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

FORM 10-Q

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

For the quarterly period ended June 30, 2016

OR

o **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 o

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 o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting 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	☐

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

As of July 22, 2016, there were 94,628,529 shares of the registrant’s common stock, par value $0.01, outstanding.

MSCI INC.
FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2016

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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 Committee and Nominating and Corporate Governance Committee;
- Corporate Governance Policies;
- Procedures for Submission of Ethical 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 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, 2015 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	
	June 30, 2016	December 31, 2015
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 404,614	$ 777,706
Accounts receivable (net of allowances of 1,369 and 1,117 at June 30, 2016 and December 31, 2015, respectively)	247,497	208,239
Prepaid income taxes	56,158	46,115
Prepaid and other assets	28,788	31,211
Total current assets	737,057	1,063,271
Property, equipment and leasehold improvements (net of accumulated depreciation and amortization of $125,325 and $114,680 at June 30, 2016 and December 31, 2015, respectively)	97,808	98,926
Goodwill	1,560,083	1,565,621
Intangible assets (net of accumulated amortization of $441,055 and $418,512 at June 30, 2016 and December 31, 2015, respectively)	368,715	391,490
Non-current deferred tax assets	9,242	9,180
Other non-current assets	18,081	18,499
Total assets	$ 2,790,986	$ 3,146,987
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,732	$ 2,512
Accrued compensation and related benefits	67,911	116,619
Other accrued liabilities	74,819	61,433
Deferred revenue	365,242	317,552
Total current liabilities	509,704	498,116
Long-term debt	1,580,515	1,579,404
Deferred taxes	105,006	110,937
Other non-current liabilities	60,608	57,043
Total liabilities	2,255,833	2,245,500
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; 128,886,580 and 128,200,189 common shares issued and 94,991,055 and 101,013,148 common shares outstanding at June 30, 2016 and December 31, 2015, respectively)	1,289	1,282
Treasury shares, at cost (33,895,525 and 27,187,041 common shares held at June 30, 2016 and December 31, 2015, respectively)	(1,865,719)	(1,395,695)
Additional paid in capital	1,205,589	1,173,183
Retained earnings	1,242,151	1,158,462
Accumulated other comprehensive loss	(48,157)	(35,745)
Total shareholders' equity	535,153	901,487
Total liabilities and shareholders' equity	$ 2,790,986	$ 3,146,987

See Notes to Unaudited Condensed Consolidated Financial Statements

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

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
	(unaudited)			
Operating revenues	$ 290,596	$ 270,580	$ 569,424	$ 533,349
Operating expenses:				
Cost of revenues	62,130	67,394	125,302	137,298
Selling and marketing	41,854	42,028	83,543	83,676
Research and development	18,566	20,807	37,494	43,996
General and administrative	22,019	22,080	43,909	42,457
Amortization of intangible assets	11,943	11,695	23,783	23,397
Depreciation and amortization of property, equipment and leasehold improvements	8,393	8,065	16,561	15,272
Total operating expenses	164,905	172,069	330,592	346,096
Operating income	125,691	98,511	238,832	187,253
Interest income	(585)	(185)	(1,206)	(389)
Interest expense	22,918	11,116	45,822	22,224
Other expense (income)	2,814	164	2,895	342
Other expense (income), net	25,147	11,095	47,511	22,177
Income from continuing operations before provision for income taxes	100,544	87,416	191,321	165,076
Provision for income taxes	33,587	31,399	63,997	59,435
Income from continuing operations	66,957	56,017	127,324	105,641
Income (loss) from discontinued operations, net of income taxes	—	—	—	(5,797)
Net income	$ 66,957	$ 56,017	$ 127,324	$ 99,844
Earnings per basic common share:				
Earnings per basic common share from continuing operations	$ 0.69	$ 0.50	$ 1.30	$ 0.94
Earnings per basic common share from discontinued operations	—	—	—	(0.05)
Earnings per basic common share	$ 0.69	$ 0.50	$ 1.30	$ 0.89
Earnings per diluted common share:				
Earnings per diluted common share from continuing operations	$ 0.69	$ 0.50	$ 1.29	$ 0.93
Earnings per diluted common share from discontinued operations	—	—	—	(0.05)
Earnings per diluted common share	$ 0.69	$ 0.50	$ 1.29	$ 0.88
Weighted average shares outstanding used in computing earnings per share				
Basic	96,412	112,143	97,918	112,330
Diluted	96,888	112,931	98,443	113,225
Dividend declared per common share	$ 0.22	$ 0.18	$ 0.44	$ 0.36

See Notes to Unaudited Condensed Consolidated Financial Statements

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(unaudited)			
Net income	$ 66,957	$ 56,017	$ 127,324	$ 99,844
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(12,691)	6,151	(12,387)	(439)
Income tax effect	212	766	145	634
Foreign currency translation adjustments, net	(12,479)	6,917	(12,242)	195
Pension and other post-retirement adjustments	81	(271)	(232)	(97)
Income tax effect	(20)	64	62	13
Pension and other post-retirement adjustments, net	61	(207)	(170)	(84)
Other comprehensive (loss) income, net of tax	(12,418)	6,710	(12,412)	111
Comprehensive income	$ 54,539	$ 62,727	$ 114,912	$ 99,955

See Notes to Unaudited Condensed Consolidated Financial Statements

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

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
	(unaudited)	
Cash flows from operating activities		
Net income	$ 127,324	$ 99,844
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	23,783	23,397
Stock-based compensation expense	15,273	14,539
Depreciation and amortization of property, equipment and leasehold improvements	16,561	15,272
Amortization of debt origination fees	1,417	893
Deferred taxes	(4,756)	(3,541)
Excess tax benefits from share-based compensation	(4,876)	(13,232)
Other non-cash adjustments	511	3,849
Changes in assets and liabilities, net of assets acquired and liabilities assumed:		
Accounts receivable	(40,381)	(36,181)
Prepaid income taxes	(5,193)	(11,541)
Prepaid and other assets	2,341	1,631
Accounts payable	(790)	(669)
Accrued compensation and related benefits	(39,388)	(37,711)
Other accrued liabilities	7,724	1,087
Deferred revenue	47,972	27,989
Other	2,585	5,083
Net cash provided by operating activities	150,107	90,709
Cash flows from investing activities		
Capital expenditures	(13,277)	(15,550)
Capitalized software development costs	(5,088)	(2,787)
Proceeds from the sale of capital equipment	-	55
Acquisitions, net of cash acquired	(60)	-
Net cash used in investing activities	(18,425)	(18,282)
Cash flows from financing activities		
Repurchase of treasury shares	(466,745)	(97,567)
Proceeds from exercise of stock options	3,442	1,760
Excess tax benefits from share-based compensation	4,876	13,232
Payment of dividends	(43,281)	(40,843)
Net cash used in financing activities	(501,708)	(123,418)
Effect of exchange rate changes	(3,066)	(2,787)
Net decrease in cash	(373,092)	(53,778)
Cash and cash equivalent, beginning of period	777,706	508,799
Cash and cash equivalent, end of period	$ 404,614	$ 455,021
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 44,660	$ 20,747
Cash paid for income taxes	$ 72,293	$ 78,347
Supplemental disclosure of non-cash investing activities		
Property, equipment and leasehold improvements in other accrued liabilities	$ 6,042	$ 5,731
Supplemental disclosure of non-cash financing activities		
Treasury share repurchases awaiting settlement	$ 2,821	$ -
Cash dividends declared, but not yet paid	$ 354	$ 15

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 content, applications and services to support the needs of institutional investors throughout their investment processes. The Company's flagship products are its global equity indexes, custom indexes, factor indexes and ESG indexes; its analytics products, including multi-factor models, pricing models, methodologies for performance attribution, models for statistical analysis, and tools for portfolio optimization, back testing and stress testing; its ESG research and ratings; and its real estate benchmarks, indexes, business intelligence and analytics.

Income (loss) from discontinued operations, net of income taxes in the Unaudited Condensed Consolidated Statement of Income for the six months ended June 30, 2015 represents the impact of an out-of-period income tax charge associated with tax obligations triggered upon the sale of Institutional Shareholder Services Inc. ("ISS"), which was completed on April 30, 2014.

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 June 30, 2016 and December 31, 2015, the results of operations and comprehensive income for the three and six months ended June 30, 2016 and 2015 and cash flows for the six months ended June 30, 2016 and 2015. 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, 2015. The unaudited condensed consolidated financial statement information as of December 31, 2015 has been derived from the 2015 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, the allowance for doubtful accounts, 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

No single customer represented 10.0% or more of the Company's consolidated operating revenues for the six months ended June 30, 2016, while BlackRock, Inc. accounted for 10.5% of the Company's consolidated operating revenues for the six months ended June 30, 2015. For the six months ended June 30, 2016 and 2015, BlackRock, Inc. accounted for 16.9% and 19.7% 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 six months ended June 30, 2016 and 2015.

2. RECENT ACCOUNTING STANDARDS UPDATES

In May 2014, the FASB issued Accounting Standards Update No. 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. In applying the new guidance, an entity will (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the contract's performance obligations; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. Companies 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 Accounting Standards Update No. 2015-14, "*Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date,*" or ASU 2015-14. The amendments in ASU 2015-14 defer the effective date of the new revenue standard 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. The Company is continuing to evaluate the potential impact that the update will have 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 evaluating 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. 2016-08, "*Revenue from Contracts with Customers (Topic 606): Principal Versus Agent Considerations (Reporting Revenue Gross Versus Net),*" or ASU 2016-08. ASU 2016-08 does not change the core principle of current accounting guidance related to principle versus agent considerations, but rather intended to add clarification to the implementation guidance. ASU 2016-08 affects the guidance in ASU 2014-09 (described above), which is not yet effective. The effective date and transition requirements for ASU 2016-08 are the same as the effective date and transition requirements of ASU 2014-09. The Company is evaluating the potential impact that the adoption of ASU 2016-08 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. ASU 2016-09 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2016, with early adoption permitted. The Company is evaluating the potential impact that ASU 2016-09 will have on its condensed consolidated financial statements.

In April 2016, the FASB issued Accounting Standards Update No. 2016-10, "*Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing,*" or ASU 2016-10. The amendments in ASU 2016-10 clarify both the process for identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas included in ASU 2014-09, which is not yet effective. The effective date and transition requirements for ASU 2016-10 are the same as the effective date and transition requirements of ASU 2014-09 (described above), which is not yet effective. The Company is evaluating the potential impact that ASU 2016-10 will have on its condensed consolidated financial statements.

In May 2016, the FASB issued Accounting Standards Update No. 2016-12, "*Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients,*" or ASU 2016-12. The amendments in ASU 2016-12 clarify guidance in the new revenue standard related to collectability, noncash consideration, presentation of sales tax and contract transition matters. The effective date and transition requirements for ASU 2016-12 are the same as the effective date and transition requirements of ASU 2014-09 (described above), which is not yet effective. The Company is evaluating the potential impact that ASU 2016-12 will have on its condensed consolidated financial statements.

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.

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 no stock options or restricted stock units excluded from the calculation of diluted EPS for any period presented.

The Company computes EPS using the two-class method and determines whether instruments granted in share-based payment transactions are participating securities. The following table presents the computation of basic and diluted EPS:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
(in thousands, except per share data)				
Income from continuing operations, net of income taxes	$ 66,957	$ 56,017	$ 127,324	$ 105,641
Income (loss) from discontinued operations, net of income taxes	—	—	—	(5,797)
Net income	$ 66,957	$ 56,017	$ 127,324	$ 99,844
Less: Allocations of earnings to unvested restricted stock units(1)	—	(18)	—	(32)
Earnings available to MSCI common shareholders	$ 66,957	$ 55,999	$ 127,324	$ 99,812
Basic weighted average common shares outstanding	96,412	112,143	97,918	112,330
Effect of dilutive securities:				
Stock options and restricted stock units	476	788	525	895
Diluted weighted average common shares outstanding	96,888	112,931	98,443	113,225
Earnings per basic common share from continuing operations	$ 0.69	$ 0.50	$ 1.30	$ 0.94
Earnings per basic common share from discontinued operations	—	—	—	(0.05)
Earnings per basic common share	$ 0.69	$ 0.50	$ 1.30	$ 0.89
Earnings per diluted common share from continuing operations	$ 0.69	$ 0.50	$ 1.29	$ 0.93
Earnings per diluted common share from discontinued operations	—	—	—	(0.05)
Earnings per diluted common share	$ 0.69	$ 0.50	$ 1.29	$ 0.88

(1) Restricted stock units granted to employees prior to 2013 and restricted stock units granted to independent directors of the Company prior to April 30, 2015 had a right to participate in all of the earnings of the Company in the computation of basic EPS and, therefore, these restricted stock units were not included as incremental shares in the diluted EPS computation.

4. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements at June 30, 2016 and December 31, 2015 consisted of the following:

	As of	
	June 30, 2016	December 31, 2015
	(in thousands)	
Computer & related equipment	$ 153,297	$ 143,499
Furniture & fixtures	10,158	9,870
Leasehold improvements	47,781	47,579
Work-in-process	11,897	12,658
Subtotal	223,133	213,606
Accumulated depreciation and amortization	(125,325)	(114,680)
Property, equipment and leasehold improvements, net	$ 97,808	$ 98,926

Depreciation and amortization expense of property, equipment and leasehold improvements was $8.4 million and $8.1 million for the three months ended June 30, 2016 and 2015, respectively. Depreciation and amortization expense of property, equipment and leasehold improvements was $16.6 million and $15.3 million for the six months ended June 30, 2016 and 2015, 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, 2015	$ 1,210,366	$ 302,551	$ 52,704	$ 1,565,621
Changes to goodwill(1)	—	60	—	60
Foreign exchange translation adjustment	(3,456)	—	(2,142)	(5,598)
Goodwill at June 30, 2016	$ 1,206,910	$ 302,611	$ 50,562	$ 1,560,083

(1) Changes to goodwill reflect the final working capital adjustment payment made during the six months ended June 30, 2016 to complete the acquisition of Insignis, Inc.

Intangible Assets

Amortization expense related to intangible assets for the three months ended June 30, 2016 and 2015 was $11.9 million and $11.7 million, respectively. Amortization expense related to intangible assets for the six months ended June 30, 2016 and 2015 was $23.8 million and $23.4 million, respectively.

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

	As of	
	June 30, 2016	December 31, 2015
	(in thousands)	
Gross intangible assets:		
Customer relationships	$ 361,746	$ 361,746
Trademarks/trade names	223,382	223,382
Technology/software	204,853	199,889
Proprietary data	28,627	28,627
Covenant not to compete	1,225	1,225
Subtotal	819,833	814,869
Foreign exchange translation adjustment	(10,063)	(4,867)
Total gross intangible assets	$ 809,770	$ 810,002
Accumulated amortization:		
Customer relationships	$ (155,448)	$ (143,325)
Trademarks/trade names	(99,272)	(93,476)
Technology/software	(179,733)	(175,209)
Proprietary data	(7,688)	(6,698)
Covenant not to compete	(971)	(665)
Subtotal	(443,112)	(419,373)
Foreign exchange translation adjustment	2,057	861
Total accumulated amortization	$ (441,055)	$ (418,512)
Net intangible assets:		
Customer relationships	$ 206,298	$ 218,421
Trademarks/trade names	124,110	129,906
Technology/software	25,120	24,680
Proprietary data	20,939	21,929
Covenant not to compete	254	560
Subtotal	376,721	395,496
Foreign exchange translation adjustment	(8,006)	(4,006)
Total net intangible assets	$ 368,715	$ 391,490

The following table presents the estimated amortization expense for the remainder of 2016 and succeeding years:

Years Ending December 31,	Amortization Expense (in thousands)
Remainder 2016	23,810
2017	43,760
2018	40,590
2019	38,522
2020	36,588
Thereafter	185,445
Total	368,715

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 June 30, 2016 and 2015 was $6.1 million and $6.7 million, respectively. Rent expense for the six months ended June 30, 2016 and 2015 was $12.2 million and $13.5 million, respectively.

Long-term debt. 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”) and also entered into a $200.0 million senior unsecured revolving credit agreement (the “2014 Revolving Credit Agreement”) by and among the Company, as borrower, certain of its subsidiaries, as guarantors (the “subsidiary guarantors”), the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent. 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.

The 2024 Senior Notes are scheduled to mature and be paid in full on November 20, 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 2014 Revolving Credit Agreement has an initial term of five years that may be extended, at the Company’s request, for two additional one year terms.

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.

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.

Long-term debt at June 30, 2016 was $1,580.5 million, net of $19.5 million in deferred financing fees. Long-term debt at December 31, 2015 was $1,579.4 million, net of $20.6 million in deferred financing fees.

In connection with the closing of the 2024 Senior Notes and 2025 Senior Notes offerings and entering into the 2014 Revolving Credit Agreement, the Company paid certain fees which, together with the existing fees related to prior credit facilities, are being amortized over the related lives. At June 30, 2016, $21.6 million of the deferred financing fees remain unamortized, $0.6 million of which is included in “Prepaid and other assets,” $1.5 million of which is included in “Other non-current assets” and $19.5 million of which is grouped and presented as part of “Long-term debt” on the Unaudited Condensed Consolidated Statement of Financial Condition.

The Company amortized $0.7 million and $0.4 million of deferred financing fees in interest expense during the three months ended June 30, 2016 and 2015, respectively. The Company amortized $1.4 million and $0.9 million of deferred financing fees in interest expense during the six months ended June 30, 2016 and 2015, respectively.

At June 30, 2016 and December 31, 2015, the fair market value of the Company’s debt obligations was $1,652.5 million and $1,638.0 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 obligations 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 June 30, 2016, the Company had outstanding foreign currency forwards with a notional amount of $24.2 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 June 30, 2016	As of December 31, 2015
Non-designated hedging instruments:			
Asset derivatives:			
Foreign exchange contracts	Prepaid and other assets	$ 1,367	$ 640
Liability derivatives:			
Foreign exchange contracts	Other accrued liabilities	$ (52)	$ (2)

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 Financial Condition and 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 June 30, 2016	2015
Foreign exchange contracts	Other expense (income)	$ 700	$ (1,000)

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 Six Months Ended June 30, 2016	2015
Foreign exchange contracts	Other expense (income)	$ 914	$ 412

7. SHAREHOLDERS' EQUITY

Return of capital. On February 4, 2014, the Board of Directors approved a stock repurchase program authorizing the purchase of up to $300.0 million worth of shares of MSCI's common stock, which was increased to $850.0 million on September 17, 2014 (the "2014 Repurchase Program"). On October 14, 2015, the Company exhausted the $850.0 million share repurchase authorization under the 2014 Repurchase Program.

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

On June 2, 2015, the Company began purchasing shares of its common stock on the open market in accordance with SEC Rule 10b5-1. Through December 31, 2015, the Company paid $670.8 million to receive approximately 10.7 million shares pursuant to open market repurchases under the 2014 Repurchase Program and the 2015 Repurchase Program at an average purchase price of $62.63 per share.

For the six months ended June 30, 2016, the Company received approximately 6.5 million shares at an average purchase price of $70.12 per share for a total value of $455.5 million under the 2015 Repurchase Program.

Since 2012 and through June 30, 2016, approximately $1.9 billion has been returned to shareholders through share repurchases and payment of cash dividends.

The following table presents cash dividends declared, deferred and distributed per common share for the periods indicated:

		Dividends		
(in thousands)	Per Share	Declared	Distributed	Deferred
2016				
Three Months Ended March 30,	$ 0.22	$ 22,046	$ 21,889	$ 157
Three Months Ended June 30,	0.22	21,588	21,391	197
Total	$ 0.44	$ 43,634	$ 43,280	$ 354
2015				
Three Months Ended March 30,	$ 0.18	$ 20,424	$ 20,411	$ 13
Three Months Ended June 30,	0.18	20,443	20,441	2
Total	$ 0.36	$ 40,867	$ 40,852	$ 15

Common Stock.

The following table presents activity related to shares of common stock issued and repurchased for the periods indicated:

	Common Stock Issued	Treasury Stock	Common Stock Outstanding
Balance At December 31, 2015	128,200,189	(27,187,041)	101,013,148
Dividend payable/paid	104	(104)	—
Common stock issued and exercise of stock options	589,402	—	589,402
Shares withheld for tax withholding and exercises	—	(197,769)	(197,769)
Shares repurchased under stock repurchase programs	—	(4,869,423)	(4,869,423)
Balance At March 31, 2016	128,789,695	(32,254,337)	96,535,358
Dividend payable/paid	110	(110)	—
Common stock issued and exercise of stock options	89,816	—	89,816
Shares withheld for tax withholding and exercises	—	(8,355)	(8,355)
Shares repurchased under stock repurchase programs	—	(1,626,450)	(1,626,450)
Shares issued to Directors	6,959	(6,273)	686
Balance At June 30, 2016	128,886,580	(33,895,525)	94,991,055

8. INCOME TAXES

The Company's provision for income taxes was $64.0 million and $59.4 million for the six months ended June 30, 2016 and 2015, respectively. These amounts reflect effective tax rates of 33.5% and 36.0% for the six months ended June 30, 2016 and 2015, respectively. The decrease in the effective tax rate was primarily driven by efforts to better align our tax profile with our global operating footprint.

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 business operations, such as New York. The tax years currently under examination vary by jurisdiction but include years ranging from 2005 through 2015. 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 makers ("CODM") in deciding how to allocate resources and assess performance. MSCI's Chief Executive Officer and Chief Operating Officer, who together 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 Adjusted EBITDA and key performance indicators, which include operating revenues and other items. The Company excludes the following items from segment Adjusted EBITDA: income (loss) from discontinued operations, net of income taxes, 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 primarily 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 various 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 a provider of investment decision support tools, including equity indexes and equity index benchmarks. The products are used in many areas of the investment process, including portfolio construction and rebalancing, asset allocation, performance benchmarking and attribution, regulatory and client reporting and index-linked investment product creation.

The Analytics operating segment consists of products and services used for portfolio construction, risk management and reporting. The products enable institutional investors to monitor, analyze and report on the risk and return of investments across a variety of asset classes. They are based on proprietary, integrated fundamental multi-factor risk models, value-at-risk methodologies, performance attribution frameworks and asset valuation models. In addition, the Analytics segment includes products that help investors value, model and hedge physical assets and derivatives across a number of market segments, including energy and commodity assets.

The ESG operating segment offers products institutional investors use for assessing risks and opportunities arising from environmental, social and governance issues. ESG tools are used to evaluate both individual securities and investment portfolios.

The Real Estate operating segment is a provider of real estate performance analysis for funds, investors, managers, lenders and occupiers. It provides index products and offers services that include research, reporting and benchmarking.

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 the All Other segment for disclosure purposes.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(in thousands)			
Operating revenues				
Index	$ 152,117	$ 140,131	$ 296,730	$ 273,685
Analytics	112,393	107,570	222,656	214,415
All Other	26,086	22,879	50,038	45,249
Total	$ 290,596	$ 270,580	$ 569,424	$ 533,349

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(in thousands)			
Index Adjusted EBITDA	$ 106,518	$ 98,017	$ 206,567	$ 191,070
Analytics Adjusted EBITDA	33,302	21,264	63,662	35,344
All Other Adjusted EBITDA	6,207	(1,010)	8,947	(492)
Total operating segment profitability	146,027	118,271	279,176	225,922
Amortization of intangible assets	11,943	11,695	23,783	23,397
Depreciation and amortization of property, equipment and leasehold improvements	8,393	8,065	16,561	15,272
Operating income	125,691	98,511	238,832	187,253
Other expense (income), net	25,147	11,095	47,511	22,177
Provision for income taxes	33,587	31,399	63,997	59,435
Income from continuing operations	66,957	56,017	127,324	105,641
Income (loss) from discontinued operations, net of income taxes	—	—	—	(5,797)
Net income	$ 66,957	$ 56,017	$ 127,324	$ 99,844

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(in thousands)			
Revenues				
Americas:				
United States	$ 134,719	$ 130,057	$ 272,364	$ 255,673
Other	11,388	10,375	21,970	20,230
Total Americas	146,107	140,432	294,334	275,903
Europe, the Middle East and Africa ("EMEA"):				
United Kingdom	43,976	42,155	86,586	82,396
Other	63,435	55,380	116,874	110,309
Total EMEA	107,411	97,535	203,460	192,705
Asia & Australia:				
Japan	13,563	10,958	26,203	22,560
Other	23,515	21,655	45,427	42,181
Total Asia & Australia	37,078	32,613	71,630	64,741
Total	$ 290,596	$ 270,580	$ 569,424	$ 533,349

Long-lived assets consist of property, equipment, leasehold improvements, goodwill and intangible assets, net of accumulated depreciation and amortization.

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	
	June 30, 2016	December 31, 2015
	(in thousands)	
Long-lived assets		
Americas:		
United States	$ 1,896,829	$ 1,916,689
Other	1,910	2,279
Total Americas	1,898,739	1,918,968
EMEA:		
United Kingdom	98,448	110,261
Other	20,806	16,849
Total EMEA	119,254	127,110
Asia & Australia:		
Japan	518	570
Other	8,095	9,389
Total Asia & Australia	8,613	9,959
Total	$ 2,026,606	$ 2,056,037

10. SUBSEQUENT EVENTS

On July 27, 2016, the Board of Directors declared a cash dividend of $0.28 per share for third quarter 2016. The third quarter 2016 dividend is payable on August 31, 2016 to shareholders of record as of the close of trading on August 15, 2016.

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 June 30, 2016, and the related condensed consolidated statements of income and of comprehensive income for the three-month and six-month periods ended June 30, 2016 and June 30, 2015 and the condensed consolidated statements of cash flows for the six-month periods ended June 30, 2016 and June 30, 2015. 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, 2015, 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 26, 2016, 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, 2015, 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
July 29, 2016

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, 2015 (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

MSCI offers content, applications and services to support the needs of institutional investors throughout their investment processes. MSCI clients include asset owners, such as pension funds, endowments, foundations, central banks, family offices and insurance companies; asset management firms, such as mutual funds, hedge funds, providers of exchange-traded funds ("ETFs"); private wealth managers; and financial intermediaries, such as 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 environmental, social and governance ("ESG") factors into their investment strategies; and analysis of real estate in both privately and publicly owned portfolios. Clients use our content and applications to help construct portfolios and allocate assets. Our analytical tools help them measure and manage risk across all major asset classes. MSCI products and services can also be customized to meet the specific needs of our clients. As of June 30, 2016, we had approximately 6,400 clients across 83 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 3,850, as of June 30, 2016. We had offices in 34 cities in 22 countries to help serve our diverse client base, with 51.8% of our revenues coming from clients in the Americas, 35.6% in Europe, the Middle East and Africa ("EMEA") and 12.6% 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 an annual fee paid up-front. Additionally, our recurring subscriptions 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 Unaudited Condensed Consolidated Statement of Financial Condition and are recognized on our Unaudited Condensed 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 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 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. We also receive revenues from one-time fees related to certain implementation services, historical or customized reports, advisory and consulting services and from certain products and services that are designed for one-time usage.

In evaluating our financial performance, we focus on revenue and profit growth, including GAAP and non-GAAP measures, for the Company as a whole and 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 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.

Factors Affecting the Comparability of Results

Share Repurchases

On February 4, 2014, our Board of Directors approved a stock repurchase program authorizing the purchase of up to $300.0 million worth of shares of our common stock, which was subsequently increased to $850.0 million (the “2014 Repurchase Program”). On October 14, 2015, we exhausted the $850.0 million share repurchase authorization under the 2014 Repurchase Program.

On October 28, 2015, our Board of Directors approved a new stock repurchase program authorizing the purchase of up to $1.0 billion worth of shares of our common stock (the “2015 Repurchase Program”). Share repurchases made pursuant to the 2015 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 our Board of Directors at any time without prior notice.

On September 18, 2014, as part of the 2014 Repurchase Program, we entered into an ASR agreement to initiate share repurchases aggregating $300.0 million (the “September 2014 ASR Agreement”). As a result of the September 2014 ASR Agreement, we received approximately 4.5 million shares of our common stock on September 19, 2014 and approximately 1.2 million shares of our common stock on May 21, 2015 for a combined average price of $52.79 per share.

On June 2, 2015, we began purchasing shares of our common stock in the open market in accordance with SEC Rule 10b5-1. Through December 31, 2015, we paid $670.8 million to receive approximately 10.7 million shares of our common stock pursuant to open market repurchases under the 2014 Repurchase Program and the 2015 Repurchase Program.

For the six months ended June 30, 2016, we received approximately 6.5 million shares at an average purchase price of $70.12 per share for a total value of $455.5 million under the 2015 Repurchase Program.

Since 2012 and through June 30, 2016, approximately $1.9 billion has been returned to shareholders through share repurchases and the payment of cash dividends.

The weighted average shares outstanding used in calculating our diluted earnings per share decreased by 14.2% and 13.1% for the three and six months ended June 30, 2016, respectively, reflecting the impact of the share repurchase programs, partially offset by the impact of restricted stock units and stock options converting to shares.

Senior Notes

On August 13, 2015, we completed a private offering of $800.0 million aggregate principal amount of 5.75% Senior Notes due 2025 (the “2025 Senior Notes”) and received $789.5 million, net of $10.5 million of debt issuance costs. As a result of this offering, our interest expense for the current period has increased, with the annual interest expense expected to be approximately $91.5 million.

The discussion of our results of operations for the three months ended June 30, 2016 and 2015 are presented below. The results of operations for interim periods may not be indicative of future results.

Results of Operations

Three Months Ended June 30, 2016 Compared to the Three Months Ended June 30, 2015

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

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Increase/(Decrease)	
	(in thousands, except per share data)			
Operating revenues	$ 290,596	$ 270,580	$ 20,016	7.4%
Operating expenses:				
Cost of revenues	62,130	67,394	(5,264)	(7.8%)
Selling and marketing	41,854	42,028	(174)	(0.4%)
Research and development	18,566	20,807	(2,241)	(10.8%)
General and administrative	22,019	22,080	(61)	(0.3%)
Amortization of intangible assets	11,943	11,695	248	2.1%
Depreciation and amortization of property, equipment and leasehold improvements	8,393	8,065	328	4.1%
Total operating expenses	164,905	172,069	(7,164)	(4.2%)
Operating income	125,691	98,511	27,180	27.6%
Other expense (income), net	25,147	11,095	14,052	126.7%
Income from continuing operations before provision for income taxes	100,544	87,416	13,128	15.0%
Provision for income taxes	33,587	31,399	2,188	7.0%
Income from continuing operations	66,957	56,017	10,940	19.5%
Income from discontinued operations, net of income taxes	—	—	—	—
Net income	$ 66,957	$ 56,017	$ 10,940	19.5%
Earnings per basic common share:				
From continuing operations	$ 0.69	$ 0.50	$ 0.19	38.0%
From discontinued operations	—	—	—	—
Earnings per basic common share	$ 0.69	$ 0.50	$ 0.19	38.0%
Earnings per diluted common share:				
From continuing operations	$ 0.69	$ 0.50	$ 0.19	38.0%
From discontinued operations	—	—	—	—
Earnings per diluted common share	$ 0.69	$ 0.50	$ 0.19	38.0%
Operating margin	43.3%	36.4%		

Operating Revenues

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

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

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Increase/(Decrease)	
	(in thousands)			
Recurring subscriptions	$ 232,732	$ 215,566	$ 17,166	8.0%
Asset-based fees	49,634	51,160	(1,526)	(3.0%)
Non-recurring	8,230	3,854	4,376	113.5%
Total operating revenues	$ 290,596	$ 270,580	$ 20,016	7.4%

Total operating revenues grew 7.4% to $290.6 million for the three months ended June 30, 2016 compared to $270.6 million for the three months ended June 30, 2015.

Revenues from recurring subscriptions increased 8.0% to $232.7 million for the three months ended June 30, 2016 compared to $215.6 million for the three months ended June 30, 2015, primarily driven by an increase of $9.6 million, or 11.0%, in Index recurring subscriptions and an increase of $1.8 million, or 19.6%, in ESG recurring subscriptions. Analytics recurring subscriptions grew $4.1 million, or 3.8%, and Real Estate recurring subscriptions grew $1.7 million, or 13.5%, on the timing of report deliveries. The impact on total recurring subscriptions from foreign currency exchange rate fluctuations was negligible.

Revenues from asset-based fees decreased 3.0% to $49.6 million for the three months ended June 30, 2016 compared to $51.2 million for the three months ended June 30, 2015. The decrease in asset-based fees was due to a decline in revenue from ETFs linked to MSCI indexes, driven by a decline in the average basis point fee, primarily due to a market decline of non-US exposures in AUMs in ETFs linked to MSCI indexes and changes in product mix. The decline in revenue from ETFs linked to MSCI indexes was partially offset by higher revenues from futures and options contracts based on MSCI indexes and non-ETF institutional passive funds. Approximately two-thirds of the underlying securities included in the average assets under management ("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:

(in billions)	Period Ended(1) March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016
AUM in ETFs linked to MSCI Indexes(2)	$ 418.0	$ 435.4	$ 390.2	$ 433.4	$ 438.3	$ 439.7
Sequential Change in Value						
Market Appreciation/(Depreciation)	$ 13.0	$ (6.9)	$ (48.2)	$ 14.5	$ (1.7)	$ (2.5)
Cash Inflows	31.7	24.3	3.0	28.7	6.6	3.9
Total Change	$ 44.7	$ 17.4	$ (45.2)	$ 43.2	$ 4.9	$ 1.4

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.

As of June 30, 2016, the value of AUM in ETFs linked to MSCI equity indexes was $439.7 billion, up $4.3 billion, or 1.0%, from $435.4 billion as of June 30, 2015. Of the $439.7 billion of AUM in ETFs linked to MSCI equity indexes as of June 30, 2016, 51.8% were linked to developed markets outside of the U.S., 23.7% were linked to U.S. market indexes, 19.5% were linked to emerging market indexes and 5.0% were linked to other global indexes.

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

(in billions)	Quarterly Average 2015 March	2015 June	2015 September	2015 December	2016 March	2016 June
AUM in ETFs linked to MSCI Indexes	$ 392.5	$ 441.4	$ 418.2	$ 423.3	$ 407.9	$ 438.8

Non-recurring revenues increased 113.5% to $8.2 million for the three months ended June 30, 2016, compared to $3.9 million for the three months ended June 30, 2015, primarily due to a payment received for the use of our indexes in connection with derivative products.

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

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Increase/(Decrease)	
	(in thousands)			
Operating revenues:				
Index				
Recurring subscriptions	$ 97,139	$ 87,530	$ 9,609	11.0%
Asset-based fees	49,634	51,160	(1,526)	(3.0%)
Non-recurring	5,344	1,441	3,903	270.9%
Index total	152,117	140,131	11,986	8.6%
Analytics				
Recurring subscriptions	110,452	106,372	4,080	3.8%
Non-recurring	1,941	1,198	743	62.0%
Analytics total	112,393	107,570	4,823	4.5%
All Other				
Recurring subscriptions	25,141	21,664	3,477	16.0%
Non-recurring	945	1,215	(270)	(22.2%)
All Other total	26,086	22,879	3,207	14.0%
Total operating revenues	$ 290,596	$ 270,580	$ 20,016	7.4%

Refer to the section that follows titled, “Segment Results” 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 June 30, 2016	Three Months Ended June 30, 2015	Increase/(Decrease)	
	(in thousands)			
Operating expenses:				
Cost of revenues	$ 62,130	$ 67,394	$ (5,264)	(7.8%)
Selling and marketing	41,854	42,028	(174)	(0.4%)
Research and development	18,566	20,807	(2,241)	(10.8%)
General and administrative	22,019	22,080	(61)	(0.3%)
Amortization of intangible assets	11,943	11,695	248	2.1%
Depreciation and amortization of property, equipment and leasehold improvements	8,393	8,065	328	4.1%
Total operating expenses	$ 164,905	$ 172,069	$ (7,164)	(4.2%)

Operating expenses decreased 4.2% to $164.9 million for the three months ended June 30, 2016 compared to $172.1 million for the three months ended June 30, 2015, primarily due to a decline in compensation and benefits costs, reflecting strong overall expense management and the ongoing improvement of the cost structure of the Analytics product line. Adjusting for the impact of foreign currency exchange rate fluctuations, operating expenses would have decreased 2.6% for the three months ended June 30, 2016 compared to the three months ended June 30, 2015.

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 decreased 7.8% to $62.1 million for the three months ended June 30, 2016 compared to $67.4 million for the three months ended June 30, 2015, primarily driven by strong expense management, as reflected by lower compensation and benefits costs associated with lower staffing levels and severance, as well as a decrease in non-compensation information technology and occupancy costs.

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 were $41.9 million and $42.0 million for the three months ended June 30, 2016 and 2015, respectively. A decline in severance was offset by higher compensation and benefits costs, as well as higher 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 decreased 10.8% to $18.6 million for the three months ended June 30, 2016 compared to $20.8 million for the three months ended June 30, 2015, primarily due to lower compensation and benefits costs within the technology group in Analytics due to improved expense management and higher capitalized costs related to strategic projects.

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 were $22.0 million and $22.1 million for the three months ended June 30, 2016 and 2015, respectively.

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

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Increase/(Decrease)	
	(in thousands)			
Compensation and benefits	$ 103,427	$ 110,866	$ (7,439)	(6.7%)
Non-compensation expenses	41,142	41,443	(301)	(0.7%)
Amortization of intangible assets	11,943	11,695	248	2.1%
Depreciation and amortization of property, equipment and leasehold improvements	8,393	8,065	328	4.1%
Total operating expenses	$ 164,905	$ 172,069	$ (7,164)	(4.2%)

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 2,750 and 2,779 employees as of June 30, 2016 and 2015, 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 June 30, 2016, 54.3% of our employees were located in emerging market centers compared to 51.1% as of June 30, 2015.

Compensation and benefits expenses decreased 6.7% to $103.4 million for the three months ended June 30, 2016 compared to $110.9 million for the three months ended June 30, 2015, driven by lower average staffing levels and growth in emerging market centers.

Non-compensation expenses decreased 0.7% to $41.1 million for the three months ended June 30, 2016 compared to $41.4 million for the three months ended June 30, 2015.

Amortization of Intangible Assets

Amortization of intangible assets expense increased 2.1% to $11.9 million for the three months ended June 30, 2016 compared to $11.7 million for the three months ended June 30, 2015.

Depreciation and Amortization of Property, Equipment and Leasehold Improvements

Depreciation and amortization of property, equipment and leasehold improvements increased 4.1% to $8.4 million for the three months ended June 30, 2016 compared to $8.1 million for the three months ended June 30, 2015.

Other Expense (Income), Net

Other expense (income), net increased 126.7% to $25.1 million for the three months ended June 30, 2016 compared to $11.1 million for the three months ended June 30, 2015. The increase was driven by $11.8 million of higher interest expense resulting from the increased level of indebtedness, as well as a $3.7 million charge for estimated losses associated with miscellaneous transactions.

Income Taxes

The provision for income tax expense increased 7.0% to $33.6 million for the three months ended June 30, 2016 compared to $31.4 million for the three months ended June 30, 2015 on higher income from continuing operations, partially offset by a decline in the effective tax rate. These amounts reflect effective tax rates of 33.4% and 35.9% for the three months ended June 30, 2016 and 2015, respectively. The decrease in the effective tax rate was primarily driven by efforts to better align our tax profile with our global operating footprint.

Net Income

As a result of the factors described above, net income for the three months ended June 30, 2016 increased 19.5% to $67.0 million compared to $56.0 million for the three months ended June 30, 2015.

Adjusted EBITDA

"Adjusted EBITDA," a measure used by management to assess operating performance, is defined as net income before income (loss) from discontinued operations, net of income taxes, plus 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 one-time, unusual or non-recurring items as well as eliminating the accounting effects of capital spending and acquisitions that do not directly affect what management considers to be the Company's core operating performance. 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 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 June 30, 2016	Three Months Ended June 30, 2015	Increase/(Decrease)	
	(in thousands)			
Operating revenues	$ 290,596	$ 270,580	$ 20,016	7.4%
Adjusted EBITDA expenses	144,569	152,309	(7,740)	(5.1%)
Adjusted EBITDA	$ 146,027	$ 118,271	$ 27,756	23.5%
Adjusted EBITDA margin %	50.3%	43.7%		
Operating margin %	43.3%	36.4%		

Adjusted EBITDA increased 23.5% to $146.0 million for the three months ended June 30, 2016 compared to $118.3 million for the three months ended June 30, 2015. Adjusted EBITDA margin increased to 50.3% for the three months ended June 30, 2016 compared to 43.7% for the three months ended June 30, 2015. The improvement in margin reflects solid growth in operating revenues, primarily attributable to growth in recurring subscriptions, combined with lower Adjusted EBITDA expenses, reflecting strong expense management.

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

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

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015
	(in thousands)	
Index Adjusted EBITDA	$ 106,518	$ 98,017
Analytics Adjusted EBITDA	33,302	21,264
All Other Adjusted EBITDA	6,207	(1,010)
Consolidated Adjusted EBITDA	146,027	118,271
Amortization of intangible assets	11,943	11,695
Depreciation and amortization of property, equipment and leasehold improvements	8,393	8,065
Operating income	125,691	98,511
Other expense (income), net	25,147	11,095
Provision for income taxes	33,587	31,399
Income from continuing operations	66,957	56,017
Income (loss) from discontinued operations, net of income taxes	—	—
Net income	$ 66,957	$ 56,017

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

	Three Months Ended June 30,	
	2016	2015
	(in thousands)	
Index Adjusted EBITDA expenses	$ 45,599	$ 42,114
Analytics Adjusted EBITDA expenses	79,091	86,306
All Other Adjusted EBITDA expenses	19,879	23,889
Consolidated Adjusted EBITDA expenses	144,569	152,309
Amortization of intangible assets	11,943	11,695
Depreciation and amortization of property, equipment and leasehold improvements	8,393	8,065
Total operating expenses	$ 164,905	$ 172,069

The discussion of our segment results for the three months ended June 30, 2016 and 2015 is presented below.

Segment Results

Index Segment

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

	Three Months Ended June 30,			
	2016	2015	Increase/(Decrease)	
	(in thousands)			
Operating revenues:				
Recurring subscriptions	$ 97,139	$ 87,530	$ 9,609	11.0%
Asset-based fees	49,634	51,160	(1,526)	(3.0%)
Non-recurring	5,344	1,441	3,903	270.9%
Operating revenues total	152,117	140,131	11,986	8.6%
Adjusted EBITDA expenses	45,599	42,114	3,485	8.3%
Adjusted EBITDA	$ 106,518	$ 98,017	$ 8,501	8.7%
Adjusted EBITDA margin %	70.0%	69.9%		

Revenues related to Index products increased 8.6% to $152.1 million for the three months ended June 30, 2016 compared to $140.1 million for the three months ended June 30, 2015.

Recurring subscriptions were up 11.0% to $97.1 million for the three months ended June 30, 2016 compared to $87.5 million for the three months ended June 30, 2015, primarily driven by growth in benchmark and data products broadly, with growth in core products, usage fees and custom, factor and thematic products.

Revenues from asset-based fees decreased 3.0% to $49.6 million for the three months ended June 30, 2016 compared to $51.2 million for the three months ended June 30, 2015. The decrease in asset-based fees was due to a decline in revenue from ETFs linked to MSCI indexes, driven by a decline in the average basis point fee, primarily due to a market decline of non-US exposures in AUMs in ETFs linked to MSCI indexes and changes in product mix. The decline in revenue from ETFs linked to MSCI indexes was partially offset by higher revenues from futures and options contracts based on MSCI indexes and non-ETF institutional passive funds.

Non-recurring revenues increased 270.9% to $5.3 million for the three months ended June 30, 2016, compared to $1.4 million for the three months ended June 30, 2015, primarily due to a payment received for the use of our indexes in connection with derivative products.

Index segment Adjusted EBITDA expenses increased 8.3% to $45.6 million for the three months ended June 30, 2016 compared to $42.1 million for the three months ended June 30, 2015, primarily reflecting higher compensation and benefits costs mainly related to selling and marketing. Adjusting for the impact of foreign currency exchange rate fluctuations, Adjusted EBITDA expenses would have increased 10.4% for the three months ended June 30, 2016 compared to the three months ended June 30, 2015.

Analytics Segment

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

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Increase/(Decrease)	
	(in thousands)			
Operating revenues:				
Recurring subscriptions	$ 110,452	$ 106,372	$ 4,080	3.8%
Non-recurring	1,941	1,198	743	62.0%
Operating revenues total	112,393	107,570	4,823	4.5%
Adjusted EBITDA expenses	79,091	86,306	(7,215)	(8.4%)
Adjusted EBITDA	$ 33,302	$ 21,264	$ 12,038	56.6%
Adjusted EBITDA margin %	29.6%	19.8%		

Analytics segment revenues increased 4.5% to $112.4 million for the three months ended June 30, 2016 compared to $107.6 million for the three months ended June 30, 2015, primarily driven by higher revenues from the RiskManager and equity models products. There was a negligible impact from foreign currency exchange rate fluctuations on Analytics operating revenues for the three months ended June 30, 2016.

Analytics segment Adjusted EBITDA expenses decreased 8.4% to $79.1 million for the three months ended June 30, 2016 compared to $86.3 million for the three months ended June 30, 2015, primarily driven by lower compensation and benefits costs within the technology group and the ongoing improvement of the cost structure of the Analytics product line. Adjusting for the impact of foreign currency exchange rate fluctuations, Adjusted EBITDA expenses would have decreased 7.0% for the three months ended June 30, 2016 compared to the three months ended June 30, 2015.

All Other Segment

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

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Increase/(Decrease)	
	(in thousands)			
Operating revenues:				
Recurring subscriptions	$ 25,141	$ 21,664	$ 3,477	16.0%
Non-recurring	945	1,215	(270)	(22.2%)
Operating revenues total	26,086	22,879	3,207	14.0%
Adjusted EBITDA expenses	19,879	23,889	(4,010)	(16.8%)
Adjusted EBITDA	$ 6,207	$ (1,010)	$ 7,217	714.6%
Adjusted EBITDA margin %	23.8%	(4.4%)		

All Other segment revenues increased 14.0% to $26.1 million for the three months ended June 30, 2016 compared to $22.9 million for the three months ended June 30, 2015. The increase in All Other revenues was driven by a $1.8 million, or 19.6%, increase in ESG revenues to $11.0 million and a $1.4 million, or 10.3%, increase in Real Estate revenues to $15.1 million. The increase in ESG revenues was driven by higher sales of the ESG Ratings product. The increase in Real Estate revenues during the three months ended June 30, 2016 primarily reflects the impact of the timing of Portfolio Analysis Service report deliveries, as well as growth in market information product revenues. Adjusting for the impact of foreign currency exchange rate fluctuations, Real Estate products would have increased 12.6% and the All Other segment would have increased 15.4% for the three months ended June 30, 2016 compared to the three months ended June 30, 2015.

All Other segment Adjusted EBITDA expenses decreased 16.8% to $19.9 million for the three months ended June 30, 2016 compared to $23.9 million for the three months ended June 30, 2015, 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 14.7% for the three months ended June 30, 2016 compared to the three months ended June 30, 2015.

Six Months Ended June 30, 2016 Compared to the Six Months Ended June 30, 2015

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

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	Increase/(Decrease)	
	(in thousands, except per share data)			
Operating revenues	$ 569,424	$ 533,349	$ 36,075	6.8%
Operating expenses:				
Cost of revenues	125,302	137,298	(11,996)	(8.7%)
Selling and marketing	83,543	83,676	(133)	(0.2%)
Research and development	37,494	43,996	(6,502)	(14.8%)
General and administrative	43,909	42,457	1,452	3.4%
Amortization of intangible assets	23,783	23,397	386	1.6%
Depreciation and amortization of property, equipment and leasehold improvements	16,561	15,272	1,289	8.4%
Total operating expenses	330,592	346,096	(15,504)	(4.5%)
Operating income	238,832	187,253	51,579	27.5%
Other expense (income), net	47,511	22,177	25,334	114.2%
Income from continuing operations before provision for income taxes	191,321	165,076	26,245	15.9%
Provision for income taxes	63,997	59,435	4,562	7.7%
Income from continuing operations	127,324	105,641	21,683	20.5%
Income from discontinued operations, net of income taxes	—	(5,797)	5,797	(100.0%)
Net income	$ 127,324	$ 99,844	$ 27,480	27.5%
Earnings per basic common share:				
From continuing operations	$ 1.30	$ 0.94	$ 0.36	38.3%
From discontinued operations	—	(0.05)	0.05	(100.0%)
Earnings per basic common share	$ 1.30	$ 0.89	$ 0.41	46.1%
Earnings per diluted common share:				
From continuing operations	$ 1.29	$ 0.93	$ 0.36	38.7%
From discontinued operations	—	(0.05)	0.05	(100.0%)
Earnings per diluted common share	$ 1.29	$ 0.88	$ 0.41	46.6%
Operating margin	41.9%	35.1%		

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

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	Increase/(Decrease)	
	(in thousands)			
Recurring subscriptions	$ 458,070	$ 427,852	$ 30,218	7.1%
Asset-based fees	98,333	97,040	1,293	1.3%
Non-recurring	13,021	8,457	4,564	54.0%
Total operating revenues	$ 569,424	$ 533,349	$ 36,075	6.8%

Total operating revenues grew 6.8% to $569.4 million for the six months ended June 30, 2016 compared to $533.3 million for the six months ended June 30, 2015.

Revenues from recurring subscriptions increased 7.1% to $458.1 million for the six months ended June 30, 2016 compared to $427.9 million for the six months ended June 30, 2015, driven by strong growth in Index, which increased $18.2 million, or 10.5%, as well as growth in All Other, which increased $4.7 million, or 10.9%.

Revenues from asset-based fees increased 1.3% to $98.3 million for the six months ended June 30, 2016 compared to $97.0 million for the six months ended June 30, 2015, primarily driven by higher revenues from non-ETF institutional passive funds and futures and options contracts linked to MSCI indexes, partially offset by a decrease in revenue from ETFs linked to MSCI indexes.

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

	Year-to-Date Average					
	2015				2016	
	March	June	September	December	March	June
AUM in ETFs linked to MSCI Indexes	$ 392.5	$ 417.0	$ 417.4	$ 418.8	$ 407.9	$ 423.5

Non-recurring revenues increased 54.0% to $13.0 million for the six months ended June 30, 2016, compared to $8.5 million for the six months ended June 30, 2015, primarily due to a payment received for the use of our indexes in connection with derivative products.

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

	Six Months Ended June 30,			
	2016	2015	Increase/(Decrease)	
	(in thousands)			
Operating revenues:				
Index				
Recurring subscriptions	$ 190,784	$ 172,590	$ 18,194	10.5%
Asset-based fees	98,333	97,040	1,293	1.3%
Non-recurring	7,613	4,055	3,558	87.7%
Index total	296,730	273,685	23,045	8.4%
Analytics				
Recurring subscriptions	219,082	211,806	7,276	3.4%
Non-recurring	3,574	2,609	965	37.0%
Analytics total	222,656	214,415	8,241	3.8%
All Other				
Recurring subscriptions	48,204	43,456	4,748	10.9%
Non-recurring	1,834	1,793	41	2.3%
All Other total	50,038	45,249	4,789	10.6%
Total operating revenues	$ 569,424	$ 533,349	$ 36,075	6.8%

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

Operating Expenses

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

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	Increase/(Decrease)	
	(in thousands)			
Operating expenses:				
Cost of revenues	$ 125,302	$ 137,298	$ (11,996)	(8.7%)
Selling and marketing	83,543	83,676	(133)	(0.2%)
Research and development	37,494	43,996	(6,502)	(14.8%)
General and administrative	43,909	42,457	1,452	3.4%
Amortization of intangible assets	23,783	23,397	386	1.6%
Depreciation and amortization of property, equipment and leasehold improvements	16,561	15,272	1,289	8.4%
Total operating expenses	$ 330,592	$ 346,096	$ (15,504)	(4.5%)

Operating expenses decreased 4.5% to $330.6 million for the six months ended June 30, 2016 compared to $346.1 million for the six months ended June 30, 2015, primarily due to a decline in compensation and benefits costs, reflecting strong overall expense management and the ongoing improvement of the Analytics product line. In addition, the six months ended June 30, 2015 was higher by $3.4 million due to a non-cash charge recorded within R&D. Adjusting for the impact of foreign currency exchange rate fluctuations, operating expenses would have decreased 2.6% for the six months ended June 30, 2016 compared to the six months ended June 30, 2015.

Cost of Revenues

Cost of revenues decreased 8.7% to $125.3 million for the six months ended June 30, 2016 compared to $137.3 million for the six months ended June 30, 2015, primarily driven by strong expense management, particularly in the Analytics segment, as reflected by lower compensation and benefits costs associated with lower staffing levels and severance, as well as a decrease in non-compensation information technology and occupancy costs.

Selling and Marketing

Selling and marketing expenses were $83.5 million and $83.7 million for the six months ended June 30, 2016 and 2015, respectively. An increase in ongoing compensation and benefits costs was mitigated by lower severance costs.

Research and Development

R&D expenses decreased 14.8% to $37.5 million for the six months ended June 30, 2016 compared to $44.0 million for the six months ended June 30, 2015, primarily due an increase in capitalized software development costs. This includes a non-cash charge of $3.4 million related to the termination of a technology project in the Analytics segment recognized during the six months ended June 30, 2015.

General and Administrative

G&A expenses increased 3.4% to $43.9 million for the six months ended June 30, 2016 compared to $42.5 million for the six months ended June 30, 2015, primarily driven by higher compensation and benefits costs, mainly related to severance, and an increase in non-compensation costs, mainly due to higher professional fees for corporate projects.

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

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	Increase/(Decrease)	
	(in thousands)			
Compensation and benefits	$ 210,192	$ 226,337	$ (16,145)	(7.1%)
Non-compensation expenses	80,056	81,090	(1,034)	(1.3%)
Amortization of intangible assets	23,783	23,397	386	1.6%
Depreciation and amortization of property, equipment and leasehold improvements	16,561	15,272	1,289	8.4%
Total operating expenses	$ 330,592	$ 346,096	$ (15,504)	(4.5%)

Compensation and benefits expenses decreased 7.1% to $210.2 million for the six months ended June 30, 2016 compared to $226.3 million for the six months ended June 30, 2015, driven by lower average staffing levels as well as an increase in capitalized software development costs including a non-cash charge of $2.9 million related to the termination of a technology project in the Analytics segment recognized during the six months ended June 30, 2015.

Non-compensation expenses decreased 1.3% to $80.1 million for the six months ended June 30, 2016 compared to $81.1 million for the six months ended June 30, 2015, primarily driven by a decrease in occupancy and information technology costs as well as a non-cash charge of $0.5 million related to the termination of a technology project in the Analytics segment recognized during the six months ended June 30, 2015. These decreases were partially offset by increases in costs related to recruiting, travel & entertainment and other expense items.

Amortization of Intangible Assets

Amortization of intangible assets expense increased 1.6% to $23.8 million for the six months ended June 30, 2016 compared to $23.4 million for the six months ended June 30, 2015.

Depreciation and Amortization of Property, Equipment and Leasehold Improvements

Depreciation and amortization of property, equipment and leasehold improvements increased 8.4% to $16.6 million for the six months ended June 30, 2016 compared to $15.3 million for the six months ended June 30, 2015, primarily reflecting higher depreciation of investments made in our information technology infrastructure.

Other Expense (Income), Net

Other expense (income), net increased 114.2% to $47.5 million for the six months ended June 30, 2016 compared to $22.2 million for the six months ended June 30, 2015, primarily driven by $23.6 million of higher interest expense resulting from the increased level of indebtedness as well as a $3.7 million charge for estimated losses associated with miscellaneous transactions.

Income Taxes

The provision for income tax expense increased 7.7% to $64.0 million for the six months ended June 30, 2016 compared to $59.4 million for the six months ended June 30, 2015 on higher income from continuing operations, partially offset by a decline in the effective tax rate. These amounts reflect effective tax rates of 33.5% and 36.0% for the six months ended June 30, 2016 and 2015, respectively. The decrease in the effective tax rate was primarily driven by efforts to better align our tax profile with our global operating footprint.

Net Income

As a result of the factors described above, net income for the six months ended June 30, 2016 increased 27.5% to $127.3 million compared to $99.8 million for the six months ended June 30, 2015.

Adjusted EBITDA

The following table presents the calculation of Adjusted EBITDA for the periods indicated:

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	Increase/(Decrease)	
	(in thousands)			
Operating revenues	$ 569,424	$ 533,349	$ 36,075	6.8%
Adjusted EBITDA expenses	290,248	307,427	(17,179)	(5.6%)
Adjusted EBITDA	$ 279,176	$ 225,922	$ 53,254	23.6%
Adjusted EBITDA margin %	49.0%	42.4%		
Operating margin %	41.9%	35.1%		

Adjusted EBITDA increased 23.6% to $279.2 million for the six months ended June 30, 2016 compared to $225.9 million for the six months ended June 30, 2015. Adjusted EBITDA margin increased to 49.0% for the six months ended June 30, 2016 compared to 42.4% for the six months ended June 30, 2015. The improvement in margin reflects solid growth in operating revenues, primarily attributable to growth in Index subscriptions, combined with lower Adjusted EBITDA expenses, reflecting strong expense management.

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:

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
	(in thousands)	
Index Adjusted EBITDA	$ 206,567	$ 191,070
Analytics Adjusted EBITDA	63,662	35,344
All Other Adjusted EBITDA	8,947	(492)
Consolidated Adjusted EBITDA	279,176	225,922
Amortization of intangible assets	23,783	23,397
Depreciation and amortization of property, equipment and leasehold improvements	16,561	15,272
Operating income	238,832	187,253
Other expense (income), net	47,511	22,177
Provision for income taxes	63,997	59,435
Income from continuing operations	127,324	105,641
Income (loss) from discontinued operations, net of income taxes	—	(5,797)
Net income	$ 127,324	$ 99,844

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

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
	(in thousands)	
Index Adjusted EBITDA expenses	$ 90,163	$ 82,615
Analytics Adjusted EBITDA expenses	158,994	179,071
All Other Adjusted EBITDA expenses	41,091	45,741
Consolidated Adjusted EBITDA expenses	290,248	307,427
Amortization of intangible assets	23,783	23,397
Depreciation and amortization of property, equipment and leasehold improvements	16,561	15,272
Total operating expenses	$ 330,592	$ 346,096

The discussion of our segment results for the six months ended June 30, 2016 and 2015 is presented below.

Segment Results

Index Segment

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

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	Increase/(Decrease)	
	(in thousands)			
Operating revenues				
Recurring subscriptions	$ 190,784	$ 172,590	$ 18,194	10.5%
Asset-based fees	98,333	97,040	1,293	1.3%
Non-recurring	7,613	4,055	3,558	87.7%
Operating revenues total	296,730	273,685	23,045	8.4%
Adjusted EBITDA expenses	90,163	82,615	7,548	9.1%
Adjusted EBITDA	$ 206,567	$ 191,070	$ 15,497	8.1%
Adjusted EBITDA margin %	69.6%	69.8%		

Revenues related to Index products increased 8.4% to $296.7 million for the six months ended June 30, 2016 compared to $273.7 million for the six months ended June 30, 2015.

Recurring subscriptions were up 10.5% to $190.8 million for the six months ended June 30, 2016 compared to $172.6 million for the six months ended June 30, 2015, primarily driven by growth in benchmark and data products.

Revenues from asset-based fees increased 1.3% to $98.3 million for the six months ended June 30, 2016 compared to $97.0 million for the six months ended June 30, 2015, primarily driven by higher revenues from non-ETF institutional passive funds and futures and options contracts linked to MSCI indexes, partially offset by lower revenue from ETFs linked to MSCI indexes.

Non-recurring revenues increased 87.7% to $7.6 million for the six months ended June 30, 2016, compared to $4.1 million for the six months ended June 30, 2015, primarily due to a payment received for the use of our indexes in connection with derivative products.

Index segment Adjusted EBITDA expenses increased 9.1% to $90.2 million for the six months ended June 30, 2016 compared to $82.6 million for the six months ended June 30, 2015, primarily reflecting higher compensation and benefits costs mainly within the selling and marketing, R&D and G&A areas. Adjusting for the impact of foreign currency exchange rate fluctuations, Adjusted EBITDA expenses would have increased 11.7% for the six months ended June 30, 2016 compared to the six months ended June 30, 2015.

Analytics Segment

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

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	Increase/(Decrease)	
	(in thousands)			
Operating revenues				
Recurring subscriptions	$ 219,082	$ 211,806	$ 7,276	3.4%
Non-recurring	3,574	2,609	965	37.0%
Operating revenues total	222,656	214,415	8,241	3.8%
Adjusted EBITDA expenses	158,994	179,071	(20,077)	(11.2%)
Adjusted EBITDA	$ 63,662	$ 35,344	$ 28,318	80.1%
Adjusted EBITDA margin %	28.6%	16.5%		

Analytics segment revenues increased 3.8% to $222.7 million for the six months ended June 30, 2016 compared to $214.4 million for the six months ended June 30, 2015, primarily driven by higher recurring subscriptions from RiskManager and equity models products, partially offset by lower recurring subscriptions from the BarraOne product.

Analytics segment Adjusted EBITDA expenses decreased 11.2% to $159.0 million for the six months ended June 30, 2016 compared to $179.1 million for the six months ended June 30, 2015, primarily driven by lower compensation and benefits costs, reflecting lower staffing levels and higher capitalized software development costs, including a non-cash charge of $3.4 million related to the termination of a technology project recognized during the six months ended June 30, 2015, as well as lower non-compensation costs, including technology, occupancy and professional fees. Adjusting for the impact of foreign currency exchange rate fluctuations, Adjusted EBITDA expenses would have decreased 9.7% for the six months ended June 30, 2016 compared to the six months ended June 30, 2015.

All Other Segment

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

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	Increase/(Decrease)	
	(in thousands)			
Operating revenues				
Recurring subscriptions	$ 48,204	$ 43,456	$ 4,748	10.9%
Non-recurring	1,834	1,793	41	2.3%
Operating revenues total	50,038	45,249	4,789	10.6%
Adjusted EBITDA expenses	41,091	45,741	(4,650)	(10.2%)
Adjusted EBITDA	$ 8,947	$ (492)	$ 9,439	1918.5%
Adjusted EBITDA margin %	17.9%	(1.1%)		

All Other segment revenues increased 10.6% to $50.0 million for the six months ended June 30, 2016 compared to $45.2 million for the six months ended June 30, 2015. The increase in All Other revenues was driven by a $3.7 million, or 20.4%, increase in ESG revenues to $21.7 million and a $1.1 million, or 4.1%, increase in Real Estate revenues to $28.3 million. The increase in Real Estate primarily reflects growth in market information product revenues. Adjusting for the impact of foreign currency exchange rate fluctuations, Real Estate products would have increased 6.8% and the All Other segment would have increased 12.2% for the three months ended June 30, 2016 compared to the three months ended June 30, 2015.

All Other segment Adjusted EBITDA expenses decreased 10.2% to $41.1 million for the six months ended June 30, 2016 compared to $45.7 million for the six months ended June 30, 2015, 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 7.4% for the six months ended June 30, 2016 compared to the six months ended June 30, 2015.

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.

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

	As of June 30, 2016	As of June 30, 2015	As of March 31, 2016	Year-Over-Year Comparison	Sequential Comparison
	(in thousands)				
Index:					
Recurring subscriptions	$ 387,679	$ 353,026	$ 378,622	9.8%	2.4%
Asset-based fees	195,298	201,221	199,330	(2.9%)	(2.0%)
Index total	582,977	554,247	577,952	5.2%	0.9%
Analytics	449,062	425,433	447,024	5.6%	0.5%
All Other	86,924	83,089	86,990	4.6%	(0.1%)
Total Run Rate	$ 1,118,963	$ 1,062,769	$ 1,111,966	5.3%	0.6%
Recurring subscriptions total	$ 923,665	$ 861,548	$ 912,636	7.2%	1.2%
Asset-based fees	195,298	201,221	199,330	(2.9%)	(2.0%)
Total Run Rate	$ 1,118,963	$ 1,062,769	$ 1,111,966	5.3%	0.6%

Total Run Rate grew 5.3% to $1,119.0 million at June 30, 2016 compared to $1,062.8 million at June 30, 2015. Recurring subscriptions Run Rate grew 7.2% to $923.7 million at June 30, 2016 compared to $861.5 million at June 30, 2015. There was a negligible impact from foreign currency exchange rate fluctuations on recurring subscriptions Run Rate at June 30, 2016.

Run Rate from asset-based fees decreased 2.9% to $195.3 million at June 30, 2016 from $201.2 million at June 30, 2015, primarily driven by lower growth in ETFs linked to MSCI indexes, partially offset by higher growth in non-ETF institutional passive funds and futures and options contracts based on MSCI indexes. As of June 30, 2016, the value of AUM in ETFs linked to MSCI indexes was $439.7 billion, up $4.3 billion, or 1.0%, from $435.4 billion as of June 30, 2015. The increase of $4.3 billion consisted of net inflows of $42.2 billion, partially offset by market depreciation of $37.9 billion.

Index recurring subscriptions Run Rate grew 9.8% to $387.7 million at June 30, 2016 compared to $353.0 million at June 30, 2015 on growth in core products, usage fees and custom, factor and thematic products. There was a negligible impact from foreign currency exchange rate fluctuations on Index recurring subscriptions Run Rate at June 30, 2016.

Run Rate from Analytics products increased 5.6% to $449.1 million at June 30, 2016 compared to $425.4 million at June 30, 2015, primarily driven by growth in sales of RiskManager, equity models and InvestorForce products. There was a negligible impact from foreign currency exchange rate fluctuations on Analytics Run Rate at June 30, 2016.

Run Rate from All Other products increased 4.6% to $86.9 million at June 30, 2016 compared to $83.1 million at June 30, 2015, driven by a $7.1 million, or 19.2%, increase in ESG Run Rate, partially offset by a $3.3 million, or 7.2%, decrease in Real Estate Run

Rate. The increase in ESG Run Rate was driven by higher sales of ESG Ratings products. Adjusting for the impact of foreign currency exchange rate fluctuations, at June 30, 2016 Real Estate Run Rate would have increased 0.7%, and All Other Run Rate would have increased 9.7% compared to June 30, 2015.

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 June 30, 2016	Three Months Ended June 30, 2015	Three Months Ended March 31, 2016	Year Over Year Comparison	Sequential Comparison
	(in thousands)				
New recurring subscription sales					
Index	$ 13,139	$ 12,459	$ 13,162	5.5%	(0.2%)
Analytics	11,149	12,438	12,358	(10.4%)	(9.8%)
All Other	4,481	4,678	5,256	(4.2%)	(14.7%)
New recurring subscription sales total	28,769	29,575	30,776	(2.7%)	(6.5%)
Subscription cancellations					
Index	(4,096)	(3,871)	(3,410)	5.8%	20.1%
Analytics	(9,015)	(6,447)	(5,911)	39.8%	52.5%
All Other	(2,243)	(1,852)	(1,616)	21.1%	38.8%
Subscription cancellations total	(15,354)	(12,170)	(10,937)	26.2%	40.4%
Net new recurring subscription sales					
Index	9,043	8,588	9,752	5.3%	(7.3%)
Analytics	2,134	5,991	6,447	(64.4%)	(66.9%)
All Other	2,238	2,826	3,640	(20.8%)	(38.5%)
Net new recurring subscription sales total	13,415	17,405	19,839	(22.9%)	(32.4%)
Non-recurring sales					
Index	5,379	2,137	3,542	151.7%	51.9%
Analytics	1,429	2,239	1,856	(36.2%)	(23.0%)
All Other	1,132	1,324	1,202	(14.5%)	(5.8%)
Non-recurring sales total	7,940	5,700	6,600	39.3%	20.3%
Total Index	$ 14,422	$ 10,725	$ 13,294	34.5%	8.5%
Total Analytics	3,563	8,230	8,303	(56.7%)	(57.1%)
Total All Other	3,370	4,150	4,842	(18.8%)	(30.4%)
Total net sales	$ 21,355	$ 23,105	$ 26,439	(7.6%)	(19.2%)

Aggregate Retention Rate

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Index	95.6%	95.4%	95.9%	96.3%
Analytics	91.7%	93.8%	93.2%	93.4%
All Other	89.2%	90.7%	90.7%	90.7%
Total	93.1%	94.2%	94.1%	94.3%

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

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, 2015.

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.

On July 27, 2016, the Board of Directors authorized us to explore financing options that would increase our total debt outstanding and interest expense. Any potential financing is subject to market and other conditions, and there can be no assurance that we will be able to obtain financing on the terms and conditions authorized by the Board of Directors, or assurance as to the timing of any financing.

Senior Notes and Credit Agreement

We have issued an aggregate of $1.6 billion in senior unsecured notes in two discrete private offerings of $800.0 million each. 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”) and also entered into a $200.0 million senior unsecured revolving credit agreement (the “2014 Revolving Credit Agreement”) by and among the Company, as borrower, certain of MSCI’s subsidiaries, as guarantors, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent. 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 (together with the 2024 Senior Notes, the “Senior Notes”). The net proceeds from the offering of the 2025 Senior Notes were allocated for general corporate purposes.

The 2024 Senior Notes are scheduled to mature and be paid in full on November 20, 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 2014 Revolving Credit Agreement replaced the prior senior secured revolving credit facility. The 2014 Revolving Credit Agreement has an initial term of five years that may be extended twice, at our request, in each case by one additional year.

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.

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.

The Senior Notes and the 2014 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 2014 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 2014 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 2014 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 2014 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 2014 Revolving Credit Agreement: (1) the maximum Consolidated Leverage Ratio (as defined in the 2014 Revolving Credit Agreement) measured quarterly on a rolling four-quarter basis shall not exceed 3.75:1.00 and (2) the minimum Consolidated Interest Coverage Ratio (as defined in the 2014 Revolving Credit Agreement) measured quarterly on a rolling four-quarter basis shall be at least 4.00:1.00. As of June 30, 2016, our Consolidated Leverage Ratio was 2.84:1.00 and our Consolidated Interest Coverage Ratio was 6.76:1.00.

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 $205.0 million, or 18.4%, of our total revenue for the trailing 12 months ended June 30, 2016, approximately $112.0 million, or 24.6%, of our consolidated operating income for the trailing 12 months ended June 30, 2016, and approximately $437.4 million, or 15.7%, of our consolidated total assets (excluding intercompany assets) and $155.7 million, or 6.9%, of our consolidated total liabilities, in each case as of June 30, 2016.

Share Repurchases

For the six months ended June 30, 2016, the Company received approximately 6.5 million shares at an average purchase price of $70.12 per share for a total value of $455.5 million under the 2015 Repurchase Program.

Cash Dividend

On July 27, 2016, the Board of Directors declared a cash dividend of $0.28 per share for third quarter 2016. The third quarter 2016 dividend is payable on August 31, 2016 to shareholders of record as of the close of trading on August 15, 2016.

Cash Flows

	As of	
	June 30, 2016	December 31, 2015
	(in thousands)	
Cash and cash equivalents	$ 404,614	$ 777,706

Cash and cash equivalents were $404.6 million and $777.7 million as of June 30, 2016 and December 31, 2015, respectively. As of June 30, 2016 and December 31, 2015, $156.0 million and $128.1 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.

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 and for the foreseeable future thereafter. In addition, we expect 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

	Six Months Ended June 30,	
	2016	2015
	(in thousands)	
Cash provided by operating activities	$ 150,107	$ 90,709
Cash used in investing activities	(18,425)	(18,282)
Cash used in financing activities	(501,708)	(123,418)
Effect of exchange rate changes	(3,066)	(2,787)
Net decrease in cash	$ (373,092)	$ (53,778)

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 $150.1 million and $90.7 million for the six months ended June 30, 2016 and 2015, respectively. The year-over-year increase was primarily driven by higher cash collections attributable to higher revenues and a decrease in cash expenses, partially offset by 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 $18.4 million and $18.3 million for the six months ended June 30, 2016 and 2015, respectively.

Cash Flows From Financing Activities

Cash used in financing activities was $501.7 million and $123.4 million for the six months ended June 30, 2016 and 2015, respectively. The year-over-year increase was substantially driven by higher share repurchases.

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.

For all operations outside the U.S. where the Company has designated the local non-U.S. dollar currency as the functional currency, revenue and expenses are translated using average monthly exchange rates and assets and liabilities are translated into U.S. dollars using month-end exchange rates. For these operations, currency translation adjustments arising from a change in the rate of exchange between the functional currency and the U.S. dollar are accumulated in a separate component of shareholders’ equity. In addition, transaction gains and losses arising from a change in exchange rates for transactions denominated in a currency other than the functional currency of the entity are reflected in non-operating “Other expense (income), net” in our Unaudited Condensed Consolidated Statement of Income.

We generally invoice our clients in U.S. dollars; however, we invoice a portion of our clients in Euros, British pounds sterling, Japanese yen and a limited number of other non-U.S. dollar currencies. For the six months ended June 30, 2016 and 2015, 18.0% and 18.7%, 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 18.0% of non-U.S dollar exposure for the six months ended June 30, 2016, 36.0% was in Euros, 34.8% was in British pounds sterling and 23.2% was in Japanese yen. Of the 18.7% of non-U.S dollar exposure for the six months ended June 30, 2015, 37.3% was in Euros, 35.6% was in British pounds sterling and 20.4% was in Japanese yen.

Revenues from index-linked investment products represented 17.3% and 18.2% of operating revenues for the six months ended June 30, 2016 and 2015, 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 39.6% and 41.3% of our operating expenses, including operating expense attributable to income (loss) from discontinued operations, net of income taxes, for the six months ended June 30, 2016 and 2015, respectively, were denominated in foreign currencies, the significant majority of which were denominated in British pounds sterling, Indian rupees, Swiss francs, Hungarian forints, Euros, Hong Kong dollars, Mexican pesos and Chinese yuan. 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 income statement impact associated with amounts denominated in certain foreign currencies. We recognized total foreign currency exchange gains of $0.8 million for the six months ended June 30, 2016 compared to foreign currency exchange losses of $2.5 million for the six months ended June 30 2015.

Item 4. Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have evaluated our disclosure controls and procedures, as defined in Rule 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”), as of June 30, 2016, and have concluded that these disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time specified in the SEC’s rules and forms. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2016 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 and six month periods ended June 30, 2016 and 2015 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, 2015 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.

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 June 30, 2016.

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 (April 1, 2016-April 30, 2016)	48,596	$ 72.08	45,950	$ 542,697,000
Month #2 (May 1, 2016-May 31, 2016)	426,000	$ 75.59	421,366	$ 510,851,000
Month #3 (June 1, 2016-June 30, 2016)	1,160,636	$ 75.09	1,159,134	$ 423,832,000
Total	1,635,232	$ 75.13	1,626,450	$ 423,832,000

(1) Includes (i) shares withheld to satisfy tax withholding obligations on behalf of employees that occur upon vesting and delivery of outstanding shares underlying restricted stock units; (ii) 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 (iii) shares held in treasury under the MSCI Inc. Director 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 2015 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: July 29, 2016

MSCI INC.
(Registrant)

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

EXHIBIT INDEX

MSCI INC.

QUARTER ENDED JUNE 30, 2016

	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	MSCI Inc. 2016 Omnibus Incentive Plan (filed as Exhibit 99.1 to the Company's Registration Statement on Form S-8 (Registration No. 333-210987), filed with the SEC on April 28, 2016 and incorporated by reference herein)
†	10.2	MSCI Inc. 2016 Non-Employee Directors Compensation Plan (filed as Exhibit 99.2 to the Company's Registration Statement on Form S-8 (Registration No. 333-210987), filed with the SEC on April 28, 2016 and incorporated by reference herein)
†	10.3	Form of Award Agreement for Restricted Stock Units for Directors under the MSCI Inc. 2016 Non-Employee Directors Compensation Plan (filed as Exhibit 10.3 to the Company's Form 10-Q (File No. 001-33812), filed with the SEC on April 29, 2016 and incorporated by reference herein)
†	10.4	Form of 2016 Multi-Year Performance Award Agreement for Performance Stock Units for Executive Officers under the MSCI Inc. 2016 Omnibus Incentive Plan (filed as Exhibit 10.7 to the Company's Form 10-Q (File No. 001-33812), filed with the SEC on April 29, 2016 and incorporated by reference herein)
*†	10.5	Form of 2016 Award Agreement for Restricted Stock Units for Managing Directors under the MSCI Inc. 2016 Omnibus Incentive Plan
†	10.6	Non-Employee Director Stock Ownership Guidelines (filed as Exhibit 10.8 to the Company's Form 10-Q (File No. 001-33812), filed with the SEC on April 29, 2016 and incorporated by reference herein)
†	10.7	MSCI Inc. Non-Employee Directors Deferral Plan, as amended (filed as Exhibit 10.9 to the Company's Form 10-Q (File No. 001-33812), filed with the SEC on April 29, 2016 and incorporated by reference herein)
	11	Statement Re: Computation of Earnings Per Common Share (The calculation of per share earnings is in Part I, Item 1, Note 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 July 29, 2016, 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.

EXHIBIT 10.5

FORM OF 2016 AWARD AGREEMENT
FOR RESTRICTED STOCK UNITS
[FOR MANAGING DIRECTORS OR EMPLOYEES]
UNDER THE MSCI INC. 2016 OMNIBUS INCENTIVE 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 Omnibus Incentive 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:	[·]

Your RSUs may be subject to forfeiture or recoupment if you terminate employment with the Company, or fail to affirmatively accept the terms of this Award Agreement[, including the Restrictive Covenants set forth in Exhibit B, by on or about [·]] or do not comply with the notice requirements, as set forth in the Plan and this Restricted Stock Unit Award Agreement (including Exhibit A[, Exhibit B and Exhibit C] attached hereto, this “**Award Agreement**”). [As of the Grant Date, you are Full Career Retirement eligible (as defined in Exhibit A attached hereto), subject to the terms of 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[, Exhibit B and Exhibit C] attached hereto. [RSUs granted to you pursuant to this Award Agreement and any Shares issued in settlement or satisfaction thereof may be subject to the MSCI Inc. Clawback Policy, as may be in effect from time to time, if on or after the Grant Date you are or become an executive officer of MSCI.] You will be able to access a prospectus and tax supplement that contains important information about this award via the MSCI website or your brokerage account. Unless defined in this Award Agreement, capitalized terms shall have the meanings ascribed to them in the Plan.

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

MSCI Inc.

____
Name:
Title:

TERMS AND CONDITIONS

OF THE 2016 RESTRICTED STOCK UNIT AWARD AGREEMENT

Section 1. RSUs Generally. MSCI has awarded you RSUs as an incentive for you to continue to provide services to the Company and to align your interests with those of the Company. As such, you will earn your RSUs for 2016 only if you remain in continuous employment with the Company through the applicable Vesting Dates, 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.

Section 2. Vesting[,][and] Conversion [and HSR Act].

(a) *Vesting*. Your RSUs shall vest [·] (each, a "**Vesting Date**")[; provided that, subject to Section 4 and Section 5, you continue to be employed by the Company on each such Vesting Date; provided, further, that you have complied with all applicable provisions of the HSR Act].

(b) *Conversion*. Vested RSUs shall convert into Shares on the Vesting Date or as soon as reasonably practicable, but in no event later than 30 days thereafter.

(c) [*HSR Act.* If unvested RSUs would have vested pursuant to this Section 2, Section 4 or Section 5(b), but did not vest solely because you were not in compliance with all applicable provisions of the HSR Act, subject to Section 409A, the vesting date for such RSUs shall occur on the first date following the date on which you have complied with all applicable provisions of the HSR Act.]

Section 3. Dividend Equivalent Payments. Until your RSUs convert to Shares, if 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 [C]. MSCI will pay the dividend equivalent when it pays the corresponding dividend on its common stock or on the next regularly scheduled payroll date. 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 Employment. Upon termination of employment with the Company prior to a Vesting Date pursuant to this Section 4, the following special vesting and payment terms will apply to your unvested RSUs:

(a) *Termination of Employment Due to Death or Disability*. If your employment with the Company terminates due to death or Disability, your RSUs will immediately vest and convert into Shares on the date of termination of your employment or within 30 days thereafter. Such Shares shall be delivered to the beneficiary(ies) you have designated pursuant to Section 10 or the legal representative of your estate, as applicable.

(b) *Involuntary Termination of Employment by the Company Prior to Full Career Retirement Eligibility*. In the event of an involuntary termination of your employment by the Company without Cause prior to Full Career Retirement eligibility, provided that you execute and do not revoke an agreement and release of claims satisfactory to the Company within 60 days following termination of your employment, your RSUs will vest and convert into Shares within 60 days following such termination. If such 60-day period begins in one taxable year and ends in a subsequent taxable year, such vesting and conversion shall occur in the second taxable year.

(c) *Involuntary Termination of Employment by the Company Following Full Career Retirement Eligibility.* In the event of an involuntary termination of your employment by the Company without Cause following Full Career Retirement eligibility, provided that you execute and do not revoke an agreement and release of claims satisfactory to the Company within 60 days following termination of your employment, your RSUs will vest and convert into Shares at any time, in the discretion of the Committee, during the period commencing on (i) January 1 of the year following the year of termination and (ii) ending on the one-year anniversary of your termination of employment (or, if earlier, 15 days following the expiration of the Delay Period) (such period, the "**Settlement Period**"); *provided*, *however*, that in no event will your RSUs vest and convert into Shares at any time before January 1 of the year following the year of termination.

(d) *Full Career Retirement.* If your employment with the Company terminates due to Full Career Retirement, [*provided* you do not engage in Competitive Activity prior to the conversion date set forth in this Section 4(d),] your RSUs will vest and convert into Shares at any time, in the discretion of the Committee, during the Settlement Period; *provided*, *however*, that in no event will your RSUs vest and convert into Shares at any time before January 1 of the year following the year of termination. [In the event you engage in Competitive Activity, you will forfeit any RSUs outstanding as of the date of your Full Career Retirement. You may be required to provide MSCI with a written certification or other evidence that it deems appropriate, in its sole discretion, to confirm that you have not engaged in Competitive Activity.]

(e) *Governmental Service Termination.* If your employment with the Company terminates in a Governmental Service Termination, to the extent permitted under Section 409A, your RSUs will vest and convert into Shares on the date of such termination or within 60 days thereafter.

(f) *Other Resignations from Employment*. All other resignations from employment must comply with the Notice Requirements.

(i) If you resign from your employment with the Company under circumstances which are not in accordance with the provisions above in this Section 4, you will forfeit any RSUs that have not vested as of your last day of employment with the Company; and

(ii) If, prior to a Vesting Date, you give MSCI notice of your intention to resign from your employment with the Company as of a date following such Vesting Date, your RSUs will vest and settle in accordance with Section 2; *provided*, *however*, that if you do not subsequently comply with the Notice Requirements, the Committee may, in its discretion, require that the gross cash value of the RSUs delivered to you in accordance with this Section 4(f)(ii) be subject to recoupment or payback.

For the avoidance of doubt, (A) revocation of a notice of intention to resign may, in the Company's sole discretion or if required to comply with Section 409A, be deemed to be noncompliant with the Notice Requirements and, in connection with such revocation, your RSUs may be forfeited and (B) if, after you have given notice of your intention to resign or retire, as applicable, from your employment with the Company, the Company involuntarily terminates your employment without Cause prior to the expiration of your notice period, your outstanding RSUs will be treated in accordance with Sections 4(b) or 4(c), as applicable.

[Notwithstanding anything to the contrary contained herein, the unvested RSUs shall only vest pursuant to this Section 4 provided that you have complied with all applicable provisions of the HSR Act.]

Section 5. Change in Control.

(a) *General.* In the event of a Change in Control, the Committee, in its sole discretion, may provide for (i) the continuation or assumption of your outstanding RSUs under the Plan by the Company (if it is the surviving corporation) or by the surviving corporation or its parent, in which case your RSUs will continue to be subject to the terms of this Award Agreement, or (ii) the lapse of restrictions relating to and the settlement of your outstanding RSUs immediately prior to such Change in Control in the event a buyer will not continue or assume the RSUs. Following a Change in Control in which your outstanding RSUs are continued or assumed pursuant to clause (i) above, such RSUs may be settled in cash, stock or a combination thereof.

(b) *Qualifying Termination.* In the event of a Qualifying Termination (as defined below), your RSUs will vest and convert into Shares within 60 days following such Qualifying Termination. If such 60-day period begins in one taxable year and ends in a subsequent taxable year, such vesting and conversion shall occur in the second taxable year. "**Qualifying Termination**" means a termination of employment by the Company without Cause or by you for Good Reason (which shall be deemed an involuntary termination of employment by the Company without Cause), in each case within 24 months following the effective date of the Change in Control in which the RSUs are continued or assumed. [Notwithstanding anything to the contrary contained herein, the unvested RSUs shall only vest pursuant to this Section 5(b) provided that you have complied with all applicable provisions of the HSR Act.]

Section 6. [Restrictive Covenants]. In consideration of the grant of RSUs under this Award Agreement, and in consideration for all other awards granted by the Company to you under the Plan, you agree to be bound by, and to comply with, the restrictive covenants set forth in Exhibit B to this Award Agreement (collectively, the "**Restrictive Covenants**"). In the event you violate any of the Restrictive Covenants (a) prior to or on any applicable Vesting Date, you will forfeit the RSUs outstanding as of the date of such violation or (b) after the final Vesting Date, but prior to or on the expiry date of the Restrictive Covenants (as set forth in Exhibit B to this Award Agreement), you will promptly deliver to the Company all Shares acquired upon conversion of the RSUs (or, to the extent you no longer hold such Shares, you will pay to the Company an amount on a gross basis equal to the Fair Market Value of any such Shares on the date the Shares were delivered to you). You may be required to provide MSCI with a written certification or other evidence that it deems appropriate, in its sole discretion, to confirm that you have not violated any of the Restrictive Covenants.

Section 7. Cancellation of Awards. Notwithstanding any other terms of this Award Agreement, your RSUs will be canceled prior to conversion in the event of any Cancellation Event. You may be required to provide MSCI with a written certification or other evidence that it deems appropriate, in its sole discretion, to confirm that no Cancellation Event has occurred. If you fail to submit a timely certification or evidence, MSCI will cancel your award. Except as explicitly provided in Section 4, upon a termination of your employment by you or by the Company for any reason, any of your RSUs that have not vested pursuant to Section 2 as of the date of your termination of employment with the Company will be canceled and forfeited in full as of such date.

Section 8. Tax and Other Withholding Obligations. Pursuant to Section 15(d) of the Plan and the rules and procedures that the Committee may establish from time to time, tax or other withholding obligations arising upon vesting and conversion (as applicable) of your RSUs may be satisfied, in the Committee's sole discretion, by having MSCI withhold Shares, tendering Shares or by having MSCI withhold cash if MSCI provides for a cash withholding option, in each case in an amount necessary to satisfy the tax or other withholding obligations. Shares withheld or tendered will be valued using the Fair Market Value of the Shares on the date your RSUs convert. In order to comply with applicable accounting standards or the Company's policies in effect from time to time, the Committee may limit the amount of Shares that you may have withheld or that you may tender. You acknowledge that, if you are subject to

Tax-Related Items (as defined below) in more than one jurisdiction, the Company (including any former employer) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Section 9. Nontransferability. You may not sell, pledge, hypothecate, assign or otherwise transfer your RSUs, other than as provided in Section 10 or by will or the laws of descent and distribution or otherwise as provided for by the Committee.

Section 10. 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. If there is any question as to the legal right of any beneficiary(ies) to receive Shares under this award, 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 11. Ownership and Possession. Except as set forth herein, you will not have any rights as a stockholder in the Shares corresponding to your RSUs prior to conversion of your RSUs.

Section 12. 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 13. 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 14. No Entitlements.

(a) *No Right to Continued Employment*. This RSU award is not an employment agreement, and nothing in this Award Agreement or the Plan shall alter your status as an "at-will" employee of the Company.

(b) *No Right to Future Awards*. This award, and all other awards of RSUs and other equity-based awards, are discretionary. This award does not confer on you any right or entitlement to receive another award of RSUs or any other equity-based award at any time in the future or in respect of any future period. You agree that any release required under Section 4 of this Award Agreement is in exchange for the grant of RSUs hereunder, for which you have no current entitlement.

(c) *No Effect on Future Employment Compensation*. MSCI has made this award to you in its sole discretion. This award does not confer on you any right or entitlement to receive compensation in any specific amount. In addition, this award is not part of your base salary or wages and will not be taken into account in determining any other employment-related rights you may have, such as rights to pension or severance pay.

Section 15. 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 are hereby advised to 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 16. 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 to be obtained under, applicable local law.

Section 17. Award Modification and Section 409A.

(a) *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 or to ensure that your RSUs are not subject to tax prior to payment. 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 Administrative 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.*

(i) 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. For the avoidance of doubt, the Company makes no representations that the payments provided under this Award Agreement comply with Section 409A, and in no event will the Company be liable for any taxes, penalties, interest or other expenses that may be incurred by you on account of non-compliance with Section 409A.

(ii) Notwithstanding the other provisions of this Award Agreement, to the extent necessary to comply with Section 409A, no conversion specified hereunder shall occur unless permissible under 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 the expiration of the six-month period measured from the date of your separation from service from the Company (such period, the “**Specified Employee Period**”). Any conversion of RSUs into Shares that would have occurred during the Specified Employee Period but for the fact that you are deemed to be a specified employee shall be satisfied either by (A) conversion of such RSUs into Shares on the first business day following the Specified Employee Period or (B) a cash payment on the first business day following the Specified Employee 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; *provided*, that to the extent this Section 17(b)(ii) is applicable, in the event that after the date of your separation from service from the Company you (X) die or (Y) accept employment at a Governmental Employer and provide MSCI with satisfactory evidence demonstrating that as a result of such new employment the divestiture of your continued interest in MSCI equity awards or continued ownership of the Shares is reasonably necessary to avoid the violation of U.S. federal, state or local, foreign ethics or conflicts of interest law applicable to you at such Governmental Employer, any conversion or payment delayed pursuant to this Section 17(b)(ii) shall occur or be made immediately. For the avoidance of doubt, any determination as to form of payment provided in this Section 17(b)(ii) will be in the sole discretion of MSCI.

(iii) For purposes of any provision of this Award Agreement providing for the payment of any amounts of nonqualified deferred compensation upon or following a termination of employment from the Company, references to your "termination of employment" (and corollary terms) shall be construed to refer to your "separation from service" from the Company.

(iv) MSCI reserves the right to modify the terms of this Award Agreement, including, without limitation, the payment provisions applicable to your RSUs, to the extent necessary or advisable to comply with Section 409A and reserves the right to make any changes to your RSU award so that it does not become subject to Section 409A or become subject to a Specified Employee Period.

Section 18. 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 19. 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 20. Venue. For purposes of litigating any dispute that arises under this grant or the 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 21. 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 a 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 applicable 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 22. Non-U.S. Participants. The following provisions will apply to you if you reside or work outside of the United States. For the avoidance of doubt, if you reside or work 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) *Termination of Employment*. Unless otherwise provided in Section 4 or Section 5(b), your employment relationship will be considered terminated as of the date you are no longer actively providing services to the Company (whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and such date will not be extended by any notice period (*i.e.*, your period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any).

(b) *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 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.

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 and/or tendering 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 your wages or other cash compensation paid to you by MSCI and/or your employer, 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.

(c) *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 an employment or service agreement, and nothing in this Award Agreement or your participation in the Plan shall create a right to continued employment with the Company or interfere with the ability of the Company to terminate your employment or 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. You agree that any release required under Section 4 of this Award Agreement is in exchange for the grant of RSUs hereunder, for which you have no current entitlement;

(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 or compensation;

(vii) this award does not confer on you any right or entitlement to receive compensation in any specific amount. In addition, the RSUs and the Shares subject to the RSUs, and the income and value of the same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, holiday pay, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the employer, or any Subsidiary;

(viii) unless otherwise agreed with MSCI, the RSUs and the Shares subject to the RSUs, and the income and value of the same, are not granted as consideration for, or in connection with, the service you may provide as a director of a Subsidiary;

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

(x) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from the termination of your employment relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); and

(xi) you acknowledge and agree that 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 RSU or of any amounts due to you pursuant to the settlement of the RSU or the subsequent sale of any Shares acquired upon settlement.

(d) ***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 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 United States or elsewhere, and that the recipients' country of operation (e.g., the United States) 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 United States, 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.

(e) *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.

(f) *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.

(g) *Exhibit [C]*. Notwithstanding any provisions in this Award Agreement, the RSUs shall be subject to any special terms and conditions set forth in Exhibit [C] to this Award Agreement for your country. Moreover, if you relocate to one of the countries included in Exhibit [C], 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 [C] constitutes part of this Award Agreement.

(h) *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 23. Defined Terms. For purposes of this Award Agreement, the following terms shall have the meanings set forth below:

A "**Cancellation Event**" will be deemed to have occurred under any one of the following circumstances:

(a) misuse of [Confidential Information (as defined in Exhibit B to this Award Agreement)] [Proprietary Information] or failure to comply with your obligations under MSCI's Code of Conduct or otherwise with respect to [Confidential][Proprietary] Information;

(b) termination from the Company for Cause (or a later determination that you could have been terminated for Cause; *provided* that such determination is made within six months of termination);

(c) your commission of a fraudulent act or participation in misconduct which leads to a material restatement of the Company's financial statements; [or]

(d) [failure to affirmatively accept the terms of this Award Agreement, including, but not limited to, the Restrictive Covenants set forth in Section 6 and Exhibit B; *provided* that the Committee may determine, in its sole discretion and no later than [•], whether failure to accept the award by on or about [•] constitutes a Cancellation Event.]

[*or* if, without the consent of MSCI:

(e) while employed by the Company, including during any notice period applicable to you in connection with your termination of employment with the Company, you directly or indirectly in any capacity (including through any person, corporation, partnership or other business entity of any kind) hire or solicit, recruit, induce, entice, influence or encourage any Company employee to leave the Company or become hired or engaged by another company; or

(f) while employed by the Company, including during any notice period applicable to you in connection with your termination of employment with the Company, you directly or indirectly in any capacity (including through any person, corporation, partnership or other business entity of any kind) solicit or entice away or in any manner attempt to persuade any client or customer, or prospective client or customer, of the Company (i) to discontinue or diminish his, her or its relationship or prospective relationship with the Company or (ii) to otherwise provide his, her or its business to any person, corporation, partnership or other business entity which engages in any line of business in which the Company is engaged (other than the Company).]

"**Cause**" means:

(a) any act or omission which constitutes a material willful breach of your obligations to the Company or your continued and willful refusal to substantially perform satisfactorily any duties reasonably required of you, which results in material injury to the interest or business reputation of the Company and which breach, failure or refusal (if susceptible to cure) is not corrected (other than failure to correct by reason of your incapacity due to physical or mental illness) within 30 days after written notification thereof to you by the Company; *provided* that no act or failure to act on your part shall be deemed willful unless done or omitted to be done by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company;

(b) your commission of any dishonest or fraudulent act, or any other act or omission with respect to the Company, which has caused or may reasonably be expected to cause a material injury to the interest or business reputation of the Company and which act or omission is not successfully refuted by you within 30 days after written notification thereof to you by the Company;

(c) your plea of guilty or *nolo contendere* to or conviction of a felony under the laws of the United States or any state thereof or any other plea or confession of a similar crime in a jurisdiction in which the Company conducts business; or

(d) your commission of a fraudulent act or participation in misconduct which leads to a material restatement of the Company's financial statements.

"**Committee**" has the meaning ascribed to such term in the Plan; *provided*, *however*, that, for purposes of administering Section 4 with respect to awards granted to participants who are not officers or directors of the Company subject to Section 16(b) of the Exchange Act, the Committee may delegate its authority to the Company's Chief Executive Officer, Chief Human Resources Officer or Head of Compensation and Benefits.

["**Competitive Activity**" includes entering into any arrangement with a Competitor whereby you would be responsible for providing or managing others who are providing services:

(a) that are similar or substantially related to the services that you provided to the Company at any time during the one-year period preceding the date of your termination of employment with the Company;

(b) that you had direct or indirect managerial or supervisory responsibility for at the Company at any time during the one-year period preceding the date of your termination of employment with the Company; or

(c) that involve the application of the same or similar specialized knowledge or skills as those utilized by you in your services at the Company at any time during the one-year period preceding the date of your termination;

provided that acquisition solely by you or in concert with others of 5% or greater equity, voting or other financial interest in a publicly traded company that could be deemed a Competitor shall be deemed Competitive Activity.]

"**Delay Period**" means the period beginning on the date of any non-compete restriction to which you are subject (including any such restriction under this Award Agreement) and ending on the expiration date of such non-compete restriction, as reduced by the length of any voluntary notice period that you give to the Company and serve. For the avoidance of doubt, nothing contained in this Award Agreement reduces, or intends to reduce, the length of any non-compete restriction to which you are subject following termination of your employment.

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

["**Full Career Retirement**" means a termination of employment with the Company (other than (x) under circumstances involving any Cancellation Event (other than the required notice periods) or (y) due to your death or Disability).]

["**Full Career Retirement**" means a termination of employment with the Company (other than (x) under circumstances involving any Cancellation Event (other than the required notice periods) or (y) due to your death or Disability) on or after the date that you attain the age of 55 and ten years of service with the Company (giving effect to credit for prior service with MSCI's Subsidiaries and affiliates, as applicable). For the avoidance of doubt, you will only receive credit for employment with entities which are MSCI's Subsidiaries and affiliates to the extent that you were an employee of such entity on the closing date of the applicable corporate transaction pursuant to which such entity became a Subsidiary or affiliate of MSCI and, in each case, you became an employee of MSCI (or one of its Subsidiaries) as of the closing date of such transaction.]

"**Good Reason**" means:

(a) any material diminution in your title, status, position, the scope of your assigned duties, responsibilities or authority, including the assignment to you of any duties, responsibilities or authority inconsistent with the duties, responsibilities and authority assigned to you prior to a Change in Control (including any such diminution resulting from a transaction in which the Company is no longer a public company);

(b) any reduction in your total compensation that was in existence prior to a Change in Control (for purposes of this clause (b), total compensation is comprised of your (i) current annual base salary, (ii) your current target annual cash bonus and (iii) the grant date fair value of your most recent annual equity-based incentive compensation awards, annualized if necessary (the "Equity Value"). [Notwithstanding the foregoing, for purposes of (iii), if any of your equity-based incentive compensation awards are "front-loaded" awards intended to cover multiple years of awards, the Committee may, in its reasonable discretion, adjust in connection with the grant of such award the Equity Value for purposes of this definition to take into account what the grant date fair value for an equity-based incentive compensation award would be if the award represented only a single-year award. Additionally, if in any year, no equity-based incentive compensation awards were granted to you or an equity-based incentive compensation award was granted to you, in each case, taking into account the front-loaded award in a prior year, the Committee shall allocate a portion of such front-loaded award to the Equity Value for the relevant year. Finally, the] [The] Committee shall have the authority, in its reasonable discretion, to exclude any extraordinary and nonrecurring equity-based incentive compensation awards or arrangements from the calculation of "Equity Value" for purposes hereunder;

(c) a relocation of more than 25 miles from the location of your principal job location or office prior to a Change in Control; or

(d) any other action or inaction that constitutes a material breach by the Company of any agreement pursuant to which you provide services to the Company;

provided, that you provide the Company with written notice of your intent to terminate your employment for Good Reason within 90 days of your becoming aware of any circumstances set forth above (with such notice indicating the specific termination provision above on which you are relying and describing in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the indicated provision) and that you provide the Company with at least 30 days following receipt of such notice to remedy such circumstances.

"**Governmental Employer**" means a federal governmental or executive branch department or agency.

"**Governmental Service Termination**" means the termination of your employment with the Company as a result of your accepting employment at a Governmental Employer and you provide MSCI with satisfactory evidence demonstrating that, as a result of such new employment, the divestiture of your continued interest in MSCI equity awards or continued ownership in MSCI common stock is reasonably necessary to avoid the violation of U.S. federal, state or local, foreign ethics or conflicts of interest law applicable to you at such Governmental Employer.

["**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.]

"**Notice Requirements**" means prior written notice to MSCI of at least:

(a) 180 days if you are a member of the MSCI Executive Committee (or a successor or equivalent committee) at the time of notice of resignation;

(b) 90 days if you are a Managing Director of the Company (or equivalent title) at the time of notice of resignation;

(c) 60 days if you are an Executive Director of the Company (or equivalent title) at the time of notice of resignation;

(d) 30 days if you are a Vice President of the Company (or equivalent title) at the time of notice of resignation; or

(e) 14 days for all other employees of the Company.

For the avoidance of doubt, employees working or residing outside of the United States may be subject to notice periods mandated under local labor or regulatory requirements which may differ from the Notice Requirements set forth above.

["**Proprietary Information**" means any information that may have intrinsic value to the Company, the Company's clients or other parties with which the Company has a relationship, or that may provide the Company with a competitive advantage, including, without limitation, any trade secrets or inventions (whether or not patentable); formulas; flow charts; computer programs, access codes or other systems of information; algorithms, technology and business processes; business, product or marketing plans; sales and other forecasts; financial information; client lists or other intellectual property; information relating to compensation and benefits; and public information that becomes proprietary as a result of the Company's compilation of that information for use in its business; *provided* that such Proprietary Information does not include any information which is available for use by the general public or is generally available for use within the relevant business or industry other than as a result of your action.

Proprietary Information may be in any medium or form including, without limitation, physical documents, computer files or discs, videotapes, audiotapes and oral communications.]

“**Section 409A**” means Section 409A of the Code.

RESTRICTIVE COVENANTS

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Award Agreement.

Section 1. Confidential Information; Assignment of Inventions. (a) During your employment or service with the Company and at all times thereafter, you agree to keep secret and retain in strictest confidence and trust for the sole benefit of the Company, and shall not disclose, directly or indirectly, or use for your benefit or the benefit of others, without the prior written consent of the Company, any Confidential Information. For purposes of this Exhibit B and the Award Agreement, "**Confidential Information**" shall mean all proprietary or confidential matters or trade secrets of, and confidential and competitively valuable information concerning, the Company (whether or not such information is in written form). Without limiting the generality of the foregoing, Confidential Information shall include: information concerning organization and operations, business and affairs; formulae, processes, technical data; "know-how"; flow charts; computer programs and computer software; access codes or other systems of information; algorithms; technology and business processes; business, product or marketing plans or strategies; sales and other forecasts; financial information or financing/financial projections; lists of clients or customers or potential clients or customers; details of client or consultant contracts; supplier or vendor lists or arrangements; business acquisition or disposition plans; employee information, new personnel acquisition plans and information relating to compensation and benefits; budget information and procedures; research products; research and development; all data, concepts, ideas, findings, discoveries, developments, programs, designs, inventions, improvements, methods, practices and techniques, whether or not patentable, relating to present or planned future activities or products or services; and public information that becomes proprietary as a result of the Company's compilation of that information for use in its business; *provided, however*, that the Confidential Information shall in no event include (x) any Confidential Information which was generally available to the public at the time of disclosure by you or (y) any Confidential Information which becomes publicly available other than as a consequence of the breach by you of your confidentiality obligations hereunder or under any other confidentiality agreement you have entered into with the Company, if any. In the event of a termination of your employment or service with the Company for any reason, you shall deliver to MSCI all documents and data pertaining to the Confidential Information and shall not take with you any documents or data of any kind or any reproductions (in whole or in part) or extracts of any items relating to the Confidential Information. Nothing contained in this Section 1 of this Exhibit B shall prohibit you from disclosing Confidential Information if such disclosure is required by law, governmental process or valid legal process. Unless you are reporting a possible violation of law to a governmental entity or law enforcement, making a disclosure that is protected under the whistleblower protections of applicable law and/or participating in a governmental investigation, in the event that you are legally compelled to disclose any of the Confidential Information, you shall provide MSCI with prompt written notice so that MSCI, at its sole cost and expense, may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Section 1 of this Exhibit B. If such protective order or other remedy is not obtained, or if the Company waives compliance with the provisions of this Section 1, you shall furnish only that portion of the Confidential Information that you in good faith believe is legally required to be disclosed. In addition to the foregoing, and subject to the second preceding sentence, you hereby agree to comply with the requirements of any and all agreements that you have entered into, or may in the future enter into, with the Company with respect to the use or disclosure of confidential or proprietary information of the Company.

(b) All rights to discoveries, inventions, improvements and innovations, copyright and copyrightable materials (including all data and records pertaining thereto) related to the business of the Company, whether or not patentable, copyrightable, registrable as a trademark or reduced to writing, that you may discover, invent or originate during your employment or service with the Company or any predecessor entity, either alone or with others and whether or not during working hours or by the use of the facilities of the Company (collectively, "**Inventions**"), shall be the exclusive property of the Company, and you hereby irrevocably assign all right, title and interest in and to all Inventions to the Company. You shall promptly disclose all Inventions to the Company, shall execute at the request of the Company any assignments or other documents that the Company may deem necessary to protect or perfect the rights of the Company therein, and shall assist the Company, at the Company's expense, in obtaining, defending and enforcing the Company's rights therein. You hereby appoint the Company as your attorney-in-fact to execute on your behalf any assignments or other documents deemed necessary by the Company to protect or perfect its rights to any Inventions.

Section 2. Non-Compete. During your employment or service with the Company and for a period of one year following the termination of your employment or service with the Company for any reason (the "**Non-Compete Restricted Period**"), you shall not, without the consent of the Company, directly or indirectly, provide services to, accept employment with, be a consultant or advisor to, form, lend financial support to, own any interest in (other than shares of a publicly traded company that represent less than 1% of the outstanding shares) or otherwise enter into any arrangement with, or engage in any activity for or on behalf of, any person, entity or business in competition with the MSCI Business (the "**Competing Business**"); *provided*, *however*, that the foregoing will not prohibit you from accepting or beginning employment with any company that, as part of its overall business model, engages in one or more of the Competing Businesses, *provided* that you (x) do not directly provide assistance to any of the Competing Businesses in the form of day-to-day responsibility for any aspect of the operation, supervision, compliance or regulation of any of the Competing Businesses or (y) provide only administrative, non-operational assistance to any such Competing Business and it is an immaterial part of such company's overall business. For purposes of this Exhibit B and the Award Agreement, "**MSCI Business**" means any business engaged in, contemplated or actively planned by the Company as of the date of your termination of employment that you were actively providing services to such line of business during your employment with MSCI.

Section 3. Non-Solicit and No-Hire. During your employment or service with the Company and for a period of two years following the termination of your employment or service with the Company for any reason (the "**Non-Solicit Restricted Period**"), you shall not, directly or indirectly, (a) solicit or encourage any employee of the Company to terminate his or her employment with the Company, (b) hire any employee of the Company prior to the date on which such person has not been employed by the Company or any of its Subsidiaries for a period of at least one year or (c) induce or attempt to induce any customer, client, supplier, vendor, licensee or other business relationship of the Company to cease doing or reduce their business with the Company, or in any way interfere with the relationship between the Company and any customer, client, supplier, licensee or other business relationship of the Company.

Section 4. Non-Disparagement. At all times during your employment or service with the Company and after termination of your employment or service with the Company for any reason, you will not knowingly make any statement, written or oral, that would disparage the business or reputation of the Company or its officers, managers, directors or employees. It will not be a violation of this Section 4 for you to make truthful statements, under oath, as required by law, to a governmental entity or law enforcement agency or as part of a litigation or administrative agency proceeding.

Section 5. Certain Remedies. You acknowledge that the terms of this Exhibit B are reasonable and necessary in light of your unique position, responsibility and knowledge of the operations of the Company and the unfair advantage that your knowledge and expertise concerning the business of the Company would afford a competitor of the Company and are not more restrictive than necessary to protect the legitimate interests of the Company. If the final judgment of a court of competent jurisdiction, or any final non-appealable decision of an arbitrator in connection with a mandatory arbitration, declares that any term or provision of this Exhibit B or the Award Agreement is invalid or unenforceable, the parties agree that the court or arbitrator making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or geographic area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Exhibit B and the Award Agreement shall be enforceable as so modified after the expiration of the time within which the judgment or decision may be appealed. You acknowledge that the Company and its shareholders would be irreparably harmed by any breach of this Exhibit B and that there would be no adequate remedy at law or in damages to compensate the Company and its shareholders for any such breach. You agree that MSCI shall be entitled to injunctive relief, without having to post bond or other security, requiring specific performance by you of your obligations in this Exhibit B in addition to any other remedy to which the Company is entitled at law or in equity, and you consent to the entry thereof. You agree that the Non-Compete Restricted Period and the Non-Solicit Restricted Period, as applicable, shall be extended by any and all periods during which you are in breach of this Exhibit B.

EXHIBIT [C]

[COUNTRY-SPECIFIC TERMS AND CONDITIONS]

Exhibit 15.1

July 29, 2016

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

Commissioners:

We are aware that our report dated July 29, 2016 on our review of interim financial information of MSCI Inc. for the three and six month periods ended June 30, 2016 and June 30, 2015 and included in the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2016 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: July 29, 2016

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

Exhibit 31.2

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: July 29, 2016

/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 knowledge:

1. The Registrant’s Quarterly Report on Form 10-Q for the period ended June 30, 2016, to which this Certification is attached as Exhibit 32.1 (the “Periodic Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: July 29, 2016

/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)