The McGraw-Hill Companies

3Q 2012 Earnings Call

November 2, 2012

PRESENTERS

Harold McGraw III
Chairman, President and CEO

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 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 November 2, 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-Q filed for the period ending September 30, 2012, The McGraw-Hill Companies, Inc. has classified its Broadcasting Group as a discontinued operation resulting in revisions to its September 30, 2011 consolidated balance sheet.

"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 and prepublication 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 level of merger and acquisition activity in the U.S. and abroad;
- the level of funding in the education market;
- School Education Group's level of success in adoptions and open territories;
- enrollment and demographic trends;
- the strength of School Education Group's testing market, Higher Education, Professional and International's publishing markets and the impact of technology on them;
- 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 separation, and the ability of each business to operate as an independent entity upon completion of the separation. We caution readers not to place undue reliance on forward-looking statements.

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The McGraw-Hill Companies

Harold McGraw III

Chairman, President
and Chief Executive Officer

The McGraw-Hill Companies

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McGraw-Hill

Q3 2012: Strong EPS Growth

Growth and Value Plan: Finalizing Sale vs. Spin-off Decision

McGraw-Hill Financial: Excellent Quarter

McGraw-Hill Education: Challenging Market

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Strong EPS Growth

The McGraw-Hill Companies

($ in millions)	3Q 2012	3Q 2011	Change
Revenue – MHF	$1,117	$971	+15%
Revenue – MHE	$836	$937	(11%)
Adj. Operating Profit	$627	$607	+3%
Adj. Diluted EPS*	$1.33	$1.21	+10%

* From continuing operations
Note: 3Q'12 adjusted results exclude $99 million of one-time Growth and Value Plan expenses

Drivers of third quarter profitability:

- McGraw-Hill Financial delivered 15% revenue growth
- Cost reductions limited expense increase to less than 2%
- Share count reduction augmented EPS growth

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McGraw-Hill

Q3 2012: Strong EPS Growth

Growth and Value Plan: Finalizing Sale vs. Spin-off Decision

McGraw-Hill Financial: Excellent Quarter

McGraw-Hill Education: Challenging Market

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Growth and Value Plan: Closing in on Separation

- Progress continues toward creating two new companies that will be global leaders in their respective markets
- Amendment No. 2 to Form 10 filed in October
- Evaluation of sale options of MHE is nearing conclusion
- Expect decision on sale vs. spin-off in coming weeks
- Maximizing shareholder value is key to the decision
- Timing will be dictated by which path is selected

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Growth and Value Plan – Achieving Commitments

- **Cost reductions:**
  - Remain on track for more than $100 million in run-rate cost savings by year-end
- **Share repurchases:**
  - During the 3rd quarter, 5.9 million shares were repurchased for a total of $295 million at an average price of $50.35 per share
- **Investing for growth:**

McGraw-Hill

Q3 2012: Strong EPS Growth

Growth and Value Plan: Finalizing Sale vs. Spin-off Decision

McGraw-Hill Financial: Excellent Quarter

McGraw-Hill Education: Challenging Market

Pro forma McGraw-Hill Financial: Strong Quarterly Results

McGraw-Hill Financial (pro forma)

($ in millions)	3Q 2012	3Q 2011	Change
Revenue	$1,117	$971	+15%
Adj. Operating Profit	$402	$333	+21%
Adj. Operating Margin*	36.0%	34.3%	+170 bps

NOTE: The pro forma results are informational and are not intended to represent what the results for the new McGraw-Hill Financial would have been had the separation occurred for the quarterly period ended September 30, 2012

* Excludes corporate expense

3Q highlights:

– 11% organic revenue growth

– 4% growth from acquisitions (Coalition, CMA, R^2 Financial, QuantHouse) and the S&P Dow Jones Indices joint venture

– Operating margin increased due to Standard & Poor's Ratings and Commodities & Commercial Markets

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Pro forma McGraw-Hill Financial: Delivers Revenue Growth Globally

McGraw-Hill Financial (pro forma)

($ in millions)	3Q 2012	3Q 2011	Change
Domestic Revenue	$668	$570	+17%
International Revenue	$449	$401	+12%
Total McGraw-Hill Financial	**$1,117**	**$971**	**+15%**
International % of total	40%	41%	

NOTE: The pro forma results are informational and are not intended to represent what the results for the new McGraw-Hill Financial would have been had the separation occurred for the quarterly period ended September 30, 2012

Standard & Poor's Ratings segment remains the most international with 45% of 3Q revenue from outside the U.S.

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Standard & Poor's Ratings Services: Strongest Quarter in Since 3Q 2007

Standard & Poor's Ratings Services

($ in millions)	3Q 2012	3Q 2011	Change
Revenue	$502	$410	+22%*
Adj. Segment Op. Profit	$217	$169	+28%
Adj. Segment Op. Margin	43.2%	41.3%	+190 bps

* Excluding revenue from Coalition, which was acquired in July 2012, revenue would have increased 21%

3Q highlights:

– Quarterly revenue exceeded $500 million for the first time in 19 quarters

– 81% growth of worldwide corporate ratings issuance drove revenue

– Transaction revenue grew 64% to $215 million

STANDARD & POOR'S RATINGS SERVICES

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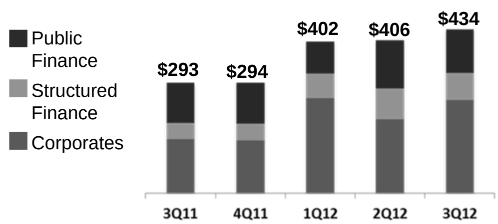
Global Debt Issuance: ECB and Fed Jumpstart Bond Markets

United States

48% increase year-over-year in 3Q

(issuance, $ in billions)



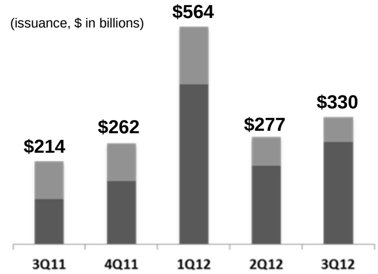
Note: Excludes sovereign issuance

U.S. speculative-grade corporate bond issuance reached a record of $85.4 billion in 3Q 2012

Europe

54% increase year-over-year in 3Q

(issuance, $ in billions)



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Standard & Poor's Ratings Services: Transaction Revenue Soars

Standard & Poor's Ratings Services Revenue

($ in millions)	3Q 2012	3Q 2011	Change
Non-transaction	$287	$279	+3%
Transaction	$215	$131	+64%

($ in millions)	3Q 2012	3Q 2011	Change
International	$227	$203	+12%
Domestic	$275	$207	+33%

- Lapping a weak issuance in 3Q 2011
- Surge in 3Q 2012 transaction revenue was driven by a 72% increase in U.S. corporate issuance and a 126% increase in European corporate issuance

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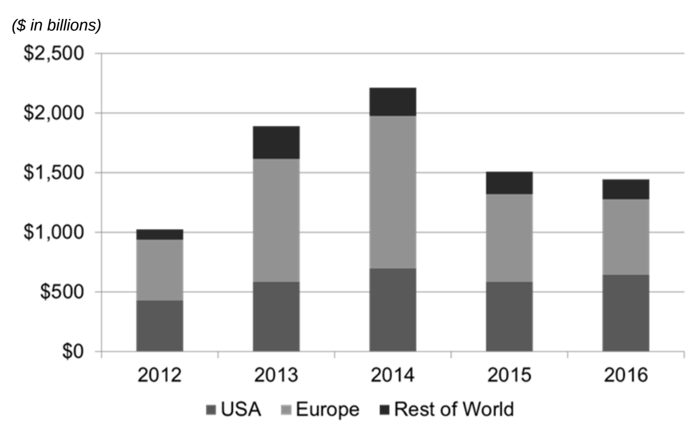
Standard & Poor's Ratings Outlook: Rising Debt Maturities

Standard & Poor's estimates that about $8 trillion in corporate debt will mature from 2012 though year-end 2016



Source: Q&A: Global Credit Markets Face Rising Debt Maturities,
Standard & Poor's Global Fixed Income Research – September 2012

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Standard & Poor's Ratings: Continued Progress on Litigation Front

- **Update:**
  - 30 cases now dismissed outright
  - 9 dismissals by lower courts have been affirmed by higher courts
  - 10 cases have been voluntarily withdrawn
  - Several dozen cases remain outstanding
  - We expect to go to trial in May 2013 for fraud claims in Abu Dhabi case (aiding and abetting and negligent misrepresentation claims have been dropped)
- **Continue to believe that the legal risk of pending litigation remains low**

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S&P Capital IQ / S&P Indices: Double-Digit Revenue Growth

S&P Capital IQ / S&P Indices

($ in millions)	3Q 2012	3Q 2011	Change
Revenue	$393	$349	+13%*
Adj. Segment Op. Profit	$119	$113	+5%
Adj. Segment Op. Margin	30.2%	32.3%	(210 bps)

* Excluding CMA, R^2 Financial, QuantHouse and Dow Jones Indexes, revenue increased 2%

3Q highlights:

- Inorganic growth resulted in an 11% increase in revenue
- Organic growth was from S&P Capital IQ
- Margin declines resulted from technology investments in new real-time and portfolio capabilities as well as from a decline in trading volume of exchange-traded derivatives

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S&P Capital IQ:
Key Products Grow Double Digit

S&P Capital IQ

($ in millions)	3Q 2012	3Q 2011	Change
Revenue	$284	$261	+9%*

* Excluding CMA, R^2 Financial, and QuantHouse, revenue increased 5%

3Q highlights:

- Two key products, S&P Capital IQ (within Desktop Solutions) and Global Data Solutions (within Enterprise Solutions) both delivered solid growth
- S&P Capital IQ delivered double-digit client and subscriber growth
- These results were offset somewhat by revenue weakness from Equity Research

S&P CAPITAL IQ

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S&P Capital IQ:
Focused on Innovation and Integration

- **Execution of product innovations and integration of our newly acquired assets and partnerships is foremost priority**

R^2 FINANCIAL TECHNOLOGIES

QUANTHOUSE

cma

Innovation: S&P Capital IQ ranked in *Institutional Investor's* annual "2012 Tech 50" for the first time

Integration: In addition to integrating the technology, our strategy is to deploy an integrated sales effort that can assemble any combination of S&P Capital IQ products in a customer offering

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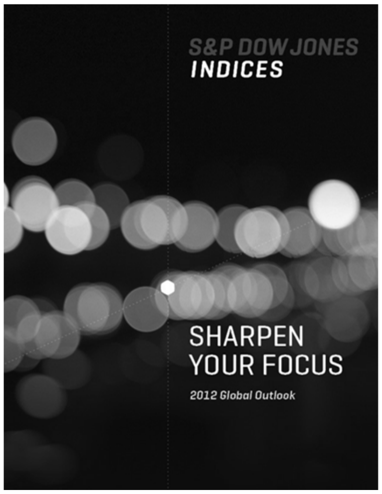
S&P Dow Jones Indices Joint Venture

The joint venture is in effect and operating



- Business processes are being streamlined and integrated
- CME relationship creating new opportunities

CME's relationship with BM&F BOVESPA yields new opportunity

BM&FBOVESPA
The New Exchange

A U.S. dollar denominated S&P 500® Index future settled in the Brazilian real was launched, making it the first derivative of a U.S stock index to trade on the Brazilian Exchange

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S&P Indices: First Quarter with Dow Jones Indices

S&P Dow Jones Indices

($ in millions)	3Q 2012	3Q 2011	Change
S&P Indices	$82	$88	(7%)
DJ Indexes	$27	N/A	--
Revenue	**$109**	**$88**	**+24%**

3Q highlights:

- Assets under management (AUM) in exchange-traded funds linked to S&P indices grew 40% year-over-year to $390 billion; including the Dow Jones Indexes, AUM reached $454 billion
- A double-digit revenue increase related to ETFs and mutual funds did not offset the revenue decline related to derivatives
- Trading volume of exchange-traded derivatives was down 41% vs. a very robust 3Q 2011

S&P DOW JONES INDICES

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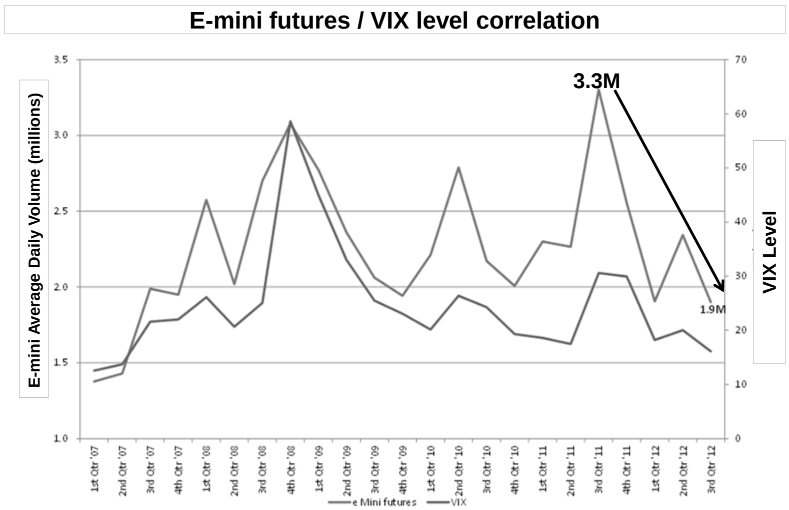
Derivative Trading Volume Down from Unusually Strong 3Q 2011



- E-mini futures ADV correlated to VIX level
- VIX intra-quarter declines resulted in lower volumes for Q3 2012

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Commodities & Commercial Markets: Continued Margin Expansion

Commodities & Commercial Markets

($ in millions)	3Q 2012	3Q 2011	Change
Revenue*	$239	$228	+5%
Adj. Segment Op. Profit*	$66	$51	+29%
Adj. Segment Op. Margin*	27.6%	22.4%	+520 bps

3Q highlights:

- Platts and J.D. Power drove 3Q revenue growth
- $5 million expense decrease helped lift operating margin
- International revenue grew 15% and represented 44% of total segment revenue

* Revenue and operating profit for 3Q 2011 are based on continuing operations and reflect the reclassification of the Broadcasting Group as a discontinued operation

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Commodities: Double-Digit Growth

Commodities

($ in millions)	3Q 2012	3Q 2011	Change
Revenue	$121	$107	+13%

3Q highlights:

- Growth in petroleum product subscriptions continued to be the primary growth driver
- Bentek Energy® delivered double-digit growth
- Revenue from derivatives trading also delivered double-digit growth

platts

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Growth and Value Plan – Moving into Agricultural Commodities

Platts leverages biofuels presence to make first foray into agricultural commodities with acquisition of Kingsman

KINGSMAN
energy from nature

- Kingsman is a leader in market analysis and research in sugar, biofuels, and biofuel feedstocks
- Based in Lausanne with offices in London, Montreal, New Delhi, and São Paulo
- Like many of the markets Platts serves today, agriculture is a large, complex, global commodity market where we believe Platts can add value for market participants

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Commercial:
J.D. Power's Growth Offset

Commercial

($ in millions)	3Q 2012	3Q 2011	Change
Revenue	$118	$121	(2%)

3Q highlights:

- J.D. Power's revenue growth was offset by modest declines in remainder of portfolio
- J.D. Power's Power Information Network® (PIN), proprietary research, and automotive consulting all contributed to the revenue growth of this franchise

J.D. POWER AND ASSOCIATES®

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Q3 2012: Strong EPS Growth

Growth and Value Plan: Finalizing Sale vs. Spin-off Decision

McGraw-Hill Financial: Excellent Quarter

McGraw-Hill Education: Challenging Market

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McGraw-Hill Education
Challenging Market Environment

McGraw-Hill Education

($ in millions)	3Q 2012	3Q 2011	Change
Revenue	$836	$937	(11%)
Adj. Segment Op. Profit	$268	$315	(15%)
Adj. Segment Op. Margin	32.1%	33.6%	(150 bps)

3Q highlights:

– As business becomes more subscription based, deferred revenue increases; excluding this impact, revenue decreased 7%

– Difficult economic environment, particularly in the K–12 market

McGraw Hill Education

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McGraw-Hill Education: Higher Education, Professional and International Group

($ in millions)	3Q 2012	3Q 2011	Change
HPI Revenue	$484	$517	(6%)

3Q highlights:

– Decrease largely driven by International

– Migration to digital solutions helps mitigate difficult economic conditions

– LearnSmart™ usage grew 115% to more than 890,000 students

McGraw Hill LearnSmart™

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McGraw-Hill Education:
School Education Group

($ in millions)	3Q 2012	3Q 2011	Change
SEG Revenue	$352	$420	(16%)

3Q highlights:

– K–12 revenue was down due to weak state funding; 2012 expected to be the lowest funding year in a decade

– Revenue decline offset somewhat by tight expense controls

– According to AAP statistics, August YTD industry K–12 net sales were down 14%

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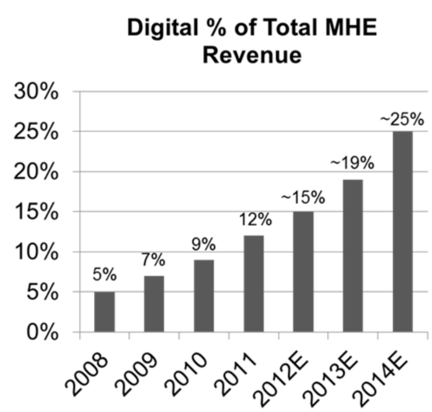
McGraw-Hill Education:
Catalysts for Growth



Proliferation of Digital

- Virtually 100% of MHE's content is available in digital form
- Digital devices are becoming more pervasive

Demand for Improved Outcomes

Adaptive digital learning programs have demonstrated improvements in learning outcomes

Common Core State Standards

Assessments begin in 2014. This should drive demand for both teaching materials and assessments

Macro Environment

Home prices appear to have hit bottom, which bodes well for the recovery of state revenues from property taxes

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McGraw-Hill Education Employees

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Summary

- McGraw-Hill Financial continues to deliver solid top- and bottom-line growth
- Separation of McGraw-Hill Education is approaching and the business is becoming a stand-alone company with an appropriate cost structure
- McGraw-Hill is delivering on its Growth and Value Plan commitments with the pending separation, tuck-in acquisitions, sizeable cost reductions, and aggressive share repurchases

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The McGraw-Hill Companies

Jack Callahan
Executive Vice President
and Chief Financial Officer

The McGraw-Hill Companies

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Excellent MHF Growth in Contrast to Weak Quarter at MHE

McGraw-Hill Financial (pro forma)

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Revenue	$1,117	$971	+15%
Pro forma Op. Profit*	$402	$333	+21%
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NOTE: The pro forma results are informational and are not intended to represent what the results for the new McGraw-Hill Financial would have been had the separation occurred for the quarterly period ended September 30, 2012

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* Excludes corporate expense

Limited Growth Overall

McGraw-Hill (consolidated)

($ in millions)	3Q 2012	3Q 2011	Change
Total Revenue	$1,953	$1,908	2%
Adjusted Expenses*	$1,326	$1,301	2%
Adjusted Operating Profit	$627	$607	+3%
Adjusted Operating Margin	32.1%	31.8%	30 bps

* Includes corporate expenses

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Double-Digit EPS Growth as New Joint Venture Impacts Below-the-Line Comparisons

($ in millions)	3Q 2012	3Q 2011	Change
Adjusted Operating Profit	$627	$607	+3%
Interest Expense	$20	$18	+11%
Tax Rate	33.7%*	36.3%	(260 bps)
Less: Noncontrolling Interests	($24)**	($8)	(200%)
Adjusted Net Income	$379	$366	+4%
Adjusted Diluted EPS	$1.33	$1.21	+10%
Shares Outstanding (in millions)	285	304	(6%)

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

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Significant Business Development Impact on S&P Capital IQ

R2 FINANCIAL TECHNOLOGIES QUANTHOUSE cma

- **Accretive to revenue growth**
- **Dilutive to profits due to:**
  – Ongoing investments to develop and integrate technology
  – Additional real-time exchange information is being sourced and included
  – Acquisition-related amortization

S&P Dow Jones Indices Joint Venture: Impact on Results

– McGraw-Hill owns 73% of S&P Dow Jones Indices, CME Group owns 24.4%, and Dow Jones & Company, Inc. indirectly owns 2.6%

– 100% of revenue and expenses from the joint venture are reported in McGraw-Hill's income statement

– 3Q revenue includes $82 million from S&P Indices and $27 million from Dow Jones Indexes

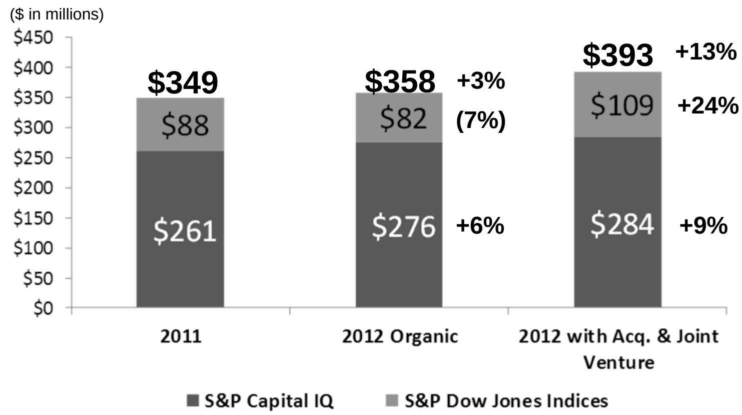
– Net income associated with CME's 27% ownership in the joint venture, $18 million in Q3, is now included in "net income attributable to noncontrolling interests"

– There is no tax provision by McGraw-Hill related to this $18 million

S&P DOW JONES INDICES

Significant Top-line Growth Driven by Business Development

Revenue:
S&P Dow Jones Joint Venture and S&P Capital IQ



Note: Joint venture reflects impact of Dow Jones Indices and new licensing agreement with CME Group. S&P Capital IQ acquisitions include QuantHouse, CMA, and R^2 Financial

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S&P Dow Jones Indices Joint Venture: Impact on Effective Tax Rate

3Q 2012	MHP Reported (As Adjusted)	Partners' Share of JV Income	MHP w/out Partners' Share of JV Income
Income before taxes	$607	$18	$589
Provision for taxes	$204	$ 0	$204
Income from continuing operations	$403	$18	$385

3Q12 effective tax rate 33.7%
YTD effective tax rate 35.0%

3Q12 tax provision 34.6%
YTD tax provision 35.6%

The 2012 full-year reported effective tax rate is expected to be ~35%

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Cash Position of $1.2 Billion and Strong Free Cash Flow

($ in millions)	3Q 2012 YTD	3Q 2011 YTD
Cash provided by operating activities	$847	$1,038
Investment in prepublication costs	(119)	(105)
Capital expenditures	(79)	(70)
Dividends paid to shareholders	(216)	(225)
Dividends paid to noncontrolling interests	(13)	(11)
Free cash flow	$420	$627

Expect to pay down approximately $400 million of maturing debt in 4Q12

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Growth and Value Plan: Progress Update

- **Separation activities on track**
- **Initiatives driving $100 million cost savings**
  - **McGraw-Hill Education Cost Structure Repositioning**: Workforce reduced by more than 10%, coupled with selected digital investments
  - **Benefits Realignment**: U.S. pension plan and healthcare realigned
  - **Partnering**: Migration of various accounting, IT, and HR activities to world-class partners
  - **McGraw-Hill Financial Restructuring**: Targeted streamlining of operations across McGraw-Hill Financial
- **$99 million of one-time Growth and Value Plan related expenses in Q3 (professional fees and restructuring)**

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2012: A Remarkable Year

- Exceeding EPS expectations and increased adjusted diluted EPS guidance to a range of $3.35 to $3.40
- Continuing to expand the McGraw-Hill Financial portfolio with “tuck-in” acquisitions and selective partnerships like CME
- Positioned to make a decision on sale versus spin-off for McGraw-Hill Education in the coming weeks
- Work is on track to separate into two leading companies
- On track to deliver at least $100 million in cost reductions, on a run-rate basis, by year-end
- Expect a solid finish to 2012

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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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