

Positioned for Long-Term Growth

The McGraw-Hill Companies employs technology to innovate, create new revenue streams, and lower operating costs. Connecting content and managing digital assets globally is an essential part of this effort. MHP is building size and scale globally in essential markets by expanding its digital capabilities to serve the enduring needs for knowledge, capital, and business analysis. With the positive shift in the global economy, MHP is well-positioned for new opportunities.

Trends in MHP's Key Markets

Education

As the U.S. and world economies become increasingly centered on the service sector and technology, education is more than ever the key to growth.

Financial

Global markets remain uncertain as a result of the financial crisis, but raising capital is still the key for corporate growth. Individuals, countries, and corporations will continue to require access to world capital markets, and investors will demand the diversification they offer.

Information

The economy is increasingly driven by the need for information about markets, technology, and industries. McGraw-Hill delivers critical information for the construction, aerospace and defense, automotive, and general business markets.

Short-term

Federal support has eased the pressure on state and local finances, reducing the cutbacks in K-12 education.

World markets are continuing to recover. The primary risk point has moved to Europe. There was record investment-grade bond issuance in 2009, and 2010 has seen the re-emergence of the speculative-grade market. New financial legislation around the world will help improve investor confidence and market stability.

The recent recession has hit construction and automobile industries even harder than usual. These sectors are beginning to stabilize, but recovery will be slow.

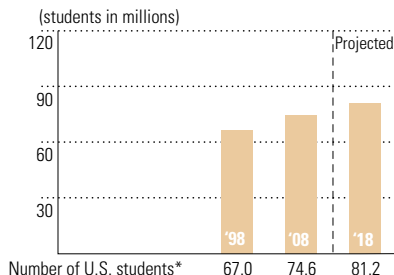
Long-term

Total enrollments continue to rise about 1% per year. College enrollments are rising more rapidly, as the need for college-educated workers grows. Continuing education is becoming more common, as workers may need to change careers several times over the course of a working lifetime.

The increasing interconnections among the world economies and financial markets increase the need for financial information. The retirement of the baby boomers will also increase the need for financial services as they switch from accumulation to spending their assets.

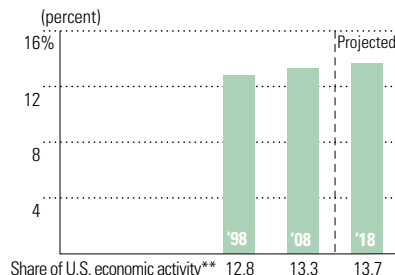
Information is the main currency of the new industrial age. Global information coverage and the interconnections in global trade and finance demand faster and more accurate information flows.

Enrollments are projected to rise...



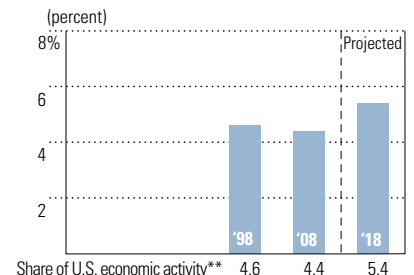
* Includes K-12 and degree-granting postsecondary institutions
 Source: U.S. Department of Education, National Center for Education Statistics, "Projections of Education Statistics to 2018"

...the financial sector is expected to expand over the long run,



** Economic activity, which includes many business-to-business transactions, is a broader measure of the economy than Gross Domestic Product
 Source: U.S. Department of Labor, Bureau of Labor Statistics, November 2009 projections

...and so is the information sector.



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