

# Overview

## McGraw Hill Financial

2014 was an important year for McGraw Hill Financial. It was during Investor Day in March 2014 that the Company unveiled its vision for creating growth and driving performance. This vision included plans for expanding globally, engaging customers, driving innovation, boosting operational excellence and productivity, and attracting and developing global talent. The Company launched its Growth & Performance goals for 2014–2016 after the successful completion of its Growth and Value Plan which formed McGraw Hill Financial.

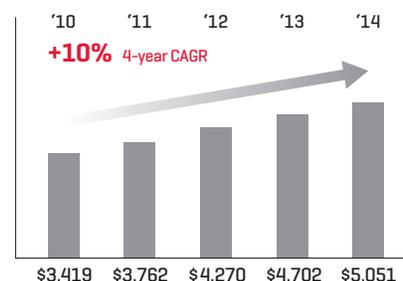
Due to the efforts of McGraw Hill Financial's employees, the Company was able to deliver solid annual revenue and margin results in 2014. The Company also recently resolved significant legal and regulatory matters, completed the portfolio rationalization of its media assets with the sale of McGraw Hill Construction, and positioned itself for more profitable growth and better performance in the future.

McGraw Hill Financial will continue to focus on creating growth and driving strong financial performance in 2015 by providing new and enhanced solutions to its customers, extending its international capabilities, and adhering to a highly disciplined capital allocation approach. All this, while operating with the highest levels of independence, objectivity, and regulatory compliance—time-tested hallmarks of a stable and sustainable Company that has been providing essential intelligence and fulfilling the need for quality benchmarks and analytics for more than 125 years.

[www.mhfi.com](http://www.mhfi.com)

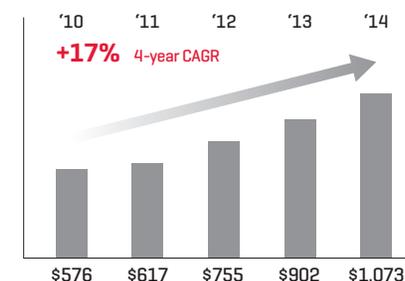
### Annual Revenue Growth

[dollars in millions]



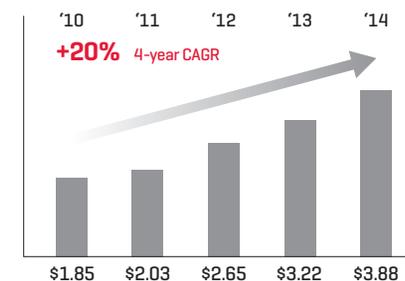
### Adjusted Net Income Attributable to MHFI from Continuing Operations

[dollars in millions]



### Adjusted Diluted EPS

[in dollars]



See footnotes on page 8

See Reconciliation of Adjusted Information to U.S. GAAP on pages 66 and 67

In 2014, McGraw Hill Financial delivered on all the annual financial targets set forth in the Growth & Performance goals established by the Company in March 2014. Each McGraw Hill Financial business unit delivered revenue growth, increased adjusted operating profit, and improved adjusted operating margin. This balanced contribution across all business units is a core strength of McGraw Hill Financial and the catalyst for sustained growth, performance, and shareholder value.

## Creating Growth & Driving Performance



### Growth & Performance Goals: 2014-16

Mid to high single-digit revenue growth

Sustained margin expansion aided by productivity initiatives

Mid-teens adjusted diluted EPS growth

\$1.0 billion+ in annual free cash flow to provide significant financial flexibility

Maintain disciplined capital allocation approach:

- Continue to pursue attractive acquisitions
- Sustain dividend growth and share repurchases

Complete portfolio rationalization with evaluation of strategic alternatives for McGraw Hill Construction

Target at least \$100 million in productivity savings for 2014–2016

### 2014 Results

**7% revenue increase**

**280 basis-point increase in adjusted operating margin**

**20% increase in adjusted diluted EPS**

**More than \$1.0 billion of free cash flow**

**Acquired Eclipse Energy Group**

**Increased dividend by 10%**

**Repurchased 4.4 million shares**

**Completed sale of McGraw Hill Construction**

**Increased cost savings target to \$140 million**

*McGraw Hill Financial is a leader in credit ratings, benchmarks, and analytics for the global capital, commodity, and corporate markets*

# MHFI: Strong Track Record of Creating Shareholder Value

## Disciplined Approach to Capital Allocation

McGraw Hill Financial has a strong heritage of delivering shareholder value while maintaining a disciplined approach to capital allocation. The recent resolution of significant legal and regulatory issues facing the Company gives MHFI renewed flexibility in managing its balance sheet.

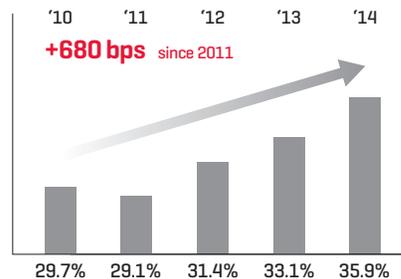
## Capital Allocation Decisions

Capital Use	Principles
<b>Organic Growth</b>	Fund high-return initiatives
<b>Value-Creating Acquisitions</b>	Pursue businesses aligned with strategic and financial criteria
<b>Dividends</b>	Maintain track record of annual dividend increases
<b>Share Repurchases</b>	Repurchase shares based on market conditions
<b>Increase/Decrease Leverage</b>	Maintain investment-grade rating

## Sustained Margin Expansion...

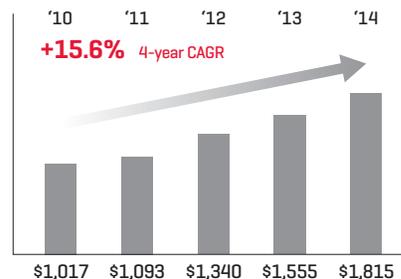
In 2014, total adjusted expenses for the full year increased less than 3% contributing to a year-over-year 280 basis-point improvement in adjusted operating profit margin and a 17% increase in adjusted operating profit. The combination of increased revenue and improved profitability led to more than \$1.0 billion in free cash flow for the year.

Adjusted Operating Profit Margin



Adjusted Total Operating Profit

(dollars in millions)

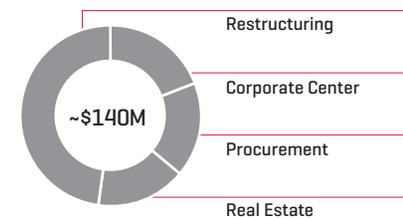


See Reconciliation of Adjusted Information to U.S. GAAP on pages 66 and 67

## ...Aided by Productivity Initiatives

McGraw Hill Financial has initiatives in place to deliver approximately \$140 million in productivity savings by the end of 2016—a \$40 million increase from the Company's original goal.

## Now Expect \$140 million in Cost Savings by 2016



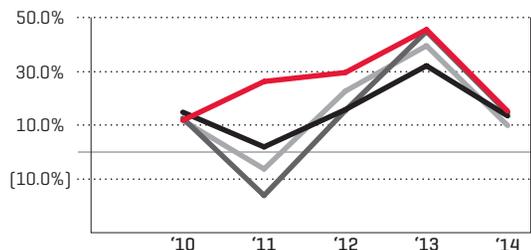
## Enhancing Productivity at Standard & Poor's Ratings Services

Standard & Poor's Ratings' "The Way We Work" is an internal program designed to streamline its processes to adapt to a constantly changing marketplace. Using a global approach with local implementation, the process is driven and shaped by each regional practice and is led by cross-functional workgroups encompassing the end-to-end ratings process to help identify process improvements and to balance resources.

## Delivering Exceptional Shareholder Returns

### Total Shareholder Return<sup>(1)</sup>

Years ended December 31



	'10	'11	'12	'13	'14
MHFI	12.0%	26.5%	29.8%	45.9%	15.4%
S&P 500 Index	15.1%	2.1%	16.0%	32.4%	13.7%
New Peer Group	12.8%	[16.0%]	15.7%	45.2%	14.8%
Prior Peer Group	12.0%	[6.1%]	22.9%	39.9%	10.1%

[1] Calculated using dividend-adjusted closing share price

Note: Total Shareholder Return represents stock price appreciation plus reinvestment of dividends

Source: S&P Capital IQ

The Company's total shareholder return of 15.4% in 2014 outperformed the 13.7% return for the S&P 500

MHFI's total shareholder return has exceeded the broader market over the last ten-, five- and three-year periods, as of year-end 2014

## Free Cash Flow Provides Financial Flexibility

### Free Cash Flow

Years ended December 31

(dollars in millions)	2010	2011	2012	2013	2014
Cash provided by operating activities	\$704	\$924	\$730	\$782	\$1,209
Capital expenditures	(86)	(92)	(96)	(117)	(92)
Dividends and other payments paid to noncontrolling interests	(34)	(23)	(24)	(75)	(84)
<b>Free cash flow</b>	<b>\$584</b>	<b>\$809</b>	<b>\$610</b>	<b>\$590</b>	<b>\$1,033</b>

### Net [Cash] Debt to EBITDA

Years ended December 31

(dollars in millions)	2010	2011	2012	2013	2014
Cash and equivalents & short-term investments	\$1,439	\$864	\$761	\$1,560	\$2,500
Total debt	1,198	1,198	1,256	799	799
Net [cash] debt	(241)	334	495	(761)	(1,701)
EBITDA	\$1,112	\$1,178	\$1,311	\$1,495	\$247
<b>Net [cash] debt to EBITDA</b>	<b>[0.2x]</b>	<b>0.3x</b>	<b>0.4x</b>	<b>[0.5x]</b>	<b>[6.9x]</b>

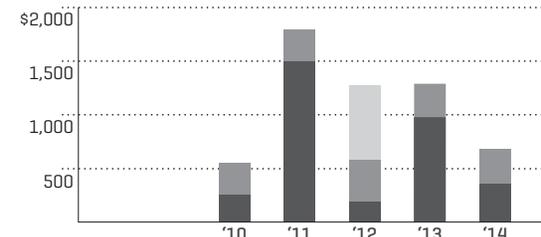
See pages 58 and 59 for 11-year Free Cash Flow table and footnotes

See page 63 for current Summary of Debt Outstanding

## \$688 Million in Dividends and Share Repurchases Returned to Shareholders in 2014

### Cash Returned to Shareholders

(dollars in millions)



	'10	'11	'12	'13	'14
Special dividend	-	-	\$697	-	-
Regular dividend	\$292	\$296	\$287	\$308	\$326
Share repurchases	256	1,500	295	978	362
<b>Total MHFI</b>	<b>\$548</b>	<b>\$1,796</b>	<b>\$1,279</b>	<b>\$1,286</b>	<b>\$688</b>

McGraw Hill Financial is one of fewer than 25 companies in the S&P 500 that has increased its dividend annually for at least the last 42 years

In 2014, the Company repurchased 4.4 million shares from its current authorization of up to 50 million shares, or approximately 18% of the Company's outstanding shares at the time of the authorization

In 2015, the Company anticipates continuing its share repurchase program, subject to market conditions. In the first quarter of 2015, the Company repurchased 1.1 million shares

See page 62 for 11-year Cash Returned to Shareholders table and footnotes

## Adjusted Financial Performance Measures\*

### McGraw Hill Financial, Inc. [NYSE: MHFI]

The 2015 Investor Fact Book presents MHFI's financial results on an adjusted, non-GAAP basis for 2010–2014.

Financials are also presented on a U.S. GAAP basis in the Financial Review section on pages 48 to 64. The accompanying notes and reconciliation of non-GAAP measures to U.S. GAAP measures are on pages 65 to 67.

The non-GAAP financial measures are derived from the Company's continuing operations. This 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. These non-GAAP measures may be different than similar measures used by other companies. The non-GAAP measures included herein exclude certain items and should be read in conjunction with audited financial statements, including related notes and other financial information contained in the Company's most recent filings with the U.S. Securities and Exchange Commission.

#### Adjusted Consolidated Profit & Loss

[in millions, except per share data]	2010	2011	2012 <sup>(4)</sup>	2013 <sup>(4)</sup>	2014
<b>Total revenue</b> <sup>(1)</sup>	\$ 3,419	\$ 3,762	\$ 4,270	\$ 4,702	\$ 5,051
<b>Total adjusted expenses</b>	2,214	2,470	2,791	3,005	3,083
<b>Total adjusted segment operating profit</b>	\$ 1,205	\$ 1,292	\$ 1,479	\$ 1,697	\$ 1,968
Adjusted unallocated income/(expense)	[188]	[198]	[139]	[142]	[152]
<b>Total adjusted operating profit</b>	\$ 1,017	\$ 1,093	\$ 1,340	\$ 1,555	\$ 1,815
Adjusted interest (expense), net	[83]	[77]	[81]	[59]	[59]
<b>Adjusted income from continuing operations before taxes on income</b>	\$ 934	\$ 1,016	\$ 1,259	\$ 1,495	\$ 1,756
Adjusted provision for taxes on income	341	380	452	506	581
<i>Effective tax rate</i>	36.5%	37.4%	35.9%	33.9%	33.1%
<b>Adjusted income from continuing operations</b>	\$ 593	\$ 636	\$ 807	\$ 989	\$ 1,175
Less: Adjusted net income attributable to noncontrolling interests	[17]	[19]	[52]	[87]	[102]
<b>Adjusted net income attributable to McGraw Hill Financial from continuing operations</b>	\$ 576	\$ 617	\$ 755	\$ 902	\$ 1,073
<b>Adjusted diluted weighted average shares outstanding</b> <sup>(12)</sup>	312.2	303.6	284.6	279.8	276.2
<b>Adjusted diluted earnings per share from continuing operations</b>	\$ 1.85	\$ 2.03	\$ 2.65	\$ 3.22	\$ 3.88

See footnotes on page 8

\*MHFI: McGraw Hill Financial's results for 2008-2013 reflect McGraw-Hill Education as a discontinued operation and results for 2010-2014 reflect McGraw Hill Construction as a discontinued operation

## Standard & Poor's Ratings Services<sup>[2, 4, 5]</sup>

Revenue  
(dollars in millions)

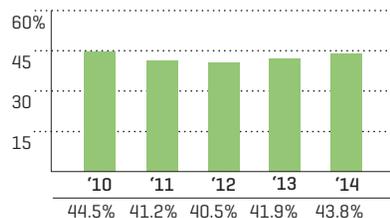


## Adjusted Segment Operating Profit

(dollars in millions)



## Adjusted Segment Operating Profit Margin



Note for Standard & Poor's Ratings Services:

Excludes the impact of \$1.6 billion of legal and regulatory settlements in 2014 compared to \$77 million of legal settlements in 2013

See footnotes on page 8

See Reconciliation of Adjusted Information to U.S. GAAP on pages 66 and 67

## S&P Capital IQ<sup>[2, 4, 6]</sup>

Revenue  
(dollars in millions)

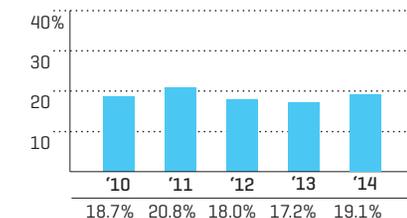


## Adjusted Segment Operating Profit

(dollars in millions)



## Adjusted Segment Operating Profit Margin

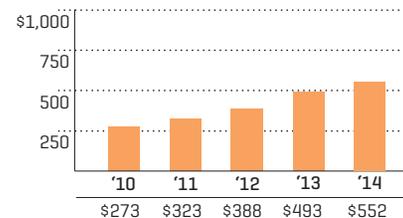


Note for S&P Capital IQ:

2013 results reflect the divestiture of Financial Communications and the shutdown of several small products

## S&P Dow Jones Indices<sup>[4, 7]</sup>

Revenue  
(dollars in millions)



## Adjusted Segment Operating Profit

(dollars in millions)



## Adjusted Segment Operating Profit Margin



Note for S&P Dow Jones Indices:

Includes adjusted operating profit attributable to noncontrolling interests as part of the S&P Dow Jones Indices joint venture launched in June 2012

## Commodities & Commercial Markets<sup>[4, 8, 9, 10, 11]</sup>

Revenue  
(dollars in millions)

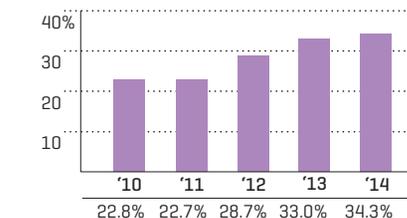


## Adjusted Segment Operating Profit

(dollars in millions)



## Adjusted Segment Operating Profit Margin



Note for Commodities & Commercial Markets:

Platts' 2014 results reflect the acquisition of Eclipse Energy Group

2013 results include Aviation Week up until its sale in August 2013

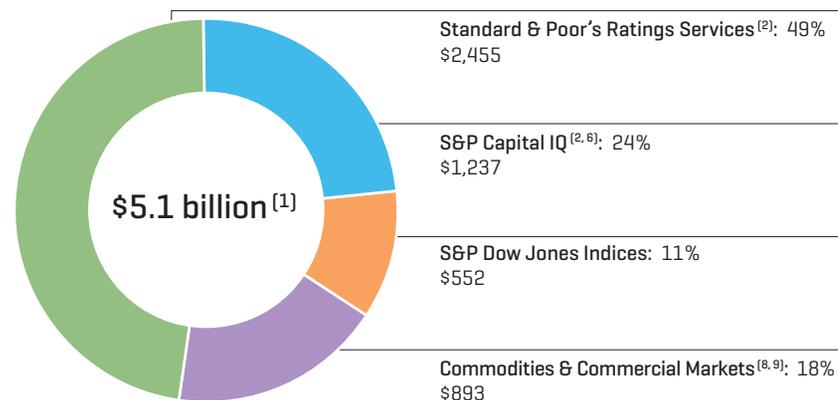
2010-2014 results reflect McGraw Hill Construction as a discontinued operation

2009-2011 results reflect Broadcasting as a discontinued operation

# Adjusted Operating Results by Segment\*

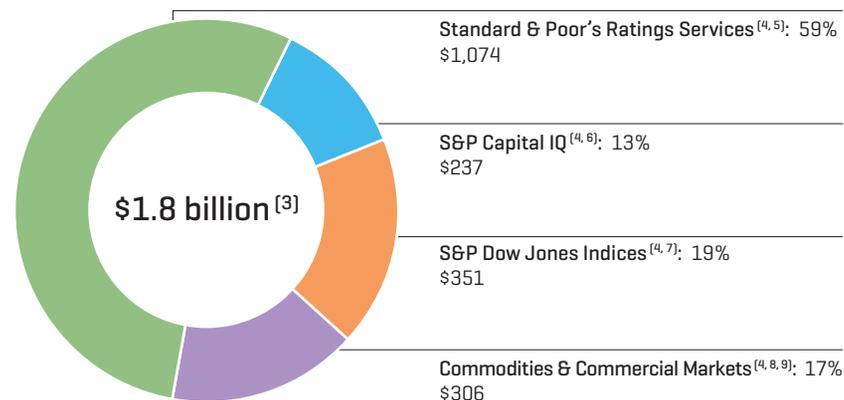
## 2014 Operating Revenue

(dollars in millions)



## 2014 Adjusted Total Operating Profit

(dollars in millions)



### Notes for pages 8 and 9:

[1] Total operating revenue includes intersegment revenue elimination of \$56 million in 2010, \$63 million in 2011, \$69 million in 2012, \$76 million in 2013, and \$86 million in 2014

[2] Segment revenues do not include intersegment revenue elimination of \$56 million in 2010, \$63 million in 2011, \$69 million in 2012, \$76 million in 2013, and \$86 million in 2014. Percentages may sum to greater than 100%

[3] Adjusted total operating profit includes unallocated expense of \$188 million in 2010, \$198 million in 2011, \$139 million in 2012, \$142 million in 2013, and \$152 million in 2014

[4] Beginning on January 1, 2014 following the implementation of the Growth and Value Plan, and to the extent they can be attributed to continuing operations, all shared operating services are fully allocated to the business units utilizing a methodology that more closely aligns with each business unit's usage of these services. The Company recasted 2012 and 2013 information to reflect \$63 million and \$60 million, respectively, of costs that were reallocated to the business units. Prior years were not recasted

[5] Excludes the impact of \$1.6 billion of legal and regulatory settlements in 2014 compared to \$77 million of legal settlements in 2013

[6] 2013 results reflect the divestiture of Financial Communications and the shutdown of several small products within S&P Capital IQ

[7] Includes adjusted operating profit attributable to noncontrolling interests [\$36 million in 2012; \$73 million in 2013; \$92 million in 2014] as part of S&P Dow Jones Indices joint venture launched in June 2012

[8] Platts' 2014 results reflect the acquisition of Eclipse Energy Group

[9] McGraw Hill Construction was sold in 2014 and was reclassified as a discontinued operation. It is excluded from results for 2012-2014

[10] Aviation Week was sold on August 1, 2013. Its results are included through that date

[11] The Broadcasting Group was sold in 2011 and was reclassified as a discontinued operation. It is excluded from results for 2009-2011

[12] Diluted weighted-average shares outstanding of 276.2 million were used to calculate adjusted diluted EPS for 2014. This amount includes securities that had an antidilutive effect to reported diluted EPS due to a loss from continuing operations

\* MHI: McGraw Hill Financial's results for 2008-2013 reflect McGraw-Hill Education as a discontinued operation and results for 2010-2014 reflect McGraw Hill Construction as a discontinued operation

# Adjusted Results by Segment & Quarter: 2014\*

See footnotes on page 8

See pages 68 and 69 for 2012 and 2013 adjusted segment and quarterly results

Details may not sum to total due to rounding

\* MHI: McGraw Hill Financial's results for 2008-2013 reflect McGraw-Hill Education as a discontinued operation and results for 2010-2014 reflect McGraw Hill Construction as a discontinued operation

<b>2014</b>					
(in thousands, except earnings per share)	1Q 2014	2Q 2014	3Q 2014	4Q 2014	FY 2014
<b>Revenue<sup>(2)</sup></b>					
Standard & Poor's Ratings Services	\$ 569,391	\$ 663,707	\$ 603,588	\$ 618,225	\$ 2,454,912
S&P Capital IQ	300,999	306,910	311,243	317,538	1,236,690
S&P Dow Jones Indices	136,479	132,691	142,514	140,463	552,147
Commodities & Commercial Markets <sup>(8, 9)</sup>	210,615	219,496	226,754	236,102	892,968
Intersegment elimination	[21,965]	[20,667]	[21,173]	[22,259]	[86,064]
<b>Total revenue<sup>(1)</sup></b>	<b>\$ 1,195,520</b>	<b>\$ 1,302,138</b>	<b>\$ 1,262,926</b>	<b>\$ 1,290,069</b>	<b>\$ 5,050,652</b>
<b>Adjusted Expense<sup>(4)</sup></b>					
Standard & Poor's Ratings Services <sup>(5)</sup>	\$ 329,291	\$ 356,118	\$ 337,842	\$ 357,377	\$ 1,380,628
S&P Capital IQ	248,176	252,582	243,331	255,827	999,916
S&P Dow Jones Indices	45,050	50,332	52,011	53,849	201,242
Commodities & Commercial Markets <sup>(8, 9)</sup>	141,367	142,353	143,464	159,848	587,031
Intersegment elimination	[21,965]	[20,667]	[21,173]	[22,259]	[86,064]
<b>Total adjusted segment expense</b>	<b>\$ 741,920</b>	<b>\$ 780,718</b>	<b>\$ 755,475</b>	<b>\$ 804,640</b>	<b>\$ 3,082,753</b>
<b>Adjusted Operating Profit<sup>(4)</sup></b>					
Standard & Poor's Ratings Services <sup>(5)</sup>	\$ 240,100	\$ 307,589	\$ 265,747	\$ 260,848	\$ 1,074,284
S&P Capital IQ	52,822	54,328	67,912	61,711	236,774
S&P Dow Jones Indices <sup>(7)</sup>	91,429	82,359	90,503	86,614	350,905
Commodities & Commercial Markets <sup>(8, 9)</sup>	69,248	77,143	83,291	76,255	305,936
<b>Total adjusted segment operating profit</b>	<b>\$ 453,600</b>	<b>\$ 521,419</b>	<b>\$ 507,451</b>	<b>\$ 485,428</b>	<b>\$ 1,967,899</b>
Adjusted unallocated expenses	34,110	45,076	32,257	40,902	152,346
<b>Total adjusted operating profit<sup>(3)</sup></b>	<b>\$ 419,490</b>	<b>\$ 476,343</b>	<b>\$ 475,194</b>	<b>\$ 444,526</b>	<b>\$ 1,815,553</b>
Adjusted interest [expense], net	[13,959]	[13,925]	[12,041]	[19,232]	[59,157]
<b>Adjusted income before taxes on income</b>	<b>\$ 405,531</b>	<b>\$ 462,418</b>	<b>\$ 463,153</b>	<b>\$ 425,294</b>	<b>\$ 1,756,396</b>
Adjusted provision for taxes on income	137,423	152,357	155,317	136,271	581,367
<b>Adjusted income from continuing operations</b>	<b>\$ 268,108</b>	<b>\$ 310,061</b>	<b>\$ 307,836</b>	<b>\$ 289,023</b>	<b>\$ 1,175,029</b>
Less: Net income attributable to noncontrolling interests	[26,660]	[23,752]	[26,593]	[25,425]	[102,431]
<b>Adjusted net income attributable to McGraw Hill Financial</b>	<b>\$ 241,448</b>	<b>\$ 286,309</b>	<b>\$ 281,244</b>	<b>\$ 263,598</b>	<b>\$ 1,072,598</b>
<b>Diluted weighted average shares outstanding<sup>(12)</sup></b>	<b>277,222</b>	<b>276,081</b>	<b>275,434</b>	<b>276,172</b>	<b>276,225</b>
<b>Adjusted diluted EPS from continuing operations</b>	<b>\$ 0.87</b>	<b>\$ 1.04</b>	<b>\$ 1.02</b>	<b>\$ 0.95</b>	<b>\$ 3.88</b>