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Thank you, Michael [Meltz]. And good afternoon, everybody. For those listening on the webcast, thank you. We appreciate your support as well.

I am going to talk about the prospects for The McGraw-Hill Companies and the outlook.

Before I start, I want to draw your attention to the following cautionary statement. Except for historical information, matters discussed in this presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including projections, estimates, and descriptions of future events. Any such statements are based on current expectations and current economic conditions and are subject to risks and uncertainties that may cause actual results to differ materially from results anticipated in these forward-looking statements. In this regard we direct listeners to the cautionary statements contained in our Form 10-K’s, 10-Q’s, and other periodic reports filed with the U.S. Securities and Exchange Commission.

We are in a period of enormous change, which is creating new opportunities to grow and expand in core markets. It permeates every part of The McGraw-Hill Companies:

- From credit ratings at Standard & Poor’s,
- To new value creation by our new segment, McGraw-Hill Financial;
- From the innovative teaching and learning solutions developed by McGraw-Hill Education,
- To the real-time business intelligence of Platts, J.D. Power and our other Information & Media brands.

Clearly, technology—and every form that it takes on—is transforming our world:

- It improves the business model.
- It is key to our growing and reliable subscription business as the model changes from print to digital.
- It increases our operating leverage.
- It enables us to reach more customers at lower costs.
- It facilitates innovation.
- It expands our addressable market.
- It enables us to transform McGraw-Hill Education.

Today, approximately two-thirds of The McGraw-Hill Companies’ revenue comes from digital and hybrid-digital products or services. And that proportion will only grow.
The growth of digital products and services is not the only source of optimism. We also continue to benefit from:

- Recovering capital markets,
- New global growth opportunities in all our segments, and

In 2011, we aim to build on the solid achievements of 2010. With an 18.2% increase in first quarter diluted earnings per share and a 7.7% revenue increase, a promising year is off to a very solid start.

**McGraw-Hill Financial**

Our newest segment, McGraw-Hill Financial, is off to a strong start with double-digit top- and bottom-line growth and a near 30.0% operating margin.

When we launched McGraw-Hill Financial, we recognized that the complexity and growth of multi-asset portfolios is creating new global demand for pricing and analytics that span asset classes. The brands of McGraw-Hill Financial include well-known names such as Capital IQ and S&P Indices. While these brands are successful on their own, we believe that together they can be more than the sum of their parts.

Our goal then, is to create one scaled operation offering global financial professionals high-value content across all asset classes. That means looking at the business in a new way. Not as a collection of single products, but as a portfolio of capabilities—combinations that offer new solutions to the marketplace and produce organic growth. Put another way, McGraw-Hill Financial is about creating:

- Scale,
- Horizontal solutions, and
- Innovations in research and analytics.

There is no longer a need for separate technology platforms for Capital IQ, the Global Credit Portal, and MarketScope Advisor. Instead of supporting one business, the Capital IQ platform will support a growing $1.2 billion enterprise. That is an example of creating scale. And with our new Enterprise Solutions Group, we are integrating data and streamlining delivery of McGraw-Hill Financial, S&P, and third-party data onto one platform. Easier access to all of our information on one platform is good for business and allows our customers greater insight and transparency into the markets our customers serve.

We continue to see demand for our data in both pre- and post-trade markets. We will also continue to expand and grow S&P indices, the key to our Benchmark operation. Liquid and investable indices are central to the growth of S&P indices, which are now the basis of 333 exchange-traded funds with more than $323 billion in assets under management at the end of the first quarter. We added about 100 exchange-traded funds just last year alone, and that growth is going to continue.

We will continue to add to the variety of investable and benchmarked indices, which now include commodities, fixed income, and the leading measure of U.S. home prices—the S&P Case-Shiller Home Price Indices. Expect S&P Indices to continue to diversify its product offering.
Standard & Poor’s

As clarity returns to global debt markets, Standard & Poor’s expects to benefit from favorable trends, which include:

- Strong new issuance in corporate and high-yield bonds and a growing bank loan market;
- Growth in public debt markets as banks continue to deleverage;
- An increasingly active M&A market;
- The investor’s increasing appetite for risk;
- At some point, the tipping point when the search for yield will take over;
- Tighter credit spreads; and
- A pick up in refinancing activity.

Spreads have tightened since the start of the year with S&P’s speculative-grade composite spread hovering around the tightest levels since late in 2007. S&P’s investment-grade composite spread is still well below the five-year moving average. That’s one good reason the new issue pipeline looks very, very good.

There is another important reason for the continued health of the new issue pipeline. S&P estimates there is $5.6 trillion in corporate bond and loan maturities coming due between 2011 and 2014, and that is just Europe and the United States. That’s about $1.2 trillion to $1.5 trillion of securities coming due per year between now and the end of 2014.

S&P’s revenue in the first quarter grew by 10.4%, but operating profit was up by less than 1%, in the face of the most difficult expense comparisons of the year. Expense comparisons will ease for the balance of the year and we expect accelerated profit growth of approximately 10% over the balance of the year.

As we look to the future, our ratings will play an increasingly important role in the developing world. For example, in India, Standard & Poor’s is the majority owner of CRISIL—India’s leading ratings, research, and risk and policy advisory company. CRISIL’s 2010 revenue of approximately $140 million is up nearly seven-fold since S&P acquired a majority position in the company in 2005. And the growth rate is spectacular.

In emerging economies, the demand for capital and the growing affluence of consumers seeking better investments means capital markets have an important role to play. S&P will be there to support continued progress and help investors navigate the credit risks.

We continue to make excellent progress on subprime litigation. Last week, there was a significant ruling by the U.S. Court of Appeals for the Second Circuit affirming the dismissal of three underwriter cases filed against Standard & Poor’s and other rating agencies. The panel of judges’ unanimous decision is unambiguous in concluding that credit rating agencies, in offering forward-looking opinions, did not participate in the sale or distribution of securities and therefore cannot be sued as underwriters.

To date, 20 cases have been dismissed and another eight have been withdrawn. We have said all along that the risk here is low. We group them into three categories: underwriter suits, stock drop suits and state claims. And now that we’ve been able to get before judges, they are being dismissed or dropped.
Now, let’s look at the changing world of McGraw-Hill Education.

Revenue declined in the first quarter by 4.6% and operating loss was $75.5 million, reflecting the revenue decline and increased investment for digital infrastructure. First quarter results are never very significant to McGraw-Hill Education and are not indicative of this year’s prospects. Digital products are an exception. They grew at a double-digit rate in the first quarter. That’s a clear sign of how fast this market is changing.

Recently, I pointed out that the digital transformation of education is not about textbooks, e-books or any other formats, devices or delivery systems. Put another way, the transformation is no longer just about content. It is about linking content, technology, and delivery in ways that transform not only the distribution of content, but also the quality and utility of content.

We are talking about learning solutions—programs that consistently produce successful outcomes because they offer individualized pathways to teaching and learning. By providing learning solutions, we are creating an entirely new level of value for our customers. And in tailoring the content and functionalities of our digital products in ways that improve the efficiency of our customers’ workflows, we are in many cases offering them tools and resources that were never before available.

Our internal publishing processes are now digital, so we have a wealth of content in digital form and the organizational reach to deploy these assets globally. That’s key to providing a range of options so our customers are sure to find solutions that will meet their specific needs. These range from complete online courses customized for particular institutions or instructors to subscription-based websites for professionals and apps for mobile phones.

As we move ahead in this new digital world, we have unlocked a new market—the student. Of course, college students have always bought course materials, but typically only the materials selected by their instructors or professors or some process within an institution. But we now have exciting new products that we are successfully marketing directly to them. For example, we now offer test-prep programs as mobile phone apps, allowing students to review on the run. For the first time, computer adaptive tutorial programs like our LearnSmart allow college students to:

- Assess,
- Remediate, or
- Reinforce and master concepts and skills as they move through their coursework.

LearnSmart is available online and accessible 24/7.

There are other benefits to the digital transformation:

- Our cost structure will improve as physical products are increasingly replaced by digitally delivered products.
- By moving to digital products we are expanding our global customer base.
- Mobile learning creates new opportunities to deliver career training and test preparation to students everywhere.
- Wireless connectivity is increasingly available at low cost and infrastructure obstacles are falling in the school market.
The advent of cloud computing will eliminate the need for schools to maintain complex networks. It is entirely conceivable that schools will be able to download from the cloud all the subject content, virtual labs and simulations, professional development, and other resources needed to teach an entire curriculum—and McGraw-Hill can provide all of that and more. All these are very positive reasons why the new world of learning solutions depends on those who can effectively link content, technology, and delivery. That is our future.

As we invest in this future, I want to make one more critical point because it may not be widely recognized. But the fact is that McGraw-Hill Education continues to be a positive contributor of cash to the corporation after pre-publication costs, capital investments, and working capital needs. Like our other segments, McGraw-Hill Education, is a positive cash generator and self-sufficient from a cash need.

Information & Media

Three important trends should be noted about our fourth segment, Information & Media.

1. With revenue and operating profit growing at a double-digit rate, we delivered on our promise to start producing a sustainable operating margin. It was 16.4% in the first quarter.
2. Speaking of transformations, more than 70% of the Business-to-Business Group’s revenue is digital.
3. The B-to-B Group is now primarily a subscription business.

Subscriptions produce a stickier revenue stream and represent a growing proportion of our business. They are approximately:

- 75% of McGraw-Hill Financial’s revenue;
- 61% of Information and Media’s revenue; and
- 61% of S&P ratings’ revenue which is recurring non-transaction revenue.

And subscriptions are also growing at McGraw-Hill Education as its business model changes from print to digital.

Finally, a comment on our share repurchase program. We repurchased 3.3 million shares for approximately $124 million in the first quarter. The average price was $37.44 per share. We are stepping up our 2011 share repurchase program. At the start of the year, we had planned to buy back about 4.2 million shares. But with our strong cash position and reduced commitment for an acquisition that did not materialize, we will exceed our previous guidance. There were 5.1 million shares remaining in the current authorization at the end of the first quarter.

So, summing up:

- Improving prospects in key markets;
- We are using technology to expand our addressable markets in financial information, education, and information and media; and
- The revenue stream is getting stickier as subscriptions continue to grow.
- For 2011, we expect earnings per diluted share in the $2.79 to $2.89 range.

Thank you.

To access the accompanying slides online, go to: http://investor.mcgraw-hill.com/phoenix.zhtml?c=96562&p=irol-EventDetails&EventId=4018222
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