MOODYS CORP /DE/
Form DEF 14A
March 06, 2012
Table of Contents

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

[Amendment No.]

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under § 240.14a-12

MOODY S CORPORATION

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with written preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

March 6, 2012

Dear Stockholder:

You are cordially invited to attend the 2012 Annual Meeting of Stockholders of Moody s Corporation to be held on Monday, April 16, 2012, at 8:30 a.m. EST at the Company s offices at 7 World Trade Center at 250 Greenwich Street, New York, New York.

The Notice of Annual Meeting and Proxy Statement accompanying this letter describe the business to be acted upon at the meeting. The Annual Report for the year ended December 31, 2011 is also enclosed.

On March 6, 2012, we mailed to many of our stockholders a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access our 2012 Proxy Statement and 2011 Annual Report and vote online. The Notice included instructions on how to request a paper or e-mail copy of the proxy materials, including the Notice of Annual Meeting, Proxy Statement, Annual Report, and proxy card or voting instruction card. Stockholders who requested paper copies of the proxy materials or previously elected to receive the proxy materials electronically did not receive a Notice and will receive the proxy materials in the format requested.

Your vote is important. Whether or not you plan to attend the annual meeting, we encourage you to review the proxy materials and hope you will vote as soon as possible. You may vote by proxy over the Internet or by telephone by using the instructions provided in the Notice. Alternatively, if you requested and received paper copies of the proxy materials by mail, you can also vote by mail by following the instructions on the proxy card or voting instruction card. Voting over the Internet, by telephone or by written proxy or voting instruction card will ensure your representation at the annual meeting regardless of whether you attend in person. Instructions regarding the three methods of voting are contained in the Notice or proxy card or voting instruction card.

Sincerely,

Raymond W. McDaniel, Jr.

Chairman and Chief Executive Officer

Table of Contents

MOODY S CORPORATION

7 World Trade Center

250 Greenwich Street

New York, New York 10007

NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS

To Our Stockholders:

The 2012 Annual Meeting of Stockholders of Moody s Corporation will be held on Monday, April 16, 2012, at 8:30 a.m. EST at the Company s offices at 7 World Trade Center at 250 Greenwich Street, New York, New York, for the following purposes, all as more fully described in the accompanying Proxy Statement:

1. To elect the Class II directors named in the Proxy Statement to serve a three-year term;

2. To ratify the appointment of KPMG LLP as the independent registered public accounting firm of the Company for the year 2012;

3. To vote on an advisory resolution approving executive compensation;

4. To vote on one stockholder proposal, if properly presented at the meeting; and

5. To transact such other business as may properly come before the meeting.

The Board of Directors of the Company has fixed the close of business on February 21, 2012 as the record date for the determination of stockholders entitled to notice of, and to vote at, the meeting.

By Order of the Board of Directors,

Jane B. Clark

Corporate Secretary

March 6, 2012

Table of Contents

IMPORTANT VOTING INFORMATION

Your Participation in Voting the Shares You Own is Important

If you are the beneficial owner of your shares (meaning that your shares are held in the name of a bank, broker or other nominee), you may receive a Notice of Internet Availability of Proxy Materials from that firm containing instructions that you must follow in order for your shares to be voted. Certain of these institutions offer telephone and Internet voting. If you received the proxy materials in paper form, the materials include a voting instruction card so you can instruct the holder of record how to vote your shares. The firm that holds your shares may not be permitted to vote on most of the matters to be considered at the 2012 Annual Meeting of Stockholders (other than to ratify the appointment of KPMG LLP) unless you provide specific instructions by following the instructions from your broker about voting your shares by telephone or Internet or completing and returning the voting instruction card. For your vote to be counted in the election of directors and on the advisory resolution approving executive compensation, you will need to communicate your voting decisions to your bank, broker or other holder of record before the date of the annual meeting.

Voting your shares is important to ensure that you have a say in the governance of the Company and to fulfill the objectives of the majority voting standard that Moody s Corporation applies in the election of directors. Please review the proxy materials and follow the relevant instructions to vote your shares. We hope you will exercise your rights and fully participate as a stockholder in the future of Moody s Corporation.

More Information is Available

If you have any questions about the voting of your shares or the proxy voting process in general, please contact the bank, broker or other nominee through which you hold your shares. The SEC also has a website (http://www.sec.gov/spotlight/proxymatters.shtml) with more information about voting at annual meetings. Additionally, you may contact the Company s Investor Relations Department by sending an e-mail to *ir@moodys.com*.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON APRIL 16, 2012

The Proxy Statement and the Company s 2011 Annual Report to Stockholders are available at https://materials.proxyvote.com/615369. Your vote is very important. Whether or not you plan to attend the annual meeting, we hope you will vote as soon as possible. You may vote your shares via a toll-free telephone number or over the Internet as instructed in the Notice of Internet Availability of Proxy Materials. Alternatively, if you received a paper copy of a proxy or voting instruction card by mail, you may submit your proxy or voting instruction card for the annual meeting by completing, signing, dating and returning your proxy or voting instruction card in the pre-addressed envelope provided. No postage is required if mailed in the United States. If you attend the meeting, you may vote in person, even if you have previously returned your proxy or voting instruction card or voted by telephone or the Internet.

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

OF MOODY S CORPORATION

General

This Proxy Statement is being furnished to the holders of the common stock, par value $.01 per share (the Common Stock), of Moody s Corporation (Moody s or the Company) in connection with the solicitation of proxies by the Board of Directors of the Company (the Board of Directors or the Board) for use in voting at the Annual Meeting of Stockholders or any adjournment or postponement thereof (the Annual Meeting). The Annual Meeting will be held on Monday, April 16, 2012, at 8:30 a.m. EST at the Company s principal executive offices located at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. To obtain directions to attend the Annual Meeting and vote in person, please contact the Company s Investor Relations Department by sending an e-mail to *ir@moodys.com*. This Proxy Statement and the accompanying proxy card are first being made available to stockholders on or about March 6, 2012. Moody s telephone number is (212) 553-0300.

Annual Meeting Admission

Stockholders will need an admission ticket to enter the Annual Meeting. For stockholders of record, an admission ticket is available over the Internet, or, if you requested paper copies, you will receive a printed proxy card and a printed admission ticket. If you plan to attend the Annual Meeting in person, please retain and bring the admission ticket.

If you are the beneficial owner of your shares (meaning that your shares are held in the name of a bank, broker or other nominee) and you plan to attend the Annual Meeting in person, you may obtain an admission ticket in advance by sending a written request, along with proof of share ownership such as a bank or brokerage account statement, to the Corporate Secretary of the Company at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. An admission ticket is also available over the Internet. Stockholders who do not have admission tickets will be admitted following verification of ownership at the door.

Internet Availability of Proxy Materials

Under U.S. Securities and Exchange Commission (the SEC) rules, we are furnishing proxy materials to our stockholders primarily via the Internet, instead of mailing printed copies of those materials to stockholders. On March 6, 2012, we mailed to our stockholders (other than those who previously requested e-mail or paper delivery) a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access and review our proxy materials, including this Proxy Statement and the Company s Annual Report. These materials are available at: https://materials.proxyvote.com/615369. The Notice also instructs you on how to access your proxy card to vote through the Internet or by telephone.

This process is designed to expedite stockholders receipt of proxy materials, lower the cost of the Annual Meeting, and help conserve natural resources. If you received a Notice by mail, you will not receive a printed copy of the proxy materials unless you request one. If you would prefer to receive printed proxy materials, please follow the instructions included in the Notice. If you have previously elected to receive our proxy materials electronically, you will continue to receive these materials via e-mail unless you elect otherwise.

Record Date

The Board of Directors has fixed the close of business on February 21, 2012 as the record date (the Record Date) for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting. As of the close of business on the Record Date, there were 223,315,433 shares of Common Stock outstanding. Each holder of Common Stock entitled to vote at the Annual Meeting will be entitled to one vote per share.

Table of Contents

How to Vote

In addition to voting in person at the Annual Meeting, stockholders of record can vote by proxy by following the instructions in the Notice and using the Internet or by calling the toll-free telephone number that is available on the Internet. Alternatively, stockholders of record who requested a paper copy of the proxy materials, can vote by proxy by mailing their signed proxy cards. The telephone and Internet voting procedures are designed to authenticate stockholders identities, to allow stockholders to give their voting instructions and to confirm that stockholders instructions have been recorded properly.

If your shares are held in the name of a bank, broker or other nominee, you may receive a Notice from that firm containing instructions that you must follow in order for your shares to be voted. Certain of these institutions offer telephone and Internet voting. If you received the proxy materials in paper form, the materials include a voting instruction card so you can instruct the holder of record how to vote your shares.

Special Voting Procedures for Certain Current and Former Employees

Many current and former employees of the Company have share balances in the Moody s Common Stock Fund of the Moody s Corporation Profit Participation Plan (the Profit Participation Plan). The voting procedures described above do not apply to these share balances. Instead, any proxy given by such an employee or former employee will serve as a voting instruction for the trustee of the Profit Participation Plan, as well as a proxy for any shares registered in that person s own name (including shares acquired under the Moody s Corporation Employee Stock Purchase Plan and/or pursuant to restricted stock awards). To allow sufficient time for voting by the trustee, Profit Participation Plan voting instructions must be received by April 12, 2012. If voting instructions have not been received by that date, the trustee will vote those Profit Participation Plan shares in the same proportion as the Profit Participation Plan shares for which it has received instructions, except as otherwise required by law.

Quorum and Voting Requirements

The holders of a majority of the outstanding shares of Common Stock entitled to vote at the Annual Meeting, whether present in person or represented by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. If a quorum is not present at the Annual Meeting, the stockholders present may adjourn the Annual Meeting from time to time, without notice, other than by announcement at the meeting, until a quorum is present or represented. At any such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the original meeting. Abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present at the Annual Meeting. A broker non-vote occurs when a nominee (such as a bank, broker or other nominee) holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular matter and has not received instructions from the beneficial owner.

Pursuant to the Company s by-laws, the nominees for director are required to receive a majority of the votes cast with respect to such nominees in order to be elected at the Annual Meeting. A majority of the votes cast means that the number of shares voted for a director must exceed the number of votes cast against that director. Abstentions have no effect on the election of directors. Brokers do not have discretionary authority to vote shares in the election of directors without instructions from the beneficial owner. Accordingly, shares resulting in broker non-votes, if any, are not votes cast and will have no effect on the outcome of director elections. In accordance with the Company s Director Resignation Policy, each director subject to election at the Annual Meeting was required to submit a contingent resignation which the Board of Directors will consider, following a review and recommendation from the Governance and Compensation Committee, in the event that the director fails to receive a majority of the votes cast.

The affirmative vote of the majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting is required to ratify the appointment of KPMG LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2012. If a stockholder abstains from voting or directs the stockholder s proxy to abstain from voting on this matter, the abstention has the same effect as a vote against the matter. Brokers have discretionary authority to vote shares on this matter if they do not receive instructions from the beneficial owner.

The affirmative vote of the majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting is required for the advisory resolution approving executive compensation. If a stockholder abstains from voting or directs the stockholder s proxy to abstain from voting on this proposal, the abstention has the same effect as a vote against the proposal. Brokers do not have discretionary authority to vote shares on this proposal without instructions from the beneficial owner. Accordingly, shares resulting in broker non-votes, if any, are not entitled to vote for the proposal and will have no effect on the outcome of the vote.

The affirmative vote of the majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting is required to approve the stockholder proposal set forth in this Proxy Statement. Please bear in mind that approval of the stockholder proposal included in this Proxy Statement would serve only as a recommendation to the Board of Directors to take the actions requested by the proponent. If a stockholder abstains from voting or directs the stockholder s proxy to abstain from voting on the stockholder proposal, the abstention has the same effect as a vote against the proposal. Brokers do not have discretionary authority to vote shares on the stockholder proposal without instructions from the beneficial owner. Accordingly, shares resulting in broker non-votes, if any, are not entitled to vote for the proposal and will have no effect on the outcome of the vote.

Proxies

The proxy provides that you may specify that your shares of Common Stock be voted For , Against or Abstain from voting with respect to the director nominees and the other proposals. The Board of Directors recommends that you vote For the director nominees named in this Proxy Statement, For the ratification of the selection of the independent registered public accounting firm, For the advisory resolution approving executive compensation, and Against the stockholder proposal. All shares of Common Stock represented by properly executed proxies received prior to or at the Annual Meeting and not revoked will be voted in accordance with the instructions indicated in such proxies. Properly executed proxies that do not contain voting instructions will be voted in accordance with the recommendations of the Board of Directors.

It is not expected that any matter other than those referred to herein will be brought before the Annual Meeting. If, however, other matters are properly presented, the persons named as proxies will vote in accordance with their best judgment with respect to such matters.

Any stockholder of record who votes by telephone or the Internet or who executes and returns a proxy may revoke such proxy or change such vote at any time before it is voted at the Annual Meeting by (i) filing with the Corporate Secretary of the Company at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, written notice of such revocation, (ii) casting a new vote by telephone or the Internet or by submitting another proxy that is properly signed and bears a later date or (iii) attending the Annual Meeting and voting in person. A stockholder whose shares are owned beneficially through a bank, broker or other nominee should contact that entity to change or revoke a previously given proxy.

Proxies are being solicited hereby on behalf of the Board of Directors. The cost of the proxy solicitation will be borne by the Company, although stockholders who vote by telephone or the Internet may incur telephone or Internet access charges. In addition to solicitation by mail, directors, officers and employees of the Company may solicit proxies personally or by telephone, telecopy, e-mail or otherwise. Such directors, officers and employees will not be specifically compensated for such services. The Company has retained Georgeson Shareholder Communications Inc. to assist with the solicitation of proxies for a fee not to exceed approximately $15,000, plus reimbursement for out-of-pocket expenses. Arrangements may also be made with custodians, nominees and fiduciaries to forward proxy solicitation materials to the beneficial owners of shares of Common

Stock held of record by such custodians, nominees and fiduciaries, and the Company may reimburse such custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses incurred in connection therewith.

Delivery of Documents to Stockholders Sharing an Address

If you are the beneficial owner, but not the record holder, of the Company s shares, your broker, bank or other nominee may seek to reduce duplicate mailings by delivering only one copy of the Company s Proxy Statement and Annual Report, or Notice, as applicable, to multiple stockholders who share an address unless that nominee has received contrary instructions from one or more of the stockholders. The Company will deliver promptly, upon written or oral request, a separate copy of the Proxy Statement and Annual Report, or Notice, as applicable, to a stockholder at a shared address to which a single copy of the documents was delivered. A stockholder who wishes to receive a separate copy of the Proxy Statement and Annual Report, or Notice, as applicable, now or in the future, should submit his request to the Company by sending an e-mail to *ir@moodys.com,* by submitting a written request to the Company s Investor Relations Department, at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007 or contacting the Company s Investor Relations Department by telephone, at (212) 553-4857. Beneficial owners sharing an address who are receiving multiple copies of the Proxy Statement and Annual Report, or Notice, as applicable, and wish to receive a single copy of such materials in the future should contact their broker, bank or other nominee to request that only a single copy of each document be mailed to all stockholders at the shared address in the future. Please note that if you wish to receive paper proxy materials for the 2012 Annual Meeting, you should follow the instructions contained in the Notice.

CORPORATE GOVERNANCE

In order to address evolving best practices and new regulatory requirements, the Board of Directors annually reviews its corporate governance practices and the charters for its standing committees. As a result of this review, during 2011 the Board amended the Company s Corporate Governance Principles and the charters of its Governance and Compensation, Audit and MIS Committees. A copy of the Corporate Governance Principles is available on the Company s website at www.moodys.com under the headings About Moody s Investor Relations Investor Relations Home Corporate Governance Other Governance Documents. Copies of the charters of the Governance and Compensation Committee, the Audit Committee, and the MIS Committee are available on the Company s website at www.moodys.com under the headings About Moody s Investor Relations Investor Relations Home Corporate Governance Committee Charters. Print copies of the Corporate Governance Principles and the committee charters may also be obtained upon request, addressed to the Corporate Secretary of the Company at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. The Audit Committee and the Governance and Compensation Committee assist the Board in fulfilling its responsibilities, as described below.

Board Meetings and Committees

During 2011, the Board of Directors met six times and had four standing committees, an Audit Committee, a Governance and Compensation Committee, which also performs the functions of a nominating committee, an International Business Development Committee, and the MIS Committee. All incumbent directors attended at least 86 percent of the total number of meetings of the Board and of all committees of the Board on which they served in 2011. The function of the International Business Development Committee is to evaluate possible opportunities outside of the United States and to recommend to the Board areas for development. The members of the International Business Development Committee are Mr. Kist, Mr. McDaniel and Mr. Frederic Drevon, Senior Managing Director EMEA of Moody s Investors Service (MIS). The International Business Development Committee met two times during 2011. The MIS Committee s primary purpose is to oversee certain activities of the Company s subsidiary, MIS, a nationally recognized statistical rating organization, pursuant to Section 15 of the Securities Exchange Act of 1934, as amended (the Exchange Act), and to perform such other duties and responsibilities as may be assigned to it from time to time by the Board of Directors. The members of the MIS Committee in 2011 were Dr. Duffie, Mr. McDaniel and Dr. McKinnell. In 2012, all directors are serving as members of this committee. The MIS Committee met five times in 2011. Please refer to page 9 for additional information regarding the Audit Committee, and to page 10 for additional information regarding the Governance and Compensation Committee.

Directors are encouraged to attend the Annual Meeting. All of the individuals serving as directors at the time of the Company s 2011 annual meeting attended the meeting.

Recommendation of Director Candidates

The Governance and Compensation Committee considers and makes recommendations to the Board regarding the size, structure, composition and functioning of the Board and is responsible for overseeing the processes for the selection and nomination of director candidates, and for developing, recommending to the Board for approval, and periodically reviewing Board membership criteria. The Governance and Compensation Committee will consider director candidates recommended by stockholders of the Company. In considering a candidate for Board membership, whether proposed by stockholders or otherwise, the Governance and Compensation Committee examines the candidate s business experience, qualifications, attributes and skills relevant to the management and oversight of the Company s business, independence, the ability to represent diverse stockholder interests, judgment, integrity, the ability to commit sufficient time and attention to Board activities, and the absence of any potential conflicts with the Company s business and interests. The Governance and Compensation Committee also seeks to achieve a diversity of occupational and personal backgrounds on the Board. See, Qualifications and Skills of Directors on page 14 for additional information on the Company s directors. To have a candidate considered by the Governance and Compensation Committee, a stockholder must submit the recommendation in writing and must include the following information:

- The name of the stockholder and evidence of the stockholder s ownership of Company stock, including the number of shares owned and the length of time of ownership; and

- The name of the candidate, the candidate s resume or a listing of his qualifications to be a director of the Company, and the candidate s consent to be named as a director if selected by the Governance and Compensation Committee and nominated by the Board.

The stockholder recommendation and information described above must be sent to the Corporate Secretary of the Company at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, and must be received by the Corporate Secretary not less than 120 days prior to the anniversary date of the Company s most recent annual meeting of stockholders. For the Company s 2013 annual meeting, this deadline is December 17, 2012.

The Governance and Compensation Committee identifies potential nominees by asking current directors and executive officers to notify the Committee if they become aware of persons, meeting the criteria described above, who might be available to serve on the Board. As described above, the Committee will also consider candidates recommended by stockholders on the same basis as those recommended by current directors and executives. The Governance and Compensation Committee also, from time to time, may engage firms that specialize in identifying director candidates for the Committee s consideration.

Once a person has been identified by or for the Governance and Compensation Committee as a potential candidate, the Committee may collect and review publicly available information regarding the person to assess whether the person should be considered further. If the Governance and Compensation Committee determines that the candidate warrants further consideration, the chairman or another member of the Committee contacts the person. Generally, if the person expresses a willingness to be considered and to serve on the Board, the Governance and Compensation Committee requests information from the candidate, reviews the candidate s accomplishments and qualifications, including in light of any other candidates whom the Committee might be considering, and conducts one or more interviews with the candidate. In certain instances, Committee members may contact one or more references provided by the candidate or may contact other members of the business community or other persons that may have greater first-hand knowledge of the candidate s accomplishments.

Board Leadership Structure

The Company s Corporate Governance Principles permit the roles of Chairman and Chief Executive Officer to be filled by a single person or different individuals. This flexibility allows the Board to review the structure of the Board regularly and determine whether the two roles should be separated based upon the Company s needs and circumstances from time to time.

Currently, Mr. McDaniel serves as Chairman of the Board and Chief Executive Officer. The Board has actively discussed whether to separate the roles, taking into account numerous considerations that bear upon the issue, including stockholders support at the Company s 2011 annual meeting of a stockholder proposal recommending that, whenever possible, the Company s chairman be independent. In light of these considerations, the Board has made a determination to transition in the coming months from the current arrangement. The Board has not yet made a determination as to the individual who will serve as Chairman when the Board separates the two roles.

The Board believes that strong, independent Board leadership is a critical aspect of effective corporate governance and to date has ensured this through the position of lead independent director. The lead independent director is an independent director elected annually by the independent directors. Dr. McKinnell currently serves as the lead independent director. The lead independent director s responsibilities and authority include:

- presiding at meetings of the Board at which the Chairman and Chief Executive Officer is not present, including executive sessions of the independent directors;
- setting the agenda for executive sessions;
- calling executive sessions of the independent directors;
- approving information sent to the Board, and approving the agenda, materials and schedule for Board meetings;
- serving as the principal liaison on Board-wide issues between the independent directors and the Chairman and Chief Executive Officer; and
- being available for consultation and communication with major stockholders as appropriate.

Codes of Business Conduct and Ethics

The Company has adopted a code of ethics that applies to its Chief Executive Officer, Chief Financial Officer and Controller, or persons performing similar functions. The Company has also adopted a code of business conduct and ethics that applies to the Company s directors, officers and employees. A current copy of each of these codes is available on the Company s website at *www.moodys.com* under the headings About Moody s Investor Relations Investor Relations Home Corporate Governance Other Governance Documents. A copy of each is also available in print to stockholders upon request, addressed to the Corporate Secretary of the Company at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. The Company intends to satisfy disclosure requirements regarding any amendments to, or waivers from, the codes of ethics by posting such information on the Company s website at *www.moodys.com* under the headings About Moody s Investor Relations Investor Relations Home Corporate Governance Other Governance Documents.

Director Independence

To assist it in making determinations of a director s independence, the Board has adopted independence standards which are set forth below, and are also included in the Company s Corporate Governance Principles.

Table of Contents

The Board has determined that Mr. Anderson, Mr. Bermudez, Dr. Duffie, Mr. Glauber, Ms. Hill, Mr. Kist, Dr. McKinnell and Mr. Wulff, and thus a majority of the directors on the Board, are independent under these standards. The Board also had determined that Senator Mack and Ms. Newcomb, who served on the Board through the 2011 annual meeting, were independent. The standards adopted by the Board incorporate the director independence criteria included in the NYSE listing standards, as well as additional criteria established by the Board. Each of the Audit Committee and the Governance and Compensation Committee is composed entirely of independent directors. In accordance with NYSE requirements and the independence standards adopted by the Board, all members of the Audit Committee meet additional heightened independence standards applicable to audit committee members.

An independent director is a director whom the Board has determined has no material relationship with the Company or any of its consolidated subsidiaries (for purposes of this section, collectively referred to as 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 assessing independence, the Board took into account that Mr. Anderson, Mr. Bermudez, Dr. Duffie, Mr. Glauber, Ms. Hill, Mr. Kist, Dr. McKinnell and Mr. Wulff each served during 2011, or currently serves (and in the case of Sen. Mack and Ms. Newcomb, who served on the Board through the 2011 annual meeting, that they served), as directors, employees, or faculty members of entities that are rated or have issued securities rated

7

by MIS, as listed in the Company s Director and Shareholder Affiliation Policy posted on the Company s website under the headings About Moody s Investor Relations Corporate Governance Other Governance Documents, and that each such entity accounted for less than 1% of the Company s 2011 revenue. The Board also took into account that, during the last three years, Moody s purchased Cisco Systems, Inc. (Cisco) products through a third-party vendor. Ms. Hill is an employee of Cisco. Moody s use of Cisco products predates Ms. Hill s service on the Board. Payments that Moody s made to the third-party vendor for these products accounted for significantly less than 1% of Moody s and Cisco s annual revenues in the last three years. The Board found nothing in the relationships to be contrary to the standards for determining independence as contained in the NYSE s requirements and the Company s Corporate Governance Principles. A copy of these standards is found in Attachment A to the Company s Corporate Governance Principles on the Company s website at www.moodys.com under the headings About Moody s Investor Relations Investor Relations Home Corporate Governance Other Governance Documents.

The Board s Role in the Oversight of Company Risk

The Board of Directors oversees the Company s enterprise-wide approach to the major risks facing the Company and oversees the Company s policies for assessing and managing its exposure to risk. The Board periodically reviews these risks and the Company s risk management processes. The Board also considers risk in evaluating the Company s strategy. The Board s responsibilities include reviewing the Company s practices with respect to risk assessment and risk management, and reviewing contingent liabilities and risks that may be material to the Company. The Audit Committee reviews the Company s financial and compliance risks and major legislative and regulatory developments which could materially impact the Company. The Governance and Compensation Committee oversees management s assessment of whether the Company s compensation structure, policies and programs create risks that are reasonably likely to have a material adverse effect on the Company and reviews the results of this assessment.

Under the oversight of the Board and its committees, the Chief Executive Officer has established an Enterprise-wide Risk Committee, comprised of the Chief Executive Officer and his direct reports, who review key risks and mitigation strategies. They receive information from a subcommittee consisting of representatives that executive management has selected from each of the Company s major business units and support functions. The subcommittee is led by the Company s Chief Risk Officer and the Chief Operational Risk Officer. In their capacities as Chief Risk Officer and Chief Operational Risk Officer, these two individuals report directly to both the Enterprise-wide Risk Committee and the Board. Among other things, this subcommittee is responsible for identifying and monitoring important existing and emerging risks to the achievement of the Company s strategic and operative objectives; formulating appropriate polices and monitoring and reporting frameworks to support effective management of important risks; reviewing and evaluating the effectiveness of management processes and action plans to address such risks; advising on and recommending to executive management any significant actions or initiatives that they believe are necessary to effectively manage risk; and ensuring that activities of discrete risk management disciplines within the Company are appropriately coordinated. The Chief Risk Officer and the Chief Operational Risk Officer presented the subcommittee s analysis to the Board at two meetings in 2011.

Significant risk issues evaluated by and/or major changes proposed by the Enterprise-wide Risk Committee and the Chief Risk Officer and Chief Operational Risk Officer are discussed at various Board meetings throughout the year.

Communications with Directors

The Board of Directors has established a process to receive communications from stockholders and other interested parties. Stockholders and other interested parties may communicate with the Board of Directors or with all non-management directors as a group, with the lead independent director, or with a specific director or directors, by writing to them c/o the Corporate Secretary of the Company at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007.

Table of Contents

All communications received as set forth in the preceding paragraph will be opened by the Corporate Secretary in the office of the Company s General Counsel for the sole purpose of determining whether the contents represent a message to the Company s directors. Any contents that are not in the nature of advertising, promotions of a product or service, or patently offensive material will be forwarded promptly to the addressee.

Succession Planning

The Board and the Governance and Compensation Committee review succession planning annually in conjunction with the Board s review of strategic planning.

Employee and Director Hedging Instruments

Employees and directors are prohibited from purchasing financial instruments that are designed to hedge or offset market value decreases of Moody s equity securities granted as compensation or held directly or indirectly by the employees or directors.

THE AUDIT COMMITTEE

The Audit Committee represents and assists the Board of Directors in its oversight responsibilities relating to: the integrity of the Company s financial statements and the financial information provided to the Company s stockholders and others; the Company s compliance with legal and regulatory requirements; the Company s internal controls; the Company s practices with respect to financial risk assessment and risk management, and the review of contingent liabilities and risks that might be material to the Company; and the audit process, including the qualifications and independence of the Company s principal external auditors (the Independent Auditors), and the performance of the Independent Auditors and the Company s internal audit function. The Audit Committee is responsible for the appointment, compensation and oversight of the Independent Auditors and, as such, the Independent Auditors report directly to the Audit Committee.

The Audit Committee has established a policy setting forth the requirements for the pre-approval of audit and permissible non-audit services to be provided by the independent registered public accounting firm. Under the policy, the Audit Committee pre-approves the annual audit engagement terms and fees, as well as any other audit services and specified categories of non-audit services, subject to certain pre-approved fee levels. In addition, pursuant to the policy, the Audit Committee has authorized its Chairman to pre-approve other audit and permissible non-audit services up to $50,000 per engagement and a maximum of $250,000 per year. The policy requires that the Audit Committee Chairman report any pre-approval decisions to the full Audit Committee at its next scheduled meeting. For the year ended December 31, 2011 the Audit Committee or the Chairman pre-approved all of the services provided by the Company s independent registered public accounting firm, which are described on page 19.

The members of the Audit Committee are Mr. Wulff (Chairman), Mr. Bermudez, Mr. Anderson, Dr. Duffie, Mr. Glauber, Ms. Hill, Mr. Kist and Dr. McKinnell, each of whom is independent under NYSE and SEC rules and under the Company s Corporate Governance Principles. The Board of Directors has determined that each of Mr. Anderson, Mr. Glauber, Mr. Kist, Mr. Bermudez, Dr. McKinnell, and Mr. Wulff is an audit committee financial expert under the SEC s rules. The Audit Committee held nine meetings during 2011.

AUDIT COMMITTEE REPORT

The Audit Committee has reviewed and discussed with management the audited financial statements of the Company for the year ended December 31, 2011 (the Audited Financial Statements), management s assessment of the effectiveness of the Company s internal control over financial reporting, and the independent auditors evaluation of the Company s system of internal control over financial reporting. In addition, the Audit Committee has discussed with KPMG LLP, which reports directly to the Audit Committee, the matters that independent registered public accounting firms must communicate to audit committees under applicable Public Company Accounting Oversight Board (PCAOB) standards.

The Audit Committee also has discussed with KPMG LLP its independence from the Company, including the matters contained in the written disclosures and letter required by applicable requirements of the PCAOB

Table of Contents

regarding independent registered public accounting firms communications with audit committees about independence. The Audit Committee also has discussed with management of the Company and KPMG LLP such other matters and received such assurances from them as it deemed appropriate. The Audit Committee considered whether the rendering of non-audit services by KPMG LLP to the Company is compatible with maintaining the independence of KPMG LLP from the Company.

Following the foregoing review and discussions, the Audit Committee recommended to the Board of Directors that the Audited Financial Statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2011 for filing with the SEC.

The Audit Committee

John K. Wulff, *Chairman*

Basil L. Anderson

Jorge A. Bermudez

Darrell Duffie

Robert R. Glauber

Kathryn M. Hill

Ewald Kist

Henry A. McKinnell, Jr.

THE GOVERNANCE AND COMPENSATION COMMITTEE

The role of the Governance and Compensation Committee is to identify and evaluate possible candidates to serve on the Board and to recommend the Company s director nominees for approval by the Board and the Company s stockholders. The Governance and Compensation Committee also considers and makes recommendations to the Board of Directors concerning the size, structure, composition and functioning of the Board and its committees, oversees the evaluation of the Board, and develops and reviews the Company s Corporate Governance Principles.

The Governance and Compensation Committee oversees the Company s overall compensation structure, policies and programs, assesses whether the Company s compensation structure establishes appropriate incentives for management and employees, and assesses the results of the most recent vote on the Company s advisory resolution approving executive compensation. The Committee also oversees the evaluation of senior management (including by reviewing and approving performance goals for the Company s executive officers, including the CEO, and by evaluating their performance against approved goals) and oversees and makes the final decisions regarding compensation arrangements for the CEO and for certain other executive officers. The CEO makes recommendations to the Committee regarding the amount and form of executive compensation (except with respect to his compensation). For a description of this process, see the Compensation Discussion and Analysis on page 24. The Committee annually reviews the compensation of directors for service on the Board and its committees and recommends changes in compensation to the Board. The Committee administers and makes recommendations to the Board with respect to the Company s incentive compensation and equity-based compensation plans that are subject to Board approval, including the Company s key employees stock incentive plans. The Committee is responsible for the overall administration of the Company s employee benefit plans, programs and practices, and the Committee may delegate to management such responsibility for the administration of the Company s employee benefit plans, programs and practices as the Committee deems appropriate. The Committee makes the final decisions regarding named executive officer compensation.

The Committee is empowered to retain, at the Company s expense, such consultants, counsel or other outside advisors as it determines appropriate to assist it in the performance of its functions. In 2011, the Committee retained the services of Meridian Compensation Partners LLC, an independent compensation consulting company, to provide advice and information about executive and director compensation, including the competitiveness of pay levels, executive compensation design and governance issues, market trends, as well as

Table of Contents

technical and compliance considerations. Meridian has reported directly and solely to the Committee since February 2010. Meridian exclusively provides executive and director compensation consulting services and does not provide any other services to the Company. The Committee regularly reviews the current engagements and the objectivity and independence of the advice that Meridian provides to the Committee on executive and director compensation, and the Committee found no conflicts of interest.

The members of the Governance and Compensation Committee are Dr. McKinnell (Chairman), Mr. Anderson, Mr. Bermudez, Dr. Duffie, Mr. Glauber, Ms. Hill, Mr. Kist and Mr. Wulff, each of whom is independent under NYSE rules and under the Company s Corporate Governance Principles. The Governance and Compensation Committee met seven times during 2011.

REPORT OF THE GOVERNANCE AND COMPENSATION COMMITTEE

The Governance and Compensation Committee, which is composed solely of independent members of the Board of Directors, assists the Board in fulfilling its oversight responsibility relating to, among other things, establishing and reviewing compensation of the Company s executive officers. In this context, the Governance and Compensation Committee reviewed and discussed with management the Company s Compensation Discussion and Analysis. Following the reviews and discussions referred to above, the Governance and Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

The Governance and Compensation Committee

Henry A. McKinnell, Jr., *Chairman*

Basil L. Anderson

Jorge A. Bermudez

Darrell Duffie

Robert R. Glauber

Kathryn M. Hill

Ewald Kist

John K. Wulff

RELATIONSHIP OF COMPENSATION PRACTICES TO RISK MANAGEMENT

When structuring its overall compensation practices for employees of the Company generally, consideration is given as to whether the structure creates incentives for risk-taking behavior and therefore impacts the Company s risk management practices. Attention is given to the elements and the mix of pay as well as seeing that employees awards align with stockholders value.

In order to assess whether the Company s compensation practices and programs create risks that are reasonably likely to have a material adverse effect on the Company, management established a compensation risk committee led by the Chief Human Resources Officer, to assess the risk related to the Company s compensation plans, practices and programs. As part of this review, the compensation risk committee assessed the following items: (i) the relative proportion of variable to fixed components of compensation, (ii) the mix of performance periods (short-term, medium-term and long-term), (iii) the mix of payment mechanisms (cash, options, restricted stock, performance shares); (iv) the performance metrics used, linking the creation of value and earnings quality and sustainability, (v) the process of setting goals, degree of difficulty, spreads between thresholds, targets and maximum payouts, (vi) the maximum payout levels and caps, (vii) the clawback policy, (viii) the retirement program design, and (ix) the equity ownership and equity ownership guidelines. These items were assessed in the context of the most significant risks currently facing the Company, to determine if the compensation plans, practices and programs incentivize employees to take undue risks. The committee then took into account controls and procedures that operate to monitor and mitigate against risk. The Chief Human Resources Officer presented this committee s conclusions to the Governance and Compensation Committee.

Table of Contents

The Governance and Compensation Committee reviewed these conclusions through a risk assessment lens. As a result of these reviews, the Company does not believe that the Company s compensation practices and programs create risks that are reasonably likely to have a material adverse effect on the Company, nor does it believe that the practices and programs are designed to promote risk taking.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Audit Committee is charged with monitoring and reviewing issues involving potential conflicts of interest, and reviewing and approving all related person transactions, as defined in applicable SEC rules. Under SEC rules, related persons include any director, executive officer, any nominee for director, any person owning 5% or more of the Company s Common Stock, and any immediate family members of such persons. In addition, under the Company s Code of Business Conduct and Code of Ethics, special rules apply to executive officers and directors who engage in conduct that creates an actual, apparent or potential conflict of interest. Before engaging in such conduct, such executive officers and directors must make full disclosure of all the facts and circumstances to the Company s General Counsel and the Chairman of the Audit Committee, and obtain the prior written approval of the Audit Committee. All conduct is reviewed in a manner so as to (i) maintain the Company s credibility in the market, (ii) maintain the independence of the Company s employees and (iii) see that all business decisions are made solely on the basis of the best interests of the Company and not for personal benefit.

COMPENSATION OF DIRECTORS

The following table sets forth, for the fiscal year ended December 31, 2011, the total compensation of the non-management members of the Company s Board of Directors.

Name	Year	Fees Earned or Paid in Cash ($)(2)	Stock Awards ($)(3)	Option Award ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(4)	Total ($)
Basil L. Anderson	2011	$ 75,000	$ 130,003					$ 205,003
Jorge A. Bermudez	2011	56,250	97,500					153,750
Darrell Duffie	2011	100,000	130,003					230,003
Robert R. Glauber	2011	75,000	130,003					205,003
Kathryn M. Hill	2011	18,750	32,506					51,256
Ewald Kist	2011	95,000	130,003					225,003
Connie Mack (1)	2011	37,500	130,003				$ 2,667	170,170
Henry A. McKinnell, Jr.	2011	115,000	139,997					254,997
Nancy S. Newcomb (1)	2011	37,500	130,003				3,059	170,012
John K. Wulff	2011	95,000	130,003					225,003

(1) Senator Mack and Ms. Newcomb did not stand for re-election and ceased to be directors on April 19, 2011.

(2) In 2011, the Company s non-management directors received an annual cash retainer of $75,000, payable in quarterly installments. The Chairmen of the Audit Committee, the Governance and Compensation Committee, the International Business Development Committee and the MIS Committee received an additional annual cash fee of $20,000, also payable in quarterly installments. Dr. Duffie s MIS Committee Chairman fee of $25,000 paid in 2011 included $5,000 paid retroactively for the fourth quarter of 2010. The lead independent director received an additional annual cash fee of $20,000, also payable in quarterly installments. There were no separate meeting fees paid in 2011. Senator Mack and Ms. Newcomb received a prorated portion of their fees for the first two quarters of 2011.

Table of Contents

A non-management director may elect to defer receipt of all or a portion of his annual cash retainer until after termination of service from the Company s Board of Directors. Deferred amounts are credited to an account and receive the rate of return earned by one or more investment options in the Moody s Corporation Profit Participation Plan as selected by the director. Upon a change in control of the Company, a lump sum payment will be made to each director of the amount credited to the director s deferred account on the date of the change in control, and the total amount credited to each director s deferred account from the date of the change in control until the date such director ceases to be a director, will be paid in a lump sum at that time. In addition, any notice by a director to change or terminate an election to defer his annual retainer given on or before the date of the change in control, will be effective as of the date of the change in control rather than the end of the calendar year.

(3) On February 8, 2011, the non-management directors, except Mr. Bermudez, Dr. McKinnell and Ms. Hill, received a grant of $130,003 worth of restricted stock issued from the 1998 Moody s Corporation Non-Employee Directors Stock Incentive Plan (the 1998 Directors Plan) which was equal to 4,332 restricted shares of Common Stock. Also on February 8, 2011, Dr. McKinnell received a grant of $139,997 worth of restricted stock issued from the 1998 Directors Plan which was equal to 4,665 restricted shares of Common Stock and included an additional grant of approximately $10,000 for his service as lead independent director. Mr. Bermudez was elected to the Board on April 19, 2011 and received a grant of $97,500 worth of restricted stock from the 1998 Directors Plan which was equal to 2,738 restricted shares of Common Stock. Ms. Hill was elected to the Board on October 27, 2011 and received a grant of $32,506 worth of restricted stock from the 1998 Directors Plan on December 30, 2011 which was equal to 960 restricted shares of Common Stock. The Governance and Compensation Committee authorized the grant of restricted stock awards for February 8, 2011 on December 13, 2010, and the grant was subsequently approved by the Board on December 14, 2010. The grant of restricted stock awards was effective on February 8, 2011, the third trading day following the date of the public dissemination of the Company s financial results for 2010. The April 19, 2011 grant to Mr. Bermudez was approved by the Board on April 19, 2011. The December 30, 2011 grant to Ms. Hill was approved by the Board on October 25, 2011. In each case, the number of restricted shares of Common Stock has been computed in accordance with FASB ASC Topic 718.

The aggregate number of stock awards outstanding as of December 31, 2011 for each individual who served as a non-management director of the Company during 2011 was as follows:

Name	Number of Shares Underlying Options	Number of Shares of Unvested Restricted Stock
Basil L. Anderson		5,843
Jorge A. Bermudez		2,738
Darrell Duffie		5,843
Robert R. Glauber		5,843
Kathryn M. Hill		960
Ewald Kist		5,843
Connie Mack (a)		0
Henry A. McKinnell, Jr.		6,176
Nancy S. Newcomb (a)		0
John K. Wulff		5,843

(a) Senator Mack and Ms. Newcomb did not stand for re-election and ceased to be directors on April 19, 2011. The Governance and Compensation Committee approved accelerated vesting of their February 8, 2011 grants, which had one-year vesting, and the remainder of their February 10, 2009 grants, which had three-year vesting, effective April 18, 2011.

(4) Perquisites and other personal benefits provided to each individual who served as a non-management director in 2011 were, in the aggregate, less than $10,000 per director. Each non-management director is

Table of Contents

reimbursed for travel, meals, and hotel expenses incurred in connection with attending meetings of the Company s Board of Directors or its committees. For the meetings held at the Company s executive offices, the Company pays for travel for each non-management director and one guest of each director, as well as for their accommodations, meals, Company-arranged activities, and other incidental expenses. For Ms. Newcomb and Sen. Mack, the amounts shown in the All Other Compensation column reflects the value of gifts given to both members in recognition of their service to the Board upon their retirements in 2011 as well as payments equal to the grossed-up amount of related income taxes on gifts.

Stock Ownership Guidelines For Non-Management Directors

In July 2004, Moody s adopted stock ownership guidelines for its executives, including the NEOs, and its non-management directors, encouraging them to acquire and maintain a meaningful stake in the Company. Moody s believes that these guidelines encourage its executive officers and non-management directors to act as owners, thereby better aligning their interests with those of the Company s stockholders.

The guidelines are intended to satisfy an individual s need for portfolio diversification, while ensuring an ownership level sufficient to assure stockholders of their commitment to value creation.

Non-management directors are expected, within five years, to acquire and hold shares of the Company s Common Stock equal in value to five times the annual cash retainer.

Restricted shares and shares owned by immediate family members or through the Company s tax-qualified savings and retirement plans count toward satisfying the guidelines.

Stock options, whether vested or unvested, do not count toward satisfying the guidelines.

ITEM 1 ELECTION OF DIRECTORS

The Board of Directors has nominated Ewald Kist, Henry A. McKinnell, Jr., Ph.D., and John K. Wulff, for election as Class II directors, for a three-year term expiring in 2015. If elected, the nominees will hold office until each of their terms expires and until a successor is elected and qualified. All three nominees are currently members of the Board of Directors and were previously elected by the stockholders. The Governance and Compensation Committee is evaluating the qualifications and skill of other potential candidates in light of the Board s current composition and consideration of the Company s current and future business and operations. The Company expects the nominees for election as director to be able to serve if elected. If a nominee is unable to serve, proxies will be voted for the election of such other person for director as the Board may recommend in the place of such nominee.

Qualifications and Skills of Directors

The Board believes that the Board, as a whole, should possess a combination of skills, professional experience, and diversity of backgrounds necessary to oversee the Company s business. In addition, the Board believes that there are certain attributes that every director should possess, as reflected in the Board s membership criteria. Accordingly, the Board and the Governance and Compensation Committee consider the qualifications of directors and director candidates individually and in the broader context of the Board s overall composition and the Company s current and future business and operations.

The Governance and Compensation Committee is responsible for developing and recommending Board membership criteria to the Board for approval. The criteria, which are set forth in the Company s Corporate Governance Principles, include the candidate s business experience, qualifications, attributes and skills relevant to the management and oversight of the Company s business, independence, the ability to represent diverse stockholder interests, judgment and integrity, the ability to commit sufficient time and attention to Board activities, and the absence of any potential conflicts with the Company s business and interests. In addition, the Board and the Governance and Compensation Committee annually evaluate the composition of the Board to assess the skills and experience that are currently represented on the Board, 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 Board and the Governance and Compensation Committee 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. This annual evaluation of the Board s composition enables the Board and the Governance and Compensation Committee to update the skills and experience they seek in the Board as a whole, and in individual directors, as the Company s needs evolve and change over time and to assess the effectiveness of efforts at pursuing diversity. In identifying director candidates from time to time, the Board and the Governance and Compensation Committee may identify specific skills and experience that they believe the Company should seek in order to constitute a balanced and effective board.

In considering and nominating incumbent directors for reelection to the Board, the Board and the Governance and Compensation Committee have considered a variety of factors. These include the nominee s independence, financial literacy, personal and professional accomplishments, experience in light of the needs of the Company and past performance on the Board. With respect to the Company s incumbent directors, the Board has determined that they have the following skills and qualifications that support their service on the Board:

(i) Mr. Kist served as Chairman of the Executive Board of a major foreign financial services company for a number of years and held various executive officer positions, including president and vice chairman, at a major international bank. Accordingly, Mr. Kist brings to the Board financial expertise, and knowledge of the range of issues facing a large company operating in a regulated industry and a perspective on running a company with international operations;

(ii) Dr. McKinnell served for five years as the chief executive officer of a public pharmaceutical company with worldwide operations, and prior to that position, served as president, chief operating officer, chief financial officer and executive vice president. As a result of these positions, Dr. McKinnell brings to the Board financial expertise, management experience and leadership skills. In addition, because the pharmaceutical business, like the Company s, operates in a highly regulated industry, Dr. McKinnell brings to the Board an appreciation of what a complex regulatory environment means for the Company s operations. Dr. McKinnell has also served as a director of several public companies, contributing to his perspective on corporate governance matters; and

(iii) Mr. Wulff also brings executive officer experience and financial expertise to the Board. He served as the chairman of a public company for several years. He also was the chief financial officer of a major chemical corporation for five years and, prior to holding that position, served as the company s vice president and principal accounting officer. In addition, Mr. Wulff served as a partner at a major accounting firm and as a member of the Financial Accounting Standards Board. As a result of these positions, Mr. Wulff brings to the Board significant knowledge of accounting and financial reporting matters in addition to regulatory and senior management experience.

With respect to the continuing directors, the Board has considered the following:

(i) Mr. Anderson has over a decade of experience as an executive officer, including as a chief financial officer, of several public companies where he held significant policy making positions. He also has experience as an operating executive in charge of an international business based in Paris, France. In addition, Mr. Anderson serves as a director with several NYSE or NASDAQ listed companies. As a result of these positions, he brings to the Board expertise as a strategist, management and operations experience, and a perspective on international business operations and corporate governance in the public company context;

(ii) Mr. Bermudez brings a history of executive experience at a major international financial services company. As the head of risk for a major global financial institution, he was involved in the debt restructuring of various sovereigns around the world. He also managed a global business with a presence in over 100 countries. As a result, Mr. Bermudez brings a deep understanding of credit risk, and years of financial expertise as well as risk management experience to the Board;

Table of Contents

(iii) Dr. Duffie has significant expertise in a number of areas that are directly relevant to the Company s core business operations and has experience as a consultant to financial services firms. He is a recognized expert in the behavior and performance of global credit and securities markets and his opinions regarding financial regulatory reform have been solicited by various arms of the US government, including the Senate Banking Committee, the US Treasury Department, the SEC, the President s National Economic Council and the New York Federal Reserve Bank. He also has authored a book on over-the-counter markets, two books on credit risk, one book on bank failures and has published numerous academic research publications, articles and papers on asset and credit valuation and performance. This work allows Dr. Duffie to provide insight into various aspects of the Company s business operation, the expanding nature of the work of MA and MIS and policy issues related to the financial services industry;

(iv) Mr. McDaniel, who is both Chairman and Chief Executive Officer of the Company, began his career at the Company serving as a ratings analyst and has served in numerous capacities at the Company over the past three decades. As a result, he brings to the Board a deep understanding of the Company s business and operations as well as a historical perspective on the Company s strategy. Since 2005 he has also served as a director of John Wiley & Sons, Inc., which develops, publishes, and sells products in print and electronic media for the educational, professional, scientific, technical, medical, and consumer markets worldwide. This has helped to provide perspective on public company governance issues;

(v) Mr. Glauber has knowledge of financial services regulatory matters, acquired through his service as chairman, chief executive officer and president of the National Association of Securities Dealers. Mr. Glauber also served as Under Secretary of the Treasury for Finance, and served as a professor of Finance for 25 years. He therefore brings regulatory experience and insight on public policy issues to the Board; and

(vi) Ms. Hill has significant experience in business management and leading engineering and operations organizations. She currently is Senior Vice President, Executive Advisor of Cisco Systems Inc. She previously served as Cisco s Senior Vice President, Development Strategy & Operations from 2009 to January 2012, and prior to that, as Senior Vice President of Cisco Systems Access Networking and Services Group, where she led the Access Routing, Ethernet Switching, Security, Wireless and Small Business technology groups. She brings extensive leadership experience and a strong background in information technology and business operations to the Board.

The Board of Directors recommends a vote FOR the election as directors of each of the Class II nominees listed below.

The principal occupation and certain other information (including age as of the date of this Proxy Statement) about the nominees and other directors of the Company whose terms of office continue after the Annual Meeting are set forth below.

DIRECTOR NOMINEES

Class II Directors Whose Terms Expire in 2015

Ewald Kist

Director since July 2004

Ewald Kist, age 68, is Chairman of the International Business Development Committee and is a member of the Audit, Governance and Compensation, and MIS Committees of the Board of Directors. Mr. Kist was Chairman of ING Groep N.V. (ING Group), a financial services company, from 2000 until his retirement in June 2004. Before serving as Chairman of ING Group, Mr. Kist was Vice Chairman from 1999 to 2000 and served as a member of the Executive Board from 1993 to 1999. Prior to the merger of Nationale Nederlanden and NMB Postbank Group to form ING Group in 1992, Mr. Kist served in a variety of capacities at Nationale Nederlanden beginning in 1969, including Chairman from 1991 to 1992, General Management the Netherlands from 1989 to 1991 and President Nationale Nederlanden U.S. Corporation from 1986 to 1989. Mr. Kist currently is a director of The DSM Corporation (2004-present), Royal Philips Electronics (2004-present), the Dutch National Bank (2004-present) and Stage Entertainment (2007-present).

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

Director since October 1997

Henry A. McKinnell, Jr., age 69, is Chairman of the Governance and Compensation Committee, is a member of the Audit and MIS Committees and serves as the lead independent director of the Board of Directors. Dr. McKinnell served as Chairman of the Board of Pfizer Inc., a pharmaceutical company, from May 2001 until his retirement in December 2006 and Chief Executive Officer from January 2001 to July 2006. He served as President of Pfizer Inc. from May 1999 to May 2001, and as President of Pfizer Pharmaceuticals Group from January 1997 to April 2001. Dr. McKinnell served as Chief Operating Officer of Pfizer Inc. from May 1999 to December 2000 and as Executive Vice President from 1992 to 1999. Dr. McKinnell currently is the lead independent director of Optimer Pharmaceuticals, Inc. (member of board from January 2011-present). Dr. McKinnell serves as Chairman of the Board of Emmaus Life Sciences, Inc. (2010 present) and the Accordia Global Health Foundation. He is Chairman Emeritus of the Connecticut Science Center, and is a member of the Academic Alliance for AIDS Care and Prevention in Africa. He served as director of Angiotech Pharmaceuticals, Inc. until 2011, Pfizer Inc. and ExxonMobil Corporation until 2007 and John Wiley & Sons until 2005.

John K. Wulff

Director since April 2004

John K. Wulff, age 63, is Chairman of the Audit Committee and is a member of the Governance and Compensation and MIS Committees of the Board of Directors. Mr. Wulff is the former Chairman of the board of Hercules Incorporated, a manufacturer and supplier of specialty chemical products, a position held from December 2003 until Ashland Inc. s acquisition of Hercules in November 2008. Mr. Wulff was first elected as a director of Hercules in July 2003, and served as interim Chairman from October 2003 to December 2003. Mr. Wulff served as a member of the Financial Accounting Standards Board from July 2001 until June 2003. From January 1996 until March 2001, Mr. Wulff was Chief Financial Officer of Union Carbide Corporation. During his 14 years with Union Carbide, Mr. Wulff also served as Vice President and Principal Accounting Officer from January 1989 to December 1995, and Controller from July 1987 to January 1989. From April 1977 until June 1987, Mr. Wulff was a partner with KPMG and predecessor accounting and consulting firms. Mr. Wulff currently is a director of Celanese Corporation (2006-present), Sunoco, Inc. (2004-present) and Chemtura Corporation (2009-present). He served as a director of Fannie Mae from December 2004 until 2008 and of Hercules Incorporated until 2008 as well.

CONTINUING DIRECTORS

Class III Directors Whose Terms Expire in 2013

Basil L. Anderson

Director since April 2004

Basil L. Anderson, age 66, is a member of the Audit, Governance and Compensation, and MIS Committees of the Board of Directors. Mr. Anderson served as Vice Chairman of Staples, Inc., an office products company, from September 2001 until his retirement in March 2006. Prior to joining Staples, Mr. Anderson served as Executive Vice President and Chief Financial Officer of Campbell Soup Company from April 1996 to February 2001. Prior to joining Campbell Soup, Mr. Anderson was with Scott Paper Company where he served in a variety of capacities beginning in 1975, including Vice President and Chief Financial Officer from December 1993 to December 1995. Mr. Anderson currently is a director of Staples, Inc. (1997-present), Becton Dickinson (2004-present), and Hasbro, Inc. (2002-present). He served as director of CRA International Inc. until January 2010.

Table of Contents

Darrell Duffie, Ph.D.

Director since October 2008

Darrell Duffie, Ph.D., age 57, is Chairman of the MIS Committee and is a member of the Audit and Governance and Compensation Committees of the Board of Directors. He is the Dean Witter Distinguished Professor of Finance at Stanford University Graduate School of Business and has been on the finance faculty at Stanford since receiving his Ph.D. from Stanford in 1984. He has authored books and research articles on topics in finance and related fields. Dr. Duffie is a member of The Federal Reserve Bank of New York Financial Advisory Roundtable, the Banff International Research Station Scientific Advisory Board, the Board of The Pacific Institute of Mathematical Sciences, is a Fellow and member of the Council of the Econometric Society, and a Fellow of the American Academy of Arts & Sciences. Dr. Duffie is a member of the Board of Directors of the American Finance Association and was its President in 2009. Dr. Duffie served as a trustee of iShares Trust and a director of iShares, Inc. from 2008 to 2011.

Raymond W. McDaniel, Jr.

Director since April 2003

Raymond W. McDaniel, Jr., age 54, has served as the Chairman and Chief Executive Officer of the Company since April 2005 and serves on the MIS and International Business Development Committees 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 Chairman and Chief Executive Officer of Moody s Investors Service, Inc., a subsidiary of the Company, since October 2007 and held the additional title of President from November 2001 to August 2007 and from December 2008 to November 2010. Mr. McDaniel served as the Company s Executive Vice President from April 2003 to January 2004, and as Senior Vice President, Global Ratings and Research from November 2000 until April 2003. He served as Senior Managing Director, Global Ratings and Research, of Moody s Investors Service, Inc. from November 2000 until November 2001 and as Managing Director, International from 1996 to November 2000. Mr. McDaniel currently is a director of John Wiley & Sons, Inc. (2005-present).

Class I Directors Whose Terms Expire in 2014

Jorge A. Bermudez

Director since April 2011

Jorge A. Bermudez, age 60, is a member of the Audit, Governance and Compensation, and MIS Committees of the Board of Directors. He served as Chief Risk Officer of Citigroup, Inc., a global financial services company, from November 2007 to March 2008. Before serving as Chief Risk Officer, Mr. Bermudez was Chief Executive Officer of Citigroup s Commercial Business Group in North America and Citibank Texas from 2005 to 2007. He served as Senior Advisor, Citigroup International from 2004 to 2006, as Chief Executive Officer of Citigroup Latin America from 2002 to 2004, Chief Executive Officer, eBusiness, Global Cash Management and Trade from 1998 to 2002 and Head of Citibank Corporate and Investment Bank, South America from 1996 to 1998. Mr. Bermudez joined Citigroup in 1975 and held leadership positions in other divisions including equity investments, credit policy and corporate banking from 1984 to 1996. Mr. Bermudez currently is a director of the Electric Reliability Council of Texas (2010-present), the Federal Reserve Bank of Dallas (2012-present), and the Association of Former Students, Texas A&M University (2006-present). He served as a director of Citibank N.A. from 2005 to 2008 and the Federal Reserve Bank of Dallas, Houston Branch from 2009-2011.

Robert R. Glauber

Director since June 1998

Robert R. Glauber, age 73, is a member of the Audit, Governance and Compensation, and MIS Committees of the Board of Directors. Mr. Glauber has served as an adjunct lecturer at the John F. Kennedy School of Government at Harvard University since July 2007 and as a senior advisor for Peter J. Solomon Company, an investment banking advisory firm, since November 2006. Mr. Glauber served as a visiting professor at Harvard Law School from January 2009 to June 2009 and from September 2006 to June 2007. Mr. Glauber served as Chairman and Chief Executive Officer of the National Association of Securities Dealers (NASD) from September 2001 to August 2006. From November 2000 to September 2001, Mr. Glauber served as President and

Table of Contents

Chief Executive Officer of the NASD. From 1992 to October 2000, Mr. Glauber was an adjunct lecturer at the John F. Kennedy School of Government at Harvard University. From 1989 to 1992, Mr. Glauber served as Under Secretary of the Treasury for Finance. Prior to that, Mr. Glauber was a professor of finance at the Harvard Business School. Mr. Glauber currently is a director of XL Group PLC (2006-present) and Northeast Bancorp (January 2011- present) and is a trustee of the International Accounting Standards Committee Foundation. He served as a director of Freddie Mac from 2006 until 2012.

Kathryn M. Hill

Director since October 2011

Kathryn M. Hill, age 55, is a member of the Audit, Governance and Compensation, and MIS Committees of the Board of Directors. Ms. Hill has over 30 years of experience in business management and leading engineering and operations organizations. She joined Cisco Systems Inc. in 1997 and is Senior Vice President, Executive Advisor. From June 2009 to January 2012, she was Senior Vice President, Development Strategy & Operations for Cisco. Cisco designs, manufactures and sells Internet Protocol (IP)-based networking and other products related to the communications and information technology industry and provides services associated with these products. Ms. Hill served as Senior Vice President of the Access Networking and Services Group from February 2008 to June 2009, where she led the Access Routing, Ethernet Switching, Security, Wireless and Small Business technology groups. Ms. Hill served as Senior Vice president of the Ethernet and Wireless Group from July 2005 to January 2008. Ms. Hill is a member of the board of Trustees for the Anita Borg Institute for Women and Technology.

ITEM 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

The Audit Committee appointed KPMG LLP as the Company s independent registered public accounting firm to audit the consolidated financial statements of the Company for the year ending December 31, 2012. KPMG LLP audited the consolidated financial statements of the Company for the year ending December 31, 2011.

As a matter of good corporate governance, the Audit Committee has requested the Board of Directors to submit the selection of KPMG LLP as the Company s independent registered public accounting firm for 2012 to stockholders for ratification. If the appointment of KPMG LLP is not ratified by stockholders, the Audit Committee will re-evaluate its selection and will determine whether to maintain KPMG LLP as the Company s independent registered public accounting firm or to appoint another independent registered public accounting firm. A representative of KPMG LLP is expected to be present at the Annual Meeting. Such representative will have the opportunity to make a statement if he so desires and is expected to be available to respond to appropriate questions.

The Board of Directors recommends a vote FOR ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm for 2012.

PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees

The aggregate fees for professional services rendered for (i) the integrated audit of the Company s annual financial statements for the years ended December 31, 2011 and 2010, (ii) the review of the financial statements included in the Company s Reports on Forms 10-Q and 8-K, and (iii) statutory audits of non-U.S. subsidiaries, were approximately $2.3 and $2.0 million in 2011 and 2010, respectively. These fees included amounts accrued but not billed of $1.3 million in each of 2011 and 2010.

Table of Contents

Audit-Related Fees

The aggregate fees billed for audit-related services rendered to the Company were approximately $0.1 million in both of the years ended December 31, 2011 and 2010. Such services included employee benefit plan audits.

Tax Fees

The aggregate fees billed for professional services rendered for tax services rendered by the auditors for the years ended December 31, 2011 and 2010 were $0 and $0, respectively.

All Other Fees

The aggregate fees billed for all other services rendered to the Company by KPMG LLP for the year ended December 31, 2011 and 2010 were $0 and $0, respectively.

ITEM 3 ADVISORY RESOLUTION APPROVING EXECUTIVE COMPENSATION

We are asking stockholders to vote on an advisory resolution approving the Company s executive compensation as reported in this Proxy Statement. As described in the Compensation Discussion and Analysis section of this Proxy Statement (Compensation Discussion and Analysis or CD&A), the goal of the Governance and Compensation Committee (the Committee) in setting executive compensation is to provide a competitive total compensation package that assists in the retention of the Company s executives and motivates them to perform at a superior level while encouraging behavior that is in the long-term best interests of the Company and its stockholders. Consistent with this philosophy, a significant portion of the total compensation opportunity for each of Moody s executives is performance-based and dependent upon the Company s achievement of specified goals that are both financial and non-financial in nature.

Despite challenging market conditions, Moody s full-year results reflected the continued improvement of credit markets and greater customer use of a number of Moody s products and services throughout 2011. As discussed in further detail in the CD&A, these operating and financial performance achievements are reflected in the compensation awards approved by the Committee.

The Company operates under governance standards that it believes best serve its stockholders, while also incorporating certain best practices in governance and executive compensation. Among these practices in 2011, the Company:

Long-Term Performance-Based Shares maintained a three-year performance-based share award program with performance thresholds for the 2011-2013 performance period based on the Company s profitability (measured in EPS), Moody s Investors Service s ratings accuracy performance, and Moody s Analytics sales;

Balanced Mix of Equity Awards continued providing a balanced mix of long-term equity awards in the form of stock options and performance-based share awards;

Clawback Policy maintained its clawback policy;

No Executive Employment Agreements continued its practice of not entering into employment agreements with its executives, including the NEOs;

No Automatic Cash-Based Payments or Benefits Upon a Change in Control continued its practice of not providing for single-triggered cash-based change in control payments or benefits;

Limited Executive Perquisites did not provide perquisites or other personal benefits with an aggregate value of more than $10,000 to its executives, including the NEOs, other than Mr. Madelain who received a car allowance (as is the practice in the UK for executive officers);

20

No Tax Gross-ups continued its practice of not providing any tax gross-ups on perquisites or change-in-control payments;

Stock Ownership Guidelines maintained robust existing stock ownership guidelines for its executives, including the NEOs, and its non-management directors to encourage them to acquire and maintain a meaningful stake in the Company; and

Anti-Hedging Policy maintained its anti-hedging policy for executive officers and directors.

We urge stockholders to read the CD&A beginning on page 24 of this Proxy Statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and related compensation tables and narrative, beginning on page 40, which provide detailed information on the compensation of our named executive officers (Named Executive Officers). The Committee and the Board of Directors believe that the policies and procedures articulated in the CD&A are effective in achieving our goals and that the compensation of our Named Executive Officers reported in this Proxy Statement has supported and contributed to the Company s success.

In accordance with Section 14A of the Exchange Act, and as a matter of good corporate governance, the Board is asking stockholders to vote at the 2012 Annual Meeting of Stockholders on the following advisory resolution approving executive compensation:

RESOLVED, that the stockholders of Moody s Corporation (the Company) approve, on an advisory basis, the compensation of the Company s Named Executive Officers disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables and narrative in the Proxy Statement for the Company s 2012 Annual Meeting of Stockholders.

This advisory resolution, commonly referred to as a say-on-pay resolution, is non-binding on the Board. Although non-binding, the Board and the Committee will review and consider the voting results when evaluating the Company s executive compensation program.

After consideration of the vote of stockholders at the Company s 2011 annual meeting of stockholders and other factors, the Board determined to hold a vote on an advisory resolution approving executive compensation annually, although it may determine to vary the practice based on factors such as discussions with stockholders. Accordingly, unless the board modifies its policy on the frequency of future say-on-pay advisory votes, the next vote on an advisory resolution approving executive compensation will be held at the Company s 2013 annual meeting of stockholders.

The Board of Directors recommends a vote FOR the advisory resolution approving executive compensation.

Table of Contents

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below sets forth the number of shares of Common Stock beneficially owned as of December 31, 2011 by (i) each person who is known to the Company to be the beneficial owner of more than 5% of the outstanding shares of Common Stock (the Company s 5% Owners), (ii) each director and nominee for director of the Company, (iii) each named executive officer listed in the Summary Compensation Table below (the Named Executive Officers or NEOs), and (iv) all directors and executive officers of the Company as a group. Stock ownership information is based on (a) the number of shares of Common Stock held by directors and executive officers as of December 31, 2011 (based on information supplied to the Company by them), calculated in accordance with SEC rules, and (b) the number of shares of Common Stock held by the Company s 5% Owners, based on information filed with the SEC by the Company s 5% Owners. Unless otherwise indicated and except for the interests of individuals spouses, the stockholders listed below have sole voting and investment power with respect to the shares indicated as owned by them. Percentages are based upon the number of shares of Common Stock outstanding on December 31, 2011, and, where applicable, the number of shares of Common Stock that the indicated person or group had a right to acquire within 60 days of such date. The table also sets forth ownership information concerning Stock Units, the value of which is measured by the price of the Common Stock. Stock Units do not confer voting rights and are not considered beneficially owned shares under SEC rules.

Name	Aggregate Amount of Shares Beneficially Owned(1)	Stock Units(2)	Percentage of Shares Outstanding(3)
Mark E. Almeida	417,720(4)		*
Basil L. Anderson	24,976	11,280	*
Jorge A. Bermudez	2,738		
Darrell Duffie	15,013		*
Robert R. Glauber	30,460	1,679	*
John J. Goggins	345,919		*
Kathryn M. Hill	960		*
Linda S. Huber	374,423		*
Ewald Kist			