

Selected Financials

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

(dollars in thousands, unaudited)	Operating Profit			Operating Profit Margin	
	As Reported	Reclassification	As Adjusted	As Reported	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