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McGraw-Hill

Q1-2019 Investor Update

April 30, 2019

FINAL

Important Notice

Forward-Looking Statements

This presentation includes statements that are, or may be deemed to be, “forward-looking statements.” These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “anticipates,” “expects,” “intends,” “plans,” “may,” “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this presentation and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the developments in the industry in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if our results of operations, financial condition and liquidity, and the developments in the industry in which we operate are consistent with the forward-looking statements contained in this presentation, those results of operations, financial condition and liquidity or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements we make in this presentation speak only as of the date of such statement, and we undertake no obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

Non-GAAP Financial Measures

Certain financial information included herein, including Billings, EBITDA and Adjusted EBITDA, are not presentations made in accordance with U.S. GAAP, and use of such terms varies from others in our industry. Billings, EBITDA and Adjusted EBITDA should not be considered as alternatives to revenue, net income from continuing operations, operating cash flows or any other performance measures derived in accordance with U.S. GAAP as measures of operating performance, debt covenant compliance or cash flows as measures of liquidity. Billings, EBITDA and Adjusted EBITDA have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under U.S. GAAP. This presentation includes a reconciliation of certain non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with U.S. GAAP.

Adjusted EBITDA, which is defined in accordance with our debt agreements, is provided herein on a segment basis and on a consolidated basis. Adjusted EBITDA by segment, as determined in accordance with Accounting Standards Codification Topic 280, Segment Reporting, is a measure used by Management to assess the performance of our segments. Adjusted EBITDA on a consolidated basis is presented as a debt covenant compliance measure. Management believes that the presentation of Adjusted EBITDA is appropriate to provide additional information to investors about certain material non-cash items and about unusual items that we do not expect to continue at the same level in the future as well as other items to assess our debt covenant compliance, ability to service our indebtedness and make capital allocation decisions in accordance with our debt agreements.

Q1-2019 Review

Q1 Billings and Adjusted EBITDA Improved Across All Businesses
LTM 3/31/19 Adjusted EBITDA $298M vs. $261M at LTM 12/31/18
FY 2019 Adjusted EBITDA Expected to be Higher

Higher Ed
Strong start to the year with Inclusive Access driving digital growth and rental program driving favorable returns

K-12
Performing well in CA Social Studies and piloting CA Science but underperforming in TX K-5 Reading. MH continues to expect growth in Billings and Adjusted EBITDA in 2019

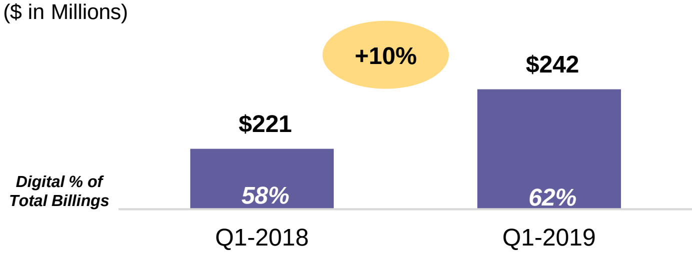
International
Improved top and bottom line results driven by early returns on investment in local front-list titles and prior year restructuring efforts

Professional
Improved results driven by increased digital subscription revenue

Liquidity
~$160M of cash as of March 31; Minimal usage of $350M revolver expected in 2019

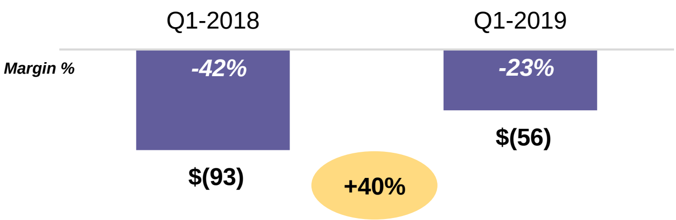
Total MH Billings

($ in Millions)



Constant FX	*10%*	*$244*

MH Adjusted EBITDA



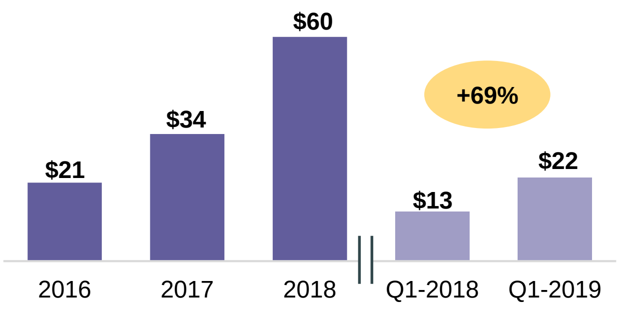
Constant FX	*+39%*	*$(57)*

Digital Ed Tech Highlights

Strong Q1 digital sales growth through Inclusive Access driven by *Connect*

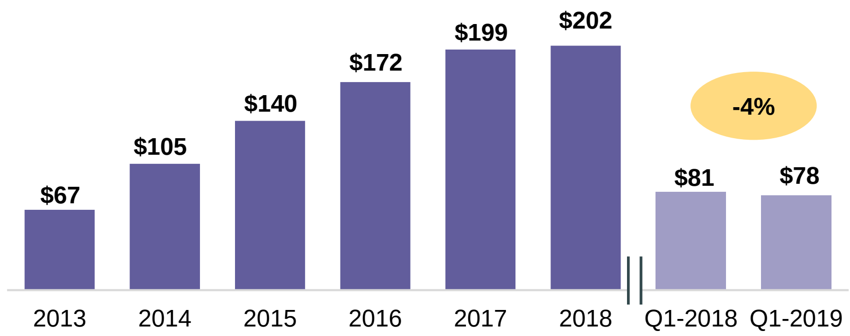
All numbers are in millions

INCLUSIVE ACCESS NET SALES (U.S. Higher Ed)



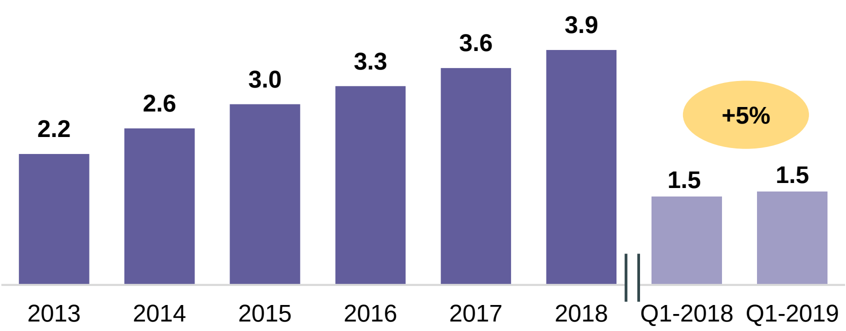
Over 600 schools/campuses with Inclusive Access

E-COMMERCE NET SALES (U.S. Higher Ed)

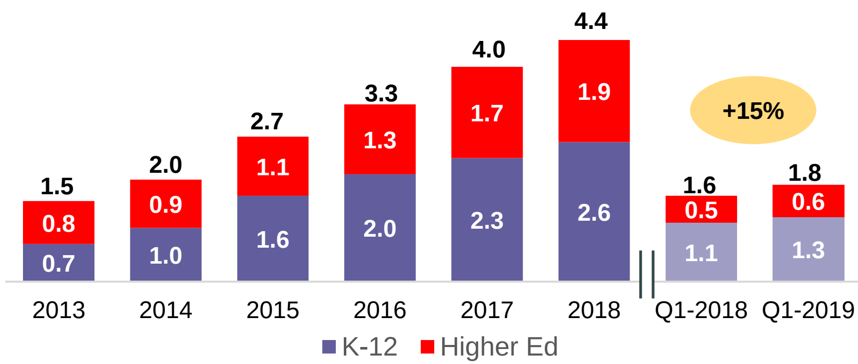


E-Commerce sales slightly moderated as Inclusive Access sales increase and drive Digital growth

CONNECT/LEARNSMART PAID ACTIVATIONS (U.S. Higher Ed)



ALEKS Unique Users (Global Higher Ed and K-12)



McGraw-Hill's adaptive digital learning products resonate well with students and faculty. Over 12 billion *Connect/LearnSmart* interactions and over 9 billion *ALEKS* interactions to date

Inclusive Access net sales include a small percentage of print from bundle sales. Amounts may not sum due to rounding.

Higher Education Q1-2019 Results

- Strong Q1 performance (top and bottom line) driven by Inclusive Access, growth in digital activations and continued improvement in product returns
- Billings increased 12% with Digital Billings up 17%
  - 69% growth in Inclusive Access Billings as institution count and engagement increased
  - Net Sales increased by 23% in quarter*
- Direct to Student e-Commerce remained strong with Net Sales of $78M, down slightly as Inclusive Access becomes a more meaningful part of the digital growth
- Product returns continued to decline, driven by digital growth and print rental program
  - Actual returns improved by $14M from prior year
- Second semester of new print rental program (2019 copyrights) proceeded according to plan
  - Expecting rental growth in 2019 with smaller negative impact on overall Billings and Adjusted EBITDA vs. 2018
- We continue to fuel digital penetration leadership with robust pipeline of digital innovations
  - Strong reception for recently launched digital courseware and learning tools has been encouraging
- Pricing compression continues to impact the industry
- MPI market share increased on an LTM 3/31 net sales basis when Billings divot due to rental program is excluded

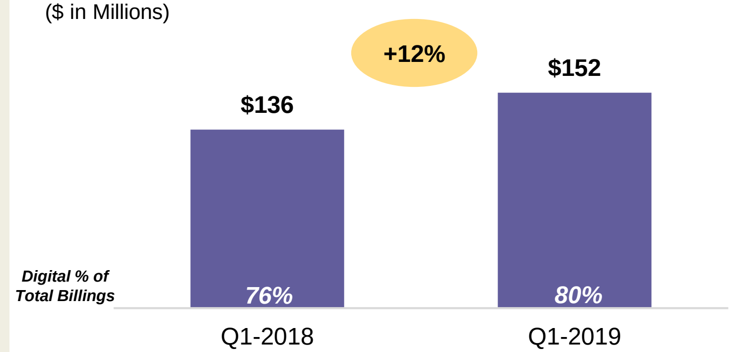
80%
of Higher Ed Billings were digital

69%
Growth in Higher Ed Inclusive Access

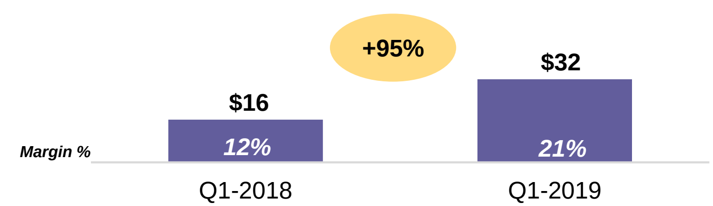
Connect/LearnSmart Paid Activations
1.5M
Up 5%

ALEKS Unique Users
0.6M
Up 13%

Total Billings



Adjusted EBITDA



*Billings are on an accrued returns basis. Net Sales is on an actual returns basis.

K-12 Q1-2019 Results

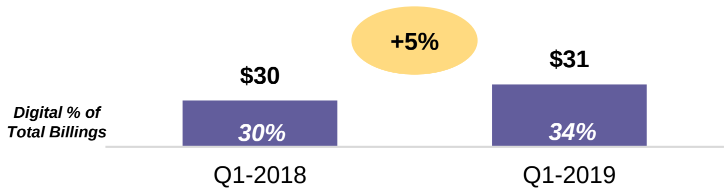
- Q1 Billings and Adjusted EBITDA improved in a seasonally small quarter
- Initial 2019 selling season feedback:
  - CA: MH has leading position in year 2 of K-8 Social Studies. Science pilots underway in expectedly small first-year market
  - TX: K-5 ELA results for MH are disappointing so far despite having an updated product that recently performed exceedingly well in CA
  - FL: Math adoption postponed (previously announced)

<u>Outlook:</u>

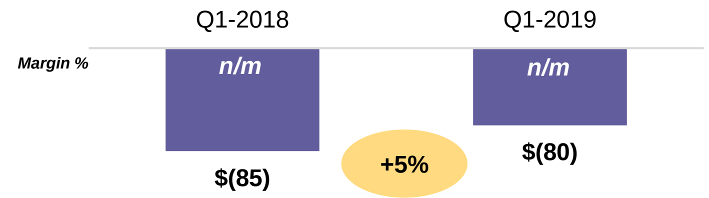
- Expect growth in MH K-12 Billings in line with anticipated overall K-12 Core Basal Market growth (reflecting initial selling season experience; see slide 12)
- Expect growth in Adjusted EBITDA
  - Cost savings measures in place to seek to maximize Adjusted EBITDA growth

Total Billings

($ in Millions)



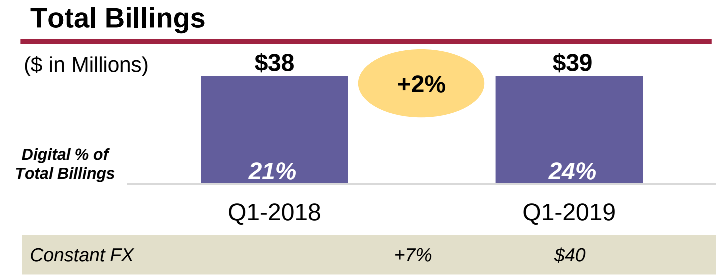
Adjusted EBITDA

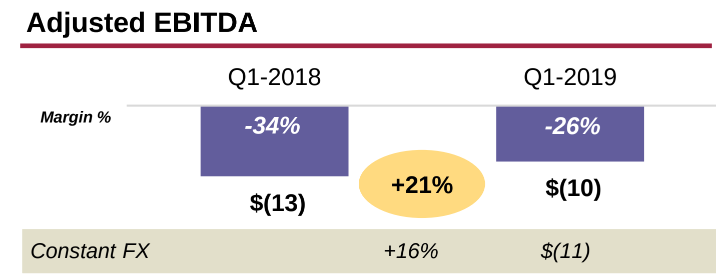


ELA = English Language Arts

International Q1-2019 Results

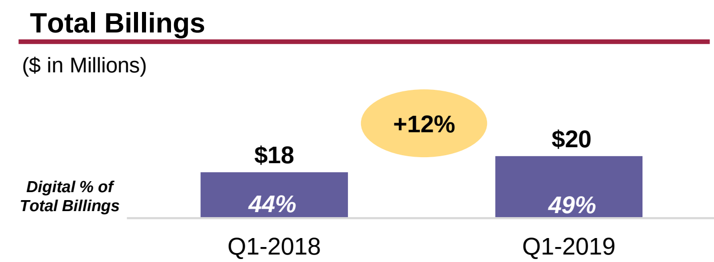
- Billings up 7% on a constant currency basis, driven by strength in Australia and Asia
- Adjusted EBITDA improvement driven by flow-through on higher Billings as well as lower operating costs from prior year restructuring efforts
- Efforts to expand local front-list titles continue alongside pursuit of larger government and institutional sales opportunities

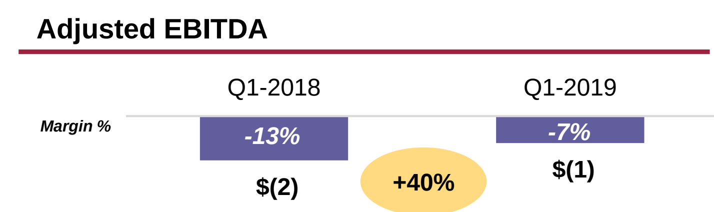




Professional Q1-2019 Results

- Billings improved as a result of higher digital subscription revenue in the seasonally small quarter
  - Digital accounted for 49% of Q1 Billings
- Adjusted EBITDA increased from flow-through on higher Billings
- Annual *Access* subscription renewal rate over 90%*





*Measured annually at calendar year-end

Capital Structure and Liquidity

Significant liquidity to support seasonal needs; No material funded debt due until 2022

Strong cash balances and multiple sources of committed liquidity

- Strong year-end cash balances along with diligent working capital management will serve MH well through the seasonal cash cycle
  - Efficient cash management concentrates most cash in the U.S. for greater flexibility
- New securitization program availability increases from $50M to up to $150M in Q2 and Q3 based on receivable growth
  - H1 cash usage typically $275-$325M
- Limited usage of $350M revolver anticipated in 2019 for seasonal needs
- $14M Excess Cash Flow paid early April
- No material funded debt maturities until 2022

McGraw-Hill Debt Profile: 3/31/19*

($ in Millions)

Senior Secured Term Loan due 2022	$1,679
Revolving Credit Facility due 2021 ($350M)**	-
Total First Lien Indebtedness	**$1,679**
Less: Cash and Cash Equivalents	(159)
Net First Lien Indebtedness	**$1,520**
Last Twelve Months Adjusted EBITDA	$298
Net First Lien Indebtedness / Adjusted EBITDA[1] (covenant not required to be tested)	**5.1x**
Senior Unsecured Notes Due 2024	400
Net Total Indebtedness-MH Global Education	**$1,920**
MHGE Parent Term Loan Due 2022	**$180**
Net Total Indebtedness – MHE Inc.	**$2,100**

**3/31 cash excludes $30M held in escrow of which $20M is contractually available for working capital needs for one month in 2019. Securitization outstandings at 3/31 ($66M) are excluded from debt profile as they are excluded from the definition of debt under the first lien credit agreement.*

***Revolving credit facility outstandings exclude $4.3M of letters of credit issued.*

[1]Net First Lien Leverage covenant for revolving credit facility is tested if 30% of revolving credit facility is drawn at quarter-end. Usage was less than 30% at 3/31/19, so covenant did not apply. Net First Lien Leverage covenant levels, if required to be tested, would be 5.25x in Q2 and 4.8x in Q1,Q3 and Q4. EBITDA used to calculate Net First Lien Leverage covenant ratio would be Adjusted EBITDA plus pro-forma adjustments that are permitted under Credit Agreement and Indenture.

Summary

- Strong start to 2019 with Q1 Billings and EBITDA up across all business units as digital transition continues
- 2019 Adjusted EBITDA expected to increase vs. prior year
- Higher Ed continues to successfully execute affordability initiatives with Inclusive Access driving digital growth, continued print rental program roll-out and product returns remaining favorable
- K-12 expected to report Billings and Adjusted EBITDA growth as it benefits from increased new adoption market
- International business seeing improvements from regionalized decision-making and 2018 restructuring initiatives
- Professional business drove improved results on higher digital subscription Billings
- More than sufficient liquidity anticipated for seasonal cycle

Appendix: Supplemental Disclosure And Financial Tables

Billings and Adjusted EBITDA

Billings is a non-GAAP performance measure that provides useful information in evaluating our period-to-period performance because it reflects the total amount of revenue that would have been recognized in a period if we recognized all print and digital revenue at the time of sale. We use Billings as a performance measure given that we typically collect full payment for our digital and print solutions at the time of sale or shortly thereafter, but recognize revenue from digital solutions and multi-year deliverables ratably over the term of our customer contracts. As sales of our digital learning solutions have increased, so has the amount of revenue that is deferred in accordance with U.S. GAAP. Billings is a key metric we use to manage our business as it reflects the sales activity in a given period, provides comparability from period-to-period during this time of digital transition and is the basis for all sales incentive compensation. In the K-12 market where customers typically pay for five to eight year contracts upfront and the ongoing costs to service any contractual obligation are limited, the impact of the change in deferred revenue is most significant. Billings is U.S. GAAP revenue plus the net change in deferred revenue.

EBITDA, a measure used by management to assess operating performance, is defined as net income from continuing operations plus net interest, income taxes, depreciation and amortization (including amortization of pre-publication investment cash costs). Adjusted EBITDA is a non-GAAP debt covenant compliance measure that is defined in accordance with our debt agreements. Adjusted EBITDA is a material term in our debt agreements and provides an understanding of our debt covenant compliance, ability to service our indebtedness and make capital allocation decisions in accordance with our debt agreements.

Each of the above described measures is not a recognized term under U.S. GAAP and does not purport to be an alternative to revenue, income from continuing operations, or any other measure derived in accordance with U.S. GAAP as a measure of operating performance, debt covenant compliance or to cash flows from operations as a measure of liquidity. Additionally, each such measure is not intended to be a measure of free cash flows available for management’s discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Such measures have limitations as analytical tools, and you should not consider any of such measures in isolation or as substitutes for our results as reported under U.S. GAAP. Management compensates for the limitations of using non-GAAP financial measures by using them to supplement U.S. GAAP results to provide a more complete understanding of the factors and trends affecting the business than U.S. GAAP results alone. Because not all companies use identical calculations, our measures may not be comparable to other similarly titled measures of other companies.

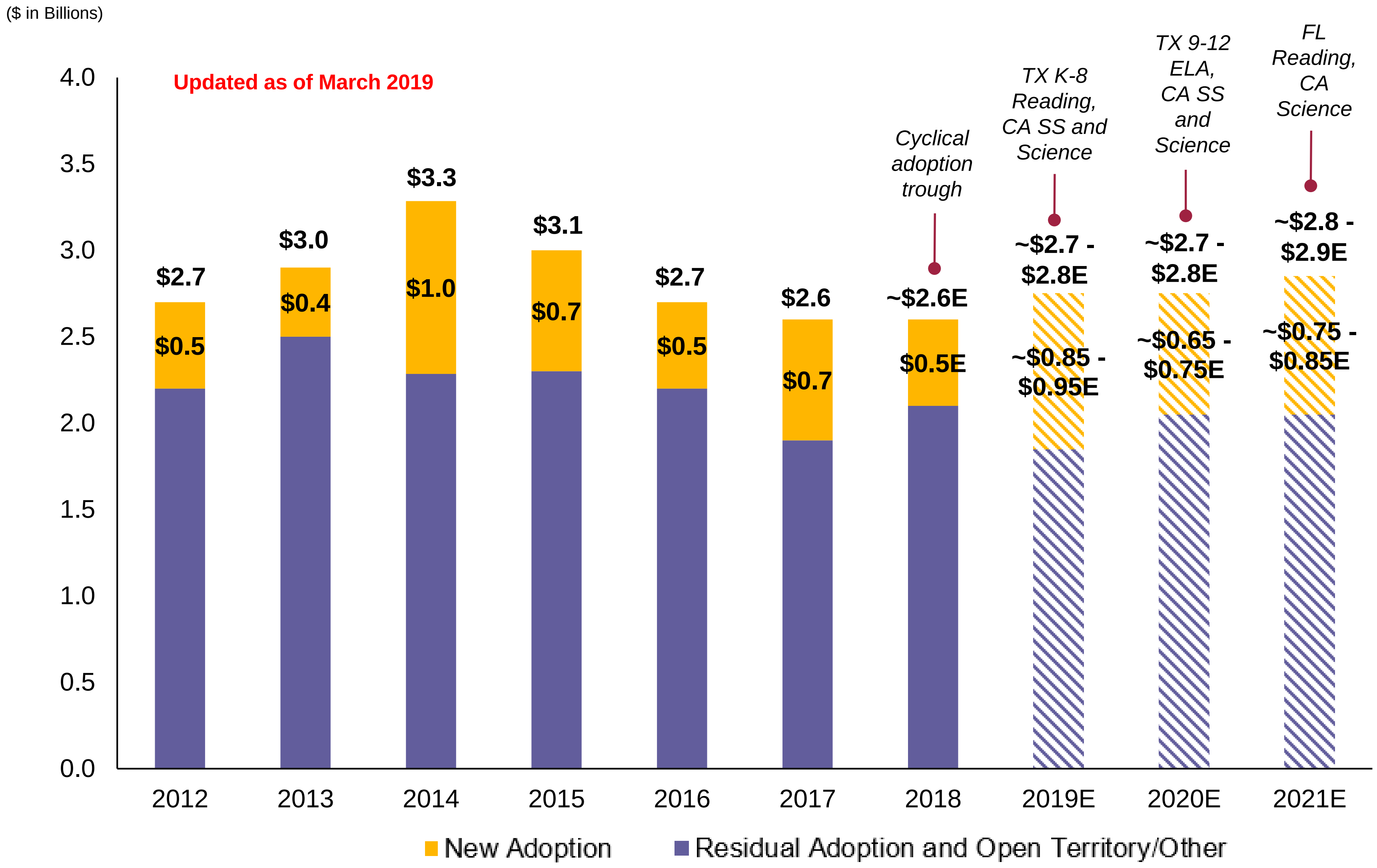
Management believes Adjusted EBITDA is helpful in highlighting trends because Adjusted EBITDA excludes the results of certain transactions or adjustments that are non-recurring or non-operational and can differ significantly from company to company depending on long-term strategic decisions regarding capital structure, the tax rules in the jurisdictions in which companies operate, and capital investments. In addition, Billings and Adjusted EBITDA provide more comparability between the historical operating results and operating results that reflect purchase accounting and the new capital structure post the Founding Acquisition as well as the digital transformation that we are undertaking which requires different accounting treatment for digital and print solutions in accordance with U.S. GAAP.

Management believes that the presentation of Adjusted EBITDA, which is defined in accordance with our debt agreements, is appropriate to provide additional information to investors about certain material non-cash items and about unusual items that we do not expect to continue at the same level in the future as well as other items to assess our debt covenant compliance, ability to service our indebtedness and make capital allocation decisions in accordance with our debt agreements.

Note: In compliance with SEC interpretative guidance, we now refer to ‘Adjusted Revenue’ as ‘Billings’ throughout the presentation.

K-12 Core Basal Market – Adoption and Open Territory

Cyclical new adoption patterns create strong future market opportunity



Key adoptions in 2022: TX Science, FL Math

All future figures are McGraw-Hill estimates based upon addressable market. Core Basal Market includes New Adoption, Residual Adoption and Open Territory/Other.

Adjusted EBITDA Reconciliation & Operating Expense Bridge

($ in Millions)

Adjusted EBITDA Reconciliation

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2019	Year Ended Dec 31, 2018	LTM March 31, 2019
Net Income	$ (121)	$ (115)	$ (160)	$ (154)
Interest (income) expense, net	42	45	181	184
Provision for (benefit from) taxes on income	1	1	11	11
Depreciation, amortization and pre-pub. amortization	45	46	220	220
EBITDA	**$ (33)**	**$ (22)**	**$ 250**	**$ 261**
Change in deferred revenue (a)	(57)	(37)	64	$ 85
Change in deferred royalties (b)	6	1	(5)	(10)
Change in deferred commissions (c)	1	1	1	1
Restructuring and cost saving implementation changes (d)	3	0	10	7
Sponsor fees (e)	1	1	4	4
Other (f)	8	19	37	48
Pre-pub. investment cash costs (g)	(23)	(21)	(100)	(98)
Adjusted EBITDA	**$ (93)**	**$ (56)**	**$ 261**	**$ 298**

Adjusted Operating Expense Bridge

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2019	Year Ended Dec 31, 2018	LTM March 31, 2019
Operating Expense Bridge				
Total Reported Operating Expenses	$ 295	$ 283	$ 1,172	$ 1,160
Less: Depreciation & Amortization of intangibles	(32)	(31)	(134)	(133)
Less: Amortization of pre-pub. costs	(13)	(15)	(86)	(88)
Less: Restructuring and cost savings implementation charges	(3)	(0)	(10)	(7)
Less: Other adjustments	(9)	(20)	(40)	(51)
Adjusted Operating Expenses	**$ 238**	**$ 217**	**$ 902**	**$ 881**

Adjusted EBITDA Footnotes

(a) We receive cash up-front for most sales but recognize revenue (primarily related to digital sales) over time recording a liability for deferred revenue at the time of sale. This adjustment represents the net effect of converting deferred revenues to a cash basis assuming the collection of all receivable balances.

(b) Royalty obligations are generally payable in the period incurred with limited recourse. This adjustment represents the net effect of converting deferred royalties to a cash basis assuming the payment of all amounts owed in the period incurred.

(c) Commissions are generally payable in the period incurred. This adjustment represents the net effect of converting deferred commissions to a cash basis assuming the payment of all amounts owed in the period incurred.

(d) Represents severance and other expenses associated with headcount reductions and other cost savings initiated as part of our formal restructuring initiatives to create a flatter and more agile organization.

(e) Beginning in 2014, $3.5 million of annual management fees was recorded and payable to Apollo.

(f) For the three months ended March 31, 2019 and 2018 the amount represents (i) non-cash incentive compensation expense and (ii) other adjustments required or permitted in calculating covenant compliance under our debt agreements.

For the year ended December 31, 2018, the amount represents (i) non-cash incentive compensation expense and (ii) other adjustments required or permitted in calculating covenant compliance under our debt agreements.

(g) Represents the cash cost for pre-publication investment during the period.