MOODYS CORP /DE/
Form DEF 14A
March 22, 2006

Table of Contents

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

[Amendment No. _____]

Filed by the Registrant o
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
o Definitive Additional Materials
o 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):

þ No fee required.

o 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:

o Fee paid previously with written preliminary materials.

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

1) Amount Previously Paid:

2) Form Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Table of Contents

March 22, 2006

Dear Stockholder:

You are cordially invited to attend the 2006 Annual Meeting of Stockholders of Moody s Corporation to be held on Tuesday, April 25, 2006, 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, 2005 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,

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

Table of Contents

MOODY S CORPORATION
99 Church Street
New York, New York 10007

NOTICE OF 2006 ANNUAL MEETING OF STOCKHOLDERS

To Our Stockholders:

The 2006 Annual Meeting of Stockholders of Moody s Corporation will be held on Tuesday, April 25, 2006, 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 II directors of the Company to each serve a three-year term;

2. To ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the year 2006;

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

4. 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 March 1, 2006 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, 2006

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 or that you give your proxy by telephone or the Internet. 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.

TABLE OF CONTENTS

	Page
ANNUAL MEETING OF STOCKHOLDERS	1
General	1
Annual Meeting Admission	1
Record Date	1
How to Vote	1
Special Voting Procedures for Certain Current and Former Employees	1
Quorum and Voting Requirements	2
Proxies	2
Delivery of Documents to Stockholders Sharing an Address	3
Section 16(a) Beneficial Ownership Reporting Compliance	3
CORPORATE GOVERNANCE	4
Board Meetings and Committees	4
The Audit Committee	4
The Governance and Compensation Committee	5
Codes of Business Conduct and Ethics	6
Director Independence	6
Communications with Directors	7
Compensation of Directors	8
ITEM 1 ELECTION OF DIRECTORS	8
NOMINEES FOR DIRECTORS	9
Class II Directors Whose Terms Expire in 2009	9
CONTINUING DIRECTORS	10
Class III Directors Whose Terms Expire in 2007	10
Class I Directors Whose Terms Expire in 2008	10
ITEM 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS	11
PRINCIPAL ACCOUNTING FEES AND SERVICES	11
Audit Fees	11
Audit-Related Fees	11
Tax Fees	12
All Other Fees	12
AUDIT COMMITTEE REPORT	12
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	13
Stock Ownership Guidelines	14
EXECUTIVE COMPENSATION	15
Summary Compensation Table	15
Option Grants in Last Fiscal Year	16
Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values	17
Retirement Benefits	17
Certain Transactions	19
Career Transition Plan	19
REPORT OF THE GOVERNANCE AND COMPENSATION COMMITTEE	19
Overview of Executive Compensation Philosophy and Program	19
Evaluation of Key Executive Performance	20
Compensation of the Chief Executive Officer	21

Tax Deductibility	21
PERFORMANCE GRAPH	22
ITEM 3 STOCKHOLDER PROPOSAL	23
Statement of the Board of Directors in Opposition to the Stockholder Proposal	24
OTHER BUSINESS	25
STOCKHOLDER PROPOSALS FOR 2007 ANNUAL MEETING	25
Appendix A Amended Audit Committee Charter	A-1

Table of Contents

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 wi 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 25, 2006, 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, 2006. 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 March 1, 2006 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 291,173,591 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, 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 20, 2006. 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.

A plurality of the voting power present in person or represented by proxy and entitled to vote at the Annual Meeting is required for the election of directors. 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 the majority of the votes 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 registered public accounting firm of the Company for the year ending December 31, 2006. 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, while present at the meeting are not entitled to vote for such matter and will have no effect on the outcome of the vote.

The affirmative vote of the majority of the votes present in person or represented by proxy and entitled to vote at the Annual Meeting is required to adopt the stockholder proposal set forth in this Proxy Statement. Please bear in mind that the adoption of the stockholder proposal included in this Proxy Statement at the Annual Meeting would serve only as a recommendation to the Board of Directors to take the action requested by the proponent. The affirmative vote of the holders of at least 80% in voting power of the outstanding shares of Common Stock at a future stockholder s meeting would be required in order to declassify the Board of Directors, as requested by the stockholder proposal. 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, while present at the meeting are not entitled to vote for such matter and will have no effect on the outcome of the vote.

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 ot proposals. The Board of Directors recommends that you vote For each of the three director nominees named in this Proxy Statement, For the ratification of the selection of the independent registered public accounting firm, and Against the stockholder proposal. All shares of Common Stock represented by properly executed proxies received prior to or at the Annual Meeting and not revoked will be voted in accordance with the instructions indicated in such proxies. Properly executed proxies that do

Table of Contents

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 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. 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, email 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.

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 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 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, now or in the future, should submit their request to the Company by telephone at (212) 553-3638 or by submitting a written request to the Company s Investor Relations Department, at 99 Church Street, New York, New York 10007. Beneficial owners sharing an address who are receiving multiple copies of proxy materials and annual reports 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.

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 beneficially 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 New York Stock Exchange (the NYSE) 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 seeks to assist 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 officers and directors

Table of Contents

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, 2005, except as described below:

On February 9, 2005, shares of Common Stock beneficially owned by Mr. McDaniel, the Company s Chairman and Chief Executive Officer (the CEO), Mr. Goggins, the Company s Senior Vice President and General Counsel, Ms. Dering, the Company s Executive Vice President Global Regulatory Affairs & Compliance, and Ms. Dering s spouse, a former employee of Moody s Investors Service, were sold in order to make certain tax payments in connection with the vesting of restricted stock. The amounts sold were 1,575, 346, 668 and 236 shares, respectively. Ms. Dering reported the sales of shares owned by her and her spouse in a Form 4 filed on May 4, 2005. Each of Mr. Goggins and Mr. McDaniel reported the sales of shares owned by him in a Form 4 filed on May 16, 2005. On October 1, 2005, 114 shares of Common Stock beneficially owned by Mr. McCabe, the Company s Senior Vice President Corporate Controller, were sold in order to make certain tax payments in connection with the vesting of restricted stock. Mr. McCabe reported the sale in a Form 4 filed on February 10, 2006.

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 2005 the Board amended the Company s Corporate Governance Principles and the charters of its Audit Committee and its Governance and Compensation Committee. A copy of the amended Corporate Governance Principles is available on the Company s website at www.moodys.com under the headings Shareholder Relations Corporate Governance Corporate Governance Principles. A copy of the amended charter of the Audit Committee is attached to this Proxy Statement as Appendix A, and copies of both it and the amended charter of the Governance and Compensation Committee are available on the Company s website at www.moodys.com under the headings Shareholder Relations Corporate Governance Committee Charters. Copies may also be obtained upon request, addressed to the Corporate Secretary of the Company at 99 Church 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 2005, the Board of Directors met six times and had two standing committees, an Audit Committee and a Governance and Compensation Committee, which also performs the functions of a nominating committee. All directors attended at least 75% of the total number of meetings of the Board and of all committees of the Board on which they served (held during the periods in which they served) in 2005.

Directors are encouraged to attend the Annual Meeting. All of the Company s directors were in attendance at the 2005 Annual Meeting.

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; 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 of 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 Company s Independent Auditors. 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 chair 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 chair report any pre-approval decisions to the full Audit Committee at its next scheduled meeting.

The members of the Audit Committee are Mr. Wulff (Chairman), Mr. Anderson, Mr. Glauber, Mr. Kist, Senator Mack, Dr. McKinnell and Ms. Newcomb, 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, Dr. McKinnell, Ms. Newcomb and Mr. Wulff is an audit committee financial expert under the SEC s rules.

Mr. Anderson currently serves on the audit committees of three other public companies. Under the NYSE rules, a member of the Audit Committee may not simultaneously serve on the audit committees of more than two other public companies unless the Board of Directors determines that such simultaneous service does not impair the ability of the member to effectively serve on the Audit Committee. The Board of Directors has determined that Mr. Anderson s simultaneous service on the three other audit committees does not impair his ability to effectively serve on the Company s Audit Committee.

The Audit Committee held eight meetings during 2005.

The Governance and Compensation Committee

The functions of the Governance and Compensation Committee include identifying and evaluating possible candidates to serve on the Board and recommending 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, and assesses whether the Company s compensation structure establishes appropriate incentives for management and employees. The Committee also oversees the evaluation of senior management (including by reviewing and approving performance goals for the Company s executive officers, including the CEO, and by evaluating their performance) and oversees, and makes recommendations to the Board regarding, compensation arrangements for the CEO and for certain other executive officers. The Committee also 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 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 and skills, independence, judgment and integrity, his or her ability to commit sufficient time and attention to Board activities, and 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. 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 person 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 or her qualifications to be a director of the Company, and the person 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 99 Church 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 2007 annual meeting, this deadline is December 26, 2006.

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 person s accomplishments and qualifications, including in light of any other candidates that 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.

The members of the Governance and Compensation Committee are Dr. McKinnell (Chairman), Mr. Anderson, Mr. Glauber, Mr. Kist, Senator Mack, Ms. Newcomb and Mr. Wulff, each of whom is independent under NYSE rules and under the Company s Corporate Governance Principles.

The Governance and Compensation Committee met seven times during 2005.

Codes of Business Conduct and Ethics

The Company has adopted a code of ethics that applies to its CEO, 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 Shareholder Relations Corporate Governance Codes of Business Conduct and Ethics. A copy of each is also available in print to stockholders upon request, addressed to the Corporate Secretary of the Company at 99 Church Street, New York, New York 10007.

The Company intends to satisfy any disclosure requirements regarding amendments to, or waivers from, the code of ethics by posting such information on the Company s website at www.moodys.com under the headings Shareholder Relations Corporate Governance Codes of Business Conduct and Ethics.

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. Glauber, Mr. Kist, Senator Mack, Dr. McKinnell, Ms. Newcomb 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 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

Table of Contents

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 participating in the firm s audit, assurance or tax compliance (but not tax planning) practice; or (d) the director or an immediate family member of the director was in the past three years (but is no longer) 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 $100,000, 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 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.

The Company s independent directors routinely meet in executive session, without the presence of management directors or other members of management. Those sessions are presided over by the chairman of the Audit Committee or of the Governance and Compensation Committee, depending upon the primary topic to be discussed at the session.

Communications with Directors

The Board of Directors has established a process to receive communications from stockholders and other interested parties. Stockholders and other interested parties may communicate with the Board of Directors or with all non-management directors as a group, with the directors who preside over executive sessions of the Board, or with a specific director or directors, by writing to them c/o the Corporate Secretary of the Company at 99 Church 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.

Table of Contents

Compensation of Directors

Non-employee directors receive a combination of cash and equity compensation for serving on the Board of Directors.

In 2005, non-employee directors received an annual retainer of $75,000, in quarterly installments. The chairman of each of the Audit Committee and the Governance and Compensation Committee received an additional annual fee of $10,000, in quarterly installments. There were no separate meeting fees in 2005.

In February 2005, each non-employee director at that time received a grant of $100,000 worth of restricted stock under the 1998 Moody s Corporation Non-Employee Directors Stock Incentive Plan (the 1998 Directors Plan). After becoming a director in February 2005, Ms. Newcomb received a grant of $91,667 worth of restricted stock. The restricted stock vests in three equal annual installments.

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 employee 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.

Directors also are reimbursed for travel, meals and hotel expenses incurred in connection with attendance at meetings of the Board of Directors or its committees, which are generally held at the Company s executive office. The Board of Directors typically has a meeting once a year outside the United States in a country where the Company has operations. For those meetings, the Company pays for travel for the directors and one guest of each director, as well as for their accommodations, meals, Company-arranged activities and other incidental expenses.

Effective April 26, 2005, Mary Evans retired as a director of the Board. In recognition of Mrs. Evans s nearly 15 years of service as a director, the Company amended Mrs. Evans s restricted stock award agreements to release, effective as of April 30, 2005, all restrictions on the restricted shares granted to her in February 2003 and February 2004 and, effective as of February 23, 2006, all restrictions on the restricted shares granted to her in February 2005.

In January 2006, Mrs. Evans received a payment of 5,786 shares of Common Stock and 1,413 shares of Dun & Bradstreet Common Stock, representing the deferred performance share balance as of December 31, 2005 under the 1998 Moody s Corporation Replacement Plan for Certain Non-Employee Directors Holding Dun & Bradstreet Corporation Equity-Based Awards (the Directors Replacement Plan). In February 2006, Mrs. Evans received a payment of approximately $1,658,518 pursuant to the Directors Replacement Plan with respect to her phantom stock unit share-equivalent balance as of December 31, 2005 and $18,183 as the first of five installment payments pursuant to the 1998 Non-Employee Directors Deferred Compensation Plan, with respect to her deferred compensation account balance as of December 31, 2005. In April 2005, Ms. Evans received a retirement gift valued at $1,405 and a tax gross-up for the gift.

ITEM 1

ELECTION OF DIRECTORS

The Board of Directors has nominated Ewald Kist, Henry A. McKinnell, Jr. and John K. Wulff for re-election as Class II directors, each for a three-year term expiring in 2009. If elected, each nominee will hold office until his or her term expires and until his or her successor is elected and qualified. Each of Mr. Kist, Dr. McKinnell and Mr. Wulff is currently a member 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 unable 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 II nominees listed below.

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

NOMINEES FOR DIRECTORS

Class II Directors Whose Terms Expire in 2009

Ewald Kist

Director since July 2004

Ewald Kist, age 62, is a member of the Audit and Governance and Compensation Committees of the Board of Directors. Mr. Kist was Chairman of ING Groep NV (ING Group) from 2000 to 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 US Corporation from 1986-1989. Mr. Kist is also a director of The DSM Corporation, Royal Philips Electronics and the Dutch National Bank.

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

Director since October 1997

Henry A. McKinnell, Jr., age 63, is chairman of the Governance and Compensation Committee and is a member of the Audit Committee of the Board of Directors. Dr. McKinnell is chairman and chief executive officer of Pfizer Inc, a research-based global health care company. He has served as Pfizer Inc s chairman since May 2001 and as its chief executive officer since January 2001. 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 executive vice president from 1992 to 1999. In addition to serving on the board of Pfizer Inc, Dr. McKinnell is a director of ExxonMobil Corporation.

John K. Wulff

Director since April 2004

John K. Wulff, age 57, is chairman of the Audit Committee and is a member of the Governance and Compensation Committee of the Board of Directors. Mr. Wulff has served as non-executive chairman of the board of Hercules Incorporated, a manufacturer and supplier of specialty chemical products, since December 2003. 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 firms (accounting and consulting firms). In addition to serving on the board of Hercules, Mr. Wulff is a director of Sunoco, Inc. and Fannie Mae.

Table of Contents

CONTINUING DIRECTORS

Class III Directors Whose Terms Expire in 2007

Basil L. Anderson
Director since April 2004

Basil L. Anderson, age 60, is a member of the Audit and Governance and Compensation Committees of the Board of Directors. Mr. Anderson served as vice chairman of Staples, Inc. 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 is also a director of Staples, Inc., Becton Dickenson, CRA International Inc. and Hasbro, Inc.

Raymond W. McDaniel, Jr.
Director since April 2003

Raymond W. McDaniel, Jr., age 48, is the Chairman and CEO of the Company. Mr. McDaniel served as the Company s President from October 2004 until April 2005 and the Company s Chief Operating Officer from January 2004 until April 2005. He also has served as President of Moody s Investors Service since November 2001. Mr. McDaniel served as the Company s Executive Vice President, Global Ratings and Research, from April 2003 to January 2004, and as Senior Vice President, Global Ratings and Research, from November 2000 to April 2003. Mr. McDaniel served as Senior Managing Director, Global Ratings and Research, of Moody s Investors Service from November 2000 to November 2001, and as Managing Director, International, from 1996 to November 2000. Mr. McDaniel is also a director of John Wiley & Sons, Inc.

Class I Directors Whose Terms Expire in 2008

Robert R. Glauber
Director since June 1998

Robert R. Glauber, age 67, is a member of the Audit and Governance and Compensation Committees of the Board of Directors. Mr. Glauber has served as chairman and chief executive officer of NASD since September 2001. From November 2000 to September 2001, Mr. Glauber served as president and chief executive officer of 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. From 1989 to 1992 Mr. Glauber served as Under Secretary of the Treasury for Finance.

Connie Mack
Director since December 2001

Connie Mack, age 65, is a member of the Audit and Governance and Compensation Committees of the Board of Directors. Senator Mack has served as a senior policy advisor at King & Spalding LLP since February 2005 and served as a senior policy advisor at Shaw Pittman, LLP from February 2001 to February 2005. 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 1995 to 1997 and 1999 to 2001, and a member of the Senate Finance and Senate Banking, Housing and Urban Affairs committees. Senator Mack was chairman of the President s Advisory Panel on Federal Tax Reform and 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 Spirit Aerosystems.

Nancy S. Newcomb
Director since February 2005

Nancy S. Newcomb, age 60, is a member of the Audit and Governance and Compensation Committees of the Board of Directors. Ms. Newcomb served as senior corporate officer, risk management, of Citigroup

Table of Contents

from May 1998 until her retirement in 2004. She served as a customer group executive of Citicorp (the predecessor corporation) from December 1995 to April 1998, and as a division executive, Latin America from September 1993 to December 1995. From January 1988 to August 1993 she was the principal financial officer, responsible for liquidity, funding and capital management. Ms. Newcomb is also a director of The DIRECTV Group, Inc. and SYSCO Corporation.

ITEM 2
RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

The Audit Committee, in its capacity as a committee of the Board of Directors, has appointed PricewaterhouseCoopers LLP to serve as the independent registered public accounting firm to audit the consolidated financial statements of the Company for the year ending December 31, 2006. As a matter of good corporate governance, the Audit Committee has requested the Board of Directors to submit that selection to stockholders for ratification. PricewaterhouseCoopers LLP acted as the independent registered public accounting firm for the year ended December 31, 2005. Services provided to the Company by PricewaterhouseCoopers LLP in 2005 included the audit of the consolidated financial statements, audits of management s assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, limited reviews of quarterly financial statements, employee benefit plan audits, consultations on various accounting matters, acquisition due diligence review and statutory audits of non-U.S. subsidiaries.

If the appointment of PricewaterhouseCoopers LLP is not ratified by stockholders, the Audit Committee will re-evaluate its selection and will determine whether to maintain PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm or to appoint another independent registered public accounting firm. If prior to the 2007 Annual Meeting of Stockholders PricewaterhouseCoopers LLP ceases to act as the Company s independent registered public accounting firm or if the Audit Committee removes PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm, then the Audit Committee will appoint another independent registered public accounting firm. 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 the Company s independent registered public accounting firm for 2006.

PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees

The aggregate fees for professional services rendered for the integrated audit of the Company s annual financial statements for the years ended December 31, 2005 and 2004, for the review of the financial statements included in the Company s reports on Forms 10-Q and 8-K, and for statutory audits of non-U.S. subsidiaries were approximately $2.0 million (including $0.4 million not billed) in 2005 and $2.3 million (including $0.4 million not billed) in 2004. All such fees were attributable to PricewaterhouseCoopers LLP.

Audit-Related Fees

The aggregate fees billed for audit-related services rendered to the Company by PricewaterhouseCoopers LLP for the years ended December 31, 2005 and 2004 were approximately $0.1 million and $0.7 million (including $0.1 million not billed), respectively. Such services included acquisition due diligence reviews, employee benefit plan audits, internal control reviews, and consultations concerning financial accounting and reporting standards.

Tax Fees

The aggregate fees billed for tax services rendered to the Company by PricewaterhouseCoopers LLP for the years ended December 31, 2005 and 2004 were approximately $3,000 and $15,000, respectively. Tax services rendered by PricewaterhouseCoopers LLP principally related to expatriate tax services and tax consulting and compliance.

All Other Fees

The aggregate fees billed for all other services rendered to the Company by PricewaterhouseCoopers LLP for the years ended December 31, 2005 and 2004 were approximately $9,000 (including $4,000 not billed) and $5,000, respectively. Other fees principally relate to accounting research software.

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, 2005 (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 PricewaterhouseCoopers LLP, who reports directly to the Audit Committee, the matters required by Statement on Auditing Standards Nos. 61 and 90 (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 and letter 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.

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, 2005 for filing with the SEC.

The Audit Committee
John K. Wulff, *Chairman*
Basil L. Anderson
Robert R. Glauber
Ewald Kist
Connie Mack
Henry A. McKinnell, Jr.
Nancy S. Newcomb

Table of Contents

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below sets forth the number of shares of Common Stock beneficially owned as of December 31, 2005 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 (a) the number of shares of Common Stock held by directors and executive officers as of December 31, 2005 (in accordance with information supplied to the Company by them), 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, 2005, 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
Basil L. Anderson	4,440	1,495	*
Jeanne M. Dering	391,120(3)	0	*
Jennifer Elliott	40,929	0	*