

INTERNATIONAL OPERATIONS BY REGION AND SEGMENT

Revenue from foreign sources grew by 17.1% to \$1,130.4 million in 2004 and represented 21.5% of The McGraw-Hill Companies' total revenue last year. Favorable foreign exchange rates accounted for \$46.8 million of top-line revenue in 2004.

Europe continues to be the most important contributor to The McGraw-Hill Companies' foreign revenue, producing 57.3% of the total in 2004. Of all the foreign regions, Asia grew the fastest, increasing revenue by 20.7%. Europe grew by 19.7% and Canada was up 13.9%. Latin America posted a modest decline.

Financial Services

Financial Services continues as MHP's biggest and fastest growing international business. Standard & Poor's foreign revenue grew at 25.8% in 2004 to \$642.2 million, 56.8% of the Company's total foreign revenue. Favorable foreign exchange rates accounted for \$30.1 million of the revenue increase in 2004.

The development of a European debt market based on a single currency, the Euro, continues to be an important growth driver for Standard & Poor's. There was also solid growth in international markets as the use of securitization increases globally.

Since 1997, foreign revenue in this segment has grown at a compound annual rate of 18.4%.

McGraw-Hill Education

International publishing operations' foreign revenue grew by 8.3% to \$354.5 million in 2004, or 31.4% of the total foreign revenue. Favorable foreign exchange rates accounted for \$16.0 million of the revenue increase in this segment.

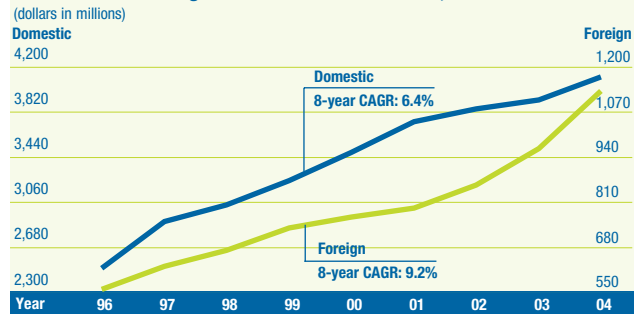
International publishing distributes McGraw-Hill Education's instructional and professional products outside the United States, publishing in more than 50 languages worldwide through adaptations, translations, and local publishing programs.

Recognizing the fact that an educated workforce is the key to international competitiveness has led to growing enrollments and education reforms in many key countries. These factors will be important long-term growth drivers.

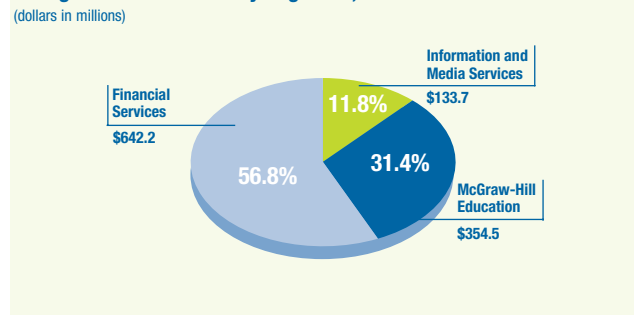
Information and Media Services

The Information and Media Services segment accounted for \$133.7 million, or 11.8% of the Company's total foreign revenue.

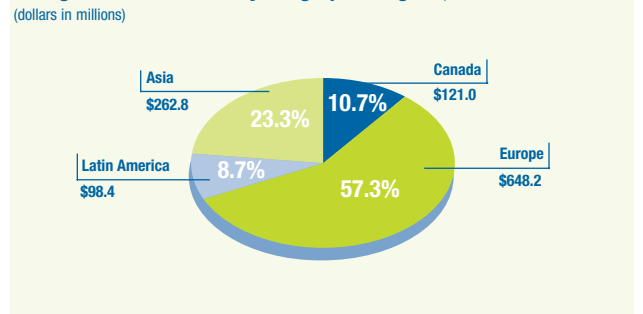
Domestic and Foreign Source Revenue Growth*, 1996-2004



Foreign Source Revenue by Segment*, 2004



Foreign Source Revenue by Geographic Region*, 2004



* Foreign source revenue includes international sales by U.S. operations

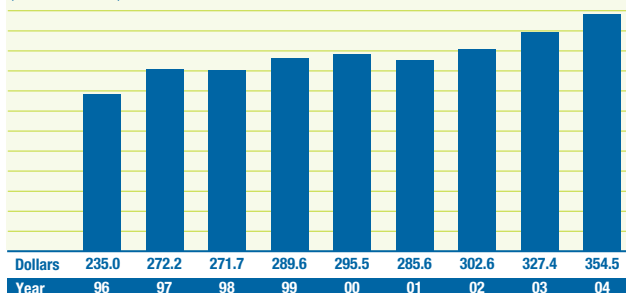
Worldwide Offices

North America	Caribbean/Central and South America	Europe, Middle East, Africa	Asia-Pacific
Canada	Argentina	France	Australia
Mexico	Brazil	Germany	India
United States of America	Chile	Ireland	Japan
	Colombia	Italy	Malaysia
	Costa Rica	Luxembourg	New Zealand
	Dominican Republic	Netherlands	Taiwan
	Guatemala	Portugal	Thailand
	Panama		People's Republic of China
	Peru		Philippines
	Puerto Rico		Singapore
	Venezuela		South Korea

FOREIGN SOURCE REVENUE BY SEGMENT,* 1996-2004

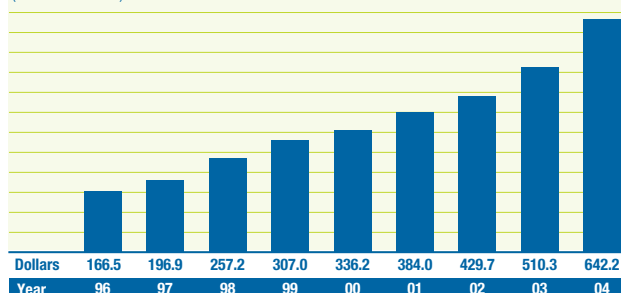
McGraw-Hill Education

(dollars in millions)



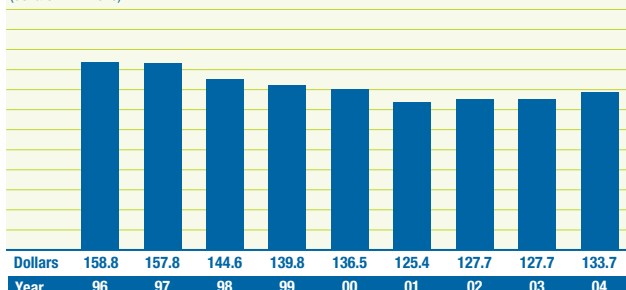
Financial Services

(dollars in millions)



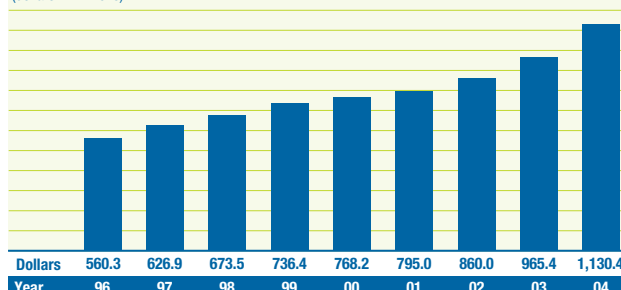
Information and Media Services

(dollars in millions)



Total Company

(dollars in millions)



SUMMARY OF DOMESTIC AND FOREIGN SOURCE REVENUE, 1996-2004

(dollars in millions)	2004	2003	2002	2001	2000	1999	1998	1997	1996	8-year CAGR
Total Revenue										
Domestic	\$4,120.1	\$3,924.9	\$3,847.7	\$3,739.0	\$3,483.0	\$3,243.5	\$3,039.2	\$2,899.1	\$2,506.3	6.4%
Foreign*	1,130.4	965.4	860.0	795.0	768.2	736.4	673.5	626.9	560.3	9.2%
Total	\$5,250.5	\$4,890.3	\$4,707.7	\$4,534.0	\$4,251.2	\$3,979.9	\$3,712.7	\$3,526.0	\$3,066.6	7.0%

Revenue by Segment

Domestic

McGraw-Hill Education	\$2,041.0	\$2,021.2	\$2,039.9	\$2,004.0	\$1,743.1	\$1,496.6	\$1,388.4	\$1,339.7	\$1,074.1	8.4%
Financial Services	1,413.1	1,258.8	1,126.0	1,014.3	868.8	856.7	779.8	681.3	600.1	11.3%
Information and Media Services	666.0	644.9	681.8	720.7	871.1	890.2	871.0	878.1	832.1	(2.7%)
Total	\$4,120.1	\$3,924.9	\$3,847.7	\$3,739.0	\$3,483.0	\$3,243.5	\$3,039.2	\$2,899.1	\$2,506.3	6.4%

Foreign*

McGraw-Hill Education	\$354.5	\$327.4	\$302.6	\$285.6	\$295.5	\$289.6	\$271.7	\$272.2	\$235.0	5.3%
Financial Services	642.2	510.3	429.7	384.0	336.2	307.0	257.2	196.9	166.5	18.4%
Information and Media Services	133.7	127.7	127.7	125.4	136.5	139.8	144.6	157.8	158.8	(2.1%)
Total	\$1,130.4	\$965.4	\$860.0	\$795.0	\$768.2	\$736.4	\$673.5	\$626.9	\$560.3	9.2%

Number of Employees

Domestic	13,122	12,736	13,180	13,566	13,339	13,032	12,599	12,669	13,374
Foreign	4,131	3,332	3,325	3,569	3,422	3,344	3,298	3,021	2,846
Total	17,253	16,068	16,505	17,135	16,761	16,376	15,897	15,690	16,220

Notes:

* Foreign source revenue includes international sales by U.S. operations

Years restated for discontinued operations

Revenue has been reclassified in accordance with Emerging Issues Task Force 00-10 "Accounting for Shipping and Handling Fees and Costs"