



# Full Year and Fourth Quarter 2020

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EARNINGS PRESENTATION

January 28, 2021

# Forward-Looking Statements

- This earnings presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, MSCI's full-year 2021 guidance. These forward-looking statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential" or "continue," or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond MSCI's control and that could materially affect actual results, levels of activity, performance or achievements.
- Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in MSCI's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 filed with the Securities and Exchange Commission ("SEC") on February 18, 2020 and in quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished with the SEC. If any of these risks or uncertainties materialize, or if MSCI's underlying assumptions prove to be incorrect, actual results may vary significantly from what MSCI projected. Any forward-looking statement in this earnings presentation reflects MSCI's current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to MSCI's operations, results of operations, growth strategy and liquidity. MSCI assumes no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise, except as required by law.

# Other Information

- Percentage changes and totals in this earnings presentation may not sum due to rounding.
- Percentage changes refer to the comparable period in 2019, unless otherwise noted.
- Gross sales include both new recurring subscription and non-recurring sales as reported in Table 6: Sales and Retention Rate by Segment (unaudited) of the press release reporting MSCI's financial results for fourth quarter 2020.
- 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. While operating revenues adjusted for the impact of foreign currency fluctuations includes asset-based fees that have been adjusted for the impact of foreign currency fluctuations, the underlying assets under management ("AUM"), which is the primary component of asset-based fees, is not adjusted for foreign currency fluctuations. More than three-fifths of the AUM are invested in securities denominated in currencies other than the U.S. dollar, and accordingly, any such impact is excluded from the disclosed foreign currency-adjusted variances.

# MSCI 4Q20 Earnings Call Participants



**Henry Fernandez**  
Chairman & CEO



**Baer Pettit**  
President & COO



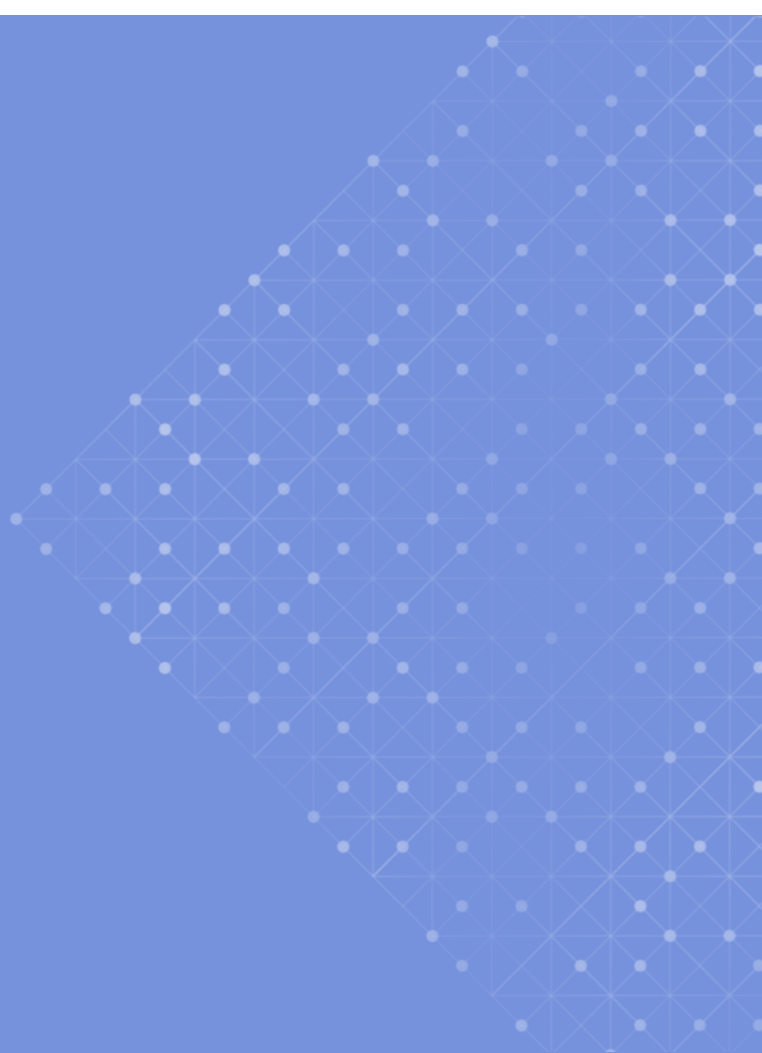
**Andy Wiechmann**  
Chief Financial Officer



**Salli Schwartz**  
Head of IR & Treasurer

# Financial & Strategic Highlights

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# 4Q20 and FY20 Financial Results Snapshot

Strong earnings growth reflecting solid top-line growth with continued operating leverage

**+9%**

4Q20 Revenue Growth (reported)

**+9%**

4Q20 Revenue Growth (organic)

**+11%**

4Q20 and FY20 Subscription  
Run Rate Growth (reported)

**+9%**

4Q20 and FY20 Subscription  
Run Rate Growth (organic)

**57.7%**

4Q20 Adjusted EBITDA Margin  
(+358 bps)

**52.8%**

4Q20 Operating Margin  
(+371 bps)

**+16%**

4Q20 Adjusted EBITDA Growth

**+17%**

4Q20 Operating Income Growth

**\$760M**

FY20 Free Cash Flow

**\$811M**

FY20 Net cash provided by  
operating activities

**\$164M**

4Q20 Value of Shares  
Repurchased

**471,591**

Shares Repurchased in 4Q20 at  
average price of \$347.78

**+17%**

4Q20 Adjusted EPS Growth

**+30%**

4Q20 Diluted EPS Growth

# Continued Progress on our Strategic Initiatives



## Clients and Client Segments

- Asset managers
- Asset owners
- Broker-dealers
- Wealth managers
- Corporates
- Insurance companies
- Private asset managers
- Regions (Americas, EMEA, APAC)



## Products and Services



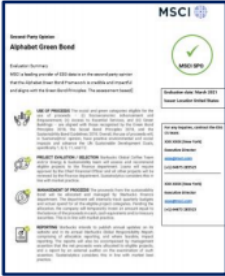
- ESG and climate
- Fixed income and liquidity
- Thematics
- Derivatives
- Factors
- Private assets



## Capabilities and Processes

- Technology and data
- Capital management
- Partnerships
- Entrepreneurial culture

# Enriching our Offerings for Fixed Income Investors

Climate	ESG	Corporates
<h2>Physical Risk Solution for Municipal Bonds</h2>	<h2>SDG Alignment Impact Solution for Municipal Bonds</h2>	<h2>Second Party Opinions for Corporates</h2>
<p>Compare change of relative <b>physical risks</b> of individual <b>municipal bonds</b> with a <b>physical risk</b> distribution of an entire area under investigation. Translation into <b>risk score</b></p>	<p>Map <b>municipal bonds</b> use of proceeds to <b>SDGs</b> that may provide beneficial or environmental <b>impacts</b> and satisfy long-term development goals for communities in the US</p>	<p>Provide a Second Party Opinion on the use of proceeds of a Green, Social or Sustainability Bond.</p>
		



# Building Critical Capabilities and Processes



## Technology and data

Accelerating our transition to the cloud

APIs and other state of the art content delivery platforms, enabling clients with more seamless access to MSCI data



## Capital management

Allocating capital in a systematic, and disciplined manner



## Culture

Benefiting from our adaptable and entrepreneurial culture

Innovation mindset

# ESG and Climate as a Standalone Reporting Segment



## Current MSCI Reporting Segments

- Index
- Analytics
- All Other (includes ESG and Real Estate)

## MSCI Reporting Segments Beginning in First Quarter 2021:

Index



Analytics



ESG & Climate



All Other –  
Private Assets



# Our Commitment to Corporate Responsibility



**Better investments  
for a better world**



**Social  
responsibility**



**Operate  
sustainably**



**Act with  
integrity**

## Further enhancing our processes and disclosures

**2020 TCFD<sup>1</sup>  
report issued**

**SASB<sup>2</sup> aligned  
disclosures**

**Carbon  
reduction  
targets<sup>3</sup>**

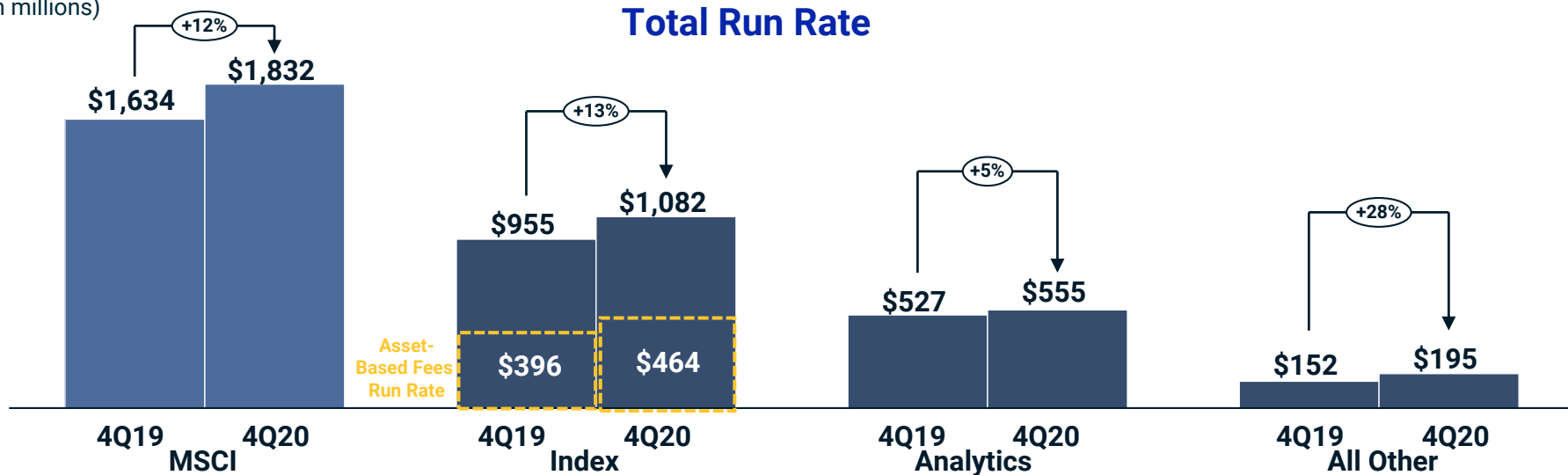
**Human Rights  
Policy adopted**

<https://www.msci.com/who-we-are/corporate-responsibility/sustainability-reports-policies>

# Company & Operating Update

# 4Q20 Operating Highlights

(US\$ in millions)

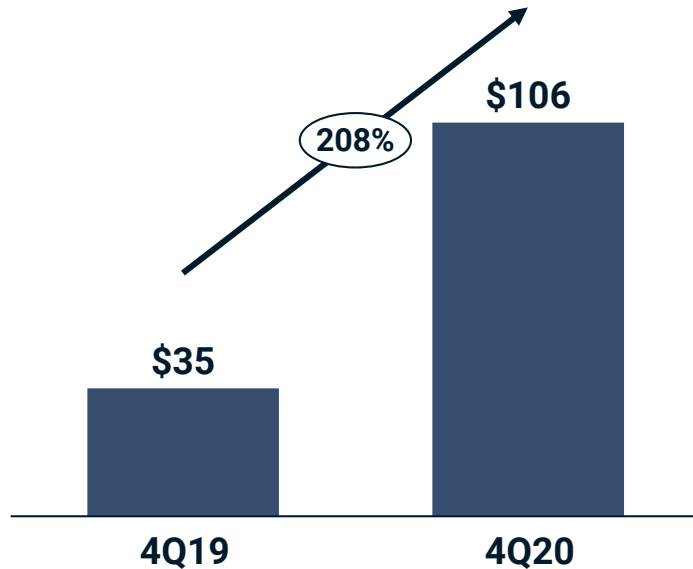


- Best quarter ever for new recurring subscription sales across MSCI, gross sales across MSCI, and new recurring subscription sales in Index and ESG
- Assets in equity ETFs linked to MSCI Indexes surpassed \$1 trillion

# Significant Growth Across ESG and Climate Franchise

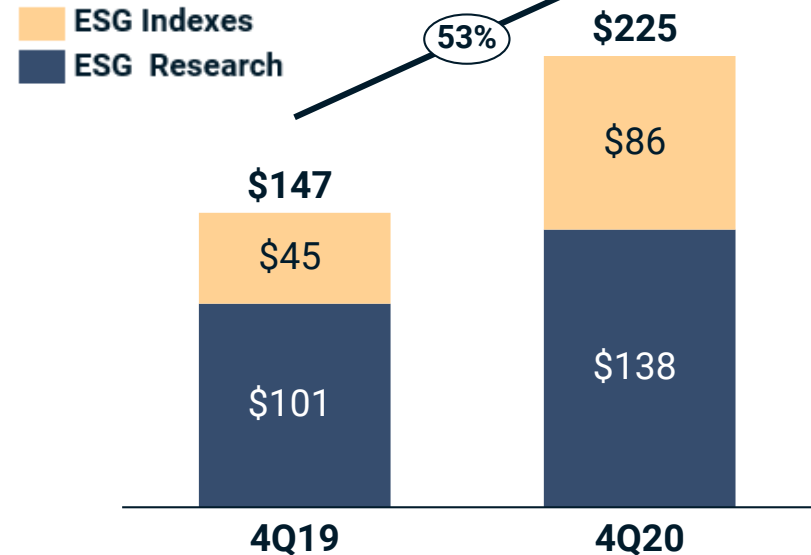
## AUM in Equity ETFs linked to MSCI ESG and Climate Indexes

(US\$ in billions)



## Firmwide ESG and Climate Run Rate<sup>1</sup>

(US\$ in millions)



# Progress Growing Clients and Client Segments



- Asset Managers
- Asset Owners
- Broker Dealers
- Wealth Managers
- Corporates
- Insurance companies
- Private asset managers
- Regions (Americas, EMEA, APAC)

# Innovation in Products and Services

MSCI 

## MSCI Climate Paris Aligned Indexes

Enabling climate investing aligned with a 1.5°C world



## Fixed Income



## Multi-Period Stress Testing

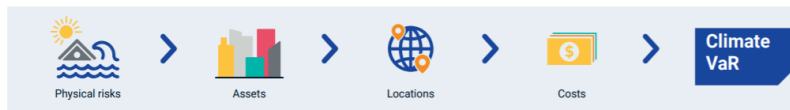


## Climate Value-at-Risk (Climate VaR)

### Transition risks



### Physical risks





# 2021 Key Investment Areas

1

New indexes and other tools

2

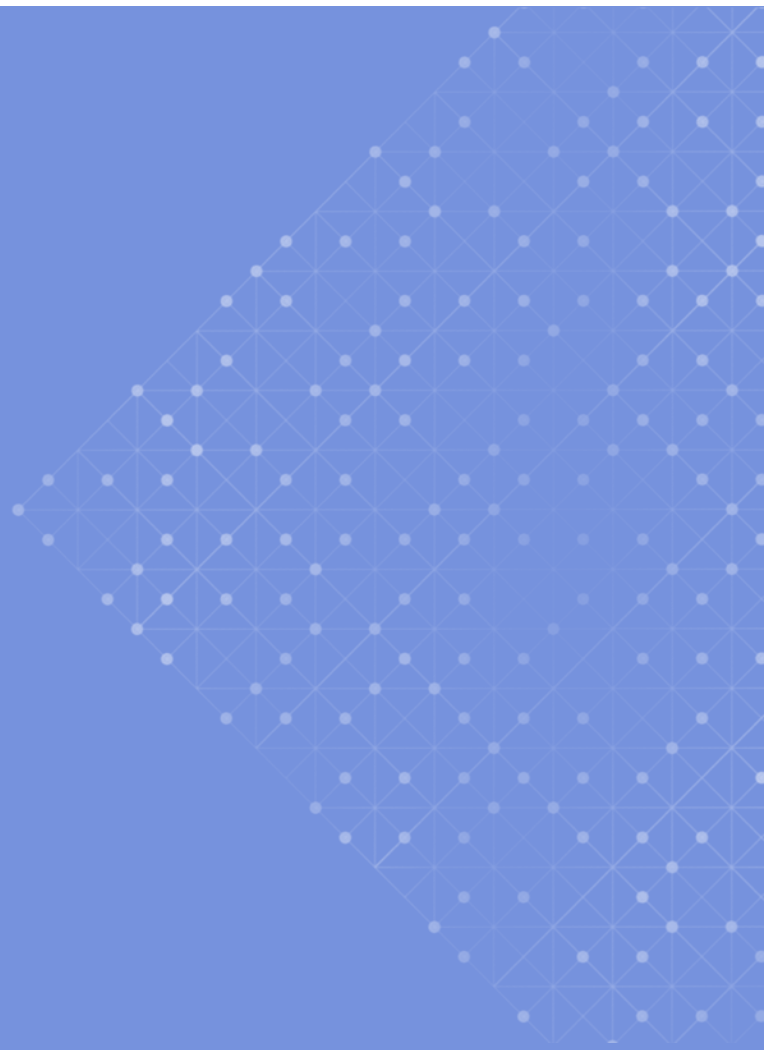
Expanded ESG and climate ratings coverage

3

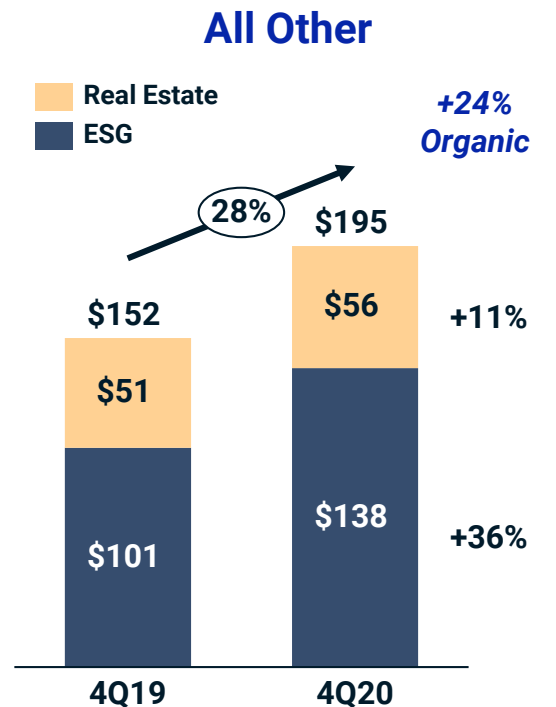
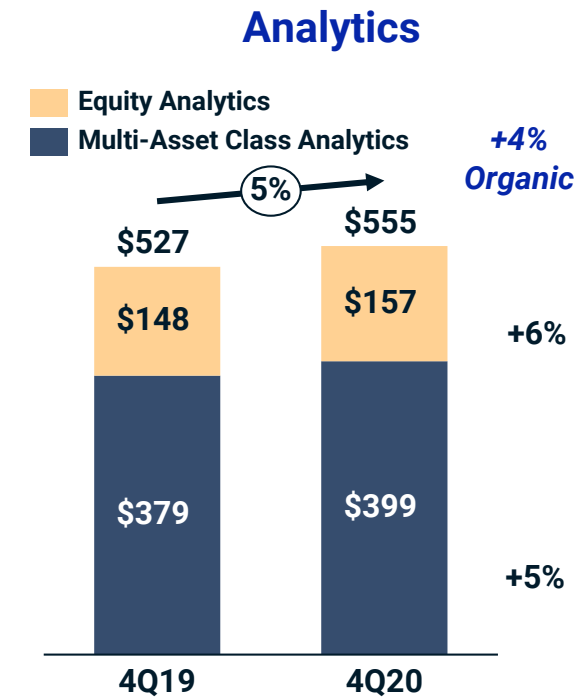
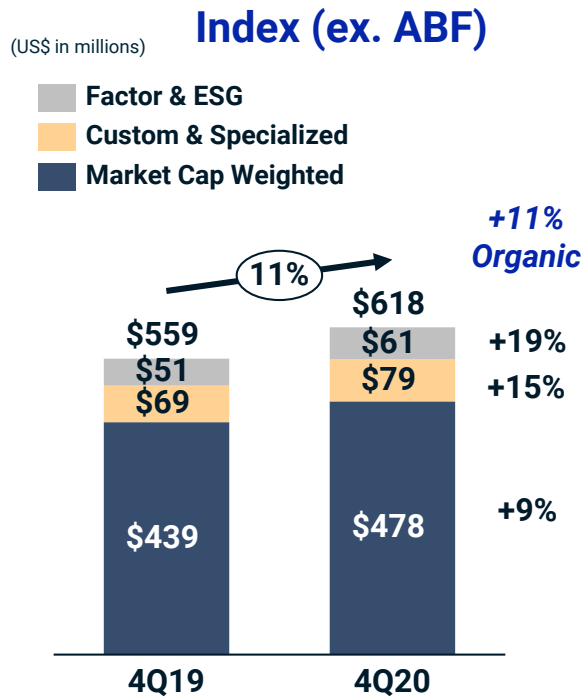
Technology transformation and data capabilities to support client-driven migration to a service platform

# Financial Update

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# 4Q20: Over 10% Total Subscription Run Rate Growth



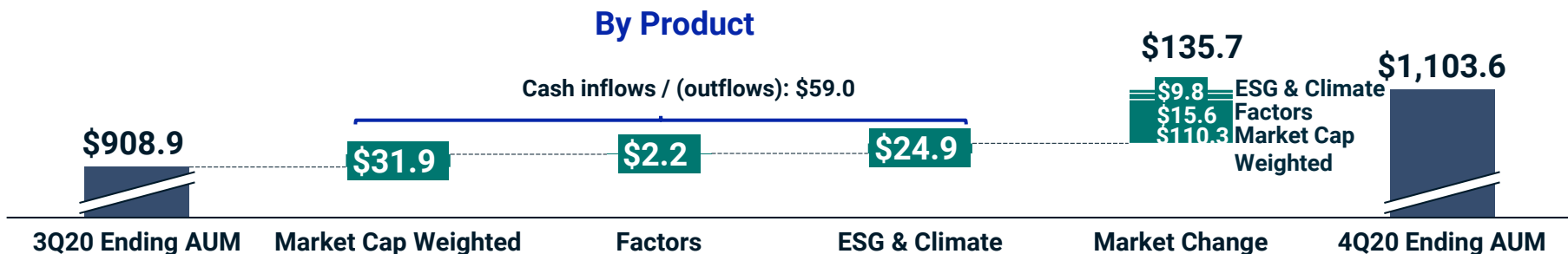
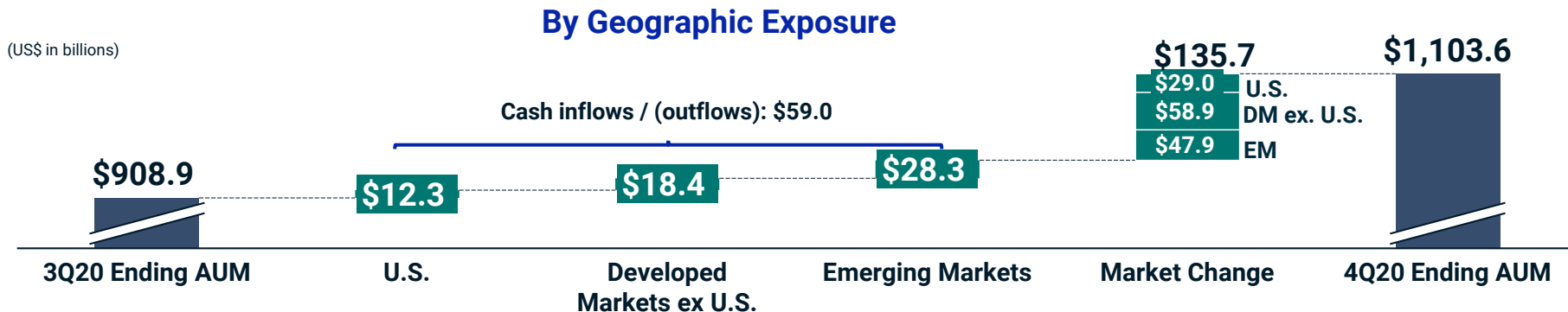
Demand Across All Modules

Growth Across Multi-Asset Class & Equity Analytics Products

Increasing Focus on Sustainable Investing and Private Assets

# 4Q20 QoQ AUM Drivers: MSCI-Linked Equity ETFs

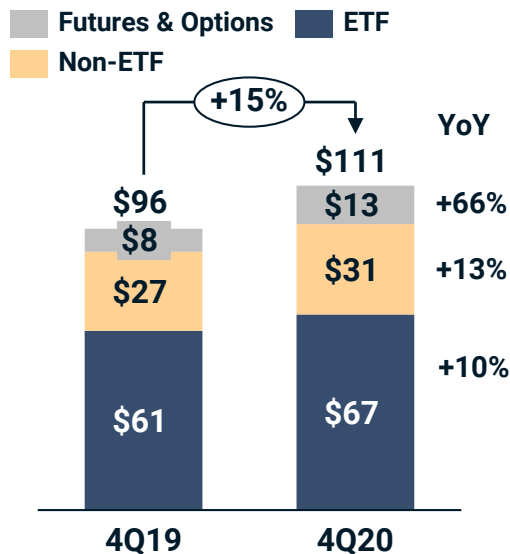
Assets in equity ETFs linked to MSCI Indexes surpassed \$1 trillion during 4Q20



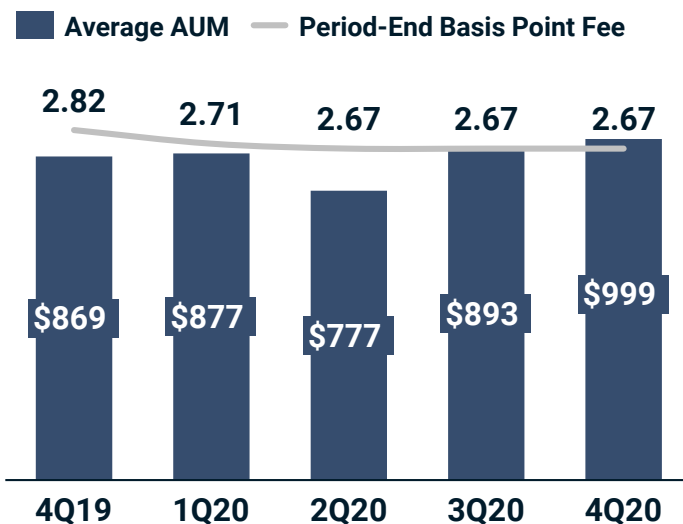
# Index Segment: Asset-Based Fees Details

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

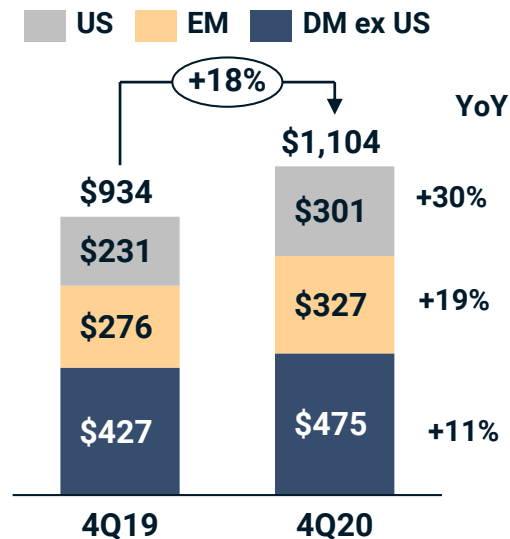
## Asset-based Fees (ABF) Revenue



## Quarterly Average AUM and Period-End Basis Point Fee<sup>1</sup> of Equity ETFs linked to MSCI Indexes



## Quarter-End AUM by Market Exposure<sup>2</sup> of Equity ETFs linked to MSCI Indexes

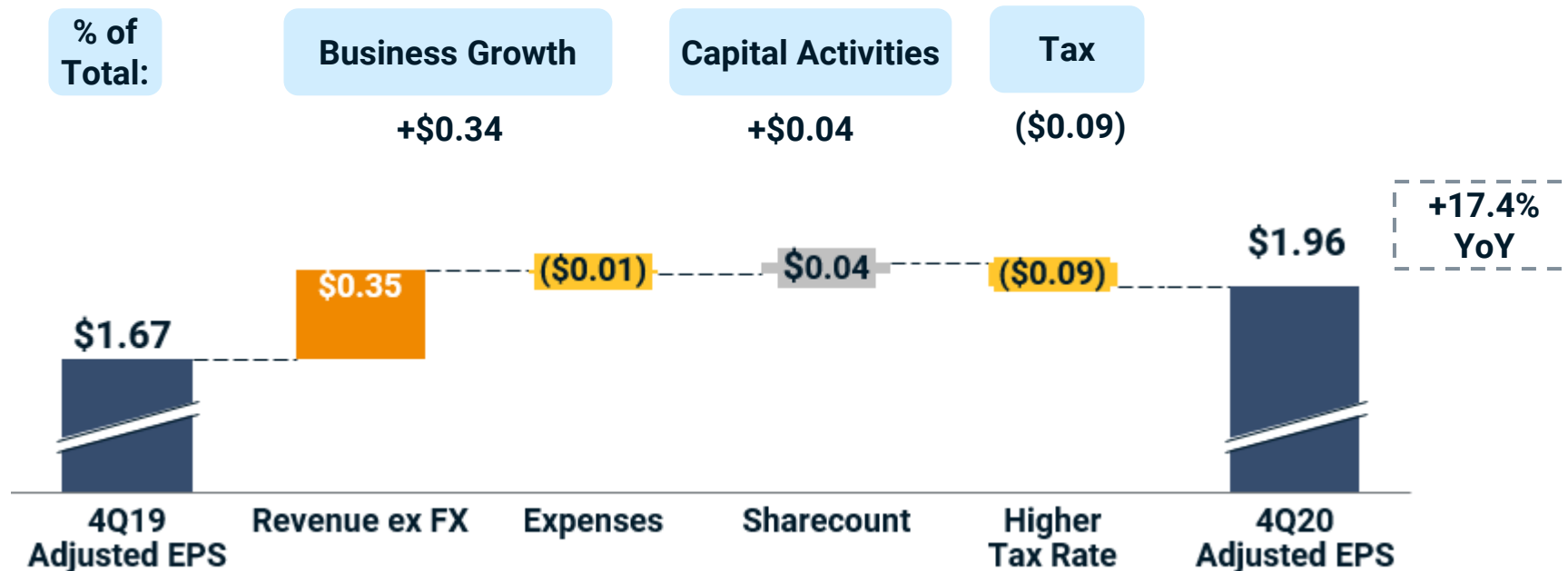


<sup>1</sup>Based on period-end Run Rate for equity ETFs linked to MSCI indexes using period-end AUM. Please refer to Table 7: AUM in Equity ETFs Linked to MSCI Indexes (unaudited) of the press release reporting MSCI's financial results for third quarter 2020.

<sup>2</sup>US = Equity ETFs linked to MSCI indexes, the majority of whose weight is comprised of securities in MSCI Developed Market (DM) countries, primarily or exclusively in the US; DM ex US = Equity ETFs linked to MSCI indexes, the majority of whose weight is comprised of securities in MSCI DM countries other than the US; EM = Equity ETFs linked to MSCI indexes, the majority of whose weight is comprised of securities that are not in MSCI DM countries. Prior periods have been reclassified to conform to the current period classification. Note: The AUM in equity ETFs also includes AUM in Exchange Traded Notes, the value of which is less than 1.0% of the AUM amounts presented.

# Adjusted Earnings Per Share Growth Drivers

(US\$ in per share amounts)



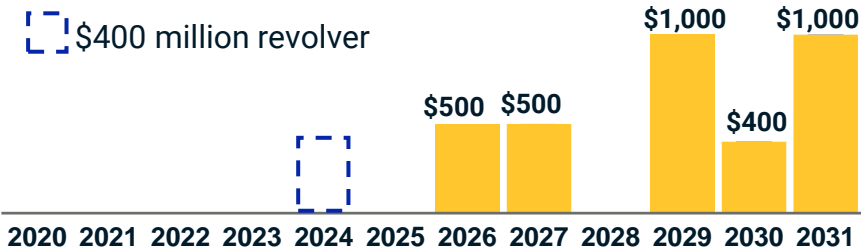
# Capital and Liquidity; Capital Management Strategy

(US\$ in millions, unless otherwise noted)

## Cash<sup>1</sup> and Debt<sup>2</sup> as of 12/31/2020

- Total Cash of \$1,301
- Total Debt of \$3,367
- Net Debt of \$2,066
- Total Debt / TTM<sup>3</sup> Adj. EBITDA of 3.5x
- Net Debt / TTM<sup>3</sup> Adj. EBITDA of 2.1x

## Unsecured Debt Maturity Profile



- Strong balance sheet provides optionality
  - Next maturity not until 2026
- Disciplined and consistent approach to deployment
  - Triple-Crown framework to evaluate internal opportunities and MP&A (mergers, partnerships and acquisitions)
- Remaining capital returned to shareholders through dividends and opportunistic share repurchases
  - \$64.4 million in dividends paid to shareholders in 4Q20
  - \$164.0 million of share repurchases during 4Q20, a total of 471,591 shares at average price of \$347.78 per share

# ESG and Climate as a Standalone Reporting Segment

## MSCI Reporting Segments

*(starting 1Q 2021)*

- Index
- Analytics
- ESG and Climate
- All Other – Private Assets

- Financial and operating metrics presented separately for **ESG and Climate segment**, consistent with Index and Analytics
- **All Other – Private Assets** comprises of the **Real Estate** operating segment and our equity method investment in **Burgiss Group, LLC**
- Will provide historical information for the new reporting segments annually for 2018 and 2019 and quarterly for 2020
- Revenue and operating metrics from ESG and Climate indexes will continue to be presented in our Index segment



# Full-Year 2021 Guidance

Guidance Item	Guidance for Full-Year 2021
Operating Expense	\$870 to \$895 million
Adjusted EBITDA Expense	\$780 to \$800 million
Interest Expense (including amortization of financing fees) <sup>1</sup>	~\$150 million
Depreciation & Amortization Expense	\$90 to \$95 million
Effective Tax Rate	17.5% to 20.5%
Capital Expenditures	\$50 to \$60 million
Net Cash Provided by Operating Activities	\$845 to \$885 million
Free Cash Flow	\$785 to \$835 million

Note: MSCI's guidance for 2021 is based on assumptions about a number of macroeconomic and capital market factors, in particular related to equity markets. These assumptions are subject to uncertainty, and actual results for the year could differ materially from our current guidance, including as a result of ongoing uncertainty related to the duration, magnitude and impact of the COVID-19 pandemic.

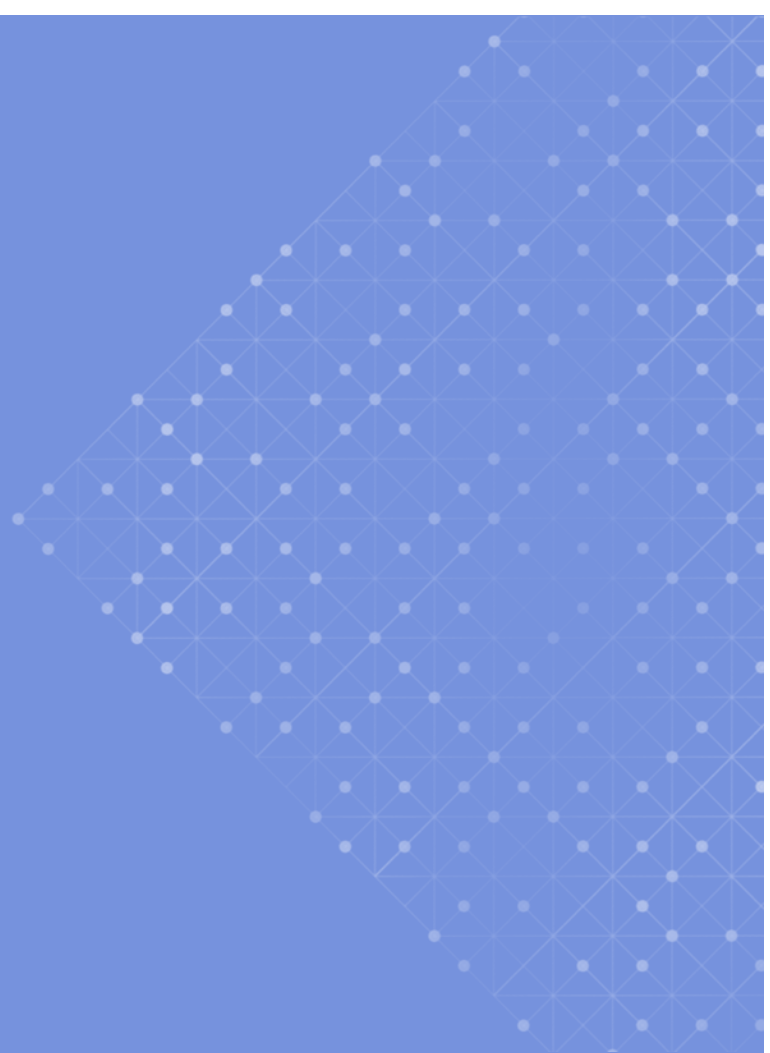
(1) Interest income will continue to be impacted by the lower rates available on cash balances.

# Q&A



# Additional Information

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# 4Q20 Summary Financial Results

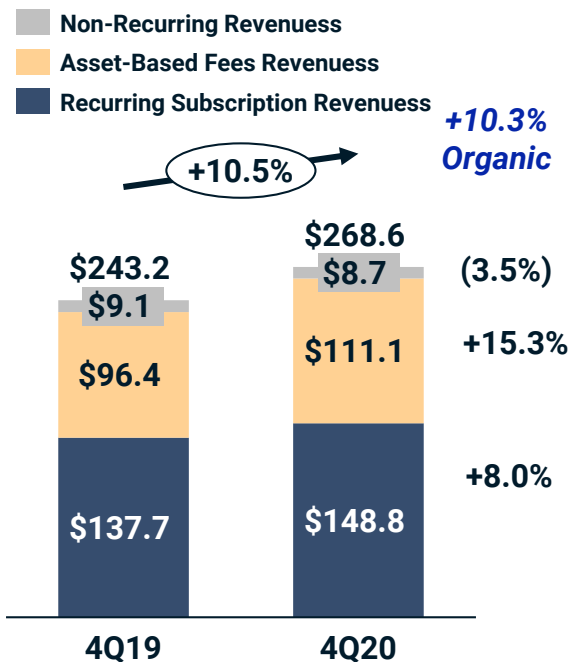
(US \$ in thousands, except per share data)

For the Three Months Ended  
December 31,

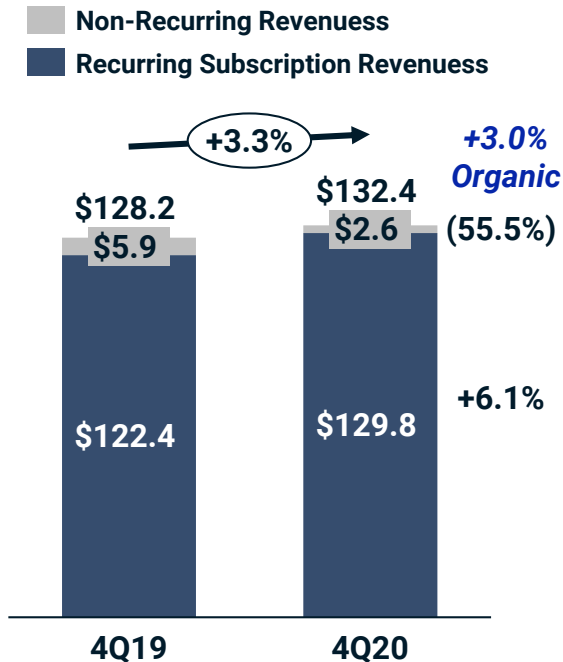
(Unaudited)	2020	2019	YoY% Change
Operating revenues	\$ 443,661	\$ 406,606	9.1%
Operating income	\$ 234,085	\$ 199,429	17.4%
Operating margin %	52.8%	49.0%	
Net income	\$ 156,216	\$ 122,783	27.2%
Diluted EPS	\$ 1.87	\$ 1.44	29.9%
Adjusted EPS	\$ 1.96	\$ 1.67	17.4%
Adjusted EBITDA	\$ 256,136	\$ 220,207	16.3%
Adjusted EBITDA margin %	57.7%	54.2%	

# 4Q20 Segment Operating Revenues

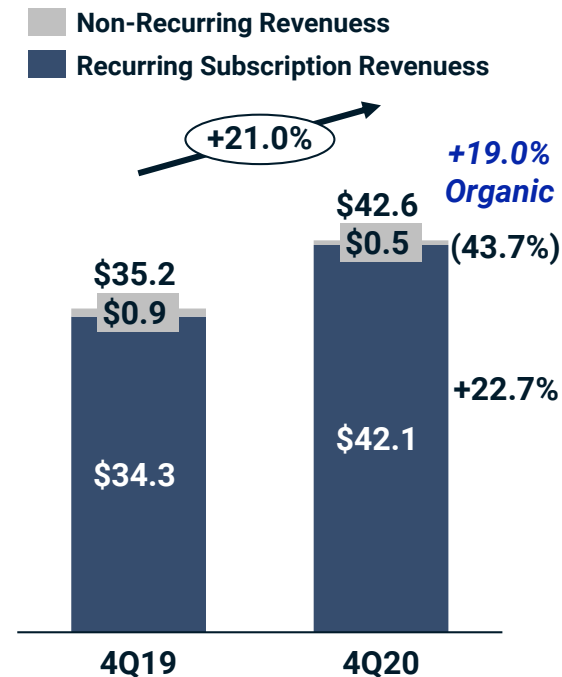
## Index



## Analytics

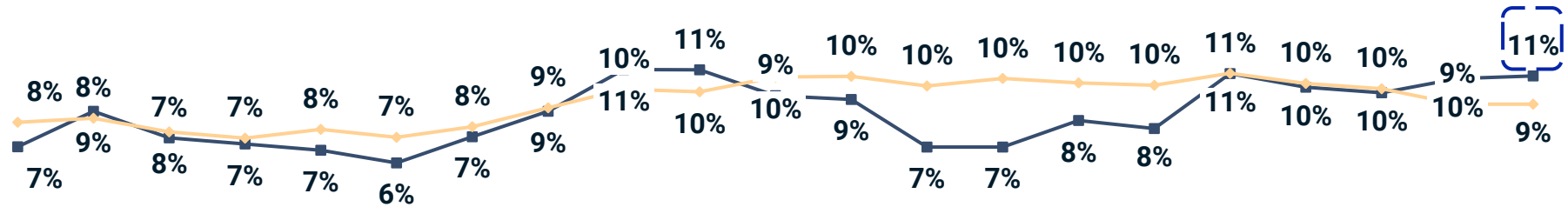


## All Other



# 4Q15 to 4Q20 YoY Subscription Run Rate Growth

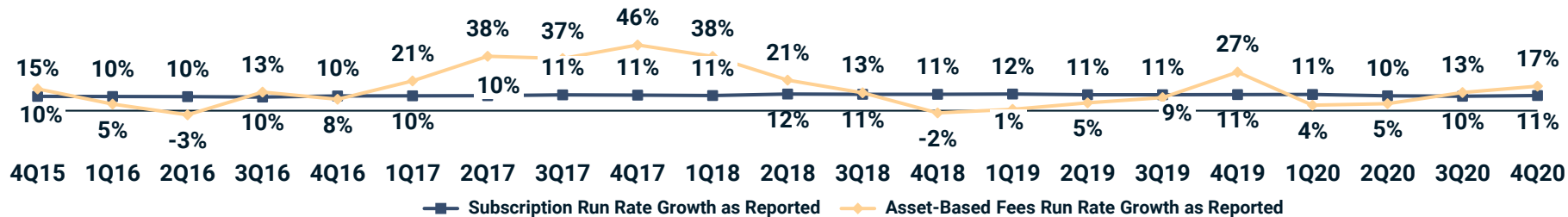
YoY Subscription Run Rate Growth (as Reported and Organic)



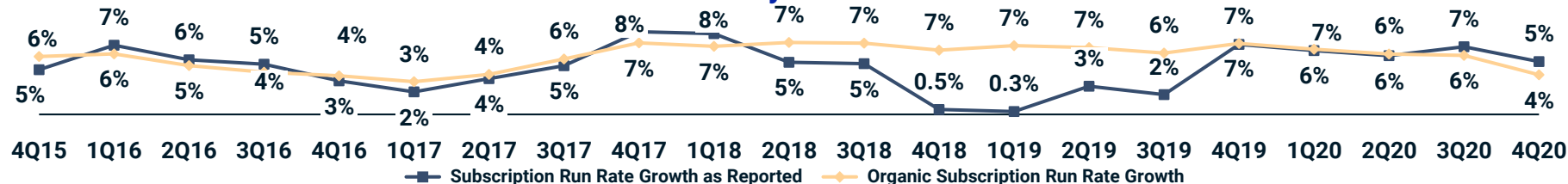
■ Subscription Run Rate Growth as Reported
 ◆ Organic Subscription Run Rate Growth

# 4Q15 to 4Q20 YoY Segment Run Rate Growth

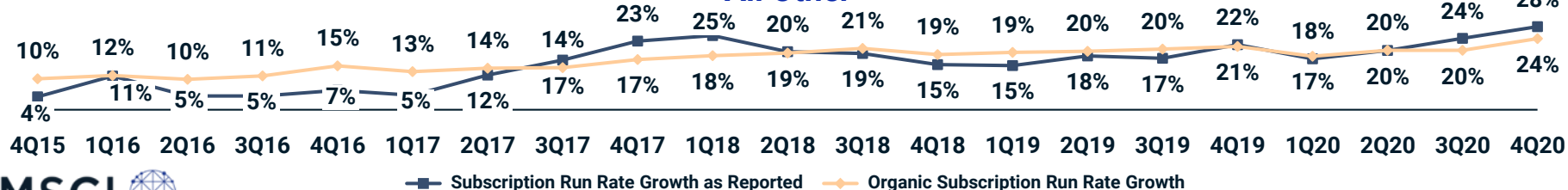
## Index



## Analytics

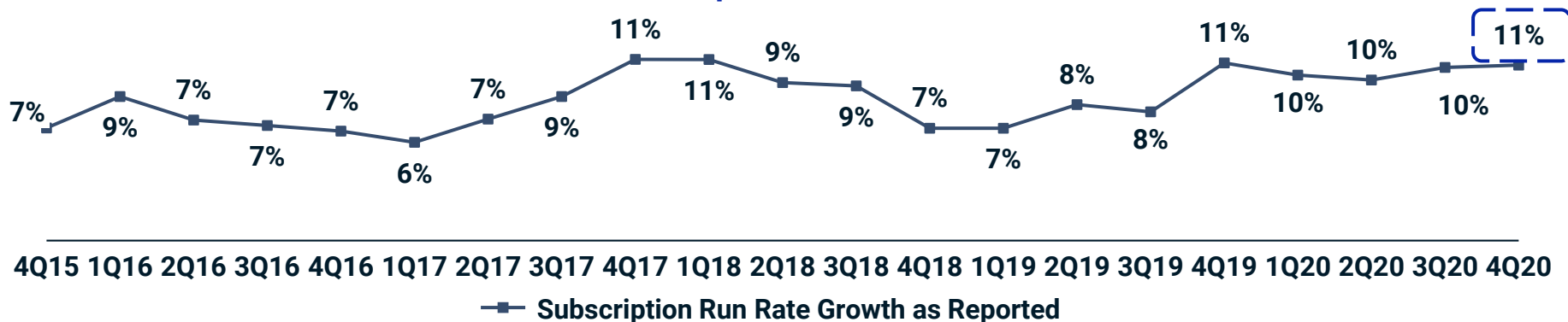


## All Other

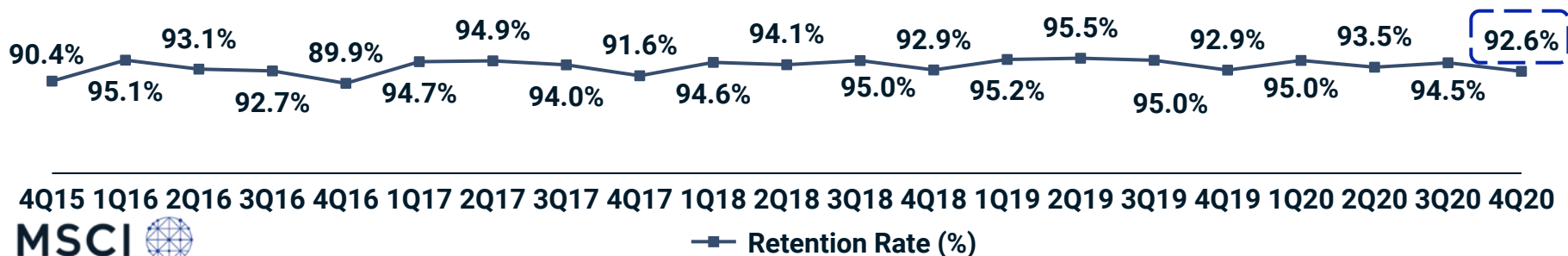


# Continued Resilient Key Operating Metrics

## YoY Subscription Run Rate Growth



## Retention Rate Trends

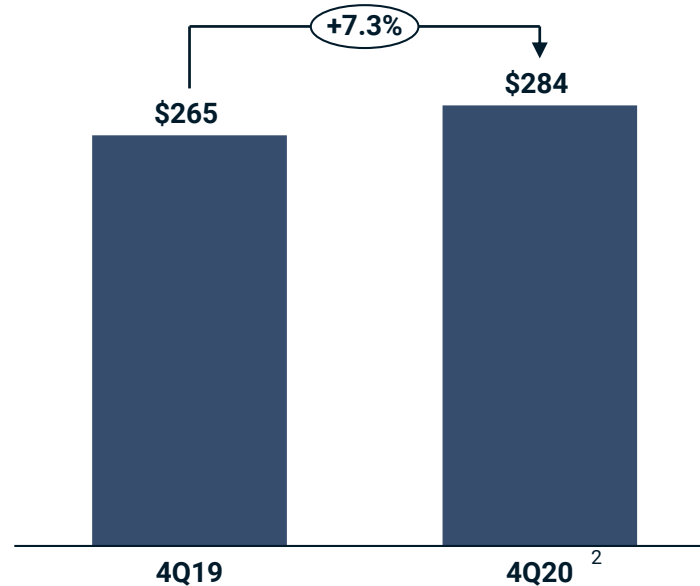




# Continued Growth in Firmwide Factor Franchise

(US\$ in millions)

## Integrated Factor<sup>1</sup> Run Rate



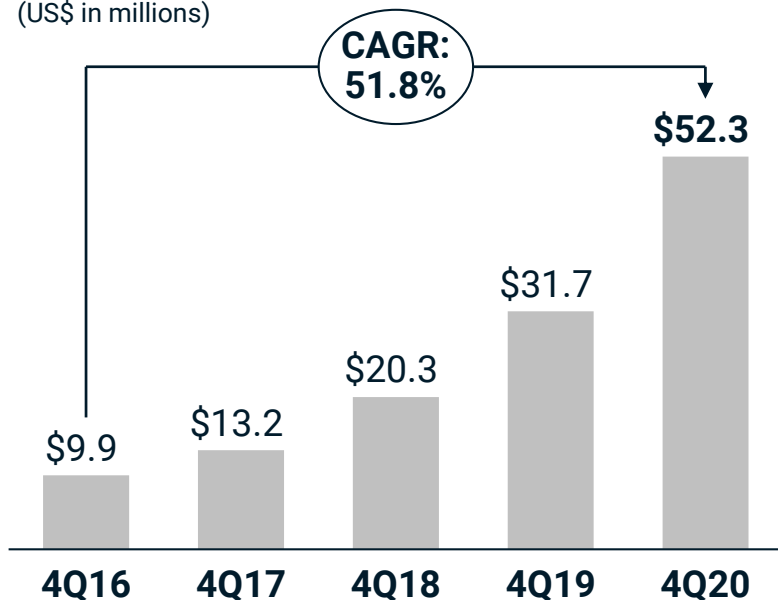
<sup>1</sup>Integrated Factor Run Rate includes Factor module Run Rate in the Analytics segment, and Factor-related Index subscription and asset-based fees Run Rate excluding traditional value and growth product Run Rate for Indexes.

<sup>2</sup>We have revised our methodology for reporting our Factors franchise. As a result, 4Q19 Run Rate figures have been recast to conform to the current period's presentation.

# 4Q20: Listed Futures & Options Linked to MSCI Indexes

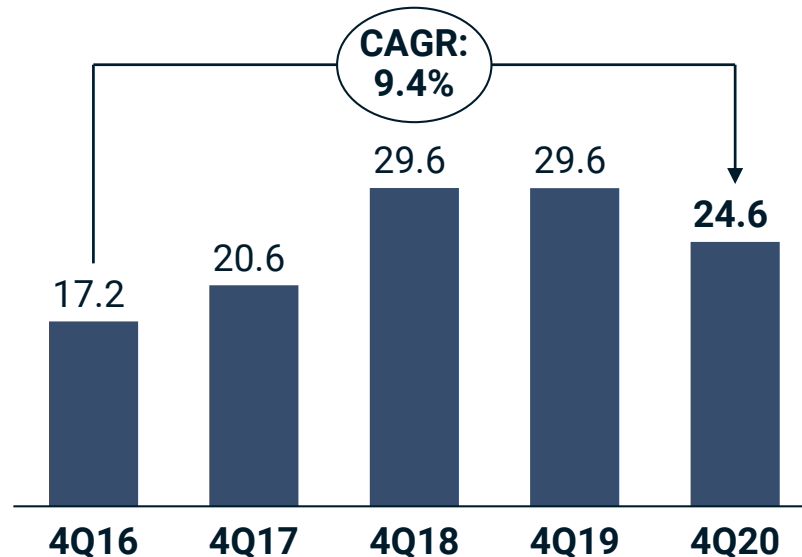
## Run Rate Futures & Options

(US\$ in millions)



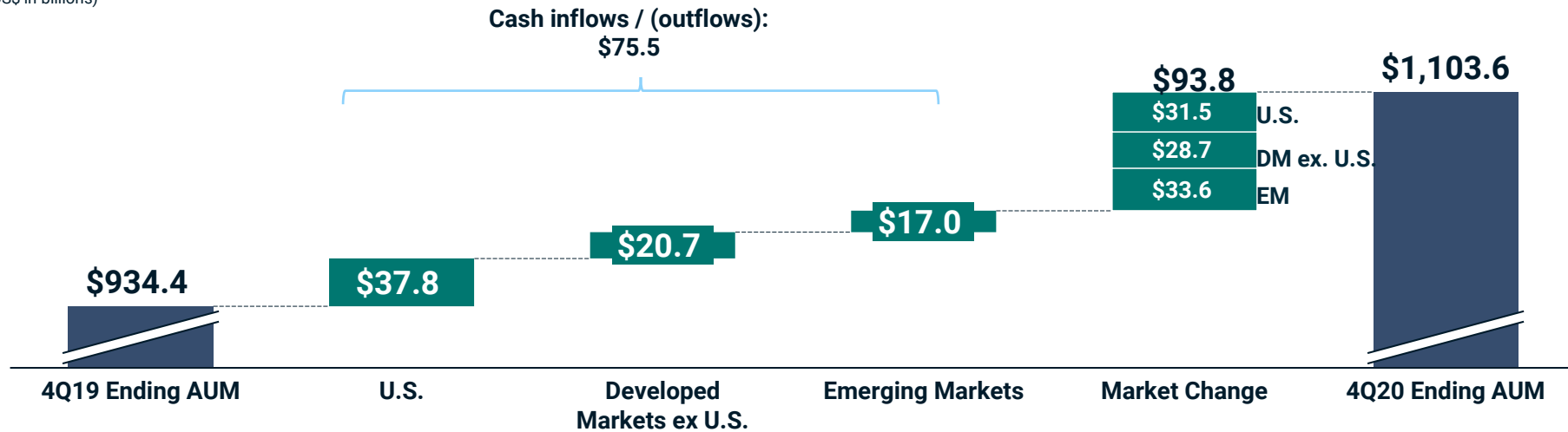
## Futures & Options Volume Linked to MSCI Indexes

(in millions of contracts traded<sup>1</sup>)



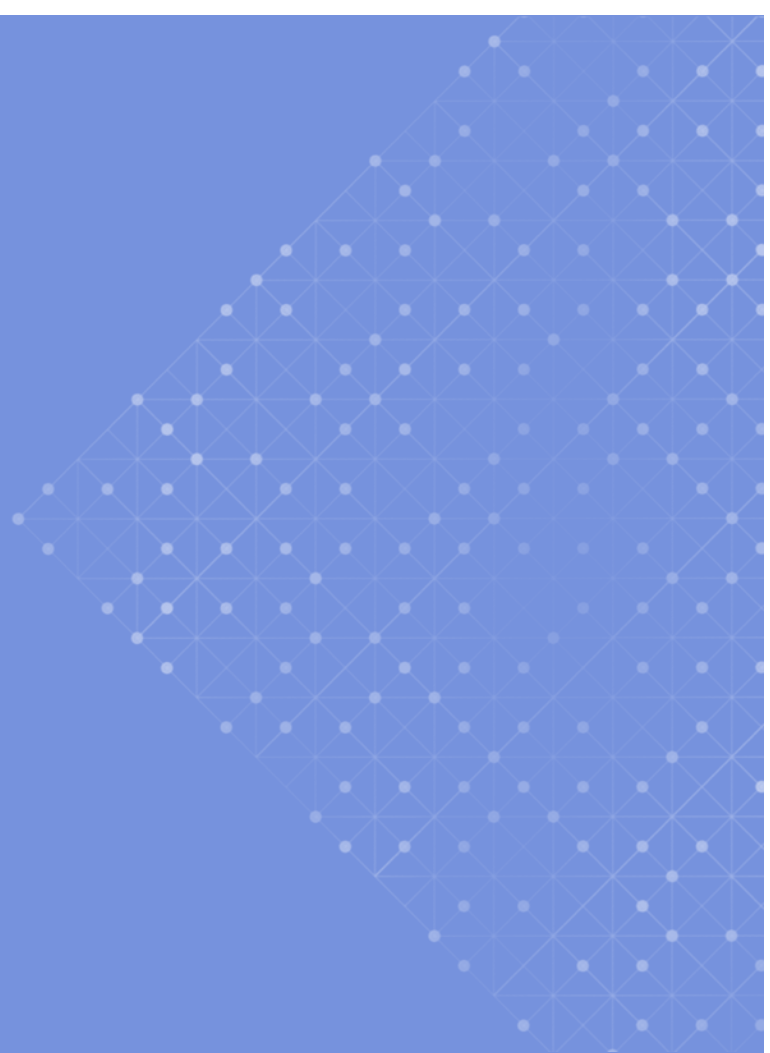
# 4Q20 YoY AUM Drivers: MSCI-Linked Equity ETFs

(US\$ in billions)



# Appendix

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# Use of Non-GAAP Financial Measures

- MSCI has presented supplemental non-GAAP financial measures as part of this earnings presentation. Reconciliations are provided in the following slides that reconcile each non-GAAP financial measure with the most comparable GAAP measure. The non-GAAP financial measures presented in this earnings presentation should not be considered as alternative measures for the most directly comparable GAAP financial measures. The non-GAAP financial measures presented in this earnings presentation are used by management to monitor the financial performance of the business, inform business decision-making and forecast future results.
- “Adjusted EBITDA” is defined as net income before (1) provision for income taxes, (2) other expense (income), net, (3) depreciation and amortization of property, equipment and leasehold improvements, (4) amortization of intangible assets and, at times, (5) certain other transactions or adjustments, including the impact related to the vesting of the multi-year restricted stock units subject to performance payout adjustments granted in 2016 (the “Multi-Year PSUs”).
- “Adjusted EBITDA expenses” 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, including the impact related to the vesting of the Multi-Year PSUs.
- “Adjusted net income” and “adjusted EPS” are defined as net income and diluted EPS, respectively, before the after-tax impact of the amortization of acquired intangible assets, including the amortization of the basis difference between the cost of the equity method investment and MSCI’s share of the net assets of the investee at historical carrying value, the impact of divestitures, the impact of adjustments for the Tax Cuts and Jobs Act that was enacted on December 22, 2017 (“Tax Reform”), except for certain amounts associated with active tax planning implemented as a result of Tax Reform, and, at times, certain other transactions or adjustments, including the impact related to the vesting of the Multi-Year PSUs and costs associated with debt extinguishment.
- “Adjusted tax rate” is defined as the effective tax rate excluding the impact of Tax Reform adjustments (except for certain amounts associated with active tax planning implemented as a result of Tax Reform) and the impact related to the vesting of the Multi-Year PSUs.
- “Capex” is defined as capital expenditures plus capitalized software development costs.
- “Free cash flow” is defined as net cash provided by operating activities, less Capex.
- “Organic operating revenue growth” is defined as operating revenue growth compared to the prior year period excluding the impact of acquired businesses, divested businesses and foreign currency exchange rate fluctuations.
- Asset-based fees ex-FX does not adjust for the impact from foreign currency exchange rate fluctuations on the underlying AUM.
- We believe adjusted EBITDA and adjusted EBITDA expenses are meaningful measures of the operating performance of MSCI because they adjust for significant one-time, unusual or non-recurring items as well as eliminate the accounting effects of certain capital spending and acquisitions that do not directly affect what management considers to be our ongoing operating performance in the period.
- We believe adjusted net income and adjusted EPS are meaningful measures of the performance of MSCI because they adjust for the after-tax impact of significant one-time, unusual or non-recurring items as well as eliminate the impact of any transactions that do not directly affect what management considers to be our ongoing operating performance in the period. We also exclude the after-tax impact of the amortization of acquired intangible assets and amortization of the basis difference between the cost of the equity method investment and MSCI’s share of the net assets of the investee at historical carrying value, as these non-cash amounts are significantly impacted by the timing and size of each acquisition and therefore not meaningful to the ongoing operating performance in the period.
- We believe that adjusted tax rate is useful to investors because it increases the comparability of period-to-period results by adjusting for the estimated net impact of Tax Reform and the impact related to the vesting of the Multi-Year PSUs.
- We believe that free cash flow is useful to investors because it relates the operating cash flow of MSCI to the capital that is spent to continue and improve business operations, such as investment in MSCI’s existing products. Further, free cash flow indicates our ability to strengthen MSCI’s balance sheet, repay our debt obligations, pay cash dividends and repurchase shares of our common stock.
- We believe organic operating revenue growth is a meaningful measure of the operating performance of MSCI because it adjusts for the impact of foreign currency exchange rate fluctuations and excludes the impact of operating revenues attributable to acquired and divested businesses for the comparable prior year period, providing insight into our ongoing operating performance for the period(s) presented.
- We believe that the non-GAAP financial measures presented in this earnings presentation facilitate meaningful period-to-period comparisons and provide a baseline for the evaluation of future results.
- Adjusted EBITDA expenses, adjusted EBITDA, adjusted net income, adjusted EPS, adjusted tax rate, Capex, free cash flow and organic operating revenue growth are not defined in the same manner by all companies and may not be comparable to similarly-titled non-GAAP financial measures of other companies. 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 these measures may not be comparable to similarly-titled measures computed by other companies.

# Use of Operating Metrics

- MSCI has presented supplemental key operating metrics as part of this earnings presentation, including Retention Rate, Run Rate, subscription sales, subscription cancellations and non-recurring sales.
- Retention Rate is an important metric because subscription cancellations decrease our Run Rate and ultimately our operating revenues over time. The annual Retention Rate represents the retained subscription Run Rate (subscription Run Rate at the beginning of the fiscal year less actual cancels during the year) as a percentage of the subscription Run Rate at the beginning of the fiscal year. The Retention Rate for a non-annual 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 non-annual 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 fiscal year to calculate a cancellation rate. This cancellation rate is then subtracted from 100% to derive the annualized Retention Rate for the period. Retention Rate is computed by operating segment on a product/service-by-product/service basis. In general, if a client reduces the number of products or services to which it subscribes within a segment, or switches between products or services within a segment, we treat it as a cancellation for purposes of calculating our Retention Rate except in the case of a product or service switch that management considers to be a replacement product or service. In those replacement cases, only the net change to the client subscription, if a decrease, is reported as a cancel. In the Analytics and the ESG operating segments, substantially all product or service switches are treated as replacement products or services and netted in this manner, while in our Index and Real Estate operating segments, product or service switches that are treated as replacement products or services and receive netting treatment occur only in certain limited instances. In addition, we treat any reduction in fees resulting from a down-sale of the same product or service as a cancellation to the extent of the reduction. We do not calculate 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.
- 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/fees, 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/or reported exchange fees, 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.
- "Organic subscription Run Rate growth" is defined as the period over period Run Rate growth, excluding the impact of changes in foreign currency and the first year impact of any acquisitions. It is also adjusted for divestitures. Changes in foreign currency are calculated by applying the currency exchange rate from the comparable prior period to current period foreign currency denominated Run Rate.
- Sales represents the annualized value of products and services clients commit to purchase from MSCI and will result in additional operating revenues. Non-recurring sales represent the actual value of the customer agreements entered into during the period and are not a component of Run Rate. New recurring subscription sales represent additional selling activities, such as new customer agreements, additions to existing agreements or increases in price that occurred during the period and are additions to Run Rate. Subscription cancellations reflect client activities during the period, such as discontinuing products and services and/or reductions in price, resulting in reductions to Run Rate. Net new recurring subscription sales represent the amount of new recurring subscription sales net of subscription cancellations during the period, which reflects the net impact to Run Rate during the period.
- Total gross sales represent the sum of new recurring subscription sales and non-recurring sales. Total net sales represent the total gross sales net of the impact from subscription cancellations.

# Reconciliation of Adjusted EBITDA to Net Income *(UNAUDITED)*

In thousands	Three Months Ended		Year Ended	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Index adjusted EBITDA	\$ 204,930	\$ 176,382	\$ 766,493	\$ 670,188
Analytics adjusted EBITDA	45,384	38,847	172,924	152,113
All Other adjusted EBITDA	5,822	4,978	32,093	28,198
<b>Consolidated adjusted EBITDA</b>	<b><u>256,136</u></b>	<b><u>220,207</u></b>	<b><u>971,510</u></b>	<b><u>850,499</u></b>
Multi-Year PSU payroll tax expense	—	—	—	15,389
Amortization of intangible assets	14,770	13,243	56,941	49,410
Depreciation and amortization of property, equipment and leasehold improvements	7,281	7,535	29,805	29,999
<b>Operating income</b>	<b>234,085</b>	<b>199,429</b>	<b>884,764</b>	<b>755,701</b>
Other expense (income), net	38,919	52,896	198,539	152,383
Provision for income taxes	38,950	23,750	84,403	39,670
<b>Net income</b>	<b><u>\$ 156,216</u></b>	<b><u>\$ 122,783</u></b>	<b><u>\$ 601,822</u></b>	<b><u>\$ 563,648</u></b>

# Reconciliation of Net Income and Diluted EPS to Adjusted Net Income and Adjusted EPS *(UNAUDITED)*

In thousands, except per share data	Three Months Ended		Year Ended	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Net income	\$ 156,216	\$ 122,783	\$ 601,822	\$ 563,648
Plus: Amortization of acquired intangible assets and equity method investment basis difference	9,528	8,778	37,413	34,773
Plus: Multi-Year PSU payroll tax expense	—	—	—	15,389
Less: Discrete excess tax benefit related to Multi-Year PSU vesting	—	—	—	(66,581)
Plus: Debt extinguishment costs associated with the 2024 and 2025 Senior Notes Redemptions	—	16,794	44,930	16,794
Less: Tax Reform adjustments	—	—	(6,256)	—
Less: Income tax effect	(2,007)	(5,752)	(16,490)	(13,226)
<b>Adjusted net income</b>	<b><u>\$ 163,737</u></b>	<b><u>\$ 142,603</u></b>	<b><u>\$ 661,419</u></b>	<b><u>\$ 550,797</u></b>
Diluted EPS	\$ 1.87	\$ 1.44	\$ 7.12	\$ 6.59
Plus: Amortization of acquired intangible assets and equity method investment basis difference	0.11	0.10	0.44	0.41
Plus: Multi-Year PSU payroll tax expense	—	—	—	0.18
Less: Discrete excess tax benefit related to Multi-Year PSU vesting	—	—	—	(0.78)
Plus: Debt extinguishment costs associated with the 2024 and 2025 Senior Notes Redemptions	—	0.20	0.53	0.20
Plus: Tax Reform adjustments	—	—	(0.07)	—
Less: Income tax effect	(0.02)	(0.07)	(0.19)	(0.16)
<b>Adjusted EPS</b>	<b><u>\$ 1.96</u></b>	<b><u>\$ 1.67</u></b>	<b><u>\$ 7.83</u></b>	<b><u>\$ 6.44</u></b>



# Reconciliation of Adjusted EBITDA Expenses to Operating Expenses *(UNAUDITED)*

In thousands	Three Months Ended		Year Ended		Full-Year 2021 Outlook(1)
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019	
Index adjusted EBITDA expenses	\$ 63,710	\$ 66,805	\$ 250,002	\$ 250,749	
Analytics adjusted EBITDA expenses	87,016	89,359	340,884	344,812	
All Other adjusted EBITDA expenses	36,799	30,235	132,994	111,736	
<b>Consolidated adjusted EBITDA expenses</b>	<b>187,525</b>	<b>186,399</b>	<b>723,880</b>	<b>707,297</b>	<b>\$780,000 - \$800,000</b>
Multi-Year PSU payroll tax expense	—	—	—	15,389	
Amortization of intangible assets	14,770	13,243	56,941	49,410	
Depreciation and amortization of property, equipment and leasehold improvements	7,281	7,535	29,805	29,999	\$90,000 - \$95,000
<b>Total operating expenses</b>	<b>\$ 209,576</b>	<b>\$ 207,177</b>	<b>\$ 810,626</b>	<b>\$ 802,095</b>	<b>\$870,000 - \$895,000</b>

<sup>1</sup>We have not provided a line-item reconciliation for adjusted EBITDA expenses to total operating expenses for this future period because we do not provide guidance on the individual reconciling items between total operating expenses and adjusted EBITDA expenses.

# Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow *(UNAUDITED)*

In thousands	Three Months Ended		Year Ended		Full-Year 2021 Outlook(1)
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019	
Net cash provided by operating activities	\$ 235,928	\$ 243,643	\$ 811,109	\$ 709,523	<b>\$845,000 - \$885,000</b>
Capital expenditures	(9,674)	(11,900)	(21,826)	(29,116)	
Capitalized software development costs	(7,218)	(6,568)	(29,149)	(24,654)	
Capex	(16,892)	(18,468)	(50,975)	(53,770)	(\$60,000 - \$50,000)
<b>Free cash flow</b>	<b><u>\$ 219,036</u></b>	<b><u>\$ 225,175</u></b>	<b><u>\$ 760,134</u></b>	<b><u>\$ 655,753</u></b>	<b><u>\$785,000 - \$835,000</u></b>

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

# Reconciliation of Effective Tax Rate to Adjusted Tax Rate

(UNAUDITED)

	Three Months Ended		Year Ended	
	Dec. 31,	Dec. 31,	Dec. 31,	Dec. 31,
	2020	2019	2020	2019
Effective tax rate	20.0%	16.2%	12.3%	6.6%
Tax Reform impact on effective tax rate	—%	—%	0.9%	—%
Multi-Year PSU impact on effective tax rate	—%	—%	—%	11.0%
Adjusted tax rate	20.0%	16.2%	13.2%	17.6%

# Reconciliation of Operating Revenue Growth to Organic Operating Revenue Growth *(UNAUDITED)*

Comparison of the Three Months Ended December 31, 2020 and 2019				
	<u>Total</u>	<u>Recurring Subscription</u>	<u>Asset-Based Fees</u>	<u>Non-Recurring Revenues</u>
Index	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	10.5%	8.0%	15.3%	(3.5%)
Impact of acquisitions and divestitures	—%	—%	—%	—%
Impact of foreign currency exchange rate fluctuations	(0.2%)	(0.1%)	(0.1%)	(0.4%)
Organic operating revenue growth	<u>10.3%</u>	<u>7.9%</u>	<u>15.2%</u>	<u>(3.9%)</u>
	<u>Total</u>	<u>Recurring Subscription</u>	<u>Asset-Based Fees</u>	<u>Non-Recurring Revenues</u>
Analytics	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	3.3%	6.1%	—%	(55.5%)
Impact of acquisitions and divestitures	—%	—%	—%	—%
Impact of foreign currency exchange rate fluctuations	(0.3%)	(0.2%)	—%	(0.5%)
Organic operating revenue growth	<u>3.0%</u>	<u>5.9%</u>	<u>—%</u>	<u>(56.0%)</u>
	<u>Total</u>	<u>Recurring Subscription</u>	<u>Asset-Based Fees</u>	<u>Non-Recurring Revenues</u>
All Other	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	21.0%	22.7%	—%	(43.7%)
Impact of acquisitions and divestitures	—%	—%	—%	—%
Impact of foreign currency exchange rate fluctuations	(2.0%)	(2.1%)	—%	(1.9%)
Organic operating revenue growth	<u>19.0%</u>	<u>20.6%</u>	<u>—%</u>	<u>(45.6%)</u>
	<u>Total</u>	<u>Recurring Subscription</u>	<u>Asset-Based Fees</u>	<u>Non-Recurring Revenues</u>
Consolidated	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	9.1%	8.9%	15.3%	(25.0%)
Impact of acquisitions and divestitures	—%	—%	—%	—%
Impact of foreign currency exchange rate fluctuations	(0.3%)	(0.4%)	(0.1%)	(0.5%)
Organic operating revenue growth	<u>8.8%</u>	<u>8.5%</u>	<u>15.2%</u>	<u>(25.5%)</u>

# Reconciliation of Operating Revenue Growth to Organic Operating Revenue Growth *(UNAUDITED)*

	Comparison of the Years Ended December 31, 2020 and 2019			
	<b>Total</b>	<b>Recurring Subscription</b>	<b>Asset-Based Fees</b>	<b>Non-Recurring Revenues</b>
<b>Index</b>	<u>Change Percentage</u>	<u>Change Percentage</u>	<u>Change Percentage</u>	<u>Change Percentage</u>
Operating revenue growth	10.4%	9.3%	10.5%	29.6%
Impact of acquisitions and divestitures	—%	—%	—%	—%
Impact of foreign currency exchange rate fluctuations	(0.1%)	—%	(0.1%)	(0.2%)
Organic operating revenue growth	10.3%	9.3%	10.4%	29.4%
	<b>Total</b>	<b>Recurring Subscription</b>	<b>Asset-Based Fees</b>	<b>Non-Recurring Revenues</b>
	<u>Change Percentage</u>	<u>Change Percentage</u>	<u>Change Percentage</u>	<u>Change Percentage</u>
<b>Analytics</b>				
Operating revenue growth	3.4%	4.1%	—%	(29.5%)
Impact of acquisitions and divestitures	—%	—%	—%	—%
Impact of foreign currency exchange rate fluctuations	(0.1%)	(0.1%)	—%	(0.3%)
Organic operating revenue growth	3.3%	4.0%	—%	(29.8%)
	<b>Total</b>	<b>Recurring Subscription</b>	<b>Asset-Based Fees</b>	<b>Non-Recurring Revenues</b>
	<u>Change Percentage</u>	<u>Change Percentage</u>	<u>Change Percentage</u>	<u>Change Percentage</u>
<b>All Other</b>				
Operating revenue growth	18.0%	18.1%	—%	14.7%
Impact of acquisitions and divestitures	(1.0%)	(0.7%)	—%	(11.9%)
Impact of foreign currency exchange rate fluctuations	(0.2%)	(0.3%)	—%	(0.2%)
Organic operating revenue growth	16.8%	17.1%	—%	2.6%
	<b>Total</b>	<b>Recurring Subscription</b>	<b>Asset-Based Fees</b>	<b>Non-Recurring Revenues</b>
	<u>Change Percentage</u>	<u>Change Percentage</u>	<u>Change Percentage</u>	<u>Change Percentage</u>
<b>Consolidated</b>				
Operating revenue growth	8.8%	8.2%	10.5%	13.4%
Impact of acquisitions and divestitures	(0.1%)	(0.1%)	—%	(0.9%)
Impact of foreign currency exchange rate fluctuations	—%	(0.1%)	(0.1%)	(0.2%)
Organic operating revenue growth	8.7%	8.0%	10.4%	12.3%