MOODYS CORP /DE/
Form PRE 14A
February 22, 2013
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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:

x Preliminary Proxy Statement

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

¨ 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:

(5) Total fee paid:

¨ 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:

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March 6, 2013

Dear Stockholder:

You are cordially invited to attend the 2013 Annual Meeting of Stockholders of Moody s Corporation to be held on Tuesday, April 16, 2013, at 9:30 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, 2012 is also enclosed.

On March 6, 2013, we mailed to many of our stockholders a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access our 2013 Proxy Statement and 2012 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,

Henry A. McKinnell, Jr.

Chairman of the Board

Raymond W. McDaniel, Jr.

President and Chief Executive Officer

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MOODY S CORPORATION

7 World Trade Center

250 Greenwich Street

New York, New York 10007

NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS

To Our Stockholders:

The 2013 Annual Meeting of Stockholders of Moody s Corporation will be held on Tuesday, April 16, 2013, at 9:30 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 III directors named in the Proxy Statement to serve a three-year term;
2. To approve the Amended and Restated 2001 Moody s Corporation Key Employees Stock Incentive Plan;
3. To approve the Amended and Restated 1998 Moody s Corporation Non-Employee Directors Stock Incentive Plan;
4. To approve amendments to the Moody s Corporation Restated Certificate of Incorporation to declassify the Board of Directors and provide for annual election of all directors;
5. To ratify the appointment of KPMG LLP as the independent registered public accounting firm of the Company for the year 2013;
6. To vote on an advisory resolution approving executive compensation; and
7. 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 20, 2013 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, 2013

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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 is not permitted to vote on the matters to be considered at the 2013 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, approval of the Amended and Restated 2001 Moody s Corporation Key Employees Stock Incentive Plan, approval of the Amended and Restated 1998 Moody s Corporation Non-Employee Directors Stock Incentive Plan, approval of the amendments to the Moody s Corporation Restated Certificate of Incorporation, 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, 2013

The Proxy Statement and the Company s 2012 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.

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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 Tuesday, April 16, 2013, at 9:30 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, 2013. 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, 2013, 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 20, 2013 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 222,733,212 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.

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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, 2013. 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.

Director Elections. 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.

Amended and Restated 2001 Stock Incentive Plan and Amended and Restated 1998 Moody s Directors Plan. 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 Amended and Restated 2001 Moody s Corporation Key

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Employees Stock Incentive Plan (the 2001 Stock Incentive Plan) and the Amended and Restated 1998 Moody s Corporation Non-Employee Directors Stock Incentive Plan (the 1998 Moody s Directors Plan) under the Company s by-laws. In addition, the New York Stock Exchange (NYSE) listing standards contain separate approval requirements applicable to the 2001 Stock Incentive Plan and the 1998 Moody s Directors Plan. Under the NYSE listing standards, approval of the 2001 Stock Incentive Plan and the 1998 Moody s Directors Plan requires the affirmative vote of the majority of votes cast, provided that the total votes cast on each plan represent over 50% of all shares entitled to vote. If a stockholder abstains from voting or directs the stockholder s proxy to abstain from voting on the 2001 Stock Incentive Plan or the 1998 Moody s Directors Plan, the abstention has the same effect as a vote against the plan under both the Company s by-laws and the NYSE listing standards. Brokers do not have discretionary authority to vote shares on the 2001 Stock Incentive Plan or the 1998 Moody s Directors Plan without instructions from the beneficial owner. Accordingly, shares resulting in broker non-votes, if any, are not entitled to vote on the 2001 Stock Incentive Plan or the 1998 Moody s Directors Plan and have no effect on the outcome of the vote under the Company s by-laws. Likewise, for purposes of the NYSE listing standards, broker non-votes are not considered votes cast and therefore have no effect on the outcome of the vote. However, for purposes of determining whether the total votes cast on the 2001 Stock Incentive Plan and the 1998 Moody s Directors Plan represent over 50% of all shares entitled to vote, broker non-votes are considered entitled to vote and, therefore, have the practical effect of increasing the number of affirmative votes required to achieve over 50% of all shares entitled to vote under the NYSE listing standards.

Amendments to the Moody s Corporation Restated Certificate of Incorporation. The affirmative vote of the holders of at least 80 percent in voting power of all the shares of the Company entitled to vote generally in the election of directors, voting together as a single class, is necessary for approval of the proposed amendments to the Company s Restated Certificate of Incorporation. Brokers do not have discretionary authority to vote shares on the amendments to the Company s Restated Certificate of Incorporation. Abstentions and broker non-votes, if any, count as votes against the proposed amendment.

Ratification of the Appointment of the Independent Registered Public Accounting Firm. 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, 2013. 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.

Advisory Resolution Approving Executive Compensation. 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.

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 approval of the 2001 Stock Incentive Plan, For the approval of the 1998 Moody s Directors Plan, For the approval of the proposed amendments to the Company s Restated Certificate of Incorporation, For the ratification of the selection of the independent registered public accounting firm, and For the advisory resolution approving executive compensation. 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 2013 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 2012 the Board amended the Company s Corporate Governance Principles and the charters of its Governance and Compensation and Audit 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 2012, the Board of Directors met eight 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 88 percent of the total number of meetings of the Board and of all committees of the Board on which they served in 2012. 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 business development. The members of the International Business Development Committee are Mr. Kist, Mr. McDaniel and Mr. Frederic Drevon, MD Global Banking of Moody s Investors Service (MIS). The International Business Development Committee met two times during 2012. 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. All directors served as members of the MIS Committee in 2012. The MIS Committee met four times in 2012. 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 2012 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 15 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 2014 annual meeting, this deadline is December 17, 2013.

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 periodically and determine whether or not to separate the two roles based upon the Company s needs and circumstances from time to time.

Dr. McKinnell serves as Chairman of the Board and Mr. McDaniel serves as President and Chief Executive Officer of Moody s Corporation. In 2011 and 2012, the Board 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 determined to appoint an independent Chairman of the Board. The Board believes that strong, independent Board leadership is a critical aspect of effective corporate governance. The role and responsibilities of the Chairman of the Board are detailed in the Company s Corporate Governance Principles.

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.

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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. 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 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 and Mr. Wulff each served during 2012, or currently serves, as directors, employees, or faculty members of entities that are rated or have issued securities rated by MIS, as listed in the

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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 2012 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 2012. Additionally, the Audit Committee and the Governance and Compensation Committee each reviewed relevant enterprise risks at separate meetings in 2012.

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.

Executive Sessions

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

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, or with a specific director or directors (including the Chairman of the Board), 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.

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.

Rule 10b5-1 Trading Plans

Our CEO and CFO, and certain other officers of the Company, enter into Rule 10b5-1 stock trading plans from time to time. These plans allow for our executives to adopt predetermined plans for trading shares of company stock in advance of learning any material non-public information. The use of these trading plans permits diversification, retirement and tax planning activities. The transactions under the plan will be disclosed publicly through Form 4 filings with the Securities and Exchange Commission.

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, 2012, 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 33.

The members of the Audit Committee are Mr. Anderson (Chairman), Mr. Bermudez, Dr. Duffie, Mr. Glauber, Ms. Hill, Mr. Kist, Dr. McKinnell and Mr. Wulff, 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 eight meetings during 2012.

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, 2012 (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 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, 2012 for filing with the SEC.

The Audit Committee

Basil L. Anderson, *Chairman*

Jorge A. Bermudez

Darrell Duffie

Robert R. Glauber

Kathryn M. Hill

Ewald Kist

Henry A. McKinnell, Jr.

John K. Wulff

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 CEO and other executive officers, and by evaluating their performance against approved goals, which, with respect to the CEO, the Committee does in consultation with the Chairman of the Board) 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 (the Compensation Discussion and Analysis or CD&A), beginning on page 37. 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 2012, 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, and market trends, as well as technical and compliance considerations. Meridian reports directly and solely to the Committee. 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. The Committee considered the six specific independence factors adopted by the Securities and Exchange Commission under Dodd-Frank, and other factors it deemed relevant, and the Committee found no conflicts of interest.

During 2012, management continued to engage Aon Hewitt as management s compensation consultant. During 2012, Aon Hewitt worked with the Chief HR Officer and her staff to develop market data and to assist in the design and development of Moody s executive compensation programs. The Committee takes into account that Aon Hewitt provides executive compensation-related services to management when it evaluates the information and analyses provided by Aon Hewitt.

The members of the Governance and Compensation Committee are Mr. Wulff (Chairman), Mr. Anderson, Mr. Bermudez, Dr. Duffie, Mr. Glauber, Ms. Hill, Mr. Kist, and Dr. McKinnell, each of whom is independent under NYSE rules and under the Company s Corporate Governance Principles. The Governance and Compensation Committee met six times during 2012.

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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, beginning on page 37. 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

John K. Wulff, *Chairman*

Basil L. Anderson

Jorge A. Bermudez

Darrell Duffie

Robert R. Glauber

Kathryn M. Hill

Ewald Kist

Henry A. McKinnell, Jr.

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 the compensation risk committee s conclusions to the Governance and Compensation Committee.

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.

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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, 2012, the total compensation of the non-management members of the Company s Board of Directors.

Name	Year	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Award ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(3)	Total ($)
Basil L. Anderson	2012	$ 90,000	$ 130,000					$ 220,000
Jorge A. Bermudez	2012	75,000	130,000					205,000
Darrell Duffie	2012	95,000	130,000					225,000
Robert R. Glauber	2012	75,000	130,000					205,000
Kathryn M. Hill	2012	75,000	130,000					205,000
Ewald Kist	2012	95,000	130,000					225,000
Henry A. McKinnell, Jr.	2012	127,500	173,317					300,817
John K. Wulff	2012	95,000	130,000					225,000

(1) In 2012, 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. The Lead Director received an additional annual cash fee of $20,000, also payable in quarterly installments. With the election of the Chairman in April 2012, the Chairman, who was formerly the Lead Director, received the Chairman s fee of $50,000, payable in quarterly installments and ceased receiving Lead Director and Committee Chairman fees. There were no separate meeting fees paid in 2012.

A non-management director may elect to defer receipt of all or a portion of his annual cash retainer until after termination of service on 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.

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(2) On February 13, 2012, the non-management directors, except Dr. McKinnell, received a grant of $130,000 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 3,367 restricted shares of Common Stock. Also on February 13, 2012, Dr. McKinnell received a grant of $140,000 worth of restricted stock issued from the 1998 Directors Plan which was equal to 3,626 restricted shares of Common Stock and included an additional grant of approximately $10,000 for his service as Lead Director. On April 19, 2012, Dr. McKinnell received an additional grant of approximately $33,317 worth of restricted stock issued from the 1998 Directors Plan which was equal to 798 restricted shares of Common Stock. This grant was made in connection with his appointment as Chairman of the Board on April 16, 2012. The Governance and Compensation Committee authorized the grant of restricted stock awards for February 13, 2012 on December 12, 2011, and the grant was subsequently approved by the Board on December 13, 2011. The grant of restricted stock awards was effective on February 13, 2012, the third trading day following the date of the public dissemination of the Company s financial results for 2011. Dr. McKinnell s April 19, 2012 grant of restricted stock was recommended by the Governance and Compensation Committee on April 16, 2012 and subsequently approved by the Board on April 16, 2012. In each case, the number of restricted shares of Common Stock based on the award value has been computed in accordance with FASB ASC Topic 718.

The aggregate number of stock awards outstanding as of December 31, 2012 for each individual who served as a non-management director of the Company during 2012 was as follows:

Name	Number of Shares Underlying Options	Number of Shares of Unvested Restricted Stock
Basil L. Anderson		3,367
Jorge A. Bermudez		3,367
Darrell Duffie		3,367
Robert R. Glauber		3,367
Kathryn M. Hill		3,367
Ewald Kist		3,367
Henry A. McKinnell, Jr.		4,424
John K. Wulff		3,367

(3) Perquisites and other personal benefits provided to each individual who served as a non-management director in 2012 were, in the aggregate, less than $10,000 per director. Each non-management director is 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.

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. These guidelines were updated in July 2012. 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.

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ITEM 1 ELECTION OF DIRECTORS

The Board of Directors has nominated Basil L. Anderson, Darrell Duffie, Ph.D., and Raymond W. McDaniel, Jr., for election as Class III directors, for a three-year term expiring in 2016. 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 evaluates 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. 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;

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(ii) 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 House Financial Services Committee, the Board of Governors of the Federal Reserve System, the US Commodity Futures Trading Commission, 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, and 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 operations, the expanding nature of the work of MA and MIS and policy issues related to the financial services industry; and

(iii) Mr. McDaniel, who is both President 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.

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

(i) 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;

(ii) 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;

(iii) 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;

(iv) 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;

(v) 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

(vi) 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.

The Board of Directors recommends a vote FOR the election as directors of each of the Class III 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 III Directors Whose Terms Expire in 2016

Basil L. Anderson

Director since April 2004

Basil L. Anderson, age 67, is Chairman of the Audit Committee, and is a member of the 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.

Darrell Duffie, Ph.D.

Director since October 2008

Darrell Duffie, Ph.D., age 58, 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, and the Board of The Pacific Institute of Mathematical Sciences, and is a Fellow and member of the Council of the Econometric Society and a Fellow of the American Academy of Arts & Sciences. Dr. Duffie served as a trustee of iShares Trust and a director of iShares, Inc. from 2008 to 2011 and was President of the American Finance Association in 2009.

Raymond W. McDaniel, Jr.

Director since April 2003

Raymond W. McDaniel, Jr., age 55, has served as the President and Chief Executive Officer of the Company since April 2012, and served as the Chairman and Chief Executive Officer from April 2005 until April 2012. He currently serves on the 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

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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 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 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.

CONTINUING DIRECTORS

Class I Directors Whose Terms Expire in 2014

Jorge A. Bermudez

Director since April 2011

Jorge A. Bermudez, age 61, 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), and the Federal Reserve Bank of Dallas (2012-present). He served as a director of Citibank N.A. from 2005 to 2008, the Federal Reserve Bank of Dallas, Houston Branch from 2009 to 2011 and the Association of Former Students, Texas A&M University from 2006 to 2012.

Robert R. Glauber

Director since June 1998

Robert R. Glauber, age 74, 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 of the National Association of Securities Dealers (NASD) from November 2001 to August 2006 and Chief Executive Officer from November 2000 to August 2006. 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 serves as Chairman of XL Group PLC (member of the board from 2006-present) and Northeast Bancorp (member of board from January 2011-present) and is Vice Chairman of the Trustees 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 56, 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 has served as its Senior Vice President, Executive Advisor since January 2012. 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

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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.

Class II Directors Whose Terms Expire in 2015

Ewald Kist

Director since July 2004

Ewald Kist, age 69, 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), and Stage Entertainment (2007-present). He served as a director of Dutch National Bank from 2004 until 2012.

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

Director since October 1997

Henry A. McKinnell, Jr., age 70, is Chairman of the Board of Directors and serves as a member of the Audit, Governance and Compensation and MIS Committees. 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 Chairman of the Board of Optimer Pharmaceuticals, Inc. (member of board from January 2011- present), Emmaus Life Sciences, Inc. (member of the board from May 2010 present) and the Accordia Global Health Foundation (member of the board from September 2003-present). 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 64, is Chairman of the Governance and Compensation Committee and serves as a member of the Audit 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) and Chemtura Corporation (2009-present). He served as a director of Sunoco, Inc. from 2004 until 2012, Fannie Mae from December 2004 until 2008 and of Hercules Incorporated until 2008 as well.

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ITEM 2 APPROVAL OF THE AMENDED AND RESTATED 2001 MOODY S CORPORATION KEY EMPLOYEES STOCK INCENTIVE PLAN

On February 26, 2001, the Board of Directors adopted the 2001 Moody s Corporation Key Employees Stock Incentive Plan (the 2001 Stock Incentive Plan), which became effective on April 23, 2001, and which provides for grants of stock options and other equity-based awards to key employees and consultants of the Company and its subsidiaries.

Subsequently, the 2001 Stock Incentive Plan has been amended and restated in 2004, 2007 and 2009. Some of the key changes made by these amendments have included: (i) limiting the total number of shares available for grants of awards other than stock options and stock appreciation rights, (ii) changing the definition of Change in Control to conform to the definition used in other Company incentive plans, (iii) providing greater specificity regarding grants of performance shares, (iv) adding to the performance criteria that may be used for performance-based awards, (v) eliminating liberal share counting features in determining the number of shares subject to the 2001 Stock Incentive Plan, (vi) adding minimum vesting periods for full value awards and (vii) prohibiting repricing of options and stock appreciation rights without stockholder approval. Most recently, the 2001 Stock Incentive Plan was approved by stockholders at the 2010 annual meeting held on April 20, 2010.

Proposed Amendment

On December 11, 2012, the Board of Directors approved the amendment and restatement of the 2001 Stock Incentive Plan in order to increase the number of shares that may be issued with respect to awards granted under the 2001 Stock Incentive Plan. In addition, the amendment and restatement modifies the Change in Control provisions of the 2001 Stock Incentive Plan. Previous awards were subject to single-trigger vesting upon a Change in Control. The amendment and restatement of the 2001 Stock Incentive Plan modifies this treatment for awards granted on or after January 1, 2013 to generally provide for double-trigger Change in Control vesting upon a termination without cause within the ninety-day period preceding or the twenty-four months following a Change in Control.

The 2001 Stock Incentive Plan currently has 35,600,000 shares of Common Stock reserved and made available for grant. As of December 31, 2012, approximately 8,748,171 shares remained available for issuance in connection with future grants under the 2001 Stock Incentive Plan. Of those 8,748,171 shares, only 5,742,287 remained available for issuance as full-value shares. As a result of the limited number of remaining shares available for new awards under the 2001 Stock Incentive Plan, and the limited number of shares available for grants of awards other than stock options, the Board of Directors believes that it is appropriate at this time to amend and restate the 2001 Stock Incentive Plan in order to reserve and make available for distribution additional shares for future awards and revise the limit of the total number of shares available for grants of awards other than stock options and SARs from and after January 1, 2013 to , of which will remain available for future grants upon approval of this proposal.

In asking stockholders to approve the 2001 Stock Incentive Plan, as amended and restated, the stockholders are also being asked to approve the material terms of the performance goals that may be used in granting Performance-Based Awards (as defined in the 2001 Stock Incentive Plan) in a manner that will enable the Company to claim a tax deduction for any amount paid by the Company that satisfies the requirements for performance-based compensation under Section 162(m) of the Tax Code.

A copy of the 2001 Stock Incentive Plan, as amended and restated, is attached to this Proxy Statement as Appendix A. The principal features of the 2001 Stock Incentive Plan, including the proposed amendments thereto, are described below, but such description is qualified in its entirety by reference to the complete text of the plan. The amendments to the 2001 Stock Incentive Plan will not become effective unless stockholder approval is obtained at the Annual Meeting.

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Summary of the Amended and Restated 2001 Moody s Corporation Key Employees Stock Incentive Plan

General. The 2001 Stock Incentive Plan permits the granting of any or all of the following types of awards: (i) stock options, including incentive stock options (ISOs) and nonqualified stock options; (ii) stock appreciation rights (SARs), including limited stock appreciation rights; (iii) restricted stock; (iv) restricted stock units; (v) performance shares; and (vi) other stock-based awards. After the proposed amendments take effect, the maximum number of shares that may be issued with respect to awards granted under the 2001 Stock Incentive Plan is 50,600,000 (subject to adjustment in accordance with the provisions under the caption Adjustments Upon Certain Events below), whether pursuant to ISOs or otherwise.

The 2001 Stock Incentive Plan limits the total number of shares that will be available for grants of unrestricted shares of Common Stock, restricted stock, restricted stock units, performance shares or any Other Stock-Based Awards (as defined in the 2001 Stock Incentive Plan, other than stock options and SARs) to shares, of which will remain available for future grants from and after January 1, 2013 upon approval of this proposal.

The maximum number of shares with respect to which awards of any and all types may be granted under the 2001 Stock Incentive Plan during a calendar year to any participant is limited, in the aggregate, to 800,000. The maximum amount payable pursuant to Performance-Based Awards denominated in cash granted to any one participant with respect to one fiscal year of the Company shall be $5,000,000. The aggregate number of shares treated as issued under the 2001 Stock Incentive Plan at any time shall equal only the number of shares issued upon exercise or settlement of an award. However, shares subject to an award under the 2001 Stock Incentive Plan may not again be made available for issuance under the 2001 Stock Incentive Plan if such shares are: (i) shares that were subject to a stock-settled stock appreciation right and were not issued upon the net settlement or net exercise of such stock appreciation right, (ii) shares used to pay the exercise price of an option, (iii) shares delivered to or withheld by the Company to pay the withholding taxes related to an award or (iv) shares repurchased on the open market with the proceeds of an option exercise. Shares which are subject to awards which terminate, expire, are forfeited or lapse and shares subject to awards settled in cash shall not count as shares issued under the 2001 Stock Incentive Plan and may be utilized again with respect to awards granted under the 2001 Stock Incentive Plan.

Eligibility. Key employees (excluding members of the Governance and Compensation Committee and any person who serves only as a director) of the Company and its Affiliates, who from time to time are responsible for the management, growth and protection of the business of the Company and its Affiliates, and consultants to the Company and its Affiliates, are eligible to participate in the 2001 Stock Incentive Plan. Approximately 1250 employees are currently eligible to participate in the 2001 Stock Incentive Plan. Since the adoption of the 2001 Stock Incentive Plan, no award has been granted thereunder to any consultant of the Company, its Subsidiaries or its Affiliates.

Administration. The 2001 Stock Incentive Plan is administered by the Governance and Compensation Committee of the Board of Directors. The Governance and Compensation Committee has the authority to select employees or consultants to whom awards are to be granted, to determine the number of options or other types of awards to be granted to such employees and consultants and to establish the terms and conditions of such awards. The Governance and Compensation Committee has the authority to interpret the 2001 Stock Incentive Plan, to establish, amend and rescind any rules and regulations relating to the 2001 Stock Incentive Plan, and to otherwise make any determination that it deems necessary or desirable for the administration of the 2001 Stock Incentive Plan. Members of the Governance and Compensation Committee are non-employee directors within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act) and outside directors within the meaning of Section 162(m) of the Tax Code. The 2001 Stock Incentive Plan provides that if the CEO of the Company is a member of the Board of Directors, the Board of Directors may authorize him or her to grant awards of up to an aggregate of 200,000 shares in each year to participants who are not subject to the rules promulgated under Section 16 of the Exchange Act or covered employees as defined in Section 162(m) of the Tax Code, provided that the CEO must notify the Governance and Compensation Committee of any such grants. The Board of Directors has granted Mr. McDaniel, as CEO, this authority with respect to 200,000 shares for 2013 (subject to adjustment in accordance with the provisions under the caption Adjustments Upon Certain Events below). In 2011 and 2012, Mr. McDaniel awarded 36,268 and 23,712 shares, respectively, from his annual authorization of 200,000 shares.

Adjustments Upon Certain Events. In the event of any change in the outstanding shares of Common Stock by reason of any stock dividend or split, reorganization, recapitalization, merger, consolidation, split-up, spin-off, combination or exchange of stock or other corporate exchange or similar transaction, or any distribution to stockholders of shares of Common Stock other than regular cash dividends, the Governance and Compensation Committee shall adjust the following to the extent necessary to achieve an equitable result: (i) the number or kind of shares or other securities issued or reserved for issuance pursuant to the 2001 Stock Incentive Plan or pursuant to the outstanding awards, (ii) the option price and/or (iii) any other affected terms of such awards. In the event of a Change in Control (as defined in the 2001 Stock Incentive Plan), awards granted under the 2001 Stock Incentive Plan after January 1, 2013, unless otherwise determined by the Governance and Compensation Committee through an award agreement or otherwise, if a participant s employment is terminated without Cause (as defined in the 2001 Stock Incentive Plan) within the ninety-day period preceding and the twenty-four (24) months following a Change in Control, the following shall occur: (i) each outstanding Option and Stock Appreciation Right shall become immediately vested and exercisable; (ii) restrictions on Awards of Restricted Stock and Restricted Stock Units that are not Performance-Based Awards shall lapse; and (iii) Other Stock-Based Awards not described in clause (ii) shall become payable in such manner as shall be set forth in the Award agreement.

Stock Options. The 2001 Stock Incentive Plan provides that the option price pursuant to which Common Stock may be purchased shall be determined by the Governance and Compensation Committee, but shall not be less than the fair market value of the Common Stock on the date the option is granted. In addition, no ISO may be granted to any participant who, at the time of such grant, owns more than 10% of the total combined voting power of all classes of stock of the Company or of any of its subsidiaries, unless the exercise price thereof is at least 110% of the fair market value of the Common Stock on the date the option is granted. As of February 20, 2013, the closing price of the Common Stock was $47.37. The term of each option shall be determined by the Governance and Compensation Committee, but no option shall be exercisable more than 10 years after the date of grant (or five years after the date of grant with respect to any ISO granted to a participant who at the time of such grant, owns more than 10% of the total combined voting power of all classes of stock of the Company or of any of its subsidiaries). Payment of the purchase price shall be in cash, in shares of Common Stock held for at least six months, partly in cash and partly in such shares, through the delivery of irrevocable instructions to a broker to deliver promptly to the Company an amount equal to the aggregate option price for the shares being purchased, or through such other means as shall be prescribed in the award agreement. The Company currently intends that no option granted under the 2001 Stock Incentive Plan shall become exercisable in less than one year from the date of grant. If a participant s employment terminates by reason of death or disability after the first anniversary of the date of grant, the option shall immediately vest in full and may be exercised during the five years after the date of death or disability or during the remaining stated term of the option, whichever period is shorter. If a participant retires after the first anniversary of the date of grant, the option may be exercised during the shorter of the remaining stated term of the option or five years after the date of retirement, but only to the extent such option was exercisable at the time of retirement or becomes exercisable during such post-retirement exercise period as if the holder of such option were still employed by the Company or an Affiliate. If a participant s employment terminates for any reason (other than death, disability or retirement after the first anniversary of the date of grant), an unexercised option may be exercised during the period ending 30 days after the date of such termination, but only to the extent such option was exercisable at the time of termination. Notwithstanding the foregoing, the Governance and Compensation Committee may accelerate the vesting of unvested options held by a participant if the participant is terminated without cause (as defined by the Governance and Compensation Committee) by the Company.

Stock Appreciation Rights. The Governance and Compensation Committee has the authority under the 2001 Stock Incentive Plan to grant SARs independent of or in connection with stock options. The 2001 Stock

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Incentive Plan provides that the exercise price per share of a SAR shall be determined by the Governance and Compensation Committee, but shall not be less than the greater of (i) the fair market value of the Common Stock on the date the SAR is granted, or for a SAR granted in connection with an option or a portion thereof, the option price of the related option and (ii) an amount permitted by applicable laws, rules, by-laws or policies of regulatory authorities or stock exchanges. Each SAR granted independently of an option entitles a participant to exercise the SAR in whole or in part and, upon such exercise, to receive from the Company an amount equal to the excess of the fair market value on the exercise date of one share of Common Stock over the exercise price per share, times the number of shares covered by the portion of the SAR so exercised. Each SAR granted in connection with an option or a portion thereof entitles a participant to surrender to the Company the unexercised option, or any portion thereof, and to receive in exchange therefor an amount equal to the excess of the fair market value on the exercise date of one share of Common Stock over the exercise price per share, times the number of shares covered by the option or portion thereof which is surrendered. Participants do not have any rights to dividends or other rights of a stockholder with respect to shares subject to a SAR until the occurrence of the exercise date, the issuance of shares pursuant to such exercise and, if applicable, the satisfaction of any other conditions imposed by the Governance and Compensation Committee pursuant to the 2001 Stock Incentive Plan. The maximum term of SARs is limited to 10 years.

No Repricing. No option or stock appreciation right may be repriced, regranted through cancellation, including cancellation in exchange for cash or other awards, or otherwise amended to reduce its option price or exercise price (other than with respect to adjustments made in connection with a transaction or other change in the Company s capitalization as described in the provisions under the caption Adjustments Upon Certain Events) without the approval of the stockholders of the Company.

Other Stock-Based Awards. The Governance and Compensation Committee also has the authority under the 2001 Stock Incentive Plan to grant awards of unrestricted shares of Common Stock, restricted stock, restricted stock units, performance shares and other awards that are valued in whole or in part by reference to, or are otherwise based upon, the fair market value of the Common Stock. The terms and conditions of these Other Stock-Based Awards shall be determined by the Governance and Compensation Committee. The grant, issuance, retention, vesting and/or settlement of shares under any Other Stock-Based Award that is based on performance criteria and level of achievement versus such criteria will be subject to a performance period of not less than twelve months, and the grant, issuance, retention, vesting and/or settlement of shares under any Other Stock-Based Award that is based solely upon continued employment and/or the passage of time may not vest or be settled in full prior to the thirty-sixth month following its date of grant, but may be subject to pro-rata vesting over such period, except that the Governance and Compensation Committee may provide for the satisfaction and/or lapse of all conditions under any such Other Stock-Based Award in the event of the participant s death, disability or retirement or in connection with a Change in Control.

Performance-Based Awards. Other Stock-Based Awards may be granted in a manner that will enable the Company to deduct any amount paid by the Company under Section 162(m) of the Tax Code (Performance-Based Awards). A participant s Performance-Based Award is based on the attainment of one or more pre-established, objective performance goals established in writing by the Governance and Compensation Committee (i) at a time when the outcome for that performance period is substantially uncertain and (ii) not later than 90 days after the commencement of the performance period to which the performance goal relates, but in no event after 25% of the relevant performance period has elapsed. The performance goals are based upon one or more of the following criteria: (i) earnings before or after taxes (including earnings before interest, taxes, depreciation and amortization); (ii) net income; (iii) operating income; (iv) earnings per Share; (v) book value per Share; (vi) return on stockholders equity; (vii) expense management; (viii) return on investment before or after the cost of capital; (ix) improvements in capital structure; (x) profitability of an identifiable business unit or product; (xi) maintenance or improvement of profit margins; (xii) stock price; (xiii) market share; (xiv) revenues or sales; (xv) costs; (xvi) cash flow; (xvii) working capital; (xviii) changes in net assets (whether or not multiplied by a constant percentage intended to represent the cost of capital); (xix) return on assets; (xx) accuracy, stability, quality or performance of ratings; and (xxi) customer or investor satisfaction or value

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survey results. The foregoing criteria may relate to the Company, one or more of its Affiliates or one or more of its divisions, units, minority investments, partnerships, joint ventures, product lines or products or any combination of the foregoing, and may be applied on an absolute basis and/or be relative to one or more peer group companies or indices, or any combination thereof, all as the Governance and Compensation Committee determines. To the degree consistent with Section 162(m) of the Tax Code, the Governance and Compensation Committee may appropriately adjust any evaluation of performance under the performance goal to (A) eliminate the effects of charges for restructurings, discontinued operations, extraordinary items and all items of gain, loss or expense determined to be extraordinary or unusual in nature or related to the acquisition or disposal of a segment of a business or related to a change in accounting principle all as determined in accordance with standards established by opinion No. 30 of the Accounting Principles Board (APB Opinion No. 30) or other applicable or successor accounting provisions, as well as the cumulative effect of accounting changes, in each case as determined in accordance with generally accepted accounting principles or identified in the Company s financial statements or notes to the financial statements, and (B) exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation, claims, judgments or settlements, (iii) the effect of changes in tax law or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs and (v) accruals of any amounts for payment under the 2001 Stock Incentive Plan or any other compensation arrangement. The maximum amount payable pursuant to Performance-Based Awards denominated in cash granted to any one Participant with respect to one fiscal year of the Company shall be $5,000,000. A Participant may, if and to the extent permitted by the Governance and Compensation Committee and consistent with the provisions of Section 162(m) and 409A of the Tax Code, elect to defer payment of a Performance-Based Award until a fixed date or the date of Participant s separation from service with the Company and its Affiliates (or six months following such separation if required by Section 409A of the Tax Code), as specified in the election to defer.

Restricted Stock and Restricted Stock Units. The 2001 Stock Incentive Plan provides for certain terms and conditions pursuant to which restricted stock and restricted stock units may be granted. Each grant of restricted stock and restricted stock units must be evidenced by an agreement in a form approved by the Governance and Compensation Committee. The vesting of a restricted stock award or restricted stock unit granted under the 2001 Stock Incentive Plan may be conditioned upon the completion of a specified period of employment with the Company or an Affiliate, upon attainment of specified performance goals, and/or upon such other criteria as the Governance and Compensation Committee may determine in its sole discretion. If a participant s employment terminates by reason of death, disability or retirement after the first anniversary of the date of the award of restricted stock or restricted stock units, the restricted stock or restricted stock units will immediately vest in full and all restrictions on such awards will terminate. If a participant s employment terminates for any reason other than death, disability or retirement, a participant s unvested restricted stock and restricted stock units shall be forfeited. Notwithstanding the foregoing, the Governance and Compensation Committee may accelerate the vesting of unvested restricted stock or restricted stock units held by a participant if the participant is terminated without cause (as defined by the Governance and Compensation Committee) by the Company.

Except as provided in the applicable agreement, no shares of restricted stock may be assigned, transferred or otherwise encumbered or disposed of by the participant until such shares have vested in accordance with the terms of such agreement. If and to the extent that the applicable agreement so provides, a participant shall have the right to vote and receive dividends on the shares of restricted stock granted to him or her under the 2001 Stock Incentive Plan. Unless otherwise provided in the applicable agreement, any shares received as a dividend on such restricted stock or in connection with a stock split of the shares of restricted stock shall be subject to the same restrictions as the restricted stock. Restricted stock units may not be assigned, transferred or otherwise encumbered or disposed of by the participant until such restricted stock units have vested in accordance with the terms of the applicable agreement. Upon the vesting of the restricted stock unit (unless a deferral election as described in the following sentence has been made), certificates for shares shall be delivered to the participant or his or her legal representative on the last business day of the calendar quarter in which such vesting event occurs or as soon thereafter as practicable, in a number equal to the shares covered by the restricted stock unit. A Participant may, if and to the extent permitted by the Committee and consistent with the provisions of Sections 162(m) and 409A of the Tax

Code, elect to defer receipt of his certificates beyond the vesting date until a fixed date or the date of the Participant s separation from service with the Company and its Affiliates (or six months following such separation from service if required by Section 409A of the Tax Code), as specified in the election to defer.

Performance Shares. Each grant of Performance Shares shall be evidenced by an agreement providing for the payment of Shares conditioned upon attainment of specified performance goals, in form approved by the Governance and Compensation Committee. Performance Shares may not be assigned, transferred or otherwise encumbered or disposed of until the Governance and Compensation Committee has certified the extent to which the applicable performance goals have been met and certified the number of Shares to be paid. The number of Shares so certified shall be delivered to the Participant or his legal representative at such time after the end of the performance period as shall be prescribed in the award agreement. Upon a termination of employment by reason of death, disability or retirement, the participant has such rights, if any, as may be prescribed by the award agreement. Upon a termination of employment for any reason other than death, disability or retirement prior to the end of any applicable performance period, Performance Shares shall be forfeited, unless, subject to the minimum vesting rules described under the caption Other Stock-Based Awards, the Governance and Compensation Committee, in its sole discretion, shall determine otherwise.

Amendments to or Termination of the 2001 Stock Incentive Plan. The 2001 Stock Incentive Plan may be amended by the Board of Directors or the Governance and Compensation Committee, except that no amendment may be made which, without the approval of the stockholders of the Company, would (except as described under the caption Adjustments Upon Certain Events) increase the total number of shares reserved for purposes of the 2001 Stock Incentive Plan or change the maximum number of shares which may be granted to any participant, or that otherwise would require stockholder approval under NYSE rules or applicable law, or without the consent of a Participant, would impair any of the rights or obligations under any award previously granted to such Participant under the Plan. Subject to the foregoing, with respect to participants who reside or work outside of the United States and who are not, and who are not expected to be, covered employees (as defined in Section 162(m) of the Tax Code), the Governance and Compensation Committee may amend the terms of the 2001 Stock Incentive Plan or awards granted thereunder in order to conform such terms with the requirements of local law.

Transferability. Awards under the 2001 Stock Incentive Plan are not transferable otherwise than by will or by the laws of descent or distribution, except that the Governance and Compensation Committee may authorize stock options (other than ISOs) to be granted on terms which permit irrevocable transfer for no consideration by the participant to (i) any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, parent-in-law, child-in-law or sibling-in-law, including adoptive relationships, of the participant, (ii) any trust in which these persons have more than 50% of the beneficial interest, (iii) any foundation in which these persons or the participant control the management of assets, and (iv) any other entity in which these persons or the participant own more than 50% of the voting interests. In addition, the Governance and Compensation Committee may waive the non-transferability provisions of the 2001 Stock Incentive Plan (except with respect to ISOs) to the extent that such provisions are not required under any law, rule or regulation applicable to the Company.

Effectiveness. The 2001 Stock Incentive Plan, as amended, became effective on December 11, 2012.

Federal Income Tax Consequences. The following is a discussion of certain U.S. federal income tax consequences relevant to participants in the 2001 Stock Incentive Plan who are subject to federal income tax and the Company. It is not intended to be a complete description of all possible tax consequences with respect to awards granted under the 2001 Stock Incentive Plan and does not address state, local or foreign tax consequences.

A participant who is granted a nonqualified stock option will not recognize income at the time the option is granted. Upon the exercise of the option, however, the excess, if any, of the fair market value of the stock on the date of exercise over the option price will be treated as ordinary income to the participant, and the Company will

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generally be entitled to an income tax deduction in the same year in an amount measured by the amount of ordinary income taxable to the participant. The participant will be entitled to a cost basis for the stock for income tax purposes equal to the amount paid for the stock plus the amount of ordinary income taxable at the time of exercise. Upon a subsequent sale of such stock, the participant will recognize short-term or long-term capital gain or loss, depending upon his or her holding period for such stock.

A participant who is granted an ISO satisfying the requirements of the Tax Code will not recognize income at the time the option is granted or exercised. The excess of the fair market value over the option exercise price is, however, included in determining the participant s alternative minimum tax as of the date of exercise. If the participant does not dispose of shares received upon exercise of the option for one year after exercise and two years after grant of the option (the Holding Period), upon the disposition of such shares the participant will recognize long-term capital gain or loss based on the difference between the option exercise price and the fair market value of shares on the date of disposition. In such event, the Company is not entitled to a deduction for income tax purposes in connection with the exercise of the option. If the participant disposes of the shares received upon exercise of the ISO without satisfying the Holding Period requirement, the participant must generally recognize ordinary income equal to the lesser of (i) the fair market value of the shares at the date of exercise of the option over the exercise price or (ii) the amount realized upon the disposition of such shares over the exercise price. Any further appreciation is taxed as short-term or long-term capital gain, depending on the participant s holding period. In such event, the Company would be entitled to an income tax deduction in the same year in an amount measured by the amount of ordinary income taxable to the participant.

Upon exercise of a SAR, a participant will recognize taxable income in the amount of the aggregate cash received. A participant who is granted unrestricted shares will recognize ordinary income in the year of grant equal to the fair market value of the shares received. In either such case, the Company will be entitled to an income tax deduction in the amount of such income recognized by the participant.

A participant will not recognize any income at the time an award of restricted stock, restricted stock units or performance shares is granted, nor will the Company be entitled to a deduction at that time. In the year in which restrictions on shares of restricted stock lapse, the participant will recognize ordinary income in an amount equal to the excess of the fair market value of the shares on the date of vesting over the amount, if any, the participant paid for the shares. A participant may, however, elect within 30 days after receiving an award of restricted stock to recognize ordinary income in the year of receipt of the award, instead of the year of vesting, equal to the excess of the fair market value of the shares on the date of receipt over the amount, if any, the participant paid for the shares. Similarly, upon the vesting of restricted stock units and performance shares, the participant will recognize ordinary income in an amount equal to the fair market value of the shares received. With respect to awards of restricted stock, restricted stock units and performance shares, the Company will be entitled to a tax deduction at the same time and in the same amount as the participant recognizes income.

Section 162(m). The 2001 Stock Incentive Plan allows certain ISOs, nonqualified stock options, SARs and Other Stock-Based Awards to be treated as qualified performance-based compensation under Section 162(m) of the Tax Code. However, the Company may, from time to time, award compensation that is not deductible under Section 162(m) of the Tax Code.

Other. The amounts that will be received by participants in the future under the 2001 Stock Incentive Plan are not yet determinable, as awards are at the discretion of the Governance and Compensation Committee. The numbers of shares subject to options which were awarded in 2012 under the Company s key employees stock incentive plans to each of the five executive officers named in the Summary Compensation Table are set forth in the table entitled Grants of Plan-Based Awards Table, which follows the Summary Compensation Table.

The Board of Directors recommends a vote FOR the approval of the Amended and Restated 2001 Moody s Corporation Key Employees Stock Incentive Plan and approval of the material terms of the performance goals set forth therein.

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ITEM 3 APPROVAL OF THE AMENDED AND RESTATED 1998 MOODY S CORPORATION NON-EMPLOYEE DIRECTORS STOCK INCENTIVE PLAN

On June 17, 1998, the Board of Directors adopted the 1998 Moody s Corporation Non-Employee Directors Stock Incentive Plan (formerly, the 1998 Dun & Bradstreet Corporation Non-Employee Directors Stock Incentive Plan) (the 1998 Directors Plan) which became effective on June 30, 1998 and which provides for grants of stock options, restricted stock and performance shares to non-employee members of the Board of Directors.

The 1998 Directors Plan was subsequently amended and restated by the Board of Directors as of September 30, 2000 in connection with the spin-off of Dun & Bradstreet.

On February 26, 2001, the Board of Directors approved the further amendment and restatement of the 1998 Directors Plan, which was approved by stockholders at the 2001 annual meeting, (i) to reserve and make available for distribution under the 1998 Directors Plan 200,000 additional shares for future awards, and (ii) to provide for a minimum one-year vesting requirement for any grant of restricted stock or performance shares.

The Company believes that the 1998 Directors Plan will continue to assist the Company in attracting and retaining highly qualified individuals to serve as directors and will also strengthen the commonality of interest between directors and stockholders.

Proposed Amendment

On December 11, 2012, the Board of Directors approved the further amendment and restatement of the 1998 Directors Plan, subject to stockholder approval at the Annual Meeting, in order to increase the number of shares that may be issued with respect to awards granted under the 1998 Directors Plan. The amendment and restatement also limits the number of Moody s shares that may be subject to awards granted to any individual director in any calendar year, as described below.

The 1998 Directors Plan currently has 800,000 shares of Common Stock reserved and made available for distribution. As of December 31, 2012, approximately 98,685 shares remained available for issuance in connection with future grants under the 1998 Directors Plan. As a result of the limited number of remaining shares, the Board of Directors believes that it is appropriate at this time to amend and restate the 1998 Directors Plan in order to reserve and make available for distribution additional shares for future awards.

A copy of the 1998 Directors Plan, as amended and restated, is attached to this Proxy Statement as Appendix B. The principal features of the 1998 Directors Plan, including the amendments thereto, are described below, but such description is qualified in its entirety by reference to the complete text of the plan. The amendments to the 1998 Directors Plan will not become effective unless stockholder approval is obtained at the Annual Meeting.

Summary of the 1998 Directors Plan

General. The 1998 Directors Plan permits the granting of awards in the form of non-qualified stock options, restricted stock or performance shares. After the proposed amendments take effect, the 1998 Directors Plan will provide for the issuance of 1,700,000 shares of Common Stock thereunder (subject to adjustment in accordance with the provisions under the caption Adjustments Upon Certain Events below). In no event shall the number of shares subject to awards granted to any eligible director in a calendar year exceed 20,000 Shares (20,000 Shares for an individual who first becomes a director during such calendar year).

Eligibility. Any director of the Company who is not an employee of the Company or any of its subsidiaries as of the date that an award is granted is eligible to participate in the 1998 Directors Plan. All eight non-employee directors of the Company are eligible to participate in the 1998 Directors Plan.

Administration. The 1998 Directors Plan is administered by the Governance and Compensation Committee; provided, however, that any action permitted to be taken by the Committee may be taken by the Board of Directors, in its discretion. The Governance and Compensation Committee has the authority to determine the number of options or other types of awards to be granted to the participants in the 1998 Directors Plan and to establish the terms and conditions of such awards. The Governance and Compensation Committee has the authority to interpret the 1998 Directors Plan, to establish, amend and rescind any rules and regulations relating to the 1998 Directors Plan, and to otherwise make any determination that it deems necessary or desirable for the administration of the 1998 Directors Plan. Members of the Governance and Compensation Committee must be non-employee directors within the meaning of Rule 16b-3 of the Exchange Act.

Adjustments Upon Certain Events. In the event of any change in the outstanding shares of Common Stock by reason of any stock dividend or split, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of stock or other corporate exchange or similar transaction, or any distribution to stockholders of shares of Common Stock other than regular cash dividends, the Governance and Compensation Committee shall adjust the following to the extent necessary to achieve an equitable result: (i) the number or kind of shares or other securities issued or reserved for issuance pursuant to the 1998 Directors Plan or pursuant to the outstanding awards, (ii) the option price and/or (iii) any other affected terms of such awards. In the event of a Change in Control (as defined in the 1998 Directors Plan), awards granted under the 1998 Directors Plan shall accelerate as follows: (i) restrictions on awards of restricted shares shall lapse; (ii) each participant shall receive the target number of performance shares for the performance period in which the Change in Control occurs; and (iii) all stock options shall become immediately vested and exercisable.

Stock Options. The 1998 Directors Plan provides that the option price pursuant to which Common Stock may be purchased shall be determined by the Governance and Compensation Committee, but shall not be less than the fair market value of the Common Stock on the date the option is granted. As of February 20, 2013, the closing price of the Common Stock was $47.37. The term of each option shall be determined by the Governance and Compensation Committee, but no option shall be exercisable more than 10 years after the date of grant. Payment of the purchase price shall be in cash, in shares of Common Stock, partly in cash and partly in such shares, or through the delivery of irrevocable instructions to a broker to deliver promptly to the Company an amount equal to the aggregate option price for the shares being purchased. If a non-employee director s service terminates by reason of death after the first anniversary of the date of grant of an option, the option shall immediately vest in full and may be exercised during the five years after the date of death or during the remaining term of the option, whichever period is shorter. If a non-employee director retires or his or her service terminates by reason of disability after the first anniversary of the date of grant, the option may be exercised during the shorter of the remaining term of the option or five years after the date of retirement or termination of service by reason of disability, provided, however, that if the non-employee director dies within a period of five years after such termination of service, the unexercised portion of the option will immediately vest in full and may be exercised during the shorter of the remaining term or the period that is the longer of five years after the termination of service or one year after the date of death. If a non-employee director retires or his or her service terminates by reason of disability prior to the first anniversary of the date of grant, a pro rata portion of the option shall immediately vest in full and may be exercised thereafter during the shorter of the remaining term of the option or five years after the date of retirement or termination of service by reason of disability, and the portion of the option which is not so exercisable shall terminate as of the date of retirement or disability. Upon a termination of service for any other reason prior to the first anniversary of the date of grant, the option shall thereupon terminate.

Restricted Stock. The Governance and Compensation Committee may award restricted shares of Common Stock under the 1998 Directors Plan. The terms and conditions of any such awards shall be determined by the Governance and Compensation Committee, provided that any such award shall have a minimum one-year vesting requirement. Except as otherwise specified by the Governance and Compensation Committee, restricted stock granted under the 1998 Directors Plan may not be sold, transferred, pledged or assigned. Upon the termination of a non-employee director s service for any reason (including by reason of death, disability or retirement), all

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shares of restricted stock as to which restrictions have not previously lapsed shall be forfeited. Any shares of restricted stock awarded under the 1998 Directors Plan will be registered in the non-employee director s name and such non-employee director shall have voting rights and receive dividends with respect to any restricted stock that he or she receives under the 1998 Directors Plan. The 1998 Directors Plan provides that to the extent permitted by the Governance and Compensation Committee, a non-employee director may elect prior to the end of the calendar year preceding the commencement of the relevant services to defer receipt of any restricted stock granted under the 1998 Directors Plan beyond the vesting date until a fixed date or the date of the Participant s separation from service with the Company and its Affiliates as specified in the election to defer.

Performance Shares. The Governance and Compensation Committee also may award performance shares under the 1998 Directors Plan. Prior to the commencement of a given performance period, the Governance and Compensation Committee shall establish performance goals for the Company for such performance period, as well as the number of performance shares that would be payable upon the attainment of various performance goals during such performance period. Any such award shall have a minimum one-year vesting requirement. As soon as practicable following a given performance period, a non-employee director shall receive unrestricted shares of Common Stock equal to the number of performance shares he or she earned during the performance period. A non-employee director who did not serve on the Board of Directors during an entire performance period shall receive a prorated number of shares based on the actual performance results and on the number of days during the performance period during which he or she served on the Board of Directors. The 1998 Directors Plan provides that to the extent permitted by the Governance and Compensation Committee, a non-employee director may elect to defer payment of any unrestricted shares payable as a result of any performance shares earned, provided that the election is made no later than June 30 of the year immediately preceding the year in which the unrestricted shares are to be paid.

Amendments to and Termination of the 1998 Directors Plan. The 1998 Directors Plan may be amended, altered or discontinued by the Governance and Compensation Committee, except that no amendment may be made which would impair the rights of any non-employee director under any award without the non-employee director s consent. In addition, no amendment may be made without shareholder consent that otherwise would require stockholder approval under NYSE rules or applicable law.

Transferability. Awards under the 1998 Directors Plan are not transferable otherwise than by will or by the laws of descent or distribution, except that the Governance and Compensation Committee may authorize stock options to be granted on terms which permit irrevocable transfer for no consideration by a non-employee director to any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, parent-in-law, child-in-law or sibling-in-law, including adoptive relationships, of the non-employee director, trusts for the exclusive benefit of these persons, and any other entity owned solely by these persons. In addition, the Governance and Compensation Committee may waive the non-transferability provisions of the 1998 Directors Plan to the extent that such provisions are not required under any law, rule or regulation applicable to the Company.

Effectiveness. The 1998 Directors Plan, as amended, became effective on December 11, 2012.

Federal Income Tax Consequences. The following is a discussion of certain U.S. federal income tax consequences relevant to participants in the 1998 Directors Plan who are subject to federal income tax and the Company. It is not intended to be a complete description of all possible tax consequences with respect to awards granted under the 1998 Directors Plan and does not address state, local or foreign tax consequences.

A non-employee director who is granted a non-qualified stock option pursuant to the 1998 Directors Plan will not recognize income at the time the option is granted. Upon the exercise of the option, however, the excess, if any, of the market value of the stock on the date of exercise and the option price will be treated as ordinary income to the non-employee director, and the Company will generally be entitled to an income tax deduction in the same year in an amount measured by the amount of ordinary income taxable to the participant. The non-employee director will be entitled to a cost basis for the stock for income tax purposes equal to the amount paid for the stock plus the amount of ordinary income taxable at the time of exercise. Upon a subsequent sale of such stock, the non-employee director will recognize short-term or long-term capital gain or loss, depending on his or her holding period for such stock.

A non-employee director will not recognize any income at the time an award of shares of restricted stock or performance shares is granted, nor will the Company be entitled to a deduction at that time. In the year in which restrictions on shares of restricted stock lapse, the non-employee director will recognize ordinary income in an amount equal to the excess of the fair market value of the shares on the date of vesting over the amount, if any, the non-employee director paid for the shares. A non-employee director may, however, elect within 30 days after receiving an award of restricted stock to recognize ordinary income in the year of receipt of the award, instead of the year of vesting, equal to the excess of the fair market value of the shares on the date of receipt over the amount, if any, the non-employee director paid for the shares. Similarly, upon the vesting of performance shares, the non-employee director will recognize ordinary income in an amount equal to the fair market value of the shares received. With respect to awards of restricted stock and performance shares, the Company will be entitled to a tax deduction at the same time and in the same amount as the non-employee director recognizes income.

Other. The amounts that will be received by non-employee directors in the future under the 1998 Directors Plan are not yet determinable, as awards are at the discretion of the Governance and Compensation Committee. The numbers of shares subject to options which were awarded in 2012 under the 1998 Directors Plan to the current non-employee directors of the Company are set forth in the table entitled Compensation of Directors above. No other awards were granted in 2012 under the 1998 Directors Plan.

The Board of Directors recommends a vote FOR the approval of the Amended and Restated 1998 Moody s Corporation Non-Employee Directors Stock Incentive Plan.

The table below sets forth, as of December 31, 2012, certain information regarding the Company s equity compensation plans (without giving effect to the approval of the 2001 Stock Incentive Plan or the 1998 Directors Plan, as amended and restated).

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights(2) (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	17,435,859(1)	$ 42.80	11,933,422(3)
Equity compensation plans not approved by security holders			
Total	17,435,859	$ 42.80	11,933,422

(1) Includes 14,496,909 options and unvested restricted shares outstanding under the Company s 2001 Key Employees Stock Incentive Plan, 1,472,041 options and unvested restricted shares outstanding under the Company s 1998 Key Employees Stock Incentive Plan, and 27,993 options and unvested restricted shares outstanding under the 1998 Non-Employee Directors Stock Incentive Plan. This number also includes a maximum of 1,438,916 performance shares outstanding under the Company s 2001 Key Employees Stock Incentive Plan, which is the maximum number of shares issuable pursuant to performance share awards assuming the maximum payout at 200% of the target award for shares granted in 2010 and 2011 and the maximum payout at 225% of the target award for performance shares granted in 2012. Assuming payout at target, the number of shares to be issued upon the vesting of performance shares is 679,345.

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

(3) Includes 8,756,036 shares available for issuance as options, shares of restricted stock, performance shares or other stock-based awards under the 2001 Stock Incentive Plan and 98,685 shares available for issuance as options, shares of restricted stock or performance shares under the 1998 Directors Plan, and 3,078,701 shares available for issuance under the Company s Employee Stock Purchase Plan. No new grants may be made under the 1998 Stock Incentive Plan, which expired by its terms in June 2008.

ITEM 4 APPROVAL OF AMENDMENTS TO THE MOODY S CORPORATION RESTATED CERTIFICATE OF INCORPORATION TO DECLASSIFY THE BOARD AND PROVIDE FOR ANNUAL ELECTION OF ALL DIRECTORS

After careful consideration and upon the recommendation of the Governance and Compensation Committee, which is comprised entirely of independent directors, the Board has unanimously adopted for approval by stockholders proposed amendments to the Company s Restated Certificate of Incorporation to phase out the classification of the Board and provide for the annual election of directors and to revise related provisions of the Restated Certificate of Incorporation, as described below. The Board recommends that the Company s stockholders vote FOR the approval of these amendments to the Restated Certificate of Incorporation.

Article Seventh of the Restated Certificate of Incorporation currently provides that the Board shall be divided into three classes, each class consisting, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board, and members of each class are elected to serve for staggered three-year terms.

The proposed amendments to the Restated Certificate of Incorporation provide for the annual election of directors for one-year terms, commencing upon expiration of the terms existing when the amendments become effective. If approved by the stockholders, the amendments would first apply to directors standing for election beginning with the 2014 annual meeting of stockholders, and the declassification of the Board would be phased in over a period of three years. The amendments would not shorten the existing terms of directors. Accordingly, directors who previously have been elected to three-year terms (including directors elected at this Annual Meeting) will be entitled to complete those terms, and thereafter they or their successors would be elected to one-year terms at each annual meeting of stockholders. Beginning with the 2016 annual meeting, the declassification of the Board would be complete, and the entire Board would stand for election annually for one-year terms. The amendments also provide that any newly created directorship that results from an increase in the number of directors after the effective date of the amendments would be elected for a term expiring at the next succeeding annual meeting of stockholders. Directors elected by the Board to fill vacancies would have the same remaining terms as that of their predecessors. In addition, Delaware law provides that directors serving on boards that are not classified may be removed for or without cause, whereas currently directors can be removed only for cause since the Board is classified. As required by Delaware law, the amendments would permit stockholders to remove directors elected to one-year terms with or without cause. Directors previously elected for and serving out the remainder of a three-year term would continue to be removable only for cause.

The general description of the amendments set forth above is qualified in its entirety by reference to the text of the amendments, which are attached as Appendix C to these proxy materials. Additions to the Restated Certificate of Incorporation are indicated by underlining, and deletions to the Restated Certificate of Incorporation are indicated by strike-outs.

In developing this proposal, the Board (including all members of the Governance and Compensation Committee) considered the views expressed by stockholders at the Company s 2012 annual meeting in support of a stockholder proposal to adopt a declassified board structure. In this regard, the Board recognizes that many investors and commentators believe that the annual election of directors is the primary means for stockholders to influence corporate governance policies and hold directors accountable for implementing those policies.

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The Board also considered the arguments in support of classified boards, as set forth in the Company s proxy statement for its 2012 annual meeting. Among those considerations, classified boards provide a measure of protection against hostile acquisitions and proxy contests because they increase the time necessary to elect directors who constitute a majority of the board, thereby providing the board the time and flexibility necessary to evaluate the adequacy and fairness of any takeover proposal, negotiate on behalf of all stockholders and weigh alternative methods of maximizing stockholder value for all stockholders, without the threat of imminent removal of a majority of board members. In addition, as discussed above, because the Board is classified, currently directors can be removed only for cause, whereas under Delaware law directors elected to a board that is not classified can be removed with or without cause. Accordingly, if this proposal is approved and implemented, it would be easier for one or more stockholders holding a large number of shares, whether an existing or long-term stockholder or one that accumulates a large position in or for a short period of time, to replace the entire Board at once.

After consideration of these factors, the Board determined that the amendments are consistent with a number of other governance practices initiated by the Board that address director accountability, and that the Board will continue to be able to provide independent oversight and be effective in protecting stockholder interests. As a result, the Governance and Compensation Committee and the Board of Directors have considered this matter, adopted resolutions setting forth the proposed amendments to the Restated Certificate of Incorporation, declared these amendments advisable and unanimously resolved to submit the amendments to the Company s stockholders for consideration.

If the Company s stockholders approve the amendments, the amendments will become legally effective upon the filing of a certificate of amendment to the Company s Restated Certificate of Incorporation with the Delaware Secretary of State. The Company intends to make that filing after the Annual Meeting. However, if the Company s stockholders approve the amendments, the Board retains discretion under Delaware law not to implement the amendments. If the Board exercises this discretion, it will publicly disclose that fact and the reason for its determination. In addition, the Company intends to file an amended and restated Certificate of Incorporation to integrate these amendments and other amendments that have been adopted in the past into a single document. The Board has also approved conforming amendments to Article II of the Company s By-laws, contingent upon stockholder approval and implementation of the declassification amendments. If the Company s stockholders do not approve the amendments, the Board will remain classified.

The Board of Directors recommends a vote FOR the amendments to the Restated Certificate of Incorporation to declassify the Board.

ITEM 5 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, 2013. KPMG LLP audited the consolidated financial statements of the Company for the year ending December 31, 2012.

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 2013 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 2013.

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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, 2012 and 2011, (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 subsidiaries, were approximately $2.4 and $2.3 million in 2012 and 2011, respectively. These fees included amounts accrued but not billed of $1.6 million and $1.3 million in the years ended December 31, 2012 and 2011, respectively.

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, 2012 and 2011. 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, 2012 and 2011 were approximately $0.1 million and $0, respectively.

All Other Fees

The aggregate fees billed for all other services rendered to the Company by KPMG LLP for the years ended December 31, 2012 and 2011 were approximately $0 and $0, respectively.

ITEM 6 ADVISORY RESOLUTION APPROVING EXECUTIVE COMPENSATION

We are asking stockholders to vote on an advisory resolution approving the compensation of the Company s executives who are named in the Summary Compensation Table which appears on page 55 (referred to as the Named Executive Officers or NEOs) in this Proxy Statement. As described in the Compensation Discussion and Analysis section of this Proxy Statement, 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 operating (non-financial) in nature.

Moody s delivered strong financial results throughout 2012, despite ongoing economic uncertainty, with management exceeding the financial goals set for them in 2012. The Company s full-year 2012 results reflected strong financial performance in Moody s Investors Service, especially in Corporate Finance with strong issuance in both the investment-grade and speculative-grade markets, and growth in many areas of Moody s Analytics. 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, including the following:

- ***Long-Term Performance-Based Shares*** For each of the past three years, the Company has granted three-year performance-based share awards with performance thresholds based on the Company s cumulative profitability (measured in EPS or EBITDA), Moody s Investors Service s ratings accuracy performance, and Moody s Analytics cumulative sales over the relevant three-year period. Dividends do not accrue on unvested shares;

- ***Balanced Mix of Performance-Based Equity Awards*** NEOs are granted a balanced mix of long-term equity awards split 40% in the form of stock options and 60% in performance-based share awards;

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- ***Clawback Policy*** Annual cash incentive payments and performance-based share awards are subject to the Company s clawback policy under which amounts can be recouped in the case of a financial restatement, fraud or other misconduct;

- ***Limited Executive Employment Agreements*** The Company does not maintain employment agreements with its executives, including the NEOs, except for Mr. Madelain s statutorily required agreement under United Kingdom law;

- ***No Automatic Cash-Based Payments Upon a Change in Control*** The Company does not provide single-trigger cash payments that are prompted solely by a change in control;

- ***Limited Executive Perquisites*** The Company does not provide perquisites or other personal benefits with an aggregate value of more than $10,000 to its NEOs, other than Mr. Madelain, who received a modest car allowance (as is the practice in the United Kingdom for corporate officers);

- ***No Tax Gross-ups*** The Company does not provide any tax gross-ups on perquisites or change-in-control payments;

- ***Stock Ownership Guidelines*** In 2012, the Company increased the CEO s stock ownership requirements to six times base salary and implemented a requirement that executives and non-management directors who are subject to the Company s robust stock ownership guidelines must retain a significant percentage (75%) of the net shares received through equity awards until satisfying their ownership goals; and

- ***Anti-Hedging Policy*** The Company prohibits executive officers and directors from hedging Company shares, engaging in speculative transactions or pledging shares through a margin account.

We urge stockholders to read the CD&A beginning on page 37 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 55, which provide detailed information on the compensation of our 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 2013 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 2013 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 2014 annual meeting of stockholders.

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

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below sets forth the number of shares of Common Stock beneficially owned as of the dates indicated by (i) each director and nominee for director of the Company, (ii) each named executive officer listed in the Summary Compensation Table below (the Named Executive Officers or NEOs), and (iii) 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 beneficially owned by directors and executive officers as of December 31, 2012 (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, 2012, 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	420,474(4)		*
Basil L. Anderson	28,787	11,366	*
Jorge A. Bermudez	6,143		*
Darrell Duffie	18,523		*
Robert R. Glauber	34,357	1,705	*
John J. Goggins	312,384		*
Kathryn M. Hill	4,327		*
Linda S. Huber	417,310		*
Ewald Kist	26,479		*
Michel Madelain	272,266		*
Raymond W. McDaniel, Jr.	1,210,571(5)		*
Henry A. McKinnell, Jr.	107,729	1,709	*
John K. Wulff	35,787	18,030	*
All current directors and executive officers as a group (17 persons)	3,408,449	32,810	1.5%
Berkshire Hathaway, Inc.	28,415,250(6)(7)		12.7%
Warren E. Buffett, OBH, Inc., GEICO Corporation,			
Government Employees Insurance Company and National			
Indemnity Company, 3555 Farnam Street, Omaha, Nebraska 68131			
Capital World Investors	15,162,400(8)		6.8%
333 South Hope Street, Los Angeles, California 90071			
The Vanguard Group	12,040,073(9)		5.4%
P.O. Box 2600, V26, Valley Forge, Pennsylvania 19482-2600			

* Represents less than 1% of the outstanding Common Stock.

(1) Includes the maximum number of shares of Common Stock that may be acquired within 60 days of December 31, 2012, upon the exercise of vested stock options as follows: Mr. Almeida 300,102; Mr. Goggins 272,376; Ms. Huber 382,270; Mr. Madelain 235,683; Mr. McDaniel 1,058,478; and all current directors and executive officers as a group 2,667,931. Also includes the following shares of restricted stock over which the Named Executive Officers and directors had voting (but not dispositive) power as of December 31, 2012: Mr. Almeida 7,958; Mr. Anderson 3,367; Mr. Bermudez 3,367;

Dr. Duffie 3,367; Mr. Glauber 3,367; Mr. Goggins 7,958; Ms. Hill 3,367; Ms. Huber 8,842; Mr. Kist 3,367; Mr. Madelain 7,958; Mr. McDaniel 0; Dr. McKinnell 4,424; and Mr. Wulff 3,367; and all current directors and executive officers as a group 120,497.

(2) Consists of stock units (payable to non-management directors after retirement), the value of which is measured by the price of the Common Stock, received under various non-management director compensation arrangements of the Company and its predecessor. These units do not confer voting rights and are not considered beneficially owned shares of Common Stock under SEC rules. Additional stock units accrue over time to reflect the deemed reinvestment of dividends.

(3) Percentages are based upon the number of shares outstanding as of December 31, 2012.

(4) This amount includes 1,000 shares of Common Stock owned by a trust for Mr. Almeida s sister.

(5) This amount includes 2,000 shares of Common Stock owned by Mr. McDaniel s spouse.

(6) As set forth in Amendment No. 2 to the Schedule 13G jointly filed with the SEC on February 14, 2011 by Warren E. Buffett, Berkshire Hathaway Inc., OBH, Inc., GEICO Corporation, Government Employees Insurance Company and National Indemnity Company, (a) each of Mr. Buffett, Berkshire Hathaway Inc., OBH, Inc. and National Indemnity Company had shared voting power and shared dispositive power with respect to 28,415,250 shares reported in such Amendment No. 2 to the Schedule 13G and (b) each of GEICO Corporation and Government Employees Insurance Company had shared voting power and shared dispositive power with respect to 15,719,400 of such 28,415,250 shares.

(7) This address is listed in Amendment No. 2 to the Schedule 13G jointly filed with the SEC on February 14, 2011 as the address of each of Mr. Buffett, Berkshire Hathaway Inc. and OBH, Inc. The address of National Indemnity Company is listed as 3024 Harney Street, Omaha, Nebraska 68131; and the address of GEICO Corporation and Government Employees Insurance Company is listed as 1 GEICO Plaza, Washington, D.C. 20076.

(8) As set forth in Amendment No. 4 to the Schedule 13G filed with the SEC on February 13,2013 by Capital World Investors, Capital World had sole voting power with respect to 12,712,400 of such 15,162,400 shares as of December 31, 2012.

(9) As set forth in Schedule 13G filed with the SEC on February 13, 2012 by The Vanguard Group, The Vanguard Group had sole voting power of 341,692 shares and sole dispositive power of 11,716,473 of such 12,040,073 shares as of December 31, 2012.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company s directors and executive officers and persons who beneficially own more than 10% of a registered class of the Company s equity securities to file with the SEC reports on Forms 3, 4 and 5 concerning their ownership of, and transactions in, the Common Stock and other equity securities of the Company. As a practical matter, the Company assists its directors and executives by monitoring transactions and completing and filing reports on their behalf.

Based solely on the Company s review of copies of such reports furnished to the Company and written representations that no other reports are required, the Company believes that all of its executive officers and directors and those greater-than-10% stockholders that filed any reports for the year ended December 31, 2012 reported all transactions on a timely basis, with the exception of a filing by Dr. McKinnell reporting eleven quarterly purchases made pursuant to automatic dividend reinvestments from 2010 to 2012. These purchases were subsequently reported on a Form 5.

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COMPENSATION DISCUSSION AND ANALYSIS

Moody s executive compensation programs are designed to foster and maintain a strong, capable, experienced and motivated executive team with the ability to manage the business during challenging times and to evolve the Company s practices as changes in the market warrant by aligning compensation with business performance. This discussion and analysis provides a guide to Moody s executive compensation program and explains the decisions of the Governance and Compensation Committee (the Committee) regarding compensation reported for 2012 for Raymond W. McDaniel, Jr., the Chief Executive Officer (referred to as the CEO), and the other executive officers named in the Summary Compensation Table on page 55 (together with the CEO, referred to as the Named Executive Officers or NEOs).

Executive Summary

Improved Business Results Considered

Moody s delivered strong financial results throughout 2012, despite ongoing economic uncertainty, with management exceeding the financial goals set for them in 2012. The Company s full-year 2012 results reflected strong financial performance in Moody s Investors Service (MIS), especially in Corporate Finance with strong issuance in both the investment-grade and speculative-grade markets, and growth in many areas of Moody s Analytics (MA). Throughout the year, the Company confronted obstacles as the worldwide economic situation impacted the credit markets and MIS and other credit rating agencies continued to be the subject of heightened scrutiny, especially in Europe, and increased regulation.

The highlights of the Company s improved financial performance include:

- 2012 revenue totaling $2,730.3 million, reflecting an increase of 20% from $2,280.7 million for 2011.
- 2012 operating income of $1,077.4 million increased 21% from $888.4 million for 2011.
- 2012 diluted earnings per share (EPS) of $3.05 grew 22% from $2.49 in 2011.
- Successful integration of Barrie & Hibbert Ltd.

These operating and financial performance achievements formed the basis for the Committee s award determinations.

- For the NEOs (all of whom were NEOs in 2011 as well), cash incentive awards ranged from approximately 135% of target to 190% of target. This level of payout reflects Moody s strong business performance and results outlined above.
- The grant date fair value of the long-term equity incentive award granted to the CEO in February 2012 was approximately 18% higher than the 2011 award value. The grants awarded to the NEO group (excluding the CEO) in February 2012 increased on average by approximately 9% from the value of the February 2011 awards. This increase reflected the Company s 2011 performance, as well as a review conducted by the Committee s compensation consultant, which indicated that Moody s equity awards had fallen behind those of its peer group. In order to remain competitive, and in light of the strong 2011 financial performance, the Committee determined an increase was appropriate.
- The first performance share cycle ended December 31, 2012, resulting in a payout of 135.7% of target for MIS, 161.2% of target for Moody s Shared Services and 167.4% of target for MA of performance shares granted for the 2010-2012 performance cycle, due to surpassing the three year performance targets on a combined basis.

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Governance Highlights

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

- ***Long-Term Performance-Based Shares*** For each of the past three years, the Company has granted three-year performance-based share awards with performance thresholds based on the Company s cumulative profitability (measured in EPS or EBITDA), Moody s Investors Service s ratings accuracy performance, and Moody s Analytics cumulative sales over the relevant three-year period. Dividends do not accrue on unvested shares;

- ***Balanced Mix of Performance-Based Equity Awards*** NEOs are granted a balanced mix of long-term equity awards split 40% in the form of stock options and 60% in performance-based share awards;

- ***Clawback Policy*** Annual cash incentive payments and performance-based share awards are subject to the Company s clawback policy under which amounts can be recouped in the case of a financial restatement, fraud or other misconduct;

- ***Limited Executive Employment Agreements*** The Company does not maintain employment agreements with its executives, including the NEOs, except for Mr. Madelain s statutorily required agreement under United Kingdom law;

- ***No Automatic Cash-Based Payments Upon a Change in Control*** The Company does not provide single-trigger cash payments that are prompted solely by a change in control;

- ***Limited Executive Perquisites*** The Company does not provide perquisites or other personal benefits with an aggregate value of more than $10,000 to its NEOs, other than Mr. Madelain, who received a modest car allowance (as is the practice in the United Kingdom for corporate officers);

- ***No Tax Gross-ups*** The Company does not provide any tax gross-ups on perquisites or change-in-control payments;

- ***Stock Ownership Guidelines*** In 2012, the Company increased the CEO s stock ownership requirements to six times base salary and implemented a requirement that executives and non-management directors who are subject to the Company s robust stock ownership guidelines must retain a significant percentage (75%) of the net shares received through equity awards until satisfying their ownership goals; and

- ***Anti-Hedging Policy*** The Company prohibits executive officers and directors from hedging Company shares, engaging in speculative transactions or pledging shares through a margin account.

Philosophy of the Executive Compensation Program

Moody s executive compensation program is designed to:

- **Link** a substantial part of each executive s realized compensation to the achievement of the Company s financial and operating objectives and to the individual s performance.

Align executives rewards with changes in the value of stockholders investments.

We implement this **linkage** and **alignment** by:

- awarding the NEOs annual cash incentive compensation that is based on the Company s performance against financial objectives specified at the beginning of the performance year and an evaluation of individual, qualitative and largely operational (non-financial) accomplishments and performance during that year;

- using Company performance (which for 2012 was based on the Company s operating income and EPS) to determine the overall funding of the annual cash incentive compensation pool that will be distributed to the NEOs;

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establishing the targeted long-term equity award mix for the CEO at 40% options and 60% performance shares, in order to tie his realizable compensation directly to pre-established performance goals and future increases in shareholder value;

providing long-term equity-based incentives in the form of performance shares that will be earned following the completion of a three-year performance period only if certain performance goals are achieved or exceeded and stock options that will deliver value to the executives only if shareholder value increases from the date the awards are granted; and

basing thresholds for 2012-2014 performance shares on the Company s EBITDA (including future acquisitions, if any), MIS s ratings accuracy performance and MA s sales over the three-year period (including future acquisitions, if any). The weights of these metrics vary depending on each NEO s role and responsibilities.

Provide a **competitive** total compensation package that will **motivate** the Company s executives to perform at a superior level and will assist in incentivizing and retaining the executives. When designing the total compensation package, we compare data to that of a group of select peer companies and the broader financial services industry, as discussed further in the Peer and Market Review section beginning on page 48. Additionally, when making NEO compensation decisions, we consider each NEO s skills, experience, tenure and performance during the prior year.

ELEMENTS OF MOODY S COMPENSATION PROGRAM

The following table lists the elements of Moody s 2012 executive compensation program and the primary purpose of each:

Element	Form	Objectives and Basis
Base Salary	Cash	Base salary is intended to provide a level of pay that is appropriate given professional status, job content, market value, accomplishments and internal equity.
		Moody s generally sets base salaries for each NEO at the approximate median of salaries of executives in similar positions within the peer group and/or the broader financial services market, but has discretion to pay above or below the targeted amount based on factors such as experience, performance and retention. Moody s believes it is important to retain discretion and judgment in determining base salary levels in order to attract and retain superior talent and to reward officers with a greater scope of responsibilities or deeper experience than their peers within the peer group and/or the broader financial services market.
Annual Cash Incentives	Cash	Annual cash incentives are intended to reward performance and assist in motivation and retention of management.
		Individual target amounts are set at the approximate median based upon a competitive review against the peer group and/or the broader financial services market as well as internal pay equity.

Award payouts are finalized at the Committee s February meeting following the performance year in question to reflect both the Company s financial performance and the outcome of a review of each NEO s performance against his or her annual objectives; actual payouts are typically made at the beginning of March following the performance year in question.

Awards customarily are made under the 2004 Plan, which stockholders re-approved in 2010, although the Committee retains discretion to pay discretionary cash incentives outside of the 2004 Plan when circumstances warrant.

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Element	Form	Objectives and Basis
Long-Term Incentive Compensation	Performance Shares and Stock Options	To help balance the need to motivate the NEOs to drive long-term stockholder value, to manage the number of shares used to deliver equity awards, and to allow the Company to measure and reward a broader set of long-term goals, the Committee delivers equity incentive compensation in part through stock options and in part through performance-based shares as measured by grant date value.
		The aggregate grant date value of long-term equity incentive compensation awards generally is targeted at the approximate median of executives in the peer group and/or the broader financial services market, although the Committee retains discretion to adjust awards based on the Company s performance, the NEO s role in that performance, the need for retention of that NEO, and company affordability.
		Stock options have a strike price of no less than 100% of the average market price of our common stock on the date of grant and vest based on continued service over four years in annual 25% increments, which means that executives: (i) will realize value from their awards only if the market price of the Company s stock appreciates above the options exercise price after the options have vested, and (ii) will be motivated to remain with the Company due to the multi-year vesting schedule. Stock options expire ten years after grant date.
		Performance shares will be earned following the completion of a three-year performance period only if pre-established performance goals are met or exceeded. For the 2012-2014 performance period, these performance thresholds are based on the Company s aggregate EBITDA (including future acquisitions, if any), MIS s ratings accuracy performance, and MA s aggregate sales over the three-year period. The weights of these metrics vary depending on each NEO s role and responsibilities.
		Equity award grants are made three business days after the release of the Company s year-end earnings.
Perquisites	Limited	Moody s does not provide any NEO perquisites or other personal benefits with an incremental cost greater than $10,000, other than a modest car allowance provided to Mr. Madelain (as is the practice in the UK for corporate officers).
Retirement Benefits	Broad-based and non-tax qualified plans	**Defined Contribution Plans.** Moody s offers its U.S. employees, including the NEOs, the opportunity to participate in a tax-qualified defined contribution plan, the Profit Participation Plan, and offers highly compensated senior management, including the NEOs who reside in the U.S., a voluntary deferred compensation plan (the Moody s Corporation Deferred Compensation Plan, or DCP).

Element	Form	Objectives and Basis
		The primary purpose of the DCP is to allow certain employees to make pre-tax deferrals into a nonqualified plan and to receive the maximum company match on compensation without regard to IRS limits that apply to the Profit Participation Plan. The Company match only applies to deferrals in excess of the IRS limit on compensation that can be taken into account under a tax-qualified defined contribution plan. In addition, the Company will credit to the DCP employer contributions that would have been made to the Profit Participation Plan but for the application of the IRS compensation limit.
		Additional information regarding the DCP is found on page 64.
		Defined Benefit Plans. Moody s also maintains defined benefit pension plans that are closed to new participants. These plans are the Moody s Corporation Retirement Account (the Retirement Account), the Pension Benefit Equalization Plan (PBEP) and the Supplemental Executive Benefit Plan (SEBP). The Retirement Account, together with the PBEP, provides income upon retirement based on a percentage of annual compensation. The Retirement Account has been closed to new participants since December 31, 2007 and the SEBP, which has only three participants, was closed to new participants as of January 1, 2008. The SEBP is a non-tax qualified defined benefit pension plan designed to ensure the payment of a competitive level of income and disability payments to participants.
		More details regarding the Retirement Account, the PBEP and the SEBP are provided in the narrative following the Pension Benefits Table for 2012 on page 61. Mr. Madelain participates in Moody s UK Group Personal Pension Plan, described on page 63.

Weighting of Elements Fixed versus At Risk Compensation

For 2012, the Company reviewed data from its peer group and the broader financial services market, as discussed in further detail in the Peer and Market Review section beginning on page 48. The Committee, based on the recommendations of the CEO (excluding with respect to his own pay) and the Committee s independent compensation consulting advisor, Meridian Compensation Partners LLC, has determined the large majority of an NEO s total direct compensation package should be at risk, meaning the amounts that may ultimately be realized by an executive can vary based on performance. The at risk elements of an NEO s direct compensation are delivered in the form of annual cash incentives and long-term equity awards consisting of stock options and performance shares. The Committee concluded that approximately 20% to 30% of the NEO group s target total direct compensation should be fixed and approximately 70% to 80% should be in the form of at risk compensation for 2012. The Company did not have a target weight for each element of compensation in 2012.

	Total Target Direct Compensation(1)			
Name	% that is Base Salary	% that is Target Annual Incentive	% that is Target Equity	% that is At Risk(2)
Raymond W. McDaniel	17%	26%	57%	83%
Linda S. Huber	24%	26%	50%	76%
Michel Madelain	24%	25%	51%	76%
Mark E. Almeida	25%	26%	49%	75%
John J. Goggins	31%	25%	44%	69%

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(1) Total Target Direct Compensation is the sum of the base salary, target annual cash incentive and grant date fair value of equity awards.

(2) Includes annual incentive target award amount and target equity grant.

2012 Compensation Decisions

Base Salary

The base salaries paid to the NEOs during 2012, below, also are reported in the Summary Compensation Table on page 55.

Name	2011 Base Salary	Base Salary 2012 Base Salary	Percentage Change
Raymond W. McDaniel	$ 954,800	$ 974,000	2%
Linda S. Huber	546,300	568,000	4%
Michel Madelain(1)	487,697	507,049	4%
Mark E. Almeida	477,500	497,000	4%
John J. Goggins	449,900	468,000	4%

(1) Mr. Madelain s compensation figures are shown in the table in U.S. dollars. However, certain elements of his compensation were paid in British pounds sterling. An exchange rate of 1.6262 from The Federal Reserve Bank as of December 31, 2012 was used to calculate the U.S. dollar amount. For the purpose of comparing 2011 Base Salary to 2012 Base Salary, the same exchange rate as of December 31, 2012 has been used.

The Committee determined that a 2% base salary increase was appropriate for Mr. McDaniel in order to keep his total direct compensation in line with competitive benchmarks. The Committee increased salaries approximately 4% for the other NEOs in order to maintain competitive, fixed compensation levels.

Annual Cash Incentives

Each NEO has an annual cash incentive target that can be earned based upon performance against both financial and individual operational objectives. Cash incentives for 2012 were paid out at 135% to 190% of target based upon financial and individual performance and the results of an Institutional Investor Satisfaction survey.

Process for Determining Annual Cash Incentives

Funding of Cash Incentive Pool. The cash incentive pool is funded based on the Company s financial performance against its goals; for 2012, goals were set equal to budget. The target performance goals that the Committee sets are intended to be aspirational and challenging, but achievable. When the Committee set the NEO s targets, the members believed that exceeding the targets would require extraordinary efforts individually and collectively by the NEOs. Therefore, in order to receive the maximum cash incentive payments, management would have to exceed targets by approximately 20%, reflecting extraordinary performance. For 2012, funding of the cash incentive pool was based on a combination of Company operating income, Moody s Analytics operating income, Moody s Investors Service operating income and EPS goals relative to target; the weighting of each measure differed depending on the individual s area of responsibility. Company operating income, MIS and MA operating income, and Company EPS goals serve as the basis for targets in order for cash incentive payouts to reflect achievement against expectations for profitability. The NEO cash incentive pool for 2012 was funded at 168.3% due to the fact that the metrics exceeded targets. The performance goals and results are described below under Company Performance.

Adjustment to Cash Incentive Pool. After the cash incentive pool is funded, the Committee can make adjustments to the formulaic payout percentage based on the results of a fixed-income Institutional

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Investor Satisfaction Survey conducted on behalf of the Company by an independent third party. The results of that survey are described below under Institutional Investor Satisfaction. For 2012, the NEO cash incentive formulaic payout percentage was adjusted upward by 7% of aggregate bonus targets based on improved Investor Satisfaction Survey results. This resulted in the NEO cash incentive pool being funded at 175.3%.

Allocation of Cash Incentive Pool. The amount of cash incentive funding awarded to each individual NEO is determined based upon an assessment of that individual s performance against qualitative, largely operational objectives established for the year. These are described below under Individual Performance.

2012 Annual Cash Incentive Program Performance Results

Company Performance. Company performance for corporate-level executives (Messrs. McDaniel and Goggins and Ms. Huber) was measured 50% based on Company operating income results and 50% based on EPS results, reflecting those executives roles in both the overall financial and operating results of the Company. Performance for executives primarily responsible for Moody s two business units (Messrs. Madelain and Almeida) was measured 25% based on Company operating income results, 25% based on EPS results and 50% based on MIS or MA operating income, respectively, in order to further enhance the connection between their direct business unit responsibilities and their annual incentive compensation.

	Performance Metric			
Name	**MCO Operating Income**	**MA Operating Income**	**MIS Operating Income**	**EPS**
Raymond W. McDaniel	50%			50%
Linda S. Huber	50%			50%
Michel Madelain	25%		50%	25%
Mark E. Almeida	25%	50%		25%
John G. Goggins	50%			50%

For 2012, performance in-line with the Company s budget for operating income and EPS would result in 100% funding of the target cash incentive pool. For the 2012 plan year, maximum incentive funding was 200% of target. Performance below the threshold would result in no funding.

Moody s operating income and EPS goals for 2012 were $970.0 million and $2.67 (growth of 9.2% and 8.5%), respectively. The Company actually achieved operating income of $1,107.3 million and diluted EPS of $3.02 (growth of 15.5% and 14.2%, respectively).

The MIS and MA operating income goals were $811.5 million and $158.5 million, respectively. The actual operating income results were $953.5 million for MIS and $153.8 million for MA.

Annual Incentive Pool Funding Metrics

	Threshold Funding	**Target Funding**	**Maximum Funding**	**Actual Funding/Performance**
MCO Operating Income	$ 791.2 million	$ 970.0 million	$ 1,148.9 million	$ 1,107.3 million
MIS Operating Income	$ 658.3 million	$ 811.5 million	$ 964.8 million	$ 953.5 million
MA Operating Income	$ 132.9 million	$ 158.5 million	$ 184.1 million	$ 153.8 million
Diluted EPS	$ 2.17	$ 2.67	$ 3.17	$ 3.02

Institutional Investor Satisfaction. In 2009, the Committee added an institutional investor satisfaction survey (performed by an independent third party) modifier to the NEOs annual cash incentive program in order to take into account input from users of Moody s products in setting compensation. The survey is comprised of approximately 100 questions in total, five of which were used for compensation

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analysis. Respondents were asked for their perceptions of Moody s and Moody s competitors in the market where the respondent is based. The questions used as a basis for the compensation modifier were as follows: (1) Overall, how has Moody s met your business needs and expectations over the past 12 months? (2) Does Moody s provide predictive ratings? (3) Is Moody s an authoritative source on issues or events affecting the market? (4) Does Moody s clearly and consistently communicate information about its rating decisions, methodology and models? and (5) Does Moody s provide high quality and insightful research? This survey modifier adjusts the total funding of the annual cash incentive program by up to 10% based on achievements versus the Company s customer value goals.

The Company s institutional investor goals for 2012 were consistent with 2011. The two primary goals were management s ability to (i) continue to enhance positive investor impressions of Moody s products and services and (ii) reduce less favorable impressions of the Company in the marketplace. The survey results do not produce a direct numerical adjustment by the Committee; it is a subjective analysis of (i) the degree to which positive impressions increase and negative impressions decrease versus the previous year; and (ii) the degree to which the impressions of Moody s are meaningfully different relative to the impressions of Moody s competitors included in the survey. For 2012, the Committee adjusted the cash incentive pool upward by 7%, reflecting overall survey results that improved versus the Company s prior year performance.

Individual Performance. The Committee retains the discretion to set individual award payouts under the 2004 Plan based upon its subjective evaluation of the NEO s satisfaction of his or her performance against operational objectives. For that reason, and after considering the recommendation of the CEO (except with respect to his award), the Committee may adjust the recommended award amount. This adjustment could result in actual 2004 Plan awards deviating from the performance achievement award level. In addition to corporate financial performance, the individual performance goals evaluated when determining each NEO s actual annual incentive award payouts are described below.

Mr. McDaniel: The Committee determined, based on Mr. McDaniel s achievement of (i) enhancing product and service quality, including to continue to raise awareness in both the public and private sectors of the role and function of ratings and overseeing the development and dissemination of policy-level proposals for changes in rating system management, (ii) managing risk, by maintaining constructive communication channels with oversight authorities on a global basis and managing the regulatory process so that MIS can continue to operate independently and successfully and contributing to positive market outreach initiatives to ensure that Moody s positions are communicated, (iii) supporting growth in ratings and non-ratings businesses, and (iv) successfully balancing near-term financial objectives with investments for long-term growth, including guiding the successful integration of businesses acquired in late 2011, to pay Mr. McDaniel 171% of his target annual cash incentive.

Ms. Huber: The Committee determined, based on Ms. Huber s (i) contributions to the Company s operating income and EPS performance that exceeded growth targets by 15.5% and 14.2%, respectively, (ii) coordination of outreach relating to Moody s ratings and financial performance, (iii) executing a new revolving credit facility at competitive rates, (iv) successfully completing a public debt offering for $500 million at a competitive rate, (v) continued support of corporate governance initiatives, including the deployment of an IT governance framework, (vi) management of data protection and information security programs, including website security, and (vii) management of budget and the Company s capital position, while maintaining financial flexibility, to pay Ms. Huber 162% of her target annual cash incentive.

Mr. Almeida: The Committee determined that, based on Mr. Almeida s (i) contributions to the Company s operating income and EPS performance that exceeded growth targets by 15.5% and 14.2%, respectively, (ii) focus on the expansion of the market presence and scale of MA including the placement of products and services with banks and insurance companies worldwide, (iii) business development efforts, including the oversight of the integration of two entities acquired in 2011, (iv) focus on the continued expansion of the visibility of MA, building awareness of it as an independent source of risk analytics and its leadership position in quantitative credit risk technology, (v) continued marketing and investor outreach support to reinforce demand for MIS ratings, and (vi) attention to achieving further organizational maturity across MA and among individual business units, emphasizing values of collaboration, customer focus, innovation, commercial effectiveness and operational effectiveness, to pay Mr. Almeida 135% of his target annual cash incentive.

Mr. Madelain: The Committee determined that, based on Mr. Madelain s (i) contributions to the Company s operating income and EPS performance that exceeded growth targets by 15.5% and 14.2%, respectively, as well as MIS s performance (ii) continued work in the area of outreach regarding the quality of Moody s ratings, credibility and transparency, (iii) work to maintain the pace of enhancements to ratings and research quality, (iv) supervision of the effective implementation of the global regulatory frameworks, (v) focus on improvement to the infrastructure and efficiency in areas that are resource intensive (data and surveillance), and (vi) deepening the impact of the changes introduced to date on the organization, to pay Mr. Madelain 190% of his target annual cash incentive.

Mr. Goggins: The Committee determined that, based on Mr. Goggins (i) management of contingent liability, litigation, government investigations, and regulatory risk, (ii) oversight of the implementation of and compliance with all applicable laws and regulations, including SEC rules and European Union directives, and evaluation of regulatory and legislative developments, (iii) interaction with regulators regarding these developments, and (iv) support of MIS and MA business initiatives, to pay Mr. Goggins 180% of his target annual cash incentive.

2012 Annual Cash Incentive Program Payouts

This year s Company financial performance resulted in funding for the NEOs under the 2004 Plan, with the resulting annual cash incentive awards as shown in the table below:

Name	2012 Target Cash Incentive Under 2004 Plan	2012 Maximum Cash Incentive Under 2004 Plan	2012 Actual Cash Incentive Paid Under 2004 Plan
Raymond W. McDaniel	$ 1,460,000	$ 2,920,000	$ 2,502,110
Linda S. Huber	613,000	1,226,000	995,400
Michel Madelain(1)	534,532	1,041,581	1,015,562
Mark E. Almeida	501,000	1,002,000	674,300
John J. Goggins	375,000	750,000	676,600

(1) Mr. Madelain s compensation figures are shown in the table in U.S. dollars. However, certain elements of his compensation were paid in British pounds sterling. An exchange rate of 1.6262 from The Federal Reserve Bank as of December 31, 2012 was used to calculate the U.S. dollar amount.

Long-Term Equity Incentive Compensation

2012 Long-Term Equity Incentive Mix

For 2012, equity grants were made in February based upon the Committee s evaluation of 2011 performance and the level of each NEO s target total direct compensation in comparison to the peer group and the financial services industry. In 2012, the aggregate long-term equity compensation awards granted for the NEO group in February were between the 25th and 50th percentile of executives in the comparative groups. Since 2010, long-term equity grants have been awarded in the form of stock options and three-year performance shares. For 2012, the Committee determined that, for all of the NEOs, 60% of equity value would continue to be granted in the form of performance-based shares in order to maintain the NEOs focus on financial and non-financial performance. In making these decisions, the Committee also considered the need to manage the number

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of shares used to deliver equity awards, and to allow the Company to measure and to balance incentives based on financial and operational goals with rewards that are tied more directly to shareholder value. Furthermore, the Committee increased the maximum payout for long term equity compensation from 200% to 225%.

Stock options. Stock options vest based on continued service over four years in annual 25% increments, which means (i) executives will realize value from their awards only if the market price of the Company s stock appreciates above the options exercise price after the options have vested, and (ii) executives are motivated to remain with the Company due to the multi-year vesting schedule. The Committee believes that because value is realized only if the Company s stock price rises, that stock options are performance-based compensation. Stock options expire ten years after the grant date.

Performance shares. The performance shares will be earned following the completion of a three-year performance period if certain cumulative performance goals are achieved or exceeded. For the 2012-2014 performance period, aggregate EBITDA (including future acquisitions, if any), MIS s ratings accuracy performance and aggregate MA s sales served as the performance thresholds. The Committee decided, based on the recommendation of the CEO, to modify the performance metric of Company profitability so that it would be measured by EBITDA (including future acquisitions, if any) instead of EPS, which was one of the measures the Company used prior to 2012. This change was recommended to better align management incentives with the Company s strategy in the event acquisitions are made. The Committee also decided that the impact of MA acquisitions would be included when measuring MA Sales, with acquired sales receiving a lower weighting than organic sales. In 2010 and 2011, acquisitions were not included in MA Sales targets and therefore not included in the final MA Sales measurement. MIS ratings accuracy continued to be measured as it has in the past. These three metrics were chosen because they incentivize management to consider the long and medium-term impact of business decisions, and they balance financial and operational factors for business success.

The weights of these three performance goals vary depending on each NEO s role and responsibilities. The weighting of each performance measure differs based on the corporate entity in which a participant operates, as reflected in the table below:

	MIS	MA	MCO/Shared Services
Performance Measure	**Michel Madelain**	**Mark E. Almeida**	**Raymond W. McDaniel** **Linda S. Huber** **John J. Goggins**
MCO Profitability	50%	50%	60%
MIS Ratings Quality	50%	0%	20%
MA Sales	0%	50%	20%

The Committee believes these weights to be appropriate based on the individuals more direct involvement with certain corporate entities. All NEOs have an incentive to contribute to the overall Company s profitability, while Mr. Madelain s and Mr. Almeida s performance shares are more directly tied to the MIS and MA entities that they operate, respectively.

2012 Long-Term Equity Incentive Grant Levels. In determining the value of equity granted to the NEOs, in addition to the items noted in the following paragraph, the Committee considered the share utilization practices of the Company s peer group, and endeavored to balance aligning the interests of NEOs with stockholders while also motivating the NEOs to improve the Company s current market position. As a result, the Committee recommended (based on a recommendation from the CEO, other than with respect to his own pay), and the Board approved, equity grants comprised of stock options and performance shares, with total economic values approximately 13% higher than total economic values of the annual equity grants approved in February 2011, in order to bring equity award values more in line with market levels. The 2012 equity grant level for each NEO was within the 25th to 50th percentile range of the peer group and financial services industry data. The NEO s individual awards are reported in the Grants of Plan-Based Awards for 2012 table on page 58.

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Because the annual grants are made in February, each individual award determination considered (i) the Company s 2011 performance, (ii) the NEO s role in that performance, including the achievement of individual goals described above in Annual Cash Incentives, and (iii) retention objectives for that NEO. The awards are intended to align the interests of NEOs with that of the Company s stockholders. Annual awards are determined by an examination of the present period as well as by considering expectations of the future.

2010-2012 Performance Share Payouts

The 2010-2012 performance period for performance shares granted in 2010 ended on December 31, 2012, with the NEOs receiving between 135.7% and 167.4% of their performance share target amounts based on the Company s results. The weighting that was assigned to the three performance goals at the time the performance shares were originally granted vary depending on each NEO s role and responsibilities. The threshold, target and maximum performance goals, as well as actual results, for the Profitability and MA Sales performance criteria are set forth in the table below. MIS Rating Performance is evaluated based on internally developed metrics that are proprietary and competitively sensitive, and therefore are not disclosed in the table below. The threshold, target and maximum MIS Ratings Performance goals were set to reflect a degree of difficulty that was comparable to the standard applied in setting the performance goals for the other criteria, with target performance levels being difficult but obtainable, based on historical results under this metric.

2010-2012 Performance Share Metrics

	Threshold	Target	Maximum	Actual Performance
Profitability (EPS) (ex. acquisitions)	$ 5.02	$ 5.90	$ 7.08	$ 7.58
MA Sales (ex. acquisitions)($ in millions)	$ 1,770	$ 2,011	$ 2,333	$ 2,123

As a result of the level of performance that was achieved, the number of shares that each NEO earned relative to the target number of shares granted is reflected in the table below:

Name	2010-2012 Performance Share Award at Target (# of shares)	2010-2012 Performance Share Award Earned (# of shares)
Raymond W. McDaniel	51,531	83,068
Linda S. Huber	21,285	34,311
Michel Madelain	16,804	22,803
Mark E. Almeida	15,896	26,610
John J. Goggins	12,603	20,316

The NEO s individual performance share awards are reported in the Option Exercises and Stock Vested Table For 2012 on page 60.

The Role of the Governance and Compensation Committee, Its Consultant and Management

The Committee, which is comprised entirely of independent directors, has responsibility for oversight of the Company s compensation program and has final authority for evaluating and setting compensation for NEOs. To assist in this process, it considers recommendations made by the CEO (except with respect to his own compensation) and uses market data and analyses that the Committee s compensation consultant provides in order to help formulate target compensation levels. The Committee has engaged Meridian Compensation Partners LLC, an independent compensation consulting company, to advise the Committee on matters related to executive and director compensation. Meridian is engaged directly by and reports to the Committee. Meridian does not offer nor provide any other services to the Company and the Committee determined that the retention of Meridian has not raised any conflicts of interest.

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The Committee s independent consultant reviewed an analysis of the annual comparison of the elements of Moody s executive compensation structure and practices to those of the Company s peer group, as set forth below, and the broader financial services industry. Based on its review, the consultant concluded that the Company s executive compensation program structure is consistent with industry practices.

Determining Compensation Levels

Peer and Market Review

Moody s current peer group and its selection criteria have been largely consistent since 2008. Since 2010, the independent consultant annually reviews the peer group with the Committee. Based on the consultant s review, management recommends and the Committee may approve changes to the peer group. Modest adjustments were made in the composition of the peer group used in evaluating 2012 compensation, as two entities were removed (Blackrock Inc. and Interactive Data Corp) and one entity was added (Price (T. Rowe) Group). Blackrock Inc. s removal and Price (T. Rowe) Group s addition were primarily done to better reflect the size of Moody s. Interactive Data Corp s removal reflects its acquisition by investment funds managed by Silver Lake and Warburg Pincus. For 2012 the peer companies were:

AllianceBernstein Holding LP	FactSet Research Systems Inc.	MSCI
CME Group Inc.	Fair Isaac Corporation	NASDAQ OMX Group Inc.
Corporate Executive Board Company	Federated Investors, Inc.	NYSE Euronext
Dun & Bradstreet Corp.	Invesco Ltd.	Price (T. Rowe) Group
Eaton Vance Corp.	The McGraw-Hill Companies, Inc.	SEI Investments Co.
Equifax Inc.	Morningstar Inc.	Thomson Reuters Corp.
		Verisk Analytics, Inc.

This group, the Committee believes, better reflects the companies with which Moody s competes for business and executive talent. This group also better reflects the companies against which Moody s financial performance is measured, as it includes firms that:

- Provide analytics products and services in addition to credit risk analysis,
- Provide company and industry credit research and business information services,
- Had median revenue equal to $1.332 billion (Moody s 2011 revenue equaled $2.280 billion), and
- Had a median market capitalization of $4.0 billion as of December 31, 2012 (Moody s market capitalization equaled approximately $11.2 billion as of December 31, 2012).

The Committee continually seeks to improve the criteria upon which the peer group is selected. The Committee reviewed the peer company selection criteria, and as part of that review established a new revenue threshold for non-financial companies. In addition to reviewing compensation practices and pay levels within the Company s peer group, the Committee looks at the broader financial services industry s compensation data furnished by management s compensation consultant, Aon Hewitt, and reviewed by the Committee s consultant. This additional compensation data is based on Aon Hewitt s survey data from approximately forty companies and is used only for reference when evaluating pay for the Company s NEOs.

Meridian provided the Committee and management with total direct compensation data from these comparison groups along with analysis of each element of compensation. The comparison groups information is reviewed in quartile ranges, beginning with the 25th percentile. In 2012, the targeted total direct compensation opportunity in aggregate for the CEO individually was slightly above the 25th percentile and, for the NEOs as a group, at the 50th percentile as compared to the peer group. The Committee periodically benchmarks benefits and perquisites and believes benefits to be in-line with market practice and perquisites to be below current market practice.

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Compensation Philosophy

The Company s compensation philosophy generally is to target the 50th percentile for base salary, target annual incentives, long-term incentives and target total compensation, although as noted above, for 2012 long-term equity awards were between the 25th and 50th percentile. The Company has also found that targeting the 50th percentile range has allowed it to retain key talent and remain competitive in the marketplace. However, an executive s positioning against market may be above or below our target positioning based on a number of factors specific to the individual, including performance, market conditions and the unique nature of Moody s business.

Market data is just one of the reference points used by the Committee when establishing targeted total direct compensation. The Committee also reviews each NEO s:

- skills,
- experience,
- tenure, and
- performance during the prior year.

These factors contribute to variations in actual and target compensation levels. Based on the Committee s analysis of the above, and consideration of a recommendation from the CEO (other than with respect to his own compensation), the Committee establishes a targeted total direct compensation level for each NEO that it believes is competitive.

Chief Executive Officer Compensation

The Committee begins its analysis of total direct compensation for the CEO by analyzing the compensation of executive officers at companies included in its peer group, as well as in the broader financial services market. In light of the CEO s broad responsibilities requiring oversight of the entire organization, and based on the achievements detailed on page 44 under Individual Performance, the Committee determined that a higher total direct compensation package was warranted as compared with the other NEOs.

The mix of Mr. McDaniel s total direct compensation package has changed in recent years. From 2007 through 2010, his base salary was set at $936,000. This salary was maintained at a consistent level in order to reduce the fixed portion of his total direct compensation and increase the at-risk percentage of his total direct compensation. In 2011, the Committee determined that a 2% base salary increase, along with a 2% incentive compensation target increase, were appropriate for Mr. McDaniel in order to move his total direct compensation more in line with the 50th percentile of the peer group and in recognition of the fact that he had not had a salary increase in three years. For 2012, the Committee determined that an additional 2% base salary increase was appropriate for Mr. McDaniel in order to keep his total direct compensation in line with competitive benchmarks.

In terms of his equity grants, 40% of Mr. McDaniel s 2012 equity was comprised of stock options and 60% was comprised of performance shares. While the total at risk component of Mr. McDaniel s target compensation remained approximately 83%, the equity portion of his target compensation increased from 50% to 57%. This increase was due to the Committee s objective of better aligning the CEO s compensation with long-term Company performance.

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The Committee believes this current compensation mix and structure serves to incentivize the CEO and more closely ties his awards with Company and individual performance. For instance, the increases to Mr. McDaniel s annual incentive payouts as well as the increase to his 2012 equity award were directly tied to improved Company financial results, as the Company s operating income and EPS goals served and continue to serve as the metrics determining funding of the annual cash incentive pool and prior year results impact equity award decisions. The following two graphs illustrate this relationship.

In addition, the following graphs compare the total one and three year cumulative stockholder returns of the Company to the performance of Standard & Poor s Stock 500 Composite Index.

The comparisons included in the MCO Stock Total Return graphs above assume that $100.00 was invested in the Company s common stock and in the S&P 500 Composite Index on December 31, 2011 and December 31, 2009. The comparison also assumes the reinvestment of dividends, if any. The 3 year total return for the common stock was 97.27% during the performance period as compared with a total return during the same period of 36.27% for the S&P 500 Index.

As compared to its peer group, Moody s Total Shareholder Return (defined as the annualized rate of share price appreciation plus the reinvestment of dividends) was the highest among the peers for the one-year period ending December 31, 2012 and in the 94th percentile for the three-year period ending December 31, 2012.

Mr. McDaniel s targeted total direct compensation for 2012 was slightly above the 25th percentile as compared to the Company s peer group provided to the Committee by its compensation consultant. His actual total direct compensation was slightly below the median of the benchmark target total direct compensation levels of the comparative group. In light of the individual achievements listed on page 44 and the description of Company achievements on page 37, the Committee believes Mr. McDaniel s total direct compensation package to be appropriate.

Pension Value. With respect to Mr. McDaniel s increase in pension value, as shown in the Summary Compensation Table (SCT) on page 55, this increase is partially related to improved Company performance, as an executive s annual cash incentive award is included in the covered pay for the retirement calculation, an additional year of service and a one year increase in age. A large portion of the increase this year was also due to a change in the discount rate used to value the plan for financial reporting purposes. A significantly lower discount rate was used for the SEBP s year-end 2012 valuation due to the level of interest rates as of December 31, 2012 and the relatively short time horizon over which the SEBP s benefits are expected to be paid. The remaining three participants are expected to retire in the next decade, and more than 50% of the SEBP s liability will be paid during that period as lump sum distributions.

Additional Executive Compensation Policies and Practices

2012 Say-on-Pay Advisory Vote on Executive Compensation

Moody s provided stockholders a say-on-pay advisory vote to approve its executive compensation in 2012 in accordance with Section 14A of the Exchange Act. At Moody s 2012 annual meeting, stockholders expressed substantial support for the compensation of our NEOs, with approximately 98% of the votes cast for approval of our executive compensation. The Committee evaluated the results of the 2012 advisory vote and believes the strong shareholder support signals approval of the current pay programs in place at Moody s. The Committee also considers many other factors in evaluating Moody s executive compensation programs as discussed in this

Compensation Discussion and Analysis, including the Committee s assessment of the interaction of our compensation programs with our corporate business objectives, evaluations of our programs by the Committee s external consultant, and review of peer group data, each of which is evaluated in the context of the Committee s fiduciary duty to act as the directors determine to be in stockholders best interests. While each of these factors bore on the Committee s decisions regarding our NEOs compensation, the Committee did not make any changes to our executive compensation program and policies as a result of the 2012 say-on-pay advisory vote.

Clawback Policy

The Board has the right to make retroactive adjustments to any annual cash incentive awards granted after July 28, 2008 or performance shares granted after January 1, 2010, where payment or settlement of any such award was predicated upon the achievement of specified financial results and those results must later be revised. Where the results are revised by reason of a significant or material restatement, recoupment can be sought against executive officers, as defined in accordance with SEC rules; where the results are revised by reason of a restatement resulting from fraud or other misconduct, recoupment can be sought against the person engaging in such misconduct, as well as against any executive officer. The value with respect to which recoupment may be sought shall be determined by the Board. The Committee will continue to review the Company s clawback policy as new SEC rules are adopted.

Employment Agreements

Moody s does not enter into employment agreements with its U.S. executives, including Messrs. McDaniel, Almeida and Goggins and Ms. Huber. All of the Company s U.S. executives are at will employees. Moody s Investors Service Limited entered into a statutorily required employment agreement with Mr. Madelain on August 28, 1996.

Severance Policy

Moody s provides severance benefits to NEOs under the Moody s Career Transition Plan (the Moody s Career Transition Plan or CTP) and the Moody s Corporation Change in Control Severance Plan (the Moody s Corporation Change in Control Severance Plan or the CICP), each of which is described below.

Career Transition Plan

All NEOs in the U.S. participate in the CTP, an ERISA-based plan that is available to all employees. The NEOs do not receive any severance benefits outside those provided under the CTP. The CTP is designed to compensate eligible employees in the following situations:

- where there has been a reduction in the Company s workforce or elimination of specific jobs;
- where the individual s job performance has not met expectations (but does not involve a basis for terminating his performance for cause); or
- where the Company has agreed with an individual that it is in the mutual best interests of the parties to sever the employment relationship.

While having such a plan in place is in the best long-term interest of stockholders, the plan is not designed to reward individuals who have not performed to expectations or who have engaged in conduct that is detrimental to the Company and its stockholders, and the plan contains provisions to safeguard against this.

Moody s believes that these payment arrangements are similar to the general practice among the Company s peer group, although it has not benchmarked the severance practices of Moody s peer companies.

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Change in Control Arrangements

On December 14, 2010, the Board of Directors approved the adoption of the CICP. The purpose of the CICP is to offer its participants, which include the Company s executive officers and other key employees selected by the Committee, protection in the event of a termination of employment in connection with a Change in Control (as defined in the CICP). The CICP has been adopted to enhance the alignment of the interests of management and stockholders by allowing executives to remain objective when facing the prospect of a sale and potential job elimination. Under the CICP, participants are entitled to severance benefits triggered only if a participant s employment is terminated within 90 days prior to or two years following a change in control of the Company by the Company or its successor without Cause, or by the participant for Good Reason (both terms as defined in the CICP) (i.e., a double-trigger). For the CEO, severance benefits under the CICP consist of a lump sum cash payment equal to three times the sum of his base salary and target annual incentive for the year of termination, plus three years of continued coverage under the Company s medical and dental insurance plans. For other executives, including the other NEOs, the severance benefits consist of a lump sum cash payment equal to two times the sum of their base salaries and target annual incentives, plus two years of continued medical and dental coverage. Executive officers are not entitled to receive (either under the CICP or any other arrangement) an excise tax gross-up with respect to change in control benefits.

Stock Ownership Guidelines

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. These guidelines were revised in February 2008 and again in July 2012 to reflect new management structures. Moody s believes that these guidelines encourage its executive officers to act as owners, thereby better aligning the executives 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 the individual s commitment to value creation.

- Executive officers are expected, within five years of appointment to officer level, to acquire and hold shares of the Company s Common Stock equal in value to a specified multiple of their base salary (which varies based on position). Ownership is expected to be increased in line with base salary increases.

- The current ownership level multiples, as adjusted in 2012, are: (i) six times base salary for the CEO, (ii) three times base salary for the remaining Named Executive Officers, as well as all direct reports of the CEO, (iii) one times base salary for the remaining officers subject to the guidelines, and (iv) five times the annual cash retainer for non-management directors.

- 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.

- Unearned performance shares do not count toward satisfying the guidelines.

- In 2012, a hold until met requirement was added to the guidelines for all individuals subject to the stock ownership guidelines. This requires executives to hold 75% of net shares that they are awarded until their ownership multiple is met, including when an executive s holdings no longer satisfy the required ownership multiple due to a decline in stock price.

As of December, 31, 2012, each of the NEOs was in compliance with the guidelines. The guidelines for an individual executive officer may be suspended at the discretion of the Board of Directors in situations that it deems appropriate.

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Anti-Hedging and Anti-Pledging Policy

All executive officers and directors are subject to a securities trading policy under which they are prohibited from entering into the following transactions with respect to Moody s securities, including any publicly traded securities of a Moody s subsidiary:

- making short sales of Moody s securities;
- engaging in speculative transactions or entering into any transaction (including purchasing forward contracts, equity swaps, puts or calls) that are designed to offset any decrease in market value of ,or otherwise hedge, Moody s securities; and
- pledging Moody s securities through a margin accounts.

Tax Deductibility Policy

Section 162(m) of the Tax Code limits income tax deductibility of compensation in excess of $1 million that is paid to any employee who, as of the close of the taxable year ,was the CEO or, whose total direct compensation is required to be reported to stockholders under the Exchange Act by reason of such employee being among the three highest compensated executive officers for the taxable year (other than the CEO and CFO), except to the extent the compensation qualifies as performance-based as defined under the income tax regulations. Stock options awarded under the Company s stockholder-approved stock incentive plans are intended to be performance-based for purposes of the federal income tax laws, and any amounts required to be included in an executive s income upon the exercise of options are not expected to count toward the $1 million limitation. The performance shares awarded by the Company are likewise intended to qualify as performance-based compensation and therefore be fully tax deductible. Similarly, bonuses under Moody s annual cash incentive plan are intended to qualify as performance-based compensation. For other compensation to be performance-based under the regulations, it must be contingent on the attainment of performance goals the material terms of which are approved by stockholders and the specific objectives of which are established by, and attainment of which objectives are certified by, a committee of the Board which consists entirely of non-employee directors.

While Moody s generally seeks to ensure the deductibility of the incentive compensation paid to the Company s executives, the Committee intends to retain the flexibility necessary to provide cash and equity compensation in line with competitive practice. In addition, there are ambiguities in how the conditions to qualifying as performance-based will be interpreted and administered under the income tax regulations, so that amounts that Moody s intends or expects to qualify as deductible may not so qualify. Accordingly, there is no certainty that elements of compensation discussed in this proxy statement will in fact be deductible.

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SUMMARY COMPENSATION TABLE

The following table sets forth, for the years ended December 31, 2012, 2011 and 2010, the total compensation of the Company s Named Executive Officers. The Named Executive Officers for 2012, 2011 and 2010 include Moody s Principal Executive Officer, its Principal Financial Officer, and the three most highly compensated executive officers of the Company (other than the Principal Executive Officer and Principal Financial Officer) who were serving as executive officers at the end of the last completed fiscal year.

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6)	Total ($)
Raymond W. McDaniel	2012	$ 974,000		$ 1,949,998	$ 1,300,006	$ 2,502,110	$ 5,074,400	$ 53,840	$ 11,854,354
President and Chief Executive	2011	954,800		1,380,010	1,379,995	2,375,400	5,755,706	71,131	11,917,042
Officer	2010	936,000		1,380,000	920,003	2,643,600	3,256,441	10,800	9,146,844
Linda S. Huber	2012	568,000		688,185	458,803	995,400	1,011,341	29,000	3,750,729
Executive Vice President and Chief	2011	546,300		655,508	436,995	952,000	902,700	41,597	3,535,100
Financial Officer	2010	530,400		970,002	379,997	1,054,500	625,637	8,772	3,569,308
Michel Madelain(7)	2012	507,049		610,192	406,793	1,015,562		62,412	2,602,008
President and COO of Moody s	2011	465,955		540,000	360,004	738,008		53,733	2,157,700
Investors Service	2010	458,143		810,008	300,002	736,353		46,092	2,350,598
Mark E. Almeida	2012	497,000		581,389	387,598	674,300	206,689	22,721	2,369,697
President of Moody s Analytics	2011	477,500		510,830	340,557	730,900	321,628	33,188	2,414,603
	2010	463,500		785,692	283,799	736,000	153,817	8,109	2,430,917
John J. Goggins	2012	468,000		407,413	271,594	676,600	1,117,924	21,583	2,963,114
Executive Vice President and	2011	443,658		388,149	258,761	583,100	1,096,407	31,138	2,801,213
General Counsel	2010	416,000		697,506	224,999	664,200	581,733	8,125	2,592,563

(1) The amounts reported in the Bonus column represent discretionary bonuses paid to the Named Executive Officers. Payments under the Company s annual cash incentive program are reported in the Non-Equity Incentive Plan Compensation column.

(2) The amounts shown in the Stock Awards column represent the full grant date fair market value of performance share grants made in 2012 and 2011 and restricted stock and performance share grants made in 2010. Amounts reported for 2010 for the Named Executive Officers other than the CEO include a special one-time restricted stock retention grant awarded in September 2010. The full grant date fair value is based on the fair market value of the stock, which is defined as the arithmetic mean of the high and low prices of the Common Stock. All grants of performance shares and restricted stock were made under the Company s 2001 Key Employees Stock Incentive Plan (as amended and restated on December 15, 2009, the 2001 Stock Incentive Plan). There were no restricted stock grants made to the NEOs in 2012 and 2011.

On February 13, 2012, the fair market value of the Common Stock was $38.61 and the following grants of performance shares of Common Stock were received by Mr. McDaniel 50,505, Ms. Huber 17,824 shares, Mr. Madelain 15,804 shares, Mr. Almeida 15,058 shares, and Mr. Goggins 10,552 shares. These performance share awards are subject to performance metrics of EBITDA, MA s sales growth and MIS s ratings accuracy performance during the three calendar year period ending December 31, 2014. Because the achievement or non-achievement of these performance metrics depends upon the occurrence of future events, the actual final payout of these performance share awards are not known at this time. As such, the total grant date fair value of the performance shares is calculated using the target number of shares underlying these awards and the per share grant date price on the date of grant of $38.61. No cash dividends will be paid when the underlying shares vest.

At maximum achievement, the grant date fair value of the awards would have been 225% of the amount reported for each executive, or for Mr. McDaniel $4,387,496, Ms. Huber $1,548,416, Mr. Madelain $1,372,932, Mr. Almeida $1,308,125, and Mr. Goggins $916,679. With respect to the shares of restricted

stock granted to the NEOs in 2010, subject to continued employment, one-fourth of the shares vested or will vest on the first trading day in each of March of 2011, 2012, 2013 and 2014. The 2001 Stock Incentive Plan provides that a grant outstanding for at least one year vests in full upon the grantee s retirement. Cash dividends will be accumulated and paid, without interest, when the underlying shares vest.

(3) The amounts shown in the Option Awards column represent the full grant date fair value of non-qualified options granted in each year indicated. The February 13, 2012 grant date fair value for stock options is based on the Black-Scholes option valuation model, applying the following assumptions: a stock price of $38.61; a stock-price volatility factor of 43.5%; a risk-free rate of return of 1.55%; a dividend yield of 1.66%; and an expected time of exercise of 7.4 years from the date of grant. The February 8, 2011 grant date fair value for stock options is based on the Black-Scholes option valuation model, applying the following assumptions: a stock price of $30.01; a stock-price volatility factor of 40.85%; a risk-free rate of return of 3.34%; a dividend yield of 1.53%; and an expected time of exercise of 7.6 years from the date of grant. The February 9, 2010 grant date fair value for stock options is based on the Black-Scholes option valuation model, applying the following assumptions: a stock price of $26.78; a stock-price volatility factor of 44.0%; a risk-free rate of return of 2.73%; a dividend yield of 1.57%; and an expected time of exercise of 5.9 years from the date of grant. The Black-Scholes model is premised on the immediate exercisability and transferability of the options, neither of which applies to the options set out in the table above. The actual amounts realized, if any, will depend on the extent to which the stock price exceeds the option exercise price at the time the option is exercised.

(4) The amounts reported in the Non-Equity Incentive Plan Compensation column represent the amounts earned by the Named Executive Officers for 2012, 2011 and 2010 under the Company s annual cash incentive program. The amounts for 2012, 2011 and 2010 were actually paid on March 5, 2013, March 6, 2012 and March 4, 2011, respectively. For a description of this program, see Annual Cash Incentives in the CD&A on page 42.

(5) The amounts reported in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column represent the aggregate change during 2012 in the actuarial present value of the Named Executive Officers accumulated benefits under the Company s Retirement Account, Pension Benefit Equalization Plan, and SEBP. For a description of these plans, see the Pension Benefits Table on page 61. The change in the actuarial present value year over year is largely driven by the impact on the SEBP component of the following variables: one additional year of service and pay; one less year of discounting in the present value calculation; and annual assumption changes (such as the discount rate or mortality assumption). In addition to these typical factors that affect the actuarial present values from one year to the next, plan changes can also have an impact. The PBEP and SEBP plans comply with Section 409A of the Internal Revenue Code. SEBP participants elected either an annuity or a lump sum form of payment that will apply at retirement, and the PBEP was amended so it will automatically provide lump sum distributions to terminated participants at the later of age 55 or six months following termination from Moody s. The SEBP was closed as of January 1, 2008 to new participants and the only NEO s who participate in the plan are Mr. McDaniel, Ms. Huber and Mr. Goggins. These amounts do not include any non-qualified deferred compensation earnings as there were no above market earnings for the NEO s in Moody s Deferred Compensation Plan.

(6) The amounts reported in the All Other Compensation column comprise the following compensation items:

Name	Year	Perquisites and Other Personal Benefits (a)	Company Contributions to Vested Defined Contribution Plans(b)	Dividends or Other Earnings Paid on Stock Awards(c)	Termination Benefits	Total
Raymond W. McDaniel	2012		$ 46,869	$ 6,971		$ 53,840
Linda S. Huber	2012		23,417	5,583		29,000
Michel Madelain	2012	$ 15,124	44,054	3,234		62,412
Mark E. Almeida	2012		18,870	3,851		22,721
John J. Goggins	2012		17,630	3,953		21,583

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(a) For all the NEOs except Michel Madelain, perquisites and other personal benefits provided in fiscal 2012 were, in the aggregate, less than $10,000 per individual. For Michel Madelain, the perquisite amounts represents a car allowance (as is the practice in the UK for executive officers) paid in British pounds sterling. An exchange rate of 1.6262 from the Federal Reserve Bank as of December 31, 2012 was used to calculate the 2012 U.S. dollar amount.

(b) These amounts represent the aggregate annual Company contributions to the accounts of the Named Executive Officers under the Company s Profit Participation Plan and the non-qualified Deferred Compensation Plan in the United States. The Profit Participation Plan and the Deferred Compensation Plan are tax-qualified defined contribution plans. The amount described with respect to Mr. Madelain was contributed by the Company s subsidiary in the UK to the Moody s Group Personal Pension Plan. An exchange rate of 1.6262 from The Federal Reserve Bank as of December 31, 2012 was used to calculate the U.S. dollar amount.

(c) These amounts represent dividend equivalents paid on restricted stock awards that vested during 2012, 2011 and 2010.

(7) Mr. Madelain s compensation figures are shown in the table in U.S. dollars. However, certain elements of his compensation was paid in British pounds sterling. An exchange rate of 1.6262 from The Federal Reserve Bank as of December 31, 2012 was used to calculate the 2012 U.S. dollar amount.

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GRANTS OF PLAN-BASED AWARDS TABLE FOR 2012

The following table sets forth, for the year ended December 31, 2012, information concerning each grant of an award made to the Company s Named Executive Officers in 2012 under any plan.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards(2)			Estimated Future Payouts Under Equity Incentive Plan Awards(3)						
Name	Grant Date	Authorization Date (1)	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Option Awards: Number of Shares of Stock or Units(4) (#)	Exercise or Base Price of Option Awards(5) ($/Sh)	Closing Price on Day of Grant ($/Sh)	Grant Date Fair Value of Stock and Option Awards(6)
Raymond W. McDaniel	2/13/2012	12/12/2011				12,626	50,505	113,636				$ 1,949,998
	2/13/2012	12/12/2011							85,809	$ 38.61	$ 38.71	1,300,006
	N/A		365,000	1,460,000	2,920,000							
Linda S. Huber	02/13/2012	12/12/2011				4,456	17,824	40,104				688,185
	02/13/2012	12/12/2011							30,284	$ 38.61	$ 38.71	458,803
	N/A		153,250	613,000	1,226,000							
Michel Madelain	02/13/2012	12/12/2011				3,951	15,804	35,559				610,192
	02/13/2012	12/12/2011							26,851	$ 38.61	$ 38.71	406,793
	N/A		133,633	534,532	1,069,064							
Mark E. Almeida	02/13/2012	12/12/2011				3,765	15,058	33,881				581,389
	02/13/2012	12/12/2011							25,584	$ 38.61	$ 38.71	387,598
	N/A		125,250	501,000	1,002,000							
John Goggins	02/13/2012	12/12/2011				2,638	10,552	23,742				407,413
	02/13/2012	12/12/2011							17,927	$ 38.61	$ 38.71	271,594
	N/A		93,750	375,000	750,000							

(1) The Governance and Compensation Committee authorized the grant of stock options and performance shares for 2012 on December 12, 2011, to be effective on February 13, 2012, the third trading day following the date of the public dissemination of the Company s financial results for 2011.

(2) These cash incentive awards were granted in 2012 under the Company s annual cash incentive program. The Governance and Compensation Committee established performance metrics for operating income and EPS growth that determine the aggregate funding of the program. The Governance and Compensation Committee considers other factors including individual performance when determining the final award amounts for annual incentive awards. For additional information on the annual cash incentive program, see the CD&A beginning on page 37. These awards were earned during 2012 and are paid in March 2013.

(3) These performance share awards were granted in 2012 under the Company s 2001 Stock Incentive Plan. The Governance and Compensation Committee determined the target performance share amounts and set performance measures over the three-year performance period ending December 31, 2014. For Mr. McDaniel, Ms. Huber and Mr. Goggins, performance is based on EBITDA, MA s sales growth and MIS s ratings accuracy performance. For Mr. Madelain, performance is based on EBITDA and MIS s ratings accuracy performance. For Mr. Almeida, performance is based on EBITDA and MA s sales growth. At maximum achievement, the grant date fair value of the awards would have been 225% of the amount reported for each executive, or for Mr. McDaniel $4,387,496, Ms. Huber $1,548,416, Mr. Madelain $1,372,932, Mr. Almeida $1,308,125, and Mr. Goggins $916,679.

(4)

These stock option awards were made under the Company s 2001 Stock Incentive Plan. They vest in four equal annual installments beginning on the first anniversary of the date of grant, February 13, 2013 and expire on February 13, 2022.

(5) The exercise price of these awards is equal to the arithmetic mean of the high and low market price of the Company s Common Stock on the grant date.

(6) The February 13, 2012 grant date fair value for stock options is based on the Black-Scholes option valuation model, applying the following assumptions; an expected stock-price volatility factor of 43.5%; a risk-free rate of return of 1.55%; a dividend yield of 1.66%; and an expected time of exercise of 7.4 years from the date of grant. The Black-Scholes model is premised on the immediate exercisability and transferability of the options, neither of which applies to the options set out in the table above. The actual amounts realized, if any, will depend on the extent to which the stock price exceeds the option exercise price at the time the option is exercised.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE FOR 2012

The following table sets forth information concerning unexercised options, stock that has not vested, and equity incentive plan awards for each of the Company s Named Executive Officers outstanding as of December 31, 2012. The market value of the shares that have not vested is based on the closing market price of the Company s Common Stock on December 31, 2012 on the New York Stock Exchange.

	Option Awards(1)						Stock Awards				
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexer-cised Unearned Options (#)	Option Exercise Price ($)	Option Grant Date	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested ($)(3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(4)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(3)	Grant Date
Raymond W. McDaniel	165,000	0		32.4075	02/09/2004	02/09/2014			45,985	2,313,965	02/08/2011
	167,500	0		41.6875	02/22/2005	02/22/2015			50,505	2,541,412	02/13/2012
	114,223	0		63.0900	02/08/2006	02/08/2016					
	102,800	0		72.7150	02/12/2007	02/12/2017					
	185,000	0		38.0700	02/12/2008	02/12/2018					
	135,647	45,216		25.3700	02/10/2009	02/10/2019					
	44,146	44,146		26.7800	02/09/2010	02/09/2020					
	27,710	83,133		30.0100	02/08/2011	02/08/2021					
	0	85,809		38.6100	02/13/2012	02/13/2022					
Linda S. Huber	66,667	0		44.9850	07/01/2005	07/01/2015	8,842	444,929			09/07/2010
	45,000	0		63.0900	02/08/2006	02/08/2016			21,843	1,099,140	02/08/2011
	44,500	0		72.7150	02/12/2007	02/12/2017			17,824	896,904	02/13/2012
	85,000	0		38.0700	02/12/2008	02/12/2018					
	66,510	22,171		25.3700	02/10/2009	02/10/2019					
	18,234	18,234		26.7800	02/09/2010	02/09/2020					
	8,775	26,325		30.0100	02/08/2011	02/08/2021					
	0	30,284		38.6100	02/13/2012	02/13/2022					
Michel Madelain	8,573	0		32.4075	02/09/2004	02/09/2014	7,958	400,447			09/07/2010
	25,460	0		41.6875	02/22/2005	02/22/2015			17,994	905,458	02/08/2011
	13,625	0		63.0900	02/08/2006	02/08/2016			15,804	795,257	02/13/2012
	12,750	0		72.7150	02/12/2007	02/12/2017					
	62,500	0		38.0700	02/12/2008	02/12/2018					
	52,509	17,503		25.3700	02/10/2009	02/10/2019					
	14,395	14,396		26.7800	02/09/2010	02/09/2020					
	7,229	21,687		30.0100	02/08/2011	02/08/2021					
	0	26,851		38.6100	02/13/2012	02/13/2022					
Mark E. Almeida	33,000	0		32.4075	02/09/2004	02/09/2014	7,958	400,447			09/07/2010
	36,850	0		41.6875	02/22/2005	02/22/2015			17,022	856,547	02/08/2011
	25,000	0		63.0900	02/08/2006	02/08/2016			15,058	757,719	02/13/2012