
Retirement and Savings

The McGraw-Hill Companies offers ways to help you be financially prepared for the future. The 401(k) Savings and Profit Sharing Plan makes it easy to save for the future with automatic payroll deductions and matching contributions from the Corporation. You can also build your retirement savings through the Pension Plan.

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401(k) Savings and Profit Sharing Plan

Eligible employees can participate in:

- The 401(k) Savings and Profit Sharing Plan of The McGraw-Hill Companies, Inc. and its Subsidiaries (the 401(k) Savings and Profit Sharing Plan) and/or
- The Standard & Poor's 401(k) Savings and Profit Sharing Plan for Represented Employees.

You also build retirement assets through The Employee Retirement Plan of The McGraw-Hill Companies, Inc and Its Subsidiaries or The Standard & Poor's Employee Retirement Plan for Represented Employees.

For detailed summaries of these plans, see Retirement and Savings in the Benefits Highlights section.

Processing Schedule for 401(k) Elections

Enrollment and contribution rate elections are processed weekly and will take effect within one to two payroll periods.

New Employees

Increase Your Savings

If you are automatically enrolled in the plan with a contribution rate of 3%, you should consider increasing your contribution to 6%. That way, you can increase your savings by taking advantage of the full corporation match of 100% on the first 3% of your savings and 50% on the next 3% of your savings.

If you are eligible for the 401(k) Savings and Profit Sharing Plan, you will automatically receive a brochure with an overview of the plan and information on setting up your user ID and password on the retirement Web site, Your Benefits Resources. You will not be able to access the website or enroll until you receive this information. Once you access the site, you can designate the percentage of pay you want to contribute and how you want your savings to be invested.

If you are eligible and you do not elect a contribution rate and investment allocation through Your Benefits Resources within your first 60 days as an active employee, you will automatically be enrolled in the 401(k) Savings and Profit Sharing Plan. Contributions equal to 3% of your eligible pay will be deducted from your pay and will be invested in the Retirement Assets Fund III, a hybrid fund that emphasizes dividend and interest income, but also offers the opportunity for long-term capital appreciation.

You can change your contribution rate and your investment choices at any time. You have 13 different investment options from which to choose.

If you do not wish to contribute to the 401(k) Savings and Profit Sharing Plan, you must visit Your Benefits Resources within your first 60 days as an active employee and change the 3% contribution rate to 0%.

401(k) Savings

This section applies to the 401(k) portion of The 401(k) Savings and Profit Sharing Plan of The McGraw-Hill Companies, Inc. and its Subsidiaries and the Standard & Poor's 401(k) Savings and Profit Sharing Plan for Represented Employees. "Plan" refers to both of the aforementioned plans.

The 401(k) portion of the plan:

- allows you to save on a pre-tax basis,
- allows you to make after-tax contributions,
- defers taxes on the growth of your savings, and
- includes a Corporation-matching contribution.

You can contribute up to 25% of your eligible pay, up to the IRS \$16,500 limit (see "Enrollment Decisions" on page 3). If you will be age 50 or older in 2010, then you can make additional pre-tax "catch-up" contributions that help you save even more. For 2010, federal regulations do not permit the plan to consider any pay in excess of \$245,000.

You can contribute on either a pre-tax or after-tax basis, or as a combination of both.

Catch Up!

If you'll be age 50 or older in 2010, see Catch-Up Contributions to decide whether the new "catch-up" contributions are a good way for you to save more for your retirement.

What Is Eligible Pay?

Eligible pay includes compensation you receive from the Corporation, such as base salary, commissions, overtime pay, short-term incentive compensation, shift differential pay, and any pre-tax contributions you may make to pay for health care coverage, the Healthcare or Dependent Care Flexible Spending Accounts, the Transportation Benefit Program, and the 401(k) Savings and Profit Sharing Plan. Eligible pay also includes any other qualified cash or deferred arrangement within the meaning of Section 401(k)(2) of the Internal Revenue Code.

Enrollment Decisions

How Much Should I Contribute?

For 2010, pre-tax contribution limits and eligible pay for the 401(k) Savings portion of the Plan are:

- \$16,500 Pre-Tax Contribution Limit
- \$5,500 "Catch-up" Contribution Limit—if you will be at least age 50 at any time in 2010
- \$245,000 Compensation Limit

These limits may change each year. When information on the new limits becomes available, www.McgrawHillBenefits.com will be updated. The change in contribution limits may mean that you will need to review your elections and adjust your contributions in order to maximize your 401(k) savings.

Compensation Limits

Under the Internal Revenue Code, the amount of eligible pay that the 401(k) Savings and Profit Sharing Plan can consider in calculating the Corporation match is \$245,000 in 2010. That means the maximum you can receive in Corporation matching contributions is \$11,025.

Employees whose eligible compensation is over \$245,000 in 2010 are eligible to participate in a supplemental plan, provided they make the maximum allowable pre-tax contribution of \$16,500. The supplemental plan provides Corporation matching contributions that would have been made if the compensation limit had not been in effect.

Contributions

Pre-Tax Contributions

You can contribute up to 25% of your eligible pay to the Plan on a pre-tax basis, subject to IRS limits. For 2010, the pre-tax contribution limit is \$16,500.

Pre-Tax Savings Limit

IRS regulations and plan rules limit the amount you can contribute on a pre-tax basis each year, called the Elective Deferral Limit. The maximum you can contribute in 2010 is \$16,500. (This limit does not include the “catch-up” contributions. Separate rules apply to those contributions.)

After-Tax Contributions

All employees are eligible to make after-tax contributions to the Plan, subject to IRS limits.

- In general, you should maximize your pre-tax savings before enrolling for after-tax contributions. After-tax contributions are not eligible for Corporation matching contributions.
- Your combined pre-tax and after-tax contributions cannot exceed 25% of your eligible pay. Compensation up to \$245,000 can be considered when determining eligible pay.
- Under IRS rules, all contributions to the 401(k) Savings and Profit Sharing Plan, including employee pre-tax contributions, Corporation matching contributions, Corporation profit sharing contributions, and employee after-tax contributions, cannot exceed \$49,000 in 2010.
- You don't need to contribute the maximum permitted. You can elect any after-tax contribution rate you want provided you do not exceed 25% of your eligible pay.

Total Contribution Limits

- Your combined tax-deferred and after-tax contributions cannot exceed 25% of your eligible earnings. Under the Plans, your earnings are limited as required by the Internal Revenue Code.
- The earnings limit in 2010 is \$245,000.
- All contributions to the Plans on your behalf, including tax-deferred, after-tax, profit-sharing and company-matching contributions (but excluding rollover and catch-up contributions) cannot exceed \$49,000 in 2010.
- In addition, your after-tax contributions for a year are limited to 4% of your eligible pay if you are a “highly compensated employee” as determined by the Internal Revenue Code. Generally, a highly compensated employee for the calendar year 2010 is any employee whose earnings exceeded \$110,000 in calendar year 2010.
- It is possible that some or all of your after-tax contributions may have to be returned if you are considered a highly compensated employee and your total contributions exceed the \$49,000 limit in 2010. Any excess after-tax contributions will be refunded to you no later than December 31 of the following year.

Corporation Contributions

When you save through the 401(k) portion of the plan, the Corporation saves for you too. The Corporation matches the first 6% of your pre-tax contributions, as follows:

- The first 3% of pay that you contribute pre-tax is matched dollar for dollar.
- The next 3% of pay that you contribute pre-tax is matched at \$0.50 on the dollar.

The Corporation does not match pre-tax contributions greater than 6% of your eligible pay, nor does the Corporation match after-tax contributions. Also, the Corporation does not match “catch-up” contributions.

Company contributions will be invested with your regular 401(k) contributions, according to the direction you provide for your entire account.

Your contributions and the Corporation match are calculated and credited to your account each payroll period. Once your tax-deferred contributions reach \$16,500 for 2010, your pre-tax savings will stop for the rest of the year. Corporation matching contributions are credited to your account during the year only if pre-tax payroll contributions are being made at the same time. If your pre-tax contributions stop because you have reached the maximum pre-tax contribution limit before you have received the full amount of matching contributions you are eligible for, you will receive a special “make-up” matching contribution at the end of the year.

For example, an individual paid semi-monthly with eligible compensation of \$97,059 could elect a 17% pre-tax contribution rate and make contributions throughout the year, receiving matching contributions each pay period. At the end of the year, the individual would have contributed \$16,500 (\$687.50 each pay period) and received \$4,367.66 in Corporation matching contributions. However, if the individual had elected a 25% pre-tax contribution rate, he/she would reach the \$16,500 maximum pre-tax contribution during the 17th pay period in September, and both the employee’s contributions as well as the Corporation matching contributions would stop. Corporation matching contributions that would otherwise have been made each pay period for the rest of the year would not be paid. Instead, at year-end the individual would receive a special “make-up” matching contribution representing the Corporation matching contributions he/she would have been eligible for had employee contributions been made over 24 pay periods throughout the year.

Compensation Limits

The amount of eligible pay that the 401(k) Savings and Profit Sharing Plan can consider in calculating the Corporation match is \$245,000 in 2010. That means the maximum you can receive in Corporation matching contributions is \$11,025.

Employees whose eligible compensation is greater than \$245,000 in 2010 are eligible to participate in a supplemental plan, provided they make the maximum allowable pre-tax contribution of \$16,500. The supplemental plan provides Corporation matching contributions that would have been made if the compensation limit of \$245,000 had not been in effect. See Supplemental 401(k) Savings and Profit Sharing Plan Benefits.

Rollover Contributions

If you are eligible to receive a distribution from a prior employer’s qualified retirement plan, you can elect to roll over some or all of the distribution into the 401(k) Savings and Profit Sharing Plan. To arrange a rollover, visit Your Benefits Resources or 1-866-477-6820.

You can make a rollover contribution to the plan even if you elect not to make payroll contributions. If you make such a rollover, your savings would still continue to grow on a tax-deferred basis.

If you are considering making a rollover contribution, be sure that you understand how the 401(k) Savings and Profit Sharing Plan works—for example, you should know how loan and withdrawal provisions differ from those of your previous employer.

Your Options

If you have savings from a previous employer’s qualified retirement plan, you generally have four options:

- Roll over your balance into the 401(k) Savings and Profit Sharing Plan. Contact The McGraw-Hill Companies Retirement Center at 1-866-477-6820.
- Roll over your balance into an individual IRA. Contact the Personal Finance Center for details at 1-866-437-3375. If you chose this option please note, you would not be able to roll over funds from an individual IRA to the 401(k) Savings and Profit Sharing Plan at a later date.

- Keep your balance in your prior employer’s plan. (This option may not be available—check with your previous employer.)
- Take a distribution of your savings. (Tax penalties may apply.)

Catch-Up Contributions

401(k) Savings and Profit Sharing Plan participants who will be age 50 or older during 2010 are eligible to make additional pre-tax contributions to their 401(k) accounts – “catch-up” contributions. As the name implies, “catch-up” contributions enable older participants to save more, so that their savings can “catch-up” with their retirement needs. The intent is to provide enhanced savings opportunities to individuals who may not have had access to 401(k) plans throughout their careers.

If you are eligible in 2010, you can contribute up to an additional \$5,500 in “catch-up” contributions. Generally, you should maximize your regular pre-tax contributions (\$16,500 in 2010) before making catch-up contributions because you will receive no employer matching contribution for your catch-up contributions.

If at the end of 2010, your pre-tax contribution has not been maximized (25% of your eligible pay or \$16,500, whichever is lower), all or a portion of your catch-up contribution will be “re-characterized” as regular tax-deferred contributions. Whatever amount is left over will be considered your catch-up contribution for the year.

Your catch-up contributions will be invested with your regular 401(k) contributions according to the direction you provide for your entire account.

Eligibility

December 31 Eligibility Cutoff for 2010

To make “catch-up” contributions for 2010, your 50th birthday must occur on or before December 31, 2010.

To be eligible to make a “catch-up” contribution to your 401(k) account, you must be age 50 or older in the plan year in which the “catch-up” contribution is made. For the 401(k) Savings and Profit Sharing Plan, the “plan year” is the same as the calendar year—it begins January 1 and ends December 31. So, to be eligible to make “catch-up” contributions in 2010, you must be age 50 by December 31, 2010.

Catch-Up Contribution Limits

For 2010, the most you can save as “catch-up” contributions is \$5,500. This is in addition to the regular Elective Deferral Limit on pre-tax contributions, which is \$16,500 for 2010.

Specifying Your Catch-Up Contribution Amount

“Catch-up” contributions are expressed as a **dollar amount per pay period** rather than as a percentage of eligible pay. “Catch-up” contributions are deducted from your pay before income tax withholding is calculated, the same as your regular pre-tax 401(k) contributions. *Remember that your “catch-up” contributions will be in addition to your regular 401(k) pre-tax contributions.*

To elect catch-up contributions, calculate the total dollar amount you want deducted from each pay to reach your annual catch up contribution goal for the year. For example, if you determine that you want to make the full annual catch-up contribution of \$5,500 and you are paid bi-weekly, you would divide \$5,500 by 26 pay periods, making a catch-up contribution of \$211.54 per pay starting with the first pay period in January.

If you elect to make a catch-up contribution later in the year, you would determine the total amount you want to contribute and divide that by the number of pay periods remaining in the year. For example, you may elect to make your catch-up contribution starting with the first pay period in July. You are paid semi-monthly and you determine that you want to make an additional \$3,600 in catch-up contributions before the end of the year. You would divide \$3,600 by the number of pay periods remaining in the year, making a catch-up contribution of \$300 from each pay period thru the end of December ($\$3,600 \div 12$).

Catch-Up as Much as You Want

You do not need to make the full \$5,500 “catch-up” contribution for 2010. You can elect to make a lower “catch-up” contribution by electing a different “catch-up” contribution amount.

Depending on the contribution rate you elect, your “catch-up” contributions will continue until you change your catch-up contribution rate or you reach the annual catch-up contribution limit. The “catch-up” contribution rate you elect for this year will remain in effect when the next year begins unless you make a “catch-up” contribution rate change between November 30 and December 15. You can make a change in your catch-up rate after December 15, but that change will not be effective until after payroll deductions begin for the new year.

Be sure you understand how this may affect you. For example, if you have elected a \$250 “catch-up” contribution for each pay period, you would reach your maximum \$5,500 limit within 22 pay periods, before the end of the year. Your \$250 “catch-up” contribution will resume at the start of the next year unless you change it.

If Your Pre-Tax Contributions Do Not Reach the Limit

Rules governing “catch-up” contributions require that participants make the maximum 401(k) contribution allowed by the plan to make catch-up contributions. At year-end, the plan recordkeeper will review all participants’ 401(k) contribution elections and “catch-up” contribution elections. If your regular pre-tax contributions do not equal the maximum contribution allowed (\$16,500 for 2010), your “catch-up” contributions will be reclassified as regular 401(k) contributions.

You can also make your “catch-up” contribution election through the automated telephone system at 1-866-477-6820.

Confirm Your Rate for Regular Contributions

When you set your “catch-up” contribution rate, also take a moment to confirm that your pre-tax contribution rate is correct.

Supplemental 401(k) Savings and Profit Sharing Plan Benefits

The IRS limits the eligible pay that a qualified retirement plan can use when calculating benefits consider, called the Annual Compensation Limit. The Annual Compensation Limit for 2010 is \$245,000. The Corporation offers a Supplemental 401(k) Savings and Profit Sharing Plan for employees whose eligible pay exceeds the Annual Compensation Limit.

You are automatically enrolled in the Supplemental 401(k) Savings and Profit Sharing Plan if Your salary for 2010 is more than \$245,000.

You will receive a supplemental company match contribution if your 401(k) contributions meet the IRS Elective Deferral Limit, which is \$16,500 for 2010. (Employees who earn more than \$245,000 must be contributing at least 7% to the 401(k) Savings and Profit Sharing Plan to reach the \$16,500 limit). The contribution will be equal to 4.5% of your eligible pay above \$245,000.

You will also receive a supplemental profit sharing contribution equal to 5% of your eligible pay above \$245,000 after you have completed one year of service. Please note that the same vesting schedule for the qualified profit sharing contributions also applies to your supplemental profit sharing contributions.

Important:

The contribution rate on file as of December 31 of the previous year must allow you to contribute the full IRS Elective Deferral Limit (\$16,500 in 2010) or you will not be eligible to receive a Supplemental Plan contribution.

For example: If your eligible pay is \$295,000 and your 401(k) contributions reach the \$16,500 limit, the Supplemental 401(k) Savings Plan provides a Corporation contribution of 4.5% of \$50,000, or \$2,250 $[(\$295,000 - \$245,000) \times 4.5\%]$. If your eligible pay is \$295,000 but your 401(k) contributions do not reach the \$16,500 limit, you will not receive any Corporation contributions from the Supplemental 401(k) Savings Plan for that year. Assuming you had more than one year of service, you would also receive a supplemental profit sharing contribution of 5% of \$50,000.

Supplemental Plan Interest Credits

Supplemental 401(k) Savings Plan balances receive interest credits that mirror the annual rate of return of the Stable Assets Fund. This interest is credited annually at the end of the calendar year. Supplemental plan balances are credited with investment earnings even if there are no contributions for the current year.

The interest credited to your Supplemental 401(k) Savings Plan balance is not related to your 401(k) investment elections.

Profit Sharing

This section applies to the Profit Sharing portion of The 401(k) Savings and Profit Sharing Plan of The McGraw-Hill Companies, Inc. and its Subsidiaries and the Standard & Poor's 401(k) Savings and Profit Sharing Plan for Represented Employees. "Plan" refers to both of the aforementioned plans.

The Corporation contributes to your retirement income through profit sharing. Each year at year-end, profits permitting, the Corporation makes a contribution to the Plan. The amount contributed is determined by the Board of Directors and is divided among all participants in the Plan. The portion allocated to your account depends on your eligible pay.

You may receive as much as:

- 2.5% of your eligible pay up to the Social Security Taxable Wage Base (\$106,800 for 2010) and
- 5% of your eligible pay from the Social Security Taxable Wage Base up to the IRS Annual Compensation Limit (\$245,000 for 2010).

You control how the Corporation's contributions are invested by choosing from among 13 investment options. The investment options you select apply to your 401(k) and Profit Sharing contributions. The Corporation's contributions and any earnings on them accumulate tax-free until they are paid to you.

Vesting and other rules apply.

Your Investment Options

You decide how the money in your 401(k) Savings and Profit Sharing Plan is invested by allocating your money—in increments of whole percentage points—to one or any combination of these 13 options:

- Core Equity Fund
- Hewitt Financial Services Mutual Fund Investment Window Account
- International Equity Fund
- Money Market Fund
- Retirement Assets Fund III
- Retirement Assets Fund II
- Retirement Assets Fund I
- S & P 500 Index Fund
- S & P MidCap 400 Index Fund
- S & P SmallCap 600 Index Fund
- Special Equity Fund
- Stable Assets Fund
- The McGraw-Hill Companies Stock Fund

The 13 investment options range from conservative to aggressive.

If you do not specify an investment fund, contributions will be invested in the Retirement Asset Fund III.

For more information about your investment options, visit Your Benefits Resources or call 1-866-477-6820.

Fund Fact Sheets

Fund fact sheets are a valuable resource for researching your investment options. You can access the Fund Fact sheets for additional information about each of the investment funds in the 401(k) Savings and Profit Sharing Plan by visiting the Your Benefits Resources or by contacting the McGraw-Hill Retirement Center at 1-866-477-6820.

FAQs

How can I get information on my 401(k) Savings account?

To get specific information about your 401(k) Savings participation, visit Your Benefits Resources or call 1-866-477-6820.

What happens if I forget my password?

If you forget your password, follow these steps to set up a new one:

- Enter your username and click “I Forgot My Password”.
- You’ll see a hint to remind you of your password. You can type it in and log in.
- If you still can’t remember your password, you’ll be prompted to answer three security questions. If you get all three correct, you can reset your password.
- You get five chances to answer the questions before your account is locked. Once your account is locked, you’ll need to call 1-866-477-6820 for additional help.

How can I roll over money from my previous employer’s savings plan?

You can arrange your rollover contribution by visiting Your Benefits Resources or by calling 1-866-477-6820. Note, however, that the Plan cannot accept an incoming rollover of funds from an individual IRA, only from another qualified Plan.

How can I change my contributions?

You can change your contributions by visiting Your Benefits Resources or by calling 1-866-477-6820.

How do I request a hardship withdrawal?

If you have a severe and immediate financial need (a hardship) and you have already exhausted the balance in your after-tax account, you may withdraw all or a portion of your tax-deferred and rollover account (excluding investment earnings credited after December 31, 1988). See the Summary Plan Description for details.

You may request a withdrawal by visiting Your Benefits Resources or by calling 1-866-477-6820.

How can I change the way my savings are invested?

You have 13 different investment options from which to choose, including a mutual fund investment window. You can change your investment choices by visiting Your Benefits Resources or by calling 1-866-477-6820.

You can reallocate your existing account balance up to eight (8) times per calendar year without incurring an administrative cost. If you make more than eight changes during the year, your account is charged \$10 for each additional change that you request.

Your future allocations can be changed as many times as you wish without incurring an administrative cost.

Pension Plan

This section applies to the Employee Retirement Plan of The McGraw-Hill Companies, Inc. and its Subsidiaries and the Standard & Poor's Employee Retirement Plan for Represented Employees (the "Pension Plan").

The Corporation's Pension Plan can provide you with income during your retirement. Participation is automatic after you meet certain eligibility requirements, and the Corporation pays the full cost of the plan.

For detailed summaries of these plans, see Retirement and Savings in the Benefits Highlights section.

Your Pension Benefit

Your Pension Plan benefit is based on your annual eligible pay and the years that you participate in the plan. Each year that you participate, you accrue a benefit that is based on your eligible pay for that year.

The annual benefit accrual formula, in effect since January 1, 1989, is 1% of your eligible pay.

Your annual benefit at retirement is the total of all your annual accrued benefits. This amount is the annual pension benefit payable if you retire at or after normal retirement age, which is age 65.

How to Get a Pension Estimate or Commence the Retirement Process

To get a pension estimate or commence your retirement, visit Your Benefits Resources or call 1-866-477-6820 to speak with a McGraw-Hill Retirement Center representative.

FAQs

How can I get information on my Pension Plan?

To get specific information about your Pension Plan participation, visit Your Benefits Resources or call 1-866-477-6820.

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- If you still can't remember your password, you will be prompted to answer three security questions. If you get all three correct, you can reset your password.
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