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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 2007 adoptions and in open territories and enrollment and demographic trends; the level of educational funding; the strength of School Education, 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 collateralized debt obligations (CDO), residential mortgage and asset-backed securities and related asset classes; 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, 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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Committed to advancing total shareholder value

- **Returned approximately \$2.5 billion to shareholders in 2007**
 - Increased cash dividend by 12.9%
 - Repurchased 37.0 million shares in 2007
- Expect to end 2007 with approximately 322.5 million shares outstanding, a 31.5 million reduction from year-end 2006

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A growing dividend since 1974

- Board traditionally considers changes in cash dividend in January
- 10.4% average compound annual growth rate in dividend since 1974

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Returning cash to shareholders

- **\$8.4 billion returned to shareholders since 1996 through cash dividends and share buybacks**

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How MHP increases diversity and resiliency

- Expanding in international markets
- Making prudent acquisitions to enhance growth opportunities
- Using technology to monetize content and improve operating leverage
- Reducing dependence on advertising—now less than 6% of revenue
- Reducing dependence on U.S. bond market—39% of ratings revenue from off-shore

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Expanding globally to increase international revenue

- **2006: MHP's foreign source revenue grew by 14.4%**
 - 24.5% of total revenue in 2006
- **2007: Foreign source revenue up nearly 20% after nine months**
 - Expect proportion to increase in 2007 and beyond, with all three segments contributing to growth overseas

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Key trends will keep MHP growing

- **Worldwide need for capital**
- **Global demand for knowledge**
- **Need for transparent business information**

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Acquisitions and investments are performing well

- **Contributing to international growth**
 - J.D. Power and Associates
 - Capital IQ
 - CRISIL (now majority ownership)
- **Acquired software companies to enhance capabilities in Financial Services**
 - ClariFI
 - IMAKE

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How technology is transforming world of information

- **Creating new ways to:**
 - Monetize content
 - Add incremental revenue
 - Improve operating efficiency
 - Increased digital workflow capabilities a key to improving efficiency with vendors for composition, design, pre-press and printing

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The outlook for U.S. and world GDP

- **S&P's chief economist David Wyss expects U.S. GDP growth of 1.9% in 2008**
 - U.S. GDP increased 2.2% in 2007
 - Forecast based on slow growth in 4Q 2007 and first half of 2008, and pick up in second half of 2008
- **World GDP expected to grow 4.5% in 2008**

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Outlook for housing market

- **U.S. housing recession will be factor for most of 2008**
 - New housing starts will begin to bottom out this spring
 - Sales will bottom out a little later
 - Housing prices will continue to fall in 2008
 - 6.5% drop forecasted
 - 13.0% decline peak-to-trough between Dec '06 and Dec '08

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Outlook for more interest rate cuts

- **Next interest rate cut by Federal Reserve could come at end of January**
- **Additional rate cuts possible in March and April**
- **Rate could be down to 3.5% by April**

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Financial Services

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Building a diverse, resilient revenue stream for Financial Services

- **Approximately 25% of Financial Services revenue not tied to ratings**
 - Generated by:
 - Data
 - Information
 - Index services
 - Research

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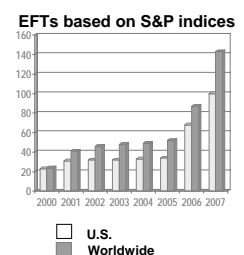
Expanding S&P's index services

- **Benefit from creation, maintenance and marketing of growing family of liquid and investable indices**
- **Source for some of world's most valuable and actively-traded derivatives**

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Expanding our Index Services

- **2007: Introduced 52 new indices, not including custom indices**
- **2007: Reached new milestone for number of U.S. and worldwide EFTs based on S&P indices**
- **Assets under management in ETFs based on S&P indices at end of 2007 totaled \$235.4 billion, 46% increase over year-end 2006**



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Goal: Provide an index for every investment

- **New indices include:**
 - Thematic indices
 - Shariah indices
 - Emerging market indices
 - Our first bond index, S&P National Municipal Bond index
 - Real estate indices
 - Commodity indices
 - Volatility indices

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How S&P generates revenue for indices

1. Trading of derivative contracts
2. Basis points from assets under management in EFTs
3. Licensing agreements
4. Data and custom indices

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Expanding S&P's Index Services

- **New opportunities to create products and services driven by:**
 - Expansion of cross-border investing
 - Growing demand for new investable products and strategies

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Moving ahead in data and information

- **Capital IQ client base has grown to 2,200 since acquisition**
 - Includes all major investment banks and majority of world's top private equity and hedge funds
- **New offerings include:**
 - More fixed income and real-time information
 - More company information
 - More global content amid greater functionality
 - Integrated S&P credit research and ratings

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Moving ahead in data and information

- **Acquired ClariFI to enhance Capital IQ and Compustat's ability to deliver solutions to portfolio managers and quantitative analysts**



[video clip]

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How S&P is growing overseas revenue

- **2007 estimated: 39% of S&P ratings revenue comes from off-shore**
 - Will contribute more in years ahead
- **2008: New offices in Dubai and Johannesburg and signed agreement to acquire rating agency in Israel will contribute to growth overseas**
 - Will also leverage South Asian hub for expansion in that region

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Building a diverse, resilient revenue stream for Financial Services

- **25% of S&P ratings revenue comes from non-traditional products and services**
 - Bank Loan Ratings
 - Financial Strength Ratings
 - Rating Evaluation Services
 - Counterparty ratings
 - Advanced analytics for insurance sector

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Building a diverse, resilient revenue stream for Financial Services

- **Fee structures reduce volatility at S&P ratings**
 - Lessen dependency on new issue market
 - In first nine months of 2007, 48% of ratings revenue tied to transactions
- **Recurring revenue stream reflects growth of frequent issuer programs and surveillance fees**
 - Contributed to MHP's \$1 billion in deferred revenue at end of 3Q 2007
 - About 75% of unearned revenue comes from S&P

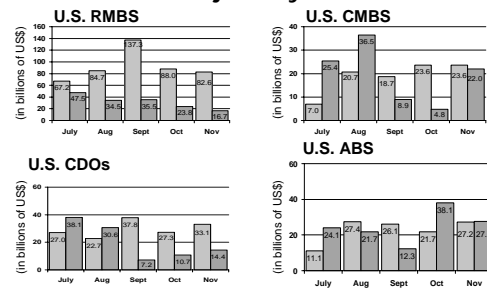
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Making investments to improve surveillance capabilities

- **Acquired IMAKE Consulting, a leading provider of software and services to structured finance market**
- **ABSXchange, end-to-end solution provider of structured finance data, analytics, cash flow analysis and modeling**

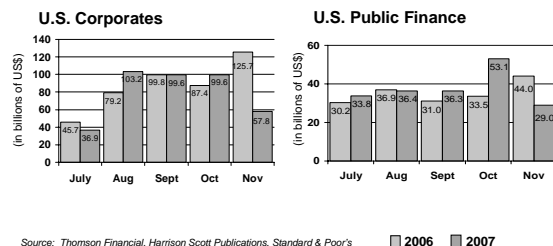
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New issuance illustrates trajectory of 4Q business



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New issuance illustrates trajectory of 4Q business



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Guidance for Financial Services in 4Q 2007 remains unchanged

- **High single-digit decline in revenue**
- **Some margin contraction**

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What we expect in 2008

- **Remain confident about:**
 - Prospects in U.S. corporate and public finance markets
 - Opportunities for growth overseas
 - Opportunities in our non-ratings business
- **Expect more conservative approach to financing in structured markets and reduced appetite for complex structured products**

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S&P will be part of solution to current credit market issues

- **Planning actions to enhance processes in four key areas:**
 - Governance
 - Analytics
 - Information
 - Education

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The regulatory outlook

- **S&P will continue to work with regulators here and abroad**
- **Welcome opportunity to answer questions on policies, procedures**

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Summing up for Financial Services

- **4Q 2007: High single-digit decline in revenue and some margin contraction**
- **2008 outlook:**
 - Visibility on structured market remains limited
 - Growth prospects in corporate and public finance
 - Increased contribution from international markets
 - Growth in non-traditional ratings products
 - Solid contribution from non-ratings

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McGraw-Hill Education

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Why the value of education is increasing

- **Unlocks an individual's economic potential**
- **No nation can compete in knowledge economy without an educated workforce**

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Why MHP likes prospects in education

- Growing enrollments here and abroad
- Industry consolidation favors stable companies unencumbered by significant debt
- Digital transformation is:
 - Linking content and instruction
 - Creating new opportunities to improve productivity and develop products for incremental revenue
- Robust state new adoption markets for rest of decade

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MHP will benefit from convergence of content and technology in education

- Investments in digital products and services increasingly a source of competitive advantage at all levels of education

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MHP will benefit from convergence of content and technology in education

- **Treasures reading and language arts program**
 - Connecting traditional textbook-based instruction with digital resources to individualize classroom instruction



[video clip]

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Digital transformation: Moving faster in higher education

- MHP's digital products and services include:
 - Online courses
 - Homework management
 - Assessment solutions



[video clip]

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State new adoption market looks robust for rest of decade

	2007	2008	2009	2010
Est. Mkt. Size	\$780M-\$820M	\$900M-\$950M	\$850M-\$900M	\$900M-\$950M
Major State Calls	California K-8 Science Florida K-12 Health, World Languages, Applied Subjects Georgia K-8 Math Indiana 1-8 Reading/Literature Tennessee K-6 Reading Texas 6-12 Math	California K-8 Math Florida K-12 Reading/Reading Intervention Georgia K-12 Science, 9-12 Math North Carolina K-12 Social Studies Tennessee K-12 Social Studies Texas K-5 Math	California K-8 Reading/Literature Florida 6-12 Literature Georgia K-8 Reading/Language Arts, K-12 Health North Carolina K-12 Math Tennessee K-12 Science/Health	Florida K-12 Math Georgia 9-12 English/Language Arts, K-12 World Languages North Carolina K-12 Science Tennessee K-12 English/Language Arts Texas K-5 Reading

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Outlook for open territory: Wild card for 2008

- Open territory sales usually represent 50% of total market
 - After 11 months in 2007, sales up only 0.8%
- Factors influencing uncertainty in 2008
 - State and local funding for education could be an issue
 - ...but slow sales in last two years could result in pent up demand in 2008
- MHP 2008 estimates
 - Industry sales in open territory to grow 1% to 2%
 - Total industry sales to increase 4% to 5% after a gain of less than 4% in 2007

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Why MHP likes prospects in U.S. elementary-high school market

- Reorganized school team captured market-leading 32% of available dollars in 2007 state new adoption market
- Primed for another solid year in 2008

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Outlook for Higher Education

- 2008 U.S. college and university market will grow about 4% to 5%
- Increasing enrollments overseas will contribute to growth prospects

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Summing up for McGraw-Hill Education

- 4Q 2007: No change to guidance
 - Expect a decline in operating profit and some margin contraction
- Convergence of content and technology creates new growth opportunities
- State new adoption market growth projected at 15% to 20% in 2008, but some concern about open territory
- 4% to 5% growth for U.S. college and university market in 2008
- Opportunities in international markets
- Increased investments in technology

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Information & Media

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Building on a rich legacy at Information & Media

- Framework for growth: Integrate our products with our customers' workflow and infrastructure

From	→	To
Transactional, one-way relationship with customer		Value-added relationship
Strong, media-specific brands		Brand leadership supports entry into new adjacencies
Traditional awareness ad revenue models		Marketing intelligence, measurable ad effectiveness
Data pushed to customers		Value-added analytical services integrated with customer applications
Product-focused technology		User-centric technology platforms
Long product shelf life		Continuous improvement

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How J.D. Power turns information into action

- Performance benchmarks a key to expansion into new industries like financial services
- Demand for J.D. Power's customer satisfaction measurements is strong and growing

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Platts pricing information: Benchmark for the global energy market

- **Platts is building benchmarks in gas, power, and steel markets**
- **Traditionally associated with oil markets**

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Enhancing value proposition for construction industry

- **McGraw-Hill Construction is enhancing analytics**
 - Providing analysis and forecasts to help firms identify emerging trends and reduce risks

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Outlook for advertising

- **Expect boost in 2008 with presidential election**
 - Our television stations will benefit from political advertising
- **BusinessWeek**
 - Online ad revenue will continue to grow rapidly
 - Print advertising will stabilize

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Summing up for Information & Media

- **A segment in transition**
- **Growth in benchmarks, analytics and solutions**
- **A pick up in advertising**

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Summing up for MHP

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Outlook for MHP in 2007

- **Still expect to produce double-digit EPS growth in 2007 with improved operating margins in Education and Financial Services**
 - Guidance excludes:
 - \$0.04 charge for elimination of restoration stock option program in 1Q 2006
 - \$0.06 charge for restructuring in second half of 2006
 - \$0.03 gain from divestiture of mutual fund data business at Financial Services in 1Q 2007

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Outlook for MHP in 2007

- **Guidance also excludes:**

- \$0.08 restructuring charge in 4Q 2007
- Pre-tax charge of \$43.7 million, or \$27.3 million after tax
 - Mostly for employee severance for reduction of approximately 600 positions, or about 3% of our global workforce

Segment	Positions	Pre-tax charge
McGraw-Hill Education	304	\$16.3 million
Financial Services	172	\$18.8 million
Information & Media	114	\$6.7 million
Corporate	21	\$1.9 million

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Outlook for MHP in 2007

- **On a GAAP basis, inclusive of these items, the 2007 earnings growth would be even stronger**
 - Management believes the non-GAAP financial measures provide more useful information to investors due to the unusual nature of the excluded items

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Outlook for 4Q 2007

- **4Q 2007: Still believe Corporation's revenue and earnings will not match last year's results**
 - Reflects high single-digit decline in revenue and some margin contraction in Financial Services
 - And decline in operating profit and some margin contraction at McGraw-Hill Education

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Outlook for 2008

- **Completing work on 2008 budgets**
 - Taking a hard look at costs and opportunities to streamline operations
- **2007 earnings will be reported before the market opens on January 24**
- **Will provide 2008 guidance when market has the key numbers for 2007**

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