E-191-19

NIFS ID:CLBU19000007 Department: Budget

Capital:

SERVICE: Tax Analysis

Contract ID #:CQBU14000007 NIFS Entry Date: 19-JUL-19 Term: from 10-JUN-18 to 09-JUN-21

Amendment
Time Extension: X
Addl. Funds:X
Blanket Resolution:
RES#

1) Mandated Program:	N
2) Comptroller Approval Form Attached:	Y
3) CSEA Agmt. § 32 Compliance Attached:	N
4) Vendor Ownership & Mgmt. Disclosure Attached:	Y
5) Insurance Required	Y

Vendor Info:	
Name: **Moodys Analytics, Inc.**	Vendor ID#[redacted]
Address:[redacted]	Contact Person:[redacted]
	Phone:[redacted]

Department:
Contact Name: Elizabeth Valerio
Address: 1 WEST STREET, 5TH FLOOR MINEOLA, NY 11501
Phone: 516-571-5735

2019 AUG 30 P 1:04

Routing Slip

Department	**NIFS Entry: X**	**22-JUL-19 -- EVALERIO**
Department	**NIFS Approval: X**	**22-JUL-19 -- JNOGID**
DPW	**Capital Fund Approved:**	
OMB	**NIFA Approval: X**	**22-JUL-19 -- CNOLAN**
OMB	**NIFS Approval: X**	**22-JUL-19 -- EVALERIO**
County Atty.	**Insurance Verification: X**	**22-JUL-19 -- AAMATO**
County Atty.	**Approval to Form: X**	**24-JUL-19 -- MNORIAT**
CPO	**Approval: X**	**24-JUL-19 -- KOHAGENCE**

DCEC	Approval: X	25-JUL-19 -- JCHIARA
Dep. CE	Approval: X	13-AUG-19 -- RORLANDO
Leg. Affairs	Approval/Review: X	30-AUG-19 -- JSCHANTZ
Legislature	Approval:	
Comptroller	Deputy:	
NIFA	NIFA Approval:	

Contract Summary

Purpose: The contractor will provide the Office of Management and Budget (OMB) with forecasted sales tax receipts to assist the County in its annual budget process.

Method of Procurement: Request for Qualifications and Cost Proposal

Procurement History: In July 22, 2014 OMB issued and RFQ for research and analytical services related to the County's sales tax receipts. Proposals were due on August 4, 2014. The RFQ was sent to the following firms: Moody's Analytics, Inc; APT Economic Consulting, Inc.; Dr. Martin R. Cantor, CPA; Dr. Thomas Conoscenti & Associates; and Long Island Financial Management Services. Moody's Analytics and APTsubmitted proposals. The other firms decided not to submit proposals. The County also contacted Dr. Irwin Kellner, but he was not interested in receiving the RFQ.

An Evaluation Committee was formed, consisting of the following members: Tim Sullivan, DCE for Finance; Roseann D'Alleva, Acting Budget Director; Beaumont Jefferson, County Treasurer; and Steve Conkling, Debt Manager. Based on the review of the submitted proposals, the committee selected Moodys Analytics because of its corporate depth and experience working with state and local governments.

Description of General Provisions: Services to be provided under the amended contract include the following:

Moody's will work with the County to analyze and forecast sales collections on a quarterly basis. Will also develop quarterly written report for the County to discuss the sales tax forecast, as well as national, regional and local trends. Will assist the County in discussions with NYS agencies regarding questions the county may have relating to the sales receipts.

Moody's will create a forecast model using OLS regression techniques with historical collections data provided by the County and Moody's proprietary economic forecast series to project Nassau County sales tax collections.

Moody's will compile a written analysis discussing the forecasts and well as national regional and local economic trends. the written reports will be delivered on a quarterly basis.

If requested by the county, Moody's shall assist the County in discussions with the State regarding questions the County may have on the accuracy of tax receipts

Impact on Funding / Price Analysis: The contractor shall be paid annually,payable on a quarterly basis as follows:

Year 1 (June10,2018-June 9, 2019): $61,440 or $15,360 per quarterly report

Year 2 (June 10,2019-June 9,2020): $63,280 or $15,820 per quarterly report

Year 3 (June 10,2020-June 9,2021) $65,175 or $16,294 per quarterly report

Contractor will be paid after full and final delivery of each Sales Tax Forecast and Written Analysis due. Additional work, if any, will be based on the hourly rate schedule included in the contract.

Change in Contract from Prior Procurement: NA

Recommendation: (approve as submitted) Approve as submitted

Advisement Information

BUDGET CODES	
Fund:	BUGEN
Control:	**10**
Resp:	**1000**
Object:	**DE**
Transaction:	**500**
Project #:	
Detail:	

RENEWAL	
% Increase	
% Decrease	

FUNDING SOURCE	AMOUNT
Revenue Contract:	
County	$ 189,895.00
Federal	$ 0.00
State	$ 0.00
Capital	$ 0.00
Other	$ 0.00
TOTAL	**$ 189,895.00**

LINE	INDEX/OBJECT CODE	AMOUNT
10	DE500	$ 189,895.00
		$ 0.00
		$ 0.00
		$ 0.00
		$ 0.00
		$ 0.00
	TOTAL	$ 189,895.00

NIFA Nassau County Interim Finance Authority

Contract Approval Request Form (As of January 1, 2015)

1. Vendor: Moodys Analytics, Inc.

2. Dollar amount requiring NIFA approval: $189895

Amount to be encumbered: $189895

This is a Amendment

If new contract - $ amount should be full amount of contract
If advisement – NIFA only needs to review if it is increasing funds above the amount previously approved by NIFA
If amendment - $ amount should be full amount of amendment only

3. Contract Term: June 10, 2018- June 9, 2021

Has work or services on this contract commenced? Y

If yes, please explain: quarterly sales tax reports have been generated

4. Funding Source:

X General Fund (GEN)
Capital Improvement Fund (CAP)
Other

Grant Fund (GRT)
Federal % 0
State % 0
County % 0

Is the cash available for the full amount of the contract?	Y
If not, will it require a future borrowing?	N
Has the County Legislature approved the borrowing?	N/A
Has NIFA approved the borrowing for this contract?	N/A

5. Provide a brief description (4 to 5 sentences) of the item for which this approval is requested:

The contractor will provide the Office of Management and Budget (OMB) with forecasted sales tax receipts to assist the County in its annual budget process

6. Has the item requested herein followed all proper procedures and thereby approved by the:

Nassau County Attorney as to form Y

Nassau County Committee and/or Legislature

Date of approval(s) and citation to the resolution where approval for this item was provided:

7. Identify all contracts (with dollar amounts) with this or an affiliated party within the prior 12 months:

Contract ID	Date	Amount

AUTHORIZATION

To the best of my knowledge, I hereby certify that the information contained in this Contract Approval Request Form and any additional information submitted in connection with this request is true and accurate and that all expenditures that will be made in reliance on this authorization are in conformance with the Nassau County Approved Budget and not in conflict with the Nassau County Multi-Year Financial Plan. I understand that NIFA will rely upon this information in its official deliberations.

CNOLAN 22-JUL-19

Authenticated User ***Date***

COMPTROLLER'S OFFICE

To the best of my knowledge, I hereby certify that the information listed is true and accurate and is in conformance with the Nassau County Approved Budget and not in conflict with the Nassau County Multi-Year Financial Plan.

Regarding funding, please check the correct response:

_ I certify that the funds are available to be encumbered pending NIFA approval of this contract.

If this is a capital project:

I certify that the bonding for this contract has been approved by NIFA.

Budget is available and funds have been encumbered but the project requires NIFA bonding authorization

Authenticated User ***Date***

NIFA

Amount being approved by NIFA: _

Payment is not guaranteed for any work commenced prior to this approval.

Authenticated User ***Date***

NOTE: All contract submissions MUST include the County's own routing slip, current NIFS printouts for all relevant accounts and relevant Nassau County Legislature communication documents and relevant supplemental information pertaining to the item requested herein.

NIFA Contract Approval Request Form MUST be filled out in its entirety before being submitted to NIFA for review.

NIFA reserves the right to request additional information as needed.

RULES RESOLUTION NO. – 2019

A RESOLUTION AUTHORIZING THE COUNTY EXECUTIVE TO EXECUTE AN AMENDMENT TO A PERSONAL SERVICES AGREEMENT BETWEEN THE COUNTY OF NASSAU, ACTING ON BEHALF OF THE OFFICE OF MANAGEMENT AND BUDGET, AND MOODY'S ANALYTICS, INC.

WHEREAS, the County has negotiated an amendment to a personal services agreement with Moody's Analytics, Inc., in connection with sales tax analyses services, a copy of which is on file with the Clerk of the Legislature; now, therefore, be it

RESOLVED, the Rules Committee of the Nassau County Legislature authorizes the County Executive to execute the said amendment to agreement with Moody's Analytics, Inc.

Jack Schnirman
Comptroller

OFFICE OF THE COMPTROLLER
240 Old Country Road
Mineola, New York 11501

COMPTROLLER APPROVAL FORM FOR PERSONAL, PROFESSIONAL OR HUMAN SERVICES CONTRACTS

Attach this form along with all personal, professional or human services contracts, contract renewals, extensions and amendments.

CONTRACTOR NAME: Moody's Analytics, Inc.

CONTRACTOR ADDRESS: 7 World Trade Center, 250 Greenwich St., New York, NY 10007

FEDERAL TAX ID #: 13-3851829

Instructions: **Please check the appropriate box ("☑") after one of the following roman numerals, and provide all the requested information.**

I. ☐ The contract was awarded to the lowest, responsible bidder after advertisement for sealed bids. The contract was awarded after a request for sealed bids was published in____________________________ [newspaper] on ________________ [date]. The sealed bids were publicly opened on ________________ [date]. ________ [#] of sealed bids were received and opened.

II. ☐ The contractor was selected pursuant to a Request for Proposals.
The Contract was entered into after a written request for proposals was issued on ________________ [date]. Potential proposers were made aware of the availability of the RFP by advertisement in ____________________________ [newspaper], posting on industry websites, via email to interested parties and by publication on the County procurement website. Proposals were due on ________________ [date]. ________ [state #] proposals were received and evaluated. The evaluation committee consisted of: ____ (list # of persons on committee and their respective departments). The proposals were scored and ranked. As a result of the scoring and ranking, the highest-ranking proposer was selected.

III. ☑ This is a renewal, extension or amendment of an existing contract.

The contract was originally executed by Nassau County on September 2, 2014 [date]. This is a renewal or extension pursuant to the contract, or an amendment within the scope of the contract or RFP (copies of the relevant pages are attached). The original contract was entered into after The contract was originally executed by Nassau County on September 2, 2014. This is a renewal or extension pursuant to the contract, or an amendment within ~~the scope of the contract or RFP (copies of the relevant pages are attached). The original contract was entered into after an RFQ was issued on July 22, 2014.~~ Proposals were due on August 4, 2014. The RFQ was sent to five firms. After review of the proposals received, Moody's Analytics was selected by the Evaluation ~~Committee. The County extended the contract for three (3) additional years, executed on behalf of the County on June 19, 2015. The County is looking to extend~~ the contract for an additional three (3) years. [describe procurement method, i.e., RFP, three proposals evaluated, etc.] Attach a copy of the most recent evaluation of the contractor's performance for any contract to be renewed or extended. If the contractor has not received a satisfactory evaluation, the department must explain why the contractor should nevertheless be permitted to continue to contract with the county.

IV. ☐ Pursuant to Executive Order No. 1 of 1993, as amended, at least three proposals were solicited and received. The attached memorandum from the department head describes the proposals received, along with the cost of each proposal.

☐ **A.** The contract has been awarded to the proposer offering the lowest cost proposal; **OR:**

☐ **B.** The attached memorandum contains a detailed explanation as to the reason(s) why the contract was awarded to other than the lowest-cost proposer. The attachment includes a specific delineation of the unique skills and experience, the specific reasons why a proposal is deemed superior, and/or why the proposer has been judged to be able to perform more quickly than other proposers.

V. ☐ Pursuant to Executive Order No. 1 of 1993 as amended, the attached memorandum from the department head explains why the department did not obtain at least three proposals.

☐ **A.** There are only one or two providers of the services sought or less than three providers submitted proposals. The memorandum describes how the contractor was determined to be the sole source provider of the personal service needed or explains why only two proposals could be obtained. If two proposals were obtained, the memorandum explains that the contract was awarded to the lowest cost proposer, or why the selected proposer offered the higher quality proposal, the proposer's unique and special experience, skill, or expertise, or its availability to perform in the most immediate and timely manner.

☐ **B.** The memorandum explains that the contractor's selection was dictated by the terms of a federal or New York State grant, by legislation or by a court order. (Copies of the relevant documents are attached).

☐ **C.** Pursuant to General Municipal Law Section 104, the department is purchasing the services required through a New York State Office of General Services contract no.____________________, and the attached memorandum explains how the purchase is within the scope of the terms of that contract.

☐ **D.** Pursuant to General Municipal Law Section 119-o, the department is purchasing the services required through an inter-municipal agreement.

VI. ☐ This is a human services contract with a not-for-profit agency for which a competitive process has not been initiated. Attached is a memorandum that explains the reasons for entering into this contract without conducting a competitive process, and details when the department intends to initiate a competitive process for the future award of these services. For any such contract, where the vendor has previously provided services to the county, attach a copy of the most recent evaluation of the vendor's performance. If the contractor has not received a satisfactory evaluation, the department must explain why the contractor should nevertheless be permitted to contract with the county.

In certain limited circumstances, conducting a competitive process and/or completing performance evaluations may not be possible because of the nature of the human services program, or because of a compelling need to continue services through the same provider. In those circumstances, attach an explanation of why a competitive process and/or performance evaluation is inapplicable.

VII. ☐ This is a public works contract for the provision of architectural, engineering or surveying services. The attached memorandum provides details of the department's compliance with Board of Supervisors' Resolution No. 928 of 1993, including its receipt and evaluation of annual Statements of Qualifications & Performance Data, and its negotiations with the most highly qualified firms.

<u>Instructions with respect to Sections VIII, IX and X:</u> **All Departments must check the box for VIII. Then, check the box for either IX or X, as applicable.**

VIII. ☑ Participation of Minority Group Members and Women in Nassau County Contracts. The selected contractor has agreed that it has an obligation to utilize best efforts to hire MWBE sub-contractors. Proof of the contractual utilization of best efforts as outlined in Exhibit "EE" may be requested at any time, from time to time, by the Comptroller's Office prior to the approval of claim vouchers.

IX. ☐ Department MWBE responsibilities. To ensure compliance with MWBE requirements as outlined in Exhibit "EE", Department will require vendor to submit list of sub-contractor requirements prior to submission of the first claim voucher, for services under this contract being submitted to the Comptroller.

X. ☑ Vendor will not require any sub-contractors.

<u>In addition</u>, if this is a contract with an individual or with an entity that has only one or two employees: ☐ a review of the criteria set forth by the Internal Revenue Service, *Revenue Ruling No.* 87-41, 1987-1 C.B. 296, attached as Appendix A to the Comptroller's Memorandum, dated February 13, 2004, concerning independent contractors and employees indicates that the contractor would not be considered an employee for federal tax purposes.

Department Head Signature

7/15/19

Date

<u>NOTE:</u> Any information requested above, or in the exhibit below, may be included in the county's "staff summary" form in lieu of a separate memorandum.

COUNTY OF NASSAU

POLITICAL CAMPAIGN CONTRIBUTION DISCLOSURE FORM

1. Has the vendor or any corporate officers of the vendor provided campaign contributions pursuant to the New York State Election Law in (a) the period beginning April 1, 2016 and ending on the date of this disclosure, or (b), beginning April 1, 2018, the period beginning two years prior to the date of this disclosure and ending on the date of this disclosure, to the campaign committees of any of the following Nassau County elected officials or to the campaign committees of any candidates for any of the following Nassau County elected offices: the County Executive, the County Clerk, the Comptroller, the District Attorney, or any County Legislator?

YES [ ] NO [X] If yes, to what campaign committee?

2. VERIFICATION: This section must be signed by a principal of the consultant, contractor or Vendor authorized as a signatory of the firm for the purpose of executing Contracts.

The undersigned affirms and so swears that he/she has read and understood the foregoing statements and they are, to his/her knowledge, true and accurate.

The undersigned further certifies and affirms that the contribution(s) to the campaign committees identified above were made freely and without duress, threat or any promise of a governmental benefit or in exchange for any benefit or remuneration.

Electronically signed and certified at the date and time indicated by:
Michael McDermott [MICHAEL.MCDERMOTT@MOODYS.COM]

Dated: 07/03/2019 11:25:37 AM

Vendor: Moody's Analytics

Title: Director

PRINCIPAL QUESTIONNAIRE FORM

All questions on these questionnaires must be answered by all officers and any individuals who hold a ten percent (10%) or greater ownership interest in the proposer. Answers typewritten or printed in ink. If you need more space to answer any question, make as many photocopies of the appropriate page(s) as necessary and attach them to the questionnaire.

COMPLETE THIS QUESTIONNAIRE CAREFULLY AND COMPLETELY. FAILURE TO SUBMIT A COMPLETE QUESTIONNAIRE MAY MEAN THAT YOUR BID OR PROPOSAL WILL BE REJECTED AS NON-RESPONSIVE AND IT WILL NOT BE CONSIDERED FOR AWARD

1. Principal Name: Michael McDermott
   Date of birth: [redacted]
   Home address: [redacted]
   [redacted] [redacted] [redacted] [redacted] [redacted] [redacted]
   Business Address: 250 Greenwich Street
   City: New York State: NY Zip Code: 10007
   Telephone: (212) 553-7956
   Other present address(es):
   [redacted] [redacted] [redacted] [redacted] [redacted] [redacted]
   Telephone: [redacted]
   List of other addresses and telephone numbers attached

2. Positions held in submitting business and starting date of each (check all applicable)

President		Treasurer	
Chairman of Board		Shareholder	
Chief Exec. Officer		Secretary	
Chief Financial Officer		Partner	
Vice President			
(Other)			

Type	Description	Start Date
Other	Legal Counsel	12/09/2018

3. Do you have an equity interest in the business submitting the questionnaire?
   YES [ ] NO [X] If Yes, provide details.

4. Are there any outstanding loans, guarantees or any other form of security or lease or any other type of contribution made in whole or in part between you and the business submitting the questionnaire?
   YES [ ] NO [X] If Yes, provide details.

5. Within the past 3 years, have you been a principal owner or officer of any business or notfor-profit organization other than the one submitting the questionnaire?
   YES [ ] NO [X] If Yes, provide details.

6. Has any governmental entity awarded any contracts to a business or organization listed in Section 5 in the past 3 years while you were a principal owner or officer?
   YES [ ] NO [X] If Yes, provide details.

 Rev. 3-2016

NOTE: An affirmative answer is required below whether the sanction arose automatically, by operation of law, or as a result of any action taken by a government agency. Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.

7. In the past (5) years, have you and/or any affiliated businesses or not-for-profit organizations listed in Section 5 in which you have been a principal owner or officer:

a. Been debarred by any government agency from entering into contracts with that agency?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

b. Been declared in default and/or terminated for cause on any contract, and/or had any contracts cancelled for cause?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

c. Been denied the award of a contract and/or the opportunity to bid on a contract, including, but not limited to, failure to meet pre-qualification standards?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

d. Been suspended by any government agency from entering into any contract with it; and/or is any action pending that could formally debar or otherwise affect such business's ability to bid or propose on contract?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

8. Have any of the businesses or organizations listed in response to Question 5 filed a bankruptcy petition and/or been the subject of involuntary bankruptcy proceedings during the past 7 years, and/or for any portion of the last 7 year period, been in a state of bankruptcy as a result of bankruptcy proceedings initiated more than 7 years ago and/or is any such business now the subject of any pending bankruptcy proceedings, whenever initiated?
YES [ ] NO [X] If 'Yes', provide details for each such instance. (Provide a detailed response to all questions check "Yes". If you need more space, photocopy the appropriate page and attached it to the questionnaire.)

9.

a. Is there any felony charge pending against you?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

b. Is there any misdemeanor charge pending against you?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

c. Is there any administrative charge pending against you?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

d. In the past 10 years, have you been convicted, after trial or by plea, of any felony, or of any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business? Y
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

e. In the past 5 years, have you been convicted, after trial or by plea, of a misdemeanor?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

f. In the past 5 years, have you been found in violation of any administrative or statutory charges?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

10. In addition to the information provided in response to the previous questions, in the past 5 years, have you been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency and/or the subject of an investigation where such investigation was related to activities performed at, for, or on behalf of the submitting business entity and/or an affiliated business listed in response to Question 5?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

11. In addition to the information provided, in the past 5 years has any business or organization listed in response to Question 5, been the subject of a criminal investigation and/or a civil anti-trust investigation and/or any other type of investigation by any government agency, including but not limited to federal, state, and local regulatory agencies while you were a principal owner or officer?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

12. In the past 5 years, have you or this business, or any other affiliated business listed in response to Question 5 had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

13. For the past 5 tax years, have you failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

I, Michael McDermott , hereby acknowledge that a materially false statement willfully or fraudulently made in connection with this form may result in rendering the submitting business entity and/or any affiliated entities non-responsible, and, in addition, may subject me to criminal charges.

I, Michael McDermott , hereby certify that I have read and understand all the items contained in this form; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this form; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this form as additional inducement to enter into a contract with the submitting business entity.

CERTIFICATION

A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID OR FUTURE BIDS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

Moody's Analytics
Name of submitting business

Electronically signed and certified at the date and time indicated by:
Michael McDermott [MICHAEL.MCDERMOTT@MOODYS.COM]

Director
Title

07/03/2019 11:29:00 AM
Date

Business History Form

The contract shall be awarded to the responsible proposer who, at the discretion of the County, taking into consideration the reliability of the proposer and the capacity of the proposer to perform the services required by the County, offers the best value to the County and who will best promote the public interest.

In addition to the submission of proposals, each proposer shall complete and submit this questionnaire. The questionnaire shall be filled out by the owner of a sole proprietorship or by an authorized representative of the firm, corporation or partnership submitting the Proposal.

NOTE: All questions require a response, even if response is "none" or "not-applicable." No blanks.

(USE ADDITIONAL SHEETS IF NECESSARY TO FULLY ANSWER THE FOLLOWING QUESTIONS).

Date: 04/29/2019

1) Proposer's Legal Name: Moody's Analytics, Inc.

2) Address of Place of Business: 7 World Trade Center, 250 Greenwich Street

City: New York State: NY Zip Code: 10007

3) Mailing Address (if different): ______

City: ______ State: ______ Zip Code: ______

Phone: ______

Does the business own or rent its facilities? Rent If other, please provide details:

4) Dun and Bradstreet number: 61-964-8199

5) Federal I.D. Number: 13-3851829

6) The proposer is a: Corporation (Describe) ______

7) Does this business share office space, staff, or equipment expenses with any other business?
YES [ ] NO [X] If yes, please provide details:

8) Does this business control one or more other businesses?
YES [ ] NO [X] If yes, please provide details:

9) Does this business have one or more affiliates, and/or is it a subsidiary of, or controlled by, any other business?
YES [X] NO [ ] If yes, please provide details:
Moody's Analytics, Inc. is a subsidiary of its parent company, Moody's Corporation (MCO)

10) Has the proposer ever had a bond or surety cancelled or forfeited, or a contract with Nassau County or any other government entity terminated?
YES [ ] NO [X] If yes, state the name of bonding agency, (if a bond), date, amount of bond and reason for such cancellation or forfeiture: or details regarding the termination (if a contract).

11) Has the proposer, during the past seven years, been declared bankrupt?
YES [ ] NO [X] If yes, state date, court jurisdiction, amount of liabilities and amount of assets

12) In the past five years, has this business and/or any of its owners and/or officers and/or any affiliated business, been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency? And/or, in the past 5 years, have any owner and/or officer of any affiliated business been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency, where such investigation was related to activities performed at, for, or on behalf of an affiliated business.

YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

13) In the past 5 years, has this business and/or any of its owners and/or officers and/or any affiliated business been the subject of an investigation by any government agency, including but not limited to federal, state and local regulatory agencies? And/or, in the past 5 years, has any owner and/or officer of an affiliated business been the subject of an investigation by any government agency, including but not limited to federal, state and local regulatory agencies, for matters pertaining to that individual's position at or relationship to an affiliated business.

YES [X] NO [ ] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

To the extent that Moody's Corporation, or its affiliates, are parties to litigation that may have a material impact on the company's business, this is disclosed in the Moody's Corporation Annual Report, and if applicable its quarterly reports, all of which are available at http://ir.moodys.com. In addition, material litigation is summarized in Moody's Public filings filed with the SEC, which are also available on Moody's website on www.moodys.com. 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, Moody's records liabilities in the consolidated financial statements and periodically adjusts these as appropriate.

14) Has any current or former director, owner or officer or managerial employee of this business had, either before or during such person's employment, or since such employment if the charges pertained to events that allegedly occurred during the time of employment by the submitting business, and allegedly related to the conduct of that business:

a) Any felony charge pending?

YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

b) Any misdemeanor charge pending?

YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

c) In the past 10 years, you been convicted, after trial or by plea, of any felony and/or any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business?

YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

d) In the past 5 years, been convicted, after trial or by plea, of a misdemeanor?

YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

e) In the past 5 years, been found in violation of any administrative, statutory, or regulatory provisions?

YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

15) In the past (5) years, has this business or any of its owners or officers, or any other affiliated business had any

sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held?

YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

16) For the past (5) tax years, has this business failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges?

YES [ ] NO [X] If yes, provide details for each such year. Provide a detailed response to all questions checked 'YES'. If you need more space, photocopy the appropriate page and attach it to the questionnaire.

17 Conflict of Interest:

a) Please disclose any conflicts of interest as outlined below. NOTE: If no conflicts exist, please expressly state "No conflict exists."

(i) Any material financial relationships that your firm or any firm employee has that may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

No conflict exists

(ii) Any family relationship that any employee of your firm has with any County public servant that may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

No conflict exists

(iii) Any other matter that your firm believes may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

No conflict exists

b) Please describe any procedures your firm has, or would adopt, to assure the County that a conflict of interest would not exist for your firm in the future.

Moody's is committed to the highest standards of integrity and ethical business practices and requires each of its employees and directors to acknowledge and be bound to the principles set out in the Moody' s Code of Business Conduct which is available at http://www.moodys.com

A. Include a resume or detailed description of the Proposer's professional qualifications, demonstrating extensive experience in your profession. Any prior similar experiences, and the results of these experiences, must be identified.

Have you previously uploaded the below information under in the Document Vault?

YES [ ] NO [X]

Is the proposer an individual?

YES [ ] NO [X] Should the proposer be other than an individual, the Proposal MUST include:

i) Date of formation;

03/04/1994

ii) Name, addresses, and position of all persons having a financial interest in the company, including shareholders, members, general or limited partner. If none, explain.

This information can be found in our public filings

iii) Name, address and position of all officers and directors of the company. If none, explain.

iv) State of incorporation (if applicable);

DE

v) The number of employees in the firm;

1791

vi) Annual revenue of firm;

1700000

vii) Summary of relevant accomplishments

B. Indicate number of years in business.

25

C. Provide any other information which would be appropriate and helpful in determining the Proposer's capacity and reliability to perform these services.

Not applicable - this is a renewal

D. Provide names and addresses for no fewer than three references for whom the Proposer has provided similar services or who are qualified to evaluate the Proposer's capability to perform this work.

Company	NONE		
Contact Person	none		
Address	NONE		
City	NONE	State	NY
Telephone	(508) 966-0927		
Fax #			
E-Mail Address	michael.mcdermott@moodys.com		

Company	NONE		
Contact Person	None		
Address	None		
City	None	State	NY
Telephone	(508) 966-0927		
Fax #			
E-Mail Address	michael.mcdermott@moodys.com		

Company	NONE		
Contact Person	none		
Address	none		
City	none	State	NY
Telephone	(508) 966-0927		
Fax #			
E-Mail Address	michael.mcdermott@moodys.com		

I, Michael McDermott , hereby acknowledge that a materially false statement willfully or fraudulently made in connection with this form may result in rendering the submitting business entity and/or any affiliated entities non-responsible, and, in addition, may subject me to criminal charges.

I, Michael McDermott , hereby certify that I have read and understand all the items contained in this form; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this form; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this form as additional inducement to enter into a contract with the submitting business entity.

CERTIFICATION

A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID OR FUTURE BIDS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

Name of submitting business: Moody's Analytics

Electronically signed and certified at the date and time indicated by:
Michael McDermott [MICHAEL.MCDERMOTT@MOODYS.COM]

Director
Title

07/03/2019 11:28:22 AM
Date

December 2017

MOODY'S CORPORATION

CORPORATE GOVERNANCE PRINCIPLES

The Board of Directors of Moody's Corporation has adopted the corporate governance principles set forth below as a framework for the governance of the Company. The Company is committed to the highest standards of corporate governance, business integrity and professionalism in all its activities. The Principles set forth a common set of expectations as to how the Board, its various committees and individual directors perform their functions. Together with the certificate of incorporation and bylaws and the charters of the committees of the Board, the Principles set forth the governance standards for the Company. The Governance and Nominating Committee reviews the Principles annually and recommends changes to the Board of Directors as appropriate.

1. ROLE AND COMPOSITION OF THE BOARD OF DIRECTORS

Role of the Board

The Board of Directors, which is elected by the Company's stockholders, is the ultimate decision-making body of the Company except with respect to those matters reserved to the stockholders and subject to the complete independence of the Company's credit ratings, assessments and research. The Board selects the Chief Executive Officer (CEO) and approves the senior management team, which is responsible for conducting the Company's business, and monitors the performance of senior management. The Board also oversees the Company's enterprise-wide approach to the major risks facing the Company and, with the assistance of its committees, oversees the Company's policies, procedures and practices for assessing and managing its exposure to risk.

Size, Composition and Membership Criteria

All members of the Board, except the CEO, are independent directors. An "independent" director is a director who meets the New York Stock Exchange's definition of being "independent," as determined by the Board. The Board has adopted the standards set forth in Attachment A to these Principles to assist it in assessing the independence of directors. The Board makes an affirmative determination regarding the independence of each director annually, based upon the recommendation of the Governance and Nominating Committee.

The Governance and Nominating Committee considers and makes recommendations to the Board regarding the size, structure, composition and functioning of the Board. The Board presently has nine members. It is the Company's policy that the number of directors not exceed a number that can function efficiently as a body. All directors stand for election annually for one-year terms.

The Governance and Nominating Committee is responsible for overseeing processes for the selection and nomination of director candidates, and for developing and recommending to the Board for approval, and periodically reviewing, Board membership criteria and recommending updates to the criteria as appropriate. These criteria include business experience, qualifications, attributes and skills relevant to the management and oversight of the Company's business, independence, ability to represent diverse stockholder interests, judgment, integrity, the ability to commit sufficient time and attention to Board activities, and the absence of potential conflicts or the appearance of conflicts with the Company's business and interests. The Committee and the Board annually evaluate the composition of the Board to assess the skills and experience that are currently represented on the Board as a whole, and in individual directors, as well as the skills and experience that the Board will find valuable in the future, given the Company's current situation and strategic plans. The Committee and the Board seek a variety of occupational and personal backgrounds on the Board in order to obtain a range of viewpoints and perspectives and to enhance the diversity of the Board. The Committee also considers the special requirements of Moody's Investors Service and its role in the securities markets. As an example, the Committee has determined that individuals who by profession actively manage securities portfolios could encounter conflicts of interests or give rise to the appearance of conflicts. The Committee also considers candidates recommended by stockholders in compliance with the procedures described in the Company's proxy statement.

The Governance and Nominating Committee reviews the qualifications of director candidates in light of applicable Board membership criteria and recommends the Company's candidates to the Board for election by the stockholders at the annual meeting. In addition, prior to the recommendation of the Company's director candidates to the Board, the chairman of the Board annually evaluates the performance and contributions of each incumbent director.

Board Leadership

The Board believes that it is in the best interests of the Company for the Board to periodically evaluate and make a determination regarding whether or not to separate the roles of Chairman and CEO based upon the circumstances. The Board appoints a Chairman annually to serve for a period of one year. The Board believes that presently it is in the best interests of the Company to separate the roles of Chairman and CEO and currently has selected an independent director to serve as Chairman.

The Chairman's responsibilities include: (a) approving the agenda for and presiding at meetings of the Board; (b) establishing the agenda for and presiding at executive sessions of the independent directors; (c) presiding at meetings of stockholders; (d) in collaboration with the Compensation and Human Resources Committee, evaluating the performance of the CEO; and (e) serving as the principal liaison on Board-wide issues among the independent directors.

Change in Principal Occupation

When a director's principal occupation or business association changes substantially during the director's tenure on the Board, the director must tender his or her resignation for consideration by the Governance and Nominating Committee. The Committee will recommend to the Board whether to accept or reject the resignation.

Service on Other Boards

Ordinarily, directors should not serve on the boards of more than three other public companies in addition to the Company's Board. Directors who are serving as executive officers of public companies should not serve on the boards of more than one other public company in addition to the Company's Board. The Governance and Nominating Committee shall review and approve all directorships (and similar governance oversight positions) offered to directors of the Company, the CEO or other executive officers of the Company at: (a) other public companies, and (b) other entities that issue public debt or hold ratings from Moody's Investors Service. Directors should advise the Chairman of the Board and the chairman of the Governance and Nominating Committee in advance of accepting an invitation to serve on another such board.

Majority Voting

The Company has adopted majority voting in the uncontested election of directors and plurality voting in contested elections. In uncontested elections, directors are elected by a majority of the votes cast, which means that the number of shares voted "for" a director must exceed the number of votes cast "against" that director. The Company also has adopted procedures to address situations where a director does not receive a majority vote, under which a director subject to election must submit a contingent resignation which becomes effective if the director fails to receive a majority of the votes cast and the Board accepts the resignation. The procedures are set forth in a separate Director Resignation Policy and described in the Company's proxy statement.

2. FUNCTIONING OF THE BOARD

Meetings and Agendas

The Chairman approves the agenda for each Board meeting in consultation with the CEO and with the understanding that certain items pertinent to the advisory and monitoring functions of the Board are brought to the Board periodically by the CEO for review and/or decision. Agenda items that fall within the scope of responsibilities of a Board committee are reviewed with the chairman of that committee. Directors are encouraged to suggest the inclusion of items on the agenda. Directors are also free to raise subjects at a Board meeting that are not on the agenda for that meeting.

Directors are also expected to attend Board meetings and meetings of the Board committees on which they serve and spend the time necessary to properly discharge their responsibilities.

Distribution and Review of Board Materials

Board materials related to agenda items are provided to directors sufficiently in advance of Board meetings to allow directors to review and prepare for discussion of the items at the meeting. In some cases, due to timing or the sensitive nature of an issue, materials are presented only at the Board meeting.

Director Access to Management, Employees and Advisors

At the invitation of the Board, members of senior management recommended by the CEO may attend Board meetings or portions of meetings for the purpose of participating in discussions. Generally, presentations of matters to be considered by the Board are made by the manager responsible for that area of the Company's operations. Directors also have full and free access to other members of management and to employees of the Company.

The Board has the authority to engage outside counsel, accountants, experts and other advisors as it determines appropriate to assist it in the performance of its functions.

Executive Sessions of Independent Directors

The independent directors routinely meet in executive session at regularly scheduled Board meetings. The Chairman establishes the agenda for and presides at these sessions and has the authority to call additional executive sessions as appropriate.

Director Compensation

The Compensation and Human Resources Committee annually reviews the compensation of directors and recommends any changes for approval by the Board, which has the authority to set director compensation. Non-management directors receive a combination of cash and equity compensation for service on the Board.

Stock Ownership Guidelines

The Board has established stock ownership guidelines for directors and executives of the Company, which are set forth in a separate policy and described in the Company's proxy statement.

Strategic Planning and Risk Oversight

The Board reviews the Company's long-term strategic plan at least annually. The Board oversees the Company's enterprise-wide approach to the major risks facing the Company, and oversees the Company's policies, procedures and practices for assessing and managing its exposure to risk.

The Board periodically reviews the Company's major risks and the Company's risk management processes, including in connection with its review of the Company's strategy.

Succession Planning

The Board plans for succession to the position of CEO as well as certain other senior management positions. The Board, in conjunction with the Compensation and Human Resources Committee, annually reviews the Company's succession plans regarding the selection of individuals to fill these positions. The Board's review involves succession planning both in the context of a sudden and unplanned absence or inability of the CEO or of other senior executives to fill their positions and in the context of planned promotions or retirements.

Formal Evaluation of CEO and Other Executive Officers

The Compensation and Human Resources Committee is responsible for setting annual and long-term performance goals for the CEO and for evaluating, in consultation with the Chairman, the performance of the CEO against those goals. The Compensation and Human Resources Committee both sets the CEO's goals and evaluates the CEO's performance against those goals in executive session. The Chairman shares the results of the evaluation with the CEO, and the

Compensation and Human Resources Committee uses the results in considering and approving the compensation of the CEO.

The Compensation and Human Resources Committee also is responsible for reviewing and approving annual and long-term performance goals for other executive officers of the Company. The Compensation and Human Resources Committee reviews with the CEO the performance of these executive officers against the goals and based upon that review, and considering recommendations from the CEO, sets the executive officers' compensation.

Annual Meeting of Stockholders

Directors are expected to attend the annual meeting of stockholders.

Director Orientation and Continuing Education

The Company has an orientation process for Board members that includes extensive materials and meetings with key management designed to familiarize new directors with various aspects of the Company's business, including the Company's strategy, operations, finances, risk management processes, compliance program, and governance practices.

Continuing education for current directors may take a variety of forms, including in-house presentations and briefings on developments relevant to the Company and the Board, as well as participation in external programs. The Board encourages directors to participate in education programs to assist them in performing their responsibilities as directors, and associated expenses are reimbursed by the Company.

The Governance and Nominating Committee oversees the orientation program for new directors and continuing education for current directors.

Annual Performance Evaluation

The Board and each of the Audit Committee, the Governance and Nominating Committee, and the Compensation and Human Resources Committee conducts an annual self-evaluation to assess its performance. The Governance and Nominating Committee oversees the evaluation process.

Conflicts of Interest

If a director has a personal interest in a matter before the Board, the director will disclose the interest to the full Board, recuse himself or herself from participation in discussion of the matter and will not vote on the matter.

3. STRUCTURE AND FUNCTIONING OF COMMITTEES

Number, Structure and Independence of Committees

It is the general policy of the Company that all major decisions be considered by the Board as a whole. As a consequence, the committee structure of the Board is limited to those committees considered to be necessary and appropriate for the Company. Currently the Board's standing committees are the Audit Committee, the Governance and Nominating Committee, the Compensation and Human Resources Committee and the Executive Committee.

The principal responsibilities of the standing committees include:

- The Audit Committee oversees the integrity of the Company's financial statements, the Company's financial reporting processes and internal controls, the relationship with the independent auditors and the performance of the internal audit function, and the Company's compliance with legal and regulatory requirements.

- The Governance and Nominating Committee performs a leadership role in shaping the Company's corporate governance, engages in succession planning for the Board, identifies individuals qualified to become Board members and recommends director candidates for election or appointment to the Board.

- The Compensation and Human Resources Committee evaluates the performance of the CEO and other executive officers and sets their compensation, oversees senior management succession planning in conjunction with the Board, and reviews the compensation of directors and recommends changes for approval by the Board.

The Audit Committee, the Governance and Nominating Committee and the Compensation and Human Resources Committee are made up solely of independent directors under the standards reflected on Attachment A. In addition, directors who serve on the Audit Committee and the Compensation and Human Resources Committee must be "independent" within the meaning of the New York Stock Exchange independence criteria for audit committee members and compensation committee members, respectively, both as reflected on Attachment A.

The Board may also establish and maintain other committees of the Board from time to time as it deems necessary and appropriate.

Assignment and Rotation of Committee Members

The Governance and Nominating Committee considers and makes recommendations to the Board regarding committee size, structure, composition and functioning. Committee members are recommended to the Board by the Governance and Nominating Committee and appointed by the full Board. Committee chairmen are elected by the Board. It is the policy of the Board that consideration be given to rotating committee members periodically, but the Board does not believe that rotation should be mandated as a policy.

Responsibilities

All committees report regularly to the full Board with respect to their activities. Each of the Audit Committee, the Governance and Nominating Committee, the Compensation and Human Resources Committee and the Executive Committee operates under a written charter that sets forth the purposes, goals and responsibilities of the committee as well as qualifications for committee membership. Each of these committees assesses the adequacy of its charter annually and recommends changes to the Board as appropriate. Each of these committees also has the authority to retain outside advisors as it determines appropriate to assist it in the performance of its functions.

Meetings and Agendas

The chairman of each committee determines the frequency, length and agenda of the committee's meetings. Materials related to agenda items are provided to committee members sufficiently in advance of meetings to allow the members to review and prepare for discussion of the items at the meeting.

Annual Performance Evaluation

In accordance with their respective charters, the Audit Committee, the Governance and Nominating Committee and the Compensation and Human Resources Committee, each conduct an annual self-evaluation to assess their performance.

4. STOCKHOLDER ENGAGEMENT; COMMUNICATIONS WITH DIRECTORS

The Company welcomes feedback from its stockholders and endeavors to create an environment that fosters open communication and constructive dialogue with its stockholders. To enable the Company to speak with a single voice, as a general matter, senior management serves as the primary spokesperson for the Company and is responsible for communicating with various constituencies, including stockholders, on behalf of the Company. Directors may participate in discussions with stockholders and other constituencies on issues where Board-level involvement is appropriate.

Stockholders and other stakeholders may communicate with the Board, or with a specific director or directors, by writing to them c/o the Corporate Secretary, Moody's Corporation, 7 World Trade Center at 250 Greenwich Street, New York, NY 10007.

Attachment A

An "independent" director is a director whom the Board of Directors has determined has no material relationship with Moody's Corporation or any of its consolidated subsidiaries (collectively, the "Company"), either directly, or as a partner, stockholder or officer of an organization that has a relationship with the Company. For purposes of this definition, the Board has determined that a director is not independent if:

1. the director is, or in the past three years has been, an employee of the Company, or an immediate family member of the director is, or in the past three years has been, an executive officer of the Company;

2. (a) the director, or an immediate family member of the director, is a current partner of the Company's outside auditor; (b) the director is a current employee of the Company's outside auditor; (c) a member of the director's immediate family is a current employee of the Company's outside auditor and personally works on the Company's audit; or (d) the director or an immediate family member of the director was in the past three years a partner or employee of the Company's outside auditor and personally worked on the Company's audit within that time;

3. the director, or a member of the director's immediate family, is or in the past three years has been, an executive officer of another company where any of the Company's present executive officers serves or served on the compensation committee at the same time;

4. the director, or a member of the director's immediate family, has received, during any 12-month period in the past three years, any direct compensation from the Company in excess of $120,000, other than compensation for Board service, compensation received by the director's immediate family member for service as an employee (other than an executive officer) of the Company, and pension or other forms of deferred compensation for prior service with the Company;

5. the director is a current executive officer or employee, or a member of the director's immediate family is a current executive officer, of another company that makes payments to or receives payments from the Company, or during any of the last three fiscal years, has made payments to or received payments from the Company, for property or services in an amount that, in any single fiscal year, exceeded the greater of $1 million or 2% of the other company's consolidated gross revenues; or

6. the director, or the director's spouse, is an executive officer of a non-profit organization to which the Company or the Company foundation makes, or in the past three years has made, contributions that, in any single fiscal year, exceeded the greater of $1 million or 2% of the non-profit organization's consolidated gross revenues. (Amounts that the Company foundation contributes under matching gifts programs are not included in the contributions calculated for purposes of this standard.)

   An "immediate family" member includes a director's spouse, parents, children, siblings, mother and father-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than a domestic employee) who shares the director's home.

In addition, a director is not considered independent for purposes of serving on the Audit Committee, and may not serve on the Audit Committee, if the director: (a) accepts, directly or indirectly, from Moody's Corporation or any of its subsidiaries, any consulting, advisory, or other compensatory fee, other than Board and committee fees and fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with Moody's Corporation; or (b) is an "affiliated person" of Moody's Corporation or any of its subsidiaries; each as determined in accordance with Securities and Exchange Commission regulations.

In addition, in determining whether a director is considered independent for purposes of serving on the Compensation and Human Resources Committee, the Board must consider all factors specifically relevant to determining whether the director has a relationship with the Company that is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to: (a) the source of the director's compensation, including any consulting, advisory or other compensatory fee paid by the Company to the director; and (b) whether the director is affiliated with Moody's Corporation, any of its subsidiaries or an affiliate of any subsidiary; each as determined in accordance with Securities and Exchange Commission regulations.

MOODY'S

Anti-Bribery and Anti-Corruption Policy

Issued by: Moody's Legal Department
Applicable to: All Moody's Employees
Effective Date: December 5, 2016

POLICY

It is the policy of Moody's (as defined below) to comply with all applicable anti-bribery and anti-corruption laws, including but not limited to the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act ("UKBA"), and all applicable anti-bribery and anti-corruption laws where Moody's operates, and to accurately reflect all transactions in Moody's books and records. It is also Moody's policy to require certain third-party intermediaries, agents, consultants and business partners who work on Moody's behalf to comply with these same laws and practices. This policy applies to Moody's Corporation and its wholly-owned subsidiaries (collectively, Moody's). Moody's majority-controlled subsidiaries have adopted substantially similar policies in consultation with Moody's Legal and Compliance Departments.

Making actual payments or even offering business courtesies (as described below) or anything else of value, such as gifts, entertainment or other hospitality, to public officials (as defined below) may violate the FCPA, the UKBA or other anti-bribery and anti-corruption laws. Commercial bribery (not involving public officials) is also illegal in many countries. This Policy prohibits all commercial or public sector bribery.

Moody's employees are prohibited from offering or paying bribes. Moody's employees are also prohibited from providing any business courtesy or other thing of value for the purpose of rewarding a person for performing a function or activity that he or she is otherwise required to perform, or for inducing or rewarding the improper performance of a function or activity. Whether a function or activity is performed "improperly" is judged by whether it breaches a reasonable person's expectation in relation to the performance of that function or activity, such as the expectation that a person will perform a function or activity impartially and in good faith.

For purposes of this Policy, outreach to and engagement with public officials (including legislators and regulators) for the purpose of advancing Moody's legitimate business interests is not considered improper, provided that such outreach or engagement complies with this Policy.

If you have questions about this Policy, please refer to the Anti-Bribery Resource Center for contact information.

PUBLIC OFFICIALS

Although this Policy prohibits both commercial and public sector bribery, payments to or on behalf of, and the offering of business courtesies to, public officials warrant close scrutiny and must undergo advance review and approval by Compliance (unless exempted pursuant to the exemptions below). For purposes of this Policy, "public official" is construed broadly and includes not only elected officials of a government, but also any officer or employee of a government or any department, agency or "instrumentality" thereof (such as a government-controlled company or other commercial enterprise) or of a public international organization. "Public official" also includes any person acting in an official capacity for or on behalf of any such government or department, agency or instrumentality, or for or on behalf of any such public international organization. Examples of public officials include the following:

- Head of state
- Royal family member
- Ministry or agency official
- Judge, magistrate or legislator
- Officer or employee of a government-controlled company, including government-controlled financial, banking, healthcare and transportation institutions and utilities
- Private person acting officially on behalf of a government department, agency or instrumentality
- Official of a public international organization (e.g., World Bank, IMF, UN)
- Employee of any government agency
- Political party, party official, or candidate for public office
- Employee of a government-sponsored pension or retirement plan

For purposes of the anti-bribery and anti-corruption laws, it is irrelevant whether a person is considered a public official by the government at issue.

If you have questions whether a particular person is considered to be a public official, or whether a particular entity is considered to be an "instrumentality," please refer to the Anti-Bribery Resource Center for the appropriate contact.

BUSINESS COURTESIES

Bribery is not limited to the payment of cash with corrupt intent, but also may include the provision of business courtesies or other things of value, such as gifts, hospitality or entertainment, for an improper purpose. It is never permissible to provide any business courtesy for a corrupt or improper purpose. In addition, no business courtesy may be given, directly or indirectly, to a public official except in cases that are approved by Compliance in advance, as provided below (unless exempted pursuant to the exemptions below).

Business courtesies could include, among other things:

- Gifts
- Promotional items
- Travel expenses
- Meals, entertainment, recreation and other hospitality
- Tickets to sporting, cultural or other events
- Charitable donations – whether in cash or various forms of sponsorship (such as dinners or golf tournaments)
- Business opportunities
- Discounted or free products or services
- Internships, secondment or employment for public officials or their family members
- Loans
- Assistance with medical care

Restrictions on Providing Business Courtesies To Business Contacts That Are Not Public Officials

Employees may provide business courtesies to any business contact only if the following general requirements are met:

1. The cost of the business courtesies must be reasonable and justifiable under the circumstances;
2. The business courtesies must comply with applicable laws;
3. The business courtesies must not reasonably be interpreted as an attempt to obtain or retain an improper business advantage, and must not reflect negatively on the reputation of Moody's or the recipient;
4. The business courtesies must be bona fide and must directly relate to a legitimate business purpose such as:
    a. the promotion, demonstration or explanation of Moody's products and services, or
    b. the execution or performance of a contractual obligation; and
5. The business courtesies must be supported by receipts and must be properly documented in accordance with any applicable expense reimbursement and accounting procedures, such as Moody's Travel & Entertainment Policy.

Restrictions on Providing Business Courtesies To Public Officials

Employees may provide business courtesies to public officials only if all of the general requirements listed above are met and under the following additional conditions:

a. The business courtesies must be pre-approved by Compliance (unless exempted pursuant to the exemptions below);

b. The business courtesies must be given in an open and transparent manner and must not be given to induce or reward the improper performance of an official function or activity;

c. The business courtesies must not involve the transfer of cash; any business courtesies involving cash equivalents, such as gift cards or gift certificates, require pre-approval by Compliance; and

d. In the case of an actual gift, such as a holiday gift, the business courtesies must not be extravagant in value, must be provided only to reflect esteem or gratitude, and must be infrequent (no more than two times per year).

To obtain Compliance pre-approval, you must complete a Request for Pre-Approval to Provide Business Courtesies to Public Officials, found on the Anti-Bribery Resource Center.

Exemptions from Pre-Approval Requirement for Certain Routine, Reasonable Business Courtesies Provided to Public Officials

From time to time, in the ordinary course of conducting its businesses, Moody's may provide routine, reasonable business courtesies to public officials that are exempted from the pre-approval requirement described above, provided that they are directly related to a legitimate business purpose and otherwise comply with all requirements set forth in this Policy, including compliance with local laws.

The exemptions are:

a. Meals and refreshments provided to attendees, participants and speakers at Moody's conferences and events, provided that the costs of such meals and refreshments are reasonable given the venue;

b. Meals and refreshments provided incidental to meetings with public officials, regardless of venue, provided that such meals and refreshments are of nominal value (less than or equal to US $50 per person or the relevant local equivalent);

c. Moody's-branded items that are provided at Moody's events and conferences, provided that such items are of nominal value (less than US $50 per person or the relevant local equivalent); and

d. Moody's research, provided that such research has already been published.

IF YOU HAVE ANY DOUBT ABOUT WHETHER A BUSINESS COURTESY FALLS WITHIN THESE EXEMPTIONS, CONTACT COMPLIANCE; REFER TO THE ANTI-BRIBERY RESOURCE CENTER FOR THE APPROPRIATE CONTACT.

COMMON SITUATIONS INVOLVING PUBLIC OFFICIALS

Advisory Boards/Committees

Moody's invites external parties to sit on a variety of Advisory Boards/Committees. Such an invitation, whether paid or voluntary, may be deemed to have value to the recipient. Accordingly, before offering such a position to a public official (or to a known family member or designee of a public official), you must obtain pre-approval.

Fees or payments for participation on such Advisory Boards/Committees may be permissible in exceptional circumstances. Before offering a public official (or a known family member or designee of a public official) a fee for participating on an Advisory Board/Committee, you must obtain pre-approval.

To obtain pre-approval, you must complete a Request for Pre-Approval to Provide Business Courtesies to Public Officials, found on the Anti-Bribery Resource Center.

Employment; Internships

Employment decisions, including paid or unpaid internships and secondments, must be based on merit and not made to improperly influence public officials. Accordingly, if a known family member or designee of a public official is seeking employment at Moody's, including a secondment or internship, you must obtain pre-approval before proceeding with the recruiting or employment process.

To obtain pre-approval, you must complete a Request for Pre-Approval to Provide Business Courtesies to Public Officials, found on the Anti-Bribery Resource Center.

Charitable Contributions and Donations

Requests from public officials for donations to specific charities or non-profit organizations, even if well-known, may be considered bribes if the donation is made to improperly influence any act or decision of that official. Any requests for such charitable contributions or donations must be pre-approved.

To obtain pre-approval, you must complete a Request for Pre-Approval to Provide Business Courtesies to Public Officials, found on the Anti-Bribery Resource Center.

Conference and Event Sponsorships; Delegation Trips

Conference and Event Sponsorships and any associated payments may be considered bribes if made to improperly influence any act or decision of a public official. Requests by public officials for Moody's to sponsor conferences or other events must be pre-approved.

Complimentary admissions and discounted registration fees for public officials to attend Moody's-sponsored conferences and events must be pre-approved. To obtain pre-approval, you must complete a Request for Pre-Approval to Provide Business Courtesies to Public Officials, found on the Anti-Bribery Resource Center.

Where public officials are invited as speakers at Moody's-sponsored conferences and events, paying for such public official's travel, meals and lodging must be pre-approved. To obtain pre-approval, you must complete a Request for Pre-Approval to Provide Business Courtesies to Public Officials, found on the Anti-Bribery Resource Center.

Where a delegation of public officials is invited to visit Moody's offices, this Policy generally prohibits the payment by Moody's of such public officials' travel, meals and lodging expenses. In exceptional cases, Moody's may approve such expenses and business courtesies, but pre-approval is required. To obtain pre-approval, you must complete a Request for Pre-Approval to Provide Business Courtesies to Public Officials, found on the Anti-Bribery Resource Center.

Family Members

Providing business courtesies to the family members of a public official is generally prohibited. In exceptional cases, Moody's may approve such business courtesies, but pre-approval is required. To obtain pre-approval, you must complete a Request for Pre-Approval to Provide Business Courtesies to Public Officials, found on the Anti-Bribery Resource Center.

FACILITATION PAYMENTS

The UKBA prohibits "facilitation payments," which are commonly defined as payments to governmental officials for routine governmental action to which the individual or company is legally entitled, such as processing papers, issuing visas and providing phone service. In other words, the official is ordinarily and commonly required to perform the duty but requires a relatively small "additional" payment to carry out that duty.

Facilitation Payments are prohibited under this Policy as a general matter. However, such payments may be made only in exceptional circumstances when, for, example, an employee is placed under duress and faces potential safety issues or personal harm. Under such circumstances you must report the payment to the Legal Department immediately and provide a description of the circumstances under which the payment was made. Such payments must be accurately described and recorded in Moody's books and records.

THIRD PARTY INTERMEDIARIES

Moody's must not make payments through third parties that, if made by Moody's itself, would violate this Policy or any applicable anti-bribery and anti-corruption laws. Accordingly, before entering into or renewing contracts with agents, consultants and other third party intermediaries who represent Moody's in customer or governmental matters, you must follow Moody's Covered Third Party Anti-Corruption Due Diligence and Contracting Procedures.

Global anti-bribery and anti-corruption laws cover a broad range of conduct. If you encounter a situation in which you are unsure about the appropriate course of action, or a situation not addressed in this Policy or the Moody's Code of Business Conduct, please refer to the Anti-Bribery Resource Center for the appropriate contact.

MOODY'S

COUNTY OF NASSAU

CONSULTANT'S, CONTRACTOR'S AND VENDOR'S DISCLOSURE FORM

1. Name of the Entity: Moody's Analytics, Inc.

Address: 7 World Trade Center at 250 Greenwich Street

City: New York State: NY Zip Code: 10007

2. Entity's Vendor Identification Number: 13-3851829

3. Type of Business: Public Corp (specify)

4. List names and addresses of all principals; that is, all individuals serving on the Board of Directors or comparable body, all partners and limited partners, all corporate officers, all parties of Joint Ventures, and all members and officers of limited liability companies (attach additional sheets if necessary):

See attached file(s):
YES [ ] NO [X]

5. List names and addresses of all shareholders, members, or partners of the firm. If the shareholder is not an individual, list the individual shareholders/partners/members. If a Publicly held Corporation, include a copy of the 10K in lieu of completing this section.
If none, explain.

6. List all affiliated and related companies and their relationship to the firm entered on line 1. above (if none, enter "None"). Attach a separate disclosure form for each affiliated or subsidiary company that may take part in the performance of this contract. Such disclosure shall be updated to include affiliated or subsidiary companies not previously disclosed that participate in the performance of the contract.

None

7. List all lobbyists whose services were utilized at any stage in this matter (i.e., pre-bid, bid, post-bid, etc.). If none, ente "None." The term "lobbyist" means any and every person or organization retained, employed or designated by any clien to influence - or promote a matter before - Nassau County, its agencies, boards, commissions, department heads, legislators or committees, including but not limited to the Open Space and Parks Advisory Committee and Planning Commission. Such matters include, but are not limited to, requests for proposals, development or improvement of real property subject to County regulation, procurements. The term "lobbyist" does not include any officer, director, trustee, employee, counsel or agent of the County of Nassau, or State of New York, when discharging his or her official duties.

Are there lobbyists involved in this matter?
YES [ ] NO [X]

(a) Name, title, business address and telephone number of lobbyist(s):

(b) Describe lobbying activity of each lobbyist. See below for a complete description of lobbying activities.

(c) List whether and where the person/organization is registered as a lobbyist (e.g., Nassau County, New York State):

8. VERIFICATION: This section must be signed by a principal of the consultant, contractor or Vendor authorized as a signatory of the firm for the purpose of executing Contracts.

The undersigned affirms and so swears that he/she has read and understood the foregoing statements and they are, to his/her knowledge, true and accurate.

Electronically signed and certified at the date and time indicated by:
Michael McDermott [MICHAEL.MCDERMOTT@MOODYS.COM]

Dated: 07/03/2019 11:29:30 AM

Title: Director

The term lobbying shall mean any attempt to influence: any determination made by the Nassau County Legislature, or any member thereof, with respect to the introduction, passage, defeat, or substance of any local legislation or resolution; any determination by the County Executive to support, oppose, approve or disapprove any local legislation or resolution, whether or not such legislation has been introduced in the County Legislature; any determination by an elected County official or an officer or employee of the County with respect to the procurement of goods, services or construction, including the preparation of contract specifications, including by not limited to the preparation of requests for proposals, or solicitation, award or administration of a contract or with respect to the solicitation, award or administration of a grant, loan, or agreement involving the disbursement of public monies; any determination made by the County Executive, County Legislature, or by the County of Nassau, its agencies, boards, commissions, department heads or committees, including but not limited to the Open Space and Parks Advisory Committee, the Planning Commission, with respect to the zoning, use, development or improvement of real property subject to County regulation, or any agencies, boards, commissions, department heads or committees with respect to requests for proposals, bidding, procurement or contracting for services for the County; any determination made by an elected county official or an officer or employee of the county with respect to the terms of the acquisition or disposition by the county of any interest in real property, with respect to a license or permit for the use of real property of or by the county, or with respect to a franchise, concession or revocable consent; the proposal, adoption, amendment or rejection by an agency of any rule having the force and effect of law; the decision to hold, timing or outcome of any rate making proceeding before an agency; the agenda or any determination of a board or commission; any determination regarding the calendaring or scope of any legislature oversight hearing; the issuance, repeal, modification or substance of a County Executive Order; or any determination made by an elected county official or an officer or employee of the county to support or oppose any state or federal legislation, rule or regulation, including any determination made to support or oppose that is contingent on any amendment of such legislation, rule or regulation, whether or not such legislation has been formally introduced and whether or not such rule or regulation has been formally proposed.

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, 2018

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

Indicate by check mark 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 provided 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, 2018 (based upon its closing transaction price on the New York Stock Exchange on such date) was approximately $32.7 billion.

As of January 31, 2019, 191.0 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 16, 2019, 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
INDEX TO FORM 10-K

Exhibits filed Herewith	
10.22	Supplemental Executive Disability Benefit Plan of Moody's Corporation, effective as of January 1, 2019
21	SUBSIDIARIES OF THE REGISTRANT
23.1	CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
31.1	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Chief Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Chief Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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 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 the section entitled "Non-GAAP Financial Measures"
Adjusted Net Income	Net Income excluding the impact of certain items as detailed in the section entitled "Non-GAAP Financial Measures"
Adjusted Operating Income	Operating income excluding depreciation and amortization
Adjusted Operating Margin	Adjusted Operating Income divided by revenue
AI	Artificial Intelligence
Americas	Represents countries within North and South America, excluding the U.S.
AOCI	Accumulated other comprehensive income (loss); a separate component of shareholders' equity (deficit)
AR	Accounts receivable
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
ASC 605	The U.S. GAAP authoritative guidance for revenue accounting prior to the adoption of ASU No. 2014-09, "Revenue from Contracts with Customers (ASC Topic 606).
Asia-Pacific	Represents Australia and countries in Asia including but not limited to: China, India, Indonesia, Japan, Korea, Malaysia, Singapore, Sri Lanka and Thailand
ASR	Accelerated Share Repurchase
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 III	A 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
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 the 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 Cheng Xin International Credit Rating Co. Ltd.; China's first and largest domestic credit rating agency approved by the People's Bank of China; the Company acquired a 49% interest in 2006; currently Moody's owns 30% of CCXI.

TERM	DEFINITION
CCXI Gain	In the first quarter of 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.
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
Content	A reporting unit within the MA segment that offers subscription based research, data and analytical products, including credit ratings produced by MIS, credit research, quantitative credit scores and other analytical tools, economic research and forecasts, business intelligence and company information products, and commercial real estate data and analytical tools
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 and which is backstopped by the 2018 Facility.
CRAs	Credit rating agencies
CREF	Commercial real estate finance which includes REITs, commercial real estate CDOs and mortgage-backed securities; part of SFG
D&A	Depreciation and amortization
D&B	Dun & Bradstreet
DBPPs	Defined benefit pension plans
EBITDA	Earnings before interest, taxes, depreciation and amortization
EMEA	Represents countries within Europe, the Middle East and Africa
EPS	Earnings per share
ERS	Enterprise Risk Solutions; an LOB within MA, which offers risk management software solutions as well as related risk management advisory engagements services
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
ETR	Effective tax rate
EU	European Union
EUR	Euros
EURIBOR	The Euro Interbank Offered Rate
Eurozone	Monetary union of the EU member states which have adopted the euro as their common currency
Excess Tax Benefits	The difference between the tax benefit realized at exercise of an option or delivery of a restricted share and the tax benefit recorded at the time the option or restricted share is expensed under GAAP

TERM	DEFINITION
Exchange Act	The Securities Exchange Act of 1934, as amended
External Revenue	Revenue excluding any intersegment amounts
FASB	Financial Accounting Standards Board
FIG	Financial institutions group; an LOB of MIS
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; now referred to as MALS
FTSE	Financial Times Stock Exchange
FX	Foreign exchange
GAAP	U.S. Generally Accepted Accounting Principles
GBP	British pounds
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 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
ICR Chile	A leading provider of domestic credit ratings in Chile
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
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 Matters	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; 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 and 2018 Senior Notes, which is a premium based on the excess, if any, of the discounted value of the remaining scheduled payments over the prepaid principal

TERM	DEFINITION
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
MALS	Moody's Analytics Learning Solutions; a reporting unit within the MA segment that includes on-line and classroom-based training services as well as credentialing and certification services; formerly known as FSTC
MCO	Moody's; Moody's Corporation and its subsidiaries; the Company
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—comprises the D&B business after September 30, 2000
New Revenue Accounting Standard	Updates to the ASC pursuant to ASU No. 2014-09, "Revenue from Contracts with Customers (ASC Topic 606)". This new accounting guidance significantly changes the accounting framework under U.S. GAAP relating to revenue recognition and to the accounting for the deferral of incremental costs of obtaining or fulfilling a contract with a customer
N/A	Not applicable
NM	Percentage change is not meaningful
Non-GAAP	A financial measure not in accordance with GAAP; these measures, when read in conjunction with the Company's reported results, can provide useful supplemental information for investors analyzing period-to-period comparisons of the Company's performance, facilitate comparisons to competitors' operating results and to provide greater transparency to investors of supplemental information used by management in its financial and operational decision making
NRSRO	Nationally Recognized Statistical Rating Organization, which is a credit rating agency registered with the SEC.
OCI	Other comprehensive income (loss); includes gains and losses on cash flow and net investment hedges, unrealized gains and losses on available for sale securities (in periods prior to January 1, 2018), certain gains and losses relating to pension and other retirement benefit obligations and foreign currency translation adjustments
Omega Performance	A leading provider of online credit training, acquired by the Company in August 2018
Operating segment	Term defined in the ASC relating to segment reporting; the ASC defines an operating segment as a component of a business entity that has each of the three following characteristics: i) the component engages in business activities from which it may recognize revenue and incur expenses; ii) the operating results of the component are regularly reviewed by the entity's chief operating decision maker; and iii) discrete financial information about the component is available.
Other Retirement Plans	The U.S. retirement healthcare and U.S. retirement life insurance plans
PCS	Post-Contract Customer Support
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 MALS that provides offshore analytical and research services as well as learning solutions and certification programs
Purchase Price Hedge	Foreign currency collars and forward contracts entered into by the Company to economically hedge the Bureau van Dijk euro denominated purchase price

TERM	DEFINITION
Purchase Price Hedge Gain	Gain on foreign currency collars and forward contracts to economically hedge the Bureau van Dijk euro denominated purchase price
RD&A	Research, Data and Analytics; an LOB within MA that offers subscription based research, data and analytical products, including credit ratings produced by MIS, credit research, quantitative credit scores and other analytical tools, economic research and forecasts, business intelligence and company information products, and commercial real estate data and analytical tools
Reform Act	Credit Rating Agency Reform Act of 2006
REIT	Real Estate Investment Trust
Reis, Inc. (Reis)	A leading provider of U.S. commercial real estate (CRE) data; acquired by the Company in October 2018.
Relationship Revenue	For MIS, represents recurring monitoring fees of a rated debt obligation and/or entities that issue such obligations, as well as revenue from programs such as commercial paper, medium-term notes and shelf registrations. For MIS Other represents subscription-based revenue. For MA, represents subscription-based revenue and software maintenance revenue
Reporting unit	The level at which Moody's evaluates its goodwill for impairment under U.S. GAAP; defined as an operating segment or one level below an operating segment
SaaS	Software-as-a-Service
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
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
SSP	Standalone selling price
T&M	Time-and-Material
Tax Act	The "Tax Cuts and Jobs Act" enacted into U.S. law on December 22, 2017, which significantly amends the tax code in the U.S.
Total Debt	All indebtedness of the Company as reflected on the consolidated balance sheets
Transaction Revenue	For MIS, represents the initial rating of a new debt issuance as well as other one-time fees. For MIS Other, represents revenue from professional services as well as data services, research and analytical engagements. For MA, represents perpetual software license fees and revenue from software implementation services, risk management advisory projects, training and certification services, and research and analytical engagements
U.K.	United Kingdom
U.S.	United States
USD	U.S. dollar
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

TERM	DEFINITION
WACC	Weighted Average Cost of Capital
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 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
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; backstops CP issued under the CP Program
2015 Indenture	Supplemental indenture and related agreements dated March 9, 2015, relating to the 2015 Senior Notes
2015 Senior Notes	Principal amount of € 500 million, 1.75% senior unsecured notes issued March 9, 2015; repaid in 2018
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 Notes Due 2023 and 2028, and the supplemental indenture and related agreements dated June 12, 2017, relating to the 2017 Notes Due 2023 and 2028
2017 Senior Notes Due 2023	Principal amount of $500 million, 2.625% senior unsecured notes due January 15, 2023
2017 Senior Notes Due 2028	Principal amount of $500 million, 3.25% senior unsecured notes due January 15, 2028
2017 Senior Notes Due 2021	Principal amount of $500 million, 2.75% senior unsecured notes due in 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; amounts under the 2017 Term Loan were repaid in 2018
2018 Facility	Five-year unsecured revolving credit facility, with capacity to borrow up to $1 billion; replaced the 2015 Facility; backstops CP issued under the CP Program
2018 Senior Notes	Principal amount of $300 million, 3.25% senior unsecured notes due June 7, 2021
2018 Senior Notes (10-year)	Principal amount of $400 million, 4.25% senior unsecured notes due February 1, 2029
2018 Senior Notes (30-year)	Principal amount of $400 million, 4.875% senior unsecured notes due December 17, 2048
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) learning solutions 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 130 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, 2018, MIS had the following ratings relationships:

» Approximately 4,800 rated non-financial corporate issuers;

» Approximately 4,100 rated financial institutions issuers;

» Approximately 17,600 rated public finance issuers (including sovereign, sub-sovereign and supranational issuers);

» Approximately 9,600 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 RD&A business, MA offers subscription based research, data and analytical products, including credit ratings produced by MIS, credit research, quantitative credit scores and other analytical tools, economic research and forecasts, business intelligence and company information products, and commercial real estate data and analytical tools. 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 learning solutions and certification programs. MA customers represent more than 11,100 institutions worldwide operating in over 150 countries. During 2018, Moody's research website was accessed by over 281,000 individuals including 38,000 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 developed 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 the customer base as data demands, 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 historically 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 has moderated. Nonetheless, we expect that MA products and services that enable compliance with financial regulation and accounting standards 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 should 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. 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 in the U.S. include Fitch Ratings, Dominion Bond Rating Service (DBRS), A.M. Best Company, Kroll Bond Rating Agency Inc., and Morningstar Inc. In Europe, there are approximately 45 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, some of which are global entities and compete across regions and asset classes, while others focus on particular asset classes and regions.

MA competes broadly in the financial information industry against diversified competitors such as Refinitiv, Bloomberg, S&P Global Market Intelligence, Fitch Solutions, D&B, 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, Refinitiv, 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 and providers of offshore research and analytical services such as Evalueserve and CRISIL Global Research & Analytics.

MOODY'S STRATEGY

Moody's corporate mission 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 2018, Moody's continued to invest in and acquire complementary businesses in MIS and MA. In May 2018, Moody's acquired a minority stake in QuantCube Technology, an innovative provider of real-time, AI-based predictive analytics for corporate customers, financial institutions and investment managers. The investment complements a series of initiatives across the company to harness innovative and emerging technologies. In August 2018, Moody's acquired Omega Performance, a leading provider of online credit training. The acquisition adds to MA's suite of industry-leading learning solutions and reinforces MA as a market standard in credit proficiency for financial institutions worldwide. In October 2018, Moody's invested in Team8 Partners II, L.P., the second vehicle raised by Team8, a leading think tank and company creation platform specializing in cybersecurity and data resilience. The investment builds on Moody's investments and initiatives in cybersecurity and emerging technologies. Also in October 2018, Moody's completed the acquisition of Reis, Inc., a leading provider of U.S. commercial real estate (CRE) data. The acquisition further expands MA's network of data and analytics providers in the CRE space, including investments in start-ups that apply innovative approaches and new technologies to source data and deliver tools to the market. In November 2018, Moody's announced it had entered an agreement to acquire a minority stake in ICR Chile, a leading provider of domestic credit ratings in Chile. The transaction adds to Moody's growing presence across Latin America.

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 (ESMA) 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. Two such reports were published in the first half of 2018. The first report provided 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 discussed ESMA's observations on CRA's fee practices. Further, in March 2018, ESMA published a consultation report seeking feedback on the extent to which EU regulation should be applied to CRAs operating outside of the EU to make their ratings eligible for regulatory use in the EU. In July 2018, ESMA published its final guidance on the applicability of EU regulation to endorsed ratings, with an effective date of January 1, 2019. In the final guidance, ESMA indicated that as long as the underlying principles of the EU rules were adhered to, ESMA did not expect that the EU's CRA rules would need to be exported to non-EU jurisdictions for endorsement purposes.

Separately, on June 23, 2016, the U.K. voted through a referendum to exit the EU. The U.K. officially launched the exit process by submitting its Article 50 letter to the EU, informing it of the U.K.'s intention to exit. The submission of this letter started the clock on the negotiation of the terms of exit, which originally was expected to take up to two years, but may take longer.

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 indicated 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 from third parties certain technology, data and other intellectual property rights. Specifically, Moody's obtains licenses from third parties to use financial information (such as market and index data, financial statement data, research data, default data, and security identifiers) as well as software development tools and libraries. In addition, 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 routine functions in certain of the Company's software products. Most of such technology and intellectual property is available from a variety of sources. Although certain financial information (particularly security identifiers, certain pricing or index data, and certain company financial data in selected geographic markets sourced by Bureau van Dijk) is available from a limited number of sources, Moody's does not believe it is dependent on any one data source for a material aspect of its business.

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

EMPLOYEES

As of December 31, 2018 the number of full-time equivalent employees of Moody's was approximately 13,000.

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, 59 *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, 61 *Chief Risk Officer*	Mr. Cantor has served as the Company's Chief Risk Officer 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.

Name, Age and Position	Biographical Data
Robert Fauber, 48 *President, Moody's Investors Service*	Mr. Fauber has served as President—Moody's Investors Service, Inc. 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 to 1996, Mr. Fauber worked at NationsBank (now Bank of America) in the middle market commercial banking group.
John J. Goggins, 58 *Executive Vice President and General Counsel*	Mr. Goggins has served as the Company's Executive Vice President and General Counsel since April 2011 and the Company's Senior Vice President and General Counsel from October 2000 until April 2011. Mr. Goggins joined Moody's Investors Service, Inc. in February 1999 as Vice President and Associate General Counsel.
Melanie Hughes, 56 *Senior Vice President and Chief Human Resources Officer*	Ms. Hughes has served as the Company's Senior Vice President—Chief Human Resources Officer since September 2017. Prior to joining the Company, Ms. Hughes was Chief Human Resource Officer and 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.
Mark Kaye, 39 *Senior Vice President and Chief Financial Officer*	Mr. Kaye has served as the Company's Senior Vice President—Chief Financial Officer since August 2018. Prior to joining the Company, Mr. Kaye was Senior Vice President and Head of Financial Planning and Analysis at Massachusetts Mutual Life Insurance Company (MassMutual) since February 2016, and Chief Financial Officer of MassMutual U.S. since July 2015. Prior to that, Mr. Kaye served as Chief Financial Officer and Senior Vice President, Retirement Solutions, at Voya Financial from 2011 to 2015. Mr. Kaye previously held various senior financial and risk reporting positions at ING U.S. and ING Group, and was in the investment banking division of Credit Suisse First Boston.
Raymond W. McDaniel, Jr., 61 *President and Chief Executive Officer*	Mr. McDaniel has served as the Company's President and Chief Executive Officer 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, Inc. 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 a member of the Board of Trustees of Muhlenberg College.
Caroline Sullivan, 50 *Senior Vice President and Corporate Controller*	Ms. Sullivan has served as the Company's Senior Vice President—Corporate Controller since December 2018. Prior to joining the Company, Ms. Sullivan served in several roles at Bank of America, where her last position held was Managing Director and Global Banking Controller. Prior to that role, Ms. Sullivan supported the Global Wealth & Investment Management business from 2015 to 2017 in a variety of positions including Controller and was Chief Financial Officer for the Latin America region from 2014 to 2015. From 2011 to 2013, she served as the Legal Entity Controller for the bank's main broker dealer and other Merrill Lynch entities. Ms. Sullivan previously held various senior positions at several banks and a major accounting firm, and is a member of the American Institute of Certified Public Accountants.

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 and Moody's Customers 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.

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

Financial Reforms Outside the U.S. Affecting the Credit Rating Industry and Moody's Customers 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. Although the Commission published a report in 2016 concluding that no new European legislation was needed for the industry at that time, the report also stated that it would continue to monitor the credit rating industry and analyze approaches that may strengthen existing regulation. For example, in 2018, ESMA published final guidance on the applicability of EU regulation to endorsed ratings which became effective on January 1, 2019. See "Regulation" in Part 1, Item 1 of this annual report on Form 10-K for more information.

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.

In addition, regulators in Europe and other foreign markets in which MA is active have issued guidance similar to that issued in the U.S. relating to financial institutions' assessment and management of risks associated with third-party relationships. Such guidelines include the Committee of European Banking Supervisors Guidelines on Outsourcing and the European Banking Authority Recommendations on Outsourcing to Cloud Providers (each of which is expected to be superseded by the European Banking Authority's Guidelines on Outsourcing, currently under development and expected to be issued in early 2019). In light of this, MA's existing or potential bank and financial services customers subject to this guidance may continue to revise their third-party risk management policies and processes and the terms on which they do business with MA, which may delay or reduce sales to such customers, adversely affect MA's relationship with such customers, increase the costs of doing business with such customers and/or result in MA assuming greater financial and legal risk under service agreements with such customers.

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, and laws and regulations related to collection, use, accuracy, correction and sharing of personal information by CRAs. Additionally, as of the date of the filing of this annual report on Form 10-K, there remains uncertainty regarding the impact that Brexit will have on the credit rating industry within the U.K., the EU and other jurisdictions. Although Moody's will monitor these developments, 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 will continue to review the latest information available and may change its accounting estimates, which could require Moody's to record liabilities in the consolidated financial statements in future periods. See Note 20 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, including in Latin America, 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 and restrictions, such as those related to the U.S.'s relationship with China;

» 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;

» an extension or delay of the U.K.'s withdrawal from the EU, or the U.K. leaving the EU with no agreement in place ("hard 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;

» the transition away from LIBOR to the Secured Overnight Financing Rate, SOFR, as a benchmark reference for short-term interests;

» 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, including the expected relocation and/or restaffing of employees due to Brexit;

» 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. Some of Moody's operations require complex processes and, although the Company has instituted extensive controls to reduce the risk of error inherent in our operations, such risk cannot be completely eliminated. 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 became effective on May 25, 2018, greatly increased the jurisdictional reach of European Union privacy law and added a broad array of requirements for processing personal data, including the public disclosure of significant data breaches. Failure to comply with GDPR requirements could result in penalties of up to 4% of annual worldwide revenue. Additionally, other countries have enacted or are enacting data localization laws that require data to stay within their borders. Further, California recently enacted legislation, the California Consumer Privacy Act ("CCPA"), that will, among other things, require covered companies to provide new disclosures to California consumers, and afford such consumers new abilities to opt-out of certain sales of personal information, when it goes into effect on January 1, 2020. Legislators have stated that they intend to propose amendments to the CCPA before it goes into effect, and it remains unclear what, if any, modifications will be made to this legislation or how it will be interpreted. The effects of the CCPA potentially are significant, however, and may require us to modify our data processing practices and policies and to incur substantial costs and expenses. All of these evolving

compliance and operational requirements have required changes to certain business practices, thereby increasing costs, may result in negative publicity or increased operating costs, require significant management time and attention, and subject the Company to remedies that may harm its business, including fines or demands or orders that we modify or cease existing business practices, and expose it to litigation, regulatory actions, sanctions or other statutory penalties.

The Company has invested and continues to invest in risk management and information security measures in order to protect its systems and data, including employee training, disaster plans, and technical defenses. The cost and operational consequences of implementing, maintaining and enhancing further data or system protection measures could increase significantly to overcome increasingly intense, complex, and sophisticated global cyber threats. Despite the Company's best efforts, it is not fully insulated from 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, including the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive or confidential data, 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, fines, regulatory actions and scrutiny, sanctions or other statutory penalties, litigation, liability for failure to safeguard the Company's customers' information, or financial losses that are either not insured against or not fully covered through any insurance maintained by the Company. Any of the foregoing may have a material adverse effect on Moody's business, operating results and financial condition.

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 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, and may in the future, 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 limits 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, a re-emergence of the sovereign debt crisis in Europe, the ultimate Brexit outcome and current uncertainty in various other jurisdictions, 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 or their development of alternative, proprietary systems for assessing credit risk that replace the products currently purchased from Moody's. While Moody's seeks to compete primarily on the basis of the quality of its products and services, it 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 in a timely and cost-effective manner is a key factor in maintaining market share. Moody's competitors include both established companies with significant financial resources, brand recognition, market experience and technological expertise, and smaller companies which may be better poised to quickly adopt new or emerging technologies or respond to customer requirements. Competitors may develop quantitative methodologies or related services for assessing credit risk that customers and market participants may deem preferable, more cost-effective or more valuable than the credit risk assessment methods currently employed by Moody's, or may position, price or market their products in manners that differ from those utilized by Moody's. Moody's also competes indirectly against consulting firms and technology and information providers; 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. 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. Additionally, relocation and/or restaffing of employees due to Brexit could adversely affect our ability to attract and retain talent for our European operations. 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 and complete such transactions on favorable terms. If Moody's is unsuccessful in completing such transactions on favorable terms or if opportunities for expansion do not arise, its business, operating results and financial condition could be materially adversely affected. Additionally, the Company makes 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 that impair the value of purchased goodwill or intangible assets; diversion of management's focus from other business operations; failure to implement or remediate controls, procedures and policies appropriate for a larger public company at acquired companies that prior to the acquisition lacked such controls, procedures and policies; challenges retaining the customers of the acquired business; coordination of product, sales, marketing and program and systems management functions; integration of employees from the acquired business into Moody's organization; integration of the acquired business's accounting, information technology, human resources, legal and other administrative systems with Moody's; 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, 2018, Moody's had $3,781.3 million of goodwill and $1,566.1 million of intangible assets on its balance sheet, both of which increased significantly due to the acquisition of Bureau van Dijk in 2017. Approximately 94% of the goodwill and intangible assets reside in the MA business, including those related to Bureau van Dijk, and are allocated to the six reporting units within MA: Content; ERS; MALS; MAKS; Bureau van Dijk; and Reis. The remaining 6% of goodwill and intangible assets reside in MIS and primarily relate to ICRA. Failure to achieve business objectives and financial projections in any of these reporting units could result in a significant asset impairment charge, which would result in a non-cash charge to operating expenses. Goodwill and intangible assets are tested for impairment on an annual basis and also when events or changes in circumstances indicate that impairment may have occurred. Determining whether an impairment of goodwill exists can be especially difficult in periods of market or economic uncertainty and turmoil, and requires significant management estimates and judgment. In addition, the potential for goodwill impairment is increased during periods of economic uncertainty. An asset impairment charge could have a material adverse effect on Moody's business, operating results and financial condition.

The 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. The Company's ability to establish, maintain and protect its intellectual property and proprietary rights against theft, misappropriation or infringement could be materially and adversely affected by insufficient and/or changing proprietary rights and intellectual property legal protections in some jurisdictions and markets. These risks, and the cost, time and resources needed to address them, may increase as the Company's business grows and its profile rises in countries with intellectual property regimes that are less protective than the rules and regulations applied in the United States.

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

For example, 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 the Company's determination of its 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 the Company's 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, 2018, Moody's operations were conducted from 21 U.S. offices and 105 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 20 "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, 2018:

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	140,682	$ 159.08	140,235	$ 1,357.4 million
November 1 – 30	127,843	$ 149.80	127,488	$ 1,338.3 million
December 1 – 31	94,524	$ 149.03	93,920	$ 1,324.3 million
Total	363,049	$ 153.20	361,643	

(1) Includes surrender to the Company of 447, 355 and 604 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, which at December 31, 2018 had approximately $324 million of remaining authority. On October 22, 2018, the Board approved an additional $1 billion for the share repurchase program, which may commence following the completion of the existing program. There is no established expiration date for the remaining authorization.

During the fourth quarter of 2018, Moody's issued a net 57 thousand shares under employee stock-based compensation plans.

COMMON STOCK INFORMATION

The Company's common stock trades on the New York Stock Exchange under the symbol "MCO". The number of registered shareholders of record at January 31, 2019 was 1,902. A substantially greater number of the Company's common stock is held by beneficial holders whose shares of record are held by banks, brokers and other financial institutions.

EQUITY COMPENSATION PLAN INFORMATION

The table below sets forth, as of December 31, 2018, 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	5,446,379(1)	$ 69.86	19,187,078(3)
Equity compensation plans not approved by security holders	—	$ —	—
Total	5,446,379	$ 69.86	19,187,078

(1) Includes 4,299,113 options and unvested restricted shares outstanding under the Company's 2001 Key Employees' Stock Incentive Plan and 9,145 unvested restricted shares outstanding under the 1998 Non-Employee Directors' Stock Incentive Plan. This number also includes a maximum of 1,138,121 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 2016 and 2017 and the maximum payout of 200% of the target award for performance shares granted in 2018. Assuming payout at target, the number of shares to be issued upon the vesting of outstanding performance share awards is 520,534.

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

(3) Includes 15,500,780 shares available for issuance as under the 2001 Stock Incentive Plan, of which all may be issued as options and 9,183,720 may be issued as restricted stock, performance shares or other stock-based awards under the 2001 Stock Incentive Plan and 903,463 shares available for issuance as options, shares of restricted stock or performance shares under the 1998 Directors Plan, and 2,782,835 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.

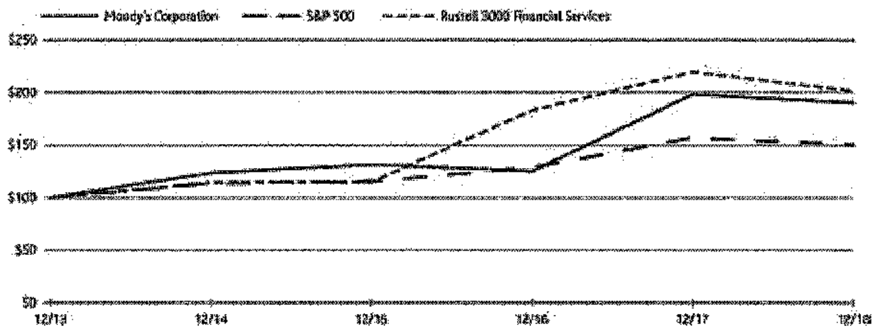
PERFORMANCE GRAPH

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, 2013. The comparison also assumes the reinvestment of dividends, if any. The total return for the common stock was 90% during the performance period as compared with a total return during the same period of 101% for the Russell 3000 Financial Services Index and 50% for the S&P 500 Composite Index.

Comparison of Cumulative Total Return

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,					
	2013	2014	2015	2016	2017	2018
Moody's Corporation	$100.00	$123.67	$131.20	$125.17	$198.42	$190.28
S&P 500 Composite Index	$100.00	$113.69	$115.26	$129.05	$157.22	$150.33
Russell 3000—Financial Services Index	$100.00	$114.05	$114.62	$183.03	$219.54	$201.21

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	2018	2017	2016	2015	2014
Results of operations					
Revenue	**$4,442.7**	$4,204.1	$ 3,604.2	$3,484.5	$3,334.3
Expenses					
Operating and SG&A Expenses (1)	**2,325.6**	2,202.5	1,950.8	1,880.3	1,788.9
Restructuring	**48.7**	—	12.0	—	—
Depreciation and amortization	**191.9**	158.3	126.7	113.5	95.6
Acquisition-Related Expenses	**8.3**	22.5	—	—	—
Settlement Charge	**—**	—	863.8	—	—
Total Expenses	**2,574.5**	2,383.3	2,953.3	1,993.8	1,884.5
Operating income (2)	**1,868.2**	1,820.8	650.9	1,490.7	1,449.8
Non-operating (expense) income, net (3)(1)	**(197.2)**	(34.0)	(92.9)	(111.1)	11.2
Income before provision for income taxes (2)	**1,671.0**	1,786.8	558.0	1,379.6	1,461.0
Provision for income taxes (4)	**351.6**	779.1	282.2	430.0	455.0
Net income (2)	**1,319.4**	1,007.7	275.8	949.6	1,006.0
Less: Net income attributable to noncontrolling interests	**9.8**	7.1	9.2	8.3	17.3
Net income attributable to Moody's (2)(5)	**$1,309.6**	$1,000.6	$ 266.6	$ 941.3	$ 988.7
Earnings per share					
Basic (2)	**$ 6.84**	$ 5.24	$ 1.38	$ 4.70	$ 4.69
Diluted (2)	**$ 6.74**	$ 5.15	$ 1.36	$ 4.63	$ 4.61
Weighted average shares outstanding					
Basic	**191.6**	191.1	192.7	200.1	210.7
Diluted	**194.4**	194.2	195.4	203.4	214.7
Dividends declared per share	**$ 1.76**	$ 1.14	$ 1.49	$ 1.39	$ 1.18
Operating margin (2)	**42.1%**	43.3%	18.1%	42.8%	43.5%
Operating Cash Flow (6)	**$1,461.1**	$ 754.6	$ 1,259.2	$1,198.1	$1,077.3

	December 31,				
	2018	2017	2016	2015	2014
Balance sheet data					
Total assets	**$9,526.2**	$8,594.2	$ 5,327.3	$5,103.0	$4,653.8
Long-term debt	**$5,226.1**	$5,111.1	$ 3,063.0	$3,380.6	$2,532.1
Total shareholders' equity (deficit)	**$ 656.5**	$ (114.9)	$(1,027.3)	$ (333.0)	$ 42.9

(1) Pursuant to the adoption of a new accounting standard relating to pension accounting as more fully discussed in Note 1, only the service cost component of net periodic expense is classified within operating and SG&A expenses with the remaining components being classified as non-operating (expenses) income. Prior period results have been restated to reflect this classification.

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

(3) 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 a $34.8 million FX gain relating to the substantial liquidation of a subsidiary. The 2015 and 2014 amounts include benefits of $7.1 million each, related to the favorable resolution of certain Legacy Tax Matters. The 2014 amount also includes the ICRA Gain of $102.8 million.

(4) Provision for income taxes in the year ended December 31, 2018 includes a charge of $63.9 million relating to an increase in non-U.S. UTPs, partially offset by a $59.0 million benefit from potential realization of foreign tax credits and other adjustments to previous estimates relating to the Tax Act. 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 16 to the consolidated financial statements in Item 8 of this Form 10-K.

(5) The 2018 amount includes: i) a $59.0 million ($0.30 per share) benefit related to the impact of U.S. tax reform, ii) a $63.9 million ($0.33 per share) charge related to an increase to non-U.S UTPs; and iii) $36.8 million ($0.19 per share) net restructuring charge. The 2017 amount includes: i) a $245.6 million ($1.27 per share) 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) an $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 and 2014 amounts include benefits of $6.4 million ($0.03 per share) each 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).

(6) 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.

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 57 and Item 1A. "Risk Factors" commencing on page 17 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) learning solutions 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 offers subscription based research, data and analytical products, including credit ratings produced by MIS, credit research, quantitative credit scores and other analytical tools, economic research and forecasts, business intelligence and company information products, and commercial real estate data and analytical tools. 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 learning solutions 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 accounting principles generally accepted in the United States. The preparation of these financial statements requires Moody's to make estimates and judgments that affect reported amounts of assets and liabilities and related disclosures of contingent assets and liabilities at the dates of the financial statements and revenue and expenses during the reporting periods. These estimates are based on historical experience and on other assumptions that are believed to be reasonable under the circumstances. On an ongoing basis, Moody's evaluates its estimates, including those related to revenue recognition, accounts receivable allowances, contingencies, restructuring, goodwill and acquired intangible assets, pension and other retirement benefits, and income taxes. Actual results may differ from these estimates under different assumptions or conditions. The following accounting estimates are considered critical because they are particularly dependent on management's judgment about matters that are uncertain at the time the accounting estimates are made and changes to those estimates could have a material impact on the Company's consolidated results of operations or financial condition.

Goodwill and Other Acquired Intangible Assets

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

The Company has eight 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 six reporting units within MA: Content, ERS, MALS (formerly FSTC), MAKS, Bureau van Dijk and Reis. The Content reporting unit offers subscription based research, data and analytical products, including credit ratings produced by MIS, credit research, quantitative credit scores and other analytical tools, economic research and forecasts, business intelligence and company information products, and credit analytical 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 MALS reporting unit consists of the portion of the MA business that offers both credit training as well as other professional development training. The MAKS reporting unit provides offshore research and analytical services. The Bureau van Dijk reporting unit consists of the Bureau van Dijk business, which was acquired on August 10, 2017, and primarily provides business intelligence and company information products. The Reis reporting unit, consists of the newly acquired Reis business, and provides commercial real estate market information and analytical tools.

The Company evaluates the recoverability of goodwill using a two-step impairment test approach at the reporting unit level. In the first step, the Company assesses various qualitative factors to determine whether the fair value of a reporting unit may be less than its carrying amount. If a determination is made based on the qualitative factors that an impairment does not exist, the Company is not required to perform further testing. If the aforementioned qualitative assessment results in the Company concluding that it is more likely than not that the fair value of a reporting unit may be less than its carrying amount, the fair value of the reporting unit will be quantitatively determined and compared to its carrying value including goodwill. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired and the Company is not required to perform further testing. If the fair value of the reporting unit is less than the carrying value, the Company will record a goodwill impairment charge for the amount by which the carrying value exceeds the reporting unit's fair value in accordance with
ASU No. 2017-04, "Intangibles—Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment". The Company evaluates its reporting units on an annual basis, or more frequently if there are changes in the reporting structure of the Company due to acquisitions, realignments or if there are indicators of potential impairment. For the reporting units where the Company is consistently able to conclude that no impairment exists using only a qualitative approach, the Company's accounting policy is to perform the second step of the aforementioned goodwill impairment assessment at least once every three years.

At July 31, 2018, the Company performed quantitative assessments of the ERS, MALS, MAKS and ICRA reporting units and a qualitative assessment for the remaining reporting units. No quantitative assessment resulted in the carrying value of the reporting unit exceeding its fair value. Each qualitative analysis resulted in the Company determining that it was not more likely than not that the fair value of the reporting unit was less than its carrying amount.

The Company quantitatively tested the ERS, MALS, MAKS and ICRA reporting units as of July 31, 2018 due to the factors outlined below:

» ERS – this reporting unit was quantitatively assessed to update its valuation to reflect the current assumptions relating to the timing of a strategic shift in the business away from lower margin sales of highly customized software solutions to higher margin SaaS sales. This migration to SaaS sales is expected to contribute to a more stable and more profitable base of recurring revenue over the medium to long-term. In 2018, the Company revised its projections for ERS to reflect a faster deterioration of the lower margin sales of highly customized software solutions than was previously projected in 2017.

» MALS and MAKS – these reporting units were quantitatively assessed at the discretion of the Company as they have historically been the reporting units with the lowest amount by which the fair value of a reporting unit exceeds its carrying value.

» ICRA – this reporting unit was tested quantitatively due to it having a readily available fair value based on its stock price.

Determining the fair value of a reporting unit or an indefinite-lived acquired intangible asset (including its estimated useful life) involves the use of significant estimates and assumptions. These estimates and assumptions include projections of future operating results and cash flows of each reporting unit that are based on internal budgets and strategic plans, expected long-term growth rates, terminal values, weighted average cost of capital, the effects of external factors and market conditions as well as appropriate comparable market metrics. However, as these estimates and assumptions are unpredictable and inherently uncertain, actual future results may differ from these estimates and the time frame of such changes may be rapid. 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, 2018 and 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 (July 31, 2018 for ERS, MALS, MAKS and ICRA; July 31, 2016 for MIS and Content).

		Sensitivity Analysis			
		Deficit Caused by a Hypothetical Reduction to Fair Value			
	Goodwill	10%	20%	30%	40%
MIS	$ 45.9	$ —	$ —	$ —	$ —
Content	342.9	—	—	—	—
ERS	609.1	—	—	(33.1)	(169.2)
MALS (1)	120.7	—	—	—	(2.9)
MAKS	181.4	—	—	—	(21.6)
ICRA	215.2	—	—	(1.2)	(59.6)
Bureau van Dijk (2)	2,080.1	N/A	N/A	N/A	N/A
Reis (3)	186.0	N/A	N/A	N/A	N/A
Totals	$3,781.3	$ —	$ —	$ (34.3)	$ (253.3)

(1) Omega Performance was acquired subsequent to the Company's annual goodwill impairment assessment as of July 31, 2018. Goodwill related to this acquisition is reported within the MALS reporting unit.

(2) Bureau van Dijk was acquired in August 2017 and has not yet been subject to a quantitative goodwill assessment. The purchase price approximates the fair value of the reporting unit at July 31, 2018, and accordingly, Bureau van Dijk was not subject to the sensitivity analysis above.

(3) Reis was acquired in October 2018, subsequent to the Company's annual goodwill impairment assessment as of July 31, 2018. Due to the close proximity of the Reis acquisition to December 31, 2018, the purchase price approximates the fair value of the reporting unit.

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

The following is a discussion regarding the Company's methodology for determining the fair value of its reporting units, excluding ICRA, as of the date of each reporting unit's last quantitative assessment (July 31, 2018 for ERS, MALS, and MAKS and July 31, 2016 for MIS and Content). As ICRA is a publicly traded company in India, the Company was able to observe its fair value based on its market capitalization.

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

The sensitivity analyses on the future cash flows and WACC assumptions described below are as of each reporting unit's last quantitative goodwill impairment assessment. 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 budget 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 inflation and real GDP growth rates. A sensitivity analysis of the revenue growth rates was performed on all reporting units. For each reporting unit analyzed, a 10% decrease in the revenue growth rates used would not have resulted in its carrying value exceeding its 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 and an equity risk factor, which is derived from public companies similar to the reporting unit and which captures the perceived risks and uncertainties associated with the reporting unit's cash flows. The cost of debt component is calculated as the weighted average cost associated with all of the Company's outstanding borrowings as of the date of the impairment test and was immaterial to the computation of the WACC. The cost of debt and equity is weighted based on the debt to market capitalization ratio of publicly traded companies with similarities to the reporting unit being tested. The WACC for all reporting units ranged from 8.5% to 10.5% as of the date of the reporting unit's most recent quantitative assessment. Differences in the WACC used between reporting units is primarily due to distinct risks and uncertainties regarding the cash flows of the different reporting units. A sensitivity analysis of the WACC was performed on all reporting units as of the date of the reporting unit's last quantitative goodwill impairment assessment. For each reporting unit analyzed, an increase in the WACC of one percentage point would not result in its carrying value exceeding its fair value.

Income Taxes

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

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

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

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 in 2017. In 2018, the IRS issued notices clarifying certain aspects of the transition tax. As a result, the Company reduced its provision for the transition tax by $10.9 million. The IRS may issue additional regulations or notices in future periods to clarify or amend provisions of the Tax Act and such guidance could result in revisions in future periods to the amounts recorded for the existing provisions and interpretations of the Tax Act. In addition, in 2018 the Company recorded a deferred tax asset of $48.1 million related to potential foreign tax credits which could be realized if certain UTPs resulted in tax assessments. The transition tax liability reported on the Company's 2017 tax return is payable over eight years starting in 2018 and will not accrue interest. Due to the reduction in U.S. corporate income tax rates beginning in 2018, a decrease of $56.2 million was recorded to net deferred tax assets in 2017. The above amounts may be impacted by a number of additional considerations, including but not limited to the issuance of regulations and the Company's ongoing analysis of the new law.

Pursuant to the Tax Act being signed into law, all previously undistributed foreign earnings became subject to U.S. tax. In light of U.S tax reform, the Company has reassessed its capital allocation strategy, including reevaluating its global cash position and revising its plans for repatriating or reinvesting foreign earnings. The Company regularly evaluates in which entities it will indefinitely reinvest earnings outside the U.S. The Company has provided non-U.S. deferred taxes for those entities whose earnings are not considered indefinitely reinvested outside of the U.S.

Revenue Recognition and Costs to Obtain a Contract with a Customer

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

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

Determination of performance obligations:
When contracts with customers contain multiple performance obligations, the Company accounts for individual performance obligations separately if they are distinct.

In the Company's MIS segment, revenue arrangements with multiple elements are generally comprised of two distinct performance obligations, initial rating fees and the related monitoring services. Revenue attributed to initial ratings of issued securities is generally recognized when the rating is delivered to the issuer, whereas revenue from monitoring related to MIS's ratings is recognized ratably over the period in which the monitoring is performed.

In the MA segment, contracts with customers often include promises to transfer multiple products and services to a customer. When arrangements for software, content or SaaS licenses also include related implementation services, the Company may be required to exercise significant judgment in determining the level of integration and interdependency between the promise to grant the software license and the promise to deliver the related implementation services. This determination influences whether the software license is considered distinct and accounted for separately (with revenue generally being recognized at the time the product master or first copy is delivered or transferred to the customer), or not distinct and accounted for together with the implementation services (with revenue being recognized on a percentage-of-completion basis as implementation services are performed).

Allocating consideration to performance obligations:
Management judgment is also required in the determination of the SSP, which is utilized to allocate the consideration from a contract with a customer to each distinct performance obligation.

In the MIS segment, the Company allocates the transaction price within arrangements that include multiple elements based upon the relative SSP of each service at contract inception. The SSP for monitoring fees in these arrangements is generally based upon directly observable selling prices where the monitoring service is sold separately. The Company generally utilizes management's best estimate of SSP for initial rating fees and considers all available data points. MIS generally provides initial ratings only in transactions with customers that include monitoring services related to the rating.

In the MA segment, revenue is generally allocated to all performance obligations based upon the relative SSP at contract inception. For performance obligations where an observable price exists, such as PCS, the observable price is utilized. If an observable price does not currently exist, the Company will utilize management's best estimate of SSP for that good or service using estimation methods that maximize the use of observable data points.

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

Costs to Obtain a Contract with a Customer:
Costs incurred to obtain customer contracts, such as sales commissions, are deferred and recorded within other current assets and other assets when such costs are determined to be incremental to obtaining a contract, would not have been incurred otherwise and the Company expects to recover those costs. These costs are amortized to expense consistent with the recognition pattern of the related revenue over time. Depending on the line of business to which the contract relates, this amortization period may be based upon the average economic life of the products sold or average period for which services are provided, inclusive of anticipated contract renewals. Determining the estimated economic life of the products sold requires judgment with respect to anticipated future technological changes/product enhancements.

Contingencies
Accounting for contingencies, including those matters described in Note 20 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.

Accounts Receivable Allowances and Contract Assets

Moody's records variable consideration in respect of estimated future adjustments to customer billings as an adjustment to revenue, using the expected value method based on analysis of similar contracts in the same line of business. Such amounts are reflected as additions to the accounts receivable allowance, or to contract assets. Additionally, estimates of uncollectible accounts are recorded as bad debt expense and are reflected as additions to the accounts receivable allowance. Actual billing adjustments are recorded against the allowance, or contract asset, depending on the nature of the adjustment. Actual 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. 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 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.

Pension and Other Retirement Benefits

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

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

The discount rates used to measure the present value of the Company's benefit obligation for its Retirement Plans as of December 31, 2018 were derived using a cash flow matching method whereby the Company compares each plan's projected payment obligations by year with the corresponding yield on the FTSE pension discount curve. The cash flows by plan are then discounted back to present value to determine the discount rate applicable to each plan.

Moody's major assumptions vary by plan and assumptions used are set forth in Note 14 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-2018 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, 2018 that have not been recognized in annual expense are $83.5 million, and Moody's expects to recognize a net periodic expense of $3.6 million in 2019 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 returns could also affect the net periodic pension expense. As permitted under ASC Topic 715, the Company amortizes the impact of asset returns over a five-year period for purposes of calculating the market-related value of assets that is used in determining the expected return on assets' component of annual expense and in calculating the total unrecognized gain or loss subject to amortization. As of December 31, 2018, the Company has an unrecognized asset loss of $12.5 million, of which $4.3 million will be recognized in the market-related value of assets that is used to calculate the expected return on assets' component of 2020 expense.

The table below shows the estimated effect that a one percentage-point decrease in each of these assumptions will have on Moody's 2019 income before provision for income taxes. These effects have been calculated using the Company's current projections of 2019 expenses, assets and liabilities related to Moody's Retirement Plans, which could change as updated data becomes available.

(dollars in millions)	Assumption Used for 2019	Estimated Impact on 2019 Income before Provision for Income Taxes (Decrease)/Increase
Weighted Average Discount Rates (1)	4.07%/4.10%	$ (8.2)
Weighted Average Assumed Compensation Growth Rate	3.69%	$ 1.4
Assumed Long-Term Rate of Return on Pension Assets	5.65%	$ (3.6)

(1) Weighted average discount rates of 4.07% and 4.10% for pension plans and Other Retirement Plans, respectively.

A one percentage-point increase in assumed healthcare cost trend rates will not affect 2019 projected expenses. Based on current projections, the Company estimates that expenses related to Retirement Plans will be approximately $24 million in 2019, a decrease compared to the $30.7 million recognized in 2018.

Restructuring

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

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, 2018: 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 for the year ended December 31, 2018 include the financial results from Omega Performance and Reis, which were acquired in August 2018 and October 2018, respectively. Revenue for the PS LOB includes financial results from Omega Performance and revenue for RD&A LOB includes financial results from Reis.

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 legal.

RESULTS OF OPERATIONS

Year ended December 31, 2018 compared with year ended December 31, 2017

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 11, 2017. Additionally, Moody's completed the acquisitions of Omega Performance and Reis on August 16, 2018 and October 15, 2018, respectively. In the discussion below, reference to inorganic revenue growth refers to Bureau van Dijk's operating results from January 1, 2018 through and including August 10, 2018 as well as Reis and Omega Performance revenue from their respective acquisitions dates through December 31, 2018.

» Moody's revenue in 2018 totaled $4,442.7 million, an increase of $238.6 million, or 6%, compared to 2017, reflecting growth in MA being partially offset by declines in MIS.

» MIS external revenue was 2% lower compared to the prior year reflecting:

» lower non-financial corporate and infrastructure rated issuance volumes reflecting the confluence of unfavorable market factors, with the impact most notable in the fourth quarter of 2018;

» a decline in U.S. public finance issuance resulting from certain provisions of the Tax Act;

partially offset by:

» benefits from a favorable product mix and pricing increases;

» an increase in new ratings mandates; and

» demand for floating rate instruments (most notably in the first half of 2018), which resulted in strong CLO formation.

» MA external revenue grew 21% compared to the prior year primarily reflecting:

» approximately $202 million of inorganic revenue growth from the acquisitions of Bureau van Dijk, Reis and Omega, or approximately 14 percentage points of the growth; and

» strong growth in the credit research and rating data feeds product lines within RD&A.

» Total operating and SG&A expenses increased $123.1 million, or 6% compared to 2017, with the most notable driver being approximately $120 million of inorganic expense growth from the aforementioned acquisitions.

» The restructuring charge in 2018 relates to a restructuring program approved in the fourth quarter of 2018, which is more fully discussed in Note 10 to the consolidated financial statements.

» D&A increased $33.6 million primarily due to amortization of intangible assets acquired as part of the Bureau van Dijk acquisition.

» Operating income of $1,868.2 million in 2018 increased $47.4 million compared to 2017 and resulted in an operating margin of 42.1%, compared to 43.3% in the prior year. Adjusted Operating Income of $2,117.1 million in 2018 increased $115.5 million compared to 2017, resulting in an Adjusted Operating Margin of 47.7% compared to 47.6% in the prior year.

» The change in total non-operating (expense) income, net compared to the prior year is primarily due to the $59.7 million CCXI Gain and $111.1 million Purchase Price Hedge Gain in 2017.

» The ETR in 2018 was 21.0%, down from 43.6% for the prior-year period. The ETR in 2018 benefitted from the impact of an enacted lower corporate tax rate in the U.S. pursuant to the Tax Act and lower non-U.S. effective tax rates. The ETR in 2017 included a net charge of approximately $246 million related to the impacts of tax reform in the U.S. and Belgium partially offset by the non-taxable CCXI Gain.

» Diluted EPS and Adjusted Diluted EPS in 2018 of $6.74 and $7.39, respectively, increased 31%, and 22%, respectively, compared to 2017, with approximately 10 percentage points of the growth due to the favorable impact of the Tax Act on the ETR. Refer to the section entitled "Non-GAAP Financial Measures" of this MD&A for items excluded in the derivation of Adjusted Diluted EPS.

Moody's Corporation

	Year Ended December 31, 2018	2017	% Change Favorable (Unfavorable)
Revenue:			
United States	$2,329.6	$2,348.4	(1%)
Non-U.S.:			
EMEA	1,377.0	1,131.7	22%
Asia-Pacific	493.2	471.4	5%
Americas	242.9	252.6	(4%)
Total Non-U.S.	2,113.1	1,855.7	14%
Total	4,442.7	4,204.1	6%
Expenses:			
Operating	1,245.5	1,216.6	(2%)
SG&A	1,080.1	985.9	(10%)
Restructuring	48.7	—	NM
Depreciation and amortization	191.9	158.3	(21%)
Acquisition-Related Expenses	8.3	22.5	63%
Total	2,574.5	2,383.3	(8%)
Operating income	$1,868.2	$1,820.8	3%
Adjusted Operating Income (1)	$2,117.1	$2,001.6	6%
Interest expense, net	$ (216.0)	$ (208.5)	(4%)
Other non-operating income, net	18.8	3.7	NM
Purchase Price Hedge Gain	—	111.1	NM
CCXI Gain	—	59.7	NM
Non-operating (expense) income, net	$ (197.2)	$ (34.0)	NM
Net income attributable to Moody's	$1,309.6	$1,000.6	31%
Diluted weighted average shares outstanding	194.4	194.2	—
Diluted EPS attributable to Moody's common shareholders	$ 6.74	$ 5.15	31%
Adjusted Diluted EPS (1)	$ 7.39	$ 6.07	22%
Operating margin	42.1%	43.3%	
Adjusted Operating Margin (1)	47.7%	47.6%	
Effective tax rate	21.0%	43.6%	

(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, 2018	2017	% Change
United States	4,008	3,591	12%
Non-U.S.	9,049	8,305	9%
Total	13,057(1)	11,896	10%

(1) Includes approximately 275 employees from the acquisition of Reis and Omega Performance

Global revenue of $4,442.7 million in 2018 increased $238.6 million, or 6%, compared to 2017 reflecting growth in MA partially offset by declines in MIS. Refer to the section entitled "Segment Results" of this MD&A for a more fulsome discussion of the Company's segment revenue.

Transaction Revenue accounted for 44% of global MCO revenue in 2018 compared to 50% in 2017.

U.S. revenue of $2,329.6 million in 2018 decreased $18.8 million over the prior year reflecting declines in MIS being partially offset by growth in MA.

Non-U.S. revenue of $2,113.1 million increased $257.4 million from 2017 reflecting growth in both reportable segments, and included approximately $167 million of inorganic revenue growth from Bureau van Dijk.

Operating expenses were $1,245.5 million in 2018, up $28.9 million from 2017, reflecting increases in non-compensation of approximately $38 million, partially offset by a decline in compensation cost of approximately $9 million. The increase in non-compensation costs is primarily due to inorganic expense growth related to the acquisitions of Bureau van Dijk, Reis and Omega. The decline in compensation costs reflects lower incentive compensation resulting from lower achievement against full-year targeted results compared to the prior year, partially offset by higher salaries and employee benefits expenses, which includes the impact of salary adjustments and hiring as well as inorganic expense growth related to the aforementioned acquisitions.

SG&A expenses of $1,080.1 million in 2018 increased $94.2 million from the prior year reflecting increases in non-compensation and compensation costs of approximately $65 million and $30 million, respectively. The increase in non-compensation costs primarily reflects inorganic expense growth related to the acquisition of Bureau van Dijk and higher legal costs. The increase in compensation costs reflects an increase in salaries and employee benefits expenses, which includes the impact of salary adjustments and hiring as well as inorganic expense growth related to the Bureau van Dijk, Reis and Omega Performance acquisitions. These increases were partially offset by lower incentive compensation reflecting lower achievement against full-year targeted results compared to the prior year.

The restructuring charge of $48.7 million relates to a restructuring program approved in the fourth quarter of 2018, which is more fully discussed in Note 10 to the consolidated financial statements.

D&A increased $33.6 million primarily due to amortization of intangible assets acquired as part of the Bureau van Dijk acquisition.

Operating income of $1,868.2 million in 2018 increased $47.4 million compared to 2017 and resulted in an operating margin of 42.1%, compared to 43.3% in the prior year. Adjusted Operating Income of $2,117.1 million in 2018 increased $115.5 million compared to 2017, resulting in an Adjusted Operating Margin of 47.7% compared to 47.6% in the prior year.

Interest expense, net in 2018 was $216.0 million, a $7.5 million increase in expense compared to 2017, primarily due to interest and fees on additional debt issued in 2017 to fund the acquisition of Bureau van Dijk and the issuance of additional notes issued in the second and fourth quarter of 2018, all of which are more fully discussed in Note 17 to the consolidated financial statements. Refer to the section entitled "Liquidity and Capital Resources" of this MD&A for further discussion regarding cash flows relating to the Company's indebtedness. This increase was partially offset by benefits from cross-currency swaps executed in 2018, which are more fully discussed in Note 6 to the consolidated financial statements. Additionally, interest expense in 2017 included approximately $7 million due to the Make Whole Amount on the prepayment of the Series 2007-1 Notes.

Other non-operating income, net was $18.8 million in 2018, a $15.1 million increase compared to 2017 primarily reflecting lower FX losses of approximately $5 million coupled with gains on the Company's investments in certain mutual funds.

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

The reduction in the ETR to 21.0% in 2018 primarily reflects the impact of an enacted lower corporate tax rate in the U.S. pursuant to the Tax Act. Additionally, the 2018 ETR includes additional UTPs of approximately $64 million relating to certain non-U.S. matters partially offset by a decrease relating to the transition tax liability of approximately $59 million. Furthermore, the 2018 ETR includes the benefit from lower non-U.S. effective tax rates. The ETR in 2017 was 43.6% and included a net charge of approximately $246 million related to the impacts of tax reform in the U.S. and Belgium and tax on the Purchase Price Hedge Gain, which was taxed in a higher tax jurisdiction. These items were partially offset by the non-taxable CCXI Gain in 2017.

Diluted EPS in 2018 of $6.74, which included a $0.19 restructuring charge, increased $1.59, or 31%, compared to 2017, which included both the $0.31 CCXI Gain and the $0.37 Purchase Price Hedge Gain. Adjusted Diluted EPS of $7.39 in 2018 increased $1.32, or 22%, compared to 2017 (refer to the section entitled "Non-GAAP Financial Measures" of this MD&A for items excluded in the derivation of Adjusted Diluted EPS). The favorable impact of the Tax Act on the ETR contributed approximately 10 percentage points of the growth for both Diluted EPS and Adjusted Diluted EPS.

Segment Results

Moody's Investors Service

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

	Year Ended December 31,		% Change Favorable (Unfavorable)
	2018	2017	
Revenue:			
Corporate finance (CFG)	$1,334.1	$1,392.7	(4%)
Structured finance (SFG)	526.5	495.5	6%
Financial institutions (FIG)	441.7	435.8	1%
Public, project and infrastructure finance (PPIF)	391.1	431.3	(9%)
Total ratings revenue	2,693.4	2,755.3	(2%)
MIS Other	19.0	18.5	3%
Total external revenue	2,712.4	2,773.8	(2%)
Intersegment royalty	124.0	111.7	11%
Total	2,836.4	2,885.5	(2%)
Expenses:			
Operating and SG&A (external)	1,166.7	1,223.3	5%
Operating and SG&A (intersegment)	12.3	16.0	23%
Adjusted Operating Income	1,657.4	1,646.2	1%
Restructuring	32.2	—	NM
Depreciation and amortization	64.9	74.7	13%
Operating income	$1,560.3	$1,571.5	(1%)
Adjusted Operating Margin	58.4%	57.1%	
Operating margin	55.0%	54.5%	

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

Global MIS revenue of $2,712.4 million in 2018 was down 2% compared to 2017, reflecting declines in CFG and PPIF being partially offset by growth in SFG and FIG and the favorable impact of changes in product mix and pricing increases.

Transaction Revenue for MIS was 62% in 2018, compared to 65% in 2017.

In the U.S., revenue was $1,619.2 million in 2018, down $83.6 million from 2017 reflecting declines in CFG and PPIF.

Non-U.S. revenue was $1,093.2 million in 2018, an increase of $22.2 million or 2%, compared to 2017, primarily reflecting strength in non-U.S. SFG revenue.

Global CFG revenue of $1,334.1 million in 2018 declined 4% compared to 2017 and reflected lower corporate debt issuance (both investment-grade and speculative-grade) resulting from a confluence of unfavorable cyclical market factors which included: i) higher U.S. benchmark interest rates; ii) increased capital market volatility; iii) widening of credit spreads; and iv) an increase in U.S. corporate sector liquidity subsequent to U.S. tax reform. These declines were partially offset by changes in product mix and pricing increases coupled with growth in new ratings mandates, which resulted in higher monitoring fees in all regions. Additionally, the decline compared to 2017 was partially offset by higher bank loan revenue in the first half of 2018 in the U.S. and EMEA resulting from favorable changes in product mix, M&A financing activity and investor demand for floating rate debt instruments earlier in the year. Transaction Revenue represented 69% and 73% of total CFG revenue in 2018 and 2017, respectively. In the U.S., revenue was $852.3 million, or 6% lower compared to the prior year. Non-U.S. revenue of $481.8 million was approximately flat compared to the prior year.

Global SFG revenue of $526.5 million in 2018 increased $31.0 million, or 6%, compared to 2017. In the U.S., revenue of $342.9 million increased $2.8 million over 2017 and reflected strength in CLO formation resulting from an increase in the supply of collateral and favorable market conditions in the first half of 2018, which facilitated both new securitizations and ongoing refinancing activity. These increases were partially offset by declines in REIT issuance compared to record issuance in 2017 coupled with lower CMBS issuance. Non-U.S. revenue in 2018 of $183.6 million increased $28.2 million compared to the prior year. This growth primarily reflects increases across most asset classes in the EMEA region, most notably in structured credit which has benefited from increased availability of loan collateral resulting from strength in leveraged loan issuance late in 2017 into early 2018. Transaction Revenue was 65% of total SFG revenue in both 2018 and 2017.

Global FIG revenue of $441.7 million in 2018 increased $5.9 million, or 1%, compared to 2017 primarily due to growth in the insurance sector reflecting issuance to fund M&A and refinancing activity as well as benefits from changes in product mix and pricing increases. These increases were partially offset by lower banking-related revenue in Asia-Pacific reflecting a decline in issuance from Chinese financial institutions. In the U.S., revenue of $194.6 million increased 5% compared to the prior year. Non-U.S. revenue was $247.1 million in 2018, down 1% compared to 2017. Transaction revenue was 42% of total FIG revenue in 2018, compared to 45% in the same period in 2017.

Global PPIF revenue was $391.1 million in 2018 and decreased 9% compared to 2017. In the U.S., revenue in 2018 was $228.8 million, a decrease of $37.6 million compared to 2017, primarily due to lower U.S. public sector supply following the enactment of the Tax Act, which disallowed certain tax exemptions for advance refunding transactions. Additionally, the decline reflects lower infrastructure finance rated issuance volumes. These decreases were partially offset by benefits from changes in product mix and pricing increases. Outside the U.S., PPIF revenue was $162.3 million and declined modestly compared to 2017. Transaction Revenue was 61% in 2018, compared to 65% in the same period of 2017.

Operating and SG&A expenses in 2018 decreased $56.6 million compared to 2017 primarily due to approximately $98 million in lower incentive compensation accruals reflecting lower achievement against full-year targeted results compared to the prior year. This decrease was partially offset by higher salaries and employee benefits costs reflecting salary adjustments and hiring coupled with higher legal costs.

The restructuring charge relates to a restructuring program approved in the fourth quarter of 2018, which is more fully discussed in Note 10 to the consolidated financial statements.

Adjusted Operating Income and operating income in 2018, which includes intersegment royalty revenue and intersegment expenses, were $1,657.4 million and $1,560.3 million, respectively, and were generally in line with the prior year. Operating income in 2018 included a $32.2 million restructuring charge. Adjusted Operating Margin was 58.4%, or 130BPS higher than the prior year. Operating margin was 55.0% in 2018 compared to 54.5% in the prior year.

Moody's Analytics

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

	Year Ended December 31,		% Change Favorable (Unfavorable)
	2018	2017	
Revenue:			
Research, data and analytics (RD&A)	**$1,134.1**	$ 832.7	36%
Enterprise risk solutions (ERS)	**437.4**	448.6	(2%)
Professional services (PS)	**158.8**	149.0	7%
Total external revenue	**1,730.3**	1,430.3	21%
Intersegment revenue	**12.3**	16.0	(23%)
Total MA Revenue	**1,742.6**	1,446.3	20%
Expenses:			
Operating and SG&A (external)	**1,158.9**	979.2	(18%)
Operating and SG&A (intersegment)	**124.0**	111.7	(11%)
Adjusted Operating Income	**459.7**	355.4	29%
Restructuring	**16.5**	—	NM
Acquisition-Related Expenses	**8.3**	22.5	63%
Depreciation and amortization	**127.0**	83.6	(52%)
Operating income	**$ 307.9**	$ 249.3	24%
Adjusted Operating Margin	**26.4%**	24.6%	
Operating margin	**17.7%**	17.2%	

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

Global MA revenue increased $300.0 million, or 21%, compared to 2017, primarily due to growth in RD&A, which included approximately $202 million of inorganic revenue growth from the acquisitions of Bureau van Dijk, Reis and Omega Performance, or 14 percentage points of the growth. 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 84% and 78% of total MA revenue in 2018 and 2017, respectively.

In the U.S., revenue of $710.4 million in 2018 increased $64.8 million, mainly reflecting growth in RD&A.

Non-U.S. revenue of $1,019.9 million in 2018 was $235.2 million higher than in 2017 primarily reflecting growth in RD&A, which included approximately $167 million of inorganic growth from Bureau van Dijk.

Global RD&A revenue of $1,134.1 million, which comprised 66% and 58% of total external MA revenue in 2018 and 2017, respectively, increased $301.4 million, or 36%, over the prior year period. RD&A revenue in 2018 included approximately $198 million of inorganic revenue growth, or 24 percentage points of the growth, from the Bureau van Dijk and Reis acquisitions. 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, coupled with strong organic growth from Bureau van Dijk. U.S. revenue of $480.4 million and non-U.S. revenue of $653.7 million increased 13% and 60%, respectively, compared to 2017.

Global ERS revenue of $437.4 million in 2018 decreased $11.2 million, or 2%, compared to 2017. This decrease primarily reflects a decline in perpetual software license sales and related implementation services as the business continues to transition to SaaS products sold on a subscription basis. These decreases were partially offset by continued strong demand for subscription-based products and benefits from pricing increases within ERS's recurring revenue base. In the U.S., revenue of $170.0 million increased 2% compared to the prior year. Non-U.S. revenue of $267.4 million decreased 5% compared to the prior year.

Global PS revenue of $158.8 million in 2018 increased $9.8 million compared to 2017 reflecting higher revenue from analytical and research services in EMEA, which benefited from strong new sales and improved customer retention, coupled with growth in U.S. learning solutions revenue mainly due to the acquisition of Omega Performance. In the U.S., revenue in 2018 was $60.0 million, up 10% compared to 2017. Non-U.S. revenue was $98.8 million, up 5% compared to 2017.

Operating and SG&A expenses in 2018 increased $179.7 million compared to 2017 primarily due to approximately $120 million of inorganic expense growth from the Bureau van Dijk, Reis and Omega Performance acquisitions. Additionally, the increase reflects higher compensation costs primarily resulting from salary adjustments and hiring as well as higher incentive compensation reflecting higher achievement against full-year targeted results compared to the prior year.

The restructuring charge relates to a restructuring program approved in the fourth quarter of 2018, which is more fully discussed in Note 10 to the consolidated financial statements.

Depreciation and amortization increased $43.4 million primarily due to the amortization of Bureau van Dijk's intangible assets.

Adjusted Operating Income was $459.7 million in 2018 and increased $104.3 million compared to the same period in 2017. Operating income of $307.9 million in 2018, which included a $16.5 million restructuring charge, increased $58.6 million compared to the same period in 2017. Adjusted Operating Margin in 2018 was 26.4%, up 180BPS from 2017. Operating margin was 17.7% in 2018, up 50BPS from the prior year, with the margin expansion being suppressed by the restructuring charge in 2018. Adjusted Operating Income and operating income both include intersegment revenue and expense.

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 8 to the financial statements, providing approximately seven additional percentage points to growth).

- Total operating expenses excluding D&A decreased $601.6 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 $1,820.8 million in 2017 increased $1,169.9 million compared to 2016 and resulted in an operating margin of 43.3%, compared to 18.1% in the prior year. Operating income and operating margin in 2016 were suppressed by the $863.8 million Settlement Charge. Adjusted Operating Income of $2,001.6 million in 2017 increased $348.2 million compared to 2016, resulting in an Adjusted Operating Margin of 47.6% compared to 45.9% 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 $51.2 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; and
  - 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.
- Full year 2017 Diluted EPS of $5.15 was up from $1.36 in 2016. Adjusted Diluted EPS of $6.07 was up 23% from $4.94 in 2016. Refer to the section entitled "Non-GAAP Financial Measures" of this MD&A for a full list of items excluded in the derivation of Adjusted Diluted EPS.

Moody's Corporation

	Year Ended December 31, 2017	2016	% Change Favorable (Unfavorable)
Revenue:			
United States	$2,348.4	$2,105.5	12%
Non-U.S.:			
EMEA	1,131.7	904.4	25%
Asia-Pacific	471.4	373.2	26%
Americas	252.6	221.1	14%
Total Non-U.S.	1,855.7	1,498.7	24%
Total	4,204.1	3,604.2	17%
Expenses:			
Operating	1,216.6	1,019.6	(19%)
SG&A	985.9	931.2	(6%)
Restructuring	—	12.0	NM
Depreciation and amortization	158.3	126.7	(25%)
Acquisition-Related Expenses	22.5	—	NM
Settlement Charge	—	863.8	NM
Total	2,383.3	2,953.3	19%
Operating income	$1,820.8	$ 650.9	180%
Adjusted Operating Income (1)	$2,001.6	$1,653.4	21%
Interest expense, net	$ (208.5)	$ (157.3)	(33%)
Other non-operating income, net	3.7	64.4	NM
Purchase Price Hedge Gain	111.1	—	NM
CCXI Gain	59.7	—	NM
Non-operating (expense) income, net	$ (34.0)	$ (92.9)	63%
Net income attributable to Moody's	$1,000.6	$ 266.6	275%
Diluted weighted average shares outstanding	194.2	196.4	1%
Diluted EPS attributable to Moody's common shareholders	$ 5.15	$ 1.36	279%
Adjusted Diluted EPS (1)	$ 6.07	$ 4.94	23%
Operating margin	43.3%	18.1%	
Adjusted Operating Margin (1)	47.6%	45.9%	
Effective tax rate	43.6%	50.6%	

(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%
Non-U.S.	8,305	7,231	15%
Total	11,896(1)	10,617	12%

(1) 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 8 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 $1,216.6 million in 2017, up $197.0 million from 2016, primarily due to an increase in performance-based 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 $985.9 million in 2017 increased $54.7 million from the prior year period primarily due to higher performance-based correlated costs (including annual bonuses, a profit sharing contribution and performance-based equity compensation), which is consistent 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 $1,820.8 million increased $1,169.9 million from 2016. Operating margin was 43.3% compared to 18.1% in 2016. Operating income and operating margin in 2016 were suppressed by the $863.8 million Settlement Charge. Adjusted Operating Income was $2,001.6 million in 2017, an increase of $348.2 million compared to 2016. Adjusted Operating Margin of 47.6% increased 170 BPS compared to the prior year.

Interest (expense) income, net in 2017 was $(208.5) million, a $51.2 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 $3.7 million in 2017, a $60.7 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%.

Full year 2017 Diluted EPS of $5.15 was up from $1.36 in 2016. Adjusted Diluted EPS of $6.07 was up 23% from $4.94 in 2016. Refer to the section entitled "Non-GAAP Financial Measures" of this MD&A for a full list of items excluded in the derivation of Adjusted Diluted EPS.

Segment Results

Moody's Investors Service

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

	Year Ended December 31, 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	2,885.5	2,471.0	17%
Expenses:			
Operating and SG&A (external)	1,223.3	1,094.3	(12%)
Operating and SG&A (intersegment)	16.0	13.5	(19%)
Adjusted Operating Income	1,646.2	1,363.2	21%
Restructuring	—	10.2	NM
Depreciation and amortization	74.7	73.8	(1%)
Settlement Charge	—	863.8	NM
Operating income	$1,571.5	$ 415.4	278%
Adjusted Operating Margin	57.1%	55.2%	
Operating margin	54.5%	16.8%	

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 product mix, 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 product 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 product mix, 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. Non-U.S. 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 product mix, new fee initiatives and price increases. Non-U.S. 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 product mix, 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 product mix, 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 $129.0 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 $1,646.2 million and $1,571.5 million, respectively, and increased $283.0 million and $1,156.1 million, respectively, compared to 2016. Adjusted Operating Margin was 57.1% or 190 BPS higher than the prior year. Operating margin was 54.5% in 2017 compared to 16.8% 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 (Unfavorable)
	2017	2016	
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)	979.2	856.5	(14%)
Operating and SG&A (intersegment)	111.7	100.2	(11%)
Adjusted Operating Income	355.4	290.2	22%
Restructuring	—	1.8	NM
Acquisition-Related Expenses	22.5	—	NM
Depreciation and amortization	83.6	52.9	(58%)
Operating income	$ 249.3	$ 235.5	6%
Adjusted Operating Margin	24.6%	23.3%	
Operating margin	17.2%	18.9%	

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. Non-U.S. revenue was $94.4 million, down 1% compared to 2016.

Operating and SG&A expenses in 2017 increased $122.7 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 $49 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 $355.4 million in 2017 and increased $65.2 million compared to the same period in 2016. Operating income of $249.3 million in 2017 increased $13.8 million compared to the same period in 2016. Adjusted Operating Margin in 2017 was 24.6%, up 130BPS from 2016. Operating margin was 17.2% in 2017, down 170BPS 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.

MARKET RISK

Foreign exchange risk:

Moody's maintains a presence in 42 countries. In 2018, approximately 43% of both the Company's revenue and expenses were denominated in functional currencies other than the U.S. dollar, principally in the British pound and the euro. As such, the Company is exposed to market risk from changes in FX rates. As of December 31, 2018, approximately 71% 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 (1)		
Sell	Buy	Impact on fair value of contract if foreign currency strengthened by 10%
U.S. dollar	British pound	$31 million unfavorable impact
U.S. dollar	Canadian dollar	$11 million unfavorable impact
U.S. dollar	Euro	$21 million unfavorable impact
U.S. dollar	Japanese yen	$2 million unfavorable impact

(1) Refer to Note 6 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.

Euro-denominated debt and cross-currency swaps designated as net investment hedges:

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 $57 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.

During 2018, the Company entered into cross-currency swaps to exchange an aggregate amount of € 710.2 million with corresponding interest based on the floating 3-month EURIBOR for an aggregate amount of $830.0 million with corresponding interest based on the floating 3-month U.S. LIBOR, which were designated as net investment hedges under ASC Topic 815, *Derivatives and Hedging* . The purpose of these cross-currency swaps is to mitigate FX exposure related to a portion of the Company's euro net investments in certain foreign subsidiaries against changes in euro/USD exchange rates. If the euro were to strengthen 10% relative to the U.S. dollar, there would be an approximate $81 million unfavorable impact to the fair value of the cross-currency swaps recognized in OCI, which would be offset by favorable currency translation gains on the Company's euro net investment in foreign subsidiaries.

Credit and Interest rate risk:

Interest rate swaps designated as a fair value hedge:
The Company's interest rate risk management objectives are to reduce the funding cost and volatility to the Company and to alter the interest rate exposure to 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 interest rate on certain of its long-term debt to a floating interest 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 100 BPS in the LIBOR-based swap rate would result in an approximate $36 million change to the fair value of the swap, which would be offset by the change in fair value of the hedged item.

Additional information on these interest rate swaps is disclosed in Note 6 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)
	2018	2017		2017	2016	
Net cash provided by operating activities	$1,461.1	$ 754.6	$ 706.5	$ 754.6	$ 1,259.2	$ (504.6)
Net cash (used in) provided by investing activities	**$ (406.4)**	$ (3,420.0)	$ 3,013.6	$ (3,420.0)	$ 102.0	$ (3,522.0)
Net cash (used in) provided by financing activities	**$ (411.5)**	$ 1,600.1	$ (2,011.6)	$ 1,600.1	$ (1,042.9)	$ 2,643.0
Free Cash Flow (1)	**$1,370.7**	$ 664.0	$ 706.7	$ 664.0	$ 1,144.0	$ (480.0)

(1) 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, 2018 compared to the year ended December 31, 2017:
Net cash flows from operating activities increased $706.5 million compared to the prior year primarily due to the approximate $864 million payment for the Settlement Charge in 2017. This increase was partially offset by higher incentive compensation payments of approximately $90 million in 2018 compared to the prior year and a decrease of approximately $30 million due to timing of tax payments.

Year ended December 31, 2017 compared to the year ended December 31, 2016:
Net cash flows from operating activities decreased $504.6 million compared to the prior year primarily due to the approximate $864 million payment for the Settlement Charge in 2017. This was partially offset by an increase in cash flows primarily relating to the Company's strong earnings growth in 2017.

Net cash (used in) provided by investing activities

Year ended December 31, 2018 compared to the year ended December 31, 2017:
The $3,013.6 million decrease in cash flows used in investing activities compared to 2017 primarily reflects:

» a net $3.2 billion decrease in cash paid for acquisitions compared to the prior year primarily reflecting the acquisition of Bureau van Dijk for approximately $3.5 billion in 2017, partially offset by approximately $289 million paid in 2018 for the acquisitions of Reis and Omega Performance;

Partially offset by:
» $111.1 million of cash received in 2017 relating to the Purchase Price Hedge; and

» higher net purchases of investments of $100.8 million in 2018.

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 investments of $251.2 million in 2017;

Partially offset by:
» cash received of $111.1 million relating to the Purchase Price Hedge in 2017.

Net cash (used in) provided by financing activities

Year ended December 31, 2018 compared to the year ended December 31, 2017:
The $2,011.6 million increase in cash used in financing activities was primarily attributed to:

» net proceeds of $158.6 million in 2018 relating to the issuance of the 2018 Senior Notes in June and December 2018, partially offset by repayment of the 2017 Term Loan, the 2017 Floating Rate Senior Notes and net repayments of CP; and

» net proceeds of $2.1 billion in 2017, which included debt and commercial paper issued to fund the acquisition of Bureau van Dijk and the payment of the Settlement Charge, partially offset by the early repayment of the 2007-1 Notes and repayments of CP in 2017.

Year ended December 31, 2017 compared to the year ended December 31, 2016:
The $2,643.0 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 in 2017.

Cash and short-term investments held in non-U.S. jurisdictions

The Company's aggregate cash and cash equivalents and short-term investments of $1.8 billion at December 31, 2018 included approximately $0.9 billion located outside of the U.S. Approximately 21% of the Company's aggregate cash and cash equivalents and short-term investments is denominated in euros and British pounds. The Company manages both its U.S. and non-U.S. cash flow to maintain sufficient liquidity in all regions to effectively meet its operating needs.

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

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 2019. 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.

Dividends and Share Repurchases

On February 12, 2019, the Board approved the declaration of a quarterly dividend of $0.50 per share for Moody's common stock, payable March 18, 2019 to shareholders of record at the close of business on February 25, 2019. The continued payment of dividends at this rate, or at all, is subject to the discretion of the Board.

On December 15, 2015, the Board authorized a $1.0 billion share repurchase program, which at December 31, 2018 had a remaining authority of approximately $324 million. Additionally, in October 2018, the Board authorized an additional $1.0 billion share repurchase program, which may commence following the completion of the existing program.

On February 20, 2019, the Company entered into an accelerated share repurchase agreement (ASR) with a financial institution counterparty to repurchase $500 million of its outstanding common stock. The final settlement of the transaction under the ASR agreement is expected to be completed no later than April 2019. The ASR was entered into pursuant to the Company's existing share repurchase program, as further discussed in Note 18 of the Company's financial statements.

Full-year 2019 total share repurchases (including shares repurchased via the aforementioned ASR) are expected to be approximately $1 billion, subject to available cash, market conditions and other ongoing capital allocation decisions.

Restructuring

On October 26, 2018, the Company approved a restructuring program that is estimated to result in an annualized savings of approximately $40 to $50 million a year, a portion of which will benefit 2019. This restructuring program is estimated to result in total pre-tax charges of approximately $70 to $80 million, of which approximately $35 to $40 million is estimated to result from personnel-related activities. A majority of the cash outlays for these personnel-related activities will be paid in the year ended December 31, 2019. This restructuring program is more fully discussed in Note 10 to the consolidated financial statements.

Other cash requirements

The Company has future cash requirements, including operating leases and debt service and 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, 2018, Moody's had $5.7 billion of outstanding debt and approximately $1 billion of additional capacity available under the Company's CP program, which is backstopped by the 2018 Facility as more fully discussed in Note 17 to the consolidated financial statements. At December 31, 2018, 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, 2018, there were no such cross defaults.

During 2018, the Company issued $1.1 billion in unsecured senior notes via public offerings, the terms of which are more fully discussed in Note 17. Additionally, the Company repaid the 2017 Term Loan of $500 million and the 2017 Floating Rate Senior Notes of $300 million. Furthermore, in January 2019, the Company also repaid the 2014 Senior Note (5-year) of $450 million.

The Company has fulfilled its commitment to delever its balance sheet following additional financing obtained in 2017 to partially fund the acquisition of Bureau van Dijk.

The repayment schedule for the Company's borrowings outstanding at December 31, 2018 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 (1)	2014 Senior Notes (30-year) due 2044	2015 Senior Notes due 2027	2017 Senior Notes due 2021	2017 Senior Notes due 2023	2017 Senior Notes due 2028	2018 Senior Notes due 2021	2018 Senior Notes due 2029	2018 Senior Notes due 2048	Total
2019	$ —	$ —	$ —	$ 450.0	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 450.0
2020	500.0	—	—	—	—	—	—	—	—	—	—	—	500.0
2021	—	—	—	—	—	—	500.0	—	—	300.0	—	—	800.0
2022	—	500.0	—	—	—	—	—	—	—	—	—	—	500.0
2023	—	—	—	—	—	—	—	500.0	—	—	—	—	500.0
Thereafter	—	—	500.0	—	600.0	571.6	—	—	500.0	—	400.0	400.0	2,971.6
Total	$500.0	$500.0	$500.0	$ 450.0	$ 600.0	$571.6	$500.0	$500.0	$500.0	$300.0	$400.0	$400.0	$5,721.6

(1) In January 2019, the Company repaid the 2014 Senior Notes (5-year) of $450 million.

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, 2018, 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, 2018:

		Payments Due by Period			
(in millions)	Total	Less Than 1 Year	1-3 Years	3-5 Years	Over 5 Years
Indebtedness (1)	$7,943.2	$ 662.8	$ 1,670.8	$ 1,270.1	$ 4,339.5
Operating lease obligations	715.7	105.9	197.9	165.4	246.5
Purchase obligations	193.8	104.8	89.0	—	—
Pension obligations (2)	139.0	6.9	42.7	25.5	63.9
Total (3)	$8,991.7	$ 880.4	$ 2,000.4	$ 1,461.0	$ 4,649.9

(1) Reflects principal payments, related interest and applicable fees due on all indebtedness outstanding as described in Note 17 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 14 to the consolidated financial statements.

(3) The table above does not include the Company's net long-term tax liabilities of $494.6 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 $198 million relating to the remaining unpaid 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, restructuring, and Acquisition-

Related Expenses. Depreciation and amortization are excluded because companies utilize productive assets of different ages and use different methods of acquiring and depreciating productive assets. Restructuring charges are excluded as the frequency and magnitude of these charges may vary widely across periods and companies. 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 on an annual basis, which are not expected to recur at this dollar magnitude subsequent to the completion of the multi-year integration effort. Acquisition-Related Expenses from other acquisitions were not material. Management believes that the exclusion of depreciation and amortization, restructuring charges, and Acquisition-Related Expenses, 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,		
	2018	2017	2016
Operating Income	$1,868.2	$1,820.8	$ 650.9
Adjustments:			
Restructuring	48.7	—	12.0
Depreciation and amortization	191.9	158.3	126.7
Acquisition-Related Expenses	8.3	22.5	—
Settlement Charge	—	—	863.8
Adjusted Operating Income	$2,117.1	$2,001.6	$1,653.4
Operating margin	42.1%	43.3%	18.1%
Adjusted Operating Margin	47.7%	47.6%	45.9%

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

The Company presents Adjusted Net Income and Adjusted Diluted EPS because management deems these metrics to be useful measures to provide additional perspective on the operating performance of Moody's. Adjusted Net Income and Adjusted Diluted EPS exclude the impact of amortization of acquired intangible assets, Acquisition-Related Expenses, restructuring charges, the Purchase Price Hedge Gain, the CCXI Gain, the effects of U.S. tax reform and certain adjustments relating to the Company's non-U.S. UTPs.

The Company excludes 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. Additionally Acquisition-Related Expenses are excluded due to the material nature of these expenses on an annual basis, 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 other acquisitions were not material.

The Company excludes the Purchase Price Hedge Gain, the CCXI Gain and restructuring charges 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.

Furthermore, U.S. tax reform as well as changes in tax laws in Europe were both enacted in the fourth quarter of 2017, resulting in significant adjustments to the provision for income taxes. The Company excludes these adjustments as well as the impact of 2018 adjustments pursuant to U.S. tax reform and certain adjustments relating to the Company's non-U.S. UTPs, which resulted in significant adjustments to the provision for income taxes in 2018. The Company excludes these items to provide additional perspective when comparing net income and diluted EPS from period to period and across companies as the frequency and magnitude of similar transactions may vary widely across periods.

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

Amounts in millions		2018		2017		2016
Net income attributable to Moody's common shareholders		$ 1,309.6		$ 1,000.6		$ 266.6
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	$ 8.3		$ 22.5		$ —	
Tax on Acquisition-Related Expenses	(2.1)		(3.6)		—	
Net Acquisition-Related Expenses (1)		6.2		18.9		—
Pre-Tax Acquisition-Related Intangible Amortization Expenses	$ 101.7		$ 61.4		$ 34.2	
Tax on Acquisition-Related Intangible Amortization Expenses	(23.0)		(16.2)		(9.8)	
Net Acquisition-Related Intangible Amortization Expenses		78.7		45.2		24.4
Net Impact of U.S. tax reform		(59.0)		247.3		—
Net Impact of U.S. tax reform/ Belgium statutory tax rate change on deferred taxes		—		(1.7)		—
Increase to non-U.S. UTPs		63.9		—		—
Pre-Tax Restructuring	$ 48.7		$ —		$ 12.0	
Tax on Restructuring	(11.9)		—		(3.9)	
Net Restructuring		36.8		—		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)
Adjusted Net Income		$ 1,436.2		$ 1,178.3		$ 965.0

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

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

	Year ended December 31, 2018	2017	2016
Earnings per share attributable to Moody's common shareholders	$ 6.74	$ 5.15	$ 1.36
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	$ 0.04	$ 0.12	$ —
Tax on Acquisition-Related Expenses	(0.01)	(0.02)	—
Net Acquisition-Related Expenses (1)	0.03	0.10	—
Pre-Tax Acquisition-Related Intangible Amortization Expenses	$ 0.52	$ 0.32	$ 0.18
Tax on Acquisition-Related Intangible Amortization Expenses	(0.12)	(0.09)	(0.05)
Net Acquisition-Related Intangible Amortization Expenses	0.40	0.23	0.13
Net Impact of U.S. tax reform	(0.30)	1.28	—
Net impact of U.S. tax reform/ Belgium statutory tax rate change on deferred taxes	—	(0.01)	—
Increase to non-U.S. UTPs	0.33	—	—
Pre-Tax Restructuring	$ 0.25	$ —	$ 0.06
Tax on Restructuring	(0.06)	—	(0.02)
Net Restructuring	0.19	—	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)
Adjusted Diluted EPS	$ 7.39	$ 6.07	$ 4.94

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

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

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

	Year Ended December 31,		
	2018	2017	2016
Net cash provided by operating activities	$1,461.1	$ 754.6	$ 1,259.2
Capital additions	(90.4)	(90.6)	(115.2)
Free Cash Flow	$1,370.7	$ 664.0	$ 1,144.0
Net cash (used in) provided by investing activities	$ (406.4)	$ (3,420.0)	$ 102.0
Net cash (used in) provided by financing activities	$ (411.5)	$ 1,600.1	$ (1,042.9)

Recently Issued Accounting Pronouncements

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

CONTINGENCIES

For information regarding legal proceedings, see Part II, Item 8 – "Financial Statements", Note 20 "Contingencies" in this Form 10-K.

Forward-Looking Statements

Certain statements contained in this quarterly 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, except as required by law. 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, credit market disruptions or economic slowdowns, 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 planned withdrawal 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 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 data protection and privacy laws, 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 such 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. 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, 2018, 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 49 of this annual report on Form 10-K.

ITEM 8. FINANCIAL STATEMENTS

Index to Financial Statements

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, 2018 based on criteria established in the Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on the assessment performed, management has concluded that Moody's maintained effective internal control over financial reporting as of December 31, 2018.

The effectiveness of our internal control over financial reporting as of December 31, 2018 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/ MARK KAYE

Mark Kaye
Senior Vice President and Chief Financial Officer

February 22, 2019

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, 2018 and 2017, 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, 2018, 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, 2018, 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, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, 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, 2018, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for revenue recognition effective January 1, 2018 due to the adoption of Accounting Standard Update (ASU) 2014-019 and all related amendments, which established the Accounting Standard Codification (ASC) Topic 606, *Revenue—Revenue from Contracts with Customers* .

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 22, 2019

MOODY'S CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in millions, except per share data)

	Year Ended December 31,		
	2018	2017	2016
Revenue	$ 4,442.7	$ 4,204.1	$ 3,604.2
Expenses			
Operating	1,245.5	1,216.6	1,019.6
Selling, general and administrative	1,080.1	985.9	931.2
Restructuring	48.7	—	12.0
Depreciation and amortization	191.9	158.3	126.7
Acquisition-Related Expenses	8.3	22.5	—
Settlement Charge	—	—	863.8
Total expenses	2,574.5	2,383.3	2,953.3
Operating income	1,868.2	1,820.8	650.9
Non-operating (expense) income, net			
Interest expense, net	(216.0)	(208.5)	(157.3)
Other non-operating income, net	18.8	3.7	64.4
Purchase Price Hedge Gain	—	111.1	—
CCXI Gain	—	59.7	—
Non-operating (expense) income, net	(197.2)	(34.0)	(92.9)
Income before provision for income taxes	1,671.0	1,786.8	558.0
Provision for income taxes	351.6	779.1	282.2
Net income	1,319.4	1,007.7	275.8
Less: Net income attributable to noncontrolling interests	9.8	7.1	9.2
Net income attributable to Moody's	$ 1,309.6	$ 1,000.6	$ 266.6
Earnings per share			
Basic	$ 6.84	$ 5.24	$ 1.38
Diluted	$ 6.74	$ 5.15	$ 1.36
Weighted average shares outstanding			
Basic	191.6	191.1	192.7
Diluted	194.4	194.2	195.4

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, 2018			Year Ended December 31, 2017			Year Ended December 31, 2016		
	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			$1,319.4			$1,007.7			$ 275.8
Other Comprehensive Income (Loss):									
Foreign Currency Adjustments:									
Foreign currency translation adjustments, net	$ (274.0)	$ (7.2)	(281.2)	$ 166.2	$ 23.1	189.3	$ (22.2)	$ (5.4)	(27.6)
Reclassification of losses (gains) included in net income	0.2	—	0.2	—	—	—	(36.6)	—	(36.6)
Cash Flow Hedges:									
Net realized and unrealized (losses) gains on cash flow hedges	(0.9)	0.3	(0.6)	9.6	(3.7)	5.9	(1.4)	0.5	(0.9)
Reclassification of (gains) losses included in net income	(0.4)	0.2	(0.2)	(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
Reclassification of gains included in net income	—	—	—	(3.5)	—	(3.5)	—	—	—
Pension and Other Retirement Benefits:									
Amortization of actuarial losses and prior service costs included in net income	5.6	(1.4)	4.2	8.7	(3.3)	5.4	9.7	(3.7)	6.0
Net actuarial gains and prior service costs	5.7	(1.5)	4.2	20.9	(8.3)	12.6	0.3	(0.1)	0.2
Total Other Comprehensive (Loss) Income	$ (263.8)	$ (9.6)	$ (273.4)	$ 192.4	$ 12.6	$ 205.0	$ (41.6)	$ (11.0)	$ (52.6)
Comprehensive Income			1,046.0			1,212.7			223.2
Less: comprehensive (loss) income attributable to noncontrolling interests			(11.8)			19.4			(18.0)
Comprehensive Income Attributable to Moody's			$1,057.8			$1,193.3			$ 241.2

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, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,685.0	$ 1,071.5
Short-term investments	132.5	111.8
Accounts receivable, net of allowances of $43.5 in 2018 and $36.6 in 2017	1,287.1	1,147.2
Other current assets	282.3	250.1
Total current assets	3,386.9	2,580.6
Property and equipment, net	320.4	325.1
Goodwill	3,781.3	3,753.2
Intangible assets, net	1,566.1	1,631.6
Deferred tax assets, net	197.2	143.8
Other assets	274.3	159.9
Total assets	$ 9,526.2	$ 8,594.2
LIABILITIES, NONCONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued liabilities	$ 695.2	$ 750.3
Commercial paper	—	129.9
Current portion of long-term debt	449.9	299.5
Deferred revenue	953.4	883.6
Total current liabilities	2,098.5	2,063.3
Non-current portion of deferred revenue	122.3	140.0
Long-term debt	5,226.1	5,111.1
Deferred tax liabilities, net	351.7	341.6
Uncertain tax positions	494.6	389.1
Other liabilities	576.5	664.0
Total liabilities	8,869.7	8,709.1
Contingencies (Note 20)		
Shareholders' equity (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, 2018 and December 31, 2017, respectively	3.4	3.4
Capital surplus	600.9	528.6
Retained earnings	8,594.4	7,465.4
Treasury stock, at cost; 151,598,695 and 151,932,157 shares of common stock at December 31, 2018 and December 31, 2017, respectively	(8,312.5)	(8,152.9)
Accumulated other comprehensive loss	(426.3)	(172.2)
Total Moody's shareholders' equity (deficit)	459.9	(327.7)
Noncontrolling interests	196.6	212.8
Total shareholders' equity (deficit)	656.5	(114.9)
Total liabilities, noncontrolling interests and shareholders' equity	$ 9,526.2	$ 8,594.2

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

MOODY'S CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in millions)

	Year Ended December 31, 2018	2017	2016
Cash flows from operating activities			
Net income	$ 1,319.4	$ 1,007.7	$ 275.8
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	191.9	158.3	126.7
Stock-based compensation	130.3	122.9	98.1
CCXI Gain	—	(59.7)	—
Purchase Price Hedge Gain	—	(111.1)	—
FX gain relating to liquidation and sale of subsidiaries	—	—	(36.6)
Deferred income taxes	(98.9)	88.3	(153.1)
Legacy Tax Matters	—	—	(1.6)
Changes in assets and liabilities:			
Accounts receivable	(136.1)	(148.1)	(104.8)
Other current assets	(8.4)	(70.3)	37.0
Other assets	(16.6)	12.1	6.6
Accounts payable and accrued liabilities	(134.0)	(638.4)	902.4
Restructuring liability	41.9	(5.9)	6.3
Deferred revenue	138.9	72.9	74.9
Uncertain tax positions and other non-current tax liabilities	58.6	63.0	2.2
Other liabilities	(25.9)	262.9	25.3
Net cash provided by operating activities	1,461.1	754.6	1,259.2
Cash flows from investing activities			
Capital additions	(90.4)	(90.6)	(115.2)
Purchases of investments	(193.0)	(170.1)	(379.9)
Sales and maturities of investments	160.6	238.5	699.5
Receipts from Purchase Price Hedge	—	111.1	—
Cash paid for acquisitions, net of cash acquired	(289.3)	(3,511.0)	(80.8)
Receipts from settlements of net investment hedges	—	2.1	3.8
Payments for settlements of net investment hedges	—	—	(26.9)
Cash received upon disposal of a subsidiary, net of cash transferred to purchaser	5.7	—	1.5
Net cash (used in) provided by investing activities	(406.4)	(3,420.0)	102.0
Cash flows from financing activities			
Issuance of notes	1,089.9	2,291.9	—
Repayment of notes	(800.0)	(300.0)	—
Issuance of commercial paper	988.7	1,837.1	—
Repayment of commercial paper	(1,120.0)	(1,707.2)	—
Proceeds from stock-based compensation plans	46.9	55.6	77.8
Repurchase of shares related to stock-based compensation	(62.2)	(48.8)	(44.4)
Treasury shares	(202.6)	(199.7)	(738.8)
Dividends	(337.2)	(290.4)	(285.1)
Dividends to noncontrolling interests	(4.4)	(3.2)	(6.7)
Payment for noncontrolling interest	—	(8.5)	(45.4)
Contingent consideration	—	—	(0.2)
Debt issuance costs, extinguishment costs and related fees	(10.6)	(26.7)	(0.1)
Net cash (used in) provided by financing activities	(411.5)	1,600.1	(1,042.9)
Effect of exchange rate changes on cash and cash equivalents	(29.7)	85.3	(24.2)
Increase (decrease) in cash and cash equivalents	613.5	(980.0)	294.1
Cash and cash equivalents, beginning of period	1,071.5	2,051.5	1,757.4
Cash and cash equivalents, end of period	$ 1,685.0	$ 1,071.5	$ 2,051.5

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	Tota Shareholders Equit (Defici
	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.
Net income				266.6				266.6	9.2	275.
Dividends				(286.7)				(286.7)	(6.7)	(293.
Stock-based compensation			98.4					98.4		98.
Shares issued for stock-based compensation plans at average cost, net			(65.0)		2.3	98.4		33.4		33.
Net excess tax benefits upon settlement of stock-based compensation awards			32.0					32.0		32.
Purchase of noncontrolling interest			(39.5)					(39.5)	(9.6)	(49.
Treasury shares repurchased					(7.7)	(738.8)		(738.8)		(738.
Currency translation adjustment (net of tax of $5.4 million)							(34.2)	(34.2)	(30.0)	(64.
Net actuarial gains and prior service cost (net of tax of $0.1 million)							0.2	0.2		0.
Amortization of prior service costs and actuarial losses, (net of tax of $3.7 million)							6.0	6.0		6.
Net unrealized gain on available for sale securities							(0.2)	(0.2)	2.8	2.
Net realized and unrealized gain on cash flow hedges (net of tax of $1.8 million)							2.8	2.8		2.
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.

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	Tot Shareholder Defi
	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
Net income				1,000.6				1,000.6	7.1	1,007
Dividends				(219.5)				(219.5)	(3.3)	(222
Adoption of ASU 2016-16 (See Note 1)				(4.6)				(4.6)		(4
Stock-based compensation			123.2					123.2		123
Shares issued for stock-based compensation plans at average cost, net			(67.1)		1.9	76.4		9.3		9
Purchase of noncontrolling interest			(4.7)					(4.7)	(1.0)	(5
Treasury shares repurchased					(1.6)	(199.7)		(199.7)		(199
Currency translation adjustment (net of tax of $23.1 million)							176.3	176.3	13.0	189
Net actuarial gains and prior service cost (net of tax of $8.3 million)							12.6	12.6		12
Amortization of prior service costs and actuarial losses, (net of tax of $3.3 million)							5.4	5.4		5
Net unrealized gain on available for sale securities							(0.8)	(0.8)	(0.7)	(1
Net realized and unrealized gain on cash flow hedges (net of tax of $1.1 million)							(0.8)	(0.8)		(0
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

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

(continued on next page)

M OODY'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) Equity	Non-Controlling Interests	Tot Shareholder (Defici Equi
	Shares	Amount	Capital Surplus	Retained Earnings	Shares	Amount				
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
Net income				1,309.6				1,309.6	9.8	1,319
Dividends				(339.0)				(339.0)	(4.4)	(343
Adoption of ASU 2014-09 (See Note 1)				156.1				156.1		156
Adoption of ASU 2016-01 (See Note 1)				2.3			(2.3)	—		
Stock-based compensation			130.7					130.7		130
Shares issued for stock-based compensation plans at average cost, net			(58.4)		1.5	43.0		(15.4)		(15
Treasury shares repurchased					(1.2)	(202.6)		(202.6)		(202
Currency translation adjustment (net of tax of $7.2 million)							(259.4)	(259.4)	(21.6)	(281
Net actuarial gains and prior service cost (net of tax of $1.5 million)							4.2	4.2		4
Amortization of prior service costs and actuarial losses (net of tax of $1.4 million)							4.2	4.2		4
Net realized gain on cash flow hedges (net of tax of $0.5 million)							(0.8)	(0.8)		(0
Balance at December 31, 2018	342.9	$ 3.4	$ 600.9	$ 8,594.4	(151.6)	$ (8,312.5)	$ (426.3)	$ 459.9	$ 196.6	$ 656

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

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

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Moody's is a 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) learning solutions 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 offers subscription based research, data and analytical products, including credit ratings produced by MIS, credit research, quantitative credit scores and other analytical tools, economic research and forecasts, business intelligence and company information products, and commercial real estate data and analytical tools. 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 learning solutions and certification programs.

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

Adoption of New Accounting Standards
In the first quarter of 2017, the Company adopted ASU No. 2016-16, "Income Taxes (Topic 740): 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.

In the first quarter of 2017, the Company adopted ASU No. 2016-09 "Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting". As required by ASU No. 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' equity (deficit). The impact of this adoption was a $38.1 million and a $39.5 million benefit to the provision for income taxes for the years end December 31, 2018 and December 31, 2017, respectively.

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. As a result of the change, net cash provided by operating activities was higher and net cash used in financing activities was lower by $38.1 million and $39.5 million for the years ended December 31, 2018 and December 31, 2017, respectively, than would have been reported under the previous guidance. The impact to the Company's statement of cash flows for the year prior 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
Net cash provided by operating activities	$ 1,226.1	$ 33.1	$ 1,259.2
Net cash used in financing activities	$ (1,009.8)	$ (33.1)	$ (1,042.9)

On January 1, 2018, the Company adopted ASU No. 2014-09, "Revenue from Contracts with Customers (ASC Topic 606)" using the modified retrospective approach, which Moody's has elected to apply only to those contracts which were not completed as of

January 1, 2018. Additionally, the Company has not retrospectively restated contract positions for contract modifications made prior to the adoption. ASU No. 2014-09 also includes updates related to the accounting for the deferral of incremental costs of obtaining or fulfilling a contract with a customer ("ASC Subtopic 340-40"). Hereunder, discussion of the provisions of ASC Topic 606 and ASC Subtopic 340-40 are both individually and collectively referred to as the "New Revenue Accounting Standard." Results for reporting periods beginning on January 1, 2018 are presented under the guidance set forth in the New Revenue Accounting Standard, while prior period amounts have not been adjusted and continue to be reported in accordance with the previous accounting guidance.

The most significant impacts to the Company's financial statements from adopting the New Revenue Accounting Standard are primarily related to: i) the accounting for certain installed software subscription revenue in MA whereby the license rights within the arrangement are recognized at the inception of the contract based on SSP with the remainder recognized over the subscription period (compared to ASC Topic 605 whereby all installed software subscription revenue was previously recognized over the subscription period); ii) the accounting for certain ERS and ESA revenue arrangements where VSOE was not available under ASC Topic 605 now results in the acceleration of revenue recognition (compared to ASC Topic 605 whereby revenue was deferred due to lack of VSOE until all elements without VSOE had been delivered); iii) sales commissions incurred in the MA segment will be capitalized and amortized over an extended period which is generally based upon the average economic life of products/services sold and incorporates anticipated subscription renewals (compared to previous accounting guidance whereby capitalized sales commissions were amortized over the committed subscription period only); iv) the immediate expensing of software implementation project costs to fulfill a contract for its ERS and ESA businesses, which under previous accounting guidance 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, which under ASC Topic 605 were expensed as incurred; vi) the timing of when revenue for certain MIS ratings products is recognized; and vii) the estimation of variable consideration at contract inception whereas under ASC Topic 605 companies were not required to consider the amount of consideration for which it expected to be entitled.

The table below provides detail relating to the adjustment to the Company's retained earnings balance upon adoption of the New Revenue Accounting Standard:

Transition adjustment	Benefit to / (reduction of) January 1, 2018 Retained Earnings	Corresponding Balance Sheet Line Item
Recognition of MA deferred revenue / increase in MA unbilled receivables (1)	$108	Deferred revenue, Non-current portion of deferred revenue, Accounts receivable, Other assets
Increase to capitalized MA sales commissions (2)	$78	Other current assets, Other assets, Accounts payable and accrued liabilities
Capitalization of work-in-process for in-progress ratings	$9	Other current assets
Net impact of all other adjustments	$4	Various
Net increase in tax liability on the above	($43)	Deferred tax liabilities, net
Total post-tax adjustment	$156	

(1) Represents deferred revenue as of December 31, 2017 as well as amounts then unbilled that would have been recognized as revenue in 2017 or earlier if the New Revenue Accounting Standard was then in effect. These amounts will not be recognized as revenue in future statements of operations. Conversely, revenue will be recorded to the Company's statement of operations in 2018 under the New Revenue Accounting Standard, which otherwise would have been recognized in periods subsequent to 2018 if accounted for under ASC Topic 605.

(2) Represents sales commissions that would have been capitalized as of December 31, 2017 if the New Revenue Accounting Standard was then in effect, but had previously been expensed by the Company under the previous accounting guidance. These sales commissions, as well as sales commissions incurred in 2018 related to new sales and renewals, will be amortized to expense in the statements of operations beginning in 2018 over an extended period generally based upon the average economic life of the products sold or over the period in which implementation and advisory services will be provided.

The table below presents the cumulative effect of the changes made to the Company's consolidated balance sheet at January 1, 2018 for the adoption of the New Revenue Accounting Standard:

	As Reported December 31, 2017	Adjustment Due to New Revenue Accounting Standard	Balance at January 1, 2018
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,071.5	$ —	$ 1,071.5
Short-term investments	111.8	—	111.8
Accounts receivable, net of allowances	1,147.2	16.8	1,164.0
Other current assets	250.1	32.9	283.0
Total current assets	2,580.6	49.7	2,630.3
Property and equipment, net	325.1	—	325.1
Goodwill	3,753.2	—	3,753.2
Intangible assets, net	1,631.6	—	1,631.6
Deferred tax assets, net	143.8	—	143.8
Other assets	159.9	71.3	231.2
Total assets	$ 8,594.2	$ 121.0	$ 8,715.2
LIABILITIES, NONCONTROLLING INTERESTS AND SHAREHOLDERS' (DEFICIT)/EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	$ 750.3	$ (0.8)	$ 749.5
Commercial paper	129.9	—	129.9
Current portion of long-term debt	299.5	—	299.5
Deferred revenue	883.6	(69.3)	814.3
Total current liabilities	2,063.3	(70.1)	1,993.2
Non-current portion of deferred revenue	140.0	(8.0)	132.0
Long-term debt	5,111.1	—	5,111.1
Deferred tax liabilities, net	341.6	42.7	384.3
Unrecognized tax benefits	389.1	—	389.1
Other liabilities	664.0	0.3	664.3
Total liabilities	8,709.1	(35.1)	8,674.0
Shareholders' (deficit) equity:			
Common stock	3.4	—	3.4
Capital surplus	528.6	—	528.6
Retained earnings	7,465.4	156.1	7,621.5
Treasury stock	(8,152.9)	—	(8,152.9)
Accumulated other comprehensive loss	(172.2)	—	(172.2)
Total Moody's shareholders' (deficit) equity	(327.7)	156.1	(171.6)
Noncontrolling interests	212.8	—	212.8
Total shareholders' (deficit) equity	(114.9)	156.1	41.2
Total liabilities, noncontrolling interests and shareholders' (deficit) equity	$ 8,594.2	$ 121.0	$ 8,715.2

The below table presents the impacts on the Company's statement of operations for the current reporting period from applying the provisions of the New Revenue Accounting Standard compared to the accounting standard in effect before the change:

	For the Year Ended December 31, 2018		
	As Reported	Under previous accounting guidance	Effect of Change Higher/(Lower)
Revenue	$ 4,442.7	$ 4,429.3	$ 13.4
Expenses			
Operating	1,245.5	1,247.0	(1.5)
Selling, general and administrative	1,080.1	1,088.9	(8.8)
Restructuring	48.7	48.7	—
Depreciation and amortization	191.9	191.9	—
Acquisition-Related Expenses	8.3	8.3	—
Total expenses	**2,574.5**	**2,584.8**	**(10.3)**
Operating income	**1,868.2**	**1,844.5**	**23.7**
Non-operating (expense) income, net			
Interest expense, net	(216.0)	(216.0)	—
Other non-operating income, net	18.8	18.8	—
Total non-operating (expense) income, net	**(197.2)**	**(197.2)**	—
Income before provision for income taxes	**1,671.0**	**1,647.3**	**23.7**
Provision for income taxes	351.6	346.7	4.9
Net income	1,319.4	1,300.6	18.8
Less: Net income attributable to noncontrolling interests	9.8	9.8	—
Net income attributable to Moody's	**$ 1,309.6**	**$ 1,290.8**	**$ 18.8**
Earnings per share			
Basic	$ 6.84	$ 6.74	$ 0.10
Diluted	$ 6.74	$ 6.64	$ 0.10
Weighted average shares outstanding			
Basic	191.6	191.6	
Diluted	194.4	194.4	

The below table presents the impacts on the Company's consolidated balance sheet at the end of the current reporting period from applying the provisions of the New Revenue Accounting Standard compared to the accounting standard in effect before the change:

	As Reported December 31, 2018	Under previous accounting guidance December 31, 2018	Effect of Change Higher/(Lower)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,685.0	$ 1,685.0	$ —
Short-term investments	132.5	132.5	—
Accounts receivable, net of allowances	1,287.1	1,243.2	43.9
Other current assets	282.3	282.0	0.3
Total current assets	3,386.9	3,342.7	44.2
Property and equipment, net	320.4	320.4	—
Goodwill	3,781.3	3,781.3	—
Intangible assets, net	1,566.1	1,566.1	—
Deferred tax assets, net	197.2	197.2	—
Other assets	274.3	191.4	82.9
Total assets	$ 9,526.2	$ 9,399.1	$ 127.1
LIABILITIES, NONCONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY			
Accounts payable and accrued liabilities	$ 695.2	$ 694.5	$ 0.7
Current portion of long-term debt	449.9	449.9	—
Deferred revenue	953.4	1,012.7	(59.3)
Total current liabilities	2,098.5	2,157.1	(58.6)
Non-current portion of deferred revenue	122.3	127.7	(5.4)
Long-term debt	5,226.1	5,226.1	—
Deferred tax liabilities, net	351.7	333.0	18.7
Unrecognized tax benefits	494.6	494.6	—
Other liabilities	576.5	576.4	0.1
Total liabilities	8,869.7	8,914.9	(45.2)
Shareholders' equity:			
Common stock	3.4	3.4	—
Capital surplus	600.9	600.9	—
Retained earnings	8,594.4	8,422.1	172.3
Treasury stock	(8,312.5)	(8,312.5)	—
Accumulated other comprehensive loss	(426.3)	(426.3)	—
Total Moody's shareholders' equity	459.9	287.6	172.3
Noncontrolling interests	196.6	196.6	—
Total shareholders' equity	656.5	484.2	172.3
Total liabilities, noncontrolling interests and shareholders' equity	$ 9,526.2	$ 9,399.1	$ 127.1

The below table presents the impacts on various line items within the operating cash flow within the Company's statement of cash flows for the current reporting period from applying the provisions of the New Revenue Accounting Standard compared to the accounting standard in effect before the change.

	Year Ended December 31, 2018		
	As Reported	Under previous accounting guidance	Effect of Change
Cash flows from operating activities			
Net income	$ 1,319.4	$ 1,300.6	$ 18.8
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	191.9	191.9	—
Stock-based compensation	130.3	130.3	—
Deferred income taxes	(98.9)	(76.7)	(22.2)
Changes in assets and liabilities:			
Accounts receivable	(136.1)	(109.0)	(27.1)
Other current assets	(8.4)	(41.0)	32.6
Other assets	(16.6)	(5.0)	(11.6)
Accounts payable and accrued liabilities	(134.0)	(132.9)	(1.1)
Restructuring liability	41.9	41.9	—
Deferred revenue	138.9	126.3	12.6
Unrecognized tax benefits and other non-current tax liabilities	58.6	58.6	—
Other liabilities	(25.9)	(23.9)	(2.0)
Net cash provided by operating activities	$ 1,461.1	$ 1,461.1	$ —

The New Revenue Accounting Standard did not have any impact on individual line items within investing or financing cash flows in the Company's consolidated statement of cash flows.

On January 1, 2018, the Company adopted ASU No. 2017-07, "Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost". As required by this ASU, the components of net periodic pension costs were disaggregated in the statement of operations on a retrospective basis. The Company has continued to reflect the service cost component in either Operating or SG&A expenses in Moody's statements of operations. The other components of net benefit cost are presented within non-operating (expense) income, net, within the statements of operations. The adoption of this ASU has no impact on Net Income in the Company's statements of operations. The impact to the Company's statements of operations for the years ended December 31, 2018, 2017 and 2016 related to the adoption of this ASU are set forth in the table below:

	Year Ended December 31, 2018			Year Ended December 31, 2017		
	As Reported	Under previous accounting guidance	Effect of Change	As Adjusted	Under previous accounting guidance	Effect of Change
Operating expenses	$1,245.5	$ 1,250.3	$ (4.8)	$1,216.6	$ 1,222.8	$ (6.2)
Selling, general and administrative expenses	1,080.1	1,084.3	(4.2)	985.9	991.4	(5.5)
Operating income	1,868.2	1,859.2	9.0	1,820.8	1,809.1	11.7
Interest expense, net	(216.0)	(196.7)	(19.3)	(208.5)	(188.4)	(20.1)
Other non-operating income (expense), net	18.8	8.5	10.3	3.7	(4.7)	8.4

	Year Ended December 31, 2016		
	As Adjusted	Under previous accounting guidance	Effect of Change
Operating expenses	$1,019.6	$ 1,026.6	$ (7.0)
Selling, general and administrative expenses	931.2	936.4	(5.2)
Operating income	650.9	638.7	12.2
Interest expense, net	(157.3)	(137.8)	(19.5)
Other non-operating income (expense), net	64.4	57.1	7.3

On January 1, 2018, the Company adopted ASU No. 2016-01 "Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities" ("ASU 2016-01"). The amendments in this ASU update various aspects of recognition, measurement, presentation and disclosures relating to financial instruments. Upon adoption, the Company recorded a $2.3 million cumulative adjustment to reclassify net unrealized gains on investments in equity securities previously classified as available-for-sale under the previous guidance from AOCI to retained earnings. Beginning on January 1, 2018, the Company will measure equity investments with readily determinable fair values (except those accounted for under the equity method, those that result in consolidation of the investee and certain other investments) at fair value and recognize any changes in fair value in net income. The adoption of this ASU did not have a material impact on the Company's financial statements for the year ended December 31, 2018.

In March 2018, the FASB issued ASU No. 2018-05, "Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118". This ASU adds SEC paragraphs to the codification pursuant to the SEC Staff Accounting Bulletin No. 118, which 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. This ASU provided 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. The Company recorded a provisional estimate for the transition tax relating to the Tax Act in its financial statements for the year ended December 31, 2017, and subsequently refined its determination of the transition tax during the measurement period in 2018. The impact of the Company's accounting for the Tax Act is more fully described in Note 16.

On January 1, 2018, the Company adopted ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a Consensus of the Emerging Issues Task Force)" on a retrospective basis. This ASU reduces diversity in practice in how certain transactions are reflected in the statement of cash flows. Pursuant to the adoption of this ASU, the Company reclassified $7.1 million in cash paid in 2017 relating to a Make-Whole provision upon the repayment of the Series 2007-1 Notes from cash flows used in operations to cash flows provided by financing activities.

During the second quarter of 2018, the Company early adopted ASU No. 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities". This ASU fosters enhanced transparency relating to risk management activities and simplifies the application of hedge accounting in certain circumstances. The adoption of this ASU did not have an impact on the Company's financial statements at the date of adoption. Refer to Note 6 for further discussion on the prospective impact of this ASU on the Company's financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include those of Moody's Corporation and its majority- and wholly-owned subsidiaries. The effects of all intercompany transactions have been eliminated. Investments in companies for which the Company has significant influence over operating and financial policies but not a controlling interest are accounted for on an equity basis whereby the Company records its proportional share of the investment's net income or loss as part of other non-operating income (expense), net and any dividends received reduce the carrying amount of the investment. 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 $51.1 million, $42.0 million, and $40.1 million for the years ended December 31, 2018, 2017 and 2016, 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, 2018, 2017 and 2016.

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 (i.e., MIS and MA), or one level below an operating segment (i.e., a component of an operating segment), annually as of July 31 or more frequently if impairment indicators arise in accordance with ASC Topic 350.

The Company evaluates the recoverability of goodwill using a two-step impairment test approach at the reporting unit level. In the first step, the Company assesses various qualitative factors to determine whether the fair value of a reporting unit may be less than its carrying amount. If a determination is made 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 eight primary reporting units at December 31, 2018: two within the Company's ratings business (one for the ICRA business and one that encompasses all of Moody's other ratings operations) and six reporting units within MA: Content, ERS, MALS, MAKS, Bureau van Dijk, and Reis.

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.

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 on a gross basis. The changes in the value of derivatives that qualify as fair value hedges are recorded in the same income statement line item in earnings in which the corresponding adjustment to the carrying value of the hedged item is presented. The entire change in the fair value of derivatives that qualify as cash flow hedges is recorded to OCI and such amounts are reclassified from AOCI to the same income statement line in earnings in the same period or periods during which the hedged transaction affects income. Effective with the Company's early adoption of ASC 2017-12, the Company changed the method by which it assesses effectiveness for net investment hedges from the forward-method to the spot-method. The Company considers the spot-method an improved method of assessing hedge effectiveness, as spot rate changes relating to the hedging instrument's notional amount perfectly offset the currency translation adjustment on the hedged net investment in the Company's foreign subsidiaries. The entire change in the fair value of derivatives that qualify as net investment hedges is initially recorded to OCI. Those changes in fair value attributable to components included in the assessment of hedge effectiveness in a net investment hedge are recorded in the currency translation adjustment component of OCI and remain in AOCI until the period in which the hedged item affects earnings. Those changes in fair value attributable to components excluded from the assessment of hedge effectiveness in a net investment hedge are recorded to OCI and amortized to earnings using a systematic and rational method over the duration of the hedge. Any changes in the fair value of derivatives that the Company does not designate as hedging instruments under Topic 815 of the ASC are recorded in the consolidated statements of operations in the period in which they occur.

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

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

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

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

MIS Revenue
In the MIS segment, revenue arrangements with multiple elements are generally comprised of two distinct performance obligations, an initial rating and the related monitoring service. Revenue attributed to initial ratings of issued securities is generally recognized when the rating is delivered to the issuer. Revenue attributed to monitoring of issuers or issued securities is recognized ratably over the period in which the monitoring is performed, generally one year. In the case of certain structured finance products, primarily CMBS, issuers can elect to pay all of the annual monitoring fees upfront. These fees are deferred and recognized over the future monitoring periods based on the expected lives of the rated securities.

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

The Company allocates the transaction price within arrangements that include multiple elements based upon the relative SSP of each service. The Company generally uses management's best estimate of SSP for its initial ratings and considers all available data points. The Company generally provides initial ratings only in transactions that include monitoring services. The SSP for monitoring fees in these arrangements are generally based upon directly observable selling prices where the monitoring service is sold separately.

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

Revenue from research, data and other hosted subscriptions is recognized ratably over the related subscription period. A large portion of these services are invoiced in the months of November, December and January.

Revenue from the sale of a software license, when considered distinct from the related software implementation services, is generally recognized at the time the product master or first copy is delivered or transferred to the customer. However, in instances where the software license (perpetual or subscription) and related implementation services are considered to be one combined performance obligation, revenue is recognized on a percentage-of-completion basis (input method) as implementation services are performed over time, which is consistent with the pattern of recognition for the software implementation services if considered to be a separate distinct performance obligation. The Company exercises judgment in determining the level of integration and interdependency between the promise to grant the software license and the promise to deliver the related implementation services. This determination influences whether the software license is considered distinct and accounted for separately, or not distinct and accounted for together with the implementation services and recognized over time. PCS is generally recognized ratably over the contractual period commencing when the software license is fully delivered. Revenue from installed software subscriptions, which includes PCS, is bifurcated into a software license performance obligation and a PCS performance obligation, which follow the patterns of recognition described above.

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

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

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

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

The Company estimates the variable consideration associated with cancellation rights and price concessions based on the expected amount to be provided to customers and reduces the amount of revenue to be recognized. T&M based contracts represent about half of MA's service projects within the ERS and ESA LOBs. The Company provides agreed upon services at a contracted daily or hourly rate. The commitment represents a series of goods and services that are substantially the same and have the same pattern of transfer to the customer. As such, if T&M services are sold with other MA products, the Company allocates the variable consideration entirely to the T&M performance obligation if the services are sold at standard pricing or at a similar discount level compared to other performance obligations in the same revenue contract. If these criteria are not met, the Company estimates variable consideration for each performance obligation upfront. Each form of variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal of any incremental revenue will not occur.

Costs to Obtain or Fulfill a Contract with a Customer:
Costs incurred to obtain customer contracts, such as sales commissions, are deferred and recorded within other current assets and other assets when such costs are determined to be incremental to obtaining a contract, would not have been incurred otherwise and the Company expects to recover those costs. These costs are amortized to expense consistent with the recognition pattern of the related revenue over time. Depending on the line of business to which the contract relates, this may be based upon the average economic life of the products sold or average period for which services are provided, inclusive of anticipated contract renewals. Determining the estimated economic life of the products sold requires judgment with respect to anticipated future technological changes. The Company had a balance of $109.6 million in such deferred costs as of December 31, 2018 and recognized $38.0 million of related amortization during the year ended December 31, 2018, which is included within SG&A expenses in the consolidated statement of operations. Costs incurred to obtain customer contracts are only in the MA segment.

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

The Company capitalizes work-in-process costs for in-progress MIS ratings, which is recognized consistent with the rendering of the related services to the customers, as ratings are issued. The Company had a balance of $10.6 million in such deferred costs as of December 31, 2018 and recognized $40.4 million of amortization of the costs during the year ended December 31, 2018, respectively, which is included within operating expenses in the consolidated statement of operations.

In addition, within the MA segment, the Company capitalizes royalty costs related to third-party information data providers associated with hosted company information and business intelligence products. These costs are amortized to expense consistent with the recognition pattern of the related revenue over time. The Company had a balance of $35.0 million in such deferred costs as of December 31, 2018 and recognized $54.0 million of related amortization during the year ended December 31, 2018, respectively, which is included within operating expenses in the consolidated statement of operations.

Accounts Receivable Allowances and Contract Assets
Moody's records variable consideration in respect of estimated future adjustments to customer billings as an adjustment to revenue using the expected value method based on analysis of similar contracts in the same line of business. Such amounts are reflected as additions to the accounts receivable allowance or to contract assets. Additionally, estimates of uncollectible accounts are recorded as bad debt expense and are reflected as additions to the accounts receivable allowance. Actual billing adjustments are recorded against the allowance or the contract asset, depending on the nature of the adjustment. Actual 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.

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 ASC Topic 320 (for periods prior to January 1, 2018). 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.

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

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

Fair Value of Financial Instruments

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

The Company also has certain investments in mutual funds in India, which are accounted for as equity securities with readily determinable fair values under ASC Topic 321. Beginning in the first quarter of 2018, the Company will measure these investments at fair value with both realized gains and losses and unrealized holding gains and losses for these investments included in net income.

Prior to January 1, 2018, the investments in mutual funds in India were designated as 'available for sale' under Topic 320 of the ASC. Accordingly, unrealized gains and losses on these investments were recorded to other comprehensive income and were reclassified out of accumulated other comprehensive income to the statement of operations when the investment matured or was sold using a specific identification method.

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

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

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

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

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

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

Concentration of Credit Risk

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

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, 2018 and 2017. 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, 2018 or 2017.

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, restructuring and depreciable lives for property and equipment and computer software.

Recently Issued Accounting Pronouncements

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. During July 2018, the FASB issued additional updates to the new lease accounting standard. ASU No. 2018-10, "Codification Improvements to Topic 842, Leases" clarifies certain aspects of the new lease accounting standard. In addition, ASU No. 2018-11, "Leases (Topic 842): Targeted Improvements" provides companies with the option to apply the provisions of the new lease accounting standard on the date of adoption (effective date of January 1, 2019 for Moody's), and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption, without adjusting the comparative periods presented, as initially required.

The Company will adopt the new lease accounting standard as of January 1, 2019 and has elected to apply the provisions of the standard on the date of adoption. Accordingly, the Company will not restate prior year comparative periods for the impact of the new lease accounting standard. The Company will elect the package of practical expedients permitted under the transition guidance within the new lease accounting standard, which permits the Company not to reassess the following for any expired or existing contracts: i) whether any contracts contain leases; ii) lease classification (i.e. operating lease or finance/capital lease); and iii) initial direct costs.

The Company is in the process of finalizing the implementation of a software solution, which will support the accounting under the new lease accounting standard.

The Company anticipates that the adoption of the new lease accounting standard will result in the recognition of right-of-use assets and lease liabilities of approximately $520 million and $625 million, respectively, at January 1, 2019, consisting primarily of operating leases relating to real estate. Pursuant to this transition adjustment, the Company also anticipates recognizing approximately $150 million and approximately $125 million in additional deferred tax assets and liabilities, respectively. The Company does not anticipate that the new lease accounting standard will materially impact its statement of operations or statement of cash flows in periods subsequent to adoption. The aforementioned estimates related to the adoption of the new lease accounting standard are based on the Company's assessment and best estimates to date.

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. In November 2018, the FASB issued ASU No. 2018-19 "Codification Improvements to Topic 326, Financial Instruments—Credit Losses," which clarifies that receivables arising from operating leases are not within the scope of Subtopic 326-20, but instead should be accounted for in accordance with Topic 842, Leases.

ASU No. 2016-13 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 February 2018, FASB issued ASU No. 2018-02, "Income Statement—Reporting Comprehensive Income (Topic 220): 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 expects to make adjustments to its opening retained earnings and AOCI balances as of January 1, 2019, to reclassify approximately $20 million of tax benefits from AOCI to retained earnings relating to the aforementioned stranded tax effect of the Tax Act.

In June 2018, the FASB issued ASU No. 2018-07, "Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting", which simplifies the accounting for nonemployee share-based payment transactions. The amendments specify that ASC Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. The ASU is effective for all entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early adoption permitted. The Company does not anticipate that the adoption of this ASU will have a significant impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract", which requires implementation costs incurred by customers in cloud computing arrangements (i.e., hosting arrangements) to be capitalized under the same premises of authoritative guidance for internal-use software, and deferred over the non-cancellable term of the cloud computing arrangements plus any option renewal periods that are reasonably certain to be exercised by the customer or for which the exercise is controlled by the service provider. The ASU is effective for all entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of this ASU on its financial statements.

In August 2018, the FASB issued ASU No. 2018-14, "Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans". This ASU eliminates requirements for certain disclosures and requires additional disclosures under defined benefit pension plans and other postretirement plans. The ASU is effective for all entities for fiscal years beginning after December 15, 2020 on a retrospective basis to all periods presented, with early adoption permitted. The Company is currently evaluating the impact of this ASU on its financial statements.

In October 2018, the FASB issued ASU No. 2018-16, "Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes". The amendments in this ASU permit the use of the OIS rate based on SOFR as a U.S. benchmark interest rate for hedge accounting purposes under ASC 815, in addition to the currently permissible benchmark interest rates. This ASU will provide the Company the ability to utilize the OIS rate based on SOFR as the benchmark interest rate on certain hedges of interest rate risk. For entities, such as the Company, that have already adopted ASU 2017-12, this ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption permitted. The ASU is to be adopted on a prospective basis for qualifying new or redesignated hedging relationships entered into on or after the date of adoption. The Company does not anticipate that the adoption of this ASU will have a significant impact on its consolidated financial statements.

NOTE 3 REVENUES

Revenue by Category

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

	Year Ended December 31,		
	2018	2017 (1)	2016 (1)
MIS:			
Corporate finance (CFG)			
Investment-grade	$ 253.3	$ 301.0	$ 262.3
High-yield	175.4	254.0	181.3
Bank loans	371.7	349.3	246.2
Other accounts (2)	533.7	488.4	432.5
Total CFG	1,334.1	1,392.7	1,122.3
Structured finance (SFG)			
Asset-backed securities	106.3	96.6	94.3
Residential mortgage backed securities	98.0	89.5	85.0
Commercial real estate finance	123.5	142.7	133.3
Structured credit	196.4	164.7	121.9
Other accounts	2.3	2.0	2.3
Total SFG	526.5	495.5	436.8
Financial institutions (FIG)			
Banking	290.4	299.5	239.5
Insurance	114.1	102.1	102.4
Managed investments	24.1	21.6	16.7
Other accounts	13.1	12.6	10.3
Total FIG	441.7	435.8	368.9
Public, project and infrastructure finance (PPIF)			
Public finance / sovereign	184.8	218.0	224.6
Project and infrastructure	206.3	213.3	187.6
Total PPIF	391.1	431.3	412.2
Total ratings revenue	2,693.4	2,755.3	2,340.2
MIS Other	19.0	18.5	30.6
Total external revenue	2,712.4	2,773.8	2,370.8
Intersegment royalty	124.0	111.7	100.2
Total MIS	2,836.4	2,885.5	2,471.0
MA:			
Research, data and analytics (RD&A)	1,134.1	832.7	667.6
Enterprise risk solutions (ERS)	437.4	448.6	418.8
Professional services (PS)	158.8	149.0	147.0
Total external revenue	1,730.3	1,430.3	1,233.4
Intersegment revenue	12.3	16.0	13.5
Total MA	1,742.6	1,446.3	1,246.9
Eliminations	(136.3)	(127.7)	(113.7)
Total MCO	$ 4,442.7	$ 4,204.1	$ 3,604.2

(1) Prior period amounts have not been adjusted under the modified retrospective method of adoption for the New Revenue Accounting Standard.

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

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

	Year Ended December 31, 2018			Year Ended December 31, 2017 (1)		
	U.S.	Non-U.S.	Total	U.S.	Non-U.S.	Total
MIS:						
Corporate finance (CFG)	$ 852.3	$ 481.8	$ 1,334.1	$ 909.7	$ 483.0	$ 1,392.7
Structured finance (SFG)	342.9	183.6	526.5	340.1	155.4	495.5
Financial institutions (FIG)	194.6	247.1	441.7	186.1	249.7	435.8
Public, project and infrastructure finance (PPIF)	228.8	162.3	391.1	266.4	164.9	431.3
Total ratings revenue	1,618.6	1,074.8	2,693.4	1,702.3	1,053.0	2,755.3
MIS Other	0.6	18.4	19.0	0.5	18.0	18.5
Total MIS	1,619.2	1,093.2	2,712.4	1,702.8	1,071.0	2,773.8
MA:						
Research, data and analytics (RD&A)	480.4	653.7	1,134.1	424.4	408.3	832.7
Enterprise risk solutions (ERS)	170.0	267.4	437.4	166.6	282.0	448.6
Professional services (PS)	60.0	98.8	158.8	54.6	94.4	149.0
Total MA	710.4	1,019.9	1,730.3	645.6	784.7	1,430.3
Total MCO	$ 2,329.6	$ 2,113.1	$ 4,442.7	$ 2,348.4	$ 1,855.7	$ 4,204.1

	Year Ended December 31, 2016 (1)		
	U.S.	Non-U.S.	Total
MIS:			
Corporate finance (CFG)	$ 762.9	$ 359.4	$ 1,122.3
Structured finance (SFG)	293.3	143.5	436.8
Financial institutions (FIG)	160.1	208.8	368.9
Public, project and infrastructure finance (PPIF)	276.2	136.0	412.2
Total ratings revenue	1,492.5	847.7	2,340.2
MIS Other	9.4	21.2	30.6
Total MIS	1,501.9	868.9	2,370.8
MA:			
Research, data and analytics (RD&A)	389.3	278.3	667.6
Enterprise risk solutions (ERS)	162.9	255.9	418.8
Professional services (PS)	51.4	95.6	147.0
Total MA	603.6	629.8	1,233.4
Total MCO	$ 2,105.5	$ 1,498.7	$ 3,604.2

(1) Prior period amounts have not been adjusted under the modified retrospective method of adoption for the New Revenue Accounting Standard.

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

	Year Ended December 31,					
	2018			2017 (2)		
	Transaction	Relationship	Total	Transaction	Relationship	Total
Corporate Finance	$ 918.1	$ 416.0	$ 1,334.1	$ 1,012.0	$ 380.7	$ 1,392.7
	69%	31%	100%	73%	27%	100%
Structured Finance	$ 341.0	$ 185.5	$ 526.5	$ 320.2	$ 175.3	$ 495.5
	65%	35%	100%	65%	35%	100%
Financial Institutions	$ 187.2	$ 254.5	$ 441.7	$ 194.7	$ 241.1	$ 435.8
	42%	58%	100%	45%	55%	100%
Public, Project and Infrastructure Finance	$ 237.6	$ 153.5	$ 391.1	$ 278.4	$ 152.9	$ 431.3
	61%	39%	100%	65%	35%	100%
MIS Other	$ 2.2	$ 16.8	$ 19.0	$ 2.5	$ 16.0	$ 18.5
	12%	88%	100%	14%	86%	100%
Total MIS	$ 1,686.1	$ 1,026.3	$ 2,712.4	$ 1,807.8	$ 966.0	$ 2,773.8
	62%	38%	100%	65%	35%	100%
Moody's Analytics	$ 275.2(1)	$ 1,455.1	$ 1,730.3	$ 312.7	$ 1,117.6	$ 1,430.3
	16%	84%	100%	22%	78%	100%
Total Moody's Corporation	$ 1,961.3	$ 2,481.4	$ 4,442.7	$ 2,120.5	$ 2,083.6	$ 4,204.1
	44%	56%	100%	50%	50%	100%

	Year Ended December 31,		
	2016 (2)		
	Transaction	Relationship	Total
Corporate Finance	$ 765.5	$ 356.8	$ 1,122.3
	68%	32%	100%
Structured Finance	$ 269.4	$ 167.4	$ 436.8
	62%	38%	100%
Financial Institutions	$ 137.3	$ 231.6	$ 368.9
	37%	63%	100%
Public, Project and Infrastructure Finance	$ 257.9	$ 154.3	$ 412.2
	63%	37%	100%
MIS Other	$ 10.9	$ 19.7	$ 30.6
	36%	64%	100%
Total MIS	$ 1,441.0	$ 929.8	$ 2,370.8
	61%	39%	100%
Moody's Analytics	$ 314.0	$ 919.4	$ 1,233.4
	25%	75%	100%
Total Moody's Corporation	$ 1,755.0	$ 1,849.2	$ 3,604.2
	49%	51%	100%

(1) Revenue from software implementation services and risk management advisory projects, while classified by management as transactional revenue, is recognized over time under the New Revenue Accounting Standard (please also refer to the table below).

(2) Prior period amounts have not been adjusted under the modified retrospective method of adoption for the New Revenue Accounting Standard.

The following table presents the timing of revenue recognition:

	Year Ended December 31, 2018		
	MIS	MA	Total
Revenue recognized at a point in time	$1,686.1	$ 98.9	$1,785.0
Revenue recognized over time	1,026.3	1,631.4	2,657.7
Total	$2,712.4	$1,730.3	$4,442.7

Unbilled Receivables, Deferred Revenue and Remaining Performance Obligations

Unbilled receivables
At December 31, 2018, accounts receivable included approximately $311.8 million of unbilled receivables related to the MIS segment. Certain MIS arrangements contain contractual terms whereby the customers are billed in arrears for annual monitoring services and rating fees, requiring revenue to be accrued as an unbilled receivable as such services are provided.

In addition, for certain MA arrangements, the timing of when the Company has the unconditional right to consideration and recognizes revenue occurs prior to invoicing the customer. Consequently, at December 31, 2018, accounts receivable included approximately $59.5 million of unbilled receivables related to the MA segment.

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

Significant changes in the deferred revenue balances during the year ended December 31, 2018 are as follows:

	Year Ended December 31, 2018		
	MIS	MA	Total
Balance at January 1, 2018 (after New Revenue Accounting Standard transition adjustment)	$ 334.7	$ 611.6	$ 946.3
Changes in deferred revenue			
Revenue recognized that was included in the deferred revenue balance at the beginning of the period	(218.1)	(589.6)	(807.7)
Increases due to amounts billable excluding amounts recognized as revenue during the period	215.7	730.1	945.8
Increases due to Reis and Omega acquisitions during the period	—	16.4	16.4
Effect of exchange rate changes	(6.9)	(18.2)	(25.1)
Total changes in deferred revenue	(9.3)	138.7	129.4
Balance at December 31, 2018	$ 325.4	$ 750.3	$1,075.7
Deferred revenue—current	$ 207.2	$ 746.2	$ 953.4
Deferred revenue—noncurrent	$ 118.2	$ 4.1	$ 122.3

For the MA segment, for the year ended December 31, 2018, the increase in the deferred revenue balance was primarily due to organic growth and the Reis acquisition in the fourth quarter of 2018.

Remaining performance obligations
The following tables include the expected recognition period for the remaining performance obligations for each reportable segment as of December 31, 2018:

MIS						
Total	Less than 1 year	1—5 years	6—10 Years	11—15 years	16-20 years	Over 20 Years
$149.6	$ 23.2	$ 68.6	$ 41.3	$ 6.8	$ 4.1	$ 5.6

The balances in the MIS table above largely reflect deferred revenue related to monitoring fees for certain structured finance products, primarily CMBS, where the issuers can elect to pay the monitoring fees for the life of the security in advance. With respect to the remaining performance obligations for the MIS segment, the Company has applied a practical expedient set forth in ASC Topic 606 permitting the omission from the table above for unsatisfied performance obligations relating to contracts with an original expected length of one year or less.

MA			
Total	Less than 1 Year	1—2 Years	Over 2 Years
$1,776.6	$ 1,353.5	$300.0	$ 123.1

The balances in the MA table above include both amounts recorded as deferred revenue on the balance sheet as of December 31, 2018 as well as amounts not yet invoiced to customers as of December 31, 2018 largely reflecting future revenue related to signed multi-year arrangements for hosted and installed subscription based products.

NOTE 4 RECONCILIATION OF WEIGHTED AVERAGE SHARES OUTSTANDING

Below is a reconciliation of basic to diluted shares outstanding:

	Year Ended December 31,		
	2018	2017	2016
Basic	191.6	191.1	192.7
Dilutive effect of shares issuable under stock-based compensation plans	2.8	3.1	2.7
Diluted	194.4	194.2	195.4
Antidilutive options to purchase common shares and restricted stock as well as contingently issuable restricted stock which are excluded from the table above	0.4	0.6	0.6

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, 2018, 2017 and 2016. The assumed proceeds in 2018 and 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 include Excess Tax Benefits.

NOTE 5 CASH EQUIVALENTS AND INVESTMENTS

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

	As of December 31, 2018					
				Balance sheet location		
	Cost	Gross Unrealized Gains	Fair Value	Cash and cash equivalents	Short-term investments	Other assets
Money market mutual funds	$ 15.2	$ —	$ 15.2	$ 15.2	$ —	$ —
Certificates of deposit and money market deposit accounts (1)	$1,022.4	$ —	$ 1,022.4	$ 904.3	$ 115.8	$ 2.3
Open ended mutual funds	$ 29.5	$ 3.8	$ 33.3	$ —	$ 16.7	$ 16.6

	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

(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, 2018 and at December 31, 2017. The remaining contractual maturities for the certificates of deposits classified in other assets are 14 to 36 months at December 31, 2018 and 15 to 48 months at December 31, 2017. Time deposits with a maturity of less than 90 days at time of purchase are classified as cash and cash equivalents.

(2) At December 31, 2017, the remaining contractual maturities for the fixed maturity instruments were six months to seven months.

As a result of the adoption of ASU 2016-01, as further discussed in Note 1 and Note 2, the money market mutual funds and the fixed maturity and open-ended mutual funds in the table above are deemed to be equity securities with readily determinable fair values with changes in the fair value recognized through net income under ASC Topic 321. The fair value of these instruments is determined using Level 1 inputs as defined in ASC 820.

NOTE 6 DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

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

Derivatives and non-derivative instruments designated as accounting hedges:

Interest Rate Swaps Designated as Fair Value Hedges

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:

Hedged Item	Nature of Swap	Notional Amount As of December 31, 2018	2017	Floating Interest Rate
2010 Senior Notes due 2020	Pay Floating/Receive Fixed	$ 500.0	$ 500.0	3-month LIBOR
2012 Senior Notes due 2022	Pay Floating/Receive Fixed	$ 330.0	$ 80.0	3-month LIBOR
2014 Senior Notes due 2019	Pay Floating/Receive Fixed	$ —	$ 450.0	3-month LIBOR
2017 Senior Notes due 2021	Pay Floating/Receive Fixed	$ 500.0	$ —	3-month LIBOR

In the fourth quarter of 2018, the Company terminated the interest rate swaps associated with the 2014 Senior Notes Due 2019 in advance of the early repayment of the notes in January 2019.

Refer to Note 17 for information on the cumulative amount of fair value hedging adjustments included in the carrying amount of the above hedged items.

The following table summarizes the impact to the 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, 2018	2017	2016
Total amounts of financial statement line item presented in the statements of operations in which the effects of fair value hedges are recorded				
Interest expense, net		$ (216.0)	$ (208.5)	$ (157.3)
Descriptions	Location on Statement of Operations			
Net interest settlements and accruals on interest rate swaps	Interest expense, net	$ (2.4)	$ 6.7	$ 11.2
Fair value changes on interest rate swaps	Interest expense, net	2.2	(9.2)	(5.5)
Fair value changes on hedged debt	Interest expense, net	$ (2.2)	$ 9.2	$ 5.5

Cash flow hedges

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 early termination of the cross-currency swap in 2017, which was 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 affected net income. On December 18, 2017, when the Company terminated the cross-currency swap, it designated the full € 500 million principal of the 2015 Senior Notes as a net investment hedge as discussed below.

In the fourth quarter of 2018, the Company entered into and settled $250 million notional amount treasury rate locks, which were designated as cash flow hedges and used to manage the Company's interest rate risk associated with the anticipated issuance of the 2018 Senior Notes Due 2029, which are more fully discussed in Note 17. The Company settled these treasury rate locks in December 2018 in connection with the issuance of the 2018 Senior Notes Due 2029. The loss on these treasury rate locks was recorded in comprehensive income (see tables below relating to gains and losses on cash flow and net investment hedges) and will be amortized to interest expense over the term of the 2018 Senior Notes Due 2029.

Net Investment Hedges

The Company has entered into cross-currency swaps to mitigate FX exposure related to a portion of the Company's euro net investment in certain foreign subsidiaries against changes in euro/USD exchange rates.

The Company has designated € 500 million of the 2015 Senior Notes Due 2027 as a net investment hedge. This hedge is designated as an accounting hedge under the applicable sections of ASC Topic 815 and will end upon the repayment of the notes in 2027, unless terminated early at the discretion of the Company.

In 2018, the Company entered into cross-currency swaps to exchange an aggregate amount of € 710.2 million with corresponding interest based on the floating 3-month EURIBOR for an aggregate amount of $830.0 million with corresponding interest based on the floating 3-month U.S. LIBOR. These hedges were designated as net investment hedges under ASC Topic 815 and the purpose of these hedges is to mitigate FX exposure related to a portion of the Company's euro net investments in certain foreign subsidiaries against changes in euro/USD exchange rates. These hedges will expire and be settled in 2021 and 2022 for € 422.5 million and € 287.7 million of the total notional amount, respectively, unless terminated early at the discretion of the Company.

Beginning in 2018 with the Company's initial application of ASU 2017-12, net periodic interest settlements and accruals on the cross currency swaps (which would include any cross-currency basis spread adjustment) are reported directly in interest expense, net. Changes in the fair value of the cross-currency swaps resulting from changes in the foreign exchange spot rate will continue to be recorded within the cumulative translation component of OCI.

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

	Amount of Gain/(Loss) Recognized in AOCI on Derivative, net of Tax			Amount of Gain/(Loss) Reclassified from AOCI into Income, net of tax			Gain/(Loss) Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing)		
	Year Ended December 31,			Year Ended December 31,			Year Ended December 31,		
Derivatives and Non-Derivative Instruments in Net Investment Hedging Relationships	2018	2017 (1)	2016 (1)	2018	2017 (1)	2016 (1)	2018 (2)	2017 (3)	2016 (3)
Cross currency swaps	$12.3	$ —	$ —	$ —	$ —	$ —	$ 11.0	$ —	$ —
FX forwards	—	1.2	(12.0)	—	—	—	—	—	—
Long-term debt	21.6	(37.2)	7.8	—	—	—	—	—	—
Total net investment hedges	$33.9	$ (36.0)	$ (4.2)	$ —	$ —	$ —	$ 11.0	$ —	$ —
Derivatives in Cash Flow Hedging Relationships									
Cross currency swap	$ 1.5	$ 6.3	$ (0.9)	$ 0.3	$ 7.8	$ (3.7)	$ —	$ —	$ —
Interest rate contracts	(2.1)	(0.4)	—	(0.1)	(1.1)	—	—	—	—
Total cash flow hedges	(0.6)	5.9	(0.9)	0.2	6.7	(3.7)	—	—	—
Total	$33.3	$ (30.1)	$ (5.1)	$ 0.2	$ 6.7	$ (3.7)	$ 11.0	$ —	$ —

(1) For the years ended December 31, 2017 and 2016, amount of gain or (loss) represents only the effective portion of the hedging relationship as this period was prior to the Company's 2018 initial application of ASU 2017-12.

(2) Effective with the adoption of ASU 2017-12, the Company has elected to assess the effectiveness of its net investment hedges based on changes in spot exchange rates. Accordingly, amounts recognized directly into Net Income during the year ended December 31, 2018 related to its cross-currency swaps represent net periodic interest settlements and accruals, which are recognized in interest expense, net.

(3) For the year ended December 31, 2017 and 2016, amount of gain or (loss) recognized directly into income represents the ineffective portion of the hedging relationship. No hedging instruments for which ineffectiveness was recognized directly into Net Income in 2017 or in years prior were outstanding at the date of adoption of ASU 2017-12.

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

	Cumulative Gains/(Losses), net of tax	
	December 31, 2018	December 31, 2017
Net investment hedges		
Cross currency swaps	$ 12.3	$ —
FX forwards	23.5	23.5
Long-term debt	(3.1)	(24.7)
Total net investment hedges	$ 32.7	$ (1.2)
Cash flow hedges		
Interest rate contracts	$ (2.4)	$ (0.4)
Cross currency swap	2.5	1.3
Total cash flow hedges	0.1	0.9
Total net gain (loss) in AOCI	$ 32.8	$ (0.3)

Derivatives not designated as accounting hedges:

Foreign exchange forwards

The Company also enters into foreign exchange forward contracts to mitigate the change in fair value on certain assets and liabilities denominated in currencies other than a subsidiary's functional currency. These forward contracts are not designated as accounting hedges under the applicable sections of Topic 815 of the ASC. Accordingly, changes in the fair value of these contracts are recognized immediately in other non-operating (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 April 2019.

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

	December 31, 2018		December 31, 2017	
Notional Amount of Currency Pair:	Sell	Buy	Sell	Buy
Contracts to sell USD for GBP	$310.3	£ 241.2	$484.7	£ 362.3
Contracts to sell USD for Japanese yen	$ 14.3	¥ 1,600.0	$ 24.3	¥ 2,700.0
Contracts to sell USD for Canadian dollars	$ 99.0	C$ 130.0	$ 51.7	C$ 64.0
Contracts to sell USD for Singapore dollars	$ —	S$ —	$ 39.2	S$ 53.0
Contracts to sell USD for EUR	$212.8	€ 184.6	$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 in 2017 consisting of option contracts to economically hedge the Bureau van Dijk euro denominated purchase price (as discussed further in Note 8 of the financial statements). 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:

Derivatives Not Designated as Accounting Hedges	Location on Statement of Operations	Year Ended December 31, 2018	2017	2016
Foreign exchange forwards	Other non-operating income, net	$ (52.3)	$ 21.5	$ (7.2)
FX collar relating to Bureau van Dijk acquisition	Purchase Price Hedge Gain	—	100.8	—
Foreign exchange forwards relating to Bureau van Dijk acquisition	Purchase Price Hedge Gain	—	10.3	—
		$ (52.3)	$ 132.6	$ (7.2)

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:

	Balance Sheet Location	Derivative and Non-derivative Instruments December 31, 2018	December 31, 2017
Assets:			
Derivatives designated as accounting hedges:			
Cross-currency swaps designated as net investment hedges	Other assets	$ 19.4	$ —
Interest rate swaps	Other assets	7.5	0.5
Total derivatives designated as accounting hedges		26.9	0.5
Derivatives not designated as accounting hedges:			
FX forwards on certain assets and liabilities	Other current assets	1.4	12.5
Total assets		$ 28.3	$ 13.0
Liabilities:			
Derivatives designated as accounting hedges:			
Cross-currency swaps designated as net investment hedges	Other liabilities	$ 2.9	$ —
Interest rate swaps	Other liabilities	5.3	$ 3.5
Total derivatives designated as accounting hedges		8.2	3.5
Non-derivative instrument designated as accounting hedge:			
Long-term debt designated as net investment hedge	Long-term debt	571.6	600.4
Derivatives not designated as accounting hedges:			
FX forwards on certain assets and liabilities	Accounts payable and accrued liabilities	8.2	2.0
Total liabilities		$ 588.0	$ 605.9

NOTE 7 PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of:

	December 31, 2018	2017
Office and computer equipment (3 – 10 year estimated useful life)	$ 242.0	$ 219.5
Office furniture and fixtures (3 – 10 year estimated useful life)	52.6	50.5
Internal-use computer software (1 – 10 year estimated useful life)	573.6	520.3
Leasehold improvements and building (1 – 25 year estimated useful life)	242.4	240.8
Total property and equipment, at cost	1,110.6	1,031.1
Less: accumulated depreciation and amortization	(790.2)	(706.0)
Total property and equipment, net	$ 320.4	$ 325.1

Depreciation and amortization expense related to the above assets was $90.2 million, $96.9 million, and $92.5 million for the years ended December 31, 2018, 2017 and 2016, respectively.

NOTE 8 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. 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. 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, for all acquisitions excluding Bureau van Dijk, the impact to the Company's operations from the acquisition date through the end of the fiscal year in which each acquisition was completed was not material.

Reis

On October 15, 2018, a subsidiary of the Company acquired 100% of Reis, Inc., a provider of commercial real estate market information and analytical tools to real estate professionals. The cash payment of $278.0 million was funded with cash on hand. The acquisition further expands Moody's Analytics' network of data and analytics providers in the commercial real estate space.

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

(Amounts in millions)		
Current assets		$ 31.6
Property and equipment		3.7
Intangible assets:		
Customer relationships (14 year weighted average life)	$ 77.1	
Database (5 year weighted average life)	12.6	
Product technology (7 year weighted average life)	10.3	
Trade name (10 year weighted average life)	3.5	
Total intangible assets (12 year weighted average life)		103.5
Goodwill		186.0
Deferred tax assets		11.5
Other assets		0.1
Liabilities:		
Deferred revenue	$ (14.3)	
Accounts payable and accrued liabilities	(19.5)	
Deferred tax liabilities	(24.6)	
Total liabilities		(58.4)
Net assets acquired		$ 278.0

The Company has performed a preliminary valuation analysis of the fair market value of assets and liabilities of the Reis 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 deferred tax liabilities. The estimated useful lives of acquired intangibles assets are also preliminary.

Current assets in the table above include acquired cash of $23.9 million. Additionally, current assets include accounts receivable of approximately $6 million.

Goodwill

The goodwill recognized as a result of this acquisition includes, among other things, the value of combining the complementary product portfolios of the Company and Reis, 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.

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

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

Omega Performance
On August 16, 2018, the Company acquired 100% of Omega Performance, a provider of online credit training. 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 MALS reporting unit.

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 final 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		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		2,614.7
Other assets		5.9
Liabilities:		
Deferred revenue	$ (101.1)	
Accounts payable and accrued liabilities	(44.3)	
Deferred tax liabilities, net	(329.8)	
Other liabilities	(118.4)	
Total liabilities		(593.6)
Net assets acquired		$ 3,542.0

The Company completed the valuation analysis of the fair market value of assets and liabilities of the Bureau van Dijk business. Current assets in the table above include acquired cash of $36.0 million. Additionally, current assets include accounts receivable of approximately $88.0 million (net of an allowance for uncollectible accounts of $3.7 million).

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 reduced reported revenue by $53 million over the remaining contractual period of in-progress customer arrangements assumed as of the acquisition date, and resulted in approximately $17 million and $36 million less in reported revenue in the years ended December 31, 2018 and 2017, respectively. Amortization of acquired intangible assets was $71.4 million and $28.0 million for the year ended December 31, 2018 and 2017, respectively.

Goodwill
The goodwill recognized as a result of this acquisition includes, among other things, the value of combining the complementary product portfolios of the Company and 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 is 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 UTPs as well as deferred tax liabilities which relate to acquired intangible assets. UTPs are included in other liabilities in the table above.

Supplementary Unaudited Pro Forma Information
Supplemental information on an unaudited pro forma basis is presented below for the years 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 and is 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 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		2.0
Indemnification assets		1.5
Intangible assets:		
Software (7 year weighted average life)	$ 16.6	
Customer relationships (21 year weighted average life)	13.8	
Trade name (19 year weighted average life)	3.7	
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 UTPs 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, 2018 and December 31, 2017.

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

NOTE 9 GOODWILL AND OTHER ACQUIRED INTANGIBLE ASSETS

The following table summarizes the activity in goodwill:

	Year Ended December 31, 2018								
	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	$ 285.2	$ —	$ 285.2	$ 3,480.2	$ (12.2)	$ 3,468.0	$ 3,765.4	$ (12.2)	$ 3,753.2
Additions/adjustments	—	—	—	211.5	—	211.5	211.5	—	211.5
Foreign currency translation adjustments	(27.4)	—	(27.4)	(156.0)	—	(156.0)	(183.4)	—	(183.4)
Ending balance	$ 257.8	$ —	$ 257.8	$ 3,535.7	$ (12.2)	$ 3,523.5	$ 3,793.5	$ (12.2)	$ 3,781.3

	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

The 2018 additions/adjustments for the MA segment in the table above primarily relate to the acquisitions of Omega Performance and Reis.

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.

Acquired intangible assets and related amortization consisted of:

	December 31,	
	2018	2017
Customer relationships	$ 1,367.5	$ 1,345.1
Accumulated amortization	(214.2)	(159.9)
Net customer relationships	1,153.3	1,185.2
Trade secrets	29.8	30.2
Accumulated amortization	(28.2)	(28.1)
Net trade secrets	1.6	2.1
Software/product technology	353.3	358.6
Accumulated amortization	(101.8)	(78.0)
Net software/product technology	251.5	280.6
Trade names	155.1	161.6
Accumulated amortization	(34.1)	(26.7)
Net trade names	121.0	134.9
Other (1)	70.4	57.4
Accumulated amortization	(31.7)	(28.6)
Net other	38.7	28.8
Total	$ 1,566.1	$ 1,631.6

(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,		
	2018	2017	2016
Amortization expense	$ 101.7	$ 61.4	$ 34.2

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

Year Ending December 31,	
2019	$ 103.3
2020	101.0
2021	100.8
2022	100.8
2023	97.9
Thereafter	1,062.3
Total estimated future amortization	$ 1,566.1

Amortizable intangible assets are reviewed for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the estimated undiscounted future cash flows are lower than the carrying amount of the related asset, a loss is recognized for the difference between the carrying amount and the estimated fair value of the asset. There were no impairments to intangible assets during 2018, 2017 or 2016.

NOTE 10 RESTRUCTURING

On October 26, 2018, the chief executive officer of Moody's approved a restructuring program (the "2018 Restructuring Program") that the Company estimates will result in annualized savings of approximately $40 to $50 million a year, a portion of which will benefit

2019. The 2018 Restructuring Program is estimated to result in total pre-tax charges of $70 to $80 million, of which approximately $49 million was recorded in the fourth quarter 2018. The Program is expected to be substantially completed by June 30, 2019. The 2018 Restructuring Program includes relocation of certain functions from high-cost to lower-cost jurisdictions, a reduction of staff, including from recent acquisitions and pursuant to a review of the business criticality of certain positions, and the rationalization and exit of certain real estate leases due to consolidation of various business activities. The exit from certain leased office space began in the fourth quarter of 2018 and will entail approximately $35 to $40 million of the charges to either terminate or sublease the affected real estate leases. The 2018 Restructuring Program is anticipated also to represent approximately $35 to $40 million of personnel-related restructuring charges, an amount that includes severance and related costs primarily determined under the Company's existing severance plans. Cash outlays associated with the employee termination cost component of the 2018 Restructuring Program are anticipated to be approximately $35 to $40 million, the majority of which will be paid in 2019.

In September 2016, the Company approved a restructuring program (the "2016 Restructuring Program") relating to cost management initiatives in the MIS segment as well as in certain corporate overhead functions. This restructuring program consisted solely of headcount reductions. Actions under these plans were substantially complete at September 30, 2016.

Total expenses included in the accompanying consolidated statements of operations relating to each of the aforementioned restructuring plans are as follows:

	Year Ended December 31, 2018	2017	2016
2016 Restructuring Program	$ —	$ —	$ 12.0
2018 Restructuring Program	$ 48.7	$ —	$ —

Changes to the restructuring liability were as follows:

	Employee Termination Costs	Contract Termination Costs	Total Restructuring Liability
Balance as of December 31, 2015	$ —	$ —	$ —
2016 Restructuring Program:			
Cost incurred and adjustments	12.0	—	12.0
Cash payments and adjustments	(5.7)	—	(5.7)
Balance as of December 31, 2016	$ 6.3	$ —	$ 6.3
2016 Restructuring Program:			
Cost incurred and adjustments	—	—	—
Cash payments and adjustments	(5.9)	—	(5.9)
Balance as of December 31, 2017	$ 0.4	$ —	$ 0.4
2016 Restructuring Program:			
Cost incurred and adjustments	—	—	—
Cash payments and adjustments	(0.4)	—	(0.4)
2018 Restructuring Program:			
Cost incurred and adjustments	32.8	12.4(1)	45.2(1)
Cash payments and adjustments	(2.9)	—	(2.9)
Balance as of December 31, 2018	**$ 29.9**	**$ 12.4**	**$ 42.3**
2016 Restructuring Program:			
Cumulative expense incurred to date	**$ 12.0**	**$ —**	
2018 Restructuring Program:			
Cumulative expense incurred to date	**$ 32.8**	**$ 15.9**	

(1) Excludes $3.5 million of non-cash acceleration of amortization of leasehold improvements relating to the rationalization and exit of certain real estate leases.

As of December 31, 2018, majority of the remaining $42 million restructuring liability is expected to be paid out during the year ending December 31, 2019.

NOTE 11 FAIR VALUE

The table below presents information about items which are carried at fair value on a recurring basis at December 31, 2018 and December 31, 2017:

	Description	Fair Value Measurement as of December 31, 2018		
		Balance	Level 1	Level 2
Assets:				
	Derivatives (1)	$ 28.3	$ —	$ 28.3
	Money market mutual funds	15.2	15.2	—
	Open ended mutual funds	33.3	33.3	—
	Total	$ 76.8	$ 48.5	$ 28.3
Liabilities:				
	Derivatives (1)	$ 16.4	$ —	$ 16.4
	Total	$ 16.4	$ —	$ 16.4

	Description	Fair Value Measurement as of December 31, 2017		
		Balance	Level 1	Level 2
Assets:				
	Derivatives (1)	$ 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 (1)	$ 5.5	$ —	$ 5.5
	Total	$ 5.5	$ —	$ 5.5

(1) Information on the Company's derivative instruments is more fully described in Note 6 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:
As a result of the adoption of ASU 2016-01, as further discussed in Note 1 and Note 2, the fixed maturity and open-ended mutual funds in the table above are deemed to be equity securities with readily determinable fair values with changes in the fair value recognized through net income under ASC Topic 321. Prior to the Company's adoption of ASU No. 2016-01, any unrealized gains and losses were recognized through OCI until the instruments matured or were sold. The fair value of these instruments is determined using Level 1 inputs as defined in the ASC.

Money market mutual funds:
Similar to fixed maturity and open-ended mutual funds, the money market mutual funds in the table above are deemed to be equity securities with readily determinable fair values with changes in the fair value recognized through net income under ASC Topic 321 as required by ASU 2016-01. The money market mutual funds represent publicly traded funds with a stable $1 net asset value.

NOTE 12 OTHER BALANCE SHEET AND STATEMENT OF OPERATIONS INFORMATION

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

	December 31, 2018		December 31, 2017	
Other current assets:				
Prepaid taxes	$	100.1	$	94.9
Prepaid expenses		102.0		91.7
Capitalized costs to obtain and fulfill sales contracts (1)		77.2		50.5
Other		3.0		13.0
Total other current assets	$	282.3	$	250.1

	December 31, 2018		December 31, 2017	
Other assets:				
Investments in non-consolidated affiliates	$	104.6	$	99.1
Deposits for real-estate leases		13.5		12.3
Indemnification assets related to acquisitions		16.1		17.0
Mutual funds and fixed deposits		18.9		22.1
Costs to obtain sales contracts (1)		78.0		—
Other		43.2		9.4
Total other assets	$	274.3	$	159.9

(1) The 2018 amount reflects capitalized costs to obtain sales contracts (sales commissions) pursuant to the adoption of the New Revenue Accounting Standard, which are amortized over an average 7 year period as well as costs incurred and capitalized for in process ratings (current assets only).

	December 31, 2018	December 31, 2017
Accounts payable and accrued liabilities:		
Salaries and benefits	$ 112.5	$ 129.6
Incentive compensation	154.5	246.7
Customer credits, advanced payments and advanced billings	20.4	22.2
Self-insurance reserves	10.6	8.1
Dividends	6.5	6.2
Professional service fees	47.7	47.1
Interest accrued on debt	70.5	73.9
Accounts payable	30.1	21.8
Income taxes	71.4	79.2
Pension and other retirement employee benefits	6.4	5.9
Accrued royalties	25.1	26.4
Foreign exchange forwards on certain assets and liabilities	8.2	2.0
Restructuring liability	35.5	0.4
Other	95.8	80.8
Total accounts payable and accrued liabilities	$ 695.2	$ 750.3

	December 31, 2018	December 31, 2017
Other liabilities:		
Pension and other retirement employee benefits	$ 249.2	$ 244.5
Deferred rent-non-current portion	94.3	103.1
Interest accrued on UTPs	69.6	54.7
Other tax matters	1.3	1.3
Income tax liability – non-current (2)	125.3	232.2
Interest rate swaps	5.3	3.5
Restructuring liability	6.8	—
Other	24.7	24.7
Total other liabilities	$ 576.5	$ 664.0

(2) Primarily reflects the transition tax pursuant to the Tax Act, which was enacted into law in December 2017.

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, 2018	2017	2016
Balance January 1,	$ 8.1	$ 11.1	$ 19.7
Accruals (reversals), net	7.2	9.6	12.1
Payments	(4.7)	(12.6)	(20.7)
Balance December 31,	$ 10.6	$ 8.1	$ 11.1

NOTE 13. COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE INCOME

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

	Year Ended December 31, 2018	2017	2016	Location in the consolidated statement of operations
(Losses) Gains on currency translation adjustments				
Liquidation/sale of foreign subsidiary	$ (0.2)	$ —	$ 36.6	Other non-operating income (expense), net
Total (losses) gains on currency translation adjustments	(0.2)	—	36.6	
Gains (losses) on cash flow hedges				
Cross-currency swap	0.5	12.6	(6.0)	Other non-operating income (expense), net
Interest rate contract	(0.1)	(1.1)	—	Interest expense, net
Total before income taxes	0.4	11.5	(6.0)	
Income tax effect of item above	(0.2)	(4.8)	2.3	Provision for income taxes
Total net gains (losses) on cash flow hedges	0.2	6.7	(3.7)	
Gains on available for sale securities:				
Gains on available for sale securities	—	1.8	—	Other non-operating income (expense), net
Income tax effect of item above	—	—	—	Provision for income taxes
Total gains on available for sale securities	—	1.8	—	
Pension and other retirement benefits				
Amortization of actuarial losses and prior service costs included in net income	(3.7)	(5.5)	(5.8)	Operating expense
Amortization of actuarial losses and prior service costs included in net income	(1.9)	(3.2)	(3.9)	SG&A expense
Total before income taxes	(5.6)	(8.7)	(9.7)	
Income tax effect of item above	1.4	3.3	3.7	Provision for income taxes
Total pension and other retirement benefits	(4.2)	(5.4)	(6.0)	
Total (losses) gains included in Net Income attributable to reclassifications out of AOCI	$ (4.2)	$ 3.1	$ 26.9	

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

	Pension and Other Retirement Benefits	Gains / (Losses) on Cash Flow Hedges	Foreign Currency Translation Adjustments	Gains on Available for Sale Securities	Total
Year Ended December 31, 2018					
Balance December 31, 2017	$ (61.5)	$ 0.9	$ (113.9)	$ 2.3	$ (172.2)
Adoption of ASU 2016-01 (Refer to Note 1 and Note 2)	—	—	—	(2.3)	(2.3)
Other comprehensive income/(loss) before reclassifications	4.2	(0.6)	(259.4)	—	(255.8)
Amounts reclassified from AOCI	4.2	(0.2)	—	—	4.0
Other comprehensive income/(loss)	8.4	(0.8)	(259.4)	(2.3)	(254.1)
Balance December 31, 2018	$ (53.1)	$ 0.1	$ (373.3)	$ —	$ (426.3)
Year Ended December 31, 2017					
Balance December 31, 2016	$ (79.5)	$ 1.7	$ (290.2)	$ 3.1	$ (364.9)
Other comprehensive income/(loss) 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)

NOTE 14 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	
	2018	2017	2018	2017
Change in benefit obligation:				
Benefit obligation, beginning of the period	$ (518.1)	$ (489.5)	$ (31.2)	$ (29.5)
Service cost	(18.7)	(18.4)	(3.0)	(2.5)
Interest cost	(17.6)	(18.5)	(1.1)	(1.1)
Plan participants' contributions	—	—	(0.5)	(0.4)
Benefits paid	11.4	15.0	1.0	1.4
Actuarial gain (loss)	0.4	7.4	(0.1)	(0.1)
Assumption changes	35.0	(14.1)	3.1	1.0
Benefit obligation, end of the period	$ (507.6)	$ (518.1)	$ (31.8)	$ (31.2)
Change in plan assets:				
Fair value of plan assets, beginning of the period	$ 357.4	$ 297.1	$ —	$ —
Actual return on plan assets	(18.0)	44.3	—	—
Benefits paid	(11.4)	(15.0)	(1.0)	(1.4)
Employer contributions	20.2	31.0	0.5	1.0
Plan participants' contributions	—	—	0.5	0.4
Fair value of plan assets, end of the period	$ 348.2	$ 357.4	$ —	$ —
Funded Status of the plans	$ (159.4)	$ (160.7)	$ (31.8)	$ (31.2)
Amounts recorded on the consolidated balance sheets:				
Pension and retirement benefits liability – current	$ (5.4)	$ (4.9)	$ (1.0)	$ (1.0)
Pension and retirement benefits liability – non current	(154.0)	(155.8)	(30.8)	(30.2)
Net amount recognized	$ (159.4)	$ (160.7)	$ (31.8)	$ (31.2)
Accumulated benefit obligation, end of the period	$ (457.8)	$ (461.5)		

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

	December 31,	
	2018	2017
Aggregate projected benefit obligation	$ 507.6	$ 518.1
Aggregate accumulated benefit obligation	$ 457.8	$ 461.5
Aggregate fair value of plan assets	$ 348.2	$ 357.4

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	
	2018	2017	2018	2017
Net actuarial losses	$ (95.7)	$ (104.0)	$ —	$ (3.0)
Net prior service costs	4.2	4.5	0.3	0.6
Total recognized in AOCI – pretax	$ (91.5)	$ (99.5)	$ 0.3	$ (2.4)

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	$ 3.6	$ —
Net prior service costs	(0.4)	(0.3)
Total to be recognized as components of net periodic expense	$ 3.2	$ (0.3)

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

	Pension Plans			Other Retirement Plans		
	2018	2017	2016	2018	2017	2016
Components of net periodic expense						
Service cost	$ 18.7	$ 18.4	$ 20.1	$ 3.0	$ 2.5	$ 2.2
Interest cost	17.6	18.5	18.2	1.1	1.1	1.0
Expected return on plan assets	(15.2)	(16.5)	(17.0)	—	—	—
Amortization of net actuarial loss from earlier periods	6.1	8.8	9.8	—	0.1	0.2
Amortization of net prior service costs from earlier periods	(0.3)	—	0.1	(0.3)	(0.3)	(0.3)
Net periodic expense	$ 26.9	$ 29.2	$ 31.2	$ 3.8	$ 3.4	$ 3.1

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		
	2018	2017	2016	2018	2017	2016
Amortization of net actuarial losses	$ 6.1	$ 8.8	$ 9.8	$ —	$ 0.1	$ 0.2
Amortization of prior service costs	(0.3)	—	0.1	(0.3)	(0.3)	(0.3)
Net actuarial gain arising during the period	2.2	21.1	0.8	3.0	0.9	0.2
Total recognized in OCI – pre-tax	$ 8.0	$ 29.9	$ 10.7	$ 2.7	$ 0.7	$ 0.1

ADDITIONAL INFORMATION:

Assumptions—Retirement Plans

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

	Pension Plans		Other Retirement Plans	
	2018	2017	2018	2017
Discount rate	4.07%	3.46%	4.10%	3.45%
Rate of compensation increase	3.69%	3.71%	—	—

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

	Pension Plans			Other Retirement Plans		
	2018	2017	2016	2018	2017	2016
Discount rate	3.46%	3.89%	4.04%	3.45%	3.86%	4.00%
Expected return on plan assets	4.50%	5.40%	6.10%	—	—	—
Rate of compensation increase	3.71%	3.72%	3.74%	—	—	—

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 2018, the expected rate of return used in calculating the net periodic benefit costs was 4.50%. For 2019, the Company's expected rate of return assumption is 5.65% 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-2018 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.

The Company's investment policy uses risk-controlled investment strategies by increasing the plan's asset allocation to fixed income securities and specifying ranges of acceptable target allocation by asset class based on different levels of the plan's accounting funded status. In addition, the investment policy also requires the investment-grade fixed income assets be rebalanced between shorter and longer duration bonds as the interest rate environment changes. This investment policy is designed to help protect the plan's funded status and to limit volatility of the Company's contributions. Based on the policy, the Company's current target asset allocation is approximately 49% (range of 44% to 54%) in equity securities, 45% (range of 40% to 50%) in fixed income securities and 6% (range of 3% to 9%) 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, 2018 and 2017 are as follows:

Asset Category	Fair Value Measurement as of December 31, 2018 Balance	Level 1	Level 2	Measured using NAV practical expedient (1)	% of total assets
Cash and cash equivalent	$ 0.8	$ —	$ 0.8	$ —	0%
Common/collective trust funds—equity securities					
U.S. large-cap	122.0	—	122.0	—	35%
U.S. small and mid-cap	16.3	—	16.3	—	5%
Emerging markets	22.8	—	22.8	—	7%
Total equity investments	161.1	—	161.1	—	47%
Emerging markets bond fund	13.1	—	—	13.1	4%
Common/collective trust funds—fixed income securities					
Intermediate-term investment grade U.S. government/ corporate bonds	109.5	—	109.5	—	31%
Mutual fund—U.S. Treasury Inflation-Protected Securities (TIPs)	21.0	21.0	—	—	6%
Private investment fund—convertible securities	10.7	—	—	10.7	3%
Private investment fund—high yield securities	10.6	—	—	10.6	3%
Total fixed-income investments	164.9	21.0	109.5	34.4	47%
Other investment—private real estate fund	21.4	—	—	21.4	6%
Total Assets	$ 348.2	$ 21.0	$ 271.4	$ 55.8	100%

Asset Category	Fair Value Measurement as of December 31, 2017 Balance	Level 1	Level 2	Measured using NAV practical expedient (1)	% 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%

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

Cash and cash equivalents are primarily comprised of investments in money market mutual funds. In determining fair value, Level 1 investments are valued based on quoted market prices in active markets. Investments in common/collective trust 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 $15.6 million and $25.9 million to its U.S. funded pension plan during the years ended December 31, 2018 and 2017, respectively. The Company made payments of $4.6 million and $5.1 million related to its U.S. unfunded pension plan obligations during the years ended December 31, 2018 and 2017, respectively. The Company made payments of $0.5 million and $1.0 million to its Other Retirement Plans during the years ended December 31, 2018 and 2017, respectively. The Company is currently evaluating whether to make a contribution to its funded pension plan in 2019, and anticipates making payments of $5.4 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, 2019.

Estimated Future Benefits Payable
Estimated future benefits payments for the Retirement Plans are as follows as of year ended December 31, 2018:

Year Ending December 31,	Pension Plans	Other Retirement Plans
2019	$ 13.3	$ 1.0
2020	15.7	1.1
2021	43.9	1.3
2022	19.6	1.4
2023	27.1	1.6
2024 – 2028	$ 141.2	$ 11.3

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 (i.e. profit sharing contribution). The Company did not make this profit sharing contribution in 2018. 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 $26.9 million, $43.3 million and $28.3 million in 2018, 2017, and 2016, respectively. The full year 2018 expense included 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, 2018, 2017 and 2016, 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 435,500 and 457,000 shares of Moody's common stock at December 31, 2018 and 2017, respectively.

Non-U.S. Plans
Certain of the Company's non-U.S. operations provide pension benefits to their employees. The non-U.S. defined benefit pension plans are immaterial. For defined contribution plans, company contributions are primarily determined as a percentage of employees' eligible compensation. 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. The Company did not make this profit sharing contribution in 2018. Expenses related to these defined contribution plans for the years ended December 31, 2018, 2017 and 2016 were $26.0 million, $23.9 million and $24.5 million, respectively.

NOTE 15 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,		
	2018	2017	2016
Stock-based compensation expense	$ 130.3	$ 122.9	$ 98.1
Tax benefit	$ 31.9	$ 13.3(1)	$ 31.9

(1) 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 16.

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,		
	2018	2017	2016
Expected dividend yield	1.05%	1.34%	1.83%
Expected stock volatility	26%	27%	32%
Risk-free interest rate	2.82%	2.19%	1.60%
Expected holding period -in years	6.2	6.5	6.8
Grant date fair value	$45.73	$30.00	$22.98

A summary of option activity as of December 31, 2018 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, 2017	2.9	$ 57.48		
Granted	0.2	$ 167.12		
Exercised	(0.9)	$ 45.79		
Outstanding, December 31, 2018	2.2	$ 69.86	4.7 years	$ 160.2
Vested and expected to vest, December 31, 2018	2.2	$ 69.30	4.7 years	$ 159.2
Exercisable, December 31, 2018	1.6	$ 51.81	3.5 years	$ 137.8

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, 2018 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, 2018. This amount varies based on the fair value of Moody's stock. As of December 31, 2018 there was $5.8 million of total unrecognized compensation expense related to options. The expense is expected to be recognized over a weighted average period of 2.1 years.

The following table summarizes information relating to stock option exercises:

	Year Ended December 31,		
	2018	2017	2016
Proceeds from stock option exercises	$38.3	$48.8	$71.8
Aggregate intrinsic value	$98.9	$88.3	$71.3
Tax benefit realized upon exercise	$24.2	$31.2	$24.3

A summary of nonvested restricted stock activity for the year ended December 31, 2018 is presented below:

Nonvested Restricted Stock	Shares	Weighted Average Grant Date Fair Value Per Share
Balance, December 31, 2017	2.3	$ 97.17
Granted	0.8	$ 167.18
Vested	(0.9)	$ 93.83
Forfeited	(0.1)	$ 96.36
Balance, December 31, 2018	2.1	$ 123.13

As of December 31, 2018, there was $140.0 million of total unrecognized compensation expense related to nonvested restricted stock. The expense is expected to be recognized over a weighted average period of 2.4 years.

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

	Year Ended December 31,		
	2018	2017	2016
Fair value of shares vested	$150.6	$110.5	$92.9
Tax benefit realized upon vesting	$ 34.6	$ 34.9	$29.4

A summary of performance-based restricted stock activity for the year ended December 31, 2018 is presented below:

Performance-based restricted stock	Shares	Weighted Average Grant Date Fair Value Per Share
Balance, December 31, 2017	0.7	$ 94.30
Granted	0.1	$ 162.09
Vested	(0.1)	$ 94.01
Balance, December 31, 2018	0.7	$ 103.74

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

	Year Ended December 31,		
	2018	2017	2016
Fair value of shares vested	$23.0	$19.5	$23.6
Tax benefit realized upon vesting	$ 5.5	$ 6.9	$ 8.4

As of December 31, 2018, there was $27.3 million of total unrecognized compensation expense related to this plan. The expense is expected to be recognized over a weighted average period of 1.6 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 2018, 2017 and 2016 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 2018, 2017, and 2016. 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 16 **INCOME TAXES**

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

	Year Ended December 31,		
	2018	2017	2016
Current:			
Federal	$167.7	$453.8	$ 292.9
State and Local	49.8	30.0	39.5
Non-U.S.	233.0	207.0	102.9
Total current	450.5	690.8	435.3
Deferred:			
Federal	(59.1)	155.5	(125.8)
State and Local	(1.8)	17.5	(20.3)
Non-U.S.	(38.0)	(84.7)	(7.0)
Total deferred	(98.9)	88.3	(153.1)
Total provision for income taxes	$351.6	$779.1	$ 282.2

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,		
	2018	2017	2016
U.S. statutory tax rate	21.0%	35.0%	35.0%
State and local taxes, net of federal tax benefit	2.2	1.9	2.2
Benefit of foreign operations	1.8	(9.9)	(13.3)
Settlement Charge	—	—	27.4
Legacy tax items	—	—	(0.1)
U.S. Tax Act impact	(2.8)	17.0	—
Other	(1.2)	(0.4)	(0.6)
Effective tax rate	21.0%	43.6%	50.6%
Income tax paid	$ 442.1	$ 366.4	$ 355.7

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

	Year Ended December 31,		
	2018	2017	2016
U.S.	$ 935.5	$ 1,098.5	$ 37.2
Non-U.S.	735.5	688.3	520.8
Income before provision for income taxes	$1,671.0	$1,786.8	$558.0

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

	December 31,	
	2018	2017
Deferred tax assets:		
Account receivable allowances	$ 6.0	$ 6.0
Accumulated depreciation and amortization	1.1	1.2
Stock-based compensation	45.8	39.6
Accrued compensation and benefits	75.3	79.2
Deferred rent and construction allowance	22.6	21.2
Deferred revenue	40.6	41.9
Net operating loss	32.9	13.3
Restructuring	4.8	0.2
Uncertain tax positions	81.5	28.6
Self-insured related reserves	7.9	7.5
Capitalized cost	3.9	4.3
Other	9.7	20.2
Total deferred tax assets	$ 332.1	$ 263.2
Deferred tax liabilities:		
Accumulated depreciation and amortization of intangible assets and capitalized software	$ (394.6)	$ (408.8)
Capital gains	(23.7)	(25.6)
Self-insured related income	(7.9)	(7.5)
Stock based compensation	(2.2)	(3.3)
New revenue accounting standard - ASC 606	(18.7)	—
Unrealized gain on net investment hedges - OCI	(10.2)	—
Other liabilities	(6.9)	(3.0)
Total deferred tax liabilities	(464.2)	(448.2)
Net deferred tax liabilities	(132.1)	(185.0)
Valuation allowance	(22.4)	(12.8)
Total net deferred tax liabilities	$ (154.5)	$ (197.8)

On December 22, 2017, the Tax Act was signed into law, which resulted in significant changes to U.S. corporate tax laws. The Tax Act includes a mandatory one-time deemed repatriation tax ("transition tax") on previously untaxed accumulated earnings of foreign subsidiaries and beginning in 2018 reduces the statutory federal corporate income tax rate from 35% to 21%. 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, as of December 31, 2017 the Company recorded a provisional estimate for the transition tax of $247.3 million. In September, 2018, the Company filed its 2017 federal income tax return and revised its determination of the transition tax to $236.4 million, a reduction of $10.9 million from the estimate at December 31, 2017. The reduction is primarily due to proposed regulations issued by the Internal Revenue Service and the finalization of earnings and profits calculations. A portion of the transition tax will be payable over eight years, starting in 2018, and will not accrue interest. The above revised determination of transition tax may be impacted by a number of additional considerations, including but not limited to the issuance of additional regulations.

As a result of the Tax Act, all previously net undistributed foreign earnings have now been subject to U.S. tax. The Company regularly evaluates which entities it will indefinitely reinvest earnings. The Company has provided deferred taxes for those entities whose earnings are not considered indefinitely reinvested.

The Company has recorded reductions in its income tax provision of approximately $38 million, or 233BPS, for the full-year of 2018, and approximately $40 million, or 220BPS, for the full-year of 2017, relating to Excess Tax Benefits on stock-based compensation.

The Company had valuation allowances of $22.4 million and $12.8 million at December 31, 2018 and 2017, respectively, related to foreign net operating losses for which realization is uncertain.

As of December 31, 2018 the Company had $494.6 million of UTPs of which $443.4 million represents the amount that, if recognized, would impact the effective tax rate in future periods. The increase in UTPs primarily resulted from the additional reserves established for non-U.S. tax exposures and an adjustment to the transition tax under U.S. tax reform. The Company has recorded a deferred tax asset in the amount of $48.1 million for potential transition tax benefits if certain non-U.S. UTPs are not sustained.

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

	Year Ended December 31,		
	2018	2017	2016
Balance as of January 1	$389.1	$199.8	$203.4
Additions for tax positions related to the current year	79.9	86.3	21.9
Additions for tax positions of prior years	88.9	120.2	12.4
Reductions for tax positions of prior years	(12.8)	(4.1)	(27.6)
Settlements with taxing authorities	(2.0)	(2.2)	(8.3)
Lapse of statute of limitations	(48.5)	(10.9)	(2.0)
Balance as of December 31	$494.6	$389.1	$199.8

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, 2018 and 2017, the Company incurred a net interest expense of $15.2 million and $15.3 million respectively, related to UTPs. As of December 31, 2018 and 2017, the amount of accrued interest recorded in the Company's consolidated balance sheets related to UTPs was $69.6 million and $54.7 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 2013 and 2015 through 2017 remain open to examination. The Company's New York State tax returns for 2011 through 2014 are currently under examination and the Company's New York City tax return for 2014 is currently under examination. The Company's U.K. tax return for 2012 is currently under examination and its returns for 2013 through 2017 remain open to examination.

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 17 INDEBTEDNESS

The following table summarizes total indebtedness:

	December 31, 2018				
	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	$ (3.7)	$ (0.6)	$ (0.7)	$ 495.0
4.50% 2012 Senior Notes, due 2022	500.0	1.9	(1.6)	(1.4)	498.9
4.875% 2013 Senior Notes, due 2024	500.0	—	(1.5)	(2.0)	496.5
2.75% 2014 Senior Notes (5-Year), due 2019	450.0	—	(0.1)	—	449.9
5.25% 2014 Senior Notes (30-Year), due 2044	600.0	—	3.2	(5.5)	597.7
1.75% 2015 Senior Notes, due 2027	571.6	—	—	(3.1)	568.5
2.75% 2017 Senior Notes, due 2021	500.0	4.0	(1.0)	(2.4)	500.6
2.625% 2017 Senior Notes, due 2023	500.0	—	(0.9)	(2.8)	496.3
3.25% 2017 Senior Notes, due 2028	500.0	—	(4.7)	(3.7)	491.6
3.25% 2018 Senior Notes, due 2021	300.0	—	(0.4)	(1.5)	298.1
4.25% 2018 Senior Notes, due 2029	400.0	—	(3.0)	(3.3)	393.7
4.875% 2018 Senior Notes, due 2048	400.0	—	(6.7)	(4.1)	389.2
Total debt	$5,721.6	$ 2.2	$ (17.3)	$ (30.5)	$5,676.0
Current portion					(449.9)
Total long-term debt					$5,226.1

	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 Senior Notes, due 2023	500.0	—	(1.1)	(3.5)	495.4
3.25% 2017 Senior 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

(1) The Company has entered into interest rate swaps on the 2010 Senior Notes, the 2012 Senior Notes, the 2014 Senior Notes (5-Year) and the 2017 Senior Notes due 2021 which are more fully discussed in Note 6 above. These amounts represent the cumulative amount of fair value hedging adjustments included in the carrying amount of the hedged debt.

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. At the Company's election, interest on borrowings under the 2017 Term Loan was payable at rates that were 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 contained covenants that, among other things, restricted 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 contained a financial covenant that required 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 contained customary events of default.

The $500 million borrowed under the 2017 Term Loan as of December 31, 2017 was fully repaid during 2018.

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. 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 ranged 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 paid quarterly facility fees, regardless of borrowing activity under the 2015 Facility. Pursuant to the amendment, the facility fee paid by the Company ranged 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 modified, 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. In the fourth quarter of 2018, the 2015 Facility was terminated and replaced with the 2018 Facility.

On November 14, 2018, the Company entered into a five-year senior, unsecured revolving credit facility with the capacity to borrow up to $1 billion, which expires November 2023. The 2018 Facility replaces the terminated $1 billion five-year 2015 Facility that was scheduled to expire in May 2020. Interest on borrowings under the Facility may range from 0 BPS to 22.5 BPS per annum for Alternate Base Rate loans (as defined in the 2018 Facility agreement) or payable at rates that are based on the London InterBank Offered Rate ("LIBOR") plus a premium that can range from 80.5 BPS to 122.5 BPS depending on the Company's index debt ratings, as set forth in the Facility agreement. The Company also pays quarterly facility fees, regardless of borrowing activity under the Facility. The quarterly fees for the 2018 Facility can range from 7 BPS of the Facility amount to 15 BPS, depending on the Company's index debt ratings. The 2018 Facility contains covenants that, among other things, restrict the ability of the Company and its subsidiaries, without the approval of the lenders, to engage in mergers, consolidations, asset sales, transactions with affiliates, sale and leaseback transactions or to incur liens, as set forth in the 2018 Facility agreement. The 2018 Facility also contains a financial covenant that requires the Company to maintain a total debt to EBITDA ratio of (i) not more than 4 to 1 at the end of any fiscal quarter or (ii) not more than 4.5 to 1 as of the end of the first three consecutive quarters immediately following any acquisition with consideration in excess of $ 500,000,000, subject to certain conditions as set forth in the 2018 Facility agreement. Upon the occurrence of certain financial or economic events, significant corporate events or certain other events of default constituting an event of default under the 2018 Facility, all loans outstanding under the 2018 Facility (including accrued interest and fees payable thereunder) may be declared immediately due and payable and all commitments under the 2018 Facility may be terminated. In addition, certain other events of default under the 2018 Facility would automatically result in amounts due becoming immediately due and payable and all commitments being terminated. There were no outstanding borrowings under the 2018 Facility as of December 31, 2018.

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 2018 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. At December 31, 2017, the weighted average remaining maturity and interest rate on CP outstanding was 15 days and 1.76% respectively. As of December 31, 2018, the Company has no CP borrowings outstanding.

Notes Payable

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, 2018 and 2017. 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 January 3, 2019, the Company fully repaid the $450 million aggregate principal amount of the 2014 Senior Notes (5-year).

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 6.

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 beared interest at a floating rate which was 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 was the second London business day preceding the first day of such interest period. Interest on the 2017 Floating Rate Senior Notes accrued from March 2, 2017, and was payable 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 were not redeemable prior to their maturity. The 2017 Floating Rate Senior Notes were repaid in the third quarter of 2018.

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.

On June 1, 2018, the Company issued $300 million aggregate principal amount of senior unsecured notes in a public offering. The 2018 Senior Notes bear interest at the annual fixed rate of 3.250% and mature on June 7, 2021. Interest on the notes will be due semi-annually on June 7 and December 7 of each year, commencing December 7, 2018. The Company may redeem in whole or in part, at any time prior to June 7, 2021 at the redemption prices as well as any accrued and unpaid interest up to, but not including, the redemption date. Notwithstanding the immediately preceding sentence, the Company may redeem the 2018 Senior Notes (3-year), in whole or in part, at any time on or after May 1, 2021 (one month prior to their maturity) at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus the 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 Eight Supplemental Indenture dated June 7, 2018, at the price equal to 101% of the aggregate principal amount of the notes repurchased, including any accrued and unpaid interest up to, but not including, the repurchase date. The indenture contains covenants that limit the ability of the Company and certain of its subsidiaries to, among other things, incur or create liens and enter into sale and leaseback transactions. In addition, the indenture contains a covenant that limits the ability of the Company to consolidate or merge with another entity or to sell all or substantially all of its assets to another entity. The indenture contains customary default provisions. In addition, an event of default will occur if the Company or certain of its subsidiaries fail to pay the principal of any indebtedness (as defined in the indenture) when due at maturity in an aggregate amount of $50 million or more, or a default occurs that results in the acceleration of the maturity of the Company's or certain of its subsidiaries' Indebtedness in an aggregate amount of $50 million or more. Upon the occurrence and during the continuation of an event of default under the indenture, the notes may become immediately due and payable either automatically or by the vote of the holders of more than 25% of the aggregate principal amount of all of the notes then outstanding.

On December 17, 2018, the Company issued $400 million aggregate principal amount of senior unsecured rate notes in a public offering. The 2018 Senior Notes due 2029 bear interest at the annual fixed rate of 4.250% and mature on February 1, 2029. Interest on the notes will be due semiannually on February 1 and August 1 of each year, commencing February 1, 2019. The Company may redeem, in whole or in part, the notes at any time, at a price equal to the greater of (i) 100% of the principal amount being prepaid, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, and (ii) the make-whole redemption price set forth in the relevant series of notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Notwithstanding the preceding sentence, the Company may redeem all or a portion of the 2018 Senior Notes Due 2029 at its option at any time on or after November 1, 2028 (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.

On December 17, 2018, the Company issued $400 million aggregate principal amount of senior unsecured rate notes in a public offering. The 2018 Senior Notes due 2048 bear interest at the annual fixed rate of 4.875% and mature on December 17, 2048. Interest on the notes will be due semiannually on June 17 and December 17 of each year, commencing June 17, 2019. The Company may redeem, in whole or in part, the notes at any time, at a price equal to the greater of (i) 100% of the principal amount being prepaid, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, and (ii) the make-whole redemption price set forth in the relevant series of notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Notwithstanding the preceding sentence, the Company may redeem all or a portion of the 2018 Senior Notes Due 2048 at its option at any time on or after June 17, 2048 (six 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.

For the 2018 Senior Notes due 2029 and 2018 Senior Notes due 2048, 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 Ninth Supplemental Indenture dated December 17, 2018, at the price equal to 101% of the aggregate principal amount of the notes repurchased, including any accrued and unpaid interest up to, but not including, the repurchase date. The indenture contains covenants that limit the ability of the Company and certain of its subsidiaries to, among other things, incur or create liens and enter into sale and leaseback transactions. In addition, the indenture contains a covenant that limits the ability of the Company to consolidate or merge with another entity or to sell all or substantially all of its assets to another entity. The indenture contains customary default provisions. In addition, an event of default will occur if the Company or certain of its subsidiaries fail to pay the principal of any indebtedness (as defined in the indenture) when due at maturity in an aggregate amount of $50 million or more, or a default occurs that results in the acceleration of the maturity of the Company's or certain of its subsidiaries' indebtedness in an aggregate amount of $50 million or more. Upon the occurrence and during the continuation of an event of default under the indenture, the notes may become immediately due and payable either automatically or by the vote of the holders of more than 25% of the aggregate principal amount of all of the notes then outstanding.

At December 31, 2018, 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, 2018, 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	2017 Senior Notes due 2021	2017 Senior Notes due 2023	2017 Senior Notes due 2028	2018 Senior Notes due 2021	2018 Senior Notes due 2029	2018 Senior Notes due 2048	Total
2019	$ —	$ —	$ —	$ 450.0	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 450.0
2020	500.0	—	—	—	—	—	—	—	—	—	—	—	500.0
2021	—	—	—	—	—	—	500.0	—	—	300.0	—	—	800.0
2022	—	500.0	—	—	—	—	—	—	—	—	—	—	500.0
2023	—	—	—	—	—	—	—	500.0	—	—	—	—	500.0
Thereafter	—	—	500.0	—	600.0	571.6	—	—	500.0	—	400.0	400.0	2,971.6
Total	$500.0	$500.0	$500.0	$ 450.0	$ 600.0	$571.6	$500.0	$500.0	$500.0	$300.0	$400.0	$400.0	$5,721.6

(1) In January 2019, the Company repaid the 2014 Senior Notes (5-Year) of $450 million.

INTEREST EXPENSE, NET

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

	Year Ended December 31, 2018	2017	2016
Income	**$ 14.7**	16.0	10.9
Expense on borrowings	**(197.4)**	(190.1)	(141.9)
Expense on UTPs and other tax related liabilities	**(15.4)**	(15.3)	(7.8)
Net periodic pension costs—interest component (1)	**(19.3)**	(20.1)	(19.5)
Legacy Tax (2)	**—**	—	0.2
Capitalized	**1.4**	1.0	0.8
Total	**$ (216.0)**	$ (208.5)	$ (157.3)
Interest paid (3)	**$ 183.0**	158.2	136.7

(1) The Company adopted ASU No. 2017-07 in the first quarter of 2018, whereby all components of pension expense except for the service cost component are required to be presented in non-operating (expense) income, net. The service cost component continues to be reported as an operating expense.

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

(3) Interest paid includes net settlements on interest rate swaps more fully discussed in Note 6.

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), the 2012 Senior Notes and 2017 Senior Notes due 2021, 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, 2018 and 2017 are as follows:

	December 31, 2018		December 31, 2017	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
5.50% 2010 Senior Notes, due 2020	$ 498.0	$ 517.7	$ 497.8	$ 537.9
4.50% 2012 Senior Notes, due 2022	498.9	513.7	495.5	535.6
4.875% 2013 Senior Notes, due 2024	496.5	522.4	495.8	547.8
2.75% 2014 Senior Notes (5-Year), due 2019	449.9	449.9	446.5	452.8
5.25% 2014 Senior Notes (30-Year), due 2044	597.7	638.1	597.6	722.4
1.75% 2015 Senior Notes, due 2027	568.5	585.3	596.8	617.7
2.75% 2017 Senior Notes, due 2021	500.6	489.7	495.5	500.0
2017 Floating Rate Senior Notes, due 2018	—	—	299.5	300.2
2.625% 2017 Senior Notes, due 2023	496.3	476.9	495.4	494.8
3.25% 2017 Senior Notes, due 2028	491.6	472.8	490.9	493.6
2017 Term Loan Facility, due 2020	—	—	499.3	499.3
3.25% 2018 Senior Notes, due 2021	298.1	298.6	—	—
4.250% 2018 Senior Notes, due 2029	393.7	407.6	—	—
4.875% 2018 Senior Notes, due 2048	389.2	409.8	—	—
Total	$ 5,676.0	$ 5,782.5	$ 5,410.6	$ 5,702.1

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 18 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, 2018:

Date Authorized	Amount Authorized	Remaining Authority
October 22, 2018	$ 1,000.0	$ 1,000.0
December 15, 2015	$ 1,000.0	324.3
Total Remaining Authority		$ 1,324.3

During 2018, Moody's repurchased 1.2 million shares of its common stock under its share repurchase program and issued a net 1.5 million hares under employee stock-based compensation plans.

On February 20, 2019, the Company entered into an accelerated share repurchase agreement (ASR) with a financial institution counterparty to repurchase $500 million of its outstanding common stock.

Dividends

The Company's cash dividends were:

	Dividends Per Share Year ended December 31,					
	2018		2017		2016	
	Declared	Paid	Declared	Paid	Declared	Paid
First quarter	$ 0.44	$0.44	$ —	$0.38	$ —	$0.37
Second quarter	0.44	0.44	0.38	0.38	0.37	0.37
Third quarter	0.44	0.44	0.38	0.38	0.37	0.37
Fourth quarter	0.44	0.44	0.38	0.38	0.75	0.37
Total	$ 1.76	$1.76	$ 1.14	$1.52	$ 1.49	$1.48

On February 12, 2019, the Board approved the declaration of a quarterly dividend of $0.50 per share of Moody's common stock, payable on March 18, 2019 to shareholders of record at the close of business on February 25, 2019. The continued payment of dividends at the rate noted above, or at all, is subject to the discretion of the Board.

NOTE 19 LEASE COMMITMENTS

Moody's operates its business from various leased facilities, which are under operating leases that expire over the next 9 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, 2018, 2017 and 2016 was $103.2 million, $97.0 million and $95.4 million, respectively.

The 21-year operating lease (at inception) 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, 2018 is as follows:

(in millions) Year Ending December 31,	Operating Leases
2019	$ 105.9
2020	102.3
2021	95.6
2022	84.4
2023	81.0
Thereafter	246.5
Total minimum lease payments	$ 715.7

NOTE 20 CONTINGENCIES

Given the nature of their activities, Moody's and its subsidiaries are subject to legal and tax proceedings, governmental, regulatory and legislative investigations, subpoenas and other inquiries, and claims and litigation by governmental and private parties that are based on ratings assigned by MIS or that are otherwise incidental to the Company's business. Moody's and MIS also are subject to periodic reviews, inspections, examinations and investigations by regulators in the U.S. and other jurisdictions, any of which may result in claims, legal proceedings, assessments, fines, penalties or restrictions on business activities. Moody's also is subject to ongoing tax audits as addressed in Note 16 to the financial statements.

In May 2013, the Company and five subsidiaries (collectively, the "Company Defendants") were served with a qui tam complaint filed by a former employee ("Plaintiff") in New York Supreme Court (the "Court") on behalf of New York State (the "State") and New York City (the "City") asserting purported claims under the New York False Claims Act ("NYFCA"). Both the State and the City were given an opportunity to intervene as plaintiffs in the action but declined to do so. In August 2013, Plaintiff filed an Amended Complaint adding Marsh & McLennan Companies, Inc. as a defendant. Plaintiff's central allegation against the Company Defendants is that their treatment of the Company's wholly-owned captive insurance subsidiary, Moody's Assurance Company, Inc. ("MAC"), in their State and City tax filings between 2002 and 2014 was contrary to the State and City tax codes. Plaintiff also asserts a cause of action for retaliation under the NYFCA and alleges that his employment was improperly terminated after he reported his concerns regarding MAC's tax treatment internally. Plaintiff alleges that the Company underpaid State and City taxes by more than $120 million (which the Company believes is unsupported as a matter of fact and law), and requests statutory damages of triple that amount, as well as unspecified damages related to the retaliation claim. In December 2016, the Court issued a decision largely denying the Company Defendants' motion to dismiss. The Company Defendants appealed, and in August 2018, the Appellate Division of the New York Supreme Court upheld the Court's decision. Discovery is ongoing and, absent earlier disposition, the Company expects the case to go to trial no earlier than late 2019. The Company is unable to estimate a range of loss, and is contesting Plaintiff's claims, which it believes are meritless.

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 21 **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.

In August 2017, a subsidiary of the Company acquired Yellow Maple I B.V., an indirect parent of Bureau van Dijk. Bureau van Dijk is part of the MA reportable segment and its revenue is included in the RD&A LOB. In 2018, the Company acquired Omega Performance and Reis, Inc. and both are part of the MA reportable segment. Omega's revenue is included in the PS LOB and Reis' revenue is included in the RD&A LOB. Refer to Note 8 for further discussion on these acquisitions.

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 legal. "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. Refer to Note 3 for further details on the components of the Company's revenue.

	Year Ended December 31,							
	2018				2017			
	MIS	MA	Eliminations	Consolidated	MIS (1)	MA (1)	Eliminations	Consolidated (1)
Revenue	$2,836.4	$1,742.6	$ (136.3)	$ 4,442.7	$2,865.5	$1,446.3	$ (127.7)	$ 4,204.1
Operating, SG&A	1,179.0	1,282.9	(136.3)	2,325.6	1,239.3	1,090.9	(127.7)	2,202.5
Adjusted Operating Income	1,657.4	459.7	—	2,117.1	1,646.2	355.4	—	2,001.6
Less:								
Depreciation and amortization	64.9	127.0	—	191.9	74.7	83.6	—	158.3
Restructuring	32.2	16.5	—	48.7	—	—	—	—
Acquisition-Related Expenses	—	8.3	—	8.3	—	22.5	—	22.5
Operating income	$1,560.3	$ 307.9	$ —	$ 1,868.2	$1,571.5	$ 249.3	$ —	$ 1,820.8

	2016			
	MIS (1)	MA (1)	Eliminations	Consolidated (1)
Revenue	$2,471.0	$1,246.9	$ (113.7)	$ 3,604.2
Operating, SG&A	1,107.8	956.7	(113.7)	1,950.8
Adjusted Operating Income	1,363.2	290.2	—	1,653.4
Less:				
Depreciation and amortization	73.8	52.9	—	126.7
Restructuring	10.2	1.8	—	12.0
Settlement Charge	863.8	—	—	863.8
Operating income	$ 415.4	$ 235.5	$ —	$ 650.9

(1) Pursuant to the adoption of a new accounting standard relating to pension accounting as more fully discussed in Note 1, only the service cost component of net periodic pension expense will be classified within operating and SG&A expenses with the remaining components being classified as non-operating expenses. Prior period segment results have been restated to reflect this reclassification. Accordingly, operating and SG&A expenses for MIS and MA were reduced by $7.6 million and $4.1 million, respectively, for the year ended December 31, 2017. For the year ended December 31, 2016, operating and SG&A expenses for MIS and MA were reduced by $7.8 million and $4.4 million, respectively.

The cumulative restructuring charges relating to the 2018 Restructuring Program and the 2016 Restructuring Program, as more fully discussed in Note 10, for the MIS reportable segment are $32.2 million and $10.2 million, respectively, and for the MA reportable segment are $16.5 million and $1.8 million, respectively. The total costs expected to be incurred related to the 2018 Restructuring Program for MIS and MA are approximately $43 million to $48 million and $27 million to $32 million, respectively. The 2016 Restructuring Program was completed in 2016.

CONSOLIDATED REVENUE AND LONG-LIVED ASSETS INFORMATION BY GEOGRAPHIC AREA

	Year Ended December 31,		
	2018	2017	2016
Revenue:			
U.S.	$ 2,329.6	2,348.4	$ 2,105.5
Non-U.S.:			
EMEA	1,377.0	1,131.7	904.4
Asia-Pacific	493.2	471.4	373.2
Americas	242.9	252.6	221.1
Total Non-U.S.	2,113.1	1,855.7	1,498.7
Total	$ 4,442.7	$ 4,204.1	$ 3,604.2
Long-lived assets at December 31:			
U.S.	$ 982.4	$ 672.5	$ 681.9
Non-U.S.	4,685.4	5,037.4	964.0
Total	$ 5,667.8	$ 5,709.9	$ 1,645.9

NOTE 22 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
2018				
Accounts receivable allowance	**$ (36.6)**	**$ (18.8)**	**$ 11.9**	**$ (43.5)**
Deferred tax assets—valuation allowance	**$ (12.8)**	**$ (10.3)**	**$ 0.7**	**$ (22.4)**
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)

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

NOTE 23 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,		
	2018	2017	2016
FX (loss) gain (1)	$ (11.4)	$ (16.8)	$ 50.1
Net periodic pension costs—other components (2)	10.3	8.4	7.3
Income from investments in non-consolidated affiliates	13.8	13.3	11.4
Legacy Tax (3)	—	—	1.6
Other	6.1	(1.2)	(6.0)
Total	$ 18.8	$ 3.7	$ 64.4

(1) 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.

(2) The Company adopted ASU No. 2017-07 in the first quarter of 2018, whereby all components of pension expense except for the service cost component are required to be presented in non-operating (expense) income, net. The service cost component continues to be reported as an operating expense.

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

NOTE 24 RELATED PARTY TRANSACTIONS

Moody's Corporation made grants of $12 million and $4 million to The Moody's Foundation during the years ended December 31, 2017 and 2016, respectively. The Company did not make a grant to the Foundation in 2018. 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 25 QUARTERLY FINANCIAL DATA (UNAUDITED)

	Three Months Ended			
(amounts in millions, except EPS)	March 31	June 30	September 30	December 31
2018				
Revenue	**$1,126.7**	**$1,175.1**	**$ 1,080.8**	**$ 1,060.1**
Operating income	**$ 490.8**	**$ 534.0**	**$ 466.8**	**$ 376.6**
Net income attributable to Moody's	**$ 372.9**	**$ 376.2**	**$ 310.2**	**$ 250.3**
EPS:				
Basic	**$ 1.95**	**$ 1.96**	**$ 1.62**	**$ 1.31**
Diluted	**$ 1.92**	**$ 1.94**	**$ 1.59**	**$ 1.29**
2017				
Revenue	$ 975.2	$1,000.5	$ 1,062.9	$ 1,165.5
Operating income (1)	$ 446.7	$ 460.1	$ 448.5	$ 465.5
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

(1) Pursuant to the adoption of a new accounting standard relating to pension accounting as more fully discussed in Note 1, only the service component of net periodic expense is classified within operating and SG&A expenses with the remaining components being classified as non-operating expenses. Prior period results have been restated to reflect this classification.

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 in the three months ended September 30, 2018 includes a $64.7 million net benefit related to the net impact of U.S. tax reform and a $63.9 million charge related to an increase to non-U.S. UTPs. Net Income attributable to Moody's in the three months ended December 31, 2018 includes a charge of $48.7 million ($36.8 million net of tax) relating to the 2018 Restructuring Program.

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 16.

NOTE 26 SUBSEQUENT EVENTS

On February 12, 2019, the Board approved the declaration of a quarterly dividend of $0.50 per share for Moody's common stock, payable March 18, 2019 to shareholders of record at the close of business on February 25, 2019.

In addition, on January 3, 2019, the Company fully repaid $450 million of the 2014 Senior Notes (5-year).

On February 20, 2019, the Company entered into an accelerated share repurchase agreement (ASR) with a financial institution counterparty to repurchase $500 million of its outstanding common stock. The final settlement of the transaction under the ASR agreement is expected to be completed no later than April 2019. The ASR was entered into pursuant to the Company's existing share repurchase program, as further discussed in Note 18 of the Company's financial statements.

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Changes In Internal Control Over Financial Reporting

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

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 three-month period ended December 31, 2018.

During the fiscal year ended December 31, 2017, the Company acquired Bureau van Dijk, and in the fiscal year ended December 31, 2018, Moody's integrated 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, 2018, the Company implemented internal controls relating to the adoption and assessment of the impact of the new accounting standard relating to leases, which will be adopted by Moody's on January 1, 2019.

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 16, 2019, 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

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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 59, in Part II. Item 8 of this Form 10-K.

(2) Financial Statement Schedules.
None.

(3) Exhibits.

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)

S-K EXHIBIT NUMBER		
	.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)
	.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)
	.3.9	Eighth Supplement Indenture, dated as of June 7, 2018, between the Company and Wells Fargo, National Association, as trustee, including the form of 3.250% Senior Note due 2021 (incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed June 7, 2018).
	.3.10	Ninth Supplemental Indenture, dated as of December 17, 2018, between the Company and Wells Fargo Bank, National Association, as Trustee, including the form of 4.250% Senior Note due 2029 and the form of 4.875% Senior Note due 2048 (Incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of the Registrant, file number 1-14037, filed December 21, 2018).
	.4	Five-Year Credit Agreement dated as of November 14, 2018, 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 Barclays Bank plc, MUFG Bank, Ltd. and TD Bank, N.A. 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 November 20, 2018).
	.5	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)
	.6	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)

S-K EXHIBIT NUMBER	
.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)
.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).

S-K EXHIBIT NUMBER	
.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)
.12.4†	Profit Participation Plan of Moody's Corporation (amended and restated as of January 1, 2018) (incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form S-8, file number 333-228577, filed November 28, 2018)
.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)
.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)

S-K EXHIBIT NUMBER		
	.21	Employment Offer Letter between Moody's Corporation and Mark Kaye, dated July 18, 2018 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of the Registrant, file number 1-14037, filed on October 31, 2018).
	.22*	Supplemental Executive Disability Benefit Plan of Moody's Corporation, effective as of January 1, 2019
21*		Subsidiaries of the Registrant List of Active Subsidiaries as of December 31, 2018
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

† M anagement contract of compensatory plan or arrangement

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

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

MOODY'S CORPORATION
(Registrant)

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

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

Date: February 22, 2019

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/ MARK KAYE
Mark Kaye,
Senior Vice President and Chief Financial Officer
(principal financial officer)

/s/ CAROLINE SULLIVAN
Caroline Sullivan,
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/ GERRIT ZALM
Gerrit Zalm,
Director

/s/ KATHRYN M. HILL
Kathryn M. Hill,
Director

/s/ VINCENT A. FORLENZA
Vincent A. Forlenza,
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 22, 2019

SUPPLEMENTAL EXECUTIVE DISABILITY BENEFIT PLAN
OF
MOODY'S CORPORATION

Effective as of January 1, 2019

PREAMBLE

The principal purpose of this Supplemental Executive Disability Benefit Plan is to provide the same disability protections as were provided under the SEBP immediately prior to January 1, 2019 but are no longer being provided under the SEBP after that date. The benefits hereunder shall be provided on an unfunded basis to a select group of management or highly compensated employees of the Corporation and its affiliated companies in order to attract, retain, and motivate such employees. Payments hereunder shall, for purposes of the SEBP, be treated as if they were "Disability" payments made thereunder. The Plan is hereby adopted effective as of January 1, 2019.

SECTION 1

DEFINITIONS

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

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

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

1.04 "Board" means the Board of Directors of Moody's Corporation.

1.05 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.06 "Committee" means the Compensation and Human Resources Committee of the Board.

1.07 "Corporation" means Moody's Corporation, a Delaware corporation, and any successor or assigns thereto.

1.08 "Disability Benefit" means the benefits provided to Participants pursuant to Section 4 of the Plan.

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

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

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

1.10 "Participant" means an employee of the Corporation or an Affiliate who was an active participant in the SEBP on December 30, 2018.

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

1.12 "SEBP" means the Supplemental Executive Benefit Plan of Moody's Corporation as in effect on December 31, 2018.

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

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

SECTION 2

ELIGIBILITY AND PARTICIPATION

2.01 Only the Participants shall be eligible to participate in the Plan. No additional individuals shall be eligible to participate in the Plan.

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

SECTION 3

ELIGIBILITY FOR BENEFITS

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

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

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

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

In any case described in this Section 3.02, the Participant shall be given prior written notice that no benefits or no further benefits, as the case may be, will be paid to such Participant. Such written notice shall specify the particular act(s), or failures to act, on the basis of which the decision to terminate benefits has been made.

SECTION 4

DISABILITY BENEFITS

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

4.02 In the event that a Participant has become totally and permanently disabled for the purposes of the relevant Basic Disability Plan, an annual Disability Benefit shall be payable in monthly installments under this Plan during the same period as disability benefits are actually or deemed paid by the relevant Basic Disability Plan, and the amount of the benefits shall be determined pursuant to the terms Section 5 of the SEBP as if the provisions thereof had continued in effect.

SECTION 5

COMMITTEE

5.01 The Board and the Committee severally (and not jointly) shall be responsible for the administration of the Plan. Any member of the Committee may resign at will by notice to the Board or may be removed at any time (with or without cause) by the Board.

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

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

5.04 Any action to be taken by the Committee shall be taken by a majority of its members, either at a meeting or by written instrument approved by such majority in the absence of a meeting. A written resolution or memorandum signed by one (1) Committee member and the secretary of the Committee shall be sufficient evidence to any person of any action taken pursuant to the Plan.

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

SECTION 6

MISCELLANEOUS

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

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

6.03 (a) The Plan is unfunded, and all payments of benefits hereunder shall be paid solely on a current disbursement basis from the general funds of the Company, and no special or separate fund shall be established or other segregation of assets made to assure such payments; *provided, however*, that the Corporation reserves the right to purchase insurance contracts, which may or may not be in the name of a Participant, or to establish one or more trusts to provide alternative sources of benefit payments under this Plan.

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

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

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

If the claimant wishes to appeal the denial of the application for benefits, the claimant or a duly authorized representative must file a written request with the Committee for a subsequent review. This request must be made by the claimant within sixty (60) days after receiving notice of the claim's denial. The claimant or representative may review pertinent documents relating to the claim and its denial, may submit issues and comments in writing to the Committee. Within sixty (60) days after receipt of such a request for review, the Committee shall reconsider the claim, and make a decision on the merits of the claim. If circumstances require an extension of time for processing the claim, the sixty (60) day period may be extended but in no event more than one hundred and twenty (120) days after the receipt of a request for review. The decision on review will be in writing and include specific reasons and references to the pertinent Plan provisions on which the decision is based. Notwithstanding the foregoing, any more protective rule in 29 C.F.R. section 2560.503-1 shall apply in lieu of the foregoing provisions of this Section 6.04 to the extent applicable.

6.05 If any dispute arises under the Plan between the Corporation and a Participant as to the amount or timing of any benefit payable under the Plan or as to the persons entitled thereto, such dispute shall be resolved by binding arbitration proceedings initiated by either party to the dispute in accordance with the rules of the American Arbitration Association and the results of such proceedings shall be conclusive on both parties and shall not be subject to judicial review. If the disputed benefits involve the benefits of a Participant who is no longer employed by the Corporation or any Affiliate, the Corporation shall pay or continue to pay the benefits claimed by the Participant until the results of the arbitration proceedings are determined unless such claim is patently without merit; provided, however, that if the results of the arbitration proceedings are adverse to the Participant, then in such event the recipient of the benefits shall be obligated to repay the excess benefits to the Corporation. The Corporation expressly acknowledges that the amounts payable under the Plan are necessary to the livelihood of Participants and their family members and that any refusal or neglect to pay benefits under the preceding sentence prior to the resolution of any dispute shall be prima facie evidence of bad faith on its part and will be conclusive grounds for an arbitration award resulting in an immediate lump sum payment to the Participant, of the Participant's benefits under the Plan then due and payable to him or her, unless the arbitrator determines that the claim for the disputed benefits was without merit. The amount of such lump sum payment shall be equal to the then actuarial value of such benefits calculated by utilizing the actuarial assumptions then in use for funding purposes under the Moody's Corporation Retirement Account. In addition, in the event of any dispute covered by this Section 6.05 the Corporation agrees to pay the entire costs of any arbitration proceeding or legal proceeding brought hereunder, including the fees and expenses of counsel and pension experts engaged by a Participant and that such expenses shall be reimbursed promptly upon evidence that such expenses have been incurred without awaiting the outcome of the arbitration proceedings; provided, however, that such costs and expenses shall be repaid to the Corporation by the recipient of same if it is finally determined by the arbitrators that the position taken by such person was without merit.

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

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

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

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, 2018.

U.S. Entities

Bureau van Dijk Electronic Publishing Inc.	New York
DVBS, 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 (US) Inc.	Delaware
Moody's Analytics Knowledge Services Analysis (US) Inc.	Delaware
Moody's Analytics Knowledge Services Solutions (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 Group Holdings, Inc.	Delaware
Moody's Holdings LLC	Delaware
Moody's International LLC	Delaware
Moody's Investors Service, Inc.	Delaware
Moody's Overseas Holdings, Inc.	Delaware
Moody's Risk Assessments Holdings LLC	Delaware
Moody's Risk Assessments, Inc.	Delaware
Moody's Shared Services, Inc.	Delaware
Omega Performance Corporation	California
Reis, Inc.	Maryland
Reis Services, LLC	Maryland
The Moody's Foundation	New York
Wellsford Capital	Maryland

Non-U.S. Entities

Administracion de Calificadoras, S.A. de C.V.	Mexico
Bureau van Dijk Editions Electroniques S.A.	Switzerland
Bureau van Dijk Editions Electroniques S.A.	Belgium
Bureau van Dijk Editions Electroniques S.A.S.	France
Bureau van Dijk Edizioni Elettroniche S.p.a	Italy
Bureau van Dijk Electronic Publishing AB	Sweden
Bureau van Dijk Electronic Publishing ApS	Denmark
Bureau van Dijk Electronic Publishing B.V.	Netherlands
Bureau van Dijk Electronic Publishing Beijing Co., Ltd.	China
Bureau van Dijk Electronic Publishing GmbH	Germany
Bureau van Dijk Electronic Publishing GmbH	Austria
Bureau van Dijk Electronic Publishing Hong Kong Limited	Hong Kong
Bureau van Dijk Electronic Publishing K.K.	Japan
Bureau van Dijk Electronic Publishing LLC	Korea
Bureau van Dijk Electronic Publishing Ltd.	UK
Bureau van Dijk Electronic Publishing Pte. Ltd.	Singapore

Bureau van Dijk Electronic Publishing Pty. Ltd.	Australia
Bureau van Dijk Electronic Publishing S.A. de C.V.	Mexico
Bureau van Dijk Electronic Publishing Unipessoal Lda.	Portugal
Bureau van Dijk Electroniq Publishing S.A. (Pty) Ltd	South Africa
Bureau van Dijk EP DMCC	UAE
Bureau van Dijk Publicaçao Eletronica Ltda.	Brazil
Bureau van Dijk Publicaciones Electronicas S.A.	Spain
Equilibrium (Chile) Holding SpA	Chile
Equilibrium Calificadora de Riesgo S.A.	Panama
Equilibrium Clasificadora de Riesgo S.A.	Peru
Fermat International SA	Belgium
Gilliland Gold Young Consulting Inc.	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
MIS Support Services CR Sociedad de Responsabilidad Ltda.	Costa Rica
Moody's (China) Limited	China
Moody's (Japan) K.K.	Japan
Moody's (UK) Limited	UK
Moody's America Latina Ltda.	Brazil
Moody's Analytics (DIFC) Limited	UAE
Moody's Analytics (India) Private Limited	India
Moody's Analytics (Malaysia) Sdn.Bhd.	Malaysia
Moody's Analytics (Thailand), Co. Ltd.	Thailand
Moody's Analytics Australia Pty. Ltd.	Australia
Moody's Analytics Canada Inc.	Canada
Moody's Analytics Consulting Services (Beijing) Co., Ltd. (f/k/a Copal Business Consulting (Beijing) Co., Limited)	China
Moody's Analytics Czech Republic s.r.o.	Czech Republic
Moody's Analytics Deutschland GmbH	Germany
Moody's Analytics do Brazil Solucoes para Gerenciamento de Risco de Credito Ltda	Brazil
Moody's Analytics Global Education (Canada), Inc.	Canada
Moody's Analytics Holdings (UK) Limited	UK
Moody's Analytics Hong Kong Ltd.	Hong Kong
Moody's Analytics International Licensing Gmbh	Switzerland
Moody's Analytics Ireland Ltd.	Ireland
Moody's Analytics Japan K.K.	Japan
Moody's Analytics Knowledge Services (BVI) Limited	British Virgin Islands
Moody's Analytics Knowledge Services (Hong Kong) Limited	Hong Kong
Moody's Analytics Knowledge Services (India) Private Ltd.	India
Moody's Analytics Knowledge Services (Jersey) Limited	Jersey
Moody's Analytics Knowledge Services (Mauritius) Limited	Mauritius
Moody's Analytics Knowledge Services (Singapore) Pte. Ltd.	Singapore
Moody's Analytics Knowledge Services (UK) Limited	UK
Moody's Analytics Knowledge Services Costa Rica S.A.	Costa Rica
Moody's Analytics Knowledge Services Holdings (Mauritius) Limited	Mauritius
Moody's Analytics Knowledge Services Lanka (Private) Limited	Sri Lanka

Moody's Analytics Knowledge Services Research (Mauritius) Limited	Mauritius
Moody's Analytics Korea Co., Ltd	Korea
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	UK
Moody's Analytics UK Limited	UK
Moody's Asia Pacific Group (Singapore) Pte. Ltd.	Singapore
Moody's Asia Pacific Ltd.	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 Ltd.	Hong Kong
Moody's Credit Ratings (China) Limited	China
Moody's de Mexico, S.A. de C.V., I.C.V	Mexico
Moody's Deutschland GmbH	Germany
Moody's Eastern Europe LLC	Russia
Moody's EMEA Financing (Cyprus) Ltd	Cyprus
Moody's EMEA Holdings Limited	UK
Moody's Equilibrium I (BVI) Holding Corporation	British Virgin Islands
Moody's Equilibrium II (BVI) Holding Corporation	British Virgin Islands
Moody's Finance (BVI) Limited	British Virgin Islands
Moody's Financing (BVI) Limited	British Virgin Islands
Moody's Financing (Cyprus) Limited	Cyprus
Moody's France SAS	France
Moody's Group (BVI) Limited	British Virgin Islands
Moody's Group (Holdings) Unlimited	UK
Moody's Group Australia Pty Ltd.	Australia
Moody's Group Cyprus Ltd.	Cyprus
Moody's Group Deutschland GmbH	Germany
Moody's Group Finance Limited	UK
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 Ltd.	UK
Moody's Holdings (B.V.I.) Limited	British Virgin Islands
Moody's Holdings Ltd.	UK
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 International (UK) Limited	UK
Moody's International Holdings (Cyprus) Limited	Cyprus
Moody's International Holdings (UK) Limited	UK
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 (Korea) Inc.	Korea
Moody's Investors Service (Nordics) AB	Sweden
Moody's Investors Service Cyprus Ltd.	Cyprus
Moody's Investors Service EMEA Limited	UK
Moody's Investors Service Espana SA	Spain
Moody's Investors Service Hong Kong Ltd.	Hong Kong
Moody's Investors Service India Private Limited	India
Moody's Investors Service Limited	UK

Moody's Investors Service Middle East Limited	UAE
Moody's Investors Service Pty Limited	Australia
Moody's Investors Service Singapore Pte. Ltd.	Singapore
Moody's Investors Service South Africa (Pty) Limited	South Africa
Moody's Israel Holdings Inc.	British Virgin Islands
Moody's Italia S.r.l.	Italy
Moody's Latin America Agente de Calificacion de Riesgo S.A.	Argentina
Moody's Latin America Holding Corp.	British Virgin Islands
Moody's Lithuania, UAB	Lithuania
Moody's Mauritius Holdings Ltd.	Mauritius
Moody's Risk Assessments Limited	UK
Moody's SF Japan K.K.	Japan
Moody's Shared Services India Private Ltd	India
Moody's Shared Services UK Limited	UK
Moody's Singapore Pte. Ltd.	Singapore
Moody's South Africa (B.V.I.) Ltd.	British Virgin Islands
Omega Performance Corp./S.C.C. Á Rendement Omega	Canada
Omega Performance Corporation Pty. Limited	Australia
Omega Performance NZ Limited	New Zealand
Omega Performance Pte. Ltd.	Singapore
Pragati Development Consulting Services Ltd	India
PT ICRA Indonesia	Indonesia
Yellow Maple Holding B.V.	Netherlands
Yellow Maple I B.V.	Netherlands
Yellow Maple II B.V.	Netherlands
Yellow Maple Syrup I B.V.	Netherlands
Yellow Maple Syrup II B.V.	Netherlands
Zephus Ltd.	UK

Consent of Independent Registered Public Accounting Firm

The Shareholders and Board of Directors 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, No. 333-228577, No. 333-223724) on Forms S-3 and S-8 of Moody's Corporation (the Company) of our report dated February 22, 2019, with respect to the consolidated balance sheets of Moody's Corporation as of December 31, 2018 and 2017, 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, 2018, and the related notes (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 31, 2018, which report appears in the December 31, 2018 annual report on Form 10-K of Moody's Corporation.

Our report on the consolidated financial statements refers to a change in the method of accounting for revenue recognition in 2018 due to the adoption of Accounting Standard Update (ASU) 2014 09 and all related amendments, which established Accounting Standard Codification (ASC) Topic 606, *Revenue—Revenue from Contracts with Customers.*

/s/ KPMG LLP

New York, New York
February 22, 2019

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

I, Raymond W. McDaniel, Jr., 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 22, 2019

CHIEFFINANCIAL OFFICER CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark Kaye, certify that:

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

/s/ MARK KAYE

Mark Kaye
Senior Vice President and Chief Financial Officer

February 22, 2019

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, 2018 as filed with the SEC on the date hereof (the "Report"), I, Raymond W. McDaniel, Jr., 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 22, 2019

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, 2018 as filed with the SEC on the date hereof (the "Report"), I, Mark Kaye, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MARK KAYE

Mark Kaye
Senior Vice President and Chief Financial Officer

February 22, 2019

AMENDMENT NO. 2 TO MASTER SERVICES AGREEMENT

THIS AMENDMENT TO MASTER SERVICES AGREEMENT (together with any appendices or exhibits hereto, this "Amendment") is made and entered into and is effective as of the 10th day of June, 2018 by and between the County of Nassau County, a municipal corporation having its principal office at 1550 Franklin Avenue, Mineola, New York 11501 (the "County"), acting for and on behalf of the **Office of Management and Budget**, having its principal office at One West Street, Mineola, New York 11501 (the "Department"), and (ii) **Moody's Analytics, Inc.**, a Delaware Corporation, located at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007 (the "Contractor" or "Moody's").

WITNESSETH:

WHEREAS, the County and Contractor entered into a **Master Services Agreement**, effective date August 27, 2014 (Moody's Agreement No. 00030278.0) County contract number CQBU14000007, as amended by **Amendment To Master Services Agreement**, County contract number CLBU15000002, executed on behalf of the County on June 19, 2015 (the "Original Agreement"), pursuant to which the County and Contractor may agree to Work Orders for financial services related to analyzing sales tax data provided by New York State as more fully described therein (the "Services"); and

WHEREAS, the term of the Original Agreement renews automatically for subsequent one (1) year terms unless either party provides written notice of its intention not to renew at least thirty (30) days prior to the then current term (the "Original Term"); and

WHEREAS, the County and the Contractor desire to amend the Original Agreement; and

WHEREAS, the County and the Contractor desire to enter into a third Work Order for periodic State sales tax analyses and forecasting pursuant to the Master Agreement; and

NOW, THEREFORE, in consideration of the promises and mutual covenants contained in this Amendment, the parties agree as follows:

1. Pursuant to Article 2 of the Original Agreement, the County and Contractor hereby enter into a third Work Order (Moody's Agreement No. 00108235.0), attached hereto as Exhibit B and made a part hereof, for periodic State sales tax analyses and forecasting as more fully described in Exhibit A;

2. Compliance with Law. Section 10 of the Original Agreement is hereby amended to add the following subsections:

   10.2 (d) Prohibition of Gifts. In accordance with County Executive Order 2-2018, the Contractor shall not offer, give, or agree to give anything of value to any County employee, agent, consultant, construction manager, or other person or firm representing the County (a "County Representative"), including members of a County Representative's immediate family, in connection with the performance by such County Representative of duties involving transactions with the Contractor on behalf of the County, whether such duties are related to this

Agreement or any other County contract or matter. As used herein, "anything of value" shall include, but not be limited to, meals, holiday gifts, holiday baskets, gift cards, tickets to golf outings, tickets to sporting events, currency of any kind, or any other gifts, gratuities, favorable opportunities or preferences. For purposes of this subsection, an immediate family member shall include a spouse, child, parent, or sibling. The Contractor shall include the provisions of this subsection in each subcontract entered into under this Agreement.

(e) Disclosure of Conflicts of Interest. In accordance with County Executive Order 2-2018, the Contractor has disclosed as part of its response to the County's Business History Form, or other disclosure form(s), any and all instances where the Contractor employs any spouse, child, or parent of a County employee of the agency or department that contracted or procured the goods and/or services described under this Agreement. The Contractor shall have a continuing obligation, as circumstances arise, to update this disclosure throughout the term of this Agreement.

3. Full Force and Effect. All the terms and conditions of the Original Agreement not expressly amended by this Amendment shall remain in full force and effect and govern the relationship of the parties for the term of the Amended Agreement.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Effective Date.

MOODY'S ANALYTICS, INC.

By: ____________________

Name: Thomas Geraghty

Title: Senior Director

Date: 7/2/19

NASSAU COUNTY

By: ____________________

Name: ____________________

Title: County Executive

☐ Deputy County Executive

Date: ____________________

PLEASE EXECUTE IN **BLUE** INK

Pennsylvania
STATE OF ~~NEW YORK)~~
)ss.:
COUNTY OF ~~NASSAU~~)
Chester

On the 2nd day of July in the year 2019 before me personally came Thomas Geraghty to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of Chester; that he or she is the Senior Director of Moody's Analytics, the corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto by authority of the board of directors of said corporation.

Mary C. Wood
NOTARY PUBLIC

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Mary C. Wood, Notary Public
West Chester Boro, Chester County
My Commission Expires March 16, 2020
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

~~STATE OF NEW YORK)~~
)ss.:
COUNTY OF NASSAU)

On the ____ day of ________________ in the year 20__ before me personally came ____________________ to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of ______________; that he or she is a Deputy County Executive of the County of Nassau, the municipal corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto pursuant to Section 205 of the County Government Law of Nassau County.

____
NOTARY PUBLIC

Exhibit B

MOODY'S
ANALYTICS

Moody's Agreement No. 00037170.4

CHANGE ORDER
TO EXISTING WORK ORDER

Client Name	Nassau County	**Moody's Rep**	Michael McDermott
Master Agreement	Master License and Services Agreement dated August 27, 2014, Moody's Agreement No. 00030278.0		
Subject Work Order	Work Order dated June 10, 2015, Moody's Agreement No. 00037170.0		
Change Order Effective Date	June 10, 2018		
This CHANGE ORDER ("Change Order") dated as of June 10, 2018 is entered into between the undersigned parties, and changes certain terms contained in the Subject Work Order (as defined below). This Change Order is supplemental to and forms part of the operative provisions of the master agreement identified below ("Master Agreement") and incorporated by reference into the Subject Work Order. For purposes of this Change Order, "Moody's" shall refer to the undersigned Moody's entity.			

WHEREAS, Moody's and Client are parties to Subject Work Order identified above, which incorporates the provisions of the Master Agreement by reference; and

WHEREAS, Client has requested that Moody's amend the scope of the project, the Services to be rendered and/or the Deliverables to be delivered under the Subject Work Order, and Moody's has agreed to such amendments on the terms and conditions set forth in this Change Order; and

NOW THEREFORE, in consideration of the foregoing premises, and the mutual covenants and agreements set forth herein, the parties hereto agree as follows:

1. CHANGES TO FEES AND PAYMENT SCHEDULE

1.1. The Fee and Payment Schedule shall adhere to the following schedule beginning on the Change Order Effective Date

YEAR	ANNUAL FEE	QUARTERLY PAYMENT
2018	$61,440.00	$15,360.00
2019	$63,280.00	$15,820.00
2020	$65,175.00	$16,294.00

2. TERM; TERMINATION

2.1. Unless earlier terminated as provided hereunder, this Change Order shall be in force and effect beginning on the Change Order Effective Date and continuing for three consecutive one year periods, (the "Term").

2.2. Either party may terminate the Change Order by providing the other notice of such termination in writing, at least thirty (30) days prior to the expiration of the then-current year of the Term. Upon such notice, the Work Order shall terminate upon the expiration of the then-current year of the Term. In the event of a conflict between the terms of this Work Order, the Master Agreement, and Amendment No. 2 To Master Services Agreement ("Amendment 2") the terms of Amendment 2 shall prevail.

2.3. For the avoidance of doubt, this Work Order expires on June 9, 2021 and does not automatically renew.

MOODY'S ANALYTICS

Moody's Agreement No. 00037170.4

3. **GENERAL**

3.1. Except as otherwise amended hereby, the Master Agreement and Subject Work Order shall remain in full force and effect. Capitalized terms not otherwise defined herein shall have the meanings provided to such terms in the Master Agreement and/or Subject Work Order. This Change Order may be executed in counterparts, each of which shall be deemed an original, including a facsimile, and all of which together shall be considered one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Change Order to be executed by their duly authorized representatives.

SIGNED BY:		ACCEPTED BY:	
Nassau County		Moody's Analytics, Inc.	
Signature:		Signature:	[signature]
Print Name:		Print Name:	Thomas Gerrity
Title:		Title:	Senior Director
Date:		Date:	2/2/19

CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY) 07/02/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Aon Risk Services Northeast, Inc. New York NY Office One Liberty Plaza 165 Broadway, Suite 3201 New York NY 10006 USA	CONTACT NAME: PHONE (A/C. No. Ext): (866) 283-7122 FAX (A/C. No.): (800) 363-0105 E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	NAIC #
INSURED Moody's Analytics Inc. 7 World Trade Center 250 Greenwich Street New York NY 10007 USA	INSURER A: Illinois National Insurance Co	23817
	INSURER B: Endurance American Insurance Company	10641
	INSURER C: Sompo America Insurance Company	11126
	INSURER D: The Travelers Indemnity Co.	25658
	INSURER E:	
	INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** 570077321019 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

Limits shown are as requested

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
B	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT X LOC OTHER:			GGF10013207101	06/30/2019	06/30/2020	EACH OCCURRENCE	$1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$1,000,000
							MED EXP (Any one person)	$10,000
							PERSONAL & ADV INJURY	$1,000,000
							GENERAL AGGREGATE	$2,000,000
							PRODUCTS - COMP/OP AGG	$2,000,000
	AUTOMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY SCHEDULED AUTOS HIRED AUTOS ONLY NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident)	
							BODILY INJURY (Per person)	
							BODILY INJURY (Per accident)	
							PROPERTY DAMAGE (Per accident)	
D	X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DED X RETENTION			ZUP10T0424319NF SIR applies per policy terms & conditions	06/30/2019	06/30/2020	EACH OCCURRENCE	$5,000,000
							AGGREGATE	$5,000,000
C C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		WDSS1001B0 AOS (Deductible) WCRS1053B0 NY & WI (Retro)	06/30/2019 06/30/2019	06/30/2020 06/30/2020	X PER STATUTE OTH-ER	
							E.L. EACH ACCIDENT	$1,000,000
							E.L. DISEASE-EA EMPLOYEE	$1,000,000
							E.L. DISEASE-POLICY LIMIT	$1,000,000
A	E&O-MPL-Primary			019787700 Claims Made SIR applies per policy terms & conditions	09/30/2018	09/30/2019	Aggregate	$5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Nassau County, NY is included as Additional Insured in accordance with the policy provisions of the general liability policy.

CERTIFICATE HOLDER	CANCELLATION
Nassau County, NY 1 West Street Mineola NY 11501-4813 USA	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Aon Risk Services Northeast, Inc.

Holder Identifier :

Certificate No : 570077321019

Exhibit A

Contract ID# CQBU14000007

Department: OMB

Contract Details

SERVICE:

NIFS ID #: CQBU14000007 NIFS Entry Date: 8/29/2014 Term: 8/18/2014 – 12/31/2014

New X Renewal	
Amendment	
Time Extension	
Addl. Funds	
Blanket Resolution RES#	

1) Mandated Program:	Yes	No X
2) Comptroller Approval Form Attached:	Yes X	No
3) CSEA Agreement § 32 Compliance Attached:	Yes	No
4) Vendor Ownership & Mgmt. Disclosure Attached:	Yes	No
5) Insurance Required (SUBJ. TO RECEIPT)	Yes	No

Agency Information

Vendor	
Name Moody's Analytics, Inc.	Vendor ID# 13-3851829
Address 7 World Trade Center, 250 Greenwich St. New York, NY 10007	Contact Person Michael McDermott
	Phone 508-928-1410

County Department
Department Contact Eric Naughton
Address 1 West Street Mineola, NY 11501
Phone 516 571 0528

DATE Rec'd.	DEPARTMENT	Internal Verification	DATE Appv'd& Fw'd.	SIGNATURE	Leg. Approval Required
	Department	NIFS Entry (Dept) NIFS Appvl (Dept. Head) Contractor Registered ☐	8/29/14	[signature]	
	OMB	NIFS Approval (Contractor Registered) ☑	8/29/14	[signature]	Yes☐ No ☑ Not required if blanket resolution
8/29/14	County Attorney	CA RE & Insurance Verification ☐	8/29/14	[signature]	
	County Attorney	CA Approval as to form ☒	8/29/14	[signature]	Yes☐ No ☒
	Legislative Affairs	Fw'd Original Contract to CA ☐			
	County Attorney	NIFS Approval ☒	8/29/14	[signature]	
	Comptroller	NIFS Approval ☑	9/3/14	[signature] MLO	9/3/14
	County Executive	Notarization ☐ Filed with Clerk of the Leg. ☐	9/2/14	[signature]	

PR5254 (1/06)

Contract ID# CQBU14000007

Department: OMB

Contract Summary

Description: **The Contractor will provide the County and The Office of Management & Budget ("OMB") with research and analytical services related to the County's sales tax receipts.**
Purpose: **The RFQ was issued under the County's Streamlined Competitive Proposal Process. The Streamlined process was used since this was a time-sensitive situation where the service provider had to be retained quickly. The County's 2014 sales tax receipts are down significantly compared to last year's receipts. Part of the decline in 2014 may be attributable to the increase in 2013 receipts due to Superstorm Sandy. However, the growth in the County's 2014 sales tax receipts versus 2012, which would eliminate the impact of Superstorm Sandy, is significantly below that of neighboring counties. Since there are no apparent explanations for this disparity, the County is in the process of conducting a detailed analysis of sales tax data received from New York State (the "State") as part of the 2015 Budget process. The selected Contractor will assist the County in this process.**
Method of Procurement: **Request for Qualifications and Cost Proposal**
Procurement History: **On July 22, 2014 the County issued a Request for Qualifications and Cost Proposal (RFQ) for research and analytical services for sales tax receipts. Proposals were due on August 4, 2014. The RFQ was sent to the following firms: Moody's Analytics, Inc.; APT Economic Consulting, Inc. (APT); Dr. Martin R. Cantor, CPA; Dr. Thomas Conoscenti & Associates; and Long Island Financial Management Services. Moody's Analytics and APT submitted proposals. The other firms decided not to submit a proposal. The County also contacted Dr. Irwin Kellner, but he was not interested in receiving the RFQ.** **An Evaluation Committee was formed, consisting of the following members: Tim Sullivan, Deputy County Executive for Finance; Roseann D'Alleva, Acting Budget Director; Beaumont Jefferson, County Treasurer; and Steven Conkling, Debt Manager. Based on the review of the submitted proposals, the Committee selected Moody's Analytics because of its corporate depth and experience working with state and local governments.**
Description of General Provisions: **Services to be provided may include, but are not limited to:** - **Working with the County and its financial advisor in analyzing sales tax data provided by the State.** - **Analyzing the State's sales tax vendor file and providing the County with an explanation of significant variances by the 10 largest sectors.** - **Analyzing the State's sales tax vendor file and providing the County with a list of all unexplained significant variances (e.g. a significant decrease in a vendor's sales tax that cannot be explained).** - **Assisting the County in discussions with the State regarding questions the County may have on the accuracy of sales tax receipts.** - **Providing the County with a final report stating conclusions. To the extent possible, the report should include a breakdown comparing Nassau County with surrounding counties (e.g. Suffolk, Westchester and Rockland) and New York City. The report will be due by September 5, 2014.**
Impact on Funding / Price Analysis: **The Contractor shall be paid at an hourly rate. The maximum amount to be paid to the Contractor as full consideration for the Contractor's scope of work shall not exceed Twenty-four Thousand, Seven Hundred Fifty Dollars ($24,750.00).**
Change in Contract from Prior Procurement: **NA**
Recommendation: (approve as submitted) **Approve as submitted**

Contract ID# CQBU14000007

Department: OMB

Advisement Information

BUDGET CODES	
Fund:	GEN
Control:	10
Resp:	1000
Object:	DE
Transaction:	500

FUNDING SOURCE	AMOUNT
Revenue Contract ☐	
County	$ 24,750
Federal	$
State	$
Capital	$
Other Grant	$
TOTAL	$24,750

LINE	INDEX/OBJECT CODE	AMOUNT
1	BUGEN1000/DE500	$24,750
2		$
3		$
4	8/29/14	$
5		$
6		$
	TOTAL	$24,750

RENEWAL	
% Increase	
% Decrease	

Document Prepared By: ______________________ Date: ________

NIFS Certification	Comptroller Certification	County Executive Approval
I certify that this document was accepted into NIFS.	I certify that an unencumbered balance sufficient to cover this contract is present in the appropriation to be charged.	Name
Name	Name	Date 9/2/14
Date 9/3/14	Date 9/3/14	(For Office Use Only) E #:

PR5254 (1/06)

MOODY'S
ANALYTICS

Moody's Agreement No. 00030278.0

MASTER SERVICES AGREEMENT

This MASTER SERVICES AGREEMENT ("Master Agreement" or "Agreement") is entered into as of August 27, 2014 ("Effective Date") by and between the following parties:

A. Nassau County ("Client" or "County"), a municipal corporation, located at 1550 Franklin Avenue, Mineola, New York 11501, acting on behalf of the County Department of Office of Management and Budget ("Department"), having its principal office at One West Street, Mineola, New York 11501; and

B. Moody's Analytics, Inc. ("Moody's" or "Contractor"), a Delaware corporation, located at 7 World Trade Center, 250 Greenwich Street, New York, NY 10007

WHEREAS, Moody's offers and provides customized modeling, technical, financial and other consulting services through its employees, contractors and consultants ("Consulting Services"); and

WHEREAS, Moody's likewise offers and provides training and educational services including with respect to analyzing and determining credit risk and usage of its products ("Training Services"),

WHEREAS, Client desires from time to time to engage Moody's to perform certain Consulting Services and/or Training Services for Client; and

WHEREAS, Moody's desires to perform such Consulting Services and/or Training Services for Client.

NOW THEREFORE, in consideration of the foregoing premises, and the mutual covenants and agreements set forth herein, the parties hereto agree as follows:

1. DEFINITIONS

"Client Group Company" means Client and any other legal entity which either Controls, is under the Control of, or is under common Control with, the Client.

"Confidential Information" means models, sales projections, financial data, product descriptions, potential product development ideas, database descriptions, business workflow, and business information (including, without limitation, computer programs, software, databases, names and expertise of employees, suppliers, and consultants, customer lists, algorithms, know-how, formulas, processes, ideas, inventions (whether patentable or not), schematics and other technical, business, financial, customer and product development plans, forecasts, strategies and information) which are confidential, nonpublic, competitively sensitive, private, and/or proprietary and which are disclosed by one party to the other in connection with the Services.

"Control" shall mean (i) the direct or indirect ownership by a person or entity of at least fifty percent (50%) of the stock or other securities or interests entitled to vote for the election of the board of directors or other governing body of another entity, or (ii) the direct or indirect ownership by a person or entity of at least fifty percent (50%) of the equity or profits interest in another entity.

"Deliverable(s)" means any reports, models, documents, software or other materials that are specifically developed by Moody's and provided to Client pursuant to the provision of Services.

"Intellectual Property" means, with respect to a party, all forms of intellectual property rights and protections held by such party and may include without limitation all right, title and interest arising under U.S. common and statutory law, and laws of other countries in and to all (a) patents and all filed, pending or potential applications for patents, including any reissue, reexamination, division, continuation or continuation-in-part applications throughout the world now or hereafter filed; (b) trade secret rights and equivalent rights; (c) copyrights, other literary property or authors rights, whether or not protected by copyright or as a mask work; and (d) proprietary indicia, trademarks, trade names, symbols, domain names, URL's, logos and/or brand names.

"Moody's Group Company" means Moody's and any corporation or other legal entity which either Controls, is under the Control of, or is under common Control with, Moody's, but specifically excluding its ultimate parent company, Moody's Corporation, and any affiliated company engaged in credit rating activities that is part of the Moody's Investors Service business division of Moody's Corporation.

"Services" means the Consulting Services and Training Services provided by Moody's under this Master Agreement.

"Work Order" means a document executed by Moody's Group Company and a Client Group Company that references this Master Agreement and sets forth the Services to be provided to such Client Group Company, the fees payable therefor, and any other terms and conditions relating to such Services.

2. CONTRACTUAL FRAMEWORK; SCOPE OF SERVICES

2.1 This Master Agreement creates a contractual framework under which any Client Group Company may order Services to be supplied by a Moody's Group Company.

2.2 At any time beginning on the Effective Date, a Client Group Company may request to receive Services from a Moody's Group Company on the terms set forth in this Master Agreement. Whenever a Client Group Company wishes to order Services hereunder it shall notify the relevant Moody's Group Company, and the parties will negotiate the terms relating to such order. Upon signature of a Work Order by the duly authorized signatories of the Moody's Group Company and the Client Group Company, a new agreement shall be formed between the signing parties whereby: (i) the terms of this Master Agreement shall be incorporated into the Work Order as if written out in full therein; and (ii) any reference in this Master Agreement to "Moody's" for purposes of such Work Order shall be deemed to refer to the relevant contracting Moody's Group Company; and (iii) any reference in this Master Agreement to "Client" for purposes of such Work Order shall be deemed to refer to the relevant contracting Client Group Company.

2.3 Moody's agrees to perform Services for Client, on a task by task basis, subject to the terms and conditions of this Master Agreement and any Work Order. Each Work Order shall set forth a definition of the Services to be provided by Moody's, a description of any Deliverables to be provided by Moody's, an estimated work schedule, a payment schedule, additional terms and conditions, if any, applicable to a particular engagement, and such other details as the parties deem appropriate. Client and Moody's agree that any work schedules set forth in the Work Order are the estimated beginning and completion dates for the tasks and activities to be performed hereunder and may be revised by the parties during the term of any engagement. Moody's agrees to use reasonable efforts to meet such dates.

2.4 Each party shall designate a representative who shall be the principal point of contact between the parties for all matters relating to a Work Order (the "Project Manager"). Each Work Order shall contain an initial designation of a Project Manager for each party. A party may designate a new Project Manager by written notice to the other party.

2.5 Each party may request changes to the Work Order. If a party requests any such change, Moody's shall notify Client if it believes that an adjustment in the fees to be paid to Moody's with respect to the applicable Work Order, or an adjustment to the applicable Schedule, is required. The parties shall then negotiate in good faith a reasonable and equitable modification of the Work Order, and execute a change order containing such provisions. Moody's shall continue to perform pursuant to the existing Work Order, and neither party shall be bound by any change requested by the other party, until such change has been accepted in writing by the other party.

2.6 Client agrees to cooperate with Moody's in the performance of the Services hereunder, including, without limitation, providing Moody's with reasonable facilities and complete, accurate, and timely access to data, information and personnel of Client, and Client acknowledges and agrees that Moody's performance is dependent upon the timely and effective satisfaction of Client's responsibilities hereunder, timely decisions and approvals of Client's work in connection with the Services. In the event of delays caused by Client, milestone dates may be accordingly adjusted and additional Services required may be billed at Moody's standard rates on a time and materials basis. Any additional obligations of Client in connection with a particular engagement shall be set forth in the applicable Work Order.

3. MOODY'S COMPENSATION

3.1 During the term of this Master Agreement, Moody's shall perform the Services in exchange for payment of the fees specified in the relevant Work Order(s), and shall invoice Client for such Services at the commencement of the provision of Services or as specified in such Work Order(s). Client further agrees to reimburse Moody's for travel (including but not limited to air and ground transportation, lodging, and meals), phone, postage, and other business expenses directly incurred in connection with providing such Services. Unless specified otherwise on a Work Order, payment shall be due in all cases within thirty (30) days of the date of the relevant invoice issued by Moody's, subject to Moody's compliance with Client's voucher and other bill paying requirements as may be specified on the relevant Work Order.

3.2 In the event of late payment by Client, Moody's may (without prejudice to any other right of remedy it may have) impose a finance charge on all amounts past due equal to the lesser of one and one half percent (1-1/2%) per month or the maximum allowed by law and charge Client for Moody's reasonable expenses of collection thereof, including but not limited to, attorneys' and experts' fees and court costs.

3.3 The fees set forth herein do not include any foreign, federal, state or local sales, use or other similar taxes, tariffs or duties, however designated, levied against the sale, licensing, delivery or use of the components and products provided under this Master Agreement. Client shall pay, or reimburse Moody's for all such taxes; provided, however, that Client shall not be liable for any taxes based on Moody's net income.

4. OWNERSHIP OF DELIVERABLES; NON-EXCLUSIVE NATURE OF CONSULTING SERVICES

4.1 Upon full and final payment of the fees set forth on the relevant Work Order, Client shall own all written reports, analyses, presentations, documents, papers and other tangible documents delivered by Moody's to Client in the performance of the Services, exclusive of any Intellectual Property embodied therein. Client shall also own the Intellectual Property in any Deliverables supplied by Moody's that are specifically identified in a Work Order as "Client Property" to be owned by Client. Notwithstanding the foregoing, unless otherwise agreed upon between the parties and set forth in writing on the relevant Work Order, Client agrees that the Deliverables are for Client's own internal use and information, and Client agrees that it shall not further distribute, disclose, sell, or license Deliverables to third parties. Moody's reserves all other rights in the Deliverables, and shall retain ownership of all Intellectual Property embodied in the Deliverables other than the Client Property.

4.2 Client shall obtain no rights in the Moody's Materials (as defined below) other than those limited, express license rights granted under this Master Agreement. To the extent that any of the Moody's Materials are embodied in or incorporated into the Deliverables, and effective upon full and final payment by Client for the relevant Services or Deliverables required by a Work Order, Moody's hereby grants to Client, subject to the terms and conditions of this Master Agreement (including any applicable Work Order), a royalty-free, non-exclusive, nontransferable, internal use object code (as applicable) license to use such Moody's Materials solely in connection with Client's use of the Deliverables. Except as otherwise set forth in the Work Order, the term of such license is perpetual, unless the Deliverables consist of software customizations to be used in connection with other products licensed separately to Client by Moody's on a subscription or limited term basis, in which case the license shall be for such limited term or subscription period. Nothing in this section shall be deemed to permit Client to disclose, provide access to, sublicense, disassemble, decompile, reverse engineer, modify, create derivative works of, or transfer any of Moody's Materials to a subsidiary, affiliate, or third party without the prior, written consent of Moody's.

4.3 Client acknowledges that Moody's provides consulting and development services to other clients and agrees that nothing in this Master Agreement shall be deemed or construed to prevent Moody's from carrying on such business or developing for itself or others materials that are competitive with Client or Client's products or services. In particular, Client agrees that, notwithstanding anything to the contrary set forth herein: (i) Moody's shall have the right to retain a copy of each of the Deliverables for its records; (ii) as part of Moody's provision of the Services hereunder, Moody's may utilize proprietary works of authorship, pre-existing or otherwise, including models and modeling techniques, data, scores, indices, computer programs, methodologies, scorecards, templates, flowcharts, architecture designs, tools, specifications, drawings, sketches, models, samples, records and documentation, as well as copyrights, trademarks, service marks, ideas, concepts, know-how, techniques, knowledge or data, and any derivatives thereof, which have been originated, developed or purchased by a Moody's Group Company or a third party retained by a Moody's Group Company (all of the foregoing, collectively, the "Moody's Materials"); (iii) the Moody's Materials shall include any improvements thereto or new works of authorship created during the provision of

Services hereunder; and (iv) any and all of the Moody's Materials and Moody's administrative communications, records, files and working papers relating to the Services shall remain the sole and exclusive property of Moody's.

5. LIMITED WARRANTIES AND WARRANTY DISCLAIMER.

5.1 In accordance with "Executory Clause" hereunder, each party represents and warrants to the other that (i) it has the right and power to enter into and fully perform the obligations it has undertaken in this Master Agreement; (ii) it is not under any obligations, contractual or otherwise, to any other entity that might conflict, interfere, or be inconsistent with any of the provisions of this Master Agreement; and (iii) it shall comply in all material respects with all applicable laws, rules and regulations necessary for it to perform its obligations under this Master Agreement.

5.2 Client represents and warrants that any materials, information or other input provided or made accessible to Moody's under this Master Agreement do not infringe the Intellectual Property rights of any third party.

5.3 Moody's represents and warrants that the Services and Moody's contributions to the Deliverables do not infringe the Intellectual Property rights of any third party when used by Client as permitted hereunder, except to the extent that any such infringement arises out of Client's breach of warranty under Section 5.2.

5.4 Moody's obtains all information furnished pursuant to this Master Agreement from sources believed by it to be accurate and reliable. Client expressly agrees that (i) any credit ratings, probabilities of default, scores, rankings, models, forecasts, indices, or other opinions provided in connection with the Services and/or Deliverables are, and will be construed solely as, statements of opinion and not statements of fact as to credit worthiness or recommendations regarding credit decisions or decisions to purchase, hold or sell any securities; (ii) each rating, probability of default, score, ranking, model, forecast, index, or other opinion will be weighed solely as one factor in any investment or credit decision made by or on behalf of Client; and (iii) Client will accordingly make its own study and evaluation of each credit decision or security, and of each issuer and guarantor of, and each provider of credit support for, each security or credit that it may consider purchasing, holding, selling, or providing. Because of the possibility of human and mechanical error as well as other factors, all information, Services, and Deliverables are provided "as is" without warranty of any kind, except as set forth in Section 5.3 above.

5.5 Without limiting the foregoing, the parties understand and agree that Moody's (i) shall not use any personnel involved in the assignment of credit ratings in its performance pursuant to this Master Agreement, and (ii) shall use all reasonable measures to avoid disclosing any Confidential Information of Client it receives in performing its obligations hereunder to any personnel involved in the assignment of credit ratings (whether employed by Moody's or any of its affiliates), and (iii) shall not and shall cause its affiliates not to use any such information in connection with issuing any credit rating or any credit ratings process.

5.6 Moody's will not assist Client in structuring any Securities (as defined below). Client recognizes and agrees that Moody's is not acting as a financial advisor or providing investment advice in providing the Services, and neither the Services nor any Deliverables are a recommendation to buy, hold or sell any structured or corporate debt obligations, collateralized debt obligations, fixed income funds/portfolios, loans or other financial instruments (each a "Security" and together, "Securities"). Client agrees that neither Moody's nor Client intends to create a fiduciary relationship between Moody's and Client. Client further acknowledges that Moody's does not intend or agree to be named as an "expert" under applicable Securities laws.

5.7 SECTIONS 5.1 AND 5.3 SET FORTH MOODY'S ONLY WARRANTIES AND REPRESENTATIONS WITH RESPECT TO THE SERVICES, DELIVERABLES OR ANY RELATED INFORMATION. MOODY'S MAKES NO OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, TO CLIENT OR ANY OTHER PERSON OR ENTITY AS TO THE ACCURACY, RESULTS, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE SERVICES, DELIVERABLES OR ANY INFORMATION PROVIDED IN CONNECTION THEREWITH. Client agrees and acknowledges that no oral or written information or advice given by Moody's or any of its employees or agents shall constitute a representation or a warranty unless such information or advice is incorporated into this Master Agreement by a written agreement.

6. TERMINATION

6.1 Unless earlier terminated as provided hereunder, this Master Agreement shall be in full force and effect for an initial term of one year from the Effective Date and shall be renewed thereafter automatically for subsequent one year terms unless either party provides written notice of its intention not to renew at least thirty (30) days prior to end of the then-current term.

6.2 This Master Agreement as a standalone framework agreement may be terminated (i) for any reason by the County upon thirty (30) days' written notice to the Contractor, (ii) for "Cause" by the County immediately upon the receipt by the Contractor of written notice of termination, (iii) upon mutual written Agreement of the County and the Contractor, and (iv) in accordance with any other provisions of this Agreement expressly addressing termination.

(a) As used in this Agreement the word "Cause" includes: (i) a material breach of this Agreement not cured in accordance with Section 6.3, below; (ii) the failure to obtain and maintain in full force and effect all Approvals required for the services described in this Agreement to be legally and professionally rendered; and (iii) the termination or impending termination of federal or state funding for the services to be provided under this Agreement.

(b) By the Contractor. This Agreement may be terminated by the Contractor if performance becomes impracticable through no fault of the Contractor, where the impracticability relates to the Contractor's ability to perform its obligations and not to a judgment as to convenience or the desirability of continued performance. Termination under this subsection shall be effected by the Contractor delivering to the commissioner or other head of the Department (the "Commissioner"), at least sixty (60) days prior to the termination date (or a shorter period if sixty days' notice is impossible), a notice stating (i) that the Contractor is terminating this Agreement in accordance with this subsection, (ii) the date as of which this Agreement will terminate, and (iii) the facts giving rise to the Contractor's right to terminate under this subsection. A copy of the notice given to the Commissioner shall be given to the Deputy County Executive who oversees the administration of the Department (the "Applicable DCE") on the same day that notice is given to the Commissioner.

(c) In addition, this Master Agreement or any Work Order hereunder may be terminated by either party (i) if the other party breaches any material term or condition of this Master Agreement, upon thirty (30) days' prior written notice thereof from the non-breaching party; provided, that the breaching party shall have the opportunity to cure said breach to the reasonable satisfaction of the non-breaching party within such thirty (30) day period, (ii) immediately upon written notice thereof if the other party ceases to function as a going concern or to conduct operations in the normal course of business, or (iii) immediately and without need for written notice or other action if the other party has a petition or similar action filed by or against it under any applicable bankruptcy or insolvency laws (or their equivalents) which petition or action has not been dismissed or set aside within sixty (60) days of filing.

7. INDEMNIFICATION.

7.1 Moody's shall (i) defend, at its expense, any third party action, suit or proceeding brought against Client, its permitted successors and assigns, and each of their respective officers, directors, employees, legal representatives, and agents, (together, the "Client Indemnified Parties") to the extent such action, suit or proceeding is based upon an allegation that the Deliverables as provided to Client by Moody's and as used by Client in compliance with the terms of the Master Agreement infringe any valid patent or copyright, or misappropriate a trade secret of a third party, and (ii) will pay any damages, liabilities or costs (excluding consequential and exemplary damages) finally awarded against the Client Indemnified Parties pursuant to any such action, suit or proceeding, or agreed to by Moody's as settlement or compromise; provided however, that (A) Client shall have promptly provided Moody's with reasonable written notice of any relevant actions, suits, proceedings or claims or demands related thereto and reasonable cooperation, information, and assistance in connection therewith; and (B) Moody's shall have sole control and authority with respect to the defense, settlement, or compromise thereof, provided that Client's reasonable consent to any such settlement or compromise shall be required unless it includes a full release of liability for all the Client Indemnified Parties.

7.2 In the event that any Deliverable becomes, or in Moody's opinion is likely to become, the subject of a claimed intellectual property infringement or other claim, Moody's may, at its option, (i) procure for Client the right to continue using the affected Deliverable; or (ii) replace or modify such Deliverable to be non-infringing, without incurring a material diminution in performance or function; or (iii) if neither of the foregoing is, in Moody's judgment, available on reasonably commercial terms, Moody's may terminate the grant to Client of rights in the affected Deliverable upon notice to Client, in which case Client shall cease use of and return all copies of the Deliverables and related materials, and Moody's shall refund to Client the portion of the fees paid by Client that are attributable to the returned Deliverable.

7.3 In no event will Moody's have any liability or indemnification obligation under this Master Agreement for any claim or action to the extent the claim or action is caused by, or results from: (i) the combination or use of Deliverables with non-Moody's software, services or data, if such claim or action would have been avoided by the non-combined or exclusive use of the Deliverables, (ii) modification of the Deliverables by anyone other than Moody's if such claim or action would have been avoided by use of the unmodified Deliverables, (iii) Client continuing the allegedly infringing activity after reasonable notification or after receiving modifications that would have avoided the alleged infringement, (iv) use of the Deliverables in a manner that is not authorized by this Master Agreement.; or (v) Client's breach of Section 5.2.

7.4 Except to the extent that Moody's is obligated to indemnify the Client Indemnified Parties under Section 7.1, Client shall indemnify, defend, and hold harmless Moody's, its successors and assigns, and each of their respective officers, directors, employees, shareholders, legal representatives, and agents (the "Moody's Indemnified Parties"), from and against any damages, liabilities, costs and expenses (including reasonable attorneys' and professionals' fees and court costs) arising out of any third party claims based on Client's use or dissemination of the Services or Deliverables; provided however, that (i) Moody's shall have promptly provided Client with written notice thereof and reasonable cooperation, information, and assistance in connection therewith; and (ii) Client shall have sole control and authority with respect to the defense, settlement, or compromise thereof; provided that Moody's reasonable consent to any such settlement or compromise shall be required unless it includes a full release of liability for all the Moody's Indemnified Parties, provided further that Client shall not be responsible for any damages, liabilities, costs and expenses to the extent arising out of Moody's fraud, willful misconduct or any other liability that cannot be excluded as a matter of law. Moody's shall be entitled, at its own expense, to participate in the defense of any claim subject to this Section 7.4 through counsel of its own choosing, and Client shall provide Moody's with reasonable cooperation and assistance in such defense.

7.5 The defence and indemnification described in this Section 7 and Moody's obligations under the provisions of this Section 7 are Moody's exclusive liability and the Client Indemnified Parties' exclusive remedy for claims of an intellectual property infringement or other third party claim as set forth above based upon or related to any materials provided by Moody's.

8. LIMITATION OF LIABILITY.

WITH THE EXCEPTION OF THE INDEMNIFICATION OBLIGATIONS UNDER THIS MASTER AGREEMENT, THE LIABILITY OF MOODY'S AND ITS LICENSORS, IF ANY, AND CLIENT'S SOLE AND EXCLUSIVE REMEDY FOR DAMAGES FOR ANY CLAIM OF ANY KIND WHATSOEVER UNDER OR RELATED TO THIS MASTER AGREEMENT, AND REGARDLESS OF THE LEGAL THEORY OR THE PERFORMANCE OR NON-PERFORMANCE OF THE SERVICES OR DELIVERY OR NON-DELIVERY OF THE DELIVERABLES, SHALL NOT BE GREATER THAN THE FEES ACTUALLY PAID BY CLIENT TO MOODY'S IN CONNECTION WITH THE RELEVANT WORK ORDER DURING THE TWELVE (12) MONTH PERIOD IMMEDIATELY PRECEDING THE DATE UPON WHICH SUCH CLAIM ACCRUED. UNDER NO CIRCUMSTANCES WILL MOODY'S AND ITS LICENSORS BE LIABLE TO CLIENT FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, COMPENSATION, REIMBURSEMENT OR DAMAGES ON ACCOUNT OF THE LOSS OF PRESENT OR PROSPECTIVE PROFITS, EXPENDITURES, INVESTMENTS OR COMMITMENTS, WHETHER MADE IN THE ESTABLISHMENT, DEVELOPMENT OR MAINTENANCE OF BUSINESS REPUTATION OR GOODWILL, FOR LOSS OF DATA, COST OF SUBSTITUTE MATERIALS OR SERVICES, COST OF CAPITAL, AND THE CLAIMS OF ANY THIRD PARTY, OR FOR ANY OTHER REASON WHATSOEVER.

9. CONFIDENTIAL INFORMATION.

9.1 Each party acknowledges that in connection with this Master Agreement, it may receive and/or have access to certain Confidential Information of the other party. Each party agrees to use the Confidential Information of the other party solely for the purposes of this Agreement, and will not disclose such Confidential Information to any third party without the other party's consent. Each party shall maintain the Confidential Information of the other party in confidence using at least the same degree of care as it employs in maintaining in confidence its own proprietary and confidential information, but in no event less than a reasonable degree of care. Provided that, the receiving party shall have met the foregoing standard of care, an inadvertent or accidental disclosure by the receiving party of Confidential Information of the disclosing party shall not constitute a breach hereof.

(b) The foregoing shall not prohibit or limit any party's use of information (including but not limited to ideas, concepts, know-how, techniques and methodologies) (1) previously known to it, (ii) independently developed by it, (iii) acquired by it from a third party without continuing restriction on use, or (iv) which is, or becomes, publicly available through no breach by it of this Agreement. Neither party shall use the Confidential Information of the other party for its own benefit or for the benefit of any third party, except as expressly permitted in this Agreement. At any time upon the request of the Disclosing Party, the Receiving Party shall return or destroy the relevant Confidential Information of the Disclosing Party, including any copies thereof, and certify in writing that it has complied with this obligation. A receiving party also may disclose Confidential Information to the extent required by an order of a court of competent jurisdiction, administrative agency or governmental body, or by any law, rule or regulation, or by court ordered subpoena, summons or other administrative or legal process, or by applicable regulatory or professional standards, or in connection with any judicial or other proceeding involving Contractor and County relating to Contractor's Services for County or this Agreement. The obligation of this paragraph shall survive the termination or expiration of this Agreement.

(d) Limitation on the Flow of Information. The Contractor shall endeavor to give access to the Confidential Information only to such persons who are either by.a professional duty of confidentiality or who require knowledge of the infonnation as employees, representatives, agents, authorized persons, advisors, officers, or directors of the respective party for orderly conduct of business of the party concerned. The Contractor shall also require the recipients of the Confidential Information to undertake to keep such Confidential Information secret.

10. Minimum Service Standards. Regardless of whether required by Law:

(a) If Moody's is performing Services on County premises, the Contractor shall, and shall cause Contractor Agents to, conduct its, his or her activities in connection with this Agreement so as not to endanger or harm any Person or property.

(b) The Contractor shall deliver services under this Agreement in a professional manner consistent with standard practices of the industry in which the Contractor operates. The Contractor shall take all actions necessary or appropriate to meet the obligation described in the immediately preceding sentence, including obtaining and maintaining, and causing all Contractor Agents to obtain and maintain, all approvals, licenses, and certifications ("Approvals") necessary or appropriate in connection with this Agreement.

11. MISCELLANEOUS TERMS

10.1 Independent Contractors. Moody's and Client are independent contractors, and nothing in this Master Agreement will create any partnership, joint venture, agency, franchise, sales representative, or employment relationship between the parties. Neither party is an agent or representative of the other or is authorized to make any warranties or assume or create any other obligations on behalf of the other. The Contractor is an independent contractor of the County. The Contractor shall not, nor shall any officer, director, employee, servant, agent or independent contractor of the Contractor (a "Contractor Agent"), (i) be deemed a County employee, (ii) commit the County to any obligation, or (iii) hold itself, himself, or herself out as a County employee or Person with the authority to commit the County to any obligation. As used in this Agreement the word "Person" means any individual person, entity (including partnerships, corporations and limited liability companies), and government or political subdivision thereof (including agencies, bureaus, offices and departments thereof).

10.2 Compliance with Laws. Each party represents and warrants that it will comply with all applicable laws and regulations affecting its performance under this Master Agreement,. As used in this Agreement the word "Law" includes any and all statutes, local laws, ordinances, rules, regulations, applicable orders, and/or decrees, as the same may be amended from time to time, enacted, or adopted. Client shall adhere to all applicable laws, regulations and rules relating to the export of technical data and shall not export, re-export, or participate in any other transaction in connection with the Services, and any other products or services received from Moody's or any technical data obtained therefrom in violation of such applicable laws, regulations and rules.

10.3 Sanctions Compliance. Parties warrant that they are not owned or controlled by, nor do they own or control, directly or indirectly, a person or entity that is (i) on the list of Specially Designated Nationals and Blocked

Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.K. Consolidated Financial Sanctions List maintained by Her Majesty's Treasury; or (ii) subject to country sanctions imposed by the U.S. Government for any reason, including but not limited to being organized or headquartered in or a governmental entity of a country subject to such sanctions (currently Cuba, Iran, Syria and Sudan); or (iii) organized or headquartered in any other country to which the export or re-export of U.S.-origin goods or technologies are generally embargoed (currently North Korea). Additionally, Client warrants that it does not intend to and will not knowingly supply or use Moody's products or services to or for the benefit of any of the foregoing. Client agrees that it will notify Moody's if these circumstances change. For purposes of this provision, "owned" and "own" mean an interest of 50 percent or more and "control" means the right or ability to dictate the decisions, actions, and/or policies of an entity or its management. If either Party breaches this Section, in addition to any other rights or remedies the other party may have, the other party may immediately terminate the Master Agreement and/or any affected Work Orders.

10.4 Amendments/Severability. No amendment or modification of this Master Agreement, nor any waiver of any rights, will be effective unless assented to in writing by the party to be charged, and the waiver of any breach or default will not constitute a waiver of any other right hereunder or any subsequent breach or default. If any provision of this Master Agreement is held unenforceable by a court of competent jurisdiction, that provision shall be enforced to the maximum extent permissible so as to effect the intent of the parties, and the remainder of this Master Agreement shall continue in full force and effect.

10.5 Subcontractors. Moody's may engage subcontractors to perform all or any portion of the Services or to assist in any other aspect of providing the Services hereunder, provided that Moody's remains responsible and liable for the performance of the subcontractor in conformance with the relevant terms and conditions hereof.

10.6 Force Majeure. Performance under this Master Agreement may be postponed or extended automatically to the extent that either party is prevented from performing its obligations under this Master Agreement as a result of a cause beyond its reasonable control, such as an accident, act of a civil or military authority, act of God, earthquake, embargo, fire, flood, intervening change in law or governmental regulation, riot, strike, shortage of transportation or communication facilities, pandemic, disruption of telecommunication networks, terrorism or war.

10.7 Assignment. Client shall not assign this Master Agreement or any of its rights or duties under this Master Agreement without the prior written consent of Moody's, which shall not be unreasonably withheld; provided however, that Client may assign its rights and obligations hereunder in the event of a change of Control or sale of all or substantially all of its assets related to this Master Agreement, whether by merger, reorganization, operation of law, or otherwise. Subject to the foregoing, this Master Agreement shall be binding upon and shall inure to the benefit of both parties, any Client Group Companies and Moody's Group Companies that execute Work Orders hereunder; their successors, administrators, heirs, and assigns.

10.8 Governing Law. This Master Agreement and any Work Order made hereunder shall be governed by the laws of the State of New York and exclusive original jurisdiction for all claims or actions with respect to this Agreement shall be in the Supreme Court in Nassau County in New York State and the parties expressly waive any objections to the same on any grounds, including venue and forum non conveniens. This Agreement is intended as a contract under, and shall be governed and construed in accordance with, the Laws of New York State, without regard to the conflict of laws provisions thereof.

10.9 Notices. All notices, requests, or other communications or documents to be given under this Master Agreement shall be in writing and addressed to the person(s) designated below and shall be deemed effective: (i) when delivered by hand; or (ii) one day after posting with a recognized express delivery service specifying priority overnight delivery with written verification of receipt (in the case of internal domestic U.S. deliveries); or (iii) three days after posting with a recognized international express delivery service specifying priority international delivery with written verification of receipt (in the case of international deliveries). Notices to Moody's shall be sent to Moody's Analytics, Inc. at 7 World Trade Center, 250 Greenwich Street, New York, NY 10007 (attention: General Counsel, Moody's Analytics). Notices to Client shall be sent +to Client as follows: (i) if to the Department, to the attention of the Commissioner at the address specified above for the Department, (ii) if to an Applicable DCE, to the attention of the Applicable DCE (whose name the Contractor shall obtain from the Department) at the address specified above for the County, (iii) if to the Comptroller, to the attention of the Comptroller at 240 Old Country Road, Mineola, NY 11501, and (iv) if to the Contractor, to the attention of the person who executed this Agreement on behalf of the Contractor at the address specified above for the Contractor, or in each case to such other persons or addresses as shall be designated by written notice. . Each party may designate a different address or contact person by notice given in the manner provided in this section.

10.10 Complete Agreement/Survival. This Master Agreement and all Work Orders made pursuant hereto constitutes the complete and exclusive understanding and agreement of Moody's and Client relating to the subject matter hereof and supersedes all prior or contemporaneous understandings, agreements and communications with respect to the subject matter hereof. The terms contained in Sections 2.2, 3, 5.4, 6, 7, 8 and 9 of this Master Agreement shall survive the expiration or termination of this Master Agreement or any Work Order hereto.

10.11 Counterparts / Execution. This Master Agreement and any Work Order hereunder may be executed in counterparts, which together shall constitute a single instrument, and may also be executed by electronic signature, and the parties agree that facsimile, digitally scanned or other electronic copies of signatures shall be valid and binding as originals.

10.12 Privacy. For information on how Moody's processes and protects personal data, please see the Privacy Policy available at www.moodys.com.

10.13 Nonsolicitation. Neither party shall, during the term of this Master Agreement and for one (1) year after its termination, hire as an employee any of the other party's personnel who have had direct involvement with the Services, without the other party's express written consent. Responses to general solicitations, such as a newspaper ad, or public website, are excepted from this prohibition.

10.14 Press Release and Client Reference. Neither party shall issue any press release or public statements concerning this Master Agreement without the other's written consent. Upon written consent of the Client, Moody's may identify Client as a client of Moody's (using Client's name and logo) and generally describe the nature of the Services in Moody's promotional materials, presentations, and proposals to current and prospective clients.

10.15 Third Party Materials. The parties understand that any Services or Deliverables provided under this Master Agreement may require the use of certain third-party hardware and/or software products. Client shall be solely responsible for acquiring its own hardware and for obtaining licenses to such third-party software, if such software is not already in Client's possession, including the right to incorporate such software into its systems. Moody's makes no warranties or representations hereunder, express or implied, as to the quality, capabilities, operations, performance or suitability of any third-party hardware or software including the ability to integrate with any software provided to Client by Moody's, and the quality, capabilities, operations, performance and suitability of such third-party hardware or software lies solely with Client and the vendor or supplier of that hardware or software.

10.16 Section and Other Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

10.17 Executory Clause. Notwithstanding any other provision of this Agreement:

(a) Approval and Execution. The County shall have no liability under this Agreement (including any extension or other modification of this Agreement) to any Person unless (i) all County approvals have been obtained, including, if required, approval by the County Legislature, and (ii) this Agreement has been executed by the County Executive (as defined in this Agreement).

(b) Availability of Funds. The County shall have no liability under this Agreement (including any extension or other modification of this Agreement) to any Person beyond funds appropriated or otherwise lawfully available for this Agreement, and, if any portion of the funds for this Agreement are from the state and/or federal governments, then beyond funds available to the County from the state and/or federal governments.

10.18 Insurance. (a) Types and Amounts. The Contractor shall obtain and maintain throughout the term of this Agreement, at its own expense: (i) one or more policies for commercial general liability insurance, which policy(ies) shall name "Nassau County" as an additional insured and have a minimum single combined limit of liability of not less than one million dollars ($1,000,000) per claim and two million dollars ($2,000,000) aggregate coverage, (ii) if contracting in whole or part to provide professional services, one or more policies for professional liability insurance, which policy(ies) shall have a minimum single combined limit liability of not less than one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) aggregate coverage, and (iii) compensation insurance for the benefit of the Contractor's employees ("Workers' Compensation Insurance"), which insurance is in compliance with the New York State Workers' Compensation Law.

(b) Acceptability; Deductibles; Subcontractors. All insurance obtained and maintained by the Contractor pursuant to this Agreement shall be (i) written by one or more commercial insurance carriers licensed to do business in New York. The Contractor shall be solely responsible for the payment of all deductibles to which such policies are subject. The Contractor shall require any subcontractor hired in connection with this Agreement to carry insurance with the same limits and provisions required to be carried by the Contractor under this Agreement.

(Remainder of Page Intentionally Left Blank)

* * *

IN WITNESS WHEREOF, the parties hereto have caused this Master Agreement to be executed by their duly authorized representatives.

NASSAU COUNTY	Moody's Analytics, Inc.
By:	By:
Name: Richard R. Walker	Name: William E Gerhardt
Title: Chief Deputy County Executive	Title: Senior Director
Date: 9/2/14	Date: 8/27/2014

MOODY'S
ANALYTICS

Moody's Agreement No. 00030279

WORK ORDER

1X Research and Analytical Services for Sales Tax Receipts

This WORK ORDER ("Work Order") is entered into between the undersigned parties pursuant to the provisions of the master agreement identified below ("Master Agreement"). All capitalized terms not otherwise defined in this Work Order shall have the meanings set forth in the Master Agreement. This Work Order is dated and made effective as of the Work Order Effective Date below. By signing this Work Order, the parties below agree to incorporate by reference the terms of the Master Agreement herein and to be fully bound thereby. For purposes of this Work Order and the terms of the Master Agreement incorporated by reference herein, "Moody's" shall refer to the undersigned Moody's entity.

Client Name:	Nassau County
Master Agreement:	Master Services Agreement dated August 18, 2014 (Moody's Agreement No. 00030278.0)
Work Order Effective Date:	August 18, 2014

1. Scope and Objectives

- Moody's will work with Client and its financial adviser in analyzing sales tax data provided by the State of New York ("the State"). Moody's will analyze the State's sales tax vendor file and provide Client with an explanation of significant variances by the 10 largest sectors and a list of all unexplained significant variances and assist in discussions with the State regarding questions Client may have on the accuracy of sales tax receipts. Moody's will provide Client with a final report stating conclusions. To the extent possible, the report should include a breakdown comparing Nassau County with surrounding counties.

2. Overview of Services to be Performed by Moody's

- Moody's will examine underlying sector and industry trends within the most detailed sales tax data available from Client and the State to detect variances against historical collection patterns and underlying economic metrics.

- Moody's will also create a sales tax forecast model using OLS regression techniques, with historical collections data provided by Client and Moody's proprietary economic forecast series, to estimate approximately how much taxable sales may have taken place over the first half of 2014 based on underlying measures of economic growth. In addition, Moody's will project the growth rate for 2014 and 2015.

- Moody's will then compile a written analysis based on these two exercises identifying potential causes for differences in Client's collections versus neighboring areas, and highlight any variations not fully explained by underlying measures of economic growth.

- If requested by the County, Moody's agrees that it shall present findings to the Nassau County Legislature during budget hearings, provided that Moody's shall not be required to make more than one (1) trip to present such findings. Additional participation by Moody's is subject to additional fees for the time of Moody's employees and consultants, which shall be negotiated between the parties.

3. Client Obligations

- Provide requested data in a timely fashion. Client acknowledges that all the delivery schedule noted herein for the Deliverable is contingent on Client providing Moody's with necessary information in a timely manner.

- Attend and participate in all meetings.

MOODY'S
ANALYTICS

4. Deliverables

Deliverable	Delivery Schedule	Format
Sales Tax Analysis	September 5, 2014. The delivery date may be extended only with the County's agreement, other than as provided in Section 3 above.	PDF

5. Location of Performance of Services

- The Services will be conducted at Moody's office.

6. Compensation

$24,750 payable upon Moody's delivery of the Deliverable set forth in Section 4. Any additional work requested by Client shall be set forth on a separate work order.

The amount to be paid to the Contractor as full consideration for the Contractor's services under the Master Agreement shall not exceed twenty four thousand seven hundred and fifty ($24,750) dollars in the aggregate, which would include all out-of-pocket expenses of the Contractor. Contractor will be paid after submission of their final report to the Department.

6.1 Payments shall be made to the Contractor in arrears and shall be contingent upon (i) the Contractor submitting a claim voucher (the "Voucher"), that (a) states with reasonable specificity the services provided and the payment requested as consideration for such services, (b) certifies that the services rendered and the payment requested are in accordance with the Master Agreement, and (c) is accompanied by documentation County supporting the amount claimed, and (ii) review, approval and audit of the Voucher by the Department and/or the County Comptroller or his or her duly designated representative (the "Comptroller").

7. Project Managers

From Moody's: **Daniel White**

Moody's Analytics, Inc.

7 World Trade Center, 250 Greenwich Street

New York, NY 10007, U.S.A.

From Client: **Steven Conkling**

Nassau County

Office of Management and Budget

One West Street, 5th Floor

Mineola, New York 11501, U.S.A.

MOODY'S
ANALYTICS

Moody's Agreement No. 00030279

IN WITNESS WHEREOF, the parties hereto have caused this Work Order to be executed by their duly authorized representatives.

NASSAU COUNTY

By: [signature]

Name: Richard R. Walker

Title: Chief Deputy County Executive

Date: 9/2/14

Moody's Analytics, Inc.

By: [signature]

Name: William E Gerhardt

Title: Senior Director

Date: 8/27/2014

PA
STATE OF ~~NEW YORK~~)
Chester)ss.:
COUNTY OF ~~NEW YORK~~)

On the 27th day of August in the year 2014 before me personally came William Geerhardt to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of Chester; that he or she is the Senior Director of Moody's Analytics, Inc., the corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto by authority of the board of directors of said corporation.

Mary C. Wood
NOTARY PUBLIC

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Mary C. Wood, Notary Public
West Chester Boro, Chester County
My Commission Expires March 18, 2016
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

STATE OF NEW YORK)
)ss.:
COUNTY OF NASSAU)

On the 2nd day of SEPTEMBER in the year 2014 before me personally came TIMOTHY P. SULLIVAN to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of NASSAU; that he or she is a Deputy County Executive of the County of Nassau, the municipal corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto pursuant to Section 205 of the County Government Law of Nassau County.

NOTARY PUBLIC

JOSEPH DEVITO
Notary Public, State of New York
No. 01DE4736393
Qualified in Nassau County
Commission Expires July 31, 2017

Contract ID# CQBU14000007

Department: OMB

E-97-15

Contract Details

SERVICE: Consulting Services

NIFS ID #: CLBU15000002

NIFS Entry Date: 1/20/2015 Term: 2/28/2015 – 2/28/2018

New Renewal	
Amendment	X
Time Extension	X
Addl. Funds	X
Blanket Resolution RES#	

1) Mandated Program:	Yes	No
2) Comptroller Approval Form Attached:	Yes	No
3) CSEA Agreement § 32 Compliance Attached:	Yes	No
4) Vendor Ownership & Mgmt. Disclosure Attached:	Yes	No
5) Insurance Required	Yes	No

Agency Information

Vendor	
Name Moody's Analytics, Inc.	Vendor ID# 13-3851829
Address 7 World Trade Center, 250 Greenwich St. New York, NY 10007	Contact Person Michael McDermott
	Phone 508-928-1410

County Department
Department Contact Eric Naughton
Address 1 West Street Mineola, NY 11501
Phone 516 571 0528

DATE Rec'd.	DEPARTMENT	Internal Verification		DATE Appv'd & Fw'd.	SIGNATURE	Leg. Approval Required
	Department	NIFS Entry (Dept) NIFS Appvl (Dept. Head) Contractor Registered	☐	1/20/15	[signature]	
	OMB	NIFS Approval (Contractor Registered)	☐	1/20	[signature]	Yes ☐ No ☐ Not required if blanket resolution
5/8/15	County Attorney	CA RE & Insurance Verification	☑	5/11/15	[signature]	
5/11/15	County Attorney	CA Approval as to form	☑	5/11/15	[signature]	Yes ☒ No ☐
	Legislative Affairs	Fw'd Original Contract to CA	☐	5/13/15	Concetta A Petrucci	
	County Attorney	NIFS Approval	☐	6/23/2015	[signature]	
	Comptroller	NIFS Approval	☑	6/15/15	[signature]	
5/13/15	County Executive	Notarization Filed with Clerk of the Leg.	☐ ☐	5/13/15	[signature]	

Contract ID# CQBU14000007

Department: OMB

Advisement Information

BUDGET CODES	
Fund:	GEN
Control:	10
Resp:	1000
Object:	DE
Transaction:	500

RENEWAL	
% Increase	
% Decrease	

FUNDING SOURCE	AMOUNT
Revenue Contract ☐	
County	$56,000.00
Federal	$
State	$
Capital	$
Other Grant	$
TOTAL	$56,000.00

LINE	INDEX/OBJECT CODE	AMOUNT
1	BUGEN1000/DE500	$56,000.00
2		
3		$
		$
	TOTAL	$56,000.00

APPROVED: 5/11/15

INSURANCE SECTION (DATE)

Document Prepared By: Date:

NIFS Certification	Comptroller Certification	County Executive Approval
I certify that this document was accepted into NIFS.	I certify that an unencumbered balance sufficient to cover this contract is present in the appropriation to be charged.	Name
Name	Name	Date 5/13/15
Date 6/5/15	Date 6/2/15	(For Office Use Only)

E #:

Contract ID# CQBU14000007

Department: OMB

Contract Summary

Description:
The Contractor will provide the Office of Management & Budget ("OMB") with forecasted sales tax receipts to assist the County in its annual budget process.

Purpose:
On July 22, 2014, OMB issued an RFQ for research and analytical services related to the County's sales tax receipts. The County's 2014 sales tax receipts are down significantly compared to 2013 receipts. Part of the decline in 2014 may be attributable to the increase in 2013 receipts due to Superstorm Sandy. However, the growth in the County's 2014 sales tax receipts versus 2012, which would eliminate the impact of Superstorm Sandy, is significantly below that of neighboring counties. Since there are no apparent explanations for this disparity, the County conducted a detailed analysis of sales tax data received from New York State (the "State") as part of the 2015 Budget process. Moody's Analytics, Inc. ("Moody's") was selected as the Contractor and assisted the County in this process. The County is continuing with this analysis.

The County is now interested in amending the contract with Moody's for an additional three (3) years, whereby Moody's will provide OMB with forecast sales collections on a quarterly basis.

Method of Procurement:
Request for Qualifications and Cost Proposal

Procurement History:
On July 22, 2014, OMB issued a Request for Qualifications and Cost Proposal (RFQ) for research and analytical services for sales tax receipts. Proposals were due on August 4, 2014. The RFQ was sent to the following firms: Moody's Analytics, Inc.; APT Economic Consulting, Inc. (APT); Dr. Martin R. Cantor, CPA; Dr. Thomas Conoscenti & Associates; and Long Island Financial Management Services. Moody's Analytics and APT submitted proposals. The other firms decided not to submit a proposal. The County also contacted Dr. Irwin Kellner, but he was not interested in receiving the RFQ.

An Evaluation Committee was formed, consisting of the following members: Tim Sullivan, Deputy County Executive for Finance; Roseann D'Alleva, Acting Budget Director; Beaumont Jefferson, County Treasurer; and Steven Conkling, Debt Manager. Based on the review of the submitted proposals, the Committee selected Moody's Analytics because of its corporate depth and experience working with state and local governments.

Description of General Provisions:
Services to be provided under the amended contract include the following:

- Moody's will work with the County to analyze and forecast sales collections on a quarterly basis. Moody's will also develop a quarterly written report for the County to discuss the sales tax forecast, as well as national, regional, and local economic trends. Moody's will assist the County in discussions with New York State agencies regarding questions the County may have relating to the sales tax receipts reported.

- Moody's will create a forecast model using OLS regression techniques, with historical collections data provided by the County and Moody's proprietary economic forecast series, to project Nassau County sales tax collections in fiscal 2015, fiscal 2016, and fiscal 2017. Once a year, in the August delivery, projections will be extended to include fiscal 2018 and fiscal 2019 as well.

- Moody's will then compile a written analysis discussing the forecasts, as well as national, regional, and local economic trends. The written reports will be delivered on a quarterly basis

- If requested by the County, Moody's shall assist the County in discussions with the State regarding questions the County may have on the accuracy of sales tax receipts.

Impact on Funding / Price Analysis:
The Contractor shall be paid $56,000 annually, payable quarterly each in the amount of $14,000. Contractor will be paid after full and final delivery of each Sales Tax Forecasts and Written Analysis due.

Additional work, if any, will be based on the hourly rate schedule included in the contract.

Change in Contract from Prior Procurement:
NA

Recommendation: (approve as submitted)
Approve as submitted

Inter-Office Memorandum

To: Comptroller's Office

From: Steven Conkling, Office of Management & Budget

Date: January 20, 2015

Subject: Evaluation of Contractor Performance

Contractor: Moody's Analytics, Inc.

Contract #: CQBU14000007

Scope of Services: The contractor will provide OMB with research and analytical services related to sales tax receipts

Nassau County entered into a one-year contract with Moody's Analytics, Inc. effective August 18, 2014. The County is looking to extend the contract for three (3) additional years, effective February 28, 2015. The contractor has performed at or above the standards set forth in the contract.

Has the Contractor operated within the timeframe set forth in the contract?
☒ Yes ☐

Has the Contractor operated within the budget set forth in the contract?
☒ Yes ☐ No

Has the Contractor submitted deliverables as set forth in the contract?
☒ Yes ☐ No

Has the Contractor met all obligations as set forth in the contract?
☒ Yes ☐ No

The Office of Management & Budget has rated the work of AJ Consulting as:
☐ Poor ☐ Fair ☐ Good ☒ Excellent ☐ Outstanding

Steven D Conkling

Project Manager

Department Head

E-97-15

RULES RESOLUTION NO. 112 2015

A RESOLUTION AUTHORIZING THE COUNTY EXECUTIVE TO EXECUTE AN AMENDMENT TO A PERSONAL SERVICES AGREEMENT BETWEEN THE COUNTY OF NASSAU, ACTING ON BEHALF OF THE OFFICE OF MANAGEMENT AND BUDGET, AND MOODY'S ANALYTICS, INC.

Passed by the Rules Committee
Nassau County Legislature
By Voice Vote on 6-1-15
VOTING:
ayes 4 nayes 3 abstained 0 recused 0
Legislators present 7

WHEREAS, the County has negotiated an amendment to a personal services agreement with Moody's Analytics, Inc., in connection with sales tax analyses services, a copy of which is on file with the Clerk of the Legislature; now, therefore, be it

RESOLVED, that the Rules Committee of the Nassau County Legislature authorizes the County Executive to execute the said amendment to agreement with Moody's Analytics, Inc.

AMENDMENT TO MASTER SERVICES AGREEMENT

THIS AMENDMENT TO MASTER SERVICES AGREEMENT (this "Amendment") is made and entered into and is effective as of the 1st day of May, 2015 by and between the County of Nassau, a New York municipal corporation having its principal office at 1550 Franklin Avenue, Mineola, New York 11501 (the "County"), acting on behalf of the County Department of Office of Management and Budget (the "Department") with its principal office at One West Street, Mineola, New York 11501, and Moody's Analytics, Inc., a Delaware corporation, located at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007 ("Moody's" or "Contractor").

-WITNESSETH-

WHEREAS, the County and Contractor previously entered into that certain Master Services Agreement, dated as of August 27, 2014 (Moody's Agreement No. 00030278.0), attached hereto as Exhibit A (the "Master Agreement"), pursuant to which County and Contractor may agree to Work Orders for financial services relating to analyzing sales tax data provided by New York State as more particularly described therein; and

WHEREAS, the County and Contractor now desire to amend the Master Agreement; and

WHEREAS, the County and Contractor now desire to enter into a second Work Order for periodic State sales tax analyses and forecasting pursuant to the Master Agreement.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein made and intended to be legally bound hereby, the County and Contractor hereby agree as follows:

1. Pursuant to Article 2 of the Master Agreement, the County and Contractor hereby enter into a second Work Order (Moody's Agreement No. 00037170.0), attached hereto as Exhibit B and made a part hereof, for periodic State sales tax analyses and forecasting as more fully described in Exhibit B;

2. Section 10.2 is hereby amended to add the following:

"10.2 Compliance with Laws.

(a) Generally. The Contractor shall comply with any and all applicable Federal, State and local Laws, including, but not limited to those relating to conflicts of interest, human rights, a living wage, disclosure of information and vendor registration in connection with its performance under this Agreement. In furtherance of the foregoing, the Contractor is bound by and shall comply with the terms of Appendix EE attached hereto and with the County's registration protocol. As used in this Agreement the word "Law" includes any and all statutes, local laws, ordinances, rules, regulations, applicable orders, and/or decrees, as the same may be amended from time to time, enacted, or adopted.

(b) Nassau County Living Wage Law. Pursuant to LL 1-2006, as amended, and to the extent that a waiver has not been obtained in accordance with such law or any rules of the

County Executive, the Contractor agrees as follows:

Contractor shall comply with the applicable requirements of the Living Wage Law, as amended;

Failure to comply with the Living Wage Law, as amended, may constitute a material breach of this Agreement, the occurrence of which shall be determined solely by the County. Contractor has the right to cure such breach within thirty days of receipt of notice of breach from the County. In the event that such breach is not timely cured, the County may terminate this Agreement as well as exercise any other rights available to the County under applicable law.

It shall be a continuing obligation of the Contractor to inform the County of any material changes in the content of its certification of compliance, attached to this Agreement as Appendix L, and shall provide to the County any information necessary to maintain the certification's accuracy.

(c) Records Access. The parties acknowledge and agree that all records, information, and data ("Information") acquired in connection with performance or administration of this Agreement shall be used and disclosed solely for the purpose of performance and administration of the contract or as required by law. The Contractor acknowledges that Contractor Information in the County's possession may be subject to disclosure under Article 6 of the New York State Public Officer's Law ("Freedom of Information Law" or "FOIL"). In the event that such a request for disclosure is made, the County shall make reasonable efforts to notify the Contractor of such request prior to disclosure of the Information so that the Contractor may take such action as it deems appropriate."

3. Appendix L and Appendix EE are attached hereto and made a part of the Master Agreement.

IN WITNESS WHEREOF, the undersigned have duly executed this Amendment as of the date first written above.

NASSAU COUNTY

By: [signature]

Name: Charles Ribando

Title: Dep County Exec.

Date: 6/15/15

Moody's Analytics, Inc.

By: [signature]

Name: Paul Gorman

Title: Exec Director

Date: 5/5/15

STATE OF ~~NEW YORK)~~ PENNSYLVANIA
)ss.:
COUNTY OF ~~NASSAU)~~ Chester

On the 5th day of MAY in the year 20 15 before me personally came PAUL Getman to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of Chester; that he or she is the Executive Director of Moody's Analytics, the corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto by authority of the board of directors of said corporation.

Mary C. Wood
NOTARY PUBLIC

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Mary C. Wood, Notary Public
West Chester Boro, Chester County
My Commission Expires March 18, 2016
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

STATE OF NEW YORK)
)ss.:
COUNTY OF NASSAU)

On the _____ day of __________________ in the year 20__ before me personally came __________________ to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of ______________; that he or she is the County Executive of the County of Nassau, the municipal corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto pursuant to Section 205 of the County Government Law of Nassau County.

____
NOTARY PUBLIC

MOODY'S
ANALYTICS

Moody's Agreement No. 00037170.0

WORK ORDER

Quarterly Sales Tax Forecasts

This WORK ORDER ("Work Order") is entered into between the undersigned parties pursuant to the provisions of the master agreement identified below ("Master Agreement"). All capitalized terms not otherwise defined in this Work Order shall have the meanings set forth in the Master Agreement. This Work Order is dated and made effective as of the Work Order Effective Date below. By signing this Work Order, the parties below agree to incorporate by reference the terms of the Master Agreement herein and to be fully bound thereby. For purposes of this Work Order and the terms of the Master Agreement incorporated by reference herein, "Moody's" shall refer to the undersigned Moody's entity.

Client Name:	Nassau County
Master Agreement:	Master Services Agreement dated August 18, 2014 (Moody's Agreement No. 00030278.0)
Work Order Effective Date:	Effective on the date last executed below

1. **Scope and Objectives**

- Moody's will work with Client to analyze and forecast sales collections on a quarterly basis. Moody's will also develop a quarterly written report for the client to discuss the sales tax forecast, as well as national, regional, and local economic trends. Moody's will assist Client in discussions regarding questions Client may have relating to the Deliverables.

2. **Overview of Services to be Performed by Moody's**

- Moody's will create a forecast model using OLS regression techniques, with historical collections data provided by Client and Moody's proprietary economic forecast series, to project Nassau County sales tax collections in fiscal 2015, fiscal 2016, and fiscal 2017. Once a year, in the August delivery, projections will be extended to include fiscal 2018 and fiscal 2019 as well.

- Moody's will then compile a written analysis discussing the forecasts, as well as national, regional, and local economic trends. The written reports will be delivered on the following schedule:

    - On or around the 29th of each February, May, August, and November during the Term

- If requested by the County, Moody's shall assist Client in discussions with New York State agenciesregarding questions Client may have on the sales tax receipts reports, subject to additional fees for the time of Moody's employees and consultants, which shall be negotiated between the parties pursuant to a separate written agreement consistent with Moody's then-current rate schedule (Schedule 1 is the rate schedule for 2015).

- Moody's will deliver all available variables for Nassau-Suffolk Metro Division from **Forecast Database: Metro Area + Alternative Scenarios** and all available variables for Nassau County, NY and Suffolk County, NY from **Forecast Database: County** on or around the 15th of every month via Microsoft Excel.

- If requested by the County, Moody's agrees that it shall present findings to the Nassau County Legislature during budget hearings. Additional participation by Moody's during budget hearings is subject to additional fees for the time of Moody's employees and consultants, which shall be negotiated between the parties pursuant to a separate written agreement consistent with Moody's then-current rate schedule (Schedule 1 is the rate schedule for 2015).

3. **Client Obligations**

- To the extent data or any materials provided to Moody's is or consists of third party data, software and/or materials from a third party provider ("Third Party Materials"), Client agrees to be solely responsible for

(i) acquiring its own licenses and rights to the Third Party Materials and (ii) retaining all necessary rights to provide the Third Party Materials to Moody's to perform the Services under this Work Order prior to the Effective Date set forth above.

- Provide requested historical data in a timely fashion. Client acknowledges that the Delivery Schedule provided for herein for the Deliverables is contingent on Client providing Moody's with necessary information in a timely manner.

- Attend and participate in all meetings.

4. **Deliverables**

Deliverable	Delivery Schedule	Format
Sales Tax Forecasts and Written Analysis	Quarterly, on or around the 29th of February, May, August, and November during the Term.	Microsoft Excel, PDF
Nassau-Suffolk Metro Division, Suffolk County and Nassau County Data	Monthly, on or around the 15th of every month during the Term	Microsoft Excel

5. **Location of Performance of Services**

- The Services will be conducted at Moody's office.

6. **Compensation**

- Compensation to Moody's during the Term for the Services shall be $56,000 annually (the "Base Annual Payment"), payable quarterly ($14,000 each quarter during each year of the Term) upon delivery of each Sales Tax Forecasts and Written Analysis due.

- Should Client request Moody's assistance as outlined in Section 2, above, Moody's shall invoice Client for such additional work and fees to be negotiated between the County and Moody's based on Moody's then current rate schedule (Schedule 1 is the rate schedule for 2015).

- Compensation to the Contractor shall be made subject to the Contractor's compliance with the County's voucher and other bill paying requirements hereunder. Payments shall be made to the Contractor in arrears and shall be contingent upon (i) the Contractor submitting a claim voucher (the "Voucher"), that (a) states with reasonable specificity the services provided and the payment requested as consideration for such services, (b) certifies that the services rendered and the payment requested are in accordance with the Master Agreement, and (c) is accompanied by documentation satisfactory to the County supporting the amount claimed, and (ii) review, approval and audit of the Voucher by the Department and/or the County Comptroller or his or her duly designated representative (the "Comptroller").

7. **Term; Termination**

- Unless earlier terminated as provided hereunder, this Work Order shall be in force and effect beginning on the Work Order Effective Date and continuing for three consecutive one year periods, (the "Term").

- Either party may terminate the Work Order by providing the other notice of such termination in writing, at least thirty (30) days prior to the expiration of the then-current year of the Term that the Work Order shall be terminated. Upon such notice, the Work Order shall terminate upon the expiration of the then-current year of the Term. In the event of a conflict between the terms of this Work Order and the Master Agreement, the terms of this Work Order shall prevail.

8. Project Managers

From Moody's: **Daniel White**
Moody's Analytics, Inc.
7 World Trade Center, 250 Greenwich Street
New York, NY 10007, U.S.A

From Client: **Steven Conkling**
Nassau County
Office of Management and Budget
One West Street, 5th Floor
Mineola, New York 11501, U.S.A.

IN WITNESS WHEREOF, the parties hereto have caused this Work Order to be executed by their duly authorized representatives.

NASSAU COUNTY		Moody's Analytics, Inc.	
By:	[signature]	By:	[signature]
Name:	CHARLES RIBANDO	Name:	Paul Getman
Title:	DEPUTY COUNTY EXECUTIVE	Title:	Executive Director
Date:	6/10/15	Date:	5/7/15

MOODY'S
ANALYTICS

Moody's Agreement No. 00037170.0

STATE OF ~~NEW YORK)~~ Pennsylvania
)ss.:
COUNTY OF ~~NASSAU)~~ Chester

On the 7th day of May in the year 2015 before me personally came Paul Getman to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of Chester; that he or she is the Executive Director of Moody's Analytics, the corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto by authority of the board of directors of said corporation.

Mary C. Wood
NOTARY PUBLIC

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Mary C. Wood, Notary Public
West Chester Boro, Chester County
My Commission Expires March 13, 2016
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

STATE OF NEW YORK)
)ss.:
COUNTY OF NASSAU)

On the 10 day of June in the year 2015 before me personally came Charles Ribando to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of Nassau; that he or she is the County Executive of the County of Nassau, the municipal corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto pursuant to Section 205 of the County Government Law of Nassau County.

Concetta A Petrucci
NOTARY PUBLIC

CONCETTA A PETRUCCI
Notary Public, State of New York
No. 01PE6259026
Qualified in Nassau County
Commission Expires April 02, 2016

Schedule 1
Hourly Consulting Rates

Chief Economist - $800/hour

Managing Director-$600/hour

Senior Director-$500/hour

Director-$450/hour

Senior Economist-$400/hour

Economist-$300/hour

Associate/Assistant Economist-$250/hour

Appendix EE
~~Equal Employment Opportunities for Minorities and Women~~

The provisions of this Appendix EE are hereby made a part of the document to which it is attached.

The Contractor shall comply with all federal, State and local statutory and constitutional anti-discrimination provisions. In addition, Local Law No. 14-2002, entitled "Participation by Minority Group Members and Women in Nassau County Contracts," governs all County Contracts as defined herein and solicitations for bids or proposals for County Contracts. In accordance with Local Law 14-2002:

(a) The Contractor shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status in recruitment, employment, job assignments, promotions, upgradings, demotions, transfers, layoffs, terminations, and rates of pay or other forms of compensation. The Contractor will undertake or continue existing programs related to recruitment, employment, job assignments, promotions, upgradings, transfers, and rates of pay or other forms of compensation to ensure that minority group members and women are afforded equal employment opportunities without discrimination.

(b) At the request of the County contracting agency, the Contractor shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, union, or representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability, or marital status and that such employment agency, labor union, or representative will affirmatively cooperate in the implementation of the Contractor's obligations herein.

(c) The Contractor shall state, in all solicitations or advertisements for employees, that, in the performance of the County Contract, all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability or marital status.

(d) The Contractor shall make best efforts to solicit active participation by certified minority or women-owned business enterprises ("Certified M/WBEs") as defined in Section 101 of Local Law No. 14-2002, for the purpose of granting of Subcontracts.

(e) The Contractor shall, in its advertisements and solicitations for Subcontractors, indicate its interest in receiving bids from Certified M/WBEs and the requirement that Subcontractors must be equal opportunity employers.

(f) Contractors must notify and receive approval from the respective Department Head prior to issuing any Subcontracts and, at the time of requesting such authorization, must submit a signed Best Efforts Checklist.

(g) Contractors for projects under the supervision of the County's Department of Public Works shall also submit a utilization plan listing all proposed Subcontractors so that, to the greatest extent feasible, all ~~Subcontractors will be approved prior to commencement of work.~~ Any additions or changes to the list of subcontractors under the utilization plan shall be approved by the Commissioner of the Department of Public Works when made. A copy of the utilization plan any additions or changes thereto shall be submitted by the Contractor to the Office of Minority Affairs simultaneously with the submission to the Department of Public Works.

(h) At any time after Subcontractor approval has been requested and prior to being granted, the contracting agency may require the Contractor to submit Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises. In addition, the contracting agency may require the Contractor to submit such documentation at any time after Subcontractor approval when the contracting agency has reasonable cause to believe that the existing Best Efforts Checklist may be inaccurate. Within ten working days (10) of any such request by the contracting agency, the Contractor must submit Documentation.

(i) In the case where a request is made by the contracting agency or a Deputy County Executive acting on behalf of the contracting agency, the Contractor must, within two (2) working days of such request, submit evidence to demonstrate that it employed Best Efforts to obtain Certified M/WBE participation through proper documentation.

(j) Award of a County Contract alone shall not be deemed or interpreted as approval of all Contractor's Subcontracts and Contractor's fulfillment of Best Efforts to obtain participation by Certified M/WBEs.

(k) A Contractor shall maintain Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises for a period of six (6) years. Failure to maintain such records shall be deemed failure to make Best Efforts to comply with this Appendix EE, evidence of false certification as M/WBE compliant or considered breach of the County Contract.

(l) The Contractor shall be bound by the provisions of Section 109 of Local Law No. 14-2002 providing for enforcement of violations as follows:

a. Upon receipt by the Executive Director of a complaint from a contracting agency that a County Contractor has failed to comply with the provisions of Local Law No. 14-2002, this Appendix EE or any other contractual provisions included in furtherance of Local Law No. 14-2002, the Executive Director will try to resolve the matter.

b. If efforts to resolve such matter to the satisfaction of all parties are unsuccessful, the Executive Director shall refer the matter, within thirty days (30) of receipt of the complaint, to the American Arbitration Association for proceeding thereon.

c. Upon conclusion of the arbitration proceedings, the arbitrator shall submit to the Executive Director his recommendations regarding the imposition of ~~sanctions, fines or penalties. The Executive Director shall either (i) adopt the~~ recommendation of the arbitrator (ii) determine that no sanctions, fines or penalties should be imposed or (iii) modify the recommendation of the arbitrator, provided that such modification shall not expand upon any sanction recommended or impose any new sanction, or increase the amount of any recommended fine or penalty. The Executive Director, within ten days (10) of receipt of the arbitrators award and recommendations, shall file a determination of such matter and shall cause a copy of such determination to be served upon the respondent by personal service or by certified mail return receipt requested. The award of the arbitrator, and the fines and penalties imposed by the Executive Director, shall be final determinations and may only be vacated or modified as provided in the civil practice law and rules ("CPLR").

(m) The contractor shall provide contracting agency with information regarding all subcontracts awarded under any County Contract, including the amount of compensation paid to each Subcontractor and shall complete all forms provided by the Executive Director or the Department Head relating to subcontractor utilization and efforts to obtain M/WBE participation.

Failure to comply with provisions (a) through (m) above, as ultimately determined by the Executive Director, shall be a material breach of the contract constituting grounds for immediate termination. Once a final determination of failure to comply has been reached by the Executive Director, the determination of whether to terminate a contract shall rest with the Deputy County Executive with oversight responsibility for the contracting agency.

Provisions (a), (b) and (c) shall not be binding upon Contractors or Subcontractors in the performance of work or the provision of services or any other activity that are unrelated, separate, or distinct from the County Contract as expressed by its terms.

The requirements of the provisions (a), (b) and (c) shall not apply to any employment or application for employment outside of this County or solicitations or advertisements therefor or any existing programs of affirmative action regarding employment outside of this County and the effect of contract provisions required by these provisions (a), (b) and (c) shall be so limited.

The Contractor shall include provisions (a), (b) and (c) in every Subcontract in such a manner that these provisions shall be binding upon each Subcontractor as to work in connection with the County Contract.

As used in this Appendix EE the term "Best Efforts Checklist" shall mean a list signed by the Contractor, listing the procedures it has undertaken to procure Subcontractors in accordance with this Appendix EE.

As used in this Appendix EE the term "County Contract" shall mean (i) a written agreement or purchase order instrument, providing for a total expenditure in excess of twenty-five thousand dollars ($25,000), whereby a County contracting agency is committed to expend or does expend funds in return for labor, services, supplies, equipment, materials or any ~~combination of the foregoing, to be performed for, or rendered or furnished to the County; or~~ (ii) a written agreement in excess of one hundred thousand dollars ($100,000), whereby a County contracting agency is committed to expend or does expend funds for the acquisition, construction, demolition, replacement, major repair or renovation of real property and improvements thereon. However, the term "County Contract" does not include agreements or orders for the following services: banking services, insurance policies or contracts, or contracts with a County contracting agency for the sale of bonds, notes or other securities.

As used in this Appendix EE the term "County Contractor" means an individual, business enterprise, including sole proprietorship, partnership, corporation, not-for-profit corporation, or any other person or entity other than the County, whether a contractor, licensor, licensee or any other party, that is (i) a party to a County Contract, (ii) a bidder in connection with the award of a County Contract, or (iii) a proposed party to a County Contract, but shall not include any Subcontractor.

As used in this Appendix EE the term "County Contractor" shall mean a person or firm who will manage and be responsible for an entire contracted project.

As used in this Appendix EE "Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises" shall include, but is not limited to the following:

a. Proof of having advertised for bids, where appropriate, in minority publications, trade newspapers/notices and magazines, trade and union publications, and publications of general circulation in Nassau County and surrounding areas or having verbally solicited M/WBEs whom the County Contractor reasonably believed might have the qualifications to do the work. A copy of the advertisement, if used, shall be included to demonstrate that it contained language indicating that the County Contractor welcomed bids and quotes from M/WBE Subcontractors. In addition, proof of the date(s) any such advertisements appeared must be included in the Best Effort Documentation. If verbal solicitation is used, a County Contractor's affidavit with a notary's signature and stamp shall be required as part of the documentation.

b. Proof of having provided reasonable time for M/WBE Subcontractors to respond to bid opportunities according to industry norms and standards. A chart outlining the schedule/time frame used to obtain bids from M/WBEs is suggested to be included with the Best Effort Documentation

c. Proof or affidavit of follow-up of telephone calls with potential M/WBE subcontractors encouraging their participation. Telephone logs indicating such action can be included with the Best Effort Documentation

d. Proof or affidavit that M/WBE Subcontractors were allowed to review bid specifications, blue prints and all other bid/RFP related items at no charge to the M/WBEs, other than reasonable documentation costs incurred by the County Contractor that are passed onto the M/WBE.

e. Proof or affidavit that sufficient time prior to making award was allowed for

M/WBEs to participate effectively, to the extent practicable given the ~~timeframe of the County Contract.~~

f. Proof or affidavit that negotiations were held in good faith with interested M/WBEs, and that M/WBEs were not rejected as unqualified or unacceptable without sound business reasons based on (1) a thorough investigation of M/WBE qualifications and capabilities reviewed against industry custom and standards and (2) cost of performance The basis for rejecting any M/WBE deemed unqualified by the County Contractor shall be included in the Best Effort Documentation

g. If an M/WBE is rejected based on cost, the County Contractor must submit a list of all sub-bidders for each item of work solicited and their bid prices for the work.

h. The conditions of performance expected of Subcontractors by the County Contractor must also be included with the Best Effort Documentation

i. County Contractors may include any other type of documentation they feel necessary to further demonstrate their Best Efforts regarding their bid documents.

As used in this Appendix EE the term "Executive Director" shall mean the Executive Director of the Nassau County Office of Minority Affairs; provided, however, that Executive Director shall include a designee of the Executive Director except in the case of final determinations issued pursuant to Section (a) through (l) of these rules.

As used in this Appendix EE the term "Subcontract" shall mean an agreement consisting of part or parts of the contracted work of the County Contractor.

As used in this Appendix EE, the term "Subcontractor" shall mean a person or firm who performs part or parts of the contracted work of a prime contractor providing services, including construction services, to the County pursuant to a county contract. Subcontractor shall include a person or firm that provides labor, professional or other services, materials or supplies to a prime contractor that are necessary for the prime contractor to fulfill its obligations to provide services to the County pursuant to a county contract. Subcontractor shall not include a supplier of materials to a contractor who has contracted to provide goods but no services to the County, nor a supplier of incidental materials to a contractor, such as office supplies, tools and other items of nominal cost that are utilized in the performance of a service contract.

Provisions requiring contractors to retain or submit documentation of best efforts to utilize certified subcontractors and requiring Department head approval prior to subcontracting shall not apply to inter-governmental agreements. In addition, the tracking of expenditures of County dollars by not-for-profit corporations, other municipalities, States, or the federal government is not required.

~~Appendix L~~

Certificate of Compliance

In compliance with Local Law 1-2006, as amended (the "Law"), the Contractor hereby certifies the following:

1. The chief executive officer of the Contractor is:

   Paul Getman (Name)

   121 N. Walnut Street West Chester, PA 19380 (Address)

   (610) 235-5145 (Telephone Number)

2. The Contractor agrees to either (1) comply with the requirements of the Nassau County Living Wage Law or (2) as applicable, obtain a waiver of the requirements of the Law pursuant to section 9 of the Law. In the event that the Contractor does not comply with the requirements of the Law or obtain a waiver of the requirements of the Law, and such Contractor establishes to the satisfaction of the Department that at the time of execution of this Agreement, it had a reasonable certainty that it would receive such waiver based on the Law and Rules pertaining to waivers, the County will agree to terminate the contract without imposing costs or seeking damages against the Contractor

3. In the past five years, Contractor ______ has __x__ has not been found by a court or a government agency to have violated federal, state, or local laws regulating payment of wages or benefits, labor relations, or occupational safety and health. If a violation has been assessed against the Contractor, describe below:

   ____

   ____

   ____

4. In the past five years, an administrative proceeding, investigation, or government body-initiated judicial action ______ has __x__ has not been commenced against or relating to the Contractor in connection with federal, state, or local laws regulating payment of wages or benefits, labor relations, or occupational safety and health. If such a proceeding, action, or investigation has been commenced, describe below:

   ____

5. Contractor agrees to permit access to work sites and relevant payroll records by authorized County representatives for the purpose of monitoring compliance with the Living Wage Law and investigating employee complaints of noncompliance.

I hereby certify that I have read the foregoing statement and, to the best of my knowledge and belief, it is true, correct and complete. Any statement or representation made herein shall be accurate and true as of the date stated below.

5/5/15
Dated

Signature of Chief Executive Officer

Paul Geason
Name of Chief Executive Officer

Sworn to before me this
5th day of May, 2015
Mary C. Wood
Notary Public

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Mary C. Wood, Notary Public
West Chester Boro, Chester County
My Commission Expires March 18, 2016
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

Inter-Office Memorandum

To: Robert Cleary, Chief Procurement Officer

From: Steven Conkling, Office of Management & Budget SC

Date: July 15, 2019

Subject: Moody's Analytics, Inc. Contract extension

The County and the contractor entered into a Master Services Agreement effective August 27, 2014 (Moody's Agreement No. 00030278.0) County contract # CQBU14000007, as amended by Amendment to Master Services Agreement, County contract # CLBU15000002, executed on behalf of the County on June 19, 2015.

The County is interested in again amending the Master Services Agreement which will be effective June 10, 2018. The contract extension process has been delayed due to a technical issue with the invoicing under the previous contract extension which needed to be resolved. The Office of Management decided that it was best to resolve the invoicing issue prior to executing a new amendment. The issue has now been resolved.