

INTERNATIONAL OPERATIONS BY REGION AND SEGMENT

Revenue from foreign sources grew by 14.4% to \$1,530.1 million in 2006 and represented 24.5% of The McGraw-Hill Companies' total revenue. Favorable foreign exchange rates contributed \$12.7 million to revenue in 2006.

Europe continues to be the most important contributor to The McGraw-Hill Companies' foreign revenue, producing 57.8% of the total in 2006. Europe also grew the fastest of the foreign regions, increasing revenue by 16.3%. Canada, Asia and Latin America grew by 14.3%, 11.8% and 8.8%, respectively.

Financial Services

Financial Services continues to be the Company's largest and fastest growing international business. Standard & Poor's foreign revenue grew by 21.8% in 2006 to \$939.3 million and accounted for 61.4% of the Company's total foreign revenue. Favorable foreign exchange rates contributed \$5.6 million to revenue for this segment in 2006.

Since 1996, foreign revenue in this segment has grown at a compound annual rate of 18.9%.

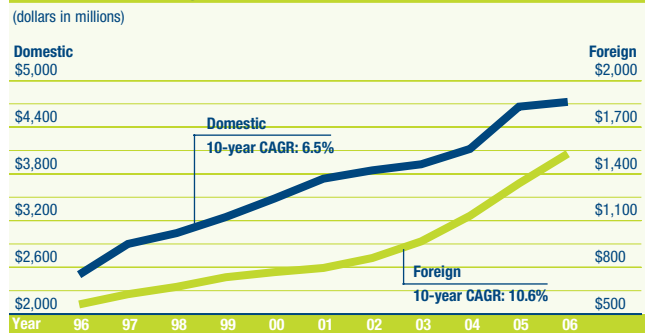
McGraw-Hill Education

McGraw-Hill Education's foreign revenue grew by 2.2% to \$393.4 million in 2006 and accounted for 25.7% of the Company's total foreign revenue. Favorable foreign exchange rates contributed \$6.6 million to revenue for this segment in 2006.

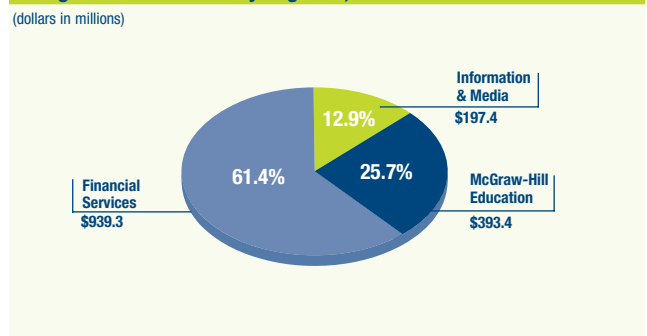
Information & Media

The Information & Media segment accounted for \$197.4 million, or 12.9% of the Company's total foreign revenue in 2006. A solid performance by news and information services for the energy market contributed to the 8.6% growth in the segment's foreign source revenue for 2006, offsetting the discontinuation of *BusinessWeek* Europe and Asia print editions at the end of 2005. The total 2005 revenue from the discontinued editions was approximately \$26.4 million; there was no comparable revenue in 2006.

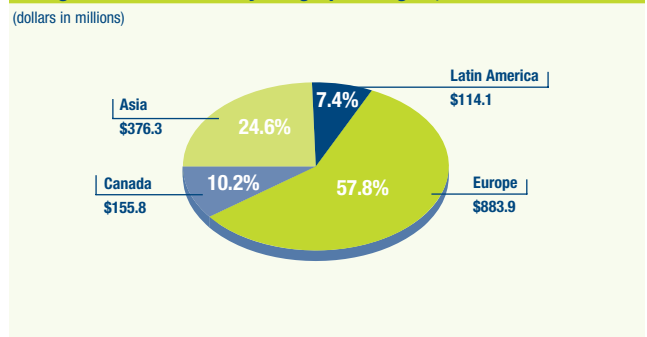
Domestic and Foreign Source Revenue Growth,* 1996-2006



Foreign Source Revenue by Segment,* 2006



Foreign Source Revenue by Geographic Region,* 2006



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

WORLDWIDE OFFICES

North America

- Canada
- Mexico
- United States of America

Caribbean/Central and South America

- Argentina
- Brazil
- Chile
- Colombia
- Costa Rica
- Dominican Republic
- Ecuador
- Guatemala
- Nicaragua
- Panama
- Peru
- Puerto Rico
- Venezuela

Europe, Middle East, Africa

- Denmark
- France
- Germany
- Greece
- Ireland
- Italy
- Portugal
- Russia
- South Africa
- Spain
- Sweden
- Switzerland
- United Arab Emirates
- United Kingdom

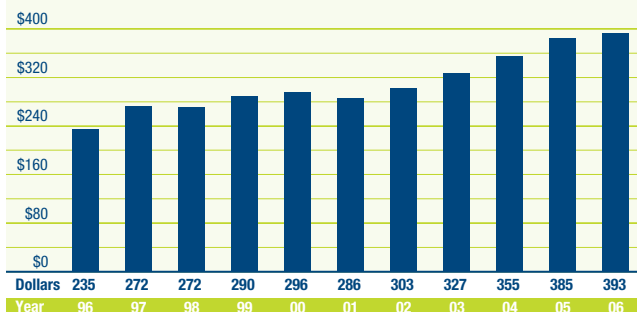
Asia-Pacific

- Australia
- India
- Japan
- Malaysia
- New Zealand
- People's Republic of China
- Philippines
- Singapore
- South Korea
- Taiwan
- Thailand

FOREIGN SOURCE REVENUE BY SEGMENT,* 1996-2006

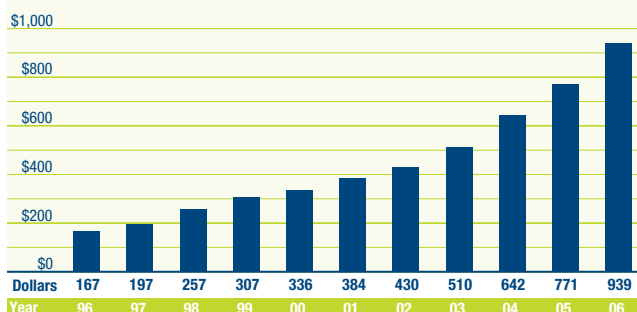
McGraw-Hill Education

(dollars in millions)



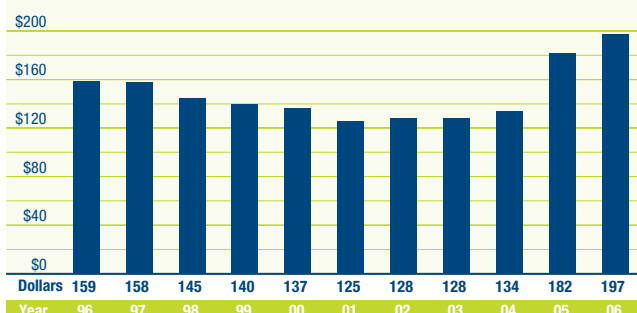
Financial Services

(dollars in millions)



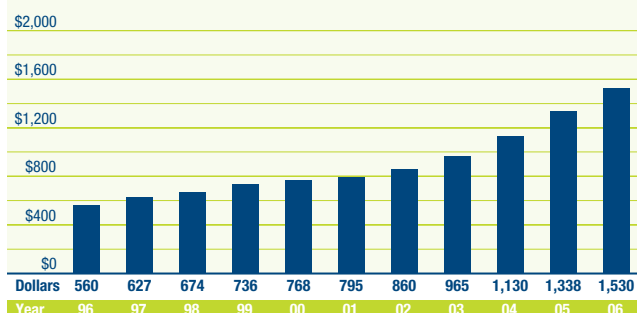
Information & Media

(dollars in millions)



Total Company^(a)

(dollars in millions)



(a) Segments may not sum to Total Company due to rounding

SUMMARY OF DOMESTIC AND FOREIGN SOURCE REVENUE, 1996-2006

(dollars in millions)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	10-year CAGR
Revenue												
Domestic	\$4,725.0	\$4,665.8	\$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	6.5%
Foreign*	1,530.1	1,337.8	1,130.4	965.4	860.0	795.0	768.2	736.3	673.5	626.9	560.3	10.6%
Total	\$6,255.1	\$6,003.6	\$5,250.5	\$4,890.3	\$4,707.7	\$4,534.0	\$4,251.2	\$3,979.8	\$3,712.7	\$3,526.0	\$3,066.6	7.4%

Revenue by Segment

Domestic												
McGraw-Hill Education	\$2,130.8	\$2,286.9	\$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	7.1%
Financial Services	1,807.1	1,629.6	1,413.1	1,258.8	1,126.0	1,014.3	868.8	856.7	779.8	681.3	600.1	11.7%
Information & Media	787.1	749.3	666.0	644.9	681.8	720.7	871.1	890.2	871.0	878.1	832.1	(0.6%)
Total	\$4,725.0	\$4,665.8	\$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	6.5%
Foreign*												
McGraw-Hill Education	\$393.4	\$384.8	\$354.5	\$327.4	\$302.6	\$285.6	\$295.5	\$289.6	\$271.7	\$272.2	\$235.0	5.3%
Financial Services	939.3	771.2	642.2	510.3	429.7	384.0	336.2	306.9	257.2	196.9	166.5	18.9%
Information & Media	197.4	181.8	133.7	127.7	127.7	125.4	136.5	139.8	144.6	157.8	158.8	2.2%
Total	\$1,530.1	\$1,337.8	\$1,130.4	\$965.4	\$860.0	\$795.0	\$768.2	\$736.3	\$673.5	\$626.9	\$560.3	10.6%

Number of Employees

Domestic	12,860	13,486	13,122	12,736	13,180	13,566	13,339	13,032	12,599	12,669	13,374
Foreign	7,354	6,114	4,131	3,332	3,325	3,569	3,422	3,344	3,298	3,021	2,846
Total	20,214	19,600	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 reflects reclassification for adoption of Emerging Issues Task Force 00-10 "Accounting for Shipping and Handling Fees and Costs" in 2004