



2Q 2013 Earnings Call
July 25, 2013

Harold McGraw III
Chairman, President and CEO

Doug Peterson
President, Standard & Poor's Ratings Services

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 July 25, 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 June 30, 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 June 30, 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, 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.

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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

- Strong momentum continues with exceptional second quarter results
- Aggressively managing legal issues
- Seamless transition of President and CEO role to Doug Peterson well underway
- Continue to sharpen our business portfolio with:
 - Increased investment in CRISIL
 - Pending sale of Aviation Week
- Increased 2013 adjusted diluted EPS guidance



McGraw Hill Financial: Exceptional Growth Continues

(\$ in millions)	2Q 2013	2Q 2012	Change
Revenue	\$1,250	\$1,072	+17%
Adj. Operating Profit	\$446	\$347	+29%
Adj. Operating Margin	35.7%	32.3%	+340 bps
Diluted Adjusted EPS	\$0.92	\$0.70	+31%

2Q 2013 highlights:

- 13% 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, cost control, and a reduction in diluted shares outstanding
- Challenging second-half comparisons and near-term issuance volatility are balance of year challenges

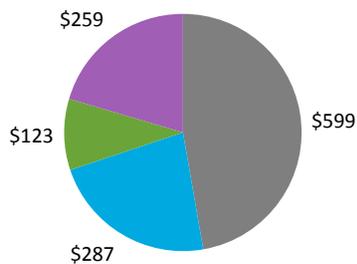
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2Q 2013 Results by Line of Business

Revenue: \$1,250 million

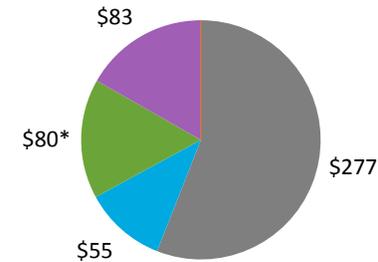
(\$ in millions)



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

Operating Profit: \$495 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 \$20 million

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Standard & Poor's Ratings Services: Litigation Update

DOJ Complaint:

- July 8th - Oral argument was held to allow both sides of the case to discuss the Company's motion to dismiss
- July 16th - The Federal District Court in California denied the motion to dismiss
 - In ruling on the motion to dismiss, the Court is required to accept as true all of the government's allegations of fact
 - In its opinion, the Court stated "S&P might disagree with the government's version of these facts, but the opportunity to challenge such factual allegations comes later in the litigation process..."
- July 29th – A status conference will be held to shape the pre-trial phase of the case and determine the scope and timing of discovery
- We don't anticipate a final ruling in this case for several years

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Standard & Poor's Ratings Services: Litigation Update

- **State actions:** In June, the Judicial Panel on Multidistrict Litigation (JPML) transferred most of the State AG actions to a single Federal judge in Manhattan
- The Court will decide whether the State AG actions were properly removed to Federal Court
 - If yes, then the cases will remain before the Federal Court for pre-trial proceedings
 - If no, then the cases would be remanded to various State Courts
- Oral argument on this issue is scheduled to be held on October 4

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Standard & Poor's Ratings Services: Litigation Update

- **Other litigation:**

- 33 cases now dismissed outright, including the June dismissal of the Tolin case by the U.S. District Court for the Southern District Court of New York
- 11 dismissals by lower courts have been affirmed by higher courts
- 10 cases have been voluntarily withdrawn
- Several dozen non-government cases remain outstanding
- Some new cases have been filed very recently, apparently in an effort to avert statute of limitations expirations

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U.S. Supreme Court Denies ISE's Petition

- United States Supreme Court has denied the International Securities Exchange's (ISE) petition seeking review of the Illinois appellate court's ruling
- The ruling prohibits ISE from listing or providing an exchange market for the trading of S&P 500® and Dow Jones Industrial Average® options and the OCC from issuing, clearing, or settling the exercise of such ISE options without permission
- This is a significant win for S&P Dow Jones Indices and all other index providers as it reaffirms the strong intellectual property rights in its indices

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S&P Dow Jones Indices: AUM Approached \$550 Billion

(\$ in millions)	2Q 2013	2Q 2012	Change
S&P Indices Revenue	\$94	\$89	+6%
Dow Jones Index Revenue	\$29		
Total Revenue	\$123	\$89	+39%
Adj. Segment Op. Profit	\$80	\$56	+43%
MHFI Share of Op. Profit	\$60	\$56	+6%
Adj. Segment Op. Margin	65.1%	63.2%	190 bps

2Q highlights:

- Assets under management (AUM) in exchange-traded funds linked to S&P Indices grew 34% year-over-year to \$469 billion; including the Dow Jones Indexes, AUM reached \$546 billion
- Trading volume of exchange-traded derivatives increased by 11%
- Revenue declines in mutual funds and modest growth in data subscriptions tempered revenue growth

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S&P Dow Jones Indices: Investing in the Brand

Supports position as the preferred provider of index design calculation, data, and dissemination services across asset classes and regions



Help build bottom-up awareness for the brand with investors

Demonstrate to licensees that S&P DJI promotes its brand, helping them distribute products

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S&P Capital IQ:



Product, Content, and Technology Investments Continue

Expansion of products, content and technology investments continued to reduce profitability

(\$ in millions)	2Q 2013	2Q 2012	Change
Revenue	\$287	\$277	+3%*
Adj. Segment Op. Profit	\$55	\$59	(7%)
Adj. Segment Op. Margin	19.2%	21.3%	(210 bps)

2Q highlights:

- Mid single-digit revenue growth in Capital IQ (within desktop solutions), and RatingsXpress® partially offset by a double-digit decline in Proprietary Research
- Launched new Portfolio Risk Solution product
- QuantHouse exchange data feed business is being well received as we continue to leverage the technology by building other real-time solutions

* Revenue from recent acquisitions offset the lost revenue from the ongoing portfolio rationalization of several small products



S&P Capital IQ: Portfolio of Capabilities

Desktop Solutions

- Capital IQ
- Portfolio Management & Risk Analytics
- Credit Analytics
- S&P Capital IQ Wealth Management Solutions
- Collaboration & Research Tools

Enterprise Solutions

- Credit Ratings
- Public and Private Fundamentals
- Earnings Estimates and Company Guidance
- Multi-Asset-Class Valuations
- Market Data
- Cross-Reference
- Global Terms & Conditions
- Equity and Credit Research

Ratings “IP”

- RatingsDirect®
- RatingsXpress®

Proprietary Research

- Global Markets Intelligence
- Multi-Asset-Class Research and Coverage
- Leveraged Commentary & Data



Next Generation Risk Management for Portfolio and Risk Managers

Portfolio Risk Solution

Designed to improve users' ability to identify systemic and counterparty risk



Truly Unique Offering

The only real-time, multi-asset, portfolio risk system that enables:

- Internal and external collaboration
- Click-through transparency
- Seamless access to the broad range of reference data and functionality within the Capital IQ desktop

Scenario Studio

Easily create and modify market shocks to build scenarios

Dashboard Studio

Interactive reporting for custom views and ultimate drill down

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Commodities & Commercial Markets: Record Margin

(\$ in millions)	2Q 2013	2Q 2012	Change
Revenue	\$259	\$240	+8%
Segment Op. Profit	\$83	\$71	+16%
Segment Op. Margin	31.8%	29.5%	230 bps

2Q highlights:

- Platts' continued strong performance with improving Commercial's results
- The segment delivered a record quarterly operating margin
- Platts delivered double-digit revenue growth while J.D. Power and Aviation Week delivered single-digit growth

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Commodities: Continued Double-Digit Growth

Commodities

(\$ in millions)	2Q 2013	2Q 2012	Change
Revenue	\$137	\$120	+14%

2Q highlights:

- Growth in petroleum product subscriptions continued to be the primary driver of double-digit growth
- Licensing revenue from petroleum derivatives trading increased more than 50% as volatile oil prices increase trading activity
- Petrochemical, petrochemicals, metals, and agriculture product subscriptions all delivered double-digit revenue growth while power and gas revenue was flat
- 60% of Platts' revenue was derived outside the U.S.

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Commodities: New Products and Assessments

- Expanded suite of thermal coal assessments for China and Greater Asia:
 - Platts CFR South China (imported coal assessment)
 - Platts FOB Qinhuangdao (domestic coal assessment)
- 2013 North American Shale Plays Map
 - Presents more than 80 different shale basins, hundreds of thousands of miles of crude and interstate gas pipelines, gas processing plants, and liquefied natural gas (LNG) facilities



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 **Commercial: Returns to Growth**

Commercial

(\$ in millions)	2Q 2013	2Q 2012	Change
Revenue	\$122	\$120	+2%

2Q highlights:

- Within J.D. Power, the Asian business drove a double-digit revenue increase in automotive which was partially offset by reduced licensing from past award recipients
- McGraw Hill Construction's revenue continues to be pressured by the weak U.S. commercial construction market but growth of new products accelerating
- Aviation Week revenue increased, primarily due to the MRO Americas Show and the biennial Paris Air Show that took place in 2Q 2013

GM: Recent Recipient of Eight J.D. Power Initial Quality Study Awards

EIGHT SHINING EXAMPLES OF THE QUALITY OF OUR VEHICLES. AND THE QUALITY OF OUR EMPLOYEES.



GM is the "Highest Ranked in Initial Quality for Midsize Sporty Car (tie), Large Car, Large SUV, Large Heavy Duty Pickup, Large Light Duty Pickup (two models in a tie), Large Premium SUV, Sub-Compact SUV (tie)"

For J.D. Power award information, visit JDPower.com



J.D. Power Celebrates 45 Years – Congratulations!



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McGraw Hill Financial — Management Change



Terry McGraw:

“After serving as President for 20 years and CEO for 15 years, it’s great to have a successor the caliber of Doug Peterson”

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DOUG PETERSON
PRESIDENT, STANDARD & POOR'S RATINGS SERVICES



 Standard & Poor's Ratings Services: Great Quarter

Record revenue for any quarter

(\$ in millions)	2Q 2013	2Q 2012	Change
Revenue	\$599	\$483	+24%
Segment Op. Profit	\$277	\$208	+34%
Segment Op. Margin	46.3%	43.0%	+330 bps

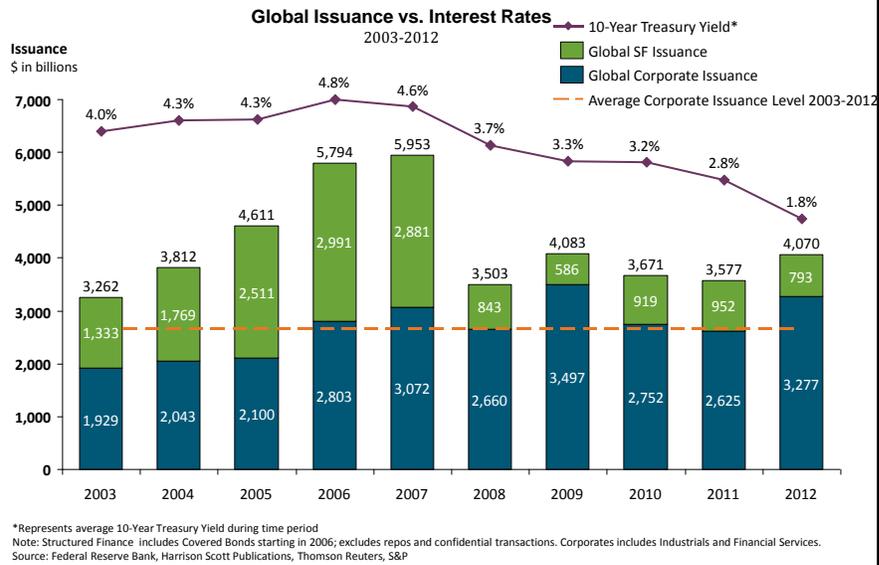
2Q highlights:

- Increased corporate issuance and bank loan ratings were the primary drivers of revenue growth. Continued recovery in structure finance also contributed.
- Incremental revenue has generated significant margin expansion
- Issuance declined notably after Federal Reserve statements regarding consideration of changes to current stimulus policies

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Impact of Interest Rates on Issuance



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Standard & Poor's Ratings Services: Balanced Global Growth

(\$ in millions)	2Q 2013	2Q 2012	Change
Non-transaction	\$312	\$280	+12% ⁽¹⁾
Transaction	\$287	\$203	+41%

(\$ in millions)	2Q 2013	2Q 2012	Change
International	\$276	\$220	+25%
Domestic	\$323	\$263	+23%

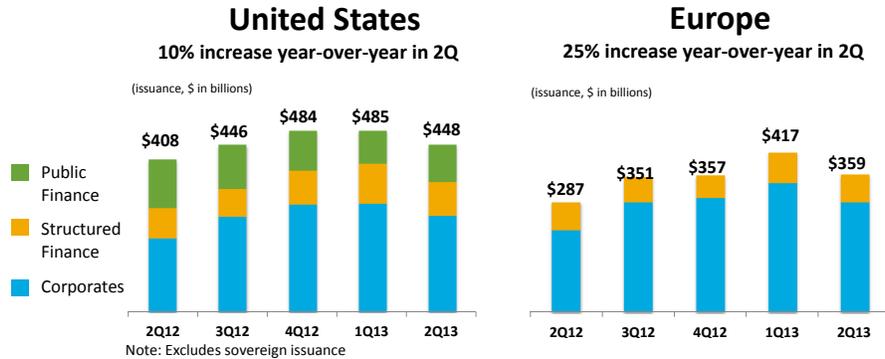
(1) Excluding the acquisition of Coalition, non-transaction revenue grew 9.9%

- Non-transaction growth driven by entity credit rating and ratings evaluation services growth
- Transaction growth was the result of improved investment-grade and high-yield issuance, increased bank loan ratings, and growth in U.S. CMBS and CDO (primarily CLOs) issuance

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Issuance Trends: Increase YOY but Down Sequentially



- Total corporate issuance reflects an 85% increase in high yield and a 24% increase in investment grade
- U.S. structured issuance increase was driven by resurgent U.S. CMBS and CDO (primarily CLOs) which increased 70% and 48%, respectively
- Despite issuance that was down sequentially, revenue was actually up sequentially due to growth in bank loan ratings, entity credit ratings, and ratings evaluation services

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Standard & Poor's Ratings Services Launched the First Major Ad Campaign in its History, Targeting U.S. Markets

First ads ran May 20 in *The Wall Street Journal*,
The New York Times, and *Financial Times*

4 FACTS You Should Know About Standard & Poor's Ratings

Our People: Standard & Poor's Ratings Services is a leading provider of credit ratings and research. Our team of experts is dedicated to providing accurate and timely information to investors and other stakeholders.

Our Purpose: We are committed to providing high-quality ratings and research that help investors make informed decisions. Our goal is to be the most trusted source of information in the industry.

Our Practices: We use a rigorous and transparent process to evaluate the creditworthiness of issuers. Our ratings are based on a thorough analysis of the issuer's financial strength and other factors.

Our Programs: We offer a wide range of services, including credit ratings, research, and advisory services. Our programs are designed to meet the needs of a diverse range of clients.

Global Perspective, Local Insight

STANDARD & POOR'S RATING SERVICES
WILSON WOOD FINANCIAL

A FACT You Should Know About Standard & Poor's Ratings

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Douglas Peterson Elected President and CEO of
McGraw Hill Financial, Effective November 1, 2013

- Transition – Ensure a seamless and smooth transition
- Meet with leaders around the company to better understand:
 - Strategy
 - Corporate governance & planning process
 - Regulation
 - Capital allocation
- Key balance of year priorities to prepare for 2014:
 - Refined corporate vision
 - Ensure alignment of individual business strategies
 - Realign leadership as necessary
 - Set 2014 performance targets and initiatives

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JACK CALLAHAN
EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER





McGraw Hill Financial 2Q 2013: 31% Adjusted EPS Growth

(\$ in millions)	2Q 2013	2Q 2012	% Change
Revenue	\$1,250	\$1,072	+17%
Adjusted Segment Operating Profit	\$495	\$394	+26%
Less: Adjusted Unallocated Expense	(\$49)	(\$47)	4%
Adjusted Consolidated Operating Profit	\$446	\$347	+29%
Tax Rate	35.0%	37.5%	(250 bps)
Noncontrolling Interests*	(\$23)	(\$3)	N/M
Adjusted Net Income	\$257	\$201	+28%
Adjusted Diluted EPS	\$0.92	\$0.70	+31%
Average diluted shares outstanding	278.3	285.3	(2%)

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

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2Q 2013 Adjustments to Earnings (Pre-Tax)

Growth and Value Plan costs winding down in 2013

(\$ in millions)	1Q 2013	2Q 2013
Growth and Value Plan (GVP) Costs	\$44	\$10

- 2nd quarter GVP costs related to professional fees and outsourcing

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Free Cash Flow from Continuing Operations

(\$ in millions)	2Q 2013	
Cash and equivalents	\$1,900	
Total debt	\$799	

(\$ in millions)	2Q YTD 2013	2Q YTD 2012
Cash provided by operating activities	\$226	\$219
Capital expenditures	(\$43)	(\$36)
Dividends and other payments to noncontrolling interests	(\$38)	(\$6)
Free Cash Flow	\$145	\$177

Major cash payments impacting 2013 free cash flow:

- \$130 timing of tax payments shifted from 2012 to 2013
- \$77 legal settlement

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Share Repurchase Activity

- The accelerated share repurchase transaction was completed earlier this week
 - 8.6 million shares received when ASR began
 - 0.7 million shares will be received at conclusion of ASR
 - The VWAP was \$53.80 per share
- Approximately 7.6 million shares remain under our existing authorization
- We plan to continue repurchasing shares in the open market as appropriate

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CRISIL Investment

- CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services and India's leading ratings agency
- The Company currently owns 53% of CRISIL
- A voluntary offer has been made to purchase up to an additional 22% of the outstanding shares
- If the offer is fully subscribed, this would represent an additional investment in CRISIL of approximately \$320 million at current exchange rates



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Aviation Week to be Sold to Penton



- Yesterday the sale of Aviation Week was announced
- Aviation Week complements Penton's other aviation assets
- Aviation Week has annual sales approaching \$50 million
- McGraw Hill Financial will continue its primary focus on its high-growth, high-margin benchmark businesses



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2013 Guidance and Outlook

- Excellent first half results
 - 15% revenue growth
 - 31% adjusted diluted EPS growth
- Cautious about the balance of year growth due to issuance volatility and challenging year-on-year comparisons
- Anticipate stronger cash generation in the second-half, maintaining free cash flow guidance of \$650 - \$700 million
- Adjusted diluted EPS guidance is increased by \$0.05 to a range of \$3.15 - \$3.25 per share

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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 August 25, 2013**
Domestic: 800-925-0608
International: 402-220-3037
No password required
