

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

Commission file number 001-33812

MSCI INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

13-4038723
(I.R.S. Employer
Identification Number)

7 World Trade Center
250 Greenwich Street, 49th Floor
New York, New York 10007
(Address of Principal Executive Offices, zip code)
(212) 804-3900
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Common stock, par value \$0.01 per share

Name of Each Exchange on Which Registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller Reporting Company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES NO

The aggregate market value of Common Stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter (based on the closing price of these securities as reported by The New York Stock Exchange on June 30, 2017) was \$9,086,723,896. Shares of Common Stock held by executive officers and directors of the registrant are not included in the computation. However, the registrant has made no determination that such individuals are "affiliates" within the meaning of Rule 405 under the Securities Act of 1933.

As of February 16, 2018, there were 89,944,256 shares of the registrant's Common Stock, par value \$0.01 per share, outstanding.

Documents incorporated by reference: Portions of the registrant's proxy statement for its annual meeting of stockholders, to be held on May 10, 2018, are incorporated herein by reference into Part III of this Form 10-K.

FOR THE YEAR ENDED DECEMBER 31, 2017

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Except as the context otherwise indicates, the terms "MSCI," the "Company," "we," "our" and "us" refer to MSCI Inc. together with its subsidiaries.

We have included in this Annual Report on Form 10-K and from time to time may make in our public filings, press releases or other public statements, certain statements that constitute forward-looking statements. In addition, our management may make forward-looking statements to analysts, investors, representatives of the media and others. These forward-looking statements are not historical facts and represent only MSCI's beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond our control.

In some cases you can identify these statements by forward-looking words such as "may," "might," "should," "anticipates," "expects," "intends," "plans," "seeks," "estimates," "potential," "continue," "believes" and similar expressions, although some forward-looking statements are expressed differently. Statements concerning our financial position, business strategy and plans or objectives for future operations are forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict and may cause actual results to differ materially from the forward-looking statements and from management's current expectations. Such risks and uncertainties include those set forth under "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K. The forward-looking statements in this report speak only as of the time they are made and do not necessarily reflect our outlook at any other point in time. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or for any other reason. Therefore, readers should carefully review the risk factors set forth in other reports or documents we file from time to time with the Securities and Exchange Commission (the "SEC").

PART I

Item 1. Business

Overview

We are an innovative and leading provider of mission-critical investment decision support tools, including indexes; portfolio construction and risk management products and services; Environmental, Social and Governance ("ESG") research and ratings; and real estate research, reporting and benchmarking offerings. Our research-derived intellectual property includes methodologies, models, derived data and algorithms (collectively, "content"), as well as applications and services, which help our clients manage their investment processes and address their investment, risk and regulatory challenges. We leverage our knowledge of the global investment process and our expertise in research and data collection to deliver content to our clients that helps them make more efficient and informed investment decisions. Our content is delivered through multiple channels, including through our proprietary applications, application programming interfaces ("API") and third-party applications and is directly embedded into client platforms. We also offer services that help clients use our content and applications more effectively and operate more efficiently.

We operate as "One MSCI" and as a client-centric company. We achieve this by managing our client coverage, research, data and technology groups in an integrated manner to best leverage our unique intellectual property and differentiated know-how across product lines to deliver innovative and high quality content to our clients. As the needs of our clients change, we respond with offerings that address their evolving strategic and investment objectives (our "go-to-market strategy"). Our clients use our offerings across multiple asset classes to achieve a wide range of objectives, including benchmarking, index-linked product creation, portfolio construction, performance measurement and attribution, risk management, as well as investor and regulatory reporting. In addition, our clients are increasingly integrating the new content developed across our company, such as factor and ESG data and indexes, into their investment processes.

Clients

Our clients comprise a wide spectrum of the global investment industry and include asset owners (pension funds, endowments, foundations, central banks, sovereign wealth funds, family offices and insurance companies), asset managers (institutional, mutual funds, hedge funds, exchange-traded funds ("ETFs"), private wealth, private

banks and real estate investment trusts), financial intermediaries (banks, broker-dealers, exchanges, custodians, trust companies and investment consultants) and data distributors. As of December 31, 2017, our clients included:

- 99 of the top 100 global asset managers (as ranked by *Pensions & Investments* (“P&I”) in its report dated April 2017);
- 90 of the top 100 global pension funds (as ranked by P&I/Tower Watson in their report dated September 2017);
- 83 of the top 100 global banks (as ranked by S&P Global Market Intelligence in its report dated July 2017);
- 75 of the top 100 global hedge funds (as ranked by Preqin in its report dated April 2017).

See Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview” and Note 1, “Introduction and Basis of Presentation—Significant Accounting Policies, Concentrations” of the Notes to Consolidated Financial Statements, included herein, for additional information on clients and the concentration of clients.

Growth Strategy

Our products and services are deeply integrated in the global investment ecosystem and in our clients’ investment processes. We aim to expand our position as a leading source for mission critical content, applications and services that support the investment processes of the largest and most sophisticated participants in the global investment industry. The investment industry is experiencing a number of notable trends that are transforming the landscape of investment institutions and the manner in which they operate. These trends, which are creating attractive opportunities for us, include: (1) increased globalization, which is driving demand for global indexes and factor models, (2) increased investing complexity, which is driving demand for sophisticated portfolio and risk management products, (3) an increased focus by investment institutions on designing and implementing lower cost and outcome-oriented strategies, which often take the form of index-based products and necessitate an understanding of the factors driving risk and return, (4) an increased integration of factor and ESG criteria into the investment process, which is driving demand for our factor and ESG content and applications, and (5) the outsourcing by investment institutions of non-core functions and the consolidation of external systems, content and vendors in order to leverage technology and services to scale efficiently, which benefits our managed service offerings and leverages our footprint across a client organization.

Against the backdrop of these industry trends, we are well positioned to leverage our competitive advantages to help investment institutions create sustainable business models today and into the future. We have a number of competitive advantages, including deep knowledge of the global investment process, experienced research, product development and data management teams that create and promote relevant and high quality content and offerings and a client coverage team that helps build and maintain strong and trusted client relationships with the world’s largest investment institutions. Additionally, we have a knowledgeable information technology team that develops scalable technology and data infrastructure that allow us to scale our operations, as well as help our clients be more cost-effective in their own operations through the use of our applications and services. We have the opportunity to provide innovative content, strengthen our go-to-market strategy, and deliver enhanced capabilities through our flexible applications and outstanding client offerings and services as One MSCI.

Our growth strategy is focused on a number of key initiatives that optimize the value of One MSCI and capitalize on our competitive advantages to address the changing needs of our clients and the investment industry. These strategic initiatives include:

- *Create broad and innovative research-driven content.* Our research-driven content plays a key role in our ability to deliver offerings required to help our clients develop relevant, global and sustainable investment strategies in an efficient manner and with the highest standards for data quality. We have proprietary applications and databases that house data from more than 200 third-party sources in addition to our proprietary data. We have also amassed an extensive database of historical global market data, proprietary equity index data, private real estate benchmark data, risk algorithms and models and ESG data, all of which are critical components of our clients’ investment processes.

We take an integrated team approach to developing offerings across our segments. Our product management, research, data operations and technology and application development departments are at the center of this process. Our content is developed by a cross-functional research team of mathematicians, economists, statisticians, financial engineers and investment industry experts. We monitor investment trends and their drivers globally and support instrument valuation, risk modeling, portfolio construction, asset allocation and Value at Risk (“VaR”) simulation. An important way we monitor global investment trends and their implications for our business is through direct public consultations and client advisory panels and through the forum provided by our Editorial Advisory Board (“EAB”). Our EAB, which was established in 1999, meets twice a year to discuss industry and emerging trends and is comprised of senior investment professionals from around the world and senior members of our research team. We also hold consultations and regional client advisory panels that bring together a diverse group of investment leaders and practitioners.

Over the past three years, we have directed the majority of our investments toward research, data production systems and technology infrastructure and applications to enable us to develop new content more quickly and deliver new and previously existing content more cost-effectively. For more information about our research and development and associated costs, see Note 1, “Introduction and Basis of Presentation—Significant Accounting Policies, Research and Development” of the Notes to Consolidated Financial Statements included herein and “Research and development” in the Consolidated Statements of Income for the years ended December 31, 2017, 2016 and 2015.

In 2017, we appointed a new Global Head of Research and Product Development who leads a team of more than 180 employees, many of whom have obtained PhDs in fields that are relevant to our business. By focusing on cross-product and cross-functional innovation, we can maximize the capabilities of each of our four operating segments—Index, Analytics, ESG and Real Estate—in order to bring greater value to our clients. We expect to grow as One MSCI through the ongoing integration of the full suite of offerings provided by each of our four segments. For example, we have incorporated our new global equity model (from the Analytics segment) as well as our ESG ratings research into our Index offerings. In addition, we have combined risk measures from the Real Estate segment with asset and portfolio level risk models from the Analytics segment to enhance our multi-asset class and Real Estate risk management offerings.

- *Expand the client base and deepen existing client relationships.* Our global vantage point enables us to view financial markets in terms of what matters to global investors and financial institutions. We believe our global operating footprint is a competitive advantage that enables us to tailor our coverage initiatives to better serve our clients in the markets where they operate. From over 30 offices in the Americas, EMEA and Asia, we consult with clients and other market participants to develop content and provide insights about global risk-taking and opportunity. Our research and product management teams seek to understand our clients’ investment processes and needs in order to generate content and design offerings that help clients understand the dimensions of performance and risk in their portfolios and make better-informed investment decisions. Our consultative approach to content development, dedication to client support and range of offerings enable us to build strong relationships with investment professionals and institutions around the world. As of December 31, 2017, we served over 7,000 clients across 88 countries worldwide.¹

In recent years, we have realigned our global client coverage function to sharpen our focus on current clients and improve our ability to identify new prospects. In 2017, we repositioned the role of the Chief Operating Officer to be more aligned with our client and go-to-market strategies. The Chief Operating Officer currently manages our sales, marketing, client relationship management and client service teams globally with the goal of integrating our outreach to clients and prospects, sales and marketing strategy and client service. To ensure that we provide world-class service to our largest accounts, as of December 31, 2017, we have assigned senior account managers to more than 50 of our largest accounts by revenue, and appointed key account managers to cover more than 90 of our other large accounts.

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 December 31, 2017.

In support of our clients and the continual development of our brand, our industry and content experts are interviewed as thought leaders and commentators in prominent financial and trade media and have written research pieces that have served as the basis of news articles around the investment world. Members of our research team and other employees regularly speak at industry conferences, as well as at our own events. For example we hosted more than 650 seminars, webinars, conferences and workshops in various locations around the world in 2017. These events bring our employees and clients together, expose clients to our latest research and content enhancements, enable client access to global industry experts and policymakers, and give our employees an opportunity to gain better insights into our clients' needs.

- *Develop flexible and scalable technology.* Technology enhances access to our content and enables us to better meet our clients' needs. Many of our proprietary risk analytics are made available to clients through our proprietary applications. Our application development methodology leverages best practices from the software industry, including agile development, testing protocols, iterative development cycles and beta releases. Our application development projects involve extensive collaboration with our product management team and our clients.

We plan to continue improving the user experience of our clients and the accessibility of our full suite of content, applications and services by enhancing the functionality of our technology and increasing the performance, stability and scalability of our platforms. We have invested in our data centers, technology platforms and applications to provide scalable solutions for the processing of large volumes of asset and portfolio data. In doing so, we are not only able to operate in a more cost-effective manner as a firm, but are also able to offer clients computing capacity that they would not be able to access in a cost-effective manner through internal development. We will also continue to invest in developing a platform that integrates our technology and content into a single interface and client experience. For example, we are building the MSCI Analytics Platform with an open architecture that will provide clients with greater flexibility to access content across the Company's four operating segments, create new formulas and calculations, add their own data and analytical engines, and connect with other client and vendor systems. Elements of this new platform were launched in 2017, and we continue to allocate resources to developing additional functionality within the platform in order to better meet the needs of our clients.

- *Expand value-added service offerings.* Continued pressure on management fees is causing our clients to look for ways to become more operationally efficient. Our managed services include end-to-end services that aim to assist clients with meeting operational and regulatory requirements by providing a convenient and cost-effective way to outsource data processing and reporting. Our clients' outsourcing of these functions to our data management professionals enables them to focus more on value-added work such as risk budgeting, asset allocation, manager selection and monitoring. Our end-to-end services include consolidation of data from various sources, data reconciliation analysis, uploading of data into our risk and portfolio management applications, identification of data anomalies and customized client reporting. We continue to improve each of these services and provide new services that will be designed to make our clients' operations and use of our offerings more efficient.
- *Execute strategic relationships and acquisitions.* We regularly evaluate and selectively pursue strategic relationships with, and acquisitions of, providers of products and technologies and companies that we believe have the potential to complement, enhance or expand our offerings and client base, as well as improve our ability to provide mission critical content, applications and services to enhance the investment decision processes of investment institutions, and the intermediaries that serve such institutions. In order to drive value, we target acquisitions and strategic relationships that can be efficiently integrated into our existing operational structure and global sales network.

Our Business Model

Our principal business model is to license annual, recurring subscriptions to our offerings for a fee, which is, in a majority of cases, paid in advance. Fees may vary by offering, number of users or volume of services.

We also charge clients to use our indexes as the basis for index-linked investment products, such as ETFs, or as the basis for passively managed funds and separate accounts. These clients commonly pay us a license fee, typically in arrears, for the use of our intellectual property primarily based on the assets under management (“AUM”) in their investment product.

Certain exchanges use our indexes as the basis for futures and options contracts and pay us a license fee, typically paid in arrears, for the use of our intellectual property primarily based on their volume of trades.

Clients also subscribe to periodic benchmark reports, digests and other publications associated with our Real Estate offerings. Fees are primarily paid in arrears after the offering is delivered.

We also realize one-time fees related to customized reports, historical data sets and certain implementation and consulting services, as well as from certain offerings that are purchased on a non-renewal basis. See Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Segment Results” for a break-down of revenues attributable to recurring subscriptions, asset-based fees and non-recurring revenue for our Index, Analytics and All Other reporting segments.

Operating Segments

As the investment industry becomes more global and investors become increasingly focused on multi-asset class portfolios, we are well positioned to help our clients achieve their investment objectives by delivering a more comprehensive analysis of their investment strategies using the content, applications and services across our four operating segments—Index, Analytics, ESG and Real Estate. Because the ESG and Real Estate operating segments do not meet segment disclosure reporting thresholds, ESG and Real Estate are combined and presented as All Other for reporting purposes. See Note 12, “Segment Information,” of the Notes to Consolidated Financial Statements, included herein, for additional information on our current segment reporting structure and financial information for each segment.

Index

Clients use our indexes in many areas of the investment process, including index-linked product creation and performance benchmarking, as well as portfolio construction and rebalancing, and asset allocation. We currently calculate more than 200,000¹ end-of-day indexes daily and more than 11,000 indexes in real time. As of June 30, 2017, more than \$12.4 trillion of assets under management were benchmarked to MSCI indexes (as reported on September 30, 2017 by eVestment, Morningstar and Bloomberg). Clients receive data directly from us or from one or more third-party providers of financial information worldwide that distribute our equity indexes. Our indexes cover a variety of markets and industries. In addition, we use content generated by our Analytics, ESG and Real Estate segments to help construct some of our equity indexes, including some with the highest revenue growth rates. Products in our Index segment include:

- *MSCI Global Equity Indexes.* MSCI Global Equity Indexes are designed to measure returns across a wide variety of equity markets (*e.g.*, Europe, Japan, USA, Emerging Markets), size segments (*e.g.*, mid and large capitalization), and industries (*e.g.*, banks, media). As of December 31, 2017, we calculated indexes that covered more than 80 countries in developed, emerging and frontier markets, as well as various regional indexes built from the component country indexes. These indexes include the MSCI ACWI IMI, MSCI World, MSCI EAFE, MSCI Emerging Markets and MSCI USA Indexes. We believe that MSCI Global Equity Indexes are the most widely used benchmarks by cross-border equity funds. A large number of asset owners use the MSCI ACWI IMI Indexes as the policy benchmark for their equity portfolios. More than 85% of international equity assets are benchmarked to MSCI Global Equity Indexes.
- *MSCI Custom Indexes.* We currently calculate approximately 9,700 custom indexes by applying a client’s criteria to an existing MSCI index. Examples of customization criteria include liquidity screening, currency

¹ The number of indexes does not take into consideration different currency or return versions of the index (*e.g.*, price, net and gross returns).

hedging, tax rates, stock exclusions or special weighting. Custom indexes can reflect specific investment criteria, such as socially responsible investment requirements or regulatory constraints. They can be used for back-testing strategies, developing specialized investment products, minimizing portfolio tracking error or constructing index-linked products.

- *MSCI Factor Indexes.* MSCI Factor Indexes, which are constructed using the Barra Equity Models generated in our Analytics segment, seek to address a growing trend among institutional investors and asset managers whose asset allocation processes include risk groupings such as volatility, income, value and momentum. MSCI Factor Indexes reflect components of equity return that can be attributed to sources of systematic risk and return such as value, size, momentum, volatility, yield and quality. We offer a broad suite of factor indexes that have been developed using the expertise of our Analytics segment, including high-exposure factor indexes (e.g., the MSCI Minimum Volatility Index), high capacity factor indexes (e.g., MSCI Value Weighted Indexes), combinations of single factor indexes (e.g., MSCI Factor Mix A-Series Indexes) and multi-factor indexes (e.g., MSCI Diversified Multiple-Factor Indexes).
- *MSCI ESG Indexes.* MSCI ESG Indexes, which are constructed using research from our ESG segment, are designed to meet the growing demand for indexes that integrate ESG criteria into benchmarks to measure performance for use by institutional investors who wish to adopt a long-term sustainable investment view. They enable clients to issue index-based ESG investment products, to benchmark the performance of ESG portfolios and to measure and report on compliance with ESG mandates. The MSCI ESG Indexes include:
 - ESG Integration Indexes that are designed to help investors incorporate ESG criteria into their core asset allocation and investment process. These include the MSCI ACWI ESG Universal Index or MSCI ESG Leaders Index, which use MSCI ESG Ratings to identify companies that have demonstrated an ability to manage their ESG risks and opportunities;
 - Values-based Indexes that select companies with the highest ESG Ratings but also exclude companies based on certain values, norms or ethical standards. These include the MSCI SRI Index and the KLD 400 Social Index;
 - Environmental Indexes, including Low Carbon Indexes, Global Environment Indexes, and Fossil Fuels Exclusion Indexes that help investors reduce their carbon exposure or capture opportunities in renewable energy and clean technology;
 - Impact Indexes, such as the Sustainable Impact Index that aims to identify companies that derive revenues from products and services that address environmental and social challenges aligned with the Sustainable Development Goals adopted by the United Nations; and
 - Custom ESG indexes based on client-defined ESG specifications.
- *MSCI Real Assets Indexes.* MSCI provides a comprehensive suite of Real Assets Indexes that provide investors transparency and insight for this asset class. MSCI's Real Assets Indexes include MSCI Real Estate Indexes (e.g., MSCI US REIT Index; MSCI Sector/Core/Factor/Liquid Real Estate Indexes), MSCI Infrastructure Indexes, MSCI Agriculture Producers Indexes, MSCI Timber Select Index, MSCI Commodity Producers Indexes and MSCI Natural Resources Indexes.
- *Global Industry Classification Standard ("GICS"®).* GICS was developed and is maintained jointly by MSCI and Standard & Poor's Financial Services, LLC, a subsidiary of S&P Global Inc. ("Standard & Poor's"). This classification system was designed to respond to clients' needs for a comprehensive, consistent and accurate framework for classifying companies into industries. GICS is widely accepted as an industry analysis framework for investment research, portfolio management and asset allocation. We offer GICS Direct, a joint offering of MSCI and Standard & Poor's. GICS Direct is a database comprised of over 45,000 active companies and 58,000 securities classified by sector, industry group, industry and sub-industry in accordance with the proprietary GICS methodology. 90 of the top 100 global asset managers

use GICS (as reported by P&I in its report dated April 2017). The MSCI Global Sector Indexes are comprised of GICS sector, industry group, and industry indexes across countries and regions in developed, emerging and select frontier markets. The MSCI Global Sector Indexes provide a global structure for benchmarking sectors and can also serve as the basis for index-linked structured products and other investment vehicles, such as ETFs and exchange-traded notes.

Analytics

Our Analytics segment offers risk management, performance attribution and portfolio management content, applications and services that provide clients with an integrated view of risk and return and an analysis of market, credit, liquidity and counterparty risk across all major asset classes, spanning short, medium and long-term time horizons. Our offerings also support clients' various regulatory reporting needs.

The content we create in our Analytics segment includes models to support factor-based analytics (equity, fixed income and multi-asset class models), pricing models, time series-based analytics, as well as underlying content that is used as inputs to these models such as interest rate and credit curves. We continue to develop new and improved content in response to the evolving needs of our clients. During 2017 we continued to make improvements to our fixed income factor model (first released in late 2016), including releasing new variants of the model that align with the different time horizons for which clients invest. Further, this fixed income model has been combined with models that cover currencies, commodities, equities, mutual funds, hedge funds and private assets – private real estate and private equity – to deliver our next generation multi-asset class factor model (the MSCI Integrated Model) providing clients with greater insights into the drivers of risk in their portfolios. Our Analytics content includes:

- *Equity Factor Models.* The proprietary risk data in Barra Equity Models provides clients with a better understanding of their sources of risk and return and a factor structure that is aligned to multiple investment horizons, which enables them to select the risk data that best suits their investment analysis. Barra Equity Models are available through our applications, third-party applications and directly to clients for integration into their own applications. In addition, we use Barra Equity Models in our Index segment to construct MSCI Factor Indexes. Barra Equity Models include Barra Global Total Market Models, Barra Regional Equity Models and Barra Single Country Models.
- *Multi-Asset Class Factor Models.* Our Multi-Asset Class Models provide a detailed view of risk across markets and asset classes, including currencies, equities, fixed income, commodities, mutual funds, hedge funds and private assets, including private real estate (for which we use content from our Real Estate segment) and private equity investments. The process of creating our Multi-Asset Class Models begins by identifying the factors that affect the returns of various asset classes. These factors are then combined into a single global model that forecasts the risk of multi-asset class global portfolios. Multi-Asset-Class Models include the Barra Integrated Model ("BIM") as well as the next generation MSCI Integrated Model ("MIM") which, among other enhancements, leverages our new fixed income models.
- *Multi-Asset Class Risk and Performance Analytics.* Our Multi-Asset Class Risk and Performance Analytics provide a full suite of single security and portfolio level analyses used by clients to measure and attribute risk and performance in multi-asset class portfolios. Multi-Asset Class Risk and Performance Analytics include pricing models, sensitivities, stress testing, liquidity risk analytics, performance attribution, and a comprehensive set of configurable statistical risk measures such as standard deviation, tracking error, correlations and VaR.

Our clients access our Analytics content through our own proprietary applications and APIs, or through third-party applications or directly on their own platforms. MSCI Analytics applications provide clients with integrated market data and constituent-level indexes aggregated from multiple third-party and proprietary sources. This integrated market and benchmark data significantly reduces the operational burden on clients for both the implementation and on-going running of our Analytics products.

Our major applications include the following:

- *RiskMetrics RiskManager.* We believe that RiskMetrics RiskManager is an industry leader in VaR simulation and in stress testing. Clients use RiskManager for daily analysis, measuring and monitoring of market and liquidity risk at fund and firm levels, sensitivity and stress testing, interactive what-if analysis, counterparty credit exposure and regulatory risk reporting. RiskManager is a scalable platform accessed by clients via a license to a secure, interactive web-based application service. RiskManager is also offered as an outsourced risk reporting service or as a web service in which a client's systems access RiskManager's core risk elements by connecting directly to our systems.
- *BarraOne.* BarraOne, powered by our Multi-Asset Class Models, BIM and MIM, provides clients with global, multi-asset class risk analysis using Barra's fundamental factor methodology originally developed in 1975 that allows clients to understand the themes driving the risk and performance of their investments. These themes (*e.g.*, Value, Momentum, etc.) are what Barra calls Factors. BarraOne also includes VaR simulation, stress testing and optimization modules that enable clients to manage multi-asset class portfolios, carry out risk budgeting and asset allocation, manager monitoring and performance attribution.
- *Barra Portfolio Manager.* Barra Portfolio Manager is an integrated risk and performance platform that is designed to help equity fund managers and their teams gain additional portfolio insight, manage their investment processes more systematically and make faster, more informed investment decisions. The hosted interactive user interface allows users to analyze risk and return, conduct pre-trade what-if analysis across a number of scenarios and construct portfolios using the Barra Optimizer. It also allows users to decompose the risk and attribute the return of their portfolios according to Barra Equity models. The platform supports optional data management services that allow users to outsource the loading and reconciliation of their portfolio and other proprietary data. We also offer many of the benefits of this hosted platform in a locally hosted solution called Barra Aegis.
- *WealthBench and CreditManager.* Wealthbench is a web-based platform used by private banks, financial advisers, brokerages and trust companies to help wealth managers assess portfolio risk, construct asset allocation policy and create comprehensive client proposals. CreditManager is a portfolio credit risk management system used primarily by banks to calculate economic capital, facilitate risk-based pricing and measure credit risk concentrations.
- *MSCI Analytics Platform.* In recent years, we have made significant investments in developing a new MSCI Analytics Platform that will provide clients with a more unified approach for using our content and applications to solve their investment problems. The MSCI Analytics Platform seeks to provide a more holistic client experience by providing better reporting and visualization tools and direct access to capabilities and content currently available through our other Analytics applications, as well as content from other MSCI segments. For example, ESG content has been made available through our MSCI Analytics Platform in response to demand from institutional managers who are looking for ways to integrate ESG into their investment processes.

Our Analytics segment also provides various managed services to help clients operate more efficiently as well as address the needs of certain specialized areas of the investment community by providing a reporting service and performance reporting tools to institutional consultants and investors in hedge funds.

- *Managed Services.* As described in Part I, Item 1. "Business—Growth Strategy," we have, and continue to expand our, capabilities to deliver new workflow solutions and data services to our clients to enable them to operate more efficiently. Our services include consolidation of client portfolio data from various internal and external sources, input and output data reconciliation analysis, uploading of data into our risk and portfolio management applications, identification of data anomalies, and customized client reporting. Our

Managed Services lower our clients' internal cost of doing business, enable faster implementations and make the use of our products more efficient for clients.

- *HedgePlatform.* HedgePlatform, a reporting service, allows clients that invest in hedge funds, including funds of funds, pension funds and endowments, to measure, evaluate and monitor the risk of their hedge fund investments across multiple hedge fund strategies. We collect position-level information from hedge funds on a monthly basis and provide clients with risk information for each individual hedge fund in which they invest as well as aggregate risk information for their overall portfolio of hedge funds. Clients who use RiskManager to measure the risk of their own holdings can further integrate the positions collected via our HedgePlatform service to allow computation of risk across their entire portfolio, while the confidential and proprietary nature of the underlying hedge fund holdings is maintained. HedgePlatform reports include statistics such as exposure (e.g., long, short, net and gross), sensitivities, scenario analysis, stress tests and VaR analysis.
- *InvestorForce.* InvestorForce offerings provide performance reporting tools to the institutional investment community in the United States by providing investment consultants with an integrated service for daily monitoring, analysis and reporting on institutional assets. InvestorForce offerings also provide investment consultant clients access via a web portal to a database that includes portfolio analytics and transaction and holdings information, which is updated in real time as data is collected from custodial banks and fund managers.

All Other – ESG

MSCI ESG Research analyzes over 6,500 companies worldwide to help institutional investors understand how environmental, social and governance factors can impact the long-term risk of their investments. As of December 31, 2017, subscribers to MSCI ESG Research included 82 of the top 100 global asset managers (as ranked by P&I in its report dated April 2017), as well as leading asset owners, consultants, advisers and academics.

In addition, MSCI ESG Research data and ratings are used in the construction of equity and fixed income indexes to help institutional investors more effectively benchmark ESG investment performance, issue index-based investment products, as well as manage, measure and report on ESG mandates. Our Index segment uses MSCI ESG Research data and ratings in the development and issuance of ESG indexes, which is further described above in the Index segment description. Additionally, the data and ratings produced by MSCI ESG Research are made available on the applications offered by our Analytics segment.

MSCI's ESG offerings include:

- *MSCI ESG Ratings.* MSCI ESG Ratings are designed to identify ESG risks or opportunities that may not be captured through conventional analyses. This includes ratings, as of December 31, 2017, for more than 6,500 companies worldwide, including over 6,000 equity issuers and over 400,000 fixed income securities including corporate, sovereign and other government related bonds. Ratings are designed to identify and analyze ESG issues, including exposures (e.g., business segment and geographic risk), management and industry-specific measures that may include the intersection of a company's major social and environmental impacts with its core business operations, thereby identifying potential risks and opportunities for the company and its investors.
- *MSCI ESG Business Involvement Screening Research.* MSCI ESG Business Involvement Screening Research is a screening service that is designed to enable institutional investors to manage ESG standards and restrictions reliably and efficiently. Asset managers, investment advisers and asset owners can access screening research through the online MSCI ESG Manager platform or a data feed to satisfy their clients' investment guidelines, implement client mandates and manage potential ESG portfolio risks.
- *MSCI ESG Governance Metrics.* MSCI ESG Governance Metrics provides institutional investors with corporate governance research and data on more than 8,000 public companies worldwide. The assessment

All Other – Real Estate

Our Real Estate segment includes research, reporting and benchmarking offerings that provide real estate performance analysis for funds, investors and managers. Our Real Estate performance and risk analytics range from portfolio to property-specific analysis. Some of the risk analysis generated in the Real Estate segment is also used in the products offered by our other operating segments. For example, the Multi-Asset Class Models created in our Analytics segment offers a view of risk across market and asset classes, including private real estate, by incorporating content generated in the Real Estate segment. We also provide business intelligence to real estate owners, managers, developers and brokers worldwide. Real Estate offerings include:

- *MSCI Portfolio Analysis Service (“MSCI PAS”)*. For real estate investors who need to manage and communicate the drivers of absolute and relative performance, MSCI PAS is a performance attribution, analysis and reporting toolkit that provides a globally consistent view of performance, from portfolio-level down to individual assets. Asset managers use MSCI PAS to support investor reporting and capital raising, as well as to support strategic decision-making around allocation, investment and asset management.
- *MSCI Income Risk Service (“MSCI IRIS”)*. For real estate investors who need to manage and report on the specific risk of their real estate portfolios and assets, MSCI IRIS measures the income risk factors that drive future return volatility. MSCI IRIS provides investors with transparency on the lease duration, market risk, counterparty credit risk and income concentration risk relative to the markets in which they compete. The tool offers actionable insights into portfolio resilience and sources of risk to inform strategic review, asset management and lease restructuring decisions.
- *MSCI Global Intel*. MSCI Global Intel is a leading databank that equips asset owners, researchers, strategists and portfolio and risk managers with data analytics to enhance their understanding of local, regional and global real estate performance and risks. The tool comprises a consolidated set of global, regional, national, city and submarket indexes with segmentation by property type. Drawing from actual performance data on approximately 1,700 portfolios and 74,000 real estate assets, MSCI Global Intel provides investors and managers an analysis of market trends and time series, as well as actionable information on property markets across 30 countries. (Data as of December 2016)
- *Global Intel PLUS*. Global Intel PLUS adds dynamic analytical capabilities to MSCI’s Global Intel offering. With this enhanced functionality, users can generate tailored analyses, utilizing custom filters on asset specific characteristics such as property type, location and risk profile to create the appropriate comparisons that are essential to managing performance and risk.

Geographic Information

We currently have branches or subsidiaries in the following locations: Australia, Brazil, Canada, China, England, France, Germany, Hong Kong, Hungary, India, Italy, Japan, Korea, Mexico, the Netherlands, the Philippines, Singapore, South Africa, Sweden, Switzerland, Taiwan, United Arab Emirates and the U.S. See Note 12, “Segment Information,” of the Notes to Consolidated Financial Statements included herein for additional information on our revenues and certain assets by geographic area.

Competition

Many industry participants compete with us by offering one or more indexes in similar categories. Such indexes vary widely in scope, including by geographic region, business sector and risk category and may be used by clients in a variety of ways in many different markets around the world. A number of these markets have become increasingly competitive in recent years.

Among our Index competitors are S&P Dow Jones Indices LLC (a joint venture company owned by CME Group, Inc. and CME Group Services LLC and by S&P Global Inc.) and FTSE Russell, a subsidiary of The London Stock Exchange Group PLC.

There is also growing competition from asset managers and investment banks that create their own indexes often in cooperation with index providers, which may, among other things, provide some form of calculation agent service; this is especially true for factor indexes, often referred to as “smart beta indexes.” Asset managers, such as WisdomTree and Goldman Sachs Asset Management, manage funds, including ETFs, based on their own proprietary indexes, and many investment banks have launched structured products or created over-the-counter derivatives based on their own proprietary indexes.

Many industry participants compete with us by providing one or more similar offerings in a very competitive marketplace for risk management and performance data and analytics.

Our Analytics offerings compete with offerings from a range of competitors, including Axioma, Inc., BlackRock Solutions, Bloomberg Finance L.P., and FactSet Research Systems Inc. Additionally, many of the larger broker-dealers have developed proprietary analytics tools for their clients. Similarly, many investment institutions, particularly the larger global organizations, have developed their own internal risk management analytics tools.

We also have a variety of competitors for our other offerings that comprise a smaller portion of our revenues.

Intellectual Property and Other Proprietary Rights

We consider many aspects of our offerings, processes and services to be proprietary. We have registered, among others, “MSCI,” “Barra,” “RiskMetrics” and “RiskManager” as trademarks or service marks in the United States and in certain foreign countries. We will continue to evaluate the registration of additional trademarks, service marks and copyrights as appropriate. From time to time, we also file patent applications to protect our proprietary rights. We currently hold 22 U.S. and foreign patents and have one U.S. patent pending. Additionally, many of our offerings, processes and services require the use of intellectual property obtained from third parties. It may be necessary in the future to seek or renew licenses relating to various aspects of our offerings and services.

Although we believe the ownership of patents, copyrights, trademarks, service marks, the implementation of certain measures to protect our intellectual property and proprietary rights and our ability to obtain the rights to use intellectual property of third parties are important to our business and contribute in part to our overall success, we do not believe we are dependent on any one of our intellectual property rights or any one license to use third-party intellectual property. For a description of the risks associated with legal protection of our intellectual property and other rights, infringement claims and the ability to obtain or renew licenses for third-party intellectual property, see Part I, Item 1A. “Risk Factors— *Legal Protections for our intellectual property rights and other rights may not be sufficient or available to protect our competitive advantages. Third parties may infringe on our intellectual property rights, and third-party litigation may materially adversely affect our ability to protect our intellectual property rights*” below.

Company History

On November 15, 2017, MSCI celebrated ten years as a public company listed on the New York Stock Exchange. The following is a summary of material events in the Company’s history:

- 1969 •Capital Group International pioneered the development of global equity indexes and began licensing its first equity indexes in 1969.
- 1998 •We were incorporated in 1998. Our only two shareholders were Morgan Stanley and Capital Group International.

- 2004 •In June 2004, we acquired Barra, LLC (formerly Barra, Inc., “Barra”), a provider of portfolio risk analytics tools that launched its first risk analytics products in 1975. This broadened our product range beyond indexes.
- 2007 •In November 2007, we completed our initial public offering.
- 2008 •In April 2008, Capital Group International divested its ownership position.
- 2009 •In May 2009, Morgan Stanley divested its ownership position and we became a fully independent, stand-alone public company.
- 2010 •In June 2010, we acquired RiskMetrics Group, Inc. (“RiskMetrics”), a leading provider of risk management products and services. In addition to this core product line, RiskMetrics owned Institutional Shareholder Services Inc. (“ISS”), a pioneer in the development of policy-based proxy voting recommendations and a leading provider of governance products and services.
•RiskMetrics also owned Innovest Strategic Value Advisors, Inc. and KLD Research and Analytics (“KLD Research”), whose products have been integrated into our MSCI ESG Research offerings.
- 2012 •In November 2012, we acquired real estate performance measurement group IPD Group Limited (“IPD”). The acquisition of IPD expanded our multi-asset class offerings by facilitating the integration of private real estate assets into our models, as well as adding real estate indexes.
- 2014 •In April 2014, we completed the sale of ISS, which was deemed not to be core to our strategy.
•In August 2014, we acquired Governance Holdings Co. (“GMI Ratings”), a provider of corporate governance research and ratings to institutional investors, banks, insurers, auditors, regulators and corporations seeking to incorporate ESG criteria into risk assessment and decision-making. This acquisition enhanced our existing platform of ESG research and tools, allowing us to deliver a more comprehensive suite of ESG data, applications and services.

Employees

We had 3,038 and 2,862 employees as of December 31, 2017 and 2016, respectively. As of December 31, 2017 and 2016, 59.0% and 56.2% of our employees, respectively, were located in emerging market centers. As of December 31, 2017 our employees were based in 21 countries in order to maintain close contact with our clients and the international markets we follow.

Government Regulation

The Company is subject to reporting, disclosure and recordkeeping obligations pursuant to SEC requirements. MSCI Limited, as the benchmark administrator for all MSCI equity indexes globally, applied for authorization as an EU benchmark administrator in October 2017 with the United Kingdom’s Financial Conduct Authority (“UK FCA”). Investment Property Databank Limited, as the administrator for all MSCI IPD real estate indexes (including PAS benchmarks) globally, currently intends to apply for authorization as an EU benchmark administrator in the second quarter of 2019. MSCI ESG Research is a registered investment adviser and must comply with the requirements of the Investment Advisers Act of 1940 and related SEC regulations. Such requirements relate to, among other things, disclosure obligations, recordkeeping and reporting requirements, marketing restrictions and general anti-fraud prohibitions. We registered in 2012 with the State Council Information Office of the Ministry of Commerce and the State Administration for Industry and Commerce in China as a foreign institution supplying financial information services in China. This license is currently administered by the Cyberspace Administration of China. See Part I, Item 1A. “Risk Factors— *Changes in government regulations, including the implementation of new or pending financial or operational regulations or the repeal of existing financial or operational regulations, could materially adversely affect our business, financial condition or results of operations.*”

Executive Officers

| <u>Name</u> | <u>Age</u> | <u>Position</u> |
|-----------------------|------------|--|
| Henry A. Fernandez | 59 | Chairman and Chief Executive Officer |
| C.D. Baer Pettit | 53 | President |
| Kathleen A. Winters | 50 | Chief Financial Officer |
| Remy Briand | 52 | Head of ESG |
| Scott A. Crum | 61 | Chief Human Resources Officer |
| Jorge Mina | 43 | Head of Analytics |
| Richard J. Napolitano | 51 | Principal Accounting Officer and Global Controller |
| Laurent Seyer | 53 | Chief Operating Officer and Chief Client Officer |
| Diana H. Tidd | 48 | Head of Index |
| Peter J. Zangari | 50 | Global Head of Research and Product Development |

Henry A. Fernandez

Mr. Fernandez has served as the Chairman since October 2007 and as the Chief Executive Officer (“CEO”), President and a director since 1998. Before leading MSCI’s transition to becoming a fully independent, standalone public company in 2009, he was a Managing Director at Morgan Stanley, where he worked in emerging markets product strategy, equity derivative sales and trading, mergers and acquisitions, worldwide corporate finance and mortgage finance for U.S. financial institutions. Mr. Fernandez worked for Morgan Stanley from 1983 to 1991 and from 1994 to 2009. Mr. Fernandez serves on the board of trustees of Stanford University and the board of directors of Georgetown University. He also serves on the boards of the Hoover Institution at Stanford University, the Foreign Policy Association, Memorial Sloan-Kettering Cancer Center, Catholic Charities of the Archdiocese of New York and the American Nicaraguan Foundation. Mr. Fernandez is the former Chair of the Advisory Council of the Stanford University Graduate School of Business. He holds a Bachelor of Arts in economics from Georgetown University, an M.B.A. from the Stanford University Graduate School of Business and pursued doctoral studies in economics at Princeton University.

C.D. Baer Pettit

Mr. Pettit has served as the Company’s President since October 2017. As President, Mr. Pettit oversees the Company’s business functions, including client coverage, marketing, product management, research, technology and operations. He previously served as Chief Operating Officer from 2015 to 2017, Head of the Product Group from February 2015 to September 2015, Head of Index Products from 2011 to 2015, Head of Marketing from 2005 to 2012 and Head of Client Coverage from 2001 to 2012. Prior to joining the Company, Mr. Pettit worked for Bloomberg L.P. from 1992 to 1999. Mr. Pettit holds a Master of Arts degree in history from Cambridge University and a Master of Science degree from the School of Foreign Service at Georgetown University.

Kathleen A. Winters

Ms. Winters has served as the Chief Financial Officer since May 2016. Prior to joining MSCI, Ms. Winters served as the Vice President and Chief Financial Officer of Performance Materials and Technologies, an operating segment of Honeywell International, Inc. (“Honeywell”) from 2012 to 2016. She served in various positions of increasing responsibility at Honeywell from 2002 to 2016, including Vice President, Corporate Controller and Chief Accounting Officer, Vice President of Business Analysis and Planning, and Chief Financial Officer of the Specialty Products business group. Ms. Winters began her career at PricewaterhouseCoopers LLP (“PwC”) where she served in various positions from 1989 to 2001 within the Technology Information Communications and Entertainment practice. She earned her Bachelor of Science degree in Accounting from Boston College.

Remy Briand

Mr. Briand has served as Head of ESG since June 2016. In such capacity, he is responsible for MSCI’s ESG (environmental, social and governance) offerings. Mr. Briand has led various aspects of the ESG business since its acquisition in 2010. Mr. Briand is also Chairman of the MSCI Index Policy Committee, the body responsible for

oversight of all major Index editorial decisions. He previously served as Global Head of Research for the entire Company where he led a team of 150 researchers designing indexes, analytics and risk models and producing ESG ratings for institutional investors. He was also Head of Real Estate from June 2016 until August 2017. Prior to February 2015, Mr. Briand was Head of Index Research for 10 years where he managed the expansion of the MSCI Global Indexes to cover 80 developed, emerging and frontier markets. He also initiated and led the development of MSCI's market leading factor indexes. Mr. Briand joined MSCI in 2001 from Credit Lyonnais Asset Management, where he was an equity portfolio manager and head of research. He began his career as a private equity analyst at Credit Lyonnais. He holds an MSc in Computer Sciences from INSA (Lyon) and an M.B.A from HEC (Paris).

Scott A. Crum

Mr. Crum has served as the Chief Human Resources Officer since April 2014. Prior to joining MSCI, Mr. Crum served as global head of human resources for four publicly traded companies. Mr. Crum worked for Avon Products, Inc. as Senior Vice President of Human Resources and Chief People Officer from September 2012 to May 2013. From July 2010 to June 2012, Mr. Crum served as Senior Vice President and Chief People Officer of Motorola Mobility Holdings, Inc., one of two publicly traded companies formally created when Motorola Inc. split in January 2011 until it was acquired by Google. Prior to that, he served as the Senior Vice President and Director of Human Resources of ITT Corporation from September 2002 to July 2010 and Senior Vice President of Administration and Employee Resources at General Instruments Corp. from 1997 to 2000. Mr. Crum holds a Bachelor of Business Administration with a concentration in industrial relations from Southern Methodist University.

Jorge Mina

Mr. Mina has served as the Head of Analytics since February 2017. In this role, he is responsible for MSCI's equity and multi-asset class risk and portfolio management products. Prior to this, he had served as Head of Analytics for the Americas since 2015. Mr. Mina joined MSCI in 2010 following MSCI's acquisition of RiskMetrics and served as a managing director of Risk Management Analytics from 2010 to 2015. Prior to joining MSCI, Mr. Mina served in a variety of roles at RiskMetrics, including co-head of the RiskMetrics Business and Head of Research. Mr. Mina holds a Bachelor of Arts degree in actuarial sciences from the Instituto Tecnológico Autónomo de México and a Master's in financial mathematics from the University of Chicago.

Richard J. Napolitano

Mr. Napolitano has served as the Principal Accounting Officer since February 2014 and Global Controller since June 2011. Prior to joining MSCI, Mr. Napolitano worked at Morgan Stanley from 2005 to 2011, J.P. Morgan Chase from 1996 to 2005 and Ernst & Young from 1988 to 1996. At these firms, he held various positions including, among others, Business Unit or Product Chief Financial Officer or Controller, Head of External Reporting and Accounting Policies and Audit Senior Manager. Mr. Napolitano earned his Bachelor of Science in Accounting and an M.B.A. in Finance from the Leonard N. Stern School of Business at New York University. He is also a member of the American Institute of Certified Public Accountants.

Laurent Seyer

Mr. Seyer has served as the Company's Chief Operating Officer since October 2017 and Chief Client Officer since 2016. As Chief Operating Officer and Chief Client Officer, Mr. Seyer manages the Company's sales, marketing, client relationship management and client service teams globally. He previously served as the Global Head of Client Coverage from 2014 to 2016. Prior to joining the Company, Mr. Seyer worked for AXA Investment Managers in Paris, most recently as Global Head of the Client Group. Prior to that, he spent 24 years at *Societe Generale* in a number of leadership positions, including as CEO of Lyxor Asset Management. Mr. Seyer graduated from Institut d'Etudes Politiques of Paris, where he studied law and economics.

Diana H. Tidd

Ms. Tidd has served as the Head of Index since February 2016. In such capacity, she is responsible for all aspects of product management and business strategy for the MSCI indexes. During her tenure at MSCI, Ms. Tidd has served in a variety of roles, including Head of Americas Client Coverage for six years. Prior to joining MSCI in 1999, Ms. Tidd worked at Brown Brothers Harriman & Co. in Boston for five years where she had roles in the Risk and Europe teams, before becoming Head of the Asia Team in the global custody division. She started her career in the Trust and Estates division of the Private Bank at Bankers Trust Co. Ms. Tidd serves on the Board and as Co-President of Women in ETFs and on the Board of West Africa Village Education. Ms. Tidd graduated with a Bachelor of Arts degree in Political Science from Colgate University and received a Master's Degree in Latin American Studies from Stanford University.

Peter J. Zangari

Mr. Zangari has served as the Global Head of Research and Product Development since February 2017. In such capacity, Mr. Zangari leads a global team of more than 150 researchers who develop insights that help institutional investors make more informed investment decisions. He is responsible for setting the research agenda and driving integration of research into our products and services to deliver innovative solutions to investment problems. He previously served as MSCI's Head of Analytics from February 2015 to February 2017. Prior to this, he served as the Head of Equity Portfolio Management from August 2011 to February 2015. Prior to joining MSCI, Mr. Zangari held progressively senior-level positions at Goldman Sachs since 1998, most recently as the Head of Risk and a member of the leadership team for the Quantitative Investment Strategies ("QIS") business of Goldman Sachs Asset Management ("GSAM"). Prior to joining QIS, Mr. Zangari was responsible for building out and managing GSAM's proprietary equity risk and attribution platform. Mr. Zangari has a Bachelor of Arts degree in economics from Fordham University and a PhD in economics, with a specialization in applied econometrics and computational statistics, from Rutgers University.

Available Information

Our corporate headquarters are located at 7 World Trade Center, 250 Greenwich Street, New York, New York, 10007, and our telephone number is (212) 804-3900. We maintain a website on the internet at www.msci.com. The contents of our website are not a part of or incorporated by reference in this Annual Report on Form 10-K.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet website that contains reports, proxy and information statements and other information that we file electronically with the SEC at www.sec.gov. We also make available free of charge, on or through our website, these reports, proxy statements and other information as soon as reasonably practicable following the time they are electronically filed with or furnished to the SEC. To access these, click on the "SEC Filings" link found on our Investor Relations homepage (<http://ir.msci.com>).

We also use our Investor Relations homepage and corporate Twitter account (@MSCI_Inc) as channels of distribution of Company information. The information we post through these channels may be deemed material.

Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive email alerts and other information about us when you enroll your email address by visiting the "Email Alert Subscription" section of our Investor Relations homepage at <http://ir.msci.com/alerts.cfm>. The contents of our website, including our Investor Relations homepage, and social media channels are not, however, a part of or incorporated by reference in this Annual Report on Form 10-K.

You should carefully consider the following risks and all of the other information set forth in this Annual Report on Form 10-K. If any of the following risks actually occurs, our business, financial condition or results of operations could be materially and adversely affected. You should read the section titled "Forward-Looking Statements" on page 1 for a description of the types of statements that are considered forward-looking statements, as well as the significance of such statements in the context of this Annual Report on Form 10-K.

Risks Related to Our Business

We are dependent on third parties to supply data and software for our products and are dependent on certain vendors to distribute our data. A refusal by a key vendor to distribute our data or any loss of key outside suppliers of data or software products or reduction in the accuracy or quality of such data or products or any failure by us to comply with our vendors' licensing requirements could impair our ability to provide our clients with the data, products or services they desire, which could have a material adverse effect on our business, financial condition or results of operations.

We rely on the accuracy and quality of third-party data and software products and depend on the ability and willingness of third-party data and software providers to deliver and support reliable products, enhance their current products, develop new products on a timely and cost-effective basis, and respond to emerging industry standards and other technological changes in order to produce and deliver our products, provide services and develop new products and services. Additionally, we rely on certain third-party vendors to distribute our data to clients. While some of our vendors generate revenue in connection with distributing our data, others do not derive a direct financial benefit from doing so. Should any of our key vendors refuse to distribute our data for any reason, we would need to find alternative ways to distribute our data, which may have a material adverse effect on our business, financial condition or results of operations.

If the data and software products from our suppliers have errors, are delayed, have design defects, become incompatible with future versions of our products, are unavailable on acceptable terms or are not available at all, we may not be able to deliver our products and services and our business, financial condition or results of operations could be materially adversely affected. As of December 31, 2017, we relied on the data of over 200 suppliers, including large volumes of data from certain stock exchanges around the world.

Many of our data and software suppliers compete with one another and, in some cases, with us. Some of our agreements with data suppliers allow them to cancel on short notice and we have not completed formal agreements with all of our data suppliers, such as certain stock exchanges. From time to time we receive notices from data suppliers, including stock exchanges, threatening to terminate the provision of their data to us, and some data suppliers, including at least one stock exchange, have terminated the provision of their data to us. Termination of provision of data by one or more of our significant data suppliers or exclusion from, or restricted use of, or litigation in connection with a data provider's information could decrease the information available for us to use (and offer our clients) and may have a material adverse effect on our business, financial condition or results of operations.

Although data suppliers and stock exchanges typically benefit from providing broad access to their data, some of our competitors could enter into exclusive contracts with our data suppliers, including with certain stock exchanges. If our competitors enter into such exclusive contracts, we may be precluded from receiving certain data from these suppliers or restricted in our use of such data, which would give our competitors a competitive advantage. Such exclusive contracts could hinder our ability to provide our clients with the data they prefer, which could lead to a decrease in our client base and could have a material adverse effect on our business, financial condition or results of operations.

We also monitor our use of third-party data and software products to comply with applicable licensing requirements. Despite our efforts, our use of certain third-party data and software products has been challenged in the past and there can be no assurance that such third parties may not challenge our use in the future, resulting in increased data acquisition or software costs, loss of rights and/or costly legal actions. Our business could be materially adversely affected if we are unable to timely or effectively replace the functionality provided by data or

software that becomes unavailable or fails to operate effectively for any reason. Our operating costs could increase if license fees for third-party data or software products increase or the efforts to incorporate enhancements to third-party or other data or software are substantial and we are unable to negotiate acceptable licensing arrangements with these suppliers or find alternative sources of equivalent data or software products. If any of these risks materialize, they could have a material adverse effect on our business, financial condition or results of operations.

Our clients that pay us a fee based on the assets of an index-linked investment product may seek to negotiate a lower asset-based fee percentage or lower the total expense ratio of such products or may cease using our indexes, which could limit the growth of or decrease our revenues from asset-based fees.

A portion of our revenues are from asset-based fees and these revenue streams are concentrated in some of our largest clients, including BlackRock, and in our largest market, the U.S. Our clients, including our largest clients, may seek to negotiate a lower asset-based fee percentage for a variety of reasons. As the assets of index-linked investment products, including ETFs and mutual funds, managed by our clients change, they may request to pay us lower asset-based fee percentages, which are sometimes calculated as a percentage of the relevant product's total expense ratio ("TER"). Additionally, competition is intense and increasing rapidly among our clients that provide index-linked investment products, including ETFs. The fees providers of index-linked investment products charge their clients are one of the competitive differentiators for these managers with some providers seeking to win or retain business by charging their clients lower fees. As noted above, in many cases our fees can be affected by an increase or decrease in an investment product's TER. In those cases, a reduction in the TER may negatively impact our revenues.

Moreover, clients that have licensed our indexes to serve as the basis of index-linked investment products are generally not required to continue to use our indexes and could elect to cease offering the product or switch to a lower fee index. For example, at least one large client ceased using MSCI indexes as the basis for a significant number of its index funds. Additionally, clients that license our indexes to serve as the basis for listed futures and options contracts might discontinue such contracts. We have a differentiated licensing strategy for our indexes and from time-to-time experience faster growth in lower fee product areas, resulting in a lower average asset-based fee percentage for licensing our indexes. While we look to maximize the price/volume trade-off over the long-term, there can be no assurance that we will be able to do so. Results for any given quarter could be materially adversely affected by stronger growth in AUM in index-linked investment products with lower than average product fees not sufficiently off-set by growth in AUM in index-linked investment products in higher than average product fees. In the instances described above, our asset-based fees could dramatically decrease, which could have a material adverse effect on our business, financial condition or results of operations. Finally, to the extent that an asset manager finds it beneficial to offer clients multiple kinds of index-linked investment products based on the same indexes, a shift away from use of an index as the basis of one type of product may lead to a corresponding shift away from the use of the same index as the basis of an other type of product.

If we are required to offer clients materially lower asset-based fee percentages with respect to index-linked investment products that generate fees based on the assets of such products or our largest clients cease to use our indexes, our revenues could be negatively impacted, which could have a material adverse effect on our business, financial condition or results of operations.

Our revenues attributable to asset-based fees may be affected by changes in the capital markets, particularly the equity capital markets. A decrease in our revenues attributable to these fees could have a material adverse effect on our business, financial condition or results of operations.

Clients that use our indexes as the basis for certain index-linked investment products, such as ETFs and mutual funds, commonly pay us a fee based on the value of the investment product's assets. The value of an investment product's assets may increase or decrease in response to changes in market performance and cash inflows and outflows, which could impact our revenues. Asset-based fees make up a significant portion of our revenues. They accounted for 21.7% and 18.3% of revenues for the fiscal years ended December 31, 2017 and 2016, respectively. These asset-based fees accounted for 55.5% and 47.4% of the total revenues from our ten largest clients for the fiscal years ended December 31, 2017 and 2016, respectively. Volatile capital markets, which may impact whether investors choose to invest in developed or emerging markets, or in the U.S. or non-U.S. markets, as well as changing

investment styles, among other factors, may influence an investor's decision to invest in and maintain an investment in an index-linked investment product. For example, a trend that favors active investment management over passive investment management could lead to a decreased demand for index-linked investment products, and thus decreased revenue attributable to assets in index-linked investment products. Accordingly, the value of assets in index-linked investment products can fluctuate significantly over short periods of time and such volatility may be further impacted by fluctuations in foreign currency exchange rates. If we are unable to offset the impact of decreased values of assets linked to index-linked investment products, including by managing our operating costs, our profitability could be materially adversely affected. See "*Our growth and profitability may not continue at the same rate as we have experienced in the past for several reasons, including if our operating costs are higher than expected, which could have a material adverse effect on our business, financial condition or results of operations*" below.

Certain events could lead to interruptions in our operations, including interruptions affecting our information technology platform, electronic delivery systems and the internet, which could impair our ability to provide clients with products and customer service. Any resulting failures, disruptions or instability may have a material adverse effect on our financial condition or results of operations.

We depend heavily on the capacity, reliability and security of our information technology platform, electronic delivery systems and its components, including our data centers, and the internet to seamlessly provide clients with products and customer service. Heavy use of our electronic delivery systems and other factors such as loss of service from third parties, operational failures, sabotage, break-ins and similar disruptions from unauthorized tampering, intrusions or hacking, human error, cyber-terrorism, ransomware, terrorist attacks affecting sites where we are located, natural disasters, power loss, telecommunications failures, technical breakdowns, internet failures or computer viruses could impair our systems' operations or interrupt their availability for extended periods of time. Our ability to effectively use the internet may also be impaired due to infrastructure failures, service outages at third-party internet providers or increased government regulation. If disruptions, failures or slowdowns occur with respect to our operations, including to our information technology platform, our electronic delivery systems or the internet, our reputation and our ability to distribute our products effectively and to serve our clients, including those clients for whom we provide managed services or to whom we distribute index and constituent data on a real time basis that is used to manage funds that replicate MSCI indexes, may be materially adversely affected. For example, we have in recent years experienced denial-of-service attacks. While we have implemented disaster recovery and business continuity plans, increased our protection measures in response to global cyber-attacks and been able to defend our systems against such disruptions and attacks in the past, there is no assurance that we will be able to do so successfully in the future or that our disaster recovery or business continuity plans will be effective in mitigating the risks and costs associated with the particular event that has occurred. We have also experienced unanticipated interruption and delay in the performance and delivery of certain of our products after we migrated certain of our applications and infrastructure to new data centers and may experience such interruptions and delays in the future with respect to migrations within existing data centers or to new data centers. In response to such issues, we have in the past and could again be required to provide service credits. We could also experience cancellations and reduced demand for our products and services, resulting in decreased revenues. We may also incur increased operating expenses to recover data, repair, replace or remediate systems, equipment or facilities, and to protect ourselves from and defend against such disruptions and attacks. Accordingly, any significant failures, disruptions or instability affecting our information technology platform, electronic delivery systems or the internet may have a material adverse effect on our financial condition or results of operations and our insurance may not be adequate to compensate us for all losses, failures, or breaches.

Although we currently estimate that the total cost of ongoing development and implementation of our disaster recovery and business continuity plans will not have a material impact on our business, financial condition or results of operations, we cannot provide any assurance that our estimates regarding the timing and cost of implementing these plans will be accurate. Unexpected or higher than estimated costs could have a material adverse effect on our financial condition or results of operations.

Any failure to ensure and protect the confidentiality of client data could adversely affect our brand and reputation and have a material adverse effect on our business, financial condition or results of operations.

Many of our products provide for the exchange of sensitive information with our clients through a variety of media, such as the internet, applications and dedicated transmission lines. We rely on a complex system of internal processes and software controls along with policies, procedures and training to protect client data that we receive in the ordinary course of business, including sensitive and confidential client data such as material non-public information and client portfolio data that may be provided to us or hosted on our systems, against unauthorized data access or disclosure. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in the implementation of our internal controls, policies or procedures, or if an employee purposely circumvents or violates our internal controls, policies or procedures, then unauthorized access to, or disclosure or misappropriation of, client data could occur. Such unauthorized access, disclosure or misappropriation may result in claims against us by our clients or regulatory inquiry or censure, which could, individually or in the aggregate, damage our brand and reputation and/or have a material adverse effect on our business, financial condition or results of operations. If a failure of our internal controls, policies or procedures results in a security or data privacy breach, we could also incur increased operating expenses to remediate the problems caused by the breach and prevent future breaches, which could have a material adverse effect on our business, financial condition or results of operations. See “—Changes in government regulations, including the implementation of new or pending financial or operational regulations or the repeal of existing financial or operational regulations, could materially adversely affect our business, financial condition or results of operations” below.

We have confidentiality policies in place regarding changes to the composition of our indexes and have implemented information barrier procedures to protect the confidentiality of any material, non-public information regarding changes to our equity indexes. If our confidentiality policies or information barrier procedures fail, our reputation could be damaged and our business, financial condition or results of operations could be materially adversely affected.

We change the composition of our indexes from time to time. We believe that, in some cases, the changes we make to our equity indexes can affect the prices of constituent securities as well as products based on our indexes. Our index clients rely on us to keep confidential material non-public information about changes to the future composition of an index and to protect against the misuse of that information until the change to the composition of the index is disclosed to clients. We have confidentiality policies in place and have implemented information barrier procedures to limit access to this information and to prevent the unauthorized disclosure and misuse of information regarding material non-public changes relating to our equity indexes. If our confidentiality policies or information barrier procedures fail or we are delayed in implementing such procedures as necessary with respect to a newly acquired business and an employee inadvertently discloses, or deliberately misuses material non-public information related to one of our indexes, our reputation may suffer. Clients’ loss of trust and confidence in our confidentiality policies or information barrier policies and procedures could negatively impact our brand or reputation throughout the investment community, which could have a material adverse effect on our business, financial condition or results of operations.

In addition, certain exchanges permit our clients to list index-linked investment products based on our equity indexes only if we provide a representation to the exchange that we have information barrier procedures in place designed to address the unauthorized disclosure and misuse of material non-public information related to our equity indexes. If an exchange determines that our information barrier procedures are not sufficient, the exchange might refuse to list or might delist investment products based on our equity indexes, which may have a material adverse effect on our business, financial condition or results of operations.

Increased competition and financial and budgetary pressures affecting clients in our industry may cause price reductions or loss of market share, which may materially adversely affect our business, financial condition or results of operations.

We face competition across all markets for our products and services. Our competitors range in size from large companies with substantial resources to small, single-product businesses that are highly specialized. Our larger

competitors may have access to more resources and may be able to achieve greater economies of scale, and our specialized competitors that are focused on a narrower product line may be more effective in devoting technical, marketing and financial resources to compete with us with respect to a particular product. Larger competitors may offer price incentives to expand their market share, and may also consolidate with one another or form joint ventures or other business arrangements, which could allow for a narrower pool of competitors that are better capitalized or that are able to gain a competitive advantage through synergies resulting from an expanded suite of products and services.

In addition, barriers to entry may be low in many of the markets for our products and services, including for single-purpose product companies. Low barriers to entry could lead to the emergence of new competitors; for example, more broker-dealers and data suppliers could begin developing their own proprietary risk analytics or indexes. Recent developments, including increases in the availability of free or relatively inexpensive information, advances in public cloud computing and the increase in open source code, as well as proprietary software in specific areas, such as pricing, high volume computing, orchestration layers for services, and visualization, have increasingly allowed free or relatively inexpensive access to information sources, which has reduced barriers to entry even further.

Financial and budgetary pressures affecting our clients, including those resulting from weak or volatile economic conditions, may lead certain clients to reduce their overall spending on our products or services, including by seeking similar products or services at a lower cost than what we are able to provide, by consolidating their spending with fewer providers or by self-sourcing certain of their informational needs. Accordingly, competitive and market pressures may result in fewer clients, fewer subscriptions or investment product licenses, including as a result of client closures and consolidations, price reductions, prolonged selling and renewal cycles, and increased operating costs, such as for marketing and product development, which could, individually or in the aggregate, result in lower revenue, gross margins and operating income. See “—Our clients that pay us a fee based on the assets of an index-linked investment product may seek to negotiate a lower asset-based fee percentage or lower the total expense ratio of such products or may cease using our indexes, which could limit the growth of or decrease our revenues from asset-based fees” above and Part I, Item 1. “Business—Competition” above.

To remain competitive and generate customer demand, we must successfully develop new and enhanced products and services and effectively manage transitions and product integrations. Failure to do so could limit our ability to maintain or grow current revenues, which could have a material adverse effect on our business, financial condition or results of operations.

We operate in an industry that is characterized by rapid technological change and evolving industry standards. Due to the highly volatile and competitive nature of this industry and the impact of technological change on our products and services, we must continually introduce new products and services, enhance, including through integration of products and services within MSCI and with third-party platforms, existing products and services, and effectively generate customer demand for new and upgraded products and services. If, among other things, we fail to accurately anticipate or respond or adapt to evolving technologies and changing industry standards, if we fail to anticipate and meet the needs of our clients through the successful development of new products and services, if our new products and services are not attractive to our clients or cannot be integrated with third-party platforms, if our new products do not perform as well as anticipated, if we misprice our new products and services, if the launch of new products and offering of new services is not timely, or if competitors in any business line introduce products, services, systems and processes that are more competitive than ours or that gain greater market acceptance, we could lose market share and clients to our competitors which could materially adversely affect our business, financial condition or results of operations.

We must make long-term investments and commit significant resources before knowing whether these investments will eventually result in products and services that satisfy our clients’ needs and generate revenues required to provide the desired results. For example, we have made, and need to continue to make, investments in our technology platform in order to provide competitive products and services to our clients. From time to time, we also incur costs to integrate existing products and services and transition clients to enhanced products and services, which also present execution risks and challenges. If we are unable to effectively manage transitions to new or enhanced products and services, our business, financial condition or results of operations could be materially

adversely affected. See “—If our products contain undetected errors or fail to perform properly due to defects, malfunctions or similar problems, we may, among other things, become subject to increased costs or liability based on the use of our products or services to support our clients’ investment processes, which could have a material adverse effect on our business, financial condition or results of operations” below.

A limited number of clients account for a material portion of our revenue. Cancellation of subscriptions or investment product licenses by any of these clients could have a material adverse effect on our business, financial condition or results of operations.

For the fiscal years ended December 31, 2017 and 2016, revenues from our ten largest clients accounted for 27.8% and 25.7% of our total revenues, respectively. Our revenue growth depends on our ability to obtain new clients and achieve and sustain a high level of renewal rates with respect to our existing subscription base and our investment product licenses. Failure to achieve one or more of these objectives could have a material adverse effect on our business, financial condition and operating results. For the fiscal year ended December 31, 2017, our largest client organization by revenue, BlackRock, accounted for 11.5% of our total revenues. For the fiscal years ended December 31, 2017 and 2016, 95.3% and 93.7%, respectively, of the revenue from BlackRock came from fees based on the assets in BlackRock’s ETFs that are based on our indexes. If one or more of our largest clients cancels or reduces its subscriptions or investment product licenses and we are unsuccessful in replacing those subscriptions or licenses, our business, financial condition or results of operations could be materially adversely affected. See “—Our clients that pay us a fee based on the assets of an index-linked investment product may seek to negotiate a lower asset-based fee percentage or lower the total expense ratio of such products or may cease using our indexes, which could limit the growth of or decrease our revenues from asset-based fees” above.

Our growth and profitability may not continue at the same rate as we have experienced in the past for several reasons, including if our operating costs are higher than expected, which could have a material adverse effect on our business, financial condition or results of operations.

We have experienced significant growth since we began operations. There can be no assurance that we will be able to maintain the levels of growth and profitability that we have experienced in the past. If we experience higher than expected operating costs, including increased personnel costs, occupancy costs, selling and marketing costs, investments in geographic expansion, communication costs, travel costs, application development costs, professional fees, costs related to information technology infrastructure and other costs, and we cannot adjust to these costs, our operating results may fluctuate significantly or our anticipated profitability may be reduced and our anticipated results of operations and financial position may be materially adversely affected.

Additionally, there can be no assurance that we will be as successful in our product development, marketing efforts, or capital return or allocation strategies as we have been in the past, or that such efforts will result in growth or profit margins comparable to those we have experienced in the past. See “— To remain competitive and generate customer demand, we must successfully develop new and enhanced products and services and effectively manage transitions and product integrations. Failure to do so could limit our ability to maintain or grow current revenues, which could have a material adverse effect on our business, financial condition or results of operations” above.

We are dependent on key personnel in our professional staff for their expertise. If we fail to attract or retain the necessary qualified personnel, including through our compensation programs, our business, financial condition or results of operations could be materially adversely affected.

The development, maintenance and support of our products and services are dependent upon the knowledge, skills, experience and abilities of our employees. Accordingly, we believe that the success of our business depends to a significant extent upon the continued service of our executives and other key management, research and development, sales and marketing, operations, information technology and other personnel. Although we do not believe that we are overly dependent upon any individual employee, our management and other employees may terminate their employment at any time and the loss of any of our key employees could have a material adverse effect on our business, financial condition or results of operations.

If our cash and long-term equity incentive compensation programs do not adequately engage our key employees or are not competitive, we may lose key personnel. If we fail to attract, engage and retain the necessary qualified personnel, the quality of our products and services as well as our ability to support and retain our customers and achieve business objectives may suffer, which could have a material adverse effect on our business, financial condition or results of operations.

Any future expansion may place significant strain on our management and other resources.

Our expansion in the past and any future expansion, particularly in emerging market locations, has placed, and is expected to continue to place, significant demands on our personnel, management and other resources. We must continue to improve our operational, financial, human resources, management, legal and compliance processes and information systems to keep pace with prior expansion of our business. There can also be no assurance that, if in the future, we expand organically or by way of acquisition, our management will be effective in attracting, engaging and retaining additional qualified personnel, including additional managers or key employees, developing effective leadership in all of our locations, expanding our physical facilities and information technology infrastructure, integrating acquired businesses or otherwise managing expansion. Additionally, new hires require significant training and may, in some cases, take a significant amount of time before becoming fully productive. Any failure to effectively manage expansion or to effectively manage the business could have a material adverse effect on our business, financial condition or results of operations. See “— We are subject to unanticipated costs in connection with political, economic, legal, operational, franchise and other risks as a result of our international operations, which could materially adversely impact our businesses” below, “— We are dependent on key personnel in our professional staff for their expertise. If we fail to attract or retain the necessary qualified personnel, including through our compensation programs, our business, financial condition or results of operations could be materially adversely affected” above, Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” below and Part I, Item 1. “Business—Company History” above.

Changes in government regulations, including the implementation of new or pending financial or operational regulations or the repeal of existing financial or operational regulations, could materially adversely affect our business, financial condition or results of operations.

The financial services industry is subject to extensive regulation at the federal and state levels, as well as by foreign governments with some jurisdictions regulating indexes directly. These regulations are complex, evolve frequently, and are subject to administrative interpretation and judicial construction in ways that could materially adversely affect our business. It is very difficult to predict the future impact of the broad and expanding legislative and regulatory requirements affecting our business and our clients’ businesses. On June 23, 2016, the United Kingdom voted to leave the European Union through the Referendum of the United Kingdom’s Membership of the European Union, an event commonly referred to as “Brexit.” Brexit could lead to legal uncertainty and potentially divergent national laws and regulations that affect our business. If we fail to comply with any applicable laws, rules or regulations, we could be subject to fines or other penalties. Additionally, we may be required to comply with multiple and potentially conflicting laws, rules or regulations in various jurisdictions, which could, individually or in the aggregate, result in materially higher compliance costs to us. It is possible that laws or regulations could cause us to restrict or change the way we license and price our products or could impose additional costs on us. Some changes to the laws, rules and regulations applicable to our clients could restrict our clients’ ability to use our products and services unless we change our products and services or could otherwise impact our clients’ demand for our products and services. As such, to the extent that our clients become bound by certain laws, rules or regulations, we may incur higher costs in connection with modifying our products or services at their request even in instances where we are not directly legally bound. To the extent that we rely on our clients and vendors to provide data for our products and services and certain laws, rules or regulations impact our clients’ and vendors’ ability to provide that data to us or regulate the fees for which such data can be provided, our ability to continue to produce our products and services or the related costs could be negatively impacted. There can be no assurance that changes in laws, rules or regulations will not have a material adverse effect on our business, financial condition or results of operations. The regulations that most materially impact us are described below:

- *Regulation Affecting Benchmarks.* Regulation (EU) 2016/1011 on indexes used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds was

published on June 30, 2016 with effect on January 1, 2018. The new regulation governs index development, calculation, dissemination, governance, maintenance and recordkeeping, as well as input data licensing, collection and dissemination. Because this regulation governs a new area, the full impact on our index product line is still to be determined. Additionally, the European Securities and Markets Authority (“ESMA”) may issue guidance with different or new interpretations with respect to the regulation or technical standards. Complying with the regulation, technical standards or guidance could lead to a change in our business practices and/or our ability to offer indexes in the European Union, including without limitation, by increasing our costs of doing business, diminishing our intellectual property rights, imposing constraints on our ability to meet contractual commitments to our data providers, or causing our data providers to refuse to provide data to us, any of which could have a material adverse effect on our equity and real estate index product lines. MSCI Limited, as the benchmark administrator for all MSCI equity indexes globally, applied for authorization as an EU benchmark administrator in October 2017 with the UK FCA.

Under the Markets in Financial Instruments Regulation (Regulation (EU) No 600/2014), where the value of a financial instrument is calculated by reference to a benchmark, a person with proprietary rights to the benchmark will be required to ensure that clearing entities and trading venues may license the benchmark and receive relevant price and data feeds and information regarding the composition, methodology and pricing of the benchmark for the purposes of clearing and trading. Access to such licenses and information will have to be offered by the benchmark owner within three months of the request and on fair, reasonable and non-discriminatory terms that are no less favorable than the terms offered to other trading venues unless a different basis can be objectively justified. In the event that compliance with this regulation (expected to be required in 2019) leads to a change in our business practices or our ability to offer our indexes, increases our cost of doing business or diminishes our intellectual property rights, it could have a material adverse effect on our index product line.

On December 18, 2012, ESMA published guidelines on ETFs and other Undertakings for Collective Investment in Transferable Securities (“UCITS”) issues (ESMA/2012/832EN), which are updated from time to time by ESMA (“Guidelines”). The Guidelines limit the types of indexes that can be used as the basis of UCITS funds and require, among other things, index constituents, together with their respective weightings, to be made easily accessible free of charge, such as via the internet, to investors and prospective investors on a delayed and periodic basis. The Guidelines became effective as of February 17, 2013 with respect to newly launched UCITS funds. They became effective for all UCITS funds on February 17, 2014. We have made available a client communication with respect to our policies as they relate to the Guidelines. To the extent that ESMA issues new guidance or different or new interpretations with respect to the Guidelines, complying with such guidance could have a negative impact on our business and results of operations, including a material negative impact on our licensing of index data and/or our indexes as the basis of ETFs and other UCITS. Additionally, other jurisdictions outside of Europe have adopted, and others could adopt, similar concepts, proposals or regulations.

On July 17, 2013, the International Organization of Securities Commissions (“IOSCO”) published its final report on principles for financial benchmarks (“IOSCO Principles”). The IOSCO Principles cover conflicts of interest, benchmark quality and integrity, methodology requirements, procedures related to handling complaints, documentation requirements and audit reviews. The IOSCO Principles require benchmark administrators to publicly disclose whether they comply with the IOSCO Principles within 12 months of their initial publication, with such compliance subject to audit. We announced our implementation of the IOSCO Principles on July 16, 2014 and posted our compliance statement and audit results on our website in each of July 2016 and July 2015. For 2017, we continued to rely on our 2016 compliance statement as updated in light of the Regulation (EU) 2016/1011. To the extent that IOSCO issues new principles or different or new interpretations with respect to the existing IOSCO Principles and/or any individual jurisdictions adopt similar, new or different concepts, proposals or regulations, complying with such principles, concepts, proposals or regulations could lead to a change in our business practices or our ability to offer our indexes, including without limitation, by increasing our costs of doing business, diminishing our intellectual property rights, imposing constraints on our ability to meet our commitments to our data providers or causing our data providers to refuse to provide data to us, any of which could have material adverse effect on our equity and real estate index product lines.

Additionally, on January 3, 2018, rules became effective in the EU that require sell-side firms to unbundle the costs of research, and separately charge buy-side firms for execution, investment research and other advisory services. MSCI is not such a firm, and we rely on our clients to determine whether their use of our products and services falls within the definition of investment research, and from which budget our fees are to be paid. The impact of these decisions on our clients' budgets and the ongoing uncertainty around the application of the rules has led to and could continue to lead to delays in the execution of agreements and the potential loss of revenue in the EU, specifically for certain of our ESG Research products. If additional rules or interpretations are issued that expand the definition of investment research services in such a way that causes our clients in the EU to believe other of our products and services constitute investment research, these negative impacts could increase which could materially adversely affect our business, financial condition or results of operations.

- *Data Privacy Legislation.* Changes in laws, rules or regulations, or consumer environments relating to privacy or information collection and use may affect our ability to collect, manage, aggregate, store, transfer and use personal data. There could be a material adverse impact on our direct marketing due to the enactment of legislation or industry regulations, or simply a change in practices, arising from public concern over privacy issues. Restrictions could be placed upon the collection, management, aggregation, storage, transfer and use of information that is currently legally available, in which case our cost of collecting, managing, aggregating, storing, transferring or using certain types of data could materially increase. It is also possible that we could be prohibited from collecting, managing, aggregating, storing, transferring or using certain types of data, which could materially adversely affect our ability to meet our clients' needs. Most recently, the European Parliament adopted the General Data Protection Regulation ("GDPR") which will take effect in May 2018. The GDPR imposes additional operational requirements for companies that receive or process personal data of residents of the EU that are different than those currently in place in the EU. In addition, the GDPR will include significant penalties for non-compliance. The costs of compliance with, and other burdens imposed by, such laws, rules or regulations may limit the use and adoption of our products and services and could have a material adverse impact on our results of operations.
- *Investment Advisers Act.* Except with respect to certain products provided by MSCI ESG Research and certain of its subsidiaries, we believe that our products and services do not constitute or provide investment advice as contemplated by the Investment Advisers Act of 1940 ("Advisers Act"). Future developments in our product lines or changes to current laws, rules or regulations could cause this status to change. The Advisers Act imposes fiduciary duties, recordkeeping and reporting requirements, disclosure requirements, limitations on agency and principal transactions between an adviser and advisory clients, as well as general anti-fraud prohibitions. It is possible that in addition to MSCI ESG Research and certain of its subsidiaries, other entities in our corporate family may be required to register as an investment adviser under the Advisers Act or comply with similar laws or requirements in states or foreign jurisdictions.
- *Dodd-Frank Act and Other Financial Regulations.* We may be materially adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other U.S. or foreign governmental regulatory authorities or self-regulatory organizations that supervise the financial markets around the world. Uncertainty caused by political change in the United States and Europe (e.g., Brexit and the change in presidential administration and congressional composition in the United States in 2017) heightens regulatory uncertainty. The enactment of the Dodd-Frank Act on July 21, 2010 had a significant impact on many aspects of the way in which the financial services industry conducts business. However, the full effect of the Dodd-Frank Act is still unknown given that certain rules and regulations promulgated under the Dodd-Frank Act have yet to take effect or may be largely repealed or modified. As a result of the regulatory uncertainty surrounding the Dodd-Frank Act, complying with its existing and future requirements could negatively impact the business, operations and financial viability of many of our clients which, in turn, could have a negative impact on our business and results of operations.

In some instances, in connection with the provision of data and services, we have incurred additional costs to implement processes and systems at the request of our clients to ensure that the products and services that they in turn provide to their clients using our data are compliant with the financial regulations to which our clients may be subject. To the extent that our clients are subject to increased

regulation, we may be indirectly impacted and could incur increased costs that could have a negative impact on the profitability of certain products.

Our clients may become more self-sufficient, which may reduce demand for our products or services and materially adversely affect our business, financial condition or results of operations.

Our clients may internally develop certain functionality contained in the products or services they currently license from us. For example, a number of our clients have obtained regulatory clearance to create indexes for use as the basis of ETFs that they manage. For example, on September 20, 2016, Blackrock received exemptive relief from the SEC to create certain indexes for use as the basis of ETFs that it would manage. Similarly, some of our clients who currently license our risk data to analyze their portfolio risk may develop their own tools to collect data and assess risk, making our products or services unnecessary for them. To the extent that our clients become more self-sufficient, demand for our products or services may be reduced, which could have a material adverse effect on our business, financial condition or results of operations. A growing number of asset managers and investment banks, in partnership with index providers that offer calculation agent services, or acting together with an industry group or association, have created or may create their own range of proprietary indexes, which they use to manage funds or as the basis of ETFs, structured products or OTC derivatives. See “— A limited number of clients account for a material portion of our revenue. Cancellation of subscriptions or investment product licenses by any of these clients could have a material adverse effect on our business, financial condition or results of operations” above and “— Increased competition and financial and budgetary pressures affecting clients in our industry may cause price reductions or loss of market share, which may materially adversely affect our business, financial condition or results of operations” above.

Legal protections for our intellectual property rights and other rights may not be sufficient or available to protect our competitive advantages. Third parties may infringe on our intellectual property rights, and third-party litigation may materially adversely affect our ability to protect our intellectual property rights.

We consider many aspects of our products and services to be proprietary. We rely primarily on a combination of trade secret, patent, copyright and trademark rights, as well as contractual protections and technical measures, to protect our products and services. Despite our efforts, third parties may still try to challenge, invalidate or circumvent our rights and protections. There is no guarantee that any trade secret, patent, copyright or trademark rights that we may obtain will protect our competitive advantages, nor is there any assurance that our competitors will not infringe upon our rights. As we have experienced, even if we attempt to protect our intellectual property rights through litigation, it may require considerable cost, time and resources to do so, and there is no guarantee that we will be successful. Furthermore, our competitors may also independently develop and patent or otherwise protect products and services that are the same or similar to ours. In addition, the laws of certain foreign countries in which we operate do not protect our proprietary rights to the same extent as do the laws of the U.S. Also, some elements of our products and services may not be subject to intellectual property protection.

- **Trademarks and Service Marks** — We have registered, among others, “MSCI,” “Barra,” “RiskMetrics” and “RiskManager” as trademarks or service marks in the U.S. and in certain foreign countries. When we enter a new geographic market or introduce a new product brand, there can be no assurance that our existing trademark or service mark of choice will be available. Furthermore, the fact that we have registered trademarks is not an assurance that other companies may not use the same or similar names.
- **Patents** — We currently hold 22 U.S. and foreign patents. We currently have one U.S. patent application pending. Patent applications can be extremely costly to process and defend. There can be no assurance that we will be issued any patents that we apply for or that any of the rights granted under any patent that we obtain will be sufficient to protect our competitive advantages.
- **Copyrights** — We believe our proprietary software and proprietary data are copyright protected. If a court were to determine that any of our proprietary software or proprietary data, such as our index level data, is not copyright protected, it could have a material adverse effect on our business, financial condition or results of operations.

- Confidentiality and Trade Secrets** — Our license agreements limit our clients' right to copy or disclose our proprietary software and data. It is possible, however, that a client might still make unauthorized copies of our proprietary software or data, which could have a material adverse effect on our business, financial condition or results of operations. For example, if a client who licensed a large volume of our proprietary historical data made that information publicly available, we might lose potential clients who could freely obtain a copy of the data. We also seek to protect our proprietary software and data through trade secret protection and through non-disclosure obligations with our employees. However, if an employee breaches his or her non-disclosure obligation and reveals a trade secret or other confidential information, we could lose the trade secret or confidentiality protection, which could have a material adverse effect on our business, financial condition or results of operations. Furthermore, it may be very difficult to ascertain if a former employee is inappropriately using or disclosing our confidential or proprietary information. We have investigated suspicions that former employees have used or disclosed our confidential or proprietary information, but we may not be able to determine with certainty whether misappropriation has occurred.

Likewise, we cannot be certain that we are aware or in the future will be aware of every instance in which this sort of behavior may occur. Additionally, the enforceability of our license and other agreements' non-disclosure obligations and the availability of remedies to us in the event of a breach may vary due to the many different jurisdictions in which our clients and employees are located.
- License Agreements** — Our products are generally made available to end users on a periodic subscription basis under a license agreement signed by the client. We also permit access to some data, such as certain index information, through the internet under online licenses that are affirmatively acknowledged by the licensee or under terms of use. There can be no assurance that third parties will abide by the terms of our licenses or that all of our license agreements will be enforceable.
- Third-Party Litigation** — There have been a number of lawsuits in multiple jurisdictions, including in the U.S. and Germany, regarding whether issuers of index-linked investment products are required to obtain a license from the index owner or whether issuers may issue investment products based on publicly-available index level data without obtaining permission from (or making payment to) the index owner. The outcome of these cases depends on a number of factors, including the governing law, the amount of information about the index available without a license and the other particular facts and circumstances of the cases. In some instances, the results have been unfavorable to the index owner. If courts or regulators or other governmental bodies in relevant jurisdictions determine that a license is not required to issue investment products linked to indexes, this could have a material adverse effect on our business, financial condition or results of operations. See “— *Changes in government regulations, including the implementation of new or pending financial or operational regulations or the repeal of existing financial or operational regulations, could materially adversely affect our business, financial condition or results of operations*” above. It might also lead to changes in current industry practices such that we would no longer make our index level data publicly available, such as via our website or news media, on a timely basis.

Third parties may claim we infringe upon their intellectual property rights. Such claims would likely be costly to defend, could require us to pay damages or limit our future use of certain technologies, which could have a material adverse effect on our business, financial condition or results of operations.

From time to time, we receive claims or notices from third parties alleging infringement or potential infringement of their intellectual property rights. The number of these claims may grow. Businesses operating in the financial services sector, including our competitors and potential competitors, have increasingly pursued or may consider pursuing patent protection for their technologies and business methods. If any third parties were to obtain a patent on a relevant index methodology, risk model, software application or other relevant product or process, we could be sued for infringement. Furthermore, there is always a risk that third parties will sue us for infringement or misappropriation of other intellectual property rights, such as trademarks, copyrights or trade secrets.

Responding to intellectual property claims, regardless of merit, can consume valuable time, and result in costly litigation or delays. We may be forced to settle such claims on unfavorable terms, and there can be no assurance that

we would prevail in any litigation arising from such claims if such claims are not settled. We may be required to pay damages, to stop providing or using the affected products or services or to enter into royalty and licensing agreements. There can be no assurance that any royalty or licensing agreements will be made, if at all, on terms that are commercially acceptable to us. From time to time we receive notices calling upon us to defend partners, clients, suppliers or distributors against such third-party claims under indemnification clauses in our contracts. If any of these risks materialize, the impact of claims of intellectual property infringement could have a material adverse effect on our business, financial condition or results of operations.

Our use of open source code could introduce security vulnerabilities into our internal network system, impose unanticipated delays or costs in deploying our products, or impose conditions or restrictions on our ability to commercialize our products or keep them confidential.

We rely on open source code to develop software and to incorporate it in our products, as well as to support our internal systems and infrastructure. The use of open source code may entail greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims, the quality of the code or the security of the code. Despite our efforts and processes to prevent breaches of our internal network system through security patches and software updates, we are still vulnerable to cyber-attacks launched by those seeking to exploit vulnerabilities in such code. Such cyber-attacks could have a materially adverse effect on our business, financial condition or results of operations. Further, some open source licenses provide that if we combine our proprietary applications with open source software in a certain manner, we could be required to release the source code of our proprietary applications to the public. This would allow our competitors to create similar products with less development effort and time and ultimately put us at a competitive disadvantage. Additionally, the terms of many open source code licenses are ambiguous and have not been interpreted by U.S. courts. Accordingly, there are risks that there may be a failure in our procedures for controlling the usage of open source code or that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products. In either event, we could be required to seek licenses from third parties on terms that are not commercially feasible in order to continue offering our products, to make generally available (in source code form) portions of our proprietary code, to re-engineer our products or systems, to discontinue the licensing of our products if re-engineering could not be accomplished on a timely or cost-effective basis, or to take other remedial action that could divert resources away from our development efforts. Any of these requirements could materially adversely affect our business, financial condition or results of operations.

If our products contain undetected errors or fail to perform properly due to defects, malfunctions or similar problems, we may, among other things, become subject to increased costs or liability based on the use of our products or services to support our clients' investment processes, which could have a material adverse effect on our business, financial condition or results of operations.

Our products and services support the investment processes of our clients, which relate to, in the aggregate, trillions of dollars in assets. Products we develop or license, including our indexes, may contain undetected errors or defects despite testing. Use of our products or services as part of the investment process creates the risk that our clients, or the parties whose assets are managed by our clients, may pursue claims against us for very significant dollar amounts based on what may be alleged to be even a small error or malfunction in certain of our products or services.

Errors or defects can exist at any point in a product's life cycle, but are frequently found after introduction of new products or enhancements to existing products. We continually introduce new methodologies and products, and new versions of our products. Despite internal testing and testing by current clients, our current and future products may contain serious defects or malfunctions. If we detect any errors before we release a product or publish a methodology, we might have to delay the product or index release for an extended period of time while we address the problem. We may not discover errors that affect our new or current products or enhancements until after they are deployed, and we may need to provide enhancements to correct such errors, and in certain cases it may be impracticable to correct such errors. If undetected errors exist in our products or methodologies, or if our products fail to perform properly due to defects, malfunctions or similar problems, it could result in harm to our brand or reputation, lost sales, delays in commercial release, third party claims, contractual disputes, negative publicity,

delays in or loss of market acceptance of our products, license terminations or renegotiations and/or unexpected expenses and diversion of resources to remedy or mitigate such errors. Additionally, any undetected errors, defects, malfunctions or similar problems in our products or methodologies could lead to significant failures, disruptions or slowdowns with respect to our product delivery to clients. The realization of any of these events could materially adversely affect our business, financial condition or results of operations. See “— *Certain events could lead to interruptions in our operations, including interruptions affecting our information technology platform, electronic delivery systems and the internet, which could impair our ability to provide clients with products and customer service. Any resulting failures, disruptions or instability may have a material adverse effect on our financial condition or results of operations*” above.

While we have provisions in our client contracts that are designed to limit our exposure to potential liability claims brought by our clients or third parties based on the use of our products or services or delay or failure to provide services, these provisions do not always eliminate liability resulting from the occurrence of any of these events entirely and may have certain exceptions that could result in the provision of credits, contractual penalties and adverse monetary judgments, or be invalidated by unfavorable judicial decisions or by federal, state, foreign or local laws. Any such claims brought against us, even if the outcome were to be ultimately favorable to us, would involve a significant commitment of our management, personnel, financial and other resources and could have a negative impact on our reputation or pose a significant disruption to our normal business operations. In addition, the duration or outcome of such claims and lawsuits is difficult if not impossible to predict, which could further exacerbate the adverse effect they may have on our business operations.

Our business is dependent on our clients’ continued investment in equity securities as well as the measurement of the performance of our clients’ equity investments against equity benchmarks. If investment in equity markets declines, if our clients significantly reduce their investments in equity securities, or if they discontinue the use of equity benchmarks to measure performance, our business, financial condition or results of operations could be materially adversely affected.

A significant portion of our revenues comes from our products that are focused on various aspects of managing or monitoring equity portfolios. Volatility in equity markets over an extended period or other factors may lead to an overall decline in the viability of such markets, which could reduce new business opportunities for us and our clients. To the extent our clients significantly deemphasize equity securities in their investment strategies, the demand for our equity products would likely decrease, which could have a material adverse effect on our business, financial condition or results of operations. Additionally, while we offer products and services to both active and passive investment managers, an economic trend that significantly favors either active investment management or passive investment management could lead to a decrease in our revenues that would not be fully offset by revenues generated from products and services sold to passive or active investment managers. See “— *Our revenues attributable to asset-based fees may be affected by changes in the capital markets, particularly the equity capital markets. A decrease in our revenues attributable to these fees could have a material adverse effect on our business, financial condition or results of operations*” above.

Additionally, our equity indexes serve as equity benchmarks against which our clients can measure the performance of their investments. If clients decide to measure performance on an absolute return basis instead of against an equity benchmark, the demand for our equity indexes could decrease. Any such decrease in demand for our equity indexes could have a material adverse effect on our business, financial condition or results of operations.

If we are unable to successfully identify, execute and realize synergies from acquisitions, or if we experience integration, financing, or other risks resulting from our acquisitions, our financial results may be materially adversely affected.

An element of our growth strategy is growth through acquisitions. As we continue pursuing selective acquisitions to support our growth strategy, we seek to be a disciplined acquirer, and there can be no assurance that we will be able to identify suitable candidates for successful acquisition at acceptable prices. In addition, our ability to achieve the expected returns and synergies from our past and future acquisitions depends in part upon our ability to effectively integrate the offerings, technology, sales, administrative functions and personnel of these businesses into our business. We cannot provide assurance that we will be successful in integrating acquired businesses or that

our acquired businesses will perform at the levels we anticipate. In addition, our past and future acquisitions may subject us to unanticipated risks or liabilities or disrupt our operations. Any acquisition could present a number of risks, including:

- incorrect assumptions regarding the future results of acquired operations or assets or expected cost reductions or other synergies expected to be realized as a result of acquiring operations or assets;
- failure to integrate the operations or management of any acquired operations or assets successfully and on a timely and cost effective basis;
- failure to achieve assumed synergies;
- insufficient knowledge of the operations and markets of acquired businesses, including where the acquired company operates in many countries and in markets with which we have limited experience;
- increased debt, which may be incurred under terms less favorable than those associated with our current debt and which may, among other things, reduce our free cash flow and increase our risk of default;
- dilution of our common stock;
- loss of key personnel;
- diversion of management's attention from existing operations or other priorities; and
- inability to secure, on terms we find acceptable, sufficient financing that may be required for any such acquisition or investment.

In the event that we experience a high level of acquisition-related activity within a limited period of time, the possibility of occurrence of these risks would likely increase for that period. In addition, if we are unsuccessful in completing acquisitions of other businesses, operations or assets or if such opportunities for expansion do not arise, our future growth, business, financial condition or results of operations could be materially adversely affected.

Our revenues, expenses, assets and liabilities are subject to foreign currency exchange rate fluctuation risk.

We are subject to foreign currency exchange rate fluctuation risk. Exchange rate movements can impact the U.S. dollar reported value of our revenues, expenses, assets and liabilities denominated in non-U.S. dollar currencies or where the currency of such items is different than the functional currency of the entity where these items were recorded.

We generally invoice our clients in U.S. dollars; however, we invoice a portion of our clients in Euros, British pounds sterling, Japanese yen and a limited number of other non-U.S. dollar currencies. For the years ended December 31, 2017 and 2016, 13.4% and 16.9%, respectively, of our revenues are subject to foreign currency exchange rate risk and primarily includes clients billed in foreign currency as well as U.S. dollar exposures on non-U.S. dollar foreign operating entities. Of the 13.4% of non-U.S. dollar exposure for the year ended December 31, 2017, 39.6% was in Euros, 27.3% was in Japanese yen and 26.8% was in British pounds sterling. Of the 16.9% of non-U.S. dollar exposure for the year ended December 31, 2016, 35.5% was in British pounds sterling, 34.4% was in Euros, and 24.9% was in Japanese yen.

Revenues from index-linked investment products represented 21.7% and 18.3% of operating revenues for the years ended December 31, 2017 and 2016, respectively. While a substantial portion of our fees for index-linked investment products are invoiced in U.S. dollars, the fees are based on the investment product's assets, of which approximately two-thirds are invested in securities denominated in currencies other than the U.S. dollar. Accordingly, declines in such other currencies against the U.S. dollar will decrease the fees payable to us under such licenses. In addition, declines in such currencies against the U.S. dollar could impact the attractiveness of such investment products resulting in net fund outflows, which would further reduce the fees payable under such licenses.

We are exposed to additional foreign currency risk in certain of our operating costs. Approximately 36.9% and 38.3% of our operating expenses for the years ended December 31, 2017 and 2016, respectively, were denominated in foreign currencies, the significant majority of which were denominated in British pounds sterling, Indian rupees,

Swiss francs, Euros, Hungarian forints, Hong Kong dollars, Chinese yuan and Mexican pesos. Expenses incurred in foreign currency may increase as we expand our business outside the U.S.

We have certain monetary assets and liabilities denominated in currencies other than local functional amounts and when these balances were remeasured into their local functional currency, either a gain or a loss resulted from the change of the value of the functional currency as compared to the originating currencies. We manage foreign currency exchange rate risk, in part, through the use of derivative financial instruments comprised principally of forward contracts on foreign currency which are not designated as hedging instruments for accounting purposes. The objective of the derivative instruments is to minimize the impact on the income statement of the volatility of amounts denominated in certain foreign currencies. We recognized total foreign currency exchange losses of \$2.2 million and \$0.2 million for the years ended December 31, 2017 and 2016, respectively. Although we believe that our guidelines and policies are reasonable and prudent, any hedging instruments that we are currently party to or may enter into in the future may not be successful, resulting in an adverse impact on our results of operations.

To the extent that our international activities recorded in local currencies increase or decrease in the future, our exposure to fluctuations in currency exchange rates may correspondingly increase and could have a material adverse effect on our business, financial condition or results of operations. While the full effects of Brexit will not be known for some time, the Brexit vote caused significant volatility in currency exchange rates, especially between the U.S. dollar and the British pound sterling. The weaker British pound sterling means that revenues earned in British pound sterling translate to lower reported U.S. dollar revenues. The weaker British pound sterling also means that expenses incurred in British pound sterling translate to lower reported U.S. dollar expenses. The weaker British pound sterling could also impair the purchasing power of our clients and could result in decreased demand for our products and services. The fall in the British pound sterling relative to the U.S. dollar, and the strengthening of the U.S. dollar relative to a number of currencies including the British pound sterling, could have significant impacts on our business, financial condition or results of operations.

Our indebtedness could materially adversely affect our cash flows and financial flexibility.

As of December 31, 2017, we had \$2.1 billion of outstanding indebtedness in the form of senior unsecured notes (collectively, the "Senior Notes"). We also maintain a \$220.0 million senior unsecured revolving credit agreement (the "Revolving Credit Agreement"), which was undrawn as of December 31, 2017. The Revolving Credit Agreement is subject to an unused commitment fee of 0.35%. We recognized an interest expense associated with the Senior Notes and the Revolving Credit Agreement of approximately \$116.0 million for the year ended December 31, 2017.

Although management believes that our cash flows will be sufficient to service our outstanding indebtedness, we cannot assure you that we will generate and maintain cash flows sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. Our ability to make payments on indebtedness and to fund planned capital expenditures depends on our ability to generate and access cash in the future, which, in turn, is subject to general economic, financial, competitive, regulatory and other factors, many of which are beyond our control. If we are unable to generate sufficient cash flow from operations or access it, we may need to refinance all or a portion of our indebtedness on or before maturity and we may not be able to secure additional financing on terms favorable or acceptable to us or at all. Absent sufficient cash flow and the ability to refinance, we could also be forced to sell assets to make up for any shortfall in our payment obligations. The restrictive covenants in our debt agreements, however, limit our and our subsidiaries' ability to sell assets and also restrict the use of proceeds from such a sale. If we cannot refinance or otherwise pay our obligations as they mature and fund our liquidity needs, our business, financial condition, results of operations, cash flows, liquidity, ability to obtain financing and ability to compete in our industry could be materially adversely affected.

We may need to incur substantial additional debt from time to time under our existing debt agreements to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If we do so, the risks related to our level of indebtedness could intensify, including by making it difficult for us to optimally capitalize and manage the cash flow for our business or placing us at a competitive disadvantage compared to our competitors that have less indebtedness.

Furthermore, the terms of our debt agreements include restrictive covenants that limit, among other things, our and our existing and future subsidiaries' financial flexibility. If we are unable to comply with the restrictions and covenants in our debt agreements, there could be a default that, in some cases, if continuing, could result in the accelerated payment of our debt obligations or the termination of borrowing commitments on the part of the lenders under our Revolving Credit Agreement. See Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for a description of the restrictive covenants in our debt agreements.

A change in our credit ratings could materially adversely affect our financial condition.

Our credit ratings are not recommendations to buy, sell or hold any of our common stock or outstanding debt. Our outstanding debt under the Senior Notes, which amounts to an aggregate principal amount of approximately \$2.1 billion, currently has a non-investment grade rating. Any rating assigned to such debt is subject to ongoing evaluation by the credit rating agencies and could be lowered or withdrawn entirely at any time by such agency if, in the agency's judgment, future circumstances relating to the basis of the rating so warrant. Such future circumstances include, but are not limited to, adverse changes to our results of operations, financial condition or cash flows, or revisions to our corporate strategy pertaining to capitalization or leverage. For example, on July 28, 2015, the Board of Directors authorized corporate action that led to a change in the Company's target leverage and interest expense, allowing for the issuance of our 2025 Senior Notes on August 13, 2015. Following the Board of Directors' authorization, one of the ratings agencies described the increase as substantially higher than current leverage levels and as a result downgraded our credit rating. This recent downgrade, and any further downgrade, could adversely affect the amount of capital we can access, as well as the terms of any financing we obtain.

In addition, our debt covenants contain certain obligations that are triggered by a change in our credit rating. The Senior Notes contain covenants that require the Company to offer to repurchase the 2024 Senior Notes, the 2025 Senior Notes, or the 2026 Senior Notes as applicable, in cash at a price equal to 101.0% of their par value, in the event of a change of control of the Company or disposition of substantially all of the Company's assets. The Company is obligated to make such repurchase offer to noteholders if the following two conditions are met at the time of, or as a result of, such change of control or asset sale transaction: (i) the Senior Notes are rated below investment grade by each rating agency that rates the Senior Notes and (ii) the Senior Notes are downgraded by any rating agency.

Any adverse change in our credit rating could have a negative effect on our liquidity and future growth through transactions in which we rely on the ability to receive debt capital at an advantageous cost and on favorable terms. Accordingly, actual or anticipated changes or downgrades to or withdrawal of our credit ratings, including any announcement that our ratings are under review or have been assigned a negative outlook, could have a material adverse effect on our financial condition, results of operations and cash flows, and on the market value of our common stock and outstanding debt.

We are subject to unanticipated costs in connection with political, economic, legal, operational, franchise and other risks as a result of our international operations, which could materially adversely impact our businesses.

As we continue to expand our international operations, we increase our exposure to political, economic, legal, operational, franchise and other risks that are inherent in operating in many countries, including risks of possible capital controls, exchange controls, customs duties, sanctions compliance, tax penalties, levies or assessments, broad regulatory discretion and other restrictive governmental actions, as well as the outbreak of hostilities or political and governmental instability in certain of the countries or regions in which we conduct operations. A significant number of our employees are located in offices outside of the U.S. and a number of those employees are located in emerging market locations. For example, as of December 31, 2017, 59.0% of our employees were located in emerging market locations. The cost of establishing and maintaining these offices, including costs related to information technology infrastructure, as well as the costs of attracting, training and retaining employees in these locations may be higher, or may increase at a faster rate, than we anticipate, which could have a material adverse effect on our business, financial condition or results of operations.

Additionally, the laws and regulations in many countries applicable to our business are uncertain and evolving, and it may be difficult for us to determine the exact requirements of local laws in every market. Our inability to maintain consistent internal policies and procedures across our offices and remain in compliance with local laws in a particular market could have a significant and negative effect not only on our businesses in that market but also on our reputation generally.

In order to penetrate markets outside of the U.S., we must provide a suite of products and services that fit the needs of the local market. Demand for our products and services is still nascent in many parts of the world.

Many countries have not fully developed laws and regulations regarding risk management and ESG and, in many cases, institutions in these countries have not developed widely accepted best practices regarding the same. If we do not appropriately tailor our products and services to fit the needs of the local market, we may be unable to effectively grow sales of our products and services outside of the U.S. There can be no assurances that demand for our products and services will develop in these countries.

We may be exposed to liabilities under applicable anti-corruption laws and any determination that we violated these laws could have a material adverse effect on our business.

We are subject to various anti-corruption laws that prohibit improper payments or benefits or offers of payments or benefits to foreign governments and their officials and, in some cases, to employees of a business for the purpose of obtaining or retaining business. We have business in countries and regions which are less developed and are generally recognized as potentially more corrupt business environments. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees or agents that could be in violation of various anti-corruption laws including the Foreign Corrupt Practices Act of 1977, as amended (the "FCPA") and the U.K. Bribery Act 2010. We have implemented safeguards and policies to discourage these practices by our employees and agents. However, our existing safeguards and any future improvements may prove to be less than fully effective and our employees or agents may engage in conduct for which we might be held responsible. If employees violate our policies or we fail to maintain adequate record-keeping and internal accounting practices to accurately record our transactions we may be subject to regulatory sanctions. Violations of the FCPA or other anti-corruption laws may result in severe criminal or civil sanctions and penalties, and we may be subject to other liabilities which could have a material adverse effect on our business, results of operations and financial condition.

We may have exposure to additional tax liabilities in various jurisdictions.

As a global corporation, we are subject to income taxes as well as non-income or indirect taxes, in the U.S. and various foreign jurisdictions. Significant judgment is required in determining our global provision for income taxes and other tax liabilities. In the ordinary course of a global business, there are many intercompany transactions and calculations where the ultimate tax determination is uncertain. Changes in domestic and international tax laws could negatively impact our overall effective tax rate.

We are regularly under audit by tax authorities. Although we believe that our tax provisions are reasonable, there can be no assurance that the final determination of tax audits or tax disputes will not be different from what is reflected in our historical income tax provisions and accruals. To the extent we are required to pay amounts in excess of our reserves, such differences could have a material adverse effect on our Consolidated Statement of Income for a particular future period. In addition, an unfavorable tax settlement could require use of our cash and result in an increase in our effective tax rate in the period in which such resolution occurs.

We are also subject to non-income taxes, such as payroll, sales, use, value-added, net worth, withholding, property and goods and services taxes, in the U.S. and various foreign jurisdictions. We are regularly under audit by tax authorities with respect to these non-income taxes and may have exposure to additional non-income tax liabilities.

Uncertainties in the interpretation and application of the 2017 Tax Cuts and Jobs Act could materially affect our tax obligations and effective tax rate.

The 2017 Tax Cuts and Jobs Act (“Tax Reform”) was enacted on December 22, 2017, and significantly affected U.S. tax law by changing how the U.S. imposes income tax on multinational corporations. The U.S. Department of Treasury has broad authority to issue regulations and interpretative guidance that may significantly impact how we will apply the law and may impact our results of operations in the period issued.

Tax Reform requires complex computations not previously provided in U.S. tax law. Further, compliance with Tax Reform and the accounting for such provisions require accumulation of information not previously required or regularly produced. We have provided a provisional estimate on the transitional effect of Tax Reform in our financial statements. As additional regulatory guidance is issued by the applicable taxing authorities, as accounting treatment is clarified, as we perform additional analysis on the application of the law, and as we refine estimates in calculating the effect, we may make adjustments to provisional transitional amounts that we have recorded that may materially impact our provision for income taxes and effective tax rate in the period in which the adjustments are made throughout the allowable measurement period. In addition, we are in the process of analyzing the effects of new and complex provisions of Tax Reform that will have an impact on our results starting in fiscal 2018 and this analysis may change as further guidance is issued by relevant taxing authorities. Furthermore, foreign governments may enact laws in response to Tax Reform that could result in further changes to global taxation and materially affect our financial position and results of operation.

Our investments in recorded goodwill and other intangible assets as a result of acquisitions, including goodwill and other intangible assets resulting from our acquisitions, could be impaired as a result of future business conditions, requiring us to record substantial write-downs that would reduce our operating income.

We have goodwill and intangible assets of \$1,882.5 million recorded on our balance sheet as of December 31, 2017. We evaluate the recoverability of recorded goodwill amounts annually or when evidence of potential impairment exists. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. These impairment tests are based on several factors requiring management’s judgment. Changes in fair market valuations and our operating performance or business conditions, in general, could result in future impairments of goodwill or intangible assets which could materially adversely affect our results of operations. In addition, if we are not successful in achieving anticipated operating efficiencies associated with acquisitions, our goodwill and intangible assets may become impaired.

In connection with our initial public offering and separation from Morgan Stanley, we entered into agreements with Morgan Stanley where we agreed to indemnify Morgan Stanley for, among other things, certain past, present and future liabilities related to our business.

Pursuant to certain agreements we entered into with Morgan Stanley relating to the provision of services and other matters, we agreed to indemnify Morgan Stanley for, among other matters, certain past, present and future liabilities related to our business. Such liabilities include certain unknown liabilities, which could be significant.

Our business performance might not be sufficient for us to meet the full-year financial guidance or long-term targets that we provide publicly.

We provide full-year financial guidance and long-term targets to the public based upon our assumptions regarding our expected financial performance. For example, we provide assumptions regarding our ability to manage our expenses generate free cash flow, achieve a certain effective tax rate and achieve our profitability targets. While we believe that our annual financial guidance and long-term targets provide investors and analysts with insight to our view of the Company’s future performance, such financial guidance and long-term targets are based on assumptions that may not always prove to be accurate and may vary from actual results. If we fail to meet the full-year financial guidance or achieve the long-term targets that we provide, or if we find it necessary to revise

such guidance during the year or long-term targets over time, the market value of our common stock could be adversely affected.

Item 1B. Unresolved Staff Comments

Nothing required to be disclosed.

Item 2. Properties

Our corporate headquarters is located in New York, New York. This is also our largest sales office and one of our main research centers. As of December 31, 2017, our principal offices consisted of the following leased properties:

| Location | Square Feet | Number of Offices | Expiration Date |
|----------------------------|--------------------|--------------------------|------------------------|
| Mumbai, India | 126,286 | 1 | September 30, 2018 |
| New York, New York | 125,811 | 1 | February 28, 2033 |
| Budapest, Hungary | 49,318 | 1 | February 29, 2024 |
| Berkeley, California | 34,178 | 1 | February 29, 2020 |
| London, England | 30,519 | 1 | December 25, 2026 |
| Monterrey, Mexico | 28,933 | 1 | December 31, 2020 |
| Manila, Philippines | 25,747 | 1 | July 31, 2022 |
| Norman, Oklahoma | 23,664 | 1 | May 31, 2024 |
| Conshohocken, Pennsylvania | 15,590 | 1 | June 30, 2019 |
| Boston, Massachusetts | 13,506 | 1 | November 30, 2021 |
| Geneva, Switzerland | 11,883 | 1 | March 31, 2019 |

As of December 31, 2017, we also leased and occupied offices in the following locations (in descending order of square footage): Chicago, Illinois; San Francisco, California; Beijing, China; Frankfurt, Germany; Shanghai, China; Hong Kong, China; Paris, France; Sydney, Australia; Tokyo, Japan; Ann Arbor, Michigan; Portland, Maine; Toronto, Canada; Singapore; Almere, Netherlands; Seoul, Korea; Milan, Italy; Gaithersburg, Maryland; Cape Town, South Africa; Stockholm, Sweden; Sao Paulo, Brazil; and Dubai, United Arab Emirates.

We believe that our properties are in good operating condition and adequately serve our current business operations. We also anticipate that suitable additional or alternative space, including those under lease options, will be available at commercially reasonable terms for future expansion.

Item 3. Legal Proceedings

Various lawsuits, claims and proceedings have been or may be instituted or asserted against us in the ordinary course of business. While the amounts claimed could be substantial, the ultimate liability cannot now be determined because of the considerable uncertainty that exists. Therefore, it is possible that our business, operating results, financial condition or cash flows in a particular period could be materially adversely affected by certain contingencies. However, based on facts currently available, management believes that the disposition of matters that are currently pending or asserted will not, individually or in the aggregate, have a material effect on our business, operating results, financial condition or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**Stock Price and Dividends**

Our common stock has traded on the New York Stock Exchange since November 15, 2007 and trades under the symbol "MSCI." As of February 16, 2018, there were 128 shareholders of record of our common stock. The following table presents the high and low closing prices per share and cash dividends declared and distributed per share of our common stock from January 1, 2016 through December 31, 2017.

| Years Ended | High | Low | Dividends per Share of Common Stock |
|--------------------------|-----------|-----------|-------------------------------------|
| December 31, 2017 | | | |
| First Quarter | \$ 99.31 | \$ 78.71 | \$ 0.28 |
| Second Quarter | \$ 106.17 | \$ 96.26 | \$ 0.28 |
| Third Quarter | \$ 117.74 | \$ 102.28 | \$ 0.38 |
| Fourth Quarter | \$ 129.35 | \$ 116.98 | \$ 0.38 |
| December 31, 2016 | | | |
| First Quarter | \$ 74.08 | \$ 63.16 | \$ 0.22 |
| Second Quarter | \$ 79.79 | \$ 71.86 | \$ 0.22 |
| Third Quarter | \$ 90.12 | \$ 76.78 | \$ 0.28 |
| Fourth Quarter | \$ 83.51 | \$ 77.14 | \$ 0.28 |

On February 16, 2018, the per share closing price of our common stock on the New York Stock Exchange was \$145.00.

Dividend Policy

On September 17, 2014, the Board of Directors approved a plan to initiate a regular quarterly cash dividend. On January 30, 2018, our Board of Directors declared a quarterly cash dividend, in an amount of \$0.38 per share of common stock, to be paid on March 15, 2018 to shareholders of record as of the close of trading on February 16, 2018.

The payment amounts of future dividends will be determined by the Board of Directors in light of conditions then existing, including our earnings, financial condition and capital requirements, business conditions, corporate law requirements and other factors.

The Transfer Agent and Registrar for our common stock is Broadridge Financial Solutions, Inc.

Equity Compensation Plans

On February 18, 2016, the Board of Directors, upon the recommendation of the Compensation and Talent Management Committee of the Board of Directors (the "Compensation Committee"), approved the MSCI Inc. 2016 Non-Employee Directors Compensation Plan (the "Directors Plan"), a cash and equity incentive compensation plan that was approved by shareholders at the Company's 2016 annual meeting of shareholders. The Directors Plan replaced the Company's then existing non-employee director compensation plan—the MSCI Inc. Independent Directors' Equity Compensation Plan (the "2011 Plan"). The total number of shares authorized to be awarded under the Directors Plan is 352,460, which is equal to the number of shares that remained available for issuance under the 2011 Plan.

Under the Directors Plan, directors that are not employees of the Company receive annual Board retainer fees and fees for serving on the Company's committees, if applicable, and pursuant to the terms of the Directors Plan, a director may make an election to receive all or any portion of such director's retainer and committee fees in shares of our common stock in lieu of cash. Non-employee directors are entitled to receive an annual grant of \$140,000 each in stock units and the lead director is entitled to an additional \$25,000 in stock units (a total of \$165,000), which are typically subject to a one-year vesting schedule. Effective May 1, 2018, non-employee directors will be entitled to receive an annual grant of \$160,000 and the lead director will be entitled to an additional \$50,000 in stock units (a total of \$210,000), which will also be subject to a one-year vesting schedule. Under the MSCI Inc. Non-Employee Directors Deferral Plan, directors may elect to defer receipt of all or any portion of any shares of our common stock issuable upon conversion of any stock unit or any retainer elected to be paid in shares of our common stock until (i) 60 days following separation of service or (ii) the earlier of a specified date or 60 days following separation of service.

On February 18, 2016, the Board of Directors, upon the recommendation of the Compensation Committee, approved the MSCI Inc. 2016 Omnibus Plan ("Omnibus Plan"), a new equity incentive compensation plan that was approved by shareholders at the Company's 2016 annual meeting of shareholders. The Omnibus Plan replaced the Company's then existing equity compensation plan—the MSCI Inc. Amended and Restated 2007 Equity Incentive Compensation Plan (as amended, the "2007 Plan"). Compensation paid to the Company's executive officers historically complied with the performance-based compensation exception under 162(m) of the IRC ("162(m)") by being granted pursuant to the MSCI Inc. Performance Formula and Incentive Plan (the "Performance Plan"). Shareholder approval of the Omnibus Plan constituted approval of the material terms of the performance goals under the Omnibus Plan for purposes of 162(m). Despite the changes implemented by Tax Reform, the Company will continue to maintain the Performance Plan and may make awards pursuant to this plan.

Pursuant to the Omnibus Plan, the Company reserved 7,565,483 shares of common stock for issuance; plus any additional shares which become available due to forfeiture, expiration or cancellation of outstanding awards, which were registered under the Securities Act following approval by the Company's shareholders. This is in addition to currently outstanding awards under the 2007 Plan. The Omnibus Plan permits the Compensation Committee to make grants of a variety of equity based awards (such as stock options, stock appreciation rights, restricted stock units, restricted stock, performance awards and other stock-based awards) totaling up to 7,565,483 and other cash-based awards to eligible recipients, including employees and consultants. No awards will be granted under the Omnibus Plan after the earliest to occur of (i) April 28, 2026, (ii) the maximum number of shares available for issuance having been issued and (iii) the Board of Directors terminating the Omnibus Plan in accordance with its terms.

In connection with the acquisition of RiskMetrics, we filed a registration statement registering under the Securities Act the 4,257,779 shares of MSCI common stock reserved for issuance in respect of incentive awards to officers and certain employees of RiskMetrics pursuant to the RiskMetrics Group, Inc. 2000 Stock Option Plan, RiskMetrics Group, Inc. 2004 Stock Option Plan, Institutional Shareholder Services Holdings, Inc. Equity Incentive Plan and RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan (collectively, the "RMG Plans"). In June 2010, we also filed a registration statement assuming 3,060,090 shares available under the RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan, which terminated on June 30, 2012.

The following table presents certain information with respect to our equity compensation plans at December 31, 2017:

| | Number of Securities to be Issued Upon Vesting of Restricted Stock Units and Exercise of Outstanding Options a | Weighted Average Unit Award Value of Restricted Stock Units and Weighted Average Exercise Price of Outstanding Options b | Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a)) c |
|---|---|---|--|
| <i>Equity Compensation Plans Not Approved by Security Holders</i> | — | \$ — | — |
| <i>Equity Compensation Plans Approved by Security Holders</i> | | | |
| MSCI Amended and Restated 2007 Equity Incentive Compensation Plan | 903,539 | \$ 58.61 | — |
| RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan | 95,311 | \$ 21.13 | — |
| MSCI Inc. 2016 Omnibus Plan | 548,826 | \$ 80.94 | 7,002,387 |
| MSCI Inc. 2016 Non-Employee Directors Compensation Plan | 16,181 | \$ 100.95 | 311,870 |
| Total | 1,563,857 | \$ 64.60 | 7,314,257 |

Stock Repurchases

On October 28, 2015, the Board of Directors approved a stock repurchase program authorizing the purchase of up to \$1.0 billion worth of shares of MSCI's common stock (the "2015 Repurchase Program"). On October 26, 2016, the Board of Directors approved an additional stock repurchase program authorizing the purchase of up to \$750.0 million worth of shares of our common stock (together with the \$330.3 million remaining authorization under the 2015 Repurchase Program, the "2016 Repurchase Program"). Share repurchases made pursuant to the 2016 Repurchase Program may take place in the open market or in privately negotiated transactions from time to time based on market and other conditions. This authorization may be modified, suspended or terminated by the Board of Directors at any time without prior notice.

For the year ended December 31, 2017, the Company repurchased approximately 1.6 million shares at an average price of \$87.96 per share for a total value of \$136.9 million pursuant to open market repurchases under the 2016 Repurchase Program.

The following table provides information with respect to purchases made by or on behalf of the Company of its common stock during the quarter ended December 31, 2017. There were no other share repurchases during the quarter outside of the repurchases noted below.

Issuer Purchases of Equity Securities

| Period | Total Number of Shares Purchased (1) | Average Price Paid Per Share | Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2) |
|---|---|-------------------------------------|---|---|
| Month #1 (October 1, 2017-October 31, 2017) | 494 | \$ 121.13 | - | \$ 733,122,000 |
| Month #2 (November 1, 2017-November 30, 2017) | 400 | \$ 124.00 | 400 | \$ 733,073,000 |
| Month #3 (December 1, 2017-December 31, 2017) | - | \$ - | - | \$ 733,073,000 |
| Total | 894 | \$ 122.41 | 400 | \$ 733,073,000 |

(1) Includes (i) shares purchased by the Company in the open market; (ii) shares withheld to satisfy tax withholding obligations on behalf of employees in connection with the vesting and delivery of outstanding shares underlying restricted stock units; (iii) shares withheld to satisfy tax withholding obligations on behalf of employees in connection with the vesting and delivery of outstanding shares underlying performance stock units; (iv) shares withheld to satisfy tax withholding obligations and exercise prices on behalf of employees in connection with the exercise and delivery of outstanding shares underlying stock options; and (v) shares held in treasury under the MSCI Inc. Non-Employee Directors Deferral Plan. The value of the shares withheld were determined using the fair market value of the Company's common stock on the date of withholding, using a valuation methodology established by the Company. The amount also includes shares repurchased under the 2016 Repurchase Program.

(2) See Note 8, "Shareholders' Equity" of the Notes to the Consolidated Financial Statements included herein for further information regarding our stock repurchase programs.

Recent Sales of Unregistered Securities

The Company has issued an aggregate principle amount of \$2.1 billion in senior unsecured notes (collectively, the "Senior Notes") in three discrete private offerings in the amounts of \$800.0 million, \$800.0 million and \$500.0 million, to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and to certain non-U.S. persons in accordance with Regulation S under the Securities Act. The Company completed its offering of the 2026 Senior Notes on August 4, 2016, the 2025 Senior Notes on August 13, 2015 and the 2024 Senior Notes on November 20, 2014. The Senior Notes have not been registered under the Securities Act or any state securities laws.

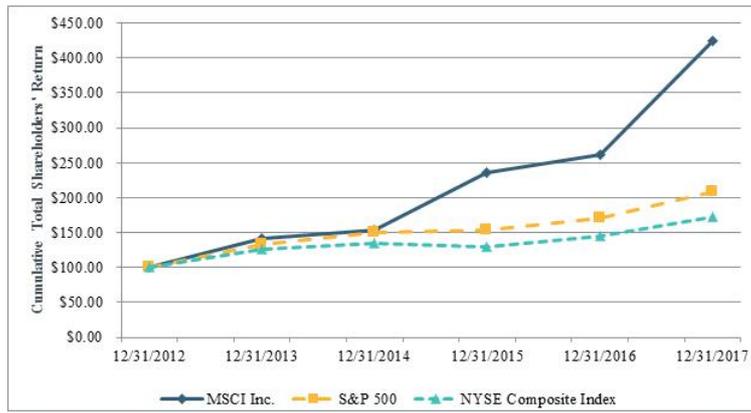
There were no unregistered sales of equity securities in the year ended December 31, 2017.

Use of Proceeds from Sale of Registered Securities

None.

FIVE-YEAR STOCK PERFORMANCE GRAPH

The following graph compares the cumulative total shareholders' return on our common stock, the Standard & Poor's 500 Stock Index and the NYSE Composite Index since December 31, 2012 assuming an investment of \$100 at the closing price on December 31, 2012. In calculating total annual shareholders' return, reinvestment of dividends, if any, is assumed. The indexes are included for comparative purposes only. They do not necessarily reflect management's opinion that such indexes are an appropriate measure of the relative performance of the common stock. This graph is not "soliciting material," is not to be deemed filed with the SEC and is not to be incorporated by reference in any of our filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.



Total Investment Value

| | Years Ended | | | | | |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 |
| MSCI Inc. | \$ 424 | \$ 261 | \$ 236 | \$ 154 | \$ 141 | \$ 100 |
| S&P 500 | \$ 208 | \$ 171 | \$ 153 | \$ 151 | \$ 132 | \$ 100 |
| NYSE Composite Index | \$ 172 | \$ 145 | \$ 129 | \$ 135 | \$ 126 | \$ 100 |

Source: Bloomberg

Item 6. Selected Financial Data

Our selected consolidated financial data for the periods presented should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto beginning on page F-1 of this Annual Report on Form 10-K.

The selected Consolidated Statement of Income data for the years ended December 31, 2017, 2016 and 2015 and the selected Consolidated Statement of Financial Condition data as of December 31, 2017 and 2016 are derived from our audited consolidated financial statements beginning on page F-1 of this Annual Report on Form 10-K. Our consolidated financial statements for the years ended December 31, 2017, 2016 and 2015 have been audited and

reported upon by an independent registered public accounting firm in each period. The selected Consolidated Statement of Income data for the years ended December 31, 2014 and 2013 and the selected Consolidated Statement of Financial Condition data as of December 31, 2015, 2014 and 2013 are derived from our audited consolidated financial statements not included in this Annual Report on Form 10-K.

The selected financial information presented below may not be indicative of our future performance.

| | Years Ended | | | | |
|--|--|----------------------|--------------------------|--------------------------|--------------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 (1) | December 31, 2014 (2) | December 31, 2013 (4) |
| | (in thousands, except operating margin and per share data) | | | | |
| Operating revenues | \$ 1,274,172 | \$ 1,150,669 | \$ 1,075,013 | \$ 996,680 | \$ 913,364 |
| Total operating expenses | 694,984 | 662,565 | 671,115 | 659,514 | 573,033 |
| Operating income | 579,188 | 488,104 | 403,898 | 337,166 | 340,331 |
| Other expense (income), net | 112,289 | 102,166 | 54,344 | 28,828 | 27,503 |
| Provision for income taxes | 162,927 | 125,083 | 119,516 | 109,396 | 112,918 |
| Income from continuing operations, net of income taxes | 303,972 | 260,855 | 230,038 | 198,942 | 199,910 |
| Income (loss) from discontinued operations, net of income taxes | — | — | (6,390) | 85,171 ⁽³⁾ | 22,647 |
| Net income | <u>\$ 303,972</u> | <u>\$ 260,855</u> | <u>\$ 223,648</u> | <u>\$ 284,113</u> | <u>\$ 222,557</u> |
| Operating margin | 45.5% | 42.4% | 37.6% | 33.8% | 37.3% |
| Basic earnings per share: | | | | | |
| Earnings per basic common share from continuing operations | \$ 3.36 | \$ 2.72 | \$ 2.11 | \$ 1.72 | \$ 1.66 |
| Earnings per basic common share from discontinued operations | — | — | (0.06) | 0.73 | 0.19 |
| Earnings per basic common share | <u>\$ 3.36</u> | <u>\$ 2.72</u> | <u>\$ 2.05</u> | <u>\$ 2.45</u> | <u>\$ 1.85</u> |
| Diluted earnings per share: | | | | | |
| Earnings per diluted common share from continuing operations | \$ 3.31 | \$ 2.70 | \$ 2.09 | \$ 1.70 | \$ 1.64 |
| Earnings per diluted common share from discontinued operations | — | — | (0.06) | 0.73 | 0.19 |
| Earnings per diluted common share | <u>\$ 3.31</u> | <u>\$ 2.70</u> | <u>\$ 2.03</u> | <u>\$ 2.43</u> | <u>\$ 1.83</u> |
| Weighted average shares outstanding used in computing earnings per share | | | | | |
| Basic | 90,336 | 95,986 | 109,124 | 115,737 | 120,100 |
| Diluted | 91,914 | 96,540 | 109,926 | 116,706 | 121,074 |
| Dividends declared per common share | <u>\$ 1.32</u> | <u>\$ 1.00</u> | <u>\$ 0.80</u> | <u>\$ 0.18</u> | <u>\$ —</u> |

| | As of or For the Years Ended | | | | |
|--|---------------------------------|----------------------|--------------------------|--------------------------|--------------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 (1) | December 31, 2014 (2) | December 31, 2013 (4) |
| Cash and cash equivalents | \$ 889,502 | \$ 791,834 | \$ 777,706 | \$ 508,799 | \$ 358,434 |
| Accounts receivable (net of allowances) | \$ 327,597 | \$ 221,504 | \$ 208,239 | \$ 178,717 | \$ 169,490 |
| Goodwill and intangibles, net of accumulated amortization | \$ 1,882,457 | \$ 1,903,490 | \$ 1,957,111 | \$ 1,998,532 | \$ 2,408,871 |
| Total assets | \$ 3,275,668 | \$ 3,082,578 | \$ 3,146,987 | \$ 2,882,533 | \$ 3,129,286 |
| Deferred revenue | \$ 374,365 | \$ 334,358 | \$ 317,552 | \$ 310,775 | \$ 319,735 |
| Current maturities of long-term debt | \$ — | \$ — | \$ — | \$ — | \$ 18,301 |
| Long-term debt, net of current maturities | \$ 2,078,093 | \$ 2,075,201 | \$ 1,579,404 | \$ 788,358 | \$ 782,652 |
| Total shareholders' equity | \$ 401,012 | \$ 317,605 | \$ 901,487 | \$ 1,432,833 | \$ 1,564,347 |

- (1) Includes the impact of the Insignis business ("Insignis") from the October 16, 2015 acquisition date, which was not material. Deferred taxes have been presented in accordance with new accounting guidance prospectively beginning on December 31, 2015. Prior periods have not been retrospectively restated to match this presentation.
- (2) Includes the results of GMI Ratings from the August 11, 2014 acquisition date, the impact of which was not material.
- (3) Includes the net gain resulting from the disposition of ISS, the impact of which was not material.
- (4) Includes the results of Investor Force Holdings, Inc. ("InvestorForce") from the January 29, 2013 acquisition date, the impact of which was not material.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the financial condition and results of our operations should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those described below. Such risks and uncertainties include, but are not limited to, those identified below and those described in Part 1, Item 1A. “Risk Factors,” within this Annual Report on Form 10-K.

Overview

We are an innovative and leading provider of mission-critical investment decision support tools, including indexes; portfolio construction and risk management products and services; ESG research and ratings; and real estate research, reporting and benchmarking offerings. Our research-derived intellectual property includes methodologies, models, derived data and algorithms (collectively, “content”), as well as applications and services, which help our clients manage their investment processes and address their investment, risk and regulatory challenges.

Our clients comprise a wide spectrum of the global investment industry and include asset owners (pension funds, endowments, foundations, central banks, sovereign wealth funds, family offices and insurance companies), asset managers (institutional, mutual funds, hedge funds, ETFs, private wealth, private banks and real estate investment trusts), private wealth managers, private banks, real estate investment trusts, financial intermediaries (banks, broker-dealers, exchanges, custodians, trust companies and investment consultants) and data distributors.

Our offerings are used by our clients across multiple asset classes to achieve a wide range of objectives, including benchmarking, index-linked product creation, portfolio construction, performance measurement and attribution, risk management, as well as investor and regulatory reporting. In addition, our clients are increasingly integrating the content developed across our company, such as factor and ESG data and indexes, into their investment processes.

As of December 31, 2017, we had over 7,000 clients across 88 countries. 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 December 31, 2017. We had offices in 32 cities in 21 countries to help serve our diverse client base, with 52.6% of our revenues coming from clients in the Americas, 34.9% in Europe, the Middle East and Africa (“EMEA”) and 12.5% in Asia and Australia.

Our principal business model is to license annual, recurring subscriptions to our offerings for a fee, which is, in a majority of cases, paid in advance. Fees may vary by offering, number of users or volume of services. Fees attributable to annual, recurring subscriptions are recorded as deferred revenues on our Consolidated Statement of Financial Condition and are recognized on our Consolidated Statement of Income as the service is rendered. Furthermore, a portion of our revenues comes from clients who use our indexes as the basis for index-linked investment products, such as ETFs, or as the basis for passively managed funds and separate accounts. These clients commonly pay us a license fee, typically in arrears, for the use of our intellectual property primarily based on the AUM in their investment product. We also generate revenues from certain exchanges that use our indexes as the basis for futures and options contracts and pay us a license fee, typically in arrears, for the use of our intellectual property based on their volume of trades. In addition, we generate revenues from subscription agreements for the receipt of periodic benchmark reports, digests and other publications, which are most often associated with our Real Estate offerings that are recognized upon delivery of such reports or data updates. Fees are primarily paid in arrears after the offering is delivered. We also realize one-time fees related to customized reports, historical data sets and certain implementation and consulting services, as well as from certain offerings that are purchased on a non-renewal basis.

In evaluating our financial performance, we focus on revenue and profit growth, including results accounted for under accounting principles generally accepted in the United States (“GAAP”) as well as non-GAAP measures, for the Company as a whole and by operating segment. In addition, we focus on operating metrics, including Run

Rate, subscription sales and Aggregate Retention Rate to manage the business. Our business is not highly capital intensive and, as such, we expect to continue to convert a high percentage of our profits into excess cash in the future. Our growth strategy includes: (a) creating broad and innovative research-driven content, (b) expanding our client base and deepening existing client relationships, (c) developing flexible and scalable technology, (d) expanding value-added service offerings and (e) executing strategic relationships and acquisitions.

Key Financial Metrics and Drivers

As discussed in the previous section, we utilize a portfolio of key financial metrics to manage the Company, including GAAP and non-GAAP measures. As detailed below, we review revenues by type and by segment, or major product line. We also review expenses by activity, which provides more transparency into how resources are being deployed. In addition, we utilize operating metrics including Run Rate, subscription sales and Aggregate Retention Rate, to analyze past performance and to provide insight into our latest reported portfolio of recurring business.

In the discussion that follows, we provide variances excluding the impact of foreign currency exchange rate fluctuations when the impact is not considered negligible. Foreign currency exchange rate fluctuations reflect 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. It should be noted that while a substantial portion of our fees for index-linked investment products are invoiced in U.S. dollars, the fees are based on the investment product's assets, of which two-thirds are invested in underlying securities that are dominated in currencies other than the U.S. dollar. The underlying impact of such will not be reflected in the variances excluding the impact of foreign currency exchange rate fluctuations.

Revenues

Our revenues are characterized by type, which broadly reflects the nature of how they are recognized or earned. Our revenue types are recurring subscription, asset-based fees and non-recurring revenues. We also group our revenues by segment and provide the revenue type within each segment. See Part 1, Item 1. "Business—Our Operating Segments" above for additional details on the products and services that we offer.

Recurring subscription revenues represent fees earned from clients primarily under renewable contracts or agreements and are recognized in most cases ratably over the term of the license or service pursuant to the contract terms. The contracts state the terms under which these fees are to be calculated. The fees are recognized as we provide the product and service to the client over the license period and are generally billed in advance, prior to the license start date. When implementation services are included, we recognize revenues ratably from the date the application is put into production through the end of the license period. Revenues associated with implementation services, which are allocated based on MSCI's best estimated sales price for such implementation services, are recognized ratably over the useful life of those services. Revenues from subscription agreements for the receipt of periodic benchmark reports, digests, and other publications, which are most often associated with our real estate offerings, are recognized upon delivery of such reports or data updates.

Asset-based fees are principally recognized based on the estimated AUM linked to our indexes from independent third-party sources or the most recently reported information provided by the client. Asset-based fees include revenues related to futures and options contracts linked to our indexes, which are primarily based on trading volumes.

Non-recurring revenues primarily represent fees earned on products and services where we do not have renewal contracts and primarily include revenues for providing historical data, certain implementation services and other special client requests. Based on the nature of the services provided, non-recurring revenues are recognized upon delivery or over the service period.

Effective January 1, 2018, MSCI adopted the new revenue standard as set forth under ASC Subtopic 606-10, "Revenue from Contracts with Customers." See "*Recent Accounting Standards Updates*" below for additional information.

Operating Expenses

We group our operating expenses into the following activity categories:

- Cost of revenues;
- Selling and marketing;
- Research and development (“R&D”);
- General and administrative (“G&A”);
- Amortization of intangible assets; and
- Depreciation and amortization of property, equipment and leasehold improvements.

Costs are assigned to these activity categories based on the nature of the expense or, when not directly attributable, an estimate is allocated based on the type of effort involved.

Cost of Revenues

Cost of revenues consists of costs related to the production and servicing of our products and services and primarily includes related information technology costs, including data center, platform and infrastructure costs; costs to acquire, produce and maintain market data information; costs of research to support, maintain existing products; costs of product management teams; costs of client service and consultant teams to support customer needs; as well as other support costs directly attributable to the cost of revenues including certain human resources, finance and legal costs.

Selling and Marketing

Selling and marketing expenses consist of costs associated with acquiring new clients or selling new products or product renewals to existing clients and primarily includes the costs of our sales force and marketing teams, as well as costs incurred in other groups associated with acquiring new business, including product management, research, technology and sales operations.

Research and Development

R&D expenses consist of the costs to develop new or enhance existing products and the costs to develop new or improved technology and service platforms for the delivery of our products and services and primarily includes the costs of development, research, product management, project management and the technology support associated with these efforts.

General and Administrative

G&A expenses consist of costs primarily related to finance operations, human resources, office of the CEO, legal, corporate technology, corporate development and certain other administrative costs that are not directly attributed, but are instead allocated, to a product or service.

Amortization of Intangible Assets

Amortization of intangible assets expense relates to definite-lived intangible assets arising from past acquisitions and internal capitalized software projects. Intangibles arising from past acquisitions consist of customer relationships, trademarks and trade names, technology and software, proprietary processes and data and non-competition agreements. We amortize definite-lived intangible assets over their estimated useful lives. Definite-lived intangible assets are tested for impairment when impairment indicators are present, and, if impaired, written down to fair value based on either discounted cash flows or appraised values. No impairment of acquired intangible assets has been identified during any of the periods presented. We have no indefinite-lived intangibles.

Depreciation and amortization of property, equipment and leasehold improvements

This category consists of expenses related to depreciating or amortizing the cost of furniture & fixtures, computer and related equipment and leasehold improvements over the estimated useful life of the assets.

Other Expense (Income), net

This category consists primarily of interest we pay on our outstanding indebtedness, interest we collect on cash and short-term investments, transition services income associated with our sale of ISS, foreign currency exchange rate gains and losses as well as other non-operating income and expense items.

Non-GAAP Financial Measures**Adjusted EBITDA**

“Adjusted EBITDA,” a measure used by management to assess operating performance, is defined as net income before (1) income (loss) from discontinued operations, net of income taxes, (2) provision for income taxes, (3) other expense (income), net, (4) depreciation and amortization of property, equipment and leasehold improvements, (5) amortization of intangible assets and, at times, (6) certain other transactions or adjustments.

“Adjusted EBITDA expenses,” a measure used by management to assess operating performance, is defined as operating expenses less depreciation and amortization of property, equipment and leasehold improvements and amortization of intangible assets and, at times, certain other transactions or adjustments.

Adjusted EBITDA and Adjusted EBITDA expenses are believed to be meaningful measures of the operating performance of the Company 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 the Company’s core operating performance in the period. All companies do not calculate adjusted EBITDA and adjusted EBITDA expenses in the same way. These measures can differ significantly from company to company depending on, among other things, long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. Accordingly, the Company’s computation of the Adjusted EBITDA and Adjusted EBITDA expenses measures may not be comparable to similarly titled measures computed by other companies.

Run Rate

Run Rate is a key operating metric and is important because an increase or decrease in our Run Rate ultimately impacts our operating revenues over time. At the end of any period, we generally have subscription and investment product license agreements in place for a large portion of total revenues for the following 12 months. We measure the fees related to these agreements and refer to this as “Run Rate.” See “—Operating Metrics—Run Rate” below for additional information on the calculation of this metric.

Subscription Sales

Subscription sales is a key operating metric and is important because new subscription sales increase our Run Rate and ultimately our operating revenues over time. See “—Operating Metrics—Subscription Sales” below for additional information.

Aggregate Retention Rate

Another key operating metric is Aggregate Retention Rate which is important because subscription cancellations decrease our Run Rate and ultimately our operating revenues over time. See “—Operating Metrics—Aggregate Retention Rate” below for additional information on the calculation of this metric.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP. These accounting principles require us to make certain estimates and judgments that can affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the periods presented. We believe the estimates and judgments upon which we rely are reasonable based upon information available to us at the time these estimates and judgments are made. To the extent there are material differences between these estimates and actual results, our consolidated financial statements will be affected. See Note 1, "Introduction And Basis Of Presentation—Significant Accounting Policies," of the Notes to the Consolidated Financial Statements included herein for a listing of our accounting policies and Note 2, "Recent Accounting Standards Updates."

Factors Affecting the Comparability of Results

Acquisition of Insignis

On October 16, 2015, the Company completed the purchase of Insignis for \$6.5 million through its subsidiary InvestorForce. Insignis is a financial data provider, including data on positions, transactions and complex instruments such as exchange-traded futures and options, OTC swaps and foreign exchange spot and forward contracts. Financial results for Insignis are included within the Analytics segment from the time of acquisition.

The purchase price allocations for the Insignis acquisition were \$4.2 million for goodwill, \$2.2 million of identifiable intangible assets and \$0.1 million for assets other than identifiable intangible assets. The results of Insignis were included in our results of operations from its acquisition date of October 16, 2015. The Insignis acquisition has not had a significant impact on our results of operations.

Disposition of Real Estate occupiers

On August 1, 2016, MSCI completed the sale of its Real Estate occupiers business. The value of the disposed assets and liabilities and the resulting gain on disposal were not material to the Company.

Share Repurchases

On February 4, 2014, our Board of Directors approved a stock repurchase program authorizing the purchase of up to \$300.0 million worth of shares of our common stock, which was subsequently increased to \$850.0 million (the "2014 Repurchase Program"). On October 14, 2015, we exhausted the \$850.0 million share repurchase authorization under the 2014 Repurchase Program.

On September 18, 2014, as part of the 2014 Repurchase Program, we entered into an ASR agreement to initiate share repurchases aggregating \$300.0 million (the "September 2014 ASR Agreement"). As a result of the September 2014 ASR Agreement, we repurchased approximately 4.5 million shares of our common stock on September 19, 2014 and received approximately 1.2 million shares of our common stock on May 21, 2015 for a combined average price of \$52.79 per share.

On October 28, 2015, our Board of Directors approved a new stock repurchase program authorizing the purchase of up to \$1.0 billion worth of shares of our common stock (the "2015 Repurchase Program"). On October 26, 2016, our Board of Directors approved an additional stock repurchase program authorizing the purchase of up to \$750.0 million worth of shares of our common stock (together with the \$330.3 million remaining authorization under the 2015 Repurchase Program, the "2016 Repurchase Program"). Share repurchases made pursuant to the 2016 Repurchase Program may take place in the open market or in privately negotiated transactions from time to time based on market and other conditions. This authorization may be modified, suspended or terminated by our Board of Directors at any time without prior notice.

On June 2, 2015, we began purchasing shares of our common stock in the open market in accordance with SEC Rule 10b5-1.

For the year ended December 31, 2015, the Company repurchased approximately 10.7 million shares at an average price of \$62.63 per share for a total value of \$670.8 million pursuant to open market repurchases.

For the year ended December 31, 2016, the Company repurchased approximately 10.3 million shares at an average price of \$73.71 per share for a total value of \$759.4 million pursuant to open market repurchases.

For the year ended December 31, 2017, the Company repurchased approximately 1.6 million shares at an average price of \$87.96 per share for a total value of \$136.9 million pursuant to open market repurchases.

The weighted average shares outstanding used to calculate our diluted earnings per share for the year ended December 31, 2017 decreased by 4.8% compared to the year ended December 31, 2016, and by 12.2% for the year ended December 31, 2016 compared to the year ended December 31, 2015. The decreases in both periods reflect the impact of the share repurchase programs, partially offset by the impact of restricted stock units and stock options that converted to shares as well as increased dilution from employee stock awards outstanding.

Senior Notes and Credit Agreement

On November 20, 2014, we completed our first private offering of \$800.0 million aggregate principal amount of 5.25% senior unsecured notes due 2024 (the "2024 Senior Notes") and also entered into a new \$200.0 million senior unsecured revolving credit agreement (the "2014 Revolving Credit Agreement"). We used the net proceeds from the offering of the 2024 Senior Notes, together with cash on hand, to repay in full our outstanding term loan indebtedness of \$794.8 million, which bore interest at LIBOR plus a margin of 2.25%.

On August 13, 2015, we completed a private offering of \$800.0 million aggregate principal amount of 5.75% senior unsecured notes due 2025 (the "2025 Senior Notes") and received \$789.5 million, net of \$10.5 million of debt issuance costs.

On August 4, 2016, we completed a private offering of \$500.0 million aggregate principal amount of 4.75% senior unsecured notes due 2026 (the "2026 Senior Notes" and, together with the 2024 Senior Notes and the 2025 Senior Notes, the "Senior Notes") and received \$493.3 million, net of \$6.7 million of debt issuance costs.

Tax Cuts and Jobs Act of 2017

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act ("Tax Reform"). Tax Reform significantly revises the U.S. corporate income tax by, among other things, lowering U.S. corporate income tax rates, implementing a territorial tax system and imposing a one-time tax on deemed repatriation of historic earnings of foreign subsidiaries (the "Toll Charge").

As part of Tax Reform, the Company recorded a provisional net charge to the provision for income taxes of \$34.5 million for the year ended December 31, 2017. The net charge of \$34.5 million primarily included an estimated tax charge of approximately \$47.5 million related to the Toll Charge and an estimated tax charge of approximately \$16.0 million related to a change in assertion that those profits were permanently reinvested overseas as of December 31, 2017, partially offset by an estimated tax benefit of approximately \$29.0 million related to the revaluation of deferred taxes at the now lower statutory corporate rate.

While we believe our provisional estimates are reasonable, the changes included in Tax Reform are broad and complex. The final impacts of Tax Reform may differ from the above estimates, possibly materially, due to, among other things, changes in interpretations of Tax Reform, guidance from regulatory agencies, any legislative action to address questions that arise because of Tax Reform, any changes in accounting standards for income taxes or related interpretations in response to Tax Reform, or any updates or changes to estimates the Company has utilized to calculate the impact of Tax Reform, including the impact from changes to current year earnings estimates and foreign exchange rates of foreign subsidiaries. The SEC staff has issued Staff Accounting Bulletin No. 118, "*Income Tax Accounting Implications of the Tax Cuts and Jobs Act*," that allows for the provisional measurement of amounts related to the impact from Tax Reform for a period of up to one year after the enactment date of Tax Reform to finalize the recording. We currently anticipate finalizing and recording any resulting adjustments by the end of our fiscal year ending December 31, 2018. See Note 2, "Recent Accounting Standards Updates," and Note 10, "Income Taxes," of the Notes to Consolidated Financial Statements included herein for more information.

Results of Operations

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

The following table presents the results of operations for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|--|---------------------------------------|----------------------|---------------------|--------|
| | December 31, 2017 | December 31, 2016 | | |
| | (in thousands, except per share data) | | | |
| Operating revenues | \$ 1,274,172 | \$ 1,150,669 | \$ 123,503 | 10.7% |
| Operating expenses: | | | | |
| Cost of revenues | 273,913 | 252,107 | 21,806 | 8.6% |
| Selling and marketing | 177,297 | 166,666 | 10,631 | 6.4% |
| Research and development | 75,884 | 75,204 | 680 | 0.9% |
| General and administrative | 87,903 | 87,235 | 668 | 0.8% |
| Amortization of intangible assets | 44,547 | 47,033 | (2,486) | (5.3%) |
| Depreciation and amortization of property, equipment and leasehold improvements | 35,440 | 34,320 | 1,120 | 3.3% |
| Total operating expenses | 694,984 | 662,565 | 32,419 | 4.9% |
| Operating income | 579,188 | 488,104 | 91,084 | 18.7% |
| Other expense (income), net | 112,289 | 102,166 | 10,123 | 9.9% |
| Income from continuing operations before provision for income taxes | 466,899 | 385,938 | 80,961 | 21.0% |
| Provision for income taxes | 162,927 | 125,083 | 37,844 | 30.3% |
| Income from continuing operations | 303,972 | 260,855 | 43,117 | 16.5% |
| Income (loss) from discontinued operations, net of income taxes | — | — | — | —% |
| Net income | \$ 303,972 | \$ 260,855 | \$ 43,117 | 16.5% |
| Earnings per basic common share: | | | | |
| From continuing operations | \$ 3.36 | \$ 2.72 | \$ 0.64 | 23.5% |
| From discontinued operations | — | — | — | —% |
| Earnings per basic common share | \$ 3.36 | \$ 2.72 | \$ 0.64 | 23.5% |
| Earnings per diluted common share: | | | | |
| From continuing operations | \$ 3.31 | \$ 2.70 | \$ 0.61 | 22.6% |
| From discontinued operations | — | — | — | —% |
| Earnings per diluted common share | \$ 3.31 | \$ 2.70 | \$ 0.61 | 22.6% |
| Operating margin | 45.5% | 42.4% | | |

Operating Revenues

Our revenues are grouped by the following types: recurring subscription, asset-based fees and non-recurring revenues. We also group revenues by major product lines as follows: Index, Analytics and All Other, which includes the ESG and Real Estate product lines.

The following table presents operating revenues by recurring subscriptions, asset-based fees and non-recurring revenues for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|--------------------------|-------------------|-------------------|---------------------|--------|
| | December 31, 2017 | December 31, 2016 | | |
| | (in thousands) | | | |
| Recurring subscriptions | \$ 973,023 | \$ 913,669 | \$ 59,354 | 6.5% |
| Asset-based fees | 276,092 | 210,229 | 65,863 | 31.3% |
| Non-recurring | 25,057 | 26,771 | (1,714) | (6.4%) |
| Total operating revenues | \$ 1,274,172 | \$ 1,150,669 | \$ 123,503 | 10.7% |

Total operating revenues grew 10.7% to \$1,274.2 million for the year ended December 31, 2017 compared to \$1,150.7 million for the year ended December 31, 2016. Adjusted for the impact of foreign exchange rate fluctuations, total operating revenues increased 11.1% for the year ended December 31, 2017 compared to the year ended December 31, 2016.

Revenue from recurring subscriptions increased 6.5% to \$973.0 million for the year ended December 31, 2017 compared to \$913.7 million for the year ended December 31, 2016, primarily driven by growth in Index products, which increased \$37.9 million, or 9.7%. Adjusted for the impact of foreign currency exchange rate fluctuations, recurring subscription revenues would have increased 7.0% for the year ended December 31, 2017 compared to the year ended December 31, 2016.

Revenues from asset-based fees increased 31.3% to \$276.1 million for the year ended December 31, 2017 compared to \$210.2 million for the year ended December 31, 2016. The increase in asset-based fees was driven by several items, including a \$48.2 million, or 33.9%, growth in revenue from ETFs linked to MSCI indexes, which was driven by a 39.2% increase in average AUM, partially offset by the impact of a change in the product mix. In addition, revenue from non-ETF passive products grew \$14.0 million, or 23.8%, driven by higher AUM and an increased contribution from higher fee products. Revenues from exchange traded futures and options contracts based on MSCI indexes also grew \$3.7 million, or 38.8%, driven by a strong increase in total trading volumes and a more favorable product mix.

The following table presents the value of AUM in ETFs linked to MSCI indexes and the sequential change of such assets as of the end of each of the periods indicated:

| (in billions) | Period Ended (1) | | | | | | | |
|---|------------------|----------|---------------|--------------|-----------|----------|---------------|--------------|
| | 2016 | | | | 2017 | | | |
| | March 31, | June 30, | September 30, | December 31, | March 31, | June 30, | September 30, | December 31, |
| AUM in ETFs linked to MSCI indexes (2), (3) | \$ 438.3 | \$ 439.7 | \$ 474.9 | \$ 481.4 | \$ 555.7 | \$ 624.3 | \$ 674.3 | \$ 744.3 |
| <u>Sequential Change in Value</u> | | | | | | | | |
| Market Appreciation/ | | | | | | | | |
| (Depreciation) | \$ (1.7) | \$ (2.5) | \$ 23.7 | \$ (8.7) | \$ 35.8 | \$ 23.6 | \$ 32.2 | \$ 32.0 |
| Cash Inflows | 6.6 | 3.9 | 11.5 | 15.2 | 38.5 | 45.0 | 17.8 | 38.0 |
| Total Change | \$ 4.9 | \$ 1.4 | \$ 35.2 | \$ 6.5 | \$ 74.3 | \$ 68.6 | \$ 50.0 | \$ 70.0 |

Source: Bloomberg and MSCI

(1) The historical values of the assets in ETFs linked to our indexes as of the last day of the month and the monthly average balance can be found under the link "AUM in ETFs Linked to MSCI indexes" on our Investor Relations homepage at <http://ir.msci.com>. This information is updated on or about the second U.S. business day of each month. Information contained on our website is not incorporated by reference into this Annual Report on Form 10-K or any other report filed with the SEC.

(2) The value of assets under management in ETFs linked to MSCI Indexes is calculated by multiplying the ETF net asset value by the number of shares outstanding.

(3) 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.

For the year ended December 31, 2017, the average value of AUM in ETFs linked to MSCI equity indexes was \$621.4 billion, up \$175.0 billion, or 39.2%, from \$446.4 billion for the year ended December 31, 2016.

Non-recurring revenues decreased 6.4% to \$25.1 million for the year ended December 31, 2017, compared to \$26.8 million for the year ended December 31, 2016, primarily resulting from lower one-time sales of Analytics products.

The following table presents operating revenues by reportable segment and revenue type for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|---------------------------------|---------------------|---------------------|---------------------|--------------|
| | December 31, 2017 | December 31, 2016 | | |
| (in thousands) | | | | |
| Operating revenues: | | | | |
| Index | | | | |
| Recurring subscriptions | \$ 427,289 | \$ 389,348 | \$ 37,941 | 9.7% |
| Asset-based fees | 276,092 | 210,229 | 65,863 | 31.3% |
| Non-recurring | 15,578 | 13,974 | 1,604 | 11.5% |
| Index total | 718,959 | 613,551 | 105,408 | 17.2% |
| Analytics | | | | |
| Recurring subscriptions | 452,253 | 439,864 | 12,389 | 2.8% |
| Non-recurring | 6,016 | 8,489 | (2,473) | (29.1%) |
| Analytics total | 458,269 | 448,353 | 9,916 | 2.2% |
| All Other | | | | |
| Recurring subscriptions | 93,481 | 84,457 | 9,024 | 10.7% |
| Non-recurring | 3,463 | 4,308 | (845) | (19.6%) |
| All Other total | 96,944 | 88,765 | 8,179 | 9.2% |
| Total operating revenues | \$ 1,274,172 | \$ 1,150,669 | \$ 123,503 | 10.7% |

Refer to the section titled, "Segment Results of Operations" for an explanation of the results.

Operating Expenses

Operating expenses increased 4.9% to \$695.0 million for the year ended December 31, 2017 compared to \$662.6 million for the year ended December 31, 2016. Adjusted for the impact of foreign currency exchange rate fluctuations, operating expenses increased 5.1% for the year ended December 31, 2017 compared to the year ended December 31, 2016.

The following table presents operating expenses by activity for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|---|-------------------|-------------------|---------------------|-------------|
| | December 31, 2017 | December 31, 2016 | | |
| (in thousands) | | | | |
| Operating expenses: | | | | |
| Cost of revenues | \$ 273,913 | \$ 252,107 | \$ 21,806 | 8.6% |
| Selling and marketing | 177,297 | 166,666 | 10,631 | 6.4% |
| Research and development | 75,884 | 75,204 | 680 | 0.9% |
| General and administrative | 87,903 | 87,235 | 668 | 0.8% |
| Amortization of intangible assets | 44,547 | 47,033 | (2,486) | (5.3%) |
| Depreciation and amortization of property, equipment and leasehold improvements | 35,440 | 34,320 | 1,120 | 3.3% |
| Total operating expenses | \$ 694,984 | \$ 662,565 | \$ 32,419 | 4.9% |

Cost of Revenues

Cost of revenues for the year ended December 31, 2017 increased 8.6% to \$273.9 million compared to \$252.1 million for the year ended December 31, 2016, reflecting increases across all three reporting segments. The change was driven by increases in compensation and benefit costs, primarily relating to wages and salaries, severance and incentive compensation, as well as higher non-compensation information technology costs, market data costs, occupancy costs, personnel related costs and travel and entertainment costs.

Selling and Marketing

Selling and marketing expenses for the year ended December 31, 2017 increased 6.4% to \$177.3 million compared to \$166.7 million for the year ended December 31, 2016, reflecting increases in the Index and All Other segments. The change was driven by an overall increase in compensation and benefit costs, relating to incentive compensation, severance, wages and salaries and benefits, as well as higher non-compensation marketing costs and travel and entertainment costs.

Research and Development

R&D expenses for the year ended December 31, 2017 increased 0.9% to \$75.9 million compared to \$75.2 million for the year ended December 31, 2016, reflecting higher investments in the Analytics segment and ESG within the All Other segment, offset by decreases in the Index segment. The change was driven by higher non-compensation information technology costs partially offset by lower occupancy costs.

General and Administrative

G&A expenses for the year ended December 31, 2017 increased 0.8% to \$87.9 million compared to \$87.2 million for the year ended December 31, 2016, driven by higher costs in the Index segment partially offset by lower costs in Real Estate within the All Other segment. The change was driven by an increase in compensation and benefits costs, primarily relating to an increase in wages and salaries and benefits, partially offset by a decrease in severance, as well as the impact of lower non-compensation professional fees.

The following table presents operating expenses using compensation and non-compensation categories, rather than using activity categories, for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|--|----------------------|----------------------|---------------------|--------|
| | December 31, 2017 | December 31, 2016 | | |
| | | (in thousands) | | |
| Compensation and benefits | \$ 440,888 | \$ 414,322 | \$ 26,566 | 6.4% |
| Non-compensation expenses | 174,109 | 166,890 | 7,219 | 4.3% |
| Amortization of intangible assets | 44,547 | 47,033 | (2,486) | (5.3%) |
| Depreciation and amortization of property, equipment and leasehold improvements | 35,440 | 34,320 | 1,120 | 3.3% |
| Total operating expenses | \$ 694,984 | \$ 662,565 | \$ 32,419 | 4.9% |

Compensation and benefits costs are our most significant expense and typically represent more than 60% of our operating expenses or more than 70% of the combined total of the cost of revenues, selling and marketing, R&D and G&A expense categories. We had 3,038 employees as of December 31, 2017 compared to 2,862 employees as of December 31, 2016. Our continued growth in emerging market centers around the world is an important factor in our ability to manage and control the growth of our compensation and benefits expenses. As of December 31, 2017, 59.0% of our employees were located in emerging market centers compared to 56.2% of our employees as of December 31, 2016.

Compensation and benefits costs for the year ended December 31, 2017 increased 6.4% to \$440.9 million compared to \$414.3 million for the year ended December 31, 2016, primarily driven by increases in wages and salaries, incentive compensation, severance and benefits.

Non-compensation expenses for the year ended December 31, 2017 increased 4.3% to \$174.1 million compared to \$166.9 million for the year ended December 31, 2016, primarily driven by higher information technology, marketing, travel and entertainment and market data costs, partially offset by lower professional fees and recruiting costs.

Amortization of Intangibles

Amortization of intangible asset expense for the year ended December 31, 2017 decreased 5.3% to \$44.5 million compared to \$47.0 million for the year ended December 31, 2016. The decrease during the year was due to \$5.5 million of lower amortization from intangibles associated with past acquisitions primarily related to certain intangible assets associated with the RiskMetrics Group, LLC acquisition becoming fully amortized, partially offset by \$3.0 million of increased amortization of capitalized software development costs relating to new internally developed software implementations.

Depreciation and amortization of property, equipment and leasehold improvements

Depreciation and amortization of property, equipment and leasehold improvements for the year ended December 31, 2017 increased 3.3% to \$35.4 million compared to \$34.3 million for the year ended December 31, 2016. The increase was primarily the result of increased depreciation associated with continued investment in our data centers as well as increased software amortization relating to new system implementations.

Other Expense (Income), Net

Other expense (income), net for the year ended December 31, 2017 increased 9.9% to \$112.3 million compared to \$102.2 million for the year ended December 31, 2016, primarily driven by \$14.4 million of higher interest expense resulting from the increased level of indebtedness associated with the 2026 Senior Notes offering, partially offset by higher interest income associated with higher cash balances as well as the impact of a \$3.7 million charge in 2016 related to estimated losses associated with miscellaneous transactions.

Income Taxes

The provision for income tax expense increased 30.3% to \$162.9 million for the year ended December 31, 2017 compared to \$125.1 million for the year ended December 31, 2016 as a result of a net charge of \$34.5 million related to Tax Reform discussed above and higher income before provision for income taxes. These amounts reflect effective tax rates of 34.9% and 32.4% for the years ended December 31, 2017 and 2016, respectively.

Included in the effective tax rate of 34.9% for the year ended December 31, 2017 is 7.4 percentage points related to Tax Reform, with the remaining 27.5 percentage points related to the operating tax rate and other miscellaneous favorable discrete items. The ongoing efforts to better align our tax profile with our global operating footprint helped improve our operating tax rate. The discrete items included \$5.7 million of stock-based compensation excess tax benefits related to the adoption of new accounting guidance that first impacted results during the year ended December 31, 2017. See Note 2, "Recent Accounting Standards Updates," of the Notes to Consolidated Financial Statements included herein for more information.

Tax Reform significantly revises the future ongoing U.S. corporate income tax rate for U.S. corporations, reducing it from a maximum of 35.0% to a flat 21.0% effective beginning on January 1, 2018. As a result, we expect our effective tax rate for the year ending December 31, 2018 to be lower compared to the year ended December 31, 2017.

Net Income

As a result of the factors described above, net income for the year ended December 31, 2017 increased 16.5% to \$304.0 million compared to \$260.9 million for the year ended December 31, 2016.

Adjusted EBITDA

The following table presents the calculation of the non-GAAP Adjusted EBITDA measure for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|--------------------------|----------------------|----------------------|---------------------|-------|
| | December 31, 2017 | December 31, 2016 | | |
| | | (in thousands) | | |
| Operating revenues: | \$ 1,274,172 | \$ 1,150,669 | \$ 123,503 | 10.7% |
| Adjusted EBITDA expenses | 614,997 | 581,212 | 33,785 | 5.8% |
| Adjusted EBITDA | \$ 659,175 | \$ 569,457 | \$ 89,718 | 15.8% |
| Adjusted EBITDA margin % | 51.7% | 49.5% | | |
| Operating margin % | 45.5% | 42.4% | | |

Adjusted EBITDA increased 15.8% to \$659.2 million for the year ended December 31, 2017 compared to \$569.5 million for the year ended December 31, 2016. Adjusted EBITDA margin increased to 51.7% for the year ended December 31, 2017 compared to 49.5% for the year ended December 31, 2016. The improvement in margin reflects a higher rate of growth in operating revenues, primarily attributable to strong operating results within the Index segment, as compared to the rate of growth of Adjusted EBITDA expenses.

Reconciliation of Adjusted EBITDA to Net Income and Adjusted EBITDA Expenses to Operating Expenses

The following table presents the reconciliation of Adjusted EBITDA to net income for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|--|----------------------|----------------------|---------------------|--------|
| | December 31, 2017 | December 31, 2016 | | |
| | | (in thousands) | | |
| Index Adjusted EBITDA | \$ 522,043 | \$ 431,478 | \$ 90,565 | 21.0% |
| Analytics Adjusted EBITDA | 125,349 | 128,507 | (3,158) | (2.5%) |
| All Other Adjusted EBITDA | 11,783 | 9,472 | 2,311 | 24.4% |
| Consolidated Adjusted EBITDA | 659,175 | 569,457 | 89,718 | 15.8% |
| Amortization of intangible assets | 44,547 | 47,033 | (2,486) | (5.3%) |
| Depreciation and amortization of property, equipment and leasehold improvements | 35,440 | 34,320 | 1,120 | 3.3% |
| Operating income | 579,188 | 488,104 | 91,084 | 18.7% |
| Other expense (income), net | 112,289 | 102,166 | 10,123 | 9.9% |
| Provision for income taxes | 162,927 | 125,083 | 37,844 | 30.3% |
| Net income | \$ 303,972 | \$ 260,855 | \$ 43,117 | 16.5% |

The following table presents the reconciliation of Adjusted EBITDA expenses to operating expenses for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|--|----------------------|----------------------|---------------------|-------------|
| | December 31, 2017 | December 31, 2016 | | |
| | (in thousands) | | | |
| Index Adjusted EBITDA expenses | \$ 196,916 | \$ 182,073 | \$ 14,843 | 8.2% |
| Analytics Adjusted EBITDA expenses | 332,920 | 319,846 | 13,074 | 4.1% |
| All Other Adjusted EBITDA expenses | 85,161 | 79,293 | 5,868 | 7.4% |
| Consolidated Adjusted EBITDA expenses | 614,997 | 581,212 | 33,785 | 5.8% |
| Amortization of intangible assets | 44,547 | 47,033 | (2,486) | (5.3%) |
| Depreciation and amortization of property, equipment and leasehold improvements | 35,440 | 34,320 | 1,120 | 3.3% |
| Total operating expenses | \$ 694,984 | \$ 662,565 | \$ 32,419 | 4.9% |

Segment Results

The results for each of our three reportable segments for the years ended December 31, 2017 and 2016 are presented below:

Index Segment

The following table presents the results for the Index segment for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|--------------------------|----------------------|----------------------|---------------------|-------|
| | December 31, 2017 | December 31, 2016 | | |
| | (in thousands) | | | |
| Operating revenues: | | | | |
| Recurring subscriptions | \$ 427,289 | \$ 389,348 | \$ 37,941 | 9.7% |
| Asset-based fees | 276,092 | 210,229 | 65,863 | 31.3% |
| Non-recurring | 15,578 | 13,974 | 1,604 | 11.5% |
| Operating revenues total | 718,959 | 613,551 | 105,408 | 17.2% |
| Adjusted EBITDA expenses | 196,916 | 182,073 | 14,843 | 8.2% |
| Adjusted EBITDA | \$ 522,043 | \$ 431,478 | \$ 90,565 | 21.0% |
| Adjusted EBITDA margin % | 72.6% | 70.3% | | |

Revenues related to Index products increased 17.2% to \$719.0 million for the year ended December 31, 2017 compared to \$613.6 million for the year ended December 31, 2016.

Revenues from recurring subscriptions were up 9.7% to \$427.3 million for the year ended December 31, 2017 compared to \$389.3 million for the year ended December 31, 2016. The increase was primarily driven by strong growth in core products, growth in new products, including factor and ESG indexes, as well as growth in custom index products.

Revenues from asset-based fees increased 31.3% to \$276.1 million for the year ended December 31, 2017 compared to \$210.2 million for the year ended December 31, 2016. The increase in asset-based fees was driven by several items, including a \$48.2 million, or 33.9%, growth in revenue from ETFs linked to MSCI indexes, which was driven by a 39.2% increase in average AUM, partially offset by the impact of a change in the product mix. In addition, revenue from non-ETF passive products grew \$14.0 million, or 23.8%, driven by higher AUM and an increased contribution from higher fee products. Revenues from exchange traded futures and options contracts based on MSCI indexes also grew \$3.7 million, or 38.8%, driven by a strong increase in total trading volumes and a more favorable product mix.

Index segment Adjusted EBITDA expenses increased 8.2% to \$196.9 million for the year ended December 31, 2017 compared to \$182.1 million for the year ended December 31, 2016, primarily reflecting higher cost of revenues and selling and marketing expenses associated with stronger operating performance and growth in the product line. Partially offsetting these increases were lower R&D expenses associated with higher allocations and investments in the prior year. Adjusted for the impact of foreign currency exchange rate fluctuations, Adjusted EBITDA expenses increased 8.4% for the year ended December 31, 2017 compared to the year ended December 31, 2016.

Analytics Segment

The following table presents the results for the Analytics segment for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|----------------------------|----------------------|----------------------|---------------------|---------|
| | December 31, 2017 | December 31, 2016 | | |
| | (in thousands) | | | |
| Operating revenues: | | | | |
| Recurring subscriptions | \$ 452,253 | \$ 439,864 | \$ 12,389 | 2.8% |
| Non-recurring | 6,016 | 8,489 | (2,473) | (29.1%) |
| Operating revenues total | 458,269 | 448,353 | 9,916 | 2.2% |
| Adjusted EBITDA expenses | 332,920 | 319,846 | 13,074 | 4.1% |
| Adjusted EBITDA | \$ 125,349 | \$ 128,507 | \$ (3,158) | (2.5%) |
| Adjusted EBITDA margin % | 27.4% | 28.7% | | |

Analytics segment revenues increased 2.2% to \$458.3 million for the year ended December 31, 2017 compared to \$448.4 million for the year ended December 31, 2016, primarily driven by growth in both Equity and Multi-Asset Class Analytics products. Adjusted for the impact of foreign currency exchange rate fluctuations, Analytics segment revenues increased 2.9% for the year ended December 31, 2017 compared to the year ended December 31, 2016.

Analytics segment Adjusted EBITDA expenses increased 4.1% to \$332.9 million for the year ended December 31, 2017 compared to \$319.8 million for the year ended December 31, 2016, primarily driven by higher R&D expenses associated with investments in the MSCI Analytics Platform and Fixed Income and Multi-Asset Class offerings, as well as higher cost of revenues.

All Other Segment

The following table presents the results for the All Other segment, which consists of the ESG and Real Estate product lines, for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|----------------------------|----------------------|----------------------|---------------------|---------|
| | December 31, 2017 | December 31, 2016 | | |
| | (in thousands) | | | |
| Operating revenues: | | | | |
| Recurring subscriptions | \$ 93,481 | \$ 84,457 | \$ 9,024 | 10.7% |
| Non-recurring | 3,463 | 4,308 | (845) | (19.6%) |
| Operating revenues total | 96,944 | 88,765 | 8,179 | 9.2% |
| Adjusted EBITDA expenses | 85,161 | 79,293 | 5,868 | 7.4% |
| Adjusted EBITDA | \$ 11,783 | \$ 9,472 | \$ 2,311 | 24.4% |
| Adjusted EBITDA margin % | 12.2% | 10.7% | | |

All Other segment revenues increased 9.2% to \$96.9 million for the year ended December 31, 2017 compared to \$88.8 million for the year ended December 31, 2016. The increase in All Other revenues was driven by a 21.8% increase in ESG revenues to \$54.8 million, partially offset by a decrease in Real Estate revenues of 3.8% to \$42.1

million. The increase in ESG revenues was driven by higher ESG Ratings product revenues, which benefited from increased investments. The decrease in Real Estate revenues was driven by lower revenues from Portfolio Analysis Service products, partially offset by an increase in revenues from Market Information products. Adjusted for the impact of foreign currency exchange rate fluctuations and the divestiture of the Real Estate occupiers business, Real Estate revenues increased 0.3% and All Other operating revenues increased 11.3% for the year ended December 31, 2017 compared to the year ended December 31, 2016.

All Other segment Adjusted EBITDA expenses increased 7.4% to \$85.2 million for the year ended December 31, 2017 compared to \$79.3 million for the year ended December 31, 2016, primarily driven by higher cost of revenues attributable to ESG operations, partially offset by lower general and administrative and selling and marketing costs attributable to Real Estate operations. Adjusted for the impact of foreign currency exchange rate fluctuations, Adjusted EBITDA expenses increased 7.8% for the year ended December 31, 2017 compared to the year ended December 31, 2016.

Results of Operations

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

The following table presents the results of operations for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|--|---------------------------------------|----------------------|---------------------|----------|
| | December 31, 2016 | December 31, 2015 | | |
| | (in thousands, except per share data) | | | |
| Operating revenues | \$ 1,150,669 | \$ 1,075,013 | \$ 75,656 | 7.0% |
| Operating expenses: | | | | |
| Cost of revenues | 252,107 | 267,695 | (15,588) | (5.8%) |
| Selling and marketing | 166,666 | 162,294 | 4,372 | 2.7% |
| Research and development | 75,204 | 77,320 | (2,116) | (2.7%) |
| General and administrative | 87,235 | 86,007 | 1,228 | 1.4% |
| Amortization of intangible assets | 47,033 | 46,910 | 123 | 0.3% |
| Depreciation and amortization of property, equipment and leasehold improvements | 34,320 | 30,889 | 3,431 | 11.1% |
| Total operating expenses | 662,565 | 671,115 | (8,550) | (1.3%) |
| Operating income | 488,104 | 403,898 | 84,206 | 20.8% |
| Other expense (income), net | 102,166 | 54,344 | 47,822 | 88.0% |
| Income from continuing operations before provision for income taxes | 385,938 | 349,554 | 36,384 | 10.4% |
| Provision for income taxes | 125,083 | 119,516 | 5,567 | 4.7% |
| Income from continuing operations | 260,855 | 230,038 | 30,817 | 13.4% |
| Income (loss) from discontinued operations, net of income taxes | — | (6,390) | 6,390 | (100.0%) |
| Net income | \$ 260,855 | \$ 223,648 | \$ 37,207 | 16.6% |
| Earnings per basic common share: | | | | |
| From continuing operations | \$ 2.72 | \$ 2.11 | \$ 0.61 | 28.9% |
| From discontinued operations | - | (0.06) | 0.06 | (100.0%) |
| Earnings per basic common share | \$ 2.72 | \$ 2.05 | \$ 0.67 | 32.7% |
| Earnings per diluted common share: | | | | |
| From continuing operations | \$ 2.70 | \$ 2.09 | \$ 0.61 | 29.2% |
| From discontinued operations | - | (0.06) | 0.06 | (100.0%) |
| Earnings per diluted common share | \$ 2.70 | \$ 2.03 | \$ 0.67 | 33.0% |
| Operating margin | 42.4% | 37.6% | | |

Operating Revenues

The following table presents operating revenues by recurring subscriptions, asset-based fees and non-recurring revenues for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|--------------------------|----------------------|----------------------|---------------------|-------|
| | December 31, 2016 | December 31, 2015 | | |
| | (in thousands) | | | |
| Recurring subscriptions | \$ 913,669 | \$ 857,527 | \$ 56,142 | 6.5% |
| Asset-based fees | 210,229 | 197,974 | 12,255 | 6.2% |
| Non-recurring | 26,771 | 19,512 | 7,259 | 37.2% |
| Total operating revenues | \$ 1,150,669 | \$ 1,075,013 | \$ 75,656 | 7.0% |

Total operating revenues grew 7.0% to \$1,150.7 million for the year ended December 31, 2016 compared to \$1,075.0 million for the year ended December 31, 2015.

Revenue from recurring subscriptions increased 6.5% to \$913.7 million for the year ended December 31, 2016 compared to \$857.5 million for the year ended December 31, 2015. The increase in recurring subscription revenues was driven by growth from Index products as well as higher revenues from Analytics and ESG products, partially offset by lower Real Estate products' revenues within the All Other segment. Adjusting for the impact of foreign currency exchange rate fluctuations, recurring subscription revenues would have increased 7.1% for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Revenues from asset-based fees increased 6.2% to \$210.2 million for the year ended December 31, 2016 compared to \$198.0 million for the year ended December 31, 2015. The increase was primarily driven by a 19.2% increase in non-ETF passive funds, as well as a 34.8% increase in revenue from futures and options contracts linked to MSCI indexes. The average value of AUM in ETFs linked to MSCI indexes increased \$27.6 billion, or 6.6%, compared to the year ended December 31, 2015. Approximately two-thirds of the underlying securities included in the AUM of our index-linked investment products are denominated in currencies other than the U.S. dollar.

The following table presents the value of AUM in ETFs linked to MSCI indexes and the sequential change of such assets as of the end of each of the periods indicated:

| (in billions) | Period Ended | | | | | | | |
|---|--------------|----------|---------------|--------------|-----------|----------|---------------|--------------|
| | 2015 | | | | 2016 | | | |
| | March 31, | June 30, | September 30, | December 31, | March 31, | June 30, | September 30, | December 31, |
| AUM in ETFs linked to MSCI indexes (1), (2) | \$ 418.0 | \$ 435.4 | \$ 390.0 | \$ 433.4 | \$ 438.3 | \$ 439.7 | \$ 474.9 | \$ 481.4 |
| Sequential Change in Value | | | | | | | | |
| Market Appreciation/ (Depreciation) | \$ 13.0 | \$ (6.9) | \$ (48.2) | \$ 14.5 | \$ (1.7) | \$ (2.5) | \$ 23.7 | \$ (8.7) |
| Cash Inflows | 31.7 | 24.3 | 3.0 | 28.7 | 6.6 | 3.9 | 11.5 | 15.2 |
| Total Change | \$ 44.7 | \$ 17.4 | \$ (45.2) | \$ 43.2 | \$ 4.9 | \$ 1.4 | \$ 35.2 | \$ 6.5 |

Source: Bloomberg and MSCI

- (1) The value of AUM in ETFs linked to MSCI indexes is calculated by multiplying the ETF net asset value by the number of shares outstanding.
(2) 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.

For the year ended December 31, 2016, the average value of AUM in ETFs linked to MSCI equity indexes was \$446.4 billion, up \$27.6 billion, or 6.6%, from \$418.8 billion for the year ended December 31, 2015.

Non-recurring revenues increased 37.2% to \$26.8 million for the year ended December 31, 2016, compared to \$19.5 million for the year ended December 31, 2015, primarily resulting from higher one-time sales of Index products.

The following table presents operating revenues by reportable segment and revenue type for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|---------------------------------|----------------------|----------------------|---------------------|-------------|
| | December 31, 2016 | December 31, 2015 | | |
| | (in thousands) | | | |
| Operating revenues: | | | | |
| Index | | | | |
| Recurring subscriptions | \$ 389,348 | \$ 353,136 | \$ 36,212 | 10.3% |
| Asset-based fees | 210,229 | 197,974 | 12,255 | 6.2% |
| Non-recurring | 13,974 | 7,854 | 6,120 | 77.9% |
| Index total | 613,551 | 558,964 | 54,587 | 9.8% |
| Analytics | | | | |
| Recurring subscriptions | 439,864 | 426,725 | 13,139 | 3.1% |
| Non-recurring | 8,489 | 6,699 | 1,790 | 26.7% |
| Analytics total | 448,353 | 433,424 | 14,929 | 3.4% |
| All Other | | | | |
| Recurring subscriptions | 84,457 | 77,666 | 6,791 | 8.7% |
| Non-recurring | 4,308 | 4,959 | (651) | (13.1%) |
| All Other total | 88,765 | 82,625 | 6,140 | 7.4% |
| Total operating revenues | \$ 1,150,669 | \$ 1,075,013 | \$ 75,656 | 7.0% |

Refer to the section titled, "Segment Results of Operations" for an explanation of the results.

Operating Expenses

Operating expenses decreased 1.3% to \$662.6 million for the year ended December 31, 2016 compared to \$671.1 million for the year ended December 31, 2015. Adjusting for the impact of foreign currency exchange rate fluctuations, operating expenses would have increased 0.8% for the year ended December 31, 2016 compared to the year ended December 31, 2015.

The following table presents operating expenses by activity for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|--|----------------------|----------------------|---------------------|---------------|
| | December 31, 2016 | December 31, 2015 | | |
| | (in thousands) | | | |
| Operating expenses: | | | | |
| Cost of revenues | \$ 252,107 | \$ 267,695 | \$ (15,588) | (5.8%) |
| Selling and marketing | 166,666 | 162,294 | 4,372 | 2.7% |
| Research and development | 75,204 | 77,320 | (2,116) | (2.7%) |
| General and administrative | 87,235 | 86,007 | 1,228 | 1.4% |
| Amortization of intangible assets | 47,033 | 46,910 | 123 | 0.3% |
| Depreciation and amortization of property, equipment and leasehold improvements | 34,320 | 30,889 | 3,431 | 11.1% |
| Total operating expenses | \$ 662,565 | \$ 671,115 | \$ (8,550) | (1.3%) |

Cost of Revenues

Cost of revenues for the year ended December 31, 2016 decreased 5.8% to \$252.1 million compared to \$267.7 million for the year ended December 31, 2015, primarily driven by strong expense management, particularly in the Analytics segment, as reflected by lower compensation and benefits costs attributable to a higher percentage of employees in emerging market centers, which have lower cost structures, and severance costs, as well as a decrease in non-compensation information technology and occupancy costs.

Selling and Marketing

Selling and marketing expenses for the year ended December 31, 2016 increased 2.7% to \$166.7 million compared to \$162.3 million for the year ended December 31, 2015, primarily driven by higher incentive compensation, partially offset by lower salary expense and severance costs, as well as higher non-compensation marketing costs.

Research and Development

R&D expenses for the year ended December 31, 2016 decreased 2.7% to \$75.2 million compared to \$77.3 million for the year ended December 31, 2015, primarily due to an increase in capitalized software development costs. The year ended December 31, 2015 includes a non-cash charge of \$3.4 million related to the termination of a technology project in the Analytics segment.

General and Administrative

G&A expenses for the year ended December 31, 2016 increased 1.4% to \$87.2 million compared to \$86.0 million for the year ended December 31, 2015, primarily driven by higher compensation and benefits costs, partially offset by lower non-compensation professional fees.

The following table presents operating expenses using compensation and non-compensation categories, rather than using activity categories, for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|--|----------------------|--|---------------------|--------|
| | December 31, 2016 | December 31, 2015 (in thousands) | | |
| Compensation and benefits | \$ 414,322 | \$ 426,238 | \$ (11,916) | (2.8%) |
| Non-compensation expenses | 166,890 | 167,078 | (188) | (0.1%) |
| Amortization of intangible assets | 47,033 | 46,910 | 123 | 0.3% |
| Depreciation and amortization of property, equipment and leasehold improvements | 34,320 | 30,889 | 3,431 | 11.1% |
| Total operating expenses | \$ 662,565 | \$ 671,115 | \$ (8,550) | (1.3%) |

We had 2,862 employees as of December 31, 2016 compared to 2,754 employees as of December 31, 2015. Our continued growth in emerging market centers around the world is an important factor in our ability to manage and control the growth of our compensation and benefits expenses. As of December 31, 2016, 56.2% of our employees were located in emerging market centers compared to 52.8% of our employees as of December 31, 2015.

Compensation and benefits costs for the year ended December 31, 2016 decreased 2.8% to \$414.3 million compared to \$426.2 million for year ended December 31, 2015, primarily due to lower severance as well as higher capitalized software development costs. The higher capitalized software development costs includes a non-cash charge of \$2.9 million related to the termination of a technology project in the Analytics segment recognized during the year ended December 31, 2015.

Non-compensation expenses for the year ended December 31, 2016 decreased 0.1% to \$166.9 million compared to \$167.1 million for the year ended December 31, 2015, primarily driven by a decrease in occupancy and

professional fees, as well as a non-cash charge of \$0.5 million related to the termination of a technology project in the Analytics segment recognized during the year ended December 31, 2015. These decreases were partially offset by increases in costs primarily attributable to marketing.

Amortization of Intangibles

Amortization of intangibles expense for the years ended December 31, 2016 and 2015 totaled \$47.0 million and \$46.9 million, respectively.

Depreciation and amortization of property, equipment and leasehold improvements

For the years ended December 31, 2016 and 2015, depreciation and amortization of property, equipment and leasehold improvements totaled \$34.3 million and \$30.9 million, respectively. The 11.1% increase primarily reflected higher depreciation of investments made in our information technology infrastructure.

Other Expense (Income), Net

Other expense (income), net for the year ended December 31, 2016 increased 88.0% to \$102.2 million compared to \$54.3 million for the year ended December 31, 2015, primarily driven by \$39.3 million of higher interest expense resulting from the increased level of indebtedness, a \$3.7 million charge for estimated losses associated with miscellaneous transactions, as well as the impact of the \$6.4 million from gains on the sale of investments realized in the year ended December 31, 2015.

Income Taxes

The provision for income tax expense was \$125.1 million and \$119.5 million for the years ended December 31, 2016 and 2015, respectively. These amounts reflect effective tax rates of 32.4% and 34.2% for the years ended December 31, 2016 and 2015, respectively. The decrease in the effective tax rate was primarily driven by efforts to better align our tax profile with our global operating footprint. For the year ended December 31, 2016, 31.7% of income from continuing operations before provision for income taxes was generated by foreign operations compared to 19.1% for the year ended December 31, 2015.

The effective tax rate of 32.4% for the year ended December 31, 2016 reflects our operating tax rate adjusted for the impact of certain discrete items. Included in the discrete items was the release of a reserve for uncertain tax positions related to an IRS audit settlement. Overall, the discrete items decreased our effective tax rate by 1.0% in the year ended December 31, 2016.

The effective tax rate of 34.2% for the year ended December 31, 2015 reflects our operating tax rate adjusted for the impact of certain discrete items. Included in the discrete items was a claim for an additional deduction related to U.S. production activities for prior years, which was partially offset by a provision for state tax liabilities related to prior years. Overall, the discrete items decreased our effective tax rate by 0.6% in the year ended December 31, 2015.

Income (loss) from Discontinued Operations, Net of Income Taxes

On April 30, 2014, MSCI completed the sale of ISS which is reflected as discontinued operations in our consolidated financial statements. Loss from discontinued operations, net of income taxes, for the year ended December 31, 2015 reflects the impact of a \$6.4 million out-of-period income tax charge associated with tax obligations triggered upon the sale of ISS.

Net Income

As a result of the factors described above, net income for the year ended December 31, 2016 increased 16.6% to \$260.9 million compared to \$223.6 million for the year ended December 31, 2015.

Adjusted EBITDA

The following table presents the calculation of the non-GAAP Adjusted EBITDA measure for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|--------------------------|----------------------|----------------------|---------------------|--------|
| | December 31, 2016 | December 31, 2015 | | |
| | (in thousands) | | | |
| Operating revenues: | \$ 1,150,669 | \$ 1,075,013 | \$ 75,656 | 7.0% |
| Adjusted EBITDA expenses | 581,212 | 593,316 | (12,104) | (2.0%) |
| Adjusted EBITDA | \$ 569,457 | \$ 481,697 | \$ 87,760 | 18.2% |
| Adjusted EBITDA margin % | 49.5% | 44.8% | | |
| Operating margin % | 42.4% | 37.6% | | |

Adjusted EBITDA increased 18.2% to \$569.5 million for the year ended December 31, 2016 compared to \$481.7 million for the year ended December 31, 2015. Adjusted EBITDA margin increased to 49.5% for the year ended December 31, 2016 compared to 44.8% for the year ended December 31, 2015. The improvement in margin reflects higher growth in operating revenues in the Index, Analytics and ESG product lines, combined with lower Adjusted EBITDA expenses, reflecting strong expense management.

Reconciliation of Adjusted EBITDA to Net Income and Adjusted EBITDA Expenses to Operating Expenses

The following table presents the reconciliation of Adjusted EBITDA to net income for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|--|----------------------|----------------------|---------------------|----------|
| | December 31, 2016 | December 31, 2015 | | |
| | (in thousands) | | | |
| Index Adjusted EBITDA | \$ 431,478 | \$ 392,987 | \$ 38,491 | 9.8% |
| Analytics Adjusted EBITDA | 128,507 | 95,468 | 33,039 | 34.6% |
| All Other Adjusted EBITDA | 9,472 | (6,758) | 16,230 | 240.2% |
| Consolidated Adjusted EBITDA | 569,457 | 481,697 | 87,760 | 18.2% |
| Amortization of intangible assets | 47,033 | 46,910 | 123 | 0.3% |
| Depreciation and amortization of property, equipment and leasehold improvements | 34,320 | 30,889 | 3,431 | 11.1% |
| Operating income | 488,104 | 403,898 | 84,206 | 20.8% |
| Other expense (income), net | 102,166 | 54,344 | 47,822 | 88.0% |
| Provision for income taxes | 125,083 | 119,516 | 5,567 | 4.7% |
| Income from continuing operations | 260,855 | 230,038 | 30,817 | 13.4% |
| Income (loss) from discontinued operations, net of income taxes | — | (6,390) | 6,390 | (100.0%) |
| Net income | \$ 260,855 | \$ 223,648 | \$ 37,207 | 16.6% |

The following table presents the reconciliation of Adjusted EBITDA expenses to operating expenses for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|--|----------------------|----------------------|---------------------|---------------|
| | December 31, 2016 | December 31, 2015 | | |
| | (in thousands) | | | |
| Index Adjusted EBITDA expenses | \$ 182,073 | \$ 165,977 | \$ 16,096 | 9.7% |
| Analytics Adjusted EBITDA expenses | 319,846 | 337,956 | (18,110) | (5.4%) |
| All Other Adjusted EBITDA expenses | 79,293 | 89,383 | (10,090) | (11.3%) |
| Consolidated Adjusted EBITDA expenses | 581,212 | 593,316 | (12,104) | (2.0%) |
| Amortization of intangible assets | 47,033 | 46,910 | 123 | 0.3% |
| Depreciation and amortization of property, equipment and leasehold improvements | 34,320 | 30,889 | 3,431 | 11.1% |
| Total operating expenses | \$ 662,565 | \$ 671,115 | \$ (8,550) | (1.3%) |

Segment Results

The results for each of our three reportable segments for the years ended December 31, 2016 and 2015 are presented below:

Index Segment

The following table presents the results for the Index segment for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|---------------------------------|----------------------|----------------------|---------------------|-------------|
| | December 31, 2016 | December 31, 2015 | | |
| | (in thousands) | | | |
| Operating revenues: | | | | |
| Recurring subscriptions | \$ 389,348 | \$ 353,136 | \$ 36,212 | 10.3% |
| Asset-based fees | 210,229 | 197,974 | 12,255 | 6.2% |
| Non-recurring | 13,974 | 7,854 | 6,120 | 77.9% |
| Operating revenues total | 613,551 | 558,964 | 54,587 | 9.8% |
| Adjusted EBITDA expenses | 182,073 | 165,977 | 16,096 | 9.7% |
| Adjusted EBITDA | \$ 431,478 | \$ 392,987 | \$ 38,491 | 9.8% |
| Adjusted EBITDA margin % | 70.3% | 70.3% | | |

Revenues related to Index products increased 9.8% to \$613.6 million for the year ended December 31, 2016 compared to \$559.0 million for the year ended December 31, 2015.

Revenues from recurring subscriptions were up 10.3% to \$389.3 million for the year ended December 31, 2016 compared to \$353.1 million for the year ended December 31, 2015. The increase was primarily driven by growth in benchmark and data products. The impact on total recurring subscriptions from foreign currency exchange rate fluctuations was not significant.

Revenues from asset-based fees increased 6.2% to \$210.2 million for the year ended December 31, 2016 compared to \$198.0 million for the year ended December 31, 2015. The increase was driven by a 19.2% increase in non-ETF passive funds, as well as a 34.8% increase in revenue from futures and options contracts based on MSCI indexes. Revenue from ETFs linked to MSCI indexes was essentially flat for full-year 2016, driven by the impact of a change in the product mix that offset a 6.6% increase in average AUM. Average AUM in ETFs linked to MSCI indexes increased 6.6% to \$446.4 billion for the year ended December 31, 2016 compared to \$418.8 billion for the year ended December 31, 2015, driven by cash inflows and market appreciation.

Index segment Adjusted EBITDA expenses increased 9.7% to \$182.1 million for the year ended December 31, 2016 compared to \$166.0 million for the year ended December 31, 2015, primarily reflecting higher selling and marketing and R&D activities. Adjusting for the impact of foreign currency exchange rate fluctuations, Adjusted EBITDA expenses would have increased 12.2% for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Analytics Segment

The following table presents the results for the Analytics segment for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|--------------------------|-------------------|-------------------|---------------------|--------|
| | December 31, 2016 | December 31, 2015 | | |
| | (in thousands) | | | |
| Operating revenues: | | | | |
| Recurring subscriptions | \$ 439,864 | \$ 426,725 | \$ 13,139 | 3.1% |
| Non-recurring | 8,489 | 6,699 | 1,790 | 26.7% |
| Operating revenues total | 448,353 | 433,424 | 14,929 | 3.4% |
| Adjusted EBITDA expenses | 319,846 | 337,956 | (18,110) | (5.4%) |
| Adjusted EBITDA | \$ 128,507 | \$ 95,468 | \$ 33,039 | 34.6% |
| Adjusted EBITDA margin % | 28.7% | 22.0% | | |

Analytics segment revenues increased 3.4% to \$448.4 million for the year ended December 31, 2016 compared to \$433.4 million for the year ended December 31, 2015, primarily driven by higher revenues from RiskManager, equity models and InvestorForce products. Adjusting for the impact of foreign currency exchange rate fluctuations, Analytics segment revenues would have increased 4.6% for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Analytics segment Adjusted EBITDA expenses decreased 5.4% to \$319.8 million for the year ended December 31, 2016 compared to \$338.0 million for the year ended December 31, 2015, primarily due to a decline in cost of revenues and R&D. The decrease in R&D reflects the impact of a non-cash charge of \$3.4 million related to the termination of a technology project recognized during the year ended December 31, 2015. Adjusting for the impact of foreign currency exchange rate fluctuations, Adjusted EBITDA expenses would have decreased 3.6% for the year ended December 31, 2016 compared to the year ended December 31, 2015.

All Other Segment

The following table presents the results for the All Other segment for the years indicated:

| | Years Ended | | Increase/(Decrease) | |
|--------------------------|-------------------|-------------------|---------------------|---------|
| | December 31, 2016 | December 31, 2015 | | |
| | (in thousands) | | | |
| Operating revenues: | | | | |
| Recurring subscriptions | \$ 84,457 | \$ 77,666 | \$ 6,791 | 8.7% |
| Non-recurring | 4,308 | 4,959 | (651) | (13.1%) |
| Operating revenues total | 88,765 | 82,625 | 6,140 | 7.4% |
| Adjusted EBITDA expenses | 79,293 | 89,383 | (10,090) | (11.3%) |
| Adjusted EBITDA | \$ 9,472 | \$ (6,758) | \$ 16,230 | 240.2% |
| Adjusted EBITDA margin % | 10.7% | (8.2%) | | |

All Other segment revenues increased 7.4% to \$88.8 million for the year ended December 31, 2016 compared to \$82.6 million for the year ended December 31, 2015, driven by a \$7.4 million, or 19.6%, increase in ESG revenues to \$45.0 million, partially offset by a \$1.2 million, or 2.7%, decrease in revenues from Real Estate products to \$43.8 million. Adjusting for the impact of foreign currency exchange rate fluctuations and the divestiture of the

Real Estate occupiers business, Real Estate revenues would have increased 7.9% and All Other segment revenues would have increased 13.4% for the year ended December 31, 2016 compared to the year ended December 31, 2015.

All Other segment Adjusted EBITDA expenses decreased 11.3% to \$79.3 million for the year ended December 31, 2016 compared to \$89.4 million for the year ended December 31, 2015, primarily driven by lower costs attributable to Real Estate, partially offset by ESG costs, mainly related to higher R&D and selling and marketing. Adjusting for the impact of foreign currency exchange rate fluctuations, Adjusted EBITDA expenses would have decreased 8.0% for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Operating Metrics

Run Rate

“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 below. 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, and associated revenue recognition, 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 have 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.

Changes in our recurring revenues typically lag changes in Run Rate. The actual amount of recurring revenues we will realize over the following 12 months will differ from Run Rate for numerous reasons, including:

- fluctuations in revenues associated with new recurring sales;
- modifications, cancellations and non-renewals of existing Client Contracts, subject to specified notice requirements;
- differences between the recurring license start date and the date the Client Contract is executed due to, for example, contracts with onboarding periods;
- fluctuations in asset-based fees, which may result from changes in certain investment products’ total expense ratios, market movements, including foreign currency exchange rates, or from investment inflows into and outflows from investment products linked to our indexes;
- fluctuations in fees based on trading volumes of futures and options contracts linked to our indexes;
- fluctuations in the number of hedge funds for which we provide investment information and risk analysis to hedge fund investors;
- price changes;
- revenue recognition differences under U.S. GAAP, including those related to the timing of implementations and report deliveries for certain of our products and services;
- fluctuations in foreign exchange rates; and
- the impact of acquisitions and dispositions.

The following table presents Run Rates by reportable segment as of the dates indicated and the growth percentages over the years indicated:

| | As of | | | Comparison of | |
|-------------------------------|----------------------|----------------------|----------------------|------------------------------|------------------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 | December 31, 2017 to 2016 | December 31, 2016 to 2015 |
| | (in thousands) | | | | |
| Index: | | | | | |
| Recurring subscriptions | \$ 451,048 | \$ 406,729 | \$ 368,855 | 10.9% | 10.3% |
| Asset-based fees | 316,812 | 216,982 | 201,047 | 46.0% | 7.9% |
| Index total | 767,860 | 623,711 | 569,902 | 23.1% | 9.4% |
| Analytics | 489,451 | 451,533 | 436,671 | 8.4% | 3.4% |
| All Other | 108,413 | 88,074 | 82,677 | 23.1% | 6.5% |
| Total Run Rate | \$ 1,365,724 | \$ 1,163,318 | \$ 1,089,250 | 17.4% | 6.8% |
| Recurring subscriptions total | \$ 1,048,912 | \$ 946,336 | \$ 888,203 | 10.8% | 6.5% |
| Asset-based fees | 316,812 | 216,982 | 201,047 | 46.0% | 7.9% |
| Total Run Rate | \$ 1,365,724 | \$ 1,163,318 | \$ 1,089,250 | 17.4% | 6.8% |

December 31, 2017 Compared to December 31, 2016

Total Run Rate grew 17.4% to \$1,365.7 million as of December 31, 2017 compared to \$1,163.3 million as of December 31, 2016. Recurring subscription Run Rate grew 10.8% to \$1,048.9 million as of December 31, 2017 compared to \$946.3 million as of December 31, 2016. Adjusted for the impact of foreign currency exchange rate fluctuations, recurring subscription Run Rate increased 9.5% as of December 31, 2017 compared to December 31, 2016.

Run Rate from asset-based fees increased 46.0% to \$316.8 million as of December 31, 2017, from \$217.0 million as of December 31, 2016, primarily driven by higher AUM in ETFs as well as increases in non-ETF passive funds and futures and options contracts, all linked to MSCI indexes. As of December 31, 2017, the value of AUM in ETFs linked to MSCI indexes was \$744.3 billion, up \$262.9 billion, or 54.6%, from \$481.4 billion as of December 31, 2016. The increase of \$262.9 billion consisted of net inflows of \$139.3 billion and market appreciation of \$123.6 billion.

Index recurring subscription Run Rate grew 10.9% to \$451.0 million as of December 31, 2017 compared to \$406.7 million as of December 31, 2016, driven by strong growth in core products, growth in new products, including factor and ESG indexes, as well as growth in custom index products.

Run Rate from Analytics products increased 8.4% to \$489.5 million as of December 31, 2017 compared to \$451.5 million as of December 31, 2016, primarily driven by growth in both Multi-Asset Class and Equity Analytics products. Adjusted for the impact from foreign currency exchange rate fluctuations, Analytics Run Rate increased 6.8% as of December 31, 2017 compared to December 31, 2016.

Run Rate from All Other products increased 23.1% to \$108.4 million at December 31, 2017 compared to \$88.1 million at December 31, 2016, driven by a \$15.5 million, or 31.5%, increase in ESG Run Rate to \$64.6 million and a \$4.9 million, or 12.5%, increase in Real Estate Run Rate to \$43.8 million. The increase in ESG Run Rate was primarily driven by growth in ESG Ratings products. The increase in Real Estate Run Rate was primarily driven by growth in Market Information and Portfolio Analysis Service products. Adjusted for the impact of foreign currency exchange rate fluctuations, ESG Run Rate increased 27.3%, Real Estate Run Rate increased 3.8% and All Other Run Rate increased 16.9%, in each case, as of December 31, 2017 compared to December 31, 2016.

December 31, 2016 Compared to December 31, 2015

Total Run Rate grew 6.8% to \$1,163.3 million as of December 31, 2016 compared to \$1,089.3 million as of December 31, 2015. Recurring subscription Run Rate grew 6.5% to \$946.3 million as of December 31, 2016

compared to \$888.2 million as of December 31, 2015. Adjusting for the impact of foreign currency exchange rate fluctuations, recurring subscription Run Rate would have increased 7.2% as of December 31, 2016 compared to December 31, 2015.

Run Rate from asset-based fees increased 7.9% to \$217.0 million as of December 31, 2016, from \$201.0 million as of December 31, 2015, primarily driven by higher AUM in non-ETF passive funds and ETFs as well as increases in futures and options contracts, all linked to MSCI indexes. As of December 31, 2016, the value of AUM in ETFs linked to MSCI indexes was \$481.4 billion, up \$48.0 billion, or 11.1%, from \$433.4 billion as of December 31, 2015. The increase of \$48.0 billion consisted of net inflows of \$37.2 billion and market depreciation of \$10.8 billion.

Index recurring subscription Run Rate grew 10.3% to \$406.7 million as of December 31, 2016 compared to \$368.9 million as of December 31, 2015, driven by growth in core products, factor and thematic products and usage fees. There was a negligible impact from foreign currency exchange rate fluctuations on Index recurring subscription Run Rate as of December 31, 2016 compared to December 31, 2015.

Run Rate from Analytics products increased 3.4% to \$451.5 million as of December 31, 2016 compared to \$436.7 million as of December 31, 2015, primarily driven by growth in sales of equity models as well as RiskManager, BarraOne and InvestorForce products. Adjusting for the impact from foreign currency exchange rate fluctuations, Analytics Run Rate would have increased 3.8% as of December 31, 2016 compared to December 31, 2015.

Run Rate from All Other products increased 6.5% to \$88.1 million at December 31, 2016 compared to \$82.7 million at December 31, 2015, driven by an \$8.9 million, or 22.0%, increase in ESG Run Rate to \$49.2 million, partially offset by a \$3.5 million, or 8.2%, decrease in Real Estate Run Rate to \$38.9 million. The increase in ESG Run Rate was driven by strong sales of ESG Ratings products. Adjusting for the impact of foreign currency exchange rate fluctuations and the divestiture of the Real Estate occupiers business, Real Estate Run Rate would have increased 5.2% and All Other Run Rate would have increased 14.8%, in each case as of December 31, 2016 compared to December 31, 2015.

Subscription Sales

The following table presents our recurring subscription sales, cancellations and non-recurring sales by reportable segment for the years indicated:

| | Years Ended | | | Comparison of | |
|---|----------------------|----------------------|----------------------|------------------------------|------------------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 | December 31, 2017 to 2016 | December 31, 2016 to 2015 |
| | (in thousands) | | | | |
| New recurring subscription sales | | | | | |
| Index | \$ 61,308 | \$ 55,279 | \$ 49,521 | 10.9% | 11.6% |
| Analytics | 64,177 | 55,255 | 52,819 | 16.1% | 4.6% |
| All Other | 22,544 | 19,978 | 16,657 | 12.8% | 19.9% |
| New recurring subscription sales total | 148,029 | 130,512 | 118,997 | 13.4% | 9.7% |
| Subscription cancellations | | | | | |
| Index | (16,995) | (17,417) | (16,254) | (2.4%) | 7.2% |
| Analytics | (33,674) | (39,205) | (29,362) | (14.1%) | 33.5% |
| All Other | (7,717) | (8,288) | (9,042) | (6.9%) | (8.3%) |
| Subscription cancellations total | (58,386) | (64,910) | (54,658) | (10.1%) | 18.8% |
| Net new recurring subscription sales | | | | | |
| Index | 44,313 | 37,862 | 33,267 | 17.0% | 13.8% |
| Analytics | 30,503 | 16,050 | 23,457 | 90.0% | (31.6%) |
| All Other | 14,827 | 11,690 | 7,615 | 26.8% | 53.5% |
| Net new recurring subscription sales total | 89,643 | 65,602 | 64,339 | 36.6% | 2.0% |
| Non-recurring sales | | | | | |
| Index | 16,310 | 17,850 | 8,964 | (8.6%) | 99.1% |
| Analytics | 10,306 | 8,830 | 7,286 | 16.7% | 21.2% |
| All Other | 3,875 | 4,247 | 4,880 | (8.8%) | (13.0%) |
| Non-recurring sales total | 30,491 | 30,927 | 21,130 | (1.4%) | 46.4% |
| Gross sales | | | | | |
| Index | \$ 77,618 | \$ 73,129 | \$ 58,485 | 6.1% | 25.0% |
| Analytics | 74,483 | 64,085 | 60,105 | 16.2% | 6.6% |
| All Other | 26,419 | 24,225 | 21,537 | 9.1% | 12.5% |
| Total gross sales | \$ 178,520 | \$ 161,439 | \$ 140,127 | 10.6% | 15.2% |
| Net sales | | | | | |
| Index | \$ 60,623 | \$ 55,712 | \$ 42,231 | 8.8% | 31.9% |
| Analytics | 40,809 | 24,880 | 30,743 | 64.0% | (19.1%) |
| All Other | 18,702 | 15,937 | 12,495 | 17.3% | 27.5% |
| Total net sales | \$ 120,134 | \$ 96,529 | \$ 85,469 | 24.5% | 12.9% |

Aggregate Retention Rate

Another key metric is our "Aggregate Retention Rate." This metric is important because subscription cancellations decrease our Run Rate and ultimately our operating revenues over time. The annual Aggregate Retention Rate represents the retained subscription Run Rate (beginning subscription Run Rate less actual cancels during the year) as a percentage of the subscription Run Rate at the beginning of the fiscal year. If a client reduces the number of products to which it subscribes or switches between our segment products, we treat it as a cancellation for purposes of calculating our Aggregate Retention Rate. Our Aggregate Retention Rate is computed on a product-by-product basis. In addition, we treat any reduction in fees resulting from renegotiated contracts as a cancellation in the calculation to the extent of the reduction. We do not calculate Aggregate Retention Rate for that portion of our Run Rate attributable to assets in index-linked investment products or futures and options contracts, in each case, linked to our indexes. Aggregate Retention Rate for a non-annual period reflects the annualization of the cancels recorded in the period.

The following table presents our Aggregate Retention Rate by reportable segment and product category for the periods indicated for the years ended December 31, 2017, 2016 and 2015:

| | Index | Analytics | All Other | Total |
|----------------------------------|-------|-----------|-----------|-------|
| 2017 | | | | |
| Three Months Ended March 31, | 96.9% | 93.3% | 92.4% | 94.7% |
| Three Months Ended June 30, | 97.0% | 93.9% | 90.8% | 94.9% |
| Three Months Ended September 30, | 95.5% | 93.4% | 90.7% | 94.0% |
| Three Months Ended December 31, | 93.9% | 89.7% | 91.1% | 91.6% |
| Year Ended December 31, | 95.8% | 92.5% | 91.2% | 93.8% |
| 2016 | | | | |
| Three Months Ended March 31, | 96.3% | 94.6% | 92.2% | 95.1% |
| Three Months Ended June 30, | 95.6% | 91.7% | 89.2% | 93.1% |
| Three Months Ended September 30, | 95.8% | 90.4% | 90.8% | 92.7% |
| Three Months Ended December 31, | 93.4% | 87.4% | 87.8% | 89.9% |
| Year Ended December 31, | 95.3% | 91.0% | 90.0% | 92.7% |
| 2015 | | | | |
| Three Months Ended March 31, | 97.2% | 92.9% | 90.7% | 94.4% |
| Three Months Ended June 30, | 95.4% | 93.8% | 90.7% | 94.2% |
| Three Months Ended September 30, | 95.4% | 95.3% | 89.1% | 94.8% |
| Three Months Ended December 31, | 92.7% | 89.9% | 83.9% | 90.4% |
| Year Ended December 31, | 95.2% | 93.0% | 88.6% | 93.4% |

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.

For example, in the fourth quarter of 2017, we recorded cancellations of \$19.8 million. To derive the Aggregate Retention Rate for the fourth quarter, we annualized the actual cancellations during the quarter of \$19.8 million to derive \$79.3 million of annualized cancellations. This \$79.3 million was then divided by the \$946.3 million subscription Run Rate at the beginning of the year to derive a cancellation rate of 8.4%. The 8.4% was then subtracted from 100.0% to derive an Aggregate Retention Rate of 91.6% for the fourth quarter.

For the year ended December 31, 2017, 33.9% of our cancellations occurred in the fourth quarter. Historically, the Aggregate Retention Rate has generally been higher during the first three quarters and lower in the fourth quarter, as the fourth quarter is traditionally the largest renewal period in the year.

Liquidity and Capital Resources

We require capital to fund ongoing operations, internal growth initiatives and acquisitions. Our primary sources of liquidity are cash flows generated from our operations, existing cash and cash equivalents and credit capacity under our existing credit facilities. In addition, we believe we have access to additional funding in the public and private markets. We intend to use these sources of liquidity to, among other things, service our existing and future debt obligations and fund our working capital requirements, capital expenditures, investments, acquisitions, dividend payments and repurchases of our common stock. In connection with our business strategy, we regularly evaluate acquisition opportunities. We believe our liquidity, along with other financing alternatives, will provide the necessary capital to fund these transactions and achieve our planned growth.

The 2024 Senior Notes are scheduled to mature and be paid in full on November 15, 2024. At any time prior to November 15, 2019, we may redeem all or part of the 2024 Senior Notes upon not less than 30 nor more than 60 days' prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, we may redeem all or part of the 2024 Senior Notes, together with accrued and unpaid interest, on or after November 15, 2019, at redemption prices set forth in the indenture governing our 2024 Senior Notes.

The 2025 Senior Notes are scheduled to mature and be paid in full on August 15, 2025. At any time prior to August 15, 2020, we may redeem all or part of the 2025 Senior Notes upon not less than 30 nor more than 60 days' prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, we may redeem all or part of the 2025 Senior Notes, together with accrued and unpaid interest, on or after August 15, 2020, at redemption prices set forth in the indenture governing our 2025 Senior Notes. At any time prior to August 15, 2018, we may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2025 Senior Notes, including any permitted additional notes, at a redemption price equal to 105.75% of the principal amount.

The 2026 Senior Notes are scheduled to mature and be paid in full on August 1, 2026. At any time prior to August 1, 2021, the Company may redeem all or part of the 2026 Senior Notes upon not less than 30 nor more than 60 days' prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, the Company may redeem all or part of the 2026 Senior Notes, together with accrued and unpaid interest, on or after August 1, 2021, at redemption prices set forth in the indenture governing the 2026 Senior Notes. At any time prior to August 1, 2019, the Company may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2026 Senior Notes, including any permitted additional notes, at a redemption price equal to 104.75% of the principal amount.

Interest payments attributable to the 2024 Senior Notes are due on May 15 and November 15 of each year. Interest payments attributable to the 2025 Senior Notes are due on February 15 and August 15 of each year. Interest payments attributable to the 2026 Senior Notes are due on February 1 and August 1 of each year.

On August 4, 2016, we entered into Amendment No. 1 (the "Amendment") to the 2014 Revolving Credit Agreement (the 2014 Revolving Credit Agreement as so amended, the "Revolving Credit Agreement"). The Amendment, among other things, (i) increased aggregate commitments available to be borrowed to \$220.0 million, (ii) increased the maximum consolidated leverage ratio from 3.75:1.00 to 4.25:1.00 and (iii) extended the initial term to August 2021 with an option to extend for an additional one-year term.

As of December 31, 2017, we had \$2.1 billion of outstanding indebtedness from our Senior Notes and our Revolving Credit Agreement was undrawn. The Revolving Credit Agreement is subject to an unused commitment fee of 0.35%. We recognized an interest expense associated with the Senior Notes and the Revolving Credit Agreement of approximately \$116.0 million for the year ended December 31, 2017.

The Senior Notes and the Revolving Credit Agreement are fully and unconditionally, and jointly and severally, guaranteed by our direct or indirect wholly-owned domestic subsidiaries that account for more than 5% of our and our subsidiaries' consolidated assets, other than certain excluded subsidiaries (the "subsidiary guarantors"). Amounts due under the Revolving Credit Agreement are our and the subsidiary guarantors' senior unsecured obligations and rank equally with the Senior Notes and any of our other unsecured, unsubordinated debt, senior to any of our subordinated debt and effectively subordinated to our secured debt to the extent of the assets securing such debt.

The indentures governing our Senior Notes (the "Indentures") among us, each of the subsidiary guarantors, and Wells Fargo Bank, National Association, as trustee, contain covenants that limit our and certain of our subsidiaries' ability to, among other things, incur liens, enter into sale/leaseback transactions and consolidate, merge

or sell all or substantially all of our assets. In addition, the Indentures restrict our non-guarantor subsidiaries' ability to create, assume, incur or guarantee additional indebtedness without such non-guarantor subsidiaries guaranteeing the Senior Notes on a *pari passu* basis.

The Revolving Credit Agreement contains affirmative and restrictive covenants that, among other things, limit our ability and the ability of our existing or future subsidiaries to:

- incur liens and further negative pledges;
- incur additional indebtedness or prepay, redeem or repurchase indebtedness;
- make loans or hold investments;
- merge, dissolve, liquidate, consolidate with or into another person;
- enter into acquisition transactions;
- enter into sale/leaseback transactions;
- issue disqualified capital stock;
- sell, transfer or dispose of assets;
- pay dividends or make other distributions in respect of our capital stock or engage in stock repurchases, redemptions and other restricted payments;
- create new subsidiaries;
- permit certain restrictions affecting our subsidiaries;
- change the nature of our business, accounting policies or fiscal periods;
- enter into any transactions with affiliates other than on an arm's-length basis; and
- amend our organizational documents or amend, modify or change the terms of certain agreements relating to our indebtedness.

The Revolving Credit Agreement and the Indentures also contain customary events of default, including those relating to non-payment, breach of representations, warranties or covenants, cross-default and cross-acceleration, bankruptcy and insolvency events, invalidity or impairment of loan documentation or collateral, change of control and customary ERISA defaults. None of the restrictions above are expected to impact our ability to effectively operate the business.

The Revolving Credit Agreement also requires us and our subsidiaries to achieve financial and operating results sufficient to maintain compliance with the following financial ratios on a consolidated basis through the termination of the Revolving Credit Agreement: (1) the maximum Consolidated Leverage Ratio (as defined in the Revolving Credit Agreement) measured quarterly on a rolling four-quarter basis shall not exceed 4.25:1.00 and (2) the minimum Consolidated Interest Coverage Ratio (as defined in the Revolving Credit Agreement) measured quarterly on a rolling four-quarter basis shall be at least 4.00:1.00. As of December 31, 2017, our Consolidated Leverage Ratio was 2.98:1.00 and our Consolidated Interest Coverage Ratio was 6.27:1.00. There were no amounts drawn under the Revolving Credit Facility since its November 20, 2014 inception.

Our non-guarantor subsidiaries of the Senior Notes consist of: (i) domestic subsidiaries of the Company that account for 5% or less of consolidated assets of the Company and its subsidiaries and (ii) any foreign or domestic subsidiary of the Company that is deemed to be a controlled foreign corporation within the meaning of Section 957 of the Internal Revenue Code of 1986, as amended. Our non-guarantor subsidiaries accounted for approximately \$551.0 million, or 43.2%, of our total revenue for the 12 months ended December 31, 2017, approximately \$192.1 million, or 33.2%, of our consolidated operating income for the 12 months ended December 31, 2017, and approximately \$893.1 million, or 27.3%, of our consolidated total assets (excluding intercompany assets) and \$360.9 million, or 12.6%, of our consolidated total liabilities, in each case as of December 31, 2017.

Share Repurchases

On September 18, 2014, we entered into the September 2014 ASR Agreement. On September 19, 2014, we paid \$300.0 million in cash and received approximately 4.5 million shares of our common stock under the September 2014 ASR Agreement. On May 21, 2015, we completed the September ASR Program, receiving approximately 1.2 million shares of our common stock. In total, 5.7 million shares of our common stock were delivered for an average purchase price of \$52.79 per share. The repurchased shares are held in treasury.

On June 2, 2015, we began purchasing shares of our common stock in the open market in accordance with SEC Rule 10b5-1. The following table provides information with respect to repurchases of our common stock pursuant to open market repurchases:

| Year Ended | Average Price Paid Per Share | Total Number of Shares Repurchased | Dollar Value of Shares Repurchased |
|-------------------|---------------------------------------|---|--|
| | | (in thousands) | |
| December 31, 2015 | \$ 62.63 | 10,710 | \$ 670,824 |
| December 31, 2016 | \$ 73.71 | 10,303 | \$ 759,427 |
| December 31, 2017 | \$ 87.96 | 1,556 | \$ 136,899 |

Subsequent to the year ended December 31, 2017 and through February 16, 2018, the Company repurchased an additional 0.4 million shares of common stock at an average price of \$137.06 per share for a total value of \$54.5 million.

As of February 16, 2018, a total of \$678.6 million remained available on the share repurchase authorization. This authorization may be modified, suspended or terminated by the Board of Directors at any time without prior notice.

Cash Dividends

On September 17, 2014, our Board of Directors approved a plan to initiate a regular quarterly cash dividend to our shareholders. On October 30, 2014, we began paying regular quarterly cash dividends and have paid such dividends each quarter thereafter.

On January 30, 2018, the Board of Directors declared a quarterly dividend of \$0.38 per share of common stock to be paid on March 15, 2018 to shareholders of record as of the close of trading on February 16, 2018.

Cash Flows

The following table presents the Company's cash and cash equivalents as of the dates indicated:

| | As of | |
|---------------------------|----------------------|----------------------|
| | December 31, 2017 | December 31, 2016 |
| | (in thousands) | |
| Cash and cash equivalents | \$ 889,502 | \$ 791,834 |

The following table presents the breakdown of the Company's cash flows for the periods indicated:

| | Years Ended | | |
|---|----------------------|----------------------|----------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| | (in thousands) | | |
| Net cash provided by operating activities | \$ 404,158 | \$ 442,363 | \$ 321,247 |
| Net cash (used in) provided by investing activities | (48,046) | (42,031) | (48,861) |
| Net cash (used in) provided by financing activities | (267,543) | (372,899) | 4,696 |
| Effect of exchange rates on cash and cash equivalents | 9,099 | (13,305) | (8,175) |
| Net increase in cash and cash equivalents | \$ 97,668 | \$ 14,128 | \$ 268,907 |

Cash and Cash Equivalents

Cash and cash equivalents were \$889.5 million and \$791.8 million as of December 31, 2017 and 2016, respectively. MSCI seeks to maintain minimum cash balances globally of approximately \$200.0 million to \$250.0 million for general operating purposes. As of December 31, 2017 and 2016, \$503.0 million and \$208.2 million, respectively, of the cash and cash equivalents were held by foreign subsidiaries. As a result of Tax Reform, MSCI can now more efficiently access a significant portion of its cash held outside of the U.S. in the short-term without being subject to U.S. income taxes. Repatriation of some foreign cash may be subject to certain withholding taxes in local jurisdictions and other distribution restrictions. The increase in cash and cash equivalents held by foreign subsidiaries primarily reflects ongoing efforts to better align our tax profile with our global operating footprint. The global cash and cash equivalent balances that are maintained will be available to meet our global needs whether for general corporate purpose or other needs, including acquisitions or expansion of our products.

We believe that global cash flows from operations, together with existing cash and cash equivalents and funds available under our existing credit facility and our ability to access the debt and capital markets for additional funds, will continue to be sufficient to fund our global operating activities and cash commitments for investing and financing activities, such as material capital expenditures and share repurchases, for at least the 12 months following issuance of this Form 10-K and for the foreseeable future thereafter.

Accounts receivable

Accounts receivable as of December 31, 2017 increased \$106.1 million, or 47.9%, to \$327.6 million compared to \$221.5 million for the year ended December 31, 2016. The year-over-year change primarily reflects changes to our international billing practices associated with re-aligning our tax profile with our global operating footprint, a lengthening of client payment process approval cycles and higher accruals of asset-based fees related to the growth in AUM. As we fully implement the changes to our international billing practices, we expect a decrease in our accounts receivable balances excluding the impact of adopting ASC Subtopic 606-10, which would improve the rate of growth of our future cash flows.

Cash Flows From Operating Activities

Cash flows from operating activities consist of net income adjusted for certain non-cash items and changes in assets and liabilities. Cash provided by operating activities was \$404.2 million and \$442.4 million for the years ended December 31, 2017 and 2016, respectively. The year-over-year decrease reflects higher cash expenses, including higher interest and income tax payments, partially offset by increased cash collections.

Cash provided by operating activities was \$442.4 million and \$321.2 million for the years ended December 31, 2016 and 2015, respectively. The year-over-year increase reflects higher billings and collections from customers, a decrease in cash expenses and lower cash payments for income taxes, including the impact of income tax refunds, partially offset by higher interest payments.

Our primary uses of cash from operating activities are for the payment of cash compensation expenses, office rent, technology costs, market data costs, interest expenses and income taxes. Historically, the payment of cash for

compensation and benefits is at its highest level in the first quarter when we pay discretionary employee compensation related to the previous fiscal year.

Cash Flows From Investing Activities

Cash used in investing activities was \$48.0 million and \$42.0 million for the years ended December 31, 2017 and 2016, respectively, primarily reflecting higher capitalized software development costs mainly related to investments in the MSCI Analytics Platform and Fixed Income products.

Cash used in investing activities was \$42.0 million for the year ended December 31, 2016 compared to cash provided by investing activities of \$48.9 million for the year ended December 31, 2015.

Cash Flows From Financing Activities

Cash used in financing activities was \$267.5 million for the year ended December 31, 2017 compared to \$372.9 million for the year ended December 31, 2016. The year-over-year change primarily reflects lower repurchases of treasury shares, partially offset by lower proceeds from borrowings and higher dividend payments.

Cash used in financing activities was \$372.9 million for the year ended December 31, 2016 compared to cash provided by financing activities of \$4.7 million for the year ended December 31, 2015. The year-over-year decrease primarily reflects the impact of lower proceeds from borrowings and increased repurchases of treasury shares.

Contractual Obligations

Our contractual obligations consist primarily of leases for office space, leases for equipment and other operating leases, obligations to vendors arising out of market data contracts and our debt obligations arising from the issuance of the Senior Notes. The following table summarizes our contractual obligations for the periods indicated as of December 31, 2017:

| (in thousands) | Total | Years Ending December 31, | | | | | Thereafter |
|-------------------------------|--------------|---------------------------|------------|------------|------------|------------|--------------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 | |
| Operating leases | \$ 230,654 | 30,210 | 25,346 | 21,943 | 19,094 | 16,208 | 117,853 |
| Vendor obligations | 67,069 | 49,630 | 13,748 | 3,095 | 596 | — | — |
| Senior Notes (1) | 3,275,750 | 111,750 | 111,750 | 111,750 | 111,750 | 111,750 | 2,717,000 |
| Other obligations (2) | 47,443 | 5,067 | 3,685 | 3,685 | 3,685 | 3,685 | 27,637 |
| Total contractual obligations | \$ 3,620,916 | \$ 196,657 | \$ 154,529 | \$ 140,473 | \$ 135,125 | \$ 131,643 | \$ 2,862,490 |

(1) Includes the impact of payments for the principal amount on the 2024 Senior Notes, 2025 Senior Notes and the 2026 Senior Notes plus interest based on the 5.25%, 5.75% and 4.75% coupon interest rate, respectively.

(2) Primarily includes amounts payable related to the estimated Toll Charge. The Toll Charge is included within "Prepaid income taxes" and "Other non-current liabilities" in our Consolidated Statements of Financial Condition.

The obligations related to our uncertain tax positions, which are not considered material, have been excluded from the table above because of the uncertainty surrounding the timing and final amounts of any settlement.

Off-Balance Sheet Arrangements

At December 31, 2017 and 2016, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Recent Accounting Standards Updates

Effective January 1, 2018, we will be adopting the new revenue standard as set forth under ASC Subtopic 606-10 using the modified retrospective transition method. Compared to the revenue recognition method used prior

to the adoption, the new revenue standard will generally result in more revenue being recognized up-front or earlier in the life of new contracts for certain of our products and services, including fees related to the licensing of desktop applications, implementation and set-up services and multi-year deals. The lost future period revenue from existing contracts as a result of the cumulative adjustment to retained earnings is expected to be largely offset by the acceleration of revenue from certain new contracts. As a result, the overall impact of adopting the new revenue standard is not expected to have a material impact on the consolidated financial statements or the annual trend of revenue. However, it may increase quarterly revenue variability by segment depending on the timing of deal closings and renewals. The adoption of ASC Subtopic 606-10 will also result in a change in the accounts receivable and deferred revenue balances compared to the current guidance. Under the current guidance, we record the value of an invoice to accounts receivable and deferred revenue once the service period begins. Under the new guidance, however, when we issue an invoice for a non-cancellable, non-refundable contract, MSCI has an unconditional right to consideration and recognizes a valid receivable and the corresponding deferred revenue. This change in accounting will result in similar increases in both the accounts receivable and deferred revenue balances.

See Note 2, "Recent Accounting Standards Updates," of the Notes to the Consolidated Financial Statements included herein for further information.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Risk

We are subject to foreign currency exchange fluctuation risk. Exchange rate movements can impact the U.S. dollar reported value of our revenues, expenses, assets and liabilities denominated in non-U.S. dollar currencies or where the currency of such items is different than the functional currency of the entity where these items were recorded.

We generally invoice our clients in U.S. dollars; however, we invoice a portion of our clients in Euros, British pounds sterling, Japanese yen and a limited number of other non-U.S. dollar currencies. For the years ended December 31, 2017 and 2016, 13.4% and 16.9%, respectively, of our revenues are subject to foreign currency exchange rate risk and primarily includes clients billed in foreign currency as well as U.S. dollar exposures on non-U.S. dollar foreign operating entities. Of the 13.4% of non-U.S. dollar exposure for the year ended December 31, 2017, 39.6% was in Euros, 27.3% was in Japanese yen and 26.8% was in British pounds sterling. Of the 16.9% of non-U.S. dollar exposure for the year ended December 31, 2016, 35.5% was in British pounds sterling, 34.4% was in Euros and 24.9% was in Japanese yen.

Revenues from index-linked investment products represented 21.7% and 18.3% of operating revenues for the years ended December 31, 2017 and 2016, respectively. While a substantial portion of our fees for index-linked investment products are invoiced in U.S. dollars, the fees are based on the investment product's assets, of which two-thirds are invested in securities denominated in currencies other than the U.S. dollar. Accordingly, declines in such other currencies against the U.S. dollar will decrease the fees payable to us under such licenses. In addition, declines in such currencies against the U.S. dollar could impact the attractiveness of such investment products resulting in net fund outflows, which would further reduce the fees payable under such licenses.

We are exposed to additional foreign currency risk in certain of our operating costs. Approximately 36.9% and 38.3% of our operating expenses for the years ended December 31, 2017 and 2016, respectively, were denominated in foreign currencies, the significant majority of which were denominated in British pounds sterling, Indian rupees, Swiss francs, Euros, Hungarian forints, Hong Kong dollars, Chinese yuan and Mexican pesos. Expenses incurred in foreign currency may increase as we expand our business outside the U.S.

We have certain monetary assets and liabilities denominated in currencies other than local functional amounts and when these balances are remeasured into their local functional currency, either a gain or a loss results from the change of the value of the functional currency as compared to the originating currencies. We manage foreign currency exchange rate risk, in part, through the use of derivative financial instruments comprised principally of forward contracts on foreign currency which are not designated as hedging instruments for accounting purposes. The objective of the derivative instruments is to minimize the impact on the income statement of the volatility of amounts denominated in certain foreign currencies. We recognized total foreign currency exchange losses of \$2.2 million, \$0.2 million and \$2.2 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Item 8. Financial Statements and Supplementary Data

The information required by this Item is set forth beginning on page F-1 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a). Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") as appropriate, to allow timely decisions regarding required disclosure.

Management of the Company, with the participation of its CEO and CFO, evaluated the effectiveness of the Company's disclosure controls and procedures. Based on their evaluation, as of December 31, 2017, the end of the period covered by this Annual Report on Form 10-K, the Company's CEO and CFO have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective.

(b). Management's Annual Report On Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officers or persons performing similar functions and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets,
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of our financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of management and directors of the Company, and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our 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.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2017 based on the criteria described in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on this assessment, management, including the Company's CEO and CFO, concluded that, as of December 31, 2017, our internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

PricewaterhouseCoopers LLP, our independent registered public accounting firm, has audited and issued a report on the effectiveness of our internal control over financial reporting as of December 31, 2017, which appears on page F-2 of this Annual Report on Form 10-K.

(c). Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Annual Incentive Plan

The Compensation and Talent Management Committee (the "Committee") of the Board of Directors of MSCI Inc. (the "Company") adopted the MSCI Inc. Annual Incentive Plan (the "AIP"), effective February 23, 2018, which will govern the terms of annual cash incentive awards granted to eligible employees of the Company (including each of the Company's current named executive officers), as determined by the Committee from time to time. The terms and conditions set forth in the AIP are consistent with the Company's historical practices with respect to granting annual cash incentive awards to eligible employees. Employees who participate in the Company's Coverage Incentive Plan (or any other cash incentive plan) maintained by the Company will not be eligible to participate in the AIP. The Committee (or its delegate) will administer the AIP and will have the authority to determine all of the terms of the awards granted under the AIP.

Annual cash incentive awards granted under the AIP will be payable based on the achievement of specified performance measures, including financial criteria and/or key performance indicators (as may be adjusted pursuant to the AIP). The performance measures for the Company's named executive officers will be described in the Company's annual proxy statement. Following the end of each performance period, the Committee (or its delegate) will determine the degree of achievement of the performance measures and may adjust the final award payable to a participant upward or downward, subject to and in accordance with the requirements of any applicable plan, program, policy or arrangement maintained or entered into by the Company that may be in effect and to the extent applicable to any such participant.

Awards granted under the AIP will be paid in cash as soon as practicable following the Committee's (or its delegate's) determination of the final award payable to a participant (but in no event later than March 15th of the year following the end of the applicable performance period). Unless otherwise provided, the payment of a final award is subject to the participant's continuous service with the Company or its subsidiaries through the applicable payment date. In the event of a participant's termination of service prior to the payment date, unless otherwise provided by the Committee, any unpaid portion of any award will be forfeited in its entirety; however, in the event of a participant's termination of service due to death or disability, the participant will be eligible to receive his or her award based on (i) actual achievement of the applicable underlying financial and operational metrics and (ii) 100% achievement of the target Key Performance Indicators ("KPIs") for such performance period. Awards paid to a participant following a termination of service due to death or disability will be payable at the same time as awards payable to other participants.

In the event of a change in control (as defined in the AIP), unless otherwise determined by the Committee, (i) the performance period applicable to any outstanding award will cease as of the date immediately prior to the change in control, (ii) (A) with respect to the portion of any award based on performance measures (other than KPIs), such award will be payable based on the higher of (x) the Company's actual achievement of the performance measures (other than KPIs) for the period commencing on the first day of the performance period and ending on the date immediately prior to such change in control and (y) 100% and (B) with respect to the portion of any award based on KPIs, such award will be payable at 100% of the target KPIs and (iii) any such award shall be payable by

the Company (or the successor or survivor entity (or its parent)) within 60 days of the date of the change in control, prorated for the portion of the applicable performance period that elapsed prior to the change in control. If the Company's successor will not be implementing a comparable annual incentive plan for the remaining portion of the year in which the change in control occurs, the Committee may, in its discretion, elect to pay 100% of the award or such other amount the Committee determines appropriate based upon the achievement of the performance measures and the KPIs as described in the previous sentence. If any AIP participant is eligible to receive a prorated annual bonus pursuant to any change in control severance plan that is maintained by the Company and in effect at the time of a change in control (any such plan, a "CIC Plan"), any prorated annual bonus payable to a participant pursuant to a CIC Plan in respect of the year in which the change in control occurs will be reduced (but in no event reduced to less than zero) by any awards paid to the participant under the AIP in respect of such year.

Item 10. Directors, Executive Officers and Corporate Governance

Except for the information relating to our Executive Officers set forth in Part I of this Annual Report on Form 10-K, we incorporate by reference the information responsive to this Item appearing in our Proxy Statement, which will be filed no later than 120 days after December 31, 2017.

Information regarding our Code of Ethics and Business Conduct and Corporate Governance Policies is incorporated herein by reference from our Proxy Statement, which will be filed no later than 120 days after December 31, 2017. Any amendments to, or waivers from, a provision of our Codes of Ethics that apply to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and that relates to any element of the Code of Ethics enumerated in paragraph (b) of Item 406 of Regulation S-K shall be disclosed by posting such information on our website at www.msci.com. The information on our website is not and should not be considered a part of this Annual Report on Form 10-K.

Item 11. Executive Compensation

We incorporate by reference the information responsive to this Item appearing in our Proxy Statement, which will be filed no later than 120 days after December 31, 2017.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

We incorporate by reference the information responsive to this Item appearing in our Proxy Statement, which will be filed no later than 120 days after December 31, 2017. The information provided under Part II, Item 5. "Market for Registrant's Common Equity, Related Stockholder Matters And Issuer Purchases of Equity Securities" of this Annual Report on Form 10-K is incorporated by reference herein.

Item 13. Certain Relationships and Related Transactions, and Director Independence

We incorporate by reference the information responsive to this Item appearing in our Proxy Statement, which will be filed no later than 120 days after December 31, 2017.

Item 14. Principal Accounting Fees and Services

We incorporate by reference the information responsive to this Item appearing in our Proxy Statement, which will be filed no later than 120 days after December 31, 2017.

Item 15. Exhibits, Financial Statement Schedules**(a)(1) Financial Statements**

The financial statements begin on page F-1 of this Annual Report on Form 10-K.

(a)(2) Financial Statement Schedules

No financial statement schedules are provided because the information called for is not applicable or not required or is included in the consolidated financial statements or the notes thereto beginning on page F-1 of this Annual Report on Form 10-K.

(a)(3) Exhibits

The information required by this Item is set forth below.

EXHIBIT INDEX

| <u>Exhibit Number</u> | <u>Description</u> | <u>Form</u> | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |
|-----------------------|---|-------------|-----------------|--------------------|--------------------|
| 3.1 | Third Amended and Restated Certificate of Incorporation | 10-Q | 001-33812 | 3.1 | 5/4/2012 |
| 3.2 | Amended and Restated By-Laws | 10-Q | 001-33812 | 3.2 | 5/4/2012 |
| 4.1 | Form of Senior Indenture | S-3 | 333-206232 | 4.1 | 8/7/2015 |
| 4.2 | Form of Subordinated Indenture | S-3 | 333-206232 | 4.2 | 8/7/2015 |
| 4.3 | Form of Common Stock Certificate | 10-Q | 001-33812 | 4.1 | 5/4/2012 |
| 4.4 | Indenture, dated as of November 20, 2014, among MSCI Inc., each of the Subsidiary Guarantors party thereto and Wells Fargo Bank, National Association, as Trustee | 8-K | 001-33812 | 4.1 | 11/20/2014 |
| 4.5 | Form of Note for MSCI Inc. 5.250% Senior Notes due November 15, 2024 (included in Exhibit 4.4) | 8-K | 001-33812 | 4.2 | 11/20/2014 |
| 4.6 | Indenture, dated as of August 13, 2015, among MSCI Inc., each of the Subsidiary Guarantors party thereto and Wells Fargo Bank, National Association, as Trustee | 8-K | 001-33812 | 4.1 | 8/13/2015 |
| 4.7 | Form of Note for MSCI Inc. 5.750% Senior Notes due August 13, 2025 (included in Exhibit 4.6) | 8-K | 001-33812 | 4.2 | 8/13/2015 |
| 4.8 | Indenture, dated as of August 4, 2016, among MSCI Inc., each of the Subsidiary Guarantors party thereto and Wells Fargo Bank, National Association, as Trustee | 8-K | 001-33812 | 4.1 | 8/05/2016 |

| <u>Exhibit Number</u> | <u>Description</u> | <u>Form</u> | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |
|-----------------------|---|-------------|-----------------|--------------------|--------------------|
| 4.9 | Form of Note for MSCI Inc. 4.750% Senior Notes due August 1, 2026 (included in Exhibit 4.8) | 8-K | 001-33812 | 4.2 | 8/05/2016 |
| 10.1† | Index License Agreement for Funds, dated as of March 18, 2000, between Morgan Stanley Capital International and Barclays Global Investors, N.A. | 10-K | 001-33812 | 10.1 | 2/27/2015 |
| 10.2† | Amendment to Index License Agreement for Funds between Morgan Stanley Capital International and Barclays Global Investors, N.A. | 10-K | 001-33812 | 10.2 | 2/29/2012 |
| 10.3† | Letter Agreement to Amend MSCI-BGI Fund Index License Agreement, dated as of June 21, 2001, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A. | 10-K | 001-33812 | 10.3 | 1/31/2011 |
| 10.4† | Addendum to the Index License Agreement for Funds, dated as of September 18, 2002, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A. | S-1/A | 333-144975 | 10.4 | 9/26/2007 |
| 10.5† | Amendment to the Index License Agreement for Funds, dated as of December 3, 2004, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A. | S-1/A | 333-144975 | 10.5 | 10/26/2007 |
| 10.6† | Amendment to the Index License Agreement for Funds, dated as of May 1, 2005, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A. | S-1/A | 333-144975 | 10.6 | 9/26/2007 |
| 10.7† | Amendment to the Index License Agreement for Funds, dated as of July 1, 2006, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A. | S-1/A | 333-144975 | 10.7 | 10/26/2007 |
| 10.8 | Amendment to Index License Agreement for Funds, dated as of June 5, 2007, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A. | 10-K | 001-33812 | 10.8 | 1/31/2011 |
| 10.9 | Amendment to Index License Agreement for Funds, dated as of November 7, 2008, between MSCI Inc. and Barclays Global Investors, N.A. | 10-K | 001-33812 | 10.9 | 2/29/2012 |
| 10.10† | Amendment to Index License Agreement for Funds, dated as of December 9, 2008, between MSCI Inc. and Barclays Global Investors, N.A. | 10-Q | 001-33812 | 10.2 | 7/2/2010 |
| 10.11 | Amendment to Index License Agreement for Funds, dated as of April 1, 2009, between MSCI Inc. and Barclays Global Investors, N.A. | 10-K | 001-33812 | 10.11 | 1/29/2010 |

| <u>Exhibit Number</u> | <u>Description</u> | <u>Form</u> | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |
|-----------------------|---|-------------|-----------------|--------------------|--------------------|
| 10.12† | Amendment to Index License Agreement for Funds, dated as of May 21, 2009, between MSCI Inc. and Barclays Global Investors, N.A. | 10-Q | 001-33812 | 10.3 | 7/2/2010 |
| 10.13 | Amendment to Index License Agreement for Funds, dated as of September 30, 2009, between MSCI Inc. and Barclays Global Investors, N.A. | 10-Q | 001-33812 | 10.4 | 7/2/2010 |
| 10.14 | Amendment to Index License Agreement for Funds, dated as of October 6, 2009, between MSCI Inc. and Barclays Global Investors, N.A. | 10-K | 001-33812 | 10.14 | 1/29/2010 |
| 10.15† | Amendment to the Index License Agreement for Funds, dated as of October 4, 2011, by and between MSCI Inc. and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.). Replaces in its entirety the Amendment to Index License Agreement for Funds, dated as of October 27, 2009, between MSCI Inc. and Barclays Global Investors, N.A. filed as Exhibit 10.15 to Form 10-K (001-33812) filed with the SEC on February 29, 2012 | 10-K | 001-33812 | 10.15 | 3/1/2013 |
| 10.23 | Tax Sharing Agreement, dated as of November 20, 2007, between Morgan Stanley and MSCI Inc. | 10-K | 001-33812 | 10.12 | 2/28/2008 |
| 10.29* | MSCI Inc. Amended and Restated 2007 Equity Incentive Compensation Plan | 10-K | 001-33812 | 10.30 | 3/1/2013 |
| 10.30* | MSCI Independent Directors' Equity Compensation Plan as amended and restated on January 12, 2011 | 10-K | 001-33812 | 10.39 | 1/31/2011 |
| 10.31* | MSCI Inc. Performance Formula and Incentive Plan | Proxy | 001-33812 | Annex C | 2/28/2008 |
| 10.32* | MSCI Equity Incentive Compensation Plan 2007 Founders Grant Award Certificate for Stock Options | 10-K | 001-33812 | 10.19 | 2/28/2008 |
| 10.34* | RiskMetrics Group, Inc. 2000 Stock Option Plan | S-8 | 333-165888 | 99.1 | 6/3/2010 |
| 10.35* | RiskMetrics Group, Inc. 2004 Stock Option Plan | S-8 | 333-165888 | 99.2 | 6/3/2010 |
| 10.36* | RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan | 10-K | 001-33812 | 10.38 | 3/1/2013 |
| 10.43* | Award Agreement for 2010 Price Vested Stock Option Award for the Chief Executive Officer under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan | 10-K | 001-33812 | 10.54 | 1/31/2011 |

| <u>Exhibit Number</u> | <u>Description</u> | <u>Form</u> | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |
|-----------------------|--|-------------|-----------------|--------------------|--------------------|
| 10.46† | Amendment to Index License Agreement for Funds, dated as of December 15, 2009, between MSCI Inc. and Blackrock Institutional Trust Company, N.A. | 10-K | 001-33812 | 10.57 | 1/31/2011 |
| 10.47 | Amendment to Index License Agreement for Funds, dated as of June 13, 2011, between MSCI Inc. and BlackRock Institutional Trust Company, N.A. | 10-K | 001-33812 | 10.58 | 2/29/2012 |
| 10.48 | Amendment to Index License Agreement for Funds, dated as of May 20, 2010 | 10-K | 001-33812 | 10.59 | 1/31/2011 |
| 10.49† | Schedule No. 11043 to the Master Index License Agreement for Index Based Funds, between MSCI Inc. and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.), dated as of September 1, 2010 | 10-K | 001-33812 | 10.60 | 1/31/2011 |
| 10.50† | Amendment to the Index License Agreement for Funds, dated as of November 19, 2010, between MSCI Inc. and Barclays Global Investors, N.A. | 10-K | 001-33812 | 10.50 | 2/27/2015 |
| 10.51 | Amendment to the Index License Agreement for Funds, dated as of June 21, 2011, by and between MSCI Inc. and BlackRock Institutional Trust Company, N.A. (formerly known as Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.62 | 2/29/2012 |
| 10.52† | Amendment to the Index License Agreement for Funds, dated as of July 1, 2011, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and Blackrock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K/A | 001-33812 | 10.63 | 7/20/2012 |
| 10.53† | Amendment to the Index License Agreement for Funds, dated as of August 23, 2011, by and between MSCI Inc. and Blackrock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.53 | 2/27/2015 |
| 10.54 | Amendment to the Index License Agreement for Funds, dated as of October 4, 2011, by and between MSCI Inc. and BlackRock Institutional Trust Company, N.A. (formerly known as Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.65 | 2/29/2012 |
| 10.55† | Amendment to the Index License Agreement for Funds, dated as of October 4, 2011, by and between MSCI Inc. and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.57 | 3/1/2013 |

| <u>Exhibit Number</u> | <u>Description</u> | <u>Form</u> | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |
|-----------------------|--|-------------|-----------------|--------------------|--------------------|
| 10.56 | Amendment to the Index License Agreement for Funds, dated as of December 16, 2011, by and between MSCI Inc. (formerly, Morgan Stanley Capital International, Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.67 | 2/29/2012 |
| 10.57 | Agreement of Lease dated September 16, 2011, by and between 7 World Trade Center, LLC and MSCI Inc. | 8-K | 001-33812 | 10.1 | 9/22/2011 |
| 10.59* | Offer Letter, executed May 25, 2012, between MSCI Inc. and Robert Outub | 8-K | 001-33812 | 10.1 | 5/30/2012 |
| 10.62† | Amendment to the Index License Agreement for Funds, dated as of February 16, 2012, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.66 | 2/28/2014 |
| 10.63† | Amendment to the Index License Agreement for Funds, dated as of April 9, 2012, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.63 | 2/27/2015 |
| 10.64† | Amendment to the Index License Agreement for Funds, dated as of June 1, 2012, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.68 | 3/1/2013 |
| 10.65† | Amendment to the Index License Agreement for Funds, dated as of August 17, 2012, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.69 | 3/1/2013 |
| 10.66† | Amendment to the Index License Agreement for Funds, dated as of August 20, 2012, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.70 | 2/28/2014 |

| <u>Exhibit Number</u> | <u>Description</u> | <u>Form</u> | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |
|-----------------------|--|-------------|-----------------|--------------------|--------------------|
| 10.67† | Amendment to the Index License Agreement for Funds, dated as of November 6, 2012, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.71 | 2/28/2014 |
| 10.68† | Amendment to the Index License Agreement for Funds, dated as of November 15, 2012, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.72 | 3/1/2013 |
| 10.69† | Amendment to the Index License Agreement for Funds, dated as of February 21, 2013, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.73 | 2/28/2014 |
| 10.70† | Amendment to the Index License Agreement for Funds, dated as of March 20, 2013, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.74 | 2/28/2014 |
| 10.71† | Amendment to the Index License Agreement for Funds, dated as of September 11, 2013, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.71 | 2/27/2015 |
| 10.72† | Amendment to the Index License Agreement for Funds, dated as of December 10, 2013, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.72 | 2/27/2015 |
| 10.73† | Amendment to the Index License Agreement for Funds, dated as of December 16, 2013, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.73 | 2/27/2015 |

| <u>Exhibit Number</u> | <u>Description</u> | <u>Form</u> | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |
|-----------------------|--|-------------|-----------------|--------------------|--------------------|
| 10.74* | Form of Performance Award Agreement for Performance Stock Units for Executive Officers under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan | 10-K | 001-33812 | 10.79 | 2/28/2014 |
| 10.75* | Form of Performance Award Agreement for Performance Stock Units for Chief Executive Officer under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan | 10-K | 001-33812 | 10.80 | 2/28/2014 |
| 10.76* | Form of Performance Award Agreement for Performance Stock Units for Executive Officers under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan | 10-K | 001-33812 | 10.81 | 2/28/2014 |
| 10.77* | Form of Award Agreement for Restricted Stock Units for Executive Officers under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan | 10-K | 001-33812 | 10.82 | 2/28/2014 |
| 10.78* | Form of Award Agreement for Restricted Stock Units for Chief Executive Officer under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan | 10-K | 001-33812 | 10.83 | 2/28/2014 |
| 10.79* | Form of Award Agreement for Restricted Stock Units for Executive Officers under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan | 10-K | 001-33812 | 10.84 | 2/28/2014 |
| 10.80* | Award Agreement for 2013 Non-Qualified Stock Option Award | 10-K | 001-33812 | 10.85 | 2/28/2014 |
| 10.82† | Amendment to the Index License Agreement for Funds, dated as of January 23, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.82 | 2/27/2015 |
| 10.83† | Amendment to the Index License Agreement for Funds, dated as of January 23, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.83 | 2/27/2015 |
| 10.84 | Stock Purchase Agreement, dated as of March 17, 2014, among MSCI Inc., RiskMetrics Group Holdings, LLC and VISS Acquisition Corp. | 8-K | 001-33812 | 2.1 | 3/20/2014 |

| <u>Exhibit Number</u> | <u>Description</u> | <u>Form</u> | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |
|-----------------------|--|-------------|-----------------|--------------------|--------------------|
| 10.85† | Letter Agreement to amend the Amendment to the Index License Agreement for Funds, dated as of March 18, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.85 | 2/27/2015 |
| 10.87* | Form of Award Agreement for Restricted Stock Units for Directors under the MSCI Inc. Independent Directors' Equity Compensation Plan, as amended | 10-Q | 001-33812 | 10.2 | 5/2/2014 |
| 10.88* | Summary of Non-Employee Director Compensation | | Filed Herewith | | |
| 10.89† | Amendment to the Index License Agreement for Funds, dated as of July 9, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.89 | 2/27/2015 |
| 10.90† | Amendment to the Index License Agreement for Funds, dated as of July 16, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.90 | 2/27/2015 |
| 10.91† | Amendment to the Index License Agreement for Funds, dated as of August 15, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.91 | 2/27/2015 |
| 10.92† | Amendment to the Index License Agreement for Funds, dated as of September 9, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.92 | 2/27/2015 |
| 10.93† | Amendment to the Index License Agreement for Funds, dated as of September 17, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.93 | 2/27/2015 |
| 10.95† | Amendment to the Index License Agreement for Funds, dated as of September 22, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.95 | 2/27/2015 |

| <u>Exhibit Number</u> | <u>Description</u> | <u>Form</u> | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |
|-----------------------|--|-------------|-----------------|--------------------|--------------------|
| 10.96† | Amendment to the Index License Agreement for Funds, dated as of October 30, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.96 | 2/26/2016 |
| 10.97 | Revolving Credit Agreement, dated as of November 20, 2014, among MSCI Inc., as the Borrower, each of the Subsidiary Guarantors party thereto, JPMorgan Chase Bank, N.A., as the Administrative Agent and L/C Issuer, the Lenders party thereto and J.P. Morgan Securities LLC, as Lead Arranger and Bookrunner (amended by Amendment No. 1 to the Revolving Credit Agreement, dated August 4, 2016, among MSCI Inc., each of the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent) | 8-K | 001-33812 | 10.1 | 11/20/2014 |
| 10.98 | Cooperation Agreement, dated as of January 29, 2015 (amended by Letter Agreement to Cooperation Agreement, dated as of March 10, 2016, by and among MSCI Inc., Value Act Capital Management, L.P. and D. Robert Hale) | 8-K | 001-33812 | 99.1 | 1/30/2015 |
| 10.99* | Form of Award Agreement for Restricted Stock Units for Executive Officers under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan | 10-K | 001-33812 | 10.101 | 2/27/2015 |
| 10.100* | Form of Annual Performance Award Agreement for Performance Stock Units for Managing Directors under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan | 10-Q | 001-33812 | 10.4 | 04/29/2016 |
| 10.101* | Form of Award Agreement for Restricted Stock Units for Managing Directors under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan | 10-Q | 001-33812 | 10.5 | 04/29/2016 |
| 10.102† | Amendment to the Index License Agreement for Funds, dated as of February 4, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.102 | 2/26/2016 |
| 10.103† | Amendment to the Index License Agreement for Funds, dated as of February 25, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.103 | 2/26/2016 |

| <u>Exhibit Number</u> | <u>Description</u> | <u>Form</u> | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |
|-----------------------|--|-------------|-----------------|--------------------|--------------------|
| 10.104† | Letter Agreement (to amend the Amendment dated December 10, 2013) to the Index License Agreement for Funds, dated as of March 17, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.104 | 2/26/2016 |
| 10.105† | Amendment to the Index License Agreement for Funds, dated as of April 20, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.105 | 2/26/2016 |
| 10.106† | Amendment to the Index License Agreement for Funds, dated as of April 20, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.106 | 2/26/2016 |
| 10.107* | Form of Award Agreement for Restricted Stock Units for Directors under the MSCI Inc. Independent Directors' Equity Compensation Plan, as amended | 10-Q | 001-33812 | 10.1 | 5/1/2015 |
| 10.108* | Change of Employment Status and Release Agreement for Roveen Bhansali | 10-Q | 001-33812 | 10.2 | 5/1/2015 |
| 10.109* | MSCI Inc. Change in Control Severance Plan, adopted May 28, 2015 | 10-K | 001-33812 | 10.109 | 2/24/2017 |
| 10.110† | Amendment (to amend the Amendment dated February 21, 2013) to the Index License Agreement for Funds, dated as of June 1, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.110 | 2/26/2016 |
| 10.111† | Amendment to the Index License Agreement for Funds, dated as of June 1, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.111 | 2/26/2016 |
| 10.112† | Amendment (to amend the Amendment dated November 6, 2012) to the Index License Agreement for Funds, dated as of June 4, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.112 | 2/26/2016 |

| <u>Exhibit Number</u> | <u>Description</u> | <u>Form</u> | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |
|-----------------------|--|-------------|-----------------|--------------------|--------------------|
| 10.113† | Amendment (to amend the Amendments dated January 23, 2014 and April 15, 2014) to the Index License Agreement for Funds, dated as of June 4, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.113 | 2/26/2016 |
| 10.114* | Form of Performance Award Agreement for Performance Stock Units for Executive Officers under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan | 10-Q | 001-33812 | 10.2 | 7/31/2015 |
| 10.115* | Form of Special Performance Award Agreement for Performance Stock Units under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan | 10-Q | 001-33812 | 10.3 | 7/31/2015 |
| 10.116† | Amendment to the Index License Agreement for Funds, dated as of August 1, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.116 | 2/26/2016 |
| 10.117† | Amendment (to amend the Amendment dated October 4, 2011) to the Index License Agreement for Funds, dated as of August 3, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.117 | 2/26/2016 |
| 10.118† | Amendment (to amend the Amendment dated January 23, 2014) to the Index License Agreement for Funds, dated as of August 3, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.118 | 2/26/2016 |
| 10.119† | Amendment (to amend the Amendment dated August 15, 2014) to the Index License Agreement for Funds, dated as of August 3, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.119 | 2/26/2016 |

| <u>Exhibit Number</u> | <u>Description</u> | <u>Form</u> | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |
|-----------------------|---|-------------|-----------------|--------------------|--------------------|
| 10.120† | Letter Agreement (to amend the Amendment dated August 15, 2014) to the Index License Agreement for Funds, dated as of August 3, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.120 | 2/26/2016 |
| 10.121† | Letter Agreement (to amend the Amendment dated April 20, 2015) to the Index License Agreement for Funds, dated as of October 9, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.121 | 2/26/2016 |
| 10.122† | Letter Agreement (to amend the Amendment dated December 10, 2013) to the Index License Agreement for Funds, dated as of December 17, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.122 | 2/26/2016 |
| 10.123* | Transition and Release Agreement, dated as of February 10, 2016, by and between MSCI Inc. and Robert Outub | 10-K | 001-33812 | 10.123 | 2/26/2016 |
| 10.124* | Form of 2016 Multi-Year Performance Award Agreement for Performance Stock Units for the Executive Committee under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan | 10-Q | 001-33812 | 10.6 | 4/29/2016 |
| 10.125* | Form of 2016 Multi-Year Performance Award Agreement for Performance Stock Units for the Executive Committee under the MSCI Inc. 2016 Omnibus Incentive Plan | 10-Q | 001-33812 | 10.7 | 4/29/2016 |
| 10.126 | Amendment (to amend the Amendment dated January 23, 2014) to the Index License Agreement for Funds, dated as of April 15, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.126 | 2/26/2016 |
| 10.127† | Amendment to the Index License Agreement for Funds, dated as of January 28, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.127 | 2/24/2017 |

| <u>Exhibit Number</u> | <u>Description</u> | <u>Form</u> | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |
|-----------------------|---|-------------|-----------------|--------------------|--------------------|
| 10.128* | Offer Letter, effective as of March 15, 2016, between MSCI Inc. and Kathleen A. Winters | 8-K | 001-33812 | 10.1 | 4/27/2016 |
| 10.129† | Amendment to the Index License Agreement for Funds, dated as of February 29, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | | | Filed Herewith | |
| 10.130† | Amendment to the Index License Agreement for Funds, dated as of April 8, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.130 | 2/24/2017 |
| 10.131† | Amendment (to amend the Amendment dated December 16, 2011) to the Index License Agreement for Funds, dated as of April 12, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.131 | 2/24/2017 |
| 10.132* | MSCI Inc. 2016 Omnibus Incentive Plan | S-8 | 333-210987 | 99.1 | 04/28/2016 |
| 10.133* | MSCI Inc. 2016 Non-Employee Directors Compensation Plan, as amended | 10-Q | 001-33812 | 10.3 | 5/5/2017 |
| 10.134* | Form of Award Agreement for Restricted Stock Units for Directors under the MSCI Inc. 2016 Non-Employee Directors Compensation Plan | 10-Q | 001-33812 | 10.3 | 4/29/2016 |
| 10.135* | Non-Employee Director Stock Ownership Guidelines | 10-Q | 001-33812 | 10.8 | 4/29/2016 |
| 10.136* | MSCI Inc. Non-Employee Director Deferral Plan, as amended | 10-Q | 001-33812 | 10.9 | 4/29/2016 |
| 10.137 | Letter Agreement to Cooperation Agreement, dated as of March 10, 2016, by and among MSCI Inc., Value Act Capital Management, L.P. and D. Robert Hale. | 10-Q | 001-33812 | 10.10 | 4/29/2016 |
| 10.138* | Offer Letter, effective as of October 15, 2014, by and between MSCI Inc. and Laurent Seyer | 10-Q | 001-33812 | 10.13 | 4/29/2016 |
| 10.139* | Offer Letter, effective as of May 15, 2011, by and between MSCI Inc. and Peter Zangari | 10-Q | 001-33812 | 10.14 | 4/29/2016 |

| <u>Exhibit Number</u> | <u>Description</u> | <u>Form</u> | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |
|-----------------------|--|-------------|-----------------|--------------------|--------------------|
| 10.140† | Amendment to the Index License Agreement for Funds, dated as of April 29, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.140 | 2/24/2017 |
| 10.141 | Amendment to the Schedules to the Index License Agreement for Funds, dated as of May 4, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.141 | 2/24/2017 |
| 10.142† | Amendment to the Index License Agreement for Funds, dated as of May 12, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | | | Filed Herewith | |
| 10.143† | Amendment to the Index License Agreement for Funds, dated as of June 15, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.143 | 2/24/2017 |
| 10.144† | Amendment (to amend the Amendment dated February 29, 2016) to the Index License Agreement for Funds, dated as of July 21, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.144 | 2/24/2017 |
| 10.145* | Form of 2016 Award Agreement for Restricted Stock Units for Managing Directors under the MSCI Inc. 2016 Omnibus Incentive Plan | 10-Q | 001-33812 | 10.5 | 7/29/2016 |
| 10.146† | Amendment to the Index License Agreement for Funds, dated as of August 1, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | | | Filed Herewith | |
| 10.147 | Amendment No. 1 to the Revolving Credit Agreement, dated August 4, 2016, among MSCI Inc., each of the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent | 8-K | 001-33812 | 10.1 | 8/05/2016 |

| <u>Exhibit Number</u> | <u>Description</u> | <u>Form</u> | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |
|-----------------------|--|-------------|-----------------|--------------------|--------------------|
| 10.148† | Amendment to the Index License Agreement for Funds, dated as of October 12, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | | | | Filed Herewith |
| 10.149 | Amendment to the Schedules to the Index License Agreement for Funds, dated as of November 30, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | 10-K | 001-33812 | 10.149 | 2/24/2017 |
| 10.150† | Amendment to the Index License Agreement for Funds, dated as of December 5, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | | | | Filed Herewith |
| 10.151* | Form of Special Restricted Stock Unit Award Agreement under the MSCI Inc. 2016 Omnibus Incentive Plan | 10-K | 001-33812 | 10.151 | 2/24/2017 |
| 10.152* | Form of Award Agreement for Restricted Stock Units for Managing Directors under the MSCI Inc. 2016 Omnibus Incentive Plan | 10-K | 001-33812 | 10.152 | 2/24/2017 |
| 10.153* | Form of Annual Performance Award Agreement for Performance Stock Units for Managing Directors under the MSCI Inc. 2016 Omnibus Incentive Plan | 10-K | 001-33812 | 10.153 | 2/24/2017 |
| 10.154†† | Amendment to a Schedule to the Index License Agreement for Funds, dated as of December 8, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | | | | Filed Herewith |
| 10.155†† | Amendment to the Index License Agreement for Funds, dated as of February 10, 2017, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | | | | Filed Herewith |
| 10.156†† | Amendment No. 1 to the Index License Agreement for Funds, dated as of April 6, 2017, by and between MSCI ESG Research LLC and BlackRock Fund Advisors | | | | Filed Herewith |

| <u>Exhibit Number</u> | <u>Description</u> | <u>Form</u> | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |
|-----------------------|--|-------------|-----------------|--------------------|--------------------|
| 10.157†† | Amendment to the Second Schedule to the Index License Agreement for Funds, dated as of April 12, 2017, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | | | | Filed Herewith |
| 10.158* | Form of Award Agreement for Restricted Stock Units for Directors Under the MSCI Inc. 2016 Non-Employee Directors Compensation Plan | 10-Q | 001-33812 | 10.1 | 5/5/2017 |
| 10.159†† | Amendment to the Index License Agreement for Funds, dated as of May 26, 2017, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | | | | Filed Herewith |
| 10.160†† | Amendment to the Previous Amendment and Previous Name Change Amendment to the Index License Agreement for Funds, dated as of September 1, 2017, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | | | | Filed Herewith |
| 10.161†† | Amendment to the Index License Agreement for Funds, dated as of October 1, 2017, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | | | | Filed Herewith |
| 10.162†† | Amendment to the Index License Agreement for Funds, dated as of October 1, 2017, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | | | | Filed Herewith |
| 10.163†† | Amendment to the Index License Agreement for Funds, dated as of November 1, 2017, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) | | | | Filed Herewith |
| 10.164* | Form of Award Agreement for Restricted Stock Units for Managing Directors under the MSCI Inc. 2016 Omnibus Incentive Plan | | | | Filed Herewith |
| 10.165* | Form of Annual Performance Award Agreement for Performance Stock Units for Managing Directors under the MSCI Inc. 2016 Omnibus Incentive Plan | | | | Filed Herewith |

| <u>Exhibit Number</u> | <u>Description</u> | <u>Form</u> | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |
|-----------------------|---|-------------|-----------------|--------------------|--------------------|
| 10.166* | Annual Incentive Plan | | | | Filed Herewith |
| 21.1 | Subsidiaries of the Registrant | | | | Filed Herewith |
| 23.1 | Consent of PricewaterhouseCoopers LLP | | | | Filed Herewith |
| 24.1 | Powers of Attorney (included as part of Signature Page) | | | | Filed Herewith |
| 31.1 | Rule 13a-14(a) Certification of Chief Executive Officer | | | | Filed Herewith |
| 31.2 | Rule 13a-14(a) Certification of Chief Financial Officer | | | | Filed Herewith |
| 32.1 | Section 1350 Certification of Chief Executive Officer and Chief Financial Officer | | | | Furnished Herewith |
| 101.INS | XBRL Instance Document. | | | | Filed Herewith |
| 101.SCH | XBRL Taxonomy Extension Schema Document. | | | | Filed Herewith |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document. | | | | Filed Herewith |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document. | | | | Filed Herewith |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document. | | | | Filed Herewith |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document. | | | | Filed Herewith |

* Indicates a management compensation plan, contract or arrangement.
† Confidential treatment has been granted for a portion of this exhibit.
†† Confidential treatment requested.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

MSCI INC.

By: /S/ HENRY A. FERNANDEZ
Name: Henry A. Fernandez
Title: Chairman and Chief Executive Officer

Date: February 26, 2018

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Kathleen A. Winters, Frederick W. Bogdan and Cecilia Aza, and each or any one of them, his or her true and lawful attorneys-in-fact and agents, with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in the capacities indicated below, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming his or her signatures as they may be signed by his or her said attorneys-in-fact and agents, or their substitute or substitutes, to any and all amendments to this Annual Report on Form 10-K.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|--|--|-------------------|
| <u>/S/ HENRY A. FERNANDEZ</u> Henry A. Fernandez | Chairman and Chief Executive Officer (principal executive officer) | February 26, 2018 |
| <u>/S/ KATHLEEN A. WINTERS</u> Kathleen A. Winters | Chief Financial Officer and Treasurer (principal financial officer) | February 26, 2018 |
| <u>/S/ RICHARD J. NAPOLITANO</u> Richard J. Napolitano | Global Controller (principal accounting officer) | February 26, 2018 |
| <u>/S/ ROBERT G. ASHE</u> Robert G. Ashe | Director | February 26, 2018 |
| <u>/S/ BENJAMIN F. DUPONT</u> Benjamin F. duPont | Director | February 26, 2018 |
| <u>/S/ WAYNE EDMUNDS</u> Wayne Edmunds | Director | February 26, 2018 |
| <u>/S/ ALICE W. HANDY</u> Alice W. Handy | Director | February 26, 2018 |
| <u>/S/ CATHERINE R. KINNEY</u> Catherine R. Kinney | Director | February 26, 2018 |
| <u>/S/ WENDY E. LANE</u> Wendy E. Lane | Director | February 26, 2018 |

| | | |
|--|----------|-------------------|
| <hr/> <i>/S/ JACQUES P. PEROLD</i> Jacques P. Perold <hr/> | Director | February 26, 2018 |
| <hr/> <i>/S/ LINDA H. RIEFLER</i> Linda H. Riefler <hr/> | Director | February 26, 2018 |
| <hr/> <i>/S/ GEORGE W. SIGULER</i> George W. Siguler <hr/> | Director | February 26, 2018 |
| <hr/> <i>/S/ MARCUS L. SMITH</i> Marcus L. Smith <hr/> | Director | February 26, 2018 |
| <hr/> <i>/S/ PATRICK TIERNEY</i> Patrick Tierney <hr/> | Director | February 26, 2018 |
| <hr/> <i>/S/ RODOLPHE M. VALLEE</i> Rodolphe M. Vallee <hr/> | Director | February 26, 2018 |

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To the Board of Directors and Shareholders of MSCI Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial condition of MSCI Inc. and its subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2017, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report On Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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/ PricewaterhouseCoopers LLP

New York, New York
February 26, 2018

We have served as the Company's auditor since 2014.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

| | As of | |
|--|---|----------------------|
| | December 31, 2017 | December 31, 2016 |
| | (In thousands, except per share and share data) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 889,502 | \$ 791,834 |
| Accounts receivable (net of allowances of \$1,700 and \$1,035 at December 31, 2017 and December 31, 2016, respectively) | 327,597 | 221,504 |
| Prepaid income taxes | 15,103 | 12,389 |
| Prepaid and other assets | 34,927 | 29,943 |
| Total current assets | 1,267,129 | 1,055,670 |
| Property, equipment and leasehold improvements (net of accumulated depreciation and amortization of \$171,280 and \$136,841 at December 31, 2017 and December 31, 2016, respectively) | 94,437 | 95,585 |
| Goodwill | 1,560,621 | 1,555,850 |
| Intangible assets (net of accumulated amortization of \$507,612 and \$462,860 at December 31, 2017 and December 31, 2016, respectively) | 321,836 | 347,640 |
| Deferred tax assets | 12,013 | 9,531 |
| Other non-current assets | 19,632 | 18,302 |
| Total assets | \$ 3,275,668 | \$ 3,082,578 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,612 | \$ 568 |
| Accrued compensation and related benefits | 131,156 | 119,113 |
| Other accrued liabilities | 100,538 | 82,531 |
| Deferred revenue | 374,365 | 334,358 |
| Total current liabilities | 607,671 | 536,570 |
| Long-term debt | 2,078,093 | 2,075,201 |
| Deferred taxes | 78,027 | 94,067 |
| Other non-current liabilities | 110,865 | 59,135 |
| Total liabilities | 2,874,656 | 2,764,973 |
| Commitments and Contingencies (see Note 4 and Note 8) | | |
| Shareholders' equity: | | |
| Preferred Stock (par value \$0.01, 100,000,000 share authorized, no shares issued) | — | — |
| Common stock (par value \$0.01; 750,000,000 common shares authorized; 129,543,856 and 128,996,344 common shares issued and 90,104,885 and 91,279,590 common shares outstanding at December 31, 2017 and December 31, 2016, respectively) | 1,295 | 1,290 |
| Treasury shares, at cost (39,438,971 and 37,716,754 common shares held at December 31, 2017 and December 31, 2016, respectively) | (2,321,989) | (2,170,739) |
| Additional paid in capital | 1,264,849 | 1,225,565 |
| Retained earnings | 1,505,204 | 1,322,224 |
| Accumulated other comprehensive loss | (48,347) | (60,735) |
| Total shareholders' equity | 401,012 | 317,605 |
| Total liabilities and shareholders' equity | \$ 3,275,668 | \$ 3,082,578 |

See Notes to Consolidated Financial Statements.

MSCI INC.
CONSOLIDATED STATEMENTS OF INCOME

| | Years Ended | | |
|--|---------------------------------------|----------------------|----------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| | (In thousands, except per share data) | | |
| Operating revenues | \$ 1,274,172 | \$ 1,150,669 | \$ 1,075,013 |
| Operating expenses: | | | |
| Cost of revenues | 273,913 | 252,107 | 267,695 |
| Selling and marketing | 177,297 | 166,666 | 162,294 |
| Research and development | 75,884 | 75,204 | 77,320 |
| General and administrative | 87,903 | 87,235 | 86,007 |
| Amortization of intangible assets | 44,547 | 47,033 | 46,910 |
| Depreciation and amortization of property, equipment and leasehold improvements | 35,440 | 34,320 | 30,889 |
| Total operating expenses | <u>694,984</u> | <u>662,565</u> | <u>671,115</u> |
| Operating income | <u>579,188</u> | <u>488,104</u> | <u>403,898</u> |
| Interest income | (6,314) | (2,906) | (1,166) |
| Interest expense | 116,098 | 101,651 | 62,387 |
| Other expense (income) | 2,505 | 3,421 | (6,877) |
| Other expense (income), net | <u>112,289</u> | <u>102,166</u> | <u>54,344</u> |
| Income from continuing operations before provision for income taxes | <u>466,899</u> | <u>385,938</u> | <u>349,554</u> |
| Provision for income taxes | 162,927 | 125,083 | 119,516 |
| Income from continuing operations | <u>303,972</u> | <u>260,855</u> | <u>230,038</u> |
| Loss from discontinued operations, net of income taxes | <u>—</u> | <u>—</u> | <u>(6,390)</u> |
| Net income | <u>\$ 303,972</u> | <u>\$ 260,855</u> | <u>\$ 223,648</u> |
| Earnings per basic common share: | | | |
| Earnings per basic common share from continuing operations | \$ 3.36 | \$ 2.72 | \$ 2.11 |
| Loss per basic common share from discontinued operations | — | — | (0.06) |
| Earnings per basic common share | <u>\$ 3.36</u> | <u>\$ 2.72</u> | <u>\$ 2.05</u> |
| Earnings per diluted common share: | | | |
| Earnings per diluted common share from continuing operations | \$ 3.31 | \$ 2.70 | \$ 2.09 |
| Loss per diluted common share from discontinued operations | — | — | (0.06) |
| Earnings per diluted common share | <u>\$ 3.31</u> | <u>\$ 2.70</u> | <u>\$ 2.03</u> |
| Weighted average shares outstanding used in computing earnings per share: | | | |
| Basic | 90,336 | 95,986 | 109,124 |
| Diluted | <u>91,914</u> | <u>96,540</u> | <u>109,926</u> |
| Dividend declared per common share | <u>\$ 1.32</u> | <u>\$ 1.00</u> | <u>\$ 0.80</u> |

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Years Ended | | |
|--|----------------------|----------------------|----------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| Net income | \$ 303,972 | \$ 260,855 | \$ 223,648 |
| Other comprehensive income (loss): | | (in thousands) | |
| Foreign currency translation adjustments | 13,358 | (24,871) | (12,253) |
| Income tax effect | — | (714) | 135 |
| Foreign currency translation adjustments, net | 13,358 | (25,585) | (12,118) |
| Pension and other post-retirement adjustments | (525) | 660 | 1,872 |
| Income tax effect | (445) | (65) | (528) |
| Pension and other post-retirement adjustments, net | (970) | 595 | 1,344 |
| Other comprehensive income (loss), net of tax | 12,388 | (24,990) | (10,774) |
| Comprehensive income | \$ 316,360 | \$ 235,865 | \$ 212,874 |

See Notes to Consolidated Financial Statements.

MSCI INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

| | Common Stock | Treasury Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total |
|---|-----------------|-------------------|----------------------------------|----------------------|--|--------------|
| | (in thousands) | | | | | |
| Balance at December 31, 2014 | \$ 1,266 | \$ (588,378) | \$ 1,022,221 | \$ 1,022,695 | \$ (24,971) | \$ 1,432,833 |
| Net income | | | | 223,648 | | 223,648 |
| Dividends | | | 29 | (87,881) | | (87,852) |
| Other comprehensive income (loss), net of tax | | | | | (10,774) | (10,774) |
| Common stock issued | 6 | | | | | 6 |
| Compensation payable in common stock and options | | | 25,963 | | | 25,963 |
| Common stock repurchased and held in treasury | | (806,782) | 90,000 | | | (716,782) |
| Common stock issued to directors and held in treasury | | (535) | 29 | | | (506) |
| Exercise of stock options | 10 | | 19,688 | | | 19,698 |
| Excess tax benefits from employee stock incentive plans | | | 15,253 | | | 15,253 |
| Balance at December 31, 2015 | \$ 1,282 | \$ (1,395,695) | \$ 1,173,183 | \$ 1,158,462 | \$ (35,745) | \$ 901,487 |
| Net income | | | | 260,855 | | 260,855 |
| Dividends | | | 34 | (97,093) | | (97,059) |
| Other comprehensive income (loss), net of tax | | | | | (24,990) | (24,990) |
| Common stock issued | 5 | | | | | 5 |
| Compensation payable in common stock and options | | | 39,648 | | | 39,648 |
| Common stock repurchased and held in treasury | | (774,565) | | | | (774,565) |
| Common stock issued to directors and held in treasury | | (479) | 38 | | | (441) |
| Exercise of stock options | 3 | | 5,037 | | | 5,040 |
| Excess tax benefits from employee stock incentive plans | | | 7,625 | | | 7,625 |
| Balance at December 31, 2016 | \$ 1,290 | \$ (2,170,739) | \$ 1,225,565 | \$ 1,322,224 | \$ (60,735) | \$ 317,605 |
| Net income | | | | 303,972 | | 303,972 |
| Dividends | | | 20 | (120,992) | | (120,972) |
| Other comprehensive income (loss), net of tax | | | | | 12,388 | 12,388 |
| Common stock issued | 4 | | | | | 4 |
| Compensation payable in common stock and options | | | 36,572 | | | 36,572 |
| Common stock repurchased and held in treasury | | (150,461) | | | | (150,461) |
| Common stock issued to directors and held in treasury | | (789) | 58 | | | (731) |
| Exercise of stock options | 1 | | 2,634 | | | 2,635 |
| Balance at December 31, 2017 | \$ 1,295 | \$ (2,321,989) | \$ 1,264,849 | \$ 1,505,204 | \$ (48,347) | \$ 401,012 |

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Years Ended | | |
|--|----------------------|----------------------|----------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| | | (in thousands) | |
| Cash flows from operating activities | | | |
| Net income | \$ 303,972 | \$ 260,855 | \$ |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Amortization of intangible assets | 44,547 | 47,033 | |
| Stock-based compensation expense | 36,576 | 32,001 | |
| Depreciation and amortization of property, equipment and leasehold improvements | 35,440 | 34,320 | |
| Amortization of debt origination fees | 3,396 | 3,068 | |
| Deferred taxes | (18,902) | (16,967) | |
| Gain on disposition | — | (449) | |
| Other non-cash adjustments | 704 | 1,192 | |
| Changes in assets and liabilities, net of the effect of acquisitions and dispositions: | | | |
| Accounts receivable | (105,593) | (18,494) | |
| Prepaid income taxes | (3,069) | 41,332 | |
| Prepaid and other assets | (4,470) | 624 | |
| Accounts payable | 1,027 | (1,912) | |
| Accrued compensation and related benefits | 8,659 | 13,089 | |
| Other accrued liabilities | 15,933 | 19,741 | |
| Deferred revenue | 38,555 | 21,809 | |
| Other | 47,383 | 5,121 | |
| Net cash provided by operating activities | <u>404,158</u> | <u>442,363</u> | |
| Cash flows from investing activities | | | |
| Proceeds from sales of investments | 771 | — | |
| Disposition, net of cash provided | — | 657 | |
| Proceeds from the sale of capital equipment | — | — | |
| Capital expenditures | (33,177) | (32,284) | |
| Capitalized software development costs | (15,640) | (10,344) | |
| Acquisitions, net of cash acquired | — | (60) | |
| Net cash used in investing activities | <u>(48,046)</u> | <u>(42,031)</u> | |
| Cash flows from financing activities | | | |
| Proceeds from borrowing | — | 500,000 | |
| Proceeds from exercise of stock options | 2,635 | 5,040 | |
| Repurchase of treasury shares | (150,461) | (774,565) | |
| Payment of dividends | (119,717) | (96,191) | |
| Payment of debt issuance costs in connection with debt | — | (7,183) | |
| Net cash (used in) provided by financing activities | <u>(267,543)</u> | <u>(372,899)</u> | |
| Effect of exchange rate changes | <u>9,099</u> | <u>(13,305)</u> | |
| Net increase in cash | <u>97,668</u> | <u>14,128</u> | |
| Cash and cash equivalents, beginning of period | <u>791,834</u> | <u>777,706</u> | |
| Cash and cash equivalents, end of period | <u>\$ 889,502</u> | <u>\$ 791,834</u> | <u>\$</u> |
| Supplemental disclosure of cash flow information: | | | |
| Cash paid for interest | \$ 112,502 | \$ 89,139 | \$ |
| Cash paid for income taxes | \$ 128,727 | \$ 97,845 | \$ |
| Supplemental disclosure of non-cash investing activities | | | |
| Property, equipment and leasehold improvements in other accrued liabilities | \$ 4,588 | \$ 4,422 | \$ |
| Supplemental disclosure of non-cash financing activities | | | |
| Cash dividends declared, but not yet paid | \$ 1,197 | \$ 830 | \$ |

(1) Includes \$43.6 million accrual for amounts payable after December 31, 2018 related to the estimated one-time tax charge on the deemed repatriation of historic earnings and profits of foreign subsidiaries. See Note 10, "Income Taxes," for additional information.

See Notes to Consolidated Financial Statements.

1. INTRODUCTION AND BASIS OF PRESENTATION

Organization

MSCI Inc., together with its wholly-owned subsidiaries (the “Company” or “MSCI”), provides mission-critical investment decision support tools, including indexes; portfolio construction and risk management products and services; Environmental, Social and Governance (“ESG”) research and ratings; and real estate research, reporting and benchmarking offerings. MSCI’s research-derived intellectual property includes methodologies, models, derived data and algorithms, as well as applications and services, which help its clients manage their investment processes and address their investment, risk and regulatory challenges.

On March 17, 2014, MSCI Inc. entered into a definitive agreement to sell Institutional Shareholder Services Inc. (“ISS”). As a result, the Company reported the operating results of ISS in “Income (loss) from discontinued operations, net of income taxes” in the Consolidated Statements of Income for the year ended December 31, 2015. Unless otherwise indicated, the disclosures accompanying these consolidated financial statements reflect the Company’s continuing operations. See Note 11, “Acquisitions and Dispositions,” for further details.

Basis of Presentation

The consolidated financial statements include the accounts of MSCI Inc. and its wholly-owned subsidiaries. The Company’s policy is to consolidate all entities in which it owns more than 50% of the outstanding voting stock unless it does not control the entity. It is also the Company’s policy to consolidate any variable interest entity for which the Company is the primary beneficiary, as required by the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification (“ASC”) Subtopic 810-10, “Consolidations.” For investments in any entities in which the Company owns 20% or less of the outstanding voting stock and significant influence does not exist, such investments are carried at cost. As of December 31, 2017, the Company had no such variable interest entities or investments.

The Company’s operating expenses are grouped and presented in the following activity categories: cost of revenues, selling and marketing, research and development and general and administrative. Costs are assigned to these activity categories based on the nature of the expense to which they directly relate, or, when not directly attributable, based on an allocation method that considers the type of effort related to such activities.

Cost of revenues consists of costs related to the production and servicing of the Company’s products and services and primarily includes related information technology costs, including data center, platform and infrastructure costs; costs to acquire, produce and maintain market data information; costs of research to support, maintain existing products; costs of product management teams; costs of client service and consultant teams to support customer needs; as well as other support costs directly attributable to the cost of revenues including certain human resources, finance and legal costs.

Selling and marketing expenses consist of costs associated with acquiring new clients or selling new products or product renewals to existing clients and primarily includes the costs of MSCI’s sales force and marketing teams as well as costs incurred in other groups associated with acquiring new business, including product management, research, technology and sales operations.

Research and development expenses consist of costs to develop new or enhance existing products and the costs to develop new or improved technology and service platforms for the delivery of MSCI’s products and services and primarily includes the costs of development, research, product management, project management and the technology support associated with these efforts.

General and administrative expenses consist of costs primarily related to finance operations, human resources, office of the CEO, legal, corporate technology, corporate development and certain other administrative costs that are not directly attributed, but are instead allocated, to a product or service.

Significant Accounting Policies

Basis of Financial Statements and Use of Estimates

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). These accounting principles require the Company to make certain estimates and judgments that can affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements, as well as the reported amounts of revenue and expenses during the periods presented. Significant estimates and assumptions made by management include the deferral and recognition of revenue, research and development and software capitalization, impairment of long-lived assets, accrued compensation, income taxes and other matters that affect the consolidated financial statements and related disclosures. The Company believes that estimates used in the preparation of these consolidated financial statements are reasonable; however, actual results could differ materially from these estimates.

Inter-company balances and transactions are eliminated in consolidation.

Revenue Recognition

The Company applies SEC Staff Accounting Bulletin No. 104 ("SAB 104"), "Revenue Recognition," in determining revenue recognition. Accordingly, the Company recognizes revenue when all the following criteria are met:

- the Company has persuasive evidence of a legally binding arrangement,
- delivery has occurred,
- client fee is deemed fixed or determinable, and
- collection is reasonably assured.

When a sales arrangement requires the delivery of more than one product and service, revenue is recognized pursuant to the requirements of ASC Subtopic 605-25, "Revenue Arrangements with Multiple Deliverables." Under the provisions of ASC Subtopic 605-25, elements within a multi-deliverable arrangement should be considered separate units of accounting if both of the following criteria are met:

- the delivered items have value to the client on a standalone basis, which means they can be sold separately by any vendor or the client could resell the delivered items on a standalone basis; and
- if the arrangement includes a general right of return relative to the delivered items, delivery or performance of the undelivered items is considered probable and substantially in the control of the vendor.

The Company has signed contracts or agreements with substantially all clients that set forth the fees to be paid for its products and services. Further, the Company regularly assesses the receivable balances for each client for collectability. The Company's application service license arrangements generally do not include acceptance provisions, which generally allow a client to test the solution for a defined period of time before committing to the license. If a license agreement includes an acceptance provision, the Company does not recognize subscription revenues until the earlier of the receipt of a written client acceptance or, if not notified by the client that it is cancelling the license agreement, the expiration of the acceptance period.

The Company's subscription agreements for hosted services include provisions that, among other things, allow clients, for no additional fee, to receive updates and modifications that may be made from time to time when and if available, for the term of the agreement, which is typically one year. These arrangements do not provide the client with the right to take possession of the application at any time. For sales arrangements with multiple deliverables, which may include application service subscription and professional services associated with implementation and other services, the Company evaluates each deliverable in these multiple-element arrangements to determine whether it represents a separate unit of accounting and allocates revenue accordingly, based on the Company's best estimated sales price.

In most cases, the Company recognizes revenues from subscription arrangements ratably over the term of the license agreement pursuant to the contract's terms. The contracts state the terms under which these fees are to be calculated. The fees are recognized as the Company supplies the product and service to the client over the license period and are generally billed in advance, prior to the license start date. When implementation services are included, the Company recognizes revenues allocated to the subscription ratably from the date the application is put into production to the end of the license period. Revenues associated with implementation services are recognized ratably over the useful life of those services from the date the application is put into production. For products and services whose fees are based on estimated assets under management linked to the Company's indexes, or contract values related to futures and options, the Company recognizes revenues based on estimates from independent third-party sources or the most recently reported information from the client. Revenues from subscription agreements for the receipt of periodic benchmark reports, digests, and other publications, which are most often associated with the Company's real estate operating segment, are primarily recognized upon delivery of such reports or data updates.

The Company's software-related arrangements do not require significant modification or customization of any underlying software applications being licensed. Accordingly, the Company recognizes software revenues pursuant to the requirements of ASC Subtopic 985-605, "*Software—Revenue Recognition*." The Company's subscription agreements for software products include provisions that, among other things, would allow clients to receive unspecified, when and if available, software upgrades for no additional fee as well as the right to use the software products with maintenance and technical support for the term of the agreement, which is typically one year. Software agreements may include other consulting and professional services. In accordance with ASC Subtopic 985-605, "*Software—Revenue Recognition*," the Company does not have vendor specific objective evidence ("VSOE") for these elements and therefore begins to recognize software-related revenue ratably over the term of the license agreement once delivered.

Share-Based Compensation

Certain of the Company's employees have received share-based compensation under various compensation programs. The Company's compensation expense reflects the fair value method of accounting for share-based payments under ASC Subtopic 718-10, "*Compensation—Stock Compensation*." ASC Subtopic 718-10 requires measurement of compensation cost for equity-based awards at fair value and recognition of compensation cost over the service period, net of estimated forfeitures.

The fair value of MSCI restricted stock units ("RSUs") is measured using the closing price of MSCI's common stock on the date prior to grant. Restricted stock units subject to performance conditions ("PSUs") are based on performance measures that impact the amount of shares that each recipient will receive upon vesting. The fair value of PSUs is measured using the closing price of MSCI's common stock on the date prior to grant. Restricted stock units that are subject to the achievement of multi-year total shareholder return targets ("MSUs") are performance awards with a market condition. The fair value of MSUs is determined using a Monte Carlo simulation model that creates a normal distribution of future stock prices, which is then used to value the awards based on their individual terms.

The fair value of MSCI standard stock options is determined using the Black-Scholes valuation model and the single grant life method. Under the single grant life method, option awards with graded vesting are valued using a single weighted-average expected option life. The fair value of MSCI stock options that contain stock price contingencies is determined using a Monte Carlo simulation model.

The Company recognizes the expense for an award granted to an employee who is not retirement-eligible utilizing the graded vesting method over the requisite service period. For all awards, the Company bases initial accruals of compensation cost on the estimated number of units for which the requisite service is expected to be rendered and, for PSUs, the performance targets expected to be achieved is also considered. If the estimated number of units or the number of units ultimately delivered changes from previous estimates, the cumulative effect on current and prior periods of a change is recognized in compensation cost in the period of the change. Because the probability of actual shares expected to be earned is reflected in the fair value of MSUs on the grant date, the expense to be recognized for these awards is not adjusted to reflect the actual shares earned.

Based on interpretive guidance related to share-based compensation, the Company's policy is to accrue the estimated cost of share-based awards that are granted to retirement-eligible employees over the course of the prior

year in which they were earned rather than expensing the awards on the date of grant. A portion of the awards granted to retirement-eligible employees consisted of PSUs. For those PSUs, the Company bases initial accruals of compensation cost on the estimated number of units for which the requisite service is expected to be rendered. If the estimated number of units expected to convert changes from previous estimates based on the performance targets expected to be achieved, the cumulative effect of a change is recognized in compensation cost in the period of the change.

Research and Development

The Company accounts for research and development costs in accordance with several accounting pronouncements, including ASC Subtopic 730-10, "Research and Development." ASC Subtopic 730-10 requires that research and development costs generally be expensed as incurred. The majority of the Company's research and development costs are incurred in developing, reviewing and enhancing the methodologies and data models offered within its product portfolio by monitoring investment trends and drivers globally, as well as analyzing product-specific needs in areas such as capitalization-weighted, factor and specialized indexes, and instrument valuation, risk modeling, portfolio construction, asset allocation and value-at-risk simulation.

The Company applies the provisions of ASC Subtopic 350-40, "Internal Use Software," and accounts for the cost of computer software developed for internal use by capitalizing qualifying costs, which are substantially incurred during the application development stage. The amounts capitalized are included in Intangible Assets on the Consolidated Statement of Financial Condition and include external direct costs of services used in developing internal-use software and payroll and payroll-related costs of employees directly associated with the development activities. Additionally, costs incurred relating to upgrades and enhancements to the software are capitalized if it is determined that these upgrades or enhancements provide additional functionality to the software.

For the year ended December 31, 2017, the Company capitalized \$15.6 million of costs related to software developed for internal use in the Consolidated Statement of Financial Condition for the year ended December 31, 2017.

For the year ended December 31, 2016, the Company capitalized \$10.3 million of costs related to software developed for internal use in the Consolidated Statement of Financial Condition for the year ended December 31, 2016.

Capitalized software development costs are amortized on a straight-line basis over the estimated useful life of the related product, which is typically three to five years, beginning with the date the software is placed into service.

Costs incurred in the preliminary and post-implementation stages of MSCI's products are expensed as incurred.

Income Taxes

Income tax expense is provided for using the asset and liability method, under which deferred tax assets and deferred tax liabilities are determined based on the temporary differences between the financial statement and income tax bases of assets and liabilities using currently enacted tax rates. The Company recognizes interest and penalties related to income tax matters within "Provision for income taxes" in the Consolidated Statement of Income.

The Company regularly evaluates the likelihood of additional assessments in each of the taxing jurisdictions in which it is required to file income tax returns. The Company has recorded additional tax expense related to open tax years, which the Company's management believes is adequate in relation to the potential for assessments. These amounts have been recorded in "Other non-current liabilities" on the Consolidated Statement of Financial Condition. The Company's management believes the resolution of tax matters will not have a material effect on the Company's consolidated financial condition. However, to the extent the Company is required to pay amounts in excess of its reserves, a resolution could have a material impact on its Consolidated Statement of Income for a particular future period. In addition, an unfavorable tax settlement could require use of cash and result in an increase in the effective tax rate in the period in which such resolution occurs.

Deferred Revenue

Deferred revenues represent amounts billed to customers for products and services in advance of delivery. The Company's clients generally pay subscription fees annually or quarterly in advance. Deferred revenue is generally amortized ratably over the service period as revenue recognition criteria are met. Where the service period has not begun and the client has not paid or the contract has not been renewed, deferred revenues and accounts receivable are not recognized.

Goodwill

Goodwill is recorded as part of the Company's acquisitions of businesses when the purchase price exceeds the fair value of the net tangible and separately identifiable intangible assets acquired. The Company's goodwill is not amortized, but rather is subject to an impairment test each year, or more often if conditions indicate impairment may have occurred, pursuant to ASC Subtopic 350-10, "Intangibles—Goodwill and Other."

The Company tests goodwill for impairment on an annual basis on July 1 and on an interim basis when certain events and circumstances exist. The testing for impairment is performed at the reporting unit level. Goodwill impairment is determined by comparing the fair value of a reporting unit with its carrying value. If the estimated fair value exceeds the carrying value, goodwill at the reporting unit level is not deemed to be impaired. If the estimated fair value is below carrying value, however, further analysis is required to determine the amount of impairment, if any. If necessary an impairment charge will be recorded up to, but not more than, the total amount of goodwill allocated to the reporting unit.

The Company completed its annual goodwill impairment test as of July 1, 2017 on its four reporting units, which are the same as its four operating segments. The Company performed a step zero, qualitative impairment test on each of its Index, Analytics and ESG operating segments and determined that it was more likely than not that the fair value for each of the Index, Analytics and ESG operating segments was not less than the carrying value for each. As revenues have been below management's expectations for the Real Estate segment, the Company performed a step 1, quantitative impairment test for this segment and determined that the fair value substantially exceeded its carrying value.

As the estimated fair value of the Company's reporting units exceeded their carrying value on the testing dates, no impairment of goodwill was recorded during the years ended December 31, 2017, 2016 and 2015.

Intangible Assets

The Company amortizes definite-lived intangible assets over their estimated useful lives. Definite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. The Company also reviews the useful lives on a quarterly basis to determine if the period of economic benefit has changed. If the carrying value of an intangible asset exceeds its fair value an impairment charge would be recognized in an amount equal to the amount by which the carrying value of the intangible asset exceeds its fair value. The Company has not identified a triggering event during any of the periods presented and as such has not recorded any impairment charges. The Company had no indefinite-lived intangibles.

Foreign Currency Translation

Assets and liabilities of operations having non-U.S. dollar functional currencies are translated at year-end exchange rates, and income statement accounts are translated at weighted average exchange rates for the year. Gains or losses resulting from translating foreign currency financial statements, net of related tax effects, are reflected in accumulated other comprehensive loss, a separate component of shareholders' equity. Gains or losses resulting from foreign currency transactions incurred in currencies other than the local functional currency are included in non-operating "Other expense (income)" on the Consolidated Statement of Income.

Derivative Instruments

The Company applies ASC Subtopic 815-10, “*Derivatives and Hedging*,” which establishes accounting and reporting standards for derivative instruments and hedging activities. The Company may use interest rate swaps and forward contracts on foreign currency to manage risks generally associated with interest rate and foreign exchange rate fluctuations, respectively. The Company’s derivative financial instruments are used as risk management tools and not for speculative or trading purposes.

For derivative instruments that are designated and qualify as hedging instruments for accounting purposes, the Company documents and links the relationships between the hedging instruments and hedged items. The Company also assesses and documents at the hedge’s inception whether the derivatives used in hedging transactions were effective in offsetting changes in fair values associated with the hedged items. ASC Subtopic 815-10 provides that, for derivative instruments that qualify for hedge accounting being used to hedge cash flows, changes in the fair value are recognized in accumulated other comprehensive income (loss), a separate component of shareholders’ equity, until the hedged item is recognized in earnings. In addition, the ineffective portion of a derivative’s change in fair value is immediately recognized in earnings.

The Company manages foreign currency exchange rate risk through the use of derivative financial instruments comprised principally of forward contracts on foreign currency which are not designated as hedging instruments for accounting purposes. The objective of the derivative instruments is to minimize the income statement impact associated with assets and liabilities that are denominated in certain foreign currencies. Derivative instruments that do not qualify for hedge accounting are carried at fair value on the Consolidated Statement of Financial Condition with gains and losses recorded in the Consolidated Statement of Income in the period in which they are realized.

Property, Equipment and Leasehold Improvements

Property, equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation of furniture and fixtures and computer and communications equipment are amortized using the straight-line method over the estimated useful life of the asset.

Treasury Stock

The Company holds repurchased shares of common stock as treasury stock. The Company accounts for treasury stock under the cost method and includes treasury stock as a component of shareholders’ equity.

In accordance with ASC Subtopic 505-10, “*Equity*,” the Company accounts for capped accelerated share repurchase (“ASR”) agreements into which it enters as two separate transactions: (a) as shares of common stock acquired in a treasury stock transaction recorded on the acquisition date of the shares and (b) as a forward contract indexed to the Company’s own common stock. As such, the Company accounts for the shares that it receives under capped ASR agreements during the period as a repurchase of its common stock for the purpose of calculating earnings per common share. The Company has determined that the forward contracts indexed to the Company’s common stock meet all the applicable criteria for equity classification in accordance with ASC Subtopic 815-10 and, therefore, the capped ASR agreements are not accounted for as derivative instruments.

Allowance for Doubtful Accounts

The Company primarily licenses its products and services to institutional investors mainly in the United States, Europe and Asia (primarily Hong Kong and Japan). The Company periodically reviews receivable balances and maintains an allowance on customer accounts where estimated losses may result from the inability of its customers to make required payments. The Company does not require collateral.

An allowance for doubtful accounts is recorded when it is probable and estimable that a receivable will not be collected. Changes in the allowance for doubtful accounts from December 31, 2014 to December 31, 2017 were as follows:

| | <u>Amount</u> | |
|--|----------------|--------------|
| | (in thousands) | |
| Balance as of December 31, 2014 | \$ | 857 |
| Addition to provision | | 940 |
| Amounts written off, net of recoveries | | (680) |
| Balance as of December 31, 2015 | \$ | 1,117 |
| Addition to provision | | 1,011 |
| Amounts written off, net of recoveries | | (1,093) |
| Balance as of December 31, 2016 | \$ | 1,035 |
| Addition to provision | | 1,422 |
| Amounts written off, net of recoveries | | (757) |
| Balance as of December 31, 2017 | \$ | <u>1,700</u> |

Accrued Compensation

The Company makes significant estimates in determining its accrued non-stock based compensation and benefits expenses. A significant portion of the Company's employee incentive compensation programs are discretionary. At the end of each fiscal year, the Company determines the amount of discretionary cash bonus expense. These estimates reflect an assessment of performance versus targets and other key performance indicators at the Company, operating segment and employee level. The Company also reviews compensation and benefits expenses throughout the year to determine how overall performance compares to management's expectations. These and other factors, including historical performance, are taken into account in accruing discretionary cash compensation estimates quarterly.

Concentrations

For the years ended December 31, 2017 and 2015, BlackRock, Inc. accounted for 11.5% and 10.3%, respectively, of the Company's consolidated operating revenues while no single customer represented 10.0% or more of the Company's consolidated operating revenues for the year ended December 31, 2016. For the years ended December 31, 2017, 2016 and 2015, BlackRock, Inc. accounted for 20.0%, 17.3% and 19.2%, respectively, of the Index segment's operating revenues. No single customer accounted for 10.0% or more of operating revenues within the Analytics and All Other segments for the years ended December 31, 2017, 2016 and 2015.

2. RECENT ACCOUNTING STANDARDS UPDATES

In May 2014, the FASB issued Accounting Standards Update 2014-09, "Revenue from Contracts with Customers (Topic 606)," or ASU 2014-09. The objective of ASU 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle of ASU 2014-09 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Entities have the option of adopting ASU 2014-09 retrospectively to each prior period presented, or retrospectively with a cumulative-effect adjustment recognized as of the date of initial application. In August 2015, the FASB issued ASU 2015-14, "Deferral of the Effective Date," which deferred the effective date of ASU 2014-09 by one year by changing the effective date to be for annual reporting periods, including interim periods within those periods, beginning after December 15, 2017 from December 15, 2016, with early adoption at the prior date permitted.

In March 2016, the FASB issued Accounting Standards Update 2016-08, "Principal Versus Agent Considerations (Reporting Revenue Gross Versus Net)." In April 2016, the FASB issued Accounting Standards Update 2016-10, "Identifying Performance Obligations and Licensing." In May 2016, the FASB issued Accounting

Standards Update 2016-12, “Narrow-Scope Improvements and Practical Expedients.” In December 2016, the FASB issued Accounting Standards Update No. 2016-20, “Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers.” These updates provide supplemental adoption guidance and clarification to ASU 2014-09 and must be adopted concurrently. The Company will be adopting the new revenue guidance as of January 1, 2018 using the modified retrospective transition method. Under this adoption method, the Company will record an immaterial adjustment to retained earnings at January 1, 2018. The adoption of the ASUs will generally result in more revenue being recognized up-front or earlier in the life of new contracts for certain MSCI products and services, including fees related to the licensing of desktop applications, implementation and set-up services and multi-year deals. Overall, the impact on consolidated revenues and the trend of earnings is not expected to be material. The adoption of the ASUs will also result in higher accounts receivable and deferred revenue balances than under the current guidance. Under the current guidance, MSCI only records the value of an invoice to accounts receivable and deferred revenue once the service period begins. Under the new guidance, however, when MSCI issues an invoice for a non-cancellable, non-refundable contract, MSCI has an unconditional right to consideration and recognizes a valid receivable. In addition, the new standard will require enhanced disclosures in relation to (i) disaggregated revenue, (ii) reconciliations of contract balances, (iii) performance obligations, (iv) significant judgments and (v) costs to obtain or fulfill contracts.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, “Leases (Topic 842),” or ASU 2016-02. The FASB issued ASU 2016-02 in order to increase the transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. To meet that objective, the FASB amended the FASB Accounting Standards Codification and created Topic 842, Leases. ASU 2016-02 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2018, with early adoption permitted. ASU 2016-02 requires reporting organizations to take a modified retrospective transition approach (as opposed to a full retrospective transition approach). The Company is evaluating the potential impact that ASU 2016-02 will have on its consolidated financial statements.

In March 2016, the FASB issued Accounting Standards Update No. 2016-09, “Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting,” or ASU 2016-09. The FASB issued ASU 2016-09 as part of the FASB’s Simplification Initiative. The areas for simplification in ASU 2016-09 involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. Amendments related to accounting for the income tax consequences have been adopted prospectively, resulting in the recognition of \$5.7 million of excess tax benefits within “Provision for income taxes” in the Consolidated Statement of Income rather than “Additional paid in capital” in the Consolidated Statement of Financial Condition for the year ended December 31, 2017. This increased diluted earnings per share by \$0.06 per share for the year ended December 31, 2017. Excess tax benefits related to share-based compensation are now included in operating cash flows rather than financing cash flows. This change has been applied retrospectively in accordance with ASU 2016-09 and resulted in an increase of \$7.6 million and \$15.3 million in net cash provided by operating activities with a matching decrease in net cash used in financing activities for years ended December 31, 2016 and 2015, respectively, compared to previously reported results. The Company has previously classified cash paid for tax withholding purposes as a financing activity in the statement of cash flows and, therefore, there is no change related to this requirement. The amendments allow for a one-time accounting policy election to either account for forfeitures as they occur or to continue estimating forfeitures. The Company has elected to continue estimating forfeitures under the current guidance.

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, “Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,” or ASU 2016-13. The amendments in ASU 2016-13 introduce an approach based on expected losses to estimate credit losses on certain types of financial instruments, modify the impairment model for available-for-sale debt securities and provide for a simplified accounting model for purchased financial assets with credit deterioration since their origination. ASU 2016-13 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2019, with early adoption permitted beginning after December 15, 2018. The adoption of ASU 2016-13 is not expected to have a material effect on the Company’s consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-01, “Business Combinations (Topic 805): Clarifying the Definition of a Business,” or ASU 2017-01. The amendments in ASU 2017-01 provide a

screen to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. Under ASU 2017-01, an entity first determines whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the set is not a business. If it's not met, the entity then evaluates whether the set meets the requirement that a business include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. ASU 2017-01 also narrows the definition of outputs by more closely aligning it with how outputs are described in ASC 606. ASU 2017-01 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2017, with early adoption permitted. The adoption of ASU 2017-01 is not expected to have a material effect on the Company's consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, "*Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*," or ASU 2017-04. The amendments in ASU 2017-04 simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. In computing the implied fair value of goodwill under Step 2, an entity had to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities. Instead, under the amendments in ASU 2017-04, an entity performs its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, but not more than the total amount of goodwill allocated to the reporting unit. ASU 2017-04 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2019, with early adoption permitted. The adoption of ASU 2017-04 is not expected to have a material effect on the Company's consolidated financial statements.

In February 2017, the FASB issued Accounting Standards Update No. 2017-07, "*Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*," or ASU 2017-07. The FASB issued ASU 2017-07 in order to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost. ASU 2017-07 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2017, with early adoption permitted. Entities should apply these amendments retrospectively for the presentation of the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost in the income statement and prospectively, on and after the effective date, for the capitalization of the service cost component of net periodic pension cost and net periodic postretirement benefit in assets. The adoption of ASU 2017-07 is not expected to have a material effect on the Company's consolidated financial statements.

In May 2017, the FASB issued Accounting Standards Update No. 2017-09, "*Compensation—Stock Compensation (Topic 718), Scope of Modification Accounting*," or ASU 2017-09. The FASB issued ASU 2017-09 in order to reduce the diversity in practice, as well as the cost and complexity when applying the guidance in Topic 718, Compensation—Stock Compensation, to a change to the terms or conditions of a share-based payment award. The amendments in ASU 2017-09 provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718, Compensation—Stock Compensation. ASU 2017-09 provides that an entity shall account for the effects of a modification of the terms or conditions of an equity award as an exchange of the original award for a new award, unless the fair value (or calculated value or intrinsic value, if such an alternative measurement method is used), the vesting conditions and the classification of the modified award are the same as the original award immediately before the award is modified. ASU 2017-09 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2017, with early adoption permitted. ASU 2017-09 requires reporting organizations to apply the amendments prospectively to an award modified on or after the adoption date. The adoption of ASU 2017-09 is not expected to have a material effect on the Company's consolidated financial statements.

In August 2017, the FASB issued Accounting Standards Update No. 2017-12, "*Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*," or ASU 2017-12. The FASB issued ASU 2017-12 in order to expand and refine hedge accounting for both financial and non-financial risk components and align the recognition and presentation of the effects of hedging instruments and hedge items in the financial statements. ASU 2017-12 also includes certain targeted improvements to simplify the application of current guidance related to the assessment of hedge accounting. ASU 2017-12 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2018, with early adoption permitted.

The adoption of ASU 2017-12 is not expected to have a material effect on the Company's consolidated financial statements.

On December 22, 2017 the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act ("Tax Reform"). Given the significance of the legislation, the SEC staff issued Staff Accounting Bulletin No. 118, "*Income Tax Accounting Implications of the Tax Cuts and Jobs Act*," ("SAB 118"), which allows registrants to record provisional amounts during a one year "measurement period" similar to that used when accounting for business combinations. However, the measurement period is deemed to have ended earlier when the registrant has obtained, prepared, and analyzed the information necessary to finalize its accounting. During the measurement period, registrants are required to record in their financial statements their reasonable estimates of the impact of Tax Reform that can be determined at the time they issue their financial statements, and provisional amounts can be recognized and adjusted as information becomes available, prepared, or analyzed. SAB 118 summarizes a three-step process to be applied at each reporting period to account for and qualitatively disclose: (1) the impact of Tax Reform for which accounting is complete; (2) provisional amounts (or adjustments to provisional amounts) for the impact of Tax Reform where accounting is not complete, but that a reasonable estimate has been determined; and (3) a reasonable estimate cannot yet be made and therefore taxes are reflected in accordance with the law in effect prior to the enactment of Tax Reform. The Company adopted SAB 118 for the year ended December 31, 2017 and has made the relevant disclosures. See Note 10, "Income Taxes," for additional information.

3. EARNINGS PER COMMON SHARE

Basic earnings per share ("EPS") is computed by dividing income available to MSCI common shareholders by the weighted average number of common shares outstanding during the period. Common shares outstanding include common stock and vested restricted stock unit awards where recipients have satisfied either the explicit vesting terms or retirement-eligible requirements. Diluted EPS reflects the assumed conversion of all dilutive securities. There were 987, 398 and 3,778 anti-dilutive securities excluded from the calculation of diluted EPS for the years ended December 31, 2017, 2016 and 2015, respectively, because of their anti-dilutive effect.

The following table presents the computation of basic and diluted EPS:

| | Years Ended | | |
|--|-----------------------|-----------------------|-----------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| <i>(in thousands, except per share data)</i> | | | |
| Income from continuing operations, net of income taxes | \$ 303,972 | \$ 260,855 | \$ 230,038 |
| Loss from discontinued operations, net of income taxes | — | — | (6,390) |
| Net income | <u>\$ 303,972</u> | <u>\$ 260,855</u> | <u>\$ 223,648</u> |
| Basic weighted average common shares outstanding | <u>90,336</u> | <u>95,986</u> | <u>109,124</u> |
| Effect of dilutive securities: | | | |
| Stock options and restricted stock units | 1,578 | 554 | 802 |
| Diluted weighted average common shares outstanding | <u>91,914</u> | <u>96,540</u> | <u>109,926</u> |
| Earnings per basic common share from continuing operations | \$ 3.36 | \$ 2.72 | \$ 2.11 |
| Loss per basic common share from discontinued operations | — | — | (0.06) |
| Earnings per basic common share | <u>\$ 3.36</u> | <u>\$ 2.72</u> | <u>\$ 2.05</u> |
| Earnings per diluted common share from continuing operations | \$ 3.31 | \$ 2.70 | \$ 2.09 |
| Loss per diluted common share from discontinued operations | — | — | (0.06) |
| Earnings per diluted common share | <u>\$ 3.31</u> | <u>\$ 2.70</u> | <u>\$ 2.03</u> |

4. COMMITMENTS AND CONTINGENCIES

Legal matters. From time to time, the Company is party to various litigation matters incidental to the conduct of its business. The Company is not presently party to any legal proceedings the resolution of which the Company believes would have a material effect on its business, operating results, financial condition or cash flows.

Leases. The Company leases facilities under non-cancelable operating lease agreements. The terms of certain lease agreements provide for rental payments on a graduated basis. The Company recognizes rent expense on the straight-line basis over the lease period and has accrued for rent expense incurred but not paid. Rent expense for the years ended December 31, 2017, 2016 and 2015 was \$24.2 million, \$24.2 million and \$26.5 million, respectively.

Future minimum commitments for the Company's operating leases in place as of December 31, 2017 are as follows:

| Years Ending December 31, | Amount (in thousands) |
|---------------------------|--------------------------|
| 2018 | \$ 30,210 |
| 2019 | 25,346 |
| 2020 | 21,943 |
| 2021 | 19,094 |
| 2022 | 16,208 |
| Thereafter | 117,853 |
| Total | <u>\$ 230,654</u> |

Senior Notes. The Company has issued an aggregate of \$2.1 billion in senior unsecured notes (collectively, the "Senior Notes") in the three discrete private offerings described below.

On November 20, 2014, the Company completed its private offering of \$800.0 million aggregate principal amount of 5.25% senior unsecured notes due 2024 (the “2024 Senior Notes”). The Company used the net proceeds from the offering of the 2024 Senior Notes, together with cash on hand, to repay in full its then outstanding term loan indebtedness of \$794.8 million.

On August 13, 2015, the Company completed its private offering of \$800.0 million aggregate principal amount of 5.75% senior unsecured notes due 2025 (the “2025 Senior Notes”). The \$789.5 million of net proceeds from the offering of the 2025 Senior Notes were allocated for general corporate purposes.

On August 4, 2016, the Company completed its private offering of \$500.0 million aggregate principal amount of 4.75% senior unsecured notes due 2026 (the “2026 Senior Notes”). The \$493.3 million of net proceeds from the offering of the 2026 Senior Notes were allocated for general corporate purposes, including, without limitation, buybacks of its common stock and potential acquisitions.

The 2024 Senior Notes are scheduled to mature and be paid in full on November 15, 2024. At any time prior to November 15, 2019, the Company may redeem all or part of the 2024 Senior Notes upon not less than 30 nor more than 60 days’ prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, the Company may redeem all or part of the 2024 Senior Notes, together with accrued and unpaid interest, on or after November 15, 2019, at redemption prices set forth in the indenture governing the 2024 Senior Notes.

The 2025 Senior Notes are scheduled to mature and be paid in full on August 15, 2025. At any time prior to August 15, 2020, the Company may redeem all or part of the 2025 Senior Notes upon not less than 30 nor more than 60 days’ prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, the Company may redeem all or part of the 2025 Senior Notes, together with accrued and unpaid interest, on or after August 15, 2020, at redemption prices set forth in the indenture governing the 2025 Senior Notes. At any time prior to August 15, 2018, the Company may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2025 Senior Notes, including any permitted additional notes, at a redemption price equal to 105.75% of the principal amount.

The 2026 Senior Notes are scheduled to mature and be paid in full on August 1, 2026. At any time prior to August 1, 2021, the Company may redeem all or part of the 2026 Senior Notes upon not less than 30 nor more than 60 days’ prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, the Company may redeem all or part of the 2026 Senior Notes, together with accrued and unpaid interest, on or after August 1, 2021, at redemption prices set forth in the indenture governing the 2026 Senior Notes. At any time prior to August 1, 2019, the Company may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2026 Senior Notes, including any permitted additional notes, at a redemption price equal to 104.75% of the principal amount.

Interest payments attributable to the 2024 Senior Notes are due on May 15 and November 15 of each year. Interest payments attributable to the 2025 Senior Notes are due on February 15 and August 15 of each year. Interest payments attributable to the 2026 Senior Notes are due on February 1 and August 1 of each year.

Revolver. On November 20, 2014, the Company entered into a \$200.0 million senior unsecured revolving credit agreement (the “2014 Revolving Credit Agreement”) with a syndicate of banks. The 2014 Revolving Credit Agreement had an initial term of five years with an option to extend for two additional one-year terms. On August 4, 2016, the Company entered into Amendment No. 1 (the “Amendment”) to the 2014 Revolving Credit Agreement (the 2014 Revolving Credit Agreement as so amended, the “Revolving Credit Agreement”). The Amendment, among other things, (i) increased aggregate commitments available to be borrowed to \$220.0 million, (ii) increased the maximum consolidated leverage ratio and (iii) extended the initial term to August 2021 with an option to extend for an additional one-year term. At December 31, 2017, the Revolving Credit Agreement was undrawn.

Long-term debt at December 31, 2017 was \$2,078.1 million, net of \$21.9 million in deferred financing fees. Long-term debt at December 31, 2016 was \$2,075.2 million, net of \$24.8 million in deferred financing fees.

In connection with the closings of the Senior Notes offerings and entering into the 2014 Revolving Credit Agreement and the Amendment, the Company paid certain fees which, together with the existing fees related to prior credit facilities, are being amortized over the related lives. At December 31, 2017, \$23.7 million of the deferred financing fees remain unamortized, \$0.5 million of which is included in "Prepaid and other assets," \$1.3 million of which is included in "Other non-current assets" and \$21.9 million of which is grouped and presented as part of "Long-term debt" on the Consolidated Statement of Financial Condition.

At December 31, 2017 and 2016, the fair market value of the Company's debt obligations was \$2,231.1 million and \$2,192.5 million, respectively. The fair market value is determined in accordance with accounting standards related to the determination of fair value and represents Level 2 valuations, which are based on one or more quoted prices in markets that are not considered to be active or for which all significant inputs are observable, either directly or indirectly. The Company utilizes the market approach and obtains security pricing from a vendor who uses broker quotes and third-party pricing services to determine fair values.

Derivatives and Hedging Activities. The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity and credit risk primarily by managing the amount, sources, and duration of its debt funding and the use of derivative financial instruments. Specifically, the Company had previously entered into derivative financial instruments to manage exposures that arose from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates, and may do so again in the future. The Company's derivative financial instruments were used to manage differences in the amount, timing and duration of the Company's known or expected cash payments principally related to the Company's borrowings. For the year ended December 31, 2017, the Company was not party to any interest rate swaps.

Certain of the Company's foreign operations expose the Company to fluctuations of foreign exchange rates. These fluctuations may impact the value of the Company's cash receipts and payments in terms of the Company's functional currency, the U.S. dollar. The Company enters into derivative financial instruments, in certain cases, to protect the value or fix the amount of certain obligations in terms of its functional currency.

Non-designated Hedges of Foreign Exchange Risk. Derivatives not designated as hedges are not speculative and are used to manage the Company's economic exposure to foreign exchange rate movements but do not meet the strict hedge accounting requirements. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings. As of December 31, 2017, the Company had outstanding foreign currency forwards with a notional amount of \$10.5 million that were not designated as hedges in qualifying hedging relationships.

The following table presents the fair values of the Company's derivative instruments and the location in which they are presented on the Company's Consolidated Statements of Financial Condition:

| (in thousands) | Consolidated Statements of Financial Condition Location | As of | |
|-------------------------------------|--|----------------------|----------------------|
| | | December 31, 2017 | December 31, 2016 |
| Non-designated hedging instruments: | | | |
| Asset derivatives: | | | |
| Foreign exchange contracts | Prepaid and other assets | \$ - | \$ 27 |
| Liability derivatives: | | | |
| Foreign exchange contracts | Other accrued liabilities | \$ (118) | \$ (124) |

The following tables present the effect of the Company's financial derivatives and the location in which they are presented on the Company's Consolidated Statements of Financial Condition and Consolidated Statements of Income:

| Derivatives Not Designated as Hedging Instruments (in thousands) | Location of Gain or (Loss) Recognized in Income on Derivatives | Amount of Gain or (Loss) Recognized in Income on Derivatives for the | | |
|--|--|---|----------------------|----------------------|
| | | Years Ended | | |
| | | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| Foreign exchange contracts | Other expense (income) | \$ (1,847) | \$ 1,566 | \$ 366 |

Gain on sale of investment

During the year ended December 31, 2015, MSCI sold an investment accounted for under the cost method and recognized a \$6.3 million gain. During the year ended December 31, 2017, MSCI recognized an additional \$0.8 million gain upon final settlement of the amounts held in escrow related to this sale. These gains are included within the "Other expense (income), net" in the Consolidated Statements of Income.

5. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements at December 31, 2017 and 2016 consisted of the following:

| | Estimated Useful Lives | As of | |
|--|---------------------------|----------------------|----------------------|
| | | December 31, 2017 | December 31, 2016 |
| | | (in thousands) | |
| Computer & related equipment | 2 to 5 years | \$ 200,592 | \$ 162,306 |
| Furniture & fixtures | 7 years | 10,591 | 9,724 |
| Leasehold improvements | 1 to 21 years | 51,128 | 49,442 |
| Work-in-process | — | 3,406 | 10,954 |
| Subtotal | | 265,717 | 232,426 |
| Accumulated depreciation and amortization | | (171,280) | (136,841) |
| Property, equipment and leasehold improvements, net | | \$ 94,437 | \$ 95,585 |

Depreciation and amortization expense of property, equipment and leasehold improvements was \$35.4 million, \$34.3 million and \$30.9 million for the years ended December 31, 2017, 2016 and 2015, respectively.

6. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The change to the Company's goodwill was as follows:

| (in thousands) | Index | Analytics | All Other | Total |
|---|--------------|------------|-----------|--------------|
| Goodwill at December 31, 2015 | \$ 1,208,454 | \$ 302,551 | \$ 54,616 | \$ 1,565,621 |
| Changes to goodwill | — | 60 | (110) (2) | (50) |
| Foreign exchange translation adjustment | (6,006) | — | (3,715) | (9,721) |
| Goodwill at December 31, 2016 | \$ 1,202,448 | \$ 302,611 | \$ 50,791 | \$ 1,555,850 |
| Foreign exchange translation adjustment | 2,952 | — | 1,819 | 4,771 |
| Goodwill at December 31, 2017 | \$ 1,205,400 | \$ 302,611 | \$ 52,610 | \$ 1,560,621 |

(1) Reflects the final working capital adjustment payment made during the year ended December 31, 2016 to complete the acquisition of the Insignis business ("Insignis").

(2) Reflects the value disposed in the sale of the Real Estate occupiers business.

Through the year ended December 31, 2017, the Company has never recognized an impairment of goodwill on its consolidated financial statements.

Intangible Assets

Amortization expense related to intangible assets for the years ended December 31, 2017, 2016 and 2015, was \$44.5 million, \$47.0 million and \$46.9 million, respectively.

The gross carrying and accumulated amortization amounts related to the Company's identifiable intangible assets were as follows:

| | Estimated Useful Lives | As of | |
|---|------------------------|-------------------|-------------------|
| | | December 31, 2017 | December 31, 2016 |
| (in thousands) | | | |
| Gross intangible assets: | | | |
| Customer relationships | 5 to 21 years | \$ 361,199 | \$ 361,199 |
| Trademarks/trade names | 5 to 21.5 years | 223,382 | 223,382 |
| Technology/software | 3 to 8.5 years | 225,407 | 210,013 |
| Proprietary data | 13 years | 28,627 | 28,627 |
| Covenant not to compete | 2 years | - | 1,225 |
| Subtotal | | 838,615 | 824,446 |
| Foreign exchange translation adjustment | | (9,167) | (13,946) |
| Total gross intangible assets | | \$ 829,448 | \$ 810,500 |
| Accumulated amortization: | | | |
| Customer relationships | | \$ (189,100) | \$ (166,923) |
| Trademarks/trade names | | (116,691) | (105,077) |
| Technology/software | | (193,095) | (184,290) |
| Proprietary data | | (10,352) | (8,571) |
| Covenant not to compete | | - | (1,089) |
| Subtotal | | (509,238) | (465,950) |
| Foreign exchange translation adjustment | | 1,626 | 3,090 |
| Total accumulated amortization | | \$ (507,612) | \$ (462,860) |
| Net intangible assets: | | | |
| Customer relationships | | \$ 172,099 | \$ 194,276 |
| Trademarks/trade names | | 106,691 | 118,305 |
| Technology/software | | 32,312 | 25,723 |
| Proprietary data | | 18,275 | 20,056 |
| Covenant not to compete | | - | 136 |
| Subtotal | | 329,377 | 358,496 |
| Foreign exchange translation adjustment | | (7,541) | (10,856) |
| Total net intangible assets | | \$ 321,836 | \$ 347,640 |

Estimated amortization expense for succeeding years is presented below:

| Years Ending December 31, | Amortization Expense |
|---------------------------|----------------------|
| | (in thousands) |
| 2018 | \$ 45,526 |
| 2019 | 43,593 |
| 2020 | 41,583 |
| 2021 | 38,488 |
| 2022 | 35,730 |
| Thereafter | 116,916 |
| Total | \$ 321,836 |

7. EMPLOYEE BENEFITS

The Company sponsors a 401(k) plan for eligible U.S. employees and defined contribution and defined benefit pension plans that cover substantially all of its non-U.S. employees. For the years ended December 31, 2017, 2016 and 2015, costs relating to 401(k), pension and post-retirement benefit expenses were \$22.5 million, \$21.6 million and \$23.1 million, respectively. Amounts included in cost of revenues for the years ended December 31, 2017, 2016 and 2015 were \$10.6 million, \$9.5 million and \$10.7 million, respectively. Amounts included in selling and marketing for the years ended December 31, 2017, 2016 and 2015 were \$6.7 million, \$6.7 million and \$6.8 million, respectively. Amounts included in research and development for the years ended December 31, 2017, 2016 and 2015 were \$3.8 million, \$4.0 million and \$4.0 million, respectively. Amounts included in general and administrative for the years ended December 31, 2017, 2016 and 2015 were \$1.5 million, \$1.3 million and \$1.6 million, respectively.

401(k) and Other Defined Contribution Plans. Eligible employees may participate in the MSCI 401(k) plan (or any other regional defined contribution plan sponsored by MSCI) immediately upon hire. Eligible employees receive 401(k) and other defined contribution plan matching contributions, which are subject to vesting and certain other limitations. The Company's expenses associated with the 401(k) plan and other defined contribution plans for the years ended December 31, 2017, 2016 and 2015 were \$19.2 million, \$17.6 million and \$18.4 million, respectively.

Net Periodic Benefit Expense. Net periodic benefit expense incurred by the Company related to defined benefit pension plans was \$3.3 million, \$4.0 million and \$4.7 million for the years ended December 31, 2017, 2016 and 2015, respectively.

The Company uses a measurement date of December 31 to calculate obligations under its pension and postretirement plans. As of December 31, 2017 and 2016, the Company carried a net liability of \$22.0 million and \$18.4 million, respectively, in "Other non-current liabilities" on the Consolidated Statement of Financial Condition related to its future pension obligations. The fair value of the defined benefit plan assets were \$20.6 million and \$17.5 million at December 31, 2017 and 2016, respectively.

8. SHAREHOLDERS' EQUITY

This note reflects the share repurchases and related activity as well as share-based compensation activity recognized by the Company, including the amounts recognized in both continuing operations and discontinued operations for all periods referenced.

Return of capital

On February 4, 2014, the Board of Directors approved a stock repurchase program authorizing the purchase of up to \$300.0 million worth of shares of MSCI's common stock, which was increased to \$850.0 million on September 17, 2014 (the "2014 Repurchase Program"). On October 14, 2015, the Company exhausted the \$850.0 million share repurchase authorization under the 2014 Repurchase Program.

On September 18, 2014, as part of the 2014 Repurchase Program, the Company entered into an ASR agreement to initiate share repurchases aggregating \$300.0 million (the "September 2014 ASR Agreement"). As a result of the September 2014 ASR Agreement, the Company received approximately 4.5 million shares of MSCI's common stock on September 19, 2014 and received approximately 1.2 million shares of MSCI's common stock on May 21, 2015 for a combined average price of \$52.79 per share.

On June 2, 2015, the Company began purchasing shares of its common stock in the open market in accordance with SEC Rule 10b5-1.

During October 2015, the Company completed the \$850.0 million repurchase authorization under the 2014 Repurchase Program.

On October 28, 2015, the Board of Directors approved a new stock repurchase program authorizing the purchase of up to \$1.0 billion worth of shares of MSCI's common stock (the "2015 Repurchase Program").

On October 26, 2016, the Board of Directors approved an additional stock repurchase program authorizing the purchase of up to \$750.0 million worth of shares of our common stock (together with the \$330.3 million remaining authorization under the 2015 Repurchase Program, the "2016 Repurchase Program"). Share repurchases made pursuant to the 2016 Repurchase Program may take place in the open market or in privately negotiated transactions from time to time based on market and other conditions. This authorization may be modified, suspended or terminated by the Board of Directors at any time without prior notice. As of December 31, 2017, there was \$733.1 million of available authorization remaining under the 2016 Repurchase Program.

The following table provides information with respect to repurchases of the Company's common stock pursuant to open market repurchases:

| Year Ended | Average Price Paid Per Share | Total Number of Shares Repurchased | Dollar Value of Shares Repurchased |
|-------------------|------------------------------|---------------------------------------|------------------------------------|
| | | (in thousands, except per share data) | |
| December 31, 2015 | \$ 62.63 | 10,710 | \$ 670,824 |
| December 31, 2016 | \$ 73.71 | 10,303 | \$ 759,427 |
| December 31, 2017 | \$ 87.96 | 1,556 | \$ 136,899 |

The following table presents cash dividends declared and distributed per common share for the periods indicated:

| | Per Share | Dividends | | |
|----------------------------------|-----------|---------------------------------------|-------------|----------|
| | | Declared | Distributed | Deferred |
| 2017 | | | | |
| | | (in thousands, except per share data) | | |
| Three Months Ended March 31, | \$ 0.28 | \$ 25,769 | \$ 25,500 | \$ 269 |
| Three Months Ended June 30, | 0.28 | 25,710 | 25,444 | 266 |
| Three Months Ended September 30, | 0.38 | 34,768 | 34,403 | 365 |
| Three Months Ended December 31, | 0.38 | 34,745 | 34,448 | 297 |
| Total | \$ 1.32 | \$ 120,992 | \$ 119,795 | \$ 1,197 |
| 2016 | | | | |
| Three Months Ended March 31, | \$ 0.22 | \$ 22,046 | \$ 21,889 | \$ 157 |
| Three Months Ended June 30, | 0.22 | 21,588 | 21,391 | 197 |
| Three Months Ended September 30, | 0.28 | 26,936 | 26,680 | 256 |
| Three Months Ended December 31, | 0.28 | 26,524 | 26,304 | 220 |
| Total | \$ 1.00 | \$ 97,094 | \$ 96,264 | \$ 830 |
| 2015 | | | | |
| Three Months Ended March 31, | \$ 0.18 | \$ 20,424 | \$ 20,411 | \$ 13 |
| Three Months Ended June 30, | 0.18 | 20,444 | 20,442 | 2 |
| Three Months Ended September 30, | 0.22 | 24,210 | 24,152 | 58 |
| Three Months Ended December 31, | 0.22 | 22,803 | 22,792 | 11 |
| Total | \$ 0.80 | \$ 87,881 | \$ 87,797 | \$ 84 |

Common Stock

The following table presents activity related to shares of common stock issued and repurchased for the periods indicated:

| | Common Stock Issued | Treasury Stock | Common Stock Outstanding |
|--|------------------------|---------------------|-----------------------------|
| Balance At December 31, 2014 | 126,637,390 | (14,564,921) | 112,072,469 |
| Dividend payable/paid | 802 | (385) | 417 |
| Common stock issued and exercise of stock options | 1,558,965 | — | 1,558,965 |
| Shares withheld for tax withholding and exercises | — | (763,558) | (763,558) |
| Shares repurchased under stock repurchase programs | — | (11,856,169) | (11,856,169) |
| Shares issued to directors | 3,032 | (2,008) | 1,024 |
| Balance At December 31, 2015 | 128,200,189 | (27,187,041) | 101,013,148 |
| Dividend payable/paid | 892 | (472) | 420 |
| Common stock issued and exercise of stock options | 788,304 | — | 788,304 |
| Shares withheld for tax withholding and exercises | — | (219,921) | (219,921) |
| Shares repurchased under stock repurchase programs | — | (10,303,047) | (10,303,047) |
| Shares issued to directors | 6,959 | (6,273) | 686 |
| Balance At December 31, 2016 | 128,996,344 | (37,716,754) | 91,279,590 |
| Dividend payable/paid | 156 | — | 156 |
| Common stock issued and exercise of stock options | 538,499 | — | 538,499 |
| Shares withheld for tax withholding and exercises | — | (158,090) | (158,090) |
| Shares repurchased under stock repurchase programs | — | (1,556,313) | (1,556,313) |
| Shares issued to directors | 8,857 | (7,814) | 1,043 |
| Balance At December 31, 2017 | 129,543,856 | (39,438,971) | 90,104,885 |

Shared-Based Compensation

The Company regularly issues share-based compensation to its employees and directors who are not employees of the Company. The accounting guidance for share-based compensation requires measurement of compensation cost for share-based awards at fair value and recognition of compensation cost over the service period, net of estimated forfeitures.

In February 2018, the Company granted a portion of its employees awards in the form of RSUs and MSUs. The total number of units granted was 211,144. The aggregate fair value of the awards was \$26.6 million, of which approximately \$2.4 million had been expensed in the year ended December 31, 2017 in relation to awards granted to retirement eligible employees under the award terms. A portion of the awards granted consisted of RSUs vesting over a three-year period, with one-third vesting on each anniversary of the grant in 2019, 2020 and 2021. A smaller portion of the awards granted consisted of MSUs that will time-vest over a three year period and are subject to the achievement of the applicable absolute total shareholder return compounded annual growth rate and relative total shareholder return compounded annual growth rate performance metrics measured over a minimum three-year performance period. The performance period may also be extended for an additional period of six months only in the event that both of the performance metrics achieved by the Company are below specified threshold performance levels.

For a small group of awards granted by the Company, all or a portion of the award may be cancelled in certain limited situations, including termination for cause, if employment is terminated before the end of the relevant restriction period. For the remainder of the awards granted by the Company, all or a portion of the award may be canceled if employment is terminated for certain reasons before the end of the relevant restriction period for non-retirement-eligible employees.

In connection with awards under its equity-based compensation and benefit plans, the Company is authorized to use newly issued shares or certain shares of common stock held in treasury.

The components of share-based compensation expense related to the awards to Company employees and directors who are not employees of the Company of restricted stock units and restricted stock awards (representing shares of common stock) and options to purchase shares of common stock, as applicable, are presented below:

| (in thousands) | Years Ended | | |
|----------------|----------------------|----------------------|----------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| Deferred stock | \$ 37,921 | \$ 32,525 | \$ 27,549 |
| Stock options | — | — | (73) |
| Total | \$ 37,921 | \$ 32,525 | \$ 27,476 |

The following table presents the amount of share-based compensation expense by category for the periods indicated:

| (in thousands) | Years Ended | | |
|---|----------------------|----------------------|----------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| Cost of revenues | \$ 9,707 | \$ 7,971 | \$ 6,909 |
| Selling and marketing | 11,355 | 9,526 | 6,564 |
| Research and development | 3,477 | 2,970 | 2,823 |
| General and administrative | 13,382 | 12,058 | 11,180 |
| Total share-based compensation expense | \$ 37,921 | \$ 32,525 | \$ 27,476 |

There was no share-based compensation expense included in "Income (loss) from discontinued operations, net of income taxes" in the Consolidated Statement of Income for the years ended December 31, 2017, 2016 and 2015.

The tax benefits for share-based compensation expense related to deferred stock and stock options granted to Company employees and to directors who are not employees of the Company were \$5.5 million, \$7.4 million and \$15.3 million for the years ended December 31, 2017, 2016 and 2015, respectively.

As of December 31, 2017, \$29.9 million of compensation cost related to MSCI unvested share-based awards granted to the Company's employees and to directors who are not employees of the Company had not yet been recognized. The unrecognized compensation cost relating to unvested stock-based awards expected to vest will be recognized primarily over the next one to three years.

In connection with awards under its equity-based compensation and benefit plans, the Company is authorized to issue shares of common stock. As of December 31, 2017, 7.3 million shares of common stock were available for future grants under these plans.

Deferred Stock Awards. Certain Company employees have been granted deferred stock awards pursuant to a share-based compensation plan. The plan provides for the deferral of a portion of certain employees' discretionary compensation with awards made in the form of RSUs, PSUs and MSUs (together, the "Deferred Stock Awards"). Recipients of RSUs, PSUs and MSUs generally have rights to receive dividend equivalents that are subject to vesting. The Company reports the target number of PSUs and MSUs granted unless it has determined, based on the actual achievement of performance measures, that an employee will receive a different amount of shares underlying the PSUs and MSUs, in which case the Company reports the amount of shares employees are likely to receive.

The following table presents activity concerning the Company's vested and unvested deferred stock awards applicable to its employees (share data in thousands) for the period indicated:

| For the Year Ended December 31, 2017 | Number of Shares | Weighted Average Grant Date Fair Value |
|--|-----------------------------|---|
| Vested and unvested deferred stock awards at December 31, 2016 | 1,507 | \$ 61.82 |
| Granted | 302 | \$ 88.01 |
| Conversion to common stock | (351) | \$ 56.83 |
| Canceled | (39) | \$ 66.25 |
| Vested and unvested deferred stock awards at December 31, 2017 ⁽¹⁾ | <u>1,419</u> | <u>\$ 68.50</u> |

(1) As of December 31, 2017, 1,366 restricted stock units and restricted stock awards, with a weighted average price of \$68.35, were vested or expected to vest.

The total fair value of Deferred Stock Awards held by the Company's employees that converted to MSCI common stock during the years ended December 31, 2017, 2016 and 2015 was \$30.3 million, \$39.4 million and \$34.1 million, respectively.

The following table presents activity concerning the Company's unvested deferred stock awards related to its employees (share data in thousands):

| For the Year Ended December 31, 2017 | Number of Shares | Weighted Average Grant Date Fair Value |
|---|-----------------------------|---|
| Unvested deferred stock awards at December 31, 2016 | 1,207 | \$ 62.89 |
| Granted | 277 | \$ 88.27 |
| Vested | (279) | \$ 58.06 |
| Canceled | (39) | \$ 66.25 |
| Unvested deferred stock awards at December 31, 2017 | <u>1,166</u> | <u>\$ 69.96</u> |
| Unvested deferred stock awards expected to vest | <u>1,113</u> | <u>\$ 69.84</u> |

Stock Option Awards. No stock options were issued during the years ended December 31, 2017, 2016 and 2015.

The following table presents activity concerning MSCI stock options granted to the Company's employees for the year ended December 31, 2017 (option data and dollar values in thousands, except exercise price):

| For the Year Ended December 31, 2017 | Number of Options | Weighted Average Exercise Price | Weighted Average Remaining Life (Years) | Aggregated Intrinsic Value |
|---|----------------------------------|--|--|---|
| Options outstanding at December 31, 2016 | 269 | \$ 24.06 | 2.22 | N/A |
| Granted or assumed | — | \$ — | N/A | N/A |
| Forfeited | — | \$ — | N/A | N/A |
| Conversion to common stock | (124) | \$ 21.24 | N/A | N/A |
| Options outstanding and exercisable at December 31, 2017 | <u>145</u> | <u>\$ 26.47</u> | 2.11 | <u>\$ 14,519</u> |

All outstanding stock options as of December 31, 2017 are vested and exercisable.

The following table presents information relating to the Company's outstanding and exercisable stock options as of December 31, 2017 (number of options outstanding and aggregate intrinsic value data in thousands):

| As of December 31, 2017 | Options Outstanding | | | |
|---------------------------------|-------------------------------|--|---|--|
| Range of Exercise Prices | Number Outstanding | Weighted Average Exercise Price | Average Remaining Life (Years) | Aggregate Intrinsic Value |
| \$15.18 to \$16.48 | 38 | \$ 16.47 | 1.15 | \$ 4,175 |
| \$20.45 to \$24.11 | 16 | \$ 20.62 | 1.77 | \$ 1,733 |
| \$ 25.64 | 41 | \$ 25.64 | 2.11 | \$ 4,139 |
| \$ 36.70 | 50 | \$ 36.70 | 2.95 | \$ 4,472 |
| Total | <u>145</u> | | | <u>\$ 14,519</u> |

The intrinsic value of the stock options exercised by the Company's employees during the years ended December 31, 2017, 2016 and 2015 was \$10.9 million, \$11.3 million and \$37.3 million, respectively.

9. RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

As required by ASC Subtopic 220-10, "Comprehensive Income—Overall," the following table presents the amounts reclassified from accumulated other comprehensive income (loss) by the respective line item in the Consolidated Statement of Income:

Reclassifications Out of Accumulated Other Comprehensive Income (Loss) (1)

| Details about Accumulated Other Comprehensive Income (Loss) Components | Amount Reclassified from Accumulated Other Comprehensive Income (Loss) | | | Affected Line Item in the Consolidated Statements of Income |
|---|---|----------------------|----------------------|--|
| | Years Ended | | | |
| | December 31, 2017 | December 31, 2016 | December 31, 2015 | |
| | (in thousands) | | | |
| Defined benefit pension plans | | | | |
| Amount recognized as a component of net periodic benefit expense for curtailments and settlements | \$ (281) | \$ (261) | \$ (563) | |
| | 77 | 73 | 153 | Provision for income taxes |
| Total reclassifications for the period, net of tax | \$ (204) | \$ (188) | \$ (410) | |

(1) Amounts in parentheses indicate expenses or losses moved to the Consolidated Statements of Income.

10. INCOME TAXES

The provision for income taxes (benefits) by taxing jurisdiction consisted of:

| | Years Ended | | |
|--|----------------------|----------------------|----------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| | (in thousands) | | |
| Current | | | |
| U.S. federal | \$ 133,250 | \$ 93,071 | \$ 85,540 |
| U.S. state and local | 16,312 | 16,363 | 22,108 |
| Non U.S. | 32,267 | 32,616 | 22,156 |
| | 181,829 | 142,050 | 129,804 |
| Deferred | | | |
| U.S. federal | (12,502) | (13,010) | (10,546) |
| U.S. state and local | (2,119) | (2,235) | 1,460 |
| Non U.S. | (4,281) | (1,722) | (1,202) |
| | (18,902) | (16,967) | (10,288) |
| Provision for income taxes from continuing operations | \$ 162,927 | \$ 125,083 | \$ 119,516 |
| Provision for income taxes from discontinued operations | \$ — | \$ — | \$ 6,390 |

The following table reconciles the provision to the U.S. federal statutory income tax rate for income from continuing operations:

| | Years Ended | | |
|--|----------------------|----------------------|----------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| U.S. federal statutory income tax rate | 35.00% | 35.00% | 35.00% |
| U.S. state and local income taxes, net of U.S. federal income tax benefits | 1.84% | 2.38% | 4.44% |
| Change in tax rates applicable to non-U.S. earnings | (7.60%) | (3.73%) | (2.73%) |
| Domestic tax credits and incentives | (0.24%) | (0.26%) | (2.62%) |
| Net tax charge related to Tax Reform | 7.40% | —% | —% |
| Excess Stock Based Compensation | (1.25%) | —% | —% |
| Other | (0.25%) | (0.98%) | 0.10% |
| Effective income tax rate | 34.90% | 32.41% | 34.19% |

On December 22, 2017 the U.S. government enacted Tax Reform. Tax Reform significantly revises the U.S. corporate income tax by, among other things, lowering U.S. corporate income tax rates, implementing a territorial tax system and imposing a one-time tax on deemed repatriation of historic earnings and profits (“E&P”) of foreign subsidiaries (the “Toll Charge”). The provisions of Tax Reform will impact the Company for the annual reporting periods, including interim periods within those periods, beginning after December 31, 2017 as well as during the three months ended December 31, 2017. The U.S. federal income tax rate reduction was effective as of January 1, 2018.

Pursuant to SAB 118 and given the amount and complexity of the changes in tax law resulting from Tax Reform, the Company has not finalized the accounting for the income tax effects of Tax Reform. This includes the provisional amounts recorded related to the Toll Charge, the remeasurement of deferred taxes and the change in the Company’s indefinite reinvestment assertion. The impact of Tax Reform may differ from this estimate, possibly materially, during the one-year measurement period due to, among other things, further refinement of the Company’s calculations as it completes its tax returns for the fiscal year ended December 31, 2017, changes in interpretations and assumptions the Company has made and ongoing guidance and accounting interpretations that may be issued as a result of Tax Reform.

The Company’s provisional accounting for the effects of Tax Reform resulted in a net charge of \$34.5 million in the provision for income taxes for MSCI that primarily included an estimated tax charge of approximately \$47.5 million related to the Toll Charge and an estimated tax charge of approximately \$16.0 million related to a change in assertion that those profits were permanently reinvested overseas as of December 31, 2017, partially offset by an estimated tax benefit of approximately \$29.0 million related to the revaluation of deferred taxes at the now lower statutory corporate rate.

The Toll Charge is based on the Company’s E&P of foreign subsidiaries for which the Company had not previously recognized U.S. income taxes. The total estimated Toll Charge of \$47.5 million was recognized discretely in the year ended December 31, 2017. As of December 31, 2017, \$43.6 million of the Toll Charge was held in “Other non-current liabilities” on the Consolidated Statement of Financial Condition as the amounts are not payable until after December 31, 2018. The Company has not yet finalized its calculation of the total E&P for its foreign subsidiaries.

As of December 31, 2017, the Company no longer considers available cash balances to be indefinitely reinvested and recorded an estimated tax charge of \$16.0 million related to foreign withholding taxes during the year ended December 31, 2017. However, the Company is continuing to assess its intentions related to its indefinite reinvestment assertion for future periods.

Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when such differences are expected to reverse. Significant components of the Company’s deferred tax assets and liabilities as of December 31, 2017 and 2016, were as follows:

| | As of | |
|---|----------------------|----------------------|
| | December 31, 2017 | December 31, 2016 |
| | (in thousands) | |
| Deferred tax assets: | | |
| Employee compensation and benefit plans | \$ 19,646 | \$ 27,914 |
| Deferred rent | 5,308 | 7,869 |
| Pension | 1,520 | 1,965 |
| Unearned revenue | 853 | 1,322 |
| Loss carryforwards - non-current | 18,105 | 27,616 |
| Other | 1,435 | 558 |
| Subtotal | 46,867 | 67,244 |
| Less: valuation allowance | (11,575) | (17,807) |
| Total deferred tax assets | \$ 35,292 | \$ 49,437 |
| Deferred tax liabilities: | | |
| Intangible assets | \$ (73,634) | \$ (121,900) |
| Investment in foreign subsidiaries | (16,108) | — |
| Property, equipment and leasehold improvements, net | (11,564) | (12,073) |
| Total deferred tax liabilities | \$ (101,306) | \$ (133,973) |
| Net deferred tax liabilities | \$ (66,014) | \$ (84,536) |

As presented in the table above, the Company has certain loss carryforward items. The tax value of the capital loss carryforward is \$10.6 million which is set to expire in 2019. There is a full valuation allowance against this item. The tax value of the United States portion of the net operating loss carryforwards is \$6.3 million which is subject to an annual limitation on utilization and will begin to expire in 2020. There is a valuation allowance against state tax losses of \$0.4 million. As of December 31, 2017, the tax value of foreign net operating loss carryforwards was \$1.3 million with a related valuation allowance of \$0.6 million.

The following table presents changes in the Company's deferred tax asset valuation allowance for the periods indicated:

| | Years Ended | | |
|--|----------------------|----------------------|----------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| | (in thousands) | | |
| Beginning balance | \$ 17,807 | \$ 21,052 | \$ 21,232 |
| Additions charged to cost and expenses | 324 | 1,862 | — |
| Additions charged to other accounts | — | — | — |
| Deductions | (6,556) | (5,107) | (180) |
| Ending balance | \$ 11,575 | \$ 17,807 | \$ 21,052 |

The following table presents the components of income before provision for income taxes generated by domestic or foreign operations for the periods indicated:

| | Years Ended | | |
|---|----------------------|----------------------|----------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| | (in thousands) | | |
| Domestic | \$ 283,779 | \$ 263,536 | \$ 282,764 |
| Foreign (1) | 183,120 | 122,402 | 66,790 |
| Total income before provision for income taxes | \$ 466,899 | \$ 385,938 | \$ 349,554 |

(1) Foreign income before provision for income taxes is defined as income generated from operations located outside the U.S., which includes income from foreign branches of U.S. companies.

Cumulative earnings attributable to foreign subsidiaries were \$450.7 million, \$341.6 million and \$224.8 million for the years ended December 31, 2017, 2016, and 2015, respectively. The Company has recorded a \$16.0 million charge to provision for income taxes related to foreign withholding taxes that would be payable upon repatriation.

The Company regularly assesses the likelihood of additional assessments in each of the taxing jurisdictions in which it files income tax returns. The Company has established unrecognized tax benefits that the Company believes are adequate in relation to the potential for additional assessments. Once established, the Company adjusts unrecognized tax benefits only when more information is available or when an event occurs necessitating a change. As part of the Company's periodic review of unrecognized tax benefits and based on new information regarding the status of federal and state examinations, the Company's unrecognized tax benefits are remeasured. It is reasonably possible that significant changes in the balance of unrecognized tax benefits may occur within the next 12 months. At this time, however, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits and the impact on the effective tax rate over the next 12 months.

The Company believes the resolution of tax matters will not have a material effect on the Consolidated Statement of Financial Condition of the Company, although a resolution could have a material impact on the Company's Consolidated Statement of Income for a particular future period and on the Company's effective tax rate for any period in which such resolution occurs.

The following table presents a reconciliation of the beginning and ending amount of the gross unrecognized tax benefits, excluding interest and penalties, for the years ended December 31, 2017, 2016 and 2015:

| Gross unrecognized tax benefits (in thousands) | Years Ended | | |
|---|----------------------|----------------------|----------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| Beginning balance | \$ 7,936 | \$ 8,692 | \$ 6,525 |
| Increases based on tax positions related to the current period | 3,389 | 575 | 536 |
| Increases based on tax positions related to prior periods | 519 | 135 | 2,131 |
| Decreases based on tax positions related to prior periods | (6) | (3) | (500) |
| Decreases related to settlements with taxing authorities | (1,152) | (1,463) | — |
| Decreases related to a lapse of applicable statute of limitations | (664) | — | — |
| Ending balance | \$ 10,022 | \$ 7,936 | \$ 8,692 |

The total amount of unrecognized tax benefits was \$9.4 million, net of federal benefit of state issues, competent authority and foreign tax credit offsets, as of December 31, 2017, which, if recognized, would favorably affect the effective tax rate in future periods. The Company recognizes the accrual of interest and penalties related to unrecognized tax benefits in the "Provision for income taxes" in the Consolidated Statement of Income. For the year ended December 31, 2017, the Company recognized \$0.2 million of interest in the Consolidated Statement of Income with respect to unrecognized tax benefits. No significant penalties were recognized in the Consolidated Statement of Income for the year ended December 31, 2017. The amount of accrued interest, which includes interest related to uncertain tax positions and accrued income tax expense, recorded on the Consolidated Statement of Financial Condition as of December 31, 2017 was \$0.9 million.

The Company is under examination by the IRS and other tax authorities in certain jurisdictions, including foreign jurisdictions, such as India, and states in which the Company has significant operations, such as New York.

The tax years currently under examination vary by jurisdiction but include years ranging from 2006 through 2016. As a result of having previously been a member of the Morgan Stanley consolidated group, the Company may have future settlements with Morgan Stanley related to the ultimate disposition of their New York State and New York City examination relating to the tax years 2007 and 2008 and their IRS examination relating to the tax years 2006 through 2008. The Company does not believe it has any material exposure to the New York State and New York City examinations. Additionally, the Company believes it has adequate reserves for any tax issues that may arise out of the IRS examination relating to the tax years 2006 through 2008 and therefore does not believe any related settlement with Morgan Stanley will have a material impact.

11. ACQUISITIONS AND DISPOSITIONS

The acquisition method of accounting is based on ASC Subtopic 805-10, “*Business Combinations*,” and uses the fair value concepts defined in ASC Subtopic 820-10, “*Fair Value Measurements and Disclosures*,” which the Company has adopted as required. The total purchase price is allocated to the net tangible and intangible assets based upon their fair values as of the acquisition dates. The excess of the purchase price over the fair values of the net tangible assets and intangible assets was recorded as goodwill. The allocation of the purchase price was based upon a valuation and is subject to change within the one-year measurement period following the acquisition. MSCI expects to continue to obtain information to assist it in determining the fair value of the net assets acquired at the acquisition date during the measurement period.

Acquisition of Insignis

On October 16, 2015, the Company completed the purchase of Insignis for \$6.5 million through its subsidiary InvestorForce. Insignis is a financial data provider, including data on positions, transactions and complex instruments such as exchange-traded futures and options, OTC swaps and foreign exchange spot and forward contracts.

The purchase price allocations for the Insignis acquisition were \$4.2 million for goodwill, \$2.2 million for identifiable intangible assets and \$0.1 million for assets other than identifiable intangible assets.

Disposition of Real Estate occupiers

On August 1, 2016, MSCI completed the sale of its Real Estate occupiers business. The value of the disposed assets and liabilities and the resulting gain on disposal were not material to the Company.

Disposition of ISS

On March 17, 2014, MSCI entered into a definitive agreement to sell ISS and completed the sale on April 30, 2014. The results of operations from ISS are reflected in “Income (loss) from discontinued operations, net of income taxes” in the Consolidated Statements of Income. The year ended December 31, 2015 reflects the impact of out-of-period income tax charges associated with the tax obligations triggered upon the sale of ISS.

12. SEGMENT INFORMATION

ASC Subtopic 280-10, “*Segment Reporting*,” establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or CODM, in deciding how to allocate resources and assess performance. MSCI’s Chief Executive Officer and its President, who are considered to be its CODM, review financial information presented on an operating segment basis for purposes of making operating decisions and assessing financial performance.

The CODM measures and evaluates reportable segments based on segment operating revenues as well as Adjusted EBITDA and other measures. The Company excludes the following items from segment Adjusted EBITDA: income (loss) from discontinued operations, net of income taxes, provision for income taxes, other expense (income), net, depreciation and amortization of property, equipment and leasehold improvements, amortization of intangible assets and certain transactions or adjustments that the CODM does not consider for the

purposes of making decisions to allocate resources among segments or to assess segment performance. Although these amounts are excluded from segment Adjusted EBITDA, they are included in reported consolidated net income and are included in the reconciliation that follows.

The Company's computation of segment Adjusted EBITDA may not be comparable to other similarly titled measures computed by other companies because all companies do not calculate segment Adjusted EBITDA in the same fashion.

Revenues and expenses directly associated with each segment are included in determining its operating results. Other expenses that are not directly attributable to a particular segment are based upon allocation methodologies, including time estimates, headcount, sales targets, data center consumption and other relevant usage measures. Due to the integrated structure of our business, certain costs incurred by one segment may benefit other segments. A segment may use the content and data produced by another segment without incurring an arm's-length intersegment charge.

The CODM does not review any information regarding total assets on an operating segment basis. Operating segments do not record intersegment revenue, and, accordingly, there is none to be reported. The accounting policies for segment reporting are the same as for MSCI as a whole.

The Company has four operating segments: Index, Analytics, ESG and Real Estate.

The Index operating segment is primarily a provider of equity indexes. The indexes are used in many areas of the investment process, including index-linked product creation and performance benchmarking, as well as portfolio construction and rebalancing and asset allocation.

The Analytics operating segment offers risk management, performance attribution and portfolio management content, applications and services that provide clients with an integrated view of risk and return and an analysis of market, credit, liquidity and counterparty risk across all major asset classes, spanning short, medium and long-term time horizons. Clients access Analytics content through MSCI's own proprietary applications and APIs, or through third party applications or directly on their own platforms. The Analytics operating segment also provides various managed services to help clients operate more efficiently as well as address the needs of certain specialized areas of the investment community by providing a reporting service and performance reporting tools to institutional consultants and investors in hedge funds.

The ESG operating segment offers products and services that help institutional investors understand how environmental, social and governance factors can impact the long-term risk of their investments. In addition, MSCI ESG Research data and ratings are used in the construction of equity and fixed income indexes to help institutional investors more effectively benchmark ESG investment performance, issue index-based investment products, as well as manage, measure and report on ESG mandates.

The Real Estate operating segment includes research, reporting and benchmarking offerings that provide real estate performance analysis for funds, investors and managers. Real Estate performance and risk analytics range from portfolio to property-specific analysis. The Real Estate operating segment also provides business intelligence to real estate owners, managers, developers and brokers worldwide. During the year ended December 31, 2016, the Company disposed of the Real Estate occupiers business and recorded an immaterial gain on the disposition which was recorded in "Other expense (income)," in the Consolidated Statement of Income.

The operating segments of ESG and Real Estate do not individually meet the segment reporting thresholds and have been combined and presented as part of All Other for disclosure purposes.

The following table presents operating revenue by reportable segment for the periods indicated:

| | Years Ended | | |
|---------------------------|----------------------|----------------------|----------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| | (in thousands) | | |
| Operating revenues | | | |
| Index | \$ 718,959 | \$ 613,551 | \$ 558,964 |
| Analytics | 458,269 | 448,353 | 433,424 |
| All Other | 96,944 | 88,765 | 82,625 |
| Total | \$ 1,274,172 | \$ 1,150,669 | \$ 1,075,013 |

The following table presents segment profitability and a reconciliation to net income for the periods indicated:

| | Years Ended | | |
|--|----------------------|----------------------|----------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| | (in thousands) | | |
| Index Adjusted EBITDA | \$ 522,043 | \$ 431,478 | \$ 392,987 |
| Analytics Adjusted EBITDA | 125,349 | 128,507 | 95,468 |
| All Other Adjusted EBITDA | 11,783 | 9,472 | (6,758) |
| Total operating segment profitability | 659,175 | 569,457 | 481,697 |
| Amortization of intangible assets | 44,547 | 47,033 | 46,910 |
| Depreciation and amortization of property, equipment and leasehold improvements | 35,440 | 34,320 | 30,889 |
| Operating income | 579,188 | 488,104 | 403,898 |
| Other expense (income), net | 112,289 | 102,166 | 54,344 |
| Provision for income taxes | 162,927 | 125,083 | 119,516 |
| Income from continuing operations | 303,972 | 260,855 | 230,038 |
| Income (loss) from discontinued operations, net of income taxes | — | — | (6,390) |
| Net income | \$ 303,972 | \$ 260,855 | \$ 223,648 |

Revenue by geography is based on the shipping address of the ultimate customer utilizing the product. The following table presents revenue by geographic area for the periods indicated:

| (in thousands) | Years Ended | | |
|--|----------------------|----------------------|----------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| Revenues | | | |
| Americas: | | | |
| United States | \$ 622,132 | \$ 556,777 | \$ 519,429 |
| Other | 48,139 | 45,185 | 41,552 |
| Total Americas | 670,271 | 601,962 | 560,981 |
| Europe, the Middle East and Africa ("EMEA"): | | | |
| United Kingdom | 193,831 | 175,749 | 166,019 |
| Other | 250,267 | 229,010 | 215,192 |
| Total EMEA | 444,098 | 404,759 | 381,211 |
| Asia & Australia: | | | |
| Japan | 54,351 | 52,161 | 45,371 |
| Other | 105,452 | 91,787 | 87,450 |
| Total Asia & Australia | 159,803 | 143,948 | 132,821 |
| Total | \$ 1,274,172 | \$ 1,150,669 | \$ 1,075,013 |

Long-lived assets consist of property, equipment, leasehold improvements, goodwill and intangible assets, net of accumulated depreciation and amortization. The following table presents long-lived assets by geographic area on the dates indicated:

| | As of | |
|-----------------------------------|----------------------|----------------------|
| | December 31, 2017 | December 31, 2016 |
| | (in thousands) | |
| Long-lived assets | | |
| Americas: | | |
| United States | \$ 1,847,605 | \$ 1,876,366 |
| Other | 1,685 | 1,543 |
| Total Americas | 1,849,290 | 1,877,909 |
| EMEA: | | |
| United Kingdom | 94,782 | 89,466 |
| Other | 22,394 | 23,780 |
| Total EMEA | 117,176 | 113,246 |
| Asia & Australia: | | |
| Japan | 432 | 357 |
| Other | 9,996 | 7,563 |
| Total Asia & Australia | 10,428 | 7,920 |
| Total | \$ 1,976,894 | \$ 1,999,075 |

13. QUARTERLY RESULTS OF OPERATIONS (unaudited):

| | 2017 | | | | 2016 | | | |
|---|---------------------------------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| | (in thousands, except per share data) | | | | | | | |
| Operating revenues | \$ 301,207 | \$ 316,089 | \$ 322,097 | \$ 334,779 | \$ 278,828 | \$ 290,596 | \$ 288,433 | \$ 292,812 |
| Cost of revenues | 67,521 | 68,595 | 68,491 | 69,306 | 63,172 | 62,130 | 62,986 | 63,819 |
| Selling and marketing | 43,014 | 41,594 | 44,918 | 47,771 | 41,689 | 41,854 | 41,514 | 41,609 |
| Research and development | 18,977 | 18,203 | 17,983 | 20,721 | 18,928 | 18,566 | 18,750 | 18,960 |
| General and administrative | 21,004 | 21,448 | 22,103 | 23,348 | 21,890 | 22,019 | 21,859 | 21,467 |
| Amortization of intangible assets | 11,251 | 11,122 | 10,614 | 11,560 | 11,840 | 11,943 | 11,752 | 11,498 |
| Depreciation and amortization of property, equipment and leasehold improvements | 8,838 | 9,159 | 9,325 | 8,118 | 8,168 | 8,393 | 8,312 | 9,447 |
| Total operating expenses | 170,605 | 170,121 | 173,434 | 180,824 | 165,687 | 164,905 | 165,173 | 166,800 |
| Operating income | 130,602 | 145,968 | 148,663 | 153,955 | 113,141 | 125,691 | 123,260 | 126,012 |
| Interest income | (932) | (1,310) | (1,835) | (2,237) | (621) | (585) | (799) | (901) |
| Interest expense | 29,024 | 29,027 | 29,020 | 29,027 | 22,904 | 22,918 | 26,790 | 29,039 |
| Other expense (income) | 885 | 740 | 675 | 205 | 81 | 2,814 | (253) | 779 |
| Other expense (income), net | 28,977 | 28,457 | 27,860 | 26,995 | 22,364 | 25,147 | 25,738 | 28,917 |
| Income from continuing operations before provision for income taxes | 101,625 | 117,511 | 120,803 | 126,960 | 90,777 | 100,544 | 97,522 | 97,095 |
| Provision for income taxes | 28,674 | 36,245 | 35,650 | 62,358 | 30,410 | 33,587 | 32,241 | 28,845 |
| Net income | \$ 72,951 | \$ 81,266 | \$ 85,153 | \$ 64,602 | \$ 60,367 | \$ 66,957 | \$ 65,281 | \$ 68,250 |
| Earnings per basic common share | \$ 0.80 | \$ 0.90 | \$ 0.94 | \$ 0.72 | \$ 0.61 | \$ 0.69 | \$ 0.69 | \$ 0.73 |
| Earnings per diluted common share | \$ 0.80 | \$ 0.89 | \$ 0.93 | \$ 0.70 | \$ 0.60 | \$ 0.69 | \$ 0.68 | \$ 0.73 |
| Weighted average shares outstanding used in computing per share data | | | | | | | | |
| Basic | 90,708 | 90,404 | 90,112 | 90,130 | 99,425 | 96,412 | 94,823 | 93,327 |
| Diluted | 91,624 | 91,708 | 91,868 | 92,467 | 99,998 | 96,888 | 95,473 | 93,845 |

14. SUBSEQUENT EVENTS

On January 30, 2018, the Board of Directors of the Company declared a quarterly dividend of \$0.38 per share of common stock to be paid on March 15, 2018 to shareholders of record as of the close of trading on February 16, 2018.

Subsequent to the year ended December 31, 2017 and through February 16, 2018, the Company repurchased an additional 0.4 million shares of common stock at an average price of \$137.06 per share for a total value of \$54.5 million.

Non-Employee Director Compensation⁽¹⁾

| | Current | Effective May 1, 2018 |
|--|---------------------|-----------------------|
| | Committee Chair | |
| Audit Committee | \$25,000 | \$30,000 |
| Compensation and Talent Management Committee | \$20,000 | \$25,000 |
| Strategy and Finance Committee | \$20,000 | \$25,000 |
| Nominating and Corporate Governance Committee | \$15,000 | \$20,000 |
| | Committee Member | |
| Audit Committee | \$10,000 | \$10,000 |
| Compensation and Talent Management Committee | \$10,000 | \$10,000 |
| Strategy and Finance Committee | \$10,000 | \$10,000 |
| Nominating and Corporate Governance Committee | \$10,000 | \$10,000 |
| | Annual Compensation | |
| Annual Cash Retainer | \$75,000 | \$75,000 |
| Annual Restricted Stock Units (non-Lead Director) ⁽²⁾ | \$140,000 | \$160,000 |
| Annual Restricted Stock Units (Lead Director) ⁽²⁾ | \$165,000 | \$210,000 |

ard term commences on May 1st of the then-current year and concludes on April 30th of the following year. Accordingly, retainer fees are paid and restricted stock units are granted on May 1st of each year. Restricted stock units vest on the first anniversary of the grant date. Awards are prorated and vesting schedules adjusted for new directors joining in advance of the Annual Shareholders' Meeting.

regate fair market value of the restricted stock units is based on the closing price of MSCI Inc.'s common stock as reported by The New York Stock Exchange on the date prior to the date of grant.

Members of the Board of Directors are subject to the Non-Employee Director Stock Ownership Guidelines, which are described in the MSCI Inc. Corporate Governance Policies available on the Investor Relations section of MSCI website's (<http://ir.msci.com>). Information contained on the website is not incorporated by reference into this exhibit filed with the Annual Report on Form 10-K or any other report filed with the SEC. Additional information regarding MSCI Inc.'s non-employee director compensation program is available in its proxy statement for its annual meeting of shareholders.

AMENDMENT

Date of Amendment: May 12, 2016

AMENDMENT to the Index License Agreement for Funds (internal MSCI reference: IXF_00040) dated as of March 18, 2000 (the "Agreement") by and between MSCI Inc. (formerly known as Morgan Stanley Capital International Inc.) ("MSCI") and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) ("Licensee"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement.

WHEREAS, MSCI and Licensee entered into the following schedules (collectively, the "Previous Schedules"): (i) Schedule No. 11043 (internal MSCI reference #SCA_11043) dated September 1, 2010; (ii) Amendment (MSCI reference #AMD_00145581.0) dated September 22, 2014 and (iii) Amendment (MSCI reference #AMD_00187225.0) dated January 28, 2016;

WHEREAS, pursuant to the terms of the Previous Schedules, MSCI granted Licensee the right to use certain MSCI indexes as the basis for the Funds identified below in the United States:

- iShares MSCI USA ESG Select Social Index Fund
- iShares MSCI KLD 400 Social Index Fund
- iShares MSCI ACWI Low Carbon Target ETF
- iShares MSCI Global Impact ETF

(The term "Fund" as used herein shall have the meaning ascribed to it in the Previous Schedules.)

WHEREAS, the parties wish to further amend the Agreement to allow for the cross-listing of the Funds identified above, as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Exhibit B of the Agreement is hereby amended to allow the Funds identified above to be cross-listed and traded on the Mexican Stock Exchange (Bolsa Mexicana de Valores) (herein referred to as the "Mexican Listed Funds") while such Funds are listed on a United States exchange. The Mexican Listed Funds must be issued, sold and traded on a public basis in accordance with applicable Mexican securities law. All other terms and restrictions contained in Exhibit B of the Agreement shall apply to the Mexican Listed Funds. For the avoidance of doubt, the ***** set forth in the Previous Schedules shall apply with respect to the ***** For clarity, there shall be *****

- 2. This Amendment is intended to amend and operate in conjunction with the Agreement and together this Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties and supersede in full all prior proposals and understandings, oral or written, relating to the subject matter hereof. To the extent that any terms of this Amendment conflict with any terms of the Agreement, the terms of this Amendment shall control. No right or license of any kind is granted to Licensee except as expressly provided in the Agreement and this Amendment.
- 3. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.

LICENSEE: BlackRock Fund Advisors

MSCI Inc.

| | | | |
|-------|---------------------------------------|-------|-------------------------|
| By | <u>/s/ Manish Mehta</u> | By | <u>/s/ Joke Jacinto</u> |
| Name | <u>Manish Mehta</u> | Name | <u>Joke Jacinto</u> |
| Title | <u>Managing Director</u> (printed) | Title | <u>Vice President</u> |

For the avoidance of doubt, the ***** license fees shall be calculated *****. For example, *****

"Expense Ratio" shall mean the ***** when dividing *****

Notwithstanding anything to the contrary contained herein, if any Fund ***** or if a Fund's ***** or if a Fund has an ***
*****, the ***** licensee fee for such Fund shall *****

4. Special Conditions:

- a. To the extent that this Amendment conflicts with the Agreement, this Amendment shall control. No right or license of any kind is granted to Licensee except as expressly provided in the Agreement and this Amendment.
- b. MSCI may terminate this Amendment with respect to Index set forth in Section 1 if, within one (1) year of the date of this Amendment, Licensee does not list an ***** that is based on such Index.
- c. If Licensee delists a particular ***** or changes the underlying Index for such ***** , Licensee's right to use the relevant Index set forth in Section 1 with respect to such ***** shall automatically and immediately terminate.
- d. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.

ACKNOWLEDGED AND AGREED

LICENSEE: BlackRock Fund Advisors

MSCI Inc.

By /s/ Manish Mehta

Name Manish Mehta

Title Managing Director

Date 8/12/16

By /s/ Alex Gil

Name Alex Gil

Title Executive Director

Date Sep 6, 2016

CONFIDENTIAL TREATMENT GRANTED. ***** INDICATES OMITTED MATERIAL THAT IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST FILED SEPARATELY WITH THE COMMISSION. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

A.N.: 130339
AMD_00213770.0

AMENDMENT

Date of Amendment: October 12, 2016

AMENDMENT to the Index License Agreement for Funds (internal MSCI reference IXF_00040) dated as of March 18, 2000 (the "Agreement") by and between MSCI Inc. (formerly known as Morgan Stanley Capital International Inc.) ("MSCI") and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) ("Licensee"), as previously amended. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement.

WHEREAS, pursuant to the terms of the Amendment ***** between MSCI and Licensee dated ***** (the "Previous Amendment") and the ***** between MSCI and Licensee dated ***** , MSCI granted Licensee the right to use the MSCI index identified below as the basis for the Licensee Fund identified below in the United States:

- ***** , which seeks to track the investment results of the MSCI United Kingdom 100% Hedged to USD Index.

(The term "Fund" as used herein shall have the meaning ascribed to it in the Previous Amendment.)

WHEREAS, the parties wish to further amend the Agreement to allow for the cross-listing of the Licensee Funds identified above, as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Exhibit B of the Agreement is hereby amended to allow the Licensee Fund identified above to be listed and traded on the Mexican Stock Exchange (Bolsa Mexicana de Valores) (herein referred to as the "Mexican Listed Fund") after such Fund is listed on a United States exchange. The Mexican Listed Fund must be issued, sold and traded on a public basis in accordance with applicable Mexican securities law. All other terms and restrictions contained in Exhibit B of the Agreement shall apply to the Mexican Listed Fund. For the avoidance of doubt, the ***** set forth in the Previous Amendment shall apply with respect to the ***** . For clarity, there shall be ***** .
2. This Amendment is intended to amend and operate in conjunction with the Agreement and together this Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties and supersede in full all prior proposals and understandings, oral or written, relating to the subject matter hereof. To the extent that any terms of this Amendment conflict with any terms of the Agreement, the terms of this Amendment shall control. No right or license of any kind is granted to Licensee except as expressly provided in the Agreement and this Amendment.
3. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.

LICENSEE: BlackRock Fund Advisors

By /s/ Diane Lunsey

Name Diane Lunsey
(printed)

Title Managing Director

MSCI Inc.

By /s/ Alex Gil

Name Alex Gil
(printed)

Title Executive Director

CONFIDENTIAL TREATMENT REQUESTED. ***** INDICATES OMITTED MATERIAL THAT IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST FILED SEPARATELY WITH THE COMMISSION. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

AMD_00216935.0

THIS AMENDMENT (this "Amendment") dated as of December 8, 2016 (the "Amendment Effective Date") is made to the Schedule (as defined below) by and between MSCI Inc. (formerly known as Morgan Stanley Capital International Inc.) ("MSCI") and BlackRock Fund Advisors, a California corporation (as successor to Barclays Global Investors, N.A.) ("Licensee"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Schedule.

WHEREAS, MSCI and Licensee entered into the Schedule identified in Attachment 1 hereto (the "Schedule");

WHEREAS, the Schedule is governed by the Index License Agreement for Funds (internal MSCI reference number: IXF_00040) dated as of March 18, 2000 (the "Agreement") by and between MSCI and Licensee;

WHEREAS, the Schedule specifies *****in Attachment 1 hereto; and

WHEREAS, MSCI and Licensee wish to *****.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, each of MSCI and Licensee hereby agree to amend the Schedule as follows:

1. Commencing on the Amendment Effective Date, the Schedule is hereby amended so that *****.
2. This Amendment amends and operates in conjunction with the Schedule. This Amendment, the Schedule and the Agreement constitute the complete and exclusive statement of the agreement between the parties with respect to the subject matter hereof and supersede in full all prior proposals and understandings, oral or written, relating to such subject matter. To the extent that the terms of this Amendment conflict with the terms of the Schedule or the Agreement, the terms of this Amendment shall control.
3. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.
4. This Amendment may be executed in counterparts, which taken together, shall constitute one Amendment and each party hereto may execute this Amendment by signing such counterpart; provided that no party shall be bound hereby until the Amendment has been executed and delivered by all parties hereto. A facsimile or PDF signature of either party to this Amendment shall be deemed an original signature of such party and shall manifest such party's intention to be bound by this Amendment.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the Amendment Effective Date set forth above.

| | |
|---------------------------------|--------------------------------|
| MSCI Inc. | BlackRock Fund Advisors |
| By /s/ Alex Gil | By /s/ Diane Lumley |
| <u>Name Alex Gil</u> | <u>Name Diane Lumley</u> |
| <u>Title Executive Director</u> | <u>Title Managing Director</u> |

| Schedule | | | |
|--|--------------------------------|-------|-------|
| internal MSCI reference number of the Schedule | Effective Date of the Schedule | ***** | ***** |
| AMD_00208956.0 | August 1, 2016 | ***** | ***** |

For the avoidance of doubt, the ***** license fees shall be calculated ***** For example, *****

“Expense Ratio” shall mean the ***** when dividing *****

Notwithstanding anything to the contrary contained herein, if during any relevant period the Fund ***** or if the Fund's ***** or if the Fund has an
*****, the ***** licensee fee for the Fund shall *****

5. Special Conditions:

- a. To the extent that this Amendment conflicts with the Agreement, this Amendment shall control. No right or license of any kind is granted to Licensee except as expressly provided in the Agreement and this Amendment.
- b. MSCI may terminate this Amendment with respect to the Index set forth in Section 1 if, within one (1) year of the date of this Amendment, Licensee does not list the EM ex China ETF that is based on such Index.
- c. If Licensee delists the EM ex China ETF or changes the underlying Index for the EM ex China ETF, Licensee’s right to use the relevant Index set forth in Section 1 with respect to the EM ex China ETF shall automatically and immediately terminate.
- d. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.

ACKNOWLEDGED AND AGREED

LICENSEE: BlackRock Fund Advisors.

MSCI Inc.

By /s/ Diane Lumley

By /s/ Alex Gil

Name Diane Lumley

Name Alex Gil

Title Managing Director

Title Executive Director

Date Mar 9, 2017

Date Mar 10, 2017

CONFIDENTIAL TREATMENT REQUESTED. ***** INDICATES OMITTED MATERIAL THAT IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST FILED SEPARATELY WITH THE COMMISSION. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

A.N.: 130339
AMD_00219333.0

Amendment No. 1

This Amendment No. 1 (the "Amendment") is entered into as of 6 April 2017 and is effective as of 6 April 2017 ("Effective Date") by and between MSCI ESG Research LLC and BlackRock Fund Advisors ("Licensee") pursuant to the Index License Agreement for Funds (MSCI reference number IXF_00040) dated as of March 18, 2000 (the "U.S. Agreement") by and between MSCI Inc. (as successor to Morgan Stanley Capital International Inc.) and Licensee (as successor to Barclays Global Investors, N.A.); the U.S. Agreement, together with this Amendment, shall constitute the "Agreement".

Capitalized terms used but not defined in this Amendment shall have the meanings ascribed to them in the U.S. Agreement.

*The parties agree that this Amendment is subject to the terms and conditions of the U.S. Agreement, all of which shall be incorporated hereunder, and which shall constitute the whole and standalone Agreement between Licensee and MSCI ESG Research LLC. The parties agree, for the purposes of this Amendment, that MSCI ESG Research LLC shall be deemed to be "MSCI" (as such term is used in the U.S. Agreement) as if it had entered the U.S. Agreement in place of MSCI Inc. For the avoidance of doubt, this Amendment shall not modify any other licenses granted to Licensee pursuant to the U.S. Agreement, or any other amendment to the U.S. Agreement between MSCI Inc. and Licensee.

1. Indexes and Marks:

Exhibit A of the U.S. Agreement is hereby amended to include only the following Indexes and Marks:

- Bloomberg Barclays MSCI US Corporate ESG Focus Index, and
- Bloomberg Barclays MSCI US Corporate 1-5 Year ESG Focus Index.

2. Description of the Funds:

Exhibit B of the U.S. Agreement is hereby amended as follows:

- a. Licensee shall use the Indexes set forth in Section 1 above with respect to the following Licensee Funds (the "ESG ETFs"), which shall each respectively also be a "Fund" as such term is defined in the U.S. Agreement):

- iShares ESG USD Corporate Bond ETF
- iShares ESG 1-5 Year USD Corporate Bond ETF

Or such other name(s) as are agreed by Licensee and MSCI.

- b. The ESG ETFs shall be exchange traded index funds listed on a national securities exchange located in the United States.

- c. Such primary listing(s) must occur within twelve months of the Effective Date of this Amendment. After such twelve month period, Licensee shall obtain MSCI's prior written permission before the primary listing of the Fund(s) on any national securities exchange located in the United States.
- d. The Amendment: (i) does not give Licensee the right to create any futures, options or other derivatives based on any of the Indexes listed in this Amendment, and (ii) does not give Licensee the right to create any futures, options, or other derivatives of the Fund(s) without the prior written consent of MSCI. Notwithstanding the foregoing, Licensee may hold futures, options or other derivative securities as constituent holdings of the Fund(s).
- e. Licensee or any affiliate of Licensee is the asset manager of the Fund(s).

3. License Fees:

The first paragraph of Section 3 of the U.S. Agreement shall be replaced as follows:

- a. Each ***** Licensee shall pay to only MSCI *****:
 - (i) *****
 - (ii) *****

*****, which shall be calculated on a ***** on the last day of the ***** or, in the event of a termination of the Agreement or this Amendment, the effective date of such termination. ***** all license fees applicable to the Fund(s) shall be ****
- b. Licensee shall, with the payment of the relevant ***** License Fees, provide to MSCI a written report that shall include the ***** and ***** License Fees due this Amendment, for the relevant period. The License Fee shall be paid in arrears to MSCI by the ***** and shall be accompanied by a statement from Licensee or its designee stating that such fees are accurate. *****

4. Miscellaneous:

- a. MSCI ESG Research LLC and Barclays Capital Inc. (or its successor, "Bloomberg/Barclays") are parties to an agreement dated as of May 2, 2012 setting forth the licensing for the Indexes and Marks listed above. MSCI ESG Research LLC has full power and authority, including all necessary permissions and authorizations from Bloomberg/Barclays, to grant a license to the Licensee to use the Indexes and Marks listed above. Licensee hereby acknowledges and agrees that for the Indexes, Licensee has provided to MSCI certain specifications, designs, security screens or other instructions from Licensee, such as instructions for controversial weapon exclusion screening (the "Licensee Information"). Licensee represents and warrants that it has all rights, titles, licenses, permissions and approvals necessary to provide the Licensee Information to MSCI or Bloomberg/Barclays for purposes of calculating the Index and that

none of the Licensee Information infringes, violates, trespasses or in any manner contravenes or breaches any patent, copyright, trademark, license or other property or proprietary right or constitutes the unauthorized use or misappropriation of any trade secret of any third party.

- b. Licensee shall refer to an Index only by the name set forth in this Amendment. No use or reference of the Index by Licensee shall imply that the Index is part of the standard family of indexes published by MSCI and/or Bloomberg/Barclays. Further, Licensee agrees not to make any statement or take any action that expresses or implies that MSCI and/or Bloomberg/Barclays approves of, endorses or otherwise expresses any judgment or opinion regarding Licensee or its products or services.
- c. Notwithstanding anything to the contrary (including Section 2 of the U.S. Agreement), the term of this Amendment shall commence on the Effective Date set forth above and shall continue for 3 years (the "Initial Term"), unless earlier terminated as provided herein or in the U.S. Agreement. Thereafter, this Amendment shall renew for successive one-year periods (each, a "Renewal Term") unless either party provides written notice to the other of its intent not to renew at least ninety (90) days prior to the end of the then-current Term (the Initial Term and Renewal Term(s), if any, shall be referred to as the "Term" herein). For the avoidance of doubt, this Amendment shall automatically terminate if the U.S. Agreement terminates or expires for any reason.
- d. Licensee agrees that the audit requirements under Section 3 of the U.S. Agreement also include a right of audit with respect to Licensee's compliance with this Amendment, subject to MSCI complying with any confidentiality obligations set forth in the U.S. Agreement and any applicable regulatory obligations provided to MSCI in advance in writing, and provided that any such audit does not access any Confidential Information that would cause the Licensee to breach any contractual obligation of confidentiality it owes to its clients.
- e. In addition to the rights granted to MSCI in Section 4(c) of the U.S. Agreement and subject to the same notice requirements detailed therein, Licensee hereby acknowledges and agrees that MSCI and/or Bloomberg/Barclays may, and MSCI and/or Bloomberg/Barclays reserve the right in their discretion to, make changes in the titles, names, format, organization or content of the underlying parent index, including without limitation amending, enhancing or replacing index methodologies or index naming conventions governing the underlying parent index as well as any applicable security level attributes related to such underlying parent index.
- f. Licensee acknowledges and agrees that the Indexes, the Marks, and all intellectual property rights in respect thereof are the property of MSCI and/or Bloomberg/Barclays, their affiliates and information providers (as applicable), and that the use granted hereunder shall not be construed to vest in Licensee any rights except as expressly authorized herein. Licensee further acknowledges and agrees that Marks shall include Bloomberg/Barclays trade name, trademark and service mark rights (including Index names and other Bloomberg/Barclays marks referred to herein) and that Bloomberg/Barclays is entitled to the same rights and protections that MSCI is afforded under the U.S. Agreement, including Sections 6 through 9 of the U.S. Agreement.
- g. The disclaimer under Section 10(b) shall be replaced as follows in respect of the Funds only:

THIS FUND IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY MSCI ESG RESEARCH LLC ("MSCI ESG RESEARCH"), BLOOMBERG INDEX SERVICES LIMITED ("BLOOMBERG"), OR BARCLAYS BANK PLC ("BARCLAYS"), ANY OF THEIR AFFILIATES, ANY OF THEIR INFORMATION PROVIDERS OR ANY OTHER THIRD PARTY (COLLECTIVELY, THE "INDEX PARTIES") INVOLVED IN, OR RELATED TO, COMPILING, COMPUTING OR CREATING ANY BLOOMBERG BARCLAYS MSCI ESG INDEX (EACH, AN "INDEX"). THE INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI ESG RESEARCH

AND BLOOMBERG (AND THEIR LICENSORS). "BLOOMBERG", "BARCLAYS", "MSCI ESG RESEARCH", AND THE INDEX NAMES, ARE RESPECTIVE TRADE AND/OR SERVICE MARK(S) OF BLOOMBERG, BARCLAYS, MSCI ESG RESEARCH, OR THEIR AFFILIATES AND HAVE BEEN LICENSED FOR USE FOR CERTAIN PURPOSES BY [LICENSEE]. NONE OF THE INDEX PARTIES MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE ISSUER OR OWNERS OF THIS FUND OR ANY OTHER PERSON OR ENTITY REGARDING THE ADVISABILITY OF INVESTING IN FUNDS GENERALLY OR IN THIS FUND PARTICULARLY OR THE ABILITY OF ANY MSCI INDEX TO TRACK CORRESPONDING STOCK MARKET PERFORMANCE. MSCI ESG RESEARCH, BLOOMBERG, BARCLAYS, OR THEIR AFFILIATES ARE THE LICENSORS OF CERTAIN TRADEMARKS, SERVICE MARKS AND TRADE NAMES AND OF THE MSCI INDEXES WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY BLOOMBERG AND/OR MSCI ESG RESEARCH WITHOUT REGARD TO THIS FUND OR THE ISSUER OR OWNERS OF THIS FUND OR ANY OTHER PERSON OR ENTITY. NONE OF THE INDEX PARTIES HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ISSUER OR OWNERS OF THIS FUND OR ANY OTHER PERSON OR ENTITY INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE INDEXES. NONE OF THE INDEX PARTIES IS RESPONSIBLE FOR OR HAS PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES AT, OR QUANTITIES OF THIS FUND TO BE ISSUED OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY OR THE CONSIDERATION INTO WHICH THIS FUND IS REDEEMABLE. FURTHER, NONE OF THE INDEX PARTIES HAS ANY OBLIGATION OR LIABILITY TO THE ISSUER OR OWNERS OF THIS FUND OR ANY OTHER PERSON OR ENTITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR OFFERING OF THIS FUND.

ALTHOUGH THE INDEX PARTIES SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE INDEXES FROM SOURCES CONSIDERED RELIABLE, NONE OF THE INDEX PARTIES WARRANTS OR GUARANTEES THE ORIGINALITY, ACCURACY AND/OR THE COMPLETENESS OF ANY INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE INDEX PARTIES MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE ISSUER OF THE FUND, OWNERS OF THE FUND, OR ANY OTHER PERSON OR ENTITY, FROM THE USE OF ANY INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE INDEX PARTIES SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS OF OR IN CONNECTION WITH ANY INDEX OR ANY DATA INCLUDED THEREIN. FURTHER, NONE OF THE INDEX PARTIES MAKES ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, AND THE INDEX PARTIES HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO EACH INDEX AND ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL ANY OF THE INDEX PARTIES HAVE ANY LIABILITY FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR ANY OTHER DAMAGES (INCLUDING LOST PROFITS) EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI ESG Research, Bloomberg or Barclays trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI ESG Research to determine whether permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI ESG Research, Bloomberg or Barclays without prior written permission.

- h. The disclaimer required under Section 10(c) shall be replaced as follows in respect of the Funds only:

The funds or securities referred to herein are not sponsored, endorsed, or promoted by MSCI ESG Research, Bloomberg or Barclays, and MSCI ESG Research, Bloomberg and Barclays bear no liability with respect to any such funds or securities or any index on which such funds or securities are based. The [Prospectus] contains a more detailed description of the limited relationship MSCI ESG Research, Bloomberg and Barclays have with [Licensee] and any related funds.

- i. Licensee hereby acknowledges and agrees that Bloomberg/Barclays is considered a third party beneficiary of this Agreement.
- j. Notwithstanding any other provision in this Agreement, the Licensee shall not be required to pay twice for the same loss under this Agreement.
- k. With respect to this Amendment only, the indemnification provision under Section 11(a) of the U.S. Agreement shall be deleted in its entirety and replaced as follows:

“(a) Licensee shall indemnify, defend and hold harmless MSCI and its parent, subsidiaries, affiliates, Bloomberg/Barclays and its parent, subsidiaries and affiliates, and their officers, directors, employees and agents (each, an “Indemnitee”) against any and all judgments, damages, costs or losses of any kind (including reasonable attorney’s and experts’ fees) as a result of claims or actions brought by third parties against any Indemnitee which arise from any act or omission of Licensee which constitutes a breach of this Agreement or is in any manner related to the Funds (except with respect to any claim or action alleging that Licensee’s or Funds’ use of the Indexes and Marks violates or infringes any trademark, service mark, copyright or other proprietary right of any person not a party to this Agreement); provided, however, that (i) MSCI notifies Licensee promptly of any such claim or action, and (ii) Licensee shall have no liability to an Indemnitee if such judgments, damages, costs or losses are attributable to any breach of the Agreement, negligent act or omission by any Indemnitee with respect to this Agreement. Licensee shall bear all expenses in connection with the defense and/or settlement of any such claim or action. MSCI shall have the right, at its own expense, to participate in the defense of any claim or action against which an Indemnitee is indemnified hereunder; provided, however, it shall have no right to control the defense, consent to judgment, or agree to settle any claim or action, without the written consent of Licensee. Licensee, in the defense of any such claim, except with the written consent of MSCI, shall not consent to entry of any judgment or enter into any settlement which (i) does not include, as an unconditional term, the grant by the claimant to each relevant Indemnitee of a release of all liabilities in respect of such claims or (ii) otherwise adversely affects the rights of an Indemnitee. This provision shall survive the termination of this Agreement.”

- l. MSCI and/or Bloomberg/Barclays may collect data generated as a result of use of the Indexes by Licensee provided and/or made available to MSCI and/or Bloomberg/Barclays as a result of the Agreement and/or concerning Licensee usage of the Indexes and Licensee acknowledges and hereby agrees that MSCI and/or Bloomberg/Barclays may use such data, including Licensee’s contact and delivery information to: (i) allow for delivery of the Indexes to Licensee and for reporting purposes between MSCI and/or Bloomberg/Barclays; (ii) enable MSCI and/or Bloomberg/Barclays to better tailor products to meet its customers’ particular requirements; (iii) improve the Indexes; and (iv) provided always that such data has been anonymized, for any other purpose.
- m. The “Notice” addresses under Section 13 shall be replaced as follows:

Notice to MSCI: MSCI ESG Research LLC
7 World Trade Center
250 Greenwich Street, 49th Floor
New York, NY 10017, USA

Attn: MSCI Finance Department
Fax: 212-809-1213

with a copy to (which shall not constitute notice hereunder):

MSCI ESG Research LLC
7 World Trade Center
250 Greenwich Street, 49th Floor
New York, NY 10017, USA
Attn: General Counsel
Fax: 212-804-2906

Notice to Licensee: BlackRock Fund Advisors

400 Howard Street
San Francisco, CA 94105
Attn: U.S. Legal and Compliance Group
Fax: (415) 618-1025

with a copy to (which shall not constitute notice hereunder):

BlackRock Fund Advisors
55 East 52nd Street
New York, NY 10055
Attn: U.S. Legal and Compliance Group

The parties agree that this Amendment forms an integral part of, and is subject to all the terms and conditions of the Agreement.

| | |
|---------------------------|--------------------------|
| MSCI ESG Research LLC | BlackRock Fund Advisors |
| By: /s/ Alex Gil | By: /s/ Diane Lumley |
| Name: Alex Gil | Name: Diane Lumley |
| Title: Executive Director | Title: Managing Director |

CONFIDENTIAL TREATMENT REQUESTED. ***** INDICATES OMITTED MATERIAL THAT IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST FILED SEPARATELY WITH THE COMMISSION. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

AMD_00223000.0

THIS AMENDMENT (this "Amendment") dated as of April 12, 2017 (the "Amendment Effective Date") is made to the Second Schedule (as defined below) by and between MSCI Inc. (formerly known as Morgan Stanley Capital International Inc.) ("MSCI") and BlackRock Fund Advisors, a California corporation (as successor to Barclays Global Investors, N.A.) ("Licensee"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Schedule.

WHEREAS, MSCI and Licensee entered into the Index License Agreement for Funds (internal MSCI reference number: IXF_00040) dated as of March 18, 2000 (the "Agreement");

WHEREAS, MSCI and Licensee entered into the Amendment (internal MSCI reference AMD_00208956.0) dated August 1, 2016 (the "Amendment #1") to the Agreement in order to license the use of the MSCI All Argentina 25/50 Index as the basis of the *****;

WHEREAS, MSCI and Licensee entered into the Amendment (internal MSCI reference AMD_00216935.0) dated December 8, 2016 (the "Amendment #2") to Amendment #1*****;

WHEREAS, MSCI and Licensee now wish*****

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, each of MSCI and Licensee hereby agree to amend the Schedule as follows:

1. Commencing on the Amendment Effective Date, the Schedule is hereby amended so that *****
2. This Amendment amends and operates in conjunction with the Schedule. This Amendment, Amendment #1, Amendment #2 and the Agreement constitute the complete and exclusive statement of the agreement between the parties with respect to the subject matter hereof and supersede in full all prior proposals and understandings, oral or written, relating to such subject matter. To the extent that the terms of this Amendment conflict with the terms of Amendment #1, Amendment #2 or the Agreement, the terms of this Amendment shall control.
3. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.
4. This Amendment may be executed in counterparts, which taken together, shall constitute one Amendment and each party hereto may execute this Amendment by signing such counterpart; provided that no party shall be bound hereby until the Amendment has been executed and delivered by all parties hereto. A facsimile or PDF signature of either party to this Amendment shall be deemed an original signature of such party and shall manifest such party's intention to be bound by this Amendment.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the Amendment Effective Date set forth above.

| | |
|-------------------------------|----------------------------------|
| MSCI Inc. | BlackRock Fund Advisors |
| By /s/ Joke Jacinto | By /s/ Diane Lumley |
| _____ Name Joke Jacinto | _____ Name Diane Lumley |
| _____ Title Vice President | _____ Title Managing Director |

CONFIDENTIAL TREATMENT REQUESTED. ***** INDICATES OMITTED MATERIAL THAT IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST FILED SEPARATELY WITH THE COMMISSION. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

A.N.: 130339
AMD_00223459.0

AMENDMENT

Date of Amendment: May 26, 2017

AMENDMENT (this "Amendment") to the Index License Agreement for Funds (MSCI reference number IXF_00040) dated as of March 18, 2000 (as previously amended, the "Agreement") is made by and between MSCI Inc. (formerly known as Morgan Stanley Capital International Inc.) ("MSCI") and BlackRock Fund Advisors, a California corporation (as successor to Barclays Global Investors, N.A.) ("Licensee"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement.

WHEREAS, pursuant to the Agreement (including an Amendment thereto (internal MSCI reference AMD_10028) dated December 6, 2007), MSCI licensed the use of the Original Indexes (as defined below) as the basis of the Funds identified below;

WHEREAS, on a date which is expected to occur on or about ***** (the "Conversion Date"), Licensee wishes to replace each of the Original Indexes with the Replacement Indexes (as defined below) as the basis of the Funds identified below; and

WHEREAS, effective as of the Conversion Date, MSCI and Licensee wish to amend the Agreement to replace each of the Original Indexes with the corresponding Replacement Indexes as the basis of the Funds identified below.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants set forth herein, MSCI and Licensee hereby agree as follows:

1. Effective as of the Conversion Date, Exhibit A of the Agreement shall be amended to add the following Indexes (the "Replacement Indexes"):

- MSCI Canada Custom Capped Index
- MSCI Netherlands IMI 25/50 Index
- MSCI South Africa 25/50 Index

or such other indexes as agreed by Licensee and MSCI in writing.

Effective as of the Conversion Date, Exhibit A of the Agreement shall be amended to delete the following Indexes (the "Original Indexes"):

- MSCI Canada Index
- MSCI Netherlands IMI Index
- MSCI South Africa Index

After the Conversion Date, Licensee shall provide MSCI with prompt written notice of the date on which the Conversion Date occurred.

2. Licensee may use the Index set forth in Section 1 above solely with respect to the following Licensee funds, each of which shall be a "Fund" as such term is defined in the Agreement:

- iShares MSCI Canada ETF
- iShares MSCI Netherlands ETF

• iShares MSCI South Africa ETF

or such other names as agreed by Licensee and MSCI in writing.

The Funds shall be exchange traded index funds listed on a national securities exchange located in the United States.

3. Licensee shall pay MSCI a ***** license fee based on ***** which fee shall be calculated and payable on a *****. The ***** license fee shall be calculated as follows: ***** be ***** as

| | |
|-------|-------|
| ***** | ***** |
| ***** | ***** |
| ***** | ***** |
| ***** | ***** |
| ***** | ***** |
| ***** | ***** |
| ***** | ***** |

For the avoidance of doubt, the ***** license fees shall be calculated ***** For example, *****

“Expense Ratio” shall mean the ***** when dividing *****

Notwithstanding anything to the contrary contained herein, if during any relevant period any Fund ***** or if any Fund’s ***** or if any Fund has ***** the ***** license fee for such Fund shall *****

4. Special Conditions:

- a. To the extent that this Amendment conflicts with the Agreement, this Amendment shall control. No right or license of any kind is granted to Licensee except as expressly provided in the Agreement and this Amendment.
- b. MSCI may terminate this Amendment with respect to any Index set forth in Section 1 if, within one (1) year of the date of this Amendment, Licensee does not use the applicable Replacement Index for the relevant Fund.

- c. If Licensee delists any Fund or changes the underlying Index for any Fund, Licensee's right to use the relevant Index set forth in Section 1 with respect to such Fund shall automatically and immediately terminate.
- d. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.

ACKNOWLEDGED AND AGREED

LICENSEE: BlackRock Fund Advisors

By /s/ Diane Lumley

Name Diane Lumley

Title Managing Director

Date 5-26-17

MSCI Inc.

By /s/ Alex Gil

Name Alex Gil

Title Executive Director

Date May 31, 2017

CONFIDENTIAL TREATMENT REQUESTED. ***** INDICATES OMITTED MATERIAL THAT IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST FILED SEPARATELY WITH THE COMMISSION. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

AMD_00226208.0

THIS AMENDMENT (this "Amendment") dated as of September 1, 2017 (the "Amendment Effective Date") is made to the Previous Amendment and the ***** Amendment (each as defined below) by and between MSCI Inc. (formerly known as Morgan Stanley Capital International Inc.) ("MSCI") and BlackRock Fund Advisors, a California corporation (as successor to Barclays Global Investors, N.A.) ("Licensee"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Previous Amendment or the ***** Amendment, as the case may be.

WHEREAS, MSCI and Licensee entered into the Amendment (internal MSCI reference number: AMD_00163614.0) dated February 25, 2015 (the "Previous Amendment"), which amends the Index License Agreement for Funds (internal MSCI reference number: IXF_00040) dated as of March 18, 2000 (the "Agreement") by and between MSCI and Licensee; and

WHEREAS, MSCI and Licensee entered into the Amendment (internal MSCI reference number: AMD_00191087.0) dated May 4, 2016 (the "***** Amendment"), which also amends and operates in conjunction with the Previous Amendment; and

WHEREAS, on a date which is expected to occur on or about November 30, 2017 (the "*****"), Licensee and MSCI wish to (i) ***** and (ii) *****.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, each of MSCI and Licensee hereby agree to amend the Previous Amendment and the ***** Amendment as follows:

1. *****
2. *****
3. This Amendment amends and operates in conjunction with the Previous Amendment and the ***** Amendment. This Amendment, the Previous Amendment, the ***** Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties with respect to the subject matter hereof and supersede in full all prior proposals and understandings, oral or written, relating to such subject matter. To the extent that the terms of this Amendment conflict with the terms of the Previous Amendment, the ***** Amendment or the Agreement, the terms of this Amendment shall control.
4. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.
5. This Amendment may be executed in counterparts, which taken together, shall constitute one Amendment and each party hereto may execute this Amendment by signing such counterpart; provided that no party shall be bound hereby until the Amendment has been executed and delivered by all parties hereto. A facsimile or PDF signature of either party to this Amendment shall be deemed an original signature of such party and shall manifest such party's intention to be bound by this Amendment.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the Amendment Effective Date set forth above.

| | |
|--------------------------------|-------------------------------|
| MSCI Inc. | BlackRock Fund Advisors |
| By /s/ Alex Gil | By /s/ Diane Lumley |
| <hr/> Name Alex Gil | <hr/> Name Diane Lumley |
| <hr/> Title Executive Director | <hr/> Title Managing Director |

CONFIDENTIAL TREATMENT REQUESTED. ***** INDICATES OMITTED MATERIAL THAT IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST FILED SEPARATELY WITH THE COMMISSION. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

A.N.: 130339
AMD_ 00232062.0

AMENDMENT

Date of Amendment: October 1, 2017

AMENDMENT to the Index License Agreement for Funds (internal MSCI reference IXF_00040) dated as of March 18, 2000 (the "Agreement") by and between MSCI Inc. (formerly known as Morgan Stanley Capital International Inc.) ("MSCI") and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.) ("Licensee"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement.

WHEREAS, pursuant to the terms of the Amendment (***** between MSCI and Licensee dated ***** (the "Previous Amendment"), MSCI granted Licensee the right to use the MSCI index identified below as the basis for the Licensee Fund identified below:

- *****

WHEREAS, pursuant to the terms of the Amendment (***** between MSCI and Licensee dated ***** (the "Amendment"), MSCI and Licensee mutually agreed to change the name of such Licensee Fund to the following:

- *****

(The term "Fund" as used herein shall have the meaning ascribed to it in the Previous Amendment.)

WHEREAS, the parties wish to further amend the Agreement to allow for the cross-listing of the Licensee Funds identified above, as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

- 1.Exhibit B of the Agreement is hereby amended to allow the Licensee Fund identified above to be listed and traded on the Mexican Stock Exchange (Bolsa Mexicana de Valores) (herein referred to as the "Mexican Listed Fund") after such listing in accordance with applicable Mexican securities law. All other terms and restrictions contained in Exhibit B of the Agreement shall apply to the Mexican Listed Fund. For the avoidance of doubt, the ***** set forth in *****
2. This Amendment is intended to amend and operate in conjunction with the Agreement and together this Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties and supersede in full all prior proposals and understandings, oral or written, relating to the subject matter hereof. To the extent that any terms of this Amendment conflict with any terms of the Agreement, the terms of this Amendment shall control. No right or license of any kind is granted to Licensee except as expressly provided in the Agreement and this Amendment.

3. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.

LICENSEE: BlackRock Fund Advisors

MSCI Inc.

By /s/ Ruth Weiss

By /s/ Alex Gil

Name Ruth Weiss

Name Alex Gil

Title Managing Director

Title Executive Director

CONFIDENTIAL TREATMENT REQUESTED. ***** INDICATES OMITTED MATERIAL THAT IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST FILED SEPARATELY WITH THE COMMISSION. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

AMD_00232679.0

THIS AMENDMENT (this "Amendment") dated as of October 1, 2017 (the "Amendment Effective Date") is made to the Previous Amendment (as defined below) by and between MSCI Inc. (formerly known as Morgan Stanley Capital International Inc.) ("MSCI") and BlackRock Fund Advisors, a California corporation (as successor to Barclays Global Investors, N.A.) ("Licensee"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Previous Amendment.

WHEREAS, MSCI and Licensee entered into the Amendment (internal MSCI reference number: AMD_00133694.0) dated July 16, 2014 (the "Previous Amendment"), which amends the Index License Agreement for Funds (internal MSCI reference number: IXF_00040) dated as of March 18, 2000 (the "Agreement") by and between MSCI and Licensee; and

WHEREAS, on a date which is expected to occur on or about ***** Licensee and MSCI wish to *****

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, each of MSCI and Licensee hereby agree to amend the Previous Amendment as follows:

1. *****
2. This Amendment amends and operates in conjunction with the Previous Amendment. This Amendment, the Previous Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties with respect to the subject matter hereof and supersede in full all prior proposals and understandings, oral or written, relating to such subject matter. To the extent that the terms of this Amendment conflict with the terms of the Previous Amendment or the Agreement, the terms of this Amendment shall control.
3. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.
4. This Amendment may be executed in counterparts, which taken together, shall constitute one Amendment and each party hereto may execute this Amendment by signing such counterpart; provided that no party shall be bound hereby until the Amendment has been executed and delivered by all parties hereto. A facsimile or PDF signature of either party to this Amendment shall be deemed an original signature of such party and shall manifest such party's intention to be bound by this Amendment.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the Amendment Effective Date set forth above.

| | |
|-----------------------------------|----------------------------------|
| MSCI Inc. | BlackRock Fund Advisors |
| By /s/ Alex Gil | By /s/ Ruth Weiss |
| _____ Name Alex Gil | _____ Name Ruth Weiss |
| _____ Title Executive Director | _____ Title Managing Director |

CONFIDENTIAL TREATMENT REQUESTED. ***** INDICATES OMITTED MATERIAL THAT IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST FILED SEPARATELY WITH THE COMMISSION. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

A.N.: 130339
AMD_00235248.0

AMENDMENT

Date of Amendment: November 1, 2017

AMENDMENT (this "Amendment") to the Index License Agreement for Funds (MSCI reference number IXF_00040) dated as of March 18, 2000 (as previously amended, the "Agreement") is made by and between MSCI Inc. (formerly known as Morgan Stanley Capital International Inc.) ("MSCI") and BlackRock Fund Advisors, a California corporation (as successor to Barclays Global Investors, N.A.) ("Licensee"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement.

1. Exhibit A of the Agreement is hereby amended to add the following Index:

- MSCI USA Small Cap Extended ESG Focus Index

Or such other indexes as agreed by Licensee and MSCI in writing.

2. Licensee may use the Index set forth in Section 1 above solely with respect to the following Licensee fund (each, a "Fund" as such term is defined in the Agreement):

- iShares MSCI USA Small-Cap ESG Optimized ETF

or such other names as agreed by Licensee and MSCI in writing.

The Fund identified above shall be an exchange traded index fund listed on a national securities exchange located in the United States.

3. Licensee shall pay MSCI a ***** license fee based on ***** which fee shall be calculated and payable on a *****. The ***** license fee shall be ***** be calculated ***** as follows:

| | |
|-------|-------|
| ***** | ***** |
| ***** | ***** |
| ***** | ***** |
| ***** | ***** |
| ***** | ***** |
| ***** | ***** |

For the avoidance of doubt, the ***** license fees shall be calculated ***** For example, *****

"Expense Ratio" shall mean the ***** when dividing *****

Notwithstanding anything to the contrary contained herein, if during any relevant period the Fund ***** or if the Fund's ***** or if the Fund has an
*****, the ***** licensee fee for the Fund shall *****.

4. Special Conditions:

- a. To the extent that this Amendment conflicts with the Agreement, this Amendment shall control. No right or license of any kind is granted to Licensee except as expressly provided in the Agreement and this Amendment.
- b. MSCI may terminate this Amendment with respect to the Index set forth in Section 1 if, within one (1) year of the date of this Amendment, Licensee does not list the Fund that is based on such Index.
- c. If Licensee delists the Fund identified above or changes the underlying Index for such Fund, Licensee's right to use the relevant Index set forth in Section 1 with respect to such Fund shall automatically and immediately terminate.
- d. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.

ACKNOWLEDGED AND AGREED

BlackRock Fund Advisors
 By /s/ Ruth Weiss

 Name Ruth Weiss

 Title Managing Director

 Date 12-4-17

MSCI Inc.
 By /s/ Alex Gil

 Name Alex Gil

 Title Executive Director

 Date Dec 5, 2017

**2018 AWARD AGREEMENT
FOR RESTRICTED STOCK UNITS
FOR MANAGING DIRECTORS
UNDER THE MSCI INC. 2016 OMNIBUS INCENTIVE PLAN**

MSCI Inc. (“**MSCI**,” together with its Subsidiaries, the “**Company**”) hereby grants to you Restricted Stock Units (“**RSUs**”) as described below. The awards are being granted under the MSCI Inc. 2016 Omnibus Incentive Plan (as may be amended from time to time, the “**Plan**”).

Participant: [Name]
Number of RSUs Granted: [•] RSUs
Grant Date: [•] (the “**Grant Date**”)
Vesting Schedule: [•]

Your RSUs may be subject to forfeiture or recoupment if you terminate employment with the Company, or fail to affirmatively accept the terms of this Award Agreement, including the Restrictive Covenants set forth in [Exhibit B](#), by [•] or do not comply with the notice requirements, as set forth in the Plan and this Restricted Stock Unit Award Agreement (including [Exhibit A](#), [Exhibit B](#) and [Exhibit C](#) attached hereto, this “**Award Agreement**”). [As of the Grant Date, you are Full Career Retirement eligible (as defined in [Exhibit A](#) attached hereto), subject to the terms of this Award Agreement.]

You agree that this Award Agreement is granted under the Plan and governed by the terms and conditions of the Plan and [Exhibit A](#), [Exhibit B](#) and [Exhibit C](#) attached hereto. RSUs granted to you pursuant to this Award Agreement and any Shares issued in settlement or satisfaction thereof may be subject to the MSCI Inc. Clawback Policy and any stock ownership guidelines of MSCI, as may be in effect from time to time, if on or after the Grant Date you are or become an executive officer of MSCI. You will be able to access a prospectus and tax supplement that contains important information about this award via the MSCI website or your brokerage account. Unless defined in this Award Agreement, capitalized terms shall have the meanings ascribed to them in the Plan.

IN WITNESS WHEREOF, MSCI has duly executed and delivered this Award Agreement as of the Grant Date.

MSCI Inc.

Name: Scott Crum
Title: Chief Human Resources Officer

TERMS AND CONDITIONS
OF THE 2018 RESTRICTED STOCK UNIT AWARD AGREEMENT

Section 1. **RSUs Generally.** MSCI has awarded you RSUs as an incentive for you to continue to provide services to the Company and to align your interests with those of the Company. As such, you will earn your RSUs only if you remain in continuous employment with the Company through the applicable Vesting Dates, or as otherwise set forth below. Each RSU corresponds to one share of MSCI common stock, par value \$0.01 per share (each, a “Share”). Each RSU constitutes a contingent and unsecured promise by MSCI to deliver one Share on the conversion date for such RSU.

Section 2. **Vesting, Conversion and HSR Act.**

(a) **Vesting.** Your RSUs shall vest [\bullet] (each, a “Vesting Date”); provided that, subject to Section 4 and Section 5, you continue to be employed by the Company on each such Vesting Date; provided, further, that you have complied with all applicable provisions of the HSR Act.

(b) **Conversion.** Vested RSUs shall convert into Shares on the Vesting Date or as soon as reasonably practicable, but in no event later than 30 days thereafter.

(c) **HSR Act.** If unvested RSUs would have vested pursuant to this Section 2, Section 4 or Section 5(b), but did not vest solely because you were not in compliance with all applicable provisions of the HSR Act, subject to Section 409A, the vesting date for such RSUs shall occur on the first date following the date on which you have complied with all applicable provisions of the HSR Act.

Section 3. **Dividend Equivalent Payments.** Until your RSUs convert to Shares, if MSCI pays a dividend on Shares, you will be entitled to a dividend equivalent payment in the same amount as the dividend you would have received if you held Shares for your vested and unvested RSUs immediately prior to the record date. No dividend equivalents will be paid to you with respect to any canceled or forfeited RSUs. MSCI will decide on the form of payment and may pay dividend equivalents in Shares, in cash or in a combination thereof, unless otherwise provided in Exhibit C. MSCI will pay the dividend equivalent when it pays the corresponding dividend on its common stock or on the next regularly scheduled payroll date. The gross amount of any dividend equivalents paid to you with respect to RSUs that do not vest and convert to Shares shall be subject to potential recoupment or payback (such recoupment or payback of dividend equivalents, the “Clawback”) following the cancellation or forfeiture of the underlying RSUs. You consent to the Company’s implementation and enforcement of the Clawback and expressly agree that MSCI may take such actions as are necessary to effectuate the Clawback consistent with applicable law. If, within a reasonable period, you do not tender repayment of the dividend equivalents in response to demand for repayment, MSCI may seek a court order against you or take any other actions as are necessary to effectuate the Clawback.

Section 4. **Termination of Employment.** Upon termination of employment with the Company prior to a Vesting Date pursuant to this Section 4, the following special vesting and payment terms will apply to your unvested RSUs:

(a) **Termination of Employment Due to Death or Disability.** If your employment with the Company terminates due to death or Disability, your RSUs will immediately vest and convert into Shares on the date of termination of your employment or within 30 days thereafter. Such Shares shall be delivered to the beneficiary(ies) you have designated pursuant to Section 10 or the legal representative of your estate, as applicable.

(b) *Involuntary Termination of Employment by the Company Prior to Full Career Retirement Eligibility.* In the event of an involuntary termination of your employment by the Company without Cause prior to Full Career Retirement eligibility, provided that you execute and do not revoke an agreement and release of claims satisfactory to the Company within 60 days following termination of your employment, your RSUs will vest and convert into Shares within 60 days following such termination. If such 60-day period begins in one taxable year and ends in a subsequent taxable year, such vesting and conversion shall occur in the second taxable year.]

(c) *Involuntary Termination of Employment by the Company [Following Full Career Retirement Eligibility].* In the event of an involuntary termination of your employment by the Company without Cause following Full Career Retirement eligibility, provided that you execute and do not revoke an agreement and release of claims satisfactory to the Company within 60 days following termination of your employment, your RSUs will vest and convert into Shares at any time, in the discretion of the Committee, during the period commencing on (i) January 1 of the year following the year of termination and (ii) ending on the one-year anniversary of your termination of employment (or, if earlier, 15 days following the expiration of the Delay Period) (such period, the “**Settlement Period**”); *provided, however,* that in no event will your RSUs vest and convert into Shares at any time before January 1 of the year following the year of termination.

(d) *Full Career Retirement.* If your employment with the Company terminates due to Full Career Retirement, your RSUs will vest and convert into Shares at any time, in the discretion of the Committee, during the Settlement Period; *provided, however,* that in no event will your RSUs vest and convert into Shares at any time before January 1 of the year following the year of termination.

(e) *Governmental Service Termination.* If your employment with the Company terminates in a Governmental Service Termination, to the extent permitted under Section 409A, your RSUs will vest and convert into Shares on the date of such termination or within 60 days thereafter.

(f) *Other Resignations from Employment.* All other resignations from employment must comply with the Notice Requirements.

(i) If you resign from your employment with the Company under circumstances which are not in accordance with the provisions above in this Section 4, you will forfeit any RSUs that have not vested as of your last day of employment with the Company; and

(ii) If, prior to a Vesting Date, you give MSCI notice of your intention to resign from your employment with the Company as of a date following such Vesting Date, your RSUs will vest and settle in accordance with Section 2; *provided, however,* that if you do not subsequently comply with the Notice Requirements, the Committee may, in its discretion, require that the gross cash value of the RSUs delivered to you in accordance with this Section 4(f)(ii) be subject to recoupment or payback.

For the avoidance of doubt, (A) revocation of a notice of intention to resign may, in the Company’s sole discretion or if required to comply with Section 409A, be deemed to be noncompliant with the Notice Requirements and, in connection with such revocation, your RSUs may be forfeited and (B) if, after you have given notice of your intention to resign or retire, as applicable, from your employment with the Company, the Company involuntarily terminates your employment without Cause prior to the expiration of your notice period, your outstanding RSUs will be treated in accordance with Sections 4(b) [or 4(c), as applicable].

Notwithstanding anything to the contrary contained herein, the unvested RSUs shall only vest pursuant to this Section 4 provided that you have complied with all applicable provisions of the HSR Act.

Section 5. Change in Control.

(a) *General.* In the event of a Change in Control, the Committee, in its sole discretion, may provide for (i) the continuation or assumption of your outstanding RSUs under the Plan by the Company (if it is the surviving corporation) or by the surviving corporation or its parent, in which case your RSUs will continue to be subject to the terms of this Award Agreement, or (ii) the lapse of restrictions relating to and the settlement of your outstanding RSUs immediately prior to such Change in Control in the event a buyer will not continue or assume the RSUs. Following a Change in Control in which your outstanding RSUs are continued or assumed pursuant to clause (i) above, such RSUs may be settled in cash, Shares or a combination thereof.

(b) *Qualifying Termination.* In the event of a Qualifying Termination (as defined below), your RSUs will vest and convert into Shares within 60 days following such Qualifying Termination. If such 60-day period begins in one taxable year and ends in a subsequent taxable year, such vesting and conversion shall occur in the second taxable year. “**Qualifying Termination**” means a termination of employment by the Company without Cause or by you for Good Reason (which shall be deemed an involuntary termination of employment by the Company without Cause), in each case within 24 months following the effective date of the Change in Control in which the RSUs are continued or assumed. Notwithstanding anything to the contrary contained herein, the unvested RSUs shall only vest pursuant to this Section 5(b) provided that you have complied with all applicable provisions of the HSR Act.

Section 6. **Restrictive Covenants.** In consideration of the grant of RSUs under this Award Agreement, and in consideration for all other awards granted by the Company to you under the Plan, you agree to be bound by, and to comply with, the restrictive covenants set forth in Exhibit B to this Award Agreement (collectively, the “**Restrictive Covenants**”). In the event you violate any of the Restrictive Covenants (a) prior to or on any applicable Vesting Date, you will forfeit the RSUs outstanding as of the date of such violation or (b) after the final Vesting Date, but prior to or on the expiry date of the Restrictive Covenants (as set forth in Exhibit B to this Award Agreement), you will promptly deliver to the Company all Shares acquired upon conversion of the RSUs (or, to the extent you no longer hold such Shares, you will pay to the Company an amount on a gross basis equal to the Fair Market Value of any such Shares on the date the Shares were delivered to you). You may be required to provide MSCI with a written certification or other evidence that it deems appropriate, in its sole discretion, to confirm that you have not violated any of the Restrictive Covenants.

Section 7. **Cancellation of Awards.** Notwithstanding any other terms of this Award Agreement, your RSUs will be canceled prior to conversion in the event of any Cancellation Event. You may be required to provide MSCI with a written certification or other evidence that it deems appropriate, in its sole discretion, to confirm that no Cancellation Event has occurred. If you fail to submit a timely certification or evidence, MSCI will cancel your award. Except as explicitly provided in Section 4, upon a termination of your employment by you or by the Company for any reason, any of your RSUs that have not vested pursuant to Section 2 as of the date of your termination of employment with the Company will be canceled and forfeited in full as of such date.

Section 8. **Tax and Other Withholding Obligations.** Pursuant to Section 15(d) of the Plan and the rules and procedures that the Committee may establish from time to time, tax or other withholding obligations arising upon vesting and conversion (as applicable) of your RSUs may be satisfied, in the Committee’s sole discretion, by having MSCI withhold Shares, tendering Shares or by having MSCI withhold cash if MSCI provides for a cash withholding option, in each case in an amount necessary to satisfy the tax or other withholding obligations. Shares withheld or tendered will be valued using the Fair Market Value of the Shares on the date your RSUs convert. In order to comply with applicable accounting standards or the Company’s policies in effect from time to time, the Committee may limit the amount of Shares that you may have withheld or that you may tender. You acknowledge that, if you are subject to Tax-Related Items (as defined below) in more than one jurisdiction, the Company (including any former employer) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Section 9. **Nontransferability.** You may not sell, pledge, hypothecate, assign or otherwise transfer your RSUs, other than as provided in Section 10 or by will or the laws of descent and distribution or otherwise as provided for by the Committee.

Section 10. Designation of a Beneficiary. Any designation of a beneficiary or beneficiaries to receive all or part of the Shares to be paid under this Award Agreement in the event of your death will be governed by local law. To make a beneficiary designation, you must coordinate with your personal tax or estate planning representative. Any Shares that become payable upon your death will be distributed to your estate in accordance with local law rules. If there is any question as to the legal right of any beneficiary(ies) to receive Shares under this award, MSCI may determine in its sole discretion to deliver the Shares in question to your estate. MSCI's determination shall be binding and conclusive on all persons, and it will have no further liability to anyone with respect to such Shares.

Section 11. Ownership and Possession. Except as set forth herein, you will not have any rights as a stockholder in the Shares corresponding to your RSUs prior to conversion of your RSUs.

Section 12. Securities Law Compliance Matters. MSCI may, if it determines it is appropriate, affix any legend to the stock certificates representing Shares issued upon conversion of your RSUs and any stock certificates that may subsequently be issued in substitution for the original certificates. MSCI may advise the transfer agent to place a stop order against such Shares if it determines that such an order is necessary or advisable.

Section 13. Compliance with Laws and Regulations. Any sale, assignment, transfer, pledge, mortgage, encumbrance or other disposition of Shares issued upon conversion of your RSUs (whether directly or indirectly, whether or not for value, and whether or not voluntary) must be made in compliance with any applicable constitution, rule, regulation, or policy of any of the exchanges, associations or other institutions with which MSCI has membership or other privileges, and any applicable law, or applicable rule or regulation of any governmental agency, self-regulatory organization or state or federal regulatory body.

Section 14. No Entitlements.

(a) *No Right to Continued Employment.* This RSU award is not an employment agreement, and nothing in this Award Agreement or the Plan shall alter your status as an "at-will" employee of the Company.

(b) *No Right to Future Awards.* This award, and all other awards of RSUs and other equity-based awards, are discretionary. This award does not confer on you any right or entitlement to receive another award of RSUs or any other equity-based award at any time in the future or in respect of any future period. You agree that any release required under Section 4 of this Award Agreement is in exchange for the grant of RSUs hereunder, for which you have no current entitlement.

(c) *No Effect on Future Employment Compensation.* MSCI has made this award to you in its sole discretion. This award does not confer on you any right or entitlement to receive compensation in any specific amount. In addition, this award is not part of your base salary or wages and will not be taken into account in determining any other employment-related rights you may have, such as rights to pension or severance pay.

Section 15. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

Section 16. Consents under Local Law. Your award is conditioned upon the making of all filings and the receipt of all consents or authorizations required to comply with, or to be obtained under, applicable local law.

Section 17. Award Modification and Section 409A.

(a) *Modification.* MSCI reserves the right to modify or amend unilaterally the terms and conditions of your RSUs, without first asking your consent, or to waive any terms and conditions that operate in favor of MSCI. MSCI may not modify your RSUs in a manner that would materially impair your rights in your RSUs without your consent; *provided, however*, that MSCI may, without your consent, amend or modify your RSUs in any manner that MSCI considers necessary or advisable to comply with applicable law, stock market or exchange rules and regulations or accounting or tax rules and regulations or to ensure that your RSUs are not subject to tax prior to payment. MSCI will notify you of any amendment of your RSUs that affects your rights. Any amendment or waiver of a provision of this Award Agreement (other than any amendment or waiver applicable to all recipients generally), which amendment or waiver operates in your favor or confers a benefit on you, must be in writing and signed by the Chief Human Resources Officer, the Chief Financial Officer or the General Counsel (or if such positions no longer exist, by the holders of equivalent positions) to be effective.

(b) *Section 409A.*

(i) You understand and agree that all payments made pursuant to this Award Agreement are intended to be exempt and/or comply with Section 409A, and shall be interpreted on a basis consistent with such intent. For the avoidance of doubt, the Company makes no representations that the payments provided under this Award Agreement comply with Section 409A, and in no event will the Company be liable for any taxes, penalties, interest or other expenses that may be incurred by you on account of non-compliance with Section 409A.

(ii) Notwithstanding the other provisions of this Award Agreement, to the extent necessary to comply with Section 409A, no conversion specified hereunder shall occur unless permissible under Section 409A. If MSCI considers you to be one of its "specified employees" and you are a U.S. taxpayer, in each case, at the time of your "separation from service" (as such terms are defined in the Code) from the Company, no conversion specified hereunder shall occur prior to the expiration of the six-month period measured from the date of your separation from service from the Company (such period, the "**Specified Employee Period**"). Any conversion of RSUs into Shares that would have occurred during the Specified Employee Period but for the fact that you are deemed to be a specified employee shall be satisfied either by (A) conversion of such RSUs into Shares on the first business day following the Specified Employee Period or (B) a cash payment on the first business day following the Specified Employee Period equal to the value of such RSUs on the scheduled conversion date (based on the value of the Shares on such date) plus accrued interest as determined by MSCI; *provided*, that to the extent this Section 17(b)(ii) is applicable, in the event that after the date of your separation from service from the Company you (X) die or (Y) accept employment at a Governmental Employer and provide MSCI with satisfactory evidence demonstrating that as a result of such new employment the divestiture of your continued interest in MSCI equity awards or continued ownership of the Shares is reasonably necessary to avoid the violation of U.S. federal, state or local, foreign ethics or conflicts of interest law applicable to you at such Governmental Employer, any conversion or payment delayed pursuant to this Section 17(b)(ii) shall occur or be made immediately. For the avoidance of doubt, any determination as to form of payment provided in this Section 17(b)(ii) will be in the sole discretion of MSCI.

(iii) For purposes of any provision of this Award Agreement providing for the payment of any amounts of nonqualified deferred compensation upon or following a termination of employment from the Company, references to your "termination of employment" (and corollary terms) shall be construed to refer to your "separation from service" from the Company.

(iv) MSCI reserves the right to modify the terms of this Award Agreement, including, without limitation, the payment provisions applicable to your RSUs, to the extent necessary or advisable to comply with Section 409A and reserves the right to make any changes to your RSU award so that it does not become subject to Section 409A or become subject to a Specified Employee Period.

Section 18. Severability. In the event MSCI determines that any provision of this Award Agreement would cause you to be in constructive receipt for United States federal or state income tax purposes of any portion of your award, then such provision will be considered null and void, and this Award Agreement will be construed and enforced as if the provision had not been included in this Award Agreement as of the date such provision was determined to cause you to be in constructive receipt of any portion of your award.

Section 19. Successors. This Award Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon your death, acquire any rights hereunder in accordance with this Award Agreement or the Plan.

Section 20. Venue. For purposes of litigating any dispute that arises under this grant or the Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of New York, agree that such litigation shall be conducted in the courts of New York County, New York, or the federal courts for the United States for the Southern District of New York, where this grant is made and/or to be performed.

Section 21. Rule of Construction for Timing of Conversion. With respect to each provision of this Award Agreement that provides for your RSUs to convert to Shares on a specified event or date, such conversion will be considered to have been timely made, and neither you nor any of your beneficiaries or your estate shall have any claim against the Company for damages based on a delay in payment, and the Company shall have no liability to you (or to any of your beneficiaries or your estate) in respect of any such delay, as long as payment is made by December 31 of the year in which the applicable vesting date or such other specified event or date occurs, or if later, by March 15th of the year following such specified event or date.

Section 22. Non-U.S. Participants. The following provisions will apply to you if you reside or work outside of the United States. For the avoidance of doubt, if you reside or work in the United States and subsequently relocate to another country after the Grant Date, or if you reside in another country and subsequently relocate to the United States after the Grant Date, the following provisions may apply to you to the extent MSCI determines that the application of such terms and conditions is necessary or advisable for tax, legal or administrative reasons.

(a) Termination of Employment. Unless otherwise provided in Section 4 or Section 5(b), your employment relationship will be considered terminated as of the date you are no longer actively providing services to the Company (whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and such date will not be extended by any notice period (i.e., your period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any). The Committee shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of your RSUs (including whether you may still be considered to be providing services while on a leave of absence).

(b) Tax and Other Withholding Obligations. You acknowledge that, regardless of any action taken by the Company, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("**Tax-Related Items**") is and remains your responsibility and may exceed the amount actually withheld by the Company. You further acknowledge that the Company (i) makes no representations or undertaking regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to, the grant, vesting or settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividend equivalents and/or dividends; and (ii) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result.

If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

In the event that withholding in and/or tendering Shares is problematic under applicable tax or securities law or has materially adverse accounting consequences, by your acceptance of the RSUs, you authorize and direct MSCI and any brokerage firm determined acceptable to MSCI to sell on your behalf a whole number of Shares from those Shares issued to you as MSCI determines to be appropriate to generate cash proceeds sufficient to satisfy the obligation for Tax-Related Items. Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering maximum applicable rates, in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the stock equivalent.

Finally, you agree to pay to the Company, including through withholding from your wages or other cash compensation paid to you by MSCI and/or your employer, any amount of Tax-Related Items that the Company may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. MSCI may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if you fail to comply with your obligations in connection with the Tax-Related Items.

(c) *Nature of Grant.* In accepting the RSUs, you acknowledge, understand and agree that:

- (i) the Plan is established voluntarily by MSCI, it is discretionary in nature and it may be modified, amended, suspended or terminated by MSCI at any time, to the extent permitted by the Plan;
- (ii) this RSU award is not an employment or service agreement, and nothing in this Award Agreement or your participation in the Plan shall create a right to continued employment with the Company or interfere with the ability of the Company to terminate your employment or service relationship (if any);
- (iii) this award, and all other awards of RSUs and other equity-based awards, are exceptional, discretionary, voluntary and occasional. This award does not confer on you any contractual or other right or entitlement to receive another award of RSUs, any other equity-based award or benefits in lieu of RSUs at any time in the future or in respect of any future period. You agree that any release required under Section 4 of this Award Agreement is in exchange for the grant of RSUs hereunder, for which you have no current entitlement;
- (iv) MSCI has made this award to you in its sole discretion. All decisions with respect to future RSU or other grants, if any, will be at the sole discretion of MSCI;
- (v) you are voluntarily participating in the Plan;
- (vi) the grant of RSUs and the Shares subject to the RSUs, and the income and value of the same, are not intended to replace any pension rights or compensation;
- (vii) this award does not confer on you any right or entitlement to receive compensation in any specific amount. In addition, the RSUs and the Shares subject to the RSUs, and the income and value of the same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, holiday pay, leave pay, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the employer, or any Subsidiary;

(viii) unless otherwise agreed with MSCI, the RSUs and the Shares subject to the RSUs, and the income and value of the same, are not granted as consideration for, or in connection with, the service you may provide as a director of a Subsidiary;

(ix) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(x) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from the termination of your employment relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); and

(xi) you acknowledge and agree that the Company shall not be liable for any foreign exchange rate fluctuation between your local currency and the U.S. Dollar that may affect the value of the RSU or of any amounts due to you pursuant to the settlement of the RSU or the subsequent sale of any Shares acquired upon settlement.

(d) **Data Privacy.** *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Award Agreement and any other RSU grant materials by and among, as applicable, MSCI and any Subsidiary for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

You understand that the Company may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in MSCI, details of all RSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

*You understand that Data will be transferred to E*Trade Financial Corporate Services, Inc. and/or its affiliates ("E*Trade"), or such other stock plan service provider as may be selected by MSCI in the future, which is assisting MSCI with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country of operation (e.g., the United States) may have different data privacy laws and protections than your country. You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local Human Resources representative. You authorize MSCI, E*Trade, and any other possible recipients which may assist MSCI (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand if you reside outside the United States, you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local Human Resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your service with the Company will not be affected; the only consequence of refusing or withdrawing your consent is that MSCI would not be able to grant you RSUs or other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local Human Resources representative.*

Finally, upon request by MSCI and/or any Subsidiary, you agree to provide an executed data privacy consent form (or any other agreements or consents) that MSCI and/or any Subsidiary may deem necessary to obtain from you for the purpose of administering your participation in the Plan in

compliance with the data privacy laws in your country, either now or in the future. You understand and agree that you will not be able to participate in the Plan if you fail to provide any such consent or agreement requested by MSCI and/or any Subsidiary.

(e) *Language.* If you have received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

(f) *Electronic Delivery and Acceptance.* MSCI may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an online or electronic system established and maintained by MSCI or a third party designated by MSCI.

(g) *Exhibit C.* Notwithstanding any provisions in this Award Agreement, the RSUs shall be subject to any special terms and conditions set forth in Exhibit C to this Award Agreement for your country. Moreover, if you relocate to one of the countries included in Exhibit C, the special terms and conditions for such country will apply to you, to the extent MSCI determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Exhibit C constitutes part of this Award Agreement.

(h) *Insider Trading Restrictions/Market Abuse Laws.* You acknowledge that depending on your or your broker's country of residence or where the Shares are listed, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to accept, acquire, sell, or otherwise dispose of Shares, rights to Shares (e.g., RSUs) or rights linked to the value of Shares (e.g., phantom awards, futures) under the Plan during such times as you are considered to have "inside information" regarding the Company (as determined under the laws or regulations in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you place before you possessed inside information. Furthermore, you may be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or otherwise causing them to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that you are responsible for ensuring compliance with any applicable restrictions, and you should consult your personal legal advisor on this matter.

(i) *Foreign Asset/Account, Exchange Control Reporting.* Your country may have certain exchange control and/or foreign asset/account reporting requirements which may affect your ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends or dividend equivalents received or sale proceeds resulting from the sale of Shares) in a brokerage or bank account outside of your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You acknowledge that it is your responsibility to comply with any applicable regulations, and that you should consult your personal advisor on this matter.

Section 23. Defined Terms. For purposes of this Award Agreement, the following terms shall have the meanings set forth below:

A "Cancellation Event" will be deemed to have occurred under any one of the following circumstances:

(a) misuse of Confidential Information (as defined in Exhibit B to this Award Agreement) or failure to comply with your obligations under MSCI's Code of Conduct or otherwise with respect to Confidential Information;

- (b) termination from the Company for Cause (or a later determination that you could have been terminated for Cause; *provided* that such determination is made within six months of termination);
- (c) your commission of a fraudulent act or participation in misconduct which leads to a material restatement of the Company's financial statements;
- (d) failure to affirmatively accept the terms of this Award Agreement, including, but not limited to, the Restrictive Covenants set forth in Section 6 and Exhibit B by [•].

"Cause" means:

- (a) any act or omission which constitutes a material willful breach of your obligations to the Company or your continued and willful refusal to substantially perform satisfactorily any duties reasonably required of you, which results in material injury to the interest or business reputation of the Company and which breach, failure or refusal (if susceptible to cure) is not corrected (other than failure to correct by reason of your incapacity due to physical or mental illness) within 30 days after written notification thereof to you by the Company; *provided* that no act or failure to act on your part shall be deemed willful unless done or omitted to be done by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company;
- (b) your commission of any dishonest or fraudulent act, or any other act or omission with respect to the Company, which has caused or may reasonably be expected to cause a material injury to the interest or business reputation of the Company and which act or omission is not successfully refuted by you within 30 days after written notification thereof to you by the Company;
- (c) your plea of guilty or *nolo contendere* to or conviction of a felony under the laws of the United States or any state thereof or any other plea or confession of a similar crime in a jurisdiction in which the Company conducts business; or
- (d) your commission of a fraudulent act or participation in misconduct which leads to a material restatement of the Company's financial statements.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" has the meaning ascribed to such term in the Plan; *provided, however*, that, for purposes of administering Section 4 with respect to awards granted to participants who are not officers or directors of the Company subject to Section 16(b) of the Exchange Act, the Committee may delegate its authority to the Company's Chief Executive Officer, Chief Human Resources Officer or Head of Compensation and Benefits.

"Delay Period" means the period beginning on the date of any non-compete restriction to which you are subject (including any such restriction under this Award Agreement) and ending on the expiration date of such non-compete restriction, as reduced by the length of any voluntary notice period that you give to the Company and serve. For the avoidance of doubt, nothing contained in this Award Agreement reduces, or intends to reduce, the length of any non-compete restriction to which you are subject following termination of your employment.

"Disability" means (a) you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (b) you, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, are receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company.

[“**Full Career Retirement**” means a termination of employment with the Company (other than (x) under circumstances involving any Cancellation Event (other than the required notice periods) or (y) due to your death or Disability).]

[“**Full Career Retirement**” means a termination of employment with the Company (other than (x) under circumstances involving any Cancellation Event (other than the required notice periods) or (y) due to your death or Disability) on or after the date that you attain the age of 55 and ten years of service with the Company (giving effect to credit for prior service with MSCI’s Subsidiaries and affiliates, as applicable). For the avoidance of doubt, you will only receive credit for employment with entities which are MSCI’s Subsidiaries and affiliates to the extent that you were an employee of such entity on the closing date of the applicable corporate transaction pursuant to which such entity became a Subsidiary or affiliate of MSCI and, in each case, you became an employee of MSCI (or one of its Subsidiaries) as of the closing date of such transaction.]

“**Good Reason**” means:

- (a) any material diminution in your title, status, position, the scope of your assigned duties, responsibilities or authority, including the assignment to you of any duties, responsibilities or authority inconsistent with the duties, responsibilities and authority assigned to you prior to a Change in Control (including any such diminution resulting from a transaction in which the Company is no longer a public company);
- (b) any reduction in your total compensation that was in existence prior to a Change in Control (for purposes of this clause (b), total compensation is comprised of your (i) current annual base salary, (ii) your current target annual cash bonus and (iii) the grant date fair value of your most recent annual equity-based incentive compensation awards (on an annualized basis, if applicable) (the “**Equity Value**”). Notwithstanding the foregoing, for purposes of (iii), if any of your equity-based incentive compensation awards are “front-loaded” awards intended to cover multiple years of awards, the Committee may, in its reasonable discretion, adjust in connection with the grant of such award the Equity Value for purposes of this definition to take into account what the grant date fair value for an equity-based incentive compensation award would be if the award represented only a single-year award. Additionally, if in any year, no equity-based incentive compensation awards were granted to you or an equity-based incentive compensation award was granted to you, in each case, taking into account the front-loaded award in a prior year, the Committee shall allocate a portion of such front-loaded award to the Equity Value for the relevant year. Finally, the Committee shall have the authority, in its reasonable discretion, to exclude any extraordinary and nonrecurring equity-based incentive compensation awards or arrangements from the calculation of “Equity Value” for purposes hereunder;
- (c) a relocation of more than 25 miles from the location of your principal job location or office prior to a Change in Control; or
- (d) any other action or inaction that constitutes a material breach by the Company of any agreement pursuant to which you provide services to the Company;

provided, that you provide the Company with written notice of your intent to terminate your employment for Good Reason within 90 days of your becoming aware of any circumstances set forth above (with such notice indicating the specific termination provision above on which you are relying and describing in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the indicated provision) and that you provide the Company with at least 30 days following receipt of such notice to remedy such circumstances.

“**Governmental Employer**” means a federal governmental or executive branch department or agency.

“Governmental Service Termination” means the termination of your employment with the Company as a result of your accepting employment at a Governmental Employer and you provide MSCI with satisfactory evidence demonstrating that, as a result of such new employment, the divestiture of your continued interest in MSCI equity awards or continued ownership in MSCI common stock is reasonably necessary to avoid the violation of U.S. federal, state or local, foreign ethics or conflicts of interest law applicable to you at such Governmental Employer.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“Notice Requirements” means prior written notice to MSCI of at least:

- (a) 180 days if you are a member of the MSCI Executive Committee (or a successor or equivalent committee) at the time of notice of resignation;
- (b) 90 days if you are a Managing Director of the Company (or equivalent title) at the time of notice of resignation;
- (c) 60 days if you are an Executive Director of the Company (or equivalent title) at the time of notice of resignation;
- (d) 30 days if you are a Vice President of the Company (or equivalent title) at the time of notice of resignation; or
- (e) 14 days for all other employees of the Company.

For the avoidance of doubt, employees working or residing outside of the United States may be subject to notice periods mandated under local labor or regulatory requirements which may differ from the Notice Requirements set forth above.

“Section 409A” means Section 409A of the Code.

RESTRICTIVE COVENANTS

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Award Agreement.

Section 1. Confidential Information; Assignment of Inventions. (a) During your employment or service with the Company and at all times thereafter, you agree to keep secret and retain in

strictest confidence and trust for the sole benefit of the Company, and shall not disclose, directly or indirectly, or use for your benefit or the benefit of others, without the prior written consent of the Company, any Confidential Information. For purposes of this Exhibit B and the Award Agreement, "Confidential Information" shall mean all proprietary or confidential matters or trade secrets of, and confidential and competitively valuable information concerning, the Company (whether or not such information is in written form). Without limiting the generality of the foregoing, Confidential Information shall include: information concerning organization and operations, business and affairs; formulae, processes, technical data; "know-how"; flow charts; computer programs and computer software; access codes or other systems of information; algorithms; technology and business processes; business, product or marketing plans or strategies; sales and other forecasts; financial information or financing/financial projections; lists of clients or customers or potential clients or customers; details of client or consultant contracts; supplier or vendor lists or arrangements; business acquisition or disposition plans; employee information, new personnel acquisition plans and information relating to compensation and benefits; budget information and procedures; research products; research and development; all data, concepts, ideas, findings, discoveries, developments, programs, designs, inventions, improvements, methods, practices and techniques, whether or not patentable, relating to present or planned future activities or products or services; and public information that becomes proprietary as a result of the Company's compilation of that information for use in its business; *provided, however*, that the Confidential Information shall in no event include (x) any Confidential Information which was generally available to the public at the time of disclosure by you or (y) any Confidential Information which becomes publicly available other than as a consequence of the breach by you of your confidentiality obligations hereunder or under any other confidentiality agreement you have entered into with the Company, if any. In the event of a termination of your employment or service with the Company for any reason, you shall deliver to MSCI all documents and data pertaining to the Confidential Information and shall not take with you any documents or data of any kind or any reproductions (in whole or in part) or extracts of any items relating to the Confidential Information. Nothing contained in this Section 1 of this Exhibit B shall prohibit you from disclosing Confidential Information if such disclosure is required by law, governmental process or valid legal process. Unless you are reporting a possible violation of law to a governmental entity or law enforcement, making a disclosure that is protected under the whistleblower protections of applicable law and/or participating in a governmental investigation, in the event that you are legally compelled to disclose any of the Confidential Information, you shall provide MSCI with prompt written notice so that MSCI, at its sole cost and expense, may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Section 1 of this Exhibit B. If such protective order or other remedy is not obtained, or if the Company waives compliance with the provisions of this Section 1, you shall furnish only that portion of the Confidential Information that you in good faith believe is legally required to be disclosed. In addition to the foregoing, and subject to the second preceding sentence, you hereby agree to comply with the requirements of any and all agreements that you have entered into, or may in the future enter into, with the Company with respect to the use or disclosure of confidential or proprietary information of the Company.

(b) All rights to discoveries, inventions, improvements and innovations, copyright and copyrightable materials (including all data and records pertaining thereto) related to the business of the Company, whether or not patentable, copyrightable, registrable as a trademark or reduced to writing, that you may discover, invent or originate during your employment or service with the Company or any predecessor entity, either alone or with others and whether or not during working hours or by the use of the facilities of the Company (collectively, "Inventions"), shall be the exclusive property of the Company, and you hereby irrevocably assign all right, title and interest in and to all Inventions to the Company. You shall promptly disclose all Inventions to the Company, shall execute at the request of the Company any assignments or other documents that the Company may deem necessary to protect or perfect the rights of the Company therein, and shall assist the Company, at the Company's expense, in obtaining, defending and

enforcing the Company's rights therein. You hereby appoint the Company as your attorney-in-fact to execute on your behalf any assignments or other documents deemed necessary by the Company to protect or perfect its rights to any Inventions.

Section 2. Non-Compete. During your employment or service with the Company and for a period of one year following the termination of your employment or service with the Company for any reason (the "**Non-Compete Restricted Period**"), you shall not, without the consent of the Company, directly or indirectly, provide services to, accept employment with, be a consultant or advisor to, form, lend financial support to, own any interest in (other than shares of a publicly traded company that represent less than 1% of the outstanding shares) or otherwise enter into any arrangement with, or engage in any activity for or on behalf of, any person, entity or business in competition with the MSCI Business (the "**Competing Business**"); *provided, however*, that the foregoing will not prohibit you from accepting or beginning employment with any company that, as part of its overall business model, engages in one or more of the Competing Businesses, *provided* that you (x) do not directly provide assistance to any of the Competing Businesses in the form of day-to-day responsibility for any aspect of the operation, supervision, compliance or regulation of any of the Competing Businesses or (y) provide only administrative, non-operational assistance to any such Competing Business and it is an immaterial part of such company's overall business. For purposes of this Exhibit B and the Award Agreement, "**MSCI Business**" means any business engaged in, contemplated or actively planned by the Company as of the date of your termination of employment that you were actively providing services to such line of business during your employment with MSCI.

Section 3. Non-Solicit and No-Hire. During your employment or service with the Company and for a period of two years following the termination of your employment or service with the Company for any reason (the "**Non-Solicit Restricted Period**"), you shall not, directly or indirectly, (a) solicit or encourage any employee of the Company to terminate his or her employment with the Company, (b) hire any employee of the Company prior to the date on which such person has not been employed by the Company or any of its Subsidiaries for a period of at least one year or (c) induce or attempt to induce any customer, client, supplier, vendor, licensee or other business relationship of the Company to cease doing or reduce their business with the Company, or in any way interfere with the relationship between the Company and any customer, client, supplier, licensee or other business relationship of the Company.

Section 4. Non-Disparagement. At all times during your employment or service with the Company and after termination of your employment or service with the Company for any reason, you will not knowingly make any statement, written or oral, that would disparage the business or reputation of the Company or its officers, managers, directors or employees. It will not be a violation of this Section 4 for you to make truthful statements, under oath, as required by law, to a governmental entity or law enforcement agency or as part of a litigation or administrative agency proceeding.

Section 5. Certain Remedies. You acknowledge that the terms of this Exhibit B are reasonable and necessary in light of your unique position, responsibility and knowledge of the operations of the Company and the unfair advantage that your knowledge and expertise concerning the business of the Company would afford a competitor of the Company and are not more restrictive than necessary to protect the legitimate interests of the Company. If the final judgment of a court of competent jurisdiction, or any final non-appealable decision of an arbitrator in connection with a mandatory arbitration, declares that any term or provision of this Exhibit B or the Award Agreement is invalid or unenforceable, the parties agree that the court or arbitrator making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or geographic area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Exhibit B and the Award Agreement shall be enforceable as so modified after the expiration of the time within which the judgment or decision may be appealed. You acknowledge that the Company and its shareholders would be irreparably harmed by any breach of this Exhibit B and that there would be no adequate remedy at law or in damages to compensate the Company and its shareholders for any such breach. You agree that MSCI shall be entitled to injunctive

relief, without having to post bond or other security, requiring specific performance by you of your obligations in this [Exhibit B](#) in addition to any other remedy to which the Company is entitled at law or in equity, and you consent to the entry thereof. You agree that the Non-Compete Restricted Period and the Non-Solicit Restricted Period, as applicable, shall be extended by any and all periods during which you are in breach of this [Exhibit B](#).

COUNTRY-SPECIFIC TERMS AND CONDITIONS

[•]

C-1

**2018 ANNUAL PERFORMANCE AWARD AGREEMENT
FOR PERFORMANCE STOCK UNITS
FOR MANAGING DIRECTORS
UNDER THE MSCI INC. 2016 OMNIBUS INCENTIVE PLAN**

MSCI Inc. (“**MSCI**,” and together with its Subsidiaries, the “**Company**”) hereby grants to you Performance Stock Units (“**PSUs**”) as described below. The awards are being granted under the MSCI Inc. 2016 Omnibus Incentive Plan (as may be amended from time to time, the “**Plan**”).

Participant: [Name]

Number of PSUs Granted: [#] PSUs (the “**Target PSUs**”)

Grant Date: [•] (the “**Grant Date**”)

Vesting Schedule: [•]

Performance Period: [•]

Your PSUs may be subject to forfeiture or recoupment if you terminate employment with the Company, fail to affirmatively accept the terms of this Award Agreement, including the Restrictive Covenants set forth in [Exhibit B](#), by [•] or do not comply with the notice requirements, as set forth in the Plan and this Performance Stock Unit Award Agreement (including [Exhibit A](#), [Exhibit B](#) and [Exhibit C](#) attached hereto, this “**Award Agreement**”). [As of the Grant Date, you are Full Career Retirement eligible (as defined in [Exhibit A](#) attached hereto), subject to the terms of this Award Agreement.]

You agree that this Award Agreement is granted under the Plan and governed by the terms and conditions of the Plan and [Exhibit A](#), [Exhibit B](#) and [Exhibit C](#) attached hereto. PSUs granted to you pursuant to this Award Agreement and any Shares issued in settlement or satisfaction thereof may be subject to the MSCI Inc. Clawback Policy and any stock ownership guidelines of MSCI, as may be in effect from time to time, if on or after the Grant Date you are or become an executive officer of MSCI Inc. You will be able to access a prospectus and tax supplement that contains important information about this award via the MSCI website or your brokerage account. Unless defined in this Award Agreement, capitalized terms shall have the meanings ascribed to them in the Plan.

IN WITNESS WHEREOF, MSCI has duly executed and delivered this Award Agreement as of the Grant Date.

MSCI Inc.

Name: Scott Crum
Title: Chief Human Resources Officer

TERMS AND CONDITIONS

OF THE 2018 ANNUAL PERFORMANCE AWARD AGREEMENT

Section 1. PSUs Generally. MSCI has awarded you PSUs as an incentive for you to continue to provide services to the Company and to align your interests with those of the Company. As such, you will earn your Adjusted PSUs (as defined below) only if you remain in continuous employment with the Company through the Vesting Date, or as otherwise set forth below. Each PSU corresponds to one share of MSCI common stock, par value \$0.01 per share (each, a “Share”). Each PSU constitutes a contingent and unsecured promise by MSCI to deliver one Share on the conversion date for such PSU.

Section 2. Performance Adjustment, Vesting and Conversion Schedule and HSR Act.

(a) Performance Adjustment. The number of Target PSUs awarded under this Award Agreement shall be adjusted, within a range of [•]% to [•]% of the number of Target PSUs, after the end of the Performance Period based on the achievement of the [•] and, if applicable, [•] performance metrics (collectively, the “Performance Metrics”) set forth in Appendix 1 hereto. Following the end of the Initial Performance Period and, if applicable, the Extended Performance Period, management of MSCI shall provide its calculation of the Performance Metrics to the Committee. The Committee will review the extent of the achievement of the Performance Metrics and shall certify in writing such achievement.

The number of PSUs that will be converted into Shares pursuant to Section 2(b), Section 4 or Section 5 (the “Adjusted PSUs”) will be determined based on the following formula on a date no later than [•] (such date, the “Adjustment Date”):

$$\text{Target PSUs} \quad \times \quad \text{Adjustment Percentage} \quad = \quad \text{Number of} \\ \text{(as defined in Appendix 1)} \quad \text{Adjusted PSUs}$$

(b) Vesting and Conversion. The Target PSUs will vest (as to service) [•] (the “Vesting Date”), subject to adjustment in accordance with Section 2(a); *provided* that, subject to Section 4 and Section 5, you continue to be employed by the Company on the Vesting Date; *provided, further*, that you have complied with all applicable provisions of the HSR Act. Vested Adjusted PSUs shall convert into Shares no earlier than [•], and no later than the Adjustment Date.

(c) HSR Act. If Adjusted PSUs would have converted pursuant to this Section 2, Section 4 or Section 5(b), but did not convert solely because you were not in compliance with all applicable provisions of the HSR Act, subject to Section 409A, the conversion date for such Adjusted PSUs shall occur on the first date following the date on which you have complied with all applicable provisions of the HSR Act.

Section 3. Dividend Equivalent Payments. Until your PSUs convert into Shares, if MSCI pays a dividend on Shares, you will be credited with a dividend equivalent payment in the same amount as the dividend you would have received if you held Shares for your vested and unvested PSUs immediately prior to the record date (taking into account any adjustments pursuant to Section 2(a) and adjustments provided under the Plan). Assuming you hold PSUs on the record date, MSCI will credit the dividend equivalent payments when it pays the corresponding dividend on its Shares. Your dividend equivalents will vest and be paid at the same time as, and subject to the same vesting and cancellation provisions set forth in this Award Agreement with respect to, your PSUs (*provided* that, subject to Section 20, the dividend equivalents may be paid following the scheduled conversion date on the next regularly scheduled payroll date). No dividend equivalents will be paid to you with respect to any canceled or forfeited PSUs. MSCI will decide on the form of payment and may pay dividend equivalents in Shares, in cash or in a combination thereof, unless otherwise provided in Exhibit C.

Section 4. Termination of Employment. Upon termination of employment with the Company prior to the Vesting Date pursuant to this Section 4, the following special vesting and payment terms will apply to your unvested PSUs:

(a) *Termination of Employment Due to Death or Disability.* If your employment with the Company terminates due to death or Disability, in each case, prior to the Vesting Date, your Adjusted PSUs will vest and convert into Shares on the Adjustment Date (even though you are not employed by the Company on the Vesting Date). Upon a termination of employment due to death, the Adjusted PSUs shall be delivered in accordance with Section 10.

(b) *Involuntary Termination of Employment by the Company.* In the event of an involuntary termination of your employment by the Company without Cause prior to the Vesting Date your Adjusted PSUs will vest and convert into Shares on the Adjustment Date, subject to adjustment in accordance with Section 2(a) (even though you are not employed by the Company on the Vesting Date); *provided* that such vesting and conversion is subject to your execution and non-revocation of an agreement and release of claims satisfactory to the Company within 60 days following termination of your employment.

(c) *Full Career Retirement.* If your employment with the Company terminates due to Full Career Retirement (i) prior to or on the Vesting Date, your Adjusted PSUs will convert into Shares on the Adjustment Date; *provided*, that, if on the Adjustment Date you are subject to a non-compete restriction (other than those set forth in Exhibit B to this Award Agreement) which has not yet expired, your PSUs will convert into Shares at any time, in the discretion of the Committee, during the period (x) commencing on the Adjustment Date and (y) ending on [•] or (ii) after the Vesting Date, but prior to the Adjustment Date, your Adjusted PSUs will convert into shares on [•].

(d) *Governmental Service Termination.* If your employment with the Company terminates prior to the Adjustment Date in a Governmental Service Termination, to the extent permitted under Section 409A, your PSUs will be adjusted (within a range of [•]% to [•]%) based on the expected (or actual, as the case may be if such termination occurs after the expiration of the Performance Period) achievement of the Performance Metrics for the Performance Period, which will be determined by extrapolating from the Performance Metrics that have been achieved as of the end of the most recent completed fiscal quarter prior to the date your employment with the Company terminates, and such Adjusted PSUs will vest and convert into Shares within 60 days following the date of such termination. If your employment with the Company terminates after the Adjustment Date in a Governmental Service Termination under circumstances not involving a Cancellation Event, your Adjusted PSUs will vest and convert into Shares within 60 days following the date of such termination.

(e) *Other Resignations from Employment.* All other resignations from employment must comply with the Notice Requirements.

(i) If you resign from your employment with the Company under circumstances which are not in accordance with the provisions above in this Section 4, you will forfeit any PSUs that have not vested as of your last day of employment with the Company; and

(ii) If, prior to the Vesting Date, you give MSCI notice of your intention to resign from your employment with the Company as of a date following the Vesting Date, your PSUs will vest and settle in accordance with Section 2; *provided, however*, that if you do not subsequently comply with the Notice Requirements, the Committee may, in its discretion, require that the gross cash value of the PSUs delivered to you in accordance with this Section 4(e)(ii) be subject to recoupment or payback.

For the avoidance of doubt, (A) revocation of a notice of intention to resign may, in the Company's sole discretion or if required to comply with Section 409A, be deemed to be noncompliant with the Notice Requirements and, in connection with such revocation, your PSUs may be forfeited and (B) if, after you have given notice of your intention to resign or retire, as applicable, from your employment with the Company, the Company involuntarily terminates your employment without Cause prior to the expiration of your notice period, your outstanding PSUs will be treated in accordance with Section 4(b).

Notwithstanding anything to the contrary contained herein, the Adjusted PSUs shall only vest pursuant to this Section 4 provided that you have complied with all applicable provisions of the HSR Act.

Section 5. Change in Control.

(a) *General.* In the event of a Change in Control, the Committee, in its sole discretion, may provide for (i) the continuation or assumption of your outstanding PSUs under the Plan by the Company (if it is the surviving corporation) or by the surviving corporation or its parent, in which case your PSUs will continue to be subject to the terms of this Award Agreement, or (ii) the lapse of restrictions relating to and the settlement of your outstanding PSUs immediately prior to such Change in Control in the event a buyer will not continue or assume the PSUs; *provided, however*, in each case, the Performance Metric targets relating to any outstanding Target PSUs (that are not Adjusted PSUs) will be deemed to have been achieved at [•]. Following a Change in Control in which your outstanding PSUs are continued or assumed pursuant to clause (i) above, such PSUs may be settled in cash, Shares or a combination thereof.

(b) *Qualifying Termination.* In the event of a Qualifying Termination (as defined below), your PSUs will vest and convert into Shares within 60 days following such Qualifying Termination. If such 60-day period begins in one taxable year and ends in a subsequent taxable year, such vesting and conversion shall occur in the second taxable year. “**Qualifying Termination**” means a termination of employment by the Company without Cause or by you for Good Reason (which shall be deemed an involuntary termination of employment by the Company without Cause), in each case within 24 months following the effective date of the Change in Control in which the PSUs are continued or assumed. Notwithstanding anything to the contrary contained herein, the PSUs shall only vest pursuant to this Section 5(b) provided that you have complied with all applicable provisions of the HSR Act.

Section 6. Restrictive Covenants. In consideration of the grant of PSUs under this Award Agreement, and in consideration for all other awards granted by the Company to you under the Plan, you agree to be bound by, and to comply with, the restrictive covenants set forth in Exhibit B to this Award Agreement (collectively, the “**Restrictive Covenants**”). In the event you violate any of the Restrictive Covenants (a) prior to or on the Adjustment Date, you will forfeit the PSUs (whether or not they are Adjusted PSUs) outstanding as of the date of such violation or (b) after the Adjustment Date, but prior to or on the expiry date of the Restrictive Covenants (as set forth in Exhibit B to this Award Agreement), you will promptly deliver to the Company all Shares acquired upon conversion of the Adjusted PSUs (or, to the extent you no longer hold such Shares, you will pay to the Company an amount on a gross basis equal to the Fair Market Value of any such Shares on the date the Shares were delivered to you). You may be required to provide MSCI with a written certification or other evidence that it deems appropriate, in its sole discretion, to confirm that you have not violated any of the Restrictive Covenants.

Section 7. Cancellation of Awards. Notwithstanding any other terms of this Award Agreement, your PSUs will be canceled prior to conversion in the event of any Cancellation Event. You may be required to provide MSCI with a written certification or other evidence that it deems appropriate, in its sole discretion, to confirm that no Cancellation Event has occurred. If you fail to submit a timely certification or evidence, MSCI will cancel your award. Except as explicitly provided in Section 4 or Section 5(b), upon a termination of your employment by you or by the Company for any reason, any of your PSUs that have not vested pursuant to Section 2 as of the date of your termination of employment with the Company will be canceled and forfeited in full as of such date.

Section 8. Tax and Other Withholding Obligations. Pursuant to Section 15(d) of the Plan and the rules and procedures that the Committee may establish from time to time, tax or other withholding obligations arising upon vesting and conversion (as applicable) of your PSUs may be satisfied, in the Committee’s sole discretion, by having MSCI withhold Shares, tendering Shares or by having MSCI withhold cash if MSCI provides for a cash withholding option, in each case in an amount necessary to satisfy the tax or other withholding obligations. Shares withheld or tendered will be valued using the Fair Market Value of the Shares on the date your PSUs convert. In order to comply with applicable accounting standards or the Company’s policies in effect from time to time, the Committee may limit the amount of Shares that you may have withheld or that you may tender. You acknowledge that, if you are subject to

Tax-Related Items (as defined below) in more than one jurisdiction, the Company (including any former employer) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Section 9. Nontransferability. You may not sell, pledge, hypothecate, assign or otherwise transfer your PSUs, other than as provided in Section 10 or by will or the laws of descent and distribution or otherwise as provided for by the Committee.

Section 10. Designation of a Beneficiary. Any designation of a beneficiary or beneficiaries to receive all or part of the Shares to be paid under this Award Agreement in the event of your death will be governed by local law. To make a beneficiary designation, you must coordinate with your personal tax or estate planning representative. Any Shares that become payable upon your death will be distributed to your estate in accordance with local law rules. You may replace or revoke your beneficiary designation at any time. If there is any question as to the legal right of any beneficiary(ies) to receive Shares under this award, MSCI may determine in its sole discretion to deliver the Shares in question to your estate. MSCI's determination shall be binding and conclusive on all persons, and it will have no further liability to anyone with respect to such Shares.

Section 11. Ownership and Possession. Except as set forth herein, you will not have any rights as a stockholder in the Shares corresponding to your PSUs prior to conversion of your PSUs.

Section 12. Securities Law Compliance Matters. MSCI may, if it determines it is appropriate, affix any legend to the stock certificates representing Shares issued upon conversion of your PSUs and any stock certificates that may subsequently be issued in substitution for the original certificates. MSCI may advise the transfer agent to place a stop order against such Shares if it determines that such an order is necessary or advisable.

Section 13. Compliance with Laws and Regulations. Any sale, assignment, transfer, pledge, mortgage, encumbrance or other disposition of Shares issued upon conversion of your PSUs (whether directly or indirectly, whether or not for value, and whether or not voluntary) must be made in compliance with any applicable constitution, rule, regulation, or policy of any of the exchanges, associations or other institutions with which MSCI has membership or other privileges, and any applicable law, or applicable rule or regulation of any governmental agency, self-regulatory organization or state or federal regulatory body.

Section 14. No Entitlements.

(a) *No Right to Continued Employment.* This PSU award is not an employment agreement, and nothing in this Award Agreement or the Plan shall alter your status as an "at-will" employee of the Company.

(b) *No Right to Future Awards.* This award, and all other awards of PSUs and other equity-based awards, are discretionary. This award does not confer on you any right or entitlement to receive another award of PSUs or any other equity-based award at any time in the future or in respect of any future period. You agree that any release required under Section 4 of this Award Agreement is in exchange for the grant of PSUs hereunder, for which you have no current entitlement.

(c) *No Effect on Future Employment Compensation.* MSCI has made this award to you in its sole discretion. This award does not confer on you any right or entitlement to receive compensation in any specific amount. In addition, this award is not part of your base salary or wages and will not be taken into account in determining any other employment-related rights you may have, such as rights to pension or severance pay.

Section 15. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your

own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

Section 16. Consents under Local Law. Your award is conditioned upon the making of all filings and the receipt of all consents or authorizations required to comply with, or to be obtained under, applicable local law.

Section 17. Award Modification and Section 409A.

(a) *Modification.* MSCI reserves the right to modify or amend unilaterally the terms and conditions of your PSUs, without first asking your consent, or to waive any terms and conditions that operate in favor of MSCI. MSCI may not modify your PSUs in a manner that would materially impair your rights in your PSUs without your consent; *provided, however*, that MSCI may, without your consent, amend or modify your PSUs in any manner that MSCI considers necessary or advisable to comply with applicable law, stock market or exchange rules and regulations or accounting or tax rules and regulations or to ensure that your PSUs are not subject to tax prior to payment. MSCI will notify you of any amendment of your PSUs that affects your rights. Any amendment or waiver of a provision of this Award Agreement (other than any amendment or waiver applicable to all recipients generally), which amendment or waiver operates in your favor or confers a benefit on you, must be in writing and signed by the Chief Human Resources Officer, the Chief Financial Officer or the General Counsel (or if such positions no longer exist, by the holders of equivalent positions) to be effective.

(b) *Section 409A.*

(i) You understand and agree that all payments made pursuant to this Award Agreement are intended to be exempt and/or comply with Section 409A, and shall be interpreted on a basis consistent with such intent. For the avoidance of doubt, the Company makes no representations that the payments provided under this Award Agreement comply with Section 409A, and in no event will the Company be liable for any taxes, penalties, interest or other expenses that may be incurred by you on account of non-compliance with Section 409A.

(ii) Notwithstanding the other provisions of this Award Agreement, to the extent necessary to comply with Section 409A, no conversion specified hereunder shall occur unless permissible under Section 409A. If MSCI considers you to be one of its "specified employees" and you are a U.S. taxpayer, in each case, at the time of your "separation from service" (as such terms are defined in the Code) from the Company, no conversion specified hereunder shall occur prior to the expiration of the six-month period measured from the date of your separation from service from the Company (such period, the "**Specified Employee Period**"). Any conversion of Adjusted PSUs into Shares that would have occurred during the Specified Employee Period but for the fact that you are deemed to be a specified employee shall be satisfied either by (A) conversion of such Adjusted PSUs into Shares on the first business day following the Specified Employee Period or (B) a cash payment on the first business day following the Specified Employee Period equal to the value of such Adjusted PSUs on the scheduled conversion date (based on the value of the Shares on such date) plus accrued interest as determined by MSCI; *provided*, that to the extent this Section 17(b)(ii) is applicable, in the event that after the date of your separation from service from the Company you (X) die or (Y) accept employment at a Governmental Employer and provide MSCI with satisfactory evidence demonstrating that as a result of such new employment the divestiture of your continued interest in MSCI equity awards or continued ownership of the Shares is reasonably necessary to avoid the violation of U.S. federal, state or local, foreign ethics or conflicts of interest law applicable to you at such Governmental Employer, any conversion or payment delayed pursuant to this Section 17(b)(ii) shall occur or be made immediately. For the avoidance of doubt, any determination as to form of payment provided in this Section 17(b)(ii) will be in the sole discretion of MSCI.

(iii) For purposes of any provision of this Award Agreement providing for the payment of any amounts of nonqualified deferred compensation upon or following a termination

of employment from the Company, references to your "termination of employment" (and corollary terms) shall be construed to refer to your "separation from service" from the Company.

(iv) MSCI reserves the right to modify the terms of this Award Agreement, including, without limitation, the payment provisions applicable to your PSUs, to the extent necessary or advisable to comply with Section 409A and reserves the right to make any changes to your PSU award so that it does not become subject to Section 409A or become subject to a Specified Employee Period.

Section 18. Severability. In the event MSCI determines that any provision of this Award Agreement would cause you to be in constructive receipt for United States federal or state income tax purposes of any portion of your award, then such provision will be considered null and void, and this Award Agreement will be construed and enforced as if the provision had not been included in this Award Agreement as of the date such provision was determined to cause you to be in constructive receipt of any portion of your award.

Section 19. Successors. This Award Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon your death, acquire any rights hereunder in accordance with this Award Agreement or the Plan.

Section 20. Rule of Construction for Timing of Conversion. With respect to each provision of this Award Agreement that provides for your PSUs to convert into Shares, or your dividend equivalents to be paid, on a specified event or date, such conversion or payment will be considered to have been timely made, and neither you nor any of your beneficiaries or your estate shall have any claim against the Company for damages based on a delay in conversion or payment, and the Company shall have no liability to you (or to any of your beneficiaries or your estate) in respect of any such delay, as long as payment is made by December 31 of the year in which the applicable vesting date or such other specified event or date occurs, or if later, by March 15th of the year following such specified event or date.

Section 21. Non-U.S. Participants. The following provisions will apply to you if you reside or work outside of the United States. For the avoidance of doubt, if you reside or work in the United States and subsequently relocate to another country after the Grant Date, or if you reside in another country and subsequently relocate to the United States after the Grant Date, the following provisions may apply to you to the extent MSCI determines that the application of such terms and conditions is necessary or advisable for tax, legal or administrative reasons.

(a) Termination of Employment. Unless otherwise provided in Section 4 or Section 5(b), your employment relationship will be considered terminated as of the date you are no longer actively providing services to the Company (whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and such date will not be extended by any notice period (*i.e.*, your period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any). The Committee shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of your PSUs (including whether you may still be considered to be providing services while on a leave of absence).

(b) Tax and Other Withholding Obligations. You acknowledge that, regardless of any action taken by the Company, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("**Tax-Related Items**") is and remains your responsibility and may exceed the amount actually withheld by the Company. You further acknowledge that the Company (i) makes no representations or undertaking regarding the treatment of any Tax-Related Items in connection with any aspect of the PSUs, including, but not limited to, the grant, vesting or settlement of the PSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividend equivalents and/or dividends; and (ii) does not commit to and is under no obligation to structure the terms of the grant

or any aspect of the PSUs to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result.

If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested PSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

In the event that withholding in and/or tendering Shares is problematic under applicable tax or securities law or has materially adverse accounting consequences, by your acceptance of the PSUs, you authorize and direct MSCI and any brokerage firm determined acceptable to MSCI to sell on your behalf a whole number of Shares from those Shares issued to you as MSCI determines to be appropriate to generate cash proceeds sufficient to satisfy the obligation for Tax-Related Items. Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering maximum applicable rates, in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the stock equivalent.

Finally, you agree to pay to the Company, including through withholding from your wages or other cash compensation paid to you by MSCI and/or your employer, any amount of Tax-Related Items that the Company may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. MSCI may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if you fail to comply with your obligations in connection with the Tax-Related Items.

(c) *Nature of Grant.* In accepting the PSUs, you acknowledge, understand and agree that:

- (i) the Plan is established voluntarily by MSCI, it is discretionary in nature and it may be modified, amended, suspended or terminated by MSCI at any time, to the extent permitted by the Plan;
- (ii) this PSU award is not an employment or service agreement, and nothing in this Award Agreement or your participation in the Plan shall create a right to continued employment with the Company or interfere with the ability of the Company to terminate your employment or service relationship (if any);
- (iii) this award, and all other awards of PSUs and other equity-based awards, are exceptional, discretionary, voluntary and occasional. This award does not confer on you any contractual or other right or entitlement to receive another award of PSUs, any other equity-based award or benefits in lieu of PSUs at any time in the future or in respect of any future period. You agree that any release required under Section 4 of this Award Agreement is in exchange for the grant of PSUs hereunder, for which you have no current entitlement;
- (iv) MSCI has made this award to you in its sole discretion. All decisions with respect to future PSU or other grants, if any, will be at the sole discretion of MSCI;
- (v) you are voluntarily participating in the Plan;
- (vi) the grant of PSUs and the Shares subject to the PSUs, and the income and value of the same, are not intended to replace any pension rights or compensation;
- (vii) this award does not confer on you any right or entitlement to receive compensation in any specific amount. In addition, the PSUs and the Shares subject to the PSUs, and the income and value of the same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, holiday pay, leave pay, pension or retirement or

welfare benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the employer, or any Subsidiary;

(viii) unless otherwise agreed with MSCI, the PSUs and the Shares subject to the PSUs, and the income and value of the same, are not granted as consideration for, or in connection with, the service you may provide as a director of a Subsidiary;

(ix) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(x) no claim or entitlement to compensation or damages shall arise from forfeiture of the PSUs resulting from the termination of your employment relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); and

(xi) you acknowledge and agree that the Company shall not be liable for any foreign exchange rate fluctuation between your local currency and the U.S. Dollar that may affect the value of the PSU or of any amounts due to you pursuant to the settlement of the PSU or the subsequent sale of any Shares acquired upon settlement.

(d) **Data Privacy.** *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Award Agreement and any other PSU grant materials by and among, as applicable, MSCI and any Subsidiary for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

You understand that the Company may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in MSCI, details of all PSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

*You understand that Data will be transferred to E*Trade Financial Corporate Services, Inc. and/or its affiliates ("E*Trade"), or such other stock plan service provider as may be selected by MSCI in the future, which is assisting MSCI with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country of operation (e.g., the United States) may have different data privacy laws and protections than your country. You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local Human Resources representative. You authorize MSCI, E*Trade, and any other possible recipients which may assist MSCI (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand if you reside outside the United States, you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local Human Resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your service with the Company will not be affected; the only consequence of refusing or withdrawing your consent is that MSCI would not be able to grant you PSUs or other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local Human Resources representative.*

Finally, upon request by MSCI and/or any Subsidiary, you agree to provide an executed data privacy consent form (or any other agreements or consents) that MSCI and/or any Subsidiary may deem necessary to obtain from you for the purpose of administering your participation in the Plan in compliance with the data privacy laws in your country, either now or in the future. You understand and agree that you will not be able to participate in the Plan if you fail to provide any such consent or agreement requested by MSCI and/or any Subsidiary.

(e) *Language.* If you have received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

(f) *Electronic Delivery and Acceptance.* MSCI may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an online or electronic system established and maintained by MSCI or a third party designated by MSCI.

(g) *Exhibit C.* Notwithstanding any provisions in this Award Agreement, the PSUs shall be subject to any special terms and conditions set forth in Exhibit C to this Award Agreement for your country. Moreover, if you relocate to one of the countries included in Exhibit C, the special terms and conditions for such country will apply to you, to the extent MSCI determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Exhibit C constitutes part of this Award Agreement.

(h) *Insider Trading Restrictions/Market Abuse Laws.* You acknowledge that depending on your or your broker's country of residence or where the Shares are listed, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to accept, acquire, sell, or otherwise dispose of Shares, rights to Shares (e.g., PSUs) or rights linked to the value of Shares (e.g., phantom awards, futures) under the Plan during such times as you are considered to have "inside information" regarding the Company (as determined under the laws or regulations in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you place before you possessed inside information. Furthermore, you may be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or otherwise causing them to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that you are responsible for ensuring compliance with any applicable restrictions, and you should consult your personal legal advisor on this matter.

(i) *Foreign Asset/Account, Exchange Control Reporting.* Your country may have certain exchange control and/or foreign asset/account reporting requirements which may affect your ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends or dividend equivalents received or sale proceeds resulting from the sale of Shares) in a brokerage or bank account outside of your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You acknowledge that it is your responsibility to comply with any applicable regulations, and that you should consult your personal advisor on this matter.

Section 22. Venue. For purposes of litigating any dispute that arises under this grant or the Award, the parties hereby submit to and consent to the jurisdiction of the State of New York, agree that such litigation shall be conducted in the courts of New York County, New York, or the federal courts for the United States for the Southern District of New York, where this grant is made and/or to be performed.

Section 23. Defined Terms. For purposes of this Award Agreement, the following terms shall have the meanings set forth below:

A "Cancellation Event" will be deemed to have occurred under any one of the following circumstances:

- Information;
- (a) misuse of Confidential Information (as defined in Exhibit B to this Award Agreement) or the failure to comply with your obligations under MSCI's Code of Conduct or otherwise with respect to Confidential Information;
 - (b) termination from the Company for Cause (or a later determination that you could have been terminated for Cause; *provided* that such determination is made within six months of termination);
 - (c) your commission of a fraudulent act or participation in misconduct which leads to a material restatement of the Company's financial statements; or
 - (d) failure to affirmatively accept the terms of this Award Agreement, including, but not limited to, the Restrictive Covenants set forth in Section 6 and Exhibit B by [•].

"Cause" means:

- (a) any act or omission which constitutes a material willful breach of your obligations to the Company or your continued and willful refusal to substantially perform satisfactorily any duties reasonably required of you, which results in material injury to the interest or business reputation of the Company and which breach, failure or refusal (if susceptible to cure) is not corrected (other than failure to correct by reason of your incapacity due to physical or mental illness) within 30 days after written notification thereof to you by the Company; *provided* that no act or failure to act on your part shall be deemed willful unless done or omitted to be done by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company;
- (b) your commission of any dishonest or fraudulent act, or any other act or omission with respect to the Company, which has caused or may reasonably be expected to cause a material injury to the interest or business reputation of the Company and which act or omission is not successfully refuted by you within 30 days after written notification thereof to you by the Company;
- (c) your plea of guilty or *nolo contendere* to or conviction of a felony under the laws of the United States or any state thereof or any other plea or confession of a similar crime in a jurisdiction in which the Company conducts business; or
- (d) your commission of a fraudulent act or participation in misconduct which leads to a material restatement of the Company's financial statements.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" has the meaning ascribed to such term in the Plan; *provided, however*, that, for purposes of administering Section 4 with respect to awards granted to participants who are not officers or directors of the Company subject to Section 16(b) of the Exchange Act, the Committee may delegate its authority to the Company's Chief Executive Officer, Chief Human Resources Officer or Head of Compensation and Benefits.

"Disability" means (a) you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (b) you, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, are receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company.

[“**Full Career Retirement**” means a termination of employment with the Company (other than (x) under circumstances involving any Cancellation Event (other than the required notice periods) or (y) due to your death or Disability).]

[“**Full Career Retirement**” means a termination of employment with the Company (other than (x) under circumstances involving any Cancellation Event (other than the required notice periods) or (y) due to your death or Disability) on or after the date that you attain the age of 55 and ten years of service with the Company (giving effect to credit for prior service with MSCI’s Subsidiaries and affiliates, as applicable). For the avoidance of doubt, you will only receive credit for employment with entities which are MSCI’s Subsidiaries and affiliates to the extent that you were an employee of such entity on the closing date of the applicable corporate transaction pursuant to which such entity became a Subsidiary or affiliate of MSCI and, in each case, you became an employee of MSCI (or one of its Subsidiaries) as of the closing date of such transaction.]

“**Good Reason**” means:

- (a) any material diminution in your title, status, position, the scope of your assigned duties, responsibilities or authority, including the assignment to you of any duties, responsibilities or authority inconsistent with the duties, responsibilities and authority assigned to you prior to a Change in Control (including any such diminution resulting from a transaction in which the Company is no longer a public company);
- (b) any reduction in your total compensation that was in existence prior to a Change in Control (for purposes of this clause (b), total compensation is comprised of your (i) current annual base salary, (ii) your current target annual cash bonus and (iii) the grant date fair value of your most recent annual equity-based incentive compensation awards (on an annualized basis, if applicable) (the “**Equity Value**”). Notwithstanding the foregoing, for purposes of (iii), if any of your equity-based incentive compensation awards are “front-loaded” awards intended to cover multiple years of awards, the Committee may, in its reasonable discretion, adjust in connection with the grant of such award the Equity Value for purposes of this definition to take into account what the grant date fair value for an equity-based incentive compensation award would be if the award represented only a single-year award. Additionally, if in any year, no equity-based incentive compensation awards were granted to you or an equity-based incentive compensation award was granted to you, in each case, taking into account the front-loaded award in a prior year, the Committee shall allocate a portion of such front-loaded award to the Equity Value for the relevant year. Finally, the Committee shall have the authority, in its reasonable discretion, to exclude any extraordinary and nonrecurring equity-based incentive compensation awards or arrangements from the calculation of Equity Value for purposes hereunder;
- (c) a relocation of more than 25 miles from the location of your principal job location or office prior to a Change in Control; or
- (d) any other action or inaction that constitutes a material breach by the Company of any agreement pursuant to which you provide services to the Company;

provided, that you provide the Company with written notice of your intent to terminate your employment for Good Reason within 90 days of your becoming aware of any circumstances set forth above (with such notice indicating the specific termination provision above on which you are relying and describing in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the indicated provision) and that you provide the Company with at least 30 days following receipt of such notice to remedy such circumstances.

“**Governmental Employer**” means a federal governmental or executive branch department or agency.

“**Governmental Service Termination**” means the termination of your employment with the Company as a result of your accepting employment at a Governmental Employer and you provide MSCI with satisfactory evidence demonstrating that, as a result of such new employment, the divestiture of your continued interest in MSCI equity awards or continued ownership in MSCI common stock is reasonably necessary to avoid the violation of U.S. federal, state or local, foreign ethics or conflicts of interest law applicable to you at such Governmental Employer.

“**HSR Act**” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“**Notice Requirements**” means prior written notice to MSCI of at least:

- (a) 180 days if you are a member of the MSCI Executive Committee (or a successor or equivalent committee) at the time of notice of resignation; or
- (b) 90 days if you are a Managing Director of the Company (or equivalent title) at the time of notice of resignation.

For the avoidance of doubt, employees working or residing outside of the United States may be subject to notice periods mandated under local labor or regulatory requirements which may differ from the Notice Requirements set forth above.

“**Section 409A**” means Section 409A of the Code.

PERFORMANCE METRICS

[•]

APPENDIX 1-1

RESTRICTIVE COVENANTS

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Award Agreement.

Section 1. Confidential Information; Assignment of Inventions. (a) During your employment or service with the Company and at all times thereafter, you agree to keep secret and retain in strictest confidence and trust for the sole benefit of the Company, and shall not disclose, directly or indirectly, or use for your benefit or the benefit of others, without the prior written consent of the Company, any Confidential Information. For purposes of this Exhibit B and the Award Agreement, "**Confidential Information**" shall mean all proprietary or confidential matters or trade secrets of, and confidential and competitively valuable information concerning, the Company (whether or not such information is in written form). Without limiting the generality of the foregoing, Confidential Information shall include: information concerning organization and operations, business and affairs; formulae, processes, technical data; "know-how"; flow charts; computer programs and computer software; access codes or other systems of information; algorithms; technology and business processes; business, product or marketing plans or strategies; sales and other forecasts; financial information or financing/financial projections; lists of clients or customers or potential clients or customers; details of client or consultant contracts; supplier or vendor lists or arrangements; business acquisition or disposition plans; employee information, new personnel acquisition plans and information relating to compensation and benefits; budget information and procedures; research products; research and development; all data, concepts, ideas, findings, discoveries, developments, programs, designs, inventions, improvements, methods, practices and techniques, whether or not patentable, relating to present or planned future activities or products or services; and public information that becomes proprietary as a result of the Company's compilation of that information for use in its business; *provided, however*, that the Confidential Information shall in no event include (x) any Confidential Information which was generally available to the public at the time of disclosure by you or (y) any Confidential Information which becomes publicly available other than as a consequence of the breach by you of your confidentiality obligations hereunder or under any other confidentiality agreement you have entered into with the Company, if any. In the event of a termination of your employment or service with the Company for any reason, you shall deliver to MSCI all documents and data pertaining to the Confidential Information and shall not take with you any documents or data of any kind or any reproductions (in whole or in part) or extracts of any items relating to the Confidential Information. Nothing contained in this Section 1 of this Exhibit B shall prohibit you from disclosing Confidential Information if such disclosure is required by law, governmental process or valid legal process. Unless you are reporting a possible violation of law to a governmental entity or law enforcement, making a disclosure that is protected under the whistleblower protections of applicable law and/or participating in a governmental investigation, in the event that you are legally compelled to disclose any of the Confidential Information, you shall provide MSCI with prompt written notice so that MSCI, at its sole cost and expense, may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Section 1 of this Exhibit B. If such protective order or other remedy is not obtained, or if the Company waives compliance with the provisions of this Section 1, you shall furnish only that portion of the Confidential Information that you in good faith believe is legally required to be disclosed. In addition to the foregoing, and subject to the second preceding sentence, you hereby agree to comply with the requirements of any and all agreements that you have entered into, or may in the future enter into, with the Company with respect to the use or disclosure of confidential or proprietary information of the Company.

- (b) All rights to discoveries, inventions, improvements and innovations, copyright and copyrightable materials (including all data and records pertaining thereto) related to the business of the Company, whether or not patentable, copyrightable, registrable as a trademark or reduced to writing, that you may discover, invent or originate during your employment or service with the Company or any predecessor entity, either alone or with others and whether or not during working hours or by the use of the facilities of the Company (collectively, "**Inventions**"), shall be the exclusive property of the Company, and you hereby irrevocably assign all right, title and interest in and to all Inventions to the Company. You shall promptly disclose all Inventions to the Company, shall execute at the request of the Company any assignments or other documents that the Company may deem necessary to protect or perfect the rights of

the Company therein, and shall assist the Company, at the Company's expense, in obtaining, defending and enforcing the Company's rights therein. You hereby appoint the Company as your attorney-in-fact to execute on your behalf any assignments or other documents deemed necessary by the Company to protect or perfect its rights to any Inventions.

Section 2.

Non-Compete. During your employment or service with the Company and for a period of one year following the termination of your employment or service with the Company for any reason (the "**Non-Compete Restricted Period**"), you shall not, without the consent of the Company, directly or indirectly, provide services to, accept employment with, be a consultant or advisor to, form, lend financial support to, own any interest in (other than shares of a publicly traded company that represent less than 1% of the outstanding shares) or otherwise enter into any arrangement with, or engage in any activity for or on behalf of, any person, entity or business in competition with the MSCI Business (the "**Competing Business**"); *provided, however*, that the foregoing will not prohibit you from accepting or beginning employment with any company that, as part of its overall business model, engages in one or more of the Competing Businesses, *provided* that you (x) do not directly provide assistance to any of the Competing Businesses in the form of day-to-day responsibility for any aspect of the operation, supervision, compliance or regulation of any of the Competing Businesses or (y) provide only administrative, non-operational assistance to any such Competing Business and it is an immaterial part of such company's overall business. For purposes of this Exhibit B and the Award Agreement, "**MSCI Business**" means any business engaged in, contemplated or actively planned by the Company as of the date of your termination of employment that you were actively providing services to such line of business during your employment with MSCI.

Section 3.

Non-Solicit and No-Hire. During your employment or service with the Company and for a period of two years following the termination of your employment or service with the Company for any reason (the "**Non-Solicit Restricted Period**"), you shall not, directly or indirectly, (a) solicit or encourage any employee of the Company to terminate his or her employment with the Company, (b) hire any employee of the Company prior to the date on which such person has not been employed by the Company or any of its Subsidiaries for a period of at least one year or (c) induce or attempt to induce any customer, client, supplier, vendor, licensee or other business relationship of the Company to cease doing or reduce their business with the Company, or in any way interfere with the relationship between the Company and any customer, client, supplier, licensee or other business relationship of the Company.

Section 4.

Non-Disparagement. At all times during your employment or service with the Company and after termination of your employment or service with the Company for any reason, you will not knowingly make any statement, written or oral, that would disparage the business or reputation of the Company or its officers, managers, directors or employees. It will not be a violation of this Section 4 for you to make truthful statements, under oath, as required by law, to a governmental entity or law enforcement agency or as part of a litigation or administrative agency proceeding.

Section 5.

Certain Remedies. You acknowledge that the terms of this Exhibit B are reasonable and necessary in light of your unique position, responsibility and knowledge of the operations of the Company and the unfair advantage that your knowledge and expertise concerning the business of the Company would afford a competitor of the Company and are not more restrictive than necessary to protect the legitimate interests of the Company. If the final judgment of a court of competent jurisdiction, or any final non-appealable decision of an arbitrator in connection with a mandatory arbitration, declares that any term or provision of this Exhibit B or the Award Agreement is invalid or unenforceable, the parties agree that the court or arbitrator making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or geographic area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Exhibit B and the Award Agreement shall be enforceable as so modified after the expiration of the time within which the judgment or decision may be appealed. You acknowledge that the Company and its shareholders would be irreparably harmed by any breach of this Exhibit B and that there would be no adequate remedy at law or in damages to compensate the Company and its shareholders for any

such breach. You agree that MSCI shall be entitled to injunctive relief, without having to post bond or other security, requiring specific performance by you of your obligations in this Exhibit B in addition to any other remedy to which the Company is entitled at law or in equity, and you consent to the entry thereof. You agree that the Non-Compete Restricted Period and the Non-Solicit Restricted Period, as applicable, shall be extended by any and all periods during which you are in breach of this Exhibit B.

COUNTRY-SPECIFIC TERMS AND CONDITIONS

[*]

C-2

MSCI INC.
ANNUAL INCENTIVE PLAN

Section 1. *Purpose.* The purpose of the MSCI Inc. Annual Incentive Plan (as amended from time to time, the “**Plan**”) is to provide to certain employees of MSCI Inc. (the “**Company**”) and its Subsidiaries incentive compensation based upon the achievement of financial, business and other performance goals.

Section 2. *Definitions.* As used in the Plan, the following terms shall have the meanings set forth below:

Section 5. (a) “**Award**” means a cash incentive award opportunity granted to a Participant under the Plan with respect to a Performance Period in accordance with

(b) “**Beneficiary**” means a Person entitled to receive payments or other benefits or exercise rights that are available under the Plan in the event of the Participant’s death. If no such Person can be named or is named by the Participant, or if no Beneficiary designated by such Participant is eligible to receive payments or other benefits or exercise rights that are available under the Plan at the Participant’s death, such Participant’s Beneficiary shall be such Participant’s estate.

(c) “**Board**” means the Board of Directors of the Company.

(d) “**Change in Control**” has the meaning set forth in the Omnibus Plan.

(e) “**Code**” means the Internal Revenue Code of 1986, as amended from time to time, and the rules, regulations and guidance thereunder. Any reference to a provision in the Code shall include any successor provision thereto.

(f) “**Committee**” means the Compensation and Talent Management Committee of the Board unless another committee is designated by the Board. If there is no Compensation and Talent Management Committee of the Board and the Board does not designate another committee, references herein to the “Committee” shall refer to the Board.

(g) “**Disability**” means (a) being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (b) receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company by reason of any medically determinable physical or mental impairment that can be expected to result in

death or can be expected to last for a continuous period of not less than 12 months.

- (h) **“Effective Date”** means February 23, 2018.
- (i) **“Executives”** means, collectively, each (i) “officer” of the Company (as defined under Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended), (ii) member of the Company’s Executive Committee and (iii) other individual as determined by the Committee from time to time to be an “Executive”.
- (j) **“Final Award”** means, with respect to a Performance Period, the amount of an Award that will become payable to a Participant, subject to any additional terms and conditions applicable to the Award, as determined by the Committee under Section 7.
- (k) **“KPIs”** means key performance indicators/effective leadership measures, as may be applicable to a Participant from time to time.
- (l) **“Omnibus Plan”** means the MSCI Inc. 2016 Omnibus Incentive Plan, as may be amended from time to time.
- (m) **“Participant”** means any employee of the Company or any Subsidiary who is selected by the Committee to participate in the Plan.
- (n) **“Performance Measures”** means any one or more performance measures (including, for the avoidance of doubt, any financial measures, financial “grids” and/or KPIs), as determined by (i) the Committee in its sole discretion for Executives or (ii) unless otherwise determined by the Committee, by the Committee’s delegate for all other Participants. Performance Measures may be measured on an absolute (e.g., plan or budget) or relative basis, may be established on a corporate-wide basis or with respect to one or more business units, divisions, Subsidiaries or business or product segments, may be based on a ratio or separate calculation of any performance criteria and may be made relative to an index, one or more of the performance goals themselves, a previous period’s results or to a designated comparison group. Relative performance may be measured against a group of peer companies, a financial market index or other acceptable objective and quantifiable indices. If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which the Company conducts its business, or other events or circumstances render the performance objectives unsuitable, the Committee may modify the performance objectives or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable. Performance Measures may vary from Performance Award to Performance Award and from Participant to Participant, and may be established on a stand-alone basis, in tandem or in the alternative.

(o) **“Performance Period”** means the Company’s fiscal year, or any other period as determined by the Committee.

(p) **“Person”** has the meaning ascribed to such term in Section 3(a)(9) of the Securities and Exchange Act of 1934 and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) thereof.

(q) **“Subsidiary”** means an entity of which the Company directly or indirectly holds all or a majority of the value of the outstanding equity interests of such entity or a majority of the voting power with respect to the voting securities of such entity.

(r) **“Target Award”** means the amount that a Participant may earn under an Award if targeted performance levels are achieved (including corporate and individual performance). Target Awards may be denominated as a percentage of base salary or a dollar amount.

(s) **“Termination of Service”** has the meaning set forth in the Omnibus Plan.

Section 3. *Eligibility.* Any person who is employed by the Company or any Subsidiary (including any Executive) may be designated by the Committee as a Participant from time to time.

Section 4. *Administration.*

(a) Unless provided otherwise by the Committee, (i) the Committee shall administer the Plan with respect to the Executives who are eligible to participate in the Plan and (ii) the Committee’s delegate shall administer the Plan with respect to all other Participants. With respect to participation in this Plan by Participants other than the Executives, unless otherwise determined by the Committee, all references to “Committee” in this Plan (other than in respect of Section 12 hereof) shall instead refer to the Committee’s delegate.

(b) All decisions of the Committee shall be final, conclusive and binding upon all parties, including the Company, its shareholders, Participants and any Beneficiaries thereof. The Committee may issue rules and regulations for administration of the Plan. It shall meet at such times and places as it may determine.

(c) To the extent necessary or desirable to comply with applicable regulatory regimes, any action by the Committee shall require the approval of Committee members who are independent, within the meaning of and to the extent required by applicable rulings and interpretations of the applicable stock market or exchange on which any equity securities issued by the Company are quoted or traded. To the extent permitted by applicable law, the Committee may delegate to one or more members of the Committee or officers of the Company the authority to establish the terms of Awards, determine Final Awards or take

any other actions permitted under the Plan, within any limits established by the Committee.

(d) Subject to the terms of the Plan and applicable law, the Committee (or its delegate) shall have full discretion and authority to: (i) subject to Section 3, designate eligible individuals who will be Participants; (ii) determine the terms and conditions of any Award; (iii) determine whether, to what extent and under what circumstances amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the Participant or of the Committee; (iv) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (v) establish, amend, suspend or waive such rules and regulations as it shall deem appropriate for the proper administration of the Plan and due compliance with applicable law or accounting or tax rules and regulations; (vi) make any other determination and take any other action that the Committee in its sole discretion deems necessary or desirable for the administration of the Plan and due compliance with applicable law or accounting or tax rules and regulations; (vii) correct any defect, supply any omission and reconcile any inconsistency in the Plan or any Award, in the manner and to the extent it shall deem desirable to carry the Plan into effect; and (viii) construe, interpret and apply the provisions of this Plan. Notwithstanding anything to the contrary contained herein, the Board may, in its sole discretion, at any time and from time to time, grant Awards or administer the Plan. In any such case, the Board shall have all of the authority and responsibility granted to the Committee herein.

Section 5. *Establishment of Award Terms.*

(a) Subject to the limitations described in Section 8, unless otherwise determined by the Committee, the Committee (with respect to the Executives eligible to participate in the Plan) and the Committee's delegate (with respect to all other Participants) shall establish: (i) the terms of each Award, including the Performance Period; (ii) the positions or names of the employees who will be Participants for the applicable Performance Period; (iii) the Target Award for each Participant or group of Participants (including any minimum or maximum amount); (iv) the applicable Performance Measures and any other additional goals, formulas or performance-based measures relating to the Company, any business unit, Subsidiary or business segment of the Company or to an individual Participant; (v) targeted achievement levels (including any minimum or maximum achievement levels) relating to such Performance Measures or other goals; and (vi) the formula or methodology that will be applied to determine the extent to which Awards have been earned and any other terms that will be applicable to the Awards, including the payment date, payment conditions and any vesting schedule applicable to any Final Award.

(b) In connection with any Award, the Committee may require a Participant to enter into such agreements as the Committee considers appropriate. Awards may be subject to conditions established by the Committee, which may

include, but are not limited to, continuous service with the Company or any Subsidiary. The failure by a Participant to satisfy any of the requirements or conditions imposed on any Award by the Committee shall, in the discretion of the Committee, result in the immediate cancellation of any unpaid portion of such Participant's Award, and such Participant will not be entitled to receive any consideration with respect to such cancellation.

Section 6. *Adjustments to Performance Measures, Goals and Formulas.* The Committee may adjust, in whole or in part, any Performance Measures or any other applicable goals, formulas or performance-based measures, the targeted achievement levels (including any minimum or maximum achievement levels) relating to such Performance Measures, goals, formulas or performance-based measures, and the formula or methodology to be applied against the Performance Measures goals, formulas or performance-based measures, as the Committee may deem appropriate and equitable and to avoid undue harm or enrichment to account for any of the following events that occur during a Performance Period, without duplication:

- (a) the effects of currency fluctuations;
- (b) any adjustments used to derive non-GAAP (Generally Accepted Accounting Principles (“GAAP”)) financial performance measures, as reflected in any Company press release or current report on Form 8-K, annual report on Form 10-K or quarterly report on Form 10-Q;
- (c) asset write-downs, write-offs, impairments and losses, and the positive impact on depreciation and amortization expenses as a result of the impairment for the period commencing on the date of the impairment and ending on the last day of the Performance Period;
- (d) gains or losses (or amortization thereof) resulting from any newly-enacted law or regulation, litigation and regulatory claims, charges, judgments or settlements, including legal fees;
- (e) the effect of changes in tax law, accounting principles, regulatory pronouncements or other such laws or provisions affecting reported results;
- (f) reorganization and restructuring programs, capital return strategies or financings or refinancings;
- (g) accelerated amortization or write-off of deferred financing and debt discount costs as a result of debt repayments or refinancings;
- (h) gains or losses that are the direct result of a major casualty or natural disaster;
- (i) the effect of events that are non-recurring, infrequent or unusual in occurrence as deemed appropriate by the Committee in good faith to avoid undue harm or enrichment accounting and non-operational items;

- (j) the effect of any acquisition or divestiture on financial statements, including pre-and post-transition, alignment, purchase accounting adjustments, restructuring charges and integration costs;
- (k) any errors in calculating projected financial results used as the basis for determining a Performance Measure or goal;
- (l) the tax effects of any of the above adjustments; or
- (m) any other events, as reasonably determined by the Committee.

In the event of an acquisition or divestiture of the type described in subsection (j) above, adjustments to performance measures, goals and formulas shall be made as reasonably determined by the Committee. In making this determination, the Committee, may rely on, among other things, the Company's operating plan, as presented to the Board in connection with approving the annual budget (the "**Board Plan**"), budget or other planning models, including any analyses or valuations prepared in connection with or underlying the information contained in such Board Plan, budget or other planning model and presented to or relied on by the Board or senior management in connection with approving the acquisition or divestiture, as applicable.

The above referenced adjustments pursuant to (a) through (m) above shall be as reflected in the Company's consolidated statements of income, as applicable, and, in each case, shall not result in an adjustment to the performance measures, goals or formulas if the occurrence, in isolation, is considered *de minimis* (i.e., less than 1% of the applicable performance measure).

The Committee may delegate to certain officers of the Company the authority to make the referenced adjustments pursuant to (a) through (m) above, subject to such limitations as may be deemed appropriate by the Committee and to extent permitted by applicable law.

Section 7. *Determination of Final Awards.*

(a) As soon as practicable after the end of each Performance Period, the Committee shall determine the extent to which the targeted achievement levels of the applicable Performance Measures and any other goals, formulas or performance-based measures applicable to each Award have been satisfied.

(b) The Committee may, in its sole discretion, adjust (upward or downward) the Award of any Participant or group of Participants, subject to and in accordance with the requirements of any applicable plan, program, policy or arrangement maintained or entered into by the Company (including the MSCI Inc. Performance Formula and Incentive Plan), as may be in effect from time to time, to the extent applicable to any such Participant.

(c) The Committee (i) shall determine the Final Award for each Participant who is an Executive and (ii) unless as otherwise determined by the Committee, the Committee's delegate shall determine the Final Award for any other Participant, in each case, after applying any adjustments described in Section 7(b) and subject to the limitations described in Section 8.

Section 8. *Payment of Awards.*

(a) Subject to Section 9, payment of the Final Awards for a Performance Period shall be made in cash on or as soon as administratively practicable after the Committee's (or its delegate's) determination of the Final Awards (or if later, any vesting date or dates applicable to the Final Award), but in no event later than March 15 of the year following the end of the applicable Performance Period (or the applicable vesting date or dates); *provided* that at the time of grant, subject to Section 13, the Committee may determine that an Award will be paid at a later date.

(b) Notwithstanding Section 8(a), the Company may, in its sole discretion, permit or require the deferral of payment of any Final Award in accordance with the terms of any deferred compensation plan or arrangement established or maintained by the Company or its Subsidiaries from time to time.

Section 9. *Effect of a Termination of Service or Change in Control.*

(a) Unless otherwise provided (a) in any agreement or arrangement in effect between the Company (or any Subsidiary) and the Participant, (b) by the Committee at the time of the grant of the Award or (c) as the Committee may determine in any individual case, upon the Participant's Termination of Service for any reason, any unpaid portion of any Award shall be forfeited; *provided* that, in the event of the Participant's Termination of Service due to his or her death or Disability, unless otherwise determined by the Committee, such Participant shall receive his or her Final Award in respect of the Performance Period during which such Termination of Service occurs, payable at the same time Final Awards are paid to other Participants, based on, as applicable, (i) for the portion of the Final Award, if any, based on Performance Measures (other than KPIs), the Company's actual achievement of the Performance Measures (other than KPIs) over the Performance Period and, (ii) for the portion of the Final Award, if any, based on KPIs, 100% of the target KPIs.

(b) In the event of a Change in Control, unless otherwise determined by the Committee, (i) the Performance Period applicable to any outstanding Award shall cease as of the date immediately prior to such Change in Control, (ii) (A) with respect to the portion of any Award based on Performance Measures (other than KPIs), such Award shall be payable based on the higher of (x) the Company's actual achievement of the Performance Measures (other than KPIs) for the period commencing on the first day of the Performance Period and ending on the date immediately prior to such Change in Control and (y) 100% and (B)

with respect to the portion any Award based on KPIs, such Award shall be payable at 100% of the target KPIs and (iii) any such Award shall be payable by the Company (or the successor or survivor entity (or its parent)) within 60 days of the date of such Change in Control, prorated for the portion of the applicable Performance Period that has elapsed prior to the date of such Change in Control; provided that the Committee may elect not to prorate such Awards in its discretion if the Company's successor will not be implementing a comparable annual incentive plan for the remaining portion of the year in which the Change in Control occurs. If any Participant is eligible to receive a prorated annual bonus pursuant to any change in control severance plan that is maintained by the Company and in effect at the time of such Change in Control (any such plan, a "CIC Plan"), any such prorated annual bonus payable to such Participant pursuant to such CIC Plan in respect of the year in which the Change in Control occurs will be reduced (but in no event reduced to less than zero) by any Awards paid to such Participant under the Plan in respect of such year.

Section 10. *General Provisions Applicable to Awards.*

(a) Except pursuant to Section 10(b) or the laws of descent, no Award and no right under any Award may be voluntarily or involuntarily assigned, alienated, sold or transferred, including as between spouses or pursuant to a domestic relations order in connection with dissolution of marriage, or by operation of law other than the laws of descent.

(b) Any designation of a Beneficiary to receive all or part of any Award will be governed by local law. To make a Beneficiary designation, the Participant must coordinate with his or her personal tax or estate planning representative. Any Award (or portion thereof) that become payable upon the Participant's death will be distributed to his or her estate in accordance with local law rules. A Participant may replace or revoke your Beneficiary designation at any time.

(c) The entire expense of offering and administering the Plan shall be borne by the Company and its Subsidiaries.

(d) Any Awards granted under the Plan (including any amounts or benefits arising from such Awards) shall be subject to any clawback or recoupment policies the Company has in place from time to time.

(e) Notwithstanding any other provision of the Plan (including Section 8, Section 9 and Section 13), the Committee may determine at any time and in its sole discretion, to accelerate or to delay any amounts payable with respect to any Award, or grant Awards subject to accelerated or delayed payment terms.

(f) No employee, Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of employees, Participants or Beneficiaries under the Plan. The terms

and conditions of Awards need not be the same with respect to each recipient. Any Award granted under the Plan shall be a one-time Award that does not constitute a promise of future grants.

(g) The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of, or to continue to provide services to, the Company or any Subsidiary. Further, the Company or the applicable Subsidiary may at any time dismiss a Participant, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any other agreement binding the parties.

(h) Nothing contained in the Plan shall prevent the Committee or the Company from adopting other non-shareholder approved plans, policies and arrangements for granting incentives and other compensation to employees of the Company and its Subsidiaries or adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(i) The Company (or any Subsidiary) shall be authorized to withhold from any payment due with respect to any Final Award the amount of applicable withholding taxes due in respect of an Award as may be necessary in the opinion of the Company (or the Subsidiary) to satisfy all obligations for the payment of such taxes. The Company (or any Subsidiary) shall have the right to offset from any amount payable hereunder any amount that the Participant owes to the Company or to any Subsidiary without the consent of the Participant (or Beneficiary, in the event of the Participant's death).

(j) If any provision of the Plan is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction, or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan shall remain in full force and effect.

(k) This Plan is unfunded and unsecured. Nothing in this Plan shall be construed to create a trust or to establish or evidence any Participant's claim of any right to payment of an Award other than as an unsecured general creditor with respect to any payment to which he or she may be entitled.

Section 11. *Effective Date of the Plan.* The Plan shall be effective as of the Effective Date.

Section 12. *Amendment, Modification, Suspension and Termination of the Plan; Rescissions and Corrections.* Except to the extent prohibited by applicable law, the Board may amend, alter, suspend, discontinue or terminate the Plan or any portion

thereof at any time. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry the Plan into effect.

Section 13. *Section 409A of the Code.* With respect to any Award subject to Section 409A of the Code, the Plan is intended to comply with the requirements of Section 409A of the Code, and the provisions of the Plan shall be interpreted in a manner that satisfies the requirements of Section 409A of the Code, and the Plan shall be operated accordingly. If any provision of the Plan or any term or condition of any Award would otherwise frustrate or conflict with this intent, the provision, term or condition will be interpreted and, to the extent necessary, deemed amended so as to avoid this conflict. If an amount payable under an Award as a result of the Participant's termination of employment (other than due to death) occurring while the Participant is a "specified employee" under Section 409A of the Code constitutes a deferral of compensation subject to Section 409A of the Code, then payment of such amount shall not occur until six months and one day after the date of the Participant's termination of employment, except as permitted under Section 409A of the Code. To the extent any amount that is "nonqualified deferred compensation" for purposes of Section 409A of the Code becomes payable upon a termination of employment, such termination of employment shall not be deemed to have occurred any earlier than a "separation from service" would occur under Section 409A of the Code, and related regulations and guidance thereunder. Notwithstanding any of the foregoing, the Company makes no representations or warranty and shall have no liability to the Participant or any other person if any provisions or payments, compensation or other benefits under the Plan are determined to constitute nonqualified deferred compensation subject to Section 409A of the Code but do not satisfy the provisions thereof.

Section 14. *Governing Law.* The Plan shall be governed by the laws of the State of Delaware, without application of the conflicts of law principles thereof.

Subsidiaries of MSCI Inc.

| Name | Jurisdiction of Incorporation/Organization |
|---|---|
| MSCI Inc. | Delaware, U.S.A. |
| Barra, LLC | Delaware, U.S.A. |
| Financial Engineering Associates, Inc. | California, U.S.A. |
| Investment Property Databank Limited | Illinois, U.S.A. |
| Investor Force Holdings, Inc. | Delaware, U.S.A. |
| Investor Force, Inc. | Delaware, U.S.A. |
| Investor Force Securities, Inc. | Delaware, U.S.A. |
| MSCI Barra Financial Information Consultancy (Shanghai) Limited | China |
| MSCI Chile Limitada (majority owner) | Chile |
| MSCI ESG Research LLC | Delaware, U.S.A. |
| KLD Research and Analytics, Inc. | Massachusetts, U.S.A. |
| MSCI ESG Research (Australia) Pty Ltd. | Australia |
| MSCI Kft. | Hungary |
| MSCI Holdings LLC | Delaware, U.S.A. |
| MSCI Chile Limitada (minority owner) | Chile |
| MSCI Scot 1 LP (general partner) | Scotland |
| MSCI S. de R.L. de C.V. (minority owner) | Mexico |
| MSCI S. de R.L. de C.V. (majority owner) | Mexico |
| MSCI Scot 1 LP (limited partner) | Scotland |
| MSCI GP I LLC | Delaware, U.S.A. |
| MSCI Scot 2 LP (general partner) | Scotland |
| MSCI Scot 2 LP (limited partner) | Scotland |
| MSCI Barra (Suisse) Sàrl | Switzerland |
| BarraConsult Ltda. (minority owner) | Brazil |
| MSCI Services Private Limited (minority owner) | India |
| MSCI GP II LLC | Delaware, U.S.A. |
| MSCI Cayman Limited | Cayman Islands |
| MSCI UK Holdings Limited | United Kingdom |
| MSCI Limited | United Kingdom |
| Barra International, LLC | Delaware, U.S.A. |
| BarraConsult Ltda. (majority owner) | Brazil |
| MSCI G.K. | Japan |
| IPD Group Limited | United Kingdom |
| KK IPD | Japan |
| Investment Property Databank Limited | United Kingdom |
| Investment Property Databank Pty Limited | Australia |
| IPD Investment Property Databank GMBH | Germany |
| Investment Property Databank South Africa (Proprietary) Limited | South Africa |
| IPD France | France |
| IPD Norden AB | Sweden |
| IPD Nederland B.V. | Netherlands |
| RiskMetrics (UK) Limited | United Kingdom |

| | |
|--|------------------|
| MSCI Holdings 2 LLC | Delaware, U.S.A. |
| MSCI Australia Pty Limited | Australia |
| MSCI Canada ULC | Canada |
| MSCI Hong Kong Management Limited | Hong Kong |
| MSCI Hong Kong Limited | Hong Kong |
| MSCI Taiwan Limited | Taiwan |
| RiskMetrics (Singapore) Private Limited | Singapore |
| MSCI Holdings 3 LLC | Delaware, U.S.A. |
| MSCI ESG Research (UK) Limited | United Kingdom |
| MSCI ESG Research (France) | France |
| MSCI Korea Limited | Korea |
| MSCI Services Private Limited (majority owner) | India |
| RiskMetrics Group, LLC | Delaware, U.S.A. |
| RiskMetrics Group Holdings, LLC | Delaware, U.S.A. |
| RiskMetrics Solutions, LLC | Delaware, U.S.A. |
| Measurisk, LLC | Delaware, U.S.A. |

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-147540, 333-165888, 333-167624 and 333-210987) and on Form S-3 (No. 333-206232) of MSCI Inc. of our report dated February 26, 2018, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 26, 2018

SECTION 302 CERTIFICATION

I, Henry A. Fernandez, certify that:

1. I have reviewed this Annual Report on Form 10-K of MSCI Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2018

/s/ Henry A. Fernandez
Henry A. Fernandez
Chairman and Chief Executive Officer
(Principal Executive Officer)

SECTION 302 CERTIFICATION

I, Kathleen A. Winters, certify that:

1. I have reviewed this Annual Report on Form 10-K of MSCI Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2018

/s/ Kathleen A. Winters

Kathleen A. Winters
Chief Financial Officer and Treasurer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Henry A. Fernandez, Chairman and Chief Executive Officer of MSCI Inc. (the "Registrant") and Kathleen A. Winters, Chief Financial Officer and Treasurer of the Registrant, each hereby certifies that, to the best of his/her knowledge:

1. The Registrant's Annual Report on Form 10-K for the period ended December 31, 2017 (the "Periodic Report"), to which this Certification is attached as Exhibit 32.1, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition of the Registrant at the end of the period covered by the Periodic Report and results of operations of the Registrant for the periods covered by the Periodic Report.

Date: February 26, 2018

/s/ Henry A. Fernandez

Henry A. Fernandez
Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ Kathleen A. Winters

Kathleen A. Winters
Chief Financial Officer and Treasurer
(Principal Financial Officer)