Thank you, Bill. We’re here to talk about the opportunities and the prospects for The McGraw-Hill Companies.

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.

Today, I will highlight important decisions we have recently made that benefit us now and in the future, review our improving prospects, and discuss developments that have the potential to take us to new performance levels.

To start the year, we made key changes in our senior management team:

- We named a new president for McGraw-Hill Education. Bob Bahash, our former chief financial officer, is now head of our education operations. For Bob it’s a return to his roots and he will help us take this business to a new level.
- We have created a new operating segment, McGraw-Hill Financial, with new leadership. Lou Eccleston, who joined Standard & Poor’s in 2008, is president of the new segment. He will help us unlock significant new growth opportunities for us in financial information markets.
- We have a new chief financial officer. Jack Callahan joined the company in December by way of Dean Foods, PepsiCo and General Electric. In his short time with us, Jack is already proving to be a terrific addition to our executive team.

After producing solid results in 2010, we are looking forward to another year of growth in 2011. We will benefit from:

- Improving prospects in key markets;
- Using technology to expand our addressable markets in financial information, education, and information and media; and
- A revenue stream that is getting stickier as subscriptions continue to grow.
The *McGraw-Hill Companies*

Subscriptions account for 74% of revenue at McGraw-Hill Financial and 60% at Information & Media’s Business-to-Business Group. Recurring non-transaction revenue at Standard & Poor’s produced 61% of rating’s revenue last year. Subscriptions are also growing at McGraw-Hill Education as the business model changes from print to digital. That’s why our unearned revenue at the end of 2010 is 20% of total revenue — and growing. It’s a great start to the new year when you can start with $1.2 billion in the bank already.

**McGraw-Hill Financial**

With McGraw-Hill Financial, we have created scale by integrating our core capabilities to realize new growth opportunities through:

- The development of new, integrated solutions from proprietary assets;
- New solutions to help clients manage investments and trading strategies; and
- Capitalizing on growth trends for financial information, data and analytics.

The new segment starts the year as a $1.2 billion operation that in 2010 produced 19% of our revenue and 20% of the adjusted segment operating profit.

McGraw-Hill Financial will focus on new opportunities in cross-asset analytics and integrated research across a company’s capital structure with one consistent data and technology infrastructure. We will benefit from favorable trends:

- The market favors information providers who can provide solutions that are integrated across the value chain.
- The rise of multi-asset class portfolios is creating demand for pricing and analytics that span asset classes.
- The opportunities are global.

**Standard & Poor’s**

We like the outlook for Standard & Poor’s, the credit rating side, as capital markets continue to recover. The need for refinancing, tight spreads, and investors’ appetite for yield that spurred new levels of high-yield issuance and bank loan ratings last year is also doing very well again this year.

In the first two months of this year, worldwide high-yield new dollar volume issuance is up 66.4% year-over-year. Total U.S. corporate new issuance is up 26.0%. Structured finance issuance remains soft, although dollar volume is up sharply in Europe, but again off of a small base. In the commercial mortgage-backed market we’re starting to see some transactions there as well.

Spreads remain tight. This year through March 11th, the speculative-grade composite spread has tightened by 10% to 486 basis points while the investment-grade composite spread has tightened by 7% to 164 basis points, all according to Standard & Poor’s research.

Public and private sector borrowers worldwide have huge refinancing requirements over the next several years. Some of this capital will be required by firms looking to finance growth and replace loans, bonds and structured securities that are now maturing. S&P estimates there are $5.6 trillion in bond and loan maturities coming due for U.S. and European markets between 2011 and the end of 2014. That represents maturities in the range of $1.2 trillion to $1.5 trillion per year over the next three years — and that will be a significant contributor to our pipeline.
At the same time, banks in Europe and the U.S. face new constraints on their ability to lend as they rebuild balance sheets, deleverage, and meet new regulatory capital requirements. The new limitations in providing credit will contribute to the growth of public debt markets.

We think the investors’ search for yield will persist. Merger and acquisition activity, an important driver of new bond issuance, is also growing.

You may have seen recent headlines about the Securities and Exchange Commission’s decision to remove ratings from federal statutes and regulations. We support that decision. We never asked to be included in the rules and regulations. We have made it clear that we never opposed being excluded. Plain and simple, we are prepared to operate in the new regulatory environment both here and abroad. In the last three years, S&P has worked very hard to enhance the value of ratings for investors. We have recalibrated our ratings criteria across multiple asset classes, increased transparency, and added more controls. We also continue to enhance ratings stability as well as comparability.

S&P also created the QCCR governance and control framework to meet new regulatory requirements. QCCR stands for Quality, Criteria, Compliance and Risk. It operates independently of the ratings business. We spent $80 million dollars for the QCCR framework last year. There may be an estimated $12 million to $15 million in incremental expenses this year to meet the new regulatory requirements.

We continue to make progress on the legal front. Seventeen cases have now been dismissed outright. Seven more lawsuits have been voluntarily withdrawn. Four of the dismissed cases involved fraud charges.

The latest dismissal decision was in the Anschutz case in February. It continues a line of favorable decisions that find ratings are forward-looking opinions and are not subject to negligent misrepresentation claims absent allegations that the rating agency did not believe the ratings at the time they were issued. The court found that the Plaintiff’s challenge of the rating in the Anschutz case “is simply a disagreement informed by hindsight with opinions stated and not enough to sustain this action.”

We believe the growing number of decisions handed down by the courts constitute meaningful precedent, which should help guide rulings on pending cases. In important ways, these rulings recognize limitations facing plaintiffs who seek to assert legal claims against S&P ratings.

**McGraw-Hill Education**

Let me quickly turn to McGraw-Hill Education. In a world that frequently identifies us as a textbook publisher, it is clear that this dated notion has not caught up with our reality.

The digital transformation of education is not about textbooks, e-books, or any other formats, devices or delivery systems. It is about the creation of more effective educational solutions. It is about linking technology, content, and delivery in ways that transform not only the distribution of content, but also the quality and utility of content.
So, let me give you ten reasons why we believe McGraw-Hill Education is a platform for growth in an increasingly digital world.

1. New leadership. Bob Bahash recognizes that the education market is dynamic and changing. The goal is not to do the same old things a little bit better. For us as content providers, just as for the customers we serve, succeeding in the digital environment requires a new mindset. Bob understands the trends and brings experience, leadership, and urgency to his new position.

2. All our internal publishing processes are now digital, which means that we have a wealth of respected educational content that can be repurposed quickly and cost-effectively across products and across markets.

3. Our legacy print-only business model is being rapidly supplanted by a versatile digital publishing model. In the new model, we supply enhanced digital content in a wide variety of formats — from subscription-based online sites, to downloadable titles for e-readers and tablets, to apps for mobile phones.

4. Our products’ new interactive features and the new delivery options are creating new revenue opportunities. To give just one example, we now offer test-prep programs as mobile phone apps, allowing students to review on the run. We recently announced a partnership in India with Wipro to develop and deliver test-prep materials in India and then scale that model for emerging markets. By the way, there are some 700 million cell phones in India.

5. Our cost structure will improve as physical products are increasingly replaced by digitally-delivered products. There are no printing or binding costs for these products, no inventory or warehousing costs, and no shipping charges. Significantly for the college and retail markets, there are no returns and there is also no competition from used books.

6. By moving to digital products we are expanding our global customer base. Universities and hospitals around the world subscribe to our online medical sites, and major teaching institutions are responding enthusiastically to our e-textbooks, which can be downloaded at a touch and customized to their particular course requirements. With authoritative content and a large international sales force, we are well positioned to drive continued global growth.

7. Infrastructure obstacles are finally falling in the el-hi market. More schools are wired today, and more students have computer access at school and at home. Even more importantly, wireless connectivity is increasingly available at very low cost, as are e-reading devices. The advent of cloud computing will eliminate the need for schools to maintain complex networks.

8. The widespread adoption of Common Core standards in reading and mathematics in the nation’s elementary-high school market will reduce the need for state-by-state customization and lead to lower costs for publishers.

9. We at The McGraw-Hill Companies are creating more effective educational solutions. By focusing on how students learn, we are creating an entirely new level of value for our
customers. For example, our online LearnSmart product uses computer-adaptive intelligence to provide individualized tutoring for college students in a variety of disciplines. For the el-hi market, online professional development programs include live-action videos of model lessons and interactive chat rooms for teachers. By tailoring the content and functionalities of our digital products in ways that will improve the efficiency of our customers’ workflow, in many cases we are offering them tools and resources that were never before available.

10. Enrollments continue to grow across the entire student population, from preschool through college and graduate programs. And because an educated workforce is critical to our nation’s future, there is an urgent effort throughout the U.S. to reduce high school drop-out rates and to better prepare students for skilled jobs in the workforce or for the successful completion of postsecondary degree programs.

All these are very positive reasons why McGraw-Hill Education is a platform for growth in an increasingly digital world.

Information & Media
And finally, the Information & Media segment is also an increasingly digitally-based subscription business. More than 65% of the business-to-business revenue was digital last year. We expect an increase this year.

This segment last year turned in its best operating margin in a decade — up to almost 19% on an adjusted basis. We believe that the new level is sustainable in 2011, a measure of the transformation that has occurred in this segment.

We started the year by strengthening our position in global energy markets by acquiring BENTEK in January. BENTEK is a leading provider of fundamental data and analysis for the natural gas market in North America and will contribute to the strong growth we expect from Platts this year.

In closing, let me comment on our free cash flow and share buy-backs. We expect another strong year of free cash flow — probably more than $700 million after dividends. We will continue to return cash to shareholders through dividends and share repurchases. In January, the Board of Directors increased the dividend by 6.4%. That was our 38th consecutive dividend increase.

We announced plans to buy back about 4.2 million shares this year. At the time we anticipated acquiring another company called OPIS in the first quarter to add new capabilities in the energy information market. This would have been in the oil markets. It would have been a substantial acquisition. But since it did not occur, we have an opportunity to re-evaluate our buy-back target for the full year.

We will report on our progress when first quarter earnings are announced next month.

And finally, I will reaffirm our guidance of $2.79 to $2.89 per diluted share for 2011.

Thank you.
“Safe Harbor” Statement Under the Private Securities Litigation Reform Act of 1995
This presentation includes certain forward-looking statements about our businesses and our prospects, new products, sales, expenses, tax rates, cash flows, prepublication investments and operating and capital requirements. Such forward-looking statements include, but are not limited to: the strength and sustainability of the U.S. and global economy; Educational Publishing’s level of success in 2011 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 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 CDOs, residential and commercial mortgage and asset-backed securities and related asset classes; the continued difficulties in the credit markets and their impact on S&P and the economy in general; the regulatory environment affecting S&P; 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 S&P’s ratings; 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.