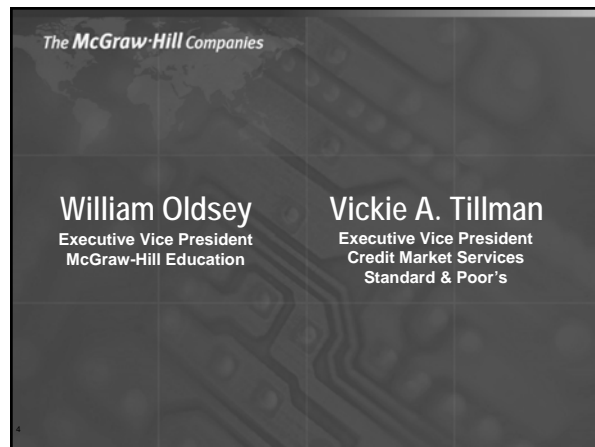




"Safe Harbor" Statement Under The Private Securities Litigation Reform Act of 1995

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.



Reaffirming guidance for 2007

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

Reaffirming guidance for 2007

- Financial Services: More double-digit growth and margin expansion through the balance of the year, although probably not at the exceptional rate of growth produced in the first quarter

The case for optimism

- **Economic conditions remain favorable**
 - State economies in fine shape
 - Budget surpluses in 27 states
 - Budgets on target in 14 states
 - Fiscal 2008 outlook: Reasonable state revenue growth
- **Bodes well for education**

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The case for optimism

- **Positive factors in U.S. economy**
 - GDP growth at 2.2%
 - Unemployment rate at 4.7%
 - Core consumer inflation at 2.2%
- **Low interest rate environment**

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Why the world is going our way

- **The continuing benefit of powerful trends**
 - Worldwide demand for capital
 - Need for education in a knowledge economy
 - New opportunities to connect professionals with essential information for better decision making

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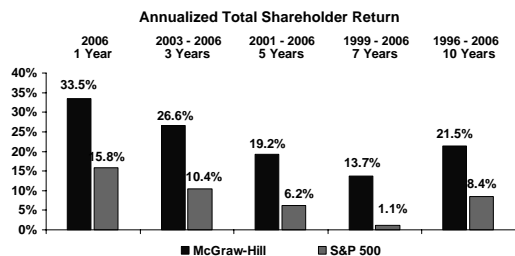
The case for optimism

- **Convergence of content and technology is creating new ways to**
 - Monetize content
 - Improve operating leverage

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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, depending upon market conditions

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McGraw-Hill Education

15

The McGraw-Hill Companies

William Oldsey

Executive Vice President
McGraw-Hill Education

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A robust state new adoption calendar

	2007	2008	2009
Estimated Market Size	\$750M-\$800M	\$850M-\$900M	\$900M-\$950M
Major State Calls	California K-12 Science Florida K-12 Health, World Languages, Applied Subjects Georgia K-12 Math Texas 6-12 Math	California K-12 Math Florida K-12 Reading/ Reading Intervention Georgia K-12 Science North Carolina K-12 Social Studies Tennessee K-12 Social Studies Texas K-5 Math	California K-12 Reading/Literature Florida 6-12 Reading/Literature Georgia K-8 Reading/ Language Arts Tennessee K-12 Science North Carolina K-12 Math

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Competitive advantages from combining Macmillan and Glencoe

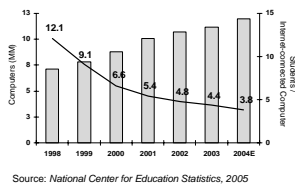
- Increased pre-K-12 sales and marketing coordination and focus
- Better pre-K-12 product articulation/Centers of Excellence
- Improved customer service
- Leveraged administrative and back-office operations

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Digital transformation in K-12 education: Coming, but not there yet

- **Key factors for digital uptake:**
Computers, connectivity, support

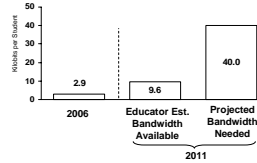
U.S. Public Schools Instructional Computer Penetration, 1998 - 2004



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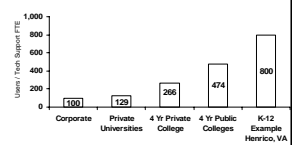
Digital transformation in K-12 education: Coming, but not there yet

U.S. Public Schools Bandwidth Available/ Needed per Student, 2006/2011



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IT Support Ratios



Teacher technology tools drive student performance

- Online professional development
- Automated teacher editions
- TeacherWorks – electronic course management system
- Intervention techniques

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Student technology addresses individualized learning

- Electronic student editions
- Student Works – automated study tools with practice quizzes and section reviews
- Online and CD-ROM based homework helpers
- Online intervention programs for reading and mathematics

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Using new technology tools to improve our productivity

- Latest Adobe Creative Suite tools are being used in all K-12 operations
- Implemented “K-4,” a state of the art workflow management system
- Off-shoring activities are increasing and effectiveness is improving with experience gained
- Significant current and ongoing cost savings opportunities
- Employee engagement – people feel more productive and empowered

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How the 2007 K-12 market is shaping up

- Adoption states new business market will be in \$750M-\$800M range, growing 10-15% year-over-year
- Open territory states started more slowly, although April was a strong month
- We are forecasting the open territory market to grow about 4% year-over-year
- Combined K-12 market growth 5-7%

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2007 state adoption outlook for the McGraw-Hill School Education Group

- Early indicators are very positive
- Our new pre-K–12 basal operation is producing strong results
- Major state adoptions in science, reading, math, and music
 - Science: California and South Carolina
 - Reading: Indiana and Tennessee
 - Mathematics: Texas, Georgia, and New Mexico
 - Music: 6 states including North Carolina
- We currently hold leading positions in most of these adoptions
- McGraw-Hill expects to be the overall adoption states leader K-12

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2007 open territory outlook for McGraw-Hill School Education Group

- 1Q open territory market growth was sluggish for the industry
- We've already achieved significant wins with a strong open territory publishing program
- Examples of open territory wins in range of \$1M - \$10M
- *Everyday Math* in major urban markets including Seattle and NYC
- Middle school science win in New York City for grades 6, 7, and 8
 - Prince Georges County, MD adopted music
 - Washington, DC K-5 science and 6-12 social studies
 - Treasures (reading) in Peoria, AZ and Lansing, MI
- After a flat 2006, we anticipate about 4 % open territory market growth and McGraw-Hill expects to outperform the industry

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McGraw-Hill School Education Group Summary

- New pre-K–12 basal operation is increasing productivity and driving growth
- We expect to report very good capture rates for 2007
- Several large early wins in open territory
- Strong performances from our two most successful alternative basal programs, *Everyday Mathematics*, and *Open Court Reading*
- Adoption state market outlook through 2009 is very positive
- Technology will play an increased role in K-12 and our positioning for the future is strong
- Pleased with our YTD progress in 2007 and look to continued success

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The McGraw-Hill Companies

Harold McGraw III

Chairman, President and CEO
The McGraw-Hill Companies

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Outlook for education in 2007

- U.S. college and university market to grow about 4%
- We expect to outperform the market

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A new generation of products from McGraw-Hill Education

- Online courses with streaming video, animation, personalized assessment
- Mobile resources: iPods and compatible MP3 devices to deliver student study materials
- eBooks online for students and instructors
- Digital homework services
- Instructor source materials delivered digitally instead of print at less cost

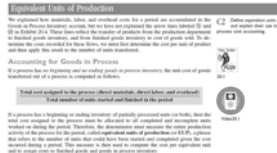
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A new generation of products from McGraw-Hill Education

- **Winning new adoptions with media-enhanced editions**
 - 18th edition of Fundamental Accounting Principles marries content with technology

- iPod icons point students to audio, video presentations

- New flexibility in studying



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The growing digital market for professionals

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



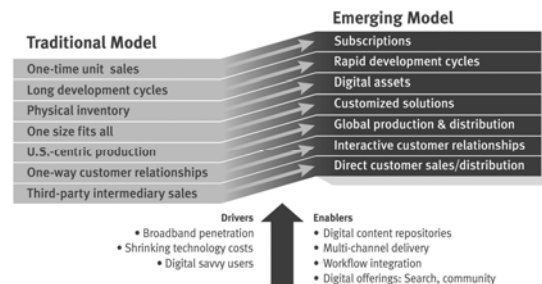
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The growing digital market for professionals

- **Leveraging global brands**
- **Harrison's Practice at point-of-care**
- **Access Medicine: Subscribers in more than 42 countries**
- **Digital Engineering Library**
- **Access Science**

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How technology is changing the marketplace



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Outlook for McGraw-Hill Education

- **We expect to outperform the ei-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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The McGraw-Hill Companies

Vickie A. Tillman
Executive Vice President
Credit Market Services
Standard & Poor's

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Overview

- Growth in 2007 continues to be strong
- Market fundamentals driving the outlook for credit ratings remain very positive
- Diversified offerings and extensive global footprint are key growth drivers
- Debt issuance volumes remain robust globally
- Feel positive about the regulatory outlook

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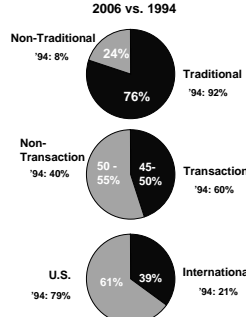
Outlook for ratings

- Growth has continued in 2007
 - Geographic and product revenue diversification
 - Global structured finance
 - Favorable international markets
- Long-term fundamental capital markets trends around the world will remain favorable
 - Globalization
 - Securitization
 - Disintermediation

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Diversifying the ratings revenue stream

- Revenue diversification continues to contribute to ratings growth, reducing dependency on transactions
 - Tools, models and non-bond ratings for bank loans, counterparties and other instruments accounted for 24% of ratings revenue last year, up from only 8% in 1994
 - The international markets remain strong and growing in all sectors with revenues increasing to 39% in 2006 from 21% in 2004
 - Rating all major asset classes adds another key dimension to our diversification



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Growth driven by helping clients identify, measure, and manage credit risk across the value chain

Credit Markets Value Chain	Pre - Issuance	Issuance	Post - Issuance
How Standard & Poor's Plays a Role	Benchmarking data, tools, and analysis that help issuers and related parties analyze and gauge the ratings impact of strategic decisions	Credit ratings and rationales serve as tools that help investors during the investment process. S&P has credit ratings outstanding on approximately \$34 trillion of debt in more than 100 countries	Products and services for monitoring/modeling creditworthiness and/or transaction performance that help participants make informed buy/sell decisions, evaluate ongoing risk, and meet regulatory requirements
Representative S&P Products & Services	RatingsDirect Peer Comparison Reports Ratings Evaluation Services CDO Suite LEVELS CreditModel	Issue Ratings Issuer Ratings Bank Loan Ratings Servicer Evaluations	RatingsDirect Leveraged Commentary & Data Recovery Ratings CDO Suite SPIRE (S&P Interest Rate Evaluator)

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Strong global capabilities drive revenue growth and margin expansion

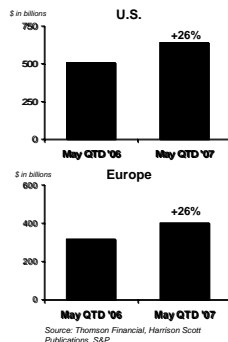
- Operations in 24 countries
- Credit ratings on approximately \$34 trillion of debt in more than 100 countries
- New offices in 2007 - Dubai and South Africa
- Technology improves efficiency and allows for greater cross-border collaboration among global staff
- Extensive quantitative modeling capabilities to support ratings on increasingly complex transactions



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2007 outlook for issuance

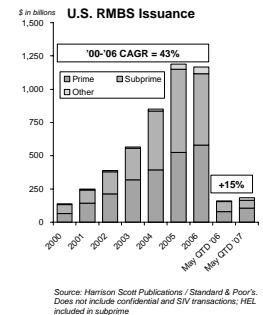
- **Corporates: Strong issuance growth for the quarter-to-date in the U.S. Up 32%, driven by favorable financing conditions and solid M&A activity**
 - High yield: up 67% second quarter to date globally – low default rates; growth and innovation in the derivatives markets
 - Corporates: outlook continues to be positive
- **Structured Finance: Issuance up 25% second quarter to date in the U.S. with favorable global outlook**
 - CDOs: up 60% in the U.S. for the quarter-to-date – pipeline strong but comparisons will become more challenging in second half
 - Europe: up 48% quarter-to-date - expect continued growth
- **Public Finance: Issuance up 14% in second quarter to date**
 - Low long-term yields and tighter credit spreads are driving issuance with outlook remaining strong



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U.S. RMBS issuance is declining as expected

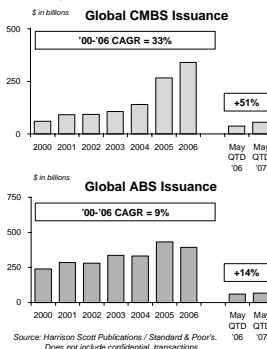
- **Declined in 2006 as expected and 2007 down as anticipated**
 - Expect decline of up to 15% in 2007
- **Challenging landscape for market**
 - Subprime issuance accounts for approximately 1/3 of RMBS QTD
 - Subprime issuance down 19% from 2Q 2006 quarter-to-date
 - Alt A issuance up 92% QTD
- **While Subprime was attracting considerable attention – we saw it coming**
 - S&P increased credit support requirements in April 2006
 - In 2007, for vintage year 2006, there were 24 downgrades and 29 CreditWatch actions vs. 46 upgrades, 265 downgrades and 225 CreditWatch actions for all Subprime
 - Subprime downgrades will continue increasing, especially 2006 vintage



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Strength in CMBS, ABS

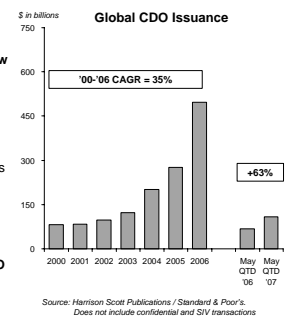
- **CMBS showing strong performance quarter-to-date**
 - Investor demand remains strong as do commercial origination trends
 - Improved real estate fundamentals along with the stable U.S. economy has sustained strong CMBS performance vis-à-vis other fixed income asset classes
- **ABS growth being driven by Credit Cards and Student Loans**
 - Credit Cards up as borrowers transition from home equity loans
 - Leading Economic Indicators, including consumer sentiment and consumer credit outstandings, for ABS are largely positive



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Global CDO issuance remains strong

- **Issuance growth continues to be strong globally, although growing at slower rates versus 2006**
- **Growing sophistication has led to new types of structured finance vehicles, such as the CDO / CDS market**
 - Wave of innovation in terms of structures and underlying collateral: synthetic structures, credit default swaps, CDOs squared, CLOs, CDOs of CRE, and hybrid structures
 - Rising investor acceptance reflects search for stability and extra yield – increases demand for CDOs
- **S&P has an integrated monitoring process to ensure our ratings on CDO transactions reflect our most current credit views on RMBS transactions**



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The regulatory outlook

- **Legislation regarding NRSRO status and called the "Credit Rating Agency Reform Act of 2006," passed in 2006**
 - New guidelines for NRSRO registration with SEC
 - Mandates establishment of policies and procedures to address conflicts of interest, prevent misuse of non-public information consistent with IOSCO code and S&P's policies
 - Six key rules:
 - Registration Requirements
 - Recordkeeping Requirements
 - Annual Financial Reports
 - Procedures to Prevent the Misuse of Material Non-Public Information
 - Management of Conflicts of Interest
 - Prohibited Unfair, Coercive, or Abusive Practices
- **Next steps in the process**
 - S&P will register with SEC as a Nationally Recognized Statistical Rating Organization
 - S&P continues to work with The Committee of European Securities Regulators (CESR) and IOSCO on IOSCO code implementation
 - S&P continues to review its policies and procedures in light of the new regulatory regime and as a matter of best practices
- **We feel positive about the outcome: (1) SEC will not intrude on credit ratings process, and (2) law does not diminish our rights**

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The McGraw-Hill Companies

Harold McGraw III

Chairman, President and CEO
The McGraw-Hill Companies

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More growth for index products and services

- **\$180.2 billion, a 24.8% growth in assets under management through May in exchange-traded funds based on S&P indices**

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More growth for index products and services

- **Goal: Provide an index for every type of investment**
 - New asset classes:
 - Real estate: S&P/Case Shiller index
 - Commodities: S&P GSCI
 - New products:
 - S&P Global Challenger Index
 - S&P BRIC Shariah index

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Solid progress for data and information products

- **Growing client base for Capital IQ products**
 - Nearly tripled since 2004
 - Now about 2,000 customers
- **ClariFi acquired in May**
 - Software, services focused on quants

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Outlook for Financial Services

- **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 the first quarter**

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Information & Media

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Outlook for Information & Media

- **A segment in transition**
- **Transformation from print-based legacy products to electronic platforms**
 - News and information in text, audio, digital formats
 - Data and analytics
 - Workflow and tools

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Progress in the digital world

- **First electronic, paperless syndicated research from J.D. Power and Associates**
 - New benchmark for measuring customer satisfaction
 - First clients in U.S. banking industry

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Progress in the digital world

- **Building communities**
 - Enhancing interactivity for users
 - AviationWeek.com
 - ArchitecturalRecord.com

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Progress in the digital world

- **The new *BusinessWeek*-Capital IQ connection**
 - Building traffic with new Company Insight Center
 - Information on 42,000 active public companies
 - 33 pages of data, charts, profiles and news on each company
 - Data on 320,000 private companies, more than 1.0 million executives



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Progress in the digital world

- **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**

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Progress in the digital world

- **Attracting new customers in the energy market**
 - Online news and pricing information
 - Licensing information for use in financial and futures markets

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Outlook for advertising

- **Softness for advertising**
 - Impact of non-political year
- ***BusinessWeek*: Ad pages off 12.6% after 24 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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