

MSCI THIRD QUARTER 2019

EARNINGS PRESENTATION

October 31, 2019

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 2019 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, 2018 filed with the Securities and Exchange Commission ("SEC") on February 22, 2019 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 2018, 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 third quarter 2019.
- 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 two-thirds 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 3Q19 EARNINGS CALL PARTICIPANTS

Management



Henry Fernandez, Chairman & CEO



Baer Pettit, President



Linda Huber, CFO

Investor Relations



Salli Schwartz, Head of Investor Relations & Treasurer

QUARTER HIGHLIGHTS

3Q19 FINANCIAL RESULTS

Strong Top-Line Growth

Revenue Growth
Reported / Organic

+10% / +12%

Subscription Run Rate Growth
Reported / Organic

+8% / +10%

Continued Operational Efficiency

Adj. EBITDA Margin (Change in bps) /
Operating Margin (Change in bps)

**56.0% (+140 bps) /
51.0% (+170 bps)**

Adj. EBITDA Growth / Operating
Income Growth

+13% / +14%

Tax

Effective Tax Rate /
(YoY Reduction)

**18.8%
(+310 bps)**

Capital Optimization

Dividend /
Lower Weighted Avg. Diluted Share Count

+17% / (6%)

Adjusted EPS
+24%

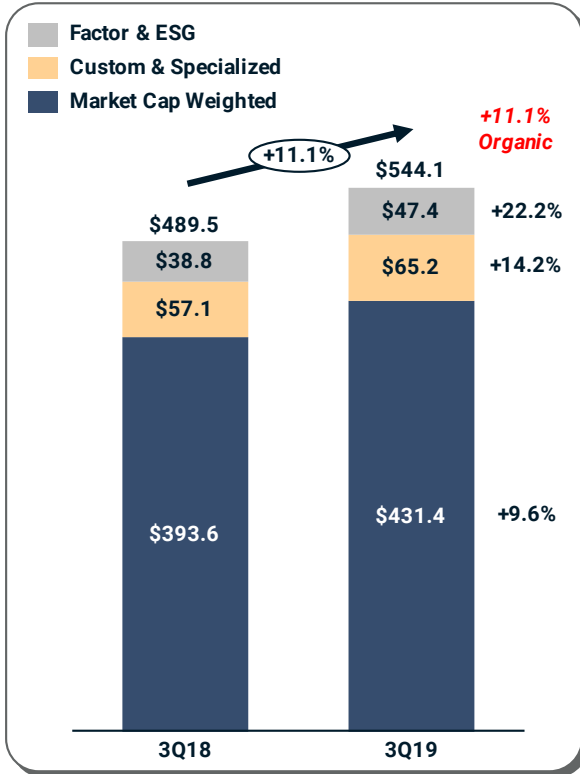
Diluted EPS
+18%

OPERATING UPDATE

10% ORGANIC SUBSCRIPTION RUN RATE GROWTH

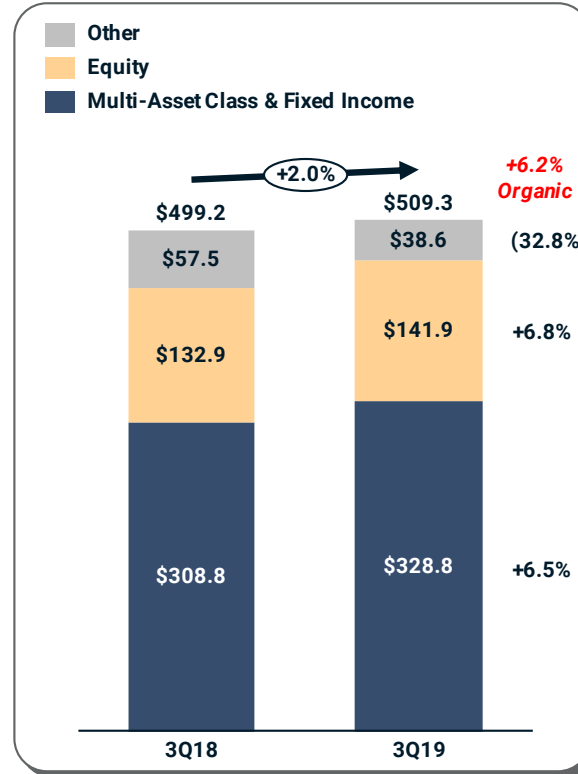
(US\$ in millions)

Index



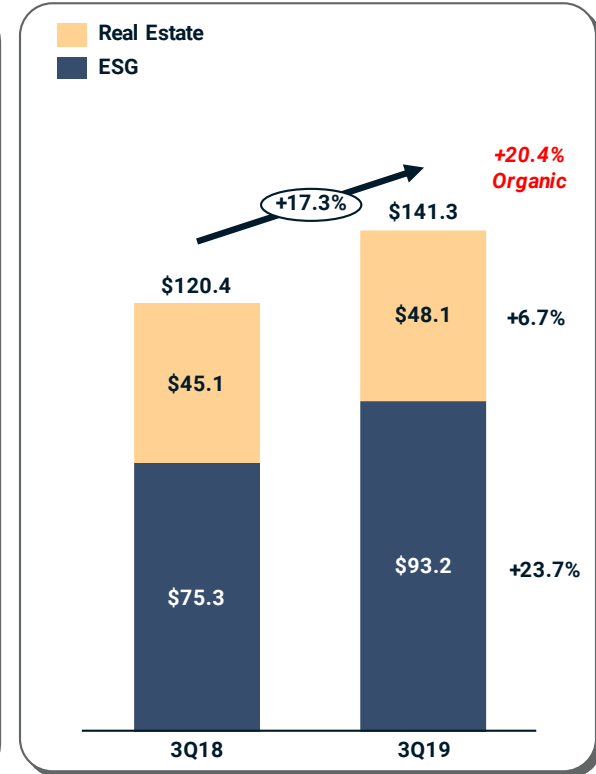
Strong Demand Across All Modules

Analytics



Best-In-Class Solutions¹ and Integrated Content

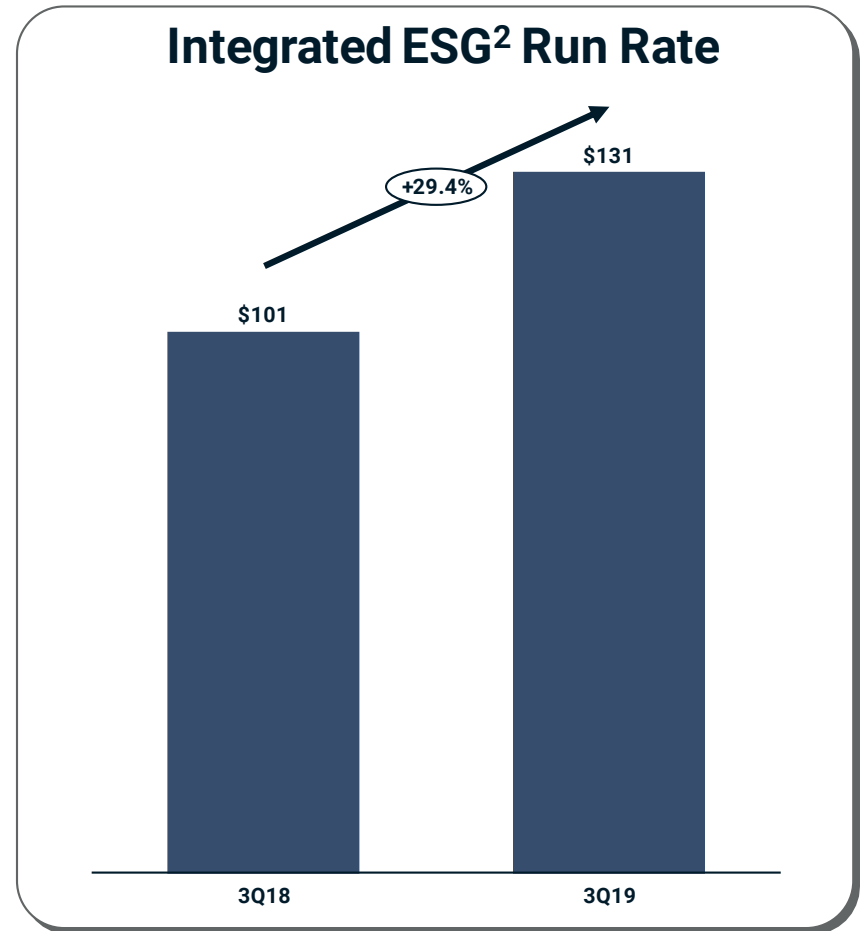
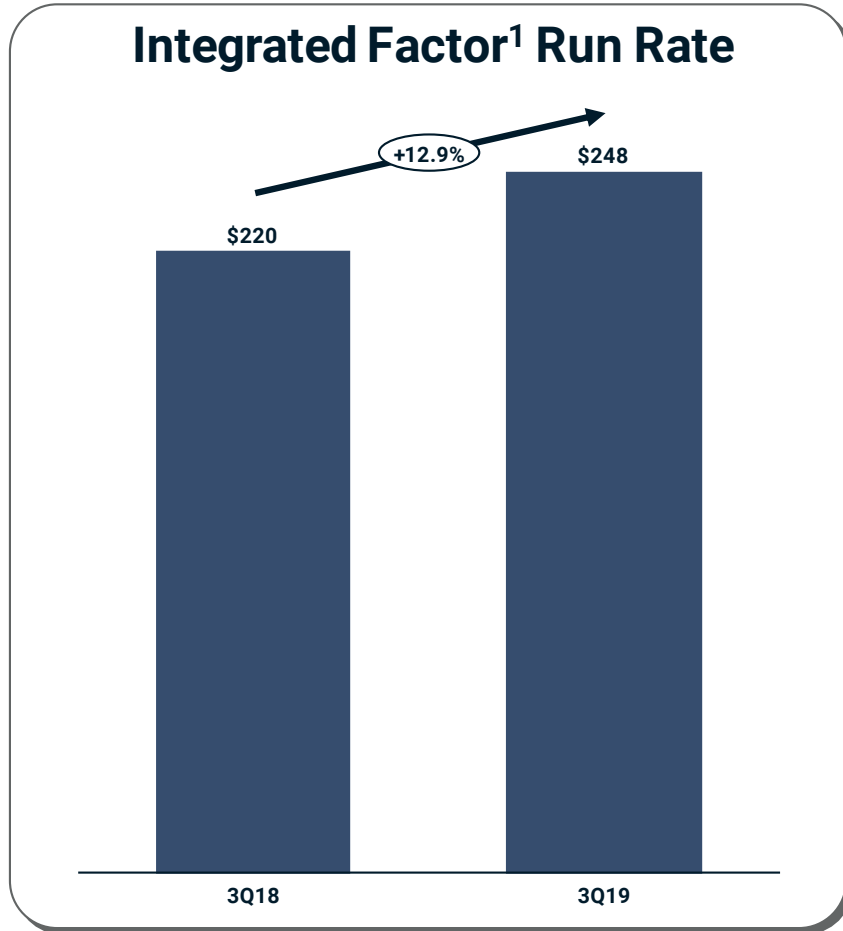
All Other



Increasing Focus on Sustainable Investing

DRIVING COMMON FRAMEWORK ACROSS INVESTMENT UNIVERSE

(US\$ in millions)

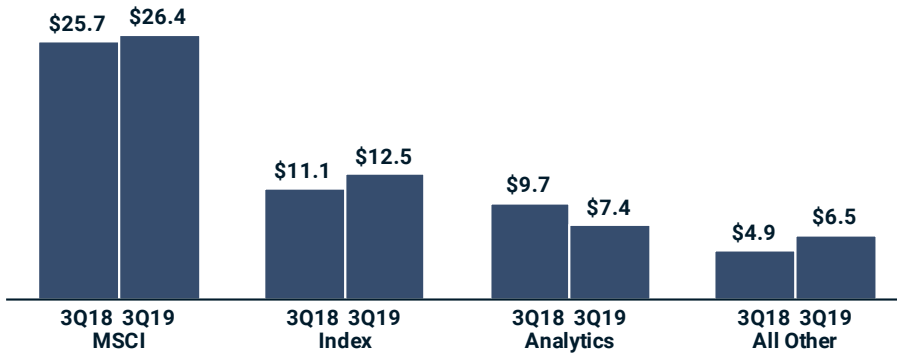
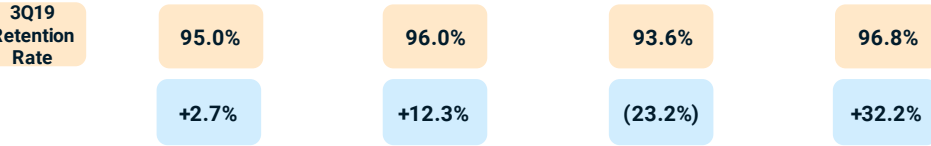


FINANCIAL UPDATE

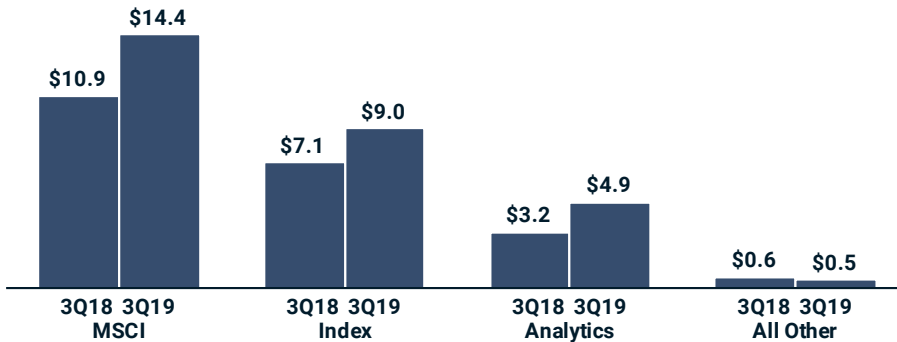
3Q19 OPERATING METRICS

(US\$ in millions)

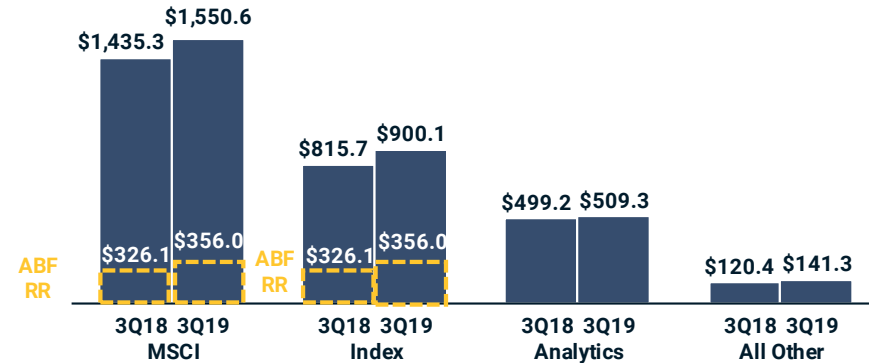
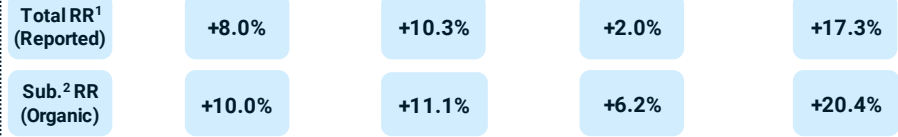
YoY Recurring Net New Sales Growth



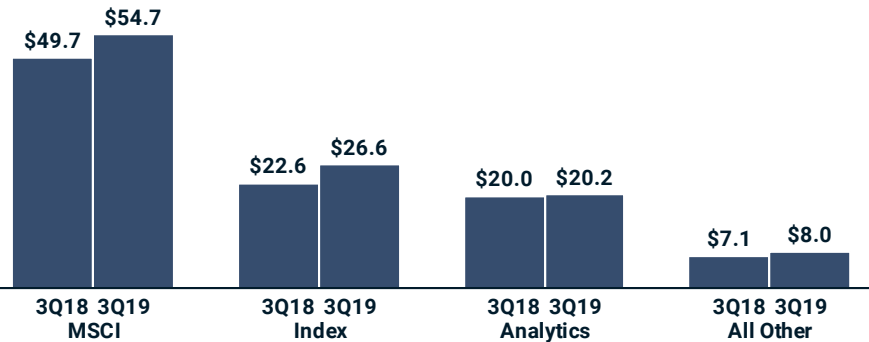
YoY Non-Recurring Sales Growth



YoY Run Rate Growth



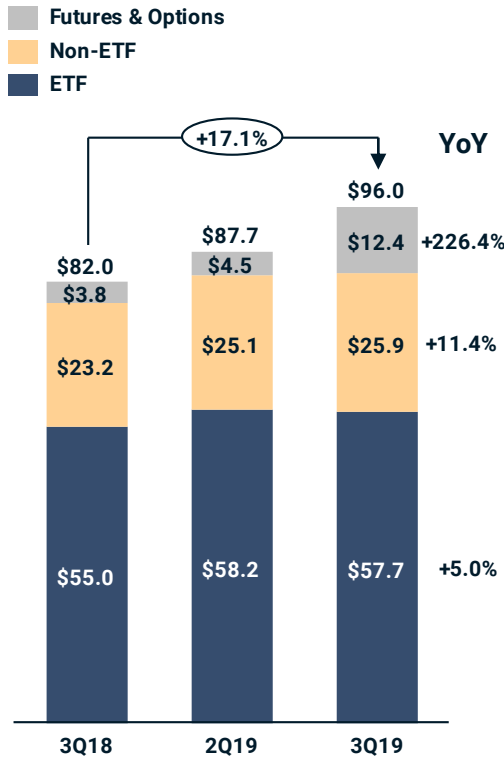
YoY Total Gross Sales Growth



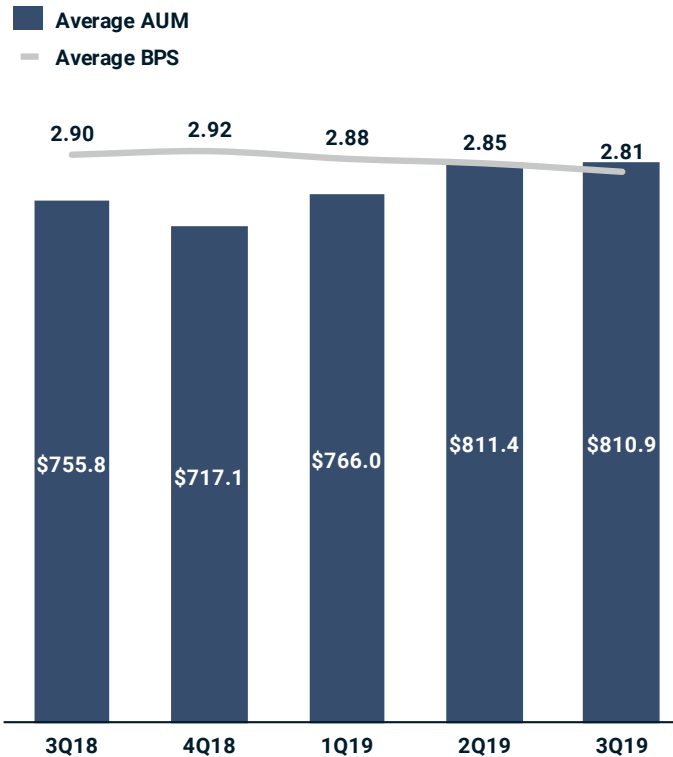
INDEX SEGMENT – ASSET-BASED FEES DETAILS

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

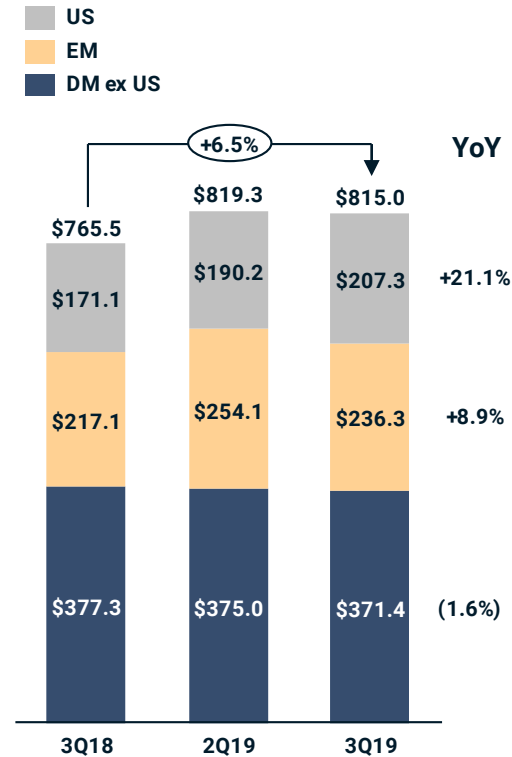
ABF Revenue



Quarterly Avg. AUM and Avg. BPS¹ of ETFs Linked to MSCI Indexes



Quarter-End AUM by Market Exposure² of ETFs Linked to MSCI Indexes



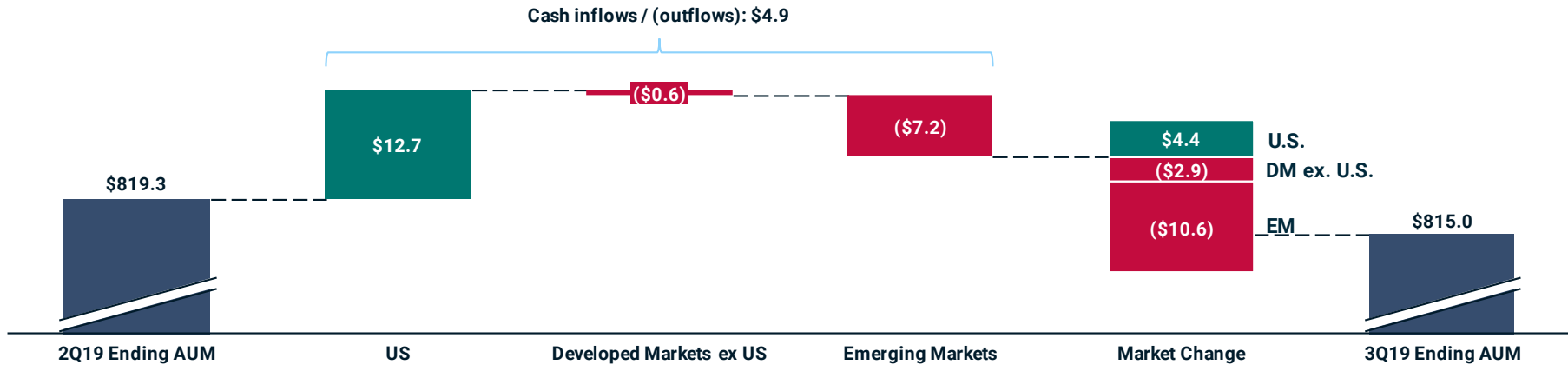
¹Average BPS based on RunRate and period-end AUM in ETFs linked to MSCI Indexes; Please refer to Table 7: AUM in ETFs Linked to MSCI Indexes (unaudited) of the press release reporting MSCI's financial results for third quarter 2019.

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

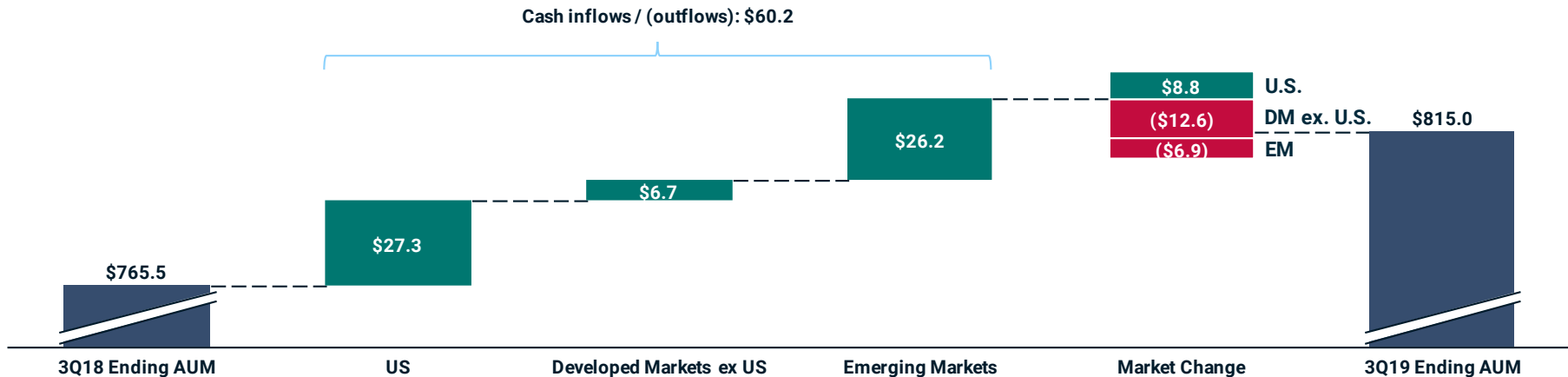
3Q19 AUM DRIVERS: MSCI-LINKED EQUITY ETFs

(US\$ in billions)

3Q19 Sequential Change in AUM



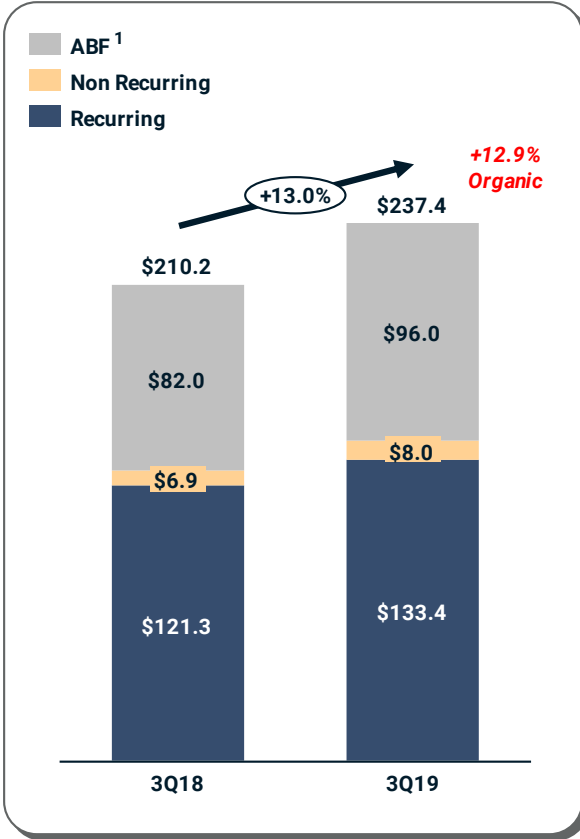
3Q19 YoY Change in AUM



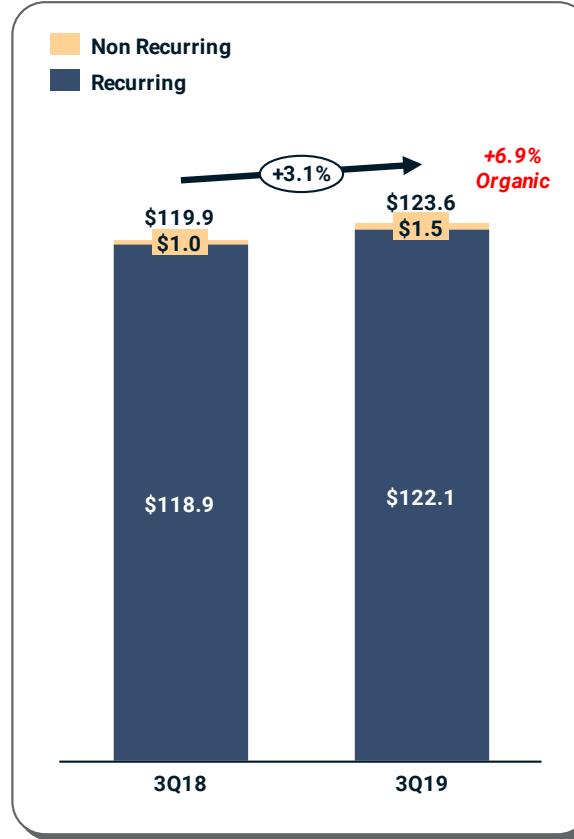
3Q19 SEGMENT REVENUE

(US\$ in millions)

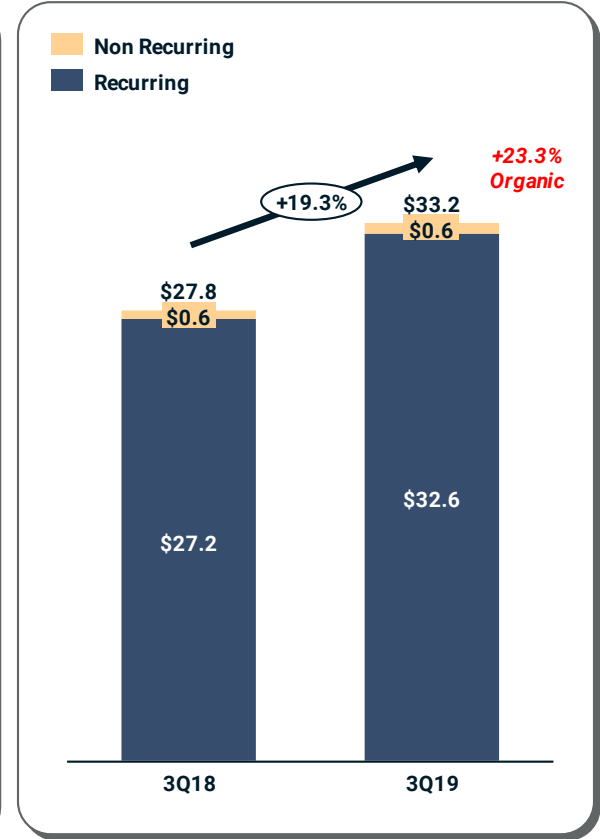
Index



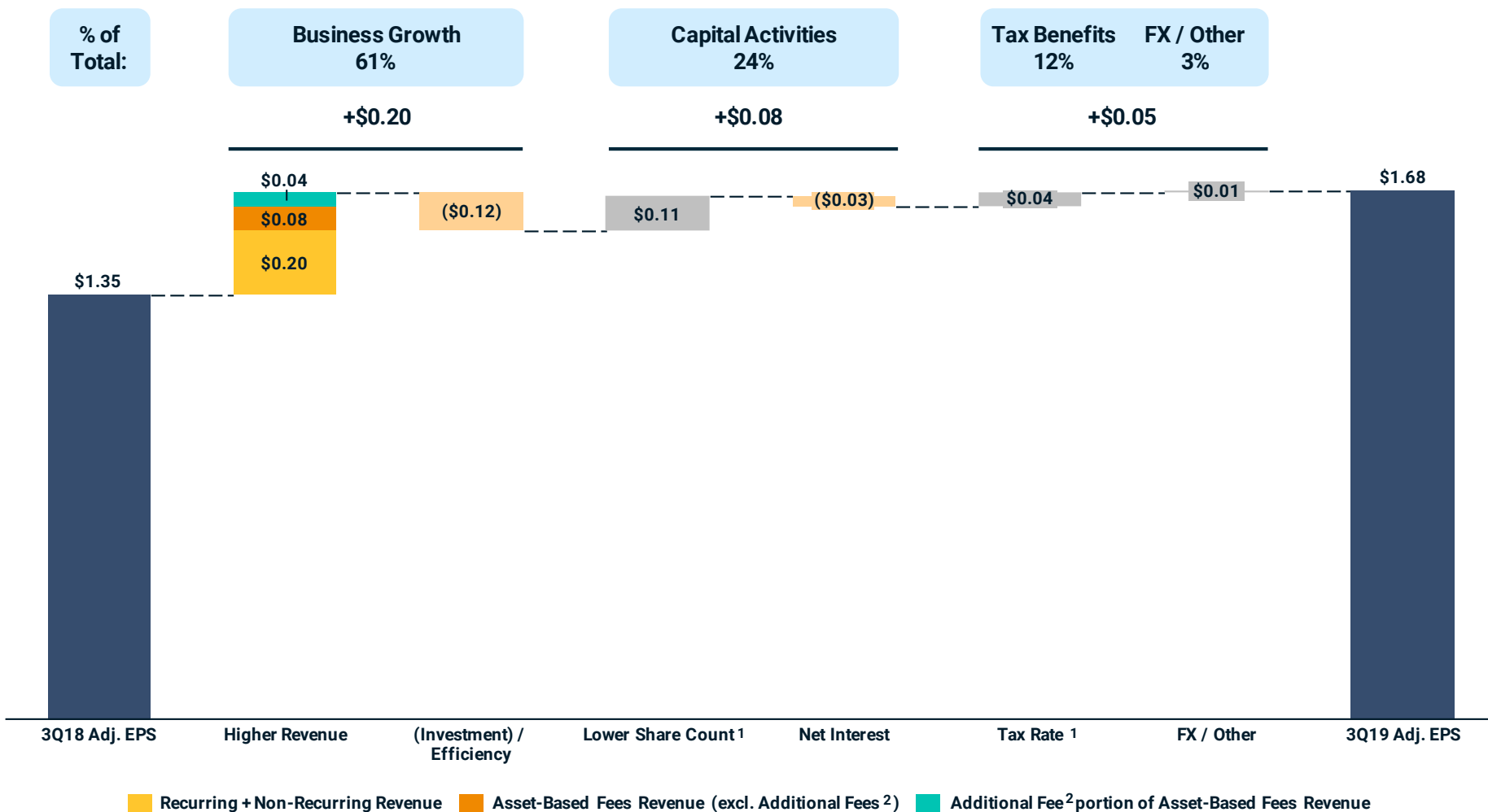
Analytics



All Other



ADJUSTED EPS GROWTH



¹Per share amounts are calculated utilizing the weighted average diluted shares outstanding and adjusted tax rate for 3Q 2018. In 3Q 2018, there was a release of the valuation allowance, triggered by the execution of the agreement to sell Investor Force Holdings, Inc. ("InvestorForce") in July 2018 as the loss was utilized in the three months ending December 31, 2018 to offset the capital gain realized upon the completion of the divestiture of InvestorForce that occurred on October 12, 2018. This release of the valuation allowance was excluded from adjusted net income and adjusted EPS of 3Q 2018.

²Refers to approximately \$5 million of additional fees associated with prior periods attributed to a retrospective price increase from a renegotiated contract.

CAPITAL AND LIQUIDITY

(US\$ in millions)

Capital Position (As of 09/30/19)

Total Cash	\$881
Total Debt¹	\$2,600
Net Debt¹	\$1,719
Total Debt / Adj. EBITDA	3.2x
Net Debt / Adj. EBITDA	2.1x

Continued Capital Discipline

Return of Capital

- No repurchases in 3Q19, repurchased \$102.1 million of shares at average price of \$147.97, year-to-date
- Board authorized a stock repurchase program for the purchase of up to \$750 million which will be aggregated with the \$706 million of remaining authorization as of September 30, 2019

Excess Cash

- Strong balance sheet provides optionality
- Disciplined and consistent approach to deployment

FULL YEAR 2019 GUIDANCE

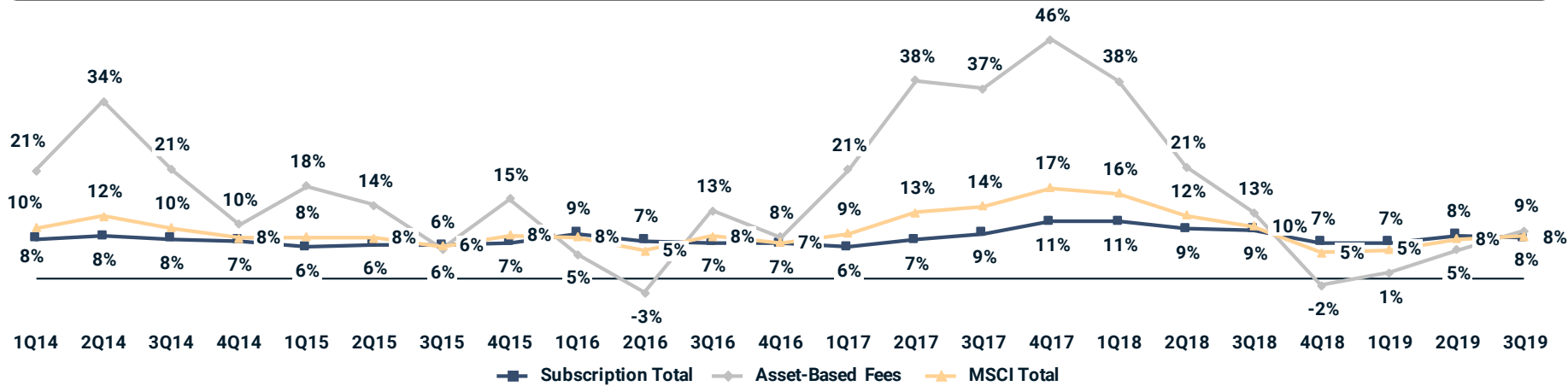
(US\$ in millions)

	2018 Actual	2019 Guidance	YoY Variance	Comments
Operating Expenses	\$747	\$775 - \$800	4% - 7%	towards high end
Adjusted EBITDA Expenses ¹	\$662	\$685 - \$705	3% - 6%	towards high end
Interest Expense	\$133	\$144	\$11	reiterating guidance (assuming no additional financing)
Effective Tax Rate ²	19.4%	6.0% - 9.0%	(13.4%) - (10.4%)	revised guidance
Net Cash Provided by Operating Activities	\$613	\$600 - \$630	(\$13) - \$17	at or slightly above high end
Capex	(\$49)	(\$55) - (\$45)	(\$6) - \$4	towards high end
Free Cash Flow	\$564	\$545 - \$585	(\$19) - \$21	at or slightly above high end

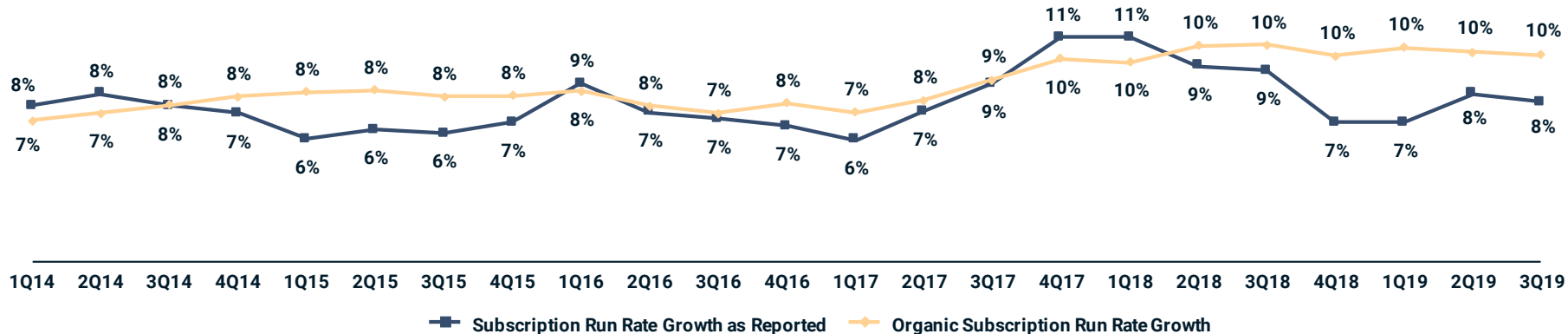
APPENDIX

1Q14 TO 3Q19 YoY RUN RATE GROWTH

YoY Run Rate Growth as Reported

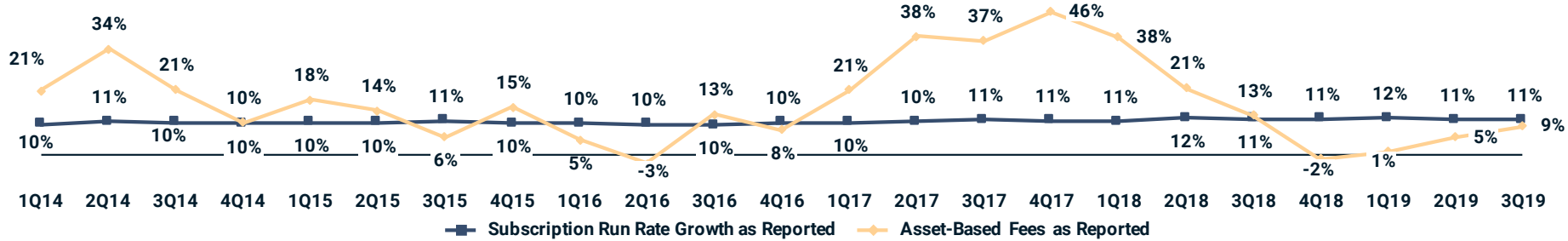


YoY Subscription Run Rate Growth as Reported vs. Organic Growth

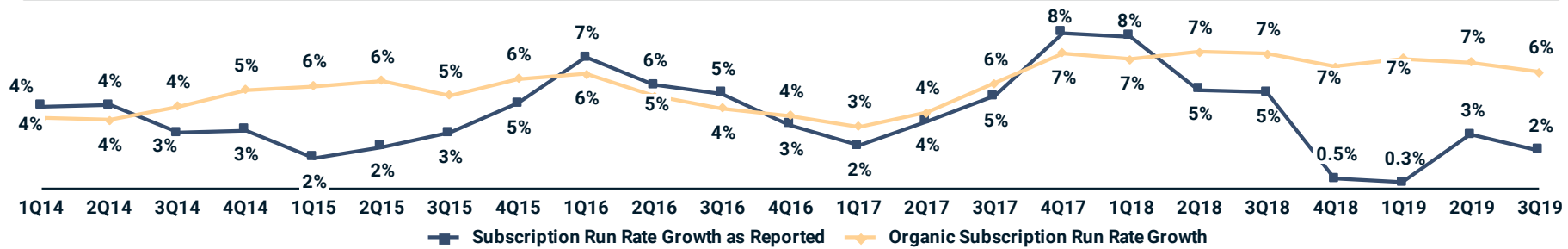


1Q14 TO 3Q19 YoY SEGMENT RUN RATE GROWTH

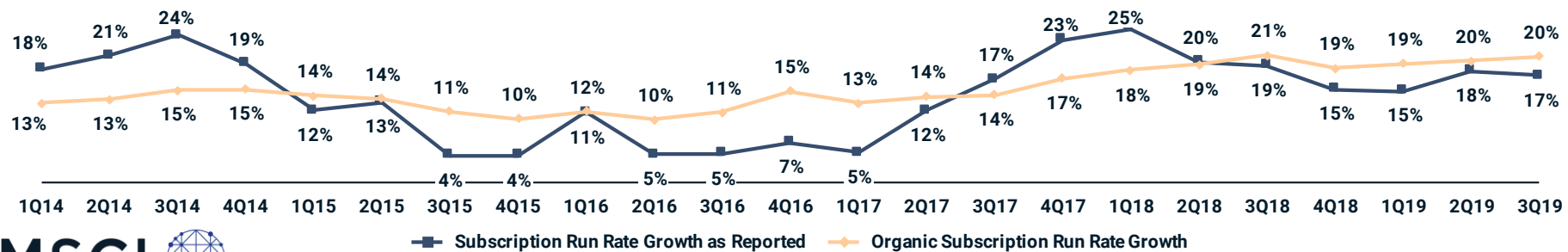
Index



Analytics



All Other



RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME *(UNAUDITED)*

In thousands	Three Months Ended			Nine Months Ended	
	Sep. 30, 2019	Sep. 30, 2018	June 30, 2019	Sep. 30, 2019	Sep. 30, 2018
Index adjusted EBITDA	\$ 177,680	\$ 154,477	\$ 163,915	\$ 493,806	\$ 457,923
Analytics adjusted EBITDA	37,797	37,046	39,071	113,266	106,966
All Other adjusted EBITDA	5,312	4,014	8,810	23,220	17,782
Consolidated adjusted EBITDA	220,789	195,537	211,796	630,292	582,671
Multi-Year PSU payroll tax expense	—	—	—	15,389	—
Amortization of intangible assets	12,361	11,681	12,013	36,167	42,556
Depreciation and amortization of property, equipment and leasehold improvements	7,209	7,453	7,405	22,464	23,035
Operating income	201,219	176,403	192,378	556,272	517,080
Other expense (income), net	32,471	29,557	32,633	99,487	74,473
Provision for income taxes	31,765	23,014	34,055	15,920	86,854
Net income	\$ 136,983	\$ 123,832	\$ 125,690	\$ 440,865	\$ 355,753

RECONCILIATION OF NET INCOME AND DILUTED EPS TO ADJUSTED NET INCOME AND ADJUSTED EPS (UNAUDITED)

	Three Months Ended			Nine Months Ended	
	Sep. 30, 2019	Sep. 30, 2018	June 30, 2019	Sep. 30, 2019	Sep. 30, 2018
In thousands, except per share data					
Net income	\$ 136,983	\$ 123,832	\$ 125,690	\$ 440,865	\$ 355,753
Plus: Amortization of acquired intangible assets	8,616	8,999	8,663	25,995	35,235
Plus: Multi-Year PSU payroll tax expense	—	—	—	15,389	—
Less: Discrete excess tax benefit related to Multi-Year PSU vesting	—	—	—	(66,581)	—
Less: Gain on sale of FEA (not-tax effected)	—	(10)	—	—	(10,646)
Less: Valuation allowance released in connection with InvestorForce divestiture	—	(7,758)	—	—	(7,758)
Less: Tax Reform adjustments	—	—	—	—	(1,601)
Less: Income tax effect	(1,702)	(1,884)	(2,638)	(7,474)	(7,613)
Adjusted net income	\$ 143,897	\$ 123,179	\$ 131,715	\$ 408,194	\$ 363,370
Diluted EPS	\$ 1.60	\$ 1.36	\$ 1.47	\$ 5.15	\$ 3.87
Plus: Amortization of acquired intangible assets	0.10	0.10	0.10	0.30	0.38
Plus: Multi-Year PSU payroll tax expense	—	—	—	0.18	—
Less: Discrete excess tax benefit related to Multi-Year PSU vesting	—	—	—	(0.78)	—
Less: Gain on sale of FEA (not-tax effected)	—	—	—	—	(0.12)
Less: Valuation allowance released in connection with InvestorForce divestiture	—	(0.08)	—	—	(0.08)
Less: Tax Reform adjustments	—	—	—	—	(0.02)
Less: Income tax effect	(0.02)	(0.03)	(0.03)	(0.08)	(0.07)
Adjusted EPS	\$ 1.68	\$ 1.35	\$ 1.54	\$ 4.77	\$ 3.96

RECONCILIATION OF ADJUSTED EBITDA EXPENSES TO OPERATING EXPENSES *(UNAUDITED)*

In thousands	Three Months Ended			Nine Months Ended		Full-Year
	Sep. 30, 2019	Sep. 30, 2018	June 30, 2019	Sep. 30, 2019	Sep. 30, 2018	2019 Outlook ¹
Index adjusted EBITDA expenses	\$ 59,747	\$ 55,717	\$ 61,635	\$ 183,944	\$ 167,119	
Analytics adjusted EBITDA expenses	85,806	82,852	84,610	255,453	251,038	
All Other adjusted EBITDA expenses	27,909	23,828	27,517	81,501	71,468	
Consolidated adjusted EBITDA expenses	173,462	162,397	173,762	520,898	489,625	\$685,000 - \$705,000
Multi-Year PSU payroll tax expense	–	–	–	15,389	–	15,389
Amortization of intangible assets	12,361	11,681	12,013	36,167	42,556	
Depreciation and amortization of property, equipment and leasehold improvements	7,209	7,453	7,405	22,464	23,035	75,000 - 85,000
Total operating expenses	\$ 193,032	\$ 181,531	\$ 193,180	\$ 594,918	\$ 555,216	\$775,389 - \$800,389

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

(UNAUDITED)

In thousands	Three Months Ended			Nine Months Ended		Full-Year
	Sep. 30, 2019	Sep. 30, 2018	June 30, 2019	Sep. 30, 2019	Sep. 30, 2018	2019 Outlook ¹
Net cash provided by operating activities	\$ 188,535	\$ 143,825	\$ 189,470	\$ 465,880	\$ 439,587	\$600,000 - \$630,000
Capital expenditures	(7,782)	(8,590)	(6,278)	(17,216)	(13,069)	
Capitalized software development costs	(6,983)	(4,517)	(6,113)	(18,086)	(13,115)	
Capex	(14,765)	(13,107)	(12,391)	(35,302)	(26,184)	(55,000 - 45,000)
Free cash flow	\$ 173,770	\$ 130,718	\$ 177,079	\$ 430,578	\$ 413,403	\$545,000 - \$585,000

RECONCILIATION OF EFFECTIVE TAX RATE TO ADJUSTED TAX RATE *(UNAUDITED)*

	Three Months Ended			Nine Months Ended	
	Sep. 30, 2019	Sep. 30, 2018	June 30, 2019	Sep. 30, 2019	Sep. 30, 2018
Effective tax rate	18.82%	15.67%	21.32%	3.49%	19.62%
Tax Reform impact on effective tax rate	—%	—%	—%	—%	0.36%
Multi-Year PSU impact on effective tax rate	—%	—%	—%	14.57%	—%
Adjusted tax rate	18.82%	15.67%	21.32%	18.06%	19.98%

RECONCILIATION OF OPERATING REVENUE GROWTH TO ORGANIC OPERATING REVENUE GROWTH *(UNAUDITED)*

Comparison of the Three Months Ended September 30, 2019 and 2018				
	Total	Recurring Subscription	Asset-Based Fees	Non-Recurring Revenues
Index	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	13.0%	10.0%	17.1%	16.1%
Impact of acquisitions and divestitures	—%	—%	—%	—%
Impact of foreign currency exchange rate fluctuations	(0.1%)	(0.1%)	—%	0.2%
Organic operating revenue growth	12.9%	9.9%	17.1%	16.3%
	Total	Recurring Subscription	Asset-Based Fees	Non-Recurring Revenues
	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Analytics				
Operating revenue growth	3.1%	2.7%	—%	42.5%
Impact of acquisitions and divestitures	4.0%	4.0%	—%	12.3%
Impact of foreign currency exchange rate fluctuations	(0.2%)	(0.2%)	—%	0.8%
Organic operating revenue growth	6.9%	6.5%	—%	55.6%
	Total	Recurring Subscription	Asset-Based Fees	Non-Recurring Revenues
	Change Percentage	Change Percentage	Change Percentage	Change Percentage
All Other				
Operating revenue growth	19.3%	19.7%	—%	4.4%
Impact of acquisitions and divestitures	—%	—%	—%	—%
Impact of foreign currency exchange rate fluctuations	4.0%	4.0%	—%	2.8%
Organic operating revenue growth	23.3%	23.7%	—%	7.2%
	Total	Recurring Subscription	Asset-Based Fees	Non-Recurring Revenues
	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Consolidated				
Operating revenue growth	10.1%	7.8%	17.1%	18.5%
Impact of acquisitions and divestitures	1.4%	1.7%	—%	1.1%
Impact of foreign currency exchange rate fluctuations	0.3%	0.3%	—%	0.5%
Organic operating revenue growth	11.8%	9.8%	17.1%	20.1%

RECONCILIATION OF OPERATING REVENUE GROWTH TO ORGANIC OPERATING REVENUE GROWTH *(UNAUDITED)*

	Comparison of the Nine Months Ended September 30, 2019 and 2018			
	Total	Recurring Subscription	Asset-Based Fees	Non-Recurring Revenues
Index	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	8.4%	11.0%	4.1%	20.1%
Impact of acquisitions and divestitures	—%	—%	—%	—%
Impact of foreign currency exchange rate fluctuations	0.1%	—%	0.1%	0.1%
Organic operating revenue growth	8.5%	11.0%	4.2%	20.2%
	Total	Recurring Subscription	Asset-Based Fees	Non-Recurring Revenues
Analytics	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	3.0%	2.6%	—%	41.9%
Impact of acquisitions and divestitures	5.2%	5.1%	—%	27.9%
Impact of foreign currency exchange rate fluctuations	—%	—%	—%	1.1%
Organic operating revenue growth	8.2%	7.7%	—%	70.9%
	Total	Recurring Subscription	Asset-Based Fees	Non-Recurring Revenues
All Other	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	17.3%	18.9%	—%	(26.6%)
Impact of acquisitions and divestitures	—%	—%	—%	—%
Impact of foreign currency exchange rate fluctuations	4.7%	4.7%	—%	3.5%
Organic operating revenue growth	22.0%	23.6%	—%	(23.1%)
	Total	Recurring Subscription	Asset-Based Fees	Non-Recurring Revenues
Consolidated	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	7.4%	8.1%	4.1%	17.0%
Impact of acquisitions and divestitures	1.7%	2.4%	—%	3.0%
Impact of foreign currency exchange rate fluctuations	0.4%	0.5%	0.1%	0.7%
Organic operating revenue growth	9.5%	11.0%	4.2%	20.7%

USE OF NON-GAAP FINANCIAL MEASURES

- MSCI has presented supplemental non-GAAP financial measures as part of this earnings presentation. Reconciliations are provided in slides 21-27 above 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 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, 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 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.
- “Adjusted tax rate” is defined as the effective tax rate excluding the impact of Tax Reform adjustments (except for 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 excluding the impact of foreign currency exchange rate fluctuations (“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 capital spending and acquisitions that do not directly affect what management considers to be our core operating performance in the period.
- We believe adjusted net income and adjusted EPS are meaningful measures of the performance of MSCI because they adjust for the after-tax impact of significant one-time, unusual or non-recurring items as well as eliminate the accounting effects of acquisitions that do not directly affect what management considers to be our core performance in the period.
- We believe that 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 core 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 Run Rate, subscription sales and cancellations, non-recurring sales and Retention Rate.
- 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 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 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.