

Standard & Poor's

Standard & Poor's serves the global capital markets through S&P Credit Market Services and S&P Investment Services. S&P's resilient and diverse portfolio is helping insulate McGraw-Hill's Financial Services segment from the unprecedented credit crunch and very challenging economic environment. Revenue diversification is important to Standard & Poor's performance and includes:

- **Geographic expansion:** Extends S&P's ratings and non-ratings businesses into international capital markets
- **Product/service expansion:** Reduces S&P's dependence on new debt issuance by expanding non-transaction and non-ratings opportunities
- **Fee structure:** Creates a deferred revenue stream by emphasizing recurring annual fees through frequent issuer programs, surveillance fees, and subscription services

As financial professionals—especially investors—continue to search for financial stability, growth, and risk mitigation, S&P will play an increasingly important role in restoring market stability and confidence by serving the worldwide market demand for transparency, surveillance, pricing, multi-asset class analysis, research, risk management, and compliance.

Standard & Poor's Credit Market Services

A global leader in credit ratings and credit risk analysis, S&P Credit Market Services provides objective and independent opinions on credit risk. S&P's worldwide ratings organization builds its extensive knowledge and deep insight through its focus on sectors, type of debt, and geographic location. Analytical teams analyze issuers and debt obligations of corporations, financial institutions, insurance companies, states and municipalities, and sovereign governments, as well as provide insight into the credit risk associated with securitized instruments. Revenue for S&P Credit Market Services in 2008 was \$1.8 billion.

Standard & Poor's Investment Services

Standard & Poor's Investment Services provides comprehensive, value-added financial data and fixed income research and analysis, market indices, and independent research to facilitate the understanding and management of risk, and enable investment managers, investors, and financial advisors to make informed investment decisions across all asset classes. Standard & Poor's Investment Services consists of four areas: fixed income risk management services, financial data and analytics, index services, and equity research services. Revenue for S&P Investment Services in 2008 was \$900 million.

Standard & Poor's Revenue

(dollars in millions)	1Q		2Q		3Q		4Q		2008	% of 2008 Total	2007	2008 vs. 2007
	2008	2007	2008	2007	2008	2007	2008	2007				
Credit Market Services	\$427.3	\$545.0	\$507.9	\$635.7	\$423.2	\$558.5	\$396.3	\$524.9	\$1,754.8	66.1%	\$2,264.1	(22.5%)
Investment Services	217.0	183.9	227.6	185.3	228.2	201.1	226.7	211.9	899.5	33.9%	782.1	15.0%
Total Revenue	\$644.3	\$728.9	\$735.5	\$821.0	\$651.5	\$759.6	\$623.1	\$736.7	\$2,654.3	100.0%	\$3,046.2	(12.9%)

Two Views of Credit Market Services Revenue

(dollars in millions)	1Q 2008	2Q 2008	3Q 2008	4Q 2008	2008	% of 2008 Total	(dollars in millions)	1Q 2008	2Q 2008	3Q 2008	4Q 2008	2008	% of 2008 Total
	Transaction ^(a)	\$136.6	\$187.4	\$120.0	\$94.2	\$538.2		30.7%	International	\$204.5	\$235.5	\$202.6	\$198.5
Non-Transaction ^(b)	\$290.7	\$320.5	\$303.2	\$302.1	\$1,216.6	69.3%	Domestic	\$222.8	\$272.3	\$220.7	\$197.8	\$913.6	52.1%

Note: Beginning in the first quarter of 2009, the Corporation reclassified Bank Loan Ratings and Corporate Credit Estimates in S&P's Credit Market Services' revenue from non-transaction to transaction. These items were reclassified to create a more accurate view of S&P's transaction revenue which previously had been limited to public new issuance. The 2008 revenue amounts in the table above have been restated to reflect this change

(a) Transaction: Revenue related to rating new issuance of corporate, public finance, structured finance instruments, bank loans, and corporate credit estimates

(b) Non-Transaction: Revenue from annual fees for frequent issuer programs, surveillance, and subscriptions

Standard & Poor's Leadership Actions in the Capital Markets

S&P is committed to playing a leadership role in addressing the issues currently facing the credit markets in collaboration with other market participants, regulators, and experts. S&P announced a series of new actions in early 2008 to further strengthen its ratings operations, increase transparency, and better serve capital markets worldwide. The steps reflect S&P's ongoing commitment and are organized into four areas:

- Governance** Ensuring integrity of the ratings process
- Analytics** Enhancing quality of ratings analysis and opinions
- Information** Providing greater transparency and insight to market participants
- Education** Educating the marketplace about credit ratings and rated securities

Notable actions taken in early 2009 include the publication of Standard & Poor's *"Guide to Credit Rating Essentials"* which supports investor education by explaining what credit ratings are and are not, who uses them, and why they can be useful to the capital markets. In the area of governance, S&P appointed an Ombudsman to confidentially address issues and concerns raised both within and outside of the Corporation. The Ombudsman reports directly to the chairman and CEO of The McGraw-Hill Companies and has accountability to the Audit Committee of McGraw-Hill's Board of Directors. The Ombudsman will provide an annual report to the public.

Updates on Standard & Poor's actions are available at www.spnewactions.com

S&P Credit Market Services: Expanding World of S&P Ratings

From pre-issuance to post-issuance, financial decision makers are utilizing a growing range of S&P products and services to identify, measure, and manage credit risk. These S&P offerings are creating additional growth opportunities.

S&P rated over \$3 trillion in new debt and published more than 1 million new and revised ratings in 2008

How Standard & Poor's Plays a Role in a Changing Market

Pre-Issuance	Issuance	Post-Issuance
Benchmarking data, tools, and analysis to help issuers and related parties analyze and gauge the ratings impact of strategic decisions	Credit ratings and rationales serve as tools to help investors during the investment process	Products and services for monitoring and modeling creditworthiness and/or transaction performance to help market participants make informed decisions, evaluate ongoing risk, and meet regulatory requirements

Representative S&P Products and Services

Pre-Issuance	Issuance	Post-Issuance
<p>Small Business Portfolio Evaluator: An analytical model that helps issuers and underwriters assess the gross default and prepayment risk of small business loan portfolios</p> <p>Analytics on Demand: A leading provider of data, analytics, software, and services to the structured finance community</p> <p>Rating Evaluation Service: A confidential assessment of how potential strategic actions may impact creditworthiness</p> <p>LEVELS (Loan Evaluation and Estimate of Loss System): A model to determine the foreclosure frequency, loss severity, and credit enhancement levels required for residential mortgage loan securitizations</p> <p>CDO Evaluator: A variety of benchmarks that enhance collateralized debt obligation (CDO) analysis. CDO Evaluator can be used to analyze mixed pools of assets containing not only corporate and asset-backed securities (ABS) credits but also emerging-market corporate credits</p>	<p>Issue Ratings: S&P's traditional ratings on specific financial obligations or programs</p> <p>Issuer Ratings: Assesses the creditworthiness or overall financial capacity of an obligor to pay its financial obligations</p> <p>Bank Loan and Recovery Ratings: Issue-specific ratings that go beyond the overall corporate creditworthiness of the borrower to capture the impact of covenants, collateral, and other repayment protection provided specifically to holders of the senior bank debt</p> <p>Counterparty Credit Ratings: Evaluates the creditworthiness of both public and private companies—whether or not the rated company issues in the public debt markets</p> <p>Financial Strength Ratings: Represents Standard & Poor's opinion of the financial security characteristics of an insurance organization, with respect to the organization's ability to pay under its insurance policies and contracts, in accordance with its terms</p>	<p>Market-Derived Signals: Captures the market's sentiment regarding a company's perceived credit risk. Based upon credit default swap spreads and augmented using proprietary modeling techniques that adjust for certain variables</p> <p>ABSXchange: An Internet-based portal that offers deal performance data, portfolio monitoring capabilities, cash-flow analysis, and detailed reporting for the structured finance market</p> <p>RatingsDirect: Service for tracking S&P's global credit ratings, research, and risk analysis</p> <p>Leveraged Commentary & Data: Daily loan market information for bankers and investors</p> <p>CDS Accelerator: A desktop-based program that enables efficient quantification and analysis of the risk profiles of new and existing synthetic collateralized debt obligation (CDO) transactions</p>

S&P's Rating Track Record: Meeting the Test of Time

What is an S&P credit rating? It is an opinion about credit risk—the ability and willingness of an issuer to meet its financial obligations in full and on time. Credit ratings also indicate credit quality—the relative likelihood that an issue may default. S&P's global ratings scale provides a benchmark for evaluating the relative credit risk of issuers and issues worldwide.

How S&P ratings perform: The tables (at right) show the default rates experienced for each rating category over many years. For example, the 5-year cumulative default rate for a corporate bond rated AAA has been 0.27%, or less than three defaults for every 1,000 ratings. The 5-year cumulative default rate for AAA-rated structured finance issues has been 0.18%, or less than 2 per 1,000. The tables underscore another key point: Over time, the higher the S&P rating, the fewer defaults have been experienced.

Global Corporate Cumulative Average Default Rates^(a) (1981–2008) (%)

Rating	Time horizon (years)														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
AAA	0.00	0.00	0.09	0.18	0.27	0.37	0.40	0.47	0.51	0.55	0.55	0.55	0.55	0.60	0.65
AA	0.03	0.08	0.14	0.25	0.34	0.45	0.56	0.65	0.73	0.83	0.92	0.99	1.08	1.15	1.20
A	0.08	0.20	0.34	0.52	0.72	0.95	1.21	1.45	1.69	1.94	2.17	2.35	2.53	2.68	2.91
BBB	0.24	0.68	1.17	1.79	2.43	3.06	3.59	4.12	4.63	5.16	5.68	6.12	6.63	7.15	7.70
BB	0.99	2.88	5.07	7.18	9.07	10.90	12.41	13.74	15.00	16.02	16.89	17.64	18.28	18.76	19.33
B	4.51	9.87	14.43	17.97	20.58	22.67	24.46	25.93	27.17	28.41	29.54	30.50	31.45	32.32	33.14
CCC/C	25.67	34.10	39.25	42.29	44.93	46.24	47.45	48.09	49.53	50.33	51.03	51.77	52.33	52.93	52.93
Investment grade	0.12	0.33	0.57	0.88	1.19	1.51	1.80	2.07	2.34	2.62	2.87	3.08	3.30	3.52	3.76
Speculative grade	4.06	7.99	11.48	14.32	16.59	18.51	20.13	21.49	22.75	23.86	24.84	25.69	26.48	27.16	27.82
All rated	1.47	2.94	4.25	5.37	6.30	7.11	7.80	8.40	8.95	9.46	9.92	10.30	10.68	11.02	11.38

Global Structured Finance Cumulative Average Default Rates^(a, b) (1978–2008) (%)

Rating	Time horizon (years)									
	1	2	3	4	5	6	7	8	9	10
AAA	0.08	0.15	0.17	0.18	0.18	0.19	0.20	0.20	0.20	0.20
AA	0.14	0.43	0.50	0.60	0.73	0.84	0.93	0.97	0.99	1.01
A	0.27	1.01	1.37	1.65	1.91	2.17	2.48	2.70	2.80	2.89
BBB	0.68	3.01	4.79	6.51	8.26	9.68	10.46	11.14	11.68	11.98
BB	2.02	5.64	8.31	9.81	11.03	12.39	13.43	13.98	14.21	14.28
B	4.64	8.84	12.36	14.65	16.66	18.42	19.77	20.86	21.62	22.01
CCC	43.80	50.63	55.11	58.40	60.58	61.80	62.04	62.37	62.79	62.79
CC	23.56	32.53	40.59	45.86	49.20	49.76	49.76	49.76	49.76	49.76
Investment grade	0.26	0.95	1.37	1.72	2.04	2.28	2.43	2.54	2.60	2.64
Speculative grade	6.51	10.57	13.74	15.71	17.31	18.79	19.88	20.62	21.07	21.27
All rated	1.13	2.26	3.01	3.54	3.98	4.33	4.55	4.69	4.77	4.82

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®

(a) Average default rates are based on Conditional on Survival methodology

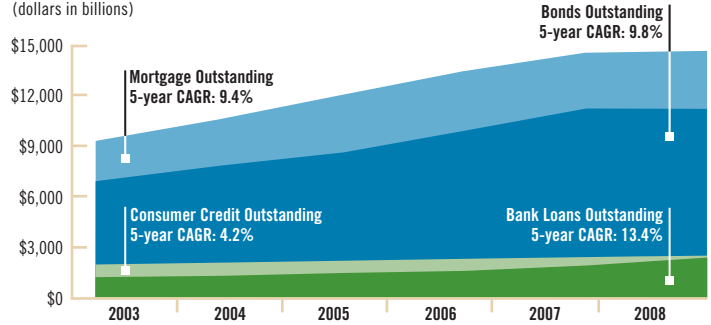
(b) AAA ratings from the same transaction are treated as a single rating in the calculation of this table

U.S. Debt Market

In 2008, despite a significant drop-off in new issuance, Standard & Poor's rated approximately 94% of the \$1.5 trillion of addressable debt issued in the U.S. market compared to 93% of the addressable market in 2007. The rated debt market is a component of the total debt market and includes only the debt securities issued with a rating. The rated U.S. debt market chart below is comprised of five new-issue categories: (1) Corporates; (2) Municipals; (3) Mortgage-Backed Securities (Residential Mortgage-Backed Securities and Commercial Mortgage-Backed Securities); (4) Asset-Backed Securities; and (5) Collateralized Debt Obligations.

U.S. Credit Market Debt Outstanding

(dollars in billions)



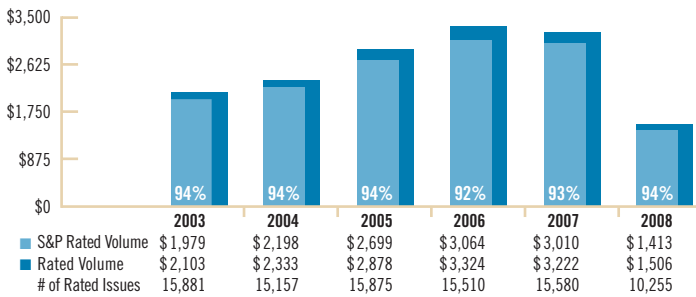
Source: Board of Governors of the Federal Reserve System, dated December 11, 2008

Note: Excludes open market paper, treasury securities, agency and GSE-backed securities, municipal securities, and other loans and advances

(annual figures; dollar volume in billions; data by domicile of issuer/assets)

Rated U.S. Debt Market (a, b, c, d, e, f)

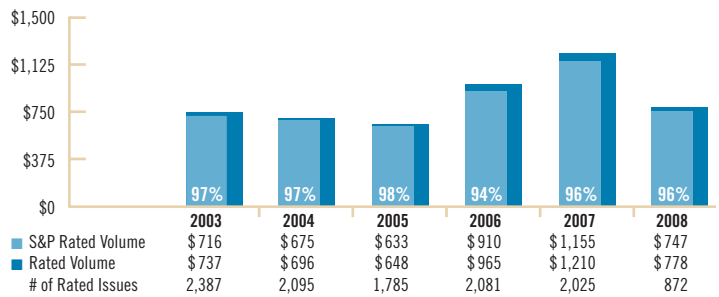
S&P penetration rate as a % of rated dollar volume



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

Corporates (c)

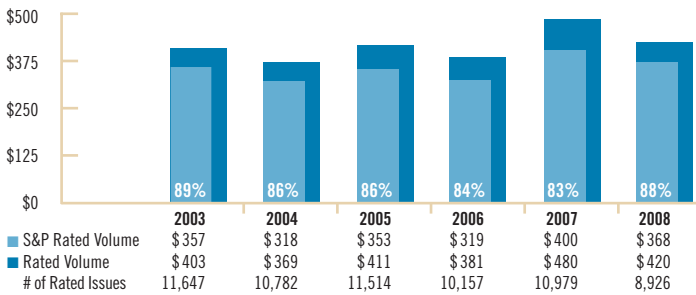
S&P penetration rate as a % of rated dollar volume



Source: Thomson Financial

Municipals (a)

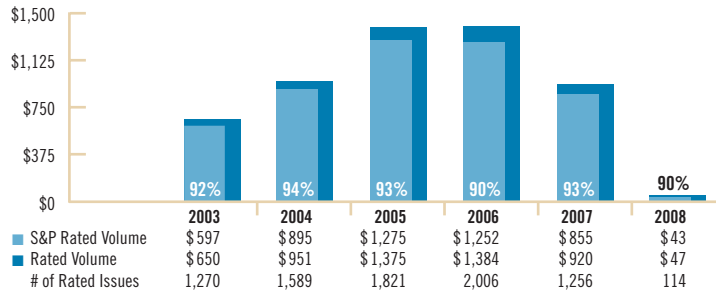
S&P penetration rate as a % of rated dollar volume



Source: Thomson Financial

Mortgage-Backed (b, d, f)

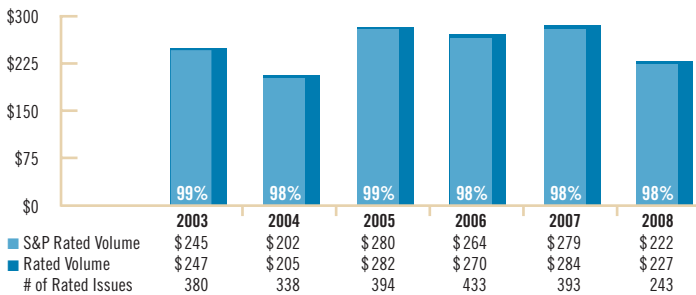
S&P penetration rate as a % of rated dollar volume



Source: Harrison Scott Publications/Standard & Poor's

Asset-Backed (b, e)

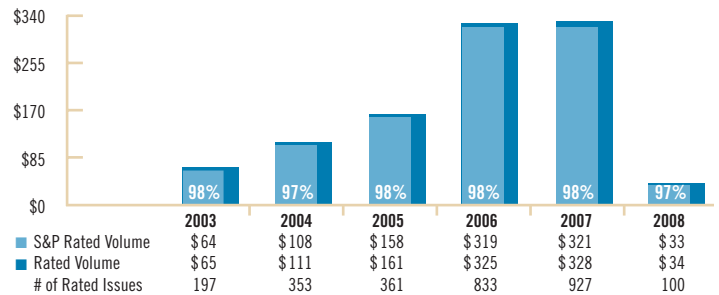
S&P penetration rate as a % of rated dollar volume



Source: Harrison Scott Publications/Standard & Poor's

Collateralized Debt Obligations (CDOs) (b)

S&P penetration rate as a % of rated dollar volume



Source: Harrison Scott Publications/Standard & Poor's

Notes for debt issuance:

(a) Excludes municipal student loans and private placements

(b) Excludes confidential transactions

(c) Includes industrial and financial services issuers. Also includes Rule 144a (private placements), MTN takedowns, convertibles, and preferred stocks. Excludes sovereign issuers, private placements (except Rule 144a issues), retail notes, commercial paper, and all agency issues

(d) Excludes agency deals. Includes home equity loans

(e) Excludes asset-backed commercial paper and letters of credit

(f) Includes commercial mortgage-backed securities and residential mortgage-backed securities; includes U.S. CRE CDOs

European and Asian Debt Markets

European Debt Market

In 2008, Standard & Poor's rated approximately 84% of the \$1.3 trillion of addressable debt issued in the European market. While rated debt issuance was down more than 40% in Europe, Standard & Poor's utilized its European office network to capitalize on growth and opportunities in the region.

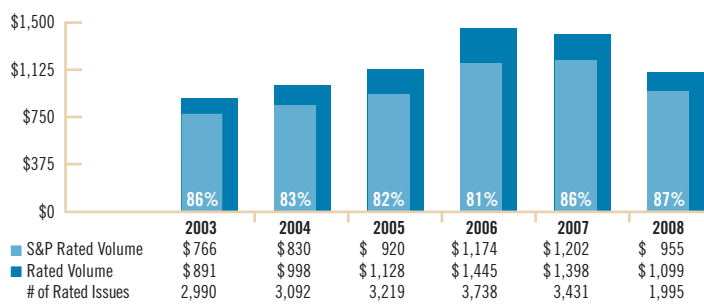
Asian Debt Market

In 2008, rated debt issue volume for corporates in Asia was \$194 billion, up 2% from 2007. Standard & Poor's 2008 market penetration was approximately 82% for corporates. Rated issuance for structured finance was \$72 billion, down 45% from 2007, and Standard & Poor's rated approximately 62% of that volume.

(annual figures; dollar volume in billions; data by domicile of issuer/assets)

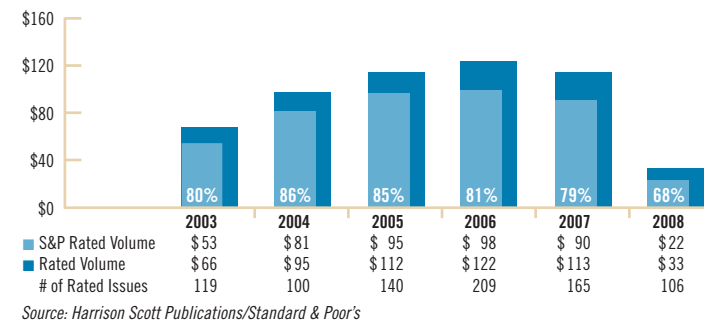
European Corporates (b, e)

S&P penetration rate as a % of rated dollar volume



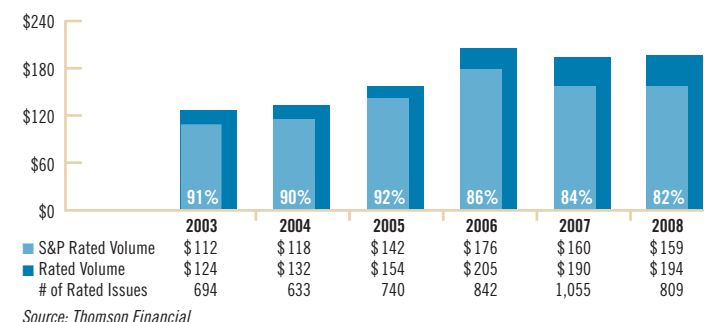
European Asset-Backed (a, c, e)

S&P penetration rate as a % of rated dollar volume



Asian Corporates (b)

S&P penetration rate as a % of rated dollar volume

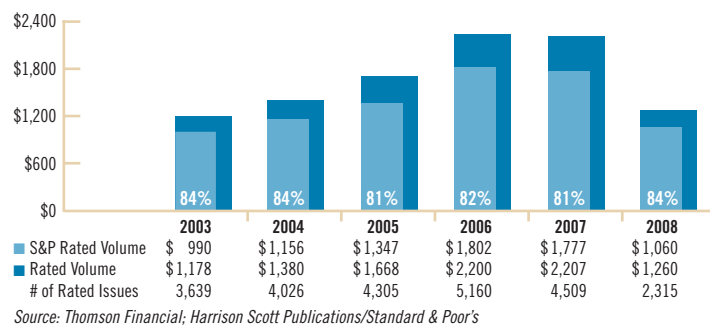


Notes for debt issuance:

- (a) Excludes confidential and repo transactions
- (b) Includes industrial and financial services issuers. Also includes Rule 144a (private placements), MTN takedowns, convertibles, and preferred stocks. Excludes sovereign issuers, private placements (except Rule 144a issues), retail notes, commercial paper, and all agency issues
- (c) Excludes asset-backed commercial paper and letters of credit

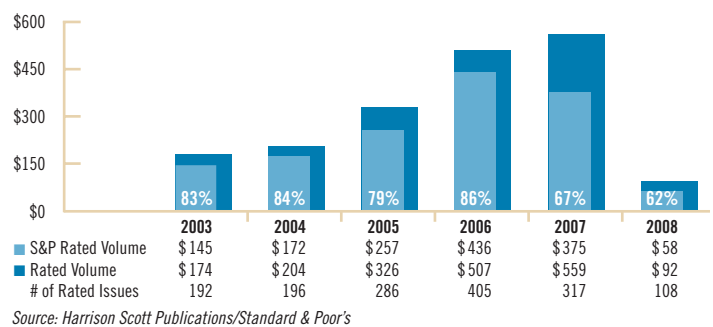
Rated European Debt Market (a, b, c, d, e, f)

S&P penetration rate as a % of rated dollar volume



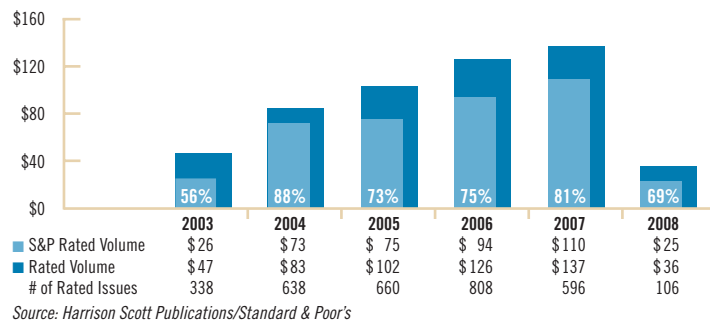
European Mortgage-Backed (a, d, e, f)

S&P penetration rate as a % of rated dollar volume



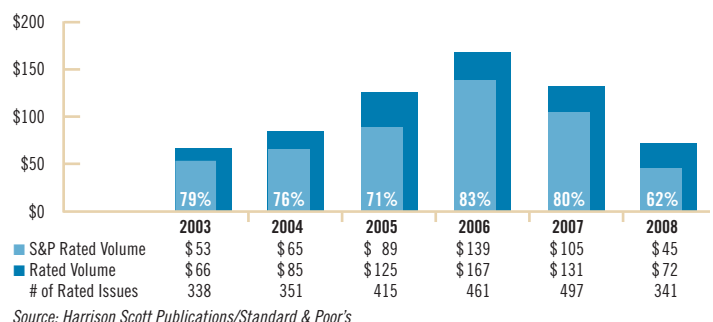
European Collateralized Debt Obligations (CDOs) (a, e)

S&P penetration rate as a % of rated dollar volume



Asian Structured Finance (a, c, d)

S&P penetration rate as a % of rated dollar volume



(d) Includes home equity loans

(e) European data includes Middle East and Africa regions

(f) Includes commercial mortgage-backed securities and residential mortgage-backed securities

Ratings Diversification

Standard & Poor's continues to diversify its business beyond new bond ratings. Product expansion has reduced S&P's reliance on bond issuance or interest-rate sensitive businesses by expanding offerings in such areas as bank loan and recovery ratings, counterparty ratings, and financial strength ratings. S&P also offers evaluations, including Rating Evaluation Services, which assess how actions may impact creditworthiness, and Servicer Evaluations, which examine a company's anticipated ability to service loan and asset portfolios.

Ratings

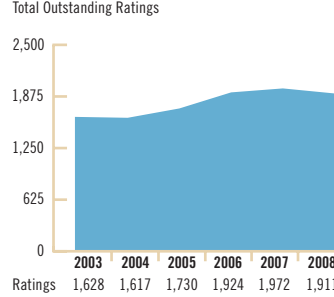
Financial Strength, Counterparty, and Corporate Credit Ratings:

An opinion of an entity's overall creditworthiness and capacity to pay its financial obligations. These ratings do not apply to specific financial obligations.

Bank Loan Ratings: An evaluation of a syndicated loan based on the likelihood of ultimate repayment of the loan and on the recovery value in the event of default.

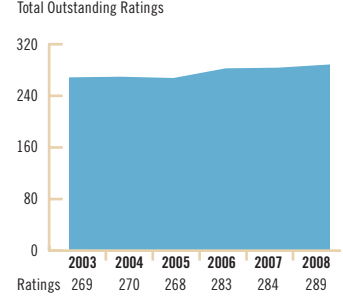
Recovery Ratings: A stand-alone, transparent opinion of the likely recovery of a loan in the event of default; expressed on a numerical scale, not linked to or limited by the issuer's traditional corporate credit rating. S&P's recovery ratings cover secured and unsecured debt.

Financial Strength Ratings*



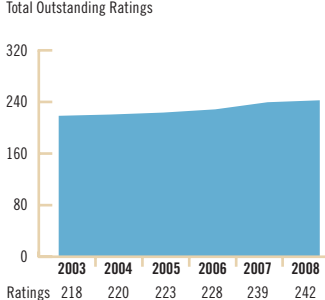
* Formerly Claims-Paying Ability Ratings

Counterparty Ratings*



* Total for those organizations whose only rating is a Counterparty Rating

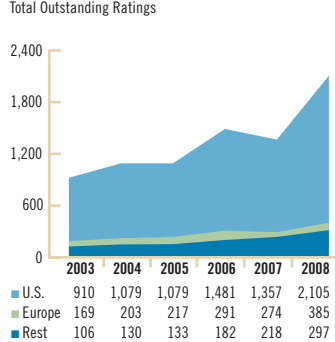
Corporate Credit Ratings*



* Total for those organizations whose only rating is a Corporate Credit Rating

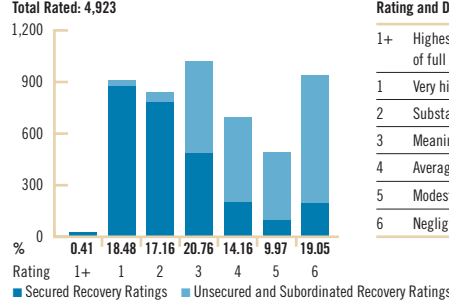
Source: Standard & Poor's

Global Bank Loan Ratings



Recovery Ratings

Distribution of All Recovery Ratings



As of March 11, 2009

* Recovery of principal plus accrued but unpaid interest at the time of default

** Very high confidence of full recovery resulting from significant overcollateralization or strong structural features

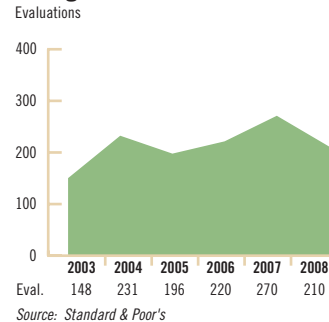
Standard & Poor's Recovery Rating and Description	Recovery Expectations*
1+ Highest expectation of full recovery	100%**
1 Very high recovery	90-100%
2 Substantial recovery	70-90%
3 Meaningful recovery	50-70%
4 Average recovery	30-50%
5 Modest recovery	10-30%
6 Negligible recovery	0-10%

Evaluations

Rating Evaluation Service: A confidential, specific, and indicative assessment of how potential acquisitions, debt issues, stock repurchases, recapitalizations, consolidations, and other actions may impact a company's creditworthiness and credit rating.

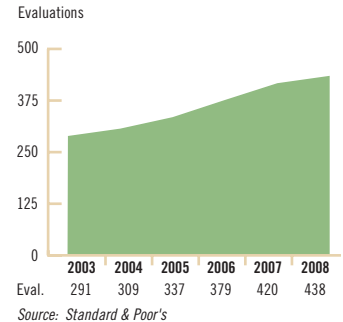
Servicer Evaluations: An independent, objective view of a company's anticipated ability to service loan and asset portfolios. The Servicer Evaluation rankings serve as consistent, objective benchmarks for assessing operational risk that provide valuable transparency and enable global market participants to make informed decisions.

Rating Evaluation Service



Source: Standard & Poor's

Servicer Evaluations

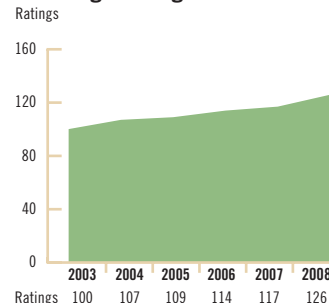


Source: Standard & Poor's

Sovereign Ratings

Standard & Poor's is a global leader in providing ratings and credit-related services for sovereign, sovereign-supported entities, and supranational issuers. Public sector coverage extends to local and regional governments, as well as to the healthcare, higher education, and housing sectors around the world. S&P's network of offices around the globe enables its regionally-based analysts to gain valuable local insights into the governments and issuers they rate.

Sovereign Ratings



Source: Standard & Poor's

S&P Investment Services: Contributing to Transparent, Efficient Financial Markets

Standard & Poor's Investment Services offers a spectrum of modular and integrated products and services that contributes to transparent, efficient markets and meets the specific needs of the global investment community. From value-added data and information to insightful analysis, research and models, information is delivered via client-integrated workflow platforms, specific applications, and data feeds that clients can customize.

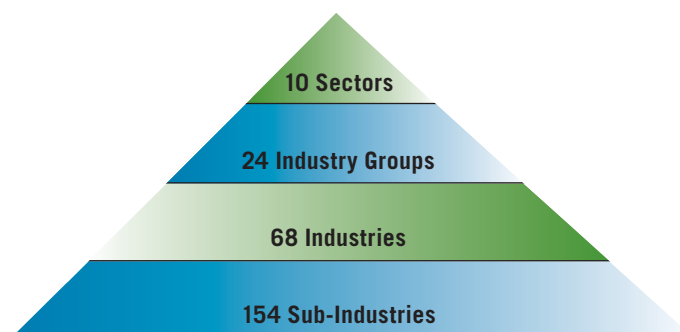
Standard & Poor's Investment Services consists of four areas:

	Description	S&P Products and Services
Fixed Income Risk Management Services	Offers a broad suite of cross-asset risk analytics, market research services, and data sets that are used by institutional investors for risk mitigation, cost control, and alpha-generation.	<ul style="list-style-type: none"> ▪ RatingsDirect® Global Credit Portal ▪ Securities classifications ▪ Market value opinions and intrinsic scenario valuations ▪ Market, Credit and Risk Strategies ▪ Credit risk and structured finance analysis
Financial Data & Analytics	Provides comprehensive fundamental and quantitative research solutions to over 2,700 investment managers, investment banks, private equity funds, advisory firms, and corporations worldwide.	<ul style="list-style-type: none"> ▪ Capital IQ Platform ▪ Capital IQ Data Feeds ▪ ClariFI® ▪ Compustat® ▪ SystematIQ Research™ ▪ Money Market Directories
Index Services	Offers investment professionals around the world an array of choices—from efficiently representative indices to broadly comprehensive benchmarks.	<ul style="list-style-type: none"> ▪ S&P 500 ▪ S&P Global 1200 ▪ S&P/Case-Shiller® Home Price Indices ▪ S&P GSCI ▪ S&P/LSTA U.S. Leveraged Loan 100 ▪ Index data ▪ Custom indices
Equity Research Services	Provides actionable, multi-asset class global research to wealth management institutions and financial advisors.	<ul style="list-style-type: none"> ▪ MarketScope® Advisor ▪ Stock research and tools ▪ Fund Management Ratings ▪ Exchange-traded fund research and tools ▪ Mutual fund research and tools ▪ Portfolio tools

Creating a Global Standard

Global Industry Classification Standard (GICS®)

GICS® is an enhanced industry classification system that was jointly developed by Standard & Poor's and MSCI Barra in 1999 in response to the global financial community's need for one complete, consistent set of global sector and industry definitions. GICS® has become a standard that is widely recognized by market participants worldwide. It sets a foundation for the creation of replicable, custom-tailored portfolios and enables meaningful comparisons of sectors and industries globally. More than 38,500 companies worldwide are classified in accordance with GICS®, with each company classified at the sub-industry level.



S&P Fixed Income Risk Management Services (FIRMS)

Standard & Poor's Fixed Income Risk Management Services provides portfolio managers, credit officers, and risk managers serving the global financial markets—including the debt, structured finance, derivatives, and credit markets—with market intelligence and analytic insight for risk-driven investment analysis.

FIRMS solutions help investors perform greater due diligence, surveillance, and valuations on the financial instruments in their portfolio through the following services:

Credit Portal	<ul style="list-style-type: none"> ▪ Workflow tool for individuals and teams ▪ Integrated credit information and analytics from S&P and third parties ▪ Direct links to S&P credit, structured finance, and market financial models ▪ Aggregate intelligence at the sector, sub-sector, and industry level with medians, peer group comparisons and industry snapshots ▪ Deep-dive data at entity, instrument, and deal level ▪ Robust structured finance content, including collateral and performance data ▪ Graphical views of deal participants
Pricing Services	<ul style="list-style-type: none"> ▪ “Market Value Opinions” on over 3 million fixed income securities daily ▪ Serving financial institutions representing \$12 trillion in assets under management ▪ Custom delivery ▪ Comprehensive real-time securities terms and conditions data on 1.8 million fixed income securities ▪ Corporate actions and dividend information for over 28,000 North American equities and 16,000 mutual funds
Integrated Tools & Data Library	<ul style="list-style-type: none"> ▪ Cross Reference Services® helps manage risk by identifying links among instruments, issuers, entities, parents, and obligors ▪ Proprietary models and applications ▪ Tool kits that allow for custom sorting and searching ▪ Linked global data sets that span all asset classes representing the universe of data aggregated for both commercial and ratings applications
Proprietary Models Library	<ul style="list-style-type: none"> ▪ Credit Risk Management Models <ul style="list-style-type: none"> - Proprietary S&P models covering probability of default - Insight on expected loss ratios on portfolios ▪ Credit and Cash Flow Models <ul style="list-style-type: none"> - Security and portfolio view of residential mortgage-backed securities, commercial mortgage-backed securities, asset-backed securities, and other emerging asset types ▪ Derived Market Rating Models driven by market pricing ▪ Collateralized debt obligation (CDO) suite of products <ul style="list-style-type: none"> - Normalized CDO data - Comparative metrics and analytic models - Transparent credit rating criteria and analytic methodologies - CDO deal performance history
Analytic & Research Services	<ul style="list-style-type: none"> ▪ Independent and objective opinions from S&P ▪ Insight based on market movements and views ▪ Market, Credit and Risk Strategies (MCRS) ▪ Global Fixed Income Research (GFIR) ▪ Leveraged Commentary & Data (LCD News) ▪ Valuation Scenario Services <ul style="list-style-type: none"> - Allow investors to analyze underlying loan performance and attributes - Determine “best fit” performance assumptions - Streamline workflow and simplify cross-portfolio comparisons

Note: Standard & Poor's Fixed Income Risk Management Services are performed separately from any other analytic activity of Standard & Poor's. The unit has no access to non-public information received by other units of Standard & Poor's

S&P Financial Data & Analytics

Standard & Poor's Financial Data & Analytics offers six distinct product lines—Capital IQ Platform, Capital IQ Data Feeds, Compustat, ClariFI, SystematIQ, and Money Market Directories.

Capital IQ Platform	A Web- and Excel-based research product that combines deep information on companies, markets, and people worldwide with robust tools for fundamental analysis, idea generation, and workflow management.
Capital IQ Data Feeds	Data can be unbundled from the Capital IQ platform and delivered via file transfer protocol or Web services to help clients populate financial portals, customer relationship management systems, and other business applications.
Compustat	The premier global fundamental database for backtesting and quantitative analysis.
ClariFI	A powerful suite of quantitative applications for portfolio construction, attribution, backtesting, and optimization to help quantitative managers research and implement their alpha-generating strategies.
SystematIQ	Formed in 2009, this new group offers clients a wide range of quantitative research and consulting services to help investors outperform the market. SystematIQ Research's AlphaWorks™ is a fully transparent collection of global stock selection trading signals and alpha models built using a global point-in-time dataset with direct links into ClariFI's ModelStation®.
Money Market Directories	Money Market Directories is a comprehensive Web-based information resource tailored specifically for marketing to institutional investors.

Capital IQ: Fundamental analysis, idea generation, and workflow management

Capital IQ's platform and data feeds provide direct access to:

- **Company Fundamentals:** Comprehensive global coverage on 79,000 public companies, 1,000,000 private companies, and 11,000 private equity firms
- **People Intelligence:** Relationship intelligence tools and detailed profiles of over 1,700,000 private and public company investment professionals
- **Transactions Data:** Detailed profiles of 413,000 mergers and acquisitions, private equity, venture capital, private investment in public equity, spin-off, initial public offerings, bankruptcies, share buyback programs, and equity/debt public offering transactions, as well as 10 years of global ratings information on 17,900 issuers and 235,000 securities

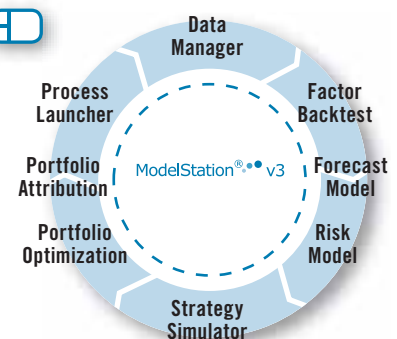
www.CapitalIQ.com 

Capital IQ provides comprehensive fundamental and quantitative research solutions to over 2,700 investment managers, investment banks, private equity funds, advisory firms, and corporations worldwide

ClariFI: Helping implement alpha-generating strategies


ClariFI's software and services enable quantitative managers to decrease the time it takes to research, test, and put into production their alpha-generating investment strategies, leading to reduced operational risk, decreased time-to-market, and significant competitive advantage. ClariFI's ModelStation® is a single solution that integrates the essential investment management stages—portfolio construction, attribution, backtesting, and optimization.

www.ClariFI.com 



Compustat: The premier global fundamental database for backtesting and quantitative analysis

With fundamental and market data on over 89,000 global securities, Compustat provides institutional money managers and analysts around the world with vital company, index, and industry information to support their financial models and proprietary company and industry analysis. Compustat produces a variety of databases and software products including Backtester™, Xpressfeed, and Research Insight.

www.CompustatResources.com 

Index Services: Providing an S&P Index for Every Type of Investment

Standard & Poor's Index Services is the world's foremost provider of stock market indices, offering a wide variety of investable and benchmark indices that meet an array of investor needs. Standard & Poor's broad-based indices provide expansive access to the financial marketplace while its narrow-based indices give investors a greater ability to diversify portfolios. Partnerships with major exchanges throughout the world have resulted in enhanced investment choices and solutions for both retail investors and institutions alike.

Standard & Poor's flagship index series, including the S&P 500 and the S&P Global 1200, are world-renowned as investable, transparent, and replicable offerings designed to serve as proxies for the different markets they measure.

In 2008, over **\$1.7 trillion** in investable assets was directly tied to Standard & Poor's indices and **\$5.1 trillion** was benchmarked to S&P indices

Indices for New Asset Classes, Investment Strategies and Markets

Equity	Commodities	Strategy	Fixed Income
Families of indices for global and local markets, covering approximately 12,000 securities in over 80 countries with over 20 years of uninterrupted history. Basis for futures, options, and exchange-traded funds (ETFs).	The S&P GSCI™ is widely recognized as the leading measure of commodity price movements and inflation in the world economy.	Fundamental investment strategies across asset classes and investment themes, including currency, arbitrage, fund of fund, dividend, equity long/short, x-alpha, equity research, and target allocation.	Broad market benchmarks measuring exposure to more liquid fixed income asset classes and less observable segments of the credit market, including municipal bonds, commercial paper, leveraged loans, and treasury bonds.
Emerging & Frontier	Real Estate	Thematic	Custom
Benchmark and investable emerging market series covering over 2,000 companies in 56 countries. The series has established history dating back to 1988.	Investable and benchmark indices across the residential, commercial real estate investment trust (REIT) and global property markets. The S&P/Case-Shiller® Home Price Indices are recognized as the leading measure of the U.S. residential housing market.	Indices providing liquid exposure to emerging investment themes that cut across traditional industry definitions, including energy, sustainability, infrastructure, and natural resources.	Indices custom-designed for asset managers, derivatives desks, brokerage houses, listed companies, pension plans, consultants, and stock exchanges.

Culture of Index Innovation

Standard & Poor's has a long history of creating indices that measure constantly evolving markets. New indices include:

- **S&P Credit Default Swap (CDS) Indices** reflect the credit default swap market for U.S. corporate credits. These indices increase transparency for market participants and offer insight into the performance of the U.S. CDS marketplace, including the investment-grade and high-yield markets. The S&P 100 CDS Index, the first CDS index based on an equity index, makes it easier to compare the performance of stocks and the \$57 trillion¹ CDS market.
- **S&P VIX Futures Index Series** is a suite of investable indices offering directional exposure to volatility through publicly-traded futures markets. Developed in cooperation with the Chicago Board Options Exchange (CBOE), the indices model returns from a long VIX futures position that is rolled continuously throughout the period between futures expiration dates.
- **S&P U.S. Commercial Paper Index** is a broad-based index designed to serve the investment community's need for a benchmark representing U.S. commercial paper which is a widely-held investment among money market funds and other short-term investors. This index is the first of its type to be offered by a major index provider.
- **S&P Risk Control Index Series** enables investors to target and control the level of risk in an underlying S&P index. Standard & Poor's is the first independent index provider to make volatility-targeting indices widely available to investors.
- **S&P Target Date Index Series** is comprised of nine multi-asset class indices, each corresponding to a particular target retirement date. Each index is fully investable, with varying levels of exposure to equities and fixed income. This index series is innovative, in that asset class exposures are driven by a survey of large fund management companies that offer target date products.

(1) Bank of International Settlement, notional outstanding at month-end June 2008

How S&P Index Products and Services Generate Revenue

Investment vehicles such as ETFs, which are based on Standard & Poor's indices and generate revenue through fees based on assets in underlying funds

Index-related licensing fees, which are either annual fees based on assets under management or flat fees for over-the-counter (OTC) derivatives and retail structured products

Data subscriptions, which support index product management, portfolio analytics, and research

Listed derivatives, which generate royalties based on trading volumes of derivatives contracts listed on the Chicago Mercantile Exchange, Chicago Board Options Exchange, Australian Securities Exchange, Montreal Exchange, Korea Exchange, and other exchanges

Record-Level ETFs Linked to S&P Indices

Exchange-traded funds (ETFs), which represent share ownership of an index fund but trade like shares of stocks, have become some of the most popular and actively-traded securities on stock markets around the world. Standard & Poor's has been at the forefront of ETF development since the launch of the S&P 500 SPDR (Standard & Poor's Depository Receipts) in 1993, the S&P MidCap SPDR in 1995, and the Select SPDRs in 1998. 59 new ETFs linked to S&P indices were launched in 2008 (40 listed in the U.S. and 19 listed on international exchanges). Assets in the over 203 listed ETFs linked to S&P indices reached \$203.6 billion at year-end 2008, led by the SPDR S&P 500 ETF, the largest ETF in the world.

Futures and options volume linked to indices continues to grow. Trading in E-mini S&P 500 futures at the Chicago Mercantile Exchange (CME) reached a record 633.9 million contracts in 2008, up 52.6% compared to 2007. Trading in S&P 500 options at the Chicago Board Options Exchange (CBOE) reached a record 178.6 million contracts in 2008, up 13.0% from 2007. New instruments such as options on VIX, a measure of volatility of the S&P 500, and weekly options linked to the S&P 500 and S&P 100, continue to expand the range of products linked to Standard & Poor's indices.

S&P Index-Based U.S. ETF Assets^(a)

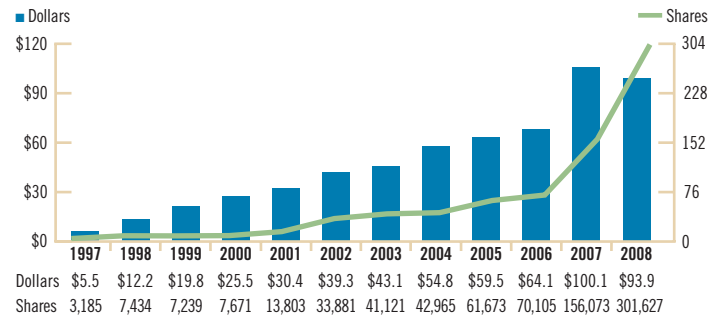
(dollars in billions)



Source: Standard & Poor's: 1996-2005; Bloomberg: 2006-2007

SPDR Trust Value/Average Daily Trading Volume

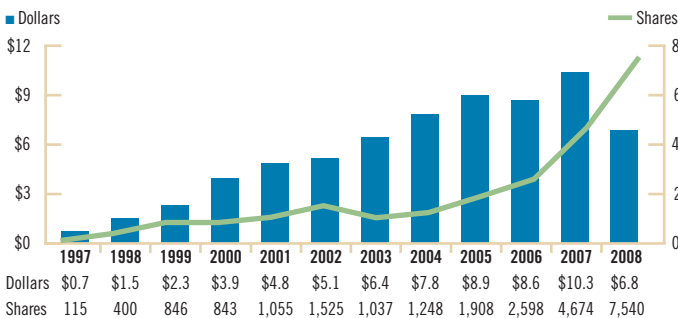
(dollars in billions)/(shares in thousands)



Source: American Stock Exchange

MidCap SPDR Trust Value/Average Daily Trading Volume*

(dollars in billions)/(shares in thousands)

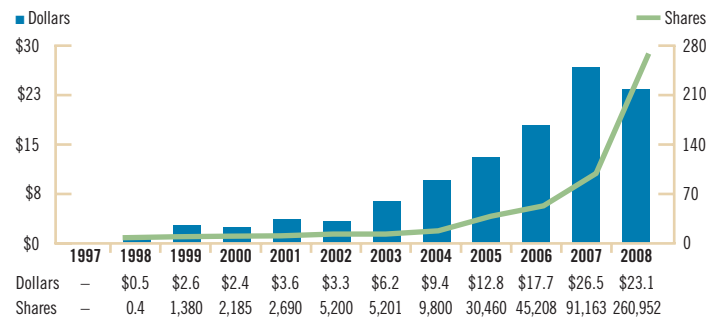


* MidCap SPDRs (MDY) started trading May 4, 1995

Source: American Stock Exchange

Select Sector SPDR Trust Value/Average Daily Trading Volume*

(dollars in billions)/(shares in thousands)

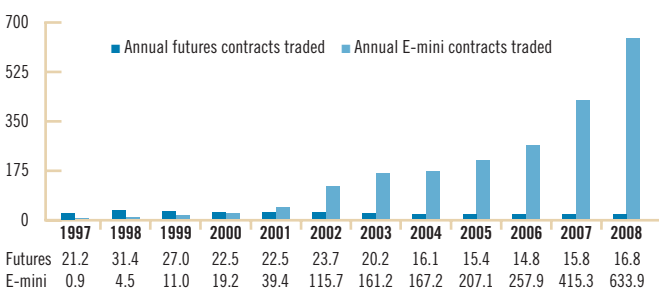


* Select Sector SPDRs started trading December 22, 1998

Source: American Stock Exchange

S&P 500 Futures and "E-mini 500"* Contracts Traded on the CME

(contracts in millions)

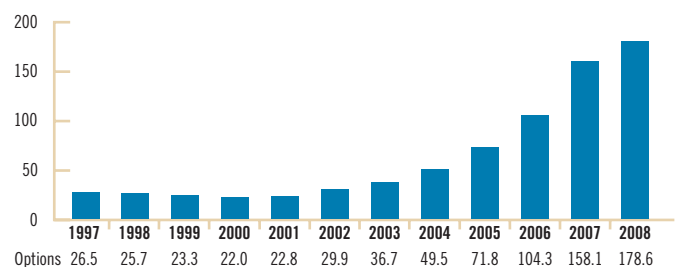


* E-mini 500 contracts started trading on September 9, 1997

Source: Chicago Mercantile Exchange

S&P 500 Option Contracts Traded on the CBOE

(contracts in millions)



Source: Chicago Board Options Exchange

(a) 1996-2005 represents assets under management from SPDRs, iShares, iUnits, S-tracks ASX, Rydex and Lyxor (MIB). 2006-2008 includes all "other" S&P-based ETF assets (\$6.1 billion, \$5.4 billion and \$9.5 billion, respectively). Examples of "other" include: VXF (Vanguard Extended Market ETF), SDS (UltraShort S&P 500 ProShares), and IPRV (LN iShares S&P Listed Private Equity)

S&P Equity Research Services

Dedicated to providing clients with timely, objective, and actionable investment intelligence, Standard & Poor's Equity Research Services delivers a broad range of strategies and recommendations which enables clients to navigate and seek success in even the most complex global markets.

Standard & Poor's serves clients across the globe in every segment of the institutional and retail financial sectors through three main areas:

Global Equity Research

Standard & Poor's Equity Research provides a single authoritative source of unbiased independent equity analysis and opinion. A worldwide team of 100 equity analysts covers approximately 2,000 stocks globally. Neither Standard & Poor's nor its parent company, The McGraw-Hill Companies, conducts any investment banking or securities underwriting activities. This independence allows Standard & Poor's to render uncompromised equity opinions and recommendations.

Standard & Poor's provides multi-asset class global research, analysis, strategies, and services to retail and wealth management institutions and advisors, as well as individual investors. S&P leverages its insight into securities with unique holdings-level analysis of investment products, providing more transparency and deeper understanding of performance. S&P covers a range of asset classes including equities, exchange-traded funds, mutual funds, variable annuities, and options.

Fund Management Ratings

Offering a unique combination of qualitative and quantitative analysis, Standard & Poor's fund ratings identify funds that are likely to consistently achieve their objectives. These ratings are based on in-depth interviews with fund management, focusing on investment philosophy, effectiveness of management, and quality of overall investment process. Standard & Poor's Fund Management Ratings provides fund ratings to the investing public on behalf of asset managers.

S&P Investment Advisory Solutions

Standard & Poor's leverages its intellectual capital to create model portfolios and customized investment solutions and strategies for leading asset management, mutual funds, and insurance firms, among others. Working with clients' requirements, S&P performs independent analysis and creates custom-tailored recommendations.

Standard & Poor's Equity Research Services was the leading independent provider in *The Wall Street Journal's* 2009 "Best on the Street" Analyst Survey, with 19 analysts winning in 22 different industry categories

MarketScope® Advisor

MarketScope Advisor (MSA) is an online platform that provides financial advisors with investment intelligence on multiple asset classes and comprehensive portfolio analysis tools. MSA enables financial advisors to stay connected to the market, make investment decisions, and grow their practice by giving them access to:

- S&P's award-winning equity research
- Intra-day market commentary, news, and analysis
- Information on 5,000 stocks, 500 exchange-traded funds, 21,000 mutual funds, and 60,000 variable annuities
- Workflow tools



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