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This presentation includes certain forward-looking statements about the Company's businesses, new products, sales, expenses, tax rates, cash flows, prepublication investments and operating and capital requirements. Such forward-looking statements include, but are not limited to: the strength and sustainability of the U.S. and global economy; Educational Publishing's level of success in 2008 adoptions and in open territories and enrollment and demographic trends; the level of educational funding; the strength of School Education including the testing market, Higher Education, Professional and International publishing markets and the impact of technology on them; the level of interest rates and the strength of the economy, profit levels and the capital markets in the U.S. and abroad; the level of success of new product development and global expansion and strength of domestic and international markets; the demand and market for debt ratings, including collateralized debt obligations ("CDO"), residential mortgage and asset-backed securities and related asset classes; the continued difficulties in the credit markets and their impact on Standard & Poor's and the economy in general; the regulatory environment affecting Standard & Poor's; the level of merger and acquisition activity in the U.S. and abroad; the strength of the domestic and international advertising markets; the volatility of the energy marketplace; the contract value of public works, manufacturing and single-family unit construction; the level of political advertising; and the level of future cash flow, debt levels, manufacturing expenses, distribution expenses, prepublication, amortization and depreciation expense, income tax rates, capital, technology, restructuring charges and other expenditures and prepublication cost investment.

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Short-term U.S. economic outlook

- **Federal takeover of Fannie Mae and Freddie Mac should stabilize mortgage markets and restore some investor confidence**
 - Shaken again by collapse of Lehman Brothers, sale of Merrill Lynch, and federal bailout of AIG
- **Recovery in housing market will take more time**
 - David Wyss, S&P's chief economist, expects housing prices to drop by another 10% before bottoming out late next year

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Outlook for broader U.S. economy doesn't improve until 2Q 2009

- **Wyss' current forecast:**
 - Modest gross domestic product growth of 1.3% in 3Q 2008 followed by two quarters of decline
 - Economy will start to recover by 2Q 2009 and will be growing 3% in 4Q 2009
- **State and local governments face more challenging conditions**

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MHP's priorities in today's market

- **Cost containment**
- **Maintenance of a strong balance sheet**
- **Continued share repurchase**
 - Still plan to buy back a total of 15.0 million shares in 2008
 - 1H 2008: Repurchased 7.4 million shares at average price of \$41.19

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Financial Services

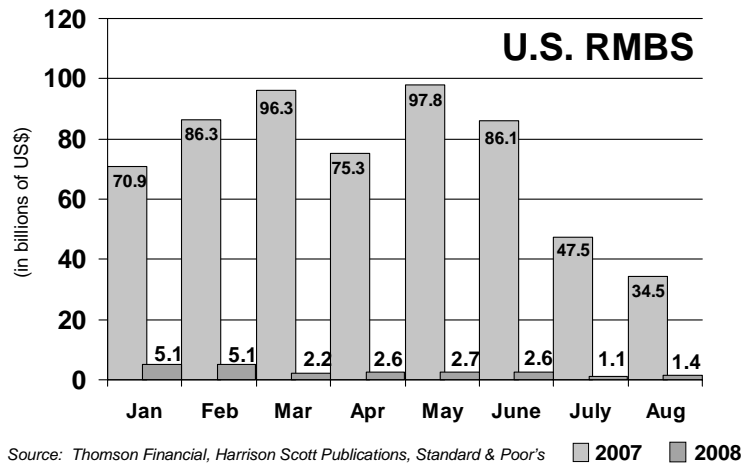
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Four key questions about prospects for Financial Services

1. **How severe will the downturn be in the bond market?**
2. **How long will the downturn last?**
3. **What are our legal risks?**
4. **What are the regulatory risks?**

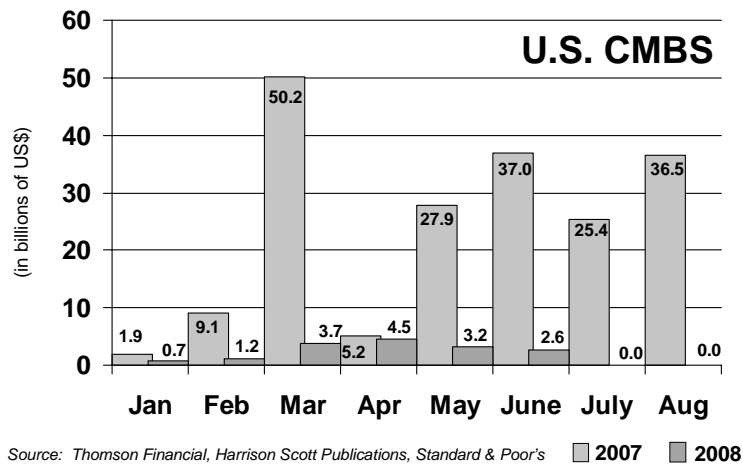
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Turbulence in credit markets has carried into third quarter of 2008



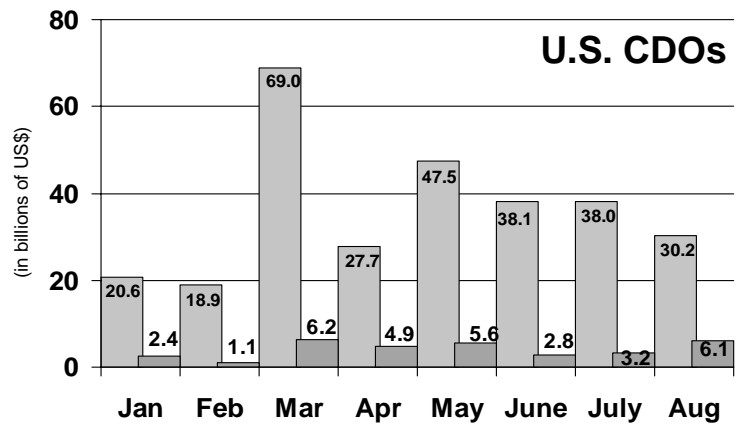
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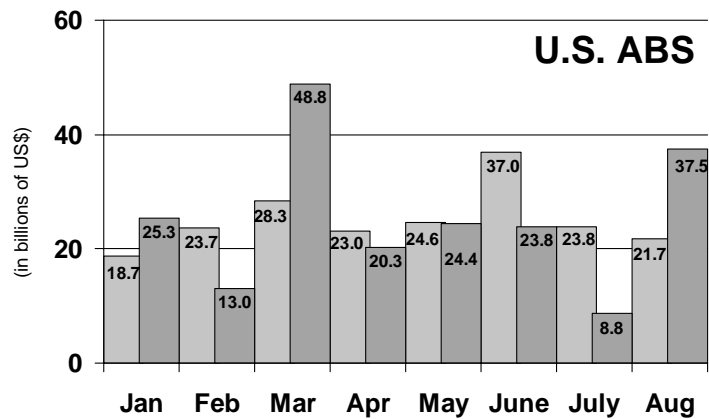


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Source: Thomson Financial, Harrison Scott Publications, Standard & Poor's

2007 2008

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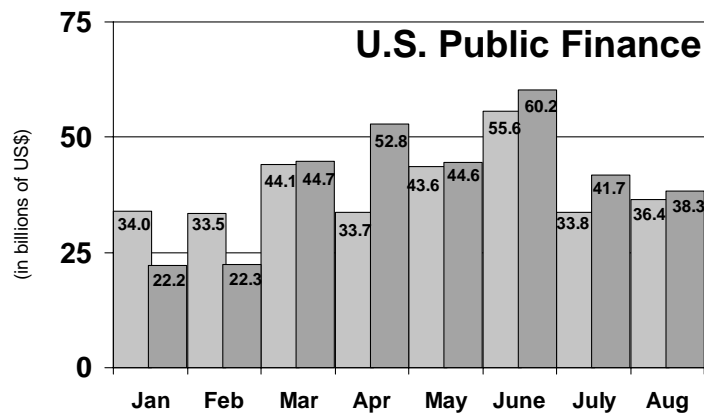


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2007 2008

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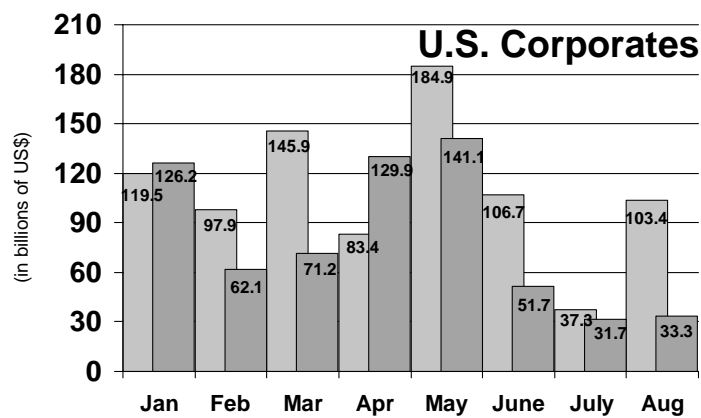


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Source: Thomson Financial, Harrison Scott Publications, Standard & Poor's

2007 2008

Turbulence in credit markets has carried into third quarter of 2008



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Source: Thomson Financial, Harrison Scott Publications, Standard & Poor's

2007 2008

Enhancing capacity at Standard & Poor's

- **S&P will emerge from current turmoil stronger and with enhanced capacity to serve its customers**
 - Plays important part in improving relevant information in capital markets
 - Taking a series of actions to increase transparency of ratings analytics and the way S&P operates

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The keys to future performance

- **Powerful trends that contributed to our growth in past will benefit us in the future**
 - Access to capital still the keystone to economic growth for developed and emerging countries
 - Securitization, disintermediation, growth of public markets
- **Adding to S&P's worldwide capabilities**
 - Signed new affiliation agreement with rating agency in China

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Measuring regulatory risk at Financial Services

- **S&P committed to:**
 - Transparency
 - Strengthening of the governance process
 - Helping to restore confidence in capital markets
- **Working with regulators and policymakers here and abroad**
 - Recent S&P correspondence available at www.standardandpoors.com in the “Press Room”

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Measuring regulatory risk at Financial Services

- **Two key points from S&P’s July 24th response to SEC request for commentary on proposed rules for NRSROs:**
 - We share SEC’s desire to enhance investor understanding and address potential conflicts of interest in credit ratings industry
 - We believe any new SEC rules must be narrowly tailored as required by law; not regulate substance of credit rating or impair value of independent opinions

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Measuring regulatory risk at Financial Services

- **S&P's sent letter on Sept. 5 to SEC commenting on proposed rules to remove NRSRO reference from a series of rules and forms**
 - S&P operates successfully outside U.S. without these rules
 - We believe S&P can continue to operate successfully in U.S. if SEC changes these rules
 - We are concerned if proposed changes lead to unintended disruptions in financial markets

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Measuring regulatory risk at Financial Services

- **S&P's recent response to European Commission's proposed regulatory framework (document available at www.standardandpoors.com in the "Press Room")**
- **Key points:**
 - European Commission can meet its objectives through a globally-consistent solution based on IOSCO's recently revised code for rating agencies
- **The Commission should:**
 - Preserve analytical independence of ratings agencies to ensure objectivity
 - Use principles-based approach to develop new regulations
 - Designate single point of registration

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Measuring legal risk at Financial Services

- **July: Won our first court decision related to subprime litigation when Court dismissed the Blomquist action**
 - Judgment dismissing the action is now on appeal
- **State of Connecticut's lawsuit alleges that artificially low municipal credit ratings by S&P and other rating agencies created the need for additional bond insurance and higher interest payments**
 - State is trying to use litigation to dictate what bond rating it receives
 - Clearly violates First Amendment rights

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Measuring legal risk at Financial Services

- **We continue to defend against lawsuits**
 - Believe all are without factual or legal merit
- **In our view, legal risk remains low**
 - Continue to believe any new or currently proposed legislation, regulations or judicial determination would not have a material adverse effect on our financial condition or results of operations

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Diversification: A key strategic initiative for S&P

- **Non-transaction revenue buffers S&P against decline in new issue volume**
 - 53.8% of 2007 ratings revenue
 - Grew by 12.5% in 1H 2008
 - Will continue to grow in 2H 2008
 - Comes from annual fees for frequent issuer programs, surveillance, subscriptions, and sale of products and services

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Forecast double-digit revenue growth for non-ratings group at S&P

- **S&P Investment Services**
 - World's leading index provider
 - Continue to expand with Capital IQ, Compustat and CUSIP Global Services
- **Revenue grew 20.4% in 1H 2008**
 - Despite events on Wall Street this week, we expect double-digit growth for 2008

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More growth from S&P index services

- **Creating alpha generating strategy indices across the globe for a growing number of sophisticated investors**
- **31 new exchange-traded funds based on S&P indices launched in first half**
 - S&P/CITIC is leader in creating benchmarks for both equity and fixed income markets in China
- **Assets under management in exchange-traded funds based on S&P indices increased 10.6% year-over-year to \$212.7 billion as of the end of August**

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More growth from Capital IQ

- **Capital IQ continues to deliver new value-added data sets and grow internationally**
 - Offers global coverage of fixed income securities and added financials for more than 100,000 U.S. and European private companies
 - Credit default swap pricing data for up to 10 years

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Guidance for Financial Services segment

- **Cost containment a priority in areas of weakness**
- **Continue to invest in promising areas that will drive growth**
- **Eliminated 418 positions since end of last year; continue to look for opportunities to streamline organization**
- **Legal, regulatory risk remain low**
- **Diversification is paying off; expect double-digit growth for balance of year from S&P Investment Services**
- **Recovery in new issue market remains hard to predict**

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McGraw-Hill Education

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Elementary-high school market performed as expected in July

- **Industry sales of K-12 basals**
 - July: Up 5.8% from 2007
 - After 7 months: Up 6.6%
- **Supplemental market soft, but total basal and supplemental is up**
 - July: Up 5.0% from 2007
 - After 7 months: Up 3.9%

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State new adoption market still in \$900-\$950 million range

- **School Education Group on track to capture about one-third of this important market**
- **Successes in following adoptions:**
 - Florida: Performed well with reading and reading intervention programs
 - Texas: K–5 math adoption
 - Louisiana and Oklahoma: K–5 reading
 - South Carolina and West Virginia: K–5 music
 - Arkansas: 6–12 social studies
 - Georgia: 6–12 science
 - Alabama: 6–12 literature
 - California: Doing well in first-year math adoption and second-year science adoptions; some 2008 decision-making still ongoing

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Emerging signs of softness in el-hi market

- **1Q: Florida's two largest district's decided to implement K-5 reading over two years instead of buying in 2008**
- **2Q: California's largest district announced it would delay math until 2009 due to funding concerns**
- **3Q: Some adoptions are being postponed in open territory and adoption states because of funding**

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Emerging signs of softness in el-hi market

- **Unexpected softness in 3Q for residual sales**
 - Sales to replace damaged copies and accommodate increased enrollments
- **Seeing drop-off in adoption states and open territory**
 - Some softness is due to temporary funding issues
 - Some sales will be made up in 4Q but not all will be recouped in 2008

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Emerging signs of softness in el-hi market

- **Cutbacks in residual orders may reflect funding problems that schools are experiencing**
 - Sharp reduction in Reading First from \$1 billion last year to less than \$400 million this year
 - Lower tax revenues have forced states to budget tightly
 - Our analysis of 49 recently-enacted state budgets shows an average increase of 2.9% in education appropriations
- **Supplemental sales have trended downward all year**
 - Industry is off 7.9% after seven months

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Changing outlook for el-hi market growth

- **No longer projecting 4% to 5% growth this year based on the current situation**
 - Now expect slower growth in 2008, but we need to close books on third quarter before making more precise forecast
 - Unprecedented pattern with state new adoption sales holding up but seeing a dramatic drop in residual sales

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Mixed outlook for testing

- **3Q is typically slow for testing, but there is some evidence of state budget problems**
 - Custom contract revenue will be impacted by several major customers who are reducing scope of their contracts to reduce costs
- **Good news with *Acuity*, new formative assessment system**
 - Steadily adding new customers and seeing increased orders for other shelf products such as assessments for English-language learners

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Outlook for higher education market

- **Solid growth in digital products across disciplines and sale of vocationally-oriented products from our new career education group**
- **Gains are being offset by:**
 - Lower retention rates for backlist titles and some shortfalls in new lists
 - Down year in our revision cycle; fewer major titles to drive sales
 - More students ordering used books over the Internet
- **We still expect growth in 2008, but probably will not achieve 4% to 6% for the year, or match the industry's growth rate**

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Prospects for professional and international markets

- **Growth in digital products will be a key to outlook in professional markets**
 - Revenue from digital subscription and digital licensing rights have increased significantly year-to-date
- **International markets: Still anticipating a good third quarter**

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Summing up for McGraw-Hill Education

- **A strong performance in the state new adoption market**
- **Unexpected softness in August as residual sales have slipped**
- **Slower than expected growth in el-hi market this year**
- **Good growth in digital products in higher education and professional markets**
 - Slower than expected growth for traditional products

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Information & Media

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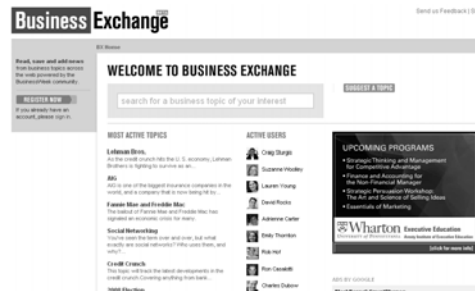
Outlook for Business-to-Business Group

- **Group will show improvement this year despite weakness in print advertising**
- **Revenue was up 5.7% for first half even though *BusinessWeek's* advertising pages were off 15%**
 - Platts: Global growth to meet demand for information in volatile energy markets
 - Progress in construction: Electronic delivery of information is playing a critical role
 - J.D. Power: Growth here and abroad

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BusinessExchange launched as part of BusinessWeek's digital expansion

- Driven by user-generated content and embraces links to outside content
- Users create topics around business issues that matter to them and connect with *BusinessWeek's* community
- Partnerships:
 - LinkedIn to leverage personal networks
 - Federation Media which taps into the blogosphere



<http://bx.businessweek.com>

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Summing up for Information & Media

- The digital transformation continues
- Progress in the Business-to-Business markets

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MHP faces challenging conditions in second half

- **Slow down in GDP growth in U.S., Europe and Japan**
- **Slow pace of recovery in housing market**
- **Continued softness in structured finance market**
- **Possible effect of state and local budget concerns on spending in education, particularly el-hi school market**
- **Slower than anticipated growth in higher education**

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Outlook for 2008 earnings

- **Now seems more likely that 2008 earnings per share will come in at the lower end of our \$2.65 to \$2.75 range**
 - Excludes second quarter restructuring charges and associated benefits

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