



1Q 2013 Earnings Call
April 30, 2013

Harold McGraw III
Chairman, President and CEO

Jack Callahan
Executive Vice President and CFO

Kenneth Vittor
Executive Vice President and General Counsel

Chip Merritt
Vice President, Investor Relations

"McGraw Hill Financial" is subject to shareholder approval

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 April 30, 2013 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 March 31, 2013, 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 removed from the consolidated balance sheet as of March 31, 2013 and classified as held for sale as of December 31, 2012.

“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.

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

HAROLD MCGRAW III
CHAIRMAN, PRESIDENT
AND CHIEF EXECUTIVE OFFICER





McGraw Hill Financial Launch

- Today we report first quarter earnings as a new company – McGraw Hill Financial
- Shareholder approval of the new name is anticipated at tomorrow's annual meeting
- Pending approval, the new McGraw Hill Financial will be formally launched
- New ticker symbol will begin trading on the NYSE on May 14th
- To celebrate we will be ringing the closing bell that day

MHFI



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McGraw Hill Financial's Vision and Mission

VISION	To be the foremost provider of ratings, benchmarks, and analytics in the global capital and commodity markets
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MISSION	Promote sustainable growth by bringing transparency and independent insights to the global capital and commodity markets
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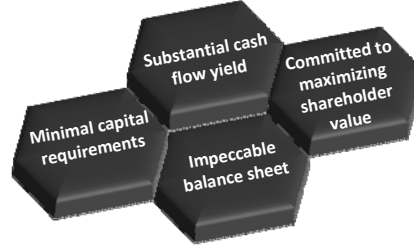


McGraw Hill Financial – Key Attributes

Important Brands & Attractive Markets



Impressive Financial Leverage



Core Capabilities



Deep Customer Relationships



Unique Portfolio of Assets



THE
LEADING BRANDS
 IN
 RATINGS, BENCHMARKS
 AND
ANALYTICS.



**McGRAW HILL
 FINANCIAL**
 Essential Intelligence





McGraw Hill Financial: Strong Start to Year

(\$ in millions)	1Q 2013	1Q 2012	Change
Revenue	\$1,181	\$1,035	+14%
Adj. Operating Profit	\$399	\$311	+28%
Adj. Operating Margin	33.8%	30.0%	+380 bps
Diluted Adjusted EPS	\$0.80	\$0.62	+29%

1Q 2013 highlights:

- 10% organic revenue growth
- S&P Ratings, Platts, and S&P Dow Jones Indices delivered the strongest organic revenue growth
- EPS growth augmented by lower interest expense, lower tax rate, and cost control

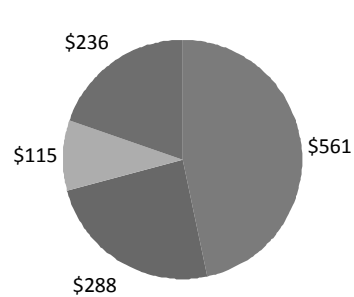
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1Q 2013 Results by Segment

Revenue: \$1,181 million

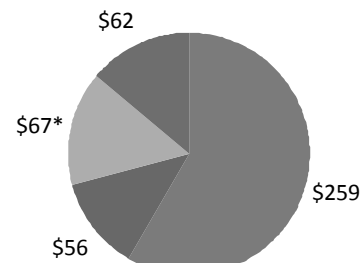
(\$ in millions)



- S&P Ratings
- S&P Capital IQ
- S&P Dow Jones Indices
- Commodities & Commercial

Operating Profit: \$444 million

(\$ in millions)



- S&P 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 \$18 million

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Standard & Poor's Ratings Services: Great Start

Increased U.S. corporate issuance drove revenue growth while renascent U.S. structured issuance helped expand margins

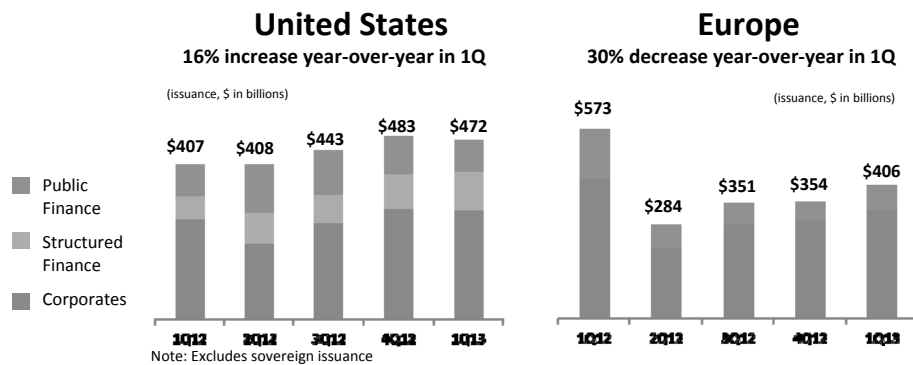
(\$ in millions)	1Q 2013	1Q 2012	Change
Revenue	\$561	\$466	+20%
Segment Op. Profit	\$259	\$186	+39%
Segment Op. Margin	46.1%	40.0%	+610 bps

Record revenue for a 1st quarter

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Global Debt Issuance: Positive Issuance Trends Continue



- Total corporate issuance reflects a 31% increase in high yield and a 16% decrease in investment grade
- U.S. structured issuance increased driven by upbeat CLO and CMBS issuance. This is promising as securitization is a great sign that capital is being deployed into the economy creating growth, consumer demand and jobs
- Government programs impaired European structured issuance

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Standard & Poor's Ratings Services: Two Views of Revenue

(\$ in millions)	1Q 2013	1Q 2012	Change
Non-transaction	\$297	\$272	+9%
Transaction	\$264	\$194	+36%

(\$ in millions)	1Q 2013	1Q 2012	Change
International	\$248	\$218	+14%
Domestic	\$313	\$248	+27%

- Non-transaction growth driven by entity credit rating growth
- Transaction growth was the result of an improved issuance mix with a 31% increase in high-yield issuance and increases in CMBS, CDO (primarily CLO) issuance, and bank loan ratings

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Standard & Poor's Ratings Services: Litigation Update

Two matters that were pending in federal court in New York:

Abu Dhabi:

- Trial was set to commence on May 13, 2013
- The case involved claims relating to investments in the Cheyne Structured Investment Vehicle by 14 large institutional investors

King County:

- The case involved claims relating to investments in the Rhinebridge Structured Investment Vehicle by 2 large institutional investors

Settlement:

- As we will be disclosing in our Form 10-Q, the Company has settled these two cases for a total of approximately \$77 million
- No admission of liability or wrongdoing

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Standard & Poor's Ratings Services: Litigation Update

- **DOJ complaint:** On April 22nd the company responded to the DOJ complaint with a motion to dismiss the entire complaint because:
 - Corporate statements referring to independence and objectivity are not actionable under federal law, as determined by the U.S. Court of Appeals for the Second Circuit, in a case involving the very same statements, and
 - The complaint does not include facts showing that S&P did not believe its CDO ratings when it issued them, nor that it had a specific intent to defraud CDO investors
 - The DOJ now has the opportunity to respond to our motion, and the arguments of both sides will be heard by the judge later this year

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Standard & Poor's Ratings Services: Litigation Update

- **State actions:** The Company removed all of the State Attorneys General actions (except California) from state to federal court and asked the federal panel on multidistrict litigation (JPML) to transfer them before a single federal court for all pretrial proceedings
 - Oral argument has been scheduled by the JPML to be held on May 30th
 - Seven State Attorneys General cases have been stayed pending the decision by the JPML on our motion for consolidation. The Company has filed motions asking courts in other states to do the same
 - In North Carolina, the federal court has denied the stay motion but has not remanded the case to state court
 - A federal court has granted the Connecticut State Attorney General's remand motion

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Standard & Poor's Ratings Services: Litigation Update

• Other litigation:

- 32 cases now dismissed outright
 - The District court of Southern Florida dismissed all of Space Coast's claims – which involved CDOs that are also at issue in the DOJ complaint – citing a number of pleading inadequacies
- 11 dismissals by lower courts have been affirmed by higher courts
- 10 cases have been voluntarily withdrawn
- Several dozen cases remain outstanding
- A notice of appeal has been filed in connection with the LGFS Australian judgment
- IMF Australia LTD. has filed another structured finance case in Australia related to 8 CDOs rated in 2005 through 2007

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S&P Dow Jones Indices: AUM Surpasses \$500 Billion

(\$ in millions)	1Q 2013	1Q 2012	Change
S&P Index Revenue	\$86	\$79	+9%
Dow Jones Index Revenue	\$29		
Total Revenue	\$115	\$79	+45%
Segment Op. Profit	\$67	\$45	+47%
MHP Share of Op. Profit	\$49	\$45	+7%
Segment Op. Margin	57.9%	57.4%	50 bps

1Q highlights:

- Assets under management (AUM) in exchange-traded funds linked to S&P Indices grew 26% year-over-year to \$450 billion; including the Dow Jones Indexes, AUM reached \$525 billion
- Trading volume of exchange-traded derivatives increased by double digits
- Revenue declines in mutual funds and modest growth in data subscriptions tempered revenue growth


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 **SPDR S&P 500 (Symbol: SPY) Celebrates 20th Anniversary**



- Launched in January 1993 with just \$6.5 million in assets
- Now the world's largest ETF with more than \$130 billion in assets under management
- The most traded ETF with an average daily volume of 144 million shares
- Provides outstanding liquidity to institutional investors

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 **S&P Dow Jones Indices Continues to Leverage Relationships**

**S&P DOW JONES
INDICES**

Recent
Joint
Venture

**Integration completed in 1Q 2013 –
nine months after joint venture created**

CBOE
CHICAGO BOARD OPTIONS EXCHANGE

Extend
License
Terms

**Amended license agreement to extend
exclusive rights to certain security
options contracts through 2032**

Bombay Stock Exchange Limited
BSE
The edge is efficiency

New
Exchange
Alliance

**Created strategic partnership to
calculate, disseminate, and license the
widely followed suite of BSE indices**

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Consolidated Real-Time Data Feed Launched February 2013

QuantHouse enables connections to global exchanges using a single normalized API that is physically located in each region

Consolidated exchange feeds represent 85% of the \$2B real-time market

We are building a translation interface to ease implementation



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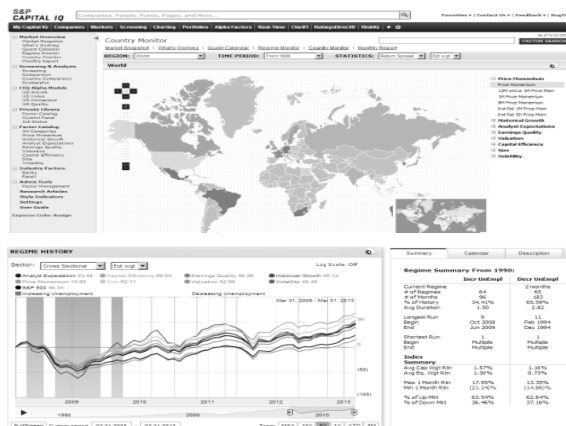


Alpha Factor Library Launched February 2013

Content and analytics for global fundamental and quantitative portfolio managers

Using Global Point-In-Time databases, the Alpha Factor Library provides portfolio managers, quantitative analysts, and researchers with actionable trading ideas that can drive achievable alpha

Early users are utilizing the tool for strategy attribution and asset allocation



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Commodities & Commercial Markets: Little Change

Platts' strong performance offset by Commercial's results

(\$ in millions)	1Q 2013	1Q 2012	Change
Revenue	\$236	\$233	+1%
Segment Op. Profit	\$62	\$64	(2%)
Segment Op. Margin	26.4%	27.3%	(90 bps)

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Commodities: Continued Steady Growth

Commodities

(\$ in millions)	1Q 2013	1Q 2012	Change
Revenue	\$130	\$118	+10%

1Q highlights:

- Growth in petroleum product subscriptions continued to be the primary growth driver
- Licensing revenue from petroleum derivatives trading increased more than 25%
- Petrochemical product subscriptions delivered high single-digit growth
- Upgrading price reporting capabilities and real-time news
- Platts launched its Market on Close assessment process for iron ore in March through its eWindow technology

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Commercial: Challenging Comparison

Commercial

(\$ in millions)	1Q 2013	1Q 2012	Change
Revenue	\$106	\$115	(8%)

1Q highlights:

- J.D. Power revenue lower primarily due to reduced licensing from recent award recipients and prior year record results
- ~30% of J.D. Power revenue is now from Asia
- New McGraw Hill Construction products launched within last two years now represent 18% of the annualized contract value
- Aviation Week revenue primarily lower due to the biennial Singapore Air Show that took place in 1Q 2012

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McGraw Hill Financial

We have a new name

...a new ticker

...a new brand identity


...yet our history of integrity and ingenuity perseveres



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JACK CALLAHAN
EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER



 McGraw-Hill Financial 1Q 2013: 29% Adjusted EPS Growth

(\$ in millions)	1Q 2013	1Q 2012	% Change
Revenue	\$1,181	\$1,035	+14%
Segment Operating Profit	\$444	\$357	+24%
Less: Adjusted Unallocated Expense	(\$45)	(\$46)	(2%)
Adjusted Consolidated Operating Profit	\$399	\$311	+28%
Tax Rate	35.0%	37.5%	(250 bps)
Noncontrolling Interests*	(\$21)	(\$5)	+320%
Adjusted Net Income	\$228	\$176	+29%
Adjusted Diluted EPS	\$0.80	\$0.62	+29%

* 2013 noncontrolling interest line includes the 27% ownership of the S&P Dow Jones Indices joint venture

1Q 2013 Adjustments to Earnings (Pre-Tax)

Growth and Value Plan costs winding down in 2013

(\$ in millions)	1Q 2013
Growth and Value Plan (GVP) Costs	\$44
Legal Settlements	~\$77
Total	\$121

- GVP costs necessary to separate McGraw-Hill Education: a new payroll provider, the closure of a data center, and a realigned Human Resource service center (approximately half of these were non-cash costs)
- Anticipate remaining 2013 GVP cash costs will be approximately \$20-\$25 million

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1Q 2013 Key Cash Items

(\$ in millions)	
Cash received from MHE sale	\$2,400
Closing adjustments on sale of MHE	~(\$200)
Taxes due on gain (not yet paid)	~(\$300)
Repayment of short-term debt	~(\$450)
Accelerated share repurchase program	(\$500)
(\$ in millions)	1Q 2013
Cash and equivalents*	\$1,905
Total debt	\$800

* Upon completion of final cash transfers related to the sale of McGraw-Hill Education, approximately one half of the first quarter balances will be outside the U.S.

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Accelerated Share Repurchase Impact on Share Count

(\$ in millions)	Shares
Diluted average shares outstanding 3/31/13	284.3
ASR shares received to date	8.6
Adjusted diluted average shares outstanding*	275.7

- No impact on the diluted average number of shares outstanding in the first quarter due to timing
- Impact will be more pronounced in the second quarter (may be offset modestly by option exercise activity)
- Approximately 8 million shares remain under the existing authorization
- A modest number of additional shares are likely to be received once ASR is complete

* Assuming no change in the incremental diluted shares

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2013 Free Cash Flow Guidance

Three key timing related items reduce 2013 free cash flow

- 2013 free cash flow guidance remains \$650 - \$700 million
- Three key timing-related 2013 cash payments impacted this guidance:
 - Impact of 2012 restructuring liability: \$100 million
 - Payment of 4Q 2012 estimated tax liability: \$130 million
 - 2012 incentive compensation above year ago: \$70 million
 - Approximately 75% of these 2013 payments occurred in Q1

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Summary and Outlook

- Solid start to year
- Maintaining existing EPS guidance of \$3.10 to \$3.20 despite a reduction in interest income due to the elimination of the \$250 million 8.5% note on the sale of McGraw-Hill Education
- Second half comparisons become more difficult
- Exceptional balance sheet provides flexibility going forward

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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

- Telephone: **Replay available through May 30, 2013**
Domestic: **800-925-0424**
International: **402-998-0539**
No password required
