MSCI INC.

June 2018

Kathleen Winters, CFO

FORWARD – LOOKING STATEMENTS

- This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, our full-year 2018 guidance. These forward-looking statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential" or "continue," or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control and that could materially affect our actual results, levels of activity, performance or achievements.
- Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in MSCI's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 filed with the Securities and Exchange Commission ("SEC") on February 26, 2018 and in quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished with the SEC (herein, referred to as "Public Filings"). If any of these risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what MSCI projected. Any forward-looking statement in this presentation reflects MSCI's current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to MSCI's operations, results of operations, growth strategy and liquidity. MSCI assumes no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise, except as required by law.

OTHER INFORMATION

- Percentage changes and totals in this presentation may not sum due to rounding.
- Percentage changes refer to the comparable period in 2017, unless otherwise noted.
- Gross sales include both recurring subscription and non-recurring sales as reported in Table 6: Sales and Aggregate Retention Rate by Segment (unaudited) of the press release reporting MSCI's financial results for first quarter 2018.
- Foreign currency exchange rate fluctuations are calculated to be the difference between the current period results as reported compared to the current period results recalculated using the foreign currency exchange rates in effect for the comparable prior period. We do not provide the impact of foreign currency fluctuations on our asset-based fees tied to average AUM, of which approximately two-thirds are invested in securities denominated in currencies other than the U.S. dollar, and accordingly, any such impact is excluded from the disclosed foreign currency adjusted variances.

TODAY’S PRESENTER

Kathleen Winters

- Chief Financial Officer since May 2016
- Formerly at Honeywell International in a succession of senior finance positions, most recently served as Vice President and Chief Financial Officer for the company’s Performance Materials and Technologies division
- Holds a Bachelor of Science degree in Accounting from Boston College

MSCI INVESTMENT HIGHLIGHTS

Favorable Industry Trends

- Global investing, growth in passive investing (ETFs), use of factors, increasing need for performance attribution/risk reporting, integration of ESG into the mainstream of the investment process

Leading Competitive Position

- $13.9 trillion in assets[1] benchmarked to MSCI indexes
- A leader in cross-border index licensing
- #1 among index providers in number of equity ETFs[2] linked to equity indexes (1030+ as of March 2018)
- World-class research enhanced content and IP

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A leading provider of mission critical investment decision support tools to the world's leading institutional investors

Compelling Business Model

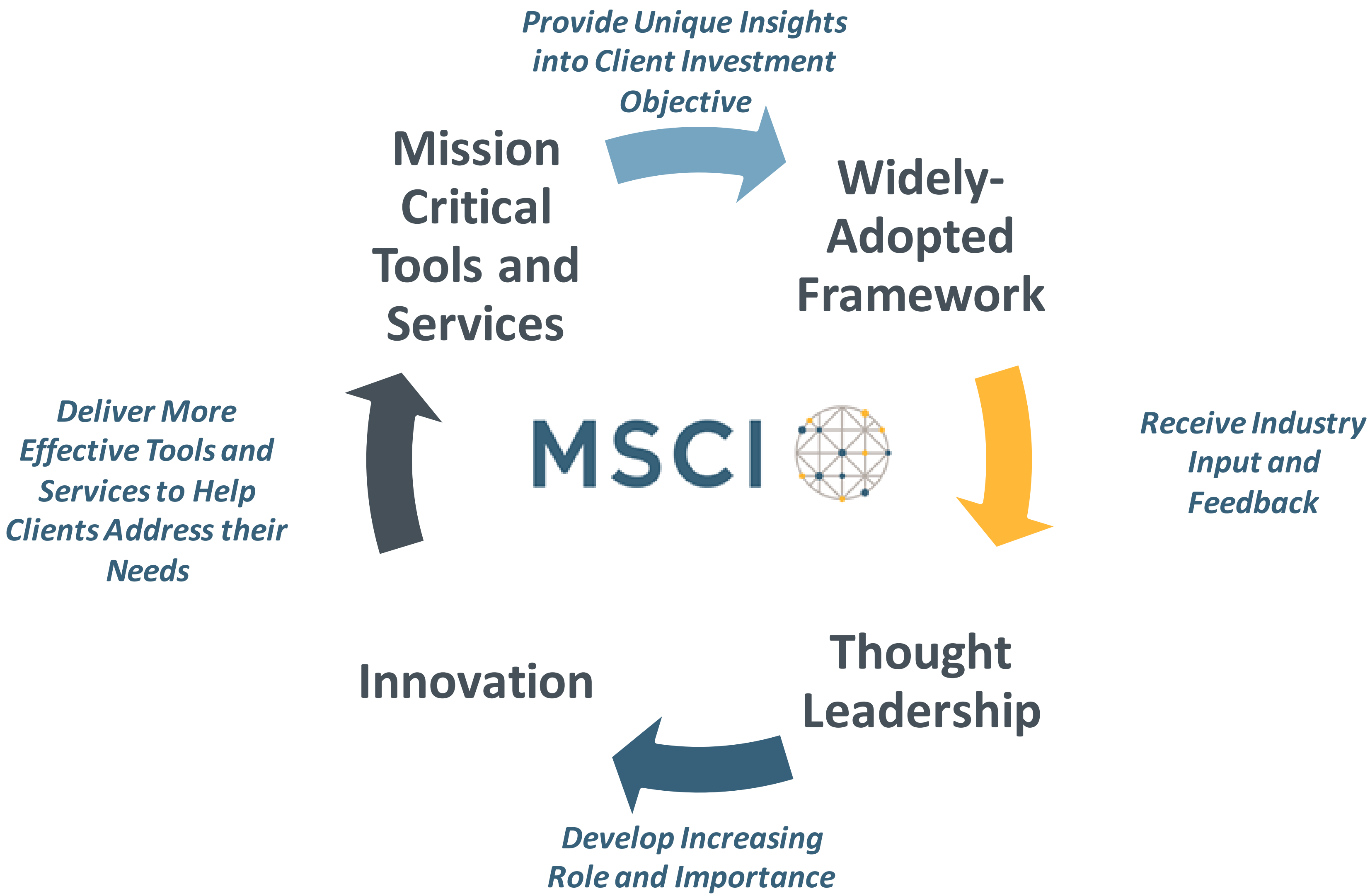
- Strong track record of revenue growth
- 99% of revenue is recurring[3]/aggregate retention 95% (Q1'18)
- High margin/low capital requirements
- Strong cash generation and balance sheet

Management / Board Strength

- Focus on consistent, quality growth/strong accountability
- Solid stewardship of capital/focus on shareholder value creation
- Strong governance

[1]As of December 31, 2017, as reported on March 31, 2018 by eVestment, Morningstar and Bloomberg.
[2]As reported by Bloomberg.
[3]Recurring Revenues include recurring subscription and recurring asset-based fees revenues.

CENTRAL TO THE INVESTMENT PROCESS



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Feedback Loop Reinforces Importance and Drives Growth

MEETING THE NEEDS OF A CHANGING MARKET

	Market Trend	MSCI Strategy
Content	Larger asset managers with capabilities across asset classes, markets and strategies Focus on lower cost and outcome oriented strategies	Broad and **innovative content** required to develop a relevant, global and **sustainable** investment strategy by client
Applications	Technology increasingly providing efficiency and differentiation	Innovative and **flexible technology** platform that scales for MSCI and clients
Services	Outsourcing of non-core functions and fewer external vendors	Outstanding **service offerings**

Well Positioned to Address Changing Market

CLIENTS[1] ACROSS GLOBAL INVESTMENT UNIVERSE

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The Major Pools of Global Assets and Their Advisors

Asset Owners and Advisors

SBA FLORIDA STATE BOARD OF ADMINISTRATION · HESTA An Industry SuperFund · THE CHURCH OF ENGLAND · CALSTRS · Willis Towers Watson · USS · cbus An Industry SuperFund

Key Intermediaries

Banks / Traders / Intermediaries

SGX SINGAPORE EXCHANGE · 博时基金 BOSERA FUNDS · eurex · UBS

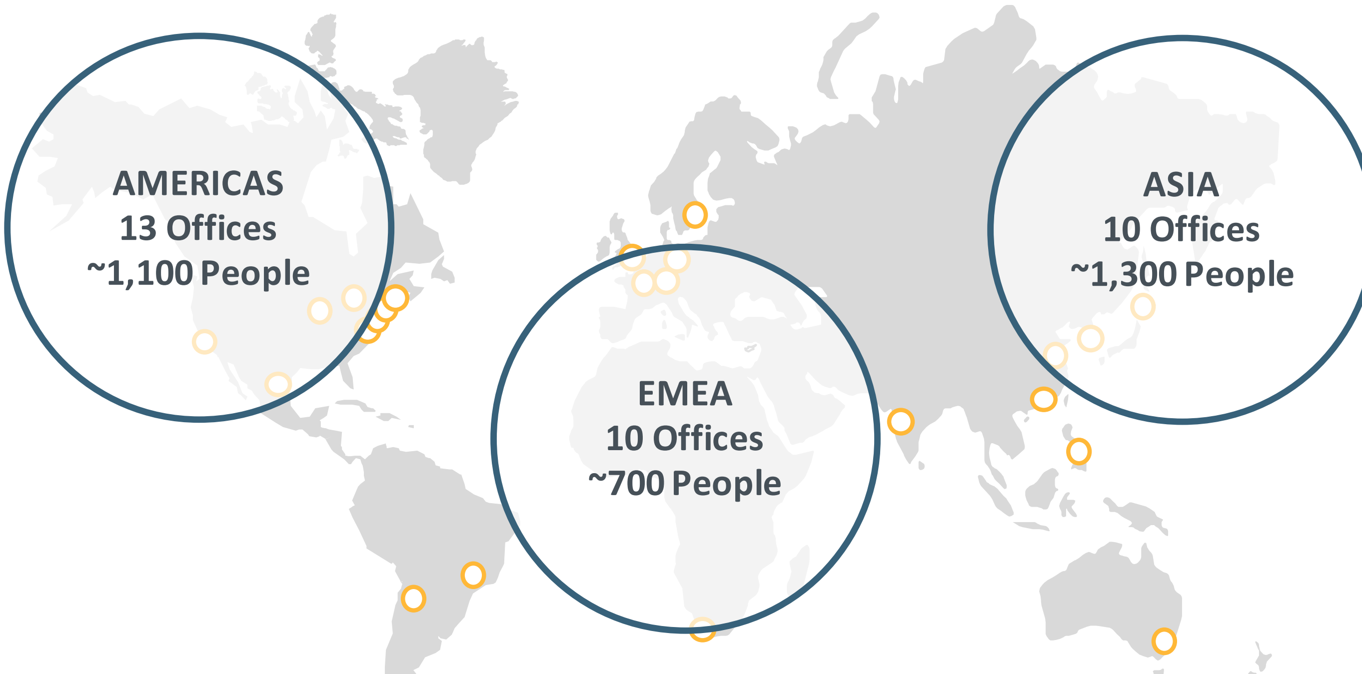
Relationships With 99 of Top 100 Global Asset Managers[2]

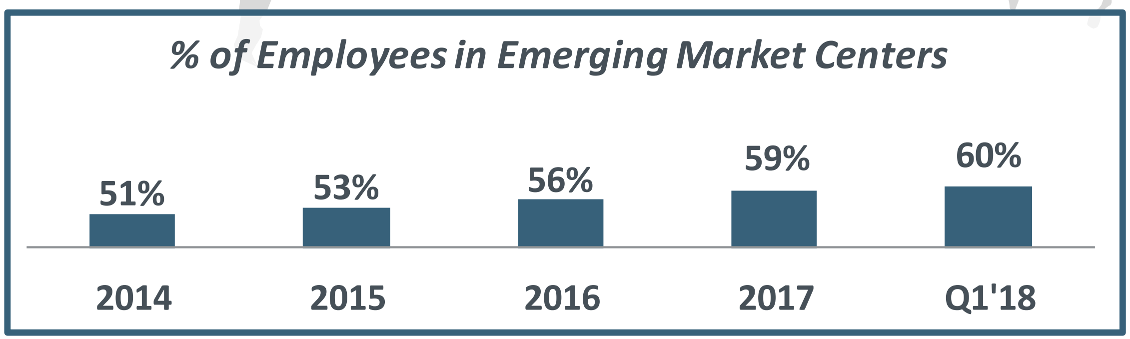
Asset Managers

iShares by BlackRock · LYXOR · State Street Global Advisors · etf Securities · SPDR State Street Global Advisors · 嘉實國際資產管理 Harvest Global Investments · BlackRock · PGGM Voor een waardevolle toekomst · BMO Global Asset Management · AEGON Asset Management · DGCX right time. right place. · 金瑞基金 KraneShares · direxion

[1]To calculate the number of clients, we use the shipping address of the ultimate customer utilizing the product which counts affiliates, user locations, or business units within a single organization as separate clients. If we aggregate all related clients under their respective parent entity, the number of clients would be approximately 4,000 as of March 31, 2018.
[2]Based on latest P&I AUM data and MSCI clients as of March 2018.

A TRULY GLOBAL PRESENCE



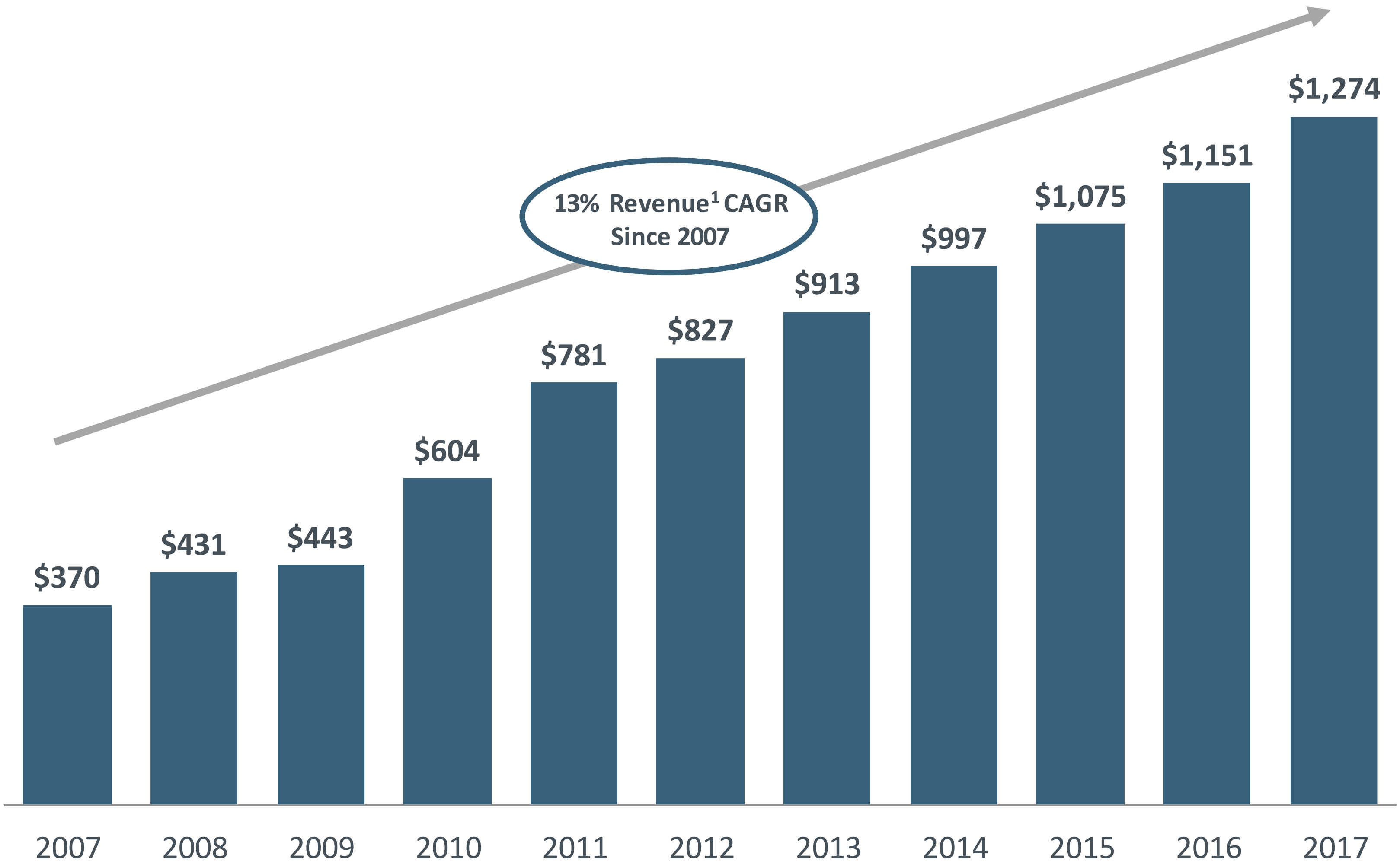


Note: Headcount and number of offices as of March 31, 2018.

Global Footprint with ~3,100 Employees Across 33 Offices

STRONG TRACK RECORD OF REVENUE GROWTH

(US$ in millions)



[1]Operating revenues from continuing operations.

Consistent Long Term Growth Trajectory

ROBUST FINANCIAL MODEL

RECURRING REVENUE & HIGH RETENTION

Recurring, Visible Revenue Model: 99% recurring revenues[1] for Q1'18

Strong Historical Retention Rates: >90% annually since 2013 and 95% in Q1'18

OPERATIONAL EFFICIENCY

Scalable Cost Structure: Q1'18 Adjusted EBITDA margin / Operating margin 53.1% (+307 bps YoY) / 47.6% (+418 bps YoY)

Aligning Tax Structure With Operating Footprint: Q1'18 Adjusted Tax Rate 18.6% (down 961 bps YoY)

ATTRACTIVE CASH DYNAMICS

High Cash Generation: Free Cash Flow / Cash from Operations $82.7m / $88.6m for Q1'18

Low Capital Expenditures: Capex of $5.9m for Q1'18

[1]Recurring Revenues include recurring subscription and recurring asset-based fees revenues.

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Attractive Model Drives Long-Term Shareholder Value Creation

PRODUCT OVERVIEW

INDEX PRODUCTS – CONTENT AND SERVICES

How MSCI Generates Value for Clients

Asset Owners and Advisors

- Use our indexes in asset allocation as performance benchmarks for mandates
- Use our Indexes as the basis for indexed strategies

Banks / Traders / Intermediaries

- Use our data to support managers in index trades
- Use to create and support trading of financial products

Asset Managers

- Active Managers use our indexes as benchmarks
- Indexed Managers and ETF providers use our indexes for indexed strategies

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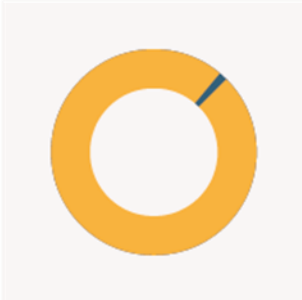
Indexes Help Clients Benchmark and Employ Investment Strategies

INDEX FRANCHISE KEY METRICS AND AWARDS



99 of top 100

global investment managers are MSCI clients[1]

1030+

ETFs are based on MSCI indexes, more than any other index provider[2]

~ $13.9 trillion

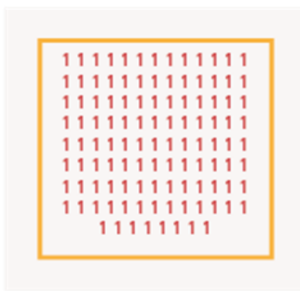
in assets are benchmarked to MSCI Indexes[3]

200,000[4]

Indexes calculated daily

11,000

in real time



99.96%

accuracy rate[5]

94%

of US pension fund assets invested in global equities are benchmarked to MSCI[6]

Awards

SRP's Americas Structured Products & Derivatives Awards 2018
Best Index Provider of the Year

Insurance Asset Management Awards 2017
Winner of Index Provider of the Year

SRP's European Structured Products & Derivatives Awards 2017
Best Smart Beta Index Provider of the Year

Hedgeweek Awards 2017
Best Global Index Provider of the Year

ETF.com 2016 (awarded in 2017)
Index Provider of the Year – America / Europe

ETF.com 2016 (awarded in 2017) – America
Winner of Best Index Provider Website

ETF.com 2016 (awarded in 2017) – Europe
Index of the Year - MSCI Emerging Markets SRI Index

[1] Based on latest P&I AUM data and MSCI clients as of March 2018.
[2] As of March 2018; defined as each share class of an exchange traded fund, as identified by a separate Bloomberg ticker. Only primary listings, and not cross-listings, are counted.
[3] As of December 31, 2017, as reported on March 31, 2018 by eVestment, Morningstar and Bloomberg.
[4] The number of indexes does not take into consideration currency or return type (price, net, gross).
[5] Accuracy calculated based on the number of corrections performed over total number of securities or data points covered as of March 2017.
[6] As of December 2016, according to Intersec LLC.

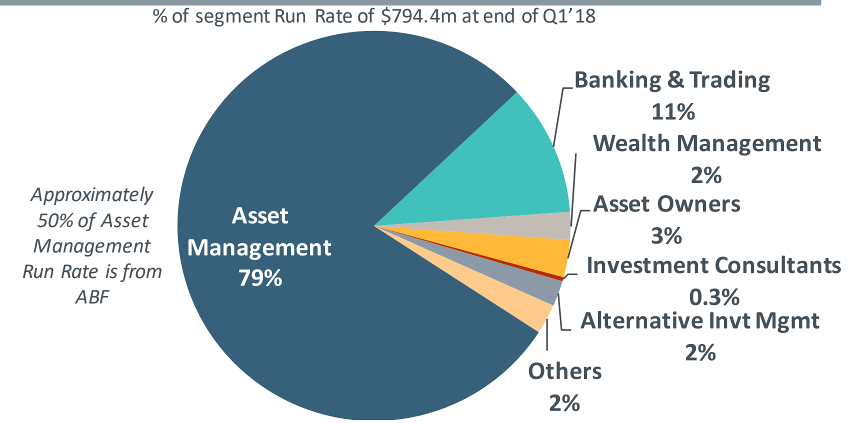
INDEX PRODUCTS HIGHLIGHTS

(US$ in millions)

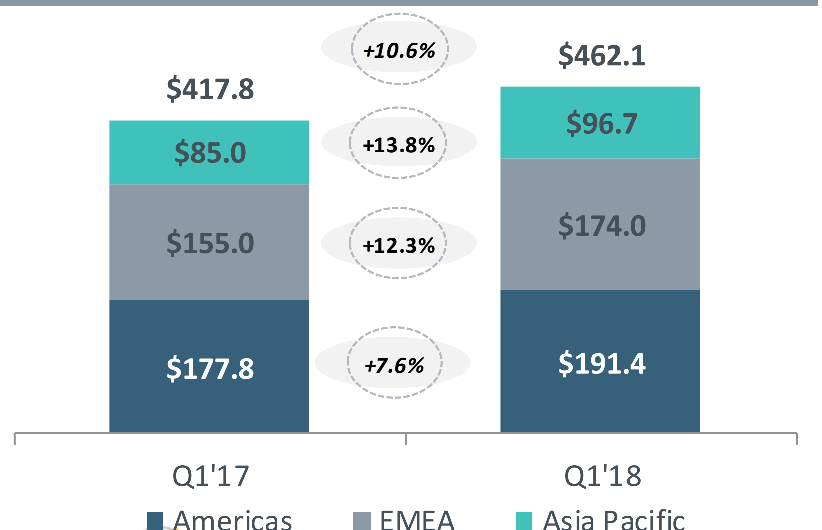
Key Trends

- Demand for MSCI indexes driven by global investing trends and MSCI's seamless / global index framework
- Investments in ABF products driving growth in AUM in MSCI-linked equity ETFs
- Continuing to build momentum in Factors and ESG, as we see increasing investment mandates
- Futures & options trading volume growing double-digits, reflecting the developing liquidity pool and broadening trading community around multi-market, multi-currency index

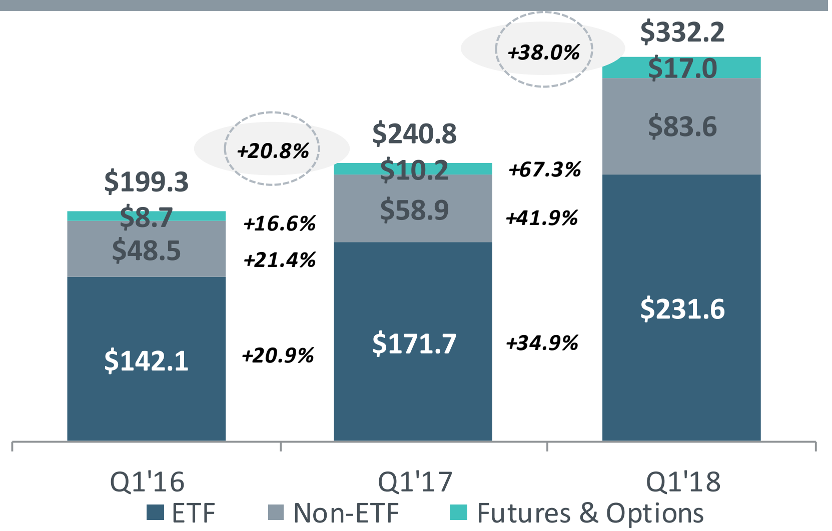
Run Rate by Client Type



Subscription Run Rate By Region



ABF Run Rate



INDEX SUBSCRIPTION RUN RATE GROWTH, BY CLIENT

	Client Segment	Q1'18 Run Rate	4-Yr CAGR	Global Demand	Key Growth Drivers
Established Client Segments	Asset Management	$341 million 74% of Run Rate	+9%	↗	Demand for ACWI, including small caps as investors increasingly take a global view
	Asset Owners & Consultants			↗	Use of custom indexes for passive replication to efficiently achieve global, factor and ESG objectives
Growth Client Segments	Banks & Broker Dealers	$121 million 26% of Run Rate	+13%	↗	Demand for custom indexes as the basis of structured products to deliver tailored exposures
	Hedge Funds			↗	Incorporating index-based products as part of strategy and arbitrage
	Wealth Management			↑	Asset allocation and portfolio construction for clients

TOTAL INDEX SUBSCRIPTION: $462 million / 10% 4-Yr CAGR

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New Users and Use Cases Driving Continued Index Growth

INDEX SUBSCRIPTION RUN RATE GROWTH, BY PRODUCT

Product Segment	Q1'18 Run Rate	4-Yr CAGR	Global Demand	Key Growth Drivers
Developed Markets	$179 million 39% of run rate	+9%		New investment mandates, increasing need for deeper data and insights
Emerging Markets	$140 million 30% of run rate	+9%		New investment mandates, increasing need for deeper data and insights on emerging and frontier markets
Custom & Specialized	$109 million 24% of run rate	+13%		Increasing usage of tailored strategies, expanding use cases
Factor & ESG	$34 million 7% of run rate	+16%		Investors seeking efficient and systematic means of implementing factor and ESG strategies

TOTAL INDEX SUBSCRIPTION:
$462 million / 10% 4-Yr CAGR

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Index Breadth and Innovation Driving Continued Growth

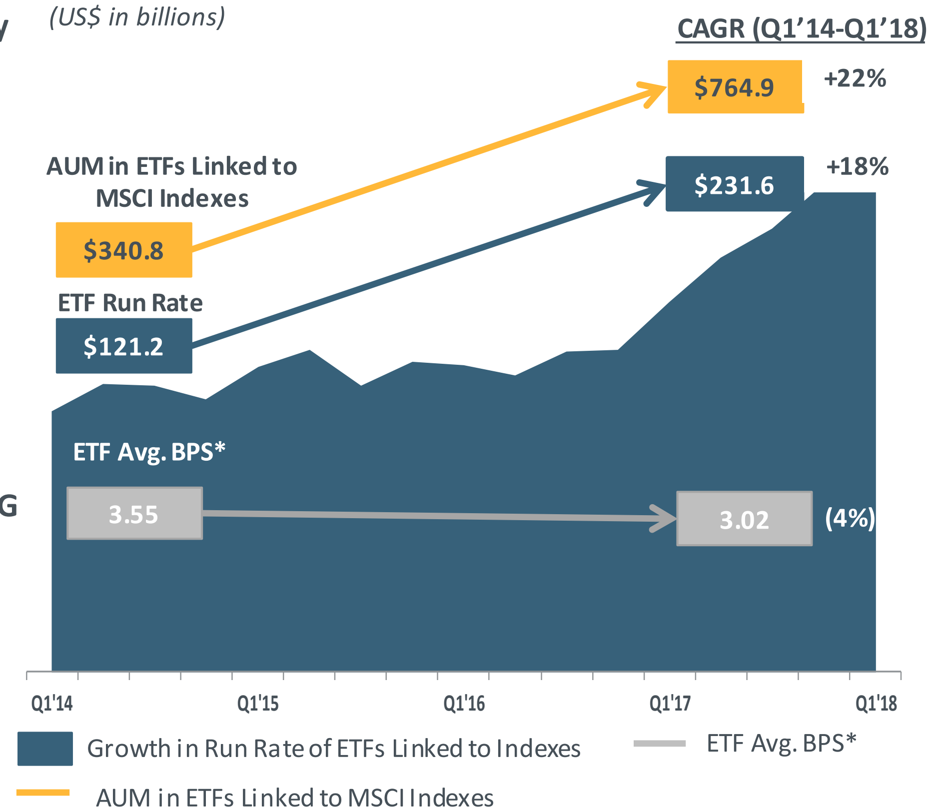
CAPTURING MARKET SHARE

Actively Focused on Increasing the Use of MSCI Indexes

- **AUM of ETFs linked to MSCI indexes reflects 20% share globally**
  - 29% share of all inflows into ETFs in Q1 '18
- **Optimizing offerings and fee structures to help capture assets across all parts of the market**
  - New Index[1] category +96% YOY AUM growth (+$61B of cash inflow)
- **More ETFs based on MSCI indexes than any other provider**
  - 1,033 as of Q1'18; 35 ETFs launched in Q1'18, highest among providers
- **Expanding content in rapidly growing areas like Factors and ESG**
  - 28 of 35 ETFs launched in Q1'18 tied to Factor and ESG indexes
- **Growth across all regions globally, with EMEA leading the way**
  - 25 of 35 ETFs launched in Q1'18 listed in EMEA

Increased Run Rate Growth From ETFs

(US$ in billions)



*ETF Average BPS based on Run Rate and period–end AUM in ETFs linked to MSCI Indexes.

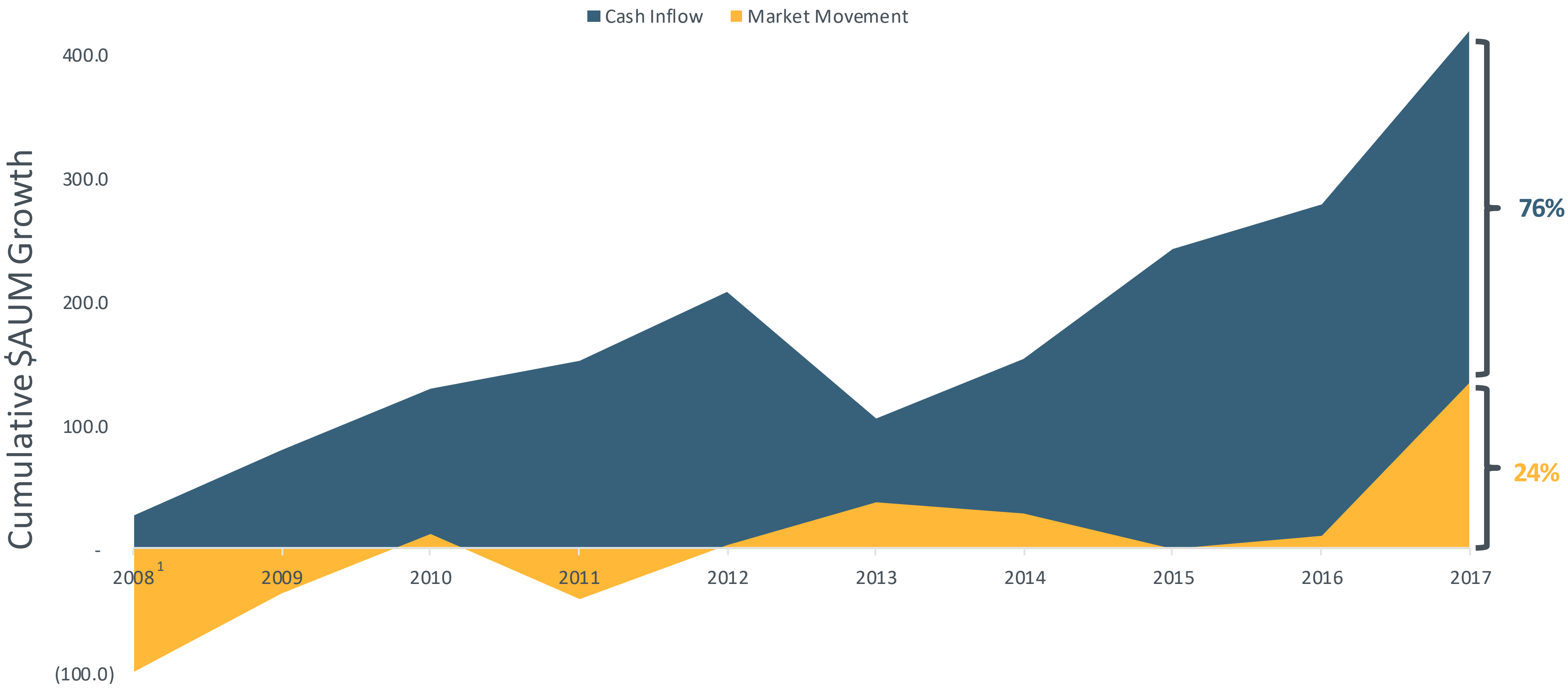
[1]New Indexes, e.g., Developed Market IMI (all market cap sizes), US Minimum Volatility, etc.

ETF Strategy Focused on Achieving Long Term Run Rate Growth

AUM GROWTH DRIVERS (2008 – 2017)

Strong AUM Growth Over Last 10 Years, Largely Fueled By Robust Cash Inflows

CUMULATIVE CHANGE IN CASH INFLOWS AND MARKET MOVEMENTS



[1] As of November fiscal year-end

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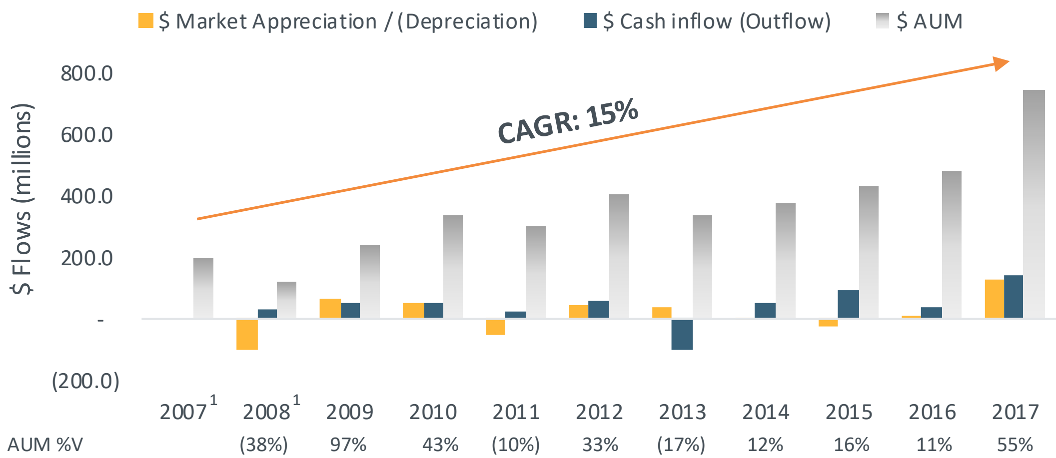
Strong Cash Inflows Primary Driver of AUM Growth

RESILIENCY ANALYSIS

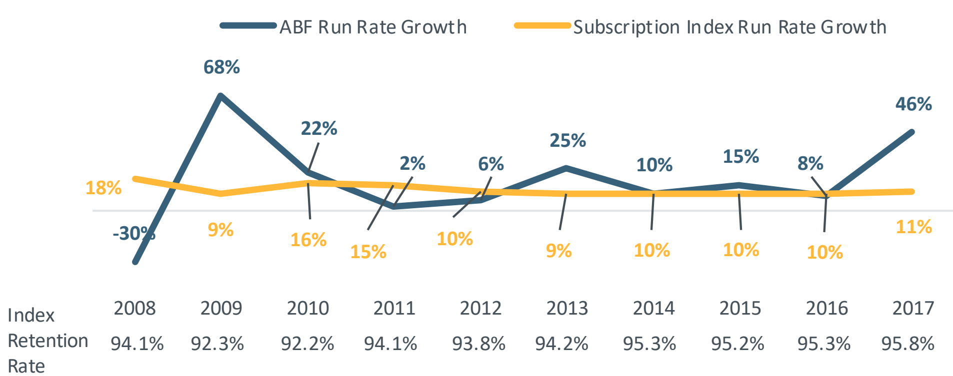
Strong AUM Growth Over Last 10 Years, Weathering Several Market Declines



[1]As of November fiscal year-end

- Annual cash inflows to ETFs based on MSCI indexes positive in each of the last 10 years, and 39 out of last 40 quarters (excluding 2013 client event)

Complemented by Steady, Robust Growth in Index Subscription Run Rates



- Robust subscription growth rates regardless of market conditions
- MSCI ABF run rates have grown even during corrections supported by cash inflows, except for 2008 financial crisis

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MSCI franchise resilient through historical market downturns

ANALYTICS PRODUCTS – CONTENT, APPLICATIONS AND SERVICES

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How MSCI Generates Value for Clients

Asset Owners and Advisors

- Construct portfolios to achieve desired objectives
- Use to understand and manage performance and risk

Banks / Traders / Intermediaries

- Manage risk of proprietary and client investments (Market Risk, Stress Testing, Counterparty Credit, Credit Risk, Liquidity)
- Risk related regulatory reporting and compliance

Asset Managers

- Construct portfolios and investment products to achieve desired objectives (Portfolio Analysis and Construction, Factor Analytics)
- Understand and manage performance and risk (Market Risk, Stress Testing, Counterparty Credit, Credit Risk, Liquidity, Performance Attribution)

Analytics Used to Analyze, Build, Optimize and Manage Portfolios

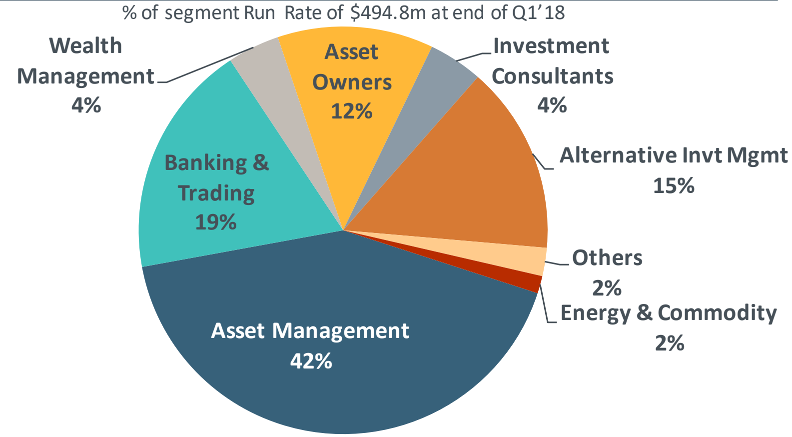
ANALYTICS PRODUCTS HIGHLIGHTS

(US$ in millions)

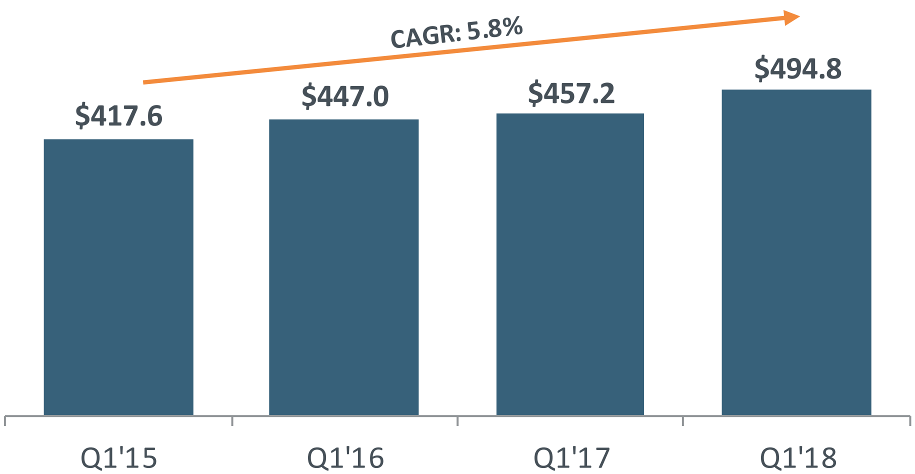
Key Trends

- Growing demand to understand and communicate drivers of performance and risk
- Development of fixed income analytics capability to complement leadership in equity and alternative analytics
- Increasing usage of factors driving demand for our products
- Increasing focus on managed services to help our clients become more operationally efficient
- Advanced & interactive analytics go beyond regulatory requirements to support liquidity management

Run Rate by Client Type

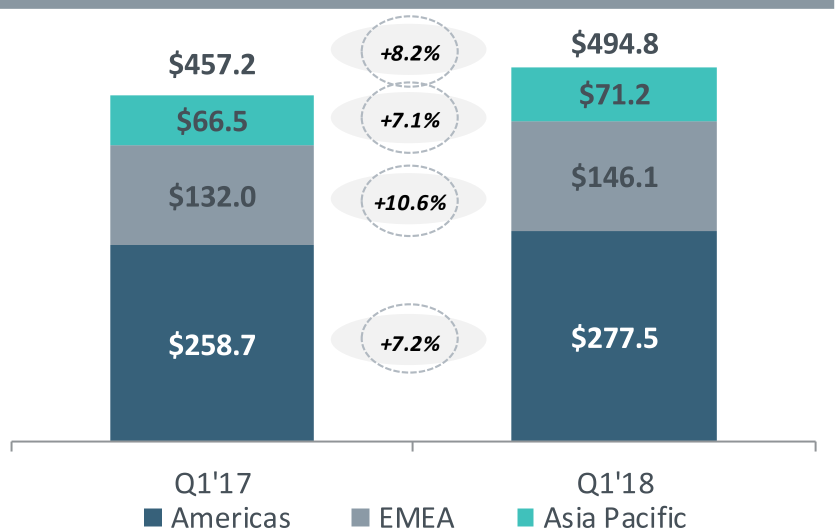


Subscription Run Rate[1]



[1]Includes the Run Rate of Insignis from the October 16, 2015 acquisition date.

Run Rate By Region



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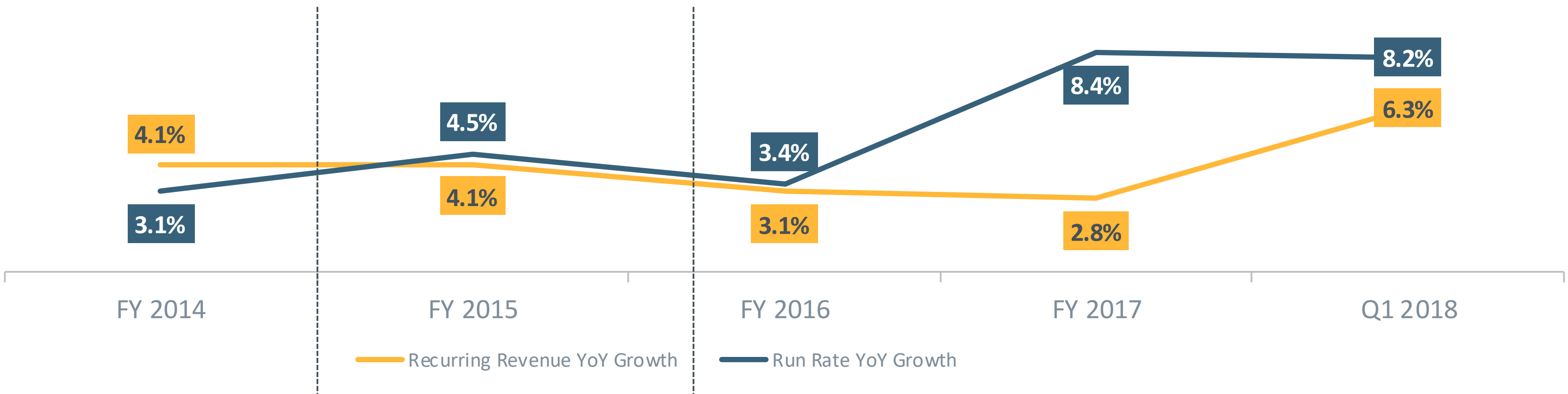
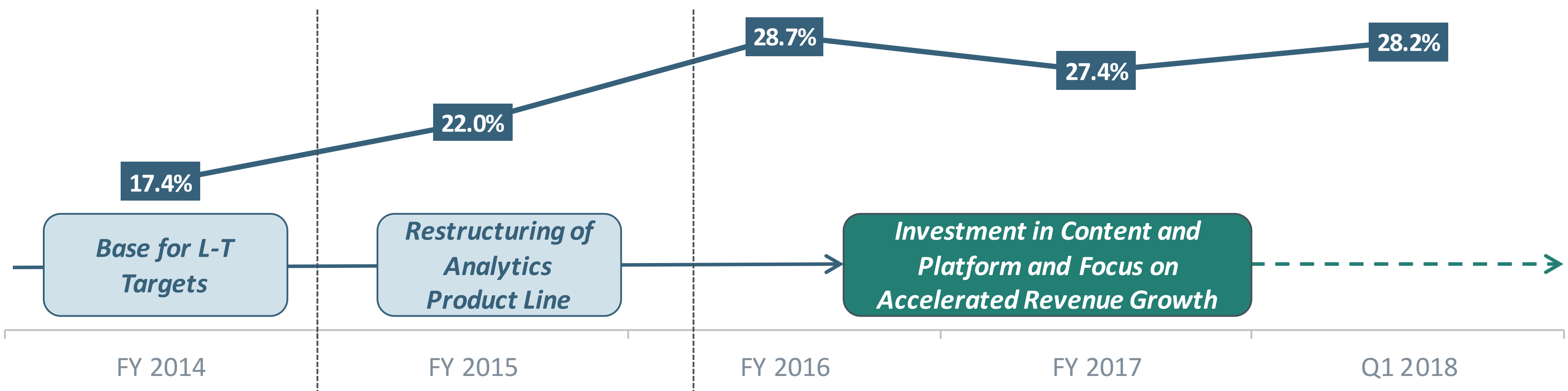
ANALYTICS KEY METRICS

(US$ in millions)

YoY Recurring Revenue and Run Rate Growth



Adjusted EBITDA Margin Progression



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Run Rate Growth Translating into Revenue Growth

ALL OTHER PRODUCTS HIGHLIGHTS

(US$ in millions)

Key Trends / Highlights

ESG

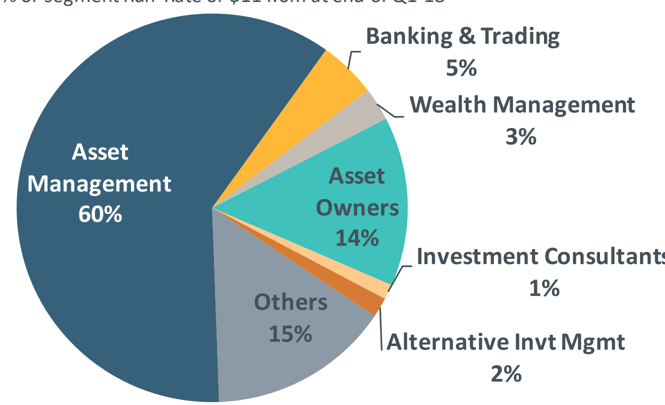
- ESG integration into mainstream of investment process as asset owners across the globe are raising the importance of selecting and managing asset managers based on ESG criteria
- Asset managers responding with new product launches, with 93 of 162[1] ESG-themed ETFs linked to MSCI indexes

Real Estate

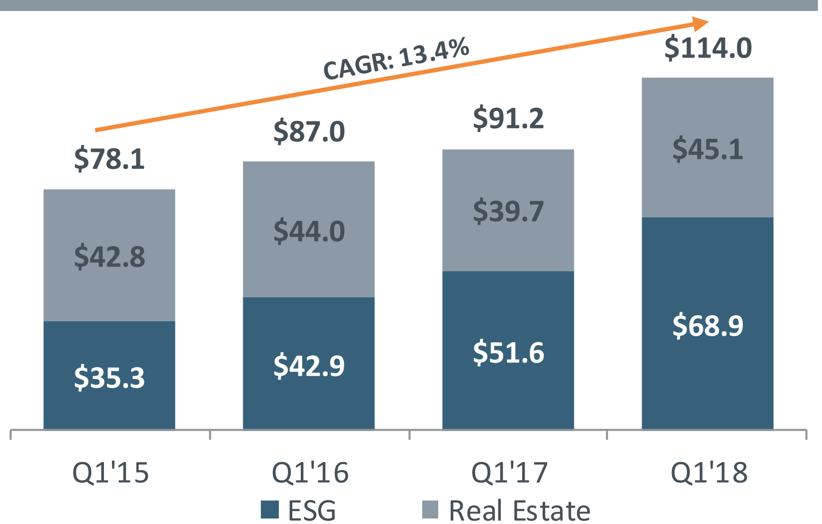
- Continue to transform product offering with web-based analytical tools and portal to access benchmarks and broader content
- Refine focus on core markets, core client segments, core products and leverage broader MSCI franchise to drive growth and efficiencies

Run Rate by Client Type

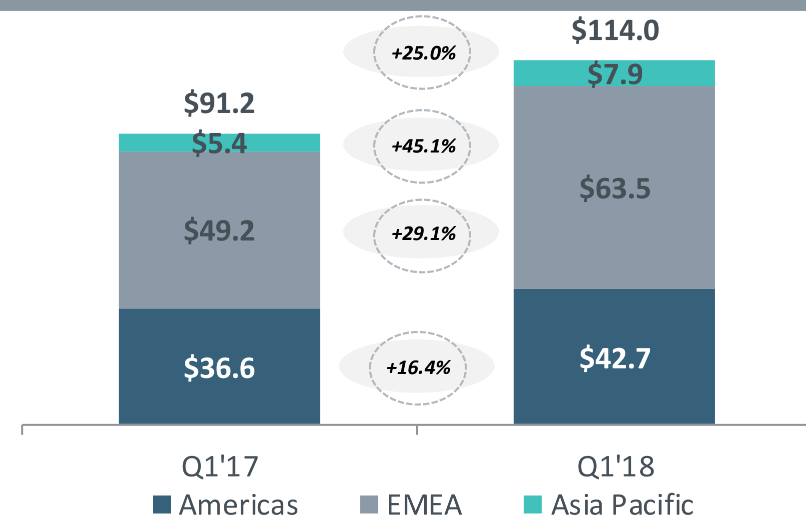
% of segment Run Rate of $114.0m at end of Q1'18



Subscription Run Rate[2]



Run Rate By Region



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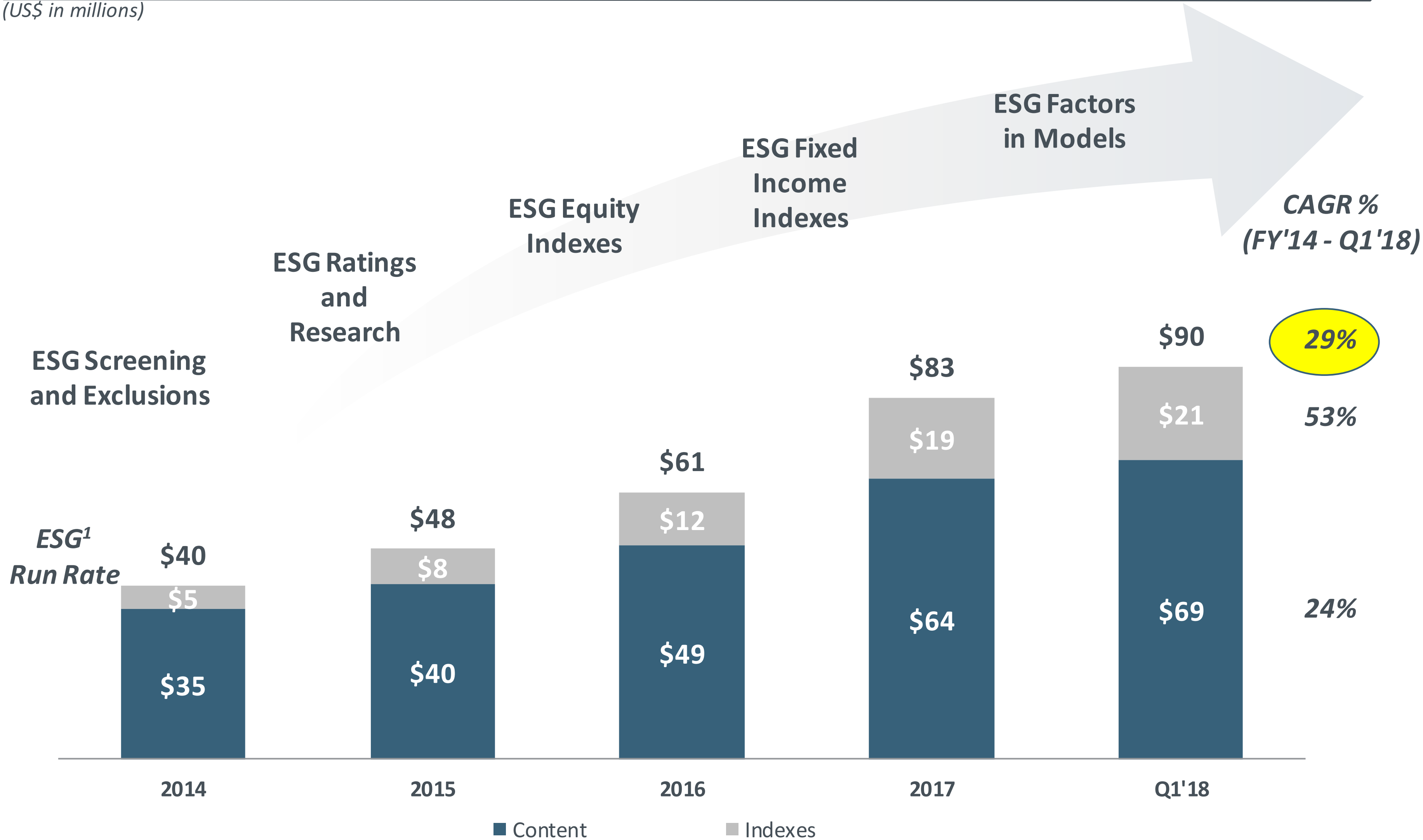
[1]As of March 2018; defined as each share class of an exchange traded fund, as identified by a separate Bloomberg ticker. Only primary listings, and not cross-listings, are counted.
[2]Includes the Run Rate of GMI Ratings from the August 11, 2014 acquisition date and Real Estate Occupiers business Run Rate through July 31, 2016.

ESG EVOLUTION AND PERFORMANCE

(US$ in millions)



[1]Content includes ESG segment Run Rate, and Indexes includes ESG-related index Run Rate recorded in the Index segment.

ESG Becoming an Integral Part of MSCI's Growth

FINANCIALS

Q1 2018 – FINANCIAL RESULTS[1]

Exceptional Revenue Growth

Revenue Growth Driven by Asset-Based Fees & Index Subscription

+17%

Subscription Run Rate Growth

+11%

Continued Operational Efficiency

Adj. EBITDA Margin (Expansion) / Operating Margin (Expansion)

53.1% (+307 bps) / 47.6% (+418 bps)

Adj. EBITDA Growth / Operating Income Growth

+24% / +28%

Tax / Capital Optimization

Adjusted Tax Rate (ex Tax Reform Impact) / (YoY Reduction)

18.6% (961 bps)

Share Repurchases[2]

$210 million
1.4 million shares

Outstanding EPS Growth

Adjusted EPS

+49%

Diluted EPS

+55%

[1]Percentage and other changes refer to Q1 2017 unless otherwise noted.
[2]Represents repurchases from January 1, 2018 through May 2, 2018.

CORPORATE FINANCIAL POLICIES

Target Leverage

- Optimize long-term leverage in order to enhance cost of capital while maintaining operational flexibility
- Target leverage of 3.0x - 3.5x gross debt to LTM Adj. EBITDA
- Completed private offering of $500 million 5.375% senior notes due 2027 in May 2018

Target Liquidity

- Maintain approximately $200 to 250 million of cash for operating purposes
- Target minimum liquidity will increase with the growth of the business

M&A Strategy

- Opportunistically pursue bolt-on transactions that fit with our strategy and meet our financial criteria
- Recent acquisitions:
  - Insignis ($7 million, closed October 2015): strengthened MSCI’s position in collecting, aggregating and managing complex data for performance and risk reporting and improving the entire data value chain for clients
  - GMI Ratings ($15 million, closed August 2014): enhanced MSCI's position as a leader in ESG (environmental, social and governance) research and ratings
- Recent Divestitures:
  - FEA (amount not disclosed, closed April 2018): serving energy and commodity companies not core to our offering of performance and risk systems
  - ISS (sold for $363 million of cash, closed April 2014): focus on core business of performance and risk systems
  - CFRA (amount not disclosed, closed March 2013): forensic accounting research not core to our offering of performance and risk systems
  - Real Estate Occupiers (amount not disclosed, closed August 2016): focus on corporates versus core investing clients

Capital Distribution

- +$2.7 billion returned to shareholders from 2012 through May 2, 2018 of which $210 million returned YTD 2018
- Plan to maintain dividend payout between 30% - 40% of adj. EPS
- On May 1, 2018, Board authorized an additional $1.0 billion repurchase of shares of MSCI’s common stock, which will be aggregated with the $523.1 million of authorization remaining under the share repurchase program.

FULL YEAR 2018 GUIDANCE

(US$ in millions)

	Full Year 2018 Guidance
Operating Expenses	$725 - $750
Adjusted EBITDA Expenses	$645 - $665
Interest Expense[1]	$133
Effective Tax Rate	21.0% - 24.0%
Net Cash Provided by Operating Activities	$490 - $540
Capex	($50 - $40)
Free Cash Flow	$440 - $500
Dividend Payout	30.0% - 40.0%

[1]Interest expense, including the amortization of financing fees, is expected to be approximately $133 million, assuming no additional financings.

APPENDIX

Supplemental Disclosures & Reconciliation of Non-GAAP Measures to GAAP Measures

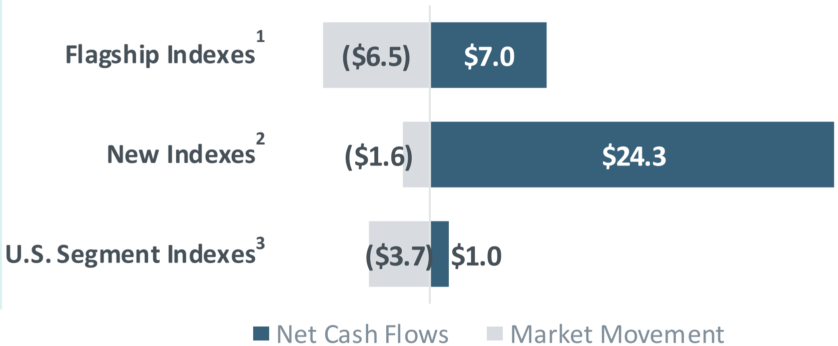
ETFS LINKED TO MSCI INDEXES – DIFFERENTIATED LICENSING

(US$ in billions)

Growth in AUM in ETFs Linked to MSCI Indexes

QoQ

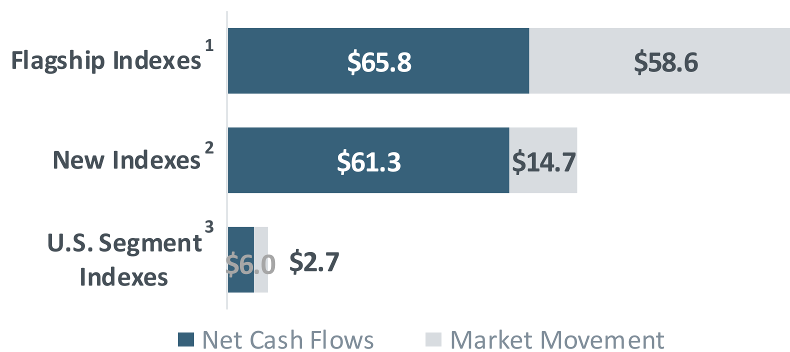
12/31/2017	% of Total
$518.8	70%
$132.7	18%
$92.9	12%



Net Growth	3/31/2018	% of Total
+0.1%	$519.3	68%
+17.1%	$155.4	20%
(2.8%)	$90.2	12%

YoY

3/31/2017	% of Total
$394.9	71%
$79.3	14%
$81.5	15%



Net Growth	3/31/2018	% of Total
+31.5%	$519.3	68%
+95.8%	$155.4	20%
+10.7%	$90.2	12%

[1]Flagship Indexes, e.g., ACWI, EM, EAFE, Japan etc.
[2]New Indexes, e.g., Developed Market IMI (all market cap sizes), US Minimum Volatility etc.
[3]U.S. Segment Indexes, e.g., US REIT, US Sectors etc.
Note: The AUM in ETFs numbers also include AUM in Exchange Traded Notes, the value of which is less than 1.0% of the AUM amounts presented.

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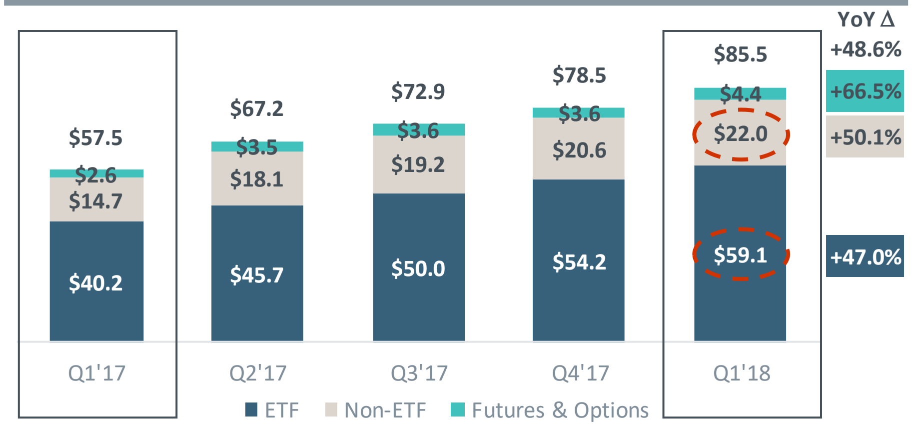
Maximize Revenue through Differentiated Licensing Strategy

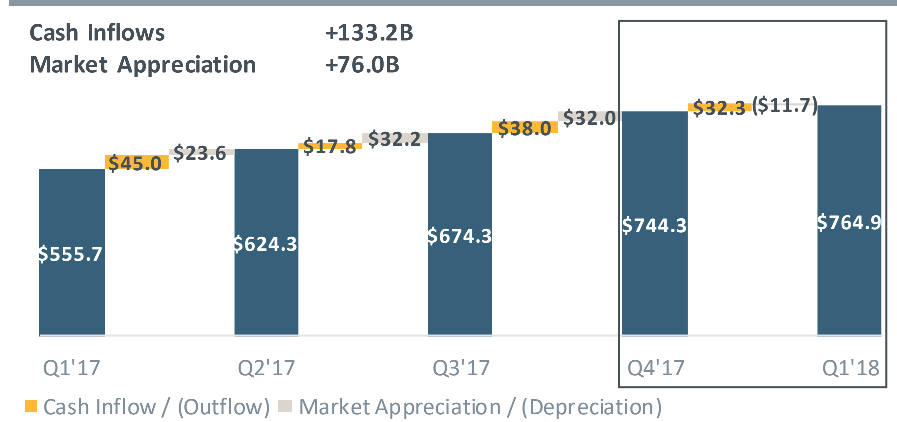
INDEX SEGMENT – ASSET-BASED FEES DETAIL

(US$ in millions, except AUM in billions and Average BPS)

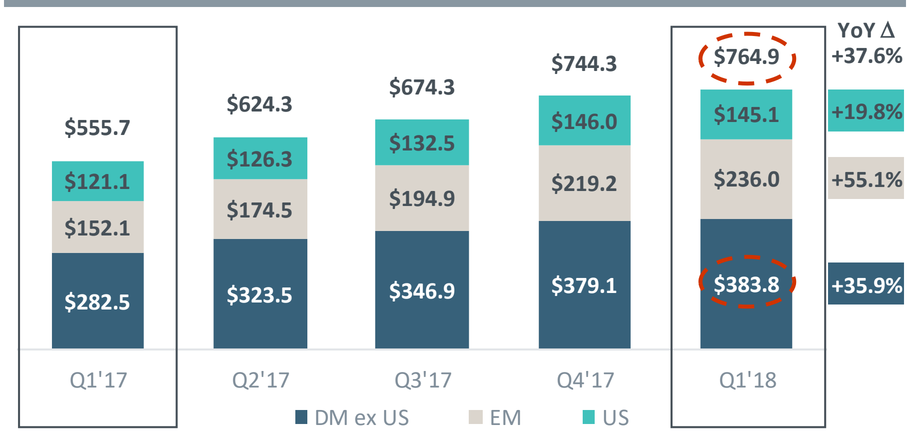
Quarterly Asset-Based Fees Revenue Trend



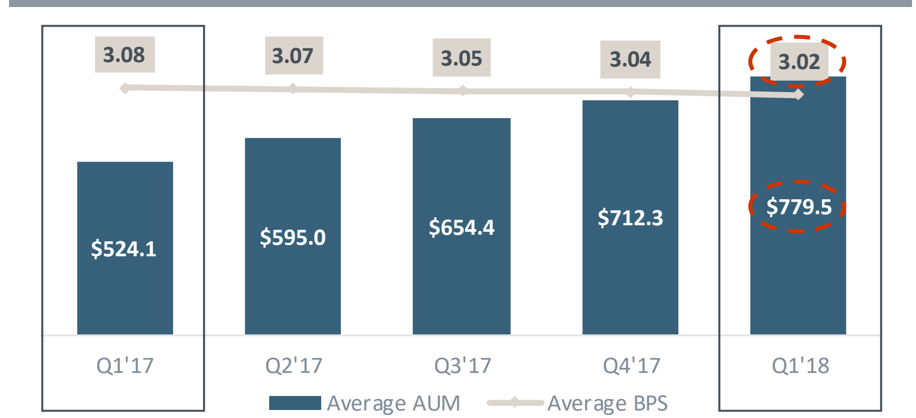
Quarter-End AUM & Market Movement of ETFs Linked to MSCI Indexes



Quarter-End AUM by Market Exposure[1] of ETFs Linked to MSCI Indexes



Quarterly Avg. AUM and Avg. BPS[2] of ETFs Linked to MSCI Indexes



[2]Average BPS based on Run Rate and period–end AUM in ETFs linked to MSCI Indexes.

[1]US = ETFs linked to MSCI indexes, the majority of whose weight is comprised of securities in MSCI Developed Market (DM) countries, primarily or exclusively in the US.
DM ex US = ETFs linked to MSCI indexes, the majority of whose weight is comprised of securities in MSCI DM countries other than the US.
EM = ETFs linked to MSCI indexes, the majority of whose weight is comprised of securities that are not in MSCI DM countries.
Prior periods have been reclassified to conform to the current period classification.
Note: The AUM in ETFs also include AUM in Exchange Traded Notes, the value of which is less than 1.0% of the AUM amounts presented.

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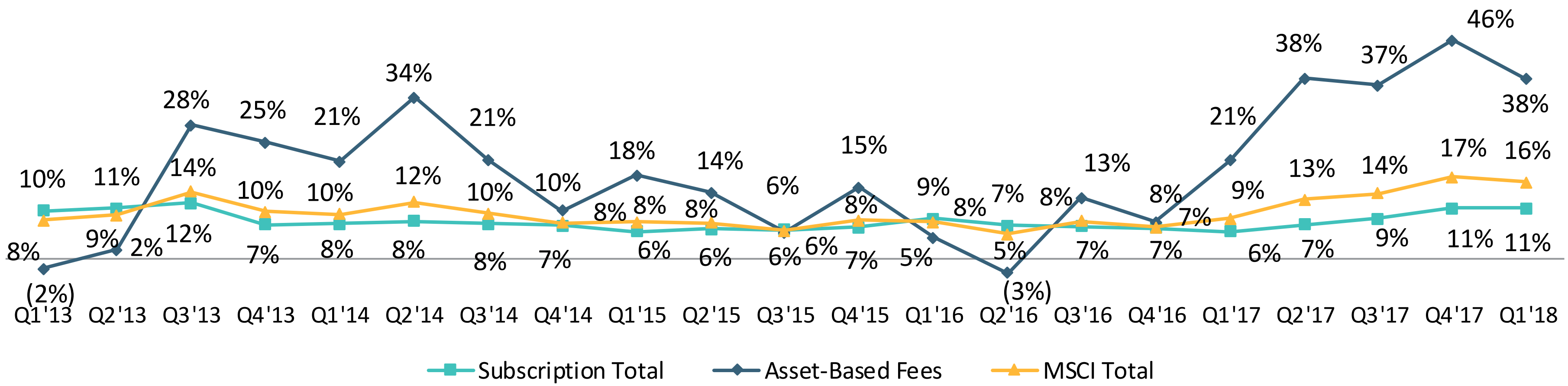
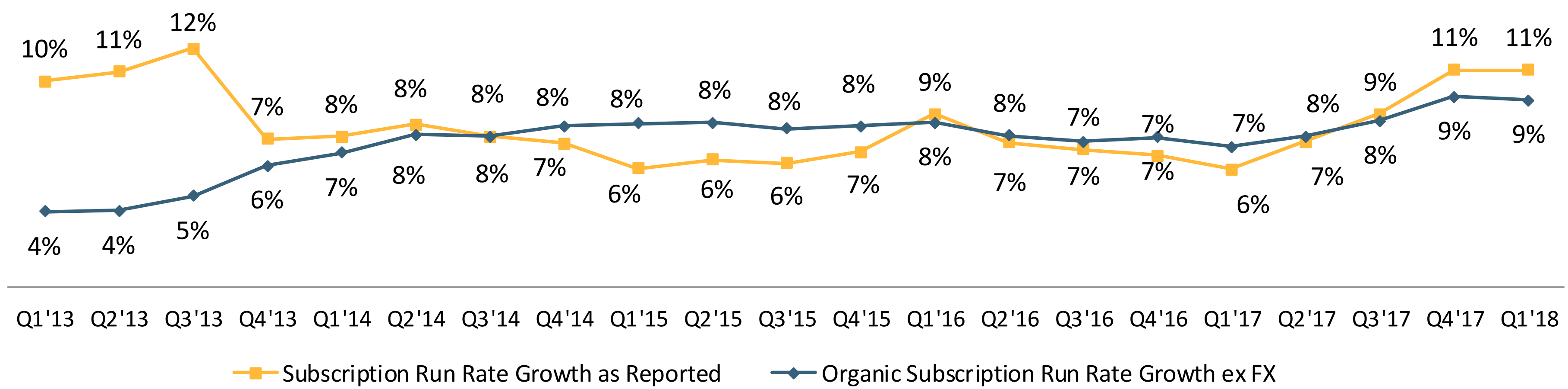
Macro Trends and Strong Execution Drive ABF Growth

Q1’13 – Q1’18 YoY RUN RATE GROWTH TREND

YoY Run Rate Growth as Reported



YoY Subscription Run Rate Growth as Reported vs. Organic Growth (excluding FX Impact and Acquisitions/Divestitures)



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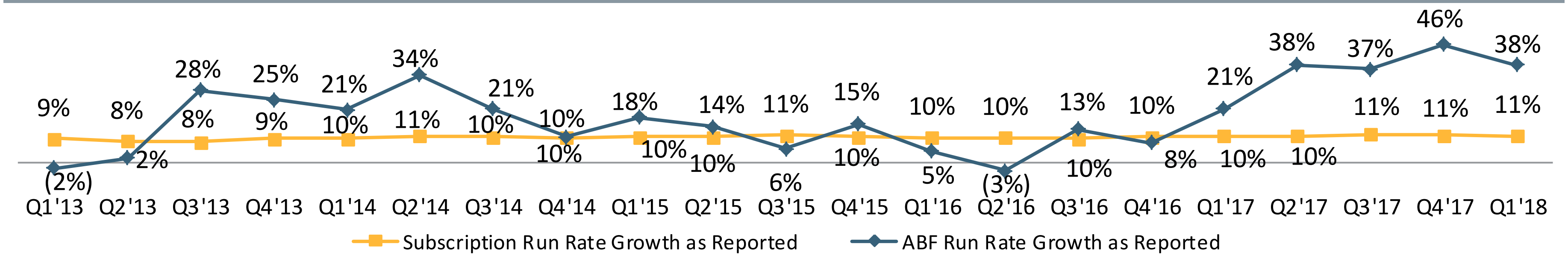
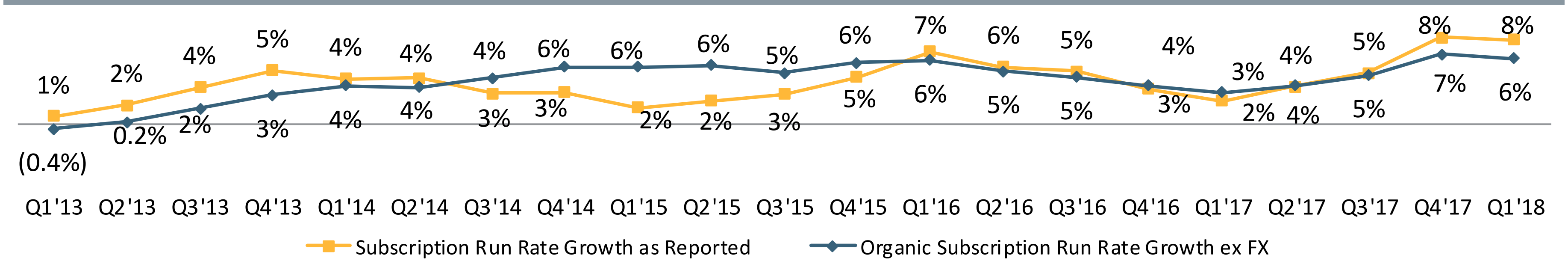
Q1'13 – Q1'18 YoY SEGMENT RUN RATE GROWTH TREND

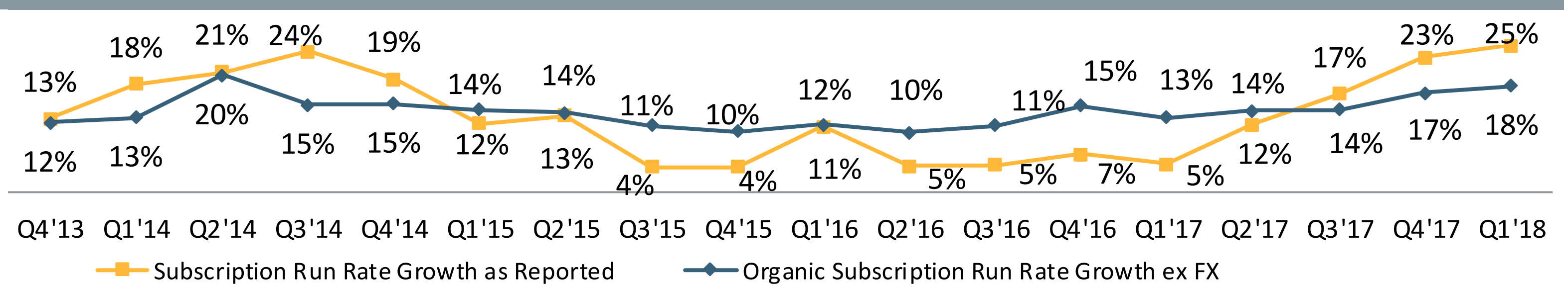
Index



Analytics



All Other



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RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME

In thousands	Three Months Ended Mar. 31, 2018	Mar. 31, 2017 (1)	Dec. 31, 2017 (1)
Index adjusted EBITDA	$ 145,929	$ 115,677	$ 142,702
Analytics adjusted EBITDA	33,593	29,600	31,141
All Other adjusted EBITDA	7,187	5,544	(26)
Consolidated adjusted EBITDA	**186,708**	**150,821**	**173,817**
Amortization of intangible assets	11,338	11,251	11,560
Depreciation and amortization of property, equipment and leasehold improvements	8,205	8,838	8,118
Operating income	**167,166**	**130,732**	**154,139**
Other expense (income), net	27,728	29,107	27,179
Provision for income taxes	24,346	28,674	62,358
Net income	**$ 115,092**	**$ 72,951**	**$ 64,602**

[1]As a result of the adoption of recent accounting guidance, the Company has restated its adjusted EBITDA by reclassing $0.1 million and $0.2 million of non-service related pension costs out of adjusted EBITDA expenses for the three months ended Mar. 31, 2017 and Dec. 31, 2017, respectively.

RECONCILIATION OF ADJUSTED NET INCOME AND ADJUSTED EPS TO NET INCOME AND EPS

In thousands, except per share data	Three Months Ended Mar. 31, 2018	Mar. 31, 2017	Dec. 31, 2017
Net income	$ 115,092	$ 72,951	$ 64,602
Plus: Amortization of acquired intangible assets	9,207	10,530	9,238
Plus: Tax Reform adjustments	(1,601)	—	34,500
Less: Income tax effect	(1,608)	(2,972)	(1,922)
Adjusted net income	**$ 121,090**	**$ 80,509**	**$ 106,418**
Diluted EPS	$ 1.24	$ 0.80	$ 0.70
Plus: Amortization of acquired intangible assets	0.10	0.11	0.10
Plus: Tax Reform adjustments	(0.02)	—	0.37
Less: Income tax effect	(0.01)	(0.03)	(0.02)
Adjusted EPS	**$ 1.31**	**$ 0.88**	**$ 1.15**

RECONCILIATION OF ADJUSTED EBITDA EXPENSES TO OPERATING EXPENSES

In thousands	Three Months Ended Mar. 31, 2018	Mar. 31, 2017 (1)	Dec. 31, 2017 (1)	Full-Year 2018 Outlook (2)
Index adjusted EBITDA expenses	$ 55,984	$ 47,758	$ 51,072	
Analytics adjusted EBITDA expenses	85,395	82,820	86,369	
All Other adjusted EBITDA expenses	23,228	19,808	23,521	
Consolidated adjusted EBITDA expenses	**164,607**	**150,386**	**160,962**	**$645,000 - $665,000**
Amortization of intangible assets	11,338	11,251	11,560	
Depreciation and amortization of property, equipment and leasehold improvements	8,205	8,838	8,118	82,000
Total operating expenses	**$ 184,150**	**$ 170,475**	**$ 180,640**	**$725,000 - $750,000**

[1]As a result of the adoption of recent accounting guidance, the Company has restated its adjusted EBITDA by reclassing $0.1 million and $0.2 million of non-service related pension costs out of adjusted EBITDA expenses for the three months ended Mar. 31, 2017 and Dec. 31, 2017, respectively.

[2]We have not provided a line-item reconciliation for adjusted EBITDA expenses to total operating expenses for this future period because we do not provide guidance on the individual reconciling items between total operating expenses and adjusted EBITDA expenses.

RECONCILIATION OF FREE CASH FLOW TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Three Months Ended			Full-Year
In thousands	Mar. 31, 2018	Mar. 31, 2017	Dec. 31, 2017	2018 Outlook (1)
Net cash provided by operating activities	$ 88,597	$ 37,015	$ 143,153	$490,000 - $540,000
Capital expenditures	(1,512)	(7,322)	(15,736)	
Capitalized software development costs	(4,360)	(2,307)	(4,863)	
Capex	(5,872)	(9,629)	(20,599)	(50,000 - 40,000)
Free cash flow	**$ 82,725**	**$ 27,386**	**$ 122,554**	**$440,000 - $500,000**

[1]We have not provided a line-item reconciliation for free cash flow to net cash from operating activities for this future period because we do not provide guidance on the individual reconciling items between net cash from operating activities and free cash flow.

RECONCILIATION OF EFFECTIVE TAX RATE TO ADJUSTED TAX RATE

	Three Months Ended		
	Mar. 31, 2018	Mar. 31, 2017	Dec. 31, 2017
Effective tax rate	17.46%	28.22%	49.12%
Less: Tax Reform impact on effective tax rate	1.15%	—%	(27.18%)
Adjusted tax rate	18.61%	28.22%	21.94%

USE OF NON-GAAP FINANCIAL MEASURES

- MSCI has presented supplemental non-GAAP financial measures as part of this presentation. Reconciliations are provided in slides 33-37 above that reconcile each non-GAAP financial measure with the most comparable GAAP measure. The non-GAAP financial measures presented in this presentation should not be considered as alternative measures for the most directly comparable GAAP financial measures. The non-GAAP financial measures presented in this presentation are used by management to monitor the financial performance of the business, inform business decision-making and forecast future results.
- "Adjusted EBITDA" is defined as net income before provision for income taxes, other expense (income), net, depreciation and amortization of property, equipment and leasehold improvements, amortization of intangible assets and, at times, certain other transactions or adjustments.
- "Adjusted EBITDA expenses" is defined as operating expenses less depreciation and amortization of property, equipment and leasehold improvements and amortization of intangible assets.
- "Adjusted net income" and "adjusted EPS" are defined as net income and diluted EPS, respectively, before the after-tax impact of the amortization of acquired intangible assets, the impact of Tax Reform adjustments and, at times, certain other transactions or adjustments.
- "Adjusted tax rate" is defined as the effective tax rate excluding the impact of Tax Reform.
- "Capex" is defined as capital expenditures plus capitalized software development costs.
- "Free cash flow" is defined as net cash provided by operating activities, less Capex.
- We believe adjusted EBITDA and adjusted EBITDA expenses are meaningful measures of the operating performance of MSCI because they adjust for significant one-time, unusual or non-recurring items as well as eliminate the accounting effects of capital spending and acquisitions that do not directly affect what management considers to be our core operating performance in the period.
- We believe adjusted net income and adjusted EPS are meaningful measures of the performance of MSCI because they adjust for the after-tax impact of significant one-time, unusual or non-recurring items as well as eliminate the accounting effects of acquisitions that do not directly affect what management considers to be our core performance in the period.
- We believe that free cash flow is useful to investors because it relates the operating cash flow of MSCI to the capital that is spent to continue and improve business operations, such as investment in MSCI's existing products. Further, free cash flow indicates our ability to strengthen MSCI's balance sheet, repay our debt obligations, pay cash dividends and repurchase shares of our common stock.
- We believe that adjusted tax rate is useful to investors because it increases the comparability of period-to-period results by adjusting for the estimated net impact of Tax Reform.
- We believe that the non-GAAP financial measures presented in this presentation facilitate meaningful period-to-period comparisons and provide a baseline for the evaluation of future results.
- Adjusted EBITDA expenses, adjusted EBITDA, adjusted net income, adjusted EPS, adjusted tax rate, Capex and free cash flow are not defined in the same manner by all companies and may not be comparable to similarly-titled non-GAAP financial measures of other companies.

USE OF OPERATING METRICS

- MSCI has presented supplemental key operating metrics as part of this earnings presentation, including Run Rate, subscription sales and cancellations, non-recurring sales and Aggregate Retention Rate.
- The Aggregate Retention Rate for a period is calculated by annualizing the cancellations for which we have received a notice of termination or for which we believe there is an intention not to renew during the period, and we believe that such notice or intention evidences the client's final decision to terminate or not renew the applicable agreement, even though such notice is not effective until a later date. This annualized cancellation figure is then divided by the subscription Run Rate at the beginning of the year to calculate a cancellation rate. This cancellation rate is then subtracted from 100% to derive the annualized Aggregate Retention Rate for the period. The Aggregate Retention Rate is computed on a product-by-product basis. Therefore, if a client reduces the number of products to which it subscribes or switches between our products, we treat it as a cancellation. In addition, we treat any reduction in fees resulting from renegotiated contracts as a cancellation in the calculation to the extent of the reduction.
- Run Rate estimates at a particular point in time the annualized value of the recurring revenues under our client license agreements ("Client Contracts") for the next 12 months, assuming all Client Contracts that come up for renewal are renewed and assuming then-current currency exchange rates, subject to the adjustments and exclusions described elsewhere in our Public Filings. For any Client Contract where fees are linked to an investment product's assets or trading volume, the Run Rate calculation reflects, for ETFs, the market value on the last trading day of the period, for futures and options, the most recent quarterly volumes, and for other non-ETF products, the most recent client reported assets. Run Rate does not include fees associated with "one-time" and other non-recurring transactions. In addition, we add to Run Rate the annualized fee value of recurring new sales, whether to existing or new clients, when we execute Client Contracts, even though the license start date may not be effective until a later date. We remove from Run Rate the annualized fee value associated with products or services under any Client Contract with respect to which we have received a notice of termination or non-renewal during the period and determined that such notice evidences the client's final decision to terminate or not renew the applicable products or services, even though such notice is not effective until a later date.
- Organic subscription Run Rate or revenue growth is defined as the period over period Run Rate or revenue growth, excluding the impact of changes in foreign currency and the first year impact of any acquisitions. It is also adjusted for divestitures. Changes in foreign currency are calculated by applying the currency exchange rate from the comparable prior period to current period foreign currency denominated Run Rate or revenue.

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