The McGraw·Hill Companies

Investor Fact Book

2009/2010

MHP

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2009/2010 MHP Investor Fact Book

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In the 2009/2010 MHP Investor Fact Book,

The McGraw-Hill Companies focuses on its long-term record of achievement, durable growth trends in key markets, and how new opportunities are being developed by integrating content, technology, and distribution. With the scale to create operating leverage, The McGraw-Hill Companies will continue to reshape its businesses by connecting content, digital assets, and talent to sustain a record of growth.

A strong balance sheet, solid free cash flow generation after dividends, and returning cash to shareholders are hallmarks of The McGraw-Hill Companies for more than a decade. Between 1998 and 2008, cash returned to shareholders through dividends and share repurchases has grown at a compound annual rate of 10.8% (see table below).

Free Cash Flow

Years ended December 31 (dollars in thousands)	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Cash provided by operating activities	$1,168,753	$1,716,951	$1,509,304	$1,559,890	$1,063,472	$1,382,345	$1,142,391	$1,099,581	$720,754	$746,368	$796,484
Investment in prepublication costs	(254,106)	(298,984)	(276,810)	(257,795)	(237,760)	(218,049)	(249,317)	(294,538)	(250,005)	(246,341)	(194,978)
Purchase of property and equipment	(105,978)	(229,609)	(126,593)	(120,232)	(139,003)	(114,984)	(70,019)	(116,895)	(97,721)	(154,324)	(178,889)
Additions to technology projects	(25,353)	(16,654)	(22,978)	(16,456)	(10,623)	(28,145)	(55,477)	(28,840)	(15,194)	(38,315)	(41,414)
Other adjustments, principally foreign exchange	(47,633)	16,567	2,831	(22,947)	10,019	14,115	13,817	(2,221)	(3,089)	(1,679)	(1,715)
Dividends paid to shareholders	(280,455)	(277,746)	(260,323)	(246,048)	(228,166)	(206,543)	(197,016)	(189,834)	(182,462)	(169,049)	(154,386)
Tax payment/(dividend) from divestitures (a,b)	–	–	–	–	172,000	(103,500)	–	–	–	–	–
Free cash flow	$ 455,228	$ 910,525	$ 825,431	$ 896,412	$ 629,939	$ 725,239	$ 584,379	$ 467,253	$172,283	$136,660	$225,102

(a) 2004, $172.0 million tax payment related to a 2003 gain from sale of real estate

(b) 2003, $103.5 million dividend received from the sale of the Corporation's equity interest in real estate

Net Debt to EBITDA

Years ended December 31 (dollars in millions)	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Cash and equivalents	$ 471.7	$ 396.1	$ 353.5	$ 748.8	$ 680.6	$695.6	$ 58.2	$ 53.5	$ 3.2	$ 6.5	$ 10.5
Total short-term and long-term debt	1,267.6	1,197.4	2.7	3.3	5.1	26.3	578.3	1,056.5	1,045.4	536.4	527.6
Net debt/(cash)	$ 795.9	$ 801.4	$(350.8)	$(745.5)	$(675.5)	$669.2	$520.2	$1,003.0	$1,042.2	$530.0	$517.1
Net debt/EBITDA	0.5x	0.5x	(0.2x)	(0.5x)	(0.5x)	0.5x	0.5x	1.3x	1.2x	0.7x	0.7x

Note: EBITDA is net of investment in prepublicaton costs

Cash Returned to Shareholders

(dollars in millions, except S&P 500 dividend)	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	10-year CAGR
MHP dividends paid	$280.5	$ 277.7	$ 260.3	$246.0	$228.2	$206.5	$197.0	$189.8	$182.5	$169.0	$154.4	6.2%
MHP shares repurchased	447.2	2,212.7	1,540.1	677.7	409.4	216.4	183.1	176.5	167.6	173.8	105.6	15.5%
Total	$727.7	$2,490.4	$1,800.4	$923.7	$637.6	$422.9	$380.1	$366.3	$350.1	$342.8	$260.0	10.8%
MHP growth	*(70.8%)*	*38.3%*	*94.9%*	*44.9%*	*50.8%*	*11.3%*	*3.8%*	*4.6%*	*2.1%*	*31.8%*	*16.8%*	
S&P 500 dividend per share	$28.39	$ 27.73	$ 24.88	$22.22	$19.44	$17.38	$16.07	$15.74	$16.27	$16.69	$16.20	5.8%
S&P 500 growth	*2.4%*	*11.5%*	*12.0%*	*14.3%*	*11.9%*	*8.2%*	*2.1%*	*(3.3%)*	*(2.5%)*	*3.0%*	*4.6%*	

Note: Shares repurchased are reported on a settlement-date basis

Advancing Total Shareholder Value

At a time when many companies have stopped or significantly reduced dividend payments, The McGraw-Hill Companies' Board of Directors announced the 36th consecutive annual dividend increase in January 2009. The annualized rate of $0.90 per share represents an average compound annual dividend growth rate of 10.1% since 1974. Since 1996, the Corporation has returned $9.1 billion to shareholders through a combination of dividends and stock repurchases.

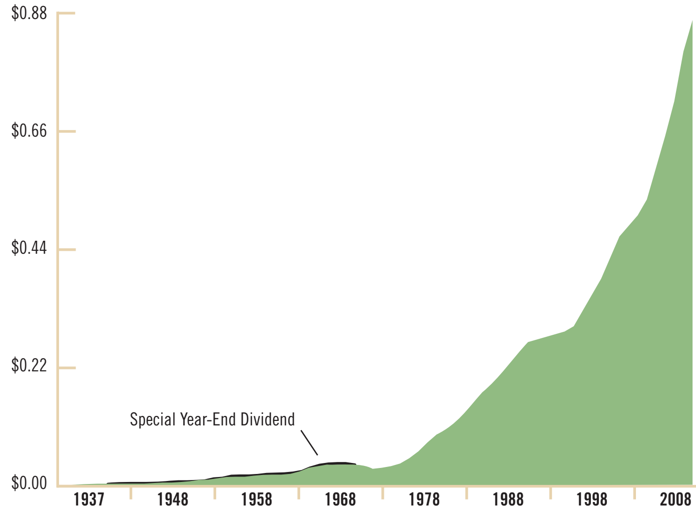
Share Repurchase Programs [1]

Year	$ in millions	Shares Purchased	Average Price	Diluted Weighted Average Shares Outstanding
2008	$ 447.2	10,900,000	$ 41.03	318,687,254
2007	$ 2,212.7	37,000,000	$ 59.80	344,784,866
2006	$ 1,540.1	28,400,000	$ 54.23	366,877,769
2005	$ 671.9	14,343,900	$ 46.84	382,569,750
2004	$ 400.6	10,000,000	$ 40.06	385,823,700
2003	$ 212.6	6,935,400	$ 30.65	384,009,014
2002	$ 195.6	6,409,200	$ 30.52	389,146,638
2001	$ 182.1	6,203,400	$ 29.35	391,745,196
2000	$ 167.7	6,235,200	$ 26.90	392,143,250
1999	$ 173.8	6,463,400	$ 26.89	397,114,618
1998	$ 105.6	5,348,000	$ 19.75	398,208,132
1997	$ 79.9	5,200,400	$ 15.36	399,008,728
1996	$ 63.3	5,451,600	$ 11.61	399,483,608
1987	$ 135.0	19,960,000	$ 6.76	

Note: Shares repurchased are reported on a trade-date basis

(1) Adjusted for all stock splits. Approximately 45% of repurchases during 1996-2008 offset the issuance of shares for stock option and restricted share programs; the remaining 55% reduce the net number of shares outstanding

Common Stock Dividend History, 1937–2008

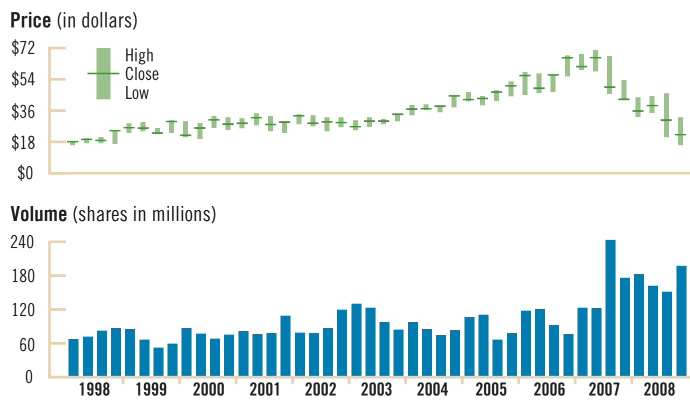


Notes:
Represents annualized dividend rate per share
Adjusted for all stock splits

Stock Split History, 1953–2005

Record Date	Payment Date	Distribution
May 6, 2005	May 17, 2005	2-for-1
February 24, 1999	March 8, 1999	2-for-1
March 28, 1996	April 26, 1996	2-for-1
May 9, 1983	June 1, 1983	2-for-1
June 30, 1967	July 17, 1967	2-for-1
March 10, 1961	March 17, 1961	3-for-1
July 25, 1956	August 8, 1956	3-for-1
July 24, 1953	August 3, 1953	2-for-1

MHP Stock Price and Volume History, 1998–2008*



Source: Standard & Poor's Compustat

MHP Debt Profile

Summary of Debt Outstanding, 12/31/2008

(dollars in millions)

5.375% Senior notes, due 2012	$ 399.7
5.900% Senior notes, due 2017	399.1
6.550% Senior notes, due 2037	398.5
Commercial paper [1]	70.0
Notes payable	0.3
Total debt	$1,267.6
Cash	471.7
Net debt	$ 795.9

(1) The Corporation has a commercial paper program backed by a $1.15 billion revolving credit facility

MHP Debt Ratings

	Moody's	Fitch
Long-term debt	A1	A+
Commercial paper	P1	F1
Outlook	Negative	Stable

Quarterly Stock Valuation Data

Year	Quarter	Prices*			MHP	MHP – Price to Earnings**			S&P 500 – Price to Earnings			P/E Relative to S&P 500		
		High	Low	Close	Volume	High	Low	Close	High	Low	Close	High	Low	Close
2008	4	33.120	17.150	23.190	200,117,215	12.36	6.40	8.65	18.56	16.48	18.24	0.67	0.39	0.47
	3	47.130	22.000	31.610	153,573,747	17.01	7.94	11.41	20.26	17.07	17.99	0.84	0.47	0.63
	2	45.610	36.170	40.120	163,545,961	16.00	12.69	14.08	20.65	18.24	18.35	0.77	0.70	0.77
	1	44.760	33.910	36.950	184,588,816	15.22	11.53	12.57	19.17	16.37	17.23	0.79	0.70	0.73
2007	4	55.140	43.460	43.810	178,192,844	18.08	14.25	14.36	19.09	17.04	17.79	0.95	0.84	0.81
	3	68.810	47.150	50.910	247,126,617	21.98	15.06	16.27	17.42	15.35	17.09	1.26	0.98	0.95
	2	72.500	60.160	68.080	123,650,344	24.83	20.60	23.32	16.83	15.47	16.42	1.48	1.33	1.42
	1	69.980	61.060	62.880	124,541,820	25.63	23.37	23.03	16.36	15.26	15.90	1.57	1.53	1.45
2006	4	69.250	57.280	68.020	76,636,900	26.95	22.29	26.47	16.32	15.13	16.17	1.65	1.47	1.64
	3	58.300	48.400	58.030	92,639,400	22.95	19.06	22.85	15.60	14.25	15.55	1.47	1.34	1.47
	2	58.750	47.800	50.230	121,441,400	23.98	19.51	20.50	16.23	14.92	15.54	1.48	1.31	1.32
	1	59.570	46.370	57.620	119,198,700	25.35	19.73	24.52	16.55	15.73	16.35	1.53	1.25	1.50
2005	4	53.970	45.600	51.630	78,045,900	23.26	19.66	22.25	16.69	15.28	16.33	1.39	1.29	1.36
	3	48.750	43.010	48.040	66,287,000	21.86	19.29	21.54	16.79	15.95	16.56	1.30	1.21	1.30
	2	45.675	40.510	44.250	111,714,000	21.91	19.43	21.22	16.88	15.73	16.49	1.30	1.24	1.29
	1	47.995	42.810	43.625	106,768,000	24.00	21.41	21.81	17.61	16.67	16.91	1.36	1.28	1.29
2004	4	46.055	39.425	45.770	83,969,000	23.74	20.32	23.59	17.94	16.11	17.91	1.32	1.26	1.32
	3	39.885	36.415	39.845	74,212,200	21.50	19.63	21.48	17.66	16.44	17.25	1.22	1.19	1.25
	2	40.670	37.825	38.285	85,443,000	23.11	21.49	21.75	18.52	17.32	18.36	1.25	1.24	1.18
	1	40.185	34.550	38.070	97,652,000	23.64	20.32	22.39	19.95	18.98	19.39	1.18	1.07	1.15
2003	4	35.000	30.995	34.960	84,799,800	21.21	18.78	21.19	20.34	18.21	20.33	1.04	1.03	1.04
	3	32.255	29.300	31.065	97,932,400	20.35	18.49	19.60	20.10	18.57	19.25	1.01	1.00	1.02
	2	33.075	27.730	31.000	124,260,600	21.62	18.12	20.26	20.74	17.32	19.91	1.04	1.05	1.02
	1	31.290	25.870	27.795	131,153,800	20.79	17.19	18.47	19.62	16.55	17.79	1.06	1.04	1.04
2002	4	33.150	27.755	30.220	120,239,200	22.25	18.63	20.28	20.73	16.70	19.11	1.07	1.12	1.06
	3	32.990	25.355	30.610	87,467,400	23.15	17.79	21.48	22.58	17.62	18.52	1.03	1.01	1.16
	2	34.365	28.150	29.850	78,497,800	25.74	21.09	22.36	27.60	22.92	23.80	0.93	0.92	0.94
	1	34.850	29.440	34.125	78,760,600	27.23	23.00	26.66	30.20	27.57	29.44	0.90	0.83	0.91
2001	4	30.900	24.350	30.490	110,203,800	24.92	19.64	24.59	30.21	26.43	29.55	0.82	0.74	0.83
	3	33.975	25.275	29.100	77,876,200	27.51	20.47	23.56	29.50	22.48	24.77	0.93	0.91	0.95
	2	35.435	28.920	33.075	76,444,200	30.29	24.72	28.27	27.98	23.22	26.03	1.08	1.06	1.09
	1	32.370	27.045	29.825	82,145,400	28.27	23.62	26.05	26.16	20.44	21.94	1.08	1.16	1.19
2000	4	33.000	26.000	29.313	75,829,400	27.73	21.85	24.63	25.92	22.34	23.52	1.07	0.98	1.05
	3	33.844	27.125	31.781	68,728,000	29.18	23.38	27.40	26.94	25.00	25.30	1.08	0.94	1.08
	2	29.938	20.938	27.000	77,756,800	26.49	18.53	23.89	27.47	24.09	26.17	0.96	0.77	0.91
	1	30.844	21.750	22.750	87,262,600	28.56	20.14	21.06	28.80	24.57	27.79	0.99	0.82	0.76
1999	4	31.563	24.500	30.813	59,725,800	30.94	24.02	30.21	28.37	23.87	28.43	1.09	1.01	1.06
	3	27.063	23.563	24.188	52,501,000	28.04	24.42	25.06	28.76	25.44	25.98	0.98	0.96	0.96
	2	30.375	25.219	26.969	66,502,200	33.94	28.18	30.13	29.36	27.28	29.29	1.16	1.03	1.03
	1	29.563	24.438	27.250	85,734,200	34.28	28.33	31.59	29.37	26.74	28.54	1.17	1.06	1.11
1998	4	25.828	18.063	25.469	87,647,200	30.30	21.19	29.88	28.12	20.86	27.77	1.08	1.02	1.08
	3	21.750	18.516	19.813	82,613,200	26.13	22.24	23.80	27.00	21.32	23.07	0.97	1.04	1.03
	2	20.750	18.188	20.375	71,664,398	26.60	23.32	26.12	25.40	24.05	25.38	1.05	0.97	1.03
	1	19.500	17.125	19.015	67,188,390	26.09	22.91	25.44	25.09	20.57	24.83	1.04	1.11	1.02

* Data adjusted for all stock splits

** Based on 12-month moving operating earnings per share, which excludes one-time items

Source: Standard & Poor's Compustat

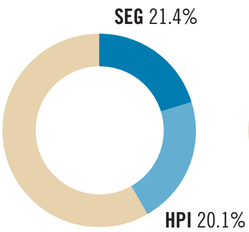
Positioned for Long-Term Growth

A leading global information provider, The McGraw-Hill Companies is focused on growth opportunities in core markets—education, financial services, and business information. MHP's three operating segments—McGraw-Hill Education, Financial Services, and Information & Media—help meet the need for knowledge and education, provide access to the world's capital markets, and increase information transparency for better decision making.

McGraw-Hill Education

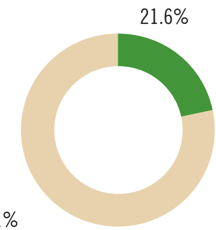
2008 Revenue

$2.6 billion
41.5% of total revenue



2008 Operating Profit

$316.5 million
21.6% of total operating profit



Segment Revenue, Operating Profit and Operating Profit Margin

(dollars in millions)	2008 (a)	2007 (b)	2006 (c)
Revenue	$2,639	$2,706	$2,524
Operating Profit	$ 317	$ 400	$ 329
Operating Profit Margin	12.0%	14.8%	13.0%

Breakout of MHE Revenue

(dollars in millions)	2008	2007	2006
School Education Group	$1,363	$1,441	$1,351
Higher Ed/Prof/Int'l Group	$1,276	$1,265	$1,173

(a) Operating profit reflects a $25.3 million pre-tax restructuring charge
(b) Operating profit reflects a $16.3 million pre-tax restructuring charge
(c) Operating profit reflects a $16.0 million pre-tax restructuring charge and a one-time, pre-tax stock-based compensation charge of $4.2 million as a result of the elimination of the Corporation's restoration stock option program

School Education Group (SEG)

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

Higher Education, Professional and International Group (HPI)

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, healthcare, computer technology, business, government, and general reference publishing.

Key international markets:
Education, business, and professional markets.

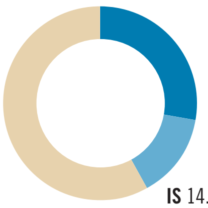
Note regarding 2008 Operating Profit/(Loss) and Operating Profit Margin:

The Corporation adopted Statement of Financial Accounting Standards No. 160, "Noncontrolling interests in Consolidated Financial Statements, an amendment of ARB 51" (SFAS 160), in the first quarter of 2009. Please refer to page 17 for 2008 Operating Profit/(Loss) and Operating Profit Margin by Segment, as adjusted for SFAS 160. Financials presented on pages 1 through 16 do not reflect the impact of the reclassification of noncontrolling interests

Financial Services

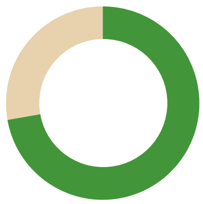
2008 Revenue

$2.7 billion
41.8% of total revenue



2008 Operating Profit

$1.1 billion
72.1% of total operating profit



Segment Revenue, Operating Profit and Operating Profit Margin

(dollars in millions)	2008 [d]	2007 [e]	2006 [f]
Revenue	$ 2,654	$ 3,046	$ 2,746
Operating Profit	$ 1,055	$ 1,359	$ 1,202
Operating Profit Margin	39.8%	44.6%	43.8%

Breakout of FS Revenue

(dollars in millions)	2008	2007	2006
Credit Market Services	$ 1,755	$ 2,264	$ 2,074
Investment Services	$ 899	$ 782	$ 672

(d) Operating profit reflects a $25.9 million pre-tax restructuring charge

(e) Operating profit reflects an $18.8 million pre-tax restructuring charge and a $17.3 million pre-tax gain on the sale of the mutual fund data business

(f) Operating profit reflects a one-time, pre-tax stock-based compensation charge of $2.1 million as a result of the elimination of the Corporation's restoration stock option program

Credit Market Services (CMS)

Key markets:
Corporations, governments, and municipalities; commercial and investment banks; insurance companies; asset managers/institutional investors; and other debt issuers.

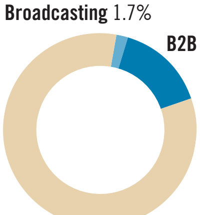
Investment Services (IS)

Key markets:
Asset managers, investment banks, investors, brokers, financial advisors, investment sponsors, and companies' back-office functions including compliance, operations, risk, clearance, and settlement.

Information & Media

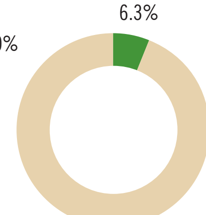
2008 Revenue

$1.1 billion
16.7% of total revenue



2008 Operating Profit

$92.0 million
6.3% of total operating profit



Segment Revenue, Operating Profit and Operating Profit Margin

(dollars in millions)	2008 [g]	2007 [h,i]	2006 [h,j]
Revenue	$ 1,062	$ 1,020	$ 985
Operating Profit	$ 92	$ 63	$ 50
Operating Profit Margin	8.7%	6.2%	5.1%

Breakout of I&M Revenue

(dollars in millions)	2008	2007 [h]	2006 [h]
B2B Group	$ 955	$ 917	$864
Broadcasting	$ 107	$ 103	$121

(g) Operating profit reflects a $19.2 million pre-tax restructuring charge

(h) 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

(i) Operating profit reflects a $6.7 million pre-tax restructuring charge

(j) Operating profit reflects an $8.7 million pre-tax restructuring charge and a one-time, pre-tax stock-based compensation charge of $2.7 million as a result of the elimination of the Corporation's restoration stock option program

Business-to-Business Group (B2B)

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.

Broadcasting Group

ABC affiliates:
KMGH-TV (Denver, CO), KGTV (San Diego, CA), KERO-TV (Bakersfield, CA), WRTV (Indianapolis, IN)

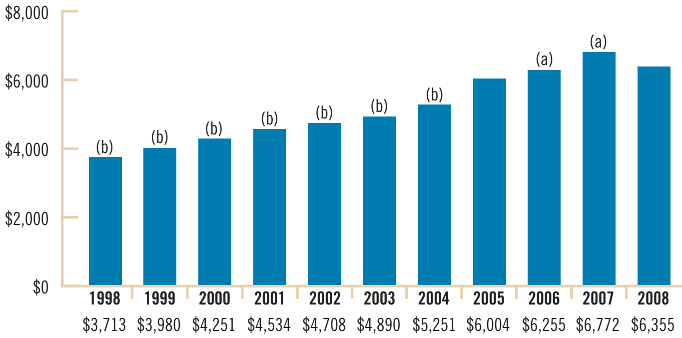
Azteca America affiliates (low-powered stations):
KZCS-TV (Colorado Springs, CO), KZCO-TV (Denver, CO), KZFC-TV (Fort Collins, CO); KZKC-TV (Bakersfield, CA), KZSD-TV (San Diego, CA)

Key markets:
Television audiences in Denver and Colorado Springs, Colorado; Indianapolis, Indiana; San Diego and Bakersfield, California.

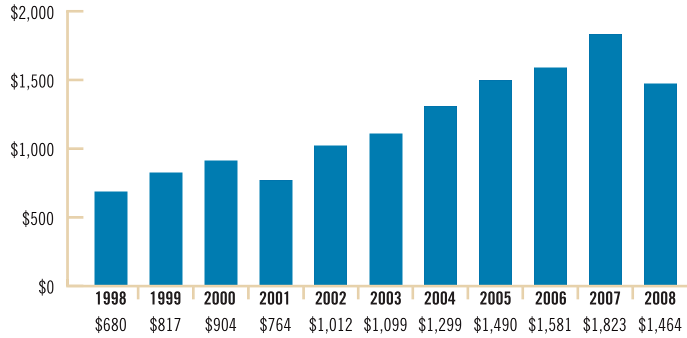
Eleven-Year Financial Trends

(dollars in millions, except per share data)

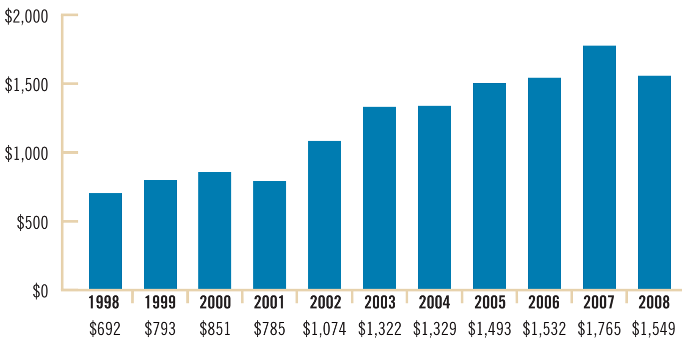
Revenue



Operating Profit

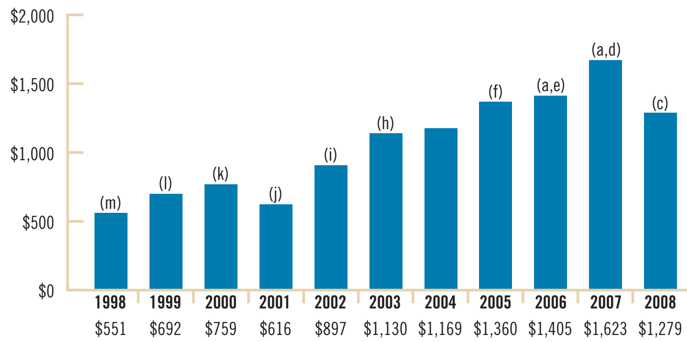


EBITDA, Net of Investment in Prepublication Costs

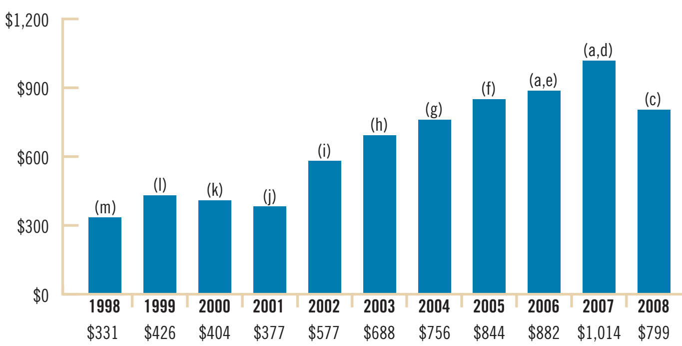


Please refer to EBITDA reconciliation table on page 16

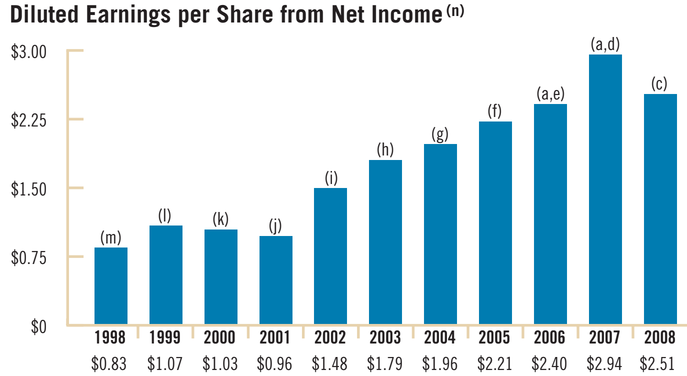
Income from Continuing Operations Before Taxes



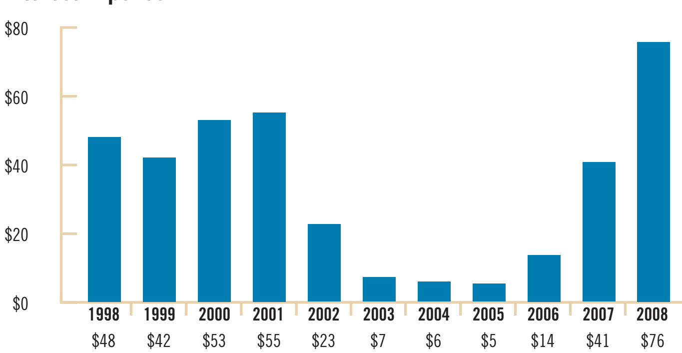
Net Income



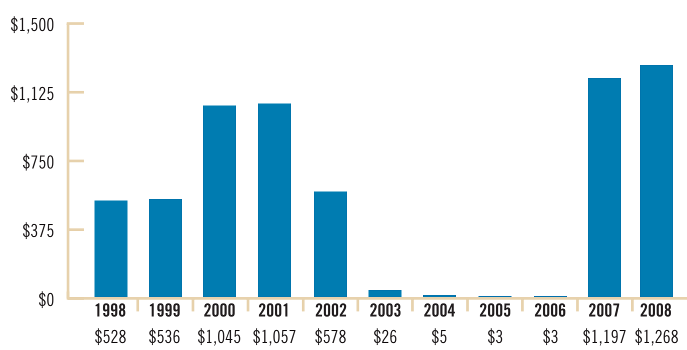
Diluted Earnings per Share from Net Income [n]



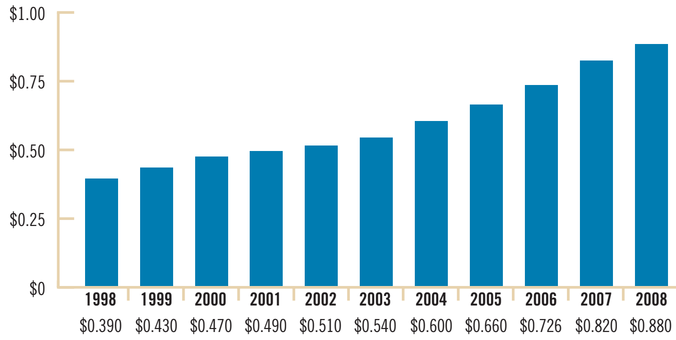
Interest Expense



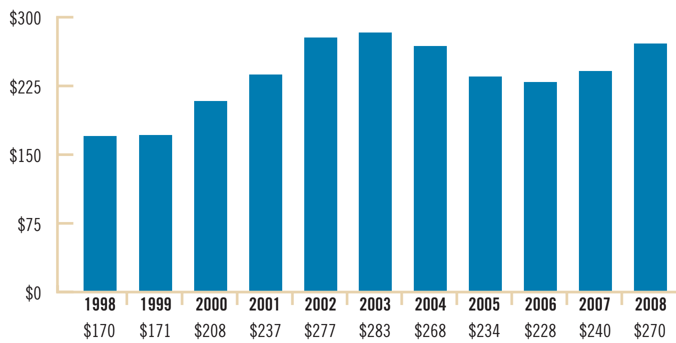
Total Debt



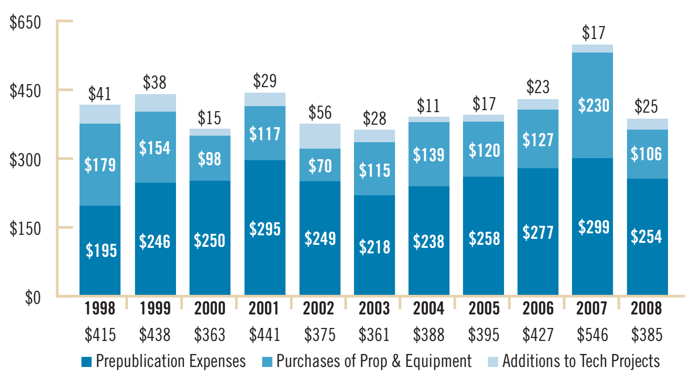
Dividends per Share of Common Stock (n)



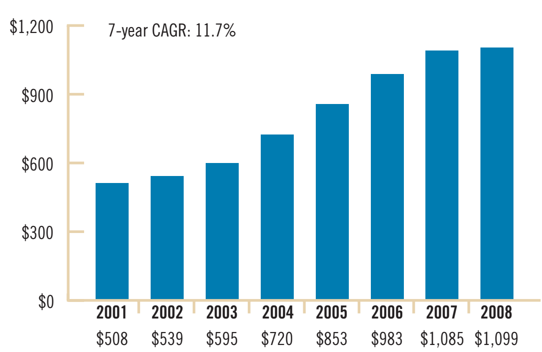
Amortization of Prepublication Costs



Capital Expenditures



Unearned Revenue



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) 2008: Includes a $73.4 million pre-tax restructuring charge ($45.9 million after-tax, or $0.14 per diluted share)

The Corporation adopted Statement of Financial Accounting Standards No. 160, "Noncontrolling interests in Consolidated Financial Statements, an amendment of ARB 51" (SFAS 160), in the first quarter of 2009. Please refer to page 17 for 2008 Operating Profit/(Loss) and Operating Profit Margin by Segment, as adjusted for SFAS 160

(d) 2007: 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 Corporation's mutual fund data business

(e) 2006: Includes a $31.5 million pre-tax restructuring charge ($19.8 million after-tax, or $0.06 per diluted share). In 2006, the Corporation adopted Financial Accounting Standards Board Statement No. 123(R), "Share Based Payment." The Corporation 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 Corporation's restoration stock option program of $23.8 million ($14.9 million after-tax, or $0.04 per diluted share)

(f) 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, a $5.5 million loss ($3.3 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

(g) 2004: Includes a non-cash benefit of approximately $20.0 million ($0.05 per diluted share) as a result of the Corporation's completion of various federal, state and local, and foreign tax audit cycles. In the first quarter of 2004, the Corporation 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) 2003: 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

(i) 2002: 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

(j) 2001: 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

(k) 2000: 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"

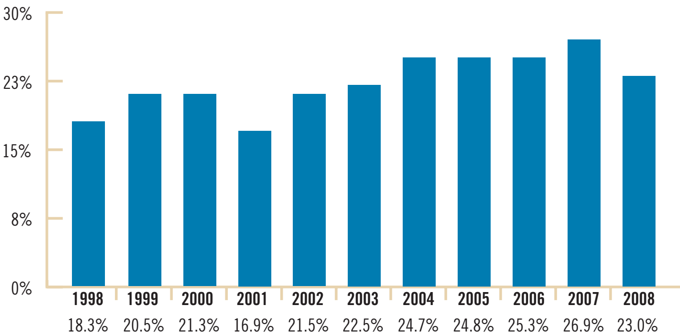
(l) 1999: Includes a $39.7 million gain ($24.2 million after-tax, or $0.06 per diluted share) on the sale of the Petrochemical publications

(m) 1998: 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 after-tax, or $0.02 per diluted share on the early extinguishment of debt

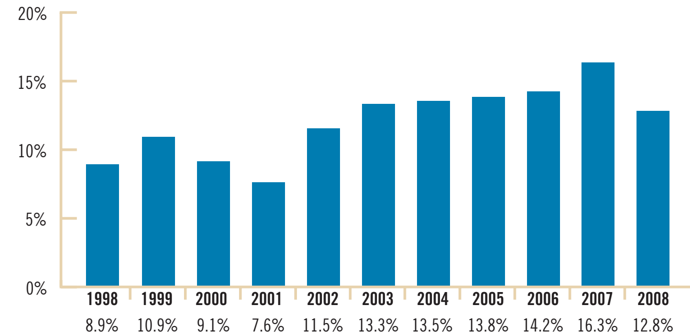
(n) All per share data have been adjusted for all stock splits

Eleven-Year Key Ratios

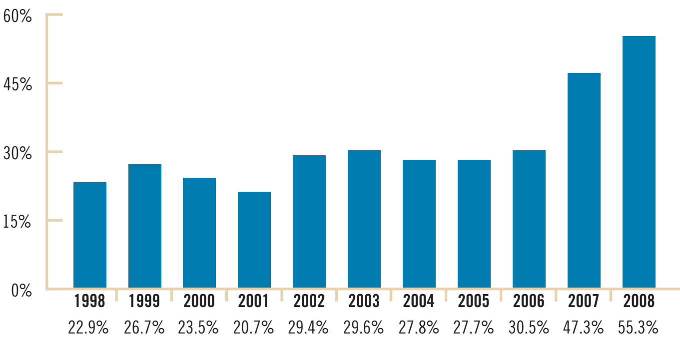
Operating Profit Margin



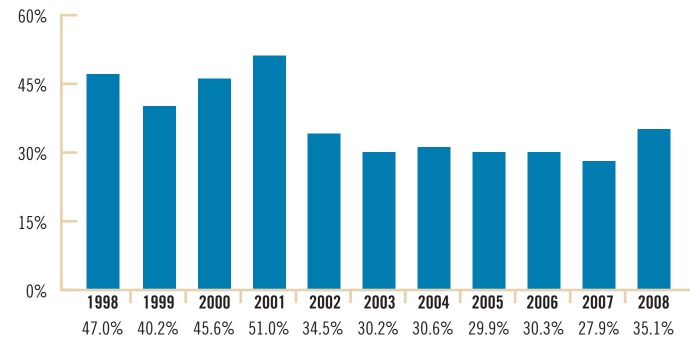
Return on Average Assets



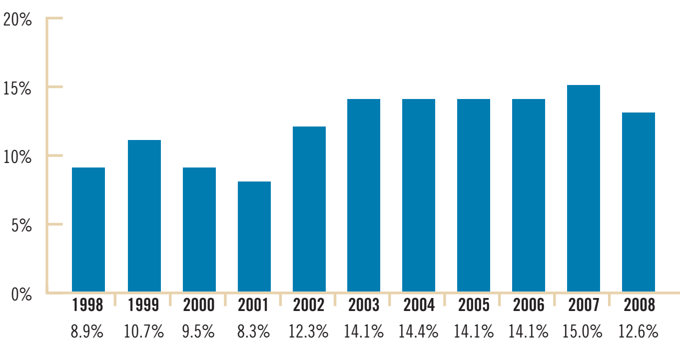
Return on Average Shareholders' Equity



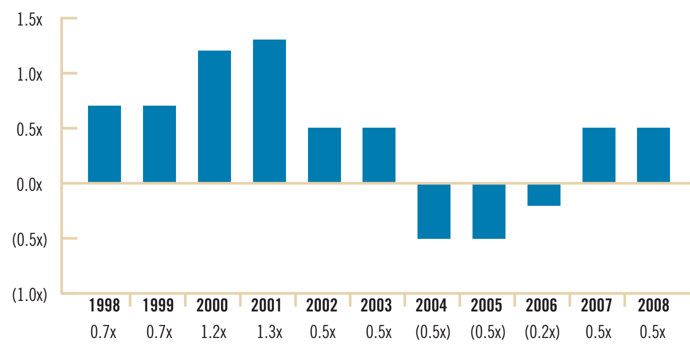
Dividend Payout



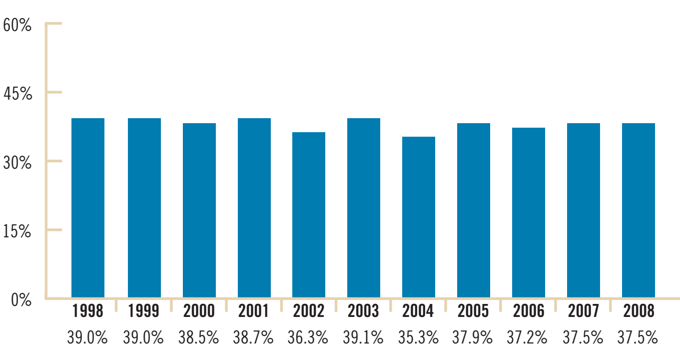
Net Income Margin



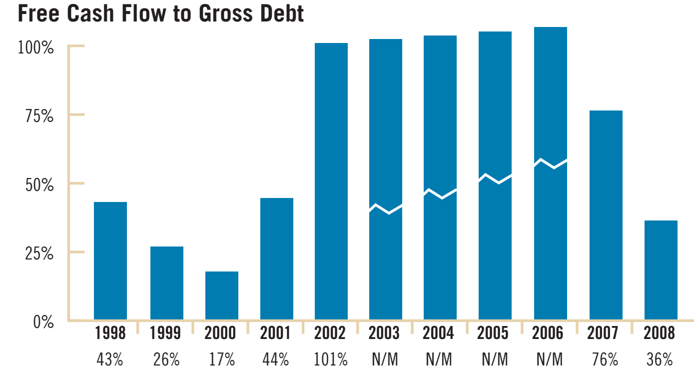
Net Debt to EBITDA



Tax Rate



Free Cash Flow to Gross Debt



Please refer to free cash flow table on page 1
N/M indicates a non-meaningful or non-calculable variance

Return on Invested Capital

(dollars in millions)	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Income from continuing operations before extraordinary item and cumulative adjustment	$ 799.5	$ 1,013.6	$ 882.2	$ 844.3	$ 756.4	$ 687.8	$ 572.0	$ 377.7	$ 467.0	$ 422.2	$ 336.4
Post-tax adjustments for interest and items affecting the comparability of results (1)	136.2	86.6	83.9	63.7	24.6	(11.8)	45.6	171.2	52.9	36.9	45.3
Adjusted earnings before interest, after tax	$ 935.7	$ 1,100.2	$ 966.1	$ 908.0	$ 781.0	$ 676.0	$ 617.6	$ 548.9	$ 519.9	$ 459.1	$ 381.7
Present value of operating lease obligations (average)	$ 1,160.8	$ 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
Short-term & long-term debt (average)	1,232.5	600.1	3.0	4.2	15.7	302.3	817.4	1,051.0	790.9	532.0	606.0
Shareholders' equity (average)	1,444.5	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
Cash (average)	(433.9)	(374.8)	(551.1)	(714.7)	(688.1)	(376.9)	(55.9)	(28.4)	(4.8)	(8.5)	(7.6)
Average invested capital	$ 3,403.9	$ 3,558.7	$ 3,542.0	$ 3,545.4	$ 3,371.9	$ 3,590.7	$ 3,912.6	$ 3,761.7	$ 3,320.0	$ 2,897.2	$ 2,717.6
Return on invested capital	27.5%	30.9%	27.3%	25.6%	23.2%	18.8%	15.8%	14.6%	15.7%	15.8%	14.0%

(1) Adjustment to income from continuing operations to exclude the items affecting comparability of results discussed in the notes below. Adjustment for 2006 does not include the impact of the transformation of Sweets. After-tax interest expense is 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 items affecting comparability of results were included in the calculation of the eleven-year key ratios on page eight:

2008: Includes a $73.4 million pre-tax restructuring charge ($45.9 million after-tax, or $0.14 per diluted share)

The Corporation adopted Statement of Financial Accounting Standards No. 160, "Noncontrolling interests in Consolidated Financial Statements, an amendment of ARB 51" (SFAS 160), in the first quarter of 2009. Please refer to page 17 for 2008 Operating Profit/(Loss) and Operating Profit Margin by Segment, as adjusted for SFAS 160

2007: 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 Corporation'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, the Corporation adopted Financial Accounting Standards Board Statement No. 123(R), "Share Based Payment." The Corporation 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 Corporation'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, a $5.5 million loss ($3.3 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)

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

2004: The Corporation 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 Corporation's completion of various federal, state and local, and foreign tax audit cycles

In the first quarter of 2004 the Corporation 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 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 Corporation 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 Corporation 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 Corporation'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

Revenue by Segment

(dollars in millions)	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
McGraw-Hill Education (g)	$ 2,638.9	$ 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
% increase/(decrease)*	(2.5%)	7.2%	(5.5%)	11.5%	2.0%	0.3%	2.3%	12.3%	14.1%	7.6%	3.0%
% of total revenue	41.5%	40.0%	40.4%	44.5%	45.6%	48.0%	49.8%	50.5%	48.0%	44.9%	44.7%
Financial Services	$ 2,654.3	$ 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
% increase/(decrease)*	(12.9%)	10.9%	14.4%	16.8%	16.2%	13.7%	11.3%	16.0%	3.6%	12.2%	18.1%
% of total revenue	41.8%	45.0%	43.9%	40.0%	39.2%	36.2%	33.0%	30.8%	28.3%	29.2%	27.9%
Information & Media (c)	$ 1,061.9	$ 1,020.2	$ 984.5	$ 931.1	$ 799.7	$ 772.6	$ 809.5	$ 846.1	$ 1,007.6	$ 1,030.0	$ 1,015.6
% increase/(decrease)*	4.1%	3.6%	5.7%	16.4%	3.5%	(4.6%)	(4.3%)	(16.0%)	(2.2%)	1.4%	(2.0%)
% of total revenue	16.7%	15.0%	15.7%	15.5%	15.2%	15.8%	17.2%	18.7%	23.7%	25.9%	27.4%
Total revenue	$ 6,355.1	$ 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
% increase/(decrease)*	(6.2%)	8.3%	4.2%	14.3%	7.4%	3.9%	3.8%	6.7%	6.8%	7.2%	5.3%

* % 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 data have been adjusted for all stock splits

(a) 2008 income from continuing operations before taxes on income includes a $73.4 million pre-tax restructuring charge ($45.9 million after-tax, or $0.14 per diluted share) which is comprised of the following: McGraw-Hill Education of $25.3 million pre-tax, Financial Services of $25.9 million pre-tax, Information & Media of $19.2 million pre-tax, and Corporate of $3.0 million pre-tax

The Corporation adopted Statement of Financial Accounting Standards No. 160, "Noncontrolling interests in Consolidated Financial Statements, an amendment of ARB 51" (SFAS 160), in the first quarter of 2009. Please refer to page 17 for 2008 Operating Profit/(Loss) and Operating Profit Margin by Segment, as adjusted for SFAS 160

(b) 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 (c) 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 Corporation's mutual fund data business which was part of the Financial Services segment

(c) 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

(d) 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, the Corporation adopted Financial Accounting Standards Board Statement No. 123(R), "Share Based Payment." The Corporation incurred stock-based compensation expense of $136.2 million ($85.5 million after-tax, or $0.23 per diluted share). The expense was charged as follows: 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 Corporation's restoration stock option program of $23.8 million ($14.9 million after-tax, or $0.04 per diluted share) which impacted the segments as follows: McGraw-Hill Education, $4.2 million pre-tax; Financial Services, $2.1 million pre-tax; Information & Media, $2.7 million pre-tax; and the remainder to Corporate

(e) 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 ($3.3 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)

(f) 2005 includes a $10.0 million ($0.03 per diluted share) increase in income taxes on the repatriation of funds

(g) 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

(h) 2004 includes a non-cash benefit of approximately $20.0 million ($0.05 per diluted share) as a result of the Corporation's completion of various federal, state and local, and foreign tax audit cycles. In the first quarter of 2004 the Corporation 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%

(i) In 2003, the Corporation 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 2000-2002 reflect net after-tax earnings/(loss) from the operations of S&P ComStock and the juvenile retail publishing business and 1996-1999 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

(j) 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

(k) 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

(l) 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

(m) 2000 income from continuing operations before taxes reflects a $16.6 million gain on the sale of Tower Group International

(n) 1999 income from continuing operations before taxes on income reflects a $39.7 million gain on the sale of the Petrochemical publications

(o) 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

(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 Corporation's 9.43% Notes

Operating Profit by Segment

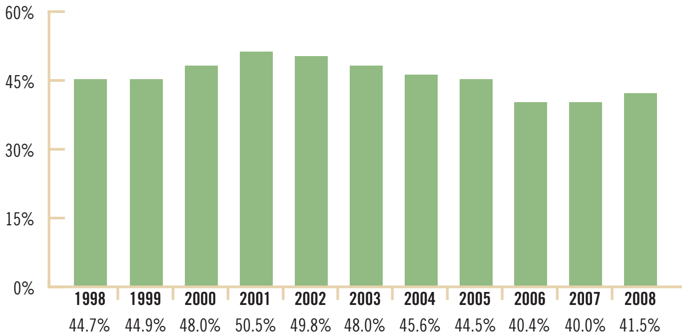
(dollars in millions, except per share data)	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
McGraw-Hill Education	$ 316.5	$ 400.0	$ 329.1	$ 410.2	$ 340.1	$ 321.8	$ 333.0	$ 273.3	$ 307.7	$ 273.7	$ 202.1
% increase/(decrease)*	(20.9%)	21.5%	(19.8%)	20.6%	5.7%	(3.4%)	21.8%	(11.2%)	12.4%	35.4%	7.6%
% of total	21.6%	21.9%	20.8%	27.5%	26.2%	29.3%	32.9%	35.8%	34.0%	33.5%	29.7%
Financial Services	$ 1,055.4	$ 1,359.4	$ 1,202.3	$ 1,019.2	$ 839.4	$ 667.6	$ 560.8	$ 425.9	$ 383.0	$ 358.2	$ 338.7
% increase/(decrease)*	(22.4%)	13.1%	18.0%	21.4%	25.7%	19.0%	31.7%	11.2%	6.9%	5.8%	38.1%
% of total	72.1%	74.6%	76.0%	68.4%	64.6%	60.7%	55.4%	55.7%	42.4%	43.8%	49.8%
Information & Media (c)	$ 92.0	$ 63.5	$ 49.9	$ 60.6	$ 119.3	$ 109.8	$ 118.0	$ 65.0	$ 212.9	$ 185.5	$ 139.3
% increase/(decrease)*	45.0%	27.2%	(17.6%)	(49.2%)	8.6%	(7.0%)	81.6%	(69.5%)	14.8%	33.2%	(12.3%)
% of total	6.3%	3.5%	3.2%	4.1%	9.2%	10.0%	11.7%	8.5%	23.6%	22.7%	20.5%
Total operating profit	$ 1,463.9	$ 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
% increase/(decrease)*	(19.7%)	15.3%	6.1%	14.7%	18.2%	8.6%	32.4%	(15.4%)	10.6%	20.2%	14.9%
General corporate income/(expense) (j)	(109.1)	(159.7)	(162.9)	(124.8)	(124.1)	38.2	(91.9)	(93.0)	(91.4)	(83.3)	(80.7)
Interest expense	(75.6)	(40.6)	(13.6)	(5.2)	(5.8)	(7.1)	(22.5)	(55.1)	(52.8)	(42.0)	(48.0)
Income from continuing operations before taxes on income (a,b,c,d,e,j,k,l,m,n,o)	1,279.2	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
Provision for taxes on income (f,h)	479.7	609.0	522.6	515.7	412.5	442.5	325.4	238.4	292.4	269.9	215.0
Income from continuing operations before extraordinary item and cumulative adjustment	799.5	1,013.6	882.2	844.3	756.4	687.8	572.0	377.7	467.0	422.2	336.4
Discontinued operations:											
Net earnings/(loss) from discontinued operations (i)	–	–	–	–	(0.6)	(0.1)	4.8	(0.7)	4.9	3.4	2.9
Income before extraordinary item and cumulative adjustment	799.5	1,013.6	882.2	844.3	755.8	687.7	576.8	377.0	471.9	425.6	339.3
Early extinguishment of debt, net of taxes (p)	–	–	–	–	–	–	–	–	–	–	(8.7)
Cumulative effect on prior years of changes in accounting (p)	–	–	–	–	–	–	–	–	(68.1)	–	–
Net income	$ 799.5	$ 1,013.6	$ 882.2	$ 844.3	$ 755.8	$ 687.7	$ 576.8	$ 377.0	$ 403.8	$ 425.6	$ 330.6
Basic earnings per share											
Income from continuing operations before extraordinary item and cumulative adjustment	$ 2.53	$ 3.01	$ 2.47	$ 2.25	$ 1.99	$ 1.81	$ 1.48	$ 0.97	$ 1.21	$ 1.07	$ 0.85
Discontinued operations (i)	–	–	–	–	–	–	0.01	–	0.01	0.01	0.01
Income before extraordinary item and cumulative adjustment	$ 2.53	$ 3.01	$ 2.47	$ 2.25	$ 1.99	$ 1.81	$ 1.49	$ 0.97	$ 1.22	$ 1.08	$ 0.86
Extraordinary item and cumulative adjustment (p)	–	–	–	–	–	–	–	–	(0.18)	–	(0.02)
Net income	$ 2.53	$ 3.01	$ 2.47	$ 2.25	$ 1.99	$ 1.81	$ 1.49	$ 0.97	$ 1.04	$ 1.08	$ 0.84
Diluted earnings per share											
Income from continuing operations before extraordinary item and cumulative adjustment	$ 2.51	$ 2.94	$ 2.40	$ 2.21	$ 1.96	$ 1.79	$ 1.47	$ 0.96	$ 1.19	$ 1.06	$ 0.84
Discontinued operations (i)	–	–	–	–	–	–	0.01	–	0.01	0.01	0.01
Income before extraordinary item and cumulative adjustment	$ 2.51	$ 2.94	$ 2.40	$ 2.21	$ 1.96	$ 1.79	$ 1.48	$ 0.96	$ 1.20	$ 1.07	$ 0.85
Extraordinary item and cumulative adjustment (p)	–	–	–	–	–	–	–	–	(0.17)	–	(0.02)
Net income	$ 2.51	$ 2.94	$ 2.40	$ 2.21	$ 1.96	$ 1.79	$ 1.48	$ 0.96	$ 1.03	$ 1.07	$ 0.83

* % increase/(decrease) over prior year

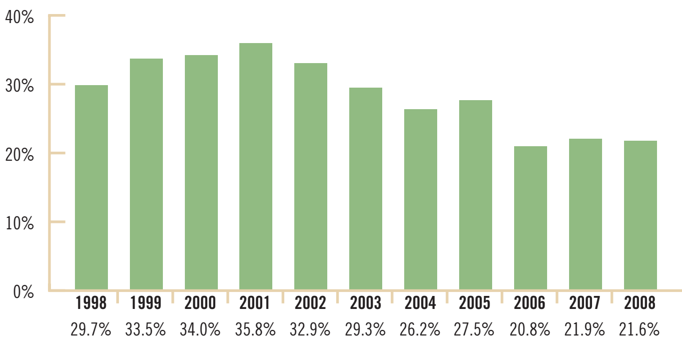
Segment Trends

McGraw-Hill Education

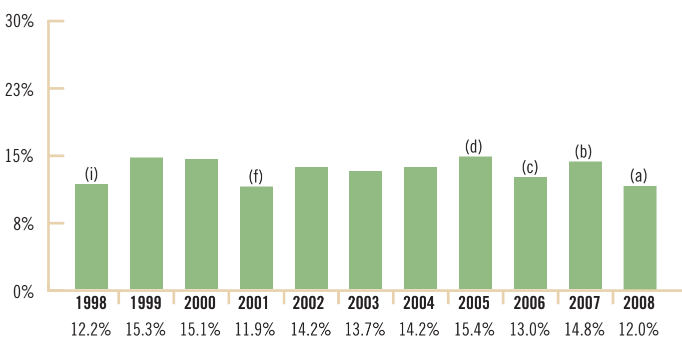
Percent of Total Revenue



Percent of Total Operating Profit

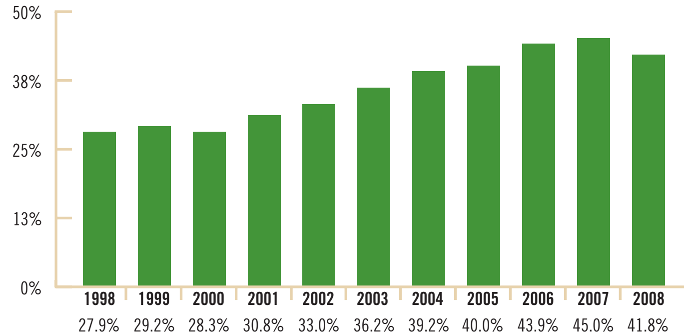


Operating Profit Margin

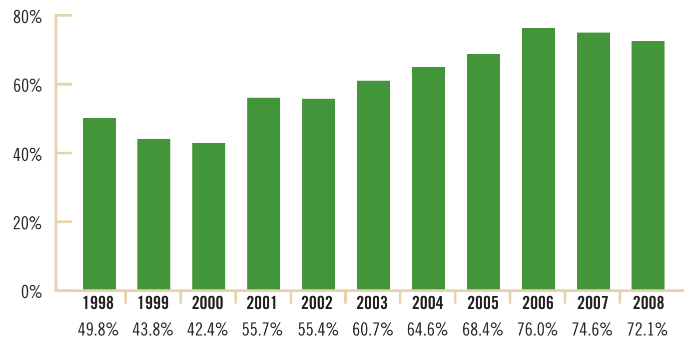


Financial Services

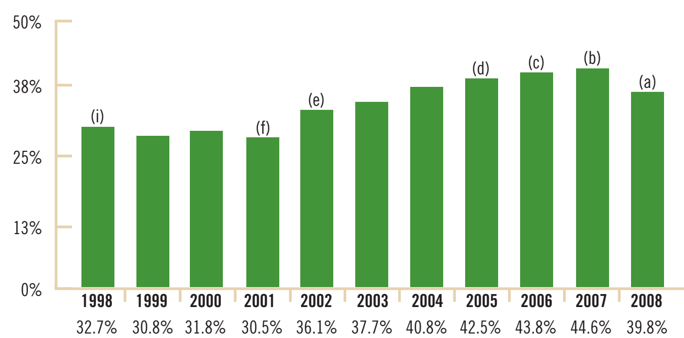
Percent of Total Revenue



Percent of Total Operating Profit

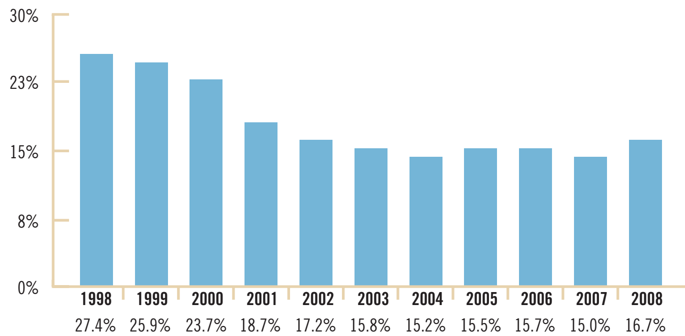


Operating Profit Margin

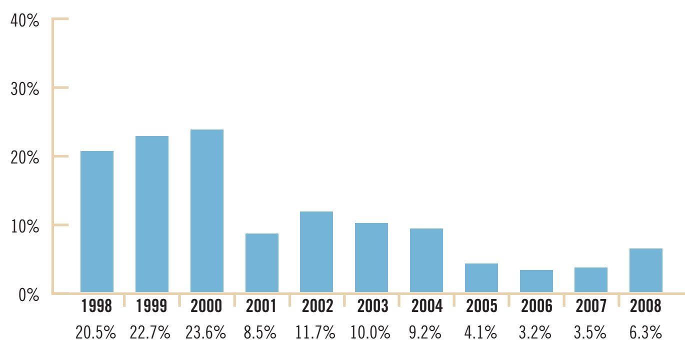


Information & Media

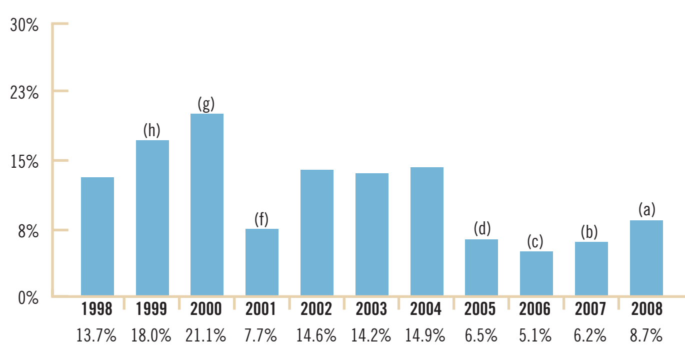
Percent of Total Revenue



Percent of Total Operating Profit



Operating Profit Margin



Notes for Segment Trends (pages 12 and 13):

(a) Operating margin for 2008 reflects a $73.4 million pre-tax restructuring charge ($45.9 million after-tax, or $0.14 per diluted share) which is comprised of the following: McGraw-Hill Education of $25.3 million pre-tax, Financial Services of $25.9 million pre-tax, Information & Media of $19.2 million pre-tax, and Corporate of $3.0 million pre-tax

The Corporation adopted Statement of Financial Accounting Standards No. 160, “Noncontrolling interests in Consolidated Financial Statements, an amendment of ARB 51” (SFAS 160), in the first quarter of 2009. Please refer to page 17 for 2008 Operating Profit/(Loss) and Operating Profit Margin by Segment, as adjusted for SFAS 160

(b) 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, Financial Services of $18.8 million, Information & Media of $6.7 million, and Corporate of $1.9 million; the impact of the Sweets transformation (see note (c) below); and a $17.3 million ($10.3 million after-tax, or $0.03 per diluted share) on the sale of the Corporation’s mutual fund data business

(c) 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, the Corporation adopted Financial Accounting Standards Board Statement No. 123(R), “Share Based Payment.” The Corporation incurred stock-based compensation expense of $136.2 million ($85.5 million after-tax, or $0.23 per diluted share). The expense was charged as follows: McGraw-Hill Education, $31.6 million pre-tax; Financial Services, $38.3 million pre-tax; Information & Media, $22.9 million pre-tax; and Corporate, $43.4 million pre-tax. Included in this expense is a one-time charge for the elimination of the Corporation’s restoration stock option program of $23.8 million ($14.9 million after-tax, or $0.04 per diluted share) which impacted the segments as follows: McGraw-Hill Education, $4.2 million pre-tax; Financial Services, $2.1 million pre-tax; Information & Media, $2.7 million pre-tax; and the remainder to Corporate

(d) 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 ($3.3 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 of $9.0 million; Financial Services of $1.2 million; Information & Media of $10.2 million; and Corporate of $2.8 million

(e) 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

(f) 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

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

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

(i) 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

Quarterly Revenue and Operating Profit by Segment

2008 Quarterly Revenue and Operating Profit by Segment

(dollars in thousands, except earnings per share) favorable/(unfavorable)	1Q	2008 vs. 2007	2Q	2008 vs. 2007	3Q	2008 vs. 2007	4Q	2008 vs. 2007	Total 2008	2008 vs. 2007
Revenue										
McGraw-Hill Education	$ 330,156	(0.5%)	$ 670,846	3.6%	$ 1,131,352	(3.8%)	$ 506,539	(8.0%)	$ 2,638,893	(2.5%)
Financial Services	644,301	(11.6%)	735,477	(10.4%)	651,458	(14.2%)	623,051	(15.4%)	2,654,287	(12.9%)
Information & Media	243,414	3.2%	266,902	6.8%	265,731	5.3%	285,828	1.3%	1,061,875	4.1%
Total revenue	$ 1,217,871	(6.1%)	$ 1,673,225	(2.6%)	$ 2,048,541	(6.4%)	$ 1,415,418	(9.8%)	$ 6,355,055	(6.2%)
Operating Profit/(Loss)										
McGraw-Hill Education	$ (90,266)	0.5%	$ 69,535	(13.5%)	$ 351,479	(14.5%)	$ (14,294)	N/M	$ 316,454	(20.9%)
Financial Services	260,003	(25.3%)	299,227	(25.4%)	281,642	(18.8%)	214,555	(18.6%)	1,055,427	(22.4%)
Information & Media	11,726	18.6%	24,799	68.2%	22,847	22.6%	32,679	61.7%	92,051	45.0%
Total operating profit	$ 181,463	(32.1%)	$ 393,561	(20.7%)	$ 655,968	(15.5%)	$ 232,940	(17.7%)	$ 1,463,932	(19.7%)
General corporate (expense)	$ (33,856)	3.4%	$ (33,536)	18.4%	$ (9,701)	74.3%	$ (32,029)	30.4%	$ (109,122)	31.7%
Interest (expense)/income	(17,830)	N/M	(20,354)	(68.2%)	(22,002)	(42.7%)	(15,438)	(30.2%)	(75,624)	(86.4%)
Income before taxes on income	129,777	(43.8%)	339,671	(23.4%)	624,265	(13.7%)	185,473	(17.6%)	1,279,186	(21.2%)
Provision for taxes on income	48,667	44.2%	127,377	23.4%	234,099	13.7%	69,552	17.6%	479,695	21.2%
Net income	$ 81,110	(43.6%)	$ 212,294	(23.4%)	$ 390,166	(13.7%)	$ 115,921	(17.6%)	$ 799,491	(21.1%)
Earnings per common share:										
Basic	$ 0.25	(39.0%)	$ 0.67	(17.3%)	$ 1.25	(8.8%)	$ 0.37	(14.0%)	$ 2.53	(15.9%)
Diluted	$ 0.25	(37.5%)	$ 0.66	(16.5%)	$ 1.23	(8.2%)	$ 0.37	(14.0%)	$ 2.51	(14.6%)

2007 Quarterly Revenue and Operating Profit by Segment

(dollars in thousands, except earnings per share) favorable/(unfavorable)	1Q	2007 vs. 2006	2Q	2007 vs. 2006	3Q	2007 vs. 2006	4Q	2007 vs. 2006	Total 2007	2007 vs. 2006
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/(Loss)										
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	N/M	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 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)	1Q	2006 vs. 2005	2Q	2006 vs. 2005	3Q	2006 vs. 2005	4Q	2006 vs. 2005	Total 2006	2006 vs. 2005
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/(Loss)										
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 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%

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

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

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 Corporation 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 adjusted for all stock splits

2008: In the second quarter, net income includes a $23.7 million pre-tax restructuring charge ($14.8 million after-tax, or $0.05 per diluted share). The pre-tax restructuring charge by segment is as follows: McGraw-Hill Education of $8.5 million, and Financial Services of $15.2 million. In the third quarter, net income includes a $23.4 million pre-tax restructuring charge ($14.6 million after-tax, or $0.05 per diluted share). The pre-tax restructuring charge by segment is as follows: McGraw-Hill Education of $5.4 million, Financial Services of $4.1 million, and Information & Media of $13.9 million. In the fourth quarter, net income includes a $26.3 million pre-tax restructuring charge ($16.4 million after-tax, or $0.05 per diluted share). The pre-tax restructuring charge by segment is as follows: McGraw-Hill Education of $11.4 million, Financial Services of $6.6 million, Information & Media of $5.3 million, and Corporate of $3.0 million

The Corporation adopted Statement of Financial Accounting Standards No. 160, "Noncontrolling interests in Consolidated Financial Statements, an amendment of ARB 51" (SFAS 160), in the first quarter of 2009. Please refer to page 17 for 2008 Operating Profit/(Loss) and Operating Profit Margin by Segment, as adjusted for SFAS 160

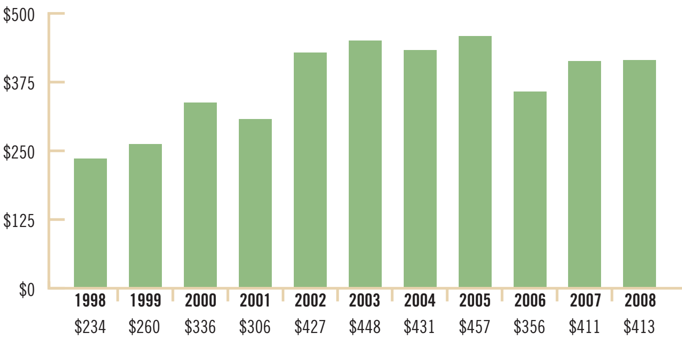
2007: In the first quarter, operating profit at the Financial Services segment includes a $17.3 million pre-tax gain ($10.3 million after-tax, or $0.03 per diluted share) on the divestiture of the Corporation's mutual fund data business. In the third quarter, operating profit at the McGraw-Hill Education 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, Financial Services of $18.8 million, Information & Media of $6.7 million, and Corporate of $1.9 million. 2007 revenue and operating profit also include the impact of the Sweets transformation (see 2006 note below)

2006: In 2006, the Corporation adopted Financial Accounting Standards Board Statement No. 123(R), "Share Based Payment." In the first, second, third and fourth quarters of 2006, respectively, the Corporation incurred 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). 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 Corporation'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 of $5.6 million; Information & Media of $5.7 million; and Corporate of $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 of $10.4 million; Information & Media of $3.0 million; and Corporate of $2.7 million. For the Information & Media 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

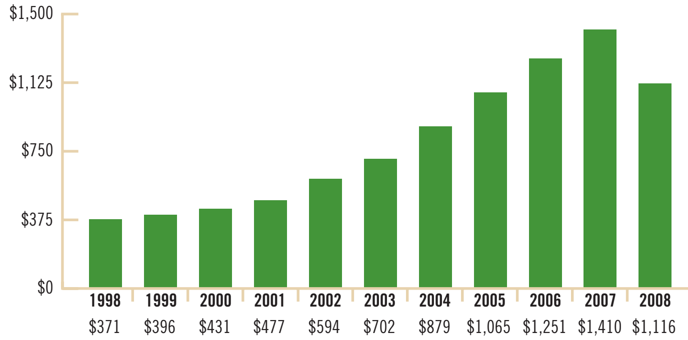
2005: In the third quarter, operating profit at the Financial Services segment includes a $6.8 million pre-tax gain ($4.2 million after-tax, or $0.01 per diluted share) on the sale of the Corporate Value Consulting business. In the fourth quarter, operating profit at the Information & Media segment includes a $5.5 million loss ($3.3 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 of $9.0 million; Financial Services of $1.2 million; Information & Media of $10.2 million; and Corporate of $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

EBITDA, Net of Investment in Prepublication Costs

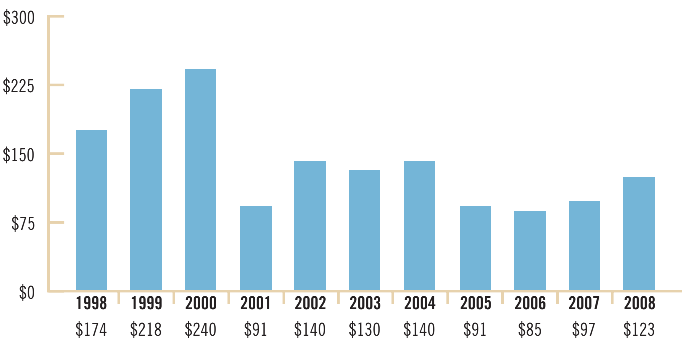
McGraw-Hill Education, Net of Investment in Prepublication Costs (c)
(dollars in millions)



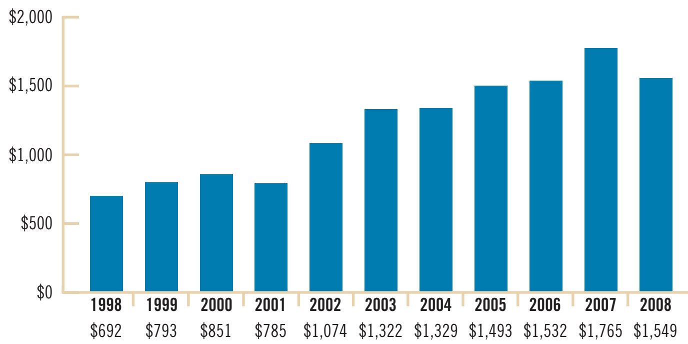
Financial Services, Net of Investment in Prepublication Costs (c)
(dollars in millions)



Information & Media, Net of Investment in Prepublication Costs
(dollars in millions)



Total Company EBITDA, Net of Investment in Prepublication Costs (c)
(dollars in millions)



EBITDA, Net of Investment in Prepublication Costs

(dollars in thousands)	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
McGraw-Hill Education	$ 316,454	$ 399,990	$ 329,125	$ 410,213	$ 340,067	$ 321,751	$ 332,949	$ 273,339	$ 307,672	$ 273,667	$ 202,076
Financial Services	1,055,427	1,359,477	1,202,289	1,019,201	839,398	667,597	560,845	425,911	383,025	358,155	338,655
Information & Media	92,051	63,467	49,888	60,576	119,313	109,841	118,052	65,003	212,921	185,551	139,352
Total operating profit	$1,463,932	$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
Unusual (loss)/gain (a)	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ (68,122)	$ –	$ (8,716)
Corporate (expense)/income (b)	(109,122)	(159,821)	(162,848)	(124,826)	(124,088)	38,185	(91,934)	(93,062)	(91,380)	(83,280)	(80,685)
Depreciation (c)	119,849	112,586	113,200	106,750	92,268	82,827	86,818	85,748	84,812	80,348	75,538
Amortization of intangibles (c)	58,497	48,403	48,387	44,235	32,470	32,973	36,270	84,108	63,508	54,366	51,310
Amortization of prepublication costs (c)	270,442	240,182	228,405	234,276	267,743	282,505	277,081	236,620	207,806	170,653	169,542
Investment in prepublication costs (c)	(254,106)	(298,984)	(276,810)	(257,795)	(237,760)	(213,954)	(246,577)	(293,002)	(249,333)	(246,341)	(194,978)
EBITDA	$ 1,549,492	$ 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

Notes for EBITDA, Net of Investment in Prepublication Costs (page 16):

The Corporation adopted Statement of Financial Accounting Standards No. 160, "Noncontrolling interests in Consolidated Financial Statements, an amendment of ARB 51" (SFAS 160), in the first quarter of 2009. Please refer to page 17 for 2008 Operating Profit/(Loss) and Operating Profit Margin by Segment, as adjusted for SFAS 160

(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 Corporation'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 in 2003 were included in discontinued operations

Selected Financials

2008 Operating Profit/(Loss) and Operating Profit Margin by Segment, as Adjusted for SFAS 160

(dollars in thousands, unaudited)	Operating Profit As Reported	Operating Profit Reclassification	Operating Profit As Adjusted	Operating Profit Margin As Reported	Operating Profit Margin As Adjusted
Quarterly					
1Q 2008					
McGraw-Hill Education	$ (90,266)	$ (596)	$ (90,862)	(27.3%)	(27.5%)
Financial Services	260,003	4,049	264,052	40.4%	41.0%
Information & Media	11,726	–	11,726	4.8%	4.8%
Total	$ 181,463	$ 3,453	$ 184,916	14.9%	15.2%
2Q 2008					
McGraw-Hill Education	$ 69,535	$ 741	$ 70,276	10.4%	10.5%
Financial Services	299,227	3,915	303,142	40.7%	41.2%
Information & Media	24,799	–	24,799	9.3%	9.3%
Total	$ 393,561	$ 4,656	$ 398,217	23.5%	23.8%
3Q 2008					
McGraw-Hill Education	$ 351,479	$ 3,239	354,718	31.1%	31.4%
Financial Services	281,642	3,410	285,052	43.2%	43.8%
Information & Media	22,847	–	22,847	8.6%	8.6%
Total	$ 655,968	$ 6,649	$ 662,617	32.0%	32.3%
4Q 2008					
McGraw-Hill Education	$ (14,294)	$ 1,560	$ (12,734)	(2.8%)	(2.5%)
Financial Services	214,555	3,556	218,111	34.4%	35.0%
Information & Media	32,679	–	32,679	11.4%	11.4%
Total	$ 232,940	$ 5,116	$ 238,056	16.5%	16.8%
Full Year 2008					
McGraw-Hill Education	$ 316,454	$ 4,944	$ 321,398	12.0%	12.2%
Financial Services	1,055,427	14,930	1,070,357	39.8%	40.3%
Information & Media	92,051	–	92,051	8.7%	8.7%
Total	$1,463,932	$19,874	$1,483,806	23.0%	23.3%

Stock-Based Compensation

(dollars in thousands)	2008	2007	2006
McGraw-Hill Education	$(1,599)	$ 27,665	$ 31,649
Financial Services	(1,882)	44,226	38,322
Information & Media	(543)	22,106	22,938
Corporate	2,090	30,695	43,272
Total stock-based compensation expense (benefit)	$(1,934)	$124,692	$136,181

Notes for Selected Financials (page 17):

2008 Operating Profit/(Loss) and Operating Profit Margin by Segment, as Adjusted for SFAS 160:

Operating results reflect the impact of a reclassification of noncontrolling interests as required by Statement of Financial Accounting Standards No. 160, “Noncontrolling interests in Consolidated Financial Statements, an amendment of ARB 51” (SFAS 160), which was adopted in the first quarter of 2009. The new pronouncement requires separate reporting of net income attributable to noncontrolling interests. The amounts noted under “Reclassification” reflect net income attributable to noncontrolling interests that were previously reported within segment operating profit. The larger entities impacted by SFAS 160 are CRISIL Limited (Financial Services segment) and McGraw-Hill Ryerson (McGraw-Hill Education segment). This reclassification does not impact the Information & Media segment

Stock-Based Compensation:

2006: Includes a one-time charge for the elimination of the Corporation’s restoration stock option program of $23.8 million pre-tax ($14.9 million after-tax, or $0.04 per diluted share) which impacted the segments as follows: $4.2 million to McGraw-Hill Education, $2.1 million to Financial Services, $2.7 million to Information & Media, and $14.8 million to Corporate

International Operations by Region and Segment

Revenue from foreign sources was nearly $1.8 billion in 2008 and represented 27.9% of The McGraw-Hill Companies' total revenue. Favorable foreign exchange rates contributed $10.8 million to revenue in 2008.

Europe continues to be the most important contributor to The McGraw-Hill Companies' foreign revenue, producing 57.5% of the total in 2008.

Financial Services

Financial Services continues to be the Corporation's largest international business. Standard & Poor's foreign revenue declined 2.6% in 2008 to just over $1.0 billion and accounted for 59.7% of the Corporation's total foreign revenue. Favorable foreign exchange rates contributed $16.9 million to revenue for this segment in 2008.

Since 1998, foreign revenue in this segment has grown at a compound annual rate of 15.2%.

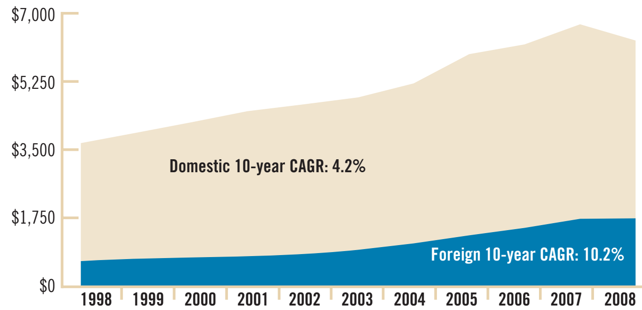
McGraw-Hill Education

McGraw-Hill Education's foreign revenue grew by 3.1% to $452.8 million in 2008 and accounted for 25.5% of the Corporation's total foreign revenue. Foreign exchange rates adversely impacted revenue by $7.3 million for this segment in 2008.

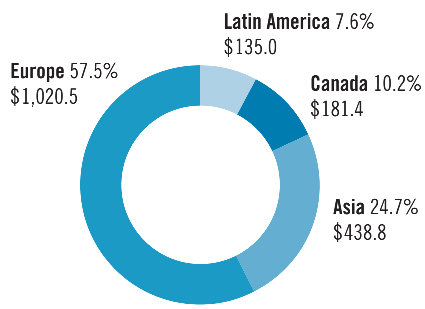
Information & Media

Information & Media's segment foreign revenue grew by 11.2% to $263.6 million in 2008 and accounted for 14.8% of the Corporation's total foreign revenue in 2008. Foreign exchange rates had an immaterial impact on revenue for this segment in 2008.

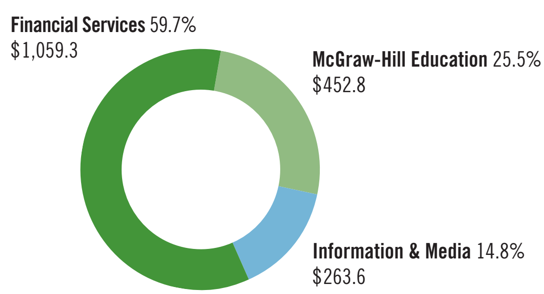
Domestic and Foreign Source Revenue Growth,* 1998–2008
(dollars in millions)



Foreign Source Revenue by Geographic Region,* 2008
(dollars in millions)



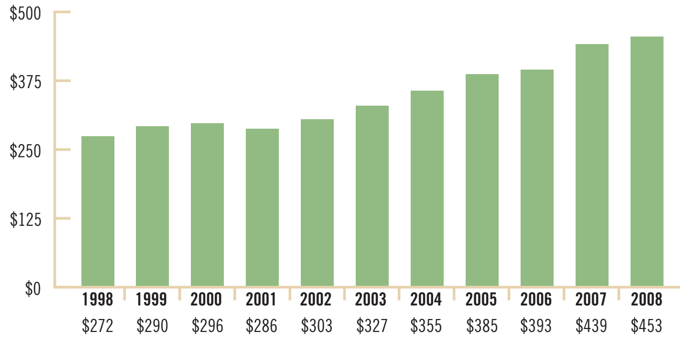
Foreign Source Revenue by Segment,* 2008
(dollars in millions)



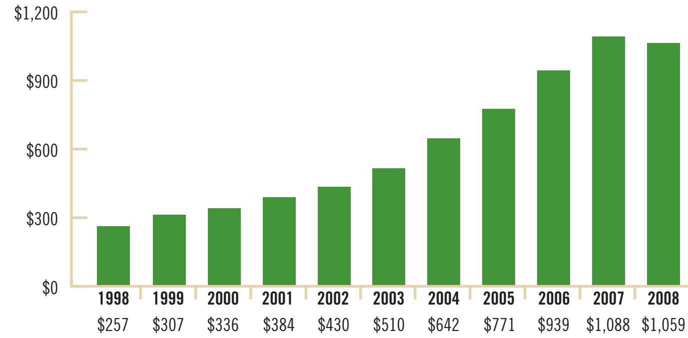
* Foreign source revenue includes international sales by U.S. operations

Foreign Source Revenue by Segment, 1998–2008

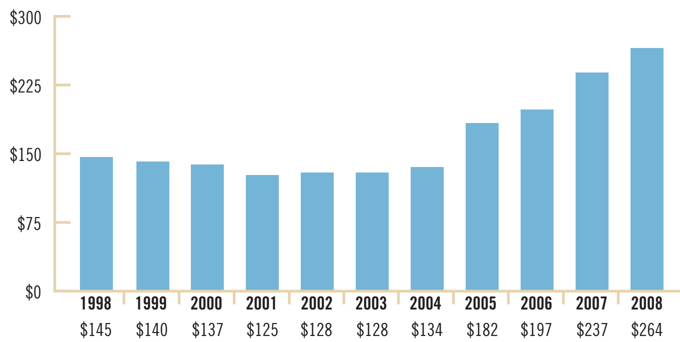
McGraw-Hill Education
(dollars in millions)



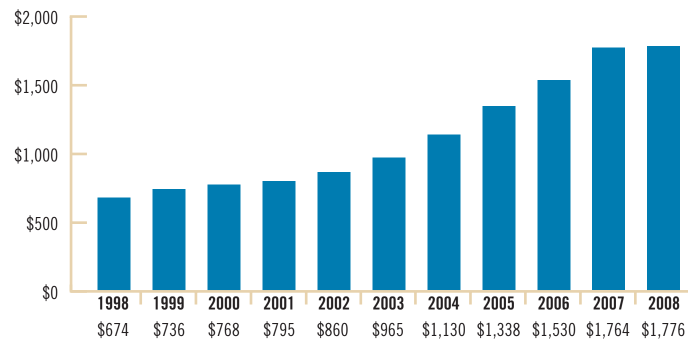
Financial Services
(dollars in millions)



Information & Media
(dollars in millions)



Total Company
(dollars in millions)



Summary of Domestic and Foreign Source Revenue, 1998–2008

(dollars in millions)	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	10-year CAGR
Revenue												
Domestic	$4,579.4	$5,008.5	$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	4.2%
Foreign*	1,775.7	1,763.8	1,530.1	1,337.8	1,130.4	965.4	860.0	795.0	768.2	736.3	673.5	10.2%
Total	$6,355.1	$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	5.5%
Revenue by Segment												
Domestic												
McGraw-Hill Education	$2,186.1	$2,266.8	$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	4.6%
Financial Services	1,595.0	1,958.6	1,807.1	1,629.6	1,413.1	1,258.8	1,126.0	1,014.3	868.8	856.7	779.8	7.4%
Information & Media	798.3	783.1	787.1	749.3	666.0	644.9	681.8	720.7	871.1	890.2	871.0	(0.9%)
Total	$4,579.4	$5,008.5	$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	4.2%
Foreign*												
McGraw-Hill Education	$ 452.8	$ 439.1	$ 393.4	$ 384.8	$ 354.5	$ 327.4	$ 302.6	$ 285.6	$ 295.5	$ 289.6	$ 271.7	5.2%
Financial Services	1,059.3	1,087.6	939.3	771.2	642.2	510.3	429.7	384.0	336.2	306.9	257.2	15.2%
Information & Media	263.6	237.1	197.4	181.8	133.7	127.7	127.7	125.4	136.5	139.8	144.6	6.2%
Total	$1,775.7	$1,763.8	$1,530.1	$1,337.8	$1,130.4	$ 965.4	$ 860.0	$ 795.0	$ 768.2	$ 736.3	$ 673.5	10.2%
Number of Employees												
Domestic	11,986	12,565	12,860	13,486	13,122	12,736	13,180	13,566	13,339	13,032	12,599	
Foreign	9,663	8,606	7,354	6,114	4,131	3,332	3,325	3,569	3,422	3,344	3,298	
Total	21,649	21,171	20,214	19,600	17,253	16,068	16,505	17,135	16,761	16,376	15,897	

Notes:
* Foreign source revenue includes international sales by U.S. operations
Years restated for discontinued operations
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"

Acquisitions and Divestitures

Acquisition and divestiture amounts for 1998–2008 reflect those reported on McGraw-Hill's GAAP cash flow statement and are not indicative of actual purchase/sale prices due to purchase price adjustments and other timing differences in payments/receipts. Divestiture amounts also include proceeds received from the disposition of property and equipment.

2008	**Acquisitions $48,261,000**	
	Maalot, Ltd.	FS
	Case-Schiller® Home Price Indices (licensing agreement)	FS
	Thomson Reuters databases	FS
	Umbria, Inc.	I&M
	LinkedIn Corporation (0.45% interest)	Corporate
	Divestitures $440,000	
	CRISIL Gas Strategies	FS
2007	**Acquisitions $86,707,000**	
	Hot Chalk, Inc. (6% interest)	MHE
	Reading Success (reading program)	MHE
	ClariFI, Inc.	FS
	IMAKE/ABSX	FS
	Divestitures $62,261,000	
	Benziger	MHE
	S&P mutual fund data business	FS
2006	**Acquisitions $13,480,000**	
	Heale Financial	FS
	TheMarkets.com (5.51% interest after acquisition of additional 2.75% interest)	FS
	Automotive Resources Asia, Ltd.	I&M
	Azteca America affiliate low-powered TV station in Bakersfield, CA	I&M
	Divestitures $12,381,000	
	The Review of Securities Regulation newsletters	FS
	E-Source	I&M
	Power Magazine	I&M
2005	**Acquisitions $461,842,000**	
	TurnLeaf Solutions	MHE
	ASSIRT Pty Limited	FS
	CRISIL Limited (58.5% interest after acquisition of additional 49.07% interest)	FS
	Taiwan Ratings Corporation (51% interest after acquisition of additional 1% interest)	FS
	TheMarkets.com (2.76% interest)	FS
	Vista Research, Inc.	FS
	Azteca America affiliate low-powered TV stations in Colorado and San Diego	I&M
	J.D. Power and Associates	I&M
	USDTV	I&M
	Divestitures $131,335,000	
	Corporate Value Consulting	FS
	Standard & Poor's Securities, Inc.	FS
	Healthcare Information Group	I&M
2004	**Acquisitions $306,232,000**	
	Grow.net, Inc.	MHE
	PRCEDU Corporation (8.7% interest)	MHE
	Capital IQ, Inc.	FS
	Center for Business Intelligence (energy conference business only)	I&M
	Divestitures $46,904,000	
	Landoll, Frank Schaffer and related juvenile retail publishing businesses	MHE
	J.J. Kenny Drake, Inc.	FS
2003	**Acquisitions $3,678,000**	
	FriedWire, Inc.	I&M
	Divestitures $502,665,000	
	S&P ComStock	FS
	Rock-McGraw, Inc. (45% interest)	Corporate
2002	**Acquisitions $19,310,000**	
	Bredex Corporation	MHE
	Clear Learning	MHE
	Open University Press	MHE
	Reality Based Learning	MHE
	EA Ratings	FS
	Divestitures $24,304,000	
	Lifetime Learning	MHE
	MMS International	FS
	CAP	I&M
2001	**Acquisitions $333,234,000**	
	Frank Schaffer Publications	MHE
	Mayfield Publishing Company	MHE
	Uniscore, Inc.	MHE
	Visual Education Corporation	MHE
	Corporate Value Consulting	FS
	Charter Research Corporation	FS
	BizNet TV, Inc.	I&M
	Financial Times Energy	I&M
	Divestitures $17,876,000	
	Data Resources Inc.	FS
	Rational Investors	FS
2000	**Acquisitions $703,719,000**	
	Tribune Education	MHE
	Canadian Bond Rating Service	FS
	Portfolio Management Data, LLC	FS
	Thomas Murray Network Management Ltd.	FS
	BuildPoint Corporation	I&M
	MPI Interactive - eBuilder, Inc.	I&M
	Divestitures $142,418,000	
	Tower Group International	I&M
1999	**Acquisitions $67,085,000**	
	Appleton & Lange, Inc.	MHE
	Emerging Markets Data Base	FS
	IFIS, Inc.	FS
	Micropal France	FS
	Rational Investors, Inc.	FS
	Thesys Information, Ltd.	FS
	Divestitures $67,244,000	
	Libri Italia SRL (School titles only)	MHE
	Petrochemical Publications (*Chemical Engineering, Modern Plastics, Modern Plastics International*)	I&M
1998	**Acquisitions $24,720,000**	
	Optical Data Corporation	MHE
	Xebec Multimedia Solutions, Ltd.	MHE
	Divestitures $66,479,000	
	Information Technology and Communications Group (*BYTE, Data Communications, LAN Times, tele.com, NSTL*)	I&M

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