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Thank you very much, and good morning everybody. It is good to be with you and have the opportunity to talk about the prospects and the outlooks for The McGraw-Hill Companies. And as Federico said, Bob Bahash, our Chief Financial Officer is with us.

Before I begin, I must draw your attention to the following cautionary remarks. 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-Ks, 10-Qs, and other periodic reports filed with the U.S. Securities and Exchange Commission.

I'm going to spend most of my time today on prospects for 2010, but there are a few key points to be made about our performance in 2009. First, we will end this year in a strong financial position. A healthy balance sheet has long been the hallmark of our company and that is true again in 2009. At the end of the third quarter, we had \$957 million in cash and no debt maturing until 2012. Net debt at the end of the third quarter was \$241 million, down substantially from year-end 2008.

Secondly, we have kept a tight grip on costs. Through nine months, costs were down by 6.5%, or 6.1% excluding restructuring charges in the last two years and a loss on the divestiture of Vista Research in May.

Thirdly, we recently improved our forecast for free cash flow after dividends. We now expect free cash flow after dividends to exceed \$500 million despite lower operating results.

Finally, we have paid a dividend every year since 1937 and increased it every year since 1974, achieving a 10.1% compound annual growth rate over the last 36 years. The Board of Directors typically reviews changes in the dividend at its January meeting. Through dividends and share buybacks, we have returned more than \$9.3 billion to shareholders since 1996.

Barring some unforeseen surprise, we fully expect to achieve our 2009 earnings per share guidance, which started the year at the lower end of the \$2.20 to \$2.25 range. We then improved it to the higher end. Tight cost controls will help offset a 7% decline in revenue.

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We are in the process of preparing operating budgets for next year and won't be in a position to provide guidance for 2010 until late January. We will probably give guidance on January 26 when we announce earnings for 2009. But I believe strongly that 2010 will be a better year than 2009 for The McGraw-Hill Companies.

There are many reasons why I believe 2010 will be better, starting with the fact that our key markets are improving.

In Education:

- With a substantial increase in the state new adoption calendar and the growing presence of federal stimulus funds, the elementary-high school market should start to improve in 2010 after a decline this year of about 20%.
- The U.S. college and university market shows a healthy increase this year and we expect further growth in 2010.
- Enrollments are growing; there will be more students to educate at all levels.

In Financial Services:

- As credit markets continue to thaw, growing new issue volume will be a key to an improved performance at S&P Credit Market Services.
- In the last two years, we have also added value to ratings by offering more analysis and features that make them more useful than ever to investors.
- New products and services will contribute to the growth at S&P Investment Services as well.

In Information & Media:

- The volatile energy market should help produce another solid year of growth for Platts.
- 2010 is an election year, which should contribute to a rebound in advertising at our Broadcasting Group.
- While the sale of *BusinessWeek* will trim approximately \$100 million off the top line, it should also produce savings of \$20 million to \$25 million pre-tax, or \$0.04 to \$0.05 per diluted share.

We will also realize the benefits of the 2009 restructuring, which eliminated approximately 550 positions, including 340 at McGraw-Hill Education.

We will continue to expand in international markets in 2010. For the last seven years, the growth of our revenue from foreign sources has outpaced our domestic performance. In 2008, revenue from foreign sources accounted for almost 30% of our total revenue. Measured in constant dollars, revenue from foreign sources this year is showing modest growth even as domestic sales decline.

In 2010, we expect international revenue to outpace our domestic performance once again. There are growing opportunities in India, Asia and the Middle East for our financial, education and information products and services. Vocational and English-language training and online instruction will contribute to our expansion in these markets.

In China, we recently reached an agreement with Ambow Education, a market leader in vocational training services. Our education group will develop customized English-language courseware and training for IT engineers in Ambow's programs. In India, we are working with our long-standing partner Tata to develop career readiness and other vocational training programs. In the United Arab Emirates, we have developed custom assessments for English-language proficiency training.

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In all of our businesses, we are employing technology to innovate, to create new revenue streams and new distribution channels, and to lower our operating costs.

Connecting content and managing digital assets globally is an essential part of this effort. We are building size and scale globally in essential markets and we are doing so by expanding our digital capabilities. We believe that is a winning strategy in our markets, so let's now look at our prospects in more detail in each of the operating segments.

McGraw-Hill Education

I'll start with McGraw-Hill Education.

I have already cited some reasons why we think the education market should improve in 2010 despite concerns about state budget issues.

- In the elementary-high school market, we start with a much improved state new adoption calendar. That market will hit an estimated \$925 million to \$975 million next year. That's up from \$500 million to \$510 million in 2009. It marks the return of Texas to the market for reading. The state's funding is in place and all of our McGraw-Hill submissions have been approved for adoption, including two reading programs for the elementary school market.
- The opportunity for K-12 math in Florida also looks solid. The schools need new textbooks so that teaching and learning will match the state's revised mathematics standards on which students will be tested starting this coming year.
- Based on district-level adoption postponements we have seen this year, we believe there is also some pent up demand in the system, although the extent it can drive revenue will depend on economic conditions. Of course, decisions to continue using older programs will result in increased replacement sales as existing copies wear out and enrollments keep growing.

There will be more students to educate in 2010. The anticipated growth will be stimulated by the administration's new emphasis on expanding pre-school programs, reducing high school drop out rates, and improving college readiness skills to increase post-secondary enrollments. Underpinning these efforts is a widely shared concern about the nation's future—a concern based on the understanding that education is the source of our competitiveness in world markets and the key to the future.

According to the latest projections from the National Center for Education Statistics, about 55.9 million students will be enrolled in elementary and secondary institutions next year. In the college market, the confluence of increased federal aid for students and the effect of counter-cyclicalities resulted in enrollment numbers that are outstripping earlier government estimates. We expect enrollments to increase again in 2010, although not at the 8% to 10% rate experienced this year in overall post secondary space, which includes both public and private institutions and both two-year and four-year colleges.

The elementary-high school market will benefit from the increased availability of stimulus dollars. For the instructional materials market, the more direct benefit will come from the incremental Title I funds for schools serving disadvantaged students and the IDEA funds for special education programs. These funds began to make a difference in some states and some product categories during the second half of 2009 and could play a much bigger role in 2010.

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In the testing market, the administration's focus on real-time assessments and multiple measures, combined with stimulus money, is driving state and local interest in formative assessment systems. We anticipate strong new opportunities for our programs like *Acuity*, which this year was named the "Best Student Assessment Solution" by the Software and Information Industry Association.

The college and university market is also benefiting from federal stimulus funding. In particular, increased support for Pell Grants and other financial aid for students have helped boost enrollments this year and will continue to have a positive effect in 2010.

The important message in all of this is that the integration of content, technology and distribution offers significant opportunities for growth in the school market, in testing, in higher education and in professional markets. By creatively linking content, technology and distribution, McGraw-Hill Education will help students acquire 21st century learning skills. Our focus is to create solutions to improve the learning experience.

In the college and university market, our digital revenue is growing at a double-digit rate as technology expands the addressable market. Approximately 95% of our textbooks are now available as e-books. And now we are rapidly penetrating a new market by offering assessment tools to college students. These new services are the product of an in-depth dialogue with students and instructors. We have explored not only how college students study, but also how they spend time outside the classroom to get a holistic view of the ways they use educational materials and what they really want from them. The result is a major advance we call *McGraw-Hill Connect*[™]. It is subscription-based and growing rapidly. Let's take a look at this video of the new *McGraw-Hill Connect* platform:

[Video Clip: *McGraw-Hill Connect*]

McGraw-Hill Connect is a new all-digital learning platform for the higher education market. It connects students to their professors and to a range of engaging, interactive content for more effective learning. These connections are personalized to the particular content a student needs to succeed.

Here, a student taking a course in biology logs on to complete an assignment on cell anatomy. He identifies the parts of an animal cell and checks his work. Several answers are incorrect. The student seeks help and is brought to the appropriate page in the e-book for additional review. He then explores a library of online images and videos specific to the material he is learning. By using this interactive content, the student gains a better understanding of difficult concepts and is better able complete the assignment. The student tries to remember how the instructor explained the concept earlier that day and replays the exact point in the recorded class lecture on the function of animal cells.

He then uses LearnSmart, an adaptive study coach, to make sure he is ready to take a quiz on the chapter. The student answers questions to determine how well he knows the material and is provided an individualized learning plan which includes how much time he needs to study. He can also download these resources to mobile devices for additional studying on the go.

Instructors can track each student and class through visual reports, and can provide early intervention to students who are at risk of failing.

McGraw-Hill Connect significantly enhances the value of McGraw-Hill's educational offerings and helps students connect to knowledge, connect to learning, and connect to their future.

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McGraw-Hill Connect is but one example of a growing lineup of new digital offerings that will increase McGraw-Hill Education's market penetration. Next month for the higher education market, we will launch *McGraw-Hill Create*. It is another indication that this market is no longer just about printed text books.

Instructors can log onto *McGraw-Hill Create* to develop custom course materials that match the way they teach students. They can choose from nearly 4,000 McGraw-Hill books and thousands of other resources resident on the system, including articles from a wide variety of publications and special collections as well as case studies from schools like Harvard, Darden and MIT/Sloan. They can also upload their own content. They can even select their own cover.

Powerful search tools and quick turnarounds are keys to *McGraw-Hill Create*. A review copy of a custom e-book arrives in less than an hour after the instructor has made selections from multiple sources and/or rearranged textbook chapters. Print copies arrive in three to five days.

When we first introduced customization in this market several years ago under the *Primis* label, we said the textbook would never be the same. With *McGraw-Hill Create* we will take custom publishing to a new level in a Web-based digital environment.

In the el-hi market, our products and services are also meeting a growing demand for digital solutions. We make use of social media to enhance learning with our wholly digital *Cinch* products, which operate in a Web 2.0 environment. In the growing intervention market, we enable teachers to individualize lesson plans for students who are falling behind.

And with another innovative platform called *ConnectEd*, we provide an intuitive Web-based portal that enables school districts to manage all of their McGraw-Hill programs online. Teachers using the *ConnectEd* platform can easily:

- Log on to our interactive student and teacher editions;
- Acquire assessment tracking capabilities;
- Use interactive lesson planners; and
- Find complete online courses and a wealth of other materials.

Teachers using white boards in their classrooms can use the *ConnectEd* link to take advantage of our online texts, which have functionalities of their own, including animation. Our new state-specific programs for the Texas and Florida adoptions in 2010 are available on *ConnectEd*.

We will also realize in 2010 the full benefit of the 2009 restructuring of our elementary-high school business. We combined our basal and supplemental school operations in a new streamlined organization to improve our operating efficiencies.

In short, we are well positioned to take advantage of growth in the education markets in 2010. We expect the elementary-high school market to grow by 8% to 10% next year. Based on the strong recovery next year in the state new adoption market, we think the adoption states will outperform the open territory in 2010—a reversal of what the 2009 experience was. This year open territory accounted for approximately 53% of el-hi sales. In 2010, I think the open territory share will fall below 50%. We expect the college market to grow by 5% to 7% in 2010.

Financial Services

Let's shift now to Financial Services.

Narrowing spreads, low interest rates and government stimulus programs have all contributed to the improving credit markets. In the third quarter, the significant growth in investment-grade and high-yield issuance both here and abroad helped produce the first quarterly increase in revenue at S&P Credit Markets in two years. As this slide shows, corporate issuance started picking up in the first quarter this year and that trend is continuing into the fourth quarter with U.S. corporate issuance showing a 107.8% year-over-year increase in October. Again, coming off a very low base.

We expect the recovery of global issuance for corporates to continue in 2010 as interest rates remain low and spreads, while still elevated compared to historic averages, tighten some more. In public finance, the Build American Bonds program has unlocked new channels of financing for municipalities. By selling taxable bonds, munis have attracted new investors. But the slow recovery of the economy and higher borrowing costs represent a challenge for some issuers in this market. We expect a slow recovery in structured finance. New activity in Europe in asset-backed and mortgage-backed securities should be a plus.

S&P is also finding new ways to increase the value of its credit ratings for investors. That is one of the great lessons of this credit crisis and it is one that S&P has learned well. In recent months, S&P has taken important steps to:

- Improve ratings stability;
- Add value to ratings through more analysis and features;
- Increase comparability of ratings;
- Increase the transparency of its processes;
- Add more checks and balances to the ratings process; and
- Continue to educate the market about ratings and the ratings scale.

In applying the lessons of the past to improve ratings for the future, S&P starts with criteria—that is the framework S&P uses to rate debt. By providing additional detail regarding rating definitions and then reassessing the criteria in structured finance, the transparency of ratings' definitions and criteria have been improved. S&P has been making important qualitative and quantitative revisions in its ratings criteria for structured finance.

Strong analytics underlying our rating definitions and our rating criteria are key to enhancing the comparability of ratings across sectors. Since ratings provide a common vocabulary to describe credit risk, we pursue comparability. When ratings are more comparable, an investor can better assess credit risk across different types of bonds. Our goal is to make our benchmarks more consistent and more comparable across all asset classes, geography and time.

Credit stability is another important factor in adding value to our ratings. We want to account for the fact that some issuers may be prone to gradual decay in credit quality before they default while others may be more vulnerable to sudden deterioration. That's why S&P last year went beyond its primary consideration of default risk to introduce explicit stability measures in its ratings criteria. With the additional stability factor, S&P evaluates two securities with similar default risks, but will provide a lower rating if it believes one is more prone to share deterioration in periods of economic stress. S&P also considers other factors in its ratings such as payment priority of an obligation following default and potential payment after default.

To increase transparency, S&P now regularly provides more information about:

- The assumptions in its models;
- The use of “what if” scenarios; and
- Stress tests. S&P has now published specific economic scenarios for each rating category that illustrate the level of stress an instrument might withstand without defaulting.

We also recognize that the financial community is looking for market-based valuation analysis to complement ratings. We are responding. In November, S&P Credit Market Services introduced recovery analytics. It uses our current criteria and performance assumptions on underlying collateral to assess a security's recovery prospects in the event of a default under various stress scenarios. It can help users differentiate similarly rated bonds, has the benefit of transparency, and can be a useful tool when assessing capital adequacy for insurance companies.

Last month, Fixed Income and Risk Management Services, or FIRMS, launched Global Data Solutions which helps financial institutions evaluate and monitor the financial instruments in their portfolio and assess risk and value. We created FIRMS in 2008 to monetize more effectively the full scope of S&P's market intelligence. We are moving ahead on our goal to leverage S&P's significant information resources to provide a suite of market-focused research, data and analytical solutions incorporating credit and market risk analysis. Expect more progress in 2010.

There will be more progress, too, for S&P Indices. This is a diversified and growing business with opportunities for more new products and international expansion. From a small family of equity indices, we have expanded into commodities, fixed income, real estate, custom and thematic indices. We have successful relationships with exchanges around the world, including Australia, Japan, India, South Korea, Russia, Canada, and so forth.

The changing product mix has improved our performance:

- In 2004, exchange-traded funds based on S&P indices that were not linked to the S&P 500 accounted for \$47.9 billion, or 41.4% of the \$115.8 billion in assets under management based on our indices.
- At the end of the third quarter of 2009, our strategic effort to diversify paid off as non-S&P 500 assets under management more than doubled. Exchange-traded funds based on S&P indices totaled \$220.8 billion at the end of the third quarter of 2009. ETFs based on S&P indices other than the S&P 500 accounted for 52.8% or \$116.5 billion. And with diversification has come higher product fees.

Here is another measure of our diversification. As S&P introduced new indices, the market adopted them to attract assets in new exchange-traded funds. At the end of 2004, there were 54 exchange-traded funds using S&P indices. At the end October 2009, the number had grown to 217 with only 10 tracking the S&P 500.

As this table shows, S&P also has pursued regional growth. In 2004, there were 16 exchange-traded funds trading outside the U.S. Now, there are 71 and we expect more growth outside the U.S. You can expect more diversification and more international growth in both of these areas as well in 2010.

Providing financial data and analytics to the off-trading floor market has been a successful strategy for S&P Investment Services. Through the Capital IQ platform, Compustat, and other products and services, we offer an array of applications for desktop research, screening, backtesting, portfolio management,

financial modeling and quantitative analysis. We will continue to expand our content and functionality. In challenging market conditions this year, Capital IQ continued to add new clients. We're optimistic about more growth next year.

That's a quick snapshot of some opportunities we see for S&P Credit Market Services and S&P Investment Services.

Finally, just a couple of observations about our legal and regulatory situation. Our legal situation has not changed materially. The lawsuits that we have fall into three general categories:

1. The first one is what we call the underwriter category. These are lawsuits alleging S&P is an underwriter or seller of securities, which we are not.
2. The second category is essentially a stock drop category. These are lawsuits alleging corporate statements regarding earnings and ratings were misleading.
3. The third category is the lawsuits based on state law claims.

All of these lawsuits are in relatively early stages of litigation. We continue to believe our legal risk is low:

- S&P is not an underwriter or seller of securities.
- We are confident there was no fraud and that the state law claims have no merit.

While we are still waiting for decisions by courts on our various pending motions to dismiss, a recent federal court decision is worth noting in a case in which S&P and other rating agencies were not parties.

The decision is worth noting because of the judge's clear and unambiguous response to similar claims based on alleged ratings-related misrepresentations. The case involved Nomura Asset Acceptance Corporation. The plaintiffs in the Nomura case asserted—as plaintiffs have in many of the cases in which S&P and other rating agencies are named—that the offering documents were allegedly based on outdated models, lowered ratings criteria, and inaccurate loan information. Those charges will be very familiar to analysts who have been following rating agency litigations.

The federal court in the Nomura case rejected these ratings-related claims outright, finding that the plaintiffs' allegations rested exclusively on "after-the-fact admissions and laments" made by purported insiders at the rating agencies in the wake of the collapse of the sub-prime mortgage market in 2007. Significantly, these allegations regarding "after-the-fact admissions" by purported rating agency insiders have been repeated in—and are fundamental to—many of the lawsuits filed against the rating agencies, including the one recently filed by the Ohio Attorney General.

The federal court ruled in the Nomura case that such after-the-fact allegations were clearly insufficient to state legal claim. The court ruled that a federal securities law case must be dismissed when a complaint merely pleads subsequent facts and developments in an attempt to establish an inference that these eventualities must have been known, or knowable to the defendants. The court in the Nomura case also made clear that investors had been duly cautioned by the defendants that ratings are not recommendations to buy, sell, or hold securities.

This noteworthy decision was made on September 30, 2009 in a U.S. district court in Massachusetts. The case is the Plumbers' Union Local No. 12 Pension versus Nomura Asset Acceptance Corporation.

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There's no doubt that S&P Credit Market Services today is a regulated business both here and abroad. Later this year, or in 2010, we expect new legislation from the U.S. Congress. The drafting process is underway and the situation is still fluid, but I think we are coming to the end of that.

We continue to review our concerns with decision makers in Washington and abroad. They are:

1. Develop end-to-end solutions so that regulations cover all aspects of the capital market to ensure effective and efficient functioning.
2. Maintain analytical independence.
3. Foster competition in the ratings industry by establishing a fair and level playing field.
4. Create international consistency because ratings are issued and used globally. Globally consistent regulation is something that has to be the target in all of these cases.

Information & Media

Turning to Information & Media, I have already touched on the benefits of three important developments:

- Expectations of continued growth of Platts in volatile energy markets;
- A rebound in political advertising at our TV stations; and
- A pre-tax savings of \$20 million to \$25 million from the sale of *BusinessWeek*.

So, summing up the outlook for The McGraw-Hill Companies in 2010:

- Improvement in our key markets—education, financial services and information and media;
- More growth in international markets;
- An increased contribution from digital products and services;
- The benefits in 2010 of this year's restructuring; and
- A strong belief that 2010 will be a much better year than 2009.

Thank you.

To access the accompanying slides online, go to:

<http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=96562&eventID=2573950>

“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; the duration and depth of the current recession; Educational Publishing's level of success in 2009 and 2010 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.