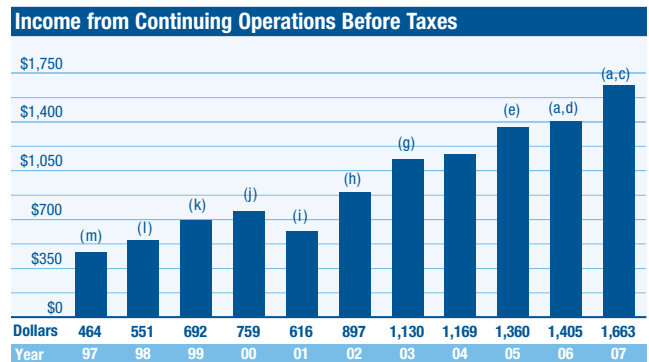
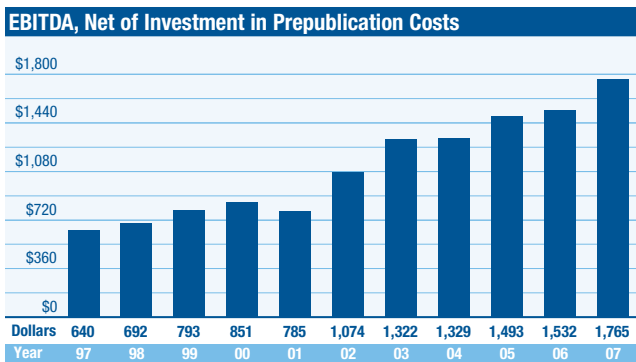
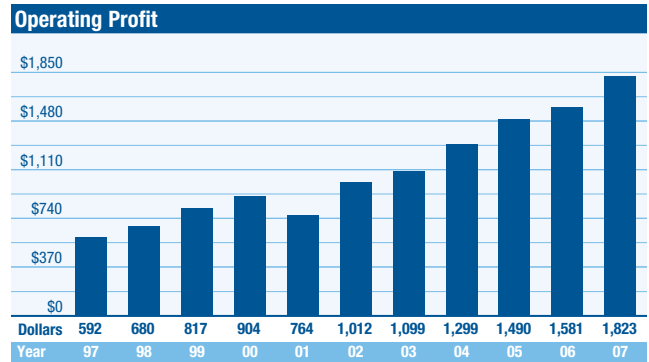
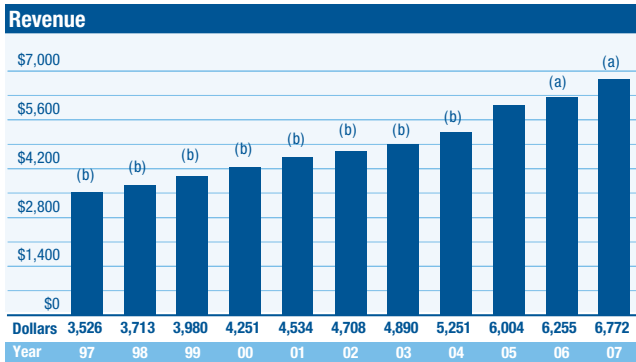
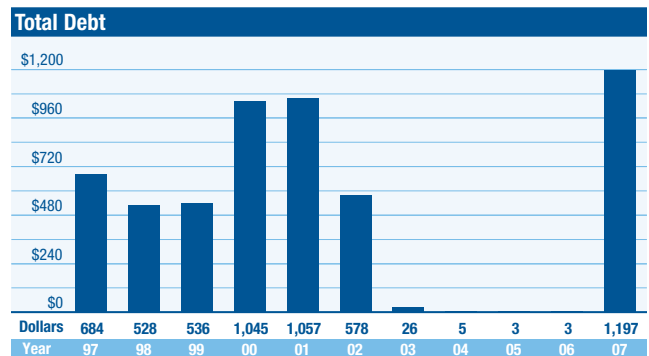
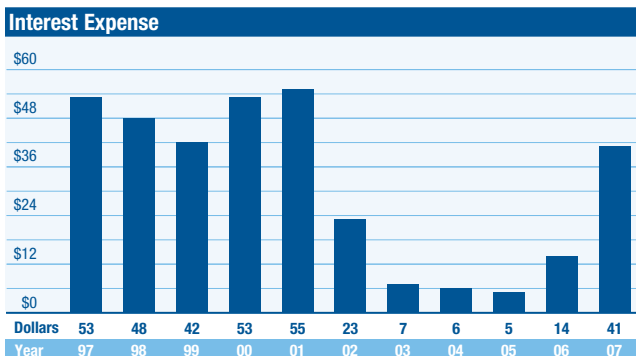
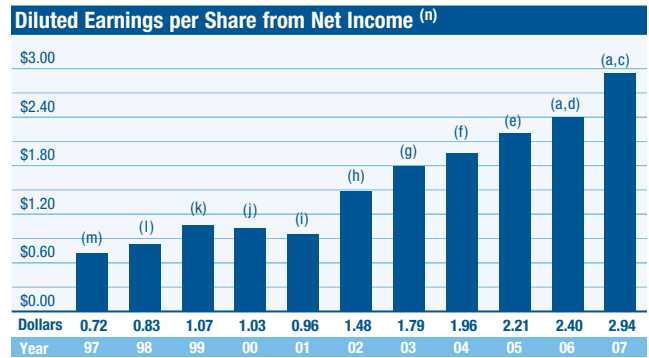
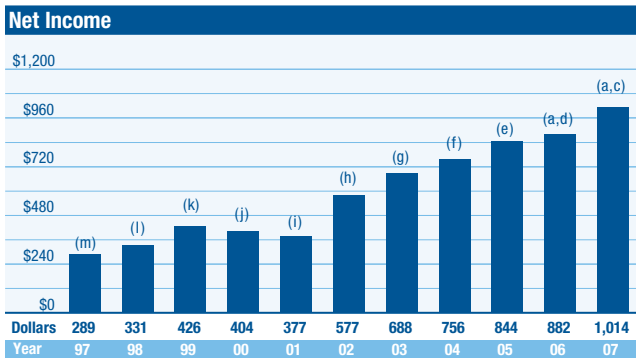


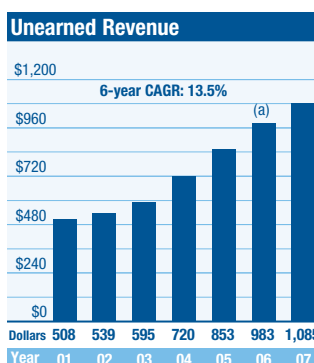
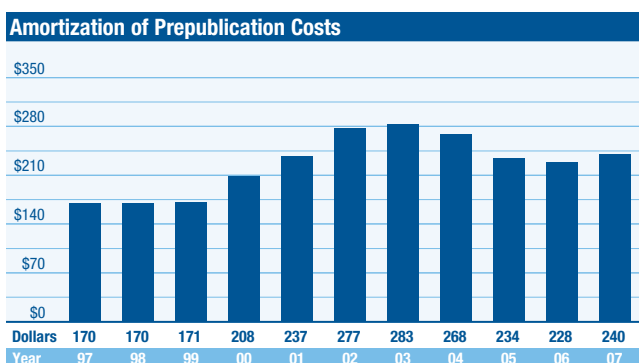
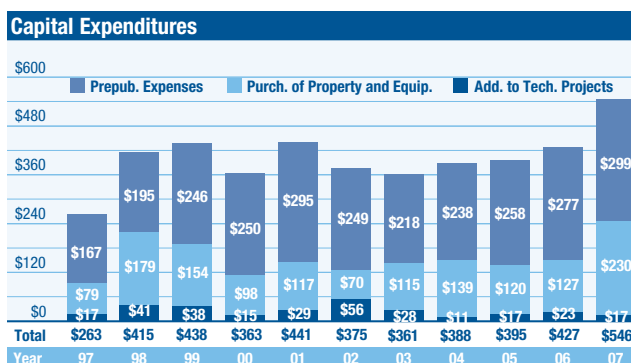
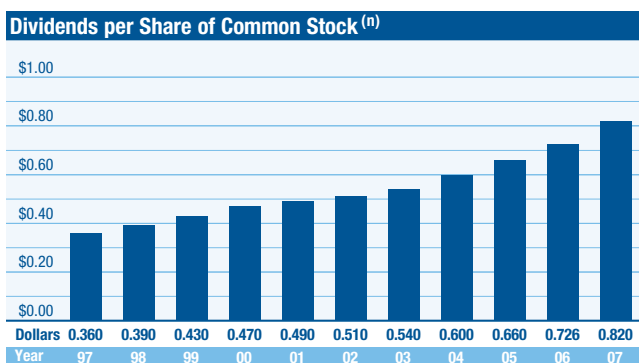
(dollars in millions, except per share data)



6

Please refer to EBITDA reconciliation table on page 16





Notes for Eleven-Year Financial Trends (pages 6 and 7):

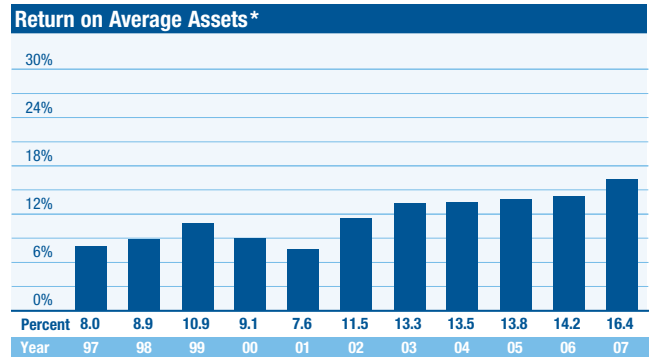
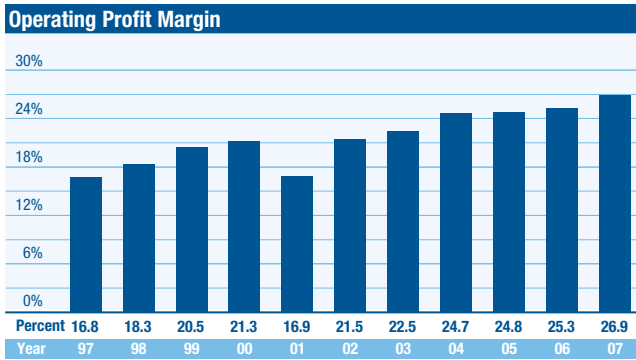
Certain prior year amounts have been reclassified for comparability purposes

- (a) During 2006, the Sweets building products database transitioned from a primarily print catalog offering to an integrated online service. In 2006, revenue and operating profit of \$23.8 million and \$21.1 million (\$13.3 million after-tax or \$0.04 per diluted share), respectively, of the bundled product were deferred and recognized ratably over the service period, primarily 2007
- (b) In 2004, all revenue in prior periods was reclassified in accordance with Emerging Issues Task Force Issue 00-10, "Accounting for Shipping and Handling Fees and Costs," resulting in an increase in revenue in all years presented
- (c) Includes a \$43.7 million pre-tax restructuring charge (\$27.3 million after-tax, or \$0.08 per diluted share) and a \$17.3 million pre-tax gain (\$10.3 million after-tax, or \$0.03 per diluted share) on the sale of the mutual fund data business
- (d) Includes a \$31.5 million pre-tax restructuring charge (\$19.8 million after-tax, or \$0.06 per diluted share). In 2006, as a result of the adoption of Financial Accounting Standards Board Statement No. 123(R), "Share Based Payment," the Company incurred stock-based compensation expense of \$136.2 million (\$85.5 million after-tax, or \$0.23 per diluted

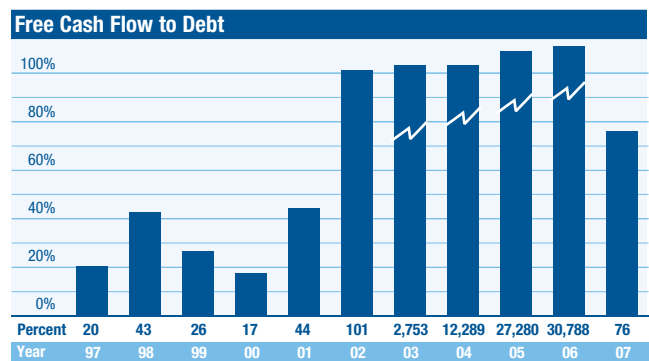
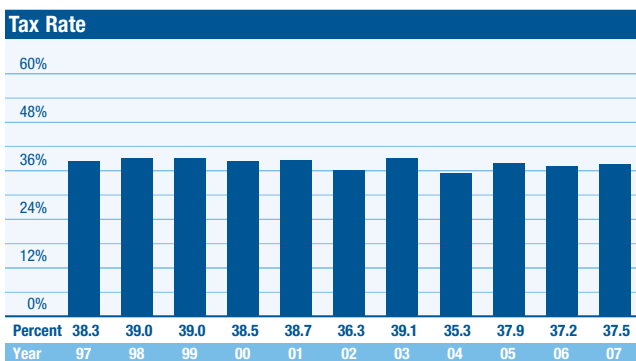
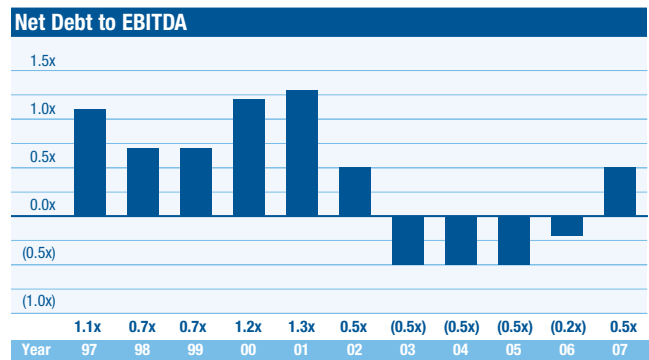
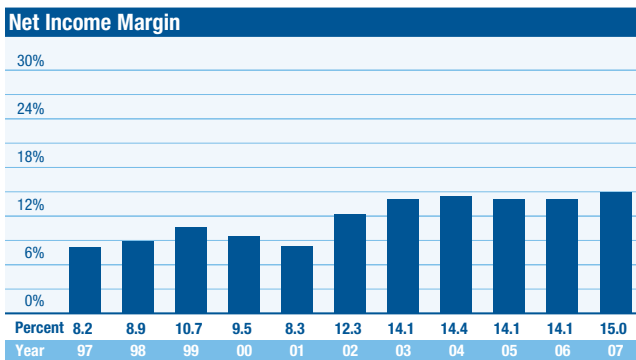
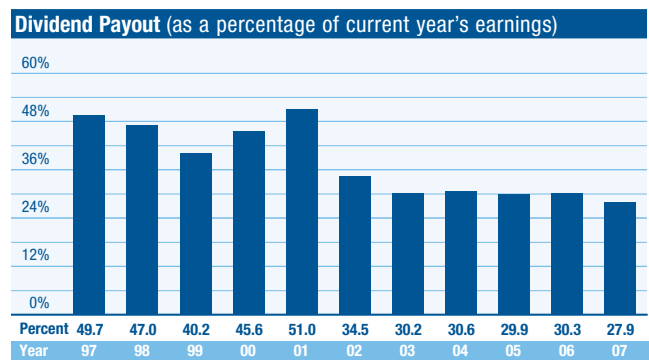
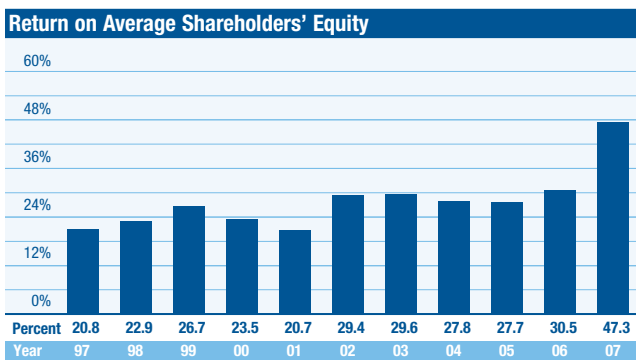
- share). Included in this expense is a one-time charge for the elimination of the Company's restoration stock option program of \$23.8 million (\$14.9 million after-tax, or \$0.04 per diluted share)
- (e) Includes a \$6.8 million pre-tax gain (\$4.2 million after-tax, or \$0.01 per diluted share) on the sale of the Corporate Value Consulting business, a \$5.5 million loss (\$3.5 million after-tax) on the sale of the Healthcare Information Group, and a \$23.2 million pre-tax restructuring charge (\$14.6 million after-tax, or \$0.04 per diluted share). Net income includes a \$10.0 million (\$0.03 per diluted share) increase in income taxes on the repatriation of funds
- (f) Includes a non-cash benefit of approximately \$20.0 million (\$0.05 per diluted share) as a result of the Company's completion of various federal, state and local, and foreign tax audit cycles. In the first quarter of 2004 the Company accordingly removed approximately \$20.0 million from its accrued income tax liability accounts. This non-cash item resulted in a reduction to the overall effective tax rate from continuing operations to 35.3%
- (g) Includes a \$131.3 million pre-tax gain (\$58.4 million after-tax, or \$0.15 per diluted share) on the sale of real estate

- (h) Includes a \$14.5 million pre-tax loss (\$2.0 million after-tax benefit, or \$0.01 per diluted share) on the disposition of MMS International
- (i) Includes impact of the following items: a \$159.0 million pre-tax charge (\$112.0 million after-tax, or \$0.29 per diluted share) for restructuring and asset write-down, a \$6.9 million pre-tax gain (\$0.01 per diluted share) on the sale of real estate, an \$8.8 million pre-tax gain (\$26.3 million after-tax, or \$0.07 per diluted share) on the sale of DRI, and a \$22.8 million pre-tax charge (\$21.9 million after-tax, or \$0.06 per diluted share) for the write-down of certain assets, the shutdown of *Blue List* and the contribution of Rational Investors
- (j) Includes a \$16.6 million gain (\$10.2 million after-tax, or \$0.03 per diluted share) on sale of Tower Group International and the cumulative effect on prior years of changes in accounting of \$68.1 million (\$0.17 per diluted share) for the adoption of SAB 101, "Revenue Recognition in Financial Statements"
- (k) Includes a \$39.7 million gain (\$24.2 million after-tax, or \$0.06 per diluted share) on the sale of the Petrochemical publications

- (l) Includes a \$26.7 million gain (\$16.3 million after-tax, or \$0.04 per diluted share) on sale of a building and a \$16.0 million provision (\$9.8 million after-tax, or \$0.02 per diluted share) at Continuing Education Center for write-down of assets due to a continuing decline in enrollments and the impact of an extraordinary loss of \$8.7 million (\$5.6 million after-tax, or \$0.01 per diluted share) on the early extinguishment of debt
- (m) Includes a provision of \$33.2 million (\$19.9 million after-tax, or \$0.05 per diluted share) for real estate write-downs for the consolidation of office space in New York City; also includes a gain on the sale of Datapro Information Services of \$20.4 million (\$20.2 million after-tax, or \$0.05 per diluted share)
- (n) All per share data have been restated to reflect the Company's two-for-one stock split completed on May 17, 2005



* Certain prior year amounts have been reclassified for comparability purposes



Please refer to free cash flow table on page 1

RETURN ON INVESTED CAPITAL											
(dollars in millions)	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Income from continuing operations before extraordinary item and cumulative adjustment	\$ 1,013.6	\$ 882.2	\$ 844.3	\$ 756.4	\$ 687.8	\$ 572.0	\$ 377.7	\$ 467.0	\$ 422.2	\$ 336.4	\$ 286.3
Post-tax adjustments for one-time items ⁽¹⁾	17.0	34.7	20.4	(20.0)	(58.4)	(2.0)	103.4	(10.2)	(24.2)	(6.5)	(0.3)
Post-tax interest adjustment ⁽²⁾	69.6	49.2	43.3	44.6	46.6	47.6	67.8	63.1	61.1	51.8	46.2
Adjusted earnings before interest, after tax	\$ 1,100.2	\$ 966.1	\$ 908.0	\$ 781.0	\$ 676.0	\$ 617.6	\$ 548.9	\$ 519.9	\$ 459.1	\$ 381.7	\$ 332.2
Present value of operating lease obligations (average)	\$ 1,190.3	\$ 1,193.7	\$ 1,207.1	\$ 1,273.5	\$ 1,303.9	\$ 1,141.2	\$ 931.6	\$ 829.1	\$ 795.0	\$ 667.5	\$ 368.3
Short-term & long-term debt (average)	600.1	3.0	4.2	15.7	302.3	817.4	1,051.0	790.9	532.0	606.0	632.9
Shareholders' equity (average)	2,143.1	2,896.4	3,048.8	2,770.8	2,361.4	2,009.9	1,807.5	1,704.8	1,578.7	1,451.7	1,358.6
Cash (average)	(374.8)	(551.1)	(714.7)	(688.1)	(376.9)	(55.9)	(28.4)	(4.8)	(8.5)	(7.6)	(4.1)
Average invested capital	\$ 3,558.7	\$ 3,542.0	\$ 3,545.5	\$ 3,371.9	\$ 3,590.7	\$ 3,912.6	\$ 3,761.7	\$ 3,320.0	\$ 2,897.2	\$ 2,717.6	\$ 2,355.7
Return on invested capital	30.9%	27.3%	25.6%	23.2%	18.8%	15.8%	14.6%	15.7%	15.8%	14.0%	14.1%

⁽¹⁾ Adjustment to income from continuing operations to exclude all one-time items discussed in the notes below. Adjustment for 2006 does not include the impact of the transformation of Sweets

⁽²⁾ After-tax interest expense, adjusted for implied interest on capitalized operating lease obligations

Notes for Eleven-Year Key Ratios (pages 8 and 9):

Certain prior year amounts have been reclassified for comparability purposes

The following one-time items were included in the calculation of the eleven-year key ratios on page eight:

2007: Includes a \$43.7 million pre-tax restructuring charge (\$27.3 million after-tax, or \$0.08 per diluted share), a \$17.3 million pre-tax gain (\$10.3 million after-tax, or \$0.03 per diluted share) on the sale of the Company's mutual fund data business, and the impact of the Sweets transformation (see 2006 note below)

2006: Includes a \$31.5 million pre-tax restructuring charge (\$19.8 million after-tax, or \$0.06 per diluted share), and a \$21.1 million pre-tax deferral of operating profit (\$13.3 million after-tax charge or \$0.04 per diluted share) due to a change in revenue recognition related to the transformation of the Sweets building products database from a primarily print catalog offering to an integrated online service, which was recognized ratably over 2007. In 2006, as a result of the adoption of Financial Accounting Standards Board Statement No. 123(R), "Share Based Payment," the Company incurred stock-based compensation expense of \$136.2 million (\$85.5 million after-tax, or \$0.23 per diluted share). Included in this expense is a one-time charge for the elimination of the

Company's restoration stock option program of \$23.8 million (\$14.9 million after-tax, or \$0.04 per diluted share)

2005: Includes a \$6.8 million pre-tax gain (\$4.2 million after-tax, or \$0.01 per diluted share) on the sale of the Corporate Value Consulting business, and a \$23.2 million pre-tax restructuring charge (\$14.6 million after-tax, or \$0.04 per diluted share)

Includes a \$10.0 million (\$0.03 per diluted share) increase in income taxes on the repatriation of funds

2004: The Company reclassified revenue in accordance with Emerging Issues Task Force 00-10, "Accounting for Shipping and Handling Fees and Costs," resulting in an increase in revenue in all years presented

Includes a non-cash benefit of approximately \$20.0 million (\$0.05 per diluted share) as a result of the Company's completion of various federal, state and local, and foreign tax audit cycles

In the first quarter of 2004 the Company accordingly removed approximately \$20.0 million from its accrued income tax liability accounts. This non-cash item resulted in a reduction to the overall effective tax rate from continuing operations to 35.3%

2003: Income from continuing operations includes a pre-tax gain on the sale of real estate of \$131.3 million (\$58.4 million after-tax gain, or \$0.15 per diluted share)

2002: \$14.5 million pre-tax loss on the disposition of MMS International. The variance between the \$14.5 million pre-tax loss and the \$2.0 million after-tax benefit on the sale of MMS International is the result of previous book write-downs and the inability of the Company to take a tax benefit for the write-downs until the unit was sold. This transaction reduced the effective tax rate by 1.2 percentage points

2001: \$159.0 million pre-tax charge for restructuring and asset write-down (\$112.0 million after-tax, or \$0.29 per diluted share). A \$26.3 million after-tax gain (\$8.8 million pre-tax, or \$0.07 per diluted share) from the divestiture of DRI. The variance between the pre-tax gain and the after-tax benefit – which reduced the effective tax rate by 3.4 percentage points – is the result of previous book write-downs and the inability of the Company to take a tax benefit for the write-downs until the unit was sold. Also included in the effective tax rate was the write-down of certain assets, the shutdown of the *Blue List*, and the contribution of Rational Investors to mPower.com in exchange for an equity position in the company. The total charge for these items was \$21.9 million after-tax (\$22.8 million pre-tax, or \$0.06 per diluted share). This transaction increased the effective tax rate by 1.3 percentage points due to the Company's inability to take a

benefit for these write-downs. Also included in income from continuing operations is a \$6.9 million pre-tax gain on the sale of real estate (\$4.2 million after-tax, or \$0.01 per diluted share)

2000: \$16.6 million pre-tax gain (\$10.2 million after-tax) on the sale of Tower Group International; \$68.1 million after-tax cumulative change in accounting related to the implementation of SAB 101, "Revenue Recognition in Financial Statements"

1999: \$39.7 million pre-tax gain (\$24.2 million after-tax) on the sale of the Petrochemical publications

1998: \$26.7 million pre-tax gain (\$16.3 million after-tax) on the sale of a building; \$16.0 million pre-tax charge (\$9.8 million after-tax) at Continuing Education Center for write-down of assets; \$8.7 million after-tax loss on the early extinguishment of debt

1997: \$33.2 million pre-tax provision (\$19.9 million after-tax) for the consolidation of office space in New York City; \$20.4 million pre-tax gain (\$20.2 million after-tax) on the sale of Datapro Information Services

REVENUE BY SEGMENT											
(dollars in millions)	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
McGraw-Hill											
Education^(f)	\$2,705.9	\$2,524.2	\$2,671.7	\$2,395.5	\$2,348.6	\$2,342.5	\$2,289.6	\$2,038.6	\$1,786.2	\$1,660.1	\$1,611.9
% increase/(decrease)*	7.2%	(5.5%)	11.5%	2.0%	0.3%	2.3%	12.3%	14.1%	7.6%	3.0%	23.1%
% of total revenue	40.0%	40.4%	44.5%	45.6%	48.0%	49.8%	50.5%	48.0%	44.9%	44.7%	45.7%
Financial Services											
	\$3,046.2	\$2,746.4	\$2,400.8	\$2,055.3	\$1,769.1	\$1,555.7	\$1,398.3	\$1,205.0	\$1,163.6	\$1,037.0	\$878.3
% increase/(decrease)*	10.9%	14.4%	16.8%	16.2%	13.7%	11.3%	16.0%	3.6%	12.2%	18.1%	14.6%
% of total revenue	45.0%	43.9%	40.0%	39.2%	36.2%	33.0%	30.8%	28.3%	29.2%	27.9%	24.9%
Information & Media^(b)											
	\$1,020.2	\$984.5	\$931.1	\$799.7	\$772.6	\$809.5	\$846.1	\$1,007.6	\$1,030.0	\$1,015.6	\$1,035.8
% increase/(decrease)*	3.6%	5.7%	16.4%	3.5%	(4.6%)	(4.3%)	(16.0%)	(2.2%)	1.4%	(2.0%)	4.5%
% of total revenue	15.0%	15.7%	15.5%	15.2%	15.8%	17.2%	18.7%	23.7%	25.9%	27.4%	29.4%
Total revenue											
	\$6,772.3	\$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
% increase/(decrease)*	8.3%	4.2%	14.3%	7.4%	3.9%	3.8%	6.7%	6.8%	7.2%	5.3%	15.0%

* % increase/(decrease) over prior year

Notes for Revenue and Operating Profit by Segment (pages 10 and 11):

Certain prior year amounts have been reclassified for comparability purposes. All per share amounts have been restated to reflect the Company's two-for-one stock split completed on May 17, 2005

- (a) 2007 income from continuing operations before taxes on income includes a \$43.7 million pre-tax restructuring charge (\$27.3 million after-tax, or \$0.08 per diluted share) which is comprised of the following: McGraw-Hill Education of \$16.3 million pre-tax, Financial Services of \$18.8 million pre-tax, Information & Media of \$6.7 million pre-tax, and Corporate of \$1.9 million pre-tax; the impact of the Sweets transformation (see note (b) below); and a \$17.3 million pre-tax gain (\$10.3 million after-tax, or \$0.03 per diluted share) on the sale of the Company's mutual fund data business which was part of the Financial Services segment
- (b) During 2006, the Sweets building products database transitioned from a primarily print catalog offering to an integrated online service. In 2006, revenue and operating profit of \$23.8 million and \$21.1 million, respectively, of the bundled product were deferred and recognized ratably over the service period, primarily 2007
- (c) 2006 income from continuing operations before taxes on income includes a \$31.5 million pre-tax restructuring charge (\$19.8 million after-tax, or \$0.06 per diluted share) which is comprised of the following: McGraw-Hill Education of \$16.0 million pre-tax; Information & Media of \$8.7 million pre-tax; and Corporate of \$6.8 million pre-tax. In 2006, as a result of the adoption of Financial Accounting Standards Board Statement No. 123(R), "Share Based Payment," the Company incurred stock-based compensation expense of \$136.2 million (\$85.5 million after-tax, or \$0.23 per diluted share) which was charged to the following: McGraw-Hill Education of \$31.6 million pre-tax; Financial Services of \$38.3 million pre-tax; Information & Media of \$22.9 million pre-tax; and Corporate of \$43.4 million pre-tax. Included in this expense is a one-time charge for the elimination of the Company's restoration stock option program of \$23.8 million (\$14.9 million after-tax, or \$0.04 per diluted share) which impacted the segments by \$4.2 million pre-tax to McGraw-Hill Education, \$2.1 million pre-tax to Financial Services, \$2.7 million to Information & Media, and the remainder to Corporate. Also included in the expense is restricted performance stock expense of \$66.0 million (\$41.5 million after-tax, or \$0.11 per diluted share) as compared with \$51.1 million (\$32.1 million after-tax, or \$0.08 per diluted share) in 2005. The break-out by segment is as follows: McGraw-Hill Education, \$16.8 million pre-tax in 2006 and \$12.0 million pre-tax in 2005; Financial Services, \$20.2 million pre-tax in 2006 and \$8.4 million pre-tax in 2005; Information & Media, \$12.1 million pre-tax in 2006 and \$8.8 million pre-tax in 2005; and Corporate, \$16.9 million pre-tax in 2006 and \$21.9 million pre-tax in 2005
- (d) 2005 income from continuing operations before taxes on income includes the following items: a \$6.8 million pre-tax gain (\$4.2 million after-tax, or \$0.01 per diluted share) on the sale of the Corporate Value Consulting business, a \$5.5 million loss (\$3.5 million after-tax) on the sale of the Healthcare Information Group, and a \$23.2 million pre-tax restructuring charge (\$14.6 million after-tax, or \$0.04 per diluted share)
- (e) 2005 includes a \$10.0 million (\$0.03 per diluted share) increase in income taxes on the repatriation of funds
- (f) In 2004, all revenue in prior periods was reclassified in accordance with Emerging Issues Task Force Issue 00-10, "Accounting for Shipping and Handling Fees and Costs," resulting in an increase in revenue in all years presented
- (g) 2004 includes a non-cash benefit of approximately \$20.0 million (\$0.05 per diluted share) as a result of the Company's completion of various federal, state and local, and foreign tax audit cycles. In the first quarter of 2004 the Company accordingly removed approximately \$20.0 million from its accrued income tax liability accounts. This non-cash item resulted in a reduction to the overall effective tax rate from continuing operations to 35.3%
- (h) In 2003, the Company adopted the Discontinued Operations presentation, outlined in SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Revenue and operating profit of S&P ComStock and the juvenile retail publishing business historically included in the Financial Services and McGraw-Hill Education segments, respectively, were presented as discontinued operations. 2003 discontinued operations include \$87.5 million on the divestiture of S&P ComStock (\$57.2 million after-tax gain, or \$0.15 per diluted share), and an \$81.1 million loss on the planned disposition of the juvenile retail publishing business (\$57.3 million after-tax loss, or \$0.15 per diluted share) which was subsequently sold on January 30, 2004. Discontinued operations in years 2002-2000 reflect net after-tax earnings/(loss) from the operations of S&P ComStock and the juvenile retail publishing business and 1999-1996 reflect net after-tax earnings/(loss) from the operations of S&P ComStock. Discontinued operations in 2004 reflect the net after-tax (loss) from the operations of the juvenile retail publishing business in January of 2004 before the sale of the business
- (i) 2003 income from continuing operations before taxes includes a pre-tax gain of \$131.3 million (\$58.4 million after-tax gain, or \$0.15 per diluted share) on the sale of real estate
- (j) 2002 income from continuing operations before taxes reflects a \$14.5 million pre-tax loss (\$2.0 million after-tax benefit, or \$0.01 per diluted share) on the disposition of MMS International
- (k) 2001 income from continuing operations before taxes reflects the following items: a \$159.0 million pre-tax charge for restructuring and asset write-down; an \$8.8 million pre-tax gain on the disposition of DRI; a \$22.8 million pre-tax loss on the closing of *Blue List*, the contribution of Rational Investors and the write-down of selected assets; and a \$6.9 million pre-tax gain on the sale of a building
- (l) 2000 income from continuing operations before taxes reflects a \$16.6 million gain on the sale of Tower Group International
- (m) 1999 income from continuing operations before taxes on income reflects a \$39.7 million gain on the sale of the Petrochemical publications
- (n) 1998 income from continuing operations before taxes on income reflects a \$26.7 million gain on sale of a building and a \$16.0 million charge at Continuing Education Center for write-down of assets due to a continuing decline in enrollments
- (o) 1997 income from continuing operations before taxes on income reflects a \$33.2 million provision for the consolidation of office space in New York City and a \$20.4 million gain on the sale of Datapro Information Services
- (p) The cumulative adjustment in 2000 reflects the adoption of SAB 101, "Revenue Recognition in Financial Statements." The extraordinary item in 1998 relates to costs for the early extinguishment of \$155.0 million of the Company's 9.43% Notes during the third quarter

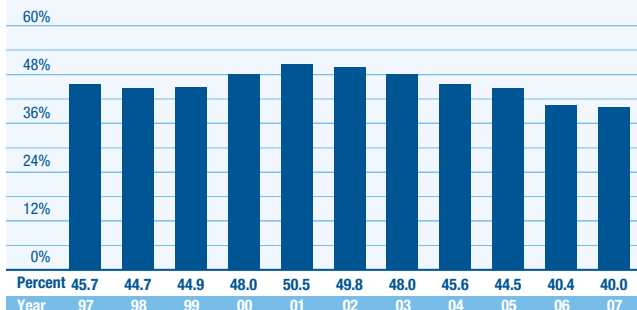
OPERATING PROFIT BY SEGMENT											
(\$ in millions, except per share data)	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
McGraw-Hill Education	\$400.0	\$329.1	\$410.2	\$340.1	\$321.8	\$333.0	\$273.3	\$307.7	\$273.7	\$202.1	\$187.7
% increase/(decrease)*	21.5%	(19.8%)	20.6%	5.7%	(3.4%)	21.8%	(11.2%)	12.4%	35.4%	7.6%	23.6%
% of total	21.9%	20.8%	27.5%	26.2%	29.3%	32.9%	35.8%	34.0%	33.5%	29.7%	31.7%
Financial Services	\$1,359.4	\$1,202.3	\$1,019.2	\$839.4	\$667.6	\$560.8	\$425.9	\$383.0	\$358.2	\$338.7	\$245.2
% increase/(decrease)*	13.1%	18.0%	21.4%	25.7%	19.0%	31.7%	11.2%	6.9%	5.8%	38.1%	1.5%
% of total	74.6%	76.0%	68.4%	64.6%	60.7%	55.4%	55.7%	42.4%	43.8%	49.8%	41.4%
Information & Media^(b)	\$63.5	\$49.9	\$60.6	\$119.3	\$109.8	\$118.0	\$65.0	\$212.9	\$185.5	\$139.3	\$158.9
% increase/(decrease)*	27.2%	(17.6%)	(49.2%)	8.6%	(7.0%)	81.6%	(69.5%)	14.8%	33.2%	(12.3%)	20.9%
% of total	3.5%	3.2%	4.1%	9.2%	10.0%	11.7%	8.5%	23.6%	22.7%	20.5%	26.9%
Total operating profit	\$1,822.9	\$1,581.3	\$1,490.0	\$1,298.8	\$1,099.2	\$1,011.8	\$764.2	\$903.6	\$817.4	\$680.1	\$591.8
% increase/(decrease)*	15.3%	6.1%	14.7%	18.2%	8.6%	32.4%	(15.4%)	10.6%	20.2%	14.9%	12.8%
General corporate income/(expense) ⁽ⁱ⁾	(159.7)	(162.9)	(124.8)	(124.1)	38.2	(91.9)	(93.0)	(91.4)	(83.3)	(80.7)	(75.3)
Interest expense	(40.6)	(13.6)	(5.2)	(5.8)	(7.1)	(22.5)	(55.1)	(52.8)	(42.0)	(48.0)	(52.6)
Income from continuing operations before taxes on income^(a,b,c,d,j,k,l,m,n,o)	1,622.6	1,404.8	1,360.0	1,168.9	1,130.3	897.4	616.1	759.4	692.1	551.4	463.8
Provision for taxes on income ^(e,g)	609.0	522.6	515.7	412.5	442.5	325.4	238.4	292.4	269.9	215.0	177.6
Income from continuing operations before extraordinary item and cumulative adjustment	1,013.6	882.2	844.3	756.4	687.8	572.0	377.7	467.0	422.2	336.4	286.3
Discontinued operations											
Net earnings/(loss) from discontinued operations ^(h)	—	—	—	(0.6)	(0.1)	4.8	(0.7)	4.9	3.4	2.9	2.4
Income before extraordinary item and cumulative adjustment	1,013.6	882.2	844.3	755.8	687.7	576.8	377.0	471.9	425.6	339.3	288.7
Early extinguishment of debt, net of taxes ^(p)	—	—	—	—	—	—	—	—	—	(8.7)	—
Cumulative effect on prior years of changes in accounting ^(p)	—	—	—	—	—	—	—	(68.1)	—	—	—
Net income	\$1,013.6	\$882.2	\$844.3	\$755.8	\$687.7	\$576.8	\$377.0	\$403.8	\$425.6	\$330.6	\$288.7
Basic earnings per share											
Income from continuing operations before extraordinary item and cumulative adjustment	\$3.01	\$2.47	\$2.25	\$1.99	\$1.81	\$1.48	\$0.97	\$1.21	\$1.07	\$0.85	\$0.72
Discontinued operations ^(h)	—	—	—	—	—	0.01	—	0.01	0.01	0.01	0.01
Income before extraordinary item and cumulative adjustment	\$3.01	\$2.47	\$2.25	\$1.99	\$1.81	\$1.49	\$0.97	\$1.22	\$1.08	\$0.86	\$0.73
Extraordinary item and cumulative adjustment ^(p)	—	—	—	—	—	—	—	(0.18)	—	(0.02)	—
Net income	\$3.01	\$2.47	\$2.25	\$1.99	\$1.81	\$1.49	\$0.97	\$1.04	\$1.08	\$0.84	\$0.73
Diluted earnings per share											
Income from continuing operations before extraordinary item and cumulative adjustment	\$2.94	\$2.40	\$2.21	\$1.96	\$1.79	\$1.47	\$0.96	\$1.19	\$1.06	\$0.84	\$0.71
Discontinued operations ^(h)	—	—	—	—	—	0.01	—	0.01	0.01	0.01	0.01
Income before extraordinary item and cumulative adjustment	\$2.94	\$2.40	\$2.21	\$1.96	\$1.79	\$1.48	\$0.96	\$1.20	\$1.07	\$0.85	\$0.72
Extraordinary item and cumulative adjustment ^(p)	—	—	—	—	—	—	—	(0.17)	—	(0.02)	—
Net income	\$2.94	\$2.40	\$2.21	\$1.96	\$1.79	\$1.48	\$0.96	\$1.03	\$1.07	\$0.83	\$0.72

* % increase/(decrease) over prior year

MCGRAW-HILL EDUCATION

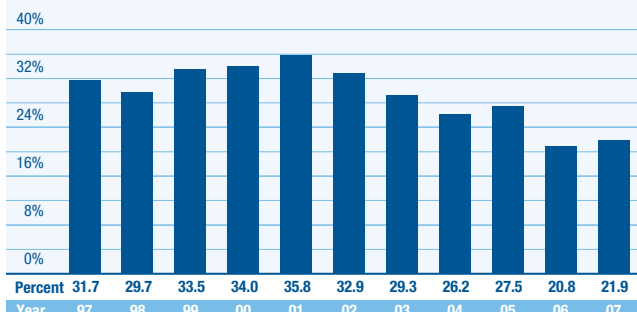
Percent of Total Revenue

McGraw-Hill Education



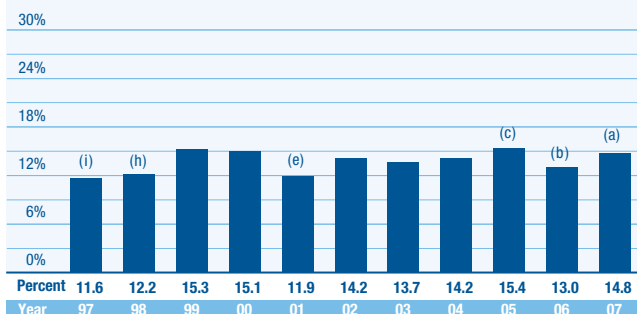
Percent of Total Operating Profit

McGraw-Hill Education



Operating Profit Margin

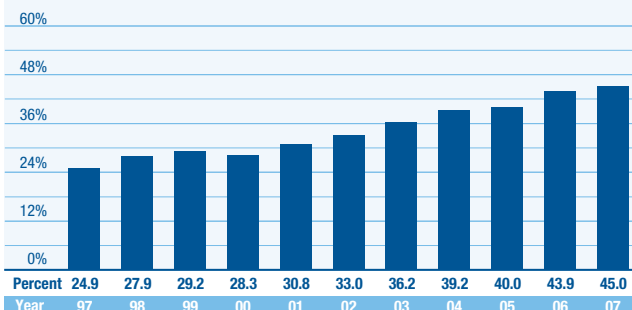
McGraw-Hill Education



FINANCIAL SERVICES

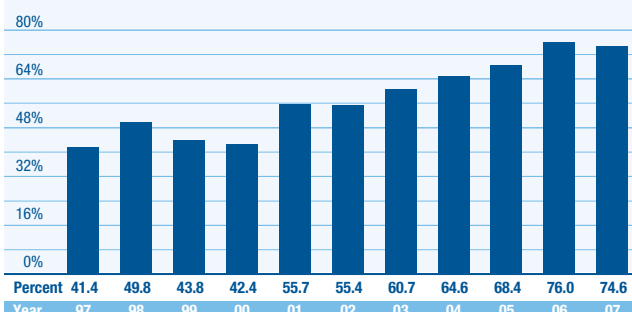
Percent of Total Revenue

Financial Services



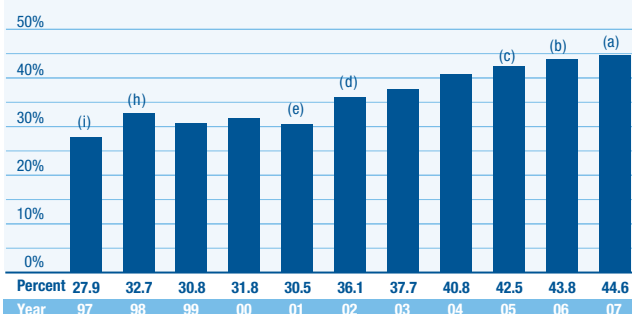
Percent of Total Operating Profit

Financial Services



Operating Profit Margin

Financial Services



Notes for Segment Trends (pages 12 and 13):

(a) Operating margin for 2007 reflects a \$43.7 million pre-tax restructuring charge (\$27.3 million after-tax, or \$0.08 per diluted share) which is comprised of the following: McGraw-Hill Education of \$16.3 million pre-tax, Financial Services of \$18.8 million pre-tax, Information & Media of \$6.7 million pre-tax, and Corporate of \$1.9 million pre-tax; the impact of the Sweets transformation (see note (b) below); and a \$17.3 million pre-tax gain (\$10.3 million after-tax, or \$0.03 per diluted share) on the sale of the Company's mutual fund data business

(b) Operating margin for 2006 reflects a \$31.5 million pre-tax restructuring charge (\$19.8 million after-tax, or \$0.06 per diluted share) consisting of the following: \$16.0 million for McGraw-Hill Education; \$8.7 million for Information & Media; and a \$21.1 million pre-tax deferral of operating profit (\$13.3 million after-tax charge or \$0.04 per diluted share) due to a change in revenue recognition related to the transformation of the Sweets building products database from a primarily print catalog offering to an integrated online service, which was recognized ratably over 2007. In 2006, as a result of the adoption of Financial Accounting Standards Board Statement No. 123(R), "Share Based Payment," the Company

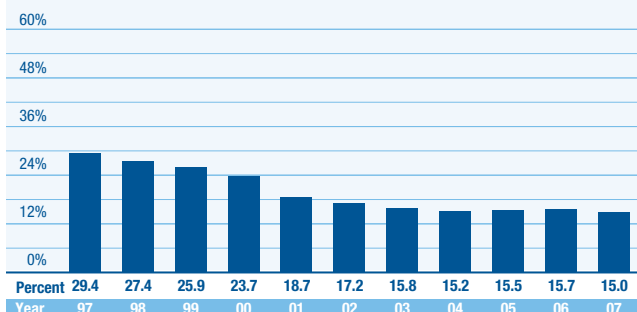
incurred stock-based compensation expense of \$136.2 million (\$85.5 million after-tax, or \$0.23 per diluted share) which was charged to the following: McGraw-Hill Education of \$31.6 million pre-tax; Financial Services of \$38.3 million pre-tax; Information & Media of \$22.9 million pre-tax; and Corporate of \$43.4 million pre-tax. Included in this expense is a one-time charge for the elimination of the Company's restoration stock option program of \$23.8 million (\$14.9 million after-tax, or \$0.04 per diluted share) which impacted the segments by \$4.2 million pre-tax to McGraw-Hill Education, \$2.1 million pre-tax to Financial Services, \$2.7 million to Information & Media, and the remainder to Corporate. Also included

in the expense is restricted performance stock expense of \$66.0 million (\$41.5 million after-tax, or \$0.11 per diluted share) as compared with \$51.1 million (\$32.1 million after-tax, or \$0.08 per diluted share) in 2005. The breakout by segment is as follows: McGraw-Hill Education, \$16.8 million pre-tax in 2006 and \$12.0 million pre-tax in 2005; Financial Services, \$20.2 million pre-tax in 2006 and \$8.4 million pre-tax in 2005; Information & Media, \$12.1 million pre-tax in 2006 and \$8.8 million pre-tax in 2005; and Corporate, \$16.9 million pre-tax in 2006 and \$21.9 million pre-tax in 2005

INFORMATION & MEDIA

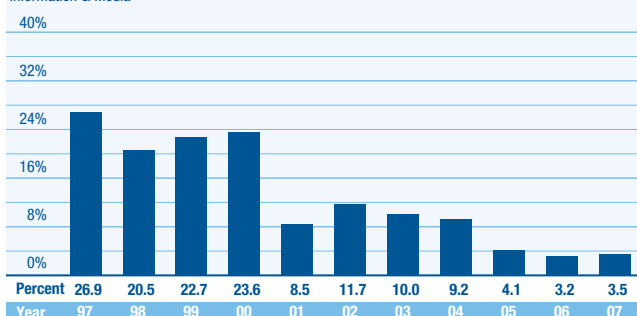
Percent of Total Revenue

Information & Media



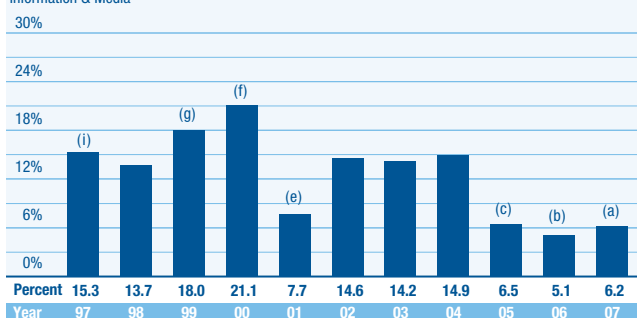
Percent of Total Operating Profit

Information & Media



Operating Profit Margin

Information & Media



(c) Operating margin for 2005 reflects a \$6.8 million pre-tax gain (\$4.2 million after-tax, or \$0.01 per diluted share) on the sale of the Corporate Value Consulting business, a \$5.5 million loss (\$3.5 million after-tax) on the sale of the Healthcare Information Group, and a \$23.2 million pre-tax restructuring charge (\$14.6 million, or \$0.04 per diluted share). The pre-tax restructuring charge by segment is as follows: McGraw-Hill Education – \$9.0 million; Financial Services – \$1.2 million; Information & Media – \$10.2 million; and Corporate – \$2.8 million

(d) Operating margin for 2002 reflects a \$14.5 million pre-tax loss (\$2.0 million after-tax benefit, or \$0.01 per diluted share) on the disposition of MMS International

(e) Operating margin for 2001 reflects the following items: a \$159.0 million provision (\$112.0 million after-tax, or \$0.29 per diluted share) for restructuring and asset write-down, a \$6.9 million pre-tax gain (\$0.01 per diluted share) on the sale of real estate, an \$8.8 million pre-tax gain (\$26.3 million after-tax, or \$0.07 per diluted share) on the sale of DRI, and a \$22.8 million pre-tax charge (\$21.9 million after-tax, or \$0.06 per diluted share) for the write-down of certain assets, the shutdown of *Blue List*, and the contribution of Rational Investors

(f) Operating margin for 2000 reflects a \$16.6 million gain on the sale of Tower Group International

(g) Operating margin for 1999 reflects a \$39.7 million gain on the sale of the Petrochemical publications

(h) Operating margin for 1998 reflects a \$16.0 million provision for the write-down of assets at the Continuing Education Center and a \$26.7 million gain on the sale of an office building

(i) Operating margin for 1997 reflects a \$33.2 million provision for real estate write-downs for the consolidation of office space in New York City and a \$20.4 million gain on the sale of Datapro Information Services

2007 QUARTERLY REVENUE AND OPERATING PROFIT BY SEGMENT										
(dollars in thousands, except earnings per share) favorable/(unfavorable)	2007 vs. 2006	2007 vs. 2006	2007 vs. 2006	2007 vs. 2006	2007 vs. 2006	2007 vs. 2006	2007 vs. 2006	Total	2007 vs. 2006	
	1Q	2Q	3Q	4Q	Total					
Revenue										
McGraw-Hill Education	\$331,680	5.6%	\$647,324	5.8%	\$1,175,954	9.9%	\$550,873	4.3%	\$2,705,831	7.2%
Financial Services	728,882	21.5%	820,993	21.2%	759,614	12.5%	736,740	(7.2%)	3,046,229	10.9%
Information & Media	235,856	4.1%	249,862	4.7%	252,428	2.1%	282,075	3.6%	1,020,221	3.6%
Total revenue	\$1,296,418	13.7%	\$1,718,179	12.5%	\$2,187,996	9.8%	\$1,569,688	(1.5%)	\$6,772,281	8.3%
Operating Profit										
McGraw-Hill Education	\$(90,680)	6.6%	\$80,402	18.7%	\$411,059	16.1%	\$(791)	(118.1%)	\$399,990	21.5%
Financial Services	348,012	38.3%	401,368	27.9%	346,650	17.3%	263,447	(22.8%)	1,359,477	13.1%
Information & Media	9,886	483.9%	14,740	13.8%	18,629	35.8%	20,212	(6.1%)	63,467	27.2%
Total operating profit	\$267,218	71.0%	\$496,510	25.8%	\$776,338	17.0%	\$282,868	(22.9%)	\$1,822,934	15.3%
General corporate (expense)	\$(35,037)	13.8%	\$(41,085)	(20.1%)	\$(37,686)	20.1%	\$(46,013)	(12.6%)	\$(159,821)	1.9%
Interest (expense)/income	(1,204)	N/M	(12,099)	N/M	(15,423)	N/M	(11,855)	N/M	(40,581)	N/M
Income from operations										
before taxes on income	230,977	95.4%	443,326	26.0%	723,229	18.8%	225,000	(31.0%)	1,622,532	15.5%
Provision for taxes on income	87,139	(98.2%)	166,248	(27.0%)	271,211	(19.8%)	84,375	30.4%	608,973	(16.5%)
Net income	\$143,838	93.8%	\$277,078	25.4%	\$452,018	18.2%	\$140,625	(31.3%)	\$1,013,559	14.9%
Earnings per common share:										
Basic	\$0.41	105.0%	\$0.81	30.6%	\$1.37	25.7%	\$0.43	(25.9%)	\$3.01	21.9%
Diluted	\$0.40	100.0%	\$0.79	31.7%	\$1.34	26.4%	\$0.43	(23.2%)	\$2.94	22.5%

2006 QUARTERLY REVENUE AND OPERATING PROFIT BY SEGMENT										
(dollars in thousands, except earnings per share) favorable/(unfavorable)	2006 vs. 2005	2006 vs. 2005	2006 vs. 2005	2006 vs. 2005	2006 vs. 2005	2006 vs. 2005	2006 vs. 2005	Total	2006 vs. 2005	
	1Q	2Q	3Q	4Q	Total					
Revenue										
McGraw-Hill Education	\$314,150	2.2%	\$611,646	(2.7%)	\$1,070,238	(6.3%)	\$528,117	(11.0%)	\$2,524,151	(5.5%)
Financial Services	600,000	9.6%	677,313	13.4%	675,063	11.4%	794,066	22.1%	2,746,442	14.4%
Information & Media	226,529	29.9%	238,584	3.6%	247,269	8.0%	272,163	(8.5%)	984,545	5.7%
Total revenue	\$1,140,679	10.9%	\$1,527,543	4.9%	\$1,992,570	0.8%	\$1,594,346	3.4%	\$6,255,138	4.2%
Operating Profit										
McGraw-Hill Education	\$(97,051)	(23.4%)	\$67,761	(5.3%)	\$354,038	(7.0%)	\$4,377	(88.0%)	\$329,125	(19.8%)
Financial Services	251,657	13.1%	313,886	21.5%	295,650	17.3%	341,096	19.1%	1,202,289	18.0%
Information & Media	1,693	(64.3%)	12,956	(4.8%)	13,717	10.3%	21,522	(27.7%)	49,888	(17.6%)
Total operating profit	\$156,299	5.2%	\$394,603	14.9%	\$663,405	2.8%	\$366,995	4.1%	\$1,581,302	6.1%
General corporate (expense)	\$(40,625)	(77.3%)	\$(34,200)	(15.9%)	\$(47,176)	(33.7%)	\$(40,847)	(10.0%)	\$(162,848)	(30.5%)
Interest (expense)/income	2,509	N/M	(8,555)	N/M	(7,515)	N/M	(70)	N/M	(13,631)	N/M
Income from operations										
before taxes on income	118,183	(5.4%)	351,848	13.3%	608,714	0.3%	326,078	2.7%	1,404,823	3.3%
Provision for taxes on income	43,963	4.9%	130,887	(13.3%)	226,441	(0.3%)	121,301	5.3%	522,592	(1.3%)
Net income	\$74,220	(5.7%)	\$220,961	13.3%	\$382,273	0.3%	\$204,777	8.2%	\$882,231	4.5%
Earnings per common share:										
Basic	\$0.20	(4.8%)	\$0.62	19.2%	\$1.09	6.9%	\$0.58	13.7%	\$2.47	9.8%
Diluted	\$0.20	0.0%	\$0.60	17.6%	\$1.06	6.0%	\$0.56	12.0%	\$2.40	8.6%

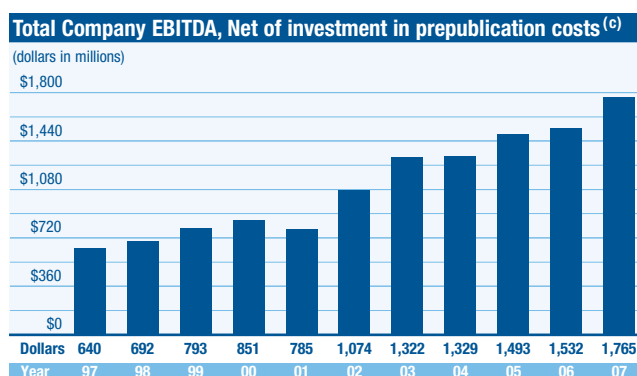
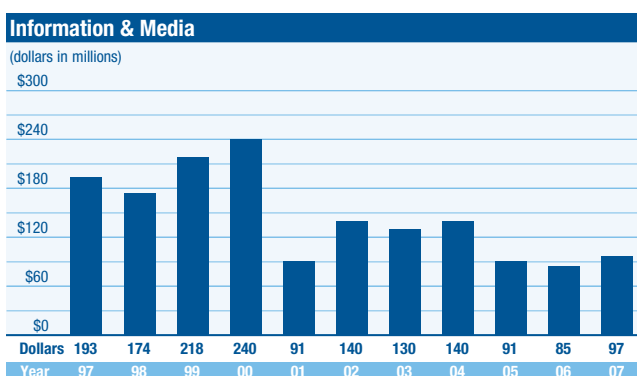
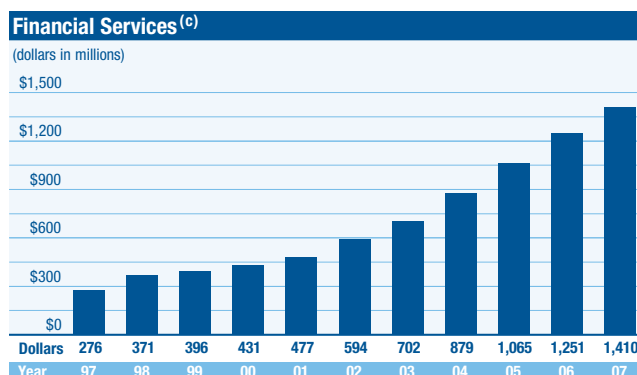
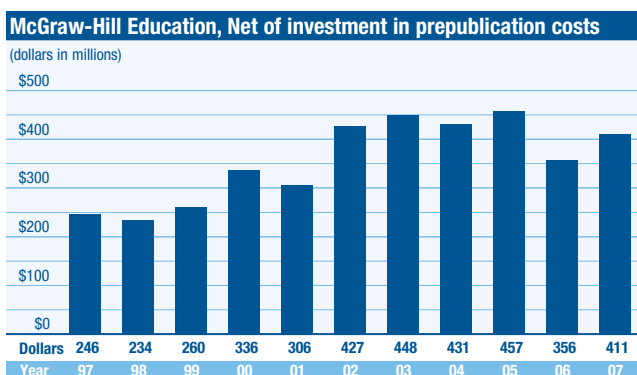
2005 QUARTERLY REVENUE AND OPERATING PROFIT BY SEGMENT

(dollars in thousands, except earnings per share) favorable/(unfavorable)	2005 vs. 2004	2005 vs. 2004	2005 vs. 2004	2005 vs. 2004	2005 vs. 2004	2005 vs. 2004	2005 vs. 2004	Total	2005 vs. 2004	
	1Q	2Q	3Q	4Q	Total					
Revenue										
McGraw-Hill Education	\$307,300	7.3%	\$628,647	14.8%	\$1,142,331	10.7%	\$593,454	12.1%	\$2,671,732	11.5%
Financial Services	547,281	19.9%	597,366	18.4%	605,751	20.5%	650,411	10.0%	2,400,809	16.8%
Information & Media	174,425	(1.3%)	230,264	18.6%	228,959	21.9%	297,453	23.4%	931,101	16.4%
Total revenue	\$1,029,006	11.9%	\$1,456,277	16.9%	\$1,977,041	14.8%	\$1,541,318	13.2%	\$6,003,642	14.3%
Operating Profit										
McGraw-Hill Education	\$(78,674)	(14.4%)	\$71,591	25.5%	\$380,847	17.8%	\$36,449	27.7%	\$410,213	20.6%
Financial Services	222,512	28.0%	258,286	20.6%	251,945	24.7%	286,458	14.9%	1,019,201	21.4%
Information & Media	4,746	(65.2%)	13,608	(45.2%)	12,437	(47.8%)	29,785	(47.8%)	60,576	(49.2%)
Total operating profit	\$148,584	25.2%	\$343,485	16.0%	\$645,229	17.5%	\$352,692	5.3%	\$1,489,990	14.7%
General corporate (expense)	\$(22,910)	17.1%	\$(29,512)	4.9%	\$(35,274)	(9.7%)	\$(37,130)	(11.7%)	\$(124,826)	(0.6%)
Interest (expense)/income	(698)	59.8%	(3,512)	(62.5%)	(2,808)	(50.4%)	1,816	N/M	(5,202)	10.1%
Income from operations										
before taxes on income	124,976	39.9%	310,461	18.1%	607,147	17.9%	317,378	5.2%	1,359,962	16.3%
Provision for taxes on income	46,241	N/M	115,491	(18.7%)	225,858	(18.5%)	128,066	(14.7%)	515,656	(25.0%)
Net income	\$78,735	4.0%	\$194,970	17.7%	\$381,289	17.5%	\$189,312	(0.4%)	\$844,306	11.7%
Earnings per common share:										
Basic	\$0.21	5.0%	\$0.52	18.2%	\$1.02	18.6%	\$0.51	2.0%	\$2.25	13.1%
Diluted	\$0.20	0.0%	\$0.51	18.6%	\$1.00	17.7%	\$0.50	2.0%	\$2.21	12.8%

N/M indicates a non-meaningful or non-calculable variance

Notes for Quarterly Revenue and Operating Profit by Segment (pages 14 and 15):

<p>Basic and diluted earnings per share are computed independently for each quarter and full year presented. The number of weighted average shares outstanding changes as common shares are issued pursuant to employee stock option plans, as shares are repurchased by the Company, and as other activity occurs throughout the year. Accordingly, the sum of the quarterly earnings per share data may not agree with the calculated full year earnings per share. All per share data have been restated to reflect the Company's two-for-one stock split completed on May 17, 2005</p> <p>2007: In the first quarter, operating profit at the Financial Services segment includes a \$17.3 million pre-tax gain (\$10.3 million after-tax, or \$0.03 per diluted share) on the divestiture of the Company's mutual fund data business. In the third quarter, operating profit at the McGraw-Hill Education segment includes a \$4.1 million gain on the divestiture of a product line. In the fourth quarter, net income includes a \$43.7 million pre-tax restructuring charge (\$27.3 million after-tax, or \$0.08 per diluted share). The pre-tax restructuring charge by segment is as follows: McGraw-Hill Education of \$16.3 million pre-tax; Financial Services of \$18.8 million pre-tax; Information & Media of \$6.7 million pre-tax; and Corporate of \$1.9 million pre-tax. 2007 revenue and operating profit also include the impact of the Sweets transformation (see 2006 note below)</p>	<p>2006: In 2006, the Company adopted Financial Accounting Standards Board Statement No. 123(R), "Share Based Payment," which resulted in stock-based compensation expense of \$54.0 million (\$33.9 million after-tax charge or \$0.09 per diluted share), \$23.0 million (\$14.4 million after-tax charge or \$0.04 per diluted share), \$29.2 million (\$18.3 million after-tax charge, or \$0.05 per diluted share), and \$30.0 million (\$18.8 million after-tax charge or \$0.05 per diluted share), in the first, second, third and fourth quarters of 2006, respectively. The first quarter expense includes a one-time charge of \$23.8 million (\$14.9 million after-tax, or \$0.04 per diluted share) for the elimination of the Company's restoration stock option program. In the third quarter, net income includes a \$15.4 million pre-tax restructuring charge (\$9.7 million after-tax charge, or \$0.03 per diluted share). The pre-tax restructuring charge by segment is as follows: McGraw-Hill Education – \$5.6 million; Information & Media – \$5.7 million; and Corporate – \$4.1 million. In the fourth quarter, net income includes a \$16.1 million pre-tax restructuring charge (\$10.1 million after-tax charge, or \$0.03 per diluted share). The pre-tax restructuring charge by segment is as follows: McGraw-Hill Education – \$10.4 million; Information & Media – \$3.0 million; and Corporate – \$2.7 million. For the Information & Media</p>	<p>segment, fourth quarter results also reflect deferrals of revenue of \$23.8 million and operating profit of \$21.1 million (\$13.3 million after-tax charge or \$0.04 per diluted share) due to a change in revenue recognition related to the transformation of the Sweets building products database from a primarily print catalog offering to an integrated online service, which was recognized ratably over 2007</p> <p>2005: In the third quarter, operating profit at the Financial Services segment includes a \$6.8 million pre-tax gain (\$4.2 million after-tax, or \$0.01 per diluted share) on the sale of the Corporate Value Consulting business. In the fourth quarter, operating profit at the Information & Media segment includes a \$5.5 million loss (\$3.5 million after-tax) on the sale of the Healthcare Information Group. In the fourth quarter, net income includes the impact of a \$23.2 million pre-tax charge (\$14.6 million after-tax, or \$0.04 per diluted share) for restructuring. The pre-tax restructuring charge by segment is as follows: McGraw-Hill Education – \$9.0 million; Financial Services – \$1.2 million; Information & Media – \$10.2 million; and Corporate – \$2.8 million. Net income in the fourth quarter also includes a \$10.0 million (\$0.03 per diluted share) increase in income taxes on the repatriation of funds</p>	<p>2004: The Company reclassified revenue in accordance with Emerging Issues Task Force 00-10, "Accounting for Shipping and Handling Fees and Costs," resulting in an increase in revenue of \$8.3 million, \$15.7 million, \$27.0 million and \$11.5 million in the first, second, third and fourth quarters of 2004, respectively; and an increase in revenue of \$10.2 million, \$17.1 million, \$25.9 million and \$9.3 million in the first, second, third and fourth quarters of 2003, respectively</p> <p>Includes a non-cash benefit of approximately \$20.0 million (\$0.05 per diluted share) as a result of the Company's completion of various federal, state and local, and foreign tax audit cycles. In the first quarter of 2004, the Company accordingly removed approximately \$20.0 million from its accrued income tax liability accounts. This non-cash item resulted in a reduction to the overall effective tax rate from continuing operations to 35.3%</p>
---	--	--	--



EBITDA, NET OF INVESTMENT IN PREPUBLICATION COSTS

(dollars in thousands)	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
McGraw-Hill Education	\$ 399,990	\$ 329,125	\$ 410,213	\$ 340,067	\$ 321,751	\$ 332,949	\$ 273,339	\$ 307,672	\$ 273,667	\$ 202,076	\$ 187,722
Financial Services	1,359,477	1,202,289	1,019,201	839,398	667,597	560,845	425,911	383,025	358,155	338,655	245,150
Information & Media	63,467	49,888	60,576	119,313	109,841	118,052	65,003	212,921	185,551	139,352	158,879
Total operating profit	\$ 1,822,934	\$ 1,581,302	\$ 1,489,990	\$ 1,298,778	\$ 1,099,189	\$ 1,011,846	\$ 764,253	\$ 903,618	\$ 817,373	\$ 680,083	\$ 591,751
Unusual (loss)/gain ^(a)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (68,122)	\$ -	\$ (8,716)	\$ -
Corporate (expense)/income ^(b)	(159,821)	(162,848)	(124,826)	(124,088)	38,185	(91,934)	(93,062)	(91,380)	(83,280)	(80,685)	(75,342)
Depreciation ^(c)	112,586	113,200	106,750	92,268	82,827	86,818	85,748	84,812	80,348	75,538	71,689
Amortization of intangibles ^(c)	48,403	48,387	44,235	32,470	32,973	36,270	84,108	63,508	54,366	51,310	48,814
Amortization of prepublication costs ^(c)	240,182	228,405	234,276	267,743	282,505	277,081	236,620	207,806	170,653	169,542	170,333
Investment in prepublication costs ^(c)	(298,984)	(276,810)	(257,795)	(237,760)	(213,954)	(246,577)	(293,002)	(249,333)	(246,341)	(194,978)	(166,784)
EBITDA	\$ 1,765,300	\$ 1,531,636	\$ 1,492,630	\$ 1,329,411	\$ 1,321,725	\$ 1,073,504	\$ 784,665	\$ 850,909	\$ 793,119	\$ 692,094	\$ 640,461

Notes for EBITDA, Net of investment in prepublication costs:

(a) The unusual gains and losses are as follows:

In 2000, the cumulative adjustment for the adoption of Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements"

In 1998, the early extinguishment of \$155.0 million of the Company's 9.43% debt

(b) In 2003, corporate expense includes a pre-tax gain on sale of real estate of \$131.3 million

(c) Amounts have been adjusted to exclude the juvenile retail publishing business and S&P ComStock, which are included in discontinued operations

ACQUISITIONS ^(a)				DIVESTITURES ^(b)	
2007	\$86,707,000				
	IMAKE/ABSX	FS	Hot Chalk, Inc. (6% interest)	MHE	\$62,261,000
	ClariFI, Inc.	FS	Reading Success (reading program)	MHE	S&P mutual fund data business
					Benziger
					MHE
2006	\$13,480,000				\$12,381,000
	Azteca America affiliate low-powered		TheMarkets.com (5.51% interest after		Power Magazine
	TV station in Bakersfield, CA	I&M	acquisition of additional		E-Source
	Automotive Resources Asia, Ltd.	I&M	2.75% interest)	FS	The Review of Securities Regulation newsletters
	Heale Financial	FS			
2005	\$461,842,000				\$131,335,000
	CRISIL Limited (58.5% interest		TheMarkets.com (2.76% interest)	FS	Corporate Value Consulting
	after acquisition of additional		J.D. Power and Associates	I&M	Healthcare Information Group
	49.07% interest)	FS	TurnLeaf Solutions	MHE	Standard & Poor's Securities, Inc.
	Vista Research, Inc.	FS	Azteca America affiliate low-powered		
	ASSIRT Pty Limited	FS	TV stations in Colorado and		
	Taiwan Ratings Corporation		San Diego	I&M	
	(51% interest after acquisition		USDTV	I&M	
	of additional 1% interest)	FS			
2004	\$306,232,000				\$46,904,000
	Center for Business Intelligence		Capital IQ, Inc.	FS	Landoll, Frank Schaffer and related juvenile
	(energy conference business only)	I&M	PRCEDU Corporation (8.7% interest)	MHE	retail publishing businesses
	Grow.net, Inc.	MHE			J.J. Kenny Drake, Inc.
					MHE
					FS
2003	\$3,678,000				\$502,665,000
	FriedWire, Inc.	I&M			Rock-McGraw, Inc. (45% interest)
					S&P ComStock
					Corporate
					FS
2002	\$19,310,000				\$24,304,000
	Open University Press	MHE	Clear Learning	MHE	MMS International
	Reality Based Learning	MHE	EA Ratings	FS	Lifetime Learning
	Bredex Corporation	MHE			CAP
					FS
					MHE
					I&M
2001	\$333,234,000				\$17,876,000
	Mayfield Publishing Company	MHE	Financial Times Energy	I&M	Data Resources Inc.
	Charter Research Corporation	FS	Visual Education Corporation	MHE	Rational Investors
	Frank Schaffer Publications	MHE	BizNet TV, Inc.	I&M	
	Corporate Value Consulting	FS	Uniscore, Inc.	MHE	
2000	\$703,719,000				\$142,418,000
	Tribune Education	MHE	MPI Interactive – eBuilder, Inc.	I&M	Tower Group International
	BuildPoint Corporation	I&M	Thomas Murray Network		
	Canadian Bond Rating Service	FS	Management Ltd.	FS	
	Portfolio Management Data, LLC	FS			
1999	\$67,085,000				\$67,244,000
	Appleton & Lange, Inc.	MHE	Micropal France	FS	Petrochemical Publications (<i>Chemical Engineering,</i>
	IFIS, Inc.	FS	Thesys Information, Ltd.	FS	<i>Modern Plastics, Modern Plastics International</i>)
	Rational Investors, Inc.	FS	Emerging Markets Data Base	FS	Libri Italia SRL (School titles only)
					MHE
1998	\$24,720,000				\$66,479,000
	Xebec Multimedia Solutions, Ltd.	MHE			Information Technology and Communications Group
	Optical Data Corporation	MHE			(<i>BYTE, Data Communications, LAN Times,</i>
					<i>tele.com, NSTL</i>)
					I&M
1997	\$85,698,000 ^(c)				\$64,507,000
	Argentina Ratings	FS	Micropal Group, Ltd.	FS	London House
	Fund Research, Ltd.	FS	Taiwan Ratings Corp. (50% interest)	FS	McGraw-Hill School Systems
	Thomson Technical List	MHE	CRISIL Limited (9.6% interest)	FS	Datapro Information Services
	Published Image	FS			

Operating Segment Legend:
MHE McGraw-Hill Education
FS Financial Services
I&M Information & Media

(a) Amounts include acquisition purchase price adjustments and earnouts in year of payment

(b) Amounts include proceeds from the disposition of property and equipment

(c) Includes \$41.9 million in debt acquired in the purchase of Micropal Group, Ltd.