



3Q 2013 Earnings Call
October 22, 2013

Harold McGraw III
Chairman, President and CEO

Doug Peterson
President and CEO Designate

Jack Callahan
Executive Vice President and CFO

Chip Merritt
Vice President, Investor Relations

Comparison of Adjusted Information to U.S. GAAP Information

This presentation includes adjusted financial measures that are derived from the Company's continuing operations. This non-GAAP information is provided in order to allow investors to make meaningful comparisons of the Company's operating performance between periods and to view the Company's business from the same perspective as Company management.

The Company's earnings release dated October 22, 2013 contains exhibits that reconcile the differences between the non-GAAP measures and comparable financial measures calculated in accordance with U.S. GAAP.



“Safe Harbor” Statement Under the Private Securities Litigation Reform Act of 1995

This presentation contains forward-looking statements, including without limitation statements relating to our businesses and our prospects, new products, sales, expenses, tax rates, cash flows, and operating and capital requirements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are intended to provide management’s current expectations or plans for our future operating and financial performance and are based on assumptions management believes are reasonable at the time they are made.

Forward-looking statements can be identified by the use of words such as “believe,” “expect,” “plan,” “estimate,” “project,” “target,” “anticipate,” “intend,” “may,” “will,” “continue” and other words of similar meaning in connection with a discussion of future operating or financial performance. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict; therefore, actual outcomes and results could differ materially from what is expected or forecasted. These risks and uncertainties include, among others:

- worldwide economic, financial, political and regulatory conditions;
- currency and foreign exchange volatility;
- the effect of competitive products and pricing;
- the level of success of new product development and global expansion;
- the level of future cash flows;
- the levels of capital investments;
- income tax rates;
- restructuring charges;
- the health of debt and equity markets, including credit quality and spreads, the level of liquidity and future debt issuances;
- the level of interest rates and the strength of the capital markets in the U.S. and abroad;
- the demand and market for debt ratings, including collateralized debt obligations, residential and commercial mortgage and asset-backed securities and related asset classes;
- the state of the credit markets and their impact on Standard & Poor’s Ratings and the economy in general;
- the regulatory environment affecting Standard & Poor’s Ratings and our other businesses;
- the likely outcome and impact of litigation and investigations on our operations and financial condition;
- the level of merger and acquisition activity in the U.S. and abroad;
- continued investment by the construction, automotive, and computer industries;
- the strength and performance of the domestic and international automotive markets;
- the volatility of the energy marketplace;
- and the contract value of public works, manufacturing and single-family unit construction.

We caution readers not to place undue reliance on forward-looking statements.

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EU Regulation Affecting Investors in Credit Rating Agencies

European Union Regulation 1060/2009 (as amended) applies to credit rating agencies (CRAs) registered in the European Union and therefore to the activities of Standard & Poor’s Credit Market Services Europe Limited, Standard & Poor’s Credit Market Services France SAS and Standard & Poor’s Credit Market Services Italy Srl, (collectively, “Standard & Poor’s”), indirect wholly-owned subsidiaries of McGraw Hill Financial, Inc., each of which is registered and regulated as a CRA with the European Securities and Markets Authority (“ESMA”).

Any person obtaining direct or indirect ownership or control of 5% or more or 10% or more of the shares in McGraw Hill Financial, Inc. may (i) impact how Standard & Poor’s can conduct its CRA activities in the European Union and/or (ii) themselves become directly impacted by EU Regulation 1060/2009 (as amended).

Persons who have or expect to obtain such shareholdings in McGraw Hill Financial, Inc. should promptly contact Chip Merritt at the McGraw Hill Financial, Inc. Investor Relations department (chip.merritt@mhfi.com) for more information and should also obtain independent legal advice in such respect.

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HAROLD MCGRAW III
CHAIRMAN, PRESIDENT
AND CHIEF EXECUTIVE OFFICER



 Highlights of Today's Call

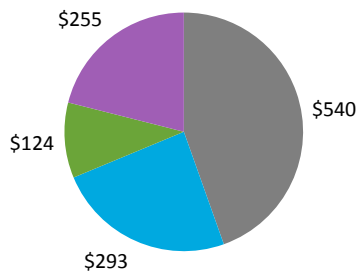
- Next week Doug Peterson becomes President and CEO
- Increased investment in CRISIL to 67.8%
- Completed sale of Aviation Week
- S&P Capital IQ and S&P Dow Jones Indices delivered record quarterly revenue
- Commodities & Commercial Markets reported record adjusted operating margin
- Repurchased 5.7 million shares during the quarter and 15 million YTD
- Reported 13% diluted adjusted EPS growth despite challenging YOY debt issuance comparisons
- Increased guidance for 2013 adjusted diluted EPS



3Q 2013 Segment Results

Revenue: \$1,194 million

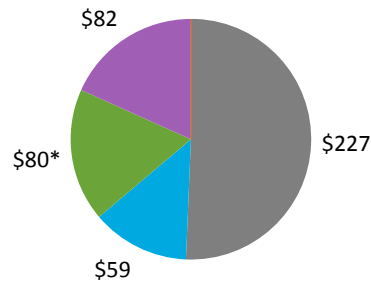
(\$ in millions)



■ Standard & Poor's Ratings
■ S&P Capital IQ
■ S&P Dow Jones Indices
■ Commodities & Commercial

Adj. Operating Profit: \$448 million

(\$ in millions)



■ Standard & Poor's Ratings
■ S&P Capital IQ
■ S&P Dow Jones Indices
■ Commodities & Commercial

* Operating profit attributable to the noncontrolling interest of the S&P Dow Jones Indices joint venture was \$22 million

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Standard & Poor's Ratings Services: Litigation Update

• Litigation:

- 33 cases now dismissed outright
- 13 dismissals by lower courts have been affirmed by higher courts
- 10 cases have been voluntarily withdrawn
- Several dozen non-government cases remain outstanding
- Efforts by plaintiff to reopen the dismissed Reese stock-drop litigation case have been denied
- DOJ case: Awaiting supplemental disclosure from the plaintiff
- Consolidated states case: Awaiting a ruling by the federal court on the States' motion to remand cases back to the state courts
- Only one case, the New Jersey state case, has been filed since the Company's second quarter earnings call

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S&P Dow Jones Indices: Comparable YOY Comparisons

(\$ in millions)	3Q 2013	3Q 2012	Change
Revenue	\$124	\$109	+14%
Adj. Segment Op. Profit	\$80	\$65	+23%
MHFI Share of Op. Profit*	\$58	\$47	+23%
Adj. Segment Op. Margin	64.4%	59.9%	450 bps

3Q highlights:

- Entire incremental revenue of \$15 million realized in operating profit
- Third consecutive quarter of record assets under management (AUM) in exchange-traded funds linked to the S&P Dow Jones Indices. AUM increased 29% year-over-year to \$585 billion
- Trading volume of the exchange-traded derivatives SPX and VIX increased 18% and 26%, respectively, during the quarter
- Data subscriptions continue to provide modest but steady growth while revenue from mutual fund licenses declined

* The Company owns 73% of the S&P Dow Jones Indices joint venture

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S&P Capital IQ: Record Quarterly Revenue

(\$ in millions)	3Q 2013	3Q 2012	Change
Revenue	\$293	\$284	+3%*
Adj. Segment Op. Profit	\$59	\$54	+10%
Adj. Segment Op. Margin	20.0%	18.8%	120 bps

* Organic growth was approximately 5% excluding lost revenue from ongoing portfolio rationalization of several small products

3Q highlights:

- Desktop Solutions, Enterprise Solutions, and Ratings IP all delivered mid single-digit revenue growth while Proprietary Research revenue declined mid single-digits
- Continued to fine-tune the portfolio by completing the sale of the Financial Communications business and exploring options for FMR Europe
- Enterprise Solutions launched Events Driven Alerts as they continue to leverage the QuantHouse technology by building additional real-time solutions

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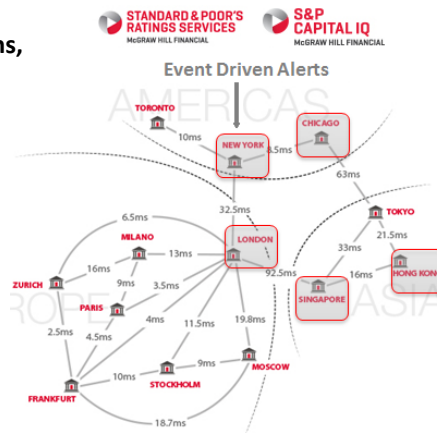


S&P Capital IQ Launches Event Driven Alerts

- Enterprise Solutions launches low latency, machine-readable feed that leverages the QuantHouse global fiber optic network, delivering S&P Capital IQ and S&P Ratings' opinions in real-time

Event Driven Alerts contain credit rating actions, including:

- Upgrades/downgrades
- Credit watch announcements
- Credit outlook changes



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Commodities & Commercial Markets: Record Margin

(\$ in millions)	3Q 2013	3Q 2012	Change
Revenue	\$255	\$239	+7%*
Adj. Segment Op. Profit	\$82	\$67	+24%
Adj. Segment Op. Margin	32.3%	27.8%	450 bps

* Excluding the sale of Aviation Week, revenue increased 10%

3Q highlights:

- The segment delivered a record quarterly operating margin
- Platts delivered double-digit revenue growth while J.D. Power revenue growth offset softness at McGraw Hill Construction
- The sale of Aviation Week closed August 1
- All three businesses contributed to increased profitability

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Commodities: Continued Double-Digit Growth

Commodities

(\$ in millions)	3Q 2013	3Q 2012	Change
Revenue	\$142	\$121	+17%

3Q highlights:

- Platts YOY revenue growth exceeded all segments
- Growth in petroleum product subscriptions continued to be the primary driver of double-digit growth
- Licensing revenue from petroleum derivative trading increased more than 90% as volatile oil prices increase trading activity
- Metals & Agriculture product subscriptions delivered double-digit revenue growth while Petrochemicals and Power & Gas reported single-digit revenue increases
- Platts launched “Platts Market Data – Sugar”

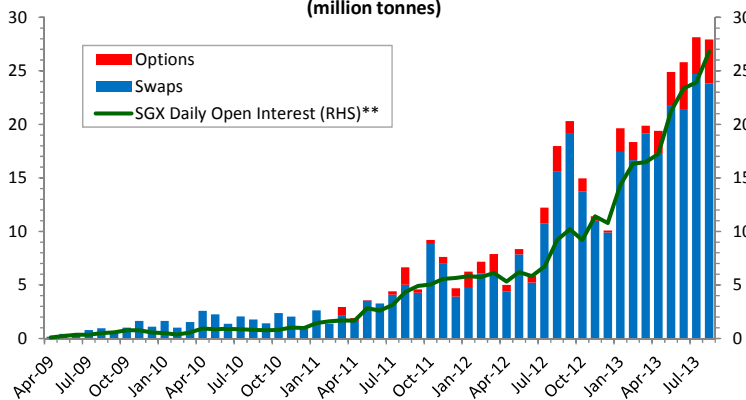
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Iron Ore Derivatives: Monthly Volume Surges



Iron Ore OTC Derivatives Contracts - Volume Cleared and Open Interest* (million tonnes)



* Total volume cleared by SGX, CME Group, LCH.Clearnet, NOS Clearing and ICE; Open interest for SGX only ** End of month

185 million tonnes of OTC iron ore derivatives have been cleared January-August 2013, up 160% over the same period in 2012. Over 99% have settled basis TSI and 95% have been cleared on SGX.

For additional information see: <http://www.futuresindustry.org/files/css/magazineArticles/article-1578.pdf>

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Commercial: Revenue Increased, Excluding Aviation Week

Commercial

(\$ in millions)	3Q 2013	3Q 2012	Change
Revenue	\$113	\$118	(4%)*

* 1% organic growth excluding the sale of Aviation Week

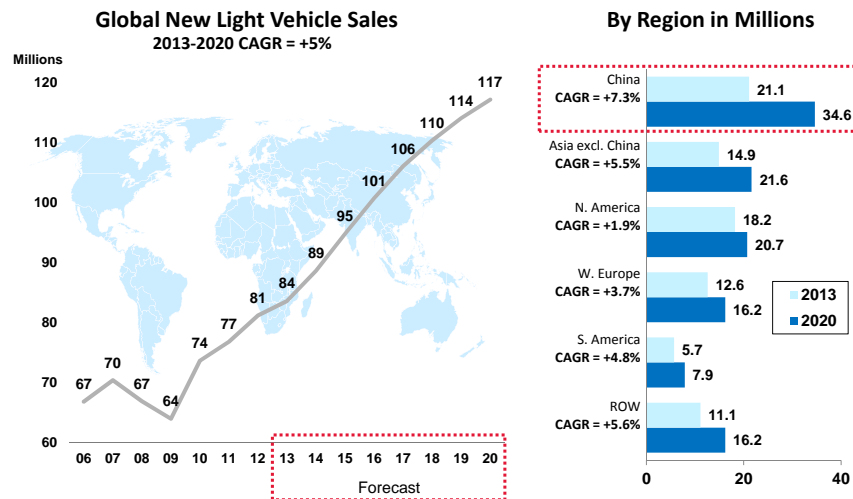
3Q highlights:

- McGraw Hill Construction's revenue decline may be nearing an end as new data and analytics products along with a 15% increase in U.S. commercial construction starts bode well for the business
- Within J.D. Power, the auto business in China and telecommunications business in Canada delivered the strongest revenue growth

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Global Light Vehicle Market Growth Led by China



Source: LMC Automotive Forecasting Q2/2013

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DOUG PETERSON
PRESIDENT AND CEO DESIGNATE



Standard & Poor's Ratings Services:
Growth Despite Decreased Issuance



(\$ in millions)	3Q 2013	3Q 2012	Change
Revenue	\$540	\$502	+8%
Adj. Segment Op. Profit	\$227	\$217	+5%
Adj. Segment Op. Margin	42.0%	43.2%	(120 bps)

3Q highlights:

- Increased revenue was not driven by issuance but rather by increased bank loan ratings, entity credit ratings, and rating evaluation services
- Bank loan ratings increased 73%, driven by a tripling in Europe
- In the near term, the most important issues impacting issuance will be the market reaction to the U.S. debt ceiling debate, Federal Reserve tapering, and interest rates



Standard & Poor's Ratings Services: Balanced Global Growth

(\$ in millions)	3Q 2013	3Q 2012	Change
Non-transaction	\$313	\$287	+9%
Transaction	\$227	\$215	+6%

(\$ in millions)	3Q 2013	3Q 2012	Change
International	\$250	\$227	+10%
Domestic	\$290	\$275	+6%

- Non-transaction growth was driven by entity credit rating and rating evaluation services
- Transaction growth was the result of a 73% increase in bank loan ratings
- International gains were paced by 16% growth in Europe, driven entirely by corporates

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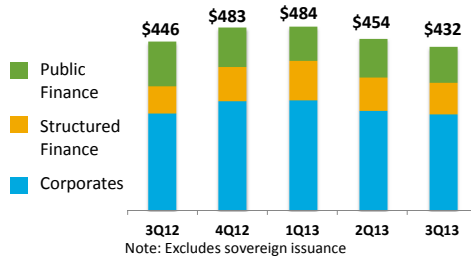


Issuance Trends: Declines in Both U.S. and Europe

United States

3% decrease year-over-year in 3Q

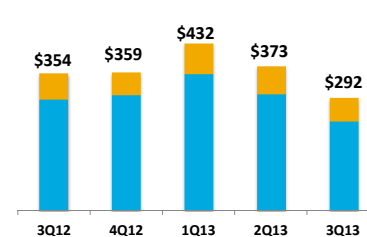
(issuance, \$ in billions)



Europe

18% decrease year-over-year in 3Q

(issuance, \$ in billions)



- **U.S.:** Corporate issuance was flat and public issuance was down 19% as issuers were hesitant post Detroit's bankruptcy. Structured issuance was strong in CMBS (+47%), RMBS (+26%), and CDOs (+88% - predominately CLOs) offsetting weakness in the larger ABS market (-14%).
- **Europe:** Corporate issuance decreased 20% despite an 82% increase in high-yield issuance due to record-low spreads and diversification of funding from banks. Structured issuance decreased 9% due primarily to the LTRO impact on covered bonds.

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Commitment to Shareholders

“Our commitment to our shareholders is to increase shareholder value by serving our markets aggressively and ethically and, like our customers, striving to reach our full potential.”

—Terry McGraw 1998 Annual Report



Since 1998 the Company has:

- Delivered a total return of approximately 300% versus 97% for the S&P 500
- Returned more than \$13 billion to shareholders through dividends and share repurchases
- Continued yearly increases to a dividend that began in 1937 and has been increased every year since 1973

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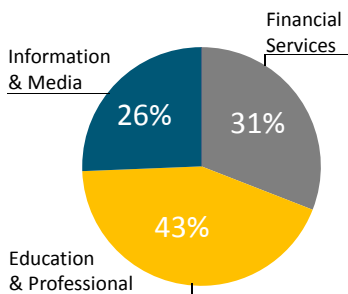


Transformation into McGraw Hill Financial

1998

Revenue: \$3.7 billion

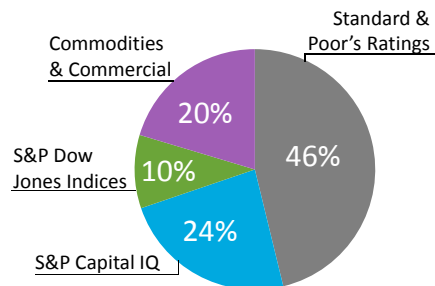
Segment Operating Margin: 18.5%



2013

YTD Revenue: \$3.6 billion

Adj. Segment Operating Margin: 38.3%

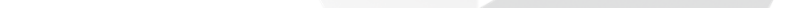


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HAROLD McGRAW III
CHAIRMAN, PRESIDENT
AND CHIEF EXECUTIVE OFFICER



JACK CALLAHAN
EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER





McGraw Hill Financial: 13% Adjusted EPS Growth in 3Q 2013

(\$ in millions, except earnings per share)	3Q 2013	3Q 2012	% Change
Revenue	\$1,194	\$1,116	+7%
Adjusted Segment Operating Profit	\$448	\$403	+11%
Less: Adjusted Unallocated Expense	(52)	(47)	+10%
Adjusted Consolidated Operating Profit	\$396	\$356	+12%
Tax Rate	35.0%	33.4%	160 bps
Adjusted Noncontrolling Interest*	(\$26)	(\$22)	+21%
Adjusted Net Income	\$222	\$201	+11%
Adjusted Diluted EPS	\$0.80	\$0.71	+13%
Average Diluted Shares Outstanding	278.8	284.6	(2%)

* Noncontrolling interest includes the 27% ownership of the S&P Dow Jones Indices joint venture

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Portfolio Changes in 3Q 2013

- The Company increased its investment in CRISIL from 52.8% to 67.8%
- S&P Dow Jones Indices completed formation of the joint venture with the Bombay Stock Exchange
- The Company divested:
 - Aviation Week
 - Financial Communications (part of S&P Capital IQ)
 - CRISIL's equity investment in India Index Services & Products Ltd.



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3Q 2013 Adjustments to Earnings (Pre-Tax)

(\$ in millions)	3Q 2013
Gain on sale of India Index Services	\$16
Gain on sale of Aviation Week	11
Loss on sale of Financial Communications	(3)
Growth and Value Plan (GVP) Costs	(10)
Restructuring	<u>(3)</u>
Total Net Gain Excluded from Adjusted Results	\$11

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Free Cash Flow from Continuing Operations

(\$ in millions)	3Q 2013
Cash and equivalents	\$1,577
Total debt	\$799

(\$ in millions)	3Q YTD 2013	3Q YTD 2012
Cash provided by operating activities	\$499	\$598
Capital expenditures	(55)	(70)
Dividends and other payments to noncontrolling interests	(56)	(8)
Free Cash Flow	\$388	\$520

Major cash payments impacting 2013 free cash flow:

- \$130 million in tax payments shifted from 2012 to 2013
- \$77 legal settlement

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Share Repurchase Activity

- Repurchased 5.7 million shares in the open market during the third quarter at an average price of \$61.42 per share
- Repurchased approximately 15 million shares YTD at an average price of \$56.70
- Approximately 1.9 million shares remain under our existing authorization
- We anticipate completing the existing authorization before the end of 2013

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2013 Guidance and Outlook

- Excellent YTD results
 - 12% revenue growth
 - 24% adjusted diluted EPS growth
- Fine tuning of the product portfolio continued in the quarter
- Despite challenging year-on-year comparisons in the fourth quarter, on pace for strong full-year 2013 results
- Adjusted diluted EPS guidance is increased from a range of \$3.15 – \$3.25 per share to \$3.25 – \$3.30 per share

On track for a terrific first year for MHFI

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NOTE: A replay of this webcast will
be available approximately two hours
after the end of the call from
www.mcgraw-hill.com/investor_relations

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REPLAY OPTIONS

• Internet: **Replay available for one year**
Go to <http://investor.mhfi.com>

• Telephone: **Replay available through Nov. 22, 2013**
Domestic: 800-839-1169
International: 203-369-3036
No password required