

# MSCI THIRD QUARTER 2015

## Earnings Presentation

October 29, 2015

# 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 2015 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, 2014 filed with the Securities and Exchange Commission (“SEC”) on February 27, 2015, as amended, 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 2014, unless otherwise noted.
- Total subscription revenues include non-recurring revenues.
- Total sales include recurring subscription sales and non-recurring sales.
- 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 and operating metrics used in this presentation, as well as definitions of Run Rate, Retention Rate and Organic Subscription Run Rate Growth ex FX, are provided on page 40.
- Effective Q3’15, MSCI changed its reportable segments to reflect certain changes made to the management of our product lines. MSCI currently operates as three reportable segments: Index, Analytics and All Other. The ESG and Real Estate product lines are included in the All Other reportable segment. These designations have been made as the discrete operating results of these segments are reviewed by the Company’s chief operating decision maker (“CODM”) for the purposes of making operating decisions.

# Q3'15 HIGHLIGHTS<sup>1</sup>

## OUR RESULTS

- Diluted EPS of \$0.59 (including \$6.3 mil investment gain) vs. \$0.44; adjusted EPS<sup>2</sup> of \$0.60 (excluding \$6.3 mil investment gain) vs. \$0.50.
- 6.8% increase in operating revenues, combined with 6.5% decline in adjusted EBITDA expenses<sup>3</sup> drove a 26.4% growth in adjusted EBITDA.<sup>4</sup>
- Recurring subscription revenues up 8.6% excluding FX impact.
- ~740 bps increase in adjusted EBITDA margin to 47.9%; highest level since Q4'12; Operating margin of 40.6%, compared to 33.4%.
- Total Run Rate up 6.1%; subscription Run Rate up 7.8% excluding FX impact.
- 6.6% decline in diluted shares outstanding on strong repurchase activity.

## EXECUTING OUR STRATEGY

### Focus on Growth

- **Index:** Strong quarter for factors; investments delivering returns; AUM in ETFs linked to MSCI indexes rebound to \$427.0 bil\*, but remain below Q2 period-end of \$441.4 bil.
- **Analytics:** Operational, risk management and regulatory “use cases” driving client dialogue and sales focus with bank and asset management clients; improving profitability of the segment.
- **All Other:**
- Strong momentum in ESG ratings with sales to leading global asset managers; continuing to improve quality of governance model; demand for carbon products growing.
- Reorganized sales team for Real Estate; focus continues to be on driving higher profitability.

### Capital

- 7.9 mil shares repurchased in Q3'15 and through 10/14/15 for a total value of ~\$480 mil; \$850 mil repurchase authorization exhausted.
  - Board approves new \$1 bil repurchase authorization.
- \$936 mil of \$1 bil capital return commitment achieved (as of 10/14/15); \$1.2 bil in capital returned since 2012.

\* As of October 27, 2015

## Long-Term Shareholder Value Creation

<sup>1</sup> All comparisons versus Q3'14 unless otherwise stated.

<sup>2</sup> Adjusted EPS is defined as per share net income before income from discontinued operations, net of income taxes, the after-tax impact of the provision for amortization of intangible assets and gain on sale of investment. Please see page 33 for a reconciliation of adjusted EPS as a non-GAAP measure.

<sup>3</sup> Adjusted EBITDA expenses is defined as operating expenses, less depreciation and amortization. Please see page 34 for a reconciliation of adjusted EBITDA expenses as a non-GAAP measure.

<sup>4</sup> Adjusted EBITDA is defined as net income before income from discontinued operations, net of income taxes, provision for income taxes, other expense (income), net, and depreciation & amortization. Please see pages 32, 36, 37 and 38 for a reconciliation of adjusted EBITDA as a non-GAAP measure.

# SEGMENTS - LONG-TERM TARGETS

## Assumptions:

- Constant business portfolio.
- Stable market conditions.
- Does not factor in significant market fluctuation of assets under management in ETFs linked to MSCI indexes or other forms of passive products linked to MSCI indexes.

## Definitions of Target Annual Revenue Growth:

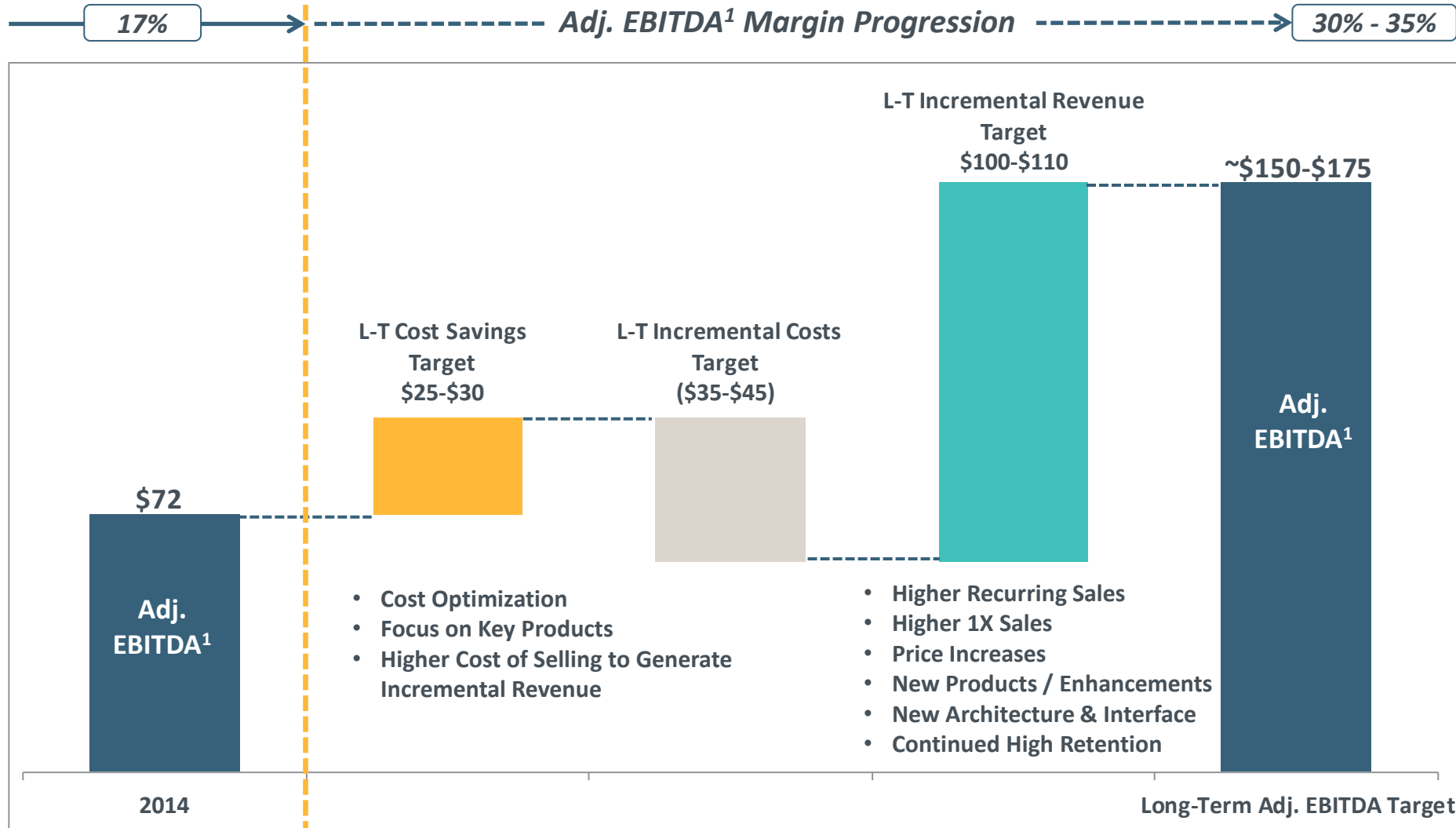
- “High” = Low Double-Digit Growth
- “Medium” = Upper Single-Digit Growth
- “Low” = Low to Mid Single-Digit Growth

Segment	% of Current Revenue (Q3'15)	Revenue Growth Target Current / Target	Adj. EBITDA Margin Target Range
Index	53%	High / High	68% - 72%
Analytics	40%	Low / Medium	30% - 35%
All Other	7%	Medium / High	15% - 20%
<b>MSCI</b>	<b>100%</b>	<b>Medium / High</b>	<b>~ 50%</b>

Reconciliations of adjusted EBITDA included in the long-term targets identified above are not included in this earnings presentation as we are unable to quantify certain amounts that would be required to be included in the corresponding GAAP measure without unreasonable efforts, and we believe such reconciliations would imply a degree of precision that would be confusing or misleading to investors. Additionally, the targets identified above are long-term targets and are not necessarily indicative of the results, actual or expected, or growth trajectory of any future quarter or year. MSCI assumes no obligation to publicly update or revise these long-term targets for any reason, whether as a result of new information, future events, or otherwise, except as required by law.

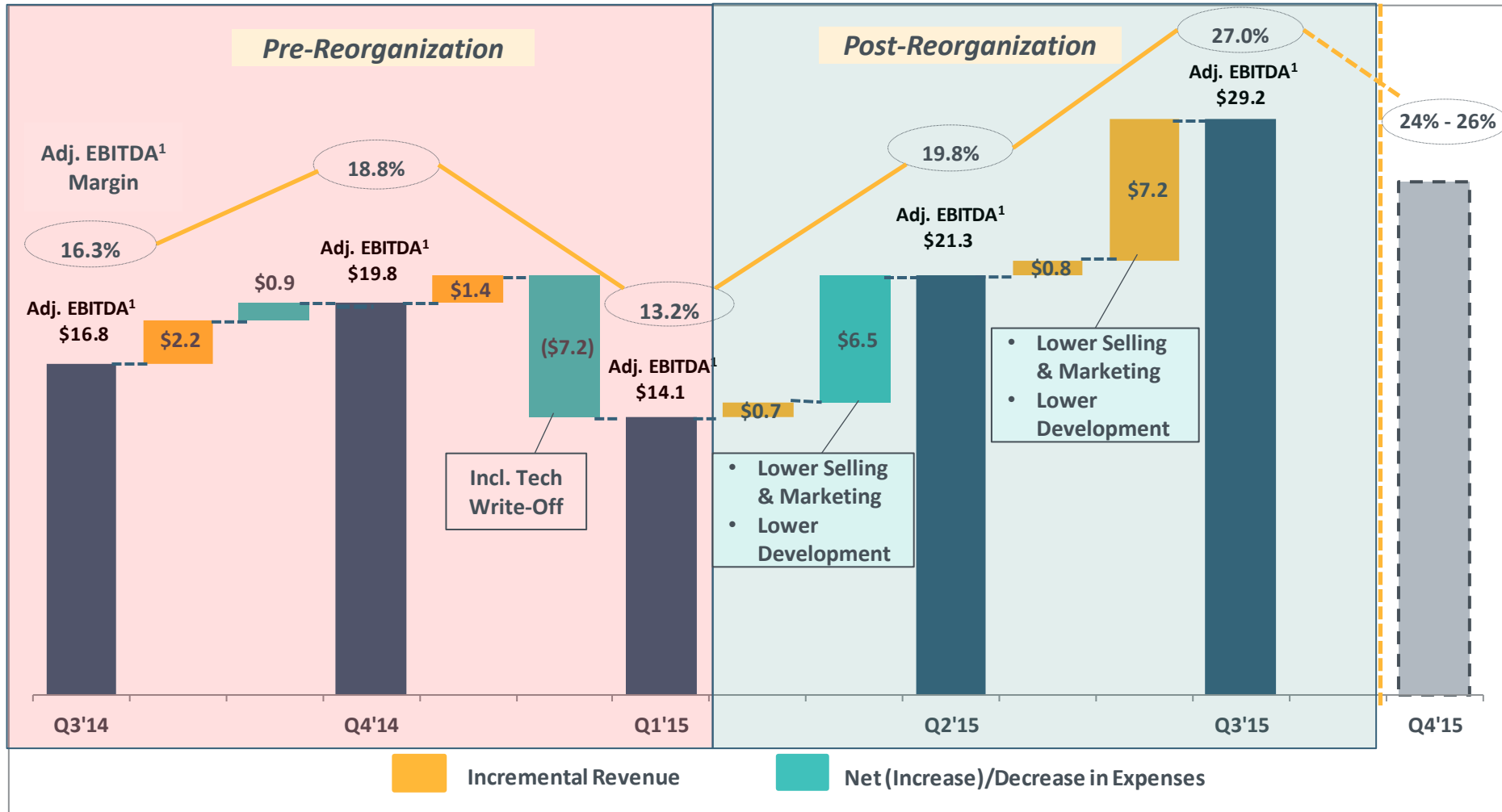
# THE ANALYTICS LONG-TERM TARGETS...

(US\$ in millions)



# ...WE ARE ALREADY SEEING PROGRESS IN ANALYTICS

(US\$ in millions)



# DRIVERS OF FUTURE GROWTH

## Index

### Key Trends Supportive of Growth:

- Global investing
- Indexing and ETFs
- Factor & thematic investing
- Multi-asset class investing
- Growth of multi-currency derivatives contracts

### Focus Areas

#### **Subscription**

- Leverage the trend towards globalization
- Extend offering into new client segments and expand growth in newer markets
- Meet demand for index customization

#### **ABF**

- Continue product innovation and new index product launches
- Leverage ACWI index family and globalization trend
- Establish leadership in factor, thematic indexes

#### **Factors and Thematic**

- Solidify a leadership position in the factor index space and growing thematic index market



## Analytics

### Key Trends Supportive of Growth:

- Investors seeking analysis of specialized investment products; clients looking to differentiate themselves
- Increasing complexity requiring enhancements to operations and risk management infrastructure
- Increasing bank and asset manager Regulation

### Focus Areas

#### **Research & Content**

- Continue the pace of innovation in analytical content
- Develop integrated analytics in response to increasing convergence of “risk” and “return”

#### **Architecture & Interface**

- New capabilities and integrated analytics
- Greater efficiency and improved client experience

#### **Managed Services**

- Capitalize on client trend to outsource operational functions (e.g., managing a complex daily risk system)

## All Other

### Key Trends Supportive of Growth:

- Growing demand for deeper ESG analytics on client portfolios, across asset classes
- Increasing integration of ESG factors into mainstream investment strategies
- Institutionalization of real estate as an asset class

### Focus Areas

#### **ESG:**

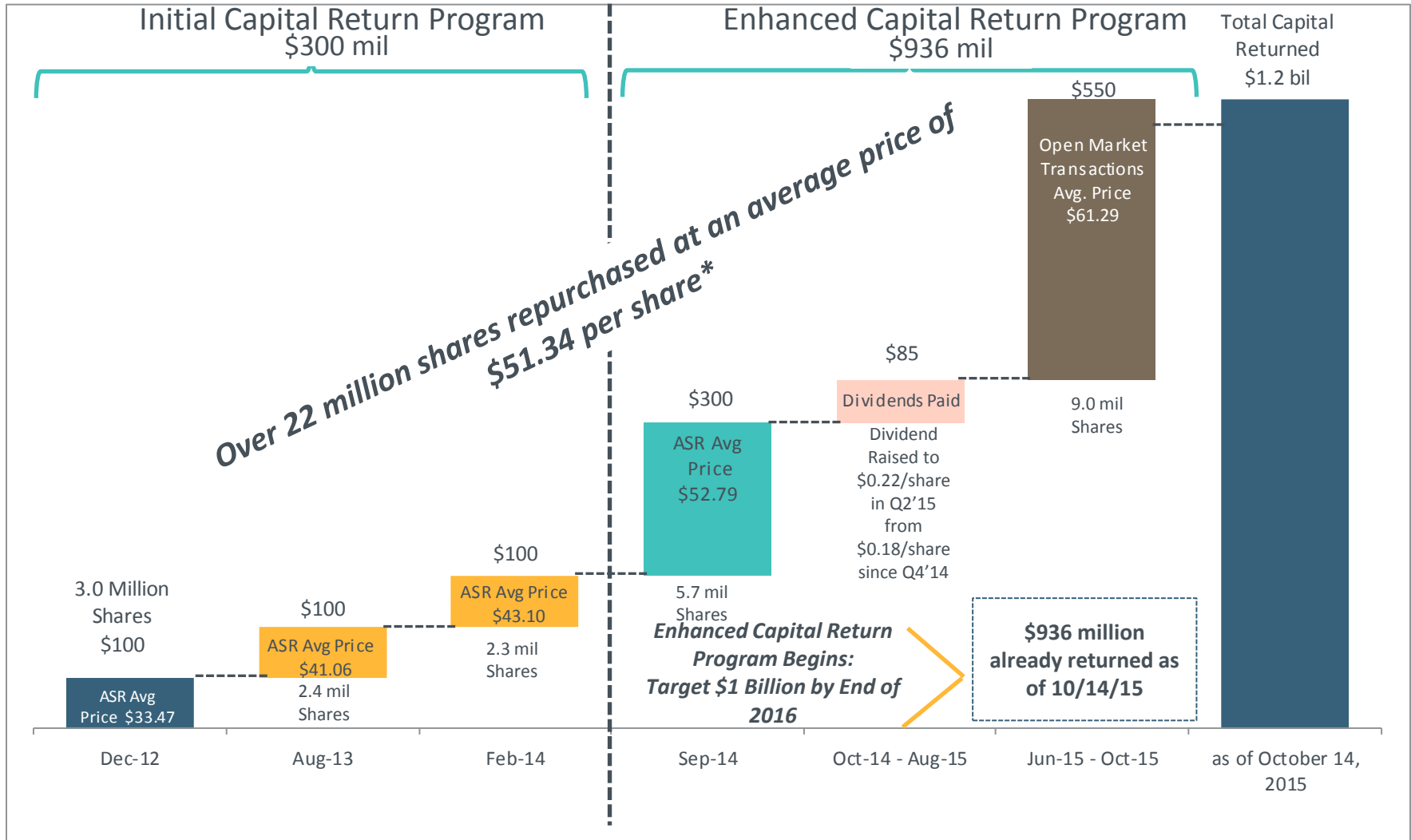
- Expand ratings coverage to full MSCI ACWI IMI
- Continue to scale the business
- Build out broad set of ESG metrics to meet client demand and for index development

#### **Real Estate:**

- Expand market coverage (US & Asia)
- Upgraded platform to improve the value proposition for clients and drive revenue growth
- Continue to automate client data workflow process

# STRONG TRACK RECORD OF RETURNING CAPITAL

(US\$ in millions, except ASR Average price and dividend per share)





# REVIEW OF FINANCIAL RESULTS

**Bob Qutub, CFO**

# Q3'15 AND YTD 2015 FINANCIAL RESULTS

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

SUMMARY RESULTS	Q3'15	Q3'14	Q3'15 vs. Q3'14	YTD 2015	YTD 2014	YTD 2015 vs. YTD 2014
			% Δ			% Δ
Operating Revenues	\$268.8	\$251.7	6.8%	\$802.1	\$745.6	7.6%
Operating Income	\$109.1	\$84.0	29.8%	\$296.4	\$252.1	17.6%
Operating Margin	40.6%	33.4%	720 bps	36.9%	33.8%	310 bps
Income from Cont. Ops. Before Taxes	\$99.0	\$80.0	23.8%	\$264.1	\$237.6	11.2%
Provision for Income Taxes	\$34.6	\$28.3	22.5%	\$94.1	\$81.9	14.8%
Tax Rate	35.0%	35.3%	36 bps	35.6%	34.5%	(114) bps
Net Income from Cont. Ops.	\$64.4	\$51.7	24.5%	\$170.0	\$155.7	9.2%
Diluted EPS from Cont. Ops.	\$0.59	\$0.44	34.1%	\$1.52	\$1.32	15.2%
Adj. EBITDA <sup>1</sup>	\$128.9	\$102.0	26.4%	\$354.8	\$304.4	16.5%
Adj. EBITDA Margin	47.9%	40.5%	740 bps	44.2%	40.8%	340 bps
Adj. Net Income <sup>2</sup>	\$65.7	\$59.2	11.0%	\$186.3	\$178.1	4.6%
Adj. EPS <sup>3</sup>	\$0.60	\$0.50	20.0%	\$1.66	\$1.51	9.9%
Weighted Average Diluted Shares Outstanding	109,440	117,163	(6.6%)	111,951	117,803	(5.0%)

<sup>1</sup> Adjusted EBITDA is defined as net income before income from discontinued operations, net of income taxes, provision for income taxes, other expense (income), net, and depreciation & amortization. Please see pages 36 and 37 for a reconciliation of adjusted EBITDA as a non-GAAP measure.

<sup>2</sup> Adjusted net income is defined as net income before income from discontinued operations, net of income taxes, the after-tax impact of the provision for amortization of intangible assets and the impact from the gain on sale of investment. Please see page 33 for a reconciliation of adjusted net income as a non-GAAP measure.

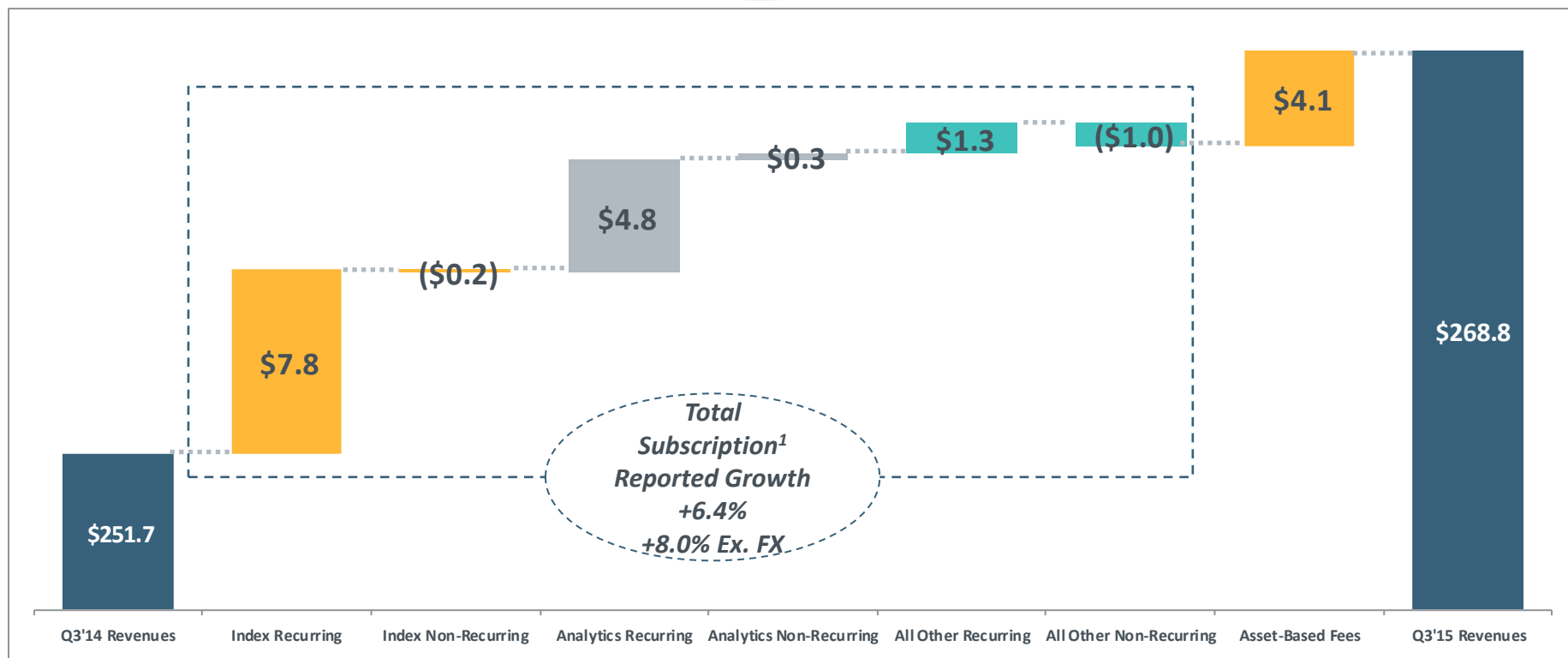
<sup>3</sup> Adjusted EPS is defined as per share net income before income from discontinued operations, net of income taxes, the after-tax impact of the provision for amortization of intangible assets and gain on sale of investment. Please see page 33 for a reconciliation of adjusted EPS as a non-GAAP measure.

# Q3'15 VS. Q3'14 REVENUE GROWTH BRIDGE

(US\$ in millions)

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

Segment	Index	Analytics	All Other	Asset Base Fees
Y-o-Y Reported	9.2%	4.9%	1.6%	8.7%
Ex. FX Impact	10.1%	6.6%	6.6%	N/A
Y-o-Y Reported	+6.8%			



# Q3'15 ADJUSTED EBITDA EXPENSES<sup>1</sup>

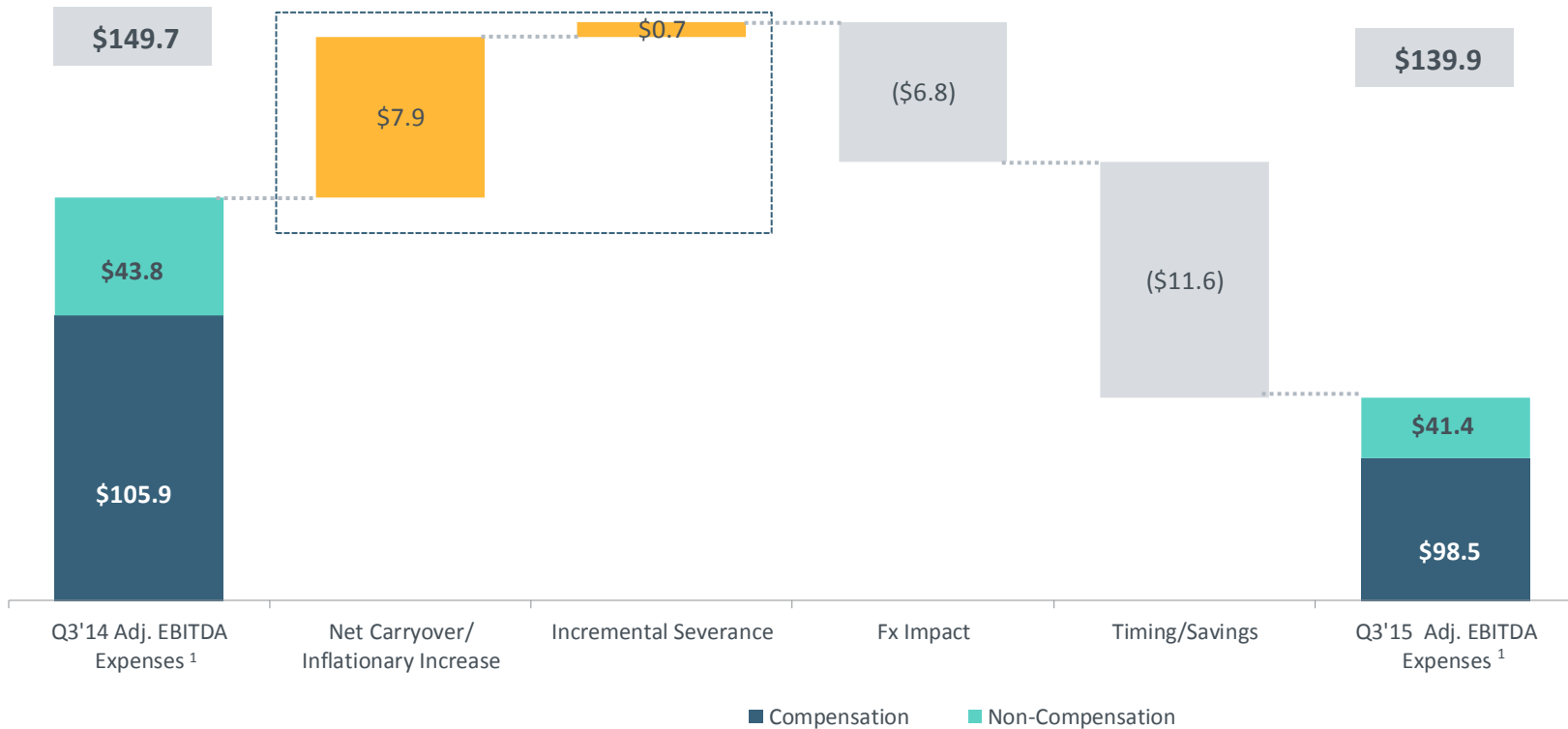
(US\$ in millions)

## Y-o-Y Change in Adjusted EBITDA Expenses<sup>1</sup>

**Y-o-Y Reported**  
**Ex. FX Impact**

(6.5%)

(2.0%)

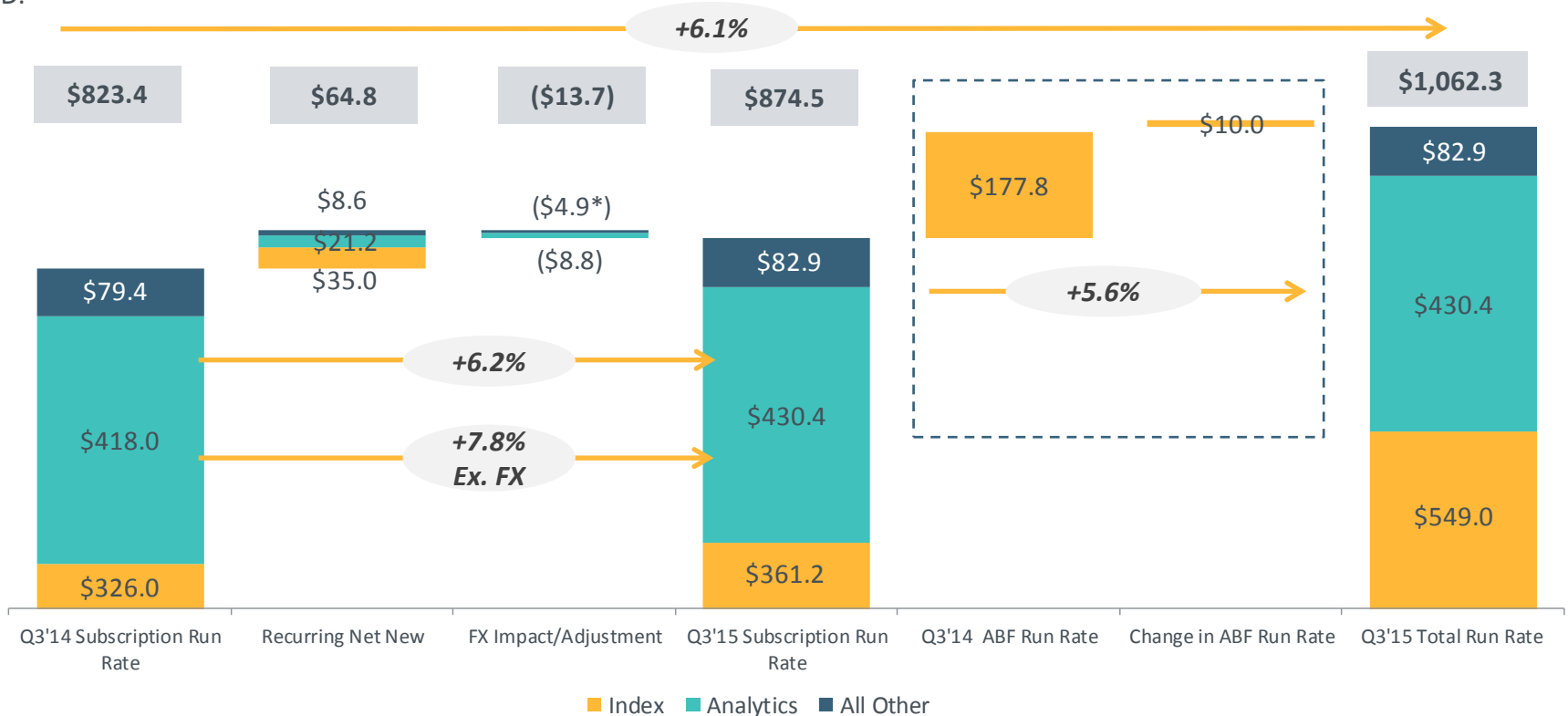


<sup>1</sup> Adjusted EBITDA expenses is defined as operating expenses, less depreciation and amortization. Please see page 34 for a reconciliation of adjusted EBITDA expenses as a non-GAAP measure.

# Q3'15 RUN RATE BRIDGE

(US\$ in millions)

- **6%** increase in Run Rate vs. Q3'14, **6%** increase in subscription Run Rate (8% ex FX) and **6%** increase in ABF Run Rate.
- **7%** decrease in recurring net new to \$15 mil vs. \$16 mil in Q3'14 mainly due to lower Analytics and Real Estate sales; aggregate retention rate of 94.8%.
- **\$14 mil** FX negative impact / adjustments on subscription Run Rate.
- **Approximately two-thirds of ABF AUM** tied to securities denominated in currencies other than USD which have weakened relative to the USD.

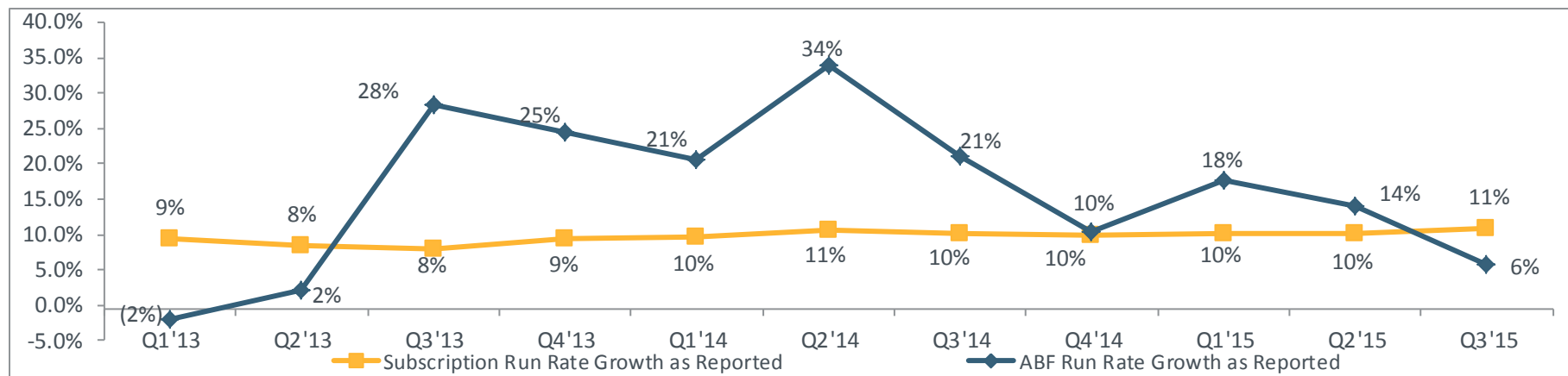


# INDEX SEGMENT

(US\$ in millions)

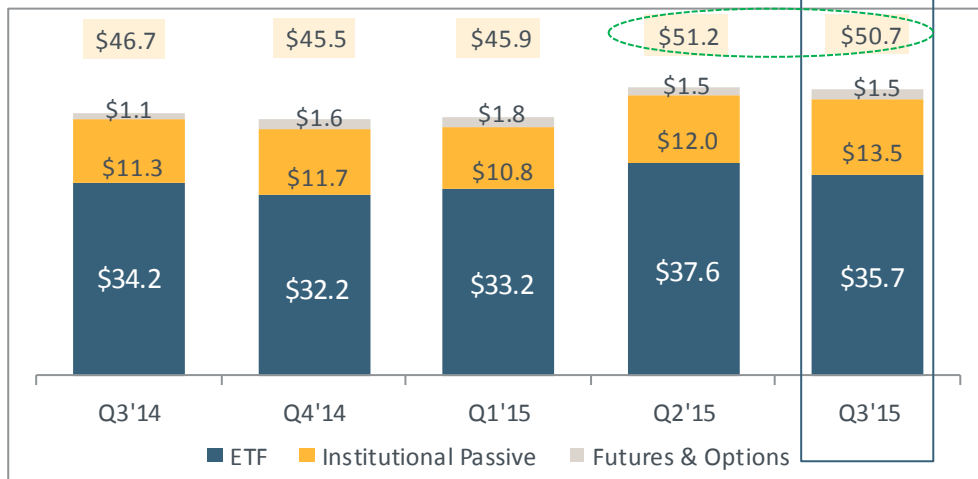
Index Results	Q3'15 VS Q3'14			YTD		
	Q3'15	Q3'14	% Δ	2015	2014	% Δ
Total Operating Revenues	\$141.6	\$129.9	9.0%	\$415.3	\$374.4	10.9%
% of Total Revenue	52.7%	51.6%	110 Bps	51.8%	50.2%	160 Bps
Recurring Subscription	\$89.1	\$81.3	9.6%	\$261.7	\$237.6	10.2%
Asset-based fees	\$50.7	\$46.7	8.7%	\$147.8	\$131.7	12.2%
Non-Recurring	\$1.7	\$1.9	-8.5%	\$5.8	\$5.2	10.7%
Adjusted EBITDA <sup>1</sup>	\$102.9	\$91.0	13.1%	\$294.0	\$259.3	13.4%
Adjusted EBITDA Margin	72.7%	70.1%	260 Bps	70.8%	69.2%	155 Bps

## Y-o-Y Quarterly Run Rate Trend

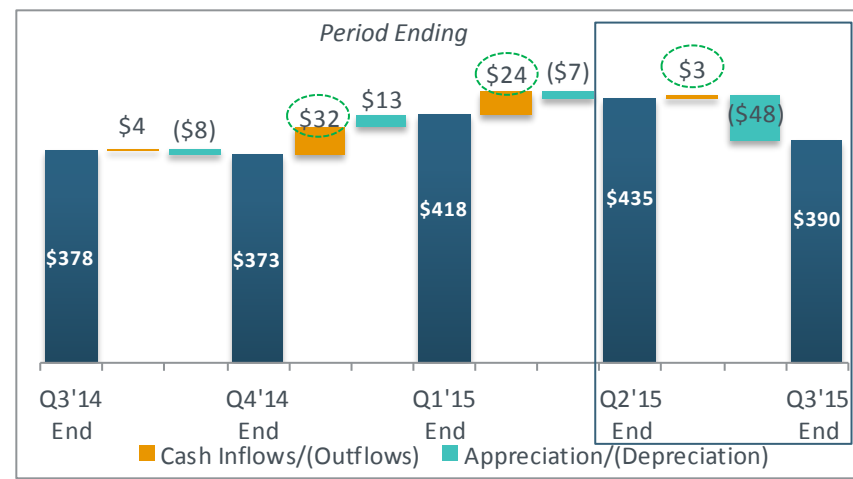


# INDEX SEGMENT - ASSET-BASED FEE DETAIL

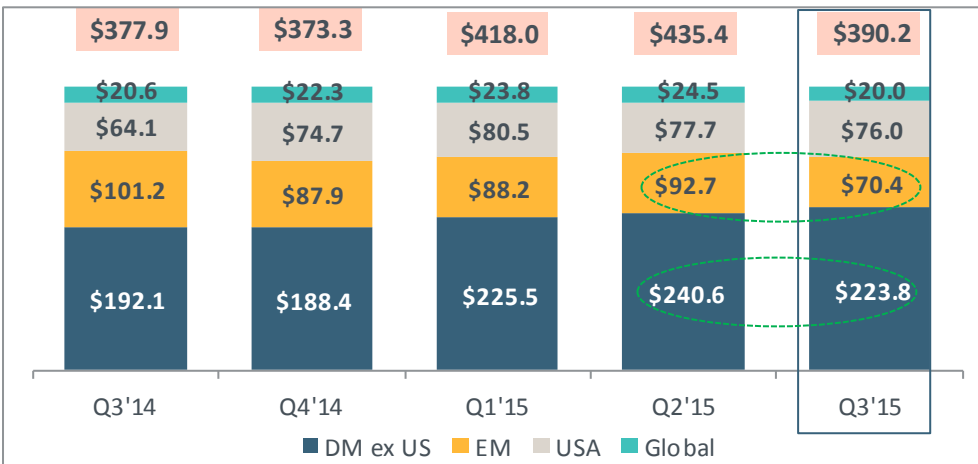
Quarterly Asset-Based Fee Revenue Trend (US\$ mil)



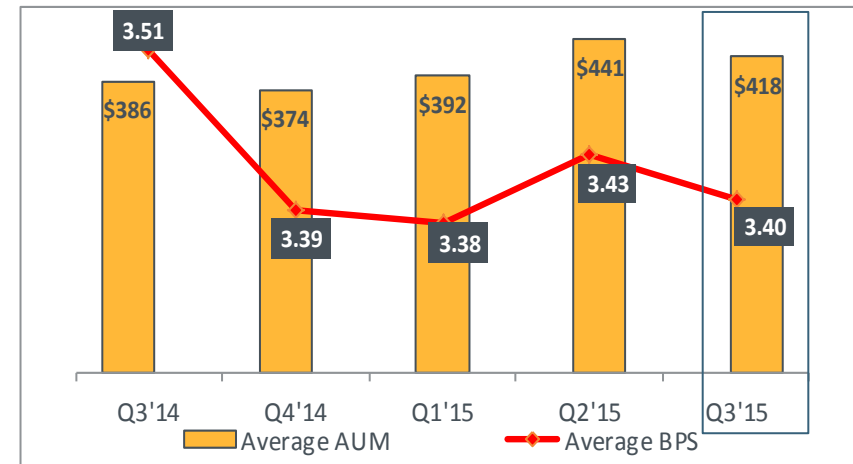
Quarterly AUM & Market Movement of MSCI-Linked ETFs (US \$bil)



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



Quarterly Avg. AUM and Avg. BPS<sup>1</sup> of MSCI-Linked ETFs (US\$ bil)



<sup>1</sup> Bps based on period-end Run Rate

# A LEADING INDEX PROVIDER TO ETF MARKET

*ETFs linked to MSCI indexes ranked #1 globally YTD Q3'15:*

MSCI



**#1**

in net new assets gathered

**#1**

in net new assets linked to currency-hedged indexes

**#1**

in net new assets linked to factors

**#1**

in total number of equity ETFs

*Data from Bloomberg as of September 30, 2015*

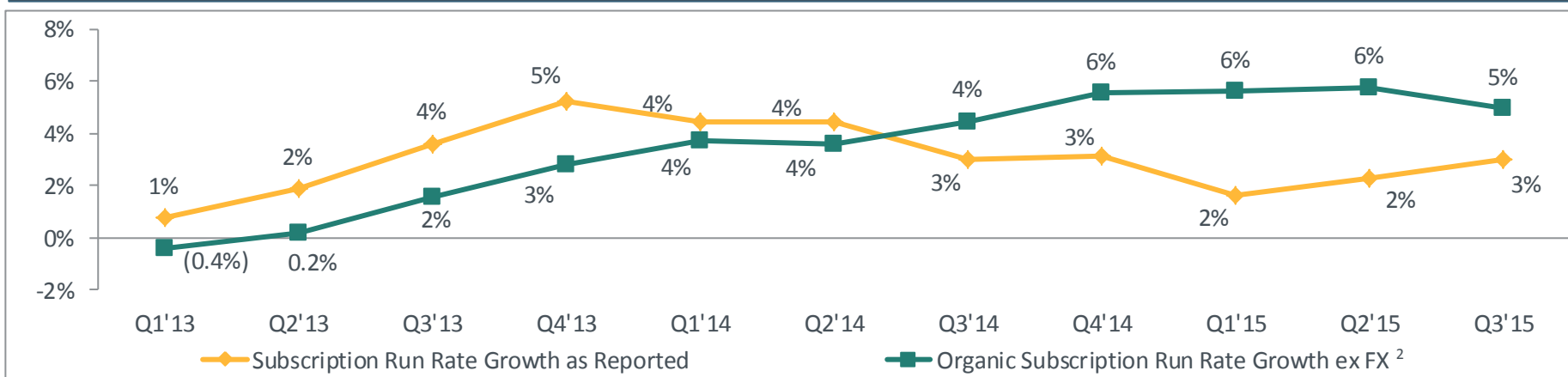


# ANALYTICS SEGMENT

(US\$ in millions)

Analytics Results	Q3'15 VS Q3'14			YTD		
	Q3'15	Q3'14	% Δ	2015	2014	% Δ
Total Operating Revenues	\$108.3	\$103.2	4.9%	\$322.8	\$308.7	4.6%
% of Total Revenue	40.3%	41.0%	(70) Bps	40.2%	41.4%	(120) Bps
Recurring Subscription	\$107.1	\$102.2	4.7%	\$318.9	\$305.7	4.3%
Non-Recurring	\$1.3	\$1.0	26.3%	\$3.9	\$3.0	31.3%
Adjusted EBITDA <sup>1</sup>	\$29.2	\$16.8	74.0%	\$64.6	\$52.3	23.3%
Adjusted EBITDA Margin	27.0%	16.3%	1,070 Bps	20.0%	17.0%	300 Bps

## Y-o-Y Quarterly Subscription Run Rate Trend



<sup>1</sup> Adjusted EBITDA is defined as net income before income from discontinued operations, net of income taxes, provision for income taxes, other expense (income), net, and depreciation & amortization.

<sup>2</sup> 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.

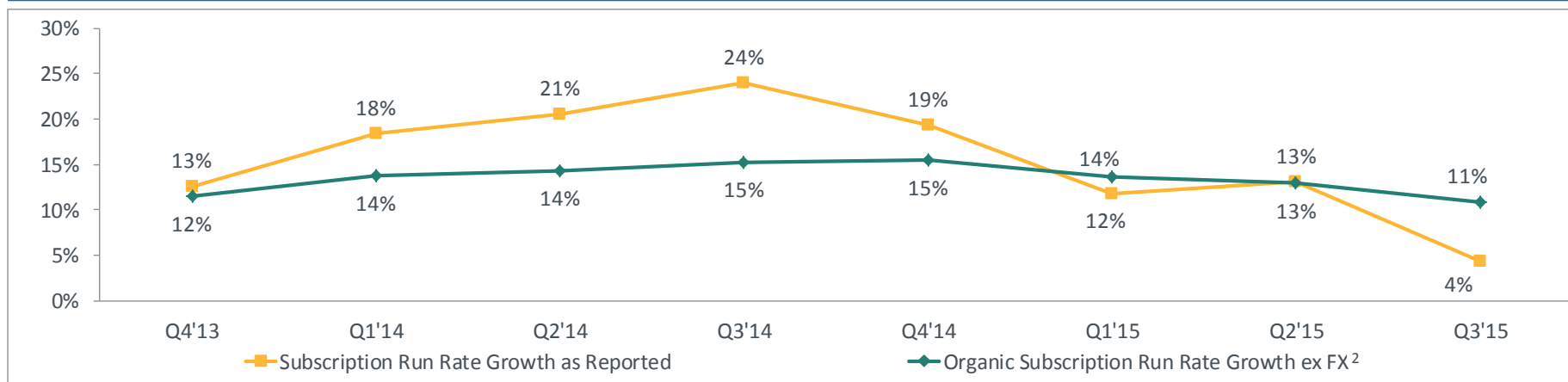
Please see page 40 for additional information.

# ALL OTHER SEGMENT

(US\$ in millions)

All Other Results	Q3'15 VS Q3'14			YTD		
	Q3'15	Q3'14	% Δ	2015	2014	% Δ
Total Operating Revenues	\$ 18.9	\$ 18.5	1.6%	\$ 64.1	\$ 62.5	2.6%
% of Total Revenue	7.0%	7.4%	(40) Bps	8.0%	8.4%	(40) Bps
Recurring Subscription	\$ 17.6	\$ 16.3	8.0%	\$ 61.0	\$ 56.8	7.4%
Non-Recurring	\$ 1.3	\$ 2.3	-43.6%	\$ 3.1	\$ 5.7	-45.7%
Adjusted EBITDA <sup>1</sup>	\$ (3.3)	\$ (5.9)	-44.1%	\$ (3.8)	\$ (7.2)	-47.5%
Adjusted EBITDA Margin	(17.4%)	(31.6%)	1,420 Bps	(5.9%)	(11.5%)	560 Bps

## Y-o-Y Quarterly Subscription Run Rate Trend



<sup>1</sup> Adjusted EBITDA is defined as net income before income from discontinued operations, net of income taxes, provision for income taxes, other expense (income), net, and depreciation & amortization.

<sup>2</sup> 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 40 for additional information.

# STRONG BALANCE SHEET AND LIQUIDITY

(US\$ in millions)

## Key Balance Sheet Indicators as of 9/30/2015

<b>Cash &amp; Cash Equivalents</b>		<b>\$993.5</b>
Cash & Cash Equivalents in US	\$891.7	
Cash & Cash Equivalents held outside of the US	\$101.8	
<b>Total Debt<sup>1</sup></b>		<b>\$1,600.0</b>
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	
<b>Net Debt</b>		<b>\$606.5</b>
<b>Total Debt / Adj. EBITDA<sup>2</sup></b>		<b>3.5x</b>
<b>Net Debt / Adj. EBITDA<sup>2</sup></b>		<b>1.3x</b>
<b>Credit Ratings (S&amp;P / Moody's)<sup>*</sup></b>		<b>BB+ / Ba2</b>

*\*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.*

- Total of 7.9 mil shares repurchased in Q3'15 and through October 14, 2015 for total value of ~\$480 mil exhausting \$850 mil repurchase authorization.
- New \$1 bil share repurchase authorization approved by the Board.
- YTD 2015 capex<sup>3</sup> of \$30.6 mil vs. \$42.2 mil in YTD 2014.
- YTD 2015 free cash flow<sup>4</sup> of \$194.1 million, up from \$159.4 mil YTD 2014.
- Board approves 4Q dividend of \$0.22 / per share payable on November 30, 2015.

<sup>1</sup> Excludes deferred financing fees of \$21.2 million as of September 30, 2015.

<sup>2</sup> Adjusted EBITDA is defined as net income before income from discontinued operations, net of income taxes, provision for income taxes, other expense (income), net, and depreciation & amortization.

Please see pages 32, 36, 37 and 38 for a reconciliation of adjusted EBITDA as a non-GAAP measure. Total debt & net debt to adj. EBITDA is calculated based upon trailing twelve months adjusted EBITDA.

<sup>3</sup> Capex is defined as capital expenditures plus capitalized software development costs.

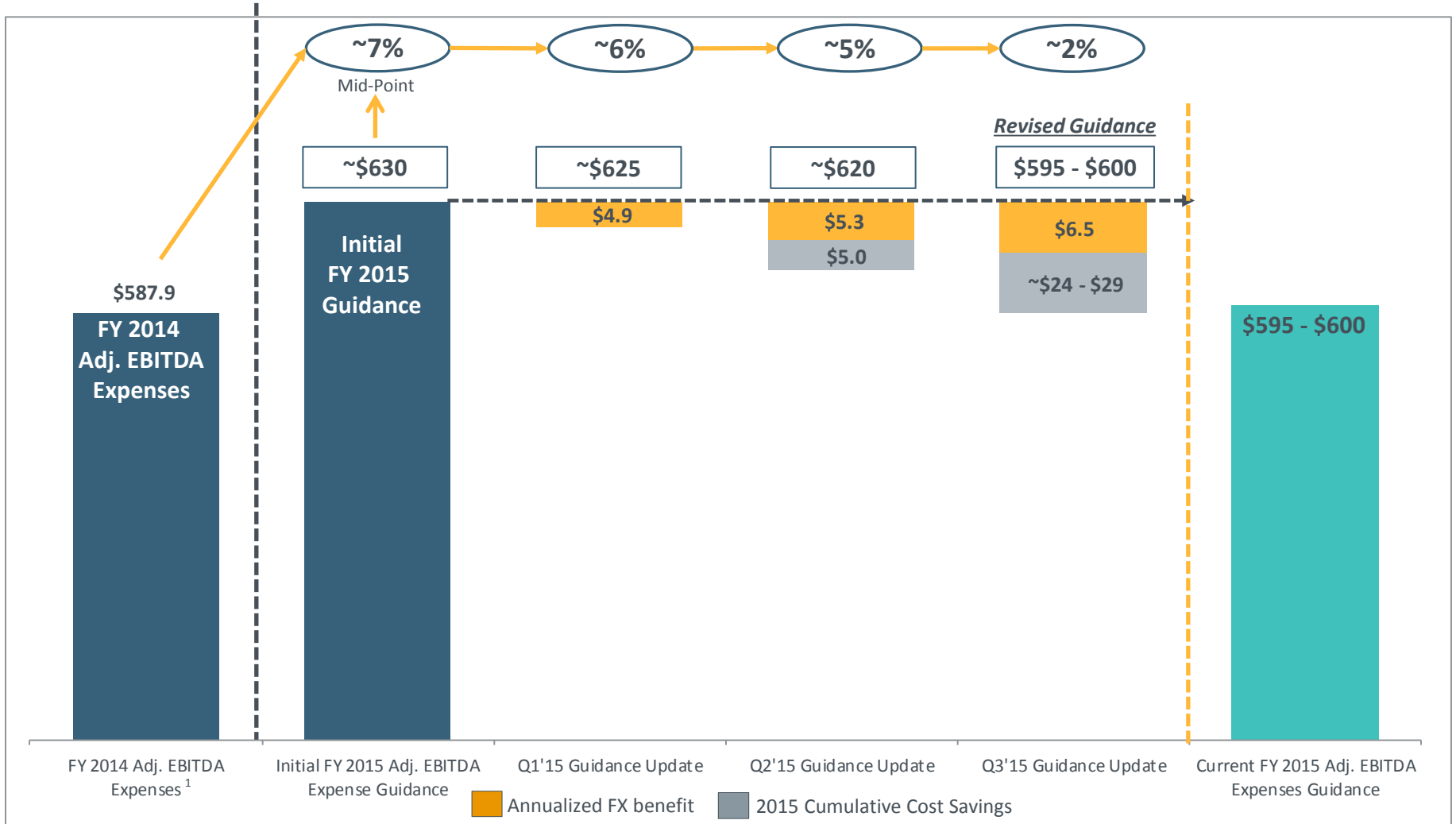
<sup>4</sup> Free cash flow is defined as net cash provided by operating activities less capex. Please see page 35 for a reconciliation of free cash flow as a non-GAAP measure.



# FY 2015 ADJ. EBITDA EXPENSE<sup>1</sup> GUIDANCE PROGRESSION

(US\$ in millions)

## YoY Cost Growth Based on FY 2015 Guidance Δ



# UPDATED FY 2015 GUIDANCE

## Previous Guidance

- Projected adjusted EBITDA expenses<sup>1</sup> expected at the low-end of \$620 mil to \$640 mil range.
- Interest expense of approximately \$45 mil.<sup>2</sup>
- Free cash flow<sup>3</sup> expected to be \$245 mil - \$275 mil.
- Capex<sup>4</sup> expected to be \$45 mil - \$55 mil.
- Tax rate projected to be 35% - 36%.

## Q3'15 Update

- Projected FY 2015 adjusted EBITDA expenses<sup>1</sup> now expected to be in the range of \$595 mil to \$600 mil.
- Interest expense now expected to be approximately \$63 mil, reflecting the impact of \$800 mil private offering of 5.75% senior notes due 2025 issued in August 2015.<sup>2</sup>
- Free cash flow<sup>3</sup> now expected to be \$255 mil - \$270 mil.
- Capex<sup>4</sup> is expected to be \$45 mil - \$50 mil.
- Tax rate projected to be 35% - 36%.

<sup>1</sup> Adjusted EBITDA expenses is defined as operating expenses, less depreciation and amortization. Please see page 34 for a reconciliation of adjusted EBITDA expenses as a non-GAAP measure.

<sup>2</sup> Assumes no draw on revolver and no adjustment to the applicable rate thereunder.

<sup>3</sup> Free cash flow defined as net cash provided by operating activities less capex. Please see page 35 for a reconciliation of free cash flow as a non-GAAP measure.

<sup>4</sup> Capex is defined as capital expenditures plus capitalized software development costs.

# SUPPLEMENTAL DISCLOSURES

## Appendix

# SEGMENT REPORTING METHODOLOGY

- **Revenues and costs that are directly attributable to a segment are included without allocation estimation.**
- **Indirect or shared costs are allocated based on best method that approximates usage.**
  - Time estimate, headcount, sales targets, market data usage, data center consumption, revenues, among others.
- **Segments operate as collaborative enterprises** that collectively share all of the intellectual property of MSCI.
- **Segments are fully loaded** – no amounts are unallocated.
- **No intersegment revenue or expenses exist** that need to be eliminated and disclosed.

# DEFINITIONS FOR UNDERLYING COST DRIVERS

## **Cost of Revenues**

Cost of revenues consists of costs related to the production and servicing of our products and services and primarily include information technology costs associated with the production and delivery of our products and services, including data center, platform and infrastructure costs; costs to acquire, produce and maintain market data information; costs of research to support, maintain and rebalance existing products; costs of product management teams; costs of client service and consultant teams to support customer needs; as well as other support costs directly attributable to the cost of revenues including certain human resources, finance and legal costs.

## **Selling and Marketing**

Selling and marketing expenses consists of costs associated with acquiring new clients or selling new products or product renewals to existing clients and primarily includes the costs of our sales force and marketing teams as well as costs incurred in other groups associated with acquiring new business, including product management, research, technology and sales operations.

## **Research and Development**

Research and development expenses consists of the costs to develop new or enhance existing products and the costs to develop new or improved technology and service platforms for the delivery of our products and services and primarily include the costs of application development, research, product management, project management and the technology support associated with these efforts.

## **General and Administrative**

General and administrative expenses consists of costs that are not directly attributed to, but are instead allocated to, a product or service and primarily includes finance operations, human resources, office of the CEO, legal, corporate technology, corporate development and certain other administrative costs.



# HISTORICAL OPERATING RESULTS - INDEX SEGMENT

(US\$ in millions)

INDEX	Q1'13	Q2'13	Q3'13	Q4'13	FY'13	Q1'14	Q2'14	Q3'14	Q4'14	FY'14	Q1'15	Q2'15	Q3'15	YTD'15
<b>Operating Revenues</b>														
Recurring subscription	\$70.3	\$71.3	\$74.6	\$76.0	\$292.2	\$76.9	\$79.4	\$81.3	\$82.5	\$320.1	\$85.1	\$87.5	\$89.1	\$261.7
Asset-Based Fees	\$36.5	\$37.0	\$36.8	\$39.2	\$149.5	\$40.9	\$44.1	\$46.7	\$45.5	\$177.1	\$45.9	\$51.2	\$50.7	\$147.8
Non-Recurring	\$1.6	\$1.6	\$1.4	\$2.1	\$6.7	\$1.3	\$2.0	\$1.9	\$1.5	\$6.7	\$2.6	\$1.4	\$1.7	\$5.8
<b>Total Revenue</b>	<b>\$108.4</b>	<b>\$109.9</b>	<b>\$112.8</b>	<b>\$117.3</b>	<b>\$448.4</b>	<b>\$119.1</b>	<b>\$125.5</b>	<b>\$129.9</b>	<b>\$129.5</b>	<b>\$503.9</b>	<b>\$133.6</b>	<b>\$140.1</b>	<b>\$141.6</b>	<b>\$415.3</b>
<i>% of MSCI Revenue</i>	49.4%	48.1%	49.4%	49.5%	49.1%	49.7%	49.3%	51.6%	51.6%	50.6%	50.8%	51.8%	52.7%	51.8%
<b>Adjusted EBITDA<sup>1</sup></b>	\$78.1	\$80.4	\$80.6	\$84.5	\$323.6	\$82.1	\$86.2	\$91.0	\$90.4	\$349.7	\$93.1	\$98.0	\$102.9	\$294.0
<b>Adjusted EBITDA Margin</b>	<b>72.0%</b>	<b>73.2%</b>	<b>71.4%</b>	<b>72.0%</b>	<b>72.2%</b>	<b>68.9%</b>	<b>68.7%</b>	<b>70.1%</b>	<b>69.8%</b>	<b>69.4%</b>	<b>69.7%</b>	<b>69.9%</b>	<b>72.7%</b>	<b>70.8%</b>

<sup>1</sup> Adjusted EBITDA is defined as net income before income from discontinued operations, net of income taxes, provision for income taxes, other expense (income), net, and depreciation & amortization.

# HISTORICAL OPERATING RESULTS - ANALYTICS SEGMENT

(US\$ in millions)

ANALYTICS Operating Revenues	Q1'13	Q2'13	Q3'13	Q4'13	FY'13	Q1'14	Q2'14	Q3'14	Q4'14	FY'14	Q1'15	Q2'15	Q3'15	YTD'15
Recurring subscription	\$96.9	\$95.3	\$98.4	\$103.1	\$393.7	\$100.5	\$103.0	\$102.2	\$104.1	\$409.8	\$105.4	\$106.4	\$107.1	\$318.9
RMA	\$69.5	\$69.3	\$72.3	\$77.6	\$288.7	\$74.7	\$76.7	\$76.0	\$78.1	\$305.5	\$79.2	\$79.7	\$80.0	\$238.9
PMA	\$27.4	\$26.0	\$26.1	\$25.5	\$104.9	\$25.8	\$26.3	\$26.2	\$25.9	\$104.3	\$26.3	\$26.6	\$27.1	\$80.0
Non-Recurring	\$1.1	\$1.0	\$0.6	\$0.8	\$3.5	\$1.0	\$1.0	\$1.0	\$1.4	\$4.3	\$1.4	\$1.2	\$1.3	\$3.9
RMA	\$0.9	\$0.9	\$0.5	\$0.8	\$3.0	\$0.9	\$0.9	\$1.0	\$1.3	\$4.2	\$1.3	\$1.2	\$1.2	\$3.8
PMA	\$0.2	\$0.1	\$0.1	\$0.0	\$0.5	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$0.0	\$0.0	\$0.1
<b>Total Revenue</b>	<b>\$98.1</b>	<b>\$96.3</b>	<b>\$99.0</b>	<b>\$103.9</b>	<b>\$397.2</b>	<b>\$101.4</b>	<b>\$104.0</b>	<b>\$103.2</b>	<b>\$105.4</b>	<b>\$414.1</b>	<b>\$106.8</b>	<b>\$107.6</b>	<b>\$108.3</b>	<b>\$322.8</b>
<i>% of MSCI Revenue</i>	44.7%	42.1%	43.3%	43.9%	43.5%	42.3%	40.9%	41.0%	42.0%	41.5%	40.7%	39.8%	40.3%	40.2%
<b>Adjusted EBITDA<sup>1</sup></b>	\$26.8	\$23.3	\$23.1	\$24.6	\$97.8	\$17.8	\$17.7	\$16.8	\$19.8	\$72.2	\$14.1	\$21.3	\$29.2	\$64.6
<b>Adjusted EBITDA Margin</b>	<b>27.3%</b>	<b>24.2%</b>	<b>23.4%</b>	<b>23.7%</b>	<b>24.6%</b>	<b>17.6%</b>	<b>17.0%</b>	<b>16.3%</b>	<b>18.8%</b>	<b>17.4%</b>	<b>13.2%</b>	<b>19.8%</b>	<b>27.0%</b>	<b>20.0%</b>

<sup>1</sup> Adjusted EBITDA is defined as net income before income from discontinued operations, net of income taxes, provision for income taxes, other expense (income), net, and depreciation & amortization.

# HISTORICAL OPERATING RESULTS - ALL OTHER SEGMENT

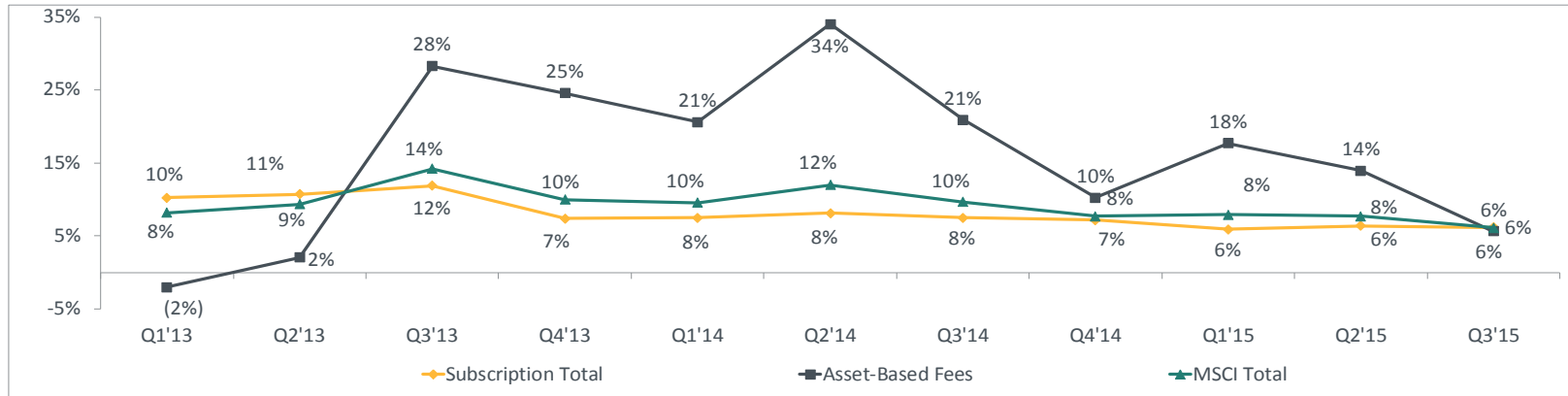
(US\$ in millions)

ALL OTHER Operating Revenues	Q1'13	Q2'13	Q3'13	Q4'13	FY'13	Q1'14	Q2'14	Q3'14	Q4'14	FY'14	Q1'15	Q2'15	Q3'15	YTD'15
Recurring subscription	\$12.5	\$19.7	\$16.2	\$14.3	\$62.7	\$17.6	\$22.9	\$16.3	\$14.5	\$71.3	\$21.8	\$21.7	\$17.6	\$61.0
ESG	\$4.9	\$5.1	\$5.3	\$5.7	\$21.0	\$5.8	\$6.1	\$7.4	\$8.5	\$27.9	\$8.8	\$9.1	\$9.5	\$27.4
Real Estate	\$7.6	\$14.6	\$10.9	\$8.6	\$41.7	\$11.8	\$16.8	\$8.9	\$6.0	\$43.4	\$13.0	\$12.6	\$8.1	\$33.6
Non-Recurring	\$0.6	\$2.5	\$0.6	\$1.4	\$5.1	\$1.5	\$1.9	\$2.3	\$1.7	\$7.4	\$0.6	\$1.2	\$1.3	\$3.1
ESG	\$0.2	\$0.1	\$0.1	\$0.0	\$0.3	\$0.1	\$0.1	\$0.1	\$0.1	\$0.4	\$0.1	\$0.1	\$0.2	\$0.3
Real Estate	\$0.4	\$2.4	\$0.6	\$1.3	\$4.7	\$1.4	\$1.8	\$2.1	\$1.6	\$7.0	\$0.5	\$1.1	\$1.1	\$2.8
<b>Total Revenue</b>	<b>\$13.0</b>	<b>\$22.2</b>	<b>\$16.8</b>	<b>\$15.7</b>	<b>\$67.7</b>	<b>\$19.1</b>	<b>\$24.8</b>	<b>\$18.5</b>	<b>\$16.2</b>	<b>\$78.7</b>	<b>\$22.4</b>	<b>\$22.9</b>	<b>\$18.9</b>	<b>\$64.1</b>
<i>% of MSCI Revenue</i>	5.9%	9.7%	7.3%	6.6%	7.4%	8.0%	9.8%	7.4%	6.5%	7.9%	8.5%	8.5%	7.0%	8.0%
<b>Adjusted EBITDA<sup>1</sup></b>	(\$6.2)	\$1.8	(\$3.2)	(\$8.6)	(\$16.2)	(\$3.3)	\$2.0	(\$5.9)	(\$5.9)	(\$13.1)	\$0.5	(\$1.0)	(\$3.3)	(\$3.8)
<b>Adjusted EBITDA Margin</b>	<b>(47.3%)</b>	<b>8.0%</b>	<b>(19.0%)</b>	<b>(54.9%)</b>	<b>(23.9%)</b>	<b>(17.4%)</b>	<b>8.1%</b>	<b>(31.6%)</b>	<b>(36.5%)</b>	<b>(16.7%)</b>	<b>2.3%</b>	<b>(4.4%)</b>	<b>(17.4%)</b>	<b>(5.9%)</b>

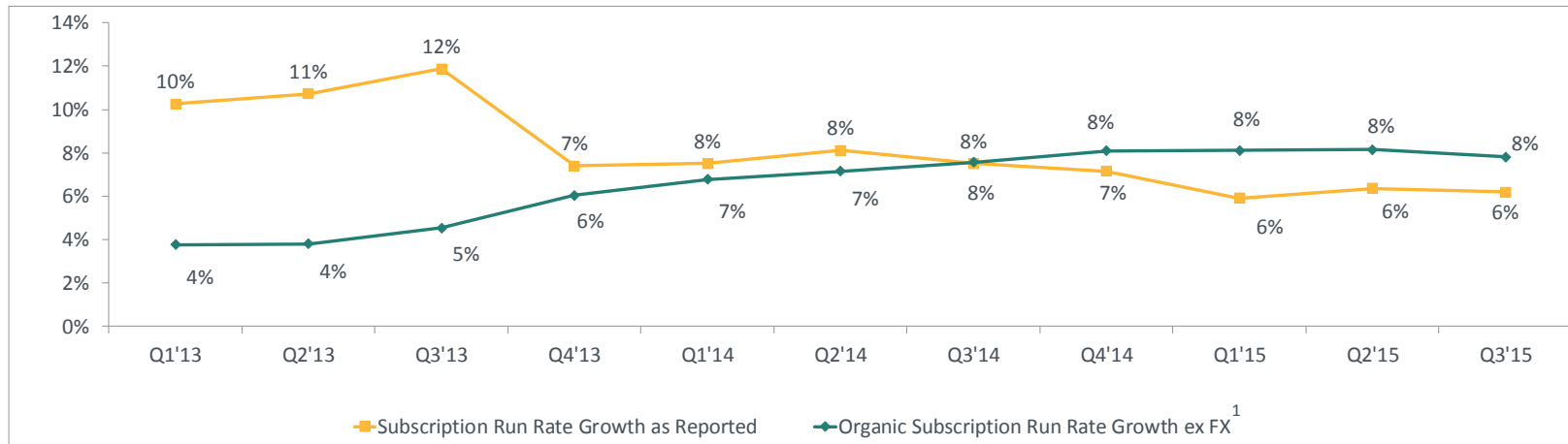
<sup>1</sup> Adjusted EBITDA is defined as net income before income from discontinued operations, net of income taxes, provision for income taxes, other expense (income), net, and depreciation & amortization.

# Q1'13 – Q3'15 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



# RUN RATE DETAIL

(US\$ in millions)

Run Rate	Q1'13	Q2'13	Q3'13	Q4'13	FY'13	Q1'14	Q2'14	Q3'14	Q4'14	FY'14	Q1'15	Q2'15	Q3'15
<b>Index</b>	\$285.2	\$289.9	\$296.0	\$305.1	\$305.1	\$312.5	\$320.4	\$326.0	\$335.3	\$335.3	\$344.5	\$353.0	\$361.2
<b>Analytics</b>	\$393.6	\$398.3	\$405.9	\$405.1	\$405.1	\$411.0	\$416.1	\$418.0	\$417.7	\$417.7	\$417.6	\$425.4	\$430.4
Risk Management Analytics	\$287.6	\$293.8	\$300.9	\$302.0	\$302.0	\$307.5	\$309.6	\$311.0	\$310.3	\$310.3	\$309.3	\$315.9	\$319.6
Portfolio Management Analytics	\$106.1	\$104.5	\$104.9	\$103.1	\$103.1	\$103.5	\$106.5	\$107.0	\$107.3	\$107.3	\$108.4	\$109.5	\$110.7
<b>Other</b>	\$59.0	\$60.9	\$64.1	\$66.4	\$66.4	\$69.9	\$73.5	\$79.4	\$79.2	\$79.2	\$78.1	\$83.1	\$82.9
ESG	\$19.9	\$20.6	\$21.8	\$22.9	\$22.9	\$24.3	\$25.2	\$33.5	\$34.5	\$34.5	\$35.3	\$37.2	\$38.8
Real Estate	\$39.1	\$40.3	\$42.2	\$43.5	\$43.5	\$45.6	\$48.2	\$45.9	\$44.7	\$44.7	\$42.8	\$45.9	\$44.0
<b>Total Subscription Run Rate</b>	\$737.9	\$749.2	\$765.9	\$776.6	\$776.6	\$793.4	\$810.0	\$823.4	\$832.2	\$832.2	\$840.2	\$861.5	\$874.5
<b>Asset-Based Fees</b>	\$134.2	\$131.7	\$147.0	\$158.3	\$158.3	\$161.9	\$176.6	\$177.8	\$174.6	\$174.6	\$190.6	\$201.2	\$187.8
<b>Total</b>	\$872.1	\$880.9	\$912.9	\$934.9	\$934.9	\$955.3	\$986.5	\$1,001.2	\$1,006.7	\$1,006.7	\$1,030.8	\$1,062.8	\$1,062.3

Run Rate Ex Fx <sup>1</sup>	Q1'13	Q2'13	Q3'13	Q4'13	FY'13	Q1'14	Q2'14	Q3'14	Q4'14	FY'14	Q1'15	Q2'15	Q3'15
<b>Index</b>	\$285.3	\$289.9	\$296.0	\$305.2	\$305.2	\$312.5	\$320.4	\$326.0	\$335.3	\$335.3	\$344.5	\$353.0	\$361.2
<b>Analytics</b>	\$398.6	\$401.8	\$408.0	\$406.3	\$406.3	\$408.2	\$412.7	\$424.0	\$427.5	\$427.5	\$433.9	\$440.0	\$438.6
Risk Management Analytics	\$290.3	\$293.9	\$299.7	\$300.7	\$300.7	\$304.0	\$306.4	\$315.4	\$318.2	\$318.2	\$323.0	\$327.7	\$326.5
Portfolio Management Analytics	\$108.3	\$107.8	\$108.3	\$105.6	\$105.6	\$104.2	\$106.3	\$108.5	\$109.3	\$109.3	\$110.9	\$112.4	\$112.2
<b>Other</b>	\$60.9	\$63.1	\$64.0	\$65.7	\$65.7	\$67.2	\$69.7	\$81.4	\$84.1	\$84.1	\$86.9	\$90.3	\$88.0
ESG	\$20.0	\$20.7	\$21.8	\$22.8	\$22.8	\$23.9	\$24.8	\$34.0	\$35.4	\$35.4	\$37.1	\$38.7	\$39.9
Real Estate	\$40.8	\$42.4	\$42.2	\$42.9	\$42.9	\$43.2	\$44.9	\$47.4	\$48.7	\$48.7	\$49.8	\$51.6	\$48.1
<b>Total Subscription Run Rate</b>	\$744.8	\$754.8	\$768.0	\$777.2	\$777.2	\$787.9	\$802.8	\$831.4	\$846.8	\$846.8	\$865.3	\$883.4	\$887.9
<b>Asset-Based Fees</b>	\$134.2	\$131.7	\$147.0	\$158.3	\$158.3	\$161.9	\$176.6	\$177.8	\$174.6	\$174.6	\$190.6	\$201.2	\$187.8
<b>Total</b>	\$878.9	\$886.5	\$915.0	\$935.5	\$935.5	\$949.8	\$979.3	\$1,009.2	\$1,021.4	\$1,021.4	\$1,055.9	\$1,084.6	\$1,075.7

# SALES, CANCELS AND AGGREGATE RETENTION

(US\$ in millions)

	Q1'13	Q2'13	Q3'13	Q4'13	FY'13	Q1'14	Q2'14	Q3'14	Q4'14	FY'14	Q1'15	Q2'15	Q3'15	YTD'15
<b>New Recurring Subscription Sales</b>														
<b>Index</b>	\$9.4	\$8.4	\$10.0	\$14.7	\$42.4	\$10.9	\$11.5	\$9.2	\$12.9	\$44.5	\$11.5	\$12.5	\$11.8	\$35.8
<b>Analytics</b>	\$13.5	\$14.3	\$13.5	\$12.5	\$53.9	\$14.9	\$12.7	\$13.9	\$14.0	\$55.6	\$13.5	\$12.4	\$10.4	\$36.3
Risk Management Analytics	\$10.7	\$11.6	\$10.5	\$10.5	\$43.2	\$12.3	\$8.6	\$10.5	\$10.7	\$42.2	\$10.0	\$9.2	\$8.1	\$27.4
Portfolio Management Analytics	\$2.9	\$2.7	\$3.0	\$2.1	\$10.7	\$2.6	\$4.1	\$3.4	\$3.3	\$13.4	\$3.5	\$3.2	\$2.3	\$9.0
<b>All Other</b>	\$2.8	\$4.8	\$3.2	\$3.9	\$14.7	\$4.6	\$4.9	\$3.0	\$5.0	\$17.5	\$4.5	\$4.7	\$3.3	\$12.5
ESG	\$1.0	\$1.4	\$1.4	\$1.6	\$5.4	\$1.7	\$1.2	\$1.8	\$2.3	\$6.9	\$2.2	\$2.0	\$2.5	\$6.8
Real Estate	\$1.7	\$3.4	\$1.9	\$2.3	\$9.3	\$3.0	\$3.7	\$1.2	\$2.7	\$10.6	\$2.3	\$2.6	\$0.8	\$5.7
<b>Total</b>	<b>\$25.7</b>	<b>\$27.5</b>	<b>\$26.7</b>	<b>\$31.1</b>	<b>\$111.0</b>	<b>\$30.4</b>	<b>\$29.1</b>	<b>\$26.2</b>	<b>\$31.9</b>	<b>\$117.6</b>	<b>\$29.5</b>	<b>\$29.6</b>	<b>\$25.5</b>	<b>\$84.6</b>
<b>Non-recurring Sales</b>														
<b>Index</b>	\$2.3	\$1.7	\$0.9	\$2.0	\$6.9	\$2.1	\$1.9	\$2.0	\$1.7	\$7.6	\$2.3	\$1.7	\$1.7	\$5.7
<b>Analytics</b>	\$0.5	\$0.7	\$0.4	\$0.6	\$2.2	\$1.2	\$1.3	\$0.9	\$1.4	\$4.8	\$1.2	\$2.2	\$1.4	\$4.8
Risk Management Analytics	\$0.4	\$0.5	\$0.4	\$0.6	\$1.9	\$1.2	\$1.3	\$0.8	\$1.3	\$4.6	\$1.2	\$2.2	\$1.4	\$4.7
Portfolio Management Analytics	\$0.1	\$0.1	\$0.0	\$0.0	\$0.3	\$0.1	\$0.0	\$0.0	\$0.1	\$0.2	\$0.0	\$0.0	\$0.0	\$0.1
<b>All Other</b>	\$2.2	\$3.3	\$1.3	\$1.5	\$8.2	\$1.5	\$2.2	\$1.3	\$1.4	\$6.4	\$0.9	\$1.3	\$1.1	\$3.3
ESG	\$0.2	\$0.1	\$0.0	\$0.0	\$0.3	\$0.1	\$0.1	\$0.2	\$0.1	\$0.5	\$0.1	\$0.1	\$0.1	\$0.3
Real Estate	\$2.0	\$3.2	\$1.2	\$1.5	\$7.9	\$1.3	\$2.0	\$1.2	\$1.4	\$5.9	\$0.8	\$1.3	\$0.9	\$3.0
<b>Subscription Total</b>	<b>\$4.9</b>	<b>\$5.7</b>	<b>\$2.6</b>	<b>\$4.1</b>	<b>\$17.3</b>	<b>\$4.8</b>	<b>\$5.4</b>	<b>\$4.1</b>	<b>\$4.6</b>	<b>\$18.8</b>	<b>\$4.4</b>	<b>\$5.3</b>	<b>\$4.1</b>	<b>\$13.8</b>
<b>Asset-Based Fees</b>	<b>\$0.2</b>	<b>\$0.0</b>	<b>\$0.3</b>	<b>\$0.0</b>	<b>\$0.6</b>	<b>\$0.0</b>	<b>\$0.3</b>	<b>\$0.5</b>	<b>\$0.5</b>	<b>\$1.3</b>	<b>\$0.0</b>	<b>\$0.4</b>	<b>\$0.0</b>	<b>\$0.4</b>
<b>Total</b>	<b>\$5.1</b>	<b>\$5.7</b>	<b>\$3.0</b>	<b>\$4.1</b>	<b>\$17.9</b>	<b>\$4.8</b>	<b>\$5.7</b>	<b>\$4.6</b>	<b>\$5.1</b>	<b>\$20.2</b>	<b>\$4.4</b>	<b>\$5.7</b>	<b>\$4.2</b>	<b>\$14.3</b>

# SALES, CANCELS AND AGGREGATE RETENTION (CON'T)

(US\$ in millions)

	Q1'13	Q2'13	Q3'13	Q4'13	FY'13	Q1'14	Q2'14	Q3'14	Q4'14	FY'14	Q1'15	Q2'15	Q3'15	YTD'15
<b>Cancels</b>														
<b>Index</b>	\$3.1	\$3.6	\$3.9	\$5.5	\$16.1	\$3.5	\$3.6	\$3.6	\$3.7	\$14.3	\$2.4	\$3.9	\$3.9	\$10.1
<b>Analytics</b>	\$9.7	\$9.1	\$8.9	\$13.2	\$40.9	\$9.2	\$7.7	\$5.9	\$10.4	\$33.2	\$7.4	\$6.4	\$4.9	\$18.8
Risk Management Analytics	\$4.7	\$5.5	\$5.9	\$10.1	\$26.3	\$6.8	\$6.4	\$4.2	\$8.6	\$26.0	\$5.3	\$4.5	\$3.7	\$13.5
Portfolio Management Analytics	\$5.0	\$3.6	\$3.0	\$3.1	\$14.6	\$2.4	\$1.3	\$1.6	\$1.8	\$7.2	\$2.1	\$1.9	\$1.2	\$5.2
<b>All Other</b>	\$1.2	\$1.4	\$0.6	\$2.4	\$5.6	\$1.3	\$1.9	\$1.0	\$3.0	\$7.2	\$1.8	\$1.9	\$2.2	\$5.9
ESG	\$0.4	\$0.6	\$0.4	\$0.6	\$2.0	\$0.3	\$0.2	\$0.3	\$0.9	\$1.8	\$0.5	\$0.5	\$0.7	\$1.8
Real Estate	\$0.8	\$0.9	\$0.1	\$1.8	\$3.6	\$0.9	\$1.7	\$0.7	\$2.1	\$5.4	\$1.3	\$1.3	\$1.4	\$4.1
<b>Total</b>	\$14.0	\$14.2	\$13.3	\$21.1	\$62.6	\$14.0	\$13.2	\$10.5	\$17.0	\$54.7	\$11.7	\$12.2	\$10.9	\$34.7

	Q1'13	Q2'13	Q3'13	Q4'13	FY'13	Q1'14	Q2'14	Q3'14	Q4'14	FY'14	Q1'15	Q2'15	Q3'15	YTD'15
<b>Aggregate Retention Rate</b>														
<b>Index Subscription</b>	95.6%	94.9%	94.4%	92.1%	94.2%	95.4%	95.3%	95.3%	95.2%	95.3%	97.2%	95.4%	95.4%	96.0%
<b>Analytics</b>	90.1%	90.7%	91.0%	86.6%	89.6%	90.9%	92.4%	94.2%	89.7%	91.8%	92.9%	93.8%	95.3%	94.0%
Risk Management Analytics	93.4%	92.2%	91.7%	85.7%	90.8%	91.0%	91.6%	94.4%	88.6%	91.4%	93.1%	94.1%	95.3%	94.2%
Portfolio Management Analytics	81.7%	87.0%	89.1%	88.9%	86.7%	90.6%	94.8%	93.6%	93.2%	93.0%	92.2%	92.9%	95.4%	93.5%
<b>All Other</b>	92.0%	90.2%	96.2%	83.7%	90.5%	92.4%	88.5%	94.3%	83.9%	89.5%	90.7%	90.7%	89.1%	90.1%
ESG	92.1%	88.5%	90.9%	86.7%	89.6%	94.5%	95.8%	95.5%	87.9%	92.1%	94.0%	93.8%	91.7%	93.2%
Real Estate	91.9%	91.0%	98.7%	82.2%	91.0%	91.3%	84.7%	93.6%	81.1%	87.7%	88.1%	88.2%	87.0%	87.8%
<b>Total</b>	92.4%	92.3%	92.7%	88.5%	91.5%	92.8%	93.2%	94.6%	91.3%	93.0%	94.4%	94.2%	94.8%	94.4%

# RECONCILIATIONS OF ADJUSTED EBITDA TO NET INCOME

In thousands	Three Months Ended			Nine Months Ended	
	Sep. 30, 2015	Sep. 30, 2014	Jun. 30, 2015	Sep. 30, 2015	Sep. 30, 2014
Index adjusted EBITDA	\$102,927	\$ 91,031	\$ 98,017	\$293,997	\$ 259,289
Analytics adjusted EBITDA	29,216	16,788	21,264	64,560	52,345
All Other adjusted EBITDA	(3,282)	(5,867)	(1,010)	(3,774)	(7,185)
<b>Consolidated adjusted EBITDA</b>	<b>128,861</b>	<b>101,952</b>	<b>118,271</b>	<b>354,783</b>	<b>304,449</b>
Amortization of intangible assets	11,710	11,574	11,695	35,107	34,286
Depreciation and amortization of property, equipment and leasehold improvements	8,049	6,342	8,065	23,321	18,091
<b>Operating income</b>	<b>109,102</b>	<b>84,036</b>	<b>98,511</b>	<b>296,355</b>	<b>252,072</b>
Other expense (income), net	10,060	4,040	11,095	32,237	14,462
Provision for income taxes	34,644	28,272	31,399	94,079	81,937
<b>Income from continuing operations</b>	<b>64,398</b>	<b>51,724</b>	<b>56,017</b>	<b>170,039</b>	<b>155,673</b>
Income (loss) from discontinued operations, net of income taxes	-	(10)	-	(5,797)	84,100
<b>Net income</b>	<b>\$ 64,398</b>	<b>\$ 51,714</b>	<b>\$ 56,017</b>	<b>\$164,242</b>	<b>\$ 239,773</b>



# RECONCILIATIONS TO ADJUSTED NET INCOME AND ADJUSTED EPS

In thousands, except per share data	Three Months Ended			Nine Months Ended	
	Sep. 30, 2015	Sep. 30, 2014	Jun. 30, 2015	Sep. 30, 2015	Sep. 30, 2014
Net Income	\$ 64,398	\$ 51,714	\$ 56,017	\$ 164,242	\$ 239,773
Less: Income (loss) from discontinued operations, net of income taxes	-	(10)	-	(5,797)	84,100
Income from continuing operations	64,398	51,724	56,017	170,039	155,673
Plus: Amortization of intangible assets	11,710	11,574	11,695	35,107	34,286
Less: Gain on sale of investment	(6,300)	-	-	(6,300)	-
Less: Income tax effect	(4,082)	(4,090)	(4,201)	(12,505)	(11,823)
<b>Adjusted Net Income</b>	<b>\$ 65,726</b>	<b>\$ 59,208</b>	<b>\$ 63,511</b>	<b>\$ 186,341</b>	<b>\$ 178,136</b>
Diluted EPS	\$ 0.59	\$ 0.44	\$ 0.50	\$ 1.47	\$ 2.03
Less: Earnings per diluted common share from discontinued operations	-	-	-	(0.05)	0.71
Earnings per diluted common share from continuing operations	0.59	0.44	0.50	1.52	1.32
Plus: Amortization of intangible assets	0.11	0.10	0.10	0.31	0.29
Less: Gain on sale of investment	(0.06)	-	-	(0.06)	-
Less: Income tax effect	(0.04)	(0.04)	(0.04)	(0.11)	(0.10)
<b>Adjusted EPS</b>	<b>\$ 0.60</b>	<b>\$ 0.50</b>	<b>\$ 0.56</b>	<b>\$ 1.66</b>	<b>\$ 1.51</b>

# RECONCILIATIONS TO ADJUSTED EBITDA EXPENSES

In thousands	Three Months Ended			Nine Months Ended		Full Year
	Sep. 30, 2015	Sep. 30, 2014	Jun. 30, 2015	Sep. 30, 2015	Sep. 30, 2014	2015 Outlook
Index adjusted EBITDA expenses	\$ 38,650	\$ 38,838	\$ 42,114	\$ 121,265	\$ 115,140	
Analytics adjusted EBITDA expenses	79,125	86,459	86,306	258,196	256,316	
All Other adjusted EBITDA expenses	22,135	24,412	23,889	67,876	69,670	
<b>Consolidated adjusted EBITDA expenses</b>	<b>139,910</b>	<b>149,709</b>	<b>152,309</b>	<b>447,337</b>	<b>441,126</b>	<b>\$595,000 - \$600,000</b>
Amortization of intangible assets	11,710	11,574	11,695	35,107	34,286	\$77,000
Depreciation and amortization of property, equipment and leasehold improvements	8,049	6,342	8,065	23,321	18,091	to \$79,000
<b>Total operating expenses</b>	<b>\$ 159,669</b>	<b>\$ 167,625</b>	<b>\$ 172,069</b>	<b>\$ 505,765</b>	<b>\$ 493,503</b>	<b>\$672,000 - \$679,000</b>

# RECONCILIATIONS TO FREE CASH FLOW

In thousands	Three Months Ended			Nine Months Ended		Full Year
	Sep. 30, 2015	Sep. 30, 2014	Jun. 30, 2015	Sep. 30, 2015	Sep. 30, 2014	2015 Outlook
Net cash provided by operating activities	\$133,963	\$107,567	\$ 24,026	\$224,672	\$201,619	\$ 305,000 - \$ 315,000
Capital expenditures	(8,975)	(17,688)	(10,616)	(24,525)	(36,174)	
Capitalized software development costs	(3,275)	(2,585)	(1,401)	(6,062)	(6,063)	
Capex	(12,250)	(20,273)	(12,017)	(30,587)	(42,237)	(50,000 - 45,000)
<b>Free cash flow</b>	<b>\$121,713</b>	<b>\$ 87,294</b>	<b>\$ 12,009</b>	<b>\$194,085</b>	<b>\$159,382</b>	<b>\$ 255,000 - \$ 270,000</b>

# RECONCILIATIONS OF ADJUSTED EBITDA TO NET INCOME

## FY 2015

In thousands	Three Months Ended			Nine Months Ended
	Mar. 31, 2015	Jun. 30, 2015	Sep. 30, 2015	Sep. 30, 2015
<b>Net income</b>	<b>\$ 43,827</b>	<b>\$ 56,017</b>	<b>\$ 64,398</b>	<b>\$ 164,242</b>
Income (loss) from discontinued operations, net of income taxes	(5,797)	-	-	(5,797)
<b>Income from continuing operations</b>	<b>49,624</b>	<b>56,017</b>	<b>64,398</b>	<b>170,039</b>
Provision for income taxes	28,036	31,399	34,644	94,079
Other expense (income), net	11,082	11,095	10,060	32,237
<b>Operating income</b>	<b>88,742</b>	<b>98,511</b>	<b>109,102</b>	<b>296,355</b>
Depreciation and amortization of property, equipment and leasehold improvements	7,207	8,065	8,049	23,321
Amortization of intangible assets	11,702	11,695	11,710	35,107
<b>Consolidated adjusted EBITDA</b>	<b>\$ 107,651</b>	<b>\$ 118,271</b>	<b>\$ 128,861</b>	<b>\$ 354,783</b>

# RECONCILIATIONS OF ADJUSTED EBITDA TO NET INCOME

## FY 2014

In thousands	Three Months Ended				Year Ended
	Mar. 31, 2014	Jun. 30, 2014	Sep. 30, 2014	Dec. 31, 2014	Dec. 31, 2014
<b>Net income</b>	<b>\$ 80,399</b>	<b>\$ 107,660</b>	<b>\$ 51,714</b>	<b>\$ 44,340</b>	<b>\$ 284,113</b>
Income (loss) from discontinued operations, net of income taxes	33,253	50,857	(10)	1,071	85,171
<b>Income from continuing operations</b>	<b>47,146</b>	<b>56,803</b>	<b>51,724</b>	<b>43,269</b>	<b>198,942</b>
Provision for income taxes	26,385	27,280	28,272	27,459	109,396
Other expense (income), net	5,974	4,448	4,040	14,366	28,828
<b>Operating income</b>	<b>79,505</b>	<b>88,531</b>	<b>84,036</b>	<b>85,094</b>	<b>337,166</b>
Depreciation and amortization of property, equipment and leasehold improvements	5,828	5,921	6,342	7,620	25,711
Amortization of intangible assets	11,270	11,442	11,574	11,591	45,877
<b>Consolidated adjusted EBITDA</b>	<b>\$ 96,603</b>	<b>\$ 105,894</b>	<b>\$ 101,952</b>	<b>\$ 104,305</b>	<b>\$ 408,754</b>

# RECONCILIATIONS OF ADJUSTED EBITDA TO NET INCOME

## FY 2013

In thousands	Three Months Ended				Year Ended
	Mar. 31, 2013	Jun. 30, 2013	Sep. 30, 2013	Dec. 31, 2013	Dec. 31, 2013
<b>Net income</b>	<b>\$ 58,937</b>	<b>\$ 61,053</b>	<b>\$ 55,310</b>	<b>\$ 47,257</b>	<b>\$ 222,557</b>
Income (loss) from discontinued operations, net of income taxes	5,979	4,912	5,374	6,382	22,647
<b>Income from continuing operations</b>	<b>52,958</b>	<b>56,141</b>	<b>49,936</b>	<b>40,875</b>	<b>199,910</b>
Provision for income taxes	21,232	27,763	27,804	36,119	112,918
Other expense (income), net	8,701	5,985	6,164	6,653	27,503
<b>Operating income</b>	<b>82,891</b>	<b>89,889</b>	<b>83,904</b>	<b>83,647</b>	<b>340,331</b>
Depreciation and amortization of property, equipment and leasehold improvements	4,597	4,774	5,443	5,570	20,384
Amortization of intangible assets	11,166	11,222	11,193	11,217	44,798
Lease exit charge	-	(365)	-	-	(365)
<b>Consolidated adjusted EBITDA</b>	<b>\$ 98,654</b>	<b>\$ 105,520</b>	<b>\$ 100,540</b>	<b>\$ 100,434</b>	<b>\$ 405,148</b>

# HISTORICAL FINANCIALS WITH NEW ACTIVITY COSTING

## FY 2013 - 2015

In thousands	Year Ended	Three Months Ended				Year Ended	Three Months Ended			Nine Months Ended
	Dec. 31, 2013	Mar. 31, 2014	Jun. 30, 2014	Sep. 30, 2014	Dec. 31, 2014	Dec. 31, 2014	Mar. 31, 2015	Jun. 30, 2015	Sep. 30, 2015	Sep. 30, 2015
<b>Operating revenues</b>	<b>\$ 913,364</b>	<b>\$ 239,688</b>	<b>\$ 254,226</b>	<b>\$ 251,661</b>	<b>\$ 251,105</b>	<b>\$ 996,680</b>	<b>\$ 262,769</b>	<b>\$ 270,580</b>	<b>\$ 268,771</b>	<b>\$ 802,120</b>
<b>Operating expenses:</b>										
Cost of revenues	240,697	66,802	70,212	69,770	69,839	276,623	69,904	67,394	65,593	202,891
Selling and marketing	137,693	41,126	40,506	41,402	40,805	163,839	41,648	42,028	38,809	122,485
Research and development	61,003	17,465	17,374	19,021	17,235	71,095	23,189	20,807	15,548	59,544
General and administrative	68,458	17,692	20,240	19,516	18,921	76,369	20,377	22,080	19,960	62,417
Amortization of intangible assets	44,798	11,270	11,442	11,574	11,591	45,877	11,702	11,695	11,710	35,107
Depreciation and amortization of property, equipment and leasehold improvements	20,384	5,828	5,921	6,342	7,620	25,711	7,207	8,065	8,049	23,321
<b>Total operating expenses</b>	<b>573,033</b>	<b>160,183</b>	<b>165,695</b>	<b>167,625</b>	<b>166,011</b>	<b>659,514</b>	<b>174,027</b>	<b>172,069</b>	<b>159,669</b>	<b>505,765</b>
<b>Operating income</b>	<b>340,331</b>	<b>79,505</b>	<b>88,531</b>	<b>84,036</b>	<b>85,094</b>	<b>337,166</b>	<b>88,742</b>	<b>98,511</b>	<b>109,102</b>	<b>296,355</b>
Interest income	(889)	(156)	(192)	(277)	(226)	(851)	(204)	(185)	(285)	(674)
Interest expense	26,256	5,059	5,366	5,604	15,791	31,820	11,108	11,116	17,267	39,491
Other expense (income)	2,136	1,071	(726)	(1,287)	(1,199)	(2,141)	178	164	(6,922)	(6,580)
<b>Other expense (income), net</b>	<b>27,503</b>	<b>5,974</b>	<b>4,448</b>	<b>4,040</b>	<b>14,366</b>	<b>28,828</b>	<b>11,082</b>	<b>11,095</b>	<b>10,060</b>	<b>32,237</b>
Income from continuing operations before provision for income taxes	312,828	73,531	84,083	79,996	70,728	308,338	77,660	87,416	99,042	264,118
Provision for income taxes	112,918	26,385	27,280	28,272	27,459	109,396	28,036	31,399	34,644	94,079
<b>Income from continuing operations</b>	<b>199,910</b>	<b>47,146</b>	<b>56,803</b>	<b>51,724</b>	<b>43,269</b>	<b>198,942</b>	<b>49,624</b>	<b>56,017</b>	<b>64,398</b>	<b>170,039</b>
Income (loss) from discontinued operations, net of income taxes	22,647	33,253	50,857	(10)	1,071	85,171	(5,797)	-	-	(5,797)
<b>Net income</b>	<b>\$ 222,557</b>	<b>\$ 80,399</b>	<b>\$ 107,660</b>	<b>\$ 51,714</b>	<b>\$ 44,340</b>	<b>\$ 284,113</b>	<b>\$ 43,827</b>	<b>\$ 56,017</b>	<b>\$ 64,398</b>	<b>\$ 164,242</b>

# 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 to monitor the financial performance of the business, inform business decision making and forecast future results.
- “Adjusted EBITDA expenses” is defined as operating expenses, less depreciation and amortization.
- “Adjusted EBITDA” is defined as net income before income from discontinued operations, net of income taxes, provision for income taxes, other expense (income), net, and depreciation & amortization.
- “Adjusted net income” and “adjusted EPS” are defined as net income and EPS, respectively, before income from discontinued operations, net of income taxes, the after-tax impact of the amortization of intangible assets and the impact from the gain on sale of an investment.
- “Free cash flow” is defined as net cash provided by operating activities, less capex. Capex is defined as capital expenditures plus capitalized software development costs.
- We believe that adjusting for depreciation and amortization may help investors compare our performance to that of other companies in our industry as we do not believe that other companies in our industry have as significant a portion of their operating expenses represented by these items. Additionally, we believe that adjusting for income from discontinued operations, net of income tax, provides investors with a meaningful trend of results for our continuing operations. 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 our common shares. Finally, we believe that adjusting for one-time, unusual or non-recurring expenses is useful to management and investors because it allows for an evaluation of MSCI’s underlying operating performance. 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 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 ETF fees, the market value on the last trading day of the period, and for fees related to non-ETF funds and futures and options, the most recent periodic fee earned 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 third quarter 2015, there are no acquisitions which are excluded from subscription Run Rate.
- The aggregate retention rates for a period are 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.



**MSCI**

