

MOODYS CORP /DE/

FORM DEF 14A (Proxy Statement (definitive))

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Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
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Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
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- Definitive Additional Materials
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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):

- No fee required.
- \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), 14a-6(i)(2) or Item 22(a)(2) of Schedule 14A.
- Fee computed on table below per Exchange Act Rules 14a-6(i) (4) and 0-11

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

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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 by 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:



Moody's Corporation

*99 Church Street
New York, New York 10007*

March 22, 2002

Dear Stockholder:

You are cordially invited to attend the 2002 Annual Meeting of Stockholders of Moody's Corporation to be held on Tuesday, April 23, 2002, at 9:30 a.m. at the Company's offices at 99 Church 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, 2001 is also enclosed.

Your vote is important. Please vote your shares whether or not you plan to attend the meeting. In addition to voting in person or by mail, stockholders of record have the option of voting by telephone or via the Internet. If your shares are held in the name of a bank, broker or other holder of record, please check your proxy card or other voting instructions to see which of these options are available to you.

Sincerely,

CLIFFORD L. ALEXANDER, JR.
Chairman

MOODY'S CORPORATION

99 Church Street
New York, New York 10007

NOTICE OF 2002 ANNUAL MEETING OF STOCKHOLDERS

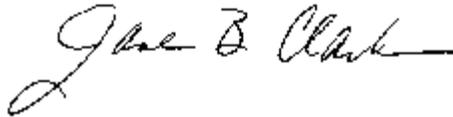
To Our Stockholders:

The 2002 Annual Meeting of Stockholders of Moody's Corporation will be held on Tuesday, April 23, 2002, at 9:30 a.m. at the Company's offices at 99 Church Street, New York, New York, for the following purposes, all as more fully described in the accompanying Proxy Statement:

1. To elect three Class I directors of the Company to each serve a three-year term;
2. To ratify the appointment of PricewaterhouseCoopers LLP as the independent accountants of the Company for 2002; and
3. 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 28, 2002 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 22, 2002

Whether or not you plan to attend the meeting in person, it is important that you complete, sign, date and promptly return the enclosed form of proxy. A self-addressed envelope is enclosed for your convenience. 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 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 and the accompanying proxy card are 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") 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 23, 2002, at 9:30 a.m. at the Company's principal executive offices located at 99 Church Street, New York, New York 10007. This Proxy Statement and the accompanying proxy card are first being mailed to stockholders on or about March 22, 2002. 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 attached to the proxy card sent to you. If you plan to attend the Annual Meeting in person, please retain the admission ticket.

If your shares are held in the name of a bank, broker or other holder of record 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 99 Church Street, New York, New York 10007. Stockholders who do not have admission tickets will be admitted following verification of ownership at the door.

Record Date

The Board of Directors has fixed the close of business on February 28, 2002 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 154,527,735 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.

How to Vote

In addition to voting in person at the Annual Meeting, stockholders of record can vote by proxy by calling a toll-free telephone number, by using the Internet or 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. Specific instructions for stockholders of record who wish to use the telephone or Internet voting procedures are set forth on the enclosed proxy card.

If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record that you must follow in order for your shares to be voted. Certain of these institutions offer telephone and Internet voting.

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,

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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 or otherwise). To allow sufficient time for voting by the trustee, Profit Participation Plan voting instructions must be received by April 18, 2002. 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 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.

Directors will be elected by a plurality of the voting power present in person or represented by proxy and entitled to vote at the Annual Meeting. Only shares that are voted in favor of a particular nominee will be counted towards such nominee's achievement of a plurality. Thus, shares present at the Annual Meeting that are not voted for a particular nominee, shares present in person or represented by proxy where the stockholder properly withholds authority to vote for such nominee, and broker non-votes, if any, will not be counted towards such nominee's achievement of a plurality.

The affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy and entitled to vote at the Annual Meeting is required to ratify the appointment of PricewaterhouseCoopers LLP as the independent accountants of the Company for the year ending December 31, 2002. If a stockholder abstains from voting or directs the stockholder's proxy to abstain from voting on the matter, the shares are considered present at the meeting for such matter, but since they are not affirmative votes for the matter, they will have the same effect as votes against the matter. On the other hand, shares resulting in broker non-votes, if any, are not considered present at the meeting for such matter and will have no effect on the outcome of the vote. However, broker non-votes will have the practical effect of reducing the number of affirmative votes required to achieve a majority for such matter by reducing the total number of shares from which the majority is calculated.

Proxies

The enclosed proxy provides that you may specify that your shares of Common Stock be voted "For" the director nominees or to "Withhold Authority" for the nominees and "For," "Against" or "Abstain" from voting with respect to the other proposal. All shares of Common Stock represented by properly executed proxies received prior to or at the Annual Meeting and not revoked will be voted in accordance with the instructions indicated in such proxies. Properly executed proxies that do not contain voting instructions will be voted in accordance with the recommendations of the Board of Directors, as outlined in this Proxy Statement.

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, unless authority to do so is withheld in the proxy.

Any stockholder 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 99 Church 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.

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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, teletype 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 \$10,000, 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.

Corporate Structure — Spin-Off Transaction

On December 15, 1999, the Board of Directors of The Dun & Bradstreet Corporation (“Old D&B”) announced a decision to separate into two publicly traded companies — Moody’s Corporation and The New D&B Corporation, a newly formed subsidiary corporation comprising the business of the Dun & Bradstreet operating company (“New D&B”). The separation of the two companies (the “Spin-Off”) was accomplished on September 30, 2000 through a tax-free dividend to the stockholders of Old D&B of one share of New D&B common stock for every two shares of Old D&B common stock held. After the Spin-Off, Old D&B’s only business was the Moody’s business of providing ratings and related research and services through its principal subsidiary, Moody’s Investors Service, Inc. (“Moody’s Investors Service”). Accordingly, in connection with the Spin-Off, Old D&B changed its name to “Moody’s Corporation,” and the Old D&B common stock has continued to trade on the New York Stock Exchange (the “NYSE”) under the symbol “MCO.” Concurrently, New D&B changed its name to “The Dun & Bradstreet Corporation.” References in this Proxy Statement to “Old D&B” and “Old D&B common stock” refer to the Company and its Common Stock for periods prior to the Spin-Off.

PROPOSAL I

ELECTION OF DIRECTORS

The Board of Directors has nominated Mary Johnston Evans, Robert R. Glauber and Connie Mack to be reelected as Class I directors, each for a three-year term expiring in 2005. If elected, each nominee will hold office until his or her term expires and until his or her successor is elected and qualified. All nominees for director to be elected at the Annual Meeting are currently members of the Board of Directors. The Company expects each nominee for election as a director to be able to serve if elected. If any nominee is not able to serve, proxies will be voted for the election of such other person for director as management may recommend in the place of such nominee.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION AS DIRECTORS OF EACH OF THE CLASS I 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.

Nominees for Class I Directors Whose Terms Expire in 2005

Mary Johnston Evans
Director since June 1990

Mary Johnston Evans, age 72, is a member of the Audit Committee (the “Audit Committee”) and Compensation and Nominating Committee (the “Compensation and Nominating Committee”) of the Board of Directors. Mrs. Evans was vice chairman of the board of Amtrak (National Railroad Passenger Corporation) from 1975 to 1979. Mrs. Evans is a director of Delta Air Lines, Inc., for which she served as

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non-executive chairman for the month of August 1997. She is also a director of Household International, Inc., Saint-Gobain Corporation and Sunoco, Inc.

Robert R. Glauber
Director since June 1998

Robert R. Glauber, age 63, is chairman of the Audit Committee and is a member of the Compensation and Nominating Committee. Mr. Glauber has served as chairman and chief executive officer of the National Association of Securities Dealers, Inc. (NASD) since September 2001. From November 2000 to September 2001, Mr. Glauber served as the president and chief executive officer of the NASD. From 1992 to October 2000, Mr. Glauber was an adjunct lecturer at the Center for Business and Government at the John F. Kennedy School of Government at Harvard University, where he taught courses on financial regulation and public policy. Prior to joining the Kennedy School, Mr. Glauber served as Under Secretary of the Treasury in the Bush Administration from 1989 to 1992. Mr. Glauber is also a director of XL Capital Ltd. and measurisk.com (for which he is chairman).

Connie Mack
Director since December 2001

Connie Mack, age 61, is a member of the Audit and Compensation and Nominating Committees. Senator Mack has served as a senior policy advisor at Shaw Pittman, LLP since February 2001. He was a United States Senator (R-FL) from 1989 to January 2001. While in the Senate, Senator Mack was the Republican Conference chairman from 1997 to 2001, chairman of the Joint Economic Committee from 1999 to 2001, and a member of the Senate Finance and Senate Banking, Housing and Urban Affairs committees. Senator Mack was a member of the United States House of Representatives (R-FL) from 1983 to 1989. Prior thereto, he was president and chief executive officer of Florida National Bank of Lee County from 1975 to 1981. Senator Mack is also a director of Darden Restaurants, EXACT Sciences Corporation, Genzyme Corporation, Mutual of America Life Insurance Company, the H. Lee Moffitt Cancer Center and LNR Property Corporation.

Class II Directors Whose Terms Expire in 2003

Clifford L. Alexander, Jr.
Director since February 1993

Clifford L. Alexander, Jr., age 68, was elected non-executive chairman of the Company effective October 1, 2000. He served as chairman and chief executive officer of Old D&B from October 1999 until October 2000. Mr. Alexander is president of Alexander & Associates, Inc., a private consulting firm specializing in work-force inclusiveness, which he founded in 1981. Mr. Alexander is also a director of American Home Products Corporation, Dreyfus General Family of Funds, Dreyfus Premier Family of Funds, Dreyfus Third Century Fund, IMS Health Incorporated and Mutual of America Life Insurance Company.

Henry A. McKinnell, Jr., Ph.D.
Director since October 1997

Henry A. McKinnell, Jr., age 59, is chairman of the Compensation and Nominating Committee and is a member of the Audit Committee. Dr. McKinnell is chairman and chief executive officer of Pfizer Inc., a research-based global health care company. He has served as chairman since April 2001 and chief executive officer since January 2001. He served as president of Pfizer Pharmaceuticals Group from January 1977 to April 2001. Dr. McKinnell served as president and chief operating officer of Pfizer Inc. from May 1999 to December 2000, and executive vice president from 1992 to 1999. From 1992 to 1996, he was responsible for Pfizer's Medical Technology Group and served as Pfizer's chief financial officer from 1990 through 1996. In addition to serving on the board of Pfizer, Dr. McKinnell is also a director of John Wiley & Sons.

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Class III Directors Whose Terms Expire in 2004

Hall Adams, Jr.
Director since February 1992

Hall Adams, Jr., age 68, is a member of the Audit and Compensation and Nominating Committees. Mr. Adams was elected chairman of the board and chief executive officer of Leo Burnett Company, Inc., an advertising agency, in 1987, and held this position until 1992, when he retired. Mr. Adams is also a director of McDonald's Corporation and Sears, Roebuck and Co.

John Rutherford, Jr.
Director since May 2000

John Rutherford, Jr., age 62, is the President and Chief Executive Officer (the "CEO") of the Company. Mr. Rutherford served as President of Moody's Investors Service, a wholly-owned subsidiary of the Company, from January 1998 to November 2001. Prior thereto, Mr. Rutherford was the Chief Administrative Officer of Moody's Investors Service from 1996 to January 1998. Mr. Rutherford also served as managing director of Moody's Holdings, Inc. from 1995 to 1996, and served as president of Interactive Data Corporation ("IDC"), a wholly-owned subsidiary of Old D&B, from 1985 to 1989 and from 1990 until IDC was sold by Old D&B in September 1995. Mr. Rutherford is also a director of the NASD and ICRA Limited, a credit rating agency in India.

Board Meetings and Committees

During 2001, the Board of Directors met eight times and had two ongoing committees, an Audit Committee and a Compensation and Nominating Committee (formerly, the Compensation & Benefits Committee). Each of the directors attended all of the meetings of the Board of Directors (held during the period for which he or she has been a director). Each of the directors also attended all of the meetings held by all committees of the Board of Directors on which he or she served (during the periods that he or she served) in 2001.

The Audit Committee

The Audit Committee's primary purpose is to assist the Board of Directors in fulfilling its oversight responsibilities relating to financial information that will be provided to the stockholders and others, the systems of internal control which management and the Board have established, and the audit process. The Committee is responsible for making recommendations to the Board of Directors regarding the engagement of the Company's independent accountants and for evaluating the independence of the independent accountants. The Company's independent accountants report directly to the Audit Committee. The Committee reviews the adequacy of the Company's internal controls and financial reporting processes. It also reviews with the independent accountants their fees and the scope and results of the audit, and reviews with management and the independent accountants the Company's annual and quarterly financial statements and any material changes in accounting principles or practices used in preparing the statements. Additional responsibilities include reviewing the status of compliance with laws, regulations and internal procedures, and contingent liabilities and risks that may be material to the Company. The Committee also reviews and reassesses the adequacy of its written charter which has been adopted by the Board of Directors. A copy of that charter was attached as Appendix A to the Company's Proxy Statement for the 2001 Annual Meeting of Stockholders. The Audit Committee held five meetings during 2001.

The members of the Audit Committee are Mr. Glauber (Chairman since July 23, 2001), Mr. Adams, Mrs. Evans, Senator Mack and Dr. McKinnell (former Chairman). The members of the Audit Committee have been determined to be independent within the meaning of the listing standards of the NYSE.

The Compensation and Nominating Committee

The Compensation and Nominating Committee is responsible for setting and approving the performance goals of the members of senior management, including the CEO, and for evaluating their performance and establishing their compensation arrangements. The Committee establishes compensation arrangements for the CEO and for certain other executives consistent with the Company's incentive plans adopted by the Committee and subject to the Committee's own rules of procedure and such limitations as it may adopt. The Committee also administers grants of options under the Moody's Corporation Key Employees' Stock Incentive Plans. Additional responsibilities include administering the Company's employee benefit plans. The Compensation and Nominating Committee met four times during 2001.

Effective as of April 23, 2001, the Board of Directors delegated certain corporate governance functions to the Compensation & Benefits Committee of the Board of Directors and, as a result, changed the Committee's name to the Compensation and Nominating Committee. Those functions include recommending director nominees for approval by the Board of Directors and the stockholders. The Compensation and Nominating Committee also evaluates, on a continuing basis, possible candidates to serve on the Board of Directors, considers and makes recommendations to the Board of Directors concerning the size and composition of the Board, and considers the membership and structure of the Board committees. The Compensation and Nominating Committee will consider nominees recommended by a stockholder of the Company if the stockholder submits the nomination in compliance with the advance notice, informational and other requirements set forth in the Company's By-laws. Stockholders who wish to recommend nominees should submit their recommendations in writing to the Corporate Secretary of the Company at 99 Church Street, New York, New York 10007.

The members of the Compensation and Nominating Committee are Dr. McKinnell (Chairman since July 23, 2001), Messrs. Adams and Glauber (former Chairman), Mrs. Evans and Senator Mack.

Compensation Committee Interlocks and Insider Participation

During the last fiscal year, Dr. McKinnell, Messrs. Adams and Glauber, Mrs. Evans and Senator Mack served on the Compensation and Nominating Committee. Mr. Glauber is chairman and chief executive officer of the National Association of Securities Dealers, Inc. (NASD), and Mr. Rutherford serves as a director of the NASD.

Compensation of Directors

Non-employee directors and the non-executive chairman receive compensation for serving on the Board of Directors. Compensation is delivered through a combination of cash and equity awards.

Each non-employee director earns a retainer at an annual rate of \$50,000 in quarterly installments. The non-executive chairman earns a retainer at an annual rate of \$125,000 in quarterly installments. There are no separate meeting or committee chairman fees. Upon becoming a director of the Company in December 2001, Senator Mack received a retainer of \$12,500.

On December 14, 2001, Mr. Alexander was paid additional compensation of \$125,000 for the services he provided as non-executive chairman during 2001.

Non-employee directors currently receive an annual grant of 7,200 stock options under the 1998 Moody's Corporation Non-Employee Directors' Stock Incentive Plan (the "1998 Directors Plan"). The non-executive chairman currently receives an annual grant of 18,000 stock options. The options have an exercise price equal to the fair market value of the Common Stock on the date of the grant. The options vest after one year and expire ten years from the date of grant. In October 2000, each of Moody's non-employee directors was awarded options to purchase 10,800 shares. This grant represented the 2001 annual option grant of 7,200 options and an additional grant of 3,600 options awarded in connection with the Spin-Off. In October 2000, the non-executive chairman was awarded options to purchase 27,000 shares, representing the 2001 annual option grant of 18,000 options and an additional grant of 9,000 options awarded in connection with the Spin-

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Off. Upon becoming a director of the Company in December 2001, Senator Mack was awarded options to purchase 1,800 shares under the 1998 Directors Plan.

A non-employee director may elect to defer receipt of all or a portion of his or her retainer until after termination of Board of Directors service. Deferred amounts are credited to an account and receive the rate of return earned by one or more investment options in the Profit Participation Plan as selected by the director. Upon the occurrence of a change-in-control of the Company, a lump sum payment shall 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 shall be paid in a lump sum at that time. In addition, any notice by a director to change or terminate an election to defer retainers given on or before the date of the change-in-control shall be effective as of the date of the change-in-control rather than the end of the calendar year.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires the Company's directors and executive officers and persons who own more than 10% of a registered class of the Company's equity securities to file with the Securities and Exchange Commission (the "SEC") and the NYSE reports on Forms 3, 4 and 5 concerning their ownership of the Common Stock and other equity securities of the Company.

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 officers and directors and those greater-than-10% stockholders that filed any reports filed all of such reports on a timely basis during the year ended December 31, 2001.

PROPOSAL II

RATIFICATION OF APPOINTMENT OF INDEPENDENT ACCOUNTANTS

The Board of Directors, upon the recommendation of its Audit Committee, has appointed PricewaterhouseCoopers LLP to serve as independent accountants to audit the consolidated financial statements of the Company for the year ending December 31, 2002, subject to ratification by the Company's stockholders. PricewaterhouseCoopers LLP acted as independent accountants for the year ended December 31, 2001. Services provided to the Company by PricewaterhouseCoopers LLP in 2001 included the audit of the consolidated financial statements, limited reviews of quarterly reports, consultations on various tax and accounting matters, and statutory audits of non-U.S. subsidiaries.

If the appointment of PricewaterhouseCoopers LLP is not ratified by stockholders, if prior to the 2003 Annual Meeting of Stockholders, PricewaterhouseCoopers LLP ceases to act as the Company's independent accountants, or if the Board of Directors removes PricewaterhouseCoopers LLP as the Company's independent accountants, then the Board of Directors will appoint other independent accountants whose engagement for any period subsequent to the 2003 Annual Meeting of Stockholders will be subject to ratification by stockholders at that meeting. A representative of PricewaterhouseCoopers LLP is expected to be present at the Annual Meeting. Such representative will have the opportunity to make a statement if he or she 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 PRICEWATERHOUSECOOPERS LLP AS INDEPENDENT ACCOUNTANTS FOR 2002.

FEES OF INDEPENDENT ACCOUNTANTS

Audit Fees

The aggregate fees billed for professional services rendered for the audit of the Company's annual financial statements for the year ended December 31, 2001 and for the review of the financial statements included in the Company's Quarterly Reports on Form 10-Q during the year ended December 31, 2001 were approximately \$600,000, all of which was attributable to PricewaterhouseCoopers LLP.

Financial Information Systems Design and Implementation Fees

PricewaterhouseCoopers LLP did not render professional services to the Company relating to financial information systems design and implementation for the year ended December 31, 2001, and, accordingly, the Company was billed no fees for any such services.

All Other Fees

The aggregate fees billed by PricewaterhouseCoopers LLP for services rendered to the Company for the year ended December 31, 2001, other than for the services described above under "Audit Fees," were approximately \$3,100,000 (including \$200,000 incurred but not billed in 2001). Approximately one-half of such fees were for consultation on various tax matters of a non-recurring nature, in connection with the Company's transition to an independent company. The remainder principally related to tax consulting and compliance, expatriate tax services, acquisition reviews and statutory audits of non-U.S. subsidiaries. It is the intention of the Company in 2002 to substantially reduce the amount of non-audit services provided by PricewaterhouseCoopers LLP, and thereafter to minimize the amount of these services from PricewaterhouseCoopers LLP, compatible with their efficient use.

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, 2001 (the "Audited Financial Statements"). In addition, the Audit Committee has discussed with PricewaterhouseCoopers LLP, who reports directly to the Audit Committee, the matters required by Statement on Auditing Standards No. 61 (Communication with Audit Committees).

The Audit Committee also has discussed with PricewaterhouseCoopers LLP its independence from the Company, including the matters contained in the written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). The Audit Committee also has discussed with management of the Company and PricewaterhouseCoopers 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 PricewaterhouseCoopers LLP to the Company is compatible with maintaining the independence of PricewaterhouseCoopers LLP from the Company.

Based on 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, 2001 for filing with the Securities and Exchange Commission. The Audit Committee also recommended to the Board of Directors, subject to stockholder approval, the selection of the Company's independent accountants for the year ending December 21, 2002.

The Audit Committee

Robert R. Glauber, *Chairman*
Hall Adams, Jr.
Mary Johnston Evans
Connie Mack
Henry A. McKinnell, Jr.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below shows the number of shares of Common Stock beneficially owned as of December 31, 2001 by (i) each person who is known to the Company to be the beneficial owner of more than 5% of the outstanding shares of Common Stock (the “Company’s 5% Owners”), (ii) each director and nominee for director of the Company, (iii) each named executive officer listed in the Summary Compensation Table below, and (iv) all directors and executive officers of the Company as a group. Stock ownership information is based on (i) the number of shares of Common Stock held by directors and executive officers as of December 31, 2001 (in accordance with information supplied to the Company by them), and (ii) 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, 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, 2001, 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 Number of Shares Beneficially Owned(1)	Stock Units(2)	Percent of Shares Outstanding
Hall Adams, Jr.	28,695	9,905	*
Clifford L. Alexander, Jr.	60,035	8,381	*
Jeanne M. Dering	74,756(3)	0	*
Mary Johnston Evans	68,617(4)	13,340	*
Robert R. Glauber	20,334	768	*
John J. Goggins	14,313	0	*
Andrew E. Kimball	45,093	0	*
Connie Mack	0	0	*
Raymond W. McDaniel	116,344	0	*
Henry A. McKinnell, Jr.	27,560	4,803	*
Debra J. Perry	74,688	0	*
John Rutherford, Jr.	250,241	0	*
All current directors and executive officers as a group (14 persons)	785,250	37,197	*
Berkshire Hathaway Inc., Warren E. Buffett, OBH, Inc., GEICO Corporation, Government Employees Insurance Company and National Indemnity Company 1440 Kiewit Plaza Omaha, Nebraska 68131	24,000,000 (5)(6)	0	15.54%

Name	Aggregate Number of Shares Beneficially Owned(1)	Stock Units(2)	Percent of Shares Outstanding
Davis Selected Advisers, L.P., Abar Foundation, American Electric, APL Wrap, Atlanta Gas & Light, Atmos Energy, Avon Old Farms, AXP Partners, Bowne & Co., Catholic Mutual, Champa Trust, CIBC Oppenheimer WRAP, Davis Financial Fund, Davis Growth Opportunity, Davis New York Venture, Davis VaraFinancial, Davis VaraValue, Del Labs PenPl, Del Labs-Lacrss, DetroitLaborers, DNE Corp, Electrical Workers Annuity, Electrical Workers Pension, Emma Willard, Fishkind LLC, Galveston, Genesis Depreciation, Genesis Foundation, Genesis Pension, Georgia Corp, Gonzaga Univ, GrangeFT, Hathaway, Hirsch, Hoff Family Tr., Lewis & Roca, Manulife Financial, Manulife Value, MassMutual Prt, MassMutual Var, Mattin A, Mattin B, McDonald Investments Wrap, Medcen, MennenFT, Mesirow Wrap, Methodist Home, MetLife SIP, Milder CP, Minn Retail, Morgan Keegan Wrap, Morgan Stanley Wrap, Mt. Sinai, Mutual Protect, NASD, NASDRegulation, NedsIsland, New England Zenith, NM Mutual, Noramco Davis, NYC Superior, Paine Webber Wrap, Piper Jaffrey Wrap, Plumbers & Pipefitters, Prudential SP, Prudential Wrap, Quadsan, Rappaport, RL Polk, Salomon Smith Barney Wrap, Scudder — SVS, Selected American Shares, Selected Special Shares, Sicav Davis Financial Fund, Sicav Davis Opportunities, Sicav Davis Value Fund, SS Barney Large Cap V, Stobie Creek, Suburban Propane, Sun America Style LCV, Sun America Style Select, SunAmerica Davis Venture Value, SunLife Financial, SunLifeValue, Temple, Union Dale, Via, Volvo, Wallace Retire, and Wellstar 2949 East Elvira Road, Suite 101 Tucson, Arizona 85706	11,646,490 (7)	0	7.54%

* 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, 2001, upon the exercise of vested stock options as follows: Mr. Adams — 25,160; Mr. Alexander — 57,000; Ms. Dering — 59,624; Mrs. Evans — 25,160; Mr. Glauber — 18,800; Mr. Goggins — 12,750; Mr. Kimball — 30,838; Senator Mack — 0; Mr. McDaniel — 94,887; Dr. McKinnell — 21,980; Ms. Perry — 63,768; Mr. Rutherford — 177,323; and all current directors and executive officers as a group — 591,040. Also includes shares of restricted stock as follows: Mr. Glauber — 784; and Dr. McKinnell — 975.
- (2) Consists of stock units (payable to non-employee directors after retirement) the value of which is measured by the price of the Common Stock. 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. Stock units are credited to non-employee directors in three circumstances. First, directors who elect to defer fees under the Moody’s Corporation Nonfunded Deferred Compensation Plan for Non-Employee Directors may elect to receive the investment return of the Common Stock on their deferred compensation balances (payable in cash). On December 31, 2001, Dr. McKinnell had a share-equivalent deferred compensation balance of 4,033 shares. Second, in November 1996, non-employee directors of the company then known as The Dun & Bradstreet Corporation were issued phantom stock units (payable in cash) in replacement of accrued retirement benefits then held by them under a directors’ retirement plan that was discontinued at that time. These phantom stock units were replaced by a grant of Old D&B phantom stock units pursuant to the 1998 Dun & Bradstreet Corporation Replacement Plan for Certain Non-Employee Directors Holding Dun & Bradstreet Corporation Equity-Based Awards (the “Directors’ Replacement Plan”) in connection

with the separation in June 1998 of Old D&B and R.H. Donnelley Corporation (which prior thereto comprised one entity then known as The Dun & Bradstreet Corporation) into two publicly traded companies. The following directors had the indicated phantom stock unit share-equivalent balances as of December 31, 2001: Mr. Adams — 8,474; Mr. Alexander — 8,381; and Mrs. Evans — 10,492. Third, non-employee directors have been given the option to defer receipt of performance shares earned by them under the Directors' Replacement Plan and the 1998 Directors Plan. The following directors had the indicated deferred performance share balances as of December 31, 2001: Mr. Adams — 1,431; Mrs. Evans — 2,848; Mr. Glauber — 768; and Dr. McKinnell — 770.

- (3) Includes 33,836 shares owned by Ms. Dering's spouse, an employee of Moody's Investors Service, of which 28,432 shares are subject to options exercisable within 60 days after December 31, 2001.
- (4) Includes 40,770 shares owned by Mrs. Evans' spouse as to which Mrs. Evans disclaims beneficial ownership.
- (5) As set forth in the most recent amended Schedule 13G jointly filed with the SEC 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 all of such 24,000,000 shares, and (b) each of GEICO Corporation and Government Employees Insurance Company had shared voting power and shared dispositive power with respect to 7,859,700 of such 24,000,000 shares.
- (6) This address is listed in the most recent amended Schedule 13G 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 each of GEICO Corporation and Government Employees Insurance Company is listed as 1 GEICO Plaza, Washington, D.C. 20076.
- (7) Davis Selected Advisers, L.P. ("Davis") filed a Schedule 13G with the SEC on February 19, 2002 on behalf of the stockholders of the Company listed in the table above. This Schedule 13G reported that Davis, a registered investment adviser, had, as of December 31, 2001, sole voting and dispositive power over 11,646,490 shares.

EXECUTIVE COMPENSATION

The table below sets forth, for the three years ended December 31, 2001, 2000 and 1999, the compensation of the CEO, each of the four other most highly compensated executive officers of the Company, and a former executive officer of the Company whose compensation would have placed her in the disclosed group had she been an executive officer as of December 31, 2001.

As described above, the Company was once the entity referred to herein as Old D&B. As reflected below, the cash compensation was paid by Old D&B for periods prior to October 1, 2000 and by Moody's for periods thereafter. The pre-Spin-Off equity-based compensation reflects the adjustment of the numbers of shares of Old D&B Common Stock into a number of shares of New D&B Common Stock and a number of shares of Company Common Stock as described above under "Corporate Structure — Spin-Off Transaction."

Summary Compensation Table

Name and Principal Position	Year	Long-Term Compensation						
		Annual Compensation			Awards		Payouts	
		Salary(\$)	Bonus (\$)(1)	Other Annual Compensation(\$)	Restricted Stock Award(s)(\$)	Securities Underlying Options/SARs (#)(2)(3)	Long-Term Incentive Payouts (\$)(4)	All Other Compensation (\$)(5)
John Rutherford, Jr.	2001	705,000	1,395,000	0	0	0	0	108,796
President and Chief Executive Officer	2000	534,167	465,510	0	0	259,500	220,157(6)	48,879
	1999	374,000	581,951	0	0	77,700	408,874	24,744
Raymond W. McDaniel	2001	438,423	931,000	0	0	0	0	57,958
Senior Vice President — Global Ratings and Research	2000	289,396	203,648	0	0	172,060	232,995	23,130
	1999	248,600	312,144	0	0	19,870	277,451	15,710
Andrew E. Kimball	2001	328,423	535,000	0	0	0	27,382	45,550
Senior Vice President — Moody's Risk Management Services, Inc.	2000	224,700	187,400	0	0	75,800	193,053	21,008
	1999	214,000	169,254	0	0	14,960	153,492	16,405
Jeanne M. Dering	2001	310,000	477,000	0	0	0	0	37,021
Senior Vice President and Chief Financial Officer	2000	223,500	150,375	0	0	74,230	130,287	19,501
	1999	194,500	91,924	0	0	10,140	141,668	13,268
John J. Goggins	2001	280,000	339,800	0	0	0	12,617	32,480
Senior Vice President and General Counsel	2000	209,679	100,123	0	0	54,830	97,953	14,205
	1999	163,013	101,528	0	0	13,070	0	3,283
Debra J. Perry(7)	2001	370,000	644,480	0	0	0	0	47,216
Former Senior Vice President and Chief Administrative Officer	2000	267,333	203,200	0	0	106,590	193,053	18,657
	1999	235,000	258,978	0	0	14,960	230,211	12,877

- (1) The bonus amounts shown in this column were earned with respect to each year indicated and generally were paid in the following year.
- (2) The amounts shown in this column represent the number of non-qualified options granted in each year indicated.
- (3) The option grant that customarily would have been awarded in 2001 was accelerated to October 3, 2000 in connection with the Spin-Off. Those options are exercisable in four equal annual installments, the first of which was October 3, 2001, and expire on October 3, 2010.
- (4) The amounts shown in this column for Messrs. Kimball and Goggins in 2001 represent cash payments equal to one half of the economic value that would have been delivered through the Old D&B performance share plan for the 2000-2001 performance period, including a simple interest payment of 10%. This performance cash payment represents the final payment under the Old D&B performance share plan. The amounts shown for years 2000 and 1999 represent (i) a payment in February 2001, based on the achievement of cumulative 1999-2000 performance goals, and (ii) a payment in February 2000, based on the achievement of cumulative 1998-1999 performance goals, respectively. The named executive officers received cash in lieu of New D&B Common Stock for the 1999-2000 performance period. The 2000 amounts shown include such cash payments.
- (5) The amounts shown in this column represent aggregate annual Company contributions for the account of each named executive officer under the Profit Participation Plan and the Profit Participation Benefit Equalization Plan ("PPBEP"), which plans are open to substantially all employees of the Company and certain of its subsidiaries. The Profit Participation Plan is a tax-qualified defined contribution plan, and the PPBEP is a non-qualified plan that provides benefits to participants in the Profit Participation Plan equal to the amount of Company contributions that would have been made to the participants' Profit Participation Plan accounts but for certain Federal tax laws.

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- (6) Mr. Rutherford's performance share award for the 1999-2000 grant was based on cumulative 1999-2000 revenue growth goals for Moody's Investors Service and The Dun & Bradstreet Corporation. Due to below-target performance by The Dun & Bradstreet Corporation, Mr. Rutherford earned an award of 5,556 performance shares versus a 9,260 share target grant.
- (7) Ms. Perry served as Senior Vice President and Chief Administrative Officer of the Company until November 2001, at which time she became a Senior Managing Director of Moody's Investors Service.

The table below sets forth information concerning options exercised by each of the named executive officers during the year ended December 31, 2001.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

Name	Shares Acquired on Exercise(#)	Value Realized(\$)	Number of Securities Underlying Unexercised Options at Fiscal Year-End(#)		Value of Unexercised In-the-Money Options at Fiscal Year-End\$(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
John Rutherford, Jr.	9,942	208,318	177,323	339,025	3,267,829	4,900,418
Raymond W. McDaniel	3,142	55,888	94,887	191,580	1,726,132	2,771,630
Andrew E. Kimball	0	0	30,679	93,084	483,699	1,336,467
Jeanne M. Dering	0	0	31,192	76,830	483,780	1,058,504
John J. Goggins	0	0	12,750	55,150	149,621	723,276
Debra J. Perry	4,267	78,163	63,768	117,190	1,180,187	1,665,321

- (1) Based on the closing price of the Common Stock of \$39.86 on December 31, 2001.

Retirement Benefits

The tables below set forth the estimated aggregate annual benefits payable under the Moody's Retirement Account Plan, Pension Benefit Equalization Plan ("PBEP") and Supplemental Executive Benefit Plan ("SEBP") as in effect during 2001 to persons in specified average final compensation and credited service classifications upon retirement at age 65.

On October 22, 2001, the Compensation and Nominating Committee approved the inclusion of Mr. McDaniel, Ms. Dering and Ms. Perry as participants in an amended SEBP. Mr. Rutherford had been a participant in the SEBP prior to that date and, as such, is subject to the terms of the SEBP prior to the amendment thereof.

Table I sets forth estimates of the aggregate annual retirement benefits for Mr. Rutherford based on various assumptions regarding average final compensation and years of credited service. Table II sets forth such estimates for Mr. McDaniel, Ms. Dering and Ms. Perry. Amounts shown in the tables include U.S. Social Security benefits which would be deducted in calculating benefits payable under these plans. For Mr. Rutherford, the aggregate annual retirement benefits do not increase as a result of additional credited service after 20 years. For Mr. McDaniel, Ms. Dering and Ms. Perry, the aggregate annual retirement benefits do not increase as a result of additional credited service after 30 years.

Table I**Estimated Aggregate Annual Retirement Benefits
Assuming Credited Service of:**

Average Final Compensation	5 Years	10 Years	15 Years	20 Years
\$ 400,000	\$ 80,000	\$160,000	\$200,000	\$ 240,000
450,000	90,000	180,000	225,000	270,000
550,000	110,000	220,000	275,000	330,000
700,000	140,000	280,000	350,000	420,000
850,000	170,000	340,000	425,000	510,000
1,000,000	200,000	400,000	500,000	600,000
1,300,000	260,000	520,000	650,000	780,000
1,600,000	320,000	640,000	800,000	960,000
1,900,000	380,000	760,000	950,000	1,140,000

Table II**Estimated Aggregate Annual Retirement Benefits Assuming Credited Service of:**

Average Final Compensation	5 Years	10 Years	15 Years	20 Years	30 Years
\$ 400,000	\$ 40,000	\$ 80,000	\$120,000	\$160,000	\$ 240,000
450,000	45,000	90,000	135,000	180,000	270,000
550,000	55,000	110,000	165,000	220,000	330,000
700,000	70,000	140,000	210,000	280,000	420,000
850,000	85,000	170,000	255,000	340,000	510,000
1,000,000	100,000	200,000	300,000	400,000	600,000
1,300,000	130,000	260,000	390,000	520,000	780,000
1,600,000	160,000	320,000	480,000	640,000	960,000
1,900,000	190,000	380,000	570,000	760,000	1,140,000

The estimated retirement benefits payable from the Retirement Account Plan and PBEP at normal retirement age to Messrs. Kimball and Goggins are \$199,718 and \$370,838, respectively. The estimated benefits for Messrs. Kimball and Goggins are based on annual salary increases of 5%, annual bonus payments projected at 100% of annual base salary and a 30-year Treasury interest rate of 5.56%. The approximate number of years of credited service under the plans as of December 31, 2001 are as follows: Mr. Rutherford — 14; Mr. McDaniel — 15; Mr. Kimball — 14; Ms. Dering — 16; Mr. Goggins — 2; and Ms. Perry — 10.

For the purpose of determining retirement benefits, compensation for a given year consists of the aggregate of salary, wages, regular cash bonuses, commissions and overtime pay that are paid to the applicable employee in such year. Severance pay, contingent payments and other forms of special remuneration are excluded. Since the Summary Compensation Table above includes for each year bonuses that are earned in such year but not paid until the following year, compensation for purposes of determining retirement benefits varies from that shown in the Summary Compensation Table.

For the reasons discussed above, compensation for determining retirement benefits for the named executive officers differed by more than 10% from the amounts shown in the Summary Compensation Table. The 2001 compensation for purposes of determining retirement benefits was as follows: Mr. Rutherford — \$1,204,677; Mr. McDaniel — \$642,071; Mr. Kimball — \$515,823; Ms. Dering — \$410,375; Mr. Goggins — \$360,123; and Ms. Perry — \$523,200.

Average final compensation is defined as the highest average annual compensation during five consecutive 12-month periods in the last 10 consecutive 12-month periods of the member's credited service. Members vest in their accrued retirement benefit upon completion of five years of service. The benefits shown in the tables above are calculated on a straight-life annuity basis.

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The Retirement Account Plan, together with the PBEP, provides retirement income based on a percentage of annual compensation. The percentage of compensation allocated annually ranges from 3% to 12.5%, based on age and credited service. Amounts allocated also receive interest credits based on 30-year Treasuries with a minimum compounded annual interest credit rate of 3%.

The SEBP provides retirement benefits in addition to the benefits provided under the Retirement Account Plan and the PBEP. The SEBP has the effect of increasing the retirement benefits under the Retirement Account Plan and the PBEP to the amounts shown in the tables above.

Career Transition Plan

All of the Company's executive officers named in the Summary Compensation Table above currently participate in the Company's Career Transition Plan ("CTP"). The CTP generally provides for the payment of benefits if an eligible executive's employment terminates by reason of a reduction in force, job elimination, unsatisfactory job performance (not constituting cause) or a mutually agreed upon resignation. In the event of an eligible termination, an executive officer will be paid 52 weeks of salary continuation (26 weeks if the executive is terminated by the Company for unsatisfactory performance), payable at the times the executive's salary would have been paid if employment had not terminated. For this purpose, salary consists of the executive's annual base salary at the time of termination. In addition, the executive will receive continued medical, dental and life insurance benefits during the applicable salary continuation period and will be entitled to such outplacement services during the salary continuation period as are being provided by the Company. Except in the case of a termination by the Company for unsatisfactory performance, the executive also will receive: (i) a prorated portion of the actual bonus for the year of termination that would have been payable to the executive under the annual bonus plan in which the executive was participating at the time of termination, provided that the executive was employed for at least six full months during the calendar year of termination; (ii) cash payments equal in value to a prorated portion of any "performance-based awards" under the Company's stock incentive plan, provided that the executive was employed for at least half of the applicable performance period; and (iii) financial planning/counseling services during the salary continuation period to the same extent afforded immediately prior to termination of employment. The CTP gives the Company's chief executive officer the discretion to reduce or increase the benefits otherwise payable to, or otherwise modify the terms and conditions applicable to, an eligible executive under the CTP.

Change-in-Control Agreement

The Company has entered into an agreement with Mr. Rutherford providing for certain benefits upon actual or constructive termination of employment in the event of a change-in-control of the Company. If, following a change-in-control, Mr. Rutherford is terminated other than for cause or by reason of death, disability or normal retirement, or Mr. Rutherford terminates employment for "good reason" (generally, an unfavorable change in employment status, compensation or benefits or a required relocation), he will be entitled to receive: (i) a lump sum payment equal to three times the sum of salary plus guideline bonus opportunity; (ii) continuation of welfare benefits and certain perquisites for three years; (iii) retiree medical and life insurance benefits starting at age 55; (iv) outplacement consulting in the amount of 20% of the sum of salary plus guideline bonus opportunity, but not exceeding \$100,000; (v) immediate vesting of all deferred compensation and benefit plan entitlements; (vi) a prorated annual target bonus for the year in which the change-in-control occurs and a full target bonus for all other bonus plans in effect at the time of termination; and (vii) payment of any excise taxes due in respect of the foregoing benefits.

REPORT OF THE COMPENSATION AND NOMINATING COMMITTEE

Overview of Executive Compensation Philosophy and Program

The Compensation and Nominating Committee establishes the performance objectives and the compensation of the Company's key executives, including the CEO. The Committee consists entirely of independent non-employee directors and is chaired by Dr. McKinnell. The Company's executive compensation program is designed to:

- provide a competitive total compensation package that will retain key executives and motivate them to achieve outstanding performance for the Company;
- link a substantial part of each key executive's compensation to the achievement of the Company's financial and strategic objectives and to the individual's performance; and
- align key executives' rewards with increases in shareholder value.

In establishing compensation of executive officers, the Committee considers pay levels in a compensation peer group (the "Peer Group") consisting of financial services companies with market capitalization comparable to the Company, as well as other factors noted below. The Company's executive compensation program consists of the following three components:

- *Base Salaries.* In setting base salaries, the Committee evaluates a variety of factors, including competitive pay levels, scope of responsibilities, individual performance and prior experience.
- *Annual Cash Incentives.* Through the annual cash incentive program, a significant portion of total cash compensation is "at risk" and is paid based on both Company and individual performance against quantitative and qualitative measures.
- *Longer-Term Incentives.* Long-term compensation consists of stock options and is intended to align executive pay with shareholder value creation.

Evaluation of Key Executive Performance

Each year, the Compensation and Nominating Committee sets financial and other objectives for the Company and key executives in discussion with the CEO and after a review by the Board of Directors of the Company's annual operating budget. In evaluating the performance of the CEO and other key executives, the Committee considers the financial performance of the Company and the performance of the key executives in relation to those objectives, and also considers other relevant criteria such as accomplishments of individual executives and of the management team as a whole. The Committee determines aggregate funding of the Company's cash incentive program based on the financial performance of the Company, including the Company's growth in operating income and earnings per share compared with its intermediate-term growth targets, and uses discretion in determining individual cash incentive pay-outs, with the goal of incenting and rewarding outstanding performance.

During 2001, the Company achieved record financial results, with growth in revenue, operating income and earnings per share that were significantly above the Company's normative targets, which are currently 12.5% growth in revenue and operating income and 15% growth in earnings per share. The Company successfully introduced its rating assessment service and expanded revenues in collateralized debt obligation and bank loan products, and it continued its strong growth in Europe and expansion into emerging markets. In addition, the Company grew the revenues of its risk management services business by more than 30%. These factors demonstrate management's success in executing its main strategies — capitalizing on the growth of worldwide capital markets, introducing new products and extending the brand. In addition, management was able to maintain the Company's outstanding performance in the wake of the September 11th tragedy, despite being dislocated from its New York City headquarters building. Also during 2001, a new senior management structure was put into place to ensure the Company's continued success.

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Based on these results, the Compensation and Nominating Committee approved the 2001 compensation awards shown in the Summary Compensation Table.

Compensation of the Chief Executive Officer

In determining Mr. Rutherford's 2001 compensation, the Committee considered the performance of the Company, Mr. Rutherford's individual job performance, his increased responsibilities in connection with Moody's becoming a separate public company, and Peer Group compensation data provided by an outside consultant, as well as the factors noted above under "Evaluation of Key Executive Performance." The Committee increased Mr. Rutherford's base salary from \$500,000 to \$705,000 effective as of November 1, 2000. Based on the Company's outstanding financial results, and Mr. Rutherford's strong performance in managing the business and continuing to implement its strategy, the Committee awarded him a cash bonus for 2001 of \$1,395,000.

Tax Deductibility

Section 162(m) of the Internal Revenue Code denies income tax deductibility of compensation in excess of \$1 million paid to the CEO and the four other most highly compensated individuals serving as executive officers of the Company at the end of the fiscal year, unless certain requirements are met. One requirement is that the Committee consist entirely of outside Directors. The Committee meets this requirement. Another requirement is that compensation over \$1 million must be based upon the attainment of performance goals approved by the stockholders. Stock options awarded under the Company's Stock Incentive Plans are "performance-based" and are eligible for an exception to the deduction limitation. Although the Company's annual cash incentive program is designed to relate compensation to performance, certain elements of the program may not meet the tax law's requirements to the extent they allow the Committee to exercise discretion in determining certain bonus payouts.

Of the five executive officers potentially subject to Section 162(m), total 2001 compensation for Mr. Rutherford and Mr. McDaniel exceeded the \$1 million limit for Section 162(m) purposes. With the exception of Mr. Rutherford, the Committee does not anticipate that total compensation paid during 2002 will exceed the \$1 million limit for Section 162(m) purposes for any individual executive officer. The Committee will continue to monitor the compensation levels potentially payable under the Company's cash and stock option compensation programs, but intends to retain the flexibility necessary to provide total cash and stock option compensation in line with competitive practice, the Company's compensation philosophy and the Company's best interests.

The Compensation and Nominating Committee

Henry A. McKinnell, Jr., *Chairman*
Hall Adams, Jr.
Mary Johnston Evans
Robert R. Glauber
Connie Mack

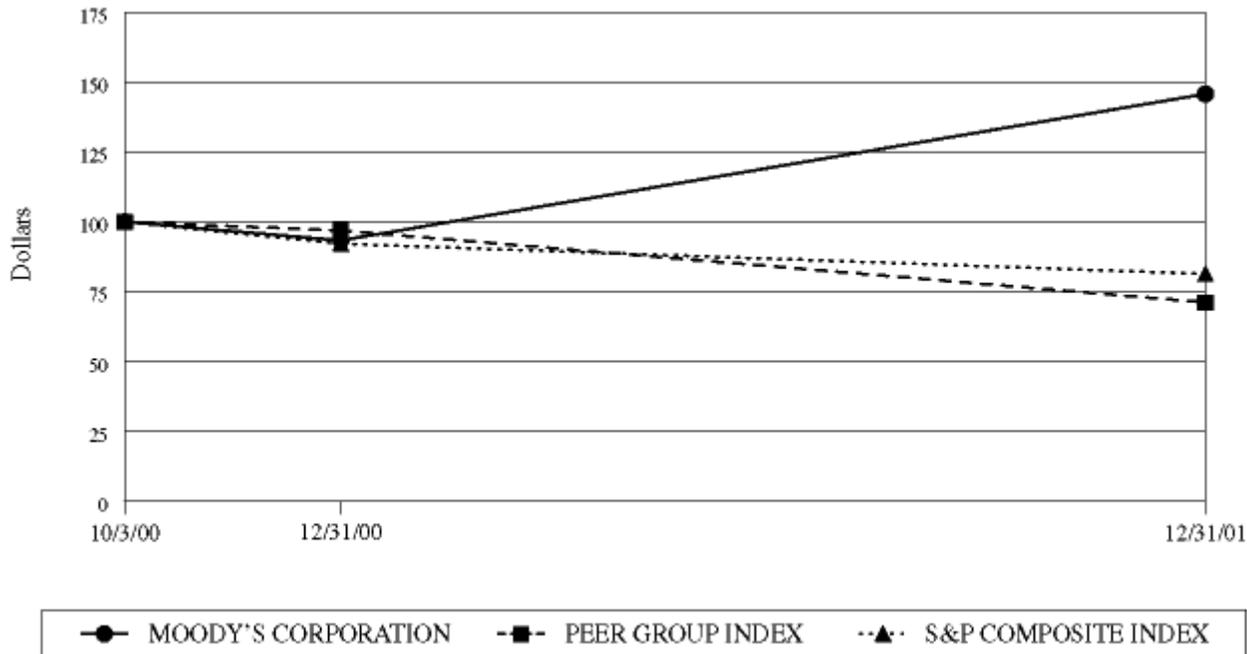
PERFORMANCE GRAPH

The following graph compares the total cumulative shareholder return of the Company to the performance of Standard & Poor’s Stock 500 Index (“S&P 500”) and an index of performance peer group companies (the “Performance Peer Group”).

The Company does not believe there are any publicly traded companies that represent strict peers. However, each of the companies in the Performance Peer Group offers business information products in one or more segments of its business. The Performance Peer Group consists of Dow Jones & Company, Inc., The McGraw-Hill Companies, Pearson PLC, Reuters Group PLC, Thomson Corporation, and Wolters Kluwer nv.

The comparison assumes that \$100.00 was invested in Common Stock and in each of the foregoing indices on October 3, 2000, the date on which the company commenced regular way trading on the NYSE after the Spin-Off became effective on September 30, 2000. The comparison also assumes the reinvestment of dividends, if any. The total return for the Common Stock was 46% during the performance period as compared with a total return during the same period of -19% for the S&P 500, and -29% for the Performance Peer Group index.

**Comparison of Cumulative Total Return
Since October 3, 2000
Moody’s Corporation, S&P 500 and Peer Group**



	<u>Moody’s Corporation</u>	<u>Peer Group Index</u>	<u>S&P Composite Index</u>
10/3/00	100.00	100.00	100.00
12/31/00	93.36	96.91	92.17
12/31/01	145.69	71.09	81.22

The comparisons in the graph above are provided in response to disclosure requirements of the SEC and are not intended to forecast or be indicative of future performance of the Common Stock.

OTHER BUSINESS

The Board of Directors knows of no business other than the matters set forth herein which will be presented at the Annual Meeting. Inasmuch as matters not known at this time may come before the Annual Meeting, the enclosed proxy confers discretionary authority with respect to such matters as may properly come before the Annual Meeting, and it is the intention of the persons named in the proxy to vote in accordance with their best judgment on such matters.

STOCKHOLDER PROPOSALS FOR 2003 ANNUAL MEETING

Stockholder proposals which are being submitted for inclusion in the Company's proxy statement and form of proxy for the 2003 Annual Meeting of Stockholders must be received by the Company at its principal executive offices no later than November 22, 2002. Such proposals when submitted must be in full compliance with applicable laws, including Rule 14a-8 of the Exchange Act.

Under the Company's By-laws, stockholder proposals which are being submitted other than for inclusion in the Company's proxy statement and form of proxy for the 2003 Annual Meeting of Stockholders must be received by the Company at its principal executive offices no earlier than January 23, 2003 and no later than February 12, 2003. Such proposals when submitted must be in full compliance with applicable law and the Company's By-laws. In order for a shareholder proposal submitted outside of Rule 14a-8 to be considered "timely" within the meaning of Rule 14a-4(c), such proposal must be received by the Company on or prior to February 12, 2003.

March 22, 2002

MOODY'S CORPORATION

**PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR
ANNUAL MEETING OF STOCKHOLDERS TO BE HELD TUESDAY, APRIL 23, 2002**

The undersigned hereby appoints John Rutherford, Jr., Jeanne M. Dering and John J. Goggins, and each of them, as proxies, each with full power of substitution, to represent the undersigned and vote all the shares of common stock of Moody's Corporation which the undersigned is entitled to vote at the Annual Meeting of Stockholders to be held on April 23, 2002 at 9:30 a.m., local time, at the Company's offices at 99 Church Street, New York, New York 10007, and any adjournment or postponement thereof. The undersigned directs the named proxies to vote as directed on the reverse side of this card on the specified proposals and in their discretion on any other business which may properly come before the meeting.

This card also constitutes voting instructions to the Trustee of the Moody's Corporation Profit Participation Plan to vote, in person or by proxy, the proportionate interest of the undersigned in the shares of common stock of Moody's Corporation held by the Trustee under the plan, as described in the Proxy Statement.

YOU ARE ENCOURAGED TO SPECIFY YOUR CHOICES BY MARKING THE APPROPRIATE BOXES (SEE REVERSE SIDE), BUT YOU NEED NOT MARK ANY BOXES IF YOU WISH TO VOTE IN ACCORDANCE WITH THE BOARD OF DIRECTORS' RECOMMENDATIONS. THE NAMED PROXIES CANNOT VOTE YOUR SHARES UNLESS YOU SIGN AND RETURN THIS CARD OR FOLLOW THE APPLICABLE INTERNET OR TELEPHONE VOTING PROCEDURES.

To vote by telephone or Internet, please see the reverse side of this card. To vote by mail, please sign and date the above proxy card on the reverse, tear off at the perforation and mail promptly in the enclosed postage-paid envelope.

To change your address, please mark this box.

Table of Contents

Please sign and date here, detach and return in enclosed envelope or vote by telephone or Internet.

Votes must be indicated (x) in Black or Blue ink.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED HEREIN. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE NOMINEES AND FOR PROPOSAL II.

The Board of Directors recommends a vote **FOR** its nominees and **FOR** Proposal II.

- | | | | |
|-----|--|---|-------------------------------------|
| I. | Election of three Class I Directors:
FOR ALL <input type="checkbox"/> | WITHHOLD FOR ALL <input type="checkbox"/> | EXCEPTIONS <input type="checkbox"/> |
| II. | Ratification of the appointment of independent accountants for 2002. | FOR <input type="checkbox"/> | AGAINST <input type="checkbox"/> |
| | | | ABSTAIN <input type="checkbox"/> |

Nominees: 01 – Mary Johnston Evans, 02 – Robert R. Glauber, 03 – Connie Mack
(Instructions: To withhold authority to vote for any individual nominee, mark the “Exceptions” box and write that nominee’s name on the following blank line.)

Exceptions

And, in its discretion, in the transaction of such other business as may properly come before the Annual Meeting.

Mark this box if you plan to attend the Annual Meeting.

Please sign exactly as the name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Share Owner sign here

Date

Co-Owner sign here

Date

**NOW YOU CAN VOTE YOUR SHARES BY TELEPHONE OR INTERNET!
QUICK * EASY * IMMEDIATE * AVAILABLE 24 HOURS A DAY * 7 DAYS A WEEK**

Dear Stockholder:

Moody's Corporation encourages you to take advantage of convenient ways by which you can vote your shares. You can vote your shares electronically through the Internet or the telephone. This eliminates the need to return the proxy card.

To vote your shares electronically, you must use the control number printed in the box below, just above the perforation. The series of numbers that appear in this box must be used to access the system.

1. TO VOTE OVER THE INTERNET

- Log on to the Internet and go to the web site <https://www.proxyvotenow.com/mco>

2. TO VOTE OVER THE TELEPHONE

- On a touch-tone telephone, call 1-888-216-1319, 24 hours a day, 7 days a week.

Your electronic vote authorizes the named proxies in the same manner as if you marked, signed, dated and returned the proxy card.

If you choose to vote your shares electronically, there is no need for you to mail back your proxy card.

THANK YOU FOR VOTING!

ADMISSION TICKET

Moody's Corporation
Annual Meeting of Stockholders
April 23, 2002
9:30 a.m.
99 Church Street
New York, New York 10007

End of Filing

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