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# The McGraw-Hill Companies: Committed to Creating Shareholder Value

Maintaining a strong balance sheet, positioning the company for growth, and advancing shareholder value are key priorities for The McGraw-Hill Companies. In January 2010, the Board of Directors increased the dividend for the 37th consecutive year. Since 1974, McGraw-Hill's annual dividend has grown at an average compound rate of 9.9%. In the second quarter of 2010, the Corporation resumed share repurchases and bought 6.5 million shares for a total cost of \$186.9 million, leaving 10.6 million shares in the 2007 program authorized by the Board of Directors. Approximately \$9.7 billion has been returned to shareholders through dividends and stock buyback programs since 1996.

## Free Cash Flow

Years ended December 31  
(dollars in thousands)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Cash provided by operating activities</b>	<b>\$1,320,779</b>	\$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
Investment in prepublication costs	(176,996)	(254,106)	(298,984)	(276,810)	(257,795)	(237,760)	(218,049)	(249,317)	(294,538)	(250,005)	(246,341)
Purchase of property and equipment	(68,526)	(105,978)	(229,609)	(126,593)	(120,232)	(139,003)	(114,984)	(70,019)	(116,895)	(97,721)	(154,324)
Additions to technology projects	(23,764)	(25,353)	(16,654)	(22,978)	(16,456)	(10,623)	(28,145)	(55,477)	(28,840)	(15,194)	(38,315)
<b>Free cash flow before dividends</b>	<b>\$1,051,493</b>	\$783,316	\$1,171,704	\$1,082,923	\$1,165,407	\$676,086	\$1,021,167	\$767,578	\$659,308	\$357,834	\$307,388
Dividends paid to shareholders	(281,553)	(280,455)	(277,746)	(260,323)	(246,048)	(228,166)	(206,543)	(197,016)	(189,834)	(182,462)	(169,049)
Tax payment/(dividend) from divestitures <sup>(a,b)</sup>	—	—	—	—	—	172,000	(103,500)	—	—	—	—
<b>Free cash flow after dividends</b>	<b>\$769,940</b>	\$502,861	\$893,958	\$822,600	\$919,359	\$619,920	\$711,124	\$570,562	\$469,474	\$175,372	\$138,339

(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)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Cash and equivalents	\$1,209.9	\$471.7	\$396.1	\$353.5	\$748.8	\$680.6	\$695.6	\$58.2	\$53.5	\$3.2	\$6.5
Total debt	1,197.8	1,267.6	1,197.4	2.7	3.3	5.1	26.3	578.3	1,056.5	1,045.4	536.4
Net debt/(cash)	\$ (12.1)	\$795.9	\$801.4	\$(350.8)	\$(745.5)	\$(675.5)	\$669.2	\$520.2	\$1,003.0	\$1,042.2	\$530.0
<b>Net debt/EBITDA</b>	<b>0.0x</b>	0.5x	0.5x	(0.2x)	(0.5x)	(0.5x)	0.5x	0.5x	1.3x	1.2x	0.7x

Note: EBITDA is net of investment in prepublication costs

## Cash Returned to Shareholders

(dollars in millions, except S&P 500 dividend)

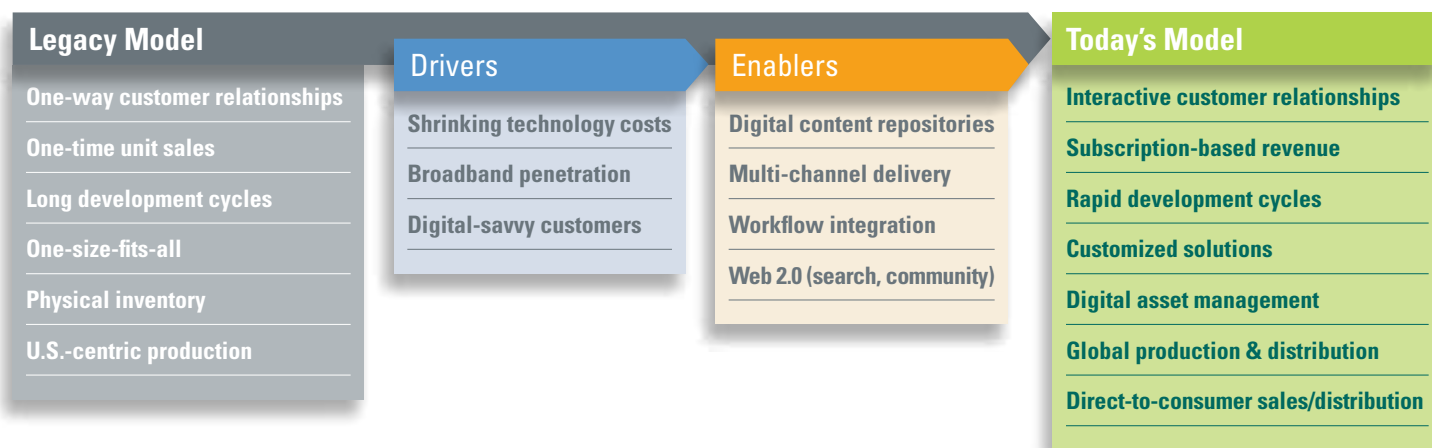
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	10-year CAGR
MHP dividends paid	\$281.6	\$280.5	\$277.7	\$260.3	\$246.0	\$228.2	\$206.5	\$197.0	\$189.8	\$182.5	\$169.0	5.2%
MHP shares repurchased	0.0	447.2	2,212.7	1,540.1	677.7	409.4	216.4	183.1	176.5	167.6	173.8	N/M
<b>Total</b>	<b>\$281.6</b>	<b>\$727.7</b>	<b>\$2,490.4</b>	<b>\$1,800.4</b>	<b>\$923.7</b>	<b>\$637.6</b>	<b>\$422.9</b>	<b>\$380.1</b>	<b>\$366.3</b>	<b>\$350.1</b>	<b>\$342.8</b>	<b>(1.9%)</b>
<i>MHP growth</i>	<b>(61.3%)</b>	<b>(70.8%)</b>	<b>38.3%</b>	<b>94.9%</b>	<b>44.9%</b>	<b>50.8%</b>	<b>11.3%</b>	<b>3.8%</b>	<b>4.6%</b>	<b>2.1%</b>	<b>31.8%</b>	
S&P 500 dividend	\$22.41	\$28.39	\$27.73	\$24.88	\$22.22	\$19.44	\$17.38	\$16.07	\$15.74	\$16.27	\$16.69	3.0%
<i>S&amp;P 500 growth</i>	<b>(21.1%)</b>	<b>2.4%</b>	<b>11.5%</b>	<b>12.0%</b>	<b>14.3%</b>	<b>11.9%</b>	<b>8.2%</b>	<b>2.1%</b>	<b>(3.3%)</b>	<b>(2.5%)</b>	<b>3.0%</b>	

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

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

# How the Business Model Is Changing Market Opportunities and Driving Long-Term Growth

Connecting content and managing digital assets globally across all of The McGraw-Hill Companies is essential to growing revenue, improving workflow and productivity, and reducing costs. Ongoing investments in technology support MHP's ability to provide its customers with products and services that represent the shift to today's more interactive and digital business model. For MHP, technology represents a tremendous opportunity to enhance its offerings, embed its solutions into customers' workflows and infrastructure, and build stronger, broader relationships.



## McGraw-Hill Education

McGraw-Hill Education is embracing digital to create new and expanded revenue opportunities. McGraw-Hill Connect™ —MHE's innovative higher education platform—and other digital study/homework management products now have more than 1.8 million registered users. A new partnership with Blackboard will significantly expand access to McGraw-Hill Connect by making McGraw-Hill's content and digital tools available to institutions already using Blackboard Learn™. MHE is also partnering with Apple, Amazon, and Sony to broaden its digital distribution.

## Financial Services

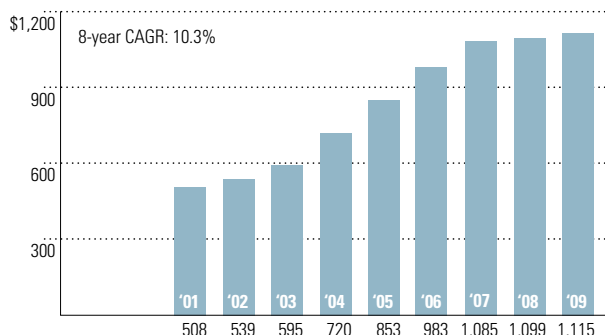
S&P's Credit Market Services continues to facilitate worldwide access to capital by providing a common and transparent benchmark for evaluating and comparing creditworthiness across multiple sectors and geographies. S&P expects its Investment Services business to grow. S&P's Capital IQ platform of powerful, easy-to-use tools is attracting more clients and helping them reduce risk, work more efficiently, and make better decisions. S&P Indices, the world's leading index provider, is continuing to expand in global markets.

## Information & Media

MHP's leading business information brands are taking the creation, analysis, and delivery of business information to new levels. J.D. Power and Associates is providing real-time data and volume metrics to the automotive, hospitality, and retail industries. Platts is expanding as the demand for natural resources grows globally and the need for information about these volatile markets increases.

## Unearned Revenue

(dollars in millions)



## Growth in Unearned Revenue

As subscriptions to digital products and services continue to grow, so does the Corporation's unearned revenue. Approximately 75% of unearned revenue comes from Financial Services and includes annual contracts, surveillance fees, and subscription products.

# Advancing Total Shareholder Value

The McGraw-Hill Companies has paid a dividend each year since 1937 and is one of fewer than 30 companies in the S&P 500 that has increased its dividend annually for the last 37 years. The annualized rate of \$0.94 per share of common stock represents a 4.4% increase approved by the Board in January 2010. Reflecting the impact of share repurchases in the second quarter of 2010, fully-diluted shares at the end of the second quarter were approximately 310 million.

## Share Repurchase Programs<sup>(1)</sup>

Year	\$ in millions	Shares Purchased	Average Price	Diluted Weighted Average Shares Outstanding
2009	\$ —	—	\$ —	313,296,491
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	

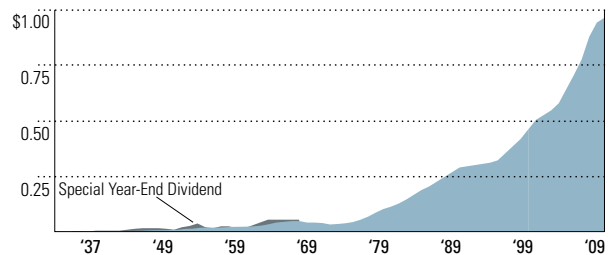
Note: Shares repurchased are reported on a trade-date basis

(1) Adjusted for all stock splits. Approximately 43% of repurchases during 1996–2009 offset the issuance of shares for stock option and restricted share programs; the remaining 57% reduce the net number of shares outstanding

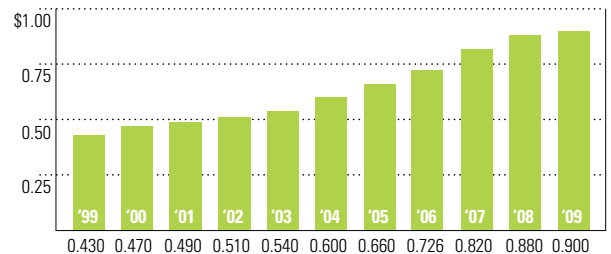
## Stock Split History, 1953 – Present

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

## Common Stock Dividend History, 1937 – 2009



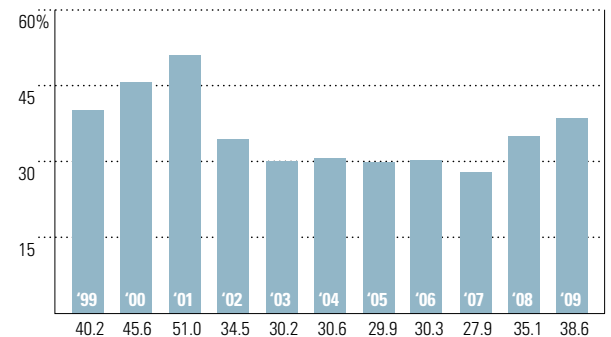
## Dividends per Share of Common Stock, 1999 – 2009



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

## Dividend Payout

(as a percentage of current year's earnings)



## Quarterly Stock Valuation Data

Year	Quarter	Prices*			MHP Volume	MHP – Price to Earnings**			S&P 500 – Price to Earnings			P/E Relative to S&P 500		
		High	Low	Close		High	Low	Close	High	Low	Close	High	Low	Close
2009	4	35.240	24.460	33.510	194,468,691	14.87	10.32	14.14	19.88	17.94	19.61	0.75	0.58	0.72
	3	34.100	23.550	25.140	243,943,008	14.89	10.28	10.98	27.27	21.95	26.69	0.55	0.47	0.41
	2	34.090	22.460	30.110	177,245,398	13.64	8.98	12.04	24.03	19.69	23.10	0.57	0.46	0.52
	1	25.890	17.220	22.870	245,097,570	9.84	6.55	8.70	21.95	15.51	18.56	0.45	0.42	0.47
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

Source: Standard &amp; Poor's Capital IQ - Compustat

\* Data adjusted for all stock splits

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

# Corporate and Operating Segments at a Glance

## Focused on Growth Opportunities

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—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.

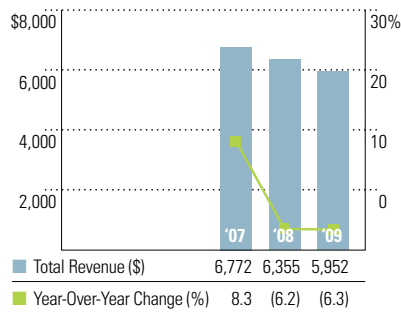
## The McGraw-Hill Companies

### Financial Highlights

(dollars in millions, except earnings per share)	2009	2008	2007
Total revenue	<b>\$5,952</b>	\$6,355	\$6,772
Segment expenses	<b>4,569</b>	4,871	4,935
Operating profit	<b>1,383</b>	1,484	1,837
General corporate expense	<b>(127)</b>	(109)	(160)
Interest (expense)—net	<b>(77)</b>	(76)	(41)
Income before taxes on income	<b>1,179</b>	1,299	1,636
Provision for taxes on income	<b>429</b>	480	609
Net income	<b>750</b>	819	1,027
Less: net income attributable to noncontrolling interests	<b>(19)</b>	(20)	(13)
Net income attributable to The McGraw-Hill Companies	<b>731</b>	799	1,014
Diluted EPS	<b>\$ 2.33</b>	\$ 2.51	\$ 2.94

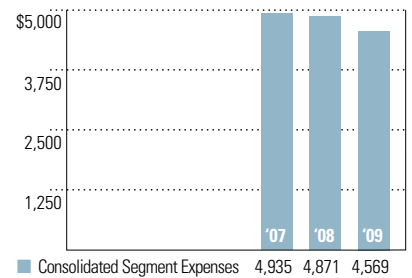
### Revenue and Growth

(dollars in millions)



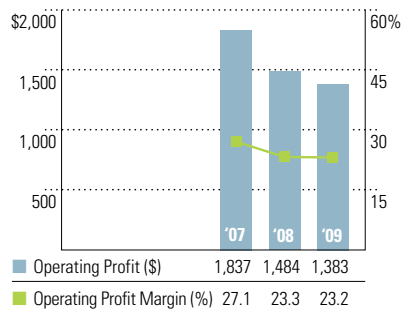
### Consolidated Segment Expenses

(dollars in millions)



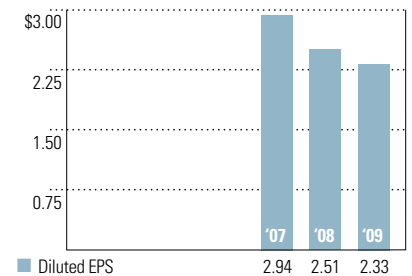
### Operating Profit and Operating Profit Margin

(dollars in millions)



### Diluted EPS

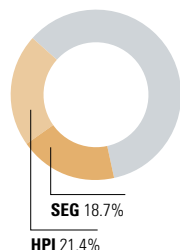
(in dollars)



## McGraw-Hill Education

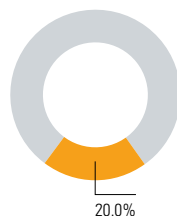
### 2009 Revenue

\$2.4 billion  
40.1% of total revenue



### 2009 Operating Profit

\$276.0 million  
20.0% of total operating profit



### Segment Revenue, Operating Profit and Operating Margin

(dollars in millions)	2009	2008	2007
Revenue	\$2,388	\$2,639	\$2,706
Operating profit	\$ 276	\$ 321	\$ 403
Operating profit margin	11.6%	12.2%	14.9%

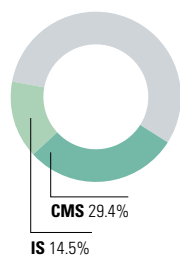
### McGraw-Hill Education Revenue by Group

(dollars in millions)	2009	2008	2007
School Education Group (SEG)	\$1,112	\$1,363	\$1,441
Higher Education, Professional and International Group (HPI)	\$1,276	\$1,276	\$1,265

## Financial Services

### 2009 Revenue

\$2.6 billion  
43.9% of total revenue



### 2009 Operating Profit

\$1.0 billion  
73.3% of total operating profit



### Segment Revenue, Operating Profit and Operating Margin

(dollars in millions)	2009	2008	2007
Revenue	\$2,610	\$2,654	\$3,046
Operating profit	\$1,014	\$1,070	\$1,370
Operating profit margin	38.9%	40.3%	45.0%

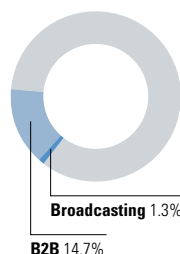
### Financial Services Revenue by Group

(dollars in millions)	2009	2008	2007
Credit Market Services (CMS)	\$1,748	\$1,755	\$2,264
Investment Services (IS)	\$ 862	\$ 899	\$ 782

## Information & Media

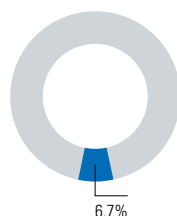
### 2009 Revenue

\$953.9 million  
16.0% of total revenue



### 2009 Operating Profit

\$92.7 million  
6.7% of total operating profit



### Segment Revenue, Operating Profit and Operating Margin

(dollars in millions)	2009	2008	2007
Revenue	\$ 954	\$1,062	\$1,020
Operating profit	\$ 93	\$ 92	\$ 63
Operating profit margin	9.7%	8.7%	6.2%

### Information & Media Revenue by Group

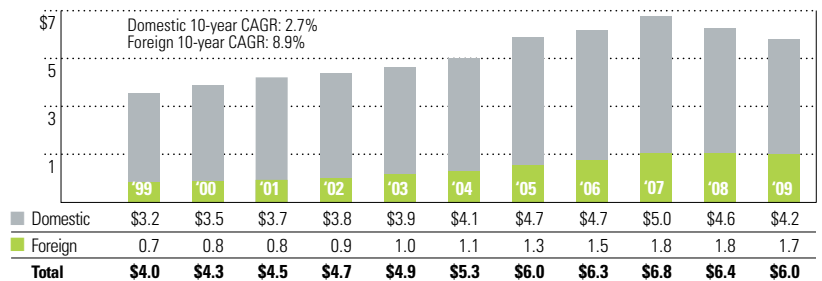
(dollars in millions)	2009	2008	2007
B2B Group	\$ 873	\$ 955	\$ 917
Broadcasting	\$ 81	\$ 107	\$ 103

# Expanding Globally

Since 2002, MHP's year-over-year revenue growth from abroad has outpaced domestic performance. In 2009, foreign sources accounted for 29% of MHP's total revenue. The rapid rise of developing economies in Asia, including India, are creating significant opportunities for The McGraw-Hill Companies.

## Domestic and Foreign Source Revenue Growth, 1999 – 2009\*

(dollars in billions)



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

### McGraw-Hill Education

McGraw-Hill Education is capitalizing on the global demand for knowledge, particularly in vocational and English-language training and online instruction.

In India, Tata McGraw-Hill, a joint venture between Tata and McGraw-Hill Education, launched a professional-development program for India's growing retail industry.

In China, McGraw-Hill Education has partnered with Ambow Education, a market leader in vocational training services, to develop new English-language training programs for Chinese engineers.

In the United Arab Emirates, McGraw-Hill Education has developed custom assessments for English-language proficiency training.

### Financial Services

CRISIL, a Standard & Poor's company, recently launched a new service, Independent Equity Research (IER), providing investors with high-quality research on listed Indian companies. CRISIL is India's leading provider of ratings, research, and risk and policy advisory services.

Standard & Poor's launched the ASEAN Regional Rating Scale to facilitate increased regional and global market participation in Southeast Asia.

S&P has forged relationships with leading stock exchanges around the world—including the Australian Securities Exchange, the National Stock Exchange of India, the Toronto Stock Exchange, and the RTS Exchange in Moscow—to calculate and manage local stock indices.

### Information & Media

Platts is expanding by bringing information transparency critical to growing markets for national resources around the world.

J.D. Power and Associates continues to deepen its offering and expand its services internationally, including in China, where the automotive market is growing rapidly.

AVIATION WEEK continues to expand in the defense sector as well as in emerging markets, including India, the Middle East, and Asia-Pacific.

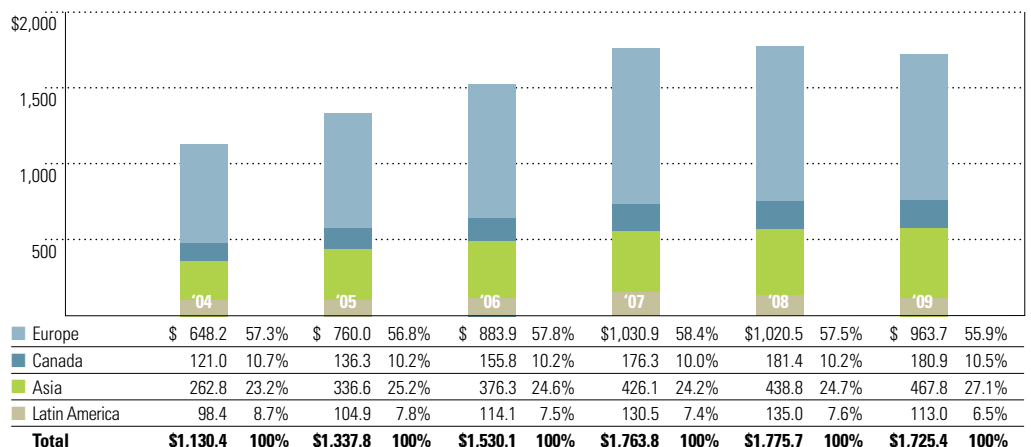
Approximately 20% of total 2009 international revenue came from emerging markets—with India as the key driver

### 5-year CAGR

Europe	8.3%
Canada	8.4%
Asia	12.2%
Latin America	2.8%
<b>Total</b>	<b>8.8%</b>

### Geographic Region and Percent of Total Foreign Source Revenue

(dollars in millions)



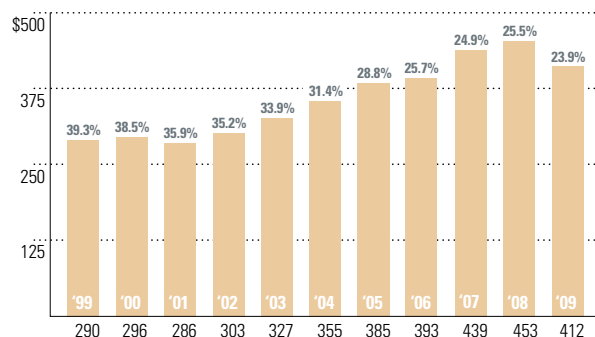
Note: Detail may not sum to totals due to rounding



## Foreign Source Revenue by Segment

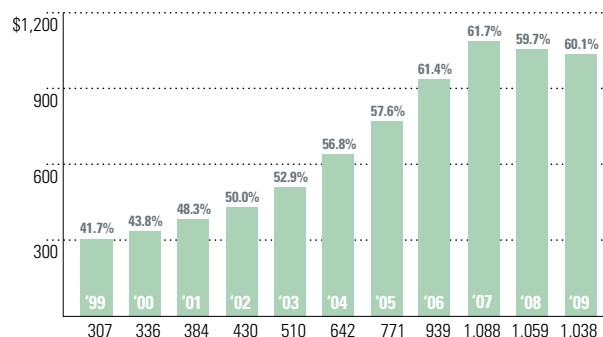
### McGraw-Hill Education

(dollars in millions) (percent of total foreign source revenue)



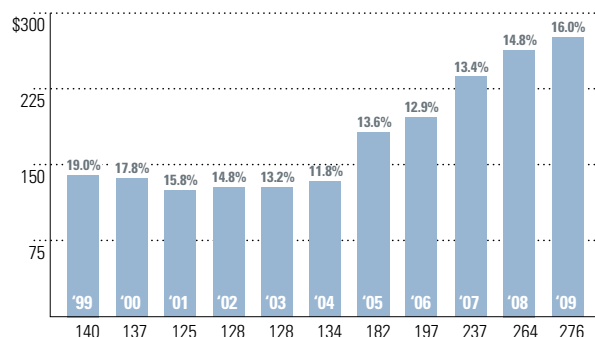
### Financial Services

(dollars in millions) (percent of total foreign source revenue)



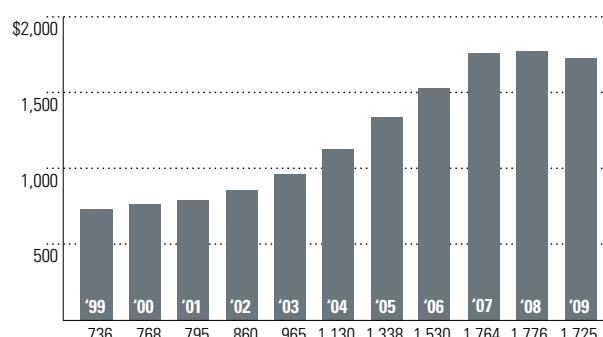
### Information & Media

(dollars in millions) (percent of total foreign source revenue)



### Total Company

(dollars in millions)



## Domestic and Foreign Source Revenue by Segment

(dollars in millions)	2009	% of 2009 total	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	10-year CAGR
<b>Revenue</b>													
Domestic	\$4,226.4	71.0%	\$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	2.7%
Foreign*	1,725.4	29.0%	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	8.9%
<b>Total</b>	<b>\$5,951.8</b>	<b>100%</b>	<b>\$6,355.1</b>	<b>\$6,772.3</b>	<b>\$6,255.1</b>	<b>\$6,003.6</b>	<b>\$5,250.5</b>	<b>\$4,890.3</b>	<b>\$4,707.7</b>	<b>\$4,534.0</b>	<b>\$4,251.2</b>	<b>\$3,979.8</b>	<b>5.5%</b>
<b>Revenue by Segment</b>													
<b>Domestic</b>													
McGraw-Hill Education	\$1,976.2	46.8%	\$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	2.8%
Financial Services	1,572.6	37.2%	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	6.3%
Information & Media	677.6	16.0%	798.3	783.1	787.1	749.3	666.0	644.9	681.8	720.7	871.1	890.2	(2.7)%
<b>Total</b>	<b>\$4,226.4</b>	<b>100%</b>	<b>\$4,579.4</b>	<b>\$5,008.5</b>	<b>\$4,725.0</b>	<b>\$4,665.8</b>	<b>\$4,120.1</b>	<b>\$3,924.9</b>	<b>\$3,847.7</b>	<b>\$3,739.0</b>	<b>\$3,483.0</b>	<b>\$3,243.5</b>	<b>2.7%</b>
<b>Foreign*</b>													
McGraw-Hill Education	\$ 411.6	23.9%	\$ 452.8	\$ 439.1	\$ 393.4	\$ 384.8	\$ 354.5	\$ 327.4	\$ 302.6	\$ 285.6	\$ 295.5	\$ 289.6	3.6%
Financial Services	1,037.5	60.1%	1,059.3	1,087.6	939.3	771.2	642.2	510.3	429.7	384.0	336.2	306.9	13.0%
Information & Media	276.3	16.0%	263.6	237.1	197.4	181.8	133.7	127.7	127.7	125.4	136.5	139.8	7.1%
<b>Total</b>	<b>\$1,725.4</b>	<b>100%</b>	<b>\$1,775.7</b>	<b>\$1,763.8</b>	<b>\$1,530.1</b>	<b>\$1,337.8</b>	<b>\$1,130.4</b>	<b>\$ 965.4</b>	<b>\$ 860.0</b>	<b>\$ 795.0</b>	<b>\$ 768.2</b>	<b>\$ 736.3</b>	<b>8.9%</b>

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Number of Employees</b>											
Domestic	11,336	11,986	12,565	12,860	13,486	13,122	12,736	13,180	13,566	13,339	13,032
Foreign	9,741	9,663	8,606	7,354	6,114	4,131	3,332	3,325	3,569	3,422	3,344
<b>Total</b>	<b>21,077</b>	<b>21,649</b>	<b>21,171</b>	<b>20,214</b>	<b>19,600</b>	<b>17,253</b>	<b>16,068</b>	<b>16,505</b>	<b>17,135</b>	<b>16,761</b>	<b>16,376</b>

# Segment Trends

## Revenue by Segment

(dollars in millions)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>McGraw-Hill Education</b>	<b>\$2,387.8</b>	\$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
% increase/(decrease)	<b>(9.5%)</b>	(2.5%)	7.2%	(5.5%)	11.5%	2.0%	0.3%	2.3%	12.3%	14.1%	7.6%
% of total revenue	<b>40.1%</b>	41.5%	40.0%	40.4%	44.5%	45.6%	48.0%	49.8%	50.5%	48.0%	44.9%
<b>Financial Services</b>	<b>\$2,610.1</b>	\$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
% increase/(decrease)	<b>(1.7%)</b>	(12.9%)	10.9%	14.4%	16.8%	16.2%	13.7%	11.3%	16.0%	3.6%	12.2%
% of total revenue	<b>43.9%</b>	41.8%	45.0%	43.9%	40.0%	39.2%	36.2%	33.0%	30.8%	28.3%	29.2%
<b>Information &amp; Media</b>	<b>\$ 953.9</b>	\$1,061.9	\$1,020.2	\$ 984.5	\$ 931.1	\$ 799.7	\$ 772.6	\$ 809.5	\$ 846.1	\$1,007.6	\$1,030.0
% increase/(decrease)	<b>(10.2%)</b>	4.1%	3.6%	5.7%	16.4%	3.5%	(4.6%)	(4.3%)	(16.0%)	(2.2%)	1.4%
% of total revenue	<b>16.0%</b>	16.7%	15.0%	15.7%	15.5%	15.2%	15.8%	17.2%	18.7%	23.7%	25.9%
<b>Total revenue</b>	<b>\$5,951.8</b>	\$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
% increase/(decrease)	<b>(6.3%)</b>	(6.2%)	8.3%	4.2%	14.3%	7.4%	3.9%	3.8%	6.7%	6.8%	7.2%

## Expenses by Segment

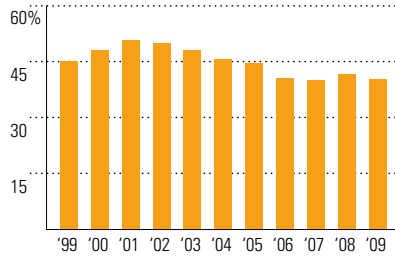
(dollars in millions)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>McGraw-Hill Education</b>	<b>\$2,111.8</b>	\$2,317.5	\$2,302.8	\$2,192.3	\$2,259.1	\$2,053.1	\$2,024.9	\$2,007.9	\$2,014.5	\$1,729.6	\$1,511.0
% increase/(decrease)	<b>(8.9%)</b>	0.6%	5.0%	(3.0%)	10.0%	1.4%	0.8%	(0.3%)	16.5%	14.5%	3.6%
% of total	<b>46.2%</b>	47.6%	46.7%	47.0%	50.1%	52.0%	53.4%	54.4%	53.5%	51.7%	47.8%
<b>Financial Services</b>	<b>\$1,596.0</b>	\$1,583.9	\$1,676.1	\$1,538.3	\$1,379.4	\$1,215.9	\$1,101.5	\$ 994.9	\$ 972.4	\$ 822.0	\$ 805.4
% increase/(decrease)	<b>0.8%</b>	(5.5%)	9.0%	11.5%	13.4%	10.4%	10.7%	2.3%	18.3%	2.1%	15.3%
% of total	<b>34.9%</b>	32.5%	34.0%	33.0%	30.6%	30.8%	29.1%	26.9%	25.8%	24.6%	25.5%
<b>Information &amp; Media</b>	<b>\$ 861.2</b>	\$ 969.9	\$ 956.7	\$ 934.6	\$ 870.5	\$ 680.4	\$ 662.8	\$ 691.4	\$ 781.1	\$ 794.7	\$ 844.5
% increase/(decrease)	<b>(11.2%)</b>	1.4%	2.4%	7.4%	27.9%	2.7%	(4.1%)	(11.5%)	(1.7%)	(5.9%)	(3.6%)
% of total	<b>18.9%</b>	19.9%	19.4%	20.0%	19.3%	17.2%	17.5%	18.7%	20.7%	23.7%	26.7%
<b>Total expenses</b>	<b>\$4,569.0</b>	\$4,871.3	\$4,935.6	\$4,665.2	\$4,509.0	\$3,949.4	\$3,789.2	\$3,694.2	\$3,768.0	\$3,346.3	\$3,160.9
% increase/(decrease)	<b>(6.2%)</b>	(1.3%)	5.8%	3.5%	14.2%	4.2%	2.6%	(2.0%)	12.6%	5.9%	4.2%

## Operating Profit by Segment

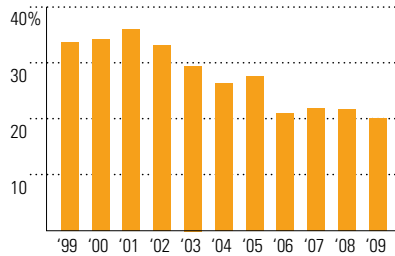
(dollars in millions)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>McGraw-Hill Education</b>	<b>\$ 276.0</b>	\$ 321.4	\$ 403.1	\$ 331.9	\$ 412.6	\$ 342.4	\$ 323.7	\$ 334.6	\$275.1	\$309.0	\$275.2
% increase/(decrease)	<b>(14.1%)</b>	(20.3%)	21.4%	(19.5%)	20.5%	5.8%	(3.2%)	21.6%	(11.0%)	12.3%	36.2%
% of total	<b>20.0%</b>	21.7%	21.9%	20.9%	27.6%	26.3%	29.4%	33.0%	35.9%	34.1%	33.6%
<b>Financial Services</b>	<b>\$1,014.1</b>	\$1,070.4	\$1,370.1	\$1,208.1	\$1,021.4	\$ 839.4	\$ 667.6	\$ 560.8	\$425.9	\$383.0	\$358.2
% increase/(decrease)	<b>(5.3%)</b>	(21.9%)	13.4%	18.3%	21.7%	25.7%	19.0%	31.7%	11.2%	6.9%	5.8%
% of total	<b>73.3%</b>	72.1%	74.6%	76.0%	68.3%	64.5%	60.6%	55.3%	55.6%	42.3%	43.7%
<b>Information &amp; Media</b>	<b>\$ 92.7</b>	\$ 92.0	\$ 63.5	\$ 49.9	\$ 60.6	\$ 119.3	\$ 109.8	\$ 118.1	\$ 65.0	\$212.9	\$185.5
% increase/(decrease)	<b>0.7%</b>	45.0%	27.2%	(17.6%)	(49.2%)	8.6%	(7.0%)	81.6%	(69.5%)	14.8%	33.1%
% of total	<b>6.7%</b>	6.2%	3.5%	3.1%	4.1%	9.2%	10.0%	11.7%	8.5%	23.6%	22.7%
<b>Total operating profit</b>	<b>\$1,382.8</b>	\$1,483.8	\$1,836.7	\$1,589.9	\$1,494.6	\$1,301.1	\$1,101.1	\$1,013.5	\$766.0	\$904.9	\$818.9
% increase/(decrease)	<b>(6.8%)</b>	(19.2%)	15.5%	6.4%	14.9%	18.2%	8.7%	32.3%	(15.4%)	10.5%	20.4%

## McGraw-Hill Education

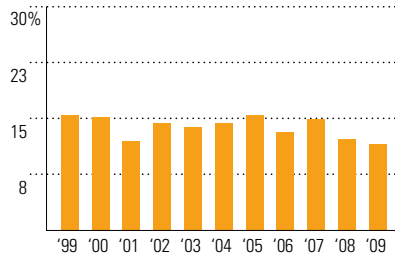
Percent of Total Revenue



Percent of Total Operating Profit

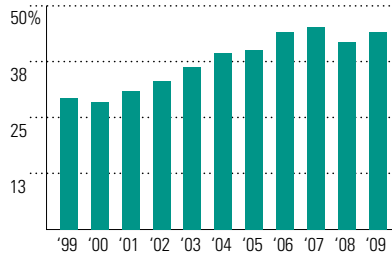


Operating Profit Margin

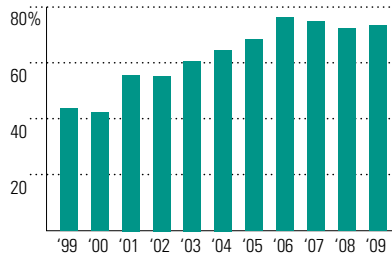


## Financial Services

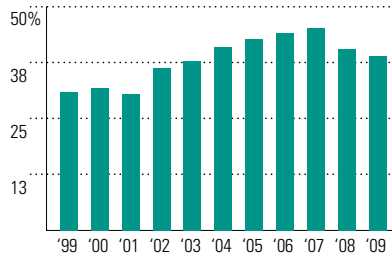
Percent of Total Revenue



Percent of Total Operating Profit

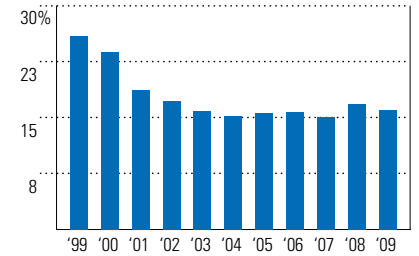


Operating Profit Margin

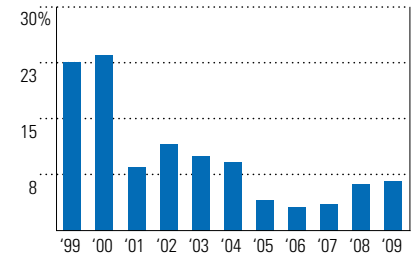


## Information & Media

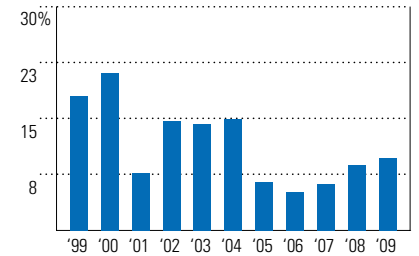
Percent of Total Revenue



Percent of Total Operating Profit



Operating Profit Margin



### Operating Profit Margin by Segment

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
McGraw-Hill Education	11.6%	12.2%	14.9%	13.2%	15.4%	14.3%	13.8%	14.3%	12.0%	15.2%	15.4%
Financial Services	38.9%	40.3%	45.0%	44.0%	42.5%	40.8%	37.7%	36.1%	30.5%	31.8%	30.8%
Information & Media	9.7%	8.7%	6.2%	5.1%	6.5%	14.9%	14.2%	14.6%	7.7%	21.1%	18.0%
<b>Total operating profit margin</b>	<b>23.2%</b>	<b>23.3%</b>	<b>27.1%</b>	<b>25.4%</b>	<b>24.9%</b>	<b>24.8%</b>	<b>22.5%</b>	<b>21.5%</b>	<b>16.9%</b>	<b>21.3%</b>	<b>20.6%</b>

# Consolidated Profit and Loss

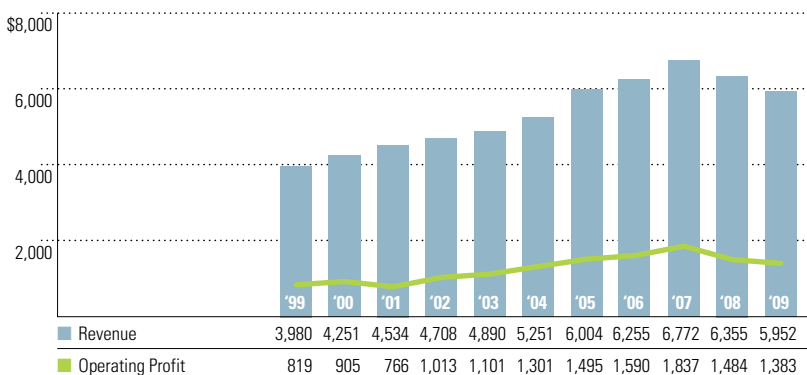
## Consolidated Profit and Loss

(dollars in millions, except per share data)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Total revenue</b>	<b>\$5,951.8</b>	\$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
<b>Total expenses</b>	<b>\$4,569.0</b>	\$4,871.3	\$4,935.6	\$4,665.2	\$4,509.0	\$3,949.4	\$3,789.2	\$3,694.2	\$3,768.0	\$3,346.3	\$3,160.9
<b>Total operating profit</b>	<b>\$1,382.8</b>	\$1,483.8	\$1,836.7	\$1,589.9	\$1,494.6	\$1,301.1	\$1,101.1	\$1,013.5	\$766.0	\$904.9	\$818.9
General corporate income/(expense)	(127.0)	(109.1)	(159.7)	(162.9)	(124.8)	(124.1)	38.2	(92.0)	(93.1)	(91.4)	(83.3)
Interest (expense)—net	(76.9)	(75.6)	(40.6)	(13.6)	(5.2)	(5.8)	(7.1)	(22.5)	(55.1)	(52.8)	(42.0)
<b>Income from continuing operations before taxes on income</b>	<b>1,178.9</b>	1,299.1	1,636.4	1,413.4	1,364.6	1,171.2	1,132.2	899.0	617.8	760.7	693.6
Provision for taxes on income	429.1	479.7	609.0	522.6	515.7	412.5	442.5	325.4	238.4	292.4	269.9
Effective tax rate	36.4%	36.9%	37.2%	37.0%	37.8%	35.2%	39.1%	36.2%	38.6%	38.4%	38.9%
<b>Income from continuing operations before cumulative adjustment</b>	<b>749.8</b>	819.4	1,027.4	890.8	848.9	758.7	689.7	573.6	379.4	468.3	423.7
<b>Discontinued operations</b>											
Net earnings/(loss) from discontinued operations	—	—	—	—	—	(0.6)	(0.1)	4.8	(0.7)	4.9	3.4
<b>Income before cumulative adjustment</b>	<b>749.8</b>	819.4	1,027.4	890.8	848.9	758.1	689.6	578.4	378.7	473.2	427.1
Cumulative effect on prior years of changes in accounting	—	—	—	—	—	—	—	—	—	(68.1)	—
<b>Net income</b>	<b>\$ 749.8</b>	\$ 819.4	\$1,027.4	\$ 890.8	\$ 848.9	\$ 758.1	\$ 689.6	\$ 578.4	\$ 378.7	\$ 405.1	\$ 427.1
Less: net income attributable to noncontrolling interests	\$ (19.3)	\$ (19.9)	\$ (13.8)	\$ (8.6)	\$ (4.6)	\$ (2.3)	\$ (1.9)	\$ (1.6)	\$ (1.7)	\$ (1.3)	\$ (1.5)
<b>Net income attributable to The McGraw-Hill Companies</b>	<b>\$ 730.5</b>	\$ 799.5	\$1,013.6	\$ 882.2	\$ 844.3	\$ 755.8	\$ 687.7	\$ 576.8	\$ 377.0	\$ 403.8	\$ 425.6
<b>Diluted earnings per share</b>											
Income from continuing operations before extraordinary item and cumulative adjustment	\$ 2.33	\$ 2.51	\$ 2.94	\$ 2.40	\$ 2.21	\$ 1.96	\$ 1.79	\$ 1.47	\$ 0.96	\$ 1.19	\$ 1.06
Discontinued operations	—	—	—	—	—	—	—	0.01	—	0.01	0.01
Income before extraordinary item and cumulative adjustment	\$ 2.33	\$ 2.51	\$ 2.94	\$ 2.40	\$ 2.21	\$ 1.96	\$ 1.79	\$ 1.48	\$ 0.96	\$ 1.20	\$ 1.07
Extraordinary item and cumulative adjustment	—	—	—	—	—	—	—	—	—	(0.17)	—
<b>Net income</b>	<b>\$ 2.33</b>	\$ 2.51	\$ 2.94	\$ 2.40	\$ 2.21	\$ 1.96	\$ 1.79	\$ 1.48	\$ 0.96	\$ 1.03	\$ 1.07

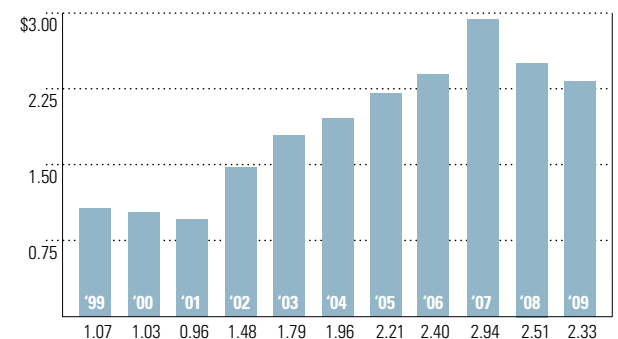
## Revenue and Operating Profit

(dollars in millions)



## Diluted EPS

(in dollars)



# Quarterly Results

## 2009 vs. 2008

(dollars in thousands, except earnings per share)  
% favorable/(unfavorable)

	2009 vs. 2008		2009 vs. 2008		2009 vs. 2008		2009 vs. 2008		Total 2009	2009 vs. 2008
	1Q		2Q		3Q		4Q			
<b>Revenue</b>										
McGraw-Hill Education	\$ 312,628	(5.3%)	\$ 555,189	(17.2%)	\$ 1,000,015	(11.6%)	\$ 519,955	2.6%	\$ 2,387,787	(9.5%)
Financial Services	610,154	(5.3%)	673,788	(8.4%)	636,984	(2.2%)	689,197	10.6%	2,610,123	(1.7%)
Information & Media	225,425	(7.4%)	236,203	(11.5%)	238,904	(10.1%)	253,340	(11.4%)	953,872	(10.2%)
Total revenue	\$1,148,207	(5.7%)	\$1,465,180	(12.4%)	\$1,875,903	(8.4%)	\$1,462,492	3.3%	\$ 5,951,782	(6.3%)
<b>Operating Profit</b>										
McGraw-Hill Education	\$ (76,596)	15.7%	\$ 21,008	(70.1%)	\$ 298,142	(15.9%)	\$ 33,465	N/M	\$ 276,019	(14.1%)
Financial Services	231,593	(12.3%)	276,354	(8.8%)	256,183	(10.1%)	249,965	14.6%	1,014,095	(5.3%)
Information & Media	2,772	(76.4%)	14,422	(41.8%)	29,540	29.3%	45,934	40.6%	92,668	0.7%
Total operating profit	\$ 157,769	(14.7%)	\$ 311,784	(21.7%)	\$ 583,865	(11.9%)	\$ 329,364	38.4%	\$ 1,382,782	(6.8%)
General corporate (expense)	\$ (33,428)	1.3%	\$ (29,306)	12.6%	\$ (27,900)	N/M	\$ (36,412)	(13.7%)	\$ (127,046)	(16.4%)
Interest (expense)—net	(20,591)	(15.5%)	(18,499)	9.1%	(17,827)	19.0%	(19,950)	(29.2%)	(76,867)	(1.6%)
Income before taxes on income	103,750	(22.1%)	263,979	(23.3%)	538,138	(14.7%)	273,002	43.2%	1,178,869	(9.3%)
Provision for taxes on income	37,765	(22.4%)	96,088	(24.6%)	195,882	(16.3%)	99,373	42.9%	429,108	(10.5%)
Net income	\$ 65,985	(22.0%)	\$ 167,891	(22.6%)	\$ 342,256	(13.7%)	\$ 173,629	43.5%	\$ 749,761	(8.5%)
Less: net income attributable to noncontrolling interests	(2,981)	(13.7%)	(3,798)	(18.4%)	(6,145)	(7.6%)	(6,335)	23.8%	(19,259)	(3.1%)
Net income attributable to The McGraw-Hill Companies	\$ 63,004	(22.3%)	\$ 164,093	(22.7%)	\$ 336,111	(13.9%)	\$ 167,294	44.3%	\$ 730,502	(8.6%)
<b>Earnings per common share:</b>										
Diluted	\$ 0.20	(20.0%)	\$ 0.52	(21.2%)	\$ 1.07	(13.0%)	\$ 0.53	43.2%	\$ 2.33	(7.2%)

## 2008 vs. 2007

(dollars in thousands, except earnings per share)  
% favorable/(unfavorable)

	2008 vs. 2007		2008 vs. 2007		2008 vs. 2007		2008 vs. 2007		Total 2008	2008 vs. 2007
	1Q		2Q		3Q		4Q			
<b>Revenue</b>										
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%)
<b>Operating Profit</b>										
McGraw-Hill Education	\$ (90,862)	0.7%	\$ 70,276	(13.3%)	\$ 354,718	(14.3%)	\$ (12,734)	N/M	\$ 321,398	(20.3%)
Financial Services	264,052	(24.7%)	303,142	(24.7%)	285,052	(18.6%)	218,111	(18.3%)	1,070,357	(21.9%)
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	\$ 184,916	(31.3%)	\$ 398,217	(20.1%)	\$ 662,617	(15.3%)	\$ 238,056	(17.0%)	\$ 1,483,806	(19.2%)
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)—net	(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	133,230	(42.8%)	344,327	(22.6%)	630,914	(13.5%)	190,589	(16.8%)	1,299,060	(20.6%)
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	\$ 84,563	(42.0%)	\$ 216,950	(22.2%)	\$ 396,815	(13.4%)	\$ 121,037	(16.3%)	\$ 819,365	(20.2%)
Less: net income attributable to noncontrolling interests	(3,453)	82.4%	(4,656)	168.2%	(6,649)	8.0%	(5,116)	27.5%	(19,874)	44.0%
Net income attributable to The McGraw-Hill Companies	\$ 81,110	(43.6%)	\$ 212,294	(23.4%)	\$ 390,166	(13.7%)	\$ 115,921	(17.6%)	\$ 799,491	(21.1%)
<b>Earnings per common share:</b>										
Diluted	\$ 0.25	(37.5%)	\$ 0.66	(16.5%)	\$ 1.23	(8.2%)	\$ 0.37	(14.0%)	\$ 2.51	(14.6%)

# Quarterly Results (continued)

## 2007 vs. 2006

(dollars in thousands, except earnings per share)  
% favorable/(unfavorable)

	2007 vs. 2006		2007 vs. 2006		2007 vs. 2006		2007 vs. 2006		Total	2007 vs. 2006
	1Q		2Q		3Q		4Q		2007	2006
<b>Revenue</b>										
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%
<b>Total revenue</b>	<b>\$1,296,418</b>	<b>13.7%</b>	<b>\$1,718,179</b>	<b>12.5%</b>	<b>\$2,187,996</b>	<b>9.8%</b>	<b>\$1,569,688</b>	<b>(1.5%)</b>	<b>\$6,772,281</b>	<b>8.3%</b>
<b>Operating Profit</b>										
McGraw-Hill Education	\$ (91,462)	6.0%	\$ 81,033	19.3%	\$ 413,695	16.2%	\$ (159)	(103.0%)	\$ 403,107	21.4%
Financial Services	350,687	38.5%	402,473	27.7%	350,171	17.6%	266,828	(22.0%)	1,370,159	13.4%
Information & Media	9,886	N/M	14,740	13.8%	18,629	35.8%	20,212	(6.1%)	63,467	27.2%
<b>Total operating profit</b>	<b>\$ 269,111</b>	<b>70.9%</b>	<b>\$ 498,246</b>	<b>25.8%</b>	<b>\$ 782,495</b>	<b>17.3%</b>	<b>\$ 286,881</b>	<b>(22.3%)</b>	<b>\$1,836,733</b>	<b>15.5%</b>
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)—net	(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	232,870	95.1%	445,062	26.0%	729,386	19.1%	229,013	(30.2%)	1,636,331	15.8%
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%
<b>Net income</b>	<b>\$ 145,731</b>	<b>93.3%</b>	<b>\$ 278,814</b>	<b>25.4%</b>	<b>\$ 458,175</b>	<b>18.6%</b>	<b>\$ 144,638</b>	<b>(30.1%)</b>	<b>\$1,027,358</b>	<b>15.3%</b>
Less: net income attributable to noncontrolling interests	(1,893)	60.3%	(1,736)	19.9%	(6,157)	55.6%	(4,013)	95.5%	(13,799)	59.7%
<b>Net income attributable to The McGraw-Hill Companies</b>	<b>\$ 143,838</b>	<b>93.8%</b>	<b>\$ 277,078</b>	<b>25.4%</b>	<b>\$ 452,018</b>	<b>18.2%</b>	<b>\$ 140,625</b>	<b>(31.3%)</b>	<b>\$1,013,559</b>	<b>14.9%</b>
<b>Earnings per common share:</b>										
Diluted	\$ 0.40	100.0%	\$ 0.79	31.7%	\$ 1.34	26.4%	\$ 0.43	(23.2%)	\$ 2.94	22.5%

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

## 2009 Quarterly Revenue by Segment and Group

(dollars in millions)	1Q	2Q	3Q	4Q	Full Year
<b>McGraw-Hill Education</b>					
School Education Group	\$ 123	\$ 339	\$ 501	\$ 150	\$1,112
HPI Group	190	217	499	370	1,276
<b>Financial Services</b>					
Credit Market Services	391	457	426	473	1,748
Investment Services	219	216	211	216	862
<b>Information &amp; Media</b>					
B2B Group	207	216	220	230	873
Broadcasting	18	20	19	23	81
<b>Total revenue</b>	<b>\$1,148</b>	<b>\$1,465</b>	<b>\$1,876</b>	<b>\$1,462</b>	<b>\$5,952</b>

## 2008 Quarterly Revenue by Segment and Group

(dollars in millions)	1Q	2Q	3Q	4Q	Full Year
<b>McGraw-Hill Education</b>					
School Education Group	\$ 139	\$ 438	\$ 624	\$ 162	\$1,363
HPI Group	191	233	508	344	1,276
<b>Financial Services</b>					
Credit Market Services	427	508	423	396	1,755
Investment Services	217	228	228	227	899
<b>Information &amp; Media</b>					
B2B Group	220	240	241	254	955
Broadcasting	24	27	25	32	107
<b>Total revenue</b>	<b>\$1,218</b>	<b>\$1,673</b>	<b>\$2,049</b>	<b>\$1,415</b>	<b>\$6,355</b>

Note: Totals may not sum due to rounding

## 2007 Quarterly Revenue by Segment and Group

(dollars in millions)	1Q	2Q	3Q	4Q	Full Year
<b>McGraw-Hill Education</b>					
School Education Group	\$ 146	\$ 410	\$ 686	\$ 199	\$1,441
HPI Group	186	238	490	352	1,265
<b>Financial Services</b>					
Credit Market Services	545	636	559	525	2,264
Investment Services	184	185	201	212	782
<b>Information &amp; Media</b>					
B2B Group	212	223	228	254	917
Broadcasting	24	27	24	29	103
<b>Total revenue</b>	<b>\$1,296</b>	<b>\$1,718</b>	<b>\$2,188</b>	<b>\$1,570</b>	<b>\$6,772</b>

# ROIC/ROE and Debt Profile

## Return on Invested Capital

(dollars in millions)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Income from continuing operations before extraordinary item and cumulative adjustment	\$ 730.5	\$ 799.5	\$ 1,013.6	\$ 882.2	\$ 844.3	\$ 756.4	\$ 687.8	\$ 572.0	\$ 377.7	\$ 467.0	\$ 422.2
Post-tax adjustments for interest, non-controlling interests, and items affecting comparability*	122.0	156.9	100.7	92.7	68.3	26.9	(9.8)	47.2	173.1	54.2	38.5
<b>Adjusted earnings before interest, after tax</b>	<b>\$ 852.5</b>	<b>\$ 956.4</b>	<b>\$ 1,114.3</b>	<b>\$ 974.9</b>	<b>\$ 912.6</b>	<b>\$ 783.3</b>	<b>\$ 678.0</b>	<b>\$ 619.2</b>	<b>\$ 550.7</b>	<b>\$ 521.3</b>	<b>\$ 460.7</b>
Present value of operating lease obligations (average)	\$1,115.0	\$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
Short-term & long-term debt (average)	1,232.7	1,232.5	600.1	3.0	4.2	15.7	302.3	817.4	1,051.0	790.9	532.0
Shareholders' equity (average)	1,641.0	1,515.3	2,203.9	2,941.9	3,080.2	2,791.2	2,378.5	2,024.6	1,821.0	1,717.4	1,590.3
Cash, equivalents & short-term investments (average)	(853.1)	(433.9)	(374.8)	(551.1)	(714.7)	(688.1)	(376.9)	(55.9)	(28.4)	(4.8)	(8.5)
<b>Average invested capital</b>	<b>\$3,135.6</b>	<b>\$3,474.7</b>	<b>\$3,619.5</b>	<b>\$3,587.5</b>	<b>\$3,576.8</b>	<b>\$3,392.4</b>	<b>\$3,607.9</b>	<b>\$3,927.4</b>	<b>\$3,775.2</b>	<b>\$3,332.6</b>	<b>\$2,908.8</b>
<b>Return on invested capital</b>	<b>27.2%</b>	<b>27.5%</b>	<b>30.8%</b>	<b>27.2%</b>	<b>25.5%</b>	<b>23.1%</b>	<b>18.8%</b>	<b>15.8%</b>	<b>14.6%</b>	<b>15.6%</b>	<b>15.8%</b>

\* Includes adjustments for after-tax interest expense, including implied interest on capitalized operating lease obligations, non-controlling interests, and items affecting the comparability of results. Please see financial notes on pages 20 and 21 for items affecting the comparability of results

## Return on Average Shareholders' Equity

(dollars in millions)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Average shareholders' equity	\$1,641	\$1,515	\$2,204	\$2,942	\$3,080	\$2,791	\$2,379	\$2,025	\$1,821	\$1,717	\$1,590
Net income including noncontrolling interests	750	819	1,027	891	849	758	690	578	379	405	427
<b>Return on average shareholders' equity</b>	<b>45.7%</b>	<b>54.1%</b>	<b>46.6%</b>	<b>30.3%</b>	<b>27.6%</b>	<b>27.2%</b>	<b>29.0%</b>	<b>28.6%</b>	<b>20.8%</b>	<b>23.6%</b>	<b>26.9%</b>

Note: In 2009, the Company adopted FASB ASC 810-10-65-1, "Consolidation." Accordingly, certain amounts in prior year periods have been reclassified to reflect the adoption

## MHP Debt Profile

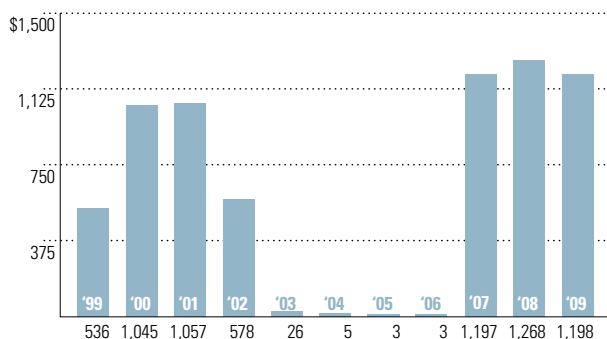
### Summary of Debt Outstanding, 12/31/2009

(dollars in millions)	
5.375% Senior notes, due 2012	\$ 399.8
5.900% Senior notes, due 2017	399.3
6.550% Senior notes, due 2037	398.5
Commercial paper <sup>(1)</sup>	0.0
Notes payable	0.2
<b>Total debt</b>	<b>\$1,197.8</b>
Cash	1,209.9
<b>Net debt</b>	<b>\$ (12.1)</b>

(1) The Corporation has a commercial paper program backed by a \$1.2 billion revolving credit facility

### Total Debt

(dollars in millions)



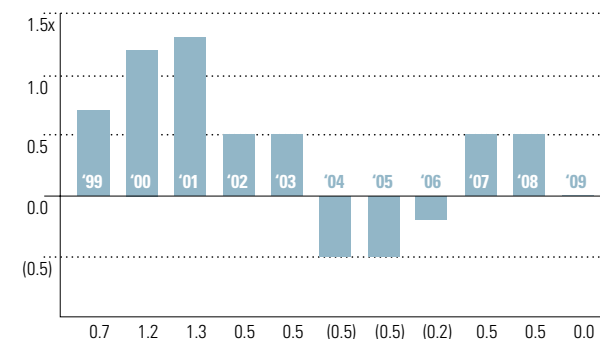
### MHP Debt Ratings

	Moody's	Fitch
Long-term debt	A2	A+
Commercial paper	P1	F1
Outlook	*	Stable

\* MHP's ratings previously had a stable outlook. On July 16, 2010 Moody's announced that the ratings have been placed on review for possible downgrade.

### Net Debt to EBITDA

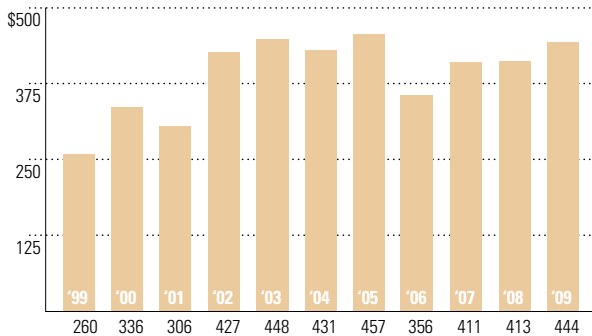
Years ended December 31



# EBITDA, Net of Investment in Prepublication Costs

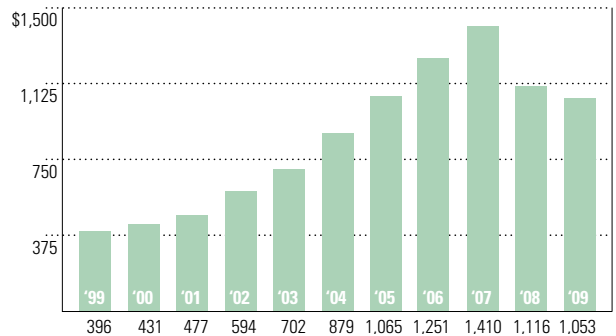
## McGraw-Hill Education

(dollars in millions)



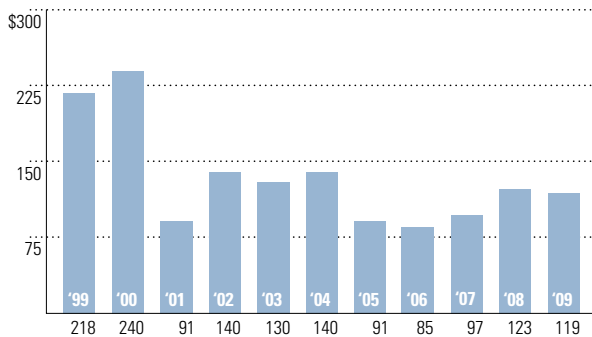
## Financial Services

(dollars in millions)



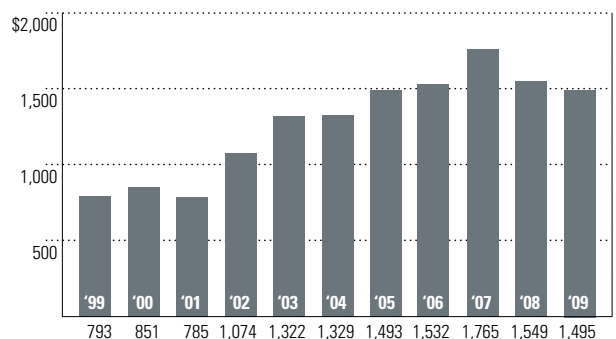
## Information & Media

(dollars in millions)



## Total Company EBITDA

(dollars in millions)



## EBITDA, Net of Investment in Prepublication Costs

(dollars in thousands)

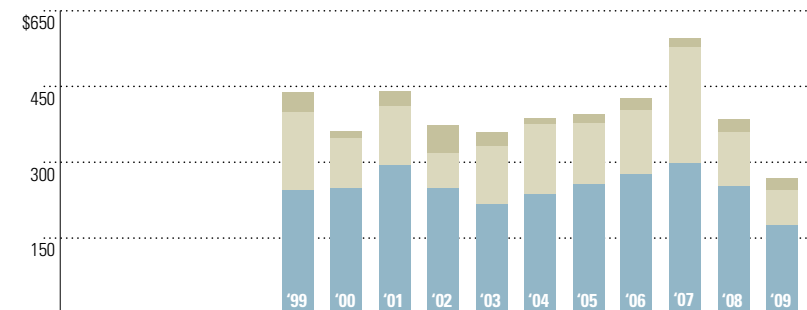
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
McGraw-Hill Education	\$ 276,019	\$ 321,398	\$ 403,107	\$ 331,947	\$ 412,593	\$ 342,390	\$ 323,697	\$ 334,561	\$ 275,051	\$ 308,980	\$ 275,158
Financial Services	1,014,095	1,070,357	1,370,159	1,208,105	1,021,468	839,398	667,597	560,845	425,911	383,025	358,155
Information & Media	92,668	92,051	63,467	49,888	60,576	119,313	109,841	118,052	65,003	212,921	185,551
<b>Total operating profit</b>	<b>\$1,382,782</b>	\$1,483,806	\$1,836,733	\$1,589,940	\$1,494,637	\$1,301,101	\$1,101,135	\$1,013,458	\$765,965	\$904,926	\$818,864
Unusual (loss)/gain	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (68,122)	\$ -
Corporate (expense)/income	(127,046)	(109,122)	(159,821)	(162,848)	(124,826)	(124,088)	38,185	(91,934)	(93,062)	(91,380)	(83,280)
Net income attributable to non-controlling interests	(19,259)	(19,874)	(13,799)	(8,638)	(4,647)	(2,323)	(1,946)	(1,612)	(1,712)	(1,308)	(1,491)
Depreciation	112,764	119,849	112,586	113,200	106,750	92,268	82,827	86,818	85,748	84,812	80,348
Amortization of intangibles	52,720	58,497	48,403	48,387	44,235	32,470	32,973	36,270	84,108	63,508	54,366
Amortization of prepublication costs	270,469	270,442	240,182	228,405	234,276	267,743	282,505	277,081	236,620	207,806	170,653
Investment in prepublication costs	(176,996)	(254,106)	(298,984)	(276,810)	(257,795)	(237,760)	(213,954)	(246,577)	(293,002)	(249,333)	(246,341)
<b>EBITDA</b>	<b>\$1,495,434</b>	\$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



# Capital Investments

## Capital Expenditures

(dollars in millions)



■ Additions to Tech Projects	38	15	29	56	28	11	17	23	17	25	24
■ Purchases of Prop & Equipment	154	98	117	70	115	139	120	127	230	106	69
■ Prepublication Spending	246	250	295	249	218	238	258	277	299	254	177
<b>Total</b>	<b>438</b>	<b>363</b>	<b>441</b>	<b>375</b>	<b>361</b>	<b>388</b>	<b>395</b>	<b>427</b>	<b>546</b>	<b>385</b>	<b>270</b>

## Investments, Depreciation, and Amortization by Segment

(dollars in millions)

	2009	2008	2007
<b>Purchase of Property and Equipment</b>			
McGraw-Hill Education	\$ 26.2	\$ 44.6	\$ 135.5
Financial Services	31.5	38.8	62.1
Information & Media	8.8	18.4	29.6
Corporate	2.0	4.1	2.4
<b>Total</b>	<b>\$ 68.5</b>	<b>\$ 106.0</b>	<b>\$ 229.6</b>
<b>Depreciation</b>			
McGraw-Hill Education	\$ 54.5	\$ 53.1	\$ 48.4
Financial Services	35.8	41.2	38.1
Information & Media	16.0	19.0	19.3
Corporate	6.5	6.5	6.8
<b>Total</b>	<b>\$ 112.8</b>	<b>\$ 119.8</b>	<b>\$ 112.7</b>

(dollars in millions)

	2009	2008	2007
<b>Additions to Technology Projects</b>			
McGraw-Hill Education	\$ 11.4	\$ 7.2	\$ 5.2
Financial Services	11.9	10.9	7.1
Information & Media	—	7.3	0.7
Corporate	0.5	—	3.7
<b>Total</b>	<b>\$ 23.8</b>	<b>\$ 25.4</b>	<b>\$ 16.7</b>
<b>Amortization of Intangibles</b>			
McGraw-Hill Education	\$ 24.1	\$ 27.5	\$ 21.7
Financial Services	17.9	18.9	12.8
Information & Media	10.7	12.1	13.9
Corporate	—	—	—
<b>Total</b>	<b>\$ 52.7</b>	<b>\$ 58.5</b>	<b>\$ 48.4</b>

# Acquisitions and Divestitures

Acquisition and divestiture amounts for 1999–2009 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.

	Acquisitions	Divestitures
<b>2009</b>	<b>\$0</b> No acquisitions in 2009	<b>\$15,196,000</b> ● Vista Research, Inc. ▲ <i>BusinessWeek</i>
<b>2008</b>	<b>\$48,261,000</b> ● Maalot, Ltd. ● Case-Shiller® Home Price Indices (licensing agreement) ● Thomson Reuters databases ▲ Umbria, Inc. ◆ LinkedIn Corporation (0.45% interest)	<b>\$440,000</b> ● CRISIL Gas Strategies
<b>2007</b>	<b>\$86,707,000</b> ■ Hot Chalk, Inc. (6% interest) ■ Reading Success (reading program) ● ClariFI, Inc. ● IMAKE/ABSX	<b>\$62,261,000</b> ■ Benziger ● S&P mutual fund data business
<b>2006</b>	<b>\$13,480,000</b> ● Heale Financial ● TheMarkets.com (5.51% interest after acquisition of additional 2.75% interest) ▲ Automotive Resources Asia, Ltd. ▲ Azteca America affiliate low-powered TV station in Bakersfield, CA	<b>\$12,381,000</b> ● The Review of Securities Regulation newsletters ▲ E-Source ▲ POWER Magazine
<b>2005</b>	<b>\$461,842,000</b> ■ TurnLeaf Solutions ● ASSIRT Pty Limited ● CRISIL Limited (58.5% interest after acquisition of additional 49.07% interest) ● Taiwan Ratings Corporation (51% interest after acquisition of additional 1% interest) ● TheMarkets.com (2.76% interest) ● Vista Research, Inc. ▲ Azteca America affiliate low-powered TV stations in Colorado and San Diego ▲ J.D. Power and Associates ▲ USDTV	<b>\$131,335,000</b> ● Corporate Value Consulting ● Standard & Poor’s Securities, Inc. ▲ Healthcare Information Group

Operating Segment Legend:

■ McGraw-Hill Education ● Financial Services ▲ Information & Media ◆ Corporate

	<b>Acquisitions</b>	<b>Divestitures</b>
<b>2004</b>	<b>\$306,232,000</b> <ul style="list-style-type: none"> <li>■ Grow.net, Inc.</li> <li>■ PRCEDU Corporation (8.7% interest)</li> <li>● Capital IQ, Inc.</li> <li>▲ Center for Business Intelligence (energy conference business only)</li> </ul>	<b>\$46,904,000</b> <ul style="list-style-type: none"> <li>■ Landoll, Frank Schaffer and related juvenile retail publishing businesses</li> <li>● J.J. Kenny Drake, Inc.</li> </ul>
<b>2003</b>	<b>\$3,678,000</b> <ul style="list-style-type: none"> <li>▲ FriedWire, Inc.</li> </ul>	<b>\$502,665,000</b> <ul style="list-style-type: none"> <li>● S&amp;P ComStock</li> <li>◆ Rock-McGraw, Inc. (45% interest)</li> </ul>
<b>2002</b>	<b>\$19,310,000</b> <ul style="list-style-type: none"> <li>■ BreDEX Corporation</li> <li>■ Clear Learning</li> <li>■ Open University Press</li> <li>■ Reality Based Learning</li> <li>● EA Ratings</li> </ul>	<b>\$24,304,000</b> <ul style="list-style-type: none"> <li>■ Lifetime Learning</li> <li>● MMS International</li> <li>▲ CAP</li> </ul>
<b>2001</b>	<b>\$333,234,000</b> <ul style="list-style-type: none"> <li>■ Frank Schaffer Publications</li> <li>■ Mayfield Publishing Company</li> <li>■ Uniscor, Inc.</li> <li>■ Visual Education Corporation</li> <li>● Corporate Value Consulting</li> <li>● Charter Research Corporation</li> <li>▲ BizNet TV, Inc.</li> <li>▲ Financial Times Energy</li> </ul>	<b>\$17,876,000</b> <ul style="list-style-type: none"> <li>● Data Resources Inc.</li> <li>● Rational Investors</li> </ul>
<b>2000</b>	<b>\$703,719,000</b> <ul style="list-style-type: none"> <li>■ Tribune Education</li> <li>● Canadian Bond Rating Service</li> <li>● Portfolio Management Data, LLC</li> <li>● Thomas Murray Network Management Ltd.</li> <li>▲ BuildPoint Corporation</li> <li>▲ MPI Interactive–eBuilder, Inc.</li> </ul>	<b>\$142,418,000</b> <ul style="list-style-type: none"> <li>▲ Tower Group International</li> </ul>
<b>1999</b>	<b>\$67,085,000</b> <ul style="list-style-type: none"> <li>■ Appleton &amp; Lange, Inc.</li> <li>● Emerging Markets Data Base</li> <li>● IFIS, Inc.</li> <li>● Micropal France</li> <li>● Rational Investors, Inc.</li> <li>● Thesys Information, Ltd.</li> </ul>	<b>\$67,244,000</b> <ul style="list-style-type: none"> <li>■ Libri Italia SRL (School titles only)</li> <li>▲ Petrochemical Publications (<i>Chemical Engineering, Modern Plastics, Modern Plastics International</i>)</li> </ul>

# Items Impacting Comparability of Results

## Summary of items affecting comparability of results

**2009** Operating profit for the Financial Services segment in the second quarter of 2009 includes a pre-tax loss of \$13.8 million (\$8.8 million after-tax, or \$0.03 per diluted share) on the sale of Vista Research, Inc. Operating profit for the Information & Media segment in the fourth quarter of 2009 includes a pre-tax gain of \$10.5 million (\$6.7 million after-tax, or \$0.02 per diluted share) on the sale of *BusinessWeek*. Income from operations before taxes in the second quarter of 2009 includes a net pre-tax restructuring charge of \$15.2 million (\$9.7 million after-tax, or \$0.03 per diluted share), which is reflected in segment operating profit as follows:

**McGraw-Hill Education:** Net pre-tax charge of \$11.6 million

**Financial Services:** Net pre-tax (benefit) of (\$0.4) million

**Information & Media:** Net pre-tax charge of \$4.0 million

**2008** Income from operations before taxes includes pre-tax restructuring charges totaling \$73.4 million (\$45.9 million after-tax, or \$0.14 per diluted share), which are reflected in segment operating profit and Corporate expense as follows:

### 2008 Restructuring Charges

(dollars in millions, except per share data)	1Q	2Q	3Q	4Q	FY
<b>Pre-Tax</b>					
McGraw-Hill Education	–	8.5	5.4	11.4	25.3
Financial Services	–	15.2	4.1	6.6	25.9
Information & Media	–	–	13.9	5.3	19.2
Corporate	–	–	–	3.0	3.0
Total pre-tax	–	23.7	23.4	26.3	73.4
Total after-tax	–	14.8	14.6	16.4	45.9
Per diluted share	–	\$0.05	\$0.05	\$0.05	\$0.14

**2007** Operating profit for the Financial Services segment in the first quarter of 2007 includes a pre-tax gain of \$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. Income from operations before taxes in the fourth quarter of 2007 includes a pre-tax restructuring charge of \$43.7 million (\$27.3 million after-tax, or \$0.08 per diluted share), which is reflected in segment operating profit and Corporate expense as follows:

**McGraw-Hill Education:** Pre-tax charge of \$16.3 million

**Financial Services:** Pre-tax charge of \$18.8 million

**Information & Media:** Pre-tax charge of \$6.7 million

**Corporate:** Pre-tax charge of \$1.9 million

**2006** Income from operations before taxes includes pre-tax restructuring charges totaling \$31.5 million (\$19.8 million after-tax, or \$0.06 per diluted share), which are reflected in segment operating profit and Corporate expense as follows:

### 2006 Restructuring Charges

(dollars in millions, except per share data)	1Q	2Q	3Q	4Q	FY
<b>Pre-Tax</b>					
McGraw-Hill Education	–	–	5.6	10.4	16.0
Financial Services	–	–	–	–	–
Information & Media	–	–	5.7	3.0	8.7
Corporate	–	–	4.1	2.7	6.8
Total pre-tax	–	–	15.4	16.1	31.5
Total after-tax	–	–	9.7	10.1	19.8
Per diluted share	–	–	\$0.03	\$0.03	\$0.06

In 2006, as a result of a new accounting standard for share-based payments, 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 pre-tax charge in the first quarter of 2006 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 is reflected in segment operating profit and Corporate expense as follows:

**McGraw-Hill Education:** Pre-tax charge of \$4.2 million

**Financial Services:** Pre-tax charge of \$2.1 million

**Information & Media:** Pre-tax charge of \$2.7 million

**Corporate:** Pre-tax charge of \$14.8 million

Revenue and operating profit for the Information & Media segment in the fourth quarter of 2006 reflect deferrals of \$23.8 and \$21.1 million, respectively, due to the transformation of Sweets from a primarily print product catalog to a bundled print and online service

**2005** Income from operations before taxes includes a pre-tax restructuring charge of \$23.2 million (\$14.6 million after-tax, or \$0.04 per diluted share), which is reflected in segment operating profit and Corporate expense as follows:

**McGraw-Hill Education:** Pre-tax charge of \$9.0 million

**Financial Services:** Pre-tax charge of \$1.2 million

**Information & Media:** Pre-tax charge of \$10.2 million

**Corporate:** Pre-tax charge of \$2.8 million

Operating profit for the Financial Services segment includes a pre-tax gain of \$6.8 million (\$4.2 million after-tax, or \$0.01 per diluted share) on the sale of the Corporate Value Consulting business. Operating profit for the Information & Media segment includes a pre-tax loss of \$5.5 million (\$3.3 million after-tax) on the sale of the Healthcare Information Group. Net income reflects a \$10.0 million (\$0.03 per diluted share) increase in income taxes on the repatriation of funds

**2004** Net income reflects 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

**2003** Corporate expense 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

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 restated as discontinued operations, as follows:

- 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
- Discontinued operations in 2003 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 reflects net after-tax earnings from the operations of S&P ComStock

**2002** Operating profit for the Financial Services segment 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

**2001** Income from operations before taxes includes a \$159.0 million pre-tax charge (\$112.0 million after-tax, or \$0.29 per diluted share) for restructuring and asset write-down, which is reflected in segment operating profit and Corporate expense as follows:

**McGraw-Hill Education:** Pre-tax charge of \$62.1 million

**Financial Services:** Pre-tax charge of \$43.1 million

**Information & Media:** Pre-tax charge of \$34.9 million

**Corporate:** Pre-tax charge of \$18.9 million

Income from operations before taxes also includes a \$6.9 million pre-tax gain (\$0.01 per diluted share) on the sale of real estate. Operating profit for the Financial Services segment includes 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

**2000** Operating profit for the Information & Media segment includes a \$16.6 million gain (\$10.2 million after-tax, or \$0.03 per diluted share) on the sale of Tower Group International. Net income includes a cumulative adjustment which reflects the adoption of FASB ASC 605, "Revenue Recognition"

**1999** Operating profit for the Information & Media segment includes a \$39.7 million gain (\$24.2 million after-tax, or \$0.06 per diluted share) on the sale of the Petrochemical publications