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Good morning, and thank you, Bill [Bird]. It's nice to be with you. And also for those that are joining us on the webcast, we welcome you and we thank you for your interest. I appreciate your support.

We welcome the opportunity today to review prospects for The McGraw-Hill Companies. But 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.

Let's begin with some facts about our prospects that underscore why we like the outlook for The McGraw-Hill Companies.

One, we are growing globally. Our year-over-year revenue growth from abroad has outpaced the domestic performance for some time. Over the last five years, the compound annual growth rate of foreign source revenue is 8.8%. We are seeing that trend continue this year. By the end of 2010, foreign source sales could represent more than 30% of our total revenue. That will continue to build.

Two, we are growing digitally in every one of our segments. Those who define us as a text book publisher or think we are wedded to a legacy print model are working with very dated notions.

Three, we are seeing improvement recently in two of our most profitable markets:

- S&P is benefiting from a pick up in new issuance.
- U.S. higher education is benefiting from another increase in enrollments.

Four, our balance sheet remains strong. Net debt at the end of the first half of 2010 was \$53 million.

Five, liquidity is not an issue. Our debt is almost entirely long-term, and no major debt repayment is due until 2012 with the majority not due until 2017. We recently renewed a \$1.2 billion three-year revolving credit facility, which was oversubscribed. As you know, the facility backs up our commercial paper program. At this time, we don't have any commercial paper outstanding.

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Six, free cash flow after dividends is improving. We expect free cash flow after dividends in the range of \$600 million to \$650 million.

Seven, S&P Credit Market Services—that's the credit rating side of S&P—has been taking steps to operate in the new regulatory environment for credit ratings following passage of the Dodd-Frank Act and new regulations in the European Union, which took effect beginning on September 7th, and Japan, which will take effect in October.

Our guiding principle: Strive to meet the most stringent requirements. As a result, we are strengthening our organization, our processes, and our systems in anticipation of the new regulatory requirements both here and abroad.

Eight, we still believe our legal risk remains low. 14 of our motions to dismiss complaints have been granted and five more cases have been withdrawn.

Nine, we are buying back shares in the third quarter. We repurchased 6.5 million shares in the second quarter at a cost of \$186.9 million.

Ten, we are reaffirming our earnings per share guidance for 2010. We expect to finish the year at the lower end of the \$2.55 to \$2.65 range.

Now, let's look at some of these facts in more detail and how they are affecting our operating segments.

Financial Services

Financial Services is our biggest and fastest growing international business with a 10-year compound annual growth rate of 13.0%. It produces more than 60% of our foreign source revenue.

The next several years in global financial markets look very promising:

- Banks' capacity is limited in some of the high growth markets.
- Banks are also deleveraging.
- In some nations, and this is important, governments are encouraging the development of a local bond market. As result, there is a shift in financing and accessing the public debt markets will become even more important outside the United States.

With a well-established global network, Standard & Poor's is positioned to benefit from these trends.

Asia, which is already our fastest growing region, will become more important in the next few years. The ASEAN economy is big and growing. In Japan, what has largely been a bank loan market will shift to more public debt funding as bank lending tightens.

India will continue to be a key driver for S&P. In India, for example, CRISIL is the leading provider of ratings, research, and risk and policy advisory services. CRISIL has more than quadrupled in size since we gained majority control of the company in 2005.

We expect Europe to grow and we will continue to search for the right position in the still nascent Chinese market.

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About 80% of Financial Services' foreign source revenue comes from S&P Credit Market Services. The remainder is produced by S&P Investment Services and that represents a potential we are starting to tap. Capital IQ is continuing its expansion in international markets with a little over 3,000 clients now. In addition to presence in Europe, Japan, Australia and Dubai, Capital IQ will expand its reach with new offices in Singapore and later this year in South Korea and Brazil.

S&P indices is also increasing its global focus. Of the 56 new exchange-traded funds based on S&P indices introduced through August of this year, 37 were outside the United States. There are now 261 exchange-traded funds based on S&P indices, which account for a little over 60% of all indices.

- In the spring, S&P licensed the National Stock Exchange of India to create and list Indian Rupee-denominated futures contracts based on the S&P 500.
- In May, S&P licensed seven major European exchange-traded fund sponsors to create and list S&P 500 ETFs on major European exchanges for real-time trading.
- S&P recently licensed Vanguard to launch exchange-traded funds based on its indices. Vanguard is introducing eight new exchange-traded funds targeting growth and value segments of the S&P 500 and the growth, value and blend segments of the S&P Midcap 400 and the S&P Small Cap 600.
- With Vanguard, Black Rock, and State Street all under license, S&P now has agreements for multiple products with all three major U.S. index providers.

Earlier, I pointed out that we are seeing some improvement in new issuance in the third quarter. As these bar charts for July and August illustrate:

- There was a pick up in U.S. corporate dollar volume issuance in August.
- High yield is again showing strength.
- Low interest rates, investor demand for yield, and refinancing needs are making the market attractive for issuance.
- The U.S. structured finance market is up 8.2% after two months, but off weak comparisons.
- ABS issuance and commercial real estate may rebound as refinancing kicks in and the economy improves.
- Prospects for the residential mortgage-backed market are still mixed given conditions in the housing market, and probably will be for some time.
- Total U.S. issuance dollar volume is up 12.1% for the two-month period.

No review of S&P these days would be complete without some comment on the regulatory and legal situation.

As this timeline illustrates, new regulations have been passed in the U.S., Europe, Japan, and Australia. We expect some additional regulations coming this year in Canada and Hong Kong. S&P believes that the new regulations will enhance transparency and investor confidence in the markets.

The key to meeting regulatory commitments is a framework that we developed, it is S&P's QCCR framework. Those initials stand for Quality, Criteria, Compliance, and Risk.

In the past few years, S&P has continually strengthened its QCCR framework within each of these four areas. That investment in the QCCR framework has created a foundation S&P uses to implement control and compliance functions. It also provides us a leverageable framework to respond to new SEC rules and changes mandated by legislation, such as the Dodd-Frank Act.

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In 2009, S&P spent about \$63 million for QCCR-related items. This year, spending will increase by about \$15 million which will get it up to about \$78 million. We expect some incremental costs next year, which will put some pressure on margins.

Inevitably, new financial regulations as sweeping as those in the Dodd-Frank Act will require a number of adjustments. But S&P will continue to work through the implementation of new SEC rules. For example, we have already responded to new rules that took effect on June 2nd, including the disclosure of 100% of ratings histories that are now posted on S&P.com. S&P has also done its part to implement 17g5.

The new law also directed the SEC to eliminate, within 90 days, the rating agencies' exemption from Regulation Fair Disclosure which had made it clear that issuers could share material non-public information with rating agencies without violating Reg FD. After the exemption is removed, S&P believes that issuers will still be able to share confidential information as part of the ratings process. For example, for many years and well before Reg FD, confidentiality provisions have been part of S&P's engagement letters with issuers. One reason sharing that information is permitted even absent the exemption under Reg FD is because S&P agrees to keep the material confidential.

We also are studying the repeal of rule 436(g). Under this rule, issuers of U.S. public offerings could include the rating of a security in registration statements without obtaining the consent of the credit rating agencies. Such consent could trigger potential expert liability exposure for the credit rating agencies. In view of the new legal risk created by the repeal of 436(g), S&P will not consent to the inclusion of its ratings in registration statements and prospectuses. But S&P makes available its public ratings and is prepared to explore additional mechanisms so that ratings can continue to be disseminated to the debt markets.

As I pointed out earlier, our assessment of the legal risk facing the Corporation has not changed.

Among the cases that have received attention are those involving CalPERS, the State of Connecticut, and Abu Dhabi. Basically, many of the cases we face arising out of recent market events have been engaged in what our attorneys call "motion practice" regarding the potential dismissal of claims or a change in venue. Such activity is typically what happens at the early stages of such cases. The Abu Dhabi case is one in which significant discovery is underway and that will probably continue past this year.

As you may recall, the trial court in the Abu Dhabi case recently denied the plaintiffs' request to certify the case as a class action. The plaintiffs appealed the decision. Last Wednesday, the Court of Appeals for the Second Circuit Court affirmed the lower court's denial of class certification.

Let's sum up for Financial Services:

- Global growth opportunities
- New clarity on the regulatory front
- New requirements are manageable
- Legal risk remains low
- Signs of improved new issuance

McGraw-Hill Education

In turning to McGraw-Hill Education, I am reminded of a newspaper headline I saw the other day. It read: “Textbooks Up Their Game.” In a limited way, the headline sort of captures some of the changes going on today in education. But it fails to convey that the real digital transformation of education is not about textbooks, e-books or devices.

The real transformation is about the creation of more effective educational solutions, developing real and practical solutions to adapt to any learning style a student has. It is about linking technology, content, and distribution in ways that transform not merely the delivery of content, but also the quality and the utility of content. It is about moving educational content into interactive, adaptive, mass customizable forms that improve the teaching and learning experience.

The digital business model expands our addressable market because it enables us to offer new products and services that meet the needs of our customers more effectively. This is not just a matter of digitizing existing content and adding a few features, as many publishers are doing. The benefits from that approach are limited.

Our approach, which is based on long and deep experience of our markets, has been to conduct extensive research into the workflows of our customers—students, instructors, and administrators at all levels of education—as well as practicing professionals in many fields.

Using the insight we have gained, we are tailoring both the content and functionalities of our digital products in ways that will improve the efficiency of our customers’ workflow and, in many cases, provide them with tools and resources that were never available before. In short, this is why digital publishing represents such a major opportunity and is certainly not a threat to McGraw-Hill Education.

With McGraw-Hill Connect, for example, we are expanding our addressable markets by offering self-assessment tools that help college students master their coursework. Recognizing their value, more than 1.8 million students and instructors have now registered for McGraw-Hill Connect and other digital study and homework management tools.

Let’s take a closer look at McGraw-Hill Connect.

[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.

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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.

McGraw-Hill Connect is an assignment and assessment platform that uses the principles of cognitive science to individualize the learning process. It is an important reason why our digital business in higher education is continuing to grow at a double-digit rate. Digital products and services now account for approximately 15% of our revenue in higher education and professional markets.

In addition to creating innovative products that expand the addressable market, McGraw-Hill Education is partnering with a range of technology firms to link technology, content, and distribution in ways that expand our reach within the growing market.

In July, McGraw-Hill Education became the first major publisher selected to partner with Blackboard, the company that provides digital course management services to almost 80% of U.S. colleges and universities. As result of this ground-breaking distribution and development partnership, instructors will be able to review and assign McGraw-Hill Education's e-textbooks and other course materials and students will be able to purchase them through the Blackboard platform. Much more importantly, throughout the course both instructors and students will be able to access McGraw-Hill Connect's rich content, tools, and resources with a single sign-on to Blackboard's Learn platform, making both teaching and learning more seamless and efficient.

As announced in July, we will also be among the first publishers to offer interactive e-textbooks on the iPad. We will give students the choice of buying the full text or individual chapters. These titles will take full advantage of the iPad's color, video, and touch screen capabilities. Of course, the great majority of our current texts are already available for students to buy and download on their personal computers through the e-bookstore CourseSmart. And we have also been working with the developers of many dedicated e-reading devices such as Amazon's Kindle.

With the rapid growth of digital services and devices, there also will be more experimentation by universities and colleges. Many of them will consider institutional-level decisions to purchase and assign digital instructional materials. A few weeks ago, for example, California State University announced plans to pilot digital courses on five campuses this fall with content from McGraw-Hill Education and several other college publishers. Students will buy their own subscriptions to the interactive course materials at the college bookstore.

Only digital content will be available for these courses. We will provide e-books and digital assets, including our innovative ALEKS mathematics program, which offers adaptive diagnostic and tutoring tools for students.

Solutions are also the key to the K–12 market. As bandwidth increases in our nation’s schools, we will have more opportunities to provide real-time assessment and individualized instruction.

In the elementary-high school market, digital components are already integrated into virtually every program we produce. In fact, it is misleading to speak of el-hi textbooks because what we really offer are multimedia packages. The mix of components varies by grade and subject, but online student editions’ interactive study sites are part of the future that is already here.

Consider our ConnectED digital platform. Every program on ConnectED features:

- An interactive textbook;
- Digital resources that reinforce the educational topics taught in a printed text book, whether or not a school chooses to use a printed text;
- Diagnostic assessments that help teachers individualize instruction on a day-to-day basis;
- Periodic assessments correlated to their state’s standards that help students prepare for end-of-the-year testing;
- Supplemental materials are also included for intervention and enrichment; and
- Planning tools to help teachers detail daily lesson content and instruction throughout the school year.

In short, we are using the power of technology to provide solutions our customers need to teach and learn more effectively.

Earlier in this presentation, I pointed out that we continue to see improvement in the U.S. higher education market. We had originally projected growth in 2010 of 5% to 7% for this market this year. But based on more recent trends, we now think the U.S. college market could grow faster in 2010. And so we are now forecasting market growth of 8% to 10%. Continued growth in enrollments is the key to the new forecast.

The forecast for the elementary-high school market remains unchanged. We think it will grow 4% to 6% this year, although there are some indications it could be higher than that. Through July, el-hi industry sales are up 13.5%, according to the latest AAP reports. Key to the market’s growth is a nearly 70% increase in new state adoption sales this year.

We still anticipate declines in both open territory sales and residual sales.

To sum up for McGraw-Hill Education:

- Improved prospects in U.S. higher education market. The market now expected to grow 8% to 10%, up from earlier forecast of 5% to 7%.
- The elementary-high school market is still expected to grow 4% to 6%.
- In both markets, we anticipate solid growth in digital products and services.
- The key to our digital opportunity in education: creation of effective solutions to improve instruction and the learning experience.

Information & Media

The digital revolution is also transforming our Information & Media segment.

By strengthening its technology infrastructure with common capabilities, Information & Media is creating a framework to reshape its business and deliver premium services that transform data into valuable insights. Business-to-business digital products and services account for more than 60% of the business-to-business 2010 revenue and contributed to margin improvement.

That has meant developing digital communities, using Twitter, Facebook, LinkedIn, and YouTube to cement relationships with customers and extending our brands.

Because the McGraw-Hill Construction produces modular content, it now provides project data in a variety of pay-as-you-go options.

J.D. Power's new digital platform allows customers to perform detailed analysis against industry benchmarks and their own proprietary data.

Platts continues to build on its deep knowledge of global energy and metal markets by adding new price assessment services that will become valuable industry benchmarks. And here is an example, Platts recognized that the alumina market is moving away from long-term contract pricing to a short-term spot market-based pricing. And so last month, Platts started publishing the world's first daily spot price assessment for alumina, a mineral used to make aluminum.

In 2010, Platts has launched 10 such new price assessments, ranging from thermal coal prices for India to liquid natural gas price points for Australia, India, and the Middle East.

Much of our progress in this segment has been masked by the deterioration in the advertising market experienced by *BusinessWeek* in 2009. With the divestiture of *BusinessWeek* last December, coupled with the growth in digital products, we expect operating margins to rebound to the mid teens or possibly higher in 2010.

Let's sum up for Information & Media:

- Transforming the business through technology.
- Digital products and services produce more than 60% of our Business-to-Business revenue.
- Digital growth and the sale of *BusinessWeek* will benefit the operating margin.

That wraps up our review of operations and prospects for The McGraw-Hill Companies. To sum up:

- We are growing globally,
- We are growing digitally in all of our markets,
- We are strong financially, and
- We are seeing improvement in some key markets.

Thank you.

To access the accompanying slides online, go to:

<http://investor.mcgraw-hill.com/phoenix.zhtml?c=96562&p=irol-EventDetails&EventId=3342363>

“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 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 corporate issuance, CDO’s, 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, corporate issuance, residential and commercial mortgage-backed securities and CDO’s backed by residential mortgages, related asset classes and other asset-backed securities; 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.