



McGraw Hill Financial
3rd Quarter 2015 Earnings Conference Call
Prepared Remarks
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Chip Merritt

Vice President, Investor Relations
McGraw Hill Financial

Good morning and thank you for joining us for McGraw Hill Financial's third quarter 2015 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 third quarter results. If you need a copy of the releases and financial schedules, they can be downloaded at www.mhfi.com.

In today's earnings release and during this 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 non-GAAP measures and the comparable financial measures, calculated in accordance with U.S. GAAP.

Before we begin, I'd like 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 stock 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.

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

Douglas L. Peterson
President and CEO
McGraw Hill Financial

Thank you, Chip. Good morning everyone and welcome to the call.

This is a significant quarter for the Company. We made excellent progress with our strategic initiatives, including some very important decisions regarding our portfolio, while at the same time delivering solid top-line and bottom-line results.

But before I go into the strong results, let me cover some of the more strategic highlights from the quarter.

- We added SNL to our portfolio which we funded with \$2 billion of new notes and closed on September 1st.
- We merged our S&P Capital IQ business with SNL and made several leadership changes;
- We commenced a process to explore strategic alternatives for J.D. Power; and
- We have a great collection of assets. It is a portfolio that is now more focused on scalable, industry leading, inter-related businesses in the capital and commodity markets.

With the closing of the SNL transaction, work is underway to take advantage of the capabilities of both firms. The combination of S&P Capital IQ's broad data and powerful analytics with SNL's deep sector intelligence gives users unrivaled insights into the markets. As we execute our integration plans and learn more about SNL, we are identifying opportunities for additional synergies and are increasingly enthusiastic about the potential SNL brings to our Company.

On this slide you can see, as previously announced, Mike Chinn will lead S&P Capital IQ and SNL. Mike is building a unified organization that drives creativity and innovation and delivers best-in-class performance. He's built a team that consists of key leaders from the former SNL and S&P Capital IQ organizations and Mike will manage the business from Charlottesville, Virginia.

The integration of SNL is well underway. I head a steering committee that closely reviews key metrics to assess integration and synergy progress versus our plans. We have established a dedicated Integration Management Office to support and accelerate our efforts to bring the two companies together, with a mandate to deliver synergies that exceed the original deal thesis.

Twelve integration work streams have been created such as data, technology, and product and commercial strategies. In addition, we have more than 100 people across the organization working on the integration program. We believe SNL is a great asset and we will unlock tremendous revenue opportunities and cost synergies. We are on track to deliver or exceed our targeted synergies.

Recently, we made a number of management changes:

- John Berisford, who has been one of the architects in the transformation to McGraw Hill Financial, is now President of Standard & Poor's Ratings Services. John is well suited to lead the ongoing transformation of the business in an increasingly regulated environment.
- Mike Chinn is leading S&P Capital IQ and SNL, as I just mentioned, and he is well suited for this expanded role having led SNL through a decade of consistent growth.

- Martin Cheung, who headed up our global strategy and business development area, is now Executive Managing Director of Global Risk Services. This is the business that is at the intersection of Standard & Poor's Ratings Services and S&P Capital IQ and SNL.
- Imogen Dillon Hatcher was just named President of Platts. Imogen has been instrumental in positioning S&P Capital IQ for both growth and margin expansion, and now we're looking forward to her bringing her significant global leadership experience to Platts.
- France Gingras is now Executive Vice President of Human Resources. And France has a distinguished background in human resources with particular expertise in compensation and benefits.
- And last, David Goldenberg serves as acting General Counsel. Prior to joining the Company earlier this year, he held General Counsel roles at Muzinich & Co., Mercer, and Lazard Asset Management.

Last week, we announced that we recently commenced a process to explore strategic alternatives for J.D. Power. This business is a household name in the U.S. It is a trusted source for new-car quality and reliability ratings. It is headquartered in Westlake Village, California and the business is currently estimated to have revenue of approximately \$350 million in 2016, not only from the auto industry but from other sectors—financial services, insurance, travel, and healthcare. The business has roughly 800 employees globally.

As MHFI has continued to evolve, we believe that J.D. Power could be more valuable as part of a market research and consumer analytics platform than by remaining in our portfolio. The recent NADA Used Car guide will add to that value.

We haven't set a timetable because we want to run a thoughtful, thorough, disciplined process to find the best fit for this business and its employees. Morgan Stanley will act as the financial advisor and we will provide an update at the appropriate time.

As a result of this, as you'll see on this slide, our portfolio is now increasingly focused on businesses with a common set of attributes. The businesses are scalable, they're global, all have market-leading positions and fantastic brands, and serve growing markets. These businesses are increasingly inter-related and serving the capital and commodities markets. Together, it is this unique collection of great assets with world-class brands that distinguishes McGraw Hill Financial.

Building on our solid first-half, we continued to deliver strong financial results in the third quarter while simultaneously adding to our portfolio.

During the quarter, the Company delivered:

- Increased revenue driven by the strength of the broad portfolio;
- Continued margin expansion with a 230-basis-point improvement in our adjusted operating profit margin;
- A 16% increase in adjusted diluted EPS to \$1.19;
- Excellent cost control as our efficiency initiatives, combined with lower legal expense, have enabled the Company's adjusted expenses to increase less than 1% year-over-year;
- Strong year-to-date free cash flow of \$776 million, excluding after-tax payments associated with legal and regulatory settlements and insurance recoveries;
- An increase of our 2015 adjusted diluted EPS guidance to a range of \$4.45 to \$4.50;

- And a meaningful return of capital, with share repurchases of 2.3 million shares in the quarter. This, combined with the 2.6 million shares in the first half, brings the YTD total to 4.9 million shares repurchased.

The Company accomplished all of this while investing in and encouraging a culture that emphasizes robust risk management and compliance with policies and regulations.

Now, let's dig in to the third quarter results:

- Revenue increased 5%. Excluding the impact of foreign exchange, however, revenue increased 7%.
- Adjusted operating profit increased 11%.
- Revenue growth coupled with productivity initiatives led to an adjusted operating margin increase of 230 basis points.
- Our tax rate was favorably impacted by the resolution of prior-year tax audits. Jack will elaborate on this in a moment.

All of this led to adjusted diluted EPS of \$1.19, which is an increase of 16%.

During the quarter, we had consistent profit improvement in every business segment. We did, however, experience a drop in revenue at Standard & Poor's Ratings, which declined due to weak third-quarter bond issuance.

S&P Capital IQ and SNL

Now let's look at the individual businesses and let me start with S&P Capital IQ and SNL.

Revenue for the segment grew 14% including the contribution of SNL for the month of September. Organic revenue growth was 7% in the quarter.

While this is only one month of data, SNL delivered mid-teens revenue growth vs. September 2014 when we did not own the company.

Adjusted segment operating profit grew 25%. Solid revenue growth, coupled with headcount declines of 1%, led to growth in adjusted operating margin, which increased 200 basis points to 23.8%. Because so much of the cost base of S&P Capital IQ and SNL is based outside the U.S., operating profit benefited from the stronger dollar. Excluding the impact of forex, the adjusted operating margin was 22.2%.

Not surprisingly, with the relative strength of the U.S. economy, domestic revenue growth outpaced international growth again this quarter.

Let me add a bit more color on growth in the business lines of S&P Capital IQ and SNL:

- S&P Capital IQ Desktop & Enterprise Solutions revenue increased 9%, primarily as a result of a low-teens increase in Desktop revenue. The number of desktop users increased at low-teens to over 72,000 users.
- As we continue to leverage the breadth of capabilities within MHFI, S&P Capital IQ platform subscribers can now access Platts' Bentek Energy's oil and gas forecasts. With this addition, the

S&P Capital IQ platform now features proprietary research from S&P Ratings, CRISIL, and Platts' Bentek Energy, with other MHFI products to follow.

- For the month of September, SNL revenue increased 13% vs. September 2014 when we did not own the company. The increase was driven by its Financial Institutions Group — both in the U.S. and overseas.
- S&P Credit Solutions revenue increased 7% due primarily to the consistent growth in RatingsXpress® and RatingsDirect.
- In the smallest category, S&P Capital IQ Markets Intelligence revenue decreased 4% overall. Strong growth in Global Markets Intelligence and, to a lesser extent, Leveraged Commentary & Data, was offset by declines in Equity Research Services.

Standard & Poor's Ratings Services

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

In the quarter:

- Despite a meaningful decline in global issuance, revenue only decreased 3% due in part to relationship-based contracts with our customers. Revenue grew, however, 1%, excluding adverse forex. Issuance outside the U.S. was weak as concerns related to China's declining growth, falling commodity prices, and the Fed's impending interest rate hike hindered issuance activity. For the fourth straight quarter, international revenue lagged domestic revenue growth with a decline of 14%;
- Adjusted operating profit grew 5%; and
- Adjusted margin improvement continued with a 380 basis-point improvement to 47.8%. This improvement was the result of decreased expenses primarily related to legal, recent restructurings, and efforts to leverage lower-cost locations.

While revenue was negatively impacted by foreign exchange rates, it had less of an impact on operating profit.

- Non-transaction revenue reached a quarterly record of \$343 million due to an increased demand for Rating Evaluation Service from robust U.S. M&A activity and strength at CRISIL. Non-transaction revenue increased from 55% to 58% of total revenue and was the highest percentage of quarterly revenue that non-transaction has represented since the first quarter of 2012.
- Excluding the impact of foreign exchange, non-transaction revenue increased 8%.
- Transaction revenue weakness was driven by a 20% decline in global issuance.
- Bank loan ratings revenue was also weak, decreasing 16% due to a reduction of leveraged recapitalizations and refinancings—partially due to leveraged lending regulatory guidance on the loan market.
- Two areas of strength were U.S. investment-grade issuance, led by robust M&A activity, and U.S. public finance issuance.
- Excluding the impact of foreign exchange, transaction revenue decreased 7%.
- As you can see in this slide, Asia and Latin America issuance decreased by 58% and 72%, respectively, which led to a 20% decline in global issuance overall. To put that in perspective, both Asia and Latin America had their lowest quarterly issuance since 2008. Due to the turmoil in the Asian markets and the devaluation of the Chinese Yuan, year-over-year quarterly revenue from China experienced a decline for the first time in the last 5 years. In addition, this was Europe's lowest issuance quarter since the third quarter of 2013.

When we look at third quarter U.S. issuance, which increased 1%, the strongest category was U.S. industrial investment-grade companies, which set a third-quarter record due to a number of jumbo M&A transactions. The other bright spot was a 5 percent increase in public finance issuance. These gains were largely offset by a 43% decrease in high-yield and a 27% decrease in structured finance which had weakness in most asset classes.

In Europe, excluding sovereigns, issuance decreased 4%. Investment-grade declined 31% and high-yield declined 14%. Structured finance issuance increased 98% with a surge in RMBS and strength in every asset class, except CLOs.

S&P Dow Jones Indices

Turning to S&P Dow Jones Indices, the business delivered a 9% increase in revenue due primarily to a sharp increase in exchange-traded derivative volume growth in the quarter. This growth was supported by ETF, mutual fund, and data license revenue which all increased. The only area with a revenue decline was in over-the-counter derivatives primarily due to the loss of the UBS contract last year.

As the volatility of equity markets intensified during the quarter, trading volumes of exchange-traded derivatives contracts increased. Importantly, inflows into U.S. equity ETFs resumed this quarter.

Adjusted operating profit increased 18% and the adjusted operating profit margin increased 500 basis points to 68.5%.

The trend from active to passive investing has continued in 2015 with year-to-date ETF industry inflows setting a record of \$230 billion. It's very encouraging that after a brief pause, inflows into U.S. equity turned positive in 3Q, totaling \$28 billion.

ETF assets under management (AUM) associated with our indices increased 2% to \$749 billion versus the end of the third quarter of 2014 but remains below peak levels of \$832 billion at the end of 2014.

During the quarter, S&P Dow Jones Indices introduced 107 new indices as it continues to expand its index families. Over the past year the number of ETFs based upon our indices increased by 45 to 660.

Market volatility led to a surge in exchange-traded activity with exchange-traded derivative volumes based on S&P Dow Jones Indices increasing 32%. You know the key products driving this increase—the E-mini, the VIX, and the SPX products which had volume increases of 27%, 42%, and 36% respectively.

This slide depicts two charts we've shown you before that should be instructive in understanding year-to-year ETF industry flows.

- In the chart on the left, you see that the AUM linked to ETFs based on our indices has declined recently. While the year-over-year comparisons are still positive, AUM has declined since the end of 2014.
- The chart on the right shows that inflows into passively managed ETFs continue to be robust. In fact, the industry experienced record first nine months inflows of \$230 billion. In the first half of

this year, unfortunately, ETF flows moved to European and non-U.S. products where we have less exposure. In the third quarter, inflows into products based upon our indices fortunately resumed.

- While it is encouraging that inflows into our AUM increased, as you can see in the bar chart on the left, AUM was down sequentially due to a decline in equity prices.

Commodities & Commercial Markets

In the Commodities & Commercial Markets segment:

- Revenue grew 9%, with organic growth of 5%, excluding revenue from the Petromedia and NADA Used Car Guide acquisitions. This was led by high-single-digit revenue growth at Platts.
- Adjusted segment operating profit grew 11%.
- Adjusted operating margin increased 60 basis points to 37.3%.

Excluding the NADA Used Car Guide acquisition, J.D. Power revenue declined primarily due to weakness in China.

Platts continues to deliver strong results with high single-digit revenue growth despite the negative impact of continued low commodity prices. In fact, Petroleum products recorded low-teens revenue growth. Due to recent investments, Metals, Agriculture & Petrochemicals continued to deliver the highest revenue growth rates. Global Trading Services' revenue increased primarily due to the timing of license fees from revisions to pricing terms on an existing agreement and license revenue from The Steel Index derivative activity.

In summary, this was an important quarter. We've built a portfolio of scalable, industry-leading, inter-related businesses in the capital and commodity markets. The addition of SNL contributes nicely to this portfolio.

We:

- Announced the realignment of the S&P Capital IQ and SNL businesses and several leadership changes;
- Continued progress on productivity efforts across the Company;
- Delivered increased revenue, adjusted operating profit margin, and adjusted diluted EPS;
- Increased 2015 adjusted EPS guidance to a range of \$4.45 – \$4.50;
- Generated considerable YTD free cash flow, excluding after-tax payments associated with legal and regulatory settlements and insurance recoveries; and
- Maintained our commitment to meaningful capital returns with increased share repurchase activity.
- And, as announced, we are initiating a process to explore strategic alternatives for J.D. Power.

With that, I want to thank you for joining the call this morning. 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 from Doug, there is a great deal of continued progress building an ever more focused and capable McGraw Hill Financial while continuing to deliver strong financial performance. Today, I want to add some color to several items related to our financial performance and then we will open the call up for your questions.

- First, I will recap key financial results and review certain adjustments to earnings that were recorded during the quarter;
- Next, I will clarify the impact from acquisition-related amortization and foreign exchange;
- After that, I will review important changes to the balance sheet, and progress year-to-date on free cash flow and return of capital; and
- Finally, I will update our 2015 guidance.

Let's start with the consolidated third quarter income statement. Overall, these were solid results, particularly the continuing progress in margin improvement.

- Revenue grew 5% as the balance of portfolio offset a modest decline at Standard & Poor's Ratings and the continued headwinds from foreign exchange, which reduced our growth rate by about 2 points;
- Adjusted consolidated operating profit grew 11%, with all four business units contributing to this growth. Adjusted operating margins approached 40%, up 230 basis points from a year ago. Revenue growth, combined with continued progress on our productivity initiatives, resulted in this improvement.
- Adjusted unallocated expenses increased 11%, largely due to professional fees in support of several enterprise-wide initiatives;
- The tax rate, on an adjusted basis, was 28.8%. This was unusually low due to favorable outcomes from the resolution of certain prior-year tax audits which generated a positive impact to adjusted diluted EPS of approximately 6 cents. We now expect a full-year adjusted tax rate of approximately 31.5%; and finally
- Both adjusted net income and adjusted diluted earnings per share increased 16%. EPS was \$1.19. The average diluted shares outstanding decreased by one million shares versus a year ago.

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 \$118 million. This consisted of \$86 million in net accruals for potential settlements offset in part by insurance recoveries, and approximately \$32 million for acquisition-related costs associated with the SNL transaction.

We recognize that investors use different methods for valuing MHFI and that understanding the amount of acquisition-related amortization can be important in these evaluations. Going forward, we intend to provide you with the clear detail to assist you in the analysis.

In the table on the top, we show pre-tax amortization expense of \$17 million and adjusted EBITDA of \$565 million for the third quarter. In the lower table, we show after-tax amortization expense of \$11 million and adjusted EPS excluding amortization expense of \$1.22 for the third quarter.

We are now further along in the purchase-price accounting for SNL. The annualized amortization expense due to the SNL acquisition is anticipated to be approximately \$53 million. During the third quarter, we recorded just one month of amortization expense related to SNL, so the overall impact is negligible. The level of amortization expense will become more pronounced in the fourth quarter as we record three months of SNL-related acquisition expense. Please note that our guidance for the balance of 2015 does include the impact of this amortization.

Let me turn to foreign exchange. Foreign exchange continues to have a negative impact on the Company's revenue. Reported international revenue decreased 5%; however, on a constant currency basis, international revenue actually increased 1%. The majority of this impact was realized in Standard & Poor's Ratings Services.

Overall, on a constant-currency basis, total Company revenue increased 7%—two points faster than the reported results. Expenses incurred outside the United States also decreased, providing a modest, positive impact on adjusted operating profit totaling less than one penny of EPS.

Now, let's turn to the balance sheet. As of the end of the third quarter, we had \$1.4 billion of cash and cash equivalents, of which approximately 90% was held outside the United States.

In August, the Company issued \$2 billion of notes of various maturities at a weighted average interest rate of 3.6%. We were quite pleased with this strong execution behind this financing and the strong response from investors given the on-going volatility in the market. This increased our outstanding long-term debt to approximately \$3.5 billion, all of which is rated investment grade. Our gross debt to adjusted EBITDA is approximately 1.6 times.

Now, let's turn to cash flow and the return of capital. Our year-to-date free cash flow was a negative (\$497 million). However, to get a better sense of our underlying cash generation from operations, excluding the after-tax impact of legal and regulatory settlements and related insurance recoveries, year-to-date free cash flow was a positive \$776 million. We remain on track with our full-year 2015 free cash flow guidance of greater than \$1.1 billion.

During the quarter, the Company stepped up its share repurchase program and bought 2.3 million shares, bringing the year-to-date total to 4.9 million shares. The share repurchase program remains an important component of our overall capital allocation, and we anticipate continuing to repurchase shares under our remaining share repurchase authorization of approximately 40.6 million shares, subject to market conditions.

Through nine months of 2015, the total capital return was \$775 million surpassing the \$607 million at this time last year.

Finally, I would like to close by updating our 2015 guidance.

- We anticipated that our productivity programs would have a clear impact on margins this year. Our strong performance year-to-date leads us to increase our adjusted operating margin guidance to an improvement of more than 200 basis points.
- As I discussed earlier, due to the favorable benefit from the resolution of prior-year tax audits, we are lowering our adjusted tax-rate guidance to approximately 31.5%.

- Therefore, based on the strong results in the quarter, we are increasing our 2015 adjusted earnings per share guidance to a range of \$4.45 to \$4.50. However, we are cautious given the overall weakness in the bond issuance as we close out the year and the volatility across the capital markets.

In closing, we continue to focus on creating growth and driving performance. Our actions demonstrate our commitment to building upon an extraordinary portfolio of assets, improving margins, and returning cash to shareholders.

To access the accompanying slides online, go to:

<http://investor.mhfi.com/phoenix.zhtml?c=96562&p=irol-EventDetails&EventId=5206476>

“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 press release 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 impact of the acquisition of SNL, including the impact 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 SNL’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 and abroad, 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 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 strength and performance of the domestic and international automotive markets;
- the impact on the Company's revenue and net income caused by fluctuations in foreign currency exchange rates;
- the level of restructuring charges the Company incurs;
- the level of the Company's capital investments;
- the level of the Company's future cash flows;
- the Company's ability to make acquisitions and dispositions and to integrate, and realize expected synergies, savings or benefits from the businesses it acquires;
- 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; 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 sanctions laws relating to countries such as Iran, Russia, Sudan and Syria, anti-corruption laws such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act of 2010, and local laws prohibiting corrupt payments to government officials, as well as import and export restrictions.

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 the "Risk Factors" section in the Company's most recently filed Annual Report on Form 10-K and any subsequently filed Quarterly Report on Form 10-Q.