# The McGraw-Hill Companies
# Annual Shareholders Meeting

Prepared Remarks
April 29, 2009

**Harold McGraw III**
Chairman, President and CEO
The McGraw-Hill Companies

While the votes are being tallied, I'd like to welcome you once again to The McGraw-Hill Companies' 2009 Annual Shareholders Meeting. Thank you all for being here today, and thank you for your continued support of our company.

You have already met our Board of Directors and senior management team, and now I'd also like to take a moment to recognize some other talented members of our team—the newest members of our Management Development Program.

Now in its 16th year, this program has strengthened our network of global talent by attracting top business school graduates who join our management ranks following three half-year work assignments in the company. This year's class has five members. I kindly ask them to stand as I call their names:

- From the University of Chicago School of Business, Ana Semper;
- From the Kellogg School of Management, Kelly Hsieh;
- Also from the Kellogg School of Management, Kim McEwen;
- From the Darden Graduate School of Business Administration, Manoj Sinha; and
- From the Harvard Business School, Shanti Grandi.

Please join me in welcoming each of them to The McGraw-Hill Companies.

The theme of this year's annual report to shareholders is "Managing for Today; Preparing for Tomorrow." And with this in mind, today I want to talk about three things:

- The company's strong financial position;
- Our plans for effectively managing through a challenging environment; and
- Actions we are taking to prepare our company for what we believe will be a very bright future.

We meet today at a time when everyone is looking for answers to the current economic challenges. The housing recession is it its fourth year. Housing prices continue to decline and probably won't hit bottom until late this year or early next year. Unemployment, a lagging indicator, continues to rise. And U.S. GDP declined 6.1% in the first quarter of 2009—following a decline of 6.3% in the fourth quarter of 2008.

That said, many economists expect the U.S. economy to find a bottom in the next six months with the help of the new federally-funded stimulus package. In addition, governments and central banks around the world are taking important steps to stabilize the financial system and jump start the global economy. All this activity may underpin the Federal Reserve's own positive forecasts for 2.5% to 3.3% GDP growth in 2010.

In the meantime, 2009 will be challenging for our company as economic conditions will put pressures on our business results for the year. The good news is that despite the economic challenges, our company remains very strong, as our management and employees work hard to overcome the global slowdown to continue to drive revenue and profits.

Our strength is evident in several key factors that are the result of prudent and careful planning by our management and board. We have a strong balance sheet and a low level of debt. We continue to generate significant free cash flow, which we are using to fund operations, make investments, pay down debt, and return cash to shareholders. Our diverse portfolio of global information businesses and our effective cost management have enabled us to remain profitable—albeit at lower levels—during the current downturn.

And most important, the global needs for what we provide—knowledge, education, access to capital and transparent business information—remain strong and enduring.

In 2008:

- Our diluted EPS was $2.51 (including a $0.14 restructuring charge) compared with $2.94 in 2007 (which included a $0.03 gain and an $0.08 restructuring charge);
- Net income was $799.5 million; and
- Revenue was $6.4 billion.

A close look at our 2008 results reveals how strengths in certain businesses helped partially offset the current challenges in others, which is a trend we expect to continue in 2009.

Standard & Poor’s Investment Services, the non-ratings portion of our Financial Services business, produced double-digit revenue growth in 2008, helping offset the decline in our ratings business as a result of the financial crisis. We expect Investment Services to grow again in 2009—albeit at single digits.

At McGraw-Hill Education, a very good fourth-quarter performance in our U.S. college and university business and a stellar performance in sales of certain new elementary and high school learning programs helped offset softening state education budgets in 2008. We expect the U.S. higher education market to grow at about 3% to 4% again in 2009, and we plan to at least match that rate.

And in the business-to-business market, Platts continued to grow in 2008—benefiting from the strength of our global energy news and pricing services in a volatile global energy market. We expect this trend to continue in 2009.

For these reasons and more, we are confident that The McGraw-Hill Companies is well-positioned to capitalize on many opportunities that will arise as the economy recovers. Because while the current challenges are real, so too are the long-term opportunities for our businesses. The need for new and continued ways to access the world’s capital markets, especially among developing countries, will increase over the long term. Global enrollments and the desire for education will continue to grow in the knowledge-based global economy. And the need for transparent business information is a constant.

As a testament to our confidence in our future, in January we announced our 36th consecutive annual dividend increase—this in a year when many companies are either stopping or significantly decreasing their dividend payments. We have paid a dividend each year since 1937 and are one of only 26 companies in the S&P 500 with such a long and consistent record of increases. In addition, we have executed three different stock splits since 1996 and have returned $9.1 billion to shareholders during that same time. Now that's shareholder-friendly.

To provide further details about the company's strong financial position and to discuss the financial implication of how we are managing our businesses through the current environment, let's turn to our Chief Financial Officer, Bob Bahash.

**Robert J. Bahash**
Executive Vice President and Chief Financial Officer
The McGraw-Hill Companies

Thank you, Terry.

As Terry stated, our prudent fiscal management and the diversification of our global business portfolio have created a very strong financial position for the enterprise.

For example, in 2009, we expect to produce free cash flow of $430 million to $450 million, which is comparable to 2008 despite our projection for lower operating results. I would point out that our free cash flow projections are after all investments and dividend payments. We also had a net debt position at the end of March of approximately $860 million—which is about 2 years' worth of our current free cash flow. Our debt is almost entirely long-term, and no major debt repayment is due until 2012, with the majority not due until 2017 at the earliest.

Our liquidity position is strong. In addition to our excess cash on the balance sheet, we have a commercial paper borrowing program in place that is supported by a backup credit facility with 14 banks. On an as-needed basis, we can access the commercial paper market at attractive rates. Our financial strength is allowing us to continue to return cash to shareholders. Since 1996, the Corporation has returned $9.1 billion to shareholders, including $728 million last year, through a combination of dividends and stock repurchases.

As previously indicated, we are delaying additional stock repurchases until there is better visibility into the credit markets and the company's 2009 operating performance. However, the company remains committed to returning cash to shareholders while also preserving liquidity and maintaining its strong balance sheet.

Underlying our financial strength is our proven strategy of business diversification. Our diversification has lessened our reliance on any one business line and has enabled us to generate cash and profits throughout a wide variety of economic cycles and market conditions. This strategy has generated a long-term track record of significant growth. Looking back 10 years, you will see that:

- Revenue increased from $3.7 billion in 1998 to $6.4 billion last year, for a compound annual growth rate of 5.5%;
- Operating profit increased from $680 million in 1998 to $1.5 billion last year, for a compound annual growth rate of 8%; and
- EPS increased from 83 cents in 1998 to $2.51 last year, for a compound annual growth rate of 11.7%.

Of course, as Terry said, our 2009 results will be impacted by the current economic environment, and we already saw some of this impact in the first quarter. We reported diluted earnings per share of 20 cents for the first quarter of 2009, compared with 25 cents for the same period last year. Net income was

$63 million compared with $81.1 million in the first quarter of 2008. And revenue declined 5.7% to $1.1 billion.

Seasonally, the first quarter is a very small part of our full-year earnings, and it is still too early to gauge the impact the new federal stimulus package may have on our markets or the benefit of the federal rescue package on the financial system. Faced with continuing economic pressures in some of our key markets, we announced yesterday that we now expect revenue to decline 4% to 5% in 2009. In our previous guidance, we had anticipated a decrease of 1% to 2%. But with tight expense controls, we are maintaining our previous earnings per diluted share guidance of $2.20 to $2.30.

Because of the very tough economic conditions worldwide, our results will not be as strong as last year. However, we expect to continue to generate a significant profit and free cash flow while maintaining a strong balance sheet, which, given the weakness in the global economy, is an important objective. Equally important are the actions we are taking to maintain our financial strength and to manage the company through the current environment. We have a plan to do just that, and it encompasses four key areas:

- Managing our costs,
- Strengthening our technological capabilities,
- Continuing to invest in the best opportunities for growth, and
- Continuing our global expansion.

In terms of costs, we have worked very hard to improve our efficiency and ensure our resources are properly aligned with market opportunities. In 2008, we eliminated approximately 1,045 positions across the enterprise. Job reductions are always difficult decisions to make, but these actions are helping us streamline operations while positioning the company for future growth. We are using our size and scale to strengthen our global relationships with strategic partners around the world to drive cost savings, as well as improvements in quality and speed to market. And our Business Process Management program, or BPM, has fundamentally changed the way we approach problems—helping us find better, more efficient ways to run our operations and approach market opportunities. This has freed up not only financial capital, but human capital as well.

Technology is another area where we continue to make great strides. We have deepened our relationships with most of the major technology vendors around the world, which has resulted in:

- Faster delivery of content,
- An improved customer experience,
- Increased scale, and
- Cost savings.

And our new state-of-the-art data center in Hightstown, New Jersey, has significantly improved our ability to deliver digital content to customers around the world, 24 hours a day.

All of these initiatives are about more than addressing today’s challenges; they are about preparing for tomorrow’s success. And the best way to do that is to continue to invest in the biggest growth opportunities for the future—which is something we are doing across the company.

In Financial Services, we are increasing our investments in such areas as Capital IQ and S&P’s index business. In Education, we are increasing our investments in a wide range of digital offerings. And in Information & Media, we are committing increased resources to both J.D. Power and Associates and

Platts. Platts, by the way, is our most globally diverse brand, with nearly half of its customers—and more than half of its offices—residing outside the U.S.

This brings us to the last part of our plan: continuing our global expansion, which Terry will speak to in more detail in a few moments. All of these actions are helping position the company for growth when the economy turns around.

With that, let me turn it back over to Terry.

**Harold McGraw III**
Chairman, President and CEO
The McGraw-Hill Companies

Thank you, Bob.

Of course, no discussion of how we are managing the company would be complete without spending some time speaking about S&P's role in the credit markets.

It goes without saying that the performance of ratings on certain structured finance securities—particularly RMBS and CDOs—issued during the 2005 to 2007 period has been disappointing. But as we all know from S&P's long and distinguished history of serving the capital markets, this performance is not the norm, and we have been actively applying lessons from the current financial crisis to adopt measures designed to restore confidence in our ratings. These measures are based on the core principles that guide our work:

- Transparency,
- Governance,
- Analytical quality, and
- Responding to the needs of investors.

Our actions to strengthen our service to the credit markets include:

- Appointing an Ombudsman to address concerns raised both by employees and from outside the company;
- The formation of a Risk Oversight Committee to provide a risk assessment of S&P's business units, strategies and plans;
- Instituting an analyst rotation program; and
- Revising our criteria to incorporate a measure of stability into investment-grade ratings.

On the regulatory front, we are continuing our outreach to decision makers around the world to ensure sound, globally consistent regulation, which is vital to helping restore confidence in the global financial markets. As part of this dialogue, we are actively supporting an accountability framework that would provide investors with confidence that rating firms are following their policies and that underscores the integrity of the rating process.

We have been in the center of discussions about the business models employed by credit ratings firms. Based on our extensive dialogue with market participants, policymakers, and economists around the world, S&P believes in a business model that serves investors in the following areas:

- Transparency,
- Prevention of Conflicts,
- Quality,

- Breadth of coverage across asset classes, and
- Investor choice.

While each business model presents its own potential conflicts of interest, we believe that appropriate regulatory oversight will allay concerns about these conflicts—leaving investors free to choose from a range of options based on their own needs. We are taking these actions because we believe they will strengthen Standard & Poor's service to the marketplace, and will help S&P remain a principal choice for issuers and investors.

Lastly, let me take a moment to talk about litigation. In recent months, we have been named as defendants in a number of lawsuits that, for the most part, fall into three broad categories.

The first category includes underwriter claims based on the Securities Act of 1933, which assert that S&P is liable as an "underwriter" or "seller" of securities. Clearly, S&P is not an underwriter or seller of securities, and we intend to seek the dismissal of each of these actions.

The second category includes "stock drop" claims related to the decline of our stock price. These include assertions that our statements about our earnings and ratings business were misleading. We have moved to dismiss all of the actions in this category.

The third category includes state law claims related to S&P's ratings of a variety of structured finance securities. We also are moving to dismiss the cases in this category.

Overall, we believe the cases that have been brought against us in this regard are without merit. We intend to defend against each of them vigorously and view our legal risk as low.

So that's a look at how we are "Managing for Today." But what I am really excited to share with you is our view of the future:

- The future of our markets.
- The changing needs of customers.
- How knowledge and information will be created and used; and
- The opportunities that this will provide for our businesses.

We describe it as "Preparing for Tomorrow." To set the stage, we have prepared this video that demonstrates where the world is going—and how The McGraw-Hill Companies is helping it get there. Take a look.

> [*Video Voice Over*]
> *When the world needs knowledge and insight,*
> *When students and teachers need effective learning solutions,*
> *And when markets and businesses need access to capital, intelligence and trusted analysis,*
> *We're there.*
>
> *At The McGraw Hill Companies we're ready for where the world is going, and we're going where the world needs us.*
>
> *As the globalization of financial markets continues, investors seek up-to-the-minute analysis of companies, securities and transactions. Capital IQ is helping people make informed decisions by*

*delivering critical data and analytical tools to the desktops of tens of thousands of financial professionals around the world. When the world needs information, we're there.*

*In developing economies such as India, gaining acceptance to the best professional schools is extremely competitive. McGraw-Hill Education's new online testing and assessment service is helping students better prepare for entrance exams so they can turn their dreams into realities. When the world needs a competitive edge, we're there.*

*In less than a decade, China has gone from having virtually no domestic auto makers to having more than 25 Chinese passenger car brands. JD Power & Associates' unparalleled "voice of the customer" platforms are empowering automakers with a deeper understanding of this rapidly growing market. When the world needs insight, we're there.*

*Governments, municipalities and companies around the world need to access capital to grow their businesses, build new facilities and create jobs. With new offices in the Middle East and South Africa, S&P continues to expand the world's largest network of ratings professionals—bringing valuable ratings analysis to more markets than ever before. When the world needs access to capital, we're there.*

*The world's dynamic energy markets require a constant flow of information and benchmarks. Platts is enhancing its price assessment processes for oil with a new online tool that enables real-time data entry in several markets in Asia and around the world. When the world needs innovation, we're there.*

*It's more important than ever that U.S. students acquire the skills necessary to compete in the 21st Century knowledge economy. Through Everyday Math's Online Games, McGraw-Hill Education is tapping into today's young peoples' interest in online gaming to help improve their math skills. When the world needs education, we're there.*

*Globalization and innovation are enabling an ever-increasing number of our customers to compete in the global economy and join in the global dialogue…and we're helping to enable this engagement and drive progress. The McGraw-Hill Companies. Helping people and markets reach their potential.*

## Where the World and We are Going

At The McGraw-Hill Companies, we are in the business of anticipating where the world is going—and helping it grow and develop. Our businesses, and indeed our core strengths, are all aligned with powerful, enduring trends that are connecting people, societies and businesses with exciting opportunities for personal development, education and economic growth. That's one of the most important reasons that we feel so good about our future—and our mission of helping people and markets to grow and succeed.

Although the economic downturn is causing real challenges, we all need to remember that it comes after an extraordinary, decades-long period of global prosperity, rising standards of living, and poverty alleviation that spread across the world. There were a number of factors that drove this prosperity, but four stand out.

First, the impact of millions and millions of people accessing computers, email, and mobile phones cannot be understated. Technology-driven efficiencies and improved supply-chain management enabled an unprecedented surge in productivity. Second, trade, investment, capital markets, and supply chains all became more integrated and more global. This process of globalization has boosted the competitiveness of countries, and entire continents. As Kofi Annan, the former United Nations Secretary General, has observed: “The poor are poor not because of too much globalization, but because of too little.” Third, many of the world’s governments simultaneously embraced and fostered growth through sound economic policies, respect for markets, relatively low taxation, and monetary policies that checked inflation. And fourth, increased access to education and information, especially through the rise of digitization, have enabled countless people around the world to develop the skills necessary to participate in the global economy and improve their standards of living.

These principles drove tremendous growth over the last 30 years—and we believe they can do so again. Broadly speaking, we know what needs to be done. The basics of the world economy have not changed; nor have the needs of the people who operate within it. And even in the midst of this global economic slowdown, people everywhere still have three critical needs:

- The needs for knowledge and education that lead to skilled workforces, jobs and economic growth,
- The need for capital that serves as the lifeblood of free markets, and
- The need for information transparency that helps those markets function and prosper.

Our businesses are focused on meeting those needs—and the path to prosperity, for our company and for the global economy, lies in delivering them.

### Knowledge and Education

Let me start by talking about knowledge and education, and begin with two key points that highlight why the demand for knowledge is so high.

McKinsey has projected that, between the years 2005 and 2015, more than 900 million people will begin to earn more than $5,000 per year, and 60 percent of this growth will come from China and India alone. Moreover, we’ve already seen those two countries, plus Brazil and Russia, collectively generate as much economic demand in this decade as the United States. This would have been unthinkable as recently as the 1990s. Today, it’s a source of extraordinary opportunity, and emblematic of trends that are destined to continue shaping the global economy for the foreseeable future.

As these millions of people ascend the income ladder, education will be the lever they use to reach each successive rung. Never before has there been such a direct and causal link between individuals’ education and their career and income opportunities. And never before have nations’ economic prospects been so closely correlated with the education levels of their workforces.

Education is the great liberator—giving people the tools to seize economic opportunities, and to create opportunities for themselves and others. The ability to think, to have ideas, and to act upon them—it’s an attitude that defines the United States, and today, the rest of the world is reading our playbook. This dynamic, coupled with historically strong economic growth, has sparked a dramatic rise in global spending on education—from $987 billion per year in 1990 to over $2.6 trillion this year—a compound annual growth rate of 5 percent. As these trends continue, McGraw-Hill Education is taking steps to help students around the world reach their full potential. We are expanding our presence in key markets like the Middle East and India.

We’ve established global editorial boards and have increased cross-border discussions to improve global development of effective learning programs. We are helping students of all ages develop the 21st

Century skills they need by delivering innovative learning programs in multiple formats—including e-books, online programs and more easily updated print materials. We are helping teachers with their lesson planning and professional development with such online programs as E-Suites and Teacher Works. And we are empowering parents with online tools that allow them to take a more active role in their child's development. The Parent Network, for example, let's parents track their child's progress and better understand their strengths and learning needs.

In the college market, our new McGraw-Hill Connect platform is bridging the printed page with a dynamic online environment that integrates an e-book, study tools and assessment all in one place. The Connect Lucas product, for example, combines "*The Art of Public Speaking*" by Stephen Lucas, the market's leading textbook in its field, with a "speech capture" capability that enables instructors to assess speeches in an online environment and provide feedback to students.

As you can see, globalization and technology are driving unprecedented change in the world of education. What hasn't changed is education's role as the gateway to prosperity—and we are proud to play such a significant role in serving these growing needs.

**Capital**

Just as important to economic progress as education is enabling access to capital. And the current economic turmoil has provided a potent reminder of the consequences of capital becoming scarce.

In normal economic environments, capital is the lifeblood of an economy, and smoothly flowing capital markets are the arteries—channeling investment into opportunities that offer strong rates of return. This fosters:

- Greater competitiveness,
- Expanded economic opportunity, and
- Higher living standards.

The vibrant global growth rates of the past decade were, in part, a tribute to the globalization of capital. Consider that cross-border capital flows in 2007 totaled $11.2 trillion—up from $1.6 trillion in 1995. But even with so much capital racing around the world, many countries still face stiff competition to attract it, and keep it. As the late, great business thinker, Walter Wriston, famously said, "Capital goes where it's welcome and stays where it's well treated." Capital also goes where investors have access to transparent, independent, reliable sources of information about the quality of the capital. Standard & Poor's is helping to meet that need.

In both developed and emerging economies, S&P's credit ratings continue to provide valuable information and universal standards that help investors and markets assess risk and access capital. This enables governments, municipalities, and companies to raise the capital they need to drive economic growth.

Over the years, S&P's ratings business has achieved phenomenal global expansion because the need for its insight, analytics, and solutions is in great demand around the world.

S&P is a global leader in credit ratings and credit risk analysis, with ratings on approximately $32 trillion of debt issued in more than 100 countries. And with offices in 23 countries—including new locations in Dubai, Tel Aviv and Johannesburg—S&P is bringing its experience and analytics to new parts of the world. For example, thanks to the first-ever sovereign ratings recently assigned by S&P to

Gabon and Ghana, these countries are now better able to access the capital necessary to support growth in their economies and enhance their peoples' living standards.

Despite the current economic conditions, the need for capital is not going away. In fact, it will only grow stronger with time. As it does, S&P will continue to provide the same valuable information we've always provided—helping facilitate the flow of capital around the world.

**Information Transparency**

Finally, let's turn to information transparency, where a revolution in how information is delivered and shared has been taking place for the past 15 years—from email and mobile phones to, more recently, Facebook, Twitter, and other social networking tools. The effect has been to change the very experience of consuming information, and to create new needs and expectations.

A concurrent revolution in the quantity of information that is easily accessible has made savvy consumers and business professionals better informed, but also overwhelmed by the sheer scope of what is available. This has heightened demand for providers of quality information. Consumers and business professionals want information from reputable, independent sources, and they demand more than just plain information. They also expect quality analyses and interpretation of facts that helps broaden their understanding of:

- Trends and events,
- Policy and regulation,
- Companies and industries, and
- Global market developments.

The McGraw-Hill Companies has a proud tradition of providing the highest-quality content, and we're using the latest advances in digital technology to provide unprecedented access to learning and valuable insights.

Our Platts brand continues to expand its reach as the world's leading provider of energy information and services. Given the recent volatile environment, it is seeing unprecedented levels of interest in its news and pricing services coming from across the globe—including from Russia, China, the Middle East and Latin America. J.D. Power and Associates remains a robust and diverse brand—providing "voice of the customer" insights and information to not only the auto market, but also to a growing range of other industries, including financial services, health care, insurance and telecommunications sectors. And *BusinessWeek* continues its evolution as more than just a magazine. It is a global media organization consisting of print and online outlets that work closely together to deliver the highest quality business journalism to its audience in real time.

**Conclusion: Our Greatest Strength—Our Employees**

As you can see, we have broken a lot of new ground during the past year. We're delivering more relevant information, in more innovative ways, to more people around the world.

We couldn't have done any of these things without our most valuable asset: Our employees. For more than 120 years, the integrity, creativity and dedication of our employees have enabled us to deliver the information and analysis that people, businesses and entire societies need to grow and prosper. We have built a reputation for excellence, honesty and integrity, and we are always striving to meet and exceed the high standards we have set for ourselves.

But you don't have to take my word for it. The significant contributions of the men and women of The McGraw-Hill Companies continue to be recognized by numerous regional and global organizations. For example:

- S&P's Equity Research received nine awards and was ranked fourth out of more than 260 leading equity research providers in the 2008 edition of The Wall Street Journal's annual "Best on the Street" survey.
- The S&P U.S. Commercial Paper Index was named 2008's Most Innovative Benchmark Index by the Index Business Association and Information Management Network.
- Three McGraw-Hill Education offerings this year have been named finalists for the prestigious Association of Educational Publishers' awards.
- McGraw-Hill Education won two 2008 CODiE awards, which recognize the nation's best software, digital content and education products, and we are nominated for two more awards in 2009.
- American Business Media recently honored McGraw-Hill Construction's Architectural Record and ENR with seven Jesse H. Neal Business Journalism Awards—considered the Pulitzer Prize for business-to-business journalism.
- AVIATION WEEK also received a Neal award for its Ares Defense Technology blog.
- KMGH-TV, our ABC affiliate in Denver, received a 2008 Peabody Award—the oldest, most prestigious honor in electronic media.
- And BusinessWeek has earned several recent recognitions.
    - It won three awards from the Society of American Business Editors and Writers.
    - Its Business Exchange portal recently received a min "Best of the Web" award for Best New Site.
    - And it was named a finalist in two categories of the current National Magazine Awards—the most prestigious editorial competition in magazine journalism.

Across The McGraw-Hill Companies we are all very proud of these accomplishments. And I am even more proud of how our employees continue to be sought out for their expertise, insight and intelligence by customers, market participants, commentators and even world leaders. Why? Because it is precisely in times such as these that the world turns to trusted sources of information…trusted research and analysis…and trusted voices. It is in times likes these that they turn to The McGraw-Hill Companies.

Let me leave you with a sampling of some of those experienced voices. Voices that are helping others better navigate the complex world in which we all live. Take a look.

[*Closing Video Shown*]

This is The McGraw-Hill Companies—121 years young, proud and determined.

Thank you very much.

## "Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995

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; the duration and depth of the current recession; Educational Publishing's level of success in 2009 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.