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This presentation includes certain forward-looking statements about the Company's businesses and our prospects, 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 and commercial 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 strength and the performance of the domestic and international automotive 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.

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 debt and equity markets, including interest rates, credit quality and spreads, the level of liquidity, future debt issuances including residential and commercial mortgage backed securities and CDOs backed by residential mortgages and related asset classes; 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, automotive, computer and aviation industries; the successful marketing of new products, and the effect of competitive products and pricing.

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Uncertain U.S. economic outlook

- **Time of economic uncertainty and unprecedented government intervention**
- **New recovery package is coming**
- **Difficult to pinpoint timing of recovery**

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Focused on managing costs and preserving liquidity in this environment

- **McGraw-Hill took a \$26.3 million pre-tax restructuring in 4Q 2008 (\$16.4 million, or \$0.05 per diluted share after tax)**
 - Mostly for a workforce reduction of approximately 375 positions across the corporation
 - Also took restructuring charges in second and third quarters of 2008
- **Combined actions eliminated 1,045 positions in 2008 for a pre-tax restructuring charge of \$73.4 million (\$45.9 million, or \$0.14 per diluted share after tax)**

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Strong balance sheet: An MHP hallmark

- **Cash flow is more than sufficient to fund operations, make investments, pay down debt and return cash to shareholders**
- **MHP has paid a dividend every year since 1937 and increased it every year since 1974**
 - Board will make a decision on the dividend at its next meeting on Jan 28th
- **Most of our debt is long term and no major repayments are due any time soon**
 - We have \$1.2 billion equally divided among three senior notes due in 2012, 2017 and 2037

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Strong balance sheet: An MHP hallmark

- **Cash flow is seasonal: Comes in strongly in second half of the year**
 - No change in that pattern in 2008
- **MHP can access the commercial paper market at reasonable rates**
 - Program is backed by a \$1.15 billion credit facility which was renewed in fall 2008

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2008 results & 2009 outlook

- **We are closing the books on 2008 and will announce earnings on January 27**
- **Guidance for 2009 will be provided during our 4Q earnings call**

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Ray Groves named S&P's first ombudsman

- **Former Chairman and CEO of Ernst & Young for 17 years until his retirement in 1994; Chairman of Legg Mason Merchant Banking, 1995-2001; President, Chairman and Senior Advisor of Marsh, Inc., 2001-2005**
- **Ombudsman reports outside of S&P's business units**
 - Reports to Harold McGraw III and MHP's Audit Committee
 - Will address issues and concerns raised both inside and outside the company
 - Will report annually on ombudsman's activities

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McGraw-Hill Education

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Education is essential in a global economy

- **Convergence of content, technology and accountability has raised expectations about American education**
- **Enrollments continue to rise in U.S.**
 - Pre-K through grade 12: Increased 0.3% to 55.9 million students in current school year; expected to reach about 60 million by 2016
 - Degree-granting higher education institutions: Increased by 1.7% to 18.3 million; projected to reach 20.4 million students by 2016
 - Growth could be more robust if postsecondary enrollments increase as unemployed workers return to school and current students remain in school longer

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MHP education is a global business

- **MHP has active international publishing programs**
 - Will benefit from steadily growing enrollments in India, China, the Middle East, and Latin America

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Investing in digital content and data management for growth

- **Technology creates new opportunities**
 - Diversify the business
 - Improve efficiency
 - Create new revenue streams
- **Delivering dynamic content in a broad array of digital formats**
 - Online courses
 - eBooks
 - DVDs
 - iPods
 - CDs

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New ways to connect college students and instructors

- **Online assignment and assessment system is being offered in nearly 15 disciplines in 2009**
- **Organizes all of a courses' practice questions, homework, quizzes and exams**



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McGraw-Hill Connect offers movies, animation and audio files

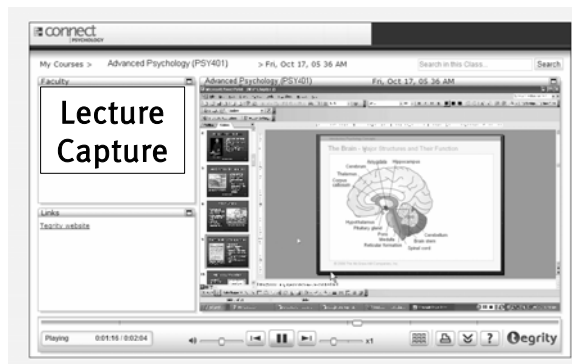
- Learning isn't linear
- Multimedia content captures students' imaginations and helps them retain information



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McGraw-Hill Connect offers Lecture Capture

- Instructors record lectures and assign them to students as tagged, searchable content



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McGraw-Hill Connect offers diagnostic tools

- **Students can evaluate their knowledge of the concepts and fill in the knowledge gaps**



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Good long-term prospects for education market

- **Promise of technology**
- **Increasing enrollments here and abroad**
- **U.S. must educate its children to remain competitive**

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College and university business is counter-cyclical

- **Steadiest business in education market**
 - High level of recurring revenue for strong titles and subsequent revisions
- **Expect U.S. college and university market to grow about 3% to 4% in 2009**
 - Similar increase in 2008
- **Digital products will be important contributor to growth story in 2009**

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El-hi market will be under pressure in 2009

- **Downturn started in August 2008 after sales had been running ahead of previous year through July**
- **Slump has continued; industry's sales are down 4.0% after 11 months, according to Association of American Publishers**
- **Difficult to forecast 2009 el-hi market sales due to:**
 - Shortfalls in state and local tax revenue
 - Declining income for investment funds that states and school districts rely on to meet variety of ongoing costs

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El-hi market will be under pressure in 2009

- **Assuming mid-year state education budget cuts will affect purchasing in the first half of 2009**
 - Difficult to quantify reductions due to variations in funding practices across the states
- **Nearly all states have concerns about 2009-2010 fiscal year budgets**
 - Most budgets go into effect on July 1 and will determine instructional material purchases in second half of 2009

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Outlook for 2009 state new adoption schedule

- **2009 market opportunity was never expected to match 2008 due to a lower state new adoption schedule**
 - Originally projected \$850 to \$900 million
 - Now projected to be \$725 to \$775 million, a decline of approximately 25% versus 2008
- **Biggest opportunities in 2009:**
 - California: 1st year K-8 reading and literature and 2nd year K-8 math
 - Florida: 1st year 6-12 reading/literature
 - Both states are facing budget deficits which could lead to lighter 2009 purchasing than originally forecasted

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Outlook for 2009 el-hi market

- **Open territory school districts more sensitive to economic downturns**
 - More dependent on local property tax revenue
 - Often delay or minimize expenditures for instructional materials in hard economic times
- **Currently expect industry's el-hi sales could decline 10% to 15% in 2009**
- **2010 state new adoption market improves substantially**
 - Could top \$1 billion
- **We remain optimistic about longer-term prospects for education**

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Summing up for McGraw-Hill Education

- **Challenging 2009 for elementary/high school market with industry sales down 10% to 15%**
- **3% to 4% growth in 2009 for U.S. college market**
 - Likely to be counter-cyclical to the broader economic downturn
- **Growing enrollments**
- **Growing sales of technology products and services**

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Information & Media

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Information & Media creating a framework for growth in B2B market

- **Building on leading industry position where our businesses represent the standard or provide leading benchmarks**
- **Integrating products with customers' workflow and infrastructure:**
 - Increases diversity
 - Creates more resilient revenue streams
 - Reduces dependency on cyclical advertising

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Challenges for 2009

- **2009 not a political advertising year for Broadcasting**
- **Economic conditions will continue to challenge print**

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

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

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New ways to monetize an audience

- **McGraw-Hill Construction generates premium prices for ads placed in its new video library**
- **Videos are targeted at specific customers**



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New way to package content for greater value, customer engagement

- **A new program to create widgets for each of our businesses**
 - Widgets are self-contained mini applications that users grab from a site and add to their own personal web page or computer



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A customized experience: J.D. Power Business Center

- **Single integrated platform provides clients self-service tools and more user-friendly experience**



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Modularizing content: Platts' new micro site

- **New liquefied natural gas micro site provides targeted information to traders**
- **Real-time tool enables traders to calculate prices based on geography**



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Summing up for Information & Media

- **We have created a framework for growth in the B2B market**
- **Digital transformation is creating new opportunities**

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Financial Services

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Strategic goal: Continued development of diverse, resilient portfolio

- **S&P reduced dependence on new issue volume in U.S. bond market by:**
 - Expanding overseas
 - Developing new products and services
 - Creating a deferred revenue stream by emphasizing recurring annual fees through frequent issuer programs, surveillance fees and subscription services

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Standard & Poor's is doing more with its intellectual property

- **Leveraging S&P's benchmarks, research, data and analytics to deliver content and workflow solutions to global investors**
- **A key to expansion: S&P Investment Services**
 - 2007: Produced 26% of S&P's revenue
 - First nine months of 2008: Produced 33% of S&P's revenue

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Strategic goal: An S&P index for all investments

- **In 2008, S&P added to its growing family of indices in:**
 - Equities
 - Arbitrage
 - Currency
 - Fixed Income
 - Asset Allocation

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More growth from S&P index services

- **S&P launched more than 70 new indices through November 2008**
 - Led to creation of 59 exchange-traded funds (ETFs) based on our indices
 - Compares to 46 ETFs for same period in 2007
- **Now more than 200 ETFs based on S&P indices**

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More growth from S&P index services

- **Exchange-traded funds using S&P indices have demonstrated resilience in 2008's volatile market**
 - Declined by only 10% year-over-year to \$186 billion at end of November
 - Broad market measures such as the S&P 500 are down by approximately 40%
- **Two factors contributed to smaller decline**
 - Use of ETFs as hedging tools as traders used baskets of stocks to make bets on direction of market
 - New asset inflows from mutual funds

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More growth from S&P index services

- **Winning combination for index services: Market volatility and exchange-traded derivatives**
 - Average daily volume for major derivative contracts based on S&P indices was 3.6 million
 - 40% year-over-year increase

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Growth at S&P's financial data and analytics business

- **Capital IQ, Compustat and ClariFI** represent major delivery platforms for providing critical S&P assets to the buy-side, the sell-side and corporations

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Continue to invest in Capital IQ since acquiring in 2004

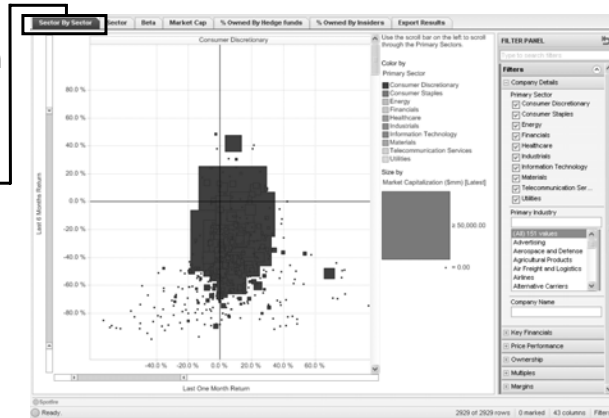
Capital IQ
A Division of Standard & Poor's

Capital IQ Division of Standard & Poor's				
<ul style="list-style-type: none">• Capital IQ Real-Time• International financials• Fixed income securities• Market analysis• TV news clips	<ul style="list-style-type: none">• Corporate Tree• Macroeconomic data• Capital structure data• Deal documents• S&P credit ratings and research	<ul style="list-style-type: none">• Segments data• Global equities data• Capital IQ Mobile• Screening alerts• News and blogs• Web services	<ul style="list-style-type: none">• Private company financials• Credit derivatives• FDIC financials• Structured finance• Capital IQ Estimates• Earnings call transcripts• Screening visualization	
2004	2005	2006	2007	2008

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New screening visualization from Capital IQ

- New perspective on large amounts of data
- Scatter plot chart visualizes sector returns weighted by market capitalization



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New screening visualization from Capital IQ

- One click to visualize median and average returns by sector

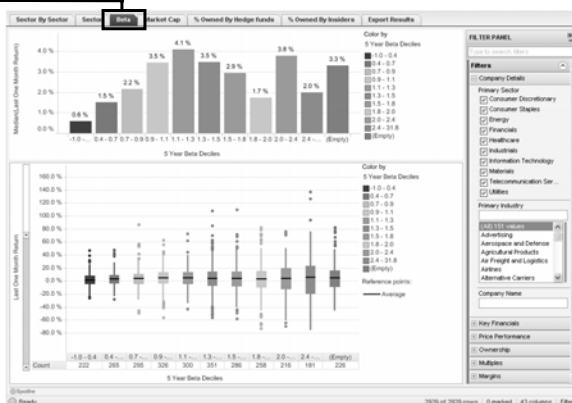


Median and average returns by sectors

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New screening visualization from Capital IQ

- One click to visualize sector returns by beta deciles



Median and average returns by beta deciles

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Meeting challenge of contraction on Wall Street with new offerings

- Newest delivery and analytics technology in marketplace
- Integrated data model adds value to clients as they diversify exposure across asset classes and regions

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The promise of Fixed Income Risk & Management Services (FIRMS)

- **Creating a portfolio of products and services to meet financial institutions' need for credit and risk analysis**
- **FIRMS is benefiting from key market trends**
 - Disconnect between price and value for complex securities
 - Regulatory calls for greater due diligence and analysis by investors

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The promise of Fixed Income Risk & Management Services (FIRMS)

- **FIRMS is benefiting from key market trends (cont'd)**
 - Need for greater analysis around minimum capital requirements and supervisory surveillance in Basel II
 - New focus on repackaging, revaluation and repricing of distressed debt
 - Surgical scrutiny of linkages in financial support as market sorts out where exposure are, the roles of counterparties and obligors

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The promise of Fixed Income Risk & Management Services (FIRMS)

Credit Portal

Pricing
Services

S&P Integrated
Data Library

Proprietary
Models Library

Analytic &
Research Services

- **FIRMS value proposition**

- Broad and deep domain knowledge-based suite of investor-centered capabilities
- Enable risk mitigation, cost control, alpha generation through cross-asset analytics, research and data

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Leveraging content and technology in a revamped global credit portal

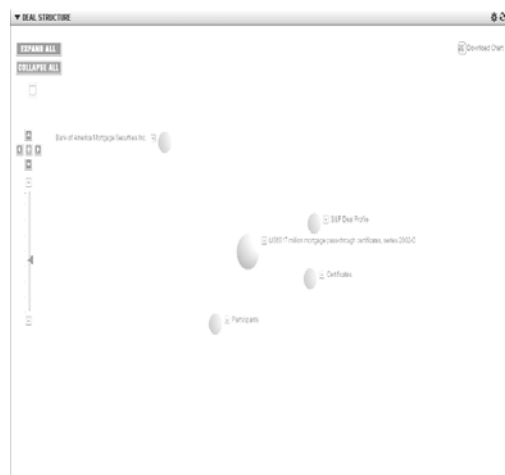
- Enhances distribution of credit ratings and research from Credit Market Services
- Integrates and leverages fixed-income content from S&P
- Perform credit risk-driven analysis by providing sector, sub-sector, industry and entity views to conduct surveillance and monitor counterparty risk



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Using the credit portal to identify exposures in structured transactions

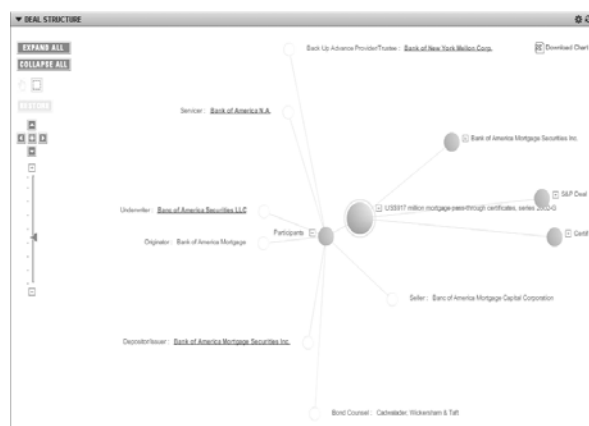
- Users can drill down to understand linkages and obligor relationships



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Using the credit portal to identify exposures in structured transactions

- Expanded view of securities and participants speeds up portfolio surveillance



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How S&P reduces dependence on transaction volume in U.S. bond market

- **Growth of non-transaction revenue has helped offset decline in transactions**
- **After nine months in 2008, at S&P Credit Market Services:**
 - Non-transaction revenue was up 8.9% to \$969.2 million
 - Transaction revenue declined 54.2% to \$389.2 million

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How S&P reduces dependence on transaction volume in U.S. bond market

- **Nearly 85% of non-transaction revenue stream at S&P Credit Market Services has recurring components:**
 - Relationship fees
 - Surveillance fees
 - Subscriptions
- **Great resilience; expect to see some growth in non-transaction revenue in 2009**
 - Modest price increases will help too

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Transaction revenue remains wild card in 2009

- **May have more visibility in 2Q 2009 after the market has evaluated government's new stimulus packages**

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Assessing the health of the credit markets

- **We are monitoring:**
 - Cost of interbank loans. LIBOR rate has come down but remains high relative to fed funds rate
 - Spreads on credit default swaps, speculative- and investment-grade bond yields. Spreads need to come down to signal perception of reduced risk
 - Stabilization of housing market
 - Issuance pipeline. Weak in structured finance, however S&P believes potential pent-up demand in corporate issuance

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Assessing the health of the credit markets

- **For 2009, S&P estimates:**
 - Maturing of \$451 billion of investment-grade bank debt (loans and revolvers), bonds and notes for all financial and non-financial firms issuing in U.S.
 - \$177 billion of speculative-grade debt will mature

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Measuring legal risk at Financial Services

- **Broad themes worth noting:**
 - S&P ratings are statements of opinion, not promises or guarantees of default probabilities. Courts have repeatedly recognized that S&P's ratings are entitled to protection, including the First Amendment
 - Number of cases involve decisions by investors to purchase securities rated by S&P. Plaintiffs seek to ignore nature and limitations of ratings
 - S&P does not make buy, sell or hold recommendations on a security nor the suitability of an instrument for investment
 - S&P ratings express views on creditworthiness
- **We continue to believe legal risk is low**

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Measuring regulatory risk at Financial Services

- **Regulating credit rating agencies remains a work in progress**
 - S&P expects regulatory changes and initiatives to continue in 2009 and possibly even next year
- **S&P is working hard to become part of the solution and is taking its own actions**

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Measuring regulatory risk at Financial Services

- **Last month, U.S. SEC adopted new rules for NRSROs that mandate more disclosure of ratings histories and performance statistics and prohibit analysts from negotiating fees with issuers**
 - S&P has long maintained rigorous policies regarding management of potential conflicts of interest
- **Fresh initiatives in European Union**
- **S&P's continues to meet with policymakers, regulators, and politicians here and abroad**

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Measuring legal risk at Financial Services

- **We think smart regulation will help strengthen financial markets**
 - Would recognize global nature of financial markets and analytical independence of rating agencies and their ratings methodologies
- **Courts reaffirmed again, this time in Tel Aviv, that ratings are independent opinions about the likelihood of future defaults**
 - Case involved recent downgrade by S&P Maalot, subsidiary in Israel. Ruling upheld principle that S&P's independent opinions cannot be forcibly changed when an issuer disagrees

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Summing up for Financial Services

- **New opportunities for revenue diversification and growth**
- **New products and services from S&P Investment Services**
- **Non-transaction revenue to help cushion uncertainty in new issue market in 2009**

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The McGraw-Hill Companies

platts

McGraw Hill
CONSTRUCTION

AVIATION WEEK

Mc
Graw
Hill

Education

BusinessWeek

J.D. POWER
AND ASSOCIATES

The Voice of
The Customer

2009 Citi Global Entertainment,
Media and Telecommunications
Conference

January 7, 2009

STANDARD
& POOR'S

WALL ST