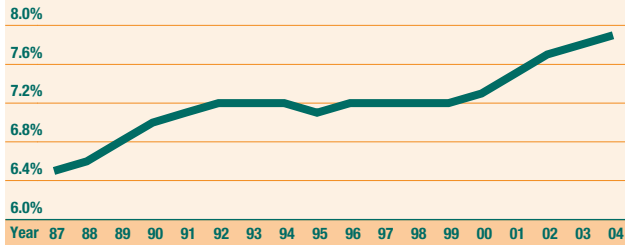


THE WORLD IS GOING OUR WAY

Education, finance, and information—the focus of The McGraw-Hill Companies—have each been growing as a share of GDP over the past 15 years (see charts below). The growth in these sectors reflects a broader trend in the U.S. economy’s shift toward intangible investments—new product development in financial and non-financial information, the building of brand equity, and human capital. The continued growth of intangible investments will play a key role in maintaining U.S. competitiveness and create new opportunities for The McGraw-Hill Companies.

Education spending has risen to 7.9% of U.S. GDP

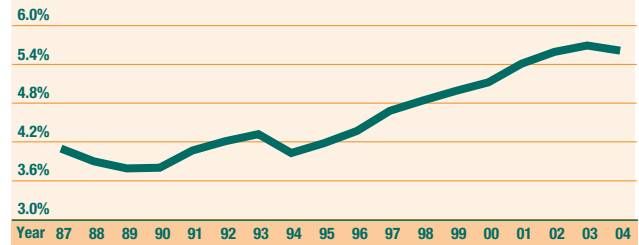
(spending as a percent of U.S. GDP)



Source: U.S. Department of Education

Financial sector has risen to 5.6% of U.S. GDP

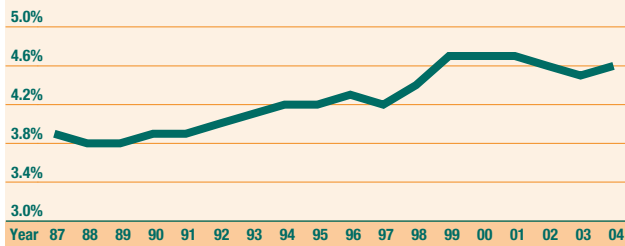
(value-added as a percent of U.S. GDP)



Source: Bureau of Economic Analysis

Information sector has risen to 4.6% of U.S. GDP

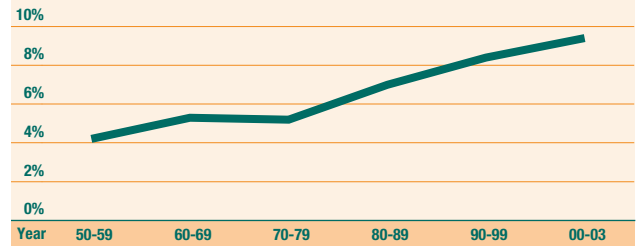
(value-added as a percent of U.S. GDP)



Source: Bureau of Economic Analysis

Growth of investment in intangibles

(business intangibles as a share of U.S. GDP)

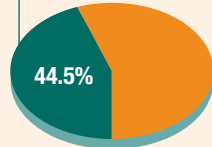


Source: Federal Reserve, University of Maryland

MCGRAW-HILL EDUCATION

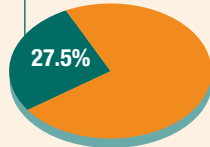
2005 Revenue

\$2.7 billion
44.5% of total revenue



2005 Operating Profit

\$410.0 million
27.5% of total operating profit



School Education Group

Key markets:

Pre-kindergarten, elementary, secondary, testing, supplemental, vocational, and post-secondary fields in the U.S.

Higher Education, Professional and International Group

Key higher education markets:

International college, university, and post-graduate fields/markets, and English as a Second Language (ESL).

Key professional markets:

Worldwide engineering, science, medicine, health care, computer technology, business, government, and general reference publishing.

Key international markets:

Education, business, and professional markets.

McGraw-Hill Education – Segment Revenue, Operating Profit and Operating Margin

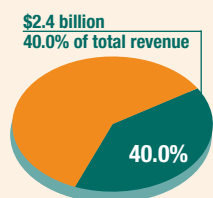
(dollars in millions)	2005 ^(a)	2004 ^(b)	2003 ^(b)
Revenue	\$ 2,672	\$ 2,396	\$ 2,349
Profit	\$ 410	\$ 340	\$ 322
Profit Margin	15.4%	14.2%	13.7%

Breakout of MHE Revenue

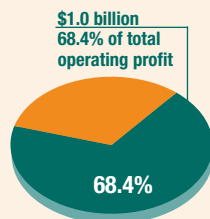
(dollars in millions)	2005	2004 ^(b)	2003 ^(b)
School Education Group	\$ 1,515	\$ 1,279	\$ 1,282
Higher Ed/Prof/Int'l Group	\$ 1,157	\$ 1,117	\$ 1,067

FINANCIAL SERVICES

2005 Revenue



2005 Operating Profit



Standard & Poor's

Key markets:

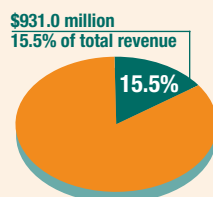
Worldwide customers include debt issuers, investors, intermediaries, corporations, government agencies, financial institutions, portfolio managers, brokers, financial advisors, fund managers, and securities traders.

Financial Services – Segment
Revenue, Operating Profit and Operating Margin

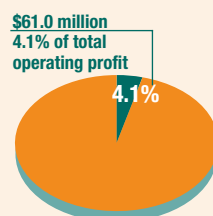
(dollars in millions)	2005 ^(c)	2004	2003
Revenue	\$2,401	\$2,055	\$1,769
Profit	\$1,019	\$839	\$668
Profit Margin	42.5%	40.8%	37.7%

INFORMATION & MEDIA

2005 Revenue



2005 Operating Profit

Business-to-
Business Group

Key markets:

Professionals and corporate executives in automotive, aerospace and defense, construction, and energy. Global business and financial professionals, investors, marketers, advertisers, and consumers worldwide.

Information & Media – Segment
Revenue, Operating Profit and Operating Margin

(dollars in millions)	2005 ^(d)	2004	2003
Revenue	\$931	\$800	\$773
Profit	\$61	\$119	\$110
Profit Margin	6.5%	14.9%	14.2%

Broadcasting Group

ABC affiliates:

KMGH-TV (Denver), KGTV (San Diego), KERO-TV (Bakersfield), WRTV (Indianapolis)

Azteca America affiliates (low-powered stations):

KZCS-TV (Colorado Springs), KZCO-TV (Denver), KZFC-TV (Fort Collins, CO), KZSD-TV (San Diego)

Key markets:

Television audiences in Denver, Colorado Springs, and Fort Collins, Colorado; Indianapolis, Indiana; San Diego and Bakersfield, California.

Breakout of I&M Revenue

(dollars in millions)	2005	2004	2003
B2B Group	\$819	\$686	\$670
Broadcasting	\$112	\$114	\$103

Notes for Segments at a Glance (pages 4 and 5):

McGraw-Hill Education

- (a) Operating profit reflects the impact of a \$9.0 million pre-tax restructuring charge
- (b) Revenue has been reclassified in accordance with Emerging Issues Task Force 00-10 "Accounting for Shipping and Handling Fees and Costs," resulting in an increase in revenue of \$62.5 million per year in 2004 and 2003

Financial Services

- (c) Operating profit reflects the impact of a \$6.8 million pre-tax gain on the sale of Corporate Value Consulting and a \$1.2 million pre-tax restructuring charge

Information & Media

- (d) The acquisition of J.D. Power and Associates contributed \$144.7 million to the Business-to-Business Group's revenue within the Information & Media segment. Operating profit reflects the impact of a \$5.5 million pre-tax loss on the sale of the Healthcare Information Group and a \$10.2 million pre-tax restructuring charge