Contributions are made shall be eligible to be credited with such Retirement Contributions.

4.3. Notwithstanding the foregoing, total Company contributions under the Plan for any calendar year shall not exceed the amount deductible for such year under the provisions of the Code after giving full effect to contributions under the Moody's Corporation Retirement Account and any other defined benefit plan to which the Company contributes. Any reductions

in Company contributions mandated by this paragraph shall be in the order of reductions in Additional Matching Contributions and then, if necessary, reductions in Company Matching Contributions, and then, if necessary, reductions in Retirement Contributions.

4.4. All Company contributions shall be made only out of current or accumulated earnings of the Company.

4.5. The total amount of the Trust Fund forfeited by Members during any calendar month or calendar year shall be applied to reduce future Company contributions due under the Plan.

4.6. Company contributions for each calendar month or for a Plan Year (as the case may be) and the allocation thereof shall be made without regard to contributions made by Members whose employment terminated during such calendar month or Plan Year (as the case may be) for any reason other than Retirement, disability or death, and no such Member shall be entitled to an allocation of any such contribution.

4.7. Notwithstanding the foregoing, under no circumstances shall the sum of the Matching Contributions and Additional Matching Contributions for a Highly Compensated Employee (as defined under Section 3.3(c)), together with the sum of his Participating After-Tax Contributions and Investment Plan After-Tax Contributions, exceed such amount as might cause the Plan to fail to meet the discrimination standards set forth in Section 401(m)(2) of the Code. In this regard, the Contribution Percentage of Members who are Highly Compensated Employees for any Plan Year must either be (a) not more than such percentage of all other Members for such Year multiplied by 1.25 or (b) not more than two (2) percentage points greater than such percentage of all other Members for such Year and not more than such percentage of all other Members for such Year multiplied by two (2). The Contribution Percentage tests described in the preceding sentence shall be performed by using the Contribution Percentage of non-Highly Compensated Employees for the Plan Year preceding the Plan Year that is being tested, unless the Employer has elected to use the current Plan Year rather than the preceding Plan Year, which election may be changed only as provided by the Internal Revenue Service. The Contribution Percentage for a specified group of Members for a Plan Year shall be the average of the ratios (calculated separately for each person) of (i) the total Matching Contributions and Additional Matching Contributions allocated to each Member for such Plan Year plus his Participating After-Tax Contributions and his Investment Plan After-Tax Contributions for such Plan Year, to (ii) the Member's compensation for such Plan Year. For purposes of this Section 4.7 of the Plan, a Member's compensation must be determined in accordance with the provisions of Section 414(s) of the Code. If the Company determines that the foregoing limitations are not satisfied, the Investment Plan After-Tax Contributions, Participating After-Tax Contributions, Matching Contributions and Additional Matching Contributions by Highly Compensated Employees for a Plan Year shall be reduced as follows: the Highly Compensated Employee with the highest dollar amount of such contributions for such Plan Year shall be reduced by the lesser of the amount required (i) to enable the Plan to satisfy

the test described in the preceding sentence, or (ii) to cause such Highly Compensated Employee's Compensation aggregate contributions to equal the dollar amount of the Highly Compensated Employee with the next highest dollar amount of such contributions. This process shall be repeated until the Plan satisfies the test. In implementing such test, the Company shall first reduce the amounts of Investment Plan After-Tax Contributions and Participating After-Tax Contributions so elected to be contributed or which have been contributed by such Members in order to comply with Section 401(m)(2) of the Code. If the amount elected by a Member to be transferred to the Trust Fund is reduced by application of this Section 4.7, the amount of such reduction, which hereinafter shall be referred to as "Excess Aggregate Contributions," including any income or excluding any losses, shall be paid in cash to the Member on whose behalf such contributions were made, to the extent practicable, within two and one-half (2 1/2) months following the Plan Year for which such excess contributions were made, but in no event later than the close of the Plan Year following the Plan Year in which such Excess Aggregate Contributions were made. The determination of the income and loss allocable to Excess Aggregate Contributions shall be made in the manner prescribed by Code Section 401(m) and the Treasury Regulations thereunder.

With respect to a Plan Year being tested, the determination of whether the Plan satisfies the requirements of this Section 4.7 shall be made in accordance with Code Section 401(m) and the Treasury Regulations thereunder, as they may be amended from time to time, the provisions of which are hereby incorporated by reference and shall override the provisions of the Plan to the extent inconsistent therewith.

SECTION V THE TRUST FUND

5.1. The assets of the Plan (the "Trust Fund") shall be held in trust by one (1) or more corporate trustees pursuant to the terms of a Trust Agreement between the Corporation and each corporate trustee. No person shall have any right to or interest in the Trust Fund except as provided in the Plan and Trust Agreement.

5.2. The Trust Fund shall consist of the Funds designated, from time to time, by the Management Benefits and Compensation Committee, into which investment of the assets in Members' Accounts may be directed.

5.3. A separate Account shall be maintained for each Member to which there shall be credited such Member's Participating and Investment Plan After-Tax Contributions, Before Tax Contributions, the portion of each Matching and Additional Contribution allocable to such Member, Retirement Contributions, Rollovers, and the share of each Member in each Fund of the Trust Fund. As of each Valuation Date, the Trustee shall revalue the Trust Fund at then current market values. As of the last Valuation Date of each calendar quarter and upon such other Valuation Dates as requested by the Management Benefits and Compensation Committee, the Trustee shall certify the value of the Trust Fund to the Company and to the Management

Benefits and Compensation Committee. The Company, the Management Benefits and Compensation Committee, or the Trustee, as the case may be, shall apportion the Trust Fund as revalued as of each Valuation Date among the Members in proportion to their respective interests in each Fund of the Trust Fund immediately preceding such Valuation Date. As soon as practicable after the close of each calendar quarter, there shall be sent to each Member a written statement of the amount to the credit of his Account as of the last Valuation Date of the applicable calendar quarter.

5.4. Any amount which, with the consent of the Management Benefits and Compensation Committee, (a) is transferred to the Trust Fund from the trust fund of a plan which meets the requirements for qualification under the Code for the Account of an Employee of the Company or any corporation the voting stock of which is eighty percent (80%) or more owned, directly or indirectly, by the Corporation, or (b) is transferred by such an Employee to the Trust Fund as a tax free rollover under Section 402(c) or under Section 408(d)(3)(A) of the Code, or (c) is transferred to the Trust Fund as a "direct rollover" from the tax-qualified retirement plan of a former employer pursuant to Sections 401(a)(31) of the Code, shall be credited to a separate Account for such Employee and shall be held and invested in the Funds designated, from time to time, by the Management Benefits and Compensation Committee, in accordance with such Employee's investment election. In the case of a direct transfer from a plan which meets the requirements for qualification under the Code, such amount may include promissory notes evidencing a loan given in accordance with the provisions of such transferor plan, provided that the Management Benefits and Compensation Committee shall have consented in advance to the assumption of such loan in accordance with Section 9.9 hereof. No amount so transferred shall be treated as a Participating Contribution by the Member or be eligible to share in any Matching Contribution. Such Accounts shall be fully vested and shall be distributable in accordance with the provisions of the Plan.

5.5. Notes of Members given in accordance with the loan provisions of a plan maintained by an affiliated company, the accounts of which are transferred to the Plan, may be held in a separate Account established hereunder. Any payments of principal or interest pursuant to such notes shall be allocated to the Account of the Member making the payments and invested in the Funds designated, from time to time, by the Management Benefits and Compensation Committee, in accordance with the Member's investment election in effect at the time of such payments.

SECTION VI INVESTMENT ELECTIONS

6.1. The balance to the credit of each Member's Account and amounts attributable to contributions made with respect to such Member shall be held and invested in one (1) or more of the Funds as such Member shall have most recently elected in accordance with Section 3 hereof.

6.2. Each new Member shall elect, prior to the commencement date of his participation, to have amounts attributable to contributions made thereafter with respect to such Member held and invested in one or more of the Funds, in multiples of one percent (1%), except that no Member may elect to have more than twenty-five percent (25%) of his interest in contributions invested in the Moody's Common Stock Fund.

6.3. Each Member may make a revised investment election at any time applicable to amounts attributable to contributions made with respect to his Account from and after the first pay period following such revised election, subject to the foregoing Moody's Common Stock Fund and multiple limitations.

6.4. Subject to Section 6.3 hereof, Each Member, at any time, may elect to have the amount to the credit of his Account calculated as of the Valuation Date immediately following the receipt of a revised election by the Management Benefits and Compensation Committee (a) reallocated among the Funds, in multiples of one percent (1%), or (b) transferred in a specified dollar amount from one Fund to another Fund, except that in the event the Member shall elect to reallocate or transfer any amount to the Moody's Common Stock Fund (if any), then no more than twenty-five percent (25%) of the amount to the credit of his Account as of such Valuation Date shall be invested in the Moody's Common Stock Fund.

6.5. Effective January 1, 2008, all assets of the Plan that are invested in Company Stock shall be invested in the ESOP Fund. The ESOP Fund shall be invested primarily in Company Stock except for cash or cash equivalent investments for the limited purposes of making Plan distributions to Members or paying Plan administrative expenses, or pending the investment of contributions or other cash receipts in Company Stock. All Company Stock is included in the ESOP Fund, regardless of the source, character, or history of investment of the contributions or earnings that are invested in Company Stock. Amounts that cease to be invested in Company Stock shall cease to be included in the ESOP Fund, subject to inclusion again if the Member directs that amounts be invested in Company Stock. Neither any Company, the Management Benefits and Compensation Committee nor the Trustee shall have any responsibility or duty to time any transaction involving Company Stock, in order to anticipate market conditions or changes in stock value, nor shall any such person have any responsibility or duty to sell Company Stock held in the ESOP Fund (or otherwise to provide investment management for Company Stock held in the ESOP Fund) in order to maximize return or minimize loss. Company contributions in cash, and other cash received by the Trustee, may be used to acquire shares of Company Stock from Company shareholders or directly from the Company.

6.6. In the event a Member fails to make an investment election, his entire Account shall be held and invested in a Fund, the investments of which are designed to guarantee the repayment of principal and the payment of interest at a pre-determined rate for a fixed period of time.

6.7. Investment elections shall be made (a) on forms approved by and filed with the Management Benefits and Compensation Committee, (b) by telephonic, electronic or other data transmission in a manner approved by the Management Benefits and Compensation Committee, or (c) in any other manner approved by the Management Benefits and Compensation Committee in its sole discretion.

6.8. In all events, the valuation methodology to be used in calculating a Member's interest in a Fund which is terminating shall be determined by the Management Benefits and Compensation Committee in its discretion; provided, however, that such methodology shall apply uniformly to all Members having an interest in such Fund at the time of termination.

SECTION VII VOTING AND TENDERING OF MOODY'S CORPORATION COMMON STOCK; DIVIDENDS

7.1. This Section 7.1 shall apply effective January 1, 2008:

(a) Members, Beneficiaries of deceased Members and Alternate Payees shall be permitted to direct the manner of exercise of voting rights on shares of Company Stock or stock of an Affiliate, including fractional shares, allocated to their Accounts, as follows:

(i) The issuer of the Company Stock shall provide the Trustee and Members, Beneficiaries of deceased Members and Alternate Payees with all notices and information provided to its stockholders in connection with the exercise of their voting rights. If the Trustee receives communications directed to stockholders concerning voting, the Trustee shall cause the communications to be distributed to Members, Beneficiaries of deceased Members and Alternate Payees.

(ii) The Trustee shall solicit directions from Members, Beneficiaries of deceased Members and Alternate Payees about voting the shares allocated to Members' Accounts and shall exercise voting rights as provided in the applicable Trust agreement or instrument.

(iii) Except as required for trust administration or by law, individual voting instructions shall be held by the Trustee in confidence.

(iv) Except as expressly provided in subsection (b) or the applicable trust agreement or instrument, the Trustee may, at the direction of the Administrator, solicit and follow directions of Members, Beneficiaries of deceased Members and Alternate Payees under procedures similar to voting procedures under this subsection with respect to any matter involving the exercise of individual shareholder rights and privileges relating to Company Stock allocated to Members.

(b) If the Trustee receives a tender offer for shares of Company Stock or stock of an Affiliate, the following shall apply unless otherwise required by law:

(i) Tender offer means an offer to acquire Company Stock, as provided in the applicable trust agreement or instrument.

(ii) When a tender offer is received, the Trustee shall inform all Members, Beneficiaries of deceased Members and Alternate Payees whose Accounts are affected by the tender offer and shall respond to the offer as provided in the applicable trust agreement or instrument.

(iii) If the manner of exercising voting or other shareholder rights under subsection (a) or responding to a tender offer under subsection (b) is not permitted by law, then the Trustee shall determine how to exercise the voting or other rights or how to respond to the tender offer, as applicable. In making such determinations, the Trustee may employ such experts and advisors as it deems helpful or necessary. All reasonable expenses incurred by the Trustee in making such determinations shall be paid from the Trust Fund unless paid by the Company.

7.2. Effective through December 31, 2007, Common Stock of the Corporation held by the Trustee shall be voted by the Trustee at each annual meeting and at each special meeting of the stockholders of the Corporation as directed by the Member to whose Account such stock is credited. The Company shall cause each Member to be provided with a copy of a notice of each such stockholder meeting and the proxy statement of the Corporation, together with an appropriate form for the Member to indicate his voting instructions. If instructions are not timely received by the Trustee with respect to any such stock, the Trustee shall vote the uninstructed stock in the same proportions as the Trustee was instructed to vote with respect to the shares for which it received instructions.

7.3. Effective through December 31, 2007, each Member (or in the event of his death, his Beneficiary or estate) shall have the right to instruct the Trustee in writing as to the manner in which to respond to a tender or exchange offer for any or all shares of Common Stock of the Corporation credited to such Member's Account under the Plan. The Corporation shall utilize its best efforts to distribute or cause to be distributed on a timely basis to each Member (or Beneficiary or estate) such information as will be distributed to shareholders of such Corporation in connection with any such tender or exchange offer. Upon its receipt of such instructions, the Trustee shall tender such shares of Common Stock as and to the extent so instructed. It is the intent of this provision of the Plan to treat all such Members of the Plan (or their Beneficiaries or their estates) as if they held directly all shares of Common Stock of the Corporation to the credit

of their Accounts under the Plan so that if a Member (or Beneficiary or estate) does not instruct the Trustee to tender or exchange such shares pursuant to the terms of any tender or exchange offer, the Trustee, as in the case of any tender or exchange agent dealing with direct shareholders who do not tender their shares for purchase or exchange, shall conclude that such Member does not wish to have his shares tendered or exchanged. The Trustee shall have no discretion in such matter and shall take no action with respect to any such tender or exchange offer except to the extent it receives instructions from Members. The Trustee shall keep confidential all instructions it receives pursuant to this Section of the Plan.

7.4. Special Distribution of Dividends.

(a) The Company may determine that cash dividends on common shares of Company Stock allocated to Members under the ESOP Fund may be distributed directly to such Members in one or more of the following manners, from time to time:

(i) *Mandatory Dividend Distribution By Trustee* —Cash dividends received on common shares of Company Stock allocated to Members under the ESOP Fund will be paid currently in cash by the Trustee to such Members (or their Beneficiaries).

(ii) *Mandatory Dividend Distribution by Company* —Cash dividends received on common shares of Company Stock allocated to Members under the ESOP Fund will be paid currently in cash by the Company directly to such Members (or their Beneficiaries).

(iii) *Member Election of Dividend Distribution or Reinvestment* —Each Member will be offered the opportunity to elect to have cash dividends on common shares of Company Stock allocated to such Member's interest in the ESOP Fund either paid directly to such Member or to have such cash dividends reinvested in common shares of Company Stock for the benefit of such Member. Any election made pursuant to this paragraph shall be made in accordance with the following:

(A) Members shall be given a reasonable opportunity before a dividend is paid or distributed to them in which to make the election.

(B) Members shall have a reasonable opportunity to change a dividend election at least annually.

(B) Subject to rules established by the Administrator, any election shall continue to apply with respect to all subsequent dividends with respect to Company Stock allocated to the Member unless the Member changes the election.

(D) If Plan terms governing the manner for payment or distribution of dividends to Members are modified, the Members shall be given a reasonable opportunity to make an election under the new Plan terms before the date on which the first dividend that is subject to the new Plan terms is paid or distributed.

(E) A Member's election with respect to any dividend shall be irrevocable on the day before the date for payment or distribution of the dividend to Members unless the Management Benefits and Compensation Committee establishes and notifies Members of an earlier date.

(F) If a Member does not elect distribution of dividends, the Member will be deemed to have elected to have dividends invested in Company Stock.

(b) Any cash dividends available for distribution directly to Members under subsection (a) shall be subject to the following:

(i) Company instructions to the Trustee regarding the distribution of dividends must be in writing and may be revoked at any time before the dividend is distributed to Members.

(ii) The Company may designate one or more classes of common shares of Company Stock to be subject to distribution of dividends, and need not designate all classes or any particular class.

(iii) Dividend distributions shall be paid in cash no later than 90 days after the end of the Plan Year in which the dividends are received by the Trust.

(iv) The amount distributed to a Member shall be the amount of dividends paid on common shares of Company Stock allocated to the Member as of the record date for the dividend payment that would otherwise be paid on the Company Stock identified by the Company under paragraph (2).

(v) Dividends subject to distribution from the Trust shall be invested pending distribution in the investment fund that is most liquid and least likely to suffer loss of value. Dividends pending distribution shall not be subject to investment direction by Members. Earnings on dividends shall be subject to investment direction by Members as determined by the Management Benefits and Compensation Committee. Earnings on dividends shall not be distributed to Members in connection with distribution of the dividends, and shall be retained in the Trust and allocated to the ESOP Fund of the Member affected.

SECTION VIII VESTING

8.1. The amount to the credit of a Member's Account which is attributable to his Participating After-Tax Contributions and Participating Before-Tax Contributions and Investment Plan After-Tax and Investment Plan Before-Tax Contributions and Rollovers shall be fully vested at all times.

8.2. The amount to the credit of a Member's Account that is attributable to Company Matching ,Additional Matching and Retirement Contributions shall be fully vested after such Member has completed three (3) years or more of Vesting Service or has attained the age of sixty-five (65).

8.3. If a Member has less than three (3) years of Vesting Service, the amount to the credit of his Account which is attributable to Company Matching, Additional Matching and Retirement Contributions shall vest as follows:

<u>Years of Vesting Service</u>	<u>% Vested Attributable to Company Contributions</u>
fewer than 3 years	0
3 years or more	100%

8.4. The amount to the credit of a Member's Account that is attributable to Company Matching, Additional Matching and Retirement Contributions also shall be fully vested upon the Member's Retirement, termination of Service by reason of death or total and permanent disability, or upon the occurrence of a Change of Control. If the Member's termination of Service is for reasons other than death or total and permanent disability or upon the occurrence of a Change in Control, and the amount of the vested portion of a Member's Company Matching, Additional Matching and Retirement Contributions at the time of the Member's termination of Service is less than one hundred percent (100%), then the Member shall be deemed to have received a distribution of one hundred percent (100%) of such vested interest in such amounts.

SECTION IX DISTRIBUTION OF BENEFITS

9.1. Attainment of Age 70 1/2. The following provisions shall apply pursuant to Section 401(a)(9) of the Code and the Treasury Regulations thereunder:

(a) The Member's entire interest will be distributed, or begin to be distributed, to the Member no later than the Member's required beginning date.

(b) If the Member dies before distributions begin, the Member's entire interest will be distributed, or begin to be distributed, no later than as follows:

(i) If the Member's surviving spouse is the Member's sole designated beneficiary, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Member died, or by December 31 of the calendar year in which the Member would have attained age $70 \frac{1}{2}$, if later.

(ii) If the Member's surviving spouse is not the Member's sole designated beneficiary, distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Member died.

(iii) If there is no designated beneficiary as of September 30 of the year following the year of the Member's death, the Member's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

(iv) If the Member's surviving spouse is the Member's sole designated beneficiary and the surviving spouse dies after the Member but before distributions to the surviving spouse begin, this provision shall apply as if the surviving spouse were the Member.

For purposes of this Section 9.1, distributions are considered to begin on the Member's required beginning date (or, if Section 9.1(b)(iv) applies, the date distributions are required to begin to the surviving spouse). If annuity payments irrevocably commence to the Member before the Member's required beginning date (or to the Member's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 9.1(b)(iv)), the date distributions are considered to begin is the date distributions actually commence.

(c) Unless the Member's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance herewith. If the Member's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) Code and the Treasury regulations. Any part of the Member's interest which is in the form of an individual account described in Section 414(k) of the Code will be distributed in a manner satisfying the requirements of Section 401(a)(9) of the Code and the Treasury regulations that apply to individual accounts.

(d) If the Member's interest is paid in the form of annuity distributions under the Plan, payments under the annuity will satisfy the following requirements:

(i) The annuity distributions will be paid in periodic payments made at intervals not longer than one year;

(ii) The distribution period will be over a life (or lives) or over a period certain not longer than the period described in Section 9.1(b)(iv);

(iii) Once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;

(iv) Payments will either be nonincreasing or increase only as follows:

(A) By an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;

(B) To the extent of the reduction in the amount of the Member's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described above dies or is no longer the Member's beneficiary pursuant to a qualified domestic relations order within the meaning of Section 414(p) of the Code;

(C) To provide cash refunds of employee contributions upon the Member's death; or

(D) To pay increased benefits that result from a plan amendment.

(e) The amount that must be distributed on or before the Member's required beginning date (or, if the Member dies before distributions begin, the date distributions are required to begin above) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the Member's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Member's required beginning date.

(f) Any additional benefits accruing to the Member in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(g) If the Member's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Member and a nonspouse beneficiary, annuity payments to be made on or after the Member's required beginning date to the designated beneficiary after the Member's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Member using the table set forth in Q&A-2 of section 1.401(a)(9)-6T of the Treasury regulations. If the form of distribution combines a joint and survivor annuity for the joint lives of the Member and a nonspouse beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated beneficiary after the expiration of the period certain.

(h) Unless the Member's spouse is the sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Member's lifetime may not exceed the applicable distribution period for the Member under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations for the calendar year that contains the annuity starting date. If the annuity starting date precedes the year in which the Member reaches age 70, the applicable distribution period for the Member is the distribution period for age 70 under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations plus the excess of 70 over the age of the Member as of the Member's birthday in the year that contains the annuity starting date. If the Member's spouse is the Member's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Member's applicable distribution period, as determined under this Section, or the joint life and last survivor expectancy of the Member and the Member's spouse as determined under the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Member's and spouse's attained ages as of the Member's and spouse's birthdays in the calendar year that contains the annuity starting date.

(i) If the Member dies before the date distribution of his or her interest begins and there is a designated beneficiary, the Member's entire interest will be distributed, beginning no later than the time described herein, over the life of the designated beneficiary or over a period certain not exceeding:

(i) Unless the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the Member's death; or

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- (ii) If the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the annuity starting date.
 - (j) If the Member dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Member's death, distribution of the Member's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

(k) If the Member dies before the date distribution of his or her interest begins, the Member's surviving spouse is the Member's sole designated beneficiary, and the surviving spouse dies before distributions to the surviving spouse begin, this Section 9.1 will apply as if the surviving spouse were the Member, except that the time by which distributions must begin will be determined without regard to Section 9.1(b)(iv).

(l) For purposes of this Section 9.1, the following terms have the following meanings:

(i) "Designated beneficiary" means the individual who is designated as the beneficiary under the Plan and is the designated beneficiary under Section 401(a)(9) of the Code and section 1.401(a)(9)-1, Q&A-4, of the Treasury regulations.

(ii) "Distribution calendar year" means a calendar year for which a minimum distribution is required. For distributions beginning before the Member's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Member's required beginning date. For distributions beginning after the Member's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to this Section 9.1(b)(iv).

(iii) "Life expectancy" means life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury Regulations.

(iv) "Required beginning date" means April 1 of the calendar year following the calendar year in which the Member (A) attains age 70 $\frac{1}{2}$ or (B) retires, whichever is later; except that, in the case of a Member who is a five percent owner (as defined in Section 416 of the Code) of an Employer Company with respect to the calendar year in which he attains age 70 $\frac{1}{2}$, required beginning date means April 1 following the calendar year in which the Member attains age 70 $\frac{1}{2}$.

9.2. Retirement or Disability. If a Member's Service is terminated by Retirement or by total and permanent disability, as determined by the Management Benefits and Compensation Committee after review of whatever medical evidence is requested by it, the entire amount to the credit of his Account shall be distributed to him, subject to the Member's consent if required under Section 9.11 of the Plan. Such distribution shall be paid in a lump sum as soon as reasonably practicable after termination of employment, unless, prior to such distribution, the Member elects, in a manner prescribed by the Management Benefits and Compensation Committee, to receive the amount distributable from his Account, together with any earnings thereon, in one of the following manners:

(a) in a lump sum as soon as reasonably practicable following his termination of Service in the amount to the credit of his Account as of the Valuation Date immediately preceding the date distribution is actually made, except that no such election shall be permitted which defers distribution beyond the April 1 following the calendar year in which the Member attains age seventy and one half (70 $\frac{1}{2}$); except that if the Member attained age seventy and one half (70 $\frac{1}{2}$) before January 1, 1988 and is not and has never been an owner of five percent (5%) of the outstanding stock or voting power of the Corporation, he may defer distribution until the April 1 following the calendar year of his Retirement;

(b) in installments, over a period which shall not exceed twenty (20) years, or the life expectancy of the Member or the life expectancy of the Member and his designated Beneficiary if such period is less than twenty (20) years, beginning on or about March 1 of the calendar year following such termination of Service, or any subsequent March 1 selected by the Member which is not later than the March 1 immediately following the calendar year in which the Member attains age seventy and one half (70 $\frac{1}{2}$) and continuing on or about each subsequent anniversary of such commencement date; provided, however, if the Member's designated Beneficiary is not his spouse, the maximum installment period shall be reduced, if necessary, so that the present value of amounts payable to the Member for his life expectancy is more than fifty percent (50%) of the present value of the total amounts payable under this option as of the installment commencement date. Payment shall be made in annual installments, the amounts of which are calculated annually by dividing the then current value of his Account (determined as of the last Valuation Date in the year preceding the payment date) by the remaining number of unpaid installments.

All Accounts deferred or distributable in installments shall remain in the Trust Fund until paid, and consequently, shall be subject to periodic revaluation with the attendant risk of market loss in the Fund or Funds selected by the Member pursuant to his investment election. Each installment distribution shall be made from the Funds in the same proportion that the value of the Member's interest in each such Fund bears to the total value of his Account as of the applicable Valuation Date.

Any payment election made under this subsection 9.2 may be changed at any time prior to the lump sum payment date or the first installment date elected by the Member but may not be changed thereafter, except that a Member or, in the event of his death, his Beneficiary may accelerate the payment of the Member's entire undistributed Account balance at any time.

9.3. Death. Upon the death of a Member who is an Employee at the time of his death, the amount to the credit of his Account as of the Valuation Date immediately preceding the date of distribution shall be paid as soon as practicable thereafter to the Beneficiary or Beneficiaries designated by him, or if none, to the legal representative of the Member's estate; provided, however, that prior to such payment, such Beneficiary or estate representative may elect, in a manner prescribed by the Management Benefits and Compensation Committee, to receive the entire amount to the credit of the Member's Account (determined as of the Valuation Date immediately preceding the date of distribution) in a lump sum as soon as reasonably practicable following the year of the Member's death.

Upon the death of a Member who is not an Employee at the time of his death, the amount to the credit of his Account, to the extent vested, shall be paid within sixty (60) days after the Committee receives notice of death, if practicable, to the Beneficiary or Beneficiaries designated by him, or if none, to the legal representative of the Member's estate.

Notwithstanding the foregoing, any Member whose Service has terminated by Retirement or death may elect, prior thereto, to have the distribution of his Account after his death either

(a) in the case of a Member who has commenced receiving installment payments under the Plan and who has attained age seventy and one half ($70 \frac{1}{2}$), continued after his death, in accordance with his election made under Section 9.2(b) of the Plan, to his spouse or other Beneficiary with provision that if the spouse or other Beneficiary does not survive the installment payment period elected by the Member, the balance to the credit of his Account will be paid in a lump sum to the estate of such spouse or other Beneficiary, or

(b) in the case of a Member who has not commenced receiving payments under the Plan or who has not attained age seventy and one half ($70 \frac{1}{2}$), paid, after his

death, in annual installments to his spouse in accordance with the Member's election under Section 9.2(b) of the Plan over a period not extending beyond the life expectancy of such spouse, with provision that if such spouse does not survive the installment payment period elected by the Member, the balance to the credit of his Account will be paid in a lump sum to the estate of his spouse, or

(c) in the case of a Member who is not married at the time of his death, or who is married and does not select his spouse as Beneficiary, and who has not commenced receiving payments or who has not attained age seventy and one half ($70 \frac{1}{2}$), paid in annual installments to a designated adult Beneficiary in accordance with Section 9.2(b) of the Plan over a period not extending beyond the life expectancy of such designated Beneficiary, with provision that if such designated Beneficiary does not survive the installment payment period elected by the Member, the balance to the credit of his Account will be paid in a lump sum to the estate of such Beneficiary.

Designation of a Beneficiary or Beneficiaries shall be made in writing and filed with the Management Benefits and Compensation Committee in such form and in such manner as such Committee from time to time may prescribe. A designated Beneficiary or Beneficiaries may be changed in the same manner. Any Beneficiary designation made by a Married Member who is an Employee on or after January 1, 1985, shall be ineffective unless his spouse is the designated Beneficiary or consents to such designation in accordance with Section 205(c)(2)(A) of ERISA. Any Beneficiary designation made (i) by an unmarried Member who subsequently marries or (ii) by a married Member who subsequently remarries shall be ineffective unless his spouse or new spouse, respectively, is the designated Beneficiary or consents to such designation in accordance with Section 205(c)(2)(A) of ERISA and Section 401(a)(11) of the Code. If a married Member dies without having made an effective Beneficiary designation, his surviving spouse shall be considered for all purposes of the Plan as his designated Beneficiary.

9.4. Termination of Service by Reason of Company Reorganization. Subject to Section 9.11 and Section 9.14 hereof, if a Member ceases to be an Employee as the result of a Company reorganization, including a change in ownership of the stock or all or part of the assets of his Employer, then the entire vested amount to the credit of his Account as of the Valuation Date immediately preceding the date of distribution shall be distributed to him in a lump sum as soon as reasonably practicable following such termination of employment; provided, however, that a Member who is to receive a distribution pursuant to this Section 9.4 may elect any other method of distribution otherwise available under the Plan, including, without limitation, the direct transfer of the entire amount to the credit of his Account to an employee benefit plan of his new employer provided such plan meets the requirements for qualification under the Code. If a Member elects to leave his Account in the Trust Fund in lieu of receiving a distribution from the Plan pursuant to this Section 9.4, he shall continue to be a Member in the Plan with respect to amounts credited to his Account, except (a) he shall not be entitled to share in Company contributions for any month subsequent to the month in which he ceases to be an Employee or to

make contributions of his own, and (b) the amount to the credit of his Account shall be one hundred percent (100%) vested and shall be nonforfeitable, shall not be eligible for any withdrawal under Section 9.7 of the Plan and shall remain in the Trust Fund subject to periodic revaluation under the terms of the Plan and the risks thereof until the Account becomes distributable pursuant to the terms of the election made by such Member in accordance with the terms of the Plan. Notwithstanding the foregoing provisions of this Section 9.4, any such Account balance shall be eligible for distribution pursuant to Section 9.8 in the case of financial necessity.

9.5. Other Terminations. If a Member's Service is terminated for any reason other than Retirement, disability, death, or reorganization of such Member's Employer, the amount to the credit of his Account which is vested under Section 8 of the Plan as of the Valuation Date immediately preceding the date of distribution, together with the amount of his Participating Contributions made after such Valuation Date, shall be distributed to him, subject to the Member's consent if required under Section 9.11 of the Plan, as soon as reasonably practicable following such termination date, or as soon thereafter as practicable, and the balance to the credit of his Account shall be forfeited.

Notwithstanding the foregoing, if a Member's Service is terminated for any reason other than Retirement, disability or death, and as a result of such termination an amount to the credit of his Account is forfeited, the amount of such forfeiture shall be restored by the Company to his Account provided he is reemployed by the Company and within five (5) years of his reemployment date he repays to the Trust Fund an amount of cash equal to the amount distributed to him from the Trust Fund at termination of his Service. Any amounts repaid or restored under this paragraph shall be repaid or restored to the Funds, in accordance with the investment election of the Member in effect at the time of repayment and restoration. If as the result of a termination of Service a Member incurs a forfeiture under this Section 9.5, any amount to the credit of his Account that was vested at such termination of employment shall no longer be subject to forfeiture. Accordingly, if any such Member is reemployed by the Company and resumes his Membership, a separate Account shall be maintained for such Member showing the amount to the credit of his Account which is not subject to forfeiture, including amounts left in the Trust Fund at the time of his termination pursuant to the first paragraph hereof and amounts repaid to the Trust Fund pursuant to the second paragraph hereof.

9.6. Company Contributions for the Year of Termination of Service. If a Member or his Beneficiary is entitled to share in the Additional Matching Contribution, if any, of the Company for the Plan Year in which his Service terminates, such share shall be paid to him or to his Beneficiary in cash within ninety (90) days after the end of such Year or as soon as practicable thereafter; except that if he has elected or has been deemed under Section 9.11 to have elected an optional form of distribution, such share shall be added to the amounts payable to him under the optional form of distribution elected or deemed to have been elected by him.

9.7. Withdrawals. A Member may, by application to the Management Benefits and Compensation Committee, request cash withdrawals from his Account to the extent attributable to his own Participating After-Tax Contributions or Investment Plan After-Tax Contributions and to vested Company contributions. Such withdrawals shall be made as soon as reasonably practicable after submission of the withdrawal application. Withdrawals shall be permitted only in accordance with one of the following options:

- (a) A Member may, at any time, withdraw an amount up to the total to the credit of his Account attributable to his Participating After-Tax Contributions, excluding any amount to the credit of his Account attributable to his Participating After-Tax Contributions made for the current Plan Year and the two (2) immediately preceding Plan Years.
- (b) A Member with three (3) years or more of Vesting Service may, at any time, withdraw an amount up to the total to the credit of his Account attributable to his own Participating After-Tax Contributions and Company Matching Contributions, excluding any amount to the credit of his Account attributable to Participating and Company Matching Contributions made for the current and the two (2) immediately preceding Plan Years.
- (c) A Member who has attained age fifty nine and one half ($59 \frac{1}{2}$) may, by application to the Management Benefits and Compensation Committee, request a cash withdrawal of part or all of the entire amount to the credit of his Account, to the extent such amount is attributable to amounts transferred from the Comserv Corporation Savings Plan and Trust to The Dun and Bradstreet Profit Participation Plan and then to this Plan on behalf of such Member. Such withdrawal shall be made as soon as reasonably practicable after submission of the withdrawal application. In addition, effective May 1, 2007, a Member who has attained age fifty nine and one half ($59 \frac{1}{2}$) may, by application to the Management Benefits and Compensation Committee, request a cash withdrawal of part or all of the entire amount of Before-Tax Contribution in his Account, to the extent such amount is attributable to amounts transferred from the Wall Street Analytics, Inc. 401(k) Retirement Plan (the "WSA Plan") to this Plan on behalf of such Member. Such withdrawal shall be made as soon as reasonably practicable after submission of the withdrawal application. Furthermore, a Member may request a cash withdrawal of part or the entire amount of his or her Rollover Account at any time, to the extent such amount is attributable to amounts transferred from the WSA Plan to this Plan on behalf of such Member.
- (d) Applications for withdrawals under this Section 9.7 shall be made (i) on forms approved by and filed with the Management Benefits and Compensation Committee, (ii) by telephonic, electronic or other data transmission in a manner approved by the Management Benefits and Compensation Committee, or (iii) in any other manner approved by the Management Benefits and Compensation Committee in its sole discretion.

9.8. Financial Necessity. In accordance with rules established by the Management Benefits and Compensation Committee uniformly applicable to all Members, all or any part of the amount to the credit of the Account of a Member (excluding any portion of his Account invested under Section 9.9 in a loan to such Member and any portion of his Account attributable to post-1988 earnings on either his Participating or Investment Plan Before-Tax Contributions) may, in the sole discretion of the Committee, to the extent that such amount is vested, be distributed to him in cash at any time subsequent to his written application to the Committee showing an immediate and heavy financial need for a distribution in the amount requested. Financial necessity withdrawals shall be permitted out of Participating Before-Tax Contributions and Investment Plan Before-Tax Contributions Accounts only if the immediate and heavy financial need relates to: (a) the purchase of the Member's principal residence or Funds needed to prevent eviction from or foreclosure on such principal residence; (b) unreimbursed medical expenses of the Member, his spouse, dependents or beneficiaries greater than seven and one half percent (7.5%) of annual adjusted gross income; or (c) tuition and related educational fees for the next twelve (12) months of post-secondary education for the Member, his spouse, his children, his dependents or his beneficiaries and, if requested by the Member, any additional amounts necessary to pay any federal, state and/or local income taxes and/or penalties reasonably anticipated to result from the distribution. The Member's application shall include a representation (i) that his financial need is not covered by insurance, (ii) that he cannot meet the need by a reasonable liquidation of his liquid assets, (iii) that cessation of contributions under the Plan would not enable him to meet the need, (iv) that he has exhausted his withdrawal rights under the Plan, (v) that repayment of any borrowing from commercial sources or the Plan would itself be a hardship, and (vi) such other information as may be required by the Management Benefits and Compensation Committee. Any financial necessity withdrawal approved by the Committee shall be made (A) from the Member's Participating After-Tax Contributions Account to the extent available, and if insufficient therefor, then (B) out of any Rollover Account, and if insufficient therefor, then (C) out of the vested portion of his Matching, Additional Matching and Retirement Contribution Accounts, and if insufficient therefor, (D) out of his Participating Before-Tax Contributions and Investment Plan Before-Tax Contributions Accounts. Any such distribution to a Member shall be made from the Funds in the same proportion that the value of his interest in each such Fund bears to the total value of his Account as of the applicable Valuation Date.

9.9. Loans to Members. A Member in active Service or a Member not in active Service who is a "party-in-interest" with respect to the Plan (as such term is defined in Section 3(14) of ERISA) may borrow an amount to the credit of his Account which, when added to all outstanding loans to such Member under this Plan (and, for purposes of this Section 9.9, any plan from which the Member's Account may have been transferred), does not exceed the lesser of:

- (a) \$50,000 reduced by the excess, if any, of

(i) the Member's highest outstanding loan balance under the Plan during the twelve month period ending on the day before the date on which the last loan is made, and

(ii) the Member's outstanding loan balance on the date on which such loan is made; or

(b) fifty percent (50%) of the total amount to the credit of his Account, to the extent vested.

The minimum amount of any loan shall be Five Hundred Dollars (\$500) and all loans shall be in One Hundred Dollar (\$100) increments. The maximum number of loans to any Member that may be outstanding at any one time shall be two (2); provided, however, that a third loan may be made to a Member to purchase a principal residence.

All loans shall bear a rate of interest two (2) percentage points higher than the prime rate as published in The Wall Street Journal as of the last day of the month immediately preceding the receipt of the loan application, which rate shall remain in effect for the term of the loan. The loan shall be adequately secured by the Member's Account and by the Member's executed promissory note, and shall be repayable, no less frequently than quarterly, in full over a nonrenewable repayment period of from twelve (12) to sixty (60) months, or, in the case of a loan to purchase a principal residence, one hundred twenty (120) months. Prior to the receipt of the proceeds of any loan, any full-time salaried Employee and any part-time salaried Employee who is employed on a regular and continuous schedule by a company participating in the Moody's corporate payroll system shall authorize repayment of same, together with interest thereon, by regular payroll deductions; provided, however, that a Member may prepay in full the then outstanding balance of any loan.

If a Member defaults for any reason on any scheduled repayment of principal and/or interest, the Management Benefits and Compensation Committee shall have the right (A) to accelerate repayment, (B) to demand immediate repayment of the entire amount outstanding, (C) to renegotiate the terms of the loan, or (D) to approve a financial necessity distribution of the Member's note subject to the terms of the Plan.

Each loan made hereunder shall be an investment of the Member's Account over which such Member has exercised investment control and the proceeds of any such loan paid to the Member shall be made from the Funds in which the Member's Account is invested, in the same proportion that the value of his interest in each such Fund bears to the total value of his Account as of the applicable Valuation Date. All interest payments and repayments of principal shall be credited to the Member's Account and shall be invested in the Funds in accordance with the investment election of the Member in effect at the time of such payments.

Upon the termination of Service of a Member for any reason other than Retirement or disability at a time when he has any unpaid balance of principal or interest on an outstanding loan, such loan shall thereupon be deemed to be due and payable in full and the value of the Member's Account shall be reduced by the amount of such unpaid balance of principal and interest in complete satisfaction of the Member's loan obligation hereunder.

Notwithstanding the foregoing, the termination of Service of a Member shall not cause his loan to become due and payable provided the Member forgoes distribution of his Account during the remaining term of the loan. A Loan which is made to a Member who is a party in interest with respect to the Plan but is not in active Service shall be subject to such additional requirements regarding collateral or otherwise as the Management Benefits and Compensation Committee may determine in accordance with its fiduciary responsibilities under ERISA.

In addition to the terms and conditions specifically set forth herein, all loans under the Plan shall be subject to such other terms and conditions as the Management Benefits and Compensation Committee may from time to time determine under rules applicable to all Members on a reasonably equivalent basis.

9.10. Form of Distribution. All distributions shall be in cash; provided, however, to the extent lump sum distributions on Account of Retirement, death, disability or other termination of Service are from the Moody's Common Stock Fund or any other Fund which provides for in-kind distributions, a Member, prior to the distribution, may elect to receive whole shares of Moody's Common Stock and cash in lieu of fractional shares. All partial distributions shall be made from the Funds in the same proportion that the value of the Member's interest in each such Fund bears to the total value of the Member's Account as of the applicable Valuation Date. Effective January 1, 2008, in connection with a distribution, a Participant may elect to receive Company Stock held in the Participant's ESOP Fund in the form of Company Stock, except that fractional shares shall be distributed in cash.

9.11. Consent. Notwithstanding any other provision of the Plan, if the amount to the credit of a Member's Account exceeds One Thousand Dollars (\$1,000) (the "Involuntary Cashout Amount"), and becomes distributable to him on an immediate lump sum basis pursuant to any provision of this Section 9 of the Plan, no such distribution shall be made to him unless he consents in writing to same pursuant to election forms and notices provided by the Management Benefits and Compensation Committee no more than ninety (90) days and no less than thirty (30) days prior to the anticipated date of the Member's distribution, as required by Section 1.411(a)-11(c) of the Treasury Regulations. If a distribution is one to which Sections 401(a)(11) and 417 of the Code do not apply, such distribution may commence less than thirty (30) days after the notice required under Section 1.411(a)-11T(c) of the Treasury Regulations is given, provided that:

(a) the Management Benefits and Compensation Committee clearly informs the Member that the Member has a right to a period of at least thirty (30) days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option), and

(b) the Member, after receiving the notice, affirmatively elects a distribution.

Failure to give such consent shall be deemed to be an election to have the amount to the credit of the Member's Account (to the extent not forfeited) as of the earliest of (i) the giving of such consent by the Member, (ii) the Member's attainment of age sixty five (65), or (ii) receipt by the Compensation and Benefit Committee of notice of the Member's death, distributed to the Member (or to his designated Beneficiary if he is not living) in a lump sum within sixty (60) days following such date or as soon thereafter as reasonably practicable; provided, however, if the Member is married at the time of his death, his surviving spouse shall be considered to be his designated Beneficiary unless such spouse has consented to the Member's Beneficiary designation in accordance with Section 205(c)(2)(A) of ERISA. Any election by a Member to receive an optional form of benefit available under the Plan shall be deemed to be his consent to receive such form of benefit. Failure to give the requisite consent hereunder shall also be deemed to be an election by the Member to have the entire amount to the credit of his Account, to the extent not forfeited, remain invested in the Trust Fund and consequently subject to periodic revaluations with the attendant risk of market loss in the Fund or Funds selected by the Member pursuant to his investment election, as may be amended from time to time in accordance with Section 6 hereof. The Member may, at any time thereafter, receive distribution of his entire Account by giving the requisite consent, but he shall no longer be eligible to make any other withdrawals under the Plan nor shall he be eligible to make contributions to the Plan, receive any additional Company Matching Contributions or Additional Matching Contributions under the Plan, or receive any financial hardship distributions from the Plan.

Notwithstanding any other provision of the Plan, if the vested amount credited to a Member's Account is less than One Thousand Dollars (\$1,000) at the time it becomes distributable, such amount shall be distributed as soon as reasonably practicable to the Member or the Beneficiary in a single lump sum. In the event that such distribution is eligible to be rolled over pursuant to Section 9.13, if the Member does not elect to have such distribution paid directly to an eligible retirement plan specified by the Member in a direct rollover or to receive the distribution directly, then the distribution shall be paid in a direct rollover to an individual retirement plan designated by the Management Benefits and Compensation Committee or its successor.

9.12. No Adjustment for Earnings after Applicable Valuation Date. The amount of each distribution from the Plan is based on the amount to the credit of the Member's Account as of the Valuation Date immediately preceding the date of distribution as specified in this Section 9. In no event (a) shall any portion of the Member's Account distributed in cash from the Trust Fund be credited with any earnings between such Valuation Date and the distribution date with respect to the amount being distributed, but any such earnings (if any) shall remain in the Trust Fund for reapportionment among active Members pursuant to Section 5.3 of the Plan, nor (b)

shall the amount of any such distribution accrue any earnings between the Valuation Date as of which it is removed from the Member's Plan Account and the date on which such distribution is received by the Member or his Beneficiary; provided, however, that the Trustee for the Trust Fund is authorized and directed to pay over to the recipient of any lump sum distribution that includes shares of Common Stock of the Corporation any dividends paid to it as shareholder of record as of any date which falls between the Valuation Date applicable to such lump sum distribution and the date the shares are transferred to the distributee by the Corporation's stock registration agent.

9.13. Direct Rollover Treatment for Certain Withdrawals and Distributions. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section 9.13, a distributee may elect, at the time and in the manner prescribed by the Management Benefits and Compensation Committee, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

An eligible rollover distribution is a distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include:

- (a) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or the joint life expectancies) of the distributee and the distributee's designated Beneficiary, or for a specified period of ten (10) years or more;
- (b) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and
- (c) any hardship withdrawal.

An eligible retirement plan is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code, and (i) a plan described in Section 403(b) of the Code, or (ii) an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.

A distributee is an Employee or former Employee. In addition, the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, is a distributee with regard to the interest of the spouse or former spouse.

A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

In addition, a Beneficiary who is not the Member's Spouse but who is a "designated beneficiary" within the meaning of Section 401(a)(9)(E) of the Code may elect to have the portion of the distribution that otherwise is an eligible rollover distribution transferred in a trustee-to-trustee transfer to an individual retirement account or an individual retirement annuity that has been established for purposes of receiving such distribution.

With respect to distributions after December 31, 2007, a distributee who is a Member, a spouse of a Member or an alternate payee may elect to directly roll over all or a portion of the eligible rollover distribution to a Roth IRA in a manner permitted by guidance issued by the Internal Revenue Service.

In the event that the provisions of this Section 9.13 or any part thereof cease to be required by law as a result of subsequent legislation or otherwise, this Section 9.13 or applicable part thereof shall be ineffective without necessity of further amendment of the Plan.

Any such election shall be made (i) on forms approved by and filed with the Management Benefits and Compensation Committee, (ii) by telephonic, electronic or other data transmission in a manner approved by the Management Benefits and Compensation Committee, or (iii) in any other manner approved by the Management Benefits and Compensation Committee in its sole discretion.

9.14. Limitation on Distribution of Before-Tax Contributions. Notwithstanding any other provisions of the Plan, Participating Before-Tax Contributions and Investment Plan Before-Tax Contributions and any income allocable to such amounts, shall not be distributable earlier than the Member's Retirement, severance of employment, death or disability, as determined in accordance with Section 401(k)(2) of the Code and the Treasury Regulations thereunder, or upon a showing of financial necessity in accordance with Section 9.8 hereof. Such Before-Tax Contributions also may be distributed in accordance with Section 401(k)(10) of the Code and solely in the form of a "lump sum distribution" (as defined in Section 401(k)(10)(B)(ii) of the Code), upon termination of the Plan without the establishment or maintenance by the Company of another defined contribution plan (other than an "employee stock ownership plan", as defined in Section 4975(e)(7) of the Code).

SECTION X ADMINISTRATION OF PLAN AND MANAGEMENT OF PLAN ASSETS

10.1. The Management Benefits and Compensation Committee shall be the named fiduciary (the "Named Fiduciary") which shall have authority to control and manage the operation and administration of the Plan and to manage and control its assets. The Management Benefits and Compensation Committee shall consist of not less than three (3) nor more than seven (7) members, as may be appointed by the Board of Directors from time to time. Any member of the Management Benefits and Compensation Committee may resign at will by notice to the Board of Directors or be removed at any time (with or without cause) by the Board of Directors.

10.2. The Named Fiduciary may from time to time allocate fiduciary responsibilities among its members and may designate persons other than members of the Named Fiduciary to carry out fiduciary responsibilities under the Plan, and such persons shall be deemed to be fiduciaries under the Plan with respect to such delegated responsibilities. Fiduciaries may employ one or more persons to render advice with regard to any responsibility such fiduciaries have under the Plan.

10.3. The Named Fiduciary (and its delegates) 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 Named Fiduciary (and its delegates) shall be conclusive and binding upon all Employees, Members and Beneficiaries. In all instances the Named Fiduciary (and its delegates) shall have complete discretionary authority to determine eligibility for participation and benefits under 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. All deference permitted by law shall be given to such constructions, interpretations and determinations.

10.4. Any action to be taken by the Named Fiduciary 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 Management Benefits and Compensation Committee shall be sufficient evidence to any person of any action taken pursuant to the Plan.

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

SECTION XI AMENDMENT OR TERMINATION

11.1. No part of the corpus or income of the Trust Fund shall be used for or diverted to purposes other than for the exclusive purpose of providing benefits to Members and their

Beneficiaries and defraying reasonable expenses of administering the Plan. Subject to this provision, the Plan may be amended at any time by action of the Management Benefits and Compensation Committee in accordance with its established rules of procedure, and any amendment may be given retroactive effect to the extent permitted by applicable law; provided, however, that no amendment shall have the effect of depriving any Member or Beneficiary of all or any part of the amount then to the credit of his Account under the Plan; and provided, further, that no such amendment which would materially increase the cost of the Plan to the Company shall be made without the consent of the Board of Directors. The Management Benefits and Compensation Committee may, from time to time, delegate its authority to amend the Plan to any committee established by it pursuant to Section 10 of the Plan in accordance with their established rules of procedure.

11.2. The Plan may be terminated or partially terminated, and contributions under the Plan may be completely discontinued, at any time by the Board of Directors in accordance with its established rules of procedure. In the event of termination or partial termination of the Plan or complete discontinuance of contributions under the Plan, (a) no contribution shall be made thereafter with respect to affected Members except for a month or year the last day of which coincides with or precedes such termination, partial termination or discontinuance; (b) no distribution with respect to affected Members shall be made except either as provided in the Plan or as determined by the Board of Directors; (c) the rights of all affected Members to the amounts to the credit of their Accounts as of the date of such termination, partial termination or discontinuance shall vest; and (d) no person shall have any right or interest except with respect to the Trust Fund.

SECTION XII MISCELLANEOUS

12.1. Except as otherwise required by law, no benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge and shall not be subject to attachment, garnishment or other legal process. Notwithstanding the foregoing and any other provision of the Plan to the contrary, distribution of the amount to the credit of a Member's Account shall be made in accordance with the terms of a qualified domestic relations order to a Member's spouse, former spouse, child or other dependent or any person specified in such order, provided such order and the terms thereof meet the requirements of Section 206(d) of ERISA and Section 401(a)(13) of the Code and the regulations thereunder. All domestic relations orders received by the Plan shall be handled in accordance with reasonable procedures established under the Plan in accordance with such provisions of ERISA and the Code, including a procedure which will permit the distribution to a payee specified in a qualified domestic relations order an amount not exceeding the amount withdrawable by an active Member pursuant to Section 9.7 of the Plan.

12.2. Neither the establishment of the Plan nor participation herein shall confer upon any person any right to be continued as an employee of the Company, and the Company reserves

the right to discharge any employee whenever in its sole judgment the interest of the Company so requires. The Plan shall be construed, administered and enforced according to the laws of the State of New York, except to the extent that State law shall have been preempted by the provisions of ERISA or any other laws of the United States heretofore or hereafter enacted, as the same may be amended from time to time.

12.3. Notwithstanding any provision of the Plan to the contrary, any Member with less than three (3) years of Vesting Service who ceases to be an Employee for reasons related to fraud, dishonesty or serious misconduct, as conclusively determined by the Management Benefits and Compensation Committee, shall forfeit the entire amount to the credit of his Account which is attributable to Company Matching Contributions, Additional Matching Contributions and Retirement Contributions.

12.4. If, in the judgment of the Management Benefits and Compensation Committee, a Member or Beneficiary to whom benefits shall be due under the Plan shall be or become incompetent, either physically or mentally, the Management Benefits and Compensation Committee shall have the right to determine to whom such benefits shall be paid for the benefit of such Member or Beneficiary.

12.5. Each Member and Beneficiary shall keep the Company advised of his current address. If amounts become distributable under the Plan and the Company is unable to locate the Member or Beneficiary to whom the distributions are payable, the Account of such Member or Beneficiary shall be closed after three (3) years from the time such distributions first become payable and the amount then to the credit of such Account shall be applied to reduce Company Matching Contributions. If, however, such Member or Beneficiary subsequently makes proper claim to the Company for such amount, the amount to which the Member or Beneficiary is entitled will be restored to the Trust Fund by the Company out of its next contribution, if any, and will be distributable in accordance with the terms of the Plan.

12.6. The Plan shall be administered in accordance with the requirements of ERISA and the Code. No benefits shall become distributable under the Plan until proper application for same has been filed with the Company together with whatever consents by the Member and his spouse, if any, may be required under ERISA and the Code. The Company and the Management Benefits and Compensation Committee shall be entitled to rely conclusively upon documentation presented to its or their satisfaction that a Member is not married or, if such Member is married at the time of reference, that such Member's spouse cannot be located or that the consent of such spouse is not obtainable for whatever circumstances the Secretary of the Treasury prescribes by regulations as sufficient to justify the commencement or waiver of benefits without spousal consent.

12.7. The Company may elect to pay any administrative fees or expenses. Otherwise the expenses and fees shall be paid from the Trust Fund.

12.8. Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to military service will be provided in accordance with Code Section 414(u).

12.9. Notwithstanding anything in this Plan to the contrary, in accordance with the terms of the Employee Benefits Agreement entered into on or about September 30, 2000 between the Corporation and The New D&B Corporation (“New D&B”) (“Moody’s EBA”):

(a) To the extent the full vested account balances in the Profit Participation Plan of The Dun & Bradstreet Corporation (“D&B PPP”) of Members are transferred by the trustee of the D&B PPP to the Trustee of this Plan, such transfers shall be made in kind based on those investment funds in which such account balances are then invested (including, but not limited to, the stock funds); provided, however, that loans made under the D&B PPP to Members shall be transferred to this Plan in this form of notes.

(b) With respect to any Member in this Plan who was a participant in the D&B PPP as of the Effective Time (as such term is defined in the Moody’s EBA),

(i) all shares of “New D&B Common Stock” (as such term is defined in the Moody’s EBA) held therein in such Member’s “New D&B Stock Fund” (as such term is defined in the Moody’s EBA) shall be transferred to a non-employer stock fund in this Plan known as “the D&B Common Stock Fund”; and

(ii) all shares of “Moody’s Common Stock” (as such term is defined in the Moody’s EBA) held therein in such Member’s “Moody’s Stock Fund” (as such term is defined in the Moody’s EBA) shall be transferred to an employer stock fund in this Plan known as the Moody’s Common Stock Fund.

From and after the Effective Time, no Member may transfer or contribute any amounts to the New D&B Stock Funds.

(c) If, during the one-year period following the Effective Time, an employee of one of the members of the “D&B Group” (as such term is defined in the Moody’s EBA) (“D&B Employer”) terminates his or her employment with such D&B Employer and then immediately commences employment with the Corporation, such employee’s past service with the D&B Group shall be recognized for all purposes under this Plan, to the extent recognized under the D&B PPP.

SECTION XIII DETERMINATION OF BENEFITS AND BENEFIT CLAIMS PROCEDURES

13.1. All benefits payable under the Plan shall be authorized in writing by the Management Benefits and Compensation Committee or by such person or committee (such as,

but not limited to, an “appeals committee”) to whom such responsibility may have been delegated by the Management Benefits and Compensation Committee pursuant to the power vested in it by Section 10 and shall be communicated in writing to the Member or Beneficiary. Any Employee, Member or Beneficiary for whom no benefits have been authorized, or who disputes the amount of any benefit authorized hereunder, may request the Management Benefits and Compensation Committee, through its appeals committee, either (a) informally or (b) formally in writing, to review and reconsider its determination. Such request may be made to any person or persons authorized by the Management Benefits and Compensation Committee to review same. Upon review and reconsideration of any determination by the appeals committee, the Management Benefits and Compensation Committee shall give or cause to be given to the applicant written notice of its decision. Such notice shall also inform the applicant that he or she may request a further review and reconsideration of the Management Benefits and Compensation Committee’s determination within a specified period of time, which, in no event, shall be less than sixty (60) days from the giving of such notice. Any such requests to the Management Benefits and Compensation Committee must specify in writing the position being taken by the Employee, Member or Beneficiary and the reasons therefor. Such notice shall be filed with the person or persons designated in the notice given by the Management Benefits and Compensation Committee. The Management Benefits and Compensation Committee may thereupon request such further information as it may deem appropriate, and the Management Benefits and Compensation Committee or the applicant shall have the right to require an informal hearing. All decisions by the Management Benefits and Compensation Committee shall be signed by at least one (1) member of the Management Benefits and Compensation Committee and communicated in writing to the applicant and to the Management Benefits and Compensation Committee and shall be final and binding on both.

13.2. The Management Benefits and Compensation Committee shall be appointed by the Board of Directors, and shall consist of not less than three (3) nor more than five (5) members, at least one (1) of whom shall be a non-employee member of the Board of Directors. Any member may resign at will by notice to the Management Benefits and Compensation Committee or be removed (with or without cause by the Board of Directors. The Board of Directors, upon written application to it by any Employee, Member or Beneficiary, shall have final authority under the Plan to review any decision of the Management Benefits and Compensation Committee with respect to the benefits and the amount or form thereof payable under the Plan to any such applicant. The Board of Directors shall have the authority to engage, and rely on the advice of, independent experts, counsel and consultants in the performance of its responsibilities, who may but need not be the same independent experts, counsel or consultants engaged by the Management Benefits and Compensation Committee, and upon request of the Management Benefits and Compensation Committee, the Board of Directors may compensate any such person or persons out of Plan assets.

SECTION XIV LIMITATIONS ON BENEFITS

14.1. **Limitations on Annual Additions.** In no event may a Member's Annual Addition in any Limitation Year exceed the maximum permitted under Section 415 of the Code. For this purpose:

- (a) "Annual Addition" means, with respect to any Defined Contribution Plan, the aggregate of -
 - (i) the amount of the Member's Participating After-Tax and Before-Tax Contributions and his Investment Plan After-Tax and Before-Tax Contributions;
 - (ii) the aggregate Company Matching, Additional Matching and Retirement Contributions and forfeitures allocated to the Member's Account for the Limitation Year; and
 - (iii) contributions allocated to any individual medical benefit Account of a 5% owner under a Defined Benefit Plan.
- (b) "Limitation Year" means the calendar year.
- (c) "Defined Benefit Plan" means any retirement plan maintained by the Company or any affiliated employer within the meaning of Section 415(h) of the Code that is not a Defined Contribution Plan.
- (d) "Defined Contribution Plan" means any retirement plan maintained by the Company or any affiliated employer within the meaning of Section 415(h) of the Code which provides for an individual Account for each participant and for benefits based solely on the amount contributed to such Account (and any income, expense, gains and losses, and forfeitures of Accounts of other participants which may be allocated to such Account).

14.2. **Maximum Annual Addition.** In no event may a Member's Annual Addition under all Defined Contribution Plans exceed the lesser of: Forty Thousand Dollars (\$40,000) (as adjusted pursuant to Section 415(c) of the Code), or one hundred percent (100%) of 415 Compensation .

For purposes of this Plan, "415 Compensation" means the Member's compensation, within the meaning of Treas. Reg. § 1.415-2(d) (1) and (2), for a Limitation Year from the Company and all Affiliated Employers, including, to the extent includable in gross income, the Member's wages, salary, and other amounts (including fringe benefits,

reimbursements, expense allowances, vacation pay, and long-term disability benefits) received or made available or, as applicable, accrued for personal services actually rendered, earned income from sources outside the United States whether or not excluded from taxable gross income, non-deductible moving expenses paid on behalf of or reimbursed to the Member, non-qualified stock options taxable in the year granted, and, as applicable, amounts previously not included which are earned but not paid in such period because of the timing of pay periods and pay days but are paid during the first few weeks following the end of such period, but excluding deferred compensation, stock options and other distributions that receive special tax benefits. 415 Compensation also includes any amounts deferred pursuant to Section 402(g)(3) of the Code, excludable from the gross income of the Member pursuant to Section 125 of the Code, and qualified transportation fringe benefits described in Section 132(f)(4) of the Code.

14.3. Adjustment for Excess Annual Additions.

(a) If as a result of the allocation of forfeitures, a reasonable error in estimating a Member's compensation or other facts and circumstances to which Treasury Regulations promulgated under Code Section 415 shall be applicable, the Annual Additions under this Plan would cause the maximum Annual Additions to be exceeded for any Member, the Management Benefits and Compensation Committee shall

- (i) return any Participating After-Tax and Before-Tax Contributions and Investment Plan After-Tax and Before-Tax Contributions credited for the Limitation Year to the extent that the return would reduce the "excess amount" in the Member's Account,
- (ii) hold any "excess amount" remaining after the return of any such contributions in a "Section 415 suspense Account",
- (iii) allocate and reallocate the "Section 415 suspense Account" in the next Limitation Year (and succeeding Limitation Years if necessary) to all Members in the Plan before any contributions which would constitute Annual Additions are made to the Plan for such Limitation Year, and
- (iv) reduce contributions to the Plan for such Limitation Year by the amount of the "Section 415 suspense Account" allocated and reallocated during such Limitation Year.

(b) For purposes of this Section, "excess amount" for any Member for a Limitation Year shall mean the excess, if any, of

- (i) the Annual Additions which would be credited to his Account under the terms of the Plan without regard to the limitations of Code Section 415, over

(ii) the maximum Annual Additions determined pursuant to this Section 14.

(c) For purposes of the Section, "Section 415 suspense Account" shall mean an unallocated Account equal to the sum of "excess amounts" for all Members in the Plan during the Limitation Year. The "Section 415 suspense Account" shall not share in any earnings or losses of the Trust Fund.

14.4. Interpretation. This Section shall be interpreted in accordance with regulations under Section 415 of the Code, as amended by the Tax Equity and Fiscal Responsibility Act of 1982, the Deficit Reduction Act of 1984, and any successor legislation, including, but not limited to the Tax Reform Act of 1986, and any applicable dollar limitations (whether higher or lower than the amounts specifically stated herein) imposed by such legislation if different from the dollar amounts specified herein shall be incorporated herein and shall supersede such stated dollar amounts as though the Plan had been amended accordingly.

14.5. Lump Sum Contribution. For purposes of this Section 14 only, any lump sum Employee contribution made with respect to the Member's prior Compensation which is made not later than thirty (30) days after the end of a Limitation Year shall be deemed credited to the Member's Account as of the last day of such Limitation Year; provided, that if all or any portion of such contribution would be in excess of the limitations for such Member for such Limitation Year, such excess amount shall be credited to the Member's Account as of the date actually contributed.

SECTION XV MERGERS, CONSOLIDATIONS AND ASSETS OR LIABILITY TRANSFERS

15.1. In the case of any merger or consolidation with, or transfer of assets or liabilities to, any other plan, each Member and Beneficiary under the Plan shall be entitled to receive a benefit immediately after the merger, consolidation or transfer (if the merged, consolidated or transferee plan then terminated) which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation or transfer (if the Plan had then terminated).

SECTION XVI TOP-HEAVY CONTINGENCY

16.1. The provisions of this Section 16 shall apply only in a Plan Year in respect of which the Plan becomes top-heavy as herein defined and thereafter to the extent provided herein.

16.2. The Plan shall be considered to be top-heavy in any Plan Year if the aggregation group of which the Plan is required to be a part becomes top-heavy for such year; provided, however, the Plan shall not be considered to be top-heavy in such Plan Year if, by the inclusion of additional plans permitted to be included in such required aggregation group, the resulting permissive aggregation group is not top-heavy for such year.

(a) The required aggregation group as to the Plan shall include the Plan and any pension, profit sharing or stock bonus plan of the Company, its subsidiaries and any other corporation or entity under common control by or with the Company, if such plan is intended to be a qualified plan under Section 401(a) of the Code, and either

- (i) includes or has included any key employee as a participant in this Plan Year or in the five (5) preceding Plan Years, or
- (ii) enables the Plan or any such plan to meet the anti-discrimination requirements and minimum participation standards applicable to qualified plans under the Code.

(b) The permissive aggregation group shall include plans in the required aggregation group and any other comparable plan of an employer in the controlled group specified in subparagraph (a) or to which such employer contributes, if such plan is intended to be qualified under Section 401(a) of the Code and continues to meet the anti-discrimination requirements and minimum participation standards of the Code when considered together with the plans in the required aggregation group.

16.3. A required aggregation group or a permissive aggregation group shall be considered to be top-heavy if, as of the applicable determination dates, the sum of the present value of the cumulative accrued benefits for key employees under all defined benefit plans in such group and the aggregate value of the Accounts of key employees under all defined contribution plans in such group exceeds sixty percent (60%) of the sum of such values for all employees participating in or eligible for participation in such plans.

(a) The applicable determination date for each such plan shall be the last day of its plan year which immediately precedes the plan year for which such plan is being tested or, in the case of a new plan, the last day of its first plan year.

(b) The present value of accrued benefits of employees under each defined benefit plan shall be determined as of the plan's most recent Valuation Date within the twelve (12) month period ending on the determination date (or, in the case of a new plan, as of the determination date) and shall be based upon the assumption that each employee terminated his vesting service on the determination date with a fully vested accrued benefit on such date and elected a lump sum distribution in an amount equal to the present value of such benefit based upon the actuarial assumptions, mortality rates and assumed earnings used to maintain the plan's minimum funding account as defined in Section 412 of the Code.

(c) The present value of accrued benefits and the values of Accounts used in the sixty percent (60%) calculation described herein shall be increased by all distributions made within the five (5) year period ending on the determination date to employees covered by plans in the aggregation group.

(d) Rollover Accounts, benefits of former key employees, and benefits of persons not employed for the five (5) year period ending on the determination date shall not be taken into account to the extent provided by Section 416(g)(4) of the Code.

(e) Employer matching contributions shall be taken into account for purposes of satisfying the minimum contribution requirements of Section 416(c)(2) of the Code and the Plan. The preceding sentence shall apply with respect to matching contributions under the Plan or, if the Plan provides that the minimum contribution requirement shall be met in another plan, such other plan. Employer matching contributions that are used to satisfy the minimum contribution requirements shall be treated as matching contributions for purposes of the actual contribution percentage test and other requirements of Section 401(m) of the Code.

(f) Notwithstanding the foregoing, the present values of accrued benefits and the amounts of account balances of an employee as of the determination date shall be increased by the distributions made with respect to the employee under the plan and any plan aggregated with the plan under Section 416(g)(2) of the Code during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the plan under Section 416(g)(2)(A)(i) of the Code. In the case of a distribution made for a reason other than separation from service, death, or disability, this provision shall be applied by substituting “5-year period” for “1-year period.” The accrued benefits and accounts of any individual who has not performed services for the employer during the 1-year period ending on the determination date shall not be taken into account.

16.4. A key employee shall include any employee or former employee (including any deceased employee) who at any time during the plan year that includes the determination date was an officer of the employer having annual compensation greater than \$ 130,000 (as adjusted under Section 416(i)(1) of the Code for plan years beginning after December 31, 2002), a 5-percent owner of the employer, or a 1-percent owner of the employer having annual compensation of more than \$ 150,000. For this purpose, annual compensation means compensation within the meaning of Section 415(c)(3) of the Code. The determination of who is a key employee will be made in accordance with Section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

16.5. A non-key employee shall include any Employee who is not a key employee.

16.6. In the event the Plan becomes top-heavy for any Plan Year, all plans in the required aggregation group will also be top-heavy for such year and all non-key employees will be participating in more than one top-heavy plan. In such event, there shall be provided to each non-key employee a minimum benefit under the Company's Retirement Account Plan equal to:

(a) an annual retirement benefit (with no ancillary benefits) commencing at normal retirement at or after age 65 equal to three percent (3%) of his average annual compensation for each year of service from and after December 31, 1983 during which this Plan was top-heavy, excluding any such service in excess of ten (10) years; minus

(b) the amount of such retirement benefit which could be purchased for such Employee by application of all amounts allocated to his Accounts under this Plan and any other defined contribution plan of the Company as the result of employer contributions and forfeitures for all Plan Years during which such Employee was a Member, but excluding any such allocations which were forfeited by such Employee. The determination of the amount of such retirement benefit which could be purchased for each non-key employee shall be made by the Company's independent actuaries as of the date of such Employee's termination of service and shall utilize the earnings and actuarial assumptions most recently published by the Pension Benefit Guaranty Corporation.

Average annual compensation of a non-key employee for purposes of the foregoing shall mean his average annual aggregate compensation, as determined under Section 415(c)(3) of the Code, for the five (5) consecutive years of his service resulting in the highest such average (or for the actual years of his service if fewer than five (5)).

16.7. Notwithstanding any provision in the Plan to the contrary, if the Plan becomes top-heavy in any Plan Year, the accrued benefits of all Employees in active service from and after such year shall vest and become nonforfeitable after three (3) years of vesting service.

16.8. In the event the Plan becomes top-heavy, an Employee's compensation taken into account for purposes of the Plan shall not exceed \$200,000 for each Plan Year in which the Plan is or continues to be top-heavy, except that such maximum shall be automatically adjusted without Plan amendment to reflect cost-of-living adjustments made to such amount by the Secretary of the Treasury pursuant to Section 416(d)(2) of the Code.

APPENDIX A
TREATMENT OF KMV EMPLOYEES

The following provisions shall apply to employees of KMV commencing on July 1, 2002:

1. KMV's Status as a Company under the Plan. KMV is a Company under the Plan effective as of July 1, 2002.
2. Application of Plan Provisions to KMV Participants. Except as specifically noted herein, all provisions of the Plan shall apply to Eligible Employees who are Employees of KMV and who are hired on or before December 31, 2002 ("KMV Eligible Employees").
3. Participating Contributions and Investment Plan Contributions. KMV Eligible Employees shall be eligible to make Participating Contributions and Investment Plan Contributions under the Plan commencing with the first payroll after July 1, 2002 (or, if later, the date such a KMV Eligible Employee would have been eligible to contribute under the terms of the Plan).
4. Matching Contributions and Additional Matching Contributions. Notwithstanding any other provision of the Plan to the contrary, for the Plan Year ending December 31, 2002, KMV Eligible Employees shall not be eligible to be credited with Matching Contributions or Additional Matching Contributions.
5. Special Profit Sharing Contributions for 2002. KMV Eligible Employees who are Employees on December 31, 2002 shall be eligible to be credited with a Special Profit Sharing Contribution, determined as follows:
 - a. Eligibility. Only those KMV Eligible Employees who are actually performing services for KMV or are on an approved leave of absence as of December 31, 2002 shall be eligible to be credited with a Special Profit Sharing Contribution.
 - b. Discretionary Nature of Contribution. The making of the Special Profit Sharing Contribution shall be at the Company's discretion.
 - c. Amount of Contribution. The amount of the Special Profit Sharing Contribution, if made, that is credited to a KMV Eligible Employee shall equal a percentage (not to exceed fifteen percent (15%)) determined by the Company of the KMV Eligible Employee's Compensation earned from the date of the closing of the transaction by which Moody's Corporation acquired the stock of KMV through December 31, 2002; provided, however, that in no event shall the amount of such Special Profit Sharing Contribution on behalf of any KMV

Eligible Employee exceed Thirty Thousand Dollars (\$30,000) reduced by the amount (if any) contributed by KMV on behalf of the KMV Eligible Employee for 2002 to the SEP IRA maintained by KMV.

d. Vesting of Contribution. The Special Profit Sharing Contribution shall be 100% vested at all times.

e. Distribution of Contribution. For purposes of Section IX of the Plan, the Special Profit Sharing Contribution shall be treated in the same manner as Matching Contributions made under the Plan.

SEPARATION AGREEMENT AND GENERAL RELEASE

AGREEMENT, by and between Jeanne M. Dering (“Employee,” “you” or “your”) and Moody’s Corporation (the “Company,” “we” or “our”), with its principal place of business in New York, New York.

In consideration of the promises and conditions set forth below, and intending to be legally bound, the parties agree as follows:

1. Termination of Employment. Your employment with the Company, and your membership on any committees, is terminated effective on the date specified in Exhibit A (the “Termination Date”), and you agree not to apply for or seek re-employment with the Company, its parent companies, subsidiaries and affiliates after that date. You agree to continue working through the Termination Date, unless released from working earlier by the Company, in which case you will continue to receive your regular salary and benefits and will be deemed to be an employee of the Company through the Termination Date. After the Termination Date, the Company will pay you for all accrued and unused vacation days you had as of the Termination Date.

2. Special Severance Benefits. If you sign this Agreement on or after the Termination Date, and fully comply with the terms of this Agreement, the Company will provide you with the following special severance benefits:

(a) You will be paid salary continuation during the salary continuation period (“salary continuation period”), as set forth in Exhibit A, less benefit deductions, tax withholdings and other deductions required by law. You acknowledge that the salary continuation includes compensation and benefits in addition to what you would otherwise be entitled;

(b) Medical, dental and life insurance benefits shall be provided throughout the salary continuation period at the levels in effect for you immediately prior to the termination of your employment, but in no event greater than the levels in effect for active employees generally during the salary continuation period, provided that you shall pay the employee portion of any required premium payments at the level in effect for employees of the Company generally. Since as of the Termination Date, you were between the ages of 50 and 55 with 10 or more years of credited service with the Company, you also will be eligible for any post-employment medical and dental coverage that may be offered by the Company following the salary continuation period, at the Company’s full cost per participant for such coverage but otherwise on the same terms and conditions as coverage for employees of the Company, provided that the Company may modify or discontinue such post-employment coverage at any time for any reason, without any liability to you;

(c) In further consideration for your execution of this Agreement, the Company will not contest your eligibility for your 2007 bonus pursuant to the Executive Performance Incentive Compensation (EPIC) Plan, and will pay you a bonus under EPIC in the first quarter of 2008 in accordance with the letter to you, dated March 9, 2007 (which is attached as Exhibit E), and a recommended discretionary reduction of 16.7% for having met expectations with respect to non-financial objectives. The Company is agreeing to make this payment to you, in connection with your execution of this Agreement, without prejudice to its position that this amount is not due and owing to you under any bonus plan, policy, or past practice;

(d) The Company will waive Section 4.02(b)(i) of the Supplemental Executive Benefit Plan (“SEBP”), a copy of which is attached as Exhibit F, which would otherwise reduce the

amount of your SEBP Retirement Benefit by 60%, and will provide you a SEBP Retirement Benefit as calculated pursuant to Section 4.02(b), it being mutually understood that all other provisions of the SEBP shall continue to apply. Your projected annual benefits under the SEBP are set forth on Exhibit G;

(e) For purposes of the 1998 Moody's Corporation Key Employees' Stock Incentive Plan and the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan (collectively, the "Stock Incentive Plans"), your termination of employment with the Company shall be treated as a "Retirement" within the meaning of Section 2(bb) and Section 2(y), respectively. As a consequence, any and all outstanding stock options held by you for more than one year as of the Termination Date shall be exercisable in accordance with the rules of Section 7(f) of the Stock Incentive Plans relating to exercisability upon termination of employment by reason of Retirement, and any outstanding restricted stock award held by you for more than one year as of the Termination Date shall be exercisable in accordance with the rules of Section 9(c)(iv) of the 2001 Moody's Corporation Key Employees' Stock Incentive Plan relating to immediate vesting in full of restricted stock upon a termination of employment by reason of Retirement. A schedule of your outstanding stock options and restricted stock grants is attached hereto as Exhibit H; and

(f) You will be provided outplacement services through an outplacement service provider selected by the Company, which said amount shall be determined by your job classification. You will not be entitled to the cost of outplacement services if you choose not to elect them.

You acknowledge that the special severance benefits set forth above include compensation and/or benefits in addition to what you would otherwise be entitled to receive. The special severance benefits will not become due on or before the Effective Date of the Agreement, as defined in Paragraph 17(f).

3. Approvals. The Company represents and warrants that all necessary approvals to grant the special severance benefits set forth in Paragraph 2 have been obtained.

4. Waiver and Release.

(a) In exchange for special severance benefits promised to you in this Agreement, and as a material inducement for that promise, you hereby **WAIVE, RELEASE and FOREVER DISCHARGE** the Company and/or related persons from any and all claims, rights and liabilities of every kind, whether or not you now know them to exist, which you ever had or may have arising out of your employment with the Company or termination of that employment. This **WAIVER and RELEASE** includes, but is not limited to, any claim for severance benefits provided by the Company, as stated in an offer letter, individual contract, or otherwise, unlawful discrimination or sexual harassment under Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act, the Americans with Disabilities Act of 1990, 42 U.S.C. § 1981, the Worker Adjustment and Retraining Notification Act, the Family and Medical Leave Act of 1993, and any violation of any other federal, state or local constitution, statute, rule, regulation or ordinance, or for breach of contract, wrongful discharge, tort or other civil wrong. This Waiver and Release excludes (i) any claim for a breach of the Company's obligations set forth in this Agreement and (ii) any rights or claims regarding accrued benefits pursuant to any qualified or nonqualified retirement or profit sharing plan in which you were a participant immediately prior to the Termination Date.

(b) You represent that you have not filed any complaints, charges, claims, grievances, or lawsuits against the Company and/or any related persons with any local, state or federal agency or court.

(c) You acknowledge that you may discover facts different from or in addition to those you now know or believe to be true with respect to the claims, demands, causes of action, obligations, damages, and liabilities of any nature whatsoever that are the subject of this Agreement, and you expressly agree to assume the risk of the possible discovery of additional or different facts, and agree that this Agreement shall be and remain in effect in all respects regardless of such additional or different facts.

(d) If you violate this Agreement by misrepresenting that you have not filed any complaints, charges, claims, grievances, or lawsuits against the Company and/or any related persons with any local, state or federal agency or court, or by bringing or maintaining any complaints, charges, claims, grievances, or lawsuits contrary to this Paragraph 4, you will pay all costs and expenses of the Company and/or any related persons in defending against such charges, claims or actions brought by you or on your behalf, including reasonable attorney's fees, and will be required to give back, at the Company's sole discretion, the value of anything paid by the Company in exchange for this Agreement, to the fullest extent permitted by law.

(e) As referred to in this Agreement, "related persons" includes the parents, subsidiaries, affiliates and divisions of the Company, their respective successors and assigns, and all of their past and present directors, officers, representatives, shareholders, agents, employees, whether as individuals or in their official capacity, and the respective heirs and personal representatives of any of them.

(f) This **WAIVER** and **RELEASE** is binding on you, your heirs, legal representatives and assigns.

5. **Confidentiality of Agreement; Non-disparagement.** Unless and until this Agreement is or becomes publicly available by other than unauthorized disclosure, you shall keep the terms of this Agreement confidential. You agree not at any time to talk about, write about, discuss or otherwise publicize the terms or existence of this Agreement to anyone other than your legal, tax or other financial advisors or your spouse, except in response to a subpoena, court directive or otherwise as required by law. You shall not disparage, denigrate or defame the Company or, to your knowledge after reasonable diligence, any party who is a related person, or any of their business products or services and shall not make any written or oral statement, news release or other announcement relating to your employment by the Company or relating to the Company or, to your knowledge after reasonable diligence, any party who is a related person, or any of their respective customers or personnel which is designed to embarrass or criticize any of the foregoing, except in order to provide truthful testimony in response to a subpoena, court directive or otherwise required by law. The Company agrees that it will direct Ray McDaniel, Linda Huber, John Goggins, Mark Almeida, Andrew Kriegler, Brian Clarkson and Lisa Westlake not to disparage you or encourage or induce others to disparage you. You agree that the Company does not assume any responsibility for, and shall not be liable for, the conduct of any of the individuals named in the preceding sentence once that instruction is given.

6. **Confidential Information.** You agree that you will not directly or indirectly disclose any proprietary or confidential information, records, data, formulae, specifications and other trade secrets owned by the Company or any affiliate or subsidiary of the Company, whether oral or written, to any person or use any such information, except pursuant to court order (in which case you will first provide the Company with written notice of such). Notwithstanding the foregoing sentence, you shall not have any obligation to preserve the confidentiality of any information which is or becomes publicly available by other than unauthorized disclosure. All records, files, drawings, documents, models, disks, equipment and the like relating to the businesses of the Company shall remain the sole property of the Company and shall not be removed from the premises of the Company. You further agree to return to the Company any property of the Company which you may have, no matter where located, and not to keep any copies or portions thereof.

7. Cooperation with Agencies. Nothing in this Agreement is intended to prohibit or restrict you from: (i) testifying truthfully under oath; (ii) making any disclosure of information required by law; (iii) providing information to, or testifying or otherwise assisting in any investigation or proceeding brought by, any federal regulatory or law enforcement agency or legislative body, or any self-regulatory organization; or (iv) filing, testifying, participating in, or otherwise assisting in a proceeding relating to an alleged violation of any federal, state, or municipal law relating to fraud or any rule or regulation of the Securities and Exchange Commission or any self-regulatory organization. You further agree that you will not seek or accept personal equitable or monetary relief in any civil action, suit or legal proceeding that involves any matter that involves, relates to or arises out of Employee's employment with the Company or the termination of that employment, occurring at any time prior to the Effective Date of this Agreement (as defined in Paragraph 17(f) of this Agreement).

8. Indemnification. Nothing in this Agreement shall be deemed to modify the Company's indemnification obligations set forth in Article Sixth of the Company's Restated Certificate of Incorporation.

9. No Other Assurances. You acknowledge that in deciding to sign this Agreement you have not relied on any promises, statements, representations or commitments, whether spoken or in writing, made to you by any Company representative, except for what is expressly stated in this Agreement. This Agreement constitutes the entire understanding and agreement between you and the Company in connection with the matters described, and replaces and cancels all previous agreements and commitments, whether spoken or written.

10. Modification in Writing. No oral agreement, statement, promise, commitment or representation shall alter or terminate the provisions of this Agreement. This Agreement cannot be changed or modified except by written agreement signed by you and authorized representatives of the Company.

11. Governing Law; Jurisdiction. This Agreement shall be governed by and enforced in accordance with the laws of the State of New York, without regard to its conflicts of law principles. Any action arising out of or relating to this Agreement may, at the election of the Company, be brought and prosecuted only in that State, and in the event of such election, you consent to the jurisdiction and venue of any courts of or in such jurisdiction.

12. Jury Waiver and Attorneys' Fees and Costs. The parties agree to waive their right to proceed with a jury trial to resolve any and all disputes regarding the interpretation or enforcement of the Agreement. In the event of litigation involving the interpretation or enforcement of this Agreement, the prevailing party shall be entitled to his or its reasonable attorneys' fees and costs.

13. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

14. No Admission of Liability. This Agreement does not constitute an admission of any unlawful discriminatory acts or liability of any kind by the Company and/or related persons, or anyone acting under their supervision or on their behalf. This Agreement may not be used or introduced as evidence in any legal proceeding, except to enforce or challenge its terms.

15. Specific Performance. You acknowledge and agree that the remedies available to an injured party at law for a breach or threatened breach of any of the provisions of Paragraphs 4, 5 or 6 of this Agreement would be inadequate and, in recognition of this fact, you agree that, in the event of breach or threatened breach, in addition to any remedies at law or otherwise available to the Company under the terms of this Agreement, such injured party shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining order, or permanent injunction or any other equitable relief that may be available.

16. Successors; Binding Agreement. This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees.

17. You acknowledge and certify that you:

- (a) have read and understand all of the terms of this Agreement and do not rely on any representation or statement, written or oral, not set forth in this Agreement;
- (b) have had a reasonable period of time to consider this Agreement;
- (c) are signing this Agreement knowingly and voluntarily;
- (d) have been advised to consult with an attorney before signing this Agreement;
- (e) have the right to consider the terms of this Agreement for 45 days and if you take fewer than 45 days to review this Agreement, you hereby waive any and all rights to the balance of the 45 day review period;
- (f) have the right to revoke this Agreement within 7 days after signing it, by providing written notice of revocation to Dan O'Connell , Human Resources, Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. This Agreement will not be effective or enforceable against the Company until seven (7) days after the Company has received your signed copy of the Agreement. That will be the Effective Date of this Agreement. If you revoke this Agreement during this 7 day period, it becomes null and void in its entirety and no party has any obligations hereunder; and
- (g) have been informed in writing as to any class, unit or group of individuals eligible for the special severance benefits, the eligibility factors for the special severance benefits, the job titles and ages of all individuals selected for the reduction in force to which the special severance benefits applies, and the ages of all individuals in the same job classification or organizational unit not selected for the reduction in force. You have also been informed that if you wish additional information regarding job titles and ages, you may request such information of Dan O'Connell at Moody's Investors Service at the address listed in the paragraph immediately above. YOU CONFIRM THAT YOU HAVE RECEIVED A COPY OF EXHIBITS B, C AND D, WHICH STATE THE ELIGIBILITY FACTORS FOR THE SPECIAL SEVERANCE BENEFITS, THE JOB TITLES AND AGES OF THOSE ELIGIBLE AND THOSE NOT ELIGIBLE FOR THESE BENEFITS. BY SIGNING BELOW, YOU AFFIRM THAT YOU AND YOUR ATTORNEY HAVE HAD AN OPPORTUNITY TO READ THE EXHIBITS, UNDERSTAND THE EXHIBITS AND RELATED INFORMATION, ARE SATISFIED WITH THE INFORMATION THAT HAS BEEN PROVIDED TO YOU AND REQUIRE NO FURTHER INFORMATION.

Jeanne M. Dering

/s/ Jeanne M. Dering

Date: February 14, 2008

MOODY'S CORPORATION

By: /s/ Andrew J. Kriegler

Name: Andrew J. Kriegler

Title: Senior Vice President and Chief Human Resources Officer

Date: February 20, 2008

EXHIBIT A

Summary of Benefit Entitlements Under Moody's Corporation Career Transition Plan For Jeanne M. Dering

Employment with Company Since:	02/24/1986
Termination Date:	12/31/2007
Salary Continuation Period:	01/01/2008 – 12/29/2008
Date of Birth:	08/18/1955
Salary Continuation:	One year = \$471,800.00
Last Day of Salary Continuation:	12/29/2008
Welfare Benefits Continuation End Date:	12/31/2008
Outplacement Services:	One year

* *Please note that if the Employee does not register with the outplacement service provider within 45 days after the Termination Date, no outplacement service will be provided to the Employee.*

A letter and fact sheet containing benefits information will be mailed under separate cover by the Moody's Benefits Administrator, Fidelity Investments. The description of benefits provided is only a summary and is subject to the terms and conditions of the applicable plan. Refer to the summary plan descriptions for more details. If you should have questions, please contact the Benefits Center at 877-208-0784.

EXHIBIT 21**SUBSIDIARIES OF THE REGISTRANT****LIST OF ACTIVE SUBSIDIARIES AS OF DECEMBER 31, 2007**

<u>Name</u>	<u>Jurisdiction</u>
Moody's Latin America Calificadora de Riesgo S.A.	Argentina
MIS Funds Pty. Ltd.	Australia
Moody's Analytics Australia Pty. Ltd.	Australia
Moody's Investors Service Pty. Ltd.	Australia
Moody's America Latina Ltda.	Brazil
Moody's Analytics do Brasil Solucoes para Gerenciamento de Risco de Credito Ltda.	Brazil
Moody's Central Europe (BVI) Ltd.	British Virgin Islands
Moody's China (BVI) Ltd.	British Virgin Islands
Moody's Holdings (BVI) Limited	British Virgin Islands
Moody's Investors Service (BVI) Ltd.	British Virgin Islands
Moody's Israel Holdings, Inc.	British Virgin Islands
Moody's Latin America Holding Corp.	British Virgin Islands
Moody's South Africa (BVI) Ltd.	British Virgin Islands
Moody's Dubai (BVI) Ltd.	British Virgin Islands
Moody's Indonesia (BVI) Ltd.	British Virgin Islands
Moody's Wall Street Analytics, Inc.	California
Moody's Wall Street Analytics International Inc.	California
Moody's Wall Street Analytics LLC	California
Moody's Wall Street Analytics International LLC	California
Economy.com (Canada) Inc.	Canada
Moody's Analytics Canada Inc.	Canada
Moody's Canada, Inc.	Canada
Moody's Investors Service (Beijing) Ltd.	China
Moody's Investors Service Cyprus Ltd.	Cyprus
Moody's Central Europe A.S.	Czech Republic
MIS Quality Management Corp.	Delaware
Moody's Assureco, Inc.	Delaware
Moody's Corporation	Delaware
Moody's Evaluations Inc.	Delaware
Moody's Investors Service, Inc.	Delaware
Moody's Holdings, Inc.	Delaware
Moody's Analytics, Inc.	Delaware
Moody's Overseas Holdings, Inc.	Delaware
Moody's Risk Services Corp.	Delaware
Moody's Advisors Inc.	Delaware
Moody's Middle East Ltd.	Dubai
Moody's Analytics France SAS	France
Moody's France SAS.	France
Moody's Group France SAS	France
Moody's Analytics Deutschland GmbH	Germany

<u>Name</u>	<u>Jurisdiction</u>
Moody's Deutschland GmbH	Germany
Moody's Group Germany GmbH	Germany
Moody's Analytics Hong Kong Ltd.	Hong Kong
Moody's Asia Pacific Ltd.	Hong Kong
Moody's Investors Service Hong Kong Ltd.	Hong Kong
Moody's Company Hong Kong, Ltd.	Hong Kong
Moody's Investment Company India Pvt. Ltd.	India
PT Moody's Indonesia	Indonesia
Moody's Analytics Ireland Ltd.	Ireland
Moody's Finance Company Ireland	Ireland
Midroog Ltd	Israel
Moody's Italia S.r.l.	Italy
Moody's Analytics Japan KK	Japan
Moody's Group Japan GK	Japan
Moody's Japan Kabushiki Kaisha	Japan
Moody's Investors Service Japan KK	Japan
Moody's Interfax Rating Agency Kazakhstan Ltd.	Kazakhstan
Korea Investors Service, Inc.	Korea
Moody's Investors Service (Korea) Inc.	Korea
KIS Pricing, Inc.	Korea
MIS Cyprus Limited Luxembourg Branch	Luxembourg
Moody's Mauritius Holdings Ltd.	Mauritius
Administración de Calificadora S.A.	Mexico
Moody's de Mexico S.A. de C.V.	Mexico
Moody's Assurance Company, Inc.	New York
Moody's Eastern Europe LLC	Russia
Moody's Interfax Rating Agency Ltd.	Russia
Moody's Analytics Singapore Pte. Ltd.	Singapore
Moody's Asia-Pacific Group (Singapore) Ptd. Ltd.	Singapore
Moody's Investors Service Singapore Pte. Ltd.	Singapore
Moody's Singapore Pte. Ltd.	Singapore
Moody's Investors Service Espana, S.A.	Spain
Moody's Investors Service South Africa (Pty.) Ltd.	South Africa
Moody's Taiwan Corp.	Taiwan
Economy.com (U.K.) Limited	U.K.
Moody's Analytics U.K. Limited	U.K.
Moody's Holdings U.K. Limited	U.K.
Moody's Investors Service Ltd.	U.K.
Moody's Wall Street Analytics UK Ltd.	U.K.
Moody's Group UK Ltd.	U.K.
Syndicate Underwriting Research Ltd.	U.K.
Moody's Interfax Rating Agency Ukraine LLC	Ukraine

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-57267, 333-57915, 333-60737, 333-64653, 333-68555, 333-81121, 333-47848, 333-103496, 333-126564 and 333-145127) of Moody's Corporation (formerly known as The Dun & Bradstreet Corporation) of our report dated February 28, 2008 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
New York, New York

February 28, 2008

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

/s/ RAYMOND W. MCDANIEL, JR.

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

February 28, 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 annual report on Form 10-K of Moody's Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ LINDA S. HUBER

Linda S. Huber
Executive Vice President and Chief Financial Officer

February 28, 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 Annual Report of Moody's Corporation (the "Company") on Form 10-K for the year ended December 31, 2007 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/ RAYMOND W. MCDANIEL, JR.

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

February 28, 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 Annual Report of Moody's Corporation (the "Company") on Form 10-K for the year ended December 31, 2007 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/ LINDA S. HUBER

Linda S. Huber
Executive Vice President and Chief Financial Officer

February 28, 2008