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This presentation includes certain forward-looking statements about the Company’s businesses, new products, sales, expenses, tax rates, cash flows and operating and capital requirements. Such forward-looking statements include, but are not limited to: (i) the strength and sustainability of the U.S. and global economy, (ii) the level of success in 2007 adoptions and sales in Educational Publishing, (iii) the level of success in 2007 adoptions in Higher Education and Professional, (iv) the level of technology investments; the strength of Higher Education, Professional and International technology markets and the impact of technology on them, (v) the level of interest rates and the strength of the economic recovery, (vi) 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 advertising markets; the level of debt ratings, including mortgage and asset-backed securities; the regulatory environment affecting Standard & Poor’s; the level of merger and acquisition activity in the U.S. and abroad; the strength of the domestic and international advertising markets; the volatility of the energy market; the contract value of public works, manufacturing and single-family unit construction; the level of public works, manufacturing and single-family unit construction; the level of successful marketing of new products; and the successful marketing of new products, market demand and market share; the competitive environment; and consumer behavior. Actual results may differ materially from those in any forward-looking statements because any such statements involve risks and uncertainties. Accordingly, you should not place undue reliance on these statements. The principal risks and uncertainties that could cause actual results to differ materially from those in any forward-looking statements include, but are not limited to: (i) 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; the level of funding in the education market (both domestically and internationally); the pace of recovery 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.

A good start to achieving double-digit earnings growth in 2007
EPS
• 1Q 2007: $0.40, including a three-cent gain on sale of a mutual fund business in March

Revenue
• 1Q 2007: Increased 13.7% to $1.3 billion

Margin improvement in all three segments

Favorable economic outlook
Inflation under control at 2.5%
U.S. GDP growing at about 2.4%
Unemployment rate holding at 4.4%
David Wyss, S&P’s chief economist, believes housing starts and sales bottoming out after 30% decline
• Prices down 3% and will probably decline another 5% by end of year
Non-commercial construction doing very well
Favorable economic outlook
State revenues are solid
Bond rates stable
Federal Reserve held funds rate at 5.25% since June 2006
• No change expected soon
• One cut to 5% possible by year-end

Promising start at McGraw-Hill Education
1Q 2007 segment results
Revenue + 5.6% to $331.7 million
Operating loss Reduced by 6.6% to $90.7 million
Costs and expenses under tight control; rose only 2.7%

Encouraging results in a seasonally slow quarter
Higher Education, Professional and International Group
Revenue + 11.5% to $186.9 million
School Education Group
Revenue - 1.2% to $144.8 million

School Education Group: 1Q results
1Q represents less than 10% of full year K-12 market’s results
Pattern skewed in 1Q 2006 by $9 million in Texas orders that did not repeat in 2007
Closed most of gap in 1Q 2007
• Key driver: March orders from North Carolina for music (K-5) and vocational, family and consumer science (6-12)

Positive early indicators at School Education Group
Signs that our newly-integrated school team is performing effectively
Strength in new adoption market starting to materialize
Participating in more of the addressable market in 2007

2006: Competed for about 80% of available dollars in state new adoption market

2007: We have products for virtually the entire state new adoption market

• Market expected to grow 10-to-15%, or to between $750 and $800 million

Poised for growth: State new adoption market

<table>
<thead>
<tr>
<th>Major State Calls</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<tbody>
<tr>
<td>California K-12 Science</td>
<td>$750M-$800M</td>
<td>California K-12 Math</td>
<td>California K-12 Reading/Literature</td>
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<tr>
<td>Florida K-12 Health, World Languages, Applied Subjects</td>
<td>Florida K-12 Reading/Reading Intervention</td>
<td>Florida 6-12 Literature</td>
<td>Florida 6-12 Literature</td>
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<tr>
<td>Georgia K-6 Math</td>
<td>Georgia K-12 Science, 9-12 Math</td>
<td>Georgia K-12 Reading/Literature</td>
<td>Georgia K-12 Reading/Literature</td>
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<tr>
<td>Indiana 1-8 Reading/Literature</td>
<td>North Carolina K-12 Social Studies</td>
<td>North Carolina K-12 Math</td>
<td>North Carolina K-12 Math</td>
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<td>Tennessee K-5 Reading</td>
<td>Tennessee K-12 Social Studies</td>
<td>Tennessee K-12 Science</td>
<td>Tennessee K-12 Science/Health</td>
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<tr>
<td>Texas 6-12 Math</td>
<td>Texas K-5 Math</td>
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Encouraged by early feedback

Positive reports from the field in key campaigns

Science California South Carolina
Math Texas New Mexico
Music North Carolina
Social studies (2nd yr) California

Encouraged by early feedback

Solid opportunities developing in large urban markets

• New York City
• Boston
• Milwaukee
• Washington, DC

Realized substantial sales in Washington, DC

• K-5 science
• 6-12 social studies

Optimistic about opportunities in open territory

Competing with new products
• K-5 science
• 6-12 literature
• New editions of Everyday Mathematics and Open Court Reading

Optimistic about opportunities in open territory

Good early showing from Science Snapshots, new supplemental product for grades 3-5

Providing educators a classroom solution
• Videos to see and hear about science
• Students can work independently on computer
• Addresses multiple learning styles
Improved results in testing

- Increases in custom work for state-wide assessment programs
  - Georgia
  - Colorado
  - Indiana
  - Florida

- Sales of off-the-shelf test products flat in first quarter

HPI Group: Double-digit growth in 1Q

- Higher Education
  - Very strong January; benefited from second semester ordering
  - Solid growth in 1Q with higher education products around the world

- All three imprints produced solid gains in first quarter
  - Science, Engineering and Math
  - Business and Economics
  - Humanities, Social Sciences and Languages

Providing digital solutions to the higher education market

- Increased demand for our digital Homework Manager product. Offered for:
  - World languages
  - Accounting
  - Math
  - Economics

- New online courses getting favorable initial response

More new digital products for medical professionals

- Harrison’s Practice: Our entrance into emerging patient care market

- Access Pharmacy: Launched in April 2007
  - Designed to keep pace with changing demands of pharmaceutical education
  - Leveraging content from our classic reference texts
  - Offers fully-integrated drug database in English and Spanish

- Joins Access Surgery and Access Emergency Medicine in lineup of ready-access digital resources for medical professionals

- More specialties to follow

Outlook for McGraw-Hill Education

- El-hi market
  - Growth expectations in 2007
    - 10-to-15% for state new adoption market
    - 3-to-4% in open territory
    - 5-to-7% industry growth
  - We expect to outperform the industry

- U.S. college and university market
  - Expect about 4% growth in 2007
  - We expect to outperform this market

- Expect margin expansion for McGraw-Hill Education segment in 2007

McGraw-Hill Education

Information & Media
Financial Services

1Q 2007 segment results
Revenue +21.5% to $728.9 million
Operating profit +38.3% to $348.0 million
Operating margin 47.7%
Includes $17.3 million pre-tax gain on sale of mutual fund data business in March

Many contributors to outstanding performance
World liquidity extremely plentiful
We continue to operate in favorable interest rate environment
Spreads remain tight
Investor demand for fixed income instruments is strong

How a diversified and resilient portfolio delivers results
Both domestic and international rating revenue grew at double-digit rates with international outpacing U.S. performance
Corporate and government ratings were strong
Structured finance was robust again globally
Products and services not tied to public new issue market grew substantially
Data and information products grew rapidly
Index services continue to expand

Outlook for Financial Services
A strong start in 2007
More double-digit growth and margin expansion for balance of year, although probably not at exceptional rate of growth in 1Q

How a diversified and resilient portfolio delivers results
Record corporate issuance in first quarter
- Up 43% in U.S. to $336 billion
Investment-grade and high-yield both strong performers
- Strong merger and acquisition activity
- Favorable financing
Demand for corporates continues unabated
- Insurance companies, pension funds consistent buyers
- High-yield market benefiting from reduction in default rate
- Innovation in derivatives markets attracting high-yield investors

How a diversified and resilient portfolio delivers results
Public finance benefited from pick up in refundings and new money issuance
Environment is favorable
- Expanding group of buyers
- Increase in asset allocations to higher quality investments by aging baby boomers
Expect good year although volume expected to slow
### How a diversified and resilient portfolio delivers results

**Structured finance: Another strong quarter despite 10.8% decline in U.S. residential mortgage-backed securities issuance (RMBS)**

Factors that shaped our forecast of a 10-to-15% decline in U.S. RMBS this year:
- Slowing housing sector
- Rising mortgage rates
- Slower housing price appreciation
- Fewer housing starts

### S&P actively monitors sub-prime market

When lending standards started to deteriorate in 2006 sub-prime market, S&P took action:
- Raised level of credit support necessary for a rating by 50% compared to deals from 2005

Despite current activity in sub-prime market, no reason to materially change our expectations on level of issuance originally anticipated for 2007

### New issuance dollar volume in 1Q 2007

**$254.1 billion is U.S. residential mortgage-backed securities issuance in 1Q 2007**
- Prime and Alt-A issuance increased 5.6%
- Sub-prime issuance declined 24.4%

European RMBS had strong quarter; outlook is positive
- Stable economic conditions
- Moderate home price growth fuels demand for mortgage credit
- We anticipate RMBS activity in emerging markets
- Started 2Q with good pipeline

### New issuance dollar volume in 1Q 2007

**Commercial mortgage-backed securities (CMBS)**
- U.S. issuance strong
- Saw steady improvement in Europe

Drivers of U.S. CMBS issuance
- Strong commercial real estate fundamentals
- Historically low interest rates
- Refinancing of maturing deals
- Rising property values

Pipeline looks good

### New issuance dollar volume in 1Q 2007

**Asset-backed securities (ABS) issuance**
- U.S.: Credit card and student loan activity offset slump in auto loan ABS issuance
- Europe: Growth in 1Q; outlook is solid

Drivers of European ABS issuance
- Small business loans
- Auto loans and leases
- Equipment leases

Basel II should have positive influence on market
- Consumer banks restructure risk on balance sheets to adjust capital adequacy ratios

### New issuance dollar volume in 1Q 2007

**U.S. collateralized debt obligation (CDO) market up 154% in 1Q**
- We expect slower growth rate in subsequent quarters
- Factored into our expectations

**Key market factors in 1Q**
- Concerns about widening spreads resulting from credit quality deterioration in sub-prime market
- Increase in collateralized loan obligations resulting from strength in corporate loan market
New issuance
dollar volume in 1Q 2007

Outlook for U.S. CDO market
• General agreement that spreads may not change
or, if they do, they could widen slightly during
remainder of year
• S&P does not expect dramatic widening of
spreads unless a shock to system triggers
dramatic deterioration

Strong investor demand and broader
acceptance of CDOs
• Will see more growth in Europe

Gains in products and
services not tied to debt issuance

26.3% of ratings revenue in 1Q
• Bank loan ratings a key driver of growth

We anticipate more growth from:
• Bank loan ratings
• Counterparty credit ratings
• Financial strength ratings
• Derivatives
• Risk services

Solid growth from products
and services for equity markets

Capital IQ product continues to grow rapidly
• Now serving more than 1,900 clients

Increased subscribers for S&P’s:
• RatingsDirect
• Ratings Xpress
• Compustat Xpressfeed

Continuing to leverage
index products and services

1Q: 113 ETFs linked to S&P indices
• 85 in U.S. and 28 outside the U.S.

$170.3 billion in assets under management in
ETFs based on S&P indices at end of 1Q 2007
• 23.7% increase compared to 1Q 2006

1Q benefited from trading of derivative
contracts based on S&P indices
• 1Q average daily trading volume of E-mini
contracts: 1,376,979

Outlook for
Financial Services

Summary
• More double-digit growth and margin
expansion for balance of year, although
probably not at exceptional rate of growth
produced in 1Q

McGraw-Hill Education
Financial Services
Information & Media
Information & Media
1Q 2007 segment results
Revenue 4.1% to $235.9 million
Operating profit $9.9 million, up from $1.7 million in 1Q 2006
Operating margin 4.2%
Transformation of Sweets contributed $6.5 million in revenue and $5.8 million in operating profit to segment in 1Q 2007

Business-to-Business Group
Revenue grew 7.5% in 1Q to $212.2 million
Group includes our best-known brands
- BusinessWeek
- J.D. Power and Associates
- Platts
- McGraw-Hill Construction
- Aviation Week
Key contributors
- Sweets transformation and growth in Platts

Broadcasting Group
Revenue fell 18.8% in 1Q
- Absence of political advertising
- Loss of Super Bowl
- Decision not to renew Oprah Winfrey Show in two markets
Pacing for 2Q is off about 14%

Internet reshaping B2B market
Making progress in digital world
- Transformed Sweets from a primarily print product to a bundled print and online service

Internet reshaping B2B market
Energy market looking for better tools and real-time information
- Launched Platts eWindow in April 2007
  - New online tool to improve service to traders
- Growing our real-time subscription services
- Licensing our intellectual property for use in broader financial and futures markets
  - Intercontinental Exchange selected Platts’ Dubai price assessment for new crude oil futures contract

The transformation of Information & Media
BusinessWeek.com continues to improve its performance
- Increases in advertising and unique visitors compared to last year
- We continue to make investments in the product
The transformation of Information & Media

Building communities important aspect of digital world
- ArchitecturalRecord.com making it easy for readers to share their work and interact with peers and editors
  - Architects post work on the website
  - Blogs and rating system encourage readers to evaluate projects online and in magazine

Outlook for Information & Media

Summary
- Soft start in advertising, particularly at Broadcasting in non-political year
- Growth in online services
- Margin expansion

Summing up for The McGraw-Hill Companies

Outlook for The McGraw-Hill Companies

Summary
- Encouraging indications in education
- Strong start in Financial Services
- Progress in Information & Media
- Margin expansion in all three segments
  - More double-digit top- and bottom-line growth and margin expansion for balance of the year in Financial Services, although probably not at exceptional 1Q rate

Accelerated stock buyback in 1Q

2007 target: 15 million shares
1Q 2007: 13.2 million shares repurchased for $842.4 million
  - $231 million settled and funded at beginning of 2Q
Balance of year: Expect to repurchase another 1.8 million shares
Capacity:
  - 6.8 million shares remaining in 2006 buyback program
  - 45 million shares in new program authorized by Board in January 2007

Robert J. Bahash
Executive Vice President and Chief Financial Officer
The McGraw-Hill Companies
### A commitment to advancing total shareholder value

Since 1996, returned $6.8 billion to MHP shareholders through dividends and share repurchases
- Includes approximately $915 million returned in 1Q 2007

### Reduced fully-diluted weighted average shares outstanding (WASO)

1Q 2007: 361.5 million shares
- 15.8 million share decrease compared to 1Q 2006
- 2.7 million share decrease compared to 4Q 2006
- Modest 1Q benefit from buyback of 13.2 million shares since most were bought near end of March

### Ended 1Q in net debt position

Resumed borrowing in commercial paper market to fund seasonal cash requirements
1Q 2007: $178 million net debt position vs. net cash position of $351 million at year-end 2006
- As of March 31: On a gross basis, debt position is $607.5 million offset by $429.6 million in cash, primarily foreign holdings
- 2007: Expect a return to net surplus cash position by year end

### Outlook for interest expense

1Q 2007: $1.2 million net interest expense
- 1Q 2006: MHP essentially debt free and had net interest income of $2.5 million
2Q 2007: Expect increase in interest expense
- Reflects commercial paper borrowings for full quarter
2007: Expect full-year interest expense in $24-26 million range
- Higher than previous estimate related to timing of funding costs for accelerated share repurchase program
- Additional interest expense relating to FIN 48

### Revenue recognition and transformation of Sweets

Transformed Sweets from a primarily print catalog into a bundled print and online service in 2006
Associated accounting change benefits year-over-year comparison for Information & Media segment
1Q 2007 results reflect:
- $6.5 million of revenue
- $5.8 million of operating profit

### Corporate expenses

1Q 2007: Decreased $5.6 million or 13.8%, compared to a year ago
- Several one-time factors in 1Q 2006 influencing decline:
  - $14.8 million charge for elimination of restoration stock option program
  - $4.6 million gain on sale of Dubuque, Iowa facility
Categories within corporate expense that increased:
- Business Process Management program
- Vacant space from downsizing
- Incentive compensation
### Outlook for tax rate
1Q 2007: Effective tax rate 37.7%
- 50 basis point increase from prior year due to:
  - Change to accounting for uncertain tax positions (FIN 48)
  - Gain in connection with sale of mutual fund data business
  - State tax audit settlement
2007: Rate for balance of year projected to be 37.5%

### Reduced projection for prepublication investments
1Q 2007: $57.4 million, compared to $61.6 million in same period last year
2007: Now expect $310 million
- Down from approximately $330 million due to efficiencies, technology, global sourcing and firming up forecast

### Growth in capital expenditures for property and equipment
1Q 2007: $22.7 million, compared to $11.6 million in same period last year
- Began construction on new data center
- Making technology investments to digitize our products and services
2007: Continue to expect $250 million

### Outlook for non-cash charges
Amortization of pre-publication costs
- 1Q 2007: $28.1 million, compared to $22.5 million in same period last year
  - Ramped up publishing schedule last year in anticipation of strong e-hi adoptions
- 2007: Continue to expect $260 million

### Outlook for non-cash charges
Depreciation
- 1Q 2007: $28.9 million, compared to $27.6 million in same period last year
- 2007: Continue to expect $130 million, reflecting higher level of capital expenditures in 2007 and full year of depreciation from 2006 capital expenditures

### Outlook for non-cash charges
Amortization of intangibles
- 1Q 2007: $11.6 million, compared to $11.9 million in same period last year
- 2007: Continue to expect $50 million
1Q 2007 Earnings Call
April 24, 2007

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NOTE: The presenters' slides will be available for downloading from www.mcgraw-hill.com/investor_relations approximately two hours after the end of the call. A replay of this webcast will be available 2 hours after the end of the call and will remain available until May 1, 2007.

1Q 2007 Earnings Call
April 24, 2007

Replay Options (Available from April 24 – May 1)

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