McGraw Hill Financial
2013 Annual Shareholders Meeting
Prepared Remarks
May 1, 2013

Harold "Terry" McGraw III
Chairman, President & CEO
McGraw Hill Financial

While the votes are being counted, let me once again welcome all of you to our 2013 Annual Meeting of Shareholders.

This is a very special time for our Company. As we like to say here, it is all about growth, it is all about a higher sense of purpose, and it is all about being passionate in everything we do. And, we try to live up to that every day.

So, if you are an employee, a shareholder, or a customer, and you like the opportunities produced by…

- Growth,
- Global expansion,
- Technology,
- Transformation, and
- Outstanding people…

I think you are going to be excited by our story.

In March of this year, we completed the 20-month-long Growth and Value Plan, which resulted in the creation of two powerful new companies—McGraw-Hill Education and McGraw Hill Financial—allowing both companies to pursue their specific growth agendas. The action we've taken has accelerated the pace of our growth and created superior value for shareholders.

McGraw Hill Financial is a name that more closely identifies the essential intelligence that we provide to the global capital and commodity markets. With your vote today, we'll officially rebrand our Company as McGraw Hill Financial.

We are also celebrating an amazing achievement. We're celebrating our 125th anniversary. Since our founding in 1888, the world has grown up at a rapid pace. Breakthroughs in energy, science, and technology, coupled with globalization, the energy behind urbanization, and the growth of international trade, have raised living standards throughout the world.

These changes—plus the ingenuity of our own people—have spurred business innovations, opened new ways of learning, and contributed to widespread economic progress. This is not alien to us. Think for a moment of McGraw-Hill's pioneers.

- When entrepreneurs and others wanted to know more about the emerging technologies of their time—railroads and electricity—our founders offered powerful insights with branded and trusted journals, books, and conferences. You see, McGraw-Hill has always been in the business of helping professionals and educators do their jobs more effectively and more efficiently.
- When the oil industry was still in its early days in America, a young journalist named Warren Platt saw a need for oil-market news and set out to promote transparency and competition through the greater flow of information.
- When technology allowed for the calculation of indices from a large number of stocks in a matter of seconds, Lewis Schellbach and George Olsen revolutionized the stock market, launching the S&P 500 way back in 1957.
- And while McGraw-Hill Education is now a separate company, we recognize their trailblazing work because it is an essential part of our legacy. For instance, when M.I.T. professor Paul Samuelson questioned why there was a huge gap between the theory-laden material he'd been taught in college and the economic problems of the real world, he began writing the seminal textbook, *Economics,* in 1945. It is now in its 19th edition and is as relevant as ever.

We are so very proud of that tradition, and at the conclusion of this meeting, you can see many more stories of all of these pioneers in the gallery next door. I think you'll find it fun, exciting, and for all of us very, very rewarding.

With that history as a backdrop, I would like to spend the remaining time we have together this morning focusing on the present and our exciting way forward. There are three topics I would like to cover:

- First, it's important to acknowledge the character, quality, and commitment of our employees. They are the ones who have always made—and will continue to make—this Company exceptional.
- Second, we will review our recent strong performance and discuss how we are building on this momentum for the days and years ahead.
- And third, you will hear about the powerful, secular trends driving long-term demand for our information, ratings, benchmarks, analytics, and other capabilities.

Let's start with talking about our people using three words that I began with this morning to describe the nearly 20,000 men and women of our Company: Growth, Purpose, and Passion.

Growth is a mindset. It's an attitude. It's about being a constant learner and making impacts in markets. It is never about us. It is always about the things we can do to help others succeed, and to make an impact in markets.

Purpose means having a positive impact both at work and in the communities in which we live and work. Above all, our employees display great integrity and adhere to the highest standards of fairness, impartiality, and transparency. Our Board of Directors, senior management team, our customers, and many market participants recognize their ethical conduct and value the essential insights that they provide.

And passion gives our people the energy to drive growth and stay committed to the highest measure of our values. It's what we are all about.

Recently, the U.S. government made claims that are contradicted by our very values of honesty and fairness. The Department of Justice has joined with 17 states in filing civil lawsuits against the Company related to S&P's ratings of 33 collateralized debt obligations, securities known as CDOs, in 2007. Claims that S&P ratings analysts deliberately kept ratings high when they knew they should be lower are simply not true.

The bottom line is this: The facts do not support the government's theory. S&P analysts acted in good faith, relied on the same data as the rest of the market—including the Federal Reserve and U.S. Treasury—and came to the same conclusions. As a result, we fully expect to prevail.

Last week, we moved to have the government's complaint dismissed. We filed a motion for dismissal of the complaint in its entirety. As our legal team said in our filing, S&P's inability, along with the Federal Reserve and the U.S. Treasury, and other market participants to predict the extent of the housing crisis, reveals a lack of foresight, certainly not wrongdoing.

We expect the federal and state suits to take from two to three years to resolve, meaning you can expect some headlines about the government's claims to continue. Rest assured we will stay keenly focused on our customers and serving the growing needs of our markets.

In other legal news, on April 26 we said that we have settled the Abu Dhabi and King County cases without any admission of liability or wrongdoing. While we had strong factual and legal defenses to these two cases, we made a practical business decision to settle these actions. The settlements will have no bearing on our position in any other cases.

We have a successful record dealing with financial-crisis related cases; 42 cases have been dismissed or withdrawn to date.

We have learned plenty of valuable lessons from this whole crisis period and we continue to improve S&P's credit ratings. In the past five years, we have spent approximately $400 million to reinforce the integrity, independence, and performance of S&P's ratings. We continue to strengthen our leadership team. And, we have instituted new governance and enhanced risk management functions. These actions exemplify a culture of continual improvement and a recognition that integrity is at the very heart of everything we do. The principles by which our employees conduct themselves every day can be seen in their research, their analytics, their editorial judgments, and throughout the neighborhoods in which we all live and work.

For a window into the character of our employees, look no further than the service to communities, especially when the need for support is greatest. It cannot be overstated what an impact Hurricane Sandy had on the New York metropolitan area. People like Dave Williams of S&P Capital IQ spent days in New Jersey and Staten Island cleaning out basements of homes that sustained water damage. People like Theresa Wills, who works in our tax department, was part of a huge team of employees who packed 7,300 meals for hungry families affected by the storm. No one asked them to do this. They, like so many of our employees, just did it. Both in the office and in their communities our people do the right thing.

Theresa couldn't be with us today. But Dave is here. So I'd like to ask Dave to stand. He represents what we're all about. Dave, thanks.

As many of you know, last year we lost one of our absolute best employees in Don Rubin. Don was our Senior Vice President of Investor Relations and a close, personal friend to all of us. He represented the "heart and soul" of our house. During a distinguished 52-year career with the Company, Don displayed great wisdom which was matched by the impeccable quality of his character.

At this meeting a year ago, we told you we were going to establish a scholarship in his memory and to pay tribute to Don's early career as a reporter. I am pleased to report the City University of New York Graduate School of Journalism awarded the inaugural Donald S. Rubin / McGraw-Hill Memorial Scholarship to a very deserving student in September. Her name is Laura Lorenzetti.

Laura graduated cum laude with a B.A. in Economics from New York University and is studying at CUNY because she says that she knows that as she graduates "I'll be equipped to enter a newsroom, ready to break news on deadline and of the highest quality." Laura is with us today. She is joined by former *BusinessWeek* editor-in-chief and CUNY founding Dean Steve Shepard and Diana Robertson of CUNY. Laura, would you, Steve and Diana please stand? Congratulations to you and we wish you very well. We're going to follow your success. And to Nancy Rubin, Laura and Alex Rubin, thanks for joining us today, as well. We so enjoy continuing to celebrate your husband and your dad.

The second topic I want to cover is our strong performance and bright prospects. I want to talk about them in terms of growth and value. We achieved strong growth in our financial results, and we unlocked value for our shareholders. That's a combination we want to keep before us always.

Yesterday, we announced first quarter earnings for 2013:

- Revenue grew 14% to $1.2 billion;
- Excluding one-time costs, net income from continuing operations increased 29% and EPS from continuing operations rose 29% to $0.80 per share.

Looking ahead for all of 2013, our guidance calls for revenue to grow at high single-digits and adjusted earnings per share to grow somewhere between $3.10 and $3.20, which equates to 15% growth at the midpoint of our guidance.

Our first quarter growth trends carried over from 2012. Last year:

- Revenue grew 13%; and
- Adjusted earnings per share from continuing operations rose 32%.

2012 was an extraordinary year for us. After careful consideration, we came to an agreement to sell McGraw-Hill Education. McGraw-Hill Education is just a phenomenal franchise and obviously plays a key role in today's knowledge economy. Education will always be vital to us and, as I said earlier, a proud legacy of this Company. On all our behalf, I want to wish CEO Buzz Waterhouse and all of the employees of McGraw-Hill Education every success in fulfilling their critical mission to educate the world.

The sale of McGraw-Hill Education was in the amount of $2.4 billion. It generated net proceeds of $1.9 billion. We used a portion of that to pay down short-term debt and to resume our share repurchase program. The remainder is available to return to shareholders and to invest in our businesses.

The proceeds afford even more financial flexibility than normal. Our business produces very solid free cash flow and we have a low level of debt. Our strong balance sheet and confidence in the future have allowed us to consistently deliver on our commitment to generate superior shareholder value.

Underscoring that commitment, we have returned $1.3 billion in cash to shareholders last year in the form of dividends and share repurchases. We declared a special $2.50 per share dividend in December. That was on top of the $1.02 regular annual cash dividend. In January, the Board of Directors voted to increase the regular quarterly cash dividend by 9.8%. We have paid a dividend every year since 1937, and we've increased it every year for 40 years. Fewer than 25 companies in the S&P 500 can claim that record.

Over both the short-term and the long-term, we have outperformed the S&P 500. As of year-end 2012, our total shareholder return has outperformed the broad U.S. market benchmark over the last ten years, over the last five years, over the last three years, and over the last year. We are very proud of that record.

With that review complete, let's take a look at the steps we've been taking to position us for greater growth and value creation in the days and years ahead.

We continue to add capabilities to our fast-growing businesses. Last year, we made strategic investments in:

- QuantHouse, R^2 Financial Technologies, and Credit Market Analysis Limited. These were all on our Capital IQ platform.
- Coalition Development Limited, to add high-end analytics to CRISIL—that is our analysis, research, and credit rating company in India; and
- Kingsman, to give Platts more capability in the global agricultural commodity markets—in particular sugar.

And we've launched a superb joint venture with the CME Group—the S&P Dow Jones Indices.

Earlier I mentioned that this is an exciting time for our customers. So, how are they benefiting?

At S&P Capital IQ, the team is adding portfolio risk analytics. While others can offer portfolio analysis, attribution, or risk scenarios separately, S&P Capital IQ is bringing all of these together in one offering and across multiple asset classes. This will help traders and portfolio and risk managers price, hedge, and manage their investment. We also expect our businesses to become more integrated over time to the benefit of customers.

International expansion is another priority for us. The case for global growth is clear. When the U.S. is expected to grow at 2.7 percent this year, emerging markets will expand at a much faster pace. China is forecast to grow their GDP 8.1 percent; India, 6 percent; and the Asia-Pacific region, excluding Japan, at 6.2 percent. Forty percent of our revenue now comes from outside the United States. Five years ago, it was about one-third. We expect more global growth ahead.

That's why earlier this year S&P Ratings Services moved to a larger liaison office in Istanbul. This office will support the growth of our business in Turkey, as well as expand S&P's international presence for ratings. S&P is now in 23 countries and that's only going to increase.

And, of course, with your vote today, we are launching a new brand.

McGraw Hill Financial is focused on providing clients with the essential intelligence they need to make better informed decisions. Our employees are excited about the brand. When we asked them to describe the future of our Company they used words like this:

- Exciting,
- Bright,
- Growth,
- Innovative, and
- Leader.

We've produced a short video to show you the role that employees play in creating essential intelligence. Take a look.

[Employee Video: *"I Am Essential"*]

Narrator: For more than 125 years, our employees have been the key to our success—to the markets that we shape, to the communities in which we give back, and to the growth of our business. Each of you is essential.

Virginia Mainwaring, Platts, London: I am essential.

Xavier Jean, S&P Ratings Services, Singapore: I am essential for turning information, into knowledge, into growth, into reputation, into success.

Xingti Liu, J.D. Power and Associates, Singapore: I am essential to the world's leading brands, in ratings, benchmarks, and analytics.

Richard Swann, Platts, London: I am essential for turning over twelve thousand daily price assessments...

Pavle Sabic, S&P Capital IQ, New York: ...and over a trillion dollars of benchmarked indices into the world's leading real-time data streams, in the most followed stock market index on the planet.

Joe D'Andrea, Aviation Week, New York: I am essential to giving a voice to 20 million customers,

Priyadarshini Roy, CRISIL, Mumbai: and for the financial coverage of 92,000 companies,

Mirka Fortunova, S&P Dow Jones Indices, London: and rating over three and a half trillion dollars of debt each year.

Patricia France, McGraw Hill Construction, New York: I am essential for inspiring sustainable growth and bringing transparency and insight to capital and commodity markets around globe.

Virginia Mainwaring, Platts, London: We are the essential intelligence that turns information into knowledge.

Narrator: We are seven iconic brands, thousands of brilliant minds, focused on essential intelligence.

What a terrific message and what terrific employees. We're very, very proud of all that they do.

With our new brand identity, we're also changing the ticker symbol under which our shares trade on the New York Stock Exchange. On May 14th, shares of McGraw Hill Financial will begin trading under the MHFI ticker symbol, and we will be at the New York Stock Exchange to ring the closing bell on the 14th.

For those of you in the New York City area this Friday evening, please take a minute to look up at the Empire State Building. It will be lit up in red, in honor of McGraw Hill Financial and to commemorate our 125th anniversary.

We accomplished a lot in 2012 and the first quarter of 2013, but that just sets the stage for the rest of the year and beyond. We believe secular trends in the global capital and commodity markets will benefit us for many years to come. This is the third topic that I wanted to address with you. We sit right in the middle of some of the biggest developments shaping our global economy.

According to a recent report by McKinsey & Co., global financial assets—that's debt and equity—grew to a record $225 trillion last year, albeit the growth rate has slowed somewhat since the financial crisis. To give you some perspective of how the value of financial assets have grown, in the year 2000 they stood at $119 trillion.

And according to a report last year by S&P, nonfinancial corporates in the Eurozone, U.K., U.S., China, and Japan will need as much as $46 trillion over the next four years. That's both in terms of refinancing as well as new monies to spur growth.

In addition, European banks continue to deleverage, shifting financing to capital markets.

We also are seeing the introduction of bond markets all over the world, in particular the fixed-income market, in order to raise capital for growth and expansion. By 2030, nearly $70 trillion in infrastructure financing will be needed on a worldwide basis. India alone, in the next five years, is going to spend about $1 trillion. These shifts mean there are growing opportunities for Standard & Poor's Ratings Services to bring transparency to capital markets around the world at a time when it is so desperately needed.

In the global commodity markets, continued volatility has increased demand for transparency. That's why earlier this year Platts introduced its electronic editorial platform to facilitate price discovery in the iron-ore spot market. Platts is helping to facilitate transparency and efficiency by clearly showing the iron-ore market bids, offers, and other information. The information collected from Platts Editorial Window, which we call eWindow, has further enhanced the speed and efficiency of the Platts' pricing assessment process, helping to transform the iron-ore market from a long-term annual pricing system to a flexible spot market.

Another positive trend: assets continue to shift to index investments. Inflows to exchange-traded funds, or ETFs, reached a record $191 billion last year. Overall, exchange-traded fund assets have more than doubled since 2008. Assets under management in exchange-traded fund based on S&P and Dow Jones Indices hit $466 billion in 2012. That's a 27 percent increase versus 2011.

And since the end of last year, exchange-traded fund assets based on our indices have increased to a record of more than $500 billion. More growth in this market is expected. One outside study projected assets in exchange-traded products—that includes ETFs, Exchange-Traded Commodities, and Exchange-Traded Notes—to grow to as much as $4.7 trillion by 2015 from $1.5 trillion in 2010.

Our commitment is to provide an index for every single kind of investment.

All of these trends are very powerful and long lasting, which should excite our employees, clients, and, I hope, our shareholders.

Now, I began this morning by talking about our people. They obviously do a fabulous job, day in, day out. Let me wrap up by sharing two other brief stories that underscore their defining qualities. Because of our expertise in offering insights into equities, fixed-income, commodities, and other assets, our philanthropic initiatives and community-focused programs are aimed at expanding important personal finance topics to students as well as adults. We call these financial essentials.

Earlier this year, I was in India where I had the great pleasure to help launch the CRISIL Foundation. They're focused on this very idea. By the way, their success has been so rapid—we established a strategic partnership with CRISIL in 1996 and took a majority stake in 2005. CRISIL's growth has been phenomenal. Over the last five years, revenues have increased at a compounded annual growth rate of nearly 20 percent. But that's not the whole story. It's not all about the bottom

line. It's about helping others. So in March, CRISIL established this foundation and in its first year it's expected to reach over 50,000 girls and women in India to raise the level of understanding of personal finance issues, such as saving and insurance. We're very proud.

The other story that I want to share with you is closer to home. Next door, in the Hell's Kitchen neighborhood, there is a wonderful organization that we've had the privilege of partnering with for more than 50 years. It's called Hartley House. It's a community development center that offers hope and opportunity to thousands of residents every year through after-school services and adult-education programs. Our employees are there continually, helping however they can. They set up computers, paint, and provide support in whatever ways are necessary. Nicole Cicogna is the executive director of Hartley House. We are glad Nicole could be with us. Nicole, we enjoy so much working with you. Thanks.

For 125 years, the common thread of our Company has been the integrity and ingenuity of our employees. From the Industrial Revolution to today, they have delivered essential intelligence that customers and markets can trust. As we look ahead, our long-term growth prospects are excellent because of the people, the culture, the values, and the capabilities of this Company—and the powerful enduring trends in our markets.

Let me close by once again thanking our world-class Board of Directors for their indispensable leadership and counsel. And thanks to our shareholders for your investment in the new McGraw Hill Financial and a terrific 125th year anniversary. We look forward to continuing to please you with all that we are doing.

To access the accompanying slides online, go to:
http://investor.mcgraw-hill.com/phoenix.zhtml?c=96562&p=irol-EventDetails&EventId=4932620

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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.