

McGraw's Mission

**An Interview with Harold McGraw III,
Chairman, President, and Chief Executive Officer, The McGraw-Hill Companies**



Terry McGraw demonstrates McGraw-Hill's digital education capabilities in a meeting with Ratan Tata, Chairman of India's Tata Group. McGraw-Hill and Tata have a long-standing education partnership in India.

EDITORS' NOTE Terry McGraw joined The McGraw-Hill Companies in 1980 and has since held a number of senior managerial and executive positions, including Vice President of Corporate Planning, President of McGraw-Hill Publications Company, and President of The McGraw-Hill Companies' financial services business unit. He was elected President and COO of The McGraw-Hill Companies in 1993, CEO in 1998, and Chairman of the Board in December 1999. McGraw earned a B.A. from Tufts University and an M.B.A. from the University of Pennsylvania's Wharton School of Business.

COMPANY BRIEF The McGraw-Hill Companies (www.mcgraw-hill.com) is a New York-based global information and education company, operating in the education, media, and financial services markets throughout more than 280 offices in 40 countries. Its leading brands include Standard & Poor's, the world's leading provider of independent equity research, market indices, and credit ratings; McGraw-Hill Education, one of the world's largest publishers, covering virtually every aspect of the education market, from prekindergarten to professional learning; Platts; and J.D. Power and Associates.

Would you provide an overview of the business segments for McGraw-Hill and your outlook for growth?

McGraw-Hill's vision is to create a smarter, better world, meaning a future where everyone, regardless of race or income, enjoys the information and insights needed to achieve their potential. It is a vision for pushing the boundaries of digital innovation and global growth. And it is a vision that unites every part of our company – from the financial services of Standard & Poor's to the instructional programs of McGraw-Hill Education to the business information of brands such as J.D. Power and Associates and Platts.

In financial services, Standard & Poor's empowers investors by providing quality risk assessment benchmarks, data, and insights to financial markets around the globe. The need to access the world's capital markets for global development is only going to increase, and as it does, the demand for S&P's credit ratings, indices, equity research, and data will grow along with it. The diversity of S&P's business is proving its value. Nowhere is that more evident than S&P's indices where we continue to

add new indices in commodities, fixed income, and a range of other asset classes. The goal is to create an index for every type of investment. S&P's global network of 1,300 analysts are committed to the highest quality, integrity, and independence.

In education, McGraw-Hill provides students with the skills they need to succeed in the knowledge economy of the 21st century. Our materials are published in 33 different countries and more than 65 different languages. We see enormous growth opportunities in education services in markets like China and India where we are expanding our vocational and English-language training programs. Across education, we are pioneering the new frontier of digital learning. McGraw-Hill Connect is the most advanced, all-digital teaching and learning platform for higher education, and is being used by more than 1.8 million students and professors at some 600 colleges and universities across the country.

On the business information side, we have moved from simply providing information to customers to using digital technology to embed our insights into their workflows. In the energy market, for example, Platts offers an electronic platform that enables buyers and sellers to submit their trading positions with the click of a mouse. In turn, the company uses the real-time data from this system to provide the market with important price assessments.

In all of our businesses, we've pruned the portfolio to improve our focus on core opportunities and eliminate low-growth, low-margin, non-strategic assets. We have put a greater emphasis on recurring subscription-based and online delivery channels and moved away from cyclical advertising-based businesses, which gives us great confidence in our future business opportunities.

How much of an impact has the global economic crisis had on McGraw-Hill's business and how is the company positioned to come out of the downturn?

We've managed to come through the most challenging economy in a generation with a healthy balance sheet, positive free cash flow, and no long-term debt that comes due before 2012. That puts us in a very strong position to create shareholder value as we focus on digital innovation and global expansion across all of our businesses.

We have seen the benefits of opening new markets for trade and investment firsthand. Over the past eight years, our revenue growth from

abroad has outpaced our domestic performance. India is now our fourth-largest market and home to our largest employee base outside the United States. Our leading brands like McGraw-Hill Education, S&P, J.D. Power and Associates, and Platts are contributing to China's transition from a mostly export-driven manufacturing economy toward a more service-based knowledge economy.

We also are benefiting from the convergence of content and technology, particularly in education, where digitization presents an opportunity to personalize instruction around individual needs while overcoming the challenges of different learning styles, distance, and infrastructure. About 95 percent of our higher education textbooks are in e-book form, featuring personalized services with interactivity, search, and note-taking functionality, and we are partnering with leading technology and information companies – including Apple, Amazon, and Sony – to deliver our content across a wide range of digital devices.

How important is corporate responsibility to the culture of McGraw-Hill?

Our commitment to corporate responsibility is part of our larger commitment to creating a smarter, better world. You see the values of this company shine through in our products and in the volunteerism and philanthropy of our employees.

We have a number of terrific programs that get our employees involved by encouraging them to take time off from work and give back to their communities. This year, for our Global Volunteer Day initiative, more than 5,000 employees volunteered for 234 projects, from renovating school buildings in India to training English school teachers in China.

How critical is a strong public/private partnership in New York City to address the challenges there?

Public/private partnerships are essential to the success of any community. Earlier this year, we joined our friends at the New York Public Library to open a new information hub in Manhattan that provides New Yorkers with free financial information and advice, called Financial Literacy Central. It gives anyone the opportunity to take a class on investing, get free consultations from financial planners, and utilize a wide range of business and financial information both online and in books. We're very proud of this program and hope to replicate it elsewhere. ●