

MOODY'S CORPORATION

GOVERNANCE AND COMPENSATION COMMITTEE CHARTER

Purpose

The Governance and Compensation Committee's primary purpose is to: (a) develop and recommend to the Board a set of corporate governance principles; (b) perform a leadership role in shaping the Company's corporate governance; (c) identify individuals qualified to become Board members, consistent with criteria approved by the Board; (d) recommend to the Board director candidates for the annual meeting of stockholders; (e) have direct responsibility for overseeing, and make recommendations to the Board regarding, compensation of the Company's senior executive officers and directors; (f) be responsible for overall administration of employee benefit plans; and (g) have direct responsibility for producing the annual report on executive officer compensation for inclusion in the Company's proxy statement.

Membership and Meetings

The Committee shall be comprised of at least three independent directors, as appointed by the Board, including one chairman.

Each member of the Committee shall meet the independence requirements of the New York Stock Exchange, Inc., as determined by the Board. Additionally, each member of the Committee must qualify as a "non-employee director" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and as an "outside director" for purposes of Section 162(m) of the Internal Revenue Code.

Meetings shall be held on a regularly scheduled basis and additional meetings shall be held as needed. The Committee shall report to the Board on its activities on a regular basis.

Duties and Responsibilities

To fulfill its duties and responsibilities, the Committee shall undertake the following:

Corporate Governance

1. The Committee shall develop and recommend to the Board criteria for identifying and evaluating candidates for the Board. These criteria include, among other things, an individual's business experience and skills, independence, judgment, integrity, and ability to commit sufficient time and attention to the activities of the Board, as well as the absence of any potential conflicts with the Company's interests. The Committee considers these criteria in the context of an assessment of the perceived needs of the Board as a whole and seeks to achieve a diversity of occupational and personal backgrounds on the Board.

2. The Committee shall be responsible for:
 - identifying, reviewing the qualifications of, and recruiting candidates for Board membership;
 - assessing the contributions and independence of incumbent directors in determining whether to recommend them for reelection to the Board;
 - establishing a procedure for the consideration of Board candidates recommended by the Company's stockholders; and
 - recommending to the Board candidates for election or reelection to the Board at each annual stockholders' meeting and candidates to fill vacancies on the Board that occur between annual meetings.
3. The Committee shall consider and make recommendations to the Board regarding the size, structure, composition and functioning of the Board and its committees.
4. The Committee shall annually review the Company's Corporate Governance Principles and recommend revisions to these principles, as necessary.
5. The Committee shall annually review the compensation of directors for service on the Board and its committees and recommend changes in compensation to the Board.
6. The Committee shall review and recommend to the Board retirement and other tenure policies for directors.
7. The Committee shall review directorships (and similar governance oversight positions) held by or offered to directors of the Company, the CEO or other executive officers of the Company, in (a) other public companies, and (b) other profit or not-for-profit entities, if such profit or not-for-profit entities issue public debt or hold ratings from Moody's Investors Service.
8. The Committee shall oversee the evaluation of the Board and its committees.
9. The Committee shall be responsible for overseeing an orientation program for new directors and continuing education for current directors.

Management Evaluation and Compensation

10. The Committee shall oversee the Company's overall compensation structure, policies and programs, and assess whether the Company's compensation structure establishes appropriate incentives for management and employees.
11. The Committee shall oversee the evaluation of senior management and shall:

- review and approve corporate goals and objectives relevant to the compensation of the CEO and other executive officers of the Company;
 - recommend to the Board a statement of Executive Compensation Philosophy setting forth the goals and objectives established by the Committee;
 - evaluate the CEO's performance in light of those goals and objectives and such other standards as may be established by the Committee; and
 - together with the other independent directors, set the CEO's compensation level based on a periodic evaluation.
12. The Committee shall review with the CEO the performance of other elected executive officers in accordance with the goals and objectives established by the Committee and set the compensation of the executive officers.
13. The Committee shall make recommendations to the Board with respect to the Company's incentive compensation and equity-based compensation plans that are subject to Board approval. In this regard, consistent with the provisions of these plans, the Committee shall: (a) select the participants under such plans and determine the awards granted to each of them; (b) determine the provisions of the awards to be granted; (c) interpret the plans and awards granted under the plans; (d) adopt, amend and rescind rules and regulations for the administration of the plans; and (e) conduct and administer the plans and make all determinations in connection therewith that may be necessary or advisable.
14. The Committee shall review and recommend to the Board employment agreements and severance arrangements for executive officers, including change-in-control provisions, plans or agreements.

Administration of Employee Benefit Plans

15. The Committee shall be responsible for the overall administration of the Company's employee benefit plans, programs and practices, including the selection and retention of trustees to have custody of plan assets, the selection and retention of asset managers for such plans, and the determination of applicable investment guidelines and portfolio objectives. The Committee may delegate to management such responsibility for the administration of the Company's employee benefit plans, programs and practices as the Committee deems appropriate.

Evaluation, Charter and Proxy Statement Reports

16. The Committee shall evaluate its performance and review and reassess the adequacy of this Charter annually.

17. The Committee shall have direct responsibility for producing the report on executive officer compensation required by the Securities and Exchange Commission's rules to be included in the Company's annual proxy statement and shall address other proxy disclosures regarding its activities as it determines to be required or appropriate.

Outside Advisors

18. The Committee shall be empowered to retain, at the Company's expense, such consultants, counsel or other independent advisors as it determines appropriate to assist it in the performance of its functions.