MSCI
FIRST QUARTER 2020

EARNINGS PRESENTATION

April 28, 2020

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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 2020 guidance. These forward-looking statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential" or "continue," or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond MSCI's control and that could materially affect actual results, levels of activity, performance or achievements.
- Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in MSCI's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 filed with the Securities and Exchange Commission ("SEC") on February 18, 2020 and in quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished with the SEC. If any of these risks or uncertainties materialize, or if MSCI's underlying assumptions prove to be incorrect, actual results may vary significantly from what MSCI projected. Any forward-looking statement in this earnings presentation reflects MSCI's current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to MSCI's operations, results of operations, growth strategy and liquidity. MSCI assumes no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise, except as required by law.

Other Information

- Percentage changes and totals in this earnings presentation may not sum due to rounding.
- Percentage changes refer to the comparable period in 2019, unless otherwise noted.
- Gross sales include both new recurring subscription and non-recurring sales as reported in Table 6: Sales and Retention Rate by Segment (unaudited) of the press release reporting MSCI's financial results for first quarter 2020.
- Foreign currency exchange rate fluctuations reflect the difference between the current period results as reported compared to the current period results recalculated using the foreign currency exchange rates in effect for the comparable prior period. While operating revenues adjusted for the impact of foreign currency fluctuations includes asset-based fees that have been adjusted for the impact of foreign currency fluctuations, the underlying assets under management ("AUM"), which is the primary component of asset-based fees, is not adjusted for foreign currency fluctuations. 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.
- Update as of May 12, 2020: Slides 36-37 ("Use of Non-GAAP Measures" and "Use of Operating Metrics", respectively) have been updated to conform with explanations and definitions from MSCI's Form 10-Q filed April 29, 2020.

MSCI 1Q20 Earnings Call Participants

Henry Fernandez
Chairman & CEO

Baer Pettit
President & COO

Linda Huber
Chief Financial Officer

Andy Wiechmann
Chief Strategy Officer

Salli Schwartz
Head of IR & Treasurer

COVID-19 Response – Supporting Our People, Clients and Business

Our People & Business Resiliency

- Almost 100% of our workforce is operating remotely across 35 locations in 22 countries. Health and safety is a top priority
- Key data production and technology services have an uptime of over 99.9%
- Multiple data centers globally
- Crisis Management Team across functional areas of MSCI meets daily

Our Clients

- Thoughtful outreach with relevant research and content to help clients navigate the crisis, including a dedicated section on our website related to COVID-19 analyses, ranging from factors to ESG to MSCI Liquidity Risk Monitor reports
- Making available on a three-month free trial basis, daily index data for index product subscribers currently on a monthly delivery cycle to help them stay closer to market changes
- We are also offering trials on ESG Metrics data and certain Real Estate data sets
- Access to multi-asset class model portfolio stress testing to simulate outcomes across equity, credit, oil, FX and commodity shocks
- Upgraded our fixed income liquidity modeling tools to operate bi-weekly versus monthly

Financial and Strategic Highlights

1Q20 Financial Results

Strong Top-Line Growth

Revenue Growth
Reported / Organic

+12% / +12%

Subscription Run Rate Growth as of Mar. 31, 2020
Reported / Organic

+10% / +10%

Continued Operational Efficiency

Adj. EBITDA Margin / Operating Margin

55.0% (+176 bps) / 49.9% (+608 bps)

Adj. EBITDA Growth / Operating Income Growth

+16% / +28%

Tax

Effective Tax Rate

9.0%

Capital

YTD Share Repurchase through April 24, 2020:

$357m / 1.4m shares average price of $250.65

Adjusted EPS

+23%

Diluted EPS

(17%)

Operating & Company Update

Timely and Engaging MSCI Research Content

Coronavirus and oil hit equities — how low can we go?

March 12, 2020 *Dimitris Melas*

Coronavirus and a potential MBS convexity whipsaw

March 6, 2020 *Yihai Yu*

A coronavirus stress test for global markets

March 4, 2020 *Thomas Verbraken, Chenlu Zhou, Juan Sampieri*

Perspectives.

MSCI Perspectives episode 6: Are fixed-income markets still thirsting for liquidity?

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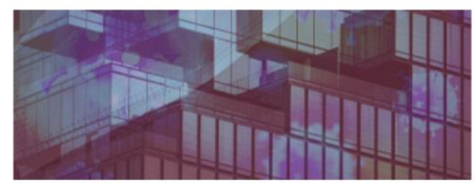
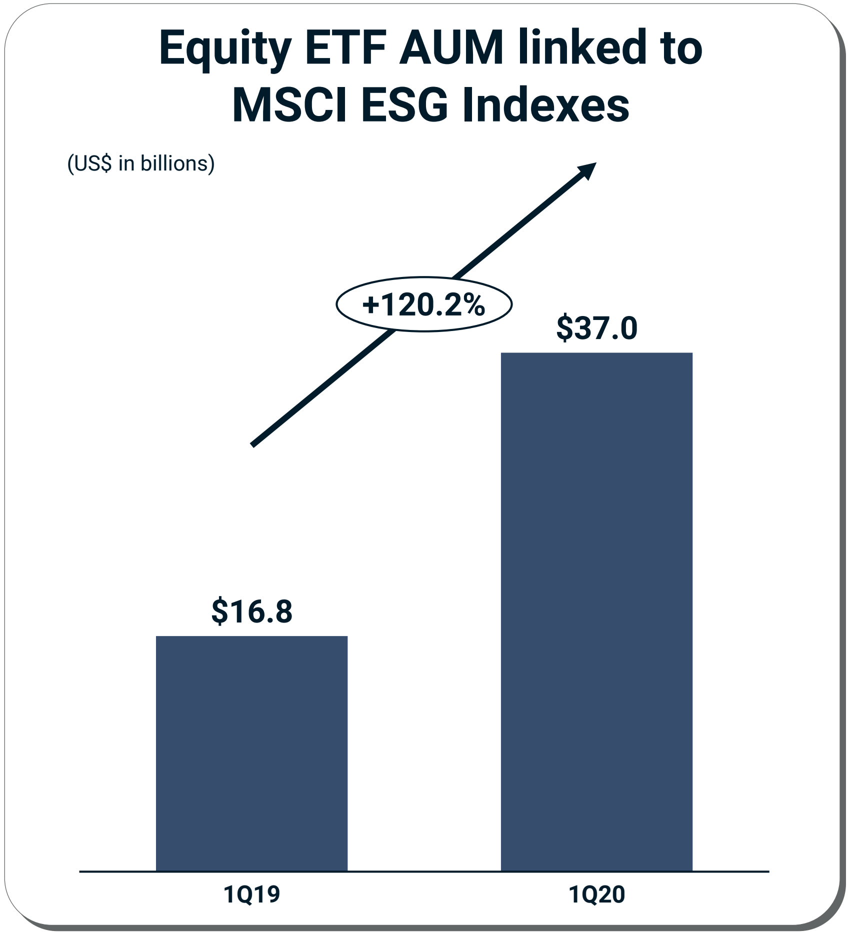
Listen to the podcast →

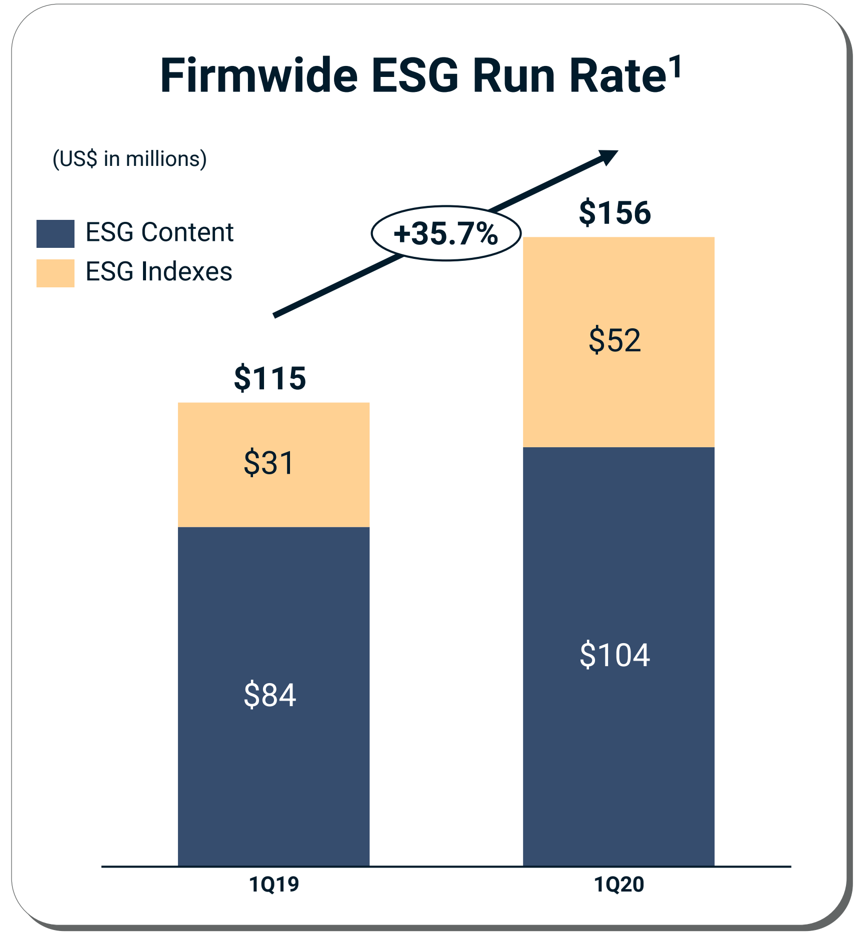
How COVID-19 could impact private real estate values

Apr 20, 2020 *Bryan Reid , Yang Liu*



Continued Growth Across ESG Franchise





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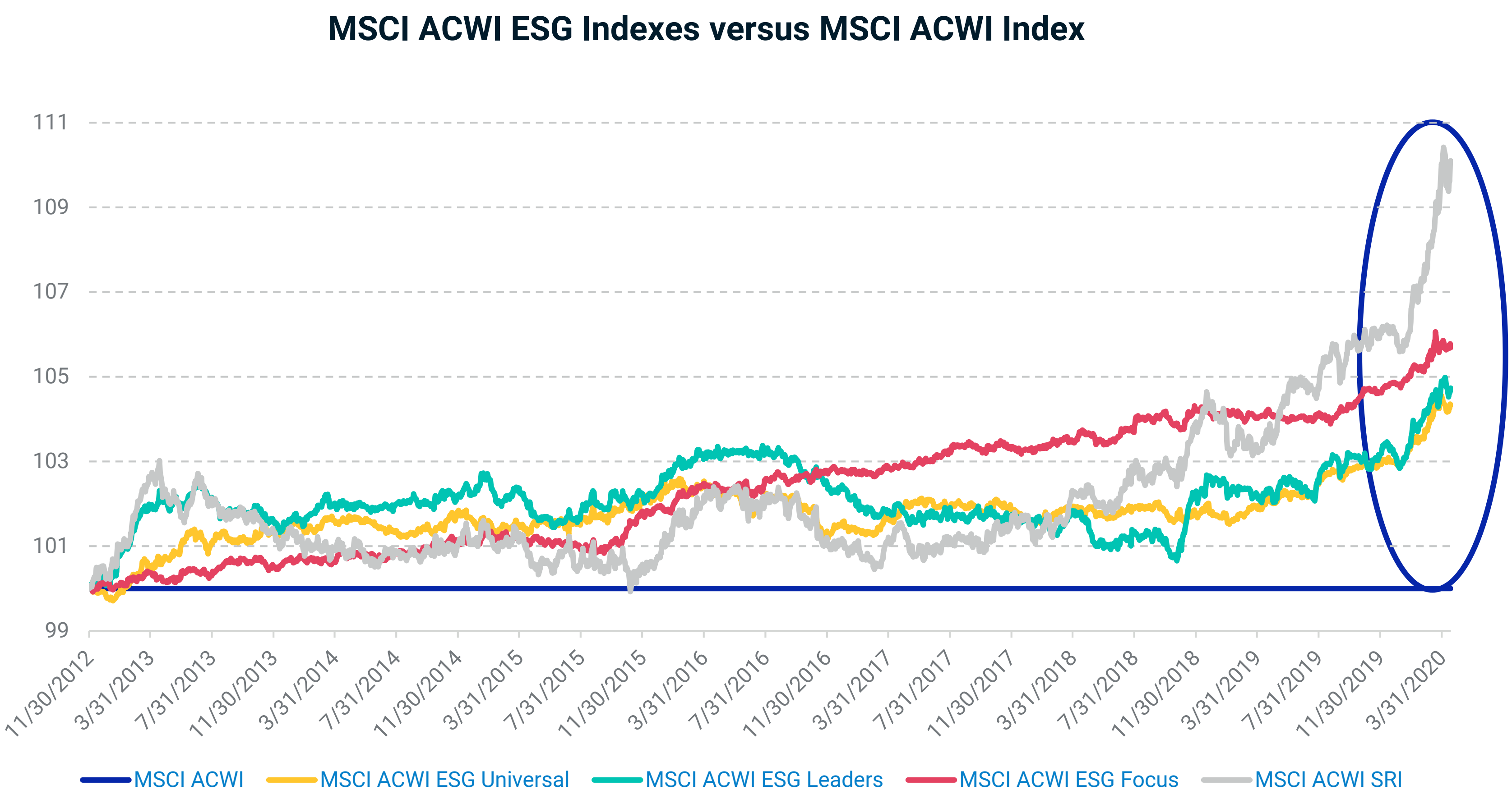
[1]Firmwide ESG Run Rate includes ESG Research and Content Run Rate, reported in the All Other segment, and ESG-related Index subscription and asset-based fees Run Rate reported in the Index segment.

MSCI ESG Indexes Showing Resilience



Note: The MSCI ACWI Index, MSCI ACWI ESG Universal Index, MSCI ACWI ESG Leaders Index, MSCI ACWI ESG Focus Index, and MSCI ACWI SRI Index were launched on May 31, 1990; Feb 8, 2017; Jun 06, 2013; Jun 25, 2018; and Mar 24, 2014 respectively. Data prior to the respective launch dates are back-tested data (i.e. calculations of how the index might have performed over that time period had the index existed). There are frequently material differences between back-tested performance and actual results. Past performance -- whether actual or back-tested -- is no indication or guarantee of future performance. Index performances are measured in USD gross total returns.

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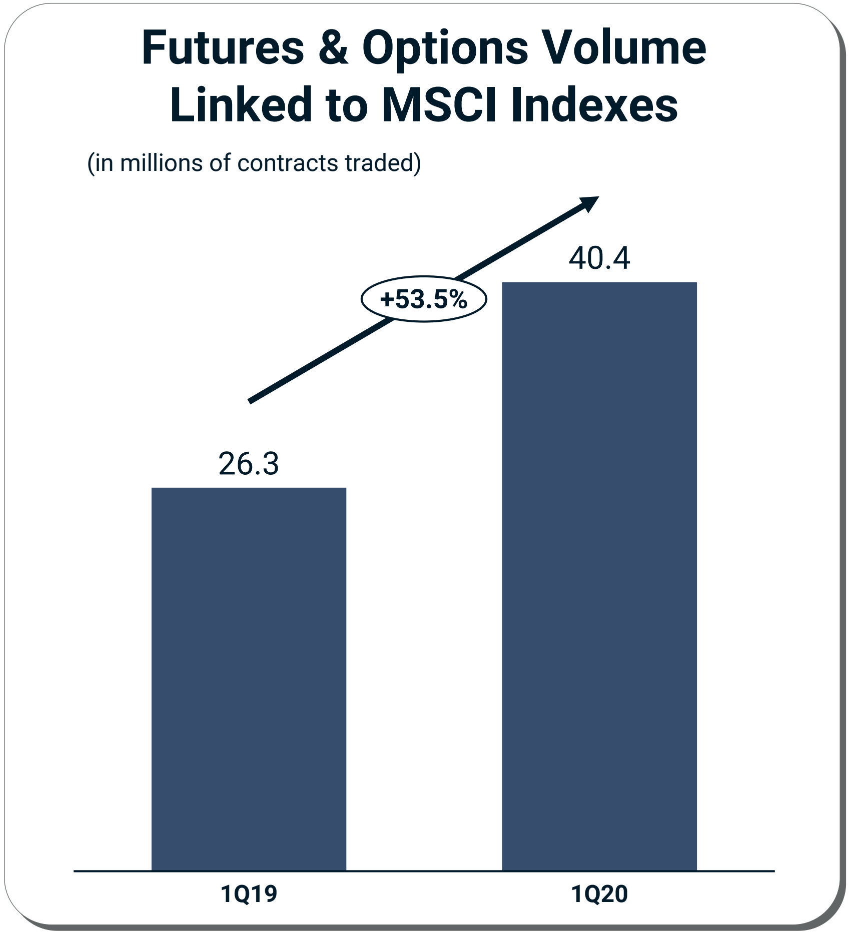
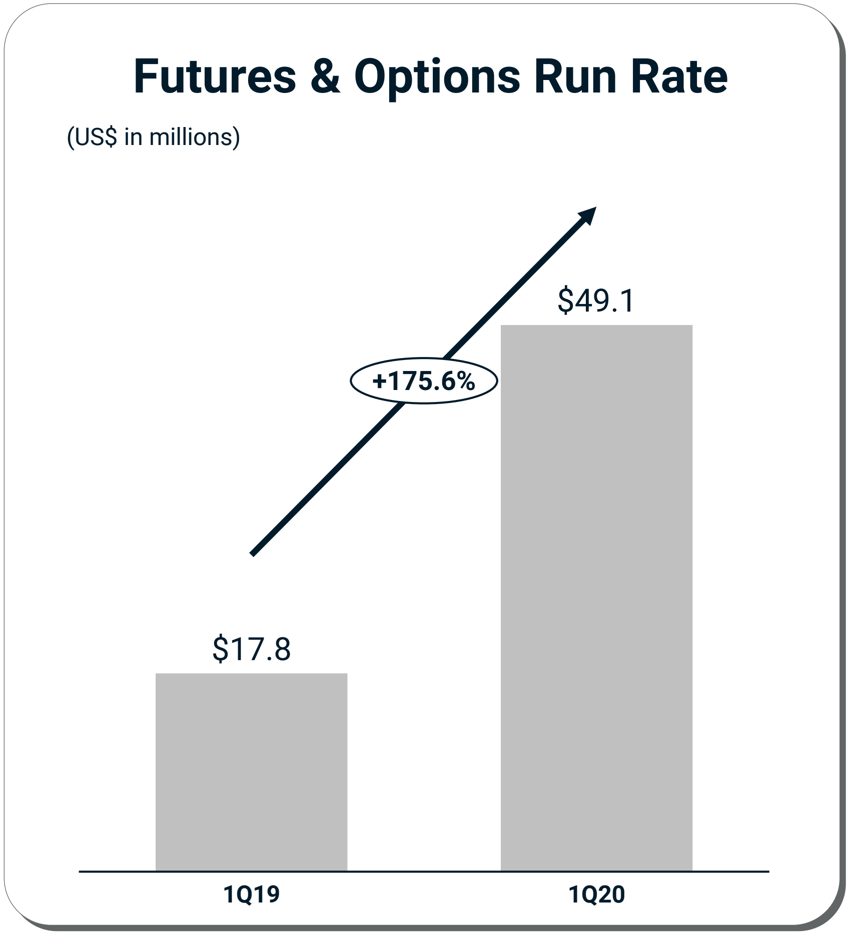
1Q20 Momentum in Futures & Options Franchise





Continued Innovation and Long-Term Opportunities

Factors | **Thematics** | **ESG** | **Climate VaR** | **Futures & Options**

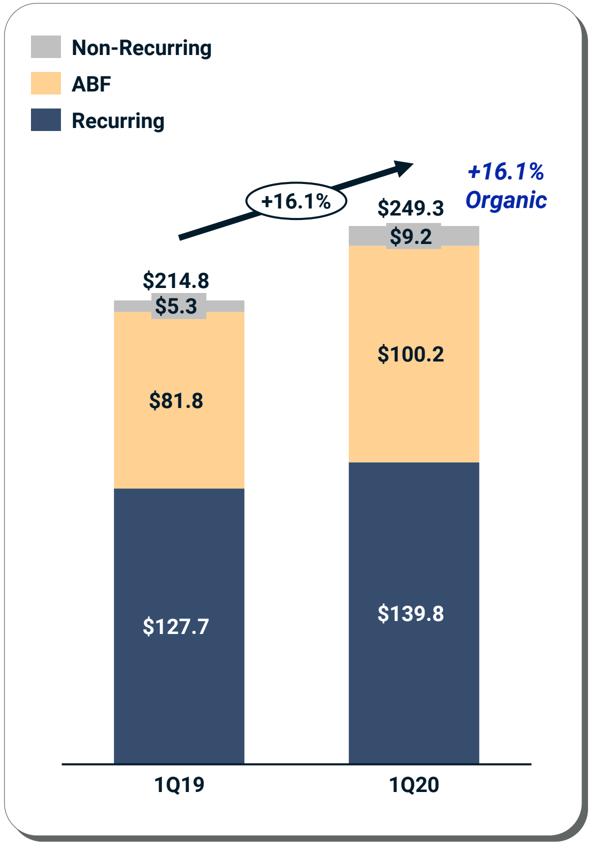
BUILDING BETTER TOOLS TO HELP INVESTORS

Financial Update

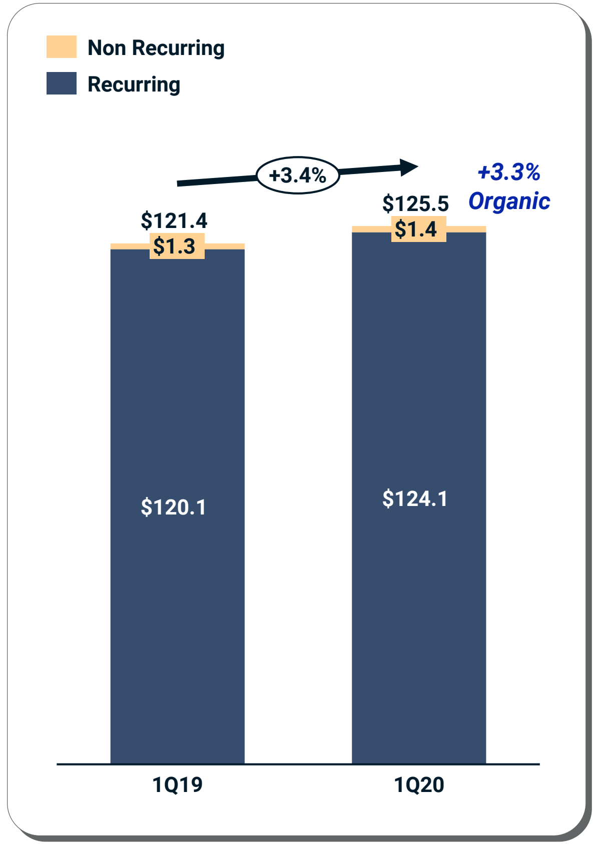
1Q20 Segment Operating Revenue

(US$ in millions)

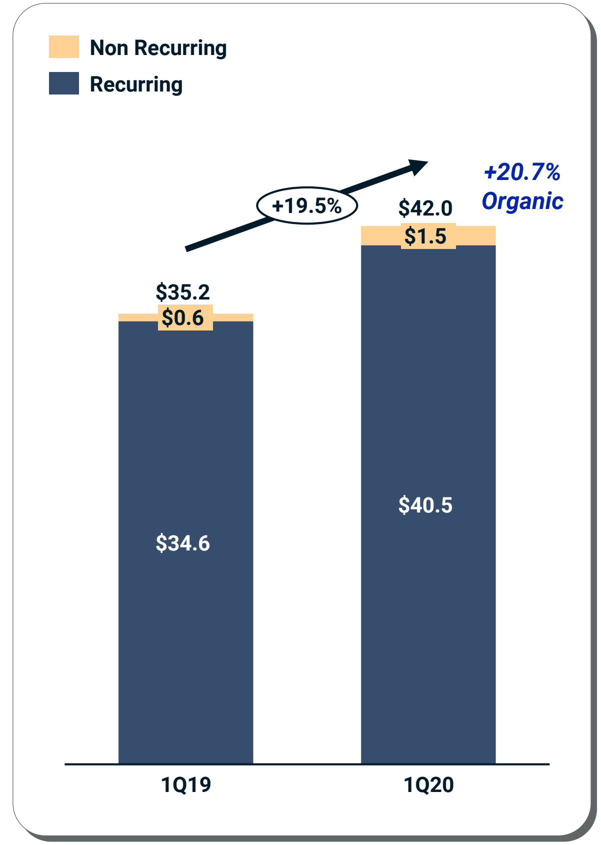
Index



Analytics



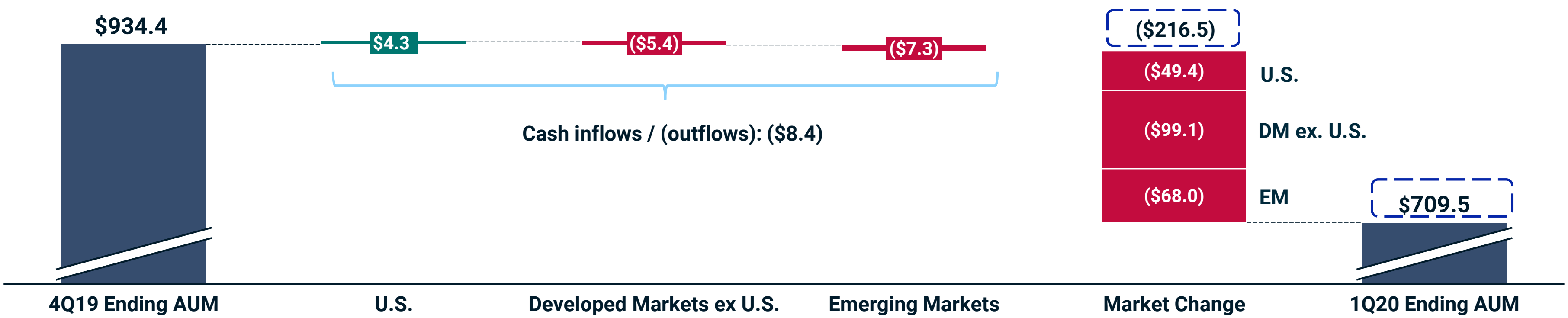
All Other



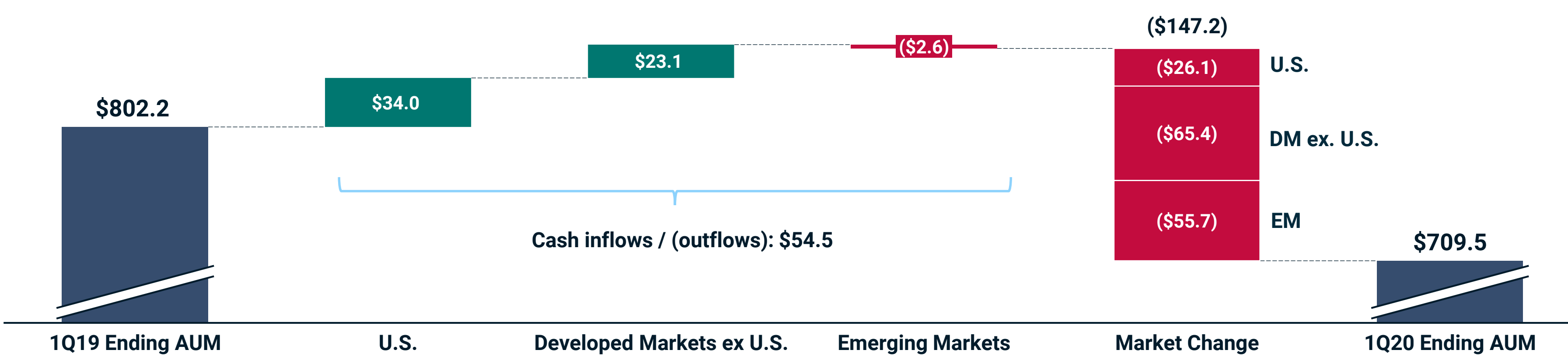
1Q20 AUM Drivers: MSCI-Linked Equity ETFs

(US$ in billions)

1Q20 Sequential Change in AUM



1Q20 YoY Change in AUM



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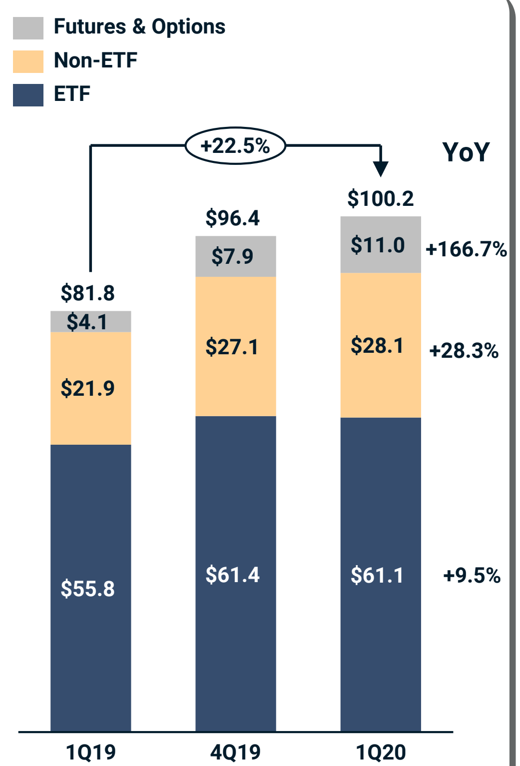
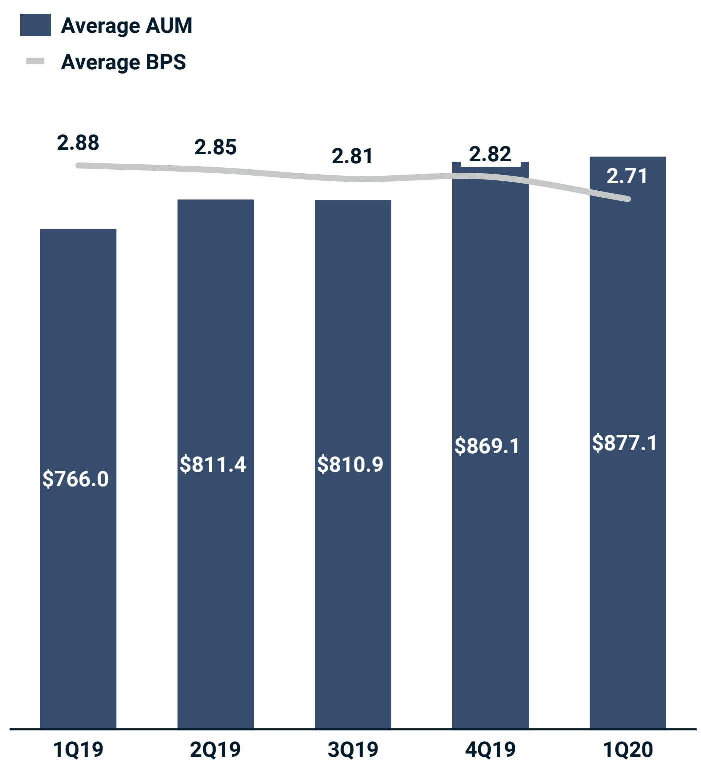
Index Segment: Asset-Based Fees Details

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

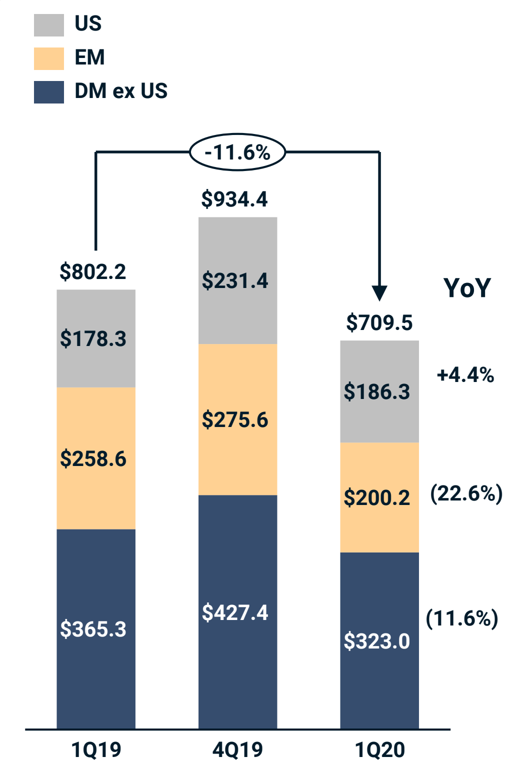
Asset-based fees (ABF) Revenue



Quarterly Average AUM and Average BPS[1] of ETFs linked to MSCI Indexes



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



[1]Average BPS based on Run Rate 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 first quarter 2020.
[2]US = 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.

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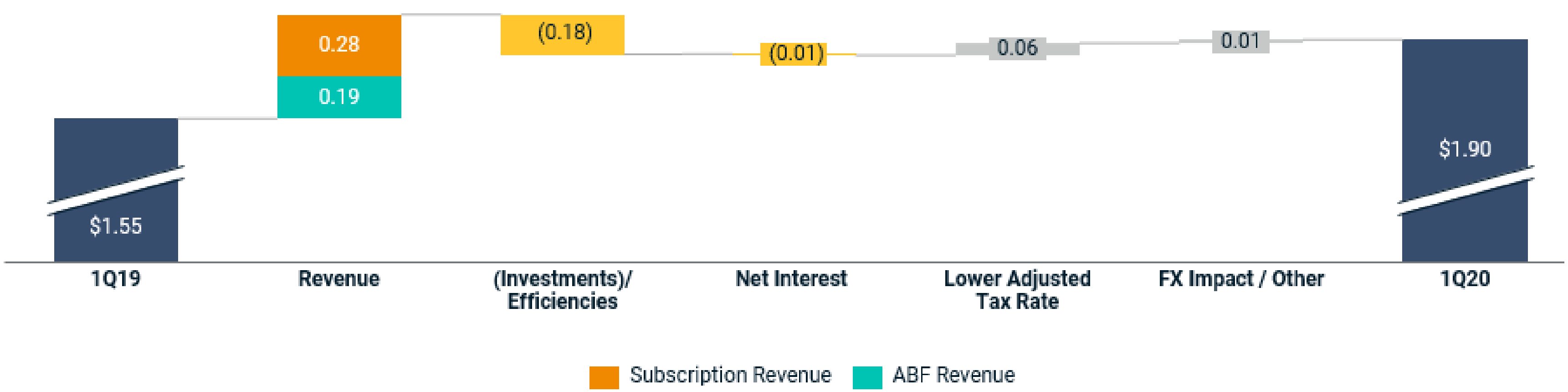
Adjusted Earnings Per Share Growth Drivers

(US$ in per share amounts)

% of Total:	Business Growth 83%	Capital Activities (3%)	Tax 17%	FX / Other 3%
	+$0.29	($0.01)	+$0.07	



Capital and Liquidity

(US$ in millions, unless otherwise noted)

Capital Position (As of 3/31/2020)

Total Cash[(1)]	**$1,067**
Total Debt[(2)]	**$3,170**
Net Debt	**$2,103**
Total Debt / Trailing 12 Months Adj. EBITDA	**3.6x**
Net Debt / Trailing 12 Months Adj. EBITDA	**2.4x**

Continued Capital Discipline

Return of Capital

- $325.7 million of share repurchase or 1.3 million shares in 1Q20, at average price of $248.65
- YTD through April 24, 2020, $356.8 million of share repurchase or 1.4 million shares at average price of $250.65
- $1.13 billion of remaining repurchase authorization as of Mar. 31, 2020
- $57.8 million in dividends paid to shareholders in1Q20

Excess Cash

- Triple-Crown framework to evaluate internal opportunities and MP&A (mergers, partnerships and acquisitions)
- Issued $400 million of debt at 3.625% coupon in Feb. 2020, and used $300 million of the proceeds to redeem remaining principal on our 2024 Notes
- Strong balance sheet and liquidity provides optionality
- Disciplined and consistent approach to deployment

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[1]MSCI typically seeks to maintain minimum cash balances globally of approximately $200.0 million to $250.0 million for general operating purposes but may maintain higher minimum cash balances while the COVID-19 pandemic continues to impact global economic markets
[2]Reflects gross debt, inclusive of deferred financing fees

Full-Year 2020 Guidance

(US$ in millions)

Guidance Item	Guidance for Full-Year 2020
Operating Expense	In the range of $790 to 840 million **(revised)**
Adjusted EBITDA Expense	In the range of $700 to 750 million **(revised)**
Interest Expense (including amortization of financing fees)	Approximately $158 million
Depreciation & Amortization Expense	Approximately $90 million
Effective Tax Rate	In the range of 18% to 21% **(revised)**
Capital Expenditures	In the range of $50 to $60 million **(revised)**
Net Cash Provided by Operating Activities	In the range of $600 to $650 million **(revised)**
Free Cash Flow	In the range of $540 to $600 million **(revised)**

Note: MSCI's guidance for 2020 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.

Our Downturn Playbook Levers

Illustrative Example of Expense Levers to Mitigate Decline in Revenues

Self-Adjusting	• Metrics-based incentive plan
Timing & Discretionary	• Other bonus incentives • Delayed hiring • T&E • Training • Professional fees • Marketing
Pacing of Investments	• Reprioritization, pace of hiring • Headcount optimization • Client coverage spend (e.g. T&E)

Long-Term Targets

	Revenue Growth Rate (ex. ABF)	Adj. EBITDA Expense Growth Rate	Adj. EBITDA Growth Rate	Adj. EBITDA Margin %
Index	Low Double Digit	High Single Digit		
Analytics	High Single Digit to Low Double Digit	Mid to High Single Digit		
ESG	Mid Twenties	Low to Mid Teens		
Real Estate	Mid Teens			
MSCI	**Low Double Digit**	**High Single Digit**	**Mid Teens**	**Mid to High 50s**

Q&A

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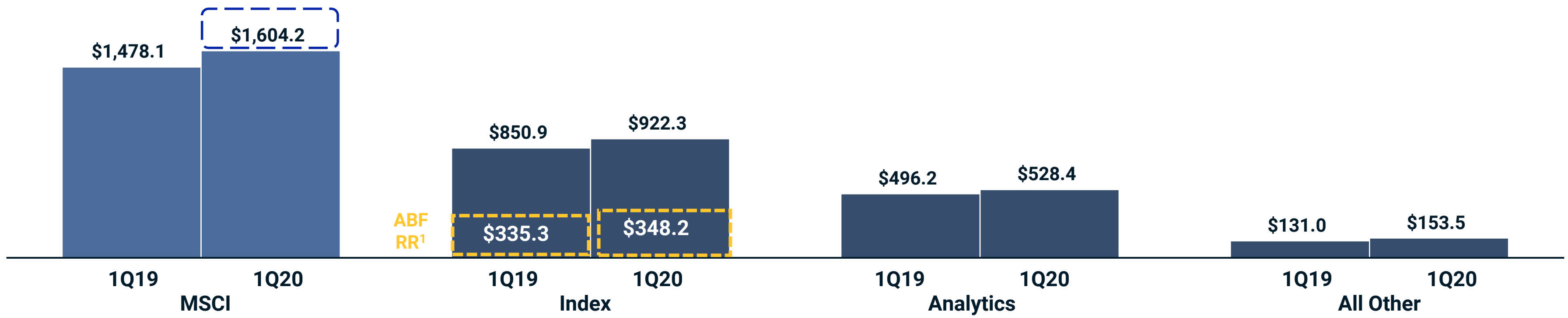
Appendix

1Q20 Operating Metrics

(US$ in millions)

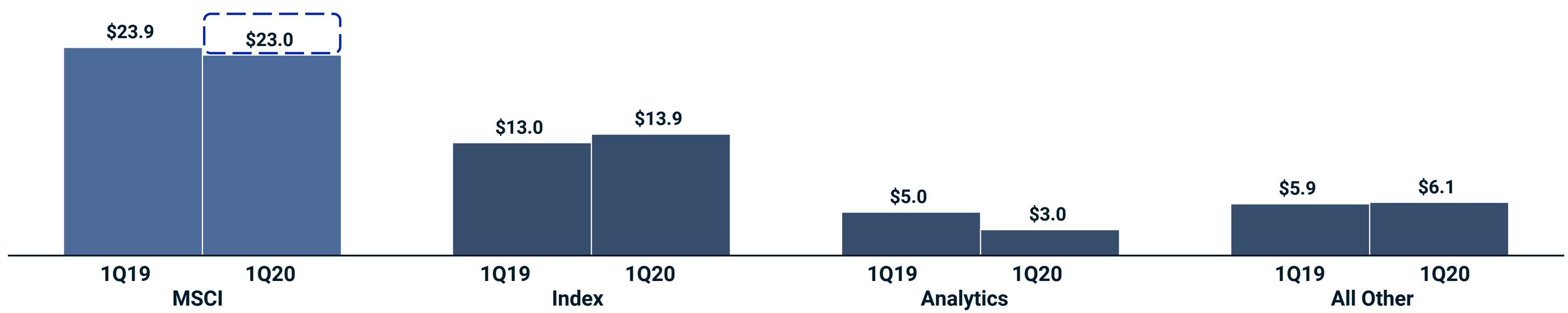
Total Run Rate

YoY Organic Growth	MSCI	Index	Analytics	All Other
	+8.7%	+8.4%	+6.6%	+18.3%



Total Net New Recurring Subscription Sales

1Q20 Retention Rate	MSCI	Index	Analytics	All Other
	95.0%	96.3%	93.7%	94.6%



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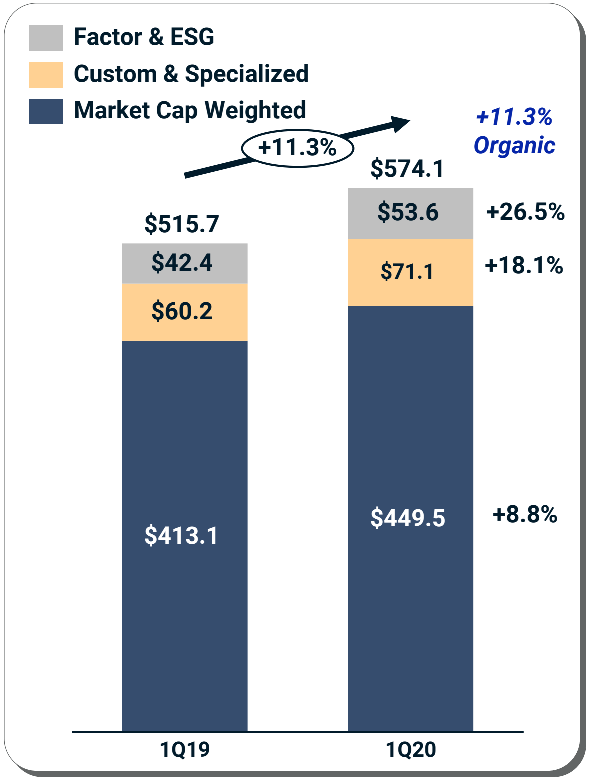
[1]ABF RR: Asset-Based Fees Run Rate.

1Q20 Subscription Run Rate Growth

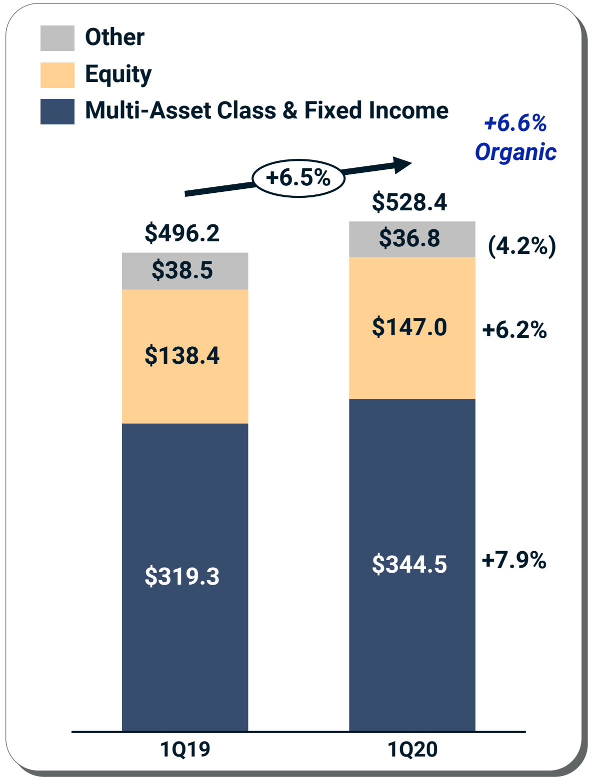
(US$ in millions)

Index



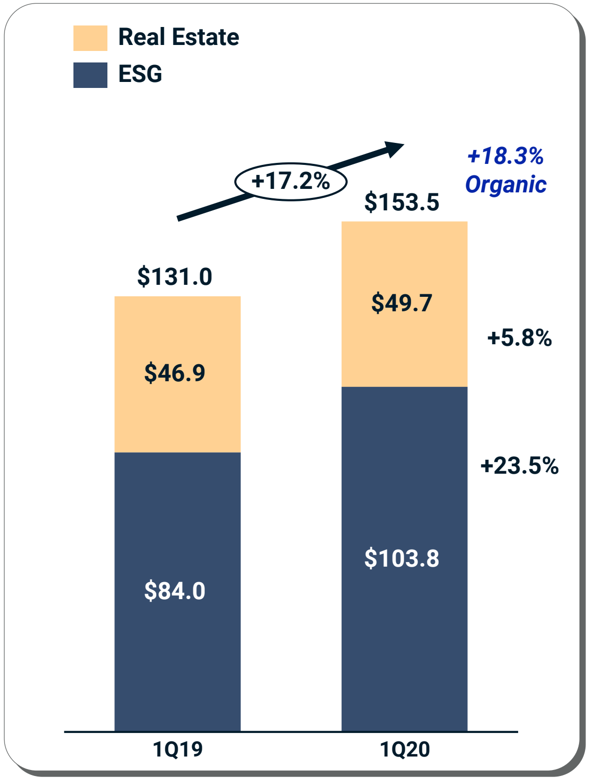
Continued Strong Demand Across All Modules

Analytics



Growth Across Multi-Asset Class & Equity Analytics Products

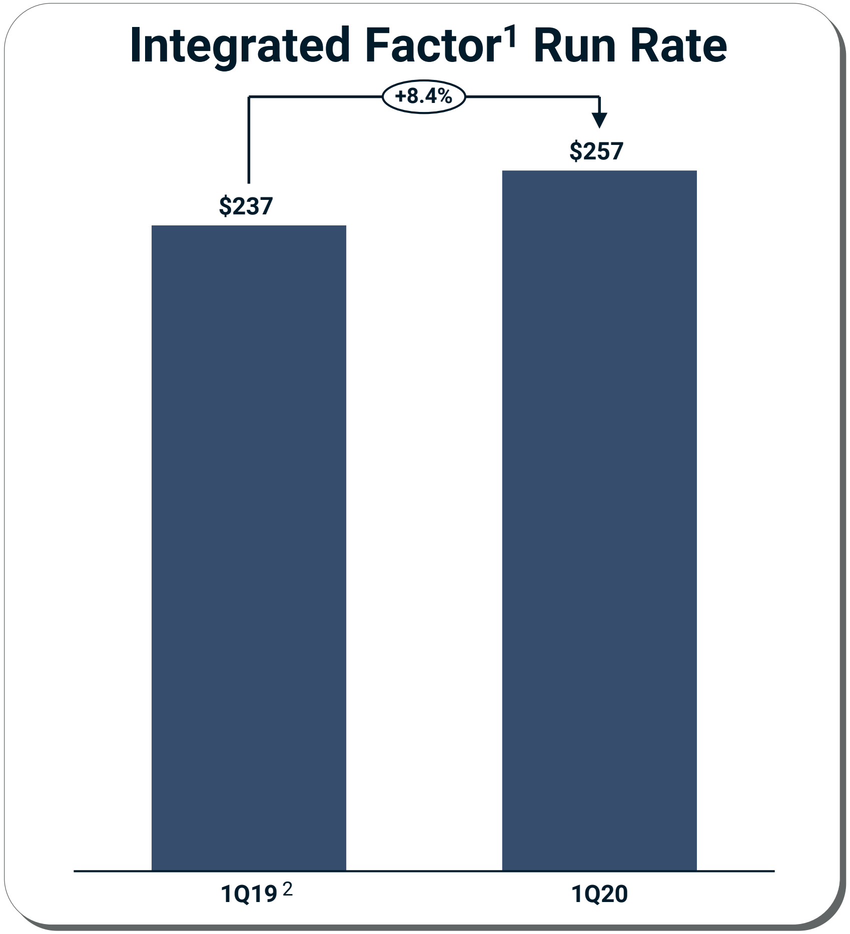
All Other



Increasing Focus on Sustainable Investing and Private Assets

Continued Growth in Firmwide Factor Franchise

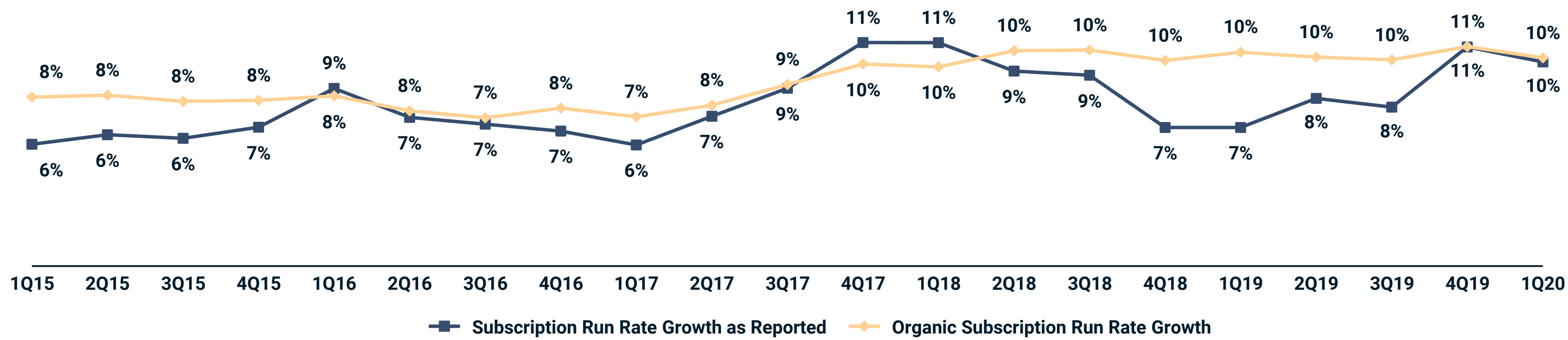
(US$ in millions)



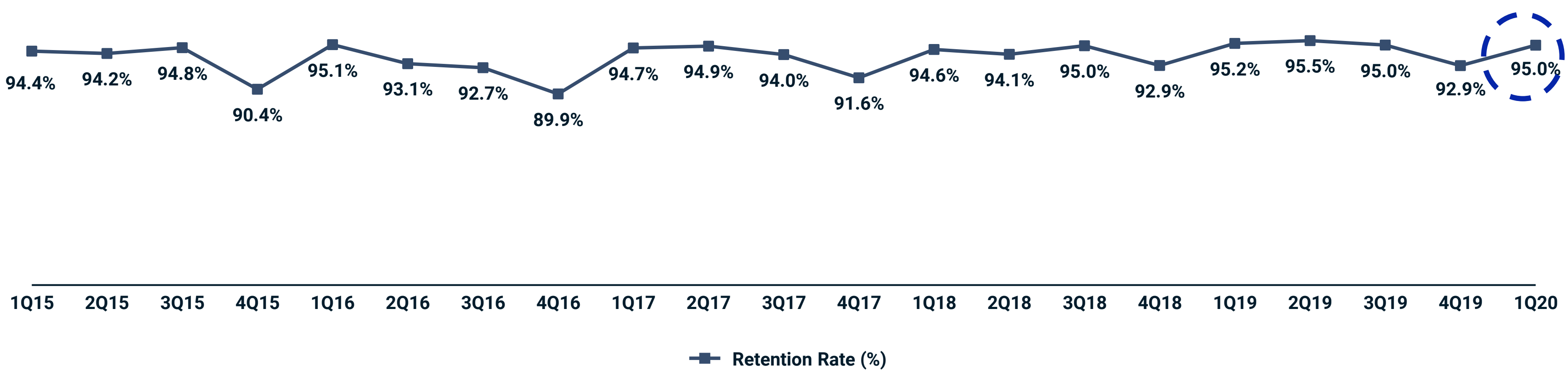
[1]Integrated Factor Run Rate includes Factor module Run Rate in the Analytics segment, and Factor-related Index subscription and asset-based fees Run Rate excluding traditional value and growth product Run Rate for Indexes.
[2]We have revised our methodology for reporting our Factors franchise. As a result, 1Q19 Run Rate figures have been recast to conform to the current period's presentation.

Robust Subscription Run Rate and Retention

YoY Subscription Run Rate Growth (as Reported and Organic)



Retention Rate Trends



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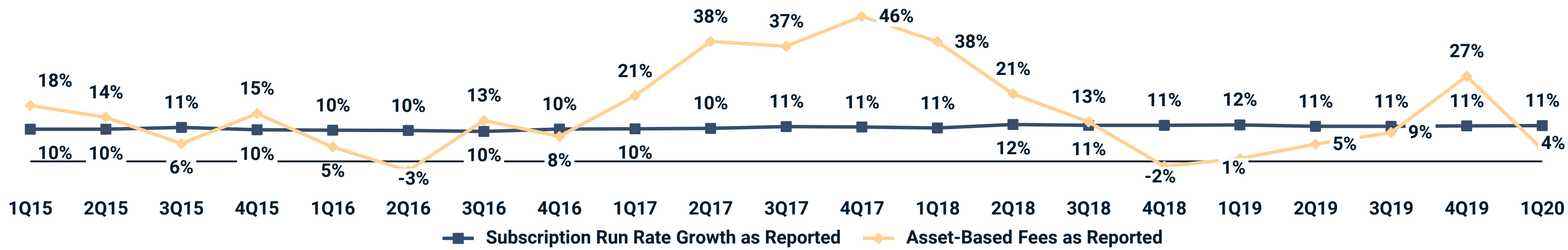
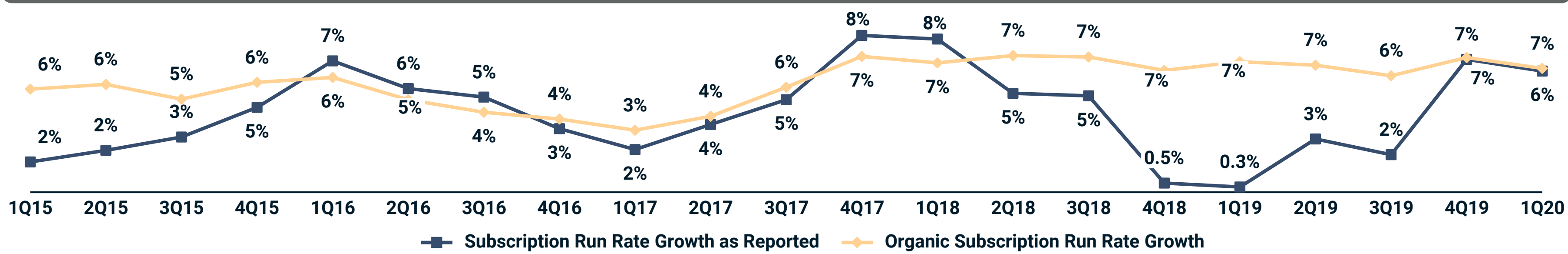
1Q15 to 1Q20 YoY Segment Run Rate Growth

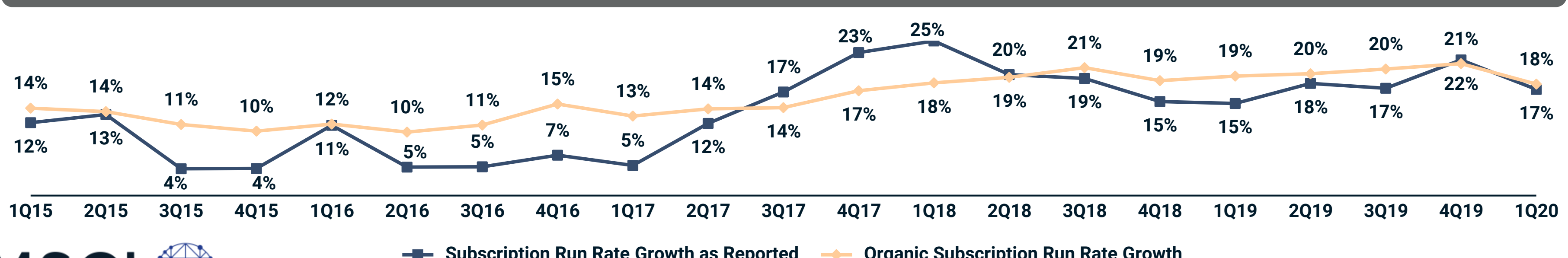
Index



Analytics



All Other



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Reconciliation of Adjusted EBITDA to Net Income

(UNAUDITED)

In thousands	Three Months Ended Mar. 31, 2020	Three Months Ended Mar. 31, 2019
Index adjusted EBITDA	$ 183,587	$ 152,211
Analytics adjusted EBITDA	36,317	36,398
All Other adjusted EBITDA	9,323	9,098
Consolidated adjusted EBITDA	**229,227**	**197,707**
Multi-Year PSU payroll tax expense	—	15,389
Amortization of intangible assets	13,776	11,793
Depreciation and amortization of property, equipment and leasehold improvements	7,567	7,850
Operating income	**207,884**	**162,675**
Other expense (income), net	45,035	34,383
Provision for income taxes	14,724	(49,900)
Net income	**$ 148,125**	**$ 178,192**

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

In thousands, except per share data	Three Months Ended Mar. 31, 2020	Three Months Ended Mar. 31, 2019
Net income	$ 148,125	$ 178,192
Plus: Amortization of acquired intangible assets	8,778	8,716
Plus: Multi-Year PSU payroll tax expense	—	15,389
Less: Discrete excess tax benefit related to Multi-Year PSU vesting	—	(66,581)
Plus: Debt extinguishment costs associated with the 2024 Senior Notes Redemption	9,966	—
Less: Tax Reform adjustments	(759)	—
Less: Income tax effect	(3,396)	(3,134)
Adjusted net income	**$ 162,714**	**$ 132,582**
Diluted EPS	$ 1.73	$ 2.08
Plus: Amortization of acquired intangible assets	0.10	0.10
Plus: Multi-Year PSU payroll tax expense	—	0.18
Less: Discrete excess tax benefit related to Multi-Year PSU vesting	—	(0.78)
Plus: Debt extinguishment costs associated with the 2024 Senior Notes Redemption	0.12	—
Less: Tax Reform adjustments	(0.01)	—
Less: Income tax effect	(0.04)	(0.03)
Adjusted EPS	**$ 1.90**	**$ 1.55**

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

In thousands	Three Months Ended Mar. 31, 2020	Mar. 31, 2019	Full-Year 2020 Outlook(1)
Index adjusted EBITDA expenses	$ 65,669	$ 62,562	
Analytics adjusted EBITDA expenses	89,191	85,037	
All Other adjusted EBITDA expenses	32,693	26,075	
Consolidated adjusted EBITDA expenses	**187,553**	**173,674**	**$700,000 - $750,000**
Multi-Year PSU payroll tax expense	—	15,389	-
Amortization of intangible assets	13,776	11,793	
Depreciation and amortization of property, equipment and leasehold improvements	7,567	7,850	~$90,000
Total operating expenses	**$ 208,896**	**$ 208,706**	**$790,000 - $840,000**

[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.

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

In thousands	Three Months Ended Mar. 31, 2020	Three Months Ended Mar. 31, 2019	Full-Year 2020 Outlook(1)
Net cash provided by operating activities	$ 112,770	$ 87,875	**$600,000 - $650,000**
Capital expenditures	(3,613)	(3,156)	
Capitalized software development costs	(7,203)	(4,990)	
Capex	(10,816)	(8,146)	($50,000 - $60,000)
Free cash flow	**$ 101,954**	**$ 79,729**	**$540,000 - $600,000**

[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.

Reconciliation of Effective Tax Rate to Adjusted Tax Rate *(UNAUDITED)*

	Three Months Ended	
	Mar. 31, 2020	Mar. 31, 2019
Effective tax rate	9.0%	(38.9%)
Tax Reform impact on effective tax rate	0.5%	—%
Multi-Year PSU impact on effective tax rate	—%	51.9%
Adjusted tax rate	9.5%	13.0%

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

Comparison of the Three Months Ended March 31, 2020 and 2019

Index	**Total** Change Percentage	**Recurring Subscription** Change Percentage	**Asset-Based Fees** Change Percentage	**Non-Recurring Revenues** Change Percentage
Operating revenue growth	16.1%	9.5%	22.5%	74.3%
Impact of acquisitions and divestitures	—%	—%	—%	—%
Impact of foreign currency exchange rate fluctuations	—%	—%	—%	(0.1%)
Organic operating revenue growth	16.1%	9.5%	22.5%	74.2%

Analytics	**Total** Change Percentage	**Recurring Subscription** Change Percentage	**Asset-Based Fees** Change Percentage	**Non-Recurring Revenues** Change Percentage
Operating revenue growth	3.4%	3.3%	—%	8.9%
Impact of acquisitions and divestitures	—%	—%	—%	—%
Impact of foreign currency exchange rate fluctuations	(0.1%)	(0.1%)	—%	(0.2%)
Organic operating revenue growth	3.3%	3.2%	—%	8.7%

All Other	**Total** Change Percentage	**Recurring Subscription** Change Percentage	**Asset-Based Fees** Change Percentage	**Non-Recurring Revenues** Change Percentage
Operating revenue growth	19.5%	17.2%	—%	152.3%
Impact of acquisitions and divestitures	(0.6%)	(0.4%)	—%	(11.0%)
Impact of foreign currency exchange rate fluctuations	1.8%	1.8%	—%	1.5%
Organic operating revenue growth	20.7%	18.6%	—%	142.8%

Consolidated	**Total** Change Percentage	**Recurring Subscription** Change Percentage	**Asset-Based Fees** Change Percentage	**Non-Recurring Revenues** Change Percentage
Operating revenue growth	12.2%	7.8%	22.5%	68.7%
Impact of acquisitions and divestitures	—%	—%	—%	(0.9%)
Impact of foreign currency exchange rate fluctuations	0.1%	0.2%	—%	—%
Organic operating revenue growth	12.3%	8.0%	22.5%	67.8%

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 30-35 that reconcile each non-GAAP financial measure with the most comparable GAAP measure. The non-GAAP financial measures presented in this earnings presentation should not be considered as alternative measures for the most directly comparable GAAP financial measures. The non-GAAP financial measures presented in this earnings presentation are used by management to monitor the financial performance of the business, inform business decision-making and forecast future results.
- "Adjusted EBITDA" is defined as net income before (1) provision for income taxes, (2) other expense (income), net, (3) depreciation and amortization of property, equipment and leasehold improvements, (4) amortization of intangible assets and, at times, (5) certain other transactions or adjustments, including the impact related to the vesting of the multi-year restricted stock units subject to performance payout adjustments granted in 2016 (the "Multi-Year PSUs").
- "Adjusted EBITDA expenses" is defined as operating expenses less depreciation and amortization of property, equipment and leasehold improvements and amortization of intangible assets and, at times, certain other transactions or adjustments, including the impact related to the vesting of the Multi-Year PSUs.
- "Adjusted net income" and "adjusted EPS" are defined as net income and diluted EPS, respectively, before the after-tax impact of the amortization of acquired intangible assets, the impact of debt extinguishment costs, 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 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 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 impact of any transactions 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 Retention Rate, Run Rate, subscription sales, subscription cancellations and non-recurring sales.
- Retention Rate is an important metric because subscription cancellations decrease our Run Rate and ultimately our operating revenues over time. The annual Retention Rate represents the retained subscription Run Rate (subscription Run Rate at the beginning of the fiscal year less actual cancels during the year) as a percentage of the subscription Run Rate at the beginning of the fiscal year. The Retention Rate for a non-annual period is calculated by annualizing the cancellations for which we have received a notice of termination or for which we believe there is an intention not to renew during the non-annual period, and we believe that such notice or intention evidences the client's final decision to terminate or not renew the applicable agreement, even though such notice is not effective until a later date. This annualized cancellation figure is then divided by the subscription Run Rate at the beginning of the fiscal year to calculate a cancellation rate. This cancellation rate is then subtracted from 100% to derive the annualized Retention Rate for the period. Retention Rate is computed by operating segment on a product/service-by-product/service basis. In general, if a client reduces the number of products or services to which it subscribes within a segment, or switches between products or services within a segment, we treat it as a cancellation for purposes of calculating our Retention Rate except in the case of a product or service switch that management considers to be a replacement product or service. In those replacement cases, only the net change to the client subscription, if a decrease, is reported as a cancel. In the Analytics and the ESG 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.
- 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.

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