Third Quarter 2021

EARNINGS PRESENTATION

October 26, 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, 2020 filed with the Securities and Exchange Commission ("SEC") on February 12, 2021 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 2020, unless otherwise noted.
- 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. Approximately 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 Third Quarter 2021 Earnings Call Participants

Henry Fernandez
Chairman & CEO

Baer Pettit
President & COO

Andy Wiechmann
Chief Financial Officer

Salli Schwartz
Head of IR & Treasurer

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Financial & Strategic Highlights

3Q21 Financial Results Snapshot

Robust earnings growth reflecting strong top-line growth with continued operating leverage

+22%
3Q21 Operating Revenues (reported)

+20%
3Q21 Operating Revenues (organic)

+17%
3Q21 Subscription Run Rate Growth (reported)

+12%
3Q21 Subscription Run Rate Growth (organic)

59.3%
3Q21 Adjusted EBITDA Margin (+64 bps)

54.2%
3Q21 Operating Margin (+68 bps)

+23%
3Q21 Adjusted EBITDA Growth

+23%
3Q21 Operating Income Growth

$201M
3Q21 Free Cash Flow

$216M
3Q21 Net cash provided by operating activities

83.6M
3Q21 Weighted Average Diluted Shares Outstanding (-1.1% YoY)

$85.8M
3Q21 Dividends to Shareholders

+15%
3Q21 Adjusted EPS

(6%)
3Q21 Diluted EPS

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Widespread Demand for MSCI's Offerings

Clients

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

Solutions

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

Capabilities

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

Spotlight areas for this call

ESG & Climate: A Pioneer and Market Leader

Our Solutions and Competitive Edge

- **45+ years experience** in objectively measuring and modeling ESG characteristics[1]
- **580+ ESG experts and technologists** providing the most efficient investment signals
- **1,500+ MSCI ESG equity** and **fixed income indexes**[2]
- **Extensive set of solutions** for ESG and Climate integration
- **Deep integration** across **MSCI products** catering to the investment value chain

Leadership in ESG Indexes

#1 ESG Index Provider by Equity ETF Assets Linked to its ESG Indexes[3]

$180B Linked to Equity ESG & Climate ETFs as of Q3'21

Leadership in ESG Ratings and Data

48 of the top 50 Asset Managers leverage MSCI ESG Research[4]

1,900+ MSCI ESG Research Clients[5] Globally with Coverage of **14,800+** Issuers and **650,000+** Securities

Leadership in Climate Indexes

#1 Climate Index Provider by Equity Assets Linked to its Climate Indexes[8]

Leadership in Climate Data & Analytics

Climate Data Provider to 16 of the World's Top 20 Asset Managers[6]

700+ Climate Change Metrics, Covering **10,000+** Issuers[7]

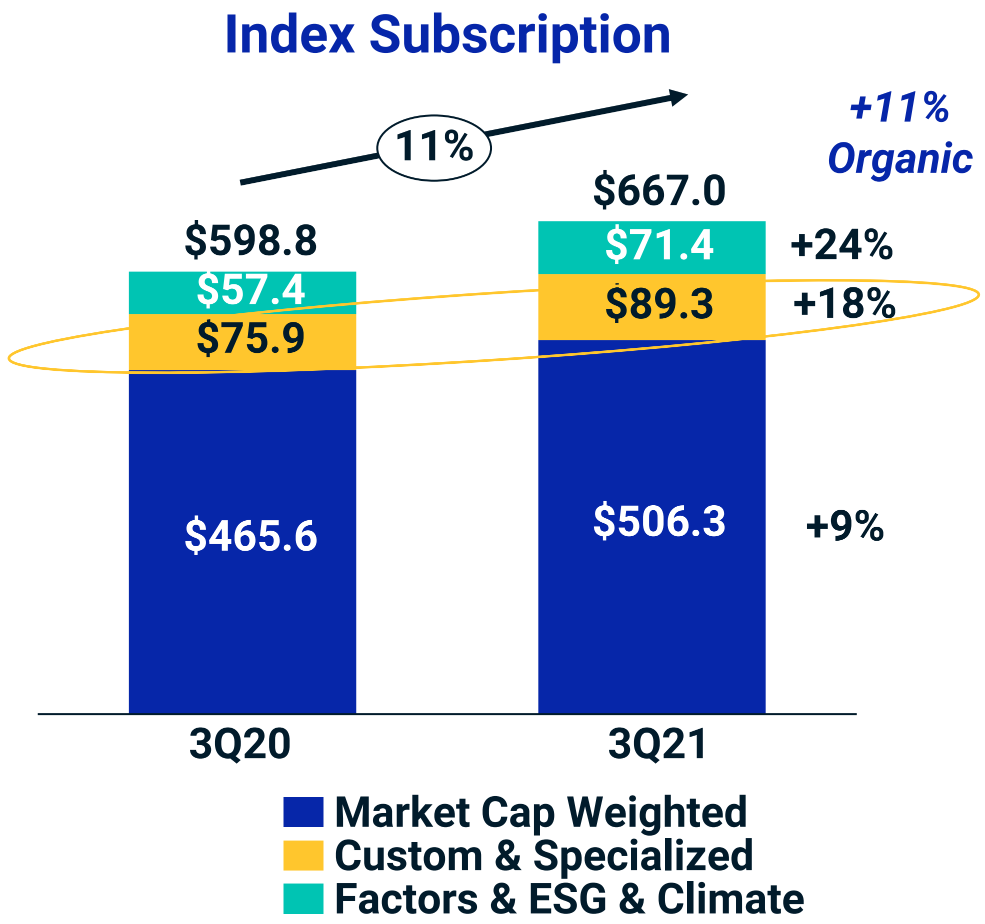
Multiple Years of Creating a Comprehensive Ecosystem

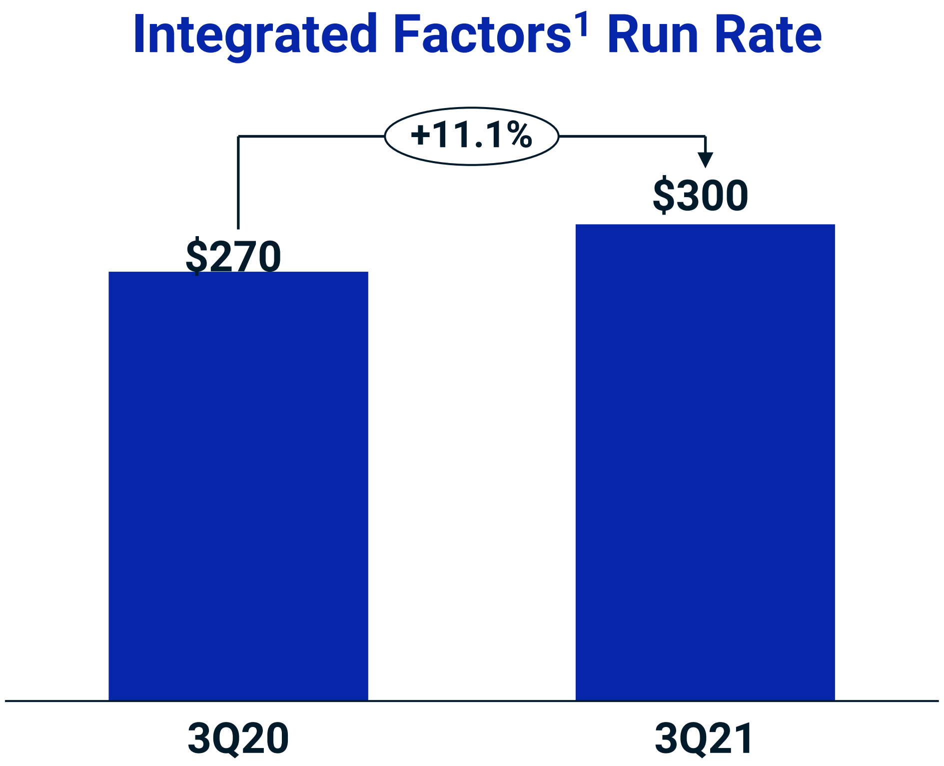
[1] Through MSCI legacy companies KLD, Innovest, IRRC, and GMI Ratings; [2] Source MSCI Inc. as of February 2021; [3] Data based on Refinitiv Universe as of December 2020, only primary listings, and not cross-listings; [4] MSCI ESG Research's solutions are used by 48 of the top 50 world's largest Asset Managers as determined by Willis Towers Watson report "The world's largest 500 asset managers, Joint study with Pensions & Investments." AUM and rankings calculated as of December 2019. Report published October 2020; [5] 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; [6] MSCI ESG Research's climate solutions are used by 16 of the top 20 world's largest Asset Managers as determined by Willis Towers Watson report "The world's largest 500 asset managers, Joint study with Pensions & Investments." AUM and rankings calculated as of December 2019. Report published October 2020; [7] Source: MSCI ESG Research as of February 2021

[8] Data as of 30th September 2020, based on eVestment for Institutional funds, Morningstar for Retail funds and Refinitiv Universe for ETFs

Double-Digit Growth in Custom & Specialized Index, As Well As Firmwide Factors Franchise

(US$ in millions)





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[1]Integrated Factors Run Rate includes Factors module Run Rate in the Analytics segment, and Factors-related Index subscription and asset-based fees Run Rate, excluding traditional value and growth product Run Rate for Indexes.

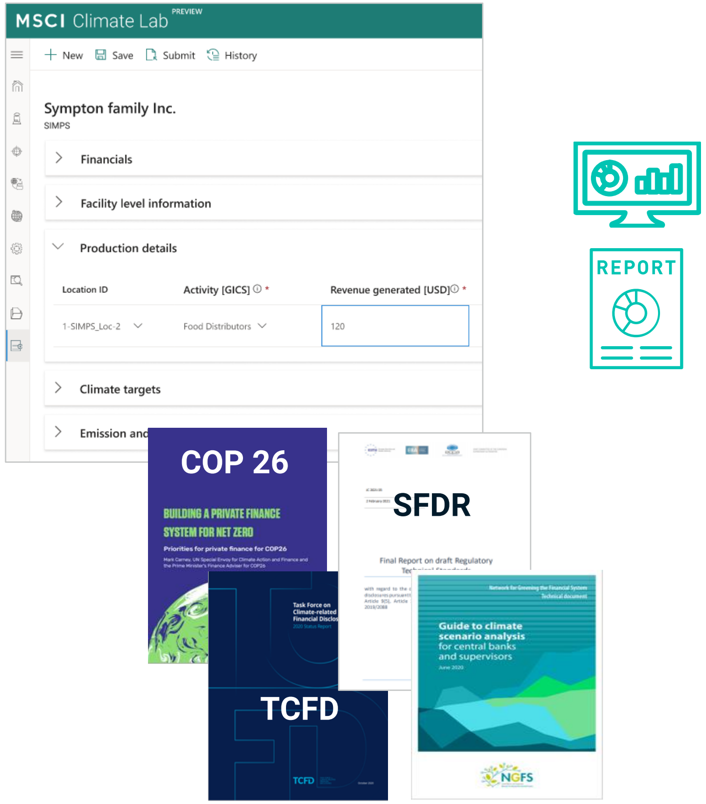
Company & Operating Update

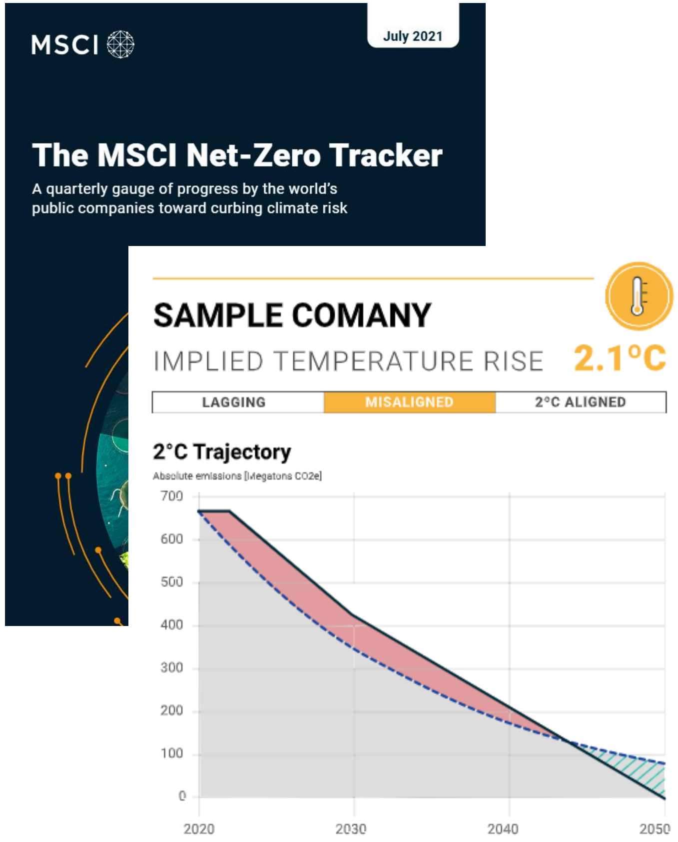
Helping Capital Markets Participants with Net-Zero Alignment

Climate Portfolio Reporting, Monitoring and Management of Net-Zero Commitments

Insightful Tools, Data and Metrics to Support Decarbonization

MSCI Climate Indexes
MSCI Models and Data





Carbon Emissions & Foot Printing

Implied Temperature Rise (1.5°)

Low Carbon Transition Risk

Physical Risk Assessment

MSCI Climate Scenario Analysis (Climate VaR)

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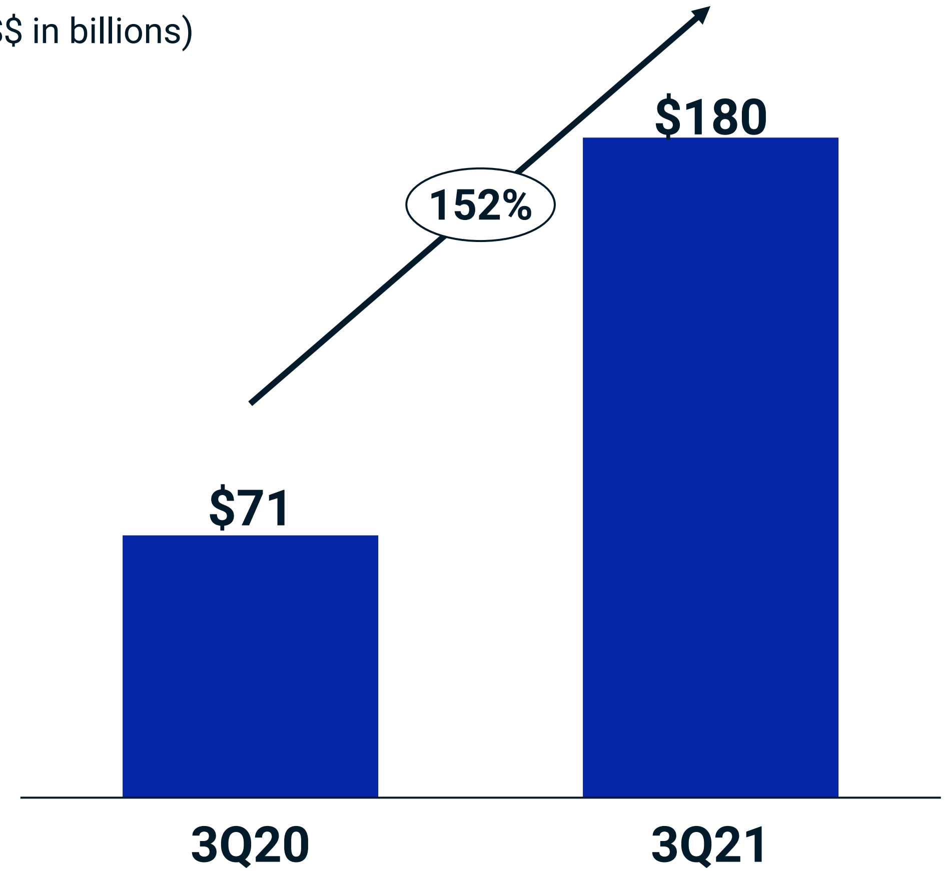
Significant Growth Across ESG and Climate Franchise

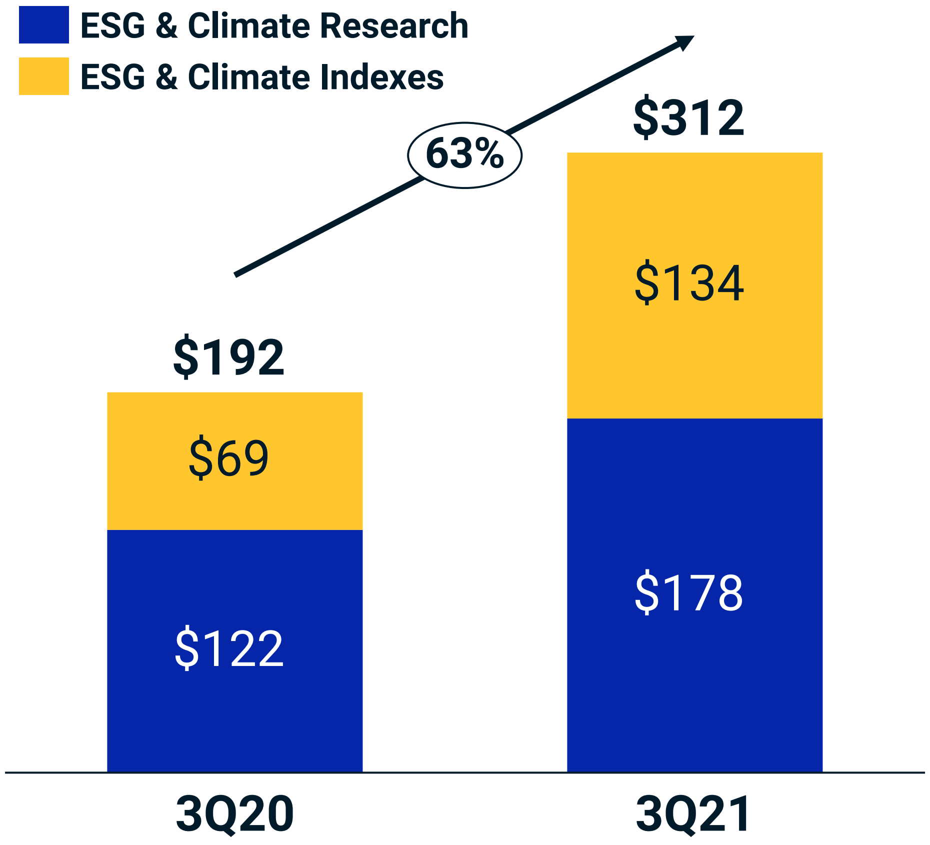
AUM in ETFs linked to MSCI ESG and Climate Equity Indexes

(US$ in billions)



Firmwide ESG and Climate Run Rate[1]

(US$ in millions)



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[1]Includes ESG & Climate Research Run Rate, reported in the ESG & Climate segment, and ESG & Climate related Index subscription and asset-based fees Run Rate reported in the Index segment.

MSCI Custom Indexes – Enabling Modularity in the Investment Process

Custom Indexes

- Any MSCI Index as a starting point
- Helping clients avoid benchmark misalignment by using an index that more accurately reflects their investment strategy or constraints
- Outsource the calculation of specialized in-house indexes, allowing clients to focus on their core business
- Regional and Country Selection
- GICS Selection
- Rule-based security selection
- Equity Screening
- Custom Weighting
- Custom Special Tax rates
- Stock exclusions
- Custom ESG & Climate Overlay
- Custom Factors Overlay
- Custom Thematic Overlay
- Custom Delivery and File Format

Benefits

Broad Coverage: Customize any MSCI index such as Market Cap; Thematic and Strategic and ESG to reflect specific benchmark or product requirements.

Rigorous Methodology: Investable, transparent and replicable indexes designed with the same rigorous calculation and maintenance methodology as applied to the MSCI Indexes.

Data Reliability: Well-established, reliable index production process –same as used for calculating all MSCI indexes.

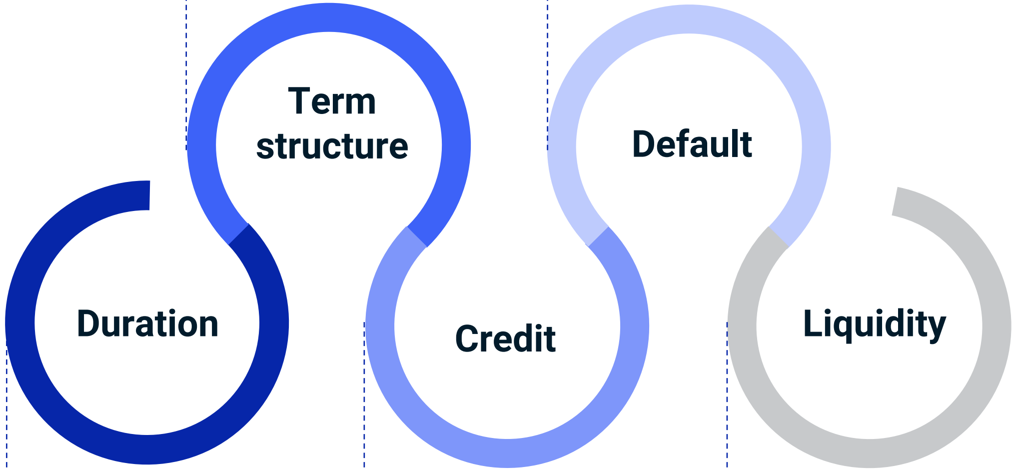
Global Support: Cross-functional custom indexes team of experts in Research, Index Production, Technology and Product Management

Continued Expansion of Fixed Income Offering

Fixed Income Portfolio Management Tools

How am I positioned across the term structure?

How should I manage default risk?



Am I long or short duration vs the benchmark?

Do I want to be over or underweight in high spread or lower rated bonds?

Should I invest in more liquid securities?

Fixed Income Indexes

Issuance Weighted

Investment Grade/High Yield

- Corporate Bond Index

ESG & Climate Change

Investment Grade/High Yield

- Climate Change Corporate Bond Index
- Climate Paris Aligned Corporate Bond Index (IG)
- ESG Universal Corporate Bond Index
- ESG Leaders Corporate Bond Index

Factor

Investment Grade

- Carry Corporate Bond Index
- Low Risk Corporate Bond Index
- Size Corporate Bond Index
- Quality Corporate Bond Index
- Value Corporate Bond Index
- Multi-Factor Corporate Bond Index

Across Currencies

USD/GBP/EUR/CAD

MSCI Completes Acquisition of Real Capital Analytics (RCA)

Reinforces MSCI's commitment to improve transparency across the global private asset investment process by accelerating and expanding the use of data, analytics and other investment decision support tools

Accelerates our Global Private Asset Strategy with Real Estate as One of the Key Building Blocks

- ✓ Enables MSCI to create the global "go-to" reference data set of institutional real estate fund and asset information, as well as market capital transaction information
- ✓ Adds due diligence, deal sourcing and investor profiles capabilities to MSCI's global real estate offerings
- ✓ Expands MSCI's global client base to all types of real estate investment managers and owners
- ✓ Amplifies MSCI's ESG & Climate reach in real estate

Advances our Global Private Asset Data Capabilities

- ✓ Combination results in the most extensive global commercial real estate database and analytics in the industry
  - RCA's comprehensive database of $40 trillion of property transactions across all property types spanning 170+ countries linked to 200K+ investor and lender profiles
  - MSCI's leading commercial real estate benchmarks and analytics with unique global coverage
- ✓ Ability to create index and data products
- ✓ SaaS-based platform integrated into clients' daily workflows

Complements our Global Client Footprint

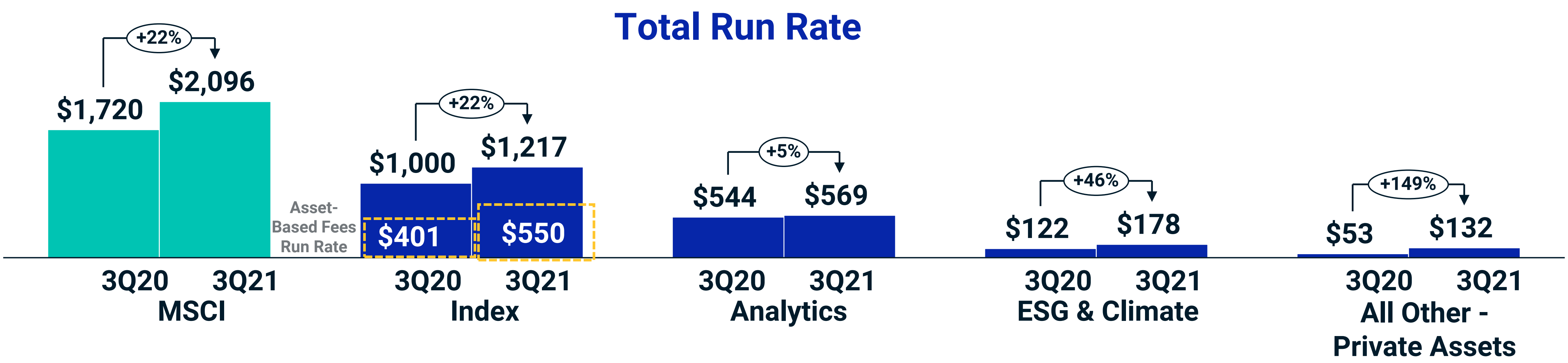
- ✓ RCA has more than 2,000 clients, including asset managers, asset owners, lenders and originators, brokers and agents, and government agencies and advisors
- ✓ Amplified global client network effects enhances ability to drive standards

Raised MSCI's long-term target for Real Estate revenue growth to high-teens, from mid-teens

Financial Update

3Q21 Operating Highlights

(US$ in millions)



- Nearly $2.1B of Total Run Rate across MSCI
- Best 3Q on record for total net new recurring subscription sales
- Best 3Q on record for Index and ESG & Climate total new recurring subscription sales

Strong Performance Across Regions

(US$ in millions)

3Q21 Subscription Run Rate by Region

EMEA $589M
+19% YoY

Americas $696M
+17% YoY

APAC $261M
+15% YoY

3Q21 Recurring Net New Subscription Sales by Region

EMEA $16M
+10% YoY

Americas $13M
+69% YoY

APAC $8M
98% YoY

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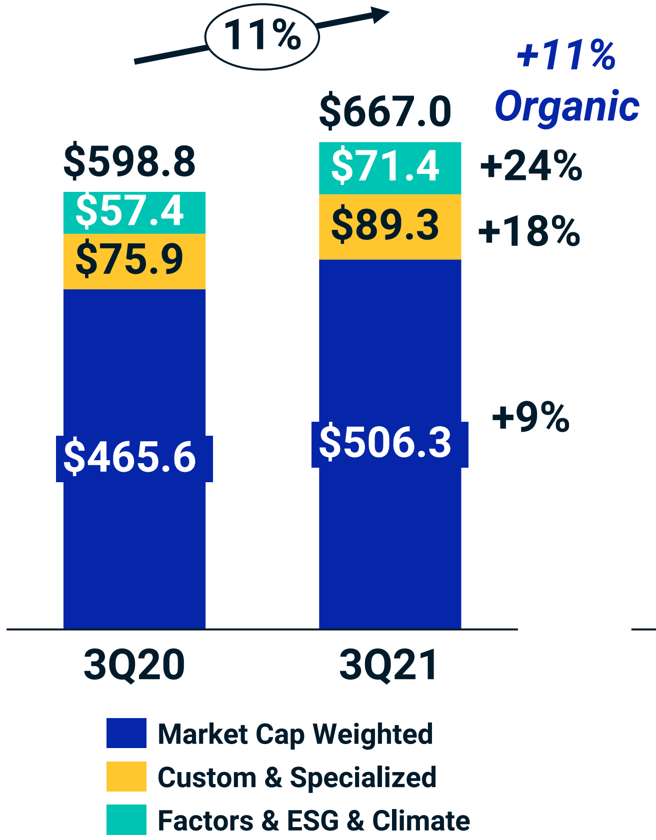
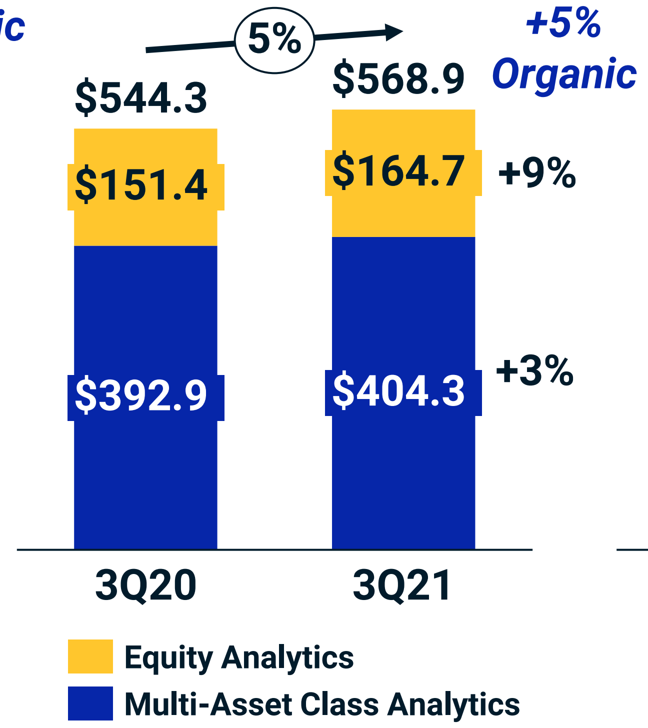
3Q21: Organic Subscription Run Rate Growth of 12%

(US$ in millions)

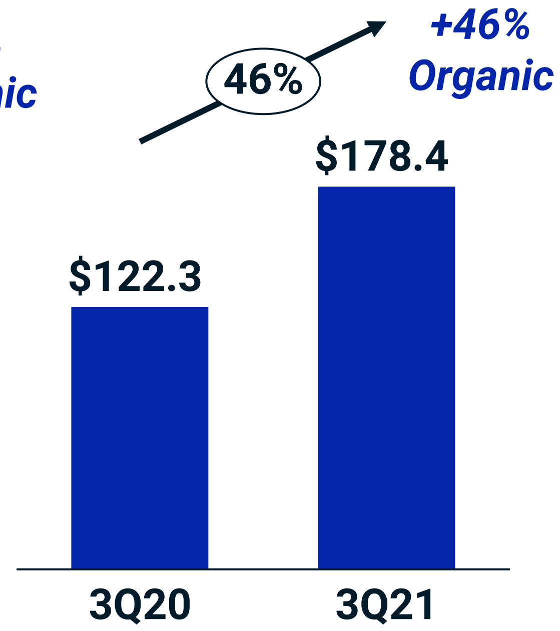
Index Subscription



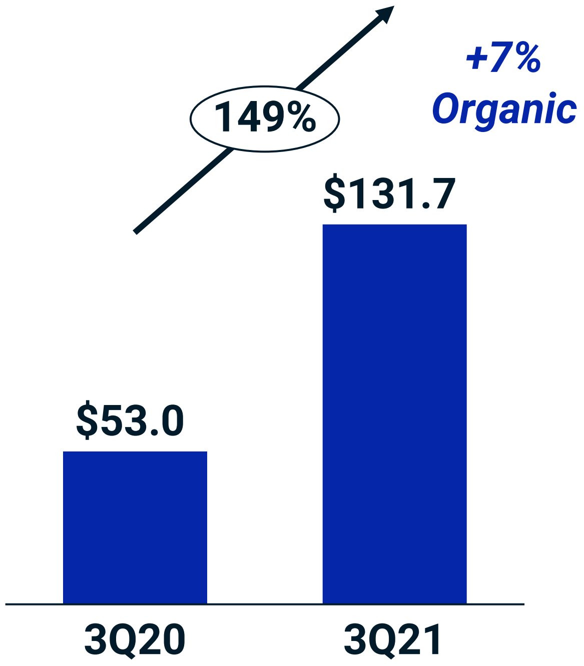
Analytics



ESG & Climate



All Other – Private Assets



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MSCI Completes Acquisition of Real Capital Analytics (RCA)

Financial Overview

- As of September 30, 2021, RCA had **~$74 million of Run Rate**
- In **3Q21, revenue** contributions from RCA were **$3.4 million** and total operating expenses associated with RCA were $10.3 million, of which **$3.6 million** were included in **Adjusted EBITDA expenses**
  - ~$5.5 million in non-recurring integration and transaction costs related to the acquisition of RCA, and ~$1.2 million of acquired intangible assets amortization expense related to RCA were excluded from Adjusted EBITDA expenses
- Expect annualized **Adjusted EBITDA margin for the All Other segment** likely **closer to the mid-teens next year**, taking into account:
  - Investments in the near-term to integrate the business
  - Employee retention expenses that are included in Adjusted EBITDA
  - The allocation of certain internal costs to the segment
- RCA's results are presented within MSCI's All Other – Private Assets reportable segment
- Certain transaction-related and integration costs are excluded from MSCI's Adjusted EBITDA Expenses, Adjusted EBITDA and Adjusted EPS (refer to reconciliation tables in Appendix)

Transaction Overview

- Purchase price of $948.7 million, funded with cash on hand
- Transaction announced on August 3, 2021 and completed on September 13, 2021

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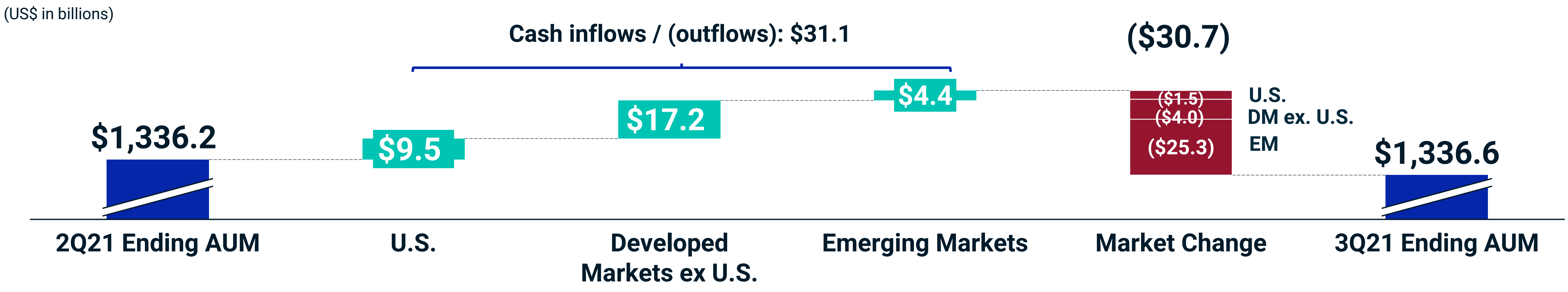
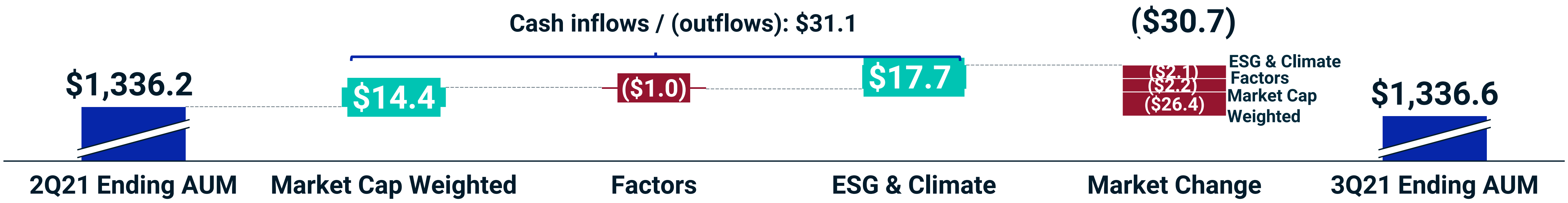
3Q21 QoQ AUM Drivers: MSCI-Linked Equity ETFs

Continued cash inflows across products and geographic exposures offset by lower market levels

By Geographic Exposure

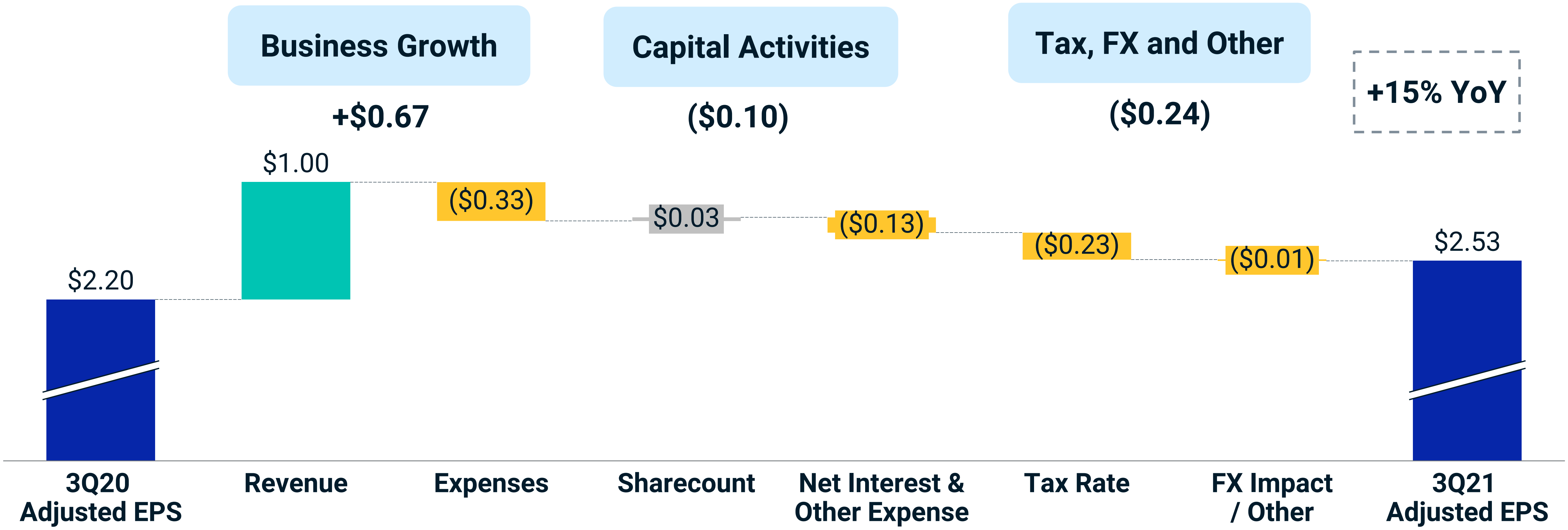


By Product



Adjusted Earnings Per Share Growth Drivers

(US$ in per share amounts)



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3Q21 Strong Revenue Growth Primarily Drives Adjusted EPS Growth

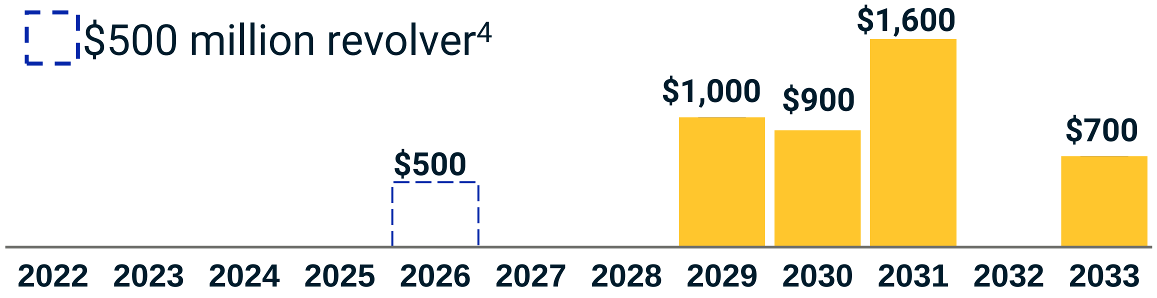
Capital and Liquidity; Capital Management Strategy

(US$ in millions, unless otherwise noted)

Cash[1] and Debt as of 9/30/2021

- Total Cash of $1,285
- Total Debt[2] of $4,160
- Net Debt of $2,876
- Total Debt / TTM[3] Adj. EBITDA of 3.7x
- Net Debt / TTM[3] Adj. EBITDA of 2.5x

Unsecured Debt Maturity Profile



- Strong balance sheet provides optionality
  - Next maturity not until 2029
- 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
  - $85.8 million in dividends paid to shareholders in 3Q21
  - $134.3 million of share repurchases YTD, executed during 1Q21, or a total of 329,508 shares at average price of $407.70 per share

[1]MSCI typically seeks to maintain minimum cash balances globally of approximately $200.0 million to $250.0 million for general operating purposes
[2]Reflects gross debt, inclusive of deferred financing fees and premium.
[3]Trailing twelve months
[4]Aggregate commitments of $500.0 million until November 2024, at which point the aggregate commitments will be reduced to $467.5 million until March 2026

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Full-Year 2021 Guidance

Guidance Item	Current Guidance for Full-Year 2021	Prior Guidance for Full-Year 2021
Operating Expense[1]	$955 to $975 million ↑	$920 to $940 million
Adjusted EBITDA Expense	$840 to $860 million ↑	$820 to $840 million
Interest Expense (including amortization of financing fees)[2]	~$160 million	~$160 million
Depreciation & Amortization Expense[1]	~$110 million ↑	~$100 million
Effective Tax Rate	15.0% to 16.0% ↔	14.0% to 17.0%
Capital Expenditures	$50 to $60 million	$50 to $60 million
Net Cash Provided by Operating Activities	$800 to $840 million ↓	$900 to $940 million
Free Cash Flow[3]	$740 to $790 million ↓	$840 to $890 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) Depreciation & Amortization includes $16.0 million intangible asset write-off related to Beon in second quarter 2021, partially offset by lower depreciation & amortization expenses for the remainder of 2021.

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

(3) Lower free cash flow range is nearly all attributable to cash tax payments incremental to what we previously expected to make, of which approximately $110 million will occur in the fourth quarter. We currently expect these accelerated tax payments to reduce future tax payments.

Q&A

Additional Information

3Q21 Summary Financial Results

(US $ in thousands, except per share data)

	For the Three Months Ended September 30,		
(Unaudited)	**2021**	**2020**	**YoY% Change**
Operating revenues	$ 517,099	$ 425,333	21.6%
Operating income	$ 280,230	$ 227,620	23.1%
Operating margin %	54.2%	53.5%	
Net income	$ 169,876	$ 182,358	(6.8%)
Diluted EPS	$ 2.03	$ 2.16	(6.0%)
Adjusted EPS	$ 2.53	$ 2.20	15.0%
Adjusted EBITDA	$ 306,595	$ 249,447	22.9%
Adjusted EBITDA margin %	59.3%	58.6%	

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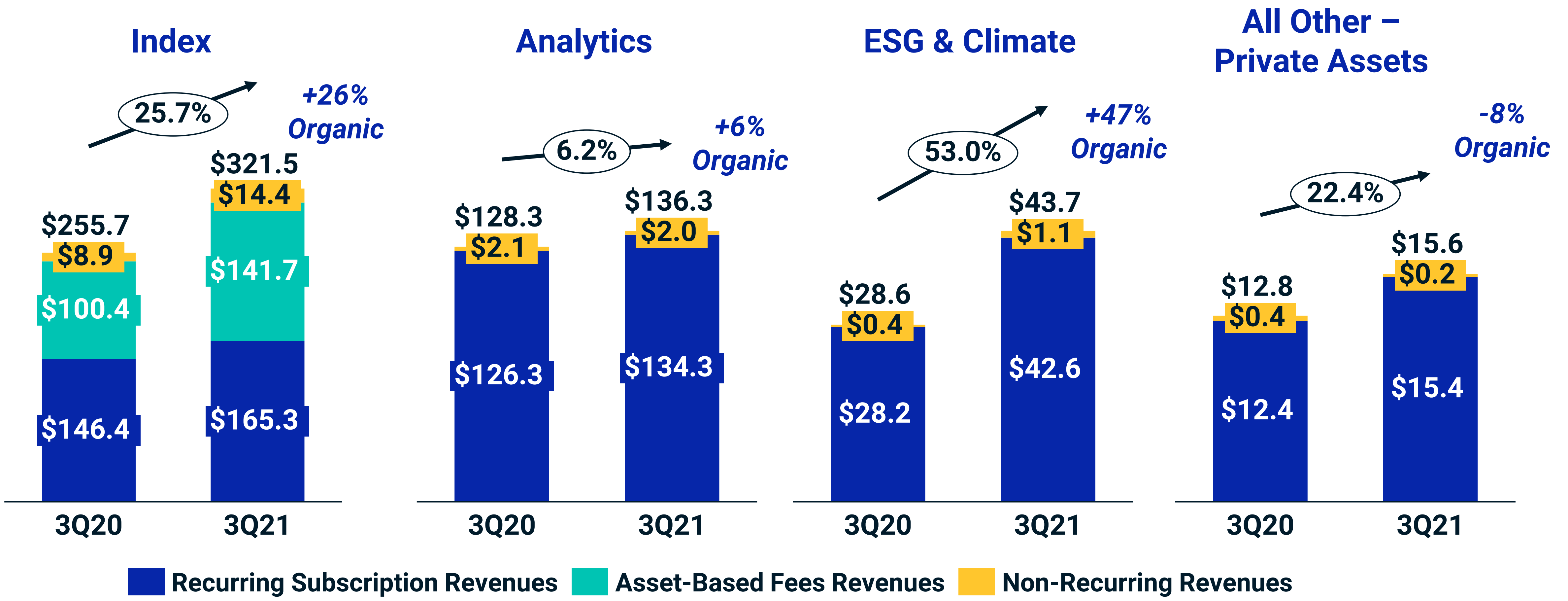
3Q21 Segment Operating Revenues

(US$ in millions)



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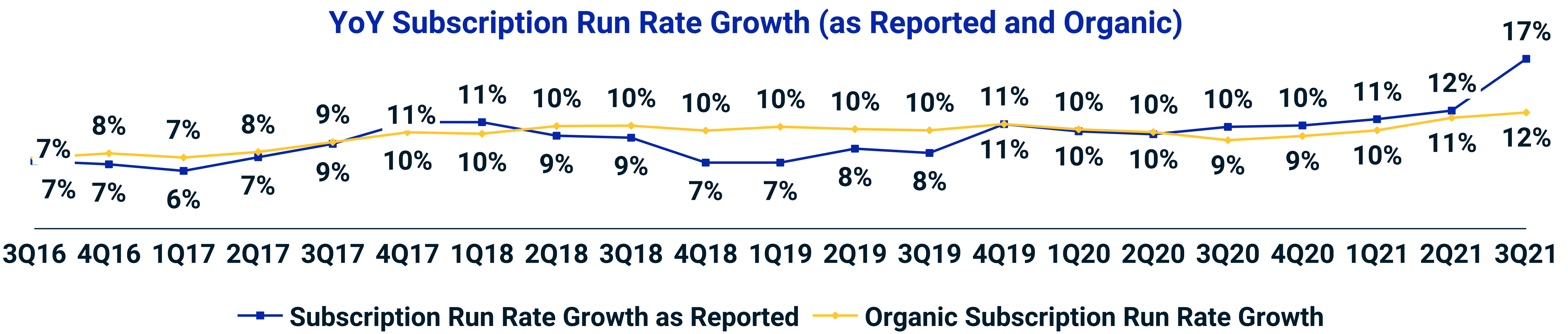
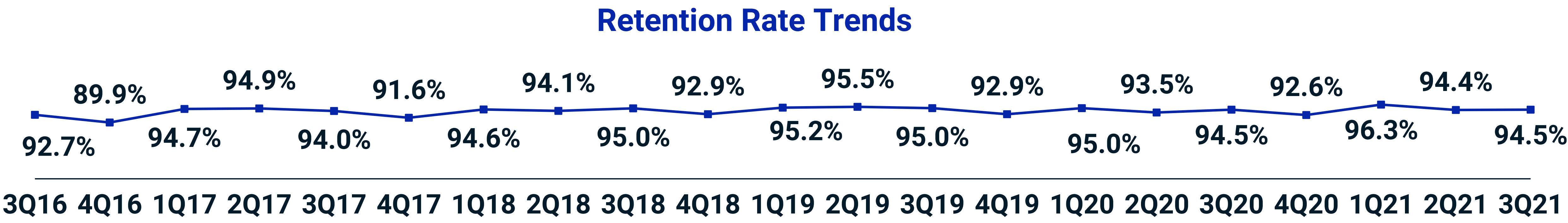
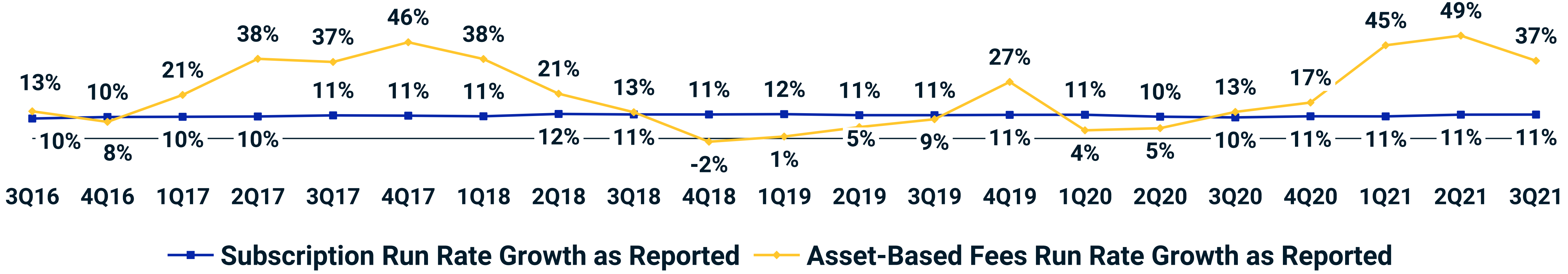
Continued Resilient Key Operating Metrics



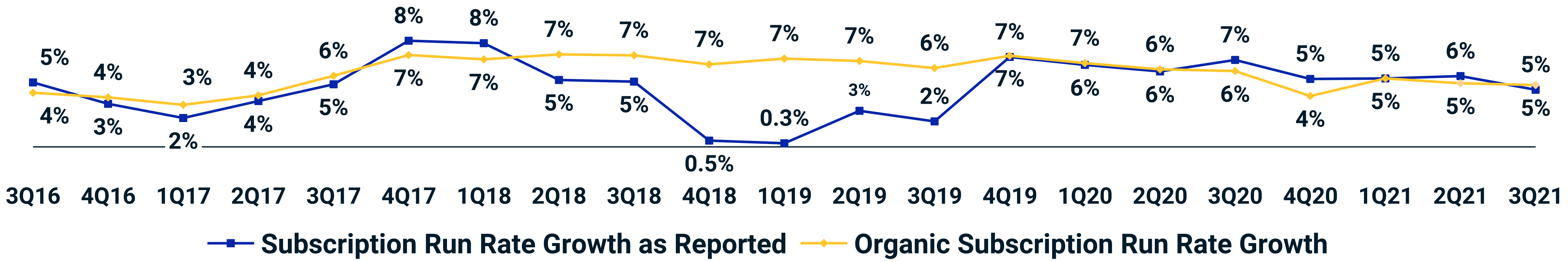


3Q16 to 3Q21 YoY Segment Run Rate Growth

Index



Analytics



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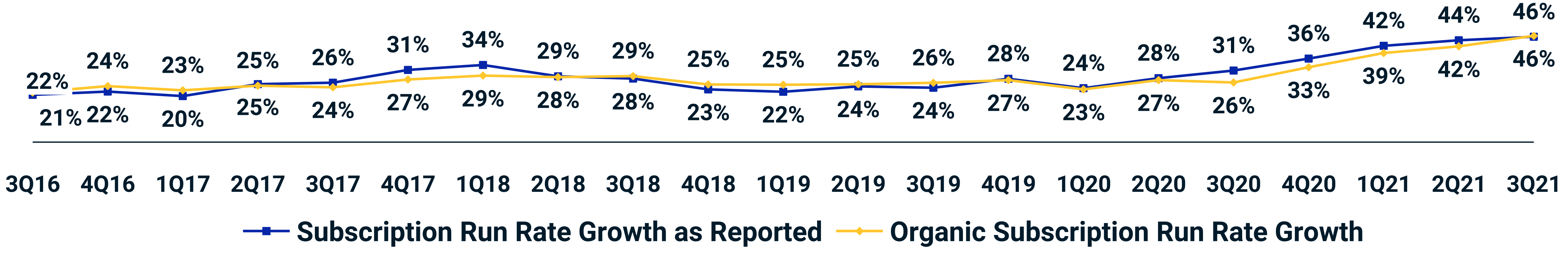
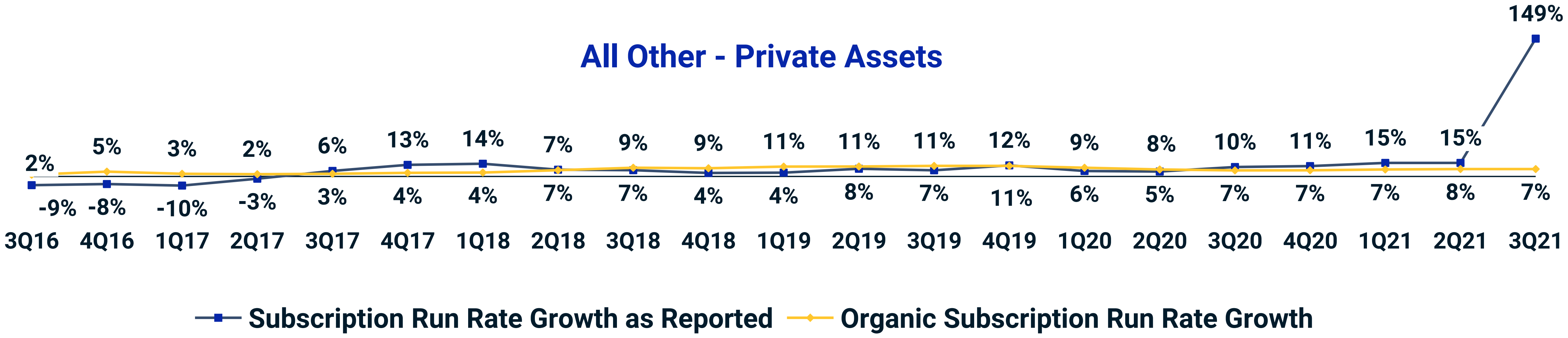
3Q16 to 3Q21 YoY Segment Run Rate Growth

ESG & Climate



All Other - Private Assets



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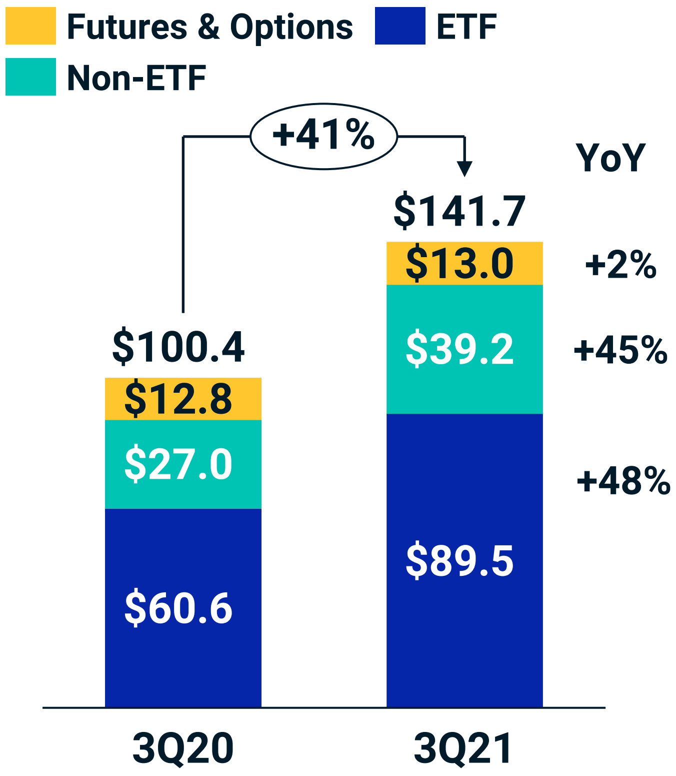
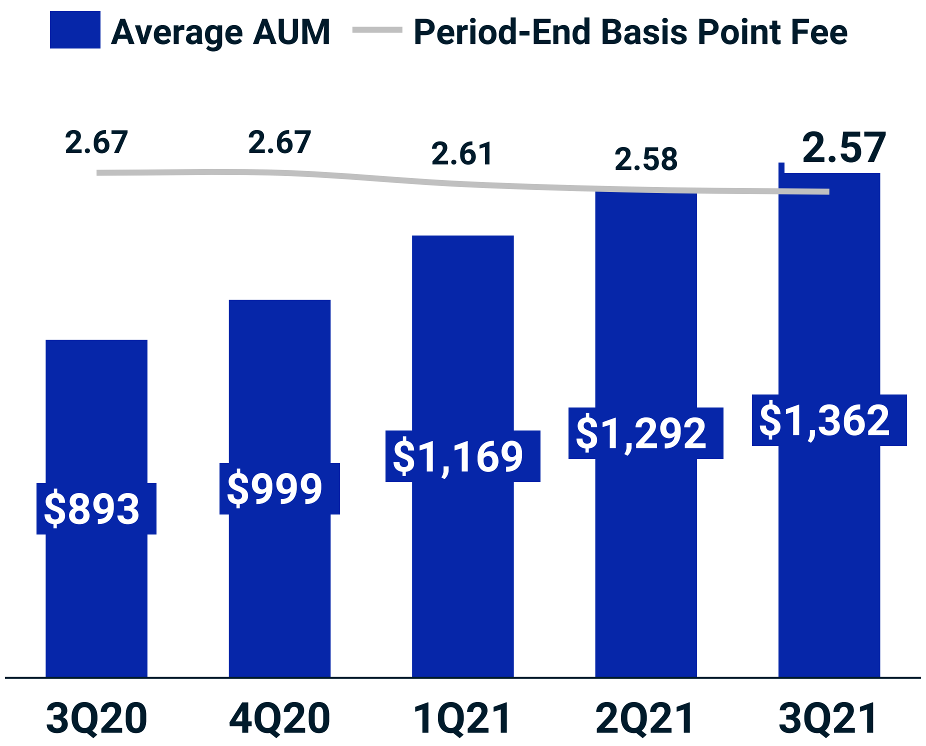
Index Segment: Asset-Based Fees Details

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

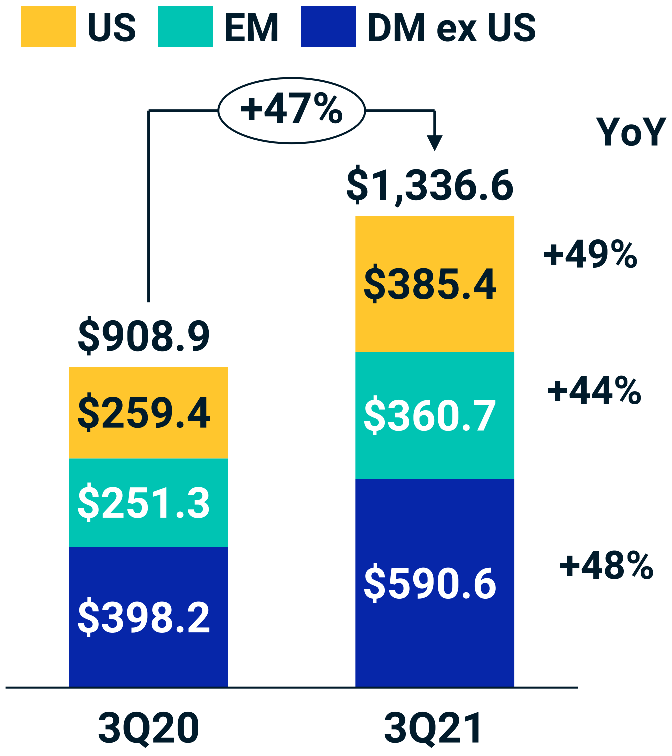
Asset-based Fees (ABF) Revenue



Quarterly Average AUM and Period-End Basis Point Fee[1] of ETFs linked to MSCI Equity Indexes



Quarter-End AUM by Market Exposure[2] of ETFs linked to MSCI Equity Indexes

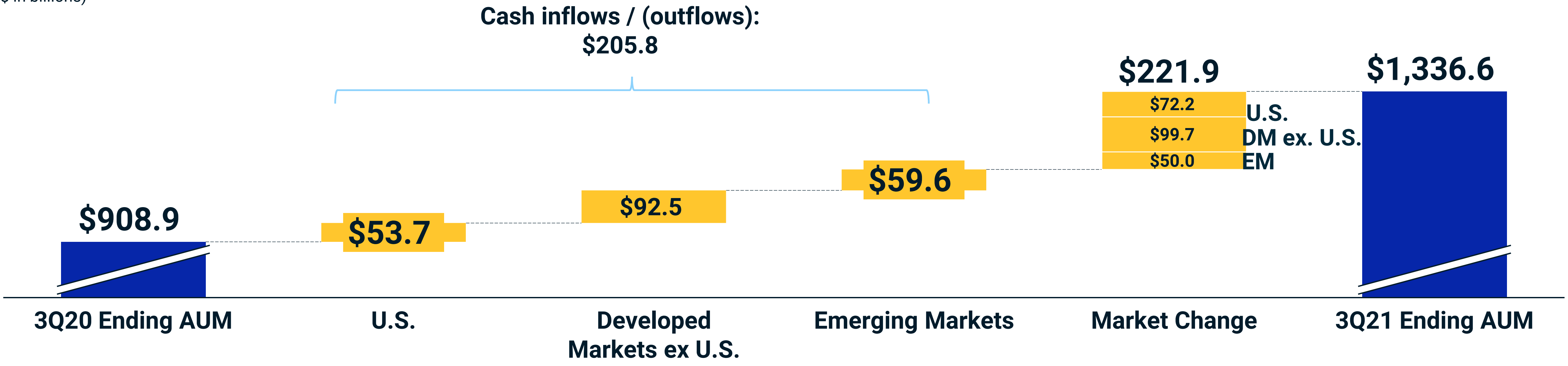


[1]Based on period-end Run Rate for ETFs linked to MSCI equity indexes using period-end AUM. Please refer to Table 7: AUM in ETFs Linked to MSCI equity Indexes (unaudited) of the press release reporting MSCI's financial results for third quarter 2021.

[2]US = ETFs linked to MSCI equity indexes, the majority of whose weight is comprised of securities in MSCI Developed Market (DM) countries, primarily or exclusively in the US; DM ex US = ETFs linked to MSCI equity indexes, the majority of whose weight is comprised of securities in MSCI DM countries other than the US; EM = ETFs linked to MSCI equity 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.

3Q21 YoY AUM Drivers: MSCI-Linked Equity ETFs

(US$ in billions)



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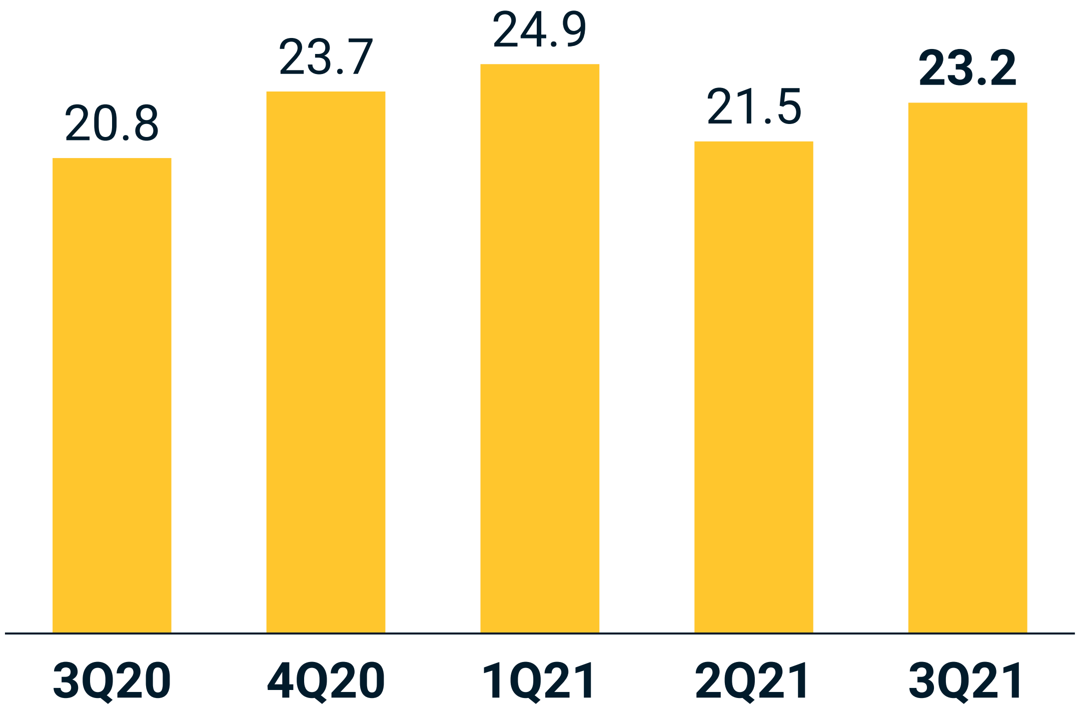
Listed Futures & Options Linked to MSCI Indexes

Run Rate From Listed Futures & Options Linked to MSCI Indexes

(US$ in millions)

Futures & Options Volume Linked to MSCI Indexes

(in millions of contracts traded[1])



[1]Contract volumes traded may not tie to volume figures used for calculating Futures & Options Run Rate.

Long-term Targets

	Revenue Growth Rate[1]	Adj. EBITDA Expense Growth Rate	Adj. EBITDA Growth Rate	Adj. EBITDA Margin %
Index	Low Double Digit	Low Double Digit		
Analytics	High Single Digit	Mid Single Digit		
ESG & Climate	Mid to High 20s	Mid to High 20s		
Real Estate	High Teens	Mid Teens		
MSCI	**Low Double Digit**	**High Single Digit to Low Double Digit**	**Low to Mid Teens**	**High 50s**

[1] Excludes Asset-Based Fees.

Appendix

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 certain non-recurring acquisition-related integration and transaction costs.
- "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 certain non-recurring acquisition-related integration and transaction costs. .
- "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 costs associated with debt extinguishment and the impact related to certain non-recurring acquisition-related integration and transaction costs.
- "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).
- "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.
- 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 or discontinue the subscription 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 and Climate 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, or reach the end of the committed subscription period, 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, non-renewal or an indication the client does not intend to continue their subscription 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, including the acquisition of RCA completed on September 13, 2021. 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)*

	Three Months Ended		Nine Months Ended	
In thousands	Sep. 30, 2021	Sep. 30, 2020	Sep. 30, 2021	Sep. 30, 2020
Index adjusted EBITDA	$ 245,587	$ 194,720	$ 698,934	$ 561,563
Analytics adjusted EBITDA	50,291	45,056	145,836	127,540
ESG and Climate adjusted EBITDA	9,820	7,658	20,585	16,783
All Other - Private Assets adjusted EBITDA	897	2,013	12,775	9,488
Consolidated adjusted EBITDA	**306,595**	**249,447**	**878,130**	**715,374**
Acquisition-related integration and transaction costs[1]	5,451	—	5,451	—
Amortization of intangible assets	14,105	14,333	59,569	42,171
Depreciation and amortization of property, equipment and leasehold improvements	6,809	7,494	20,972	22,524
Operating income	**280,230**	**227,620**	**792,138**	**650,679**
Other expense (income), net	79,580	38,577	179,765	159,620
Provision for income taxes	30,774	6,685	80,255	45,453
Net income	**$ 169,876**	**$ 182,358**	**$ 532,118**	**$ 445,606**

MSCI

[1]Incremental and non-recurring costs attributable to acquisitions directly related to the execution of the transaction and integration of the acquired business that have occurred no later than 12 months after the close of the transaction.

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

In thousands, except per share data	Three Months Ended Sep. 30, 2021	Three Months Ended Sep. 30, 2020	Nine Months Ended Sep. 30, 2021	Nine Months Ended Sep. 30, 2020
Net income	$ 169,876	$ 182,358	$ 532,118	$ 445,606
Plus: Amortization of acquired intangible assets and equity method investment basis difference	10,792	9,515	29,915	27,885
Plus: Debt extinguishment costs associated with the 2024, 2025, 2026 and 2027 Senior Notes Redemptions	37,312	—	59,104	44,930
Plus: Write-off of internally developed capitalized software	—	—	16,013	—
Plus: Acquisition-related integration and transaction costs[1]	5,451	—	5,451	—
Less: Tax Reform adjustments	—	(5,497)	—	(6,256)
Less: Income tax effect	(12,143)	(532)	(21,966)	(14,483)
Adjusted net income	**$ 211,288**	**$ 185,844**	**$ 620,635**	**$ 497,682**
Diluted EPS	$ 2.03	$ 2.16	$ 6.38	$ 5.26
Plus: Amortization of acquired intangible assets and equity method investment basis difference	0.13	0.11	0.36	0.33
Plus: Debt extinguishment costs associated with the 2024, 2025 and 2026 Senior Notes Redemptions	0.45	—	0.71	0.53
Plus: Write-off of internally developed capitalized software	—	—	0.19	—
Plus: Acquisition-related integration and transaction costs[1]	0.07	—	0.07	—
Less: Tax Reform adjustments	—	(0.07)	—	(0.07)
Less: Income tax effect	(0.15)	—	(0.27)	(0.18)
Adjusted EPS	**$ 2.53**	**$ 2.20**	**$ 7.44**	**$ 5.87**

[1]Incremental and non-recurring costs attributable to acquisitions directly related to the execution of the transaction and integration of the acquired business that have occurred no later than 12 months after the close of the transaction.

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

In thousands	Three Months Ended Sep. 30, 2021	Three Months Ended Sep. 30, 2020	Nine Months Ended Sep. 30, 2021	Nine Months Ended Sep. 30, 2020	Full-Year 2021 Outlook(1)
Index adjusted EBITDA expenses	$ 75,916	$ 60,971	$ 221,023	$ 186,292	
Analytics adjusted EBITDA expenses	86,007	83,281	260,381	253,868	
ESG and Climate adjusted EBITDA expenses	33,871	20,893	97,164	63,303	
All Other - Private Assets adjusted EBITDA expenses	14,710	10,741	37,004	32,892	
Consolidated adjusted EBITDA expenses	**210,504**	**175,886**	**615,572**	**536,355**	**$840,000 - $860,000**
Acquisition-related integration and transaction costs[2]	5,451	—	5,451	—	
Amortization of intangible assets	14,105	14,333	59,569	42,171	~$110,000
Depreciation and amortization of property, equipment and leasehold improvements	6,809	7,494	20,972	22,524	
Total operating expenses	**$ 236,869**	**$ 197,713**	**$ 701,564**	**$ 601,050**	**$955,000 - $975,000**

[1]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.

[2] Incremental and non-recurring costs attributable to acquisitions directly related to the execution of the transaction and integration of the acquired business that have occurred no later than 12 months after the close of the transaction.

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

	Three Months Ended		Nine Months Ended		Full-Year
In thousands	**Sep. 30, 2021**	**Sep. 30, 2020**	**Sep. 30, 2021**	**Sep. 30, 2020**	**2021 Outlook(1)**
Net cash provided by operating activities	$ 215,891	$ 199,795	$ 656,405	$ 575,181	**$800,000 - $840,000**
Capital expenditures	(4,646)	(4,555)	(7,119)	(12,152)	
Capitalized software development costs	(10,141)	(7,170)	(29,078)	(21,931)	
Capex	(14,787)	(11,725)	(36,197)	(34,083)	**($60,000 - $50,000)**
Free cash flow	**$ 201,104**	**$ 188,070**	**$ 620,208**	**$ 541,098**	**$740,000 - $790,000**

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

MSCI

Reconciliation of Effective Tax Rate to Adjusted Tax Rate

(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	Sep. 30, 2021	Sep. 30, 2020	Sep. 30, 2021	Sep. 30, 2020
Effective tax rate	15.3%	3.5%	13.1%	9.3%
Tax Reform impact on effective tax rate	—%	2.9%	—%	1.2%
Adjusted tax rate	15.3%	6.4%	13.1%	10.5%

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

Comparison of the Three Months Ended September 30, 2021 and 2020

Index	Total	Recurring Subscription	Asset-Based Fees	Non-Recurring Revenues
	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	25.7%	12.9%	41.2%	61.7%
Impact of acquisitions and divestitures	—%	—%	—%	—%
Impact of foreign currency exchange rate fluctuations	0.1%	0.1%	—%	—%
Organic operating revenue growth	25.8%	13.0%	41.2%	61.7%

Analytics	Total	Recurring Subscription	Asset-Based Fees	Non-Recurring Revenues
	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	6.2%	6.4%	—%	(5.2%)
Impact of acquisitions and divestitures	—%	—%	—%	—%
Impact of foreign currency exchange rate fluctuations	0.2%	0.2%	—%	(0.1%)
Organic operating revenue growth	6.4%	6.6%	—%	(5.3%)

ESG and Climate	Total	Recurring Subscription	Asset-Based Fees	Non-Recurring Revenues
	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	53.0%	51.3%	—%	175.4%
Impact of acquisitions and divestures	—%	—%	—%	—%
Impact of foreign currency exchange rate fluctuations	(5.8%)	(5.9%)	—%	(2.7%)
Organic operating revenue growth	47.2%	45.4%	—%	172.7%

All Other - Private Assets	Total	Recurring Subscription	Asset-Based Fees	Non-Recurring Revenues
	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	22.4%	24.3%	—%	(46.6%)
Impact of acquisitions and divestures	(26.8%)	(27.5%)	—%	—%
Impact of foreign currency exchange rate fluctuations	(3.2%)	(3.3%)	—%	(0.9%)
Organic operating revenue growth	(7.6%)	(6.5%)	—%	(47.5%)

Consolidated	Total	Recurring Subscription	Asset-Based Fees	Non-Recurring Revenues
	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	21.6%	14.2%	41.2%	50.5%
Impact of acquisitions and divestitures	(0.8%)	(1.1%)	—%	—%
Impact of foreign currency exchange rate fluctuations	(0.4%)	(0.5%)	—%	(0.2%)
Organic operating revenue growth	20.4%	12.6%	41.2%	50.3%

MSCI