

**Citigroup 17th Annual Entertainment, Media & Telecommunications Conference**

**Prepared Remarks**

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**Harold McGraw III**

Chairman, President and CEO  
The McGraw-Hill Companies

Thank you, Bill [Bird].

Before we get started today, I need to provide certain cautionary remarks about forward-looking statements. Except for historical information, matters discussed in this presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including projections, estimates, and descriptions of future events. Any such statements are based on current expectations and current economic conditions and are subject to risks and uncertainties that may cause actual results to differ materially from results anticipated in these forward-looking statements. In this regard we direct listeners to the cautionary statements contained in our Form 10-K's, 10-Q's, and other periodic reports filed with the U.S. Securities and Exchange Commission.

We are pleased to be here today to review the outlook for The McGraw-Hill Companies.

We start the New Year after again outperforming the S&P 500 by a wide margin. We achieved a total return in 2006 of 33.5% versus 15.8% for the S&P 500. We have outperformed the S&P 500 in each of the last ten, seven, five, three and one-year periods.

In the fourth quarter of 2006, we also completed our stock buyback program. We acquired approximately 2.4 million shares to achieve our goal of buying back 28.4 million shares in 2006. The average cost per share last year was \$54.23.

As part of our commitment to advancing total shareholder value, we have been steadily returning more cash to shareholders. In 2006 through share buybacks and dividend payments, we returned \$1.8 billion dollars. Since 1996, the corporation has returned \$5.9 billion to shareholders.

At the end of this month, the Board of Directors will review the dividend and the buyback program during its regular January meeting. Cash dividends have grown at a 10.3% compound annual growth rate since 1974. And we still have 20 million shares authorized in the current buyback program.

In 2007, we expect double-digit earnings growth. All three segments will contribute to this performance and all will have higher operating margins.

Connecting all our operations are plans for global growth, digital expansion and productivity improvement. We are increasingly benefiting from the convergence of technology and content, which is creating new opportunities to develop new and renewable revenue streams, improve operating leverage, and expand our margins.

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With that, let me get into the operations and the prospects for 2007 for each of our three operating segments, and in doing so let me begin with the McGraw-Hill Education segment.

### **McGraw-Hill Education**

At The McGraw-Hill Companies, education is a growing global business with steadily improving prospects. Our assessment is based on some significant trends that we believe will enable us to take this business to a new level in 2007 and the years beyond.

It starts with the fundamental recognition that we are operating in a knowledge economy with favorable demographics. Enrollments are growing both here and abroad. In higher education, there are now 100 million students enrolled in 20,000 colleges and universities worldwide. That figure could more than double by 2025, stimulated by the growth in worldwide population growth figures and the continuing rise of emerging economies. In the U.S., there are currently 17 million students enrolled in some four thousand colleges and universities. By 2014, U.S. college and university enrollments could hit a record 19.5 million, that's according to projections from the National Center for Education Statistics.

Clearly, there will be no let up in the worldwide pursuit of a college education. But there is more to this trend than favorable demographics. There is another key reason why governments are spending more on education as a percentage of their gross domestic product. The reason is simply this: in a knowledge economy, investment in human capital is a necessity. Trained brains are required as never before. Of course it is about economic growth, it is about the size and the skill sets of the workforce and therefore it is all about your educational system. Recognition of that fundamental truth underpins the reform movement in U.S. education here. Our nation will not remain competitive in a global economy with an under-educated workforce and that is why it will be a priority, whether it be Republican or Democrat in any agenda-setting component.

McGraw-Hill Education is a brand with global recognition. Our opportunity is also growing because technology removes geographic barriers and expands access to quality education. That means new opportunities to develop content locally that can travel globally by leveraging McGraw-Hill Education's network. We operate in eight key hubs outside the United States: Spain, Great Britain, Singapore, Australia, Taiwan, Mexico City, Toronto, and India. They are international focal points for product development, production, distribution, and sales and marketing.

In product development, for example, we recently forged a new Dubuque-Delhi connection. Dubuque, Iowa is the center for our successful Science, Engineering and Math imprints in higher education. New Delhi is rapidly growing as an international center for producing and marketing computer science and engineering titles. Our New Delhi operation is already responsible for our largest single book adoption: more than 750,000 units of *Computing Essentials*, by O'Leary, in English and Marathi.

India now enrolls 475,000 students in engineering, more than any other nation. It is also the home of some of the world's leading authorities in computer science and engineering – many of them McGraw-Hill authors. By working collaboratively as never before, Dubuque and New Delhi have embarked on a plan to develop new programs and create a base for global computer science and engineering all centered in India.

Growth in higher education is one of the keys to our progress in 2007 and future years. The Higher Education, International and Professional Group produces about 45% of the segment's revenue. More than half of our international revenue in education comes from higher education markets.

In 2007, we expect the U.S. college and university markets to grow about 4%. We expect to do better than that, both domestically and abroad, because higher education is growing faster overseas than it is here in the United States. We will also start to benefit in 2007 from reform initiatives in Spain and Mexico for junior and senior high schools. We are in a good position in these markets to deliver the materials that educators are seeking as the new curricula are implemented.

Our professional publishing business is increasingly benefiting from the growing global appetite for digitally-delivered information. *Access Medicine*, *Access Science* and the *Digital Engineering Library* are Web-based products with growing global sales and are just a few of the examples.

In Europe, the adoption of new digital products in higher education will also be fueled by the movement toward a more standardized European curriculum. Actions by European educational authorities to align their university systems and to allow more student mobility among them (an initiative known as the Bologna Process) should also raise the importance of English-language publications across the region.

In many emerging markets, demand for education frequently exceeds the capacity of today's traditional bricks-and-mortar classroom. This will lead to the development of more digital product opportunities, including online courses.

We introduced 40 new online courses late last year and will be adding more in 2007—all to capitalize on the growing demand for digital products and services at higher education institutions worldwide. Each online course represents a standard 15-week semester—about 45 hours of class time. The course can be delivered over the major learning management systems like Blackboard and so forth. And, since all students don't learn the same way, our online courses combine visual, auditory and other interactive elements to encourage all types of learners to connect and retain knowledge.

The new online courses do not disintermediate the textbook, the instructor, or the final exam. The digitized course represents a new blended learning environment for the student and the instructor with the potential to increase interaction between them.

Online courses are gaining traction in the U.S. with older students, particularly at for-profit post-secondary schools. In the United States today, fully online distance learning students now make up 7% to 8% of the higher education enrollment of approximately 17 million. By 2008, that figure could grow to 10% of college and university enrollments.

Online course and reference works represent only some of the potential of a new generation of products and services that will produce incremental and renewable revenue. Today we are creating new revenue streams from what may appear to be an unlikely opportunity: the homework assignment.

[Video Clip: MHHE Online Homework Solutions]

*There is a growing market in higher education for online homework solutions. McGraw-Hill is responding with digital homework services in nearly a dozen disciplines ranging from chemistry to financial accounting to Spanish that create a richer learning experience for students and save time for instructors.*

*A dashboard of study tools provides online homework assistance and supports college students' learning. As a class attempts a problem, the concept or type of problem is the same for all*

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*students, but an algorithm is inserting different variables to provide a unique set of questions. This also provides unlimited practice opportunities. Immediate feedback indicates if the response is correct. Those needing help can access online resources. The “Guided Solution” is particularly helpful in problems with several steps because it provides feedback for every entry until the final answer is reached. A link to the course’s online textbook displays the exact section for additional review, and video lectures provide deeper explanations from master instructors. Live tutors are on standby and use an innovative, virtual whiteboard to communicate with students in real-time. The program saves hours of work by automatically grading the homework and entering the results into the instructor’s digital grade book.*

*McGraw-Hill’s online homework solutions leverage trusted content with innovative technology and provide new services to the evolving college and university market.*

At the same time the digital world is also creating new ways to meet the elementary-high school market’s urgent need for teaching and learning solutions that will help educators cope with increased testing and greater accountability. As a result, there is growing demand for intervention materials to jump start the performance of students who have fallen two or more years below their grade-level. We have intervention programs in reading and math for all levels, beginning in the early grades.

Intervention classes are challenging for teachers. In middle and high school reading, for example, the teacher faces a classroom of students whose skill levels may vary widely. Individualized instruction is obviously the answer to that problem, but it is very difficult to achieve with a class of 20, 25 or 30 children if you don’t have the right resources.

Recognizing that problem, we created a solution—a Web-based program that enables students to learn at their own pace. We call our program *Jamestown Reading Navigator*. Let’s take a closer look:

### **[Video Clip: Jamestown Reading Navigator]**

*The U.S. Department of Education reports that 40% of middle and high school students cannot read at a basic literacy level. The majority of these students can read the words yet they cannot comprehend what the words mean.*

*Jamestown Reading Navigator is the first reading intervention program built specifically for students in grades 6 through 12 that fully integrates the latest research in adolescent literacy. This includes engaging struggling readers with age-appropriate content and an interactive online learning environment that empowers students to make choices and learn at their own pace. Each lesson introduces an important comprehension strategy like sequencing or finding the main idea and allows students to practice and apply it in their reading. Students are motivated to participate actively in their own learning process by setting objectives for each lesson and taking notes as they read. The online program continuously assesses student progress, adjusts instruction as appropriate, and provides reports to allow teachers to intervene strategically.*

*Jamestown Reading Navigator is designed to advance students by two grade levels in reading achievement for every level completed and will help struggling adolescents become successful readers.*

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That is a wonderful, intelligent system that allows you to integrate any student wherever they are. And as we know, the achievement gap in the middle school area poses such terrific problems that if you don't get after it right away it is going to create dropout rates and all other kinds of issues. The system doesn't tell you that you're at a certain level, it just goes with you. And as you progress the system gets more difficult.

Because of the greater emphasis on meeting the Adequate Yearly Progress goals established as part of the No Child Left Behind Act, we are getting terrific traction with *Jamestown Reading Navigator*, which is sold by subscription. Intervention programs represent incremental revenue. Schools purchase them by accessing federal and other special funding for materials to supplement regular classroom work.

The needs of American students are diverse. Clearly one size does not fit all. That's why our School Education Group offers the market a spectrum of products. As this chart shows, we provide a comprehensive selection of products to meet diverse needs in the all-important reading market. Programs highlighted in yellow are new or represent major revisions for opportunities through 2008. We employ the same depth-and-breadth strategy in mathematics.

We strengthened our position in the heart of this market a few months ago by realigning our operations. We established pre-K to 12 Centers of Editorial Excellence for every single curriculum area. This was done to ensure that our basal programs serving the largest segment of the market, shown in blue, are consistent in the way they build concepts and skills. Our instructional design helps students transition seamlessly between grade levels. That is especially important in the intermediate and middle school grades, from 4 to 8, where the achievement gap tends to widen.

Not only have we aligned the editorial development of our basal programs, we have integrated the sales and marketing operations of our elementary and secondary groups under the same management. At a time when educators are looking for better integrated instruction and improved service, we think our new basal operation strengthens our position in the market and improves our top-line opportunities.

These charts illustrate another important competitive dynamic for our School Education Group. A few years ago we successfully created a separate team to service the supplemental and alternative basal markets (the orange and green sections across the top of the charts). This has worked extremely well.

The spectrum then is the strategy. One size doesn't fit all, but we have a size for every need. That gives us an extraordinary range of options for meeting the needs of students and teachers in a diverse marketplace.

Today, I have been describing the changing landscape of education both here and abroad.

- Digital media is clearly a change agent and a plus factor for McGraw-Hill Education.
- We are creating new products and services to anticipate market trends.
- We have strengthened our organization and product development in the key core basal segment of the market.

All this comes as the market outlook is steadily improving. The state new adoption calendar picks up by more than 15% in 2007 and keeps climbing through 2009. There is good visibility. As this chart shows, big states are planning major purchases in core disciplines for rest of the decade. We currently believe the el-hi market will grow 4% to 6% this year, but confidently expect to outperform it.

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There is one more point to make about the outlook for McGraw-Hill Education. The convergence of technology and content also creates new opportunities for us to streamline our operations and improve productivity. Global Resource Management is our name for much of this focused effort to reduce costs. It is the key to:

- Improving our productivity by deploying digital tools in education to streamline our workflow,
- Creating the digital connection with off-shore vendors for faster turnaround at lower costs, and
- Off-shoring more of our printing.

We are currently realizing all-in savings of 20% to 30% by printing selected Higher Education and Professional titles as far away as China.

Let's sum up for McGraw-Hill Education. Starting in 2007, we are poised for steady improvement for the rest of the decade. We will benefit from:

- Growing global growth prospects, particularly in higher education and professional markets,
- A growing state new adoption market for 2007–2009,
- A strengthened el-hi organization,
- The convergence of technology and content which is increasing the addressable market, and
- Margin expansion in 2007.

### **Financial Services**

Now, let's review the outlook for Financial Services.

At The McGraw-Hill Companies, Financial Services is a diversified and resilient global growth business with excellent prospects in 2007 and for many years beyond that. Our confidence is based on our unique blend of fixed income and equity products and services that will produce double-digit top- and bottom-line increases for Standard & Poor's in 2007.

We expect solid contributions here and abroad from ratings services, data and information products, and index services. In short, we have developed a solid and growing lineup at S&P that contributes to the sustainability of our performance while reducing our dependence on any single product or asset class.

The outlook for the ratings business is excellent. This market is both robust and innovative. Although the new issuance mix has changed significantly over the last 20 years, there has been one constant—the growing demand for fixed income securities as global investors have sought bonds for yield and risk diversification.

Structured finance has been a key driver with global new issuance growing at a compound annual rate of 35% since 2000. Issuers, intermediaries and investors around the world recognize the benefits of structured finance. It has proven to be a reliable, highly flexible financing and effective risk transfer tool.

Globalization, securitization, and the increased complexity and sophistication of financial instruments will continue as growth drivers of structured finance.

Issuers and arrangers have been very innovative in meeting investor demand for risk diversification as well as yield. Over the years, structured finance has taken many forms and appealed to many different types of investors—a development that continues to broaden the market and increase demand for structured securities.



Structured finance as an asset class will continue to grow significantly in the U.S. and the potential overseas is just simply enormous. There are large pools of untapped assets that remain to be securitized. The demand for structured securities, including Collateralized Debt Obligations, also keeps growing as investors seek to diversify risk exposure to portfolios of debt securities versus single-issuer credits and to take advantage of cyclical lows in default rates.

Structured finance instruments are no longer limited by the availability of underlying assets. These bonds can now be structured synthetically to satisfy those who want to manage exposure to credit risk or take advantage of arbitraging opportunities. Indeed, there is increased global acceptance of synthetic forms of risk transfer.

Investors, issuers, and intermediaries are all contributing to the growth of the structured market. Strong credit quality and returns attract investors at a time when high-grade corporate issuance is in short supply. Today, the credit quality of a U.S. corporate bond is averaging BBB-. The average rating for U.S. structured finance is a single A.

Issuers favor structured securities because they:

- Lower borrowing costs,
- Transfer risks, and
- Meet capital requirements.

Intermediaries create new opportunities because repackaging can:

- Mitigate and transfer risk, and
- Take advantage of market inefficiencies or spread differentials on individual securities versus a basket of them.

Risk arbitrage is a key to making all investors happy with the spread they are earning for the risk they are assuming.

As investors seek superior returns in the face of relatively low interest rates and narrow bond spreads, they need our ratings and the sophisticated tools and models that S&P provides to measure the risk of more complex instruments. That creates more opportunities to generate revenue.

For capital markets, we have products and services for each link in the value chain. We start with pre-issuance, which includes data and information, custom analytics and evaluations, tools and models.

Issuance, of course, requires a traditional credit rating. Now S&P has introduced Recovery Ratings.

Post-issuance services range from surveillance and frequent issuer and industry updates to credit risk training. The Collateralized Debt Obligation, or CDO, market also leads to more ratings opportunities. The CDO pool usually includes instruments such as bonds and bank loans that may or may not have been previously rated individually. The repackaging creates a new credit risk and return profile and requires an additional rating on the CDO or underlying loans so investors can select a tranche that matches their risk/reward appetite.

As the market has grown and changed, we have worked hard to improve the revenue mix in ratings. We are now more global. In 1994, 21% of ratings revenue came from offshore. By 2005, it had grown to

37%. We expect that percentage to continue to increase and I would say probably at this point somewhere around 2010 we will see it flip to about a 50-50% relationship.

We are more diversified. We rate a growing array of instruments that are not tied directly to new issuance. In 1994, these non-traditional products and services accounted for only 8% of ratings revenue. By the end of 2005, they contributed 22%. We expect a still greater contribution from these products and services going forward. In 2007, bank loan ratings, counterparty credit ratings, financial strength ratings, ratings evaluation services, and credit estimates will lead the way for non-traditional products.

We have also reduced our dependency on transactions through the growth of frequent issuer and surveillance programs. In 1994, transactions produced 60% of ratings revenue. At the end of 2005, transactions accounted for approximately 45% of revenue.

We price for value, so more complex instruments produce a better return. Prices can range from 4.25 basis points for corporate bonds to 10-to-12 basis points for more complex structured instruments with minimums and caps depending on the size of the issue.

Earlier I mentioned that we rate virtually all instruments so we are not dependent on the performance of any single asset class. That will be demonstrated in 2007 by the expected 10-to-15% decline in dollar volume issuance of U.S. residential mortgage-backed securities—by the way still at a very, very healthy level, but still some decline.

We expect new issue volume to increase in other asset classes in 2007.

- Corporate issuance will grow, benefiting from continued debt-financed merger and acquisition activity and healthy spending on double-digit capital equipment forecast. European prospects look strong.
- Public finance issuance may increase modestly. Depending on interest rates, there could be some opportunistic refinancing.
- U.S. residential mortgage-backed securities will probably decline by 10 to 15 percent, but we expect solid growth again overseas.
- Commercial mortgage-backed securities issuance will grow. It has been growing at very healthy rates since early 2005 and that will continue. There is strength here and abroad.
- For asset-backed securities, we expect moderate growth in the U.S. but we see much bigger increases overseas.
- Collateralized debt obligations will show continued strength in the U.S. and abroad marked by new structures and an increasing investor base.

For all these reasons, we're optimistic about the outlook for the ratings market in 2007 with growth in international markets outpacing the rate of increase in the U.S.

We also like the prospects in 2007 for Standard & Poor's data and information products and our S&P index services. Here, too, globalization of financial markets is a growth driver. Leveraging and extracting greater value from S&P content is a strategic imperative. That was a key reason we acquired Capital IQ in 2004 to be our data aggregator, data provider, and information distributor.

We are extremely pleased with Capital IQ's progress. Since the acquisition, Capital IQ has more than doubled its client base to more than 1,700 and continued to enhance its offerings. Let's take a look at Capital IQ:



[Video Clip: Capital IQ]

*Capital IQ continues to add new functionality and Standard & Poor's data. The result is an expanding addressable market of financial professionals around the globe who use it everyday in hedge funds, investment banks, and private equity firms, just to name a few.*

*The latest enhancement is the integration of S&P's ratings and credit research. Within a single screen, an analyst can view S&P's long-term and short-term credit ratings for an issuer, as well as its related entities. From here the analyst can access S&P credit research on any company as far back as 1923. Capital IQ's Screening and Analytics tool enables you to find potential investment or trading opportunities, or generate lists for surveillance or trend analysis. For example, an analyst can screen for issuers in the financial industry whose long-term foreign currency rating falls between A- and BBB, and has experienced a 10% price change within the last month, and easily identify ones that are poised to move because of negative credit-rating actions. The results can be imported directly into Excel to build upon the analysis by incorporating additional financial, market, and company data points.*

*Coming soon will be the incorporation of deeper insight into a firm's debt capital structure. Users will be able to view the debt profile over time as well as credit ratios and maturity schedules.*

This month, Capital IQ is issuing another release with more data, new screening capabilities, usability enhancements, and more functionality.

We are also expanding our index services. In 2006, 35 new exchange-traded funds based on S&P proprietary indexes were launched. That brought the total number of exchange-traded funds based on S&P indexes to 86. At the end of 2006, these exchange-traded funds had \$161.2 billion in assets under management, a 19.3% increase over 2005. There are 43 more exchange-traded funds on file with the Securities and Exchange Commission for introduction going forward.

We are also adding index services in new asset classes. Last May, the Chicago Mercantile Exchange started trading futures and options contracts on the new S&P/Case-Shiller Home Price Indexes. This month, Goldman Sachs will start trading forwards, swaps, and options linked to the S&P/Case-Shiller index. The property derivatives market is in its infancy and Goldman Sachs believes it has enormous growth potential. So do we.

As the leading provider of tradeable and investable index products, benchmarks and services, our goal is to provide an index for every type of investment style.

One final comment on the outlook for Financial Services. The Credit Rating Agency Reform Act became law last year at the end of September. It was a much more constructive approach to regulation than the measure originally passed by Financial Services Committee of the House of Representatives. The next step will be for the SEC to issue proposed rules and seek comment. Since the rules have to be finalized by June, I would expect to see something from the SEC shortly. We will continue to work with them as we have for the entire process. But it is a much healthier picture, and we feel very comfortable with it.

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Let's sum up for the Financial Services segment:

- Continued strength in ratings,
- Solid growth in international markets,
- Excellent growth in data and information and S&P indexes,
- Another year of double-digit top- and bottom-line growth in 2007, and
- Margin expansion again in 2007.

### **Information & Media**

We are transforming our Information & Media Segment as the Internet reshapes the business-to-business market and creates new opportunities to deliver information and analytics to our customers.

That means delivering higher value-added information to readers and advertisers by focusing on:

- News and information in text, audio, and video formats,
- Data and analytics and workflow tools and services,
- Search advertising and lead generation, and
- Online community portals producing user-generated content.

We made progress in the transition from our print-based legacy in 2006 and expect more in 2007.

We are very pleased with the progress at J.D. Power and Associates. As a leading provider of must-have marketing information, it continues to expand globally and add new clients. That is reflected in the changing business mix which is now 65% auto and 35% other industries such as finance, insurance, real estate and construction. The ratio was 70/30 when we acquired J.D. Power. About 75% of the business is domestic and 25% overseas. About two-thirds of that 25% is in the Asia-Pacific region—that is an area of concentration and we will be spending a lot of time there.

In the construction market, we are using technology to transform Sweets, a 100-year-old print product. The new version is an integrated, Internet-based sales and market solution service. As a subscription product, Sweets' revenue will be recognized over the life of the contract. That shift impacts the fourth quarter of 2006 by \$24 million, or approximately 4 cents per share. But the impact will be positive in 2007.

Platts is a 24/7 global business that generates more than half of its revenue off-shore. Platts provides benchmark pricing used to settle \$15 billion in global petroleum transactions every day. Four major energy exchanges now use Platts' price assessment to clear trades. Volatility in the oil and natural gas markets continue to increase the demand for Platts' pricing information.

As advertisers increasingly seek multi-platform packages, *BusinessWeek* is evolving into a multi-media brand. Today, the editors deliver expertise on *BusinessWeek.com*, blogs, podcasts, video, television and a mobile edition. We have seen robust growth at *BusinessWeek.com* in 2006 and expect more in 2007.

Ad pages at *BusinessWeek* magazine were up 1.7% in the fourth quarter and virtually flat for the year. We are looking for a better performance this year. *BusinessWeek* will maintain its global rate base at 900,000 and increase its one-time ad rate by 4.8%.

## *The McGraw-Hill Companies*

Summing up for Information & Media:

- More progress,
- Expanding services in a digital world,
- Growth in higher value-added information, and
- Margin expansion.

Summing up for the overall corporation:

- Double-digit earnings growth for 2007,
- Another year of double-digit increases in Financial Services,
- Solid gains in our elementary-high school business and in higher education,
- More progress at Information & Media, and
- Margin expansion in all segments.

Thank you.

### **“Safe Harbor” Statement Under the Private Securities Litigation Reform Act of 1995**

This presentation includes certain forward-looking statements about the Company’s businesses, new products, sales, expenses, cash flows 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 2007 adoptions and enrollment and demographic trends; the level of educational funding; the level of education technology investments; the strength of Higher Education, Professional and International publishing markets and the impact of technology on them; the level of interest rates and the strength of the economic recovery, 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 mortgage and asset-backed securities; 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, product-related manufacturing expenses, pension expense, distribution expenses, postal rates, amortization and depreciation expense, income tax rates, capital, technology, restructuring charges and other expenditures and prepublication cost investment.

Actual results may differ materially from those in any forward-looking statements because any such statements involve risks and uncertainties and are subject to change based upon various important factors, including, but not limited to, worldwide economic, financial, political and regulatory conditions; currency and foreign exchange volatility; the health of capital and equity markets, including future interest rate changes; the implementation of an expanded regulatory scheme affecting Standard & Poor’s ratings and services; the level of funding in the education market (both domestically and internationally); the pace of recovery in advertising; continued investment by the construction, computer and aviation industries; the successful marketing of new products, and the effect of competitive products and pricing.