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The McGraw-Hill Companies, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Michael Meltz – JP Morgan

Michael Meltz – JP Morgan

At Investment Services can you talk a little bit more about what you're seeing in that business? I know you gave a lot of detail on the call but in terms of what's working and what's weak can you talk about the weak properties such as the directories and managed funds and the research products. What exactly are you seeing there and what gives you confidence that that's somewhat stabilized?

Robert Bahash

The areas that were not performing as strongly as the others are the relatively smaller properties, the equity research piece, which as you know has been challenged. The funds research side was also relatively small. The important thing is that in this environment with a very, very difficult situation for the Financial Services industry Capital IQ saw modest but still growth in their annualized contract, I think that's very important.

We're also seeing stability in Compustat as well. Our index product offerings are even with the significant declines that we saw in assets under management which affects overall fees we're still seeing opportunities there and we expect that to be pretty strong for the balance of the year. On an overall basis we're pleased with the performance given the market environment that we're seeing.

Again, it's the equity research areas which are both domestically here as well as CRISIL which provides some outsourcing equity research capabilities mainly for some European clients it saw some weakness, some pull back. They are seeing some additional properties coming their way. Those are smaller areas that did not perform as well.

Michael Meltz – JP Morgan

Is there a way to tell us percent of revenues that grew versus percent of revenues that declined or something like that?

Robert Bahash

This is a broader portfolio and I don't want to get into the different component pieces. I think its safe to say that the areas that we're looking at as the growth engines performed at our expectations or quite

frankly even a little bit better given the very difficult environment that we're in. We are encouraged for the balance of the year as we start to get some stability in the market environment.

Terry McGraw

On the index side even though there was a little bit of softness in some of the traditional exchange traded funds there was still a fair bit of activity. The new commodity component is off to a very good start and I think that a lot of investors are looking for those kinds of basket investments. Capital IQ is up to 2,700 clients and is adding clients as we go so its coming from more traditional sources maybe but we're pleased with both of those, those are good signals I think to the market.

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