

MCGRAW-HILL COMPANIES INC

FORM 10-Q (Quarterly Report)

Filed 5/13/1998 For Period Ending 3/31/1998

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Industry	Printing & Publishing
Sector	Services
Fiscal Year	12/31

**UNITED STATES SECURITIES AND EXCHANGE
COMMISSION**
Washington, D.C. 20549
FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 1998

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 1-1023

THE MCGRAW-HILL COMPANIES, INC.

(Exact name of registrant as specified in its charter)

New York	13-1026995
----- (State or other jurisdiction of incorporation or organization)	----- (I.R.S. Employer Identification No.)
1221 Avenue of the Americas, New York, N.Y.	10020
----- (Address of principal executive offices)	----- (Zip Code)

Registrant's telephone number, including area code (212) 512-2000 Not Applicable

(Former name, former address and former fiscal year, if changed since
last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

On April 30, 1998 there were approximately 99.5 million shares of common stock (par value \$1.00 per share) outstanding.

The McGraw-Hill Companies, Inc.

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PART I

Financial Information

Item 1. Financial Statements

The McGraw-Hill Companies, Inc.

Consolidated Statement of Income

Three Months Ended March 31, 1998 and 1997

	1998	1997
	-----	-----
	(In thousands, except per-share data)	
Operating revenue	\$ 703,420	\$ 652,935
Expenses:		
Operating	358,575	325,596
Selling and general	252,952	246,445
Depreciation and amortization	51,606	48,159
	-----	-----
Total expenses	663,133	620,200
Other income - net	4,829	3,626
	-----	-----
Income from operations	45,116	36,361
Interest expense - net	12,102	11,384
	-----	-----
Income before taxes on income	33,014	24,977
Provision for taxes on income	12,875	9,991
	-----	-----
Net income	\$ 20,139	\$ 14,986
	=====	=====
Earnings per common share:		
Basic	\$ 0.20	\$ 0.15
	=====	=====
Diluted	\$ 0.20	\$ 0.15
	=====	=====
Average number of common shares outstanding:		
Basic	98,889	99,293
	=====	=====
Diluted	99,791	99,897
	=====	=====

The McGraw-Hill Companies, Inc.

 Consolidated Statement of Comprehensive Income

 Three Months Ended March 31, 1998 and 1997

	1998	1997
	-----	-----
	(In thousands)	
Net income	\$ 20,139	\$ 14,986
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	(1,687)	(8,738)
	-----	-----
Total other comprehensive income	(1,687)	(8,738)
	-----	-----
Comprehensive income	\$ 18,452	\$ 6,248
	=====	=====

The McGraw-Hill Companies, Inc.

 Consolidated Balance Sheet

	March 31, 1998	Dec. 31, 1997	March 31, 1997
	-----	-----	-----
		(In thousands)	
ASSETS			
Current assets:			
Cash and equivalents	\$ 1,721	\$ 4,768	\$ 4
Accounts receivable (net of allowance for doubtful accounts and sales returns) (Note 3)	806,313	972,449	739,750
Receivable from broker-dealers and dealer banks (Note 4)	9,115	9,483	5,463
Inventories (Note 3)	323,603	290,479	308,032
Prepaid income taxes	99,191	99,131	108,262
Prepaid and other current assets	92,502	88,111	101,410
	-----	-----	-----
Total current assets	1,332,445	1,464,421	1,262,921
	-----	-----	-----
Prepublication costs (net of accumulated amortization) (Note 3)	333,390	326,251	369,578
Investments and other assets:			
Investment in Rock-McGraw, Inc. - at equity	73,624	72,292	68,225
Prepaid pension expense	114,009	111,895	105,978
Other	170,971	167,701	156,427
	-----	-----	-----
Total investments and other assets	358,604	351,888	330,630
	-----	-----	-----
Property and equipment - at cost	847,002	838,214	833,709
Less - accumulated depreciation	579,589	564,584	535,300
	-----	-----	-----
Net property and equipment	267,413	273,630	298,409
Goodwill and other intangible assets - at cost (net of accumulated amortization)	1,289,116	1,308,284	1,290,539
	-----	-----	-----
	\$3,580,968	\$3,724,474	\$3,552,077
	=====	=====	=====

The McGraw-Hill Companies, Inc.

 Consolidated Balance Sheet

	March 31, 1998	Dec. 31, 1997	March 31, 1997
	-----	-----	-----
			(In thousands)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Notes payable	\$ 75,458	\$ 77,395	\$ 232,826
Accounts payable	231,687	285,862	220,582
Payable to broker-dealers and dealer banks (Note 4)	8,988	9,331	5,295
Accrued liabilities	172,571	278,194	143,026
Income taxes currently payable	108,272	100,685	90,806
Unearned revenue	240,227	219,698	225,899
Other current liabilities	244,293	235,077	235,252
	-----	-----	-----
Total current liabilities	1,081,496	1,206,242	1,153,686
	-----	-----	-----
Other liabilities:			
Long-term debt (Note 5)	606,901	607,030	557,223
Deferred income taxes	107,669	111,022	144,108
Accrued postretirement healthcare and other benefits	198,504	196,508	198,266
Other non-current liabilities	157,836	169,021	156,429
	-----	-----	-----
Total other liabilities	1,070,910	1,083,581	1,056,026
	-----	-----	-----
Total liabilities	2,152,406	2,289,823	2,209,712
	-----	-----	-----
Shareholders' equity (Note 6):			
Capital stock	102,933	102,933	102,933
Additional paid-in capital	42,888	35,469	43,743
Retained income	1,524,398	1,542,854	1,374,038
Accumulated other comprehensive income	(75,934)	(74,247)	(66,040)
	-----	-----	-----
Total shareholders' equity	1,594,285	1,607,009	1,454,674
	-----	-----	-----
Less - common stock in treasury-at cost unearned compensation on restricted stock	149,637	159,447	95,496
	16,086	12,911	16,813
	-----	-----	-----
Total shareholders' equity	1,428,562	1,434,651	1,342,365
	-----	-----	-----
	\$3,580,968	\$3,724,474	\$3,552,077
	=====	=====	=====

The McGraw-Hill Companies, Inc.

Consolidated Statement of Cash Flows

For The Three Months Ended March 31, 1998 And 1997

	1998	1997
	-----	-----
	(In thousands)	
Cash flows from operating activities		

Net income	\$ 20,139	\$ 14,986
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	18,899	17,809
Amortization of goodwill and intangibles	13,473	12,392
Amortization of prepublication costs	19,234	17,958
Provision for losses on accounts receivable	18,309	21,526
Other	278	2,542
Changes in assets and liabilities net of effect of acquisitions and dispositions:		
Decrease in accounts receivable	146,520	112,858
Increase in inventories	(33,612)	(36,069)
Increase in prepaid and other current assets	(4,451)	(19,385)
Decrease in accounts payable and accrued expenses	(159,308)	(109,441)
Increase/(decrease) in unearned revenue	20,548	(3,125)
Increase/(decrease) in other current liabilities	14,414	(10,491)
Increase/(decrease) in interest and income taxes currently payable	2,278	(150,821)
Increase/(decrease) in prepaid/deferred income taxes	2,468	(1,838)
Net change in other assets and liabilities	(10,080)	(2,984)

Cash provided by/(used for) operating activities	69,109	(134,083)

Investing activities		

Investment in prepublication costs	(26,292)	(37,010)
Purchases of property and equipment	(12,429)	(11,223)
Acquisition of businesses	(49)	(2,852)
Disposition of property, equipment and businesses	39	1,595

Cash used for investing activities	(38,731)	(49,490)

Financing activities		

(Repayments of)/Additions to short-term debt - net	(2,421)	209,296
Dividends paid to shareholders	(38,595)	(35,832)
Exercise of stock options	9,072	8,606
Other	(1,481)	(1,923)

Cash (used for)/provided by financing activities	(33,425)	180,147

Net change in cash and equivalents	(3,047)	(3,426)

Cash and equivalents at beginning of period	4,768	3,430

Cash and equivalents at end of period	\$ 1,721	\$ 4
	=====	=====

The McGraw-Hill Companies, Inc.

Notes to Financial Statements

1. The financial information in this report has not been audited, but in the opinion of management all adjustments (consisting only of normal recurring adjustments) considered necessary to present fairly such information have been included. The operating results for the three months ended March 31, 1998 and 1997 are not necessarily indicative of results to be expected for the full year due to the seasonal nature of some of the company's businesses. The financial statements included herein should be read in conjunction with the financial statements and notes included in the company's Annual Report on Form 10-K for the year ended December 31, 1997.

Certain prior year amounts have been reclassified for comparability purposes.

2. Operating profit by segment is total operating revenue less expenses which are deemed to be related to the unit's operating revenue. A summary of operating results by segment for the three months ended March 31, 1998 and 1997 follows:

	1998		1997	
	Revenue	Operating Profit	Revenue	Operating Profit
	(In thousands)			
Educational and Professional Publishing	\$208,357	\$(39,731)	\$196,857	\$(42,551)
Financial Services	281,504	83,039	234,928	74,680
Information and Media Services	213,559	17,509	221,150	17,928
Total operating segments	703,420	60,817	652,935	50,057
General corporate expense	-	(15,701)	-	(13,696)
Interest expense - net	-	(12,102)	-	(11,384)
Total company	\$703,420	\$ 33,014*	\$652,935	\$ 24,977*

*Income before taxes on income.

The McGraw-Hill Companies, Inc.
Notes to Financial Statements

3. The allowance for doubtful accounts and sales returns, the components of inventory and the accumulated amortization of prepublication costs were as follows:

	March 31, 1998	Dec. 31, 1997	March 31, 1997
	-----	-----	-----
	(In thousands)		
Allowance for doubtful accounts	\$ 94,350	\$ 98,321	\$ 90,182
	=====	=====	=====
Allowance for sales returns	\$ 74,093	\$ 84,308	\$ 63,061
	=====	=====	=====
Inventories:			
Finished goods	\$ 257,154	\$ 233,105	\$ 247,751
Work-in-process	35,451	28,455	25,300
Paper and other materials	30,998	28,919	34,981
	-----	-----	-----
Total inventories	\$ 323,603	\$ 290,479	\$ 308,032
	=====	=====	=====
Accumulated amortization of prepublication costs	\$ 474,392	\$ 526,156	\$ 459,863
	=====	=====	=====

4. A subsidiary of J.J. Kenny Co. acts as an undisclosed agent in the purchase and sale of municipal securities for broker-dealers and dealer banks and the company had \$210 million of matched purchase and sale commitments at March 31, 1998. Only those transactions not closed at the settlement date are reflected in the balance sheet as receivables and payables.

5. A summary of long-term debt follows:

	March 31, 1998	Dec. 31, 1997	March 31, 1997
	-----	-----	-----
	(In thousands)		
9.43% senior notes due 2000	\$ 250,000	\$ 250,000	\$ 250,000
Commercial paper supported by bank revolving credit agreement	350,000	350,000	300,000
Other	6,901	7,030	7,223
	-----	-----	-----
Total long-term debt	\$ 606,901	\$ 607,030	\$ 557,223
	=====	=====	=====

The McGraw-Hill Companies, Inc.
Notes to Financial Statements

6. Common shares approved for issuance for conversions and stock based awards were as follows:

	March 31, 1998	Dec. 31, 1997	March 31, 1997
	-----	-----	-----
\$1.20 convertible preference stock at the rate of 6.6 shares for each share of preference stock	8,989	8,989	9,161
Stock based awards	9,803,081	10,239,262	5,819,300
	-----	-----	-----
	9,812,070	10,248,251	5,828,461
	=====	=====	=====

7. Cash dividends per share declared during the three months ended March 31, 1998 and 1997 were as follows:

	1998	1997
	----	----
Common stock	\$.39	\$.36
Preference stock	.30	.30

8. A reconciliation of the number of shares used for calculating basic earnings per common share and diluted earnings per common share for the three months ended March 31, 1998 and 1997 follows:

	1998	1997
	-----	-----
	(Thousands of shares)	
Average number of common shares outstanding	98,889	99,293
Effect of stock options and other dilutive securities	902	604
	-----	-----
Average number of common shares outstanding including effect of dilutive securities	99,791	99,897
	=====	=====

Restricted performance shares outstanding at March 31, 1998 of 443,000 were not included in the computation of diluted earnings per common share because the necessary vesting conditions have not yet been met.

The McGraw-Hill Companies, Inc.
Notes to Financial Statements

9. In June 1997 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 131, Disclosures about Segments of an Enterprise and Related Information. The new standard must be adopted on December 31, 1998. SFAS No. 131 establishes standards for the manner in which companies report information about operating segments and related disclosures about products and services, geographic areas and major customers. SFAS No. 131 supersedes SFAS No. 14, Financial Reporting for Segments of a Business Enterprise. The adoption of SFAS No. 131 is not expected to have a material impact on the company's financial statement disclosures.

Item 2. Management's Discussion and Analysis of Operating

Results and Financial Condition

Operating Results - Comparing Three Months Ended March 31, 1998 and 1997

Consolidated Review

Operating revenue for the first quarter grew \$50.5 million, or 7.7%, over the 1997 quarter to \$703.4 million. The revenue increase reflects strong growth at S&P Ratings Services as well as increased sales in educational publishing. Net income increased \$5.2 million, or 34.4%, to \$20.1 million and diluted earnings per share improved to 20 cents from 15 cents in the prior year's quarter. The first quarter represents the company's smallest quarter due to the seasonal aspects of some of the company's businesses, primarily the educational publishing operations.

Total expenses in 1998 increased \$42.9 million, or 6.9%, reflecting volume-related expenses due to the revenue growth and expenses associated with new products and initiatives.

Net interest expense of \$12.1 million increased \$0.7 million, or 6.3%, due to higher average debt levels. Commercial paper borrowing rates increased from 5.4% in 1997 to 5.7% in 1998; average commercial paper borrowing levels were comparable to the prior year. 1998 debt includes approximately \$42 million in debt from 1997 acquisitions at an average interest rate of 5.8%.

The provision for taxes as a percent of income before taxes was 39% in 1998 compared to 40% in 1997. The reduction in the effective tax rate reflects favorable apportionment changes reducing state taxes.

Segment Review

Educational and Professional Publishing revenue increased \$11.5 million, or 5.8%. Educational publishing revenue increased reflecting growth in el-hi publishing and testing. The revenue growth was enhanced by earlier than anticipated ordering in North Carolina and California. Higher Education revenues improved as sales of several 1998 editions were off to a good start. Professional publishing revenue increased due to strong computer titles created through alliances with several technology companies. International revenue grew modestly as business improved in Europe and Latin America, offset by softness in Canada and Asia-Pacific. Results at CEC/McGraw-Hill weakened due to declining enrollments; this business is being repositioned as part of McGraw-Hill Lifetime Learning, a new operating unit. The segment's operating loss, reflecting typical first quarter seasonal losses in educational publishing, declined 6.6% to \$39.7 million, due to the larger revenues and reduced costs in the higher education business resulting from the integration of the Times Mirror Higher Education business, acquired in late 1996.

Financial Services' revenue increased \$46.6 million, or 19.8%, while operating profit improved \$8.4 million, or 11.2%. Standard & Poor's Ratings Services' revenue and profits grew due to increased new issuance volume in the U.S. corporate bond market, particularly the high yield sector, as well as continued global growth. The public finance and structured finance sectors also performed well. Standard & Poor's Financial Information Services' revenue improved due to growth in the retail, institutional and global markets, while softness continued in municipal securities services reflecting a continued weak market. Operating profit declined due to investments in new products and the launch of S&P Personal Wealth in the first quarter.

Information and Media Services' revenue declined \$7.6 million, or 3.4%. Excluding the impact of last year's Datapro divestiture, revenue would have increased slightly. Segment operating profit declined \$0.4 million, or 2.3%. Business Week advertising revenues increased as a 4.3% decline in advertising pages was more than offset by a rate increase; profits increased accordingly. Despite the page decline, the quarter's advertising pages represent the second highest first quarter total since 1989, lagging only last year's record-setting first quarter page count. Revenues and profits in the Construction Information Group improved modestly. Broadcasting revenues increased modestly while profits grew at a higher rate due to cost management. Results in the healthcare and technology magazines declined reflecting reduced advertising pages amid weaker market conditions.

Financial Condition

The company continues to maintain a strong financial position. Cash provided by operating activities in the first quarter totaled \$69 million compared to \$16 million in 1997, excluding last year's \$150 million in tax payments on 1996's gain on the exchange of Shepard's/McGraw-Hill for the Times Mirror Higher Education Group. Total debt declined \$2.1 million since year end reflecting cash provided by operations, offset by seasonal spending for inventory and prepublication costs and the payment of dividends. The company's strong presence in school and higher education publishing significantly impacts the seasonality of its earnings and borrowing patterns during the year, with the company borrowing during the first half of the fiscal year and generating cash in the second half of the year, primarily in the fourth quarter.

Commercial paper borrowings at March 31, 1998 totaled \$379 million, a decline of \$2 million from December 31, 1997. Commercial paper is supported by a \$800 million revolving credit agreement with a group of banks terminating in February 2002, and \$350 million has been classified as long-term. There are no amounts outstanding under this agreement.

\$250 million 9.43% senior notes, due in the year 2000, remain outstanding. Under a shelf registration which became effective with the Securities and Exchange Commission in 1990, the company can issue an additional \$250 million of debt securities. The new debt could be used to replace a portion of the commercial paper borrowings with longer term securities, when and if interest rates are attractive and markets are favorable.

Accounts receivable before reserves of \$975 million decreased \$180 million from the end of 1997 due primarily to the seasonal nature of the company's educational publishing business. Inventories increased \$33 million from the end of 1997 to \$324 million due primarily to inventory purchases for school publishing adoptions later this year.

Net prepublication costs increased \$7 million from the end of 1997 to \$333 million due to spending for school publishing programs and higher education and professional publishing titles. Prepublication cost spending in the first quarter totaled \$26 million, a decline of \$11 million from last year's first quarter due to the timing of expenditures. Spending is expected to increase over the remainder of the year. Purchases of property and equipment were \$12 million, \$1 million higher than the comparable period last year; the purchases were primarily for computer equipment and new office construction and furnishings. Spending will increase significantly over the remainder of the year as the company consolidates its office space in New York City.

In January 1996, the Board of Directors approved a stock repurchase program authorizing the purchase of up to four million shares of common stock. At the end of 1997, 2.7 million common shares had been repurchased at a cost of \$143.2 million. No shares were repurchased in the first quarter of 1998; the company intends to repurchase additional shares later this year. Purchases under this program may be made from time to time dependent on market conditions. The repurchased shares will be used for general corporate purposes, including the issuance of shares for the exercise of employee stock options.

The technology environment has been reviewed to assess Year 2000 risks. Plans have been developed to convert or replace systems to achieve Year 2000 compatibility. The cost for Year 2000 modifications will approximate \$15 million; \$2.9 million was spent in the first quarter. Certain systems that are not Year 2000-complaint are being replaced as part of ongoing system development projects included in the company's capital expenditure program.

The company has communicated with its significant vendors, redistributors and customers to determine their plans to address the Year 2000 issue. While the company expects a successful resolution of these issues, there can be no guarantee that the systems of other companies, on which our systems rely, will address all Year 2000 issues on a timely basis or that their failure to successfully address all issues would not have an adverse effect on the company.

On May 5, 1998 the company announced the signing of an agreement to sell its Information Technology and Communications Group, which includes the technology magazines BYTE, Data Communications, LAN Times and tele.com, and the testing business NSTL. The businesses will be sold for proceeds of \$26.8 million in cash; the divestiture is expected to close in late May.

At the company's annual meeting on April 29, 1998, the shareholders approved an increase in the number of authorized common shares from 150 million shares to 300 million share.

"Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995"

This section, as well as other portions of this document, include certain forward-looking statements about the company's business, new products, sales, expenses, cash flows, debt levels and operating and capital requirements. Such forward-looking statements include, but are not limited to: the strength of profit levels at Standard & Poor's Rating's Services; the level of success in 1998 school publishing adoptions; the level of prepublication cost spending and capital expenditures in 1998; shares to be reacquired under the share repurchase plan; and the level of the future cash flow and debt levels.

Actual results may differ materially from those in any forward-looking statements because any such statements involve risks and uncertainties and are subject to change based on various important factors, including but not limited to worldwide economic and political conditions, the health of capital and equity markets, the successful marketing of new products, and the effect of competitive products and pricing.

PART II

Other Information

Item 1. Legal Proceedings

County of Orange v. McGraw-Hill Companies, Inc.

In previous filings, Registrant reported that a Complaint was filed on June 11, 1996, in the United States Bankruptcy Court, Central District of California, in an action captioned County of Orange v. McGraw-Hill Companies, Inc., d/b/a Standard & Poor's (Case No. SA 94-22272-JR; Adversary No. SA 96-01624-JR). The Complaint alleged that Standard & Poor's breached its contracts with Orange County, was professionally negligent and aided and abetted the County's officers in breaching their fiduciary duty by, inter alia, assigning unduly high ratings to debt instruments issued by the County and by failing to advise the County's Board of Supervisors of the illegal acts being committed by the County's officers. On October 17, 1996, the United States District Court, Central District of California, granted Registrant's motion to withdraw the Bankruptcy Court reference. The action was transferred to the United States District Court for the Central District of California (Case No. SA CV 96-765-GLT) upon the filing on December 4, 1996 of the Bankruptcy Court's ruling on Registrant's motion to dismiss the Complaint. In that ruling, the Bankruptcy Court granted Registrant's motion to dismiss the County's aiding and abetting claim, but denied it as to the breach of contract and professional negligence claims. Registrant appealed this decision to the District Court which, on March 18, 1997, dismissed the County's professional negligence claim, with leave to amend. On April 9, 1997, the County filed an Amended Complaint for breach of contract and professional malpractice, adding a claim for punitive damages. On April 28, 1997, the Registrant filed a motion to dismiss the professional malpractice claim, which motion was denied by the District Court on June 2, 1997. Discovery is well underway. On February 13, 1998, Registrant moved again to dismiss the County's professional malpractice claim, which motion was denied by the District Court on March 16, 1998. Registrant continues to believe that the allegations of the complaint lack merit and is vigorously contesting the action.

Item 6.	Exhibits and Reports on Form 8-K	Page Number
	-----	-----
(a)	Exhibits	
(12)	Computation of Ratio of Earnings to Fixed Charges.	18
(27)	Financial Data Schedule.	19
(b)	Reports on Form 8-K	

A Report on Form 8-K was filed on January 29, 1998.
Item 5 was reported on pursuant to said Report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE MCGRAW-HILL COMPANIES, INC.

Date: 05/12/98

By Robert J. Bahash

Robert J. Bahash
Executive Vice President
and Chief Financial Officer

Date: 05/12/98

By Thomas J. Kilkenny

Thomas J. Kilkenny
Vice President and Controller

Date: 05/12/98

By Kenneth M. Vittor

Kenneth M. Vittor
Senior Vice President
and General Counsel

The McGraw-Hill Companies, Inc.

Computation of Ratio of Earnings to Fixed Charges
-----Periods Ended March 31, 1998

	Three Months	Twelve Months
	-----	-----
	(In thousands)	
Earnings		
Earnings from continuing operations		
before income tax expense (Note).....	\$ 31,682	\$ 473,904
Fixed charges.....	19,380	84,633
	-----	-----
Total Earnings.....	\$ 51,062	\$ 558,537
	=====	=====
Fixed Charges (Note)		
Interest expense.....	\$ 13,113	\$ 57,839
Portion of rental payments deemed to be		
interest.....	6,267	26,794
	-----	-----
Total Fixed Charges.....	\$ 19,380	\$ 84,633
	=====	=====
Ratio of Earnings to Fixed Charges	2.6x	6.6x

(Note) For purposes of computing the ratio of earnings to fixed charges, "earnings from continuing operations before income taxes" excludes undistributed equity in income of less than 50%-owned companies. "Fixed charges" consist of (1) interest on debt, and (2) the portion of the company's rental expense deemed representative of the interest factor in rental expense.

Earnings from continuing operations before income taxes for the twelve month period ended March 31, 1998 includes a \$33.2 million pre-tax one-time provision for real estate write-downs related to the consolidation of office space in New York City and a \$20.4 million pre-tax gain on the sale of Datapro Information Services.

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	3 MOS
FISCAL YEAR END	DEC 31 1998
PERIOD END	MAR 31 1998
CASH	1,721
SECURITIES	0
RECEIVABLES	974,756
ALLOWANCES	168,443
INVENTORY	323,603
CURRENT ASSETS	1,332,445
PP&E	847,002
DEPRECIATION	579,589
TOTAL ASSETS	3,580,968
CURRENT LIABILITIES	1,081,496
BONDS	0
PREFERRED MANDATORY	14
PREFERRED	0
COMMON	102,919
OTHER SE	0
TOTAL LIABILITY AND EQUITY	3,580,968
SALES	703,420
TOTAL REVENUES	703,420
CGS	663,133
TOTAL COSTS	663,133
OTHER EXPENSES	0
LOSS PROVISION	18,309
INTEREST EXPENSE	12,102
INCOME PRETAX	33,014
INCOME TAX	12,875
INCOME CONTINUING	20,139
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	20,139
EPS PRIMARY	0.20 ¹
EPS DILUTED	0.20 ²

¹ Amount reported is EPS BASIC.

² Amount reported is EPS FULLY DILUTED.

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