MSCI FOURTH QUARTER AND FULL YEAR 2019

EARNINGS PRESENTATION

January 30, 2020

MSCI

Forward-Looking Statements

- This earnings presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, MSCI's full-year 2020 guidance. These forward-looking statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential" or "continue," or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond MSCI's control and that could materially affect actual results, levels of activity, performance or achievements.
- Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in MSCI's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 filed with the Securities and Exchange Commission ("SEC") on February 22, 2019 and in quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished with the SEC. If any of these risks or uncertainties materialize, or if MSCI's underlying assumptions prove to be incorrect, actual results may vary significantly from what MSCI projected. Any forward-looking statement in this earnings presentation reflects MSCI's current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to MSCI's operations, results of operations, growth strategy and liquidity. MSCI assumes no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise, except as required by law.

Other Information

- Percentage changes and totals in this earnings presentation may not sum due to rounding.
- Percentage changes refer to the comparable period in 2018, unless otherwise noted.
- Gross sales include both new recurring subscription and non-recurring sales as reported in Table 6: Sales and Retention Rate by Segment (unaudited) of the press release reporting MSCI's financial results for fourth quarter 2019 and fiscal year 2019.
- Foreign currency exchange rate fluctuations reflect the difference between the current period results as reported compared to the current period results recalculated using the foreign currency exchange rates in effect for the comparable prior period. While operating revenues adjusted for the impact of foreign currency fluctuations includes asset-based fees that have been adjusted for the impact of foreign currency fluctuations, the underlying assets under management ("AUM"), which is the primary component of asset-based fees, is not adjusted for foreign currency fluctuations. Approximately two-thirds of the AUM are invested in securities denominated in currencies other than the U.S. dollar, and accordingly, any such impact is excluded from the disclosed foreign currency adjusted variances.

MSCI 4Q19 Earnings Call Participants

Management

Henry Fernandez, Chairman & CEO

Baer Pettit, President & COO

Linda Huber, CFO

Investor Relations

Salli Schwartz, Head of Investor Relations & Treasurer

FINANCIAL AND STRATEGIC HIGHLIGHTS

4Q19 Financial Results

Strong Top-Line Growth

Revenue Growth
Reported / Organic

+12% / +13%

Subscription Run Rate Growth as of Dec. 31, 2019
Reported / Organic

+11% / +11%

Continued Operational Efficiency

Adj. EBITDA Margin / Operating Margin

54.2% (+170 bps) / 49.0% (+200 bps)

Adj. EBITDA Growth / Operating Income Growth

+16% / +17%

Tax

Effective Tax Rate
(YoY Reduction)

16.2%
(260 bps)

Capital

4Q19 Weighted Avg. Diluted Shares
(YoY Reduction)

85.5 million
(4%)

Adjusted EPS
+27%

Diluted EPS
(15%)

MSCI

Key Pillars of Our Strategy

Growing the Core

Executing In-Flight Opportunities

Capturing Next Wave Opportunities

Strategic Relationship with Burgiss to Accelerate MSCI Footprint in Private Assets

Burgiss' offerings include **private asset transparency and performance benchmark tools**

Strategic relationship to expand and develop **new tools for private assets and multi-asset class portfolios**

Aims to expand use of **data, analytics and other investment decision support tools** for investors of private assets

Burgiss

1K+ firms served in

36 countries

Research-quality performance data of

~10K private asset funds with…

~$7T of committed capital represented by data

Data drawn from

30+

years of private capital data

OPERATING & COMPANY UPDATE

MSCI

Helping Clients Adapt to Transforming Industry

Investment Industry Trends

Globalization

ESG

Diversity

Complexity

Scalability

Efficiency

MSCI

Client Transformations

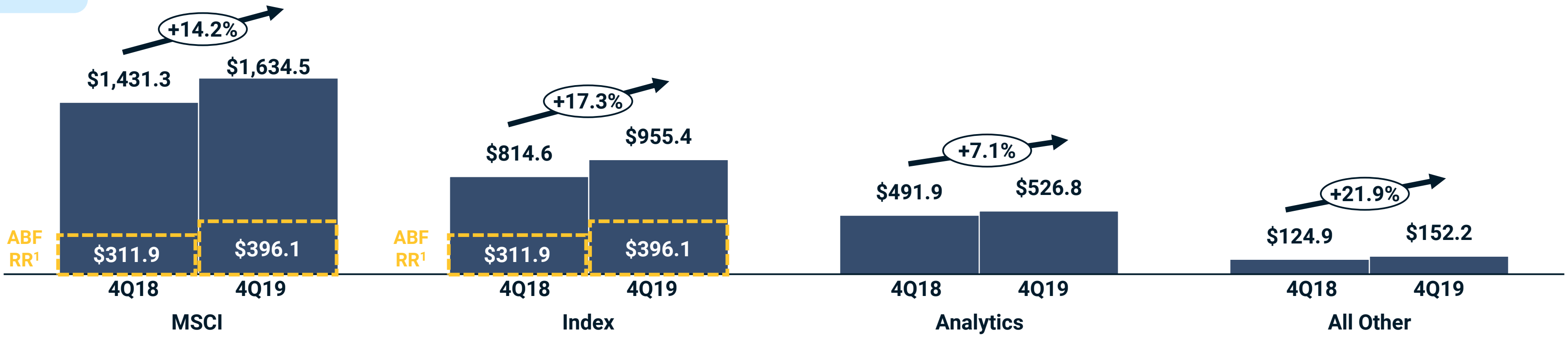
From	To
Home Country	Global
Active Management	Index-enabled
Short-Term Returns	Sustainable Returns
Public Assets	Private Assets
Developed Markets	Emerging Markets
West	East
Manager Selection	Internal Management
Products	Solutions

4Q19 Operating Metrics

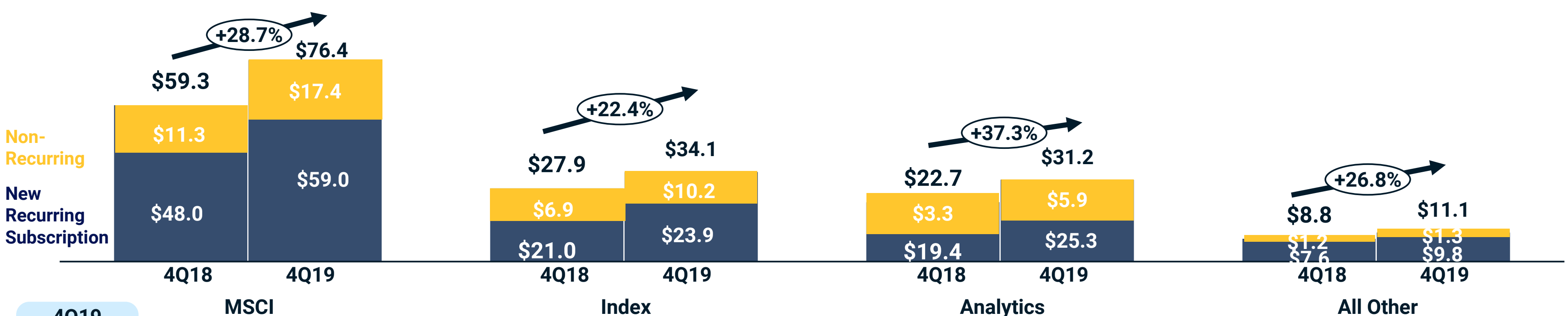
(US$ in millions)

Total Run Rate

YoY Organic Growth	MSCI	Index	Analytics	All Other
	+14.2%	+17.3%	+7.2%	+21.3%



Total Gross Sales



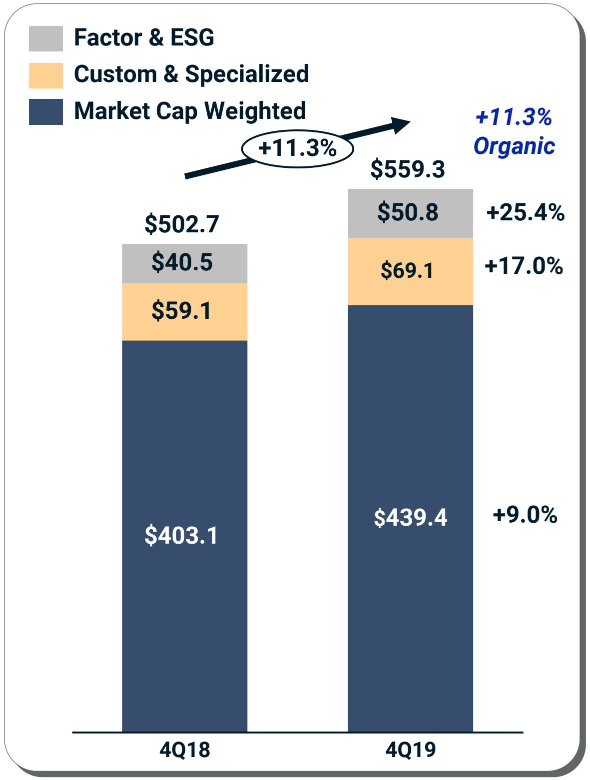
4Q19 Retention Rate	MSCI	Index	Analytics	All Other
	92.9%	93.0%	92.8%	92.7%

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

Overall Double-Digit Subscription Run Rate Growth

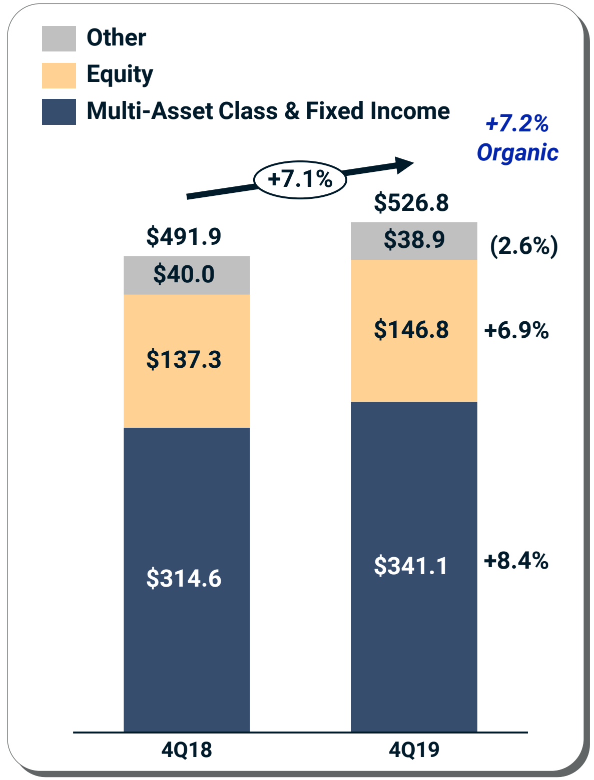
(US$ in millions)

Index



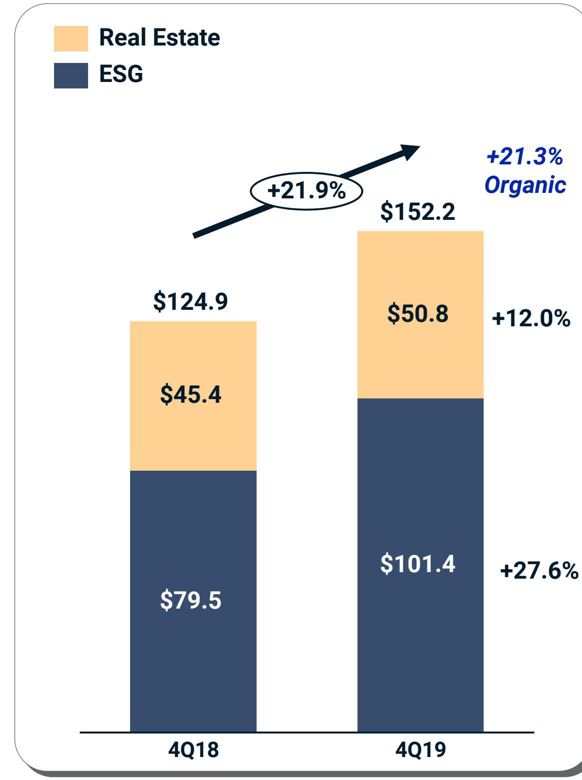
Strong Demand Across All Modules

Analytics



Flexible Technology and Integrated Content for Clients

All Other



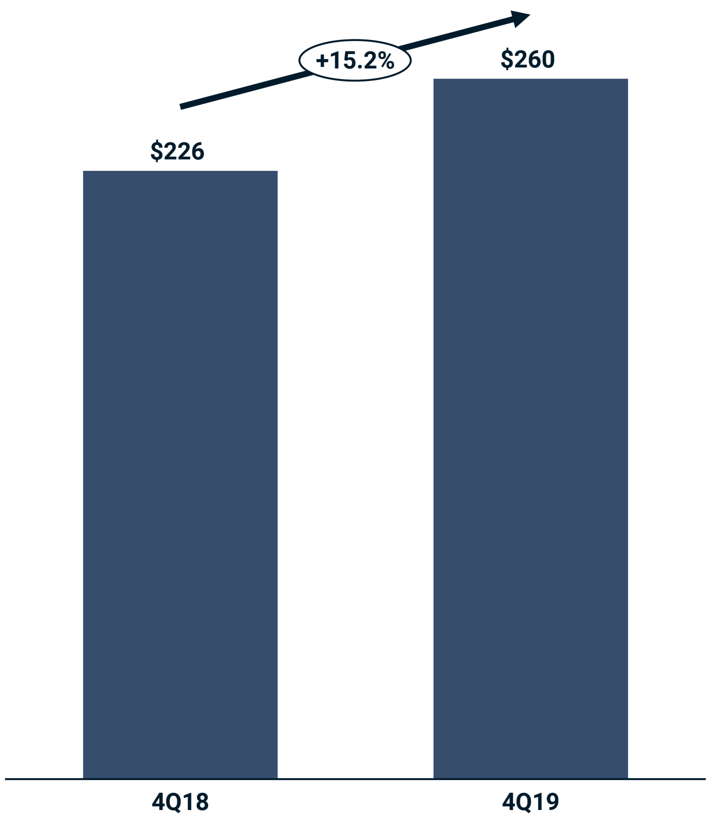
Increasing Focus on Sustainable Investing

MSCI

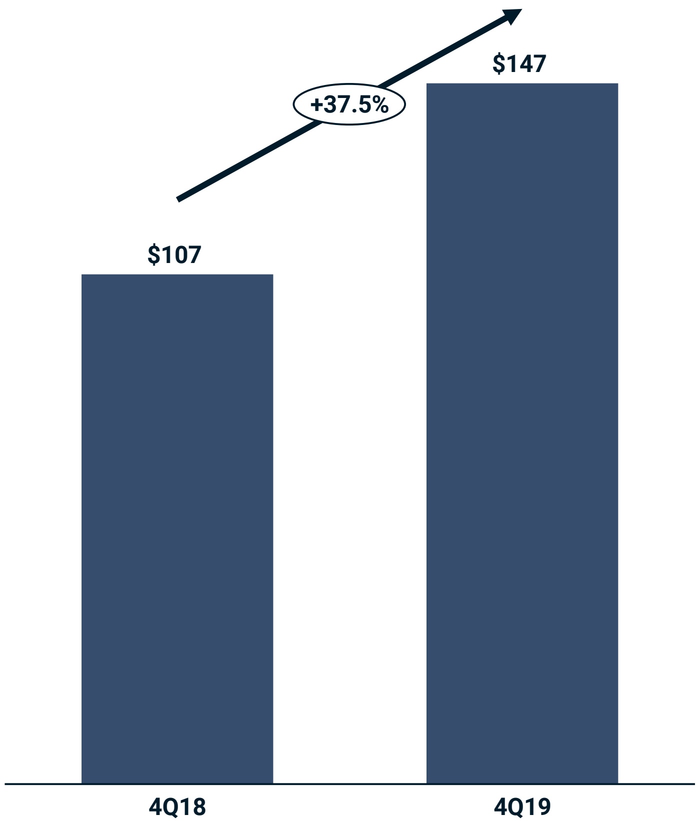
Driving Common Framework Across Investment Universe

(US$ in millions)

Integrated Factor[1] Run Rate



Integrated ESG[2] Run Rate



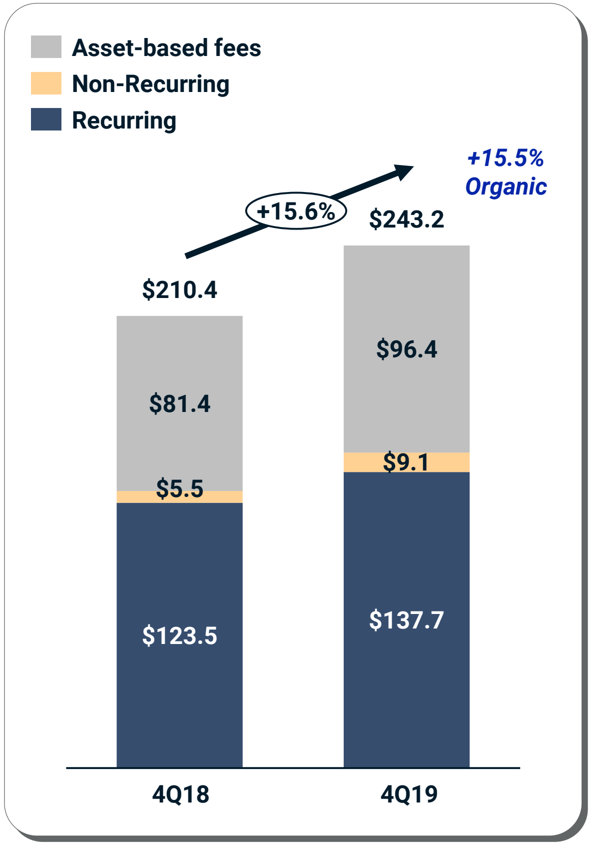
[1]Integrated Factor Run Rate includes Factor module Run Rate in the Analytics segment, and Factor-related Index subscription and asset-based fees Run Rate excluding traditional value and growth product Run Rate for Indexes.
[2]Integrated ESG Run Rate includes ESG segment Run Rate, and ESG-related Index subscription and asset-based fees Run Rate.

FINANCIAL UPDATE

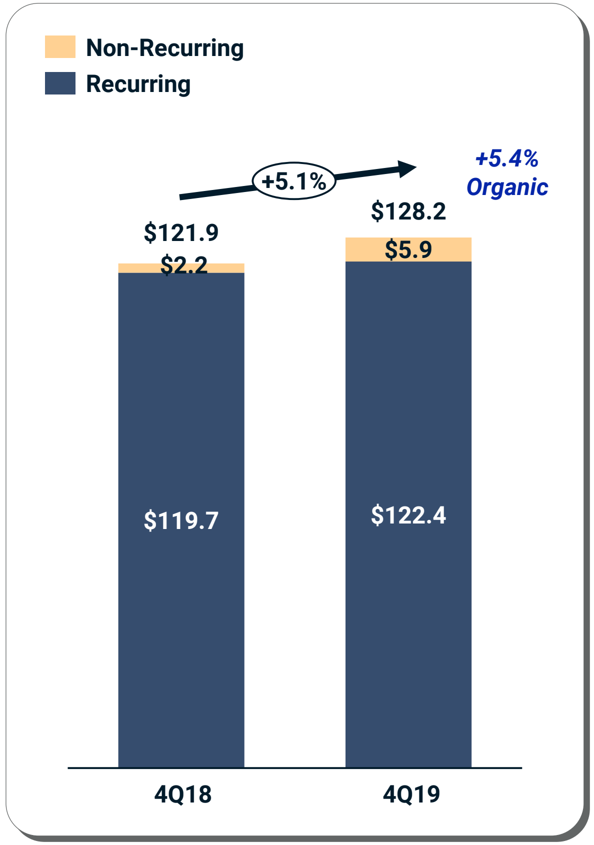
4Q19 Segment Operating Revenue

(US$ in millions)

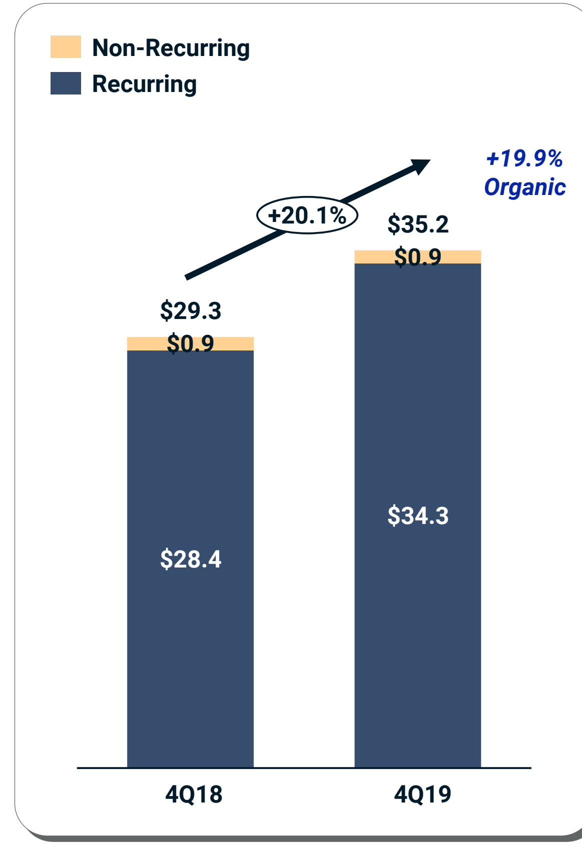
Index



Analytics



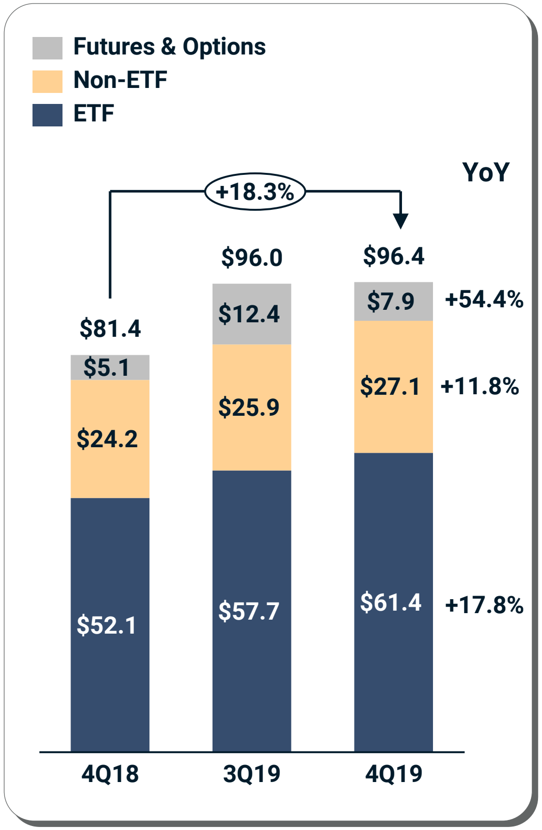
All Other



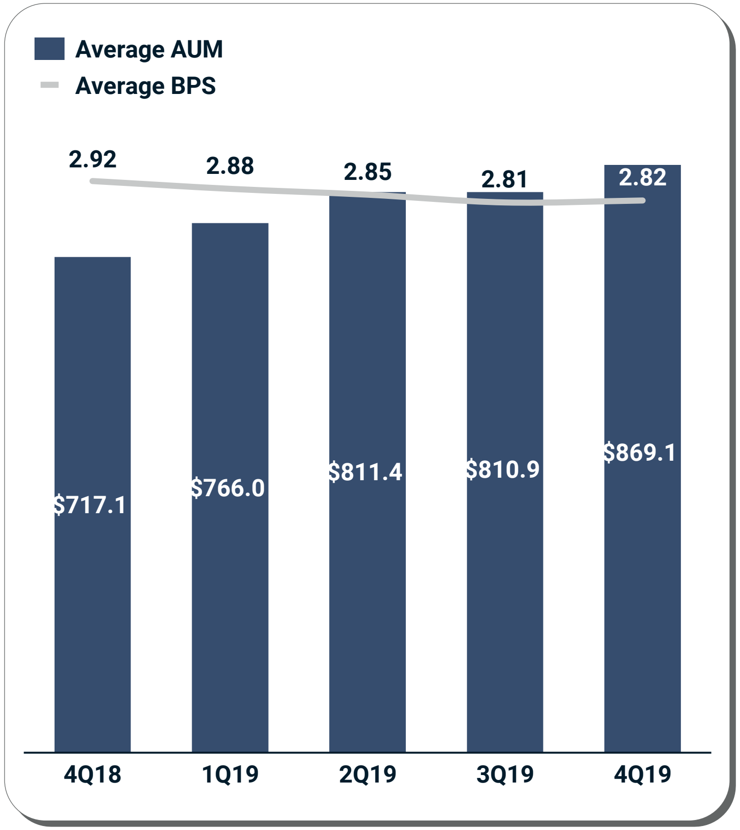
Index Segment: Asset-Based Fees Details

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

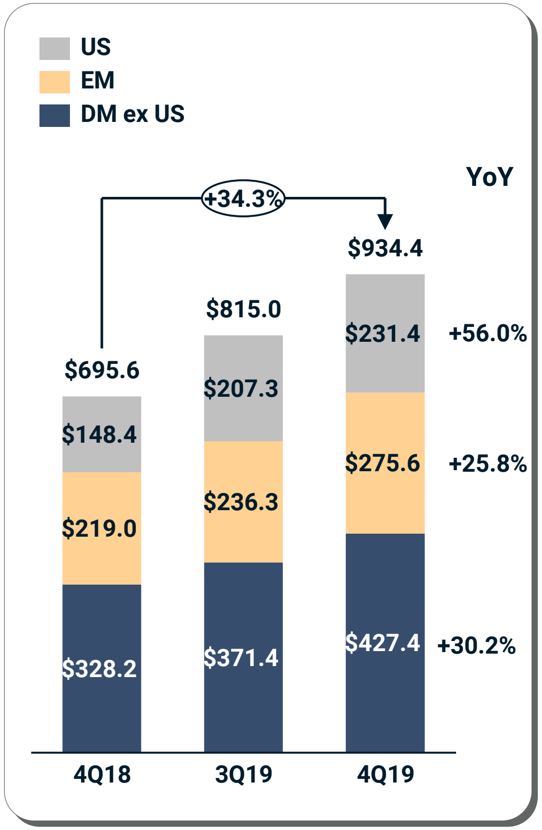
Asset-based fees (ABF) Revenue



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



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

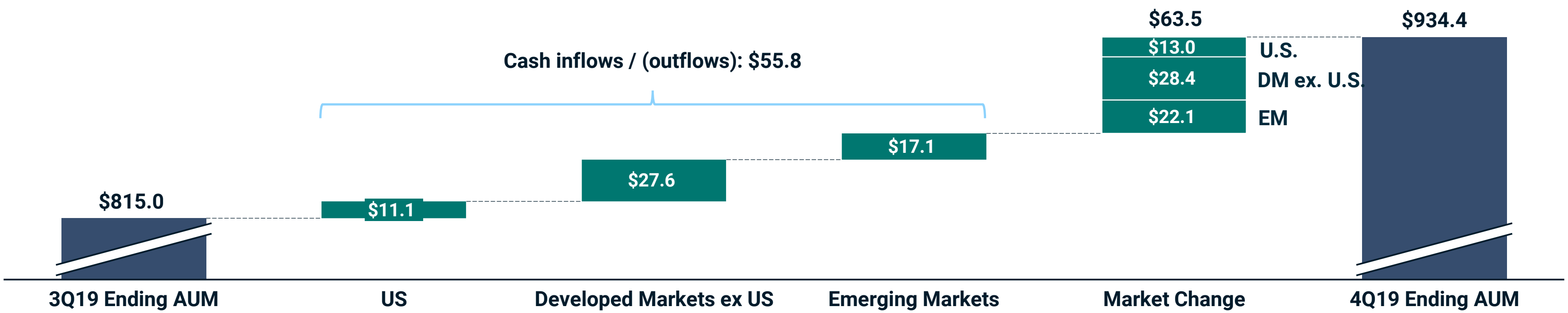


[1] Average BPS based on Run Rate and period–end AUM in ETFs linked to MSCI Indexes; Please refer to Table 7: AUM in ETFs Linked to MSCI Indexes (unaudited) of the press release reporting MSCI's financial results for fourth quarter 2019 and fiscal year 2019.
[2] US = ETFs linked to MSCI indexes, the majority of whose weight is comprised of securities in MSCI Developed Market (DM) countries, primarily or exclusively in the US; DM ex US = ETFs linked to MSCI indexes, the majority of whose weight is comprised of securities in MSCI DM countries other than the US; EM = ETFs linked to MSCI indexes, the majority of whose weight is comprised of securities that are not in MSCI DM countries. Prior periods have been reclassified to conform to the current period classification. Note: The AUM in ETFs also include AUM in Exchange Traded Notes, the value of which is less than 1.0% of the AUM amounts presented.

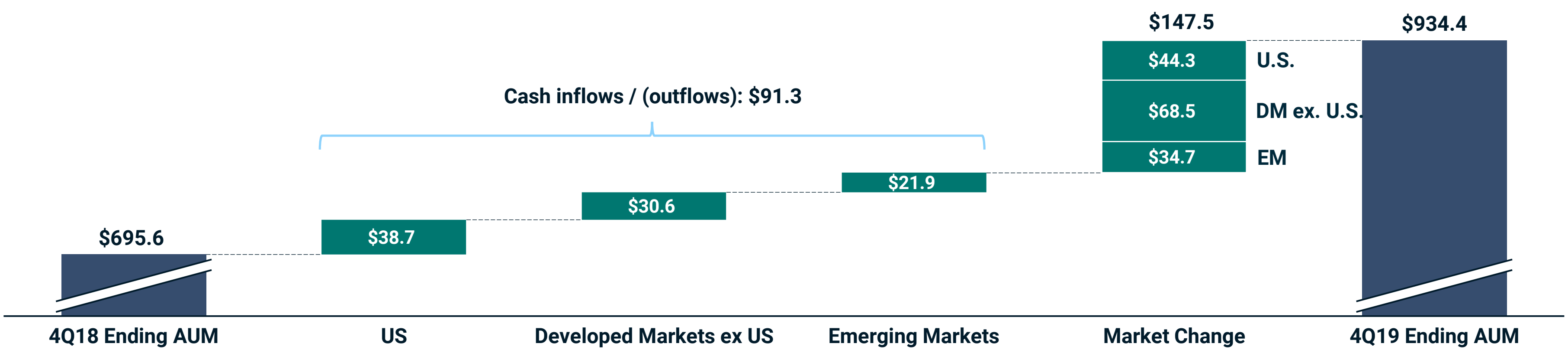
4Q19 AUM Drivers: MSCI-Linked Equity ETFs

(US$ in billions)

4Q19 Sequential Change in AUM

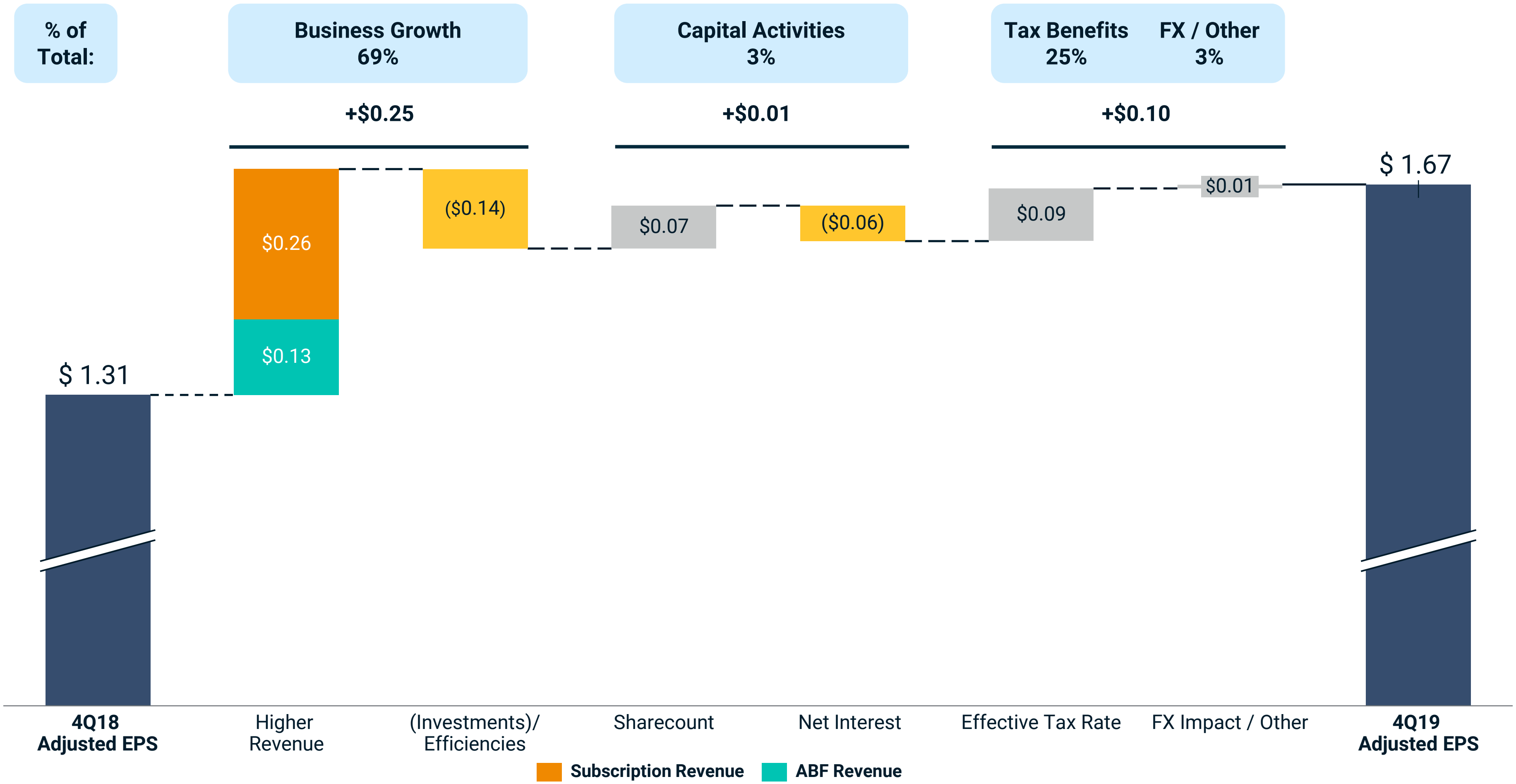


4Q19 YoY Change in AUM



Adjusted EPS Growth Drivers

(US$ in per share amounts)



Note: Per share amounts are calculated utilizing the weighted average diluted shares outstanding and adjusted tax rate for 4Q 2018.

Capital and Liquidity

(US$ in millions)

Capital Position (As of 12/31/2019)

Total Cash	**$1,507**
Total Debt	**$3,072**
Net Debt	**$1,565**
Total Debt / Adj. EBITDA	**3.6x**
Net Debt / Adj. EBITDA	**1.8x**

Continued Capital Discipline

Return of Capital

- No repurchases in 4Q19, total of $102.1 million of shares repurchased in 2019 at average price of $147.97
- $1.46 billion of remaining repurchase authorization as of Dec. 31, 2019
- $221 million in common stock dividends paid in 2019

Excess Cash

- Triple-Crown framework to evaluate internal opportunities and MP&A (mergers, partnerships and acquisitions)
- Issued $1 billion of debt at 4.000% coupon in Nov. 2019, and used $500 million of the proceeds to partially refinance our 2024 Notes (of which $300 million is remaining as of Jan. 30, 2020)
- Strong balance sheet provides optionality
- Disciplined and consistent approach to deployment

Full-Year 2020 Guidance

(US$ in millions)

Guidance Item	Guidance for Full-Year 2020
Operating Expense	In the range of $840 to 860 million
Adjusted EBITDA Expense	In the range of $750 to 770 million
Interest Expense (including amortization of financing fees)	Approximately $158 million
Depreciation & Amortization Expense	Approximately $90 million
Effective Tax Rate	In the range of 19% to 22%
Capital Expenditures	In the range of $60 to $70 million
Net Cash Provided by Operating Activities	In the range of $650 to $700 million
Free Cash Flow	In the range of $580 to $640 million

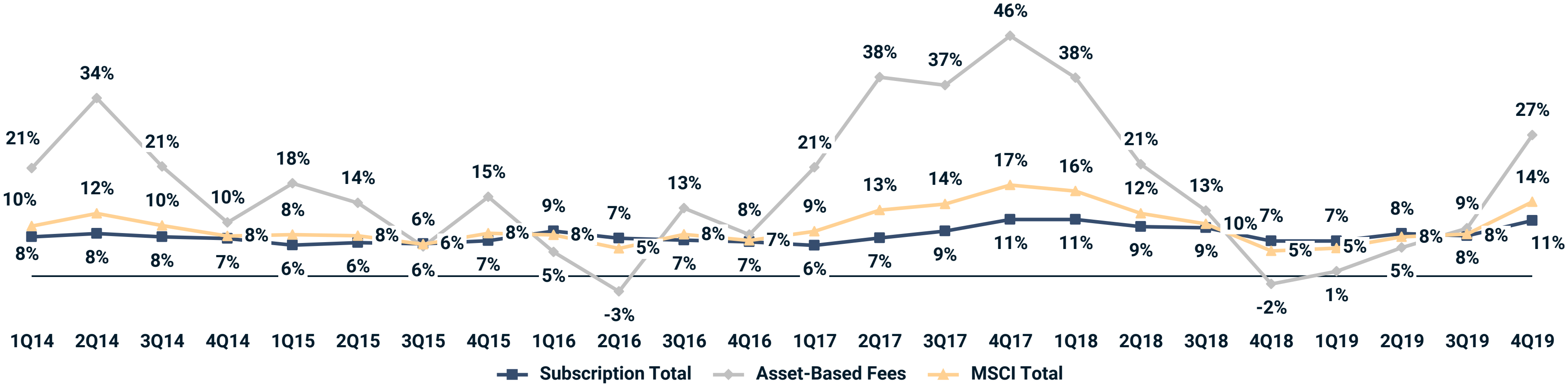
Note: MSCI's guidance for 2020 is based on assumptions about a number of macroeconomic and capital market factors, in particular related to equity markets. These assumptions are subject to uncertainty, and actual results for the year could differ materially from our current guidance. On January 29, 2020, the Board authorized the Company to opportunistically explore financing options, the proceeds of which could be used to refinance existing debt. Such a financing could marginally increase the Company's leverage ratio and interest expense. Any potential financing is subject to market and other conditions, and there can be no assurance as to the timing or certainty of a transaction.

Q&A

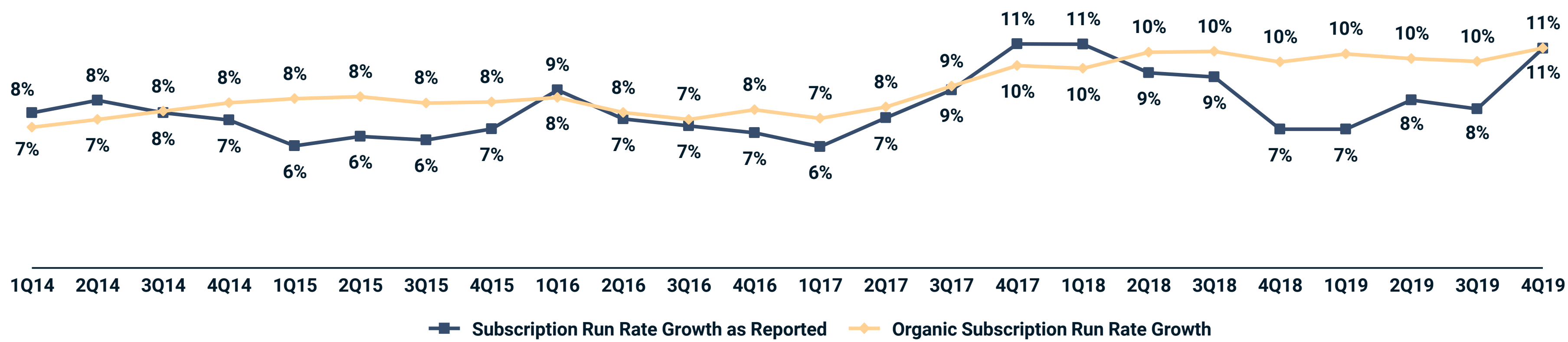
APPENDIX

1Q14 to 4Q19 YoY Run Rate Growth

YoY Run Rate Growth as Reported



YoY Subscription Run Rate Growth as Reported vs. Organic Growth



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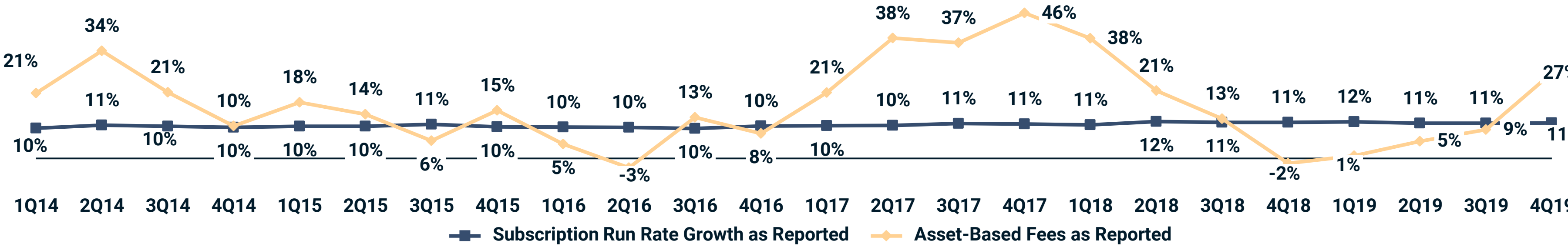
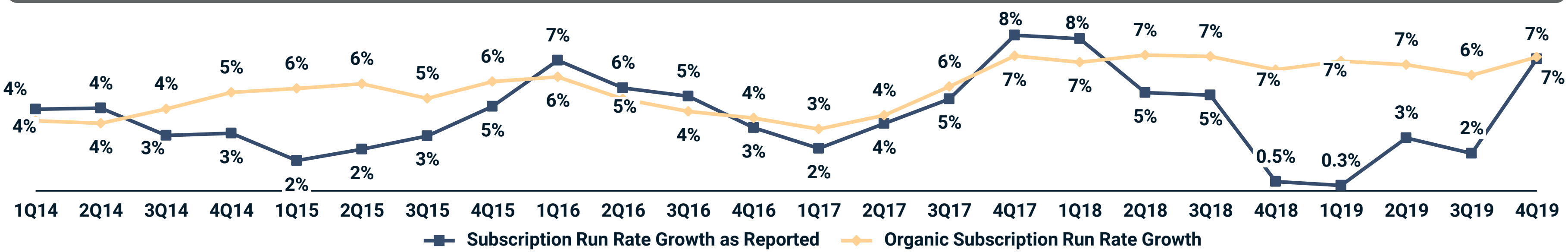
1Q14 to 4Q19 YoY Segment Run Rate Growth

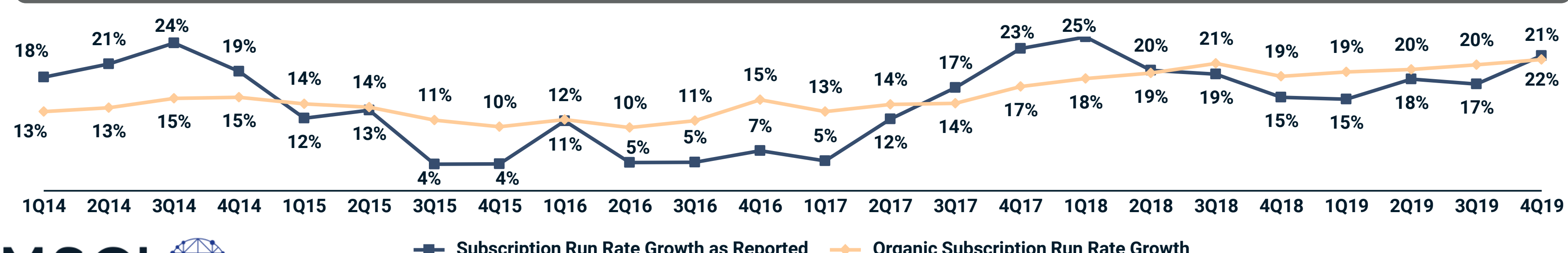
Index



Analytics



All Other



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Reconciliation of Adjusted EBITDA to Net Income
(UNAUDITED)

In thousands	Three Months Ended Dec. 31, 2019	Three Months Ended Dec. 31, 2018	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Index adjusted EBITDA	$ 176,382	$ 149,930	$ 670,188	$ 607,853
Analytics adjusted EBITDA	38,847	36,679	152,113	143,645
All Other adjusted EBITDA	4,978	3,153	28,198	20,935
Consolidated adjusted EBITDA	**220,207**	**189,762**	**850,499**	**772,433**
Multi-Year PSU payroll tax expense	—	—	15,389	—
Amortization of intangible assets	13,243	11,633	49,410	54,189
Depreciation and amortization of property, equipment and leasehold improvements	7,535	8,311	29,999	31,346
Operating income	**199,429**	**169,818**	**755,701**	**686,898**
Other expense (income), net	52,896	(17,471)	152,383	57,002
Provision for income taxes	23,750	35,157	39,670	122,011
Net income	**$ 122,783**	**$ 152,132**	**$ 563,648**	**$ 507,885**

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

In thousands, except per share data	Three Months Ended Dec. 31, 2019	Three Months Ended Dec. 31, 2018	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Net income	$ 122,783	$ 152,132	$ 563,648	$ 507,885
Plus: Amortization of acquired intangible assets	8,778	8,746	34,773	43,981
Plus: Multi-Year PSU payroll tax expense	—	—	15,389	—
Less: Discrete excess tax benefit related to Multi-Year PSU vesting	—	—	(66,581)	—
Plus: Debt extinguishment costs associated with the 2024 Senior Notes Redemption	16,794	—	16,794	—
Less: Gain on sale of FEA (not-tax effected)	—	—	—	(10,646)
Less: Gain on sale of InvestorForce	—	(46,595)	—	(46,595)
Less: Valuation Allowance released related to InvestorForce disposition	—	—	—	(7,758)
Less: Tax Reform adjustments	—	(6,671)	—	(8,272)
Less: Income tax effect	(5,752)	9,390	(13,226)	1,678
Adjusted net income	**$ 142,603**	**$ 117,002**	**$ 550,797**	**$ 480,273**
Diluted EPS	$ 1.44	$ 1.70	$ 6.59	$ 5.66
Plus: Amortization of acquired intangible assets	0.10	0.10	0.41	0.49
Plus: Multi-Year PSU payroll tax expense	—	—	0.18	—
Less: Discrete excess tax benefit related to Multi-Year PSU vesting	—	—	(0.78)	—
Plus: Debt extinguishment costs associated with the 2024 Senior Notes Redemption	0.20	—	0.20	—
Less: Gain on sale of Alacra (not-tax effected)	—	—	—	—
Less: Gain on sale of FEA (not-tax effected)	—	—	—	(0.12)
Less: Gain on sale of InvestorForce	—	(0.52)	—	(0.52)
Less: Valuation Allowance released related to InvestorForce disposition	—	—	—	(0.09)
Plus: Tax Reform adjustments	—	(0.07)	—	(0.09)
Less: Income tax effect	(0.07)	0.10	(0.16)	0.02
Adjusted EPS	**$ 1.67**	**$ 1.31**	**$ 6.44**	**$ 5.35**

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

In thousands	Three Months Ended Dec. 31, 2019	Three Months Ended Dec. 31, 2018	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018	Full-Year 2020 Outlook(1)
Index adjusted EBITDA expenses	$ 66,805	$ 60,503	$ 250,749	$ 227,622	
Analytics adjusted EBITDA expenses	89,359	85,256	344,812	336,294	
All Other adjusted EBITDA expenses	30,235	26,167	111,736	97,635	
Consolidated adjusted EBITDA expenses	**186,399**	**171,926**	**707,297**	**661,551**	**$750,000 - $770,000**
Multi-Year PSU payroll tax expense	—	—	15,389	—	
Amortization of intangible assets	13,243	11,633	49,410	54,189	
Depreciation and amortization of property, equipment and leasehold improvements	7,535	8,311	29,999	31,346	~$90,000
Total operating expenses	**$ 207,177**	**$ 191,870**	**$ 802,095**	**$ 747,086**	**$840,000 - $860,000**

[1]We have not provided a line-item reconciliation for adjusted EBITDA expenses to total operating expenses for this future period because we do not provide guidance on the individual reconciling items between total operating expenses and adjusted EBITDA expenses.

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

	Three Months Ended		Year Ended		Full-Year
In thousands	**Dec. 31, 2019**	**Dec. 31, 2018**	**Dec. 31, 2019**	**Dec. 31, 2018**	**2020 Outlook(1)**
Net cash provided by operating activities	$ 243,643	$ 173,175	$ 709,523	$ 612,762	$650,000 - $700,000
Capital expenditures	(11,900)	(17,188)	(29,116)	(30,257)	
Capitalized software development costs	(6,568)	(5,589)	(24,654)	(18,704)	
Capex	(18,468)	(22,777)	(53,770)	(48,961)	(70,000 - 60,000)
Free cash flow	**$ 225,175**	**$ 150,398**	**$ 655,753**	**$ 563,801**	**$580,000 - $640,000**

[1]We have not provided a line-item reconciliation for free cash flow to net cash from operating activities for this future period because we do not provide guidance on the individual reconciling items between net cash from operating activities and free cash flow.

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

	Three Months Ended		Year Ended	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Effective tax rate	16.2%	18.8%	6.6%	19.4%
Tax Reform impact on effective tax rate	—%	3.6%	—%	1.3%
Multi-Year PSU impact on effective tax rate	—%	—%	11.0%	—%
Adjusted tax rate	16.2%	22.3%	17.6%	20.7%

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

Comparison of the Three Months Ended December 31, 2019 and 2018

Index	Total Change Percentage	Recurring Subscription Change Percentage	Asset-Based Fees Change Percentage	Non-Recurring Revenues Change Percentage
Operating revenue growth	15.6%	11.5%	18.3%	64.9%
Impact of acquisitions and divestitures	—%	—%	—%	—%
Impact of foreign currency exchange rate fluctuations	(0.1%)	(0.1%)	—%	—%
Organic operating revenue growth	15.5%	11.4%	18.3%	64.9%

Analytics	Total Change Percentage	Recurring Subscription Change Percentage	Asset-Based Fees Change Percentage	Non-Recurring Revenues Change Percentage
Operating revenue growth	5.1%	2.2%	—%	162.5%
Impact of acquisitions and divestitures	0.5%	0.5%	—%	1.3%
Impact of foreign currency exchange rate fluctuations	(0.2%)	(0.2%)	—%	(1.0%)
Organic operating revenue growth	5.4%	2.5%	—%	162.8%

All Other	Total Change Percentage	Recurring Subscription Change Percentage	Asset-Based Fees Change Percentage	Non-Recurring Revenues Change Percentage
Operating revenue growth	20.1%	20.8%	—%	(2.4%)
Impact of acquisitions and divestitures	(0.5%)	(0.3%)	—%	(6.7%)
Impact of foreign currency exchange rate fluctuations	0.3%	0.3%	—%	0.5%
Organic operating revenue growth	19.9%	20.8%	—%	(8.6%)

Consolidated	Total Change Percentage	Recurring Subscription Change Percentage	Asset-Based Fees Change Percentage	Non-Recurring Revenues Change Percentage
Operating revenue growth	12.4%	8.4%	18.3%	83.0%
Impact of acquisitions and divestitures	0.1%	0.2%	—%	(0.5%)
Impact of foreign currency exchange rate fluctuations	—%	(0.1%)	—%	(0.2%)
Organic operating revenue growth	12.5%	8.5%	18.3%	82.3%

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

	Comparison of the Years Ended December 31, 2019 and 2018			
	Total	**Recurring Subscription**	**Asset-Based Fees**	**Non-Recurring Revenues**
Index	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	10.2%	11.2%	7.5%	31.7%
Impact of acquisitions and divestitures	—%	—%	—%	—%
Impact of foreign currency exchange rate fluctuations	—%	(0.1%)	0.1%	—%
Organic operating revenue growth	10.2%	11.1%	7.6%	31.7%
	Total	**Recurring Subscription**	**Asset-Based Fees**	**Non-Recurring Revenues**
Analytics	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	3.5%	2.5%	—%	89.9%
Impact of acquisitions and divestitures	4.0%	3.9%	—%	21.3%
Impact of foreign currency exchange rate fluctuations	—%	(0.1%)	—%	0.2%
Organic operating revenue growth	7.5%	6.3%	—%	111.4%
	Total	**Recurring Subscription**	**Asset-Based Fees**	**Non-Recurring Revenues**
All Other	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	18.0%	19.4%	—%	(21.0%)
Impact of acquisitions and divestitures	(0.1%)	(0.1%)	—%	(1.5%)
Impact of foreign currency exchange rate fluctuations	3.6%	3.6%	—%	2.8%
Organic operating revenue growth	21.5%	22.9%	—%	(19.7%)
	Total	**Recurring Subscription**	**Asset-Based Fees**	**Non-Recurring Revenues**
Consolidated	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	8.6%	8.2%	7.5%	35.4%
Impact of acquisitions and divestitures	1.4%	1.8%	—%	2.4%
Impact of foreign currency exchange rate fluctuations	0.3%	0.3%	0.1%	0.4%
Organic operating revenue growth	10.3%	10.3%	7.6%	38.2%

Use of Non-GAAP Financial Measures

- MSCI has presented supplemental non-GAAP financial measures as part of this earnings release. Reconciliations are provided in slides 25-31 that reconcile each non-GAAP financial measure with the most comparable GAAP measure. The non-GAAP financial measures presented in this earnings release should not be considered as alternative measures for the most directly comparable GAAP financial measures. The non-GAAP financial measures presented in this earnings release are used by management to monitor the financial performance of the business, inform business decision-making and forecast future results.
- “Adjusted EBITDA” is defined as net income before (1) provision for income taxes, (2) other expense (income), net, (3) depreciation and amortization of property, equipment and leasehold improvements, (4) amortization of intangible assets and, at times, (5) certain other transactions or adjustments, including the impact related to the vesting of the Multi-Year PSUs.
- “Adjusted EBITDA expenses” is defined as operating expenses less depreciation and amortization of property, equipment and leasehold improvements and amortization of intangible assets and, at times, certain other transactions or adjustments, including the impact related to the vesting of the Multi-Year PSUs.
- “Adjusted net income” and “adjusted EPS” are defined as net income and diluted EPS, respectively, before the after-tax impact of the amortization of acquired intangible assets, the impact of debt extinguishment costs associated with the 2024 Senior Notes Redemption, the impact of divestitures, the impact of adjustments for the Tax Cuts and Jobs Act that was enacted on December 22, 2017 (“Tax Reform”), except for amounts associated with active tax planning implemented as a result of Tax Reform, and, at times, certain other transactions or adjustments, including the impact related to the vesting of the Multi-Year PSUs.
- “Adjusted tax rate” is defined as the effective tax rate excluding the impact of Tax Reform adjustments (except for amounts associated with active tax planning implemented as a result of Tax Reform) and the impact related to the vesting of the Multi-Year PSUs.
- “Capex” is defined as capital expenditures plus capitalized software development costs.
- “Free cash flow” is defined as net cash provided by operating activities, less Capex.
- “Organic operating revenue growth” is defined as operating revenue growth compared to the prior year period excluding the impact of acquired businesses, divested businesses and foreign currency exchange rate fluctuations.
- Asset-based fees ex-FX does not adjust for the impact from foreign currency exchange rate fluctuations on the underlying AUM.
- We believe adjusted EBITDA and adjusted EBITDA expenses are meaningful measures of the operating performance of MSCI because they adjust for significant one-time, unusual or non-recurring items as well as eliminate the accounting effects of certain capital spending and acquisitions that do not directly affect what management considers to be our core operating performance in the period.
- We believe adjusted net income and adjusted EPS are meaningful measures of the performance of MSCI because they adjust for the after-tax impact of significant one-time, unusual or non-recurring items as well as eliminate the impact of any transactions that do not directly affect what management considers to be our core performance in the period.
- We believe that adjusted tax rate is useful to investors because it increases the comparability of period-to-period results by adjusting for the estimated net impact of Tax Reform and the impact related to the vesting of the Multi-Year PSUs.
- We believe that free cash flow is useful to investors because it relates the operating cash flow of MSCI to the capital that is spent to continue and improve business operations, such as investment in MSCI’s existing products. Further, free cash flow indicates our ability to strengthen MSCI’s balance sheet, repay our debt obligations, pay cash dividends and repurchase shares of our common stock.
- We believe organic operating revenue growth is a meaningful measure of the operating performance of MSCI because it adjusts for the impact of foreign currency exchange rate fluctuations and excludes the impact of operating revenues attributable to acquired and divested businesses for the comparable prior year period, providing insight into our core operating performance for the period(s) presented.
- We believe that the non-GAAP financial measures presented in this earnings release facilitate meaningful period-to-period comparisons and provide a baseline for the evaluation of future results.
- Adjusted EBITDA expenses, adjusted EBITDA, adjusted net income, adjusted EPS, adjusted tax rate, Capex, free cash flow and organic operating revenue growth are not defined in the same manner by all companies and may not be comparable to similarly-titled non-GAAP financial measures of other companies. These measures can differ significantly from company to company depending on, among other things, long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. Accordingly, the Company’s computation of these measures may not be comparable to similarly titled measures computed by other companies.

Use of Operating Metrics

- MSCI has presented supplemental key operating metrics as part of this earnings presentation, including Run Rate, subscription sales and cancellations, non-recurring sales and Retention Rate.
- Retention Rate is an important metric because subscription cancellations decrease our Run Rate and ultimately our operating revenues over time. The annual Retention Rate represents the retained subscription Run Rate (subscription Run Rate at the beginning of the fiscal year less actual cancels during the year) as a percentage of the subscription Run Rate at the beginning of the fiscal year. The Retention Rate for a non-annual period is calculated by annualizing the cancellations for which we have received a notice of termination or for which we believe there is an intention not to renew during the non-annual period, and we believe that such notice or intention evidences the client’s final decision to terminate or not renew the applicable agreement, even though such notice is not effective until a later date. This annualized cancellation figure is then divided by the subscription Run Rate at the beginning of the fiscal year to calculate a cancellation rate. This cancellation rate is then subtracted from 100% to derive the annualized Retention Rate for the period. Retention Rate is computed by operating segment on a product/service-by-product/service basis. In general, if a client reduces the number of products or services to which it subscribes within a segment, or switches between products or services within a segment, we treat it as a cancellation for purposes of calculating our Retention Rate except in the case of a product or service switch that management considers to be a replacement product or service. In those replacement cases, only the net change to the client subscription, if a decrease, is reported as a cancel. In the Analytics and the ESG segments, substantially all product or service switches are treated as replacement products or services and netted in this manner, while in our Index and Real Estate segments, product or service switches that are treated as replacement products or services and receive netting treatment occur only in certain limited instances. In addition, we treat any reduction in fees resulting from a down-sale of the same product or service as a cancellation to the extent of the reduction. We do not calculate Retention Rate for that portion of our Run Rate attributable to assets in index-linked investment products or futures and options contracts, in each case, linked to our indexes.
- Run Rate estimates at a particular point in time the annualized value of the recurring revenues under our client license agreements (“Client Contracts”) for the next 12 months, assuming all Client Contracts that come up for renewal are renewed and assuming then-current currency exchange rates, subject to the adjustments and exclusions described below. For any Client Contract where fees are linked to an investment product’s assets or trading volume/fees, the Run Rate calculation reflects, for ETFs, the market value on the last trading day of the period, for futures and options, the most recent quarterly volumes and/or reported exchange fees, and for other non-ETF products, the most recent client-reported assets. Run Rate does not include fees associated with “one-time” and other non-recurring transactions. In addition, we add to Run Rate the annualized fee value of recurring new sales, whether to existing or new clients, when we execute Client Contracts, even though the license start date, and associated revenue recognition, may not be effective until a later date. We remove from Run Rate the annualized fee value associated with products or services under any Client Contract with respect to which we have received a notice of termination or non-renewal during the period and have determined that such notice evidences the client’s final decision to terminate or not renew the applicable products or services, even though such notice is not effective until a later date.
- “Organic subscription Run Rate growth” is defined as the period over period Run Rate growth, excluding the impact of changes in foreign currency and the first year impact of any acquisitions. It is also adjusted for divestitures. Changes in foreign currency are calculated by applying the currency exchange rate from the comparable prior period to current period foreign currency denominated Run Rate.