The McGraw-Hill Companies

4Q 2012 Earnings Call

February 12, 2013

PRESENTERS

Harold McGraw III
Chairman, President and CEO

Jack Callahan
Executive Vice President and CFO

Kenneth Vittor
Executive Vice President & General Counsel

Doug Peterson
President, Standard & Poor's

Chip Merritt
Vice President, Investor Relations

Comparison of Adjusted Information to U.S. GAAP Information

This presentation includes adjusted financial information. This information is provided to enable 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 management's.

The earnings release dated February 12, 2012 contains exhibits that reconcile the differences between the non-GAAP measures and comparable financial measures calculated in accordance with U.S. GAAP. As noted in the Form 10-K filed for the period ending December 31, 2012, the results of operations of McGraw-Hill Education have been reclassified to reflect the business as a discontinued operation and the assets and liabilities of the business have been reclassified as held for sale in the consolidated balance sheets.

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“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, prepublication investments 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, computer and aviation 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.

In addition, there are certain risks and uncertainties relating to our previously announced Growth and Value Plan which contemplates a separation of our education business, including, but not limited to, the impact and possible disruption to our operations, the timing and certainty of completing the transaction, unanticipated developments that may delay or negatively impact the transaction, and the ability of each business to operate as an independent entity upon completion of the transaction. We caution readers not to place undue reliance on forward-looking statements.

Presenters on Today's Call

Terry McGraw CEO	**Growth and Value Plan and 2012 Year in Review**
Jack Callahan CFO	Highlight Key Financial Items and Introduce 2013 Guidance
Kenneth Vittor General Counsel	Update Concerning Recent Legal Developments
Doug Peterson President, Standard & Poor's	Discuss Continuous Improvement within Standard & Poor's Ratings
Terry McGraw CEO	Summary and Q&A

2012 — A Milestone Year:
Growth and Value Plan Nearly Complete

In September 2011 the Company announced an ambitious Growth and Value Plan

Today marks the achievements of this plan

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Growth and Value Plan: Anticipate Sale of McGraw-Hill Education in First Quarter

Separation of McGraw-Hill Education

- Announced the sale of McGraw-Hill Education to Apollo Global Management for $2.5 billion

McGraw Hill Education

- Anticipate closing the sale and separating into two companies in the first quarter of 2013

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Growth and Value Plan: Exceeded Cost Reduction Commitment

Company exceeded its commitment of at least $100 million in run-rate cost reductions

- Achieved nearly $175 million by the end of 2012
  - Select headcount restructurings
  - Migrated numerous accounting, human resource, and information technology work streams to world-class partners
  - Redesigned employee benefit plans; froze U.S. pension plan
- McGraw Hill Financial will retain certain stranded costs
- Approximately 1/3 of the net savings will remain with McGraw Hill Financial

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Growth and Value Plan: Returned $3.1 billion to Shareholders in 2011-2012

Share Repurchases

Completed repurchases totaling ~$1.8 billion at an average price of $44.21 per share

Regular Quarterly Dividend

Distributed ~$600 million

Special Dividend

Distributed ~ $700 million via a dividend of $2.50 per share in Dec. 2012

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Growth and Value Plan: Investing for Growth

S&P DOW JONES INDICES

QUANTHOUSE

R² FINANCIAL TECHNOLOGIES

cma

COALITION

KINGSMAN energy from nature

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McGraw Hill Financial: Strong Full-Year Results

($ in millions)	2012	2011	Change
Revenue	$4,450	$3,954	+13%
Adj. Operating Profit	$1,385	$1,119	+24%
Adj. Operating Margin	31.1%	28.3%	+280 bps
Diluted Adjusted EPS	$2.75	$2.09	+32%

2012 highlights:

- 11% organic revenue growth
- 2% growth from acquisitions (Coalition, CMA, Kingsman, R^2 Financial, QuantHouse) and the S&P Dow Jones Indices joint venture
- Operating leverage and share repurchases amplify EPS

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Standard & Poor's Ratings Services: Solid 4th Quarter and Full-Year Results

Robust Corporate & Government issuance drove 4th quarter and full-year results

($ in millions)	4Q 2012	4Q 2011	Change
Revenue	$584	$434	+34%
Adj. Segment Op. Profit	$254	$156	+63%
Adj. Segment Op. Margin	43.5%	36.0%	+750 bps

($ in millions)	2012	2011	Change
Revenue	$2,034	$1,767	+15%
Adj. Segment Op. Profit	$865	$728	+19%
Adj. Segment Op. Margin	42.5%	41.2%	+130 bps

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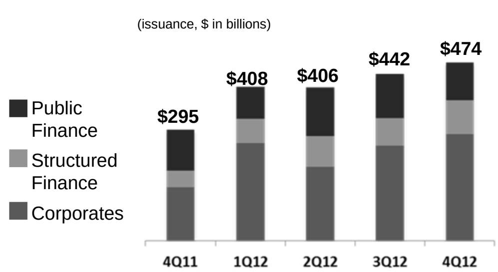
STANDARD & POOR'S
RATINGS SERVICES

Global Debt Issuance: Positive Issuance Trends Continue

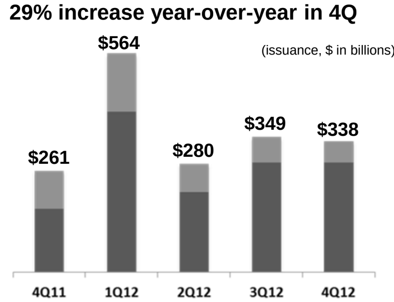
United States

61% increase year-over-year in 4Q



Europe

29% increase year-over-year in 4Q



Note: Excludes sovereign issuance

Strong 4Q corporates issuance due to:
- Low treasury yields, making corporate bonds relatively attractive
- Spreads held low, making all issuance cheaper
- Liquidity available and readily accessible
- Increased activity related to dividend recapitalization deals

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S&P Dow Jones Indices:
Modest Growth; Great Margins

($ in millions)	4Q 2012	4Q 2011	Change
S&P Index Revenue	$84	$80	+5%
Dow Jones Index Revenue	$26		
Total Revenue	$110	$80	
Adj. Segment Op. Profit	$67	$43	
MHP Share Adj. Op. Profit	$50	$43	+16%
Adj. Segment Op. Margin	60.9%	53.8%	710 bps

($ in millions)	2012	2011	Change
S&P Index Revenue	$332	$323	+3%
Dow Jones Index Revenue	$56		
Total Revenue	$388	$323	
Adj. Segment Op. Profit	$234	$189	
MHP Share Adj. Op. Profit	$198	$189	+5%
Adj. Segment Op. Margin	60.3%	58.6%	170 bps

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S&P Capital IQ:
Technology Investments Continue

Solid first-half profit growth reduced by second-half technology investments

($ in millions)	4Q 2012	4Q 2011	Change
Revenue	$290	$268	+8%*
Adj. Segment Op. Profit	$53	$54	(1%)
Adj. Segment Op. Margin	18.3%	20.2%	(190 bps)

($ in millions)	2012	2011	Change
Revenue	$1,124	$1,031	+9%*
Adj. Segment Op. Profit	$228	$214	+6%
Adj. Segment Op. Margin	20.3%	20.8%	(50 bps)

* Excluding CMA, R^2 Financial, and QuantHouse, revenue increased 5% for 4Q 2012 and 7% for full-year 2012

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S&P CAPITAL IQ

Commodities & Commercial Markets: Strong Growth and Margin Expansion

Platts' performance drove consistent revenue growth and margin expansion throughout the year

($ in millions)	4Q 2012	4Q 2011	Change
Revenue*	$260	$239	+9%
Adj. Segment Op. Profit*	$59	$47	+27%
Adj. Segment Op. Margin*	22.7%	19.7%	+300 bps

($ in millions)	2012	2011	Change
Revenue*	$973	$896	+9%
Adj. Segment Op. Profit*	$260	$186	+40%
Adj. Segment Op. Margin*	26.7%	20.8%	+590 bps

* Revenue and operating profit for 4Q and full-year 2011 are based on continuing operations and reflect the reclassification of the Broadcasting Group as a discontinued operation

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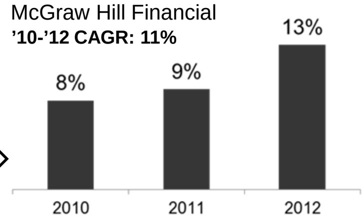
McGraw Hill Financial: Focus on Growth

Annual Revenue Growth

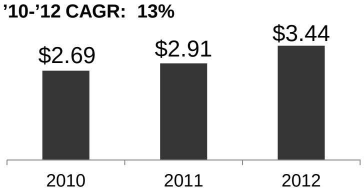
The McGraw-Hill Companies
’10-’12 CAGR: 4%

McGraw Hill Financial
’10-’12 CAGR: 11%



Annual Adjusted EPS

The McGraw-Hill Companies
’10-’12 CAGR: 13%



McGraw Hill Financial
’10-’12 CAGR: 20%

NOTE: 2010 growth is adjusted to exclude *Business Week* divestiture. 2011 adjusted EPS excludes gain on divestiture of Broadcasting

McGraw-Hill Financial FY 2012: EPS Growth of 32%

($ millions)	**FY 2012**	**FY 2011**	**% Change**
Revenue	$4,450	$3,954	+13%
Adjusted Segment Operating Profit	$1,587	$1,317	+21%
Less: Adjusted Unallocated Expense	($202)	($198)	+2%
Adjusted Consolidated Operating Profit	$1,385	$1,119	+24%
Tax Rate*	36.0%	37.3%	(130 bps)
Noncontrolling Interests**	($52)	($19)	+168%
Adjusted Net Income	$783	$634	+24%
Adjusted Diluted EPS	$2.75	$2.09	+32%

* 2012 tax rate was impacted by the increase in noncontrolling interests
** 2012 noncontrolling interest line includes the 27% ownership of the S&P Dow Jones Indices joint venture

McGraw-Hill Financial 4Q 2012:
56% EPS Growth

($ millions)	**4Q 2012**	**4Q 2011**	**% Change**
Revenue	$1,226	$1,004	+22%
Adjusted Segment Operating Profit	$433	$300	+45%
Less: Adjusted Unallocated Expense	($62)	($58)	+7%
Adjusted Consolidated Operating Profit	$371	$242	+54%
Tax Rate*	35.7%	37.2%	(150 bps)
Noncontrolling Interests**	($22)	($5)	+331%
Adjusted Net Income	$205	$135	+52%
Adjusted Diluted EPS	$0.72	$0.46	+56%

* 2012 tax rate was impacted by the increase in noncontrolling interests
** 2012 noncontrolling interest line includes the 27% ownership of the S&P Dow Jones Indices joint venture

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4Q and FY 2012
Adjustments to Earnings (Pre-Tax)

($ millions)	**4Q 2012**	**FY 2012**
Continuing Operations (McGraw Hill Financial)		
Growth & Value Plan (GVP) Costs	$33	$135
Restructuring	$44	$68
S&P Dow Jones Joint Venture Transaction Fees	—	$15
Lease Commitment Charge	—	$8
Vacation Accrual*	($52)	($52)
Total	**$25**	**$174**
Discontinued Operations (McGraw-Hill Education)		
GVP Costs/Restructuring/Other	$35	$61
Intangible Asset Impairment*	$497	$497
Vacation Accrual*	($17)	($17)
Total	**$515**	**$541**

* Non-cash

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Continued Strong Free Cash Flow from Continuing Operations

($ in millions)	FY 2012	FY2011
Cash provided by operating activities	$747	$924
Capital expenditures	($97)	($92)
Dividends and other payment paid to noncontrolling interests	($24)	($23)
Free Cash Flow	**$626**	**$809**

	12/31/2012	12/31/2011
Cash & Short-Term Investments	**$761**	**$864**
Total Debt	**$1,256**	**$1,198**

Decline in free cash flow driven by Growth and Value Plan expenses and $150 million pension contribution in Q4 of 2012

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McGraw-Hill Financial: 2013 Guidance

Line of Business	Revenue Growth	Segment Operating Profit Growth
Standard & Poor's Ratings	High-single digits	
S&P Capital IQ	Mid single digits	Flat
S&P Dow Jones Indices	~ 20% reported / Mid single digits organic	
Commodities & Commercial	High single digits	Low double digits
Total McGraw Hill Financial	High single digits	High single digits

NOTE: Segment operating profit growth is versus 2012 adjusted results

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McGraw-Hill Financial:
2013 Guidance

($ in millions)	FY 2012	FY 2013 Guidance
Income Statement		
Adjusted Unallocated Expense	$202	Decline $10-15 million
Net Interest Expense	$81	$35 - $40
Adjusted Tax Rate	36.0%	~ 35.0%
Adjusted Noncontrolling Interest	$52	$90 - $100
Investment/Free Cash Flow		
Capital Expenditures	$97	~ $125
Free Cash Flow	$626	$650 - $700
Regular Dividend Per Share	$1.02	$1.12

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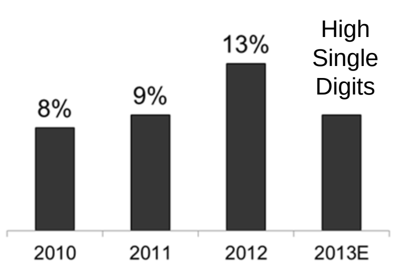
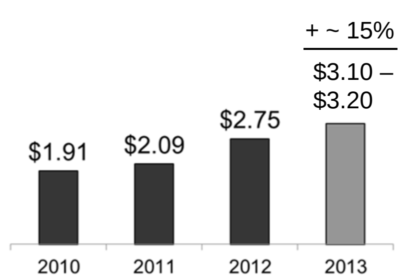
McGraw Hill Financial:
Sustained Growth

Annual Revenue Growth



Annual Adjusted EPS



Guidance includes positive impact from continued share repurchase activity

NOTE: 2010 growth is adjusted to exclude *Business Week* divestiture. 2011 adjusted EPS excludes gain on divestiture of Broadcasting

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DOJ Civil Lawsuit Filed Against McGraw-Hill and S&P

Court: Filed in the United States District Court for the Central District of California on February 4, 2013 by the Civil Division of the United States Department of Justice ("DOJ")

Defendants: The McGraw-Hill Companies, Inc. and Standard & Poor's Financial Services LLC

Legal Team

- John Keker, Keker & Van Nest
- Floyd Abrams, Cahill Gordon & Reindel LLP

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DOJ Civil Lawsuit – Complaint Alleges Violations of FIRREA

DOJ's Complaint seeks civil monetary penalties for alleged violations of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA")

- Alleges acts of mail fraud, wire fraud and bank fraud "affecting" federally-insured financial institutions
- Institutions include Western Federal Corporate Credit Union, Bank of America, and Citibank

The Complaint claims that:

- Between 2004 and 2007, S&P allegedly delayed and adjusted its rating models to preserve market share at the expense of analytical accuracy, and
- The Complaint identifies 33 CDOs that S&P rated in 2007; the Government claims that S&P failed to take into account "known" risks relating to subprime RMBS that provided collateral for those CDOs

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DOJ Civil Lawsuit – Penalties

The Complaint seeks $5 billion in penalties, based on losses allegedly suffered by federally-insured financial institutions that purchased the CDOs

- The Complaint does not contain detail about how the $5 billion figure is supported
- The revenues S&P earned in connection with the CDOs identified in the Complaint were less than $15 million
- 11 of the CDOs identified in the Complaint were underwritten or arranged by the same entity that allegedly suffered losses (i.e., Bank of America and Citibank)
- These 11 CDOs account for approximately half of the total par value of the CDOs identified

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DOJ Civil Lawsuit – What the Government Must Prove

To recover any civil penalty, the Government must prove:

- S&P issued ratings on the CDOs that were not actually believed by the Committees at the time the ratings were issued
- S&P did so with the intent to defraud the investors that purchased those CDOs
- The alleged fraud "affected" a federally-insured financial institution

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S&P's Response to DOJ Civil Lawsuit – Allegations are Without Merit and Logically Flawed

The Company intends to defend the lawsuit vigorously. S&P:

- Did not make changes to its models without analytical justification and did not refuse to make changes that had been determined to be analytically justified by a committee
- Demonstrated a culture that supported vigorous debate, but not fraud
- Actively reviewed subprime mortgage data – the same data available to the rest of the market and the government
- Took the actions it believed were appropriate
- Took more negative rating actions, and more quickly, in 2007 than ever in its history
- Issued ratings on CDOs that were identical to those of other rating agencies
- Deeply regrets that, like many others, it failed to anticipate the full breadth, depth and duration of the housing crisis

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S&P's Response to DOJ Civil Lawsuit

The Company has publicly responded to the Complaint

- S&P's press releases, relevant articles and examples of problems with the DOJ Complaint are collected at www.standardandpoors.com/response

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DOJ Civil Lawsuit – State Lawsuits Filed

13 states and the District of Columbia filed lawsuits after the DOJ lawsuit was filed

- Connecticut, Mississippi and Illinois already had state actions pending against S&P (the Connecticut and Mississippi actions also name Moody's as a defendant)
- Additional state lawsuits are possible
- The state lawsuits claim that the Company violated consumer protection laws because its claims of independence and objectivity were false
- The Company is vigorously defending these lawsuits, arguing that such statements cannot be the basis for a claim of deception
- The Company has recently received very helpful rulings from the U.S. Courts of Appeals for the Second and Sixth Circuits

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S&P: Key Actions to Strengthen Ratings

- **Reinforced analytical independence**
  - Further strengthened existing separation of analytic and commercial activities
  - Enhanced training and rotation
- **Updated methodologies and models**
  - Changed the way S&P rates almost every type of security that was affected by the financial crisis
  - Increased requirements for mortgage-related securities to achieve AAA rating
- **Enhanced global connectivity to interpret and respond to credit conditions**
  - Established Credit Conditions Committees to create a coordinated credit risk perspective across the company
- **Bolstered governance, compliance and risk functions**
  - Strengthened corporate governance structure to meet requirements of new regulatory regimes in the U.S., Europe, and the rest of the world
  - Increased staffing across all independent control functions

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S&P: New Leadership to Strengthen the Management Team

- **Risk Management**
  - Donald Howard, S&P’s chief risk officer, brings years of risk management experience from a wide variety of financial institutions
- **Macroeconomic Forecasts and Research**
  - Paul Sheard, S&P’s chief global economist, is an internationally known economist and brings a strong background and body of experience
- **Global Analytics and Operations**
  - Paul Coughlin, S&P’s managing director responsible for global analytical operations, leads the operations and editorial teams, including worldwide structured finance

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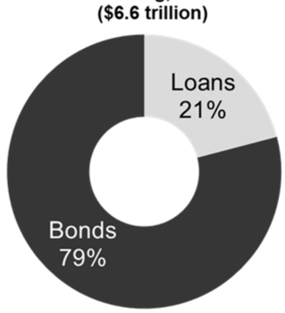
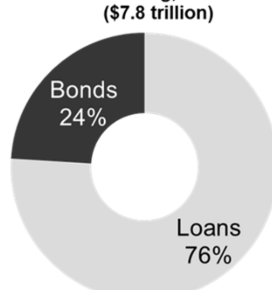
Structural Change in Corporate Debt Markets

U.S. Corporate Debt Market Outstanding, Y/E 2011 ($6.6 trillion)



Europe Corporate Debt Market Outstanding, Y/E 2011 ($7.8 trillion)



- **Disintermediation Has Already Created a Robust Bond Market in the U.S.** where corporate borrowers have nearly $2 trillion in rated debt that will mature by year-end 2016
- **In EMEA, Disintermediation and Basel III Present Genuine Opportunities** in addition to refinancing. Bank lending, traditionally dominant, weakened by the Eurozone difficulties and regulatory concerns

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Sources: S&P, Bank for International Settlements, Federal Reserve Bank, European Central Bank. Loans include only corporate bank loans/loans to non-bank sectors. Bonds includes domestic corporate securities and international corporate securities according to BIS definitions. Excludes financial institutions.

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2012: A Year of Achieving Commitments

– McGraw Hill Financial had a strong year with 32% growth in adjusted diluted EPS to $2.75 and anticipates continued growth in 2013

– Delivered tremendous value through the Growth and Value Plan
  - Sale of McGraw-Hill Education
  - Achieved $175 million of annual cost reductions
  - Distributed $3.1 billion to shareholders in 2011-2012
  - Invested in numerous new businesses

– Company will vigorously defend against erroneous claims

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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 www.mcgraw-hill.com/investor_relations

Click on the Earnings Announcement link under Investor Presentation Webcasts

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