

"Safe Harbor" Statement Under The Private Securities Litigation Reform Act of 1995

This presentation includes certain forward-looking statements about the Company's businesses, new products, sales, expenses, cash flows and operating and capital requirements. Such forward-looking statements include, but are not limited to: the strength and sustainability of the U.S. and global economy; Educational Publishing's level of success in 2007 adoptions and enrollment and demographic trends; the level of educational funding; the level of education technology investments; the strength of Higher Education, Professional and International publishing markets and the impact of technology on them; the level of interest rates and the strength of the economy, profit levels and the capital markets in the U.S. and abroad; the level of success of new product development and global expansion and strength of domestic and international markets; the demand and market for debt ratings, including mortgage and asset-backed securities; the regulatory environment affecting Standard & Poor's; the strength of the U.S. and international advertising markets; the volatility of the energy marketplace; the contract value of public works, manufacturing and single-family unit construction; the level of political advertising; and the level of future cash flow, debt levels, product-related manufacturing expenses, pension income(expense), distribution expenses, postal rates, amortization and depreciation expense, income tax rates, capital, technology, and other expenditures and prepublication cost investment.

Actual results may differ materially from those in any forward-looking statements because any such statements involve risks and uncertainties and are subject to change based upon various important factors, including, but not limited to, worldwide economic, financial, political and regulatory conditions; currency and foreign exchange volatility; the health of capital and equity markets, including future interest rate changes; the implementation of an expanded regulatory scheme affecting Standard & Poor's ratings and services; the level of funding in the education market (both U.S. and internationally); the pace of the economy and in advertising; continued investment by the construction, computer and aviation industries; the successful marketing of new products, and the effect of competitive products and pricing.

3

What to expect from MHP in 2007

- **Double-digit earnings growth**
- **Growth and margin expansion from all three operating segments**
 - Includes double-digit top- and bottom-line increase from Financial Services

4

Operations benefiting from a strong tailwind

- **Education: Strong state new adoption calendar and growing global opportunities**
- **Financial Services: Solid prospects in global markets**
- **Information & Media: Another year of progress in delivering higher value-added products and services**

5

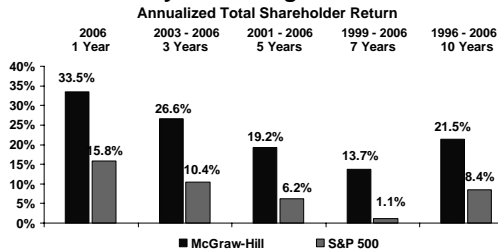
Committed to creating total shareholder value

- **Dividend increased by 12.9% in 2007**
 - Grown at 10.4% CAGR since 1974
- **Expect to repurchase up to 15 million shares in 2007 depending on market conditions**
 - 20 million shares remaining from 2006 program
 - In January 2007, Board authorized new buyback program of 45 million shares
- **Returned \$5.9 billion to shareholders through dividend payments and share buybacks since 1996**

6

MHP has outperformed S&P 500 total return for decade

• Beat index by wide margin in 2006



7

Favorable economic conditions

- Corporations have record cash balances
- We expect increased capital spending
- Continued recovery in office building is good for our construction business
- State budgets in good shape which benefits education
- Expect interest rate cut by Federal Reserve this summer; could be down to about 4.5% rate by year end
- U.S. GDP to grow about 2.4% in 2007

8

McGraw-Hill Education

9

Education industry is in flux

- Old competitors are exiting
- New competitors are entering
- Some competitors are reorganizing
- The future favors experienced professionals who understand industry dynamics and have plans in place to realize new opportunities

10

Why we feel optimistic about our opportunities in education

- Education is a necessity
 - Knowledge economy requires knowledge workers
 - Trained minds are product of education

11

Why we feel optimistic about our opportunities in education

- Pre-K-12 market will be expanding through rest of decade
 - State new adoption market projected to grow in 2007, 2008 and 2009
 - Major purchasing schedule in core curriculum areas by the big adoption states: Florida, California and Texas

12

Why we feel optimistic about our opportunities in education

- **Pre-K-12 enrollments continue to grow through end of decade and beyond**
 - Public elementary and secondary enrollments will reach 51 million in 2015
 - A 2.5 million, or 5.2% increase, over 2005

13

Why we feel optimistic about our opportunities in education

- **Efforts to reform education have focused the nation's attention on achievement gaps**
 - Strong commitment to NCLB's basic principles among public and both parties in Congress
 - Education high on agenda for all 50 states
 - Should continue to see favorable funding environment

14

Why we feel optimistic about our opportunities in education

- **Broad recognition in government and business that a skilled workforce is necessary to compete in global economy**
 - Importance of math and science education
 - Need for innovation
 - Importance of education and lifelong learning to retain competitiveness

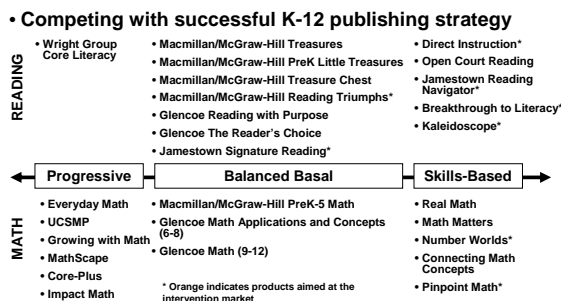
15

Why we feel optimistic about our opportunities in education

- **Increasing our participation in a growing market**
 - Competed in 80% of state new adoption market in 2006
 - Competing in virtually all of the state new adoption markets in 2007, 2008 and 2009

16

Why we feel optimistic about our opportunities in education



17

Why we feel optimistic about our opportunities in education

- **Strengthened our position in el-hi market by creating single basal operation last year**
 - Created unified K-12 centers of excellence for each curriculum area
 - Unified K-12 sales and marketing teams under same management
 - Changes helping improve top and bottom lines

18

Why we feel optimistic about our opportunities in education

- **Major presence in higher education market where enrollments are rising**
 - Undergraduate and graduate enrollments will increase by 15% to nearly 20 million students between 2006 and 2015

19

Why we feel optimistic about our opportunities in education

- **Rapidly expanding international markets for education**
 - Our global operations in place for many years
 - Seeing increased demand for U.S. products
 - English-language training
 - Higher education
 - Professional

20

Why we feel optimistic about our opportunities in education

- **Convergence of content and technology creating opportunities for new products that generate incremental revenue**
 - We work closely with customers to understand product needs, timetables, cost restraints
 - We have leading-edge products in each of our markets
 - Professional: Online medical content
 - Higher Education: Complete online courses
 - K-12: Online reading intervention program for secondary grades
 - Testing: Online delivery
 - We have technology infrastructure and market intelligence to scale up efficiently as demand for digital products grows

21

Why we feel optimistic about our opportunities in education

- **Identified new opportunities to improve cost structure**
 - Demonstrated ability to manage costs last year in a declining market
 - Launched important initiatives to enhance efficiency and reduce expenses
 - Global Transformation Project
 - Global Resource Management

22

Why we feel optimistic about our opportunities in education

- **We have the talent and experience to achieve our goals**
 - Long-term perspective will enable us to thrive as our markets continue to evolve and expand

23

Outlook for McGraw-Hill Education

- **In U.S., expect el-hi market to grow 4-to-6% in 2007; higher education will grow about 4%**
 - Expect to outperform in both markets
- **Will benefit from growing global prospects for higher education and professional markets**
- **More growth in digital products as convergence of technology and content increases addressable market**
- **Margin expansion in 2007**

24

Financial Services

25

Reaffirming forecast for Financial Services

- **Still expect double-digit top- and bottom-line growth in 2007 and margin expansion**
 - Double-digit growth despite an estimated decline of 10-to-15% in issuance of U.S. residential mortgage-backed securities (RMBS)

26

Slowing issuance of U.S. residential mortgage-backed securities

- **Continue to expect increases in all asset classes, except for U.S. RMBS issuance**
- **U.S. RMBS issuance off 9.3% in January**
 - Mostly due to decline in home equity loan issuance

27

S&P's perspective on sub-prime mortgage market

- **Impact on overall credit ratings from delinquencies in sub-prime market has not been significant**
 - 2006: S&P lowered about 1.5% of 9,997 outstanding sub-prime ratings
 - To date in 2007: No downgrades and only 10 *CreditWatch* actions relating to almost 5,000 vintage 2006 sub-prime ratings
 - Actions represent only 0.2% of total outstanding ratings

28

S&P actively monitors sub-prime market

- **When lending standards started to deteriorate in sub-prime market, S&P took action:**
 - Notified industry in April 2006 that it would be raising level of credit support for riskier sub-prime deals in July 2006
 - Tightened surveillance standards for residential mortgage-backed securities
- **S&P determines what effect delinquencies will have on rated RMBS and CDO transactions that hold residential mortgage-backed securities**

29

Outlook for structured finance market in 2007

- **Sub-prime market not expected to impact growth prospects anticipated in structured finance**
 - RMBS transactions issued in second half of 2006 supported by higher loss coverage and still performing as expected

30

Current outlook for U.S. RMBS issuance

- For 2006 transactions, S&P anticipates losses in 5.25% to 7.75% range—slightly above vintage year 2000, the previous worst-performing year

31

Current outlook for U.S. RMBS issuance

- **Expect RMBS to maintain strong credit quality**
 - Returns continue to attract investors
 - High-grade corporate issuance in short supply
 - Credit quality of U.S. corporate bond averaging BBB-
 - Vast majority of RMBS ratings have been investment grade and very stable
 - AAA rating for 88.1% of the \$3.6 trillion in par value of S&P ratings outstanding as of Jan. 1, 2007

32

Current outlook for U.S. RMBS issuance

- **Sub-prime mortgage origination market will not evaporate**
 - Mortgages are profitable for lenders and represent opportunity for people who don't qualify for a prime mortgage

33

Expectations for new issuance dollar volume in 2007

- **Corporate issuance will grow**
 - Continued debt-financed M&A activity and healthy spending on capital equipment
 - European prospects look strong
- **Public finance may increase modestly**
 - Opportunistic refinancing depending on interest rates

34

Expectations for new issuance dollar volume in 2007

- **Commercial Mortgage-Backed Securities will grow**
 - Strength here and abroad
- **Residential Mortgage-Backed Securities**
 - Expect a decline of 10-to-15% in U.S. RMBS issuance
 - S&P expects solid growth again overseas

35

Expectations for new issuance dollar volume in 2007

- **Asset-Backed Securities**
 - Moderate growth in U.S.
 - Bigger increases overseas

36

Expectations for new issuance dollar volume in 2007

- **Collateralized Debt Obligations**
 - Continued strength in U.S. and abroad, driven by new structures and increasing investor base
 - Grew by 143.7% in January and even faster globally
 - A high-quality market...of \$828 billion of outstanding collateralized transactions:
 - 98% rated investment grade
 - 82% rated AAA

37

Building a diverse, resilient revenue stream for Financial Services

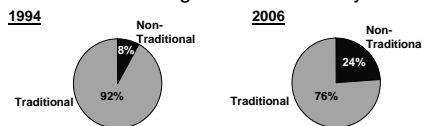
- **Geography: S&P operates today in more than 20 countries**
 - International revenue accounts for 39% of ratings' total in 2006 vs. 21% in 1994



38

Building a diverse, resilient revenue stream for Financial Services

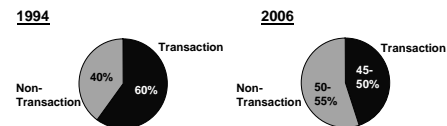
- **S&P rates a growing array of instruments not tied to new issuance and provides new tools, models to our customers**
 - Non-traditional products and services in 2006 were 24% of ratings revenue vs. only 8% in 1994



39

Building a diverse, resilient revenue stream for Financial Services

- **Fee structure reduces S&P's dependency on transactions through growth of frequent issuer and surveillance programs**
 - Transaction revenue now 45% to 50% of revenue vs. 60% in 1994



40

Building a diverse, resilient revenue stream for Financial Services

- **Growth of unearned revenue is another measure of success in S&P's reduced dependency on transactions**
 - Corporation's unearned revenue grew by more than 15% in 2006 to \$983.2 million and is primarily attributable to Financial Services' ratings products

41

Strategic changes in the portfolio to take advantage of growth opportunities

- **Selling off low-growth, low-margin businesses**
- **Acquired Capital IQ to take advantage of growth opportunities for Web-based financial information services**
- **Sold mutual fund data business in February to focus resources on core analytical services**
 - Retained S&P's market-leading qualitative mutual fund ratings business

42

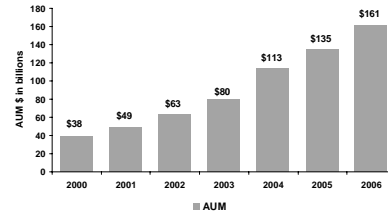
Improving prospects for S&P's data and information products and index services

- **Leveraging and extracting greater value from S&P content is a strategic imperative**
- **Capital IQ rapidly growing as S&P's:**
 - Data aggregator
 - Data provider
 - Information distributor
- **Now serves more than 1,800 clients**

43

How S&P index services keep growing

- **\$161 billion in assets under management in exchange-traded funds based on S&P indices as of December 2006**



44

How S&P index services keep growing

- **Our goal: Provide an index for every type of investment style**
- **Adding new asset classes**
 - Commodities: Acquired Goldman Sachs Commodity Index in February
 - Real Estate: Launched S&P/Case-Shiller Home Price Indices for trading futures and options on futures

45

Current outlook for Financial Services

- **Continued strength in ratings**
- **Solid growth in international markets**
- **Excellent growth in data and information and indices**
- **Another year of double-digit top- and bottom-line growth in 2007**
- **Margin expansion**

46

Information & Media

47

The transformation of Information & Media

- **Internet reshaping the B2B market**
 - Driving the need for information and analytics
- **Delivering higher value-added information to readers and advertisers by focusing on:**
 - News and information in text, audio, video
 - Data and analytics; workflow tools and services
 - Search advertising and lead generation
 - User-generated content from online communities

48

The transformation of Information & Media

- **Expect solid growth in 2007 from:**
 - J.D. Power and Associates
 - Platts, our energy service

49

Technology transformation at Sweets

- **Sweets' shift from print catalog business to bundled print and online service had substantial impact on 4Q 2006 results**
 - Revenue reduced by \$23.8 million
 - Expect to recognize \$23.8 million in revenue as earned during 2007

50

BusinessWeek evolving into multi-media brand

- **BusinessWeek.com grew 46% last year off a small base**
 - Expect more growth in 2007
- **Print advertising pages off 3.2% after ten issues vs. 2006**

51

Current outlook for Information & Media

- **Expanding services in a digital world**
- **Growth in higher value-added information products**
- **Margin expansion in 2007**

52

Current outlook for The McGraw-Hill Companies

- **Double-digit earnings growth in 2007**
- **Another year of double-digit top- and bottom-line increases in Financial Services**
- **Solid gains in elementary-high school business**
- **Growing global opportunities in higher education**
- **More progress at Information & Media**
- **Margin expansion in all segments**

53

