



McGraw Hill Financial
4th Quarter 2015 Earnings Conference Call
Prepared Remarks
February 4, 2016

Chip Merritt

Vice President, Investor Relations
McGraw Hill Financial

Good morning. Thank you for joining us for McGraw Hill Financial's Earnings Call. Presenting on this morning's call are Doug Peterson, President and CEO; and Jack Callahan, Chief Financial Officer.

This morning we issued a news release with our fourth quarter and full-year results. If you need a copy of the release and financial schedules, they can be downloaded at www.mhfi.com.

In today's earnings release and during the conference call we're providing adjusted financial information. This information is provided to enable investors to make meaningful comparisons of the Corporation's operating performance between periods and to view the Corporation's business from the same perspective as management's. The earnings release contains exhibits that reconcile the difference between the non-GAAP measures and the comparable financial measures, calculated in accordance with U.S. GAAP.

Before we begin, I need to provide certain cautionary remarks about forward-looking statements. Except for historical information, the matters discussed on the teleconference may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including projections, estimates, and descriptions of future events. Any such statements are based on current expectations and current economic conditions and are subject to risks and uncertainties that may cause actual results to differ materially from results anticipated in these forward-looking statements. In this regard, we direct listeners to the cautionary statements contained in our Form 10-K, 10-Q, and other periodic reports filed with the U.S. Securities and Exchange Commission.

I would also like to call your attention to a European regulation. Any investor who has, or expects to obtain, ownership of 5% or more of McGraw Hill Financial should give me a call to better understand the impact of this legislation on the investor, and potentially the Company.

We're aware that we do have some media representatives with us on the call. However, this call is intended for investors and we would ask that questions from the media be directed to Jason Feuchtwanger in our New York office at (212) 438-1247 subsequent to this call.

At this time, I'd like to turn the call over to Doug Peterson. Doug.

Douglas L. Peterson

President and CEO

McGraw Hill Financial

Thank you, Chip. Good morning everyone and welcome to the call. In the next 20 minutes or so, I'm going to provide you with an update on how we have positioned McGraw Hill Financial for continued growth and performance.

And let me begin with an overview of 2015:

- Revenue increased 5% year-on-year, with organic revenue increasing 3%;
- Adjusted total expenses increased 1%;
- Adjusted operating profit increased 13%;
- Adjusted operating margin increased 280 basis points; and
- Diluted adjusted EPS increased 17%.

Margin improvement was a big story for the year. Our cost reduction efforts and revenue growth combined for a 280-basis-point improvement in adjusted operating margin for the second year in a row. Every business delivered at least 200 basis points of adjusted operating margin improvement.

Year-over-year, our revenue increased \$262 million. 90% of this was pulled through to adjusted operating profit. I am proud of this accomplishment as it is a testament to how well our employees controlled costs during the year. This cost efficiency was the main reason we were able to leverage our revenue growth into 17% adjusted diluted EPS growth.

As we look at the Company's financial performance over the last four years, the Company has delivered consistent improvements in revenue, margin, and EPS.

- Revenue from continuing operations has grown at a 9% compounded annual growth rate.
- Our adjusted margins have improved 960 basis points, from 29.1% to 38.7%; and
- We have achieved a compounded annual growth rate in adjusted diluted earnings per share of 22%.

In addition to delivering another year of strong financial performance, we continued to strengthen our franchises during 2015. The most important transaction of the year was the addition of SNL. We increasingly believe that the combination of SNL with S&P Capital IQ presents a compelling opportunity to create a powerful data and analytics business.

In addition, we:

- Acquired Petromedia, strengthening Platts' existing position in the bunker market;
- Launched Platts Market Data Direct, a new service that delivers Platts price assessments, historical, and other reference data in a matter of seconds;
- Positioned Capital IQ as a core content provider to Symphony Communication Services so that its customers can seamlessly access S&P Capital IQ company data;
- Launched a suite of new fixed income indices, anchored by our flagship S&P 500 Bond Index — the first-ever index that tracks the debt of the S&P 500 companies and the first priced in real-time throughout the day; and
- Entered into new or expanded exchange agreements in New Zealand, Mexico and Brazil.

Beyond strengthening our businesses, there were a number of other key accomplishments in 2015:

- We consolidated the Company headquarters into downtown New York, a move that brought corporate employees much closer to our operations;
- Generated \$1.2 billion in free cash flow, excluding legal and regulatory settlements and insurance recoveries;
- Returned \$1.3 billion through share repurchases and dividends;
- Successfully issued debt into the market after an eight-year absence;
- Continued to make investments in compliance and risk management; and
- Last week, increased the dividend by 9%, marking the 43rd consecutive yearly increase.

Now let's take a closer look at the fourth quarter results where the Company finished 2015 with solid earnings in a difficult debt issuance environment.

- Revenue grew 7%. Organic revenue; however, only grew 1% as a result of revenue declines in S&P Ratings Services;
- Adjusted operating profit increased 8%; and
- Fourth quarter adjusted diluted EPS increased 9%.

The strength of our portfolio was evident in the fourth quarter as weak issuance at Ratings was offset by solid revenue growth across the rest of the portfolio. This portfolio strength, coupled with progress on productivity initiatives, enabled the Company to deliver 9% adjusted diluted EPS.

S&P Capital IQ and SNL

Now let me turn to the individual businesses. And I'll start with S&P Capital IQ and SNL.

In 2015:

- Reported revenue increased 14%, with organic growth, excluding revenue from the SNL acquisition, increasing 7%.
- Adjusted segment operating profit increased 25% and adjusted margin increased 200 basis points.
- With integration teams in place and synergy opportunities identified, we expect to deliver considerable adjusted margin improvement in this segment over the next few years. Jack will provide more details in a few minutes.

In the fourth quarter:

- Reported revenue increased 27% primarily due to the addition of SNL. Excluding SNL revenue, organic growth was 7%.
- Adjusted operating profit increased 22% in the fourth quarter and the adjusted operating margin declined 80 basis points. This margin decline was due to deal-related amortization.
- Excluding net amortization, fourth quarter margin actually increased 200 basis points from 21.3% in 4Q 2014 to 23.3% in 2015.

Let me add a bit more color on fourth quarter revenue growth in the business lines:

- S&P Capital IQ Desktop & Enterprise Solutions revenue increased 9% principally through a low teens increase in Desktop revenue.

- SNL revenue increased 10% compared to 4Q 2014, prior to our acquisition of SNL. 2015 revenue was reduced by a deferred revenue adjustment required under purchase accounting. Excluding this adjustment, revenue growth was 14%.
- Global Risk Services revenue increased 5%, led by RatingsXpress® which is increasingly used by customers to meet their regulatory reporting needs.
- In the smallest category, S&P Capital IQ Markets Intelligence, revenue increased 4% overall with growth in Global Markets Intelligence and Leveraged Commentary & Data exceeding declines in Equity Research Services.

Standard & Poor's Ratings Services

Let me turn to Standard & Poor's Ratings Services.

In 2015:

- Revenue declined 1%; however, excluding forex, revenue for the year increased 3%;
- Adjusted operating profit grew 7%; and
- The adjusted operating margin increased 340 basis points to 47.2%, a noteworthy achievement.

During the quarter:

- Revenue decreased 7%; however, excluding forex revenue decreased 4%;
- Adjusted operating profit decreased 3%; and
- The adjusted operating margin increased 150 basis points to 43.7%.

While decreased expenses in 4Q 2015 led to margin expansion, the big story during the quarter was weak global issuance. Non-transaction revenue in the quarter was flat; however, excluding forex, it increased 4% due to strength in CRISIL and in Rating Evaluation Service revenue from elevated M&A activity. This was partially offset by lower revenue associated with fewer new customers than were added in 4Q 2014. Transaction weakness was caused by a 26% decline in global issuance, partially offset by growth in bank loan ratings. Excluding forex, transaction revenue decreased 13%.

Let's take a look at issuance. The two largest markets, the U.S. and Europe, both declined capping a weak second half of the year for issuance.

Fourth quarter issuance in the U.S. was down across the board:

- Investment-grade decreased 17%;
- High-yield decreased 41%;
- Public finance was down 21%; and
- Structured finance also declined 26% with the only bright spot being RMBS.

In Europe:

- Investment-grade decreased 15%;
- High-yield down 10%; and
- Structured finance increased 11% with declines in every asset class offset by growth in covered bonds.

The rest of the world had even weaker issuance, with Asia declining 47% and the Americas outside the U.S. declining 46%. In total, global bond issuance declined 26% outpacing the 20% decline in the third quarter.

S&P Dow Jones Indices

Turning to S&P Dow Jones Indices, in 2015 this business delivered:

- An 8% increase in revenue;
- A 12% increase in adjusted operating profit; and
- 200 basis points of adjusted margin improvement to 65.6%.

Fourth quarter results were similar with:

- A 7% increase in revenue;
- A 9% increase in adjusted operating profit; and
- 100 basis points of adjusted margin improvement.

During the quarter there was a modest decline in revenue from ETFs, offset by revenue from exchange-traded derivatives, mutual funds, OTC derivatives, and data licenses.

If we turn to the key business drivers, the ETF industry surpassed 2014 record inflows, setting a new record of \$351 billion in 2015 — a great trend. AUM based on our indices increased 9% sequentially from 3Q 2015 to \$815 billion but below peak levels at the end of 2014.

During the quarter, we continued to innovate, launching 233 new indices and 26 new ETFs based on S&P Dow Jones Indices. Exchange-traded derivatives revenue growth was primarily driven by increased revenues from CME, partially offset by a decrease in exchange-traded derivative volumes based on S&P Dow Jones Indices.

As you know, S&P Dow Jones Indices is impacted by fluctuating markets, but continued inflows into passive investing, innovative new indices, and efforts to partner with exchanges around the world bodes well for the long-term positioning of this business.

Commodities & Commercial Markets

On to Commodities & Commercial Markets.

The Eclipse, NADA Used Car Guide, and Petromedia acquisitions impacted revenue comparisons in both the fourth quarter and the full year. Adjusting for these items:

- Organic revenue increased 6% in 2015;
- Adjusted operating profit increased 17%; and
- The adjusted operating margin improved 260 basis points to 36.9%.

In the fourth quarter, organic revenue increased 8%, adjusted operating profit increased 20%, and the adjusted operating margin increased 240 basis points. Both Platts and J.D. Power delivered high single-digit organic revenue growth.

J.D. Power revenue was powered by its auto business with particular strength in its PIN product. The evaluation of strategic alternatives for J.D. Power continues with considerable interest from third parties.

Many of our upstream petroleum, natural gas and mining customers are pressured by low commodity prices and this has impacted the revenue growth of the Platts business. Nevertheless, Platts delivered high single-digit revenue growth in this challenging environment.

Organic revenue from the core subscription business grew — with both Petroleum and Metals, Agriculture & Petrochemicals revenue increasing high-single digits. Global Trading Services' revenue increased double-digit, primarily due to the timing of license fees and strong license revenue from The Steel Index derivative activity.

In summary, the Company delivered solid revenue growth in a difficult market environment. More importantly, progress on our productivity initiatives was apparent with outstanding margin expansion delivered by every business in 2015. For the second year in a row, the Company delivered adjusted operating margin improvement of 280 basis points. This accomplishment was the primary driver of the 17% adjusted diluted EPS growth for the year.

Now let me discuss the outlook for 2016, and I'd like to start with some thoughts from our economists. Major central bank moves in December may have disappointed or unnerved markets with the Federal Reserve raising rates and decisions by the European Central Bank (ECB) and the Bank of Japan (BOJ) that appeared to disappoint or alarm the market. However, monetary policy continues to provide a tailwind to economic expansion.

Recent stock market volatility probably overstates the likelihood of a slump in global growth this year. These market moves appear to be more sentiment than data-driven, with the exception, obviously, of the fall in spot oil prices which reflects changing supply fundamentals. In the six and a half years or so since the global economy started to recover from the financial crisis, it has grown in real terms at an average of about 3.5% annually. S&P economists expect that trend to continue, with 3.6% global growth in 2016.

Our economists expect real growth in China to continue to trend downward, but to end up 6.3% this year, after growing by 6.9% in 2015. Growth in most of the developed world and even much of the developing world stands to be a bit higher this year than last, which adds up to a decent outcome for global growth. Excessive pessimism is probably not warranted.

With this economic backdrop, we expect global debt issuance to decline 1% in 2016 and for spreads to widen. Within the U.S., we expect speculative-grade corporate issuers to see increasing borrowing costs in the coming quarters at the back of the Fed interest rate increase, while most higher-rated corporate entities should continue to have a favorable lending environment as investors pursue moderate yields while remaining more risk-averse.

More favorable lending conditions in Europe, supported by continued monetary accommodation by the ECB, should result in increased bond and loan issuance in 2016. The Central Bank's recent measures combined with a softening in the regulatory stance may also bode well for higher issuance of securitized products, with modest increases in borrowing from the public finance sector.

Among emerging markets, most regions are experiencing substantial stress from falling commodity prices, exchange-rate pressures from the rising dollar, tighter lending conditions, and a rising share of nonperforming loans. Two of the largest economies —Brazil and China — have been experiencing significant headwinds this year, and their market volatility unlikely to subside in the near term.

Now, turning from macro factors to those items inside the Company that we control, there are several areas of focus in 2016.

Delivering Financial Performance:

- Our revenue guidance for 2016 is for mid-to-high single-digit growth. While tepid issuance limits S&P Ratings Services' growth, we will benefit from eight additional months of SNL in 2016.
- Beginning in 2016, we will report our financial results using a newly defined adjusted diluted EPS that excludes deal-related amortization that Jack will discuss in a moment. Incorporating this change, our 2016 adjusted diluted EPS guidance is a range of \$5.00 to \$5.15.
- In 2016, we expect to generate considerable free cash flow and our guidance is for approximately \$1.3 billion. Please note that this cash flow guidance doesn't include the proceeds from the potential sale of J.D. Power. We are actively pursuing the sale of this business and have received considerable interest from a number of parties.

Creating Growth:

- The top operational priority in the corporation will be the integration of S&P Capital IQ and SNL. Ten work streams are in place, and now that we have an inside look at SNL, and the collective knowledge from both businesses, additional synergies have been identified.
- We have a goal to transform Global Risk Services into a market leader. We have risk capabilities within S&P Ratings Services, S&P Capital IQ and SNL, and CRISIL that we brought to bear to create new credit products and services.

Driving Performance:

I have challenged the organization to continue to expand our international footprint through better customer focus as well as collaboration across the Company, and I've also challenged the Company to deliver additional process improvements.

- From automating elements of the ratings process to improving data collection, there is ample opportunity to drive performance with process improvements and reengineering.
- We'll also continue to invest in compliance and risk management as well as firm-wide technology and a data road map. Technology is at the heart of each business, and we need to evolve our technology in a thoughtful and coordinated manner.

And now I'd like to conclude with some big news. The Board of Directors has proposed renaming the Company "S&P Global." This name better leverages the Company's rich heritage and our powerful financial data and analytics brands while signaling that we have a strong global footprint and broad portfolio. The change will be effective pending a shareholder vote on April 27. In addition to changing the name of the Company, we will also be changing the names of some of our divisions. For example, S&P Capital IQ and SNL will be renamed "S&P Global Market Intelligence."

With that, I want to thank you all for joining the call this morning and now I'm going to hand it over to Jack Callahan, our Chief Financial Officer.

Jack Callahan

Executive Vice President and CFO
McGraw Hill Financial

Thank you, Doug, and good morning to everyone on the call.

As you just heard, we made great progress in 2015 expanding our portfolio and product capabilities, while simultaneously streamlining the cost base. Today I want to provide additional clarity around several items that impact our financial performance and then we will open up the call for your questions.

First, I will recap key financial results. As part of the review, I want to highlight the impact of deal-related amortization and discuss our new approach to key performance metrics. I will also review the impact from adjustments to earnings and update you on the balance sheet, free cash flow, and return of capital. After that, I will provide updates on our productivity initiatives and SNL integration, and finally, I will provide 2016 guidance.

Let's start with the consolidated fourth quarter income statement. As Doug already commented on these items, there are just a couple items I want to highlight:

- First, reported revenue grew 7% benefiting in part from the first full quarter of SNL contribution. On a constant currency basis, organic revenue grew 3%. Delivering overall top-line growth was thanks to the strength and breadth of our portfolio as revenue from our largest business — Standard & Poor's Ratings Services — was lower than last year due to the impact of weak global debt issuance.
- Second, expenses and margins were impacted by the step up in deal-related amortization. I will discuss this item in more detail in just a moment.
- Third, the tax rate was considerably lower than a year ago largely due to improved profitability in several lower tax jurisdictions outside the United States and favorable tax benefits from the ongoing resolution of prior-year tax audits.

Turning now to the full year, both reported revenue and organic revenue, on a constant currency basis, increased 5%. This was consistent with our guidance of mid-single-digit growth. The most impressive result is that total adjusted expenses increased only 1%. This is a direct result of the tangible progress on our three-year cost reduction plan which I will discuss in a moment.

- As a result of cost productivity and the solid revenue growth, adjusted operating margin increased 280 points to 38.7%.
- The tax rate, for the full year on an adjusted basis, was 30.5%. As I just mentioned, this was due to improved profitability in lower cost jurisdictions and the ongoing favorable outcomes from the resolution of certain prior-year tax audits.
- And finally, adjusted net income and adjusted diluted earnings per share increased 16% and 17%, respectively.

Adjusted EPS of \$4.53 is a couple of pennies ahead of our latest guidance. The average adjusted diluted shares outstanding decreased by over one million shares versus a year ago. The full impact of the 10 million shares that we repurchased during 2015 will be more evident in the 2016 share count.

Now I want to highlight the impact of deal-related amortization. As a result of the SNL acquisition, the Company's deal-related amortization expense has increased significantly. It will be approximately \$98 million in 2016, just over half of which is related to the SNL acquisition.

In the top section of the slide, you can see that we reported a 4Q 2015 adjusted operating margin of 34.8% as deal-related amortization more than doubled. On the other hand, if deal-related amortization expense were excluded, we would have reported 4Q 2015 adjusted operating profit margins of 36.8%

The difference is not as pronounced on the full-year results which includes only four months of SNL deal-related amortization expense. Here the reported 2015 adjusted operating margins is 38.7%; however, if deal-related amortization expense were excluded, we would have reported 2015 adjusted operating profit margin of 39.9%.

On this slide, we lay out the earnings per share impact of deal-related amortization expense on the fourth quarter and the full year. For the fourth quarter, there is an \$0.08 per share difference between the reported adjusted diluted EPS of \$1.04 and the adjusted diluted EPS excluding deal-related amortization of \$1.12.

For the full year of 2015, the difference is \$0.16. Now going forward, beginning in 2016, we will be excluding this deal-related amortization from our non-GAAP results. We think that this will enable investors to view our results in the same manner as management. In today's earnings release, we have provided the impact of this change to 2015 adjusted earnings by quarter, but you can adjust your models accordingly.

Now let me turn to adjustments to earnings to help you better assess the underlying performance of the business. In total, pre-tax adjustments to earnings from continuing operations totaled \$54 million in the quarter. This consisted of \$33 million of restructuring charges in S&P Capital IQ and SNL, Corporate, and Standard & Poor's Ratings Services. There was \$15 million in accruals for potential legal settlements, and \$6 million for acquisition-related costs associated with the SNL transaction. As you have seen in the past, these restructuring actions are targeted to produce tangible cost reductions. The majority of the actions were taken in S&P Capital IQ and SNL as this division begins the realization of its cost synergy plans. I will provide an update on these synergies in just a moment.

Now let's turn to the balance sheet. As of the end of 2015, we had \$1.5 billion of cash and cash equivalents, of which approximately 90% was held outside the United States. We also had \$3.5 billion of long-term debt and \$143 million of short-term debt in commercial paper. Going forward, we intend to tap into the short-term debt market periodically to fund our share repurchase program and meet other corporate needs.

Our full-year free cash flow was a negative (\$48 million); however, to get a better sense of our underlying cash generation from operations, it is important to exclude the after-tax impact of legal and regulatory settlements and related insurance recoveries. On that basis, year-to-date free cash flow was a positive \$1.2 billion. This is consistent with our guidance of greater than \$1.1 billion.

Now I want to review our return of capital. During the quarter, the Company stepped up its share repurchase program and bought approximately 5 million shares, bringing the year-to-date total to

approximately 10 million shares. These purchases, combined with our dividend, totaled to approximately \$1.3 billion of cash returned to shareholders in 2015. This overall return of capital is in line with the past several years. Overall, we have returned approximately \$6.4 billion over the last five years. The share repurchase program remains an important component of our overall capital allocation, and we anticipate continuing to repurchase shares, subject to market conditions.

As most of you know, we initiated a three-year productivity program that will conclude by the end of 2016. The target was initially \$100 million when introduced in early 2014 and was increased to \$140 million last year. As of the end of 2015, approximately 80% of that productivity target has been realized. Our progress is clearly evident in the margin progress that we have delivered over the past two years. We currently expect to complete these initiatives, and deliver on the full \$140 million target by the end of 2016.

Now, let me provide an update on the integration of SNL. This was the first full quarter of our ownership of SNL and given its importance, the integration has become a primary area of focus for the Company. It is imperative that we combine S&P Capital IQ and SNL rapidly to capture synergies while minimizing disruption to the business, and most importantly, our customers.

As Doug mentioned, 10 integration work streams are in place and efforts are well underway. We have a centralized integration management office that provides detailed tracking by initiative, identification of key issues, and monitoring of these synergies. Both Doug and I work closely with Mike Chinn and his team to help ensure that these efforts receive the appropriate priority and support across the Company.

More importantly for investors, we are now on track to exceed the initial \$70 million synergy target ahead of our original timeline. When we announced the acquisition of SNL, we cited a target of \$70 million of run-rate EBITDA synergies by 2019. This was an estimate we arrived at by looking at SNL from the “outside in.” We now have had the opportunity to work directly with the new leadership team to consider what can be accomplished as we build an integrated S&P Capital IQ and SNL organization. With this more informed “inside” look, we are now targeting \$100 million of synergies by 2019. This increase is almost entirely cost related as we now expect about \$70 million of cost synergies by 2018 and the balance revenue-related. Furthermore, we expect that more than one-third of the synergies will be realized in 2016.

Taken in total, these synergies, the sustained growth across both legacy businesses, and the positive eight-month overlap from the acquisition should generate approximately 20% revenue growth in 2016, with profits excluding the impact of deal-related amortization growing twice as fast.

Now let me provide some additional guidance going into 2016. Overall, the strength and breadth of our portfolio better positions us to weather the volatility that we have experienced over the last couple of quarters which has intensified a bit since the start of 2016. The promising outlook for S&P Capital IQ and SNL, and continued growth at Platts, supports our current assumption of mid-to-high single-digit revenue growth despite the weak start in debt issuance in the overall capital markets. We anticipate maintaining the approximately 31% effective tax rate, generally in line with 2015.

As I mentioned earlier, our adjusted EPS guidance will exclude the impact of deal-related amortization. On this basis, we are introducing adjusted EPS guidance of \$5.00 to \$5.15, 7% to 10%

growth off our 2015 adjusted EPS once the impact of deal-related amortization is excluded from both years.

Despite the strong adjusted margin expansion expected at S&P Capital IQ and SNL, we are a bit cautious about further consolidated margin expansion in 2016. This caution is primarily based on the challenging market conditions which may impact revenue growth in our two highest margin business units — Standard & Poor's Ratings Services and S&P Dow Jones Indices. And, as a reminder, we have already made great progress on margins with the realization thus far of the \$140 million productivity target.

As a result:

- We would currently point to an overall margin expansion of approximately 50 basis points above the 39.9% adjusted operating margin excluding deal-related amortization in 2015.
- Capital investment is expected to be largely flat, in line with 2015.
- On return of capital, last week the Company announced a 9% increase in our annual dividend to \$1.44 per share. Our guidance considers continued share repurchases although the timing can be impacted by market conditions.

One clarification, this guidance assumes the inclusion of J.D. Power for the full year. As you can see in today's release, we have moved J.D. Power to an asset held for sale. As such, J.D. Power's results will be included until a sale is closed. Upon close, we currently anticipate using cash proceeds to repurchase shares and offset dilution. At that time, we will update you on any impact to our current outlook.

Finally, we anticipate 2016 free cash flow of approximately \$1.3 billion, which excludes any additional impact from asset sales.

In summary, we look for another year of growth in 2016. The strength of our portfolio, now augmented with SNL, positions us well to manage through these volatile market conditions.

To access the accompanying slides online, go to:

<http://investor.mhfi.com/phoenix.zhtml?c=96562&p=irol-EventDetails&EventId=5214593>

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995

This presentation contains "forward-looking statements," as defined in the Private Securities Litigation Reform Act of 1995. These statements, which express management's current views concerning future events, trends, contingencies or results, appear at various places in this report and use words like "anticipate," "assume," "believe," "continue," "estimate," "expect," "forecast," "future," "intend," "plan," "potential," "predict," "project," "strategy," "target" and similar terms, and future or conditional tense verbs like "could," "may," "might," "should," "will" and "would." For example, management may use forward-looking statements when addressing topics such as: the outcome of contingencies; future actions by regulators; changes in the Company's business strategies and methods of generating revenue; the development and performance of the Company's services and products; the expected impact of acquisitions and dispositions; the Company's effective tax rates; and the Company's cost structure, dividend policy, cash flows or liquidity.

Forward-looking statements are subject to inherent risks and uncertainties. Factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements include, among other things:

- the Company's ability to make acquisitions and dispositions and to integrate, and realize expected synergies, savings or benefits from the businesses it acquires, including the impact of the acquisition of SNL on the Company's results of operations, any failure to successfully integrate SNL into the Company's operations and generate anticipated synergies and other cost savings, any failure to attract and retain key employees to execute the combined company's growth strategy, any failure to realize the intended tax benefits of the acquisition, and the risk of litigation, competitive responses, or unexpected costs, charges or expenses resulting from or relating to the SNL acquisition;
- the rapidly evolving regulatory environment, in the United States, Europe and elsewhere, affecting Standard & Poor's Ratings Services, Platts, S&P Dow Jones Indices, S&P Capital IQ and SNL and the Company's other businesses, including new and amended regulations and the Company's compliance therewith;
- the outcome of litigation, government and regulatory proceedings, investigations and inquiries;
- worldwide economic, financial, political and regulatory conditions;
- 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 domestic and global credit and capital markets in the United States and abroad;
- the demand and market for credit ratings in and across the sectors and geographies where the Company operates; concerns in the marketplace affecting the Company's credibility or otherwise affecting market perceptions of the integrity or utility of independent credit ratings;
- the Company's ability to maintain adequate physical, technical and administrative safeguards to protect the security of confidential information and data, and the potential of a system or network disruption that results in regulatory penalties, remedial costs or improper disclosure of confidential information or data;
- the effect of competitive products and pricing;
- consolidation in the Company's end-customer markets;
- the impact of cost-cutting pressures across the financial services industry;
- a decline in the demand for credit risk management tools by financial institutions;
- the level of success of new product developments and global expansion;
- the level of merger and acquisition activity in the United States and abroad;
- the volatility of the energy marketplace;
- the health of the commodities markets;
- the impact of cost-cutting pressures and reduced trading in oil and other commodities markets;
- the level of the Company's future cash flows;
- the level of the Company's capital investments;
- the level of restructuring charges the Company incurs;
- the strength and performance of the domestic and international automotive markets;
- the Company's ability to successfully recover should it experience a disaster or other business continuity problem from a hurricane, flood, earthquake, terrorist attack, pandemic, security breach, cyber-attack, power loss, telecommunications failure or other natural or man-made event;
- changes in applicable tax or accounting requirements;
- the impact on the Company's net income caused by fluctuations in foreign currency exchange rates; and
- the Company's exposure to potential criminal sanctions or civil penalties if it fails to comply with foreign and U.S. laws and regulations that are applicable in the domestic and international jurisdictions in which it operates, including trade sanctions laws, anticorruption laws such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010, anti-bribery laws, anti-money laundering laws, and other financial crimes laws.

The factors noted above are not exhaustive. The Company and its subsidiaries operate in a dynamic business environment in which new risks emerge frequently. Accordingly, the Company cautions readers not to place undue



reliance on any forward-looking statements, which speak only as of the dates on which they are made. The Company undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances arising after the date on which it is made, except as required by applicable law. Further information about the Company's businesses, including information about factors that could materially affect its results of operations and financial condition, is contained in the Company's filings with the SEC, including Item 1a, Risk Factors, in the most recently filed Annual Report on Form 10-K.