MSCI FIRST QUARTER 2016

Earnings Presentation

April 28, 2016

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FORWARD-LOOKING STATEMENTS AND OTHER INFORMATION

- **Forward-Looking Statements – Safe Harbor Statements**
    - This earnings presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, our full-year 2016 guidance and our long-term targets. These forward-looking statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," or "continue," or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control and that could materially affect our actual results, levels of activity, performance or achievements. Other factors that could materially affect our 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, 2015 filed with the Securities and Exchange Commission ("SEC") on February 26, 2016, and in quarterly reports on Form 10-Q and current reports on Form 8-K filed with the SEC. If any of these risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what MSCI projected. Any forward-looking statement in this 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 are referenced to the comparable period in 2015 and exclude discontinued operations, unless otherwise noted.
    - Total subscription revenues include both recurring subscription and non-recurring revenues.
    - Total sales include both recurring subscription sales and non-recurring sales.
    - Foreign currency exchange rate fluctuations are calculated to be the difference between the current period results as reported compared to the current period results recalculated using the foreign currency exchange rates in effect for the comparable prior period.
    - As a result of the sale of Institutional Shareholder Services Inc. ("ISS") and the Center for Financial Research and Analysis, in Q1'14 MSCI began reporting its former Governance business as discontinued operations in its financial statements. Financial and operating metrics for prior periods have been updated to exclude the Governance business.
    - Notes and definitions relating to non-GAAP financial measures, operating metrics and adjustments for the impact of foreign currency exchange rate fluctuations used in this earnings presentation, as well as definitions of Run Rate, Retention Rate and Organic subscription Run Rate growth ex FX, are provided on page 32.

STRONG EXECUTION[1]

GROWTH

+$0.10 benefit to adj. EPS[2]

- Revenue Growth - Up 6.1% driven by 10.1% increase in Index recurring subscription; growth dampened by impact of decline in average equity values on average ETF AUM linked to MSCI indexes and timing of sales / Run Rate conversion to revenue in Analytics.
- Index: #1 equity ETF globally in terms of net inflows: iShares MSCI USA Minimum Volatility ETF.
    - MSCI linked ETFs had $6.6 bil of net inflows while the equity ETF market globally had $7.4 bil of net inflows.
- Analytics: Focus on new products and client architecture and interface.
- All Other: Mainstreaming of ESG continuing with large asset managers; launch of ESG Fund Metrics; and launch of Real Estate analytics portal.

OPERATIONAL EFFICIENCY

+$0.05 benefit to adj. EPS[2]

Expense Management

- Adjusted EBITDA expenses[3] down 6.1%; down 3.7% excluding impact of FX.
- Strong expense management and improved Analytics / Real Estate profitability driving new FY 2016 expense guidance of $600 mil - $615 mil, down from previous range of $610 mil - $625 mil.

Tax Rate

- Effective tax rate of 33.5% in the quarter; tax planning to better align the tax profile with our global operating footprint continues.

CAPITAL

+$0.02 net benefit to adj. EPS[2]

Share Repurchases

- 4.9 mil shares repurchased in Q1'16 at an average price of $68.45 for total value of $333.3 mil.

Capital Return

- $546.0 mil remains on repurchase authorization (as of 3/31/16), $1.7 bil returned to investors since 2012.

Long-Term Shareholder Value Creation

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[1] Percentage and other changes refer to first quarter 2015 unless otherwise noted.
[2] Adjusted EPS is defined as per share net income before income from discontinued operations, net of income taxes and the after-tax impact of the amortization of intangible assets. Please see page 29 for a reconciliation of adjusted EPS as a non-GAAP measure.
[3] Adjusted EBITDA expenses is defined as operating expenses less depreciation and amortization of property, equipment and leasehold improvements and amortization of intangible assets. Please see page 30 for a reconciliation of adjusted EBITDA expenses as a non-GAAP measure.

Q1'16 SEGMENT UPDATE[1]

INDEX

Opportunities for 2016:
- Globalization and overseas investing expanding
- Mainstream adoption of factor & ESG investing
- Futures growth - greater adoption and higher volatility
- Innovation and new product pipeline
- Price increases to reflect increased value

How We Delivered in Q1'16:
- Total sales up 20% and retention 96% in a challenging market
- Strong small cap subscription sales from global investing expansion
- 6% increase in factor (Q-o-Q) AUM to $153 bil
- 47% growth in futures volumes
- 25% increase in new product related projects
- ACWI Sustainable Impact Index launch brings impact investing to public markets
- Price increase announced

ANALYTICS

Opportunities for 2016:
- Core use-cases
- New partnerships
- New products & services
- Price increases to reflect increased value
- Focus on profitability

How We Delivered in Q1'16:
- Strong pipeline for tactical new service offerings: Global Total Market Model, Benchmark Aggregator, Daily Reconciliation
- New client architecture and interface development continuing
- Exploring fixed income opportunities
- New partnerships with service providers and distribution partners (Confluence, Markit)
- Pricing increases positively impacting sales
- Strong retention at 95%
- 14% decrease in adjusted EBITDA expenses; margin at 28%

ALL OTHER

ESG

Opportunities for 2016:
- Product enhancements driving upsells to existing clients
- Leveraging relationships with asset owners and consultants to drive further adoption

How We Delivered in Q1'16:
- 21% increase in revenue
- Strong new client growth
- ESG integration into investment process driving sales growth
- Fund metrics launch
- Launch of carbon calculator

Real Estate

Opportunities for 2016:
- Refocus on core products & markets
- Roll-out of new platform
- Standard global pricing model
- Cost efficiency

How We Delivered in Q1'16:
- Phase 1 of product transformation completed
- Launch of Real Estate analytics portal

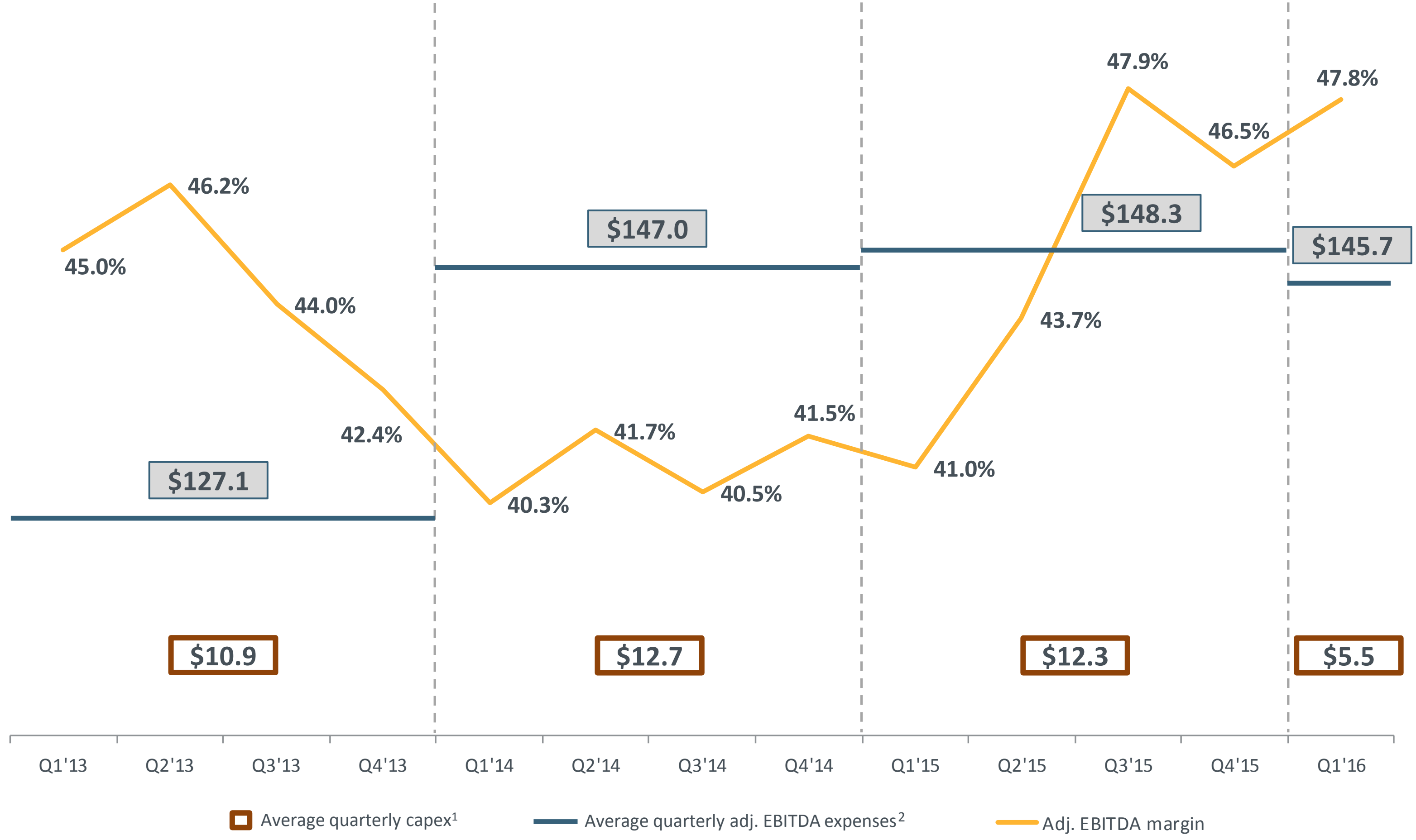
[1] Percentage and other changes refer to first quarter 2015 unless otherwise noted.

INVESTMENT VS. MARGIN – STRIKING THE RIGHT BALANCE

(US$ in millions)

-- We are Striking the Right Balance Between Investing & Margin --

-- Q1'16 was More Tactical – Return to Higher Investment Levels for Remainder of 2016 --



[1] Capex is defined as capital expenditures plus capitalized software development costs. Capex excludes ISS effective Q3'14.

[2] Adjusted EBITDA expenses is defined as operating expenses less depreciation and amortization of property, equipment and leasehold improvements and amortization of intangible assets. Please see page 30 for a reconciliation of adjusted EBITDA expenses as a non-GAAP measure.

INNOVATION @ MSCI – ANALYTICS SERVICES

Leveraging our research enhanced content to create new commercial opportunities

Client Problem

Managing During Times of Volatility / Dislocation

Research

> Systematic Equity Strategy Factors

> Macro Economic Models

> Fixed Income Models

Commercialization

New Services

> Macro Stress Testing

> Total Market Factor Models

> Equity Content Sets (Models, Security Master, Descriptors)

> Risk Analyses Under Negative Interest Rates

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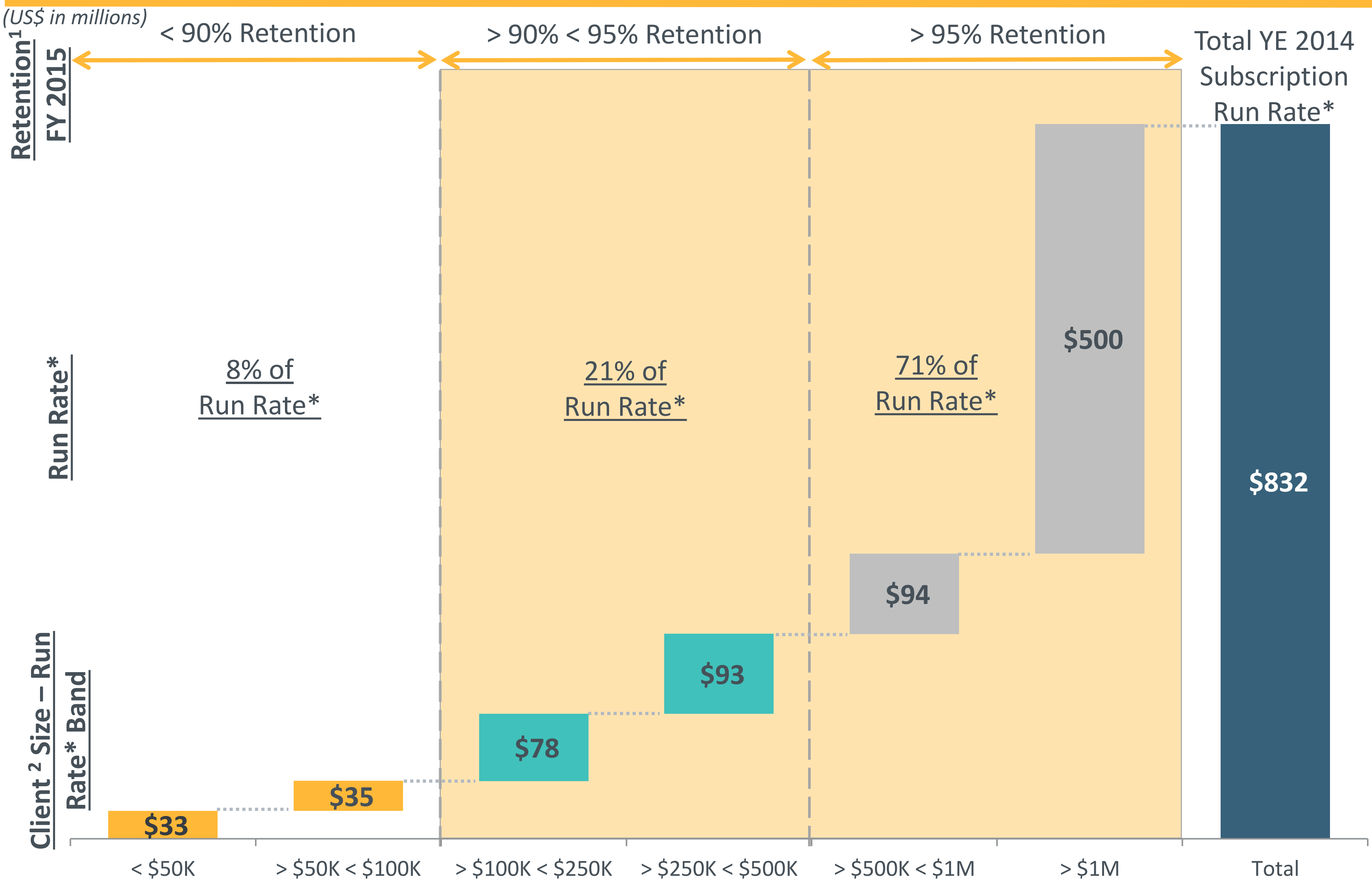
RESILIENCY OF OUR MODEL – RECURRING SUBSCRIPTION

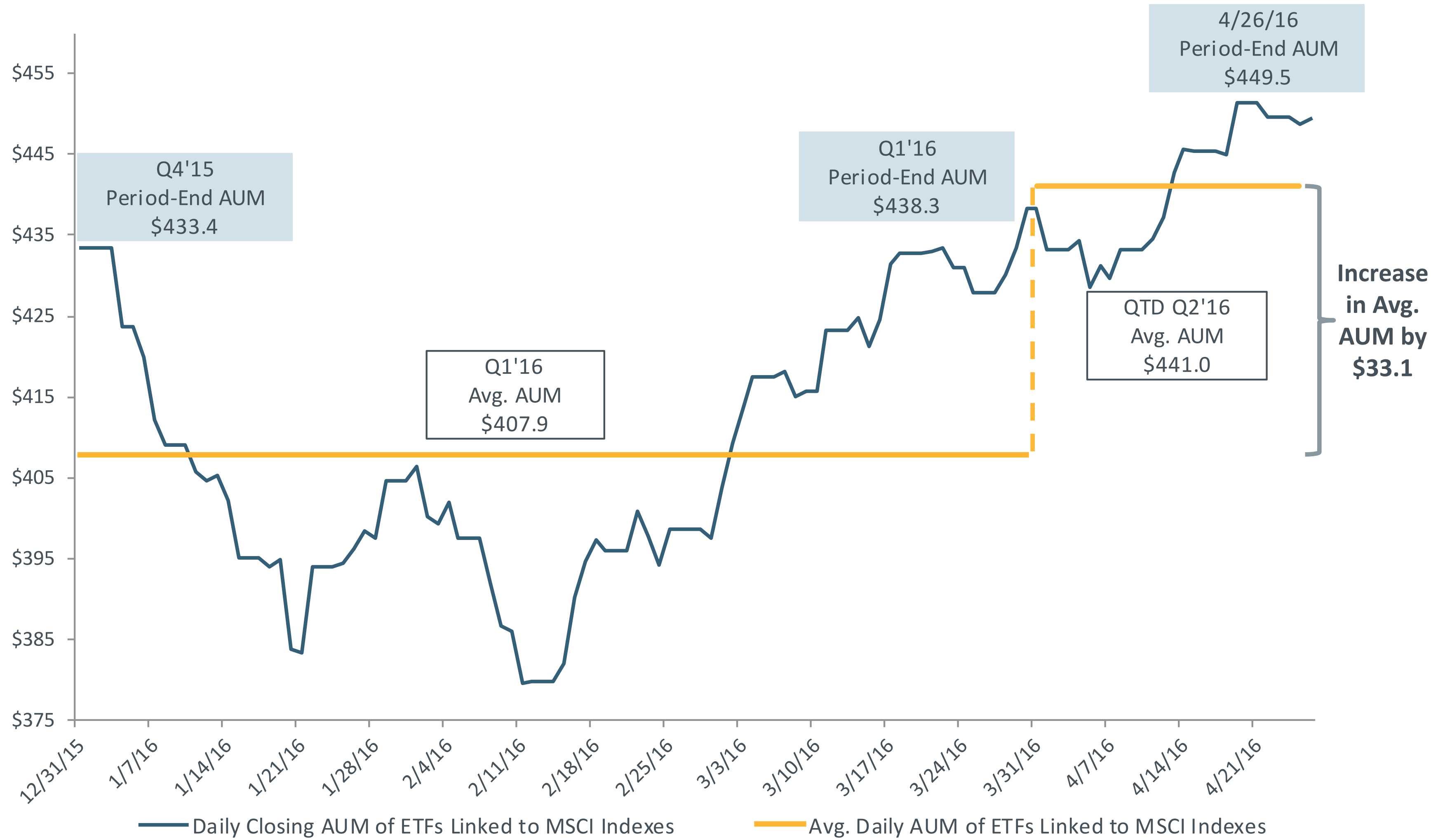


[1] The Aggregate Retention Rate; the annualized cancellation figure (as of December 31, 2015) is divided by the subscription Run Rate at the beginning of the year (as of December 31, 2014) to calculate a cancellation rate. This cancellation rate is then subtracted from 100% to derive the annualized Aggregate Retention Rate for the period. Please see page 32 for additional information.
[2] Aggregating all related clients under their respective parent entity, the number of clients would be approximately 3,850, as of March 31, 2016.
* Run Rate is as of December 31, 2014.

YTD 2016 AUM PROGRESSION OF ETFS LINKED TO MSCI INDEXES

(US$ in billions)

Daily AUM Progression of ETFs Linked to MSCI Indexes (12/31/15 – 4/26/16)



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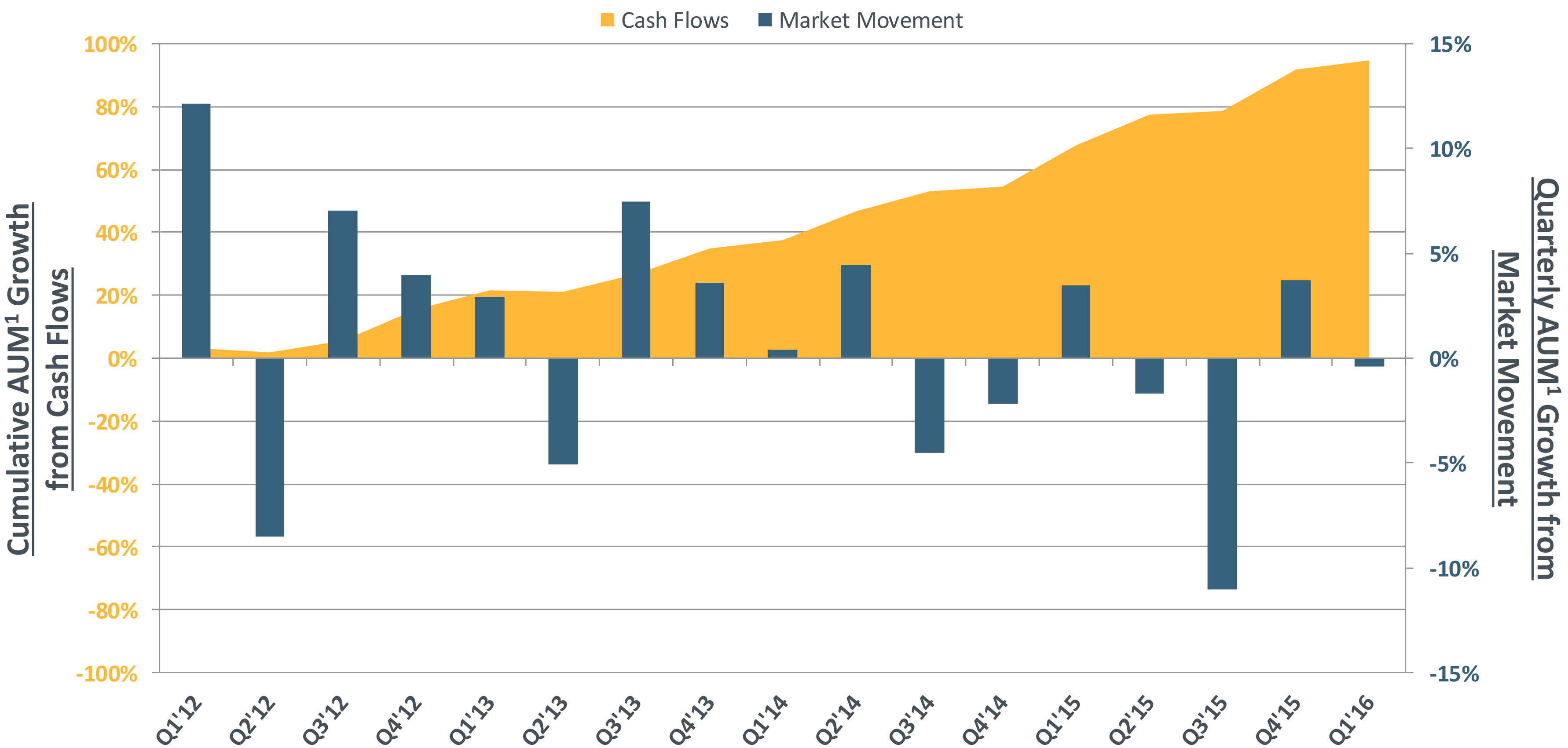
RESILIENCY OF OUR MODEL – GROWTH IN AUM[1] LINKED TO MSCI INDEXES

Sources of Growth in Assets of ETFs Linked to MSCI Indexes (12/31/11 – 3/31/16)

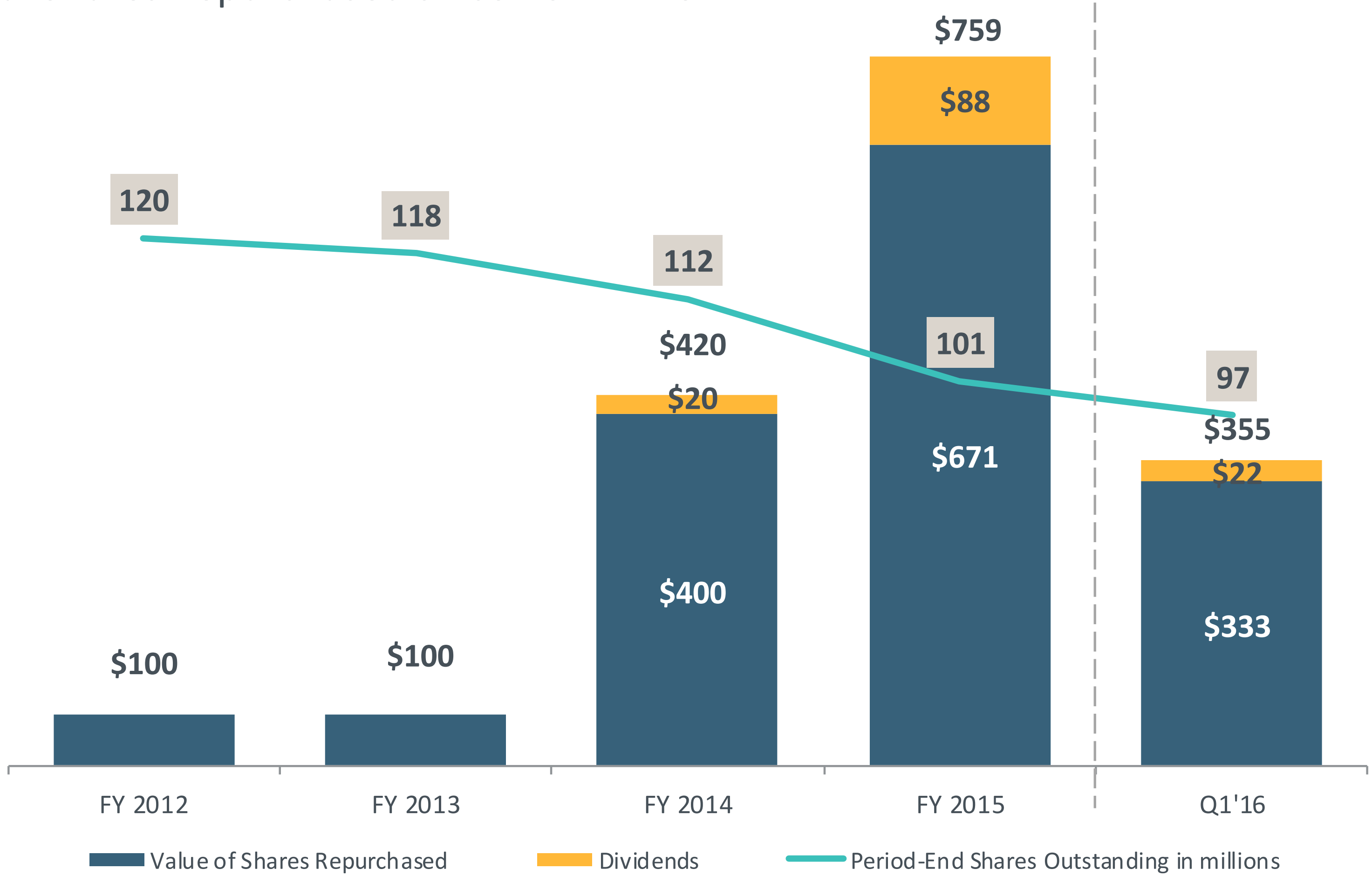


[1] AUM excludes Vanguard.

STRONG TRACK RECORD OF RETURNING CAPITAL

(US$ in millions)

Total Capital Returned since 2012: $1.7 bil
Total Shares Repurchased since 2012: ~29 mil



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HIERARCHY OF CAPITAL DEPLOYMENT

- Organic investment
  - Products – Maintenance / enhancements / new
  - Clients
  - Infrastructure
- Inorganic investment – Focus on bolt-on acquisitions
- Capital return to investors
  - Share repurchases
  - Dividends – 30% - 40% payout of adjusted EPS[1]
- Debt reduction

[1] Adjusted EPS is defined as per share net income before income from discontinued operations, net of income taxes and the after-tax impact of the amortization of intangible assets. Please see page 29 for a reconciliation of adjusted EPS as a non-GAAP measure.

REVIEW OF FINANCIAL RESULTS

Richard Napolitano, Principal Accounting Officer

Q1’16 FINANCIAL RESULTS

(US$ in millions, except for EPS (actual) & shares outstanding in thousands)

SUMMARY RESULTS	Q1'16	Q4'15	Q1'15	Q1'16 vs. Q1'15 % Δ
Operating Revenues	**$278.8**	**$272.9**	**$262.8**	6.1%
Operating Income	**$113.1**	**$107.5**	**$88.7**	27.5%
Operating Margin	**40.6%**	**39.4%**	**33.8%**	*680 bps*
Income from Cont. Ops. Before Taxes	**$90.8**	**$85.4**	**$77.7**	16.9%
Provision for Income Taxes	**$30.4**	**$25.4**	**$28.0**	8.5%
Tax Rate	**33.5%**	**29.8%**	**36.1%**	*(260) bps*
Net Income from Cont. Ops.	**$60.4**	**$60.0**	**$49.6**	21.6%
Diluted EPS from Cont. Ops.	**$0.60**	**$0.58**	**$0.44**	36.4%
Adj. EBITDA[1]	**$133.1**	**$126.9**	**$107.7**	23.7%
Adj. EBITDA Margin	***47.8%***	***46.5%***	***41.0%***	*680 bps*
Adj. Net Income[2]	**$68.2**	**$68.3**	**$57.1**	19.5%
Adj. EPS[3]	**$0.68**	**$0.66**	**$0.50**	36.0%
Weighted Average Diluted Shares Outstanding	**99,998**	**103,590**	**113,522**	(11.9%)

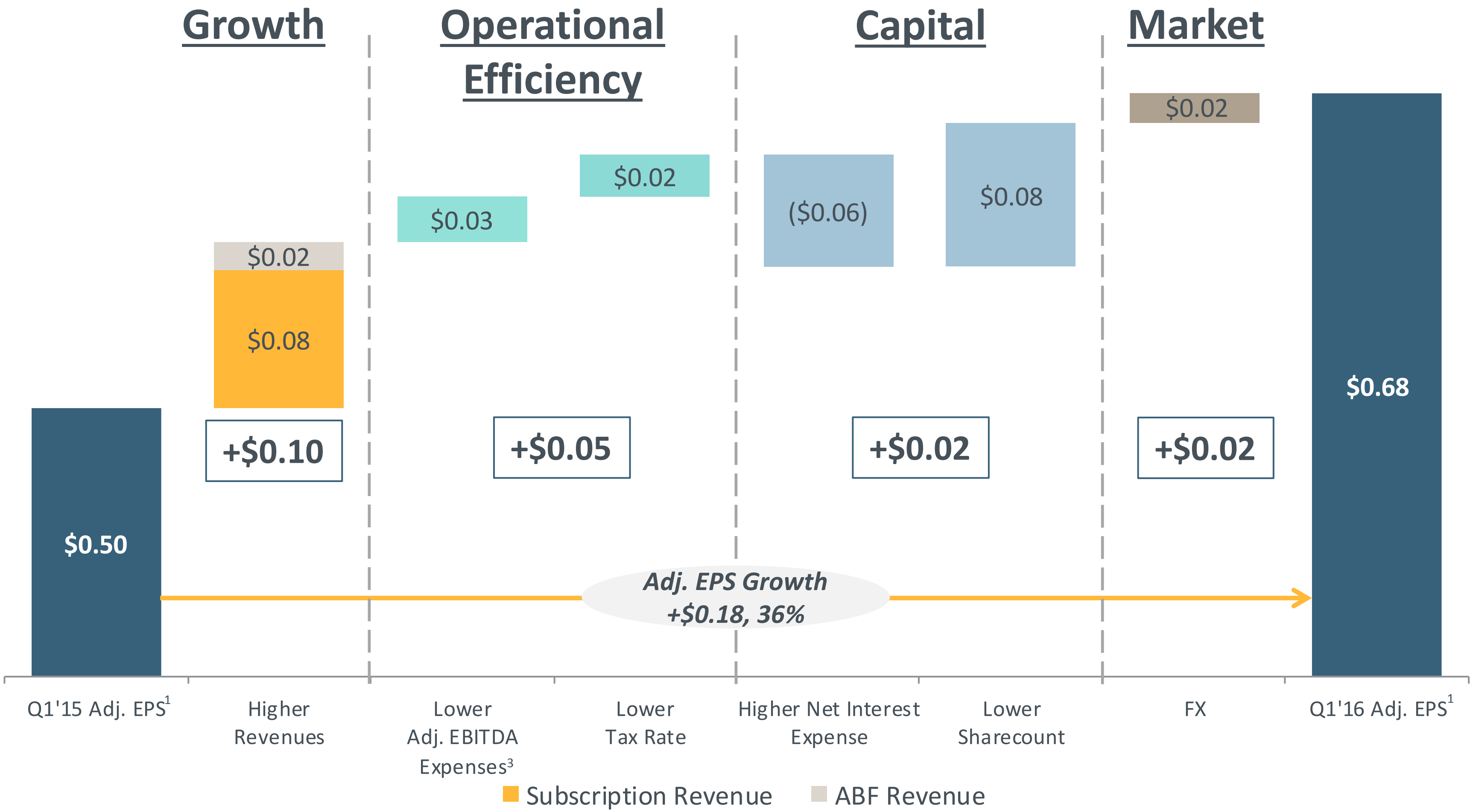
Strong Operating Leverage

[1] Adjusted EBITDA is defined as net income before income (loss) from discontinued operations, net of income taxes, plus provision for income taxes, other expense (income), net, depreciation and amortization of property, equipment and leasehold improvements, amortization of intangible assets and, at times, certain other transactions or adjustments. Please see page 28 for a reconciliation of adjusted EBITDA as a non-GAAP measure.

[2] Adjusted net income is defined as net income before income from discontinued operations, net of income taxes and the after-tax impact of the amortization of intangible assets. Please see page 29 for a reconciliation of adjusted net income as a non-GAAP measure.

[3] Adjusted EPS is defined as per share net income before income from discontinued operations, net of income taxes and the after-tax impact of the amortization of intangible assets. Please see page 29 for a reconciliation of adjusted EPS as a non-GAAP measure.

Q1'16 VS. Q1'15 ADJUSTED EPS[1] BRIDGE[2]



[1] Adjusted EPS is defined as per share net income before income from discontinued operations, net of income taxes and the after-tax impact of the amortization of intangible assets. Please see page 29 for a reconciliation of adjusted EPS as a non-GAAP measure.
[2] Totals may not sum due to rounding.
[3] Adjusted EBITDA expenses is defined as operating expenses less depreciation and amortization of property, equipment and leasehold improvements and amortization of intangible assets. Please see page 30 for a reconciliation of adjusted EBITDA expenses as a non-GAAP measure.

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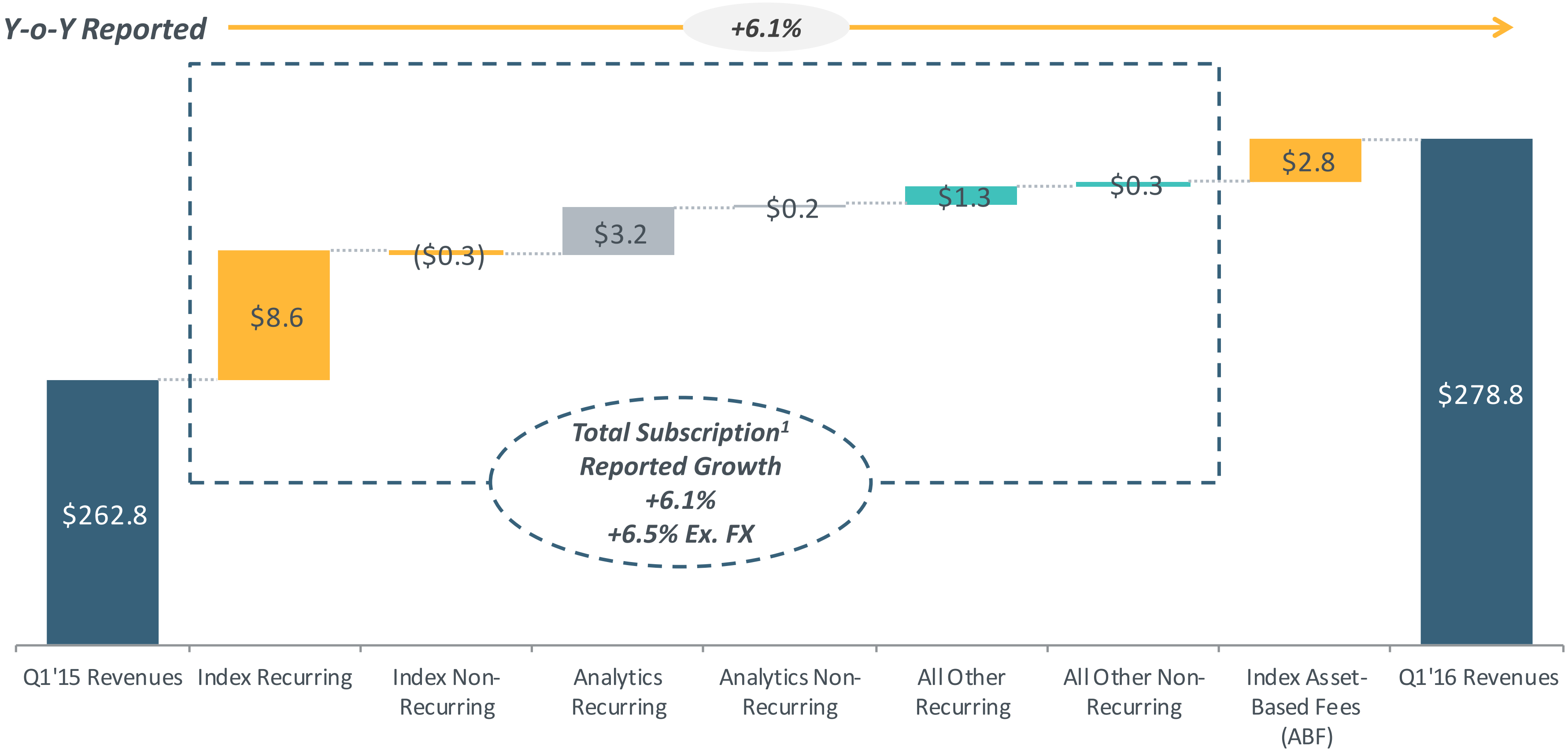
Q1’16 VS. Q1’15 REVENUE GROWTH BRIDGE

(US$ in millions)

Y-o-Y Change in Operating Revenues by Segment & Revenue Type

Segment	Index Subscription	Analytics	All Other	Asset-Based Fees
Y-o-Y Reported	9.4%	3.2%	7.1%	6.1%
Ex. FX Impact	9.2%	3.8%	9.0%	N/A

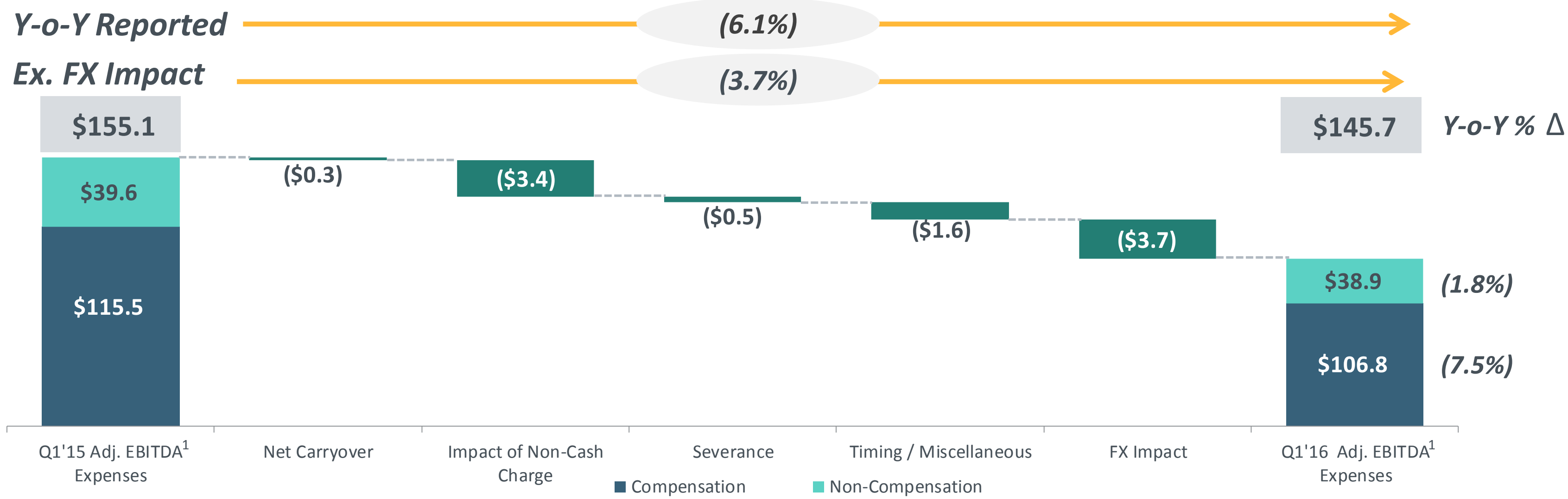


[1] Subscription revenue consists of recurring subscription revenues and non-recurring revenues.

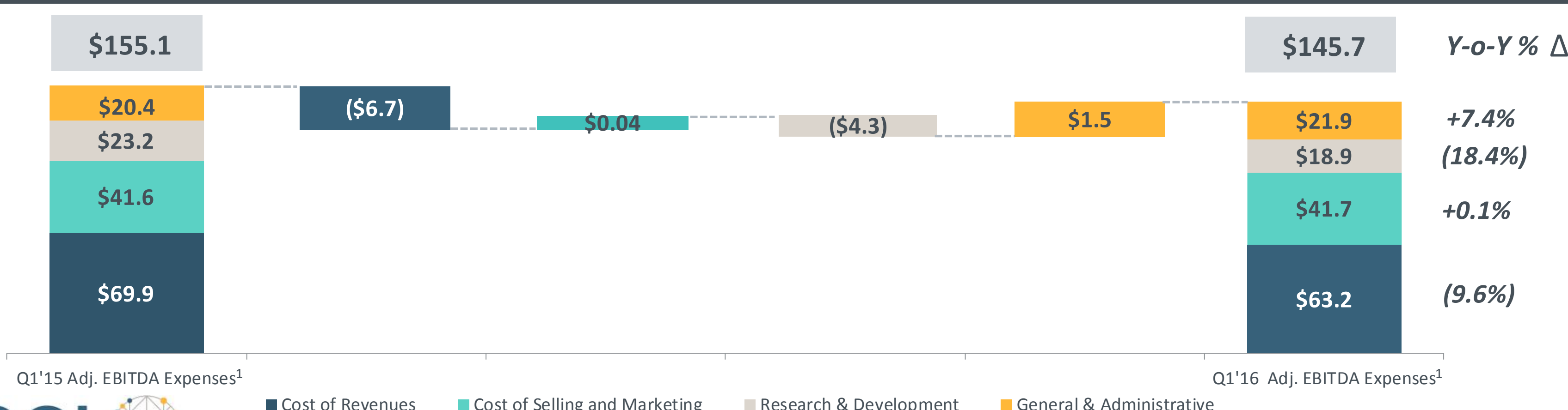
Q1'16 ADJUSTED EBITDA EXPENSES[1]

(US$ in millions)

Y-o-Y Change in Adjusted EBITDA Expenses[1]



Y-o-Y Change in Adjusted EBITDA Expenses[1] by Activity



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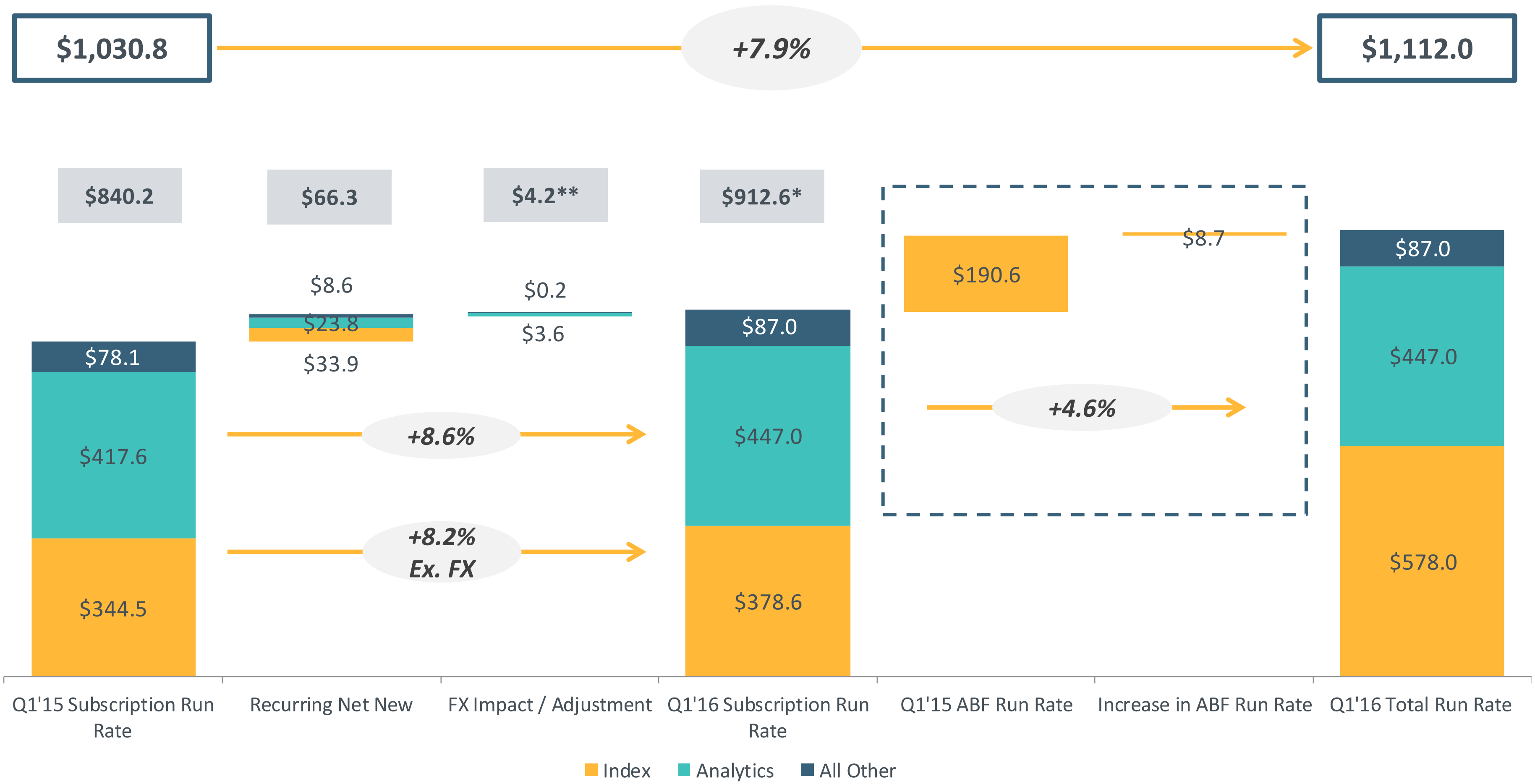
[1] Adjusted EBITDA expenses is defined as operating expenses less depreciation and amortization of property, equipment and leasehold improvements and amortization of intangible assets. Please see page 30 for a reconciliation of adjusted EBITDA expenses as a non-GAAP measure.

Q1'16 RUN RATE BRIDGE

(US$ in millions)



* Includes $1.9 million of Insignis Run Rate in Q1'16.

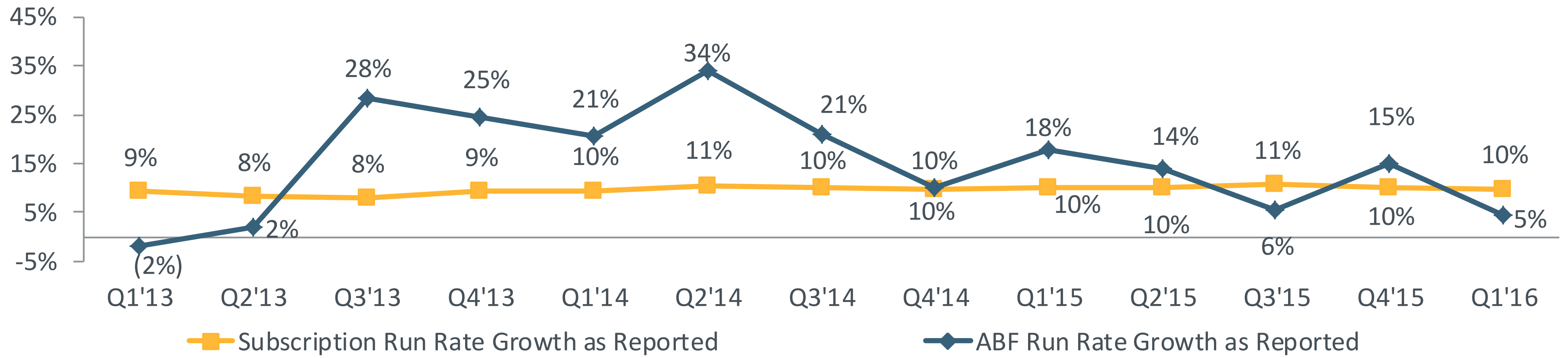
** Includes $0.3 million of Index FX impact / adjustment.

INDEX SEGMENT

(US$ in millions)

Index	Q1'16	Q4'15	Q1'15	Q1'16 vs. Q1'15 % Δ
Total Operating Revenues	$144.6	$143.7	$133.6	**8.3%**
% of Total Consolidated Revenue	51.9%	52.7%	50.8%	
Recurring Subscription	$93.6	$91.4	$85.1	**10.1%**
Asset-Based Fees	$48.7	$50.2	$45.9	**6.1%**
Non-Recurring	$2.3	$2.1	$2.6	**(13.2%)**
Adjusted EBITDA[1]	$100.0	$99.0	$93.1	**7.5%**
Adjusted EBITDA Margin	69.2%	68.9%	69.7%	**(49) bps**

Y-o-Y Quarterly Run Rate Trend[2]



[1] Adjusted EBITDA is defined as net income before income (loss) from discontinued operations, net of income taxes, plus provision for income taxes, other expense (income), net, depreciation and amortization of property, equipment and leasehold improvements, amortization of intangible assets and, at times, certain other transactions or adjustments.

[2] There is negligible impact of FX on Index subscription Run Rate.

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A LEADING INDEX PROVIDER TO THE ETF MARKET

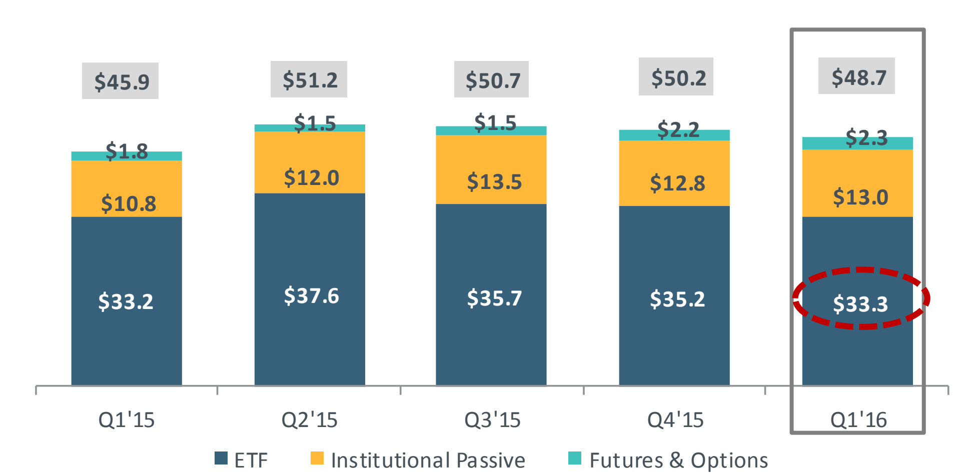
Equity ETFs linked to MSCI indexes ranked #1 globally for Q1'16 in the following categories:

- **#1** in net cash inflows linked to indexes with U.S. exposures
- **#1** in net cash inflows linked to factor indexes
- **#1** in assets linked to indexes with non-U.S. exposures
- **#1** in assets linked to minimum volatility indexes
- **#1** in number of equity ETFs

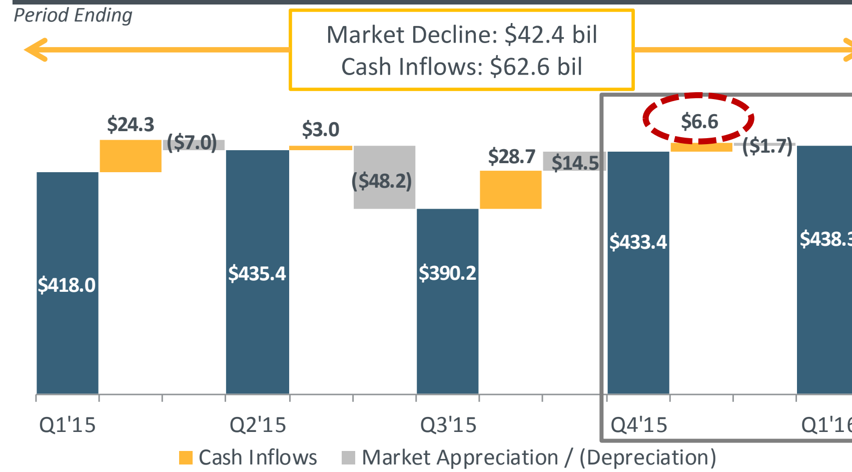
Source: Bloomberg as of March 31, 2016

INDEX SEGMENT - ASSET-BASED FEE DETAIL

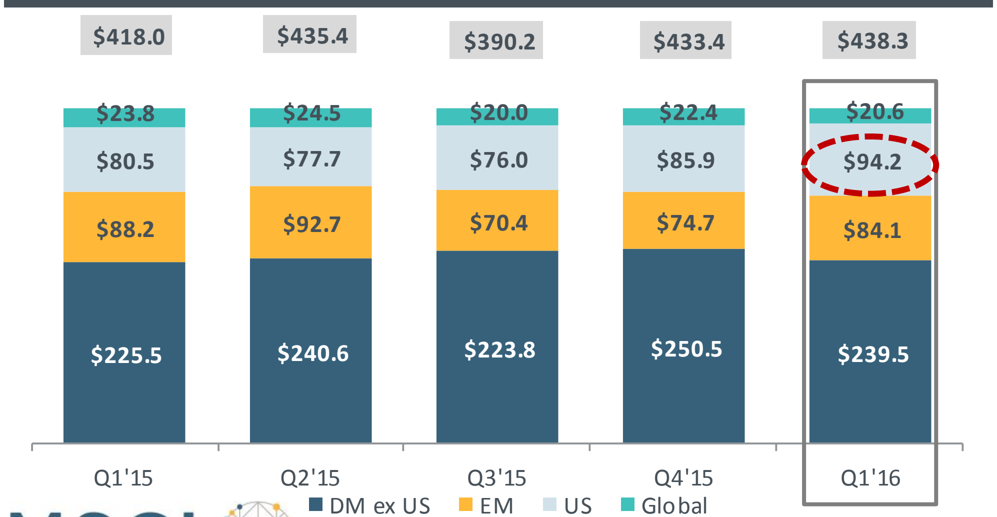
Quarterly Asset-Based Fee Revenue Trend (US$ mil)



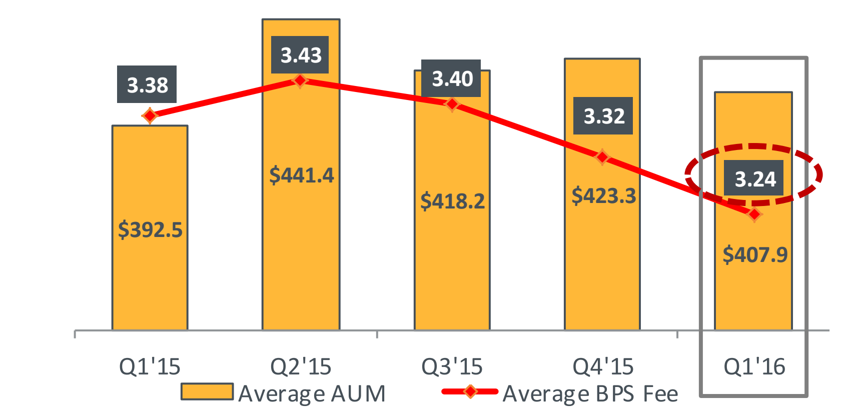
Quarterly AUM & Market Movement of MSCI-Linked ETFs (US$ bil)



Quarter-End AUM by Market Exposure of MSCI-Linked ETFs (US$ bil)



Quarterly Avg. AUM and Avg. BPS[1] of MSCI-Linked ETFs (US$ bil)



- *DM ex US = Developed Markets, excluding US*
- *EM = Emerging Markets*

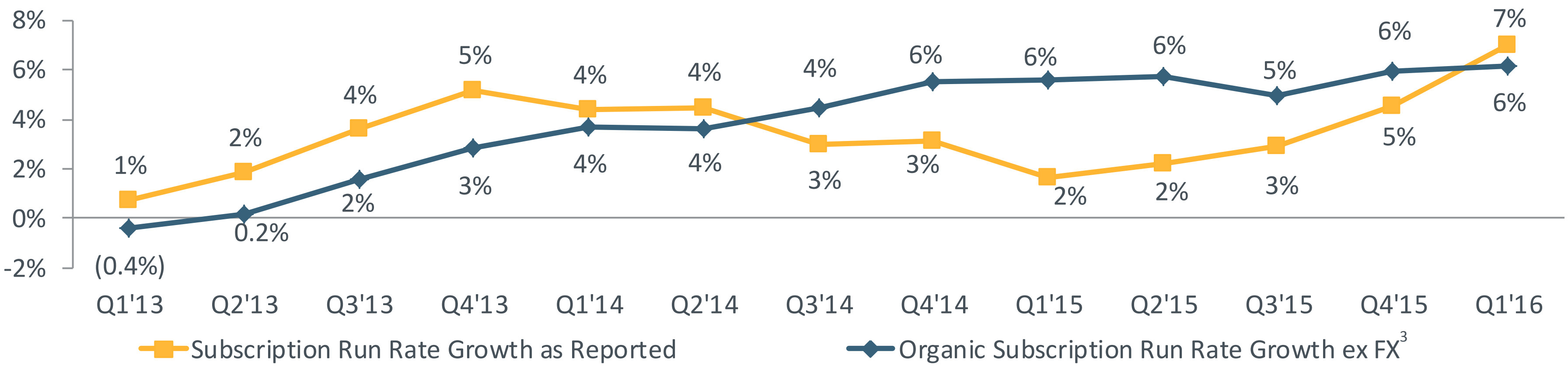
[1] *Average Bps fee based on Run Rate & period – end AUM.*

ANALYTICS SEGMENT

(US$ in millions)

Analytics[1]	Q1'16	Q4'15	Q1'15	Q1'16 vs. Q1'15 % Δ
Total Operating Revenues	$110.3	$110.7	$106.8	**3.2%**
% of Total Consolidated Revenue	39.5%	40.6%	40.7%	
Recurring Subscription	$108.6	$107.9	$105.4	**3.0%**
Non-Recurring	$1.6	$2.8	$1.4	**15.7%**
Adjusted EBITDA[2]	$30.4	$30.9	$14.1	**115.6%**
Adjusted EBITDA Margin	27.5%	27.9%	13.2%	**N/M**

Y-o-Y Quarterly Subscription Run Rate Trend



[1] Beginning with fourth quarter 2015, the portfolio management analytics (PMA) and risk management analytics (RMA) product lines are reported on a consolidated basis.

[2] Adjusted EBITDA is defined as net income before income (loss) from discontinued operations, net of income taxes, plus provision for income taxes, other expense (income), net, depreciation and amortization of property, equipment and leasehold improvements, amortization of intangible assets and, at times, certain other transactions or adjustments.

[3] Organic Subscription Run Rate Growth ex FX reflects the Run Rate growth excluding changes in foreign currency exchange rates and the first year impact of any acquisitions. Please see page 32 for additional information.

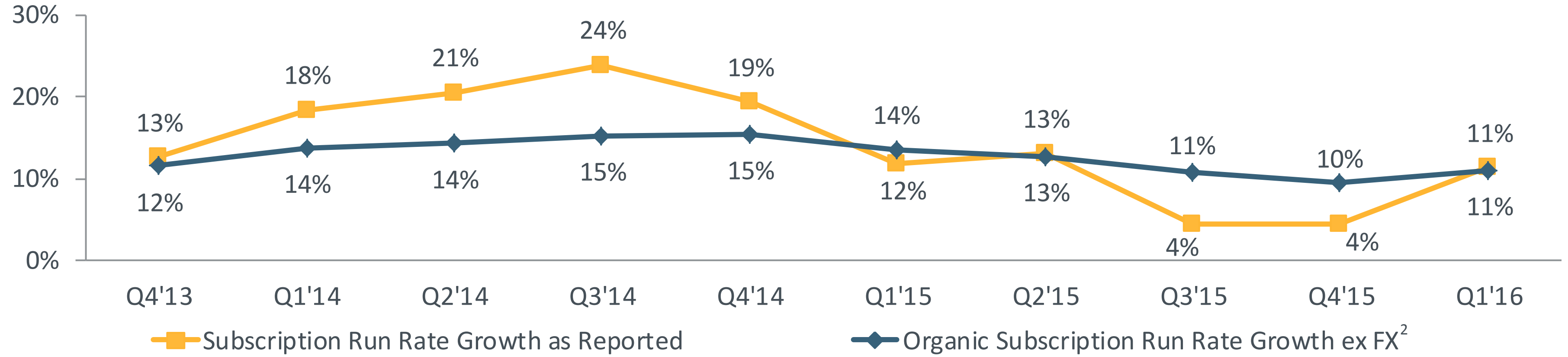
N/M = not meaningful

ALL OTHER SEGMENT

(US$ in millions)

All Other	Q1'16	Q4'15	Q1'15	Q1'16 vs. Q1'15 % Δ
Total Operating Revenues	$24.0	$18.5	$22.4	**7.1%**
ESG	$10.7	$9.9	$8.8	**21.3%**
Real Estate	$13.2	$8.6	$13.5	**(2.2%)**
% of Total Consolidated Revenue	8.6%	6.8%	8.5%	
Recurring Subscription	$23.1	$16.6	$21.8	**5.8%**
Non-Recurring	$0.9	$1.9	$0.6	**53.6%**
Adjusted EBITDA[1]	$2.7	($3.0)	$0.5	**N/M**
Adjusted EBITDA Margin	11.4%	(16.1%)	2.3%	**911 bps**

Y-o-Y Quarterly Subscription Run Rate Trend



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[2] Organic Subscription Run Rate Growth ex FX reflects the Run Rate growth excluding changes in foreign currency exchange rates and the first year impact of any acquisitions. Please see Page 32 for additional information.

N/M = not meaningful

STRONG BALANCE SHEET AND LIQUIDITY

(US$ in millions)

Key Balance Sheet Indicators as of 03/31/2016		
Cash & Cash Equivalents		**$445.0**
Cash & Cash Equivalents held outside of the US	$126.4	
Cash & Cash Equivalents in the US[1]	$318.6	
Total Debt[2]		**$1,600.0**
5.25% $800 mil senior unsecured notes due 11/2024	$800.0	
5.75% $800 mil senior unsecured notes due 8/2025	$800.0	
$200 mil unsecured revolving credit facility terminating 11/2019	$0.0	
Net Debt		**$1,155.0**
Total Debt / Adj. EBITDA[3]		**3.2x**
Net Debt / Adj. EBITDA[3]		**2.2x**
Credit Ratings (S&P / Moody's)*		**BB+ / Ba2**

***Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.**

- 4.9 mil shares repurchased in Q1'16 at average price of $68.45 for total value of $333.3 mil
- Capex[4] of $5.5 mil vs. $6.3 mil in Q1'15
- Decline in free cash flow[5] Y-o-Y driven by the timing of cash collections and higher interest payments
- Board approved Q2'16 dividend of $0.22 per share payable on May 27, 2016
- Gross leverage at the lower-end of targeted 3.0X to 3.5X range

[1] Includes approximately $125 - $150 million in minimum cash balances which the company seeks to maintain for general operating purposes.

[2] Excludes deferred financing fees of $20.0 million as of March 31, 2016.

[3] Adjusted EBITDA is defined as net income before income (loss) from discontinued operations, net of income taxes, plus provision for income taxes, other expense (income), net, depreciation and amortization of property, equipment and leasehold improvements, amortization of intangible assets and, at times, certain other transactions or adjustments. Please see page 28 for a reconciliation of adjusted EBITDA as a non-GAAP measure. Total debt & net debt to adjusted EBITDA is calculated based on trailing twelve months adjusted EBITDA.

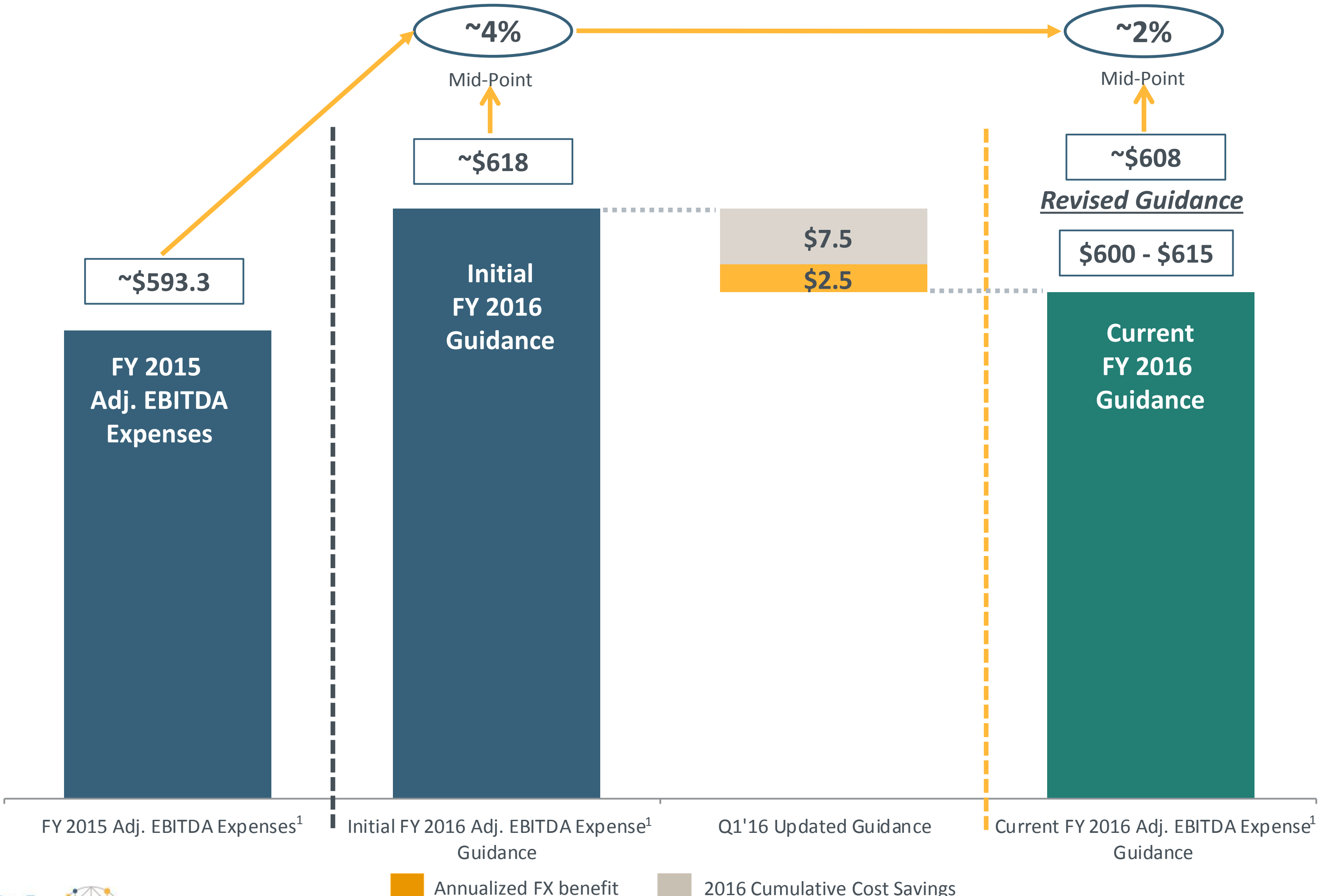
[4] Capex is defined as capital expenditures plus capitalized software development costs.

[5] Please see pages 29 and 31 for a reconciliation of adjusted EPS and free cash flow as a non-GAAP measure, respectively.

FY 2016 ADJ. EBITDA EXPENSE[1] GUIDANCE PROGRESSION

(US$ in millions)

YoY Cost Growth Based on FY 2016 Guidance Δ



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[1] Adjusted EBITDA expenses is defined as operating expenses less depreciation and amortization of property, equipment and leasehold improvements and amortization of intangible assets. Please see page 30 for a reconciliation of adjusted EBITDA expenses as a non-GAAP measure.

UPDATED FY 2016 GUIDANCE

- Adj. EBITDA expenses[1] now expected to be in the range of $600 - $615 mil down from the previous range of $610 - $625 mil
- Interest expense expected to be approximately $92 mil assuming no additional financings
- Capital expenditures expected to be in the range of $40 - $50 mil
- Free cash flow[2] expected to be in the range of $270 - $310 mil
- Effective tax rate expected to be in the range of 33% - 34%
- Target gross leverage ratio in the range of 3.0x - 3.5x (total debt to TTM adj. EBITDA[3])
- Dividend pay-out in the range of 30% - 40% of adj. EPS[4]

[1] Adjusted EBITDA expenses is defined as operating expenses less depreciation and amortization of property, equipment and leasehold improvements and amortization of intangible assets. Please see page 30 for a reconciliation of adjusted EBITDA expenses as a non-GAAP measure.

[2] Free cash flow is defined as net cash provided by operating activities, less capex. Please see page 31 for a reconciliation of free cash flow as a non-GAAP measure. Interest expense expected to be approximately $92.0 million assuming no additional financings.

[3] Adjusted EBITDA is defined as net income before income (loss) from discontinued operations, net of income taxes, plus provision for income taxes, other expense (income), net, depreciation and amortization of property, equipment and leasehold improvements, amortization of intangible assets and, at times, certain other transactions or adjustments. Please see page 28 for a reconciliation of adjusted EBITDA as a non-GAAP measure.

[4] Adjusted EPS is defined as per share net income before income from discontinued operations, net of income taxes and the after-tax impact of the amortization of intangible assets. Please see page 29 for a reconciliation of adjusted EPS as a non-GAAP measure.

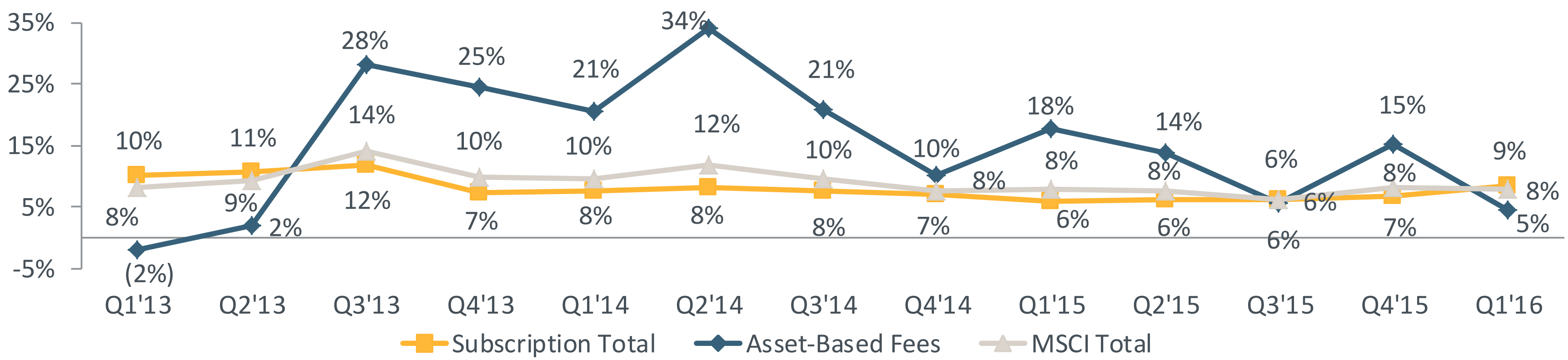
TTM = trailing twelve months

SUPPLEMENTAL DISCLOSURES

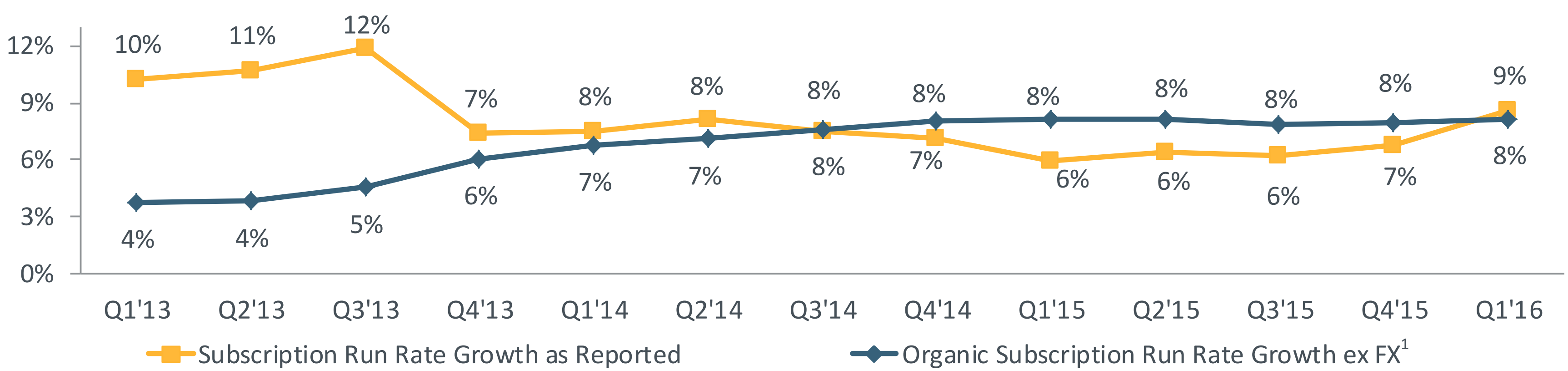
Appendix

Q1’13 – Q1’16 Y-O-Y RUN RATE GROWTH TREND

Y-o-Y Run Rate Growth as Reported (Including Impact of FX and Acquisitions)



Y-o-Y Subscription Run Rate Growth as Reported vs. Growth Ex. FX Impact and Acquisitions



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[1] Organic Subscription Run Rate Growth ex FX reflects the Run Rate growth excluding changes in foreign currency exchange rates and the first year impact of any acquisitions. Please see page 32 for additional information.

RECONCILIATIONS OF ADJUSTED EBITDA TO NET INCOME

	Three Months Ended		
In thousands	**Mar. 31, 2016**	**Mar. 31, 2015**	**Dec. 31, 2015**
Index Adjusted EBITDA	$100,049	$ 93,053	$ 98,990
Analytics Adjusted EBITDA	30,360	14,080	30,908
All Other Adjusted EBITDA	2,740	518	(2,984)
Consolidated Adjusted EBITDA	**133,149**	**107,651**	**126,914**
Amortization of intangible assets	11,840	11,702	11,803
Depreciation and amortization of property, equipment and leasehold improvements	8,168	7,207	7,568
Operating income	**113,141**	**88,742**	**107,543**
Other expense (income), net	22,364	11,082	22,107
Provision for income taxes	30,410	28,036	25,437
Income from continuing operations	**60,367**	**49,624**	**59,999**
Income (loss) from discontinued operations, net of income taxes	-	(5,797)	(593)
Net income	**$ 60,367**	**$ 43,827**	**$ 59,406**

RECONCILIATIONS TO ADJUSTED NET INCOME AND ADJUSTED EPS

In thousands, except per share data	Three Months Ended Mar. 31, 2016	Mar. 31, 2015	Dec. 31, 2015
Net Income	$ 60,367	$ 43,827	$ 59,406
Less: Income (loss) from discontinued operations, net of income taxes	-	(5,797)	(593)
Income from continuing operations	60,367	49,624	59,999
Plus: Amortization of intangible assets	11,840	11,702	11,803
Less: Income tax effect	(3,966)	(4,224)	(3,534)
Adjusted Net Income	**$ 68,241**	**$ 57,102**	**$ 68,268**
Diluted EPS	$ 0.60	$ 0.39	$ 0.57
Less: Earnings per diluted common share from discontinued operations	-	(0.05)	(0.01)
Earnings per diluted common share from continuing operations	0.60	0.44	0.58
Plus: Amortization of intangible assets	0.12	0.10	0.11
Less: Income tax effect	(0.04)	(0.04)	(0.03)
Adjusted EPS	**$ 0.68**	**$ 0.50**	**$ 0.66**

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RECONCILIATIONS TO ADJUSTED EBITDA EXPENSES

In thousands	Three Months Ended Mar. 31, 2016	Mar. 31, 2015	Dec. 31, 2015	Full Year 2016 Outlook
Index Adjusted EBITDA expenses	$ 44,564	$ 40,501	$ 44,712	
Analytics Adjusted EBITDA expenses	79,903	92,765	79,760	
All Other Adjusted EBITDA expenses	21,212	21,852	21,507	
Consolidated Adjusted EBITDA expenses	**145,679**	**155,118**	**145,979**	**$600,000 - $615,000**
Amortization of intangible assets	11,840	11,702	11,803	
Depreciation and amortization of property, equipment and leasehold improvements	8,168	7,207	7,568	80,000 to 82,000
Total operating expenses	**$ 165,687**	**$ 174,027**	**$ 165,350**	**$680,000 - $697,000**

RECONCILIATIONS TO FREE CASH FLOW

In thousands	Three Months Ended Mar. 31, 2016	Three Months Ended Mar. 31, 2015	Three Months Ended Dec. 31, 2015	Full Year 2016 Outlook
Net cash provided by operating activities	$ 33,030	$ 66,683	$ 81,322	$ 320,000 - $ 350,000
Capital expenditures	(3,135)	(4,934)	(16,127)	
Capitalized software development costs	(2,325)	(1,386)	(2,438)	
Capex	(5,460)	(6,320)	(18,565)	(50,000 - 40,000)
Free cash flow	**$ 27,570**	**$ 60,363**	**$ 62,757**	**$ 270,000 - $ 310,000**

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USE OF NON-GAAP FINANCIAL MEASURES AND OPERATING METRICS

- MSCI Inc. has presented supplemental non-GAAP financial measures as part of this earnings presentation. A reconciliation is provided that reconciles 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, in conjunction with other measures, to monitor the financial performance of the business, inform business decision making and forecast future results.
- "Adjusted EBITDA" is defined as net income before income (loss) from discontinued operations, net of income taxes, plus provision for income taxes, other expense (income), net, depreciation and amortization of property, equipment and leasehold improvements, amortization of intangible assets and, at times, certain other transactions or adjustments.
- "Adjusted EBITDA expenses" is defined as operating expenses less depreciation and amortization of property, equipment and leasehold improvements and amortization of intangible assets.
- "Adjusted net income" and "adjusted EPS" are defined as net income and EPS, respectively, before income from discontinued operations, net of income taxes and the after-tax impact of the amortization of intangible assets.
- "Capex" is defined as capital expenditures plus capitalized software development costs.
- "Free cash flow" is defined as net cash provided by operating activities, less capex.
- We believe adjusted EBTIDA and adjusted EBTIDA expenses are important measures because they highlight operating trends from continuing operations while excluding costs that are more fixed or are onetime, unusual or nonrecurring in nature. We believe that free cash flow is useful to investors because it relates the operating cash flow of the Company to the capital that is spent to continue and improve business operations, such as investment in the Company's existing businesses. Further, free cash flow indicates our ability to strengthen the Company's balance sheet, repay our debt obligations, pay cash dividends and repurchase shares of our common stock. We believe that the non-GAAP financial measures presented in this earnings release 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 and free cash flow are not defined in the same manner by all companies and may not be comparable to similarly-titled non-GAAP financial measures of other companies.
- The Run Rate at a particular point in time primarily represents the forward-looking revenues for the next 12 months from then-current subscriptions and investment product licenses we provide to our clients under renewable contracts or agreements assuming all contracts or agreements that come up for renewal are renewed and assuming then-current currency exchange rates. For any license where fees are linked to an investment product's assets or trading volume, the Run Rate calculation reflects, for ETFs, the market value on the last trading day of the period, for futures and options, the most recent quarterly volumes and for non-ETF funds, the most recent client reported assets under such license or subscription. The Run Rate does not include fees associated with "one-time" and other non-recurring transactions. In addition, we remove from the Run Rate the fees associated with any subscription or investment product license agreement with respect to which we have received a notice of termination or non-renewal during the period and determined that such notice evidences the client's final decision to terminate or not renew the applicable subscription or agreement, even though such notice is not effective until a later date.
- Organic subscription Run Rate growth ex FX 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. Changes in foreign currency are calculated by applying the end of period currency exchange rate from the comparable prior period to current period foreign currency denominated Run Rate. This metric also excludes the impact on the growth in subscription Run Rate of the acquisitions of IPD, InvestorForce, and GMI for their respective first year of operations as part of MSCI. As of first quarter 2016, there are no acquisitions which are excluded from subscription Run Rate.
- The Aggregate Retention Rate for a period is calculated by annualizing the cancellations for which we have received a notice of termination or for which we believe there is an intention to not renew during the period and we believe that such notice or intention evidences the client's final decision to terminate or not renew the applicable agreement, even though such notice is not effective until a later date. This annualized cancellation figure is then divided by the subscription Run Rate at the beginning of the year to calculate a cancellation rate. This cancellation rate is then subtracted from 100% to derive the annualized Aggregate Retention Rate for the period. The Aggregate Retention Rate is computed on a product-by-product basis. Therefore, if a client reduces the number of products to which it subscribes or switches between our products, we treat it as a cancellation. In addition, we treat any reduction in fees resulting from renegotiated contracts as a cancellation in the calculation to the extent of the reduction.

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