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 March 31, 2017

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 of Incorporation)**	**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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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	☐ (Do not check if a smaller reporting company)	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 April 28, 2017, there were 90,455,917 shares of the registrant's common stock, par value $0.01, outstanding.

FOR THE QUARTER ENDED MARCH 31, 2017

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AVAILABLE INFORMATION

MSCI Inc. files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the “SEC”). You may read and copy any document MSCI Inc. files with the SEC at the SEC’s public reference room at 100 F Street, NE, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for information on the public reference room. The SEC maintains a website that contains annual, quarterly and current reports, proxy and information statements and other information that issuers (including MSCI Inc.) file electronically with the SEC. MSCI Inc.’s electronic SEC filings are available to the public at the SEC’s website, *www.sec.gov*.

MSCI Inc.’s website is *www.msci.com*. You can access MSCI Inc.’s Investor Relations homepage at *http://ir.msci.com*. MSCI Inc. makes available free of charge, on or through its Investor Relations homepage, its proxy statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. MSCI Inc. also makes available, through its Investor Relations homepage, via a link to the SEC’s website, statements of beneficial ownership of MSCI Inc.’s equity securities filed by its directors, officers, 5% or greater shareholders and others under Section 16 of the Exchange Act.

You can access information about MSCI Inc.’s corporate governance at *http://ir.msci.com/corporate-governance.cfm*, including copies of the following:

- Charters for MSCI Inc.’s Audit Committee, Compensation and Talent Management Committee, Nominating and Corporate Governance Committee and Strategy and Finance Committee;
- Corporate Governance Policies;
- Procedures for Submission of Ethical or Accounting Related Complaints; and
- Code of Ethics and Business Conduct.

MSCI Inc.’s Code of Ethics and Business Conduct applies to all directors, officers and employees, including its Chief Executive Officer and its Chief Financial Officer. MSCI Inc. will post any amendments to the Code of Ethics and Business Conduct and any waivers that are required to be disclosed by the rules of either the SEC or the New York Stock Exchange LLC on its website. You can request a copy of these documents, excluding exhibits, at no cost, by contacting Investor Relations, MSCI Inc., 7 World Trade Center, 250 Greenwich Street, 49th Floor, New York, NY 10007; (212) 804-1583. The information on MSCI Inc.’s website is not incorporated by reference into this report or any other report filed or furnished by us with the SEC.

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties and other factors that may cause MSCI Inc.’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as “may,” “could,” “expect,” “intend,” “plan,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond MSCI Inc.’s control and that could materially affect MSCI Inc.’s actual results, levels of activity, performance or achievements.

Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in MSCI Inc.’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016 filed with the SEC on February 24, 2017 and in quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished with the SEC. If any of these risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what MSCI Inc. projected. Any forward-looking statement in this report reflects MSCI Inc.’s current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to MSCI Inc.’s operations, results of operations, growth strategy and liquidity. MSCI Inc. assumes no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise, except as required by law.

WEBSITE AND SOCIAL MEDIA DISCLOSURE

MSCI Inc. uses its website and corporate Twitter account (@MSCI_Inc) as channels of distribution of company information. The information MSCI Inc. posts through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following MSCI Inc.'s press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive email alerts and other information about MSCI Inc. when you enroll your email address by visiting the "Email Alerts Subscription" section of our Investor Relations homepage at *http://ir.msci.com/alerts.cfm?*. The contents of MSCI Inc.'s website and social media channels are not, however, incorporated by reference into this report or any other report filed or furnished by us with the SEC.

PART I

Item 1. Financial Statements

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

	As of	
	March 31, 2017	December 31, 2016
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 696,972	$ 791,834
Accounts receivable (net of allowances of $1,108 and $1,035 at March 31, 2017 and December 31, 2016, respectively)	262,289	221,504
Prepaid income taxes	—	12,389
Prepaid and other assets	29,390	29,943
Total current assets	988,651	1,055,670
Property, equipment and leasehold improvements (net of accumulated depreciation and amortization of $146,219 and $136,841 at March 31, 2017 and December 31, 2016, respectively)	93,156	95,585
Goodwill	1,556,453	1,555,850
Intangible assets (net of accumulated amortization of $474,276 and $462,860 at March 31, 2017 and December 31, 2016, respectively)	339,107	347,640
Deferred tax assets	9,687	9,531
Other non-current assets	18,084	18,302
Total assets	$ 3,005,138	$ 3,082,578
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,138	$ 568
Income taxes payable	3,755	—
Accrued compensation and related benefits	41,823	119,113
Other accrued liabilities	71,210	82,531
Deferred revenue	378,422	334,358
Total current liabilities	496,348	536,570
Long-term debt	2,075,924	2,075,201
Deferred taxes	91,845	94,067
Other non-current liabilities	62,183	59,135
Total liabilities	2,726,300	2,764,973
Commitments and Contingencies (see Note 6 and Note 7)		
Shareholders' equity:		
Preferred stock (par value $0.01, 100,000,000 share authorized; no shares issued)	—	—
Common stock (par value $0.01; 750,000,000 common shares authorized; 129,385,707 and 128,996,344 common shares issued and 90,450,616 and 91,279,590 common shares outstanding at March 31, 2017 and December 31, 2016, respectively)	1,294	1,290
Treasury shares, at cost (38,935,091 and 37,716,754 common shares held at March 31, 2017 and December 31, 2016, respectively)	(2,271,112)	(2,170,739)
Additional paid in capital	1,237,106	1,225,565
Retained earnings	1,369,406	1,322,224
Accumulated other comprehensive loss	(57,856)	(60,735)
Total shareholders' equity	278,838	317,605
Total liabilities and shareholders' equity	$ 3,005,138	$ 3,082,578

See Notes to Unaudited Condensed Consolidated Financial Statements

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

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
	(unaudited)	
Operating revenues	$ 301,207	$ 278,828
Operating expenses:		
Cost of revenues	67,521	63,172
Selling and marketing	43,014	41,689
Research and development	18,977	18,928
General and administrative	21,004	21,890
Amortization of intangible assets	11,251	11,840
Depreciation and amortization of property, equipment and leasehold improvements	8,838	8,168
Total operating expenses	170,605	165,687
Operating income	130,602	113,141
Interest income	(932)	(621)
Interest expense	29,024	22,904
Other expense (income)	885	81
Other expense (income), net	28,977	22,364
Income before provision for income taxes	101,625	90,777
Provision for income taxes	28,674	30,410
Net income	$ 72,951	$ 60,367
Earnings per basic common share	$ 0.80	$ 0.61
Earnings per diluted common share	$ 0.80	$ 0.60
Weighted average shares outstanding used in computing earnings per share		
Basic	90,708	99,425
Diluted	91,624	99,998
Dividend declared per common share	$ 0.28	$ 0.22

See Notes to Unaudited Condensed Consolidated Financial Statements

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

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
	(unaudited)	
Net income	$ 72,951	$ 60,367
Other comprehensive (loss) income:		
Foreign currency translation adjustments	2,941	304
Income tax effect	—	(67)
Foreign currency translation adjustments, net	2,941	237
Pension and other post-retirement adjustments	(99)	(313)
Income tax effect	37	82
Pension and other post-retirement adjustments, net	(62)	(231)
Other comprehensive (loss) income, net of tax	2,879	6
Comprehensive income	$ 75,830	$ 60,373

See Notes to Unaudited Condensed Consolidated Financial Statements

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

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
	(unaudited)	
Cash flows from operating activities		
Net income	$ 72,951	$ 60,367
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	11,251	11,840
Stock-based compensation expense	9,394	7,080
Depreciation and amortization of property, equipment and leasehold improvements	8,838	8,168
Amortization of debt origination fees	849	709
Deferred taxes	(2,035)	(3,769)
Other non-cash adjustments	25	359
Changes in assets and liabilities:		
Accounts receivable	(40,582)	(51,664)
Prepaid income taxes	12,438	22,246
Prepaid and other assets	629	270
Accounts payable	561	(1,006)
Income taxes payable	3,755	—
Accrued compensation and related benefits	(76,708)	(62,258)
Other accrued liabilities	(10,280)	(1,325)
Deferred revenue	43,247	42,039
Other	2,682	3,831
Net cash provided by operating activities	37,015	36,887
Cash flows from investing activities		
Capital expenditures	(7,322)	(3,135)
Capitalized software development costs	(2,307)	(2,325)
Acquisitions, net of cash acquired	—	(60)
Net cash used in investing activities	(9,629)	(5,520)
Cash flows from financing activities		
Proceeds from exercise of stock options	625	2,438
Repurchase of treasury shares	(100,362)	(346,715)
Payment of dividends	(25,489)	(21,889)
Net cash used in financing activities	(125,226)	(366,166)
Effect of exchange rate changes	2,978	2,107
Net decrease in cash	(94,862)	(332,692)
Cash and cash equivalent, beginning of period	791,834	777,706
Cash and cash equivalent, end of period	$ 696,972	$ 445,014
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 34,916	$ 23,451
Cash paid for income taxes	$ 13,294	$ 11,242
Supplemental disclosure of non-cash investing activities		
Property, equipment and leasehold improvements in other accrued liabilities	$ 2,944	$ 5,077
Supplemental disclosure of non-cash financing activities		
Cash dividends declared, but not yet paid	$ 269	$ 157

See Notes to Unaudited Condensed Consolidated Financial Statements

1. INTRODUCTION AND BASIS OF PRESENTATION

MSCI Inc., together with its wholly-owned subsidiaries (the “Company” or “MSCI”), offers products and services to support the needs of institutional investors throughout their investment processes. The Company’s products and services include the development and production of indexes and analytical models; the provision of ratings and analysis that identify environmental, social and governance risks and opportunities and the analysis of real estate in both privately and publicly owned portfolios.

Basis of Presentation and Use of Estimates

These unaudited condensed consolidated financial statements include the accounts of MSCI Inc. and its subsidiaries and include all adjustments of a normal, recurring nature necessary to present fairly the financial condition as of March 31, 2017 and December 31, 2016, the results of operations and comprehensive income for the three months ended March 31, 2017 and 2016 and cash flows for the three months ended March 31, 2017 and 2016. 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, 2016. The unaudited condensed consolidated financial statement information as of December 31, 2016 has been derived from the 2016 audited consolidated financial statements. 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 accounting principles generally accepted in the United States of America (“GAAP”). These accounting principles require the Company to make 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 revenue and expenses during the periods presented. Significant estimates and assumptions made by management include the deferral and recognition of revenue, research and development and software capitalization, impairment of long-lived assets, accrued compensation, income taxes and other matters that affect the unaudited condensed consolidated financial statements and related disclosures. 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. Intercompany balances and transactions are eliminated in consolidation.

Concentrations

BlackRock, Inc. accounted for 10.3% of the Company’s consolidated operating revenues for the three months ended March 31, 2017 while no single customer represented 10.0% or more of the Company’s consolidated operating revenues for the three months ended March 31, 2016. For the three months ended March 31, 2017 and 2016, BlackRock, Inc. accounted for 18.6% and 17.0% of the Index segment operating revenues, respectively. No single customer represented 10.0% or more of revenues within the Analytics and All Other segments for the three months ended March 31, 2017 and 2016.

2. RECENT ACCOUNTING STANDARDS UPDATES

In May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, “*Revenue from Contracts with Customers (Topic 606)*,” or ASU 2014-09. The objective of ASU 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle of ASU 2014-09 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Entities have the option of adopting ASU 2014-09 retrospectively to each prior period presented, or retrospectively with a cumulative-effect adjustment recognized as of the date of initial application. In August 2015, the FASB issued ASU 2015-14, “*Deferral of the Effective Date*,” which defers the effective date of ASU 2014-09 by one year by changing the effective date to be for annual reporting periods, including interim periods within those periods, beginning after December 15, 2017 from December 15, 2016, with early adoption at the prior date permitted.

In March 2016, the FASB issued ASU 2016-08, “*Principal Versus Agent Considerations (Reporting Revenue Gross Versus Net)*.” In April 2016, the FASB issued ASU 2016-10, “*Identifying Performance Obligations and Licensing*.” In May 2016, the FASB issued ASU 2016-12, “*Narrow-Scope Improvements and Practical Expedients*.” In December 2016, the FASB issued Accounting Standards Update No. 2016-20, “*Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*.” These updates provide supplemental adoption guidance and clarification to ASU 2014-09 and must be adopted concurrently. The Company is currently evaluating the overall impact and the method of adoption of ASU 2014-09, including the latest developments from the Transition Resources Group. Areas most likely impacted may include, but not be limited to, the following: the timing of revenue recognition and costs for implementation services; the timing of revenue recognition of licenses for desktop applications; and the accounting for contract modifications. In addition, the new standard may require certain amounts in accounts receivable and deferred revenues to be netted on the balance sheet and enhanced disclosures in relation to (i) disaggregated revenue, (ii) reconciliations of contract balances, (iii) performance obligations, (iv) significant judgments and (v) cost to obtain or fulfill contracts. The Company's final determination of the adoption methodology will depend on a number of factors, such as the significance of the impact of the new standard on the financial results, system readiness and the ability to accumulate and analyze the information necessary to assess the impact on prior period financial statements and new disclosure requirements. The Company does not currently know or cannot reasonably estimate quantitative information related to the impact of the new standard on its condensed consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, "*Leases (Topic 842)*," or ASU 2016-02. The FASB issued ASU 2016-02 in order to increase the transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. To meet that objective, the FASB amended the FASB Accounting Standards Codification and created Topic 842, Leases. ASU 2016-02 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2018, with early adoption permitted. ASU 2016-02 requires reporting organizations to take a modified retrospective transition approach (as opposed to a full retrospective transition approach). The Company is continuing to evaluate the potential impact that ASU 2016-02 will have on its condensed consolidated financial statements.

In March 2016, the FASB issued Accounting Standards Update No. 2016-09, "*Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*," or ASU 2016-09. The FASB issued ASU 2016-09 as part of its Simplification Initiative. The areas for simplification in ASU 2016-09 involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. Amendments related to accounting for the income tax consequences have been adopted prospectively, resulting in the recognition of $3.1 million of excess tax benefits within income taxes rather than additional paid in capital for the three months ended March 31, 2017. This increased diluted earnings per share by approximately $0.03 per share for the period. Excess tax benefits related to share-based compensation are now included in operating cash flows rather than financing cash flows. This change has been applied retrospectively in accordance with ASU 2016-09 and resulted in an increase of $3.9 million in net cash provided by operating activities with a matching decrease in net cash used in financing activities for the three months ended March 31, 2016 compared to previously reported results. The Company has previously classified cash paid for tax withholding purposes as a financing activity in the statement of cash flows, therefore there is no change related to this requirement. The amendments allow for a one-time accounting policy election to either account for forfeitures as they occur or continue to estimate forfeitures as required by current guidance. The Company has elected to continue estimating forfeitures under the current guidance.

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, "*Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*," or ASU 2016-13. The amendments in ASU 2016-13 introduce an approach based on expected losses to estimate credit losses on certain types of financial instruments, modifies the impairment model for available-for-sale debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. ASU 2016-13 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2019, with early adoption permitted beginning after December 15, 2018. The adoption of ASU 2016-13 is not expected to have a material effect on the Company's condensed consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-01, "*Business Combinations (Topic 805): Clarifying the Definition of a Business*," or ASU 2017-01. The amendments in ASU 2017-01 provide a screen to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. Under ASU 2017-01, an entity first determines whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the set is not a business. If it's not met, the entity then evaluates whether the set meets the requirement that a business include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. ASU 2017-01 also narrows the definition of outputs by more closely aligning it with how outputs are described in ASC 606. ASU 2017-01 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2017, with early adoption permitted. The adoption of ASU 2017-01 is not expected to have a material effect on the Company's condensed consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, "*Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*," or ASU 2017-04. The amendments in ASU 2017-04 simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. In computing the implied fair value of goodwill under Step 2, an entity had to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities. Instead, under the amendments in ASU 2017-04, an entity performs its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, but not more than the total amount of goodwill allocated to the reporting unit. ASU

2017-04 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2019, with early adoption permitted. The adoption of ASU 2017-04 is not expected to have a material effect on the Company's condensed consolidated financial statements.

In February 2017, the FASB issued ASU No. 2017-07, "*Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*," or ASU 2017-07. The FASB issued ASU 2017-07 in order to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost. ASU 2017-07 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2017, with early adoption permitted. Entities should apply these amendments retrospectively for the presentation of the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost in the income statement and prospectively, on and after the effective date, for the capitalization of the service cost component of net periodic pension cost and net periodic postretirement benefit in assets. The adoption of ASU 2017-07 is not expected to have a material effect on the Company's condensed consolidated financial statements.

3. EARNINGS PER COMMON SHARE

Basic earnings per share ("EPS") is computed by dividing income available to MSCI common shareholders by the weighted average number of common shares outstanding during the period. Common shares outstanding include common stock and vested restricted stock unit awards where recipients have satisfied either the explicit vesting terms or retirement-eligible requirements. Diluted EPS reflects the assumed conversion of all dilutive securities. There were 3,002 anti-dilutive securities excluded from the calculation of diluted EPS for the three months ended March 31, 2017. There were no anti-dilutive securities excluded from the calculation of diluted EPS for the three months ended March 31, 2016.

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

	Three Months Ended March 31,	
(in thousands, except per share data)	**2017**	**2016**
Net income	$ 72,951	$ 60,367
Basic weighted average common shares outstanding	90,708	99,425
Effect of dilutive securities:		
Stock options and restricted stock units	916	573
Diluted weighted average common shares outstanding	91,624	99,998
Earnings per basic common share	$ 0.80	$ 0.61
Earnings per diluted common share	$ 0.80	$ 0.60

4. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements at March 31, 2017 and December 31, 2016 consisted of the following:

	As of	
	March 31, 2017	**December 31, 2016**
	(in thousands)	
Computer & related equipment	$ 168,516	$ 162,306
Furniture & fixtures	9,879	9,724
Leasehold improvements	50,420	49,442
Work-in-process	10,560	10,954
Subtotal	239,375	232,426
Accumulated depreciation and amortization	(146,219)	(136,841)
Property, equipment and leasehold improvements, net	$ 93,156	$ 95,585

Depreciation and amortization expense of property, equipment and leasehold improvements was $8.8 million and $8.2 million for the three months ended March 31, 2017 and 2016, respectively.

5. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The following table presents goodwill by reportable segment:

(in thousands)	Index	Analytics	All Other	Total
Goodwill at December 31, 2016	$ 1,202,448	$ 302,611	$ 50,791	$ 1,555,850
Foreign exchange translation adjustment	373	—	230	603
Goodwill at March 31, 2017	$ 1,202,821	$ 302,611	$ 51,021	$ 1,556,453

Intangible Assets

Amortization expense related to intangible assets for the three months ended March 31, 2017 and 2016 was $11.3 million and $11.8 million, respectively.

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

	As of	
	March 31, 2017	December 31, 2016
	(in thousands)	
Gross intangible assets:		
Customer relationships	$ 361,199	$ 361,199
Trademarks/trade names	223,382	223,382
Technology/software	212,261	210,013
Proprietary data	28,627	28,627
Covenant not to compete	1,225	1,225
Subtotal	826,694	824,446
Foreign exchange translation adjustment	(13,311)	(13,946)
Total gross intangible assets	$ 813,383	$ 810,500
Accumulated amortization:		
Customer relationships	$ (172,464)	$ (166,923)
Trademarks/trade names	(107,975)	(105,077)
Technology/software	(186,633)	(184,290)
Proprietary data	(8,999)	(8,571)
Covenant not to compete	(1,131)	(1,089)
Subtotal	(477,202)	(465,950)
Foreign exchange translation adjustment	2,926	3,090
Total accumulated amortization	$ (474,276)	$ (462,860)
Net intangible assets:		
Customer relationships	$ 188,735	$ 194,276
Trademarks/trade names	115,407	118,305
Technology/software	25,628	25,723
Proprietary data	19,628	20,056
Covenant not to compete	94	136
Subtotal	349,492	358,496
Foreign exchange translation adjustment	(10,385)	(10,856)
Total net intangible assets	$ 339,107	$ 347,640

The following table presents the estimated amortization expense for the remainder of 2017 and succeeding years:

Years Ending December 31,	Amortization Expense (in thousands)
Remainder 2017	$ 32,818
2018	42,074
2019	40,074
2020	37,889
2021	36,376
Thereafter	149,876
Total	$ 339,107

6. COMMITMENTS AND CONTINGENCIES

Legal matters. From time to time, the Company is party to various litigation matters incidental to the conduct of its business. The Company is not presently party to any legal proceedings the resolution of which the Company believes would have a material effect on its business, operating results, financial condition or cash flows.

Leases. The Company leases facilities under non-cancelable operating lease agreements. The terms of certain lease agreements provide for rental payments on a graduated basis. The Company recognizes rent expense on the straight-line basis over the lease period and has accrued for rent expense incurred but not paid. Rent expense for the three months ended March 31, 2017 and 2016 was $5.8 million and $6.1 million, respectively.

Senior Notes. The Company has issued an aggregate of $2.1 billion in senior unsecured notes (collectively, the "Senior Notes") in the three discrete private offerings described below.

On November 20, 2014, the Company completed its private offering of $800.0 million aggregate principal amount of 5.25% senior unsecured notes due 2024 (the "2024 Senior Notes"). The Company used the net proceeds from the offering of the 2024 Senior Notes, together with cash on hand, to repay in full its then outstanding term loan indebtedness of $794.8 million.

On August 13, 2015, the Company completed its private offering of $800.0 million aggregate principal amount of 5.75% senior unsecured notes due 2025 (the "2025 Senior Notes"). The $789.5 million of net proceeds from the offering of the 2025 Senior Notes were allocated for general corporate purposes.

On August 4, 2016, the Company completed its private offering of $500.0 million aggregate principal amount of 4.75% senior unsecured notes due 2026 (the "2026 Senior Notes"). The $493.3 million of net proceeds from the offering of the 2026 Senior Notes were allocated for general corporate purposes, including, without limitation, buybacks of its common stock and potential acquisitions.

The 2024 Senior Notes are scheduled to mature and be paid in full on November 15, 2024. At any time prior to November 15, 2019, the Company may redeem all or part of the 2024 Senior Notes upon not less than 30 nor more than 60 days' prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, the Company may redeem all or part of the 2024 Senior Notes, together with accrued and unpaid interest, on or after November 15, 2019, at redemption prices set forth in the indenture governing the 2024 Senior Notes. At any time prior to November 15, 2017, the Company may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2024 Senior Notes, including any permitted additional notes, at a redemption price equal to 105.25% of the principal amount.

The 2025 Senior Notes are scheduled to mature and be paid in full on August 15, 2025. At any time prior to August 15, 2020, the Company may redeem all or part of the 2025 Senior Notes upon not less than 30 nor more than 60 days' prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, the Company may redeem all or part of the 2025 Senior Notes, together with accrued and unpaid interest, on or after August 15, 2020, at redemption prices set forth in the indenture governing the 2025 Senior Notes. At any time prior to August 15, 2018, the Company may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2025 Senior Notes, including any permitted additional notes, at a redemption price equal to 105.75% of the principal amount.

The 2026 Senior Notes are scheduled to mature and be paid in full on August 1, 2026. At any time prior to August 1, 2021, the Company may redeem all or part of the 2026 Senior Notes upon not less than 30 nor more than 60 days' prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, the Company may redeem all or part of the 2026 Senior Notes, together with accrued and unpaid interest, on or after August 1, 2021, at redemption prices set forth in the indenture governing the 2026 Senior Notes. At any time prior to August 1, 2019, the Company may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2026 Senior Notes, including any permitted additional notes, at a redemption price equal to 104.75% of the principal amount.

Interest payments attributable to the 2024 Senior Notes are due on May 15 and November 15 of each year. The first interest payment was made on May 15, 2015. Interest payments attributable to the 2025 Senior Notes are due on February 15 and August 15 of each year. The first interest payment was made on February 16, 2016. Interest payments attributable to the 2026 Senior Notes are due on February 1 and August 1 of each year. The first interest payment was made on February 1, 2017.

Revolver. On November 20, 2014, the Company entered into a $200.0 million senior unsecured revolving credit agreement (the "2014 Revolving Credit Agreement") with a syndicate of banks. The 2014 Revolving Credit Agreement had an initial term of five years with an option to extend for two additional one-year terms. On August 4, 2016, the Company entered into Amendment No. 1 (the "Amendment") to the 2014 Revolving Credit Agreement (the 2014 Revolving Credit Agreement as so amended, the "Revolving Credit Agreement"). The Amendment, among other things, (i) increased aggregate commitments available to be borrowed to $220.0 million, (ii) increased the maximum consolidated leverage ratio and (iii) extended the initial term to August 2021 with an option to extend for an additional one-year term. No amounts have ever been drawn under the Revolving Credit Agreement.

Long-term debt at March 31, 2017 was $2,075.9 million, net of $24.1 million in deferred financing fees. Long-term debt at December 31, 2016 was $2,075.2 million, net of $24.8 million in deferred financing fees.

In connection with the closings of the Senior Notes offerings and entry into the 2014 Revolving Credit Agreement and the Amendment, the Company paid certain fees which, together with the existing fees related to prior credit facilities, are being amortized over the related lives. At March 31, 2017, $26.3 million of the deferred financing fees remain unamortized, $0.5 million of which is included in "Prepaid and other assets," $1.7 million of which is included in "Other non-current assets" and $24.1 million of which is grouped and presented as part of "Long-term debt" on the Unaudited Condensed Consolidated Statement of Financial Condition.

At March 31, 2017 and December 31, 2016, the fair market value of the Company's debt obligations was $2,200.6 million and $2,192.5 million, respectively. The fair market value is determined in accordance with accounting standards related to the determination of fair value and represents Level 2 valuations, which are based on one or more quoted prices in markets that are not considered to be active or for which all significant inputs are observable, either directly or indirectly. 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.

Derivatives and Hedging Activities. The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity and credit risk, primarily by managing the amount, sources and duration of its debt funding and the use of derivative financial instruments.

Certain of the Company's foreign operations expose the Company to fluctuations of foreign exchange rates. These fluctuations may impact the value of the Company's cash receipts and payments in terms of the Company's functional currency, the U.S. dollar. The Company enters into derivative financial instruments to protect the value or fix the amount of certain exposures in terms of its functional currency.

Non-designated Hedges of Foreign Exchange Risk. Derivatives not designated as hedges are not speculative and are used to manage the Company's economic exposure to foreign exchange rate movements but do not meet the strict hedge accounting requirements. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings. As of March 31, 2017, the Company had outstanding foreign currency forwards with a notional amount of $38.9 million that were not designated as hedges in qualifying hedging relationships.

The following table presents the fair values of the Company's derivative instruments and the location in which they are presented on the Company's Unaudited Condensed Consolidated Statements of Financial Condition:

(in thousands)	Unaudited Condensed Consolidated Statements of Financial Condition Location	As of March 31, 2017	As of December 31, 2016
Non-designated hedging instruments:			
Asset derivatives:			
Foreign exchange contracts	Prepaid and other assets	$ 151	$ 27
Liability derivatives:			
Foreign exchange contracts	Other accrued liabilities	$ (196)	$ (124)

The Company's foreign exchange forward contracts represent Level 2 valuations, as they were valued using pricing models that took into account the contract terms as well as multiple observable inputs where applicable, such as prevailing spot rates and forward points.

The following table presents the effect of the Company's financial derivatives and the location in which they are presented on the Company's Unaudited Condensed Consolidated Statements of Income:

Derivatives Not Designated as Hedging Instruments (in thousands)	Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Recognized in Income on Derivatives for the Three Months Ended March 31, 2017	2016
Foreign exchange contracts	Other expense (income)	$ (334)	$ 214

7. SHAREHOLDERS' EQUITY

Return of capital.

On October 28, 2015, the Board of Directors of MSCI (the "Board of Directors") approved a stock repurchase program authorizing the purchase of up to $1.0 billion worth of shares of MSCI's common stock (the "2015 Repurchase Program").

On October 26, 2016, the Board of Directors approved an additional stock repurchase program authorizing the purchase of up to $750.0 million worth of shares of the Company's common stock (together with the $330.3 million remaining authorization under the 2015 Repurchase Program, the "2016 Repurchase Program"). Share repurchases made pursuant to the 2016 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 March 31, 2017, there was $781.2 million of available authorization remaining under the 2016 Repurchase Program.

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

Three Months Ended	Average Price Paid Per Share	Total Number of Shares Repurchased	Dollar Value of Shares Repurchased
		(in thousands)	
March 31, 2017	$ 82.25	1,079	$ 88,744
March 31, 2016	$ 68.45	4,869	$ 333,328

The following table presents cash 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	Deferred
2017				
Three Months Ended March 31,	$ 0.28	$ 25,769	$ 25,500	$ 269
2016				
Three Months Ended March 31,	$ 0.22	$ 22,046	$ 21,889	$ 157

Common Stock.

The following table presents activity related to shares of common stock issued and repurchased during the three months ended March 31, 2017:

	Common Stock Issued	Treasury Stock	Common Stock Outstanding
Balance At December 31, 2016	128,996,344	(37,716,754)	91,279,590
Dividend payable/paid	114	(114)	—
Common stock issued and exercise of stock options	389,198	—	389,198
Shares withheld for tax withholding and exercises	—	(139,208)	(139,208)
Shares repurchased under stock repurchase programs	—	(1,079,005)	(1,079,005)
Shares issued to directors	51	(10)	41
Balance At March 31, 2017	129,385,707	(38,935,091)	90,450,616

8. INCOME TAXES

The Company’s provision for income taxes was $28.7 million and $30.4 million for the three months ended March 31, 2017 and 2016, respectively. These amounts reflect effective tax rates of 28.2% and 33.5% for the three months ended March 31, 2017 and 2016, respectively. The decrease in the effective tax rate was primarily driven by the impact of discrete items, including the excess tax benefits related to the adoption of ASU 2016-09 during the three months ended March 31, 2017, in addition to the impact of the ongoing efforts to better align the Company’s tax profile with its global operating footprint. See Note 2, “Recent Accounting Standards Updates,” for more information regarding the adoption of ASU 2016-09.

The effective tax rate of 28.2% for the three months ended March 31, 2017 reflects the Company’s estimate of the effective tax rate for the period and was impacted by certain discrete items totaling $3.5 million, primarily related to the excess tax benefits on share-based compensation recognized during the period, which decreased the Company’s effective tax rate by 3.5 percentage points.

The effective tax rate of 33.5% for the three months ended March 31, 2016 reflected the Company’s estimate of the effective tax rate for the period and was impacted by a change in the mix of profits between tax jurisdictions.

The Company is under examination by the IRS and other tax authorities in certain jurisdictions, including foreign jurisdictions, such as India, and states in which the Company has significant operations, such as New York. The tax years currently under examination vary by jurisdiction but include years ranging from 2005 through 2016. As a result of having previously been a member of the Morgan Stanley consolidated group, the Company may have future settlements with Morgan Stanley related to the ultimate disposition of their New York State and New York City examination relating to the tax years 2007 and 2008 and their IRS examination relating to the tax years 2006 through 2008. The Company does not believe it has any material exposure to the New York State and New York City examinations. Additionally, the Company believes it has adequate reserves for any tax issues that may arise out of the IRS examination relating to the tax years 2006 through 2008 and therefore does not believe any related settlement with Morgan Stanley will have a material impact.

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. As part of the Company’s periodic review of unrecognized tax benefits and based on new information regarding the status of federal and state examinations, the Company’s unrecognized tax benefits were remeasured. It is reasonably possible that significant changes in the balance of unrecognized tax benefits may occur within the next 12 months. At this time, however, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits and the impact on the effective tax rate over the next 12 months.

9. SEGMENT INFORMATION

ASC Subtopic 280-10, “Segment Reporting,” establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or CODM, in deciding how to allocate resources and assess performance. MSCI’s Chief Executive Officer and Chief Operating Officer, who are considered to be its CODM, review financial information presented on an operating segment basis for purposes of making operating decisions and assessing financial performance.

The 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 certain transactions or adjustments 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 Company’s computation of segment Adjusted EBITDA may not be comparable to other similarly titled measures computed by other companies because all companies do not calculate segment Adjusted EBITDA in the same fashion.

Revenues and expenses directly associated with each segment are included in determining its operating results. Other expenses that are not directly attributable to a particular segment are allocated based upon allocation methodologies, including time estimates, headcount, sales targets, data center consumption and other relevant usage measures. Due to the integrated structure of our business, certain costs incurred by one segment may benefit other segments. A segment may use the content and data produced by another segment without incurring an arm’s-length intersegment charge.

The CODM does not review any information regarding total assets on an operating segment basis. Operating segments do not record intersegment revenue, and, accordingly, there is none to be reported. The accounting policies for segment reporting are the same as for MSCI as a whole.

The Company has four operating segments: Index, Analytics, ESG and Real Estate.

The Index operating segment is primarily a provider of equity indexes. The indexes are used in many areas of the investment process, including index-linked product creation and performance benchmarking, as well as portfolio construction and rebalancing and asset allocation.

The Analytics operating segment uses analytical content to create products and services which offer institutional investors an integrated view of risk and return. Its research-enhanced products and services help institutional investors understand and control for market, credit, liquidity and counterparty risk across all major asset classes, spanning short, medium and long-term time horizons. The Analytics global risk and performance platform is built for scale, enabling clients to conduct complex calculations and stress tests. Analytics offers products and services that assist institutional investors with portfolio construction, risk management, performance attribution and regulatory reporting.

The ESG operating segment offers products and services that help institutional investors understand how environmental, social and governance (“ESG”) factors can impact the long-term risk of their investments. In addition, the ESG operating segment’s data and ratings products are used in the construction of equity and fixed income indexes to help institutional investors benchmark ESG investment performance, issue index-based investment products, as well as manage, measure and report on ESG mandates.

The Real Estate operating segment is a provider of real estate performance analysis for funds, investors, managers and lenders, as well as occupiers through the disposition of the Real Estate occupiers business. This segment provides products and offers services that include research, reporting and benchmarking. During the year ended December 31, 2016, the Company disposed of the Real Estate occupiers business.

The operating segments of ESG and Real Estate do not individually meet the segment reporting thresholds and have been combined and presented as part of All Other for disclosure purposes.

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

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
	(in thousands)	
Operating revenues		
Index	$ 163,435	$ 144,613
Analytics	112,420	110,263
All Other	25,352	23,952
Total	$ 301,207	$ 278,828

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

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
	(in thousands)	
Index Adjusted EBITDA	$ 115,637	$ 100,049
Analytics Adjusted EBITDA	29,536	30,360
All Other Adjusted EBITDA	5,518	2,740
Total operating segment profitability	150,691	133,149
Amortization of intangible assets	11,251	11,840
Depreciation and amortization of property, equipment and leasehold improvements	8,838	8,168
Operating income	130,602	113,141
Other expense (income), net	28,977	22,364
Provision for income taxes	28,674	30,410
Net income	$ 72,951	$ 60,367

Revenue by geography is based on the shipping address of the ultimate customer utilizing the product. The following table presents revenue by geographic area for the periods indicated:

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
	(in thousands)	
Revenues		
Americas:		
United States	$ 144,838	$ 137,645
Other	11,654	10,582
Total Americas	156,492	148,227
Europe, the Middle East and Africa ("EMEA"):		
United Kingdom	47,025	42,610
Other	60,302	53,439
Total EMEA	107,327	96,049
Asia & Australia:		
Japan	12,826	12,640
Other	24,562	21,912
Total Asia & Australia	37,388	34,552
Total	$ 301,207	$ 278,828

Long-lived assets consist of property, equipment, leasehold improvements, goodwill and intangible assets, net of accumulated depreciation and amortization. The following table presents long-lived assets by geographic area on the dates indicated:

	As of March 31, 2017	As of December 31, 2016
	(in thousands)	
Long-lived assets		
Americas:		
United States	$ 1,864,169	$ 1,876,366
Other	1,891	1,543
Total Americas	1,866,060	1,877,909
EMEA:		
United Kingdom	89,468	89,466
Other	25,026	23,780
Total EMEA	114,494	113,246
Asia & Australia:		
Japan	327	357
Other	7,835	7,563
Total Asia & Australia	8,162	7,920
Total	$ 1,988,716	$ 1,999,075

10. SUBSEQUENT EVENTS

On May 2, 2017, the Board of Directors declared a cash dividend of $0.28 per share for second quarter 2017. The second quarter 2017 dividend is payable on May 31, 2017 to shareholders of record as of the close of trading on May 19, 2017.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of MSCI Inc.

We have reviewed the accompanying condensed consolidated statement of financial condition of MSCI Inc. and its subsidiaries as of March 31, 2017, and the related condensed consolidated statements of income and of comprehensive income for the three-month periods ended March 31, 2017 and March 31, 2016, and the condensed consolidated statements of cash flows for the three-month periods ended March 31, 2017 and March 31, 2016. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of financial condition as of December 31, 2016, and the related consolidated statements of income, of comprehensive income, of shareholders' equity and of cash flows for the year then ended (not presented herein), and in our report dated February 24, 2017, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated statement of financial condition information as of December 31, 2016, is fairly stated, in all material respects, in relation to the consolidated statement of financial condition from which it has been derived.

/s/ PricewaterhouseCoopers LLP
New York, New York
May 5, 2017

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, 2016 (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 offer products and services to support the needs of institutional investors throughout their investment processes. Clients look to us for an integrated view of the drivers of risk and return in their portfolios, broad and deep asset class coverage, quality data, an objective perspective and innovation.

Our clients include asset owners (pension funds, endowments, foundations, central banks, sovereign wealth funds, family offices and insurance companies), asset management firms (mutual funds, hedge funds, providers of exchange-traded funds ("ETFs"), private wealth managers, real estate investment trusts and financial intermediaries (banks, broker-dealers, exchanges, custodians, trust companies and investment consultants).

Our products and services include indexes and analytical models; ratings and analysis that enable institutional investors to integrate ESG factors into their investment strategies; and analysis of real estate in both privately and publicly owned portfolios. Clients use our products and services to help construct portfolios and allocate assets. The analytical content we provide through our products is enabled by applications and are the basis for the services that we provide to clients. Our analytical tools and content help clients measure and manage risk across all major asset classes. Our products and services can also be customized to meet the specific needs of our clients.

As of March 31, 2017, we had more than 6,650 clients across 85 countries. To calculate the number of clients, we may count certain affiliates, user locations, or business units within a single organization as separate clients. If we aggregate all related clients under their respective parent entity, the number of clients would be approximately 3,800, as of March 31, 2017. We had offices in 32 cities across 21 countries to help serve our diverse client base, with 52.0% of our revenues coming from clients in the Americas, 35.6% in Europe, the Middle East and Africa ("EMEA") and 12.4% in Asia and Australia.

Our principal business model is to license annual, recurring subscriptions to our products and services for use at specified locations, often by a given number of users or for a certain volume of services, for a fee, which is, in a majority of cases, paid up front. Additionally, our recurring subscription offerings include our managed services offering, whereby we oversee the production of risk and performance reports on behalf of our clients. Fees attributable to annual, recurring subscriptions are recorded as deferred revenues on our Consolidated Statement of Financial Condition and are recognized on our Consolidated Statement of Income as the service is rendered. Furthermore, a portion of our revenues comes from clients who use our indexes as the basis for index-linked investment products such as ETFs or as the basis for passively managed funds and separate accounts. These clients commonly pay us a license fee, primarily in arrears, for the use of our intellectual property, based on the investment product's assets. We also generate revenues from certain exchanges that use our indexes as the basis for futures and options contracts and pay us a license fee, primarily in arrears, for the use of our intellectual property based on their volume of trades. In addition, we generate revenues from subscription agreements for the receipt of periodic benchmark reports, digests and other publications, which are most often associated with our real estate products, that are recognized upon delivery of such reports or data updates. Fees are primarily paid in arrears after the product is delivered. We also realize one-time fees related to customized reports, historical data sets and certain implementation and consulting services, as well as from certain products and services that are purchased on a non-renewal basis.

In evaluating our financial performance, we focus on revenue and profit growth, including GAAP and non-GAAP measures, for the Company as a whole as well as by operating segment. In addition, we focus on operating metrics, including Run Rate, subscription sales and Aggregate Retention Rate to manage the business. Our business is not highly capital intensive and, as such, we expect to continue to convert a high percentage of our profits into excess cash in the future. Our growth strategy includes: (a) expanding and deepening our relationships with investment institutions worldwide; (b) developing new and enhancing existing product offerings, including combining existing product features or data derived from our products to create new products; and (c) seeking to acquire products, technologies, services and companies that will enhance, complement or expand our client base and product offerings.

In the discussion that follows, we provide certain variances excluding the impact of foreign currency exchange rate fluctuations. 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.

The discussion of our results of operations for the three months ended March 31, 2017 and 2016 are presented below. The results of operations for interim periods may not be indicative of future results.

Results of Operations

Three Months Ended March 31, 2017 Compared to the Three Months Ended March 31, 2016

The following table presents the results of operations for the periods indicated:

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Increase/(Decrease)	
	(in thousands, except per share data)			
Operating revenues	$ 301,207	$ 278,828	$ 22,379	8.0%
Operating expenses:				
Cost of revenues	67,521	63,172	4,349	6.9%
Selling and marketing	43,014	41,689	1,325	3.2%
Research and development	18,977	18,928	49	0.3%
General and administrative	21,004	21,890	(886)	(4.0%)
Amortization of intangible assets	11,251	11,840	(589)	(5.0%)
Depreciation and amortization of property, equipment and leasehold improvements	8,838	8,168	670	8.2%
Total operating expenses	170,605	165,687	4,918	3.0%
Operating income	130,602	113,141	17,461	15.4%
Other expense (income), net	28,977	22,364	6,613	29.6%
Income before provision for income taxes	101,625	90,777	10,848	12.0%
Provision for income taxes	28,674	30,410	(1,736)	(5.7%)
Net income	$ 72,951	$ 60,367	$ 12,584	20.8%
Earnings per basic common share	$ 0.80	$ 0.61	$ 0.19	31.1%
Earnings per diluted common share	$ 0.80	$ 0.60	$ 0.20	33.3%
Operating margin	43.4%	40.6%		

Operating Revenues

Our revenues are grouped by the following types: recurring subscriptions, asset-based fees and non-recurring. We also group revenues by major product or reportable segment as follows: Index, Analytics and All Other, which includes the ESG and Real Estate product lines.

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

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Increase/(Decrease)	
	(in thousands)			
Recurring subscriptions	$ 238,099	$ 225,338	$ 12,761	5.7%
Asset-based fees	57,508	48,699	8,809	18.1%
Non-recurring	5,600	4,791	809	16.9%
Total operating revenues	$ 301,207	$ 278,828	$ 22,379	8.0%

Total operating revenues grew 8.0% to $301.2 million for the three months ended March 31, 2017 compared to $278.8 million for the three months ended March 31, 2016.

Revenues from recurring subscriptions increased 5.7% to $238.1 million for the three months ended March 31, 2017 compared to $225.3 million for the three months ended March 31, 2016, driven by an increase of $8.5 million, or 9.1%, in Index recurring subscriptions, an increase of $2.6 million, or 2.4%, in Analytics recurring subscriptions and an increase of $1.8 million, or 17.1%, in ESG recurring subscriptions, partially offset by a decrease of $0.2 million, or 1.8%, in Real Estate recurring subscriptions. Adjusting for the impact from foreign currency exchange rate fluctuations, revenues from total recurring subscriptions would have increased 6.7%.

Revenues from asset-based fees increased 18.1% to $57.5 million for the three months ended March 31, 2017 compared to $48.7 million for the three months ended March 31, 2016. The increase in asset-based fees was driven by several items, including a $6.8 million, or 20.5%, growth in revenue from ETFs linked to MSCI indexes, which was the result of a 28.5% increase in average assets under management ("AUM"), and a $1.7 million, or 12.9%, increase in revenue from non-ETF passive funds. These increases were partially offset by the impact of a change in the product mix resulting from our differentiated licensing strategy. In addition, revenues from futures and options contracts based on MSCI indexes grew $0.3 million, or 12.4%, driven by a 22.8% increase in total trading volumes. Approximately two-thirds of the underlying securities included in the AUM of our index-linked investment products are denominated in currencies other than the U.S. dollar and subject to foreign currency exchange rate fluctuations.

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

	Period Ended(1)				
	2016				2017
(in billions)	March 31,	June 30,	September 30,	December 31,	March 31,
AUM in ETFs linked to MSCI indexes(2)	$ 438.3	$ 439.7	$ 474.9	$ 481.4	$ 555.7
Sequential Change in Value					
Market Appreciation/(Depreciation)	$ (1.7)	$ (2.5)	$ 23.7	$ (8.7)	$ 35.8
Cash Inflows	6.6	3.9	11.5	15.2	38.5
Total Change	$ 4.9	$ 1.4	$ 35.2	$ 6.5	$ 74.3

Source: Bloomberg and MSCI

(1) The historical values of the AUM in ETFs linked to our 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 Indexes" on our Investor Relations homepage at *http://ir.msci.com*. This information is updated on or about the second U.S. business day of 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.

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

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

	Quarterly Average				
	2016				2017
(in billions)	March	June	September	December	March
AUM in ETFs linked to MSCI indexes	$ 407.9	$ 438.8	$ 467.3	$ 471.1	$ 524.1

Non-recurring revenues increased 16.9% to $5.6 million for the three months ended March 31, 2017 compared to $4.8 million for the three months ended March 31, 2016.

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

	Three Months Ended March 31, 2017	2016	Increase/(Decrease)	
	(in thousands)			
Operating revenues:				
Index				
Recurring subscriptions	$ 102,178	$ 93,645	$ 8,533	9.1%
Asset-based fees	57,508	48,699	8,809	18.1%
Non-recurring	3,749	2,269	1,480	65.2%
Index total	163,435	144,613	18,822	13.0%
Analytics				
Recurring subscriptions	111,269	108,630	2,639	2.4%
Non-recurring	1,151	1,633	(482)	(29.5%)
Analytics total	112,420	110,263	2,157	2.0%
All Other				
Recurring subscriptions	24,652	23,063	1,589	6.9%
Non-recurring	700	889	(189)	(21.3%)
All Other total	25,352	23,952	1,400	5.8%
Total operating revenues	$ 301,207	$ 278,828	$ 22,379	8.0%

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.

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

	Three Months Ended March 31, 2017	2016	Increase/(Decrease)	
	(in thousands)			
Operating expenses:				
Cost of revenues	$ 67,521	$ 63,172	$ 4,349	6.9%
Selling and marketing	43,014	41,689	1,325	3.2%
Research and development	18,977	18,928	49	0.3%
General and administrative	21,004	21,890	(886)	(4.0%)
Amortization of intangible assets	11,251	11,840	(589)	(5.0%)
Depreciation and amortization of property, equipment and leasehold improvements	8,838	8,168	670	8.2%
Total operating expenses	$ 170,605	$ 165,687	$ 4,918	3.0%

Total operating expenses increased 3.0% to $170.6 million for the three months ended March 31, 2017 compared to $165.7 million for the three months ended March 31, 2016. Adjusting for the impact of foreign currency exchange rate fluctuations, total operating expenses would have increased 4.8% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016.

Cost of Revenues

Cost of revenues consists of costs related to the production and servicing of our products and services and primarily includes related information technology costs, including data center, platform and infrastructure costs; costs to acquire, produce and maintain market data information; costs of research to support, maintain and rebalance existing products; costs of product management teams; costs of client service and consultant teams to support customer needs; and other support costs directly attributable to the cost of revenues including certain human resources, finance and legal costs. Cost of revenues increased 6.9% to $67.5 million for the three months ended March 31, 2017 compared to $63.2 million for the three months ended March 31, 2016, primarily driven by higher compensation and benefits costs, as well as an increase in non-compensation information technology costs and professional fees.

Selling and Marketing

Selling and marketing consists of costs associated with acquiring new clients or selling new products or product renewals to existing clients and primarily includes the costs of our sales force and marketing teams, as well as costs incurred in other groups associated with acquiring new business, including product management, research, technology and sales operations. Selling and marketing expenses increased 3.2% to $43.0 million for the three months ended March 31, 2017 compared to $41.7 million for the three months ended March 31, 2016, primarily driven by higher severance costs, as well as higher non-compensation marketing costs.

Research and Development

R&D consists of the costs to develop new, or to enhance existing, products and the costs to develop new or improved technology and service platforms for the delivery of our products and services and primarily includes the costs of development, research, product management, project management and the technology support associated with these efforts. R&D expenses increased 0.3% to $19.0 million for the three months ended March 31, 2017 compared to $18.9 million for the three months ended March 31, 2016.

General and Administrative

G&A consists of costs primarily related to finance operations, human resources, the office of the Chief Executive Officer, 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 decreased 4.0% to $21.0 million for the three months ended March 31, 2017 compared to $21.9 million for the three months ended March 31, 2016, primarily driven by lower severance costs.

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

	Three Months Ended March 31,			
	2017	2016	Increase/(Decrease)	
	(in thousands)			
Compensation and benefits	$ 109,100	$ 106,765	$ 2,335	2.2%
Non-compensation expenses	41,416	38,914	2,502	6.4%
Amortization of intangible assets	11,251	11,840	(589)	(5.0%)
Depreciation and amortization of property, equipment and leasehold improvements	8,838	8,168	670	8.2%
Total operating expenses	$ 170,605	$ 165,687	$ 4,918	3.0%

Compensation and benefits costs are our most significant expense and typically represent more than 60% of operating expenses or more than 70% of Adjusted EBITDA expenses. We had 2,897 and 2,746 employees as of March 31, 2017 and 2016, respectively. 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 benefit expenses. As of March 31, 2017, 56.5% of our employees were located in emerging market centers compared to 53.5% as of March 31, 2016.

Compensation and benefits expenses increased 2.2% to $109.1 million for the three months ended March 31, 2017 compared to $106.8 million for the three months ended March 31, 2016, primarily due to higher wages and salaries.

Non-compensation expenses increased 6.4% to $2.5 million for the three months ended March 31, 2017 compared to $38.9 million for the three months ended March 31, 2016, primarily driven by higher information technology costs, professional fees and marketing costs.

Amortization of Intangible Assets

Amortization of intangible assets expense decreased 5.0% to $11.3 million for the three months ended March 31, 2017 compared to $11.8 million for the three months ended March 31, 2016, primarily driven by the impact of certain of our intangibles becoming fully amortized, partially offset by an increase in amortization associated with our internally developed capitalized software.

Depreciation and Amortization of Property, Equipment and Leasehold Improvements

Depreciation and amortization of property, equipment and leasehold improvements increased 8.2% to $8.8 million for the three months ended March 31, 2017 compared to $8.2 million for the three months ended March 31, 2016. The increase was primarily the result of increased hardware depreciation associated with new data center technology.

Other Expense (Income), Net

Other expense (income), net increased 29.6% to $29.0 million for the three months ended March 31, 2017 compared to $22.4 million for the three months ended March 31, 2016. The increase was driven by $6.1 million of higher interest expense resulting from the increased level of indebtedness related to the August 2016 private offering of $500.0 million aggregate principal amount of 4.75% senior unsecured notes due 2026.

Income Taxes

The provision for income tax expense decreased 5.7% to $28.7 million for the three months ended March 31, 2017 compared to $30.4 million for the three months ended March 31, 2016 as a result of a decline in the effective tax rate, partially offset by higher income before provision for income taxes. These amounts reflect effective tax rates of 28.2% and 33.5% for the three months ended March 31, 2017 and 2016, respectively. The decrease in the effective tax rate was primarily driven by the impact of discrete items, including the excess tax benefits related to the adoption of ASU 2016-09 during the three months ended March 31, 2017, in addition to the impact of the ongoing efforts to better align our tax profile with our global operating footprint. See Note 2, "Recent Accounting Standards Updates," of the Notes to Unaudited Condensed Consolidated Financial Statements included herein for more information regarding the adoption of ASU 2016-09.

The effective tax rate of 28.2% for the three months ended March 31, 2017 reflects our estimate of the effective tax rate for the period and was impacted by certain discrete items totaling $3.5 million, primarily related to the excess tax benefits on share-based compensation recognized during the period, which decreased the effective tax rate by 3.5 percentage points.

Net Income

As a result of the factors described above, net income for the three months ended March 31, 2017 increased 20.8% to $73.0 million compared to $60.4 million for the three months ended March 31, 2016.

Weighted Average Shares

The weighted average shares outstanding used to calculate our basic and diluted earnings per share for the three months ended March 31, 2017 decreased by 8.8% and 8.4%, respectively, compared to the three months ended March 31, 2016. The decreases primarily reflect the impact of the share repurchases made, partially offset by the impact of restricted stock units and stock options that converted to shares.

Adjusted EBITDA

"Adjusted EBITDA," a measure used by management to assess operating performance, is defined as net income before provision for income taxes, other expense (income), net, depreciation and amortization of property, equipment and leasehold improvements, amortization of intangible assets and, at times, certain other transactions or adjustments.

"Adjusted EBITDA expenses," another 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.

Adjusted EBITDA and Adjusted EBITDA expenses are believed to be meaningful measures of 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 capital spending and acquisitions that do not directly affect what management considers to be the Company's core 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 Adjusted EBITDA for the periods indicated:

	Three Months Ended March 31,			
	2017	2016	Increase/(Decrease)	
	(in thousands)			
Operating revenues	$ 301,207	$ 278,828	$ 22,379	8.0%
Adjusted EBITDA expenses	150,516	145,679	4,837	3.3%
Adjusted EBITDA	$ 150,691	$ 133,149	$ 17,542	13.2%
Adjusted EBITDA margin %	50.0%	47.8%		
Operating margin %	43.4%	40.6%		

Adjusted EBITDA increased 13.2% to $150.7 million for the three months ended March 31, 2017 compared to $133.1 million for the three months ended March 31, 2016. The Adjusted EBITDA margin increased to 50.0% for the three months ended March 31, 2017 compared to 47.8% for the three months ended March 31, 2016. The improvement in margin reflects a higher rate of growth in operating revenues, primarily attributable to higher revenues within the Index segment, as compared to the rate of growth in Adjusted EBITDA expenses.

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 March 31,	
	2017	2016
	(in thousands)	
Index Adjusted EBITDA	$ 115,637	$ 100,049
Analytics Adjusted EBITDA	29,536	30,360
All Other Adjusted EBITDA	5,518	2,740
Consolidated Adjusted EBITDA	150,691	133,149
Amortization of intangible assets	11,251	11,840
Depreciation and amortization of property, equipment and leasehold improvements	8,838	8,168
Operating income	130,602	113,141
Other expense (income), net	28,977	22,364
Provision for income taxes	28,674	30,410
Net income	$ 72,951	$ 60,367

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

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Index Adjusted EBITDA expenses	$ 47,798	$ 44,564
Analytics Adjusted EBITDA expenses	82,884	79,903
All Other Adjusted EBITDA expenses	19,834	21,212
Consolidated Adjusted EBITDA expenses	150,516	145,679
Amortization of intangible assets	11,251	11,840
Depreciation and amortization of property, equipment and leasehold improvements	8,838	8,168
Total operating expenses	$ 170,605	$ 165,687

The discussion of our segment results for the three months ended March 31, 2017 and 2016 is presented below.

Segment Results

Index Segment

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

	Three Months Ended March 31,			
	2017	2016	Increase/(Decrease)	
	(in thousands)			
Operating revenues:				
Recurring subscriptions	$ 102,178	$ 93,645	$ 8,533	9.1%
Asset-based fees	57,508	48,699	8,809	18.1%
Non-recurring	3,749	2,269	1,480	65.2%
Operating revenues total	163,435	144,613	18,822	13.0%
Adjusted EBITDA expenses	47,798	44,564	3,234	7.3%
Adjusted EBITDA	$ 115,637	$ 100,049	$ 15,588	15.6%
Adjusted EBITDA margin %	70.8%	69.2%		

Revenues related to Index products increased 13.0% to $163.4 million for the three months ended March 31, 2017 compared to $144.6 million for the three months ended March 31, 2016. The impact from foreign currency exchange rate fluctuations was not significant for the three months ended March 31, 2017.

Recurring subscriptions were up 9.1% to $102.2 million for the three months ended March 31, 2017 compared to $93.6 million for the three months ended March 31, 2016, driven by strong growth in core products and growth in newer products, including factor and thematic and custom index products, as well as higher usage fees.

Revenues from asset-based fees increased 18.1% to $57.5 million for the three months ended March 31, 2017 compared to $48.7 million for the three months ended March 31, 2016. The increase in asset-based fees was driven by several items, including 20.5% growth in revenue from ETFs linked to MSCI indexes, which was the result of a 28.5% increase in average AUM, and a $1.7 million, or 12.9%, increase in revenue from non-ETF passive funds. These increases were partially offset by the impact of a change in the product mix resulting from our differentiated licensing strategy. In addition, revenues from futures and options contracts based on MSCI indexes grew $0.3 million, or 12.4%, driven by a 22.8% increase in total trading volumes.

Non-recurring revenues were $3.7 million and $2.3 million for the three months ended March 31, 2017 and 2016, respectively.

Index segment Adjusted EBITDA expenses increased 7.3% to $47.8 million for the three months ended March 31, 2017 compared to $44.6 million for the three months ended March 31, 2016, primarily reflecting higher cost of revenues and selling and marketing costs. Adjusting for the impact of foreign currency exchange rate fluctuations, Adjusted EBITDA expenses would have increased 9.3% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016.

Analytics Segment

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

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Increase/(Decrease)	
	(in thousands)			
Operating revenues:				
Recurring subscriptions	$ 111,269	$ 108,630	$ 2,639	2.4%
Non-recurring	1,151	1,633	(482)	(29.5%)
Operating revenues total	112,420	110,263	2,157	2.0%
Adjusted EBITDA expenses	82,884	79,903	2,981	3.7%
Adjusted EBITDA	$ 29,536	$ 30,360	$ (824)	(2.7%)
Adjusted EBITDA margin %	26.3%	27.5%		

Analytics segment revenues increased 2.0% to $112.4 million for the three months ended March 31, 2017 compared to $110.3 million for the three months ended March 31, 2016, primarily driven by higher revenues from equity models. Adjusting for foreign currency exchange rate fluctuations, Analytics segment revenues would have increased 3.3% for the three months ended March 31, 2017.

Analytics segment Adjusted EBITDA expenses increased 3.7% to $82.9 million for the three months ended March 31, 2017 compared to $79.9 million for the three months ended March 31, 2016, primarily driven by higher R&D costs. Adjusting for the impact of foreign currency exchange rate fluctuations, Adjusted EBITDA expenses would have increased 5.4% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016.

All Other Segment

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

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Increase/(Decrease)	
	(in thousands)			
Operating revenues:				
Recurring subscriptions	$ 24,652	$ 23,063	$ 1,589	6.9%
Non-recurring	700	889	(189)	(21.3%)
Operating revenues total	25,352	23,952	1,400	5.8%
Adjusted EBITDA expenses	19,834	21,212	(1,378)	(6.5%)
Adjusted EBITDA	$ 5,518	$ 2,740	$ 2,778	101.4%
Adjusted EBITDA margin %	21.8%	11.4%		

All Other segment revenues increased 5.8% to $25.4 million for the three months ended March 31, 2017 compared to $24.0 million for the three months ended March 31, 2016. The increase in All Other revenues was driven by a 17.0% increase in ESG revenues to $12.6 million, partially offset by a 3.2% decrease in Real Estate revenues to $12.8 million. The increase in ESG revenues was driven by higher ESG Ratings product revenues and the decrease in Real Estate revenues was driven by the inclusion of the Real Estate occupiers business in the prior period and the negative impact of foreign currency exchange rate fluctuations that more than offset an increase in Real Estate Market Information product revenues. Adjusting for the impact of foreign currency exchange rate fluctuations and the divestiture of the Real Estate occupiers business, Real Estate revenues would have increased 7.6% and All Other operating revenues would have increased 11.9% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016.

All Other segment Adjusted EBITDA expenses decreased 6.5% to $19.8 million for the three months ended March 31, 2017 compared to $21.2 million for the three months ended March 31, 2016, primarily driven by lower compensation and benefits costs attributable to Real Estate operations. Adjusting for the impact of foreign currency exchange rate fluctuations, Adjusted EBITDA expenses would have decreased 3.4% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016.

Run Rate

At the end of any period, we generally have subscription and investment product license agreements in place for a large portion of total revenues for the following 12 months. We measure the fees related to these agreements and refer to this as “Run Rate.” The Run Rate at a particular point in time primarily represents the forward-looking revenues for the next 12 months from then-current subscriptions and investment product licenses we provide to our clients under renewable contracts or agreements assuming all contracts or agreements that come up for renewal are renewed and assuming then-current currency exchange rates. For any license where fees are linked to an investment product’s assets or trading volume, the Run Rate calculation reflects, for ETFs, the market value on the last trading day of the period, for futures and options, the most recent quarterly volumes and for non-ETF funds, the most recent client reported assets under such license or subscription. The Run Rate does not include fees associated with “one-time” and other non-recurring transactions. In addition, we remove from the Run Rate the fees associated with any subscription or investment product license agreement with respect to which we have received a notice of termination or non-renewal during the period and determined that such notice evidences the client’s final decision to terminate or not renew the applicable subscription or agreement, even though such notice is not effective until a later date.

Because the Run Rate represents potential future revenues, there is typically a delayed impact on our operating revenues from changes in our Run Rate. In addition, the actual amount of revenues we will realize over the following 12 months will differ from the Run Rate because of:

- fluctuations in revenues associated with new subscriptions and non-recurring sales;
- modifications, cancellations and non-renewals of existing agreements, subject to specified notice requirements;
- 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;
- 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 exchange rates; and
- the impact of acquisitions and dispositions.

Changes in Run Rate between periods may be attributable to, among other things, increases from new subscriptions, decreases from cancellations, increases or decreases, as the case may be, from the change in the value of assets of investment products linked to MSCI indexes, the change in trading volumes of futures and options contracts linked to MSCI indexes, price changes, fluctuations in foreign currency exchange rates and the impact of acquisitions and dispositions.

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

	As of March 31, 2017	As of March 31, 2016	As of December 31, 2016	Year-Over-Year Comparison	Sequential Comparison
	(in thousands)				
Index:					
Recurring subscriptions	$ 417,765	$ 378,622	$ 406,729	10.3%	2.7%
Asset-based fees	240,834	199,330	216,982	20.8%	11.0%
Index total	658,599	577,952	623,711	14.0%	5.6%
Analytics	457,249	447,024	451,533	2.3%	1.3%
All Other	91,239	86,990	88,074	4.9%	3.6%
Total Run Rate	$ 1,207,087	$ 1,111,966	$ 1,163,318	8.6%	3.8%
Recurring subscriptions total	$ 966,253	$ 912,636	$ 946,336	5.9%	2.1%
Asset-based fees	240,834	199,330	216,982	20.8%	11.0%
Total Run Rate	$ 1,207,087	$ 1,111,966	$ 1,163,318	8.6%	3.8%

Total Run Rate grew 8.6% to $1,207.1 million at March 31, 2017 compared to $1,112.0 million at March 31, 2016. Recurring subscriptions Run Rate grew 5.9% to $966.3 million at March 31, 2017 compared to $912.6 million at March 31, 2016.

Run Rate from asset-based fees increased 20.8% to $240.8 million at March 31, 2017 from $199.3 million at March 31, 2016, primarily driven by higher growth in ETFs linked to MSCI indexes, non-ETF passive funds and futures and options contracts based on MSCI indexes. As of March 31, 2017, the value of AUM in ETFs linked to MSCI indexes was $555.7 billion, up $117.4 billion, or 26.8%, from $438.3 billion as of March 31, 2016. The increase of $117.4 billion consisted of net inflows of $69.1 billion and market appreciation of $48.3 billion.

Index recurring subscriptions Run Rate grew 10.3% to $417.8 million at March 31, 2017 compared to $378.6 million at March 31, 2016 driven by an increase in core products, growth in newer products, including factor, thematic and custom index products, and higher usage fees.

Run Rate from Analytics products increased 2.3% to $457.2 million at March 31, 2017 compared to $447.0 million at March 31, 2016, primarily driven by growth in sales of equity models. Adjusting for the impact of foreign currency exchange rate fluctuations, Run Rate from Analytics products would have increased 3.1% at March 31, 2017.

Run Rate from All Other products increased 4.9% to $91.2 million at March 31, 2017 compared to $87.0 million at March 31, 2016, driven by an $8.6 million, or 20.1%, increase in ESG Run Rate, partially offset by a $4.4 million, or 9.9%, decrease in Real Estate Run Rate. The increase in ESG Run Rate was driven by higher sales of the ESG Ratings product. Adjusting for the impact of foreign currency exchange rate fluctuations and the divestiture of the Real Estate occupiers business, at March 31, 2017 Real Estate Run Rate would have increased 2.8%, and All Other Run Rate would have increased 12.8% compared to March 31, 2016.

Subscription Sales

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

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Three Months Ended December 31, 2016	Year Over Year Comparison	Sequential Comparison
	(in thousands)				
New recurring subscription sales					
Index	$ 14,193	$ 13,162	$ 17,220	7.8%	(17.6%)
Analytics	11,874	12,358	18,617	(3.9%)	(36.2%)
All Other	4,121	5,256	6,364	(21.6%)	(35.2%)
New recurring subscription sales total	30,188	30,776	42,201	(1.9%)	(28.5%)
Subscription cancellations					
Index	(3,165)	(3,410)	(6,071)	(7.2%)	(47.9%)
Analytics	(7,611)	(5,911)	(13,749)	28.8%	(44.6%)
All Other	(1,683)	(1,616)	(2,526)	4.1%	(33.4%)
Subscription cancellations total	(12,459)	(10,937)	(22,346)	13.9%	(44.2%)
Net new recurring subscription sales					
Index	11,028	9,752	11,149	13.1%	(1.1%)
Analytics	4,263	6,447	4,868	(33.9%)	(12.4%)
All Other	2,438	3,640	3,838	(33.0%)	(36.5%)
Net new recurring subscription sales total	17,729	19,839	19,855	(10.6%)	(10.7%)
Non-recurring sales					
Index	4,374	3,542	3,461	23.5%	26.4%
Analytics	2,163	1,856	3,215	16.5%	(32.7%)
All Other	609	1,202	1,139	(49.3%)	(46.5%)
Non-recurring sales total	7,146	6,600	7,815	8.3%	(8.6%)
Gross sales					
Index	$ 18,567	$ 16,704	$ 20,681	11.2%	(10.2%)
Analytics	14,037	14,214	21,832	(1.2%)	(35.7%)
All Other	4,730	6,458	7,503	(26.8%)	(37.0%)
Total gross sales	$ 37,334	$ 37,376	$ 50,016	(0.1%)	(25.4%)
Net sales					
Index	$ 15,402	$ 13,294	$ 14,610	15.9%	5.4%
Analytics	6,426	8,303	8,083	(22.6%)	(20.5%)
All Other	3,047	4,842	4,977	(37.1%)	(38.8%)
Total net sales	$ 24,875	$ 26,439	$ 27,670	(5.9%)	(10.1%)

Aggregate Retention Rate

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

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Index	96.9%	96.3%
Analytics	93.3%	94.6%
All Other	92.4%	92.2%
Total	94.7%	95.1%

The Aggregate Retention Rate for a period is calculated by annualizing the cancellations for which we (1) have received a notice of termination or (2) believe there is an intention to not renew during the period and we believe that such notice or intention evidences the client's final decision to terminate or not renew the applicable agreement, even though such notice is not effective until a later date. This annualized cancellation figure is then divided by the subscription Run Rate at the beginning of the year to calculate a cancellation rate. This cancellation rate is then subtracted from 100% to derive the annualized Aggregate Retention Rate for the period. The Aggregate Retention Rate is computed on a product-by-product basis. Therefore, if a client reduces the number of products to which it subscribes or switches between our products, we treat it as a cancellation. In addition, we treat any reduction in fees resulting from renegotiated contracts as a cancellation in the calculation to the extent of the reduction.

In our product lines, the Aggregate Retention Rate is generally higher during the first three fiscal quarters and lower in the fourth fiscal quarter.

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 and also in Note 2, "Recent Accounting Standards Updates," in the Notes to Unaudited Condensed Consolidated Financial Statements included herein. There have been no significant changes in our accounting policies or critical accounting estimates since the end of the fiscal year ended December 31, 2016 other than those described in Note 2, "Recent Accounting Standards Updates," in the Notes to Unaudited Condensed Consolidated Financial Statements included herein.

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 facilities. 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 and fund our working capital requirements, capital expenditures, investments, acquisitions, dividend payments and repurchases of our common stock. In connection with our business strategy, we regularly evaluate acquisition 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

We have issued an aggregate of $2.1 billion in senior unsecured notes (collectively, the "Senior Notes") in the three discrete private offerings described below.

On November 20, 2014, we completed our private offering of $800.0 million aggregate principal amount of 5.25% senior unsecured notes due 2024 (the "2024 Senior Notes"). We used the net proceeds from the offering of the 2024 Senior Notes, together with cash on hand, to repay in full our outstanding term loan indebtedness of $794.8 million.

On August 13, 2015, we completed the 2025 Senior Notes offering of $800.0 million aggregate principal amount of 5.75% senior unsecured notes due 2025. The net proceeds from the offering of the 2025 Senior Notes were allocated for general corporate purposes.

On August 4, 2016, we completed the 2026 Senior Notes offering of $500.0 million aggregate principal amount of 4.75% senior unsecured notes due 2026. The net proceeds from the offering of the 2026 Senior Notes were allocated for general corporate purposes, including, without limitation, buybacks of our common stock and potential acquisitions.

The 2024 Senior Notes are scheduled to mature and be paid in full on November 15, 2024. At any time prior to November 15, 2019, we may redeem all or part of the 2024 Senior Notes upon not less than 30 nor more than 60 days' prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, we may redeem all or part of the 2024 Senior Notes, together with accrued and unpaid interest, on or after November 15, 2019, at redemption prices set forth in the indenture governing our 2024 Senior Notes. At any time prior to November 15, 2017, we may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2024 Senior Notes, including any permitted additional notes, at a redemption price equal to 105.25% of the principal amount.

The 2025 Senior Notes are scheduled to mature and be paid in full on August 15, 2025. At any time prior to August 15, 2020, we may redeem all or part of the 2025 Senior Notes upon not less than 30 nor more than 60 days' prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, we may redeem all or part of the 2025 Senior Notes, together with accrued and unpaid interest, on or after August 15, 2020, at redemption prices set forth in the indenture governing our 2025 Senior Notes. At any time prior to August 15, 2018, we may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2025 Senior Notes, including any permitted additional notes, at a redemption price equal to 105.75% of the principal amount.

The 2026 Senior Notes are scheduled to mature and be paid in full on August 1, 2026. At any time prior to August 1, 2021, the Company may redeem all or part of the 2026 Senior Notes upon not less than 30 nor more than 60 days' prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, the Company may redeem all or part of the 2026 Senior Notes, together with accrued and unpaid interest, on or after August 1, 2021, at redemption prices set forth in the indenture governing the 2026 Senior Notes. At any time prior to August 1, 2019, the Company may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2026 Senior Notes, including any permitted additional notes, at a redemption price equal to 104.75% of the principal amount.

Interest payments attributable to the 2024 Senior Notes are due on May 15 and November 15 of each year, with the first interest payment having been made on May 15, 2015. Interest payments attributable to the 2025 Senior Notes are due on February 15 and August 15 of each year, with the first interest payment having been made on February 16, 2016. Interest payments attributable to the 2026 Senior Notes are due on February 1 and August 1 of each year, with the first interest payment having been made on February 1, 2017.

On November 20, 2014, we entered into a $200.0 million senior unsecured revolving credit agreement (the "2014 Revolving Credit Agreement") with a syndicate of banks. The 2014 Revolving Credit Agreement had an initial term of five years with an option to extend for two additional one year terms. On August 4, 2016, we entered into Amendment No. 1 (the "Amendment") to the 2014 Revolving Credit Agreement (the 2014 Revolving Credit Agreement as so amended, the "Revolving Credit Agreement"). The Amendment, among other things, (i) increased aggregate commitments available to be borrowed to $220.0 million, (ii) increased the maximum consolidated leverage ratio from 3.75:1.00 to 4.25:1.00 and (iii) extended the initial term to August 2021 with an option to extend for an additional one-year term.

The Senior Notes and the Revolving 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 Revolving 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 Wells Fargo Bank, National Association, as trustee, 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 Revolving Credit Agreement contains affirmative and restrictive covenants that, among other things, limit our ability and 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 Revolving 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, bankruptcy and insolvency events, invalidity or impairment of loan documentation or collateral, change of control and customary ERISA defaults. None of the restrictions above are expected to impact our ability to effectively operate the business.

The Revolving 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 Revolving Credit Agreement: (1) the maximum Consolidated Leverage Ratio (as defined in the Revolving Credit Agreement) measured quarterly on a rolling four-quarter basis shall not exceed 4.25:1.00 and (2) the minimum Consolidated Interest Coverage Ratio (as defined in the Revolving Credit Agreement) measured quarterly on a rolling four-quarter basis shall be at least 4.00:1.00. As of March 31, 2017, our Consolidated Leverage Ratio was 3.38:1.00 and our Consolidated Interest Coverage Ratio was 6.17:1.00. There were no amounts drawn under the Revolving Credit Facility since its November 20, 2014 inception.

Our non-guarantor subsidiaries of the Senior Notes 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 $236.0 million, or 20.1%, of our total revenue for the trailing 12 months ended March 31, 2017, approximately $153.9 million, or 30.4%, of our consolidated operating income for the trailing 12 months ended March 31, 2017, and approximately $588.3 million, or 19.6%, of our consolidated total assets (excluding intercompany assets) and $235.7 million, or 8.6%, of our consolidated total liabilities, in each case as of March 31, 2017.

Share Repurchases

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

Three Months Ended	Average Price Paid Per Share	Total Number of Shares Repurchased	Dollar Value of Shares Repurchased
		(in thousands)	
March 31, 2017	$ 82.25	1,079	$ 88,744
March 31, 2016	$ 68.45	4,869	$ 333,328

As of March 31, 2017, there was $781.2 million of available authorization remaining under the 2016 Repurchase Program.

Cash Dividend

On May 2, 2017, the Board of Directors declared a cash dividend of $0.28 per share for second quarter 2017. The second quarter 2017 dividend is payable on May 31, 2017 to shareholders of record as of the close of trading on May 19, 2017.

Cash Flows

	As of	
	March 31, 2017	December 31, 2016
	(in thousands)	
Cash and cash equivalents	$ 696,972	$ 791,834

Cash and cash equivalents were $697.0 million and $791.8 million as of March 31, 2017 and December 31, 2016, respectively. As of March 31, 2017 and December 31, 2016, $249.5 million and $208.2 million, respectively, of the cash and cash equivalents were held by foreign subsidiaries, which could be subject to U.S. federal income taxation on repatriation to the U.S. and some of which could be subject to local country taxes if repatriated to the United States. In addition, repatriation of some foreign cash is further restricted by local laws. The increase in cash and cash equivalents held by foreign subsidiaries since year end primarily reflects ongoing efforts to better align our tax profile with our global operating footprint. We expect the cash balance to continue to significantly grow outside the U.S. over time. These balances will be available to meet our needs outside the U.S. whether it be for general corporate purposes or other needs, including acquisitions or expansion of our products.

We believe that domestic cash flows from operations, together with existing cash and cash equivalents and funds available under our existing credit facility and our ability to access the debt and capital markets for additional funds, will continue to be sufficient to fund our domestic 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 following issuance of this Form 10-Q 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.

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

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Cash provided by operating activities	$ 37,015	$ 36,887
Cash used in investing activities	(9,629)	(5,520)
Cash used in financing activities	(125,226)	(366,166)
Effect of exchange rate changes	2,978	2,107
Net increase in cash	$ (94,862)	$ (332,692)

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. Cash provided by operating activities was $37.0 million and $36.9 million for the three months ended March 31, 2017 and 2016, respectively. The year-over-year increase reflects higher billings and collections from customers primarily offset by an increase in cash expenses, including higher interest payments.

Our primary uses of cash from operating activities are for the payment of cash compensation expenses, office rent, technology costs, market data costs, interest expenses and income taxes. The payment of cash for compensation and benefits is historically 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

Cash used in investing activities was $9.6 million and $5.5 million for the three months ended March 31, 2017 and 2016, respectively. The increase primarily reflects higher capital expenditures associated with data center and technology infrastructure.

Cash Flows From Financing Activities

Cash used in financing activities was $125.2 million and $366.2 million for the three months ended March 31, 2017 and 2016, respectively. The year-over-year decrease in cash outflows primarily reflects the impact of lower amounts paid to repurchase treasury shares.

Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

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 three months ended March 31, 2017 and 2016, 15.7% and 17.9%, respectively, of our revenues are subject to foreign currency exchange rate risk and primarily includes clients billed in foreign currency as well as U.S. dollar exposures on non-U.S. dollar foreign operating entities. Of the 15.7% of non-U.S. dollar exposure for the three months ended March 31, 2017, 34.2% was in Euros, 33.0% was in British pounds sterling and 23.9% was in Japanese yen. Of the 17.9% of non-U.S. dollar exposure for the three months ended March 31, 2016, 35.7% was in British pounds sterling, 33.5% was in Euros and 22.7% was in Japanese yen.

Revenues from index-linked investment products represented 19.1% and 17.5% of operating revenues for the three months ended March 31, 2017 and 2016, respectively. While a substantial portion of our fees for index-linked investment products are invoiced in U.S. dollars, the fees are based on the investment product's assets, of which approximately two-thirds 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 36.8% and 39.8% of our operating expenses for the three months ended March 31, 2017 and 2016, respectively, were denominated in foreign currencies, the significant majority of which were denominated in British pounds sterling, Indian rupees, Hungarian forints, Hong Kong dollars, Euros and Swiss Francs. Expenses incurred in foreign currency may increase as we expand our business outside the U.S.

We have certain monetary assets and liabilities denominated in currencies other than local functional amounts and when these balances were remeasured into their local functional currency, either a gain or a loss resulted 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 losses of $0.6 million and $0.1 million for the three months ended March 31, 2017 and 2016, 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 March 31, 2017, 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 March 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

OTHER FINANCIAL INFORMATION

The interim financial information included in this Quarterly Report on Form 10-Q for the three month periods ended March 31, 2017 and 2016 has not been audited by PricewaterhouseCoopers LLP ("PwC"). In reviewing such information, PwC has applied limited procedures in accordance with professional standards for reviews of interim financial information. Readers should restrict reliance on PwC's reports on such information accordingly. PwC is not subject to the liability provisions of Section 11 of the

Securities Act of 1933 for its reports on interim financial information, because such reports do not constitute “reports” or “parts” of registration statements prepared or certified by PwC within the meaning of Sections 7 and 11 of the Securities Act of 1933.

PART II

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

There have been no material changes since December 31, 2016 to the significant risk factors and uncertainties known to the Company 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.

For a discussion of the risk factors affecting the Company, see "Risk Factors" in Part I, Item 1A of our Form 10-K for fiscal year 2016.

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

There have been no unregistered sales of equity securities.

The table below presents information with respect to purchases made by or on behalf of the Company of its common shares during the three months ended March 31, 2017.

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)
Month #1 (January 1, 2017-January 31, 2017)	882,528	$ 80.35	851,264	$ 801,517,000
Month #2 (February 1, 2017-February 31, 2017)	217,217	$ 83.90	109,263	$ 792,449,000
Month #3 (March 1, 2017-March 30, 2017)	118,478	$ 94.76	118,478	$ 781,224,000
Total	1,218,223	$ 82.38	1,079,005	$ 781,224,000

(1) Includes (i) shares purchased by the Company on the open market; (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; (iii) shares withheld to satisfy tax withholding obligations and exercise price on behalf of employees that occur upon exercise and delivery of outstanding shares underlying stock options; and (iv) shares held in treasury under the MSCI Inc. Non-Employee Directors Deferral Plan. The value of the shares withheld were 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. The amount also includes shares repurchased under the 2016 Repurchase Program.

(2) See Note 7, "Shareholders' Equity" of the Notes to the Unaudited Condensed Consolidated Financial Statements included herein for further information regarding our stock repurchase programs.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

An exhibit index has been filed as part of this report on page EX-1.

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: May 5, 2017

MSCI INC.
(Registrant)

By: /s/ Kathleen A. Winters
Kathleen A. Winters
Chief Financial Officer,
Principal Financial Officer

EXHIBIT INDEX

MSCI INC.

QUARTER ENDED MARCH 31, 2017

	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 By-laws (filed as Exhibit 3.2 to the Company's Form 10-Q (File No. 001-33812), filed with the SEC on May 4, 2012 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	Summary of Non-Employee Director Compensation
*†	10.3	MSCI Inc. 2016 Non-Employee Directors Compensation Plan, as amended
	11	Statement Re: Computation of Earnings Per Common Share (The calculation of per share earnings is in Part I, Item 1, Note 3 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)
*	15.1	Letter of awareness from PricewaterhouseCoopers LLP, dated May 5, 2017, concerning unaudited interim financial information
*	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	XBRL Instance Document
*	101.SCH	XBRL Taxonomy Extension Schema Document
*	101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*	101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*	101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*	101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith.
** Furnished herewith.
† Indicates a management compensation plan, contract or arrangement.

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: [NAME]

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: Scott Crum
Title: Chief Human Resources Officer

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 of 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 of the Code.

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.

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.

(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 Vesting Date for any reason other than as set forth in Section 4 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, 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 (ii) 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 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, 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 or other compensation 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 will 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 or other compensation paid 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 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., 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 Financial Corporate Services, Inc., 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, by contacting in writing your local Human Resources representative. 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 and career with the Company will not be adversely 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.

(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 special 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 special 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.* You acknowledge that, depending on your country of residence, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell Shares or rights to Shares (*e.g.*, RSUs) under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in your country). 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.

Section 19. Defined Terms. For purposes of this Award Agreement, the following terms shall have the meanings set forth below:

"**Disability**" means "permanent and total disability" (as defined in Section 22(e) of the Code).

"**Section 409A**" means Section 409A of the Code.

COUNTRY-SPECIFIC TERMS AND CONDITIONS

[●]

Exhibit 10.2

Non-Employee Director Compensation
(Effective February 2017)

	Retainer(1)
Annual Cash Retainer	$75,000
Annual Equity Retainer in Restricted Stock Units	$140,000(2)
Lead Director Annual Equity Retainer in Restricted Stock Units	$165,000(2)
Committee Chair	
Audit Committee	$25,000
Compensation & Talent Management Committee	$20,000
Strategy & Finance Committee	$20,000
Nominating & Corporate Governance Committee	$15,000
Committee Non-Chair Member	
Audit Committee	$10,000
Compensation & Talent Management Committee	$10,000
Strategy & Finance Committee	$10,000
Nominating & Corporate Governance Committee	$10,000
Strategy & Finance Committee	$10,000

(1)Each Board term commences on May 1st of the then-current year and concludes on April 30th of the following year. Accordingly, retainer fees are paid and restricted stock units are granted on May 1st of each yea

(2)The aggregate fair market value of the restricted stock units is based on the closing price of MSCI Inc.'s common stock as reported by The New York Stock Exchange on the date prior to the date of grant.

Members of the Board of Directors are subject to the Non-Employee Director Stock Ownership Guidelines, which are described in the MSCI Inc. Corporate Governance Policies available on the Investor Relations section of MSCI website's (*http://ir.msci.com*). Information contained on the website is not incorporated by reference into this exhibit filed with the Quarterly Report on Form 10-Q or any other report filed with the SEC. Additional information regarding MSCI Inc.'s non-employee director compensation program is available in its proxy statement for its annual meeting of shareholders.

Exhibit 10.3

MSCI Inc. 2016 Non-Employee Directors Compensation Plan

Section 1. *Purpose*. The purpose of the MSCI Inc. 2016 Non-Employee Directors Compensation Plan (as amended from time to time, the "**Plan**") is to attract and retain the services of experienced non-employee directors for MSCI Inc. (the "**Company**") by providing them with compensation for their services in the form of cash and/or shares of the Company's common stock, thereby promoting the long-term growth and financial success of the Company and furthering the best interests of its stockholders.

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

(a) "**Affiliate**" means any entity that, directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Company.

(b) "**Award**" means any Option, Restricted Stock, RSU, Retainer, Other Cash-Based Award or Other Stock-Based Award granted under the Plan.

(c) "**Award Agreement**" means any agreement, contract or other instrument or document (including in electronic form) evidencing any Award granted under the Plan, which may, but need not, be executed or acknowledged by a Participant.

(d) "**Beneficial Owner**" has the meaning ascribed to such term in Rule 13d-3 under the Exchange Act.

(e) "**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.

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

(g) "**Change in Control**" means the occurrence of any one or more of the following events:

(i) any Person, other than (A) any employee plan established by the Company or any Subsidiary, (B) the Company or any of its Affiliates, (C) an underwriter temporarily holding securities pursuant to an offering of such securities, or (D) a corporation owned, directly or indirectly, by stockholders of the Company in substantially the same proportions as their ownership of the Company, is (or becomes, during any 12-month period) the beneficial owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates other than in connection with the acquisition by the Company or its Affiliates of a business) representing 30% or more of the total voting power of the stock of the Company; *provided* that the provisions of this subsection (i) are not intended to apply to or include as a Change in Control any transaction that is specifically excepted from the definition of Change in Control under subsection (iii) below;

(ii) a change in the composition of the Board such that, during any 12-month period, the individuals who, as of the beginning of such period, constitute the Board (the "**Existing Board**") cease for any reason to constitute at least 50% of the Board; *provided, however*, that any individual becoming a member of the Board subsequent to the beginning of such period whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the Directors immediately prior to the date of such appointment or election shall be considered as though such individual were a member of the Existing Board; *provided further*, that, notwithstanding the foregoing, no individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 or Regulation 14A promulgated under the Exchange Act or successor statutes or rules containing analogous concepts) or other actual or threatened solicitation of proxies or consents by or on behalf of an individual, corporation, partnership, group, associate or other entity or Person other than the Board, shall in any event be considered to be a member of the Existing Board;

(iii) the consummation of a merger or consolidation of the Company with any other corporation or other entity, or the issuance of voting securities in connection with a merger or consolidation of the Company pursuant to applicable stock exchange requirements; *provided* that immediately following such merger or consolidation the voting securities of the Company outstanding immediately prior thereto do not continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity of such merger or consolidation or parent entity thereof) 50% or more of the total voting power of the Company's stock (or, if the Company is not the surviving entity of such merger or consolidation, 50% or more of the total voting power of the stock of such surviving entity or parent entity thereof); and *provided*, *further*, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the beneficial owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates other than in connection with the acquisition by the Company or its Affiliates of a business) representing 50% or more of either the then-outstanding Shares or the combined voting power of the Company's then-outstanding voting securities shall not be considered a Change in Control; or

(iv) the sale or disposition by the Company of all or substantially all of the Company's assets in which any Person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person) assets from the Company that have a total gross fair market value equal to more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions.

Notwithstanding the foregoing, (A) no Change in Control shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the Shares immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns substantially all of the assets of the Company immediately prior to such transaction or series of transactions, (B) no event or circumstances described in any of clauses (i) through (iv) above shall constitute a Change in Control unless such event or circumstances also constitute a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the Company's assets, as defined in Section 409A of the Code and (C) no Change in Control shall be deemed to have occurred upon the acquisition of additional control of the Company by any Person that is considered to effectively control the Company. In no event will a Change in Control be deemed to have occurred if any Participant is part of a "group" within the meaning of Section 13(d)(3) of the Exchange Act that effects a Change in Control. Terms used in the definition of a Change in Control shall be as defined or interpreted in a manner consistent with Section 409A of the Code.

(h) "**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.

(i) "**Effective Date**" means April 28, 2016.

(j) "**Employee**" means any individual, including any officer, employed by the Company or any Subsidiary or Affiliate or any prospective employee or officer who has accepted an offer of employment from the Company or any Subsidiary or Affiliate, with the status of employment determined based upon such factors as are deemed appropriate by the Board in its discretion, subject to any requirements of the Code or the applicable laws.

(k) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time, and the rules, regulations and guidance thereunder. Any reference to a provision in the Exchange Act shall include any successor provision thereto.

(l) "**Fair Market Value**" means (i) with respect to Shares, the closing price of a Share on the trading day immediately preceding the date of determination (or, if there is no reported sale on such date, on the last preceding date on which any reported sale occurred), on the principal stock market or exchange on which the Shares are quoted or traded (*provided* that, for purposes of determining the number of Shares to be issued pursuant to Section 10, "Fair Market Value" means the closing price of a Share on the date of determination (or, if there is no reported sale on such date, on the last preceding date on which any reported sale occurred)), or if Shares are not so quoted or traded, the fair market value of a Share as determined by the Board, and (ii) with respect to any property other than Shares, the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Board.

(m) "**IDECP**" means the MSCI Inc. Independent Directors' Equity Compensation Plan, as amended.

(n) "**Intrinsic Value**" with respect to an Option means (i) the excess, if any, of the price or implied price per Share in a Change in Control or other event over (ii) the exercise or hurdle price of such Award multiplied by (iii) the number of Shares covered by such Award.

(o) "**Non-Employee Director**" means a regular, active director or a prospective director of the Company (or any Subsidiary or Affiliate), in either case who is not an Employee of the Company (or any Subsidiary or Affiliate), as determined by the Board, in its sole discretion.

(p) "**Option**" means an option representing the right to purchase Shares from the Company, granted pursuant to Section 6.

(q) "**Other Cash-Based Award**" means an Award granted pursuant to Section 8.

(r) "**Other Stock-Based Award**" means an Award granted pursuant to Section 8.

(s) "**Participant**" means the recipient of an Award granted under the Plan.

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

(u) "**Restricted Stock**" means any Share granted pursuant to Section 6(e).

(v) "**Retainer**" means an annual cash retainer payable pursuant to Section 10 for service as (i) a member of the Board or a committee of the Board or (ii) chair or lead director of the Board or chair of any such committee.

(w) "**RSU**" means a contractual right granted pursuant to Section 7 that is denominated in Shares. Each RSU represents a right to receive the value of one Share (or a percentage of such value) in cash, Shares or a combination thereof. Awards of RSUs may include the right to receive dividend equivalents.

(x) "**Share**" means a share of the Company's common stock, $0.01 par value.

(y) "**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. Whether employment by or service with a Subsidiary is included within the scope of this Plan shall be determined by the Board.

(z) "**Substitute Award**" means an Award granted in assumption of, or in substitution for, an outstanding award previously granted by a company or other business acquired by the Company or with which the Company combines.

Section 3. *Eligibility*.

(a) Each Non-Employee Director shall be eligible to be selected to receive an Award under the Plan, to the extent an offer of an Award or a receipt of such Award is permitted by applicable law, stock market or exchange rules and regulations or accounting or tax rules and regulations.

(b) Holders of options and other types of awards granted by a company or other business that is acquired by the Company or with which the Company combines are eligible for grants of Substitute Awards under the Plan to the extent permitted by applicable law, stock market or exchange rules and regulations or accounting or tax rules and regulations.

Section 4. *Administration*.

(a) The Plan shall be administered by the Board. The Board may issue rules and regulations for administration of the Plan. All decisions of the Board shall be final, conclusive and binding upon all parties, including the Company, its stockholders, Participants and any Beneficiariesthereof.

(b) Subject to the terms of the Plan and applicable law, the Board (or its delegate) shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards (including Substitute Awards) to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or with respect to which payments, rights or other matters are to be calculated in connection with) Awards; (iv) determine the terms and conditions of any Award and prescribe the form of each Award Agreement which need not be identical for each Participant; (v) determine whether, to what extent and under what circumstances Awards may be settled or exercised in cash, Shares, other Awards, other property, net settlement, or any combination thereof, or canceled, forfeited, suspended, or subject to accelerated vesting, and the method or methods by which Awards may be settled, exercised, canceled, forfeited, suspended or vested on an accelerated basis; (vi) determine whether, to what extent and under what circumstances cash, Shares, other Awards, other property and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or of the Board; (vii) amend terms or conditions of any outstanding Awards, including without limitation, to accelerate the time or times at which the Award becomes vested, unrestricted or may be exercised; (viii) 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; (ix) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (x) establish, amend, suspend or waive such rules and regulations and appoint such agents, trustees, brokers, depositories and advisors and determine such terms of their engagement as it shall deem appropriate for the proper administration of the Plan and due compliance with applicable law, stock market or exchange rules and regulations or accounting or tax rules and regulations; and (xi) make any other determination and take any other action that the Board deems necessary or desirable for the administration of the Plan and due compliance with applicable law, stock market or exchange rules and regulations or accounting or tax rules and regulations.

Section 5. *Shares Available for Awards*.

(a) Subject to adjustment as provided in Section 5(d) and except for Substitute Awards, the maximum number of Shares available for issuance under the Plan shall not exceed in the aggregate 352,460 Shares, *plus* the number of Shares that were subject to any outstanding award under the IDECP as of the Effective Date that is thereafter forfeited, cancelled, expires, terminates, otherwise lapses or is settled in cash, in whole or in part, without the delivery of Shares.

(b) No Participant may receive under the Plan in any calendar year: (i) Options, Restricted Stock, RSUs and Other Stock-Based Awards with a fair value as of the grant date of more than $1,000,000 (as determined in accordance with applicable accounting standards); and (ii) Retainers and Other Cash-Based Awards that relate to more than $1,000,000.

(c) If any Award is forfeited, expires, terminates or otherwise lapses, or is settled in cash, in whole or in part, without the delivery of Shares, then the Shares covered by such forfeited, expired, terminated or lapsed Award shall again be available for grant under the Plan. For the avoidance of doubt, the following will not again become available for issuance under the Plan: (i) any Shares withheld in respect of taxes and (ii) any Shares tendered or withheld to pay the exercise price of Options.

(d) In the event that the Board determines that, as a result of any dividend or other distribution (other than an ordinary dividend or distribution) (whether in the form of cash, Shares or other securities), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, separation, rights offering, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, issuance of Shares pursuant to the anti-dilution provisions of securities of the Company, or other similar corporate transaction or event affecting the Shares, or of changes in applicable laws, regulations or accounting principles, an adjustment is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Board shall, subject to compliance with Section 409A of the Code and other applicable law, adjust equitably; so as to ensure no undue enrichment or harm (including, without limitation, by payment of cash), any or all of:

(i) the number and type of Shares (or other securities) which thereafter may be made the subject of Awards, including the aggregate and individual limits specified in Section 5(a)and Section 5(b), respectively;

(ii) the number and type of Shares (or other securities) subject to outstanding Awards; and

(iii) the grant, purchase, exercise or hurdle price with respect to any Award or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award;

provided, *however*, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

(e) Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or Shares acquired by the Company.

Section 6. *Options*. The Board is authorized to grant Options to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Board shall determine:

(a) The exercise price per Share under an Option shall be determined by the Board at the time of grant; *provided*, *however*, that, except in the case of Substitute Awards, such exercise price shall not be less than the Fair Market Value of a Share on the date of grant of such Option.

(b) The term of each Option shall be fixed by the Board but shall not exceed 10 years from the date of grant of such Option.

(c) The Board shall determine the time or times at which an Option becomes vested and exercisable, in whole or in part.

(d) No grant of Options may be accompanied by a tandem award of dividend equivalents or provide for dividends, dividend equivalents or other distributions to be paid on such Options (except as provided under Section 5(d)).

(e) The Board shall determine the method or methods by which, and the form or forms, including cash, Shares, other Awards, other property, net settlement, broker-assisted cashless exercise or any combination thereof, having a Fair Market Value on the exercise date equal to the exercise price of the Shares as to which the Option shall be exercised, in which payment of the exercise price with respect thereto may be made or deemed to have been made.

Section 7. *Restricted Stock and RSUs*. The Board is authorized to grant Awards of Restricted Stock and RSUs to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Board shall determine:

(a) The Award Agreement shall specify the vesting schedule and, with respect to RSUs, the delivery schedule (which may include deferred delivery later than the vesting date) and whether the Award of Restricted Stock or RSUs is entitled to dividends or dividend equivalents, voting rights or any other rights.

(b) Awards of Restricted Stock and RSUs shall be subject to such restrictions as the Board may impose (including any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend, dividend equivalent or other right), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Board may deem appropriate.

(c) Any share of Restricted Stock granted under the Plan may be evidenced in such manner as the Board may deem appropriate, including book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of shares of Restricted Stock granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock.

(d) The Board may provide in an Award Agreement that an Award of Restricted Stock is conditioned upon the Participant making or refraining from making an election with respect to the Award under Section 83(b) of the Code. If the Participant makes an election pursuant to Section 83(b) of the Code with respect to an Award of Restricted Stock, the Participant shall be required to file promptly a copy of such election with the Company and the applicable Internal Revenue Service office.

(e) The Board may determine the form or forms (including cash, Shares, other Awards, other property or any combination thereof) in which payment of the amount owing upon settlement of any RSU Award may be made.

Section 8. *Other Cash-Based Awards and Other Stock-Based Awards.* The Board is authorized, subject to limitations under applicable law, to grant to Participants Other Cash-Based Awards (either independently or as an element of or supplement to any other Award under the Plan) and Other Stock-Based Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares or factors that may influence the value of Shares, including convertible or exchangeable debt securities, other rights convertible or exchangeable into Shares, purchase rights for Shares, Awards with value and payment contingent upon performance of the Company or business units thereof or any other factors designated by the Board or a committee of the Board. The Board shall determine the terms and conditions of such Awards. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 8 shall be purchased for such consideration and paid for at such times, by such methods and in such forms, including cash, Shares, other Awards, other property, net settlement, broker-assisted cashless exercise or any combination thereof, as the Board shall determine; *provided* that the purchase price therefore shall not be less than the Fair Market Value of such Shares on the date of grant of such right.

Section 9. *Automatic Grants*. The Board or a committee of the Board may institute, by resolution, automatic Award grants to new and to continuing members of the Board, with the number and type of such Awards, the terms and conditions of such Awards, and the criteria for the grant of such Awards, as is determined by the Board or a committee of the Board, in its sole discretion.

Section 10. *Retainers*. The Board is authorized, subject to limitations under applicable law, to grant Retainers to Participants. The Board shall determine the terms and conditions of such Retainers, including without limitation (i) the amounts payable, (ii) the payment dates (including whether payment is made in a lump sum or installments and whether payment is made in advance or arrears), (iii) whether such Retainers may be electively received in Shares and (iv) whether such Retainers may be electively deferred, subject to Section 11 and such rules and procedures as the Board may establish in accordance with Section 409A of the Code, and, if so, whether such deferred Retainers may be distributed in cash and/or Shares. Shares issued to Participants pursuant to (iii) and (iv) above shall count against the aggregate Share limit specified in Section 5(a). The number of Shares that shall be issued to the Participant who elects to receive a Retainer in Shares shall equal the amount of cash that otherwise would have been paid to such Participant on the payment date of such Retainer divided by the Fair Market Value of a Share as of such payment date.

Section 11. *Deferral Elections*. The Board, in its discretion, may permit a Participant to defer any Award (including any Retainer), subject to the rules and procedures as it may establish from time to time, in accordance with the requirements of Section 409A of the Code or other applicable law, and which may include provisions for the payment or crediting of dividend equivalents, on a current or deferred basis, or the deemed reinvestment of any deferred dividend equivalents, with respect to the number of Shares subject to such Award. The Board shall set forth in writing (which may be in electronic form) the conditions under which any applicable deferral election may be made on or before the date such deferral election is required to be irrevocable in order to meet the requirements of Section 409A of the Code.

Section 12. *Effect of Separation from Service or a Change in Control on Awards*.

(a) The Board may provide, by rule or regulation or in any applicable Award Agreement, or may determine in any individual case, the circumstances in which, and the extent to which, an Award may be exercised, settled, vested, paid or forfeited in the event of the Participant's separation from service from the Board prior to vesting, exercise or settlement of such Award.

(b) In the event of a Change in Control, the Board may, in its sole discretion, and on such terms and conditions as it deems appropriate, take any one or more of the following actions with respect to any outstanding Award, which need not be uniform with respect to all Participants and/or Awards:

(i) continuation or assumption of such outstanding Awards under the Plan by the Company (if it is the surviving corporation) or by the surviving corporation or its parent;

(ii) substitution or replacement of any such outstanding Awards by the successor or surviving corporation or its parent with cash, securities, rights or other property to be paid or issued, as the case may be, by the successor or surviving corporation (or a parent or subsidiary thereof), with substantially the same terms and value as such Award (in the case of an Option Award, the Intrinsic Value at grant of such substitute award shall equal the Intrinsic Value of the Award) including, without limitation, any applicable performance targets or criteria with respect thereto;

(iii) acceleration of the vesting (including the lapse of any restrictions) or right to exercise such outstanding Awards immediately prior to or as of the date of the Change in Control, and the expiration of such outstanding Awards to the extent not timely exercised by the date of the Change in Control or other date thereafter designated by the Board; or

(iv) cancellation of such Award in consideration of a payment, with the form, amount and timing of such payment determined by the Board in its sole discretion, subject to the following: (A) such payment shall be made in cash, securities, rights and/or other property; (B) the amount of such payment shall equal the value of such Award, as determined by the Board in its sole discretion; *provided* that, in the case of an Option, if such value equals the Intrinsic Value of such Award, such value shall be deemed to be valid; *provided further* that, if the Intrinsic Value of an Option is equal to or less than zero, the Board may, in its sole discretion, provide for the cancellation of such Award without payment of any consideration therefor (for the avoidance of doubt, in the event of a Change in Control, the Board may, in its sole discretion, terminate any Option for which the exercise or hurdle price is equal to or exceeds the per Share value of the consideration to be paid in the Change in Control transaction without payment of consideration therefor); and (C) such payment shall be made promptly following such Change in Control or on a specified date or dates following such Change in Control; *provided* that the timing of such payment shall comply with Section 409A of the Code.

Section 13. *General Provisions Applicable to Awards*.

(a) Awards shall be granted for such cash or other consideration, if any, as the Board determines; *provided* that in no event shall Awards be issued for less than such minimal consideration as may be required by applicable law.

(b) Awards may, in the discretion of the Board, be granted either alone or in addition to or in tandem with any other Award or any award granted under any other plan of the Company. Awards granted in addition to or in tandem with other Awards, or in addition to or in tandem with awards granted under any other plan of the Company, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(c) Subject to the terms of the Plan, payments or transfers to be made by the Company upon the grant, exercise or settlement of an Award may be made in the form of cash, Shares, other Awards, other property, net settlement, or any combination thereof, as determined by the Board in its discretion at the time of grant, and may be made in a single payment or transfer, in installments or on a deferred basis, in each case in accordance with rules and procedures established by the Board. Such rules and procedures may include provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of dividend equivalents in respect of installment or deferred payments.

(d) Except as may be permitted by the Board or as specifically provided in an Award Agreement, (i) no Award and no right under any Award shall be assignable, alienable, saleable or transferable by a Participant other than by will or pursuant to Section 13(e) and (ii) during a Participant's lifetime, each Award, and each right under any Award, shall be exercisable only by the Participant or, if permissible under applicable law, by such Participant's guardian or legal representative. The provisions of this Section 13(d) shall not apply to any Award that has been fully exercised or settled, as the case may be, and shall not preclude forfeiture of an Award in accordance with the terms thereof.

(e) A Participant may designate a Beneficiary or change a previous Beneficiary designation only at such times as prescribed by the Board, in its sole discretion, and only by using forms and following procedures approved or accepted by the Board for that purpose.

(f) All certificates for Shares and/or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Board may deem advisable under the Plan or the rules, regulations and other requirements of the Securities and Exchange Commission, any stock market or exchange upon which such Shares or other securities are then quoted, traded or listed, and any applicable securities laws, and the Board may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

Section 14. *Amendments and Termination*.

(a) Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan, the Board may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time; *provided, however*, that no such amendment, alteration, suspension, discontinuation or termination shall be made without (A) stockholder approval if such approval is required by applicable law or the rules of the stock market or exchange, if any, on which the Shares are principally quoted or traded or (B) subject to Section 5(d) and Section 12, the consent of the affected Participant, if such action would materially adversely affect the rights of such Participant under any outstanding Award, except (x) to the extent any such amendment, alteration, suspension, discontinuance or termination is made to cause the Plan to comply with applicable law, stock market or exchange rules and regulations or accounting or tax rules and regulations or (y) to impose any "clawback" or recoupment provisions on any Awards (including any amounts or benefits arising from such Awards) in accordance with Section 18. Notwithstanding anything to the contrary in the Plan, the Board may amend the Plan, or create sub-plans, in such manner as may be necessary to enable the Plan to achieve its stated purposes in any jurisdiction in a tax-efficient manner and in compliance with local rules and regulations.

(b) *Dissolution or Liquidation.* In the event of the dissolution or liquidation of the Company, each Award shall terminate immediately prior to the consummation of such action, unless otherwise determined by the Board.

(c) *Terms of Awards.* The Board may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate any Award theretofore granted, prospectively or retroactively, without the consent of any relevant Participant or holder or Beneficiary of an Award; *provided*, *however*, that, subject to Section 5(d) and Section 12, no such action shall materially adversely affect the rights of any affected Participant or holder or Beneficiary under any Award theretofore granted under the Plan, except (x) to the extent any such action is made to cause the Plan to comply with applicable law, stock market or exchange rules and regulations or accounting or tax rules and regulations, or (y) to impose any "clawback" or recoupment provisions on any Awards (including any amounts or benefits arising from such Awards) in accordance with Section 18. The Board shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of events (including the events described in Section 5(d)) affecting the Company, or the financial statements of the Company, or of changes in applicable laws, regulations or accounting principles, whenever the Board determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

(d) *No Repricing.* Notwithstanding the foregoing, except as provided in Section 5(d), no action (including the repurchase of Options (that are "out of the money") for cash and/or other property) shall directly or indirectly, through cancellation and regrant or any other method, reduce, or have the effect of reducing, the exercise or hurdle price of any Award established at the time of grant thereof without approval of the Company's stockholders.

Section 15. *Miscellaneous*.

(a) No 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 Participants or holders or Beneficiaries of Awards 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. The Company, in its sole discretion, maintains the right to make available future grants under the Plan.

(b) The grant of an Award shall not be construed as giving the Participant the right to be retained in the service of the Board or the Company or any Subsidiary or Affiliate. The receipt of any Award under the Plan is not intended to confer any rights on the receiving Participant except as set forth in the applicable Award Agreement.

(c) Nothing contained in the Plan shall prevent the Company from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(d) The Company is authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan or from any compensation or other amount owing to the Participant the amount (in cash, Shares, other Awards, other property, net settlement, or any combination thereof) of applicable withholding taxes due in respect of an Award, its exercise or settlement or any payment or transfer under such Award or under the Plan and to take such other action (including providing for elective payment of such amounts in cash or Shares by such Participant) as may be necessary to satisfy all obligations for the payment of such taxes and, unless otherwise determined by the Board in its discretion, to the extent such withholding would not result in liability classification of such Award (or any portion thereof) pursuant to FASB ASC Subtopic 718-10.

(e) If any provision of the Plan or any Award Agreement 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 Board, 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 Board, materially altering the intent of the Plan or the Award Agreement, such provision shall be stricken as to such jurisdiction, Person or Award, and the remainder of the Plan and any such Award Agreement shall remain in full force and effect.

(f) Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and the Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company.

(g) No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Board shall determine whether cash or other securities shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

(h) Awards may be granted to Participants who are non-United States nationals or providing services outside the United States, or both, on such terms and conditions different from those applicable to Awards to Participants who are United States nationals or providing services in the United States as may, in the judgment of the Board, be necessary or desirable to recognize differences in local law, tax policy or custom. The Board also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's obligation with respect to tax equalization for Participants on assignments outside their home country.

Section 16. *Effective Date of the Plan.* The Plan shall be effective as of the Effective Date.

Section 17. *Term of the Plan*. No Award shall be granted under the Plan after the earliest to occur of (i) the 10-year anniversary of the Effective Date; (ii) the maximum number of Shares available for issuance under the Plan have been issued; or (iii) the Board terminates the Plan in accordance with Section 14(a). However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Board to amend, alter, adjust, suspend, discontinue or terminate any such Award, or to waive any conditions or rights under any such Award, and the authority of the Board to amend the Plan, shall extend beyond such date.

Section 18. *Cancellation or "Clawback" of Awards*. The Board shall have full authority to implement any policies and procedures necessary to comply with Section 10D of the Exchange Act and any rules promulgated thereunder and any other regulatory regimes. Notwithstanding anything to the contrary contained herein, any Awards (including any amounts or benefits arising from such Awards) shall be subject to any clawback or recoupment arrangements or policies the Company has in place from time to time, and the Board may, to the extent permitted by applicable law and stock exchange rules or by any applicable Company policy or arrangement, and shall, to the extent required, cancel or require reimbursement of any Awards granted to the Participant or any Shares issued or cash received upon vesting, exercise or settlement of any such Awards or sale of Shares underlying such Awards.

Section 19. *Section 409A of the Code*. With respect to Awards 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 and any Award Agreement 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 deemed amended so as to avoid this conflict. Notwithstanding anything else in the Plan, if the Board considers a Participant to be a "specified employee" under Section 409A of the Code at the time of such Participant's "separation from service" (as defined in Section 409A of the Code), and the amount hereunder is "deferred compensation" subject to Section 409A of the Code, any distribution that otherwise would be made to such Participant with respect to an Award as a result of such "separation from service" shall not be made until the date that is six months after such "separation from service," except to the extent that earlier distribution would not result in such Participant's incurring interest or additional tax under Section 409A of the Code. If the Award includes a "series of installment payments" (within the meaning of Section 1.409A-2(b)(2)(iii) of the Treasury Regulations), the Participant's right to the series of installment payments shall be treated as a right to a series of separate payments and not as a right to a single payment and if the Award includes "dividend equivalents" (within the meaning of Section 1.409A-3(e) of the Treasury Regulations), the Participant's right to the dividend equivalents shall be treated separately from the right to other amounts under the Award. Notwithstanding the foregoing, the tax treatment of the benefits provided under the Plan or any Award Agreement is not warranted or guaranteed, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A of the Code.

Section 20. *Successors and Assigns*. The terms of the Plan shall be binding upon and inure to the benefit of the Company and any successor entity, including any successor entity contemplated by Section 12(b).

Section 21. *Data Protection*. By participating in the Plan, the Participant consents to the holding and processing of personal information provided by the Participant to the Company or any Affiliate, trustee or third party service provider, for all purposes relating to the operation of the Plan. These include, but are not limited to:

(a) administering and maintaining Participant records;

(b) providing information to the Company, any Subsidiary, trustees of any employee benefit trust, registrars, brokers or third party administrators of the Plan;

(c) providing information to future purchasers or merger partners of the Company or any Affiliate, or the business in which the Participant works; and

(d) transferring information about the Participant to any country or territory that may not provide the same protection for the information as the Participant's home country.

Section 22. *Governing Law*. The Plan and each Award Agreement shall be governed by the laws of the State of Delaware, without application of the conflicts of law principles thereof.

Exhibit 15.1

May 5, 2017

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We are aware that our report dated May 5, 2017 on our review of interim financial information of MSCI Inc. for the three month periods ended March 31, 2017 and March 31, 2016 included in the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2017 is incorporated by reference in its Registration Statement on Form S-8 No. 333-147540, No. 333-165888, No. 333-167624 and No. 333-210987 dated November 20, 2007, June 3, 2010, June 18, 2010 and April 28, 2016, respectively, and on Form S-3 No. 333-206232 dated August 7, 2015.

Very truly yours,

/s/ PricewaterhouseCoopers LLP
New York, New York

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: May 5, 2017

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

SECTION 302 CERTIFICATION

I, Kathleen A. Winters, 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: May 5, 2017

/s/ Kathleen A. Winters
Kathleen A. Winters
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, CEO and President of MSCI Inc. (the "Registrant") and Kathleen A. Winters, the 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 March 31, 2017 (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: May 5, 2017

/s/ Henry A. Fernandez	/s/ Kathleen A. Winters
Henry A. Fernandez	Kathleen A. Winters
Chairman, Chief Executive Officer and President	Chief Financial Officer
(Principal Executive Officer)	(Principal Financial Officer)