UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

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	**13-3998945**
(STATE OF INCORPORATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

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

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

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

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK, PAR VALUE $.01 PER SHARE	NEW YORK STOCK EXCHANGE
1.75% SENIOR NOTES DUE 2027	NEW YORK STOCK EXCHANGE

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically 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 (§232.405 of this chapter) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

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

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

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

The aggregate market value of Moody's Corporation Common Stock held by nonaffiliates* on June 30, 2017 (based upon its closing transaction price on the Composite Tape on such date) was approximately $23.0 billion.

As of January 31, 2018, 191.1 million shares of Common Stock of Moody's Corporation were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement for use in connection with its annual meeting of stockholders scheduled to be held on April 24, 2018, are incorporated by reference into Part III of this Form 10-K.

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

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

MOODY'S CORPORATION

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10.2.3	Form of Non-Employee Director Restricted Stock Unit Grant Agreement (for awards after 2017) for the 1998 Moody's Corporation Non-Employee Directors' Stock Incentive Plan (Adopted September 8, 2000; Amended and Restated as of December 11, 2012, October 20, 2015, December 14, 2015 and December 18, 2017)
10.4.1	Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan (as amended, December 18, 2017)
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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

GLOSSARY OF TERMS AND ABBREVIATIONS

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

TERM	DEFINITION
Acquisition-Related Amortization	Amortization of acquired definite-lived intangible assets acquired by the Company from all business combination transactions
Acquisition-Related Expenses	Consists of expenses incurred to complete and integrate the acquisition of Bureau van Dijk for which the integration will be a multi-year effort
Adjusted Diluted EPS	Diluted EPS excluding the impact of certain items as detailed in Item 7 in the section entitled “Non-GAAP Financial Measures”
Adjusted Net Income	Net Income excluding the impact of certain items as detailed in Item 7 in the section entitled “Non-GAAP Financial Measures”
Adjusted Operating Income	Operating income excluding certain items as detailed in Item 7 in the section entitled “Non-GAAP Financial Measures”
Adjusted Operating Margin	Adjusted Operating Income divided by revenue
Americas	Represents countries within North and South America, excluding the U.S.
AOCI	Accumulated other comprehensive income (loss); a separate component of shareholders’ (deficit) equity
ASC	The FASB Accounting Standards Codification; the sole source of authoritative GAAP as of July 1, 2009 except for rules and interpretive releases of the SEC, which are also sources of authoritative GAAP for SEC registrants
Asia-Pacific	Represents countries in Asia including but not limited to: Australia, China, India, Indonesia, Japan, Korea, Malaysia, Singapore, Sri Lanka and Thailand
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
Basel III	A new global regulatory standard on bank capital adequacy and liquidity agreed by the members of the Basel Committee on Banking Supervision. Basel III was developed in a response to the deficiencies in financial regulation revealed by the global financial crisis. Basel III strengthens bank capital requirements and introduces new regulatory requirements on bank liquidity and bank leverage
BlackBox	BlackBox Logic; a leading provider of Residential Mortgage-Backed securities loan level data. The Company acquired the customer base and products of BlackBox Logic in December 2015
Board	The board of directors of the Company
BPS	Basis points
Bureau van Dijk	Bureau van Dijk Electronic Publishing, B.V., a global provider of business intelligence and company information; acquired by the company on August 10, 2017 via acquisition of yellow Maple I B.V., an indirect parent of Bureau van Dijk
CCAR	Comprehensive Capital Analysis and Review; annual review by the Federal Reserve in the U.S. to ensure that financial institutions have sufficient capital in times of economic and financial stress and that they have robust, forward-looking capital-planning processes that account for their unique risks.
CCXI	China Chen Xin International Credit Rating Co. Ltd.; China’s first and largest domestic credit rating agency approved by the People’s Bank of China; the Company acquired a 49% interest in 2006; currently Moody’s owns 30% of CCXI
CCXI Gain	In the first quarter of 2017 CCXI, as a part of a strategic business realignment, issued additional capital to its majority shareholder in exchange for a ratings business wholly-owned by the majority shareholder and which has the right to rate a different class of debt instruments in the Chinese market. The capital issuance by CCXI in exchange for the ratings business diluted Moody’s ownership interest in CCXI to 30% of a larger business and resulted in a $59.7 million non-cash, non-taxable gain

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TERM	DEFINITION
CFG	Corporate finance group; an LOB of MIS
CLO	Collateralized loan obligation
CMBS	Commercial mortgage-backed securities; part of the CREF asset class within SFG
Commission	European Commission
Common Stock	The Company’s common stock
Company	Moody’s Corporation and its subsidiaries; MCO; Moody’s
Copal	Copal Partners; an acquisition completed in November 2011; part of the MA segment; leading provider of offshore research and analytical services to institutional investors
Council	Council of the European Union
CP	Commercial paper
CP Notes	Unsecured commercial paper issued under the CP Program
CP Program	A program entered into on August 3, 2016 allowing the Company to privately place CP up to a maximum of $1 billion for which the maturity may not exceed 397 days from the date of issue.
CRAs	Credit rating agencies
CREF	Commercial real estate finance, which includes REITs, commercial real estate CDOs and mortgage-backed securities; part of SFG
CSI	CSI Global Education, Inc.; an acquisition completed in November 2010; part of the PS LOB and FSTC reporting unit within the MA segment; a provider of financial learning, credentials, and certification services primarily in Canada
CSPP	Corporate Sector Purchase Programme; quantitative easing program implemented by the ECB. This program allows the central bank to purchase bonds issued by European companies, as well as provide access to the secondary bond market in which existing corporate bonds trade
D&A	Depreciation and amortization
DBPPs	Defined benefit pension plans
DBRS	Dominion Bond Rating Service
DCF	Discounted cash flow; a fair value calculation methodology whereby future projected cash flows are discounted back to their present value
Debt/EBITDA	Ratio of Total Debt to EBITDA
Directors’ Plan	The 1998 Moody’s Corporation Non-Employee Directors’ Stock Incentive Plan
Distribution Date	September 30, 2000; the date which Old D&B separated into two publicly traded companies—Moody’s Corporation and New D&B
DOJ	U.S. Department of Justice
E&P	Earnings and profits
EBITDA	Earnings before interest, taxes, depreciation and amortization
ECB	European Central Bank
ECCA	Economics and Consumer Credit Analytics; a business within the RD&A LOB which provides economic and consumer credit trend analytics

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TERM	DEFINITION
EMEA	Represents countries within Europe, the Middle East and Africa
EPS	Earnings per share
Equilibrium	A leading provider of credit rating and research services in Peru and Panama; acquired by Moody's in May 2015
ERS	The enterprise risk solutions LOB within MA, which offers risk management software products as well as software implementation services and related risk management advisory engagements
ESA	Economics and Structured Analytics; part of the RD&A line of business within MA
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
ESP	Estimated Selling Price; estimate of selling price, as defined in the ASC, at which the vendor would transact if the deliverable were sold by the vendor regularly on a stand-alone basis
ESPP	The 1999 Moody's Corporation Employee Stock Purchase Plan
ETR	Effective tax rate
EU	European Union
EUR	Euros
European Ratings Platform	Central credit ratings website administered by ESMA
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
FIG	Financial institutions group; an LOB of MIS
Fitch	Fitch Ratings, a part of the Fitch Group
Financial Reform Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
Free Cash Flow	Net cash provided by operating activities less cash paid for capital additions
FSTC	Financial Services Training and Certifications; part of the PS LOB and a reporting unit within the MA reportable segment; consists of on-line and classroom-based training services and CSI
FX	Foreign exchange
GAAP	U.S. Generally Accepted Accounting Principles
GBP	British pounds
GDP	Gross domestic product
GGY	Gilliland Gold Young; a leading provider of advanced actuarial software for the global insurance industry. The Company acquired GGY on March 1, 2016; Part of the ERS LOB and reporting unit within the MA reportable segment
ICRA	ICRA Limited; a leading provider of credit ratings and research in India. The Company previously held 28.5% equity ownership and in June 2014, increased that ownership stake to just over 50% through the acquisition of additional shares
ICRA Acquisition	The June 2014 purchase of an additional interest in ICRA resulting in a majority ownership of ICRA; ICRAs results are consolidated into Moody's financial statements on a three-month lag and accordingly the Company began including the results of operations for ICRA in its consolidated financial statements beginning in the fourth quarter of 2014

TERM	DEFINITION
ICRA Gain	Gain relating to the ICRA Acquisition; U.S. GAAP requires the remeasurement to fair value of the previously held non-controlling shares upon obtaining a controlling interest in a step-acquisition. This remeasurement of the Company's equity investment in ICRA to fair value resulted in a pre-tax gain of $102.8 million ($78.5 million after tax) in the second quarter of 2014
ICTEAS	ICRA Techno Analytics; formerly a wholly-owned subsidiary of ICRA; divested by ICRA in the fourth quarter of 2016
Intellectual Property	The Company's intellectual property, including but not limited to proprietary information, trademarks, research, software tools and applications, models and methodologies, databases, domain names, and other proprietary materials
IRS	Internal Revenue Service
IT	Information technology
KIS	Korea Investors Service, Inc; a leading Korean rating agency and consolidated subsidiary of the Company
KIS Pricing	Korea Investors Service Pricing, Inc; a leading Korean provider of fixed income securities pricing and consolidated subsidiary of the Company
KIS Research	Korea Investors Service Research; a Korean provider of financial research and consolidated subsidiary of the Company
Korea	Republic of South Korea
Legacy Tax Matter(s)	Exposures to certain potential tax liabilities assumed in connection with the Company's spin-off from Dun & Bradstreet in 2000
LIBOR	London Interbank Offered Rate
LOB	Line of business
M&A	Mergers and acquisitions
MA	Moody's Analytics—a reportable segment of MCO formed in January 2008 which provides a wide range of products and services that support financial analysis and risk management activities of institutional participants in global financial markets; consists of three LOBs—RD&A, ERS and PS
Make Whole Amount	The prepayment penalty amount relating to the Series 2007-1 Notes, 2010 Senior Notes, 2012 Senior Notes, 2013 Senior Notes, 2014 Senior Notes (5-year), 2014 Senior Notes (30-year), 2015 Senior Notes, 2017 Senior Notes, 2017 Private Placement Notes Due 2023 and 2028 which is a premium based on the excess, if any, of the discounted value of the remaining scheduled payments over the prepaid principal
MAKS	Moody's Analytics Knowledge Services; formerly known as Copal Amba; provides offshore research and analytic services to the global financial and corporate sectors; part of the PS LOB and a reporting unit within the MA reportable segment
MCO	Moody's Corporation and its subsidiaries; the Company; Moody's
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MIS	Moody's Investors Service—a reportable segment of MCO; consists of five LOBs—SFG, CFG, FIG, PPIF and MIS Other
MIS Other	Consists of non-ratings revenue from ICRA, KIS Pricing and KIS Research. These businesses are components of MIS; MIS Other is an LOB of MIS
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 after September 30, 2000

TERM	DEFINITION
NM	Percentage change is not meaningful
Non-GAAP	A financial measure not in accordance with GAAP; these measures, when read in conjunction with the Company's reported results, can provide useful supplemental information for investors analyzing period-to-period comparisons of the Company's performance, facilitate comparisons to competitors' operating results and to provide greater transparency to investors of supplemental information used by management in its financial and operational decision making
NRSRO	Nationally Recognized Statistical Rating Organization
OCI	Other comprehensive income (loss); includes gains and losses on cash flow and net investment hedges, unrealized gains and losses on available for sale securities, certain gains and losses relating to pension and other retirement benefit obligations and foreign currency translation adjustments
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
Other Retirement Plan	The U.S. retirement healthcare and U.S. 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
PS	Professional Services, an LOB within MA consisting of MAKS and FSTC that provides offshore research and analytical services as well as financial training and certification programs
Purchase Price Hedge	Foreign currency collar and forward contracts entered by the Company to economically hedge the Bureau van Dijk euro denominated purchase price
Purchase Price Hedge Gain	Gain on foreign currency collars to economically hedge the Bureau van Dijk euro denominated purchase price
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. Also includes economic research, data, quantitative risk scores, and other analytical tools that are produced within MA and business intelligence and company information products
Reform Act	Credit Rating Agency Reform Act of 2006
REIT	Real Estate Investment Trust
Relationship Revenue	For MIS represents 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. For MIS Other represents subscription-based revenue. For MA, represents subscription-based license and maintenance revenue
Retirement Plans	Moody's funded and unfunded pension plans, the healthcare plans and life insurance plans
S&P	S&P Global Ratings, a division of S&P Global Inc.
SAV	Structured Analytics and Valuation; a business within the RD&A LOB which provides data and analytics for securitized assets
SCDM	SCDM Financial, a leading provider of analytical tools for participants in securitization markets. Moody's acquired SCDM's structured finance data and analytics business in February 2017
SEC	U.S. Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
Series 2007-1 Notes	Principal amount of $300 million, 6.06% senior unsecured notes due in September 2017 pursuant to the 2007 Agreement; prepaid in March 2017

TERM	DEFINITION
Settlement Charge	Charge of $863.8 million recorded in the fourth quarter of 2016 related to an agreement entered into on January 13, 2017 with the U.S. Department of Justice and the attorneys general of 21 U.S. states and the District of Columbia to resolve pending and potential civil claims related to credit ratings that MIS assigned to certain structured finance instruments in the financial crisis era
SFG	Structured finance group; an LOB of MIS
SG&A	Selling, general and administrative expenses
Solvency II	EU directive 2009/138/EC that codifies the amount of capital that EU insurance companies must hold to reduce insolvency
Stock Plans	The Old D&B's 1998 Key Employees' Stock Incentive Plan and the Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan
Tax Act	The "Tax Cuts and Jobs Act" enacted into U.S. law on December 22, 2017 which significantly amends the tax code in the U.S.
Total Debt	All indebtedness of the Company as reflected on the consolidated balance sheets
TPE	Third party evidence, as defined in the ASC, used to determine selling price based on a vendor's or any competitor's largely interchangeable products or services in standalone sales transactions to similarly situated customers
Transaction Revenue	For MIS, represents the initial rating of a new debt issuance as well as other one-time fees. For MIS Other, represents revenue from professional services as well as data services, research and analytical engagements. For MA, represents software license fees and revenue from risk management advisory projects, training and certification services, and research and analytical engagements
U.K.	United Kingdom
U.S.	United States
USD	U.S. dollar
UTBs	Unrecognized tax benefits
UTPs	Uncertain tax positions
VSOE	Vendor specific objective evidence; as defined in the ASC, evidence of selling price limited to either of the following: the price charged for a deliverable when it is sold separately, or for a deliverable not yet being sold separately, the price established by management having the relevant authority
WACC	Weighted average cost of capital
1998 Plan	Old D&B's 1998 Key Employees' Stock Incentive Plan
2001 Plan	The Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan
2007 Agreement	Note purchase agreement dated September 7, 2007, relating to the Series 2007-1 Notes
2010 Indenture	Supplemental indenture and related agreements dated August 19, 2010, relating to the 2010 Senior Notes
2010 Senior Notes	Principal amount of $500 million, 5.50% senior unsecured notes due in September 2020 pursuant to the 2010 Indenture
2012 Facility	Revolving credit facility of $1 billion entered into on April 18, 2012; was replaced with the 2015 Facility
2012 Indenture	Supplemental indenture and related agreements dated August 18, 2012, relating to the 2012 Senior Notes
2012 Senior Notes	Principal amount of $500 million, 4.50% senior unsecured notes due in September 2022 pursuant to the 2012 Indenture
2013 Indenture	Supplemental indenture and related agreements dated August 12, 2013, relating to the 2013 Senior Notes

TERM	DEFINITION
2013 Senior Notes	Principal amount of the $500 million, 4.875% senior unsecured notes due in February 2024 pursuant to the 2013 Indenture
2014 Indenture	Supplemental indenture and related agreements dated July 16, 2014, relating to the 2014 Senior Notes
2014 Senior Notes (5-Year)	Principal amount of $450 million, 2.75% senior unsecured notes due in July 2019
2014 Senior Notes (30-Year)	Principal amount of $600 million, 5.25% senior unsecured notes due in July 2044
2015 Facility	Five-year unsecured revolving credit facility, with capacity to borrow up to $1 billion; replaces the 2012 Facility
2015 Indenture	Supplemental indenture and related agreements dated March 9, 2015, relating to the 2015 Senior Notes
2015 Senior Notes	Principal amount € 500 million, 1.75% senior unsecured notes issued March 9, 2015 and due in March 2027
2017 Bridge Credit Facility	Bridge Credit Agreement entered into in May 2017 pursuant to the definitive agreement to acquire Bureau van Dijk; this facility was terminated in June 2017 upon issuance of the 2017 Private Placement Notes Due 2023 and 2028
2017 Floating Rate Senior Notes	Principal amount of $300 million, floating rate senior unsecured notes due in September 2018
2017 Indenture	Collectively the Supplemental indenture and related agreements dated March 2, 2017, relating to the 2017 Floating Rate Senior Notes and 2017 Senior Notes and the Supplemental indenture and related agreements dated June 12, 2017, relating to the 2017 Private Placement Notes Due 2023 and 2028
2017 Private Placement Notes due 2023	Principal amount of $500 million, 2.625% senior unsecured notes due January 15, 2023
2017 Private Placement Notes Due 2028	Principal amount $500 million, 3.250% senior unsecured notes due January 15, 2028
2017 Senior Notes	Principal amount of $500 million, 2.75% unsecured notes due December 2021
2017 Term Loan	$500 million, three-year term loan facility entered into on June 6, 2017 for which the Company drew down $500 million on August 8, 2017 to fund the acquisition of Bureau van Dijk
7WTC	The Company’s corporate headquarters located at 7 World Trade Center in New York, NY

PART I

ITEM 1. BUSINESS

BACKGROUND

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

THE COMPANY

Moody’s is a provider of (i) credit ratings; (ii) credit, capital markets and economic research, data and analytical tools; (iii) software solutions that support financial risk management activities; (iv) quantitatively derived credit scores; (v) financial services training and certification services; (vi) offshore financial research and analytical services; and (vii) company information and business intelligence products. Moody’s reports in two reportable segments: MIS and MA. Financial information and operating results of these segments, including revenue, expenses and operating income, are included in Part II, Item 8. Financial Statements of this annual report, and are herein incorporated by reference.

MIS publishes credit ratings on a wide range of debt obligations and the entities that issue such obligations in markets worldwide, including various corporate and governmental obligations, structured finance securities and commercial paper programs. Ratings revenue is derived from the originators and issuers of such transactions who use MIS ratings to support the distribution of their debt issues to investors. MIS provides ratings in more than 120 countries. Ratings are disseminated via press releases to the public through a variety of print and electronic media, including the Internet and real-time information systems widely used by securities traders and investors. As of December 31, 2017, MIS had the following ratings relationships:

» Approximately 4,700 rated non-financial corporate issuers;

» Approximately 4,100 rated financial institutions issuers;

» Approximately 18,000 rated public finance issuers (including sovereign, sub-sovereign and supranational issuers);

» Approximately 11,000 rated structured finance transactions; and

» Approximately 1,000 rated infrastructure and project finance issuers.

Additionally, MIS earns revenue from certain non-ratings-related operations, which primarily consist of financial instruments pricing services in the Asia-Pacific region as well as revenue from ICRA non-rating operations. The revenue from these operations is included in the MIS Other LOB and is not material to the results of the MIS segment.

The MA segment develops a wide range of products and services that support financial analysis and risk management activities of institutional participants in global financial markets. Within its Research, Data and Analytics business, MA distributes research and data developed by MIS as part of its ratings process, including in-depth research on major debt issuers, industry studies, commentary on topical credit related events. The RD&A LOB also provides economic research and credit data and analytical tools such as quantitative credit risk scores as well as business intelligence and company information products. Within its Enterprise Risk Solutions business, MA provides software solutions as well as related risk management services. Within its Professional Services business it provides offshore research and analytical services along with financial training and certification programs. MA customers represent more than 10,500 institutions worldwide operating in over 155 countries. During 2017 Moody’s research website was accessed by over 252,000 individuals including 36,000 customer users.

PROSPECTS FOR GROWTH

Over recent decades, global fixed-income markets have grown significantly both in terms of the amount and types of securities or other obligations outstanding. Beginning in mid-2007, there was a severe market disruption and associated financial crisis both in the devel-

oped and emerging markets resulting in a global decline in debt issuance activity for some significant asset classes and weak economic performance in advanced economies. Since this financial crisis, many markets and economies have recovered and Moody’s believes the overall long-term outlook remains favorable for continued growth of the global fixed-income market and related financial information market, which includes information such as credit opinions, research, data, analytics, risk management tools and related services.

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

» Health of the world’s major economies;

» Debt capital markets activity;

» Disintermediation of credit markets;

» Fiscal and monetary policy of governments; and

» Business investment spending, including mergers and acquisitions.

In an environment of increasing financial complexity and heightened attention to credit analysis and risk management, Moody’s is well positioned to benefit from continued growth in global fixed-income market activity and a more widespread use of credit ratings, research and related analytical products. Moody’s expects that these developments will support continued long-term demand for high quality, independent credit opinions, research, data, analytics, risk management tools and related services.

Strong secular trends should continue to provide long-term growth opportunities. For MIS, key growth drivers include debt market issuance driven by global GDP growth, continued disintermediation of fixed-income markets in both developed and emerging economies driving issuance and demand for new ratings products and services. Growth in MA is likely to be driven by deeper and broader penetration of its customer base as regulatory compliance and other analytical requirements drive demand for MA’s products and expertise. Moreover, pricing opportunities aligned with customer value creation and advances in information technology present growth opportunities for Moody’s.

Growth in global fixed income markets in a given year is dependent on many macroeconomic and capital market factors including interest rates, business investment spending, corporate refinancing needs, merger and acquisition activity, issuer profits, consumer borrowing levels and securitization activity. Rating fees paid by debt issuers account for most of the revenue of MIS. Therefore, a substantial portion of MIS’s revenue is dependent upon the dollar-equivalent volume and number of ratable debt securities issued in the global capital markets. MIS’s results can be affected by factors such as the performance and prospects for growth of the major world economies, the fiscal and monetary policies pursued by their governments, and the decisions of issuers to request MIS ratings to aid investors in their investment decisions. However, annual fee arrangements with frequent debt issuers, annual debt monitoring fees and annual fees from commercial paper and medium-term note programs, bank deposit ratings, insurance company financial strength ratings, mutual fund ratings, and other areas partially mitigate MIS’s dependence on the volume or number of new debt securities issued in the global fixed-income markets. Furthermore, the strong growth seen in the issuance of structured finance securities from the mid-1990’s reversed dramatically in 2008 due to market turmoil, with continued declines seen in 2009 and 2010, before stabilizing in 2011 with Moody’s experiencing revenue growth in this market beginning in 2012. Despite significant declines from peak market issuance levels, Moody’s believes that structured finance securities will continue to play a role in global fixed-income markets and provide opportunities for long-term revenue growth.

The pace of change in technology and communication over the past two decades makes information about investment alternatives widely available throughout the world and facilitates issuers’ ability to place securities outside their national markets and similarly investors’ ability to obtain information about securities issued outside their national markets. Technology also allows issuers and investors the ability to more readily obtain information about new financing techniques and new types of securities that they may wish to purchase or sell, which in the absence of the appropriate technology might not be readily or easily obtainable. This availability of information promotes the ongoing integration and expansion of financial markets worldwide, giving issuers and investors access to a wider range of both established and newer capital markets. As technology provides broader access to worldwide markets, it also results in a greater need for credible, globally comparable opinions about credit risk, data, analytics and related services. Additionally, information technology also provides opportunities to further build a global platform to support Moody’s continued expansion in developing markets.

An ongoing trend in the world’s capital markets is the disintermediation of financial systems. Issuers increasingly raise capital in the global public capital markets, in addition to, or in substitution for, traditional financial intermediaries. Moreover, financial intermediaries have sold assets in the global public capital markets, in addition to, or instead of, retaining those assets. Moody’s believes that issuer use of global debt capital markets offer advantages in capacity and efficiency compared to traditional banking systems and that the trend of increased disintermediation will continue. Further, disintermediation has continued because of the ongoing low interest rate environment and bank deleveraging, which has encouraged a number of corporations and other entities to seek alternative funding in the bond markets.

Moody's also observes disintermediation in key emerging markets where economic growth may outpace internal banking system capacity. Thus, disintermediation is expected to continue over the longer-term, with Moody's targeting investment and resources to those markets where disintermediation and bond issuance is expected to remain robust.

In the aftermath of the global financial crisis, banking, insurance and capital markets authorities promulgated a wide range of new regulations to restore stability and confidence in financial institutions under their oversight. Programs such as Basel III, Solvency II, and CCAR — among many others — prompted banks, insurers, securities dealers, and asset managers to invest in more robust risk management practices and systems. Many of these investments drew on expertise and tools offered by MA, resulting in strong revenue growth in the post-crisis period. As banking and capital markets continue to stabilize, and with financial institutions better capitalized, regulatory-driven demand for MA products will moderate. Nonetheless, we expect that MA products and services that enable compliance with financial regulation will continue to be adopted by institutions worldwide, prompted by periodic revisions to regulatory frameworks such as the Basel capital adequacy protocols. Moreover, having responded to regulatory imperatives, financial institutions are increasingly seeking to leverage investments in regulatory compliance systems to gain business insights and front-office efficiencies; MA is well-positioned to realize revenue growth by assisting in these efforts to apply back-office analytics in support of front-line business decisions. Finally, in order to respond to other sources of demand and drive growth, MA is actively investing in new products, including enhanced data sets and improved delivery methods (e.g., software-as-a-service). These efforts will support broader distribution of MA's capabilities, deepen relationships with existing customers and facilitate more new customer acquisition.

Legislative bodies and regulators in the U.S., Europe and other jurisdictions continue to conduct regulatory reviews of CRAs, which may result in, for example, an increased number of competitors, changes to the business model or restrictions on certain business activities of MIS, removal of references to ratings in certain regulations, or increased costs of doing business for MIS. Therefore, in order to broaden the potential for expansion of non-ratings services, Moody's reorganized in January 2008 into two distinct businesses: MIS, consisting primarily of the ratings business, and MA, which conducts activities including the sale of credit research produced by MIS and the production and sale of other economic and credit-related products and services. The reorganization broadened the opportunities for expansion by MA into activities that may have otherwise been restricted for MIS, due to the potential for conflicts of interest with the ratings business. At present, Moody's is unable to assess the nature and effect that any regulatory changes may have on future growth opportunities.

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

COMPETITION

MIS competes with other CRAs and with investment banks and brokerage firms that offer credit opinions and research. Many users of MIS's ratings also have in-house credit research capabilities. MIS's largest competitor in the global credit rating business is S&P Global Ratings (S&P), a division of S&P Global. There are some rating markets, based on industry, geography and/or instrument type, in which Moody's has made investments and obtained market positions superior to S&P, while in other markets, the reverse is true.

In addition to S&P, MIS's competitors include Fitch Ratings, Dominion Bond Rating Service (DBRS), A.M. Best Company, Japan Credit Rating Agency Ltd., Kroll Bond Rating Agency Inc., Morningstar Inc. and Egan-Jones Ratings Company. In Europe, there are approximately 30 companies currently registered with ESMA, which include both purely domestic European CRAs and International CRAs such as S&P, Fitch and DBRS. There are additional competitors in other regions and countries, for example, in China, where Moody's participates through a joint venture. These competitors include China Lianhe Credit Rating Co Ltd., Shanghai Brilliance Credit Rating & Investors Service Co Ltd., Dagong Global Credit Rating Co Ltd. and Pengyuan Credit Rating Co Ltd.

MA competes broadly in the financial information industry against diversified competitors such as Thomson Reuters, Bloomberg, S&P Global Market Intelligence, Fitch Solutions, Dun & Bradstreet, IBM, Wolters Kluwer, Fidelity National Information Services, SAS, Fiserv, MSCI and IHS Markit among others. MA's main competitors within RD&A include S&P Global Market Intelligence, CreditSights, Thomson Reuters, Intex, IHS Markit, BlackRock Solutions, FactSet and other providers of fixed income analytics, valuations, economic data and research. In ERS, MA faces competition from both large software providers such as IBM Algorithmics, Fidelity National Information Services, SAS, Oracle, Misys, Oliver Wyman, Verisk Analytics and various other vendors and in-house solutions. Within Professional Services, MA competes with a host of financial training and education firms such as Omega Performance and providers of offshore research and analytical services such as Evalueserve and CRISIL Global Research & Analytics.

MOODY'S STRATEGY

Moody's corporate strategy is to be the world's most respected authority serving financial risk-sensitive markets. The key aspects to implement this strategy are to:

» Defend and enhance the core ratings and research business of MIS;

- » Build MA's position as a leading provider of data, analytics and risk management solutions to financial institutions, corporations, and governmental authorities; and
- » Invest in strategic growth opportunities.

Moody's will make investments to defend and enhance its core businesses in an attempt to position the Company to fully capture market opportunities resulting from global debt capital market expansion and increased business investment spending. Moody's will also make strategic investments to achieve scale in attractive financial information markets, move into attractive product and service adjacencies where the Company can leverage its brand, extend its thought leadership and expand its geographic presence in high growth emerging markets.

To broaden the Company's potential, MA provides a wide range of products and services to enable financial institutions, corporations and governmental authorities to better manage risk. As such, MA adds to the Company's value proposition in three ways. First, MA's subscription businesses provide a significant base of recurring revenue to offset cyclicality in ratings issuance volumes that may result in volatility in MIS's revenues. Second, MA products and services, such as financial training and professional services on research and risk management best practices, provide opportunities for entry into emerging markets before banking systems and debt capital markets fully develop and thus present long-term growth opportunities for the ratings business. Finally, MA's integrated risk management software platform embeds Moody's solutions deep into the technology infrastructure of banks and insurance companies worldwide.

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

- » Enhancements to ratings quality and product extensions;
- » Investments that extend ownership and participation in joint ventures and strategic alliances;
- » New products, services, content (e.g., non-credit risk assessments such as ESG and cybersecurity risk), and technology capabilities to meet customer demands;
- » Selective bolt-on acquisitions that accelerate the ability to scale and grow Moody's businesses; and
- » Expansion in emerging markets.

During 2017, Moody's continued to invest in and acquire complementary businesses in MIS and MA. In February 2017, Moody's acquired the structured finance data and analytics business of SCDM, a leading provider of analytical tools for participants in securitization markets in Europe. The acquisition further extended the geographic footprint of MA's structured finance analytics business, which includes extensive loan- and pool-level data for securitized assets, as well as cash flow analytics, risk monitoring and credit modelling tools that cover all major asset classes worldwide. In June 2017, Moody's invested in CompStak, a provider of commercial real estate lease information. Leveraging lease data provided by CompStak will help MA expand its product offering and develop new products and technologies that serve the needs of commercial real estate finance and risk professionals. In August 2017, Moody's completed the acquisition of Bureau van Dijk, a global provider of business intelligence and company information, for € 3.0 billion. The acquisition of Bureau van Dijk extended MA's offerings of small and medium size enterprise and private company information, strengthening Moody's position as a leader in financial risk data and analytical insight. Also in August 2017, Moody's invested in SecurityScorecard, a leading provider of cybersecurity ratings. SecurityScorecard's innovative cyber risk ratings, data and analytics are used by information security, risk management, supply chain, and compliance practitioners to assess and monitor their security posture and secure their partner and vendor ecosystem. In November 2017, Moody's invested in Rockport VAL, a provider of cloud-based commercial real estate valuation and cash flow modeling tools.

Regulation

MIS and many of the securities that it rates are subject to extensive regulation in both the U.S. and in other countries (including by state and local authorities). Thus, existing and proposed laws and regulations can impact the Company's operations and the markets for securities that it rates. Additional laws and regulations have been adopted but not yet implemented or have been proposed or are being considered. Each of the existing, adopted, proposed and potential laws and regulations can increase the costs and legal risk associated with the issuance of credit ratings and may negatively impact Moody's operations or profitability, the Company's ability to compete, or result in changes in the demand for credit ratings, in the manner in which ratings are utilized and in the manner in which Moody's operates.

The regulatory landscape has changed rapidly in recent years, and continues to evolve. In the EU, the CRA industry is registered and supervised through a pan-European regulatory framework. The European Securities and Markets Authority has direct supervisory responsibility for the registered CRA industry throughout the EU. MIS is a registered entity and is subject to formal regulation and periodic inspection. Applicable rules include procedural requirements with respect to ratings of sovereign issuers, liability for intentional or grossly negligent failure to abide by applicable regulations, mandatory rotation requirements of CRAs hired by issuers of securities for

ratings of resecuritizations, restrictions on CRAs or their shareholders if certain ownership thresholds are crossed, reporting requirements to ESMA regarding fees, and additional procedural and substantive requirements on the pricing of services. In 2016, the Commission published a report concluding that no new European legislation was needed for the industry at that time, but that it would continue to monitor the credit rating industry and analyze approaches that may strengthen existing regulation. In addition, from time to time, ESMA publishes interpretive guidance or thematic reports regarding various aspects of the regulation. Over the past quarter, two such reports have been published. The first report provides further guidance from ESMA regarding the endorsement mechanism that CRAs will need to employ for those ratings that are produced outside of the EU but are used inside the EU by EU-regulated entities. The second report discusses ESMA's observations on CRAs fee practices.

Separately, on June 23, 2016, the U.K. voted through a referendum to exit the EU. The UK officially launched the exit process by submitting its Article 50 letter to the EU, informing it of the UK's intention to exit. The submission of this letter "starts the clock" on the negotiation of the terms of exit which will take up to two years. The specifics regarding the "new relationship" or any transitional arrangements (bridging the UK's exit from its re-engagement with the EU) will only begin once the broad terms of exit have been agreed upon by all parties.

The longer-term impacts of the decision to leave the EU on the overall regulatory framework for the U.K. will depend, in part, on the relationship that the U.K. negotiates with the EU in the future. In the interim, however, the U.K.'s markets regulator (the Financial Conduct Authority) has said that all EU financial regulations will stay in place and that firms must continue to abide by their existing obligations. As a consequence, at this point in time, there is no change to the regulatory framework under which MIS operates and ESMA remains MIS's regulator both in the EU and in the U.K.

In the U.S., CRAs are subject to extensive regulation primarily pursuant to the Reform Act and the Financial Reform Act. The SEC is required by these legislative acts to publish two annual reports to Congress on NRSROs. The Financial Reform Act requires the SEC to examine each NRSRO once a year and issue an annual report summarizing the examination findings, among other requirements. The annual report required by the Reform Act details the SEC's views on the state of competition, transparency and conflicts of interests among NRSROs, among other requirements. The SEC voted in August 2014 to adopt its final rules for NRSROs as required by the Financial Reform Act. The Company has made and continues to make substantial IT and other investments, and has implemented the relevant compliance obligations.

In light of the regulations that have gone into effect in both the EU and the U.S. (as well as many other countries), periodically and as a matter of course pursuant to their enabling legislation these regulatory authorities have and will continue to publish reports that describe their oversight activities over the industry. In addition, other legislation and/or interpretation of existing 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. Finally, 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 rating agencies or credit ratings criteria or procedures for evaluating local issuers. If enacted, any such legislation and regulation could change the competitive landscape in which 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 the Company cannot predict whether these or any other proposals will be enacted, the outcome of any pending or possible future legal proceedings, or regulatory or legislative actions, or the ultimate impact of any such matters on the competitive position, financial position or results of operations of Moody's.

INTELLECTUAL PROPERTY

Moody's and its affiliates own and control a variety of intellectual property, including but not limited to proprietary information, trademarks, research, software tools and applications, models and methodologies, databases, domain names, and other proprietary materials that, in the aggregate, are of material importance to Moody's business. Management of Moody's believes that each of the trademarks and related corporate names, marks and logos containing the term "Moody's" are of material importance to the Company.
The Company, primarily through MA (including its Bureau van Dijk business), licenses certain of its databases, software applications, credit risk models, training courses in credit risk and capital markets, research and other publications and services that contain intellectual property to its customers. These licenses are provided pursuant to standard fee-bearing agreements containing customary restrictions and intellectual property protections.

In addition, Moody's licenses certain technology, data and other intellectual property rights owned and controlled by others. Specifically, Moody's licenses financial information (such as market and index data, financial statement data, third party research, default data, and security identifiers) as well as software development tools and libraries. In addition, the Company's Bureau van Dijk business obtains from third party information providers certain financial, credit risk, compliance, management, ownership and other data on companies worldwide, which Bureau van Dijk distributes through its company information products. The Company obtains such technology and intellectual property rights from generally available commercial sources. The Company also utilizes generally available open source software and libraries for internal use and also, subject to appropriately permissive open source licenses, to carry out rou-

tine functions in certain of the Company's software products. Most of such technology and intellectual property is available from a variety of sources. Although certain financial information (particularly security identifiers, certain pricing or index data, and certain company financial data in selected geographic markets sourced by Bureau van Dijk) is available only from a limited number of sources, Moody's does not believe it is dependent on any one data source for a material aspect of its business.

The Company considers its Intellectual Property to be proprietary, and Moody's relies on a combination of copyright, trademark, trade secret, patent, non-disclosure and other contractual safeguards for protection. Moody's also pursues instances of third-party infringement of its Intellectual Property in order to protect the Company's rights. The Company owns two patents. None of the Intellectual Property is subject to a specific expiration date, except to the extent that the patents and the copyright in items that the Company authors (such as credit reports, research, software, and other written opinions) expire pursuant to relevant law.

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

EMPLOYEES

As of December 31, 2017 the number of full-time equivalent employees of Moody's was approximately 12,000.

AVAILABLE INFORMATION

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

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

Executive Officers of the Registrant

Name, Age and Position	Biographical Data
Mark E. Almeida, 58 *President, Moody's Analytics*	Mr. Almeida has served as President of Moody's Analytics since January 2008. Prior to this position, Mr. Almeida was Senior Vice President of Moody's Corporation from August 2007 to January 2008, Senior Managing Director of the Investor Services Group (ISG) at Moody's Investors Service, Inc. from December 2004 to January 2008 and was Group Managing Director of ISG from June 2000 to December 2004. Mr. Almeida joined Moody's Investors Service, Inc. in April 1988 and has held a variety of positions with the company in both the U.S. and overseas.
Richard Cantor, 60 *Chief Risk Officer*	Mr. Cantor has served as Chief Risk Officer of Moody's Corporation since December 2008 and as Chief Credit Officer of Moody's Investors Service, Inc. since November 2008. From July 2008 to November 2008, Mr. Cantor served as Acting Chief Credit Officer. Prior thereto, Mr. Cantor was Managing Director of Moody's Credit Policy Research Group from June 2001 to July 2008, after serving as Senior Vice President in the Financial Guarantors Rating Group. Mr. Cantor joined Moody's in 1997 from the Federal Reserve Bank of New York, where he served as Assistant Vice President in the Research Group and was Staff Director at the Discount Window. Prior to the Federal Reserve, Mr. Cantor taught Economics at UCLA and Ohio State and has taught on an adjunct basis at the business schools of Columbia University and New York University.
Michael S. Crimmins, 47 *Senior Vice President and Corporate Controller*	Mr. Crimmins has served as the Company's Senior-Vice President—Corporate Controller since August 2016. Mr. Crimmins joined Moody's in November 2004 as Assistant Controller. Prior to joining the Company, Mr. Crimmins worked at Deloitte where his last position held was a Senior Manager in their Assurance and Advisory Practice. He also served at PricewaterhouseCoopers as a consultant.

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Name, Age and Position	Biographical Data
Robert Fauber, 47 *President, Moody's Investors Service*	Mr. Fauber has served as President—Moody's Investors Service since June 1, 2016. He served as Senior Vice President—Corporate & Commercial Development of Moody's Corporation from April 2014 to May 31, 2016 and was Head of the MIS Commercial Group from January 2013 to May 31, 2016. From April 2009 through April 2014, he served as Senior Vice President –Corporate Development of Moody's Corporation. Mr. Fauber served as Vice President-Corporate Development from September 2005 to April 2009. Prior to joining Moody's, Mr. Fauber served in several roles at Citigroup and its investment banking subsidiary Salomon Smith Barney from 1999 to 2005. From 1992-1996, Mr. Fauber worked at NationsBank (now Bank of America) in the middle market commercial banking group.
John J. Goggins, 57 *Executive Vice President and General Counsel*	Mr. Goggins has served as the Company's Executive Vice President and General Counsel since April 2011 and the Company's Senior Vice President and General Counsel from October 2000 until April 2011. Mr. Goggins joined Moody's Investors Service in February 1999 as Vice President and Associate General Counsel.
Linda S. Huber, 59 *Executive Vice President and Chief Financial Officer*	Ms. Huber has served as the Company's Executive Vice President and Chief Financial Officer since May 2005. Prior to that, she served as Executive Vice President and Chief Financial Officer at U.S. Trust Company, a subsidiary of Charles Schwab & Company, Inc., from 2003 to 2005. Prior to U.S. Trust, she was Managing Director at Freeman & Co. from 1998 through 2002. She served PepsiCo as Vice President of Corporate Strategy and Development from 1997 until 1998 and as Vice President and Assistant Treasurer from 1994 until 1997. She served as Vice President in the Energy Investment Banking Group at Bankers Trust Company from 1991 until 1994 and as an Associate in the Energy Group at First Boston Corporation from 1986 through 1990. She also held the rank of Captain in the U.S. Army where she served from 1980 to 1984.
Melanie Hughes, 55 *Senior Vice President and Chief Human Resources Officer*	Ms. Hughes has served as Senior Vice President—Chief Human Resources Officer since September 2017. Prior to joining the Company, Ms. Hughes was Chief Human Resource Officer & Executive Vice President Human Resources at American Eagle Outfitters from July 2016 to September 2017 and served as Executive Vice President, Human Resources at Tribune Media from May 2013 to June 2016. She has held several senior management roles for many different companies such as Coach, Gilt Group, DoubleClick and UBS Warburg.
Raymond W. McDaniel, Jr., 60 *President and* Chief Executive Officer	Mr. McDaniel has served as the President and Chief Executive Officer of the Company since April 2012, and served as the Chairman and Chief Executive Officer from April 2005 until April 2012. He currently serves on the Executive Committee of the Board of Directors. Mr. McDaniel served as the Company's President from October 2004 until April 2005 and the Company's Chief Operating Officer from January 2004 until April 2005. He has served as Chief Executive Officer of Moody's Investors Service since October 2007. He held the additional titles of President from November 2001 to August 2007 and December 2008 to November 2010 and Chairman from October 2007 until June 2015. Mr. McDaniel served as the Company's Executive Vice President from April 2003 to January 2004, and as Senior Vice President, Global Ratings and Research from November 2000 until April 2003. He served as Senior Managing Director, Global Ratings and Research of Moody's Investors Service from November 2000 until November 2001 and as Managing Director, International from 1996 to November 2000. Mr. McDaniel currently is a Director of John Wiley & Sons, Inc. and is a member of the Board of Trustees of Muhlenberg College.
Blair L. Worrall, 61 *Senior Vice President, Ratings Delivery and Data*	Mr. Worrall has served as Senior Vice President—Ratings Delivery and Data since February 2013 and Head of MIS Operations, Data & Controls since February 2016. He served as Head of MIS Ratings Transaction Services from January 2014 to February 2016. Mr. Worrall served as Senior Vice President—Internal Audit from April 2011 to February 2013 and as Vice President—Internal Audit from September 2007 to April 2011. He served as the Controller for MIS from November 2004 until September 2007. Prior to joining the Company, Mr. Worrall was Vice President, Accounting for RCN Corporation from 2002 to 2004 and held various finance positions at Dow Jones & Company, Inc. from 1979 to 2001.

ITEM 1A. RISK FACTORS

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

U.S. Laws and Regulations Affecting the Credit Rating Industry May Negatively Impact the Nature and Economics of the Company's Business.
Moody's operates in a highly regulated industry and is subject to extensive regulation by federal, state and local authorities in the U.S., including the Reform Act and the Financial Reform Act. These regulations are complex, continually evolving and have tended to become more stringent over time. See "Regulation" in Part 1, Item 1 of this annual report on Form 10-K for more information. These laws and regulations:

» seek to encourage, and may result in, increased competition among rating agencies and in the credit rating business;

» may result in alternatives to credit ratings or changes in the pricing of credit ratings;

» restrict the use of information in the development or maintenance of credit ratings;

» increase regulatory oversight of the credit markets and CRA operations;

» provide for direct jurisdiction of the SEC over CRAs that seek NRSRO status, and grant authority to the SEC to inspect the operations of CRAs; and

» authorize the adoption of enhanced oversight standards and new pleading standards, which may result in increases in the number of legal proceedings claiming liability for losses suffered by investors on rated securities and aggregate legal defense costs.

These laws and regulations, and any future rulemaking or court rulings, could result in reduced demand for credit ratings and increased costs, which Moody's may be unable to pass through to customers. In addition, there may be uncertainty over the scope, interpretation and administration of such laws and regulations. The Company may be required to incur significant expenses in order to ensure compliance and mitigate the risk of fines, penalties or other sanctions. Legal proceedings could become increasingly lengthy and there may be uncertainty over and exposure to liability. It is difficult to accurately assess the future impact of legislative and regulatory requirements on Moody's business and its customers' businesses. For example, new laws and regulations may affect MIS's communications with issuers as part of the rating assignment process, alter the manner in which MIS's ratings are developed, assigned and communicated, affect the manner in which MIS or its customers or users of credit ratings operate, impact the demand for MIS's ratings and alter the economics of the credit ratings business, including by restricting or mandating business models for rating agencies. Further, speculation concerning the impact of legislative and regulatory initiatives and the increased uncertainty over potential liability and adverse legal or judicial determinations may negatively affect Moody's stock price. Although these legislative and regulatory initiatives apply to rating agencies and credit markets generally, they may affect Moody's in a disproportionate manner. Each of these developments increase the costs and legal risk associated with the issuance of credit ratings and may have a material adverse effect on Moody's operations, profitability and competitiveness, the demand for credit ratings and the manner in which such ratings are utilized.

Financial Reforms Outside the U.S. Affecting the Credit Rating Industry May Negatively Impact the Nature and Economics of the Company's Business.
In addition to the extensive and evolving U.S. laws and regulations governing the industry, foreign jurisdictions have taken measures to increase regulation of rating agencies and the markets for ratings. In particular, the EU has adopted a common regulatory framework for rating agencies operating in the EU. As a result, ESMA has direct supervisory authority for CRAs in the EU and has the power to take enforcement action against non-compliant CRAs, including through the issuance of public notices, withdrawal of registration and, in some cases, the imposition of fines.

MIS is a registered entity and is therefore subject to formal regulation and periodic inspection in the EU. Applicable rules include procedural requirements with respect to ratings of sovereign issuers, liability for intentional or grossly negligent failure to abide by applicable regulations, mandatory rotation requirements of CRAs hired by issuers of securities for ratings of resecuritizations, and restrictions on CRAs or their shareholders if certain ownership thresholds are crossed. Additional procedural and substantive requirements include conditions for the issuance of credit ratings, rules regarding the organization of CRAs, restrictions on activities deemed to create a conflict of interest, including fees that are based on costs and are non-discriminatory, and special requirements for the rating of structured finance instruments. Compliance with the EU regulations may increase costs of operations and could have a significant negative effect on Moody's operations, profitability or ability to compete, or the markets for its products and services, including in ways that Moody's presently is unable to predict. In addition, exposure to increased liability under the EU regulations may further increase costs and legal risks associated with the issuance of credit ratings and materially and adversely impact Moody's results of operations.

The EU and other jurisdictions engage in rulemaking on an ongoing basis that could significantly impact operations or the markets for Moody's products and services, including regulations extending to products and services not currently regulated and regulations affecting the need for debt securities to be rated, expansion of supervisory remit to include non-EU ratings used for regulatory purposes, increasing the level of competition in the market for credit ratings, establishing criteria for credit ratings or limiting the entities authorized to provide credit ratings. Moody's cannot predict the extent of such future laws and regulations, and the effect that they will have on Moody's business or the potential for increased exposure to liability could be significant. Financial reforms in the EU and other foreign jurisdictions may have a material adverse effect on Moody's business, operating results and financial condition.

The Company Faces Exposure to Litigation and Government Regulatory Proceedings, Investigations and Inquiries Related to Rating Opinions and Other Business Practices.
Moody's faces exposure to litigation and government and regulatory proceedings, investigations and inquiries related to MIS's ratings actions, as well as other business practices and products. If the market value of credit-dependent instruments declines or defaults, whether as a result of difficult economic times, turbulent markets or otherwise, the number of investigations and legal proceedings that Moody's faces could increase significantly. Parties who invest in securities rated by MIS may pursue claims against MIS or Moody's for losses they face in their portfolios. Moody's has faced numerous class action lawsuits and other litigation, government investigations and inquiries concerning events linked to the U.S. subprime residential mortgage sector and broader deterioration in the credit markets during the financial crisis of 2007-2008. Legal proceedings impose additional expenses on the Company and require the attention of senior management to an extent that may significantly reduce their ability to devote time addressing other business issues, and any of these proceedings, investigations or inquiries could ultimately result in adverse judgments, damages, fines, penalties or activity restrictions. Risks relating to legal proceedings may be heightened in foreign jurisdictions that lack the legal protections or liability standards comparable to those that exist in the U.S. In addition, new laws and regulations have been and may continue to be enacted that establish lower liability standards, shift the burden of proof or relax pleading requirements, thereby increasing the risk of successful litigations in the U.S. and in foreign jurisdictions. These litigation risks are often difficult to assess or quantify. Moody's may not have adequate insurance or reserves to cover these risks, and the existence and magnitude of these risks often remains unknown for substantial periods of time. Furthermore, to the extent that Moody's is unable to achieve dismissals at an early stage and litigation matters proceed to trial, the aggregate legal defense costs incurred by Moody's increase substantially, as does the risk of an adverse outcome. Additionally, as litigation or the process to resolve pending matters progresses, Moody's may change its accounting estimates, which could require Moody's to record liabilities in the consolidated financial statements in future periods. See Note 19 to the consolidated financial statements for more information regarding ongoing investigations and civil litigation that the Company currently faces. Due to the number of these proceedings and the significant amount of damages sought, there is a risk that Moody's will be subject to judgments, settlements, fines, penalties or other adverse results that could have a material adverse effect on its business, operating results and financial condition.

The Company is Exposed to Legal, Economic, Operational and Regulatory Risks of Operating in Multiple Jurisdictions.
Moody's conducts operations in various countries outside the U.S. and derives a significant portion of its revenue from foreign sources. Changes in the economic condition of the various foreign economies in which the Company operates may have an impact on the Company's business. For example, economic uncertainty in the Eurozone or elsewhere could affect the number of securities offerings undertaken within those particular areas. In addition, operations abroad expose Moody's to a number of legal, economic and regulatory risks such as:

» exposure to exchange rate movements between foreign currencies and USD;

» restrictions on the ability to convert local currency into USD and the costs, including the tax impact, of repatriating cash held by entities outside the U.S.;

» U.S. laws affecting overseas operations including domestic and foreign export and import restrictions, tariffs and other trade barriers;

» differing and potentially conflicting legal or civil liability, compliance and regulatory standards, including as a result of the U.K.'s referendum vote to withdraw from the EU, Brexit;

» current and future regulations relating to the imposition of mandatory rotation requirements on CRAs hired by issuers of securities;

» uncertain and evolving laws and regulations, including those applicable to the financial services industries, such as the European Union's implementation of the Markets in Financial Instruments Directive II, MiFID II, in January 2018, and to the protection of intellectual property;

» economic, political and geopolitical market conditions;

» the possibility of nationalization, expropriation, price controls and other restrictive governmental actions;

- competition with local rating agencies that have greater familiarity, longer operating histories and/or support from local governments or other institutions;
- uncertainties of obtaining data and creating products and services relevant to particular geographic markets;
- reduced protection for intellectual property rights;
- longer payment cycles and possible problems in collecting receivables;
- differing accounting principles and standards;
- difficulties in staffing and managing foreign operations;
- difficulties and delays in translating documentation into foreign languages; and
- potentially adverse tax consequences.

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

Moody's Operations and Infrastructure May Malfunction or Fail.
Moody's ability to conduct business may be materially and adversely impacted by a disruption in the infrastructure that supports its businesses and the communities in which Moody's is located, including New York City, the location of Moody's headquarters, major cities worldwide in which Moody's has offices, and locations in China used for certain Moody's back office work. This may include a disruption involving physical or technological infrastructure (whether or not controlled by the Company), including the Company's electronic delivery systems, data center facilities, or the Internet, used by the Company or third parties with or through whom Moody's conducts business. Many of the Company's products and services are delivered electronically and the Company's customers depend on the Company's ability to receive, store, process, transmit and otherwise rapidly handle very substantial quantities of data and transactions on computer-based networks. The Company's customers also depend on the continued capacity, reliability and security of the Company's telecommunications, data centers, networks and other electronic delivery systems, including its websites and connections to the Internet. The Company's employees also depend on these systems for internal use. Any significant failure, compromise, cyber-breach, interruption or a significant slowdown of operations of the Company's infrastructure, whether due to human error, capacity constraints, hardware failure or defect, natural disasters, fire, power loss, telecommunication failures, break-ins, sabotage, intentional acts of vandalism, acts of terrorism, political unrest, war or otherwise, may impair the Company's ability to deliver its products and services.

Moody's efforts to secure and plan for potential disruptions of its major operating systems may not be successful. The Company relies on third-party providers to provide certain essential services. While the Company believes that such providers are reliable, the Company has limited control over the performance of such providers. To the extent any of the Company's third-party providers ceases to provide these services in an efficient, cost-effective manner or fails to adequately expand its services to meet the Company's needs and the needs of the Company's customers, the Company could experience lower revenues and higher costs. Additionally, although the Company maintains processes to prevent, detect and recover from a disruption, the Company also does not have fully redundant systems for most of its smaller office locations and low-risk systems, and its disaster recovery plan does not include restoration of non-essential services. If a disruption occurs in one of Moody's locations or systems and its personnel in those locations or those who rely on such systems are unable to utilize other systems or communicate with or travel to other locations, such persons' ability to service and interact with Moody's customers may suffer. The Company cannot predict with certainty all of the adverse effects that could result from the Company's failure, or the failure of a third party, to efficiently address and resolve these delays and interruptions. A disruption to Moody's operations or infrastructure may have a material adverse effect on its reputation, business, operating results and financial condition.

The Company is Exposed to Risks Related to Cybersecurity and Protection of Confidential Information.
The Company's operations rely on the secure processing, storage and transmission of confidential, sensitive, proprietary and other types of information relating to its business operations and confidential and sensitive information about its customers and employees in the

Company's computer systems and networks, and in those of its third party vendors. The cyber risks the Company faces range from cyber-attacks common to most industries, to more advanced threats that target the Company because of its prominence in the global marketplace, or due to its ratings of sovereign debt. Breaches of Moody's or Moody's vendors' technology and systems, whether from circumvention of security systems, denial-of-service attacks or other cyber-attacks, hacking, "phishing" attacks, computer viruses, ransomware, or malware, employee or insider error, malfeasance, social engineering, physical breaches or other actions, may result in manipulation or corruption of sensitive data, material interruptions or malfunctions in the Company's or such vendors' web sites, applications, data processing, or disruption of other business operations, or may compromise the confidentiality and integrity of material information held by the Company (including information about Moody's business, employees or customers), as well as sensitive personally identifiable information ("PII"), the disclosure of which could lead to identity theft. Measures that Moody's takes to avoid, detect, mitigate or recover from material incidents can be expensive, and may be insufficient, circumvented, or may become ineffective. To conduct its operations, the Company regularly moves data across national borders, and consequently is subject to a variety of continuously evolving and developing laws and regulations in the United States and abroad regarding privacy, data protection and data security. The scope of the laws that may be applicable to Moody's is often uncertain and may be conflicting, particularly with respect to foreign laws. For example, the European Union's General Data Protection Regulation ("GDPR"), which greatly increases the jurisdictional reach of European Union law and adds a broad array of requirements for handling personal data, including the public disclosure of significant data breaches, becomes effective in May 2018. Additionally, other countries have enacted or are enacting data localization laws that require data to stay within their borders. All of these evolving compliance and operational requirements impose significant costs that are likely to increase over time.

The Company has invested and continues to invest in risk management and information security measures in order to protect its systems and data, including employee training, disaster plans, and technical defenses, in order to protect its systems and data. The cost and operational consequences of implementing, maintaining and enhancing further data or system protection measures could increase significantly to overcome increasingly intense, complex, and sophisticated global cyber threats. Despite the Company's best efforts, it is not fully insulated from data breaches and system disruptions. Recent well-publicized security breaches at other companies have led to enhanced government and regulatory scrutiny of the measures taken by companies to protect against cyber-attacks, and may in the future result in heightened cybersecurity requirements, including additional regulatory expectations for oversight of vendors and service providers. Any material breaches of cybersecurity or media reports of perceived security vulnerabilities to the Company's systems or those of the Company's third parties, even if no breach has been attempted or occurred, could cause the Company to experience reputational harm, loss of customers and revenue, regulatory actions and scrutiny, sanctions or other statutory penalties, litigation, liability for failure to safeguard the Company's customers' information, or financial losses that are either not insured against or not fully covered through any insurance maintained by the Company. Any of the foregoing may have a material adverse effect on Moody's business, operating results and financial condition.

Changes in the Volume of Debt Securities Issued in Domestic and/or Global Capital Markets, Asset Levels and Flows into Investment Levels and Changes in Interest Rates and Other Volatility in the Financial Markets May Negatively Impact the Nature and Economics of the Company's Business.

Moody's business is impacted by general economic conditions and volatility in the U.S. and world financial markets. Furthermore, issuers of debt securities may elect to issue securities without ratings or securities which are rated or evaluated by non-traditional parties such as financial advisors, rather than traditional CRAs, such as MIS. A majority of Moody's credit-rating-based revenue is transaction-based, and therefore it is especially dependent on the number and dollar volume of debt securities issued in the capital markets. Market disruptions and economic slowdown and uncertainty have in the past negatively impacted the volume of debt securities issued in global capital markets and the demand for credit ratings. The Tax Act, in addition to other changes to U.S. tax laws and policy, could negatively affect the volume of debt securities issued in the U.S. For example, the Tax Act will limit deductibility on interest payments and significantly reduce the tax cost associated with the repatriation of cash held outside the U.S., both of which could negatively affect the volume of debt securities issued. Conditions that reduce issuers' ability or willingness to issue debt securities, such as market volatility, declining growth, currency devaluations or other adverse economic trends, reduce the number and dollar-equivalent volume of debt issuances for which Moody's provides ratings services and thereby adversely affect the fees Moody's earns in its ratings business.

Economic and government factors such as a long-term continuation of difficult economic conditions or a re-emergence of the sovereign debt crisis in Europe may have an adverse impact on the Company's business. Future debt issuances also could be negatively affected by increases in interest rates, widening credit spreads, regulatory and political developments, growth in the use of alternative sources of credit, and defaults by significant issuers. Declines or other changes in the markets for debt securities may materially and adversely affect the Company's business, operating results and financial condition.

Moody's initiatives to reduce costs to counteract a decline in its business may not be sufficient and cost reductions may be difficult or impossible to obtain in the short term, due in part to rent, technology, compliance and other fixed costs associated with some of the Company's operations as well as the need to monitor outstanding ratings. Further, cost-reduction initiatives, including those under-

taken to date, could make it difficult for the Company to rapidly expand operations in order to accommodate any unexpected increase in the demand for ratings. Volatility in the financial markets, including changes in the volumes of debt securities and changes in interest rates, may have a material adverse effect on the business, operating results and financial condition, which the Company may not be able to successfully offset with cost reductions.

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

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

The Company is Exposed to Reputation and Credibility Concerns.

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

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

The markets for credit ratings, research, credit risk management services, research and analytical services and financial training and certification services are highly competitive and characterized by rapid technological change, changes in customer demands, and evolving regulatory requirements, industry standards and market preferences. The ability to develop and successfully launch and maintain innovative products and technologies that anticipate customers' changing requirements and utilize emerging technological trends is a key factor in maintaining market share. Moody's competitors include both established companies with significant financial resources, brand recognition, market experience and technological expertise, and smaller companies which may be better poised to quickly adopt new or emerging technologies or respond to customer requirements. Competitors may develop quantitative methodologies or related services for assessing credit risk that customers and market participants may deem preferable, more cost-effective or more valuable than the credit risk assessment methods currently employed by Moody's, or may position, price or market their products in manners that differ from those utilized by Moody's. Moody's also competes indirectly against consulting firms and technology and information providers; these indirect competitors could in the future choose to compete directly with Moody's, cease doing business with Moody's or change the terms under which it does business with Moody's in a way that could negatively impact our business. In addition, customers or others may develop alternative, proprietary systems for assessing credit risk. Such developments could affect demand for Moody's products and services and its growth prospects. Further, the increased availability in recent years of free or relatively inexpensive Internet information may reduce the demand for Moody's products and services. For example, in December 2016, ESMA launched a database providing access to free, current information on certain credit ratings and rating outlooks. Moody's growth prospects also could be adversely affected by Moody's failure to make necessary or optimal capital infrastructure expenditures and improvements and the inability of its information technologies to provide adequate capacity and capabilities to meet increased demands of producing quality ratings and research products at levels achieved by competitors. Any inability of Moody to compete successfully may have a material adverse effect on its business, operating results and financial condition.

Possible Loss of Key Employees and Related Compensation Cost Pressures May Negatively Impact the Company.

Moody's success depends upon its ability to recruit, retain and motivate highly skilled, experienced financial analysts and other professionals. Competition for skilled individuals in the financial services industry is intense, and Moody's ability to attract high quality

employees could be impaired if it is unable to offer competitive compensation and other incentives or if the regulatory environment mandates restrictions on or disclosures about individual employees that would not be necessary in competing industries. As greater focus has been placed on executive compensation at public companies, in the future, Moody's may be required to alter its compensation practices in ways that could adversely affect its ability to attract and retain talented employees. Investment banks, investors and competitors may seek to attract analyst talent by providing more favorable working conditions or offering significantly more attractive compensation packages than Moody's. Moody's also may not be able to identify and hire the appropriate qualified employees in some markets outside the U.S. with the required experience or skills to perform sophisticated credit analysis. There is a risk that even if the Company invests significant resources in attempting to attract, train and retain qualified personnel, it will not succeed in its efforts, and its business could be harmed.

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

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

Moody's has entered into and expects to continue to enter into acquisition, disposition or other strategic transactions and expects to make various investments to strengthen its business and grow the Company. Such transactions as well as internal technology investments present significant challenges and risks. The market for acquisition targets, dispositions and other strategic transactions is highly competitive, especially in light of industry consolidation, which may affect Moody's ability to complete such transactions. If Moody's is unsuccessful in completing such transactions or if opportunities for expansion do not arise, its business, operating results and financial condition could be materially adversely affected. Additionally, we make significant investments in technology including software developed for internal-use which is time-intensive and complex to implement. Such investments may not be successful or may not result in the anticipated benefits resulting in asset write-offs.

In August 2017, Moody's acquired Bureau van Dijk for $3,542.0 million. The anticipated growth, synergies and other strategic objectives of the Bureau van Dijk acquisition, as well as other completed transactions, may not be fully realized, and a variety of factors may adversely affect any anticipated benefits from such transactions. Any strategic transaction can involve a number of risks, including unanticipated challenges regarding integration of operations, technologies and new employees; the existence of liabilities or contingencies not disclosed to or otherwise known by the Company prior to closing a transaction; unexpected regulatory and operating difficulties and expenditures; scrutiny from competition and antitrust authorities; failure to retain key personnel of the acquired business; future developments may impair the value of purchased goodwill or intangible assets; diverting management's focus from other business operations; failing to implement or remediate controls, procedures and policies appropriate for a larger public company at acquired companies that prior to the acquisition lacked such controls, procedures and policies; challenges retaining the customers of the acquired business; and for foreign transactions, additional risks related to the integration of operations across different cultures and languages, and the economic, political, and regulatory risks associated with specific countries. The anticipated benefits from an acquisition or other strategic transaction may not be realized fully, or may take longer to realize than expected. As a result, the failure of acquisitions, dispositions and other strategic transactions to perform as expected may have a material adverse effect on Moody's business, operating results and financial condition.

At December 31, 2017, Moody's had $3,753.2 million of goodwill and $1,631.6 million of intangible assets on its balance sheet, both of which increased significantly due to the acquisition of Bureau van Dijk. Approximately 92% of the goodwill and intangible assets reside in the MA business, including those related to Bureau van Dijk, and are allocated to the five reporting units within MA: RD&A; ERS; Financial Services Training and Certifications; Moody's Analytics Knowledge Services; and Bureau van Dijk. The remaining 8% of goodwill and intangible assets reside in MIS and primarily relate to ICRA. Failure to achieve business objectives and financial projections in any of these reporting units could result in a significant asset impairment charge, which would result in a non-cash charge to operating expenses. Goodwill and intangible assets are tested for impairment on an annual basis and also when events or changes in circumstances indicate that impairment may have occurred. Determining whether an impairment of goodwill exists can be especially difficult in periods of market or economic uncertainty and turmoil, and requires significant management estimates and judgment. In addition, the potential for goodwill impairment is increased during periods of economic uncertainty. An asset impairment charge could have a material adverse effect on Moody's business, operating results and financial condition.

The Company's Compliance and Risk Management Programs May Not be Effective and May Result in Outcomes That Could Adversely Affect the Company's Reputation, Financial Condition and Operating Results.

Moody's operates in a number of countries, and as a result the Company is required to comply and quickly adapt with numerous international and U.S. federal, state and local laws and regulations. The Company's ability to comply with applicable laws and regulations,

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

Legal Protections for the Company's Intellectual Property Rights may not be Sufficient or Available to Protect the Company's Competitive Advantages.
Moody's considers many aspects of its products and services to be proprietary. Failure to protect the Company's intellectual property adequately could harm its reputation and affect the Company's ability to compete effectively. Businesses the Company acquires also involve intellectual property portfolios, which increase the challenges the Company faces in protecting its strategic advantage. In addition, the Company's operating results may be adversely affected by inadequate or changing legal and technological protections for intellectual property and proprietary rights in some jurisdictions and markets. On January 6, 2015, a rule with direct relevance to the CRA industry was published in the Official Journal of the European Union regarding the types of information that CRAs are to provide about certain ratings (those that were paid for by issuers) for publication on a central website administered by ESMA (the European Ratings Platform). This rule directly relates to the Company's intellectual property as it requires that the Company provide proprietary information at no cost that the Company currently sells, which could result in lost revenue. ESMA launched the European Rating Platform for public use on December 1, 2016.

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

The Company is Dependent on the Use of Third-Party Software, Data, Hosted Solutions, Data Centers, Cloud and Network Infrastructure (Together, "Third Party Technology"), and Any Reduction in Third-Party Product Quality or Service Offerings, Could Have a Material Adverse Effect on the Company's Business, Financial Condition or Results of Operations.
Moody's relies on Third Party Technology in connection with its product development and offerings and operations. The Company depends on the ability of Third Party Technology providers to deliver and support reliable products, enhance their current products, develop new products on a timely and cost-effective basis, and respond to emerging industry standards and other technological changes. The Third Party Technology Moody's uses may become obsolete, incompatible with future versions of the Company's products, unavailable or fail to operate effectively, and Moody's business could be adversely affected if the Company is unable to timely or effectively replace such Third Party Technology. The Company also monitors its use of Third Party Technology to comply with applicable license and other contractual requirements. Despite the Company's efforts, the Company cannot ensure that such third parties will permit Moody's use in the future, resulting in increased Third Party Technology acquisition costs and loss of rights. In addition, the Company's operating costs could increase if license or other usage fees for Third Party Technology increase or the efforts to incorporate enhancements to Third Party Technology are substantial. Some of these third-party suppliers are also Moody's competitors, increasing the risks noted above. If any of these risks materialize, they could have a material adverse effect on the Company's business, financial condition or results of operations.

Changes in Tax Rates or Tax Rules Could Affect Future Results.
As a global company, Moody's is subject to taxation in the United States and various other countries and jurisdictions. As a result, our effective tax rate is determined based on the pre-tax income and applicable tax rates in the various jurisdictions in which we operate. Moody's future tax rates could be affected by changes in the composition of earnings in countries or states with differing tax rates or other factors, including by increased earnings in jurisdictions where Moody's faces higher tax rates, losses incurred in jurisdictions for which Moody's is not able to realize the related tax benefit, or changes in foreign currency exchange rates. Changes in the tax, accounting and other laws, treaties, regulations, policies and administrative practices, or changes to their interpretation or enforcement, including changes applicable to multinational corporations such as the Base Erosion Profit Shifting project being conducted by the Organization for Economic Co-operation and Development and the European Union's state aid rulings, could have a material adverse effect on the Company's effective tax rate, results of operations and financial condition. The Tax Act made significant changes to the U.S. federal tax laws. Many aspects of the new legislation are currently uncertain or unclear and may not be clarified for some time. As

additional regulatory guidance is issued interpreting or clarifying the Tax Act or if the tax accounting rules are modified, there may be adjustments or changes to our estimate of the mandatory one-time deemed repatriation tax liability ("transition tax") on previously untaxed accumulated earnings of foreign subsidiaries recorded in 2017. Additional regulatory guidance may also affect our expected future effective tax rates and tax assets and liabilities which could have a material adverse effect on Moody's business, results of operations, cash flows and financial condition. Furthermore, the Tax Act may impact the volume of debt securities issued as discussed in the Risk Factor, ***Changes in the Volume of Debt Securities Issued in Domestic and/or Global Capital Markets, Asset Levels and Flows into Investment Levels and Changes in Interest Rates and Other Volatility in the Financial Markets May Negatively Impact the Nature and Economics of the Company's Business.***

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Moody's corporate headquarters is located at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, with approximately 797,537 square feet of leased space. As of December 31, 2017, Moody's operations were conducted from 17 U.S. offices and 114 non-U.S. office locations, all of which are leased. These properties are geographically distributed to meet operating and sales requirements worldwide. These properties are generally considered to be both suitable and adequate to meet current operating requirements.

ITEM 3. LEGAL PROCEEDINGS

For information regarding legal proceedings, see Part II, Item 8 –"Financial Statements", Note 19 "Contingencies" in this Form 10-K.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

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

MOODY'S PURCHASES OF EQUITY SECURITIES

For the three months ended December 31, 2017

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)
October 1 – 31	69,062	$ 143.01	68,249	$ 553.4 million
November 1 – 30	78,562	$ 145.80	78,186	$ 542.0 million
December 1 – 31	101,898	$ 150.31	99,769	$ 527.0 million
Total	249,522	$ 146.84	246,204	

(1) Includes surrender to the Company of 813, 376 and 2,129 shares of common stock in October, November and December, respectively, to satisfy tax withholding obligations in connection with the vesting of restricted stock issued to employees.

(2) As of the last day of each of the months. On December 15, 2015, the Board authorized a $1 billion share repurchase program. There is no established expiration date for the remaining authorization.

During the fourth quarter of 2017, Moody's issued 0.1 million shares under employee stock-based compensation plans.

COMMON STOCK INFORMATION AND DIVIDENDS

The Company's common stock trades on the New York Stock Exchange under the symbol "MCO". The table below indicates the high and low sales price of the Company's common stock and the dividends declared and paid for the periods shown. The number of registered shareholders of record at January 31, 2018 was 2,020. A substantially greater number of the Company's common stock is held by beneficial holders whose shares are held of record by banks, brokers and other financial institutions.

	Price Per Share		Dividends Per Share	
	High	Low	Declared	Paid
2017:				
First quarter	**$ 114.03**	**$ 93.51**	**$ —**	**$ 0.38**
Second quarter	**$ 122.99**	**$ 110.82**	**0.38**	**0.38**
Third quarter	**$ 139.94**	**$ 121.53**	**0.38**	**0.38**
Fourth quarter	**$ 153.86**	**$ 139.33**	**0.38**	**0.38**
Year ended December 31, 2017			**$ 1.14**	**$ 1.52**
2016:				
First quarter	$ 99.09	$ 77.76	$ —	$ 0.37
Second quarter	$ 101.70	$ 87.30	0.37	0.37
Third quarter	$ 110.83	$ 90.98	0.37	0.37
Fourth quarter	$ 110.00	$ 93.85	0.75	0.37
Year Ended December 31, 2016			$ 1.49	$ 1.48

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EQUITY COMPENSATION PLAN INFORMATION

The table below sets forth, as of December 31, 2017, certain information regarding the Company's equity compensation plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (2) (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	6,499,733(1)	$ 57.48	20,026,669(3)
Equity compensation plans not approved by security holders	—	$ —	—
Total	6,499,733	$ 49.68	20,026,669

(1) Includes 5,216,663 options and unvested restricted shares outstanding under the Company's 2001 Key Employees' Stock Incentive Plan, 12,100 options outstanding under the Company's 1998 Key Employees' Stock Incentive Plan, and 12,761 unvested restricted shares outstanding under the 1998 Non-Employee Directors' Stock Incentive Plan. This number also includes a maximum of 1,258,209 performance shares outstanding under the Company's 2001 Key Employees' Stock Incentive Plan, which is the maximum number of shares issuable pursuant to performance share awards assuming the maximum payout at 225% of the target award for performance shares granted in 2015, 2016 and 2017. Assuming payout at target, the number of shares to be issued upon the vesting of outstanding performance share awards is 559,204.

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

(3) Includes 16,324,164 shares available for issuance as under the 2001 Stock Incentive Plan, of which all may be issued as options and 9,843,708 may be issued as restricted stock, performance shares or other stock-based awards under the 2001 Stock Incentive Plan and 914,711 shares available for issuance as options, shares of restricted stock or performance shares under the 1998 Directors Plan, and 2,787,794 shares available for issuance under the Company's Employee Stock Purchase Plan. No new grants may be made under the 1998 Stock Incentive Plan, which expired by its terms in June 2008.

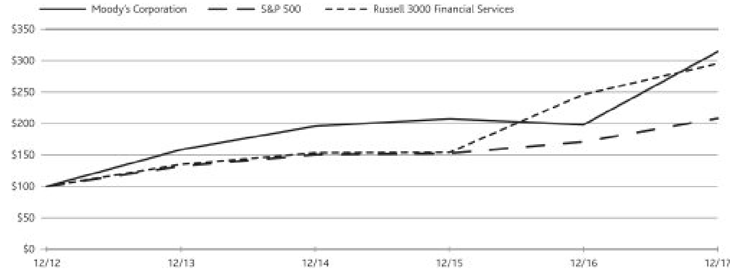
PERFORMANCE GRAPH

The following graph compares the total cumulative shareholder return of the Company to the performance of Standard & Poor's Stock 500 Composite Index and the Russell 3000 Financial Services Index. Both of the aforementioned indexes are easily accessible to the Company's shareholders in newspapers, the internet and other readily available sources for purposes of the following graph.

The comparison assumes that $100.00 was invested in the Company's common stock and in each of the foregoing indices on December 31, 2012. The comparison also assumes the reinvestment of dividends, if any. The total return for the common stock was 214% during the performance period as compared with a total return during the same period of 196% for the Russell 3000 Financial Services Index and 108% for the S&P 500 Composite Index.

Comparison of Cumulative Total Return
Moody's Corporation, Russell 3000 Financial Services Index and S&P 500 Composite Index

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Moody's Corporation, the S&P 500 Index
and the Russell 3000 Financial Services Index



	Year Ended December 31,					
	2012	2013	2014	2015	2016	2017
Moody's Corporation	$ 100.00	$ 158.22	$ 195.66	$ 207.57	$ 198.05	$ 313.93
S&P 500 Composite Index	$ 100.00	$ 132.39	$ 150.51	$ 152.59	$ 170.84	$ 208.14
Russell 3000—Financial Services Index	$ 100.00	$ 134.63	$ 153.55	$ 154.32	$ 246.42	$ 295.57

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

ITEM 6. SELECTED FINANCIAL DATA

The Company's selected consolidated financial data should be read in conjunction with Item 7. "MD&A" and the Moody's Corporation consolidated financial statements and notes thereto.

	Year Ended December 31,				
amounts in millions, except per share data	2017	2016	2015	2014	2013
Results of operations					
Revenue	**$4,204.1**	$ 3,604.2	$3,484.5	$3,334.3	$2,972.5
Expenses					
Operating and SG&A expenses	**2,214.2**	1,963.0	1,897.6	1,799.6	1,644.5
Depreciation and amortization	**158.3**	126.7	113.5	95.6	93.4
Acquisition-Related Expenses	**22.5**	—	—	—	—
Settlement Charge	**—**	863.8	—	—	—
Restructuring	**—**	12.0	—	—	—
Total Expenses	**2,395.0**	2,965.5	2,011.1	1,895.2	1,737.9
Operating income (1)	**1,809.1**	638.7	1,473.4	1,439.1	1,234.6
Non-operating (expense) income, net (4)	**(22.3)**	(80.7)	(93.8)	21.9	(65.3)
Income before provision for income taxes (1)	**1,786.8**	558.0	1,379.6	1,461.0	1,169.3
Provision for income taxes (3)	**779.1**	282.2	430.0	455.0	353.4
Net income (1)	**1,007.7**	275.8	949.6	1,006.0	815.9
Less: Net income attributable to noncontrolling interests	**7.1**	9.2	8.3	17.3	11.4
Net income attributable to Moody's (1)(5)	**$1,000.6**	$ 266.6	$ 941.3	$ 988.7	$ 804.5
Earnings per share					
Basic (1)	**$ 5.24**	$ 1.38	$ 4.70	$ 4.69	$ 3.67
Diluted (1)	**$ 5.15**	$ 1.36	$ 4.63	$ 4.61	$ 3.60
Weighted average shares outstanding					
Basic	**191.1**	192.7	200.1	210.7	219.4
Diluted	**194.2**	195.4	203.4	214.7	223.5
Dividends declared per share	**$ 1.14**	$ 1.49	$ 1.39	$ 1.18	$ 0.98
Operating margin (1)	**43.0%**	17.7%	42.3%	43.2%	41.5%
Operating Cash Flow (2)	**$ 747.5**	$ 1,259.2	$1,198.1	$1,077.3	$ 965.6

	December 31,				
	2017	2016	2015	2014	2013
Balance sheet data					
Total assets	**$8,594.2**	$ 5,327.3	$5,103.0	$4,653.8	$4,384.6
Long-term debt (6)	**$5,111.1**	$ 3,063.0	$3,380.6	$2,532.1	$2,091.3
Total shareholders' (deficit) equity	**$ (114.9)**	$(1,027.3)	$ (333.0)	$ 42.9	$ 347.9

(1) The significant change in 2016 and 2017 is primarily driven by the $863.8 million Settlement Charge ($700.7 million, net of tax, or $3.59 per diluted share) in 2016.

(2) The decline in operating cash flow in 2017 is primarily due to payments made relating to the Settlement Charge. Additionally, in the first quarter of 2017, the Company adopted ASU No. 2016-09 "Improvements to Employee Share-Based Payment Accounting". As required by ASU 2016-09, Excess Tax Benefits or shortfalls relating to employee stock-based compensation are reflected in operating cash flow and the Company has applied this provision on a retrospective basis. Under previous accounting guidance, Excess Tax Benefits or shortfalls were shown as a reduction to operating cash flow and an increase to financing cash flow.

(3) Provision for income taxes in the year ended December 31, 2017 includes a net charge of $245.6 million related to the impact of U.S. tax reform and a statutory tax rate reduction in Belgium as more fully discussed in Note 15 to the consolidated financial statements in Item 8 of this Form 10-K.

(4) The 2017 amount includes a $111.1 million Purchase Price Hedge Gain as well as the $59.7 million CCXI Gain. The 2016 amount includes an approximate $35 million FX gain relating to the substantial liquidation of a subsidiary. The 2015, 2014 and 2013 amounts include benefits of $7.1 million, $7.1 million and $22.8 million, respectively, related to the favorable resolution of certain Legacy Tax Matters. The 2014 amount also includes the ICRA Gain of $102.8 million.

(5) The 2017 amount includes: i) a $245.6 million ($1.27 per share) net charge related to the impact of U.S. tax reform and a statutory tax rate reduction in Belgium; ii) a $72.3 million ($0.37 per share) Purchase Price Hedge Gain; and iii) the $59.7 million ($0.31 per share) CCXI Gain. The 2016 amount includes: i) a $700.7 million ($3.59 per share) Settlement Charge; ii) $8.1 million ($0.04 per share) restructuring charge; and iii) a $34.8 million ($0.18 per share) FX gain relating to the substantial liquidation of a subsidiary. The 2015, 2014 and 2013 amounts include benefits of $6.4 million ($0.03 per share), $6.4 million ($0.03 per share) and $21.3 million ($0.09 per share), respectively, related to the resolution of certain Legacy Tax Matters. Also, the 2014 amount includes the ICRA Gain of $78.5 million ($0.37 per share) and the 2013 amount includes a litigation settlement charge of $0.14 per share.

(6) The 2017 amount excludes $429.4 million relating to the current portion of long-term debt and commercial paper. The 2016 amount excludes $300.0 million of the Series 2007-1 Notes which were due in 2017.

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

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

This MD&A contains Forward-Looking Statements. See "Forward-Looking Statements" commencing on page 58 and Item 1A. "Risk Factors" commencing on page 18 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, capital markets and economic research, data and analytical tools; (iii) software solutions that support financial risk management activities; (iv) quantitatively derived credit scores; (v) financial services training and certification services; (vi) offshore financial research and analytical services; and (vii) company information and business intelligence products. Moody's reports 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 primarily derived from the originators and issuers of such transactions who use MIS ratings in the distribution of their debt issues to investors. Additionally, MIS earns revenue from certain non-ratings-related operations which consist primarily of financial instruments pricing services in the Asia-Pacific region as well as revenue from ICRA's non-ratings operations. The revenue from these operations is included in the MIS Other LOB and is not material to the results of the MIS segment.

The MA segment develops a wide range of products and services that support financial analysis and risk management activities of institutional participants in global financial markets. Within its RD&A business, MA distributes 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 economic research and data and analytical tools such as quantitative credit risk scores as well as business intelligence and company information products. Within its ERS business, MA provides software solutions as well as related risk management services. The PS business provides offshore research and analytical services and financial training and certification programs.

CRITICAL ACCOUNTING ESTIMATES

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

Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or the services have been provided and accepted by the customer when applicable, fees are determinable and the collection of resulting receivables is considered probable.

Pursuant to ASC Topic 605, when a sales arrangement contains multiple deliverables, the Company allocates revenue to each deliverable based on its relative selling price which is determined based on its vendor specific objective evidence if available, third party evidence if VSOE is not available, or estimated selling price if neither VSOE nor TPE is available.

The Company's products and services will generally qualify as separate units of accounting under ASC Topic 605. The Company evaluates each deliverable in an arrangement to determine whether it represents a separate unit of accounting. A deliverable constitutes a separate unit of accounting when it has stand-alone value to the customers and if the arrangement includes a customer refund or return right relative to the delivered item and the delivery and performance of the undelivered item is considered probable and substantially in the Company's control. In instances where the aforementioned criteria are not met, the deliverable is combined with the undelivered items and revenue recognition is determined as one single unit.

The Company determines whether its selling price in a multi-element transaction meets the VSOE criteria by using the price charged for a deliverable when sold separately or, if the deliverable is not yet being sold separately, the price established by management having the relevant authority to establish such a price. In instances where the Company is not able to establish VSOE for all deliverables in a multiple element arrangement, which may be due to the Company infrequently selling each element separately, not selling products within a reasonably narrow price range, or only having a limited sales history, the Company attempts to establish TPE for deliverables. The Company determines whether TPE exists by evaluating largely similar and interchangeable competitor products or services in standalone sales to similarly situated customers. However, due to the difficulty in obtaining third party pricing, possible differences in its market strategy from that of its peers and the potential that products and services offered by the Company may contain a significant level of differentiation and/or customization such that the comparable pricing of products with similar functionality cannot be obtained, the Company generally is unable to reliably determine TPE. Based on the selling price hierarchy established by ASC Topic 605, when the Company is unable to establish selling price using VSOE or TPE, the Company will establish an ESP. ESP is the price at which the Company would transact a sale if the product or service were sold on a stand-alone basis. The Company establishes its best estimate of ESP considering internal factors relevant to is pricing practices such as costs and margin objectives, standalone sales prices of similar products, percentage of the fee charged for a primary product or service relative to a related product or service, and customer segment and geography. Additional consideration is also given to market conditions such as competitor pricing strategies and market trend. The Company reviews its determination of VSOE, TPE and ESP on an annual basis or more frequently as needed.

In the MIS segment, revenue attributed to initial ratings of issued securities is recognized when the rating is delivered to the issuer. Revenue attributed to monitoring of issuers or issued securities is recognized ratably over the period in which the monitoring is performed, generally one year. In the case of commercial mortgage-backed securities, structured credit, international residential mortgage-backed and asset-backed securities, issuers can elect to pay the monitoring fees upfront. These fees are deferred and recognized over the future monitoring periods based on the expected lives of the rated securities, which was approximately 24 years on a weighted average basis at December 31, 2017. At December 31, 2017, 2016 and 2015, deferred revenue related to these securities was approximately $140.1 million, $133.0 million, and $121.0 million.

Multiple element revenue arrangements in the MIS segment are generally comprised of an initial rating and the related monitoring service. In instances where monitoring fees are not charged for the first year monitoring effort, fees are allocated to the initial rating and monitoring services based on the relative selling price of each service to the total arrangement fees. The Company generally uses ESP in determining the selling price for its initial ratings as the Company rarely provides initial ratings separately without providing related monitoring services and thus is unable to establish VSOE or TPE for initial ratings.

MIS estimates revenue for ratings of commercial paper for which, in addition to a fixed annual monitoring fee, issuers are billed quarterly based on amounts outstanding. Revenue is accrued each quarter based on estimated amounts outstanding and is billed when actual data is available. The estimate is determined based on the issuers' most recent reported quarterly data. At December 31, 2017, 2016 and 2015, accounts receivable included approximately $27.0 million, $25.0 million, and $24.0 million, respectively, related to accrued commercial paper revenue. Historically, MIS has not had material differences between the estimated revenue and the actual billings. Furthermore, for certain annual monitoring services, fees are not invoiced until the end of the annual monitoring period and revenue is accrued ratably over the monitoring period. At December 31, 2017, 2016 and 2015, accounts receivable included approximately $185.0 million, $159.1 million, and $146.4 million, respectively, relating to accrued annual monitoring service revenue.

In the MA segment, products and services offered by the Company include software licenses and related maintenance, subscriptions, and professional services. Revenue from subscription based products, such as research and data subscriptions and certain software-based credit risk management subscription products, is recognized ratably over the related subscription period, which is principally one year. Revenue from sale of perpetual licenses of credit processing software is generally recognized at the time the product master or first copy is delivered or transferred to and accepted by the customer. If uncertainty exists regarding customer acceptance of the product or service, revenue is not recognized until acceptance occurs. Software maintenance revenue is recognized ratably over the annual maintenance period. Revenue from professional services rendered is generally recognized as the services are performed. A large portion of annual research and data subscriptions and annual software maintenance are invoiced in the months of November, December and January.

Products and services offered within the MA segment are sold either stand-alone or together in various combinations. In instances where a multiple element arrangement includes software and non-software deliverables, revenue is allocated to the non-software deliverables and to the software deliverables, as a group, using the relative selling prices of each of the deliverables in the arrangement based on the aforementioned selling price hierarchy. Revenue is recognized for each element based upon the conditions for revenue recognition noted above.

If the arrangement contains more than one software deliverable, the arrangement consideration allocated to the software deliverables as a group is allocated to each software deliverable using VSOE. In the instances where the Company is not able to determine VSOE for all of the deliverables of an arrangement, the Company allocates the revenue to the undelivered elements equal to its VSOE and the

residual revenue to the delivered elements. If the Company is unable to determine VSOE for an undelivered element, the Company defers all revenue allocated to the software deliverables until the Company has delivered all of the elements or when VSOE has been determined for the undelivered elements. In cases where software implementation services are considered essential and VSOE of fair value exists for post-contract customer support (“PCS”), once the delivery criteria has been met on the standard software, license and service revenue is recognized on a percentage-of-completion basis as implementation services are performed, while PCS is recognized over the coverage period. If VSOE of fair value does not exist for PCS, once the delivery criteria has been met on the standard software, service revenue is recognized on a zero profit margin basis until essential services are complete, at which point total remaining arrangement revenue is then spread ratably over the remaining PCS coverage period. If VSOE does not exist for PCS at the beginning of an arrangement but is established during implementation, revenue not recognized due to the absence of VSOE will be recognized on a cumulative basis.

Accounts Receivable Allowance

Moody’s records an allowance for estimated future adjustments to customer billings as a reduction of revenue, based on historical experience and current conditions. Such amounts are reflected as additions to the accounts receivable allowance. Additionally, estimates of uncollectible accounts are recorded as bad debt expense and are reflected as additions to the accounts receivable allowance. Actual billing adjustments and uncollectible account write-offs are charged against the allowance. Moody’s evaluates its accounts receivable allowance by reviewing and assessing historical collection and invoice adjustment experience as well as the current aging status of customer accounts. Moody’s also considers the economic environment of the customers, both from an industry and geographic perspective, in evaluating the need for allowances. Based on its analysis, Moody’s adjusts its allowance as considered appropriate in the circumstances. This process involves a high degree of judgment and estimation and could involve significant dollar amounts. Accordingly, Moody’s results of operations can be affected by adjustments to the allowance. Management believes that the allowance for uncollectible accounts receivable is adequate to cover anticipated adjustments and write-offs under current conditions. However, significant changes in any of the above factors, or actual write-offs or adjustments that differ from the estimated amounts could impact the Company’s consolidated results of operations.

Contingencies

Accounting for contingencies, including those matters described in Note 19 to the consolidated financial statements, is highly subjective and requires the use of judgments and estimates in assessing their magnitude and likely outcome. In many cases, the outcomes of such matters will be determined by third parties, including governmental or judicial bodies. The provisions made in the consolidated financial statements, as well as the related disclosures, represent management’s best estimates of the current status of such matters and their potential outcome based on a review of the facts and in consultation with outside legal counsel where deemed appropriate. The Company regularly reviews contingencies and as new information becomes available may, in the future, adjust its associated liabilities.

For claims, litigation and proceedings and governmental investigations and inquiries not related to income taxes, where it is both probable that a liability has been 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. When the reasonable estimate of the loss is within a range of amounts, the minimum amount of the range is accrued unless some higher amount within the range is a better estimate than another amount within the range. In other instances, where a loss is reasonably possible, management does not record a liability because of uncertainties related to the probable outcome and/or the amount or range of loss, but discloses the contingency if material. 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, governmental investigations and inquiries, 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 any pending matters progresses, management will continue to review the latest information available and assess its ability to predict the outcome of such matters and the effects, if any, on its operations and financial condition. However, in light of the large or indeterminate damages sought in some of them, the absence of similar court rulings on the theories of law asserted and uncertainties regarding apportionment of any potential damages, an estimate of the range of possible losses cannot be made at this time.

The Company’s wholly-owned insurance subsidiary insures the Company against certain risks including but not limited to deductibles for worker’s compensation, employment practices litigation, employee medical claims and terrorism, for which the claims are not material to the Company. In addition, for claim years 2008 and 2009, the insurance subsidiary insured the Company for defense costs

related to professional liability claims. For matters insured by the Company's insurance subsidiary, Moody's records liabilities based on the estimated total claims expected to be paid and total projected costs to defend a claim through its anticipated conclusion. The Company determines liabilities based on an assessment of management's best estimate of claims to be paid and legal defense costs as well as actuarially determined estimates. Defense costs for matters not self-insured by the Company's wholly-owned insurance subsidiary are expensed as services are provided.

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.

Goodwill and Other Acquired Intangible Assets
As of July 31 of each year, Moody's evaluates its goodwill for impairment at the reporting unit level, defined as an operating segment or one level below an operating segment.

The Company has seven primary reporting units: two within the Company's ratings business (one for the ICRA business and one that encompasses all of Moody's other ratings operations) and five reporting units within MA: RD&A, ERS, FSTC, MAKS and Bureau van Dijk. The RD&A reporting unit encompasses the distribution of investor-oriented research and data developed by MIS as part of its ratings process, in-depth research on major debt issuers, industry studies, economic research and commentary on topical events and credit analytic tools. The ERS reporting unit provides products and services that support the credit risk management and regulatory compliance activities of financial institutions and also provides advanced actuarial software for the life insurance industry. These products and services are primarily delivered via software that is licensed on a perpetual basis or sold on a subscription basis. The FSTC reporting unit consists of the portion of the MA business that offers both credit training as well as other professional development training and implementation services. The MAKS reporting unit provides offshore research and analytical services. The Bureau van Dijk reporting unit consists of the newly acquired Bureau van Dijk business, which was acquired on August 10, 2017, and primarily provides business intelligence and company information products.

The Company evaluates the recoverability of goodwill using a two-step impairment test approach at the reporting unit level. In the first step, the Company assesses various qualitative factors to determine whether the fair value of a reporting unit may be less than its carrying amount. If a determination is made based on the qualitative factors that an impairment does not exist, the Company is not required to perform further testing. If the aforementioned qualitative assessment results in the Company concluding that it is more likely than not that the fair value of a reporting unit may be less than its carrying amount, the fair value of the reporting unit will be determined and compared to its carrying value including goodwill. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired and the Company is not required to perform further testing. If the fair value of the reporting unit is less than the carrying value, the Company will record a goodwill impairment charge for the amount by which the carrying value exceeds the reporting unit's fair value. The Company evaluates its reporting units on an annual basis, or more frequently if there are changes in the reporting structure of the Company due to acquisitions or realignments. For the reporting units where the Company is consistently able to conclude that no impairment exists using only a qualitative approach, the Company's accounting policy is to perform the second step of the aforementioned goodwill impairment assessment at least once every three years. At July 31, 2017, the Company performed a qualitative assessment on all reporting units except for MAKS, which resulted in no indicators of impairment of goodwill.

In January 2017 there was a management change in the MAKS business. A quantitative impairment assessment for the MAKS reporting unit was performed as of July 31, 2017 to reflect the completion of a new strategic plan for this reporting unit under new management (the Company's annual strategic plan is completed in the third quarter of each year). This quantitative assessment resulted in no impairment of goodwill for the MAKS reporting unit at July 31, 2017.

Determining the fair value of a reporting unit or an indefinite-lived acquired intangible asset involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions, and appropriate comparable market metrics. However, as these estimates and assumptions are unpredictable and inherently uncertain, actual future results may differ from these estimates. In addition, the Company also makes certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of its reporting units.

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

Sensitivity Analyses and Key Assumptions for Deriving the Fair Value of a Reporting Unit

The following table identifies the amount of goodwill allocated to each reporting unit as of December 31, 2017 as well as the amount by which the net assets of each reporting unit would exceed the fair value under Step 2 of the goodwill impairment test as prescribed in ASC Topic 350, assuming hypothetical reductions in their fair values as of the date of the last quantitative goodwill impairment assessment for each reporting unit.

		Sensitivity Analysis			
		Deficit Caused by a Hypothetical Reduction to Fair Value			
	Goodwill	10%	20%	30%	40%
MIS	$ 50.1	$ —	$ —	$ —	$ —
RD&A	187.3	—	—	—	—
ERS	340.8	—	—	—	—
FSTC	90.8	—	—	(14.4)	(34.6)
MAKS	160.9	—	—	(2.9)	(35.6)
ICRA	238.5	—	—	—	—
Bureau van Dijk*	2,684.8	N/A	N/A	N/A	N/A
Totals	$3,753.2	$ —	$ —	$ (17.3)	$ (70.2)

* Bureau van Dijk was acquired subsequent to the Company's annual goodwill impairment assessment as of July 31, 2017. Due to the close proximity of the Bureau van Dijk acquisition to December 31, 2017, the purchase price approximates the fair value of the reporting unit. Additionally, the Company has not completed its allocation of certain of the goodwill acquired to other MA reporting units that are anticipated to benefit from synergies resulting from the Bureau van Dijk acquisition.

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

The following is a discussion regarding the Company's methodology for determining the fair value of its reporting units, excluding ICRA, as of the date of each reporting unit's last quantitative assessment (July 31, 2017 for MAKS; July 31, 2016 for the remaining reporting units). As ICRA is a publicly traded company in India, the Company was able to observe its fair value based on its market capitalization.

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

The sensitivity analyses on the future cash flows and WACC assumptions described below are as of the date of the last quantitative goodwill impairment assessment for each reporting unit. The following discusses the key assumptions utilized in the discounted cash flow valuation methodology that requires significant management judgment:

» *Future cash flow assumptions* —The projections for future cash flows utilized in the models are derived from historical experience and assumptions regarding future growth and profitability of each reporting unit. These projections are consistent with the Company's operating and strategic plan. Cash flows for the five years subsequent to the date of the quantitative goodwill impairment analysis were utilized in the determination of the fair value of each reporting unit. The growth rates assumed a gradual increase in revenue based on a continued improvement in the global economy and capital markets, new customer acquisition and new products. Beyond five years, a terminal value was determined using a perpetuity growth rate based on expected inflation and real GDP growth rates. A sensitivity analysis of the revenue growth rates was performed on all reporting units. For all reporting units, a 10% decrease in the revenue growth rates used would not have resulted in the carrying value of the reporting unit exceeding its respective estimated fair value.

» *WACC* —The WACC is the rate used to discount each reporting unit's estimated future cash flows. The WACC is calculated based on the proportionate weighting of the cost of debt and equity. The cost of equity is based on a risk-free interest rate, an equity risk factor which is derived from public companies similar to the reporting unit and which captures the perceived risks and uncertainties associated with the reporting unit's cash flows. The cost of debt component is calculated as the weighted average cost associated with all of the Company's outstanding borrowings as of the date of the impairment test and was immaterial to the computation of the WACC. The cost of debt and equity is weighted based on the debt to market capitalization ratio of publicly traded companies with similarities to the reporting unit being tested. The WACC for all reporting units ranged from 8.5% to 10.5%. Differences in the WACC used between reporting units is primarily due to distinct risks and uncertainties regarding the cash flows of the different reporting units. A sensitivity analysis of the WACC was performed on all reporting units whereby an increase in the WACC of one percentage point would not result in the carrying value of the reporting unit exceeding its fair value.

Amortizable intangible assets are reviewed for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. There were no such events or changes during 2017 that would indicate that the carrying amount of amortizable intangible assets in any of the Company's reporting units may not be recoverable. This determination was made based on continued growth, consistent with operating and strategic plans for the reporting unit where the intangible asset resides.

Pension and Other Retirement Benefits

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

» future compensation increases are based on the Company's long-term actual experience and future outlook;

» long-term expected return on pension plan assets is based on historical portfolio results and the expected future average annual return for each major asset class within the plan's portfolio (which is principally comprised of equity and fixed-income investments); and

» discount rates are based on current yields on high-grade corporate long-term bonds.

The discount rates used to measure the present value of the Company's benefit obligation for its Retirement Plans as of December 31, 2017 were derived using a cash flow matching method whereby the Company compares each plan's projected payment obligations by year with the corresponding yield on the Citibank pension discount curve. The cash flows by plan are then discounted back to present value to determine the discount rate applicable to each plan.

Moody's major assumptions vary by plan and assumptions used are set forth in Note 13 to the consolidated financial statements. In determining these assumptions, the Company consults with third-party actuaries and other advisors as deemed appropriate. While the Company believes that the assumptions used in its calculations are reasonable, differences in actual experience or changes in assumptions could have a significant effect on the expenses, assets and liabilities related to the Company's Retirement Plans. Additionally, the Company has updated its mortality assumption by adopting the newly released mortality improvement scale MP-2017 to accompany the RP-2014 mortality tables to reflect the latest information regarding future mortality expectations by the Society of Actuaries.

When actual plan experience differs from the assumptions used, actuarial gains or losses arise. Excluding differences between the expected long-term rate of return assumption and actual returns on plan assets, the Company amortizes, as a component of annual pension expense, total outstanding actuarial gains or losses over the estimated average future working lifetime of active plan participants to the extent that the gain/loss exceeds 10% of the greater of the beginning-of-year projected benefit obligation or the market-related value of plan assets. For Moody's Retirement Plans, the total actuarial losses as of December 31, 2017 that have not been recognized in annual expense are $123.2 million, and Moody's expects to recognize a net periodic expense of $6.0 million in 2018 related to the amortization of actuarial losses.

For Moody's funded U.S. pension plan, the differences between the expected long-term rate of return assumption and actual experience could also affect the net periodic pension expense. As permitted under ASC Topic 715, the Company spreads the impact of asset experience over a five-year period for purposes of calculating the market-related value of assets that is used in determining the expected return on assets' component of annual expense and in calculating the total unrecognized gain or loss subject to amortization. As of December 31, 2017, the Company has an unrecognized asset loss of $16.1 million, of which $2.1 million will be recognized in the market-related value of assets that is used to calculate the expected return on assets' component of 2019 expense.

The table below shows the estimated effect that a one percentage-point decrease in each of these assumptions will have on Moody's 2018 income before provision for income taxes. These effects have been calculated using the Company's current projections of 2018 expenses, assets and liabilities related to Moody's Retirement Plans, which could change as updated data becomes available.

(dollars in millions)	Assumption Used for 2018	Estimated Impact on 2018 income before provision for income taxes (Decrease)/Increase
Weighted Average Discount Rates*	3.46%/3.45%	$ (11.4)
Weighted Average Assumed Compensation Growth Rate	3.71%	$ 1.6
Assumed Long-Term Rate of Return on Pension Assets	4.50%	$ (3.4)

* Weighted average discount rates of 3.46% and 3.45% for pension plans and Other Retirement Plans, respectively.

A one percentage-point increase in assumed healthcare cost trend rates will not affect 2018 projected expenses. Based on current projections, the Company estimates that expenses related to Retirement Plans will be approximately $31 million in 2018, a decrease compared to the $32.6 million recognized in 2017.

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

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

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

On December 22, 2017, the Tax Act was signed into law which resulted in significant changes to U.S. corporate tax laws. The Tax Act includes a mandatory one-time deemed repatriation tax ("transition tax") on previously untaxed accumulated earnings of foreign subsidiaries and reduces the statutory federal corporate income tax rate from 35% to 21%. Due to the complexities involved in applying the provisions of the Tax Act, in 2017 the Company recorded a provisional estimate of $247.3 million related to the transition tax. A portion of this amount will be payable over eight years, starting in 2018, and will not accrue interest. Also in 2017, a provisional estimate of $56.2 million was recorded decreasing net deferred tax assets resulting from the reduction in the federal corporate income tax rate. The above provisional estimates may be impacted by a number of additional considerations, including but not limited to the issuance of regulations and our ongoing analysis of the new law.

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

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

REPORTABLE SEGMENTS

The Company is organized into two reportable segments at December 31, 2017: MIS and MA.

The MIS segment is comprised primarily of all of the Company's ratings operations consisting of five LOBs—CFG, SFG, FIG, PPIF and MIS Other. The ratings LOBs generate revenue principally from fees for the assignment and ongoing monitoring of credit ratings on debt obligations and the entities that issue such obligations in markets worldwide. The MIS Other LOB consists of certain non-ratings operations managed by MIS which consists of non-rating revenue from ICRA and fixed income pricing service operations in the Asia-Pacific region.

The MA segment develops a wide range of products and services that support financial analysis and risk management activities of institutional participants in global financial markets as well as serving as provider of business intelligence and company information. The MA segment consists of three lines of business—RD&A, ERS and PS. The results of operations for MA and revenue for the RD&A LOB for the fourth quarter and year ended December 31, 2017 include the financial results from Bureau van Dijk which was acquired on August 10, 2017.

The following is a discussion of the results of operations of the Company and its reportable segments. Total MIS revenue and total MA expenses include the intersegment royalty revenue for MIS and expense charged to MA for the rights to use and distribute content, data and products developed by MIS. The royalty rate charged by MIS approximates the fair value of the aforementioned content, data and products developed by MIS. Total MA revenue and total MIS expenses include intersegment fees charged to MIS from MA for the

use of certain MA products and services in MIS's ratings process. These fees charged by MA are generally equal to the costs incurred by MA to provide these products and services. Overhead charges and corporate expenses that exclusively benefit one segment are fully charged to that segment. Additionally, overhead costs and corporate expenses of the Company that benefit both segments 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 and information technology.

Beginning in the third quarter of 2017, in conjunction with the acquisition of Bureau van Dijk, the Company modified its definition of Adjusted Net Income and Adjusted Diluted EPS to exclude the impact of amortization of all acquisition-related intangible assets. Refer to the section entitled "Non-GAAP Financial Measures" of this Management Discussion and Analysis for further information regarding this measure.

RESULTS OF OPERATIONS

Year ended December 31, 2017 compared with year ended December 31, 2016

Executive Summary

» Moody's completed the acquisition of Bureau van Dijk on August 10, 2017. Moody's results of operations include Bureau van Dijk's operating results beginning as of August 10, 2017.

» Moody's revenue in 2017 totaled $4,204.1 million, an increase of $599.9 million, or 17%, compared to 2016 reflecting strong growth in both segments.

  » MIS revenue was 17% higher compared to the prior year with growth across all ratings LOBs. The most notable growth was in the CFG LOB mainly due to strong leveraged finance issuance across all regions reflecting favorable market conditions and increased investor demand for higher yielding securities.

  » MA revenue grew 16% compared to the prior year reflecting growth across all LOBs. The most notable growth was in the RD&A LOB which reflected increases in credit research subscriptions and licensing of credit data as well as an approximate $92 million contribution from Bureau van Dijk (net of an approximate $36 million reduction relating to a deferred revenue adjustment required as part of acquisition accounting as further described in Note 7 to the financial statements), providing approximately seven percentage points to growth.

» Total operating expenses excluding D&A decreased $602.1 million, or 21% compared to 2016 reflecting the $863.8 million Settlement Charge in 2016. This decrease is partially offset by higher compensation costs in 2017 which reflects growth in performance-based compensation resulting from strong financial performance in 2017 coupled with annual merit increases. Additionally, there was approximately $64 million in Bureau van Dijk operating expenses and $22.5 million in Acquisition-Related Expenses in 2017.

» D&A increased $31.6 million primarily due to amortization of intangible assets acquired as part of the Bureau van Dijk acquisition.

» Operating income of $1,809.1 million in 2017 increased $1,170.4 million compared to 2016 and resulted in an operating margin of 43.0%, compared to 17.7% in the prior year. Operating income and operating margin in 2016 were suppressed by the $863.8 million Settlement Charge. Adjusted Operating Income of $1,989.9 million in 2017 increased $348.7 million compared to 2016, resulting in an Adjusted Operating Margin of 47.3% compared to 45.5% in the prior year.

» The decrease in non-operating expense, net, compared to the prior year is primarily due to:

  » the $59.7 million CCXI Gain in 2017;

  » the $111.1 million Purchase Price Hedge Gain in 2017;

  Partially offset by:

  » higher interest expense of $50.6 million primarily reflecting additional financing in 2017 utilized to fund the payment of the 2016 Settlement Charge, repay the Series 2007-1 Notes and fund the Bureau van Dijk acquisition.

  » FX losses of approximately $17 million in the 2017 compared to FX gains of approximately $50 million in the prior year. The FX gains in 2016 included approximately $35 million related to the liquidation of a non-U.S. subsidiary.

» The ETR of 43.6% in 2017 includes a net charge of approximately $246 million in the fourth quarter related to the impacts of tax reform in the U.S. and Belgium partially offset by the non-taxable CCXI Gain and an approximate $40 million benefit relating to Excess Tax Benefits on stock-based compensation. The 2016 ETR of 50.6% included the non-deductible nature of the federal portion of the Settlement Charge.

» Diluted EPS of $5.15 increased $3.79 compared to 2016. Diluted EPS in 2017 and 2016 included the following items, detailed in the table below, which impacted year-over-year comparability:

	Year Ended December 31,	
Per share benefit (charge) to Diluted EPS	**2017**	**2016**
CCXI Gain	**$ 0.31**	—
Purchase Price Hedge Gain	**$ 0.37**	—
Restructuring	**—**	$ (0.04)
Settlement Charge	**—**	$ (3.59)
FX gain on liquidation of a subsidiary	**—**	$ 0.18
Acquisition-Related Expenses	**$ (0.10)**	—
Amortization of acquired intangible assets	**$ (0.23)**	$ (0.13)
Impact of U.S. tax reform / Belgium statutory tax rate change	**$ (1.27)**	—

Excluding all of the items in the table above, Adjusted Diluted EPS of $6.07, which included $0.20 relating to Excess Tax Benefits on stock-based compensation and $0.03 in financing costs incurred between the execution of the agreement to acquire Bureau van Dijk and the closing of the acquisition, increased $1.13 compared to 2016.

Moody's Corporation

	Year ended December 31, 2017	2016	% Change Favorable (Unfavorable)
Revenue:			
United States	**$ 2,348.4**	$ 2,105.5	12%
International:			
EMEA	**1,131.7**	904.4	25%
Asia-Pacific	**471.4**	373.2	26%
Americas	**252.6**	221.1	14%
Total International	**1,855.7**	1,498.7	24%
Total	**4,204.1**	3,604.2	17%
Expenses:			
Operating	**1,222.8**	1,026.6	(19%)
SG&A	**991.4**	936.4	(6%)
Restructuring	**—**	12.0	100%
Depreciation and amortization	**158.3**	126.7	(25%)
Acquisition-Related Expenses	**22.5**	—	NM
Settlement Charge	**—**	863.8	100%
Total	**2,395.0**	2,965.5	19%
Operating income	**$ 1,809.1**	$ 638.7	183%
Adjusted Operating Income (1)	**$ 1,989.9**	$ 1,641.2	21%
Interest expense, net	**$ (188.4)**	$ (137.8)	(37%)
Other non-operating (expense) income, net	**$ (4.7)**	$ 57.1	(108%)
Purchase Price Hedge Gain	**$ 111.1**	$ —	NM
CCXI Gain	**$ 59.7**	$ —	NM
Non-operating expense, net	**$ (22.3)**	$ (80.7)	72%
Net income attributable to Moody's	**$ 1,000.6**	$ 266.6	275%
Diluted weighted average shares outstanding	**$ 194.2**	195.4	1%
Diluted EPS attributable to Moody's common shareholders	**$ 5.15**	$ 1.36	279%
Adjusted Diluted EPS attributable to Moody's common shareholders (1)	**$ 6.07**	$ 4.94	23%
Operating margin	**43.0%**	17.7%	
Adjusted Operating Margin (1)	**47.3%**	45.5%	

(1) Adjusted Operating Income, Adjusted Operating Margin and Adjusted Diluted EPS attributable to Moody's common shareholders are non-GAAP financial measures. Refer to the section entitled "Non-GAAP Financial Measures" of this Management Discussion and Analysis for further information regarding these measures.

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

	December 31, 2017	2016	% Change
United States	**3,591**	3,386	6%
International	**8,305**	7,231	15%
Total	**11,896***	10,617	12%

* Includes 874 employees from the acquisition of Bureau van Dijk

Global revenue of $4,204.1 million in 2017 increased $599.9 million, or 17%, compared to 2016 and reflected strong growth in both MIS and MA.

The $403.0 million increase in MIS revenue primarily reflects strong global leveraged finance rated issuance volumes in CFG as issuers took advantage of favorable market conditions to refinance obligations in 2017 as well as growth in the banking sector within FIG and in CLO issuance in SFG. Additionally, the increase over prior year reflects benefits from changes in the mix of fee type, new fee initiatives and pricing increases. These increases were partially offset by lower U.S. public finance refunding volumes.

The $196.9 million increase in MA revenue primarily reflects higher RD&A revenue across all regions driven by growth in credit research subscriptions and licensing of ratings data as well as the contribution from the Bureau van Dijk acquisition of approximately $92 million (net of an approximate $36 million reduction relating to a deferred revenue adjustment required as part of acquisition accounting as further described in Note 7 to the financial statements).

Transaction revenue accounted for 50% of global MCO revenue in 2017, compared to 49% in 2016.

U.S. revenue of $2,348.4 million in 2017 increased $242.9 million over the prior year, reflecting growth in both reportable segments.

Non-U.S. revenue increased $357.0 million from 2016 reflecting growth in both reportable segments.

Operating expenses were $1,222.8 million in 2017, up $196.2 million from 2016, primarily due to an increase in performance-based compensation expenses (including annual bonuses, a profit sharing contribution and performance-based equity compensation), which is correlated with the strong financial performance of the Company in 2017. This increase also reflects higher salaries and employee benefit expenses resulting from the impact of annual compensation increases and increases in headcount coupled with Bureau van Dijk expenses.

SG&A expenses of $991.4 million in 2017 increased $55.0 million from the prior year period primarily due to higher performance-based compensation costs (including annual bonuses, a profit sharing contribution and performance-based equity compensation), which is correlated with the strong financial performance of the Company in 2017 coupled with Bureau van Dijk expenses. These increases were partially offset by the impact of cost management initiatives implemented in 2016 that have benefited 2017 as well as lower legal costs.

D&A increased $31.6 million primarily due to amortization of intangible assets acquired as part of the Bureau van Dijk acquisition.

Acquisition-Related Expenses represent expenses incurred to complete and integrate the acquisition of Bureau van Dijk.

Operating income of $1,809.1 million increased $1,170.4 million from 2016. Operating margin was 43.0% compared to 17.7% in 2016. Operating income and operating margin in 2016 were suppressed by the $863.8 million Settlement Charge. Adjusted Operating Income was $1,989.9 million in 2017, an increase of $348.7 million compared to 2016. Adjusted Operating Margin of 47.3% increased 180 BPS compared to the prior year.

Interest (expense) income, net in 2017 was $(188.4) million, a $50.6 million increase in expense compared to 2016 primarily due to: i) interest on the 2017 Senior Notes and 2017 Floating Rate Senior Notes which were issued in the first quarter of 2017 to fund the payment of the 2016 Settlement Charge and repayment of the Series 2007-1 Notes; ii) interest on the 2017 Private Placement Notes Due 2023 and 2028 both issued in June 2017 coupled with interest on the 2017 Term Loan drawn down in August 2017, all of which were issued to fund the acquisition of Bureau van Dijk; and iii) fees on the undrawn 2017 Bridge Credit Facility also related to the acquisition of Bureau van Dijk.

Other non-operating (expense) income, net was $(4.7) million in 2017, a $61.8 million change compared to 2016 primarily reflecting approximately $17 million in FX losses in 2017 compared to approximately $50 million in FX gains in the prior year. The FX gains in 2016 included an approximate $35 million gain related to the liquidation of a non-U.S. subsidiary.

Additionally, Moody’s recognized the $59.7 million CCXI Gain and the $111.1 million Purchase Price Hedge Gain in 2017.

The ETR of 43.6% in 2017 includes a net charge of approximately $246 million in the fourth quarter related to the impacts of corporate tax reform in the U.S. and Belgium partially offset by the non-taxable CCXI Gain and an approximate $40 million benefit reflecting the adoption on a prospective basis of a new accounting standard relating to Excess Tax Benefits on stock-based compensation. In accordance with a new accounting standard, these Excess Tax Benefits are now recorded to the provision for income taxes, whereas in the prior year were recorded to capital surplus (refer to Note 1 to the consolidated financial statements for further discussion on this new accounting standard). The 2016 ETR of 50.6% included the non-deductible nature of the federal portion of the Settlement Charge. The impact of the aforementioned tax reform in the U.S. is expected to reduce the Company’s ETR in years subsequent to 2017. For the full-year ended December 31, 2018, the Company expects the ETR to be between 22% and 23%.

Diluted EPS increased $3.79 compared to 2016. Diluted EPS in 2017 and 2016 included the following items detailed in the table below which impacted year-over-year comparability:

Per share benefit (charge) to Diluted EPS	Year Ended December 31, 2017	2016
CCXI Gain	$ 0.31	—
Purchase Price Hedge Gain	$ 0.37	—
Restructuring	—	(0.04)
Settlement Charge	—	$ (3.59)
FX gain on liquidation of a subsidiary		$ 0.18
Acquisition-Related Expenses	$ (0.10)	—
Amortization of acquired intangible assets	$ (0.23)	$ (0.13)
Impact of U.S. tax reform / Belgium statutory tax rate change	$ (1.27)	—

Excluding all of the items in the table above, Adjusted Diluted EPS of $6.07, which included $0.20 relating to Excess Tax Benefits on stock-based compensation and $0.03 in financing costs incurred between the execution of the agreement to acquire Bureau van Dijk and the closing of the acquisition, increased $1.13 compared to 2016 reflecting higher Net Income and a 1% reduction in diluted weighted average shares outstanding. Refer to the section entitled "Non-GAAP Financial Measures" of this Management's Discussion and Analysis for the impact to Net Income relating to the aforementioned per-share amounts.

Segment Results

Moody's Investors Service

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

	Year ended December 31, 2017	2016	% Change Favorable (Unfavorable)
Revenue:			
Corporate finance (CFG)	$ 1,392.7	$ 1,122.3	24%
Structured finance (SFG)	495.5	436.8	13%
Financial institutions (FIG)	435.8	368.9	18%
Public, project and infrastructure finance (PPIF)	431.3	412.2	5%
Total ratings revenue	2,755.3	2,340.2	18%
MIS Other	18.5	30.6	(40%)
Total external revenue	2,773.8	2,370.8	17%
Intersegment royalty	111.7	100.2	11%
Total MIS Revenue	2,885.5	2,471.0	17%
Expenses:			
Operating and SG&A (external)	1,230.9	1,102.1	(12%)
Operating and SG&A (intersegment)	16.0	13.5	(19%)
Adjusted Operating Income	1,638.6	1,355.4	21%
Depreciation and amortization	74.7	73.8	(1%)
Restructuring	—	10.2	100%
Settlement Charge	—	863.8	100%
Operating income	$ 1,563.9	$ 407.6	284%
Operating margin	54.2%	16.5%	
Adjusted Operating Margin	56.8%	54.9%	

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

Global MIS revenue of $2,773.8 million in 2017 was up 17% compared to 2016, most notably from strong leveraged finance rated issuance volumes within CFG coupled with strong growth in banking-related revenue in FIG and increases across most asset classes in SFG. Also contributing to the growth was the favorable impact of changes in the mix of fee type, new fee initiatives and pricing increases.

Transaction revenue for MIS was 65% in 2017 compared to 61% in 2016.

In the U.S., revenue was $1,702.8 million in 2017, an increase of $200.9 million or 13%, compared to 2016 primarily reflecting strong growth in CFG, SFG and FIG revenue being partially offset by declines in PPIF and MIS Other revenue.

Non-U.S. revenue was $1,071.0 million in 2017, an increase of $202.1 million or 23%, compared to 2016 reflecting growth across all LOBs excluding MIS Other.

Global CFG revenue of $1,392.7 million in 2017 was up 24% compared to 2016 primarily due to strength in leveraged finance issuance in the U.S., EMEA and Asia-Pacific as issuers took advantage of favorable market conditions to refinance obligations and fund M&A activity. The growth in leveraged finance revenue also reflects benefits from a favorable issuance mix in 2017 compared to the prior year where issuance volumes included a greater number of lower-yielding jumbo deals. The increase over the prior year also reflects higher investment-grade corporate debt revenue in the U.S. reflecting continued favorable market conditions and benefits from changes in the mix of fee type, new fee initiatives and pricing increases as well as growth in monitoring fees across all regions. Transaction revenue represented 73% of total CFG revenue in 2017, compared to 68% in the prior year period. In the U.S., revenue was $909.7 million, or 19% higher compared to the prior year. Internationally, revenue of $483.0 million increased 34% compared to the prior year.

Global SFG revenue of $495.5 million in 2017 increased $58.7 million, or 13%, compared to 2016. In the U.S., revenue of $340.1 million increased $46.8 million over 2016 primarily due to strong growth in CLO issuance reflecting an increase in bank loan supply and favorable market conditions which enabled both new securitizations and a surge in refinancing activity. Non-U.S. revenue in 2017 of $155.4 million increased $11.9 million compared to the prior year primarily reflecting growth across most asset classes in the EMEA region. Transaction revenue was 65% of total SFG revenue in 2017 compared to 62% in the prior year.

Global FIG revenue of $435.8 million in 2017 increased $66.9 million, or 18%, compared to 2016. In the U.S., revenue of $186.1 million increased $26.0 million compared to the prior year primarily reflecting higher issuance in the banking sector and benefits from changes in the mix of fee type, new fee initiatives and price increases. Internationally, revenue was $249.7 million in 2017, up $40.9 million compared to 2016 primarily due to higher banking revenue in EMEA from opportunistic issuance amidst current favorable market conditions as well as benefits from changes in the mix of fee type, new fee initiatives and pricing increases. The non-U.S. growth also reflects strength in banking revenue in the Asia-Pacific region reflecting higher cross-border issuance from Chinese banks and the non-bank financial sector. Transaction revenue was 45% of total FIG revenue in 2017 compared to 37% in 2016.

Global PPIF revenue was $431.3 million in 2017 and increased $19.1 million, or 5%, compared to 2016. In the U.S., revenue in 2017 was $266.4 million and decreased $9.8 million compared to 2016 primarily due to strong PFG refunding volumes in 2016. These decreases were partially offset by growth in infrastructure finance revenue coupled with benefits from changes in the mix of fee type, new fee initiatives and pricing increases. Outside the U.S., PPIF revenue was $164.9 million and increased $28.9 million compared to 2016 reflecting strong growth in infrastructure finance revenue in the Asia-Pacific region and growth in public finance revenue in EMEA. Transaction revenue was 65% of total PPIF revenue in 2017 compared to 63% in the prior year.

Operating and SG&A expenses in 2017 increased $128.8 million compared to 2016 primarily due to growth in performance-based compensation resulting from strong financial performance in 2017 coupled with increased headcount and higher salaries and employee benefits costs reflecting annual compensation increases. These increases were partially offset by lower legal fees and continued cost control initiatives.

Adjusted Operating Income and operating income in 2017, which includes intersegment royalty revenue and intersegment expenses, were $1,638.6 million and $1,563.9 million, respectively, and increased $283.2 million and $1,156.3 million, respectively, compared to 2016. Adjusted Operating Margin was 56.8% or 190 BPS higher than the prior year. Operating margin was 54.2% in 2017 compared to 16.5% in the prior year. Operating income and operating margin in 2016 were suppressed due to the Settlement Charge.

Moody's Analytics

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

	Year ended December 31,		% Change Favorable
	2017	2016	(Unfavorable)
Revenue:			
Research, data and analytics (RD&A)	$ 832.7	$ 667.6	25%
Enterprise risk solutions (ERS)	448.6	418.8	7%
Professional services (PS)	149.0	147.0	1%
Total external revenue	1,430.3	1,233.4	16%
Intersegment revenue	16.0	13.5	19%
Total MA Revenue	1,446.3	1,246.9	16%
Expenses:			
Operating and SG&A (external)	983.3	860.9	(14%)
Operating and SG&A (intersegment)	111.7	100.2	(11%)
Adjusted Operating Income	351.3	285.8	23%
Depreciation and amortization	83.6	52.9	(58%)
Restructuring	—	1.8	100%
Acquisition-Related Expenses	22.5	—	NM
Operating income	$ 245.2	$ 231.1	6%
Operating margin	17.0%	18.5%	
Adjusted Operating Margin	24.3%	22.9%	

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

Global MA revenue increased $196.9 million, or 16%, compared to 2016 primarily due to growth in RD&A (which included approximately $92 million in revenue, or 7 percentage points of the growth, from the Bureau van Dijk acquisition) coupled with growth in ERS, which included revenue from the first quarter 2016 acquisition of GGY. Additionally, the growth over the prior year reflects benefits from higher fees within MA's recurring revenue base due to enhanced content and continued alignment of usage and licensing parameters. Recurring revenue comprised 78% and 75% of total MA revenue in 2017 and 2016, respectively.

In the U.S., revenue of $645.6 million in 2017 increased $42.0 million, and reflected growth across all LOBs.

Non-U.S. revenue of $784.7 million in 2017 was $154.9 million higher than in 2016 reflecting growth in RD&A, which included approximately $82 million in non-U.S. Bureau van Dijk revenue, and higher ERS revenue.

Global RD&A revenue of $832.7 million, which comprised 58% and 54% of total external MA revenue in 2017 and 2016, respectively, increased $165.1 million, or 25%, over the prior year period. In the U.S., revenue of $424.4 million increased $35.1 million compared to 2016. Non-U.S. revenue of $408.3 million increased $130.0 million compared to the prior year. RD&A revenue in 2017 included approximately $92 million in revenue, or 14 percentage points of the growth, from the Bureau van Dijk acquisition (net of an approximate $36 million reduction relating to a deferred revenue adjustment required as part of acquisition accounting as further described in Note 7 to the financial statements). RD&A revenue growth also reflects strong results in the credit research and rating data feeds product lines, where enhanced content and continued alignment of usage and licensing parameters have generated higher fees.

Global ERS revenue of $448.6 million in 2017 increased $29.8 million, or 7%, over 2016. The growth is primarily due to higher revenue from risk and finance analytics products coupled with incremental revenue from GGY, which was acquired in March 2016. Additionally, the revenue growth reflects benefits from pricing increases within ERS's recurring revenue base. Revenue in ERS is subject to quarterly volatility resulting from the variable nature of project timing and the concentration of software implementation and license revenue in a relatively small number of engagements. In the U.S., revenue of $166.6 million increased $3.7 million compared to the prior year. Non-U.S. revenue of $282.0 million increased $26.1 million compared to the prior year.

Global PS revenue of $149.0 million in 2017 increased 1% compared to 2016 reflecting higher revenue from analytical and research services in the U.S. mostly offset by lower revenue from these services internationally. In the U.S., revenue in 2017 was $54.6 million, up 6% compared to 2016. International revenue was $94.4 million, down 1% compared to 2016.

Operating and SG&A expenses in 2017 increased $122.4 million compared to 2016. The expense growth includes an approximate $74 million increase in compensation costs reflecting $32 million in Bureau van Dijk compensation costs coupled with annual salary

increases, higher performance-based compensation and higher severance costs partially offset by the impact of cost control initiatives. Non-compensation costs increased approximately $48 million primarily due to Bureau van Dijk expenses.

There were $22.5 million in Acquisition-Related Expenses incurred to complete and integrate the acquisition of Bureau van Dijk.

Depreciation and amortization increased $30.7 million primarily due to the amortization of Bureau van Dijk's intangible assets.

Adjusted Operating Income was $351.3 million in 2017 and increased $65.5 million compared to the same period in 2016. Operating income of $245.2 million in 2017 increased $14.1 million compared to the same period in 2016. Adjusted Operating Margin in 2017 was 24.3%, up 140BPS from 2016. Operating margin was 17.0% in 2017, down 150BPS from the prior year reflecting the aforementioned $22.5 million in Bureau van Dijk Acquisition-Related Expenses coupled with approximately $31 million of higher D&A primarily relating to Bureau van Dijk's intangible assets. Adjusted Operating Income and operating income both include intersegment revenue and expense.

RESULTS OF OPERATIONS

Year ended December 31, 2016 compared with year ended December 31, 2015

Executive Summary

» Moody's revenue in 2016 totaled $3,604.2 million, an increase of $119.7 million, or 3%, compared to 2015 reflecting good growth in MA revenue coupled with modest growth in MIS revenue.

  » MIS revenue was 2% higher compared to the prior year reflecting robust rated issuance volumes for high-yield corporate debt and bank loans as well as for public finance related activity in the second half of 2016. The growth also reflected benefits from changes in the mix of fee type, new fee initiatives and pricing increases. These increases were mostly offset by challenges in the first half of 2016 in the high-yield and investment-grade corporate debt sectors due to elevated credit spreads and market volatility. Additionally, there was lower securitization activity in the U.S. in the first half of 2016, most notably in the U.S. CLO and CMBS asset classes, which reflected the aforementioned elevated credit spreads and market volatility as well as uncertainty relating to the implementation of risk retention regulatory requirements for these asset classes.

  » MA revenue grew 7% compared to the prior year reflecting growth in ERS and RD&A, most notably in the U.S. Revenue grew in most product areas of ERS and included revenue from the acquisition of GGY. In RD&A, revenue growth was primarily driven by credit research subscriptions and licensing of ratings data. Excluding unfavorable changes in FX translation rates, MA revenue grew 10%.

» Total operating expenses increased $954.4 million or 47%, reflecting:

  » an $863.8 million Settlement Charge relating to the MIS segment pursuant to an agreement with the DOJ and the attorneys general of 21 U.S. states and the District of Columbia;

  » higher compensation costs of $88.1 million associated with headcount growth in MA (including costs from the acquisition of GGY) and annual compensation increases company-wide partially offset by cost reduction initiatives in response to the challenging business conditions in MIS during the first half of 2016; and

  » a restructuring charge of $12.0 million associated with cost management initiatives in the MIS segment as well as in certain corporate overhead functions.

» Operating income of $638.7 million in 2016, which included the aforementioned $863.8 million Settlement Charge, was down $834.7 million compared to 2015 and resulted in an operating margin of 17.7%, compared to 42.3% in the prior year. Adjusted Operating Income of $1,641.2 million in 2016 was up modestly compared to 2015, while Adjusted Operating Margin of 45.5% remained flat compared to 2015.

» The change in non-operating income (expense) net, compared to the prior year is primarily due to higher FX gains which included an approximate $35 million gain related to the liquidation of a non-U.S. subsidiary and an approximate $15 million gain relating to the appreciation of the euro relative to the British pound during 2016. Partially offsetting these increases was higher interest expense reflecting the 2015 Senior Notes issued in March 2015 and the $300 million of additional borrowings under the 2014 Senior Notes (30-Year) in November 2015.

» The ETR was 50.6% in 2016 compared to 31.2% in the prior year with the increase primarily reflecting the non-deductible nature of the federal portion of the aforementioned Settlement Charge.

» Diluted EPS of $1.36 in 2016, which included: i) a $3.59 Settlement Charge; ii) a $0.04 restructuring charge; iii) an $0.18 FX gain relating to the substantial liquidation of a subsidiary; and iv) $0.13 in Acquisition-Related Intangible Amortization, decreased $3.27 compared to 2015. Excluding all of the aforementioned items in 2016 and a $0.03 benefit from a Legacy Tax Matter and $0.11 in Acquisition-Related Intangible Amortization in the prior year, Adjusted Diluted EPS of $4.94 in 2016 increased $0.23.

Moody's Corporation

	Year ended December 31,		% Change Favorable (Unfavorable)
	2016	2015	
Revenue:			
United States	$ 2,105.5	$ 2,009.0	5%
International:			
EMEA	904.4	882.3	3%
Asia-Pacific	373.2	364.2	2%
Americas	221.1	229.0	(3%)
Total International	1,498.7	1,475.5	2%
Total	3,604.2	3,484.5	3%
Expenses:			
Operating	1,026.6	976.3	(5%)
SG&A	936.4	921.3	(2%)
Restructuring	12.0	—	NM
Depreciation and amortization	126.7	113.5	(12%)
Settlement Charge	863.8	—	NM
Total	2,965.5	2,011.1	(47%)
Operating income	$ 638.7	$ 1,473.4	(57%)
Adjusted Operating Income (1)	$ 1,641.2	$ 1,586.9	3%
Interest expense, net	$ (137.8)	$ (115.1)	(20%)
Other non-operating income, net	$ 57.1	$ 21.3	168%
Non-operating expense, net	$ (80.7)	$ (93.8)	14%
Net income attributable to Moody's	$ 266.6	$ 941.3	(72%)
Diluted EPS attributable to Moody's common shareholders	$ 1.36	$ 4.63	(71%)
Adjusted Diluted EPS attributable to Moody's common shareholders (1)	$ 4.94	$ 4.71	5%
Operating margin	17.7%	42.3%	
Adjusted Operating Margin (1)	45.5%	45.5%	

(1) Adjusted Operating Income, Adjusted Operating Margin and Adjusted Diluted EPS attributable to Moody's common shareholders are non-GAAP financial measures. Refer to the section entitled "Non-GAAP Financial Measures" of this Management Discussion and Analysis for further information regarding these measures.

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

	December 31,		
	2016	2015	% Change
United States	3,386	3,364	1%
International	7,231	7,006	3%
Total	10,617	10,370	2%

Global revenue of $3,604.2 million in 2016 increased $119.7 million, or 3%, compared to 2015 and reflected good growth in MA revenue, which included revenue from the first quarter 2016 acquisition of GGY, coupled with modest growth in MIS revenue.

The $36.6 million increase in MIS revenue reflected robust rated issuance volumes for high-yield corporate debt and bank loans as well as for public finance related activity in the second half of 2016 reflecting both opportunistic refinancing and new issuance activity. The growth also reflected benefits from changes in the mix of fee type, new fee initiatives and pricing increases. These increases were mostly offset by challenges in the first half of 2016 in the high-yield and investment-grade corporate debt sectors due to elevated credit spreads and market volatility. Additionally, there was lower securitization activity in the U.S. in the first half of 2016, most nota-

bly in the U.S. CLO and CMBS asset classes, which reflected the aforementioned elevated credit spreads and market volatility as well as uncertainty earlier in the year relating to the implementation of certain risk retention regulatory requirements by the end of 2016 for these asset classes.

The $83.1 million increase in MA revenue reflects growth in ERS and RD&A, most notably in the U.S. Revenue grew in most product areas of ERS and included revenue from the 2016 acquisition of GGY. In RD&A, revenue growth was primarily driven by credit research, subscriptions and licensing of ratings data partially offset by the impact of unfavorable changes in FX rates. Excluding unfavorable changes in FX translation rates, MA revenue grew 10%.

Transaction revenue accounted for 49% of global MCO revenue in 2016 compared 50% of global MCO revenue in 2015.

U.S. revenue of $2,105.5 million in 2016 increased $96.5 million over the prior year, reflecting strong growth in MA coupled with modest growth in MIS.

Non-U.S. revenue increased $23.2 million from 2015 reflecting modest growth in both reportable segments.

Operating expenses were $1,026.6 million in 2016 up $50.3 million from 2015 and included an increase in compensation costs of approximately $71 million. This increase reflects higher salaries and employee benefit expenses resulting from the impact of annual compensation increases and headcount growth in MA which includes headcount from the acquisition of GGY. The increase in compensation expenses also reflects higher incentive compensation reflecting greater achievement relative to targeted results compared to the prior year. These increases were partially offset by an approximate $21 million decrease in non-compensation expenses reflecting cost reduction initiatives in response to challenging business conditions in MIS earlier in the year.

SG&A expenses of $936.4 million in 2016 increased $15.1 million from the prior year period reflecting increased compensation costs primarily due to annual compensation increases company-wide and headcount growth in MA which included headcount from the GGY acquisition. The increase in compensation expenses also reflects higher incentive compensation reflecting greater achievement relative to targeted results compared to the prior year. Additionally, there was an increase in non-compensation expenses reflecting higher rent and occupancy costs being mostly offset by the impact of cost reduction initiatives in response to challenging business conditions in MIS earlier in the year.

The restructuring charge of $12.0 million relates to cost management initiatives in 2016 in the MIS segment as well as in certain corporate overhead functions.

D&A increased $13.2 million reflecting amortization of intangible assets from acquisitions as well as higher depreciation reflecting an increase in capital expenditures to support IT infrastructure and business growth.

The $863.8 million Settlement Charge relates to an agreement with the U.S. DOJ and the attorneys general of 21 U.S. states and the District of Columbia to resolve pending and potential civil claims related to the MIS segment.

Operating income of $638.7 million in 2016, which included the aforementioned $863.8 million Settlement Charge, was down $834.7 million compared to 2015 and resulted in an operating margin of 17.7%, compared to 42.3% in the prior year. Adjusted Operating Income of $1,641.2 million in 2016 was up modestly compared to 2015, while Adjusted Operating Margin of 45.5% remained flat compared to 2015.

Interest expense, net in 2016 was ($137.8) million, a $22.7 million increase in expense compared to 2015 reflecting interest on the 2015 Senior Notes which were issued in March 2015 as well as interest on the $300 million of additional borrowings under the 2014 Senior Notes (30-Year) in November 2015.

Other non-operating income, net was $57.1 million in 2016, a $35.8 million increase in income compared to 2015. This increase reflected FX gains of approximately $35 million related to the substantial liquidation of a subsidiary and approximately $15 million of gains relating to the appreciation of the euro relative to the British pound during 2016. FX gains in 2015 were immaterial. This increase in income was partially offset by a $6.4 million benefit from a Legacy Tax Matter in 2015 compared to a $1.6 million benefit in 2016.

The ETR was 50.6% in 2016 compared to 31.2% in the prior year with the increase primarily reflecting the non-deductible nature of the federal portion of the aforementioned Settlement Charge.

Net Income in 2016, which included an approximate $701 million net Settlement Charge more fully described above, was $266.6 million, or $674.7 million lower than prior year. Diluted EPS of $1.36 in 2016, which included: i) a $3.59 Settlement Charge; ii) a $0.04 restructuring charge and iii) an $0.18 FX gain relating to the substantial liquidation of a subsidiary; and iv) $0.13 in Acquisition-Related Intangible Amortization, decreased $3.27 compared to 2015. Excluding all of the aforementioned items in 2016 and a $0.03 benefit from a Legacy Tax Matter and $0.11 in Acquisition-Related Intangible Amortization in the prior year, Adjusted Diluted EPS of $4.94 in 2016 increased $0.23 primarily reflecting lower diluted weighted average shares outstanding. The reduction in diluted weighted average shares outstanding reflects share repurchases under the Company's Board authorized share repurchase program partially offset by shares issued under the employee stock-based compensation programs.

Segment Results

Moody's Investors Service

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

	Year ended December 31, 2016	2015	% Change Favorable (Unfavorable)
Revenue:			
Corporate finance (CFG)	**$ 1,122.3**	$ 1,112.7	1%
Structured finance (SFG)	**436.8**	449.1	(3%)
Financial institutions (FIG)	**368.9**	365.6	1%
Public, project and infrastructure finance (PPIF)	**412.2**	376.4	10%
Total ratings revenue	**2,340.2**	2,303.8	2%
MIS Other	**30.6**	30.4	1%
Total external revenue	**2,370.8**	2,334.2	2%
Intersegment royalty	**100.2**	93.5	7%
Total MIS Revenue	**2,471.0**	2,427.7	2%
Expenses:			
Operating and SG&A (external)	**1,102.1**	1,107.2	—
Operating and SG&A (intersegment)	**13.5**	13.1	(3%)
Adjusted Operating Income	**1,355.4**	1,307.4	4%
Depreciation and amortization	**73.8**	66.0	(12%)
Restructuring	**10.2**	—	NM
Settlement Charge	**863.8**	—	NM
Operating income	**$ 407.6**	$ 1,241.4	(67%)
Operating margin	**16.5%**	51.1%	
Adjusted Operating Margin	**54.9%**	53.9%	

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

Global MIS revenue of $2,370.8 million in 2016 was up 2% compared to 2015 reflecting robust rated issuance volumes for high-yield corporate debt, bank loans and public finance in the second half of 2016 as capital market volatility and elevated credit spreads that hindered issuance in the first half of 2016 subsided. Additionally, the growth reflects the favorable impact of changes in the mix of fee type, new fee initiatives and pricing increases. These increases were mostly offset by challenges in the first half of 2016 in both the speculative-grade and investment-grade corporate debt sectors due to elevated credit spreads and market volatility at the time coupled with an unfavorable shift in issuance mix for investment-grade corporate debt. Additionally, there was lower securitization activity in the U.S. in the first half of 2016, primarily in the U.S. CLO and CMBS asset classes, which reflected the aforementioned elevated credit spreads and market volatility as well as uncertainty earlier in the year relating to the December 2016 implementation deadline for certain risk retention regulatory requirements for these asset classes.

Transaction revenue for MIS was 61% in both 2016 and 2015.

In the U.S., revenue was $1,501.9 million in 2016, an increase of $27.6 million compared to 2015 and reflected benefits from changes in the mix of fee type, new fee initiatives and pricing increases coupled with second half of 2016 growth in rated issuance volumes for high-yield corporate debt and bank loans as well as strong public finance issuance. These increases were partially offset by lower rated issuance volumes for high-yield corporate debt in the first half of 2016 and a decline in investment-grade corporate debt rated issuance volumes which was most notable in the fourth quarter of 2016. Additionally, there were declines in securitization activity in the CLO and CMBS asset classes within SFG in the first half of 2016.

Non-U.S. revenue was $868.9 million in 2016, an increase of $9.0 million compared to 2015 primarily reflecting second half of 2016 growth in high-yield corporate debt and bank loans as well as investment-grade corporate debt. This growth in the second half reflected improved market sentiment following volatility in the first half of 2016 as well as the ECB sponsored CSPP providing a ballast to corporate debt issuance in the EMEA region. The growth over the prior year also reflects changes in the mix of fee type, new fee initiatives and pricing increases. These increases were partially offset by lower revenue in the first half of 2016 primarily reflecting declines in investment-grade and high-yield corporate debt across all regions.

Global CFG revenue of $1,122.3 million in 2016 was up 1% compared to 2015. The increase reflects benefits from changes in the mix of fee type, new fee initiatives and pricing increases coupled with robust rated issuance volumes for high-yield corporate debt and bank loans in the U.S. and EMEA in the second half of 2016 as capital market volatility and elevated credit spreads that hindered issuance in the first half of 2016 subsided. The increase also reflects higher investment-grade rated issuance volumes in EMEA in the second half of 2016 reflecting additional liquidity in the region resulting from the ECB sponsored CSPP. These increases were partially offset by lower rated issuance volumes in the first half of 2016 for investment-grade and speculative-grade corporate debt across all regions due to elevated credit spreads and capital market volatility at the time. Also, there were lower U.S. investment-grade rated issuance volumes in the fourth quarter of 2016 reflecting an increase in benchmark interest rates immediately following the U.S. presidential election in November. Transaction revenue represented 68% of total CFG revenue in 2016, compared to 69% in the prior year period. In the U.S., revenue in 2016 was $762.9 million, or $10.0 million higher than the prior year. Internationally, revenue of $359.4 million in the 2016 was flat compared to the prior year.

Global SFG revenue of $436.8 million in 2016 decreased $12.3 million, or 3%, compared to 2015. In the U.S., revenue of $293.3 million decreased $18.2 million compared to 2015. This decrease primarily reflected lower CLO formation in the first half of 2016 due to elevated credit spreads and declining availability of collateral for these instruments earlier in the year. Additionally, the decrease reflected lower securitization activity in the CMBS asset class reflecting higher average credit spreads over the course of 2016, particularly in the first quarter, as well as uncertainties relating to the implementation of certain risk retention regulatory requirements for this asset class. These declines were partially offset by benefits from changes in the mix of fee type, new fee initiatives and pricing increases. Non-U.S. revenue in 2016 of $143.5 million increased $5.9 million compared to the prior year primarily reflecting growth in RMBS and ABS in EMEA. Transaction revenue was 62% of total SFG revenue in 2016 compared to 64% in the prior year.

Global FIG revenue of $368.9 million in 2016 increased $3.3 million, or 1%, compared to 2015. In the U.S., revenue of $160.1 million increased $3.7 million compared to the prior year primarily reflecting benefits from changes in the mix of fee type, new fee initiatives and pricing increases as well as higher M&A related issuance volumes in the insurance sector. These increases were partially offset by reduced banking-related issuance volumes due to market volatility in the first half of 2016. Internationally, revenue was $208.8 million in 2016, or flat compared to 2015 with benefits from changes in the mix of fee type, new fee initiatives and pricing increases and growth in the Asia-Pacific region reflecting higher cross-border issuance from Chinese banks and asset managers being offset by declines in banking-related issuance in EMEA. Transaction revenue was 37% of total FIG revenue in both 2016 and 2015.

Global PPIF revenue was $412.2 million in 2016 and increased $35.8 million, or 10%, compared to 2015. In the U.S., revenue in 2016 was $276.2 million and increased $31.5 million compared to 2015 primarily due to benefits from changes in the mix of fee type, new fee initiatives and pricing increases as well as strong growth in public finance issuance in the second half of 2016. This growth in issuance reflects opportunistic refunding activity amidst favorable market conditions as well as higher new issuance volumes to fund municipal infrastructure investment needs. Additionally, the growth in the U.S. reflects higher infrastructure finance revenue. Outside the U.S., PPIF revenue was $136.0 million and increased $4.3 million compared to 2015 reflecting benefits from changes in the mix of fee type, new fee initiatives and pricing increases as well as higher infrastructure finance revenue in the Americas region. These increases were partially offset by lower project finance revenue across all non-U.S. regions. Transaction revenue was 63% of total PPIF revenue in 2016 compared to 60% in the prior year.

Global MIS Other revenue of $30.6 million in 2016 was flat compared to 2015.

Operating and SG&A expenses in 2016 decreased $5.1 million compared to 2015 primarily reflecting lower non-compensation costs of approximately $25.0 million reflecting overall cost control initiatives. This decrease was partially offset by higher compensation expenses of approximately $20 million compared to the prior year reflecting annual salary increases coupled with higher incentive compensation costs resulting from higher achievement against full-year targeted results compared to the prior year.

The increase in D&A compared to the prior year reflects capital expenditures related to investments in the Company’s IT and operational infrastructure.

The restructuring charge in 2016 relates to cost management initiatives in the MIS segment as well as in certain corporate overhead functions.

The Settlement Charge is pursuant to an agreement with the DOJ and the attorneys general of 21 U.S. states and the District of Columbia.

Adjusted Operating Income was $1,355.4 million and increased $48.0 million compared to the prior year. Operating income in 2016, which includes the aforementioned $863.8 million Settlement Charge, was $407.6 million and decreased $833.8 million compared to the prior year. Adjusted Operating Margin was 54.9% or 100 BPS higher than the prior year. Operating margin was 16.5% in 2016 compared to 51.1% in the prior year, with the decline primarily due to the aforementioned Settlement Charge. Adjusted Operating Income and operating income both include intersegment revenue and expense.

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Moody's Analytics

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

	Year ended December 31, 2016	2015	% Change Favorable (Unfavorable)
Revenue:			
Research, data and analytics (RD&A)	**$ 667.6**	$ 626.4	7%
Enterprise risk solutions (ERS)	**418.8**	374.0	12%
Professional services (PS)	**147.0**	149.9	(2%)
Total external revenue	**1,233.4**	1,150.3	7%
Intersegment revenue	**13.5**	13.1	3%
Total MA Revenue	**1,246.9**	1,163.4	7%
Expenses:			
Operating and SG&A (external)	**860.9**	790.4	(9%)
Operating and SG&A (intersegment)	**100.2**	93.5	(7%)
Adjusted Operating Income	**285.8**	279.5	2%
Depreciation and amortization	**52.9**	47.5	(11%)
Restructuring	**1.8**	—	NM
Operating income	**$ 231.1**	$ 232.0	—
Operating margin	**18.5%**	19.9%	
Adjusted Operating Margin	**22.9%**	24.0%	

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

Global MA revenue increased $83.1 million, or 7%, compared to 2015 and reflected growth in RD&A as well as ERS, which included revenue from the acquisition of GGY. Additionally, the growth over the prior year reflects benefits from pricing increases within MA's recurring revenue base. Excluding unfavorable changes in FX rates, MA revenue grew 10% compared to the prior year. Recurring revenue comprised 75% and 74% of total MA revenue in 2016 and 2015, respectively.

In the U.S., revenue of $603.6 million in 2016 increased $68.9 million, and reflected growth in RD&A and ERS. The growth in RD&A reflected strength in credit research subscriptions and licensing of ratings data as well as higher revenue within SAV and ECCA. The increase in ERS revenue reflected growth across all product verticals and included revenue from the acquisition of GGY in March 2016.

Non-U.S. revenue of $629.8 million in 2016 was $14.2 million higher than in 2015 reflecting growth in RD&A and ERS partially offset by unfavorable changes in FX rates. The growth in RD&A primarily reflects strength in credit research subscriptions and licensing of ratings data in the Asia-Pacific region. The increase in ERS was primarily due to higher revenue from the Assets Liability & Capital and Credit Assessment & Origination product verticals in the EMEA region coupled with revenue from the acquisition of GGY. These increases were partially offset by declines in the Credit Assessment & Origination product vertical in the Americas region.

Global RD&A revenue of $667.6 million, which comprised 54% of total external MA revenue in both 2016 and 2015, increased $41.2 million, or 7%, over the prior year period. Excluding unfavorable changes in FX rates, RD&A revenue increased 9% over the prior year. The growth reflected strength in credit research subscriptions and licensing of ratings data as well as higher revenue within SAV and ECCA. The growth compared to 2015 also reflects the benefits of pricing increases. In the U.S., revenue of $389.3 million increased $37.4 million compared to 2015. Non-U.S. revenue of $278.3 million increased $3.8 million compared to the prior year.

Global ERS revenue of $418.8 million in 2016 increased $44.8 million, or 12%, over 2015. Excluding unfavorable changes in FX rates, ERS revenue grew 15% reflecting increases across most product offerings and included revenue from the acquisition of GGY in March of 2016. Additionally, the revenue growth reflects benefits from pricing increases within ERS's recurring revenue base. Revenue in ERS is subject to quarterly volatility resulting from the variable nature of project timing and the concentration of software implementation and license revenue in a relatively small number of engagements. In the U.S., revenue of $162.9 million increased $31.7 million compared to the prior year. Non-U.S. revenue of $255.9 million increased $13.1 million compared to the prior year.

Global PS revenue of $147.0 million in 2016 decreased $2.9 million, or 2%, from 2015. Excluding the unfavorable impact from changes in FX translation rates, PS revenue was flat compared to the prior year. In the U.S. and internationally revenue was $51.4 million and $95.6 million, respectively, or flat and down 3%, respectively.

The increase in D&A compared to the prior year reflects capital expenditures related to investments in the Company's IT and operational infrastructure as well as amortization of acquired intangible assets.

Operating and SG&A expenses in 2016 increased $70.5 million compared to 2015. The expense growth primarily reflects an approximate $68 million increase in compensation costs primarily due to higher headcount to support business growth as well as headcount from the acquisition of GGY coupled with annual merit increases.

Adjusted Operating Income was $285.8 million in 2016 and increased $6.3 million compared to the same period in 2015. Operating income of $231.1 million in 2016 decreased $0.9 million compared to the same period in 2015. Adjusted Operating Margin in 2016 was 22.9%, down 110bps from 2015. Operating margin was 18.5% in 2016, down 140bps from the prior year. Operating margin and Adjusted Operating Margin in 2016 were suppressed due to a larger proportion of overhead costs allocated to MA under the Company's revenue-split methodology. Adjusted operating income and operating income both include intersegment revenue and expense.

MARKET RISK

Foreign exchange risk:
Moody's maintains a presence in 40 countries outside the U.S. In 2017, approximately 40% and 39% of both the Company's revenue and expenses, respectively were denominated in functional currencies other than the U.S. dollar, principally in the British pound and the euro. As such, the Company is exposed to market risk from changes in FX rates. As of December 31, 2017, approximately 81% of Moody's assets were located outside the U.S. making the Company susceptible to fluctuations in FX rates. The effects of translating assets and liabilities of non-U.S. operations with non-U.S. functional currencies to the U.S. dollar are charged or credited to OCI.

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

Foreign Currency Forwards *		
Sell	**Buy**	**Impact on fair value of contract if foreign currency strengthened by 10%**
U.S. dollar	British pound	$47 million unfavorable impact
U.S. dollar	Canadian dollar	$6 million unfavorable impact
U.S. dollar	Euro	$47 million unfavorable impact
U.S. dollar	Japanese yen	$3 million unfavorable impact
U.S. dollar	Singapore dollar	$4 million unfavorable impact

* Refer to Note 5 to the consolidated financial statements in Item 8 of this Form 10-K for further detail on the forward contracts.

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

Also, the Company has designated € 500 million of the 2015 Senior Notes as a net investment hedge to mitigate FX exposure relating to euro denominated net investments in subsidiaries. If the euro were to strengthen 10% relative to the U.S. dollar, there would be an approximate $56 million unfavorable adjustment to OCI related to this net investment hedge. This adjustment would be offset by favorable translation adjustments on the Company's euro net investment in subsidiaries.

Moody's aggregate cash and cash equivalents and short- term investments of $1.2 billion at December 31, 2017 included $1 billion located outside the U.S. Approximately 62% of the Company's aggregate cash and cash equivalents and short term investments at December 31, 2017 were held in currencies other than USD. As such, a decrease in the value of foreign currencies against the U.S. dollar, particularly the euro and GBP, could reduce the reported amount of USD cash and cash equivalents and short-term investments.

Credit and Interest rate risk:
The Company's interest rate risk management objectives are to reduce the funding cost and volatility to the Company and to alter the interest rate exposure to the desired risk profile. Moody's uses interest rate swaps as deemed necessary to assist in accomplishing these objectives.

The Company is exposed to interest rate risk on its various outstanding fixed rate debt for which the fair value of the outstanding fixed rate debt fluctuates based on changes in interest rates. The Company has entered into interest rate swaps to convert the fixed rate of interest on certain of its borrowings to a floating rate based on the 3-month LIBOR. These swaps are adjusted to fair market value

based on prevailing interest rates at the end of each reporting period and fluctuations are recorded as a reduction or addition to the carrying value of the borrowing, while net interest payments are recorded as interest expense/income in the Company's consolidated statement of operations. A hypothetical change of 100bps in the LIBOR-based swap rate would result in an approximate $26 million change to the fair value of these interest rate swaps.

Additional information on these interest rate swaps is disclosed in Note 5 to the consolidated financial statements located in Item 8 of this Form 10-K.

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

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

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

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

	Year Ended December 31,		$ Change Favorable (unfavorable)	Year Ended December 31,		$ Change Favorable (unfavorable)
	2017	2016		2016	2015	
Net cash provided by operating activities	**$ 747.5**	$ 1,259.2	$ (511.7)	$ 1,259.2	$ 1,198.1	$ 61.1
Net cash (used in) provided by investing activities	**$ (3,420.0)**	$ 102.0	$ (3,522.0)	$ 102.0	$ (92.0)	$ 194.0
Net cash provided by (used in) financing activities	**$ 1,607.2**	$ (1,042.9)	$ 2,650.1	$ (1,042.9)	$ (505.5)	$ (537.4)
Free Cash Flow *	**$ 656.9**	$ 1,144.0	$ (487.1)	$ 1,144.0	$ 1,109.1	$ 34.9

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

Net cash provided by operating activities

Year ended December 31, 2017 compared to the year ended December 31, 2016:
Net cash flows from operating activities decreased $511.7 million compared to the prior year primarily due to the approximate $701 million net payment for the Settlement Charge in 2017 (net of an approximate $163 million tax benefit relating to the charge). This was partially offset by an increase in cash flows primarily relating to the Company's strong Adjusted Net Income growth in 2017.

Additionally, the Company made approximately $26 million and $22 million in contributions to its funded U.S. pension plan in 2017 and 2016, respectively.

Year ended December 31, 2016 compared to the year ended December 31, 2015:
Net cash flows from operating activities increased $61.1 million compared to the prior year primarily due to:

» an approximate $64 million increase due to the timing of income tax payments;

» an approximate $43 million increase relating to higher deferred revenue reflecting overall business growth;

» an approximate $43 million increase reflecting higher incentive compensation payouts in 2015 compared to 2016 as well as higher incentive compensation accruals reflecting greater achievement against full-year targeted results in 2016 compared to 2015

partially offset by:

» approximate $79 million decrease in cash flow from changes in accounts receivable balances primarily reflecting greater growth in accounts receivable in 2016 compared to 2015. Approximately 30% and 33% of the Company's accounts receivable at December 31, 2016 and 2015, respectively, represent unbilled receivables which primarily reflect certain annual fees in MIS which are billed in arrears.

Additionally, the Company made approximately $22 million to its funded U.S. pension plan in both 2016 and 2015.

Net cash provided by (used in) investing activities

Year ended December 31, 2017 compared to the year ended December 31, 2016:
The $3,522.0 million increase in cash flows used in investing activities compared to 2016 primarily reflects:

» a $3.4 billion increase in cash paid for acquisitions compared to the prior year primarily reflecting the acquisition of Bureau van Dijk in the third quarter of 2017;

» lower net maturities of short-term investments of $251.2 million;

Partially offset by:
» cash received of $111.1 million relating to the Purchase Price Hedge.

Year ended December 31, 2016 compared to the year ended December 31, 2015:
The $194.0 million increase in cash flows provided by investing activities compared to 2015 primarily reflects:

» higher net maturities of short-term investments of $354.7 million;

Partially offset by:
» a $73.2 million increase in cash paid for acquisitions and equity investments primarily due to the acquisition of GGY in 2016;

» net cash paid of $23.1 million for the settlement of forward contracts designated as net investment hedges in 2016 compared to cash received of $39.7 million in 2015; and

» higher capital expenditures of approximately $26 million reflecting investment in the Company's IT and operational infrastructure.

Net cash provided by financing activities

Year ended December 31, 2017 compared to the year ended December 31, 2016:
The $2,650.1 million increase in cash provided by financing activities was primarily attributed to:

» proceeds of $1.5 billion from notes and a term loan issued as well as $0.1 billion in net proceeds from commercial paper to fund the acquisition of Bureau van Dijk. Additionally, reflects $0.8 billion of notes issued in the first quarter of 2017 to fund the payment of the 2016 Settlement Charge and the early repayment of the Series 2007-1 Notes;

» treasury shares repurchased of $199.7 million in 2017 compared to $738.8 million in 2016;

partially offset by:
» repayment of the $300 million Series 2007-1 Notes.

Year ended December 31, 2016 compared to the year ended December 31, 2015:
The $537.4 million increase in cash used in financing activities was primarily attributed to:

» $852.8 million from the issuance of long-term debt in 2015, no long-term debt was issued in 2016;

» $45.4 million paid to acquire the non-controlling interest of KIS and additional shares of KIS Pricing;

partially offset by:
» treasury shares repurchased of $738.8 million in 2016 compared to $1,098.1 million repurchased in 2015.

Cash and short-term investments held in non-U.S. jurisdictions
The Company's aggregate cash and cash equivalents and short-term investments of $1.2 billion at December 31, 2017 included approximately $1 billion located outside of the U.S. Approximately 27% of the Company's aggregate cash and cash equivalents and short-term investments is denominated in euros and British pounds. The Company manages both its U.S. and international cash flow to maintain sufficient liquidity in all regions to effectively meet its operating needs.

Other Material 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 in 2018. 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, repurchasing stock and paying a dividend, all in a manner consistent with maintaining sufficient liquidity after giving effect to any additional indebtedness that may be incurred.

In January 2018, the Board of Directors of the Company declared a quarterly dividend of $0.44 per share of Moody's common stock, payable March 12, 2018 to shareholders of record at the close of business on February 20, 2018. The continued payment of dividends

at this rate, or at all, is subject to the discretion of the Board. In December 2015, the Board authorized $1.0 billion of share repurchase authority, which had a remaining repurchase authority of approximately $0.5 million at December 31, 2017. Full-year 2018 total share repurchases are expected to be approximately $200 million, subject to available cash, market conditions and other ongoing capital allocation decisions.

The Company has future cash requirements, including operating leases and debt service and principal payments, as noted in the tables that follow as well as future payments related to the transition tax under the Tax Act:

Indebtedness

At December 31, 2017, Moody's had $5.5 billion of outstanding debt and approximately $0.9 billion of additional capacity available under the Company's CP program which is backstopped by the 2015 Facility as more fully discussed in Note 16 to the consolidated financial statements. At December 31, 2017, the Company was in compliance with all covenants contained within all of the debt agreements. All of the Company's long-term debt agreements contain cross default provisions which state that default under one of the aforementioned debt instruments could in turn permit lenders under other debt instruments to declare borrowings outstanding under those instruments to be immediately due and payable. At December 31, 2017, there were no such cross defaults.

The repayment schedule for the Company's borrowings outstanding at December 31, 2017 is as follows:

Year Ended December 31,	2010 Senior Notes due 2020	2012 Senior Notes due 2022	2013 Senior Notes due 2024	2014 Senior Notes (5-Year) due 2019	2014 Senior Notes (30-Year) due 2044	2015 Senior Notes due 2027	Term Loan Facility due 2020	2017 Floating Rate Senior Notes due 2018	2017 Senior Notes due 2021	2017 Private Placement Notes due 2023	2017 Private Placement Notes due 2028	Commercial Paper	Total
2018	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 300.0	$ —	$ —	$ —	$ 130.0	$ 430.0
2019	—	—	—	450.0	—	—	—	—	—	—	—	—	450.0
2020	500.0	—	—	—	—	—	500.0	—	—	—	—	—	1,000.0
2021	—	—	—	—	—	—	—	—	500.0	—	—	—	500.0
2022	—	500.0	—	—	—	—	—	—	—	—	—	—	500.0
Thereafter	—	—	500.0	—	600.0	600.4	—	—	—	500.0	500.0	—	2,700.4
Total	$ 500.0	$ 500.0	$ 500.0	$ 450.0	$ 600.0	$ 600.4	$ 500.0	$ 300.0	$ 500.0	$ 500.0	$ 500.0	$ 130.0	$ 5,580.4

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

Off-Balance Sheet Arrangements

At December 31, 2017, Moody's did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as special purpose or variable interest entities where Moody's is the primary beneficiary, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, Moody's is not exposed to any financing, liquidity, market or credit risk that could arise if it had engaged in such relationships.

Contractual Obligations

The following table presents payments due under the Company's contractual obligations as of December 31, 2017:

		Payments Due by Period			
(in millions)	Total	Less Than 1 Year	1-3 Years	3-5 Years	Over 5 Years
Indebtedness (1)	**$ 7,232.9**	$ 615.0	$ 2,423.1	$ 1,205.3	2,989.5
Operating lease obligations	**715.1**	108.3	167.8	148.4	290.6
Purchase obligations	**152.8**	80.6	58.7	11.4	2.1
Capital lease obligations	**0.2**	0.2	—	—	—
Pension obligations (2)	**134.0**	8.0	40.0	18.0	68.0
Total (3)	**$ 8,235.0**	$ 812.1	$ 2,689.6	$ 1,383.1	$ 3,350.2

(1) Reflects principal payments, related interest and applicable fees due on all indebtedness outstanding as described in Note 16 to the consolidated financial statements.

(2) Reflects projected benefit payments relating to the Company's U.S. unfunded DBPPs and Retirement and Other Plans described in Note 13 to the consolidated financial statements

(3) The table above does not include the Company's net long-term tax liabilities of $389.1 million relating to UTPs, since the expected cash outflow of such amounts by period cannot be reasonably estimated. Additionally, the table above does not include approximately $247 million relating to the deemed repatriation liability resulting from the Tax Act enacted into law in the U.S. in December 2017.

Non-GAAP Financial Measures:

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

Adjusted Operating Income and Adjusted Operating Margin:

The Company presents Adjusted Operating Income because management deems this metric to be a useful measure of assessing the operating performance of Moody's. Adjusted Operating Income excludes depreciation and amortization, Acquisition-Related Expenses, restructuring and the Settlement Charge. Depreciation and amortization are excluded because companies utilize productive assets of different ages and use different methods of acquiring and depreciating productive assets. Acquisition-Related Expenses consist of expenses incurred to complete and integrate the acquisition of Bureau van Dijk and are excluded due to the material nature of these expenses which are not expected to recur at this dollar magnitude subsequent to the completion of the multi-year integration effort. Acquisition related expenses from previous acquisitions were not material. Restructuring charges are excluded as the frequency and magnitude of these charges may vary widely across periods and companies. The Settlement Charge is a material non-recurring event that is not expected to recur in the future at this magnitude. Management believes that the exclusion of depreciation and amortization, Acquisition-Related Expenses, restructuring and the Settlement Charge, as detailed in the reconciliation below, allows for an additional perspective on the Company's operating results from period to period and across companies. The Company defines Adjusted Operating Margin as Adjusted Operating Income divided by revenue.

	Year Ended December 31,		
	2017	**2016**	**2015**
Operating income	**$ 1,809.1**	$ 638.7	$ 1,473.4
Adjustments:			
Restructuring	**—**	12.0	—
Depreciation and amortization	**158.3**	126.7	113.5
Acquisition-Related Expenses	**22.5**	—	—
Settlement Charge	**—**	863.8	—
Adjusted Operating Income	**$ 1,989.9**	$ 1,641.2	$ 1,586.9
Operating margin	**43.0%**	17.7%	42.3%
Adjusted Operating Margin	**47.3%**	45.5%	45.5%

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

Beginning in the third quarter of 2017, the Company modified this adjusted measure to exclude the impact of amortization of acquired intangible assets as companies utilize intangible assets with different ages and have different methods of acquiring and amortizing intangible assets. Furthermore, the timing and magnitude of business combination transactions are not predictable and the purchase price allocated to amortizable intangible assets and the related amortization period are unique to each acquisition and can vary significantly from period to period and across companies. Also, management believes that excluding acquisition-related amortization expense provides additional perspective when comparing operating results from period to period, and with both acquisitive and non-acquisitive peer companies. Furthermore, U.S. tax reform as well as changes in statutory tax rates in Belgium were both enacted in the fourth quarter of 2017, resulting in significant adjustments to the tax provision. The Company modified the adjusted measures to exclude these adjustments to provide additional perspective when comparing net income and diluted EPS from period to period and across companies. In addition to excluding acquisition-related amortization expense and the effects of U.S. tax reform as well as the statutory tax rate change in Belgium, current and prior-year adjusted net income and adjusted diluted earnings per share exclude the CCXI Gain, the Purchase Price Hedge Gain, Acquisition-Related Expenses, restructuring charges and the Settlement Charge. The Company excludes these items to provide additional perspective on the Company's operating results from period to period and across companies as the frequency and magnitude of similar transactions may vary widely across periods. Additionally, the Acquisition-Related Expenses are excluded due to the material nature of these expenses which are not expected to recur at this dollar magnitude subsequent to the completion of the multi-year integration effort relating to Bureau van Dijk. Acquisition-Related Expenses from previous acquisitions were not material.

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

	Year ended December 31,					
		2017		2016		2015
Net income attributable to Moody's common shareholders		$ 1,000.6		$ 266.6		$ 941.3
Transition tax related to U.S. tax reform		247.3				
Net Impact of U.S. tax reform/Belgium statutory tax rate change on deferred taxes		(1.7)				
CCXI Gain		(59.7)		—		
Pre-Tax Purchase Price Hedge Gain	$ (111.1)		$ —		$ —	
Tax on Purchase Price Hedge Gain	38.8		—		—	
Net Purchase Price Hedge Gain		(72.3)		—		—
Pre-Tax Acquisition-Related Expenses	$ 22.5		$ —		$ —	
Tax on Acquisition-Related Expenses	(3.6)		—		—	
Acquisition-Related Expenses (1)		18.9		—		—
Pre-Tax Acquisition-Related Intangible Amortization Expenses	$ 61.4		$ 34.2		$ 31.9	
Tax on Acquisition-Related Intangible Amortization Expenses	(16.2)		(9.8)		(9.1)	
Net Acquisition-Related Intangible Amortization Expenses		45.2		24.4		22.8
Pre-Tax Restructuring	$ —		$ 12.0		$ —	
Tax on Restructuring	—		(3.9)		—	
Net Restructuring		—		$ 8.1		$ —
Pre-tax Settlement Charge			$ 863.8		$ —	
Tax on Settlement Charge			(163.1)		—	
Net Settlement Charge				700.7		—
FX gain on liquidation of a subsidiary				(34.8)		—
Legacy Tax benefit				—		(6.4)
Adjusted Net Income		$ 1,178.3		$ 965.0		$ 957.7

(1) Certain of these Acquisition-Related Expenses are not deductible for tax

	Year ended December 31,					
		2017		2016		2015
Earnings per share attributable to Moody's common shareholders		**$ 5.15**		**$ 1.36**		**$ 4.63**
Transition tax related to U.S. tax reform		**1.28**				
Net Impact of U.S. tax reform/Belgium statutory tax rate change on deferred taxes		**(0.01)**				
CCXI Gain		**(0.31)**				**—**
Pre-Tax Purchase Price Hedge Gain	$ (0.57)		$ —		$ —	
Tax on Purchase Price Hedge Gain	0.20		—		—	
Net Purchase Price Hedge Gain		**(0.37)**				**—**
Pre-Tax Acquisition-Related Expenses	$ 0.12		$ —		$ —	
Tax on Acquisition-Related Expenses	(0.02)		—		—	
Acquisition-Related Expenses (1)		**0.10**				**—**
Pre-Tax Acquisition-Related Intangible Amortization Expenses	$ 0.32		$ 0.18		$ 0.16	
Tax on Acquisition-Related Intangible Amortization Expenses	(0.09)		(0.05)		(0.05)	
Net Acquisition-Related Intangible Amortization Expenses		**0.23**		**0.13**		**0.11**
Pre-Tax Restructuring	—		$ 0.06		$ —	
Tax on Restructuring	—		(0.02)		—	
Net Restructuring		**—**		**0.04**		—
Pre-tax Settlement Charge	—		$ 4.42		$ —	
Tax on Settlement Charge	—		(0.83)		—	
Net Settlement Charge		**—**		**3.59**		**—**
FX gain on liquidation of a subsidiary		**—**		**(0.18)**		**—**
Legacy Tax benefit				**—**		**(0.03)**
Adjusted Diluted EPS		**$ 6.07**		**$ 4.94**		**$ 4.71**

(1) Certain of these Acquisition-Related Expenses are not deductible for tax

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

	Year Ended December 31,		
	2017	2016	2015
Net cash provided by operating activities	$ 747.5	$ 1,259.2	$ 1,198.1
Capital additions	(90.6)	(115.2)	(89.0)
Free Cash Flow	$ 656.9	$ 1,144.0	$ 1,109.1
Net cash (used in) provided by investing activities	$ (3,420.0)	$ 102.0	$ (92.0)
Net cash provided by (used in) financing activities	$ 1,607.2	$ (1,042.9)	$ (505.5)

Recently Issued Accounting Pronouncements

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

CONTINGENCIES

For information regarding legal proceedings, see Part II, Item 8 –"Financial Statements", Note 19 "Contingencies" in this Form 10-K.

Forward-Looking Statements
Certain statements contained in this annual report on Form 10-K are forward-looking statements and are based on future expectations, plans and prospects for the Company's business and operations that involve a number of risks and uncertainties. Such statements involve estimates, projections, goals, forecasts, assumptions and uncertainties that could cause actual results or outcomes to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements. Those statements appear at various places throughout this annual report on Form 10-K, including in the sections entitled "Contingencies" under Item 7. "MD&A", commencing on page 31 of this annual report on Form 10-K, under "Legal Proceedings" in Part I, Item 3, of this Form 10-K, and elsewhere in the context of statements containing the words "believe", "expect", "anticipate", "intend", "plan", "will", "predict", "potential", "continue", "strategy", "aspire", "target", "forecast", "project", "estimate", "should", "could", "may" and similar expressions or words and variations thereof relating to the Company's views on future events, trends and contingencies. Stockholders and investors are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements and other information are made as of the date of this annual report on Form 10-K, and the Company undertakes no obligation (nor does it intend) to publicly supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company is identifying examples of factors, risks and uncertainties that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking statements.

Those factors, risks and uncertainties include, but are not limited to, world-wide credit market disruptions or an economic slowdown, which could affect the volume of debt and other securities issued in domestic and/or global capital markets; other matters that could affect the volume of debt and other securities issued in domestic and/or global capital markets, including regulation, credit quality concerns, changes in interest rates and other volatility in the financial markets such as that due to the U.K.'s referendum vote whereby the U.K. citizens voted to withdraw from the EU; the level of merger and acquisition activity in the U.S. and abroad; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government actions affecting world-wide credit markets, international trade and economic policy; concerns in the marketplace affecting our credibility or otherwise affecting market perceptions of the integrity or utility of independent credit agency ratings; the introduction of competing products or technologies by other companies; pricing pressure from competitors and/or customers; the level of success of new product development and global expansion; the impact of regulation as an NRSRO, the potential for new U.S., state and local legislation and regulations, including provisions in the Financial Reform Act and regulations resulting from that Act; the potential for increased competition and regulation in the EU and other foreign jurisdictions; exposure to litigation related to our rating opinions, as well as any other litigation, government and regulatory proceedings, investigations and inquires to which the Company may be subject from time to time; provisions in the Financial Reform Act legislation modifying the pleading standards, and EU regulations modifying the liability standards, applicable to credit rating agencies in a manner adverse to credit rating agencies; provisions of EU regulations imposing additional procedural and substantive requirements on

the pricing of services and the expansion of supervisory remit to include non-EU ratings used for regulatory purposes; the possible loss of key employees; failures or malfunctions of our operations and infrastructure; any vulnerabilities to cyber threats or other cybersecurity concerns; the outcome of any review by controlling tax authorities of the Company's global tax planning initiatives; exposure to potential criminal sanctions or civil remedies if the Company fails to comply with foreign and U.S. laws and regulations that are applicable in the jurisdictions in which the Company operates, including sanctions laws, anti-corruption laws, and local laws prohibiting corrupt payments to government officials; the impact of mergers, acquisitions or other business combinations and the ability of the Company to successfully integrate acquired businesses; currency and foreign exchange volatility; the level of future cash flows; the levels of capital investments; and a decline in the demand for credit risk management tools by financial institutions. Other factors, risks and uncertainties relating to our acquisition of Bureau van Dijk could cause our actual results to differ, perhaps materially, from those indicated by these forward-looking statements, including risks relating to the integration of Bureau van Dijk's operations, products and employees into Moody's and the possibility that anticipated synergies and other benefits of the acquisition will not be realized in the amounts anticipated or will not be realized within the expected timeframe; risks that the acquisition could have an adverse effect on the business of Bureau van Dijk or its prospects, including, without limitation, on relationships with vendors, suppliers or customers; claims made, from time to time, by vendors, suppliers or customers; changes in the European or global marketplaces that have an adverse effect on the business of Bureau van Dijk. 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, 2017, 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 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information in response to this item is set forth under the caption "Market Risk" in Part II, Item 7 on page 51 of this annual report on Form 10-K.

ITEM 8. FINANCIAL STATEMENTS

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

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

Management of the Company has undertaken an assessment of the design and operational effectiveness of the Company's internal control over financial reporting as of December 31, 2017 based on criteria established in the Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Our assessment of and conclusion on the effectiveness of our internal control over financial reporting as of December 31, 2017 did not include the internal controls of Bureau van Dijk, which was acquired during our fiscal year ended December 31, 2017 and will be included in our assessment of and conclusion on the effectiveness of our internal control over financial reporting for the fiscal year ending December 31, 2018. The total assets (excluding acquired goodwill and intangible assets which are included within the scope of this assessment) and revenues of Bureau van Dijk represents approximately $322 million and $92 million, respectively, of the corresponding amounts in our consolidated financial statements for the fiscal year ended December 31, 2017.

Based on the assessment performed, management has concluded that Moody's maintained effective internal control over financial reporting as of December 31, 2017.

The effectiveness of our internal control over financial reporting as of December 31, 2017 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which appears herein.

/s/ RAYMOND W. MCDANIEL, JR.

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

/s/ LINDA S. HUBER

Linda S. Huber
Executive Vice President and Chief Financial Officer

February 26, 2018

Report of Independent Registered Public Accounting Firm

The Shareholders and Board of Directors of Moody's Corporation:

Opinions on the Consolidated Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Moody's Corporation (the Company) as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income, shareholders' equity (deficit), and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control* —Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control* —Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company acquired Bureau Van Dijk in August 2017, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2017, Bureau Van Dijk's internal control over financial reporting, which is associated with total assets (excluding goodwill and intangibles which are included within the scope of the assessment) of $322 million and total revenues of $92 million included in the consolidated financial statements of the Company as of and for the year ended December 31, 2017. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Bureau Van Dijk.

Basis for Opinions

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

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/ KPMG LLP

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

New York, New York
February 26, 2018

MOODY'S CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in millions, except per share data)

	Year Ended December 31,		
	2017	**2016**	**2015**
Revenue	**$ 4,204.1**	**$** 3,604.2	$ 3,484.5
Expenses			
Operating	**1,222.8**	1,026.6	976.3
Selling, general and administrative	**991.4**	936.4	921.3
Restructuring	**—**	12.0	—
Depreciation and amortization	**158.3**	126.7	113.5
Acquisition-Related Expenses	**22.5**	—	—
Settlement Charge	**—**	863.8	—
Total expenses	**2,395.0**	2,965.5	2,011.1
Operating income	**1,809.1**	638.7	1,473.4
Non-operating (expense) income, net			
Interest expense, net	**(188.4)**	(137.8)	(115.1)
Other non-operating (expense) income , net	**(4.7)**	57.1	21.3
Purchase Price Hedge Gain	**111.1**	—	—
CCXI Gain	**59.7**	—	—
Non-operating (expense) income, net	**(22.3)**	(80.7)	(93.8)
Income before provision for income taxes	**1,786.8**	558.0	1,379.6
Provision for income taxes	**779.1**	282.2	430.0
Net income	**1,007.7**	275.8	949.6
Less: Net income attributable to noncontrolling interests	**7.1**	9.2	8.3
Net income attributable to Moody's	**$ 1,000.6**	$ 266.6	$ 941.3
Earnings per share			
Basic	**$ 5.24**	$ 1.38	$ 4.70
Diluted	**$ 5.15**	$ 1.36	$ 4.63
Weighted average shares outstanding			
Basic	**191.1**	192.7	200.1
Diluted	**194.2**	195.4	203.4

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

MOODY'S CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in millions)

	Year Ended December 31, 2017			Year Ended December 31, 2016			Year Ended December 31, 2015		
	Pre-tax amounts	Tax amounts	After-tax amounts	Pre-tax amounts	Tax amounts	After-tax amounts	Pre-tax amounts	Tax amounts	After-tax amounts
Net Income			**$1,007.7**			$ 275.8			$ 949.6
Other Comprehensive Income (Loss):									
Foreign Currency Adjustments:									
Foreign currency translation adjustments, net	**$ 166.2**	**$ 23.1**	**189.3**	$ (22.2)	$ (5.4)	(27.6)	$ (110.5)	$ (14.7)	(125.2)
Foreign currency translation adjustments – reclassification of (gains) losses included in net income	**—**	**—**	**—**	(36.6)	—	(36.6)	(0.1)	—	(0.1)
Cash Flow Hedges:									
Net realized and unrealized gains on cash flow hedges	**9.6**	**(3.7)**	**5.9**	(1.4)	0.5	(0.9)	(1.1)	—	(1.1)
Reclassification of (gains) losses included in net income	**(11.5)**	**4.8**	**(6.7)**	6.0	(2.3)	3.7	—	—	—
Available for Sale Securities:									
Net unrealized gains on available for sale securities	**2.0**	**—**	**2.0**	2.6	—	2.6	3.3	—	3.3
Reclassification of gains included in net income	**(3.5)**	**—**	**(3.5)**	—	—	—	(0.9)	—	(0.9)
Pension and Other Retirement Benefits:									
Amortization of actuarial losses and prior service costs included in net income	**8.7**	**(3.3)**	**5.4**	9.7	(3.7)	6.0	13.5	(5.2)	8.3
Net actuarial gains and prior service costs	**20.9**	**(8.3)**	**12.6**	0.3	(0.1)	0.2	18.5	(7.1)	11.4
Total Other Comprehensive Income (loss)	**$ 192.4**	**$ 12.6**	**$ 205.0**	$ (41.6)	$ (11.0)	$ (52.6)	$ (77.3)	$ (27.0)	$ (104.3)
Comprehensive Income			**1,212.7**			223.2			845.3
Less: comprehensive income (loss) attributable to noncontrolling interests			**19.4**			(18.0)			8.3
Comprehensive Income Attributable to Moody's			**$1,193.3**			$ 241.2			$ 837.0

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

MOODY'S CORPORATION

CONSOLIDATED BALANCE SHEETS

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

	December 31, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 1,071.5**	$ 2,051.5
Short-term investments	**111.8**	173.4
Accounts receivable, net of allowances of $36.6 in 2017 and $25.7 in 2016	**1,147.2**	887.4
Other current assets	**250.1**	140.8
Total current assets	**2,580.6**	3,253.1
Property and equipment, net	**325.1**	325.9
Goodwill	**3,753.2**	1,023.6
Intangible assets, net	**1,631.6**	296.4
Deferred tax assets, net	**143.8**	316.1
Other assets	**159.9**	112.2
Total assets	**$ 8,594.2**	$ 5,327.3
LIABILITIES, NONCONTROLLING INTERESTS AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 750.3**	$ 1,444.3
Commercial paper	**129.9**	—
Current portion of long-term debt	**299.5**	300.0
Deferred revenue	**883.6**	683.9
Total current liabilities	**2,063.3**	2,428.2
Non-current portion of deferred revenue	**140.0**	134.1
Long-term debt	**5,111.1**	3,063.0
Deferred tax liabilities, net	**341.6**	104.3
Unrecognized tax benefits	**389.1**	199.8
Other liabilities	**664.0**	425.2
Total liabilities	**8,709.1**	6,354.6
Contingencies (Note 19)	**—**	—
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 $.01 per share; 1,000,000,000 shares authorized; 342,902,272 shares issued At December 31, 2017 and December 31, 2016, respectively.	**3.4**	3.4
Capital surplus	**528.6**	477.2
Retained earnings	**7,465.4**	6,688.9
Treasury stock, at cost; 151,932,157 and 152,208,231 shares of common stock at December 31, 2017 and December 31, 2016, respectively	**(8,152.9)**	(8,029.6)
Accumulated other comprehensive loss	**(172.2)**	(364.9)
Total Moody's shareholders' deficit	**(327.7)**	(1,225.0)
Noncontrolling interests	**212.8**	197.7
Total shareholders' deficit	**(114.9)**	(1,027.3)
Total liabilities, noncontrolling interests and shareholders' deficit	**$ 8,594.2**	$ 5,327.3

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

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MOODY'S CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in millions)

	Year Ended December 31,		
	2017	**2016**	**2015**
Cash flows from operating activities			
Net income	**$ 1,007.7**	$ 275.8	$ 949.6
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	**158.3**	126.7	113.5
Stock-based compensation	**122.9**	98.1	87.2
CCXI Gain	**(59.7)**	—	—
Purchase Price Hedge Gain	**(111.1)**	—	—
FX gain relating to liquidation and sale of subsidiaries	**—**	(36.6)	—
Deferred income taxes	**88.3**	(153.1)	18.1
Legacy Tax Matters	**—**	(1.6)	(6.4)
Changes in assets and liabilities:			
Accounts receivable	**(148.1)**	(104.8)	(25.4)
Other current assets	**(70.3)**	37.0	(28.9)
Other assets	**12.1**	6.6	(13.1)
Accounts payable and accrued liabilities	**(651.4)**	908.7	51.4
Deferred revenue	**72.9**	74.9	31.6
Unrecognized tax benefits and other non-current tax liabilities	**63.0**	2.2	(10.9)
Other liabilities	**262.9**	25.3	31.4
Net cash provided by operating activities	**747.5**	1,259.2	1,198.1
Cash flows from investing activities			
Capital additions	**(90.6)**	(115.2)	(89.0)
Purchases of investments	**(170.1)**	(379.9)	(688.2)
Sales and maturities of investments	**238.5**	699.5	653.1
Receipts from Purchase Price Hedge	**111.1**	—	—
Cash paid for acquisitions, net of cash acquired and equity investments	**(3,511.0)**	(80.8)	(7.6)
Receipts from settlements of net investment hedges	**2.1**	3.8	39.7
Payments for settlements of net investment hedges	**—**	(26.9)	—
Cash received upon disposal of a subsidiary, net of cash transferred to purchaser	**—**	1.5	—
Net cash (used in) provided by investing activities	**(3,420.0)**	102.0	(92.0)
Cash flows from financing activities			
Issuance of notes	**2,291.9**	—	852.8
Repayment of notes	**(300.0)**	—	—
Issuance of commercial paper	**1,837.1**	—	—
Repayment of commercial paper	**(1,707.2)**	—	—
Proceeds from stock-based compensation plans	**55.6**	77.8	89.2
Repurchase of shares related to stock-based compensation	**(48.8)**	(44.4)	(59.5)
Treasury shares	**(199.7)**	(738.8)	(1,098.1)
Dividends	**(290.4)**	(285.1)	(272.1)
Dividends to noncontrolling interests	**(3.2)**	(6.7)	(6.8)
Payment for noncontrolling interest	**(8.5)**	(45.4)	—
Contingent consideration	**—**	(0.2)	(1.5)
Debt issuance costs and related fees	**(19.6)**	(0.1)	(9.5)
Net cash provided by (used in) financing activities	**1,607.2**	(1,042.9)	(505.5)
Effect of exchange rate changes on cash and cash equivalents	**85.3**	(24.2)	(62.7)
(Decrease) Increase in cash and cash equivalents	**(980.0)**	294.1	537.9
Cash and cash equivalents, beginning of period	**2,051.5**	1,757.4	1,219.5
Cash and cash equivalents, end of period	**$ 1,071.5**	$ 2,051.5	$ 1,757.4

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

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MOODY'S CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

(Amounts in millions)

	Shareholders' of Moody's Corporation									
	Common Stock				Treasury Stock		Accumulated Other Comprehensive Loss	Total Moody's Shareholders' Deficit	Non-Controlling Interests	Total Shareholders' Equity (Deficit)
	Shares	Amount	Capital Surplus	Retained Earnings	Shares	Amount				
Balance at December 31, 2014	**342.9**	**$ 3.4**	**$ 383.9**	**$ 6,044.3**	**(138.5)**	**$ (6,384.2)**	**$ (235.2)**	**$ (187.8)**	**$ 230.7**	**$ 42.9**
Net income				941.3				941.3	8.3	949.6
Dividends				(276.6)				(276.6)	(7.0)	(283.6)
Stock-based compensation			87.5					87.5		87.5
Shares issued for stock-based compensation plans at average cost, net			(63.5)		2.6	93.1		29.6		29.6
Net excess tax benefits upon settlement of stock-based compensation awards			43.4					43.4		43.4
Treasury shares repurchased					(10.9)	(1,098.1)		(1,098.1)		(1,098.1)
Currency translation adjustment (net of tax of $14.7 million)							(125.3)	(125.3)		(125.3)
Net actuarial losses and prior service cost (net of tax of $7.1 million)							11.4	11.4		11.4
Amortization of prior service costs and actuarial losses, (net of tax of $5.2 million)							8.3	8.3		8.3
Net unrealized gain on available for sale securities							2.4	2.4		2.4
Net realized loss on cash flow hedges							(1.1)	(1.1)		(1.1)
Balance at December 31, 2015	**342.9**	**$ 3.4**	**$ 451.3**	**$ 6,709.0**	**(146.8)**	**$ (7,389.2)**	**$ (339.5)**	**$ (565.0)**	**$ 232.0**	**(333.0)**

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

(continued on next page)

MOODY'S CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT) *continued*

(Amounts in millions)

	Shareholders' of Moody's Corporation								Non-Controlling Interests	Total Shareholders' Deficit
	Common Stock				Treasury Stock		Accumulated Other Comprehensive Loss	Total Moody's Shareholders' Deficit		
	Shares	Amount	Capital Surplus	Retained Earnings	Shares	Amount				
Balance at December 31, 2015	**342.9**	**$ 3.4**	**$ 451.3**	**$ 6,709.0**	**(146.8)**	**$ (7,389.2)**	**$ (339.5)**	**$ (565.0)**	**$ 232.0**	**$ (333.0)**
Net income				266.6				266.6	9.2	275.8
Dividends				(286.7)				(286.7)	(6.7)	(293.4)
Stock-based compensation			98.4					98.4		98.4
Shares issued for stock-based compensation plans at average cost, net			(65.0)		2.3	98.4		33.4		33.4
Net excess tax benefits upon settlement of stock-based compensation awards			32.0					32.0		32.0
Purchase of noncontrolling interest			(39.5)					(39.5)	(9.6)	(49.1)
Treasury shares repurchased					(7.7)	(738.8)		(738.8)		(738.8)
Currency translation adjustment (net of tax of $5.4 million)							(34.2)	(34.2)	(30.0)	(64.2)
Net actuarial losses and prior service cost (net of tax of $0.1 million)							0.2	0.2		0.2
Amortization of prior service costs and actuarial losses, (net of tax of $3.7 million)							6.0	6.0		6.0
Net unrealized gain on available for sale securities							(0.2)	(0.2)	2.8	2.6
Net realized and unrealized gain on cash flow hedges (net of tax of $1.8 million)							2.8	2.8		2.8
Balance at December 31, 2016	**342.9**	**$ 3.4**	**$ 477.2**	**$ 6,688.9**	**(152.2)**	**$ (8,029.6)**	**$ (364.9)**	**$ (1,225.0)**	**$ 197.7**	**$ (1,027.3)**

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

(continued on next page)

MOODY'S CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT) *continued*

(Amounts in millions)

	Shareholders' of Moody's Corporation									
	Common Stock				Treasury Stock		Accumulated Other Comprehensive Loss	Total Moody's Shareholders' Deficit	Non-Controlling Interests	Total Shareholders' Deficit
	Shares	Amount	Capital Surplus	Retained Earnings	Shares	Amount				
Balance at December 31, 2016	**342.9**	**$ 3.4**	**$ 477.2**	**$ 6,688.9**	**(152.2)**	**$ (8,029.6)**	**$ (364.9)**	**$ (1,225.0)**	**$ 197.7**	**$ (1,027.3)**
Net income				1,000.6				1,000.6	7.1	1,007.7
Dividends				(219.5)				(219.5)	(3.3)	(222.8)
Adoption of ASU 2016-16 (See Note 15)				(4.6)				(4.6)		(4.6)
Stock-based compensation			123.2					123.2		123.2
Shares issued for stock-based compensation plans at average cost, net			(67.1)		1.9	76.4		9.3		9.3
Purchase of noncontrolling interest			(4.7)					(4.7)	(1.0)	(5.7)
Treasury shares repurchased					(1.6)	(199.7)		(199.7)		(199.7)
Currency translation adjustment (net of tax of $23.1 million)							176.3	176.3	13.0	189.3
Net actuarial losses and prior service cost (net of tax of $8.3 million)							12.6	12.6		12.6
Amortization of prior service costs and actuarial losses, (net of tax of $3.3 million)							5.4	5.4		5.4
Net realized and unrealized gain on available for sale securities							(0.8)	(0.8)	(0.7)	(1.5)
Net realized and unrealized gain on cash flow hedges (net of tax of $1.1 million)							(0.8)	(0.8)		(0.8)
Balance at December 31, 2017	**342.9**	**$ 3.4**	**$ 528.6**	**$ 7,465.4**	**(151.9)**	**$ (8,152.9)**	**$ (172.2)**	**$ (327.7)**	**$ 212.8**	**$ (114.9)**

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

NOTE 1 DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Moody's is a provider of (i) credit ratings; (ii) credit, capital markets and economic research, data and analytical tools; (iii) software solutions that support financial risk management activities; (iv) quantitatively derived credit scores; (v) financial services training and certification services; (vi) offshore financial research and analytical services; and (vii) company information and business intelligence products. Moody's reports 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 primarily derived from the originators and issuers of such transactions who use MIS ratings in the distribution of their debt issues to investors. Additionally, MIS earns revenue from certain non-ratings-related operations which consist primarily of financial instrument pricing services in the Asia-Pacific region as well as revenue from ICRA's non-ratings operations. The revenue from these operations is included in the MIS Other LOB and is not material to the results of the MIS segment.

The MA segment develops a wide range of products and services that support financial analysis and risk management activities of institutional participants in global financial markets. Within its RD&A business, MA distributes 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 economic research and data and analytical tools such as quantitative credit risk scores as well as business intelligence and company information products. Within its ERS business, MA provides software solutions as well as related risk management services. The PS business provides offshore analytical and research services along with financial training and certification programs.

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

Adoption of New Accounting Standard
In the first quarter of 2017, the Company adopted ASU No. 2016-09 "Improvements to Employee Share-Based Payment Accounting". As required by ASU 2016-09, Excess Tax Benefits or shortfalls recognized on stock-based compensation are reflected in the consolidated statement of operations as a component of the provision for income taxes on a prospective basis. Prior to the adoption of this ASU, Excess Tax Benefits and shortfalls were recorded to capital surplus within shareholders' deficit. The impact of this adoption was a $39.5 million benefit to the provision for income taxes for the year end December 31, 2017.

Additionally, in accordance with this ASU, Excess Tax Benefits or shortfalls recognized on stock-based compensation are classified as operating cash flows in the consolidated statement of cash flows, and the Company has applied this provision on a retrospective basis. Under previous accounting guidance, the Excess Tax Benefits or shortfalls were shown as a reduction to operating activity and an increase to financing activity. Furthermore, the Company has elected to continue to estimate the number of stock-based awards expected to vest, rather than accounting for award forfeitures as they occur, to determine the amount of stock-based compensation cost recognized in each period. The impact to the Company's statement of cash flows for prior year relating to the adoption of this provision of the ASU is set forth in the table below:

	As reported December 31, 2016	Reclassification	December 31, 2016 as adjusted	As reported December 31, 2015	Reclassification	December 31, 2015 as adjusted
Net cash provided by operating activities	$ 1,226.1	$ 33.1	$ 1,259.2	$ 1,153.6	$ 44.5	$ 1,198.1
Net cash used in financing activities	$ (1,009.8)	$ (33.1)	$ (1,042.9)	$ (461.0)	$ (44.5)	$ (505.5)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation
The consolidated financial statements include those of Moody's Corporation and its majority- and wholly-owned subsidiaries. The effects of all intercompany transactions have been eliminated. Investments in companies for which the Company has significant influ-

ence over operating and financial policies but not a controlling interest are accounted for on an equity basis whereby the Company records its proportional share of the investment's net income or loss as part of other non-operating income (expense), net and any dividends received reduce the carrying amount of the investment. The Company applies the guidelines set forth in Topic 810 of the ASC in assessing its interests in variable interest entities to decide whether to consolidate that entity. The Company has reviewed the potential variable interest entities and determined that there are no consolidation requirements under Topic 810 of the ASC. The Company consolidates its ICRA subsidiaries on a three month lag.

Cash and Cash Equivalents
Cash equivalents principally consist of investments in money market mutual funds and money market deposit accounts as well as high-grade commercial paper and certificates of deposit with maturities of three months or less when purchased.

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

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

Research and Development Costs
All research and development costs are expensed as incurred. These costs primarily reflect the development of credit processing software and quantitative credit risk assessment products sold by the MA segment.

Research and development costs were $42.0 million, $40.1 million, and $29.1 million for the years ended December 31, 2017, 2016 and 2015, respectively, and are included in operating expenses within the Company's consolidated statements of operations. These costs generally consist of professional services provided by third parties and compensation costs of employees.

Costs for internally developed computer software that will be sold, leased or otherwise marketed are capitalized when technological feasibility has been established. These costs primarily relate to the development or enhancement of products in the ERS business and generally consist of professional services provided by third parties and compensation costs of employees that develop the software. Judgment is required in determining when technological feasibility of a product is established and the Company believes that technological feasibility for its software products is reached after all high-risk development issues have been resolved through coding and testing. Generally, this occurs shortly before the products are released to customers. Accordingly, costs for internally developed computer software that will be sold, leased or otherwise marketed that were eligible for capitalization under Topic 985 of the ASC were immaterial for the years ended December 31, 2017, 2016 and 2015.

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

Long-Lived Assets, Including Goodwill and Other Acquired Intangible Assets
Moody's evaluates its goodwill for impairment at the reporting unit level, defined as an operating segment or one level below an operating segment, annually as of July 31 or more frequently if impairment indicators arise in accordance with ASC Topic 350.

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

The Company evaluates its reporting units for impairment on an annual basis, or more frequently if there are changes in the reporting structure of the Company due to acquisitions or realignments or if there are indicators of potential impairment. For the reporting units

where the Company is consistently able to conclude that an impairment does not exist using only a qualitative approach, the Company's accounting policy is to perform the second step of the aforementioned goodwill impairment assessment at least once every three years. Goodwill is assigned to a reporting unit at the date when an acquisition is integrated into one of the established reporting units, and is based on which reporting unit is expected to benefit from the synergies of the acquisition.

For purposes of assessing the recoverability of goodwill, the Company has seven primary reporting units at December 31, 2017: two within the Company's ratings business (one for the ICRA business and one that encompasses all of Moody's other ratings operations) and five reporting units within MA: RD&A, ERS, FSTC, MAKS and Bureau van Dijk. The RD&A reporting unit encompasses the distribution of investor-oriented research and data developed by MIS as part of its ratings process, in-depth research on major debt issuers, industry studies, economic research and commentary on topical events and credit analytic tools. The ERS reporting unit consists of credit risk management and compliance software that is sold on a license or subscription basis as well as related advisory services for implementation and maintenance. The FSTC reporting unit consists of the portion of the MA business that offers both credit training as well as other professional development training and certification services. The MAKS reporting unit consists of offshore research and analytical services. The Bureau van Dijk reporting unit consists of business intelligence and company information products.

Amortizable intangible assets are reviewed for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Rent Expense
The Company records rent expense on a straight-line basis over the life of the lease. In cases where there is a free rent period or future fixed rent escalations the Company will record a deferred rent liability. Additionally, the receipt of any lease incentives will be recorded as a deferred rent liability which will be amortized over the lease term as a reduction of rent expense.

Stock-Based Compensation
The Company records compensation expense for all share-based payment award transactions granted to employees based on the fair value of the equity instrument at the time of grant. This includes shares issued under stock option and restricted stock plans. The accounting for Excess Tax Benefits or shortfalls on stock-based compensation is more fully discussed in Note 1.

Derivative Instruments and Hedging Activities
Based on the Company's risk management policy, from time to time the Company may use derivative financial instruments to reduce exposure to changes in foreign exchange rates and interest rates. The Company does not enter into derivative financial instruments for speculative purposes. All derivative financial instruments are recorded on the balance sheet at their respective fair values. The changes in the value of derivatives that qualify as fair value hedges are recorded with a corresponding adjustment to the carrying value of the item being hedged. Changes in the derivative's fair value that qualify as cash flow hedges are recorded to other comprehensive income or loss, to the extent the hedge is effective, and such amounts are reclassified from accumulated other comprehensive income or loss to earnings in the same period or periods during which the hedged transaction affects income. Changes in the derivative's fair value that qualify as net investment hedges are recorded to other comprehensive income or loss, to the extent the hedge is effective. Any changes in the fair value of derivatives that the Company does not designate as hedging instruments under Topic 815 of the ASC are recorded in the consolidated statements of operations in the period in which they occur.

Revenue Recognition
Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or the services have been provided and accepted by the customer when applicable, fees are determinable and the collection of resulting receivables is considered probable.

Pursuant to ASC Topic 605, when a sales arrangement contains multiple deliverables, the Company allocates revenue to each deliverable based on its relative selling price which is determined based on its vendor specific objective evidence if available, third party evidence if VSOE is not available, or estimated selling price if neither VSOE nor TPE is available.

The Company's products and services will generally qualify as separate units of accounting under ASC Topic 605. The Company evaluates each deliverable in an arrangement to determine whether it represents a separate unit of accounting. A deliverable constitutes a separate unit of accounting when it has stand-alone value to the customers and if the arrangement includes a customer refund or return right relative to the delivered item and the delivery and performance of the undelivered item is considered probable and substantially in the Company's control. In instances where the aforementioned criteria are not met, the deliverable is combined with the undelivered items and revenue recognition is determined as one single unit.

The Company determines whether its selling price in a multi-element transaction meets the VSOE criteria by using the price charged for a deliverable when sold separately or, if the deliverable is not yet being sold separately, the price established by management having the relevant authority to establish such a price. In instances where the Company is not able to establish VSOE for all deliverables in a multiple element arrangement, which may be due to the Company infrequently selling each element separately, not selling products

within a reasonably narrow price range, or only having a limited sales history, the Company attempts to establish TPE for deliverables. The Company determines whether TPE exists by evaluating largely similar and interchangeable competitor products or services in standalone sales to similarly situated customers. However, due to the difficulty in obtaining third party pricing, possible differences in its market strategy from that of its peers and the potential that products and services offered by the Company may contain a significant level of differentiation and/or customization such that the comparable pricing of products with similar functionality cannot be obtained, the Company generally is unable to reliably determine TPE. Based on the selling price hierarchy established by ASC Topic 605, when the Company is unable to establish selling price using VSOE or TPE, the Company will establish an ESP. ESP is the price at which the Company would transact a sale if the product or service were sold on a stand-alone basis. The Company establishes its best estimate of ESP considering internal factors relevant to is pricing practices such as costs and margin objectives, standalone sales prices of similar products, percentage of the fee charged for a primary product or service relative to a related product or service, and customer segment and geography. Additional consideration is also given to market conditions such as competitor pricing strategies and market trend. The Company reviews its determination of VSOE, TPE and ESP on an annual basis or more frequently as needed.

In the MIS segment, revenue attributed to initial ratings of issued securities is recognized when the rating is delivered to the issuer. Revenue attributed to monitoring of issuers or issued securities is recognized ratably over the period in which the monitoring is performed, generally one year. In the case of commercial mortgage-backed securities, structured credit, international residential mortgage-backed and asset-backed securities, issuers can elect to pay the monitoring fees upfront. These fees are deferred and recognized over the future monitoring periods based on the expected lives of the rated securities, which was approximately 24 years on a weighted average basis at December 31, 2017. At December 31, 2017, 2016 and 2015, deferred revenue related to these securities was approximately $140.1 million, $133.0 million, and $121.0 million, respectively.

Multiple element revenue arrangements in the MIS segment are generally comprised of an initial rating and the related monitoring service. In instances where monitoring fees are not charged for the first year monitoring effort, fees are allocated to the initial rating and monitoring services based on the relative selling price of each service to the total arrangement fees. The Company generally uses ESP in determining the selling price for its initial ratings as the Company rarely provides initial ratings separately without providing related monitoring services and thus is unable to establish VSOE or TPE for initial ratings.

MIS estimates revenue for ratings of commercial paper for which, in addition to a fixed annual monitoring fee, issuers are billed quarterly based on amounts outstanding. Revenue is accrued each quarter based on estimated amounts outstanding and is billed when actual data is available. The estimate is determined based on the issuers' most recent reported quarterly data. At December 31, 2017, 2016 and 2015, accounts receivable included approximately $27.0 million, $25.0 million, and $24.0 million, respectively, related to accrued commercial paper revenue. Historically, MIS has not had material differences between the estimated revenue and the actual billings. Furthermore, for certain annual monitoring services, fees are not invoiced until the end of the annual monitoring period and revenue is accrued ratably over the monitoring period. At December 31, 2017, 2016, and 2015, accounts receivable included approximately $185.0 million, $159.1 million, and $146.4 million, respectively, relating to accrued annual monitoring service revenue.

In the MA segment, products and services offered by the Company include software licenses and related maintenance, subscriptions, and professional services. Revenue from subscription-based products, such as research and data subscriptions and certain software-based credit risk management subscription products, is recognized ratably over the related subscription period, which is principally one year. Revenue from sale of perpetual licenses of credit processing software is generally recognized at the time the product master or first copy is delivered or transferred to and accepted by the customer. If uncertainty exists regarding customer acceptance of the product or service, revenue is not recognized until acceptance occurs. Software maintenance revenue is recognized ratably over the annual maintenance period. Revenue from professional services rendered is generally recognized as the services are performed. A large portion of annual research and data subscriptions and annual software maintenance are invoiced in the months of November, December and January.

Products and services offered within the MA segment are sold either stand-alone or together in various combinations. In instances where a multiple element arrangement includes software and non-software deliverables, revenue is allocated to the non-software deliverables and to the software deliverables, as a group, using the relative selling prices of each of the deliverables in the arrangement based on the aforementioned selling price hierarchy. Revenue is recognized for each element based upon the conditions for revenue recognition noted above.

If the arrangement contains more than one software deliverable, the arrangement consideration allocated to the software deliverables as a group is allocated to each software deliverable using VSOE. In the instances where the Company is not able to determine VSOE for all of the deliverables of an arrangement, the Company allocates the revenue to the undelivered elements equal to its VSOE and the residual revenue to the delivered elements. If the Company is unable to determine VSOE for an undelivered element, the Company defers all revenue allocated to the software deliverables until the Company has delivered all of the elements or when VSOE has been determined for the undelivered elements. In cases where software implementation services are considered essential and VSOE of fair value exists for post-contract customer support ("PCS"), once the delivery criteria has been met on the standard software, license and service revenue is recognized on a percentage-of-completion basis as implementation services are performed, while PCS is recognized

over the coverage period. If VSOE of fair value does not exist for PCS, once the delivery criteria has been met on the standard software, service revenue is recognized on a zero profit margin basis until essential services are complete, at which point total remaining arrangement revenue is then spread ratably over the remaining PCS coverage period. If VSOE does not exist for PCS at the beginning of an arrangement but is established during implementation, revenue not recognized due to the absence of VSOE will be recognized on a cumulative basis.

Accounts Receivable Allowances

Moody's records an allowance for estimated future adjustments to customer billings as a reduction of revenue, based on historical experience and current conditions. Such amounts are reflected as additions to the accounts receivable allowance. Additionally, estimates of uncollectible accounts are recorded as bad debt expense and are reflected as additions to the accounts receivable allowance. Actual billing adjustments and uncollectible account write-offs are recorded against the allowance. Moody's evaluates its accounts receivable allowance by reviewing and assessing historical collection and adjustment experience and the current status of customer accounts. Moody's also considers the economic environment of the customers, both from an industry and geographic perspective, in evaluating the need for allowances. Based on its analysis, Moody's adjusts its allowance as considered appropriate in the circumstances.

Contingencies

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

For claims, litigation and proceedings and governmental investigations and inquires not related to income taxes, where it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated, the Company records liabilities in the consolidated financial statements and periodically adjusts these as appropriate. When the reasonable estimate of the loss is within a range of amounts, the minimum amount of the range is accrued unless some higher amount within the range is a better estimate than another amount within the range. In other instances, where a loss is reasonably possible, management may not record a liability because of uncertainties related to the probable outcome and/or the amount or range of loss, 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, governmental investigations and inquiries, enforcement and similar matters, 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 any pending matters progresses, management will continue to review the latest information available and assess its ability to predict the outcome of such matters and the effects, if any, on its operations and financial condition. However, in light of the large or indeterminate damages sought in some of them, the absence of similar court rulings on the theories of law asserted and uncertainties regarding apportionment of any potential damages, an estimate of the range of possible losses cannot be made at this time.

The Company's wholly-owned insurance subsidiary insures the Company against certain risks including but not limited to deductibles for worker's compensation, employment practices litigation and employee medical claims and terrorism, for which the claims are not material to the Company. In addition, for claim years 2008 and 2009, the insurance subsidiary insured the Company for defense costs related to professional liability claims. For matters insured by the Company's insurance subsidiary, Moody's records liabilities based on the estimated total claims expected to be paid and total projected costs to defend a claim through its anticipated conclusion. The Company determines liabilities based on an assessment of management's best estimate of claims to be paid and legal defense costs as well as actuarially determined estimates. Defense costs for matters not self-insured by the Company's wholly-owned insurance subsidiary are expensed as services are provided.

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.

Operating Expenses

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

connection with these activities. Operating expenses are charged to income as incurred, except for certain costs related to software implementation services which may be deferred until related revenue is recognized. Additionally, certain costs incurred to develop internal use software are capitalized and depreciated over their estimated useful life.

Selling, General and Administrative Expenses
SG&A expenses include such items as compensation and benefits for corporate officers and staff and compensation and other expenses related to sales. They also include items such as office rent, business insurance, professional fees and gains and losses from sales and disposals of assets. SG&A expenses are charged to income as incurred, except for certain expenses incurred to develop internal use software (which are capitalized and depreciated over their estimated useful life) and the deferral of sales commissions in the MA segment (which are recognized in the period in which the related revenue is recognized).

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

Comprehensive Income
Comprehensive income represents the change in net assets of a business enterprise during a period due to transactions and other events and circumstances from non-owner sources including foreign currency translation impacts, net actuarial losses and net prior service costs related to pension and other retirement plans, gains and losses on derivative instruments designated as net investment hedges or cash flow hedges and unrealized gains and losses on securities designated as 'available-for-sale' under Topic 320 of the ASC. Comprehensive income items, including cumulative translation adjustments of entities that are less-than-wholly-owned subsidiaries, will be reclassified to noncontrolling interests and thereby, adjusting accumulated other comprehensive income proportionately in accordance with the percentage of ownership interest of the NCI shareholder.

Income Taxes
The Company accounts for income taxes under the asset and liability method in accordance with ASC Topic 740. Therefore, income tax expense is based on reported income before income taxes and deferred income taxes reflect the effect of temporary differences between the amounts of assets and liabilities that are recognized for financial reporting purposes and the amounts that are recognized for income tax purposes. On January 1, 2017, the Company adopted ASU No. 2016-16, " Accounting for Income Taxes, Intra-Entity Asset Transfers of Assets Other than Inventory. Under previous guidance, the tax effects of intra-entity asset transfers (intercompany sales) were deferred until the transferred asset was sold to a third party or otherwise recovered through use. The new guidance eliminates the exception for all intra-entity sales of assets other than inventory. Upon adoption, a $4.6 million cumulative-effect adjustment was recorded in retained earnings as of the beginning of the period of adoption.

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

On December 22, 2017, the Tax Act was signed into law, resulting in all previously undistributed foreign earnings being subject to U.S. tax. However, the Company currently intends to continue to indefinitely reinvest these earnings outside the U.S. The Company has not provided non-U.S. deferred income taxes on these indefinitely reinvested earnings. It is not practicable to determine the amount of non-U.S. deferred taxes that might be required to be provided if such earnings were distributed in the future, due to complexities in the tax laws and in the hypothetical calculations that would have to be made.

Fair Value of Financial Instruments
The Company's financial instruments include cash, cash equivalents, trade receivables and payables, all of which are short-term in nature and, accordingly, approximate fair value. Additionally, the Company invests in certain short-term investments consisting primarily of certificates of deposit that are carried at cost, which approximates fair value due to their short-term maturities.

The Company also has certain investments in closed-ended and open-ended mutual funds in India which are designated as 'available for sale' under Topic 320 of the ASC. Accordingly, unrealized gains and losses on these investments are recorded to other comprehensive income and are reclassified out of accumulated other comprehensive income to the statement of operations when the investment matures or is sold using a specific identification method.

Also, the Company uses derivative instruments, as further described in Note 5, to manage certain financial exposures that occur in the normal course of business. These derivative instruments are carried at fair value on the Company's consolidated balance sheets.

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

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

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

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

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

Concentration of Credit Risk

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

The Company manages its credit risk exposure by allocating its cash equivalents among various money market mutual funds, money market deposit accounts, certificates of deposits and high-grade commercial paper. Short-term investments primarily consist of certificates of deposit as of December 31, 2017 and 2016. The Company manages its credit risk exposure on cash equivalents and short-term investments by limiting the amount it can invest with any single entity. No customer accounted for 10% or more of accounts receivable at December 31, 2017 or 2016.

Earnings (Loss) per Share of Common Stock

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

Pension and Other Retirement Benefits

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

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

Use of Estimates

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

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". This ASU outlines a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services by performing a five-step process. In August 2015, the FASB issued ASU No. 2015-14 "Revenue from Contracts with Customers (Topic 606), Deferral of

the Effective Date" which defers the effective date of the ASU for annual and interim reporting periods beginning after December 15, 2017, with early adoption permitted up to the original effective date of December 15, 2016. In addition, during 2016, the FASB issued additional updates clarifying the implementation guidance for the new revenue recognition standard.

The Company will adopt the new revenue guidance as of January 1, 2018 using the modified retrospective transition method. Under this adoption method, the Company will record a cumulative adjustment to retained earnings at January 1, 2018 and apply the provisions of the ASU prospectively. As of the date of this filing, the Company has made a full assessment of the changes to its accounting policies relating to the adoption of the new revenue accounting standard. This ASU will have an impact on, which is not limited to: i) the accounting for certain software subscription revenue in MA whereby the license rights within the arrangement will be recognized at the inception of the contract based on estimated stand-alone selling price with the remainder recognized over the subscription period (compared to ASC 605 whereby all software subscription revenue is currently recognized over the subscription period); ii) the accounting for certain ERS and ESA revenue arrangements where VSOE is not currently available under ASC 605 will result in the acceleration of revenue recognition (compared to ASC 605 whereby revenue is currently deferred due to lack of VSOE until all elements without VSOE have been delivered); iii) the capitalization and related amortization period for sales commissions, which are incurred in the MA segment; iv) the expensing of software implementation project costs to fulfill a contract for its ERS and ESA businesses which under ASC 605 were capitalized and expensed when related project revenue was recognized; v) the capitalization of work-in-process costs for in-progress MIS ratings at the end of each reporting period; and vi) the timing of when fees for certain MIS ratings products are recognized to match when the performance obligation to the customer is satisfied and the determination of the transaction price to account for variable consideration at contract inception. This ASU will also require new comprehensive disclosures about contracts with customers including the significant reasonable judgments the Company has made when applying the ASU.

The Company is in the process of finalizing the implementation of a software solution in order to support the accounting under the new standard for MA revenue arrangements with multiple performance obligations.

Under this adoption method, the Company will record a cumulative non-cash adjustment to retained earnings at January 1, 2018 and apply the provisions of the ASU prospectively. The table below reflects an approximation of anticipated impacts to January 1, 2018 retained earnings for each type of adjustment required under the new revenue standard based on the Company's assessment and best estimates to date.

Transition adjustment	Estimated benefit to / (reduction of) January 1, 2018 Retained Earnings
Recognition of MA deferred revenue (1)	Approximately $105 million
Increase to capitalized MA sales commissions (2)	Approximately $76 million
Capitalization of work-in-process for in-progress ratings	Approximately $9 million
Net impact of all other adjustments	Approximately $4 million
Net increase in tax liability on the above	(Approximately $45 million)
Total anticipated post-tax adjustment	Approximately $149 million

(1) Represents anticipated deferred revenue as of December 31, 2017 that would have been recognized as revenue in 2017 or earlier if the new standard was then in effect. The transition adjustment will continue to be refined as the Company finalizes its implementation of the aforementioned software solution.

(2) Pending finalization of the final fourth quarter MA sales commission payout to be made during the first quarter.

Note that the above range of expected impacts from adopting the new revenue standard pertains solely to the impact to retained earnings as of January 1, 2018 on the Company's consolidated balance sheet, and is not indicative of the impact the new ASU is expected to have on the Company's consolidated statement of operations post-adoption. The impact that the provisions of the new ASU will have on the consolidated statement of operations subsequent to adoption will depend heavily on the volume and impact of new sales contracts realized in future periods, particularly in the ERS and ESA businesses. The Company does not have any material software implementation arrangements in progress as of December 31, 2017 with terms longer than two years, and therefore the impact to the consolidated statement of operations under the provisions of the new standard will be dependent on each future period's sales activity. Generally, however, the Company does not anticipate that applying the provisions of the new standard will have a material impact to its 2018 consolidated Net Income. However, there could be quarterly fluctuations in the financial results of both MIS and MA, or there could be increases or decreases in revenues and expenses which would largely offset and not be material at a total Company level for the full year. Furthermore, as part of the disclosure requirements in the first year of adoption, there will be disclosures of the Company's consolidated statement of operations for 2018 as if the new revenue standard was not adopted and the Company continued to account for revenue and related transactions under the existing standards. Importantly, the application of this new guidance has no effect on the cash the Company expects to receive nor on the economics of the business, but rather affects the timing of revenue and expense recognition with the expectation that revenue recognition will more closely align with cash received.

In January 2016, the FASB issued ASU No. 2016-01 "Financial Instruments—Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities". The amendments in this ASU update various aspects of recognition, measurement, presentation and disclosures relating to financial instruments. This ASU is effective for fiscal years beginning after December 15, 2017. The

Company has determined that the most pertinent impact to its financial statements upon the adoption of this ASU will relate to the discontinuance of the available-for-sale classification for investments in equity securities (unrealized gains and losses were recorded through OCI). Accordingly, subsequent to adoption of this ASU, changes in the fair value of equity securities held by the Company will be recorded through earnings. The Company does not expect the adoption of this ASU to have a material impact on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842)” requiring lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses and cash flows will depend on classification as either a finance or operating lease. This ASU is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. This standard must be adopted using a modified retrospective approach whereby leases will be presented in accordance with the new standard as of the earliest period presented. The Company is currently evaluating the impact of this ASU on the Company’s financial statements. The Company believes that the most notable impact to its financial statements upon the adoption of this ASU will be the recognition of a material right-of-use asset and lease liability for its real estate leases.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments”. The amendments in this ASU require the use of an “expected credit loss” impairment model for most financial assets reported at amortized cost which will require entities to estimate expected credit losses over the lifetime of the instrument. This may result in the earlier recognition of allowances for losses. For available-for-sale debt securities with unrealized losses, an allowance for credit losses will be recognized as a contra account to the amortized cost carrying value of the asset rather than a direct reduction to the carrying value, with changes in the allowance impacting earnings. This ASU is effective for annual and interim reporting periods beginning after December 15, 2019, with early adoption permitted in annual and interim reporting periods beginning after December 15, 2018. Entities will apply the standard’s provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first effective reporting period. The Company is currently evaluating the impact of this ASU on its financial statements. Currently, the Company believes that the most notable impact of this ASU will relate to its processes around the assessment of the adequacy of its allowance for doubtful accounts on accounts receivable.

In August 2016, the FASB issued ASU No. 2016-15, “Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments”. This ASU adds or clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows with the intent to alleviate diversity in practice for classifying various types of cash flows. This ASU is effective for annual and interim reporting periods beginning after December 15, 2017. The Company will apply this clarification guidance in its statements of cash flows upon adoption.

In January 2017, the FASB issued ASU No. 2017-01, “Business Combinations (Topic 805), Clarifying the Definition of a Business”. This ASU clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. This ASU is effective for annual and interim reporting periods beginning after December 15, 2017 and should be applied prospectively. Upon adoption, the Company will apply the guidance in this ASU when evaluating whether acquired assets and activities constitute a business.

In March 2017, the FASB issued ASU No. 2017-07, “Compensation—Retirement Benefits (Topic 715), Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost”. This ASU impacts the presentation of net periodic pension costs in the statement of operations. Entities will be required to report the service cost component in the same line item or items as other compensation costs (either Operating or SG&A in Moody’s statement of operations). The other components of net benefit cost are required to be presented in the statement of operations separately from the service cost component and outside of operating income. The ASU permits only the service cost component of net periodic pension cost to be eligible for capitalization, when applicable. This ASU is effective for annual and interim reporting periods beginning after December 15, 2017. Upon adoption, the Company will bifurcate its net periodic pension costs reported in its statements of operations in accordance with this ASU.

In May 2017, the FASB issued ASU No. 2017-09, “Compensation—Stock Compensation (Topic 718), Scope of Modification Accounting”. This ASU clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as modifications. Under this ASU, an entity will not apply modification accounting to a share-based payment award if the award’s fair value, vesting conditions and classification as an equity or liability instrument are the same immediately before and after the change. The new guidance will reduce diversity in practice and result in fewer changes to the terms of an award being accounted for as modifications. This ASU is effective for annual and interim reporting periods beginning after December 15, 2017 and should be applied prospectively to awards modified on or after the adoption date. The Company does not expect the adoption of this ASU to have a material impact on its financial statements.

In July 2017, the FASB issued ASU No. 2017-12, “Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities”. This ASU enables entities to enhance transparency relating to risk management activities and simplifies the application of hedge accounting in certain circumstances. This ASU is effective for fiscal years beginning after December 15, 2018, including interim

periods within those years with early adoption permitted. The Company is currently in the process of assessing the impact that this ASU will have on its financial statements.

In December 2017, the SEC issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to finalize the calculations for the 2017 income tax effects of the Tax Act. SAB 118 provides entities with a one year measurement period from the December 22, 2017 enactment date, in order to complete the accounting for the effects of the Tax Act. Further information pertaining to the provisional estimates recorded by the Company as of and for the year ended December 31, 2017 are detailed in Note 15 to the consolidated financial statements.

In February 2018, FASB issued ASU 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income". Under current GAAP, adjustments to deferred tax assets and liabilities related to a change in tax laws or rates are included in income from continuing operations, even in situations where the related items were originally recognized in OCI (commonly referred to as a "stranded tax effect"). The provisions of this ASU permit the reclassification of the stranded tax effect related to the Tax Act from AOCI to retained earnings. This ASU is effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption permitted. Adoption of this ASU is to be applied either in the period of adoption or retrospectively to each period in which the effect of the Tax Act were recognized. The Company is currently evaluating the impact of this ASU on its financial statements.

NOTE 3 RECONCILIATION OF WEIGHTED AVERAGE SHARES OUTSTANDING

Below is a reconciliation of basic to diluted shares outstanding:

	Year Ended December 31,		
	2017	**2016**	**2015**
Basic	**191.1**	192.7	200.1
Dilutive effect of shares issuable under stock-based compensation plans	**3.1**	2.7	3.3
Diluted	**194.2**	195.4	203.4
Antidilutive options to purchase common shares and restricted stock as well as contingently issuable restricted stock which are excluded from the table above	**0.6**	0.6	0.7

The calculation of diluted EPS requires certain assumptions regarding the use of both cash proceeds and assumed proceeds that would be received upon the exercise of stock options and vesting of restricted stock outstanding as of December 31, 2017, 2016 and 2015. The assumed proceeds in 2017 do not include Excess Tax Benefits pursuant to the prospective adoption of ASU 2016-09 in the first quarter of 2017. The assumed proceeds in 2016 and 2015 include Excess Tax Benefits.

The decrease in the diluted shares outstanding primarily reflects treasury share repurchases under the Company's Board authorized share repurchase program.

NOTE 4 CASH EQUIVALENTS AND INVESTMENTS

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

	As of December 31, 2017					
				Balance sheet location		
	Cost	Gross Unrealized Gains	Fair Value	Cash and cash equivalents	Short-term investments	Other assets
Money market mutual funds	$ 42.2	$ —	$ 42.2	$ 42.2	$ —	$ —
Certificates of deposit and money market deposit accounts (1)	$ 351.4	$ —	$ 351.4	$ 238.6	$ 111.8	$ 1.0
Fixed maturity and open ended mutual funds (2)	$ 16.8	$ 4.3	$ 21.1	$ —	$ —	$ 21.1

	As of December 31, 2016					
				Balance sheet location		
	Cost	Gross Unrealized Gains	Fair Value	Cash and cash equivalents	Short-term investments	Other assets
Money market mutual funds	$ 189.0	$ —	$ 189.0	$ 189.0	$ —	$ —
Certificates of deposit and money market deposit accounts (1)	$1,190.5	$ —	$ 1,190.5	$ 1,017.0	$ 173.4	$ 0.1
Fixed maturity and open ended mutual funds (2)	$ 27.0	$ 5.6	$ 32.6	$ —	$ —	$ 32.6

(1) Consists of time deposits and money market deposit accounts. The remaining contractual maturities for the certificates of deposits classified as short-term investments were one to 12 months at December 31, 2017 and at December 31, 2016. The remaining contractual maturities for the certificates of deposits classified in other assets are 15 to 48 months at December 31, 2017 and 13 months to 15 months at December 31, 2016. Time deposits with a maturity of less than 90 days at time of purchase are classified as cash and cash equivalents.

(2) Consists of investments in fixed maturity mutual funds and open-ended mutual funds. The remaining contractual maturities for the fixed maturity instruments range from six months to seven months and six months to 19 months at December 31, 2017 and December 31,2016 respectively.

The money market mutual funds as well as the fixed maturity and open ended mutual funds in the table above are deemed to be 'available for sale' under ASC Topic 320 and the fair value of these instruments is determined using Level 1 inputs as defined in the ASC.

NOTE 5 DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

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

Derivatives and non-derivative instruments designated as accounting hedges:

Interest Rate Swaps

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

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

		Notional Amount As of December 31,		
Hedged Item	**Nature of Swap**	**2017**	**2016**	**Floating Interest Rate**
2010 Senior Notes due 2020	Pay Floating/Receive Fixed	**$500.0**	$500.0	3-month LIBOR
2014 Senior Notes due 2019	Pay Floating/Receive Fixed	**$450.0**	$450.0	3-month LIBOR
2012 Senior Notes due 2022	Pay Floating/Receive Fixed	**$80.0**	$80.0	3-month LIBOR

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

		Amount of Income Recognized in the Consolidated Statements of Operations Year Ended December 31,		
Derivatives Designated as Fair Value Accounting Hedges	**Location on Consolidated Statement of Operations**	**2017**	**2016**	**2015**
Interest rate swaps	Interest expense, net	**$ 6.7**	$ 11.2	$ 15.2

Cross-currency swaps

In conjunction with the issuance of the 2015 Senior Notes, the Company entered into a cross-currency swap to exchange € 100 million for U.S. dollars on the date of the settlement of the notes. The purpose of this cross-currency swap was to mitigate FX risk on the remaining principal balance on the 2015 Senior Notes that initially was not designated as a net investment hedge. Under the terms of the swap, the Company paid the counterparty interest on the $110.5 million received at 3.945% per annum and the counterparty paid the Company interest on the € 100 million paid at 1.75% per annum. These interest payments were settled in March of each year, beginning in 2016, until either the maturity of the cross-currency swap in 2027 or upon early termination at the discretion of the Company. The principal payments on this cross currency swap were to be settled in 2027, concurrent with the repayment of the 2015 Senior Notes at maturity or upon early termination at the discretion of the Company. In March 2016, the Company designated these cross-currency swaps as cash flow hedges. Accordingly, changes in fair value subsequent to the date the swaps were designated as cash flow hedges were recognized in OCI. Gains and losses on the swaps initially recognized in OCI were reclassified to the statement of operations in the period in which changes in the underlying hedged item affects net income. On December 18, 2017, the Company terminated the cross-currency swap and designated the full € 500 million principal of the 2015 Senior Notes as a net investment hedge as discussed below.

Net Investment Hedges

The Company had entered into foreign currency forward contracts that were designated as net investment hedges which were discontinued during 2017. Additionally, the Company has designated € 500 million of the 2015 Senior Notes Due 2027 as a net investment hedge. These hedges are intended to mitigate FX exposure related to non-U.S. dollar net investments in certain foreign subsidiaries against changes in foreign exchange rates. These net investment hedges are designated as accounting hedges under the applicable sections of Topic 815 of the ASC. The net investment hedge relating to the 2015 Senior Notes will end upon the repayment of the notes in 2027 unless terminated earlier at the discretion of the Company.

Hedge effectiveness is assessed based on the overall changes in the fair value of the hedge. For hedges that meet the effectiveness requirements, any change in the fair value is recorded in OCI in the foreign currency translation account. Any change in the fair value of the Company's outstanding net investment hedges that is the result of ineffectiveness would be recognized immediately in other non-operating (expense) income, net in the Company's consolidated statement of operations.

The following table summarizes the notional amounts of the Company's outstanding forward contracts that were designated as net investment hedges:

	December 31, 2017		December 31, 2016	
	Sell	Buy	Sell	Buy
Notional amount of net investment hedges:				
Contracts to sell GBP for euros	**£ —**	**€ —**	£ 22.1	€ 26.4

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

Derivatives and Non-Derivative Instruments in Net Investment Hedging Relationships	Amount of Gain/(Loss) Recognized in AOCI on Derivative (Effective Portion), net of Tax — Year Ended December 31,			Amount of Gain/(Loss) Reclassified from AOCI into Income (Effective Portion), net of tax — Year Ended December 31,		
	2017	2016	2015	2017	2016	2015
FX forwards	**$ 1.2**	$ (12.0)	$ 13.4	**$ —**	$ —	$ —
Long-term debt	**(37.2)**	7.8	4.7	**—**	—	—
Total net investment hedges	**$ (36.0)**	$ (4.2)	$ 18.1	**$ —**	$ —	$ —
Derivatives in Cash Flow Hedging Relationships						
Cross currency swap	**$ 6.3**	$ (0.9)	$ —	**$ 7.8***	$ (3.7)*	$ —
Interest rate contracts	**(0.4)**	—	(1.1)	**(1.1)**	—	—
Total cash flow hedges	**5.9**	(0.9)	(1.1)	**6.7**	(3.7)	—
Total	**$ (30.1)**	$ (5.1)	$ 17.0	**$ 6.7**	$ (3.7)	$ —

* Reflects $12.6 million in gains and $6 million in losses in 2017 and 2016, respectively, recorded in other non-operating income (expense), net of $4.8 million and $2.3 million in 2017 and 2016, respectively, relating to the tax effect of the aforementioned items.

The cumulative amount of realized and unrecognized net investment and cash flow hedge gains/(losses) recorded in AOCI is as follows:

	Cumulative Gains/(Losses), net of tax	
	December 31, 2017	December 31, 2016
Net investment hedges		
FX forwards	**$ 23.5**	$ 22.3
Long-term debt	**(24.7)**	12.5
Total net investment hedges	**$ (1.2)**	$ 34.8
Cash flow hedges		
Interest rate contracts	**$ (0.4)**	$ (1.1)
Cross currency swap	**1.3**	2.8
Total losses on cash flow hedges	**0.9**	1.7
Total net (losses) gains in AOCI	**$ (0.3)**	$ 36.5

Derivatives not designated as accounting hedges:

Foreign exchange forwards

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 a subsidiary's functional currency. These forward contracts are not designated as accounting hedges under the applicable sections of Topic 815 of the ASC. Accordingly, changes in the fair value of these contracts are recognized immediately in other non-operating (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 subsidiary's functional currency. These contracts have expiration dates at various times through May 2018.

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

	December 31, 2017		December 31, 2016	
Notional Amount of Currency Pair:	**Sell**	**Buy**	**Sell**	**Buy**
Contracts to sell USD for GBP	**$ 484.7**	**£ 362.3**	$ —	£ —
Contracts to sell USD for Japanese yen	**$ 24.3**	**¥ 2,700.0**	$ —	¥ —
Contracts to sell USD for Canadian dollars	**$ 51.7**	**C$ 64.0**	$ —	C$ —
Contracts to sell Singapore dollars for EUR	**S$ —**	**€ —**	S$ 55.5	€ 36.0
Contracts to sell euros for GBP	**€ —**	**£ —**	€ 31.0	£ 25.9
Contracts to sell USD for Singapore dollars	**$ 39.2**	**S$ 53.0**	$ —	S$ —
Contracts to sell USD for EUR	**$ 465.2**	**€ 390.0**	$ —	€ —

NOTE: € = Euro, £ = British pound, S$ = Singapore dollar, $ = U.S. dollar, ¥ = Japanese yen, C$ = Canadian dollar

Foreign Exchange Options and forward contracts relating to the acquisition of Bureau van Dijk

The Company entered into a foreign currency collar consisting of option contracts to economically hedge the Bureau van Dijk euro denominated purchase price (as further discussed in Note 7). These option contracts were not designated as accounting hedges under the applicable sections of Topic 815 of the ASC. The foreign currency option contracts consisted of separate put and call options each in the aggregate notional amount of € 2.7 billion. This collar was settled at the end of July 2017, in advance of the August 10, 2017 closing of the Bureau van Dijk acquisition.

The Company entered into foreign exchange forwards to hedge the Bureau van Dijk purchase price for the period from the settlement of the aforementioned foreign currency collar until the closing date on August 10, 2017. These forward contracts were not designated as accounting hedges under the applicable sections of Topic 815 of the ASC. The foreign exchange contracts were to sell $2.8 billion and buy € 2.4 billion and sell $41 million and buy £31 million.

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

		Year Ended December 31,		
Derivatives Not Designated as Accounting Hedges	**Location on Statement of Operations**	**2017**	**2016**	**2015**
Foreign exchange forwards	Other non-operating income, net	**$ 21.5**	$ (7.2)	$ (2.8)
Foreign exchange forwards relating to Bureau van Dijk acquisition	Purchase Price Hedge Gain	**10.3**	—	—
FX collar relating to Bureau van Dijk acquisition	Purchase Price Hedge Gain	**100.8**	—	—
		$ 132.6	$ (7.2)	$ (2.8)

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

	Derivative and Non-derivative Instruments		
	Balance Sheet Location	**December 31, 2017**	**December 31, 2016**
Assets:			
Derivatives designated as accounting hedges:			
FX forwards on net investment in certain foreign subsidiaries	Other current assets	**$ —**	$ 0.6
Interest rate swaps	Other assets	**0.5**	7.0
Total derivatives designated as accounting hedges		**0.5**	7.6
Derivatives not designated as accounting hedges:			
FX forwards on certain assets and liabilities	Other current assets	**12.5**	—
Total assets		**$ 13.0**	$ 7.6
Liabilities:			
Derivatives designated as accounting hedges:			
Cross-currency swap	Other non-current liabilities	**$ —**	$ 3.8
Interest rate swaps	Other non-current liabilities	**3.5**	0.8
Total derivatives designated as accounting hedges		**3.5**	4.6
Non-derivative instrument designated as accounting hedge:			
Long-term debt designated as net investment hedge	Long-term debt	**600.4**	421.9
Derivatives not designated as accounting hedges:			
FX forwards on certain assets and liabilities	Accounts payable and accrued liabilities	**2.0**	0.8
Total liabilities		**$ 605.9**	$ 427.3

NOTE 6 PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of:

	December 31,	
	2017	**2016**
Office and computer equipment (3 – 10 year estimated useful life)	**$ 219.5**	$ 189.1
Office furniture and fixtures (3 – 10 year estimated useful life)	**50.5**	47.1
Internal-use computer software (1 – 10 year estimated useful life)	**520.3**	452.1
Leasehold improvements and building (2 – 20 year estimated useful life)	**240.8**	233.1
Total property and equipment, at cost	**1,031.1**	921.4
Less: accumulated depreciation and amortization	**(706.0)**	(595.5)
Total property and equipment, net	**$ 325.1**	$ 325.9

Depreciation and amortization expense related to the above assets was $96.9 million, $92.5 million, and $81.6 million for the years ended December 31, 2017, 2016 and 2015, respectively.

NOTE 7 ACQUISITIONS

The business combinations described below are accounted for using the acquisition method of accounting whereby assets acquired and liabilities assumed were recognized at fair value on the date of the transaction. Any excess of the purchase price over the fair value of the assets acquired and liabilities assumed was recorded to goodwill. For all acquisitions excluding Bureau van Dijk, the Company has not presented pro forma combined results for these acquisitions because the impact on previously reported statements of operations

would not have been material. Additionally, the near term impact to the Company's operations and cash flows for these acquisitions (excluding Bureau van Dijk) is not material.

Bureau van Dijk

On August 10, 2017, a subsidiary of the Company acquired 100% of Yellow Maple I B.V., an indirect parent company of Bureau van Dijk Electronic Publishing B.V., a global provider of business intelligence and company information products. The cash payment of $3,542.0 million was funded with a combination of cash on hand, primarily offshore, and new debt financing. The acquisition extends Moody's position as a leader in risk data and analytical insight.

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

(Amounts in millions)		
Current assets		$ 158.4
Property and equipment, net		4.2
Intangible assets:		
Customer relationships (23 year weighted average life)	$ 998.7	
Product technology (12 year weighted average life)	258.5	
Trade name (18 year weighted average life)	82.3	
Database (10 year weighted average life)	12.9	
Total intangible assets (21 year weighted average life)		1,352.4
Goodwill		2,619.0
Other assets		5.9
Liabilities		
Deferred revenue	$ (101.1)	
Accounts payable and accrued liabilities	(48.6)	
Deferred tax liabilities, net	(329.8)	
Other liabilities	(118.4)	
Total liabilities		(597.9)
Net assets acquired		$ 3,542.0

The Company has performed a preliminary valuation analysis of the fair market value of assets and liabilities of the Bureau van Dijk business. The final purchase price allocation will be determined when the Company has completed and fully reviewed the detailed valuations. The final allocation could differ materially from the preliminary allocation. The final allocation may include changes in allocations to acquired intangible assets as well as goodwill and other changes to assets and liabilities including reserves for uncertain tax positions and deferred tax liabilities. The estimated useful lives of acquired intangibles assets are also preliminary. Additionally, at December 31, 2017, the Company has not completed its allocation of certain of the goodwill acquired to other MA reporting units that are anticipated to benefit from synergies resulting from the Bureau van Dijk acquisition.

Current assets in the table above include acquired cash of $36 million. Additionally, current assets include accounts receivable of approximately $88 million (net of an allowance for uncollectible accounts of $3.7 million).

The amount of Bureau van Dijk's revenue and Net Income from August 10, 2017 through December 31, 2017 included in the Company's statement of operations was $92.4 million and $63.7 million, respectively. The aforementioned net income includes a $57.9 million tax benefit, as further described in Note 15, relating to a statutory tax rate reduction in Belgium which resulted in a decrease in deferred tax liabilities relating to acquired intangible assets. The acquired deferred revenue balance of approximately $154 million was reduced by $53 million as part of acquisition accounting to establish the fair value of deferred revenue. This will reduce reported revenue by $53 million over the remaining contractual period of in-progress customer arrangements assumed as of the acquisition date. This resulted in approximately $36 million less in reported revenue for the period from August 10, 2017 to December 31, 2017 with the remaining $17 million to reduce revenue in 2018. Amortization of acquired intangible assets was approximately $28 million for the period from August 10, 2017 through December 31, 2017.

Goodwill

Under the acquisition method of accounting for business combinations, the excess of the purchase price over the fair value of the net assets acquired is allocated to goodwill. Goodwill typically results through expected synergies from combining operations of an

acquiree and an acquirer, anticipated new customer acquisition and products, as well as from intangible assets that do not qualify for separate recognition. The goodwill recognized as a result of this acquisition includes, among other things, the value of combining the complementary product portfolios of the Company and Bureau van Dijk which is expected to extend the Company's reach to new and evolving market segments as well as cost savings synergies, expected new customer acquisitions and products.

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

Bureau van Dijk will be a separate reporting unit for purposes of the Company's annual goodwill impairment assessment.

Other Liabilities Assumed
In connection with the acquisition, the Company assumed liabilities relating to UTBs as well as deferred tax liabilities which relate to acquired intangible assets. These items are included in other liabilities in the table above.

Transaction and Non-Recurring Integration Costs.
In connection with the acquisition, the Company incurred transaction and non-recurring integration costs (Acquisition-Related Expenses) through December 2017. Acquisition-Related Expenses of $22.5 million were comprised of transaction costs (consisting primarily of legal and advisory costs) of $8.6 million and non-recurring integration costs of $13.9 million for the year ended December 31, 2017.

Supplementary Unaudited Pro Forma Information
Supplemental information on an unaudited pro forma basis is presented below for the year ended December 31, 2017 and 2016 as if the acquisition of Bureau van Dijk occurred on January 1, 2016. The pro forma financial information is presented for comparative purposes only, based on certain estimates and assumptions, which the Company believes to be reasonable but not necessarily indicative of future results of operations or the results that would have been reported if the acquisition had been completed at January 1, 2016. The unaudited pro forma information includes amortization of acquired intangible assets, based on the preliminary purchase price allocation and an estimate of useful lives reflected above, and incremental financing costs resulting from the acquisition, net of income tax, which was estimated using the weighted average statutory tax rates in effect in the jurisdiction for which the pro forma adjustment relates.

(Amounts in millions)	**For the year ended December 31, 2017**	For the year ended December 31, 2016
Pro forma Revenue	**$ 4,414.8**	$ 3,825.8
Pro forma Net Income attributable to Moody's	**$ 1,011.6**	$ 240.6

The unaudited pro forma results do not include any anticipated cost savings or other effects of the planned integration of Bureau van Dijk. Accordingly, the pro forma results above are not necessarily indicative of the results that would have been reported if the acquisition had occurred on the dates indicated, nor are the pro forma results indicative of results which may occur in the future. The Bureau van Dijk results included in the table above have been converted to U.S. GAAP from IFRS as issued by the IASB and have been translated to USD at rates in effect for the periods presented. As the unaudited pro forma results give effect to the acquisition of Bureau van Dijk as if it had occurred on January 1, 2016, the Bureau van Dijk amounts in the pro forma results include a reduction in revenue of approximately $58 million and $1 million relating to a fair value adjustment to deferred revenue required as part of acquisition accounting for the year ended December 31, 2016 and 2017, respectively. In addition, a corresponding pro forma adjustment was included to add back the approximate $36 million reduction to reported revenue for the period from August 10, 2017 to December 31, 2017 relating to the deferred revenue adjustment required as part of acquisition accounting as of the actual August 10, 2017 acquisition date.

SCDM Financial
On February 13, 2017, a subsidiary of the Company acquired the structured finance data and analytics business of SCDM Financial. The aggregate purchase price was not material and the near term impact to the Company's operations and cash flow is not expected to be material. This business unit operates in the MA reportable segment and goodwill related to this acquisition has been allocated to the RD&A reporting unit.

Korea Investor Service (KIS)
In July 2016, a subsidiary of the Company acquired the non-controlling interest of KIS and additional shares of KIS Pricing. The aggregate purchase price was not material and the near term impact to the Company's operations and cash flow is not expected to be material. KIS and KIS Pricing are a part of the MIS segment.

Gilliland Gold Young (GGY)
On March 1, 2016, subsidiaries of the Company acquired 100% of GGY, a leading provider of advanced actuarial software for the life insurance industry. The cash payments noted in the table below were funded with cash on hand. The acquisition of GGY will allow MA to provide an industry-leading enterprise risk offering for global life insurers and reinsurers.

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

Cash paid at closing	$ 83.4
Additional consideration paid to sellers in the third quarter 2016 (1)	3.1
Total consideration	$ 86.5

(1) Represents additional consideration paid to the sellers for amounts withheld at closing pending the completion of certain administrative matters

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

Current assets		$ 11.7
Property and equipment, net		2.0
Indemnification assets		1.5
Intangible assets:		
Trade name (19 year weighted average life)	$ 3.7	
Customer relationships (21 year weighted average life)	13.8	
Software (7 year weighted average life)	16.6	
Total intangible assets (14 year weighted average life)		34.1
Goodwill		59.4
Liabilities		(22.2)
Net assets acquired		$ 86.5

Current assets in the table above include acquired cash of $7.5 million. Additionally, current assets include accounts receivable of $2.9 million. Goodwill, which has been assigned to the MA segment, is not deductible for tax.

In connection with the acquisition, the Company assumed liabilities relating to UTBs and certain other tax exposures which are included in the liabilities assumed in the table above. The sellers have contractually indemnified the Company against any potential payments that may have to be made regarding these amounts. Accordingly, the Company carries an indemnification asset on its consolidated balance sheet at December 31, 2017 and December 31, 2016.

The Company incurred $0.9 million of costs directly related to the GGY acquisition of which $0.6 million was incurred in 2015 and $0.3 million was incurred in the first quarter of 2016. These costs are recorded within selling, general and administrative expenses in the Company’s consolidated statements of operations.

GGY is part of the ERS reporting unit for purposes of the Company’s annual goodwill impairment assessment.

BlackBox Logic

On December 9, 2015, a subsidiary of the Company acquired the RMBS data and analytics business of BlackBox Logic. The aggregate purchase price was not material and the near term impact to the Company’s operations and cash flows is not expected to be material. This business operates in the MA reportable segment and goodwill related to this acquisition has been allocated to the RD&A reporting unit.

Equilibrium

On May 21, 2015, a subsidiary of the Company acquired 100% of Equilibrium, a provider of credit rating and research services in Peru and Panama. The aggregate purchase price was not material and the near term impact to the Company’s operations and cash flows is not expected to be material. Equilibrium operates in the MIS reportable segment and goodwill related to this acquisition has been allocated to the MIS reporting unit.

NOTE 8 **GOODWILL AND OTHER ACQUIRED INTANGIBLE ASSETS**

The following table summarizes the activity in goodwill:

	Year Ended December 31, 2017								
	MIS			MA			Consolidated		
	Gross goodwill	Accumulated impairment charge	Net goodwill	Gross goodwill	Accumulated impairment charge	Net goodwill	Gross goodwill	Accumulated impairment charge	Net goodwill
Balance at beginning of year	**$ 277.0**	**$ —**	**$ 277.0**	**$ 758.8**	**$ (12.2)**	**$ 746.6**	**$ 1,035.8**	**$ (12.2)**	**$ 1,023.6**
Additions/adjustments	**—**	**—**	**—**	**2,622.6**	**—**	**2,622.6**	**2,622.6**	**—**	**2,622.6**
Foreign currency translation adjustments	**8.2**	**—**	**8.2**	**98.8**	**—**	**98.8**	**107.0**	**—**	**107.0**
Ending balance	**$ 285.2**	**$ —**	**$ 285.2**	**$ 3,480.2**	**$ (12.2)**	**$ 3,468.0**	**$ 3,765.4**	**$ (12.2)**	**$ 3,753.2**

	Year Ended December 31, 2016								
	MIS			MA			Consolidated		
	Gross goodwill	Accumulated impairment charge	Net goodwill	Gross goodwill	Accumulated impairment charge	Net goodwill	Gross goodwill	Accumulated impairment charge	Net goodwill
Balance at beginning of year	$ 284.4	$ —	$ 284.4	$ 704.1	$ (12.2)	$ 691.9	$ 988.5	$ (12.2)	$ 976.3
Additions/adjustments	—	—	—	61.0	—	61.0	61.0	—	61.0
Goodwill derecognized upon sale of subsidiary	(3.2)	—	(3.2)	—	—	—	(3.2)	—	(3.2)
Foreign currency translation adjustments	(4.2)	—	(4.2)	(6.3)	—	(6.3)	(10.5)	—	(10.5)
Ending balance	$ 277.0	$ —	$ 277.0	$ 758.8	$ (12.2)	$ 746.6	$ 1,035.8	$ (12.2)	$ 1,023.6

The 2017 additions/adjustments for the MA segment in the table above relate to the acquisition of Bureau van Dijk and the structured finance data and analytics business of SCDM. The 2016 additions/adjustments for the MA segment in the table above relate to the acquisition of GGY. The 2016 goodwill derecognized for the MIS segment in the table above relates to the divestiture of ICTEAS in the fourth quarter of 2016.

Acquired intangible assets and related amortization consisted of:

	December 31,	
	2017	**2016**
Customer relationships	**$ 1,345.1**	**$ 310.1**
Accumulated amortization	**(159.9)**	**(124.4)**
Net customer relationships	**1,185.2**	**185.7**
Trade secrets	**30.2**	**29.9**
Accumulated amortization	**(28.1)**	**(25.6)**
Net trade secrets	**2.1**	**4.3**
Software/product technology	**358.6**	**87.7**
Accumulated amortization	**(78.0)**	**(54.9)**
Net software/product technology	**280.6**	**32.8**
Trade names	**161.6**	**75.3**
Accumulated amortization	**(26.7)**	**(19.9)**
Net trade names	**134.9**	**55.4**
Other (1)	**57.4**	**43.5**
Accumulated amortization	**(28.6)**	**(25.3)**
Net other	**28.8**	**18.2**
Total	**$ 1,631.6**	**$ 296.4**

(1) Other intangible assets primarily consist of databases, covenants not to compete, and acquired ratings methodologies and models.

Amortization expense relating to acquired intangible assets is as follows:

	Year Ended December 31,		
	2017	**2016**	**2015**
Amortization expense	**$ 61.4**	**$ 34.2**	**$ 31.9**

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

Year Ending December 31,	
2018	$ 101.0
2019	97.0
2020	94.7
2021	94.6
2022	94.1
Thereafter	1,150.2
Total estimated future amortization	$ 1,631.6

Amortizable intangible assets are reviewed for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For all intangible assets, there were no such events or changes during 2017, 2016 or 2015 that would indicate that the carrying amount of amortizable intangible assets in any of the Company's reporting units may not be recoverable.

NOTE 9 **RESTRUCTURING**

In September 2016, the Company approved a restructuring plan relating to cost management initiatives in the MIS segment as well as in certain corporate overhead functions. This restructuring plan consisted solely of headcount reductions, which when combined with an immaterial restructuring in the first half of 2016, represented approximately 1% of the Company's workforce. The cumulative amount of expense incurred from inception through December 31, 2016 for these actions was $12.0 million. Actions under these plans were substantially complete at September 30, 2016.

Total expenses included in the accompanying consolidated statements of operations are as follows:

	Year Ended December 31,		
	2017	2016	2015
Restructuring	$ —	$ 12.0	$ —

Changes to the restructuring liability were as follows:

	Employee Termination Costs 2017	Employee Termination Costs 2016
Balance as of January 1,	$ 6.3	$ —
Cost incurred and adjustments	—	12.0
Cash payments and adjustments	(5.9)	(5.7)
Balance as of December 31,	$ 0.4	$ 6.3

As of December 31, 2017 the remaining restructuring liability of $0.4 million relating to severance is expected to be fully paid out during the year ending December 31, 2018. The liabilities in the table above were recorded within accounts payable and accrued liabilities in the Company's consolidated balance sheet at December 31, 2017 and 2016.

NOTE 10 FAIR VALUE

The table below presents information about items which are carried at fair value on a recurring basis at December 31, 2017 and December 31, 2016:

		Fair Value Measurement as of December 31, 2017		
	Description	Balance	Level 1	Level 2
Assets:				
	Derivatives (a)	$ 13.0	$ —	$ 13.0
	Money market mutual funds	42.2	42.2	—
	Fixed maturity and open ended mutual funds	21.1	21.1	—
	Total	$ 76.3	$ 63.3	$ 13.0
Liabilities:				
	Derivatives (a)	$ 5.5	$ —	$ 5.5
	Total	$ 5.5	$ —	$ 5.5

		Fair Value Measurement as of December 31, 2016		
	Description	Balance	Level 1	Level 2
Assets:				
	Derivatives (a)	$ 7.6	$ —	$ 7.6
	Money market mutual funds	189.0	189.0	—
	Fixed maturity and open ended mutual funds	32.6	32.6	—
	Total	$ 229.2	$ 221.6	$ 7.6
Liabilities:				
	Derivatives (a)	$ 5.4	$ —	$ 5.4
	Total	$ 5.4	$ —	$ 5.4

(a) Information on the Company's derivative instruments is more fully described in Note 5 to the consolidated financial statements.

The following are descriptions of the methodologies utilized by the Company to estimate the fair value of its derivative contracts, fixed maturity plans, and money market mutual funds:

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

Fixed maturity and open ended mutual funds:
The fixed maturity mutual funds and open ended mutual funds primarily represent exchange traded funds in India and are classified as securities available-for-sale. Accordingly, any unrealized gains and losses are recognized through OCI until the instruments mature or are sold.

Money market mutual funds:
The money market mutual funds represent publicly traded funds with a stable $1 net asset value.

NOTE 11 OTHER BALANCE SHEET AND STATEMENT OF OPERATIONS INFORMATION

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

	December 31,	
	2017	**2016**
Other current assets:		
Prepaid taxes	**$ 94.9**	$ 47.0
Prepaid expenses	**107.6**	65.7
Other	**47.6**	28.1
Total other current assets	**$ 250.1**	$ 140.8

	December 31,	
	2017	**2016**
Other assets:		
Investments in joint ventures	**$ 99.1**	$ 26.3
Deposits for real-estate leases	**12.3**	10.8
Indemnification assets related to acquisitions	**17.0**	16.5
Mutual funds and fixed deposits	**22.1**	32.7
Other	**9.4**	25.9
Total other assets	**$ 159.9**	$ 112.2

	December 31,	
	2017	2016
Accounts payable and accrued liabilities:		
Salaries and benefits	$ 129.6	$ 89.3
Incentive compensation	246.7	151.1
Accrued settlement charge	—	863.8
Customer credits, advanced payments and advanced billings	22.2	28.4
Self-insurance reserves	8.1	11.1
Dividends	6.2	78.5
Professional service fees	47.1	40.4
Interest accrued on debt	73.9	59.2
Accounts payable	21.8	28.4
Income taxes (see Note 15)	79.2	16.8
Restructuring (see Note 9)	0.4	6.3
Pension and other retirement employee benefits (see Note 13)	5.9	6.1
Accrued royalties (1)	26.4	1.8
Other	82.8	63.1
Total accounts payable and accrued liabilities	$ 750.3	$ 1,444.3

(1) Primarily relates to fees due to Bureau van Dijk's data providers

	December 31,	
	2017	2016
Other liabilities:		
Pension and other retirement employee benefits (see Note 13)	$ 244.5	$ 264.1
Deferred rent-non-current portion	103.1	98.3
Interest accrued on UTPs	54.7	34.1
Legacy and other tax matters	1.3	1.2
Income tax liability – non current*	232.2	—
Other	28.2	27.5
Total other liabilities	$ 664.0	$ 425.2

* The 2017 amount primarily reflects the transition tax pursuant to the Tax Act, which was enacted into law in December 2017. See Note 15 for further information.

Changes in the Company's self-insurance reserves for claims insured by the Company's wholly-owned insurance subsidiary, which primarily relate to legal defense costs for claims from prior years, are as follows:

	Year Ended December 31,		
	2017	2016	2015
Balance January 1,	$ 11.1	$ 19.7	$ 21.5
Accruals (reversals), net	9.6	12.1	22.2
Payments	(12.6)	(20.7)	(24.0)
Balance December 31,	$ 8.1	$ 11.1	$ 19.7

Purchase Price Hedge Gain:

There was a $111.1 million realized gain reflecting gains on an FX collar and foreign exchange forwards to economically hedge the euro denominated purchase price for Bureau van Dijk as more fully discussed in Note 5 to the condensed consolidated financial statements.

Settlement Charge

There was a charge of $863.8 million recorded in the fourth quarter of 2016 related to an agreement entered into on January 13, 2017 with the U.S. Department of Justice and the attorneys general of 21 U.S. states and the District of Columbia to resolve pending and potential civil claims related to credit ratings that MIS assigned to certain structured finance instruments in the financial crisis era.

CCXI Gain:
CCXI is a Chinese credit rating agency in which Moody's acquired a 49% stake in 2006. Moody's accounts for this investment under the equity method of accounting. On March 21, 2017, CCXI, as part of a strategic business realignment, issued additional capital to its majority shareholder in exchange for a ratings business wholly-owned by the majority shareholder and which has the right to rate a different class of debt instrument in the Chinese market. The capital issuance by CCXI in exchange for this ratings business diluted Moody's ownership interest in CCXI to 30% of a larger business and resulted in a $59.7 million non-cash, non-taxable gain. The issuance of additional capital by CCXI is treated as if Moody's sold a 19% interest in CCXI at fair value. The fair value of the 19% interest in CCXI that Moody's hypothetically sold was estimated using both a discounted cash flow methodology and comparable public company multiples. A DCF analysis requires significant estimates, including projections of future operating results and cash flows based on the budgets and forecasts of CCXI, expected long-term growth rates, terminal values, WACC and the effects of external factors and market conditions. Moody's will continue to account for its 30% interest in CCXI under the equity method of accounting.

NOTE 12. COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE INCOME

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

	Year Ended December 31,			Affected line in the consolidated statement of operations
	2017	**2016**	**2015**	
Gains on currency translation adjustments				
Liquidation/sale of foreign subsidiary	**$ —**	$ 36.6	$ 0.1	Other non-operating income (expense), net
Total gains on currency translation adjustments	**—**	**36.6**	**0.1**	
Gains (losses) on cash flow hedges				
Cross-currency swap	**12.6**	(6.0)	—	Other non-operating income (expense), net
Interest rate contract	**(1.1)**	—	—	Interest expense, net
Total before income taxes	**11.5**	**(6.0)**	**—**	
Income tax effect of item above	**(4.8)**	2.3	—	Provision for income taxes
Total net gains (losses) on cash flow hedges	**6.7**	**(3.7)**	**—**	
Gains on available for sale securities:				
Gains on available for sale securities	**1.8**	—	0.9	Other income
Income tax effect of item above	**—**	—	—	Provision for income taxes
Total gains on available for sale securities	**1.8**	**—**	**0.9**	
Pension and other retirement benefits				
Amortization of actuarial losses and prior service costs included in net income	**(5.5)**	(5.8)	(8.5)	Operating expense
Amortization of actuarial losses and prior service costs included in net income	**(3.2)**	(3.9)	(5.0)	SG&A expense
Total before income taxes	**(8.7)**	**(9.7)**	**(13.5)**	
Income tax effect of item above	**3.3**	3.7	5.2	Provision for income taxes
Total pension and other retirement benefits	**(5.4)**	**(6.0)**	**(8.3)**	
Total gains (losses) included in Net Income attributable to reclassifications out of AOCI	**$ 3.1**	**$ 26.9**	**$ (7.3)**	

The following table shows changes in AOCI by component (net of tax):

	Year Ended December 31, 2017				
	Pension and Other Retirement Benefits	Gains / (Losses) on Cash Flow Hedges	Foreign Currency Translation Adjustments	Gains on Available for Sale Securities	Total
Balance December 31, 2016	**$ (79.5)**	**$ 1.7**	**$ (290.2)**	**$ 3.1**	**$ (364.9)**
Other comprehensive income before reclassifications	**12.6**	**5.9**	**176.3**	**1.0**	**195.8**
Amounts reclassified from AOCI	**5.4**	**(6.7)**	**—**	**(1.8)**	**(3.1)**
Other comprehensive income/(loss)	**18.0**	**(0.8)**	**176.3**	**(0.8)**	**192.7**
Balance December 31, 2017	**$ (61.5)**	**$ 0.9**	**$ (113.9)**	**$ 2.3**	**$ (172.2)**

	Year Ended December 31, 2016				
Balance December 31, 2015	$ (85.7)	$ (1.1)	$ (256.0)	$ 3.3	$ (339.5)
Other comprehensive income/(loss) before reclassifications	0.2	(0.9)	2.4	(0.2)	1.5
Amounts reclassified from AOCI	6.0	3.7	(36.6)	—	(26.9)
Other comprehensive income/(loss)	6.2	2.8	(34.2)	(0.2)	(25.4)
Balance December 31, 2016	$ (79.5)	$ 1.7	$ (290.2)	$ 3.1	$ (364.9)

	Year Ended December 31, 2015				
Balance December 31, 2014	$ (105.4)	$ —	$ (130.7)	$ 0.9	$ (235.2)
Other comprehensive income/(loss) before reclassifications	11.4	(1.1)	(125.2)	3.3	(111.6)
Amounts reclassified from AOCI	8.3	—	(0.1)	(0.9)	7.3
Other comprehensive income/(loss)	19.7	(1.1)	(125.3)	2.4	(104.3)
Balance December 31, 2015	$ (85.7)	$ (1.1)	$ (256.0)	$ 3.3	$ (339.5)

NOTE 13 PENSION AND OTHER RETIREMENT BENEFITS

U.S. Plans

Moody's maintains funded and unfunded noncontributory Defined Benefit Pension Plans. The U.S. plans provide defined benefits using a cash balance formula based on years of service and career average salary or final average pay for selected executives. The Company also provides certain healthcare and life insurance benefits for retired U.S. employees. The retirement healthcare plans are contributory; the life insurance plans are noncontributory. Moody's funded and unfunded U.S. pension plans, the U.S. retirement healthcare plans and the U.S. retirement life insurance plans are collectively referred to herein as the "Retirement Plans". The U.S. retirement healthcare plans and the U.S. retirement life insurance plans are collectively referred to herein as the "Other Retirement Plans". Effective at the Distribution Date, Moody's assumed responsibility for the pension and other retirement benefits relating to its active employees. New D&B has assumed responsibility for the Company's retirees and vested terminated employees as of the Distribution Date.

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

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

	Pension Plans		Other Retirement Plans	
	2017	**2016**	**2017**	**2016**
Change in benefit obligation:				
Benefit obligation, beginning of the period	**$ (489.5)**	$ (459.2)	**$ (29.5)**	$ (27.0)
Service cost	**(18.4)**	(20.1)	**(2.5)**	(2.2)
Interest cost	**(18.5)**	(18.2)	**(1.1)**	(1.0)
Plan participants' contributions	**—**	—	**(0.4)**	(0.4)
Benefits paid	**15.0**	9.9	**1.4**	0.9
Actuarial gain (loss)	**7.4**	4.2	**(0.1)**	0.7
Assumption changes	**(14.1)**	(6.1)	**1.0**	(0.5)
Benefit obligation, end of the period	**$ (518.1)**	$ (489.5)	**$ (31.2)**	$ (29.5)
Change in plan assets:				
Fair value of plan assets, beginning of the period	**$ 297.1**	$ 260.9	**$ —**	$ —
Actual return on plan assets	**44.3**	19.7	**—**	—
Benefits paid	**(15.0)**	(9.9)	**(1.4)**	(0.9)
Employer contributions	**31.0**	26.4	**1.0**	0.5
Plan participants' contributions	**—**	—	**0.4**	0.4
Fair value of plan assets, end of the period	**$ 357.4**	$ 297.1	**$ —**	$ —
Funded Status of the plans	**$ (160.7)**	$ (192.4)	**$ (31.2)**	$ (29.5)
Amounts recorded on the consolidated balance sheets:				
Pension and retirement benefits liability – current	**$ (4.9)**	$ (5.1)	**$ (1.0)**	$ (1.0)
Pension and retirement benefits liability – non current	**(155.8)**	(187.3)	**(30.2)**	(28.5)
Net amount recognized	**$ (160.7)**	$ (192.4)	**$ (31.2)**	$ (29.5)
Accumulated benefit obligation, end of the period	**$ (461.5)**	$ (433.1)		

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

	December 31,	
	2017	**2016**
Aggregate projected benefit obligation	**$ 518.1**	$ 489.5
Aggregate accumulated benefit obligation	**$ 461.5**	$ 433.1
Aggregate fair value of plan assets	**$ 357.4**	$ 297.1

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

	Pension Plans		Other Retirement Plans	
	2017	**2016**	**2017**	**2016**
Net actuarial losses	**$ (104.0)**	$ (133.9)	**$ (3.0)**	$ (4.0)
Net prior service costs	**4.5**	4.5	**0.6**	0.9
Total recognized in AOCI – pretax	**$ (99.5)**	$ (129.4)	**$ (2.4)**	$ (3.1)

The following table summarizes the estimated pre-tax net actuarial losses and prior service cost for the Company's Retirement Plans that will be amortized from AOCI and recognized as components of net periodic expense during the next fiscal year:

	Pension Plans	Other Retirement Plans
Net actuarial losses	$ 6.0	$ —
Net prior service costs	(0.3)	(0.3)
Total to be recognized as components of net periodic expense	$ 5.7	$ (0.3)

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

	Pension Plans			Other Retirement Plans		
	2017	2016	2015	2017	2016	2015
Components of net periodic expense						
Service cost	$ 18.4	$ 20.1	$ 21.6	$ 2.5	$ 2.2	$ 2.2
Interest cost	18.5	18.2	16.9	1.1	1.0	1.0
Expected return on plan assets	(16.5)	(17.0)	(14.4)	—	—	—
Amortization of net actuarial loss from earlier periods	8.8	9.8	12.5	0.1	0.2	0.3
Amortization of net prior service costs from earlier periods	—	0.1	0.7	(0.3)	(0.3)	—
Net periodic expense	$ 29.2	$ 31.2	$ 37.3	$ 3.4	$ 3.1	$ 3.5

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

	Pension Plans			Other Retirement Plans		
	2017	2016	2015	2017	2016	2015
Amortization of net actuarial losses	$ 8.8	$ 9.8	$ 12.5	$ 0.1	$ 0.2	$ 0.3
Amortization of prior service costs	—	0.1	0.7	(0.3)	(0.3)	—
Prior service costs	—	—	6.5	—	—	1.2
Net actuarial gain (loss) arising during the period	21.1	0.8	8.4	0.9	0.2	1.3
Total recognized in OCI – pre-tax	$ 29.9	$ 10.7	$ 28.1	$ 0.7	$ 0.1	$ 2.8

ADDITIONAL INFORMATION:

Assumptions — Retirement Plans

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

	Pension Plans		Other Retirement Plans	
	2017	2016	2017	2016
Discount rate	3.46%	3.89%	3.45%	3.85%
Rate of compensation increase	3.71%	3.72%	—	—

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

	Pension Plans			Other Retirement Plans		
	2017	2016	2015	2017	2016	2015
Discount rate	3.89%	4.04%	3.78%	3.85%	4.00%	3.65%
Expected return on plan assets	5.40%	6.10%	5.80%	—	—	—
Rate of compensation increase	3.72%	3.74%	3.76%	—	—	—

The expected rate of return on plan assets represents the Company's best estimate of the long-term return on plan assets and is determined by using a building block approach, which generally weighs the underlying long-term expected rate of return for each major asset class based on their respective allocation target within the plan portfolio, net of plan paid expenses. As the assumption reflects a long-term time horizon, the plan performance in any one particular year does not, by itself, significantly influence the Company's evaluation. For 2017, the expected rate of return used in calculating the net periodic benefit costs was 5.40%. For 2018, the Company's expected rate of return assumption is 4.50% to reflect the Company's current view of long-term capital market outlook. In addition, the Company has updated its mortality assumption by adopting the newly released mortality improvement scale MP-2017 to accompany the RP-2014 mortality tables to reflect the latest information regarding future mortality expectations by the Society of Actuaries. Additionally, the assumed healthcare cost trend rate assumption is not material to the valuation of the other retirement plans.

Plan Assets

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

In 2014, the Company implemented a revised investment policy, which uses risk-controlled investment strategies by increasing the plan's asset allocation to fixed income securities and specifying ranges of acceptable target allocation by asset class based on different levels of the plan's accounting funded status. In addition, the investment policy also requires the investment-grade fixed income assets be rebalanced between shorter and longer duration bonds as the interest rate environment changes. This revised investment policy is designed to help protect the plan's funded status and to limit volatility of the Company's contributions. Based on the revised policy, the Company's current target asset allocation is approximately 53% (range of 48% to 58%) in equity securities, 40% (range of 35% to 45%) in fixed income securities and 7% (range of 4% to 10%) in other investments and the plan will use a combination of active and passive investment strategies and different investment styles for its investment portfolios within each asset class. The plan's equity investments are diversified across U.S. and non-U.S. stocks of small, medium and large capitalization. The plan's fixed income investments are diversified principally across U.S. and non-U.S. government and corporate bonds which are expected to help reduce plan exposure to interest rate variation and to better align assets with obligations. The plan also invests in other fixed income investments such as debts rated below investment grade, emerging market debt, and convertible securities. The plan's other investment, which is made through a private real estate debt fund, is expected to provide additional diversification benefits and absolute return enhancement to the plan assets.

Fair value of the assets in the Company's funded pension plan by asset category at December 31, 2017 and 2016 are as follows:

	Fair Value Measurement as of December 31, 2017				
Asset Category	Balance	Level 1	Level 2	Measured using NAV practical expedient (a)	% of total assets
Cash and cash equivalent	$ 16.5	$ —	$ 16.5	$ —	4%
Common/collective trust funds—equity securities					
U.S. large-cap	140.3	—	140.3	—	39%
U.S. small and mid-cap	23.3	—	23.3	—	7%
Emerging markets	28.1	—	28.1	—	8%
Total equity investments	191.7	—	191.7	—	54%
Emerging markets bond fund	12.1	12.1	—	—	3%
Common/collective trust funds—fixed income securities					
Intermediate-term investment grade U.S. government/ corporate bonds	83.7	—	83.7	—	23%
U.S. Treasury Inflation-Protected Securities (TIPs)	13.4	—	13.4	—	4%
Private investment fund—convertible securities	9.9	—	—	9.9	3%
Private investment fund—high yield securities	9.7	—	—	9.7	3%
Total fixed-income investments	128.8	12.1	97.1	19.6	36%
Other investment—private real estate debt fund	20.4	—	—	20.4	6%
Total Assets	$ 357.4	$ 12.1	$ 305.3	$ 40.0	100%

	Fair Value Measurement as of December 31, 2016				
Asset Category	Balance	Level 1	Level 2	Measured using NAV practical expedient (a)	% of total assets
Cash and cash equivalent	$ 1.2	$ —	$ 1.2	$ —	—
Common/collective trust funds—equity securities					
U.S. large-cap	130.1	—	130.1	—	44%
U.S. small and mid-cap	19.7	—	19.7	—	7%
Emerging markets	20.8	—	20.8	—	7%
Total equity investments	170.6	—	170.6	—	58%
Emerging markets bond fund	11.4	11.4	—	—	4%
Common/collective trust funds—fixed income securities					
Intermediate-term investment grade U.S. government/ corporate bonds	74.3	—	74.3	—	25%
U.S. Treasury Inflation-Protected Securities (TIPs)	13.1	—	13.1	—	4%
Private investment fund—convertible securities	9.1	—	—	9.1	3%
Private investment fund—high yield securities	9.0	—	—	9.0	3%
Total fixed-income investments	116.9	11.4	87.4	18.1	39%
Other investment—private real estate fund	8.4	—	—	8.4	3%
Total Assets	$ 297.1	$ 11.4	$ 259.2	$ 26.5	100%

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

Cash and cash equivalents are primarily comprised of investment in money market mutual funds. In determining fair value, Level 1 investments are valued based on quoted market prices in active markets. Investments in common/collective trust funds are valued

using the net asset value (NAV) per unit in each fund. The NAV is based on the value of the underlying investments owned by each trust, minus its liabilities, and then divided by the number of shares outstanding. Common/collective trust funds are categorized in Level 2 to the extent that they are considered to have a readily determinable fair value. Investments for which fair value is estimated by using the NAV per share (or its equivalent) as a practical expedient are not categorized in the fair value hierarchy.

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

Cash Flows

The Company contributed $25.9 million and $22.4 million to its U.S. funded pension plan during the years ended December 31, 2017 and 2016, respectively. The Company made payments of $5.1 million and $4.0 million related to its U.S. unfunded pension plan obligations during the years ended December 31, 2017 and 2016, respectively. The Company made payments of $1.0 million and $0.5 million to its Other Retirement Plans during the years ended December 31, 2017 and 2016, respectively. The Company is currently evaluating whether to make a contribution to its funded pension plan in 2018, and anticipates making payments of $4.9 million related to its unfunded U.S. pension plans and $1.0 million related to its Other Retirement Plans during the year ended December 31, 2018.

Estimated Future Benefits Payable

Estimated future benefits payments for the Retirement Plans are as follows as of year ended December 31, 2017:

Year Ending December 31,	Pension Plans	Other Retirement Plans
2018	$ 12.2	$ 1.0
2019	13.0	1.1
2020	41.4	1.2
2021	17.8	1.3
2022	19.5	1.4
2023 – 2027	$ 135.7	$ 10.2

Defined Contribution Plans

Moody's has a Profit Participation Plan covering substantially all U.S. employees. The Profit Participation Plan provides for an employee salary deferral and the Company matches employee contributions, equal to 50% of employee contribution up to a maximum of 3% of the employee's pay. Moody's also makes additional contributions to the Profit Participation Plan based on year-to-year growth in the Company's EPS. Effective January 1, 2008, all new hires are automatically enrolled in the Profit Participation Plan when they meet eligibility requirements unless they decline participation. As the Company's U.S. DBPPs are closed to new entrants effective January 1, 2008, all eligible new hires will instead receive a retirement contribution into the Profit Participation Plan in value similar to the pension benefits. Additionally, effective January 1, 2008, the Company implemented a deferred compensation plan in the U.S., which is unfunded and provides for employee deferral of compensation and Company matching contributions related to compensation in excess of the IRS limitations on benefits and contributions under qualified retirement plans. Total expenses associated with U.S. defined contribution plans were $43.3 million, $28.3 million and $21.1 million in 2017, 2016, and 2015, respectively. The full year 2017 expense includes an accrued profit sharing contribution.

Effective January 1, 2008, Moody's has designated the Moody's Stock Fund, an investment option under the Profit Participation Plan, as an Employee Stock Ownership Plan and, as a result, participants in the Moody's Stock Fund may receive dividends in cash or may reinvest such dividends into the Moody's Stock Fund. Moody's paid approximately $0.7 million during each of the years ended December 31, 2017, 2016 and 2015, respectively, for the Company's common shares held by the Moody's Stock Fund. The Company records the dividends as a reduction of retained earnings in the Consolidated Statements of Shareholders' Equity (Deficit). The Moody's Stock Fund held approximately 457,000 and 471,000 shares of Moody's common stock at December 31, 2017 and 2016, respectively.

International Plans

Certain of the Company's international operations provide pension benefits to their employees. The non-U.S. defined benefit pension plans are immaterial. For defined contribution plans, company contributions are primarily determined as a percentage of employees' eligible compensation. Moody's also makes contributions to non-U.S. employees under a profit sharing plan which is based on year-to-year growth in the Company's diluted EPS. Expenses related to these defined contribution plans for the years ended December 31, 2017, 2016 and 2015 were $23.9 million, $24.5 million and $26.7 million, respectively.

NOTE 14 STOCK-BASED COMPENSATION PLANS

Under the 1998 Plan, 33.0 million shares of the Company's common stock have been reserved for issuance. The 2001 Plan, which is shareholder approved, permits the granting of up to 50.6 million shares, of which not more than 14.0 million shares are available for grants of awards other than stock options. The Stock Plans also provide for the granting of restricted stock. The Stock Plans provide that options are exercisable not later than ten years from the grant date. The vesting period for awards under the Stock Plans is generally

determined by the Board at the date of the grant and has been four years except for employees who are at or near retirement eligibility, as defined, for which vesting is between one and four years. Additionally, the vesting period is three years for certain performance-based restricted stock that contain a condition whereby the number of shares that ultimately vest are based on the achievement of certain non-market based performance metrics of the Company. Options may not be granted at less than the fair market value of the Company's common stock at the date of grant.

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

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

	Year Ended December 31,		
	2017	**2016**	**2015**
Stock-based compensation expense	**$ 122.9**	$ 98.1	$ 87.2
Tax benefit	**$ 13.3***	$ 31.9	$ 28.6

* Amount includes a decrease in deferred tax assets resulting from a future reduction in the U.S. federal corporate income tax rate in accordance with the Tax Act, more fully described in Note 15.

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

The following weighted average assumptions were used for options granted:

	Year Ended December 31,		
	2017	**2016**	**2015**
Expected dividend yield	**1.34%**	1.83%	1.39%
Expected stock volatility	**27%**	32%	39%
Risk-free interest rate	**2.19%**	1.60%	1.88%
Expected holding period	**6.5 years**	6.8 years	6.9 years
Grant date fair value	**$ 30.00**	$ 22.98	$ 36.08

A summary of option activity as of December 31, 2017 and changes during the year then ended is presented below:

Options	**Shares**	**Weighted Average Exercise Price Per Share**	**Weighted Average Remaining Contractual Term**	**Aggregate Intrinsic Value**
Outstanding, December 31, 2016	3.9	$ 49.68		
Granted	0.2	$ 113.80		
Exercised	(1.2)	$ 42.52		
Outstanding, December 31, 2017	**2.9**	**$ 57.48**	**4.7 years**	**$ 261.6**
Vested and expected to vest, December 31, 2017	**2.8**	**$ 56.50**	**4.6 years**	**$ 257.7**
Exercisable, December 31, 2017	**2.1**	**$ 43.30**	**3.4 years**	**$ 216.8**

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between Moody's closing stock price on the last trading day of the year ended December 31, 2017 and the exercise prices, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options as of December 31, 2017. This amount varies based on the fair value of Moody's stock. As of December 31, 2017 there was $6.6 million of total unrecognized compensation expense related to options. The expense is expected to be recognized over a weighted average period of 1.4 years.

The following table summarizes information relating to stock option exercises:

	Year Ended December 31,		
	2017	2016	2015
Proceeds from stock option exercises	**$ 48.8**	$ 71.8	$ 83.9
Aggregate intrinsic value	**$ 88.3**	$ 71.3	$ 72.9
Tax benefit realized upon exercise	**$ 31.2**	$ 24.3	$ 26.0

A summary of the status of the Company's nonvested restricted stock as of December 31, 2017 and changes during the year then ended is presented below:

Nonvested Restricted Stock	**Shares**	**Weighted Average Grant Date Fair Value Per Share**
Balance, December 31, 2016	2.4	$ 81.17
Granted	1.0	$ 113.48
Vested	(1.0)	$ 75.06
Forfeited	(0.1)	$ 97.06
Balance, December 31, 2017	**2.3**	**$ 97.17**

As of December 31, 2017, there was $126.6 million of total unrecognized compensation expense related to nonvested restricted stock. The expense is expected to be recognized over a weighted average period of 1.6 years.

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

	Year Ended December 31,		
	2017	2016	2015
Fair value of shares vested	**$ 110.5**	$ 92.9	$ 111.9
Tax benefit realized upon vesting	**$ 34.9**	$ 29.4	$ 38.1

A summary of the status of the Company's performance-based restricted stock as of December 31, 2017 and changes during the year then ended is presented below:

Performance-based restricted stock	**Shares**	**Weighted Average Grant Date Fair Value Per Share**
Balance, December 31, 2016	0.5	$ 80.70
Granted	0.2	$ 109.36
Vested	(0.2)	$ 76.36
Adjustment to shares expected to vest*	0.2	$ 98.88
Balance, December 31, 2017	**0.7**	**$ 94.30**

* Reflects an adjustment to shares expected to vest based on the Company's projected achievement of certain non-market based performance metrics as of December 31, 2017.

The following table summarizes information relating to the vesting of the Company's performance-based restricted stock awards:

	Year Ended December 31,		
	2017	2016	2015
Fair value of shares vested	**$ 19.5**	$ 23.6	$ 43.1
Tax benefit realized upon vesting	**$ 6.9**	$ 8.4	$ 15.6

As of December 31, 2017, there was $31.0 million of total unrecognized compensation expense related to this plan. The expense is expected to be recognized over a weighted average period of 1.0 years.

The Company has a policy of issuing treasury stock to satisfy shares issued under stock-based compensation plans.

In addition, the Company also sponsors the ESPP. Under the ESPP, 6.0 million shares of common stock were reserved for issuance. The ESPP allows eligible employees to purchase common stock of the Company on a monthly basis at a discount to the average of the high and the low trading prices on the New York Stock Exchange on the last trading day of each month. This discount was 5% in 2017, 2016 and 2015 resulting in the ESPP qualifying for non-compensatory status under Topic 718 of the ASC. Accordingly, no compensation

expense was recognized for the ESPP in 2017, 2016, and 2015. The employee purchases are funded through after-tax payroll deductions, which plan participants can elect from one percent to ten percent of compensation, subject to the annual federal limit.

NOTE 15 **INCOME TAXES**

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

	Year Ended December 31,		
	2017	2016	2015
Current:			
Federal	**$ 453.8**	$ 292.9	$ 278.2
State and Local	**30.0**	39.5	40.1
Non-U.S.	**207.0**	102.9	93.6
Total current	**690.8**	435.3	411.9
Deferred:			
Federal	**155.5**	(125.8)	14.7
State and Local	**17.5**	(20.3)	7.6
Non-U.S.	**(84.7)**	(7.0)	(4.2)
Total deferred	**88.3**	(153.1)	18.1
Total provision for income taxes	**$ 779.1**	$ 282.2	$ 430.0

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

	Year Ended December 31,		
	2017	2016	2015
U.S. statutory tax rate	**35.0%**	35.0%	35.0%
State and local taxes, net of federal tax benefit	**1.9**	2.2	3.0
Benefit of foreign operations	**(9.9)**	(13.3)	(5.8)
Settlement charge	**—**	27.4	—
Legacy tax items	**—**	(0.1)	(0.2)
U.S. Tax Act Impact	**17.0**	—	—
Other	**(0.4)**	(0.6)	(0.8)
Effective tax rate	**43.6%**	50.6%	31.2%
Income tax paid	**$ 366.4**	$ 355.7	$ 397.4

The source of income before provision for income taxes is as follows:

	Year Ended December 31,		
	2017	2016	2015
United States	**$ 1,098.5**	$ 37.2	$ 913.9
International	**688.3**	520.8	465.7
Income before provision for income taxes	**$ 1,786.8**	$ 558.0	$ 1,379.6

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

	December 31,	
	2017	**2016**
Deferred tax assets:		
Account receivable allowances	**$ 6.0**	$ 6.0
Accumulated depreciation and amortization	**1.2**	1.3
Stock-based compensation	**39.6**	54.4
Accrued compensation and benefits	**79.2**	119.3
Deferred rent and construction allowance	**21.2**	30.1
Deferred revenue	**41.9**	46.2
Foreign net operating loss (1)	**13.3**	3.7
Settlement Charge	**—**	163.2
Legal and professional fees	**1.2**	4.2
Restructuring	**0.2**	2.2
Uncertain tax positions	**28.6**	37.3
Self-insured related reserves	**7.5**	15.1
Capitalized cost	**4.3**	—
Other	**19.0**	4.5
Total deferred tax assets	**$ 263.2**	$ 487.5
Deferred tax liabilities:		
Accumulated depreciation and amortization of intangible assets and capitalized software	**$ (408.8)**	$ (189.8)
Foreign earnings to be repatriated	**—**	(7.5)
Capital gains	**(25.6)**	(24.1)
Self-insured related income	**(7.5)**	(15.1)
Stock based compensation	**(3.3)**	(2.9)
Unrealized gain on net investment hedges - OCI	**—**	(21.0)
Other liabilities	**(3.0)**	(12.1)
Total deferred tax liabilities	**(448.2)**	(272.5)
Net deferred tax (liabilities) asset	**(185.0)**	215.0
Valuation allowance	**(12.8)**	(3.2)
Total net deferred tax (liabilities) assets	**$ (197.8)**	**$ 211.8**

(1) Amounts are primarily set to expire beginning in 2018, if unused.

On December 22, 2017, the Tax Cut and Jobs Act was signed into law which resulted in significant changes to U.S. corporate tax laws. The Tax Act includes a mandatory one-time deemed repatriation tax (“transition tax”) on previously untaxed accumulated earnings of foreign subsidiaries and beginning in 2018 reduces the statutory federal corporate income tax rate from 35% to 21%. Due to the complexities of the Tax Act, the SEC issued guidance requiring that companies provide a reasonable estimate of the impact of the Tax Act to the extent such reasonable estimate has been determined. Accordingly, the Company recorded a provisional estimate for the transition tax of $247.3 million, a portion of which will be payable over eight years, starting in 2018, and will not accrue interest. Additionally, the Company recorded a provisional estimate decreasing net deferred tax assets by $56.2 million resulting from the future reduction in the federal corporate income tax rate. Separately, a statutory tax rate reduction in Belgium resulted in a $57.9 million decrease of deferred tax liabilities pertaining to Bureau van Dijk’s acquired intangible assets.

The above provisional estimates may be impacted by a number of additional considerations, including but not limited to the issuance of regulations and our ongoing analysis of the new law.

As a result of the Tax Act, all previously undistributed foreign earnings have now been subject to U.S. tax. However, the Company intends to continue to indefinitely reinvest these earnings outside the U.S. and accordingly the Company has not provided non-U.S. deferred income taxes on these indefinitely reinvested earnings. It is not practicable to determine the amount of non-U.S. deferred taxes that might be required to be provided if such earnings were distributed in the future, due to complexities in the tax laws and in the hypothetical calculations that would have to be made.

On March 30, 2016, the FASB issued Accounting Standards Update (ASU) 2016-09, Improvements to Employee Share Based Payment Accounting as more fully discussed in Note 1 to the condensed consolidated financial statements. The new guidance requires all tax effects related to share based payments to be recorded through the income statement. The Company has adopted the new guidance as

of the first quarter of 2017 and the adoption resulted in a reduction in its income tax provision of approximately $40 million, or 220BPS, for the full year of 2017.

In the first quarter of 2017, the Company adopted Accounting Standards Update 2016-16, “Accounting for Income Taxes: Intra-Entity Asset Transfers of Assets Other than Inventory.” Under previous guidance, the tax effects of intra-entity asset transfers (intercompany sales) were deferred until the transferred asset was sold to a third party or otherwise recovered through use. The new guidance eliminates the exception for all intra-entity sales of assets other than inventory. Upon adoption, a cumulative-effect adjustment is recorded in retained earnings as of the beginning of the period of adoption. The net impact upon adoption is a reduction to retained earnings of $4.6 million. The Company does not expect any material impact on its future operations as a result of the adoption of this guidance.

The Company had valuation allowances of $12.8 million and $3.2 million at December 31, 2017 and 2016, respectively, related to foreign net operating losses for which realization is uncertain.

As of December 31, 2017 the Company had $389.1 million of UTPs of which $353.0 million represents the amount that, if recognized, would impact the effective tax rate in future periods. The increase in UTPs results primarily from the acquisition of Bureau van Dijk.

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

	Year Ended December 31,		
	2017	2016	2015
Balance as of January 1	**$ 199.8**	$ 203.4	$ 220.3
Additions for tax positions related to the current year	**86.3**	21.9	24.1
Additions for tax positions of prior years	**120.2**	12.4	14.0
Reductions for tax positions of prior years	**(4.1)**	(27.6)	(41.6)
Settlements with taxing authorities	**(2.2)**	(8.3)	(7.8)
Lapse of statute of limitations	**(10.9)**	(2.0)	(5.6)
Balance as of December 31	**$ 389.1**	$ 199.8	$ 203.4

The Company classifies interest related to UTPs in interest expense in its consolidated statements of operations. Penalties, if incurred, would be recognized in other non-operating expenses. During the years ended December 31, 2017 and 2016, the Company incurred a net interest expense of $15.3 million and $7.8 million respectively, related to UTPs. An additional $5.6 million of accrued interest was recorded in connection with the Company’s acquisition of Bureau van Dijk. As of December 31, 2017 and 2016, the amount of accrued interest recorded in the Company’s consolidated balance sheets related to UTPs was $54.7 million and $34.1 million, respectively.

Moody’s Corporation and subsidiaries are subject to U.S. federal income tax as well as income tax in various state, local and foreign jurisdictions. The Company’s U.S. federal income tax returns for the years 2011 and 2012 are under examination and its 2013 to 2016 returns remain open to examination. The Company’s New York State income tax returns for 2011 to 2016 are under examination. The Company’s New York City tax return for 2014 is under examination and 2015 to 2016 remain open to examination. The Company’s U.K. tax return for 2012 is under examination. Tax filings in the U.K. remain open to examination for 2013 through 2016.

For current ongoing audits related to open tax years, the Company estimates that it is possible that the balance of UTPs could decrease in the next twelve months as a result of the effective settlement of these audits, which might involve the payment of additional taxes, the adjustment of certain deferred taxes and/or the recognition of tax benefits. It is also possible that new issues might be raised by tax authorities which might necessitate increases to the balance of UTPs. As the Company is unable to predict the timing of conclusion of these audits, the Company is unable to estimate the amount of changes to the balance of UTPs at this time.

NOTE 16 **INDEBTEDNESS**

The following table summarizes total indebtedness:

	December 31, 2017				
	Principal Amount	**Fair Value of Interest Rate Swaps (1)**	**Unamortized (Discount) Premium**	**Unamortized Debt Issuance Costs**	**Carrying Value**
Notes Payable:					
5.50% 2010 Senior Notes, due 2020	**$ 500.0**	**$ —**	**$ (1.0)**	**$ (1.2)**	**$ 497.8**
4.50% 2012 Senior Notes, due 2022	**500.0**	**(0.8)**	**(2.0)**	**(1.7)**	**495.5**
4.875% 2013 Senior Notes, due 2024	**500.0**	**—**	**(1.8)**	**(2.4)**	**495.8**
2.75% 2014 Senior Notes (5-Year), due 2019	**450.0**	**(2.2)**	**(0.2)**	**(1.1)**	**446.5**
5.25% 2014 Senior Notes (30-Year), due 2044	**600.0**	**—**	**3.3**	**(5.7)**	**597.6**
1.75% 2015 Senior Notes, due 2027	**600.4**	**—**	**—**	**(3.6)**	**596.8**
2.75% 2017 Senior Notes, due 2021	**500.0**	**—**	**(1.3)**	**(3.2)**	**495.5**
2017 Floating Rate Senior Notes, due 2018	**300.0**	**—**	**—**	**(0.5)**	**299.5**
2.625% 2017 Private Placement Notes, due 2023	**500.0**	**—**	**(1.1)**	**(3.5)**	**495.4**
3.25% 2017 Private Placement Notes, due 2028	**500.0**	**—**	**(5.2)**	**(3.9)**	**490.9**
2017 Term Loan Facility, due 2020	**500.0**	**—**	**—**	**(0.7)**	**499.3**
Commercial Paper	**130.0**	**—**	**(0.1)**	**—**	**129.9**
Total debt	**$ 5,580.4**	**$ (3.0)**	**$ (9.4)**	**$ (27.5)**	**$ 5,540.5**
Current portion					**(429.4)**
Total long-term debt					**$ 5,111.1**

	December 31, 2016				
	Principal Amount	**Fair Value of Interest Rate Swaps (1)**	**Unamortized (Discount) Premium**	**Unamortized Debt Issuance Costs**	**Carrying Value**
Notes Payable:					
6.06% Series 2007-1 Notes due 2017	$ 300.0	$ —	$ —	$ —	$ 300.0
5.50% 2010 Senior Notes, due 2020	500.0	5.5	(1.3)	(1.6)	502.6
4.50% 2012 Senior Notes, due 2022	500.0	(0.2)	(2.4)	(2.1)	495.3
4.875% 2013 Senior Notes, due 2024	500.0	—	(2.1)	(2.7)	495.2
2.75% 2014 Senior Notes (5-Year), due 2019	450.0	0.9	(0.4)	(1.7)	448.8
5.25% 2014 Senior Notes (30-Year), due 2044	600.0	—	3.3	(5.9)	597.4
1.75% 2015 Senior Notes, due 2027	527.4	—	—	(3.7)	523.7
Total long-term debt	$ 3,377.4	$ 6.2	$ (2.9)	$ (17.7)	$ 3,363.0
Current portion					**(300.0)**
Total long-term debt					**$ 3,063.0**

(1) The Company has entered into interest rate swaps on the 2010 Senior Notes, the 2012 Senior Notes and the 2014 Senior Notes (5-Year) which are more fully discussed in Note 5 above.

Term Loan Facility

On June 6, 2017, the Company entered into a three-year term loan facility with the capacity to borrow up to $500.0 million. On August 8, 2017, the Company borrowed $500 million under the 2017 Term Loan for which the proceeds were used to fund the acquisition of Bureau van Dijk and to pay acquisition-related fees and expenses. At the Company's election, interest on borrowings under the 2017 Term Loan is payable at rates that are based on either (a) Alternate Base Rate (as defined in the 2017 Term Loan Facility agreement) plus an applicable rate (ranging from 0 BPS to 50 BPS per annum) or (b) the Adjusted LIBO Rate (as defined in the 2017 Term Loan Facility agreement) plus an applicable rate (ranging from 87.5 BPS to 150 BPS per annum), in each case, depending on the Company's index debt rating, as set forth in the 2017 Term Loan agreement.

The 2017 Term Loan contains covenants that, among other things, restrict the ability of the Company to engage in mergers, consolidations, asset sales, transactions with affiliates, sale and leaseback transactions or to incur liens, with exceptions as set forth in the 2017 Term Loan Facility agreement. The 2017 Term Loan also contains a financial covenant that requires the Company to maintain a

debt to EBITDA ratio of not more than: (i) 4.5 to 1.0 as of the end of each fiscal quarter ending on September 30, 2017, December 31, 2017 and March 31, 2018 and (ii) 4.0 to 1.0 as of the end of the fiscal quarter ended on June 30, 2018. The 2017 Term Loan also contains customary events of default.

Credit Facility
On May 11, 2015, the Company entered into a five-year senior, unsecured revolving credit facility with the capacity to borrow up to $1 billion. This replaced the $1 billion five-year 2012 Facility that was scheduled to expire in April 2017. On June 6, 2017, the Company entered into an amendment to the 2015 Facility. Pursuant to the amendment, the applicable rate for borrowings under the 2015 Facility will range from 0 BPS to 32.5 BPS per annum for Alternate Base Rate loans (as defined in the 2015 Facility agreement) and 79.5 BPS to 132.5 BPS per annum for Eurocurrency loans (as defined in the 2015 Facility agreement) depending on the Company’s ratio of total debt to EBITDA. In addition, the Company also pays quarterly facility fees, regardless of borrowing activity under the 2015 Facility. Pursuant to the amendment, the facility fee paid by the Company ranges from 8 BPS to 17.5 BPS on the daily amount of commitments (whether used or unused), in each case, depending on the Company’s index debt rating. The amendment also modifies, among other things, the existing financial covenant, so that, the Company’s debt to EBITDA ratio shall not exceed 4.5 to 1.0 as of the end of each fiscal quarter ending on September 30, 2017, December 31, 2017 and March 31, 2018 and shall not exceed 4.0 to 1.0 as of the end of the fiscal quarter ended on June 30, 2018 and each fiscal quarter thereafter. Upon the occurrence of certain financial or economic events, significant corporate events or certain other events of default constituting a default under the 2015 Facility, all loans outstanding under the 2015 Facility (including accrued interest and fees payable thereunder) may be declared immediately due and payable and all lending commitments under the 2015 Facility may be terminated. In addition, certain other events of default under the 2015 Facility would automatically result in amounts outstanding becoming immediately due and payable and the termination of all lending commitments.

Commercial Paper
On August 3, 2016, the Company entered into a private placement commercial paper program under which the Company may issue CP notes up to a maximum amount of $1.0 billion. Borrowings under the CP Program are backstopped by the 2015 Facility. Amounts under the CP Program may be re-borrowed. The maturity of the CP Notes will vary, but may not exceed 397 days from the date of issue. The CP Notes are sold at a discount from par, or alternatively, sold at par and bear interest at rates that will vary based upon market conditions. The rates of interest will depend on whether the CP Notes will be a fixed or floating rate. The interest on a floating rate may be based on the following: (a) certificate of deposit rate; (b) commercial paper rate; (c) the federal funds rate; (d) the LIBOR; (e) prime rate; (f) Treasury rate; or (g) such other base rate as may be specified in a supplement to the private placement agreement. The CP Program contains certain events of default including, among other things: non-payment of principal, interest or fees; entrance into any form of moratorium; and bankruptcy and insolvency events, subject in certain instances to cure periods. As of December 31, 2017, the Company has CP borrowings outstanding of $130 million with a weighted average maturity date at the time of issuance of 30 days. At December 31, 2017, the weighted average remaining maturity and interest rate on CP outstanding was 15 days and 1.76% respectively.

Notes Payable
On September 7, 2007, the Company issued and sold through a private placement transaction, $300.0 million aggregate principal amount of its 6.06% Series 2007-1 Senior Unsecured Notes due 2017 pursuant to the 2007 Agreement. The Series 2007-1 Notes had a ten-year term and bore interest at an annual rate of 6.06%, payable semi-annually on March 7 and September 7. The Company could 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. In the first quarter of 2017, the Company repaid the Series 2007-1 Notes along with a Make-Whole Amount of approximately $7 million.

On August 19, 2010, the Company issued $500 million aggregate principal amount of senior 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 is 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 2010 Indenture, at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase. The 2010 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 2010 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 2010 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 2010 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 2010 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 November 4, 2011, in connection with the acquisition of Copal, a subsidiary of the Company issued a $14.2 million non-interest bearing note to the sellers which represented a portion of the consideration transferred to acquire the Copal entities. If a seller subsequently transfers to the Company all of its shares, the Company must repay the seller its proportion of the principal on the later of (i) the fourth anniversary date of the note or (ii) within a time frame set forth in the acquisition agreement relating to the resolution of certain income tax uncertainties pertaining to the transaction. The Company has the right to offset payment of the note against certain indemnification assets associated with UTPs related to the acquisition. Accordingly, the Company has offset the liability for this note against the indemnification asset, thus no balance for this note is carried on the Company's consolidated balance sheet at December 31, 2017 and 2016. In the event that the Company would not be required to settle amounts related to the UTPs, the Company would be required to pay the sellers the principal in accordance with the note agreement. The Company may prepay the note in accordance with certain terms set forth in the acquisition agreement.

On August 20, 2012, the Company issued $500 million aggregate principal amount of unsecured notes in a public offering. The 2012 Senior Notes bear interest at a fixed rate of 4.50% and mature on September 1, 2022. Interest on the 2012 Senior Notes is due semi-annually on September 1 and March 1 of each year, commencing March 1, 2013. The Company may prepay the 2012 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 2012 Indenture, at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase. The 2012 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 2012 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 2012 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 2012 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 2012 Indenture, the 2012 Senior 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 August 12, 2013, the Company issued $500 million aggregate principal amount of senior unsecured notes in a public offering. The 2013 Senior Notes bear interest at a fixed rate of 4.875% and mature on February 15, 2024. Interest on the 2013 Senior Notes is due semi-annually on February 15 and August 15 of each year, commencing February 15, 2014. The Company may prepay the 2013 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. Notwithstanding the immediately preceding sentence, the Company may redeem the 2013 Senior Notes, in whole or in part, at any time or from time to time on or after November 15, 2023 (three months prior to their maturity), at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding the redemption date. 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 2013 Indenture, at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase. The 2013 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 2013 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 2013 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 2013 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 2013 Indenture, the 2013 Senior 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 July 16, 2014, the Company issued $300 million aggregate principal amount of senior unsecured notes in a public offering. The 2014 Senior Notes (30-year) bear interest at a fixed rate of 5.25% and mature on July 15, 2044. Interest on the 2014 Senior Notes (30-year) is due semi-annually on January 15 and July 15 of each year, commencing January 15, 2015. The Company may prepay the 2014 Senior Notes (30-year), 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 2014 Indenture, at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase. The 2014 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 2014 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 2014 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 2014 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 2014 Indenture, the 2014 Senior Notes (30-year) 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 November 13, 2015, the Company issued an additional $300 million aggregate principal amount of the 2014 Senior Notes (30-year) in a public offering. This issuance constitutes an additional issuance of, and a single series with, the $300 million 2014 Senior Notes (30-year) issued on July 16, 2014 and have the same terms as the 2014 Senior Notes (30-year).

On July 16, 2014, the Company issued $450 million aggregate principal amount of senior unsecured notes in a public offering. The 2014 Senior Notes (5-year) bear interest at a fixed rate of 2.75% and mature July 15, 2019. Interest on the 2014 Senior Notes (5-year) is due semi-annually on January 15 and July 15 of each year, commencing January 15, 2015. The Company may prepay the 2014 Senior Notes (5-year), in whole or in part, at any time at a price prior to June 15, 2019, equal to 100% of the principal amount being prepaid, plus accrued and unpaid interest and a Make-Whole Amount. Notwithstanding the immediately preceding sentence, the Company may redeem the 2014 Senior Notes (5-year), in whole or in part, at any time or from time to time on or after June 15, 2019 (one month prior to their maturity), at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding the redemption date. 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 2014 Indenture, at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase. The 2014 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 2014 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 2014 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 2014 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 2014 Indenture, the 2014 Senior Notes (5-year) 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 March 9, 2015, the Company issued € 500 million aggregate principal amount of senior unsecured notes in a public offering. The 2015 Senior Notes bear interest at a fixed rate of 1.75% and mature on March 9, 2027. Interest on the 2015 Senior Notes is due annually on March 9 of each year, commencing March 9, 2016. The Company may prepay the 2015 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 2015 Indenture, at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase. The 2015 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 2015 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 2015 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 2015 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 2015 Indenture, the 2015 Senior 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. The Company has designated the entire balance of the 2015 Senior Notes as a net investment hedge as more fully discussed in Note 5.

On March 2, 2017, the Company issued $500 million aggregate principal amount of senior unsecured notes in a public offering. The 2017 Senior Notes bear interest at a fixed rate of 2.750% and mature on December 15, 2021. Interest on the 2017 Senior Notes is due semiannually on June 15 and December 15 of each year, commencing June 15, 2017. The Company may redeem the 2017 Senior

Notes, in whole or in part, at any time at a price equity to 100% of the principal amount being redeemed, plus accrued and unpaid interest and a Make-Whole Amount.

On March 2, 2017, the Company issued $300 million aggregate principal amount of senior unsecured floating rate notes in a public offering. The 2017 Floating Rate Senior Notes bear interest at a floating rate which is to be calculated by Wells Fargo Bank, National Association, equal to three-month LIBOR as determined on the interest determination date plus 0.35%. The interest determination date for an interest period is the second London business day preceding the first day of such interest period. The 2017 Floating Rate Senior Notes mature on September 4, 2018. Interest on the 2017 Floating Rate Senior Notes will accrue from March 2, 2017, and will be paid quarterly in arrears on June 4, 2017, September 4, 2017, December 4, 2017, March 4, 2018, June 4, 2018 and on the maturity date, to the record holders at the close of business on the business date preceding the interest payment date. The 2017 Floating Rate Senior Notes are not redeemable prior to their maturity.

On June 12, 2017, the Company issued and sold through a private placement transaction, $500 million aggregate principal amount of its 2017 Private Placement Notes Due 2023 and $500 million aggregate principal amount of its 2017 Private Placement Notes Due 2028. The 2017 Private Placement Notes Due 2023 bear interest at the fixed rate of 2.625% per year and mature on January 15, 2023. The 2017 Private Placement Notes Due 2028 bear interest at the fixed rate of 3.250% per year and mature on January 15, 2028. Interest on each tranche of notes will be due semiannually on January 15 and July 15 of each year, commencing January 15, 2018. The Company entered into a registration rights agreement, dated as of June 12, 2017, with the representatives of the initial purchasers of the notes, which sets forth, among other things, the Company's obligations to register the notes under the Securities Act, within 365 days of issuance. The net proceeds of the note offering were used to finance, in part, the acquisition of Bureau van Dijk. In addition, the Company may redeem each of the notes in whole or in part, at any time at a price equity to 100% of the principal amount being redeemed, plus accrued interest and a Make-Whole Amount.

For the 2017 Floating Rate Notes, 2017 Senior Notes, 2017 Private Placement Notes Due 2023 and 2017 Private Placement Notes Due 2028, 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 2017 Indenture, at a price equal to 101% of the principal amount, thereof, plus accrued and unpaid interest to the date of purchase. The 2017 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 2017 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 2017 Indenture also 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 2017 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 2017 Indenture, all the aforementioned 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 of the applicable series then outstanding.

2017 Bridge Credit Facility

On May 15, 2017, the Company entered into a 364-Day Bridge Credit Agreement providing for a $1.5 billion bridge facility. On June 12, 2017, the commitments under this facility were terminated upon the issuance of the 2017 Private Placement Notes Due 2023, the 2017 Private Placement Notes Due 2028 and the 2017 Term Loan Facility.

At December 31, 2017, the Company was in compliance with all covenants contained within all of the debt agreements. All the debt agreements contain cross default provisions which state that default under one of the aforementioned debt instruments could in turn permit lenders under other debt instruments to declare borrowings outstanding under those instruments to be immediately due and payable. As of December 31, 2017, there were no such cross defaults.

The repayment schedule for the Company's borrowings is as follows:

Year Ending December 31,	2010 Senior Notes due 2020	2012 Senior Notes due 2022	2013 Senior Notes due 2024	2014 Senior Notes (5-year) due 2019	2014 Senior Notes (30-year) due 2044	2015 Senior Notes due 2027	Term Loan Facility due 2020	2017 Floating Rate Senior Notes due 2018	2017 Senior Notes due 2021	2017 Private Placement Notes due 2023	2017 Private Placement Notes due 2028	Commercial Paper	Total
2018	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 300.0	$ —	$ —	$ —	$ 130.0	$ 430.0
2019	—	—	—	450.0	—	—	—		—	—	—	—	450.0
2020	500.0	—	—	—	—	—	500.0	—	—	—	—	—	1,000.0
2021	—	—	—	—	—	—	—	—	500.0	—	—	—	500.0
2022	—	500.0	—	—	—	—	—	—	—	—	—	—	500.0
Thereafter	—	—	500.0	—	600.0	600.4	—	—	—	500.0	500.0	—	2,700.4
Total	$ 500.0	$ 500.0	$ 500.0	$ 450.0	$ 600.0	$ 600.4	$ 500.0	$ 300.0	$ 500.0	$ 500.0	$ 500.0	$ 130.0	$ 5,580.4

INTEREST EXPENSE, NET

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

	Year Ended December 31,		
	2017	2016	2015
Income	**$ 16.0**	$ 10.9	$ 9.7
Expense on borrowings	**(190.1)**	(141.9)	(120.6)
Expense on UTPs and other tax related liabilities (a)	**(15.3)**	(7.8)	(5.3)
Legacy Tax (b)	**—**	0.2	0.7
Capitalized	**1.0**	0.8	0.4
Total	**$ (188.4)**	$ (137.8)	$ (115.1)
Interest paid (c)	**$ 158.2**	$ 136.7	$ 108.3

(a) The 2015 amount includes approximately $2 million in interest income on a tax refund and a $4 million interest reversal relating to the favorable resolution of a tax audits.

(b) Represents a reduction of accrued interest related to the favorable resolution of Legacy Tax Matters.

(c) Interest paid includes net settlements on interest rate swaps more fully discussed in Note 5.

The Company's debt is recorded at its carrying amount, which represents the issuance amount plus or minus any issuance premium or discount, except for the 2010 Senior Notes, the 2014 Senior Notes (5-Year) and the 2012 Senior Notes which are recorded at the carrying amount adjusted for the fair value of an interest rate swap used to hedge the fair value of the note.

The fair value and carrying value of the Company's debt (excluding Commercial Paper) as of December 31, 2017 and 2016 are as follows:

	December 31, 2017		December 31, 2016	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Series 2007-1 Notes	**$ —**	**$ —**	$ 300.0	$ 308.9
2010 Senior Notes	**497.8**	**537.9**	502.6	548.3
2012 Senior Notes	**495.5**	**535.6**	495.3	535.3
2013 Senior Notes	**495.8**	**547.8**	495.2	539.9
2014 Senior Notes (5-Year)	**446.5**	**452.8**	448.8	456.2
2014 Senior Notes (30-Year)	**597.6**	**722.4**	597.4	661.5
2015 Senior Notes	**596.8**	**617.7**	523.7	534.8
2017 Senior Notes (5-Year)	**495.5**	**500.0**	—	—
2017 Floating Rate Senior Notes	**299.5**	**300.2**	—	—
2.65% 2017 Private Placement Notes, due 2023	**495.4**	**494.8**	—	—
3.25% 2017 Private Placement Notes, due 2028	**490.9**	**493.6**	—	—
2017 Term Loan Facility, due 2020	**499.3**	**499.3**	—	—
Total	**$ 5,410.6**	**$ 5,702.1**	$ 3,363.0	$ 3,584.9

The fair value of the Company's debt is estimated based on quoted market prices for similar instruments. Accordingly, the inputs used to estimate the fair value of the Company's long-term debt are classified as Level 2 inputs within the fair value hierarchy.

NOTE 17 **CAPITAL STOCK**

Authorized Capital Stock

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

Share Repurchase Program

The Company implemented a systematic share repurchase program in the third quarter of 2005 through an SEC Rule 10b5-1 program. Moody's may also purchase opportunistically when conditions warrant. As a result, Moody's share repurchase activity will continue to vary from quarter to quarter. The table below summarizes the Company's remaining authority under its share repurchase program as of December 31, 2017:

Date Authorized	Amount Authorized	Remaining Authority
December 15, 2015	$ 1,000.0	$ 527.0

During 2017, Moody's repurchased 1.6 million shares of its common stock under its share repurchase program and issued 2.4 million shares under employee stock-based compensation plans.

Dividends

The Company's cash dividends were:

	Dividends Per Share					
	Year ended December 31,					
	2017		2016		2015	
	Declared	Paid	Declared	Paid	Declared	Paid
First quarter	**$ —**	**$ 0.38**	$ —	$ 0.37	$ —	$ 0.34
Second quarter	**0.38**	**0.38**	0.37	0.37	0.34	0.34
Third quarter	**0.38**	**0.38**	0.37	0.37	0.34	0.34
Fourth quarter	**0.38**	**0.38**	0.75	0.37	0.71	0.34
Total	**$ 1.14**	**$ 1.52**	$ 1.49	$ 1.48	$ 1.39	$ 1.36

On January 24, 2018, the Board approved the declaration of a quarterly dividend of $0.44 per share of Moody's common stock, payable on March 12, 2018 to shareholders of record at the close of business on February 20, 2018. The continued payment of dividends at the rate noted above, or at all, is subject to the discretion of the Board.

NOTE 18 LEASE COMMITMENTS

Moody's operates its business from various leased facilities, which are under operating leases that expire over the next 10 years. Moody's also leases certain computer and other equipment under operating leases that expire over the next five years. Rent expense, including lease incentives, is amortized on a straight-line basis over the related lease term. Rent expense under operating leases for the years ended December 31, 2017, 2016 and 2015 was $97.0 million, $95.4 million and $87.6 million, respectively.

The 21-year operating lease for the Company's headquarters at 7WTC which commenced on October 20, 2006 contains a total of 20 years of renewal options. These renewal options apply to both the original lease as well as additional floors leased by the Company beginning in 2014. Additionally, the 17.5 year operating lease for the Company's London, England office which commenced on February 6, 2008 contains a total of 15 years of renewal options.

The minimum rent for operating leases at December 31, 2017 is as follows:

Year Ending December 31,	Operating Leases
2018	$ 108.3
2019	87.1
2020	80.8
2021	75.7
2022	72.6
Thereafter	290.6
Total minimum lease payments	$ 715.1

NOTE 19 CONTINGENCIES

Given the nature of their activities, Moody's and its subsidiaries are subject to legal and tax proceedings, governmental, regulatory and legislative investigations and inquiries, and claims and litigation that are based on ratings assigned by MIS or that are otherwise incidental to the Company's business. The Company periodically receives and responds to subpoenas and other inquiries which may relate to Moody's activities or to activities of others that may result in claims and litigation, proceedings or investigations by private litigants or governmental, regulatory or legislative authorities. Moody's also is subject to ongoing tax audits as addressed in Note 15 to the financial statements.

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

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

NOTE 20 **SEGMENT INFORMATION**

The Company is organized into two operating segments: MIS and MA and accordingly, the Company reports in two reportable segments: MIS and MA.

The MIS segment consists of five LOBs. The CFG, SFG, FIG and PPIF LOBs generate revenue principally from fees for the assignment and ongoing monitoring of credit ratings on debt obligations and the entities that issue such obligations in markets worldwide. The MIS Other LOB primarily consists of financial instruments pricing services in the Asia-Pacific region as well as ICRA non-ratings revenue.

The MA segment develops a wide range of products and services that support the risk management activities of institutional participants in global financial markets. The MA segment consists of three LOBs—RD&A, ERS and PS.

On August 10, 2017, a subsidiary of the Company acquired Yellow Maple I B.V., an indirect parent of Bureau van Dijk, a global provider of business intelligence and company information products. Bureau van Dijk is part of the MA reportable segment and its revenue is included in the RD&A LOB. Refer to Note 7 for further discussion on the acquisition.

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. The royalty rate charged by MIS approximates the fair value of the aforementioned content, data and products and is generally based on comparable market transactions. Also, revenue for MA and expenses for MIS include an intersegment fee charged to MIS from MA for certain MA products and services utilized in MIS's ratings process. These fees charged by MA are generally equal to the costs incurred by MA to produce these products and services. Additionally, overhead costs and corporate expenses of the Company that exclusively benefit only one segment are fully charged to that segment. Overhead costs and corporate expenses of the Company that benefit both segments are allocated to each segment based on a revenue-split methodology. Accordingly, a reportable segment's share of these costs will increase as its proportion of revenue relative to Moody's total revenue increases. Overhead expenses include costs such as rent and occupancy, information technology and support staff such as finance, human resources and information technology. "Eliminations" in the table below represent intersegment revenue/expense. Moody's does not report the Company's assets by reportable segment, as this metric is not used by the chief operating decision maker to allocate resources to the segments. Consequently, it is not practical to show assets by reportable segment.

Financial Information by Segment

The table below shows revenue, Adjusted Operating Income and operating income by reportable segment. Adjusted Operating Income is a financial metric utilized by the Company's chief operating decision maker to assess the profitability of each reportable segment.

	Year Ended December 31,							
	2017				2016			
	MIS	MA	Eliminations	Consolidated	MIS	MA	Eliminations	Consolidated
Revenue	**$ 2,885.5**	**$ 1,446.3**	**$ (127.7)**	**$ 4,204.1**	$ 2,471.0	$ 1,246.9	$ (113.7)	$ 3,604.2
Operating, SG&A	**1,246.9**	**1,095.0**	**(127.7)**	**2,214.2**	1,115.6	961.1	(113.7)	1,963.0
Adjusted Operating Income	**1,638.6**	**351.3**	**—**	**1,989.9**	1,355.4	285.8	—	1,641.2
Less:								
Depreciation and amortization	**74.7**	**83.6**	**—**	**158.3**	73.8	52.9	—	126.7
Restructuring	**—**	**—**	**—**	**—**	10.2	1.8	—	12.0
Acquisition-Related Expenses	**—**	**22.5**	**—**	**22.5**	—	—	—	—
Settlement Charge	**—**	**—**	**—**	**—**	863.8	—	—	863.8
Operating income	**$ 1,563.9**	**$ 245.2**	**$ —**	**$ 1,809.1**	$ 407.6	$ 231.1	$ —	$ 638.7

	Year Ended December 31, 2015			
	MIS	MA	Eliminations	Consolidated
Revenue	$2,427.7	$1,163.4	$ (106.6)	$ 3,484.5
Operating, SG&A	1,120.3	883.9	(106.6)	1,897.6
Adjusted Operating Income	1,307.4	279.5	—	1,586.9
Less:				
Depreciation and amortization	66.0	47.5	—	113.5
Operating income	$1,241.4	$ 232.0	$ —	$ 1,473.4

The cumulative restructuring charges related to actions taken in 2016 as more fully discussed in Note 9 for the MIS and MA reportable segments are $10.2 and $1.8 million, respectively. The charge in MA reflects cost management initiatives in certain corporate overhead functions of which portion is allocated to MA based on a revenue-split methodology.

MIS AND MA REVENUE BY LINE OF BUSINESS

The tables below present revenue by LOB:

	Year Ended December 31,		
	2017	2016	2015
MIS:			
Corporate finance (CFG)	**$ 1,392.7**	$ 1,122.3	$ 1,112.7
Structured finance (SFG)	**495.5**	436.8	449.1
Financial institutions (FIG)	**435.8**	368.9	365.6
Public, project and infrastructure finance (PPIF)	**431.3**	412.2	376.4
Total ratings revenue	**2,755.3**	2,340.2	2,303.8
MIS Other	**18.5**	30.6	30.4
Total external revenue	**2,773.8**	2,370.8	2,334.2
Intersegment royalty	**111.7**	100.2	93.5
Total	**2,885.5**	2,471.0	2,427.7
MA:			
Research, data and analytics (RD&A)	**832.7**	667.6	626.4
Enterprise risk solutions (ERS)	**448.6**	418.8	374.0
Professional services (PS)	**149.0**	147.0	149.9
Total external revenue	**1,430.3**	1,233.4	1,150.3
Intersegment revenue	**16.0**	13.5	13.1
Total	**1,446.3**	1,246.9	1,163.4
Eliminations	**(127.7)**	(113.7)	(106.6)
Total MCO	**$ 4,204.1**	$ 3,604.2	$ 3,484.5

CONSOLIDATED REVENUE AND LONG-LIVED ASSETS INFORMATION BY GEOGRAPHIC AREA

	Year Ended December 31,		
	2017	**2016**	**2015**
Revenue:			
U.S.	**$ 2,348.4**	$ 2,105.5	$ 2,009.0
International:			
EMEA	**1,131.7**	904.4	882.3
Asia-Pacific	**471.4**	373.2	364.2
Americas	**252.6**	221.1	229.0
Total International	**1,855.7**	1,498.7	1,475.5
Total	**$ 4,204.1**	$ 3,604.2	$ 3,484.5
Long-lived assets at December 31:			
United States	**$ 672.5**	$ 681.9	$ 657.5
International	**5,037.4**	964.0	924.3
Total	**$ 5,709.9**	$ 1,645.9	$ 1,581.8

NOTE 21 VALUATION AND QUALIFYING ACCOUNTS

Accounts receivable allowances primarily represent adjustments to customer billings that are estimated when the related revenue is recognized and also represents an estimate for uncollectible accounts. The valuation allowance on deferred tax assets relates to foreign
net operating tax losses for which realization is uncertain. Below is a summary of activity:

Year Ended December 31,	Balance at Beginning of the Year	Charged to costs and expenses	Deductions (1)	Balance at End of the Year
2017				
Accounts receivable allowance	**$ (25.7)**	**$ (19.6)**	**$ 8.7**	**$ (36.6)**
Deferred tax assets—valuation allowance	**$ (3.2)**	**$ (9.9)**	**$ 0.3**	**$ (12.8)**
2016				
Accounts receivable allowance	$ (27.5)	$ (6.2)	$ 8.0	$ (25.7)
Deferred tax assets—valuation allowance	$ (4.3)	$ (0.9)	$ 2.0	$ (3.2)
2015				
Accounts receivable allowance	$ (29.4)	$ (9.0)	$ 10.9	$ (27.5)
Deferred tax assets—valuation allowance	$ (6.9)	$ 2.4	$ 0.2	$ (4.3)

(1) Reflects write off of uncollectible accounts receivable or expiration of foreign net operating tax losses.

NOTE 22 OTHER NON-OPERATING (EXPENSE) INCOME, NET

The following table summarizes the components of other non-operating (expense) income, net as presented in the consolidated statements of operations:

	Year Ended December 31,		
	2017	**2016**	**2015**
FX (loss)/gain (a)	**$ (16.8)**	$ 50.1	$ 1.1
Legacy Tax (b)	**—**	1.6	6.4
Joint venture income	**13.3**	11.4	11.8
Other	**(1.2)**	(6.0)	2.0
Total	**$ (4.7)**	$ 57.1	$ 21.3

(a) The FX gain in 2016 includes an approximate $35 million net gain relating to the substantial liquidation/sale of certain non-U.S. subsidiaries. Pursuant to ASC 830, cumulative translation gains relating to these subsidiaries were reclassified to other non operating income, net in the consolidated statement of operations.

(b) The 2016 and 2015 amount relate to the expiration of a statute of limitations for Legacy Tax Matters.

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NOTE 23 **RELATED PARTY TRANSACTIONS**

Moody's Corporation made grants of $12 million, $4 million and $0 to The Moody's Foundation during years ended December 31, 2017, 2016 and 2015, respectively. The Foundation carries out philanthropic activities primarily in the areas of education and health and human services. Certain members of Moody's senior management are on the board of the Foundation.

NOTE 24 **QUARTERLY FINANCIAL DATA (UNAUDITED)**

	Three Months Ended			
(amounts in millions, except EPS)	March 31	June 30	September 30	December 31
2017				
Revenue	**$ 975.2**	**$1,000.5**	**$ 1,062.9**	**$ 1,165.5**
Operating income	**$ 443.4**	**$ 457.5**	**$ 445.4**	**$ 462.8**
Net income attributable to Moody's	**$ 345.6**	**$ 312.2**	**$ 317.3**	**$ 25.5**
EPS:				
Basic	**$ 1.81**	**$ 1.63**	**$ 1.66**	**$ 0.13**
Diluted	**$ 1.78**	**$ 1.61**	**$ 1.63**	**$ 0.13**
2016				
Revenue	$ 816.1	$ 928.9	$ 917.1	$ 942.1
Operating income (loss)	$ 304.1	$ 410.2	$ 397.5	$ (473.1)
Net income (loss) attributable to Moody's	$ 184.4	$ 255.5	$ 255.3	$ (428.6)
EPS:				
Basic	$ 0.95	$ 1.32	$ 1.33	$ (2.25)
Diluted	$ 0.93	$ 1.30	$ 1.31	$ (2.25)

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

Net Income attributable to Moody's for the three months ended March 31, 2017 includes the $59.7 million CCXI Gain. Net Income attributable to Moody's for the three months ended June 30, 2017 and September 30, 2017 include $41.2 million ($25.3 million net of tax) and $69.9 million ($44.4 million net of tax), respectively, related to gains from FX collars and forward contracts executed to hedge against variability in the euro-denominated purchase price for Bureau van Dijk. Net Income attributable to Moody's in the three months ended December 31, 2017 includes a net charge of $245.6 million relating to the U.S. corporate tax reform and changes in statutory tax rates in Belgium as more fully discussed in Note 15. Both the operating loss and the net loss attributable to Moody's in the three months ended December 31, 2016 primarily reflect the Settlement Charge of $863.8 million ($700.7 million, net-of-tax). In addition, the net loss attributable to Moody's for the three months ended December 31, 2016 includes an approximate $35 million FX gain related to the liquidation of a subsidiary as well as benefits of $1.6 million to net income related to the resolution of Legacy Tax Matters.

NOTE 25 **SUBSEQUENT EVENT**

On January 24, 2018, the Board approved the declaration of a quarterly dividend of $0.44 per share for Moody's common stock, payable March 12, 2018 to shareholders of record at the close of business on February 20, 2018.

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

Not applicable

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company carried out an evaluation, as required by Rule 13a-15(b) under the Exchange Act, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act, as of the end of the period covered by this report (the "Evaluation Date"). Based on such evaluation, such officers have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the communication to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. During the fiscal year ended December 31, 2017, the Company acquired Bureau van Dijk and management has excluded this acquired business from its assessment of the effectiveness of disclosure controls and procedures as of the Evaluation Date. The total assets (excluding acquired goodwill and intangible assets which are included within the scope of this assessment) and revenues of Bureau van Dijk represents approximately $322 million and $92 million, respectively, of the corresponding amounts in our consolidated financial statements for the fiscal year ended December 31, 2017.

Changes In Internal Control Over Financial Reporting

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

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

During the fiscal year ended December 31, 2017, the Company acquired Bureau van Dijk, and we are in the process of integrating the acquired entity into the Company's financial reporting processes and procedures and internal controls over financial reporting. Additionally, during the fiscal year ended December 31, 2017, the Company implemented internal controls relating to the adoption and assessment of the impact of the new accounting standard relating to revenue recognition which will be adopted by Moody's on January 1, 2018.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

Except for the information relating to the executive officers of the Company set forth in Part I of this annual report on Form 10-K, the information called for by Items 10-14 is contained in the Company's definitive proxy statement for use in connection with its annual meeting of stockholders scheduled to be held on April 24, 2018, and is incorporated herein by reference.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

ITEM 11. EXECUTIVE COMPENSATION

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

LIST OF DOCUMENTS FILED AS PART OF THIS REPORT.

(1) Financial Statements.
See Index to Financial Statements on page 60, in Part II. Item 8 of this Form 10-K.

(2) Financial Statement Schedules.
None.

(3) Exhibits.
See Index to Exhibits on pages 121-124 of this Form 10-K.

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SIGNATURES

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

MOODY'S CORPORATION
(Registrant)

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

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

Date: February 26, 2018

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

/s/ RAYMOND W. MCDANIEL, JR.
Raymond W. McDaniel, Jr.,
President and Chief Executive Officer
(principal executive officer)

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

/s/ MICHAEL S. CRIMMINS
Michael S. Crimmins,
Senior Vice President and Corporate
Controller (principal accounting officer)

/s/ BASIL L. ANDERSON
Basil L. Anderson,
Director

/s/ JORGE A. BERMUDEZ
Jorge A. Bermudez,
Director

/s/ DARRELL DUFFIE
Darrell Duffie,
Director

/s/ KATHRYN M. HILL
Kathryn M. Hill,
Director

/s/ EWALD KIST
Ewald Kist,
Director

/s/ HENRY A. MCKINNELL, JR. PH.D.
Henry A. McKinnell, Jr. Ph.D.,
Chairman

/s/ LESLIE F. SEIDMAN
Leslie F. Seidman,
Director

/s/ BRUCE VAN SAUN
Bruce Van Saun ,
Director

Date: February 26, 2018

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INDEX TO EXHIBITS

S-K EXHIBIT NUMBER		
2	**Plan Of Acquisition, Reorganization, Arrangement, Liquidation or Succession**	
	.1	Securities Purchase Agreement, dated as of May 15, 2017, among Moody's Corporation, Moody's Holdings NL B.V., Yellow Maple I B.V., Yellow Maple Syrup I B.V., Yellow Maple Syrup II B.V. and the Sellers identified therein (incorporated by reference to Exhibit 2.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed May 15, 2017)
	.2	Warranty Agreement, dated as of May 15, 2017, between Moody's Holdings NL B.V. and the Warrantors identified therein (incorporated by reference to Exhibit 2.2 to the Report on Form 8-K of the Registrant, file number 1-14037, filed May 15, 2017)
3	**Articles Of Incorporation And By-laws**	
	.1	Restated Certificate of Incorporation of the Registrant, effective April 17, 2013 (incorporated by reference to Exhibit 3.4 to the Report on Form 8-K of the Registrant, file number 1-14037, filed April 22, 2013)
	.2	Amended and Restated By-laws of Moody's Corporation, effective April 17, 2013 (incorporated by reference to Exhibit 3.2 to the Report on Form 8-K of the Registrant, file number 1-14037, filed April 22, 2013)
4	**Instruments Defining The Rights Of Security Holders, Including Indentures**	
	.1	Specimen Common Stock certificate (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed October 4, 2000)
	.2	Note Purchase Agreement, dated as of September 7, 2007, by and among Moody's Corporation and the note purchasers party thereto, including the form of the 6.06% Series 2007-1 Senior Unsecured Note due 2017 (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed September 13, 2007)
	.3.1	Indenture, dated as of August 19, 2010, between Moody's Corporation and Wells Fargo, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed August 19, 2010)
	.3.2	Supplemental Indenture, dated as of August 19, 2010, between Moody's Corporation and Wells Fargo, National Association, as trustee, including the form of the 5.50% Senior Notes due 2020 (incorporated by reference to Exhibit 4.2 to the Report on Form 8-K of the Registrant, file number 1-14037, filed August 19, 2010)
	.3.3	Second Supplemental Indenture, dated as of August 20, 2012, between Moody's Corporation and Wells Fargo, National Association, as trustee, including the form of the 4.50% Senior Notes due 2022 (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed August 20, 2012)
	.3.4	Third Supplemental Indenture, dated as of August 12, 2013, between Moody's Corporation and Wells Fargo, National Association, as trustee, including the form of the 4.875% Senior Notes due 2023 (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed August 12, 2013)
	.3.5	Fourth Supplemental Indenture, dated July 16, 2014, between the Company and Wells Fargo Bank, National Association, as trustee, including the form of 2.750% Senior Notes due 2019 and the form of 5.250% Senior Notes due 2044 (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed July 16, 2014)
	.3.6	Fifth Supplemental Indenture, dated March 9, 2015, between the Company, Wells Fargo Bank, National Association, as trustee and Elavon Financial Services Limited, UK Branch as paying agent and transfer agent and Elavon Financial Services Limited as registrar, including the form or 1.75% Senior Notes due 2027 (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed March 10, 2015)
	.3.7	Sixth Supplemental Indenture, dated as of March 2, 2017, between the Company and Wells Fargo Bank, National Association, as trustee, including the form of 2.750% Senior Notes due 2021 and form of Floating Rate Senior Notes due 2018 (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed March 3, 2017)

S-K EXHIBIT NUMBER		
	.3.8	Seventh Supplemental Indenture, dated as of June 12, 2017, between Moody's Corporation and Wells Fargo, National Association, as trustee, including the form of 2.625% Senior Notes due 2023 and the form of 3.250% Senior Notes due 2028 (incorporated by reference to Exhibit 4.3 to the Report on Form 8-K of the Registrant, file number 1-14037, filed June 12, 2017)
	.4.1	Five-Year Credit Agreement dated as of May 11, 2015, among Moody's Corporation, the Borrowing Subsidiaries Party Thereto, the Lenders Party Thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of America, N.A. and Citibank, N.A. as Co-Syndication Agents, and TD Bank, N.A., The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Barclays Bank as Co-Documentation Agents (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed May 14, 2015)
	.4.2	Amendment No. 1, dated as of June 6, 2017, among Moody's Corporation, the financial institutions party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent under that certain Credit Agreement, dated as of May 11, 2015, among Moody's Corporation, the Borrowing Subsidiaries party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 4.2 to the Report on Form 8-K of the Registrant, file number 1-14037, filed June 12, 2017)
	.5	364-Day Bridge Credit Agreement dated as of May 15, 2017, among Moody's Corporation, the Lenders Party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed May 15, 2017)
	.6	Loan Agreement, dated as of June 6, 2017, among Moody's Corporation, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed June 12, 2017)
	.7	Registration Rights Agreement, dated as of June 12, 2017, between Moody's Corporation and the representatives of the initial purchasers of the notes (incorporated by reference to Exhibit 4.6 to the Report on Form 8-K of the Registrant, file number 1-14037, filed June 12, 2017)
10	**Material Contracts**	
	.1†	1998 Moody's Corporation Key Employees' Stock Incentive Plan (incorporated by reference to Exhibit 10.16 to the Registrant's Quarterly Report on Form 10-Q, file number 1-14037, filed November 14, 2000)
	.2.1†*	1998 Moody's Corporation Non-Employee Directors' Stock Incentive Plan (Adopted September 8, 2000; Amended and Restated as of December 11, 2012, October 20, 2015, December 14, 2015 and December 18, 2017)
	.2.2†	Form of Non-Employee Director Restricted Stock Grant Agreement (for awards granted prior to 2018) for the 1998 Moody's Corporation Non-Employee Directors' Stock Incentive Plan (as amended on April 23, 2001) (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q, file number 1-14037, filed November 3, 2004)
	.2.3†*	Form of Non-Employee Director Restricted Stock Unit Grant Agreement (for awards after 2017) for the 1998 Moody's Corporation Non-Employee Directors' Stock Incentive Plan (Adopted September 8, 2000; Amended and Restated as of December 11, 2012, October 20, 2015, December 14, 2015 and December 18, 2017).
	.3†	Moody's Corporation 1999 Employee Stock Purchase Plan (as amended and restated December 15, 2008) (formerly, The Dun & Bradstreet Corporation 1999 Employee Stock Purchase Plan) (incorporated by reference to Exhibit 10.38 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed March 2, 2009)
	.4.1†*	Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan (as amended, December 18, 2017)
	.4.2†	Form of Employee Non-Qualified Stock Option and Restricted Stock Grant Agreement (for awards granted prior to 2017) for the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q, file number 1-14037, filed November 3, 2004)
	.4.3†	Form of Employee Non-Qualified Stock Option Grant Agreement for the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan (incorporated by reference to Exhibit 10.17 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 24, 2017)
	.4.4†	Form of Performance Share Award Letter (for awards granted prior to 2017) for the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan (incorporated by reference to Exhibit 10.48 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 28, 2011)

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S-K EXHIBIT NUMBER

.4.5†	Form of Performance Share Award Letter (for awards granted in 2017) for the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 24, 2017)
.4.6†*	Form of Performance Share Award Letter (for awards granted after 2017) for the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan
.4.7†	Form of Restricted Stock Unit Grant Agreement for the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan (incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 24, 2017)
.5.1†	2004 Moody's Corporation Covered Employee Cash Incentive Plan (as amended on February 10, 2015) (incorporated by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 26, 2015)
.6†	Moody's Corporation Deferred Compensation Plan, effective as of January 1, 2008 (incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed October 26, 2007)
.7†	Supplemental Executive Benefit Plan of Moody's Corporation, amended and restated as of January 1, 2008 (incorporated by reference to Exhibit 10.38 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 29, 2008)
.8†	Pension Benefit Equalization Plan of Moody's Corporation, amended and restated as of January 1, 2008 (incorporated by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 29, 2008)
.9.1†	Moody's Corporation Cafeteria Plan, effective January 1, 2008 (incorporated by reference to Exhibit 10.46 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed March 2, 2009)
.9.2†	First Amendment to the Moody's Corporation Cafeteria Plan (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on form 10-Q, file number 1-14037, filed July 31, 2014)
.9.3†	Second Amendment to the Moody's Corporation Cafeteria Plan (incorporated by reference to Exhibit 10.33 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 26, 2015)
.10†*	Moody's Corporation Change in Control Severance Plan (as amended December 18, 2017).
.11.1†	Moody's Corporation Retirement Account, amended and restated as of December 18,2013 (incorporated by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 27, 2014)
.11.2†	First Amendment to the Moody's Corporation Retirement Account, amended and restated as of December 18, 2013 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q, file number 1-14037, filed July 30, 2015)
.12.1†	Profit Participation Plan of Moody's Corporation (amended and restated as of January 1, 2014) (incorporated by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 26, 2015)
.12.2†	First Amendment to the Profit Participation Plan of Moody's Corporation (amended and restated as of January 1, 2014) (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on form 10-Q, file number 1-14037, filed May 4, 2015)
.12.3†	Second Amendment to the Profit Participation Plan of Moody's Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q, file number 1-14037, filed May 4, 2016)
.13†	The Moody's Corporation Nonfunded Deferred Compensation Plan for Non-Employee Directors (as amended and restated October 20, 2015) (incorporated by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 25, 2016)
.14.1†	Amended and Restated Moody's Corporation Career Transition Plan (incorporated by reference to Exhibit 10.33 to Registrant's Annual Report on Form 10-K, file number 1-14037, filed February 24, 2017)
.14.2†	Form of Separation Agreement and General Release used by the Registrant with its Career Transition Plan (incorporated by reference to Exhibit 99.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed November 20, 2007)

S-K EXHIBIT NUMBER		
	.15†	Separation Agreement and General Release between the Company and Linda S. Huber, dated January 26, 2018 (incorporated by reference to Exhibit 10.1 to the Registrant's Report on Form 8-K, file number 1-14037, filed January 29, 2018)
	.16	Agreement of Lease, dated September 7, 2006, between Moody's Corporation and 7 World Trade Center, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q, file number 1-14037, filed November 2, 2006)
	.17.1	Agreement for Lease, dated February 6, 2008, among CWCB Properties (DS7) Limited, CWCB Properties (DS7) Limited and CW Leasing DS7F Limited, Canary Wharf Holdings Limited, Moody's Investors Service Limited, and Moody's Corporation (incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed February 12, 2008)
	.17.2	Storage Agreement for Lease dated February 6, 2008 among Canary Wharf (Car Parks) Limited, Canary Wharf Holdings Limited, Canary Wharf Management Limited, Moody's Investors Service Limited, and Moody's Corporation (incorporated by reference to Exhibit 10.2 to the Report on Form 8-K of the Registrant file number 1-14037, filed February 12, 2008)
	.18	Form Commercial Paper Dealer Agreement between Moody's Corporation, as Issuer, and the Dealer party thereto (incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed August 3, 2016)
	.19	Settlement Agreement dated January 13, 2017 between (1) Moody's Corporation, Moody's Investors Service, Inc. and Moody's Analytics, Inc., and (2) the United States, acting through the United States Department of Justice and the United States Attorney's Office for the District of New Jersey, along with various States and the District of Columbia, acting through their respective Attorneys General (incorporated by reference to the Report on Form 8-K of the Registrant, file number 1-14037, filed January 17, 2017)
	.20	Form Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed December 22, 2017)
12*		Statement of Computation of Ratios of Earnings to Fixed Charges
21*		Subsidiaries of the Registrant List of Active Subsidiaries as of December 31, 2017
23	**Consent of Independent Registered Public Accounting Firm**	
	.1*	Consent of KPMG LLP
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	**XBRL**	
	.DEF*	XBRL Definitions Linkbase Document
	.INS*	XBRL Instance Document
	.SCH*	XBRL Taxonomy Extension Schema Document
	.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
	.LAB*	XBRL Taxonomy Extension Labels Linkbase Document
	.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

† Management contract of compensatory plan or arrangement

Exhibit 10.2.1

AMENDED AND RESTATED
1998 MOODY'S CORPORATION
NON-EMPLOYEE DIRECTORS' STOCK INCENTIVE PLAN

(Adopted September 8, 2000; Amended and Restated as of December 11, 2012, October 20, 2015, December 14, 2015 and December 18, 2017)

1. Purpose of the Plan

The purpose of the Plan is to aid the Company in attracting, retaining and compensating non-employee directors and to enable them to increase their ownership of Shares. The Plan will be beneficial to the Company and its stockholders since it will allow non-employee directors of the Board to have a greater personal financial stake in the Company through the ownership of Shares, in addition to underscoring their common interest with stockholders in increasing the value of the Shares on a long-term basis.

2. Definitions

The following capitalized terms used in the Plan have the respective meanings set forth in this Section:

(a) Act : The Securities Exchange Act of 1934, as amended, or any successor thereto.

(b) Award : An Option, Share of Restricted Stock, RSU or Performance Share granted pursuant to the Plan.

(c) Beneficial Owner : As such term is defined in Rule 13d-3 under the Act (or any successor rule thereto).

(d) Board : The Board of Directors of the Company.

(e) Change in Control : The occurrence of a change in ownership of Moody's Corporation, a change in the effective control of Moody's Corporation, or a change in the ownership of a substantial portion of the assets of Moody's Corporation. For this purpose, a change in the ownership of Moody's Corporation occurs on the date that any one person, or more than one person acting as a group (as determined pursuant to the regulations under Section 409A), acquires ownership of stock of Moody's Corporation that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of Moody's Corporation. A change in effective control of Moody's Corporation occurs on either of the following dates: (1) the date any one person, or more than one person acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of Moody's Corporation possessing 50 percent or more of the total voting power of the stock of Moody's Corporation, or (2) the date a majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election. A change in the ownership of a substantial portion of the assets of Moody's Corporation occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from Moody's Corporation that have a total gross fair market value (as determined pursuant to the regulations under Section 409A) equal to or more than 40 percent of the total gross fair market value of all of the assets of Moody's Corporation immediately before such acquisition or acquisitions.

(f) Code : The Internal Revenue Code of 1986 and the regulations thereunder, as amended from time to time.

(g) Committee : The Compensation & Human Resources Committee of the Board, or any successor thereto or other committee designated by the Board to assume the obligations of the Committee hereunder.

(h) Company : Moody's Corporation.

(i) Disability : Inability to continue to serve as a non-employee director due to a medically determinable physical or mental impairment which constitutes a permanent and total disability, as determined by the Committee (excluding any member thereof whose own Disability is at issue in a given case) based upon such evidence as it deems necessary and appropriate.

(j) Effective Date : The date on which the Plan takes effect, as defined pursuant to Section 15 of the Plan.

(k) Fair Market Value : On a given date, the arithmetic mean of the high and low prices of the Shares as reported on such date on the Composite Tape of the principal national securities exchange on which such Shares are listed or admitted to trading, or, if no Composite Tape exists for such national securities exchange on such date, then on the principal national securities exchange on which such Shares are listed or admitted to trading, or, if the Shares are not listed or admitted on a national securities exchange, the arithmetic mean of the per Share closing bid price and per Share closing asked price on such date as quoted on the National Association of Securities Dealers Automated Quotation System (or such market in which such prices are regularly quoted), or, if there is no market on which the Shares are regularly quoted, the Fair Market Value shall be the value established by the Committee in good faith. If no sale of Shares shall have been reported on such Composite Tape or such national securities exchange on such date or quoted on the National Association of Securities Dealers Automated Quotation System on such date, then the immediately preceding date on which sales of the Shares have been so reported or quoted shall be used.

(l) Option : A stock option granted pursuant to Section 6 of the Plan.

(m) Option Price : The purchase price per Share of an Option, as determined pursuant to Section 6(b) of the Plan.

(n) Participant : Any director of the Company who is not an employee of the Company or any Subsidiary of the Company as of the date that an Award is granted.

(o) Performance Period : The calendar year or such other period of at least 12 consecutive months as shall be designated by the Committee from time to time.

(p) Performance Share : A periodic bonus award, payable in unrestricted Shares, granted pursuant to Section 8(a) of the Plan.

(q) Person : As such term is used for purposes of Section 13(d) or 14(d) of the Act (or any successor section thereto).

(r) Plan : The 1998 Moody's Corporation Non-Employee Directors' Stock Incentive Plan, as amended and restated.

(s) Restricted Stock : A Share of restricted stock granted pursuant to Section 7 of the Plan.

(t) Retirement : Termination of service with the Company after such Participant has attained age 70, regardless of the length of such Participant's service; or, with the prior written consent of the Committee (excluding any member thereof whose own Retirement is at issue in a given case), termination of service at an earlier age after the Participant has completed six or more years of service with the Company.

(u) RSU : A restricted stock unit granted to a Participant pursuant to Section 9 pursuant to which Shares may be issued in the future.

(v) Section 409A : Section 409A of the Code and applicable guidance issued thereunder.

(w) Service Period : The period of time designated by the Committee from time to time during which services must be rendered and at the end of which Restricted Stock and RSU grants shall vest.

(x) Shares : Shares of common stock, par value $0.01 per share, of the Company.

(y) Subsidiary : A subsidiary corporation, as defined in Section 424(f) of the Code (or any successor section thereto).

(z) Termination of Service : A Participant's "separation from service" with the Company as determined pursuant to Section 409A.

3. Shares Subject to the Plan

The total number of Shares which may be issued under the Plan is 1,700,000 (subject to adjustment in accordance with the provisions of Section 10 hereof). The Shares may consist, in whole or in part, of unissued Shares or treasury Shares. The issuance of Awards shall reduce the total number of Shares available under the Plan. Shares which are subject to Awards which terminate or lapse may be granted again under the Plan.

4. Administration

The Plan shall be administered by the Committee, which may delegate its duties and powers in whole or in part to any subcommittee thereof consisting solely of at least two "non-employee directors" within the meaning of Rule 16b-3 under the Act (or any successor rule thereto); provided, however, that any action permitted to be taken by the Committee may be taken by the Board, in its discretion. The Committee is authorized to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations that it deems necessary or desirable for the administration of the Plan. The Committee may correct any defect or omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee in the interpretation and administration of the Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Participants and their beneficiaries or successors).

5. Eligibility/Annual Limitation on Grants

All Participants shall be eligible to participate under this Plan. In no event shall the number of Shares subject to Awards granted to any Participant in a calendar year exceed the lesser of (a) 20,000 Shares and (b) Shares with a Fair Market Value of $400,000.

6. Terms and Conditions of Options

Options granted under the Plan shall be non-qualified stock options for federal income tax purposes, as evidenced by the related Option agreements, and shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Committee shall determine:

(a) Grants . A Participant may receive, on such dates as determined by the Committee in its sole discretion, grants consisting of such number of Options as determined by the Committee in its sole discretion.

(b) Option Price . The Option Price per Share shall be determined by the Committee, but shall not be less than 100% of the Fair Market Value of the Shares on the date an Option is granted.

(c) Exercisability . Options granted under the Plan shall be exercisable at such time and upon such terms and conditions as may be determined by the Committee, but in no event shall an Option be exercisable more than ten years after the date it is granted.

(d) Exercise of Options . Except as otherwise provided in the Plan or in a related Option agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable. For purposes of Section 6 of the Plan, the exercise date of an Option shall be the later of the date a notice of exercise is received by the Company and, if applicable, the date payment is received by the Company pursuant to clauses (i), (ii) or (iii) in the following sentence. The purchase price for the Shares as to which an Option is exercised shall be paid to the Company in full at the time of exercise at the election of the Participant (i) in cash, (ii) in Shares, having a Fair Market Value equal to the aggregate Option Price for the Shares being purchased and satisfying such other requirements as may be imposed by the Committee, (iii) partly in cash and partly in such Shares, or (iv) through the delivery of irrevocable instructions to a broker to deliver promptly to the Company an amount equal to the aggregate Option Price for the Shares being purchased. No Participant shall have any rights to dividends or other rights of a stockholder with respect to Shares subject to an Option until the occurrence of the exercise date (determined as set forth above) and, if applicable, the satisfaction of any other conditions imposed by the Committee pursuant to the Plan.

(e) Exercisability Upon Termination of Service by Death . Upon a Termination of Service by reason of death after the first anniversary of the date on which an Option is granted, the unexercised portion of such Option shall immediately vest in full and may thereafter be exercised during the shorter of the remaining term of the Option or five years after the date of death.

(f) Exercisability Upon Termination of Service by Disability or Retirement . Upon a Termination of Service by reason of Disability or Retirement after the first anniversary of the date on which an Option is granted, the unexercised portion of such Option may thereafter be exercised during the shorter of the remaining term of the Option or five years after the date of such Termination of Service; provided, however, that if a Participant dies within a period of five years after such Termination of Service, the unexercised portion of the Option shall immediately vest in full and may thereafter be exercised, during the shorter of the remaining term of the Option or the period that is the longer of five years after the date of such Termination of Service or one year after the date of death.

(g) Effect of Other Termination of Service . Upon a Termination of Service by reason of Disability or Retirement prior to the first anniversary of the date on which an Option is granted (as described above), then, a pro rata portion of such Option shall immediately vest in full and may be exercised thereafter, during the shorter of (A) the remaining term of such Option or (B) five years after the date of such Termination of Service, for a prorated number of Shares (rounded down to the nearest whole number of Shares), equal to (i) the number of Shares subject to such Option multiplied by (ii) a fraction the numerator of which is the number of days the Participant served on the Board subsequent to the date on which such Option was granted and the denominator of which is 365. The portion of such Option which is not so exercisable shall terminate as of the date of Disability or Retirement. Upon a Termination of Service for any other reason prior to the first anniversary of the date on which an Option is granted, such Option shall thereupon terminate. Upon a Termination of Service for any reason other than death, Disability or Retirement after the first anniversary of the date on which an Option is granted, the unexercised portion of such Option shall thereupon terminate.

(h) Nontransferability of Stock Options . Except as otherwise provided in this Section 6(h), an Option shall not be transferable by the optionee otherwise than by will or by the laws of descent and distribution and during the lifetime of an optionee an Option shall be exercisable only by the optionee. An Option exercisable after the death of an optionee or a transferee pursuant to the following sentence may be exercised by the legatees, personal representatives or distributees of the optionee or such transferee. The Committee may, in its discretion, authorize all or a portion of the Options previously granted or to be granted to an optionee to be on terms which permit irrevocable transfer for no consideration by such optionee to any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of the optionee, trusts for the exclusive benefit of these persons, and any other entity owned solely by these persons (“Eligible Transferees”), provided that (x) the stock option agreement pursuant to which such Options are granted must be approved by the Committee, and must expressly provide for transferability in a manner consistent with this Section and (y) subsequent transfers of transferred Options shall be prohibited except those in accordance with the first sentence of this Section 6(h). The Committee may, in its discretion, amend the definition of Eligible Transferees to conform to the coverage rules of Form S-8 under the Securities Act of 1933 or any comparable Form from time to time in effect. Following transfer, any such Options shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. The events of Termination of Service of Sections 6(e), 6(f) and 6(g) hereof shall continue to be applied with respect to the original optionee, following which the Options shall be exercisable by the transferee only to the extent, and for the periods specified, in Sections 6(e), 6(f) and 6(g). The Committee may delegate to a committee consisting of employees of the Company the authority to authorize transfers, establish terms and conditions upon which transfers may be made and establish classes of Options eligible to transfer Options, as well as to make other determinations with respect to Option transfers.

7. Terms and Conditions of Restricted Stock

Restricted Stock granted under the Plan shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Committee shall determine:

(a) Grants. A Participant may receive, on such dates as determined by the Committee in its sole discretion, grants consisting of such amounts of Restricted Stock as determined by the Committee in its sole discretion.

(b) Restrictions. Restricted Stock granted under the Plan may not be sold, transferred, pledged, assigned or otherwise disposed of under any circumstances; provided, however, that the foregoing restrictions shall lapse at such time and upon such terms and conditions as may be specified by the Committee in the related Award agreement(s).

(c) Vesting. Any grant of Restricted Stock under the Plan shall be subject to a minimum one-year vesting requirement.

(d) Forfeiture of Grants. Except to the extent otherwise specified by the Committee in a related Award agreement(s), all Shares of Restricted Stock as to which restrictions have not previously lapsed pursuant to Section 7(b) of the Plan shall be forfeited upon a Participant's Termination of Service for any reason (including, without limitation, by reason of death, Disability or Retirement).

(e) Other Provisions. During the period prior to the date on which the foregoing restrictions lapse, Shares of Restricted Stock shall be registered in the Participant's name and such Participant shall have voting rights and receive dividends with respect to such Restricted Stock.

(f) Authorization for Committee to Permit Deferral. Notwithstanding anything in this Section 7 to the contrary, a Participant may, if and to the extent permitted by the Committee, elect to defer receipt of any Restricted Stock granted under the Plan; provided, however, that any such election must be made and become irrevocable not later than the close of the calendar year next preceding the year in which the Service Period commences; and further provided, that any such deferral shall be effected in accordance with the requirements of Section 409A of the Code. Any and all Restricted Stock for which a deferral election is made shall be contributed to a grantor "rabbi" trust established by the Company prior to the date on which the restrictions on such Restricted Stock lapse, which trust shall be administered by an independent trustee; provided, however, that distributions of Restricted Stock by such a trust to a Participant following the Participant's Termination of Service will satisfy the Company's obligations to the Participant with respect to Restricted Stock awarded under this Plan to the extent of such distributions.

8. Terms and Conditions of Performance Shares

(a) Establishment of Annual Performance Target Levels and Number of Performance Shares. Prior to the commencement of a given Performance Period, the Committee shall establish organizational or individual performance criteria within the meaning of Section 409A relating to such Performance Period ("Performance Goals"). The Committee shall also establish the number of Performance Shares that would be payable to Participants upon the attainment of various Performance Goals during such Performance Period.

(b) Payment in Unrestricted Shares. As soon as practicable following a given Performance Period, but in no event later than 30 days after the end of such Performance Period, Participants shall receive unrestricted Shares equal to the number of Performance Shares earned by such Participant during such Performance Period. A Participant who did not serve on the Board during an entire Performance Period shall receive a prorated number of Shares (rounded down to the nearest whole number of Shares) based upon (i) the number of days during the Performance Period during which such Participant served on the Board and (ii) the actual performance results.

(c) Authorization for Committee to Permit Deferral. Notwithstanding Section 8(b) of the Plan, a Participant may, if and to the extent permitted by the Committee, elect to defer payment of any unrestricted Shares payable as a result of any Performance Shares earned by such Participant; provided, however, that any such election must be made and become irrevocable (i) on or before the date that is six months before the end of the Performance Period, provided that the Participant performs services continuously from the later of the beginning of the Performance Period or the date the Performance Goals are established through the date an election is made pursuant to this Section 8(c), and (ii) in accordance with such terms and conditions as are established by the Committee in its sole discretion. Any and all Shares earned pursuant to Section 8(b) and the receipt of which is deferred by election pursuant to this Section 8(c) shall be distributed in accordance with the requirements of Section 409A of the Code.

(d) Vesting. Any grant of Performance Shares under the Plan shall be subject to a minimum one-year vesting requirement.

9. Terms and Conditions of Restricted Stock Units

RSUs granted under the Plan shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Committee shall determine:

(a) Grants. A Participant may receive, on such dates as determined by the Committee in its sole discretion, grants consisting of such numbers of RSUs as determined by the Committee in its sole discretion.

(b) Restrictions. RSUs granted under the Plan may not be sold, transferred, pledged, assigned or otherwise disposed of under any circumstances; provided, however, that the foregoing restrictions shall lapse following the issuance of Shares in connection therewith at such time and upon such terms and conditions as may be specified by the Committee in the related Award agreement(s).

(c) Vesting. Any grant of RSUs under the Plan shall be subject to a minimum one-year vesting requirement.

(d) Forfeiture of Grants. Except to the extent otherwise specified by the Committee in a related Award agreement(s), all RSUs as to which restrictions have not previously lapsed pursuant to Section 9(b) of the Plan shall be forfeited upon a Participant's Termination of Service for any reason (including, without limitation, by reason of death, Disability or Retirement) and no Shares shall be issued in connection therewith.

(e) Other Provisions. Participants shall have no voting rights with respect to Shares underlying RSUs unless and until such Shares are reflected as issued and outstanding shares on the Company's stock ledger. Shares underlying RSUs shall be entitled to dividends or dividend equivalents only to the extent provided by the Committee.

(f) Authorization for Committee to Permit Deferral. Notwithstanding anything in this Section 9 to the contrary, a Participant may, if and to the extent permitted by the Committee, elect to defer receipt of Shares underlying RSUs granted under the Plan; provided, however, that any such election must be made and become irrevocable not later than the close of the calendar year next preceding the year in which the Service Period commences; and further provided, that any such deferral shall be effected in accordance with the requirements of Section 409A of the Code.

10. Adjustments Upon Certain Events

Notwithstanding any other provisions in the Plan to the contrary, the following provisions shall apply to all Awards granted under the Plan:

(a) Generally . In the event of any change in the outstanding Shares after the Effective Date by reason of any Share dividend or split, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of Shares or other corporate exchange or similar transaction, or any distribution to stockholders of Shares other than regular cash dividends, the Committee shall adjust the following to the extent necessary to achieve an equitable result: (i) the number or kind of Shares or other securities issued or reserved for issuance pursuant to the Plan or pursuant to outstanding Awards, (ii) the Option Price, and/or (iii) any other affected terms of such Awards.

(b) Change in Control . Upon the occurrence of a Change in Control, (i) all restrictions on Shares of Restricted Stock shall lapse, (ii) each Participant shall receive the target number of Performance Shares for the Performance Period in which the Change in Control occurs (or, if no target number has been established for such Performance Period, the target number for the immediately preceding Performance Period shall be used), (iii) all Stock Options shall vest and become exercisable, and (iv) all RSUs shall vest and Shares (or the cash Fair Market Value thereof) shall be issued in connection therewith.

11. Successors and Assigns

The Plan shall be binding on all successors and assigns of the Company and a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

12. Amendments or Termination

The Committee may amend, alter or discontinue the Plan, but no amendment, alteration or discontinuation shall be made which would impair the rights of any Participant under any Award theretofore granted without such Participant's consent.

13. Nontransferability of Awards

Except as provided in Section 6(h) of the Plan, an Award shall not be transferable or assignable by the Participant otherwise than by will or by the laws of descent and distribution. During the lifetime of a Participant, an Award shall be exercisable only by such Participant. An Award exercisable after the death of a Participant may be exercised by the legatees, personal representatives or distributees of the Participant. Notwithstanding anything to the contrary herein, the Committee, in its sole discretion, shall have the authority to waive this Section 13 (or any part thereof) to the extent that this Section 13 (or any part thereof) is not required under the rules promulgated under any law, rule or regulation applicable to the Company.

14. Choice of Law

The Plan shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in the State of Delaware.

15. Effectiveness of the Plan

The amendment and restatement of the Plan shall be effective as of December 18, 2017.

16. Section 409A

The Plan is intended to comply with the provisions of Section 409A in order to avoid taxation of amounts deferred hereunder before such amounts are distributed from the Plan, and the Plan will be interpreted accordingly.

Exhibit 10.2.3

[MOODY'S CORPORATION LETTERHEAD]

VIA EMAIL

[DATE]

[NAME]
[ADDRESS]

RE: Restricted Stock Unit Award – [DATE]

Dear [NAME]:

This letter agreement (the "Agreement") contains the terms and conditions under which the Committee has granted to you (the "Director"), as of [DATE], and pursuant to the 1998 Moody's Corporation Non-Employee Directors' Stock Incentive Plan (as Amended and Restated as of December 18, 2017) (the "Plan"), restricted stock units (the "RSUs") of Moody's Corporation (the "Company") in order to encourage you to continue in the service of the Company as a non-employee director.

1. Definitions . When used herein, the following terms shall have the following meanings:

   (a) "Restrictions" means those restrictions on the RSUs as set forth in Section 3(c).

   (b) Any terms not defined in this Agreement shall have the meaning provided in the Plan.

2. The RSUs . The RSUs consist of [ ] RSUs of the Common Stock of the Company which the Company has issued to the Director as of the date hereof in consideration for Director's services as a non-employee member of the Board of Directors of the Company, and shall also include any new, additional or different securities the Director may become entitled to receive with respect to such RSUs by virtue of a stock dividend or split, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of RSUs or other corporate exchange, or similar change affecting the Common Stock pursuant to Section 9(a) of the Plan.

3. Registration of RSUs; Restrictions . Subject to the provisions of Section 5,

   (a) The RSUs shall be settled in shares of Company common stock ("Shares") promptly following the lapse of the restrictions thereon pursuant to Section 4(a), unless the Director has elected to defer settlement of the RSUs pursuant to Section 5.

   (b) The Shares, upon settlement, shall be registered in the name of the Director as soon as practicable after the date hereof.

   (c) Until settlement of the RSUs, the Director shall not be a stockholder or otherwise have the rights of a stockholder with respect to such RSUs except as otherwise provided in paragraph (d) of this Section 3; *provided, however* , that such RSUs, and any new, additional or different securities the Director may become entitled to receive with respect to such RSUs by virtue of stock dividend, recapitalization, reorganization or similar change affecting the Common Stock pursuant to Section 9(a) of the Plan, shall be subject to the Restrictions described or referred to in this Section 3.

   (d) Prior to their settlement in Shares, the RSUs may not be sold, transferred, pledged, assigned, or otherwise encumbered or disposed of by the Director.

   (e) Any dividends payable with respect to the Shares subject the RSUs prior to the settlement of the RSUs shall be accumulated and paid to you at the same time the RSUs are settled.

4. Release of RSUs from Restrictions .

(a) Subject to the provisions of paragraph (b) of this Section 4, the Restrictions shall cease to apply to the RSUs awarded to the Director according to the following schedule *provided, however* , that release from the Restrictions of any or all RSUs may be accelerated at the direction and in the sole discretion of the Committee.

Vesting Schedule

Release Date	Percent of RSUs Released
[DATE]	100%

(b) Upon the termination of the Director's service as a non-employee director of the Company for any reason other than the Director's death or Disability, any RSUs which remain subject to the Restrictions at such time shall be forfeited by the Director to the Company, and the Director shall promptly return such RSUs to the Company, unless the Committee shall otherwise determine.

5. Election to Defer Receipt of Restricted Stock . The Director may elect to defer the settlement of some or all of the RSUs by filing a written, irrevocable, election to that effect with the Company prior to the commencement of the year in which the RSUs are granted (or such later time permitted by the Company and permitted by Section 409A of the Internal Revenue Code), identifying the portion of the RSUs the receipt of which he elects to defer until the termination of his service as a non-employee director of the Company. However, the vesting schedule and forfeiture provisions of Section 4 shall continue to apply to any such RSUs.

6. Designation of Beneficiaries . Director may file with the Company a written designation of a beneficiary or beneficiaries under this Agreement and may from time to time revoke or change any such designation of beneficiary. Any designation of beneficiary under this Agreement shall be controlling over any other disposition, testamentary or otherwise; *provided, however* , that if the Committee shall be in doubt as to the entitlement of any such beneficiary to any dividends or other rights under this Agreement, the Committee may determine to recognize only the legal representative of the Director, in which case the Company, the Committee and the members thereof shall not be under any further liability to anyone.

7. Governing Law . The interpretation, performance and enforcement of this Agreement and any disputes or controversies arising with respect to the transactions contemplated herein, shall be governed by the laws of the State of New York, irrespective of New York's choice-of-law principles that would apply the law of any other jurisdiction.

8. Taxes . The Company may, in its discretion, make such provisions and take such steps as it may deem necessary or appropriate for the withholding of all federal, state, local and other taxes required by law to be withheld with respect to issuance or vesting of any RSUs including, but not limited to, deducting the amount of any such withholding taxes from any other amount then or thereafter payable to the Director, or requiring the Director or the beneficiary or legal representative of the Director, to pay to the Company the amount required to be withheld or to execute such documents as the Company deems necessary or desirable to enable it to satisfy its withholding obligations.

9. Governance by Compensation & Human Resources Committee . The Committee's decisions as to the meanings of terms used in this Agreement and as to whether the events or conditions described in this Agreement have been satisfied shall be final and binding upon the Director and the Director's successors and representatives. Without limiting the generality of the foregoing, the Committee shall have the power to determine, for purposes of this Agreement, when a termination of service as a non-employee director shall have occurred, and the Committee's decision shall be final and binding upon the Director and the Director's successors and representatives.

10. Period of Service . Director will, except in the event of his or her earlier death or Disability, serve the Company as a member of its Board for such term as he or she has been, and may hereafter be, elected, provided that although Director may agree to stand for reelection to the Board after the date hereof, he or she is under no obligation to do so and the Company is under no obligation to submit his or her name for reelection by the stockholders.

Please acknowledge your agreement to the foregoing in the space provided below. Very truly yours,

Corporate Secretary

ACCEPTED AND AGREED: DATE:

[DIRECTOR'S NAME]

Exhibit 10.4.1

AMENDED AND RESTATED 2001 MOODY'S CORPORATION
KEY EMPLOYEES' STOCK INCENTIVE PLAN
(as amended, December 18, 2017)

1. Purpose of the Plan

The purpose of the Plan is to aid the Company and its Affiliates in securing and retaining key employees of outstanding ability and to motivate such employees to exert their best efforts on behalf of the Company and its Affiliates by providing incentives through the granting of Awards. The Company expects that it will benefit from the added interest which such key employees will have in the welfare of the Company as a result of their proprietary interest in the Company's success.

2. Definitions

The following capitalized terms used in the Plan have the respective meanings set forth in this Section:

(a) *Act* : The Securities Exchange Act of 1934, as amended, or any successor thereto.

(b) *Affiliate* : Any entity (i) 20% or more of the voting equity of which is owned or controlled directly or indirectly by the Company, or (ii) that had been a business, division or subsidiary of the Company, the equity of which has been distributed to the Company's stockholders, even if the Company thereafter owns less than 20% of the voting equity.

(c) *Award* : An Option, Stock Appreciation Right or Other Stock-Based Award granted pursuant to the Plan.

(d) *Beneficial Owner* : As such term is defined in Rule 13d-3 under the Act (or any successor rule thereto).

(e) *Board* : The Board of Directors of the Company.

(f) *Cause* : With respect to a Participant: (1) willful malfeasance, willful misconduct, or gross negligence by the Participant in connection with his or her employment, (2) continuing failure to perform such duties as are requested by any employee to whom the Participant reports or the Board, (3) failure by the Participant to observe material policies of his or her employer applicable to the Participant (including, without limitation, the Code of Business Conduct) or (4) the conviction of, or plea of guilty or nolo contendere by, the Participant to (i) any felony or (ii) any misdemeanor involving moral turpitude. The determination of whether a termination or other separation from employment is for Cause shall be made by the Committee, in its sole and absolute discretion, and such determination shall be conclusive and binding on the affected Participant.

(g) *Change in Control* : The occurrence of a change in ownership of Moody's Corporation, a change in the effective control of Moody's Corporation, or a change in the ownership of a substantial portion of the assets of Moody's Corporation. For this purpose, a change in the ownership of Moody's Corporation occurs on the date that any one person, or more than one person acting as a group (as determined pursuant to the regulations under Section 409A), acquires ownership of stock of Moody's Corporation that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of Moody's Corporation. A change in effective control of Moody's Corporation occurs on either of the following dates: (1) the date any one person, or more than one person acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of Moody's Corporation possessing 50 percent or more of the total voting power of the stock of Moody's Corporation, or (2) the date a majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election. A change in the ownership of a substantial portion of the assets of Moody's Corporation occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from Moody's Corporation that have a total gross fair market value (as determined pursuant to the regulations under Section 409A) equal to or more than 40 percent of the total gross fair market value of all of the assets of Moody's Corporation immediately before such acquisition or acquisitions.

(h) *Code* : The Internal Revenue Code of 1986, as amended, or any successor thereto.

(i) *Committee* : The Compensation & Human Resources Committee of the Board, or any successor thereto or other committee designated by the Board to assume the obligations of the Committee hereunder.

(j) *Company* : Moody's Corporation, a Delaware corporation.

(k) *Disability* : Inability to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which constitutes a permanent and total disability, as defined in Section 22(e)(3) of the Code (or any successor section thereto). The determination whether a Participant has suffered a Disability shall be made by the Committee based upon such evidence as it deems necessary and appropriate. A Participant shall not be considered disabled unless he or she furnishes such medical or other evidence of the existence of the Disability as the Committee, in its sole discretion, may require.

(l) *Effective Date* : The date on which the Plan takes effect, as set forth in Section 19 of the Plan.

(m) *Fair Market Value* : On a given date, the arithmetic mean of the high and low prices of the Shares as reported on such date on the Composite Tape of the principal national securities exchange on which such Shares are listed or admitted to trading, or, if no Composite Tape exists for such national securities exchange on such date, then on the principal national securities exchange on which such Shares are listed or admitted to trading, or, if the Shares are not listed or admitted on a national securities exchange, the arithmetic mean of the per Share closing bid price and per Share closing asked price on such date as quoted on the National Association of Securities Dealers Automated Quotation System (or such market in which such prices are regularly quoted), or, if there is no market on which the Shares are regularly quoted, the Fair Market Value shall be the value established by the Committee in good faith. If no sale of Shares shall have been reported on such Composite Tape or such national securities exchange on such date or quoted on the National Association of Securities Dealers Automated Quotation System on such date, then the immediately preceding date on which sales of the Shares have been so reported or quoted shall be used.

(n) *Good Reason:* Without the Participant's consent: (1) a material reduction in the position or responsibilities of the Participant; (2) a material reduction in the Participant's base salary; or (3) a relocation of the Participant's primary work location to a distance of more than fifty (50) miles from its location as of the date of a Change in Control.

(o) *ISO* : An Option that is also an incentive stock option granted pursuant to Section 7(d) of the Plan.

(p) *LSAR* : A limited stock appreciation right granted pursuant to Section 8(d) of the Plan.

(q) *Option* : A stock option granted pursuant to Section 7 of the Plan.

(r) *Option Price* : The purchase price per Share of an Option, as determined pursuant to Section 7(a) of the Plan.

(s) *Other Stock-Based Awards* : Awards granted pursuant to Section 9 of the Plan including, without limitation, Restricted Stock, Restricted Stock Units and Performance Shares.

(t) *Participant* : An individual who is selected by the Committee to participate in the Plan pursuant to Section 5 of the Plan.

(u) *Performance-Based Awards* : Other Stock-Based Awards granted pursuant to Section 9(b) of the Plan.

(v) *Performance Shares* : An Award representing a right to acquire Shares at a future date conditioned on the achievement of performance goals, granted pursuant to Section 9 of the Plan.

(w) *Person* : As such term is used for purposes of Section 13(d) or 14(d) of the Act (or any successor section thereto).

(x) *Plan* : The Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan, as amended.

(y) *Post-Retirement Exercise Period* : As such term is defined in Section 7(f) of the Plan.

(z) *Restricted Stock* : Restricted stock granted pursuant to Section 9 of the Plan.

(aa) *Restricted Stock Unit* : A restricted stock unit representing a right to acquire a fixed number of Shares at a future date, granted pursuant to Section 9 of the Plan.

(bb) *Retirement* : Termination of employment with the Company or an Affiliate after such Participant has both attained age 55 and had five or more consecutive years of service with the Company through and ending with the date of such Participant's voluntary termination of employment; or, with the prior written consent of the Committee that such termination be treated as a Retirement hereunder, termination of employment under other circumstances.

(cc) *Shares* : Shares of common stock, par value $0.01 per Share, of the Company.

(dd) *Special Exercise Period* : As such term is defined in Section 7(f) of the Plan.

(ee) *Stock Appreciation Right* : A stock appreciation right granted pursuant to Section 8 of the Plan.

(ff) *Subsidiary* : A subsidiary corporation, as defined in Section 424(f) of the Code (or any successor section thereto).

(gg) *Termination of Employment* : A Participant's termination of employment with the Company or an Affiliate, as the case may be.

3. Shares Subject to the Plan

The maximum number of Shares that may be issued with respect to Awards granted under the Plan shall be 50,600,000 (subject to adjustment in accordance with the provisions of Section 10 hereof), whether pursuant to ISOs or otherwise. Of that number, not more than 14,000,000 Shares (subject to adjustment in accordance with the provisions of Section 10 hereof) will be available from and after the Effective Date for grants under the Plan of unrestricted Shares, Restricted Stock, Restricted Stock Units, Performance Shares or

any Other Stock-Based Awards pursuant to Section 9 hereof. The maximum number of Shares with respect to which Awards of any and all types may be granted during a calendar year to any Participant shall be limited, in the aggregate, to 800,000 (subject to adjustment in accordance with the provisions of Section 10 hereof). The Shares may consist, in whole or in part, of authorized and unissued Shares or treasury Shares. For purposes of Section 3, the aggregate number of Shares issued under this Plan at any time shall equal only the number of Shares issued upon exercise or settlement of an Award. Notwithstanding the foregoing, Shares subject to an Award under the Plan may not again be made available for issuance under the Plan if such Shares are: (i) Shares that were subject to a stock-settled Stock Appreciation Right and were not issued upon the net settlement or net exercise of such Stock Appreciation Right, (ii) Shares used to pay the exercise price of an Option, (iii) Shares delivered to or withheld by the Company to pay the withholding taxes related to an Award, or (iv) Shares repurchased on the open market with the proceeds of an Option exercise. Shares which are subject to Awards which terminate, expire, are forfeited or lapse and Shares subject to Awards settled in cash shall not count as Shares issued under this Plan and may be utilized again with respect to Awards granted under the Plan.

4. Administration

The Plan shall be administered by the Committee, which may delegate its duties and powers in whole or in part to any subcommittee thereof consisting solely of at least two individuals who are each “non-employee directors” within the meaning of Rule 16b-3 under the Act (or any successor rule thereto) and “outside directors” within the meaning of Section 162(m) of the Code (or any successor section thereto); provided, however, that any action permitted to be taken by the Committee may be taken by the Board, in its discretion. The Committee is authorized to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations that it deems necessary or desirable for the administration of the Plan. The Committee may correct any defect, administrative error or omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee in the interpretation and administration of the Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Participants and their beneficiaries or successors). Determinations made by the Committee under the Plan need not be uniform and may be made selectively among Participants, whether or not such Participants are similarly situated. The Committee shall require payment of any amount it may determine to be necessary to withhold for federal, state, local or other taxes as a result of the grant, exercise, vesting or settlement of an Award. Unless the Committee specifies otherwise, the Participant may elect to pay a portion or all of such withholding taxes by (a) delivery of Shares or (b) having Shares withheld by the Company from any Shares that would have otherwise been received by the Participant. The number of Shares so delivered or withheld shall have an aggregate Fair Market Value on the date of the exercise, vesting or settlement (as applicable) of an Award sufficient to satisfy the applicable withholding taxes. In addition, with the approval of the Committee, a Participant may satisfy any additional tax that the Participant elects to have the Company withhold by delivering to the Company or its designated representative Shares already owned by the Participant or, in the case of Shares acquired through an employee benefit plan, Shares held by the Participant for more than six months. If the chief executive officer of the Company is a member of the Board, the Board by specific resolution may constitute such chief executive officer as a committee of one which shall have the authority to grant Awards of up to an aggregate of 200,000 Shares (subject to adjustment in accordance with the provisions of Section 10 hereof) in each calendar year to Participants who are not subject to the rules promulgated under Section 16 of the Act (or any successor section thereto) or “covered employees” as defined in Section 162(m) of the Code; provided, however, that such chief executive officer shall notify the Committee of any such grants made pursuant to this Section 4.

5. Eligibility

Key employees (but not members of the Committee or any person who serves only as a director) of the Company and its Affiliates, who are from time to time responsible for the management, growth and protection of the business of the Company and its Affiliates, and consultants to the Company and its Affiliates, are eligible to be granted Awards under the Plan. Participants shall be selected from time to time by the Committee, in its sole discretion, from among those eligible, and the Committee shall determine, in its sole discretion, the number of Shares to be covered by the Awards granted to each Participant.

6. Limitations

No Award may be granted under the Plan after the tenth anniversary of the Effective Date, but Awards theretofore granted may extend beyond that date.

7. Terms and Conditions of Options

Options granted under the Plan shall be, as determined by the Committee, non-qualified, incentive or other stock options for federal income tax purposes, as evidenced by the related Award agreements, and shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Committee shall determine:

(a) *Option Price* . The Option Price per Share shall be determined by the Committee, but shall not be less than 100% of the Fair Market Value of the Shares on the date an Option is granted.

(b) *Exercisability* . Options granted under the Plan shall be exercisable at such time and upon such terms and conditions as may be determined by the Committee, but in no event shall an Option be exercisable more than ten years after the date it is granted.

(c) *Exercise of Options* . Except as otherwise provided in the Plan or in an Award agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable. For purposes of Section 7 of the Plan, the exercise date of an Option shall be the later of the date a notice of exercise is received by the Company and, if applicable, the date payment is received by the Company pursuant to clauses (i), (ii) or (iii) in the following sentence. The purchase price for the Shares as to which an Option is exercised shall be paid to the Company in full at the time of exercise at the election of the Participant (i) in cash, (ii) in Shares having a Fair Market Value equal to the aggregate Option Price for the Shares being purchased and satisfying such other requirements as may be imposed by the Committee; provided, that such shares of Common Stock have been held by the Participant for no less than six months, (iii) partly in cash and partly in such Shares, (iv) through the delivery of irrevocable instructions to a broker to deliver promptly to the Company an amount equal to the aggregate Option Price for the Shares being purchased, or (v) through such other means as shall be prescribed in the Award agreement. No Participant shall have any rights to dividends or other rights of a stockholder with respect to Shares subject to an Option until the occurrence of the exercise date (determined as set forth above) and, if applicable, the satisfaction of any other conditions imposed by the Committee pursuant to the Plan.

(d) *ISOs* . The Committee may grant Options under the Plan that are intended to be ISOs. Such ISOs shall comply with the requirements of Section 422 of the Code (or any successor section thereto). Unless otherwise permitted under Section 422 of the Code (or any successor section thereto), no ISO may be granted to any Participant who at the time of such grant, owns more than 10% of the total combined voting power of all classes of stock of the Company or of any Subsidiary, unless (i) the Option Price for such ISO is at least 110% of the Fair Market Value of a Share on the date the ISO is granted and (ii) the date on which such ISO terminates is a date not later than the day preceding the fifth anniversary of the date on which the ISO is granted. Any Participant who disposes of Shares acquired upon the exercise of an ISO either (i) within two years after the date of grant of such ISO or (ii) within one year after the transfer of such Shares to the Participant, shall notify the Company of such disposition and of the amount realized upon such disposition. Notwithstanding Section 5 hereof, ISOs may be granted solely to employees of the Company and its Subsidiaries.

(e) *Exercisability Upon Termination of Employment by Death or Disability* . Upon a Termination of Employment by reason of death or Disability, in either case after the first anniversary of the date of grant of an Option, (i) the unexercised portion of such Option shall immediately vest in full and (ii) such portion may thereafter be exercised during the shorter of (A) the remaining stated term of the Option or (B) five years after the date of death or Disability.

(f) *Exercisability Upon Termination of Employment by Retirement* . Upon a Termination of Employment by reason of Retirement after the first anniversary of the date of grant of an Option, an unexercised Option may thereafter be exercised during the shorter of (i) the remaining stated term of the Option or (ii) five years after the date of such Termination of Employment (the “Post-Retirement Exercise Period”), but only to the extent to which such Option was exercisable at the time of such Termination of Employment or becomes exercisable during the Post-Retirement Exercise Period as if such Participant were still employed by the Company or an Affiliate; provided, however, that if a Participant dies within a period of five years after such Termination of Employment, an unexercised Option may thereafter be exercised, during the shorter of (i) the remaining stated term of the Option or (ii) the period that is the longer of (A) five years after the date of such Termination of Employment or (B) one year after the date of death (the “Special Exercise Period”), but only to the extent to which such Option was exercisable at the time of such Termination of Employment or becomes exercisable during the Special Exercise Period.

(g) *Effect of Other Termination of Employment* . Upon a Termination of Employment for any reason (other than death, Disability or Retirement after the first anniversary of the date of grant of an Option as described above), an unexercised Option may thereafter be exercised during the period ending 30 days after the date of such Termination of Employment, but only to the extent to which such Option was exercisable at the time of such Termination of Employment. Notwithstanding the foregoing, the Committee may, in its sole discretion, either by prior written agreement with the Participant or upon the occurrence of a Termination of Employment, accelerate the vesting of unvested Options held by a Participant if such Participant’s Termination of Employment is without “cause” (as such term is defined by the Committee in its sole discretion) by the Company.

(h) *Nontransferability of Stock Options* . Except as otherwise provided in Section 18 relating to designation of beneficiaries or in this Section 7(h), an Option shall not be transferable or assignable by the Participant otherwise than by will or by the laws of descent and distribution, and during the lifetime of a Participant an Option shall be exercisable only by the Participant. An Option exercisable after the death of a Participant or a transferee pursuant to the following sentence may be exercised by the designated beneficiary, legatees, personal representatives or distributees of the Participant or such transferee. The Committee may, in its discretion, authorize all or a portion of the Options previously granted or to be granted to a Participant, other than ISOs, to be on terms which permit irrevocable transfer for no consideration by such Participant to any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, of the Participant, any trust in which these persons have more than 50% of the beneficial interest, any founda-

tion in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than 50% of the voting interests ("Eligible Transferees"), provided that (i) the stock option agreement pursuant to which such Options are granted must be approved by the Committee, and must expressly provide for transferability in a manner consistent with this Section and (ii) subsequent transfers of transferred Options shall be prohibited except those in accordance with the first sentence of this Section 7(h). The Committee may, in its discretion, amend the definition of Eligible Transferees to conform to the coverage rules of Form S-8 under the Securities Act of 1933 or any comparable Form from time to time in effect. Following transfer, any such Options shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. The events of Termination of Employment of Sections 7(e), 7(f) and 7(g) hereof shall continue to be applied with respect to the original Participant, following which the Options shall be exercisable by the transferee only to the extent, and for the periods specified, in Sections 7(e), 7(f) and 7(g). The Committee may delegate to a committee consisting of employees of the Company the authority to authorize transfers, establish terms and conditions upon which transfers may be made and establish classes of Options eligible to transfer Options, as well as to make other determinations with respect to Option transfers.

8. Terms and Conditions of Stock Appreciation Rights

(a) *Grants* . The Committee also may grant (i) a Stock Appreciation Right independent of an Option or (ii) a Stock Appreciation Right in connection with an Option, or a portion thereof. A Stock Appreciation Right granted pursuant to clause (ii) of the preceding sentence (A) may be granted at the time the related Option is granted or at any time prior to the exercise or cancellation of the related Option, (B) shall cover the same Shares covered by an Option (or such lesser number of Shares as the Committee may determine) and (C) shall be subject to the same terms and conditions as such Option except for such additional limitations as are contemplated by this Section 8 (or such additional limitations as may be included in an Award agreement).

(b) *Terms* . The exercise price per Share of a Stock Appreciation Right shall be an amount determined by the Committee but in no event shall such amount be less than the greater of (i) the Fair Market Value of a Share on the date the Stock Appreciation Right is granted or, in the case of a Stock Appreciation Right granted in conjunction with an Option, or a portion thereof, the Option Price of the related Option and (ii) an amount permitted by applicable laws, rules, by-laws or policies of regulatory authorities or stock exchanges. Each Stock Appreciation Right granted independent of an Option shall entitle a Participant to exercise the Stock Appreciation Right in whole or in part and, upon such exercise, to receive from the Company an amount equal to (i) the excess of (A) the Fair Market Value on the exercise date of one Share over (B) the exercise price per Share, times (ii) the number of Shares covered by the portion of the Stock Appreciation Right so exercised. Each Stock Appreciation Right granted in conjunction with an Option, or a portion thereof, shall entitle a Participant to surrender to the Company the unexercised Option, or any portion thereof, and to receive from the Company in exchange therefor an amount equal to (i) the excess of (A) the Fair Market Value on the exercise date of one Share over (B) the Option Price per Share, times (ii) the number of Shares covered by the Option, or portion thereof, which is surrendered. The date a notice of exercise is received by the Company shall be the exercise date. Payment shall be made in Shares or in cash, or partly in Shares and partly in cash, valued at such Fair Market Value, all as shall be determined by the Committee. Stock Appreciation Rights may be exercised from time to time upon actual receipt by the Company of written notice of exercise stating the number of Shares with respect to which the Stock Appreciation Right is being exercised. No fractional Shares will be issued in payment for Stock Appreciation Rights, but instead cash will be paid for a fraction or, if the Committee should so determine, the number of Shares will be rounded downward to the next whole Share. No Participant shall have any rights to dividends or other rights of a stockholder with respect to Shares subject to a Stock Appreciation Right until the occurrence of the exercise date, the issuance of Shares pursuant to such exercise and, if applicable, the satisfaction of any other conditions imposed by the Committee pursuant to the Plan.

(c) *Exercisability* . Stock Appreciation Rights granted under the Plan shall be exercisable at such time and upon such terms and conditions as may be determined by the Committee, but in no event shall a Stock Appreciation Right be exercisable more than ten years after the date it is granted.

(d) *Limitations* . The Committee may impose, in its discretion, such conditions upon the exercisability or transferability of Stock Appreciation Rights as it may deem fit.

(e) *Limited Stock Appreciation Rights* . The Committee may grant LSARs that are exercisable upon the occurrence of specified contingent events. Such LSARs may provide for a different method of determining appreciation, may specify that payment will be made only in cash and may provide that any related Awards are not exercisable while such LSARs are exercisable. Unless the context otherwise requires, whenever the term "Stock Appreciation Right" is used in the Plan, such term shall include LSARs.

9. Other Stock-Based Awards

(a) *Generally* . The Committee, in its sole discretion, may grant Awards of unrestricted Shares, Restricted Stock, Restricted Stock Units and other Awards that are valued in whole or in part by reference to, or are otherwise based on the Fair Market Value of, Shares (collectively, "Other Stock-Based Awards"). Such Other Stock-Based Awards shall be in such form, and dependent on such conditions, as the Committee shall determine, including, without limitation, the right to receive one or more Shares (or the equivalent cash value of such Shares) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of performance

objectives. Other Stock-Based Awards may be granted alone or in addition to any other Awards granted under the Plan. Subject to the provisions of the Plan, the Committee shall determine to whom and when Other Stock-Based Awards will be made; the number of Shares to be awarded under (or otherwise related to) such Other Stock-Based Awards; whether such Other Stock-Based Awards shall be settled in cash, Shares or a combination of cash and Shares; and all other terms and conditions of such Awards (including, without limitation, the vesting provisions thereof). Notwithstanding anything herein to the contrary, the grant, issuance, retention, vesting and/or settlement of Shares under any Other Stock-Based Award that is based on performance criteria and level of achievement versus such criteria will be subject to a performance period of not less than twelve months, and the grant, issuance, retention, vesting and/or settlement of Shares under any Other Stock-Based Award that is based solely upon continued employment and/or the passage of time may not vest or be settled in full prior to the thirty-sixth month following its date of grant, but may be subject to pro-rata vesting over such period, except that the Committee may provide for the satisfaction and/or lapse of all conditions under any such Other Stock-Based Award in the event of the Participant's death, Disability or Retirement or in connection with a Change in Control, and the Committee may provide that any such restriction or limitation will not apply in the case of an Other Stock-Based Award that is issued in payment or settlement of compensation that has been earned by the Participant.

(b) *Performance-Based Awards* . Notwithstanding anything to the contrary herein, certain Other Stock-Based Awards granted under this Section 9 may be granted in a manner that will enable the Company to deduct any amount paid by the Company under Section 162(m) of the Code (or any successor section thereto) ("Performance-Based Awards"). A Participant's Performance-Based Award shall be determined based on the attainment of one or more pre-established, objective performance goals established in writing by the Committee, for a performance period established by the Committee, (i) at a time when the outcome for that performance period is substantially uncertain and (ii) not later than 90 days after the commencement of the performance period to which the performance goal relates, but in no event after 25% of the relevant performance period has elapsed. The performance goals shall be based upon one or more of the following criteria: (i) earnings before or after taxes (including earnings before interest, taxes, depreciation and amortization); (ii) net income; (iii) operating income; (iv) earnings per Share; (v) book value per Share; (vi) return on stockholders' equity; (vii) expense management; (viii) return on investment before or after the cost of capital; (ix) improvements in capital structure; (x) profitability of an identifiable business unit or product; (xi) maintenance or improvement of profit margins; (xii) stock price; (xiii) market share; (xiv) revenues or sales; (xv) costs; (xvi) cash flow; (xvii) working capital; (xviii) changes in net assets (whether or not multiplied by a constant percentage intended to represent the cost of capital); (xix) return on assets; (xx) accuracy, stability, quality or performance of ratings; and (xxi) customer or investor satisfaction or value survey results. To the extent consistent with Section 162(m) of the Code, the Committee may appropriately adjust any evaluation of performance under the performance goal to (A) eliminate the effects of charges for restructurings, discontinued operations, all items of gain, loss or expense determined to be unusual in nature or infrequently occurring, or related to the acquisition or disposal of a business or asset group or related to a change in accounting principle, as well as the cumulative effect of accounting changes, in each case as determined in accordance with generally accepted accounting principles or identified in the Company's financial statements or notes to the financial statements, and (B) exclude any of the following material events that occurs during a performance period: (i) asset write-downs, (ii) litigation, claims, judgments or settlements, (iii) the effect of changes in tax law or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs whether or not classified as such for financial reporting purposes and (v) accruals of any amounts for payment under this Plan or any other compensation arrangement maintained by the Company or any Affiliate. The foregoing criteria may relate to the Company, one or more of its Affiliates or one or more of its divisions, units, minority investments, partnerships, joint ventures, product lines or products or any combination of the foregoing, and may be applied on an absolute basis and/or be relative to one or more peer group companies or indices, or any combination thereof, all as the Committee shall determine. The maximum amount payable pursuant to Performance-Based Awards denominated in cash granted to any one Participant with respect to one fiscal year of the Company shall be $5,000,000. The Committee shall determine whether, with respect to a performance period, the applicable objective performance goals (mentioned directly above) have been met with respect to a given Participant and, if they have, to so certify and ascertain the amount of the applicable Performance-Based Award. No Performance-Based Awards will be paid for such performance period until such certification is made by the Committee. The amount of the Performance-Based Award actually paid to a given Participant may be less than the amount determined by the applicable performance goal formula, at the discretion of the Committee. The amount of the Performance-Based Award determined by the Committee for a performance period shall be paid to the Participant at such time as determined by the Committee in its sole discretion after the end of such performance period; provided, however, that a Participant may, if and to the extent permitted by the Committee and consistent with the provisions of Sections 162(m) and 409A of the Code, elect prior to the commencement of the relevant services or, if the Performance-Based Award constitutes performance-based compensation within the meaning of Section 409A(a)(4)(B)(iii) of the Code and is based on services performed over a period of at least 12 months, at any time but no later than six months before the end of the applicable performance period, to defer payment of a Performance-Based Award until a fixed date or the date of Participant's separation from service with the Company and its Affiliates (or six months following such separation if required by Section 409A of the Code), as specified in the election to defer.

(c) *Terms and Conditions of Restricted Stock and Restricted Stock Units* .

(i) *Grant* . Each grant of Restricted Stock and Restricted Stock Units shall be evidenced by an agreement in form approved by the Committee. The vesting of a Restricted Stock Award or Restricted Stock Unit granted under the Plan may be conditioned upon the completion of a specified period of employment with the Company or an Affiliate, upon attainment of specified performance goals, and/or upon such other criteria as the Committee may determine in its sole discretion.

(ii) *Receipt of Restricted Stock* . As soon as practicable after an Award of Restricted Stock has been made to a Participant, there shall be registered in the name of such Participant or of a nominee the number of Shares of Restricted Stock so awarded. Except as provided in the applicable agreement, no Shares of Restricted Stock may be assigned, transferred or otherwise encumbered or disposed of by the Participant until such Shares have vested in accordance with the terms of such agreement. If and to the extent that the applicable agreement so provides, a Participant shall have the right to vote and receive dividends on the Shares of Restricted Stock granted to him or her under the Plan. Unless otherwise provided in the applicable agreement, any Shares received as a dividend on Restricted Stock or in connection with a stock split of the Shares of Restricted Stock shall be subject to the same restrictions as the Restricted Stock.

(iii) *Payments Pursuant to Restricted Stock Units* . Restricted Stock Units may not be assigned, transferred or otherwise encumbered or disposed of by the Participant until such Restricted Stock Units have vested in accordance with the terms of the applicable agreement. Upon the vesting of the Restricted Stock Units (unless a deferral election as described in the following sentence has been made), certificates for Shares shall be delivered to the Participant or his legal representative on the last business day of the calendar quarter in which such vesting event occurs or as soon thereafter as practicable, in a number equal to the Shares covered by the Restricted Stock Units. A Participant may, if and to the extent permitted by the Committee and consistent with the provisions of Sections 162(m) and 409A of the Code, elect prior to the grant of the Restricted Stock Unit and the commencement of the relevant services or, if the Restricted Stock Unit constitutes performance-based compensation within the meaning of Section 409A(a)(4)(B)(iii) of the Code and is based on services performed over a period of at least 12 months, at any time but no later than six months before the end of the applicable performance period, to defer receipt of his certificates beyond the vesting date until a fixed date or the date of the Participant's separation from service with the Company and its Affiliates (or six months following such separation from service if required by Section 409A of the Code), as specified in the election to defer.

(iv) *Effect of Termination of Employment or Death* . Upon a Termination of Employment by reason of death, Disability or Retirement, in each case after the first anniversary of the date of the Award of Restricted Stock or Restricted Stock Units, the Restricted Stock or Restricted Stock Units shall immediately vest in full and all restrictions on such Awards shall terminate. Upon a Termination of Employment for any reason other than death, Disability or Retirement after the first anniversary of the date of the Award of Restricted Stock or Restricted Stock Units, a Participant's unvested Restricted Stock and Restricted Stock Units shall be forfeited. Notwithstanding the foregoing, subject to Section 9(a), the Committee may, in its sole discretion, either by prior written agreement with the Participant or upon the occurrence of a Termination of Employment, accelerate the vesting of unvested Restricted Stock or Restricted Stock Units held by the Participant if such Participant's Termination of Employment is without "cause" (as such term is defined by the Committee in its sole discretion) by the Company.

(d) *Terms and Conditions of Performance Shares* .

(i) *Grant* . Each grant of Performance Shares shall be evidenced by an agreement providing for the payment of Shares conditioned upon attainment of specified performance goals, in form approved by the Committee, and may be subject to the provisions applicable to Performance-Based Awards as set forth in Section 9(b) of the Plan.

(ii) *Payments Pursuant to Performance Shares* . Performance Shares may not be assigned transferred or otherwise encumbered or disposed of by the Participant until the Committee has certified the extent to which the applicable performance goals have been met and certified the number of Shares to be paid. The number of Shares so certified shall be delivered to the Participant or his legal representative at such time after the end of the performance period as shall be prescribed by the Committee in the Award agreement.

(iii) *Effect of Termination of Employment* . Upon a Termination of Employment by reason of death, Disability or Retirement, a Participant shall have such rights in his or her Performance Shares, if any, as may be prescribed by the Award agreement. Upon a Termination of Employment for any reason other than death, Disability or Retirement prior to the end of any applicable performance period, a Participant's Performance Shares shall be forfeited, unless, subject to Section 9(a), the Committee, in its sole discretion, shall determine otherwise.

10. Adjustments Upon Certain Events

Notwithstanding any other provisions in the Plan to the contrary, the following provisions shall apply to all Awards granted under the Plan:

(a) *Generally* . In the event of any change in the outstanding Shares after the Effective Date by reason of any Share dividend or split, reorganization, recapitalization, merger, consolidation, split-up, spin-off, combination or exchange of Shares or other corporate exchange or similar transaction, or any distribution to stockholders of Shares other than regular cash dividends, the Committee shall adjust the following to the extent necessary to achieve an equitable result: (i) the number or kind of Shares or other securities issued or reserved for issuance pursuant to the Plan or pursuant to outstanding Awards, (ii) the Option Price and/or (iii) any other affected terms of such Awards.

(b) *Change in Control* . Awards granted prior to January 1, 2013 shall be subject to the terms of Section 10(b) of the Plan as in effect on December 31, 2012. For Awards granted on or after January 1, 2013, unless otherwise determined by the Committee through an Award agreement or otherwise, if a Participant's employment is terminated without Cause or by the Participant for Good Reason, in either case within the ninety (90) day period preceding or the two (2) year period following a Change in Control, the following shall occur: (i) each outstanding Option and Stock Appreciation Right shall become immediately vested and exercisable; (ii) restrictions on Awards of Restricted Stock and Restricted Stock Units that are not Performance-Based Awards shall lapse; and (iii) Other Stock-Based Awards not described in clause (ii) shall become payable in such manner as shall be set forth in the Award agreement. Notwithstanding the foregoing, if the acquiror or successor refuses to assume an Award or substitute an Award of equivalent value (as determined by the Committee in its discretion) in connection with a Change in Control, (A) each Option and Stock Appreciation Right shall become immediately vested and exercisable; provided, however, that if such Awards are not exercised prior to the date of the consummation of the Change in Control, the Committee, in its sole discretion and without liability to any person, may provide for (x) the payment of a cash amount in exchange for the cancellation of such Award and/or (y) the issuance of substitute Awards that will substantially preserve the value, rights and benefits of any affected Awards (previously granted hereunder) as of the date of the consummation of the Change in Control; (B) restrictions on Awards of Restricted Stock and Restricted Stock Units that are not Performance-Based Awards shall lapse; and (C) Other Stock-Based Awards not described in clause (B) shall become payable in such manner as shall be set forth in the Award agreement.

11. No Repricing

Notwithstanding anything in the Plan to the contrary, no Option or Stock Appreciation Right outstanding under the Plan may be repriced, regranted through cancellation, including cancellation in exchange for cash or other Awards, or otherwise amended to reduce the Option Price or exercise price applicable thereto (other than with respect to adjustments made in connection with a transaction or other change in the Company's capitalization as described in Section 10) without the approval of the stockholders of the Company.

12. No Right to Employment

The granting of an Award under the Plan shall impose no obligation on the Company or any Affiliate to continue the employment of a Participant and shall not lessen or affect the Company's or Affiliate's right to terminate the employment of such Participant.

13. Successors and Assigns

The Plan shall be binding on all successors and assigns of the Company and a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

14. Nontransferability of Awards

Except as provided in Section 18 relating to designation of beneficiaries or in Section 7(h) of the Plan, an Award shall not be transferable or assignable by the Participant otherwise than by will or by the laws of descent and distribution. During the lifetime of a Participant, an Award shall be exercisable only by such Participant. An Award exercisable after the death of a Participant may be exercised by the designated beneficiary, the legatees, personal representatives or distributees of the Participant. Notwithstanding anything to the contrary herein, the Committee, in its sole discretion, shall have the authority to waive this Section 14 or any part thereof (except with respect to ISOs) to the extent that this Section 14 or any part thereof is not required under the rules promulgated under any law, rule or regulation applicable to the Company.

15. Amendments or Termination

The Board or the Committee may amend, alter or discontinue the Plan, but no amendment, alteration or discontinuation shall be made which, (a) without the approval of the stockholders of the Company, would (except as is provided in Section 10 of the Plan), increase the total number of Shares reserved for the purposes of the Plan or change the maximum number of Shares for which Awards may be granted to any Participant or (b) without the consent of a Participant, would impair any of the rights or obligations under any Award theretofore granted to such Participant under the Plan; provided, however, that the Board or the Committee may amend the Plan in such manner as it deems necessary to permit the granting of Awards meeting the requirements of the Code or other applicable

laws. Notwithstanding anything to the contrary herein, neither the Committee nor the Board may amend, alter or discontinue the provisions relating to Section 10(b) of the Plan after the occurrence of a Change in Control.

16. International Participants

With respect to Participants who reside or work outside the United States of America and who are not (and who are not expected to be) "covered employees" within the meaning of Section 162(m) of the Code (or any successor section thereto), the Committee may, in its sole discretion, amend the terms of the Plan or Awards with respect to such Participants in order to conform such terms with the requirements of local law.

17. Choice of Law

The Plan shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in the State of Delaware.

18. Designation of Beneficiaries

A Participant may file with the Company a written designation of a beneficiary or beneficiaries under the Plan and may from time to time revoke or change any such designation of beneficiary. Any designation of beneficiary under the Plan shall be controlling over any other disposition, testamentary or otherwise; provided, however, that if the Committee shall be in doubt as to the entitlement of any such beneficiary to any Option, Stock Appreciation Right, unrestricted Shares, Restricted Stock, Restricted Stock Units, Performance Shares or other Award, the Committee may determine to recognize only the legal representative of such Participant, in which case the Company, the Committee and the members thereof shall not be under any further liability to anyone.

19. Effectiveness of the Plan

The Plan, as amended and restated, shall be effective as of December 18, 2017.

Exhibit 10.4.6

[MOODY'S CORPORATION LETTERHEAD]

Dear [Name]:

Congratulations! I am pleased to inform you that the Board of Directors of Moody's Corporation ("Moody's") awarded you [ ] performance shares ("Performance Shares") on [DATE]. This letter outlines the key terms and conditions of your Performance Shares grant.

Your Performance Shares grant is subject to the terms and conditions of the Amended and Restated 2001 Moody's Corporation Key Employees' Stock Incentive Plan, as amended (the "Plan"). By accepting the grant, you agree to the terms and conditions as set forth in the Plan and in this grant letter, including the terms and conditions applicable to you based on your country of residence as set forth in the attached Appendix **.** A copy of the Plan, as well as the prospectus relating to the offering of shares of Moody's stock pursuant to the Plan, is enclosed with this letter. You should read each of the Plan and the prospectus in their entirety for a better understanding of your grant. Capitalized terms not defined herein shall have the same meaning ascribed to them in the Plan.

Moody's has engaged Fidelity Investments as the Plan administrator. You will be provided with a Fidelity Investments on-line brokerage account, at no cost to you, in which shares will be delivered when and to the extent that your Performance Shares vest. Once your Performance Shares are issued, you may transfer your shares to another brokerage account or leave them in your Fidelity account, subject to applicable exchange controls and/or repatriation requirements which may apply based on the country in which you work and/or reside.

Your Performance Shares grant provides you with a right to receive an equity stake in Moody's and an opportunity for long-term capital appreciation if performance measures are achieved.

Details of Your Performance Shares Grant

As a holder of Performance Shares, you have an unfunded, unsecured promise of Moody's to issue shares of Moody's common stock, par value $0.01 per share, in the future if and to the extent that certain performance goals are achieved. The maximum number of shares that can be issued to you shall equal two hundred percent (200%) of the number of target Performance Shares granted to you. You shall not have the rights of a shareholder, including any right to vote shares or receive dividends with respect to shares of Moody's common stock, unless and until such shares are issued pursuant to the terms of this letter at the conclusion of the performance period, as hereinafter defined. In the event of a stock split, a stock dividend or similar change in Moody's common stock, the number of your Performance Shares will be adjusted as determined by the Compensation & Human Resources Committee (the "Committee") under the Plan.

Your Performance Shares will vest, subject to your continued employment through the Vesting Date as hereinafter defined, to the extent that Moody's or one or more of its Subsidiaries or Affiliates, as applicable, achieves certain performance objectives which will be measured cumulatively over the three calendar years 20[ ]-20[ ] (the "Performance Period"); provided, however, that the number of Performance Shares treated as vested and the corresponding number of shares actually issued to you as a payout may be less than the number determined by the performance payment percentages (including zero), at the discretion of the Committee in accordance with the Plan. In the event there is negative total shareholder return over the Performance Period for example, the Committee would consider whether it was appropriate to exercise negative discretion and reduce the performance payment percentages in accordance with the Plan. If, during the Performance Period, you transfer your employment to or from Moody's or any Subsidiary or Affiliate, then your Performance Shares shall be divided pro rata on the basis of the portion of the Performance Period during which you are employed by each employer entity, and the performance goals applicable to employees of your employer entity as of the date of grant of the Performance Shares and any subsequent employer entities during the Performance Period shall apply to the applicable portion of the Performance Period. The vesting of Performance Shares on the Vesting Date will be determined by the Committee and shall be expressed as a percentage of the total number of target Performance Shares granted to you as determined pursuant to the following tables, subject to the Committee's discretion to reduce such percentages as defined in the Plan.

The following table indicates the weight ascribed to the three performance measures based on the business entity segment for which each participant performs services:

	Performance Measures		
Entity	MCO Earnings Before Interest, Taxes, Depreciation & Amortization (“EBITDA”)	MA Sales	MIS Ratings Quality
Moody’s Corporation and Shared Services	[__]%	[__]%	[__]%
Moody’s Investors Service	[__]%	[__]%	[__]%
Moody’s Analytics	[__]%	[__]%	[__]%

The following table indicates the [YEAR] cumulative three-year targets:

[Year] Performance Share Targets

Performance Measure	Cumulative 3-Year Target (millions)
MCO Profitability (EBITDA)	$[____]
MIS Ratings Quality (Average Position)	[__]%
MA Sales	$[____]

Payout attributable to the achievement of each performance measure will be determined as follows:

	Payout Percentage****
MCO EBITDA Achievement*	
Less than [__]% of Target	[__]%
[__]% of Target	[__]%
[__]% of Target	[__]%
[__]% of Target	[__]%
[__]% or more of Target	[__]%
MA Sales Achievement**	
Less than [__]% of Target	[__]%
[__]% of Target	[__]% - [__]%
[__]% of Target	[__]% - [__]%
[__]% or more of Target	[__]%
MIS Ratings Quality Achievement***	
Less than [__]% of Target	[__]%
[__]% of Target	[__]%
[__]% of Target	[__]%
[__]% of Target	[__]%
[__]% of Target	[__]%
[__]% or more of Target	[__]%

* Moody’s Corporation EBITDA means cumulative EBITDA for the three-year Performance Period.

** Moody’s Analytics Sales means cumulative net sales of Moody’s Analytics for the three-year Performance Period. Funding includes a modifier to increase the funding slope as sales from acquired businesses are achieved. Funding can be further adjusted up or down depending upon whether the results of the acquisition are above or below the acquisition plan.

*** Moody’s Investors Service Ratings Quality is the three year Average Position (AP) of MIS Ratings.

**** Subject to reduction in the Committee’s discretion in accordance with the Plan.

Immediately following the conclusion of the Performance Period, the Committee shall certify whether the performance measures were attained, the percentage of payout, if any, and the date on which your Performance Shares will vest and be issued (the “Vesting Date”). For purposes of this letter, the Vesting Date shall be the date that the Committee determines the shares will be paid, which is expected to be the first trading day in March (but in no event after March 15 th) following the conclusion of the Performance Period.

In the event of your Termination of Employment prior to the Vesting Date (for reasons other than your death, Disability or Retirement after the first anniversary of the grant of the Performance Shares and provided your employment is not terminated involuntarily by

Moody's or its Subsidiary or Affiliate prior to or simultaneous with your Retirement), you will forfeit all unvested Performance Shares. Moody's shall have the exclusive discretion to determine when your Termination of Employment occurs for purposes of your Performance Shares grant (including whether you may still be considered to be employed while on a leave of absence), subject to U.S. Internal Revenue Code Section 409A ("Code Section 409A") in the event you are a U.S. taxpayer.

In the event of your Termination of Employment by death, Disability or Retirement (provided your employment is not terminated involuntarily by Moody's or its Subsidiary or Affiliate, with or without cause, prior to or simultaneous with any such Retirement), in each case after the first anniversary of the date of your Performance Shares grant hereunder, you shall be entitled to receive as a payout a pro rata portion of the number of shares issuable pursuant to your Performance Shares based on the number of days of your actual service during the Performance Period, such shares to be issued after the end of the Performance Period on the originally scheduled Vesting Date set forth above but only if and to the extent that such shares would have been earned by achievement of performance measures and become issuable to you had your Termination of Employment not occurred prior to the end of the Performance Period; provided, however, that the number of shares actually issued to you may be less than the number determined by the performance payout percentage (including zero), at the discretion of the Committee.

In the event of a Change in Control, shares or, in the discretion of the Committee, cash equal to the fair market value of the shares as of immediately prior to the Change in Control, shall be issued in satisfaction of your Performance Shares immediately prior to the Change in Control as if the performance measures for the Performance Period had been achieved at 100% of Target.

Compliance with Stock Ownership Guidelines

As a holder of Performance Shares, you are subject to Moody's stock ownership guidelines. You should familiarize yourself with these guidelines, as you are solely responsible for ensuring compliance thereto. To request a copy of the guidelines, please contact your Human Resources representative.

Transferability of Performance Shares

Your Performance Shares may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by you otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance will be void and unenforceable against Moody's.

Repayment/Forfeiture

Any payments or benefits you may receive hereunder shall be subject to repayment or forfeiture to the extent required by Moody's policy as in effect from time to time and/or as may be required to comply with the requirements under the U.S. Securities Act of 1933, as amended, the U.S. Securities Exchange Act of 1934, as amended, rules promulgated by the U.S. Securities and Exchange Commission or any other applicable law, including the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or any securities exchange on which Moody's common stock is listed or traded, as may be in effect from time to time.

Nature of the Grant

In accepting the grant, you acknowledge, understand and agree that:

(1) the Plan is established voluntarily by Moody's, it is discretionary in nature and it may be modified, amended, suspended or terminated by Moody's at any time, to the extent permitted by the Plan;

(2) the Performance Shares grant is exceptional, voluntary and occasional and does not create any contractual or other right to receive future performance shares grants, or benefits in lieu of performance shares, even if performance shares have been granted in the past;

(3) all decisions with respect to future performance shares or other grants, if any, will be at the sole discretion of Moody's;

(4) the grant of Performance Shares and your participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with Moody's, your employer or any Subsidiary or Affiliate of Moody's and shall not interfere with the ability of your employer or any Subsidiary or Affiliate of Moody's, as applicable, to terminate your employment or service relationship (if any);

(5) you are voluntarily participating in the Plan;

(6) the Performance Shares grant and the shares subject to the Performance Shares do not constitute and are not intended to replace any pension rights or compensation;

(7) the Performance Shares grant and the shares subject to the Performance Shares, and the income and value of same, do not constitute and are not part of normal or expected compensation, salary, remuneration or wages for purposes of calculating any severance, resignation, termination, redundancy, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement benefits or similar mandatory payments;

(8) the future value of the underlying shares is unknown, indeterminable and cannot be predicted with certainty;

(9) unless otherwise agreed with Moody's, the Performance Shares grant and the shares subject to the Performance Shares, and the income and value of same, are not granted as consideration for, or in connection with, the service you may provide as a director of a Subsidiary or Affiliate of Moody's; and

(10) in addition to paragraphs (1) through (9) above, the following provisions will also apply to you if you are employed outside the United States:

(a) the Performance Shares and the shares subject to the Performance Shares are not part of normal or expected compensation or salary for any purpose;

(b) no claim or entitlement to compensation or damages shall arise from forfeiture of the Performance Shares resulting from your Termination of Employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any) and in consideration of the grant of Performance Shares to which you are otherwise not entitled, you irrevocably agree never to institute any claim against Moody's, its Subsidiaries or Affiliates and your employer, waive your ability, if any, to bring such a claim, and release Moody's, its Subsidiaries or Affiliates and your employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim; and

(c) neither your employer nor Moody's (nor any of its Subsidiaries or Affiliates) shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of your Performance Shares or any amounts due to you pursuant to the settlement of your Performance Shares or the subsequent sale of shares acquired upon settlement.

No Advice Regarding Grant

Moody's is not providing any tax, legal or financial advice, nor is Moody's making any recommendations regarding your participation in the Plan or your acquisition or sale of the underlying shares. You are advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

Responsibility for Taxes

You acknowledge that regardless of any action taken by Moody's or, if different, your employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), is and remains your responsibility and may exceed the amount, if any, actually withheld by Moody's or your employer. You further acknowledge that Moody's and/or your employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of your Performance Shares grant, including the grant vesting or settlement of your Performance Shares, the subsequent sale of shares acquired pursuant to such settlement and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of your Performance Shares to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that Moody's and/or your employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to Moody's and/or your employer to satisfy all Tax-Related Items. In this regard, you authorize Moody's or its agent to satisfy the obligations with regard to all Tax-Related Items by withholding in shares to be issued upon settlement of your Performance Shares. In the event that such withholding in shares is problematic under applicable tax or securities law or has materially adverse accounting consequences, by your acceptance of your Performance Shares, you authorize and direct Moody's and any brokerage firm determined acceptable to Moody's to sell on your behalf a whole number of shares from those shares issuable to you as Moody's determines to be appropriate to generate cash proceeds sufficient to satisfy the obligation for Tax-Related Items.

Depending on the withholding method, Moody's and/or your employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case you may receive a cash refund of any over-withheld amount not remitted to the tax authorities on your behalf and will have no entitlement to the shares equivalent. If the obligation for Tax-Related Items is satisfied by withholding in shares, for tax purposes you will be deemed to have been issued the full number of shares subject to your Performance Shares that have been earned by achievement of performance goals hereunder, notwithstanding that a number of the shares are withheld solely for the purpose of paying the Tax-Related Items.

Finally, you shall pay to Moody's or your employer, including through withholding from your wages or other cash compensation paid to you by Moody's or your employer, any amount of Tax-Related Items that Moody's or your employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. Moody's may refuse to deliver the shares or the proceeds from your Performance Shares award if you fail to comply with your obligations in connection with the Tax-Related Items.

Code Section 409A

For purposes of U.S. taxpayers, the provisions of this grant of Performance Shares are intended to either be exempt from Section 409A of the Code under the "short-term deferral" exception or comply with Section 409A of the Code, and the provisions of this grant will be interpreted, operated and administered in a manner that is consistent with this intent. In furtherance of this intent, the Committee may, at any time and without your consent, modify the terms of this grant as it determines appropriate to comply with the requirements of Section 409A of the Code and the related U.S. Department of Treasury guidance. Moody's makes no representation or covenant to ensure that your Performance Shares or other payment hereunder are exempt from or compliant with Section 409A of the Code, and will have no liability to you or any other party if your Performance Shares or other payment hereunder that is intended to be exempt from, or compliant with, Section 409A of the Code, is not so exempt or compliant or for any action taken by the Committee with respect thereto.

Data Privacy Information and Consent

Moody's is located at 7 World Trade Center at 250 Greenwich Street, New York, NY, 10007, USA and grants Performance Shares to employees of Moody's and its Subsidiaries and Affiliates, at its sole discretion. If you would like to participate in the Plan, please review the following information about Moody's data processing practices and declare your consent.

(a) ***Data Collection and Usage . Moody's collects, processes and uses personal data of employees, including name, home address, email address and telephone number, date of birth, social insurance, passport or other identification number, salary, citizenship, job title, any shares of stock or directorships held in Moody's, and details of all Performance Shares canceled, vested, or outstanding in your favor, which Moody's receives from you or the Employer. If Moody's offers you a grant of Performance Shares under the Plan, then Moody's will collect your personal data for purposes of allocating shares and implementing, administering and managing the Plan. Moody's legal basis for the processing of your personal data will be your consent.***

(b) ***Stock Plan Administration Service Providers . Moody's transfers employee data to Fidelity Stock Plan Services, LLC, an independent service provider based in the United States which assists Moody's with the implementation, administration and management of the Plan. In the future, Moody's may select a different service provider and share your data with another company that serves in a similar manner. Moody's service provider will open an account for you to receive and trade shares. You will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of your ability to participate in the Plan.***

(c) ***International Data Transfers . Moody's and its service providers are based in the United States. If you are outside the United States, you should note that your country has enacted data privacy laws that are different from the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program, which is open to companies subject to Federal Trade Commission jurisdiction and which Moody's does not participate in. Moody's legal basis for the transfer of your personal data is your consent.***

(d) ***Data Retention . Moody's will use your personal data only as long as is necessary to implement, administer and manage your participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and security laws. When Moody's no longer needs your personal data, which will generally be seven years after you are granted Performance Shares under the Plan, Moody's will remove it from it from its systems. If Moody's keeps data longer, it would be to satisfy legal or regulatory obligations and Moody's legal basis would be compliance with the relevant laws or regulations.***

(e) ***Voluntariness and Consequences of Consent Denial or Withdrawal*** ***. Your participation in the Plan and your grant of consent is purely voluntary. You may deny or withdraw your consent at any time. If you do not consent, or if you withdraw your consent, you cannot participate in the Plan. This would not affect your salary as an employee or your career; you would merely forfeit the opportunities associated with the Plan.***

(f) ***Data Subject Rights*** ***. You have a number of rights under data privacy laws in your country. Depending on where you are based, your rights may include the right to (a) to request access or copies of personal data Moody's processes, (b) rectification of incorrect data, (c) deletion of data, (d) restrictions on processing, (e) portability of data, (f) to lodge complaints with competent authorities in your country, and/or (g) a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding your rights or to exercise your rights please contact HR Connect at HRConnect@moodys.com.***

If you agree with the data processing practices as described in this notice, please declare your consent by clicking "Accept Your Grant" on the Fidelity award acceptance page.

Electronic Delivery and Acceptance

Moody's may, in its sole discretion, decide to deliver by electronic means any documents related to current or future participation in the Plan. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Moody's or any third party designated by Moody's.

Governing Law, Venue, Documents and Severability

Your Performance Shares grant is made in the state of Delaware and is governed by, and subject to, the laws of the state of Delaware, applicable to contracts made and to be performed in the state of Delaware without reference to its conflicts of laws principles, and the requirements of the New York Stock Exchange as well as the terms and conditions set forth herein.

Any and all disputes relating to, concerning or arising from this letter, or relating to, concerning or arising from the relationship between the parties evidenced by your Performance Shares or this letter, shall be brought and heard exclusively in the United States District Court for the District of Delaware or the Delaware Superior Court, New Castle County. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts, hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

You acknowledge that your are proficient in the English language and understand the provisions of this letter and the Plan. If you have received this letter or any other document related to the Plan translated into a language other than English, and if the translated version is different than the English version, the English version will control.

The terms and conditions provided herein are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

Compliance with Law

Notwithstanding any other provision of the Plan or this letter, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares, Moody's shall not be required to deliver any shares issuable upon settlement of your Performance Shares prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval Moody's shall, in its absolute discretion, deem necessary or advisable. You understand that Moody's is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, you agree that Moody's shall have unilateral authority to amend the Plan and the terms of your Performance Shares without your consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.

Insider Trading Restriction/Market Abuse Laws

You may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares are listed and in applicable jurisdictions, including the United States, your country and the broker's country, which may affect your ability to acquire, sell shares or otherwise dispose of shares, rights to shares (*e.g.* , Performance Shares) or rights linked to the value of shares (*e.g.* , dividend equivalents) during such times as you are considered to have "inside information" regarding Moody's (as defined by or determined under the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis), and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Moody's insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal advisor on this matter.

Foreign Asset/Account Reporting

Please be aware that your country of residence may have certain foreign asset and/or account reporting requirements which may affect your ability to acquire or hold shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of shares) in a brokerage or bank account outside your country of residence. Your country may require that you report such accounts, assets or transactions to the applicable authorities in that country.

You acknowledge that it is your responsibility to be informed of and compliant with such regulations, and you are advised to speak to your personal advisor on this matter.

Appendix

Notwithstanding any provisions in this letter, your Performance Shares grant shall be subject to any special terms and conditions set forth for your country in any Appendix to this letter for your country. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent Moody's determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this letter.

Imposition of Other Requirements

Moody's reserves the right to impose other requirements on your participation in the Plan, on your Performance Shares and on any shares acquired pursuant to your Performance Shares, to the extent Moody's determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Waiver

You acknowledge that waiver by Moody's of breach of any provision of this letter shall not operate or be construed as a waiver of any other provision of this letter, or of any subsequent breach by you or any other participant in the Plan.

* * *

If you have any questions regarding this one-time grant, please contact your Human Resources representative.

Sincerely,

[MOODY'S CORPORATION]

Exhibit 10.10

MOODY'S CORPORATION CHANGE IN CONTROL SEVERANCE PLAN

ARTICLE 1

NAME, PURPOSE AND EFFECTIVE DATE

1.1 Name and Purpose of Plan . The name of the Plan is the Moody's Corporation Change in Control Severance Plan (the " Plan "). The purpose of the Plan is to provide compensation and benefits to certain executive officers and key employees of Moody's Corporation and its subsidiaries upon certain change in control events of Moody's Corporation.

1.2 Effective Date . The Plan, which became effective on December 14, 2010, is hereby amended and restated effective as of December 18, 2017 (the "Effective Date"). The compensation and benefits payable under this amendment and restatement of the Plan are payable upon Change in Control events that occur after the Effective Date.

1.3 ERISA Status . The Plan is intended to be an unfunded plan that is maintained primarily to provide severance compensation and benefits to a select group of "management or highly compensated employees" within the meaning of Sections 201, 301, and 401 of ERISA, and therefore to be exempt from the provisions of Parts 2, 3, and 4 of Title I of ERISA.

ARTICLE 2

DEFINITIONS

The following words and phrases shall have the following meanings unless a different meaning is plainly required by the context:

2.1 " Base Salary " means the annual base salary payable to an Eligible Individual at the time of a Change in Control or a Termination Date, whichever is greater.

2.2 " Board " means the Board of Directors of Moody's Corporation.

2.3 " Cause " means (a) willful malfeasance or willful misconduct by the Eligible Individual in connection with his or her employment, (b) continuing failure to perform such duties as are requested by any employee to whom the Eligible Individual reports or the Board, (c) failure by the Eligible Individual to observe material policies of the Company applicable to the Eligible Individual or (d) the commission by an Eligible Individual of (i) any felony or (ii) any misdemeanor involving moral turpitude.

2.4 " Change in Control " means the occurrence of a change in ownership of Moody's Corporation, a change in the effective control of Moody's Corporation, or a change in the ownership of a substantial portion of the assets of Moody's Corporation. For this purpose, a change in the ownership of Moody's Corporation occurs on the date that any one person, or more than one person acting as a group (as determined pursuant to the regulations under Section 409A of the Code), acquires ownership of stock of Moody's Corporation that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of Moody's Corporation. A change in effective control of Moody's Corporation occurs on either of the following dates: (a) the date any one person, or more than one person acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of Moody's Corporation possessing 50 percent or more of the total voting power of the stock of Moody's Corporation, or (b) the date a majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election. A change in the ownership of a substantial portion of the assets of Moody's Corporation occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from Moody's Corporation that have a total gross fair market value (as determined pursuant to the regulations under Section 409A of the Code) equal to or more than 40 percent of the total gross fair market value of all of the assets of Moody's Corporation immediately before such acquisition or acquisitions.

2.5 " Code " means the Internal Revenue Code of 1986, as amended.

2.6 " Committee " means the Compensation & Human Resources Committee of the Board, or any successor thereto or other committee designated by the Board to assume the obligations of the Committee hereunder.

2.7 " Company " means Moody's Corporation and its subsidiaries.

2.8 " Disability " means the inability to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which constitutes a permanent and total disability, as defined in Section 22(e)(3) of the Code (or any successor

section thereto). The determination whether an Eligible Individual has suffered a Disability shall be made by the Committee based upon such evidence as it deems necessary and appropriate. An Eligible Individual shall not be considered disabled unless he or she furnishes such medical or other evidence of the existence of the Disability as the Committee, in its sole discretion, may require.

2.9 " Eligible Individual " means an executive officers or other key employees of Moody's Corporation or any of its subsidiaries who has been designated by the Committee as eligible to participate in the Plan.

2.10 " Good Reason " means, without the Eligible Individual's consent (a) a material reduction in the position or responsibilities of the Eligible Individual; (b) a reduction in the Eligible Individual's Base Salary; or (c) a relocation of the Eligible Individual's primary work location to a distance of more than fifty (50) miles from its location as of the date of a Change in Control.

2.11 " Involuntary Termination " means any termination of an Eligible Individual's employment with the Company (or its successor) (a) by the Company (or its successor) for any reason other than Cause or the Eligible Individual's death or Disability or (ii) by the Eligible Individual with Good Reason.

2.12 " Target Bonus " means an Eligible Individual's target annual bonus under the 2004 Moody's Corporation Covered Employee Cash Incentive Plan or any similar or successor plan for the year in which the Change in Control occurs or the year in which a Termination Date occurs, whichever is greater.

2.13 " Termination Date " means (a) for purposes of termination for Good Reason, the date that the Eligible Individual timely submits his or her written notice of resignation to the Company and (b) for purposes of any other Involuntary Termination, the date the Company delivers written notice of termination to the Eligible Individual.

ARTICLE 3

ELIGIBILITY AND BENEFITS

3.1 Eligible Individuals . Officers of Moody's Corporation with the titles of Senior Vice President or above at the time of a Change in Control and any other employees of the Company selected by the Committee for participation in the Plan are eligible for benefits under the Plan (the " Eligible Individuals ").

3.2 Protection Period . The Company will provide the benefits described in this Article 3 to an Eligible Individual whose employment with the Company terminates in an Involuntary Termination that occurs within the ninety-day period preceding or two-year period following a Change in Control (the " Protection Period ").

3.3 Severance Benefits . In the event that an Eligible Individual's employment with the Company is terminated as a result of an Involuntary Termination during the Protection Period, the Eligible Individual shall be entitled to the following payments and benefits under the Plan (subject to the terms and conditions hereof, including Section 3.4, 3.5 and 3.6):

(a) payment of any accrued, but unpaid Base Salary through the Termination Date, payable within five (5) days following the Termination Date or sooner if required by applicable law;

(b) payment of any accrued, but unused vacation time, payable within five (5) days following the Termination Date or sooner if required by applicable law;

(c) a lump sum equal to two (2) times the sum of the Eligible Individual's Base Salary and Target Bonus (except for the chief executive officer, who will receive three (3) times the sum of his Base Salary and Target Bonus), payable within thirty (30) days following the Termination Date,

(d) for either two (2) years following the Eligible Individual's last day of employment (or three (3) years, for the chief executive officer), the Eligible Individual and his or her eligible dependents shall be entitled to continue to participate in any medical and dental insurance plans generally available to the senior management of the Company, as such plans may be in effect from time to time on the terms generally applied to actively employed senior management of the Company, including any cost-sharing provisions, with such continued participation to cease if the Eligible Individual becomes eligible to obtain coverage under medical and/or dental insurance plans of a subsequent employer; and

any amount or benefit arising from the Eligible Individual's participation in, or benefits under, any employee benefit plans, programs or arrangements (including without limitation, the 2004 Moody's Corporation Covered Employee Cash Incentive Plan, the 2001 Moody's Corporation Key Employees' Stock Incentive Plan and/or award agreements issued thereunder), which amounts and benefits shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements.

3.4 Conditions to Severance Benefits . In order to be eligible to receive benefits under the Plan, the Eligible Individual must execute a general waiver and release, which includes certain representations and covenants by the Eligible Individual, in a form provided

by the Company, and such general waiver and release must become effective and irrevocable in accordance with its terms prior to the payment of any benefits set forth in Section 3.3(c) or (d). The Company, in its sole discretion, may modify its form of the required general waiver and release contained to comply with applicable law and will determine the form of the required waiver and general release.

3.5 Competition . Notwithstanding any other provision of the Plan to the contrary, (i) no benefits or no further benefits, as the case may be, shall be provided to a Participant under Section 3.3(c) and/or Section 3.3(d), and (ii) a Participant will be obligated to repay to the Company, in cash, within five business days after demand is made therefor by the Company, the total after-tax amount (as determined by the Committee) of any payments theretofore paid to the Participant under Section 3.3(c), if the Committee reasonably determines that such Participant has, within two years following the Participant's Termination Date:

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

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

3.6 Solicitation . Notwithstanding any other provision of the Plan to the contrary, (i) no benefits or no further benefits, as the case may be, shall be provided to a Participant under Section 3.3(c) and/or Section 3.3(d), and (ii) a Participant will be obligated to repay to the Company, in cash, within five business days after demand is made therefor by the Company, the total after-tax amount (as determined by the Committee) of any payments theretofore paid to the Participant under Section 3.3(c), if the Committee reasonably determines that such Participant (or a company or entity the Participant controls or manages) has, within two years following the Participant's Termination Date (A) recruited or solicited one or more customers of the Company to become customers of any business entity which competes with any of the businesses owned or operated by the Company, (B) recruited or solicited or aided in the recruitment or solicitation of any employee of the Company to terminate his employment with the Company and become an employee of any business entity or (C) recruited or solicited or aided in the recruitment or solicitation for employment any former employee of the Company who was an employee of the Company during the period starting one year prior to the date of a Participant's termination of employment and ending one year after the date of the Participant's termination of employment. For purposes of this Section 3.6, the term "customer" means any party who is or was a customer of the Company during the time period beginning two years prior to the date of the Participant's termination of employment and ending two years after the date of the Participant's termination of employment.

3.7 Enforcement . Each Participant agrees, as a condition to receipt of any benefits under this Plan, that the restrictions set forth in Sections 3.5 and 3.6 are reasonable in all respects and are necessary for the protection of the goodwill, confidential information and other legitimate interests of the Company. In recognition of the fact that were a Participant to breach any of the covenants contained in Sections 3.5 and 3.6 the damage to the Company would be irreparable, each Participant therefore agrees, as a condition to receipt of any benefits under this Plan, that the Company, in addition to any other remedies available to it under Sections 3.5 and/or 3.6, shall be entitled to injunctive relief against any breach or threatened breach by a Participant of any of such covenants, without having to post bond. In the event that the provisions of Sections 3.5 and/or 3.6 shall be determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, such provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law.

3.8 Tax Effect of Payments .

(a) In the event that any benefits payable to an Eligible Individual pursuant to the Plan or otherwise (" Payments ") (i) constitute "parachute payments" within the meaning of Section 280G of the Code, and (ii) but for this Section 3.8(a) would be subject to the excise tax imposed by Section 4999 of the Code, or any comparable successor provisions (the " Excise Tax "), then the Eligible Individual's Payments hereunder shall be either (x) provided to the Eligible Individual in full, or (y) provided to the Eligible Individual as to such lesser extent which would result in no portion of such benefits being subject to the Excise Tax, whichever of the foregoing amounts, when taking into account applicable federal, state, local and foreign income and employment taxes, the Excise Tax, and any other applicable taxes, results in the receipt by the Eligible Individual, on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under the Excise Tax. In the event that the payments and/or benefits are to be reduced pursuant to this Section 3.8(a), such payments and benefits shall be reduced such that the reduction of compensation to be provided to the Eligible Individual as a result of this Section 3.8(a) is minimized. Unless the Company and the Eligible Individual otherwise agree in writing, any determination required under this Section 3.8(a) shall be made in writing in good faith by a nationally recognized accounting

firm selected by the Company (the " Accountants "). The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 3.8(a). To the extent any reduction in payments is made pursuant to this Section 3.8(a), it shall be made in the following order: (i) cash payments not subject to Section 409A of the Code; (ii) cash payments subject to Section 409A of the Code; (iii) equity-based payments and vesting acceleration; and (iv) non-cash forms of benefits. To the extent any such payment is to be made over time (e.g., in installments, etc.), then the payments shall be waived in reverse chronological order.

(b) Notwithstanding anything herein to the contrary, to the extent that the Committee determines, in its sole discretion, that any payments or benefits to be provided hereunder to or for the benefit of an Eligible Individual who is also a "specified employee" (as such term is defined under Section 409A(a)(2)(B)(i) of the Code or any successor or comparable provision) would be subject to the additional tax imposed under Section 409A(a)(1)(B) of the Code or any successor or comparable provision, the commencement of such payments and/or benefits shall be delayed until the earlier of (i) the date that is six months following the Termination Date or (ii) the date of the Eligible Individual's death.

ARTICLE 4

CLAIM FOR BENEFITS UNDER THE PLAN

4.1 Claims for Benefits under the Plan . A condition precedent to receipt of severance benefits is the execution of an unaltered release of claims in form and substance prescribed by the Company. If an Eligible Individual believes that an individual should have been eligible to participate in the Plan or disputes the amount of benefits under the Plan, such individual may submit a claim for benefits in writing to the Committee within sixty 60 days after the individual's termination of employment. If such claim for benefits is wholly or partially denied, the Committee shall within a reasonable period of time, but no later than 90 days after receipt of the written claim, notify the individual of the denial of the claim. If an extension of time for processing the claim is required, the Committee may take up to an additional 90 days, provided that the Committee sends the individual written notice of the extension before the expiration of the original 90-day period. The notice provided to the individual will describe why an extension is required and when a decision is expected to be made. If a claim is wholly or partially denied, the denial notice: (1) shall be in writing, (2) shall be written in a manner calculated to be understood by the individual, and (3) shall contain (a) the reasons for the denial, including specific reference to those plan provisions on which the denial is based; (b) a description of any additional information necessary to complete the claim and an explanation of why such information is necessary; (c) an explanation of the steps to be taken to appeal the adverse determination; and (d) a statement of the individual's right to bring a civil action under section 502(a) of ERISA following an adverse decision after appeal. The Committee shall have full discretion to deny or grant a claim in whole or in part. If notice of denial of a claim is not furnished in accordance with this section, the claim shall be deemed denied and the claimant shall be permitted to exercise his rights to review pursuant to Section 9.02 and 9.03.

4.2 Right to Request Review of Benefit Denial . Within 60 days of the individual's receipt of the written notice of denial of the claim, the individual may file a written request for a review of the denial of the individual's claim for benefits In connection with the individual's appeal of the denial of his benefit, the individual may submit comments, records, documents, or other information supporting the appeal, regardless of whether such information was considered in the prior benefits decision. Upon request and free of charge, the individual will be provided reasonable access to and copies of all documents, records and other information relevant to the claim.

4.3 Disposition of Claim . The Committee shall deliver to the individual a written decision on the claim promptly, but not later than 60 days after the receipt of the individual's written request for review, except that if there are special circumstances which require an extension of time for processing, the 60-day period shall be extended to 120 days; provided that the appeal reviewer sends written notice of the extension before the expiration of the original 60-day period. If the appeal is wholly or partially denied, the denial notice will: (1) be written in a manner calculated to be understood by the individual, (2) contain references to the specific plan provision(s) upon which the decision was based; (3) contain a statement that, upon request and free of charge, the individual will be provided reasonable access to and copies of all documents, records and other information relevant to the claim for benefits; and (4) contain a statement of the individual's right to bring a civil action under section 502(a) of ERISA.

4.4 Exhaustion . An individual must exhaust the Plan's claims procedures prior to bringing any claim for benefits under the Plan in a court of competent jurisdiction.

ARTICLE 5

MISCELLANEOUS

5.1 Administration . The Plan shall be administered by the Committee or such other persons designated by the Board. The Committee shall have the authority to select the Eligible Individuals to be eligible for benefits under the Plan. The Committee is authorized to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations that it deems necessary or desirable for the administration of the Plan; provided, however, that any action permitted to be

taken by the Committee may be taken by the Board, in its discretion. The Committee may correct any defect or omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee in the interpretation and administration of the Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned. The Committee may delegate to one or more employees of the Company the authority to take actions on its behalf pursuant to the Plan.

5.2 Termination; Amendments . The Plan shall have an initial term of two years, which shall be automatically extended by one year beginning on the first anniversary of the Effective Date and on each anniversary thereafter, unless the Board or the Committee provides notice to all Eligible Individuals that the term will not be renewed beyond the then existing expiration date. The Plan with respect to all Eligible Individuals or any particular Eligible Individual may be terminated or amended by the Board or the Committee; provided that a termination or any amendment that reduces the benefits to the Eligible Individual provided hereunder or otherwise adversely affects the rights of the Eligible Individual, without the Eligible Individual's prior written consent: (i) may only be approved after the completion of the initial two year term and prior to a Change of Control, and (ii) may not be effected prior to the provision of twenty-four months' advance notice thereof to the Eligible Individual. Termination or amendment of the Plan shall not affect any obligation of the Company under the Plan which has accrued and is unpaid as of the effective date of the termination or amendment.

5.3 Successors . Any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of Moody's Corporation's business and/or assets, or all or substantially all of the business and/or assets of a business segment of Moody's Corporation shall be obligated under the Plan in the same manner and to the same extent as Moody's Corporation would be required to perform it in the absence of a succession. The Plan and all rights of the Eligible Individual hereunder shall inure to the benefit of, and be enforceable by, the Eligible Individual's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

5.4 Creditor Status of Eligible Individuals . In the event that any Eligible Individual acquires a right to receive payments from the Company under the Plan such right shall be no greater than the right of any unsecured general creditor of the Company.

5.5 Notice of Address . Each Eligible Individual entitled to benefits under the Plan must file with the Company, in writing, his post office address and each change of post office address. Any communication, statement or notice addressed to such Eligible Individual at such address shall be deemed sufficient for all purposes of the Plan, and there shall be no obligation on the part of the Company to search for or to ascertain the location of such Eligible Individual.

5.6 Headings . The headings of the Plan are inserted for convenience and reference only and shall have no effect upon the meaning of the provisions hereof.

5.7 Choice of Law . The Plan shall be construed, regulated and administered under the laws of the State of Delaware (excluding the choice- of-law rules thereto), except that if any such laws are superseded by any applicable Federal law or statute, such Federal law or statute shall apply.

5.8 Withholding . All payments under the Plan will be subject to all applicable withholding of state, local, provincial and federal taxes.

5.9 No Implied Employment Contract . The Plan is not an employment contract. Nothing in the Plan or any other instrument executed pursuant to the Plan shall confer upon an Eligible Individual any right to continue in the Company's employ or service nor limit in any way the Company's right to terminate an Eligible Individual's employment at any time for any reason.

5.10 No Assignment . The rights of an Eligible Individual to payments or benefits under the Plan shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this section shall be void.

5.11 Effect on Other Plans, Agreements and Benefits . Except to the extent expressly set forth herein, any benefit or compensation to which an Eligible Individual is entitled under any agreement between the Eligible Individual and the Company or under any plan maintained by the Company in which the Eligible Individual participates or participated shall not be modified or lessened in any way, but shall be payable according to the terms of the applicable plan or agreement. Notwithstanding the foregoing, any benefits received by an Eligible Individual pursuant to this Plan shall be in lieu of any severance benefits to which the Participant would otherwise be entitled under any general severance policy or other severance plan maintained by the Company for its management personnel and, upon consummation of a Change in Control, Eligible Individuals shall in no event be entitled to participate in any such severance policy or other severance plan maintained by the Company for its management personnel.

5.12 Section 409A .

(a) General . The Plan is intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and, with respect to amounts that are subject to Section 409A of the Code, shall in all respects be administered in accordance with Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception or another exception under

Section 409A of the Code shall be paid under the applicable exception. Each payment of compensation under this Plan shall be treated as a separate payment of compensation for purposes of Section 409A. All payments to be made upon a termination of employment under this Plan may only be made upon a "separation from service" under Section 409A of the Code. In no event may the Eligible Individual, directly or indirectly, designate the calendar year of any payment under this Plan.

(b) In-Kind Benefits and Reimbursements . Notwithstanding anything to the contrary in this Plan, all reimbursements and in-kind benefits provided under this Plan shall be made or provided in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (a) any reimbursement is for expenses incurred during the Eligible Individual's lifetime (or during a shorter period of time specified in this Plan); (b) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, except, if such benefits consist of the reimbursement of expenses referred to in Section 105(b) of the Code, a maximum, if provided under the terms of the plan providing such medical benefit, may be imposed on the amount of such reimbursements over some or all of the period in which such benefit is to be provided to the Eligible Individual as described in Treasury Regulation Section 1.409A-3(i)(iv)(B); (c) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred, *provided* that the Eligible Individual shall have submitted an invoice for such fees and expenses at least ten (10) days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred; and (d) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

Exhibit 12

STATEMENT OF COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES

	Years Ended December 31				
amounts in millions, except fixed charges ratio	**2017**	**2016**	**2015**	**2014**	**2013**
Earnings:					
Income before income taxes and noncontrolling interests	$ 1,786.8	$ 558.0	$ 1,379.6	$ 1,461.0	$ 1,169.3
Add:					
Fixed Charges (see below)	238.7	182.3	155.5	152.2	125.6
Amortization of capitalized interest	1.0	1.1	1.1	0.8	0.8
Less:					
Capitalized interest	1.0	0.8	0.4	—	—
Total earnings for computation of ratio	$ 2,025.5	$ 740.6	$ 1,535.8	$ 1,614.0	$ 1,295.7
Fixed Charges:					
Interest expense on borrowings (1)	$ 190.1	$ 141.9	$ 120.6	$ 118.4	$ 92.3
Interest expense (income), net on unrecognized tax benefits and other tax-related liabilities (2)	15.3	7.8	5.3	5.8	8.6
Interest capitalized	1.0	0.8	0.4	—	—
Estimated interest portion of rental expense (3)	32.3	31.8	29.2	28.0	24.7
Total Fixed Charges	$ 238.7	$ 182.3	$ 155.5	$ 152.2	$ 125.6
Ratio of earnings to fixed charges	8.5	4.1	9.9	10.6	10.3

(1) Amounts are net of gains and losses on certain interest rate swaps that the Company utilizes to mitigate interest rate risk on its borrowings.

(2) Represents net interest expense (income) related to unrecognized tax benefits and other tax-related liabilities. There may be periods whereby interest expense may be wholly or partially offset by reductions in accrued interest due to the completion of tax audits or updates to the Company's tax positions which could result in the reversal of accrued interest.

(3) Represents one third of rent expense which is our estimate of the interest component of rent expense.

EXHIBIT 21

SUBSIDIARIES OF MOODY'S CORPORATION

The following is a list of active, majority-owned subsidiaries of Moody's Corporation as of December 31, 2017.

U.S. Entities

Bureau van Dijk Electronic Publishing Inc.	New York
CSI Global Education, US, Inc.	Delaware
DVBS, Inc.	Delaware
Foundation for Fiduciary Studies, Inc.	Delaware
GGYAXIS, Inc.	Delaware
Lewtan Technologies, Inc.	Massachusetts
MIS Asset Holdings, Inc.	Delaware
MIS Quality Management Corp.	Delaware
Moody's Advisors Inc.	Delaware
Moody's Analytics, Inc.	Delaware
Moody's Analytics Knowledge Services Analysis (US) Inc.	Delaware
Moody's Analytics Knowledge Services Solutions (US) Inc.	Delaware
Moody's Analytics Knowledge Services (US) Inc.	Delaware
Moody's Analytics Solutions, LLC	Delaware
Moody's Assurance Company, Inc.	New York
Moody's Assureco, Inc.	Delaware
Moody's Capital Markets Research, Inc.	Delaware
Moody's Credit Assessment Holdings, LLC	Delaware
Moody's Credit Assessment, Inc.	Delaware
Moody's Group Holdings, Inc.	Delaware
Moody's Holdings LLC	Delaware
Moody's International LLC	Delaware
Moody's Investors Service, Inc.	Delaware
Moody's Overseas Holdings, Inc.	Delaware
Moody's Risk Assessments Holdings LLC	Delaware
Moody's Risk Assessments, Inc.	Delaware
Moody's Shared Services, Inc.	Delaware
The Moody's Foundation	New York

Non-US Entities

Administración de Calificadoras, S.A. de C.V.	Mexico
Bureau van Dijk Editions Electroniques SA	Belgium
Bureau van Dijk Editions Electroniques SA	Switzerland
Bureau van Dijk Editions Electroniques SAS	France
Bureau van Dijk Edizioni Elettroniche SPA	Italy
Bureau van Dijk Electronic Publishing AB	Sweden
Bureau van Dijk Electronic Publishing Aps	Denmark
Bureau van Dijk Electronic Publishing (Beijing) Co. Limited	China
Bureau van Dijk Electronic Publishing BV	Netherlands
Bureau van Dijk Electronic Publishing GmbH	Austria
Bureau van Dijk Electronic Publishing GmbH	Germany
Bureau van Dijk Electronic Publishing Hong Kong Limited	Hong Kong
Bureau van Dijk Electronic Publishing KK	Japan
Bureau van Dijk Electronic Publishing LLC	Korea
Bureau van Dijk Electronic Publishing PTY Limited	Australia
Bureau van Dijk Electronic Publishing Ltd	United Kingdom

Bureau van Dijk Electronic Publishing Pte Ltd	Singapore
Bureau van Dijk Electronic Publishing SA de CV	Mexico
Bureau van Dijk Electroniq Publishing SA (Pty) Ltd.	South Africa
Bureau van Dijk Electronic Publishing Unipessoal Lda	Portugal
Bureau van Dijk E.P. DMCC	UAE
Bureau van Dijk Publicacao Electronica LTDA	Brazil
Bureau van Dijk Publicaciones Electronicas SA	Spain
Copal Business Consulting (Beijing) Co. Limited	China
Equilibrium Clasificadora de Riesgo S.A.	Peru
Equilibrium Calificadora de Riesgo S.A.	Republic of Panama
Fermat Finance SPRL	Belgium
Fermat GmbH	Germany
Fermat International SA	Belgium
Gilliland Gold Young Consulting	Canada
ICRA Lanka Limited	Sri Lanka
ICRA Limited	India
ICRA Management Consulting Services Limited	India
ICRA Nepal Limited	Nepal
ICRA Online Limited	India
KIS Pricing, Inc.	Korea
Korea Investors Service, Inc.	Korea
MA Knowledge Services Research (India) Private Limited	India
MA KS Solutions (India) Private Limited	India
Midroog Ltd	Israel
MIS Support Center Private Limited	India
Moody's America Latina Ltda.	Brazil
Moody's Analytics Australia Pty. Ltd.	Australia
Moody's Analytics Canada Inc.	Canada
Moody's Analytics Czech Republic s.r.o.	Czech Republic
Moody's Analytics Deutschland GmbH	Germany
Moody's Analytics (DIFC) Limited	UAE (Dubai International Financial Center)
Moody's Analytics do Brasil Solucoes para Gerenciamento de Risco de Credito Ltda.	Brazil
Moody's Analytics Global Education (Canada) Inc.	Canada
Moody's Analytics Holdings (UK) Limited	United Kingdom
Moody's Analytics Hong Kong Ltd.	Hong Kong
Moody's Analytics International Licensing GmbH	Switzerland
Moody's Analytics Ireland Limited	Ireland
Moody's Analytics Japan KK	Japan
Moody's Analytics Knowledge Services (BVI) Limited	British Virgin Islands
Moody's Analytics Knowledge Services Costa Rica Sociedad Anonima	Costa Rica
Moody's Analytics Knowledge Services Holdings (Mauritius) Limited	Mauritius
Moody's Analytics Knowledge Services (Hong Kong) Limited	Hong Kong
Moody's Analytics Knowledge Services (India) Pvt. Ltd.	India
Moody's Analytics Knowledge Services (Jersey) Limited	Jersey
Moody's Analytics Knowledge Services Lanka (Private) Limited	Sri Lanka
Moody's Analytics Knowledge Services (Mauritius) Limited	Mauritius
Moody's Analytics Knowledge Services Research (Mauritius) Limited	Mauritius
Moody's Analytics Knowledge Services (Singapore) Pte. Ltd.	Singapore
Moody's Analytics Knowledge Services (UK) Limited	United Kingdom
Moody's Analytics Korea Co. Ltd.	Korea
Moody's Analytics (Malaysia) Sdn. Bhd.	Malaysia
Moody's Analytics SAS	France
Moody's Analytics Singapore Pte. Ltd.	Singapore
Moody's Analytics Technical Services (Hong Kong) Ltd.	Hong Kong

Moody's Analytics Technical Services (UK) Limited	United Kingdom
Moody's Analytics (Thailand) Co. Ltd.	Thailand
Moody's Analytics UK Limited	United Kingdom
Moody's Asia-Pacific Group (Singapore) Pte. Ltd.	Singapore
Moody's Asia Pacific Limited	Hong Kong
Moody's Canada Inc.	Canada
Moody's Canada LP	Canada
Moody's China (B.V.I.) Limited	British Virgin Islands
Moody's Company Holdings (BVI) I Limited	British Virgin Islands
Moody's Company Hong Kong Limited	Hong Kong
Moody's de Mexico S.A. de C.V. Institución Calificadora de Valores	Mexico
Moody's Deutschland GmbH	Germany
Moody's Eastern Europe LLC	Russia
Moody's EMEA Financing (Cyprus) Limited	Cyprus
Moody's EMEA Holdings Limited	United Kingdom
Moody's Equilibrium I (BVI) Holding Corporation	British Virgin Islands
Moody's Equilibrium II (BVI) Holding Corporation	British Virgin Islands
Moody's Finance (BVI) Ltd.	British Virgin Islands
Moody's France SAS	France
Moody's Financing (BVI) Limited	British Virgin Islands
Moody's Financing (Cyprus) Limited	Cyprus
Moody's Group Australia Pty Ltd	Australia
Moody's Group (BVI) Ltd.	British Virgin Islands
Moody's Group Cyprus Ltd	Cyprus
Moody's Group Deutschland GmbH	Germany
Moody's Group Finance Limited	United Kingdom
Moody's Group France SAS	France
Moody's Group Holdings (BVI) Limited	British Virgin Islands
Moody's Group Japan G.K.	Japan
Moody's Group NL B.V.	Netherlands
Moody's Group UK Limited	United Kingdom
Moody's Group (Holdings) Unlimited	United Kingdom
Moody's Holdings (BVI) Limited	British Virgin Islands
Moody's Holdings Limited	United Kingdom
Moody's Holdings NL B.V.	Netherlands
Moody's Indonesia (B.V.I.) Limited	British Virgin Islands
Moody's Information Consulting (Shenzhen) Co. Ltd.	China
Moody's Interfax Rating Agency Ltd	Russia
Moody's International Holdings (Cyprus) Limited	Cyprus
Moody's International Holdings (UK) Limited	United Kingdom
Moody's International (UK) Limited	United Kingdom
Moody's Investment Company India Private Limited	India
Moody's Investors Service (Beijing), Ltd.	China
Moody's Investors Service (BVI) Limited	British Virgin Islands
Moody's Investors Service Cyprus Limited	Cyprus
Moody's Investors Service EMEA Limited	United Kingdom
Moody's Investors Service Espana SA	Spain
Moody's Investors Service Hong Kong Limited	Hong Kong
Moody's Investors Service India Private Limited	India
Moody's Investors Service (Korea) Inc.	Korea
Moody's Investors Service Limited	United Kingdom
Moody's Investors Service Middle East Limited	UAE (Dubai International Financial Center)
Moody's Investors Service (Nordics) AB	Sweden
Moody's Investors Service Pty Limited	Australia

Moody's Investors Service Singapore Pte. Ltd.	Singapore
Moody's Investors Service South Africa (Pty) Limited	South Africa
Moody's Italia S.r.l.	Italy
Moody's Israel Holdings Inc.	British Virgin Islands
Moody's (Japan) K.K.	Japan
Moody's Latin America Agente de Calificacion de Riesgo SA	Argentina
Moody's Latin America Holding Corp	British Virgin Islands
Moody's Mauritius Holdings Limited	Mauritius
Moody's Risk Assessments Limited	UK
Moody's SF Japan K.K.	Japan
Moody's Shared Services India Private Limited	India
Moody's Shared Services UK Limited	United Kingdom
Moody's Singapore Pte Ltd	Singapore
Moody's South Africa (BVI) Limited	British Virgin Islands
Moody's (UK) Limited	United Kingdom
Pragati Development Consulting Services Limited	India
PT ICRA Indonesia	Indonesia
PT Moody's Indonesia	Indonesia
Yellow Maple I BV	Netherlands
Yellow Maple II B.V.	Netherlands
Yellow Maple Holding B.V.	Netherlands
Yellow Maple Syrup I B.V.	Netherlands
Yellow Maple Syrup II B.V.	Netherlands
Zephus Limited	United Kingdom

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Moody's Corporation:

We consent to the incorporation by reference in the registration statements (No. 333-216211, No. 333-170727, No. 333-170753, No. 333-145127, No. 333-126564, No. 333-103496, No. 333-47848, No. 333-81121, No. 333-68555, No. 333-64653, No. 333-60737, No. 333-57915, No. 333-57267, No. 333-192333, No. 333-192334) on Forms S-3 and S-8 of Moody's Corporation (the Company) of our report dated February 26, 2018, with respect to the consolidated balance sheets of Moody's Corporation as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income, shareholders' equity (deficit), and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 31, 2017, which report appears in the December 31, 2017 annual report on Form 10-K of Moody's Corporation.

Our report dated February 26, 2018, on the effectiveness of internal control over the financial reporting as of December 31, 2017, contains an explanatory paragraph that states Moody's Corporation acquired Bureau van Dijk in August 2017, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2017, Bureau van Dijk's internal control over financial reporting, which is associated with total assets (excluding goodwill and intangibles which are included within the scope of the assessment) of $322 million and total revenues of $92 million included in the consolidated financial statements of the Company as of and for the year ended December 31, 2017. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Bureau Van Dijk.

/s/ KPMG LLP

New York, New York
February 26, 2018

EXHIBIT 31.1

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

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

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

/s/ RAYMOND W. MCDANIEL, JR.

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

February 26, 2018

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

/s/ LINDA S. HUBER

Linda S. Huber
Executive Vice President and Chief Financial Officer

February 26, 2018

EXHIBIT 32.1

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

In connection with the Annual Report of Moody's Corporation on Form 10-K for the year ended December 31, 2017 as filed with the SEC on the date hereof (the "Report"), I, Raymond W. McDaniel, Jr., President 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.
President and Chief Executive Officer

February 26, 2018

EXHIBIT 32.2

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

In connection with the Annual Report of Moody's Corporation on Form 10-K for the year ended December 31, 2017 as filed with the SEC on the date hereof (the "Report"), I, Linda S. Huber, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ LINDA S. HUBER

Linda S. Huber
Executive Vice President and Chief Financial Officer

February 26, 2018