

**The McGraw-Hill Companies
2012 Annual Shareholders Meeting**

Prepared Remarks
April 25, 2012

Harold “Terry” McGraw III
Chairman, President & CEO
The McGraw-Hill Companies

Good morning, again. While the votes are being counted, we’ll move on to the next part of the program. The plans that we’ve laid out for McGraw-Hill’s future have all been built on a solid foundation of achievement. And last year was no exception. In fact, 2011 was one of the best years in our 124-year history, including our 39th consecutive annual increase in our quarterly cash dividend for shareholders and continuing our share repurchase program where we repurchased \$1.5 billion in shares last year.

Our revenues, operating profit, and earnings per share all posted some very impressive results. And while the S&P 500 Index barely registered in the black last year, McGraw-Hill earned investors an impressive 27% total shareholder return, far outpacing the Index and far outpacing many other companies. In fact, our share price was higher than an average of our peers in both the education and in the financial information sectors. And the same was true with our earnings before interest and taxes.

Our earnings per share were also higher, compared with our peers in the financial information space. Last year was also significant with a variety of developments positively impacting our top and bottom lines. And let me just list a few of them:

- Our 2011 revenue was \$6.2 billion, up 3% compared with the previous year.
- Our adjusted EPS was 9% compared with 2010.
- We made major progress restructuring and realigning our benefits plans on our way to achieving cost savings of at least \$100 million.
- We repurchased \$1.5 billion in shares.
- We divested our Broadcasting Group so we could more focus on growth within the core portfolio.
- We expanded Platts’ capabilities with strategic acquisitions, including BENTEK Energy in the natural gas market and the Steel Business Briefing Group.
- We announced a new partnership with CME Group. That’s the Chicago Mercantile Exchange, which we anticipate will close probably by mid-year this year. The deal will help diversify our index business, boosting our revenue stream by adding the Dow Jones Indices to our portfolio. It will be a joint venture in which McGraw-Hill will own 75%. But by putting the S&P indices with the Dow Jones indices, what you’re doing is you’re taking institutional investor indices with retail indices, and you’re getting the complementary nature of it, creating a very, very powerful platform.
- And we undertook several initiatives to expand Education’s digital and global footprints.

Overall, 2011 was a banner year on many fronts and that record of achievement continues.

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We also just announced the results of the first quarter for 2012. And it was, I'm delighted to say, the best first quarter in our history in terms of revenue and earnings. Revenue increased 6% to \$1.3 billion. And adjusted net income from continuing operations was up 19% to \$144 million. At McGraw-Hill Financial, on a pro forma basis, revenue was up 8% to \$1 billion and operating profit rose 10% to \$357 million.

For the Company overall, our adjusted diluted earnings per share went up 30% to \$0.51. And the results are particularly gratifying in light of the incredible effort that our employees are putting forward to prepare for the separation of the Company by year end into two highly focused, independent companies. We can be proud of what the 24,000 employees of The McGraw-Hill Companies are doing for you.

It was the same kind of hard work and effort we've long known and deeply appreciated from our employees in every business and in every time zone around the world. And to all of them who did all of this, I salute them.

Our ability to adapt to changing market conditions is a key reason why we've been successful for so many years and why that success will continue in the future. And I'd now like to share a video with you about that future.

[Video Voiceover]

Since our simple beginnings, we've always understood the value of growth. Our iconic brands have led industry and revolutionized education through the decades. And, as markets change, so do we.

We're taking a fresh approach to these new challenges and offering different perspectives. We're integrating incisive solutions and giving clients the superior information they need to make the right moves in today's knowledge economy.

We're marrying history with the future—growing vertically; growing internationally. Poised to provide rock-solid analysis at the moment it's needed with confidence and clarity.

We're leading new revolutions in digital learning—around the world, and in your hand.

McGraw-Hill: Committed to growth—today, tomorrow, and beyond.

McGraw-Hill: One legacy, two powerful companies.

As you just saw, we're marrying our rich history with what I believe will be an even brighter future. And that future is bright indeed. And I want to share with you some of the incredible opportunities that we see ahead, and the tremendous enthusiasm and energy that we're feeling as we create these two new companies: McGraw-Hill Financial and McGraw-Hill Education.

Both companies share a common promise. And they both share a common purpose. We're about helping customers find ways to succeed and to prosper in a rapidly changing world where information is often conflicting, confounding, and confusing. The bottom line is that we help make sense of it all. To be clear, our mission is never—nor ever will be—about us. It will always be about our customers and their markets. We're committed to helping our customers succeed in the knowledge economy that knows no

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borders and where everyone can prosper and reach their fullest potential—not just here, but around the globe.

At McGraw-Hill Financial, for example, it's not just about our product offerings or the quality and the timeliness of our analytics. It's deeper than that. It's about the profoundly positive impact our products, services, and solutions are having on society in general. That's because behind each bond rating, behind each index, behind each benchmark is a story of growth, promise, and hope.

A good example is the whole investment area regarding infrastructure. Depending on which estimates you quote, the demand for infrastructure—the basic building blocks of any modern society, schools, highways, R&D centers, bridges, airports, smart grids, dams, rail lines, seaports, water treatment facilities—all of this will run in the tens of trillion dollars worldwide over the years ahead. That is how fast the world is growing up and how fast the need is.

Having just returned from a trip in India, over the next five years, they're going to need to spend a minimum of \$1 trillion on infrastructure in their country to achieve the kind of growth they're able to do.

So, what's our story there? It's about Standard & Poor's rating a bond, so a school can be built in America or overseas and the next generation of students can be prepared for the future. It's about helping finance a smart grid, so energy is saved and the lights never go out. It's about a bond rating that we're currently doing to help build a seaport in northern Peru to promote economic growth there. Or another bond rating that we're doing for Mexican highways to help speed that country's supply chain so it becomes more prosperous.

It's about an S&P Index that helps investors move money to where it's most needed. It's about promoting more transparency in equity markets so Baby Boomers' retirement funds are secure. It's about Platts iron ore assessments for the spot market, giving the global steel making industry greater transparency into the mining markets in Brazil, India, and Australia.

That transparency helps make residential and commercial construction doable, streamlining the manufacturing of industrial products and consumer durables. Taken together, it spurs economic growth, it creates jobs, it creates prosperity, and it creates a better standard of living. It's our goal. It's about thousands of stories of hope, progress, and what can be—and we see it as a noble purpose.

Capital flows are the life blood of any modern society. And McGraw-Hill Financial will help keep it flowing. This is especially true with banks, which are undercapitalized these days and the world's capital markets are stepping into fill that breach.

And by the way, in the United States today, about 50% of the capital that's raised for growth comes from banks. The other 50% now comes from capital markets, and it'll only grow. If you compare that to Europe, at this point, of all the capital that's being grown, 80% is coming from banks and twenty percent is coming from capital markets. What will that number be five years from now? 40%? 45%? It's only going to get bigger and bigger. And given the increasing demand for capital, the question over the next few years would be, "How much higher will that 20% go?"

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And when we think of the capital markets today, you have to span the globe. And, yes, it's still New York and London and Tokyo and Frankfurt. But today, it's also Jakarta, Shanghai, Seoul, Tel Aviv, Mumbai, Kuala Lumpur, São Paulo, Istanbul and other financial centers in many different time zones. And with many developing countries and emerging markets growing so rapidly, the role of the capital markets is essential.

What we're seeing taking place at a rapid pace is the development of new local bond markets literally around the world. It's what's happening in Tel Aviv. It's why India's expanding so rapidly. It's what's happening in Johannesburg. It's happening in Jakarta. And as all these local bond markets start cropping up, trying to emulate exactly what's been taking place here and taking place in Europe, it means that we're sitting right in the middle of one of the biggest opportunities across the globe.

And McGraw-Hill Financial will be uniquely qualified to help each of the world's capital and commodities markets meet their needs. We're bringing a new level of judgment, objectivity, and analytical rigor that our customers need to make the right decision in today's complex and rapidly changing marketplace. We're there for them. And we're off to a great start, but that's not the whole story.

While we're helping our clients make the right kind of decisions in the world financial markets, McGraw-Hill Education is helping teachers, students and professionals make the right kind of decisions when it comes to preparing for the future, which is our future workforce.

And the story here is all about digital. I believe that the digitization of education represents the opportunity of the century. But you wouldn't know it, talking to most people. More often than not, all we hear are stories about the sad state of education and funding and curriculum and intense worry for the future. And while the current conditions steer us in the more negative way, I couldn't disagree more with the promise of the opportunity.

I'm extremely optimistic for the future of higher education. Why? Because at McGraw-Hill Education, we're seeing the promise of digitization being fulfilled. Imagine a world in which information comes alive on a laptop, tablet, an iPad with rich content, including 3D images, video, and content that instructors and students can manipulate and personalize to make learning more engaging and relevant, and more importantly, more impactful—and more fun.

Our products and solutions are already showing improved outcomes for students and instructors. One product, McGraw-Hill Connect, has been shown to increase students' information retention rates by more than 20%, as well as improving students' exam scores by a full letter grade.

In addition to the iPad announcement with Apple earlier this year, which made headlines and was very exciting in terms of how we're expanding that. By the way, we now have 70 titles in the professional area in terms of science, medical, engineering—all on iPad with video and 3D. We have 50 at Higher Education.

Last June, and I had the opportunity to be with Steve Jobs, and we talked about the whole secondary school area that nobody's doing anything for. We decided that we would do it together. And what we launched in November last year were five titles for the iPad for high school—titles like algebra, chemistry, biology and so forth. They are just absolutely unbelievable programs.

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One slight digression. I took chemistry when I was in school. I couldn't understand anything about it. I never knew why I took it. What am I ever going to do with this information? And when I went on the board of ConocoPhillips and visited my first refinery, I said, "There it is..." You know, if I stayed, maybe I would have been there.

Now, when I took a look at the chemistry application for the iPad that we did for high school, right there, right in front within the design, is a refinery. And you tap on it. And it walks through the entire refinery, pointing out all the things that you need to know—and why you need to know them. I guess I'm just about 30 years too late.

We also announced through the University of Nebraska-Lincoln that we're developing the first ever full-digital curriculum for their economics courses. It will use adaptive learning tools that determine a student's subject area strengths and weaknesses. And it includes, again, video for each of the learning objectives, online assessments, an interactive digital workbook, and a revolutionary smart device app to deliver course material on mobile devices.

Now I know some would call economics "the dismal science." Forget that. We're bringing the study of economics to light in ways that makes it fresh, creative, and very, very relevant.

We also see tremendous growth potential in India, Brazil, China, and in other countries around the globe, where growing middle classes see education as their only means to give the next generation a chance to a better life. And we'll be there.

Only a week ago, we announced that CTB—McGraw-Hill's educational testing business—was selected by the Smarter Balanced Assessment Consortium, which is funded by the U.S. Department of Education, to develop the first set of core assessments that states will be able to use in evaluating the progress of K–12 students. It's the largest contract of its kind to date, and it's a huge step towards realizing that the next generation of student assessments can become a reality. Instructors can tailor their teaching to students' individual needs, and in turn, students can reach their full potential. And I thank Ellen Haley over here and her team for the leadership provided in all of that.

Now, none of this is going to happen in a vacuum.

Our leadership in digital education is being recognized by numerous outside industry experts and independent organizations. This year, four of McGraw-Hill's digital offerings have been selected as finalists for the Software and Information Industry Association's prestigious 2012 CODiE Awards in education technology. LearnSmart, Blackboard, Tegrity Campus and Practice Marketing are all in the running. We'll know the winner in about two weeks, but as far as I'm concerned—given the impact that they're making on students, professionals, and teachers alike, and all of the cutting edge and dynamic capability—we've already won.

And as I said before, I believe that this digitization of education represents the opportunity of a century. And we all need to be very hopeful and focused in terms of being a part of that.

As McGraw-Hill Education is formally launched later this year as an independent company, it will be one of the market's commanding leaders with a brand name that's already universally recognized and respected for past accomplishments, as well as being already well prepared for future achievements in a

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changing educational landscape that's limited only by our imagination. And we're going to put every effort into making sure that the promise is there.

Finally, this is more difficult news to share with you. Two months ago, we lost a highly valued colleague, friend, and our ambassador to the financial community. In February, our Senior Vice President for Investor Relations, Don Rubin, passed away after only recently announcing his retirement. His distinguished career here at McGraw-Hill was 52 years long. He was a manager, a thought leader, a mentor, and a beloved friend to all. And his legacy is here of one of growth, purpose, passion, trust, and relevance.

I had the distinct honor of working closely with Don for many, many of those years. And I would also like to acknowledge Celeste Hughes, who is the Senior Manager for Communications and Shareholder Relations, who worked by his side for many of those years as well. Don was extremely fond of her. In no small measure, the market holds our company today in the highest esteem thanks to the integrity and transparency with which Don ran our Investor Relations program. With Don's passing, McGraw-Hill has lost a leader and, personally, we have lost a very close and dear friend. To honor Don's life and career at McGraw-Hill, we have this video.

[Video Voiceover]

Don Rubin was journalist at heart. He learned his craft in the 1950's at the foot of the legendary sports writer Stanley Woodward and later at The Newark Star Ledger.

Don joined McGraw-Hill's Electrical Merchandising Week as a reporter in 1959 and soon after won the Jessie H. Neal Award—the Pulitzer Prize of business media.

Demanding high standards from himself and others, he was valued by many for his wit and wisdom. To many, Don Rubin personified the values of McGraw-Hill. His passion for the company he called home was always evident. He spoke with authority, reflecting his deep knowledge of the company. And, as all good reporters do, he developed relationships throughout McGraw-Hill to understand and create simple, powerful stories for investors.

Don was devoted to his wife Nancy; his son and daughter, Alex and Laura; and Alex's wife and children. An avid tennis player, Don played with the same enthusiasm on the court as he showed in his work.

Don's insight and judgment were valued by McGraw-Hill CEOs, board of directors and executives. Just after he announced his retirement, the institutional analyst community wished Don well during an earnings call. CEO Terry McGraw didn't miss a beat... "Don Rubin has been at it for 52 years. He is one of our absolute stars and you are going to miss the heck out of him."

We already do.

Thank you. Thank you very much for that. To honor Don's rich legacy at McGraw-Hill, the Company has established a scholarship program and a wonderful way to keep Don in front of us for a lifetime. The Company established his scholarship with the CUNY Graduate School of Journalism. And as many of you know, Steve Shepard is the Dean of the CUNY School of Journalism, our long time editor-in-chief of *BusinessWeek*. And we couldn't be more proud of that association of Steve and with Don.

The endowment is a memorial to Don and a symbol of his desire to pass the torch to the next generation of journalists after a lifetime of so many achievements his company will never forget. And I can think of no better way to say good-bye to our dear friend than to say hello to future Rubin scholars in the lifetime ahead. And, again, Steve Shepard, who I've already introduced, will be monitoring this endowment fund and the students who will be receiving these funds soon.

And, of course, the Rubin family, Nancy, Alex, Laura and Karolann, thank you for coming today—we all join you in honoring Don, who will be sorely missed at the Company he loved.

Finally, I look forward to each of you, the owners of McGraw-Hill, joining us as we continue to make this history come alive and to make the rich promise of everything that we're talking about be real.

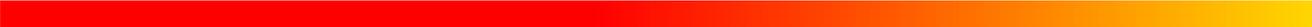
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“Safe Harbor” Statement Under the Private Securities Litigation Reform Act of 1995

This presentation contains forward-looking statements, including without limitation statements relating to our businesses and our prospects, new products, sales, expenses, tax rates, cash flows, prepublication investments and operating and capital requirements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are intended to provide management's current expectations or plans for our future operating and financial performance and are based on assumptions management believes are reasonable at the time they are made.

Forward-looking statements can be identified by the use of words such as “believe,” “expect,” “plan,” “estimate,” “project,” “target,” “anticipate,” “intend,” “may,” “will,” “continue” and other words of similar meaning in connection with a discussion of future operating or financial performance. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict; therefore, actual outcomes and results could differ materially from what is expected or forecasted. These risks and uncertainties include, among others:

- worldwide economic, financial, political and regulatory conditions;
- currency and foreign exchange volatility;
- the effect of competitive products and pricing;
- the level of success of new product development and global expansion;
- the level of future cash flows;
- the levels of capital and prepublication investments;
- income tax rates;
- restructuring charges;
- the health of debt and equity markets, including credit quality and spreads, the level of liquidity and future debt issuances;
- the level of interest rates and the strength of the capital markets in the U.S. and abroad;
- the demand and market for debt ratings, including collateralized debt obligations, residential and commercial mortgage and
- the level of merger and acquisition activity in the U.S. and abroad;
- the level of funding in the education market;
- School Education Group's level of success in adoptions and open territories;
- the state of the credit markets and their impact on Standard & Poor's Ratings and the economy in general;
- the regulatory environment affecting Standard & Poor's Ratings;
- the strength of School Education Group's testing market, Higher Education, Professional and International's publishing markets and the impact of technology on them;
- continued investment by the construction, automotive, computer and aviation industries;
- the strength and performance of the domestic and international automotive markets;
- the volatility of the energy marketplace;



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- asset-backed securities and related asset classes;
- enrollment and demographic trends;
- and the contract value of public works, manufacturing and single-family unit construction.

In addition, there are certain risks and uncertainties relating to our previously announced Growth and Value Plan which contemplates a tax-free spin-off of our education business, including, but not limited to, the impact and possible disruption to our operations, the timing and certainty of completing the transaction, unanticipated developments that may delay or negatively impact the spin-off, and the ability of each business to operate as an independent entity upon completion of the spin-off. We caution readers not to place undue reliance on forward-looking statements.