



"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, tax rates, 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 economic recovery, 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 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 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 expense, distribution expenses, postal rates, prepublication, amortization and depreciation expense, income tax rates, capital, technology, restructuring charges 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 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.

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A strong start to the year

- **First quarter results**
 - Revenue: Grew by 13.7%
 - EPS: \$0.40, including a three-cent gain on sale of mutual fund data business
 - Margin improved in all three segments

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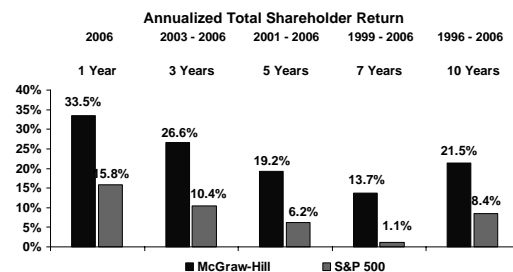
Reaffirming guidance for 2007

- **Double-digit earnings growth for the year**
- **Margin expansion in all three segments**

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A commitment to advancing total shareholder value

- **Outperforming the S&P 500: A hallmark of corporate performance**



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Returning cash to shareholders

- \$6.8 billion returned to shareholders since 1996 through cash dividends and share buybacks
- CAGR of nearly 25% between 1996 and 2006

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A growing dividend

- 12.9% increase in regular quarterly cash dividend for 2007
- 10.4% average compound annual growth rate in dividend since 1974

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Outlook for stock buybacks in 2007

- 1Q: 13.2 million shares repurchased
- New target for 2007: Up to 30 million shares

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Favorable economic outlook

- 2007 GDP forecast: 2.2% growth in U.S.
- Problems in housing market not spilling over into rest of U.S. economy
- Prices in housing sector still under pressure
- State revenue picture is solid

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McGraw-Hill Education

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Good start for McGraw-Hill Education in Q1

- **Early feedback is encouraging**
 - Early order flow shows promise
 - Market strengthening
 - Lifted el-hi market forecast:
Expect 5-7% growth, up from 4-6%

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Why we expect to outperform the market in 2007

- Greater participation in growing market
- Strong array of new products
- Effectiveness of newly-integrated team in the basal market

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Why we expect to outperform the market in 2007

- 2006: 80% participation in smaller state new adoption market
- 2007: Nearly 100% participation in growing state new adoption
- More new products for key adoptions

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Why we expect to outperform the market in 2007

- The benefits of reorganizing is improving
 - Delivery of K-12 solutions
 - Sharing of resources
 - Top-line growth
 - Opportunities to lower costs

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Growing visibility: Positive trends

- Solid prospects in science and math
 - *Everyday Math* showing promise in urban markets
 - Texas 6-12 math adoption going well
 - California science: Good capture rate taking shape

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Growing visibility: Positive trends

- Solid prospects developing in reading
- New edition of *Open Court Reading* won multi-million order from Charlotte-Mecklenburg
- *Treasures*, K-5 reading basal, competing well in Indiana, Oregon, Tennessee adoptions

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Growing visibility: Positive trends

- Very good year shaping up for music
 - Winning adoptions in
 - Alabama
 - California
 - New Mexico
 - North Carolina
 - Oklahoma
 - Oregon

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Outlook for open territories

- **Purchasing decisions in open territories typically lag state new adoption orders**
- **Promising opportunities for MHP emerging in large urban markets**

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Testing: Signs of improvement

- **New opportunities in formative assessment**
- **Acuity poised to win some large-scale adoptions later this year**
- **Keys to Acuity's success**
 - Diagnostic: Identifies learning gaps
 - Predictive: Indicates how well students will perform on summative tests

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Outlook for Education in Q2

- **June is critical month in Q2**
- **Late ordering key factor**
 - Volume hard to predict

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Outlook for Education in 2007

- **Growing confidence in a very good year**
- **The market:**
 - 5-7% overall el-hi growth
 - 10-15% state new adoption market growth
 - 3-4% growth in open territories
- **McGraw-Hill School Education**
 - Outperform the market

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Outlook for Education in 2007

- **Growing confidence in outlook for Higher Education, Professional and International (HPI)**
 - Good start in U.S. higher education market
- **The market: About 4% growth in U.S. higher education**
- **McGraw-Hill HPI: Outperform the U.S. college market**

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A market in transition

- **Convergence of technology, content is transforming world of education**
- **New digital products producing renewable revenue streams**

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A market in transition

- **Homework Manager: New source of incremental revenue**
- **Benefits for instructors and students:**

- Online tests
- Automatic grading
- Instant feedback
- Practice quizzes
- Access to tutors

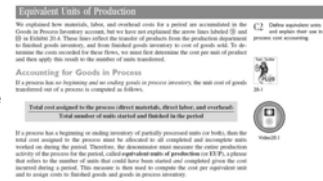


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A market in transition

- **Connecting iPods and college texts**
- **New media-enhanced edition of *Fundamental Accounting Principles***

- iPod content enhances students' ability to study when and where it is most convenient



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The growing digital market for professionals

- **New online specialty products for medical professionals**
- Access Surgery
- Access Emergency Medicine
- Access Pharmacy



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The growing digital market: iPod, iSpeak

- **New foreign language series on iPods**
 - French
 - German
 - Italian
 - Spanish
- **More titles out next month: Chinese, Japanese, Portuguese**

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Outlook for McGraw-Hill Education

- **We expect to outperform the el-hi market that will grow 5-7% in 2007**
- **We expect to outperform the U.S. college market, which will grow by about 4% in 2007**
- **The future is increasingly digital**
 - New source of incremental revenue

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Financial Services

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Outlook for Financial Services

- **Reaffirming guidance**
 - Double-digit growth and margin expansion for the rest of the year

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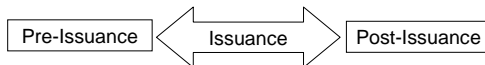
Keys to an outstanding performance

- **Unique blend of fixed income and equity products**
- **Diversity reduces dependence on any product or asset class**
- **Global growth prospects**
 - 10-year CAGR: 18.9%
- **Growing array of products and services**

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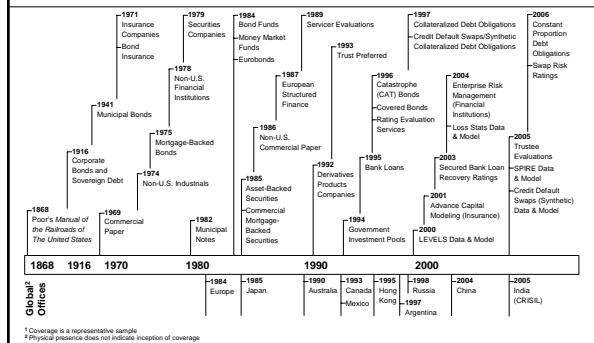
Growing beyond traditional credit ratings

- **New products to help clients identify, measure, manage credit risk**



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Growth and diversity on a global scale



¹ Coverage is a representative sample
² Physical presence does not indicate exception of coverage

Assessing the pipeline

- **Corporates: More debt issuance is on the way**
 - Attractive financing conditions
 - More debt maturing
 - M&A activity
 - Balance sheet restructuring
- **Public finance: 2Q off to a good start**
 - Benefiting from
 - New money issuance
 - Refundings

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Assessing the pipeline

- **Continued strength in structured finance globally**
 - Still expect 10-15% decline in U.S. RMBS issuance for 2007
 - Very good pipeline for commercial mortgage-backed securities in U.S. and Europe
 - Asset-backed securities: Very good in Europe, softer in U.S.
 - Collateralized debt obligations: Robust. Growth in U.S. and Europe

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Solid outlook for products and services in equity markets

- **Acquired ClariFI to target quantitatively oriented portfolio managers**
 - Portfolio analytics
 - Risk management solutions
- **Rapid growth for Capital IQ products**
 - Nearly tripled client base since acquisition to nearly 2,000
 - Adding to product lineup, functionality

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More growth for index products and services

- **Goal: Provide an index for every type of investment**
 - Latest addition: The S&P GSCI index based on acquisition of Goldman Sachs commodity indices
 - Increases in assets under management in ETFs and trading volume of derivatives based on S&P indices

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The regulatory outlook

- **A positive outcome**
 1. SEC has not been injected into the analytical process or methodology credit rating agencies use to arrive at their opinions
 2. The new law does not diminish our rights, including First Amendment protection
 3. Greater clarity on becoming an NRSRO: New firms must provide evidence that capital market participants regard them as issuers of quality credit opinions
 4. Regulation by individual states has been pre-empted

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Outlook for Financial Services

- **The pipeline looks good**
- **More double-digit growth and margin expansion for the balance of the year, although probably not at the exceptional rate of growth produced in Q1**

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Information & Media

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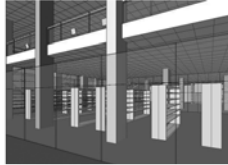
Outlook for Information & Media

- **Focused on adding value to customers as Internet reshapes the business-to-business market**

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The transformation of Sweets

- **Traditional: Primarily a print catalog**
- **New: Bundled print and online service**
 - Now offering clients online access to three-dimensional computer aided design drawing



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The new BusinessWeek-Capital IQ connection

- **Leveraging resources in the digital marketplace**
 - Building traffic with new *Company Insight Center*
 - Information on 42,000 active public companies here and abroad
 - 33 pages of data, charts, profiles and news on each company
 - Attracting viewers from Europe, Asia
 - Hundreds of bloggers linking to the site



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The power of brand recognition

- **81% of U.S. consumers aware of J.D. Power and Associates**
- **Voice of the Customer awards get powerful support from companies who win J.D. Power surveys:**
 - In 2006, winning companies funded:
 - 10.6 billion print ad impressions
 - 354,000 TV commercials



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Attracting new customers in the energy market

- **Volatile oil market winning new customers for our news and pricing products**
 - Expanding by licensing intellectual property for financial and futures markets
 - Platts' Dubai price assessments: Basis for cash settlements in new crude oil futures contracts traded

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Outlook for advertising

- **Softness at Broadcasting**
 - Impact of non-political year
- **BusinessWeek: Ad pages off about 10% after 21 issues**

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Outlook for Information & Media

- **More progress in the digital transformation**
- **A soft year in advertising**
- **Growth in online services**
- **Margin expansion**

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Current outlook for The McGraw-Hill Companies

- A good year in education is taking shape
- More growth in Financial Services
- Progress in Information & Media
- Margin expansion in all three segments
- Double-digit earnings growth for MHP in 2007

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