

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