UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number 001-33812

MSCI INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware **(State or other jurisdiction of Incorporation or Organization)**	**13-4038723** **(I.R.S. Employer Identification Number)**
7 World Trade Center **250 Greenwich Street, 49th Floor** **New York, New York** **(Address of Principal Executive Offices)**	**10007** **(Zip Code)**

Registrant's telephone number, including area code: (212) 804-3900

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	**MSCI**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 19, 2022, there were 80,502,940 shares of the registrant's common stock, par value $0.01, outstanding.

FOR THE QUARTER ENDED JUNE 30, 2022

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AVAILABLE INFORMATION

Our corporate headquarters is located at 7 World Trade Center, 250 Greenwich Street, 49th Floor, New York, New York, 10007, and our telephone number is (212) 804-3900. We maintain a website on the internet at www.msci.com. The contents of our website are not a part of or incorporated by reference in this Quarterly Report on Form 10-Q.

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the “SEC”). The SEC maintains a website that contains reports, proxy and information statements and other information that we file electronically with the SEC at www.sec.gov. We also make available free of charge, on or through our website, these reports, proxy statements and other information as soon as reasonably practicable following the time they are electronically filed with or furnished to the SEC. To access these, click on the “SEC Filings” link found on our Investor Relations homepage (http://ir.msci.com).

We also use our Investor Relations homepage, Corporate Responsibility homepage and corporate Twitter account (@MSCI_Inc) as channels of distribution of Company information. The information we post through these channels may be deemed material.

Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive email alerts and other information about us when you enroll your email address by visiting the “Email Alert Subscription” section of our Investor Relations homepage at http://ir.msci.com/alerts.cfm. The contents of our website, including our Investor Relations homepage, Corporate Responsibility homepage and social media channels are not, however, a part of or incorporated by reference in this Quarterly Report on Form 10-Q.

FORWARD-LOOKING STATEMENTS

We have included in this Quarterly Report on Form 10-Q, and from time to time may make in our public filings, press releases or other public statements, certain statements that constitute forward-looking statements. In addition, our management may make forward-looking statements to analysts, investors, representatives of the media and others. These forward-looking statements are not historical facts and represent only MSCI’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond our control.

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. Statements concerning our financial position, business strategy and plans or objectives for future operations are forward-looking statements. 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. Such risks and uncertainties include those set forth under “Risk Factors” in Part I, Item 1A of the 2021 Annual Report on Form 10-K filed with the SEC on February 11, 2022. Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished with the SEC. The forward-looking statements in this report speak only as of the time they are made and do not necessarily reflect our outlook at any other point in time. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or for any other reason. Therefore, readers should carefully review the risk factors set forth in other reports or documents we file from time to time with the SEC.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

MSCI INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(in thousands, except per share and share data)

	As of	
	June 30, 2022	December 31, 2021
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 842,300	$ 1,421,449
Accounts receivable, net of allowances	586,815	664,511
Prepaid income taxes	15,900	5,951
Prepaid and other assets	44,066	51,499
Total current assets	1,489,081	2,143,410
Property, equipment and leasehold improvements, net	59,390	66,715
Right of use assets	128,122	144,584
Goodwill	2,231,154	2,236,386
Intangible assets, net	576,362	593,341
Equity method investment	216,554	218,763
Deferred tax assets	64,216	40,119
Other non-current assets	68,473	63,385
Total assets	$ 4,833,352	$ 5,506,703
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 9,295	$ 13,448
Income taxes payable	38,615	59,635
Accrued compensation and related benefits	106,797	207,640
Current portion of long-term debt	6,532	—
Other accrued liabilities	151,021	145,302
Deferred revenue	808,020	824,912
Total current liabilities	1,120,280	1,250,937
Long-term debt	4,505,338	4,161,422
Long-term operating lease liabilities	132,494	150,029
Deferred tax liabilities	3,841	3,650
Other non-current liabilities	97,845	104,132
Total liabilities	5,859,798	5,670,170
Commitments and Contingencies (see Note 8)		
Shareholders' equity (deficit):		
Preferred stock (par value $0.01, 100,000,000 shares authorized; no shares issued)	—	—
Common stock (par value $0.01; 750,000,000 common shares authorized; 133,604,132 and 133,162,178 common shares issued and 80,496,258 and 82,439,449 common shares outstanding at June 30, 2022 and December 31, 2021, respectively)	1,336	1,332
Treasury shares, at cost (53,107,874 and 50,722,729 common shares held at June 30, 2022 and December 31, 2021, respectively)	(5,699,069)	(4,540,144)
Additional paid in capital	1,492,334	1,457,623
Retained earnings	3,243,654	2,976,517
Accumulated other comprehensive loss	(64,701)	(58,795)
Total shareholders' equity (deficit)	(1,026,446)	(163,467)
Total liabilities and shareholders' equity (deficit)	$ 4,833,352	$ 5,506,703

See Notes to Condensed Consolidated Financial Statements (Unaudited)

MSCI INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(unaudited)			
Operating revenues	$ 551,806	$ 498,180	$ 1,111,751	$ 976,603
Operating expenses:				
Cost of revenues (exclusive of depreciation and amortization)	100,768	87,327	203,539	173,107
Selling and marketing	61,073	58,191	127,126	114,658
Research and development	23,916	27,531	52,238	52,393
General and administrative	36,724	30,182	82,291	64,910
Amortization of intangible assets	22,179	30,396	43,899	45,464
Depreciation and amortization of property, equipment and leasehold improvements	6,765	7,020	13,299	14,163
Total operating expenses	251,425	240,647	522,392	464,695
Operating income	300,381	257,533	589,359	511,908
Interest income	(924)	(347)	(1,222)	(733)
Interest expense	41,085	39,557	81,799	77,141
Other expense (income)	188	22,628	(193)	23,777
Other expense (income), net	40,349	61,838	80,384	100,185
Income before provision for income taxes	260,032	195,695	508,975	411,723
Provision for income taxes	49,445	30,272	69,965	49,481
Net income	$ 210,587	$ 165,423	$ 439,010	$ 362,242
Earnings per share:				
Basic	$ 2.60	$ 2.01	$ 5.40	$ 4.39
Diluted	$ 2.59	$ 1.99	$ 5.37	$ 4.34
Weighted average shares outstanding:				
Basic	80,923	82,454	81,255	82,546
Diluted	81,295	83,295	81,789	83,393

See Notes to Condensed Consolidated Financial Statements (Unaudited)

MSCI INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(unaudited)			
Net income	$ 210,587	$ 165,423	$ 439,010	$ 362,242
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(11,796)	879	(14,746)	(826)
Income tax effect	1,606	(35)	2,468	577
Foreign currency translation adjustments, net	(10,190)	844	(12,278)	(249)
Pension and other post-retirement adjustments	7,376	(59)	7,486	197
Income tax effect	(1,070)	22	(1,114)	(98)
Pension and other post-retirement adjustments, net	6,306	(37)	6,372	99
Other comprehensive (loss) income, net of tax	(3,884)	807	(5,906)	(150)
Comprehensive income	$ 206,703	$ 166,230	$ 433,104	$ 362,092

See Notes to Condensed Consolidated Financial Statements (Unaudited)

MSCI INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
(in thousands)

	Common Stock	Treasury Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
			(unaudited)			
Balance at December 31, 2021	$ 1,332	$ (4,540,144)	$ 1,457,623	$ 2,976,517	$ (58,795)	$ (163,467)
Net income				228,423		228,423
Dividends declared ($1.04 per common share)				(87,280)		(87,280)
Dividends paid in shares			77			77
Other comprehensive income (loss), net of tax					(2,022)	(2,022)
Common stock issued	4					4
Shares withheld for tax withholding and exercises		(105,000)				(105,000)
Compensation payable in common stock			22,754			22,754
Common stock repurchased and held in treasury		(772,657)				(772,657)
Common stock issued to Directors and (held in)/released from treasury		(21)				(21)
Balance at March 31, 2022	1,336	(5,417,822)	1,480,454	3,117,660	(60,817)	(879,189)
Net income				210,587		210,587
Dividends declared ($1.04 per common share)				(84,593)		(84,593)
Dividends paid in shares			22			22
Other comprehensive income (loss), net of tax					(3,884)	(3,884)
Common stock issued						—
Shares withheld for tax withholding and exercises		(3,862)				(3,862)
Compensation payable in common stock			11,858			11,858
Common stock repurchased and held in treasury		(276,994)				(276,994)
Common stock issued to Directors and (held in)/released from treasury		(391)				(391)
Balance at June 30, 2022	$ 1,336	$ (5,699,069)	$ 1,492,334	$ 3,243,654	$ (64,701)	$ (1,026,446)
Balance at December 31, 2020	$ 1,328	$ (4,342,535)	$ 1,402,537	$ 2,554,295	$ (58,859)	$ (443,234)
Net income				196,819		196,819
Dividends declared ($0.78 per common share)				(65,947)		(65,947)
Dividends paid in shares			66			66
Other comprehensive income (loss), net of tax					(957)	(957)
Common stock issued	3					3
Shares withheld for tax withholding and exercises		(52,814)				(52,814)
Compensation payable in common stock			18,842			18,842
Common stock repurchased and held in treasury		(134,340)				(134,340)
Common stock issued to Directors and (held in)/released from treasury		(20)				(20)
Balance at March 31, 2021	1,331	(4,529,709)	1,421,445	2,685,167	(59,816)	(481,582)
Net income				165,423		165,423
Dividends declared ($0.78 per common share)				(64,863)		(64,863)
Dividends paid in shares			20			20
Other comprehensive income (loss), net of tax					807	807
Common stock issued						—
Shares withheld for tax withholding and exercises		(620)				(620)
Compensation payable in common stock			12,252			12,252
Common stock repurchased and held in treasury						—
Common stock issued to Directors and (held in)/released from treasury		756				756
Balance at June 30, 2021	$ 1,331	$ (4,529,573)	$ 1,433,717	$ 2,785,727	$ (59,009)	$ (367,807)

See Notes to Condensed Consolidated Financial Statements (Unaudited)

MSCI INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(unaudited)	
Cash flows from operating activities		
Net income	$ 439,010	$ 362,242
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	43,899	45,464
Stock-based compensation expense	34,419	30,856
Depreciation and amortization of property, equipment and leasehold improvements	13,299	14,163
Amortization of right of use assets	12,491	12,129
Loss on impairment of right of use assets	705	—
Amortization of debt origination fees	2,607	2,340
Loss on extinguishment of debt	—	21,792
Deferred taxes	(22,826)	(8,488)
Other adjustments	2,511	4,036
Changes in assets and liabilities:		
Accounts receivable	70,131	69,119
Prepaid income taxes	(10,686)	(37,679)
Prepaid and other assets	6,768	4,597
Other non-current assets	(5,726)	354
Accounts payable	(4,906)	(5,211)
Accrued compensation and related benefits	(97,272)	(50,793)
Income taxes payable	(18,407)	7,699
Other accrued liabilities	6,703	(10,359)
Deferred revenue	(2,731)	(12,668)
Long-term operating lease liabilities	(13,085)	(11,135)
Other non-current liabilities	4,098	4,350
Other	(4,129)	(2,294)
Net cash provided by operating activities	456,873	440,514
Cash flows from investing activities		
Capitalized software development costs	(29,699)	(18,937)
Capital expenditures	(4,737)	(2,473)
Other	23	(911)
Net cash used in investing activities	(34,413)	(22,321)
Cash flows from financing activities		
Proceeds from borrowings, inclusive of premium	355,000	1,103,750
Repayment of borrowings	(5,000)	(518,245)
Repurchase of common stock held in treasury	(1,158,513)	(187,774)
Payment of dividends	(171,936)	(130,557)
Payment of debt issuance costs in connection with debt	(2,277)	(10,316)
Payment of contingent consideration	(210)	—
Net cash (used in) provided by financing activities	(982,936)	256,858
Effect of exchange rate changes	(18,673)	(3,570)
Net (decrease) increase in cash	(579,149)	671,481
Cash and cash equivalent, beginning of period	1,421,449	1,300,521
Cash and cash equivalent, end of period	$ 842,300	$ 1,972,002
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 78,185	$ 77,076
Cash paid for income taxes, net of refunds received	$ 124,034	$ 83,139
Supplemental disclosure of non-cash investing activities		
Property, equipment and leasehold improvements in other accrued liabilities	$ 4,928	$ 4,393
Supplemental disclosure of non-cash financing activities		
Cash dividends declared, but not yet paid	$ 2,765	$ 1,582

See Notes to Condensed Consolidated Financial Statements (Unaudited)

1. INTRODUCTION AND BASIS OF PRESENTATION

MSCI Inc., together with its wholly owned subsidiaries (the "Company" or "MSCI") is a leading provider of critical decision support tools and solutions for the global investment community. Our mission-critical offerings help investors address the challenges of a transforming investment landscape and power better investment decisions. Leveraging our knowledge of the global investment process and our expertise in research, data and technology, we enable our clients to understand and analyze key drivers of risk and return and confidently and efficiently build more effective portfolios. Our products and services include indexes; portfolio construction and risk management tools; environmental, social and governance ("ESG") and climate solutions; and real estate market and transaction data and analysis.

Basis of Presentation and Use of Estimates

These unaudited condensed consolidated financial statements include the accounts of MSCI and its wholly owned subsidiaries and include all adjustments of a normal, recurring nature necessary to state fairly the financial condition as of June 30, 2022 and December 31, 2021, the results of operations, comprehensive income and shareholders' equity (deficit) for the three and six months ended June 30, 2022 and 2021 and cash flows for the six months ended June 30, 2022 and 2021. The unaudited condensed consolidated statement of financial condition and related financial statement information as of December 31, 2021 have been derived from the 2021 audited consolidated financial statements but do not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP"). The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in MSCI's Annual Report on Form 10-K for the year ended December 31, 2021. The results of operations for interim periods are not necessarily indicative of results for the entire year.

The Company's unaudited condensed consolidated financial statements are prepared in accordance with GAAP. The Company makes certain estimates and judgments that can affect the reported amounts of assets and liabilities as of the date of the unaudited condensed consolidated financial statements, as well as the reported amounts of operating revenues and expenses during the periods presented. Significant estimates and judgments made by management include such examples as assessment of impairment of goodwill and intangible assets and income taxes. The Company believes that estimates used in the preparation of these unaudited condensed consolidated financial statements are reasonable; however, actual results could differ materially from these estimates. Inter-company balances and transactions are eliminated in consolidation.

Concentrations

For the six months ended June 30, 2022 and 2021, BlackRock, Inc. ("BlackRock") accounted for 10.8% and 12.4% of the Company's consolidated operating revenues, respectively. For the six months ended June 30, 2022 and 2021, BlackRock accounted for 18.0% and 19.8% of the Index segment's operating revenues, respectively. No single customer represented 10.0% or more of operating revenues within the Analytics, ESG and Climate and All Other – Private Assets segments for the six months ended June 30, 2022 and 2021.

Allowance for Doubtful Accounts

Changes in the allowance for doubtful accounts from December 31, 2020 to June 30, 2022 were as follows:

	Amount (in thousands)
Balance as of December 31, 2020	$ 1,583
Addition (reduction) to credit loss expense	1,210
Write-offs, net of recoveries	(456)
Balance as of December 31, 2021	$ 2,337
Addition (reduction) to credit loss expense	598
Adjustments and write-offs, net of recoveries	(470)
Balance as of June 30, 2022	$ 2,465

2. RECENT ACCOUNTING STANDARDS UPDATES

There are no pending accounting standards updates that are currently expected to have a material impact on the Company.

3. REVENUE RECOGNITION

MSCI's operating revenues are reported by product type, which generally reflects the timing of recognition. The Company's operating revenue types are recurring subscriptions, asset-based fees and non-recurring revenues. The Company also disaggregates operating revenues by segment.

The tables that follow present the disaggregated operating revenues for the periods indicated:

	For the Three Months ended June 30, 2022				
	Segments				
(in thousands)	Index	Analytics	ESG and Climate	All Other - Private Assets	Total
Operating Revenue Types					
Recurring subscriptions	$ 179,711	$ 139,497	$ 54,037	$ 33,804	$ 407,049
Asset-based fees	132,216	—	—	—	132,216
Non-recurring	9,022	2,187	1,091	241	12,541
Total	$ 320,949	$ 141,684	$ 55,128	$ 34,045	$ 551,806

	For the Six Months ended June 30, 2022				
	Segments				
(in thousands)	Index	Analytics	ESG and Climate	All Other - Private Assets	Total
Operating Revenue Types					
Recurring subscriptions	$ 354,209	$ 277,296	$ 104,609	$ 70,695	$ 806,809
Asset-based fees	277,269	—	—	—	277,269
Non-recurring	20,230	4,185	2,548	710	27,673
Total	$ 651,708	$ 281,481	$ 107,157	$ 71,405	$ 1,111,751

	For the Three Months ended June 30, 2021				
	Segments				
(in thousands)	Index	Analytics	ESG and Climate	All Other - Private Assets	Total
Operating Revenue Types					
Recurring subscriptions	$ 160,061	$ 133,368	$ 38,567	$ 16,134	$ 348,130
Asset-based fees	136,142	—	—	—	136,142
Non-recurring	9,760	2,534	741	873	13,908
Total	$ 305,963	$ 135,902	$ 39,308	$ 17,007	$ 498,180

	For the Six Months ended June 30, 2021				
	Segments				
(in thousands)	Index	Analytics	ESG and Climate	All Other - Private Assets	Total
Operating Revenue Types					
Recurring subscriptions	$ 315,178	$ 265,040	$ 72,707	$ 32,937	$ 685,862
Asset-based fees	262,848	—	—	—	262,848
Non-recurring	20,428	4,879	1,351	1,235	27,893
Total	$ 598,454	$ 269,919	$ 74,058	$ 34,172	$ 976,603

The tables that follow present the change in accounts receivable and current deferred revenue between the dates indicated:

	Accounts receivable	Deferred revenue
	(in thousands)	
Opening (December 31, 2021)	$ 664,511	$ 824,912
Closing (June 30, 2022)	586,815	808,020
Increase/(decrease)	$ (77,696)	$ (16,892)

	Accounts receivable	Deferred revenue
	(in thousands)	
Opening (December 31, 2020)	$ 558,569	$ 675,870
Closing (June 30, 2021)	488,570	662,168
Increase/(decrease)	$ (69,999)	$ (13,702)

The amounts of revenue recognized in the periods that were included in the opening current deferred revenue, which reflects contract liability amounts, were $232.9 million and $572.6 million for the three and six months ended June 30, 2022, respectively and $208.3 million and $478.6 million for the three and six months ended June 30, 2021, respectively. The difference between the opening and closing balances of the Company's deferred revenue is primarily driven by an increase in amortization of deferred revenue to operating revenues, partially offset by an increase in billings. As of June 30, 2022 and December 31, 2021, the Company carried a long-term deferred revenue balance of $26.5 million and $23.4 million, respectively, in "Other non-current liabilities" on the Unaudited Condensed Consolidated Statement of Financial Condition.

For contracts that have a duration of one year or less, the Company has not disclosed either the remaining performance obligation as of the end of the reporting period or when the Company expects to recognize the revenue. The remaining performance obligations for contracts that have a duration of greater than one year and the periods in which they are expected to be recognized are as follows:

	As of June 30, 2022
	(in thousands)
First 12-month period	$ 538,308
Second 12-month period	311,282
Third 12-month period	115,464
Periods thereafter	63,060
Total	$ 1,028,114

4. EARNINGS PER COMMON SHARE

Basic earnings per share ("EPS") is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the assumed conversion of all dilutive securities, including, when applicable, restricted stock units ("RSUs"), performance stock units ("PSUs") and performance stock options ("PSOs").

The following table presents the computation of basic and diluted EPS:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
(in thousands, except per share data)				
Net income	$ 210,587	$ 165,423	$ 439,010	$ 362,242
Basic weighted average common shares outstanding	80,923	82,454	81,255	82,546
Effect of dilutive securities:				
PSUs, RSUs and PSOs	372	841	534	847
Diluted weighted average common shares outstanding	81,295	83,295	81,789	83,393
Earnings per basic common share	$ 2.60	$ 2.01	$ 5.40	$ 4.39
Earnings per diluted common share	$ 2.59	$ 1.99	$ 5.37	$ 4.34

5. ACQUISITIONS

On September 13, 2021, MSCI acquired all of the issued and outstanding preferred and common shares of Real Capital Analytics, Inc ("RCA") for an aggregate cash purchase price of $949.0 million. This acquisition expands MSCI's suite of real estate solutions, providing the real estate industry with data, analytics, and support tools to manage investments and understand performance and risk, including climate risk, within their portfolios. RCA has been accounted for as a business combination using the acquisition method of accounting and has been integrated into the All Other – Private Assets reportable segment, as a component of the Real Assets operating segment. A portion of RCA's client agreements do not have automatic renewal clauses at the end of the subscription period. Due to the historically high retention rate and expectation that a substantial portion of the client agreements will be renewed, the associated revenue is recorded as recurring subscription revenue.

The components of the preliminary purchase price allocation were as follows:

	Estimated Useful Life	Fair Value (in thousands)
Accounts receivable		$ 9,700
Other current assets		3,721
Property, equipment and leasehold improvements, net		1,204
Right of use assets		6,441
Other non-current assets		3,408
Deferred revenue		(35,194)
Other current liabilities		(15,312)
Long-term operating lease liabilities		(4,849)
Deferred tax liabilities		(85,196)
Intangible assets:		
Proprietary data	11 years	185,500
Customer relationships	20 years	175,800
Acquired technology and software	9 years	31,500
Trademarks	2 years	890
Goodwill		671,346
Purchase price, net of cash acquired		$ 948,959

The purchase price allocation is based on preliminary valuations and assessments. The estimates and assumptions used may be subject to change within the measurement period, particularly for acquired intangible assets and deferred taxes. In the fourth quarter of 2021, the Company early adopted ASU 2021-08, which resulted in an increase to deferred revenue and goodwill and a decrease in deferred tax liabilities recorded as of the opening balance sheet date.

The recorded goodwill is primarily attributable to the utilization of the acquired data as well as expanded market opportunities. Goodwill attributable to the acquisition is not deductible for income tax purposes.

Revenue of RCA recognized within the condensed consolidated financial statements was $19.3 million and $38.5 million for the three and six months ended June 30, 2022, respectively.

6. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

Property, equipment and leasehold improvements, net consisted of the following as of the dates indicated:

	As of June 30, 2022	As of December 31, 2021
	(in thousands)	
Computer & related equipment	$ 180,390	$ 179,557
Furniture & fixtures	14,679	14,194
Leasehold improvements	56,597	56,308
Work-in-process	2,154	2,699
Subtotal	253,820	252,758
Accumulated depreciation and amortization	(194,430)	(186,043)
Property, equipment and leasehold improvements, net	$ 59,390	$ 66,715

Depreciation and amortization expense of property, equipment and leasehold improvements was $6.8 million and $7.0 million for the three months ended June 30, 2022 and 2021, respectively. Depreciation and amortization expense of property, equipment and leasehold improvements was $13.3 million and $14.2 million for the six months ended June 30, 2022 and 2021, respectively.

7. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill

The following table presents goodwill by reportable segment:

(in thousands)	Index	Analytics	ESG and Climate	All Other - Private Assets	Total
Goodwill at December 31, 2021	$ 1,205,443	$ 290,976	$ 48,047	$ 691,920	$ 2,236,386
Acquisitions (1)	—	—	—	472 (1)	472
Foreign exchange translation adjustment	(3,529)	—	—	(2,175)	(5,704)
Goodwill at June 30, 2022	$ 1,201,914	$ 290,976	$ 48,047	$ 690,217	$ 2,231,154

(1) Reflects the impact of measurement period adjustments associated with the acquisition of RCA.

Intangible Assets, Net

The following table presents the amount of amortization expense related to intangible assets by category for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2022	2021	2022	2021
Amortization expense of acquired intangible assets	$ 15,854	$ 8,376	$ 31,752	$ 16,744
Amortization expense of internally developed capitalized software	6,325	6,007	12,147	12,707
Write-off of internally developed capitalized software	—	16,013	—	16,013
Total amortization of intangible assets expense	$ 22,179	$ 30,396	$ 43,899	$ 45,464

The gross carrying and accumulated amortization amounts related to the Company's intangible assets were as follows:

	As of June 30, 2022	As of December 31, 2021
	(in thousands)	
Gross intangible assets:		
Customer relationships	$ 532,500	$ 532,400
Proprietary data	220,778	220,639
Acquired technology and software	209,220	209,220
Trademarks	208,190	208,190
Internally developed capitalized software	135,824	106,181
Subtotal	1,306,512	1,276,630
Foreign exchange translation adjustment	(12,216)	(5,782)
Total gross intangible assets	$ 1,294,296	$ 1,270,848
Accumulated amortization:		
Customer relationships	$ (293,163)	$ (277,865)
Proprietary data	(32,284)	(22,678)
Acquired technology and software	(177,776)	(175,718)
Trademarks	(157,256)	(152,468)
Internally developed capitalized software	(61,566)	(49,394)
Subtotal	(722,045)	(678,123)
Foreign exchange translation adjustment	4,111	616
Total accumulated amortization	$ (717,934)	$ (677,507)
Net intangible assets:		
Customer relationships	$ 239,337	$ 254,535
Proprietary data	188,494	197,961
Acquired technology and software	31,444	33,502
Trademarks	50,934	55,722
Internally developed capitalized software	74,258	56,787
Subtotal	584,467	598,507
Foreign exchange translation adjustment	(8,105)	(5,166)
Total net intangible assets	$ 576,362	$ 593,341

The following table presents the estimated amortization expense for the remainder of the year ending December 31, 2022 and succeeding years:

Years Ending December 31,	Amortization Expense
	(in thousands)
Remainder of 2022	$ 47,345
2023	90,144
2024	83,022
2025	57,191
2026	37,065
Thereafter	261,595
Total	$ 576,362

8. COMMITMENTS AND CONTINGENCIES

As of June 30, 2022, the Company had outstanding an aggregate of $4,200.0 million in senior unsecured notes (collectively, the “Senior Notes”) and an aggregate of $350.0 million in senior unsecured tranche A term loans (the “Tranche A Term Loans”) under the term loan A facility (the “TLA Facility”), as presented in the table below:

	Maturity Date	Principal Amount Outstanding at June 30, 2022	Carrying Value at June 30, 2022	Carrying Value at December 31, 2021	Fair Value at June 30, 2022	Fair Value at December 31, 2021
			(in thousands)			
Debt						
4.000% senior unsecured notes due 2029	November 15, 2029	1,000,000	992,000	991,455	889,250	1,047,950
3.625% senior unsecured notes due 2030	September 1, 2030	900,000	894,594	894,263	753,390	924,777
3.875% senior unsecured notes due 2031	February 15, 2031	1,000,000	990,520	989,973	855,950	1,046,620
3.625% senior unsecured notes due 2031	November 1, 2031	600,000	593,867	593,538	498,282	625,536
3.250% senior unsecured notes due 2033	August 15, 2033	700,000	692,528	692,193	559,160	710,906
Variable rate Tranche A Term Loans due 2027	February 16, 2027	350,000	348,361	—	346,500	—
Total debt		$ 4,550,000	$ 4,511,870	$ 4,161,422	$ 3,902,532	$ 4,355,789

Interest payments attributable to the Company’s outstanding indebtedness are due as presented in the following table:

Senior Notes and Tranche A Term Loans	Interest payment frequency	First interest payment date
4.000% senior unsecured notes due 2029	Semi-Annual	May 15
3.625% senior unsecured notes due 2030	Semi-Annual	March 1
3.875% senior unsecured notes due 2031	Semi-Annual	June 1
3.625% senior unsecured notes due 2031	Semi-Annual	May 1
3.250% senior unsecured notes due 2033	Semi-Annual	February 15
Variable rate Tranche A Term Loans due 2027[1]	Quarterly	October 15

(1) The first payment will occur on October 15, 2022.

The fair market value of the Company’s debt obligations represent Level 2 valuations. The Company utilizes the market approach and obtains security pricing from a vendor who uses broker quotes and third-party pricing services to determine fair values.

Credit Agreement. Since November 20, 2014, the Company has maintained a revolving credit agreement with a syndicate of banks. On June 9, 2022, the Company, the guarantors party thereto and the lenders and agents party thereto, entered into an Amended and Restated Credit Agreement (the “Credit Agreement”), amending and restating in its entirety the Company’s prior revolving credit agreement (the “Prior Revolving Credit Agreement”). The Credit Agreement makes available to the Company (x) an aggregate of $500.0 million of revolving loan commitments, which may be drawn until February 16, 2027, and (y) the TLA Facility. At June 30, 2022, the revolving loan commitments were undrawn. As noted above, at June 30, 2022, the commitments under the TLA Facility were drawn in full, and the resulting Tranche A Term Loans mature on February 16, 2027. The obligations under the Credit Agreement are general unsecured obligations of the Company and the guarantors.

Interest on the Tranche A Term Loans under the TLA Facility accrues, at a variable rate, based on the secured overnight funding rate (“SOFR”) or the alternate base rate (“Base Rate”), plus, in each case, an applicable margin and will be due on each Interest Payment Date (as defined in the Credit Agreement). Until the delivery of financial statements to the administrative agent for the three months ending June 30, 2022, the applicable margin is 1.00% for Base Rate loans, and 2.00% for SOFR loans. Thereafter, the applicable margin is calculated by reference to the Company’s Consolidated Leverage Ratio (as defined in the Credit Agreement) and ranges between 1.50% to 2.00% for SOFR loans, and 0.50% to 1.00% for Base Rate loans. At June 30, 2022, the interest rate on the TLA Facility was 3.28%.

In connection with the closings of the Senior Notes offerings, entry into the Prior Revolving Credit Agreement and the subsequent amendments thereto and entry into the Credit Agreement, the Company paid certain financing fees which, together with the existing fees related to prior credit facilities, are being amortized over their related lives. At June 30, 2022, $40.5 million of the deferred financing fees and premium remain unamortized, $0.5 million of which is included in “Prepaid and other assets,” $1.9 million of which is included in “Other non-current assets” and $38.1 million of which is included in “Long-term debt” on the Unaudited Condensed Consolidated Statement of Financial Condition.

9. LEASES

The Company recognized $7.5 million of operating lease expenses for each of the three months ended June 30, 2022 and 2021. The Company recognized $15.1 million of operating lease expenses for each of the six months ended June 30, 2022 and 2021. The amounts associated with variable lease costs, short-term lease costs and sublease income were not material for any of the three and six months ended June 30, 2022 and 2021.

Maturities of the Company's operating lease liabilities as of June 30, 2022 are as follows:

Maturity of Lease Liabilities (in thousands)		Operating Leases
Remainder of 2022	$	13,895
2023		29,357
2024		22,322
2025		21,153
2026		19,460
Thereafter		73,176
Total lease payments	$	179,363
Less: Interest		(22,152)
Present value of lease liabilities	$	157,211
Other accrued liabilities	$	24,717
Long-term operating lease liabilities	$	132,494

Weighted-average remaining lease term and discount rate for the Company's operating leases are as follows:

	As of	
Lease Term and Discount Rate	June 30, 2022	December 31, 2021
Weighted-average remaining lease term (years)	7.92	8.16
Weighted-average discount rate	3.14%	3.09%

Other information related to the Company's operating leases are as follows:

Other Information	Six Months Ended June 30,			
(in thousands)		2022		2021
Operating cash flows used for operating leases	$	14,227	$	15,239
Right of use assets obtained in exchange for new operating lease liabilities	$	2,905	$	5,074

10. SHAREHOLDERS' EQUITY (DEFICIT)

Return of capital

On October 29, 2020, the Board of Directors authorized a stock repurchase program for the purchase of up to $1,000.0 million worth of shares of MSCI's common stock in addition to the $804.5 million of authorization then remaining under a previously existing share repurchase program (the "2020 Repurchase Program") for a total of $1,804.5 million of stock repurchase authorization.

Share repurchases made pursuant to the 2020 Repurchase Program may take place in the open market or in privately negotiated transactions from time to time based on market and other conditions. This authorization may be modified, suspended or terminated by the Board of Directors at any time without prior notice. As of June 30, 2022, there was $539.5 million of available authorization remaining under the 2020 Repurchase Program.

The following table provides information with respect to repurchases of the Company's common stock made on the open market:

Six Months Ended	Average Price Paid Per Share	Total Number of Shares Repurchased	Dollar Value of Shares Repurchased
		(in thousands)	
June 30, 2022	$ 480.68	2,184	$ 1,049,651
June 30, 2021	$ 407.70	330	$ 134,340

The following table presents dividends declared per common share as well as total amounts declared, distributed and deferred for the periods indicated:

	Dividends			
(in thousands, except per share amounts)	Per Share	Declared	Distributed	(Released)/Deferred
2022				
Three Months Ended March 31,	$ 1.04	$ 87,280	$ 87,846	$ (566)
Three Months Ended June 30,	1.04	84,593	84,189	404
Total	$ 2.08	$ 171,873	$ 172,035	$ (162)
2021				
Three Months Ended March 31,	$ 0.78	$ 65,947	$ 66,153	$ (206)
Three Months Ended June 30,	0.78	64,863	64,489	374
Total	$ 1.56	$ 130,810	$ 130,642	$ 168

Common Stock.

The following table presents activity related to shares of common stock issued and repurchased during the six months ended June 30, 2022:

	Common Stock Issued	Treasury Stock	Common Stock Outstanding
Balance at December 31, 2021	133,162,178	(50,722,729)	82,439,449
Dividend payable/paid	82	—	82
Common stock issued	417,508	—	417,508
Shares withheld for tax withholding	—	(190,766)	(190,766)
Shares repurchased under stock repurchase programs	—	(1,498,143)	(1,498,143)
Shares issued to directors	41	(41)	—
Balance at March 31, 2022	133,579,809	(52,411,679)	81,168,130
Dividend payable/paid	23	—	23
Common stock issued	20,178	—	20,178
Shares withheld for tax withholding	—	(9,749)	(9,749)
Shares repurchased under stock repurchase programs	—	(685,522)	(685,522)
Shares issued to directors	4,122	(924)	3,198
Balance at June 30, 2022	133,604,132	(53,107,874)	80,496,258

11. INCOME TAXES

The Company's provision for income taxes was $70.0 million and $49.5 million for the six months ended June 30, 2022 and 2021, respectively. These amounts reflect effective tax rates of 13.7% and 12.0% for the six months ended June 30, 2022 and 2021, respectively.

The effective tax rate of 13.7% for the six months ended June 30, 2022 reflects the Company's estimate of the effective tax rate for the period and was impacted by certain favorable discrete items totaling $27.2 million, primarily related to $28.3 million of excess tax benefits recognized on share-based compensation vested during the period.

The effective tax rate of 12.0% for the six months ended June 30, 2021 reflects the Company's estimate of the effective tax rate for the period and was impacted by certain favorable discrete items totaling $34.2 million, primarily related to $21.4 million of excess tax benefits recognized on share-based compensation vested during the period and $5.6 million related to the tax impact of loss on debt extinguishment recognized during the period on the redemption of the Company's 4.750% senior unsecured notes due 2026 (the "2026 Senior Notes"). Also included in the discrete items is a $2.3 million benefit related to the revaluation of deferred taxes as a result of the enactment of an increase in the UK corporate tax rate, a $2.1 million benefit related to the filing of prior year refund claims and $2.8 million of tax benefits related to other prior year items.

The Company is under or open to examination by the IRS and other tax authorities in certain jurisdictions, including foreign jurisdictions, such as the United Kingdom, Switzerland and India, and states in the United States in which the Company has significant operations, such as New York and California. The tax years currently under or open to examination vary by jurisdiction but include years ranging from 2008 onwards.

The Company regularly assesses the likelihood of additional assessments in each of the taxing jurisdictions in which it files income tax returns. The Company has established unrecognized tax benefits that the Company believes are adequate in relation to the potential for additional assessments. Once established, the Company adjusts unrecognized tax benefits only when more information is available or when an event occurs necessitating a change. Based on the current status of income tax audits, the Company believes it is reasonably possible that the total amount of unrecognized benefits may decrease by approximately $29.4 million in the next twelve months as a result of the resolution of tax examinations.

12. SEGMENT INFORMATION

The Company has five operating segments: Index, Analytics, ESG and Climate, Real Assets and The Burgiss Group, LLC ("Burgiss"), which are presented as the following four reportable segments: Index, Analytics, ESG and Climate and All Other – Private Assets. During the three months ended June 30, 2022, the Company renamed the Real Estate operating segment to Real Assets.

The Index operating segment offers equity and fixed income indexes. The indexes are used in many areas of the investment process, including indexed product creation (e.g., Exchange Traded Funds ("ETFs"), mutual funds, annuities, futures, options, structured products and over-the-counter derivatives), performance benchmarking, portfolio construction and rebalancing, and asset allocation.

The Analytics operating segment offers risk management, performance attribution and portfolio management content, applications and services that provide clients with an integrated view of risk and return and tools for analyzing market, credit, liquidity, counterparty and climate risk across all major asset classes, spanning short-, medium- and long-term time horizons. Clients access Analytics tools and content through MSCI's proprietary applications and application programming interfaces, third-party applications or directly through their own platforms. Additionally, the Analytics operating segment also provides various managed services to help clients operate more efficiently, including consolidation of client portfolio data from various sources, review and reconciliation of input data and results, and customized reporting.

The ESG and Climate operating segment offers products and services that help institutional investors understand how ESG and climate considerations can impact the long-term risk and return of their portfolio and individual security-level investments. In addition, the ESG and Climate operating segment provides data, ratings, research and tools to help investors navigate increasing regulation, meet new client demands and better integrate ESG and climate elements into their investment processes.

The Real Assets operating segment offers real estate market and transaction data, benchmarks, return-analytics, climate assessments and market insights for funds, investors, managers and other real estate market participants. In addition, Real Assets performance and risk analytics range from enterprise-wide to property-specific analysis. The Real Assets operating segment also provides business intelligence products to real estate owners, managers, developers and brokers worldwide.

The Burgiss operating segment represents the Company's equity method investment in Burgiss, a global provider of investment decision support tools for private capital.

The Chief Operating Decision Maker ("CODM") measures and evaluates reportable segments based on segment operating revenues as well as Adjusted EBITDA and other measures. The Company excludes the following items from segment Adjusted EBITDA: 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, including certain non-recurring acquisition-related integration and transaction costs, that the CODM does not consider for the purposes of making decisions to allocate resources among segments or to assess segment performance. Although these amounts are excluded from segment Adjusted EBITDA, they are included in reported consolidated net income and are included in the reconciliation that follows.

The following table presents operating revenues by reportable segment for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)			
Operating revenues				
Index	$ 320,949	$ 305,963	$ 651,708	$ 598,454
Analytics	141,684	135,902	281,481	269,919
ESG and Climate	55,128	39,308	107,157	74,058
All Other - Private Assets	34,045	17,007	71,405	34,172
Total	$ 551,806	$ 498,180	$ 1,111,751	$ 976,603

The following table presents segment profitability and a reconciliation to net income for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)			
Index Adjusted EBITDA	$ 245,170	$ 233,468	$ 491,045	$ 453,347
Analytics Adjusted EBITDA	62,961	49,814	113,850	95,545
ESG and Climate Adjusted EBITDA	14,332	5,720	26,424	10,765
All Other - Private Assets Adjusted EBITDA	8,681	5,947	18,369	11,878
Total operating segment profitability	331,144	294,949	649,688	571,535
Amortization of intangible assets	22,179	30,396	43,899	45,464
Depreciation and amortization of property, equipment and leasehold improvements	6,765	7,020	13,299	14,163
Acquisition-related integration and transaction costs (1)	1,819	—	3,131	—
Operating income	300,381	257,533	589,359	511,908
Other expense (income), net	40,349	61,838	80,384	100,185
Provision for income taxes	49,445	30,272	69,965	49,481
Net income	$ 210,587	$ 165,423	$ 439,010	$ 362,242

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

Operating revenues by geography are based on the shipping address of the ultimate customer utilizing the product. The following table presents operating revenues by geographic area for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)			
Operating revenues				
Americas:				
United States	$ 229,732	$ 200,781	$ 463,088	$ 397,470
Other	23,642	21,026	46,109	41,199
Total Americas	253,374	221,807	509,197	438,669
Europe, the Middle East and Africa ("EMEA"):				
United Kingdom	89,187	84,802	176,173	163,883
Other	122,515	113,258	254,088	219,452
Total EMEA	211,702	198,060	430,261	383,335
Asia & Australia:				
Japan	22,843	22,993	46,033	44,635
Other	63,887	55,320	126,260	109,964
Total Asia & Australia	86,730	78,313	172,293	154,599
Total	$ 551,806	$ 498,180	$ 1,111,751	$ 976,603

Long-lived assets consist of property, equipment and leasehold improvements, right of use assets and internally developed capitalized software, net of accumulated depreciation and amortization. The following table presents long-lived assets by geographic area on the dates indicated:

	As of June 30, 2022	As of December 31, 2021
	(in thousands)	
Long-lived assets		
Americas:		
United States	$ 176,146	$ 167,870
Other	12,656	13,480
Total Americas	188,802	181,350
EMEA:		
United Kingdom	19,230	19,563
Other	25,831	34,240
Total EMEA	45,061	53,803
Asia & Australia:		
Japan	791	1,150
Other	26,269	31,873
Total Asia & Australia	27,060	33,023
Total	$ 260,923	$ 268,176

13. SUBSEQUENT EVENTS

On July 25, 2022, the Board of Directors declared a quarterly cash dividend of $1.25 per share for the three months ending September 30, 2022 (“third quarter 2022”). The third quarter 2022 dividend is payable on August 31, 2022 to shareholders of record as of the close of trading on August 12, 2022.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and related notes included elsewhere in this Form 10-Q and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the “Form 10-K”). This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in “Item 1A.—Risk Factors,” in our Form 10-K.

Except as the context otherwise indicates, the terms “MSCI,” the “Company,” “we,” “our” and “us” refer to MSCI Inc., together with its subsidiaries.

Overview

We are a leading provider of critical decision support tools and solutions for the global investment community. Our mission-critical offerings help investors address the challenges of a transforming investment landscape and power better investment decisions. Leveraging our knowledge of the global investment process and our expertise in research, data and technology, we enable our clients to understand and analyze key drivers of risk and return and confidently and efficiently build more effective portfolios. We operate in four reportable segments as follows: Index, Analytics, ESG and Climate, and All Other – Private Assets.

Our growth strategy includes: (a) extending leadership in research-enhanced content across asset classes, (b) leading the enablement of ESG and climate investment integration, (c) enhancing distribution and content-enabling technology, (d) expanding solutions that empower client customization, (e) strengthening client relationships and growing into strategic partnerships with clients and (f) executing strategic relationships and acquisitions with complementary content and technology companies. For more information about our Company’s operations, see “*Item 1: Business*” in our Form 10-K.

As of June 30, 2022, we served over 6,500[1] clients in more than 95 countries.

Our principal business model is generally to license annual, recurring subscriptions for the majority of our Index, Analytics and ESG and Climate products and services for a fee due in advance of the service period. Real Assets products are also licensed annually through subscriptions, which are generally recurring, for a fee which is paid in advance when products are generally delivered ratably over the subscription period or in arrears after the product is delivered. A portion of our fees comes from clients who use our indexes as the basis for index-linked investment products. Such fees are primarily based on a client’s assets under management (“AUM”), trading volumes and fee levels.

In evaluating our financial performance, we focus on revenue and profit growth, including results accounted for under generally accepted accounting principles in the United States (“GAAP”) as well as non-GAAP measures, for the Company as a whole and by operating segment.

We present revenues disaggregated by types and by segments, which represent our major product lines. We also review expenses by activity, which provides more transparency into how resources are being deployed. In addition, we utilize operating metrics including Run Rate, subscription sales and Retention Rate to manage and assess performance and to provide deeper insights into the recurring portion of our business.

In the discussion that follows, we provide certain variances excluding the impact of foreign currency exchange rate fluctuations and acquisitions. 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 AUM, which is the primary component of asset-based fees, is not adjusted for foreign currency fluctuations. Approximately three-fifths of the AUM is 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.

For the six months ended June 30, 2022, our largest client organization by revenue, BlackRock, accounted for 10.8% of our total revenues, with 95.5% of the revenue from BlackRock coming from fees based on the assets in BlackRock’s ETFs that are based on our indexes.

The discussion of our results of operations for the three and six months ended June 30, 2022 and 2021 are presented below. The results of operations for interim periods may not be indicative of future results.

1 Represents the aggregate of all related clients under their respective parent entity.

Results of Operations

Operating Revenues

Our operating revenues are grouped by the following types: recurring subscriptions, asset-based fees and non-recurring. We also group operating revenues by major product or reportable segment as follows: Index, Analytics, ESG and Climate and All Other – Private Assets, which includes the Real Assets operating segment (formerly known as the Real Estate operating segment).

The following table presents operating revenues by type for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
			(in thousands)			
Recurring subscriptions	$ 407,049	$ 348,130	16.9%	$ 806,809	$ 685,862	17.6%
Asset-based fees	132,216	136,142	(2.9%)	277,269	262,848	5.5%
Non-recurring	12,541	13,908	(9.8%)	27,673	27,893	(0.8%)
Total operating revenues	$ 551,806	$ 498,180	10.8%	$ 1,111,751	$ 976,603	13.8%

Total operating revenues increased 10.8% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. Adjusting for the impact of acquisitions and foreign currency exchange rate fluctuations individually, total operating revenues would have increased 6.8% and 12.4%, respectively.

Operating revenues from recurring subscriptions increased 16.9% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, primarily driven by strong growth in Index products, which increased $19.7 million, or 12.3%, strong growth in All Other – Private Assets products, which increased $17.7 million, or 109.5%, mainly reflecting the acquisition of RCA, and strong growth in ESG and Climate products, which increased $15.5 million, or 40.1%. Adjusting for the impact of the acquisition and foreign currency exchange rate fluctuations, operating revenues from recurring subscriptions would have increased 13.4%.

Operating revenues from asset-based fees decreased 2.9% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, driven by a decline in revenues from ETFs linked to MSCI equity indexes and non-ETF indexed funds linked to MSCI indexes, partially offset by an increase in revenues from exchange traded futures and options contracts linked to MSCI indexes. Operating revenues from ETFs linked to MSCI equity indexes decreased by 5.2%, primarily driven by a decrease in average AUM and average basis point fees. Operating revenues from non-ETF indexed funds linked to MSCI indexes decreased by 7.0%, primarily driven by adjustments to revenue related to lower period over period client-reported AUM balances. Operating revenues from exchange traded futures and options contracts linked to MSCI indexes increased 26.6%, driven by volume increases.

Total operating revenues increased 13.8% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. Adjusting for the impact of acquisitions and foreign currency exchange rate fluctuations individually, total operating revenues would have increased 9.8% and 15.0%, respectively.

Operating revenues from recurring subscriptions increased 17.6% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, primarily driven by strong growth in Index products, which increased $39.0 million, or 12.4%, strong growth in All Other – Private Assets products, which increased $37.8 million, or 114.6%, mainly reflecting the acquisition of RCA, and strong growth in ESG and Climate products, which increased $31.9 million, or 43.9%. Adjusting for the impact of the acquisition and foreign currency exchange rate fluctuations, operating revenues from recurring subscriptions would have increased 13.5%.

Operating revenues from asset-based fees increased 5.5% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, driven by growth in operating revenues from all index-linked investment product categories. Operating revenues from non-ETF indexed funds linked to MSCI indexes increased by 7.7%, primarily driven by an increase in average AUM, partially offset by a decrease in average basis point fees. The increase in operating revenues from asset-based fees was also driven by a 18.1% increase in exchange traded futures and options contracts linked to MSCI indexes, driven by volume increases. Operating revenues from ETFs linked to MSCI equity indexes increased by 2.5%, primarily driven by an increase in average AUM, partially offset by a decrease in average basis point fees.

The following table presents the value of AUM in ETFs linked to MSCI equity indexes and the sequential change of such assets as of the end of each of the periods indicated:

	Period Ended					
	2021				2022	
(in billions)	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,
AUM in ETFs linked to MSCI equity indexes(1), (2)	$ 1,209.6	$ 1,336.2	$ 1,336.6	$ 1,451.6	$ 1,389.3	$ 1,189.5
Sequential Change in Value						
Market Appreciation/(Depreciation)	$ 43.2	$ 73.7	$ (30.7)	$ 56.5	$ (89.7)	$ (207.3)
Cash Inflows	62.8	52.9	31.1	58.5	27.4	7.5
Total Change	$ 106.0	$ 126.6	$ 0.4	$ 115.0	$ (62.3)	$ (199.8)

The following table presents the average value of AUM in ETFs linked to MSCI equity indexes for the periods indicated:

	2021				2022	
(in billions)	March	June	September	December	March	June
AUM in ETFs linked to MSCI equity indexes(1), (2)						
Quarterly average	$ 1,169.2	$ 1,292.4	$ 1,361.9	$ 1,414.8	$ 1,392.5	$ 1,285.4
Year-to-date average	$ 1,169.2	$ 1,230.8	$ 1,274.5	$ 1,309.6	$ 1,392.5	$ 1,338.9

(1) The historical values of the AUM in ETFs linked to our equity indexes as of the last day of the month and the monthly average balance can be found under the link “AUM in ETFs Linked to MSCI Equity Indexes” on our Investor Relations homepage at *http://ir.msci.com*. This information is updated mid-month each month. Information contained on our website is not incorporated by reference into this Quarterly Report on Form 10-Q or any other report filed with the SEC. The AUM in ETFs also includes AUM in Exchange Traded Notes, the value of which is less than 1.0% of the AUM amounts presented.

(2) The value of AUM in ETFs linked to MSCI equity indexes is calculated by multiplying the equity ETF net asset value by the number of shares outstanding.

The average value of AUM in ETFs linked to MSCI equity indexes for the three months ended June 30, 2022, was down $7.0 billion, or 0.5%, compared to the three months ended June 30, 2021. For the six months ended June 30, 2022, it was up $108.1 billion, or 8.8%, compared to the six months ended June 30, 2021.

The following table presents operating revenues by reportable segment and revenue type for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
			(in thousands)			
Operating revenues:						
Index						
Recurring subscriptions	$ 179,711	$ 160,061	12.3%	$ 354,209	$ 315,178	12.4%
Asset-based fees	132,216	136,142	(2.9%)	277,269	262,848	5.5%
Non-recurring	9,022	9,760	(7.6%)	20,230	20,428	(1.0%)
Index total	320,949	305,963	4.9%	651,708	598,454	8.9%
Analytics						
Recurring subscriptions	139,497	133,368	4.6%	277,296	265,040	4.6%
Non-recurring	2,187	2,534	(13.7%)	4,185	4,879	(14.2%)
Analytics total	141,684	135,902	4.3%	281,481	269,919	4.3%
ESG and Climate						
Recurring subscriptions	54,037	38,567	40.1%	104,609	72,707	43.9%
Non-recurring	1,091	741	47.2%	2,548	1,351	88.6%
ESG and Climate total	55,128	39,308	40.2%	107,157	74,058	44.7%
All Other - Private Assets						
Recurring subscriptions	33,804	16,134	109.5%	70,695	32,937	114.6%
Non-recurring	241	873	(72.4%)	710	1,235	(42.5%)
All Other - Private Assets total	34,045	17,007	100.2%	71,405	34,172	109.0%
Total operating revenues	$ 551,806	$ 498,180	10.8%	$ 1,111,751	$ 976,603	13.8%

Refer to the section titled “Segment Results” that follows for further discussion of segment revenues.

Operating Expenses

We group our operating expenses into the following activity categories:

- Cost of revenues;
- Selling and marketing;
- Research and development (“R&D”);
- General and administrative (“G&A”);
- Amortization of intangible assets; and
- Depreciation and amortization of property, equipment and leasehold improvements.

Costs are assigned to these activity categories based on the nature of the expense or, when not directly attributable, an estimated allocation based on the type of effort involved. Cost of revenues, selling and marketing, R&D and G&A all include both compensation as well as non-compensation related expenses.

The following table presents operating expenses by activity category for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
			(in thousands)			
Operating expenses:						
Cost of revenues	$ 100,768	$ 87,327	15.4%	$ 203,539	$ 173,107	17.6%
Selling and marketing	61,073	58,191	5.0%	127,126	114,658	10.9%
Research and development	23,916	27,531	(13.1%)	52,238	52,393	(0.3%)
General and administrative	36,724	30,182	21.7%	82,291	64,910	26.8%
Amortization of intangible assets	22,179	30,396	(27.0%)	43,899	45,464	(3.4%)
Depreciation and amortization of property, equipment and leasehold improvements	6,765	7,020	(3.6%)	13,299	14,163	(6.1%)
Total operating expenses	$ 251,425	$ 240,647	4.5%	$ 522,392	$ 464,695	12.4%

Total operating expenses increased 4.5% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 8.4%.

Total operating expenses increased 12.4% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 15.4%.

Cost of Revenues

Cost of revenues expenses consist of costs related to the production and servicing of our products and services and primarily includes related information technology costs, including data center, cloud service, platform and infrastructure costs; costs to acquire, produce and maintain market data information; costs of research to support and maintain 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.

Cost of revenues increased 15.4% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, primarily driven by increases across the All Other – Private Assets, ESG and Climate, and Index reportable segments. The change was driven by increases in non-compensation costs, primarily relating to higher information technology costs, market data costs and professional fees, as well as higher compensation and benefits costs, primarily reflecting higher wages and salaries as a result of increased headcount.

Cost of revenues increased 17.6% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, reflecting increases across all reportable segments. The change was driven by increases in compensation and benefits costs, primarily relating to higher wages and salaries and benefits costs as a result of increased headcount as well as higher non-compensation costs, primarily reflecting higher information technology costs, professional fees and market data costs.

Selling and Marketing

Selling and marketing expenses consist 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 and marketing teams, as well as costs incurred in other departments associated with acquiring new business, including product management, research, technology and sales operations.

Selling and marketing expenses increased 5.0% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, reflecting increases across the All Other – Private Assets and ESG and Climate reportable segments, partially offset by decreases in the Analytics and Index reportable segments. The change was primarily driven by increases in non-compensation costs, primarily relating to higher marketing costs and travel and entertainment costs, as well as higher compensation and benefits costs, primarily reflecting higher wages and salaries and benefits costs driven by increased headcount, partially offset by lower incentive compensation.

Selling and marketing expenses increased 10.9% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, primarily driven by increases across the All Other – Private Assets and ESG and Climate reportable segments. The change was primarily driven by increases in compensation and benefits costs, primarily relating to higher wages and salaries and benefits costs, driven by increased headcount, partially offset by lower severance costs. The change was also driven by higher non-compensation costs, primarily reflecting higher marketing costs and travel and entertainment costs.

Research and Development

R&D expenses consist of costs to develop new or enhance existing products and the costs to develop new or enhanced technologies and service platforms for the delivery of our products and services and primarily include the costs of development, research, product management, project management and the technology support directly associated with these activities.

R&D expenses decreased 13.1% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, primarily driven by increased capitalization of expenses related to internally developed software projects and lower incentive compensation costs, partially offset by higher wages and salaries driven by headcount increases, as well as higher non-compensation costs, reflecting increased information technology costs. Taking into consideration investments eligible for capitalization, R&D spending increased across the All Other – Private Assets, Index and ESG and Climate reportable segments.

R&D expenses decreased 0.3% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, primarily driven by increased capitalization of expenses related to internally developed software projects. The decrease was partially offset by higher wages and salaries and benefits costs, driven by headcount increases, as well as higher non-compensation costs, reflecting increased information technology costs. Taking into consideration investments eligible for capitalization, R&D spending increased across the All Other– Private Assets, Index and ESG and Climate reportable segments.

General and Administrative

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

G&A expenses increased 21.7% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, primarily driven by increases in the All Other – Private Assets and Index reportable segments. The change was driven by increases in compensation and benefits costs, primarily relating to higher severance costs as well as higher benefits costs and wages and salaries driven by increased headcount. The increase was also driven by higher non-recurring transaction and integration costs related to the acquisition of RCA and non-compensation costs, primarily driven by higher professional fees.

G&A expenses increased 26.8% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, primarily driven by increases across the All Other – Private Assets, Index and ESG and Climate reportable segments. The change was driven by increases in compensation and benefits costs, primarily relating to higher stock-based compensation expense, wages and salaries and benefits costs, driven by increased headcount, and severance costs. The increase was also driven by higher non-recurring transaction and integration costs related to the acquisition of RCA and non-compensation costs, primarily driven by higher professional fees.

The following table presents operating expenses using compensation and non-compensation categories, rather than using activity categories, for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
			(in thousands)			
Compensation and benefits	$ 154,242	$ 148,180	4.1%	$ 334,080	$ 299,697	11.5%
Non-compensation expenses	68,239	55,051	24.0%	131,114	105,371	24.4%
Amortization of intangible assets	22,179	30,396	(27.0%)	43,899	45,464	(3.4%)
Depreciation and amortization of property, equipment and leasehold improvements	6,765	7,020	(3.6%)	13,299	14,163	(6.1%)
Total operating expenses	$ 251,425	$ 240,647	4.5%	$ 522,392	$ 464,695	12.4%

Compensation and Benefits

Compensation and benefits costs increased 4.1% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. For the six months ended June 30, 2022, the increase was 11.5% compared to the six months ended June 30, 2021. The increase in both the three and six months ended June 30, 2022 was primarily driven by headcount growth across all spending categories. We had 4,513 employees as of June 30, 2022, compared to 3,910 employees as of June 30, 2021, reflecting a 15.4% growth in the number of employees. Continued growth of our emerging market centers around the world is an important factor in our ability to manage and control the growth of our compensation and benefits costs. As of June 30, 2022, 64.1% of our employees were located in emerging market centers compared to 65.9% as of June 30, 2021. Adjusting for the impact of foreign currency exchange rate fluctuations, compensation and benefits costs would have increased by 9.4% and 15.4%, respectively, for the three and six months ended June 30, 2022 compared to the three and six months ended June 30, 2021.

A significant portion of the incentive compensation component of operating expenses is based on the achievement of a number of financial and operating metrics. In a scenario where operating revenue growth and profitability moderate, incentive compensation would be expected to decrease accordingly.

Non-Compensation Expenses

Non-compensation expenses increased 24.0% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, primarily driven by higher information technology costs, professional fees, market data costs and non-recurring transaction and integration costs related to the acquisition of RCA.

Non-compensation expenses increased 24.4% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, primarily driven by higher information technology costs, professional fees, market data costs and non-recurring transaction and integration costs related to the acquisition of RCA.

Fixed costs constitute a significant portion of the non-compensation component of operating expenses. The discretionary non-compensation component of operating expenses could, however, be reduced in the near-term in a scenario where operating revenue growth moderates.

Amortization of Intangible Assets

Amortization of intangible assets expense relates to definite-lived intangible assets arising from past acquisitions and capitalization of internally developed software projects recognized over their estimated useful lives. Amortization of intangible assets expense decreased 27.0% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The decrease was primarily driven by the absence of intangible assets write-off costs, partially offset by additional amortization recognized on acquired intangible assets following the acquisition of RCA.

Amortization of intangible assets expense decreased 3.4% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, primarily driven by the absence of intangible assets write-off costs, partially offset by additional amortization recognized on acquired intangible assets following the acquisition of RCA.

Depreciation and Amortization of Property, Equipment and Leasehold Improvements

Depreciation and amortization of property, equipment and leasehold improvements consists of expenses related to depreciating or amortizing the cost of computer and related equipment, leasehold improvements, software and furniture and fixtures over the estimated useful life of the assets. Depreciation and amortization of property, equipment and leasehold improvements remained relatively flat for the three and six months ended June 30, 2022 compared to the three and six months ended June 30, 2021, respectively.

Other Expense (Income), Net

The following table shows our other expense (income), net for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
			(in thousands)			
Interest income	$ (924)	$ (347)	(166.3%)	$ (1,222)	$ (733)	(66.7%)
Interest expense	41,085	39,557	3.9%	81,799	77,141	6.0%
Other expense (income)	188	22,628	(99.2%)	(193)	23,777	(100.8%)
Total other expense (income), net	$ 40,349	$ 61,838	(34.8%)	$ 80,384	$ 100,185	(19.8%)

Other expense (income), net decreased 34.8% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021 and 19.8% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The decreases in net expenses were primarily driven by the absence of debt extinguishment costs, partially offset by higher interest expense associated with higher average outstanding debt balances.

Income Taxes

The following table shows our income tax provision and effective tax rate for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
			(in thousands)			
Provision for income taxes	49,445	30,272	63.3%	69,965	49,481	41.4%
Effective tax rate	19.0%	15.5%	22.6%	13.7%	12.0%	14.2%

The effective tax rate of 19.0% for the three months ended June 30, 2022 reflects the Company's estimate of the effective tax rate for the period. The level of discrete items was not impactful to the effective tax rate for the period.

The effective tax rate of 15.5% for the three months ended June 30, 2021 reflects the Company's estimate of the effective tax rate for the period and was impacted by certain favorable discrete items totaling $11.9 million, primarily related to the $5.6 million tax impact of loss on debt extinguishment recognized during the period with respect to the redemption of the 2026 Senior Notes. Also included in the discrete items is a $2.3 million benefit related to the revaluation of deferred taxes as a result of the enactment of an increase in the UK corporate tax rate, a $2.1 million benefit related to the filing of prior year refund claims, $1.0 million of excess tax benefits recognized on share-based compensation vested during the period and $0.9 million of tax benefits related to other prior year items.

The effective tax rate of 13.7% for the six months ended June 30, 2022 reflects the Company's estimate of the effective tax rate for the period and was impacted by certain favorable discrete items totaling $27.2 million, primarily related to $28.3 million of excess tax benefits recognized on share-based compensation vested during the period.

The effective tax rate of 12.0% for the six months ended June 30, 2021 reflects the Company's estimate of the effective tax rate for the period and was impacted by certain favorable discrete items totaling $34.2 million, primarily related to $21.4 million of excess tax benefits recognized on share-based compensation vested during the period and $5.6 million related to the tax impact of loss on debt extinguishment recognized during the period with respect to the redemption of the 2026 Senior Notes. Also included in the discrete items is a $2.3 million benefit related to the revaluation of deferred taxes as a result of the enactment of an increase in the UK corporate tax rate, a $2.1 million benefit related to the filing of prior year refund claims and $2.8 million of tax benefits related to other prior year items.

Net Income

The following table shows our net income for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
			(in thousands)			
Net income	$ 210,587	$ 165,423	27.3%	$ 439,010	$ 362,242	21.2%

As a result of the factors described above, net income increased 27.3% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, and increased 21.2% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021.

Weighted Average Shares and Common Shares Outstanding

The following table shows our weighted average shares outstanding for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
			(in thousands)			
Weighted average shares outstanding:						
Basic	80,923	82,454	(1.9%)	81,255	82,546	(1.6%)
Diluted	81,295	83,295	(2.4%)	81,789	83,393	(1.9%)

The following table shows our common shares outstanding for the periods indicated:

	As of		
	June 30, 2022	December 31, 2021	% Change
	(in thousands)		
Common shares outstanding	80,496	82,439	(2.4%)

The decrease in weighted average shares and common shares outstanding primarily reflects the impact of share repurchases made pursuant to the stock repurchase program.

Adjusted EBITDA

"Adjusted EBITDA," a non-GAAP measure used by management to assess operating performance, 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, when applicable, impairment related to sublease of leased property and certain non-recurring acquisition-related integration and transaction costs.

"Adjusted EBITDA expenses," a non-GAAP measure used by management to assess operating performance, 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, when applicable, impairment related to sublease of leased property and certain non-recurring acquisition-related integration and transaction costs.

Adjusted EBITDA and Adjusted EBITDA expenses are believed to be meaningful measures for management to assess the operating performance of the Company 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 the Company's ongoing operating performance in the period. All companies do not calculate adjusted EBITDA and adjusted EBITDA expenses in the same way. 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 the Adjusted EBITDA and Adjusted EBITDA expenses measures may not be comparable to similarly titled measures computed by other companies.

The following table presents the calculation of the non-GAAP Adjusted EBITDA measure for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
	(in thousands)					
Operating revenues	$ 551,806	$ 498,180	10.8%	$ 1,111,751	$ 976,603	13.8%
Adjusted EBITDA expenses	220,662	203,231	8.6%	462,063	405,068	14.1%
Adjusted EBITDA	$ 331,144	$ 294,949	12.3%	$ 649,688	$ 571,535	13.7%
Adjusted EBITDA margin %	60.0%	59.2%		58.4%	58.5%	
Operating margin %	54.4%	51.7%		53.0%	52.4%	

The change in Adjusted EBITDA margin reflects changes in the rate of growth of Adjusted EBITDA expenses as compared to the rate of growth of operating revenues, driven by the factors previously described.

Reconciliation of Adjusted EBITDA to Net Income and Adjusted EBITDA Expenses to Operating Expenses

The following table presents the reconciliation of Adjusted EBITDA to net income for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
	(in thousands)					
Index Adjusted EBITDA	$ 245,170	$ 233,468	5.0%	$ 491,045	$ 453,347	8.3%
Analytics Adjusted EBITDA	62,961	49,814	26.4%	113,850	95,545	19.2%
ESG and Climate Adjusted EBITDA	14,332	5,720	150.6%	26,424	10,765	145.5%
All Other - Private Assets Adjusted EBITDA	8,681	5,947	46.0%	18,369	11,878	54.6%
Consolidated Adjusted EBITDA	331,144	294,949	12.3%	649,688	571,535	13.7%
Amortization of intangible assets	22,179	30,396	(27.0%)	43,899	45,464	(3.4%)
Depreciation and amortization of property, equipment and leasehold improvements	6,765	7,020	(3.6%)	13,299	14,163	(6.1%)
Acquisition-related integration and transaction costs (1)	1,819	—	n/a	3,131	—	n/a
Operating income	300,381	257,533	16.6%	589,359	511,908	15.1%
Other expense (income), net	40,349	61,838	(34.8%)	80,384	100,185	(19.8%)
Provision for income taxes	49,445	30,272	63.3%	69,965	49,481	41.4%
Net income	$ 210,587	$ 165,423	27.3%	$ 439,010	$ 362,242	21.2%

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

The following table presents the reconciliation of Adjusted EBITDA expenses to operating expenses for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
			(in thousands)			
Index Adjusted EBITDA expenses	$ 75,779	$ 72,495	4.5%	$ 160,663	$ 145,107	10.7%
Analytics Adjusted EBITDA expenses	78,723	86,088	(8.6%)	167,631	174,374	(3.9%)
ESG and Climate Adjusted EBITDA expenses	40,796	33,588	21.5%	80,733	63,293	27.6%
All Other - Private Assets Adjusted EBITDA expenses	25,364	11,060	129.3%	53,036	22,294	137.9%
Consolidated Adjusted EBITDA expenses	220,662	203,231	8.6%	462,063	405,068	14.1%
Amortization of intangible assets	22,179	30,396	(27.0%)	43,899	45,464	(3.4%)
Depreciation and amortization of property, equipment and leasehold improvements	6,765	7,020	(3.6%)	13,299	14,163	(6.1%)
Acquisition-related integration and transaction costs (1)	1,819	—	n/a	3,131	—	n/a
Total operating expenses	$ 251,425	$ 240,647	4.5%	$ 522,392	$ 464,695	12.4%

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

The discussion of the segment results is presented below.

Segment Results

Index Segment

The following table presents the results for the Index segment for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
			(in thousands)			
Operating revenues:						
Recurring subscriptions	$ 179,711	$ 160,061	12.3%	$ 354,209	$ 315,178	12.4%
Asset-based fees	132,216	136,142	(2.9%)	277,269	262,848	5.5%
Non-recurring	9,022	9,760	(7.6%)	20,230	20,428	(1.0%)
Operating revenues total	320,949	305,963	4.9%	651,708	598,454	8.9%
Adjusted EBITDA expenses	75,779	72,495	4.5%	160,663	145,107	10.7%
Adjusted EBITDA	$ 245,170	$ 233,468	5.0%	$ 491,045	$ 453,347	8.3%
Adjusted EBITDA margin %	76.4%	76.3%		75.3%	75.8%	

Index operating revenues increased 4.9% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, primarily driven by growth from recurring subscriptions, partially offset by a decline in asset-based fees. Adjusting for the impact of foreign currency exchange rate fluctuations, Index operating revenues would have increased 5.3%.

Operating revenues from recurring subscriptions increased 12.3% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, primarily driven by strong growth from both market cap-weighted and factor, ESG and climate Index products.

Operating revenues from asset-based fees decreased 2.9% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, driven by a decline in revenues from ETFs linked to MSCI equity indexes and non-ETF indexed funds linked to MSCI indexes, partially offset by an increase in revenues from exchange traded futures and options contracts linked to MSCI indexes. Operating revenues from ETFs linked to MSCI equity indexes decreased by 5.2%, primarily driven by a decrease in average AUM and average basis point fees. Operating revenues from non-ETF indexed funds linked to MSCI indexes decreased by 7.0%, primarily driven by adjustments to revenue related to lower period over period client-reported AUM balances. Operating revenues from exchange traded futures and options contracts linked to MSCI indexes increased 26.6%, driven by volume increases.

Index segment Adjusted EBITDA expenses increased 4.5% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, reflecting higher non-compensation expenses to support growth across all expense activity categories. Adjusting for the impact of foreign currency exchange rate fluctuations, Index segment Adjusted EBITDA expenses would have increased by 8.7%.

Index operating revenues increased 8.9% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, primarily driven by growth from recurring subscriptions and asset-based fees. Adjusting for the impact of foreign currency exchange rate fluctuations, Index operating revenues would have increased 9.2%.

Operating revenues from recurring subscriptions increased 12.4% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, primarily driven by strong growth from both market cap-weighted and factor, ESG and climate Index products.

Operating revenues from asset-based fees increased 5.5% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, driven by growth in operating revenues from all index-linked investment product categories. Operating revenues from non-ETF indexed funds linked to MSCI indexes increased by 7.7%, primarily driven by an increase in average AUM, partially offset by a decrease in average basis point fees. Operating revenues from exchange traded futures and options contracts linked to MSCI indexes increased by 18.1%, driven by volume increases. Operating revenues from ETFs linked to MSCI equity indexes increased by 2.5%, primarily driven by an increase in average AUM, partially offset by a decrease in average basis point fees.

Index segment Adjusted EBITDA expenses increased 10.7% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, reflecting higher compensation and non-compensation expenses to support growth across all expense activity categories. Adjusting for the impact of foreign currency exchange rate fluctuations, Index segment Adjusted EBITDA expenses would have increased by 13.8%.

Analytics Segment

The following table presents the results for the Analytics segment for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
			(in thousands)			
Operating revenues:						
Recurring subscriptions	$ 139,497	$ 133,368	4.6%	$ 277,296	$ 265,040	4.6%
Non-recurring	2,187	2,534	(13.7%)	4,185	4,879	(14.2%)
Operating revenues total	141,684	135,902	4.3%	281,481	269,919	4.3%
Adjusted EBITDA expenses	78,723	86,088	(8.6%)	167,631	174,374	(3.9%)
Adjusted EBITDA	$ 62,961	$ 49,814	26.4%	$ 113,850	$ 95,545	19.2%
Adjusted EBITDA margin %	44.4%	36.7%		40.4%	35.4%	

Analytics operating revenues increased 4.3% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, primarily driven by growth from recurring subscriptions related to Multi-Asset Class and Equity Analytics products. Adjusting for the impact of foreign currency exchange rate fluctuations, Analytics operating revenues would have increased 5.2%.

Analytics segment Adjusted EBITDA expenses decreased 8.6% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, reflecting lower compensation expenses across all expense activity categories, driven by lower incentive compensation, and increased capitalization of expenses related to internally developed software projects. Adjusting for the impact of foreign currency exchange rate fluctuations, Analytics segment Adjusted EBITDA expenses would have decreased 5.3%.

Analytics operating revenues increased 4.3% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, primarily driven by growth from recurring subscriptions related to Multi-Asset Class and Equity Analytics products. Adjusting for the impact of foreign currency exchange rate fluctuations, Analytics operating revenues would have increased 5.0%.

Analytics segment Adjusted EBITDA expenses decreased 3.9% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, reflecting increased capitalization of expenses related to internally developed software projects and lower compensation expenses across all expense activity categories, driven by lower incentive compensation. Adjusting for the impact of foreign currency exchange rate fluctuations, Analytics segment Adjusted EBITDA expenses would have decreased 1.5%.

ESG and Climate Segment

The following table presents the results for the ESG and Climate segment for the periods indicated:

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	% Change	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	% Change
			(in thousands)			
Operating revenues:						
Recurring subscriptions	$ 54,037	$ 38,567	40.1%	$ 104,609	$ 72,707	43.9%
Non-recurring	1,091	741	47.2%	2,548	1,351	88.6%
Operating revenues total	55,128	39,308	40.2%	107,157	74,058	44.7%
Adjusted EBITDA expenses	40,796	33,588	21.5%	80,733	63,293	27.6%
Adjusted EBITDA	$ 14,332	$ 5,720	150.6%	$ 26,424	$ 10,765	145.5%
Adjusted EBITDA margin %	26.0%	14.6%		24.7%	14.5%	

ESG and Climate operating revenues increased 40.2% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, primarily driven by strong growth from recurring subscriptions related to Ratings, Climate and Screening products. Adjusting for the impact of foreign currency exchange rate fluctuations, ESG and Climate operating revenues would have increased 50.0%.

ESG and Climate segment Adjusted EBITDA expenses increased 21.5% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, reflecting higher compensation and non-compensation expenses to support growth, reflected across the cost of revenues, selling and marketing and G&A expense activity categories. Adjusting for the impact of foreign currency exchange rate fluctuations, ESG and Climate segment Adjusted EBITDA expenses would have increased 26.6%.

ESG and Climate operating revenues increased 44.7% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, primarily driven by strong growth from recurring subscriptions related to Ratings, Climate and Screening products. Adjusting for the impact of foreign currency exchange rate fluctuations, ESG and Climate operating revenues would have increased 51.2%.

ESG and Climate segment Adjusted EBITDA expenses increased 27.6% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, reflecting higher compensation and non-compensation expenses to support growth, reflected across all expense activity categories. Adjusting for the impact of foreign currency exchange rate fluctuations, ESG and Climate segment Adjusted EBITDA expenses would have increased 31.6%.

All Other – Private Assets Segment

The following table presents the results for the All Other – Private Assets segment for the periods indicated:

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	% Change	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	% Change
			(in thousands)			
Operating revenues:						
Recurring subscriptions	$ 33,804	$ 16,134	109.5%	$ 70,695	$ 32,937	114.6%
Non-recurring	241	873	(72.4%)	710	1,235	(42.5%)
Operating revenues total	34,045	17,007	100.2%	71,405	34,172	109.0%
Adjusted EBITDA expenses	25,364	11,060	129.3%	53,036	22,294	137.9%
Adjusted EBITDA	$ 8,681	$ 5,947	46.0%	$ 18,369	$ 11,878	54.6%
Adjusted EBITDA margin %	25.5%	35.0%		25.7%	34.8%	

All Other – Private Assets operating revenues increased 100.2% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, primarily driven by revenues attributable to the acquisition of RCA, partially offset by decreased recurring subscriptions revenues related to Enterprise Analytics products and unfavorable foreign currency exchange rate fluctuations. Adjusting for both the impact of the acquisition and foreign currency exchange rate fluctuations, All Other – Private Assets operating revenues would have decreased 5.5%. Adjusting for the impact of the acquisition and foreign currency exchange rate fluctuations individually, All Other – Private Assets operating revenues would have decreased 13.5% and increased 111.9%, respectively.

All Other – Private Assets segment Adjusted EBITDA expenses increased 129.3% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, primarily driven by the acquisition of RCA. All Other - Private Assets segment Adjusted EBITDA expenses would have increased 1.8% when excluding the impact of acquisitions and increased 142.9% when excluding the impact of foreign currency exchange rate fluctuations.

All Other – Private Assets operating revenues increased 109.0% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, primarily driven by revenues attributable to the acquisition of RCA, partially offset by unfavorable foreign currency exchange rate fluctuations. Adjusting for both the impact of the acquisition and foreign currency exchange rate fluctuations, All Other – Private Assets operating revenues would have increased 3.1%. Adjusting for the impact of the acquisition and foreign currency exchange rate fluctuations individually, All Other – Private Assets operating revenues would have decreased 3.7% and increased 118.8%, respectively.

All Other – Private Assets segment Adjusted EBITDA expenses increased 137.9% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, primarily driven by the acquisition of RCA. All Other - Private Assets segment Adjusted EBITDA expenses would have increased 5.9% when excluding the impact of acquisitions and increased 148.4% when excluding the impact of foreign currency exchange rate fluctuations.

Run Rate

"Run Rate" estimates at a particular point in time the annualized value of the recurring revenues under our client license agreements ("Client Contracts") for the next 12 months, assuming all Client Contracts that come up for renewal, or reach the end of the committed subscription period, are renewed and assuming then-current currency exchange rates, subject to the adjustments and exclusions described below. For any Client Contract where fees are linked to an investment product's assets or trading volume/fees, the Run Rate calculation reflects, for ETFs, the market value on the last trading day of the period, for futures and options, the most recent quarterly volumes and/or reported exchange fees, and for other non-ETF products, the most recent client-reported assets. Run Rate does not include fees associated with "one-time" and other non-recurring transactions. In addition, we add to Run Rate the annualized fee value of recurring new sales, whether to existing or new clients, when we execute Client Contracts, even though the license start date, and associated revenue recognition, may not be effective until a later date. We remove from Run Rate the annualized fee value associated with products or services under any Client Contract with respect to which we have received a notice of termination, non-renewal or an indication the client does not intend to continue their subscription during the period and have determined that such notice evidences the client's final decision to terminate or not renew the applicable products or services, even though such notice is not effective until a later date.

Changes in our recurring revenues typically lag changes in Run Rate. The actual amount of recurring revenues we will realize over the following 12 months will differ from Run Rate for numerous reasons, including:

- fluctuations in revenues associated with new recurring sales;
- modifications, cancellations and non-renewals of existing Client Contracts, subject to specified notice requirements;
- differences between the recurring license start date and the date the Client Contract is executed due to, for example, contracts with onboarding periods or fee waiver periods;
- fluctuations in asset-based fees, which may result from changes in certain investment products' total expense ratios, market movements, including foreign currency exchange rates, or from investment inflows into and outflows from investment products linked to our indexes;
- fluctuations in fees based on trading volumes of futures and options contracts linked to our indexes;
- fluctuations in the number of hedge funds for which we provide investment information and risk analysis to hedge fund investors;
- price changes or discounts;
- revenue recognition differences under U.S. GAAP, including those related to the timing of implementation and report deliveries for certain of our products and services;
- fluctuations in foreign currency exchange rates; and
- the impact of acquisitions and divestitures.

The following table presents Run Rates by reportable segment as of the dates indicated and the growth percentages over the periods indicated:

	As of		
	June 30, 2022	June 30, 2021	% Change
	(in thousands)		
Index:			
Recurring subscriptions	$ 732,081	$ 653,448	12.0%
Asset-based fees	520,092	539,984	(3.7%)
Index total	1,252,173	1,193,432	4.9%
Analytics	592,043	563,938	5.0%
ESG and Climate	231,222	164,092	40.9%
All Other - Private Assets	137,713	58,088	137.1%
Total Run Rate	$ 2,213,151	$ 1,979,550	11.8%
Recurring subscriptions total	$ 1,693,059	$ 1,439,566	17.6%
Asset-based fees	520,092	539,984	(3.7%)
Total Run Rate	$ 2,213,151	$ 1,979,550	11.8%

Total Run Rate increased 11.8%, driven by an 17.6% increase from recurring subscriptions, partially offset by a 3.7% decrease from asset-based fees. Adjusting for the impact of the acquisition of RCA and foreign currency exchange rate fluctuations individually, recurring subscriptions Run Rate would have increased 12.1% and 19.8%, respectively.

Run Rate from Index recurring subscriptions increased 12.0%, primarily driven by strong growth from market cap-weighted, factor, ESG and climate, and custom and specialized Index products, and the increase reflected growth across all regions and client segments.

Run Rate from Index asset-based fees decreased 3.7%, primarily driven by lower AUM in ETFs linked to MSCI equity indexes and a 0.1 average basis point fee decrease in ETFs, partially offset by higher exchange traded futures and options volume and higher AUM in non-ETF indexed funds linked to MSCI indexes.

Run Rate from Analytics products increased 5.0%, primarily driven by growth in both Multi-Asset Class and Equity Analytics products. Adjusting for the impact of foreign currency exchange rate fluctuations, Analytics Run Rate would have increased 7.4%.

Run Rate from ESG and Climate products increased 40.9%, driven by strong growth in Ratings, Climate and Screening products. Adjusting for the impact of foreign currency exchange rate fluctuations, ESG and Climate Run Rate would have increased 47.2%.

Run Rate from All Other - Private Assets increased 137.1%, primarily driven by the acquisition of RCA and growth in Climate Value-at-Risk and Global Intel products, partially offset by unfavorable foreign currency exchange rate fluctuations. Adjusting for both the impact of the acquisition and foreign currency exchange rate fluctuations, All Other - Private Assets Run Rate would have increased 8.7%. Adjusting for the impact of the acquisition and foreign currency exchange rate fluctuations individually, All Other - Private Assets Run Rate would have increased 0.8% and 149.8%, respectively.

Sales

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.

The following table presents our recurring subscription sales, cancellations and non-recurring sales by reportable segment for the periods indicated:

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	% Change	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	% Change
	(in thousands)					
New recurring subscription sales						
Index	$ 27,946	$ 25,635	9.0%	$ 50,363	$ 46,491	8.3%
Analytics	18,754	16,282	15.2%	32,823	28,492	15.2%
ESG and Climate	22,205	17,756	25.1%	41,347	29,396	40.7%
All Other - Private Assets	5,713	1,860	207.2%	11,272	3,544	218.1%
New recurring subscription sales total	74,618	61,533	21.3%	135,805	107,923	25.8%
Subscription cancellations						
Index	(7,161)	(6,791)	5.4%	(13,081)	(11,989)	9.1%
Analytics	(8,366)	(10,096)	(17.1%)	(16,494)	(15,975)	3.2%
ESG and Climate	(1,369)	(1,246)	9.9%	(2,012)	(2,298)	(12.4%)
All Other - Private Assets	(1,358)	(887)	53.1%	(3,336)	(1,585)	110.5%
Subscription cancellations total	(18,254)	(19,020)	(4.0%)	(34,923)	(31,847)	9.7%
Net new recurring subscription sales						
Index	20,785	18,844	10.3%	37,282	34,502	8.1%
Analytics	10,388	6,186	67.9%	16,329	12,517	30.5%
ESG and Climate	20,836	16,510	26.2%	39,335	27,098	45.2%
All Other - Private Assets	4,355	973	347.6%	7,936	1,959	305.1%
Net new recurring subscription sales total	56,364	42,513	32.6%	100,882	76,076	32.6%
Non-recurring sales						
Index	14,267	10,769	32.5%	27,982	21,974	27.3%
Analytics	2,418	2,773	(12.8%)	5,907	5,746	2.8%
ESG and Climate	870	1,140	(23.7%)	2,178	1,837	18.6%
All Other - Private Assets	455	185	145.9%	607	1,071	(43.3%)
Non-recurring sales total	18,010	14,867	21.1%	36,674	30,628	19.7%
Gross sales						
Index	$ 42,213	$ 36,404	16.0%	$ 78,345	$ 68,465	14.4%
Analytics	21,172	19,055	11.1%	38,730	34,238	13.1%
ESG and Climate	23,075	18,896	22.1%	43,525	31,233	39.4%
All Other - Private Assets	6,168	2,045	201.6%	11,879	4,615	157.4%
Total gross sales	$ 92,628	$ 76,400	21.2%	$ 172,479	$ 138,551	24.5%
Net sales						
Index	$ 35,052	$ 29,613	18.4%	$ 65,264	$ 56,476	15.6%
Analytics	12,806	8,959	42.9%	22,236	18,263	21.8%
ESG and Climate	21,706	17,650	23.0%	41,513	28,935	43.5%
All Other - Private Assets	4,810	1,158	315.4%	8,543	3,030	181.9%
Total net sales	$ 74,374	$ 57,380	29.6%	$ 137,556	$ 106,704	28.9%

A significant portion of MSCI's operating revenues are derived from subscriptions or licenses of products and services, which are provided over contractually-agreed periods of time that are subject to renewal or cancellation at the end of current contract terms.

Retention Rate

The following table presents our Retention Rate by reportable segment for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Index	95.9%	95.6%	96.2%	96.1%
Analytics	94.3%	92.7%	94.4%	94.2%
ESG and Climate	97.3%	96.4%	98.0%	96.7%
All Other - Private Assets (1)	96.0%	93.7%	95.1%	94.4%
Total	95.5%	94.4%	95.7%	95.3%

(1) Includes RCA's Run Rate for the current-year period. Retention rate for All Other – Private Assets excluding the impact of RCA was 97.1% and 95.8% for the three and six months ended June 30, 2022, respectively.

Retention Rate is an important metric because subscription cancellations decrease our Run Rate and ultimately our future operating revenues over time. The annual Retention Rate represents the retained subscription Run Rate (subscription Run Rate at the beginning of the fiscal year less actual cancels during the year) as a percentage of the subscription Run Rate at the beginning of the fiscal year.

The Retention Rate for a non-annual period is calculated by annualizing the cancellations for which we have received a notice of termination or for which we believe there is an intention not to renew or discontinue the subscription during the non-annual period, and we believe that such notice or intention evidences the client's final decision to terminate or not renew the applicable agreement, even though such notice is not effective until a later date. This annualized cancellation figure is then divided by the subscription Run Rate at the beginning of the fiscal year to calculate a cancellation rate. This cancellation rate is then subtracted from 100% to derive the annualized Retention Rate for the period.

Retention Rate is computed by operating segment on a product/service-by-product/service basis. In general, if a client reduces the number of products or services to which it subscribes within a segment, or switches between products or services within a segment, we treat it as a cancellation for purposes of calculating our Retention Rate except in the case of a product or service switch that management considers to be a replacement product or service. In those replacement cases, only the net change to the client subscription, if a decrease, is reported as a cancel. In the Analytics and the ESG and Climate operating segments, substantially all product or service switches are treated as replacement products or services and netted in this manner, while in our Index and Real Assets operating segments, product or service switches that are treated as replacement products or services and receive netting treatment occur only in certain limited instances. In addition, we treat any reduction in fees resulting from a down-sell 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.

Retention Rate is generally higher during the first three quarters and lower in the fourth quarter, as the fourth quarter is traditionally the largest renewal period in the year.

Critical Accounting Policies and Estimates

We describe our significant accounting policies in Note 1, "Introduction and Basis of Presentation," of the Notes to Consolidated Financial Statements included in our Form 10-K. There have been no significant changes in our accounting policies since the end of the fiscal year ended December 31, 2021 or critical accounting estimates applied in the fiscal year ended December 31, 2021.

Liquidity and Capital Resources

We require capital to fund ongoing operations, internal growth initiatives and acquisitions. Our primary sources of liquidity are cash flows generated from our operations, existing cash and cash equivalents and credit capacity under our existing credit facility. In addition, we believe we have access to additional funding in the public and private markets. We intend to use these sources of liquidity to, among other things, service our existing and future debt obligations, fund our working capital requirements for capital expenditures, investments, acquisitions and dividend payments, and make repurchases of our common stock. In connection with our business strategy, we regularly evaluate acquisition and strategic partnership opportunities. We believe our liquidity, along with other financing alternatives, will provide the necessary capital to fund these transactions and achieve our planned growth.

Senior Notes and Credit Agreement

As of June 30, 2022, we had an aggregate of $4,200 million in Senior Notes outstanding. In addition, under the Credit Agreement, we had as of June 30, 2022: (i) an aggregate of $350 million in Tranche A Term Loans outstanding under the TLA Facility and (ii) $500 million of undrawn borrowing capacity under the revolving credit facility. See Note 8, "Commitments and Contingencies," of the Notes to Condensed Consolidated Financial Statements (Unaudited) included herein for additional information on our outstanding indebtedness and revolving credit facility.

The Senior Notes and the Credit Agreement are fully and unconditionally, and jointly and severally, guaranteed by our direct or indirect wholly owned domestic subsidiaries that account for more than 5% of our and our subsidiaries' consolidated assets, other than certain excluded subsidiaries (the "subsidiary guarantors"). Amounts due under the Credit Agreement are our and the subsidiary guarantors' senior unsecured obligations and rank equally with the Senior Notes and any of our other unsecured, unsubordinated debt, senior to any of our subordinated debt and effectively subordinated to our secured debt to the extent of the assets securing such debt.

The indentures governing our Senior Notes (the "Indentures") among us, each of the subsidiary guarantors, and Computershare, National Association, as trustee and successor to Wells Fargo Bank, National Association, contain covenants that limit our and certain of our subsidiaries' ability to, among other things, incur liens, enter into sale/leaseback transactions and consolidate, merge or sell all or substantially all of our assets. In addition, the Indentures restrict our non-guarantor subsidiaries' ability to create, assume, incur or guarantee additional indebtedness without such non-guarantor subsidiaries guaranteeing the Senior Notes on a *pari passu* basis.

The Credit Agreement contains affirmative and restrictive covenants that, among other things, limit our ability and/or the ability of our existing or future subsidiaries to:

- incur liens and further negative pledges;
- incur additional indebtedness or prepay, redeem or repurchase indebtedness;
- make loans or hold investments;
- merge, dissolve, liquidate, consolidate with or into another person;
- enter into acquisition transactions;
- enter into sale/leaseback transactions;
- issue disqualified capital stock;
- sell, transfer or dispose of assets;
- pay dividends or make other distributions in respect of our capital stock or engage in stock repurchases, redemptions and other restricted payments;
- create new subsidiaries;
- permit certain restrictions affecting our subsidiaries;
- change the nature of our business, accounting policies or fiscal periods;
- enter into any transactions with affiliates other than on an arm's-length basis; and
- amend our organizational documents or amend, modify or change the terms of certain agreements relating to our indebtedness.

The Credit Agreement and the Indentures also contain customary events of default, including those relating to non-payment, breach of representations, warranties or covenants, cross-default and cross-acceleration, and bankruptcy and insolvency events, and, in the case of the Credit Agreement, invalidity or impairment of loan documentation, change of control and customary ERISA defaults in addition to the foregoing. None of the restrictions above are expected to impact our ability to effectively operate the business.

The Credit Agreement also requires us and our subsidiaries to achieve financial and operating results sufficient to maintain compliance with the following financial ratios on a consolidated basis through the termination of the Credit Agreement: (1) the maximum Consolidated Leverage Ratio (as defined in the Credit Agreement) measured quarterly on a rolling four-quarter basis not to exceed 4.25:1.00 (or 4.50:1.00 for two fiscal quarters following a material acquisition) and (2) the minimum Consolidated Interest Coverage Ratio (as defined in the Credit Agreement) measured quarterly on a rolling four-quarter basis of at least 4.00:1.00. As of June 30, 2022, our Consolidated Leverage Ratio was 3.23:1.00 and our Consolidated Interest Coverage Ratio was 8.74:1.00.

Our non-guarantor subsidiaries under the Senior Notes and the Credit Agreement consist of: (i) domestic subsidiaries of the Company that account for 5% or less of consolidated assets of the Company and its subsidiaries and (ii) any foreign or domestic subsidiary of the Company that is deemed to be a controlled foreign corporation within the meaning of Section 957 of the Internal Revenue Code of 1986, as amended. Our non-guarantor subsidiaries accounted for approximately $1,318.0 million, or 60.5%, of our total revenue for the trailing 12 months ended June 30, 2022, approximately $494.1 million, or 43.0%, of our consolidated operating income for the trailing 12 months ended June 30, 2022, and approximately $949.5 million, or 19.6%, of our consolidated total assets (excluding intercompany assets) and $762.0 million, or 13.0%, of our consolidated total liabilities, in each case as of June 30, 2022.

Share Repurchases

The following table provides information with respect to repurchases of the Company's common stock pursuant to open market repurchases:

Six Months Ended	Average Price Paid Per Share	Total Number of Shares Repurchased	Dollar Value of Shares Repurchased
		(in thousands)	
June 30, 2022	$ 480.68	2,184	$ 1,049,651
June 30, 2021	$ 407.70	330	$ 134,340

As of June 30, 2022, there was $539.5 million of available authorization remaining under the 2020 Repurchase Program.

Cash Dividend

On July 25, 2022, the Board of Directors declared a quarterly cash dividend of $1.25 per share for the three months ending September 30, 2022. This reflects an increase of 20.2% over the quarterly cash dividend declared for the three months ended June 30, 2022. The third quarter 2022 dividend is payable on August 31, 2022 to shareholders of record as of the close of trading on August 12, 2022.

Cash Flows

The following table presents the Company's cash and cash equivalents as of the dates indicated:

	As of	
	June 30, 2022	December 31, 2021
	(in thousands)	
Cash and cash equivalents	$ 842,300	$ 1,421,449

We typically seek to maintain minimum cash balances globally of approximately $200.0 million to $250.0 million for general operating purposes. As of June 30, 2022 and December 31, 2021, $319.2 million and $542.2 million, respectively, of the Company's cash and cash equivalents were held by foreign subsidiaries. Repatriation of some foreign cash may be subject to certain withholding taxes in local jurisdictions and other distribution restrictions. We believe the global cash and cash equivalent balances that are maintained will be available to meet our global needs whether for general corporate purposes or other needs, including acquisitions or expansion of our products.

We believe that global cash flows from operations, together with existing cash and cash equivalents and funds available under our existing revolving credit facility and our ability to access the debt and capital markets for additional funds, will continue to be sufficient to fund our global operating activities and cash commitments for investing and financing activities, such as material capital expenditures and share repurchases, for at least the next 12 months and for the foreseeable future thereafter. In addition, we expect that foreign cash flows from operations, together with existing cash and cash equivalents, will continue to be sufficient to fund our foreign operating activities and cash commitments for investing activities, such as material capital expenditures, for at least the next 12 months and for the foreseeable future thereafter.

Net Cash Provided by (Used In) Operating, Investing and Financing Activities

	Six Months Ended June 30,	
	2022	2021
	(in thousands)	
Net cash provided by operating activities	$ 456,873	$ 440,514
Net cash used in investing activities	(34,413)	(22,321)
Net cash (used in) provided by financing activities	(982,936)	256,858
Effect of exchange rate changes	(18,673)	(3,570)
Net (decrease) increase in cash	$ (579,149)	$ 671,481

Cash Flows From Operating Activities

Cash flows from operating activities consist of net income adjusted for certain non-cash items and changes in assets and liabilities. The year-over-year increase was primarily driven by higher cash collections from customers, partially offset by higher payments for cash expenses, mainly reflecting higher cash compensation expenses, information technology costs, professional fees and market data costs.

Our primary uses of cash from operating activities are for the payment of cash compensation expenses, interest expenses, income taxes, technology costs, professional fees, market data costs and office rent. Historically, the payment of cash for compensation and benefits is at its highest level in the first quarter when we pay discretionary employee compensation related to the previous fiscal year.

Cash Flows From Investing Activities

The year-over-year change was primarily driven by increased capitalized software development costs.

Cash Flows From Financing Activities

The year-over-year change was primarily driven by the impact of higher share repurchases and less proceeds from borrowings, partially offset by lower repayments on debt.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Foreign Currency Risk

We are subject to foreign currency exchange fluctuation risk. Exchange rate movements can impact the U.S. dollar-reported value of our revenues, expenses, assets and liabilities denominated in non-U.S. dollar currencies or where the currency of such items is different than the functional currency of the entity where these items were recorded.

We generally invoice our clients in U.S. dollars; however, we invoice a portion of our clients in Euros, British pounds sterling, Japanese yen and a limited number of other non-U.S. dollar currencies. For the six months ended June 30, 2022 and 2021, 15.8% and 15.3%, respectively, of our revenues are subject to foreign currency exchange rate risk and primarily included clients billed in foreign currency as well as U.S. dollar exposures on non-U.S. dollar foreign operating entities. Of the 15.8% of non-U.S. dollar exposure for the six months ended June 30, 2022, 40.5% was in Euros, 29.0% was in British pounds sterling and 19.9% was in Japanese yen. Of the 15.3% of non-U.S. dollar exposure for the six months ended June 30, 2021, 42.5% was in Euros, 25.3% was in British pounds sterling and 24.3% was in Japanese yen.

Revenues from asset-based fees represented 24.9% and 26.9% of operating revenues for the six months ended June 30, 2022 and 2021, respectively. While a substantial portion of our asset-based fees are invoiced in U.S. dollars, the fees are based on the assets in investment products, of which approximately three-fifths are invested in securities denominated in currencies other than the U.S. dollar. Accordingly, declines in such other currencies against the U.S. dollar will decrease the fees payable to us under such licenses. In addition, declines in such currencies against the U.S. dollar could impact the attractiveness of such investment products resulting in net fund outflows, which would further reduce the fees payable under such licenses.

We are exposed to additional foreign currency risk in certain of our operating costs. Approximately 43.3% and 42.0% of our operating expenses for the six months ended June 30, 2022 and 2021, respectively, were denominated in foreign currencies, the significant majority of which were denominated in British pounds sterling, Indian rupees, Euros, Hungarian forints, Swiss francs and Mexican pesos.

We have certain monetary assets and liabilities denominated in currencies other than local functional amounts and when these balances are remeasured into their local functional currency, either a gain or a loss results from the change of the value of the functional currency as compared to the originating currencies. We manage foreign currency exchange rate risk, in part, through the use of derivative financial instruments comprised principally of forward contracts on foreign currency which are not designated as hedging instruments for accounting purposes. The objective of the derivative instruments is to minimize the impact on the income statement of the volatility of amounts denominated in certain foreign currencies. We recognized total foreign currency exchange gains of $2.4 million and losses of $0.5 million for the six months ended June 30, 2022 and 2021, respectively.

Item 4. Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have evaluated our disclosure controls and procedures, as defined in Rule 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”), as of June 30, 2022, and have concluded that these disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time specified in the SEC’s rules and forms. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Various lawsuits, claims and proceedings have been or may be instituted or asserted against the Company in the ordinary course of business. While the amounts claimed could be substantial, the ultimate liability cannot now be determined because of the considerable uncertainties that exist. Therefore, it is possible that MSCI's business, operating results, financial condition or cash flows in a particular period could be materially affected by certain contingencies. However, based on facts currently available, management believes that the disposition of matters that are currently pending or asserted will not, individually or in the aggregate, have a material effect on MSCI's business, operating results, financial condition or cash flows.

Item 1A. Risk Factors

For a discussion of the risk factors affecting the Company, see "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for fiscal year ended December 31, 2021 and in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022.

There have been no material changes to the significant risk factors and uncertainties known to the Company and disclosed in the Company's Form 10-K for the fiscal year ended December 31, 2021, as amended by the revisions disclosed in the Company's Form 10-Q for the quarter ended March 31, 2022, that, if they were to materialize or occur, would, individually or in the aggregate, have a material effect on MSCI's business, operating results, financial condition or cash flows.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no unregistered sales of equity securities during the three months ended June 30, 2022.

The table below presents information with respect to purchases made by or on behalf of the Company of its shares of common stock during the three months ended June 30, 2022.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased(1)	Average Price Paid Per Share	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(2)
April 1, 2022-April 30, 2022	45,718	$ 486.73	45,455	$ 794,417,000
May 1, 2022-May 31, 2022	374,392	$ 401.96	364,731	$ 647,722,000
June 1, 2022-June 30, 2022	276,085	$ 393.01	275,336	$ 539,548,000
Total	696,195	$ 403.98	685,522	$ 539,548,000

(1) Includes (i) shares purchased by the Company on the open market under the stock repurchase program; (ii) shares withheld to satisfy tax withholding obligations on behalf of employees that occur upon vesting and delivery of outstanding shares underlying restricted stock units; and (iii) shares held in treasury under the MSCI Inc. Non-Employee Directors Deferral Plan. The value of shares withheld to satisfy tax withholding obligations was determined using the fair market value of the Company's common stock on the date of withholding, using a valuation methodology established by the Company.

(2) See Note 10, "Shareholders' Equity (Deficit)," of the Notes to the Unaudited Condensed Consolidated Financial Statements included herein for further information regarding our stock repurchase program.

Item 6. Exhibits

EXHIBIT INDEX

	Exhibit Number	Description
	3.1	Third Amended and Restated Certificate of Incorporation (filed as Exhibit 3.1 to the Company's Form 10-Q (File No. 001-33812), filed with the SEC on May 4, 2012 and incorporated by reference herein)
	3.2	Amended and Restated Bylaws (filed as Exhibit 3.1 to the Company's Form 8-K (File No. 001-33812), filed with the SEC on January 11, 2021 and incorporated by reference herein)
	10.1*†	Form of Award Agreement for Restricted Stock Units for Directors Under the MSCI Inc. 2016 Non-Employee Directors Compensation Plan
	10.2*†	MSCI Inc. Annual Incentive Plan
	10.3	Amended and Restated Credit Agreement, dated as of June 9, 2022, among MSCI Inc., each of the subsidiary guarantors party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and L/C Issuer and the other lenders party thereto (filed as Exhibit 10.1 to the Company's Form 8-K (File No. 001-33812), filed with the SEC on June 14, 2022 and incorporated by reference herein)
	11	Statement Re: Computation of Earnings Per Common Share (The calculation of per share earnings is in Part I, Item 1, Note 4 to the Condensed Consolidated Financial Statements (Earnings Per Common Share) and is omitted in accordance with Section (b)(11) of Item 601 of Regulation S-K)
*	31.1	Rule 13a-14(a) Certification of the Chief Executive Officer
*	31.2	Rule 13a-14(a) Certification of the Chief Financial Officer
**	32.1	Section 1350 Certification of the Chief Executive Officer and the Chief Financial Officer
*	101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
*	101.SCH	Inline XBRL Taxonomy Extension Schema Document
*	101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
*	101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
*	101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
*	101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
*	104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith.

† Indicates a management compensation plan, contract or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: July 26, 2022

MSCI INC.
(Registrant)

By: /s/ Andrew C. Wiechmann
Andrew C. Wiechmann
Chief Financial Officer
(Principal Financial Officer)

Exhibit 10.1

20[●] AWARD AGREEMENT
FOR RESTRICTED STOCK UNITS
FOR DIRECTORS
UNDER THE MSCI INC. 2016 NON-EMPLOYEE DIRECTORS COMPENSATION PLAN

MSCI Inc. ("**MSCI**," together with its subsidiaries, the "**Company**") hereby grants to you Restricted Stock Units ("**RSUs**") as described below. The awards are being granted under the MSCI Inc. 2016 Non-Employee Directors Compensation Plan (as may be amended from time to time, the "**Plan**").

Participant:	[●]
Number of RSUs Granted:	[●] RSUs
Grant Date:	[●] (the "**Grant Date**")
Vesting Schedule:	[●] (such date, the "**Vesting Date**").

Provided you continue to provide services to the Company through the Vesting Date, the RSUs will vest and convert as provided above and as further described in Exhibit A attached hereto. Your RSUs may be subject to forfeiture if you terminate service with the Company before the Vesting Date, as set forth in the Plan and this Restricted Stock Unit Award Agreement (including Exhibit A and Exhibit B attached hereto, this "**Award Agreement**").

You agree that this Award Agreement is granted under the Plan and governed by the terms and conditions of the Plan and Exhibit A and Exhibit B attached hereto. You will be able to access a prospectus and tax supplement that contains important information about this award via the MSCI website or your brokerage account. Unless defined in this Award Agreement, capitalized terms shall have the meanings ascribed to them in the Plan.

IN WITNESS WHEREOF, MSCI has duly executed and delivered this Award Agreement as of the Grant Date.

MSCI Inc.

____
Name:
Title:

EXHIBIT A

TERMS AND CONDITIONS
OF THE 20[●] RESTRICTED STOCK UNIT AWARD AGREEMENT

Section 1. RSUs Generally. MSCI has awarded you RSUs as an incentive for you to continue to provide services as a director of MSCI and to, among other things, align your interests with those of the Company and to reward you for your continued service as a director of MSCI in the future. As such, you will earn your RSUs for 20[●] only if you remain in continuous service as a director of MSCI through the Vesting Date, or as otherwise set forth below. Each RSU corresponds to one share of MSCI common stock, par value $0.01 per share (each, a "**Share**"). Each RSU constitutes a contingent and unsecured promise by MSCI to deliver one Share on the conversion date for such RSU. As the holder of RSUs, you have only the rights of a general unsecured creditor of MSCI. To the extent that you are subject to taxation in the United States, Section 409A ("**Section 409A**") of the Internal Revenue Code of 1986, as amended (the "**Code**"), imposes rules relating to the taxation of deferred compensation, including your 20[●] RSU award. The Company reserves the right to modify the terms of your 20[●] RSU award, including, without limitation, the payment provisions applicable to your RSUs, to the extent necessary or advisable to comply with Section 409A.

Section 2. Vesting Schedule and Conversion.

(a) *Vesting Schedule*. Your RSUs will vest on the Vesting Date; *provided* that, subject to Section 4 and Section 5, you continue to provide future services to the Company by remaining in continuous service as a director of MSCI through the Vesting Date.

(b) *Conversion*.

(i) Except as otherwise provided in this Award Agreement or pursuant to any election form submitted in connection with the MSCI Inc. Non-Employee Directors Deferral Plan (as amended), each of your vested RSUs will convert to one Share within 30 days following the Vesting Date.

(ii) Shares to which you are entitled to receive upon conversion of RSUs under any provision of this Award Agreement shall not be subject to any transfer restrictions, other than those that may arise under securities laws or the Company's policies.

(c) *Stock Ownership Guidelines.* You agree and acknowledge that the Shares issuable to you upon the settlement of the RSUs shall be subject to the terms and conditions of MSCI's Non-Employee Director Stock Ownership Guidelines (the "**Ownership Guidelines**"), as may be in effect from time to time. You agree and acknowledge that a copy of the Ownership Guidelines has been previously made available to you and that you understand and acknowledge the terms of such Ownership Guidelines.

Section 3. Dividend Equivalent Payments. Until your RSUs convert to Shares, if and when MSCI pays a dividend on Shares, you will be entitled to a dividend equivalent payment in the same amount as the dividend you would have received if you held Shares for your vested and unvested RSUs immediately prior to the record date. No dividend equivalents will be paid to you with respect to any canceled or forfeited RSUs. MSCI will decide on the form of payment and may pay dividend equivalents in Shares, in cash or in a combination thereof, unless otherwise provided in Exhibit B. MSCI will pay the dividend equivalent when it pays the corresponding dividend on its common stock. The gross amount of any dividend equivalents paid to you with respect to RSUs that do not vest and convert to Shares shall be subject to potential recoupment or payback (such recoupment or payback of dividend equivalents, the "**Clawback**") following the cancellation or forfeiture of the underlying RSUs. You consent to the Company's implementation and enforcement of the Clawback and expressly agree that MSCI may take such actions as are necessary to effectuate the Clawback consistent with applicable law. If, within a reasonable period, you do not tender repayment of the dividend equivalents in response to demand for repayment, MSCI may seek a court order against you or take any other actions as are necessary to effectuate the Clawback.

Section 4. Termination of Service. Upon termination of service as a director of MSCI prior to the Vesting Date, pursuant to this Section 4, the following special vesting and payment terms will apply to your RSUs:

(a) *Termination of Service Due to Death or Disability*. If your service as a director of MSCI terminates due to death or Disability, your unvested RSUs will immediately vest and convert into Shares on the date your service as a director of MSCI terminates or within 30 days thereafter. Such Shares will be delivered to the beneficiary(ies) you have designated pursuant to Section 7 or the legal representative of your estate, as applicable. For purposes of this Award Agreement, "**Disability**" means your "permanent and total disability" (as defined in Section 22(e) of the Code).

(b) *Termination of Service and Cancellation of Awards*. Unless otherwise determined by the Board, your unvested RSUs will be canceled and forfeited in full if your service as a director of MSCI terminates prior to the earlier of (i) the date of MSCI's annual general shareholders meeting to be held during the same year as the Vesting Date if either (x) you decide not to stand for re-election at such annual shareholders meeting or (y) you are not eligible to stand for re-election at such annual shareholders meeting pursuant to the Retirement Policy set forth in the Board's Corporate Governance Policies and (ii) the Vesting Date, in each case for any reason other than as set forth in Section 4(a) and Section 5 of this Award Agreement.

Section 5. Change in Control. In the event of a Change in Control, all of your RSUs will immediately vest and convert into Shares effective on the date of such Change in Control.

Section 6. Nontransferability. You may not sell, pledge, hypothecate, assign or otherwise transfer your RSUs, including with respect to shares subject to any retention requirements under the Ownership Guidelines, other than as provided in Section 7 (which allows you to designate a beneficiary or beneficiaries in the event of your death) or by will or the laws of descent and distribution or otherwise as provided by the Board. This prohibition includes any assignment or other transfer that purports to occur by operation of law or otherwise. During your lifetime, payments relating to the RSUs will be made only to you. Your personal representatives, heirs, legatees, beneficiaries, successors and assigns, and those of MSCI, shall all be bound by, and shall benefit from, the terms and conditions of your award.

Section 7. Designation of a Beneficiary. Any designation of a beneficiary or beneficiaries to receive all or part of the Shares to be paid under this Award Agreement in the event of your death will be governed by local law. To make a beneficiary designation, you must coordinate with your personal tax or estate planning representative. Any Shares that become payable upon your death will be distributed to your estate in accordance with local law rules. You may replace or revoke your beneficiary designation at any time. If there is any question as to the legal right of any beneficiary(ies) to receive Shares under this Award Agreement, MSCI may determine in its sole discretion to deliver the Shares in question to your estate. MSCI's determination shall be binding and conclusive on all persons, and it will have no further liability to anyone with respect to such Shares.

Section 8. Ownership and Possession.

(a) *Prior to Conversion*. Prior to conversion of your RSUs, you will not have any rights as a stockholder in the Shares corresponding to your RSUs. However, you will receive dividend equivalent payments, as set forth in Section 3 of this Award Agreement.

(b) *Following Conversion*. Following conversion of your RSUs, you will be the beneficial owner of the Shares issued to you, and you will be entitled to all rights of ownership, including voting rights and the right to receive cash or stock dividends or other distributions paid on the Shares.

Section 9. Securities Law Compliance Matters. MSCI may, if it determines it is appropriate, affix any legend to the stock certificates representing Shares issued upon conversion of your RSUs and any stock certificates that may subsequently be issued in substitution for the original certificates. MSCI may advise the transfer agent to place a stop order against such Shares if it determines that such an order is necessary or advisable.

Section 10. Compliance with Laws and Regulations. Any sale, assignment, transfer, pledge, mortgage, encumbrance or other disposition of Shares issued upon conversion of your RSUs (whether directly or indirectly, whether or not for value, and whether or not voluntary) must be made in compliance with any applicable constitution, rule, regulation, or policy of any of the exchanges, associations or other institutions with which MSCI has membership or other privileges, and any applicable law, or applicable rule or regulation of any governmental agency, self-regulatory organization or state or federal regulatory body.

Section 11. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

Section 12. Consents under Local Law. Your award is conditioned upon the making of all filings and the receipt of all consents or authorizations required to comply with, or be obtained under, applicable local law.

Section 13. Award Modification and Section 409A.

(a) *Award Modification*. MSCI reserves the right to modify or amend unilaterally the terms and conditions of your RSUs, without first asking your consent, or to waive any terms and conditions that operate in favor of MSCI. MSCI may not modify your RSUs in a manner that would materially impair your rights in your RSUs without your consent; *provided*, *however*, that MSCI may, without your consent, amend or modify your RSUs in any manner that MSCI considers necessary or advisable to comply with applicable law, stock market or exchange rules and regulations or accounting or tax rules and regulations. MSCI will notify you of any amendment of your RSUs that affects your rights. Any amendment or waiver of a provision of this Award Agreement (other than any amendment or waiver applicable to all recipients generally), which amendment or waiver operates in your favor or confers a benefit on you, must be in writing and signed by the Chief Human Resources Officer, the Chief Financial Officer or the General Counsel (or if such positions no longer exist, by the holders of equivalent positions) to be effective.

(b) *Section 409A*. You understand and agree that all payments made pursuant to this Award Agreement are intended to be exempt and/or comply with Section 409A, and shall be interpreted on a basis consistent with such intent. Notwithstanding the other provisions of this Award Agreement, to the extent necessary to comply with Section 409A, if MSCI considers you to be one of its "specified employees" and you are a U.S. taxpayer, in each case, at the time of your "separation from service" (as such terms are defined in the Code) from the Company, no conversion specified hereunder shall occur prior to your death or the expiration of the six-month period measured from the date of your separation from service from the Company (such period, the "**Delay Period**"). Any conversion of RSUs into Shares that would have occurred during the Delay Period but for the fact that you are deemed to be a specified employee shall be satisfied either by (i) conversion of such RSUs into Shares on the first business day following the Delay Period or (i) a cash payment on the first business day following the Delay Period equal to the value of such RSUs on the scheduled conversion date (based on the value of the Shares on such date) plus accrued interest as determined by MSCI.

Section 14. Severability. In the event MSCI determines that any provision of this Award Agreement would cause you to be in constructive receipt for United States federal or state income tax purposes of any portion of your award, then such provision will be considered null and void and this Award Agreement will be construed and enforced as if the provision had not been included in this Award Agreement as of the date such provision was determined to cause you to be in constructive receipt of any portion of your award.

Section 15. Successors. This Award Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon your death, acquire any rights hereunder in accordance with this Award Agreement or the Plan.

Section 16. Venue. For purposes of litigating any dispute that arises under this grant or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of New York, agree that such litigation shall be conducted in the courts of New York County, New York, or the federal courts for the United States for the Southern District of New York, where this grant is made and/or to be performed.

Section 17. Rule of Construction for Timing of Conversion. With respect to each provision of this Award Agreement that provides for your RSUs to convert to Shares on the Vesting Date or upon a different specified event or date, such conversion will be considered to have been timely made, and neither you nor any of your beneficiaries or your estate shall have any claim against the Company for damages based on a delay in payment, and the Company shall have no liability to you (or to any of your beneficiaries or your estate) in respect of any such delay, as long as payment is made by December 31 of the year in which the Vesting Date or such other specified event or date occurs, or if later, by March 15th of the year following such specified event or date.

Section 18. Non-U.S. Directors. The following provisions will apply to you if you are providing services as a director of MSCI and reside outside of the United States. For the avoidance of doubt, if you reside in the United States and subsequently relocate to another country after the Grant Date, or if you reside in another country and subsequently relocate to the United States after the Grant Date, the following provisions may apply to you to the extent MSCI determines that the application of such terms and conditions is necessary or advisable for tax, legal or administrative reasons.

(a) *Tax and Other Withholding Obligations*.

You acknowledge that, regardless of any action taken by the Company, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items or liabilities, howsoever arising in any jurisdictions, related to your participation in the Plan and legally applicable or deemed applicable to you ("**Tax-Related Items**") is and remains your responsibility and may exceed the amount actually withheld by the Company. You further acknowledge that the Company (i) makes no representations or undertaking regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs or the underlying shares, including, but not limited to, the grant, vesting or settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividend equivalents and/or dividends; and (ii) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Pursuant to rules and procedures that MSCI establishes, Tax-Related Items arising upon any relevant taxable or tax withholding event (as applicable) of your RSUs may be satisfied, in the Board's sole discretion, by having MSCI withhold Shares, or by having MSCI withhold cash or amounts from your director fees, compensation, or other amounts payable to you if MSCI provides for a cash withholding option, in each case in an amount sufficient to satisfy the Tax-Related Items withholding obligations. Shares withheld will be valued using the fair market value of the Shares on the date your RSUs convert, using a valuation methodology established by MSCI. In order to comply with applicable accounting standards or the Company's policies in effect from time to time, MSCI may limit the amount of Shares that you may have withheld. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

In the event that withholding in Shares is problematic under applicable tax or securities law or has materially adverse accounting consequences, by your acceptance of the RSUs, you authorize and direct MSCI and any brokerage firm determined acceptable to MSCI to sell on your behalf a whole number of Shares from those Shares issued to you as MSCI determines to be appropriate to generate cash proceeds sufficient to satisfy the obligation for Tax-Related Items. Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering maximum applicable rates, in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the stock equivalent.

Finally, you agree to pay to the Company, including through withholding from any director fees, compensation, or other amounts payable to you by MSCI, any amount of Tax-Related Items that the Company may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. MSCI may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if you fail to comply with your obligations in connection with the Tax-Related Items.

(b) *Nature of Grant.* In accepting the RSUs, you acknowledge, understand and agree that:

(i) the Plan is established voluntarily by MSCI, it is discretionary in nature and it may be modified, amended, suspended or terminated by MSCI at any time, to the extent permitted by the Plan;

(ii) this RSU award is not a director, employment and/or service agreement, and nothing in this Award Agreement or your participation in the Plan shall create a right to continued service as a director of MSCI or interfere with the ability of MSCI to terminate your service relationship (if any);

(iii) this award, and all other awards of RSUs and other equity-based awards, are exceptional, discretionary, voluntary and occasional. This award does not confer on you any contractual or other right or entitlement to receive another award of RSUs, any other equity-based award or benefits in lieu of RSUs at any time in the future or in respect of any future period;

(iv) MSCI has made this award to you in its sole discretion. All decisions with respect to future RSU or other grants, if any, will be at the sole discretion of MSCI;

(v) you are voluntarily participating in the Plan;

(vi) the grant of RSUs and the Shares subject to the RSUs, and the income from and value of the same, are not intended to replace any pension rights, director fees or other compensation;

(vii) this award does not confer on you any right or entitlement to receive director fees or other compensation in any specific amount;

(viii) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(ix) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from the termination of your service as a director of MSCI; and

(x) the Company shall not be liable for any foreign exchange rate fluctuation between your local currency and the U.S. Dollar that may affect the value of the RSUs or of any amounts due to you pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

(c) ***Data Privacy. You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Award Agreement and any other RSU grant materials by and among, as applicable, MSCI and any subsidiary of MSCI for the exclusive purpose of implementing, administering and managing your participation in the Plan.***

You understand that the Company may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in MSCI, details of all RSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

You understand that Data will be transferred to E*Trade Financial Corporate Services, Inc. and/or its affiliates ("E*Trade"), or such other stock plan service provider as may be selected by MSCI in the future, which is assisting MSCI with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the U.S. or elsewhere, and that the recipients' country of operation (e.g., the U.S.) may have different data privacy laws and protections than your country. You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local Human Resources representative. You authorize MSCI, E*Trade, and any other possible recipients which may assist MSCI (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand if you reside outside the U.S., you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, or exercise any additional right available under applicable law, by contacting in writing the Corporate Secretary and Global Head of Executive Compensation and Benefits. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your service with the Company will not be affected; the only consequence of refusing or withdrawing your consent is that MSCI would not be able to grant you RSUs or other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local Human Resources representative.

Finally, upon request by MSCI and/or any Subsidiary, you agree to provide an executed data privacy consent form (or any other agreements or consents) that MSCI and/or any Subsidiary may deem necessary to obtain from you for the purpose of administering your participation in the Plan in compliance with the data privacy laws in your country, either now or in the future. You understand and agree that you will not be able to participate in the Plan if you fail to provide any such consent or agreement requested by MSCI and/or any Subsidiary.

(d) *Language*. If you have received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

(e) *Electronic Delivery and Acceptance*. MSCI may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an online or electronic system established and maintained by MSCI or a third party designated by MSCI.

(f) *Exhibit B.* Notwithstanding any provisions in this Award Agreement, the RSUs shall be subject to any additional terms and conditions set forth in Exhibit B to this Award Agreement for your country. Moreover, if you relocate to one of the countries included in Exhibit B, the additional terms and conditions for such country will apply to you, to the extent MSCI determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Exhibit B constitutes part of this Award Agreement.

(g) *Insider Trading Restrictions/Market Abuse Laws.* By accepting the RSUs, you acknowledge that you are bound by all the terms and conditions of any MSCI insider trading policy as may be in effect from time to time. You further acknowledge that, depending on your country of residence, you may be or may become subject to insider trading restrictions and/or market abuse laws, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (*e.g.*, RSUs) or rights linked to the value of Shares (*e.g.*, phantom awards, futures) under the Plan during such times as you are considered to have "inside information" regarding MSCI (as determined under the laws or regulations in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you place before you possessed inside information. Furthermore, you may be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or otherwise causing them to buy or sell securities. Third parties include other service providers of MSCI and any of its subsidiaries. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that you are responsible for ensuring compliance with any applicable restrictions and you should consult your personal legal advisor on this matter.

(h) *Foreign Asset/Account, Exchange Control Reporting*. Your country may have certain exchange control and/or foreign asset/account reporting requirements which may affect your ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends or dividend equivalents received or sale proceeds resulting from the sale of Shares) in a brokerage or bank account outside of your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You acknowledge that it is your responsibility to comply with any applicable regulations, and that you should consult your personal advisor on this matter.

EXHIBIT B

COUNTRY-SPECIFIC TERMS AND CONDITIONS

[●]

MSCI INC.
ANNUAL INCENTIVE PLAN

Section 1. *Purpose*. The purpose of the MSCI Inc. Annual Incentive Plan (as amended from time to time, the "**Plan**") is to provide to certain employees of MSCI Inc. (the "**Company**") and its Subsidiaries incentive compensation based upon the achievement of financial, business and other performance goals.

Section 2. *Definitions*. As used in the Plan, the following terms shall have the meanings set forth below:

(a) "**Award**" means a cash incentive award opportunity granted to a Participant under the Plan with respect to a Performance Period in accordance with Section 5.

(b) "**Beneficiary**" means a Person entitled to receive payments or other benefits or exercise rights that are available under the Plan in the event of the Participant's death. If no such Person can be named or is named by the Participant, or if no Beneficiary designated by such Participant is eligible to receive payments or other benefits or exercise rights that are available under the Plan at the Participant's death, such Participant's Beneficiary shall be such Participant's estate.

(c) "**Board**" means the Board of Directors of the Company.

(d) "**Change in Control**" has the meaning set forth in the Omnibus Plan.

(e) "**Code**" means the Internal Revenue Code of 1986, as amended from time to time, and the rules, regulations and guidance thereunder. Any reference to a provision in the Code shall include any successor provision thereto.

(f) "**Committee**" means the Compensation, Talent and Culture Committee of the Board unless another committee is designated by the Board. If there is no Compensation, Talent and Culture Committee of the Board and the Board does not designate another committee, references herein to the "Committee" shall refer to the Board.

(g) "**Disability**" means (a) being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (b) receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(h) "**Effective Date**" means February 23, 2018.

(i) "**Executives**" means, collectively, each (i) "officer" of the Company (as defined under Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended) and (ii) other individual as determined by the Committee from time to time to be an "Executive".

(j) "**Final Award**" means, with respect to a Performance Period, the amount of an Award that will become payable to a Participant, subject to any additional terms and conditions applicable to the Award, as determined by the Committee under Section 7.

(k) "**KPIs**" means key performance indicators/effective leadership measures, as may be applicable to a Participant from time to time.

(l) "**Omnibus Plan**" means the MSCI Inc. 2016 Omnibus Incentive Plan, as may be amended from time to time.

(m) "**Participant**" means any employee of the Company or any Subsidiary who is selected by the Committee to participate in the Plan.

(n) "**Performance Measures**" means any one or more performance measures (including, for the avoidance of doubt, any financial measures, financial "grids" and/or KPIs), as determined by (i) the Committee in its sole discretion for Executives or (ii) unless otherwise determined by the Committee, by the Committee's delegate for all other Participants. Performance Measures may be measured on an absolute (e.g., plan or budget) or relative basis, may be established on a corporate-wide basis or with respect to one or more business units, divisions, Subsidiaries or business or product segments, may be based on a ratio or separate calculation of any performance criteria and may be made relative to an index, one or more of the performance goals themselves, a previous period's results or to a designated comparison group. Relative performance may be measured against a group of peer companies, a financial market index or other acceptable objective and quantifiable indices. If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which the Company conducts its business, or other events or circumstances render the performance objectives unsuitable, the Committee may modify the performance objectives or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable. Performance Measures may vary from Performance Award to Performance Award and from Participant to Participant, and may be established on a stand-alone basis, in tandem or in the alternative.

(o) "**Performance Period**" means the Company's fiscal year, or any other period as determined by the Committee.

(p) “**Person**” has the meaning ascribed to such term in Section 3(a)(9) of the Securities and Exchange Act of 1934 and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) thereof.

(q) “**Subsidiary**” means an entity of which the Company directly or indirectly holds all or a majority of the value of the outstanding equity interests of such entity or a majority of the voting power with respect to the voting securities of such entity.

(r) “**Target Award**” means the amount that a Participant may earn under an Award if targeted performance levels are achieved (including corporate and individual performance). Target Awards may be denominated as a percentage of base salary or a dollar amount.

(s) “**Termination of Service**” has the meaning set forth in the Omnibus Plan.

Section 3. *Eligibility*. Any person who is employed by the Company or any Subsidiary (including any Executive) may be designated by the Committee as a Participant from time to time.

Section 4. *Administration*.

(a) Unless provided otherwise by the Committee, (i) the Committee shall administer the Plan with respect to the Executives who are eligible to participate in the Plan and (ii) the Committee’s delegate shall administer the Plan with respect to all other Participants. With respect to participation in this Plan by Participants other than the Executives, unless otherwise determined by the Committee, all references to “Committee” in this Plan (other than in respect of Section 12 hereof) shall instead refer to the Committee’s delegate.

(b) All decisions of the Committee shall be final, conclusive and binding upon all parties, including the Company, its shareholders, Participants and any Beneficiaries thereof. The Committee may issue rules and regulations for administration of the Plan. It shall meet at such times and places as it may determine.

(c) To the extent necessary or desirable to comply with applicable regulatory regimes, any action by the Committee shall require the approval of Committee members who are independent, within the meaning of and to the extent required by applicable rulings and interpretations of the applicable stock market or exchange on which any equity securities issued by the Company are quoted or traded. To the extent permitted by applicable law, the Committee may delegate to one or more members of the Committee or officers of the Company the authority to establish the terms of Awards, determine Final Awards or take any other actions permitted under the Plan, within any limits established by the Committee.

(d) Subject to the terms of the Plan and applicable law, the Committee (or its delegate) shall have full discretion and authority to: (i) subject to Section 3, designate eligible individuals who will be Participants; (ii) determine the terms and conditions of any Award; (iii) determine whether, to what extent and under what circumstances amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the Participant or of the Committee; (iv) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (v) establish, amend, suspend or waive such rules and regulations as it shall deem appropriate for the proper administration of the Plan and due compliance with applicable law or accounting or tax rules and regulations; (vi) make any other determination and take any other action that the Committee in its sole discretion deems necessary or desirable for the administration of the Plan and due compliance with applicable law or accounting or tax rules and regulations; (vii) correct any defect, supply any omission and reconcile any inconsistency in the Plan or any Award, in the manner and to the extent it shall deem desirable to carry the Plan into effect; and (viii) construe, interpret and apply the provisions of this Plan. Notwithstanding anything to the contrary contained herein, the Board may, in its sole discretion, at any time and from time to time, grant Awards or administer the Plan. In any such case, the Board shall have all of the authority and responsibility granted to the Committee herein.

Section 5. *Establishment of Award Terms*.

(a) Subject to the limitations described in Section 8, unless otherwise determined by the Committee, the Committee (with respect to the Executives eligible to participate in the Plan) and the Committee's delegate (with respect to all other Participants) shall establish: (i) the terms of each Award, including the Performance Period; (ii) the positions or names of the employees who will be Participants for the applicable Performance Period; (iii) the Target Award for each Participant or group of Participants (including any minimum or maximum amount); (iv) the applicable Performance Measures and any other additional goals, formulas or performance-based measures relating to the Company, any business unit, Subsidiary or business segment of the Company or to an individual Participant; (v) targeted achievement levels (including any minimum or maximum achievement levels) relating to such Performance Measures or other goals; and (vi) the formula or methodology that will be applied to determine the extent to which Awards have been earned and any other terms that will be applicable to the Awards, including the payment date, payment conditions and any vesting schedule applicable to any Final Award.

(b) In connection with any Award, the Committee may require a Participant to enter into such agreements as the Committee considers appropriate. Awards may be subject to conditions established by the Committee, which may include, but are not limited to, continuous service with the Company or any Subsidiary. The failure by a Participant to satisfy any of the requirements or conditions imposed on any Award by the Committee shall, in the discretion of the

Committee, result in the immediate cancellation of any unpaid portion of such Participant's Award, and such Participant will not be entitled to receive any consideration with respect to such cancellation.

Section 6. *Adjustments to Performance Measures, Goals and Formulas.* The Committee may adjust, in whole or in part, any Performance Measures or any other applicable goals, formulas or performance-based measures, the targeted achievement levels (including any minimum or maximum achievement levels) relating to such Performance Measures, goals, formulas or performance-based measures, and the formula or methodology to be applied against the Performance Measures goals, formulas or performance-based measures, as the Committee may deem appropriate and equitable and to avoid undue harm or enrichment to account for any of the following events that occur during a Performance Period, without duplication:

(a) the effects of currency fluctuations;

(b) any adjustments used to derive non-GAAP (Generally Accepted Accounting Principles ("**GAAP**")) financial performance measures, as reflected in any Company press release or current report on Form 8-K, annual report on Form 10-K or quarterly report on Form 10-Q;

(c) asset write-downs, write-offs, impairments and losses, and the positive impact on depreciation and amortization expenses as a result of the impairment for the period commencing on the date of the impairment and ending on the last day of the Performance Period;

(d) gains or losses (or amortization thereof) resulting from any newly-enacted law or regulation, litigation and regulatory claims, charges, judgments or settlements, including legal fees;

(e) the effect of changes in tax law, accounting principles, regulatory pronouncements or other such laws or provisions affecting reported results;

(f) reorganization and restructuring programs, capital return strategies or financings or refinancings;

(g) accelerated amortization or write-off of deferred financing and debt discount costs as a result of debt repayments or refinancings;

(h) gains or losses that are the direct result of a major casualty or natural disaster;

(i) the effect of events that are non-recurring, infrequent or unusual in occurrence as deemed appropriate by the Committee in good faith to avoid undue harm or enrichment accounting and non-operational items;

(j) the effect of any acquisition or divestiture on financial statements, including pre-and post-transition, alignment, purchase accounting adjustments, restructuring charges and integration costs;

(k) any errors in calculating projected financial results used as the basis for determining a Performance Measure or goal;

(l) the tax effects of any of the above adjustments; or

(m) any other events, as reasonably determined by the Committee.

In the event of an acquisition or divestiture of the type described in subsection (j) above, adjustments to performance measures, goals and formulas shall be made as reasonably determined by the Committee. In making this determination, the Committee, may rely on, among other things, the Company's operating plan, as presented to the Board in connection with approving the annual budget (the "**Board Plan**"), budget or other planning models, including any analyses or valuations prepared in connection with or underlying the information contained in such Board Plan, budget or other planning model and presented to or relied on by the Board or senior management in connection with approving the acquisition or divestiture, as applicable.

The above referenced adjustments pursuant to (a) through (m) above shall be as reflected in the Company's consolidated statements of income, as applicable, and, in each case, shall not result in an adjustment to the performance measures, goals or formulas if the occurrence, in isolation, is considered *de minimi*s (*i.e.*, less than 1% of the applicable performance measure).

The Committee may delegate to certain officers of the Company the authority to make the referenced adjustments pursuant to (a) through (m) above, subject to such limitations as may be deemed appropriate by the Committee and to extent permitted by applicable law.

Section 7. *Determination of Final Awards*.

(a) As soon as practicable after the end of each Performance Period, the Committee shall determine the extent to which the targeted achievement levels of the applicable Performance Measures and any other goals, formulas or performance-based measures applicable to each Award have been satisfied.

(b) The Committee may, in its sole discretion, adjust (upward or downward) the Award of any Participant or group of Participants, subject to and in accordance with the requirements of any applicable plan, program, policy or arrangement maintained or entered into by the Company (including the MSCI Inc. Performance Formula and Incentive Plan), as may be in effect from time to time, to the extent applicable to any such Participant.

(c) The Committee (i) shall determine the Final Award for each Participant who is an Executive and (ii) unless as otherwise determined by the Committee, the Committee's delegate shall determine the Final Award for any other Participant, in each case, after applying any adjustments described in Section 7(b) and subject to the limitations described in Section 8.

Section 8. *Payment of Awards*.

(a) Subject to Section 9, payment of the Final Awards for a Performance Period shall be made in cash on or as soon as administratively practicable after the Committee's (or its delegate's) determination of the Final Awards (or if later, any vesting date or dates applicable to the Final Award), but in no event later than March 15 of the year following the end of the applicable Performance Period (or the applicable vesting date or dates); *provided* that at the time of grant, subject to Section 13, the Committee may determine that an Award will be paid at a later date.

(b) Notwithstanding Section 8(a), the Company may, in its sole discretion, permit or require the deferral of payment of any Final Award in accordance with the terms of any deferred compensation plan or arrangement established or maintained by the Company or its Subsidiaries from time to time.

Section 9. *Effect of a Termination of Service or Change in Control*.

(a) Unless otherwise provided (a) in any agreement or arrangement in effect between the Company (or any Subsidiary) and the Participant, (b) by the Committee at the time of the grant of the Award or (c) as the Committee may determine in any individual case, upon the Participant's Termination of Service for any reason, any unpaid portion of any Award shall be forfeited; *provided* that, in the event of the Participant's Termination of Service due to his or her death or Disability, unless otherwise determined by the Committee, such Participant shall receive his or her Final Award in respect of the Performance Period during which such Termination of Service occurs, payable at the same time Final Awards are paid to other Participants, based on, as applicable, (i) for the portion of the Final Award, if any, based on Performance Measures (other than KPIs), the Company's actual achievement of the Performance Measures (other than KPIs) over the Performance Period and, (ii) for the portion of the Final Award, if any, based on KPIs, 100% of the target KPIs.

(b) In the event of a Change in Control, unless otherwise determined by the Committee, (i) the Performance Period applicable to any outstanding Award shall cease as of the date immediately prior to such Change in Control, (ii) (A) with respect to the portion of any Award based on Performance Measures (other than KPIs), such Award shall be payable based on the higher of (x) the Company's actual achievement of the Performance Measures (other than KPIs) for the period commencing on the first day of the Performance Period and ending on the date immediately prior to such Change in Control and (y) 100% and (B) with respect to the portion any Award based on KPIs, such Award shall be payable at 100% of the target KPIs and (iii) any such Award shall be payable by the Company (or the successor or survivor entity (or its parent)) within 60 days of the date of such Change in Control, prorated for the portion of the applicable Performance Period that has elapsed prior to the date of such Change in Control; provided that the Committee may elect not to prorate such Awards in its discretion if the Company's successor will not be implementing a comparable annual incentive plan for the remaining portion of the year in which the Change in Control occurs. If any Participant is eligible to receive a prorated annual bonus pursuant to any change in control severance plan that is maintained by the Company and in effect at the time of such Change in Control (any such plan, a "**CIC Plan**"), any such prorated annual bonus payable to such Participant pursuant to such CIC Plan in respect of the year in which the Change in Control occurs will be reduced (but in no event reduced to less than zero) by any Awards paid to such Participant under the Plan in respect of such year.

Section 10. *General Provisions Applicable to Awards*.

(a) Except pursuant to Section 10(b) or the laws of descent, no Award and no right under any Award may be voluntarily or involuntarily assigned, alienated, sold or transferred, including as between spouses or pursuant to a domestic relations order in connection with dissolution of marriage, or by operation of law other than the laws of descent.

(b) Any designation of a Beneficiary to receive all or part of any Award will be governed by local law. To make a Beneficiary designation, the Participant must coordinate with his or her personal tax or estate planning representative. Any Award (or portion thereof) that become payable upon the Participant's death will be distributed to his or her estate in accordance with local law rules. A Participant may replace or revoke your Beneficiary designation at any time.

(c) The entire expense of offering and administering the Plan shall be borne by the Company and its Subsidiaries.

(d) Any Awards granted under the Plan (including any amounts or benefits arising from such Awards) shall be subject to any clawback or recoupment policies the Company has in place from time to time.

(e) Notwithstanding any other provision of the Plan (including Section 8, Section 9 and Section 13), the Committee may determine at any time and in its sole discretion, to accelerate or to delay any amounts payable with respect to any Award, or grant Awards subject to accelerated or delayed payment terms.

(f) No employee, Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of employees, Participants or Beneficiaries under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient. Any Award granted under the Plan shall be a one-time Award that does not constitute a promise of future grants.

(g) The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of, or to continue to provide services to, the Company or any Subsidiary. Further, the Company or the applicable Subsidiary may at any time dismiss a Participant, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any other agreement binding the parties.

(h) Nothing contained in the Plan shall prevent the Committee or the Company from adopting other non-shareholder approved plans, policies and arrangements for granting incentives and other compensation to employees of the Company and its Subsidiaries or adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(i) The Company (or any Subsidiary) shall be authorized to withhold from any payment due with respect to any Final Award the amount of applicable withholding taxes due in respect of an Award as may be necessary in the opinion of the Company (or the Subsidiary) to satisfy all obligations for the payment of such taxes. The Company (or any Subsidiary) shall have the right to offset from any amount payable hereunder any amount that the Participant owes to the Company or to any Subsidiary without the consent of the Participant (or Beneficiary, in the event of the Participant's death).

(j) If any provision of the Plan is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction, or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan shall remain in full force and effect.

(k) This Plan is unfunded and unsecured. Nothing in this Plan shall be construed to create a trust or to establish or evidence any Participant's claim of any right to payment of an Award other than as an unsecured general creditor with respect to any payment to which he or she may be entitled.

Section 11. *Effective Date of the Plan*. The Plan shall be effective as of the Effective Date.

Section 12. *Amendment, Modification, Suspension and Termination of the Plan; Rescissions and Corrections*. Except to the extent prohibited by applicable law, the Board may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry the Plan into effect.

Section 13. *Section 409A of the Code.* With respect to any Award subject to Section 409A of the Code, the Plan is intended to comply with the requirements of Section 409A of the Code, and the provisions of the Plan shall be interpreted in a manner that satisfies the requirements of Section 409A of the Code, and the Plan shall be operated accordingly. If any provision of the Plan or any term or condition of any Award would otherwise frustrate or conflict with this intent, the provision, term or condition will be interpreted and, to the extent necessary, deemed amended so as to avoid this conflict. If an amount payable under an Award as a result of the Participant's termination of employment (other than due to death) occurring while the Participant is a "specified employee" under Section 409A of the Code constitutes a deferral of compensation subject to Section 409A of the Code, then payment of such amount shall not occur until six months and one day after the date of the Participant's termination of employment, except as permitted under Section 409A of the Code. To the extent any amount that is "nonqualified deferred compensation" for purposes of Section 409A of the Code becomes payable upon a termination of employment, such termination of employment shall not be deemed to have occurred any earlier than a "separation from service" would occur under Section 409A of the Code, and related regulations and guidance thereunder. Notwithstanding any of the foregoing, the Company makes no representations or warranty and shall have no liability to the Participant or any other person if any provisions or payments, compensation or other benefits under the Plan are determined to constitute nonqualified deferred compensation subject to Section 409A of the Code but do not satisfy the provisions thereof.

Section 14. *Governing Law.* The Plan shall be governed by the laws of the State of Delaware, without application of the conflicts of law principles thereof.

Exhibit 31.1

SECTION 302 CERTIFICATION

I, Henry A. Fernandez, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MSCI Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2022

/s/ Henry A. Fernandez
Henry A. Fernandez
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

SECTION 302 CERTIFICATION

I, Andrew C. Wiechmann, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MSCI Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2022

/s/ Andrew C. Wiechmann

Andrew C. Wiechmann
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Henry A. Fernandez, Chairman and Chief Executive Officer of MSCI Inc. (the “Registrant”) and Andrew C. Wiechmann, Chief Financial Officer of the Registrant, each hereby certifies that, to the best of his/her knowledge:

1. The Registrant’s Quarterly Report on Form 10-Q for the period ended June 30, 2022 (the “Periodic Report”), to which this Certification is attached as Exhibit 32.1, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition of the Registrant at the end of the period covered by the Periodic Report and results of operations of the Registrant for the periods covered by the Periodic Report.

Date: July 26, 2022

/s/ Henry A. Fernandez	/s/ Andrew C. Wiechmann
Henry A. Fernandez	Andrew C. Wiechmann
Chairman and Chief Executive Officer	Chief Financial Officer
(Principal Executive Officer)	(Principal Financial Officer)