S&P Global

Essential intelligence shapes a world of opportunity

Annual Report 2017

Financial Highlights

Years ended December 31 (in millions, except per share data)	**2017**	2016	% Change
Revenue	**$ 6,063**	$5,661	7
Adjusted net income (attributable to the Company's common shareholders)*	**1,784**[a]	1,420[b]	26
Adjusted diluted earnings per common share*	**$ 6.89**[a]	$ 5.35[b]	29
Dividends per common share[c]	**$ 1.64**	$ 1.44	14
Total assets	**$ 9,425**	$8,669	9
Capital expenditures[d]	**123**	115	7
Total debt	**3,569**	3,564	0
Equity (including redeemable noncontrolling interest)	**2,118**	1,781	19

*Refer to "Reconciliation of Non-GAAP Financial Information" on page 13 of this report for a discussion of the Company's non-GAAP financial measures.

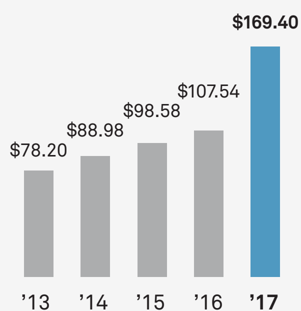
(a) Excludes the impact of the following items: legal settlement expenses of $55 million, employee severance charges of $44 million, a charge to exit leased facilities of $25 million, non-cash acquisition and disposition-related adjustments of $15 million, a pension related charge of $8 million, an asset write-off of $2 million and amortization of intangibles from acquisitions of $98 million.

(b) Excludes the impact of the following items: a gain from our dispositions of $1.1 billion, a benefit related to net legal settlement insurance recoveries of $10 million, disposition-related costs of $48 million, a technology-related impairment charge of $24 million, employee severance charges of $6 million, a disposition-related reserve release of $3 million, acquisition-related costs of $1 million, and amortization of intangibles from acquisitions of $96 million.

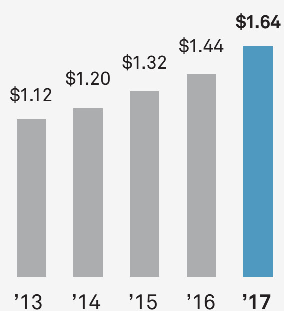
(c) Dividends paid were $0.41 per quarter in 2017 and $0.36 per quarter in 2016.

(d) Includes purchases of property and equipment and additions to technology projects.

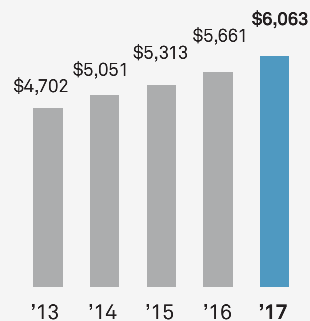
Year-End Share Price



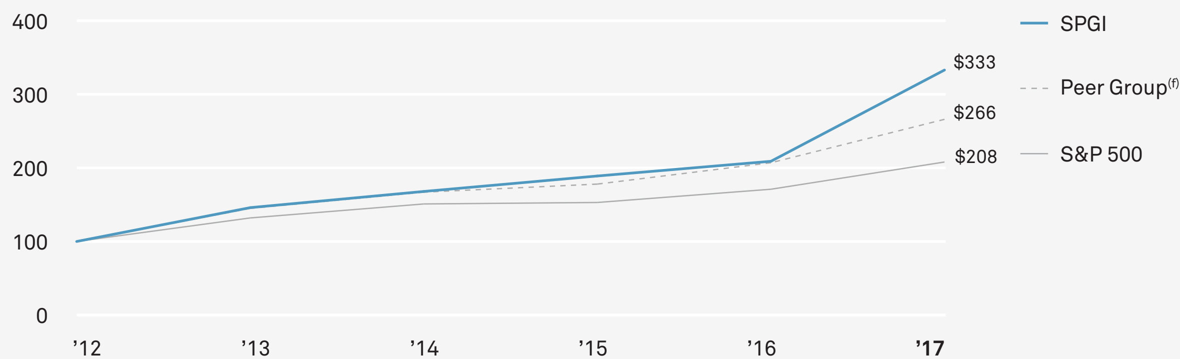
Dividends per Share



Revenue (in millions)

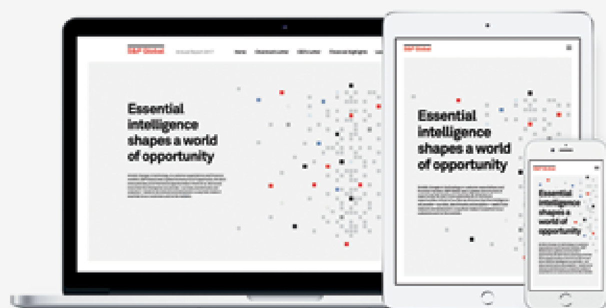


Cumulative Total Shareholder Return[e]



(e) Assumes $100 invested on December 31, 2012 and total return includes reinvestment of dividends through December 31, 2017.

(f) The peer group consists of the following companies: Thomson Reuters Corporation, Moody's Corporation, CME Group Inc., MSCI Inc., FactSet Research Systems Inc. and IHS Markit Ltd.



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Chairman's Letter

Charles E. "Ed" Haldeman, Jr.
Chairman of the Board

Dear Fellow Shareholder:

We are pleased that S&P Global generated strong growth in 2017. Our employees excelled at increasing revenue and operating profit.

This very solid financial performance demonstrates the demand for the essential research, data, analytics and benchmarks S&P Global provides, and underscores the positive influence of productivity initiatives.

The earnings power — and the potential — of S&P Global have created significant value for you, our shareholders.

In 2017, total return to shareholders was 59%, surpassing the S&P 500's return of 22% and our peer group's 29% return.

Last year, the Company returned $1.4 billion to shareholders in the form of dividend payments and share repurchases. In February of this year, your Board of Directors once again approved an increase in the regular cash dividend on the Company's common stock. The increase of 22% to an annual rate of $2.00 affirms S&P Global's commitment to shareholders. For 45 consecutive years, through a wide variety of business cycles and market conditions, the Board has increased the regular cash dividend. Fewer than 25 companies in the S&P 500 can claim such a record.

To maintain our commitment to shareholders, the Board and management team continually assess the Company's strategy and operating performance. Late last year we discussed the biggest trends in technology and themes influencing global capital and commodity markets. This conversation was informed by the leadership team's outreach to customers and users to understand their needs today and well into the future.

59%

Total return to shareholders in 2017

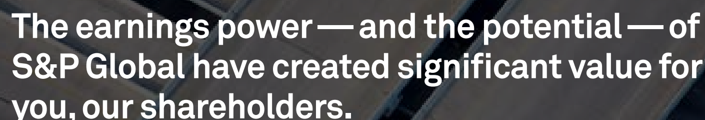
$1.4B

Cash returned to shareholders in 2017

The result of this strategic project both affirmed S&P Global's purpose of providing essential intelligence to customers so they can make confident business decisions, as well as crystallized a vision to power the markets of the future. In Doug's letter, he lays out the steps the Company is taking to realize this vision.

Thriving in an evolving environment based on a foundation of integrity and a capacity to anticipate and absorb change are key characteristics of successful organizations. The Board of Directors has oversight responsibility of the Company's risk management framework, including working with the senior leadership team to foster a culture instilled with honesty, transparency, accountability and risk awareness.

We have a terrific set of directors who bring a diverse and valuable set of experiences, skills and perspectives into the boardroom. They also offer a fresh point of view. With the addition of four new Board members over the last two years, we've significantly reduced the average tenure of directors to about six years. That is well below the average 8.2-year tenure of directors of S&P 500 companies. I am grateful to all our directors for their counsel, contributions and commitment to the highest standards of good corporate governance.



By returning cash to shareowners while investing in the most promising growth initiatives, S&P Global has proven to be a responsible steward of shareholder capital. The actions the management team took in 2017 and continues to take today are designed to enable S&P Global to continue delivering superior results for all of its stakeholders.

Thank you for your support.

Sincerely,

Charles E. "Ed" Haldeman, Jr.

Chairman of the Board

CEO's Letter

Douglas L. Peterson
President and Chief Executive Officer

Dear Fellow Shareholder:

The shifting conditions that were the backdrop to so many world events in 2017 are still front and center in many places.

Geopolitical risks and social movements are ongoing. New technologies are emerging. Public policies and the regulatory landscape are changing. Customer expectations are evolving.

All of these factors have the potential to be disruptive. Amidst this period of uncertainty, S&P Global must be agile and adaptable and possess the ingenuity and farsightedness to successfully navigate a dynamic, complex and rapidly moving business environment.

In business, disruption can create opportunities for companies to be formed while it causes others to disappear. Research indicates, for the first time, that new American companies are failing at a faster rate than they are being started.

To capitalize on today's greatest changes and to identify emerging trends, innovation is more essential than ever. Improving operations and products are important but so is the way we develop and execute our long-term strategy. Last year we began a future-defining project to ask our customers and market participants about the geopolitical, regulatory, technological and economic developments they face doing business. The powerful insights we gleaned from these conversations have allowed us to develop a strategy and vision for what lies ahead — a belief that S&P Global will power the markets of the future with its essential intelligence by delivering an exceptional, differentiated customer experience across the globe.

This ambition is built on a rich heritage. For generations this Company has endured because of its ability to adapt to shifting markets while remaining relevant to our customers. From our founding during the first Industrial Revolution to the Big Data Analytics Revolution of today, businesses have turned to us to help them make informed decisions.

> **Today the tradition of innovation, the spirit of continuous improvement and the commitment to operational excellence go on as we find new ways to enhance our proprietary data, to make better use of technology and to work more closely together.**

Today the tradition of innovation, the spirit of continuous improvement and the commitment to operational excellence go on as we find new ways to enhance our proprietary data, to make better use of technology and to work more closely together.

13%

Organic revenue increased in 2017

In short, we envision a world of opportunities.

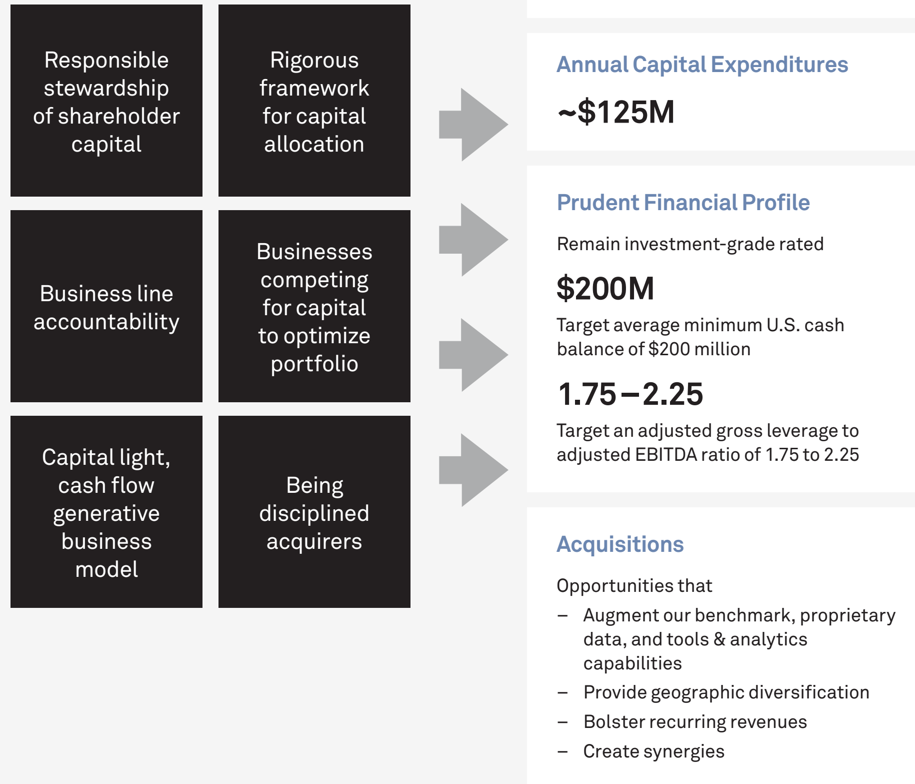
This approach coupled with favorable market conditions served us well in 2017. I am very pleased that every business division generated organic revenue growth and improved productivity.

- Organic revenue increased 13%.
- Adjusted operating profit margins expanded 420 basis points to 47%.
- Adjusted diluted earnings per share grew 29%.

The underlying strength of each of our businesses was evident.

- Attractive credit conditions supported strong bond issuance and an increasing number of bank loan ratings, which drove **S&P Global Ratings**' positive results.
- The shift from actively managed funds to passive investments continued as **S&P Dow Jones Indices** benefited from record funds flowing into exchange-traded funds associated with our indices.
- The need for actionable insights based on unique and proprietary content from a wide range of customers, beyond banks and investors, propelled **S&P Global Market Intelligence.**
- And the critical nature of our benchmark pricing data and analytics, together with a successful push to diversify offerings into areas such as liquefied natural gas (LNG) and agriculture, helped **S&P Global Platts** deliver another year of growth.

An exceptional performance in 2017 provides a strong foundation for growth in 2018. There is still much work to be done, and we are excited about the initiatives underway across our Company to deliver value to our customers and to further improve our own productivity during this time of change.



We are seizing opportunities to work together and with new partners to leverage advanced technology that enables future growth.

Technology is always a topic that comes up when I talk with other CEOs because of its potential to change businesses and industries.

Artificial Intelligence (AI) and machine learning present both risks and opportunities. We are responding with new solutions. As an example, S&P Global Market Intelligence has applied natural language processing (NLP) to corporate earnings call transcripts to dissect the tone, complexity and overall level of engagement with analysts as indicators of earnings sentiment to help investors uncover new insights.

To succeed in the future, we will need to develop entire ecosystems of companies with these new capabilities. In 2017, we made a number of investments in early-stage financial technology, or fintech, firms that give us access to AI and predictive analytics. This presents opportunities to work with innovative small businesses to test new solutions for customers.

To kick off 2018, we have reorganized our technology functions by establishing three operational services teams specifically focused on Technology Innovations and Software Engineering, Data Operations and Digital Infrastructure. These three teams are working closely together to ensure we achieve the full potential of our data and the latest technologies.

In 2018, other ongoing technology priorities include protecting our Company, as we remain vigilant about cybersecurity, and updating the technology and workflow tools that are essential to our employees.

We see opportunities to build a stronger workforce.

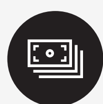
We continue to thrive thanks to our diverse, global team and by promoting a work environment focused on leadership development, career advancement and open feedback linked with performance management.

Positioning the Company for growth in an age of technology disruption also means new investments in our people. Over the last two years we've increased our hiring of software engineers and developers, data and content managers, information security specialists and other technology roles.

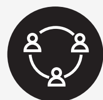
Technology and people are our two largest investments. But it's not just about hiring. We also need to give our technology teams, and all our employees, more advanced training. In 2017, we launched a project called EssentialTech to enhance the technology acumen of our entire employee base and provide the networks and tools necessary to help them compete and succeed.

How We Manage Our Company

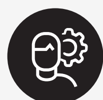
We are driven by our vision to power the markets of the future. To achieve success in 2018, we are focused on four critical areas.



Financial — We remain committed to strong financial performance and to creating long-term value for our shareholders.



Customer — We will be a customer-oriented firm. New innovative solutions and an enriched, modern user experience are keys.



Operations — We strive for operational excellence in all we do. Technology, data, risk and compliance are focal points.

People — We are creating a performance culture, and we are committed to leadership development programs, diversity and inclusion, and enhancing technology skills.

Expanding Diversity and Inclusion Opportunities for Employees

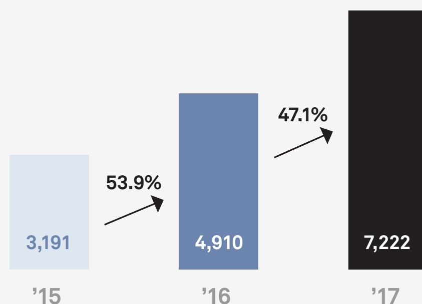
The diverse characteristics, perspectives, ideas and backgrounds that our employees bring to S&P Global give us a vital competitive edge. We embrace and support our employees' diversity in a variety of ways.

For example, our nine Employee Resource Groups support, engage and inspire our employees by connecting people with shared interests, experiences and perspectives. The mission of the ERGs is to attract and retain diverse talent, promote professional development, support communities where we operate, spark innovation and expand business opportunities.

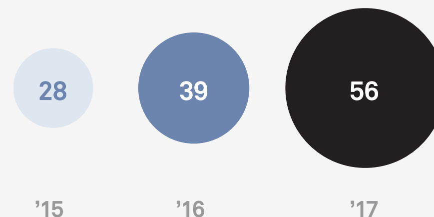
Our Employee Resource Groups

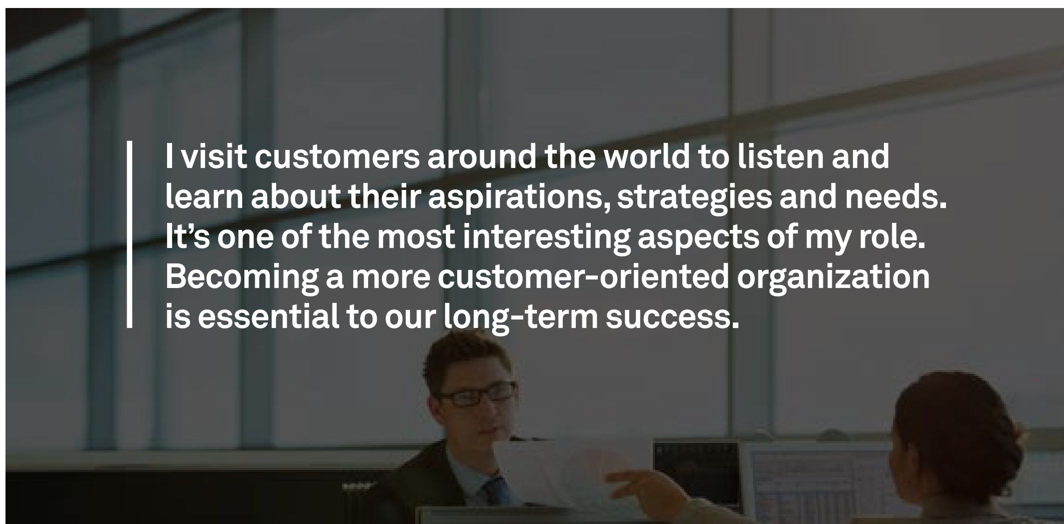
Adelante Hispanic and Latino Professionals	**APEX** Asian Professionals for Excellence
BOLD Black Organization for Leadership and Development	**LEAD** Learning, Empowering and Accelerating Digital
ParentsNet Working Parents and Caregivers Network	**REACH** Recognize Employees of all Abilities, Celebrate and Harness
Spectrum LGBTQ & Friends	**VALOR** Veterans and Allies Leading for Organizational Results
WINS Women's Initiative for Networking and Success	

Employee Resource Group Membership Is Growing Fast



Number of Employee Resource Group Chapters Is Increasing





We are capitalizing on opportunities to optimize data, create new platforms and deliver new insights.

The launch of the S&P Global Market Intelligence platform has been a massive data and technology project that clearly demonstrates the value of our businesses increasingly working side by side.

One of the most visible ways we have been integrating the SNL Financial and S&P Capital IQ businesses was the creation of a single platform for delivering essential intelligence to the markets. Powerful visual displays of data and deep analytics reveal insights delivered in an intuitive design that provide customers with the essential information they need, whenever they need it. One of the important benefits of this project is that it was built as an S&P Global platform so that our other businesses can build their own solutions on it for their own clients. In fact, S&P Global Platts and the S&P Global Ratings teams are already taking advantage of this architecture and utilizing this technology platform.

We recognize the opportunity to anticipate and fulfill evolving customer needs.

I visit customers around the world to listen and learn about their aspirations, strategies and needs. It's one of the most interesting aspects of my role. Becoming a more customer-oriented organization is essential to our long-term success.

To accomplish that we need to continually improve the client experience. One example is last year's introduction of Ratings360™ to corporate issuers. Ratings360™ is a new digital delivery system that provides a comprehensive, 360-degree view of a company's critical credit risk factors, along with new tools, services and support, all in one easy-to-use and interactive platform. Ratings360™ is helping deepen customer relationships and it is one more way we are working together to demonstrate our essential intelligence.

Another evolving customer need is the growing interest among companies and investors in environmental, social and governance (ESG) issues. In this case we are increasingly collaborating across our businesses to support market demand. Last year S&P Global Ratings launched Green Evaluations, an asset-level environmental credential for investors interested in a more

comprehensive picture of the green impact and climate risk attributes of their portfolio. This is an ongoing collaborative effort that has benefited from the environmental data and risk analysis of Trucost, which S&P Dow Jones Indices acquired in 2016. Trucost has helped the Ratings team develop the analytical framework, source the data and refine their overall approach to Green Evaluations. We are encouraged by the enthusiasm for this new offering in the market.

The long-term growth potential of global capital markets offers exciting prospects to serve new customers. We are interested in opportunities that augment our benchmark, proprietary data and tools and analytics capabilities; provide geographic diversification, including in developing markets; bolster recurring revenues; and/or provide synergies.

S&P Global Platts further demonstrates the work we're doing to meet the evolving needs of customers. We've heard from many customers who believe that our products and services can bring added value, especially if they come together in a new way that allows them to connect the dots of a commodity's trade flow. The combination of rig information at the wellhead, pipeline flow data that goes all the way to a shipping terminal and satellite tracking of cargo around the globe can be quite powerful. By putting all those assets together to see the flow of commodity data gives a completely new dynamic to an oil company, an airline or other customer developing business plans or trying to improve a forecast. Bringing together this comprehensive set of data and forecasting tools is one of the biggest growth engines for S&P Global Platts.

We are securing opportunities to address changes in the regulatory and public policy environment.

New legislation and regulatory requirements that affect our business are emerging. We're operating under the assumption that in markets across the globe there will be increasing levels of regulation and oversight for all of our businesses; however, compliance, risk management and control functions are already part of our operations, and integrity is a core value embedded in our culture.

In the U.S., tax reform legislation became law last year. As a result, we estimate our effective corporate tax rate in 2018 will decline to a range of 21% to 22.5% from an adjusted rate of 28.9% in 2017. The reduction in our effective tax rate will generate approximately $200 million of additional cash flow in 2018. Tax reform also resulted in a 22% increase in our regular quarterly cash dividend, a $20 million contribution to the S&P Global Foundation and improves our 2018 earnings per share outlook by more than $1.00 per share.

$200M

The reduction in our effective tax rate will generate approximately $200 million of additional cash flow in 2018

We are always evaluating new rules in different countries to determine their impact on our business. For example in Europe, recent regulatory changes to the Markets in Financial Instruments Directive, or MiFID II, took effect and are likely to disrupt the research industry but may also provide an opportunity for us to meet the evolving data and research needs of customers.

New Opportunities to Support Communities and Economies

In 2018, to underscore our commitment to powering more inclusive and sustainable economies and thriving global communities, S&P Global has increased its investments in a range of philanthropic and public engagement programs. In February, we announced that as a result of U.S. tax reform we are contributing $20 million to the S&P Global Foundation that will support non-profit organizations that are aligned with our Corporate Responsibility (CR) strategy.

Our CR strategy leverages the essential connections between our capabilities and the needs of society. We focus our efforts where our skills can make a real difference by:

- providing tools for sustainable investment while minimizing our own environmental footprint;
- accelerating and promoting science, technology, engineering, and math (STEM) skill development; and
- breaking down barriers to capital for women entrepreneurs.

This focused strategy has resulted in:

- thousands of our employees volunteering as part of our Community Impact Month initiative to support hundreds of community projects worldwide;
- an expanded Disaster Relief Matching Gift program after natural disasters struck around the world and employees volunteered to support the hardest hit neighborhoods;
- a wide variety of programs to support women entrepreneurs and business leaders, including promoting the flow of resources and capital to enterprises owned and managed by women; and
- CarbonNeutral® Business Travel Certification through investments in renewable energy projects globally.

$20M

2018 contribution to S&P Global Foundation

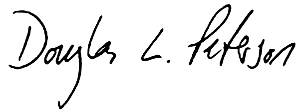
We see a world of opportunity to power the markets of the future.

I am really proud of the way our employees are responding to change. I am grateful for their enthusiasm, dedication and teamwork. Our collective ability to collaborate in new ways, to thrive in evolving markets and to leverage new technologies creates exciting new global opportunities.

One thing that does not change is our commitment to our core values of relevance, excellence and integrity. Providing relevant solutions, embracing teamwork and acting with transparency are the principles that guide everything we do.

On behalf of my 20,000 colleagues, I want to thank our customers, our shareholders and our partners for putting their trust in S&P Global and our ability to deliver essential intelligence to power the markets of the future.

Sincerely,



Douglas L. Peterson

President and Chief Executive Officer

Reconciliation of Non-GAAP Financial Information

The Company reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP"). The following is provided to supplement certain non-GAAP financial measures discussed in the letter to shareholders and the financial highlights section of this report (IFC–page 12) both as reported (on a GAAP basis) and as adjusted by excluding certain items (Non-GAAP) as explained below. The Company's non-GAAP measures include adjustments that reflect how management views our businesses. The Company believes these non-GAAP financial measures provide useful supplemental information that, in the case of non-GAAP financial measures other than free cash flow and free cash flow excluding certain items, enables investors to better compare the Company's performance across periods, and management also uses these measures internally to assess the operating performance of its business, to assess performance for employee compensation purposes and to decide how to allocate resources. The Company believes that the presentation of free cash flow and free cash flow excluding certain items allows investors to evaluate the cash generated from our underlying operations in a manner similar to the method used by management and that such measures are useful in evaluating the cash available to us to prepay debt, make strategic acquisitions and investments, and repurchase stock. However, investors should not consider any of these non-GAAP measures in isolation from, or as a substitute for, the financial information that the Company reports.

OPERATING RESULTS BY SEGMENT — REPORTED VS. PERFORMANCE

Non-GAAP Financial Information

Periods ended December 31, 2017 and 2016 (dollars in millions, except per share amounts)

Adjusted Operating Profit

	Twelve Months		
(unaudited)	**2017**	2016	% Change
Ratings			
Operating Profit	**$1,524**	$ 1,262	21%
Non-GAAP Adjustments [a]	**80**	(4)	
Deal-Related Amortization	**4**	5	
Adjusted Operating Profit	**$1,608**	$ 1,263	27%
Market and Commodities Intelligence			
Operating Profit	**$ 793**	$ 1,822	(56)%
Non-GAAP Adjustments [b]	**33**	(1,027)	
Deal-Related Amortization	**87**	85	
Adjusted Operating Profit	**$ 913**	$ 881	4%
S&P Dow Jones Indices			
Operating Profit	**$ 471**	$ 412	14%
Deal-Related Amortization	**7**	6	
Adjusted Operating Profit	**$ 478**	$ 417	14%
Total Segments			
Operating Profit	**$2,788**	$ 3,496	(20)%
Non-GAAP Adjustments [a] [b]	**112**	(1,031)	
Deal-Related Amortization	**98**	96	
Adjusted Segment Operating Profit	**$2,998**	$ 2,561	17%
Unallocated Expense			
Unallocated Expense	**$ (178)**	$ (127)	40%
Non-GAAP Adjustments [c]	**37**	(3)	
Adjusted Unallocated Expense	**$ (141)**	$ (130)	9%
Total SPGI			
Operating Profit	**$2,610**	$ 3,369	(23)%
Non-GAAP Adjustments [a] [b] [c]	**149**	(1,034)	
Deal-Related Amortization	**98**	96	
Adjusted Operating Profit	**$2,857**	$ 2,431	18%

Adjusted Interest Expense

	Twelve Months		
(unaudited)	**2017**	2016	% Change
Interest Expense	**$149**	$181	(18)%
Non-GAAP Adjustments [d]	**—**	(21)	
Adjusted Interest Expense	**$149**	$160	(7)%

Adjusted Provision for Income Taxes

	Twelve Months		
(unaudited)	**2017**	2016	% Change
Provision for Income Taxes	**$823**	$ 960	(14)%
Non-GAAP Adjustments [a] [b] [c] [d] [e]	**(75)**	(265)	
Deal-Related Amortization	**34**	34	
Adjusted Provision for Income Taxes	**$782**	$ 729	7%

Adjusted Effective Tax Rate

(unaudited)	Twelve Months 2017	 2016	 % Change
Adjusted Operating Profit	**$2,857**	$2,431	18%
Adjusted Interest Expense	**(149)**	(160)	
Adjusted Income Before Taxes on Income [1]	**2,708**	2,271	19%
Adjusted Provision for Income Taxes [2]	**782**	729	
Adjusted Effective Tax Rate [2]/[1]	**28.9%**	32.1%	

Adjusted Net Income Attributable to SPGI and Adjusted Diluted EPS

	2017		2016		% Change	
(unaudited)	**Net Income Attributable to SPGI**	**Diluted EPS**	Net Income Attributable to SPGI	Diluted EPS	Net Income Attributable to SPGI	Diluted EPS
		Twelve Months				
As Reported	**$1,496**	**$5.78**	$2,106	$ 7.94	(29)%	(27)%
Non-GAAP Adjustments [(a) (b) (c)]	**224**	**0.87**	(748)	(2.82)		
Deal-Related Amortization	**64**	**0.25**	62	0.23		
Adjusted	**$1,784**	**$6.89**	$1,420	$ 5.35	26%	29%

Note — Totals presented may not sum due to rounding.

Note — Total SPGI adjusted operating profit for the twelve months ended December 31, 2017 include revenue of $6,063 million and adjusted total expense of $3,206 million. Total SPGI adjusted operating profit for the twelve months ended December 31, 2016 include revenue of $5,661 million and adjusted total expense of $3,230 million.

Note — Adjusted operating margin for Ratings, Market and Commodities Intelligence and S&P Dow Jones Indices was 54%, 37% and 65% for the twelve months ended December 31, 2017. Adjusted operating margin for the Company was 47% for the twelve months ended December 31, 2017.

(a) 2017 includes legal settlement expenses $55 million ($34 million after-tax) and employee severance charges of $25 million ($17 million after-tax). 2016 includes a benefit related to net legal settlement insurance recoveries of $10 million ($4 million after-tax) and employee severance charges of $6 million ($3 million after-tax).

(b) 2017 includes non-cash acquisition and disposition-related adjustments of $15 million ($7 million after-tax), employee severance charges of $9 million ($7 million after-tax), a charge to exit a leased facility of $6 million ($3 million after-tax), and an asset-write off of $2 million ($1 million after-tax). 2016 includes a gain on dispositions of $1.1 billion ($818 million after-tax), disposition-related costs of $48 million ($42 million after-tax), a technology-related impairment charge of $24 million ($16 million after-tax) and an acquisition-related cost of $1 million ($1 million after-tax).

(c) 2017 includes a charge to exit leased facilities of $19 million ($16 million after-tax), a pension related charge of $8 million ($7 million after-tax), and employee severance charges of $10 million ($6 million after-tax). 2016 includes $3 million ($2 million after-tax) from a disposition-related reserve release.

(d) 2016 includes a redemption fee of $21 million ($13 million after-tax) related to the early payment of our senior notes.

(e) 2017 includes $149 million of tax expense due to U.S. tax reform, primarily associated with the deemed repatriation of foreign earnings, which was partially offset by a $21 million tax benefit related to prior year divestitures.

S&P GLOBAL ORGANIC REVENUE

(unaudited)	Twelve Months 2017	 2016	 % Change
Total revenue	**$6,063**	$5,661	7%
Market and Commodities Intelligence acquisitions, divestitures and product closures	**(30)**	(333)	
S&P Dow Jones Indices acquisition	**(3)**	—	
Total adjusted revenue	**$6,030**	$5,328	13%

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2017 Financial Performance

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis ("MD&A") provides a narrative of the results of operations and financial condition of S&P Global Inc. (together with its consolidated subsidiaries, the "Company," "we," "us" or "our") for the years ended December 31, 2017 and 2016, respectively. The MD&A should be read in conjunction with the consolidated financial statements and accompanying notes included in this Annual Report on Form 10-K for the year ended December 31, 2017, which have been prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP").

The MD&A includes the following sections:

- Overview
- Results of Operations
- Liquidity and Capital Resources
- Reconciliation of Non-GAAP Financial Information
- Critical Accounting Estimates
- Recent Accounting Standards

Certain of the statements below are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, any projections of future results of operations and cash flows are subject to substantial uncertainty. See Forward-Looking Statements on page 44 of this report.

Overview

We are a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide. The capital markets include asset managers, investment banks, commercial banks, insurance companies, exchanges, trading firms and issuers; and the commodity markets include producers, traders and intermediaries within energy, metals, petrochemicals and agriculture.

Our operations consist of three reportable segments: Ratings, Market and Commodities Intelligence and S&P Dow Jones Indices ("Indices").

- Ratings is an independent provider of credit ratings, research and analytics, offering investors and other market participants information, ratings and benchmarks.
- Market and Commodities Intelligence is a global provider of multi-asset-class data, research and analytical capabilities, which integrate cross-asset analytics and desktop services and deliver their customers in the commodity and energy markets access to high-value information, data, analytic services and pricing and quality benchmarks. We completed the sale of J.D. Power on September 7, 2016, with the results included in Market and Commodities Intelligence results through that date.
- Indices is a global index provider maintaining a wide variety of valuation and index benchmarks for investment advisors, wealth managers and institutional investors.

In December of 2017, we announced that S&P Global Platts, a business line within Market and Commodities Intelligence, will be managed as a separate business and comprise a separate reportable segment effective January 1, 2018. We will begin reporting the financial results of S&P Global Market Intelligence and S&P Global Platts as separate reportable segments beginning with the first quarter of 2018.

MAJOR PORTFOLIO CHANGES

The following significant changes by segment were made to our portfolio during the three years ended December 31, 2017:

2016

Market and Commodities Intelligence

- In October of 2016, we completed the sale of Standard & Poor's Securities Evaluations, Inc. ("SPSE") and Credit Market Analysis ("CMA") for $425 million in cash to Intercontinental Exchange, an operator of global exchanges, clearing houses and data services. During year ended December 31, 2016, we recorded a pre-tax gain of $364 million ($297 million after-tax) in gain on dispositions in the consolidated statement of income related to the sale of SPSE and CMA.
- In September of 2016, we completed the sale of J.D. Power for $1.1 billion to XIO Group, a global alternative investments firm headquartered in London. During the year ended December 31, 2016, we recorded a pre-tax gain of $728 million ($516 million after-tax) in gain on dispositions in the consolidated statement of income related to the sale of J.D. Power.

- In September of 2016, we acquired PIRA Energy Group ("PIRA"), a global provider of energy research and forecasting products and services. The purchase enhances Market and Commodities Intelligence's energy analytical capabilities by expanding its oil offering and strengthening its position in the natural gas and power markets.
- In June of 2016, we acquired RigData, a provider of daily information on rig activity for the natural gas and oil markets across North America. The purchase enhances Market and Commodities Intelligence's energy analytical capabilities by strengthening its position in natural gas and enhancing its oil offering.

2015

Market and Commodities Intelligence

- In September of 2015, we acquired SNL Financial LC ("SNL") for $2.2 billion. SNL is a global provider of news, data, and analytical tools to five sectors in the global economy: financial services, real estate, energy, media & communications, and metals & mining. SNL delivers information through its suite of web, mobile and direct data feed platforms that helps clients, including investment and commercial banks, investors, corporations, and regulators make decisions, improve efficiency, and manage risk.
- In July of 2015, we acquired the entire issued share capital of Petromedia Ltd and its operating subsidiaries ("Petromedia"), an independent provider of data, intelligence, news and tools to the global fuels market that offers a suite of products providing clients with actionable data and intelligence that enable informed decisions, minimize risk and increase efficiency.

In 2015, we further reduced our real estate footprint by completing the consolidation of our corporate headquarters with our operations in New York City.

Increased Shareholder Return

During the three years ended December 31, 2017, we have returned approximately $4.3 billion to our shareholders through a combination of share repurchases and our quarterly dividends: we completed share repurchases of approximately $3.1 billion and distributed regular quarterly dividends totaling approximately $1.2 billion. Also, on February 2, 2018, the Board of Directors approved an increase in the quarterly common stock dividend from $0.41 per share to $0.50 per share.

KEY RESULTS

	Year ended December 31,			% Change [1]	
(in millions)	**2017**	2016	2015	'17 vs '16	'16 vs '15
Revenue	**$6,063**	$5,661	$5,313	7%	7%
Operating profit [2]	**$2,610**	$3,369	$1,917	(23)%	76%
% Operating margin	**43%**	60%	36%		
Diluted earnings per share from net income	**$ 5.78**	$ 7.94	$ 4.21	(27)%	89%

1 % changes in the tables throughout the MD&A are calculated off of the actual number, not the rounded number presented.

2 2017 includes legal settlement expenses of $55 million, employee severance charges of $44 million, a charge to exit leased facilities of $25 million, non-cash acquisition and disposition-related adjustments of $15 million, a pension related charge of $8 million and an asset write-off of $2 million. 2016 includes a $1.1 billion gain from our dispositions, a benefit related to net legal settlement insurance recoveries of $10 million, disposition-related costs of $48 million, a technology-related impairment charge of $24 million, employee severance charges of $6 million, a $3 million disposition-related reserve release and acquisition-related costs of $1 million. 2015 includes costs related to identified operating efficiencies primarily related to employee severance charges of $56 million, net legal settlement expenses of $54 million, acquisition-related costs of $37 million and a gain of $11 million on the sale of our interest in a legacy McGraw Hill Construction investment. 2017, 2016 and 2015 also includes amortization of intangibles from acquisitions of $98 million, $96 million, and $67 million, respectively.

2017

Revenue increased 7% driven by increases at Ratings and Indices, partially offset by a decrease at Market and Commodities Intelligence. The increase at Ratings was primarily due to growth in bank loan ratings revenue and corporate bond ratings revenue. Revenue growth at Indices was primarily due to higher levels of assets under management for exchange traded funds ("ETFs") and mutual funds. The decrease at Market and Commodities Intelligence was primarily due to the disposition of non-core businesses in 2016, partially offset by annualized contract value growth in the S&P Global Market Intelligence Desktop and Global Risk Services products and continued demand for Platts' proprietary content at S&P Global Platts.

Operating profit decreased 23%. Excluding the unfavorable impact of the gain on dispositions in 2016 of 37 percentage points, higher net legal settlement expenses in 2017 of 2 percentage points, higher employee severance charges in 2017 of 1 percentage point, a charge to exit leased facilities of 1 percentage point and non-cash acquisition and disposition-related adjustments in 2017 of 1 percentage point, partially offset by the favorable impact of higher disposition-related costs in 2016 of 1 percentage point, operating profit increased 18%. This increase was primarily due to revenue growth at Ratings and Indices as discussed above, partially offset by higher compensation costs due to increased incentive costs and additional headcount.

2016

Revenue increased 7% driven by increases at all of our reportable segments. Revenue growth at Market and Commodities Intelligence was favorably impacted by the acquisition of SNL in September of 2015 and annualized contract value growth primarily driven by the S&P Capital IQ Desktop, Global Risk Services and certain data feed products within Data Management Solutions. Continued demand for S&P Global Platts' proprietary content also contributed to revenue growth. These increases were partially offset by the unfavorable impact from our dispositions in 2016. Revenue growth at Ratings was driven by an increase in U.S. bank loan ratings revenue, corporate bond ratings revenue and surveillance fees. Revenue growth at Indices was due to higher average levels of assets under management for ETFs and mutual funds, an increase in data revenue and higher volumes for exchange-traded derivatives.

Operating profit increased 76%. Excluding the favorable impact of the gain from our dispositions of 59 percentage points, higher net legal settlement insurance recoveries in 2016 of 3 percentage points, higher employee severance charges in 2015 of 3 percentage points and higher acquisition-related costs in 2015 of 2 percentage points, partially offset by the unfavorable impact of higher disposition-related costs of 3 percentage points, higher amortization of intangibles from acquisitions of 2 percentage points and a technology-related impairment charge of 1 percentage point, operating profit increased 15%. This increase was primarily driven by revenue growth as discussed above. Decreased costs at Ratings and our legacy Capital IQ business due to reduced headcount following our 2015 restructuring actions also contributed to operating profit growth.

OUR STRATEGY

We are a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide. Our purpose is to provide the intelligence that is essential for companies, governments and individuals to make decisions with conviction. We seek to deliver on this purpose within the framework of our core values of integrity, excellence and relevance.

We seek to deliver an exceptional, differentiated customer experience across the globe. We strive for operational excellence, continuous innovation, and a high performance culture driven by our best-in-class talent. In 2018, we will strive to deliver on our strategic priorities in the following four categories by:

Finance

- Achieving financial targets and creating shareholder value by focusing on organic revenue growth and continuing to deliver margin expansion with a focus on operating leverage and efficiency opportunities; and
- Outperforming traditional and nontraditional competitors.

Customer

- Delivering greater customer value through deeper client and market insights, innovative solutions, stronger internal teamwork and reliable, nimble Go-to-Market processes;
- Enriching and modernizing the user experience to improve customer loyalty;
- Identifying and executing transformative growth opportunities; and
- Accelerating investments and coordination in building new products and in developing new markets.

Operations

- Enhancing planning and software engineering processes to speed up the delivery of content and products;
- Applying lean management, robotics, automation and machine learning to streamline internal workflow and deliver productivity;
- Strengthening our Digital Infrastructure capabilities, with emphasis on workplace services and cybersecurity; and
- Upholding our commitment to a disciplined and practical risk, control and compliance environment.

People

- Creating a performance culture to drive innovation, flexibility and agility to address customer needs;
- Committing to leadership development programs and skills training;
- Embracing and expanding diversity and inclusion in our workforce; and
- Enhancing and augmenting technology talent and skills across the company.

There can be no assurance that we will achieve success in implementing any one or more of these strategies as a variety of factors could unfavorably impact operating results, including prolonged difficulties in the global credit markets and a change in the regulatory environment affecting our businesses. See Item 1a, *Risk Factors*, in this Annual Report on Form 10-K.

Further projections and discussion on our 2018 outlook for our segments can be found within "Results of Operations".

Results of Operations

CONSOLIDATED REVIEW

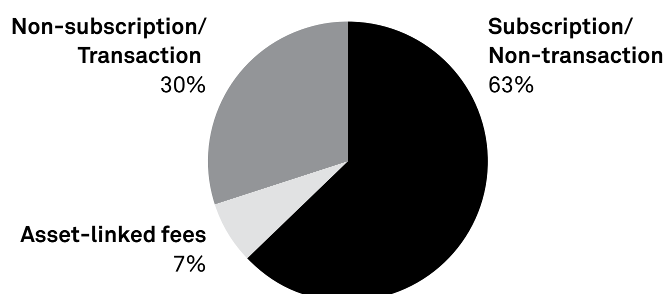
	Year ended December 31,			% Change	
(in millions)	**2017**	2016	2015	'17 vs '16	'16 vs '15
Revenue	**$6,063**	$ 5,661	$5,313	7%	7%
Expenses:					
Operating-related expenses	**1,713**	1,773	1,718	(3)%	3%
Selling and general expenses	**1,560**	1,439	1,532	8%	(6)%
Depreciation and amortization	**180**	181	157	(1)%	15%
Total expenses	**3,453**	3,393	3,407	2%	—%
Gain on dispositions	**—**	(1,101)	(11)	N/M	N/M
Operating profit	**2,610**	3,369	1,917	(23)%	76%
Interest expense, net	**149**	181	102	(18)%	77%
Provision for taxes on income	**823**	960	547	(14)%	76%
Net income	**1,638**	2,228	1,268	(27)%	76%
Less: net income attributable to noncontrolling interests	**(142)**	(122)	(112)	16%	9%
Net income attributable to S&P Global Inc.	**$1,496**	$ 2,106	$1,156	(29)%	82%

N/M — not meaningful

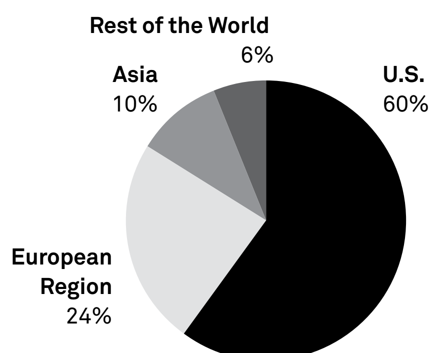
REVENUE

(in millions)	2017	2016	2015	'17 vs '16	'16 vs '15
	Year ended December 31,			% Change	
Subscription / Non-transaction revenue	**$3,796**	$3,623	$3,260	5%	11%
Asset-linked fees	**$ 461**	$ 381	$ 369	21%	3%
Non-subscription / Transaction revenue	**$1,806**	$1,657	$1,684	9%	(2)%
% of total revenue:					
Subscription / Non-transaction revenue	**63%**	64%	61%		
Asset-linked fees	**7%**	7%	7%		
Non-subscription / Transaction revenue	**30%**	29%	32%		
U.S. revenue	**$3,658**	$3,461	$3,202	6%	8%
International revenue:					
European region	**1,473**	1,330	1,265	11%	5%
Asia	**594**	575	566	3%	2%
Rest of the world	**338**	295	280	14%	6%
Total international revenue	**$2,405**	$2,200	$2,111	9%	4%
% of total revenue:					
U.S. revenue	**60%**	61%	60%		
International revenue	**40%**	39%	40%		

2017 Revenue by Type



2017 Revenue by Geographic Area



2017

Revenue increased 7% as compared to 2016. Subscription / non-transaction revenue increased primarily from growth in S&P Global Market Intelligence's average contract values, continued demand for Platts' proprietary content and an increase in surveillance fees at Ratings, partially offset by the unfavorable impact of the disposition of non-core businesses in 2016. Asset-linked fees increased due to the impact of higher levels of assets under management for ETFs and mutual funds. Non-subscription / transaction revenue increased primarily due to bank loan ratings revenue and corporate bond ratings revenue at Ratings, partially offset by the unfavorable impact of the disposition of non-core businesses in 2016. See "Segment Review" below for further information.

Foreign exchange rates had a negligible impact on revenue. This impact refers to constant currency comparisons estimated by recalculating current year results of foreign operations using the average exchange rate from the prior year.

2016

Revenue increased 7% as compared to 2015. Subscription / non-transaction revenue increased primarily from the favorable impact of the acquisition of SNL in September 2015, growth in average contract values for our legacy Capital IQ products driven by an expansion in new and existing accounts, continued demand for S&P Global Platts' proprietary content and an increase in surveillance fees at Ratings. Asset-linked fees increased due to higher levels of assets under management for ETFs and mutual funds. Non-subscription / transaction revenue decreased primarily due to the unfavorable impact of the sale of J.D. Power on September 7, 2016, partially offset by an increase in U.S. bank loan ratings revenue and corporate bond ratings revenue at Ratings and higher volumes for exchange traded derivatives at Indices. See "Segment Review" below for further information.

Foreign exchange rates had a negligible impact on revenue. This impact refers to constant currency comparisons estimated by recalculating current year results of foreign operations using the average exchange rate from the prior year.

TOTAL EXPENSES

The following tables provide an analysis by segment of our operating-related expenses and selling and general expenses for the years ended December 31, 2017 and 2016:

	2017		2016		% Change	
(in millions)	**Operating-related expenses**	**Selling and general expenses**	Operating-related expenses	Selling and general expenses	Operating-related expenses	Selling and general expenses
Ratings [1]	**$ 850**	**$ 581**	$ 797	$ 442	7%	32%
Market and Commodities Intelligence [2]	**833**	**699**	958	774	(13)%	(10)%
Indices	**139**	**111**	116	104	21%	7%
Intersegment eliminations [3]	**(109)**	**—**	(98)	—	(12)%	N/M
Total segments	**1,713**	**1,391**	1,773	1,320	(3)%	5%
Corporate [4]	**—**	**169**	—	119	N/M	42%
	$1,713	**$1,560**	$1,773	$1,439	(3)%	8%

N/M — not meaningful

1 In 2017, selling and general expenses include legal settlement expenses of $55 million and employee severance charges of $25 million. In 2016, selling and general expenses include a benefit related to net legal settlement insurance recoveries of $10 million and employee severance charges of $6 million.

2 In 2017, selling and general expenses include non-cash acquisition and disposition-related adjustments of $15 million, employee severance charges of $9 million, a charge to exit a leased facility of $6 million, and an asset write-off of $2 million. In 2016, selling and general expenses include disposition-related costs of $48 million, a technology-related impairment charge of $24 million and acquisition-related costs of $1 million.

3 Intersegment eliminations relate to a royalty charged to Market and Commodities Intelligence for the rights to use and distribute content and data developed by Ratings.

4 In 2017, selling and general expenses include a charge to exit leased facilities of $19 million, employee severance charges of $10 million and a pension related charge of $8 million. In 2016, selling and general expenses include $3 million from a disposition-related reserve release.

Operating-Related Expenses

Operating-related expenses decreased $60 million or 3% as compared to 2016. The decrease at Market and Commodities Intelligence was due to the disposition of non-core businesses in 2016. This decrease was partially offset by increases at Ratings and Indices due to higher compensation costs related to increased incentive costs and additional headcount.

Selling and General Expenses

Selling and general expenses increased 8%. Excluding the unfavorable impact of higher net legal settlement expenses in 2017 of 4 percentage points, higher employee severance charges in 2017 of 3 percentage points, a charge to exit leased facilities in 2017 of 2 percentage points and non-cash acquisition and disposition related costs in 2017 of 1 percentage point, partially offset by the favorable impact of higher disposition-related costs in 2016 of 3 percentage points and a technology-related impairment charge in 2016 of 2 percentage points, selling and general expenses increased 3 percentage points. The increase is due to higher compensation costs related to incentives and additional headcount at Ratings and Indices and an increase at Corporate primarily due to performance related incentive compensation and Company-wide technology projects. This increase was partially offset by a decrease at Market and Commodities Intelligence as a result of business divestitures in 2016.

Depreciation and Amortization

Depreciation and amortization remained relatively unchanged as compared to 2016, decreasing $1 million or 1%.

The following tables provide an analysis by segment of our operating-related expenses and selling and general expenses for the years ended December 31, 2016 and 2015:

	2016		2015		% Change	
(in millions)	Operating-related expenses	Selling and general expenses	Operating-related expenses	Selling and general expenses	Operating-related expenses	Selling and general expenses
Ratings [1]	$ 797	$ 442	$ 767	$ 541	4%	(18)%
Market and Commodities Intelligence [2]	958	774	925	769	4%	1%
Indices	116	104	114	82	1%	26%
Intersegment eliminations [3]	(98)	—	(88)	—	(10)%	N/M
Total segments	1,773	1,320	1,718	1,392	3%	(5)%
Corporate [4]	—	119	—	140	N/M	(15)%
	$1,773	$1,439	$1,718	$1,532	3%	(6)%

N/M — not meaningful

1 In 2016, selling and general expenses include a benefit related to net legal settlement insurance recoveries of $10 million and employee severance charges of $6 million. In 2015, selling and general expenses include net legal settlement expenses of $54 million and employee severance charges $13 million.

2 In 2016, selling and general expenses include disposition-related costs of $48 million, a technology-related impairment charge of $24 million and acquisition-related costs of $1 million. In 2015, selling and general expenses include acquisition-related costs related to the acquisition of SNL of $37 million and costs related to identified operating efficiencies primarily related to employee severance charges of $33 million.

3 Intersegment eliminations relate to a royalty charged to Market and Commodities Intelligence for the rights to use and distribute content and data developed by Ratings.

4 In 2016, selling and general expenses include $3 million from a disposition-related reserve release and 2015 includes costs related to identified operating efficiencies primarily related to employee severance charges of $10 million.

Operating-Related Expenses

Operating-related expenses increased $55 million or 3% as compared to 2015. The increase at Market and Commodities Intelligence was primarily driven by the acquisition of SNL in September of 2015, partially offset by decreases from our dispositions in 2016. The increase at Ratings and Indices were due to higher compensation costs related to additional headcount and increased incentive costs.

Selling and General Expenses

Selling and general expenses decreased 6%. Excluding the favorable impact of higher net legal settlement insurance recoveries in 2016 of 4 percentage points, higher employee severance charges in 2015 of 3 percentage points, higher acquisition-related costs in 2015 of 2 percentage points, partially offset by the unfavorable impact of disposition-related costs of 3 percentage points and a technology-related impairment charge of 1 percentage point, selling and general expenses decreased 1%. Decreases at Ratings were driven by reduced professional fees following the completion of the

Company's program for the 2015 implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act and reduced legal fees following the resolution of a number of significant legal matters. This decrease was partially offset by an increase at Market and Commodities Intelligence driven by the acquisition of SNL in September of 2015, partially offset by decreases from our dispositions in 2016.

Depreciation and Amortization

Depreciation and amortization increased $24 million or 15% as compared to 2015, primarily due to higher intangible asset amortization in 2016 from the acquisition of SNL in September of 2015.

GAIN ON DISPOSITIONS

During 2016, we completed the following transactions that resulted in a pre-tax gain of $1.1 billion in gain on dispositions in the consolidated statement of income:

- In October of 2016, we completed the sale of SPSE and CMA for $425 million in cash to Intercontinental Exchange, an operator of global exchanges, clearing houses and data services. We recorded a pre-tax gain of $364 million in gain on dispositions in the consolidated statement of income related to the sale of SPSE and CMA. Additionally, in October of 2016, we completed the sale of Equity and Fund Research ("Equity Research") to CFRA, a leading independent provider of forensic accounting research, analytics and advisory services. During the year ended December 31, 2016, we recorded a pre-tax gain of $9 million in gain on dispositions in the consolidated statement of income related to the sale of Equity Research.
- In September of 2016, we completed the sale of J.D. Power for $1.1 billion to XIO Group, a global alternative investments firm headquartered in London. We recorded a pre-tax gain of $728 million in gain on dispositions in the consolidated statement of income related to the sale of J.D. Power.

During 2015, we completed the sale of our interest in a legacy McGraw Hill Construction investment that resulted in a pre-tax gain of $11 million in gain on dispositions in the consolidated statement of income.

OPERATING PROFIT

We consider operating profit to be an important measure for evaluating our operating performance and we evaluate operating profit for each of the reportable business segments in which we operate.

We internally manage our operations by reference to operating profit with economic resources allocated primarily based on each segments contribution to operating profit. Segment operating profit is defined as operating profit before unallocated expense. Segment operating profit is not, however, a measure of financial performance under U.S. GAAP, and may not be defined and calculated by other companies in the same manner.

The table below reconciles segment operating profit to total operating profit:

	Year ended December 31,			% Change	
(in millions)	**2017**	2016	2015	'17 vs '16	'16 vs '15
Ratings[1]	**$1,524**	$1,262	$1,078	21%	17%
Market and Commodities Intelligence[2]	**793**	1,822	585	(56)%	N/M
Indices[3]	**471**	412	392	14%	5%
Total segment operating profit	**2,788**	3,496	2,055	(20)%	70%
Unallocated expense[4]	**(178)**	(127)	(138)	40%	(8)%
Total operating profit	**$2,610**	$3,369	$1,917	(23)%	76%

N/M — not meaningful

1 2017 includes legal settlement expenses of $55 million and employee severance charges of $25 million. 2016 includes a benefit related to net legal settlement insurance recoveries of $10 million and employee severance charges of $6 million. 2015 includes net legal settlement expenses of $54 million and employee severance charges of $13 million. 2017, 2016 and 2015 also includes amortization of intangibles from acquisitions of $4 million, $5 million and $5 million, respectively.

2 2017 includes non-cash acquisition and disposition-related adjustments of $15 million, employee severance charges of $9 million, a charge to exit a leased facility of $6 million, and an asset write-off of $2 million. 2016 includes a $1.1 billion gain from our dispositions, disposition-related costs of $48 million, a technology-related impairment charge of $24 million and an acquisition-related cost of $1 million. 2015 includes acquisition-related costs related to the acquisition of SNL of $37 million and costs identified operating efficiencies primarily related to employee severance charges of $33 million. 2017, 2016 and 2015 includes amortization of intangibles from acquisitions of $87 million, $85 million and $57 million, respectively.

3 2017, 2016 and 2015 includes amortization of intangibles from acquisitions of $7 million, $6 million and $5 million, respectively.

4 2017 includes a charge to exit leased facilities of $19 million, employee severance charges of $10 million and a pension related charge of $8 million. 2016 includes $3 million from a disposition-related reserve release. 2015 includes a gain of $11 million related to the sale of our interest in a legacy McGraw Hill Construction investment and costs related to identified operating efficiencies primarily related to employee severance charges of $10 million.

2017

SEGMENT OPERATING PROFIT — Decreased $0.7 billion, or 20% as compared to 2016. Excluding the unfavorable impact of the gain on dispositions in 2016 of 36 percentage points, higher net legal settlement expenses in 2017 of 2 percentage points, higher employee severance charges in 2017 of 1 percentage point and non-cash acquisition and disposition-related adjustments in 2017 of 1 percentage point, partially offset by the favorable impact of higher disposition-related costs in 2016 of 2 percentage points and a technology-related impairment charge in 2016 of 1 percentage point, segment operating profit increased 17%. This increase was primarily due to revenue growth at Ratings and Indices as discussed above, partially offset by higher compensation costs due to additional increased incentive costs and additional headcount. See "Segment Review" below for further information.

UNALLOCATED EXPENSE — Increased by $51 million or 40% as compared to 2016. These expenses, included in selling and general expenses, mainly include costs for corporate center functions, select initiatives and unoccupied office space. Excluding the unfavorable impact of a charge to exit leased facilities in 2017 of 14 percentage points, a pension related charge in 2017 of 7 percentage points, employee severance charges in 2017 of 8 percentage points and a disposition-related reserve release in 2016 of 2 percentage points, unallocated expense increased 9%. This increase was primarily due to performance related incentive compensation and Company-wide technology projects.

Foreign exchange rates had a favorable impact on operating profit of 1 percentage point. The foreign exchange rate impact refers to constant currency comparisons and the remeasurement of monetary assets and liabilities. Constant currency impacts are estimated by recalculating current year results of foreign operations using the average exchange rate from the prior year. Remeasurement impacts are based on the variance between current-year and prior-year foreign exchange rate fluctuations on monetary assets and liabilities denominated in currencies other than the individual business' functional currency.

2016

SEGMENT OPERATING PROFIT — Increased $1.4 billion, or 70% as compared to 2015. Excluding the favorable impact of the gain from our dispositions of 55 percentage points, higher net legal settlement insurance recoveries in 2016 of 3 percentage points, higher acquisition-related costs in 2015 of 2 percentage points, higher employee severance charges in 2015 of 2 percentage points, partially offset by the unfavorable impact of a technology-related impairment charge of 1 percentage point, higher amortization of intangibles from acquisitions of 2 percentage points and higher disposition-related costs of 2 percentage points, segment operating profit increased 13%. Revenue growth at Market and Commodities Intelligence, Ratings and Indices were the primary drivers for the increase. Decreased costs at Ratings and our legacy Capital IQ business due to reduced headcount following our 2015 restructuring actions also contributed to segment operating profit growth. See "Segment Review" below for further information.

UNALLOCATED EXPENSE — Decreased by $11 million or 8% as compared to 2015. These expenses, included in selling and general expenses, mainly include costs for corporate center functions, select initiatives and unoccupied office space. Excluding the unfavorable impact of a gain on the sale of our interest in a legacy McGraw Hill Construction investment in 2015 of 8 percentage points, partially offset by the favorable impact of a disposition-related reserve release of 2 percentage points and higher employee severance charges in 2015 of 7 percentage points, unallocated expense decreased 7% due to higher 2016 pension income as well as a reduction in professional service fees.

Foreign exchange rates had a favorable impact on operating profit of 2 percentage points. The foreign exchange rate impact refers to constant currency comparisons and the remeasurement of monetary assets and liabilities. Constant currency impacts are estimated by recalculating current year results of foreign operations using the average exchange rate from the prior year. Remeasurement impacts are based on the variance between current-year and prior-year foreign exchange rate fluctuations on monetary assets and liabilities denominated in currencies other than the individual business' functional currency.

INTEREST EXPENSE, NET

Net interest expense for 2017 decreased $32 million or 18% as compared to 2016, primarily as a result of the favorable impact of lower interest rates on the $500 million of senior notes issued in 2016 compared to the $400 million senior notes that were repaid in the third quarter of 2016.

Net interest expense for 2016 increased $79 million or 77% as compared to 2015, primarily as a result of the $700 million of senior notes issued in the second quarter of 2015, the $2.0 billion of senior notes issued in the third quarter of 2015 and the $500 million of senior notes issued in the third quarter of 2016. Additionally, net interest expense in 2016 includes a

redemption fee on the early payment of our 5.9% senior notes due in 2017. These increases were partially offset by the favorable impact of lower interest rates on the $500 million of senior notes issued in the third quarter of 2016.

PROVISION FOR INCOME TAXES

Comprehensive tax legislation, enacted through the Tax Cuts and Jobs Act ("TCJA") on December 22, 2017, significantly modified U.S. corporate income tax law. Provisional amounts have been recorded in our financial statements based on the Company's initial analysis of the TCJA. The Company may adjust these amounts in future periods if our interpretation of the TCJA changes or as additional guidance from the U.S. Treasury becomes available. As a result of the TCJA, a provisional amount of $149 million has been recorded which reflects a one-time tax charge of approximately $173 million on the deemed repatriation of foreign earnings and a one-time tax benefit of approximately $24 million in respect of the re-valuation of net U.S. deferred tax liabilities at the reduced corporate income tax rate. While the TCJA reduced net income in 2017, the Company is anticipating an ongoing future benefit from the lower corporate income tax rate.

Our effective tax rate was 33.4% for 2017, and 30.1% for 2016 and 2015. The increase in 2017 was primarily due to the one-time tax charge for the deemed repatriation of foreign earnings, net of the recognition of excess tax benefits associated with share-based payments in the statement of income and the re-valuation of net U.S. deferred tax liabilities at the reduced corporate income tax rate.

The Company is continuously subject to tax examinations in various jurisdictions. In May 2017, the IRS issued a 30-Day Letter proposing to increase the Company's federal income tax for the 2015 tax year by approximately $242 million. The proposed increase relates primarily to the IRS's proposed disallowance of claimed tax deductions for certain amounts paid in 2015 to settle lawsuits by nineteen states and the District of Columbia. We vigorously disagree with the proposed adjustment and have filed a formal protest with the IRS to contest the matter before the IRS Appeals Office. This development does not materially change our initial assessment of the deductibility of our settlement payments.

Segment Review

RATINGS

Ratings is an independent provider of credit ratings, research and analytics to investors, issuers and other market participants. Credit ratings are one of several tools investors can use when making decisions about purchasing bonds and other fixed income investments. They are opinions about credit risk and our ratings express our opinion about the ability and willingness of an issuer, such as a corporation or state or city government, to meet its financial obligations in full and on time. Our credit ratings can also relate to the credit quality of an individual debt issue, such as a corporate or municipal bond, and the relative likelihood that the issue may default.

Ratings differentiates its revenue between transaction and non-transaction. Transaction revenue primarily includes fees associated with:

- ratings related to new issuance of corporate and government debt instruments, and structured finance debt instruments;
- bank loan ratings; and
- corporate credit estimates, which are intended, based on an abbreviated analysis, to provide an indication of our opinion regarding creditworthiness of a company which does not currently have a Ratings credit rating.

Non-transaction revenue primarily includes fees for surveillance of a credit rating, annual fees for customer relationship-based pricing programs, fees for entity credit ratings and global research and analytics. Non-transaction revenue also includes an intersegment royalty charged to Market and Commodities Intelligence for the rights to use and distribute content and data developed by Ratings. Royalty revenue from Market and Commodities Intelligence for 2017, 2016 and 2015 was $100 million, $92 million and $83 million, respectively.

(in millions)	2017	2016	2015	'17 vs '16	'16 vs '15
	Year ended December 31,			% Change	
Revenue	**$2,988**	$2,535	$2,428	18%	4%
Transaction revenue	**$1,540**	$1,178	$1,107	31%	6%
Non-transaction revenue	**$1,448**	$1,357	$1,321	7%	3%
% of total revenue:					
Transaction revenue	**52%**	46%	46%		
Non-transaction revenue	**48%**	54%	54%		
U.S. revenue	**$1,716**	$1,462	$1,390	17%	5%
International revenue	**$1,272**	$1,073	$1,038	19%	3%
% of total revenue:					
U.S. revenue	**57%**	58%	57%		
International revenue	**43%**	42%	43%		
Operating profit[1]	**$1,524**	$1,262	$1,078	21%	17%
% Operating margin	**51%**	50%	44%		

1 2017 includes legal settlement expenses of $55 million and employee severance charges of $25 million. 2016 includes a benefit related to net legal settlement insurance recoveries of $10 million and employee severance charges of $6 million. 2015 includes net legal settlement expenses of $54 million and employee severance charges of $13 million. 2017, 2016 and 2015 also includes amortization of intangibles from acquisitions of $4 million, $5 million and $5 million, respectively.

2017

Revenue increased 18%. Transaction revenue grew primarily due to growth in bank loan ratings revenue in the U.S. and Europe and an increase in corporate bond ratings revenue driven by an increase in corporate bond issuance. The increase in bank loan ratings revenue was driven by refinancing activity from the low interest rate environment. The increase in structured finance revenue driven by increased U.S. collateralized loan obligations and U.S. commercial mortgage-backed securities issuance also contributed to revenue growth. These increases were partially offset by a decline in public finance revenue driven by lower state and municipal bond issuance. Non-transaction revenue grew primarily due to an increase in surveillance fees and higher entity credit ratings revenue.

Operating profit increased 21%. Excluding the unfavorable impact of higher net legal settlement expenses in 2017 of 5 percentage points and higher employee severance charges in 2017 of 1 percentage point, operating profit increased 27%. This increase is primarily due to revenue growth, partially offset by higher compensation costs related to increased incentive costs and additional headcount. A reduction in legal fees and professional service fees also had a favorable impact on operating profit growth.

2016

Revenue increased 4%, which includes the unfavorable impact of foreign exchange rates that reduced revenue by 1 percentage point. Transaction revenue increased due to growth in U.S. bank loan ratings revenue and an increase in corporate bond ratings revenue largely driven by refinancing activity from the low interest rate environment, partially offset by a decrease in structured finance revenue. Revenue growth benefited from increased contract realization. Non-transaction revenue grew primarily due to an increase in surveillance fees, partially offset by a decline in Ratings Evaluation Service activity.

Operating profit increased 17%. Excluding the favorable impact of higher net legal settlement insurance recoveries in 2016 of 6 percentage points and lower employee severance charges in 2016 of 1 percentage point, operating profit increased 10%. The increase is due to both revenue growth and expense reduction. Reduced expenses were primarily driven by reduced professional fees following the completion of the Company's program for the 2015 implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act and reduced legal fees following the resolution of a number of significant legal matters. These decreases were partially offset by higher compensation costs related to increased incentive costs and additional headcount. Foreign exchange rates had a favorable impact on operating profit of 1 percentage point.

Market Issuance Volumes

We monitor market issuance volumes regularly within Ratings. Market issuance volumes noted within the discussion that follows are based on the domicile of the issuer. Issuance volumes can be reported in two ways: by "domicile" which is based on where an issuer is located or where the assets associated with an issue are located, or based on "marketplace" which is where the bonds are sold. The following tables depict changes in market issuance levels as compared to the prior year, based on a composite of Thomson Financial, Harrison Scott Publications, Dealogic and Ratings' internal estimates.

	2017 Compared to 2016		
Corporate Bond Issuance	U.S.	Europe	Global
High-yield issuance	24%	63%	53%
Investment grade	8%	(2)%	1%
Total new issue dollars — Corporate issuance	10%	5%	6%

- Corporate issuance in the U.S. and Europe was up as a result of more favorable market conditions primarily due to tightening credit spreads and some issuers that went to market in advance of expected interest rate increases. Both high-yield and investment grade issuance comparisons also benefited from weakness in 2016 due to market volatility and political and economic uncertainty in the European markets.

	2017 Compared to 2016		
Structured Finance	U.S.	Europe	Global
Asset-backed securities ("ABS")	12%	(12)%	7%
Structured credit	87%	74%	85%
Commercial mortgage-backed securities ("CMBS")	20%	(5)%	19%
Residential mortgage-backed securities ("RMBS")	46%	(34)%	3%
Covered bonds	*	9%	—%
Total new issue dollars — Structured finance	36%	2%	18%

*Represents no activity in 2017 and 2016.

- ABS issuance was up in the U.S. driven by an increase in auto transactions, commercial real estate loans and student loans. European ABS declined due to key auto issuers completing financing in the unsecured debt market.
- Issuance was up in the U.S. and European structured credit markets driven by increased collateralized loan obligations ("CLO") refinancing engagements primarily due to overall market conditions.
- CMBS issuance was up in the U.S. reflecting increased market volume due to a low interest rate environment and favorable reaction to the new risk retention rules. European CMBS issuance was down, although from a low 2016 base.
- RMBS volume in the U.S. was up driven primarily by favorable reaction to the new risk retention rules and favorable market conditions leading to increased activity in single family rentals, credit risk transfers, and non-qualified mortgage deals. EMEA issuance declined as central bank liquidity schemes provided other opportunities for funding sources.
- Covered bond (debt securities backed by mortgages or other high-quality assets that remain on the issuer's balance sheet) issuance in Europe was up partially due to the impact from the European Central Bank's covered bond asset purchase program.

Industry Highlights and Outlook

Revenue increased in 2017 primarily due to an increase in bank loan ratings and corporate bond ratings revenue driven by refinancing activity from the low interest rate environment. High-yield and investment grade corporate issuance volumes increased as a result of more favorable market conditions primarily due to tightening credit spreads and some issuers that went to market in advance of expected interest rate increases.

Legal and Regulatory Environment

General

Ratings and many of the securities that it rates are subject to extensive regulation in both the U.S. and in other countries, and therefore existing and proposed laws and regulations can impact the Company's operations and the markets in which it operates. Additional laws and regulations have been adopted but not yet implemented or have been proposed or are being considered. In addition, in certain countries, governments may provide financial or other support to locally-based rating agencies. For example, governments may from time to time establish official rating agencies or credit ratings criteria or procedures for evaluating local issuers. We have reviewed the new laws, regulations and rules which have been adopted and we have implemented, or are planning to implement, changes as required. We do not believe that such new laws, regulations or rules will have a material adverse effect on our financial condition or results of operations. Other laws, regulations and rules relating to credit rating agencies are being considered by local, national, foreign and multinational bodies and are likely to continue to be considered in the future, including provisions seeking to reduce regulatory and investor reliance on credit ratings, rotation of credit rating agencies and liability standards applicable to credit rating agencies. The impact on us of the adoption of any such laws, regulations or rules remains uncertain, but could increase the costs and legal risks relating

to Ratings' rating activities, or adversely affect our ability to compete, or result in changes in the demand for credit ratings.

In the normal course of business both in the U.S. and abroad, Ratings (or the legal entities comprising Ratings) are defendants in numerous legal proceedings and are often the subject of government and regulatory proceedings, investigations and inquiries. Many of these proceedings, investigations and inquiries relate to the ratings activity of Ratings and are or have been brought by purchasers of rated securities. In addition, various government and self-regulatory agencies frequently make inquiries and conduct investigations into Ratings' compliance with applicable laws and regulations. Any of these proceedings, investigations or inquiries could ultimately result in adverse judgments, damages, fines, penalties or activity restrictions, which could adversely impact our consolidated financial condition, cash flows, business or competitive position.

U.S.

The businesses conducted by our Ratings segment are, in certain cases, regulated under the Credit Rating Agency Reform Act of 2006 (the "Reform Act"), the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd Frank Act"), the Securities Exchange Act of 1934 (the "Exchange Act") and/or the laws of the states or other jurisdictions in which they conduct business. The financial services industry is subject to the potential for increased regulation in the U.S.

S&P Global Ratings is a credit rating agency that is registered with the SEC as a Nationally Recognized Statistical Rating Organization ("NRSRO"). The SEC first began informally designating NRSROs in 1975 for use of their credit ratings in the determination of capital charges for registered brokers and dealers under the SEC's Net Capital Rule. The Reform Act created a new SEC registration system for rating agencies that choose to register as NRSROs. Under the Reform Act, the SEC is given authority and oversight of NRSROs and can censure NRSROs, revoke their registration or limit or suspend their registration in certain cases. The rules implemented by the SEC pursuant to the Reform Act, the Dodd Frank Act and the Exchange Act address, among other things, prevention or misuse of material non-public information, conflicts of interest, documentation and assessment of internal controls, and improving transparency of ratings performance and methodologies. The public portions of the current version of S&P Global Ratings' Form NRSRO are available on S&P Global Ratings' website.

European Union

In the European Union, the credit rating industry is registered and supervised through a pan-European regulatory framework which is a compilation of three sets of legislative actions. In 2009, the European Parliament passed a regulation ("CRA1") that established an oversight regime for the credit rating industry in the European Union, which became effective in 2010. CRA1 requires the registration, formal regulation and periodic inspection of credit rating agencies operating in the European Union. Ratings was granted registration in October of 2011. In January of 2011, the European Union established the European Securities and Markets Authority ("ESMA"), which, among other things, has direct supervisory responsibility for the registered credit rating industry throughout the European Union.

Additional rules augmenting the supervisory framework for credit rating agencies went into effect in 2013. Commonly referred to as CRA3, these rules, among other things:

- impose various additional procedural requirements with respect to ratings of sovereign issuers;
- require member states to adopt laws imposing liability on credit rating agencies for an intentional or grossly negligent failure to abide by the applicable regulations;
- impose mandatory rotation requirements on credit rating agencies hired by issuers of securities for ratings of resecuritizations, which may limit the number of years a credit rating agency can issue ratings for such securities of a particular issuer;
- impose restrictions on credit rating agencies or their shareholders if certain ownership thresholds are crossed; and
- impose additional procedural and substantive requirements on the pricing of services.

The financial services industry is subject to the potential for increased regulation in the European Union.

Other Jurisdictions

Outside of the U.S. and the European Union, regulators and government officials have also been implementing formal oversight of credit rating agencies. Ratings is subject to regulations in most of the foreign jurisdictions in which it operates and continues to work closely with regulators globally to promote the global consistency of regulatory requirements. Regulators in additional countries may introduce new regulations in the future.

For a further discussion of competitive and other risks inherent in our Ratings business, see Item 1a, Risk Factors, in this Annual Report on Form 10-K. For a further discussion of the legal and regulatory environment in our Ratings business, see Note 13 — Commitments and Contingencies to the consolidated financial statements under Item 8, Consolidated Financial Statements and Supplementary Data, in this Annual Report on Form 10-K.

MARKET AND COMMODITIES INTELLIGENCE

Market and Commodities Intelligence's portfolio of capabilities are designed to help the financial community, corporations and professional service firms track performance, generate better investment returns, identify new trading and investment ideas, perform risk analysis, develop mitigation strategies and provide high-value information to the commodity and energy markets that enable its customers to make better informed trading and business decisions.

In December of 2017, we announced that S&P Global Platts, a business line within Market and Commodities Intelligence, will be managed as a separate business and comprise a separate reportable segment effective January 1, 2018. We will begin reporting the financial results of S&P Global Market Intelligence and S&P Global Platts as separate reportable segments beginning with the first quarter of 2018.

In January of 2017, we completed the sale of Quant House SAS ("QuantHouse"), included in our Market and Commodities Intelligence segment, to QH Holdco, an independent third party. In November of 2016, we entered into a put option agreement that gave the Company the right, but not the obligation, to put the entire share capital of QuantHouse to QH Holdco. As a result, we classified the assets and liabilities of QuantHouse, net of our costs to sell, as held for sale, which is included in prepaid and other current assets and other current liabilities, respectively, in our consolidated balance sheet as of December 31, 2016 resulting in an aggregate loss of $31 million. On January 4, 2017, we exercised the put option, thereby entering into a definitive agreement to sell QuantHouse to QH Holdco. On January 9, 2017, we completed the sale of QuantHouse to QH Holdco.

In October of 2016, we completed the sale of SPSE and CMA for $425 million in cash to Intercontinental Exchange, an operator of global exchanges, clearing houses and data services. During the year ended December 31, 2016, we recorded a pre-tax gain of $364 million ($297 million after-tax) in gain on dispositions in the consolidated statement of income related to the sale of SPSE and CMA. Additionally, in October of 2016, we completed the sale of Equity Research, a business within our Market and Commodities Intelligence segment to CFRA, a leading independent provider of forensic accounting research, analytics and advisory services. During the year ended December 31, 2016, we recorded a pre-tax gain of $9 million ($5 million after-tax) in gain on dispositions in the consolidated statement of income related to the sale of Equity Research.

In September of 2016, we completed the sale of J.D. Power for $1.1 billion to XIO Group, a global alternative investments firm headquartered in London. During the year ended December 31, 2016, we recorded a pre-tax gain of $728 million ($516 million after-tax) in gain on dispositions in the consolidated statement of income related to the sale of J.D. Power.

Market and Commodities Intelligence includes the following business lines:

- Desktop — a product suite that provides data, analytics and third-party research for global finance professionals, which includes the Market Intelligence Desktop (which are inclusive of S&P Capital IQ and SNL Desktop products);
- Data Management Solutions — integrated data feeds and application programming interfaces that can be customized, which includes Computstat, GICS, Point In Time Financials and CUSIP;
- Risk Services — commercial arm that sells Ratings' credit ratings and related data, analytics and research, which includes subscription-based offerings, RatingsDirect® and RatingsXpress®; and
- S&P Global Platts — the leading independent provider of information and benchmark prices for the commodity and energy markets. S&P Global Platts provides essential price data, analytics, and industry insight that enable the commodities and energy markets to perform with greater transparency and efficiency. Additionally, S&P Global Platts generates revenue from licensing of our proprietary market price data and price assessments to commodity exchanges.

We completed the sale of J.D. Power on September 7, 2016, with the results included in Market and Commodities Intelligence results through that date.

	Year ended December 31,			% Change	
(in millions)	**2017**	2016	2015	'17 vs '16	'16 vs '15
Revenue	**$2,452**	$2,585	$2,376	(5)%	9%
Subscription revenue	**$2,317**	$2,231	$1,911	4%	17%
Non-subscription revenue	**$ 135**	$ 354	$ 465	(62)%	(24)%
% of total revenue:					
Subscription revenue	**95%**	86%	80%		
Non-subscription revenue	**5%**	14%	20%		
U.S. revenue	**$1,396**	$1,523	$1,368	(8)%	11%
International revenue	**$1,056**	$1,062	$1,008	(1)%	6%
% of total revenue:					
U.S. revenue	**57%**	59%	58%		
International revenue	**43%**	41%	42%		
Operating profit[1]	**$ 793**	$1,822	$ 585	(56)%	212%
% Operating margin	**32%**	70%	25%		

1 2017 includes non-cash acquisition and disposition-related adjustments of $15 million, employee severance charges of $9 million, a charge to exit a leased facility of $6 million, and an asset write-off of $2 million. 2016 includes a $1.1 billion gain from our dispositions, disposition-related costs of $48 million, a technology-related impairment charge of $24 million and an acquisition-related cost of $1 million. 2015 includes acquisition-related costs related to the acquisition of SNL of $37 million and costs identified operating efficiencies primarily related to employee severance charges of $33 million. 2017, 2016 and 2015 includes amortization of intangibles from acquisitions of $87 million, $85 million and $57 million, respectively.

2017

Revenue decreased 5% and was unfavorably impacted by 13 percentage points from the net impact of acquisitions and dispositions. Excluding these acquisitions and dispositions, revenue increased primarily driven by growth in annualized contract values in the Market Intelligence Desktop products, RatingsXpress® and RatingsDirect® from new and existing customers. The number of users and customers continued to grow for each of these products in 2017. Increases in annualized contract value for certain of our data feed products within Data Management Solutions also contributed to revenue growth. Additionally, strength in S&P Global Platts' proprietary content due to continued demand for market data and price assessment products across all commodity sectors, led by petroleum, contributed to revenue growth. Both domestic and international revenue decreased due to the unfavorable impact of the dispositions discussed below. In 2017, international revenue represented 43% of Market and Commodities Intelligence's total revenue compared to 41% in 2016. Revenue was favorably impacted by the acquisitions of RigData and PIRA in June of 2016 and September of 2016, respectively. Revenue was unfavorably impacted by the dispositions of J.D. Power in September of 2016, SPSE and CMA in October of 2016, Equity Fund Research in October of 2016 and QuantHouse in January of 2017. See Note 2 — *Acquisitions and Divestitures* for further discussion.

Operating profit decreased 56%. Excluding the unfavorable impact of the gain on dispositions in 2016 of 62 percentage points, non-cash acquisition and disposition-related adjustments in 2017 of 1 percentage point, partially offset by the favorable impact of disposition-related costs in 2016 of 2 percentage points and a technology-related impairment charge in 2016 of 1 percentage point, operating profit increased 4%. The increase is due to margin improvement from existing businesses, partially offset by the unfavorable impact of the dispositions discussed above.

2016

Revenue increased 9% and was favorably impacted by 1 percentage point of growth from the net impact of acquisitions and dispositions discussed below. Revenue growth was also driven by increases in annualized contract values in the S&P Capital IQ Desktop, RatingsXpress® and RatingsDirect® from new and existing customers. The number of users on the S&P Capital IQ Desktop and the number of customers at RatingsXpress® continued to grow in 2016. Increases in annualized contract value for certain of our data feed products within Data Management Solutions also contributed to revenue growth. Additionally, strength in S&P Global Platts' proprietary content due to continued demand for S&P Global Platts' market data and price assessment products across all commodity sectors, led by petroleum, and continued licensing of our proprietary market price data and price assessments to various commodity exchanges contributed to revenue growth. Both domestic and

international revenue increased, with international revenue representing 41% of Market and Commodities Intelligence's total revenue. Revenue was favorably impacted by the acquisitions of SNL, PIRA, RigData and Petromedia Ltd, partially offset by the unfavorable impact of the dispositions of J.D. Power, SPSE and CMA and Equity Research. See Note 2 — *Acquisitions and Divestitures* for further discussion.

Operating profit increased 212%. Excluding the favorable impact from the gain on dispositions of 194 percentage points, the favorable impact of higher acquisition-related costs in 2015 of 6 percentage points and higher employee severance charges in 2015 of 6 percentage points, partially offset by the unfavorable impact of higher disposition-related costs of 9 percentage points, higher amortization of intangibles from acquisitions of 5 percentage points and a technology-related impairment charge of 4 percentage points, operating profit increased 24%. This increase is due to revenue growth and the favorable impact of foreign exchange rates of 5 percentage points, partially offset by higher compensation costs and increased technology costs primarily as a result of the acquisition of SNL in September of 2015.

Industry Highlights and Outlook

In 2017, Market and Commodities Intelligence continued to benefit from organic revenue growth and SNL integration synergies. The segment also launched a beta version of the new Market Intelligence platform in 2017. Additionally, the segment integrated and leveraged recent acquisitions to develop and expand its analytical capabilities and offerings.

In 2018, both Market Intelligence and S&P Global Platts will continue to enhance its product offerings, pursue growth in new markets and geographies, and develop its analytical capabilities.

Legal and Regulatory Environment

Market Intelligence

The financial services industry is subject to the potential for increased regulation in the U.S. and abroad. Market Intelligence operates investment advisory businesses that are regulated in the U.S. under the U.S. Investment Advisers Act of 1940 (the "Investment Advisers Act") and/or the laws of the states or other jurisdictions in which they conduct business.

Market Intelligence operates a business that is authorized and regulated in the United Kingdom by the Financial Conduct Authority (the "FCA"). As such, this business is authorized to arrange and advise on investments, and is also entitled to exercise a passport right to provide specified cross border services into other European Economic Area ("EEA") States, and is to the conditions under the E.U. Markets in Financial Instruments Directive ("MiFID").

The markets for research and investment advisory services are very competitive. Market Intelligence competes domestically and internationally on the basis of a number of factors, including the quality of its research and advisory services, client service, reputation, price, geographic scope, range of products and services, and technological innovation. For a further discussion of competitive and other risks inherent in our Market Intelligence business, see Item 1a, Risk Factors, in this Annual Report on Form 10-K.

S&P Global Platts

S&P Global Platts' commodities price assessment and information business is subject to increasing regulatory scrutiny in the U.S. and abroad. As discussed below under the heading "Indices-Legal and Regulatory Environment", the financial benchmarks industry is subject to the new pending benchmark regulation in the European Union (the "E.U. Benchmark Regulation") as well as potential increased regulation in other jurisdictions. As a result of these measures, as well as measures that could be taken in other jurisdictions outside of Europe, S&P Global Platts will be required in due course to obtain registration or authorization in connection with its benchmark and price assessment activities in Europe and potentially elsewhere.

The European Union has finalized a package of legislative measures known as MiFID II ("MiFID II"), which revise and update the existing E.U. Markets in Financial Instruments Directive framework entered into force on July 2, 2014, and the substantive provisions apply in all E.U. Member States as of January 3, 2018. MiFID II includes provisions that, among other things: (i) impose new conditions and requirements on the licensing of benchmarks and provide for non-discriminatory access to exchanges and clearing houses; (ii) modify the categorization and treatment of certain classes of derivatives; (iii) expand the categories of trading venue that are subject to regulation; (iv) require the unbundling of investment research and direct how asset managers pay for research either out of a research payment account or from a firm's profits; and (v) provide for the mandatory trading of certain derivatives on exchanges (complementing the mandatory derivative clearing requirements in the E.U. Market Infrastructure Regulation of 2011). The MiFID II package is "framework" legislation (meaning that much of the detail of the rules will be set out in subordinate measures, including some technical standards yet to be adopted

by the European Commission). The introduction of the MiFID II package may result in changes to the manner in which Platts licenses its price assessments. MiFID II and the Market Abuse Regulation ("MAR") may impose additional regulatory burdens on Platts's activities in the European Union, although the exact impact and costs are not yet known.

In October of 2012, IOSCO issued its PRA Principles which set out principles, which are intended to enhance the reliability of oil price assessments referenced in derivative contracts subject to regulation by IOSCO members. S&P Global Platts has taken steps to align its operations with the PRA Principles and as recommended by IOSCO in its final report on the PRA Principles, has aligned to the PRA Principles for other commodities for which it publishes benchmarks.

The markets for commodities price assessments and information are very competitive. S&P Global Platts competes domestically and internationally on the basis of a number of factors, including the quality of its assessments and other information it provides to the commodities and related markets, client service, reputation, price, range of products and services (including geographic coverage) and technological innovation. Furthermore, sustained downward pressure on oil and other commodities prices and trading activity in those markets could have a material adverse impact on the rate of growth of S&P Global Platts' revenue. For a further discussion of competitive and other risks inherent in our Platts business, see Item 1a, Risk Factors, in this Annual Report on Form 10-K.

INDICES

Indices is a global index provider maintaining a wide variety of indices to meet an array of investor needs. Indices' mission is to provide transparent benchmarks to help with decision making, collaborate with the financial community to create innovative products and provide investors with tools to monitor world markets.

Indices primarily derives revenue from asset-linked fees based on the S&P and Dow Jones indices and to a lesser extent generates subscription revenue and transaction revenue. Specifically, Indices generates revenue from the following sources:

- Investment vehicles — asset-linked fees such as ETFs and mutual funds, that are based on the S&P Dow Jones Indices' benchmarks and generate revenue through fees based on assets and underlying funds;
- Exchange traded derivatives — generate royalties based on trading volumes of derivatives contracts listed on various exchanges;
- Index-related licensing fees — fixed or variable annual and per-issue fees for over-the-counter derivatives and retail-structured products; and
- Data and customized index subscription fees — fees from supporting index fund management, portfolio analytics and research.

	Year ended December 31,			% Change	
(in millions)	**2017**	2016	2015	'17 vs '16	'16 vs '15
Revenue	**$733**	$639	$597	15%	7%
Asset-linked fees	**$461**	$381	$369	21%	3%
Subscription revenue	**$141**	$133	$116	6%	14%
Transaction revenue	**$131**	$125	$112	5%	11%
% of total revenue:					
Asset-linked fees	**63%**	60%	62%		
Subscription revenue	**19%**	21%	19%		
Transaction revenue	**18%**	19%	19%		
U.S. revenue	**$603**	$525	$488	15%	8%
International revenue	**$130**	$114	$109	14%	5%
% of total revenue:					
U.S. revenue	**82%**	82%	82%		
International revenue	**18%**	18%	18%		
Operating profit [1]	**$471**	$412	$392	14%	5%
Less: net income attributable to noncontrolling interests	**$127**	$109	$101	16%	8%
Net operating profit	**$344**	$303	$291	14%	4%
% Operating margin	**64%**	64%	66%		
% Net operating margin	**47%**	47%	49%		

1 2017, 2016 and 2015 includes amortization of intangibles from acquisitions of $7 million, $6 million and $5 million, respectively.

2017

Revenue at Indices increased 15%, primarily driven by higher average levels of assets under management ("AUM") for ETFs and mutual funds. Revenue growth was favorably impacted by 1 percentage point from the acquisition of Trucost plc ("Trucost") in October of 2016. See Note 2 — *Acquisitions and Divestitures* for further discussion. Ending AUM for ETFs increased 31% to $1.343 trillion and average AUM for ETFs increased 34% to $1.167 trillion compared to 2016.

Operating profit grew 14%. The impact of revenue growth was partially offset by higher compensation costs and increased operating costs to support revenue growth and business initiatives at Indices. Higher compensation costs related to increased incentive costs and additional headcount partially related to the acquisition of Trucost.

2016

Revenue at Indices increased 7%, primarily driven by higher average levels of AUM for ETFs and mutual funds, an increase in data revenue and higher volumes for exchange-traded derivatives. Revenue growth was favorably impacted by less than one percentage point from the acquisition of Trucost. Ending AUM for ETFs increased 25% to $1.023 trillion and average AUM for ETFs increased 8% to $869 billion compared to 2015. Higher average levels of AUM for ETFs contributed to revenue growth primarily driven by the flow of investment funds to the U.S. equity markets in the second half of the year.

Operating profit grew 5%. Revenue growth was partially offset by higher compensation costs primarily driven by additional headcount related to the acquisition of Trucost, increased incentive costs and increased operating costs to support revenue growth and business initiatives at Indices.

Industry Highlights and Outlook

Indices continues to be the leading index provider for the ETF market space. In 2017, higher average levels of AUM for ETFs contributed to revenue growth. In 2017, Indices focused on continued Index innovation and growing international partnerships. In 2018, Indices will continue to pursue opportunities for innovation and seek to grow international partnerships.

Legal and Regulatory Environment

The financial benchmarks industry is subject to the new pending benchmark regulation in the European Union (the "E.U. Benchmark Regulation") as well as potential increased regulation in other jurisdictions.

The E.U. Benchmark Regulation was published June 30, 2016 and included provisions applicable to Indices and Platts, which will become effective January 1, 2018. The E.U. Benchmark Regulation requires Indices and Platts in due course to obtain registration or authorization in connection with their respective benchmark activities in Europe. This legislation will likely cause additional operating obligations but they are not expected to be material at this time, although the exact impact remains unclear.

As discussed above under the heading "S&P Global Platts Legal and Regulatory Environment", the European Union has finalized a package of legislative measures known as MiFID II. The introduction of the MiFID II package may result in changes to the manner in which S&P Dow Jones Indices licenses its indices. MiFID II and the Market Abuse Regulation ("MAR") may impose additional regulatory burdens on S&P Dow Jones Indices activities in the European Union, although the exact impact and costs are not yet known.

In July of 2013, the International Organization of Securities Commissions ("IOSCO") issued Financial Benchmark Principles, intended to promote the reliability of benchmark determinations, and address governance, benchmark quality and accountability mechanisms, including with regard to the indices published by Indices. Even though the Financial Benchmark Principles are not binding law, Indices has taken steps to align its governance regime and operations with the Financial Benchmark Principles and engaged an independent auditor to perform a reasonable assurance review of such alignment.

The markets for index providers are very competitive. Indices competes domestically and internationally on the basis of a number of factors, including the quality of its benchmark indices, client service, reputation, price, range of products and services (including geographic coverage) and technological innovation. For a further discussion of competitive and other risks inherent in our Indices business, see Item 1a, Risk Factors, in this Annual Report on Form 10-K.

Liquidity and Capital Resources

We continue to maintain a strong financial position. Our primary source of funds for operations is cash from our businesses and our core businesses have been strong cash generators. In 2018, cash on hand, cash flows from operations and availability under our existing credit facility are expected to be sufficient to meet any additional operating and recurring cash needs into the foreseeable future. We use our cash for a variety of needs, including but not limited to: ongoing investments in our businesses, strategic acquisitions, share repurchases, dividends, repayment of debt, capital expenditures and investment in our infrastructure.

CASH FLOW OVERVIEW

Cash and cash equivalents were $2.8 billion as of December 31, 2017, an increase of $0.4 billion as compared to December 31, 2016, and consisted of approximately 20% of domestic cash and 80% of cash held abroad.

	Year ended December 31,		
(in millions)	**2017**	2016	2015
Net cash provided by (used for):			
Operating activities from continuing operations	**$ 2,016**	$ 1,560	$ 356
Investing activities from continuing operations	**(209)**	1,205	(2,525)
Financing activities from continuing operations	**(1,507)**	(1,696)	1,349

In 2017, free cash flow increased to $1.8 billion compared to $1.3 billion in 2016. The increase is primarily due to the increase in cash provided from operating activities as discussed below. Free cash flow is a non-GAAP financial measure and reflects our cash flow provided by operating activities less capital expenditures and distributions to noncontrolling interest holders. Capital expenditures include purchases of property and equipment and additions to technology projects. See "Reconciliation of Non-GAAP Financial Information" below for a reconciliation of cash flow provided by operating activities, the most directly comparable U.S. GAAP financial measure, to free cash flow and free cash flow excluding certain items.

Operating activities

Cash provided by operating activities increased to $2.0 billion in 2017 compared to $1.6 billion in 2016. The increase is mainly due to higher results from operations, partially offset by the timing of estimated tax payments.

Cash provided by operating activities increased $1.2 billion to $1.6 billion in 2016 compared to $356 million in 2015. The increase is mainly due to the payment of legal and regulatory settlements in 2015 of $1.6 billion.

Investing activities

Our cash outflows from investing activities are primarily for acquisitions and capital expenditures, while cash inflows are primarily proceeds from dispositions.

Cash used for investing activities decreased to $209 million for 2017 as compared to cash provided by investing activities of $1.2 billion in 2016. The decrease is primarily due to proceeds from the sale of J.D. Power of $1.1 billion in 2016.

Cash provided by investing activities increased to $1.2 billion for 2016 as compared to cash used for investing activities of $2.5 billion in 2015. The increase is primarily due to proceeds from the sale of J.D. Power of $1.1 billion in 2016 compared to cash used for the acquisition of SNL of $2.2 billion in 2015.

Refer to Note 2 — *Acquisitions and Divestitures* to our consolidated financial statements for further information.

Financing activities

Our cash outflows from financing activities consist primarily of share repurchases, dividends and repayment of debt, while cash inflows are primarily inflows from long-term and short-term debt borrowings and proceeds from the exercise of stock options.

Cash used for financing activities decreased to $1.5 billion in 2017 from $1.7 billion in 2016. The decrease is primarily attributable to higher repayments of debt and higher cash paid for share repurchases in 2016, partially offset by the issuance of senior notes in 2016.

Cash used for financing activities was $1.7 billion in 2016 compared to cash provided by financing activities of $1.3 billion in 2015. The decrease is primarily attributable to higher proceeds received from the issuance of senior notes in 2015.

During 2017, we used cash to repurchase 6.8 million shares for $1.0 billion. We entered into an accelerated share repurchase ("ASR") agreement with a financial institution on August 1, 2017 to initiate share repurchases aggregating $500 million. We repurchased a total of 3.2 million shares under the ASR agreement for an average purchase price of $154.46 per share. See Note 9 — *Equity* for further discussion.

During 2016, we used cash to repurchase 10 million shares for $1.1 billion, which included 0.3 million shares for approximately $26 million that settled in January of 2016. Using a portion of the proceeds received from the sale of J.D. Power, we entered into an ASR agreement with a financial institution on September 7, 2016 to initiate share repurchases aggregating $750 million. We repurchased a total of 6.1 million shares under the ASR agreement for an average purchase price of $122.18 per share. See Note 9 — *Equity* for further discussion.

During 2015, we used cash to repurchase 9.8 million shares for $974 million. An additional 0.3 million shares were repurchased in the fourth quarter of 2015 for approximately $26 million, which settled in January of 2016.

On December 4, 2013, the Board of Directors approved a share repurchase program authorizing the purchase of up to 50 million shares, which was approximately 18% of the total shares of our outstanding common stock at that time. Our current repurchase program has no expiration date and purchases under this program may be made from time to time on the open market and in private transactions, depending on market conditions. As of December 31, 2017, 19 million shares remained available under our current repurchase program.

Discontinued Operations

Cash flows from discontinued operations reflects the classification of McGraw Hill Construction as a discontinued operation. Cash used for operating activities from discontinued operations of $129 million in 2015 relates to the tax payment on the gain on sale of McGraw Hill Construction.

ADDITIONAL FINANCING

On June 30, 2017, we entered into a $1.2 billion five year-credit agreement (our "credit facility") that will terminate on June 30, 2022. This credit facility replaced our $1.2 billion five year credit facility that was scheduled to terminate on June 30, 2020. The previous credit facility was canceled immediately after the new credit facility became effective. There were no outstanding borrowings under the previous credit facility when it was replaced.

We have the ability to borrow a total of $1.2 billion through our commercial paper program, which is supported by our credit facility. There were no commercial paper borrowings outstanding as of December 31, 2017 and 2016.

Depending on our corporate credit rating, we pay a commitment fee of 8 to 17.5 basis points for our credit facility, whether or not amounts have been borrowed. We currently pay a commitment fee of 12.5 basis points. The interest rate on borrowings under our credit facility is, at our option, calculated using rates that are primarily based on either the prevailing London Inter-Bank Offer Rate, the prime rate determined by the administrative agent or the Federal Funds Rate. For certain borrowings under this credit facility, there is also a spread based on our corporate credit rating.

Our credit facility contains certain covenants. The only financial covenant requires that our indebtedness to cash flow ratio, as defined in our credit facility, is not greater than 4 to 1, and this covenant level has never been exceeded.

DIVIDENDS

On February 2, 2018, the Board of Directors approved an increase in the quarterly common stock dividend from $0.41 per share to $0.50 per share.

CONTRACTUAL OBLIGATIONS

We typically have various contractual obligations, which are recorded as liabilities in our consolidated balance sheets, while other items, such as certain purchase commitments and other executory contracts, are not recognized, but are disclosed herein. For example, we are contractually committed to contracts for information-technology outsourcing, certain enterprise-wide information-technology software licensing and maintenance and make certain minimum lease payments for the use of property under operating lease agreements.

We believe that the amount of cash and cash equivalents on hand, cash flow expected from operations and availability under our credit facility will be adequate for us to execute our business strategy and meet anticipated requirements for lease obligations, capital expenditures, working capital and debt service for 2018.

The following table summarizes our significant contractual obligations and commercial commitments as of December 31, 2017, over the next several years. Additional details regarding these obligations are provided in the notes to our consolidated financial statements, as referenced in the footnotes to the table:

(in millions)	Less than 1 Year	1–3 Years	3–5 Years	More than 5 Years	Total
Debt: [1]					
Principal payments	$399	$ 697	$ —	$2,473	$3,569
Interest payments	138	254	217	657	1,266
Operating leases [2]	122	192	140	516	970
Purchase obligations and other [3]	110	100	31	78	319
Total contractual cash obligations	$769	$1,243	$388	$3,724	$6,124

1 Our debt obligations are described in Note 5 — *Debt* to our consolidated financial statements.

2 Amounts shown include taxes and escalation payments, see Note 13 — *Commitments and Contingencies* to our consolidated financial statements for further discussion on our operating lease obligations.

3 Other consists primarily of commitments for unconditional purchase obligations in contracts for information-technology outsourcing and certain enterprise-wide information-technology software licensing and maintenance.

As of December 31, 2017, we had $212 million of liabilities for unrecognized tax benefits. We have excluded the liabilities for unrecognized tax benefits from our contractual obligations table because, until formal resolutions are reached, reasonable estimates of the timing of cash settlements with the respective taxing authorities are not practicable.

As of December 31, 2017, we have recorded $1,350 million for our redeemable noncontrolling interest in our S&P Dow Jones Indices LLC partnership discussed in Note 9 — *Equity* to our consolidated financial statements. Specifically, this amount relates to the put option under the terms of the operating agreement of S&P Dow Jones Indices LLC, whereby, after December 31, 2017, CME Group and CME Group Index Services LLC ("CGIS") will have the right at any time to sell, and we are obligated to buy, at least 20% of their share in S&P Dow Jones Indices LLC. We have excluded this amount from our contractual obligations table because we are uncertain as to the timing and the ultimate amount of the potential payment we may be required to make.

We make contributions to our pension and postretirement plans in order to satisfy minimum funding requirements as well as additional contributions that we consider appropriate to improve the funded status of our plans. During 2017, we contributed $8 million and $25 million to our domestic and international retirement and postretirement plans, respectively. Expected employer contributions in 2018 are $9 million and $7 million for our domestic and international retirement and postretirement plans, respectively. In 2018, we may elect to make additional non-required contributions depending on investment performance and the pension plan status. See Note 7 — *Employee Benefits* to our consolidated financial statements for further discussion.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2017 and 2016, we did not have any relationships with unconsolidated entities, such as entities often referred to as specific purpose or variable interest entities where we are the primary beneficiary, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such we are not exposed to any financial liquidity, market or credit risk that could arise if we had engaged in such relationships.

Reconciliation of Non-GAAP Financial Information

Free cash flow is a non-GAAP financial measure and reflects our cash flow provided by operating activities less capital expenditures and distributions to noncontrolling interest holders. Capital expenditures include purchases of property and equipment and additions to technology projects. Our cash flow provided by operating activities is the most directly comparable U.S. GAAP financial measure to free cash flow. Additionally, we have considered certain items in evaluating free cash flow, which are included in the table below.

We believe the presentation of free cash flow and free cash flow excluding certain items allows our investors to evaluate the cash generated from our underlying operations in a manner similar to the method used by management. We use free cash flow to conduct and evaluate our business because we believe it typically presents a more conservative measure of cash flows since capital expenditures and distributions to noncontrolling interest holders are considered a necessary component of ongoing operations. Free cash flow is useful for management and investors because it allows management and investors to evaluate the cash available to us to prepay debt, make strategic acquisitions and investments and repurchase stock.

The presentation of free cash flow and free cash flow excluding certain items are not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. Free cash flow, as we calculate it, may not be comparable to similarly titled measures employed by other companies. The following table presents a reconciliation of our cash flow provided by operating activities to free cash flow excluding the impact of the items below:

	Year ended December 31,			% Change	
(in millions)	**2017**	2016	2015	'17 vs '16	'16 vs '15
Cash provided by operating activities	**$2,016**	$1,560	$ 356	29%	N/M
Capital expenditures	**(123)**	(115)	(139)		
Distributions to noncontrolling interest holders	**(111)**	(116)	(104)		
Free cash flow	**$1,782**	$1,329	$ 113	34%	N/M
Tax on gain from sale of J.D. Power	**—**	200	—		
Tax on gain from sale of SPSE and CMA	**67**	—	—		
Payment of legal and regulatory settlements	**4**	150	1,624		
Legal settlement insurance recoveries	**—**	(77)	(101)		
Tax benefit from legal settlements	**(2)**	(24)	(250)		
Free cash flow excluding above items	**$1,851**	$1,578	$1,386	17%	14%

N/M — not meaningful

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Unless otherwise indicated, all discussion and analysis of our financial condition and results of operations relate to our continuing operations.

On an ongoing basis, we evaluate our estimates and assumptions, including those related to revenue recognition, allowance for doubtful accounts, valuation of long-lived assets, goodwill and other intangible assets, pension plans, incentive compensation and stock-based compensation, income taxes, contingencies and redeemable noncontrolling interests. We base our estimates on historical experience, current developments and on various other assumptions that we believe to be reasonable under these circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that cannot readily be determined from other sources. There can be no assurance that actual results will not differ from those estimates.

Management considers an accounting estimate to be critical if it required assumptions to be made that were uncertain at the time the estimate was made and changes in the estimate or different estimates could have a material effect on our results of operations. Management has discussed the development and selection of our critical accounting estimates with the Audit Committee of our Board of Directors. The Audit Committee has reviewed our disclosure relating to them in this MD&A.

We believe the following critical accounting policies require us to make significant judgments and estimates in the preparation of our consolidated financial statements:

REVENUE RECOGNITION

Revenue is recognized as it is earned when services are rendered. We consider amounts to be earned once evidence of an arrangement has been obtained, services are performed, fees are fixed or determinable and collectability is reasonably assured. Revenue relating to products that provide for more than one deliverable is recognized based upon the relative fair value to the customer of each deliverable as each deliverable is provided. Revenue relating to agreements that provide for more than one service is recognized based upon the relative fair value to the customer of each service component as each component is earned. If the fair value to the customer for each service is not objectively determinable, we make our best estimate of the services' standalone selling price and recognize revenue as earned as the services are delivered. The allocation of consideration received from multiple element arrangements that involve initial assignment of ratings and the future surveillance of ratings is determined through an analysis that considers cash consideration that would be received for instances when the service components are sold separately. In such cases, we defer portions of rating fees that we estimate will be attributed to future surveillance and recognize the deferred revenue ratably over the estimated surveillance periods. Advertising revenue is recognized when the page is run. Subscription income is recognized over the related subscription period.

For the years ended December 31, 2017, 2016 and 2015, no significant changes have been made to the underlying assumptions related to estimates of revenue or the methodologies applied. In 2018, we will be adopting a new accounting standard for the recognition of revenue. See Note 1 — *Accounting Policies* to our consolidated financial statements for further information related to the impact of the new revenue standard in 2018.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts reserve methodology is based on historical analysis, a review of outstanding balances and current conditions. In determining these reserves, we consider, amongst other factors, the financial condition and risk profile of our customers, areas of specific or concentrated risk as well as applicable industry trends or market indicators. The impact on operating profit for a one percentage point change in the allowance for doubtful accounts is approximately $14 million.

For the years ended December 31, 2017, 2016 and 2015, there were no material changes in our assumptions regarding the determination of the allowance for doubtful accounts. Based on our current outlook these assumptions are not expected to significantly change in 2018.

ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS (INCLUDING OTHER INTANGIBLE ASSETS)

We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Upon such an occurrence, recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to current forecasts of undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized equal to the amount by which the carrying amount of the asset exceeds the fair value of the asset. For long-lived assets held for sale, assets are written down to fair value, less cost to sell. Fair value is determined based on market evidence, discounted cash flows, appraised values or management's estimates, depending upon the nature of the assets.

For the year ended December 31, 2016, we recorded a non-cash impairment charge of $24 million related to a technology project at our Market and Commodities segment in selling and general expenses in our consolidated statement of income.

GOODWILL AND INDEFINITE-LIVED INTANGIBLE ASSETS

Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of businesses acquired. As of December 31, 2017 and 2016, the carrying value of goodwill and other indefinite-lived intangible assets was $3.7 billion, respectively. Goodwill and other intangible assets with indefinite lives are not amortized, but instead are tested for impairment annually during the fourth quarter each year or more frequently if events or changes in circumstances indicate that the asset might be impaired.

Goodwill

As part of our annual impairment test of our four reporting units, we initially perform a qualitative analysis evaluating whether any events and circumstances occurred that provide evidence that it is more likely than not that the fair value of any of our reporting units is less than its carrying amount. Reporting units are generally an operating segment or one level below an operating segment. Our qualitative assessment included, but was not limited to, consideration of macroeconomic conditions, industry and market conditions, cost factors, cash flows, changes in key Company personnel and our share price. If, based on our evaluation of the events and circumstances that occurred during the year we do not believe that it is more likely than not that the fair value of any of our reporting units is less than its carrying amount, no quantitative impairment test is performed. Conversely, if the results of our qualitative assessment determine that it is more likely than not that the fair value of any of our reporting units is less than its respective carrying amount we perform a two-step quantitative impairment test. For 2017, based on our qualitative assessments, we determined that it is more likely than not that our reporting units' fair value was greater than their respective carrying amounts.

If the fair value of the reporting unit is less than the carrying value, a second step is performed which compares the implied fair value of the reporting unit's goodwill to the carrying value of the goodwill. The implied fair value of the goodwill is determined based on the difference between the fair value of the reporting unit and the net fair value of the identifiable assets and liabilities of the reporting unit. If the implied fair value of the goodwill is less than the carrying value, the difference is recognized as an impairment charge.

Indefinite-Lived Intangible Assets

We evaluate the recoverability of indefinite-lived intangible assets by first performing a qualitative analysis evaluating whether any events and circumstances occurred that provide evidence that it is more likely than not that the indefinite-lived asset is impaired. If, based on our evaluation of the events and circumstances that occurred during the year we do not believe that it is more likely than not that the indefinite-lived asset is impaired, no quantitative impairment test is performed. Conversely, if the results of our qualitative assessment determine that it is more likely than not that the indefinite-lived asset is impaired, a quantitative impairment test is performed. If necessary, the impairment test is performed by comparing the estimated fair value of the intangible asset to its carrying value. If the indefinite-lived intangible asset carrying value exceeds its fair value, an impairment analysis is performed using the income approach. The fair value of loss is recognized in an amount equal to that excess. Significant judgments inherent in these analyses include estimating the amount and timing of future cash flows and the selection of appropriate discount rates, royalty rates and long-term growth rate assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for this indefinite-lived intangible asset and could result in an impairment charge, which could be material to our financial position and results of operations.

We performed our impairment assessment of goodwill and indefinite-lived intangible assets and concluded that no impairment existed for the years ended December 31, 2017, 2016, and 2015.

RETIREMENT PLANS AND POSTRETIREMENT HEALTHCARE AND OTHER BENEFITS

Our employee pension and other postretirement benefit costs and obligations are dependent on assumptions concerning the outcome of future events and circumstances, including compensation increases, long-term return on pension plan assets, healthcare cost trends, discount rates and other factors. In determining such assumptions, we consult with outside actuaries and other advisors where deemed appropriate. In accordance with relevant accounting standards, if actual results differ from our assumptions, such differences are deferred and amortized over the estimated remaining lifetime of the plan participants. While we believe that the assumptions used in these calculations are reasonable, differences in actual experience or changes in assumptions could affect the expense and liabilities related to our pension and other postretirement benefits.

The following is a discussion of some significant assumptions that we make in determining costs and obligations for pension and other postretirement benefits:

- Discount rate assumptions are based on current yields on high-grade corporate long-term bonds.
- Healthcare cost trend assumptions are based on historical market data, the near-term outlook and an assessment of likely long-term trends.
- The expected return on assets assumption is calculated based on the plan's asset allocation strategy and projected market returns over the long-term.

Our discount rate and return on asset assumptions used to determine the net periodic pension and postretirement benefit cost on our U.S. retirement plans are as follows:

	Retirement Plans			Postretirement Plans		
January 1	2018	2017	2016	2018	2017	2016
Discount rate	3.68%	4.14%	4.47%	3.40%	3.69%	3.90%
Return on assets	6.00%	6.25%	6.25%			
Weighted-average healthcare cost rate				6.50%	7.00%	7.00%

STOCK-BASED COMPENSATION

Stock-based compensation expense is measured at the grant date based on the fair value of the award and is recognized over the requisite service period, which typically is the vesting period. Stock-based compensation is classified as both operating-related expense and selling and general expense in our consolidated statements of income.

We use a lattice-based option-pricing model to estimate the fair value of options granted. The following assumptions were used in valuing the options granted:

	Year Ended December 31, 2015
Risk-free average interest rate	0.2–1.9%
Dividend yield	1.4%
Volatility	21–39%
Expected life (years)	6.3
Weighted-average grant-date fair value per option	$27.57

Because lattice-based option-pricing models incorporate ranges of assumptions, those ranges are disclosed. These assumptions are based on multiple factors, including historical exercise patterns, post-vesting termination rates, expected future exercise patterns and the expected volatility of our stock price. The risk-free interest rate is the imputed forward rate based on the U.S. Treasury yield at the date of grant. We use the historical volatility of our stock price over the expected term of the options to estimate the expected volatility. The expected term of options granted is derived from the output of the lattice model and represents the period of time that options granted are expected to be outstanding.

During 2015, we stopped granting stock options as part of our employees' total stock-based incentive awards. There were no stock options granted in 2017 and 2016 and a minimal amount of stock options granted in 2015.

INCOME TAXES

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. We recognize liabilities for uncertain tax positions taken or expected to be taken in income tax returns. Accrued interest and penalties related to unrecognized tax benefits are recognized in interest expense and operating expense, respectively.

Judgment is required in determining our provision for income taxes, deferred tax assets and liabilities and unrecognized tax benefits. In determining the need for a valuation allowance, the historical and projected financial performance of the operation that is recording a net deferred tax asset is considered along with any other pertinent information.

We file income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions, and we are routinely under audit by many different tax authorities. We believe that our accrual for tax liabilities is adequate for all open audit years based on our assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. It is possible that examinations will be settled prior to December 31, 2018. If any of these tax audit settlements do occur within that period we would make any necessary adjustments to the accrual for unrecognized tax benefits.

For the years ended December 31, 2016 and 2015, we had determined that the undistributed earnings of our foreign subsidiaries were permanently reinvested within those foreign operations. Accordingly, we had not recorded deferred income taxes on these indefinitely reinvested earnings. As of December 31, 2017, we have approximately $2.6 billion of undistributed earnings of our foreign subsidiaries. As a result of the TCJA, more than 70% of these $2.6 billion earnings will no longer be permanently reinvested. We will continue to permanently reinvest approximately $780 million of these undistributed earnings.

CONTINGENCIES

We are subject to a number of lawsuits and claims that arise in the ordinary course of business. We recognize a liability for such contingencies when both (a) information available prior to issuance of the financial statements indicates that it is probable that a liability had been incurred at the date of the financial statements and (b) the amount of loss can reasonably be estimated. We continually assess the likelihood of any adverse judgments or outcomes to our contingencies, as well as potential amounts or ranges of probable losses, and recognize a liability, if any, for these contingencies based on an analysis of each matter with the assistance of outside legal counsel and, if applicable, other experts. Because many of these matters are resolved over long periods of time, our estimate of liabilities may change due to new developments, changes in assumptions or changes in our strategy related to the matter. When we accrue for loss contingencies and the reasonable estimate of the loss is within a range, we record its best estimate within the range. We disclose an estimated possible loss or a range of loss when it is at least reasonably possible that a loss may have been incurred.

REDEEMABLE NONCONTROLLING INTEREST

The fair value component of the redeemable noncontrolling interest in Indices business is based on a combination of an income and market valuation approach. Our income and market valuation approaches may incorporate Level 3 measures for instances when observable inputs are not available, including assumptions related to expected future net cash flows, long-term growth rates, the timing and nature of tax attributes, and the redemption features.

RECENT ACCOUNTING STANDARDS

See Note 1 — *Accounting Policies* to our consolidated financial statements for a detailed description of recent accounting standards. We do not expect these recent accounting standards to have a material impact on our results of operations, financial condition, or liquidity in future periods.

Forward-Looking Statements

This Annual Report on Form 10-K 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:

- worldwide economic, political and regulatory conditions, including conditions that may result from legislative, regulatory and policy changes associated with the current U.S. administration or the United Kingdom's withdrawal from the European Union;
- the rapidly evolving regulatory environment, in Europe, the United States and elsewhere, affecting Ratings, Market and Commodities Intelligence and Indices, including new and amended regulations and the Company's compliance therewith;
- the Company's ability to maintain adequate physical, technical and administrative safeguards to protect the security of confidential information and data, and the potential for unauthorized access to our systems or a system or network disruption that results in improper disclosure of confidential information or data, regulatory penalties and remedial costs;
- our ability to make acquisitions and dispositions and successfully integrate the businesses we acquire;
- the outcome of litigation, government and regulatory proceedings, investigations and inquiries;

- the health of debt and equity markets, including credit quality and spreads, the level of liquidity and future debt issuances;
- 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 effect of competitive products and pricing, including the level of success of new product developments and global expansion;
- consolidation in the Company's end-customer markets;
- the impact of customer cost-cutting pressures, including in the financial services industry and commodities markets;
- a decline in the demand for credit risk management tools by financial institutions;
- the level of merger and acquisition activity in the United States and abroad;
- the volatility of the energy marketplace and the health of the commodities markets;
- our ability to attract, incentivize and retain key employees;
- our ability to adjust to changes in European and United Kingdom markets as the United Kingdom leaves the European Union, and the impact of the United Kingdom's departure on our credit rating activities and other European and United Kingdom offerings;
- 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, including the impact of recent tax reform in the U.S.;
- the level of the Company's future cash flows and capital investments;
- the impact on the Company's revenue and 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 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 Item 1a, *Risk Factors*, in this Annual Report on Form 10-K.

Consolidated Statements of Income

(in millions, except per share data)	Year Ended December 31, 2017	2016	2015
Revenue	**$6,063**	$ 5,661	$5,313
Expenses:			
Operating-related expenses	**1,713**	1,773	1,718
Selling and general expenses	**1,560**	1,439	1,532
Depreciation	**82**	85	90
Amortization of intangibles	**98**	96	67
Total expenses	**3,453**	3,393	3,407
Gain on dispositions	**—**	(1,101)	(11)
Operating profit	**2,610**	3,369	1,917
Interest expense, net	**149**	181	102
Income before taxes on income	**2,461**	3,188	1,815
Provision for taxes on income	**823**	960	547
Net income	**1,638**	2,228	1,268
Less: net income attributable to noncontrolling interests	**(142)**	(122)	(112)
Net income attributable to S&P Global Inc.	**$1,496**	$ 2,106	$1,156
Earnings per share attributable to S&P Global Inc. common shareholders:			
Net income:			
Basic	**$ 5.84**	$ 8.02	$ 4.26
Diluted	**$ 5.78**	$ 7.94	$ 4.21
Weighted-average number of common shares outstanding:			
Basic	**256.3**	262.8	271.6
Diluted	**258.9**	265.2	274.6
Actual shares outstanding at year end	**253.7**	258.3	265.2
Dividend declared per common share	**$ 1.64**	$ 1.44	$ 1.32

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

	Year Ended December 31,		
(in millions)	**2017**	2016	2015
Net income	**$1,638**	$2,228	$1,268
Other comprehensive income:			
Foreign currency translation adjustment	**93**	(132)	(111)
Income tax effect	**—**	(7)	1
	93	(139)	(110)
Pension and other postretirement benefit plans	**52**	(27)	34
Income tax effect	**(11)**	(10)	(9)
	41	(37)	25
Unrealized loss on investment	**(10)**	—	—
Income tax effect	**—**	—	—
	(10)	—	—
Unrealized gain (loss) on forward exchange contracts	**—**	4	(1)
Income tax effect	**—**	(1)	—
	—	3	(1)
Comprehensive income	**1,762**	2,055	1,182
Less: comprehensive income attributable to nonredeemable noncontrolling interests	**(15)**	(13)	(11)
Less: comprehensive income attributable to redeemable noncontrolling interests	**(127)**	(109)	(101)
Comprehensive income attributable to S&P Global Inc.	**$1,620**	$1,933	$1,070

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets

(in millions)	December 31, 2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 2,779**	$ 2,392
Short-term investments	**12**	8
Accounts receivable, net of allowance for doubtful accounts: 2017 — $33; 2016 — $28	**1,319**	1,122
Prepaid and other current assets	**214**	149
Total current assets	**4,324**	3,671
Property and equipment:		
Buildings and leasehold improvements	**354**	356
Equipment and furniture	**475**	452
Total property and equipment	**829**	808
Less: accumulated depreciation	**(554)**	(537)
Property and equipment, net	**275**	271
Goodwill	**2,989**	2,949
Other intangible assets, net	**1,388**	1,506
Other non-current assets	**449**	272
Total assets	**$ 9,425**	$ 8,669
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	**$ 195**	$ 183
Accrued compensation and contributions to retirement plans	**472**	409
Short-term debt	**399**	—
Income taxes currently payable	**77**	95
Unearned revenue	**1,613**	1,509
Accrued legal and regulatory settlements	**107**	56
Other current liabilities	**351**	359
Total current liabilities	**3,214**	2,611
Long-term debt	**3,170**	3,564
Pension and other postretirement benefits	**244**	274
Other non-current liabilities	**679**	439
Total liabilities	**7,307**	6,888
Redeemable noncontrolling interest	**1,350**	1,080
Commitments and contingencies (Note 13)		
Equity:		
Common stock, $1 par value: authorized — 600 million shares; issued — 412 million shares in 2017 and 2016	**412**	412
Additional paid-in capital	**525**	502
Retained income	**10,025**	9,210
Accumulated other comprehensive loss	**(649)**	(773)
Less: common stock in treasury — at cost: 2017 — 158 million shares; 2016 — 153 million shares	**(9,602)**	(8,701)
Total equity — controlling interests	**711**	650
Total equity — noncontrolling interests	**57**	51
Total equity	**768**	701
Total liabilities and equity	**$ 9,425**	$ 8,669

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

(in millions)	Year Ended December 31, 2017	2016	2015
Operating Activities:			
Net income	**$ 1,638**	$ 2,228	$ 1,268
Adjustments to reconcile net income to cash provided by operating activities from continuing operations:			
Depreciation	**82**	85	90
Amortization of intangibles	**98**	96	67
Provision for losses on accounts receivable	**16**	9	8
Deferred income taxes	**—**	79	280
Stock-based compensation	**99**	76	78
Gain on dispositions	**—**	(1,101)	(11)
Accrued legal and regulatory settlements	**55**	54	119
Other	**96**	30	57
Changes in operating assets and liabilities, net of effect of acquisitions and dispositions:			
Accounts receivable	**(196)**	(177)	(118)
Prepaid and other current assets	**10**	5	5
Accounts payable and accrued expenses	**75**	19	(9)
Unearned revenue	**85**	107	129
Accrued legal and regulatory settlements	**(4)**	(150)	(1,624)
Other current liabilities	**(85)**	(19)	(77)
Net change in prepaid/accrued income taxes	**32**	174	129
Net change in other assets and liabilities	**15**	45	(35)
Cash provided by operating activities from continuing operations	**2,016**	1,560	356
Investing Activities:			
Capital expenditures	**(123)**	(115)	(139)
Acquisitions, net of cash acquired	**(83)**	(177)	(2,396)
Proceeds from dispositions	**2**	1,498	14
Changes in short-term investments	**(5)**	(1)	(4)
Cash (used for) provided by investing activities from continuing operations	**(209)**	1,205	(2,525)
Financing Activities:			
(Payments on)/additions to short-term debt, net	**—**	(143)	143
Proceeds from issuance of senior notes, net	**—**	493	2,674
Payments on senior notes	**—**	(421)	—
Dividends paid to shareholders	**(421)**	(380)	(363)
Distributions to noncontrolling interest holders	**(111)**	(116)	(104)
Repurchase of treasury shares	**(1,001)**	(1,123)	(974)
Exercise of stock options	**75**	88	86
Contingent consideration payments	**—**	(39)	(5)
Purchase of additional CRISIL shares	**—**	—	(16)
Employee withholding tax on share-based payments	**(49)**	(55)	(92)
Cash (used for) provided by financing activities from continuing operations	**(1,507)**	(1,696)	1,349
Effect of exchange rate changes on cash	**87**	(158)	(67)
Cash provided by continuing operations	**387**	911	(887)
Discontinued Operations:			
Cash used for operating activities	**—**	—	(129)
Cash used for discontinued operations	**—**	—	(129)
Net change in cash and cash equivalents	**387**	911	(1,016)
Cash and cash equivalents at beginning of year	**2,392**	1,481	2,497
Cash and cash equivalents at end of year	**$ 2,779**	$ 2,392	$ 1,481
Cash paid during the year for:			
Interest (including discontinued operations)	**$ 139**	$ 150	$ 65
Income taxes (including discontinued operations)	**$ 709**	$ 683	$ 260

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Equity

(in millions)	Common Stock $1 par	Additional Paid-in Capital	Retained Income	Accumulated Other Comprehensive Loss	Less: Treasury Stock	Total SPGI Equity	Noncontrolling Interests	Total Equity
Balance as of December 31, 2014	$ 412	$493	$ 6,946	$ (514)	$6,849	$ 488	$ 51	$ 539
Comprehensive income [1]			1,156	(86)		1,070	11	1,081
Dividends			(359)			(359)	(9)	(368)
Share repurchases					1,000	(1,000)	(2)	(1,002)
Employee stock plans, net of tax benefit		(18)			(120)	102		102
Change in redemption value of redeemable noncontrolling interest			(107)			(107)		(107)
Other						—	(2)	(2)
Balance as of December 31, 2015	$ 412	$475	$ 7,636	$ (600)	$7,729	$ 194	$ 49	$ 243
Comprehensive income [1]			2,106	(173)		1,933	13	1,946
Dividends			(380)			(380)	(10)	(390)
Share repurchases					1,097	(1,097)		(1,097)
Employee stock plans, net of tax benefit		27			(125)	152		152
Change in redemption value of redeemable noncontrolling interest			(153)			(153)		(153)
Other			1			1	(1)	—
Balance as of December 31, 2016	$ 412	$502	$ 9,210	$ (773)	$8,701	$ 650	$ 51	$ 701
Comprehensive income [1]			1,496	124		1,620	15	1,635
Dividends			(421)			(421)	(10)	(431)
Share repurchases					1,001	(1,001)	(5)	(1,006)
Employee stock plans		23			(100)	123	8	131
Change in redemption value of redeemable noncontrolling interest			(260)			(260)		(260)
Other						—	(2)	(2)
Balance as of December 31, 2017	**$ 412**	**$525**	**$10,025**	**$ (649)**	**$9,602**	**$ 711**	**$ 57**	**$ 768**

1 Excludes $127 million, $109 million and $101 million in 2017, 2016 and 2015, respectively, attributable to redeemable noncontrolling interest.

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Accounting Policies

NATURE OF OPERATIONS S&P Global Inc. (together with its consolidated subsidiaries, the "Company," the "Registrant," "we," "us" or "our") is a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide. The capital markets include asset managers, investment banks, commercial banks, insurance companies, exchanges, trading firms and issuers; and the commodity markets include producers, traders and intermediaries within energy, metals, petrochemicals and agriculture.

Our operations consist of three reportable segments: Ratings, Market and Commodities Intelligence and S&P Dow Jones Indices ("Indices").

- Ratings is an independent provider of credit ratings, research and analytics, offering investors and other market participants information, ratings and benchmarks.
- Market and Commodities Intelligence is a global provider of multi-asset-class data, research and analytical capabilities, which integrate cross-asset analytics and desktop services and deliver their customers in the commodity and energy markets access to high-value information, data, analytic services and pricing and quality benchmarks. We completed the sale of J.D. Power on September 7, 2016, with the results included in Market and Commodities Intelligence results through that date.
- Indices is a global index provider that maintains a wide variety of valuation and index benchmarks for investment advisors, wealth managers and institutional investors.

See Note 12 — *Segment and Geographic Information* for further discussion on our operating segments, which are also our reportable segments.

Assets and Liabilities Held for Sale and Discontinued Operations

ASSETS AND LIABILITIES HELD FOR SALE We classify a disposal group to be sold as held for sale in the period in which all of the following criteria are met: management, having the authority to approve the action, commits to a plan to sell the disposal group; the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such disposal group; an active program to locate a buyer and other actions required to complete the plan to sell the disposal group have been initiated; the sale of the disposal group is probable, and transfer of the disposal group is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond our control extend the period of time required to sell the disposal group beyond one year; the disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A disposal group that is classified as held for sale is initially measured at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a disposal group until the date of sale.

The fair value of a disposal group less any costs to sell is assessed each reporting period it remains classified as held for sale and any subsequent changes are reported as an adjustment to the carrying value of the disposal group, as long as the new carrying value does not exceed the carrying value of the disposal group at the time it was initially classified as held for sale. Upon determining that a disposal group meets the criteria to be classified as held for sale, the Company reports the assets and liabilities of the disposal group as held for sale in the current period in our consolidated balance sheets.

DISCONTINUED OPERATIONS Beginning on January 1, 2015, we adopted revised guidance for discontinued operations that raises the threshold for a disposal to qualify as a discontinued operation. In determining whether a disposal of a component of an entity or a group of components of an entity is required to be presented as a discontinued operation, we make a determination whether the disposal represents a strategic shift that had, or will have, a major effect on our operations and financial results. A component of an entity comprises operations and cash flows that can be clearly distinguished both operationally and for financial reporting purposes. If we conclude that the disposal represents a strategic shift, then the results of

operations of the group of assets being disposed of (as well as any gain or loss on the disposal transaction) are aggregated for separate presentation apart from our continuing operating results in the consolidated financial statements. Unless otherwise indicated, all disclosures and amounts in the notes to our consolidated financial statements relate to our continuing operations.

PRINCIPLES OF CONSOLIDATION The consolidated financial statements include the accounts of all subsidiaries and our share of earnings or losses of joint ventures and affiliated companies under the equity method of accounting. All significant intercompany accounts and transactions have been eliminated.

USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS Cash and cash equivalents include ordinary bank deposits and highly liquid investments with original maturities of three months or less that consist primarily of money market funds with unrestricted daily liquidity and fixed term time deposits. Such investments and bank deposits are stated at cost, which approximates market value, and were $2.8 billion and $2.4 billion as of December 31, 2017 and 2016, respectively. These investments are not subject to significant market risk.

SHORT-TERM INVESTMENTS Short-term investments are securities with original maturities greater than 90 days that are available for use in our operations in the next twelve months. The short-term investments, primarily consisting of certificates of deposit and mutual funds, are classified as held-to-maturity and therefore are carried at cost. Interest and dividends are recorded in income when earned.

ACCOUNTS RECEIVABLE Credit is extended to customers based upon an evaluation of the customer's financial condition. Accounts receivable, which include billings consistent with terms of contractual arrangements, are recorded at net realizable value.

ALLOWANCE FOR DOUBTFUL ACCOUNTS The allowance for doubtful accounts reserve methodology is based on historical analysis, a review of outstanding balances and current conditions. In determining these reserves, we consider, amongst other factors, the financial condition and risk profile of our customers, areas of specific or concentrated risk as well as applicable industry trends or market indicators.

CAPITALIZED TECHNOLOGY COSTS We capitalize certain software development and website implementation costs. Capitalized costs only include incremental, direct costs of materials and services incurred to develop the software after the preliminary project stage is completed, funding has been committed and it is probable that the project will be completed and used to perform the function intended. Incremental costs are expenditures that are out-of-pocket to us and are not part of an allocation or existing expense base. Software development and website implementation costs are expensed as incurred during the preliminary project stage. Capitalized costs are amortized from the year the software is ready for its intended use over its estimated useful life, three to seven years, using the straight-line method. Periodically, we evaluate the amortization methods, remaining lives and recoverability of such costs. Capitalized software development and website implementation costs are included in other non-current assets and are presented net of accumulated amortization. Gross deferred technology costs were $186 million and $145 million as of December 31, 2017 and 2016, respectively. Accumulated amortization of deferred technology costs was $104 million and $91 million as of December 31, 2017 and 2016, respectively.

FAIR VALUE Certain assets and liabilities are required to be recorded at fair value and classified within a fair value hierarchy based on inputs used when measuring fair value. We have an immaterial amount of forward exchange contracts that are adjusted to fair value on a recurring basis.

Other financial instruments, including cash and cash equivalents and short-term investments, are recorded at cost, which approximates fair value because of the short-term maturity and highly liquid nature of these instruments. The fair value of our total debt borrowings were $3.8 billion and $3.7 billion as of December 31, 2017 and 2016, respectively, and was estimated based on quoted market prices.

ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS (INCLUDING OTHER INTANGIBLE ASSETS) We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Upon such an occurrence, recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to current forecasts of undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized equal to the

amount by which the carrying amount of the asset exceeds the fair value of the asset. For long-lived assets held for sale, assets are written down to fair value, less cost to sell. Fair value is determined based on market evidence, discounted cash flows, appraised values or management's estimates, depending upon the nature of the assets.

For the year ended December 31, 2016, we recorded a non-cash impairment charge of $24 million related to a technology project at our Market and Commodities Intelligence segment in selling and general expenses in our consolidated statement of income.

GOODWILL AND OTHER INDEFINITE-LIVED INTANGIBLE ASSETS Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of businesses acquired. Goodwill and other intangible assets with indefinite lives are not amortized, but instead are tested for impairment annually during the fourth quarter each year, or more frequently if events or changes in circumstances indicate that the asset might be impaired. We have four reporting units with goodwill that are evaluated for impairment.

We initially perform a qualitative analysis evaluating whether any events and circumstances occurred or exist that provide evidence that it is more likely than not that the fair value of any of our reporting units is less than its carrying amount. If, based on our evaluation we do not believe that it is more likely than not that the fair value of any of our reporting units is less than its carrying amount, no quantitative impairment test is performed. Conversely, if the results of our qualitative assessment determine that it is more likely than not that the fair value of any of our reporting units is less than their respective carrying amounts we perform a two-step quantitative impairment test.

When conducting the first step of our two step impairment test to evaluate the recoverability of goodwill at the reporting unit level, the estimated fair value of the reporting unit is compared to its carrying value including goodwill. Fair value of the reporting units are estimated using the income approach, which incorporates the use of the discounted free cash flow ("DCF") analyses and are corroborated using the market approach, which incorporates the use of revenue and earnings multiples based on market data. The DCF analyses are based on the current operating budgets and estimated long-term growth projections for each reporting unit. Future cash flows are discounted based on a market comparable weighted average cost of capital rate for each reporting unit, adjusted for market and other risks where appropriate. In addition, we analyze any difference between the sum of the fair values of the reporting units and our total market capitalization for reasonableness, taking into account certain factors including control premiums.

If the fair value of the reporting unit is less than the carrying value, a second step is performed which compares the implied fair value of the reporting unit's goodwill to the carrying value of the goodwill. The fair value of the goodwill is determined based on the difference between the fair value of the reporting unit and the net fair value of the identifiable assets and liabilities of the reporting unit. If the implied fair value of the goodwill is less than the carrying value, the difference is recognized as an impairment charge.

We evaluate the recoverability of indefinite-lived intangible assets by first performing a qualitative analysis evaluating whether any events and circumstances occurred that provide evidence that it is more likely than not that the indefinite-lived asset is impaired. If, based on our evaluation of the events and circumstances that occurred during the year we do not believe that it is more likely than not that the indefinite-lived asset is impaired, no quantitative impairment test is performed. Conversely, if the results of our qualitative assessment determine that it is more likely than not that the indefinite-lived asset is impaired, a quantitative impairment test is performed. If necessary, the impairment test is performed by comparing the estimated fair value of the intangible asset to its carrying value. If the indefinite-lived intangible asset carrying value exceeds its fair value, an impairment analysis is performed using the income approach. An impairment charge is recognized in an amount equal to that excess.

Significant judgments inherent in these analyses include estimating the amount and timing of future cash flows and the selection of appropriate discount rates, royalty rates and long-term growth rate assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit and indefinite-lived intangible asset and could result in an impairment charge, which could be material to our financial position and results of operations.

We performed our impairment assessment of goodwill and indefinite-lived intangible assets and concluded that no impairment existed for the years ended December 31, 2017, 2016 and 2015.

FOREIGN CURRENCY TRANSLATION We have operations in many foreign countries. For most international operations, the local currency is the functional currency. For international operations that are determined to be extensions of the parent

company, the United States ("U.S.") dollar is the functional currency. For local currency operations, assets and liabilities are translated into U.S. dollars using end of period exchange rates, and revenue and expenses are translated into U.S. dollars using weighted-average exchange rates. Foreign currency translation adjustments are accumulated in a separate component of equity.

REVENUE RECOGNITION Revenue is recognized as it is earned when services are rendered. We consider amounts to be earned once evidence of an arrangement has been obtained, services are performed, fees are fixed or determinable and collectability is reasonably assured. Revenue relating to products that provide for more than one deliverable is recognized based upon the relative fair value to the customer of each deliverable as each deliverable is provided. Revenue relating to agreements that provide for more than one service is recognized based upon the relative fair value to the customer of each service component as each component is earned. If the fair value to the customer for each service is not objectively determinable, management makes its best estimate of the services' stand-alone selling price and records revenue as it is earned over the service period. For arrangements that include multiple services, fair value of the service components are determined using an analysis that considers cash consideration that would be received for instances when the service components are sold separately. Advertising revenue is recognized when the page is run. Subscription income is recognized over the related subscription period.

DEPRECIATION The costs of property and equipment are depreciated using the straight-line method based upon the following estimated useful lives: buildings and improvements from 15 to 40 years and equipment and furniture from 2 to 10 years. The costs of leasehold improvements are amortized over the lesser of the useful lives or the terms of the respective leases.

ADVERTISING EXPENSE The cost of advertising is expensed as incurred. We incurred $33 million, $35 million and $33 million in advertising costs for the years ended December 31, 2017, 2016 and 2015, respectively.

STOCK-BASED COMPENSATION Stock-based compensation expense is measured at the grant date based on the fair value of the award and is recognized over the requisite service period, which typically is the vesting period. Stock-based compensation is classified as both operating-related expense and selling and general expense in the consolidated statements of income.

INCOME TAXES Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. We recognize liabilities for uncertain tax positions taken or expected to be taken in income tax returns. Accrued interest and penalties related to unrecognized tax benefits are recognized in interest expense and operating expense, respectively.

Judgment is required in determining our provision for income taxes, deferred tax assets and liabilities and unrecognized tax benefits. In determining the need for a valuation allowance, the historical and projected financial performance of the operation that is recording a net deferred tax asset is considered along with any other pertinent information.

We file income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions, and we are routinely under audit by many different tax authorities. We believe that our accrual for tax liabilities is adequate for all open audit years based on our assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. It is possible that examinations will be settled prior to December 31, 2018. If any of these tax audit settlements do occur within that period we would make any necessary adjustments to the accrual for unrecognized tax benefits.

For the years ended December 31, 2016 and 2015, we had determined that the undistributed earnings of our foreign subsidiaries were permanently reinvested within those foreign operations. Accordingly, we had not recorded deferred income taxes on these indefinitely reinvested earnings. As of December 31, 2017, we have approximately $2.6 billion of undistributed earnings of our foreign subsidiaries. As a result of the TCJA, more than 70% of these $2.6 billion earnings will no longer be permanently reinvested. We will continue to permanently reinvest approximately $780 million of these undistributed earnings.

REDEEMABLE NONCONTROLLING INTEREST The agreement with the minority partners of our S&P Dow Jones Indices LLC joint venture established in June of 2012 contains redemption features whereby interests held by our minority partners are redeemable either (i) at the option of the holder or (ii) upon

the occurrence of an event that is not solely within our control. Since redemption of the noncontrolling interest is outside of our control, this interest is presented on our consolidated balance sheets under the caption "Redeemable noncontrolling interest." If the interest were to be redeemed, we would be required to purchase all of such interest at fair value on the date of redemption. We adjust the redeemable noncontrolling interest each reporting period to its estimated redemption value, but never less than its initial fair value, using a combination of an income and market valuation approach. Our income and market valuation approaches may incorporate Level 3 measures for instances when observable inputs are not available, including assumptions related to expected future net cash flows, long-term growth rates, the timing and nature of tax attributes, and the redemption features. Any adjustments to the redemption value will impact retained income. See Note 9 — *Equity* for further detail.

CONTINGENCIES We accrue for loss contingencies when both (a) information available prior to issuance of the consolidated financial statements indicates that it is probable that a liability had been incurred at the date of the financial statements and (b) the amount of loss can reasonably be estimated. We continually assess the likelihood of any adverse judgments or outcomes to our contingencies, as well as potential amounts or ranges of probable losses, and recognize a liability, if any, for these contingencies based on an analysis of each matter with the assistance of outside legal counsel and, if applicable, other experts. Because many of these matters are resolved over long periods of time, our estimate of liabilities may change due to new developments, changes in assumptions or changes in our strategy related to the matter. When we accrue for loss contingencies and the reasonable estimate of the loss is within a range, we record our best estimate within the range. We disclose an estimated possible loss or a range of loss when it is at least reasonably possible that a loss may be incurred.

RECENT ACCOUNTING STANDARDS In August of 2017, the Financial Accounting Standards Board ("FASB") issued guidance to enhance the hedge accounting model for both non-financial and financial risk components, which includes amendments to address certain aspects of recognition and presentation disclosure. The guidance is effective for reporting periods beginning after December 15, 2018. We do not expect this guidance to have a significant impact on our consolidated financial statements.

In May of 2017, the FASB issued guidance that provides clarification on when modification accounting should be used for changes to the terms or conditions of a share-based payment award. This guidance does not change the accounting for modifications but clarifies when modification accounting guidance should be applied. Under the new guidance, an entity should apply modification accounting in response to a change in the terms and conditions of an entity's share-based payment awards unless three newly specified criteria are met. The guidance is effective for reporting periods beginning after December 15, 2017; however, early adoption is permitted. We do not expect this guidance to have a significant impact on our consolidated financial statements.

In March of 2017, the FASB issued guidance to enhance the presentation of net periodic pension cost and net periodic postretirement benefit cost. The guidance requires employers to report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period, and requires the other components of net periodic pension cost and net periodic postretirement benefit cost to be presented in the income statement separately from the service cost component outside a subtotal of income from operations. Additionally, only the service cost component is eligible for capitalization. The guidance is effective for reporting periods beginning after December 15, 2017; however, early adoption is permitted. The guidance is required to be adopted retrospectively with respect to the income statement presentation requirement and prospectively for the capitalization requirement. The change in capitalization requirement will not have a material impact on our consolidated financial statements. We recorded a benefit of $25 million, $24 million and $3 million in 2017, 2016 and 2015, respectively, related to our net periodic benefit costs for our retirement and postretirement plans. These amounts are not necessarily indicative of future amounts that may arise in years following the implementation of this new guidance. See Note 7 — *Employee Benefits* for additional information related to our retirement and postretirement plans.

In January of 2017, the FASB issued guidance that simplifies the subsequent measurement of goodwill and eliminates Step 2 from the goodwill impairment test. Under the new guidance, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring

the goodwill impairment loss, if applicable. The guidance is effective for reporting periods beginning after December 15, 2019; however, early adoption is permitted. We do not expect this guidance to have a significant impact on our consolidated financial statements.

In January of 2017, the FASB issued guidance that clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The guidance is effective for reporting periods beginning after December 15, 2017. We do not expect this guidance to have a significant impact on our consolidated financial statements.

In August of 2016, the FASB issued guidance providing amendments to eight specific statement of cash flows classification issues. The guidance is effective for reporting periods beginning after December 15, 2017; however, early adoption is permitted. We do not expect this guidance to have a significant impact on our consolidated financial statements.

In March of 2016, the FASB issued guidance to modify several aspects of accounting for share-based payment transactions, including the accounting for income taxes, forfeitures, statutory tax withholding requirements, as well as classification in the statement of cash flows. This guidance requires recognizing excess tax benefits and deficiencies as income tax expense or benefit in the statement of income, instead of in equity. The guidance was effective on January 1, 2017 and was adopted as follows: 1) prospectively for the recognition of excess tax benefits and deficiencies in the tax provision, 2) retrospectively for the classification of excess tax benefits and deficiencies in the statement of cash flows, and 3) retrospectively for the classification of cash paid for shares withheld to satisfy employee taxes in the statement of cash flows. For the year ended December 31, 2017, excess tax benefits from share-based payments of $72 million were recognized as an income tax benefit in our consolidated statements of income and classified as an operating activity in our consolidated statements of cash flows. For the years ended December 31, 2016 and 2015, we reclassified $41 million and $69 million, respectively, of excess tax benefits from share-based payments from a financing activity to an operating activity in our consolidated statements of cash flows. In addition, cash paid for shares withheld on the employees' behalf of $49 million was classified as a financing activity in our consolidated statements of cash flows for the year ended December 31, 2017. Cash paid for employee taxes of $55 million and $92 million were reclassified from an operating activity to a financing activity in our consolidated statements of cash flows for the years ended December 31, 2016 and 2015, respectively.

In February of 2016, the FASB issued guidance that amends accounting for leases. Under the new guidance, a lessee will recognize assets and liabilities but will recognize expenses similar to current lease accounting. The guidance is effective for reporting periods beginning after December 15, 2018; however, early adoption is permitted. The new guidance must be adopted using a modified retrospective approach to each prior reporting period presented with various optional practical expedients. We are currently evaluating the impact of the adoption of this guidance on our consolidated financial statements.

In January of 2016, the FASB issued guidance to enhance the reporting model for financial instruments, which includes amendments to address certain aspects of recognition, measurement, presentation and disclosure. The guidance is effective for reporting periods beginning after December 15, 2017. We do not expect this guidance to have a significant impact on our consolidated financial statements.

In May of 2014, the FASB and the International Accounting Standards Board ("IASB") issued jointly a converged standard on the recognition of revenue from contracts with customers, which is intended to improve the financial reporting of revenue and comparability of the top line in financial statements globally. The core principle of the new standard is for the recognition of revenue to depict the transfer of goods or services to customers in amounts that reflect the payment to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced revenue disclosures, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. In August of 2015, the FASB issued guidance deferring the effective date of the new revenue standard by one year. Subsequently, the FASB issued implementation guidance related to the new revenue standard, including the following: In March of 2016, the FASB issued guidance to clarify the implementation guidance on principal versus agent considerations; in April of 2016, the FASB clarified guidance on performance obligations and the licensing implementation guidance; in May of 2016, the FASB issued a practical expedient in response to identified implementation issues. The new guidance will be effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. We have completed our evaluation of changes to our accounting policies, business processes, systems and internal controls to support the recognition and disclosure requirements under the new standard. We

will adopt the new revenue standard effective January 1, 2018 using the modified retrospective transition method. Based on our analysis, adoption of the new standard will impact: 1) the capitalization of costs to obtain contracts with our customers and the related amortization period of those costs; 2) the timing of when fees for certain Ratings products that are recognized to match when the customer obtains control of the product; 3) the accounting for long-term deferred revenue in our Ratings segment which contain a financing component; and 4) the presentation of sales of certain of our jointly-owned products in our Market and Commodities Intelligence segment, where revenue will be recognized on a gross rather than net basis. The aggregate impact of these adjustments on our opening balance sheet will be an increase to retained earnings of approximately $40 million, with the increase driven primarily by the capitalization of costs to obtain contracts with our customers of approximately $79 million previously expensed, offset by the deferral of income associated with our Ratings products of approximately $14 million previously recognized in revenue, the net impact of recording expense associated with the significant financing component of Ratings' long term deferred revenue of approximately $12 million, and a net increase to the associated deferred tax assets and deferred tax liabilities associated with these adjustments of approximately $13 million.

RECLASSIFICATION

Certain prior year amounts have been reclassified for comparability purposes.

2. Acquisitions and Divestitures

ACQUISITIONS

2017

For the year ended December 31, 2017, we paid cash for acquisitions, net of cash acquired, totaling $83 million. None of our acquisitions were material either individually or in the aggregate, including the pro forma impact on earnings. All acquisitions were funded with cash flows from operations. Acquisitions completed during the year ended December 31, 2017 included:

- In August of 2017, we acquired a 6.02% investment in Algomi Limited ("Algomi"), an innovative fintech company focused on providing software-enabled liquidity solutions to both buy-side and sell-side firms within the credit markets. Our investment in Algomi will help facilitate product collaboration and enable future business expansion. We accounted for the investment in Algomi using the cost method of accounting. The investment with Algomi is not material to our consolidated financial statements.
- In June of 2017, CRISIL, included within our Ratings segment, acquired 8.9% of the outstanding shares of CARE Ratings Limited ("CARE") from Canara Bank. CARE is a Securities and Exchange Board of India registered credit rating agency providing various rating and grading services in India whose shares are publicly traded on both the Bombay Stock Exchange and the National Stock Exchange of India. We accounted for the investment in CARE as available-for-sale using the fair value method of accounting. The investment balance as of December 31, 2017 of $54 million is included in other non-current assets in our consolidated balance sheet. The change in the fair value of this investment is reported in accumulated other comprehensive loss in our consolidated balance sheet. The investment in CARE is not material to our consolidated financial statements.

2016

For the year ended December 31, 2016, we paid cash for acquisitions, net of cash acquired, totaling $177 million. None of our acquisitions were material either individually or in the aggregate, including the pro forma impact on earnings. All acquisitions were funded with cash flows from operations. Acquisitions completed during the year ended December 31, 2016 by segment included:

Market and Commodities Intelligence

- In December of 2016, Market and Commodities Intelligence acquired a 2.54% equity investment in Kensho Technologies, Inc. ("Kensho"), a financial technology startup in market data analytics. We accounted for the acquisition of Kensho on a cost basis. Our investment in Kensho is not material to our consolidated financial statements.
- In September of 2016, Market and Commodities Intelligence acquired PIRA Energy Group ("PIRA"), a global provider of energy research and forecasting products and services. The purchase enhances Market and Commodities Intelligence's energy analytical capabilities by expanding its oil offering and strengthening its position in the natural gas and power markets. We accounted for the acquisition of PIRA using the purchase method of accounting. The acquisition of PIRA is not material to our consolidated financial statements.
- In June of 2016, Market and Commodities Intelligence acquired RigData, a provider of daily information on rig activity for the natural gas and oil markets across North America. The purchase enhances Market and Commodities Intelligence's energy analytical capabilities by strengthening

its position in natural gas and enhancing its oil offering. We accounted for the acquisition of RigData using the purchase method of accounting. The acquisition of RigData is not material to our consolidated financial statements.

- In March of 2016, Market and Commodities Intelligence acquired Commodity Flow, a specialist technology and business intelligence service for the global waterborne commodity and energy markets. The purchase helps extend Market and Commodities Intelligence's trade flow analytical capabilities and complements its existing shipping services. We accounted for the acquisition of Commodity Flow using the purchase method of accounting. The acquisition of Commodity Flow is not material to our consolidated financial statements.

Following our acquisition of PIRA, we made a contingent purchase price payment in 2016 for $34 million that has been reflected in the consolidated statement of cash flows as a financing activity.

Following our acquisition of National Automobile Dealers Association's Used Car Guide ("UCG") at J.D. Power in July of 2015, we made a contingent purchase price payment in 2016 for $5 million that has been reflected in the consolidated statement of cash flows as a financing activity.

Indices

- In October of 2016, Indices acquired Trucost plc, a leader in carbon and environmental data and risk analysis through its subsidiary S&P Global Indices UK Limited. The purchase will build on Indices' current portfolio of Environmental, Social and Governance solutions. The acquisition of Trucost plc is not material to our consolidated financial statements.

Ratings

- In June of 2016, Ratings acquired a 49% equity investment in Thailand's TRIS Rating Company Limited from its parent company, TRIS Corporation Limited. The transaction extends an existing association between Ratings and TRIS Rating and deepens their commitment to capital markets in Thailand. We accounted for the acquisition of TRIS Rating Company using the equity method of accounting. The equity investment in TRIS Rating is not material to our consolidated financial statements.

For acquisitions during 2016 that were accounted for using the purchase method, the excess of the purchase price over the fair value of the net assets acquired is allocated to goodwill and other intangibles. The goodwill recognized on our acquisitions is largely attributable to anticipated operational synergies and growth opportunities as a result of the acquisition. The intangible assets, excluding goodwill and indefinite-lived intangibles, will be amortized over their anticipated useful lives between 3 and 10 years which will be determined when we finalize our purchase price allocations. The goodwill for PIRA and RigData is expected to be deductible for tax purposes.

2015

For the year ended December 31, 2015, we paid cash for acquisitions, net of cash acquired, totaling $2.4 billion. We used the net proceeds of our $2.0 billion of senior notes issued in August of 2015 and cash on hand to finance the acquisition of SNL. All other acquisitions were funded with cash flows from operations. Acquisitions completed during the year ended December 31, 2015 by segment included:

Market and Commodities Intelligence

- In September of 2015, we acquired SNL Financial LC ("SNL") for $2.2 billion. SNL is a global provider of news, data, and analytical tools to five sectors in the global economy: financial services, real estate, energy, media & communications, and metals & mining. SNL delivers information through its suite of web, mobile and direct data feed platforms that helps clients, including investment and commercial banks, investors, corporations, and regulators make decisions, improve efficiency, and manage risk. See below for further detail related to this transaction.
- In July of 2015, we acquired the entire issued share capital of Petromedia Ltd and its operating subsidiaries ("Petromedia"), an independent provider of data, intelligence, news and tools to the global fuels market that offers a suite of products that provides clients with actionable data and intelligence that enable informed decisions, minimize risk and increase efficiency. We accounted for the acquisition of Petromedia using the purchase method of accounting. The acquisition of Petromedia is not material to our consolidated financial statements.

Following our acquisition of UCG at J.D. Power in July of 2015, we made a contingent purchase price payment in 2015 for $5 million that has been reflected in the consolidated statement of cash flows as a financing activity.

For acquisitions during 2015 that were accounted for using the purchase method, the excess of the purchase price over the fair value of the net assets acquired is allocated to goodwill and other intangibles. Intangible assets recorded for all transactions are amortized using the straight-line method for periods not exceeding 18 years.

Acquisition of SNL

ACQUISITION-RELATED EXPENSES During the year ended December 31, 2015, the Company incurred approximately $37 million of acquisition-related costs related to the acquisition of SNL. These expenses are included in selling and general expenses in our consolidated statements of income.

ALLOCATION OF PURCHASE PRICE Our acquisition of SNL was accounted for using the purchase method. Under the purchase method, the excess of the purchase price over the fair value of the net assets acquired is allocated to goodwill and other intangibles. The goodwill recognized is largely attributable to anticipated operational synergies and growth opportunities as a result of the acquisition. The intangible assets, excluding goodwill and indefinite-lived intangibles, will be amortized over their anticipated useful lives between 10 and 18 years. The goodwill is expected to be deductible for tax purposes.

The following table presents the final allocation of purchase price to the assets and liabilities of SNL as a result of the acquisition.

(in millions)	
Current assets	$ 29
Property, plant and equipment	19
Goodwill	1,574
Other intangible assets, net:	
Databases and software	421
Customer relationships	162
Tradenames	185
Other intangibles	4
Other intangible assets, net	772
Other non-current assets	1
Total assets acquired	2,395
Current liabilities	(43)
Unearned revenue	(117)
Other non-current liabilities	(1)
Total liabilities acquired	(161)
Net assets acquired	$2,234

SUPPLEMENTAL PRO FORMA INFORMATION Supplemental information on an unaudited pro forma basis is presented below for the year ended December 31, 2015 as if the acquisition of SNL occurred on January 1, 2015. The pro forma financial information is presented for comparative purposes only, based on estimates and assumptions, which the Company believes to be reasonable but not necessarily indicative of the consolidated financial position or results of operations in future periods or the results that actually would have been realized had this acquisition been completed at the beginning of 2015. The unaudited pro forma information includes intangible asset charges and incremental borrowing costs as a result of the acquisition, net of related tax, estimated using the Company's effective tax rate for continuing operations for the periods presented.

(in millions)	Year Ended December 31, 2015
Pro forma revenue	$5,477
Pro forma net income	$1,258

Non-cash investing activities

Liabilities assumed in conjunction with our acquisitions are as follows:

	Year ended December 31,		
(in millions)	**2017**	2016	2015
Fair value of assets acquired	**$83**	$253	$2,576
Cash paid (net of cash acquired)	**83**	211	2,401
Liabilities assumed	**$—**	$ 42	$ 175

DIVESTITURES — CONTINUING OPERATIONS

2017

In April of 2017, we signed a letter of intent to sell our facility at East Windsor, New Jersey. The fixed assets of the facility of $5 million have been classified as held for sale, which is included in prepaid and other current assets in our consolidated balance sheet as of December 31, 2017.

In January of 2017, we completed the sale of Quant House SAS ("QuantHouse"), included in our Market and Commodities Intelligence segment, to QH Holdco, an independent third party. In November of 2016, we entered into a put option agreement that gave the Company the right, but not the obligation, to put the entire share capital of QuantHouse to QH Holdco. As a result, we classified the assets and liabilities of QuantHouse, net of our costs to sell, as held for sale, which were included in prepaid and other current assets and other current liabilities, respectively, in our consolidated balance sheet as of December 31, 2016 resulting in an aggregate loss of $31 million. On January 4, 2017, we exercised the put option, thereby entering into a definitive agreement to sell QuantHouse to QH Holdco. On January 9, 2017, we completed the sale of QuantHouse to QH Holdco.

The components of assets and liabilities held for sale related to QuantHouse, which were included in prepaid and other current

assets and other current liabilities in the consolidated balance sheet, consist of the following:

(in millions)	December 31, 2016
Accounts receivable, net	$ 4
Other assets	3
Assets of a business held for sale	$ 7
Accounts payable and accrued expenses	$ 3
Unearned revenue	7
Other liabilities	35
Liabilities of a business held for sale	$45

2016

During the year ended December 31, 2016, we completed the following dispositions that resulted in a net pre-tax gain of $1.1 billion, which was included in gain on dispositions in the consolidated statement of income:

- In October of 2016, we completed the sale of Standard & Poor's Securities Evaluations, Inc. ("SPSE") and Credit Market Analysis ("CMA"), two businesses within our Market and Commodities Intelligence segment, for $425 million in cash to Intercontinental Exchange, an operator of global exchanges, clearing houses and data services. During the year ended December 31, 2016, we recorded a pre-tax gain of $364 million ($297 million after-tax) in gain on dispositions in the consolidated statement of income related to the sale of SPSE and CMA. Additionally, in October of 2016, we completed the sale of Equity and Fund Research ("Equity Research") to CFRA, a leading independent provider of forensic accounting research, analytics and advisory services. During the year ended December 31, 2016, we recorded a pre-tax gain of $9 million ($5 million after-tax) in gain on dispositions in the consolidated statement of income related to the sale of Equity Research.
- In September of 2016, we completed the sale of J.D. Power, included within our Market and Commodities Intelligence segment, for $1.1 billion to XIO Group, a global alternative investments firm headquartered in London. During the year ended December 31, 2016, we recorded a pre-tax gain of $728 million ($516 million after-tax) in gain on dispositions in the consolidated statement of income related to the sale of J.D. Power.

2015

During the year ended December 31, 2015, we recorded a pre-tax gain of $11 million in gain on dispositions in the consolidated statement of income related to the sale of our interest in a legacy McGraw Hill Construction investment.

The operating profit of our businesses that were disposed of or held for sale for the years ending December 31, 2017, 2016, and 2015 is as follows:

	Year ended December 31,		
(in millions)	**2017**	2016	2015
Operating profit[1]	**$—**	$62	$85

1 The year ended December 31, 2016 excludes a pre-tax gain of $1.1 billion on our dispositions.

3. Goodwill and Other Intangible Assets

GOODWILL

Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of businesses acquired.

The change in the carrying amount of goodwill by segment is shown below:

(in millions)	Ratings	Market and Commodities Intelligence	Indices	Total
Balance as of December 31, 2015	$114	$2,392	$376	$2,882
Acquisitions	—	106	7	113
Dispositions	—	(35)	—	(35)
Other[1]	(5)	(6)	—	(11)
Balance as of December 31, 2016	109	2,457	383	2,949
Other[1]	5	27	8	40
Balance as of December 31, 2017	**$114**	**$2,484**	**$391**	**$2,989**

1 Primarily relates to the impact of foreign exchange and valuation adjustments for prior period acquisitions. 2016 includes adjustments related to SNL and Petromedia. 2017 includes adjustments related to PIRA, Trucost, RigData and Commodity Flow.

Goodwill additions and dispositions in the table above relate to transactions discussed in Note 2—*Acquisitions and Divestitures*.

OTHER INTANGIBLE ASSETS

Other intangible assets include both indefinite-lived assets not subject to amortization and definite-lived assets subject to amortization. We have indefinite-lived assets with a carrying value of $714 million as of December 31, 2017 and 2016 that consist of the following:

- $380 million and $90 million for Dow Jones Indices intellectual property and the Dow Jones tradename, respectively, that we recorded as part of the transaction to form S&P Dow Jones Indices LLC in 2012.
- $185 million within our Market and Commodities Intelligence segment for the SNL tradename.
- $59 million within our Indices segment for the Goldman Sachs Commodity Index intellectual property and the Broad Market Indices intellectual property.

The following table summarizes our definite-lived intangible assets:

(in millions)	Databases and software	Content	Customer relationships	Tradenames	Other intangibles	Total
Cost						
Balance as of December 31, 2015	$510	$139	$168	$47	$ 269	$1,133
Acquisitions	—	—	—	—	98	98
Dispositions	—	—	—	(2)	(8)	(10)
Impairment[1]	(2)	—	—	—	(22)	(24)
Reclassifications	—	—	165	1	(166)	—
Other (primarily Fx)	(2)	—	(3)	(1)	(8)	(14)
Balance as of December 31, 2016	506	139	330	45	163	1,183
Dispositions	(4)	—	(2)	—	—	(6)
Other[2]	52	—	19	5	(86)	(10)
Balance as of December 31, 2017	**$554**	**$139**	**$347**	**$50**	**$ 77**	**$1,167**
Accumulated amortization						
Balance as of December 31, 2015	$ 88	$ 73	$ 60	$36	$ 67	$ 324
Current year amortization	47	14	21	2	12	96
Dispositions	—	—	—	(1)	(6)	(7)
Impairment[1]	(2)	—	—	—	(10)	(12)
Reclassifications	2	—	5	—	(7)	—
Other (primarily Fx)	(3)	—	(2)	(1)	(4)	(10)
Balance as of December 31, 2016	132	87	84	36	52	391
Current year amortization	52	14	22	4	6	98
Dispositions	(3)	—	(2)	—	(1)	(6)
Reclassifications	2	—	1	1	(4)	—
Other (primarily Fx)	4	—	1	1	4	10
Balance as of December 31, 2017	**$187**	**$101**	**$106**	**$42**	**$ 57**	**$ 493**
Net definite-lived intangibles:						
December 31, 2016	$374	$ 52	$246	$ 9	$ 111	$ 792
December 31, 2017	**$367**	**$ 38**	**$241**	**$ 8**	**$ 20**	**$ 674**

1 Relates to a technology-related impairment charge at Market and Commodities Intelligence and recorded in selling and general expenses in the consolidated statement of income.

2 Primarily relates to the impact of foreign exchange and valuation adjustments for prior period acquisitions. 2017 includes adjustments related to PIRA, Trucost, RigData and Commodity Flow.

Definite-lived intangible assets are being amortized on a straight-line basis over periods of up to 20 years. The weighted-average life of the intangible assets as of December 31, 2017 is approximately 12 years.

Amortization expense for the years ended December 31, 2017, 2016 and 2015 was $98 million, $96 million, and $67 million, respectively. Expected amortization expense for intangible assets over the next five years for the years ended December 31, assuming no further acquisitions or dispositions, is as follows:

(in millions)	2018	2019	2020	2021	2022
Amortization expense	$95	$88	$82	$70	$68

4. Taxes on Income

Comprehensive tax legislation enacted through the Tax Cuts and Jobs Act ("TCJA") on December 22, 2017, significantly modified U.S. corporate income tax law. Provisional amounts have been recorded in our financial statements based on the Company's initial analysis of the TCJA. The Company may adjust these amounts in future periods if our interpretation of the TCJA changes or as additional guidance from the U.S. Treasury becomes available. As a result of the TCJA, a provisional amount of $149 million has been recorded which reflects a one-time tax charge of approximately $173 million on the deemed repatriation of foreign earnings and a one-time tax benefit of approximately $24 million in respect of the revaluation of net U.S. deferred tax liabilities at the reduced corporate income tax rate.

Income before taxes on income resulting from domestic and foreign operations is as follows:

	Year Ended December 31,		
(in millions)	**2017**	2016	2015
Domestic operations	**$1,723**	$2,585	$1,266
Foreign operations	**738**	603	549
Total income before taxes	**$2,461**	$3,188	$1,815

The provision for taxes on income consists of the following:

	Year Ended December 31,		
(in millions)	**2017**	2016	2015
Federal:			
Current	**$ 489**	$641	$ 90
Deferred	**63**	79	276
Total federal	**552**	720	366
Foreign:			
Current	**194**	133	111
Deferred	**(3)**	(4)	(1)
Total foreign	**191**	129	110
State and local:			
Current	**73**	99	34
Deferred	**7**	12	37
Total state and local	**80**	111	71
Total provision for taxes	**$ 823**	$960	$547

A reconciliation of the U.S. federal statutory income tax rate to our effective income tax rate for financial reporting purposes is as follows:

	Year Ended December 31,		
	2017	2016	2015
U.S. federal statutory income tax rate	**35.0%**	35.0%	35.0%
State and local income taxes	**2.5**	2.7	2.6
Divestitures	**—**	(4.3)	—
Foreign operations	**(3.9)**	(2.0)	(3.2)
Impact of TCJA	**6.0**	—	—
Stock-based compensation	**(2.7)**	—	—
S&P Dow Jones Indices LLC joint venture	**(1.8)**	(1.2)	(2.0)
Tax credits and incentives	**(2.1)**	(1.6)	(2.9)
Other, net	**0.4**	1.5	0.6
Effective income tax rate	**33.4%**	30.1%	30.1%

The principal temporary differences between the accounting for income and expenses for financial reporting and income tax purposes are as follows:

	December 31,	
(in millions)	**2017**	2016
Deferred tax assets:		
Legal and regulatory settlements	**$ 27**	$ 23
Employee compensation	**50**	78
Accrued expenses	**47**	87
Postretirement benefits	**34**	105
Unearned revenue	**26**	33
Allowance for doubtful accounts	**8**	11
Loss carryforwards	**135**	112
Other	**45**	3
Total deferred tax assets	**372**	452
Deferred tax liabilities:		
Goodwill and intangible assets	**(249)**	(320)
Fixed assets	**(4)**	(3)
Other	**—**	—
Total deferred tax liabilities	**(253)**	(323)
Net deferred income tax asset before valuation allowance	**119**	129
Valuation allowance	**(127)**	(116)
Net deferred income tax (liability) asset	**$ (8)**	$ 13
Reported as:		
Non-current deferred tax assets	**$ 59**	$ 61
Non-current deferred tax liabilities	**(67)**	(48)
Net deferred income tax (liability) asset	**$ (8)**	$ 13

We record valuation allowances against deferred income tax assets when we determine that it is more likely than not that such deferred income tax assets will not be realized based upon all the available evidence. The valuation allowance is primarily related to operating losses.

We have not recorded deferred income taxes applicable to undistributed earnings of foreign subsidiaries that are indefinitely reinvested in foreign operations. Undistributed earnings that are indefinitely reinvested in foreign operations amounted to $780 million at December 31, 2017. Quantification of the deferred tax liability, if any, associated with indefinitely reinvested earnings is not practicable.

We made net income tax payments for continuing and discontinued operations totaling $709 million in 2017, $683 million in 2016, and $260 million in 2015. As of December 31, 2017, we had net operating loss carryforwards of $564 million, of which a major portion has an unlimited carryover period under current law.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Year ended December 31,		
(in millions)	**2017**	2016	2015
Balance at beginning of year	**$221**	$162	$155
Additions based on tax positions related to the current year	**23**	48	24
Additions for tax positions of prior years	**17**	20	16
Reduction for tax positions of prior years	**(32)**	(3)	(15)
Reduction for settlements	**(5)**	(6)	(18)
Expiration of applicable statutes of limitations	**(12)**	—	—
Balance at end of year	**$212**	$221	$162

The total amount of federal, state and local, and foreign unrecognized tax benefits as of December 31, 2017, 2016 and 2015 was $212 million, $221 million and $162 million, respectively, exclusive of interest and penalties. During the period ending December 31, 2017, the change in unrecognized tax benefits resulted in a net reduction of tax expense of $4 million.

We recognize accrued interest and penalties related to unrecognized tax benefits in interest expense and operating-related expense, respectively. In addition to the unrecognized tax benefits, as of December 31, 2017 and 2016, we had $59 million and $44 million, respectively, of accrued interest and penalties associated with unrecognized tax benefits. Based on the current status of income tax audits, we believe that the total amount of unrecognized tax benefits on the balance sheet may be reduced by up to approximately $60 million in the next twelve months as a result of the resolution of local tax examinations.

The U.S. federal income tax audits for 2016 and 2015 are in process. During 2017, we completed various state and foreign tax audits and, with few exceptions, we are no longer subject to federal, state and local, or non-U.S. income tax examinations by tax authorities for the years before 2010. The impact to tax expense in 2017, 2016 and 2015 was not material.

We file income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions, and we are routinely under audit by many different tax authorities. We believe that our accrual for tax liabilities is adequate for all open audit years based on an assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. It is possible that tax examinations will be settled prior to December 31, 2018. If any of these tax audit settlements do occur within that period, we would make any necessary adjustments to the accrual for unrecognized tax benefits.

5. Debt

A summary of short-term and long-term debt outstanding is as follows:

	December 31,	
(in millions)	**2017**	2016
2.5% Senior Notes, due 2018 [1]	**$ 399**	$ 398
3.3% Senior Notes, due 2020 [2]	**697**	696
4.0% Senior Notes, due 2025 [3]	**692**	691
4.4% Senior Notes, due 2026 [4]	**892**	891
2.95% Senior Notes, due 2027 [5]	**493**	492
6.55% Senior Notes, due 2037 [6]	**396**	396
Total debt	**3,569**	3,564
Less: short-term debt including current maturities	**399**	—
Long-term debt	**$3,170**	$3,564

1 Interest payments are due semiannually on February 15 and August 15, and as of December 31, 2017, the unamortized debt discount and issuance costs total $1 million.

2 Interest payments are due semiannually on February 14 and August 14, and as of December 31, 2017, the unamortized debt discount and issuance costs total $3 million.

3 Interest payments are due semiannually on June 15 and December 15, and as of December 31, 2017, the unamortized debt discount and issuance costs total $8 million.

4 Interest payments are due semiannually on February 15 and August 15, and as of December 31, 2017, the unamortized debt discount and issuance costs total $8 million.

5 Interest payments are due semiannually on January 22 and July 22, and as of December 31, 2017, the unamortized debt discount and issuance costs total $7 million.

6 Interest payments are due semiannually on May 15 and November 15, and as of December 31, 2017, the unamortized debt discount and issuance costs total $4 million.

Annual debt maturities are scheduled as follows based on book values as of December 31, 2017: $399 million due in 2018, no amounts due in 2019, $697 million due in 2020, no amounts due in 2021, and $2.5 billion due thereafter.

On September 22, 2016, we issued $500 million of 2.95% senior notes due in 2027. The notes are fully and unconditionally guaranteed by our wholly-owned subsidiary, Standard & Poor's Financial Services LLC. We used the net proceeds to fund the $400 million early repayment of our 5.9% senior notes due in 2017 on October 20, 2016, and intend to use the balance for general corporate purposes.

On August 18, 2015, we issued $2.0 billion of senior notes consisting of $400 million of 2.5% senior notes due in 2018, $700 million of 3.3% senior notes due in 2020 and $900 million of 4.4% senior notes due in 2026. The notes are fully and unconditionally guaranteed by our wholly-owned subsidiary, Standard & Poor's Financial Services LLC. We used the net proceeds to finance the acquisition of SNL.

On May 26, 2015, we issued $700 million of 4.0% senior notes due in 2025 and used a portion of the net proceeds for the repayment of short-term debt, including commercial paper. The 4.0% senior notes will mature on June 15, 2025 and are fully and unconditionally guaranteed by our wholly-owned subsidiary, Standard & Poor's Financial Services LLC.

On June 30, 2017, we entered into a revolving $1.2 billion five-year credit agreement (our "credit facility") that will terminate on June 30, 2022. This credit facility replaced our $1.2 billion five-year credit facility that was scheduled to terminate on June 30, 2020. The previous credit facility was canceled immediately after the new credit facility became effective. There were no outstanding borrowings under the previous credit facility when it was replaced.

We have the ability to borrow a total of $1.2 billion through our commercial paper program, which is supported by our credit facility. There were no commercial paper borrowings outstanding as of December 31, 2017 and 2016.

Depending on our corporate credit rating, we pay a commitment fee of 8 to 17.5 basis points for our credit facility, whether or not amounts have been borrowed. We currently pay a commitment fee of 12.5 basis points. The interest rate on borrowings under our credit facility is, at our option, calculated using rates that are primarily based on either the prevailing London Inter-Bank Offer Rate, the prime rate determined by the administrative agent or the Federal Funds Rate. For certain borrowings under this credit facility, there is also a spread based on our corporate credit rating.

Our credit facility contains certain covenants. The only financial covenant requires that our indebtedness to cash flow ratio, as defined in our credit facility, is not greater than 4 to 1, and this covenant level has never been exceeded.

6. Derivative Instruments

Our exposure to market risk includes changes in foreign exchange rates. We have operations in foreign countries where the functional currency is primarily the local currency. For international operations that are determined to be extensions of the parent company, the U.S. dollar is the functional currency. We typically have naturally hedged positions in most countries from a local currency perspective with offsetting assets and liabilities. As of December 31, 2017 and December 31, 2016, we have entered into foreign exchange forward contracts to mitigate or hedge the effect of adverse fluctuations in foreign currency exchange rates. Foreign currency forward contracts are recorded at fair value that is based on foreign currency exchange rates in active markets; therefore, we classify these derivative contracts within Level 2 of the fair value hierarchy. We do not enter into any derivative financial instruments for speculative purposes.

UNDESIGNATED DERIVATIVE INSTRUMENTS

During the three months ended December 31, 2017, we entered into foreign exchange forward contracts in order to mitigate the change in fair value of specific assets and liabilities in the consolidated balance sheet. These forward contracts do not qualify for hedge accounting. As of December 31, 2017, the aggregate notional value of these outstanding forward contracts was $130 million. The changes in fair value of these forward contracts are recorded in prepaid and other assets in the consolidated balance sheet with their corresponding change in fair value recognized into selling and general expenses in the consolidated statement of income. The net gain recorded in selling and general expense for the year ended December 31, 2017 related to these contracts was $3 million.

CASH FLOW HEDGES

During the three months ended March 31, 2017 and December 31, 2017, we entered into a series of foreign exchange forward contracts to hedge a portion of our Indian rupee, British pound, and Euro exposures through the fourth quarter of 2017 and 2018, respectively. These contracts are intended to offset the impact of the movement of exchange rates on future revenue and operating costs and are scheduled to mature within twelve months. The changes in the fair value of these contracts are initially reported in accumulated other comprehensive loss in our consolidated balance sheet and are subsequently reclassified into revenue and selling and general expenses in the same period that the hedged transaction affects earnings.

During the three months ended March 31, 2016, we entered into a series of foreign exchange forward contracts to hedge a portion of our Indian Rupee exposure through the fourth quarter of 2016. These contracts were intended to offset the impact of the movement of exchange rates on future operating costs and matured at the end of each quarter during 2016. The changes in the fair value of these contracts were initially reported in accumulated other comprehensive loss in our consolidated balance sheet and subsequently reclassified into selling and general expenses in the same period that the hedge contract matures.

As of December 31, 2017, we estimate that $2 million of the net gains related to derivatives designated as cash flow hedges recorded in other comprehensive income is expected to be reclassified into earnings within the next twelve months. There was no material hedge ineffectiveness for the year ended December 31, 2017.

As of December 31, 2017 and December 31, 2016, the aggregate notional value of our outstanding foreign currency forward contracts designated as cash flow hedges was $307 million and $65 million, respectively.

The following table provides information on the location and fair value amounts of our cash flow hedges as of December 31, 2017 and December 31, 2016:

		December 31,	
(in millions)		**2017**	2016
Balance Sheet Location			
Derivatives designated as cash flow hedges:			
Prepaid and other current assets	Foreign exchange forward contracts	**$3**	$3

The following table provides information on the location and amounts of pre-tax gains (losses) on our cash flow hedges for the years ended December 31:

	Gain (Loss) Recognized in Accumulated Other Comprehensive Loss (effective portion)			Location of Gain Reclassified from Accumulated Other Comprehensive Loss into Income (effective portion)	Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (effective portion)		
(in millions) Cash flow hedges — designated as hedging instruments	**2017**	2016	2015		**2017**	2016	2015
Foreign exchange forward contracts	**$—**	$3	$—	Selling and general expenses	**$9**	$4	$—

The activity related to the change in unrealized gains (losses) in accumulated other comprehensive loss was as follows for the years ended December 31:

	Year ended December 31,		
(in millions)	**2017**	2016	2015
Net unrealized gains (losses) on cash flow hedges, net of taxes, beginning of year	**$ 2**	$(1)	$(1)
Change in fair value, net of tax	**9**	7	—
Reclassification into earnings, net of tax	**(9)**	(4)	—
Net unrealized gains (losses) on cash flow hedges, net of taxes, end of year	**$ 2**	$ 2	$(1)

7. Employee Benefits

We maintain a number of active defined contribution retirement plans for our employees. The majority of our defined benefit plans are frozen. As a result, no new employees will be permitted to enter these plans and no additional benefits for current participants in the frozen plans will be accrued.

We also have supplemental benefit plans that provide senior management with supplemental retirement, disability and death benefits. Certain supplemental retirement benefits are based on final monthly earnings. In addition, we sponsor voluntary 401(k) plans under which we may match employee contributions up to certain levels of compensation as well as profit-sharing plans under which we contribute a percentage of eligible employees' compensation to the employees' accounts.

We also provide certain medical, dental and life insurance benefits for active and retired employees and eligible dependents. The medical and dental plans and supplemental life insurance plan are contributory, while the basic life insurance plan is non-contributory. We currently do not prefund any of these plans.

We recognize the funded status of our retirement and postretirement plans in the consolidated balance sheets, with a corresponding adjustment to accumulated other comprehensive loss, net of taxes. The amounts in accumulated other comprehensive loss represent net unrecognized actuarial losses and unrecognized prior service costs. These amounts will be subsequently recognized as net periodic pension cost pursuant to our accounting policy for amortizing such amounts.

BENEFIT OBLIGATION

A summary of the benefit obligation and the fair value of plan assets, as well as the funded status for the retirement and post-retirement plans as of December 31, 2017 and 2016, is as follows (benefits paid in the table below include only those amounts contributed directly to or paid directly from plan assets):

	Retirement Plans		Postretirement Plans	
(in millions)	**2017**	2016	**2017**	2016
Net benefit obligation at beginning of year	**$2,260**	$2,199	**$ 57**	$ 80
Service cost	**3**	3	**—**	—
Interest cost	**74**	78	**2**	2
Plan participants' contributions	**—**	—	**3**	4
Actuarial loss (gain)	**107**	196	**(5)**	(6)
Gross benefits paid	**(110)**	(121)	**(8)**	(10)
Foreign currency effect	**38**	(75)	**—**	—
Other adjustments[1]	**(43)**	(20)	**—**	(13)
Net benefit obligation at end of year	**2,329**	2,260	**49**	57
Fair value of plan assets at beginning of year	**2,073**	2,023	**—**	—
Actual return on plan assets	**263**	259	**—**	—
Employer contributions	**8**	8	**25**	6
Plan participants' contributions	**—**	—	**3**	4
Gross benefits paid	**(110)**	(121)	**(8)**	(10)
Foreign currency effect	**31**	(74)	**—**	—
Other adjustments	**(46)**	(22)	**—**	—
Fair value of plan assets at end of year	**2,219**	2,073	**20**	—
Funded status	**$ (110)**	$ (187)	**$(29)**	$(57)
Amounts recognized in consolidated balance sheets:				
Non-current assets	**$ 114**	$ 46	**$ —**	$ —
Current liabilities	**(9)**	(8)	**—**	(8)
Non-current liabilities	**(215)**	(225)	**(29)**	(49)
	$ (110)	$ (187)	**$(29)**	$(57)
Accumulated benefit obligation	**$2,319**	$2,251		
Plans with accumulated benefit obligation in excess of the fair value of plan assets:				
Projected benefit obligation	**$ 224**	$ 674		
Accumulated benefit obligation	**$ 214**	$ 665		
Fair value of plan assets	**$ —**	$ 441		
Amounts recognized in accumulated other comprehensive loss, net of tax:				
Net actuarial loss (gain)	**$ 451**	$ 483	**$(37)**	$(35)
Prior service credit	**1**	1	**(12)**	(13)
Total recognized	**$ 452**	$ 484	**$(49)**	$(48)

1 Relates to the impact of retiree annuity purchases.

The actuarial loss included in accumulated other comprehensive loss for our retirement plans and expected to be recognized in net periodic pension cost during the year ending December 31, 2018 is $19 million. There is no prior service credit included in accumulated other comprehensive loss for our retirement plans expected to be recognized in net periodic benefit cost during the year ending December 31, 2018.

There is an immaterial amount of actuarial loss and prior service credit included in accumulated other comprehensive loss for our postretirement plans expected to be recognized in net periodic benefit cost during the year ending December 31, 2018.

NET PERIODIC BENEFIT COST

For purposes of determining annual pension cost, prior service costs are being amortized straight-line over the average expected remaining lifetime of plan participants expected to receive benefits.

A summary of net periodic benefit cost for our retirement and postretirement plans for the years ended December 31, is as follows:

	Retirement Plans			Postretirement Plans		
(in millions)	**2017**	2016	2015	**2017**	2016	2015
Service cost	**$ 3**	$ 3	$ 6	**$—**	$—	$—
Interest cost	**74**	78	96	**2**	2	3
Expected return on assets	**(126)**	(122)	(127)	**—**	—	—
Amortization of:						
Actuarial loss (gain)	**18**	16	20	**(2)**	(1)	—
Prior service (credit) cost	**—**	—	—	**(2)**	—	(1)
Other[1]	**8**	—	—	**—**	—	—
Net periodic benefit cost	**$ (23)**	$ (25)	$ (5)	**$ (2)**	$ 1	$ 2

1 Represents a charge related to our U.K. retirement plan.

Our U.K. retirement plan accounted for a benefit of $6 million in 2017, $10 million in 2016, and $10 million in 2015 of the net periodic benefit cost attributable to the funded plans.

Other changes in plan assets and benefit obligations recognized in other comprehensive income, net of tax for the years ended December 31, are as follows:

	Retirement Plans			Postretirement Plans		
(in millions)	**2017**	2016	2015	**2017**	2016	2015
Net actuarial (gain) loss	**$(20)**	$ 60	$ (6)	**$(3)**	$(12)	$(17)
Recognized actuarial (gain) loss	**(12)**	(10)	(13)	**1**	1	—
Prior service (credit) cost	**—**	—	—	**1**	(8)	1
Other[1]	**(7)**					
Total recognized	**$(39)**	$ 50	$(19)	**$(1)**	$(19)	$(16)

1 Represents a charge related to our U.K. retirement plan.

The total cost for our retirement plans was $70 million for 2017, $69 million for 2016 and $91 million for 2015. Included in the total retirement plans cost are defined contribution plans cost of $70 million for 2017, $65 million for 2016 and $67 million for 2015.

ASSUMPTIONS

	Retirement Plans			Postretirement Plans		
	2017	2016	2015	**2017**	2016	2015
Benefit obligation:						
Discount rate [2]	**3.68%**	4.14%	4.47%	**3.40%**	3.69%	3.90%
Net periodic cost:						
Weighted-average healthcare cost rate [1]				**7.00%**	7.00%	7.00%
Discount rate — U.S. plan [2]	**4.13%**	4.47%	4.15%	**3.69%**	3.94%	3.60%
Discount rate — U.K. plan [2]	**2.58%**	3.84%	3.80%			
Return on assets [3]	**6.25%**	6.25%	6.25%			

1 The assumed weighted-average healthcare cost trend rate will decrease ratably from 7% in 2017 to 5% in 2024 and remain at that level thereafter. Assumed healthcare cost trends have an effect on the amounts reported for the healthcare plans. A one percentage point change in assumed healthcare cost trend creates the following effects:

(in millions)	1% point increase	1% point decrease
Effect on postretirement obligation	$—	$—

2 Effective January 1, 2017, we changed our discount rate assumption on our U.S. retirement plans to 4.13% from 4.47% in 2016 and changed our discount rate assumption on our U.K. plan to 2.58% from 3.84% in 2016. At the end of 2015, we changed our approach used to measure service and interest costs on all of our retirement plans. For 2015 and prior periods presented, we measured service and interest costs utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation. For 2016 and 2017, we elected to measure service and interest costs by applying the specific spot rates along that yield curve to the plans' liability cash flows. We believe this new approach provides a more precise measurement of service and interest costs by aligning the timing of the plans' liability cash flows to the corresponding spot rates on the yield curve. This change does not affect the measurement of our benefit obligation. We have accounted for this change as a change in accounting estimate that is inseparable from a change in accounting principle and, accordingly, have accounted for it on a prospective basis. Pension and postretirement medical costs decreased by approximately $10 million in 2017 and $14 million in 2016 as a result of this change.

3 The expected return on assets assumption is calculated based on the plan's asset allocation strategy and projected market returns over the long-term. Effective January 1, 2018, our return on assets assumption for the U.S. plan and U.K. plan decreased to 6.00% from 6.25%.

CASH FLOWS

In December of 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") was enacted. The Act established a prescription drug benefit under Medicare, known as "Medicare Part D", and a federal subsidy to sponsors of retiree healthcare benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. Our benefits provided to certain participants are at least actuarially equivalent to Medicare Part D, and, accordingly, we are entitled to a subsidy.

Expected employer contributions in 2018 are $9 million and $7 million for our retirement and postretirement plans respectively. In 2018, we may elect to make additional non-required contributions depending on investment performance and the pension plan status. Information about the expected cash flows for our retirement and postretirement plans and the impact of the Medicare subsidy is as follows:

		Postretirement Plans [2]			
(in millions)	Retirement Plans [1]	Gross payments	Retiree contributions	Medicare subsidy [3]	Net payments
2018	$ 88	$ 9	$(3)	$—	$ 6
2019	90	8	(3)	—	5
2020	93	8	(2)	—	6
2021	96	7	(2)	—	5
2022	99	6	(2)	—	4
2023–2027	527	24	(9)	—	15

1 Reflects the total benefits expected to be paid from the plans or from our assets including both our share of the benefit cost and the participants' share of the cost.

2 Reflects the total benefits expected to be paid from our assets.

3 Expected medicare subsidy amounts, for the years presented, are less than $1 million.

FAIR VALUE OF PLAN ASSETS

In accordance with authoritative guidance for fair value measurements certain assets and liabilities are required to be recorded at fair value. Fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value hierarchy has been established which requires us to maximize the

use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value of our defined benefit plans assets as of December 31, 2017 and 2016, by asset class is as follows:

		December 31, 2017		
(in millions)	Total	Level 1	Level 2	Level 3
Cash and short-term investments	**$ 10**	**$ 10**	**$ —**	**$—**
Equities:				
U.S. indexes[1]	**50**	**50**	**—**	**—**
U.S. growth and value	**109**	**109**	**—**	**—**
U.K.	**5**	**5**	**—**	**—**
International, excluding U.K.	**45**	**45**	**—**	**—**
Fixed income:				
Long duration strategy[2]	**1,076**	**—**	**1,076**	**—**
Intermediate duration securities	**35**	**—**	**35**	**—**
Agency mortgage backed securities	**5**	**—**	**5**	**—**
Asset backed securities	**19**	**—**	**19**	**—**
Non-agency mortgage backed securities[3]	**15**	**—**	**15**	**—**
International, excluding U.K.	**18**	**—**	**18**	**—**
Real Estate				
U.K.[4]	**39**	**—**	**—**	**39**
Total	**$1,426**	**$219**	**$1,168**	**$39**
Collective investment funds	**$ 793**			
Total	**$2,219**			

		December 31, 2016		
(in millions)	Total	Level 1	Level 2	Level 3
Cash, short-term investments, and other	$ 38	$ 38	$ —	$—
Equities:				
U.S. indexes[1]	69	69	—	—
U.S. growth and value	103	103	—	—
U.K.	3	3	—	—
International, excluding U.K.	38	38	—	—
Fixed income:				
Long duration strategy[2]	970	—	970	—
Intermediate duration securities	32	—	32	—
Agency mortgage backed securities	5	—	5	—
Asset backed securities	19	—	19	—
Non-agency mortgage backed securities[3]	20	—	20	—
International	16	—	16	—
Real Estate				
U.K.[4]	11	—	—	11
Total	$1,324	$251	$1,062	$11
Collective investment funds	$ 749			
Total	$2,073			

1 Includes securities that are tracked in the S&P Smallcap 600 index.

2 Includes securities that are mainly investment grade obligations of issuers in the U.S.

3 Includes U.S. mortgage-backed securities that are not backed by the U.S. government.

4 Includes a fund which holds real estate properties in the U.K.

For securities that are quoted in active markets, the trustee/custodian determines fair value by applying securities' prices obtained from its pricing vendors. For commingled funds that are not actively traded, the trustee applies pricing information provided by investment management firms to the unit quantities of such funds. Investment management firms employ their own pricing vendors to value the securities underlying each commingled fund. Underlying securities that are not actively traded derive their prices from investment managers, which in turn, employ vendors that use pricing models (e.g., discounted cash flow, comparables). The domestic defined benefit plans have no investment in our stock, except through the S&P 500 commingled trust index fund.

The trustee obtains estimated prices from vendors for securities that are not easily quotable and they are categorized accordingly as Level 3. The following table details further information on our plan assets where we have used significant unobservable inputs (Level 3):

(in millions)	Level 3
Balance as of December 31, 2016	$11
Purchases	28
Distributions	(1)
Gain (loss)	1
Balance as of December 31, 2017	$39

PENSION TRUSTS' ASSET ALLOCATIONS

There are two pension trusts, one in the U.S. and one in the U.K.

- The U.S. pension trust had assets of $1,739 million and $1,632 million as of December 31, 2017 and 2016 respectively, and the target allocations in 2017 include 68% fixed income, 27% domestic equities and 5% international equities.
- The U.K. pension trust had assets of $480 million and $441 million as of December 31, 2017 and 2016, respectively, and the target allocations in 2017 include 40% fixed income, 30% diversified growth funds, 20% equities and 10% real estate.

The pension assets are invested with the goal of producing a combination of capital growth, income and a liability hedge. The mix of assets is established after consideration of the long-term performance and risk characteristics of asset classes. Investments are selected based on their potential to enhance returns, preserve capital and reduce overall volatility. Holdings are diversified within each asset class. The portfolios employ a mix of index and actively managed equity strategies by market capitalization, style, geographic regions and economic sectors. The fixed income strategies include U.S. long duration securities, opportunistic fixed income securities and U.K. debt instruments. The short-term portfolio, whose primary goal is capital preservation for liquidity purposes, is composed of government and government-agency securities, uninvested cash, receivables and payables. The portfolios do not employ any financial leverage.

U.S. DEFINED CONTRIBUTION PLANS

Assets of the defined contribution plans in the U.S. consist primarily of investment options which include actively managed equity, indexed equity, actively managed equity/bond funds, target date funds, S&P Global Inc. common stock, stable value and money market strategies. There is also a self-directed mutual fund investment option. The plans purchased 228,248 shares and sold 297,750 shares of S&P Global Inc. common stock in 2017 and purchased 216,035 shares and sold 437,283 shares of S&P Global Inc. common stock in 2016. The plans held approximately 1.5 million shares of S&P Global Inc. common stock as of December 31, 2017 and 1.6 million shares as of December 31, 2016, with market values of $255 million and $171 million, respectively. The plans received dividends on S&P Global Inc. common stock of $3 million and $2 million during the years ended December 31, 2017 and December 31, 2016 respectively.

8. Stock-Based Compensation

We issue stock-based incentive awards to our eligible employees and Directors under the 2002 Employee Stock Incentive Plan and a Director Deferred Stock Ownership Plan.

- 2002 EMPLOYEE STOCK INCENTIVE PLAN (THE "2002 PLAN") — The 2002 Plan permits the granting of nonqualified stock options, stock appreciation rights, performance stock, restricted stock and other stock-based awards.
- DIRECTOR DEFERRED STOCK OWNERSHIP PLAN — Under this plan, common stock reserved may be credited to deferred stock accounts for eligible Directors. In general, the plan requires that 50% of eligible Directors' annual compensation plus dividend equivalents be credited to deferred stock accounts. Each Director may also elect to defer all or a portion of the remaining compensation and have an equivalent number of shares credited to the deferred stock account. Recipients under this plan are not required to provide consideration to us other than rendering service. Shares will be delivered as of the date a recipient ceases to be a member of the Board of Directors or within five years thereafter, if so elected. The plan will remain in effect until terminated by the Board of Directors or until no shares of stock remain available under the plan.

The number of common shares reserved for issuance are as follows:

(in millions)	December 31, 2017	2016
Shares available for granting under the 2002 Plan	**33.8**	33.5
Options outstanding	**2.1**	3.8
Total shares reserved for issuance [1]	**35.9**	37.3

1 Shares reserved for issuance under the Director Deferred Stock Ownership Plan are not included in the total, but are less than 0.1 million.

We issue treasury shares upon exercise of stock options and the issuance of restricted stock and unit awards. To offset the dilutive effect of the exercise of employee stock options, we periodically repurchase shares. See Note 9 — *Equity* for further discussion.

Stock-based compensation expense and the corresponding tax benefit are as follows:

(in millions)	Year Ended December 31, 2017	2016	2015
Stock option expense	**$ 3**	$ 7	$14
Restricted stock and unit awards expense	**96**	69	64
Total stock-based compensation expense	**$99**	$76	$78
Tax benefit	**$38**	$29	$29

STOCK OPTIONS

Stock options may not be granted at a price less than the fair market value of our common stock on the date of grant. Stock options granted vest over a three year service period in equal annual installments and have a maximum term of 10 years. Stock option compensation costs are recognized from the date of grant, utilizing a three-year graded vesting method. Under this method, one-third of the costs are ratably recognized over the first twelve months, one-third of the costs are ratably recognized over a twenty-four month period starting from the date of grant with the remaining costs ratably recognized over a thirty-six month period starting from the date of grant.

We use a lattice-based option-pricing model to estimate the fair value of options granted. The following assumptions were used in valuing the options granted:

	Year Ended December 31, 2015
Risk-free average interest rate	0.2–1.9%
Dividend yield	1.4%
Volatility	21–39%
Expected life (years)	6.3
Weighted-average grant-date fair value per option	$27.57

Because lattice-based option-pricing models incorporate ranges of assumptions, those ranges are disclosed. These assumptions are based on multiple factors, including historical exercise patterns, post-vesting termination rates, expected future exercise patterns and the expected volatility of our stock price. The risk-free interest rate is the imputed forward rate based on the U.S. Treasury yield at the date of grant. We use the historical volatility of our stock price over the expected term of the options to estimate the expected volatility. The expected term of options granted is derived from the output of the lattice model and represents the period of time that options granted are expected to be outstanding.

During 2015, we stopped granting stock options as part of our employees' total stock-based incentive awards. There were no stock options granted in 2017 and 2016 and a minimal amount of stock options granted in 2015.

Stock option activity is as follows:

(in millions, except per award amounts)	Shares	Weighted average exercise price	Weighted-average remaining years of contractual term	Aggregate intrinsic value
Options outstanding as of December 31, 2016	3.8	$ 43.36		
Exercised	(1.7)	$113.04		
Forfeited and expired[1]	—	$ 72.35		
Options outstanding as of December 31, 2017	**2.1**	**$ 44.09**	**3.5**	**$270**
Options exercisable as of December 31, 2017	**2.1**	**$ 44.08**	**3.5**	**$270**

1 There are less 0.1 million shares forfeited and expired.

(in millions, except per award amounts)	Shares	Weighted-average grant-date fair value
Nonvested options outstanding as of December 31, 2016	0.2	$23.42
Vested	(0.2)	$23.40
Forfeited[1]	—	$24.22
Nonvested options outstanding as of December 31, 2017	**—**	**$27.52**
Total unrecognized compensation expense related to nonvested options[2]	**$ —**	
Weighted-average years to be recognized over	**0.1**	

1 There are less than 0.1 million shares forfeited.

2 There is less than $1 million of unrecognized compensation expense related to nonvested options.

The total fair value of our stock options that vested during the years ended December 31, 2017, 2016 and 2015 was $4 million, $7 million and $11 million, respectively.

Information regarding our stock option exercises is as follows:

(in millions)	Year Ended December 31, **2017**	2016	2015
Net cash proceeds from the exercise of stock options	**$ 75**	$88	$86
Total intrinsic value of stock option exercises	**$118**	$95	$94
Income tax benefit realized from stock option exercises	**$ 64**	$41	$49

RESTRICTED STOCK AND UNIT AWARDS

Restricted stock and unit awards (performance and non-performance) have been granted under the 2002 Plan. Performance unit awards will vest only if we achieve certain financial goals over the performance period. Restricted stock non-performance awards have various vesting periods (generally three years), with vesting beginning on the first anniversary of the awards. Recipients of restricted stock and unit awards are not required to provide consideration to us other than rendering service.

The stock-based compensation expense for restricted stock and unit awards is determined based on the market price of our stock at the grant date of the award applied to the total number of awards that are anticipated to fully vest. For performance unit awards, adjustments are made to expense dependent upon financial goals achieved.

Restricted stock and unit activity for performance and non-performance awards is as follows:

(in millions, except per award amounts)	Shares	Weighted-average grant-date fair value
Nonvested shares as of December 31, 2016	1.0	$ 106.31
Granted	0.8	$ 147.12
Vested	(1.0)	$ 156.16
Forfeited[1]	—	$ 107.96
Nonvested shares as of December 31, 2017	**0.8**	**$ 124.91**
Total unrecognized compensation expense related to nonvested awards	**$ 66**	
Weighted-average years to be recognized over	**1.6**	

1 There are less than 0.1 million shares forfeited.

	Year Ended December 31, **2017**	2016	2015
Weighted-average grant-date fair value per award	**$147.12**	$93.01	$77.06
Total fair value of restricted stock and unit awards vested	**$ 147**	$ 99	$ 155
Tax benefit relating to restricted stock activity	**$ 36**	$ 26	$ 24

9. Equity

CAPITAL STOCK

Two million shares of preferred stock, par value $1 per share, are authorized; none have been issued.

On February 2, 2018, the Board of Directors approved an increase in the dividends for 2018 to a quarterly rate of $0.50 per common share.

	Year Ended December 31,		
	2017	2016	2015
Quarterly dividend rate	**$0.41**	$0.36	$0.33
Annualized dividend rate	**$1.64**	$1.44	$1.32
Dividends paid (in millions)	**$ 421**	$ 380	$ 363

STOCK REPURCHASES

On December 4, 2013, the Board of Directors approved a share repurchase program authorizing the purchase of 50 million shares, which was approximately 18% of the total shares of our outstanding common stock at that time.

Share repurchases were as follows:

	Year Ended December 31,		
(in millions, except average price)	**2017**	2016	2015
Total number of shares purchased [1]	**6.8**	9.7	10.1
Average price paid per share [2]	**$147.74**	$113.36	$99.00
Total cash utilized [2]	**$ 1,001**	$ 1,097	$1,000

1 2017 and 2016 includes shares received as part of our accelerated share repurchase agreements as described in more detail below.

2 In December of 2015, 0.3 million shares were repurchased for approximately $26 million, which settled in January of 2016. Excluding these 0.3 million shares, the average price paid per share was $98.98. Cash used for financing activities only reflects those shares which settled during the year ended December 31, 2017, 2016 and 2015 resulting in $1,001 million, $1,123 million and $974 million of cash used to repurchase shares, respectively.

Our purchased shares may be used for general corporate purposes, including the issuance of shares for stock compensation plans and to offset the dilutive effect of the exercise of employee stock options. As of December 31, 2017, 19 million shares remained available under our current share repurchase program. Our current share repurchase program has no expiration date and purchases under this program may be made from time to time on the open market and in private transactions, depending on market conditions.

ACCELERATED SHARE REPURCHASE AGREEMENTS

We entered into an accelerated share repurchase ("ASR") agreement with a financial institution on August 1, 2017 to initiate share repurchases aggregating $500 million. The ASR agreement was structured as an uncapped ASR agreement in which we paid $500 million and received an initial delivery of approximately 2.8 million shares, representing 85% of the $500 million at a price equal to the then market price of the Company. We completed the ASR agreement on October 31, 2017 and received an additional 0.5 million shares. We repurchased a total of 3.2 million shares under the ASR agreement for an average purchase price of $154.46 per share. The total number of shares repurchased under the ASR agreement is equal to $500 million divided by the volume weighted-average share price, less a discount. The repurchased shares are held in Treasury. The ASR agreement was executed under the current share repurchase program, approved on December 4, 2013.

Using a portion of the proceeds received from the sale of J.D. Power, we entered into an ASR agreement with a financial institution on September 7, 2016 to initiate share repurchases aggregating $750 million. The ASR agreement was structured as a capped ASR agreement in which we paid $750 million and received an initial delivery of approximately 4.4 million shares and an additional amount of 0.9 million shares during the month of September 2016, representing the minimum number of shares of our common stock to be repurchased based on a calculation using a specified capped price per share. We completed the ASR agreement on December 7, 2016 and received an additional 0.9 million shares, which settled on December 12, 2016. We repurchased a total of 6.1 million shares under the ASR agreement for an average purchase price of $122.18 per share. The total number of shares repurchased under the ASR agreement was based on the volume weighted-average share price, minus a discount, of our common stock over the term of the ASR agreement. The repurchased shares are held in Treasury. The ASR agreement was executed under the current share repurchase program, approved on December 4, 2013.

The ASR agreements were accounted for as two transactions: a stock purchase transaction and a forward stock purchase contract. The shares delivered under the ASR agreement resulted in a reduction of our outstanding shares used to determine our weighted average common shares outstanding for purposes of calculating basic and diluted earnings per share. The forward stock purchase contract was classified as an equity instrument.

REDEEMABLE NONCONTROLLING INTERESTS

The agreement with the minority partners that own 27% of our S&P Dow Jones Indices LLC joint venture contains redemption features whereby interests held by minority partners are redeemable either (i) at the option of the holder or (ii) upon

the occurrence of an event that is not solely within our control. Specifically, under the terms of the operating agreement of S&P Dow Jones Indices LLC, after December 31, 2017, CME Group and CME Group Index Services LLC ("CGIS") will have the right at any time to sell, and we are obligated to buy, at least 20% of their share in S&P Dow Jones Indices LLC. In addition, in the event there is a change of control of the Company, for the 15 days following a change in control, CME Group and CGIS will have the right to put their interest to us at the then fair value of CME Group's and CGIS' minority interest.

If interests were to be redeemed under this agreement, we would generally be required to purchase the interest at fair value on the date of redemption. This interest is presented on the consolidated balance sheets outside of equity under the caption "Redeemable noncontrolling interest" with an initial value based on fair value for the portion attributable to the net assets we acquired, and based on our historical cost for the portion attributable to our S&P Index business. We adjust the redeemable noncontrolling interest each reporting period to its estimated redemption value, but never less than its initial fair value, considering a combination of an income and market valuation approach. Our income and market valuation approaches may incorporate Level 3 fair value measures for instances when observable inputs are not available, including assumptions related to expected future net cash flows, long-term growth rates, the timing and nature of tax attributes, and the redemption features. Any adjustments to the redemption value will impact retained income.

Noncontrolling interests that do not contain such redemption features are presented in equity.

Changes to redeemable noncontrolling interest during the year ended December 31, 2017 were as follows:

(in millions)	
Balance as of December 31, 2016	$1,080
Net income attributable to noncontrolling interest	127
Distributions to noncontrolling interest	(117)
Redemption value adjustment	260
Balance as of December 31, 2017	**$1,350**

ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table summarizes the changes in the components of accumulated other comprehensive loss for the year ended December 31, 2017:

(in millions)	Foreign Currency Translation Adjustment	Pension and Postretirement Benefit Plans [1]	Unrealized Gain (Loss) on Forward Exchange Contracts [2]	Unrealized Loss on Investment	Accumulated Other Comprehensive Loss
Balance as of December 31, 2016	$(332)	$(443)	$ 2	—	$(773)
Other comprehensive income before reclassifications	93	30	9	(10)	122
Reclassifications from accumulated other comprehensive loss to net earnings	—	11	(9)	—	2
Net other comprehensive income	93	41	—	(10)	124
Balance as of December 31, 2017	**$(239)**	**$(402)**	**$ 2**	**$(10)**	**$(649)**

1 See Note 7 — *Employee Benefits* for additional details of items reclassed from accumulated other comprehensive loss to net earnings.

2 See Note 6 — *Derivative Instruments* for additional details of items reclassed from accumulated other comprehensive loss to net earnings.

The net actuarial loss and prior service cost related to pension and other postretirement benefit plans included in other comprehensive income is net of a tax provision of $5 million for the year ended December 31, 2017.

10. Earnings per Share

Basic earnings per common share ("EPS") is computed by dividing net income attributable to the common shareholders of the Company by the weighted-average number of common shares outstanding. Diluted EPS is computed in the same manner as basic EPS, except the number of shares is increased to include additional common shares that would have been outstanding if potential common shares with a dilutive effect had been issued. Potential common shares consist primarily of stock options and restricted performance shares calculated using the treasury stock method.

The calculation for basic and diluted EPS is as follows:

	Year Ended December 31,		
(in millions, except per share data)	**2017**	2016	2015
Amount attributable to S&P Global Inc. common shareholders:			
Net income	**$1,496**	$2,106	$1,156
Basic weighted-average number of common shares outstanding	**256.3**	262.8	271.6
Effect of stock options and other dilutive securities	**2.6**	2.4	3.0
Diluted weighted-average number of common shares outstanding	**258.9**	265.2	274.6
Earnings per share attributable to S&P Global Inc. common shareholders:			
Net income:			
Basic	**$ 5.84**	$ 8.02	$ 4.26
Diluted	**$ 5.78**	$ 7.94	$ 4.21

Each period we have certain stock options and restricted performance shares that are potentially excluded from the computation of diluted EPS. The effect of the potential exercise of stock options is excluded when the average market price of our common stock is lower than the exercise price of the related option during the period or when a net loss exists because the effect would have been antidilutive. Additionally, restricted performance shares are excluded because the necessary vesting conditions had not been met or when a net loss exists. As of December 31, 2017, 2016 and 2015, there were no stock options excluded. Restricted performance shares outstanding of 0.6 million, 0.7 million and 0.9 million as of December 31, 2017, 2016 and 2015, respectively, were excluded.

11. Restructuring

During 2017 and 2016, we continued to evaluate our cost structure and further identified cost savings associated with streamlining our management structure and our decision to exit non-strategic businesses. Our 2017 and 2016 restructuring plans consisted of a company-wide workforce reduction of approximately 520 and 230 positions, respectively, and are further detailed below. The charges for each restructuring plan are classified as selling and general expenses within the consolidated statements of income and the reserves are included in other current liabilities in the consolidated balance sheets.

In certain circumstances, reserves are no longer needed because of efficiencies in carrying out the plans or because employees previously identified for separation resigned from the Company and did not receive severance or were reassigned due to circumstances not foreseen when the original plans were initiated. In these cases, we reverse reserves through the consolidated statements of income during the period when it is determined they are no longer needed. There was approximately $7 million of reserves from the 2016 restructuring plan that we have reversed in 2017, which offset the initial charge of $30 million recorded for the 2016 restructuring plan. Also, there was approximately $7 million of reserves from the 2015 restructuring plan that we have reversed in 2016, which offset the initial charge of $63 million recorded for the 2015 restructuring plan.

The initial restructuring charge recorded and the ending reserve balance as of December 31, 2017 by segment is as follows:

	2017 Restructuring Plan		2016 Restructuring Plan	
(in millions)	**Initial Charge Recorded**	**Ending Reserve Balance**	Initial Charge Recorded	Ending Reserve Balance
Ratings	**$25**	**$24**	$14	4
Market and Commodities Intelligence	**9**	**5**	10	3
Indices	**—**	**—**	1	—
Corporate	**10**	**10**	5	1
Total	**$44**	**$39**	$30	$ 8

For the year ended December 31, 2017, we have reduced the reserve for the 2017 restructuring plan by $5 million and for the years ended December 31, 2017 and 2016, we have reduced the reserve for the 2016 restructuring plan by $15 million and $7 million, respectively. The reductions primarily related to cash payments for employee severance costs.

12. Segment and Geographic Information

As discussed in Note 1 — *Accounting Policies*, we have three reportable segments: Ratings, Market and Commodities Intelligence and Indices.

Our Chief Executive Officer is our chief operating decision-maker and evaluates performance of our segments and allocates resources based primarily on operating profit. Segment operating profit does not include unallocated expense or interest expense, as these are costs that do not affect the operating results of our segments. We use the same accounting policies for our segments as those described in Note 1 — *Accounting Policies*.

Segment information for the years ended December 31 is as follows:

	Revenue			Operating Profit		
(in millions)	**2017**	2016	2015	**2017**	2016	2015
Ratings[1]	**$2,988**	$2,535	$2,428	**$1,524**	$1,262	$1,078
Market and Commodities Intelligence[2]	**2,452**	2,585	2,376	**793**	1,822	585
Indices[3]	**733**	639	597	**471**	412	392
Intersegment elimination[4]	**(110)**	(98)	(88)	**—**	—	—
Total operating segments	**6,063**	5,661	5,313	**2,788**	3,496	2,055
Unallocated expense[5]	**—**	—	—	**(178)**	(127)	(138)
Total	**$6,063**	$5,661	$5,313	**$2,610**	$3,369	$1,917

1 Operating profit for the year ended December 31, 2017 includes legal settlement expenses of $55 million and employee severance charges of $25 million. Operating profit for the year ended December 31, 2016 primarily includes a benefit related to net legal settlement insurance recoveries of $10 million and employee severance charges of $6 million. Operating profit for the year ended December 31, 2015 includes net legal settlement expenses of $54 million and employee severance charges of $13 million. Additionally, operating profit includes amortization of intangibles from acquisitions of $4 million for the year ended December 31, 2017 and $5 million for the years ended December 31, 2016 and 2015.

2 Operating profit for the year ended December 31, 2017 includes non-cash acquisition and disposition-related adjustments of $15 million, employee severance charges of $9 million, a charge to exit a leased facility of $6 million, and an asset-write off of $2 million. Operating profit for the year ended December 31, 2016 includes a $1.1 billion gain from our dispositions, disposition-related costs of $48 million, a technology-related impairment charge of $24 million and an acquisition-related cost of $1 million. Operating profit for the year ended December 31, 2015 includes acquisition-related costs related to the acquisition of SNL of $37 million and costs related to identified operating efficiencies primarily related to employee severance charges of $33 million. Additionally, operating profit includes amortization of intangibles from acquisitions of $87 million, $85 million and $57 million for the years ended December 31, 2017, 2016 and 2015, respectively.

3 Operating profit includes amortization of intangibles from acquisitions of $7 million, $6 million and $5 million for the years ended December 31, 2017, 2016 and 2015, respectively.

4 Revenue for Ratings and expenses for Market and Commodities Intelligence include an intersegment royalty charged to Market and Commodities Intelligence for the rights to use and distribute content and data developed by Ratings.

5 The year ended December 31, 2017 includes a charge to exit leased facilities of $19 million, employee severance charges of $10 million and a pension related charge of $8 million. The year ended December 31, 2016 includes $3 million from a disposition-related reserve release. The year ended December 31, 2015 includes a gain of $11 million related to the sale of our interest in a legacy McGraw Hill Construction investment and costs related to identified operating efficiencies primarily related to employee severance charges of $10 million.

	Depreciation & Amortization			Capital Expenditures		
(in millions)	**2017**	2016	2015	**2017**	2016	2015
Ratings	**$ 34**	$ 34	$ 43	**$ 45**	$ 42	$ 48
Market and Commodities Intelligence	**128**	131	99	**52**	57	78
Indices	**9**	8	8	**3**	3	4
Total operating segments	**171**	173	150	**100**	102	130
Corporate	**9**	8	7	**23**	13	9
Total	**$180**	$181	$157	**$123**	$115	$139

Segment information as of December 31 is as follows:

	Total Assets	
(in millions)	**2017**	2016
Ratings	**$ 788**	$ 612
Market and Commodities Intelligence	**4,172**	4,104
Indices	**1,270**	1,247
Total operating segments	**6,230**	5,963
Corporate[1]	**3,190**	2,699
Assets held for sale[2]	**5**	7
Total	**$9,425**	$8,669

1 Corporate assets consist principally of cash and cash equivalents, assets for pension benefits, deferred income taxes and leasehold improvements related to subleased areas.

2 Includes East Windsor, New Jersey facility and QuantHouse as of December 31, 2017 and 2016, respectively.

We do not have operations in any foreign country that represent more than 7% of our consolidated revenue. Transfers between geographic areas are recorded at agreed upon prices and intercompany revenue and profit are eliminated. No single customer accounted for more than 10% of our consolidated revenue.

The following provides revenue and long-lived assets by geographic region:

	Revenue			Long-lived Assets	
	Year ended December 31,			December 31,	
(in millions)	**2017**	2016	2015	**2017**	2016
U.S.	**$3,658**	$3,461	$3,202	**$4,285**	$4,335
European region	**1,473**	1,330	1,265	**346**	341
Asia	**594**	575	566	**54**	58
Rest of the world	**338**	295	280	**49**	46
Total	**$6,063**	$5,661	$5,313	**$4,734**	$4,780

	Revenue			Long-lived Assets	
	Year ended December 31,			December 31,	
	2017	2016	2015	**2017**	2016
U.S.	**60%**	61%	60%	**91%**	91%
European region	**24**	24	24	**7**	7
Asia	**10**	10	11	**1**	1
Rest of the world	**6**	5	5	**1**	1
Total	**100%**	100%	100%	**100%**	100%

See Note 2 — *Acquisitions and Divestitures* and Note 11 — *Restructuring*, for actions that impacted the segment operating results.

13. Commitments and Contingencies

RELATED PARTY AGREEMENT

In June of 2012, we entered into a license agreement (the "License Agreement") with the holder of S&P Dow Jones Indices LLC noncontrolling interest, CME Group, which replaced the 2005 license agreement between Indices and CME Group. Under the terms of the License Agreement, S&P Dow Jones Indices LLC receives a share of the profits from the trading and clearing of CME Group's equity index products. During the years ended December 31, 2017, 2016 and 2015, S&P Dow Jones Indices LLC earned $74 million, $76 million and $63 million of revenue under the terms of the License Agreement, respectively. The entire amount of this revenue is included in our consolidated statement of income and the portion related to the 27% noncontrolling interest is removed in net income attributable to noncontrolling interests.

RENTAL EXPENSE AND LEASE OBLIGATIONS

We are committed under lease arrangements covering property, computer systems and office equipment. Leasehold improvements are amortized on a straight-line basis over the shorter of their economic lives or their lease term. Certain lease arrangements contain escalation clauses covering increased costs for various defined real estate taxes and operating services and the associated fees are recognized on a straight-line basis over the minimum lease period.

Rental expense for property and equipment under all operating lease agreements is as follows:

	Year ended December 31,		
(in millions)	**2017**	2016	2015
Gross rental expense	**$177**	$179	$182
Less: sublease revenue	**(17)**	(16)	(14)
Less: rent credit	**—**	—	(4)
Net rental expense	**$160**	$163	$164

Cash amounts for future minimum rental commitments under existing non-cancelable leases with a remaining term of more than one year, along with minimum sublease rental income to be received under non-cancelable subleases are shown in the following table.

(in millions)	Rent commitment	Sublease income	Net rent
2018	$122	$(17)	$105
2019	109	(17)	92
2020	83	(3)	80
2021	71	—	71
2022	69	—	69
2023 and beyond	516	—	516
Total	$970	$(37)	$933

LEGAL & REGULATORY MATTERS

In the normal course of business both in the United States and abroad, the Company and its subsidiaries are defendants in a number of legal proceedings and are often the subject of government and regulatory proceedings, investigations and inquiries. Many of these proceedings, investigations and inquiries relate to the ratings activity of S&P Global Ratings brought by issuers and alleged purchasers of rated securities. In addition, various government and self-regulatory agencies frequently make inquiries and conduct investigations into our compliance with applicable laws and regulations, including those related to ratings activities and antitrust matters. Any of these proceedings, investigations or inquiries could ultimately result in adverse judgments, damages, fines, penalties or activity restrictions, which could adversely impact our consolidated financial condition, cash flows, business or competitive position.

The Company believes that it has meritorious defenses to the pending claims and potential claims in the matters described below and is diligently pursuing these defenses, and in some cases working to reach an acceptable negotiated resolution. However, in view of the uncertainty inherent in litigation and government and regulatory enforcement matters, we cannot predict the eventual outcome of these matters or the timing of their resolution, or in most cases reasonably estimate what the eventual judgments, damages, fines, penalties or impact of activity restrictions may be. As a result, we cannot provide assurance that the outcome of the matters described below will not have a material adverse effect on our consolidated financial condition, cash flows, business or competitive position. As litigation or the process to resolve pending matters progresses, as the case may be, we will continue to review the latest information available and assess our ability to predict the outcome of such matters and the effects, if any, on our consolidated financial condition, cash flows, business and competitive position, which may require that we record liabilities in the consolidated financial statements in future periods.

With respect to the matters identified below, we have recognized a liability when both (a) information available indicates that it is probable that a liability has been incurred as of the date of these financial statements and (b) the amount of loss can reasonably be estimated.

S&P GLOBAL RATINGS

Financial Crisis Litigation

The Company and its subsidiaries continue to defend civil cases brought by private and public plaintiffs arising out of ratings activities prior to and during the global financial crisis of 2008–2009. Included in these civil cases are several lawsuits in Australia against the Company and Standard & Poor's International, LLC relating to alleged investment losses in collateralized debt obligations ("CDOs") rated by S&P Global Ratings. We can provide no assurance that we will not be obligated to pay significant amounts in order to resolve these matters on terms deemed acceptable.

U.S. Securities and Exchange Commission

As a nationally recognized statistical rating organization registered with the SEC under Section 15E of the Securities Exchange Act of 1934, S&P Global Ratings is in ongoing communication with the staff of the SEC regarding compliance with its extensive obligations under the federal securities laws. Although S&P Global Ratings seeks to promptly address any compliance issues that it detects or that the staff of the SEC raises, there can be no assurance that the SEC will not seek remedies against S&P Global Ratings for one or more compliance deficiencies.

Trani Prosecutorial Proceeding

In 2014, the prosecutor in the Italian city of Trani obtained criminal indictments against several current and former S&P Global Ratings managers and ratings analysts for alleged market manipulation, and against Standard & Poor's Credit Market Services Europe under Italy's vicarious liability statute, for having allegedly failed to properly supervise the ratings analysts and prevent them from committing market manipulation. The prosecutor's theories were based on various actions by S&P Global Ratings taken with respect to Italian sovereign debt between May of 2011 and January of 2012. On March 30, 2017, following trial, the court in Trani issued an oral verdict

acquitting each of the individual defendants and Standard & Poor's Credit Market Services Europe of all charges, and on September 27, 2017, the court filed a written opinion supporting the verdict. The prosecutor did not appeal, and the verdict is now final.

Shareholder Derivative Actions

In August of 2015, two purported shareholders commenced a putative derivative action on behalf of the Company in New York State Supreme Court titled Retirement Plan for General Employees of the City of North Miami Beach and Robin Stein v. Harold McGraw III, et al. The complaint asserts claims for, among other things, breach of fiduciary duty, waste of corporate assets, and mismanagement against the board of directors and certain former directors and employees of the Company. Plaintiffs seek recovery from the defendants based primarily on allegations that S&P Global Ratings' credit ratings practices for certain residential mortgage-backed securities and collateralized debt obligations misrepresented the credit risks of those securities, allegedly resulting in losses to the Company. In January of 2016, a different purported shareholder commenced a separate putative derivative action on behalf of the Company in New York State Supreme Court titled L.A. Grika v. Harold McGraw III, et al. The allegations in the complaint are substantially similar to those in the North Miami Beach matter. The complaint asserts claims for, among other things, breach of fiduciary duty, aiding and abetting breaches of fiduciary duty, unjust enrichment, contribution and indemnification against Harold McGraw III, Douglas L. Peterson, and nine former employees of the Company. The Grika matter was transferred to the judge presiding over the North Miami Beach matter. In December of 2016, the court issued orders granting the Company's motions to dismiss both the North Miami Beach and Grika matters. In January of 2017, the plaintiffs in both matters filed notices of appeal. Briefing on the North Miami Beach appeal is now complete, and oral argument was held on January 23, 2018. The plaintiff in the Grika matter filed a brief in support of his appeal on January 2, 2018, and the Company and the individual defendants filed briefs in opposition to the appeal on January 31, 2018.

14. Quarterly Financial Information (Unaudited)

(in millions, except per share data)	First quarter	Second quarter	Third quarter	Fourth quarter	Total year
2017					
Revenue	**$1,453**	**$1,509**	**$1,513**	**$1,589**	**$6,063**
Operating profit	**$ 648**	**$ 677**	**$ 658**	**$ 628**	**$2,610**
Net income	**$ 430**	**$ 457**	**$ 452**	**$ 299**	**$1,638**
Net income attributable to S&P Global common shareholders	**$ 399**	**$ 421**	**$ 414**	**$ 263**	**$1,496**
Earnings per share attributable to S&P Global Inc. common shareholders:					
Net income:					
Basic	**$ 1.54**	**$ 1.63**	**$ 1.62**	**$ 1.03**	**$ 5.84**
Diluted	**$ 1.53**	**$ 1.62**	**$ 1.61**	**$ 1.02**	**$ 5.78**
2016[1]					
Revenue	$1,341	$1,482	$1,439	$1,399	$5,661
Operating profit	$ 512	$ 651	$1,348	$ 857	$3,369
Net income	$ 323	$ 412	$ 923	$ 569	$2,228
Net income attributable to S&P Global common shareholders	$ 294	$ 383	$ 892	$ 537	$2,106
Earnings per share attributable to S&P Global Inc. common shareholders:					
Net income:					
Basic	$ 1.11	$ 1.45	$ 3.39	2.07	8.02
Diluted	$ 1.10	$ 1.44	$ 3.36	2.05	7.94

Note — Totals presented may not sum due to rounding.

1 The third quarter of 2016 and the fourth of 2016 include a pre-tax gain on our dispositions of $722 million ($521 million after-tax) and $379 million ($297 million after-tax), respectively. See Note 2 — *Acquisitions and Divestitures* for further information.

15. Condensed Consolidating Financial Statements

On September 22, 2016, we issued $500 million of 2.95% senior notes due in 2027. On May 26, 2015, we issued $700 million of 4.0% senior notes due in 2025. On August 18, 2015, we issued $2.0 billion of senior notes, consisting of $400 million of 2.5% senior notes due in 2018, $700 million of 3.3% senior notes due in 2020 and $900 million of 4.4% senior notes due in 2026. See Note 5 — *Debt* for additional information.

The senior notes described above are fully and unconditionally guaranteed by Standard & Poor's Financial Services LLC, a 100% owned subsidiary of the Company. The following condensed consolidating financial statements present the results of operations, financial position and cash flows of S&P Global Inc., Standard & Poor's Financial Services LLC, and the Non-Guarantor Subsidiaries of S&P Global Inc. and Standard & Poor's Financial Services LLC, and the eliminations necessary to arrive at the information for the Company on a consolidated basis.

	Statement of Income Year Ended December 31, 2017				
(in millions)	S&P Global Inc.	Standard & Poor's Financial Services LLC	Non-Guarantor Subsidiaries	Eliminations	S&P Global Inc. Consolidated
Revenue	**$ 717**	**$1,780**	**$ 3,704**	**$ (138)**	**$6,063**
Expenses:					
Operating-related expenses	**108**	**482**	**1,261**	**(138)**	**1,713**
Selling and general expenses	**162**	**345**	**1,053**	**—**	**1,560**
Depreciation	**31**	**11**	**40**	**—**	**82**
Amortization of intangibles	**—**	**—**	**98**	**—**	**98**
Total expenses	**301**	**838**	**2,452**	**(138)**	**3,453**
Operating profit	**416**	**942**	**1,252**	**—**	**2,610**
Interest expense (income), net	**163**	**—**	**(14)**	**—**	**149**
Non-operating intercompany transactions	**365**	**(77)**	**(2,463)**	**2,175**	**—**
(Loss) income before taxes on income	**(112)**	**1,019**	**3,729**	**(2,175)**	**2,461**
Provision for taxes on income	**26**	**370**	**427**	**—**	**823**
Equity in net income of subsidiaries	**3,808**	**—**	**—**	**(3,808)**	**—**
Net income	**3,670**	**649**	**3,302**	**(5,983)**	**1,638**
Less: net income attributable to noncontrolling interests	**—**	**—**	**—**	**(142)**	**(142)**
Net income attributable to S&P Global Inc.	**$3,670**	**$ 649**	**$ 3,302**	**$(6,125)**	**$1,496**
Comprehensive income	**$3,694**	**$ 649**	**$ 3,401**	**$(5,982)**	**$1,762**

			Statement of Income Year Ended December 31, 2016		
(in millions)	S&P Global Inc.	Standard & Poor's Financial Services LLC	Non-Guarantor Subsidiaries	Eliminations	S&P Global Inc. Consolidated
Revenue	$ 667	$1,513	$3,607	$ (126)	$ 5,661
Expenses:					
Operating-related expenses	113	451	1,335	(126)	1,773
Selling and general expenses	109	243	1,087	—	1,439
Depreciation	38	9	38	—	85
Amortization of intangibles	—	—	96	—	96
Total expenses	260	703	2,556	(126)	3,393
Gain on dispositions	(1,072)	—	(29)	—	(1,101)
Operating profit	1,479	810	1,080	—	3,369
Interest expense (income), net	191	—	(10)	—	181
Non-operating intercompany transactions	356	(83)	(941)	668	—
Income before taxes on income	932	893	2,031	(668)	3,188
Provision for taxes on income	275	420	265	—	960
Equity in net income of subsidiaries	2,412	294	—	(2,706)	—
Net income	3,069	767	1,766	(3,374)	2,228
Less: net income attributable to noncontrolling interests	—	—	—	(122)	(122)
Net income attributable to S&P Global Inc.	$ 3,069	$ 767	$1,766	$(3,496)	$ 2,106
Comprehensive income	$ 3,099	$ 767	$1,563	$(3,374)	$ 2,055

			Statement of Income Year Ended December 31, 2015		
(in millions)	S&P Global Inc.	Standard & Poor's Financial Services LLC	Non-Guarantor Subsidiaries	Eliminations	S&P Global Inc. Consolidated
Revenue	$ 624	$2,141	$2,663	$ (115)	$5,313
Expenses:					
Operating-related expenses	137	737	959	(115)	1,718
Selling and general expenses	184	254	1,094	—	1,532
Depreciation	40	18	32	—	90
Amortization of intangibles	—	—	67	—	67
Total expenses	361	1,009	2,152	(115)	3,407
Gain on disposition	—	—	(11)	—	(11)
Operating profit	263	1,132	522	—	1,917
Interest expense (income), net	112	—	(10)	—	102
Non-operating intercompany transactions	282	222	(504)	—	—
(Loss) income before taxes on income	(131)	910	1,036	—	1,815
(Benefit) provision for taxes on income	(107)	358	296	—	547
Equity in net income of subsidiaries	1,473	272	—	(1,745)	—
Net income	1,449	824	740	(1,745)	1,268
Less: net income attributable to noncontrolling interests	—	—	—	(112)	(112)
Net income attributable to S&P Global Inc.	$1,449	$ 824	$ 740	$(1,857)	$1,156
Comprehensive income	$1,446	$ 822	$ 655	$(1,741)	$1,182

		Balance Sheet December 31, 2017			
(in millions)	S&P Global Inc.	Standard & Poor's Financial Services LLC	Non-Guarantor Subsidiaries	Eliminations	S&P Global Inc. Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	**$ 632**	**$ —**	**$ 2,147**	**$ —**	**$ 2,779**
Accounts receivable, net of allowance for doubtful accounts	**138**	**152**	**1,029**	**—**	**1,319**
Intercompany receivable	**768**	**1,784**	**2,527**	**(5,079)**	**—**
Prepaid and other current assets	**143**	**(3)**	**86**	**—**	**226**
Total current assets	**1,681**	**1,933**	**5,789**	**(5,079)**	**4,324**
Property and equipment, net of accumulated depreciation	**158**	**10**	**107**	**—**	**275**
Goodwill	**261**	**—**	**2,719**	**9**	**2,989**
Other intangible assets, net	**—**	**—**	**1,388**	**—**	**1,388**
Investments in subsidiaries	**8,364**	**5**	**8,028**	**(16,397)**	**—**
Intercompany loans receivable	**116**	**—**	**1,699**	**(1,815)**	**—**
Other non-current assets	**215**	**61**	**174**	**(1)**	**449**
Total assets	**$10,795**	**$2,009**	**$19,904**	**$(23,283)**	**$ 9,425**
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	**$ 79**	**$ 23**	**$ 93**	**$ —**	**$ 195**
Intercompany payable	**3,433**	**492**	**1,154**	**(5,079)**	**—**
Accrued compensation and contributions to retirement plans	**145**	**86**	**241**	**—**	**472**
Short-term debt	**399**	**—**	**—**	**—**	**399**
Income taxes currently payable	**2**	**—**	**75**	**—**	**77**
Unearned revenue	**293**	**193**	**1,127**	**—**	**1,613**
Accrued legal settlements	**—**	**2**	**105**	**—**	**107**
Other current liabilities	**136**	**21**	**194**	**—**	**351**
Total current liabilities	**4,487**	**817**	**2,989**	**(5,079)**	**3,214**
Long-term debt	**3,170**	**—**	**—**	**—**	**3,170**
Intercompany loans payable	**101**	**—**	**1,715**	**(1,816)**	**—**
Pension and other postretirement benefits	**180**	**—**	**64**	**—**	**244**
Other non-current liabilities	**376**	**74**	**229**	**—**	**679**
Total liabilities	**8,314**	**891**	**4,997**	**(6,895)**	**7,307**
Redeemable noncontrolling interest	**—**	**—**	**—**	**1,350**	**1,350**
Equity:					
Common stock	**412**	**—**	**2,318**	**(2,318)**	**412**
Additional paid-in capital	**(216)**	**602**	**9,256**	**(9,117)**	**525**
Retained income	**12,156**	**516**	**3,782**	**(6,429)**	**10,025**
Accumulated other comprehensive loss	**(269)**	**—**	**(426)**	**46**	**(649)**
Less: common stock in treasury	**(9,602)**	**—**	**(23)**	**23**	**(9,602)**
Total equity — controlling interests	**2,481**	**1,118**	**14,907**	**(17,795)**	**711**
Total equity — noncontrolling interests	**—**	**—**	**—**	**57**	**57**
Total equity	**2,481**	**1,118**	**14,907**	**(17,738)**	**768**
Total liabilities and equity	**$10,795**	**$2,009**	**$19,904**	**$(23,283)**	**$ 9,425**

			Balance Sheet December 31, 2016		
(in millions)	S&P Global Inc.	Standard & Poor's Financial Services LLC	Non-Guarantor Subsidiaries	Eliminations	S&P Global Inc. Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 711	$ —	$ 1,681	$ —	$ 2,392
Accounts receivable, net of allowance for doubtful accounts	138	131	853	—	1,122
Intercompany receivable	(165)	837	870	(1,542)	—
Prepaid and other current assets	77	2	79	(1)	157
Total current assets	761	970	3,483	(1,543)	3,671
Property and equipment, net of accumulated depreciation	159	1	111	—	271
Goodwill	261	—	2,679	9	2,949
Other intangible assets, net	—	—	1,506	—	1,506
Investments in subsidiaries	5,464	680	7,826	(13,970)	—
Intercompany loans receivable	17	—	1,354	(1,371)	—
Other non-current assets	134	24	114	—	272
Total assets	$ 6,796	$1,675	$17,073	$(16,875)	$ 8,669
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	$ 73	$ 22	$ 88	$ —	$ 183
Intercompany payable	1,324	40	177	(1,541)	—
Accrued compensation and contributions to retirement plans	129	69	211	—	409
Income taxes currently payable	43	—	52	—	95
Unearned revenue	273	191	1,045	—	1,509
Accrued legal and regulatory settlements	2	3	51		56
Other current liabilities	163	(54)	250	—	359
Total current liabilities	2,007	271	1,874	(1,541)	2,611
Long-term debt	3,564	—	—	—	3,564
Intercompany loans payable	11	—	1,360	(1,371)	—
Pension and other postretirement benefits	196	—	78	—	274
Other non-current liabilities	52	74	314	(1)	439
Total liabilities	5,830	345	3,626	(2,913)	6,888
Redeemable noncontrolling interest	—	—	—	1,080	1,080
Equity:					
Common stock	412	—	2,460	(2,460)	412
Additional paid-in capital	(174)	1,154	10,485	(10,963)	502
Retained income	9,721	176	1,034	(1,721)	9,210
Accumulated other comprehensive loss	(292)	—	(525)	44	(773)
Less: common stock in treasury	(8,701)	—	(7)	7	(8,701)
Total equity — controlling interests	966	1,330	13,447	(15,093)	650
Total equity — noncontrolling interests	—	—	—	51	51
Total equity	966	1,330	13,447	(15,042)	701
Total liabilities and equity	$ 6,796	$1,675	$17,073	$(16,875)	$ 8,669

(in millions)	S&P Global Inc.	Standard & Poor's Financial Services LLC	Non-Guarantor Subsidiaries	Eliminations	S&P Global Inc. Consolidated
	Statement of Cash Flows Year Ended December 31, 2017				
Operating Activities:					
Net income	**$ 3,670**	**$ 649**	**$ 3,302**	**$ (5,983)**	**$ 1,638**
Adjustments to reconcile net income to cash provided by operating activities:					
Depreciation	**31**	**11**	**40**	**—**	**82**
Amortization of intangibles	**—**	**—**	**98**	**—**	**98**
Provision for losses on accounts receivable	**2**	**3**	**11**	**—**	**16**
Deferred income taxes	**108**	**(10)**	**(98)**	**—**	**—**
Stock-based compensation	**35**	**22**	**42**	**—**	**99**
Accrued legal settlements	**—**	**—**	**55**	**—**	**55**
Other	**34**	**19**	**43**	**—**	**96**
Changes in operating assets and liabilities, net of effect of acquisitions and dispositions:					
Accounts receivable	**(2)**	**(23)**	**(171)**	**—**	**(196)**
Prepaid and current assets	**(5)**	**3**	**12**	**—**	**10**
Accounts payable and accrued expenses	**22**	**97**	**(44)**	**—**	**75**
Unearned revenue	**19**	**2**	**64**	**—**	**85**
Accrued legal settlements	**—**	**(1)**	**(3)**	**—**	**(4)**
Other current liabilities	**(42)**	**(12)**	**(31)**	**—**	**(85)**
Net change in prepaid/accrued income taxes	**41**	**(18)**	**9**	**—**	**32**
Net change in other assets and liabilities	**7**	**(6)**	**14**	**—**	**15**
Cash provided by operating activities	**3,920**	**736**	**3,343**	**(5,983)**	**2,016**
Investing Activities:					
Capital expenditures	**(55)**	**(32)**	**(36)**	**—**	**(123)**
Acquisitions, net of cash acquired	**—**	**—**	**(83)**	**—**	**(83)**
Proceeds from dispositions	**—**	**—**	**2**	**—**	**2**
Changes in short-term investments	**—**	**—**	**(5)**	**—**	**(5)**
Cash used for investing activities	**(55)**	**(32)**	**(122)**	**—**	**(209)**
Financing Activities:					
Dividends paid to shareholders	**(421)**	**—**	**—**	**—**	**(421)**
Distributions to noncontrolling interest holders	**—**	**—**	**(111)**	**—**	**(111)**
Repurchase of treasury shares	**(1,001)**	**—**	**—**	**—**	**(1,001)**
Exercise of stock options	**68**	**—**	**7**	**—**	**75**
Employee withholding tax on share-based payments	**(49)**	**—**	**—**	**—**	**(49)**
Intercompany financing activities	**(2,546)**	**(704)**	**(2,733)**	**5,983**	**—**
Cash used for financing activities	**(3,949)**	**(704)**	**(2,837)**	**5,983**	**(1,507)**
Effect of exchange rate changes on cash from continuing operations	**5**	**—**	**82**	**—**	**87**
Net change in cash and cash equivalents	**(79)**	**—**	**466**	**—**	**387**
Cash and cash equivalents at beginning of year	**711**	**—**	**1,681**	**—**	**2,392**
Cash and cash equivalents at end of year	**$ 632**	**$ —**	**$ 2,147**	**$ —**	**$ 2,779**

(in millions)	Statement of Cash Flows Year Ended December 31, 2016 S&P Global Inc.	Standard & Poor's Financial Services LLC	Non-Guarantor Subsidiaries	Eliminations	S&P Global Inc. Consolidated
Operating Activities:					
Net income	$ 3,069	$ 767	$ 1,766	$(3,374)	$ 2,228
Adjustments to reconcile net income to cash provided by operating activities:					
Depreciation	38	9	38	—	85
Amortization of intangibles	—	—	96	—	96
Provision for losses on accounts receivable	1	—	8	—	9
Deferred income taxes	16	(9)	72	—	79
Stock-based compensation	22	17	37	—	76
Gain on dispositions	(1,072)	—	(29)	—	(1,101)
Accrued legal and regulatory settlements	3	1	50	—	54
Other	48	5	(23)	—	30
Changes in operating assets and liabilities, net of effect of acquisitions and dispositions:					
Accounts receivable	(24)	187	(340)	—	(177)
Prepaid and current assets	(2)	10	(3)	—	5
Accounts payable and accrued expenses	(8)	(39)	66	—	19
Unearned revenue	19	(395)	483	—	107
Accrued legal and regulatory settlements	—	(108)	(42)	—	(150)
Other current liabilities	(27)	(27)	35	—	(19)
Net change in prepaid/accrued income taxes	141	—	33	—	174
Net change in other assets and liabilities	(9)	38	16	—	45
Cash provided by operating activities	2,215	456	2,263	(3,374)	1,560
Investing Activities:					
Capital expenditures	(68)	(15)	(32)	—	(115)
Acquisitions, net of cash acquired	(144)	—	(33)	—	(177)
Proceeds from dispositions	1,422	—	76	—	1,498
Changes in short-term investments	—	—	(1)	—	(1)
Cash provided by (used for) investing activities	1,210	(15)	10	—	1,205
Financing Activities:					
Payments on short-term debt, net	(143)	—	—	—	(143)
Proceeds from issuance of senior notes, net	493	—	—	—	493
Payments on senior notes	(421)	—	—	—	(421)
Dividends paid to shareholders	(380)	—	—	—	(380)
Distributions to noncontrolling interest holders	—	—	(116)	—	(116)
Repurchase of treasury shares	(1,123)	—	—	—	(1,123)
Exercise of stock options	86	—	2	—	88
Contingent consideration payments	(5)	—	(34)	—	(39)
Employee withholding tax on share-based payments	(55)	—	—	—	(55)
Intercompany financing activities	(1,333)	(441)	(1,600)	3,374	—
Cash used for financing activities	(2,881)	(441)	(1,748)	3,374	(1,696)
Effect of exchange rate changes on cash from continuing operations	—	—	(158)	—	(158)
Net change in cash and cash equivalents	544	—	367	—	911
Cash and cash equivalents at beginning of year	167	—	1,314	—	1,481
Cash and cash equivalents at end of year	$ 711	$ —	$ 1,681	$ —	$ 2,392

Statement of Cash Flows
Year Ended December 31, 2015

(in millions)	S&P Global Inc.	Standard & Poor's Financial Services LLC	Non-Guarantor Subsidiaries	Eliminations	S&P Global Inc. Consolidated
Operating Activities:					
Net income	$ 1,449	$ 824	$ 740	$(1,745)	$ 1,268
Adjustments to reconcile net income to cash provided by (used for) operating activities from continuing operations:					
Depreciation	40	18	32	—	90
Amortization of intangibles	—	—	67	—	67
Provision for losses on accounts receivable	1	1	6	—	8
Deferred income taxes	33	290	(43)	—	280
Stock-based compensation	23	24	31	—	78
Gain on disposition	—	—	(11)	—	(11)
Accrued legal and regulatory settlements	—	110	9	—	119
Other	23	16	18	—	57
Changes in operating assets and liabilities, net of effect of acquisitions and dispositions:					
Accounts receivable	3	(27)	(94)	—	(118)
Prepaid and current assets	(4)	14	(5)	—	5
Accounts payable and accrued expenses	8	(34)	17	—	(9)
Unearned revenue	(5)	66	68	—	129
Accrued legal and regulatory settlements	—	(1,624)	—	—	(1,624)
Other current liabilities	(31)	(35)	(11)	—	(77)
Net change in prepaid/accrued income taxes	14	—	115	—	129
Net change in other assets and liabilities	78	8	(121)	—	(35)
Cash provided by (used for) operating activities from continuing operations	1,632	(349)	818	(1,745)	356
Investing Activities:					
Capital expenditures	(67)	(10)	(62)	—	(139)
Acquisitions, net of cash acquired	(2,243)	—	(153)	—	(2,396)
Proceeds from dispositions	—	—	14	—	14
Changes in short-term investments	—	—	(4)	—	(4)
Cash used for investing activities from continuing operations	(2,310)	(10)	(205)	—	(2,525)
Financing Activities:					
Additions to short-term debt	143	—	—	—	143
Proceeds from issuance of senior notes, net	2,674	—	—	—	2,674
Dividends paid to shareholders	(363)	—	—	—	(363)
Distributions to noncontrolling interest holders	—	—	(104)	—	(104)
Repurchase of treasury shares	(974)	—	—	—	(974)
Exercise of stock options	80	—	6	—	86
Contingent consideration payments	(5)	—	—	—	(5)
Purchase of additional CRISIL shares	—	—	(16)	—	(16)
Employee withholding tax on share-based payments	(92)	—	—	—	(92)
Intercompany financing activities	(2,020)	359	(84)	1,745	—
Cash (used for) provided by financing activities from continuing operations	(557)	359	(198)	1,745	1,349
Effect of exchange rate changes on cash from continuing operations	—	—	(67)	—	(67)
Cash provided by continuing operations	(1,235)	—	348	—	(887)
Discontinued Operations:					
Cash used for operating activities	—	—	(129)	—	(129)
Cash used for discontinued operations	—	—	(129)	—	(129)
Net change in cash and cash equivalents	(1,235)	—	219	—	(1,016)
Cash and cash equivalents at beginning of year	1,402	—	1,095	—	2,497
Cash and cash equivalents at end of year	$ 167	$ —	$1,314	$ —	$ 1,481

Five Year Financial Review

(in millions, except per share data)	**2017**	2016	2015	2014	2013
Income statement data:					
Revenue	**$ 6,063**	$ 5,661	$ 5,313	$ 5,051	$ 4,702
Operating profit	**2,610**	3,369	1,917	113	1,358
Income before taxes on income	**2,461**[1]	3,188[2]	1,815[3]	54[4]	1,299[5]
Provision for taxes on income	**823**[6]	960	547	245	425
Net income (loss) from continuing operations attributable to S&P Global Inc.	**1,496**	2,106	1,156	(293)	783
Earnings (loss) per share from continuing operations attributable to the S&P Global Inc. common shareholders:					
Basic	**5.84**	8.02	4.26	(1.08)	2.85
Diluted	**5.78**	7.94	4.21	(1.08)	2.80
Dividends per share	**1.64**	1.44	1.32	1.20	1.12
Operating statistics:					
Return on average equity[7]	**223.0%**	472.0%	324.3%	(1.4)%	134.2%
Income from continuing operations before taxes on income as a percent of revenue from continuing operations	**40.6%**	56.3%	34.2%	1.1%	27.6%
Net income (loss) from continuing operations as a percent of revenue from continuing operations	**27.0%**	39.4%	23.9%	(3.8)%	18.6%
Balance sheet data:[7]					
Working capital	**$ 1,110**	$ 1,060	$ 388	$ 42	$ 612
Total assets	**9,425**	8,669	8,183	6,773	6,060
Total debt	**3,569**	3,564	3,611	795	794
Redeemable noncontrolling interest	**1,350**	1,080	920	810	810
Equity	**768**	701	243	539	1,344
Number of employees[8]	**20,400**	20,000	20,400	17,000	16,400

1 Includes the impact of the following items: legal settlement expenses of $55 million, employee severance charges of $44 million, a charge to exit leased facilities of $25 million, non-cash acquisition and disposition-related adjustments of $15 million, a pension related charge of $8 million, an asset write-off of $2 million and amortization of intangibles from acquisitions of $98 million.

2 Includes the impact of the following items: a $1.1 billion gain from our dispositions, a benefit related to net legal settlement insurance recoveries of $10 million, disposition-related costs of $48 million, a technology-related impairment charge of $24 million, employee severance charges of $6 million, a $3 million disposition-related reserve release, an acquisition-related cost of $1 million and amortization of intangibles from acquisitions of $96 million.

3 Includes the impact of the following items: costs related to identified operating efficiencies primarily related to employee severance charges of $56 million, net legal settlement expenses of $54 million, acquisition-related costs of $37 million, an $11 million gain on dispositions and amortization of intangibles from acquisitions of $67 million.

4 Includes the impact of the following items: $1.6 billion of legal and regulatory settlements, employee severance charges of $86 million, $4 million of professional fees largely related to corporate development activities and amortization of intangibles from acquisitions of $48 million.

5 Includes the impact of the following items: $77 million of legal settlements, $64 million charge for costs necessary to enable the separation of McGraw-Hill Education and reduce our cost structure, a $36 million non-cash impairment charge related to the sale of our data center, employee severance charges of $28 million, a charge to exit leased facilities of $13 million, a $24 million net gain from our dispositions and amortization of intangibles from acquisitions of $51 million.

6 Includes $149 million of tax expense due to U.S. tax reform, primarily associated with the deemed repatriation of foreign earnings, which was partially offset by a $21 million tax benefit related to prior year divestitures.

7 Includes the impact of the $1.1 billion gain on dispositions in 2016, the gain on sale of McGraw Hill Construction in 2014 and the gain on sale of McGraw-Hill Education in 2013.

8 Excludes discontinued operations.

Report of Management

To the Shareholders of S&P Global Inc.

MANAGEMENT'S ANNUAL REPORT ON ITS RESPONSIBILITY FOR THE COMPANY'S FINANCIAL STATEMENTS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The financial statements in this report were prepared by the management of S&P Global Inc., which is responsible for their integrity and objectivity.

These statements, prepared in conformity with accounting principles generally accepted in the United States and including amounts based on management's best estimates and judgments, present fairly S&P Global Inc.'s financial condition and the results of the Company's operations. Other financial information given in this report is consistent with these statements.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined under the U.S. Securities Exchange Act of 1934. It further assures the quality of the financial records in several ways: a program of internal audits, the careful selection and training of management personnel, maintaining an organizational structure that provides an appropriate division of financial responsibilities, and communicating financial and other relevant policies throughout the Company.

S&P Global Inc.'s Board of Directors, through its Audit Committee, composed entirely of outside directors, is responsible for reviewing and monitoring the Company's financial reporting and accounting practices. The Audit Committee meets periodically with management, the Company's internal auditors and the independent registered public accounting firm to ensure that each group is carrying out its respective responsibilities. In addition, the independent registered public accounting firm has full and free access to the Audit Committee and meet with it with no representatives from management present.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

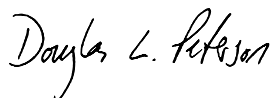
As stated above, the Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's management has evaluated the system of internal control using the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework ("COSO 2013 framework"). Management has selected the COSO 2013 framework for its evaluation as it is a control framework recognized by the Securities and Exchange Commission and the Public Company Accounting Oversight Board that is free from bias, permits reasonably consistent qualitative and quantitative measurement of the Company's internal controls, is sufficiently complete so that relevant controls are not omitted and is relevant to an evaluation of internal controls over financial reporting.

Based on management's evaluation under this framework, we have concluded that the Company's internal controls over financial reporting were effective as of December 31, 2017. There are no material weaknesses in the Company's internal control over financial reporting that have been identified by management.

The Company's independent registered public accounting firm, Ernst & Young LLP, has audited the consolidated financial statements of the Company for the year ended December 31, 2017, and has issued their reports on the financial statements and the effectiveness of internal controls over financial reporting.

OTHER MATTERS

There have been no changes in the Company's internal controls over financial reporting during the most recent quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.



Douglas L. Peterson
President and Chief Executive Officer

Ewout L. Steenbergen
Executive Vice President and Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of S&P Global Inc.

OPINION ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated balance sheets of S&P Global Inc. (the Company) as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 9, 2018 expressed an unqualified opinion thereon.

BASIS FOR OPINION

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ ERNST & YOUNG LLP

We have served as the Company's auditor since 1969.

New York, New York
February 9, 2018

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of S&P Global Inc.

OPINION ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We have audited S&P Global Inc.'s internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, S&P Global Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of S&P Global Inc. as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and financial statement schedule listed in Item 15(a)(2) and our report dated February 9, 2018 expressed an unqualified opinion thereon.

BASIS FOR OPINION

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

DEFINITION AND LIMITATIONS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ ERNST & YOUNG LLP

New York, New York
February 9, 2018

Shareholder Information

Annual Meeting

The 2018 annual meeting will be held at 11 a.m. EDT on Tuesday, May 1st at 55 Water Street, New York, New York, 10041.

The annual meeting will also be Webcast at: http://investor.spglobal.com

Stock Exchange Listing

Shares of our common stock are traded primarily on the New York Stock Exchange. SPGI is the ticker symbol for our common stock.

Investor Relations Web Site

Go to http://investor.spglobal.com to find:

- Management presentations
- Financial news releases
- Financial reports, including the annual report, proxy statement and SEC filings
- Investor Fact Book
- Operating Committee
- Corporate governance documents
- Dividend and stock split history
- Stock quotes and charts
- Investor e-mail alerts
- RSS news feeds

Investor Kit

The Company's investor kit includes the most recent Annual Report, Proxy Statement, Form 10-Qs, Form 10-K, and earnings release. These documents can be downloaded from the SEC Filings & Reports section of the Company's Investor Relations Website at http://investor.spglobal.com

Requests for printed copies, free of charge, can be e-mailed to investor.relations@spglobal.com or mailed to Investor Relations, S&P Global Inc., 55 Water Street, New York, NY 10041. Interested parties can also call Investor Relations toll-free at 866-436-8502 (domestic callers) or 212-438-2192 (international callers).

Transfer Agent and Registrar for Common Stock

Computershare is the transfer agent for S&P Global Inc. Computershare maintains the records for the Company's registered shareholders and can assist with a variety of shareholder related services.

Shareholder correspondence should be mailed to:
Computershare
P.O. Box 505000
Louisville, KY 40233

Overnight correspondence should be mailed to:
Computershare
462 South 4th Street, Suite 1600
Louisville, KY 40202

Investor Center™ website to view and manage shareholder account online: www.computershare.com/investor

For shareholder assistance:
In the U.S. and Canada: 888-201-5538
Outside the U.S. and Canada: 201-680-6578
TDD for the hearing impaired: 800-231-5469
TDD outside the U.S. and Canada: 201-680-6610

E-mail address:
web.queries@computershare.com

Shareholder online inquiries:
https://www-us.computershare.com/investor/Contact

Direct Stock Purchase and Dividend Reinvestment Plan

This program offers a convenient, low-cost way to invest in S&P Global's common stock. Participants can purchase and sell shares directly through the program, make optional cash investments weekly, reinvest dividends, and send certificates to the transfer agent for safekeeping.

Interested investors can view the prospectus and enroll online at www.computershare.com/investor. To receive the materials by mail, contact Computershare as noted above.

News Media Inquiries

Go to www.spglobal.com/press to view the latest Company news and information or to submit an e-mail inquiry. You may also call Corporate Affairs at 212-438-1247.

Certifications and S&P Global Inc. Form 10-K

We have filed the required certifications under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 as Exhibits 31.1, 31.2 and 32 to our Form 10-K for the year ended December 31, 2017.

The financial information included in this report was excerpted from the Company's Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission on February 9, 2018. Shareholders may access a complete copy of the 10-K from the SEC Filings & Reports section of the Company's Investor Relations Website at http://investor.spglobal.com.

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Directors and Principal Executives

Board of Directors

Charles E. "Ed" Haldeman, Jr. (E, F, N)
Non-Executive Chairman of the Board
S&P Global Inc.

Marco Alverà (F, N)
Chief Executive Officer
Snam S.p.A.

William D. Green (C, E, N)
Former CEO and Chairman
Accenture

Stephanie C. Hill (A, C)
Senior Vice President
Corporate Strategy and
Business Development
Lockheed Martin

Rebecca Jacoby (F)
Former Senior Vice President, Operations
Cisco Systems, Inc.

Monique F. Leroux (A, C)
Chair
Investissement Québec
Quebec Economic and Innovation Council

Maria R. Morris (A, F)
Former Executive Vice President
Global Employee Benefits
MetLife, Inc.

Douglas L. Peterson (E)
President and Chief Executive Officer
S&P Global Inc.

Sir Michael Rake (A, E, F)
Chairman
Worldpay Group plc
Phoenix Global Resources plc

Edward B. Rust, Jr. (C, E, N)
Chairman Emeritus
State Farm Mutual Automobile Insurance Company

Kurt L. Schmoke (C, N)
President
University of Baltimore

Richard E. Thornburgh (A, E, F)
Non-Executive Director and Chairman
Credit Suisse Holdings (USA), Inc.
Vice Chairman
Credit Suisse Group A.G.

Operating Committee

Douglas L. Peterson
President and Chief Executive Officer

Ewout Steenbergen
Executive Vice President, Chief Financial Officer

John L. Berisford
President, S&P Global Ratings

Mike Chinn
President, S&P Global Market Intelligence & Executive Vice President, Data and Technology Innovation, S&P Global

Martin Fraenkel
President, S&P Global Platts

Alexander J. Matturri
Chief Executive Officer, S&P Dow Jones Indices

Nick Cafferillo
Chief Technology Officer

Martina L. Cheung
Head of Global Risk Services

Courtney Geduldig
Executive Vice President, Public Affairs

Steven J. Kemps
Executive Vice President, General Counsel

Swamy Kocherlakota
Chief Information Officer

Nancy Luquette
Senior Vice President, Chief Risk & Audit Executive

Ashu Suyash
Managing Director and Chief Executive Officer, CRISIL

A – Audit Committee
C – Compensation & Leadership Development Committee
E – Executive Committee
F – Financial Policy Committee
N – Nominating & Corporate Governance Committee

S&P Global

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New York, NY 10041
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