UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark one)

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

For the quarterly period ended March 31, 2011

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, N.Y.** **(Address of Principal Executive Offices)**	**10007** **(Zip Code)**

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months, or for such shorter period that the registrant was required to submit and post such files. Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

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

Title of Each Class	Shares Outstanding at March 31, 2011
Common Stock, par value $0.01 per share	227.8 million

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MOODY'S CORPORATION

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Exhibits Filed Herewith

10.1	Profit Participation Plan of Moody's Corporation (amended and restated as of January 1, 2010)
31.1	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Chief Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Chief Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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GLOSSARY OF TERMS AND ABBREVIATIONS

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

TERM	DEFINITION
ACNielsen	ACNielsen Corporation – a former affiliate of Old D&B
Analytics	Moody's Analytics – reportable segment of MCO formed in January 2008, which includes the non-rating commercial activities of MCO
AOCI	Accumulated other comprehensive income (loss); a separate component of shareholders' equity (deficit)
ASC	The FASB Accounting Standards Codification; the sole source of authoritative GAAP as of July 1, 2009 except for rules and interpretive releases of the SEC, which are also sources of authoritative GAAP for SEC registrants
ASU	The FASB Accounting Standards Update to the ASC. It also provides background information for accounting guidance and the bases for conclusions on the changes in the ASC. ASUs are not considered authoritative until codified into the ASC
Basel II	Capital adequacy framework published in June 2004 by the Basel Committee on Banking Supervision
Board	The board of directors of the Company
Bps	Basis points
Canary Wharf Lease	Operating lease agreement entered into on February 6, 2008 for office space in London, England, occupied by the Company in the second half of 2009
CDOs	Collateralized debt obligations
CFG	Corporate finance group; an LOB of MIS
CMBS	Commercial mortgage-backed securities; part of CREF
Cognizant	Cognizant Corporation – a former affiliate of Old D&B; comprised the IMS Health and NMR businesses
Commission	European Commission
Company	Moody's Corporation and its subsidiaries; MCO; Moody's
Corporate Family Ratings	Rating opinion of a corporate family's ability to honor all of its financial obligations which is assigned to the corporate family as if it had a single class of debt and a single consolidated legal entity structure. This rating is often issued in connection with ratings of leveraged finance transactions
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CP	Commercial paper
CP Notes	Unsecured commercial paper notes
CP Program	The Company's commercial paper program entered into on October 3, 2007
CRAs	Credit rating agencies
CREF	Commercial real estate finance which includes REITs, commercial real estate CDOs and mortgage-backed securities; part of SFG

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TERM	DEFINITION
CSI	CSI Global Education, Inc.; an acquisition completed in November 2010; part of the MA segment; a provider of financial learning, credentials, and certification in Canada
D&B Business	Old D&B’s Dun & Bradstreet operating company
DBPP	Defined benefit pension plans
Debt/EBITDA	Ratio of Total Debt to EBITDA
EBITDA	Earnings before interest, taxes, depreciation and amortization
ECAIs	External Credit Assessment Institutions
ECB	European Central Bank
EMEA	Represents countries within Europe, the Middle East and Africa
EPS	Earnings per share
ESMA	European Securities and Market Authority
ESPP	The 1999 Moody’s Corporation Employee Stock Purchase Plan
ETR	Effective tax rate
EU	European Union
EUR	Euros
Eurosystem	The monetary authority of the Eurozone, the collective of European Union member states that have adopted the euro as their sole official currency. The Eurosystem consists of the European Central Bank and the central banks of the member states that belong to the Eurozone
Excess Tax Benefits	The difference between the tax benefit realized at exercise of an option or delivery of a restricted share and the tax benefit recorded at the time the option or restricted share is expensed under GAAP
Exchange Act	The Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FCIC	Financial Crisis Inquiry Commission; commission appointed by the United States government with the goal of investigating the causes of the financial crisis of 2007-2010
FIG	Financial institutions group; an LOB of MIS
Financial Reform Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
FX	Foreign exchange
GAAP	U.S. Generally Accepted Accounting Principles
GBP	British pounds

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TERM	DEFINITION
G-8	The finance minister and central bank governors of the group of eight countries consisting of Canada, France, Germany, Italy, Japan, Russia, U.S. and U.K., that meet annually
G-20	The G-20 is an informal forum of industrial and emerging-market countries on key issues related to global economic stability. The G-20 is comprised of: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the U.K. and the U.S. and The EU who is represented by the rotating Council presidency and ECB
IMS Health	A spin-off of Cognizant; provides services to the pharmaceutical and healthcare industries
Indenture	Indenture and supplemental indenture dated August 19, 2010, relating to the 2010 Senior Notes
Indicative Ratings	These are ratings which are provided as of a point in time, and not published or monitored. They are primarily provided to potential or current issuers to indicate what a rating may be based on business fundamentals and financial conditions as well as based on proposed financings
IOSCO	International Organization of Securities Commissions
IOSCO Code	Code of Conduct Fundamentals for Credit Rating Agencies
IRS	Internal Revenue Service
Legacy Tax Matter(s)	Exposures to certain potential tax liabilities assumed in connection with the 2000 Distribution
LIBOR	London Interbank Offered Rate
LOB	Line of business
MA	Moody's Analytics – a reportable segment of MCO formed in January 2008; which includes the non-rating commercial activities of MCO
Make Whole Amount	The prepayment penalty amount relating to the Series 2005-1 Notes, Series 2007-1 Notes, and 2010 Senior Notes which is a premium based on the excess, if any, of the discounted value of the remaining scheduled payments over the prepaid principal
MCO	Moody's Corporation and its subsidiaries; the Company; Moody's
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MIS	Moody's Investors Service – a reportable segment of MCO; consists of four LOBs – SFG, CFG, FIG and PPIF
MIS Code	Moody's Investors Service Code of Professional Conduct
Moody's	Moody's Corporation and its subsidiaries; MCO; the Company
Net Income	Net income attributable to Moody's Corporation, which excludes net income from consolidated noncontrolling interests belonging to the minority interest holder
New D&B	The New D&B Corporation – which comprises the D&B business
NM	Percentage change is not meaningful
NMR	Nielsen Media Research, Inc.; a spin-off of Cognizant; a leading source of television audience measurement services

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TERM	DEFINITION
NRSRO	Nationally Recognized Statistical Rating Organization
Old D&B	The former Dun and Bradstreet Company which distributed New D&B shares on September 30, 2000, and was renamed Moody's Corporation
Post-Retirement Plans	Moody's funded and unfunded pension plans, the post-retirement healthcare plans and post-retirement life insurance plans
PPIF	Public, project and infrastructure finance; an LOB of MIS
Profit Participation Plan	Defined contribution profit participation plan that covers substantially all U.S. employees of the Company
PSI	The U.S. Senate's Permanent Subcommittee on Investigations
RD&A	Research, Data and Analytics; an LOB within MA that produces, sells and distributes research, data and related content. Includes products generated by MIS, such as analyses on major debt issuers, industry studies, and commentary on topical credit events, as well as economic research, data, quantitative risk scores, and other analytical tools that are produced within MA
Reform Act	Credit Rating Agency Reform Act of 2006
REITs	Real estate investment trusts
RMBS	Residential mortgage-backed security; part of SFG
RMS	The Risk Management Software LOB within MA which provides both economic and regulatory capital risk management software and implementation services
S&P	Standard & Poor's Ratings Services; a division of The McGraw-Hill Companies, Inc.
SEC	U.S. Securities and Exchange Commission
Securities Act	Securities Act of 1933
Series 2005-1 Notes	Principal amount of $300 million, 4.98% senior unsecured notes due in September 2015 pursuant to the 2005 Agreement
Series 2007-1 Notes	Principal amount of $300 million, 6.06% senior unsecured notes due in September 2017 pursuant to the 2007 Agreement
SFG	Structured finance group; an LOB of MIS
SG&A	Selling, general and administrative expenses
TALF	A Federal Reserve credit facility authorized under section 13(3) of the Federal Reserve Act. The TALF was intended to make credit available to consumers and businesses on more favorable terms by facilitating the issuance of asset-backed securities (ABS) and improving the market conditions for ABS more generally. The TALF expired in 2010.
T&E	Travel and entertainment expenses
Total Debt	All indebtedness of the Company as reflected on the consolidated balance sheets, excluding current accounts payable and deferred revenue incurred in the ordinary course of business

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TERM	DEFINITION
U.K.	United Kingdom
U.S.	United States
USD	U.S. dollar
UTBs	Unrecognized tax benefits
UTPs	Uncertain tax positions
2000 Distribution	The distribution by Old D&B to its shareholders of all the outstanding shares of New D&B common stock on September 30, 2000
2000 Distribution Agreement	Agreement governing certain ongoing relationships between the Company and New D&B after the 2000 Distribution including the sharing of any liabilities for the payment of taxes, penalties and interest resulting from unfavorable IRS rulings on certain tax matters and certain other potential tax liabilities
2005 Agreement	Note purchase agreement dated September 30, 2005, relating to the Series 2005-1 Notes
2007 Agreement	Note purchase agreement dated September 7, 2007, relating to the Series 2007-1 Notes
2007 Facility	Revolving credit facility of $1 billion entered into on September 28, 2007, expiring in 2012
2008 Term Loan	Five-year $150 million senior unsecured term loan entered into by the Company on May 7, 2008
2010 Senior Notes	Principal amount of $500 million, 5.50% senior unsecured notes due in September 2020 pursuant to the Indenture
7WTC	The Company’s corporate headquarters located at 7 World Trade Center in New York, NY
7WTC Lease	Operating lease agreement entered into on October 20, 2006

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Revenue	**$ 577.1**	**$ 476.6**
Expenses		
Operating	160.8	135.9
Selling, general and administrative	148.5	128.8
Restructuring	—	(0.7)
Depreciation and amortization	17.7	15.8
Total Expenses	**327.0**	**279.8**
Operating Income	**250.1**	**196.8**
Non-operating (expense) income, net		
Interest (expense) income, net	(18.2)	(13.3)
Other non-operating (expense) income, net	3.3	(1.0)
Total non-operating (expense) income, net	**(14.9)**	**(14.3)**
Income before provisions for income taxes	**235.2**	**182.5**
Provision for income taxes	78.1	67.8
Net income	157.1	114.7
Less: Net income attributable to noncontrolling interests	1.6	1.3
Net income attributable to Moody's	**$ 155.5**	**$ 113.4**
Earnings per share attributable to Moody's common shareholders		
Basic	$ 0.68	$ 0.48
Diluted	$ 0.67	$ 0.47
Weighted average number of shares outstanding		
Basic	228.9	236.9
Diluted	231.4	239.1

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

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

	March 31, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 719.5	$ 659.6
Short-term investments	6.7	12.7
Accounts receivable, net of allowances of $29.7 in 2011 and $33.0 in 2010	503.4	497.5
Deferred tax assets, net	42.2	45.3
Other current assets	67.8	127.9
Total current assets	1,339.6	1,343.0
Property and equipment, net of accumulated depreciation of $214.3 in 2011 and $200.8 in 2010	324.6	319.3
Goodwill	463.3	465.5
Intangible assets, net	167.7	168.8
Deferred tax assets, net	176.5	187.9
Other assets	52.7	55.8
Total assets	**$ 2,524.4**	**$ 2,540.3**
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	$ 273.9	$ 414.4
Commercial paper	—	—
Current portion of long-term debt	13.1	11.3
Deferred revenue	554.0	508.1
Total current liabilities	841.0	933.8
Non-current portion of deferred revenue	95.3	96.6
Long-term debt	1,221.1	1,228.3
Deferred tax liabilities, net	35.0	36.9
Unrecognized tax benefits	193.0	180.8
Other liabilities	362.2	362.3
Total liabilities	2,747.6	2,838.7
Contingencies (Note 11)		
Shareholders' deficit:		
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 $.01 per share; 1,000,000,000 shares authorized; 342,902,272 shares issued at March 31, 2011 and December 31, 2010, respectively.	3.4	3.4
Capital surplus	367.2	391.5
Retained earnings	3,892.1	3,736.2
Treasury stock, at cost; 115,142,263 and 112,116,581 shares of common stock at March 31, 2011 and December 31, 2010, respectively	(4,485.2)	(4,407.3)
Accumulated other comprehensive loss	(9.4)	(33.4)
Total Moody's shareholders' deficit	(231.9)	(309.6)
Noncontrolling interests	8.7	11.2
Total shareholders' deficit	(223.2)	(298.4)
Total liabilities and shareholders' deficit	**$ 2,524.4**	**$ 2,540.3**

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

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

	Three Months Ended March 31, 2011	2010
Cash flows from operating activities		
Net income	$ 157.1	$ 114.7
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	17.7	15.8
Stock-based compensation expense	16.0	14.8
Excess tax benefits from stock-based compensation plans	(2.8)	(3.0)
Changes in assets and liabilities:		
Accounts receivable	(2.0)	13.5
Other current assets	63.5	6.6
Other assets	16.4	(12.5)
Accounts payable and accrued liabilities	(108.1)	(44.8)
Restructuring	(0.1)	(3.2)
Deferred revenue	41.4	44.2
Unrecognized tax benefits	12.2	8.7
Other liabilities	(10.4)	9.3
Net cash provided by operating activities	**200.9**	**164.1**
Cash flows from investing activities		
Capital additions	(19.6)	(16.2)
Purchases of short-term investments	(5.7)	(7.3)
Sales and maturities of short-term investments	12.0	9.9
Net cash used in investing activities	**(13.3)**	**(13.6)**
Cash flows from financing activities		
Issuance of commercial paper	—	788.3
Repayments of commercial paper	—	(860.0)
Repayments of notes	(1.9)	—
Net proceeds from stock-based compensation plans	11.9	12.5
Cost of treasury shares repurchased	(127.6)	(29.9)
Excess tax benefits from stock-based compensation plans	2.8	3.0
Payment of dividends	(26.3)	(24.9)
Payment of dividends to noncontrolling interests	(4.0)	(0.6)
Payments under capital lease obligations	—	(0.3)
Net cash used in financing activities	**(145.1)**	**(111.9)**
Effect of exchange rate changes on cash and cash equivalents	**17.4**	**(16.1)**
Net increase in cash and cash equivalents	**59.9**	**22.5**
Cash and cash equivalents, beginning of the period	659.6	473.9
Cash and cash equivalents, end of the period	**$ 719.5**	**$ 496.4**

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

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

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Moody's is a provider of (i) credit ratings, (ii) credit and economic related research, data and analytical tools, (iii) risk management software and (iv) quantitative credit risk measures, credit portfolio management solutions, training, and financial credentialing and certification services. The Company has two reportable segments: MIS and MA. The MIS segment publishes credit ratings on a wide range of debt obligations and the entities that issue such obligations in markets worldwide. Revenue is derived from the originators and issuers of such transactions who use MIS's ratings to support the distribution of their debt issues to investors. The MA segment, which contains all non-rating commercial activities of the Company, develops a wide range of products and services that support the credit risk management activities of institutional participants in global financial markets. These offerings include quantitative credit risk scores, credit processing software, economic research, analytical models, financial data, specialized advisory and training services and financial credentialing and certification services. MA also distributes investor-oriented research and data developed by MIS as part of its rating process, including in-depth research on major debt issuers, industry studies and commentary on topical events.

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

These interim financial statements have been prepared in accordance with the instructions to Form 10-Q and should be read in conjunction with the Company's consolidated financial statements and related notes in the Company's 2010 annual report on Form 10-K filed with the SEC on February 28, 2011. The results of interim periods are not necessarily indicative of results for the full year or any subsequent period. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position, results of operations and cash flows at the dates and for the periods presented have been included. The year-end consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2. STOCK-BASED COMPENSATION

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

	Three Months Ended March 31,	
	2011	**2010**
Stock compensation cost	**$ 16.0**	$ 14.8
Tax benefit	**$ 5.6**	$ 5.9

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During the first quarter of 2011, the Company granted 0.6 million employee stock options, which had a weighted average grant date fair value of $12.45 per share based on the Black-Scholes option-pricing model. The Company also granted 1.4 million shares of restricted stock in the first quarter of 2011, which had a weighted average grant date fair value of $30.03 per share and generally vest ratably over a four-year-period. Additionally, the Company granted approximately 0.4 million shares of restricted stock that contain a condition whereby the number of shares that ultimately vest are based on the achievement of certain non-market based performance metrics of the Company over a three year period. The weighted average grant date fair value of these awards was $28.67 per share.

The following weighted average assumptions were used in determining the fair value for options granted in 2011:

Expected dividend yield	**1.53%**
Expected stock volatility	**41%**
Risk-free interest rate	**3.34%**
Expected holding period	**7.6 yrs**
Grant date fair value	**$ 12.45**

Unrecognized compensation expense at March 31, 2011 was $33.2 million and $66.2 million for stock options and nonvested restricted stock, respectively, which is expected to be recognized over a weighted average period of 1.6 years and 1.9 years, respectively. Additionally, there was $16.3 million of unrecognized compensation expense relating to the aforementioned non-market based performance awards which is expected to be recognized over a weighted average period of 1.3 years.

The following tables summarize information relating to stock option exercises and restricted stock vesting:

	Three Months Ended March 31,	
Stock option exercises:	**2011**	**2010**
Proceeds from stock option exercises	**$ 17.2**	$ 16.2
Aggregate intrinsic value	**$ 7.5**	$ 8.4
Tax benefit realized upon exercise	**$ 3.0**	$ 3.4

	Three Months Ended March 31,	
Restricted stock vesting:	**2011**	**2010**
Fair value of shares vested	**$ 18.3**	$ 12.3
Tax benefit realized upon vesting	**$ 6.8**	$ 4.6

NOTE 3. INCOME TAXES

Moody's effective tax rate was 33.2% and 37.2% for the three months ended March 31, 2011 and 2010, respectively. The decrease was primarily due to a higher proportion of taxable income generated internationally in lower tax jurisdictions and a reduction in U.S. state income taxes.

The Company classifies interest related to UTBs in interest (expense) income, net in its consolidated statements of operations. Penalties, if incurred, would be recognized in other non-operating expenses. During the first quarter of 2011, the Company had an overall increase in its UTBs of $12.2 million ($9.4 million, net of federal tax benefit).

Prepaid taxes of $27.0 million and $82.3 million at March 31, 2011 and December 31, 2010, respectively, are included in other current assets in the consolidated balance sheets.

Moody's Corporation and subsidiaries are subject to U.S. federal income tax as well as income tax in various state, local and foreign jurisdictions. Moody's U.S. federal tax returns filed for the years 2007 through 2009 remain subject to examination by the IRS. The Company's tax filings in New York State for the years 2004 through 2007 are currently under examination. The income tax returns for 2008 and 2009 remain open to examination for both New York State and New York City. Tax filings in the U.K. for 2006 are currently under examination by the U.K. taxing authorities and for 2007 through 2009 remain open to examination.

For ongoing audits, it is possible the balance of UTBs could decrease in the next twelve months as a result of the settlement of these audits, which might involve the payment of additional taxes, the adjustment of certain deferred taxes and/or the recognition of tax benefits. It is also possible that new issues might be raised by tax authorities which could necessitate increases to the balance of UTBs. As the Company is unable to predict the timing or outcome of these audits, it is therefore unable to estimate the amount of changes to the balance of UTBs at this time. However, the Company believes that it has adequately provided for its financial exposure relating to all open tax years by tax jurisdiction in accordance with the applicable provisions of topic 740 of the ASC regarding UTBs. Additionally, the Company is seeking tax rulings on certain tax positions that, if granted, could decrease the balance of UTBs over the next twelve months however; due to the uncertainty involved with this process, the Company is unable to estimate the amount of changes to the balance of UTBs at this time.

NOTE 4. WEIGHTED AVERAGE SHARES OUTSTANDING

Below is a reconciliation of basic to diluted shares outstanding:

	Three Months Ended March 31,	
	2011	**2010**
Basic	**228.9**	236.9
Dilutive effect of shares issuable under stock-based compensation plans	**2.5**	2.2
Diluted	**231.4**	239.1
Anti-dilutive options to purchase common shares and restricted stock excluded from the table above	**13.7**	16.4

The calculation of diluted EPS requires certain assumptions regarding the use of both cash proceeds and assumed proceeds that would be received upon the exercise of stock options and vesting of restricted stock outstanding as of March 31, 2011 and 2010. These assumed proceeds include Excess Tax Benefits and any unrecognized compensation of the awards.

NOTE 5. SHORT-TERM INVESTMENTS

Short-term investments are securities with maturities greater than 90 days at the time of purchase that are available for operations in the next twelve months. The short-term investments, primarily consisting of certificates of deposit, are classified as held-to-maturity and therefore are carried at cost. The remaining contractual maturities of the short-term investments were one month to three months and one month to six months as of March 31, 2011 and December 31, 2010, respectively. Interest and dividends are recorded into income when earned.

NOTE 6. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

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

Interest Rate Swaps

In the fourth quarter of 2010, the Company entered into interest rate swaps with a total notional amount of $300 million to convert the fixed interest rate on the Series 2005-1 Notes to a floating interest rate based on the 3-month LIBOR. The purpose of this hedge was to mitigate the risk associated with changes in the fair value of the Series 2005-1 Notes, thus the Company has designated these swaps as fair value hedges. Accordingly, the fair value of the swaps is reported in other liabilities in the Company's consolidated balance sheets at March 31, 2011 and December 31, 2010. Also, the changes in the fair value of the underlying debt are reported as a reduction of the carrying amount of the Series 2005-1 Notes at March 31, 2011 and December 31, 2010. The changes in the fair value of the hedges and the underlying hedged item generally offset and the net cash settlements on the swaps are recorded each period within interest income (expense), net in the Company's consolidated statement of operations. The net interest income recognized in interest income (expense), net within the Company's consolidated statement of operations on these swaps was $1.1 million in the three months ended March 31, 2011.

In May 2008, the Company entered into interest rate swaps with a total notional amount of $150 million to protect against fluctuations in the LIBOR-based variable interest rate on the 2008 Term Loan, further described in Note 10. These interest rate swaps are designated as cash flow hedges. Accordingly, changes in the fair value of these swaps are recorded to other comprehensive income or loss, to the extent that the hedge is effective, and such amounts are reclassified to earnings in the same period during which the hedged transaction affects income.

Foreign Exchange Forwards and Options

The Company engaged in hedging activities to protect against FX risks from forecasted billings and related revenue denominated in the euro and the GBP. FX options and forward exchange contracts were utilized to hedge exposures related to changes in FX rates. As of March 31, 2011 and December 31, 2010, these FX options and forward exchange contracts have matured and all realized gains and losses have been reclassified from AOCI into earnings. These FX options and forward exchange contracts were designated as cash flow hedges.

The Company also enters into foreign exchange forwards to mitigate the change in fair value on certain assets and liabilities denominated in currencies other than the entity's functional currency. These forward contracts are not designated as hedging instruments under the applicable sections of Topic 815 of the ASC. Accordingly, changes in the fair value of these contracts are recognized immediately in other non-operating (expense) income, net in the Company's consolidated statements of operations along with the FX gain or loss recognized on the assets and liabilities denominated in a currency other than the entity's functional currency. These contracts have expiration dates at various times through June 2011. The following table summarizes the notional amounts of the Company's outstanding foreign exchange forwards:

	March 31, 2011	December 31, 2010
Notional amount of Currency Pair:		
Contracts to purchase USD with euros	**$ 18.8**	$ 11.7
Contracts to sell USD for euros	**$ 63.8**	$ 55.5
Contracts to purchase USD with GBP	**$ 18.1**	$ —
Contracts to sell USD for GBP	**$ 31.4**	$ 20.7
Contracts to purchase USD with other foreign currencies	**$ 10.4**	$ 5.4
Contracts to sell USD for other foreign currencies	**$ 18.8**	$ 19.5
Contracts to purchase euros with other foreign currencies	**€ 10.6**	€ 10.5
Contracts to purchase euros with GBP	**€ 8.4**	€ —
Contracts to sell euros for GBP	**€ 19.1**	€ 14.0

The net gains (losses) on these instruments recognized in other non-operating income (expense), net in the Company's consolidated statements of operations was $3.2 million and $(4.9) million in the three months ended March 31, 2011 and 2010, respectively.

The tables below show the classification between assets and liabilities on the Company's consolidated balance sheets of the fair value of derivative instruments as well as information on the gains/(losses) on those instruments:

	Fair Value of Derivative Instruments			
	Asset		Liability	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Derivatives designated as accounting hedges:				
Interest rate swaps	**$ —**	$ —	**$ 14.6**	$ 12.2
Total derivatives designated as accounting hedges	**—**	—	**14.6**	12.2
Derivatives not designated as accounting hedges:				
FX forwards on certain assets and liabilities	**3.5**	2.0	**1.6**	0.7
Total	**$ 3.5**	$ 2.0	**$ 16.2**	$ 12.9

The fair value for interest rate swaps is included in other liabilities in the consolidated balance sheets at March 31, 2011 and December 31, 2010. The fair value of the FX forwards is included in other current assets and account payable and accrued liabilities as of March 31, 2011 and December 31, 2010. All of the above derivative instruments are valued using Level 2 inputs as defined in Topic 820 of the ASC. A Level 2 input is an input other than a quoted market price that is observable for the asset or liability, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. In determining the fair value of the derivative contracts in the table above, the Company utilizes industry standard valuation models when active market quotes are not available. Where applicable, these models project future cash flows and discount the future amounts to a present value using spot rates, forward points, currency volatilities, interest rates as well as the risk of non-performance of the Company and the counterparties with whom it has derivative contracts. The Company has established strict counterparty credit guidelines and only enters into transactions with financial institutions that adhere to these guidelines. Accordingly, the risk of counterparty default is deemed to be minimal.

Derivatives in Cash Flow Hedging Relationships	Amount of Gain/(Loss) Recognized in AOCI on Derivative (Effective Portion)		Location of Gain/(Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain/(Loss) Reclassified from AOCI into Income (Effective Portion)		Location of Gain/(Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Gain/(Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended March 31,	
	2011	2010		2011	2010		2011	2010
FX options	**$ —**	$ 0.1	Revenue	**$ (0.2)**	$ (0.2)	Revenue	**$ —**	$ —
Interest rate swaps	**—**	(1.2)	Interest Expense	**(0.7)**	(0.8)	N/A	**—**	—
Total	**$ —**	$ (1.1)		**$ (0.9)**	$ (1.0)		**$ —**	$ —

All gains and losses on derivatives designated as cash flow hedges are initially recognized through AOCI. Realized gains and losses reported in AOCI are reclassified into earnings (into revenue for FX options and into interest (expense) income, net for the interest rate swaps) as the underlying transaction is recognized.

The cumulative amount of unrecognized hedge losses recorded in AOCI is as follows:

	Unrecognized Losses, net of tax	
	March 31, 2011	December 31, 2010
FX options	**$ —**	$ (0.2)
Interest rate swaps	**(4.7)**	(5.4)
Total	**$ (4.7)**	$ (5.6)

NOTE 7. ACQUISITIONS

The acquisition described below was accounted for using the purchase method of accounting whereby the purchase price is allocated first to the net assets of the acquired entity based on the fair value of its net assets. Any excess of the purchase price over the fair value of the net assets acquired is recorded to goodwill. The acquisition is discussed below in more detail.

CSI Global Education, Inc.

On November 18, 2010, a subsidiary of the Company acquired CSI Global Education, Inc., Canada's leading provider of financial learning, credentials, and certification. CSI will operate within MA, strengthening the Company’s capabilities for delivering credit and other financial training programs to financial institutions worldwide and bolsters Moody’s efforts to serve as an essential resource to financial market participants.

The aggregate purchase price was $151.4 million in net cash payments to the sellers. There is a 2.5 million Canadian dollar contingent cash payment which is dependent upon the achievement of a certain contractual milestone by January 2016. The Company has recognized the fair value of the contingent payment of $2.0 million as a long-term liability at the acquisition date using a discounted cash flow methodology which assumes that the entire 2.5 million Canadian dollar payment will be made by January 2016. This methodology is based on significant inputs that are not observable in the market, which ASC 820 refers to as Level 3 inputs. Subsequent fair value changes, which will be measured quarterly, up to the ultimate amount paid, will be recognized in earnings. The change in fair value of the contingent payment in the first quarter of 2011 was de minimis. The purchase price was funded with cash on hand.

The near term impact to operations and cash flow from this acquisition is not expected to be material to the Company's consolidated financial statements.

NOTE 8. GOODWILL AND OTHER ACQUIRED INTANGIBLE ASSETS

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

	Three Months Ended March 31, 2011			Year ended December 31, 2010		
	MIS	**MA**	**Consolidated**	**MIS**	**MA**	**Consolidated**
Beginning Balance	**$11.4**	**$454.1**	**$ 465.5**	$11.1	$338.1	$ 349.2
Additions/adjustments	**—**	**—**	**—**	—	104.6	104.6
FX translation	**0.4**	**(2.6)**	**(2.2)**	0.3	11.4	11.7
Ending balance	**$11.8**	**$451.5**	**$ 463.3**	$11.4	$454.1	$ 465.5

The 2010 additions/adjustments for the MA segment in the table above relate to the acquisition of CSI in November 2010, more fully discussed in Note 7, above.

Acquired intangible assets and related amortization consisted of:

	March 31, 2011	December 31, 2010
Customer relationships	**$ 147.2**	$ 145.1
Accumulated amortization	**(51.5)**	(49.2)
Net customer relationships	**95.7**	95.9
Trade secrets	**31.6**	31.4
Accumulated amortization	**(11.6)**	(10.9)
Net trade secrets	**20.0**	20.5
Software	**56.9**	54.8
Accumulated amortization	**(22.3)**	(20.3)
Net software	**34.6**	34.5
Other	**37.9**	37.5
Accumulated amortization	**(20.5)**	(19.6)
Net other	**17.4**	17.9
Total acquired intangible assets, net	**$ 167.7**	$ 168.8

Other intangible assets primarily consist of databases, trade names and covenants not to compete.

Amortization expense relating to acquired intangible assets is as follows:

	Three Months Ended March 31,	
	2011	**2010**
Amortization Expense	**$ 4.8**	$ 4.0

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

Year Ending December 31,	
2011 (after March 31,)	**$14.2**
2012	**18.5**
2013	**18.3**
2014	**14.8**
2015	**13.7**
Thereafter	**88.2**

Intangible assets are reviewed for impairment whenever 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 is tested for impairment annually as of November 30th, or more frequently if circumstances indicate the assets may be impaired. For the three months ended March 31, 2011 and 2010, there were no impairments to goodwill or intangible assets.

NOTE 9. PENSION AND OTHER POST-RETIRMENT BENEFITS

Moody’s maintains funded and unfunded noncontributory Defined Benefit Pension Plans. The U.S. DBPPs provide defined benefits using a cash balance formula based on years of service and career average salary for its employees 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 U.S. pension plans, the U.S. post-retirement healthcare plans and the U.S. post-retirement life insurance plans are collectively referred to herein as the Post-Retirement Plans.

Effective January 1, 2008, the Company no longer offers DBPPs to U.S. employees hired or rehired on or after January 1, 2008. New U.S. employees will instead receive a retirement contribution of similar benefit value under the Company’s Profit Participation Plan. Current participants of the Company’s DBPPs continue to accrue benefits based on existing plan formulas.

The components of net periodic benefit expense related to the Post-Retirement Plans are as follows:

	Three Months Ended March 31,			
	Pension Plans		Other Post-Retirement Plans	
	2011	2010	**2011**	2010
Components of net periodic expense				
Service cost	**$ 3.7**	$ 3.5	**$ 0.3**	$ 0.2
Interest cost	**3.2**	3.1	**0.2**	0.2
Expected return on plan assets	**(3.0)**	(2.7)	**—**	—
Amortization of net actuarial loss from earlier periods	**1.1**	0.8	**—**	—
Amortization of net prior service costs from earlier periods	**0.2**	0.2	**—**	—
Net periodic expense	**$ 5.2**	**$ 4.9**	**$ 0.5**	**$ 0.4**

In March 2010, the Patient Protection and Affordable Care Act (the "Act") and the related reconciliation measure, which modifies certain provisions of the Act, were signed into law. The Act repeals the current rule permitting deduction of the portion of the drug coverage expense that is offset by the Medicare Part D subsidy. This provision of the Act is effective for taxable years beginning after December 31, 2010 and the reconciliation measure delays the aforementioned repeal of the drug coverage expense reduction by two years to December 31, 2012. The Company has accounted for the enactment of the two laws in the first quarter of 2010, for which the impact to the Company's income tax expense and net income was immaterial.

The Company contributed $13.6 million to its U.S. funded pension plan and made payments of $1.8 million related to its unfunded U.S. DBPPs and $0.1 million to its U.S. other post-retirement plans, respectively during the three months ended March 31, 2011. The Company presently anticipates making additional payments of $9.6 million related to its unfunded U.S. DBPPs and $0.6 million to its U.S. other post-retirement plans during the remainder of 2011.

NOTE 10. INDEBTEDNESS

The following table summarizes total indebtedness:

	March 31, 2011	December 31, 2010
2007 Facility	$ —	$ —
Commercial paper	—	—
Notes Payable:		
Series 2005-1 Notes, due 2015, net of fair value of interest rate swap of $7.2 million at 2011 and $3.7 million at 2010	**292.8**	296.3
Series 2007-1 Notes due 2017	**300.0**	300.0
2010 Senior Notes, due 2020, net of unamortized discount of $3.0 million in both 2011 and 2010	**497.0**	497.0
2008 Term Loan, various payments through 2013	**144.4**	146.3
Total debt	**1,234.2**	1,239.6
Current portion	**(13.1)**	(11.3)
Total long-term debt	**$1,221.1**	$ 1,228.3

2007 Facility

On September 28, 2007, the Company entered into a $1.0 billion five-year senior, unsecured revolving credit facility, expiring in September 2012. The 2007 Facility will serve, in part, to support the Company's CP Program described below. 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 outstanding borrowing amount depending on the Debt/EBITDA 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 per annum of the facility amount, depending on the Company's Debt/EBITDA ratio. The Company also pays a utilization fee of 5.0 basis points on borrowings outstanding when the aggregate amount outstanding exceeds 50% of the total facility. The 2007 Facility contains certain covenants that, among other things, restrict the ability of the Company and certain of its subsidiaries, without the approval of the lenders, to engage in mergers, consolidations, asset sales, transactions with affiliates and sale-leaseback transactions or to incur liens, as defined in the related agreement. The 2007 Facility also contains financial covenants that, among other things, require the Company to maintain a Debt/EBITDA ratio of not more than 4.0 to 1.0 at the end of any fiscal quarter.

Commercial Paper

On October 3, 2007, the Company entered into a private placement commercial paper program under which the Company may issue CP notes up to a maximum amount of $1.0 billion. Amounts available under the CP Program may be re-borrowed. The CP Program is supported by the Company's 2007 Facility. The maturities of the CP Notes will vary, but may not exceed 397 days from the date of issue. The CP Notes are sold at a discount from par or, alternatively, sold at par and bear interest at rates that will vary based upon market conditions at the time of 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) federal funds rate; (d) LIBOR; (e) prime rate; (f) Treasury rate; or (g) such other base rate as may be specified in a supplement to the private placement agreement. The CP Program contains certain events of default including, among other things: non-payment of principal, interest or fees; entrance into any form of moratorium; and bankruptcy and insolvency events, subject in certain instances to cure periods.

Notes Payable

On August 19, 2010, the Company issued $500 million aggregate principal amount of unsecured notes in a public offering. The 2010 Senior Notes bear interest at a fixed rate of 5.50% and mature on September 1, 2020. Interest on the 2010 Senior Notes will be due semi-annually on September 1 and March 1 of each year, commencing March 1, 2011. The Company may prepay the 2010 Senior Notes, in whole or in part, at any time at a price equal to 100% of the principal amount being prepaid, plus accrued and unpaid interest and a Make-Whole Amount. Additionally, at the option of the holders of the notes, the Company may be required to purchase all or a portion of the notes upon occurrence of a "Change of Control Triggering Event," as defined in the Indenture, at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase. The Indenture contains covenants that limit the ability of the Company and certain of its subsidiaries to, among other things, incur or create liens and enter into sale and leaseback transactions. In addition, the Indenture contains a covenant that limits the ability of the Company to consolidate or merge with another entity or to sell all or substantially all of its assets to another entity. The Indenture contains customary default provisions. In addition, an event of default will occur if the Company or certain of its subsidiaries fail to pay the principal of any indebtedness (as defined in the Indenture) when due at maturity in an aggregate amount of $50 million or more, or a default occurs that results in the acceleration of the maturity of the Company's or certain of its subsidiaries' indebtedness in an aggregate amount of $50 million or more. Upon the occurrence and during the continuation of an event of default under the Indenture, the notes may become immediately due and payable either automatically or by the vote of the holders of more than 25% of the aggregate principal amount of all of the notes then outstanding.

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

On September 30, 2005, the Company issued and sold through a private placement transaction, $300.0 million aggregate principal amount of its Series 2005-1 Senior Unsecured Notes due 2015 pursuant to the 2005 Agreement. The Series 2005-1 Notes have a ten-year term and bear interest at an annual rate of 4.98%, payable semi-annually on March 30 and September 30. Proceeds from the sale of the Series 2005-1 Notes were used to refinance $300.0 million aggregate principal amount of the Company’s outstanding 7.61% senior notes which matured on September 30, 2005. In the event that Moody’s pays all, or part, of the Series 2005-1 Notes in advance of their maturity, such prepayment will be subject to a Make Whole Amount. The Series 2005-1 Notes are subject to certain covenants that, among other things, restrict the ability of the Company and certain of its subsidiaries, without the approval of the lenders, to engage in mergers, consolidations, asset sales, transactions with affiliates and sale-leaseback transactions or to incur liens, as defined in the related agreements.

2008 Term Loan

On May 7, 2008, Moody’s entered into a five-year, $150.0 million senior unsecured term loan with several lenders. Proceeds from the loan were used to pay off a portion of the CP outstanding. Interest on borrowings under the 2008 Term Loan is payable quarterly at rates that are based on LIBOR plus a margin that can range from 125 basis points to 175 basis points depending on the Company’s Debt/EBITDA ratio. The outstanding borrowings shall amortize beginning in 2010 in accordance with the schedule of payments set forth in the 2008 Term Loan outlined in the table below.

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

The principal payments due on the Company’s long-term borrowings for each of the next five years are presented in the table below:

Year Ended December 31,	2008 Term Loan	Series 2005-1 Notes	Total
2011 (after March 31,)	$ 9.4	$ —	$ 9.4
2012	71.2	—	71.2
2013	63.8	—	63.8
2014	—	—	—
2015	—	300.0	300.0
Total	$ 144.4	$ 300.0	$444.4

In the fourth quarter of 2010, the Company entered into interest rate swaps with a total notional amount of $300 million which converted the fixed rate of interest on the Series 2005-1 Notes to a floating LIBOR-based interest rate. Also, on May 7, 2008, the Company entered into interest rate swaps with a total notional amount of $150 million to protect against fluctuations in the LIBOR-based variable interest rate on the 2008 Term Loan. Both of these interest rate swaps are more fully discussed in Note 6 above.

At March 31, 2011, the Company was in compliance with all covenants contained within all of the debt agreements. In addition to the covenants described above, the 2007 Facility, the 2005 Agreement, the 2007 Agreement, the 2010 Senior Notes and the 2008 Term Loan contain cross default provisions. These provisions state that default under one of the aforementioned debt instruments could in turn permit lenders under other debt instruments to declare borrowings outstanding under those instruments to be immediately due and payable. As of March 31, 2011, there were no such cross defaults.

Interest (expense) income, net

The following table summarizes the components of interest as presented in the consolidated statements of operations:

	Three Months Ended March 31,	
	2011	**2010**
Expense on borrowings	**$ (16.4)**	$ (10.8)
Income	**1.0**	0.6
Expense on UTBs and other tax related liabilities	**(3.6)**	(3.5)
Capitalized	**0.8**	0.4
Total interest expense, net	**$ (18.2)**	$ (13.3)

The Company's long-term debt, including the current portion, is recorded at cost except for the Series 2005-1 Notes which are carried at cost net of the fair value of an interest rate swap used to hedge the fair value of the note. The fair value and carrying value of the Company's long-term debt as of March 31, 2011 and December 31, 2010 is as follows:

	March 31, 2011		December 31, 2010	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Series 2005-1 Notes	**$ 292.8**	$ 311.2	$ 296.3	$ 310.6
Series 2007-1 Notes	**300.0**	323.6	300.0	321.3
2010 Senior Notes	**497.0**	509.8	497.0	492.1
2008 Term Loan	**144.4**	144.4	146.3	146.3
Total	**$1,234.2**	$ 1,289.0	$1,239.6	$ 1,270.3

The fair value of the Company's 2010 Senior Notes is based on quoted market prices. The fair value of the remaining long-term debt, which is not publicly traded, is estimated using discounted cash flows with inputs based on prevailing interest rates available to the Company for borrowings with similar maturities.

NOTE 11. CONTINGENCIES

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

Following the events in the U.S. subprime residential mortgage sector and the credit markets more broadly over the last several years, MIS and other credit rating agencies are the subject of intense scrutiny, increased regulation, ongoing investigation, and civil litigation. Legislative, regulatory and enforcement entities around the world are considering additional legislation, regulation and enforcement actions, including with respect to MIS's compliance with newly imposed regulatory standards. Moody's has received subpoenas and inquiries from states attorneys general and other governmental authorities and is responding to such investigations and inquiries.

In addition, the Company is facing litigation from market participants relating to the performance of MIS rated securities. Although Moody's in the normal course experiences such litigation, the volume and cost of defending such litigation has significantly increased following the events in the U.S. subprime residential mortgage sector and the credit markets more broadly over the last several years.

On June 27, 2008, the Brockton Contributory Retirement System, a purported shareholder of the Company's securities, filed a purported shareholder derivative complaint on behalf of the Company against its directors and certain senior officers, and the Company as nominal defendant, in the Supreme Court of the State of New York, County of New York. The plaintiff asserts various causes of action relating to the named defendants' oversight of MIS's ratings of RMBS and constant-proportion debt obligations, and their participation in the alleged public dissemination of false and misleading information about MIS's ratings practices and/or a failure to implement internal procedures and controls to prevent the alleged wrongdoing. The plaintiff seeks compensatory damages, restitution, disgorgement of profits and other equitable relief. On July 2, 2008, Thomas R. Flynn, a purported shareholder of the Company's securities, filed a similar purported shareholder derivative complaint on behalf of the Company against its directors and certain senior officers, and the Company as nominal defendant, in the Supreme Court of the State of New York, County of New York, asserting similar claims and seeking the same relief. The cases have been consolidated and plaintiffs filed an amended consolidated complaint in November 2008. The Company removed the consolidated action to the United States District Court for the Southern District of New York in December 2008. In January 2009, the plaintiffs moved to remand the case to the Supreme Court of the State of New York, which the Company opposed. On February 23, 2010, the court issued an opinion remanding the case to the Supreme Court of New York. On October 30, 2008, the Louisiana Municipal Police Employees Retirement System, a purported shareholder of the Company's securities, also filed a shareholder derivative complaint on behalf of the Company against its directors and certain officers, and the Company as a nominal defendant, in the U.S. District Court for the Southern District of New York. This complaint also asserts various causes of action relating to the Company's ratings of RMBS, CDO and constant-proportion debt obligations, and named defendants' participation in the alleged public dissemination of false and misleading information about MIS's ratings practices and/or a failure to implement internal procedures and controls to prevent the alleged wrongdoing. On December 9, 2008, Rena Nadoff, a purported shareholder of the Company, filed a shareholder derivative complaint on behalf of the Company against its directors and its CEO, and the Company as a nominal defendant, in the Supreme Court of the State of New York. The complaint asserts a claim for breach of fiduciary duty in connection with alleged overrating of asset-backed securities and underrating of municipal securities. On October 20, 2009, the Company moved to dismiss or stay the action in favor of related federal litigation. On January 26, 2010, the court entered a stipulation and order, submitted jointly by the parties, staying the Nadoff litigation pending coordination and prosecution of similar claims in the above and below described federal derivative actions. On July 6, 2009, W. A. Sokolowski, a purported shareholder of the Company, filed a purported shareholder derivative complaint on behalf of the Company against its directors and current and former officers, and the Company as a nominal defendant, in the United States District Court for the Southern District of New York. The complaint asserts claims relating to alleged mismanagement of the Company's processes for rating structured finance transactions, alleged insider trading and causing the Company to buy back its own stock at artificially inflated prices.

Two purported class action complaints have been filed by purported purchasers of the Company's securities against the Company and certain of its senior officers, asserting claims under the federal securities laws. The first was filed by Raphael Nach in the U.S. District Court for the Northern District of Illinois on July 19, 2007. The second was filed by Teamsters Local 282 Pension Trust Fund in the U.S. District Court for the Southern District of New York on September 26, 2007. Both actions have been consolidated into a single proceeding entitled In re Moody's Corporation Securities Litigation in the U.S. District Court for the Southern District of New York. On June 27, 2008, a consolidated amended complaint was filed, purportedly on behalf of all purchasers of the Company's securities during the period February 3, 2006 through October 24, 2007. Plaintiffs allege that the defendants issued false and/or misleading statements concerning the Company's business conduct, business prospects, business conditions and financial results relating primarily to MIS's ratings of structured finance products including RMBS, CDO and constant-proportion debt obligations. The plaintiffs seek an unspecified amount of compensatory damages and their reasonable costs and expenses incurred in connection with the case. The Company moved for dismissal of the consolidated amended complaint in September 2008. On February 23, 2009, the court issued an opinion dismissing certain claims and sustaining others. On January 22, 2010, plaintiffs moved to certify a class of individuals who purchased Moody's Corporation common stock between February 3, 2006 and October 24, 2007, which the Company opposed. On March 31, 2011, the court issued an opinion denying plaintiffs' motion to certify the proposed class. On April 14, 2011, plaintiffs filed a petition in the United States Court of Appeals for the Second Circuit seeking discretionary permission to appeal the decision. The Company filed its response to the petition on April 25, 2011.

MA is cooperating with an investigation by the SEC concerning services provided by that unit to certain financial institutions in connection with the valuations used by those institutions with respect to certain financial instruments held by such institutions.

For claims, litigation and proceedings not related to income taxes, where it is both probable that a liability is expected to be incurred and the amount of loss can be reasonably estimated, the Company records 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 matters accordingly. In view of the inherent difficulty of predicting the outcome of litigation, regulatory, enforcement and similar matters and contingencies, particularly where the claimants seek large or indeterminate damages or where the parties assert novel legal theories or the matters involve a large number of parties, the Company cannot predict what the eventual outcome of the pending matters will be or the timing of any resolution of such matters. The Company also cannot predict the impact (if any) that any such matters may have on how its business is conducted, on its competitive position or on its financial position, results of operations or cash flows. As the process to resolve the pending matters referred to above progresses, management will continue to review the latest information available and assess its ability to predict the outcome of such matters and the effects, if any, on its operations and financial condition. However, in light of the inherent uncertainties involved in these matters, the large or indeterminate damages sought in some of them and the novel theories of law asserted, an estimate of the range of possible losses cannot be made at this time. For income tax matters, the Company employs the prescribed methodology of Topic 740 of the ASC which 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.

Legacy Tax Matters

Moody's continues to have exposure to potential liabilities arising from Legacy Tax Matters. As of March 31, 2011, Moody's has recorded liabilities for Legacy Tax Matters totaling $59.7 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.

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

In November 1996, The Dun & Bradstreet Corporation separated into three separate public companies: The Dun & Bradstreet Corporation, ACNielsen Corporation and Cognizant Corporation. In June 1998, The Dun & Bradstreet Corporation separated into two separate public companies: Old D&B and R.H. Donnelley Corporation. During 1998, Cognizant separated into two separate public companies: IMS Health Incorporated and Nielsen Media Research, Inc. In September 2000, Old D&B separated into two separate public companies: New D&B and Moody's.

Old D&B and its predecessors entered into global tax planning initiatives in the normal course of business. 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 determinations 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 these Legacy Tax Matters.

At the time of the 2000 Distribution, New D&B paid Moody's $55.0 million for 50% of certain anticipated future tax benefits through 2012. In the event that these tax benefits are not claimed or otherwise not realized by New D&B, or there is an IRS audit of New D&B impacting these tax benefits, Moody's would be required to repay to New D&B an amount equal to the discounted value of its share of the related future tax benefits as well as its share of any tax liability incurred by New D&B. As of March 31, 2011, Moody's liability with respect to this matter totaled $57.7 million.

In 2005, settlement agreements were executed with the IRS with respect to certain Legacy Tax Matters related to the years 1989-1990 and 1993-1996. With respect to these settlements, Moody's and New D&B believed that IMS Health and NMR did not pay their full share of the liability to the IRS under the terms of the applicable separation agreements between the parties. Moody's and New D&B subsequently paid these amounts to the IRS and commenced arbitration proceedings against IMS Health and NMR to resolve this dispute. Pursuant to these arbitration proceedings, the Company received $10.8 million ($6.5 million as a reduction of interest expense and $4.3 million as a reduction of tax expense) in 2009. The aforementioned settlement payment resulted in net income benefits of $8.2 million in 2009. The Company continues to carry a $2 million liability for this matter.

NOTE 12. COMPREHENSIVE INCOME AND NONCONTROLLING INTERESTS

The components of total comprehensive income, net of tax, are as follows:

	Three Months Ended March 31,					
	2011			2010		
	Shareholders' of Moody's Corporation	Noncontrolling Interests	Total	Shareholders' of Moody's Corporation	Noncontrolling Interests	Total
Net income	$ 155.5	$ 1.6	**$157.1**	$ 113.4	$ 1.3	$114.7
Net realized and unrealized gain/(loss) on cash flow hedges (net of tax of $0.4 million and $0.8 million in 2011 and 2010, respectively)	0.7	—	**0.7**	—	—	—
FX translation (net of tax of nil and $20.4 million in 2011 and 2010, respectively)	22.5	0.4	**22.9**	(44.8)	0.3	(44.5)
Amortization and recognition of actuarial losses and prior service costs (net of tax of $0.6 million and $0.7 million in 2011 and 2010, respectively)	0.8	—	**0.8**	0.3	—	0.3
Total comprehensive income	**$ 179.5**	**$ 2.0**	**$181.5**	$ 68.9	$ 1.6	$ 70.5

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The following table summarizes the activity in the Company's noncontrolling interests:

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Beginning Balance	**$ 11.2**	$ 10.1
Net income attributable to noncontrolling interests	**1.6**	1.3
Dividends declared to noncontrolling interests	**(4.5)**	(4.1)
FX translation	**0.4**	0.3
Ending Balance	**$ 8.7**	$ 7.6

NOTE 13. SEGMENT INFORMATION

The Company operates in two reportable segments: MIS and MA.

Revenue for MIS and expenses for MA include an intersegment royalty charged to MA for the rights to use and distribute content, data and products developed by MIS. Also, revenue for MA and expenses for MIS include an intersegment license fee charged to MIS from MA for certain MA products and services used in MIS's ratings process. Additionally, overhead costs and corporate expenses of the Company are allocated to each 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. Beginning on January 1, 2011, the Company refined its methodology for allocating the aforementioned overhead and corporate costs to its segments. The refined methodology is reflected in the segment results for the quarter ended March 31, 2011 and accordingly, the segment results for the quarter ended March 31, 2010 have been reclassified to conform to the new presentation. "Eliminations" in the table below represent intersegment royalty/license revenue/expense.

Below is financial information by segment, MIS and MA revenue by line of business and consolidated revenue information by geographic area, each of which is for the three month periods ended March 31, 2011 and 2010, and total assets by segment as of March 31, 2011 and December 31, 2010.

Financial Information by Segment

	Three Months Ended March 31, 2011				2010			
	MIS	MA	Eliminations	Consolidated	MIS	MA	Eliminations	Consolidated
Revenue	$428.6	$167.1	$ (18.6)	$ 577.1	$350.8	$143.4	$ (17.6)	$ 476.6
Expenses:								
Operating, SG&A	200.1	127.8	(18.6)	309.3	177.4	104.9	(17.6)	264.7
Restructuring	—	—	—	—	(0.5)	(0.2)	—	(0.7)
Depreciation and amortization	8.7	9.0	—	17.7	8.2	7.6	—	15.8
Total	208.8	136.8	(18.6)	327.0	185.1	112.3	(17.6)	279.8
Operating income	$219.8	$ 30.3	$ —	$ 250.1	$165.7	$ 31.1	$ —	$ 196.8

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MIS and MA Revenue by Line of Business

The table below presents revenue by LOB within each reportable segment:

	Three Months Ended March 31, 2011	2010
MIS:		
Corporate finance (CFG)	**$ 181.8**	$ 126.4
Structured finance (SFG)	**89.4**	71.5
Financial institutions (FIG)	**76.9**	76.2
Public, project and infrastructure finance (PPIF)	**64.5**	61.4
Total external revenue	**412.6**	335.5
Intersegment royalty	**16.0**	15.3
Total	**428.6**	350.8
MA:		
Research, data and analytics (RD&A)	**109.6**	104.6
Risk management software (RMS)	**39.6**	33.3
Professional services	**15.3**	3.2
Total external revenue	**164.5**	141.1
Intersegment license fee	**2.6**	2.3
Total	**167.1**	143.4
Eliminations	**(18.6)**	(17.6)
Total MCO	**$ 577.1**	$ 476.6
Consolidated Revenue Information by Geographic Area:		
United States	**$ 301.4**	$ 254.6
International:		
EMEA	**183.3**	153.5
Other	**92.4**	68.5
Total International	**275.7**	222.0
Total	**$ 577.1**	$ 476.6

Total Assets by Segment:

	March 31, 2011 MIS	MA	Corporate Assets (a)	Consolidated	December 31, 2010 MIS	MA	Corporate Assets (a)	Consolidated
Total Assets	**$775.6**	**867.6**	**881.2**	**$ 2,524.4**	$639.0	910.0	991.3	$ 2,540.3

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

NOTE 14. RECENTLY ISSUED ACCOUNTING STANDARDS

In January 2010, the FASB issued ASU No. 2010-06, “Improving Disclosures about Fair Value Measurements”. The new standard requires disclosure regarding transfers in and out of Level 1 and Level 2 classifications within the fair value hierarchy as well as requiring further detail of activity within the Level 3 category of the fair value hierarchy. The new standard also requires disclosures regarding the fair value for each class of assets and liabilities, which is a subset of assets or liabilities within a line item in a company’s balance sheet. Additionally, the standard will require further disclosures surrounding inputs and valuation techniques used in fair value measurements. The new disclosures and clarifications of existing disclosures set forth in this ASU are effective for interim and annual reporting periods beginning after December 15, 2009, except for the additional disclosures regarding Level 3 fair value measurements, for which the effective date is for fiscal years and interim periods within those years beginning after December 15, 2010. The Company has fully adopted all provisions of this ASU as of January 1, 2011 and the implementation did not have a material impact on the Company’s consolidated financial statements.

In December 2010, the FASB issued ASU No. 2010-29, “Disclosure of Supplementary Pro Forma Information for Business Combinations”. The objective of this ASU is to address diversity in practice regarding proforma disclosures for revenue and earnings of the acquired entity. The amendments in this ASU specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments in this ASU also expand the supplemental pro forma disclosures under ASC Topic 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments in this ASU are effective for fiscal years beginning on or after December 15, 2010. The Company will conform to the disclosure requirements set forth in this ASU for any future material business combinations.

NOTE 15. SUBSEQUENT EVENT

On April 26, 2011, the Board approved the declaration of a quarterly dividend of $0.14 per share of Moody’s common stock, payable on June 10, 2011 to shareholders of record at the close of business on May 20, 2011.

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

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains Forward-Looking Statements. See "Forward-Looking Statements" commencing on page 49 for a discussion of uncertainties, risks and other factors associated with these statements.

The Company

Moody's is a provider of (i) credit ratings, (ii) credit and economic related research, data and analytical tools, (iii) risk management software and (iv) quantitative credit risk measures, credit portfolio management solutions, training and financial credentialing and certification services. Moody's operates in two reportable segments: MIS and MA.

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

The MA segment develops a wide range of products and services that support the risk management activities of institutional participants in global financial markets. Within its RD&A business, MA distributes investor-oriented research and data developed by MIS as part of its ratings process, including in-depth research on major debt issuers, industry studies and commentary on topical credit related events. The RD&A business also produces and provides economic research and credit data and analytical tools such as quantitative credit risk scores. Within its RMS business, MA provides both economic and regulatory capital risk management software solutions. Within its professional services business it provides quantitative credit risk measures, credit portfolio management solutions, training and financial credentialing services.

Critical Accounting Estimates

Moody's discussion and analysis of its financial condition and results of operations are based on the Company's condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires Moody's to make estimates and judgments that affect reported amounts of assets and liabilities and related disclosures of contingent assets and liabilities at the dates of the financial statements and revenue and expenses during the reporting periods. These estimates are based on historical experience and on other assumptions that are believed to be reasonable under the circumstances. On an ongoing basis, Moody's evaluates its estimates, including those related to revenue recognition, accounts receivable allowances, contingencies, restructuring, goodwill and acquired intangible assets, pension and other post-retirement benefits, stock-based compensation, and income taxes. Actual results may differ from these estimates under different assumptions or conditions. Item 7, MD&A, in the Company's annual report on Form 10-K for the year ended December 31, 2010, includes descriptions of some of the judgments that Moody's makes in applying its accounting estimates in these areas. Since the date of the annual report on Form 10-K, there have been no material changes to the Company's critical accounting estimates.

Operating Segments

The Company reports in two reportable segments: MIS and MA. The MIS segment is comprised of all of the Company's ratings activities. All of Moody's other non-rating commercial activities are included in the MA segment.

The MIS segment consists of four lines of business – corporate finance, structured finance, financial institutions and public, project and infrastructure finance – that generate revenue principally from fees for the assignment and monitoring of credit ratings on debt obligations and the entities that issue such obligations in markets worldwide.

The MA segment consists of three lines of business – research, data and analytics; risk management software; and professional services – that develop a wide range of products and services that support the risk management activities of institutional participants in global financial markets. Within its research, data and analytics business, MA distributes investor-oriented research and data developed by MIS as part of its ratings process, including in-depth research on major debt issuers, industry studies and commentary on topical credit related events. RD&A also produces and provides economic research and credit data and analytical tools such as quantitative credit risk scores. Within its risk management software business, MA provides both economic and regulatory capital risk management software and implementation services. Within its professional services business it provides quantitative credit risk measures, credit portfolio management solutions, training and financial credentialing services.

The following is a discussion of the results of operations of the Company and these segments, including the intersegment royalty revenue for MIS and expense incurred by MA for the rights to use and distribute content, data and products developed by MIS. The discussion also includes intersegment license revenue charged to MIS from MA for the use of certain MA products and services in MIS's ratings process. Additionally, overhead costs and corporate expenses of the Company are generally allocated to each 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 resources, information technology and legal. Beginning on January 1, 2011, the Company refined its methodology for allocating the aforementioned overhead and corporate costs to its segments. The refined methodology is reflected in the segment results for the quarter ended March 31, 2011 and accordingly, the segment results for the quarter ended March 31, 2010 have been reclassified to conform to the new presentation.

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

Results of Operations

Three Months Ended March 31, 2011 compared with Three Months Ended March 31, 2010

Executive Summary

Moody's revenue for the first quarter of 2011 totaled $577.1 million, an increase of $100.5 million compared to the same period in 2010. Total expenses were $327.0 million, an increase of $47.2 million compared to the first quarter of 2010. Operating income of $250.1 million in the first quarter of 2011 increased $53.3 million compared to the same period in the prior year. Diluted EPS of $0.67 for the first quarter of 2011 increased $0.20 over the prior year period.

Moody's Corporation

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

	Three Months Ended March 31,		% Change Favorable (Unfavorable)
	2011	**2010**	
Revenue:			
United States	**$ 301.4**	$ 254.6	18%
International:			
EMEA	**183.3**	153.5	19%
Other	**92.4**	68.5	35%
Total International	**275.7**	222.0	24%
Total	**577.1**	476.6	21%
Expenses:			
Operating	**160.8**	135.9	(18%)
SG&A	**148.5**	128.8	(15%)
Restructuring	**—**	(0.7)	(100%)
Depreciation and amortization	**17.7**	15.8	(12%)
Total	**327.0**	279.8	(17%)
Operating income	**$ 250.1**	$ 196.8	27%
Interest (expense) income, net	**$ (18.2)**	$ (13.3)	(37%)
Other non-operating (expense) income, net	**$ 3.3**	$ (1.0)	NM
Net income attributable to Moody's	**$ 155.5**	$ 113.4	37%

Global revenue of $577.1 million in the first quarter of 2011 increased $100.5 million compared to the same period in 2010 reflecting good growth in both segments. The increase in ratings revenue compared to the first quarter of 2010 reflects strong issuance activity within the corporate finance sector, good growth in the assignment of ratings across most asset classes within international structured finance and certain price increases within MIS. The growth in MA revenue reflects higher revenue across all LOBs and includes revenue from CSI which was acquired in the fourth quarter of 2010. Transaction revenue accounted for 49% of global MCO revenue in the first quarter of 2011, compared to 41% in the same period of the prior year. Transaction revenue in the MIS segment represents the initial rating of a new debt issuance as well as other one-time fees while relationship revenue represents the recurring monitoring of a rated debt obligation and/or entities that issue such obligations, as well as revenue from programs such as commercial paper, medium-term notes and shelf registrations. In the MA segment, relationship revenue represents subscription-based revenues and software maintenance revenue. Transaction revenue in MA represents software license fees and revenue from the professional services line of business which offers credit risk management advisory and training services, which are typically sold on a per-engagement basis.

U.S. revenue increased $46.8 million over 2010, primarily reflecting higher corporate finance rated issuance volumes in the first quarter of 2011. This growth was primarily due to strong rated issuance volumes for high-yield corporate debt and bank loans as well as investment-grade corporate debt, compared to the prior year period.

Non-U.S. revenue increased $53.7 million over 2010, reflecting growth in all LOBs within both segments. The increase in non-U.S. ratings revenue primarily reflects growth across most asset classes within SFG as well as good growth in rated issuance volumes for speculative-grade corporate debt and infrastructure finance issuance primarily from within the EMEA region. The increase in non-U.S. MA revenue reflects growth across all LOBs, most notably in professional services, where more than half of the growth for this LOB is attributed to the acquisition of CSI in the fourth quarter of 2010.

The table below shows Moody's global staffing by geographic area:

	March 31,		% Change
	2011	**2010**	
United States	**2,347**	2,162	9%
International	**2,167**	1,867	16%
Total	**4,514**	4,029	12%

Operating expenses were $160.8 million in the first quarter of 2011, an increase of $24.9 million from the same period in 2010 and reflected both higher compensation and non-compensation costs. Compensation costs increased approximately $18 million from the prior year reflecting higher salaries and related employee benefits which has resulted from increases in headcount in both the MIS and MA segments coupled with annual merit increases. Additionally, there was approximately $5 million higher incentive compensation resulting from increased headcount and greater achievement against targeted results compared to the prior year period. Non-compensation costs have increased approximately $6 million over the first quarter of 2010 reflecting higher professional service costs resulting from the Company's ongoing investments in technology infrastructure as well as higher travel-related costs which are correlated with continued improving business conditions in both segments.

SG&A expenses of $148.5 million in the first quarter of 2011 increased $19.7 million from the same period in 2010. Compensation costs increased approximately $15 million primarily due to higher salaries and related employee benefits which reflects annual merit increases and headcount growth in sales personnel within MA as well as in support areas such as compliance and IT. Additionally, there was approximately $3 million higher incentive compensation costs compared to 2010 reflecting increased headcount and greater achievement against targeted results compared to the achievement of targeted results in the prior year period. Non-compensation expenses increased approximately $4 million over the prior year primarily reflecting higher professional service costs relating to ongoing investments in technology infrastructure partially offset by lower legal and litigation-related costs.

Operating income of $250.1 million, was up $53.3 million from the same period in 2010, reflecting the 21% increase in revenue exceeding the 17% increase in operating expenses.

Interest (expense) income, net for the three months ended March 31, 2011 was ($18.2) million, a $4.9 million increase in expense compared to the same period in 2010. This increase is primarily due to higher expense on borrowings reflecting interest on the 2010 Senior Notes issued in the third quarter of 2010 partially offset by lower interest expense on the Series 2005-1 Notes resulting from benefits on interest rate swaps entered into in the fourth quarter of 2010 to convert the fixed rate of interest on the notes to a floating LIBOR-based rate.

Other non-operating (expense) income, net of $3.3 million in the first three months of 2011 increased $4.3 million compared to the same period in 2010. The increase in income reflects FX gains of approximately $2 million which primarily resulted from the strengthening of the euro to the British pound in the first three months of 2011 compared to FX losses of approximately $1 million in the prior year period.

Moody's ETR was 33.2% in the first quarter of 2011, down from 37.2% in 2010. The decrease in the ETR reflects a higher proportion of taxable income generated internationally in lower tax jurisdictions as well as lower U.S. state income taxes.

Net Income for the three months ended March 31, 2011 was $155.5 million, or $0.67 per diluted share, and increased $0.20 per diluted share, compared to the same period in 2010. The increase over the prior year reflects higher Net Income coupled with fewer diluted shares outstanding compared to the first quarter of 2010.

Segment Results

Moody's Investors Service

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

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	% Change Favorable (Unfavorable)
Revenue:			
Corporate finance (CFG)	$ 181.8	$ 126.4	44%
Structured finance (SFG)	89.4	71.5	25%
Financial institutions (FIG)	76.9	76.2	1%
Public, project and infrastructure finance (PPIF)	64.5	61.4	5%
Total external revenue	412.6	335.5	23%
Intersegment royalty	16.0	15.3	5%
Total MIS Revenue	428.6	350.8	22%
Expenses:			
Operating and SG&A (including intersegment expenses)	200.1	177.4	(13%)
Restructuring	—	(0.5)	(100%)
Depreciation and amortization	8.7	8.2	(6%)
Total	208.8	185.1	(13%)
Operating income	$ 219.8	$ 165.7	33%

The following is a discussion of external MIS revenue and operating expenses:

Global MIS revenue of $412.6 million for the three months ended March 31, 2011, increased $77.1 million compared to the same period in 2010. The increase reflects strong growth over 2010 in rated issuance volumes for high-yield corporate debt and bank loans as well as investment-grade corporate debt. Additionally, there was growth across most asset classes within SFG compared to challenging conditions in the securitization markets in the prior year. Furthermore, the revenue growth over the first quarter of 2010 relates to certain pricing increases that reflect alignment of price with value creation and the Company's enhanced commitment to monitoring and surveillance functions. Transaction revenue for MIS in the first three months of 2011 was 62% of total revenue compared to 55% in 2010, with the increase primarily reflecting the aforementioned growth in rated issuance in the CFG and SFG LOBs.

In the U.S., revenue was $230.0 million in the first quarter of 2011, an increase of $40.8 million, or 22%, compared to the same period in 2010. The increase was primarily due to strong rated issuance volumes for high-yield corporate debt and bank loans as well as growth in rated issuance for investment-grade corporate debt. Additionally, there was higher rated issuance volumes in the REIT and CMBS asset classes within SFG compared to the first quarter of 2010.

Non-U.S. revenue was $182.6 million in the first quarter of 2011, an increase of $36.3 million, or 25%, compared to the same period in the prior year. The increase reflects growth in the EMEA region in rated issuance volumes across most asset classes within SFG as well as good growth in issuance for high-yield corporate debt and Indicative Ratings in CFG and infrastructure finance in PPIF. Changes in FX translation rates had an approximate $2 million favorable impact on non-U.S. MIS revenue in the first quarter of 2011.

Global CFG revenue of $181.8 million in the first quarter of 2011 increased $55.4 million from the same period in 2010, primarily reflecting strong growth in rated issuance volumes for high-yield corporate bonds and bank loans, good growth in investment-grade corporate debt rated issuance and price increases. Transaction revenue represented 76% of total CFG revenue in the first quarter of 2011, compared to 71% in the prior year period. In the U.S., revenue in the first quarter of 2011 was $120.7 million, or 52% higher than the same period in 2010. The increase is primarily due to growth in rated issuance for high-yield corporate debt and bank loans which reflects continued low credit spreads for these securities indicating increased investor confidence in the high-yield markets and the current low interest rate environment. Additionally, the growth over the first quarter of 2010 reflected higher investment-grade corporate debt issuance relating to issuers taking advantage of the current low interest rate environment to refinance existing borrowings as well as an increase in issuance to fund merger and acquisition-related activity. Internationally, revenue of $61.1 million in the first quarter of 2011 increased $14.3 million compared to the same period in 2010, driven by rated issuance growth in speculative-grade corporate debt in the EMEA region reflecting the aforementioned narrowing credit spreads and increased investor confidence in the high-yield markets. Additionally, the increase over the first quarter of 2010 reflects strong global growth in Indicative Ratings and Corporate Family Ratings as well as rating assessments. Favorable changes in FX translation rates had an approximate $1 million impact on international CFG revenue in the first quarter of 2011.

Global SFG revenue of $89.4 million in the first quarter of 2011 increased $17.9 million compared to the same period in 2010, primarily reflecting growth in most asset classes internationally, resulting in transaction revenue increasing to 54% of total SFG revenue in the first quarter of 2011 compared to 41% in the prior year period. In the U.S., revenue of $41.0 million increased $4.2 million compared to the first quarter of 2010, reflecting good growth in REIT and CMBS rated issuance volumes due to the current low interest rate environment and narrow credit spreads for these asset classes. This increase was partially offset by declines in consumer asset-backed securities compared to a robust prior year period where issuance was supported by the TALF program which expired in March 2010. Non-U.S. revenue in the first quarter of 2011 of $48.4 million increased $13.7 million compared to the same period in the prior year, reflecting growth across most asset classes within the EMEA region, most notably in the ABS and RMBS sectors. These increases reflect issuers coming to market ahead of regulatory changes implemented by the ECB in March 2011 which required two ratings for asset-backed securities that may be used as collateral in Eurosystem credit operations. Favorable changes in FX translation rates had an approximate $1 million impact on international SFG revenue in the first quarter of 2011.

Global FIG revenue of $76.9 million in the first quarter of 2011 was flat compared to the same period in 2010 with modest growth in banking and insurance-related revenue, primarily reflecting the aforementioned price increases, offset by lower rated issuance volumes for managed investments. Transaction revenue was 43% of total FIG revenue in the quarter ended March 31, 2011, unchanged from the same period in 2010. In the U.S., revenue of $31.4 million in the first quarter of 2011 decreased $0.5 million compared to the prior year. The decline over the prior year was driven by lower revenue from rating managed investments which potentially relates to regulatory reform and forthcoming rating methodology changes for these types of securities. Outside the U.S., revenue in the first quarter of 2011 was $45.5 million, or $1.2 million higher than in the prior year, and was primarily due to modest growth in banking revenue in the Asia and Americas regions coupled with higher insurance-related rated issuance in EMEA. These increases were partially offset by a decline in rated issuance for managed investments.

Global PPIF revenue was $64.5 million in the first quarter of 2011, an increase of $3.1 million compared to the same period in 2010, primarily reflecting increases in infrastructure finance rated issuance and pricing increases, partially offset by declines in U.S. public finance issuance. Revenue generated from new transactions was 55% of total PPIF revenue in the first quarter of 2011, unchanged from the prior year period. In the U.S., revenue for the three months ended March 31, 2011 of $36.9 million decreased $4.0 million over the prior year primarily due to lower public finance rated issuance volumes reflecting declines in state and local government spending. Additionally, the decrease in U.S. public finance rated issuance volumes was caused by the expiration of the Build America Bond Program in the fourth quarter of 2010 which was implemented in the U.S. as part of the American Recovery and Reinvestment Act of 2009. Outside the U.S., PPIF revenue increased 35% compared to the first quarter of 2010 due to strong growth in rated issuance volumes in EMEA infrastructure finance reflecting issuers taking advantage of the favorable credit market conditions to refinance existing debt and fund capital expenditure needs.

Operating and SG&A expenses in the first quarter of 2011 increased $22.7 million compared to the same period in 2010 and reflected increases in compensation and non-compensation costs of approximately $19 million and $4 million, respectively. The increase in compensation costs reflects higher salaries and related employee benefits resulting from annual merit increases, modest headcount growth in the ratings LOBs as well as in support areas such as IT for which the costs are allocated to each segment based on a revenue-split methodology. Additionally, there was higher incentive compensation due to an increase in headcount and greater achievement against targeted results in the first quarter of 2011 compared to the achievement against targets for the same period in 2010. The increase in non-compensation expenses primarily reflects higher T&E due to improving business conditions as well as higher costs resulting from the Company's continued investment in improving IT infrastructure coupled with higher technology-related license fees.

Operating income in the first quarter of 2011 of $219.8 million, which includes intersegment royalty revenue and intersegment license expense, increased $54.1 million from the same period in 2010 and reflects the 22% increase in total MIS revenue outpacing the 13% increase in total operating expenses.

Moody's Analytics

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

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	% Change Favorable (Unfavorable)
Revenue:			
Research, data and analytics (RD&A)	**$ 109.6**	$ 104.6	5%
Risk management software (RMS)	**39.6**	33.3	19%
Professional services	**15.3**	3.2	378%
Total external revenue	**164.5**	141.1	17%
Intersegment license fees	**2.6**	2.3	13%
Total MA Revenue	**167.1**	143.4	17%
Expenses:			
Operating and SG&A (including intersegment expenses)	**127.8**	104.9	(22%)
Restructuring	**—**	(0.2)	(100%)
Depreciation and amortization	**9.0**	7.6	(18%)
Total	**136.8**	112.3	(22%)
Operating income	**$ 30.3**	$ 31.1	(3%)

The following is a discussion of external MA revenue and operating expenses:

Global MA revenue increased $23.4 million compared to the first quarter of 2010, with over 74% of the growth generated internationally, and reflected revenue from CSI which was acquired in the fourth quarter of 2010. Recurring revenue comprised 83% of total MA revenue in the first quarter of 2011 compared to 92% in the same period of the prior year.

In the U.S., revenue of $71.4 million in the first quarter of 2011 increased $6.0 million, reflecting growth in RD&A and RMS. International revenue of $93.1 million for the three months ended March 31, 2011 was $17.4 million higher than the same period in 2010, and reflected growth across all LOBs, most notably in professional services which includes revenue from the CSI acquisition completed in the fourth quarter of 2010.

Global RD&A revenue, which comprised over 66% of MA revenue in both the first quarter ended March 31, 2011 and 2010, increased $5.0 million over the prior year. The increase reflects greater demand for products that support analysis for investment and commercial credit applications and also the gradual stabilization among capital markets customers as disruption from the global financial crisis recedes. Global RMS revenue in the first quarter of 2011 increased $6.3 million over the same period in 2010, due to the final delivery and client acceptance of software licenses and implementations, primarily from within the Asia, Latin America and U.S. regions. Revenue from professional services increased $12.1 million compared to the first quarter of 2010, with approximately 70% of the growth reflecting the acquisition of CSI in the fourth quarter of 2010. Revenue in the RMS and professional services LOBs are subject to quarterly volatility resulting from the variable nature of project timing and the concentration of revenue in a relatively small number of engagements.

Operating and SG&A expenses in the first quarter of 2011, which include the intersegment royalty for the right to use and distribute content, data and products developed by MIS, increased $22.9 million compared to the same period in 2010 reflecting both higher compensation and non-compensation costs of approximately $15 million and $7 million, respectively. The increase in compensation costs reflects higher salaries and related employee benefits reflecting annual merit increases coupled with an increase in headcount relating to the acquisition of CSI in the fourth quarter of 2010 as well as to support business growth. Additionally, the increase in compensation costs reflects higher incentive compensation due to an increase in headcount and greater achievement against targeted results in the first quarter of 2011 compared to achievement against targets in the same period in 2010. The increase in non-compensation costs reflects expenses related to CSI which was acquired in the fourth quarter of 2010 as well as increases in certain variable costs, such as T&E, that are correlated with business growth.

Operating income of $30.3 million in the first quarter of 2011, which includes the intersegment license fee and the intersegment royalty expense, decreased $0.8 million compared to the same period in 2010, reflecting the 22% increase in operating expenses slightly exceeding the total revenue growth of 17%.

Liquidity and Capital Resources

Cash Flow

The Company is currently financing its operations, capital expenditures and share repurchases through cash flow from operations.

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

	Three Months Ended March 31,		$ Change Favorable (Unfavorable)
	2011	2010	
Net cash provided by operating activities	**$ 200.9**	$ 164.1	$ 36.8
Net cash used in investing activities	**$ (13.3)**	$ (13.6)	$ 0.3
Net cash used in financing activities	**$(145.1)**	$(111.9)	$ (33.2)

<u>Net cash provided by operating activities</u>

The $36.8 million increase in net cash flows provided by operating activities resulted from an increase in net income of $42.4 million, which was partially offset by the following changes in assets and liabilities:

- An approximate $49 million decrease in cash flows primarily reflecting higher incentive compensation payments made in 2011 compared to the prior year. The higher payouts in 2011 reflect greater achievement against targeted results in 2010 as compared to achievement against targets in 2009. Additionally, the decrease reflects a profit sharing contribution paid to eligible employees of the Company in 2011 which was based on the Company's diluted EPS growth from 2009 to 2010. There was no such contribution made in 2010;
- A decrease in cash flow of approximately $14 million relating to a contribution made by the Company to its funded pension plan in the first quarter of 2011;
- An approximate $41 million increase in cash flows reflecting lower prepaid tax balances in 2011, which are included in other current assets, resulting from both a refund received from the Internal Revenue Service in 2011 for tax overpayments made in 2010 as well as the application of a portion of the aforementioned overpayments to 2011 quarterly estimated tax payments;
- The remaining increase in cash flows from operations of approximately $16 million is due to changes in various other assets and liabilities.

Net cash used in financing activities

The $33.2 million increase in cash used in financing activities was primarily attributed to:

- A $97.7 million increase in treasury shares repurchased;
- A $71.7 million decrease in net repayments on short-term borrowings under the Company's CP program. The Company repaid all outstanding CP Notes during 2010 and has no borrowings outstanding under the CP program or the revolving credit facility as of March 31, 2011.

Cash held in non-U.S. jurisdictions

The Company's aggregate cash and cash equivalents of $719.5 million consisted of approximately $522 million located outside of the U.S. The cash held in the Company's non-U.S. operations contains approximately $420 million in entities whose undistributed earnings are indefinitely reinvested in the Company's foreign operations. Accordingly, the Company has not provided deferred income taxes on these indefinitely reinvested earnings. A future distribution or change in assertion regarding reinvestment by the foreign subsidiaries relating to these earnings could result in additional tax liability to the Company. It is not practicable to determine the amount of the potential additional tax liability due to complexities in the tax laws and in the hypothetical calculations that would have to be made.

Future Cash Requirements

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

The Company remains committed to using its strong cash flow to create value for shareholders by investing in growing areas of the business, reinvesting in ratings quality initiatives, making selective acquisitions in related businesses, repurchasing stock and paying a dividend, all in the manner consistent with maintaining sufficient liquidity. In April of 2011, the Board of Directors of the Company declared a quarterly dividend of $0.14 per share of Moody's common stock, payable on June 10, 2011 to shareholders of a record at the close of business on May 20, 2011. The continued payment of dividends at this rate, or at all, is subject to the discretion of the Board. Additionally, the Company intends to repurchase shares at modest levels in 2011 subject to available cash flow and other capital allocation decisions. As of March 31, 2011, Moody's had $1.1 billion of share repurchase authority remaining under its current program, which does not have an established expiration.

During the third quarter of 2010, the Company issued $500 million of 2010 Senior Notes due in September 2020, the proceeds of which were or will be used for general corporate purposes, including the redemption and repayment of short-term or long-term borrowings; working capital needs; capital expenditures; acquisitions of or investments in businesses or assets; and purchases of the Company's common stock under its authorized stock repurchase program. At March 31, 2011, Moody's had $1.2 billion of outstanding debt with $1.0 billion of additional capacity available. Principal payments on the 2008 Term Loan commenced in September 2010 and will continue through its maturity in accordance with the schedule of payments outlined in the "Indebtedness" section of this MD&A below.

On February 6, 2008, the Company entered into a 17.5 year operating lease agreement to occupy six floors of an office tower located in the Canary Wharf district of London, England. The total base rent of the Canary Wharf Lease over its 17.5-year term is approximately 134 million GBP, and the Company will begin making base rent payments in 2011. In addition to the base rent payments the Company will be obligated to pay certain customary amounts for its share of operating expenses and tax obligations. The total remaining lease payments as of March 31, 2011 are approximately 134 million GBP, of which approximately 5 million GBP will be paid in the next twelve months.

On October 20, 2006, the Company entered into an operating lease agreement 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 headquarters. The 7WTC Lease has an initial term of 21 years with a total of 20 years of renewal options. The total base rent of 7WTC Lease over its initial 21-year term is approximately $536 million including rent credits from the World Trade Center Rent Reduction Program promulgated by the Empire State Development Corporation. On March 28, 2007, the 7WTC lease agreement was amended for the Company to lease an additional 78,568 square-feet at 7WTC. The additional base rent is approximately $106 million over a 20-year term. The total remaining lease payments as of March 31, 2011, including the aforementioned rent credits, are approximately $552 million, of which approximately $27 million will be paid during the next twelve months.

During the year ended December 31, 2011, the Company anticipates making payments of $9.6 million related to its unfunded pension plan and $0.6 million related to its other-post retirement plans.

Indebtedness

The following table summarizes total indebtedness:

	March 31, 2011	December 31, 2010
2007 Facility	**$ —**	$ —
Commercial paper	**—**	—
Notes Payable:		
Series 2005-1 Notes, due 2015, net of fair value of interest rate swap of $7.2 million at 2011 and $3.7 million at 2010	**292.8**	296.3
Series 2007-1 Notes due 2017	**300.0**	300.0
2010 Senior Notes, due 2020, net of unamortized discount of $3.0 million in both 2011 and 2010	**497.0**	497.0
2008 Term Loan, various payments through 2013	**144.4**	146.3
Total debt	**1,234.2**	1,239.6
Current portion	**(13.1)**	(11.3)
Total long-term debt	**$1,221.1**	$ 1,228.3

2007 Facility

On September 28, 2007, the Company entered into a $1.0 billion five-year senior, unsecured revolving credit facility, expiring in September 2012. The 2007 Facility will serve, in part, to support the Company's CP Program described below. 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 outstanding borrowing amount depending on the Debt/EBITDA 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 per annum of the facility amount, depending on the Company's Debt/EBITDA ratio. The Company also pays a utilization fee of 5.0 basis points on borrowings outstanding when the aggregate amount outstanding exceeds 50% of the total facility. The 2007 Facility contains certain covenants that, among other things, restrict the ability of the Company and certain of its subsidiaries, without the approval of the lenders, to engage in mergers, consolidations, and 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 a Debt/EBITDA ratio of not more than 4.0 to 1.0 at the end of any fiscal quarter.

Commercial Paper

On October 3, 2007, the Company entered into a private placement commercial paper program under which the Company may issue CP notes up to a maximum amount of $1.0 billion. Amounts available under the CP Program may be re-borrowed. The CP Program is supported by the Company's 2007 Facility. The maturities of the CP Notes will vary, but may not exceed 397 days from the date of issue. The CP Notes are sold at a discount from par or, alternatively, sold at par and bear interest at rates that will vary based upon market conditions at the time of 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) federal funds rate; (d) LIBOR; (e) prime rate; (f) Treasury rate; or (g) such other base rate as may be specified in a supplement to the private placement agreement. The CP Program contains certain events of default including, among other things: non-payment of principal, interest or fees; entrance into any form of moratorium; and bankruptcy and insolvency events, subject in certain instances to cure periods.

Notes Payable

On August 19, 2010, the Company issued $500 million aggregate principal amount of unsecured notes in a public offering. The 2010 Senior Notes bear interest at a fixed rate of 5.50% and mature on September 1, 2020. Interest on the 2010 Senior Notes will be due semi-annually on September 1 and March 1 of each year, commencing March 1, 2011. The Company may prepay the 2010 Senior Notes, in whole or in part, at any time at a price equal to 100% of the principal amount being prepaid, plus accrued and unpaid interest and a Make-Whole Amount. Additionally, at the option of the holders of the notes, the Company may be required to purchase all or a portion of the notes upon occurrence of a "Change of Control Triggering Event," as defined in the Indenture, at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase. The Indenture contains covenants that limit the ability of the Company and certain of its subsidiaries to, among other things, incur or create liens and enter into sale and leaseback transactions. In addition, the Indenture contains a covenant that limits the ability of the Company to consolidate or merge with another entity or to sell all or substantially all of its assets to another entity. The Indenture contains customary default provisions. In addition, an event of default will occur if the Company or certain of its subsidiaries fail to pay the principal of any indebtedness (as defined in the Indenture) when due at maturity in an aggregate amount of $50 million or more, or a default occurs that results in the acceleration of the maturity of the Company's or certain of its subsidiaries' indebtedness in an aggregate amount of $50 million or more. Upon the occurrence and during the continuation of an event of default under the Indenture, the notes may become immediately due and payable either automatically or by the vote of the holders of more than 25% of the aggregate principal amount of all of the notes then outstanding.

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

On September 30, 2005, the Company issued and sold through a private placement transaction, $300.0 million aggregate principal amount of its Series 2005-1 Senior Unsecured Notes due 2015 pursuant to the 2005 Agreement. The Series 2005-1 Notes have a ten-year term and bear interest at an annual rate of 4.98%, payable semi-annually on March 30 and September 30. Proceeds from the sale of the Series 2005-1 Notes were used to refinance $300.0 million aggregate principal amount of the Company's outstanding 7.61% senior notes which matured on September 30, 2005. In the event that Moody's pays all, or part, of the Series 2005-1 Notes in advance of their maturity, such prepayment will be subject to a Make Whole Amount. The Series 2005-1 Notes are subject to certain covenants that, among other things, restrict the ability of the Company and certain of its subsidiaries, without the approval of the lenders, to engage in mergers, consolidations, and asset sales, transactions with affiliates and sale-leaseback transactions or to incur liens, as defined in the related agreements.

2008 Term Loan

On May 7, 2008, Moody's entered into a five-year, $150.0 million senior unsecured term loan with several lenders. Proceeds from the loan were used to pay off a portion of the CP outstanding. Interest on borrowings under the 2008 Term Loan is payable quarterly at rates that are based on LIBOR plus a margin that can range from 125 basis points to 175 basis points depending on the Company's Debt/EBITDA ratio. The outstanding borrowings shall amortize beginning in 2010 in accordance with the schedule of payments set forth in the 2008 Term Loan outlined in the table below.

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

The principal payments due on the Company's long-term borrowings for each of the next five years are presented in the table below:

Year Ended December 31,	2008 Term Loan	Series 2005-1 Notes	Total
2011 (after March 31,)	$ 9.4	$ —	$ 9.4
2012	71.2	—	71.2
2013	63.8	—	63.8
2014	—	—	—
2015	—	300.0	300.0
Total	$ 144.4	$ 300.0	$444.4

In the fourth quarter of 2010, the Company entered into interest rate swaps with a total notional amount of $300 million which converted the fixed rate of interest on the Series 2005-1 Notes to a floating LIBOR-based interest rate. Also, on May 7, 2008, the Company entered into interest rate swaps with a total notional amount of $150 million to protect against fluctuations in the LIBOR-based variable interest rate on the 2008 Term Loan. Both of these interest rate swaps are more fully discussed in Note 6 to the condensed consolidated financial statements.

At March 31, 2011, the Company was in compliance with all covenants contained within all of the debt agreements. In addition to the covenants described above, the 2007 Facility, the 2005 Agreement, the 2007 Agreement, the 2010 Senior Notes and the 2008 Term Loan contain cross default provisions. These provisions state that default under one of the aforementioned debt instruments could in turn permit lenders under other debt instruments to declare borrowings outstanding under those instruments to be immediately due and payable. As of March 31, 2011, there were no such cross defaults.

Interest (expense) income, net

The following table summarizes the components of interest as presented in the consolidated statements of operations:

	Three Months Ended March 31,	
	2011	**2010**
Expense on borrowings	**$ (16.4)**	$ (10.8)
Income	**1.0**	0.6
Expense on UTBs and other tax related liabilities	**(3.6)**	(3.5)
Capitalized	**0.8**	0.4
Total interest expense, net	**$ (18.2)**	$ (13.3)

The Company's long-term debt, including the current portion, is recorded at cost except for the Series 2005-1 Notes which are carried at cost net of the fair value of an interest rate swap used to hedge the fair value of the note. The fair value and carrying value of the Company's long-term debt as of March 31, 2011 and December 31, 2010 is as follows:

	March 31, 2011		December 31, 2010	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Series 2005-1 Notes	**$ 292.8**	$ 311.2	$ 296.3	$ 310.6
Series 2007-1 Notes	**300.0**	323.6	300.0	321.3
2010 Senior Notes	**497.0**	509.8	497.0	492.1
2008 Term Loan	**144.4**	144.4	146.3	146.3
Total	**$1,234.2**	$ 1,289.0	$1,239.6	$ 1,270.3

The fair value of the Company's 2010 Senior Notes is based on quoted market prices. The fair value of the remaining long-term debt, which is not publicly traded, is estimated using discounted cash flows with inputs based on prevailing interest rates available to the Company for borrowings with similar maturities.

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

Off-Balance Sheet Arrangements

At March 31, 2011, 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 March 31, 2011:

		Payments Due by Period			
(in millions)	Total	Less Than 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years
Indebtedness [1]	**$1,682.7**	$ 75.7	$ 248.5	$ 407.4	$ 951.1
Operating lease obligations [2]	**875.1**	63.8	127.7	108.5	575.1
Purchase obligations	**87.5**	41.8	45.7	—	—
Acquisition costs [3]	**2.6**	—	—	2.6	—
Pension obligations [4]	**86.6**	23.2	6.4	8.5	48.5
Total [5]	**$2,734.5**	$ 204.5	$ 428.3	$ 527.0	$ 1,574.7

(1) Reflects principal payments, related interest and applicable fees due on the 2008 Term Loan, the Series 2005-1 Notes, the Series 2007-1 Notes, the 2010 Senior Notes, borrowings under the CP Program and the 2007 Facility, as described in Note 10 to the condensed consolidated financial statements.
(2) Primarily reflects real estate operating leases.
(3) Reflects a $2.6 million contingent cash payment related to the November 18, 2010 acquisition of CSI Global Education, Inc. The cash payment is dependent upon the achievement of a certain contractual milestone by January 2016 as discussed in Note 7 to the condensed consolidated financial statements.
(4) Reflects projected benefit payments for the next ten years relating to the Company's U.S. unfunded Post-Retirement Benefit Plans described in Note 9 to the condensed consolidated financial statements.
(5) The table above does not include the Company's net long-term tax liabilities of $250.7 million relating to UTP and Legacy Tax Matters, since the expected cash outflow of such amounts by period cannot be reasonably estimated.

Dividends

On April 26, 2011, the Board approved the declaration of a quarterly dividend of $0.14 per share of Moody’s common stock, payable on June 10, 2011 to shareholders of record at the close of business on May 20, 2011.

2011 Outlook

Moody’s outlook for 2011 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 borrowing and securitization, and the eventual withdrawal of government-sponsored economic stabilization initiatives. 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 materially from the current outlook.

Moody’s is revising its guidance for the full-year 2011 to reflect stronger than expected first quarter performance. The outlook for market conditions for the remainder of the year is generally unchanged from original guidance as of February 3, 2011. Moody’s guidance assumes foreign currency translation at end-of-quarter exchange rates. For Moody’s overall, the Company now expects full-year 2011 revenue to grow in the low-double-digit percent range. Revenue expectations for certain areas have changed based on conditions specific to those businesses and geographies. Full-year 2011 expenses are now projected to increase in the high-single-digit percent range. Full-year 2011 operating margin is still projected between 38% and 40% and the effective tax rate is still expected to be approximately 36 percent. Share repurchase is expected to continue at modest levels in 2011 subject to available cash flow and other capital allocation decisions. The Company now expects diluted earnings per share for full-year 2011 in the range of $2.22 to $2.32.

For the global MIS business, revenue for full-year 2011 is now expected to increase in the low-double-digit percent range. Within the U.S., MIS revenue is now expected to increase in the mid- to high-single-digit percent range, while non-U.S. revenue is now projected to increase in the mid- to high-teens percent range. Corporate finance revenue is now forecast to grow in the high-teens percent range. Structured finance revenue is now forecast to increase in the mid-single-digit percent range. Revenue from financial institutions is now expected to grow in the high-single-digit percent range, while public, project and infrastructure finance revenue is expected to increase in the mid-single-digit percent range.

For Moody's Analytics, full-year 2011 revenue is still expected to increase in the high-single to low-double-digit percent range. Revenue growth is still projected in the mid-single-digit percent range for research, data and analytics and in the low- to mid-single-digit percent range for risk management software. Professional services revenue is still projected to more than double, primarily reflecting revenue from the late 2010 acquisition of CSI Global Education and very strong performance in the risk management advisory business. MA revenue is still expected to increase in the high-single-digit percent range in the U.S. and in the low-double-digit percent range outside the U.S.

Recently Issued Accounting Pronouncements

In January 2010, the FASB issued ASU No. 2010-06, "Improving Disclosures about Fair Value Measurements". The new standard requires disclosure regarding transfers in and out of Level 1 and Level 2 classifications within the fair value hierarchy as well as requiring further detail of activity within the Level 3 category of the fair value hierarchy. The new standard also requires disclosures regarding the fair value for each class of assets and liabilities, which is a subset of assets or liabilities within a line item in a company's balance sheet. Additionally, the standard will require further disclosures surrounding inputs and valuation techniques used in fair value measurements. The new disclosures and clarifications of existing disclosures set forth in this ASU are effective for interim and annual reporting periods beginning after December 15, 2009, except for the additional disclosures regarding Level 3 fair value measurements, for which the effective date is for fiscal years and interim periods within those years beginning after December 15, 2010. The Company has fully adopted all provisions of this ASU as of January 1, 2011 and the implementation did not have a material impact on the Company's consolidated financial statements.

In December 2010, the FASB issued ASU No. 2010-29, "Disclosure of Supplementary Pro Forma Information for Business Combinations". The objective of this ASU is to address diversity in practice regarding proforma disclosures for revenue and earnings of the acquired entity. The amendments in this ASU specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments in this ASU also expand the supplemental pro forma disclosures under ASC Topic 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments in this ASU are effective for fiscal years beginning on or after December 15, 2010. The Company will conform to the disclosure requirements set forth in this ASU for any future material business combinations.

Contingencies

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

Following the events in the U.S. subprime residential mortgage sector and the credit markets more broadly over the last several years, MIS and other credit rating agencies are the subject of intense scrutiny, increased regulation, ongoing investigation, and civil litigation. Legislative, regulatory and enforcement entities around the world are considering additional legislation, regulation and enforcement actions, including with respect to MIS's compliance with newly imposed regulatory standards. Moody's has received subpoenas and inquiries from states attorneys general and other governmental authorities and is responding to such investigations and inquiries.

In addition, the Company is facing litigation from market participants relating to the performance of MIS rated securities. Although Moody's in the normal course experiences such litigation, the volume and cost of defending such litigation has significantly increased following the events in the U.S. subprime residential mortgage sector and the credit markets more broadly over the last several years.

On June 27, 2008, the Brockton Contributory Retirement System, a purported shareholder of the Company's securities, filed a purported shareholder derivative complaint on behalf of the Company against its directors and certain senior officers, and the Company as nominal defendant, in the Supreme Court of the State of New York, County of New York. The plaintiff asserts various causes of action relating to the named defendants' oversight of MIS's ratings of RMBS and constant-proportion debt obligations, and their participation in the alleged public dissemination of false and misleading information about MIS's ratings practices and/or a failure to implement internal procedures and controls to prevent the alleged wrongdoing. The plaintiff seeks compensatory damages, restitution, disgorgement of profits and other equitable relief. On July 2, 2008, Thomas R. Flynn, a purported shareholder of the Company's securities, filed a similar purported shareholder derivative complaint on behalf of the Company against its directors and certain senior officers, and the Company as nominal defendant, in the Supreme Court of the State of New York, County of New York, asserting similar claims and seeking the same relief. The cases have been consolidated and plaintiffs filed an amended consolidated complaint in November 2008. The Company removed the consolidated action to the United States District Court for the Southern District of New York in December 2008. In January 2009, the plaintiffs moved to remand the case to the Supreme Court of the State of New York, which the Company opposed. On February 23, 2010, the court issued an opinion remanding the case to the Supreme Court of New York. On October 30, 2008, the Louisiana Municipal Police Employees Retirement System, a purported shareholder of the Company's securities, also filed a shareholder derivative complaint on behalf of the Company against its directors and certain officers, and the Company as a nominal defendant, in the U.S. District Court for the Southern District of New York. This complaint also asserts various causes of action relating to the Company's ratings of RMBS, CDO and constant-proportion debt obligations, and named defendants' participation in the alleged public dissemination of false and misleading information about MIS's ratings practices and/or a failure to implement internal procedures and controls to prevent the alleged wrongdoing. On December 9, 2008, Rena Nadoff, a purported shareholder of the Company, filed a shareholder derivative complaint on behalf of the Company against its directors and its CEO, and the Company as a nominal defendant, in the Supreme Court of the State of New York. The complaint asserts a claim for breach of fiduciary duty in connection with alleged overrating of asset-backed securities and underrating of municipal securities. On October 20, 2009, the Company moved to dismiss or stay the action in favor of related federal litigation. On January 26, 2010, the court entered a stipulation and order, submitted jointly by the parties, staying the Nadoff litigation pending coordination and prosecution of similar claims in the above and below described federal derivative actions. On July 6, 2009, W. A. Sokolowski, a purported shareholder of the Company, filed a purported shareholder derivative complaint on behalf of the Company against its directors and current and former officers, and the Company as a nominal defendant, in the United States District Court for the Southern District of New York. The complaint asserts claims relating to alleged mismanagement of the Company's processes for rating structured finance transactions, alleged insider trading and causing the Company to buy back its own stock at artificially inflated prices.

Two purported class action complaints have been filed by purported purchasers of the Company's securities against the Company and certain of its senior officers, asserting claims under the federal securities laws. The first was filed by Raphael Nach in the U.S. District Court for the Northern District of Illinois on July 19, 2007. The second was filed by Teamsters Local 282 Pension Trust Fund in the U.S. District Court for the Southern District of New York on September 26, 2007. Both actions have been consolidated into a single proceeding entitled In re Moody's Corporation Securities Litigation in the U.S. District Court for the Southern District of New York. On June 27, 2008, a consolidated amended complaint was filed, purportedly on behalf of all purchasers of the Company's securities during the period February 3, 2006 through October 24, 2007. Plaintiffs allege that the defendants issued false and/or misleading statements concerning the Company's business conduct, business prospects, business conditions and financial results relating primarily to MIS's ratings of structured finance products including RMBS, CDO and constant-proportion debt obligations. The plaintiffs seek an unspecified amount of compensatory damages and their reasonable costs and expenses incurred in connection with the case. The Company moved for dismissal of the consolidated amended complaint in September 2008. On February 23, 2009, the court issued an opinion dismissing certain claims and sustaining others. On January 22, 2010, plaintiffs moved to certify a class of individuals who purchased Moody's Corporation common stock between February 3, 2006 and October 24, 2007, which the Company opposed. On March 31, 2011, the court issued an opinion denying plaintiffs' motion to certify the proposed class. On April 14, 2011, plaintiffs filed a petition in the United States Court of Appeals for the Second Circuit seeking discretionary permission to appeal the decision. The Company filed its response to the petition on April 25, 2011.

MA is cooperating with an investigation by the SEC concerning services provided by that unit to certain financial institutions in connection with the valuations used by those institutions with respect to certain financial instruments held by such institutions.

For claims, litigation and proceedings not related to income taxes, where it is both probable that a liability is expected to be incurred and the amount of loss can be reasonably estimated, the Company records 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 matters accordingly. In view of the inherent difficulty of predicting the outcome of litigation, regulatory, enforcement and similar matters and contingencies, particularly where the claimants seek large or indeterminate damages or where the parties assert novel legal theories or the matters involve a large number of parties, the Company cannot predict what the eventual outcome of the pending matters will be or the timing of any resolution of such matters. The Company also cannot predict the impact (if any) that any such matters may have on how its business is conducted, on its competitive position or on its financial position, results of operations or cash flows. As the process to resolve the pending matters referred to above progresses, management will continue to review the latest information available and assess its ability to predict the outcome of such matters and the effects, if any, on its operations and financial condition. However, in light of the inherent uncertainties involved in these matters, the large or indeterminate damages sought in some of them and the novel theories of law asserted, an estimate of the range of possible losses cannot be made at this time. For income tax matters, the Company employs the prescribed methodology of Topic 740 of the ASC which 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.

Legacy Tax Matters

Moody's continues to have exposure to potential liabilities arising from Legacy Tax Matters. As of March 31, 2011, Moody's has recorded liabilities for Legacy Tax Matters totaling $59.7 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.

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

In November 1996, The Dun & Bradstreet Corporation separated into three separate public companies: The Dun & Bradstreet Corporation, ACNielsen Corporation and Cognizant Corporation. In June 1998, The Dun & Bradstreet Corporation separated into two separate public companies: Old D&B and R.H. Donnelley Corporation. During 1998, Cognizant separated into two separate public companies: IMS Health Incorporated and Nielsen Media Research, Inc. In September 2000, Old D&B separated into two separate public companies: New D&B and Moody's.

Old D&B and its predecessors entered into global tax planning initiatives in the normal course of business. 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 determinations 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 these Legacy Tax Matters.

At the time of the 2000 Distribution, New D&B paid Moody’s $55.0 million for 50% of certain anticipated future tax benefits through 2012. In the event that these tax benefits are not claimed or otherwise not realized by New D&B, or there is an IRS audit of New D&B impacting these tax benefits, Moody’s would be required to repay to New D&B an amount equal to the discounted value of its share of the related future tax benefits as well as its share of any tax liability incurred by New D&B. As of March 31, 2011, Moody’s liability with respect to this matter totaled $57.7 million.

In 2005, settlement agreements were executed with the IRS with respect to certain Legacy Tax Matters related to the years 1989-1990 and 1993-1996. With respect to these settlements, Moody’s and New D&B believed that IMS Health and NMR did not pay their full share of the liability to the IRS under the terms of the applicable separation agreements between the parties. Moody’s and New D&B subsequently paid these amounts to the IRS and commenced arbitration proceedings against IMS Health and NMR to resolve this dispute. Pursuant to these arbitration proceedings, the Company received $10.8 million ($6.5 million as a reduction of interest expense and $4.3 million as a reduction of tax expense) in 2009. The aforementioned settlement payment resulted in net income benefits of $8.2 million in 2009. The Company continues to carry a $2 million liability for this matter.

Regulation

In the U.S., since 1975, MIS has been designated as an NRSRO by the SEC. The SEC first applied the NRSRO designation in that year CRAs 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 “investment-grade” and “non-investment-grade” securities, among other purposes.

In September 2006, the Credit Rating Agency Reform Act of 2006 was enacted, 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 its first set of rules implementing the Reform Act. These rules 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 February 2009, the SEC published a second set of rules applicable to NRSROs, the majority of which provide requirements for managing conflicts of interest, enhancing record keeping requirements, and improving transparency of ratings performance and methodologies. In November 2009, the SEC published a third set of final rules for NRSROs. These rules, which came into force in June 2010, require additional disclosure of rating histories and prohibit NRSROs from rating structured finance products unless the issuer makes the same information accessible to all NRSROs that it provides to an NRSRO hired to determine the rating. In 2009, the SEC also determined to eliminate references to NRSRO ratings in certain regulations, retain some references and seek additional comments on other references. The SEC’s rule-making in this area is ongoing, and in response to the Dodd-Frank Wall Street Reform and Consumer Protection Act (discussed below), we expect the SEC to continue to eliminate regulatory references to NRSRO ratings.

MIS has been registered as an NRSRO with the SEC under the Exchange Act as of September 2007, and as of that time MIS has been subject to the SEC's oversight rules. As required by the rules, MIS has made its Form NRSRO Initial Application, its Annual Certification of Form NRSRO, and any associated updates publicly available by posting them on the Regulatory Affairs page of the Company's website.

The Financial Reform Act was signed into law on July 21, 2010. The subtitle of the Financial Reform Act that addresses the credit rating agency industry is Title IX, Subtitle C. This subtitle seeks, among other things, to enhance transparency and accountability in the CRA industry, and to reduce the regulatory reliance on credit ratings. The majority of the provisions of Subtitle C of Title IX of the Financial Reform Act seek to regulate the activities of those CRAs that are registered under the SEC's regulatory framework for NRSROs. Therefore, these provisions will apply to any CRAs in MIS's corporate family that fall under the NRSRO regime.

Provisions of the Financial Reform Act applicable to NRSROs include, among others:

- heightened compliance standards, including the adoption of enhanced corporate governance and conflicts of interest policies and procedures, implementation of professional standards for credit analysts and periodic compliance examinations;
- increased public disclosures, including disclosure of the ratings process and methodology, factors relied upon in formulating ratings, results of third-party due diligence and accuracy of prior ratings;
- replacement of references to credit ratings in certain federal laws with broader references to the "credit-worthiness" of a security;
- a mandate that the SEC study the feasibility of establishing a system in which a utility or a self-regulatory organization assigns NRSROs to assign the first credit ratings of structured finance products to address so-called "rating-shopping" by issuers and underwriters of structured financial products; and
- rescission of Rule 436(g) under the Securities Act of 1933, which provided NRSROs with an exemption from expert liability under the Securities Act for ratings information included in registration statements.

Certain of the above mentioned provisions were effective immediately. These include provisions that potentially impact CRAs' liability environment. The enhanced regulatory regime for CRAs could potentially increase the costs associated with the operation of a CRA and increase the legal risk associated with the issuance of credit ratings. Moreover, it is possible that the number of legal proceedings, especially as related to future ratings, may increase materially, and the potential exposure of CRAs thereunder may also increase. It is possible that implementing changes to the Company's operations to address the changed liability environment may result in lower revenues and/or increased expenses and may significantly change the manner in which the Company conducts its credit rating business.

The majority of the provisions in the Financial Reform Act as it pertains to CRAs are to be implemented through rule-making by the SEC and other regulatory authorities. The SEC has updated the published schedule for its rule-making activity over the coming year, and it appears that the majority of the rule-making as it pertains to the CRA industry will be conducted and completed by December 2011. The SEC has indicated that it expects to propose various rules for NRSROs to implement the relevant provisions of the Financial Reform Act by July 2011. One provision that the SEC has already implemented, in accordance with the mandated time-line under the Financial Reform Act, is the elimination of the specific exemption from Regulation Fair Disclosure for information provided by issuers to CRAs, for the purpose of developing a rating.

In addition, the SEC has several pending rule proposals on CRAs, including: 1) a rule proposal to require disclosure about credit ratings when ratings are used in connection with the sale of registered securities; 2) a rule proposal regarding the NRSRO compliance function and disclosure about revenues received for credit rating services; and 3) rule proposals regarding structured finance regulations. In January 2011, the SEC adopted a rule, which will come into effect on September 26, 2011, requiring NRSROs to disclose information about the representations and warranties of the structured finance securities they rate. The bank regulators also have begun their rule making activities, and in October 2010 they closed a comment period requesting views from market participants on alternatives to credit ratings that could be incorporated into banking supervision. MIS and MA both provided comments, and these can be found on the Company's website.

Finally, as part of the ongoing debate surrounding the financial crisis, in 2010 MIS participated in hearings held by the Senate's Permanent Subcommittee on Investigations, which is part of the Senate's Homeland Security and Governmental Affairs Committee, and the Financial Crisis Inquiry Commission. Both the PSI and the FCIC published reports on April 13, 2011 and January 27, 2011, respectively.

Internationally, several regulatory developments have occurred:

The G-8 and the G-20—In November 2008, the Heads of State of the G-20 reached agreement on a wide-ranging set of proposals to better regulate financial systems. Among other things, the G-20 committed to implement oversight of the CRAs, consistent with the strengthened International Organization of Securities Commissions' Code of Conduct ("IOSCO Code") (see below) and agreed that, in the medium term, the countries should implement a registration system for CRAs. The G-20 also committed to formulate their regulations and other measures in a consistent manner and recommended that IOSCO review CRAs' adoption of the standards and mechanisms for monitoring compliance. On April 2, 2009, the G-20 Heads of State meeting was held in London, where the G-20 provided a six-part action plan to address the financial crisis: (1) to restore confidence, growth, and jobs; (2) to repair the financial system to restore lending; (3) to strengthen financial regulation and rebuild trust; (4) to fund and reform international financial institutions to overcome the current crisis and prevent future ones; (5) to promote global trade and investment and reject protectionism; and (6) to build an inclusive, green, and sustainable recovery. The G-20's plan also contains a number of provisions that are specific to CRAs. In particular, the G-20 member states agreed to extend regulatory oversight to and require registration of CRAs in order to ensure that they adhere to the international code of good practice. On July 10, 2009, the G-8 restated its commitment to implement the G-20's statement.

In September 2009, the G-20 met in Pittsburgh and developed a progress report on actions to promote global financial regulatory reform. With respect to CRAs, the G-20 acknowledged that stronger oversight regimes for CRAs have been developed in the EU, the U.S. and Japan, and recognized that the development of good practices for due diligence by asset managers investing in structured finance products will result in reduced reliance on credit ratings. The G-20 also expressed concern about the creation of globally inconsistent regulations.

On October 23, 2010, the G-20 Finance Ministers and Central Bank Governors met in Seoul, Korea in preparation for the November 2010 meeting of the G-20 Heads of State. Broadly, the Finance Ministers and Central Bank Governors have agreed to continue to work in cooperation with one another. In advance of this meeting, the International Monetary Fund (IMF) and the Financial Stability Board (FSB) published a report and a statement, respectively with the FSB publishing a more detailed report on October 27, 2010. As pertaining to CRAs, both institutions advocate that governments reduce their reliance on credit ratings in regulation. While both entities acknowledge that the process will take time, they believe that the mechanistic use of ratings by governments should over time be discontinued.

IOSCO—In December 2004, the Technical Committee of IOSCO published its Code of Conduct Fundamentals for CRAs. In May 2008, IOSCO published the revised IOSCO Code. The changes made to the IOSCO Code broadly address greater transparency of methodologies and processes by CRAs. In July 2008, IOSCO also announced that it will monitor the CRAs implementation of the IOSCO Code changes and it will explore the means by which IOSCO members might work together to verify the proper and complete disclosure by CRAs of information required by the IOSCO Code.

On March 12, 2009, IOSCO published its second review of the CRAs implementation of the IOSCO Code. The report noted that seven out of the 21 CRAs reviewed had implemented the IOSCO Code in their own codes of conduct. In particular, MIS was found to have substantially implemented the 2008 revisions to the IOSCO Code. In addition, IOSCO announced the establishment of a new standing committee that will address global issues regarding the CRA industry.

MIS has revised its Code of Professional Conduct (fashioned on the IOSCO Code) on several occasions to reflect the changes made to the IOSCO Code and the broader changes in the regulatory environment for CRAs. Beginning in 2006, MIS has annually published a report that describes its implementation of its Code. The MIS Code and implementation reports can be found on the Company's website.

EU—In April 2009, the European Parliament voted and passed a new regulation ("EU Regulation") that establishes an oversight regime for the CRA industry in the European Union. The framework for the EU Regulation requires the registration, formal regulation and periodic inspection of CRAs operating in the EU. The EU Regulation also sets out specific requirements for the use of ratings that are produced outside of the EU and used for regulatory purposes in the EU. Among these is a requirement for the relevant competent authority in the EU and the competent authority of the non-EU jurisdiction where that rating has been produced to enter into a cooperation agreement containing provisions related to the exchange of information and the coordination of supervisory activities. MIS has applied for registration under the EU regime. However because we have not yet been formally registered, at this time it is too early to give a more precise assessment of the impact of the EU Regulation on MIS. The Company expects that there will be increases in our operational and compliance costs on a one-time and recurring basis. In addition, the European Securities and Market Authority (ESMA) was established in January 2011, and will have direct supervisory responsibility for the CRA industry in the EU by July 2011. The regulatory framework of the CRA industry continues to be discussed in the European Union. In late 2010, the European Commission published a consultation document on the need for additional measures to supervise the CRA industry and the European Parliament has concluded its debates and modifications on an "Own-Initiative Report" on the topic, although the report has not yet been published. MIS's response to the Commission's consultation document can be found on the Company's website. We expect the Commission to publish its official proposal on further regulation in September 2011. Among the issues being debated are the issuer-pay business model, use of ratings in regulation, sovereign ratings, competition and CRAs' liability environment. It is expected that in the near future the European Commission will publish a proposal for additional regulation that will consider some or all of these topics.

The Basel Committee—In June 2004, the Basel Committee on Banking Supervision published a bank capital adequacy framework, called Basel II, to replace its initial 1988 framework. Under Basel II, ratings assigned by recognized CRAs or external credit assessment institutions, can be used by banks in determining credit risk weights for many of their institutional credit exposures. Recognized ECAIs could be subject to a broader range of oversight. National authorities have begun the ECAI recognition process. MIS has been recognized as an ECAI in several jurisdictions and the recognition process is ongoing in many others. As a result of the current state of the financial markets, the banking authorities of the Basel Committee have been reconsidering the overall framework. Work on the new framework, Basel III, substantially has been completed. It is being implemented in stages, which began in 2010 and are expected to conclude in 2018. Basel III continues to use credit ratings as a tool in bank supervision.

Other legislation and regulation relating to credit rating and research services is being considered by local, national and multinational bodies and this type of activity is likely to continue in the future. In addition, in certain countries, governments may provide financial or other support to locally-based rating agencies. For example, governments may from time to time establish official CRAs or credit ratings criteria or procedures for evaluating local issuers. If enacted, any such legislation and regulation could change the competitive landscape in which MIS operates. 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 MIS 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.

Forward-Looking Statements

Certain statements contained in this quarterly report on Form 10-Q are forward-looking statements and are based on future expectations, plans and prospects for the Company's business and operations that involve a number of risks and uncertainties. Such statements involve estimates, projections, goals, forecasts, assumptions and uncertainties that could cause actual results or outcomes to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements. Those statements appear at various places throughout this quarterly report on Form 10-Q, including in the sections entitled “2011 Outlook” and “Contingencies” in Part I, Item 2. “MD&A”, commencing on page 28 of this quarterly report on Form 10-Q, under “Legal Proceedings” in Part II, Item 1, of this Form 10-Q, and elsewhere in the context of statements containing the words “believe”, “expect”, “anticipate”, “intend”, “plan”, “will”, “predict”, “potential”, “continue”, “strategy”, “aspire”, “target”, “forecast”, “project”, “estimate”, “should”, “could”, “may” and similar expressions or words and variations thereof relating to the Company’s views on future events, trends and contingencies. Stockholders and investors are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements and other information are made as of the date of this quarterly report on Form 10-Q, and the Company undertakes no obligation (nor does it intend) to publicly supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise. In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, the Company is identifying examples of factors, risks and uncertainties that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking statements. Those factors, risks and uncertainties include, but are not limited to, the current world-wide credit market disruptions and economic slowdown, which is affecting and could continue to affect the volume of debt and other securities issued in domestic and/or global capital markets; other matters that could affect the volume of debt and other securities issued in domestic and/or global capital markets, including credit quality concerns, changes in interest rates and other volatility in the financial markets; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government initiatives to respond to the economic slowdown; concerns in the marketplace affecting the Company’s credibility or otherwise affecting market perceptions of the integrity or utility of independent agency ratings; possible loss of market share through competition; the introduction of competing products or technologies by other companies; pricing pressure from competitors and/or customers; the potential for increased competition in international jurisdictions including the potential emergence of government-sponsored CRAs; the impact of regulation as an NRSRO and the potential for new U.S., state and local legislation and regulations, including provisions in the Financial Reform Act and anticipated regulations resulting from that law; increased regulation in international jurisdictions including changes to the liability standards applicable to CRAs in the EU; exposure to litigation related to the Company’s rating opinions, as well as any other litigation to which the Company may be subject from time to time; provisions in the Financial Reform Act modifying the pleading and liability standards applicable to CRAs in a manner adverse to CRAs; possible judicial decisions in various jurisdictions regarding the status of and potential liabilities of CRAs; the possible loss of key employees; failures or malfunctions of the Company’s 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 Matters and legal contingencies that relate to the Company, its predecessors and their affiliated companies for which Moody’s has assumed portions of the financial responsibility; the ability of the Company to successfully integrate acquired businesses; and a decline in the demand for credit risk management tools by financial institutions. These factors, risks and uncertainties as well as other risks and uncertainties that could cause Moody’s actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements are described in greater detail under “Risk Factors” in Part I, Item 1A of the Company’s annual report on Form 10-K for the year ended December 31, 2010, elsewhere in this Form 10-Q and in other filings made by the Company from time to time with the SEC or in materials incorporated herein or therein. Stockholders and investors are cautioned that the occurrence of any of these factors, risks and uncertainties may cause the Company’s actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements, which could have a material and adverse effect on the Company’s business, results of operations and financial condition. New factors may emerge from time to time, and it is not possible for the Company to predict new factors, nor can the Company assess the potential effect of any new factors on it.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There was no material change in the Company’s exposure to market risk since December 31, 2010. For a discussion of the Company’s exposure to market risk, refer to Item 7A. “Quantitative and Qualitative Disclosures about Market Risk”, contained in the Company’s annual report on Form 10-K for the year ended December 31, 2010.

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Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures: The Company carried out an evaluation, as required by Rule 13a-15(b) under the Exchange Act, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act, as of the 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 times periods specified in the communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

In addition, the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, has determined that there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonable likely to materially affect, these internal controls over financial reporting during the period covered by the report.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See the discussion of legal matters under Part I, Item 2. “MD&A – Contingencies”, commencing on page 43 of this quarterly report on Form 10-Q, which is incorporated into this Item 1 by reference.

Item 1A. Risk Factors

There have been no material changes since December 31, 2010 to the significant risk factors and uncertainties known to the Company that, if they were to occur, could materially adversely affect the Company’s business, financial condition, operating results and/or cash flow. For a discussion of the Company’s risk factors, refer to Item 1A. “Risk Factors”, contained in the Company’s annual report on Form 10-K for the year ended December 31, 2010.

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

MOODY’S PURCHASES OF EQUITY SECURITIES
For the Three Months Ended March 31, 2011

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares That May Yet be Purchased Under the Program (2)
January 1 - 31	1,472,409	$ 28.93	1,472,208	$ 1,165.0 million
February 1 - 28	1,808,319	$ 29.90	1,808,297	$ 1,110.9 million
March 1 - 31	1,191,958	$ 31.53	981,065	$ 1,080.0 million
Total	4,472,686	$ 29.94	4,261,570	

(1) Includes the surrender to the Company of 201 shares of common stock in January, 22 shares of common stock in February and 210,893 shares of common stock in March 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 July 30, 2007, the Company’s Board authorized a $2.0 billion share repurchase program which the Company began utilizing in January 2008 upon completion of the June 2006 authorization. There is no established expiration date for the remaining authorization.

During the first quarter of 2011, Moody’s repurchased 4.3 million shares of its common stock, at an aggregate cost of $127.6 million and issued 1.4 million shares under employee stock-based compensation plans.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
3	ARTICLES OF INCORPORATION AND BY-LAWS
.1	Restated Certificate of Incorporation of the Registrant dated June 15, 1998, as amended effective June 30, 1998, as amended effective October 1, 2000, and as further amended effective April 26, 2005 (incorporated by reference to Exhibit 3.1 to the Report on Form 8-K of the Registrant file number 1-14037, filed October 4, 2000, and Exhibit 3.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed April 27, 2005).
.2	Amended and Restated By-laws of the Registrant (incorporated by reference to Exhibit 3 of the Report on Form 8-K of the Registrant, file number 14-14037, filed February 25, 2008).
10	
.1*	Profit Participation Plan of Moody's Corporation (amended and restated as of January 1, 2010).
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.)
101.DEF**	XBRL Definitions Linkbase Document
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB**	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** Furnished with the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2011

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SIGNATURES

Pursuant to the requirements 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

By: /s/ LINDA S. HUBER

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

Date: May 3, 2011

By: /s/ JOSEPH MCCABE

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

Exhibit 10.1

PROFIT PARTICIPATION PLAN

OF

MOODY'S CORPORATION

(amended and restated as of January 1, 2010)

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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, 2010. 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, 2009 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 has provided 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.

Notwithstanding the foregoing, effective for Plan Years beginning on or after January 1, 2008, for the purpose of determining the Corporation's Profit Sharing Contributions, Average Increase in Earnings Per Share means, for any Plan Year, the mathematical average of the percentage increases in Earnings Per Share (including any earnings decrease as a minus amount) for said Plan Year over the immediately preceding calendar year based upon Earnings Per Share for such year as restated in the annual report of the Company to shareholders for the Plan Year; provided, however, that, either the Board or 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 shall prevail), increase or decrease such Earnings Per Share, for purposes of 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 (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 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 4.8 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 4.8 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. Profit Sharing Contribution means for Plan Years commencing on or after January 1, 2008, the annual contributions, if any, made by the Company based upon Average Increase in Earnings Per Share pursuant to Section 4.3 of the Plan. Profit Sharing Contributions shall be paid in Company Stock unless the Board elects to make such Profit Sharing Contribution in cash.

1.37. 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 1.41 hereof.

1.38. 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.

1.39. Retirement Contributions means any contributions made to the Trust Fund on behalf of a Post-2007 Member pursuant to Section 4.2 hereof.

1.40. Rollover Contributions means any contributions made to the Trust Fund on behalf of a Member pursuant to Section 5.4 hereof.

1.41. 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.

1.42. 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.

1.43. Trust Fund means the trust fund or trust funds established under the Plan to hold the assets of the Plan.

1.44. Valuation Date means, the every business day within the calendar year.

1.45. Vesting Service is defined in Sections 1.41(b) and (c).

1.46. Year of Eligibility Service is defined in Sections 1.41(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. Notwithstanding the foregoing, effective for Plan Years beginning on or after January 1, 2006, in all events this Section 3.4 shall be applied in accordance with the requirements of Treasury Regulation section 1.401(k)-2.

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

(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 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:

Current Year EPS Growth	Additional EPS Match in Cents Per Dollar of Participating Contribution
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 (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	6.0%

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. In the event the Average Increase in Earnings Per Share for any Plan Year beginning on or after January 1, 2008 is ten percent (10%) or more, the Company shall make Profit Sharing Contributions for such Plan Year. In order to receive a Profit Sharing Contribution for a Plan Year, a Participant must be actively employed by the Company or an Affiliate on December 31 of the applicable Plan Year and be classified by the Company or the Affiliate as a full-time or part-time employee as of such date. Such Profit Sharing Contributions and the allocation thereof shall be determined in accordance with the following table:

Average Increase in Earnings Per Share for the Plan Year	Profit Sharing Contribution (Percentage of Eligible Employee's Compensation for the Plan Year)
Less than 10%	0%
10.0%	0.4%
11.0%	0.6%
15.0%	1.1%
19.0%	1.7%
23.0%	2.2%
27.0%	2.8%
34.0% or Higher	3.7%

If the Average Increase in Earnings Per Share for any Plan Year results in a percentage between any two percentages shown on the above table, the Company shall compute the Profit Sharing Contribution amounts by mathematical interpolation and rounding the right-hand column upward to the one-tenth of one percent of Compensation.

Notwithstanding the foregoing, in no event shall a Profit Sharing Contribution be credited to the Account of a Participant if applicable law (including, without limitation, the Dodd – Frank Wall Street Reform and Consumer Protection Act) prohibits the Participant from being credited with such Profit Sharing Contribution.

4.4. 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 Profit Sharing Contributions and then, if necessary, reductions in Retirement Contributions.

4.5. All Company contributions shall be made only out of current or accumulated earnings of the Company.

4.6. 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.

4.7. 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.

4.8. 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 4.8 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 4.8, 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 4.8 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. Effective for Plan Years beginning on or after January 1, 2006, in all events this Section 4.8 shall be applied in accordance with the requirements of Treasury Regulation section 1.401(m)-2.

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, Matching and Additional Matching Contributions, Profit Sharing Contributions, 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, Profit Sharing 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, Profit Sharing and Retirement Contributions shall vest as follows:

Years of Vesting Service	% Vested Attributable to Company Contributions
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, Profit Sharing 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, Profit Sharing 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 $^1/_2$, 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

(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 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 1/2, required beginning date means April 1 following the calendar year in which the Member attains age 70 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 1/2); except that if the Member attained age seventy and one half (70 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 ($70\ ^1/_2$) 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 $^1/_2$), 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 $^1/_2$), 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 $^1/_2$), 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 or the Profit Sharing 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 $^1/_2$) 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 $^1/_2$) 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, Profit Sharing 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, Profit Sharing 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). In addition: (a) effective January 1, 2007, the Plan shall apply the requirements of Code Section 401(a)(37) (relating to death benefits for Members who die while performing qualified military service) and Code Section 414(u)(9) (relating to treatment in the event of death or disability resulting from active military service), and (b) effective January 1, 2009, differential wage payments shall be treated as provided in Code Section 414(u)(12).

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, Profit Sharing 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 includible 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.

Exhibit 31.1

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

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

1. I have reviewed this quarterly report on Form 10-Q of Moody’s Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Raymond W. McDaniel, Jr.

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

May 3, 2011

Exhibit 31.2

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

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

1. I have reviewed this quarterly report on Form 10-Q of Moody's Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Linda S. Huber

Linda S. Huber
Executive Vice President and Chief Financial Officer

May 3, 2011

Exhibit 32.1

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

In connection with the Quarterly Report of Moody's Corporation (the "Company") on Form 10-Q for the period ended March 31, 2011 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

May 3, 2011

Exhibit 32.2

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

In connection with the Quarterly Report of Moody’s Corporation (the “Company”) on Form 10-Q for the period ended March 31, 2011 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

May 3, 2011