

**McGraw-Hill:
A Commitment to a Smarter & Better World**

For more than 120 years, The McGraw-Hill Companies has provided essential information and insight to help individuals, markets and societies perform to their greatest potential. Through leading brands such as Standard & Poor's and McGraw-Hill Education, we specialize in industry-leading intelligence and education for critical decision-making in today's global marketplace. Our products and services include financial indices and benchmarks, business information and content platforms, textbooks and educational materials, online and print magazines, and broadcast stations in the U.S.

Our business operates in three segments:

Financial Services, Education and Information & Media.

Financial Services represented roughly

44 percent of FY 2009 revenues; Education **40 percent**; and Information & Media **16 percent**.

Key data 2009	
Revenue:	\$5.95 billion
Profits:	\$730.5 million
Capital expenditures:	\$269.3 million
Employees:	20,502

About this report

Welcome to our 2009 Corporate Responsibility and Sustainability Report. Here we describe our approach to managing our impacts on society and the environment, and provide an account of our performance.

All data relate to calendar year 2009 and cover our global operations unless otherwise noted.

We are developing strategies in all of our departments to strengthen our corporate responsibility efforts and to further integrate sustainable business practices in all that we do.

We look forward to sharing our progress with you and welcome your comments and suggestions for future reporting.

Please contact us at cr@mcgraw-hill.com.

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Letter from the CEO



Harold McGraw III
Chairman, President and CEO

With this year's corporate responsibility and sustainability report, we wanted to share the vision and values that inspire our business at McGraw-Hill. Our brands include some of the most trusted names in financial, education and business information services. In each of these areas, we are working with our customers and partners to create a smarter, better world.

This mission is more important today than ever before. During this period of economic uncertainty, we understand that individuals, markets and countries need superior insights and knowledge to adapt and grow. And around the globe, we are transforming to better meet this need.

In financial services, we are taking steps to improve the quality of Standard & Poor's credit ratings, so we can help restore transparency and trust to critical markets. In education, we are developing new digital learning platforms, so we can customize teaching around the specific needs of individual students. In business information, we are focusing more on green technologies, so we can help industries become more sustainable. And across all our businesses, we are expanding into new emerging markets, so we can raise standards of living and spread prosperity.

As we help lay the foundation for a stronger, more transparent global economy, we are also working to become a more responsible and sustainable company wherever we operate in the world. We are committed to attracting and developing the world's most talented and diverse workforce. We are taking a comprehensive approach to reducing our environmental footprint. And we are partnering with a range of organizations to improve lives in communities around the globe.

While McGraw-Hill will continue to change in the years ahead, our core values of integrity, quality and independence will always remain the same. These values have defined this company for more than 120 years, and they will continue to define us in the future. Overall, we are proud of our record on corporate responsibility and sustainability. Yet more work remains. We must build on the progress we have made, and in the years ahead, we will honor this commitment.

Sincerely,

Harold McGraw III

As a global information provider, we recognize the importance of our role in enhancing the economic, social and environmental well-being of the communities that we serve. Our commitment to corporate responsibility is an integral part of the way we do business and is how all of us conduct ourselves every day.

Our approach to corporate responsibility is defined by our core values – principles that have guided our business for more than a century:

- Objectivity — it's the basis of everything we do.
- Integrity — it's what ensures the highest possible standards.
- Candor — it's how we earn people's trust.
- Diversity — it ensures all voices are heard.

We expect all employees to live these values and to comply with the requirements of our Code of Business Ethics. To access the Code in full, visit www.mcgraw-hill.com/cr.ethics.

Our Key Issues

We identify our key corporate responsibility issues through analysis of our risk management processes, existing and proposed legislation, and the views of our stakeholders. Our Corporate Responsibility & Sustainability Committee (CRSC), which is made up of senior management responsible for our CR policies and practices, plays a key role in the process. See page 3 for further description of the CRSC.

From a corporate responsibility and sustainability perspective, we identified the following issues as being key to our business and to our stakeholders:

- Our contribution to education, business and society, by enhancing access to information
- Our contribution to the understanding of sustainability issues, including climate change, through our information products
- The need to ensure public understanding of the independence and transparency of our financial services products, including our ratings services
- Employee satisfaction, diversity and inclusion, development and well-being



McGraw-Hill Construction hosts Green Building & Energy Efficiency Conference

Stakeholder Engagement

We engage with our stakeholders to understand their expectations and to help us focus our corporate responsibility programs. We have many global stakeholders, including:

- Employees
- Policy makers
- Shareholders
- NGOs
- Customers
- Academic institutions

We also engage with global corporate responsibility organizations. For example, we are members of:

- AccountAbility's Global Leadership Network
- Business for Social Responsibility (BSR)
- Boston College Center for Corporate Citizenship
- Business Roundtable's S.E.E. (Social, Environment and the Economy) Change initiative

We are committed to soliciting feedback from all of our stakeholders. For example, each business segment has channels in place for gathering feedback and measuring customer satisfaction, such as surveys and regular consultations with customers.

As a leading provider of crucial business and educational information, we have a commitment to transparency that serves as the foundation for all that we do. We take pride in managing our business responsibly and holding ourselves to the highest standard of ethical conduct. This commitment is vital for serving the needs of our shareholders and other stakeholders, and for maintaining trust in the objectivity and reliability of our products and services.

Leadership

As with any organization, ethical behavior starts at the top. Composed of some of the most accomplished professionals in business today, our Board of Directors sets an example of ethical leadership at the company.

Nine of our 11 directors are considered independent by the standards set by the New York Stock Exchange. Harold McGraw III and Robert McGraw are the only two non-independent directors. Edward B. Rust, Jr., Chairman, President and CEO of State Farm Insurance Companies, is the Presiding Director. Two directors are women and three are from ethnic minorities.

Governance of Corporate Responsibility

The Nominating and Corporate Governance Committee has oversight responsibility for our corporate responsibility and sustainability activities. These are managed under the guidance of Chairman, President and CEO Harold McGraw III.

Our Corporate Responsibility & Sustainability Committee (CRSC) comprises all senior management responsible for the corporation's CR policies and practices. The Committee is chaired by the Executive Vice President of Corporate Affairs and the Executive Assistant to the CEO and is co-sponsored by the Executive Vice President of Human Resources and the Executive Vice President of Global Strategy.

The Committee regularly monitors our performance and coordinates strategies to minimize our negative impacts and maximize our benefits. In 2009, we launched the Environmental Action Committee, a committee made up of CRSC members that focuses on development and implementation of our Environmental Sustainability Framework & Strategy. We also created a Vice President of Sustainability Business Development to ensure we continue to contribute to and capitalize on emerging business opportunities relating to sustainability.

Ethics

Our Code of Business Ethics sets the standards of behavior we expect from our employees, including standards for conflicts of interest, improper payments, handling confidential information, and objectivity of reporting and evaluation.

Each year, we require our employees to read and reaffirm compliance with the code.

Read the code online at www.mcgraw-hill.com/cr/ethics. Our Corporate Compliance and Ethics Steering Committee, headed by the Executive Vice President and General Counsel, provides oversight of ethics at McGraw-Hill and support for frontline managers. The Committee reports regularly to the Board of Directors.

As part of the McGraw-Hill Companies' overall approach to promoting and sustaining a workplace environment of leadership and integrity, we provide annual training to all of our employees in order to explain and reinforce our Code of Business Ethics. Our approach also includes additional training initiatives at both Corporate and Divisional levels to address a variety of needs among different target audiences within our overall employee base.

We encourage employees to report ethical concerns to their line manager, the human resources department or the Corporate EEO (Equal Employment Officer). Employees can also contact our employee hotline anonymously. We operate FAIR (Fast and Impartial Resolution), a voluntary dispute resolution program, which offers a neutral expert mediator and, if necessary, arbitration. For more information, see page 21.

Public Policy

The Government Affairs Department is responsible for advancing our global legislative and regulatory agenda, developing thought-leadership and outreach strategies, facilitating government sales and increasing brand awareness.

In conjunction with our business units, the department helps track and shape legislation and government regulations to assure that our interests and business objectives are protected around the world.

Because of the breadth of our business activities, our public policy activity covers a large number of issue areas, including advertising, broadcasting, copyright, digital, education, financial services, government information policy, human resources, Internet and e-commerce, postal, privacy, tax and trade.

To help accomplish business, legislative and regulatory goals within these areas, the Corporation maintains memberships in a number of trade associations. Visit our website to see the full list of trade organizations we belong to:

www.mcgraw-hill.com/aboutus.

The McGraw-Hill Companies' policy is to comply with all legal requirements with respect to political contributions. Employees are free to make personal contributions and support their choice of candidates, political parties or causes.

In 2009, we spent \$1,440,000 on lobbying-related expenses, as defined by federal law. This amount includes a relevant portion of staff salaries, fees for outside lobbying firms, and administrative amounts.

We are a leading provider of information, data and analysis to businesses and consumers, and of educational materials and programs to schools and universities. Thus, we are in a position where we can influence individuals and shape agendas. With such power comes enormous responsibility – a duty we take extremely seriously. We are committed to maintaining a high degree of credibility in all areas of our business by focusing on transparency, impartiality, and high editorial and educational standards. We are well placed to provide markets with the information they need to create a sustainable world, and we are determined to grasp the opportunities, responsibly and profitably.

To further our commitment, we have created a Vice President of Sustainability Business Development position to ensure that we capitalize on emerging business opportunities relating to sustainability.

Customers

Our customers trust and rely on the information, insight, and analysis we provide. Our relationship with our customers is governed by our Code of Business Ethics and by our values, which stress the importance of transparency and objectivity in business decision-making.

Financial Services

Standard & Poor's (S&P), our financial services segment, provides independent credit ratings, indices, risk evaluation, investment research and data. We work in 23 countries and have been in business for 150 years.

Users of S&P information products include investors, corporations, governments, financial institutions, investment managers and investment advisers.

S&P is deeply disappointed in the performance of its ratings on certain securities tied to the U.S. residential real estate market. Unfortunately, our assumptions about the housing and mortgage markets in the second half of this decade did not account for the extraordinarily steep declines we have now seen. Had we anticipated fully the severity of the declines in these markets at the time we issued our original ratings, many of those ratings would have been different.

Learning from this experience, we have taken decisive action to improve the transparency of and restore confidence in the ratings process.

Independence

We believe the practice of issuers, rather than subscribers, paying for ratings is best because it provides greater transparency and consistency, and gives all investors and other market participants access to the rating at the same time. To be effective, however, we must guard against

potential conflicts and include strong oversight. This is why we have introduced significant measures to improve transparency, quality of analysis and governance of the ratings process.

Increasing Transparency of Information

Credit ratings help foster transparency and improved access to capital by helping investors differentiate credit risk in a more efficient manner. Key to this transparency is the fact that S&P publishes its ratings in real time and for free to investors around the world. By providing more information and data about ratings, we can help market participants better understand how we develop our ratings. But we recognize that we can always enhance the transparency of the ratings process, and to that end we have made a number of changes, including:

- Publishing rating definitions for each of S&P's categories, including associated stress scenarios that each category should be able to withstand
- Making significant enhancements to the criteria used to rate U.S. RMBs and CDOs. Overall, the effect should be to make it more difficult for securities in the sectors that have displayed poor credit performance during the current financial crisis to receive high ratings
- Continuing to publish "What if?" scenario analysis in rating reports, to explain key rating assumptions and the potential impact of unexpected events
- Enhancing our criteria for mortgage originators and underwriting reviews, which explicitly factor in our view of the quality of mortgage originators' underwriting process and their performance
- Creating a Credit Ratings User Manual and Investor Guidelines to promote better understanding of our ratings process and the role of ratings in the financial markets

Strengthening Analysis

We have taken steps to improve the quality of the analysis underlying our ratings, including a requirement for more and better analyst training. As part of that commitment, we have developed an analyst certification program in partnership with New York University's Stern School of Business and American College Testing (ACT). All analysts employed by S&P's Rating Services will be required to pass the certification program in order to act as primary credit analysts and vote in a ratings committee.

Other actions designed to strengthen the ratings process include:

- Complementing traditional credit ratings by highlighting bondholders' potential recovery following defaults among lower-rated corporate and U.S. mortgage bonds
- Adding additional loan-level information to improve surveillance capabilities of U.S. residential mortgage-backed bonds
- Adding a Model Validation Group separate from and independent of the ratings groups, to assess and validate models used as part of the rating process



- Bringing in an experienced senior executive to serve as the new head of compliance, structured finance and ratings criteria
- Instituting periodic rotations for lead analysts
- Implementing "look back" reviews to ensure the integrity of prior ratings whenever an analyst leaves to work for an issuer
- Establishing an Office of the Ombudsman to address concerns about potential conflicts of interest and questions that issuers, investors, employees and other market participants may raise. Ray Grooves, former chairman and CEO of Ernst & Young, has been appointed as the Ombudsman. He has authority to escalate any unresolved matters to the CEO of The McGraw-Hill Companies and the Audit Committee of the Board of Directors.

McGraw-Hill products that are helping our customers to shape the sustainability agenda

Shaping the Sustainability Agenda

Our financial system must reward companies for doing their part to reduce carbon emission. S&P's research, ratings, services and indices have recently added emphasis on assessing sustainability at publicly traded companies, including assessment of environmental, social and governance issues.

For example, we have recently partnered with the World Bank's International Finance Corporation to create the S&P/IFCI Carbon Efficient Index. This new index will replicate the returns of S&P's leading emerging market index while weighting emerging market companies based on their carbon efficiency.

McGraw-Hill Education

McGraw-Hill Education is a global provider of print and digital instructional, assessment and reference tools that empower professionals and students of all ages. We partner with educators and produce comprehensive teaching and learning materials preparing students and professionals worldwide to meet the increasing challenges of the 21st century knowledge economy.

We continue to design and enhance solutions that instruct and assess – not just inform. We create online interactive components that facilitate greater comprehension, enhance teacher effectiveness and drive student achievement.

Our interactive learning platforms, assessments and media-rich content are designed to bring the course material to life and make it more relevant for today's tech-savvy students who learn in many different ways.

Our offerings for professional and vocational education help fill the learning gap for those with a high school education who still need the additional skills for 21st-century jobs.

Educational Services Initiative

Emerging markets provide us with an opportunity to offer a wide range of educational offerings beyond textbooks. We created our Educational Services Initiative to address this growing opportunity. In 2009, we announced a partnership with Tata, the Indian conglomerate, to deliver professional training courses in Retail Sales/Services, Banking/Financial Services, and English Language to help India develop its globally competitive workforce. Over the next two years, McGraw-Hill and Tata will develop additional professional course certification programs in India across several growing industries, including tourism, hospitality and insurance. In addition, McGraw-Hill is focused on educational services in emerging markets in China, Eastern Europe and the Middle East.

Our Editorial Compass

McGraw-Hill Education is committed to enhancing teaching and learning by providing the most effective instructional materials to our customers. Our commitment to education and editorial quality is at the core of everything we do. Our editorial content is created based on these principles:

- Sound pedagogy
- Integrity
- Clarity
- Overall balance
- Facilitation of learning
- Consistency with applicable standards, curricula, regulations and laws

Understanding Our Customers

McGraw-Hill and other higher education publishers have always had a thorough understanding of the course management needs of faculty. We are now working to more fully understand individuals' different learning styles.

Our extensive research into the study habits of students has led to the development of our innovative tools that both address professors' course management needs and provide students with customized learning experiences from preschool to age 20.

Measuring Our Effectiveness (Preschool – 18-year-old Education)

Every product we develop for the preschool – 18-year-old market has been designed specifically to meet the needs of today's teachers and students. At each stage of development, research is incorporated into the curriculum in the following ways:

- Materials are field tested and revised based on input from teachers and students.
- Focus groups and teacher advisory boards help to create materials to meet the ever-changing needs of today's classroom.
- Experts in content areas and special needs review and revise lesson manuscripts.

We are participating in two major federal research studies involving McGraw-Hill Education's Imagine It! and Everyday Mathematics. Imagine It! is a PreK–6 reading and writing program containing all the elements recommended by the National Reading Panel: instruction in phonological and phonemic awareness, explicit phonics, fluency, vocabulary and comprehension. Our Everyday Mathematics research-based curriculum, developed by the University of Chicago School Mathematics Project, helps PreK–6 students measure up to the demand for greater mathematical competence and problem-solving ability.

Each study is being conducted by the Southwest Educational Development Laboratory and will encompass approximately 200 elementary classrooms and more than 5,000 students nationwide.

Reducing the Environmental Impacts of our Products and Shaping the Sustainability Agenda

We are creating more digital alternatives to our printed products, such as interactive digital textbooks and online learning tools, which offer a number of environmental benefits. Digital publishing reduces the need for commercial printing, paper, and energy needed to transport materials and reduces costs for schools and students. However, digital options demand energy to run computers and the Internet. We take this environmental impact, as well as cost considerations and customer requirements, into account when deciding on formats for our products.

We are incorporating sustainability into lesson plans for students at all levels, including higher education. For example, we recently developed a new pre-composition course book that focuses on environmental themes. The book is available either as a digital text or as a printed textbook made from 10 percent postconsumer waste paper and soy-based ink.

Information & Media

Our Information & Media business comprises leading information and service providers: AVIATION WEEK, McGraw-Hill Broadcasting, J.D. Power and Associates, McGraw-Hill Construction and Platts.

Customers in our Information & Media segment include business professionals and other consumers; buyers of broadcast, print and online advertising; and the public in communities covered by our four television stations and their Spanish-language affiliates.

Impartiality

J.D. Power and Associates is a global marketing information company that conducts surveys of customer satisfaction, product quality and buyer behavior. The self-funded nature of these independent studies enables J.D. Power and Associates to provide its clients with credible and clear feedback from their customers.

Responsible Advertising and Broadcasting

McGraw-Hill Broadcasting maintains rigorous internal control systems to ensure that its broadcasting and advertising practices meet industry best practice standards and comply with all applicable laws. The business' four stations are governed by Federal Communications Commission (FCC) rules and regulations covering, among other topics, programming content, advertising and technology standards. Political advertising is subject to particularly stringent regulation, and our advertising sales staff undergoes regular training by FCC attorneys to ensure compliance.

McGraw-Hill Broadcasting has also committed to self-regulatory broadcasting standards and guidelines through its membership in the National Association of Broadcasters, a trade organization.

Shaping the Sustainability Agenda

McGraw-Hill Construction is helping to advance the construction sustainability agenda through its magazines, research and analytic content. All together, this new business brought in approximately \$3 million in new revenue in 2009.

The primary sustainability editorial title is *GreenSource*, the Magazine of Sustainable Design, published in partnership with the U.S. Green Building Council. Other editorial content is provided through online forums and conferences on green building and sustainability.

The *Green Building SmartMarket Reports* help corporate leaders, analysts and marketing leaders understand sustainability in the industry. McGraw-Hill Construction is the authority on sizing the market through these reports. In 2009, McGraw-Hill Construction became a primary data provider for the U.S. Department of Energy around green building data and information.

McGraw-Hill Construction also provides information on global markets, particularly in China and India.

J.D. Power and Associates published a Residential Green Building Report in 2009 that provides builders, building product managers, appliance manufacturers, and home-improvement retailers with information on green features consumers desire the most, as well as perceptions about green product benefits.

Platts, our energy information provider, has broadened its coverage to include information on emerging markets in emissions, biofuels and liquid natural gas. With publications and conferences on renewable energy, Platts plays an increasingly important role in providing benchmarks and analytics for the clean energy industry.

AVIATION WEEK is committed to providing insight on the work the global Aerospace & Defense industry is doing to reduce the environmental impact of its products and services, from fuel burn of commercial aircraft to sustainable power for military operations.

Customer Privacy

McGraw-Hill has long played a leadership role in setting the standard for effective customer privacy policies and aggressively supporting self-regulation. The Customer Privacy Policy (online at www.mcgraw-hill/privacy.com) is updated regularly to reflect current technological and marketing techniques. We have also implemented established policy on information security procedures to protect against loss of customer data.

Each year, an annual compliance review of all privacy practices throughout the company is conducted to ensure such practices are in keeping with the Privacy Policy. Implementing appropriate Privacy Notices, honoring customer privacy preferences, complying with data security procedures and adhering to the regulatory and legal framework are among the key factors included in the annual review. Additionally, ongoing training and implementation guidance is provided to personnel worldwide to ensure that strong privacy and security standards are upheld.



A few of the McGraw-Hill products that are serving the sustainability marketplace

Suppliers

We work with a variety of suppliers who manufacture our products and provide general commodities and services. We conduct business with all suppliers in an ethical manner and with the greatest integrity, following our Code of Business Ethics in all business dealings.

Our concern for the environment extends to our suppliers' practices, which we review periodically. For paper suppliers, for example, we require a copy of their environmental policy, survey them regularly to review compliance with federal, state and local environmental regulations, and encourage the use of independent, third-party certification to ensure that the paper we purchase comes from sustainably managed forests.

For more on our paper policy, see page 9 in the environment section. We have started a green procurement effort in our offices, where we review janitorial service companies to assess their use of green cleaning products and cleaning methods.

Supplier Diversity

We support minority and female-owned businesses to help encourage diversity and economic development. To accomplish this, we have created a Supplier Diversity Program, which concentrates these efforts under one department in the company.

In 2009, the McGraw-Hill Companies was honored, along with three other companies, by the National Minority Business Council, Inc., for our diversity programs and our commitment to maintaining these programs in spite of the pressures of the current economic environment.

We are committed to reducing our environmental footprint. This is good for the planet and good for business, helping us cut the cost of energy and waste.

Our environmental impacts include greenhouse gas emissions (from energy used in buildings and for transport), water use and waste (mainly from offices). We have established baseline data from 2008 for these impacts and we are now developing reduction strategies.

Our paper-sourcing policy helps to ensure that paper used in our publications comes from well-managed forests.

As a leading publisher and information provider, we see it as our responsibility to gather and distribute information about green issues and how to reduce commercial and personal environmental footprints. This includes providing information on renewable energy markets, green building and construction. Read more on page 7.

Our Approach

We have three policies that set out our commitment to the environment and the standards we expect from our employees and business partners:

- Corporate Environmental Policy
- Paper Procurement Policy
- Corporate Real Estate Policy

Read these policies in full at www.mcgraw-hill.com/cr/environment.

In 2009, we measured our entire environmental footprint for the first time, using data from 2008 as our baseline. Our Environmental Action Committee, part of our Corporate Responsibility & Sustainability Committee, will use the baseline data to formulate our Environmental Sustainability Framework. This will include a strategy to reduce our impacts on climate change, by setting emissions reduction targets and identifying process improvements.

We recognize that we can achieve our environmental goals only with the support of our employees. We have established employee Green Teams that raise awareness of environmental issues and champion green behavior at our facilities in the U.S., the U.K. and Canada. By encouraging employees to take ownership of their actions and their surroundings, we empower them to create positive change and to be proud of their accomplishments.

We participate in the Carbon Disclosure Project (CDP), an investor collaboration that collects and publishes information on the greenhouse gas emissions and climate change strategies of corporations.

View our submission at www.mcgraw-hill.com/cr/environment.



McGraw-Hill LEED Silver Certified building in Dubuque, IA

Shrinking the Footprint of Our Facilities

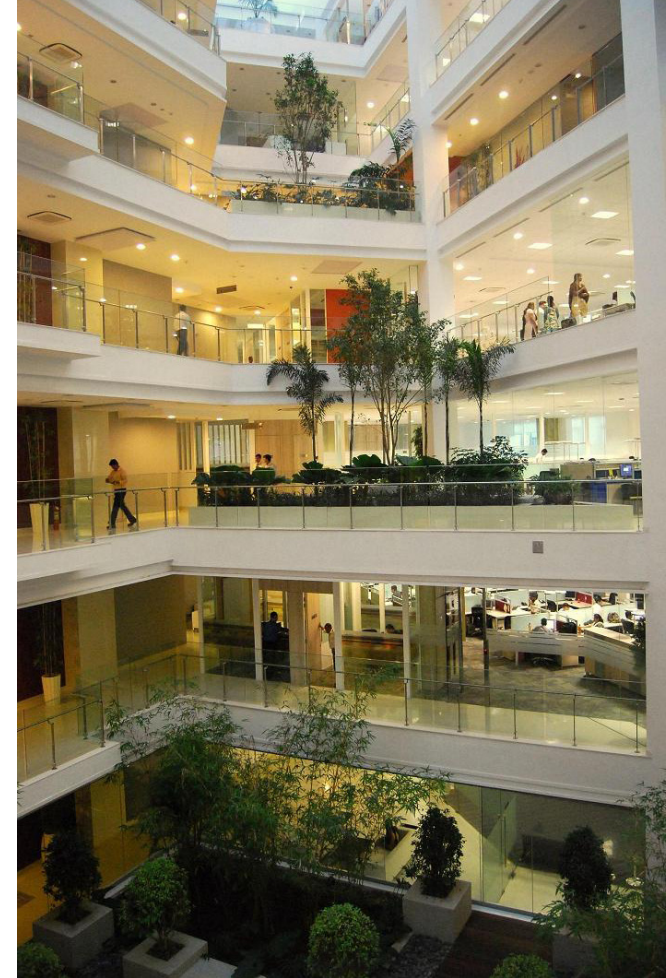
We have developed a strong partnership with our property management company, CB Richard Ellis (CBRE), to help manage the environmental impacts of our facilities worldwide. Together, we have assessed our wholly-owned and leased properties, which total approximately 10.5 million square feet at more than 280 locations worldwide, looking for ways to reduce energy, water and waste, increase recycling, and ensure that our facilities are healthy and clean places to work.

We are using the results of this assessment to bring improvements through better workplace design and investment in new equipment.

LEED-Certified Construction

Our Dubuque, Iowa, facility received LEED Silver certification by the U.S. Green Building Council in 2008 and set the standard for all of our new construction and renovation projects. The building was constructed using regionally manufactured and recycled materials and features preferred hybrid vehicle parking, a white roof to reduce solar heat absorption and plumbing fixtures that reduce water consumption by 30 percent. It is the first building in the city of Dubuque to receive LEED certification and is the only one of six in the state of Iowa to be LEED Silver certified.

In 2009, the CRISIL building in Mumbai, India was completed and is now awaiting Platinum LEED certification from the IGBC (Indian Green Building Council). CRISIL House was built with wood from FSC (Forest Stewardship Council) certified forests and has rainwater harvesting capability. Additionally, the building will use renewable energy sources such as solar power. The building houses nearly 1,200 employees and is the headquarters for CRISIL, an S&P company and India's leading Ratings, Research, Risk and Policy Advisory Company.



McGraw-Hill LEED Platinum Certified building in Mumbai, India

Transportation

We have approximately 1,000 vehicles that our sales force uses. In 2008, we launched a Green Fleet initiative to improve the fuel efficiency of our fleet. It focused on minivans and SUVs, which are our highest-fuel consuming models. We anticipate that the initiative will cut operating costs and reduce greenhouse gas emissions by approximately 1,087 metric tons annually, a 15 percent reduction of fleet emissions.

Engaging Employees

The Green Team initiative is designed to help employees play a more active role in promoting environmental responsibility.

Green Teams at 24 facilities in the U.S., Canada and the U.K. have conducted awareness campaigns encouraging paper conservation, recycling of old electronics and office equipment, and use of reusable mugs.

We have developed a toolkit on our intranet to help the Green Teams get started, providing tips on how to engage employees.

We are developing metrics to measure employee involvement in the Green Teams and to record their achievements.

Paper

We recognize that responsible paper purchasing is an important component of any environmental assessment. In 2009, we used approximately 92,594 tons of printing and office paper. Due to the economic downturn, our printing paper consumption decreased by a third in 2009 as compared to our baseline in 2008. In addition, 30 percent of our office paper was made from recycled content.

The McGraw-Hill Companies is committed to environmental stewardship, and specifically, to sound paper procurement practices that ensure the sustainability of forests and other natural resources. In addition:

- We require a copy of the environmental policy of our paper suppliers and have a formal review process built into our purchasing to ensure that suppliers follow our paper procurement policy.
- We survey our major paper vendors to review compliance with federal, state and local environmental regulations.
- We encourage use of independent, third-party certification to ensure that the paper we purchase comes from sustainably-managed forests.
- Our focus is on reducing paper usage through use of lower basis weight, not just use of stock with recycled fiber.

2009 Paper Highlights

Lower Basis Weight for Workbooks. During 2009 the basis weight for paper used in a portion of our workbook product was lowered from 40# stock to 35# stock. The change resulted in a 3.1 million pound reduction in paper use for this product.

Chain of Custody Forest Certification. We continued to place an emphasis on obtaining third-party chain of custody forest certification for the paper we purchase directly in the U.S. During 2009 the percentage increased from 10 percent to more than 60 percent on an annual basis. We are on track to exceed 90 percent in 2010.

Paper Recycling Webinar. We conducted a Paper Recycling webinar for employees in conjunction with the company's Earth Day events. Cathy Foley, Vice President, Paper Sectors for the American Forest and Paper Association was the guest speaker. The event was organized to emphasize the company's commitment to promoting the benefits of recycling paper.

Lacey Act Awareness. In 2009 we proactively worked with paper vendors and printers to ensure their compliance with the new provisions of the Lacey Act, the wildlife protection act in the U.S. The statute was amended in 2008 to extend protection to plants and plant products.

Packaging

In the U.S., we use corrugated, 100 percent recycled paper and plastic shrink wrap for all of our packaging. In 2005 we replaced all foam packaging with paper for our void fill material (the material used to fill the empty space in boxes). All of our void fill material is now made from 100 percent recycled paper which is not only cost effective and environmentally responsible, but also meets the needs of our customers.

We are continuously looking at ways to optimize package size to reduce the amount of void in packaging and reduce corrugated usage. In 2009, we reduced the number of total shipping cartons used to 2.37 million, down from 2.59 million in 2008. Our use of void fill also decreased from 12,500 cartons in 2008 to 9,438 cartons in 2009.

Cartons Shipped in 2008*



Void Fill Cartons Shipped in 2008*



* All data above reflects cartons shipped in the U.S.

PERFORMANCE:

McGraw-Hill Company-Wide Environmental Footprint				
Key Performance Indicator	Units	2008	2009	% Change Relative to Previous Year
Energy	MMBTU	1,261,091	1,494,501	19%
Energy Cost	US \$	\$20,091,715	\$17,701,885	-12%
Scope 1 and 2 GHG Emissions	metric tonnes CO2e	139,066	147,740	6%
Scope 3 GHG Emissions*	metric tonnes CO2e	222,454	199,757	-10%
Total GHG Emissions (Scopes 1-3)	metric tonnes CO2e	361,520	347,498	-4%
Water Use	gallons	75,491,510	71,730,819	-5%
Recycling	short tons	2,811.12	2,936.95	4%
Recycling Percentage	%	74%	79%	6%
Waste to Landfill	short tons	992.93	801.00	-19%
Waste to Landfill Percentage	%	26%	21%	-18%
Paper Purchased for Printing (US operations only)	short tons	139,132.00	92,594.15	-33%

* Scope 3 emissions reported here are those related to domestic outbound distribution and McGraw-Hill business travel

Energy

Our energy consumption increased from 2008 to 2009 due to the inclusion of two co-located server sites into our operations, in addition to the opening of a third, larger co-located server site in 2009. However, the energy costs did not increase due to operational reductions elsewhere in the organization. Further, energy costs for the three co-located server sites are not directly incurred by McGraw-Hill.

GHG Emissions

Our Scope 1 and 2 greenhouse gas emissions (direct and purchased) increased in 2009 from the 2008 baseline; this is attributable to the energy consumption of the three co-located server operations. We expanded the quantification of our Scope 3 (non-purchased, indirect) emissions to include the emissions from the distribution/shipping of our products. The inclusion of these emissions increased the baseline Scope 3 emissions by 197,541 metric tonnes of CO2e. However, implementation of a travel policy program in 2009 resulted in a 10 percent reduction of Scope 3 emissions from the 2008 baseline. As presented above, our total GHG emissions (Scope 1, 2, and 3) decreased by 4 percent in 2009.

Water

Our water use decreased by 5 percent in 2009 and was achieved through our facility efficiency program.

Waste and Recycling

Through our continued improvement in waste reduction across our operations, we were able to increase our recycling by 5 percent over 2008 and in turn reduce the amount of waste to landfill by 6 percent.

Environmental Performance Targets

In early 2010, McGraw-Hill developed environmental performance targets to reduce the environmental impact of our operations over time. The following table presents McGraw-Hill's established Environmental Performance Targets. McGraw-Hill is working internally and across our value chain to achieve the targeted reductions.

McGraw-Hill has prepared a detailed Sustainability Strategy Action Plan that identifies the strategies and actions necessary to implement to achieve our environmental performance targets. The Sustainability Strategy Action Plan will be updated as projects are completed and targets met as well as to include additional opportunities to reduce our environmental impact as they become apparent.



McGraw-Hill LEED Platinum Certified building in Mumbai, India

Key Performance Indicator	Target*	Baseline Year	Target Date
Scope 1 & 2 GHG Emissions	15%	2008	2015
Scope 3 GHG Emissions*	10%	2008	2015
Fleet Emissions	20%	2008	2015
Electricity Consumption	10%	2008	2015
Recycling	90%	2008	2015
Water	15%	2008	2015
Printing Paper Supply Chain Environmental Performance Disclosure	100% by volume	2008	2015
Printing Vendor Supply Chain Environmental Performance Disclosure	100% by volume	2008	2015

* Absolute reductions

At the heart of our organization lies a commitment to the communities in which we live and work. Despite economic uncertainty in 2009, we continued our mission of helping people around the globe acquire new skills and improve the quality of their lives.

We partnered with community organizations, donating money, time and products. We encouraged employees to do the same through our matching gifts program and by volunteering their time and skills to those in greatest need.

We place great importance on understanding the impact of our community programs on the individuals they serve. To that end, we use a number of approaches and evaluative techniques to assess their effectiveness in achieving our goals, including soliciting feedback from our grant recipients and our employee volunteers.

Our Giving Strategy

We have a long-standing tradition of using our knowledge, skills and resources to better people's lives. Since a great portion of our business centers on education, business information and financial analysis, we focus our charitable efforts on causes that support financial literacy and overall economic sustainability.

Financial literacy provides the foundation for saving and investing wisely and is a fundamental tool needed by everyone. It is the basis for the responsible use of credit and money and for making informed financial decisions that can affect families and their future.

To reach our goal of financial literacy for all, we support programs that develop personal financial skills and provide opportunities for economic empowerment and enhanced self-sufficiency, including through microcredit.

While our primary focus is financial literacy, we also extend our support to organizations that share our dedication to the arts and culture, education and, through our employee-giving campaign, health and human services.

Philanthropy is fundamental to our business. Our formal philanthropic efforts have been in place since 1958. Chairman, President and CEO Harold McGraw III currently serves as chairman of the Committee Encouraging Corporate Philanthropy (CECP), an international forum of business leaders focused exclusively on corporate philanthropy. CECP's mission is to lead the business community in raising the level and quality of corporate philanthropy.

View our submission at www.mcgraw-hill.com/cr/environment.

PERFORMANCE:

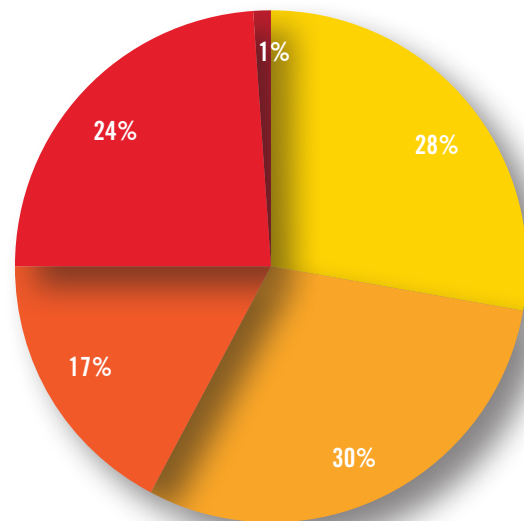
Our community investment	In 2009	In 2008
in grants	\$5.3 million	\$5 million
from business units	\$561,000	\$650,000
through in-kind donations	\$25.5 million	\$29 million
Total	\$31.4 million	\$34.7 million

In-kind giving included donations of education books to nonprofits and broadcast time and print advertising space for public service announcements. McGraw-Hill Education has been donating books to qualified nonprofit organizations for more than a decade.

Giving in 2009 by destination:

Organization Classifications by Total Percent

- Health & Human Services
- Financial Literacy
- Education
- Art & Culture
- Sustainability/Environment



Focus on Financial Literacy

Our global expertise in providing education, financial and business information means we are in a unique position to support financial literacy and economic empowerment.

“The McGraw-Hill Companies was [supporting financial literacy] before it became popular,” says Margaret Doughty, president of Literacy Powerline, an organization that promotes literacy through community engagement, acknowledging the decade-long commitment of McGraw-Hill to financial literacy.

In 2009, McGraw-Hill launched a campaign for financial literacy, Financial Literacy Now, to raise awareness about the critical importance of the issue and to provide greater access to financial training, services and information.

Starting in New York City, the campaign is being spearheaded by McGraw-Hill in collaboration with several of our leading nonprofit partners including the Council for Economic Education, Literacy Partners, New York Public Library, Talking FinLit and WISE (Working in Support of Education).

The campaign is targeting the general public with a major emphasis on providing professional development to teachers. Campaign highlights include:

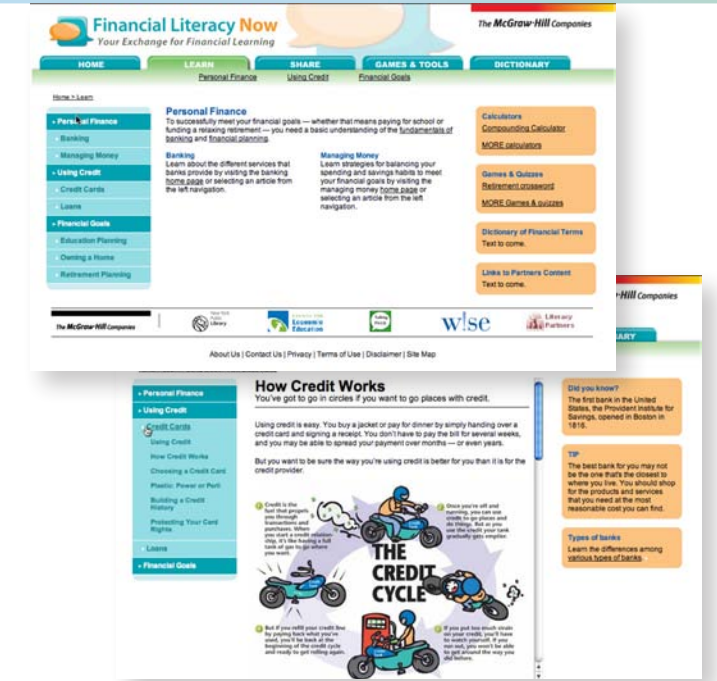
- Financial and economic literacy educational materials accessible online and through workshops and seminars
- Easy-access financial literacy resources at select library branch locations
- Financial and economic literacy training for teachers through workshops, podcasts and other online resources
- Financial literacy instruction through adult basic reading classes
- Teacher and student access to business and economic experts bringing real-world economic and personal finance issues to the classroom

The Campaign expects to train 800 teachers in the first year, who in turn will reach an estimated 80,000 students. More than 12,000 people will be served annually at McGraw-Hill's center for Financial Literacy, Financial Literacy Central, based at the New York Public Library's Science, Industry & Business Library branch.

In 2010, the campaign is being expanded to other areas including Chicago and Texas. [Learn more at: www.financialitnow.org](http://www.financialitnow.org)

Other grants that we made in 2009 to support financial literacy included:

- Securities Industry and Financial Markets Association Foundation for Investor Education
- The National Academy Foundation
- International Center for Journalists (ICFJ)
- Donors Choose



McGraw-Hill's Financial Literacy Now Website

Microfinance

We support several microcredit initiatives. For example, we are a lead underwriter of the Microfinance Information eXchange (MIX) Benchmarks Calculator. MIX is the leading business information provider for the microfinance industry. This initiative enables a more effective and transparent system for collecting and disseminating information about microfinance lending organizations.

We support Women's World Banking, a nonprofit that provides capital, training and support to women entrepreneurs in 30 countries. We recently made a grant that enabled entrepreneurs from Uganda, Gambia and Kenya to meet and learn from each other's experiences.

Working with the Grameen Foundation, a nonprofit that helps the world's poorest improve their lives and escape poverty through access to microfinance, we sponsor capacity building forums, which help microfinance lenders be better equipped at providing small business loans to impoverished entrepreneurs. Forums have taken place in Bolivia, India and Africa and have convened lenders from 34 countries around the globe.

We are piloting a financial literacy program in Peru with Pro Mujer to train 21,000 women living in extreme poverty in seven regions of the country. Pro Mujer is a woman's development and microfinance organization that lifts poor women in Latin America out of poverty by providing financial services, healthcare, and training. Pro Mujer plans to replicate the program in the other countries it serves: Argentina, Bolivia, Mexico and Nicaragua.

Find out more about programs we support online: <http://www.mcgrawhill.com/cr/casestudy7.shtml>

Other Grant Recipients

In addition to our investment in financial literacy, we contribute to organizations working to support arts, civic causes, education, health and human services. From enabling hurricane victims to reopen their businesses to helping minority groups succeed at work, our grants are improving communities around the world.

Grant recipients in 2009 included:

- **Carnegie Hall.** Our Chairman, President and CEO, Harold McGraw III, sits on the board of this world-renowned New York City music venue. We have been the lead corporate sponsor of CarnegieKids for 11 of its 13 seasons. The program, now called The McGraw-Hill Companies CarnegieKids, introduces New York City children between three and six years old to basic musical concepts in an informal, interactive setting at Carnegie Hall's Zankel Hall.
- **Lawyers Committee for Civil Rights Under Law (LCCRL).** Since 1997 we have supported the LCCRL, which marshals pro bono resources of the bar for litigation, public policy advocacy, and other forms of service by lawyers to the cause of civil rights. Our General Counsel sits on the Committee's board. In 2009 our grant supported the Educational Opportunities project devoted to issues of school diversity and integration in grades kindergarten through 18-year-old.
- **The Lesbian, Gay, Bisexual, and Transgender Community Center.** We have been a supporter since 2000. Our employees donate time and our grant in 2009 supports the Center's community education resources.
- **National Organization on Disability (NOD).** We have supported the NOD since 1991 and Harold McGraw has been a member of its board since 1996. We provided in-kind support through pro bono advertisements in our publications. In 2009, we provided a grant to expand and enrich NOD's website.

Employee Giving and Volunteerism

Employee Giving Campaign

We reward employees' generosity by matching one-for-one their contributions to eligible nonprofits, including arts and education organizations.

We also conduct an annual Employee Giving Campaign, which matches employee contributions one-for-one to health and human service nonprofits. It includes a payroll deduction option to make it easier for employees to take part. In 2009, close to \$1.9 million was donated through the campaign. Employees who contribute a minimum of one day's pay are entitled to take one day off to volunteer for the nonprofit organization of their choice.

Volunteerism

We have developed volunteering programs, placement initiatives and support networks to encourage employees to volunteer their professional skills to local nonprofit organizations.

We began formally tracking our volunteer hours in 2008 using an online system. In 2009, employees performed more than 30,000 hours of volunteer service.

In 2009, we partnered with the Volunteer Consulting Group on a placement initiative to encourage employees to volunteer on the governing boards of nonprofits.

Writers to the Rescue

Many nonprofit organizations provide vital services to society but do not have the time or money to communicate their accomplishments – an essential part of attracting donations. Writers to the Rescue is our unique pro-bono service, which helps nonprofits communicate their good deeds. Our professional writers and editors come to the rescue by donating their time and communication skills.

They help create annual reports, promotional and marketing materials; develop website content; and edit grant applications.

Some of the projects that Writers to the Rescue worked on in 2009 included writing grant proposals and annual reports and helping to rewrite several organizations' mission statements.



Empowering Women in Need

Our Women's Employee Resource Group, in collaboration with the National Coalition Against Domestic Violence (NCADV), is developing a career-skills curriculum for women in domestic violence shelters across the U.S., to teach the skills needed for economic empowerment and self-sufficiency. Once the curriculum is complete, our employees will train NCADV employees to implement the lessons in shelters.

Global Volunteer Day

Our Global Volunteer Day brings together employees and their communities worldwide. In 2009, more than 4,500 employees took part in 220 team projects in 17 countries.

Projects included:

- Houston, Texas-based employees tutored students in English as a second language, reading and math
- In Munich, Germany, volunteers renovated a classroom and playground
- Employees returned to volunteer at Detroit's Capuchin Soup Kitchen for the fifth year in a row
- MHE employees trained women in Kolkata, India, to create and market handmade goods

Recognition

Our Employee Volunteer Grant program supports organizations where our employees donate their time and energy. Individual employees dedicating more than 50 hours a year to a particular organization can apply on behalf of that nonprofit group for grants of \$500. We encourage employees to join forces in community service teams to maximize their impact — employees who volunteer in teams may apply for a \$1,000 grant.

Each year, we recognize volunteer achievement internally with the Corporate Achievement Award for Team Community Service and the CEO/MVP Award, which are presented by McGraw-Hill Chairman, President & CEO Terry McGraw to employees who exemplify outstanding volunteerism. The CAA includes a \$10,000 contribution to the organization where the employee team volunteers and the CEO/MVP Award includes a \$1,000 check to the organization of the recipient's choice.



Employees taking part in annual McGraw-Hill Global Volunteer Day projects

Our employees are our most valued resource and are at the center of all we do. We have a diverse team of more than 20,000 people throughout North and South America, Europe, Asia and Africa whose talents, skills and expertise are crucial to our success.

Our Approach

To attract and retain top talent, we provide employee programs that help our people learn and develop their skills, manage their careers and personal lives, and stay healthy and safe. We offer professional challenges and opportunities, competitive compensation packages, tuition reimbursement, flexible work arrangements and affordable health benefits.

To ensure our competitive advantage and further develop our people, we focus our efforts on these priorities:

- Learning & Development
- Benefits & Work/Life
- Health, Safety and Wellness
- Diversity
- Employee Relations

Learning and Development

We believe that the development of the talent, knowledge, skills and leadership capabilities of employees at all levels is fundamentally linked to the achievement of our global growth and market leadership goals. We also believe that strong leadership is essential for meeting the challenges of a dynamic and constantly changing business environment.

It is therefore a business priority for us to maintain a strong focus on continuous learning and development for all employees. We believe that this is best achieved by a partnership between every employee, their supervisor, and the company, with each having clear accountability for their role in this process.

Each year, managers work with employees to set annual goals, using our performance management process (PMP) tool. The PMP includes mid-year and end-of-year progress reviews. Managers use the process to give employees frequent coaching and feedback.

Employees use our Learning and Development portal to access a wide variety of learning resources, including more than 800 learning and training activities. Courses range from e-learning to instructor-led courses on topics such as Presentation Skills, as well as analytical courses such as Capital Markets.



Tuition Refund Program

We encourage our employees to pursue educational interests and goals. In the U.S. and U.K., employees who work more than 20 hours a week may qualify to receive up to \$5,000 a year in financial assistance through our Tuition Refund Program.

Employees take courses in specific business subjects or pursue a degree. To qualify for reimbursement, courses must be directly related to the employee's current job.

PERFORMANCE:

In 2009, we invested approximately \$12 million in learning and development. An additional \$1.6 million was allocated for the Tuition Refund Program in the U.S. and approximately 440 employees took part in the program in 2009.

"We understand the challenges that many of our employees face in maintaining a successful balance between the responsibilities of work and family life. That is why we are continually developing programs that support you in all your roles—on the job, at home and in your community."

Terry McGraw, Chairman, President & CEO

Benefits and Work/Life

We offer competitive salaries, performance-based pay and annual incentive plans to reward employees for their commitment and results. Other benefits include health coverage, life and accident insurance and retirement benefits. Flexible work arrangements are in place in the U.S., the U.K. and Latin America. We are beginning to extend these to the Asia-Pacific region.

Employees don't leave half of themselves at the door when they come to work. To be truly effective at work, they have to feel truly effective at home. That's why we provide "Work/Life" programs and policies to support employees in all their roles at every stage of their lives.

All Work/Life resources are available to full-time and part-time employees, including:

- Flexible work arrangements, such as job sharing and telecommuting
- Child care, including sick care, discounted before/after school care and holiday/summer care
- Back-up dependent care
- Elder-care case management
- Higher education planning tools and resources
- Maternity, adoption and paternity leave that allows new dads to take three paid weeks of leave
- Confidential counseling and child- and elder-care referral services
- Access to information, news and articles about relationships, health and wellness, workplace issues, and depression and other illnesses through a special website



Key Leader Briefings

Key Leader Briefings are held to keep senior management informed about topics that have strategic importance to the success of the company. The briefings are given by internal and external subject-matter experts, and are hosted by Terry McGraw, Chairman, President and CEO. In 2009, we held three meetings: "The IT-Business Divide," "Leading in Challenging Times" and "Unlocking Revenue in the Green/Sustainability Marketplace."

Leadership Foundations

We want to help our current employees develop into leaders. Our Leadership Foundations program was created to boost the leadership and management skills of our first- and mid-level managers. The program consists of six classroom workshops plus related online content and is delivered in office locations around the globe.

Mentoring

Our Mentoring Program is focused on helping us develop the broad leadership base we need to compete in an increasingly competitive global business environment. Mentees and mentors are matched in dynamically reciprocal, long-term partnerships that focus on professional development.

In addition to one-on-one and reverse mentoring opportunities, we also offer Mentoring Circles, which foster learning and development through diversity of thought and style in groups of 12 plus two mentors.

At the close of 2009, we had more than 2,500 formal mentoring participants across the corporation, mainly in our U.S. offices. With each new phase we are committed to increasing participant eligibility by expanding grade levels and geographic locations.

A number of additional programs were added to The McGraw-Hill Companies' "Mentoring Menu" in 2009 including the one-on-one Mentoring Program in Singapore with 19 partnerships and the first Reverse Mentoring Program with 13 partnerships. Reverse Mentoring is an opportunity for an individual in a position of influence, strategic vision and leadership to be mentored by an associate that will bring a different skill set and perspective in the workplace. It is the process of passing ideas, expertise and experience up the corporate ladder, instead of the other way around.

Health, Safety and Wellness

The health and well-being of our employees and their families is important to us. Our U.S. health programs focus on prevention – we offer 100 percent coverage for preventive care in one of our U.S. health care options. Outside the U.S., our sites implement their own programs, based on availability of services and regulatory factors.

Wellness

We recognize that employees are most productive when they are healthy and stress free. Our workplace wellness programs encourage employees to be active, make healthy choices and take preventative measures.

Examples include:

- Smoking cessation programs
- Weight-loss and exercise programs
- Chair massages in the office
- Skin health checkups (in the U.K.)
- Flu vaccinations (in the U.S.)
- Mammograms and HPV vaccinations
- Employee wellness programs (Singapore)

Lack of information, challenges of everyday life and a complex health care system can get in the way of our best intentions to make healthy choices. Our Healthy Living program (U.S.) is designed to help our employees make informed decisions about their health care at three distinct times — when they enroll in benefits each year, when they make decisions about how to live each day, and when they need care.



Mentoring Program Participants

Safety

We strive to provide a safe and efficient workplace for our employees. As a minimum, we comply with the health and safety regulations in the regions where we operate. As an office-based organization, we focus on reducing the risk of repetitive strain injuries. We offer extensive information on the subject and provide ergonomically correct office equipment. Each business segment has its own health and safety policies, measures and practices. This is due to the different needs and the geographical spread of the segments.

PERFORMANCE:

Wellness: In 2008 people taking advantage of prevention programs such as mammograms and HPV vaccinations increased by 15 percent.

Safety	2005 Group Figures		2006 Group Figures		2007 Group Figures		2008 Group Figures	
	Number	Rate per employee	Number	Rate per employee	Number	Rate per employee	Number	Rate per employee
Employees surveyed	13,160		13,406		12,886		12,790	
Fatalities	0		1		0		1	
Major injuries & work related illnesses	24	0.002	30	0.002	31	0.002	20	0.002
All other injuries & work related illnesses	200	0.015	196	0.015	143	0.011	161	0.013
Working days lost	4,184	0.318	2,873	0.214	1,757	0.136	642	0.050

Diversity and Inclusion

Diversity and inclusion mean more than simply equal opportunity employment. It is a core value reflected in our commitment to creating a workplace where people from all backgrounds can contribute and reach their full potential.

The diverse characteristics, perspectives, ideas and backgrounds that our employees bring to work give us a competitive edge in anticipating the diverse needs of our customers around the world. Employees benefit from a diverse workplace because they operate in a dynamic environment where many different views are considered and respected.

Employee Resource Groups

Our Employee Resource Groups (ERGs) enable employees to connect and discuss shared interests, experiences and perspectives. ERGs have been vital in helping to create a culture where employees advise and mentor their junior colleagues.

There are currently five active ERGs:

- APEX – Asian Professionals for Excellence
- BEAM – Black Employees at McGraw-Hill
- GLBT – Gay, Lesbian, Bisexual and Transgender
- HHN – Hispanic Heritage Network
- WINS – Women’s Initiative for Networking and Success

In 2009, senior leaders participated in numerous diversity focused events to demonstrate their commitment to diversity and inclusion. Each event was sponsored by one of our ERGs:

- **APEX** celebrated Asian Pacific Heritage Month with an event that demonstrated the importance of dance and culture.
- The **BEAM** Leader of Color Series consists of monthly lunch-and-learns where internal employees speak about their careers and “The Career Insights You Need to Succeed.”
- The McGraw-Hill **GLBT** ERG and similar groups from other organizations hosted a media cocktail mixer event and clothing drive for two LGBT youth shelters in New York City.
- **HHN** held a diversity event celebrating Hispanic Heritage Month.
- **WINS** Follow the Sun is an event held across the globe by all WINS Regional Networks on the same day. The event starts in Asia, moves to Europe, then to the Americas (hence, “following the sun”). Each location holds the event on the same day, with the same theme, effectively linking our network of employees in a global conversation.

Diversity Councils

Each business segment, along with our corporate office, has a Diversity Council. These councils are made up of approximately 12 to 15 senior level staff and they meet four to six times a year. The councils are business-focused and provide a mechanism to address diversity-related issues affecting us.

The Councils execute our diversity and inclusion strategy through:

- Continuing initiatives to maximize employee engagement and productivity
- Support for segment recruitment, retention and talent development efforts
- Executive and employee education/awareness-building
- Effective employee communication

Diversity and Inclusion Goals

- Continue to build synergies among Diversity Councils, Employee Resource Groups and Talent Acquisition
- Leverage efforts to help attract, develop and retain our diverse talent
- Develop a robust Diversity & Inclusion presence on the Internet and intranet to communicate the expansive efforts that are in progress throughout the company
- Further define metrics on diversity and inclusion
- Continue to partner and educate managers around diversity and inclusion, and encourage new and creative solutions.

Meeting of Employee Resource Group Black Employees at McGraw-Hill



PERFORMANCE:

U.S.-based employees as of September 30, 2007

Type	2007 Females	2007 Minorities	2008 Females	2008 Minorities	2009 Females	2009 Minorities
Overall Representation	54.7%	23.3%	53.6%	24%	53.3%	24.6%
Officials and Managers	42.6%	15.6%	41.7%	15.4%	41.7%	16.8%
Professionals	53.8%	27.2%	52.4%	27.7%	51.4%	28%
Sales Workers	59%	13.1%	57.2%	12.7%	56.5%	12.6%
Office and Clerical	82.5%	32.8%	83%	34%	83%	35.4%

To learn more about diversity at McGraw-Hill, please visit the diversity section of our Careers website: www.mcgrawhill.com/careers/diversity.

Employee Relations

Open and transparent communication between employees and their managers helps to build a healthy and inclusive organization. We communicate with employees through print and online communications and provide communications training for managers. This keeps employees involved in the business and it gives us a chance to gather feedback.

Listening to our employees

We conduct regular employee surveys to gain feedback and to understand levels of employee satisfaction. More than 12,000 employees participated in the most recent Employee Engagement survey in 2007.

The results were encouraging, with an overall employee engagement score of 60 percent, up 6 percent from the last survey in 2004. This means that 60 percent of all employees surveyed either strongly agree or agree with the following five statements, in aggregate:

- I am proud to work for The McGraw-Hill Companies.
- I rarely think about looking for a new job with another company.
- I would recommend The McGraw-Hill Companies as a great place to work.
- The McGraw-Hill Companies inspire me to do my best work.
- Overall I am extremely satisfied with The McGraw-Hill Companies as a place to work.

The highest scoring areas were:

- Degree of dignity and respect employees feel they receive
- Employees' ability to link their jobs with business unit objectives
- Supervisors viewed as caring and good at keeping commitments
- Degree to which employees feel their supervisors trust them to make decisions and hold them accountable for results



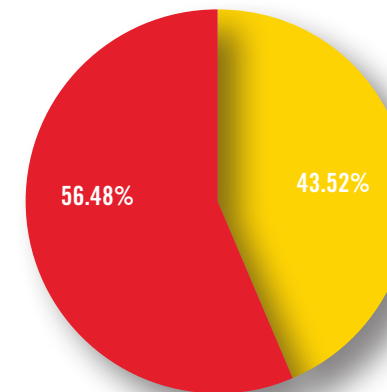
McGraw-Hill Higher Education global editorial training program participants

The results of this survey, in addition to our normal continuous improvement efforts, are enabling us to improve our business, communication, and development processes. We are working to increase development opportunities by expanding use of Leadership Foundations and the Accelerated Development Programs designed to encourage a new generation of successful leaders. We have launched a new learning and development website and increased the number of courses on offer through the Learning Center. We have also expanded employee communication such as town halls, focus groups and other two-way communications methods.



Harold McGraw III and members of the CRISIL Management Team.

Employee Count and Locations as of December 2009



US		International	
Regular Full & Part Time		Regular Full & Part Time	
Total Employees:	11,580	Total Employees:	8,922
Total Locations:	163	Total Locations:	114
California:	1,250	India:	5,233
Colorado:	630	United Kingdom:	998
Indiana:	235	Mexico:	276
Illinois:	733	Singapore:	300
New Jersey:	829	Japan:	180
New York:	4,342	China:	113
Ohio:	1,465	Australia:	236
Texas:	368		

Countries listed above represent a sample of various McGraw-Hill locations

Addressing Employee Concerns

We do not tolerate discrimination or harassment and we offer a number of channels for employees to report concerns. We have an open-door policy, which means that employees can raise concerns with their managers without fear of retaliation. If there is a problem in the workplace, employees are encouraged to start by talking with their manager or a Human Resources representative. If this is not possible, then employees can go to the next level of management.

If a concern is not resolved through the open-door policy, employees have access to the FAIR (Fast and Impartial Resolution) Program. FAIR is a voluntary dispute resolution program administered by an independent firm, that addresses problems in the workplace that need a more formal or mediated response.

Employees can also use our 24-hour employee hotline to report concerns confidentially. Reports on all calls are sent to Harold McGraw III, the Chairman, President and CEO of McGraw-Hill. Follow-up procedures ensure appropriate resolution.

Workforce Reduction

Responsible management requires a constant analysis of proper staffing levels across our business. As a result of challenging business conditions we made the difficult decision to reduce our workforce by 1,312 in 2009. Affected staff were provided with severance benefits.



Although there is still more work to be done, we are proud to be recognized for our Corporate Responsibility and Sustainability efforts thus far. Some of the accolades we received in 2009 include:



Top 100 Best Companies for Working Mothers (placed Top 10) by Working Mother Media



Top 50 Companies Where Women Want to Work – The Times UK and Aurora



Top 50 Companies for Executive Women by National Association of Female Executives



Newsweek's Green Rankings Index (placed 64th of 500)



100 Best Adoption-Friendly Workplaces by Dave Thomas Foundation for Adoption



2009 CSR Index 50 by Boston College Corporate Citizenship and Reputation Institute



Top 50 Corporations for Hispanics – PODER Magazine



50 Best Companies for Family-Building Benefits by Conceive Magazine

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2009
Corporate Responsibility & Sustainability
Report